

# Macquarie Australia Conference

2 May 2017

**GPT**  
The GPT Group



# Group Strategy and Outcomes

## INVESTMENT PORTFOLIO

- Focus on 3 core sectors
- Drive organic growth through asset management
- Target a Group Total Return of greater than 8.5% p.a.

## DEVELOPMENT

- Measured increase in exposure
- Future pipeline of \$2 - 3 billion of investment product
- Maximise value of repositioning opportunities & mixed use outcomes

## FUNDS MANAGEMENT

- Consolidate position following renewal of Office and Retail Fund terms
- Focus on performance
- Position for growth over the medium term

## STRONG BALANCE SHEET

- Gearing range 25-35%
- Maintain "A" credit ratings
- Ongoing focus on business efficiency

## 2016 OUTCOMES

- FFO growth and Distribution growth in line with guidance
- Debt maturity profile lengthened across a diversified investor base
- GWOFF terms renewed and liquidity requests satisfied
- Acquired GWOFF (\$209m) and GWSCF (\$157m) units
- Current developments tracking in line with program and budget



# Retail Highlights



Portfolio Update

- Sales performance reflects the quality of the portfolio
  - Sales productivity of >\$11,000 positions GPT at top end of peers
- Highpoint Property Group (HPG) reviewing its 25 per cent ownership interest in Highpoint Shopping Centre
  - GPT and GWSCF hold pre-emptive rights over HPG's interest
- 124 leasing deals completed across the portfolio



Macarthur Square Redevelopment

- Macarthur Square opened in March 2017
- \$240m retail expansion
  - Increased the centre's gross lettable area (GLA) from 94,300 to 107,000 square metres
  - 40 new specialty stores
- Dominant centre in South West Sydney



Sunshine Plaza Expansion

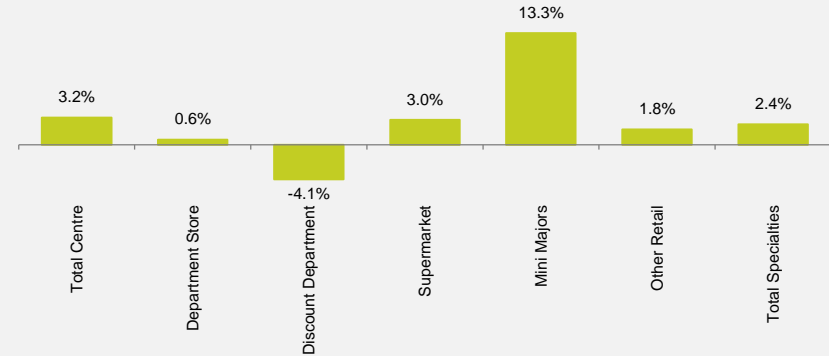
- Sunshine Plaza expansion commenced
  - Construction of the new North East Carpark
- 34,000m2 of new retail space
  - Progressing leasing discussions with key retailers
- Completion expected in Q4 2018

# Retail Sales Update

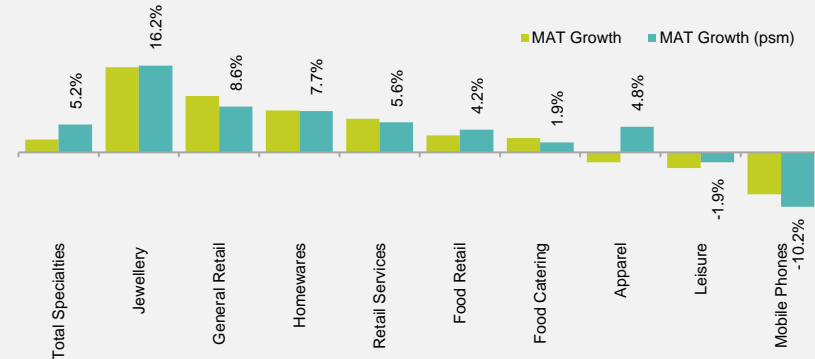
- Total Centre sales growth +3.2%
- Specialty MAT growth +2.4% as at 31 March
- Specialty sales productivity \$11,072 per square metre
  - Compound annual growth of 5.1% in specialty sales productivity since 2012
- Growth supported by strong specialty performance at both Melbourne Central and Rouse Hill Town Centre
- Key contributors to growth include Jewellery, General Retail (notably Cosmetics and Pharmacy) and Homewares



