

Navigating this report: Key to symbols

 This symbol indicates where to find related information within the 2016 Annual Report.

 This symbol indicates that further information can be found online at growthpoint.com.au

2016 Annual Summary

For the year ended 30 June 2016



22 August 2016

Introduction from the Chairman & Managing Director

FY16 was primarily focused on \$328.0 million of asset acquisitions, the potential \$321.0 million takeover of GMF, and leasing with over 59,000 sqm leased in FY16 and a further 39,432 sqm leased since 30 June 2016.

In FY16, Growthpoint:

- provided Securityholders with a 7.4%¹ total return;
- exceeded distributable income guidance and met distribution guidance;
- closed at a record high 30 June security price of \$3.15 and continued to increase since;
- recorded a 7.7% increase in net tangible assets per security to \$2.67;
- made a \$321 million takeover offer for the GPT Metro Office Fund (GMF);
- acquired \$328.0 million of assets in five separate transactions;
- completed over 59,000 sqm of leasing with a further 39,432 sqm completed since 30 June 2016;
- maintained its investment grade credit rating from Moody's of Baa2;
- continued to diversify the sources of its debt capital; and
- established and resourced a sustainability program.

Market guidance exceeded

Distributable income of 21.9 cps was achieved; significantly above FY16 guidance of at least 21.3 cps and 3.3% higher than FY15. Distributions totalling 20.5 cps will be paid to Securityholders for FY16 in line with guidance and 4.1% above FY15. Growthpoint has provided distributable income guidance of at least 22.2 cps for FY17 (4.2% higher than guidance for FY16) and

distribution guidance of 21.3 cps (3.9% higher than FY16). Guidance may be impacted by the takeover of GMF (refer page 4) as well as capital management initiatives.

Significant leasing helped maintain an excellent property portfolio

Over 59,000 sqm of leasing was completed in FY16 taking portfolio occupancy to 99% from 97%. Notably, the occupancy at 333 Ann Street Brisbane increased from 41% to 77%.

Since 30 June 2016, a further 39,432 sqm has been leased including 23,156 sqm to Country Road and David Jones for their new corporate head office in Richmond, Victoria for 14.5 years taking the pro forma WALE at 30 June 2016 to 6.9 years. Potential lease expiries in FY18 have been reduced from 9% at 30 June 2015 to 4% as at the date of this report and from 6% to 2% for FY19.

Thank you for your support for Growthpoint Properties Australia.

Geoff Tomlinson,
Independent Chairman
& Director

Growthpoint Properties Australia
Limited

Timothy Collyer,
Managing Director



Geoff Tomlinson
Independent Chairman



Timothy Collyer
Managing Director

Assets, profit and Securityholder returns continue to grow

Distributions

	per stapled security	Growth
FY17*	21.3c	+3.9%
FY16	20.5c	+4.1%
FY15	19.7c	+3.7%
FY14	19.0c	+3.8%
FY13	18.3c	+4.0%
FY12	17.6c	+2.9%

* Distribution guidance only excluding any change which the Directors may determine as a result of a successful GMF takeover.

Distributable income

	per stapled security	Growth
FY17*	at least 22.2c	+1.4%
FY16	21.9c	+3.3%
FY15	21.2c	+6.0%
FY14	20.0c	+3.6%
FY13	19.3c	+9.0%
FY12	17.7c	-2.2%

* Distribution guidance only, excluding any change which the Directors may determine as a result of a successful GMF takeover and any capital management initiatives.

Distributable income for FY16 was \$126.0m (FY15: \$118.9m).

Total Securityholder return comparison

per annum, over 5 years to 30 June 2016²

GOZ	19.6%
A-REIT ³	18.0%
Shares ⁴	7.2%

Other key statistics (as at 30 June 2016)

- \$1.8 billion market capitalisation
- 118th largest entity on ASX by market capitalisation
- \$224.3 million FY16 statutory profit
- \$2.67 NTA per stapled security
- 15.9% FY16 return on equity
- 42.6% balance sheet gearing
- 99% occupancy
- 6.9 year WALE⁵

Property portfolio value

as at 30 June

FY16	\$2.8B
FY15	\$2.4B
FY14	\$2.1B
FY13	\$1.7B
FY12	\$1.6B

Over the five years to 30 June 2016 Growthpoint has acquired \$1,321.4m of assets and recorded \$212.4m in net property valuation gains.

