ASX ANNOUNCEMENT

The GPT Group

12 August 2019

GPT delivers NPAT of $352.6 million and 2.0 per cent FFO per security growth in the first half

2019 Interim Financial Highlights

- Net Profit After Tax of $352.6 million, down 51.6 per cent on the prior corresponding period (pcp), reflecting lower revaluation gains achieved during the period
- Funds From Operations (FFO) of $295.9 million, resulting in FFO per security growth of 2.0 per cent on pcp
- Distribution per security of 13.11 cents, up 4.0 per cent on pcp
- The MLC Centre was divested for $800 million, a 3 per cent premium to book value
- Successfully completed an $800 million Placement and launched a Security Purchase Plan to fund the acquisition of a 25 per cent interest in Darling Park 1 & 2 and Cockle Bay Wharf, Sydney, and Logistics growth opportunities
- Gearing decreased to 22 per cent[1] and the weighted average cost of debt reduced to 3.8 per cent during the period
- Issued a US$400 million US Private Placement for an average term of 12.9 years at a margin of 170 basis points.
- Net Tangible Assets of $5.66 per security, up 1.4 per cent on 31 December 2018

The GPT Group ("GPT" or "Group") delivered a Net Profit After Tax of $352.6 million for the six months to 30 June 2019. FFO per security increased by 2.0 per cent on pcp to 16.36 cents.

The Group reported a net valuation increase of $130.8 million for the six months to 30 June, with the Office portfolio again recording the largest gains.

GPT's Chief Executive Officer, Bob Johnston, said the Group has made good progress in the first half of 2019, with the portfolio delivering strong comparable income growth led by the performance of the Group's office assets.

"The Group's diversified portfolio of high quality assets continues to deliver growth for investors. The recent acquisitions are consistent with our strategy of increasing our exposure to the office and logistics sectors while we are also investing in our retail assets to ensure that they are well positioned to grow market share and respond to changing market conditions," said Mr Johnston.

"Office market fundamentals in our core markets of Sydney and Melbourne remain positive, and GPT's Office portfolio has delivered another strong set of results with comparable income growth of 6.5 per cent and a Total Return for the 12 months to 30 June of 10.9 per cent."

"The Retail portfolio also made a solid contribution for the half, while the Logistics portfolio benefitted from development completions, acquisitions and leasing completed during the period."

The Group successfully completed an $800 million institutional placement in June to fund the acquisition of a 25 per cent interest in Darling Park 1 & 2 and Cockle Bay Wharf, Sydney, and to support the next phase of growth for the Group. The Group also undertook a Security

1. Proforma adjusted for subsequent events. Please refer to the Directors' Report in the 2019 Interim Financial Report for details.

Purchase Plan following the end of the period with the Group accepting all valid applications, totalling $66.8 million.

“The Group was very pleased with the strong support shown by both existing and new investors for the placement, and the security purchase plan which closed in July. The Group is well progressed in deploying these funds into accretive investment opportunities,” said Mr Johnston.

The Group has reaffirmed guidance, which was updated in June, of 2.5 per cent growth for FFO per security and 4.0 per cent growth in Distribution per security for FY19.

1H19 Portfolio Highlights

- Total Portfolio Return (unlevered) for the 12 months to 30 June of 9.6 per cent
- Portfolio occupancy of 95.7 per cent[1] with a Weighted Average Lease Expiry (WALE) of 4.9 years[1]
- Portfolio like-for-like income growth of 3.5 per cent on pcp
- Office & Logistics portfolio valuation uplift of $166.2 million, an increase of 2.1 per cent
- Funds Management division delivered 7.6 per cent growth in FFO contribution on pcp

Office

The Office portfolio delivered 6.5 per cent like-for-like income growth on pcp. Office occupancy remained high at 97.1 per cent[1], with 37,900 square metres of leases signed in the period and terms agreed for an additional 78,900 square metres.

The portfolio recorded a net revaluation gain of $114.8 million (up 1.9 per cent) for the period, with Melbourne Central Tower, 181 William and 550 Bourke Streets, Melbourne, and Australia Square in Sydney the key contributors to the valuation uplift. Growth in market rents accounted for approximately 70 per cent of the uplift. The Weighted Average Capitalisation Rate (WACR) of the portfolio at 30 June was 4.94 per cent[1].

