



**GPT RE Limited**  
ABN 27 107 426 504  
as Responsible Entity of  
General Property Trust  
AFSL 286511

**GPT Management  
Holdings Limited**  
ABN 67 113 510 188

GPT Registrar  
Locked Bag A14  
Sydney South  
NSW 1235  
Australia

GPT Securityholder  
Service Centre  
Freecall 1800 025 095  
T: +61 2 8280 7176  
F: +61 2 9287 0303  
E: [gpt@gpt.com.au](mailto:gpt@gpt.com.au)  
[www.gpt.com.au](http://www.gpt.com.au)

7 January 2010

Dear Securityholder

I am writing to advise you of recent announcements made by the Group in relation to our capital management policies and the composition of the Group's Board.

On 18 December 2009, the GPT Group announced a revised capital management policy, one of the key items we indicated we would review as part of the refined strategy for the Group announced in August 2009.

#### **Distributions**

GPT will implement a revised distribution payout policy from 2010 under which the Group will distribute to investors the greater of:

- (i) 70-80% of realised operating income (excluding development profits),  
or
- (ii) taxable income.

This policy will apply from the March quarter 2010 distribution, payable in May 2010. For 2010 the payout ratio will represent 80% of realised operating income (assuming no material change in market conditions). This will allow GPT to fund ongoing capital expenditure, while maintaining a sustainable level of distributions for investors, and is consistent with changes made by GPT's peers. The December 2009 distribution (payable in March 2010) will remain unchanged, and is currently anticipated to be 1 cent per security.

#### **Gearing**

GPT's gearing policy has also been revised and from 2010 the Group will manage gearing in a range from 25% to 35% (based on debt to total tangible assets). The target under this policy is to maintain gearing at approximately 30%, with the ability to increase gearing beyond this level if required for short periods. This policy provides GPT with funding flexibility to meet capital expenditure requirements and take advantage of compelling investment opportunities, consistent with GPT's strategy, while maintaining a strong balance sheet through market cycles.

These changes to the Group's distribution and gearing policies are aligned with GPT's refined strategy and business structure as announced in August 2009, and reflect a sustainable level of distribution and a prudent approach to managing the Group's gearing through cycles.

### **Consolidation of Securities**

Following two significant capital raisings over the last 14 months, the number of GPT securities on issue has increased substantially, with over 9 billion securities on issue currently, compared to only 2.1 billion securities at the beginning of 2008. We will put a proposal to consolidate the Group's security base in the ratio of 1 for 5 to the next Annual General Meeting. This would reduce the number of securities on issue to fewer than 2 billion and increase the price per security, with our expectation being that this would make GPT attractive as an investment to a broader range of investors. The full details of this consolidation, including the impact on existing investors, will be provided to investors with the Notice of Meeting to be distributed well in advance of the Annual General Meeting.

### **Changes to GPT's Board**

We also announced further changes to the Group's Board on 22 December with the addition of Mr Brendan Crotty as a new Director. Mr Crotty brings a wealth of experience to the Board having been Chief Executive and Managing Director of Australand for 17 years prior to his retirement in June 2007. Mr Crotty adds additional real estate expertise to the Board, further rounding out the Board's skills and experience.

I will step down as Chairman and will not seek re-election at the next Annual General Meeting. It is intended that Rob Ferguson, who was appointed as a Director and Deputy Chairman in May 2009 will step in as Chairman, subject to his election as a Director at the Annual General Meeting. I have appreciated my time with GPT and am confident that the Board and management now in place are well positioned to take the business forward.

Mr Crotty and Mr Ferguson will seek ratification of their appointment by investors at the Annual General Meeting.

We recognise this has been a challenging year for investors and that the decision to reduce the payout ratio for distributions will be a disappointment to some investors. This decision was not taken lightly but as part of a range of changes designed to ensure that GPT returns to a position whereby it can provide a consistent level of distributions from a low risk, high quality Australian asset base.

As a result of the changes made over the last 12 months (including the divestment of offshore investments and renewal of the Board and management), the Group is well positioned for 2010, and will commence the year a simpler, streamlined business focused on the active ownership of its portfolio of high quality Australian assets and the delivery of stable returns for Securityholders.

I would like to take this opportunity to thank you for your continued support in 2009 and wish you and your family a safe, happy new year.

Yours faithfully



Ken Moss  
Chairman