



**GPT** | METRO OFFICE FUND

2016 ANNUAL RESULT

# 2016 Annual Result Highlights

Strong results, in line with guidance

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## Earnings guidance achieved 12 months to 30 June 2016

16.24c

Earnings per unit

15.35c

Distribution per unit

## Solid capital management

\$2.33

NTA per unit

28.1%

Net gearing

## Quality portfolio of 100% A-Grade office assets

\$440.3m

Asset portfolio  
representing a \$35.8m  
asset revaluation uplift

94.9%

Office occupancy<sup>1</sup>

## Growth outlook – FY17 Guidance

16.9c

Earnings per unit<sup>2</sup>

15.6c

Distribution per unit  
reflecting a payout ratio of 92%

1. Includes rental guarantees and signed leases.

2. Assumes a signed lease over approximately 1,600 sqm at Vantage in Hawthorn, where terms have been agreed.

# 2016 Annual Result Summary

## Financial summary

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(\$m)	1 July 2015 to 30 June 2016	Allotment to 30 June 2015 <sup>1</sup>
Net Profit After Tax (NPAT)	51.3	35.7
Valuation increases	(35.8)	(24.0)
Treasury items marked to market	3.4	3.5
Other items	2.0	(0.8)
<b>Funds From Operations (FFO)</b>	<b>20.9</b>	<b>14.4</b>
Divided by: Number of units on issue (million)	128.5	127.6
<b>Funds From Operations per unit (cents)</b>	<b>16.24</b>	<b>11.28</b>

1. Allotment date was 29 October 2014.

# 2016 Annual Result Summary

## Financial summary

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(\$m)	1 July 2015 to 30 June 2016	Allotment to 30 June 2015 <sup>1</sup>	Change (\$m)	
Portfolio net income	28.4	16.6	▲ 11.8	Leasing success at the Quads
Net financing costs	(5.2)	(2.4)	▲ 2.8	20 bps lower average cost of debt
Responsible Entity fee	(2.6)	(1.6)	▲ 1.0	30 bps of GAV per half
Management and administrative expenses	(0.9)	(0.5)	▲ 0.4	Full year impact
Other items	1.2	2.3	▼ 1.1	3 Murray Rose Avenue adjustments in prior year
<b>Funds From Operations (FFO)</b>	<b>20.9</b>	<b>14.4</b>	<b>▲ 6.5</b>	
Retained earnings	1.2	1.4	▼ 0.2	
<b>Distribution</b>	<b>19.7</b>	<b>13.0</b>	<b>▲ 6.7</b>	94.5% payout ratio
Distribution per unit (cents)	15.35	10.15	▲ 5.2	

1. Allotment date was 29 October 2014.

# Capital Management

Strong balance sheet with conservative gearing

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	30 June 16	30 June 15	Change
Net tangible assets per unit	\$2.33	\$2.09	▲ 11.5%
Total borrowings	\$127.5m	\$119.5m	▲ 6.7%
Net gearing	28.1%	28.9%	▼ 80 bps
Weighted average cost of debt	4.6%	4.8%	▼ 20 bps
Weighted average term to maturity	3.5 years	3.6 years	▼ 0.1 years
Interest cover ratio	4.6 times	6.7 times <sup>1</sup>	▼ 2.1 times
Weighted average term of interest rate hedging	4.3 years	5.3 years	▼ 1.0 years
Average interest rate hedging over hedge term	67%	71%	▼ 400 bps

1. Excluding capitalised interest related to the 3 Murray Rose Avenue development, the interest cover ratio was 4.7 times.

