

THE GPT GROUP ANNOUNCES

31 October 2017

September Quarter Operational Update

The GPT Group (“GPT” or “Group”) today announced its operational update for the September 2017 quarter.

Key Highlights

- Retail specialty sales \$11,103 per square metre at 30 September
- US Private Placement debt issue of US\$325 million (A\$403 million) extends GPT’s debt maturity profile to 6.9 years
- Total office leasing of 27,000 sqm signed or at Heads of Agreement (HoA) during the quarter
- Development Application lodged for 32 Smith Street, Parramatta
- 25,400 sqm logistics facility completed at Lot 2012, Eastern Creek
- GWSCF completes acquisition of an additional 25 per cent interest in Highpoint Shopping Centre

CEO and Managing Director Bob Johnston said GPT remained in a very strong financial position at the end of the September quarter and was on track to meet its guidance for the full year 2017.

“The Group’s balance sheet was strengthened during the quarter following the successful US Private Placement which was oversubscribed and enabled GPT to significantly extend its debt maturity profile,” Mr Johnston said.

“GPT’s Office portfolio maintained its high occupancy during the period, benefitting from the quality of its assets and high exposure to the strong conditions in the Sydney and Melbourne markets.”

“Retail sales growth softened during the quarter with total centre MAT growth falling from 3.1 per cent in June to 1.8 per cent as at the end of September reflecting a softening in consumer confidence. Despite this, GPT’s high quality Retail portfolio continues to deliver strong like for like income growth.”

“The Group remains well positioned to deliver the full year 2017 guidance of 3 per cent FFO per security growth announced with the interim results in August.”

Retail

GPT’s comparable specialty moving annual turnover¹ (MAT) was up 0.6 per cent, with total centre MAT up 1.8 per cent. Specialty retail sales were \$11,103 per square metre at 30 September, up 2.3 per cent compared to the previous comparable period.

During the period, the GPT Wholesale Shopping Centre Fund (GWSCF) settled its acquisition of an additional 25 per cent stake in the Highpoint Shopping Centre and Maribyrnong Homemaker Centre for \$680 million (excluding acquisition costs of \$37.4 million). The purchase took GWSCF’s ownership of the centre to 83.33 per cent with GPT retaining a 16.67 per cent interest. GWSCF revalued seven assets during the quarter, resulting in an increase in the value of the portfolio by \$89.3 million. GWSCF’s weighted average capitalisation rate firmed by 30 basis points to 5.01 per cent.

Following the end of the quarter, the GWSCF-owned Wollongong Central opened the \$68 million refurbishment of its Gateway Building which included the new generation David Jones department store and food concept.

1. Excludes development impacted centres (Sunshine Plaza, Wollongong Central, Macarthur Square) and assets sold in the period (Woden)

The refurbishment also resulted in the introduction of the Illawarra region's first Mecca Maxima, and approximately 40 specialty stores, including T2, Peter Alexander, Review and Cue, together with international discount retailer TK Maxx.

Construction of the \$420 million expansion of Sunshine Plaza, in which GPT has a 50 per cent interest, remains on track for completion in late 2018. Following the end of the quarter, the development reached a major milestone with the opening of the centre's new north east carpark.

The leasing program for the Sunshine Plaza is almost 30 per cent complete with strong interest in the remaining shops in the new retail mall.

Office

During the September quarter, a total of 27,000 square metres of new leases and renewals (including HoA) were agreed across the portfolio. This brings total leasing volume (including HoA) for the calendar year to 30 September to 168,500 square metres.

Office occupancy was 96.9 per cent as at 30 September (excluding HoA).

The key leasing deals completed include:

Asset	Tenant	Status	Area	Term
750 Collins Street	Monash College	Signed*	41,181 sqm	15 years
Riverside	Deloitte	Signed	6,069 sqm	10 years
530 Collins Street	AEMO	Signed	5,033 sqm	5 years
Darling Park 2	Adobe	Signed	3,079 sqm	5 years
ONE ONE ONE Eagle Street	Ray White	Signed	2,362 sqm	8 years

*Execution occurred post quarter-end

During the period, nine GPT Wholesale Office Fund (GWOFF) assets were externally revalued. This led to valuation gains of \$35 million or 0.5 per cent across the GWOFF portfolio. The valuation gains were led by 750 Collins Street, Melbourne and the Darling Park assets in Sydney, primarily a result of recent leasing transactions.

The Group recently submitted a Development Application for its planned 26,000 square metre prime office tower at 32 Smith Street Parramatta. GPT is working towards securing a tenant pre-commitment and is targeting to commence construction in the first half of 2018.

Construction on GPT's 15,700 square metre A-Grade office building at 4 Murray Rose Avenue, Sydney Olympic Park remains on track for completion in late 2018. 4 Murray Rose, which has secured NSW Rural Fire Service as its major tenant, has received a solid level of enquiry from prospective tenants for the remaining space available in the building.

