

27 March 2014

GWSCF acquires 50 per cent interest in Northland Shopping Centre

The GPT Group (GPT) today announces the GPT Wholesale Shopping Centre Fund (GWSCF) has acquired a 50 per cent interest in Northland Shopping Centre for \$496 million from the Canada Pension Plan Investment Board (CPPIB). The transaction represents an initial yield of 6.1 per cent and a core capitalisation rate of 5.8 per cent.

GPT CEO and Managing Director Michael 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.

“We are pleased to be able to secure a significant stake in a dominant shopping centre in the north of Melbourne, which enhances the already high quality of our funds management platform,” said Mr Cameron.

GWSCF Fund Manager Michelle Tierney said that the addition of Northland Shopping Centre delivers a number of benefits to the fund and is consistent with the strategy to own a diverse portfolio of dynamic retail assets that can continue to connect, evolve and grow with their communities.

“The acquisition improves the quality of the GWSCF portfolio, provides increased long term returns and reduces overall fund risk through further diversification of asset exposure. The acquisition corresponds with a period of seven consecutive months of accelerating retail sales growth in the sector supported by the low interest rate environment, a recovery in the housing market and improving business sentiment,” said Ms Tierney.

Northland Shopping Centre is a Super Regional centre co-owned by CFS Retail Property Trust Group, located approximately 11 km north of Melbourne's CBD, which dominates its trade area and has the 6th highest moving annual turnover among retail centres in Melbourne. The centre boasts major tenants including Myer, Kmart, Target, Coles, Woolworths, JB Hi-Fi, Country Road and Hoyts cinemas and includes more than 300 specialty stores. The trade area in which the centre is located is supported by strong demographic trends including increasing average household income levels and continued infill and high density development which will drive future population growth.

The acquisition is due to settle on 30 April 2014.

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