# Fund Update

Maintaining strong portfolio metrics

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## Achievements since IPO

- Successful completion of 3 Murray Rose Avenue
- Executed **17 new leases and Heads of Agreement** across 9,700 sqm (15% of the portfolio area) with a WALE of 5.8 years
- Increased NTA by 22.0% and delivered a total unitholder return of 32.2%

## Asset uplift 12 months to 30 June 2016

- 3 Murray Rose Avenue, Sydney Olympic Park +10.5% to \$91.5m
- 5 Murray Rose Avenue, Sydney Olympic Park +12.4% to \$90.5m
- Quad 2, Sydney Olympic Park +9.4% to \$29.0m
- Quad 3, Sydney Olympic Park +9.3% to \$29.3m
- Vantage, Hawthorn +10.5% to \$72.9m
- Optus Centre, Fortitude Valley +6.6% to \$127.1m

## Portfolio metrics

- Six assets across Sydney, Melbourne and Brisbane
- **100% A-grade** totalling 64,500 sqm
- Portfolio valuations **\$440.3m**
- **6.70%** weighted average cap rate and WALE of 5.5 years



# Portfolio/Asset Updates

Continued focus on leasing

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## Asset Updates

### 3 Murray Rose Avenue, Sydney Olympic Park

- Expansion of Samsung's occupation into a 115 sqm service centre, accessible to their customers

### Quads 2 and 3, Sydney Olympic Park

- 3 tenancies re-leased, no vacancy remaining
- Total of 10 tenancies (3,200 sqm) now leased, ahead of IPO forecast

### Vantage, Hawthorn

- 800 sqm on part of Level 4 leased from July 2016
- Heads of Agreement reached over 1,600 sqm on part of Level 1 for a lease commencing in November 2016
- Remaining vacancy is 1,300 sqm on Level 1

### Optus Centre, Fortitude Valley

- 85 sqm leased to a Vietnamese food operator

# Australian Metropolitan Office Market

Sydney and Melbourne offer the most attractive fundamentals

## Positive economic growth

- National GDP grew by 3.1% for the year to March 2016, with national employment growing by 3.2%<sup>1</sup>

## Balanced fundamentals

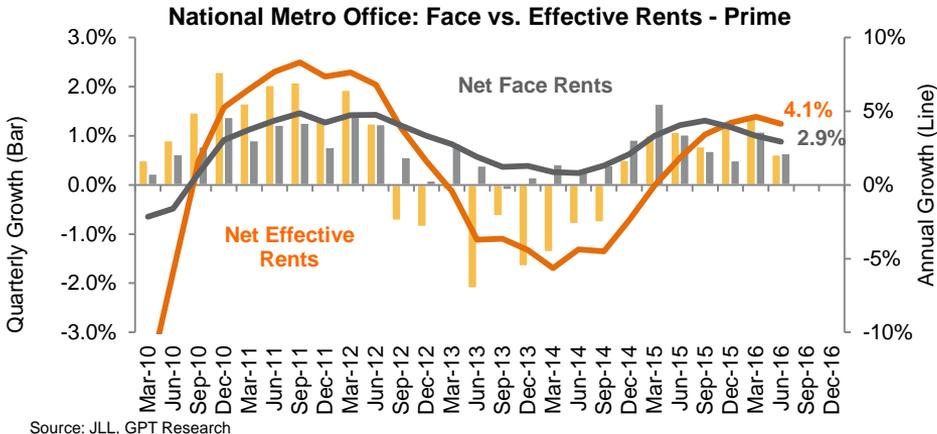
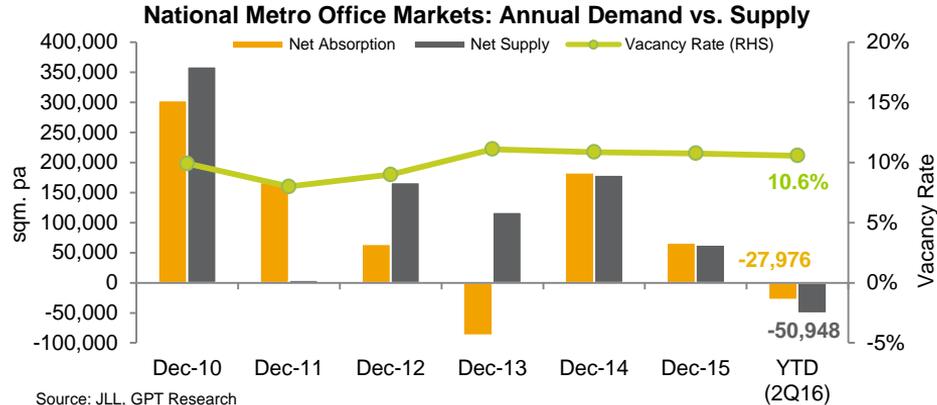
- Stock withdrawals are helping to offset weak demand, with vacancy broadly stable at 10.6%

