

THE GPT GROUP ANNOUNCES

31 October 2016

September Quarter Operational Update

The GPT Group today announced its operational update for the September 2016 quarter.

Key Highlights

- Retail specialty sales growth up 3.7 per cent over the year
- Total office leasing of 28,100sqm signed or at Heads of Agreement (HoA)
- Total logistics leasing of 39,400sqm signed or at Heads of Agreement
- Purchase of additional units in the Office and Retail funds for a total consideration of \$366 million
- Completed A\$200 million 10 year medium term note (MTN) issuance

CEO and Managing Director Bob Johnston said GPT had continued to perform strongly over the September quarter.

“The Group remains on track to deliver on our guidance for the year. Retail sales growth has moderated as expected, however we continue to see strong results from our Sydney and Melbourne assets. Solid leasing progress has also been achieved across the Office and Logistics portfolio during the quarter,” Mr Johnston said.

Retail

GPT’s retail portfolio continues to benefit from positive trading conditions in NSW and Victoria, with retail sales in those states continuing to grow at a faster rate than the national average.

GPT’s comparable specialty moving annual turnover (MAT) was up 3.7 per cent, with total centre MAT growth of 3.6 per cent.

During the period, the Group increased its interest in the GPT Wholesale Shopping Centre Fund (GWSCF) to 25.3 per cent with the purchase of 164.2 million securities for \$157 million. The units were acquired at a small discount to the Fund’s 30 June 2016 unit price, with no transaction costs incurred. The investment was funded through existing debt facilities.

GWSCF revalued five assets at the end of the quarter, resulting in an increase in the valuation of the portfolio by \$50.5 million, or +1.3% on book value.

During the quarter, construction commenced on the \$400 million expansion of Sunshine Plaza, in which GPT has a 50 per cent interest. Expected to open by late 2018, the redevelopment will increase the Gross Lettable Area (GLA) of the centre from 73,000 to 107,000 square metres, and will include a new David Jones store, a refurbished Myer and more than 100 new specialty retailers.

Office

During the September quarter, a total of 28,100sqm of new leases and renewals (including HoA) were agreed across the portfolio. This brings total leasing for the year to 30 September to 112,200sqm. As a result, office occupancy has improved to 98.1 per cent as at 30 September (excluding HoA).

The key leasing deals completed during the quarter include:

Asset	Tenant	Area	Term
workplace ⁶ , Sydney	Google	9,850sqm	2.2 years
Darling Park 2, Sydney	Regus	3,800sqm	8.0 years
Farrer Place, Sydney	Liberty International Underwriters	2,420sqm	8.0 years
Australia Square, Sydney	Regus	2,340sqm	7.0 years
Farrer Place, Sydney	RF Capital	1,610sqm	8.0 years

In August, GPT increased its stake in the GPT Wholesale Office Fund (GWOFF) with the purchase of 158.1 million securities for \$209 million, taking GPT's interest in the Fund to 24.5 per cent. The acquisition was a compelling investment opportunity, enabling the Group to increase its exposure to a high quality portfolio of office properties with a strong performance track record, with no transaction costs at the Fund's 30 June unit price. The purchase was debt funded from existing facilities.

The GPT Wholesale Office Fund revalued nine assets at the end of the period, recording a total valuation increase of \$51.4 million, or +0.84 per cent on book value.

Logistics

During the September quarter, GPT completed a total of 39,400sqm of leasing (including HoA) across its logistics portfolio, bringing total logistics leasing for the calendar year to 30 September to 57,800sqm. The occupancy of the logistics portfolio has improved to 94.8 per cent (excluding HoA).

The Group continues to make solid progress on its logistics development pipeline, with construction underway for a 25,400sqm logistics facility at Lot 2012, Eastern Creek, which is expected to be completed in the third quarter of 2017.

Construction works are also underway at our Abbott Road, Seven Hills, site with the project scheduled for completion at the end of the first quarter of 2017.

Significant leasing inquiry has been received for both facilities.

Funds Management

The GPT Wholesale Office Fund delivered a total return of 13.3 per cent for the 12 months to 30 September, with the GPT Wholesale Shopping Centre Fund delivering a total return of 5.0 per cent over same the period.

During the quarter GWSCF launched an Expressions of Interest campaign for the sale of its 50 per cent interest in Westfield Woden. It is expected that the centre will attract strong interest from both domestic and offshore investors.

In late September, GPT completed the transfer of management of the GPT Metro Office Fund (GMF) following Growthpoint's appointment as the responsible entity for GMF. GPT has now received the \$9 million facilitation payment from Growthpoint.

Capital Management

GPT remains in a strong capital position, with gearing of 26.4 per cent as at 30 September.

