



# ASX Announcement

**14 August 2023**

## **2023 Interim Result Presentation**

The GPT Group ('GPT' or 'Group') provides its 2023 Interim Result Presentation.

-ENDS-

Authorised for release by The GPT Group Board.

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Experience First



gpt

2023 Interim Result  
Market Briefing



# Agenda

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GPT acknowledges the Traditional Custodians of the lands on which our business operates. We pay our respects to Elders past, present and emerging; and to their knowledge, leadership and connections. We honour our responsibility for Country, culture and community in the places we create and how we do business.



Artwork:  
Aunty Denise



# 2023 Interim Result

## Financial summary

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16.53c

Funds From Operations  
per security, down 3.0%

12.5c

Distribution per security,  
down 1.6%

## Investment portfolio

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97.9% Portfolio Occupancy  
(Incl. HoA)

4.7yrs Weighted average  
lease expiry

\$5.85

Net Tangible Assets per  
security, down 2.2%

\$32.2b

Assets under management

5.11% Weighted average  
capitalisation rate

# Overview of operations

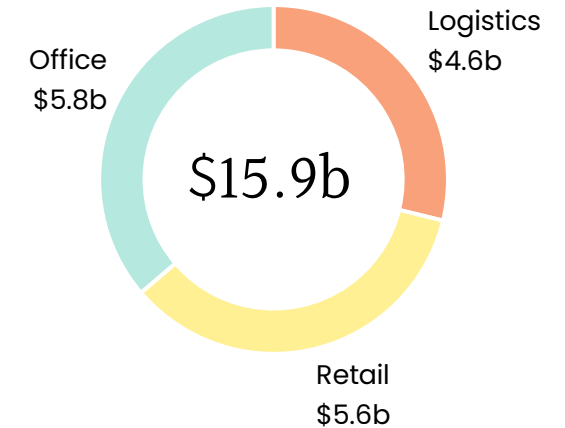
- Strong performance in Retail portfolio
  - Occupancy 99.5%, with high sales productivity and sustainable occupancy cost
  - Melbourne Central occupancy 99.7% and sales up 26.5% on 1H 2022
- Strong leasing outcomes in Logistics portfolio
  - Continued strength in tenant demand, limited uncommitted supply and low vacancy
  - Development pipeline, with \$2b estimated end value provides future opportunity
- Office portfolio occupancy maintained at 88.5%<sup>1</sup> despite challenging leasing market
  - Customers attracted to our portfolio of modern assets with high sustainability credentials
  - Differentiated fitted and flexible workplace offerings remain a key attractor for customers
- Balance sheet remains in good shape at 28.1% net gearing despite investment property valuation declines
- First full period Funds Management contribution from the \$2.8b UniSuper direct real estate mandate and \$2.7b Australian Core Retail Trust
- Commitment to ESG leadership maintained, with Group on track for all owned and managed Office and Retail assets to be certified operating carbon neutral by December 2024

1. Includes heads of agreement (HoA).  
2. Includes co-investments in wholesale funds.

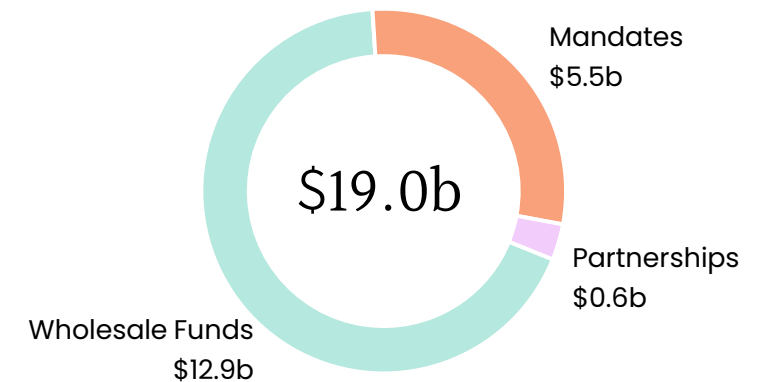
## \$32.2b

Assets under management

### GPT Portfolio<sup>2</sup>



### Funds under management



# Portfolio valuation metrics

Investment property  
valuation movements of  
negative \$341.3m<sup>1</sup>

	Office	Retail	Logistics
<b>2023 Valuation movement</b> (6 months to 30 Jun 2023)	<b>-\$241.8m</b> -4.0%	<b>-\$103.7m</b> -1.8%	<b>+\$3.2m</b> +0.1%
<b>Capitalisation Rate</b>	5.24% (+21 bps since Dec 2022)	5.23% (+20 bps since Dec 2022)	4.78% (+38 bps since Dec 2022)
<b>Discount Rate</b>	6.25% (+19 bps since Dec 2022)	6.52% (+21 bps since Dec 2022)	6.33% (+58 bps since Dec 2022)

1. Includes +\$1.0m of revaluations on other assets.



# Results and Capital management



# Financial result

(\$m)	June 2023	June 2022	Change
<b>Net (loss)/profit after tax</b>	<b>(1.1)</b>	<b>529.7</b>	
Valuation (decreases) / increases	(341.3)	219.5	
Treasury instruments marked to market and other items	23.5	(16.3)	
<b>Funds from operations (FFO)</b>	<b>316.7</b>	<b>326.5</b>	<b>(3.0%)</b>
<b>FFO per security (cents)</b>	<b>16.53</b>	<b>17.04</b>	<b>(3.0%)</b>
<b>AFFO</b>	<b>265.8</b>	<b>270.6</b>	<b>(1.8%)</b>
<b>Free Cash Flow</b>	<b>249.7</b>	<b>243.3</b>	<b>2.6%</b>
<b>Distribution per security (cents)</b>	<b>12.5</b>	<b>12.7</b>	<b>(1.6%)</b>
<b>Payout Ratio</b>	<b>95.9%</b>	<b>100.0%</b>	

(\$1.1m)