## Continued growth in rents

- Face and effective rents continue to grow modestly. The national weighted incentive rate remains stable at 27%

## Liquidity in metro markets

- \$2.6 billion in asset transactions in 1H 2016, an increase over 1H 2015



1. Source: DAE White Collar employment 1Q16.

# Sydney Metropolitan Office Market

Lower vacancy, lower incentives and higher rents

## NSW strong economic growth

- 3.9%<sup>1</sup> growth for the year to March 2016, the fastest growing state

## Positive growth in office demand

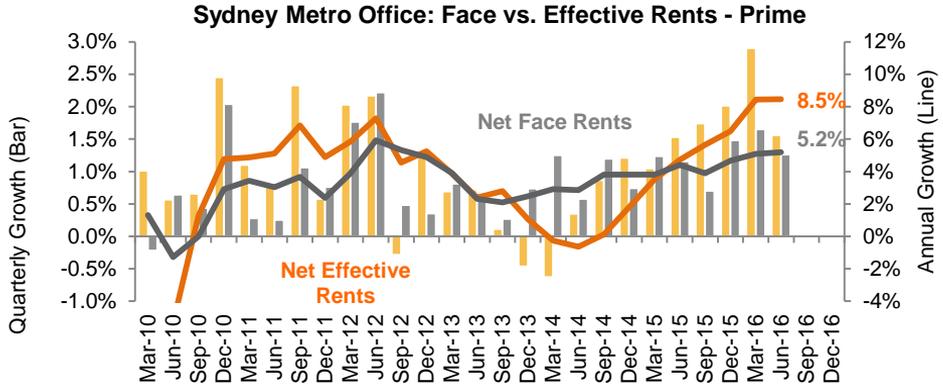
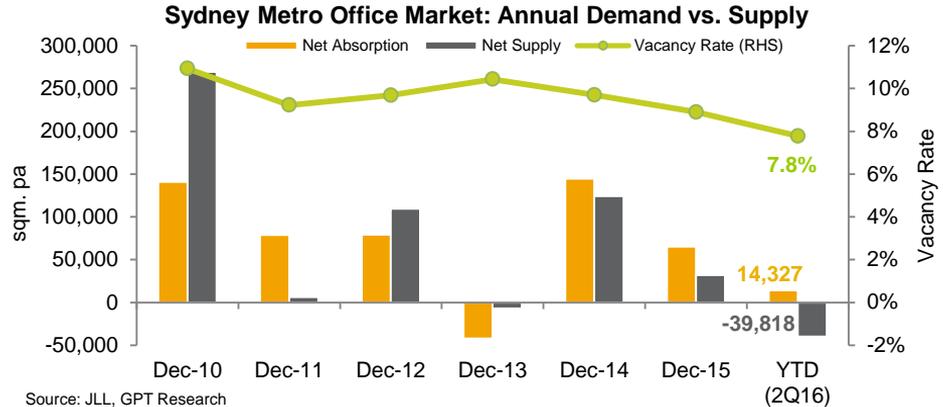
- Positive net absorption in 2016, with falling vacancy

- Attractive outlook with future supply over the next 3 years only 2.8% of total stock

