

26 June 2012

GPT announces the sale of 50% interests in two retail assets to the GPT Wholesale Shopping Centre Fund

The GPT Group (GPT) announced today that it has sold half interests in two retail assets for \$551.2 million to the GPT Wholesale Shopping Centre Fund (GWSCF).

- GPT has sold 50% of Casuarina Square Shopping Centre in Darwin to GWSCF for \$229.7million, representing a capitalisation rate of 6.25%. GPT will retain the other 50% share.
- GPT has sold its 50% share of the Westfield Shopping Centre at Woden in the ACT to GWSCF for \$321.5 million, representing a capitalisation rate of 6.25%.
- GPT will participate in a capital raising to be launched by GWSCF in July 2012, with a commitment of \$100 million.
- The transaction is expected to be marginally accretive to GPT's earnings per security¹ in 2012.
- GPT's gearing post completion of the transaction is expected to be approximately 20%.

Michael Cameron, GPT's Chief Executive Officer and Managing Director, said that the transaction is a clear demonstration of the Group's strategy to actively manage the portfolio and continually seek opportunities to optimise returns to securityholders.

"GPT will re-invest the proceeds from the transaction into the best available opportunities. Potential uses of the capital include selective acquisitions and developments in logistics and business park assets in line with our strategy to increase GPT's exposure to the industrial sector".

"Whilst the retail sector is challenging at present, we continue to believe in the future of retail as a strong investment class. After the sale of GPT's stakes in Casuarina and Woden, retail remains an important focus of our portfolio strategy and will represent 58% of our total asset mix, prior to any re-investment of the sale proceeds²," said Mr Cameron.

Casuarina Square and Westfield Woden are strongly performing, quality regional shopping centres with development opportunities. Both assets are being acquired at 31 December 2011 book values plus capital expenditure since that date, representing a total consideration of \$551.2 million.

GPT will retain a 50% interest in Casuarina Square, thereby maintaining geographic exposure to the Northern Territory. In addition, GPT will receive fund management and property management fees for the asset as well as development management fees for future development activity.

GPT has signed an agreement to lease with Myer to bring a department store to Casuarina as part of a future redevelopment of the centre. Masterplanning for the redevelopment is progressing and a DA will be lodged in due course. Casuarina Square is in GPT's planned development pipeline but the likely start date is subject to authority approvals and the satisfaction of typical project milestones.

GPT will retain exposure to Westfield Woden through its investment in GWSCF and will receive fund management fees for the asset. The sale of the 50% share of this retail centre, which is managed by Westfield, also reflects GPT's preference for management control over its assets.

Mr Cameron said "The transaction gives GWSCF exposure to two high quality regional shopping centres, adds diversification to the fund's asset base and is a further step in the growth of GPT's funds management business."

Nicholas Harris, Head of Funds Management, said "GWSCF is pleased to have the opportunity to acquire an interest in two prime retail assets, increasing the quality and geographic diversity of its portfolio which positions the fund well for the future".

¹ EPS defined as Realised Operating Income per ordinary security.

² The sale represents 6.3% of GPT's investment portfolio and will result in the re-weighting of its portfolio from 61% retail, 30% office and 9% industrial to approximately 58% retail, 31% office and 11% industrial. This represents the portfolio weighting across GPT's assets and GPT's interest in its wholesale funds, assuming GPT uses the proceeds to reduce debt and re-invests \$100 million into the GWSCF capital raising.

GWSCF will fund the transaction initially with debt and then with an equity capital raising. In the initial phase, GWSCF's gearing will increase to approximately 32%³ but will reduce following the capital raising, which will be launched in July 2012. GPT has committed \$100 million towards the raising. Indicative interest from potential investors in the raising has been positive.

The sale proceeds to GPT will initially be used to reduce debt, with part of the proceeds used to terminate some of the Group's more expensive interest rate swaps, ensuring GPT is not over-hedged.

GPT's gearing post completion of the transaction but prior to the GWSCF capital raise will be approximately 20%.

GPT's portfolio strategy

GPT is hosting an Investor Day on 27 June 2012 where more information will be provided in relation to GPT's portfolio allocation strategy.

More information

Casuarina Square

Casuarina Square is the largest enclosed shopping centre in Darwin and the premier shopping destination in the Northern Territory. It is located in the heart of Darwin and is easily accessible to the broad surrounding population. The 53,300 sqm centre includes Big W and Kmart discount department stores, Coles and Woolworths supermarkets, a cinema complex and 190 tenancies in total.

The book value of Casuarina Square at 31 December 2011 was \$455.6 million (100%).

As at April 2012, the moving annual turnover for Casuarina Square was \$380 million, with speciality MAT of \$10,607 per square metre and speciality occupancy cost of approximately 14.8%.

Westfield Woden

Westfield Woden is one of the largest shopping, leisure and lifestyle destinations in Canberra, and is approximately 10 minutes' drive south of the CBD. The 72,300 sqm centre includes a strong retail offer, with a David Jones department store, a Big W discount department store, Coles and Woolworths supermarkets, a cinema complex and over 200 speciality retailers.

The book value of GPT's 50% interest in Westfield Woden at 31 December 2011 was \$321.5 million.

As at April 2012, the moving annual turnover for Westfield Woden was \$415 million, with speciality MAT of \$9,405 per square metre and speciality occupancy cost of approximately 18.4%.

- Ends -

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³ Debt to total assets equals 32% and post \$100m equity contribution from GPT pro-forma 30 June 2012 reduces to 28%.