



# ASX Announcement

**19 February 2024**

## **2023 Annual Result Presentation**

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

-ENDS-

Authorised for release by The GPT Group Board.

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2023 Annual 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: 'Saltwater Spirit' by Lowell Hunter (proud Nyul Nyul Saltwater man) and Bobbi Lockyer (proud Ngarluma, Kariyarra, Nyul Nyul and Yawuru woman).

# 2023 Annual Result

## Financial summary

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31.37c

Funds From Operations  
per security, down 3.2%

25.0c

Distribution per security,  
unchanged

\$5.61

Net Tangible Assets per  
security, down 6.2%

\$32.6b

Assets under management

## Investment portfolio

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98.2% Portfolio Occupancy  
(Incl. HoA)

4.5yrs Weighted average  
lease expiry

5.41% Weighted average  
capitalisation rate

# Overview of operations

- Strong leasing results achieved in Retail portfolio
  - Occupancy 99.8%, with high sales productivity and sustainable occupancy cost
  - Melbourne Central occupancy 100% and Moving Annual Turnover (MAT) up 17.1% on 2022
- Office portfolio occupancy of 92.3%<sup>1</sup> achieved
  - Customers attracted to our portfolio of modern assets with high sustainability credentials
  - Differentiated fitted and flexible workplace offerings remain a key attractor for customers
- Positive leasing outcomes continue in Logistics portfolio
  - High occupancy of 99.5%<sup>1</sup> and achieved leasing spreads of 39%
  - Development pipeline with an estimated end value of \$2.0b assets under management (AUM) provides future opportunity
- Continued expansion of the Funds Management platform
  - Selected by QuadReal as the investment manager for its 5,000 bed Student Accommodation portfolio which transitioned to GPT management in 4Q 2023
  - Commonwealth Superannuation Corporation (CSC) has selected GPT as the investment manager for a portfolio of office and retail assets, with transition planned for 2Q 2024
- Balance sheet gearing remains below mid-point of target range at 28.3%
- All owned and managed Office and Retail assets are now operating carbon neutral with independent certification to be complete by December 2024

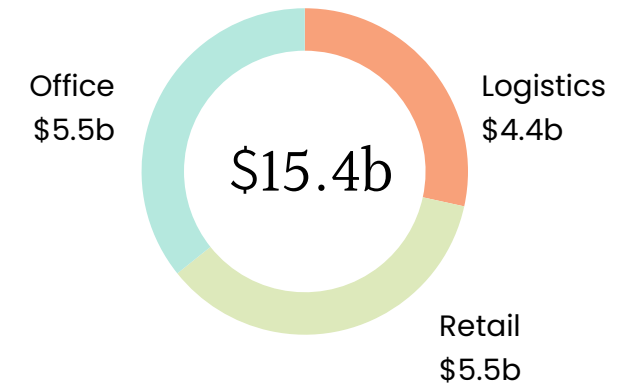
1. Includes heads of agreement (HoA).

2. Includes co-investments in GPT Wholesale Office Fund (GWOF) and GPT Wholesale Shopping Centre Fund (GWSCF).

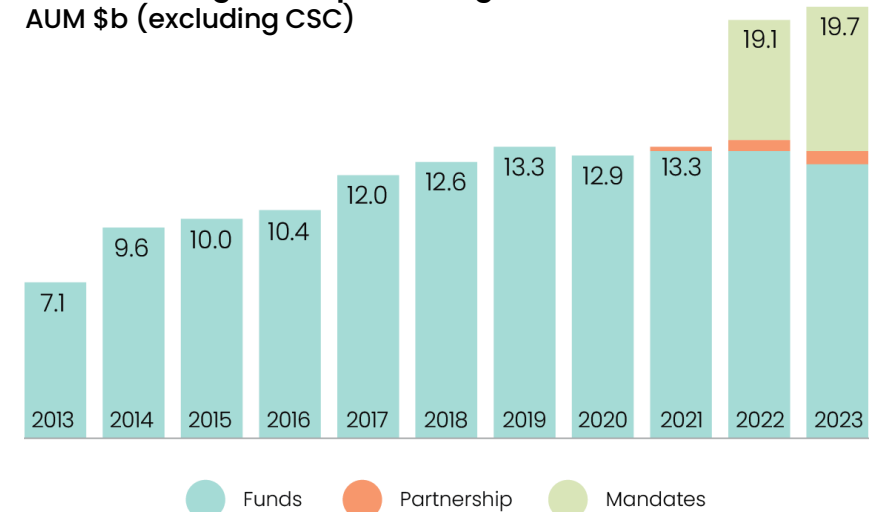
# \$32.6b

AUM

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



## Funds management platform growth AUM \$b (excluding CSC)



# Portfolio valuation metrics

Investment property valuation decline  
of \$819.0m<sup>1</sup> or 5.1%

	Retail	Office	Logistics
<b>2023 Valuation movement</b> 12 months to 31 December 2023	-\$178.7m -3.1%	-\$555.8m -9.2%	-\$84.7m -1.9%
<b>Capitalisation Rate</b> Movement since 31 December 2022	5.43% +40 bps	5.49% +46 bps	5.26% +86 bps
<b>Discount Rate</b> Movement since 31 December 2022	6.77% +46 bps	6.47% +41 bps	6.84% +109 bps

1. Includes +\$0.2m of revaluations on other assets.





# Results and Capital management



# Financial result

(\$m)	Dec 2023	Dec 2022	Change
<b>Net (loss)/profit after tax</b>	<b>(240.0)</b>	<b>469.3</b>	
Valuation decrease	819.0	159.3	
Treasury instruments marked to market and other items	21.9	(8.0)	
<b>Funds from operations (FFO)</b>	<b>600.9</b>	<b>620.6</b>	<b>(3.2%)</b>
<b>FFO per security (cents)</b>	<b>31.37</b>	<b>32.40</b>	<b>(3.2%)</b>
<b>Adjusted FFO (AFFO)</b>	<b>488.0</b>	<b>510.8</b>	<b>(4.5%)</b>
<b>Free Cash Flow (FCF)</b>	<b>498.9</b>	<b>499.0</b>	<b>-</b>
<b>Distribution per security (cents)</b>	<b>25.0</b>	<b>25.0</b>	<b>-</b>
<b>Payout Ratio (% of FCF)</b>	<b>96.0%</b>	<b>96.0%</b>	<b>-</b>

# Segment result

(\$m)	2023	2022	Change	Comments
Retail	317.5	289.8	9.6%	Rent reviews, higher turnover rent and occupancy partially offset by divestments (+\$32.2m), and lower GWSCF FFO (-\$4.5m) primarily due to interest costs
Office	283.9	293.0	(3.1%)	Lower average occupancy partially offset by rent reviews (-\$6.6m), and lower GWOF FFO (-\$2.5m) primarily due to interest costs, partially offset by higher property income
Logistics	195.8	186.3	5.1%	Rent reviews and positive leasing spreads (+\$6.3m), and higher GPT QuadReal Logistics Trust FFO (+\$3.2m) inclusive of development completions and asset divestments
Funds Management	65.6	57.4	14.3%	Management fees from full year impact of new mandates, partially offset by asset devaluations
Finance costs	(193.0)	(139.9)	38.0%	Average cost of debt increased to 4.7%
Corporate overhead	(58.2)	(57.6)	1.0%	
Tax expense	(10.7)	(8.4)	27.4%	Higher tax from higher management net income
<b>FFO</b>	<b>600.9</b>	<b>620.6</b>	<b>(3.2%)</b>	
Maintenance capex	(32.8)	(31.7)	3.5%	
Lease incentives	(80.1)	(78.1)	2.6%	
<b>AFFO</b>	<b>488.0</b>	<b>510.8</b>	<b>(4.5%)</b>	