Logistics

During the quarter, GPT completed a total of 18,640 square metres of leasing (including HoA) across its Logistics portfolio, bringing total leasing for the calendar year to 30 September to 166,600 square metres (including HoA).

The occupancy of the Logistics portfolio was 95.9 per cent at the end of the period.

During the period, Super Retail Group agreed to an extension of its lease over 41,700 square metres at Citiwest Industrial Estate in Melbourne to 2021.

Development approval was also received for two new Logistics projects; a planned 32,000 square metre logistics facility at Lot 21 Old Wallgrove Road, Eastern Creek and a 11,000 square metre facility at Huntingwood Drive, Huntingwood.

Following the end of the period, construction of the 25,400 square metre logistics facility at Lot 2012 Eastern Creek was completed. The Group is targeting to secure a lease over the space by year end.

Funds Management

GWSCF delivered a total return of 14.4 per cent and GWOF a total return of 12.9 per cent over the 12 months to 30 September.

During the quarter, GWSCF issued a domestic medium term note, raising \$200 million of 7 year bonds. The bond issue received strong investor support, with final pricing at 145 basis points over the benchmark swap rate, and a fixed rate of 3.99 per cent.

Capital Management

GPT remains in a strong capital position, with gearing of 25.3 per cent as at 30 September.

During the quarter, the Group raised US\$325 million (A\$403 million) in a US Private Placement (USPP) debt issue. The USPP issue comprised US\$160 million of 12 year notes and US\$165 million of 15 year notes, with final pricing at 189 basis points over BBSW once swapped back into Australian dollars. The placement introduced 10 new investors to the Group, further diversifying GPT's debt sources, and extended GPT's average debt maturity profile to 6.9 years.

2017 Guidance

GPT is on track to achieve FFO per security growth of 3 per cent for the full year 2017, and distribution per security growth of approximately 5 per cent.

-ENDS-

For more information, please contact:

Investors:

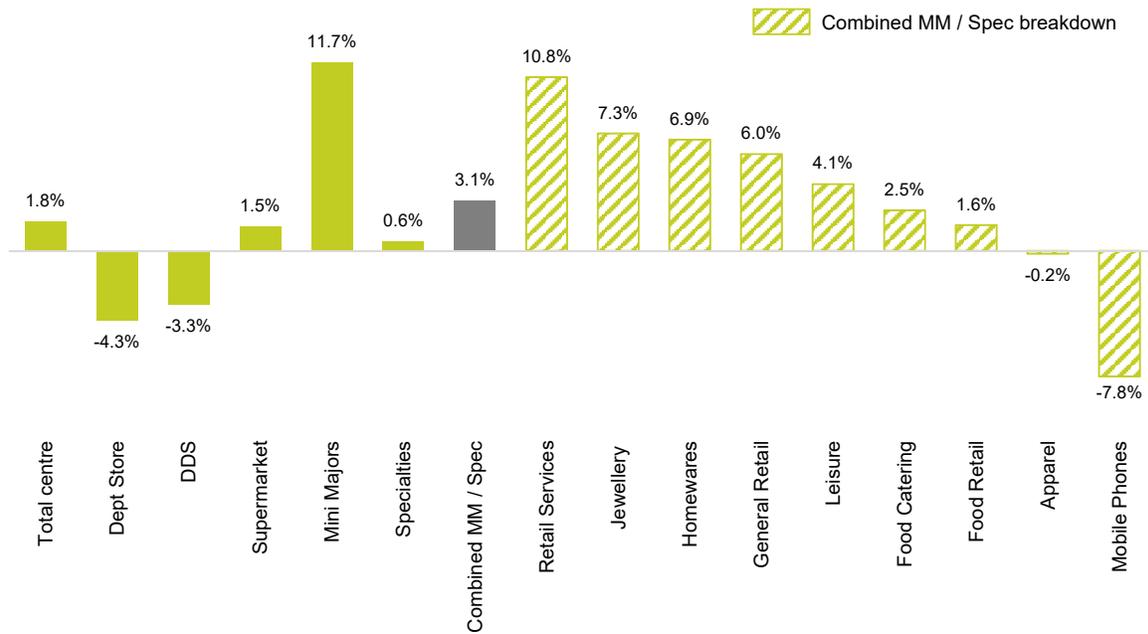
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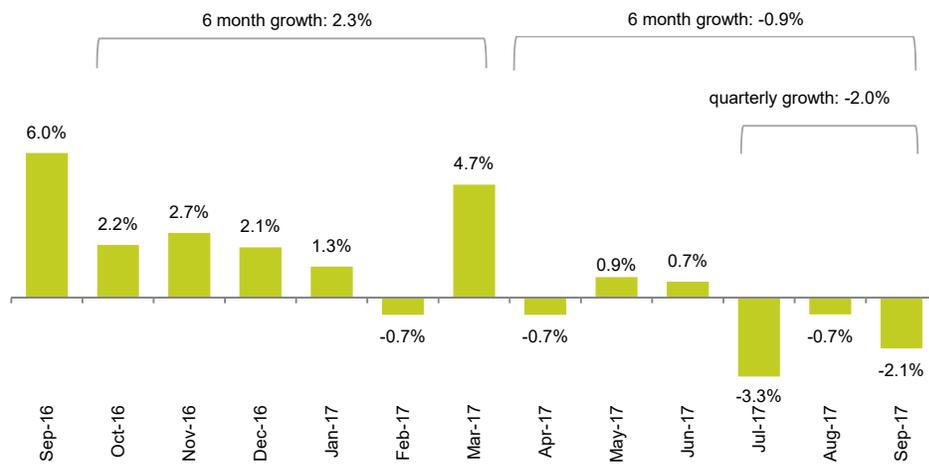
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APPENDIX 1 – RETAIL SALES