During the quarter, the Group further diversified its funding sources and lengthened its weighted average debt term with the issuance of an A\$200 million 10 year medium term note (MTN) during the period. The MTN was issued at an average margin of 167 basis points over BBSW.

BGP Update

Following the end of the quarter, BGP Holdings announced the sale of its business for approximately €1.1 billion, including debt. This is expected to equate to approximately €600 million (A\$870 million) being available for distribution to BGP unitholders.

According to BGP management, the transaction is expected to be completed towards the end of this year. BGP management expects to make an interim distribution of the proceeds from the sale of the business following shareholder approval of the deal. GPT owns a 5.3 per cent interest in BGP.

2016 Guidance

GPT is on track to achieve FFO per security growth of approximately 5.5 per cent for the full year 2016, and distribution per security growth of approximately 4 per cent.

-ENDS-

For more information, please contact:

Investors:

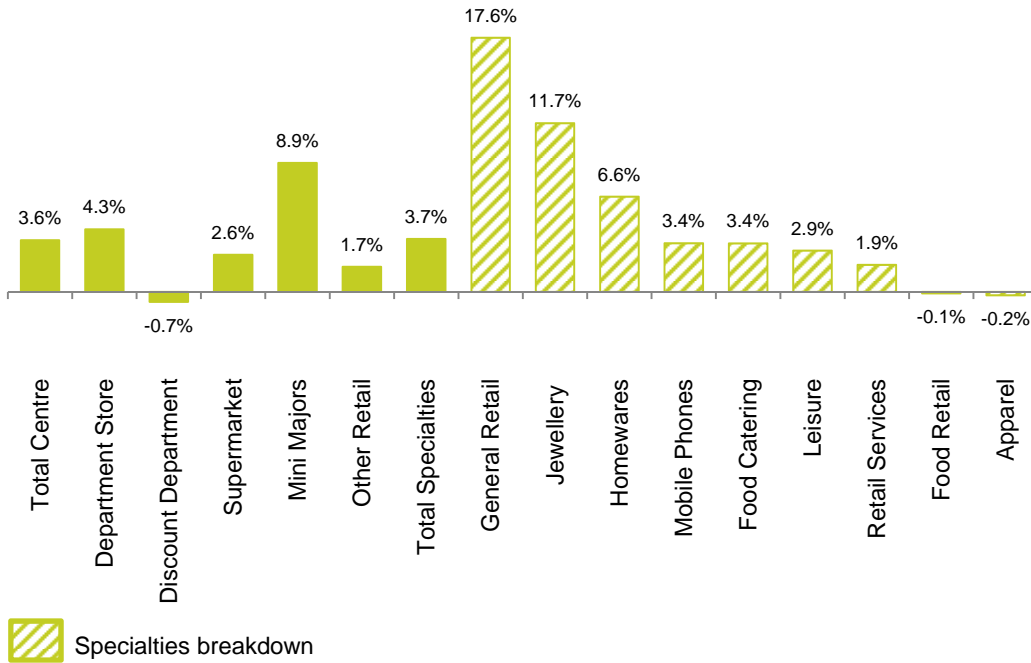
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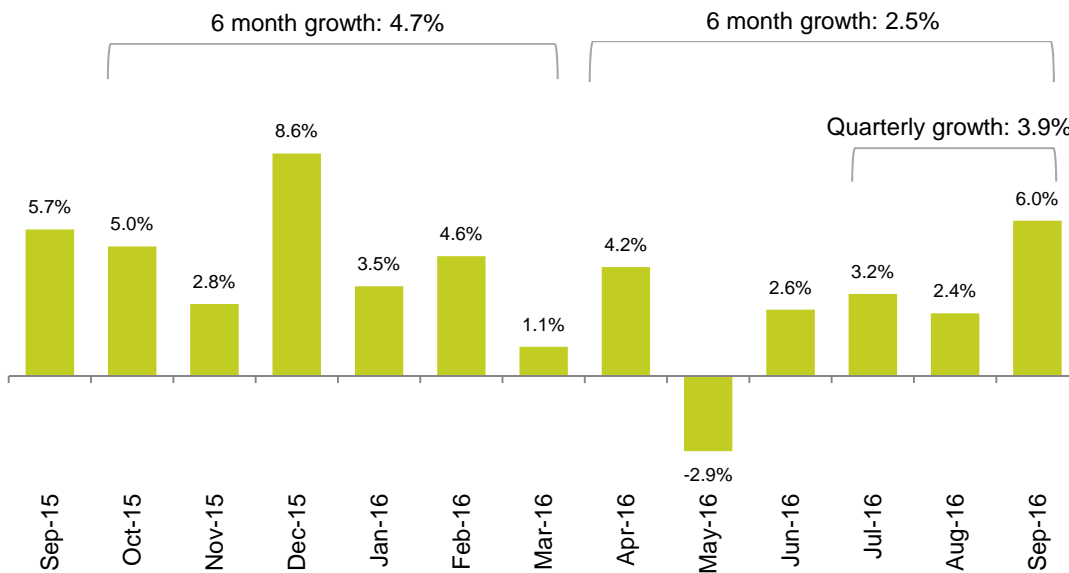
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APPENDIX 1 – RETAIL SALES