2. Source: UBS Investment Research.
3. S&P/ASX 300 Prop Index.
4. S&P/ASX Acc. Index.
5. Pro forma, including leasing announced post 30 June 2016.

Property Portfolio Overview

The property portfolio was enhanced with \$328.0 million of property acquired and over 59,000sqm of new and extended leasing during FY16. The property portfolio has 99% occupancy, weighted average annual rent reviews of 3.1% and a weighted average lease expiry of 6.9 years⁶. The property portfolio is valued at over \$2.83 billion and it continues to maintain a quality tenant base which includes Commonwealth and State government tenants, Woolworths, Linfox, ANZ Banking Group and GE Capital.

The key metrics highlight a successful year of acquisitions and leasing. The portfolio continues to deliver a steady income stream with a long WALE of 6.9 years⁶ and a reduction in the portfolio lease expiries over the next three financial years.

Top ten tenants

by passing rent as at 30 June 2016

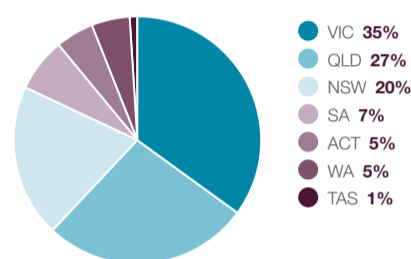
	%	WALE (yrs)
Woolworths	21	6.1
NSW Police	9	7.9
Commonwealth of Australia	6	9.7
GE Capital Finance Australasia ⁷	5	1.7 ⁷
Linfox	4	6.9
Jacobs Group	3	7.5
Energex	3	11.4
ANZ Banking Group	2	3.7
Fox Sports	2	6.5
Star Track Express	2	3.0
Total / Weighted Average	57	6.6⁶
Balance of portfolio	43	5.7
Total portfolio	100	6.9⁶

Five year performance summary

As at 30 June		FY16 ⁹	FY15 ¹⁰	FY14	FY13	FY12
Number of properties	no.	58	53	51	44	42
Total value	\$m	2,832.6	2,372.5	2,093.7	1,694.5	1,634.8
Occupancy	%	99	97	98	98	99
Like-for-like value change	\$m / % of asset value	130.2 / 5.5	186.0 / 9.0	52.1 / 3.0	30.6 / 2.0	37.0 / 3.2
Total lettable area	sqm	1,109,545	1,050,611	1,036,740	917,989	900,676
Weighted average property age	years	9.2	8.3	7.9	6.6	6.0
Weighted average valuation cap rate	%	6.9	7.3	7.9	8.4	8.3
WALE	years	6.9 ⁶	6.7	6.9	6.8	7.2
WARR ⁸	%	3.1	3.0	3.2	3.1	3.2
Average value (per sqm)	\$	2,553	2,258	2,019	1,846	1,815
Average rent (per sqm, per annum)	\$	198	183	171	162	161
FY net property income	\$m	181.2	171.8	148.7	133.4	108.9
Number of tenants	no.	116	97	90	90	87

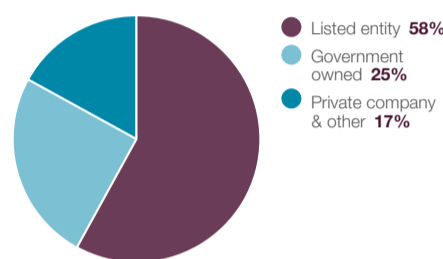
Geographic diversity

by property value as at 30 June 2016



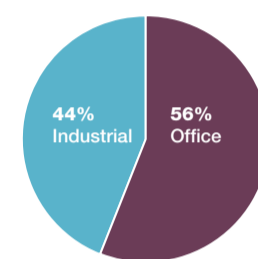
Tenant type

by gross income as at 30 June 2016



Sector diversity

by property value as at 30 June 2016

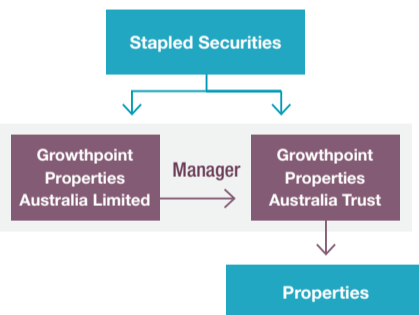


What is Growthpoint?

