

7 May 2014

March Quarter Operational Update

Key Highlights

- Nine consecutive months of specialty sales growth
- Good momentum with 37,000 sqm of office leases signed or at heads of agreement
- Logistics development pipeline continues to expand
- Disciplined capital management approach maintained and debt tenor lengthened
- Funds Management growth momentum continues

The GPT Group (GPT) today announced its operational update for the March 2014 quarter.

GPT CEO and Managing Director, Michael Cameron said, “The March quarter was a period in which we saw encouraging improvements in retail and office market conditions. We also achieved significant growth in our logistics development business, further expanded our funds under management and maintained our fortress balance sheet.”

Retail Sales Growth

As at 31 March 2014, comparable Centre Moving Annual Turnover (MAT) growth was 1.5 per cent, with specialty MAT growth of 2.6 per cent. For the quarter, specialty sales growth was up 4.4 per cent on the March 2013 quarter, noting the effect of Easter falling in March last year compared to April this year.

“We are pleased to see the positive momentum of nine consecutive months of specialty sales growth at our centres, however we remain conservative on the broader retail market with our medium term outlook for shopping centre sales, and rents, remaining unchanged since our last update, with moderate growth anticipated,” Mr Cameron said.

Office Leasing Update

During the March 2014 quarter, GPT further derisked its near term expiry profile by securing 17,100 sqm of signed leases, with an additional 19,900 sqm at heads of agreement, totalling 37,000 sqm.

Key leasing transactions include:

Asset	Status	Tenant	Sqm	Term
MLC Centre, Sydney	Signed	Sunrice	1,140 sqm	6 years
MLC Centre, Sydney	HoA	Confidential	2,410 sqm	10 years
MLC Centre, Sydney	HoA	Confidential	1,220 sqm	7 years
2 Park Street, Sydney	HoA	Confidential	2,610 sqm	10 years
2 Park Street, Sydney	HoA	Confidential	7,380 sqm	12 years
One One One Eagle Street, Brisbane	Signed	Corrs Chambers Westgarth	5,900 sqm	15 years
The Zenith, Chatswood	Signed	Lend Lease	3,120 sqm	3 years
Riverside Centre, Brisbane	Signed	Allens Linklaters	4,790 sqm	3 years
580 George Street, Sydney	Signed	Avant Insurance	1,220 sqm	2 years

Mr Cameron said that GPT has seen positive indicators in 2014, with levels of enquiry continuing to improve and vacancy across its office portfolio reducing to 8.9 per cent at 31 March 2014.

“We are actively derisking our portfolio, with expiries in the next two years reducing by a further 3 per cent since December 2013,” Mr Cameron said. More recently, GPT has seen leasing momentum continue with King & Wood Mallesons signing a new 11,980 sqm, 10 year lease at Governor Phillip Tower in Sydney.

Logistics Development

GPT’s \$377 million development pipeline in logistics further expanded during the March 2014 quarter with a joint venture agreement for the staged development of ‘Metroplex’, a 60 hectare site in Wacol, Brisbane.

Subsequent to the March quarter, Samsung Electronics has signed a lease agreement over 100 per cent of the space at the 3 Murray Rose Avenue development in GPT’s Olympic Park precinct. 3 Murray Rose is a 13,000 sqm office development, due for completion in the first half of 2015. The agreement reflects GPT’s strong development capability and customer focus across the sectors. GPT has an existing relationship with Samsung, which opened one of its first Samsung experience stores at Highpoint Shopping Centre in 2013.

Disciplined Capital Management

During the quarter, GPT continued to maintain a fortress balance sheet with gearing remaining low at 24.4% as at 31 March 2014.

Following the end of the quarter, GPT successfully completed its second US Private Placement (USPP) with US\$175 million (A\$188.4 million) issued for 15 years. This diversifies the Group’s capital sources further and extends GPT’s weighted average debt maturity to 6.1 years.

Mr Cameron said the USPP pricing achieved represented a margin of 145 basis points over BBSW when fully swapped back into Australian currency at the time of issue.

