

THE GPT GROUP ANNOUNCES

18 August 2015

GPT delivers NPAT of \$421.9m and 6.7 per cent EPS¹ growth in first half.

1H 2015 Financial Highlights

- Net Profit After Tax of \$421.9 million up 75.3 per cent on the prior corresponding period (pcp)
- Funds From Operations per security (EPS) growth of 6.7 per cent
- 11.3 per cent Total Return on a rolling 12 month basis
- 26.6 per cent gearing
- Net Tangible assets (NTA) of \$4.03 up 9 cents

The GPT Group today announced a strong interim profit result for 2015, delivering a Net Profit After Tax (NPAT) of \$421.9 million, representing an increase of 75 per cent on (pcp). The Group achieved Earnings Per Security (EPS) growth of 6.7 per cent for the first half.

The Total Return on a rolling 12 month basis was 11.3 per cent, well above the target of greater than 9 per cent.

Delivering his final results as GPT's Chief Executive Officer, Michael Cameron said the Group was in great shape and had produced a strong result, providing an excellent platform for his successor.

"We are very pleased with the performance achieved across all areas of the business. The growth in the underlying value of the portfolio is supported by solid income growth especially in our office and retail portfolios," Mr Cameron said.

"The focus on investing in the Funds platform over the past few years is delivering results with a significant lift in fee revenue and distributions from the Funds Management business contributing strongly to GPT's interim result.

We have also continued to grow the portfolio through the development of new logistics product, with the completion of three major facilities valued at \$300 million. This includes two assets valued at \$220 million for the balance sheet and one asset valued at \$80 million for the GPT Metro Office Fund (GMF)."

Chief Financial Officer Mark Fookes said GPT's balance sheet remains in a very strong position, with gearing at 26.6 per cent and the weighted average cost of debt at 4.6 per cent.

"Distribution for the first six months was 11.0 cents, up 4.8 per cent, and our NTA has risen 9 cents off the back of positive asset revaluations," Mr Fookes said.

1H15 Portfolio Highlights

- Retail comparable income growth 3.2 per cent and annual specialty retail sales growth of 5.9 per cent
- Office net income growth of 13 per cent, up 8.1 per cent on a comparable basis with 75,200 sqm of office leasing during the period
- Logistics development delivers \$300 million of new development product

Chief Investment Officer Carmel Hourigan said like-for-like income growth of 8.1 per cent for Office and 3.2 per cent for Retail for the period reflects the success of the Group's asset management strategies in each sector and the quality of GPT's portfolio.

"The positive trend in retail sales has continued to gather momentum, especially in our key markets of New South Wales and Victoria. Our annual retail specialty sales growth is 5.9 per cent, which compares to 3.6 per cent for the same period last year. This is being driven by record low interest rates and rising house prices," Ms Hourigan said.

1. EPS defined as Funds From Operations per security

“Our focus on owning dominant regional centres in strong growth catchments continues to see the portfolio outperform.

“Strategic capital investments are also enhancing the quality of our retail offer. We have an international mini-majors remix underway at Charlestown Square and Melbourne Central, with the latter securing Melbourne’s first Sephora store. We also recently opened a new leisure and entertainment precinct at Highpoint Level One, which completes a transformation of the centre following the \$300 million expansion in 2013.”

GPT’s office leasing capability continues to deliver results for the Group, with 75,200 sqm of new leases signed during the six months. New leases were signed with tenants including IAG, QBE, Citibank and fast growing technology tenants such as Twitter, Salesforce and NBN Co.

“The Sydney and Melbourne rental markets, where 87 per cent of our office portfolio is concentrated, have recorded strong net absorption in the first six months of this year. We have also experienced increased inspection volumes, reflecting the quality and positioning of our office assets,” Ms Hourigan said.

“Strong investor demand for office assets has supported further increases in assets values. Importantly, in our portfolio those increased values are being supported by solid underlying performance, with 13 per cent office income growth for the period.”

Ms Hourigan said the Logistics portfolio delivered a 14.7 per cent Total Return for the 12 months to June 2015, and has recorded a \$73.1 million uplift through revaluations.

“In GPT’s balance sheet portfolio we completed two major logistics facilities for Coles and Rand during the period, and 3 Murray Rose has been successfully delivered ahead of schedule for the GMF. We also purchased 21 hectares of land at Berrinba in South East Queensland for \$23.2 million, further securing our logistics development land bank which now totals 127 hectares,” Ms Hourigan said.

“Strategic divestments in the half realised \$112 million, through the sale of two logistics assets in New South Wales and Queensland, and two land parcels at Sydney Olympic Park which achieved an average premium of 44 per cent over book value.”

Mr Cameron said the Funds Management team has delivered a 31 per cent increase in distributions for the Group, taking the contribution to \$50.7 million.

“We have one of the best performing funds management platforms, with the GPT Wholesale Office Fund (GWOF) remaining the top performing core wholesale office fund, and the GPT Wholesale Shopping Centre Fund (GWSCF) being the second best performer among the wholesale retail funds,” Mr Cameron said.

Outlook

GPT is forecasting EPS growth for the 2015 full year of between 5 and 6 per cent. The Group has a target to deliver a Total Return for shareholders of greater than 9 per cent.

“With Mr Bob Johnston due to take up the CEO role at GPT on Monday, 7 September 2015, it is pleasing to leave the Group well placed to deliver further strong performance and returns,” Mr Cameron said.

Market Briefing

GPT will be providing a market briefing at 10:00am (AEDT) today, 18 August 2015. The market briefing will be webcast via the GPT website (www.gpt.com.au).

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