# Interest rate hedge profile

## 2024–2026

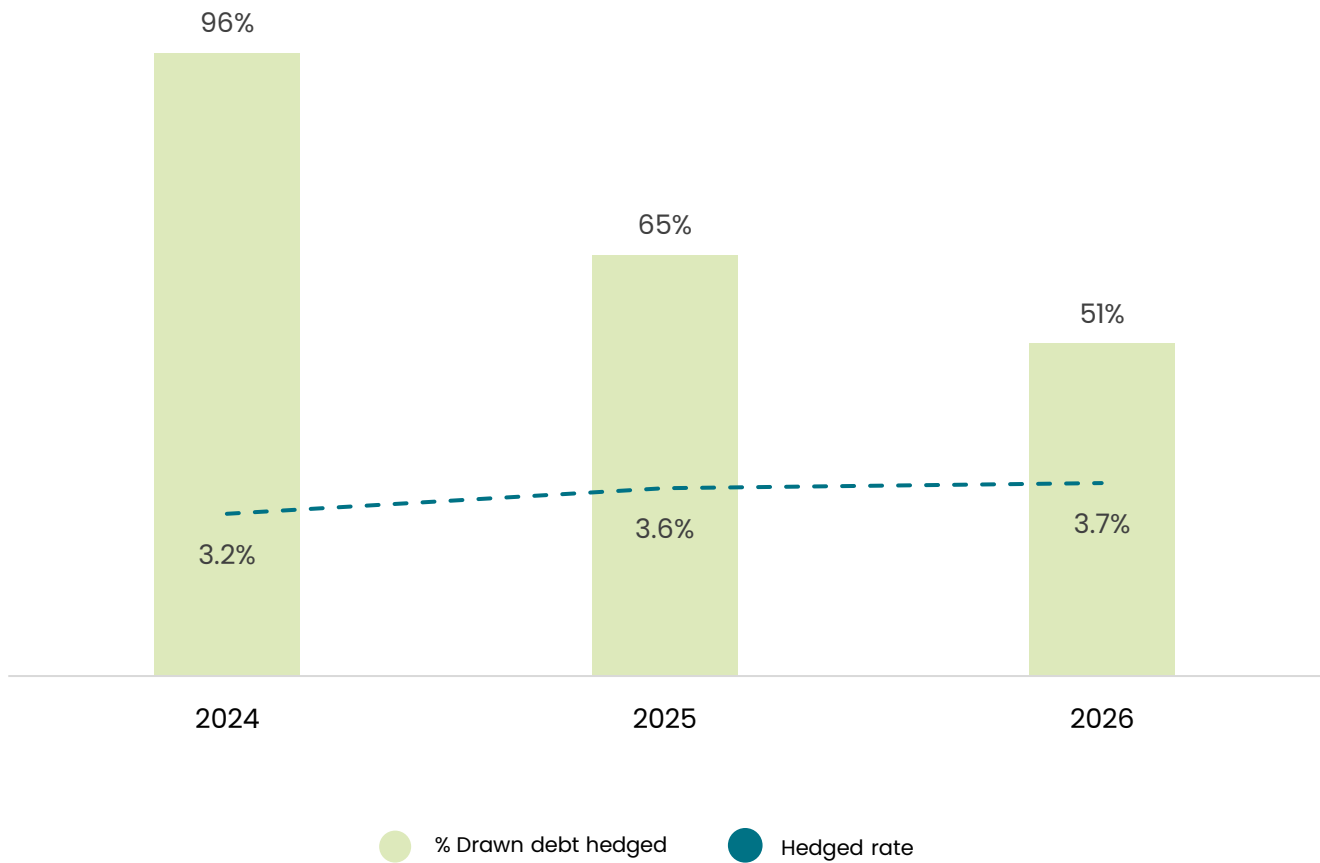
71%

hedged over the next 3 years  
at an average fixed base rate of 3.5%

5.2%

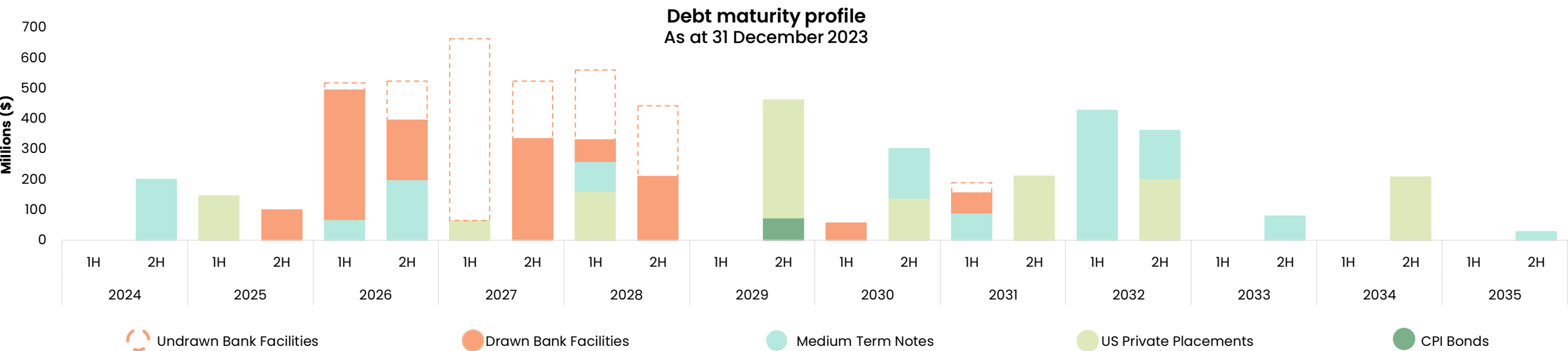
Full year 2024 forecast  
all-in-cost of debt

Hedge Profile



# Capital management

Key Statistics	Dec 2023	Dec 2022	Comments
Net Tangible Assets per security	\$5.61	\$5.98	Driven by a valuation decrease of \$819m
Net gearing	28.3%	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	4.7%	3.2%	Increased cost of debt due to RBA rate rises of 425 bps in 2022-2023
Weighted average term to maturity	5.9 years	6.2 years	Long debt maturity maintained
Interest cover ratio	4.0x	5.5x	2.0x headroom to covenant of 2.0x
Credit ratings (S&P/Moody's)	A-(stable)/A2(stable)	A(neg)/A2(stable)	Credit ratings within the target "A" range







