



HALF YEAR UPDATE

2018



GPT CALENDAR

June 2018 half year distribution payment date	31 August 2018
December 2018 half year distribution announcement date	December 2018
December 2018 half year distribution record date	31 December 2018
2018 Annual Result announcement date	11 February 2019
December 2018 half year distribution payment date	February 2019



Dear Investor,

I am pleased to update you on The GPT Group's activities and financial results for the six months to 30 June 2018.

The Group reported strong financial results for the half, achieving a Total Return of 13.9 per cent on a rolling 12 month basis.

GPT's statutory profit for the half year to 30 June was \$728.5 million. Funds from Operations (FFO), the REIT sector's key measure of earnings, were \$289.4 million for the half year, representing FFO growth of 3.2 per cent per security.

The Group's investment assets were revalued, resulting in a \$457 million increase in the value of the Office, Retail and Logistics portfolios on 31 December 2017 book value. Net Tangible Assets per security increased 27 cents to \$5.31.

The Retail portfolio produced like-for-like income growth of 2.3 per cent on the prior period. The Retail portfolio has maintained an occupancy level greater than 99 per cent, and Total Specialty Sales growth was a healthy 4.4 per cent for the 12 months to 30 June 2018.

GPT's Office portfolio delivered 5.5 per cent like-for-like income growth for the period, which was driven by strong market conditions in Sydney and Melbourne where 89 per cent of the portfolio is located.

The Group advanced its development pipeline during the half and expects to commence the 26,000 square metre A Grade office tower at 32 Smith Street Parramatta in the coming months with demolition works already underway. The Group is also on track to complete an office development at Sydney Olympic Park and two logistics facilities in Sydney by the end of 2018. At Sunshine Plaza, approximately 75% of leasing is now committed and the development is expected to open successfully in the second quarter of 2019 with a very strong retail offering.

GPT's Funds Management business continues to deliver strong performance, with the GPT Wholesale Office Fund achieving a 13.9 per cent Total Return for the 12 months to 30 June, and the GPT Wholesale Shopping Centre Fund an 8.4 per cent Total Return for the period.

OUTLOOK

The Group remains focused on delivering on its strategic priorities by driving the performance of our investment portfolio, maintaining our robust financial position and creating growth opportunities through the development pipeline.

GPT's investment portfolio is expected to deliver further growth for the second half of 2018.

At the Group's Interim Result on 13 August, we confirmed our earnings guidance of 3 per cent growth in both FFO per security and distributions per security for FY 2018. GPT expects the strong office sector conditions to continue, retail sales growth to continue the current positive trend and ongoing demand for logistics facilities in Sydney and Melbourne.

GPT's balance sheet remains in a healthy position and our exposure to the Sydney and Melbourne economies through high quality assets will continue to benefit the Group. I would like to thank securityholders for their ongoing support and look forward to updating you further on GPT's activities.



Bob Johnstone
CEO and Managing Director



Portfolio Overview



RETAIL

13

SHOPPING CENTRES

940,000

SQM GLA

3,200+

TENANTS

\$6.0b

PORTFOLIO

\$9.8b

AUM



OFFICE

22

ASSETS

1,110,000

SQM NLA

510+

TENANTS

\$5.4b

PORTFOLIO

\$11.2b

AUM



LOGISTICS

29

ASSETS

830,000

SQM GLA

70+

TENANTS

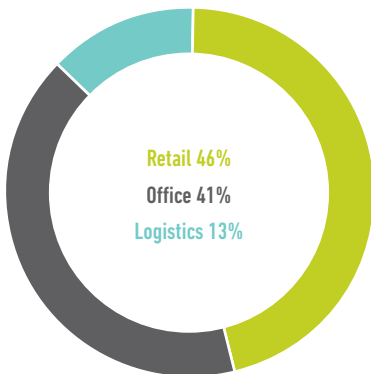
\$1.7b

PORTFOLIO

\$1.7b

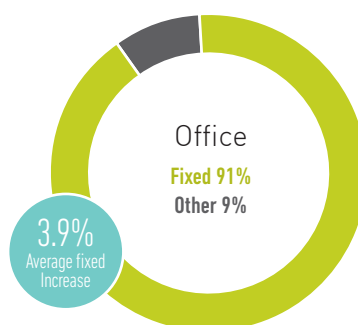
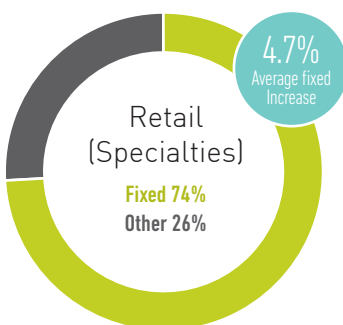
AUM