## Moderating incentives

- Lower incentives have contributed to strong effective rental growth of 8.5%

1. Source: DAE State Final Demand (SFD).



# Melbourne Metropolitan Office Market

Market remains balanced, with stable vacancy

## VIC stable economic growth

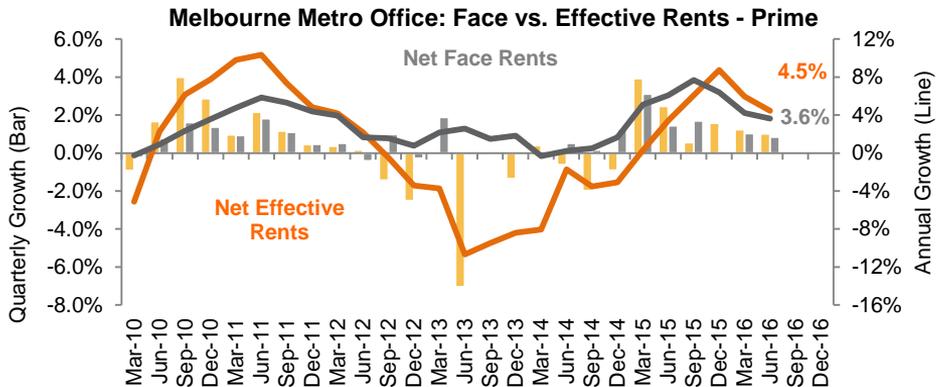
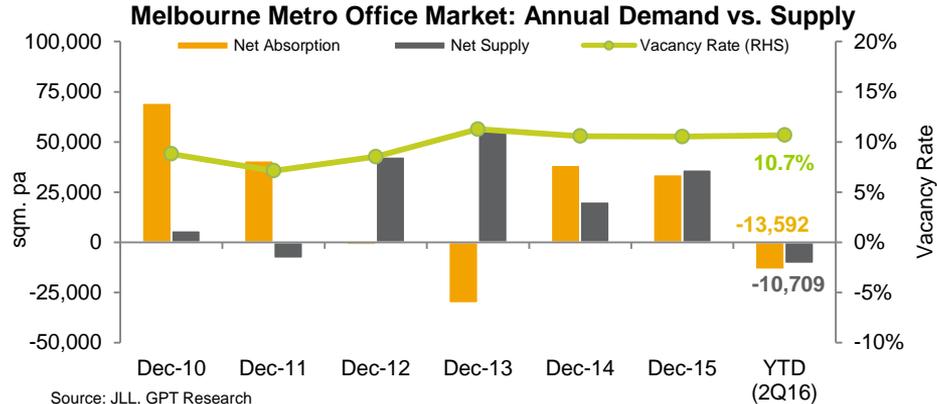
- 3.2%<sup>1</sup> growth for the year to March 2016

## Balanced fundamentals

- Withdrawals have offset weak demand, leading to stable vacancy.
- Attractive outlook with future supply over the next 3 years only 1.7% of total stock

## Growing rents

- Face and effective rent growth remains positive, albeit slowing, while incentives have remained stable