# Retail

# Retail overview

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\$340.9m

Segment contribution, up 12.3%

12.5%

Comparable income growth

99.8%

Portfolio occupancy

5.43%

Weighted average capitalisation  
rate, up 40 bps

7.4%

Total Centre sales growth

\$12.8b

Assets under management

# Excellent leasing outcomes achieved

- High tenant demand for quality retail space
- Positive leasing spreads across renewals and new leases
- Average lease terms of 5.2 years all with fixed base rents and annual increases
- Specialty occupancy costs of 16.1% (78 bps below long-term average)

12 months to 31 December	2023	2022
Portfolio occupancy at period end	99.8%	99.4%
<b>Total Specialty leasing metrics</b>		
Deals completed	678	581
Retention rate	72%	73%
Average annual fixed increase	4.8%	4.4%
Average lease term	5.2 years	4.7 years
Leasing spreads	5.3%	(2.8%)
Holdovers as % of base rent at period end	4.0%	2.7%



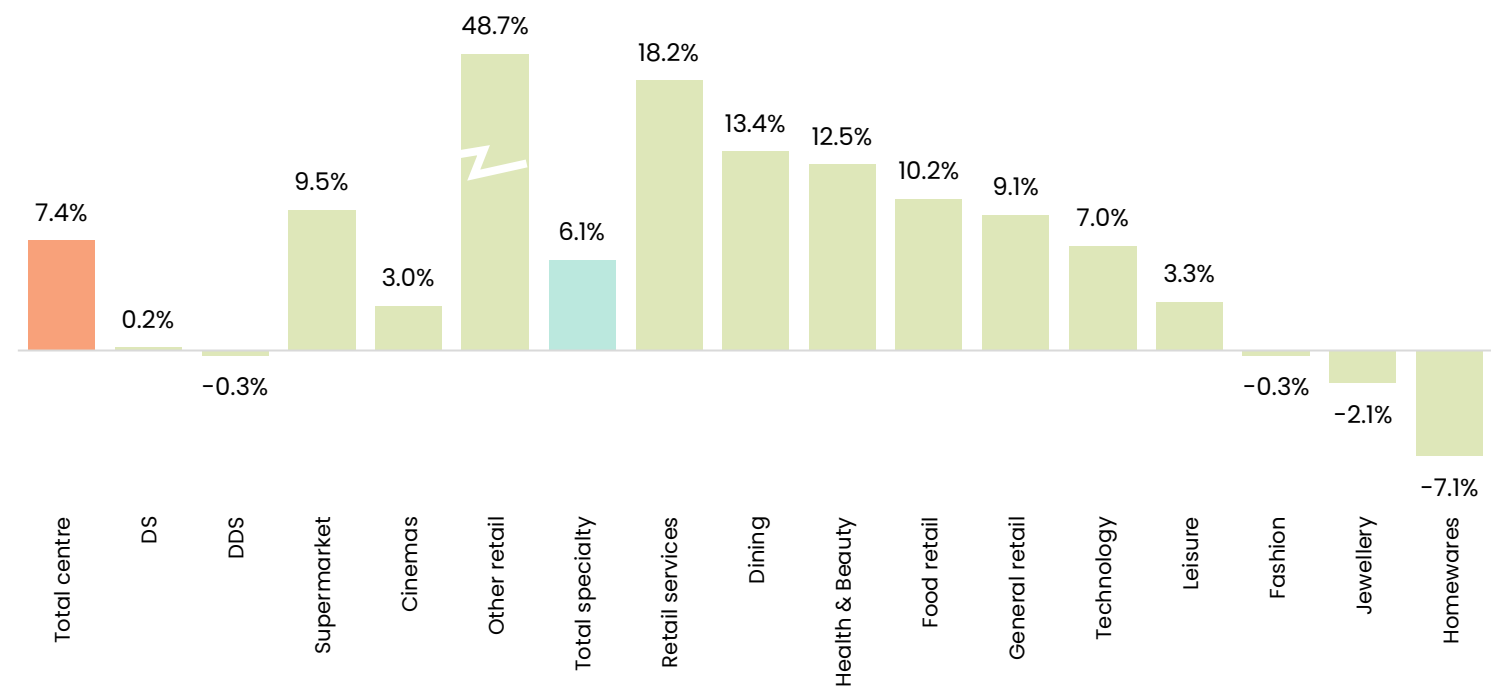
Karrinyup Shopping Centre, WA



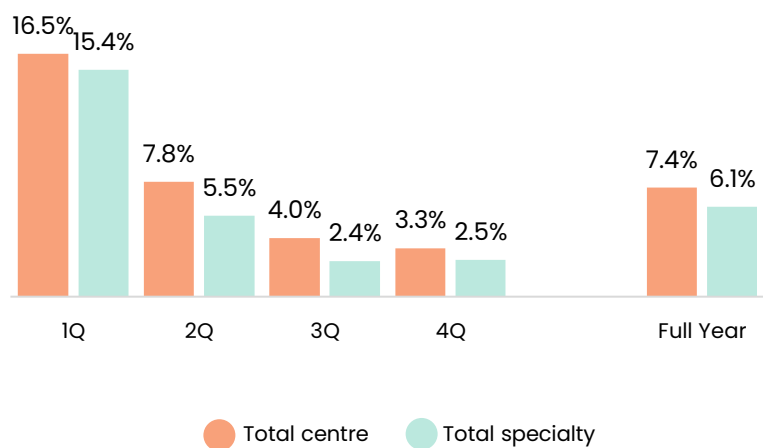
# Centre sales performance

- Total Centre MAT up 7.4% on 2022
- Total Centre sales in the December 2023 quarter up 3.3% on prior year
- Black Friday sales event continues to grow in customer popularity and bolstered sales in November, delivering a 5.6% uplift compared to the prior year
- Specialty Productivity of \$12,824 psm up 4.8% on 2022

