

THE GPT GROUP ANNOUNCES

15 August 2016

GPT delivers NPAT of \$586.4m and 6.1 per cent FFO per security growth

1H 2016 Financial Highlights

- Net Profit After Tax of \$586.4 million, up 39.0 per cent
- Funds From Operations (FFO) per security growth 6.1 per cent
- 14.3 per cent Total Return on a rolling 12 month basis
- 24.4 per cent net gearing
- Net Tangible Assets of \$4.38 per security up 21 cents

The GPT Group (“GPT” or “Group”) has delivered a Net Profit After Tax of \$586.4 million, an increase of 39.0 per cent on the previous corresponding period (pcp). FFO per security grew by 6.1 per cent on pcp to 15.02 cents.

GPT’s Chief Executive Officer Bob Johnston said the profit result was driven by comparable income growth of 3.8 per cent across the portfolio and positive revaluations of \$380 million.

“Valuations, particularly in the office portfolio, continue to strengthen on the back of investment demand and improving market fundamentals,” Mr Johnston said.

“The underlying performance of the investment portfolio continues to be strong, enhanced by our exposure to the positive conditions in the Sydney and Melbourne markets.”

“The Group remains in a strong financial position, with net gearing of 24.4 per cent. The Group has a weighted average cost of debt of 4.3 per cent, which is down 30 basis points over the last six months.”

1H16 Portfolio Highlights

- Portfolio like-for-like income growth of 3.8 per cent
- \$380 million portfolio valuation uplift
- Total portfolio occupancy of 95.8 per cent

Retail

The retail portfolio delivered like-for-like income growth of 3 per cent, with specialty sales growth of 4.2 per cent in the 12 months to 30 June 2016.

Specialty tenant sales productivity remains strong, with the portfolio trading at \$10,766 per square metre. These higher productivity levels have led to a reduction in the occupancy cost of the portfolio of 30 basis points to 17.1 per cent.

“Specialty sales across GPT’s retail portfolio moderated during the period, as anticipated, but continue to exhibit solid growth,” said Mr Johnston.

In July 2016, the Group opened the \$34 million entertainment and leisure precinct at Casuarina Square. The development introduced seven ‘first to market’ retailers to Darwin and has traded strongly since opening. At Charlestown Square, the tenant remixing project that commenced in 2015 saw H&M and Cotton On begin trading in July.

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The Group is also pleased to announce that a \$400 million expansion of Sunshine Plaza is expected to commence imminently. The expansion of the centre, jointly owned by GPT and Australian Prime Property Fund Retail, will add 105 new speciality shops as well as David Jones, Big W, new international retailers and an upgraded Myer. The project is scheduled for completion in the fourth quarter of 2018.

The portfolio recorded a valuation gain of \$43.2 million for the six months to 30 June 2016, with the portfolio's weighted average capitalisation rate firming six basis points to 5.52 per cent over the period.

Office and Logistics

The office portfolio produced 6 per cent like-for-like income growth for the period, which reflects the leasing success achieved across the portfolio.

There was a significant increase in asset valuations during the period, with the value of the portfolio rising by \$287.3 million. The portfolio's weighted average capitalisation rate firmed 36 basis points to 5.58 per cent.

"The positive revaluations were driven by a combination of improving market fundamentals and strong investment demand. Some of the strongest gains were recorded by the Group's Sydney assets, including the MLC Centre, 2 Park Street and 1 Farrer Place," Mr Johnston said.

The office team signed 41,100 sqm of leases across 97 deals over the half, with occupancy across the portfolio increasing 1.3 per cent to 97.3 per cent.

The first half of 2016 was an active period in the Logistics portfolio. In line with its strategy, GPT has supplemented its land bank with the acquisition of three parcels of land in Western Sydney totalling 14.6 hectares. In addition, the Group has exchanged contracts for the purchase of an existing facility and expansion land at Huntingwood, in Sydney's Western suburbs.

GPT has commenced development of a logistics facility on one of the newly acquired sites at Eastern Creek, and on another site at Seven Hills. These developments will deliver a combined 44,000 sqm of new space in 2017.

The Logistics portfolio recorded a valuation gain of \$42.3 million for the six months to 30 June 2016, with the portfolio's weighted average capitalisation rate firming 22 basis points to 6.81 per cent over the period.

Funds Management

The \$6.0 billion GPT Wholesale Office Fund (GWOFF) continued to deliver exceptional results, returning 18.6 per cent for the 12 months to 30 June 2016. As a result, a performance fee of \$14.4 million was earned by GPT during the period.

In June, GPT successfully concluded the renewal of fund terms for GWOFF. In addition, the liquidity review period closed, with liquidity requests representing less than 2.5 per cent of issued capital being received.

The consultation process has begun with investors in the \$4.0 billion GPT Wholesale Shopping Centre Fund (GWSCF) for the March 2017 liquidity review.

On 1 July, GPT sold its 12.98 per cent interest in GPT Metro Office Fund (GMF) to Growthpoint Properties Australia (Growthpoint), which also announced an off-market takeover offer for GMF. The Group has an agreement in place with Growthpoint for the sale of management rights once the offer becomes 'unconditional'.

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Outlook

The Group has delivered strong first half results and continues to make solid progress on executing its strategies. We note that there have been a number of transactions during the first half and these have been taken into consideration in updating our guidance for the full year as follows:

- FFO per security growth of 5.0 to 5.5 per cent for FY16;
- Distribution per security (DPS) growth of approximately 4.0 per cent for FY16.

Market Briefing

GPT will be providing a market briefing at 10:00am (AEDT) today, 15 August 2016. The market briefing will be webcast via the GPT website (www.gpt.com.au).

-Ends-

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