Comparable Annual Retail Sales Growth by Category



Specialty Monthly Sales Growth¹



1. Excludes development impacted centres (Sunshine Plaza, Wollongong Central, Macarthur Square) and assets sold in the period (Woden) to calculate comparable quarterly and six month growth data to 30 September 2017

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	50%	\$380.6	(2.0%)	(6.0%)	\$11,090	16.8%
Charlestown Square	100%	\$556.5	4.4%	4.2%	\$12,455	14.0%
Highpoint Shopping Centre	16.67%	\$986.6	(1.0%)	(2.0%)	\$10,798	19.6%
Melbourne Central Retail	100%	\$506.6	4.0%	2.5%	\$12,329	19.0%
Rouse Hill Town Centre	100%	\$435.9	2.1%	3.2%	\$8,626	14.8%
Westfield Penrith ²	50%	\$643.2	1.9%	(2.7%)	\$12,050	17.5%
GWSCF Portfolio						
Casuarina Square	50%	\$380.6	(2.0%)	(6.0%)	\$11,090	16.8%
Chirnside Park	100%	\$273.2	(0.1%)	(0.4%)	\$11,950	15.6%
Highpoint Shopping Centre	83.33%	\$986.6	(1.0%)	(2.0%)	\$10,798	19.6%
Northland Shopping Centre ³	50%	\$534.6	1.9%	(0.4%)	\$8,697	19.1%
Norton Plaza	100%	\$122.1	(4.2%)	(3.6%)	\$11,851	14.2%
Parkmore Shopping Centre	100%	\$254.9	(0.3%)	(3.5%)	\$8,689	15.7%
GPT Weighted Total		\$2,732.3	1.8%	0.6%	\$11,103	17.0%

Centres Under Development

GPT Portfolio						
Sunshine Plaza ¹	50%	\$524.6	(2.2%)	(1.3%)	\$11,712	18.8%
GWSCF Portfolio						
Macarthur Square ¹	50%	\$562.5	1.8%	2.4%	\$10,148	16.5%
Wollongong Central	100%	\$267.9	(2.2%)	2.0%	\$8,620	15.4%

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 30 September 2017			As at 30 June 2017	
	Ownership	Fair Value (\$m)	Cap Rate	Fair Value (\$m)	Cap Rate
GWSCF Portfolio					
Highpoint Shopping Centre ¹	83.33%	\$2,225.2	4.25%	\$1,434.4	4.50%
Macarthur Square	50%	\$595.9	5.25%	\$570.4	5.50%
Northland Shopping Centre	50%	\$487.8	5.50%	\$486.6	5.625%
Wollongong Central	100%	\$455.7	5.75%	\$432.8	5.75%
Casuarina Square	50%	\$321.2	5.50%	\$316.4	5.75%
Chirside Park	100%	\$280.0	6.00%	\$279.7	6.00%
Parkmore Shopping Centre	100%	\$259.0	6.25%	\$255.6	6.25%
Norton Plaza	100%	\$141.1	5.75%	\$140.9	5.75%
GWOFF Portfolio					
Darling Park 1, Sydney			5.00%		5.13%
Darling Park 2, Sydney	50%	\$872.5	5.00%	\$857.8	5.13%
Cockle Bay Wharf, Sydney			5.75%		5.75%
Darling Park 3, Sydney	100%	\$500.0	5.00%	\$485.4	5.13%
8 Exhibition Street, Melbourne	50%	\$223.0	5.00%	\$221.7	5.00%
150 Collins Street, Melbourne	100%	\$225.5	5.13%	\$218.7	5.25%
655 Collins Street, Melbourne	100%	\$145.6	5.00%	\$142.1	5.13%
750 Collins Street, Melbourne	100%	\$263.0	5.00%	\$251.3	5.50%
2 Southbank Boulevard, Melbourne	50%	\$242.5	5.50%	\$240.5	5.50%
Riverside Centre, Brisbane	100%	\$633.5	5.75%	\$634.9	5.88%

1. Fair value includes Homemaker Centre Maribyrnong.