

2 August 2016

GPT Metro Office Fund presents strong 2016 Annual Result

FY 2016 key financial and operational highlights

- Net profit after tax of \$51.3 million
- Earnings per unit¹ of 16.24 cents
- Distribution per unit of 15.35 cents
- Net tangible assets (NTA) per unit of \$2.33
- Total unitholder return since IPO of 32.2%

The GPT Metro Office Fund (GMF or the Fund) today released a market presentation outlining its 2016 Annual Result, delivering a NPAT of \$51.3 million for the 12 months to 30 June 2016. Funds From Operations were \$20.9 million over the period, resulting in earnings per unit of 16.24 cents.

GMF Fund Manager Chris Blackmore said: "The strong result was driven by asset revaluations, additional income from the completion of the 3 Murray Rose Avenue development, continued leasing success at Sydney Olympic Park and surrender payments at the Optus Centre in Fortitude Valley."

Disciplined capital management

As at 30 June 2016, GMF had net gearing of 28.1 per cent and a weighted average cost of debt of 4.6 per cent. During the period the Fund renegotiated its debt facilities resulting in an extended weighted average debt maturity and reduced financing costs.

Solid portfolio metrics

GMF delivered a \$35.8 million asset revaluation uplift, increasing the total portfolio value to \$440.3 million, a 9.6 per cent increase for the 12 months to 30 June 2016. During the 12 months to 30 June 2016, all six of the Fund's assets showed valuation increases.

The valuation increases across the portfolio were consistent with capitalisation rate movements in metropolitan office markets across Australia during the year.

The Fund's office occupancy was 94.9 per cent at the end of the period, with a weighted average lease expiry (WALE) of 5.5 years.

Leasing success

The Fund has re-leased or negotiated heads of agreement over three tenancies at Quads 2 and 3 at Sydney Olympic Park since the start of 2016, with no space currently available.

At Vantage, the Fund's property in Hawthorn, 800 square metres has been leased as at July 2016 with heads of agreement over approximately 1,600 square metres for a lease commencing in November 2016. The Fund has received good levels of interest from prospective tenants on the remaining 1,300 square metres of vacant space at Vantage.

¹ Earnings is defined as Distributable Earnings / Funds From Operations.

Since the Fund listed on the ASX in October 2014, GMF has executed 17 new leases and Heads of Agreement across 9,700 square metres, or 15 per cent of its portfolio, with a WALE of 5.8 years. Further, since listing the Fund has benefitted from the successful delivery of Samsung's Australian Headquarters, totalling 13,000 square metres, at 3 Murray Rose Avenue in Sydney Olympic Park.

Metropolitan office markets

The withdrawal of space across the Australian metropolitan office market in 2016 has helped keep the national vacancy rate broadly stable and is now at 10.6 per cent. Sydney and Melbourne have been the strongest performing metropolitan office markets, reflecting the relative outperformance of the NSW and Victorian economies compared to the rest of Australia.

The Sydney metropolitan office market has now seen net absorption outstrip supply for more than two years running, pushing the overall vacancy rate down to 7.8 per cent.

"We expect the strong fundamentals in the Sydney metropolitan office market, where GMF has 55 per cent of its portfolio, to continue with forecast future supply over the next three years at just 2.8 per cent of total stock," Mr Blackmore said.

"The outlook for Melbourne's metropolitan office market is similarly positive with the forecast future supply over the next three years at 1.7 per cent of total stock."

IBC recommendation of the Growthpoint Offer

Since April 2016, GMF has been the subject of competing proposals from Growthpoint² and Centuria³ to acquire all of the outstanding units in the Fund. GMF established an Independent Board Committee (IBC) comprising the independent directors of the Responsible Entity, to manage the process of assessing these proposals. On 1 August 2016, GMF released a Target's Statement in relation to the Growthpoint offer with an IBC recommendation that GMF unitholders accept the Growthpoint offer, in the absence of a superior proposal. Subsequently, also on 1 August 2016, Centuria announced that it would not be proceeding with its proposal to make an off-market takeover offer to acquire all of the outstanding units in GMF.

Earnings guidance

The Fund's earnings guidance for FY 2017 is 16.9 cents per unit, implying annual growth of 4.1 per cent. This guidance assumes a signed lease over approximately 1,600 square metres of the Level 1 space at Vantage in Hawthorn, consistent with the agreed terms.

Market briefing

GMF will hold its market briefing in relation to the 2016 Annual Result at 10:00am (AEST) today, 2 August 2016. The market briefing will be webcast via the website (www.gptmetroofficefund.com.au).

– Ends –

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² Growthpoint Properties Australia Limited as responsible entity for the Growthpoint Properties Australia Trust.

³ Centuria Property Funds Limited as responsible entity of Centuria Metropolitan REIT.