



For Immediate Release

## GLP REPORTS SOLID OPERATIONAL PERFORMANCE AND CONTINUED FUND MANAGEMENT GROWTH

- **GLP 3Q FY17 core earnings up 22%**
  - **Same-property net operating income up 6.9% YTD**
  - **Development profit of US\$181m YTD, representing 91% of FY17 target**
  - **Fund management fees up 20%**

US\$ million	3Q FY17	3Q FY16	YoY Change	YTD 3Q FY17	YTD 3Q FY16	YoY Change
Revenue	232	199	17%	653	578	13%
Earnings (PATMI)	171	184	(7%)	547	566	(3%)
Core Earnings <sup>1</sup>	172	141	22%	470	396	19%
Core Earnings (ex reval) <sup>1</sup>	78	70	11%	215	171	25%

**Singapore, 9 February 2017** – GLP, the leading global provider of modern logistics facilities, today reported solid operational performance and continued fund management growth for the three months ended 31 December 2016 (“3Q FY17”).

Mr. Ming Z. Mei, Chief Executive Officer of GLP said: “Demand for GLP’s logistics facilities remains robust globally, with new and renewal leases up 42% year-on-year. New developments are proceeding at a healthy pace, in line with our projections, as we continue to maintain sound investment discipline while growing our portfolio. Our fund management platform continues to deliver strong performance and is a key area of growth going forward.”

<sup>1</sup> Core earnings includes revaluation changes related to development profit (recurring part of GLP’s earnings stream) and NOI growth. To enable comparability, core earnings adjusts for non-recurring items such as revaluation changes related to cap rate and discount rate adjustments, foreign exchange gains/losses and gains/losses from dispositions. Please refer to page 11 of the 3Q FY17 supplemental for further information

3Q FY17 earnings (PATMI) were US\$171 million, 7% lower year-on-year mainly due to a one-time syndication gain in 3Q FY16 related to GLP's first US portfolio and higher non-cash accounting foreign exchange losses in 3Q FY17. On a core basis (adjusted for non-recurring items), 3Q FY17 earnings were 22%<sup>1</sup> higher year-on-year, driven by higher asset values from NOI growth, growth in operations and the continued expansion of GLP's fund management platform.

### Operational Highlights

Group same-property net operating income ("NOI") was up 6.9% year-to-date 3Q FY17. There continues to be significant customer demand for GLP's logistics facilities globally, with Group new and renewal leases up 42% year-on-year to 3.3 million sqm (36 million square feet). Positive market fundamentals translated into a high global lease ratio of 92%, rent growth on renewal leases of 6.8% and customer retention of 73%.

GLP's operations in China remained stable quarter-on-quarter, with the lease ratio unchanged at 87%. GLP remains positive on the medium to long term outlook for China and sees growing demand from the organized retail, auto parts and cold storage sectors.

Asset values across GLP's portfolio continue to increase. During the period, average cap rates in China and Brazil compressed 11 and 29 basis points to 6.3% and 10.5% (revenue yield) respectively.

### Development Highlights

Customer demand drives GLP's development program. In 3Q FY17, the Group started US\$294 million and completed US\$337 million of development projects. The Company maintains sound investment discipline with a focus on locations that are seeing solid demand and limited supply. For example, new developments started by GLP in China in 3Q FY17 were located in markets that had an average lease ratio of 89%.

Development profit is a regular and recurring part of GLP's earnings stream. The Group remains on track to record US\$200 million<sup>2</sup> of development profit in FY17 and has met 91% of its target year-to-date. To date, the Company has met 56% and 68% of its starts (US\$2.1 billion) and completions (US\$1.5 billion) targets respectively, while generating a development profit margin of 29%<sup>3</sup>.

### Fund Management Highlights

GLP's fee-generating capital base continues to grow, delivering a higher recurring source of income. In 3Q FY17, the Company generated US\$45 million of fund management fees, up 20% year-on-year.