Net Loss After Tax

\$316.7m

Funds From Operations

# Segment result

(\$m)	1H2023	1H2022	Change	Comments
Retail	158.8	145.0	9.5%	Rent reviews and higher turnover rent (+\$15.5m), debtor collections (+\$4.1m) and asset divestments (-\$5.8m)
Office	143.7	148.9	(3.5%)	Lower average occupancy offset by rent reviews (-\$0.3m), and lower GWOFFFO due to higher interest costs (-\$4.9m)
Logistics	97.6	91.2	7.0%	Rent reviews and positive leasing spreads (+\$3.2m), development completions (+\$5.3m) and asset divestments (-\$2.1m)
Funds Management	34.3	27.5	24.7%	Management fees from new mandates
Finance costs	(82.5)	(54.1)	52.5%	Increased average cost of debt to 4.1%
Corporate and tax	(35.2)	(32.0)	10.0%	Higher income tax (-\$2.7m) and corporate costs (-\$0.5m)
<b>FFO</b>	<b>316.7</b>	<b>326.5</b>	<b>(3.0%)</b>	
Maintenance capex	(15.8)	(14.8)	6.8%	
Lease incentives	(35.1)	(41.1)	(14.6%)	Primarily driven by lower Office lease commencements
<b>AFFO</b>	<b>265.8</b>	<b>270.6</b>	<b>(1.8%)</b>	