## Total Centre Sales Growth



## Specialty Category Growth



# Office Highlights



## Market Update

- March quarter data showed positive market conditions for the Eastern Seaboard CBD office markets
- Sydney CBD - limited supply in the short term and significant withdrawal of space earmarked
- Melbourne - office demand remains strong for prime grade space
- Brisbane CBD positive net absorption



## Leasing Update

- 39,400 square metres of new leases and renewals (including Heads of Agreement)
- Occupancy at 98% (including Heads of Agreement)
  - Actual Occupancy has increased to 94.6%
- Demand remains strong for A-grade accommodation



## Valuations

- GWOFF revalued nine assets for a valuation gain of \$123.1 million
  - Weighted average cap rate declined 13 basis points to 5.42%
- Prime capitalisation rates for the Eastern Seaboard CBDs have compressed further in 2017
  - Tightening most evident in Sydney and Melbourne office markets



# Office Development



Corner 93-95 Phillip St &  
32 Smith St, Parramatta

- Acquired in December 2016 for \$31.2m
- 26,000sqm of A-Grade office accommodation
- Design competition has commenced
- Subject to pre-commitment, construction is targeted to commence in 2018 with completion in 2020



4 Murray Rose Ave,  
Sydney Olympic Park

- 15,700sqm of A-Grade office accommodation
- 60% pre-commitment (9,300sqm) to Government Property NSW for the NSW Rural Fire Service for 12 year term
- Expected completion date 2H 2018



Darling Park 4,  
Sydney

- Co-owners of Darling Park 1&2 recently submitted a Development Application for a new office and retail project to replace the existing Cockle Bay Wharf retail facility
- If approved, the project will deliver a new office tower of approx. 70,000 sqm, with up to 13,000 sqm of retail space, and enhanced public domain

# Logistics Highlights

1.4%

Portfolio like for like income growth<sup>1</sup>

95.1%

Total portfolio occupancy

6.54%

Weighted average cap weight

## Abbott Road, Seven Hills

- 18,000 square metre logistics facility
- Construction completed in March 2017
- 50% leased with good enquiry on balance

## Eastern Creek Drive, Eastern Creek

- Site works commenced in Q1 2017
- Development approval for a 25,600 square metre logistics facility
- Construction to commence in early Q4 2017

## Huntingwood Drive, Sydney

- Acquired in 2016
- Existing 21,000 sqm warehouse plus adjoining site that can accommodate additional 10,000 sqm facility





# Funds Management

## GPT Wholesale Office Fund

- GWOF achieved a 12.0% IRR for the 12 months to 31 March 2017
- GWOF concluded a contract for the sale of 545 Queen Street, Brisbane for \$70.5 million
- Nine assets revalued in the March quarter, with a valuation gain of \$123.1 million recorded
- Issued a \$200 million 10 year MTN with a fixed coupon of 4.52 per cent

## GPT Wholesale Shopping Centre Fund

- Total return of 10.2% over the 12 months to 31 March 2017
- Portfolio revaluation increased \$40.1 million in the March 2017 quarter
- New fund terms were approved by Investors
- Liquidity review period closed with requests representing 2.4% of issued capital received - these securities have been offered to existing investors under the Fund's pre-emptive trading provisions



# Group Focus & Guidance for 2017



- High occupancy and fixed rental increases underpin portfolio income
- Office expiry profile presents opportunity to capture growth in net effective rents



- Retail development completions in FY16 to provide full year benefit in FY17
- Development pipeline enhanced with recent acquisitions



- AFFO expected to grow faster than FFO in near term

## 2017 GUIDANCE

FFO per security growth of approximately 2.0%  
DPS growth of approximately 5.0%

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To provide information that reflects the Directors' assessment of the net profit attributable to stapled security holders calculated in accordance with Australian Accounting Standards, certain significant items that are relevant to an understanding of GPT's result have been identified. The reconciliation FFO to Statutory Profit is useful as FFO is the measure of how GPT's profitability is assessed.

FFO is a financial measure that represents GPT's underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit after tax under Australian Accounting Standards for certain items which are non-cash, unrealised or capital in nature. FFO has been determined based on guidelines established by the Property Council of Australia and is intended as a measure reflecting the underlying performance of the Group.