

THE GPT GROUP ANNOUNCES

15 August 2017

GPT delivers NPAT of \$752.3 million and 3.5 per cent FFO per security growth for the 6 months to 30 June

2017 Interim Financial Highlights

- Net Profit After Tax of \$752.3 million, up 28.3 per cent
- Funds From Operations (FFO) of \$279.8 million, resulting in FFO per security growth of 3.5 per cent
- Distribution per security growth of 7 per cent
- 16.9 per cent Total Return on a rolling 12 month basis
- Net Tangible Assets of \$4.88 per security, up 6.3 per cent

The GPT Group (“GPT” or “Group”) has delivered a Net Profit After Tax of \$752.3 million, an increase of 28.3 per cent on the previous corresponding period (pcp). FFO per security increased by 3.5 per cent on pcp to 15.54 cents.

The Group is also pleased to announce an upgrade to its guidance for FFO per security growth to 3 per cent for the full year 2017, up from the 2 per cent growth rate announced at its Annual Result in February.

GPT’s Chief Executive Officer Bob Johnston said the results achieved reflect the quality of the Group’s investment portfolio, and is supported by a high occupancy rate and solid income growth across the business.

“The strong performance of the Office portfolio is being underpinned by continued leasing success and the positive fundamentals of the Group’s core markets of Sydney and Melbourne,” said Mr Johnston.

“The Retail portfolio continues to perform well with total centre MAT growth of 3.4 per cent during the period. The performance of the portfolio reflects the Group’s ongoing focus on ensuring the right tenant mix, and strategic investment in our assets.”

“GPT continues to progress its pipeline of development opportunities, delivering two logistics developments during the period and also advancing plans for the development of a new office tower in the Parramatta CBD,” Mr Johnston said.

1H17 Portfolio Highlights

- Total Portfolio Return (unlevered) over the past 12 months of 13.0 per cent
- Like-for-like income growth of 4.7 per cent
- Portfolio occupancy at 30 June of 96.9 per cent

Retail

The Retail portfolio produced like-for-like income growth of 3.8 per cent for the 6 months to 30 June, with specialty sales growth of 2.1 per cent for the 12 months to 30 June. The portfolio continues to achieve a high level of sales productivity, with specialty sales at \$11,100 per square metre, up 3.1 per cent on pcp.

Property Net Income for the six months rose 6.4 per cent to \$128.6 million, with Rouse Hill Town Centre and Melbourne Central being the strongest performing assets. The portfolio delivered a total valuation gain of \$120.6 million for the period.

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The Group increased its interest in the GPT Wholesale Shopping Centre Fund (GWSCF) during the period, from 25.3 per cent to 28.9 per cent. The securities were acquired in May following the renewal of the GWSCF terms.

In March, the redevelopment of Macarthur Square, which is 50 per cent owned by GWSCF, was successfully opened. The \$240 million expansion includes 40 new specialty stores, a new format David Jones, fresh food hall, new look Coles, alfresco dining precinct and H&M.

Construction works on the \$420 million expansion of Sunshine Plaza, in which GPT has a 50 per cent interest, remain on-track for completion in late 2018. Construction of the new retail mall is now underway and the leasing program is progressing well. The development will include a new format David Jones, upgraded Myer, new international mini-majors and over 100 new specialty retailers.

At Wollongong Central, a new format David Jones department store and approximately 30 new specialty retail stores are due to open in October 2017. This will complement the centre's major expansion which opened in 2014, and the entry of retailers including H&M, Anaconda and TK Maxx to the centre.

Planning continues for the retail expansion at Rouse Hill Town Centre in Sydney's northwest. The Group is in discussions with major tenants for the proposed scheme and we remain confident that an expansion is well supported by strong fundamentals in the trade area.

Office

The Office portfolio delivered 5.8 per cent like-for-like income growth for the 6 months to 30 June, which was driven by strong leasing outcomes.

The Office team concluded 141,400 square metres of leasing, including Heads of Agreement, with occupancy at 97.4 per cent at the end of the period.

The portfolio achieved \$321.2 million of valuation gains during the period, with the Group's interests in the MLC Centre and Citigroup Centre in Sydney contributing approximately 50 per cent of the valuation uplift.

The Group's plans to develop a 26,000 square metre prime office tower at 32 Smith Street Parramatta progressed during the period, with the successful completion of a Parramatta City Council design excellence process. GPT continues to work toward securing a tenant pre-commitment for the project.

Construction on 4 Murray Rose Avenue, Sydney Olympic Park commenced during the period. The 15,700 square metre A Grade office asset, which will have the NSW Rural Fire Service as its major tenant, is on track for completion in late 2018.

Discussions are continuing with authorities on the proposed Cockle Bay Wharf redevelopment, which would see the creation of a world-class waterfront commercial and retail precinct with up to 70,000 square metres of premium office and retail space and one hectare of green public space. An initial development application has been lodged and the owners expect to submit an application addressing the public domain of the proposed development in the second half of 2017.

Logistics

The Logistics portfolio delivered like-for-like income growth of 3.8 per cent for the period. At 30 June, occupancy was 95 per cent. The Logistics leasing team signed 139,400 square metres of leases over the six months, with a further 9,100 square metres of terms agreed.

GPT delivered two logistics developments during the half. The Group completed construction of an 18,000 square metre facility at Abbott Road, Seven Hills which is now fully leased. Works were also completed for the refurbishment of the existing facility at Huntingwood Drive, with the asset leased for a term of 10 years.

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During the half, construction commenced on a 25,600 square metre logistics facility at Lot 2012 Eastern Creek Drive, which is due for completion in late 2017. Bulk earthworks also commenced at Lot 21 Old Wallgrove Road, Eastern Creek, where the Group is planning to develop a 30,000 square metre logistics facility.

In June, the Group, in conjunction with its joint venture partner in the Metroplex business park at Wacol, Brisbane, sold a site that will house Volvo Group Australia's new headquarters for \$35.25 million. Separately, GPT has also agreed to acquire a new 5,600 square metre office and warehouse facility at the estate. The facility was acquired for \$14.4 million, and is leased on a 15 year term to Loscam Australia.

Funds Management

The 12 months to 30 June was a period of strong returns from both the GPT Wholesale Office Fund (GWOFF) and GWSCF. GWOFF delivered a total return of 13.5 per cent for the period, while GWSCF recorded a return of 13.4 per cent.

In February, investors in GWSCF voted in favour of the renewal of the Fund terms for a further 10 years, following which GWSCF concluded its liquidity review process. The Fund received liquidity requests for 2.4 per cent of issued capital, with all of the securities offered under the liquidity review being acquired by existing investors in GWSCF.

Following the end of the reporting period, GWSCF exercised a pre-emptive right to purchase a 25 per cent interest in Highpoint Shopping Centre for \$680 million. The purchase increased GWSCF's interest in the asset to 83.33 per cent, with GPT holding the remaining 16.67 per cent. The transaction has increased the Fund's exposure to one of the country's best performing retail centres.

During the period GWOFF completed the sale of 545 Queen Street, Brisbane, for \$70.5 million, taking the total value of asset sales by the Fund over the past 18 months to approximately \$415 million.

Outlook

GPT provides the following updated guidance for FY17:

- FFO per security growth of 3 per cent; and
- Distribution per security growth of approximately 5 per cent.

Market Briefing

GPT will be providing a market briefing at 10:00am (AEDT) today, 15 August 2017. The market briefing will be webcast via the GPT website (www.gpt.com.au).

-Ends-

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