



GMF Annual Result

11 August

2015

**GPT** | METRO OFFICE FUND

# 2015 Annual Result Highlights

On track to exceed PDS guidance

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## Exceeding PDS guidance Allotment to 30 Jun 15

11.28<sub>c</sub>

Earnings per unit

10.15<sub>c</sub>

Distribution per unit

## Solid capital management

\$2.09

NTA per unit

28.9%

Net gearing

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

\$401.8<sub>m</sub>

Asset portfolio  
representing a \$24.0m  
net revaluation uplift

95.5%

Office occupancy<sup>1</sup>

## Revised Guidance<sup>2</sup> from Allotment to 31 Dec 15

19.12<sub>c</sub>

Earnings per unit  
3% above PDS

17.80<sub>c</sub>

Distribution per unit  
2% above PDS

1. Including rental guarantees.

2. Earnings per unit for the eight months to 30 June 2015 of 11.28 cents plus the six months to 31 December 2015 of 7.84 cents. Distribution per unit for the eight months to 30 June 2015 of 10.15 cents plus the six months to 31 December 2015 of 7.65 cents.

# Revised Forecast

In light of activity post the release of the PDS

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## Distributable Earnings / Funds From Operations (FFO)

<b>EPU</b>	<b>Allotment to 30 June 2015</b>	<b>Six months ending 31 December 2015</b>	<b>14 months ending 31 December 2015</b>
PDS Forecast at Issue	10.33 cents	8.23 cents	18.56 cents
Adjustment since listing			+ 0.56 cents
<b>Revised Forecast</b>	<b>11.28 cents</b>	<b>7.84 cents</b>	<b>19.12 cents</b>

## Distribution

<b>DPU</b>	<b>Allotment to 30 June 2015</b>	<b>Six months ending 31 December 2015</b>	<b>14 months ending 31 December 2015</b>
PDS Forecast at Issue	9.81 cents	7.65 cents	17.46 cents
Adjustment since listing			+ 0.34 cents
<b>Revised Forecast</b>	<b>10.15 cents</b>	<b>7.65 cents</b>	<b>17.80 cents</b>

# 2015 Annual Result Summary

## Financial summary

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Allotment to 30 June 2015 (\$m)	Actual	PDS	Change (%)
Net Profit After Tax (NPAT)	35.7	13.7	▲ 160.9
Less: Valuation increases	(24.0)	0.0	
Add: Treasury items marked to market	3.5	0.0	
Less: Other items <sup>1</sup>	(0.8)	(0.5)	
<b>Distributable Earnings / Funds From Operations (FFO)</b>	<b>14.4</b>	<b>13.2</b>	<b>▲ 9.1</b>
Divided by: Number of units on issue (million)	127.6	127.6	
<b>Funds From Operations per unit (cents)</b>	<b>11.28</b>	<b>10.33</b>	

1. Other items includes 3 Murray Rose Avenue site access rent, rental guarantees, straight lining of leases and amortisation of lease incentives.

# 2015 Annual Result Summary

Exceeding PDS forecast

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Allotment to 30 June 2015 (\$m)	Actual	PDS	Change (\$m)
Portfolio net income	16.6	15.5	▲ 1.1
Net financing costs	(2.4)	(2.6)	▼ 0.2
Responsible Entity fee	(1.6)	(1.5)	▲ 0.1
Management and administrative expenses	(0.5)	(0.7)	▼ 0.2
Other items <sup>1</sup>	2.3	2.5	▼ 0.2
<b>Distributable Earnings / Funds From Operations</b>	<b>14.4</b>	<b>13.2</b>	<b>▲ 1.2</b>
Retained earnings	1.4	0.7	▲ 0.7
<b>Distribution</b>	<b>13.0</b>	<b>12.5</b>	<b>▲ 0.5</b>
Distribution per unit (cents)	10.15	9.81	▲ 0.34

Vantage and  
early ASX listing

10 bps lower  
average cost of debt

30 bps of GAV per half

90% payout ratio

1. Other items includes 3 Murray Rose Avenue and Quads rental guarantee income.

# Capital Management

Strong balance sheet with conservative gearing

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	30 June 2015	PDS <sup>1</sup>		Change
Net tangible assets per unit	\$2.09	\$1.91	▲	9.4%
Total borrowings	\$119.5m	\$134.7m	▼	11.3%
Net gearing	28.9%	35.3%	▼	640 bps
Weighted average cost of debt	4.8%	4.9%	▼	10 bps
Weighted average term to maturity	3.6 years	-		-
Interest cover ratio	6.7 times	-		-
Weighted average term of interest rate hedging	5.3 years	-		-
Average interest rate hedging over hedge term	71%	-		-