GPT Portfolio Diversity
As at 30 June 2018



	Portfolio Size	Comparable Income Growth ¹	WALE	Occupancy	WACR
Retail	\$5.99b	2.3%	4.1 years	99.7%	4.97%
Office	\$5.35b	5.5%	5.3 years	96.6%	5.02%
Logistics	\$1.67b	3.6%	7.4 years	96.6%	6.17%
Total	\$13.02b	3.9%	5.1 years	97.4%	5.14%

STRUCTURED RENTAL INCREASES²



1. Income for the 6 months to 30 June 2018 compared to the previous corresponding period.

2. Structured rent reviews for the 12 months to 31 December 2018. Other includes market reviews and expiries in 2018.

Financial Summary

KEY STATISTICS

Delivering results from core business

3.2%

FFO¹ PER
SECURITY GROWTH

13.9%

TOTAL
RETURN

Investment Portfolio Performance

3.9%

PORTFOLIO LIKE FOR LIKE
INCOME GROWTH

\$457m

PORTFOLIO
VALUATION UPLIFT

Distribution

12.61¢

DISTRIBUTION PER
SECURITY 1H17

Capital Management

24.7%

NET
GEARING

Portfolio Leasing & Occupancy

97.4%

TOTAL PORTFOLIO
OCCUPANCY

5.1yrs

WEIGHTED AVERAGE
LEASE EXPIRY

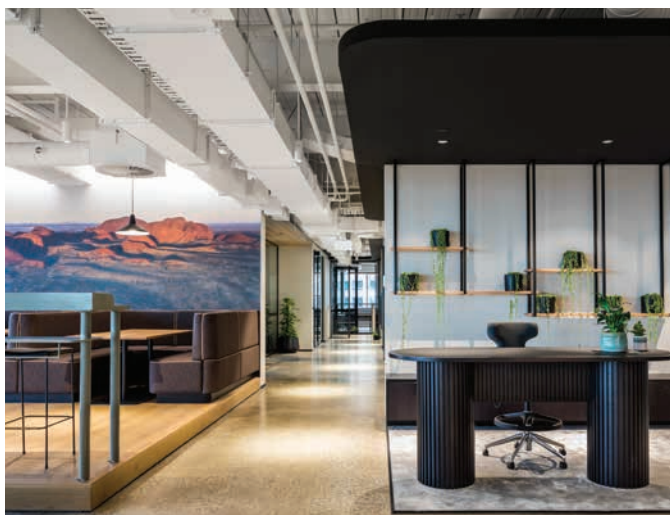
6 months to 30 June	2018	2017	Change
Funds From Operations (\$m)	289.4	279.8	▲ 3.4%
Net profit after tax (\$m) ¹	728.5	751.2	▼ 3.0%
FFO per ordinary security (cents)	16.04	15.54	▲ 3.2%
FFO yield (based on period end price)	6.4%	6.5%	
Distribution per ordinary security (cents)	12.61	12.30	▲ 2.5%
Distribution yield (based on period end price)	5.0%	5.2%	
Net interest expense (\$m)	(58.8)	(47.2)	▲ 11.6m
Interest capitalised (\$m)	6.5	11.8	▼ 5.3m
Weighted average cost of debt	4.3%	4.2%	▲ 10 bps
Interest cover	6.0 times	7.0 times	▼ 1.0 times

The weighted average number of ordinary stapled securities was 1,803.9 million for 2018 and 1,800.5 million for 2017. The period end price was \$5.06 at 30 June 2018 and \$5.11 at 31 December 2017.

	As at 30 Jun 18	As at 31 Dec 17	Change
Total assets (\$m) ¹	13,654.2	12,957.3	▲ 5.4%
Total borrowings (\$m)	3,522.2	3,300.6	▲ 6.7%
NTA per security (\$)	5.31	5.04	▲ 5.4%
Net gearing	24.7%	24.4%	▲ 30 bps
Net look through gearing	27.9%	27.7%	▲ 20 bps
Weighted average term to maturity of debt	6.6 years	7.1 years	▼ 0.5 years
Credit ratings (S&P / Moody's)	A stable / A2 stable	A stable / A2 stable	Unchanged
Weighted average term of interest rate hedging	4.6 years	4.8 years	▼ 0.2 years

1. The comparative in the financial statements has been restated due to the adoption of accounting standard AASB 9, as per note 12(a) of the Financial Statements.

