

9 June 2020

Valuation and Distribution Update

The GPT Group (“GPT” or “Group”) today announced that it has independently revalued its retail portfolio as at 31 May 2020. In addition, all assets in the GPT Wholesale Office Fund (“GWOFF”) and the GPT Wholesale Shopping Centre Fund (“GWSCF”) have been independently revalued as at 31 May 2020. The Group is also providing an update on the timing of the announcement of its 2020 interim distribution and its amended distribution policy.

Retail Portfolio Valuation Update

As at 31 May 2020, the Group has had its seven directly held retail assets independently valued. The revaluations have resulted in a reduction in value of \$476.7 million, or approximately 8.8 per cent compared to the 31 December 2019 book value.

| Assets valued | Interest | May 20 Valuation (\$m) | May 20 Fair Value Change (\$m) | May 20 Fair Value Change | May 20 Cap Rate | Cap Rate Movement |
|---------------------------|----------|------------------------|--------------------------------|--------------------------|-----------------|-------------------|
| Casuarina Square | 50% | 207.8 | -41.2 | -16.6% | 6.25% | +25 bps |
| Charlestown Square | 100% | 865.0 | -139.2 | -13.9% | 5.5% | +25 bps |
| Highpoint Shopping Centre | 16.7% | 358.3 | -56.5 | -13.6% | 4.5% | +25 bps |
| Melbourne Central | 100% | 1,588.5 | -41.7 | -2.6% | 4.54% | Nil |
| Rouse Hill Town Centre | 100% | 640.2 | -43.0 | -6.3% | 5.5% | Nil |
| Sunshine Plaza | 50% | 612.5 | -75.1 | -10.9% | 5.0% | +25 bps |
| Westfield Penrith | 50% | 655.5 | -80.0 | -10.9% | 5.0% | +25 bps |
| Total | | 4,927.8 | -476.7 | -8.8% | | |

Commenting on the revaluations, GPT’s Chief Executive Officer Bob Johnston said: “The retail asset revaluations reflect the independent valuers’ assessment of the effects that COVID-19 and the subsequent social restrictions have had on our retail assets. This has generally been reflected in lower market rental growth rates, increased vacancy and abatement allowances and some softening in investment metrics.

In recent weeks it has been pleasing to see a significant increase in activity at our retail assets as restrictions have been eased. Across our regional shopping centres we now have approximately 90 per cent of stores open and foot traffic has returned to approximately 85 per cent of the level at the same time last year.”

Wholesale Fund Valuations

Separately, all assets owned by GWOFF and GWSCF have been independently revalued as at 31 May 2020. GWOFF recorded a negative revaluation of \$34 million, representing a decline in book value of 0.4 per cent against the 31 March 2020 book value. GWSCF recorded a negative revaluation of \$137.6 million, representing a decline in book value of 3.5 per cent against the 31 March 2020 book value.

GPT’s ownership interest in GWOFF is 22.3 per cent, while its ownership interest in GWSCF is 28.5 per cent.

Notes:

1. The May 2020 retail valuations are unaudited.
2. Regional shopping centres exclude Melbourne Central.

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2020 Interim Distribution and Policy Update

GPT has previously declared its interim and final distributions prior to balance date. As a result of the uncertainty created by the effects of the COVID-19 pandemic and the application of the mandatory Code of Conduct, the Group is adjusting the timing of the declaration of its distributions to coincide with the release of the Group's financial results in February and August each year.

In addition, the Group is amending its distribution payout policy to align with free cashflow. Under the amended payout policy, GPT will target to distribute 95 to 105 per cent of Free Cashflow, defined as operating cashflow less maintenance and leasing capex and inventory movements. The Group's previous policy was to distribute 95 to 105 per cent of Adjusted Funds from Operations, defined as Funds From Operations less maintenance and leasing capex.

The above changes will take effect commencing with the Group's 2020 interim distribution. The timing of the distribution payment to securityholders is not expected to materially change from prior periods.

Outlook and Guidance

As announced on 19 March, in light of the measures implemented by the Federal and State governments and business to slow the spread of the COVID-19 virus, and the current uncertainty in relation to the duration and impact of the pandemic on our operations, GPT has withdrawn its FY20 FFO and distribution guidance.

GPT will have all Group investment properties independently valued as at 30 June 2020 and will release its interim results on Monday, 10 August, at 10am.

-ENDS-

Authorised for release by the GPT Group Board.

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