Funds Management

The GPT Wholesale Office Fund (GWOFF) and GPT Wholesale Shopping Centre Fund (GWSCF) were once again the number one performing office and number one performing retail, core wholesale funds over the year ended 31 March 2014 with total fund level returns of 10.4 per cent and 9.0 per cent respectively.

Mr Cameron said GPT’s \$7.2 billion funds management platform continues to perform well and is poised to substantially grow throughout 2014.

In January 2014, GPT announced that GWSCF and GWOFF had entered into binding memoranda of understanding in relation to the acquisition of one shopping centre and up to four office assets with a combined total value of approximately \$1.2 billion. Post the end of the quarter, GWSCF reached settlement on the acquisition of a 50 per cent interest in Northland Shopping Centre for \$496 million from the Canada Pension Plan Investment Board (CPPIB).

Mr Cameron said the acquisition was an excellent outcome for GWSCF, representing a rare opportunity to acquire an interest in a Super Regional asset in an off-market process.

GWOF has also recently exercised its call option over the four office assets with a total purchase price of up to \$679 million. Settlement is expected to be reached in the coming weeks on 750 Collins Street and 655 Collins Street in Melbourne, with 2 Southbank Boulevard, Melbourne and 10 Shelley Street, Sydney subject to pre-emptive rights processes.

During the quarter, GPT also acquired a Melbourne metropolitan office asset, Vantage at 109 Burwood Road in Hawthorn, from a private investor for \$63 million. The asset is to be used as a seed asset for a metropolitan office fund. It is the second purchase GPT has made for its planned fund and it follows the Group's acquisition of the Optus Centre in Fortitude Valley in Brisbane for \$110 million, last November.

– Ends –

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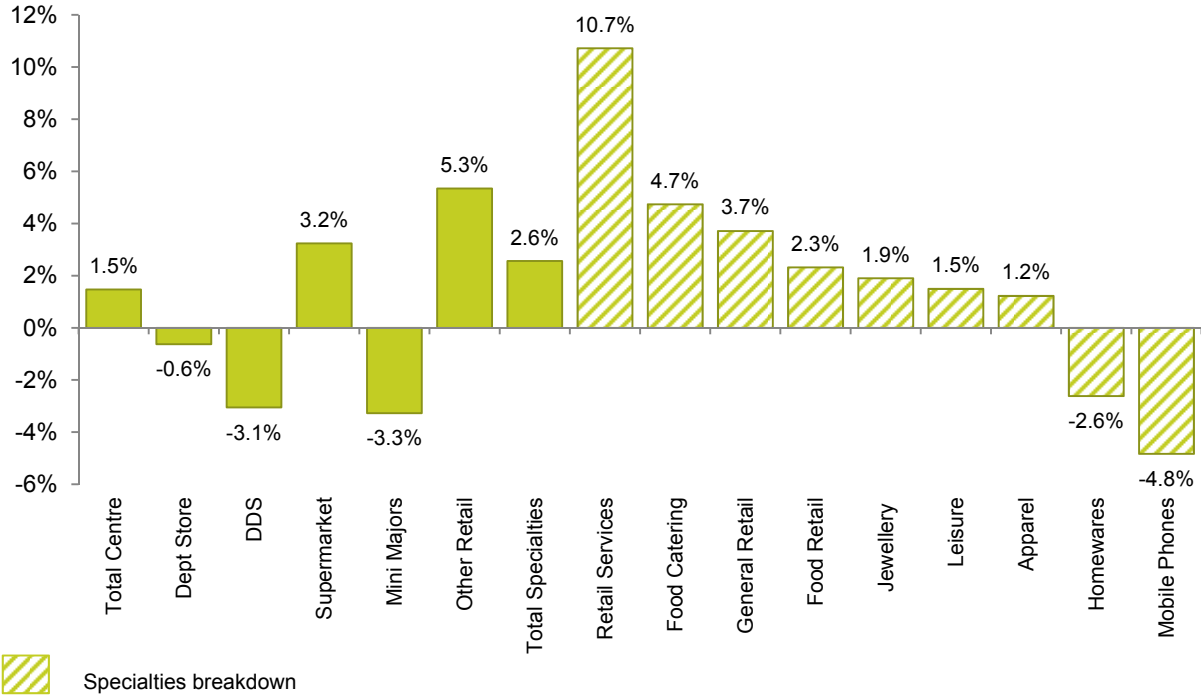
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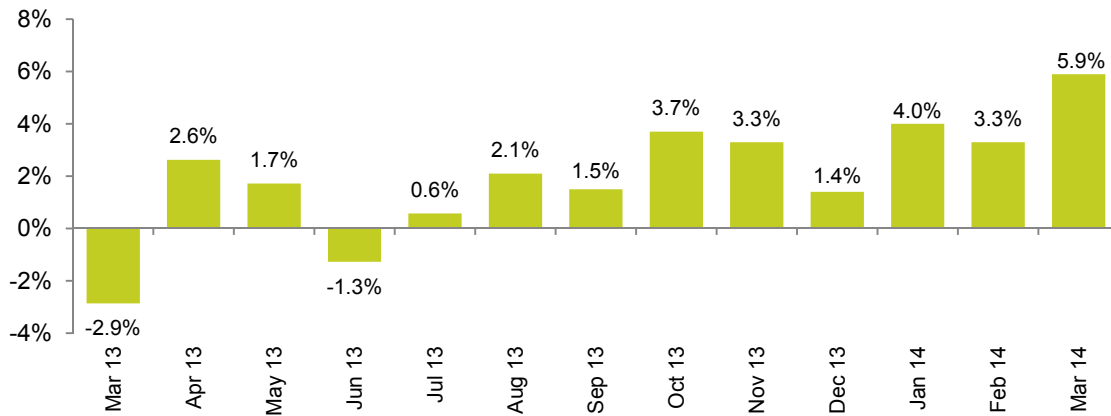
APPENDICES – RETAIL