# Interest rate hedge profile 2023–2026

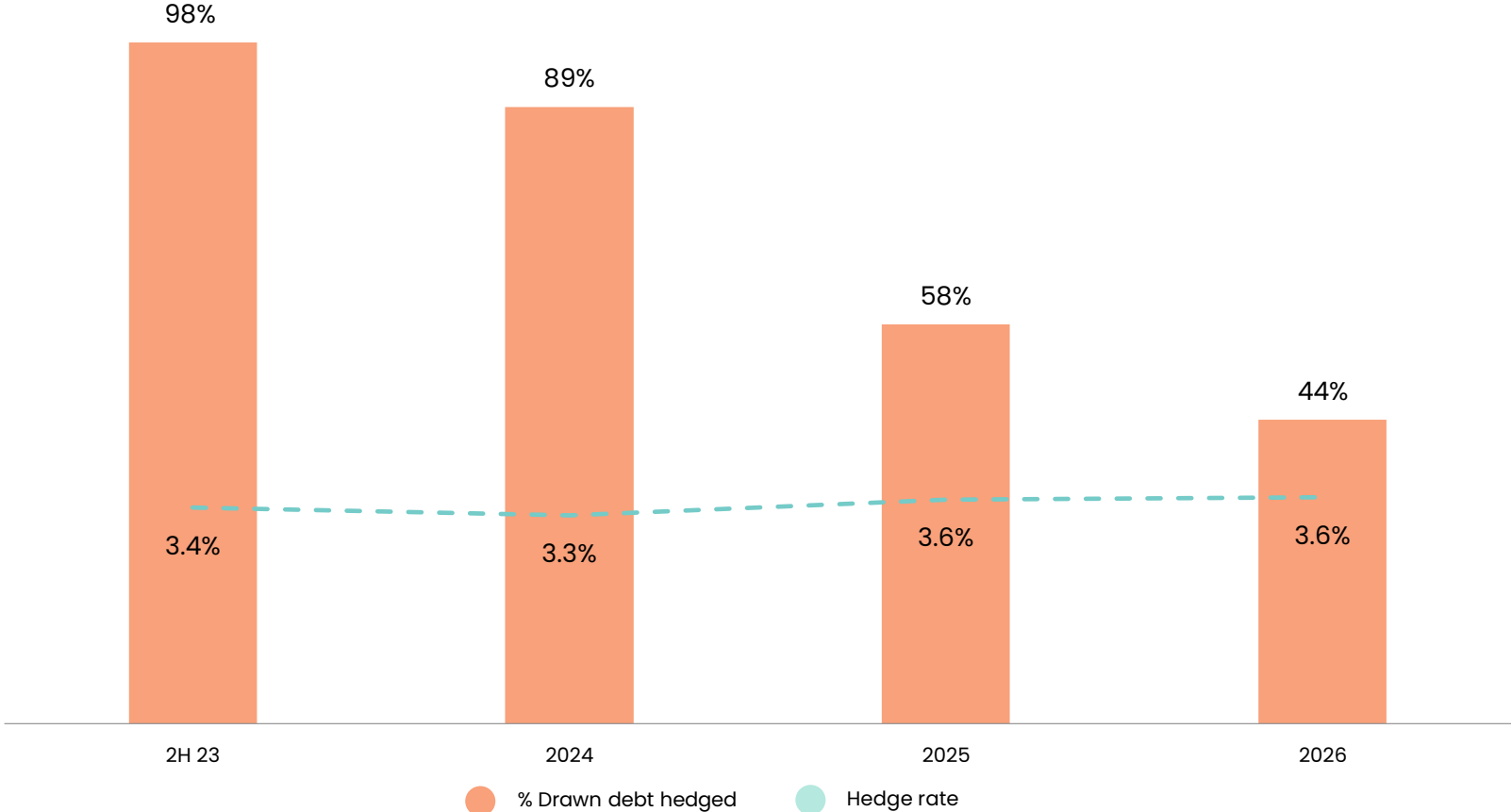
72%

hedged over the next 3.5 years  
at an average fixed rate of 3.5%

~4.7%

Full year 2023 forecast  
all-in-cost of debt

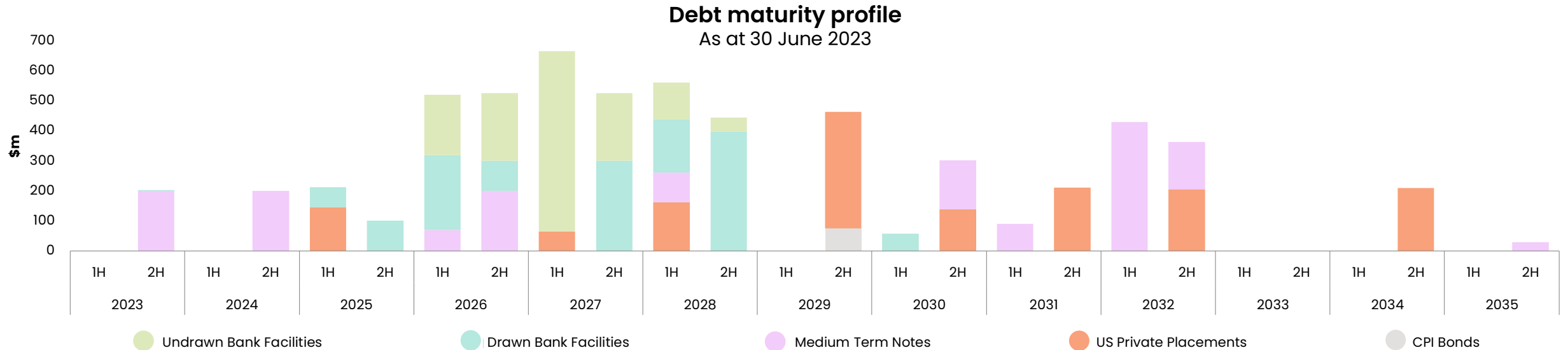
Hedge Profile





# Capital management

Key Statistics	Jun 2023	Dec 2022	Comments
Net Tangible Assets per security	\$5.85	\$5.98	Driven by a valuation decrease of \$341.3m
Net gearing	28.1%	28.5%	Within stated range of 25%-35% and material headroom to 50% covenant
Liquidity	\$1.5b	\$1.1b	Funds capital commitments and debt maturities through to mid-2026
Weighted average cost of debt	4.1%	3.2%	Increased cost of debt due to RBA rate rises of 400bps in 2022/23
Weighted average term to maturity	6.1 years	6.2 years	Long debt maturity maintained
Interest cover ratio	4.6x	5.5x	2.6x headroom to covenant of 2.0x
Credit ratings (S&P/Moody's)	A(neg)/A2(stable)	A(neg)/A2(stable)	Credit ratings within the target "A" range





# Retail

# Retail overview

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**\$171.5m**

Segment contribution, up 13.7%

**6.4%**

Comparable  
income growth

**99.5%**

Portfolio occupancy

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**5.23%**

Weighted average capitalisation  
rate, up 20bps on Dec 2022

**\$12.9b**

Assets under management,  
down 0.8% on Dec 2022

**\$12,716<sub>psm</sub>**

Specialty sales productivity

**11.8%**

Total Centre sales growth

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# Retailer performance

## Retail sales moderating following 3 years of above average growth

- FY2022 growth up 11.4% on 2021 and 1H 2023 up 5.5% on 2022
  - Sales growth has been supported by a tight labour market, high household savings levels and population growth

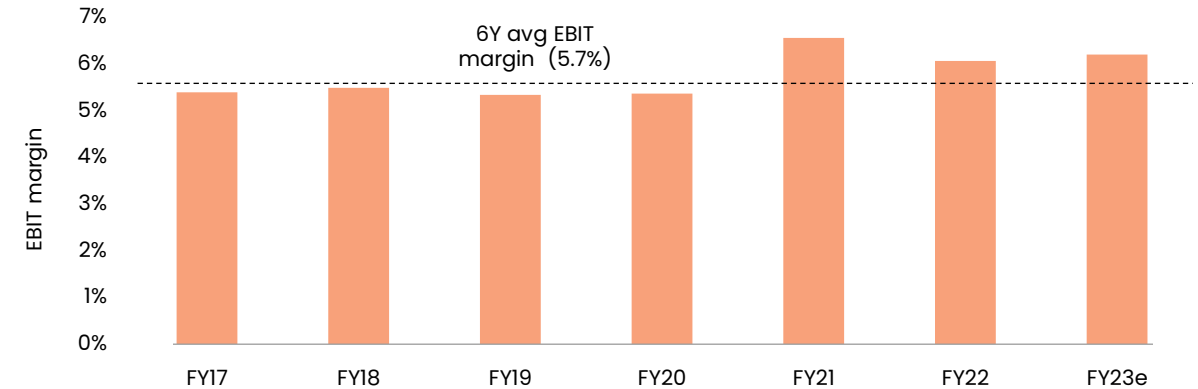
## Performance

- ASX-listed retailers (~43% of Australian retail sales) achieved FY2021 and FY2022 performance above trend
- FY2023 also expected to be above trend, despite softening in the second half in line with market conditions

## Stores recapturing sales share

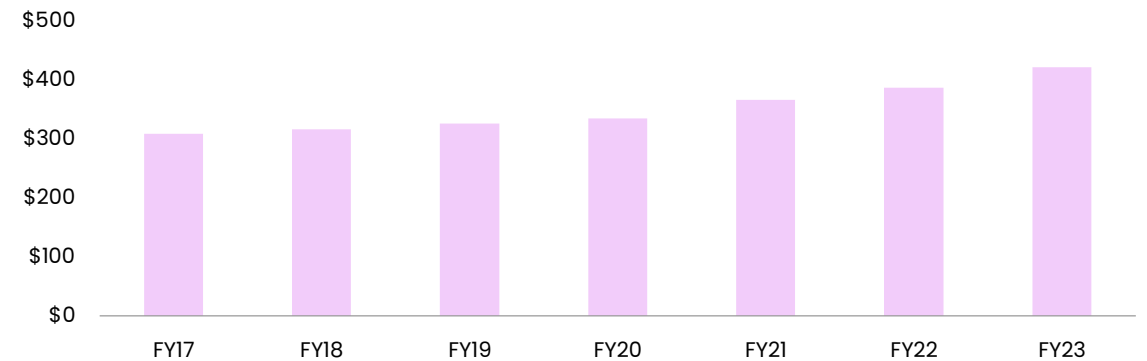
- Online share has fallen 2.0% over the last 12 months
- Over 90% of retail sales are attached to physical stores, through in-store purchase or online fulfilment (Source: GPT Research & Urbis)

