

2 May 2016

March Quarter Operational Update

The GPT Group (GPT) today announced its operational update for the March 2016 quarter.

Key Highlights

- Retail specialty MAT sales growth of 5.9 per cent
- 17,900 sqm office leases signed and a further 9,600 sqm of deals at Heads of Agreement for the quarter
- Standard & Poor's raised its long-term rating to 'A' and the short-term rating to 'A-1'

CEO and Managing Director Bob Johnston said it had been another solid quarter of activity for GPT, with continued positive trading conditions across its retail, office and logistics portfolios. Overall, the portfolio continues to benefit from the strong NSW and Victorian economies.

"The Group has a strong balance sheet position, as reflected by S&P's recent upgrade of GPT's long and short term credit rating to A/A-1. We remain on target to deliver our earnings guidance for the full year of between 4 to 5 per cent EPS growth," Mr Johnston said.

Retail

Following strong comparable specialty moving annual turnover (MAT) growth of 6.5 per cent for 2015, growth moderated slightly in the 12 months to 31 March to 5.9 per cent. Specialty sales growth in the first quarter of 2016 was 3.0 percent.

Our Melbourne Central, Highpoint and Rouse Hill shopping centres continued to outperform, reflecting their strong market positions.

Australian Bureau of Statistics data for the 12 months to February showed retail sales growth in Victoria remained well above the national average, while sales growth in NSW had moderated from its 2015 highs.

Among the retail categories, department stores reported stronger comparable sales, while discount department stores and supermarkets have shown mixed results over the past 12 months.

During the period, the Swedish fashion retailer H&M announced its plans to open its first store in the NSW Hunter region at Charlestown Square, where the development of a new international mini-major precinct is underway.

The \$240 million redevelopment of Macarthur Square shopping centre, 50% owned by GWSCF, is well underway and remains on track for completion in November 2016. The development of an entertainment and leisure precinct at Casuarina Square remains on time and on budget, with a planned opening in mid-2016. The new precinct will include seven first-to-market retailers in Darwin.

Office

GPT improved its office occupancy during the quarter to 97.0 per cent, with a total of 17,900 sqm of new leases signed plus an additional 9,600 sqm which are at Heads of Agreement stage.

Good leasing progress continued at the MLC Centre, with six new leases concluded. Occupancy at the building was 96.5 per cent at the end of the quarter, with three suites remaining.

The \$25 million refurbishment of the lobby and retail podium at GWOF's 580 George Street Sydney is nearing completion, with the retail tenants including Guylian Belgian Chocolate Café, Movenpick and Tim Ho Wan.

Key leasing agreements achieved during the quarter included:

Asset	Status	Tenant	Sqm	Term
Melbourne Central Tower	Signed	NBN Co.	6,160 sqm	2.1 years
8 Exhibition Street, Melbourne	Signed	Confidential	1,620 sqm	5.0 years
1 Farrer Place, Sydney	Signed	Confidential	1,430 sqm	6.0 years
MLC Centre, Sydney	Signed	SMS Management & Technology	1,140 sqm	5.0 years

Sydney's CBD experienced a significant tightening in its office vacancy rate to 6.8 per cent from 7.8 per cent, while Melbourne's vacancy rate reduced to 9.2 per cent from 10.0 per cent over the quarter. The Brisbane office market experienced positive absorption during the quarter however the vacancy rate increased to 18.2 per cent as a result of new supply.

Logistics

During the period Volvo Group announced its plans to build its Australian headquarters at GPT's joint-owned Metroplex Business Park at Wacol, Queensland.

GPT has also increased its Western Sydney land bank in response to the positive Sydney industrial fundamentals. Following the end of the quarter, the Group purchased 5.1 hectares of industrial land in Eastern Creek. The site has the potential to deliver 26,000 sqm of prime logistics facilities.

The logistics portfolio occupancy was 92.7 per cent at the end of the quarter.