1. Pro forma for completion of the 3 Murray Rose Avenue development.

# Fund and Portfolio Updates

An asset management focus

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## Index Inclusion

- **Standard & Poor's (S&P)/ASX 300 Index**  
from 20 March 2015

## Leasing Activity

- **Vantage, Hawthorn**  
Fusion Retail Brands surrender agreement achieved
- **McConnell Dowell signed 7 year lease extension**  
to March 2023, reducing near-term lease expiry risk  
at Vantage in Hawthorn
- **5 tenancies (1,950 sqm) leased or renewed**  
across Quads 2 and 3 in Sydney Olympic Park,  
ahead of forecast

## Asset Updates

- **Optus Centre, Fortitude Valley**  
5 star NABERS Energy rating
- **3 Murray Rose Avenue** development completion



# 3 Murray Rose Avenue

Sydney Olympic Park, NSW

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## Successful Development Completion

- \$83 million development
- Located adjacent to 5 Murray Rose Avenue
- Reached Practical Completion in March 2015
- Fully leased to Samsung to March 2022
- 5 star Green Star design rating
- Targeting 5 star NABERS Energy and Water Ratings





# Portfolio Summary

Quality portfolio of A-Grade assets

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Property	State	Fair Value	Office NLA	Cap Rate	WALE <sup>1</sup>
3 Murray Rose Avenue, Sydney Olympic Park	NSW	\$82.8m	13,300 sqm	7.00%	6.7 years
5 Murray Rose Avenue, Sydney Olympic Park	NSW	\$80.5m	12,300 sqm	7.00%	8.8 years
Quad 2, Sydney Olympic Park	NSW	\$26.5m	5,100 sqm	7.75%	4.0 years
Quad 3, Sydney Olympic Park	NSW	\$26.8m	5,200 sqm	7.75%	3.6 years
Vantage, Hawthorn	VIC	\$66.0m	12,300 sqm	7.50%	4.4 years
Optus Centre, Fortitude Valley	QLD	\$119.2m	16,200 sqm	7.25%	6.6 years
<b>Total</b>		<b>\$401.8m</b>	<b>64,400 sqm</b>	<b>7.26%</b>	<b>6.3 years</b>

1. By income. Includes rental guarantees.

# Australian Metropolitan Office Markets

Lower levels of supply and demand with rental growth indicate a stable outlook

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## Demand tracking economic growth

- Modest metro office demand at 0.9% per annum

## Balanced fundamentals

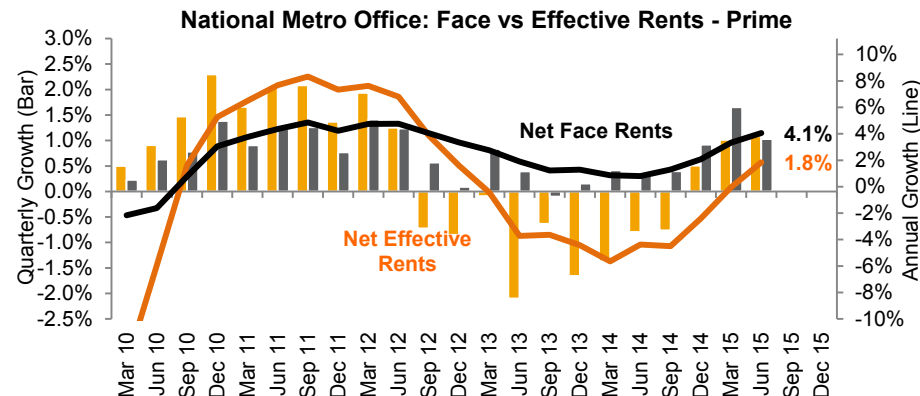
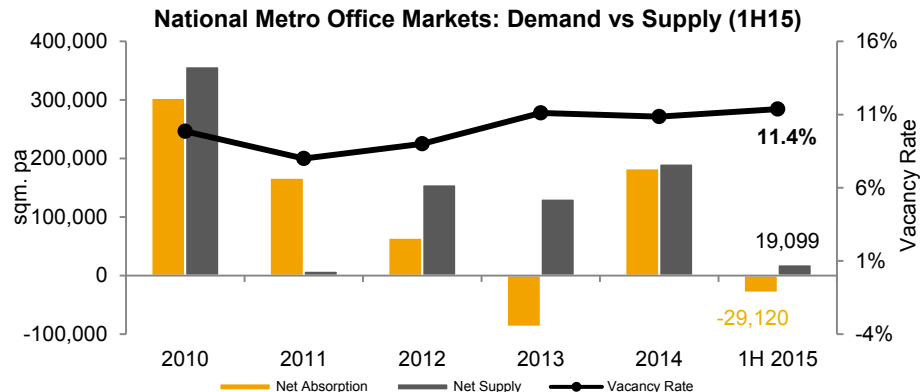
- Office demand has resulted in reduced net absorption, but there is limited net supply