## Retailer profit margins since 2017



Source: Company reports, Forecast - MST Marquee and Visible Alpha June 2023

## Total Value Australian Retail sales (\$b)



Source: ABS Retail Trade June 2023

# Leasing demand and occupancy resilient

- Strong occupancy with high levels of deal activity and tenant retention
- Positive leasing spreads achieved across renewals and new leases
- Specialty occupancy cost of 15.7%
- Average lease terms of 5.2 years all with fixed base rents and annual increases
- 46 new brands added to the portfolio

	6 months to June 2023	12 months to Dec 2022
<b>Portfolio occupancy at period end</b>	<b>99.5%</b>	<b>99.4%</b>
<b>Total Specialty leasing metrics:</b>		
Deals completed	343	581
Retention rate	71%	73%
Average annual fixed increase	4.8%	4.4%
Average lease term	5.2 years	4.7 years
Leasing spreads	3.4%	(2.8%)
Holdovers as % of base rent at period end	5.8%	2.7%

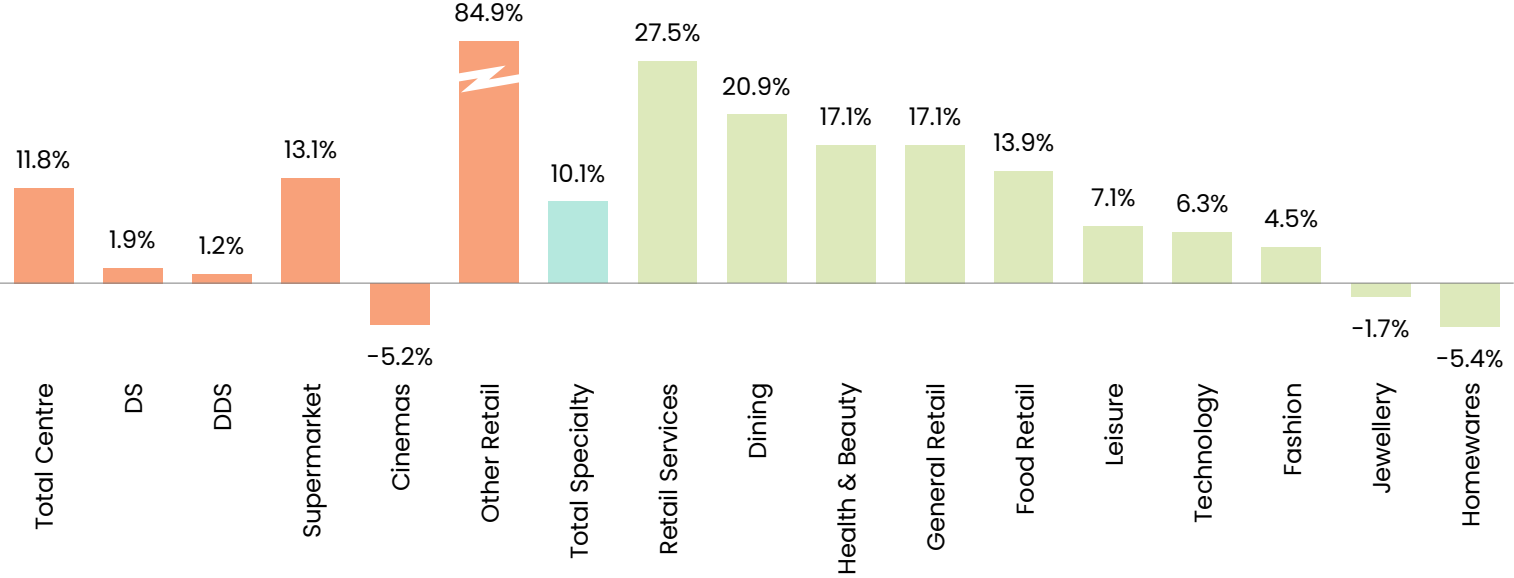


Rouse Hill Town Centre, NSW

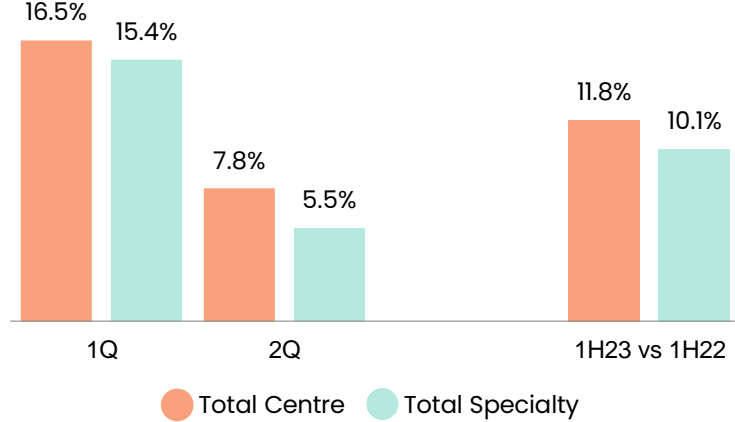
# Centre sales performance

- Total Centre sales continued above average growth of 11.8% on 1H 2022
- Total Centre sales up 16.9% on pre-pandemic 1H 2019
- Sales growth has eased in Q2 2023 to long term trend

Sales half year growth by category 2023 vs 2022



Sales half year growth 2023 vs 2022





# Leading assets in strong growth markets



## Melbourne Central

- Total Centre MAT \$578.5m exceeding pre-pandemic levels with growth of 26.5% on 1H 2022
- Total Specialty sales \$15,200 psm
- Strong leasing demand improving occupancy to 99.7% (Dec 22: 98.0%)
- Leasing spread on renewal +7.2%
- New brand openings include National Geographic, Bath & Body Works, Koko Black, Chemist Warehouse, LSKD, Nude Lucy, Stylerunner



## Highpoint Shopping Centre

- Top 3 retail asset in Australia with Total Centre MAT of \$1.2b and growth of 11.4% on 1H 2022
- Specialty sales >\$13,000 psm
- Positive leasing spreads +6.3% on deals concluded
- Continued accretive investment focused on entertainment, experiential and first to market brands such as Foodle and SuperPark