Office Portfolio



Six months to 30 June	2018	2017
Comparable income growth	5.5%	5.8%
Occupancy	96.6%	97.4%
Weighted average lease expiry	5.3 years	5.3 years
Leases signed	53,300 sqm	49,300 sqm
Weighted average capitalisation rate	5.02%	5.25%

The Office portfolio achieved strong results for the six months to 30 June 2018, with comparable income growth of 5.5 per cent.

The portfolio reported \$377.9 million of valuation gains during the period, with 72 per cent of the increase attributable to market rental growth. The remainder of the valuation increase resulted from the portfolio's weighted average capitalisation rate (WACR) firming 16 basis points to 5.02 per cent. The properties to record the largest valuation gains included Sydney CBD assets Australia Square (up 17.3 per cent), 1 Farrer Place (up 11.9 per cent), 2 Park Street (up 10.2 per cent) and MLC Centre (up 8.1 per cent).

The Office team executed 53,300 square metres of leases with a further 28,600 square metres of terms agreed during the period. At 30 June, portfolio occupancy was 96.6 per cent. Some of the leases signed during the half included NIB at 1 Farrer Place and ELMO Software at 580 George Street in Sydney; and CUB and Microsoft at 2 Southbank Boulevard in Melbourne.

During the half, GPT was granted Development Approval for its planned 26,000 square metre office building at 32 Smith Street Parramatta and following the end of the reporting period terms were agreed with a tenant to lease 51 per cent of the tower. Construction work is due to commence on the building in late 2018, subject to the signing of the pre-commitment lease.

Construction of GPT's 15,700 square metre A Grade office building at 4 Murray Rose Avenue, Sydney Olympic Park is on track for completion in October. The NSW Rural Fire Service has leased 60 per cent of the building.

During the half, GPT's flexible workspace offering Space&Co. opened its third Melbourne CBD venue at 8 Exhibition Street and after the end of the reporting period opened its fourth Melbourne venue at 2 Southbank Boulevard.

Logistics Portfolio

Six months to 30 June	2018	2017
Comparable income growth	3.6%	0.1%
Occupancy	96.6%	92.7%
Weighted average lease expiry	7.4 years	7.9 years
Weighted average capitalisation rate	6.17%	6.81%

The Logistics portfolio delivered like-for-like income growth of 3.6 per cent for the six months to 30 June 2018.

The portfolio's operating net income increased 14.9 per cent compared to the previous corresponding period, primarily due to the acquisition of the Sunshine Business Estate in Melbourne and developments in Eastern Creek, Seven Hills and Huntingwood in New South Wales that were completed in the previous year.

The portfolio delivered a \$25.3 million valuation gain during the period, with its WACR firming 14 basis points to 6.17 per cent.

The Logistics team signed 49,500 square metres of leases and agreed to terms on a further 73,900 square metres during the half. Total occupancy across the portfolio was 96.6 per cent at 30 June, with the weighted average lease expiry (WALE) at 7.4 years.

The Group achieved practical completion on a 11,000 square metre logistics facility at Huntingwood in Sydney in August and is on track to complete a 30,000 square metre facility at Eastern Creek, Sydney in December.

The team continues to assess the various markets for opportunities to further grow the portfolio, through development and acquisition.

The Group expects occupier and investor demand to drive further valuation uplift, through improving market rental growth and moderate capitalisation rate compression.



Retail Portfolio

Six months to 30 June	2018	2017
Comparable income growth	2.3%	3.8%
Comparable total centre sales MAT growth ¹	2.3%	3.4%
Comparable combined specialty sales MAT growth ¹	4.4%	4.9%
Specialty sales (per square metre) ^{1,2}	\$11,404	\$11,100
Specialty occupancy costs ^{1,2}	17.0%	16.8%
Occupancy ¹	99.7%	99.6%
Weighted average capitalisation rate	4.97%	5.28%

1. Excludes development impacted centres (Wollongong Central, Macarthur Square and Sunshine Plaza).

2. Represents Specialty Tenancies less than 400sqm.

The Retail portfolio reported like-for-like income growth of 2.3 per cent for the six months to 30 June 2018. Total Specialty Sales grew 4.4 per cent in the 12 months to 30 June, with specialty sales productivity rising 2.7 per cent on the previous corresponding period to \$11,404 per square metre.