The MLC Centre was divested for $800 million, which resulted in a return of 20 per cent per annum being achieved from the asset over the past three years, following an extensive repositioning and leasing program.

The Group secured a 25 per cent share of Darling Park 1 & 2 for $531.3 million during the period. The complex comprises two premium grade office towers and an entertainment precinct, Cockle Bay Wharf. The office towers are 99.7 per cent occupied with a WALE of 5.6 years, and the acquisition takes the Group’s interest in the assets to 75 per cent when combined with the GPT Wholesale Office Fund’s existing stake. Cockle Bay Wharf will be the site for a landmark 73,000 square metre office and entertainment development, Cockle Bay Park, which has recently secured a Stage 1 Development Application approval.

Logistics

The Logistics portfolio delivered like-for-like income growth of 2.2 per cent for the six months to 30 June. Occupancy was 93.4 per cent[1] with a WALE of 7.4 years[1].

A total of 121,300 square metres of leases were signed during the period, with a further 27,000 square metres of terms agreed. The portfolio recorded a $51.4 million valuation increase (up 2.7 per cent), with the WACR firming 24 basis points to 5.54 per cent[1].

The Logistics portfolio grew during the period through a combination of acquisitions and development completions. The Group acquired five fully leased investment assets in Sydney, two of which adjoin the Group’s existing holdings in the prime Erskine Park precinct, for $212 million.

1. Proforma adjusted for subsequent events. Please refer to the Directors’ Report in the 2019 Interim Financial Report for details.

In January 2019, the Group completed a new $70 million facility at Eastern Creek, which is fully leased for an 8 year term. A further $200 million of logistics projects are underway.

Retail

The Retail portfolio continues to deliver a high level of sales productivity, with specialty sales up 1.0 per cent on pcp to $11,512 per square metre. Total specialty Moving Annual Turnover (MAT) growth was up 0.7 per cent.

Like-for-like income growth increased 1.4 per cent in the first half, reflecting a weaker operating environment at Casuarina Square in Darwin and increased downtime. The portfolio has maintained a high occupancy level and continues to attract demand from new retailers, with occupancy of 99.5 per cent across the portfolio at 30 June.

The valuation for the Retail portfolio declined by $35.4 million (down 0.6 per cent) during the period, and the WACR of the portfolio was 4.86 per cent as at 30 June.

In March, the Sunshine Plaza development was completed, introducing 40 'first to market' brands and a number of international mini-majors. The sales performance in the first three months of trading has been encouraging and in line with expectations.

The Group has progressed the development proposals for both Melbourne Central and Rouse Hill Town Centre, and subject to receiving the required approvals, is targeting to commence both projects in the first half of 2020.

Funds Management

The Funds Management division delivered 7.6 per cent growth in FFO (on pcp), driven by growth in assets under management to $13.3 billion. The growth in assets under management was driven by acquisitions and valuation growth in the GPT Wholesale Office Fund (GWOF).

During the period, GWOF acquired the remaining 50 per cent interest in 2 Southbank Boulevard, Melbourne, for $326.2 million. The acquisition, combined with valuation growth across the portfolio, has resulted in a portfolio value as at June 30 of $8.5 billion.

The GPT Wholesale Shopping Centre Fund (GWSCF) continued to execute its strategy of improving the overall quality of its portfolio with the launch of a campaign to sell Norton Plaza. Since the end of the period, GWSCF has exchanged unconditional contracts for the sale of this asset at a small premium to book value. As at 30 June, the GWSCF portfolio was valued at $4.8 billion.

Outlook

The fundamentals for the office and logistics sectors in Sydney and Melbourne remain positive, with low vacancy levels and manageable supply pipelines, while conditions in Brisbane are showing signs of improvement. Retail headwinds persist, however assets in the right locations are continuing to attract demand from domestic and international tenants and we expect that the retail environment in the second half of the year will benefit from lower interest rates, income tax relief and the stabilisation of house prices.

Consistent with guidance provided for the recent capital raising, GPT confirms guidance for FY19 of:

- FFO per security growth of 2.5 per cent; and
- Distribution per security growth of 4.0 per cent.

Market Briefing

GPT will conduct a market briefing at 10.00am (AEST) today, 12 August, which can be accessed via teleconference, or webcast via the GPT website (www.gpt.com.au).

Teleconference details

Conference ID: 10000427
Australia dial in: 1800 908 299
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