Comparable Annual Retail Sales Growth by Category



Specialty Monthly Sales Growth



Retail Portfolio Sales Performance by Centre

	Ownership	Moving Annual Turnover (MAT)			Specialty MAT (\$psm)	Specialty Occupancy Cost
		Centre MAT (\$m)	Comparable Centre MAT Growth	Comparable Specialty MAT		
GPT Portfolio						
Casuarina Square	50%	\$388.3m	-0.5%	0.4%	\$11,622	16.0%
Charlestown Square	100%	\$533.4m	-1.3%	-3.1%	\$11,455	14.5%
Highpoint Shopping Centre	16.67%	\$991.0m	3.6%	5.1%	\$10,798	21.3%
Melbourne Central Retail	100%	\$488.6m	15.0%	9.8%	\$12,028	18.5%
Rouse Hill Town Centre	100%	\$427.2m	2.7%	5.0%	\$8,347	14.6%
Sunshine Plaza ¹	50%	\$535.7m	2.7%	4.6%	\$11,763	18.4%
Westfield Penrith ²	50%	\$630.6m	2.1%	2.5%	\$12,004	17.5%
GWSCF Portfolio						
Casuarina Square	50%	\$388.3m	-0.5%	0.4%	\$11,622	16.0%
Chirnside Park	100%	\$273.5m	2.9%	4.3%	\$11,675	15.6%
Highpoint Shopping Centre	58.33%	\$991.0m	3.6%	5.1%	\$10,798	21.3%
Northland Shopping Centre ³	50%	\$525.1m	2.7%	2.4%	\$8,603	19.7%
Norton Plaza	100%	\$127.3m	5.8%	8.9%	\$12,106	13.5%
Parkmore Shopping Centre	100%	\$255.5m	1.9%	2.5%	\$8,897	15.3%
Westfield Woden ²	50%	\$362.4m	0.1%	1.1%	\$9,086	18.6%
GPT Weighted Total		\$2,770.3m	3.6%	3.7%	\$10,929	17.1%

Centres Under Development

GWSCF Portfolio						
Macarthur Square ¹	50%	\$551.2m	-2.6%	-0.8%	10,439	16.3%
Wollongong Central	100%	\$275.8m	6.7%	1.1%	8,105	15.0%

1. Analysis provided by Lend Lease.

2. Analysis provided by Scentre Group.

3. Analysis provided by Vicinity.

GPT reports in accordance with the Shopping Centre Council of Australia guidelines.

APPENDIX 2 – PORTFOLIO REVALUATIONS

	Ownership	As at 30 September 2016		As at 30 June 2016	
		Fair Value (\$m)	Cap Rate	Fair Value (\$m)	Cap Rate
GWSCF Portfolio					
Highpoint Shopping Centre ¹	58.33%	1,316.8	4.875%	1,271.1	5.00%
Macarthur Square	50%	485.9	5.75%	457.9	5.75%
Chirnside Park	100%	267.0	6.25%	261.5	6.25%
Norton Plaza	100%	135.1	6.00%	132.9	6.00%
Wollongong Central	100%	394.9	5.75%	391.3	5.75%
GWOF Portfolio					
Darling Park 1, Sydney			5.50%		5.50%
Darling Park 2, Sydney	50%	812.5	5.25%	785.0	5.25%
Cockle Bay Wharf, Sydney			6.00%		6.00%
Darling Park 3, Sydney	100%	412.5	5.50%	405.0	5.50%
8 Exhibition Street, Melbourne	50%	209.0	5.25%	204.0	5.25%
150 Collins Street, Melbourne	100%	213.8	5.38%	209.1	5.38%
655 Collins Street, Melbourne	100%	137.9	5.25%	137.8	5.25%
750 Collins Street, Melbourne	100%	250.0	6.75%	250.0	6.75%
2 Southbank Boulevard, Melbourne	50%	230.5	5.75%	227.5	5.88%
Riverside Centre, Brisbane	100%	619.0	5.88%	605.0	5.88%

1. Fair value includes Homemaker City Maribyrnong.