Growthpoint is an ASX-listed landlord with a mandate to invest in Australian office, industrial and retail real property with a portfolio currently worth \$2.8 billion.

Growthpoint is included in the S&P/ASX 200 Index (among other indices).

Owners of Growthpoint's securities own both the real properties and the manager of those properties. All properties are 100% owned by Growthpoint on its balance sheet so Growthpoint's owners have an interest in all of the properties Growthpoint owns.



Growthpoint's history

Growthpoint commenced in its current form in 2009 with \$650 million of industrial property. It has grown and diversified to now own \$1.6 billion of office property and \$1.2 billion of industrial property in every Australian State and in the Australian Capital Territory.

What we do

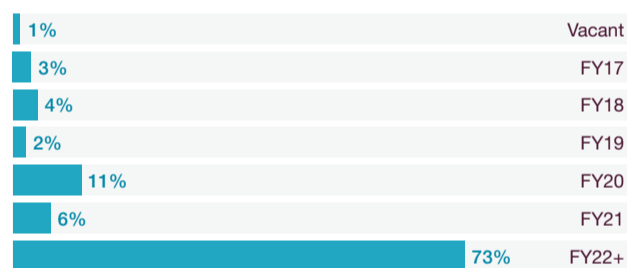
Growthpoint seeks to provide investors with a continually growing income stream with 100% of income derived from rent of properties Growthpoint owns and manages.

How we do it

Growthpoint acquires modern, well-located properties leased to quality tenants and holds these assets for the medium to long term.

