

6 May 2015

March Quarter Operational Update

GPT delivers strong retail sales and office leasing, unlocks future growth

Key Highlights

- Process to appoint new CEO underway
- Strong retail performance with specialty sales growth up 6.8 per cent for the quarter
- 37,200 sqm office leases signed or at Heads of Agreement
- Another successful logistics development reaches completion
- Funds Management business continues solid performance
- Balance sheet further strengthened with redemption of Exchangeable Securities for \$325 million

The GPT Group (GPT) today announced its operational update for the March 2015 quarter. GPT CEO and Managing Director, Michael Cameron said it had been another strong period for the Group with solid retail sales growth, continued momentum in office leasing, leading performance in Funds Management and the successful completion of another logistics development.

Mr Cameron, who has been CEO and Managing Director for six successful years, announced last month that he would stand down from the position in order to become Group CEO of Suncorp. Mr Cameron said the March Quarter result showed GPT was well placed as the Group transitions to a new CEO.

GPT's performance has continued to be robust and the Group is well positioned as the Board advances the process to appoint a new CEO and Managing Director for GPT.

"Our investment portfolio is well positioned with operating conditions continuing to be strongest in the eastern seaboard markets, as the economy transitions to the non-mining sectors.

"Low interest rates and fuel prices, combined with a strong housing market have contributed to an improvement in retail conditions. Confidence has benefitted from improving political stability in the Federal Government," Mr Cameron said.

RETAIL PORTFOLIO UPDATE

Strong Retail Sales Growth over the Quarter

Comparable specialty moving annual turnover (MAT) growth was a solid 4.4 per cent, with total centre MAT growth of 2.5 per cent¹. Specialty sales growth has continued to be strong and is up 6.8 per cent over the quarter compared with the same period last year.

"It is pleasing to see the continued positive trend in retail sales growth and lower occupancy cost, reflecting the high quality of GPT's retail portfolio," Mr Cameron said.

1. On a GPT weighted interest basis.

Replenishing the Development Pipeline

Post the end of the quarter, GPT has settled on the acquisition of land adjacent to the Rouse Hill Town Centre for a purchase price of \$61.2 million, excluding acquisition costs. Planning approval has been received, which would allow the retail floor space to be expanded from the existing 69,000 sqm up to 130,000 sqm and for an additional 61,400 sqm of commercial and mixed use. The delivery of the new North West Rail link and bus interchange in early 2019 will further enhance the development potential of this land.

"The acquisition secures the future expansion potential of the Rouse Hill Town Centre, an asset which has achieved strong performance, recording specialty sales growth of 8.9 per cent over the past year, and is located in a rapidly growing catchment area," Mr Cameron said.

OFFICE PORTFOLIO UPDATE

Leasing Progress Continues

It has been another strong quarter for office leasing with 37,200 sqm of new leases and renewals agreed across the portfolio, either signed or at Heads of Agreement.

"The office team continues to deliver, with recent leasing success further strengthening occupancy, which is up by 100 basis points to 94.9 per cent since the start of the year," Mr Cameron said.

"Our office portfolio has 87 per cent exposure to the CBD markets of Sydney and Melbourne where both positive net effective rental growth and positive net absorption has continued this year."

Key leasing transactions include:

Asset	Status	Tenant	Sqm	Term
MLC Centre, Sydney	Signed	Sparke-Helmore	5,050	10 years
Melbourne Central Tower	Signed	NBN Co.	3,100	5 years
Darling Park, Tower 3, Sydney	HoA	Confidential	4,410	5 years
150 Collins Street, Melbourne	HoA	Confidential	2,760	10 years
2 Park Street, Sydney	HoA	Confidential	1,840	7 years
CBW, Melbourne	HoA	Confidential	1,500	7 years
580 George Street, Sydney	Signed	Ivy College	1,300	5 years
CBW, Melbourne	HoA	Confidential	1,120	7 years

MLC Centre Redevelopment Update

Stage 1 of the MLC Centre retail redevelopment is progressing well with completion expected by mid year. Works are continuing on the refurbishment, the remix of the food court, and introduction of state-of-the-art end of trip facilities for the office tower.

A Development Application has been lodged with the City of Sydney Council for Stage 2 of the retail redevelopment, which will deliver luxury retail on Castlereagh and King Streets, and an enhanced bar and dining offer fronting Martin Place. It also includes a new entry and refurbished tower lobby.

LOGISTICS PORTFOLIO UPDATE

Leasing Update

Occupancy in the logistics portfolio remains stable at 95.7 per cent, up slightly from 95.3 per cent at 31 December 2014. Over the first three months of the year, there has been 12,240 sqm leased in the portfolio, either signed or at Heads of Agreement, continuing the momentum from 2014.

Further Development Completions

GPT has reached completion on another logistics facility at Erskine Park in Sydney. The 23,760 sqm Rand cold storage facility is one of the three logistics facilities being completed at Erskine Park. A major sorting and distribution facility for TNT was completed in late 2014, while a 20,520 sqm chilled food processing and manufacturing facility for Retail Ready Meats is progressing well.