1. Source: DAE State Final Demand (SFD).

# Brisbane Metropolitan Office Market

Economic fundamentals are still weak, but improving

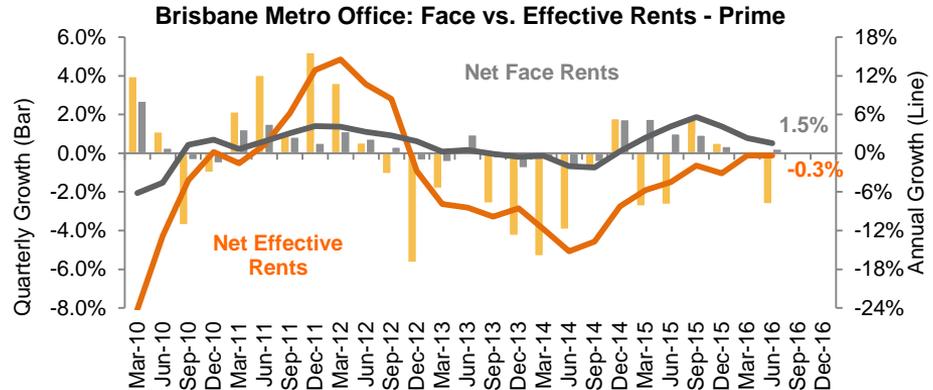
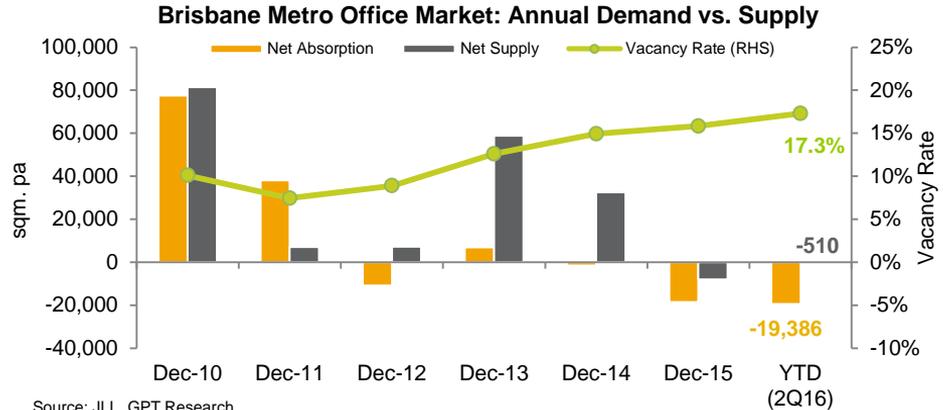
## QLD economy still weak

- 1.8%<sup>1</sup> contraction for the year to March 2016, but the rate of decline is reducing as the state economy rebalances

## Soft fundamentals for office

- Demand remains weak with negative net absorption leading to rising vacancy
- Future supply over the next 3 years is 4.9% of total stock, but pre-commitments levels are high at 86%
- Face rents continues to rise but the rate of growth is slowing. Increased incentives have left effective rents broadly flat

1. Source: DAE State Final Demand (SFD).



# Takeover Offers

## Update on Growthpoint and Centuria proposals

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GMF announces  
**\$26.4m uplift in  
portfolio** following  
revaluations

4 April

5 April to 24 May

**Growthpoint and  
Centuria announce  
competing proposals**  
to acquire GMF via  
trust schemes

**Centuria announces  
takeover offer**, priced at 1  
CMA security and \$0.31 cash  
per GMF unit.  
Centuria holds 16.1% of GMF

16 June

1 July

**Growthpoint announces takeover  
offer and releases Bidder's  
Statement** (with subsequent dispatch  
to GMF unitholders), priced at 0.3968  
GOZ securities and \$1.25 cash per  
GMF unit, with all cash alternative of  
\$2.50 per GMF unit.  
Growthpoint holds 13.0% of GMF

**Release of GMF Target's  
Statement**, with the IBC  
recommending the  
**Growthpoint** offer, in the  
absence of a superior  
proposal, with subsequent  
dispatch to GMF unitholders

1 August



## GPT Metro Office Fund

- Leasing success across the portfolio
- Delivering attractive returns to investors
- Takeover offers managed for investors' best interests
- Total unitholder return since IPO of 32.2%

The information provided in this presentation has been prepared by GPT Platform Limited (ABN 51 164 839 061) (GPL), as responsible entity of the GPT Metro Office Fund (GMF or the Fund) (ARSN 169 500 476).

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Information is stated as at 30 June 2016 unless otherwise indicated.

All values are expressed in Australian currency unless otherwise indicated.

FFO is reported in the Directors' Report which is included in the Annual Financial Report of GMF for the period 1 July 2015 to 30 June 2016.

To provide information that reflects the Directors' assessment of the net profit attributable to unitholders calculated in accordance with Australian Accounting Standards, certain significant items that are relevant to an understanding of GMF's result have been identified.

FFO is a financial measure that represents GMF'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 Fund.