# GPT Retail platform



Pacific Fair Shopping Centre, QLD



Karrinyup Shopping Centre, WA

GPT is a leading retail property and asset management platform in Australia

4,000+  
Retail tenants

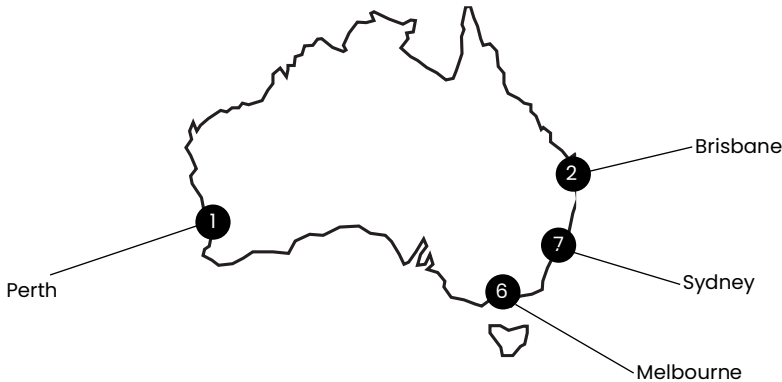
16  
Assets owned and/or managed

1.3m sqm  
GLA

+225  
Retail Property Professionals

\$9.2b  
Total MAT

188m  
Customer Visits



**New South Wales**

- Charlestown Square
- Dapto Mall
- Macarthur Square (50%)
- Macquarie Centre (50%)
- Marrickville Metro
- Rouse Hill Town Centre
- Westfield Penrith (50%)

**Western Australia**

- Karrinyup Shopping Centre

**Victoria**

- Chirnside Park
- Highpoint Shopping Centre
- Malvern Central
- Melbourne Central
- Northland Shopping Centre (50%)
- Parkmore Shopping Centre

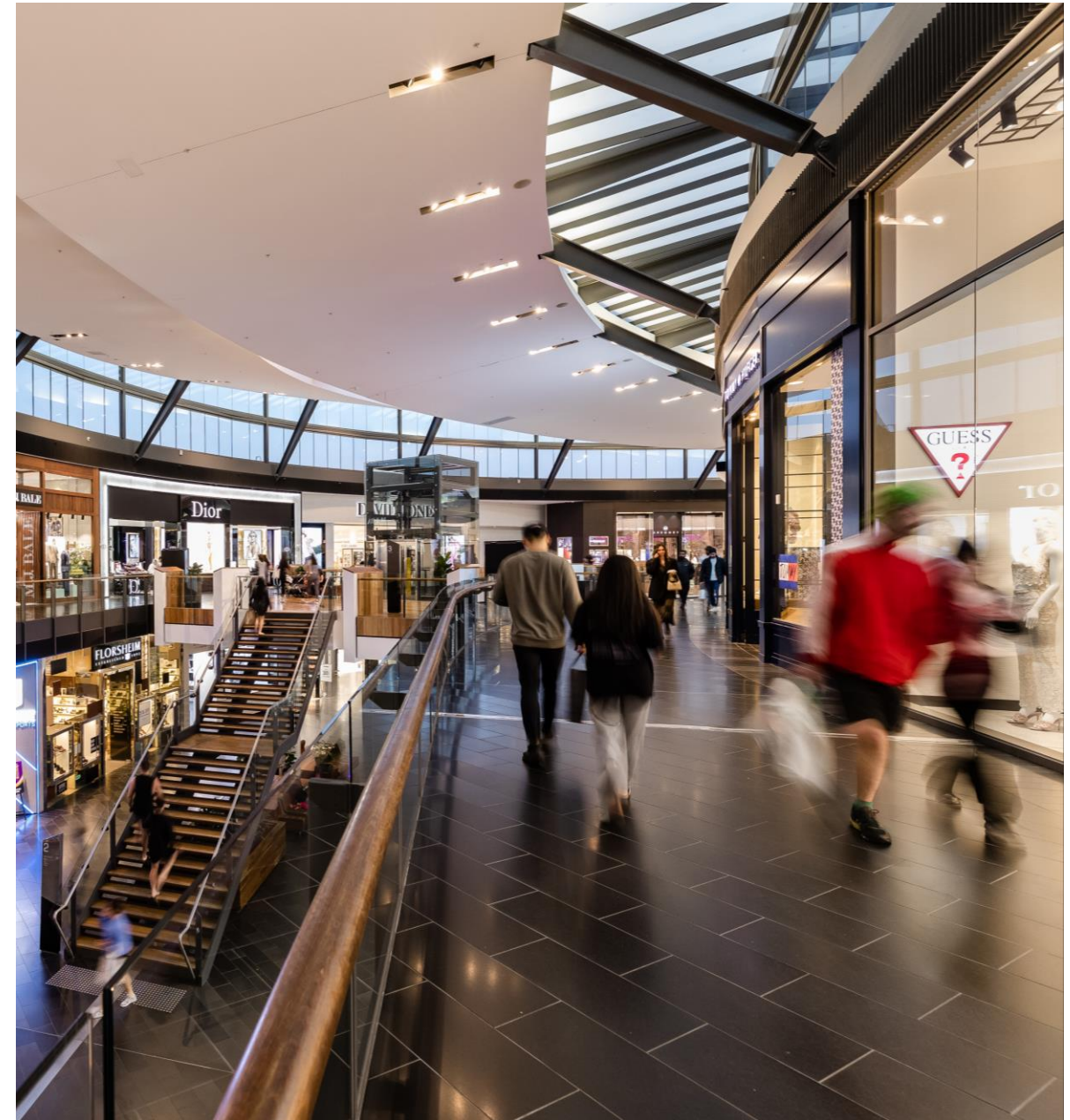
**Queensland**

- Pacific Fair Shopping Centre
- Sunshine Plaza (50%)



# Retail outlook

- Our outlook for 2023 remains positive
- Retailers have experienced high levels of profitability and low occupancy costs
- Continue leasing strategies to drive sales productivity and position our assets to attract first to market retailers
- Excess in household savings and population growth to provide ongoing support to future consumption rates, however we anticipate retailers' sales will soften in 2H 2023
- The Group will continue exploring retail development opportunities, subject to favorable market conditions