MAT Sales growth by category 2023 vs 2022



Sales growth 2023 vs 2022





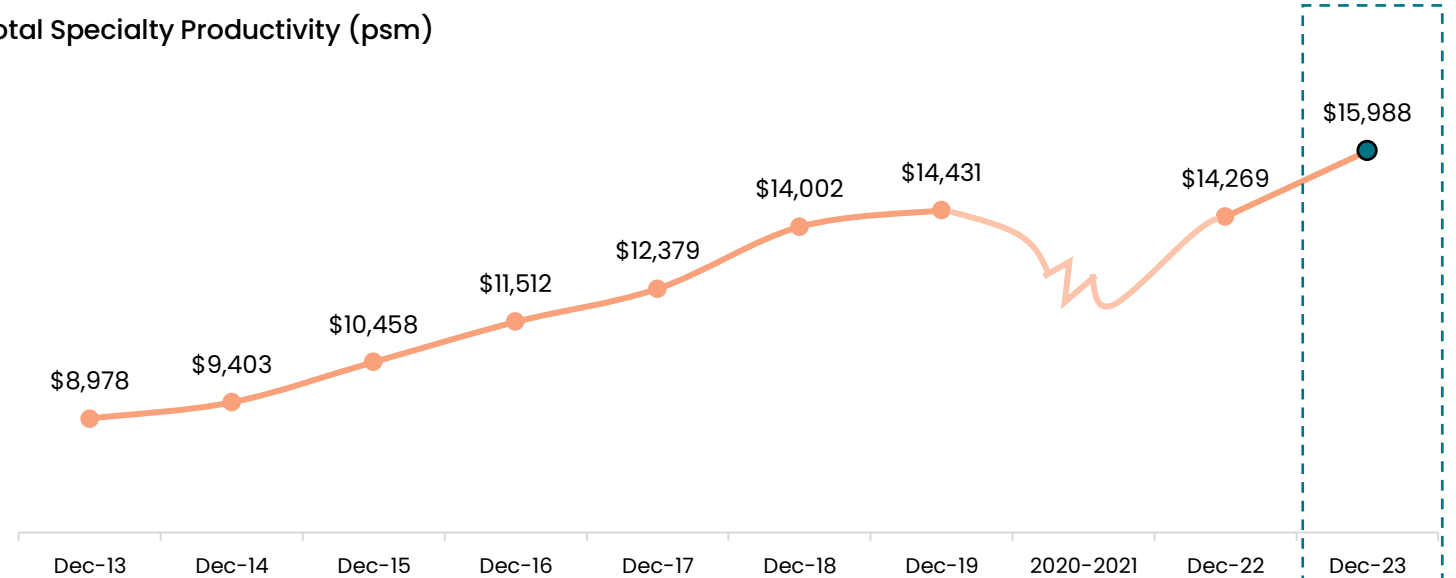
# Melbourne Central achieves record MAT



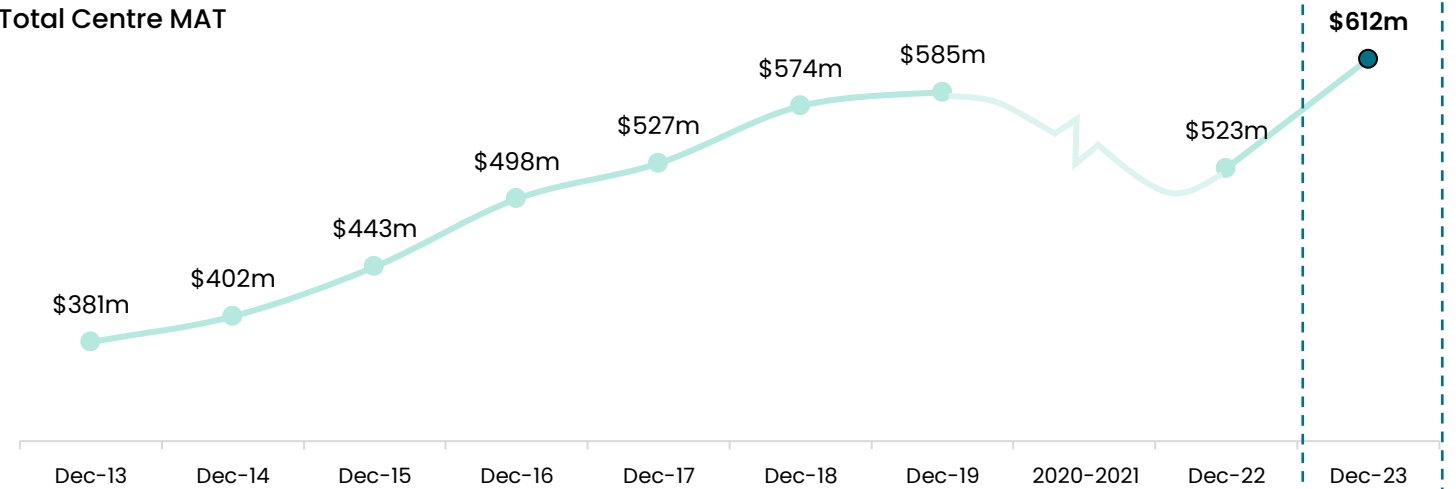
- Record Total Centre MAT of \$612.3m (+17.1% growth on 2022) as customers return to Melbourne CBD
- Market share and customer penetration have fully recovered, with number of visits per customer now at a record high
- Total Specialty productivity of \$15,988 psm
- 100% occupied with Total Specialty leasing spreads of 5.0%
- Monopoly Dreams successfully opened for trade November 2023, creating a unique experience for Melbourne Central
- Potential for further accretive retail development project on the asset

## Melbourne Central 2013 – 2023

### Total Specialty Productivity (psm)



### Total Centre MAT



# GPT Retail Platform

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



16  
Assets owned  
and/or managed

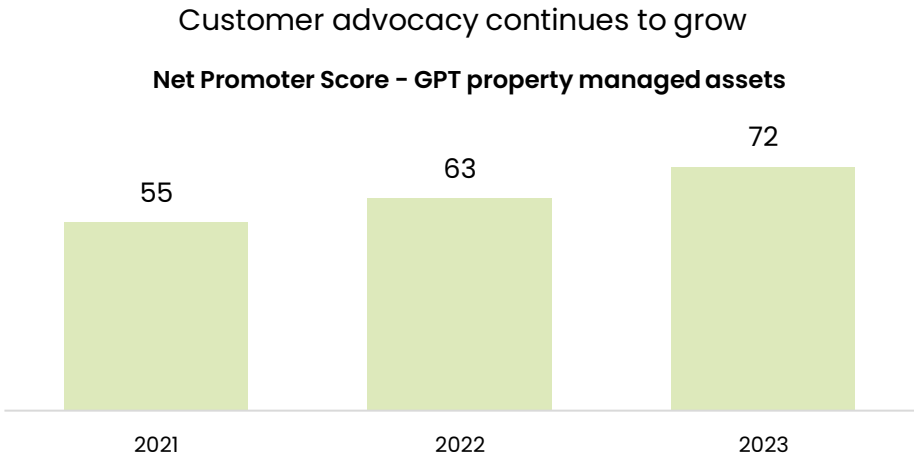
- New South Wales**  
Charlestown Square  
Dapto Mall  
Macarthur Square  
Macquarie Centre  
Marrickville Metro  
Rouse Hill Town Centre  
Westfield Penrith
- Victoria**  
Chirnside Park  
Highpoint Shopping Centre  
Malvern Central  
Melbourne Central  
Northland Shopping Centre  
Parkmore Shopping Centre
- Western Australia**  
Karrinyup Shopping Centre
- Queensland**  
Pacific Fair Shopping Centre  
Sunshine Plaza

1.3m sqm  
GLA

4,000+  
Retail tenancies

\$10.3b  
Total MAT

207m  
Customer Visits



# Retail outlook

- We expect retail sales growth to remain positive over 2024
- Retailers expected to maintain healthy levels of profitability and sustainable occupancy costs
- The Group will continue leasing strategies to drive sales productivity and position our assets to attract first to market retailers
- Low unemployment and above-trend population growth should provide support to retail sales over the year
- Supply of retail floorspace should remain low, underpinning support of established quality assets with limited vacancy



Highpoint Shopping Centre, VIC





# Office



# Office overview

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\$323.4m

Segment contribution, down 3.4%

−0.8%

Comparable income growth

92.3%

Portfolio occupancy (incl. HoA)