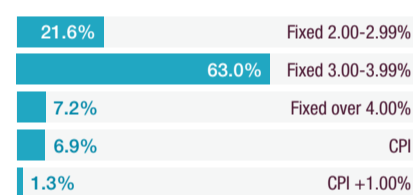
Portfolio lease expiry profile⁶

per financial year, by income



Annual rent review type*

as at 30 June 2016



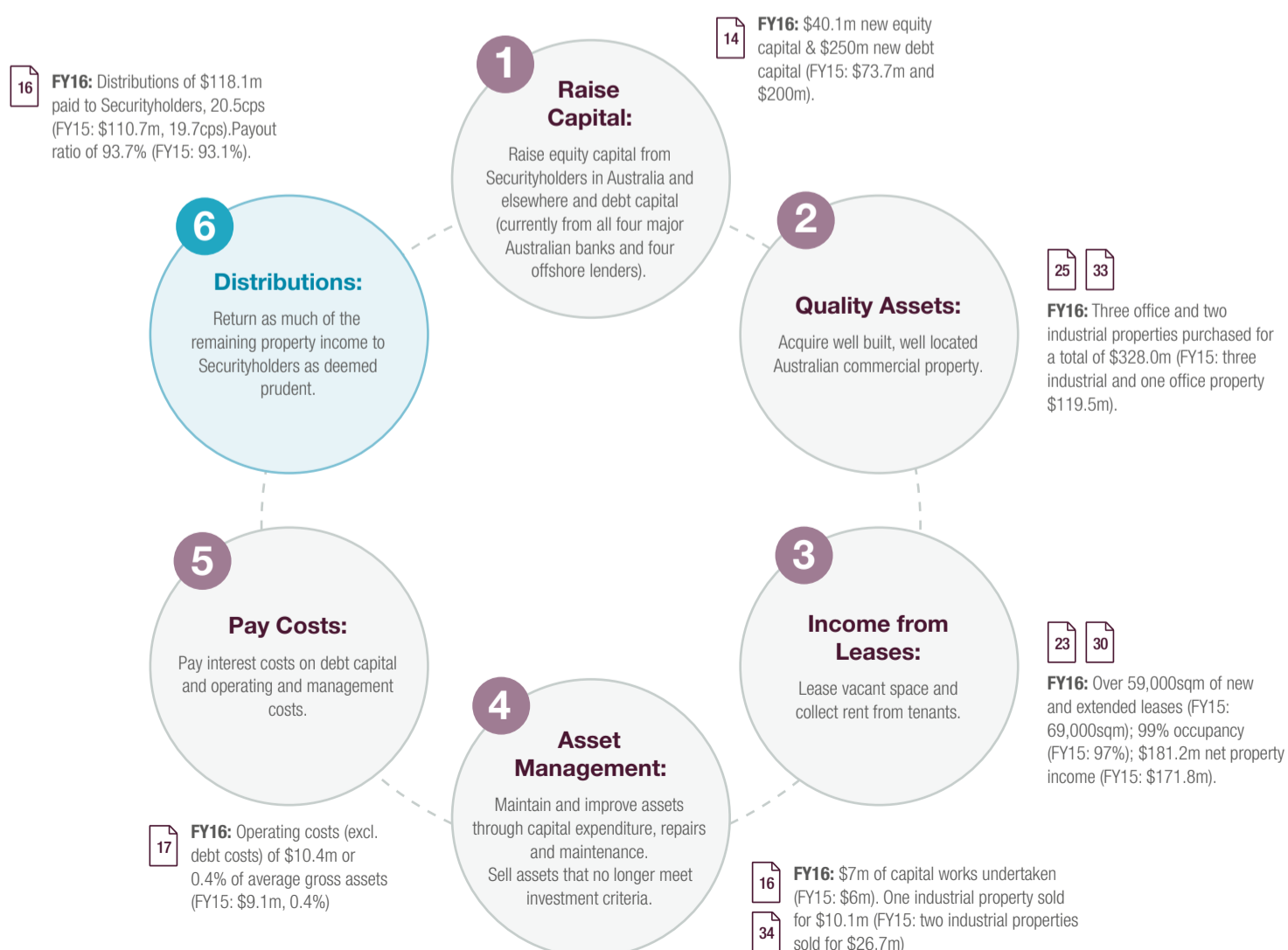
* Leases that have a minimum lease increase, typically 3%, or CPI are shown as the minimum fixed rate for the above.

Net property income per State / Territory

for the year ended 30 June 2016



Transparent business model



6. Pro forma, including leasing announced post 30 June 2016.

7. The leases to Country Road / David Jones announced after 30 June 2016, with a weighted average lease term from commencement of 14.5 years, will replace the existing lease to GE Capital Finance Australasia upon the lease expiry.

8. Assumes Consumer Price Index change of 1.0% per annum as per Australian Bureau of Statistics release for FY16.

9. Includes Building C, 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.

10. Includes Building B, 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016	Notes	2016	Restated 2015
		\$'000	\$'000
Revenue			
Property revenue	2.1	208,626	197,240
Straight line adjustment to property revenue		7,426	6,569
Net changes in fair value of investment properties	2.2	96,583	168,579
Profit on sale of investment properties		-	363
Unrealised profit on assets held for sale		163	-
Net change in fair value of derivatives		4,647	1,542
Loss on settlement of derivatives		(10,471)	(12,822)
Net investment income		306,974	361,471
Expenses			
Property expenses		(27,457)	(25,441)
Other expenses from ordinary activities		(10,407)	(9,123)
Total expenses		(37,864)	(34,564)
Profit from operating activities		269,110	326,907
Interest income		559	761
Borrowing costs	3.2	(44,982)	(44,292)
Net finance costs		(44,423)	(43,531)
Profit before income tax		224,687	283,376
Income tax expense	4.3	(418)	(372)
Profit for the period		224,269	283,004
Profit attributable to:			
Owners of the Trust		224,444	283,175
Owners of the Company		(175)	(171)
		224,269	283,004
Distribution to Securityholders	3.6	(118,134)	(110,685)
Change in net assets attributable to Securityholders / Total Comprehensive Income		106,135	172,319
Basic and diluted earnings per stapled security (cents)	3.7	38.9	50.4

Refer to section 2.1 for further information on the restatement for the year to 30 June 2015.