## Continued growth in rents

- Face and effective rents experienced solid recovery from 2014 trough

## Liquidity in metro markets

- \$1.8 billion in asset transactions in the first half of 2015



# Sydney Metropolitan Office Markets

Solid rental growth being achieved with downward pressure on incentives

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## NSW economic growth on trend

- 2.8% per annum in line with long-term average

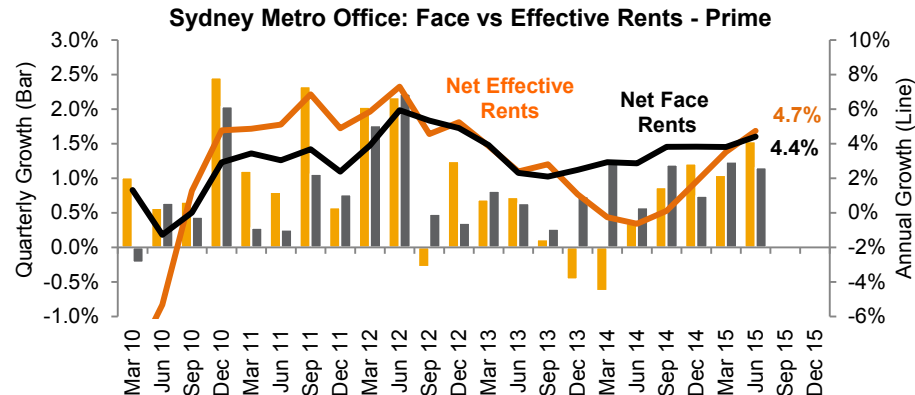
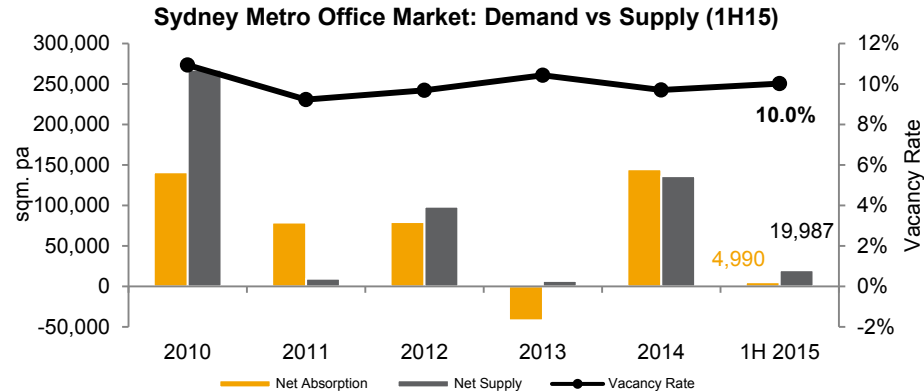
## Positive growth in office demand

- 0.7% growth per annum has had minimal effect on net absorption

- Net supply lower than 2014 but exceeding net absorption

## Sustained growth in effective rents

- Positive face rent growth and a reduction in incentives has led to solid net effective rental growth



# Melbourne Metropolitan Office Markets

State economic and office employment growth leading to higher rents

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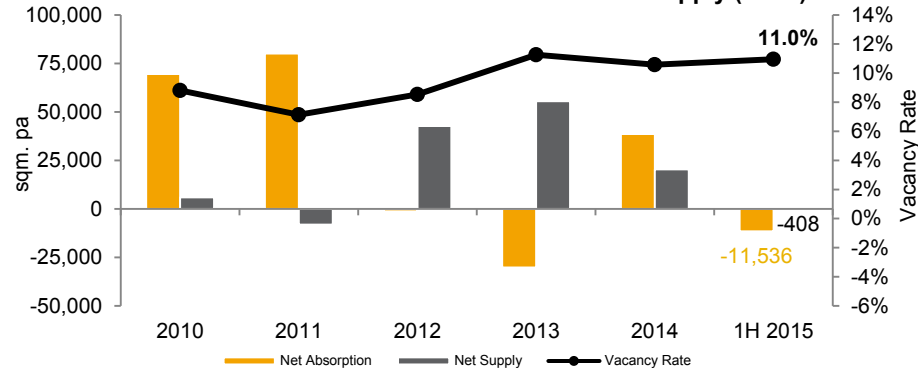
## VIC economy the fastest in Australia