Comparable Change in Annual Retail Sales Growth by Category



Includes GPT and GWSCF assets, excludes development impacted assets.
Growth for the 12 months compared to the prior 12 months

Specialty Monthly Sales Growth



GPT sales data excludes development impacted assets.
Monthly growth represents the growth for the month compared to the corresponding month in the prior year.

Retail Portfolio Sales Performance by Centre

Centre Name	Owner	Moving Annual Turnover				Occupancy Costs (%)	
		Centre MAT \$PSM	Comparable Centre MAT Growth	Specialty MAT \$PSM	Comparable Specialty MAT Growth	Centre (%)	Specialty (%)
Casuarina Square	GWSCF/GPT	8,468	1.9%	10,861	4.2%	9.8%	15.5%
Charlestown Square	GPT	6,303	3.6%	9,194	2.9%	11.3%	16.9%
Chirnside Park	GWSCF	7,719	-7.2%	9,944	-4.4%	7.7%	15.7%
Forestway	GWSCF	16,699	3.1%	10,693	-0.6%	6.4%	15.4%
Melbourne Central Retail	GPT	7,811	4.3%	9,498	3.3%	18.0%	21.5%
Macarthur Square	GWSCF/APPF	6,224	0.6%	9,210	2.3%	11.1%	17.7%
Norton Plaza	GWSCF	13,829	1.5%	11,020	0.4%	6.1%	13.8%
Parkmore	GWSCF	7,067	0.9%	8,342	-0.4%	8.0%	15.5%
Rouse Hill Town Centre	GPT	6,643	5.7%	7,330	8.0%	9.0%	15.1%
Sunshine Plaza	GPT/APPF	8,465	3.5%	11,253	3.9%	11.0%	18.4%
Westfield Penrith ⁽¹⁾	GPT/Westfield	7,267	0.4%	10,635	3.2%	12.3%	19.3%
Westfield Woden ⁽¹⁾	GWSCF/Westfield	6,251	-2.2%	8,663	-2.2%	11.9%	20.1%
Total		7,285	1.5%	9,555	2.6%	11.0%	18.0%
Centres under development							
Dandenong Plaza	GPT	4,255	-7.1%	6,331	-7.9%	11.2%	18.5%
Highpoint	GPT/GWSCF/HPG	6,213	38.3%	9,546	29.9%	14.0%	20.7%
Wollongong Central	GWSCF	5,081	-6.2%	8,565	-4.8%	14.5%	19.2%

1. Analysis provided by Westfield.

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