Funds Management

The GPT Wholesale Office Fund (GWOFF) has continued to perform strongly, delivering a total return of 19.4 per cent for the 12 months to 31 March. GWOFF is the top performing office fund over one, three, five and seven years as measured by the Mercer/IPD Australia Unlisted Wholesale Fund index.

During the period, GWOFF completed the sale of its 50 per cent interest in Brisbane Transit Centre for \$62.6 million, in line with book value.

A total of 15 GWOFF assets were re-valued during the quarter resulting in a total uplift of \$222 million, reflecting the ongoing investment demand and recent market sales evidence. The weighted average cap rate of GWOFF tightened to 5.73 per cent from 6.03 per cent.

The GPT Wholesale Shopping Centre Fund's (GWSCF) total return was 6.8 per cent for the 12 months to 31 March.

During the period GWSCF revalued four assets representing a total increase of \$75.5 million. The valuation gain was primarily the result of the increase in the value of GWSCF's interest in Highpoint Shopping Centre (including Homemaker City, Maribyrnong), which rose by \$60.3 million.

Following the end of the quarter, the GPT Metro Office Fund (GMF) received an indicative and non-binding proposal from Growthpoint Properties Australia to acquire all of the units in the Fund. A GMF Independent Board Committee comprising its three independent directors has been established to consider the proposal.

GMF revalued its entire portfolio during the quarter, recording a \$26.4 million increase in the value of its portfolio.

Capital Management

GPT continued to maintain a strong balance sheet with gearing of 25.7 per cent as at 31 March.

The Group further diversified its funding sources and lengthened its weighted average debt term with the issuance of a HKD 400 million 10 year medium term note during the quarter. Since the end of the period, GPT also raised US\$100 million in the US Private Placement (USPP) market for an average 11.5 year term. These initiatives take the combined new debt issuance to approximately A\$200 million, at an average margin of approximately 190 basis point over BBSW when fully swapped back into Australian dollars. GPT is pleased with this outcome given the recent widening of credit margins.

During April, Standard & Poor's Ratings Services raised its long-term rating to 'A' and the short-term rating to 'A-1' on the Group. The upgrades were based on S&P's view that GPT Group has demonstrated a preparedness to adhere to disciplined financial policies while growing its high-quality and diversified asset base.

Guidance

GPT remains on track to deliver its earnings guidance of between 4 to 5 per cent EPS growth for FY16.

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For more information, please contact:

