

10 February 2016

GPT Metro Office Fund interim earnings exceed revised guidance

1H 2016 Key Financial and Operational Highlights

- Net Profit After Tax (NPAT) of \$18.3 million
- Earnings Per Unit¹ of 7.97 cents
- Distribution per unit of 7.65 cents
- \$9.4 million asset valuation uplift from 3 Murray Rose Avenue and 5 Murray Rose Avenue assets
- Net Tangible Assets (NTA) per unit up 3.1% to \$2.15

The GPT Metro Office Fund (GMF) today announced its interim profit result, delivering NPAT of \$18.3 million for the six months to 31 December 2015. This result exceeded the NPAT forecast in its Initial Public Offer (IPO) Product Disclosure Statement (PDS) by 68.1 per cent.

GMF Fund Manager, Chris Blackmore, said it was pleasing to note that earnings per unit for the period from IPO Allotment to 31 December 2015 exceeded the PDS forecast by 3.7 per cent, driven in part by higher Funds From Operations (FFO) earnings resulting from a slightly longer listing period, increased net property income, interest savings and establishment cost savings.

The Fund delivered earnings per unit of 7.97 cents for the six months to 31 December 2015. The declared distribution of 7.65 cents per unit was in line with PDS guidance.

Disciplined Capital Management

As at 31 December 2015, GMF had gearing of 28.3 per cent. During the period, the Fund refinanced both of its loans, extending its debt tenor to 4.1 years. Over the six months to 31 December 2015, the Fund's weighted average cost of debt was reduced by 20 basis points to 4.6 per cent.

Increase in Frequency of Distribution Payments

GMF will move to paying its distributions on a quarterly basis, commencing in March 2016, providing investors more regular income returns.

Solid Portfolio of Quality Assets

"The Fund is well positioned to benefit from the ongoing strength of the Australian eastern seaboard metropolitan office markets with its six properties all being well located," Mr Blackmore said. GMF experienced a \$9.4 million asset revaluation uplift, with the value of its portfolio increasing to \$412.9 million as at 31 December 2015. Portfolio occupancy was a high 94.1 per cent with a long weighted average lease expiry of 5.9 years.

Leasing Achievements

The Fund continued to focus on active asset management and leasing. GMF has secured the re-leasing of a further two tenancies at Quads 2 and 3 at Sydney Olympic Park, bringing the total number of tenancies leased at the Quads since the IPO to seven tenancies, ahead of forecast.

At the Fund's Vantage asset in Hawthorn, the refurbishment of the Level 1 space is now complete, and includes a new reception area and change facilities. Overall tenant amenity at the asset is being improved with works to upgrade the building's lobby and install new End of Trip facilities. The Fund has also secured the renewal of the café operator's lease for a further five years.

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

Metropolitan Office Markets

Mr Blackmore said metropolitan office markets nationally had seen overall vacancy rates fall slightly to 10.8 per cent, while favourable demand and supply fundamentals continued to support rental growth over 2015. “Sydney and Melbourne’s metropolitan office markets saw the strongest rental growth thanks to the relative strength of their economies compared to the rest of the country,” Mr Blackmore said.

“In Sydney, where GMF has half of its portfolio, the metropolitan office market continues to benefit from the healthy NSW economy and the low level of supply. Melbourne saw the best rental growth, buoyed by strong demand for office space and Victoria finishing the year as the strongest state economy,” Mr Blackmore said.

Outlook

GMF is forecasting earnings of between 16.1 cents and 16.3 cents per unit, and a distribution of 15.35 cents per unit for the 2016 financial year.

Market Briefing

GMF will be providing a market briefing at 10:00am (AEDT) today, 10 February 2016. The market briefing will be webcast via the website (www.gptmetroofficefund.com.au).

– Ends –

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