During the period, practical completion was also reached on the newest asset for the GPT Metro Office Fund (GMF), 3 Murray Rose Avenue at Sydney Olympic Park. The 13,300 sqm suburban office asset was developed as the national headquarters for Samsung Electronics Australia.

DISCIPLINED CAPITAL MANAGEMENT

GPT continues to maintain a strong balance sheet with gearing remaining low at 28.0 per cent as at 31 March 2015 and a weighted average cost of debt for the year to date of 4.7 per cent.

During the quarter, GPT redeemed all its Exchangeable Securities for \$325 million plus accrued interest, enabling the Group to further reduce its weighted average cost of capital and strengthen its balance sheet. The redemption was funded by a \$325 million institutional placement and a \$50 million Security Purchase Plan which received strong investor support.

FUNDS MANAGEMENT PERFORMANCE

The Funds Management platform continues to perform strongly. The GPT Wholesale Office Fund (GWOF) and the GPT Wholesale Shopping Centre Fund (GWSCF) delivered total fund returns over the year to 31 March 2015 of 12.8 per cent and 6.6 per cent respectively.

GWOF has maintained its significant outperformance over its peers over one, three, five and seven year time periods. GWSCF has achieved a total fund return of 8.6 per cent, for the nine months to 31 March 2015, the highest among its peers.

In the listed space, the GPT Metro Office Fund (GMF) has recently been included in the S&P/ASX 300 Index and continues to perform well.

"I am pleased to once again report that the Funds Management business continues to deliver strong performance for its investors," Mr Cameron said.

OUTLOOK

GPT is on track to achieve earnings per security growth of 5 per cent for the full year 2015, driven by the core performance of GPT's quality portfolio. The Group has a target to deliver a Total Return for securityholders of greater than 9 per cent.

– Ends –

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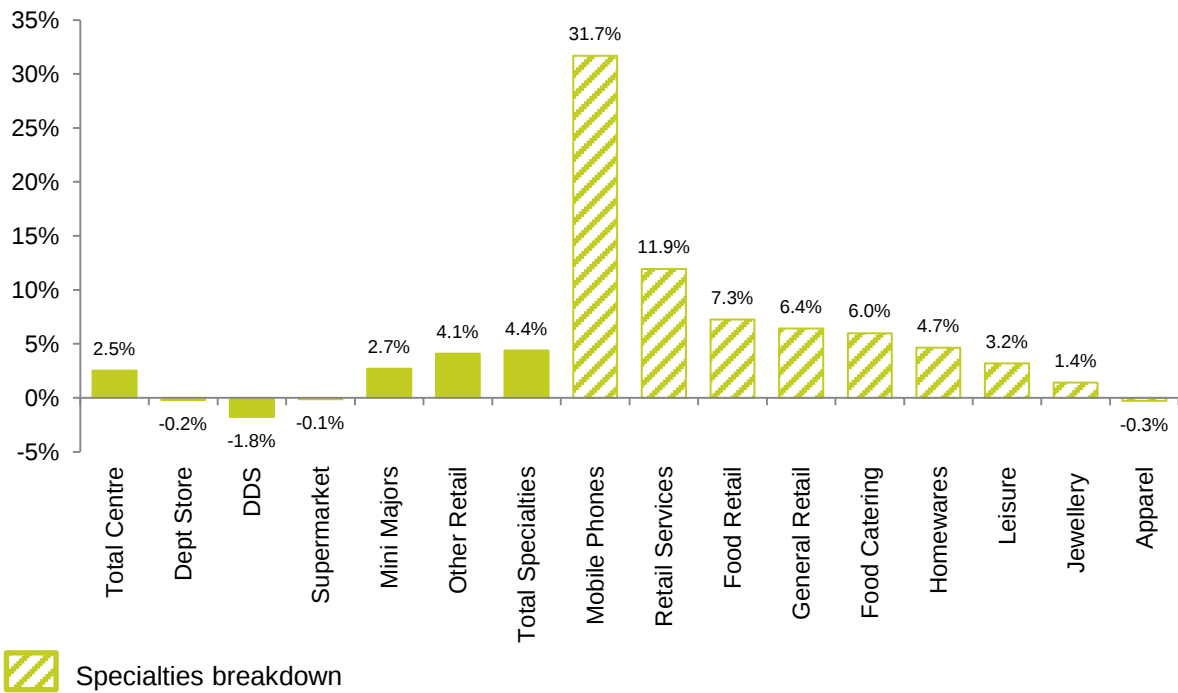
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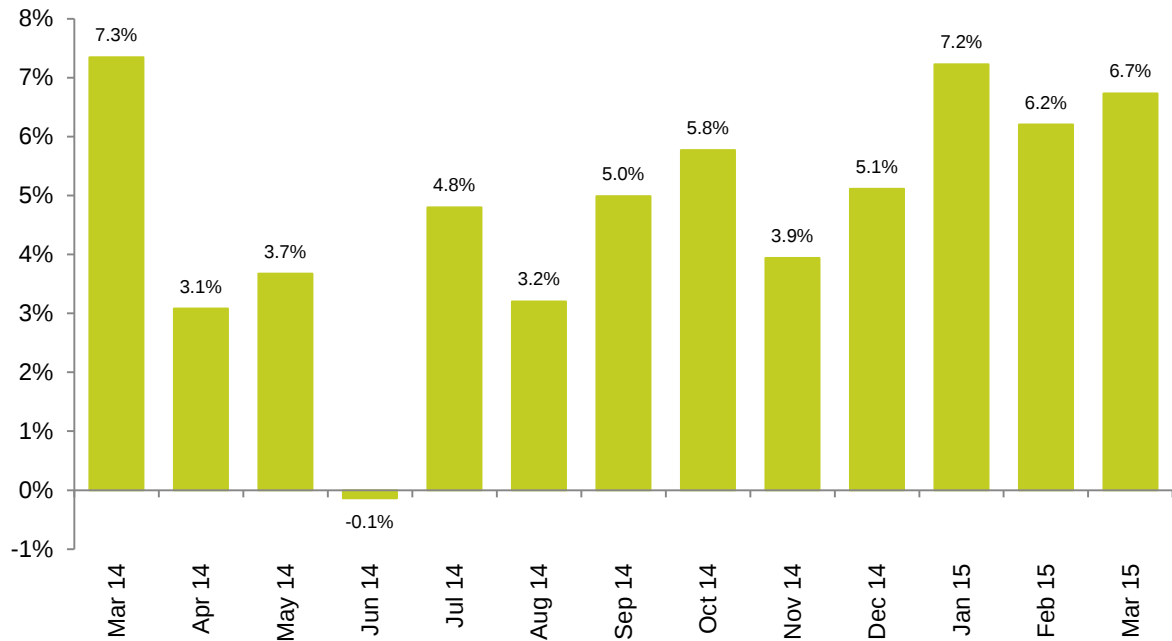
APPENDIX 1 – RETAIL SALES