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5.49%

Weighted average capitalisation  
rate, up 46 bps

4.7yrs

Weighted average lease expiry

\$13.9b

Assets under management

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# Office leasing market remains challenging

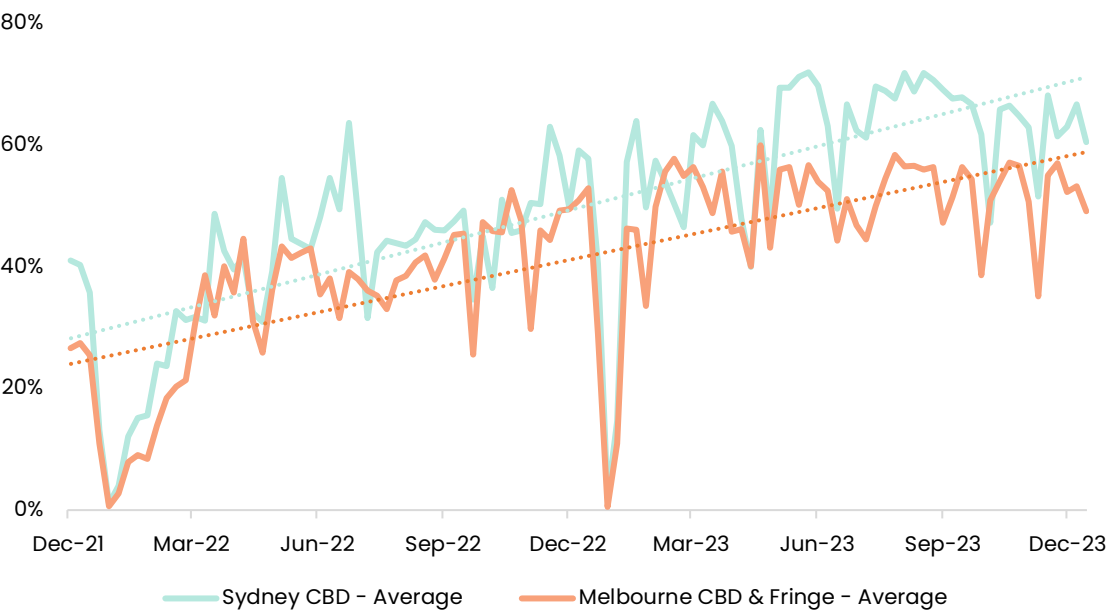
- Vacancy rates in Sydney and Melbourne are elevated, with subdued demand and high incentives
- Brisbane prime market outperformed with solid demand, vacancy trending lower and strong rental growth
- Customers continue to prefer prime, high-quality workplaces with exceptional amenity and high sustainability credentials
- Worker activity in both Sydney and Melbourne CBDs has increased, with large corporates starting to mandate a return to the office

CBD Prime Grade market December 2023	Sydney	Melbourne	Brisbane
Vacancy	15.9%	18.8%	9.8%
Net Absorption (sqm, 12 months)	-59,499	9,842	66,461
Net Face Rental Growth (12 months)	6.8%	2.8%	10.2%
Net Effective Rental growth (12 months)	3.5%	-5.4%	17.0%
Incentive (year on year change)	Gross: 35.0% (+42 bps)	Net: 42.2% (+299 bps)	Gross: 41.3% (-164 bps)

Source: JLL Q4 2023.

1. Propella.ai Worker Activity Index, week ending 15 December 2023.

Worker activity in Sydney CBD, Melbourne CBD & Fringe<sup>1</sup>  
% of pre-COVID worker activity



# Strong leasing results

133,800 sqm

Leased across 167 deals (incl. HoA)  
GPT and GWOF NLA

5.1 years

Average lease term

35%

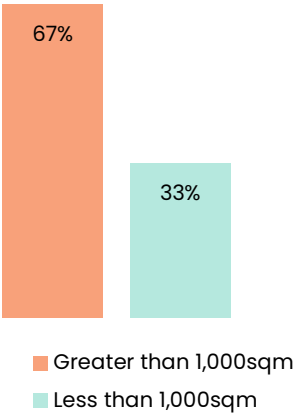
Average gross incentive

506

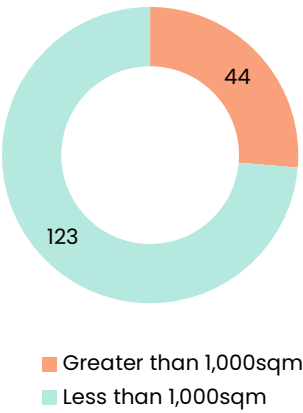
Customers, up 13%

## Leasing activity breakdown

By NLA



By number of deals



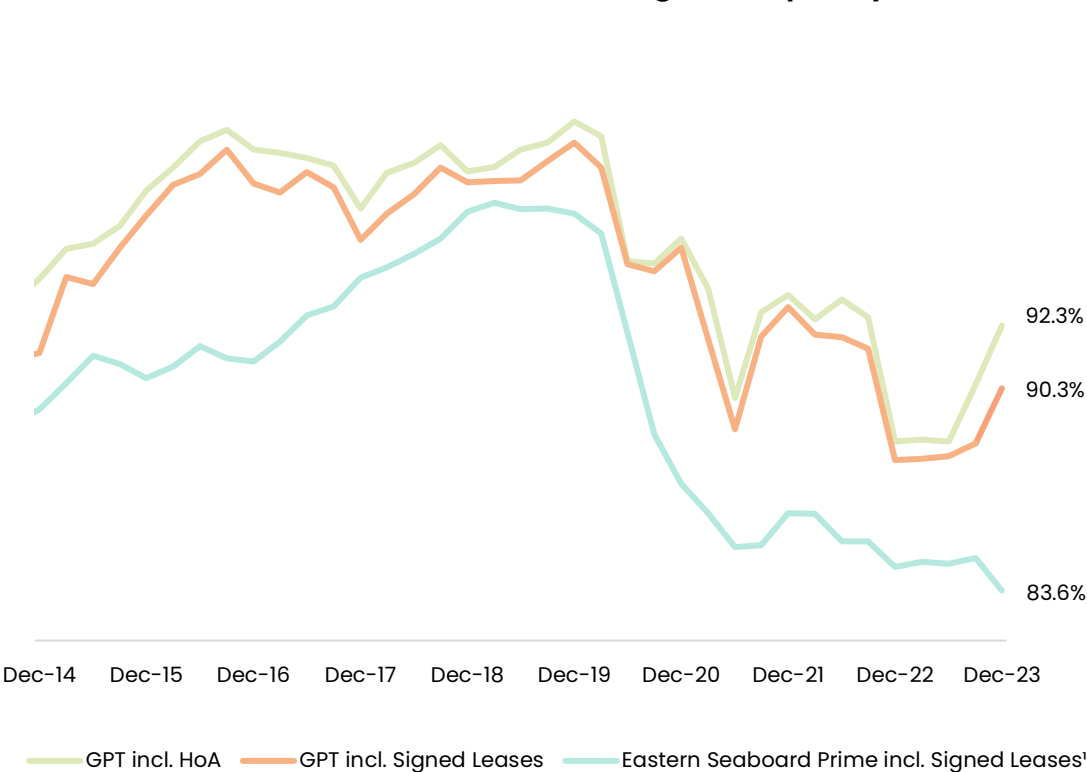
## Key Leasing 2023

Customer	Area (sqm)	Term (years)	Asset
Confidential (HoA)	12,300	7.0	
Citibank	7,000	7.0	2 Park St, Sydney
Property NSW	4,000	5.0	60 Station St, Parramatta
Slater & Gordon	3,900	7.0	530 Collins St, Melbourne
Baker McKenzie	3,900	3.5	181 William St, Melbourne
Collins Biggers Paisley	3,800	7.0	2 Park St, Sydney
Hall & Wilcox	3,600	10.0	Queen & Collins, Melbourne