Highpoint Shopping Centre, VIC





# Office

# Office overview

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**\$163.9m**

Segment contribution, down 3.4%

**-3.4%**

Comparable income growth

**88.5%**

Portfolio occupancy (incl. HoA)

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**5.24%**

Weighted average capitalisation rate, up 21 bps on Dec 2022

**4.8yrs**

Weighted average lease expiry

**\$14.4b**

Assets under management, down 2.2% on Dec 2022

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# Highly competitive office leasing market

- Vacancy remains elevated across major CBD markets
- Preference for prime over secondary assets is evident, with high quality, amenity rich workplaces sought after to attract and retain talent
- Strong demand continues for space under 1,000sqm, with increasing activity from medium sized occupiers
- Notwithstanding the challenging market, face rents are increasing and incentives remain high

Office CBD market metrics	Sydney	Melbourne	Brisbane
Total Vacancy	14.4%	16.2%	12.6%
Prime Net Absorption (12 mths, sqm)	-11,495	42,715	58,407
Secondary Net Absorption (12 mths, sqm)	-40,401	-34,158	1,937
Prime Net Face Rental Growth (12 mths)	7.99%	2.72%	6.75%
Prime Incentive (year on year change)	Gross: 34.5% (+25 bps)	Net: 40.1% (+149 bps)	Gross: 42.5% (-51 bps)

Source: JLL Q2 2023



2 Park Street, Sydney

# Positive leasing result

Currently targeting portfolio occupancy (including HoA) of ~90% by December 2023

**58,800** sqm leased

Across 86 deals (incl. HoA) GPT and GWOFL NLA

**4.9** years

Average lease term

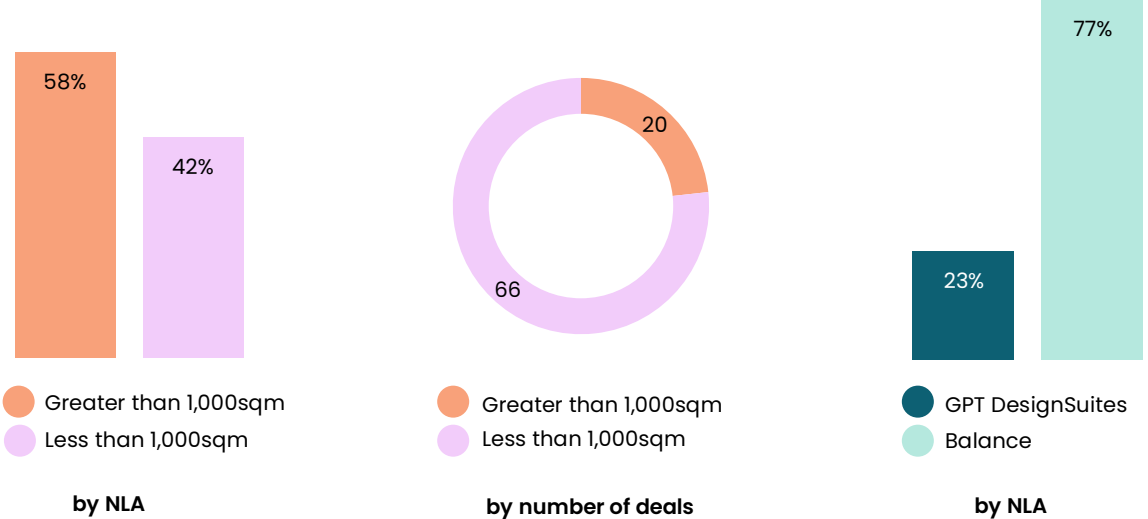
**6% up**

Gross face leasing spread

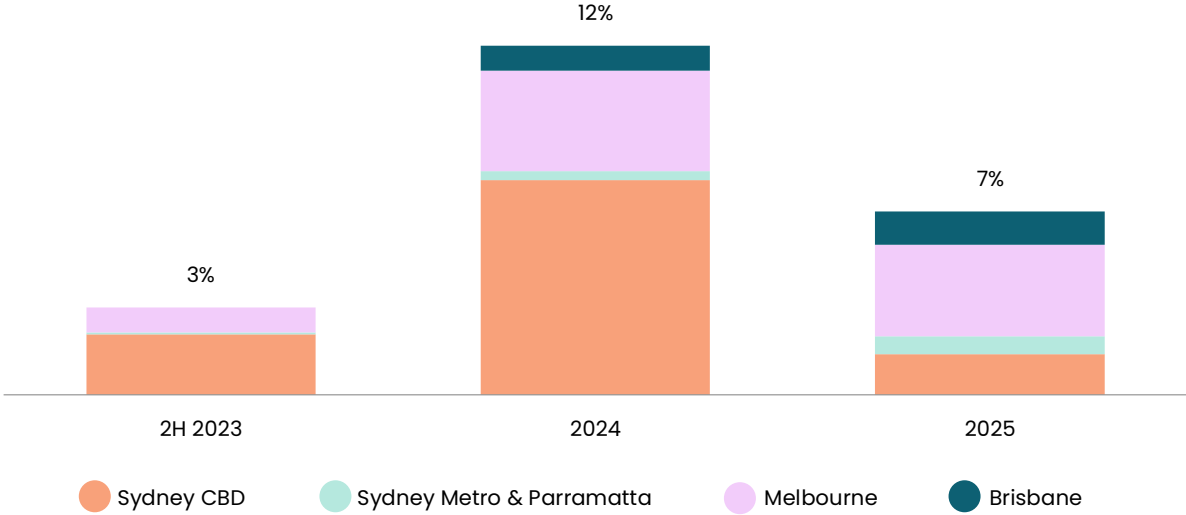
**36%**

Average gross incentive level

## Leasing activity breakdown



## Upcoming lease expiry by income





# Fitted out space continues to drive leasing activity

GPT DesignSuites provide high quality, fully fitted and technology enabled workplaces for customers to move straight into



