

13 August 2018

## **GPT delivers NPAT of \$728.5 million and 3.2 per cent FFO per security growth for the 6 months to 30 June**

### **2018 Interim Financial Highlights**

- Net Profit After Tax of \$728.5 million, down 3.0 per cent on the prior corresponding period (pcp)
- Funds From Operations (FFO) of \$289.4 million, resulting in FFO per security growth of 3.2 per cent
- Total revaluation gains of \$457 million
- Distribution per security growth of 2.5 per cent on pcp
- Net Tangible Assets (NTA) per security of \$5.31, up 5.4 per cent from 31 December
- Total Return of 13.9 per cent for the 12 months to 30 June

The GPT Group (“GPT” or “Group”) has delivered a Net Profit After Tax of \$728.5 million for the 6 months to 30 June 2018. FFO per security increased by 3.2 per cent on pcp to 16.04 cents.

GPT’s Chief Executive Officer Bob Johnston said the Group remained on track to meet its guidance of FFO per security and distribution per security growth of 3 per cent for FY 2018.

“The half year result was driven by strong valuation gains across the Group’s investment portfolio, particularly in Office, which benefitted from strong market rental growth,” said Mr Johnston.

“The quality of our Retail portfolio was further demonstrated during the period with total specialty MAT growth of 4.4 per cent and occupancy at 99.7 per cent.”

“The Group continues to make solid progress advancing its development pipeline, with construction on our planned 26,000 square metre office tower in Parramatta expected to commence by the end of the year, and our office development in Sydney Olympic Park and two Sydney logistics facilities on track for completion in the second half of 2018.”

“GPT remains in strong financial shape, with net gearing of 24.7 per cent and a weighted average debt term of 6.6 years.”

“The Group’s results reflect excellent asset performance, a strong financial position and continued progress on its development pipeline,” Mr Johnston said.

## 1H18 Portfolio Highlights

- Total Portfolio Return (unlevered) for the 12 months to 30 June of 11.5 per cent
- Portfolio occupancy of 97.4 per cent and like for like income growth of 3.9 per cent
- Rental growth underpins \$377.9 million valuation gain in Office portfolio
- Total retail specialty sales growth of 4.4 per cent for 12 months to 30 June
- Acquired a new logistics complex at Sunshine in Melbourne for \$74 million

### Retail

The Retail portfolio produced like-for-like income growth of 2.3 per cent for the half, with total specialty sales growth of 4.4 per cent for the 12 months to 30 June. The portfolio continues to achieve a high level of sales productivity, with specialty sales at \$11,404 per square metre, up 2.7 per cent on pcp.

Property Net Income for the 6 months rose 3.2 per cent to \$156.8 million, with Rouse Hill Town Centre, Melbourne Central and Charlestown Square being the strongest performing assets. The portfolio recorded a valuation gain of \$53.5 million for the period.

During the 6 months, average fixed rental increases of 4.8 per cent and an average term of 4.8 years on new leases were achieved, with 48 new retail brands introduced to the portfolio.

The \$420 million expansion of Sunshine Plaza, in which GPT has a 50 per cent interest, is due for completion in the second quarter of 2019. Good progress has been made in securing retail tenants for the expansion, with 75 per cent of the leasing deals completed for the development.

### Office

The Office portfolio delivered 5.5 per cent like-for-like income growth for the 6 months to 30 June, with Net Operating Income increasing 4.4 per cent to \$132.9 million in the half compared to the previous corresponding period.

The Office team executed 53,300 square metres of leases during the period, with a further 28,600 square metres of terms agreed. Occupancy was 96.6 per cent at 30 June.

The portfolio recorded a \$377.9 million valuation gain during the half, which was largely driven by the increase in market rents in Sydney. The largest valuation increases included Australia Square (up 17.3 per cent), 1 Farrer Place (up 11.9 per cent), 2 Park Street (up 10.2 per cent) and MLC Centre (up 8.1 per cent) in Sydney.

Terms have been agreed for a pre-commitment tenant for 13,600 square metres, or 51 per cent, of the net lettable area of the proposed office tower at 32 Smith Street, Parramatta. Construction work is expected to commence on the development during the second half, subject to the signing of the pre-commitment lease.

GPT is on track to complete its 15,700 square metre A Grade office building at 4 Murray Rose, Sydney Olympic Park in October 2018, which has the NSW Rural Fire Service as its major tenant.

The Group expects further valuation growth in the Sydney and Melbourne office markets as a result of the strong market fundamentals.

## Logistics

The Logistics portfolio delivered like-for-like income growth of 3.6 per cent for the period. At 30 June, occupancy was 96.6 per cent and the weighted average lease expiry (WALE) across the portfolio was 7.4 years.

The Logistics team signed 49,500 square metres of leases during the half, with a further 73,900 square metres of terms agreed.

The Group continued to deliver its Logistics development pipeline with construction of two facilities in Huntingwood and Eastern Creek set for completion in the second half of 2018.

## Funds Management

Assets under management increased 15.9 per cent to \$12.4 billion in the 12 months to 30 June. The GPT Wholesale Office Fund (GWOFF) generated a total return of 13.9 per cent for the 12 months, while the GPT Wholesale Shopping Centre Fund (GWSCF) delivered a total return of 8.4 per cent.

GPT generated a combined 13.5 per cent total return from its \$2.5 billion co-investment in both of the Funds for the 12 month period.

During the half, GWSCF issued a domestic medium term note, raising \$200 million of 10 year bonds.

During the period GWOFF contracted to acquire the carpark at 32 Flinders Street in Melbourne, which sits adjacent to its 8 Exhibition Street office tower, and on which it expects to reach settlement this month. The acquisition represents a medium-term development opportunity for the Fund.

Both wholesale funds received strong participation from their investors in their Distribution Reinvestment Plans, which were active during the period.

## Outlook

GPT reiterates the following guidance for FY18:

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

## Market Briefing

GPT will conduct a market briefing at 10.00am (AEST) today, 13 August, which can be accessed via teleconference, or webcast using the following link: [View Webcast](#).

### Teleconference details

Conference ID: 364554

Australia dial in: 1800 908 299

International dial in: +61 2 9007 8048

**-Ends-**

For more information, please contact:

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