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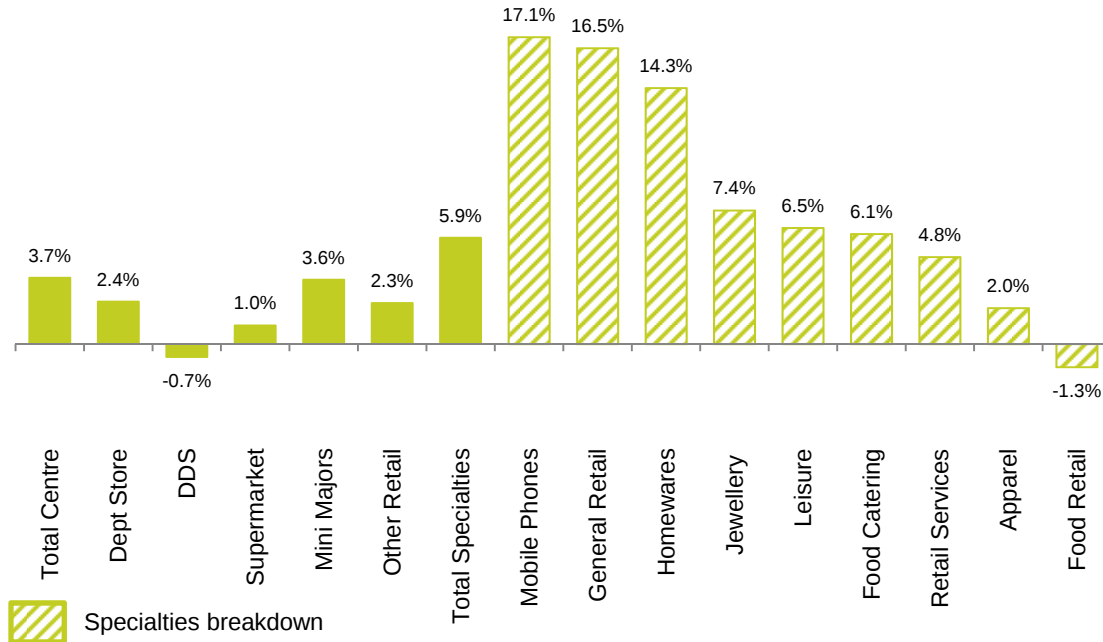
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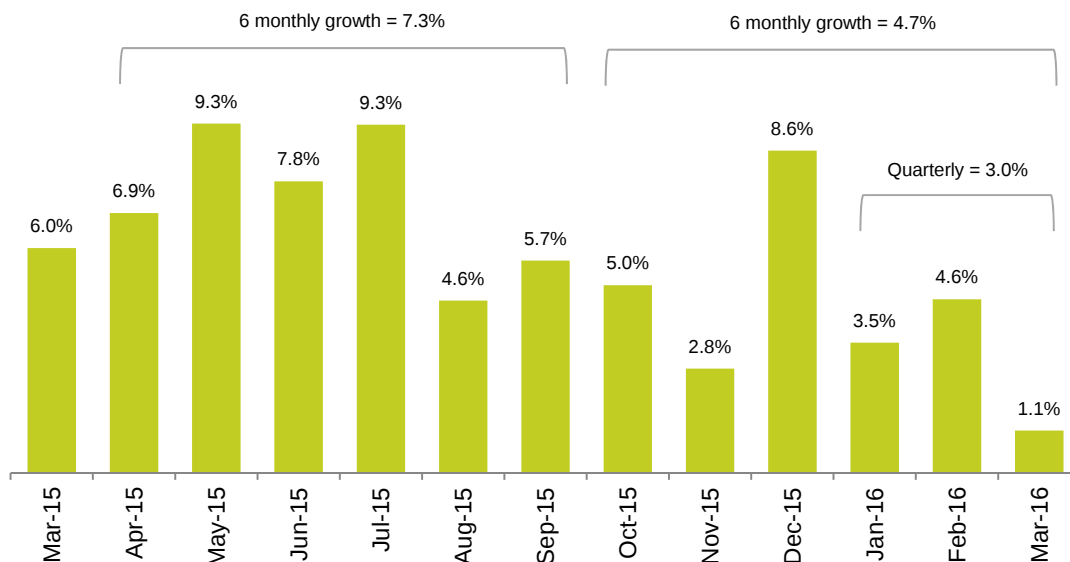
APPENDIX 1 – RETAIL SALES

Comparable Change in Annual Retail Sales Growth by Category¹



1. Based on GPT weighted interest. Excludes development impacted assets (Macarthur Square and Wollongong Central).

Specialty Monthly Sales Growth²



2. Based on GPT weighted interest. Excludes development impacted assets (Macarthur Square and Wollongong Central). Forestway Shopping Centre excluded from November 2015. Macarthur Square excluded from March 2016.