GLP's US\$38 billion AUM platform comprises 17 private capital partners. US\$26 billion of AUM is invested and fee-generating and a further US\$12 billion of uncalled capital will generate additional fund management fees as it is invested. The fund management business provides GLP with a platform to monetize development profit and recycle capital. As part of the

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<sup>2</sup> Based on expected completions of US\$800 million (GLP share) and 25% target development profit margin upon stabilization

<sup>3</sup> Based on development stabilizations during the period and reflects total development profit upon stabilization

Company's capital recycling policy, GLP continues to explore all options to expand its fund management platform in new and existing markets.

Demand from institutional investors to partner with GLP remains strong. In December 2016, GLP established its third US core fund with a total investment capacity of US\$1.5 billion<sup>4</sup>. The Fund includes a US\$400 million mandate for acquisitions in the US that satisfy the fund's criteria. Six leading global institutional investors from Asia, the US and Middle East are under contract for a 90%<sup>5</sup> stake. Subsequent to quarter end, GLP has completed the transfer of 26% and received US\$85 million cash. The other capital investors are expected to fund their share in stages between February and April 2017, with GLP expected to retain a stake of approximately 10%.

#### Capital Management Highlights

GLP's financial position remains strong, with cash of US\$1.5 billion and net debt to assets of 30% on a look through basis following the syndication of GLP US Income Partners III.

The Group will continue growing its natural hedge policy by financing operations in local currency, including issuing additional RMB-denominated bonds in the near future.

GLP's SFRS book value NAV increased 7% year-on-year to SGD 2.75/share. NAV growth was mainly driven by value creation from development and NOI growth. SFRS does not include the full value of GLP's fund management platform and future value creation from development.

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<sup>4</sup> When fully leveraged and invested

<sup>5</sup> Syndication is subject to customary regulatory approvals in investors' respective home countries and the US (as applicable)

### Independent Strategic Review

As previously announced, GLP is undertaking an independent Strategic Review of options available for its business, in line with its commitment to enhance shareholder value.

The Company has received various non-binding proposals from a number of parties in connection with the Strategic Review. A Special Committee, consisting of four independent directors and chaired by Dr. Seek Ngee Huat, Chairman of the Board, which was constituted to oversee the Strategic Review will be evaluating such proposals with the assistance of its financial adviser, J.P. Morgan (S.E.A.) Limited, and its legal adviser, Allen & Gledhill LLP.

The Company is mindful that the Strategic Review be undertaken independently and in the interests of all shareholders, and has undertaken measures to alleviate potential conflicts of interest. Mr Ming Z. Mei, the Chief Executive Officer and an Executive Director of the Company, has an interest in one of the parties which has submitted a non-binding proposal to the Company. At the commencement of the Strategic Review, Mr Mei had recused himself from all Board discussions and decisions relating to the Strategic Review.

Mr Fang Fenglei, a Non-Executive and Non-Independent Director of the Company, has an interest in one of the parties which has submitted a non-binding proposal to the Company. At the commencement of the Strategic Review, Mr Fang had recused himself from all Board discussions and decisions relating to the Strategic Review.

All discussions and dealings by the Company with prospective counterparties in connection with the Strategic Review are being and will be conducted by the Special Committee under the

oversight of the Board, with the objective of enhancing shareholder value.

No definitive transaction has been entered into by the Company with any party and there is no assurance that any transaction will materialize from the independent Strategic Review. GLP will make an announcement in the event of any material developments.

#### Earnings Call/Webcast Information

A briefing for investors and analysts is scheduled for Thursday, 9 February 2017 at 9.00 am Singapore time. Please visit our website ([ir.glprop.com](http://ir.glprop.com)) to access our webcast for the event. Questions may be submitted during the live webcast and a replay of the briefing will also be available on our website.

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#### **About GLP ([www.glprop.com](http://www.glprop.com))**

*GLP owns and manages a global portfolio of 54 million square meters, with dominant market positions in China, Japan, US and Brazil. Domestic consumption is a key driver of demand for GLP. The Company is one of the world's largest real estate fund managers, with assets under management of US\$38 billion.*

*GLP is listed on the Mainboard of Singapore Exchange Securities Trading Limited (SGX stock code: MC0.SI; Reuters ticker: GLPL.SI; Bloomberg ticker: GLP SP).*

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