# Leasing remains a core focus

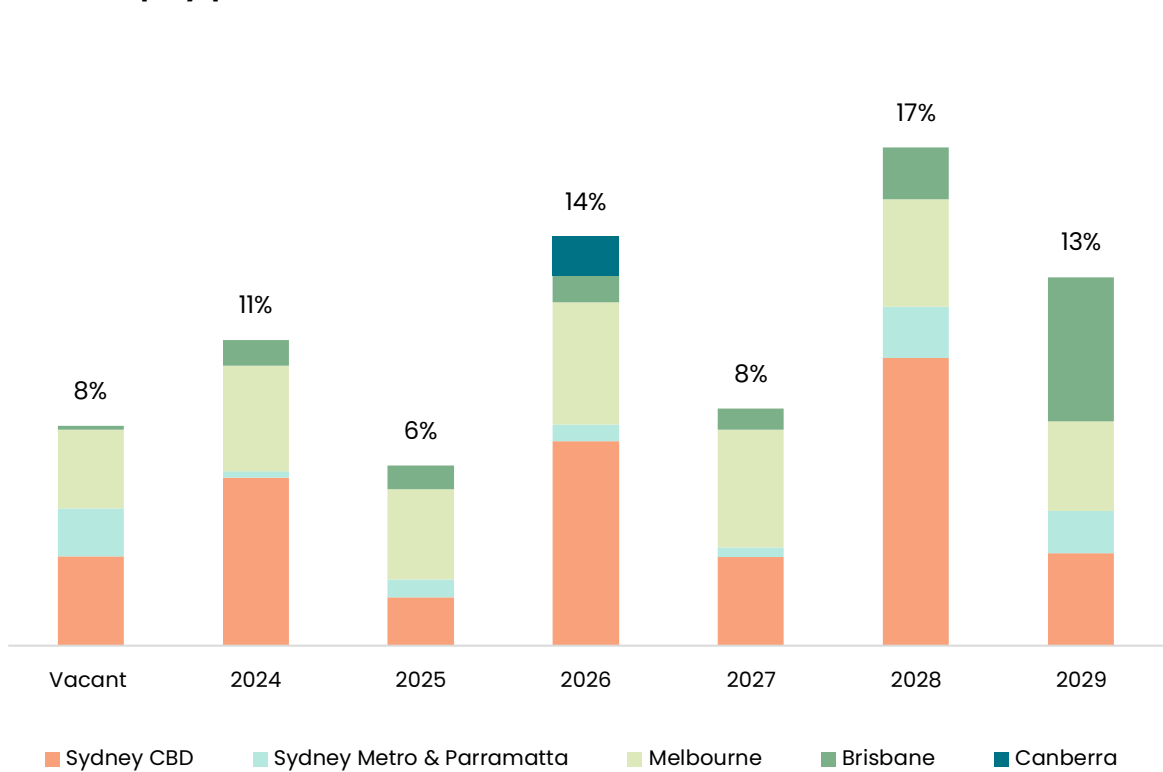
- Portfolio occupancy increased to 92.3% (including HoA) at December 2023
- 11% of the portfolio expiring in 2024 of which 6% occurs in the first half

GPT Office vs Market Prime Grade Average Occupancy



1. JLL research. Eastern seaboard includes Sydney CBD, Parramatta, Melbourne CBD and Brisbane CBD.  
2. Vacant % by area. 2024-2029 lease expiry % by income.

Lease expiry profile (incl. HoA)²





# Portfolio well positioned for leasing in 2024

Three distinctive office products with a focused leasing strategy



GPT Space&Co



GPT DesignSuites



Traditional Space

100%

Prime portfolio

100%

Portfolio certified carbon neutral<sup>1</sup>

78%

Portfolio constructed or refurbished since 2012

5.1 stars

NABERS energy portfolio rating<sup>2</sup>

73

Net Promoter Score

4.6 stars

NABERS water portfolio rating<sup>2</sup>

1 GPT and GWOFF operational office assets. Excludes assets under or held for development or under the operational control of the tenant.  
2 Calculated in accordance with the NABERS Rules for Conducting a Portfolio Rating.