Net Income rose 3.2 per cent to \$156.8 million on the prior corresponding period, with Melbourne Central, Rouse Hill Town Centre and Charlestown Square delivering strong results. The portfolio recorded a valuation increase of \$53.5 million.

During the period, average fixed rental increases of 4.8 per cent and average terms of 4.8 years on new leases were achieved. In addition, 48 new retail brands were introduced to the portfolio.

The \$420 million expansion of Sunshine Plaza, which is 50 per cent owned by GPT, is due for completion in the second quarter of 2019, with 75 per cent of the leasing deals completed for the development. The 35,000 square metre expansion will include the Sunshine Coast's first David Jones department store, a refurbished Myer, a new BIG W, more than 100 specialty retailers and a new outdoor waterfront dining and leisure precinct.

The Group expects retail sales growth to continue the current positive trends in the second half of 2018, provided employment growth remains strong and softening house prices don't weigh on consumer sentiment.

GPT is continuing to invest strategically in its portfolio in order to drive the productivity and performance of its shopping centres.



Ask GPT's CEO

The team at GPT values investors' feedback. If you have any questions or comments for GPT's CEO, simply email gpt@gpt.com.au or send a letter to The GPT Group, Level 51, MLC Centre, 19 Martin Place, Sydney NSW 2000.

Funds Management

The GPT Funds Management platform comprises of two wholesale funds, the GPT Wholesale Office Fund (GWOF) and the GPT Wholesale Shopping Centre Fund (GWSCF).

GPT Wholesale Office Fund (GWOF)

GWOF delivered a Total Return of 13.9 per cent for the 12 months to 30 June 2018.

During the period, GWOF acquired a carpark at 32 Flinders Street Melbourne which sits next to its 8 Exhibition Street office tower. The acquisition represents a medium-term development opportunity for the Fund.

GPT Wholesale Shopping Centre Fund (GWSCF)

GWSCF delivered a Total Return of 8.4 per cent for the 12 months to 30 June 2018.

During the period, GWSCF issued a domestic medium term note, raising \$200 million of 10 year bonds.

Both wholesale funds received solid participation from their investor bases in their Distribution Reinvestment Plans, which were active during the half.

Sustainability

Sustainability remains a key focus for the Group. GPT is consistently ranked as one of the best performing property and real estate companies in international sustainability benchmarks and awards. The Group is a global Real Estate sector leader on the Dow Jones Sustainability Index, having held the number one or two position for the last nine years. GPT is also a regional leader as measured by the Global Real Estate Sustainability Benchmark (GRESB).

GPT is committed to reducing its environmental impact and aspires to be an overall positive contributor to environmental sustainability. The Group has a goal to be carbon neutral before 2030.

In February 2018, GPT launched its second Reconciliation Action Plan (RAP), continuing its commitment to supporting the social and economic prosperity of First Nations peoples and the broader Australian community. The "Stretch" RAP, which has new measurable targets that will help us build strong and authentic relationships, provide more career opportunities and promote a culture of respect for First Nations Australians.

The GPT Foundation, which was established in 2017 to oversee the charities supported and community engagement activities, continues to focus the Group's philanthropic and community work. In July, The Foundation selected its seven inaugural community partners aligned to its mission of supporting Youth at Risk to create thriving communities for a better future.

GPT has also renewed its sponsorship of the 500 Women in Property program. I am also pleased to report that GPT in February 2018 received an Employer of Choice for Gender Equality citation from the Workplace Gender Equality Agency, which recognised the Group's commitment to gender equality.

For more information

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SECURITYHOLDER INFORMATION

For full details of the Group's recent announcements, activities and Interim Result information, visit the GPT website www.gpt.com.au. To access information about your holding in GPT online, visit GPT's Registry website <https://investorcentre.linkmarketservices.com.au>.

Annual Tax Statement

By now, all securityholders should have received their Annual Tax Statement, either electronically or by mail. If you have not received your Statement, please contact GPT's Registry.

Securityholders are encouraged to read the Guide to The GPT Group Annual Tax Statement which accompanied the Statement. The Guide is also available on the GPT website.

Receive Securityholder Updates Electronically

Sustainability is core to GPT's vision and values. As part of our sustainability initiatives we would like to offer you the opportunity to receive notification of GPT's investor communications electronically. As an investor you will benefit by receiving prompt information and have the convenience and security associated with electronic delivery. There are also significant cost savings associated with this method of communication and above all this is a responsible and environmentally friendly option.

To receive your investor communication electronically, please go to www.linkmarketservices.com.au and register for online services.