Melbourne Central Tower, Melbourne



60 Station St, Parramatta



181 William St, Melbourne



550 Bourke St, Melbourne

~9%  
Face rent premium

Compared to June 2023 independent valuation market rents for vacant whole floors

48,800 sqm  
Total suites delivered since Jan 2022

13 assets  
Number of assets with GPT DesignSuites

4.3 months  
Average time to lease post PC

4.3 years  
Average lease term achieved



2023 FINALIST FOR 3 AWARDS



2023 PROJECT INNOVATION FINALIST

# Flexible space enhances asset appeal

Through GPT Space&Co. we provide our customers a 'core & flex' workplace solution

Established in **2014** ~14,000sqm

**8** assets **98** meeting rooms

**1,943** desks **25** months average tenure

In the pipeline

**3** assets ~5,000sqm



530 Collins St, Melbourne



580 George St, Sydney



Melbourne Central Tower, Melbourne



8 Exhibition St, Melbourne



# High sustainability credentials are a necessity

Leadership in ESG is core to GPT's strategy

**100%**  
carbon neutral  
Portfolio operating carbon neutral<sup>1</sup>

**Upfront**  
embodied carbon neutral  
Target for all new Office developments

**5.1 Star**  
★★★★★  
NABERS Energy portfolio rating

**4.8 Star**  
★★★★★  
NABERS Water portfolio rating

**↓ 58%**  
Energy intensity reduction on our 2005 baseline

**↓ 75%**  
Water intensity reduction on our 2005 baseline

**39%**  
Closed loop waste recovery in 2022

<sup>1</sup> GPT and GWOFF operational office assets. Excludes assets under or held for development or under the operational control of the tenant.



GPT DesignSuites, 550 Bourke Street, Melbourne

Sustainability in action:  
GPT DesignSuites

**Upfront**  
embodied carbon neutral

Target certification using Green Star and Climate Active

**>75%**  
of furniture verified by Environmental Product Declarations

**20%**  
of materials sourced from existing fitouts

**50%**  
of furniture procured through Spatial Hub – a First Nations owned business, certified by Supply Nation

**6 Star**  
★★★★★★  
Targeting 6 Star Green Star – Interiors rating

# Demand strongest for high quality new space

78% of portfolio constructed or refurbished since 2012

Prime portfolio

in key eastern seaboard markets

Amenity rich

F&B, concierge, end of trip, wellness

~6 minutes

Average asset walking distance to train station

71 Net Promoter Score

High customer satisfaction





# Office portfolio outlook

Portfolio well positioned for successful 2H 2023 leasing

- Market vacancy is expected to remain elevated however quality assets with appealing amenity will continue to be in demand
- Significant investment made in the assets and workplace products, with ~18,000sqm of GPT DesignSuites expected to lease in 2H 2023
- Development approvals being progressed for next cycle
- We expect the leasing market to remain competitive, and we are currently targeting occupancy (including HoA) of ~90% by the end of the year

181 William Street, Melbourne





# Logistics

# Logistics overview

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\$99.0m

Segment contribution, up 7.4%

5.1%

Comparable income growth

99.8%

Portfolio occupancy  
(Incl. HoA)

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4.78%

Weighted average capitalisation  
rate, up 38bps on Dec 2022

5.7yrs

Weighted average  
lease expiry

\$4.9b

Assets under management,  
up 4% on Dec 2022

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# Eastern seaboard occupier demand outpacing supply

- Historic low market vacancy with occupiers unable to access space in current market, resulting in sustained rental growth of ~8% in 6 months<sup>1</sup>
- Supply / demand dynamics to result in continued low vacancy
- Market leasing enquiry currently ~2.7 million sqm

<b>Industrial &amp; Logistics Market</b>	<b>Sydney</b>	<b>Melbourne</b>	<b>Brisbane</b>
Vacancy <sup>2</sup>	0.2%	1.1%	0.6%
Prime net face rental growth (6 months) <sup>1</sup>	+9%	+8%	+5%
Under construction supply due to complete in next 12 months and precommitment level <sup>2</sup>	1.4m sqm 47%	1.2m sqm 76%	0.4m sqm 68%

1. JLL Research, 2Q 2023.  
2. CBRE Research, 1H 2023.



42 Cox Place, Glendenning, NSW



# Strong leasing outcomes achieved

- High portfolio occupancy<sup>1</sup> of 99.8% and WALE of 5.7 years
- Total leasing<sup>1</sup> of 109,100sqm including 31,700sqm in developments

# +40%

Portfolio leasing spread

## Key Operational Leasing



**Seven Hills, NSW<sup>1</sup>**  
Re-leased facility at market rents



**Berrinba, QLD**  
Expanded DHL in Wembley estate by ~50%



**Altona North, VIC<sup>1</sup>**  
HoA to renew a major tenant

## Development Leasing



**Wacol, QLD**  
Leased 17,600sqm to Mainfreight



**Keysborough, VIC**  
Leased to trade and transport users

<sup>1</sup> Including HoA.

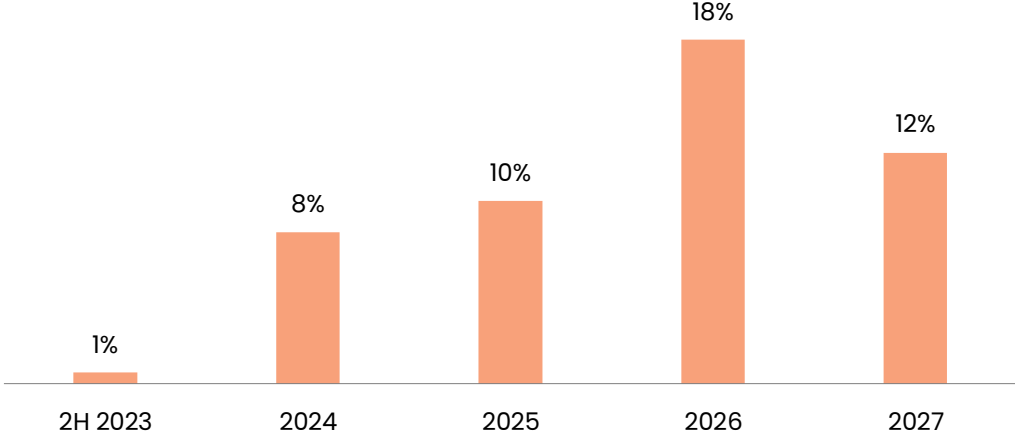
# Rental upside through re-leasing

- Portfolio under-rented compared to market with ~50% expiring to December 2027
- Market rents have increased significantly in past 18 months, expect to see average rental spreads >15% for expiries over the next 3 years

