18 February 2016

GPT delivers NPAT of $868.1m and FFO[1] per security growth of 5.5% for FY15

FY15 Financial Highlights:

- Net Profit After Tax (NPAT) of $868.1 million, up 34.5 per cent
- Funds From Operations (FFO) of $501.7 million, up 11.0 per cent
- Funds From Operations per security growth of 5.5 per cent
- Net Tangible Assets (NTA) per security $4.17, up 5.8 per cent

The GPT Group ("GPT" or "Group") today announced a strong 2015 Annual Result, delivering a Net Profit After Tax (NPAT) of $868.1 million, up 34.5 per cent on the prior year, and FFO per security growth of 5.5 per cent for the year.

GPT's lift in profit was driven by an 11 per cent increase in FFO to $501.7 million and $432.1 million in positive revaluations to the Group's property portfolio.

Delivering his first results as GPT's CEO and Managing Director, Bob Johnston said the Group's strong performance reflected positive trading conditions in the retail and office sectors, and the continued demand for investment assets, which had contributed to a rise in portfolio values.

"GPT has delivered a solid result from its investment portfolio, Funds Management division and development activities. In addition, the Group has maintained a disciplined approach to capital management with gearing at 26.3 per cent and a low weighted average cost of debt,'' said Mr Johnston.

In late 2015 GPT restructured the business from an operational model to a sector-based approach, with the creation of three business units: Retail; Office and Logistics; and Funds Management.

"The restructure provides a clearer focus to each of GPT's areas of operation. It allows the Group to capitalise on its strong market position, to maximise the performance of the portfolio and secure future growth opportunities," Mr Johnston said.

Mr Johnston said that GPT had a significant internal development pipeline and that there would be an increased focus on growing the investment portfolio through development over the next few years.

FY15 Portfolio Highlights

- Retail like-for-like income growth of 3.0 per cent and specialty sales growth of 6.5 per cent
- Office like-for-like income growth of 6.3 per cent and 133,925 sqm of office space leased
- Logistics delivered 13.7 per cent Total Portfolio Return

GPT's investment portfolio delivered like-for-like income growth of 3.8 per cent for the 12 months to 31 December 2015 and a Total Portfolio Return of 10.9 per cent.

Retail

Head of Retail, Vanessa Orth said the strong performance of the retail portfolio was driven by increased discretionary spending in NSW and Victoria, where 83 per cent of GPT's shopping centres are located.

1. Funds From Operations.
Note: Retail portfolio statistics exclude Assets Held for Sale: Dandenong Plaza.

"The portfolio delivered strong specialty retail sales growth of 6.5 per cent and this, combined with a Total Portfolio Return of 8.9 per cent, highlights the strength of our assets and the successful active management of the retail mix in those centres to drive shopper traffic,'' said Ms Orth.

"The GPT retail portfolio was externally valued in 2015 with a positive net revaluation of $133.7 million, which includes our equity interest in the GPT Wholesale Shopping Centre Fund.

"Specialty categories that continue to perform and achieve double digit growth include Homewares and Retail Services. Leasing spreads in the retail portfolio continued to improve as a result of the positive sales momentum."

The quality and composition of the retail portfolio was further refined with the sale of Dandenong Plaza for $197 million in December.

Office and Logistics

Head of Office and Logistics, Matthew Faddy said the office portfolio's exceptional like-for-like income growth of 6.3 per cent and Total Portfolio Return of 12.8 per cent was driven by strong outcomes in leasing and reflected the active management of the portfolio.

The office portfolio's weighted average capitalisation rate firmed 47 basis points over the year to 5.94 per cent, contributing to a $212.7 million net revaluation gain.

"The office team signed 133,925 sqm of leases during the year, across 197 separate deals, which resulted in the occupancy of the portfolio rising 4.6 per cent to 96 per cent," Mr Faddy said.

"Contributing to the strong result was leasing success at the MLC Centre, where occupancy has risen to 96.1 per cent, and 2 Park Street with technology companies Amazon and Twitter taking significant space. The growth in demand from the technology sector has underpinned deals representing 23 per cent of total leasing volume," said Mr Faddy.

In Logistics, solid leasing over the year, strategic asset disposals and the delivery of new development product have contributed to a strong 13.7 per cent Total Portfolio Return.

"165,977 sqm of leasing was achieved in 2015, giving the portfolio a Weighted Average Lease Expiry of 8.2 years," said Mr Faddy.

"During the year, the Group delivered $300 million of development projects and capitalised on strong demand from residential developers by selling $112 million of non-core assets at a healthy premium to book value."

Funds Management

The Funds Management business delivered a Total Return of 14 per cent to the Group, comprising distributions, capital growth and the business unit contribution. Funds Under Management increased by 4.6 per cent over the year.

The GPT Wholesale Office Fund (GWOF) continued to perform well in 2015, returning 14.9 per cent. As a result of the strong performance of GWOF, a net performance fee of $6.9 million was earned during the period.

Capital Management

Chief Financial Officer, Anastasia Clarke said the Group was in a strong capital position and had exercised a disciplined approach to the management of its balance sheet.

"GPT issued $449.3 million of new equity over the year, including an institutional placement and retail Security Purchase Plan (SPP) related to the redemption of the GIC exchangeable securities for $325 million," said Ms Clarke.

"The weighted average cost of debt for the Group declined 20 basis points to 4.6 per cent for the year and is expected to be 4.4 per cent for FY16. During the period, GPT management undertook a review of the Group's capital management strategy and as a result it has reduced its level of interest rate hedging."

Outlook

Mr Johnston said GPT was on track to deliver FFO per security growth of between 4 and 5 per cent for FY16.

"GPT starts the year in a strong position and is focused on driving returns for securityholders from all areas of the business," Mr Johnston said.

Market Briefing

GPT will be providing a market briefing at 10:00am (AEDT) today, 18 February 2016. The market briefing will be webcast via the GPT website (www.gpt.com.au).

For more information, please contact:

Investors:

Brett Ward
Head of Investor Relations
+61 2 8239 3536
+61 437 994 451

Media:

Brett Zarb
Group Media and Communications Manager
+61 2 8239 3979
+61 417 256 563