Moving Annual Change in Retail Sales by Category¹



1. Based on GPT weighted interest. Excludes development impacted assets (Dandenong Plaza, Wollongong Central and Highpoint Shopping Centre).

Monthly Specialty Sales Growth²



2. Based on GPT weighted interest. Excludes development impacted assets (Dandenong Plaza and Wollongong Central). Includes Highpoint Shopping Centre from June 2014 and Northland Shopping Centre from October 2014.

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	397.6	0.0%	0.1%	11,278	15.7%
Charlestown Square	GPT	527.6	4.1%	5.3%	9,899	16.2%
Melbourne Central Retail	GPT	411.1	6.1%	3.3%	10,037	21.3%
Rouse Hill Town Centre	GPT	413.5	3.4%	8.9%	7,916	14.3%
Sunshine Plaza ¹	GPT/APPF	514.8	-1.6%	-0.9%	11,394	18.8%
Westfield Penrith ²	GPT/Scentre	604.5	1.1%	7.7%	11,537	17.9%
GWSCF Portfolio						
Casuarina Square	GWSCF/GPT	397.6	0.0%	0.1%	11,278	15.7%
Chirnside Park	GWSCF	258.1	-0.1%	5.2%	10,922	16.1%
Forestway Shopping Centre	GWSCF	99.5	-0.2%	-2.7%	10,516	15.7%
Macarthur Square ¹	GWSCF/APPF	557.2	1.9%	6.3%	9,374	17.5%
Northland Shopping Centre ³	GWSCF/Novion	512.3	3.3%	6.6%	8,302	21.1%
Norton Plaza	GWSCF	120.2	1.8%	7.7%	11,763	13.4%
Parkmore Shopping Centre	GWSCF	247.4	1.6%	4.8%	8,410	15.3%
Westfield Woden ²	GWSCF/Scentre	360.4	-2.5%	-1.7%	8,409	20.0%
GPT Weighted Total			2.5%	4.4%	9,917	17.7%

Centres Under Development

GPT Portfolio						
Dandenong Plaza	GPT	205.7	-3.7%	-5.0%	6,425	18.0%
Highpoint Shopping Centre	GPT/GWSCF/HPG	904.1	2.6%	6.1%	9,932	20.1%
GWSCF Portfolio						
Highpoint Shopping Centre	GPT/GWSCF/HPG	904.1	2.6%	6.1%	9,932	20.1%
Wollongong Central	GWSCF	205.3	33.3%	23.2%	8,365	18.2%

1. Analysis provided by Lend Lease.

2. Analysis provided by Scentre Group.

3. Analysis provided by Novion Property Group.

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

APPENDIX 2 – PORTFOLIO REVALUATIONS

		As at 31 December 2014		As at 31 March 2015	
		Ownership	Fair Value (\$m)	Cap Rate	Fair Value (\$m)
GWSCF Portfolio					
Macarthur Square	50%	409.1	6.25%	421.3	6.00%
Northland Shopping Centre	50%	503.8	5.75%	500.0	5.75%
GWOF Portfolio					
The Zenith, Chatswood	50%	129.5	8.00%	140.0	7.13%
150 Collins Street, Melbourne	100%	167.2	6.50%	178.5	6.00%
750 Collins Street, Melbourne	100%	263.2	7.13%	268.0	7.00%
Riverside Centre, Brisbane	100%	600.1	6.75%	590.0	6.63%