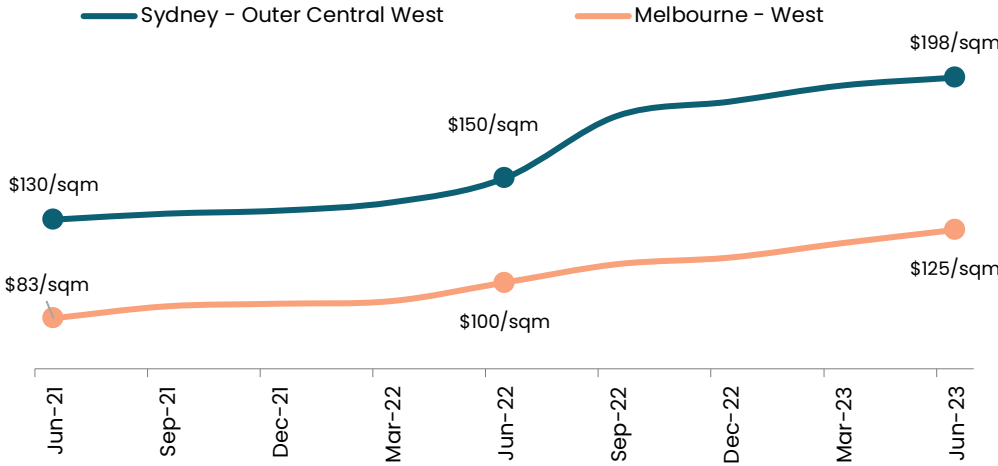


25 Niton Drive, Truganina, VIC

## GPT lease expiry profile by income



## Market rental growth<sup>1</sup>



1. JLL Research (prime grade, existing).



# Development completions

- Three completions in 1H 2023 of ~\$170m AUM and two projects completing in 2H 2023 of ~\$110m AUM, delivering a forecast yield on cost of 6.4%<sup>1</sup>
- Future pipeline has an estimated end value on completion of ~\$2b AUM (50% Sydney, 39% Melbourne, 11% Brisbane)
- \$2b target GPT QuadReal Logistics Trust (GQLT) now \$600m AUM

## Completions 1H 2023



24A & 24B Niton Drive, Truganina, VIC



Keylink Estate – North, Keysborough, VIC<sup>2</sup>



149 & 153 Coulson Street, Wacol, QLD<sup>2</sup>

## Expected Completions 2H 2023



22 Hume Drive, Apex Business Park, Bundamba, QLD<sup>2,3</sup>



30 Niton Drive, Gateway Logistics Hub, Truganina, VIC

Artist's impression

1. Forecast Yield on Cost excludes project completed on a fund through basis at Keylink Estate North, Keysborough.  
2. Held in GQLT (GPT 50.1%).  
3. Reached completion in August 2023.

# Tenant demand for efficient and sustainable assets

- Increased demand from tenants for assets with sustainability attributes, with ~53% of Australia's top 100 industrial/logistics occupiers now having net zero targets<sup>1</sup>
- GPT developments support sustainability outcomes and are future-proofed for introduction of new technologies

All new buildings targeting minimum 5 Star Green Star ratings and upfront embodied carbon neutral



Electric vehicle charging capacity and introducing battery technology



Rainwater harvesting/tanks and bio retention systems



Use of reduced carbon concrete where possible



Rooftop solar panels and energy efficient hot water units



Customer amenity and wellbeing

Preference for locally-made products



Energy efficient glazing and roof insulation



LED lighting and lighting controls



1. "Accelerating logistics and industrial sector sustainability", JLL Research (March 2023).



# Logistics outlook

- Authority approval delays constraining market supply, particularly acute in Sydney
- Demand for well located, efficient and sustainable assets to continue
- Vacancy to remain low, with continuation of supply/demand imbalance with occupiers unable to access space
- Opportunity to capture income upside through the expiry profile and development
- Engaging with customers on future space requirements to secure early lease renewals
- Sector supported by strong fundamentals and ongoing investor preference

Yiribana Logistics Estate – East, Kemps Creek, NSW (artist's impression)





# Outlook and 2023 Guidance



# Outlook and 2023 Guidance

## Outlook

- Economic growth is expected to slow due to higher interest rates and inflationary pressures
- Retail portfolio well positioned with high occupancy, ongoing tenant demand, fixed rental increases and sustainable retailer occupancy costs
- Office leasing market expected to remain competitive due to subdued customer demand. Currently targeting ~90% Office portfolio occupancy (including HoA) by year end
- Logistics portfolio well positioned to deliver further income growth through rental increases and development completions
- GPT has a high quality diversified portfolio, a strong balance sheet and an experienced management team focused on creating long term value for securityholders

## 2023 Guidance

- GPT expects to deliver FFO of approximately 31.3 cents per security and a distribution of 25.0 cents per security for 2023, in line with previous guidance

Keylink Estate – North, Keysborough, VIC



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Thank you  
for joining us

Questions



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Information is stated as at 30 June 2023 unless otherwise indicated. Except as required by applicable laws or regulations, GPT does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events or circumstances.

All values are expressed in Australian currency unless otherwise indicated.

Funds from Operations (FFO) is reported in the Segment Note disclosures which are included in the financial report of The GPT Group for the 6 months ended 30 June 2023. FFO is a financial measure that represents The GPT Group'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. A reconciliation of FFO to Statutory Profit is included in this presentation.

Key statistics for the Retail, Office and Logistics divisions include The GPT Group's weighted interest in the GPT Wholesale Shopping Centre Fund (GWSCF), the GPT Wholesale Office Fund (GWOFF) and the GPT QuadReal Logistics Trust (GQLT) respectively.