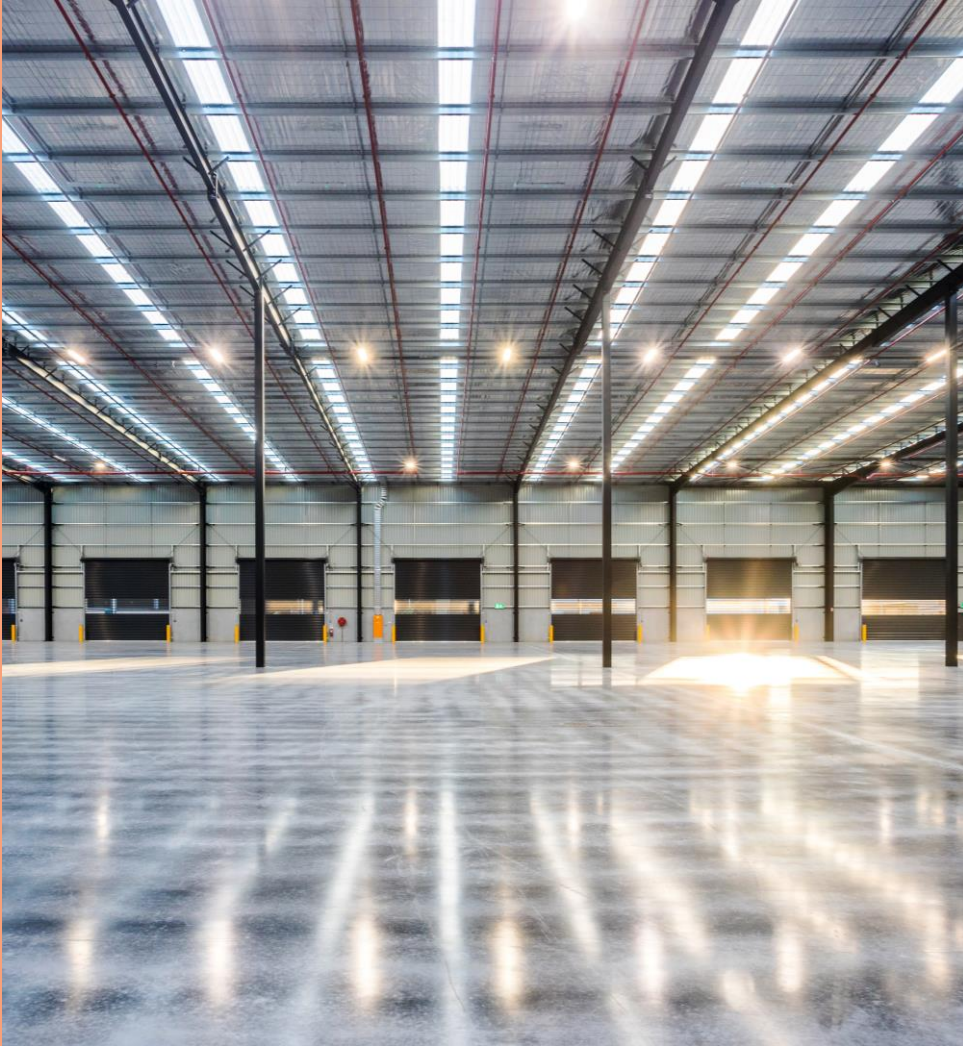
# Office outlook

- Market vacancy is expected to remain elevated however prime assets with appealing amenity will continue to be in demand
- Leasing to stay competitive. GPT's three distinctive office products designed to cater to all market segments
- GPT's high quality portfolio is well located, offering strong amenity and high sustainability credentials
- Leasing incentives expected to remain elevated
- Operations net income in 2024 expected to be in line with 2023



One One One Eagle Street, Brisbane





# Logistics

# Logistics overview

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\$198.5m

Segment contribution, up 5.5%

5.5%

Comparable income growth

99.5%

Portfolio occupancy (Incl. HoA)

5.26%

Weighted average capitalisation  
rate, up 86bps

5.4yrs

Weighted average lease expiry

\$4.7b

Assets under management

# Market conditions remain favourable

Industrial & Logistics Market	Sydney	Melbourne	Brisbane
Vacancy <sup>1</sup>	0.5%	1.6%	1.4%
Prime net face rental growth (12 months) <sup>2</sup>	+20%	+18%	+14%
Under Construction supply due to complete in 2024 and precommitment level <sup>1</sup>	1.0m sqm 47%	0.8m sqm 28%	0.4m sqm 49%



18-24 Abbott Road, Seven Hills, NSW

- 2023 gross take-up of 2.2 million sqm with demand normalising to the 10-year average (2.4 million sqm)<sup>2</sup>
- Transport/Postal users are the dominant occupier group, accounting for 41% of 2023 demand<sup>2</sup>, reflecting continued growth of 3PLs
- Supply is increasing however vacancy rates remain tight

1. CBRE Research.

2. JLL Research.






All figures reflect Eastern states unless otherwise stated.



# Strong leasing outcomes achieved

- Total leasing<sup>1</sup> of 168,000sqm and leasing spreads of 39%
- High occupancy<sup>1</sup> maintained at 99.5%
- Portfolio under-rented compared to market, 32% by income expiring in next three years with >15% average leasing spreads expected

## Key Leasing 2023

Customer	Asset	Area (sqm)
	Citiwest Industrial Estate, Altona North, VIC	41,700
	149 & 153 Coulson Street, Wacol, QLD	17,600
	Foundation Estate, Truganina, VIC	14,800
	89-99 Lockwood Road, Erskine Park, NSW	12,300
	30 Ironbark Close, Berrinba, QLD	10,000

1. Including HoA.



30 Ironbark Close, Berrinba, QLD

# Development completions

- Five projects of \$259.3m AUM delivered, adding 111,200sqm of prime logistics stock
- Half of the Logistics portfolio has been created via the development pipeline<sup>1</sup> providing customers with high quality product and delivering enhanced returns



24A & 24B Niton Drive, Gateway Logistics Hub, Truganina, VIC



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



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



30 Niton Drive, Gateway Logistics Hub, Truganina, VIC



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

1. By value.  
2. Held in GPT QuadReal Logistics Trust (GPT 50.1%).



# Developing high quality sustainable product

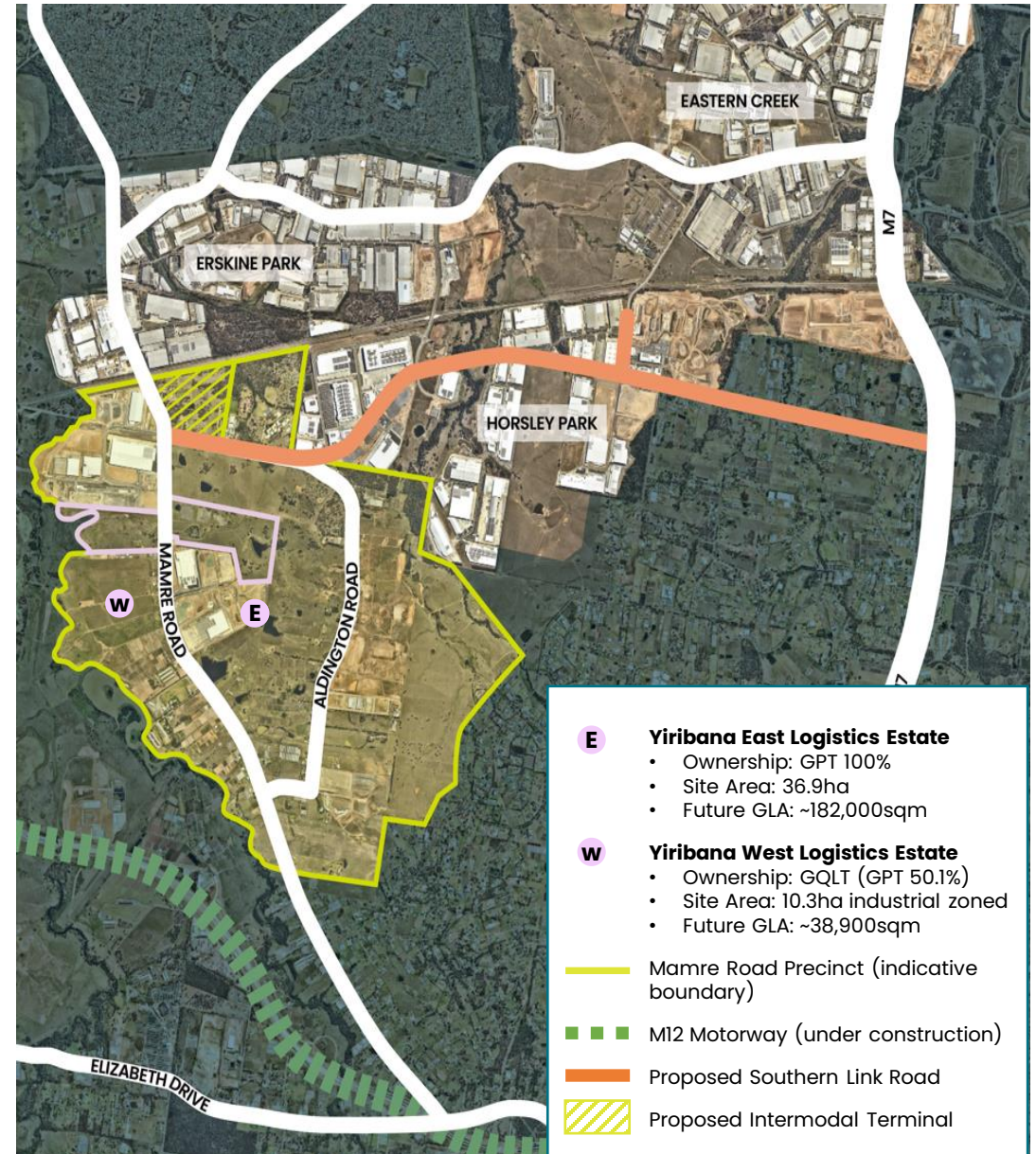
- Progressing ~\$2b AUM pipeline<sup>1</sup> (52% Sydney, 36% Melbourne, 12% Brisbane)
- Onsite works at Yiribana East Logistics Estate, Kemps Creek to commence this quarter
  - DA achieved for two of six facilities, targeting 1H 2025 completion for first phase
  - The precinct caters to pent up demand from large occupiers adjacent to established industrial markets
- Site servicing underway at our Truganina estate, with planning approval achieved for first two facilities in the ~123,600sqm estate
- Developing highly sustainable assets with GPT recognised as a Global Sector Leader for the Industrial sector in the 2023 GRESB Development Benchmark