Retail Portfolio Sales Performance by Centre

		Moving Annual Turnover (MAT)				
	Ownership	Centre MAT (\$m)	Comparable Centre MAT Growth	Comparable Specialty MAT Growth	Specialty MAT (\$psm)	Specialty Occupancy Cost
GPT Portfolio						
Casuarina Square	GPT/GWSCF	387.8	-2.4%	-1.3%	11,472	15.9%
Charlestown Square	GPT	534.1	1.1%	4.0%	10,940	14.9%
Highpoint Shopping Centre	GPT/GWSCF/HPG	974.1	6.3%	8.9%	10,677	19.2%
Melbourne Central Retail	GPT	456.4	11.4%	9.1%	11,325	19.5%
Rouse Hill Town Centre	GPT	420.3	1.6%	6.7%	8,186	14.5%
Sunshine Plaza ¹	GPT/APPF	527.9	2.8%	4.5%	11,790	18.4%
Westfield Penrith ²	GPT/Scentre	630.3	4.6%	7.4%	11,904	17.9%
GWSCF Portfolio						
Casuarina Square	GWSCF/GPT	387.8	-2.4%	-1.3%	11,472	15.9%
Chirnside Park	GWSCF	272.9	5.7%	5.5%	11,340	15.9%
Highpoint Shopping Centre	GPT/GWSCF/HPG	974.1	6.3%	8.9%	10,677	19.2%
Northland Shopping Centre ³	GWSCF/Vicinity	516.4	0.8%	1.1%	8,377	20.3%
Norton Plaza	GWSCF	123.4	2.7%	3.9%	11,918	13.7%
Parkmore Shopping Centre	GWSCF	255.2	3.2%	4.4%	8,795	15.2%
Westfield Woden ²	GWSCF/Scentre	362.9	-0.1%	3.7%	9,022	18.7%
GPT Weighted Total			3.7%	5.9%	10,620	17.2%
Centres Under Development						
GWSCF Portfolio						
Macarthur Square ¹	GWSCF/APPF	571.9	2.4%	5.0%	10,002	16.9%
Wollongong Central	GWSCF	265.5	29.4%	17.6%	7,998	17.7%

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

	As at 31 December 2015			As at 31 March 2016	
	Ownership	Fair Value (\$m)	Cap Rate	Fair Value (\$m)	Cap Rate
GPT Portfolio					
Highpoint Shopping Centre ¹	16.67%	344.7	5.13%	362.3	5.00%
CBW, Melbourne	50%	317.5	6.25%	320.0	5.63%
One One One Eagle Street, Brisbane	33%	273.7	5.75%	276.0	5.50%
GWSCF Portfolio					
Highpoint Shopping Centre ¹	58.33%	1,206.4	5.13%	1,268.0	5.00%
Macarthur Square	50%	440.0	5.75%	446.4	5.75%
Chirnside Park	100%	255.2	6.50%	259.0	6.25%
Norton Plaza	100%	123.0	6.50%	132.6	6.00%
GWOFF Portfolio					
Liberty Place, Sydney	50%	535.2	5.25%	562.5	5.00%
Darling Park 1, Sydney	50%	737.0	5.88%	782.5	5.50%
Darling Park 2, Sydney			5.63%		5.25%
Cockle Bay Wharf, Sydney			6.25%		6.00%
Darling Park 3, Sydney	100%	336.0	6.00%	397.5	5.50%
580 George Street, Sydney	100%	380.8	6.50%	406.0	6.25%
The Zenith, Chatswood	50%	137.5	7.25%	137.6	7.25%
8 Exhibition Street, Melbourne	50%	195.7	5.63%	204.0	5.25%
150 Collins Street, Melbourne	100%	188.4	5.75%	203.5	5.50%
530 Collins Street, Melbourne	100%	538.1	5.88%	542.5	5.75%
655 Collins Street, Melbourne	100%	130.4	5.50%	137.6	5.25%
CBW, Melbourne	50%	317.5	6.25%	320.0	5.63%
800/808 Bourke Street, Melbourne	100%	467.3	5.50%	496.5	5.25%
2 Southbank Boulevard, Melbourne	50%	218.7	6.00%	225.0	5.75%
Twenty8 Freshwater Place, Melbourne	50%	127.0	6.63%	129.0	6.25%
One One One Eagle Street, Brisbane	33%	273.7	5.75%	276.0	5.50%
Riverside Centre, Brisbane	100%	603.4	6.25%	605.0	6.00%

1. Fair value includes Homemaker City Maribyrnong. Cap rate excludes Homemaker City Maribyrnong.