- 2.9% growth per annum

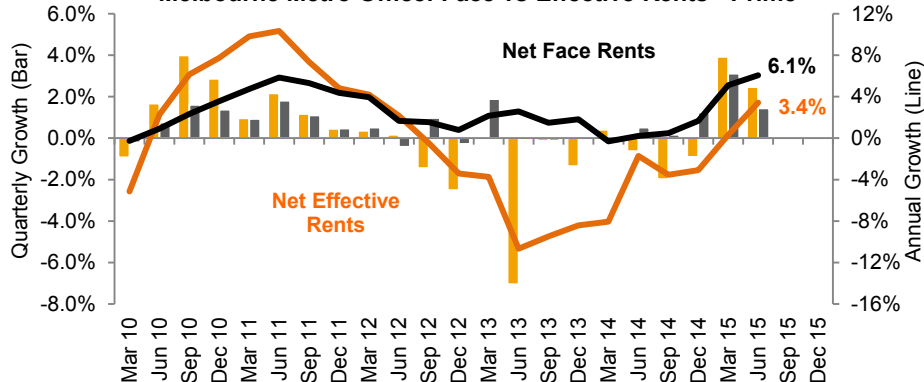
## Fundamentals pushing up rents

- Metro office demand growing at a relatively higher rate than other states at 1.4% per annum
- Not yet translating into positive net absorption of office accommodation
- Low net supply has helped deliver strong growth in net face and effective rents

Melbourne Metro Office Market: Demand vs Supply (1H15)



Melbourne Metro Office: Face vs Effective Rents - Prime



# Brisbane Metropolitan Office Markets

Soft fundamentals continue however weakness is abating

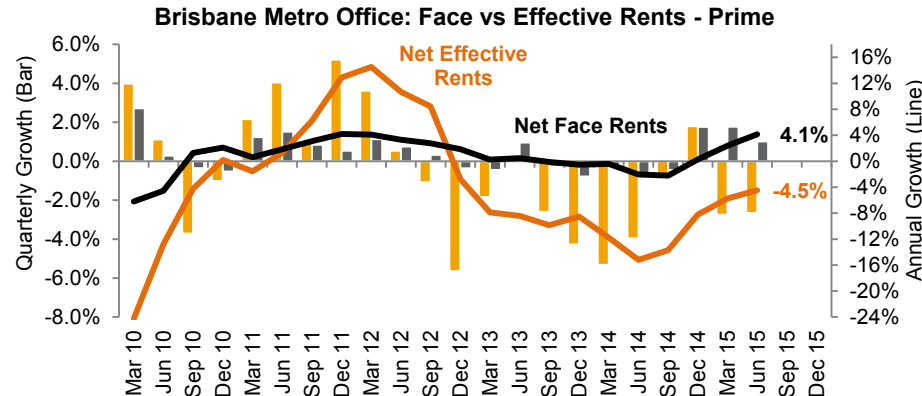
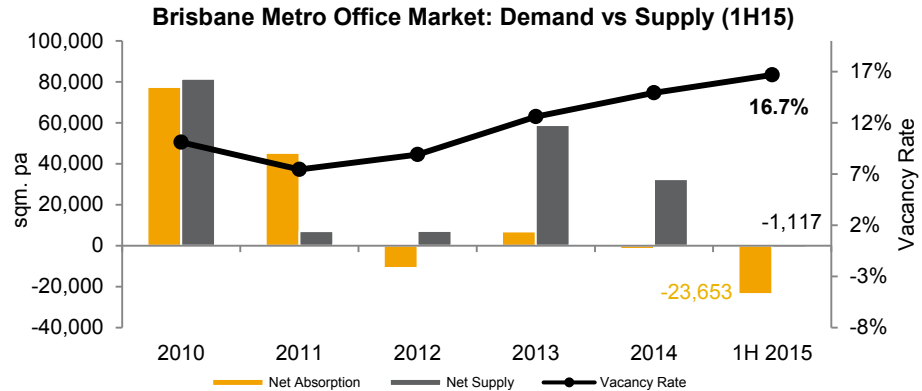
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## Weak conditions for QLD economy

- 1.6% contraction, with office based employment growth flat

## Soft fundamentals for office

- Demand conditions have lead to negative net absorption offset by low net supply, has resulted in moderate softening in vacancy
- Net effective rents continue to decline as incentives remain elevated albeit slowing, with a trough evident in mid 2014





# Our Outlook

Rental growth in Sydney and Melbourne indicates upside for GMF

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## Metro Office Markets

- Stable outlook nationally, with best performance in Sydney and Melbourne
- Rental growth evident in all markets
- Weight of capital still placing downward pressure on cap rates

## Portfolio Priorities

- Leasing available space at Vantage in Hawthorn
- Lease retail vacancy at Optus Centre, Fortitude Valley
- Renew or re-lease smaller tenancies at the Quads, Sydney Olympic Park

## Guidance

For the period from Allotment to 31 December 2015:

- Earnings 19.12 cents per unit
- Distribution 17.80 cents per unit

# GPT Metro Office Fund

- A focus on quality assets
- Delivering sustainable returns to investors
- Maintaining a conservative capital structure
- A favourable outlook for metro office markets



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Information is stated as at 30 June 2015 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 26 May 2014 to 30 June 2015.

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.