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

1. Estimated end value.

## Mamre Road Precinct, Kemps Creek, NSW





# Logistics outlook

- Market vacancy expected to remain low through 2024, supporting rent growth
- Market supply expected to increase, however timing dependent on authority approvals, with delays particularly acute in Sydney
- Executing leasing strategies to maximise income upside with 7% lease expiry in 2024
- Activating new projects in the development pipeline and growing the QuadReal partnership
- While investment metrics have softened, investor appetite for the sector remains strong



55 Whitelaw Place, Wacol, QLD



# Outlook and 2024 Guidance



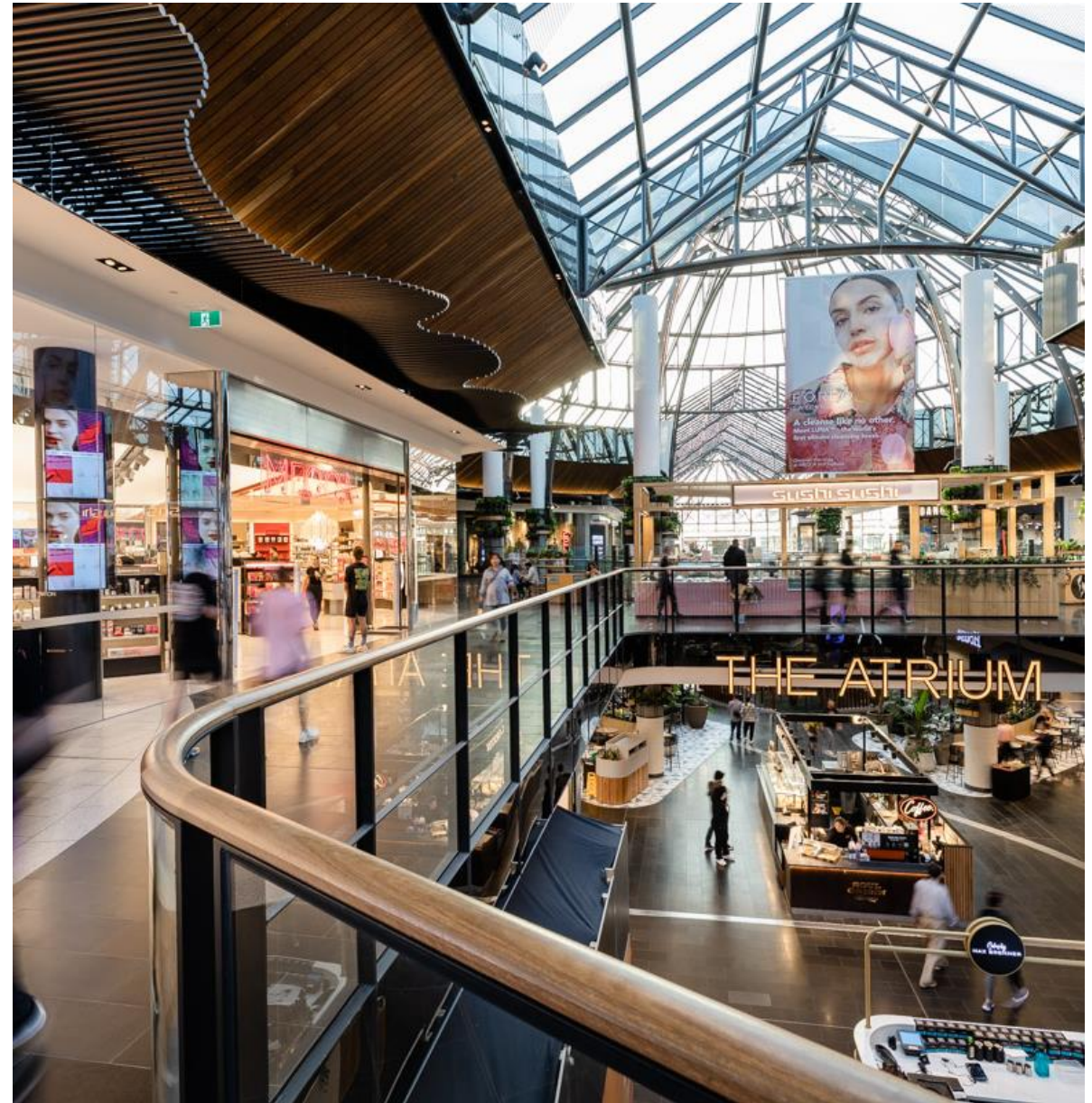
# Outlook and 2024 Guidance

## Outlook

- Operating environment remains uncertain, however interest rates appear close to peak and inflation is trending lower. Transaction market remains subdued but is expected to improve as bond yields stabilise
- Retail sales growth moderated in 2H 2023, however we expect our portfolio to continue to benefit from high occupancy and fixed rental increases
- Office leasing market expected to remain competitive with elevated vacancy, new supply and subdued demand. Despite 11% expiry in 2024 we are targeting the Office portfolio to deliver a net income result in line with 2023
- Our Logistics portfolio is well positioned to benefit from favorable market conditions, positive leasing spreads and development

## 2024 Guidance

- GPT expects to deliver FFO of approximately 32.0 cents per security and a distribution of 24.0 cents per security
- Net income growth across the diversified portfolio is expected to be offset by higher interest costs. Trading profits from contracted sales at Sydney Olympic Park are expected to contribute circa 4% of FFO, which is higher than the historical average
- Higher Office lease incentives and a lower distribution payout ratio from GWOF impacts free cash flow and the 2024 distribution



Highpoint Shopping Centre, VIC



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gpt



Thank you  
for joining us

Questions

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All values are expressed in Australian currency unless otherwise indicated. Some totals may not add up to 100% due to rounding.

Funds from Operations (FFO) is reported in the Segment Note disclosures which are included in the financial report of The GPT Group for the 12 months ended 31 December 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 (QLT) respectively.