13 February 2018

GPT delivers NPAT of $1.269 billion and 3.0 per cent FFO per security growth

2017 Annual Financial Highlights

- Net Profit After Tax of $1,269.1 million, up 10.1 per cent
- Funds From Operations (FFO) of $554.2 million, resulting in FFO per security growth of 3.0 per cent
- Distribution per security growth of 5.1 per cent
- 15.2 per cent Total Return
- Net Tangible Assets of $5.04 per security, up 9.8 per cent

The GPT Group ("GPT" or "Group") has delivered a Net Profit After Tax of $1.269 billion, an increase of 10.1 per cent on the previous corresponding period (pcp). FFO per security increased by 3.0 per cent on pcp to 30.77 cents.

GPT's Chief Executive Officer Bob Johnston said all business segments made a strong contribution to the overall result, with the Group delivering like-for-like income growth of 4.4 per cent and a Total Return of 15.2 per cent for the year.

The Group recorded $717.7 million in valuation increases across its investment portfolio, which was the result of a combination of income growth and firmer valuation metrics.

"GPT saw strong valuation gains across the portfolio during the year, which was supported by solid fundamentals and continued investment demand for high quality assets," said Mr Johnston.

"The Office portfolio continues to benefit from its high exposure to the Sydney and Melbourne markets, which saw strong valuation gains and effective rent growth during the year."

"The performance of the Retail portfolio is also pleasing, and demonstrates both the quality of the portfolio and the successful outcomes achieved by the Group in continuing to evolve its retail offer in response to changing trends," said Mr Johnston.

The Group continued to make good progress on its development pipeline, which includes the proposed Parramatta office development in Sydney, the expansion of Sunshine Plaza, and new logistics opportunities in western Sydney.

During the 12 months GPT further strengthened its financial position, lengthening its debt maturity profile to 7.1 years and further diversifying its sources of debt. In November 2017, Moody's upgraded GPT's long-term credit rating to A2, reflecting GPT's disciplined approach to capital management and its diversified portfolio of high quality assets. The Group had net gearing of 24.4 per cent at the end of the period.

"GPT remains well positioned for the year ahead. Our high quality real estate portfolio continues to deliver growth, our balance sheet remains conservative, and we continue to add value through proactive leasing, investment and development," said Mr Johnston.

Retail

The Retail portfolio delivered like-for-like income growth of 3.8 per cent for the 12 months to 31 December, driven by high occupancy levels and fixed specialty rent increases. Specialty sales productivity across the portfolio increased by 2.2 per cent to $11,185 per square metre.

Property Net Income for the year rose 5.9 per cent to $261.3 million, with the portfolio benefiting from the strong performance of Melbourne Central and Rouse Hill Town Centre, and the full year contribution from developments at Charlestown Square and Casuarina Square.

The Retail portfolio maintained occupancy at 99.6 per cent and recorded a valuation gain of $281.4 million. The portfolio's weighted average capitalisation rate firmed to 5.1 per cent.

The Group increased its interest in the GPT Wholesale Shopping Centre Fund (GWSCF) during the period, from 25.3 per cent to 28.8 per cent. The securities were acquired in May following the renewal of the GWSCF terms.

GPT continued to make good progress on the $420 million redevelopment of Sunshine Plaza, which has secured two international mini-majors and leading domestic retail brands. The 35,000 square metre expansion is due for completion in late 2018.

Office

The Office portfolio delivered strong results, with 5 per cent like-for-like income growth for the year and a valuation uplift of $374.1 million. The portfolio's weighted average capitalisation rate firmed to 5.18 per cent.

The Office team signed 189,500 square metres of leases during the year, bringing occupancy across the portfolio to 95.2 per cent at the end of year.

The Group's office developments continue to progress well. Construction of the 15,700 square metre A-Grade office building at 4 Murray Rose Avenue, Sydney Olympic Park, is on track for completion in October 2018. The building has a 60 per cent precommitment from the NSW Government for the Rural Fire Service, and the Group remains confident of leasing the balance of the space before year end.

GPT is also targeting to commence construction of its 26,000 square metre office tower at 32 Smith Street, Parramatta, in the second half of 2018, following submission of a Development Application for the project in October 2017.

In November 2017, the Group submitted a Development Application for the proposed Cockle Bay Park project in Sydney, which will see the creation of a major new waterfront commercial precinct with up to 70,000 square metres of prime office and retail space.

The Group expects to commence a $35 million lobby and podium upgrade of Melbourne Central Tower in the second half of 2018, and is progressing plans for a 20,000 square metre office development above the Melbourne Central Shopping Centre.

Logistics

The Logistics portfolio delivered like-for-like income growth of 4.0 per cent and a valuation uplift of $62.1 million for the year. The weighted average capitalisation rate firmed to 6.31 per cent.

Occupancy in the Logistics portfolio increased to 96.1 per cent at year-end, with 188,200 square metres of leases signed during the period.

In October 2017, GPT completed the 25,400 square metre logistics facility at 54 Eastern Creek Drive, which has been leased to Silk Logistics.

The Group has commenced construction of an 11,000 square metre logistics facility at Huntingwood Drive, which is on track for completion in September 2018. During the period, initial works also commenced on a 32,000 square metre logistics facility at Lot 21, Old Wallgrove Road, Eastern Creek.

Following the end of the reporting period, GPT acquired a new logistics complex at Sunshine in Melbourne for $74 million. The acquisition, comprising four facilities with a combined lettable area of 52,800 square metres, is fully leased to IVE Group until December 2026. The building was acquired on an initial yield of 6.1 per cent.

Funds Management

The GPT Wholesale Office Fund (GWOF) delivered a total return for the 12 months to 31 December of 13.4 per cent, while GWSCF recorded a total return of 12.5 per cent for the period.

During the period, GWSCF purchased a further 25 per cent interest in Highpoint Shopping Centre for $680 million. The purchase increased GWSCF's interest in the asset to 83.3 per cent, with GPT holding the remaining interest. Highpoint Shopping Centre remains one of the top 5 retail assets in Australia, when ranked by moving annual turnover (MAT).

Funds under management increased 15.4 per cent in 2017 to $12 billion.

In October 2017, the repositioning of Wollongong Central was completed with the opening of the refurbished Gateway Building, which included a new generation David Jones department store. GWSCF has recently announced its intention to market Wollongong Central for sale.

Outlook

GPT provides the following guidance for FY18:

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

Market Briefing

GPT will be providing a market briefing at 10:00am (AEDT) today, 13 February 2018. The market briefing will be webcast via the GPT website (www.gpt.com.au).

-Ends-

For more information, please contact:

Investors:

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

Media:

Scott Rochfort
Group Media Manager
+61 2 8239 3938
+61 438 733 864