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2016	Notes	2016	Restated 2015
		\$'000	\$'000
Current assets			
Cash and cash equivalents		70,661	26,858
Trade and other assets	2.4	39,636	35,638
Assets held for sale	2.3	151,688	-
Total current assets		261,985	62,496
Non-current assets			
Trade and other assets	2.4	58,556	51,129
Plant & equipment		195	312
Investment properties	2.2	2,592,589	2,292,711
Deferred tax assets		709	499
Total non-current assets		2,652,049	2,344,651
Total assets		2,914,034	2,407,147
Current liabilities			
Trade and other liabilities	2.5	38,978	28,291
Distribution to Securityholders	3.6	60,062	56,334
Current tax payable		574	560
Total current liabilities		99,614	85,185
Non-current liabilities			
Interest bearing liabilities	3.1	1,242,226	890,445
Derivative financial instruments	3.3	15,353	20,000
Total non-current liabilities		1,257,579	910,445
Total liabilities		1,357,193	995,630
Net assets		1,556,841	1,411,517
Securityholders' funds			
Contributed equity	3.5	1,414,012	1,376,011
Reserves		5,036	3,847
Accumulated profits		137,793	31,659
Total Securityholders' funds		1,556,841	1,411,517

Refer to section 2.1 for further information on the restatement as at 30 June 2015.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2015	1,376,011	3,369	471	7	31,659	1,411,517
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	224,269	224,269
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	224,269	224,269
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	38,001	-	-	-	-	38,001
Distributions provided or paid	-	-	-	-	(118,134)	(118,134)
Share-based payment transactions	-	1,137	-	-	-	1,137
Deferred tax expense charged to equity	-	-	51	-	-	51
Total transactions with Securityholders	38,001	1,137	51	-	(118,134)	(78,945)
Balance at 30 June 2016	1,414,012	4,506	522	7	137,794	1,556,841
Total recognised income and expense for the year is attributable to:						
- Trust						224,444
- Company						(175)
Growthpoint Properties Australia						224,269

For the year ended 30 June 2015	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits / (losses)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2014	1,303,009	2,257	461	7	(140,660)	1,165,074
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	283,004	283,004
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	283,004	283,004
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	73,002	-	-	-	-	73,002
Distributions provided or paid	-	-	-	-	(110,685)	(110,685)
Share-based payment transactions	-	1,112	-	-	-	1,112
Deferred tax expense charged to equity	-	-	10	-	-	10
Total transactions with Securityholders	73,002	1,112	10	-	(110,685)	(36,561)
Balance at 30 June 2015	1,376,011	3,369	471	7	31,659	1,411,517
Total recognised income and expense for the year is attributable to:						
- Trust						283,175
- Company						(171)
Growthpoint Properties Australia						283,004

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 30 June 2016	Notes	2016	2015
		\$'000	\$'000
Cash flows from operating activities			
Cash receipts from customers		221,286	204,407
Cash payments to suppliers		(42,252)	(66,405)
Cash generated from operating activities		179,034	138,002
Interest paid		(44,647)	(45,263)
Taxes paid		(565)	(352)
Net cash inflow from operating activities	2.6 (b)	133,822	92,387
Cash flows from investing activities			
Interest received		559	761
Net proceeds from sale of investment properties		-	26,700
Payments for investment properties		(355,138)	(93,477)
Payments for plant & equipment		(11)	(15)
Net cash outflow from investing activities		(354,590)	(66,031)
Cash flows from financing activities			
Proceeds from external borrowings		719,584	378,044
Repayment of external borrowings		(368,138)	(357,842)
Proceeds from equity raising		40,132	73,746
Equity raising costs		(2,131)	(744)
Payment for settlement of derivatives		(10,471)	(12,822)
Distributions paid to Securityholders		(114,405)	(101,201)
Net cash (outflow)/inflow from financing activities		264,571	(20,819)
Net inflow in cash and cash equivalents		43,803	5,537
Cash and cash equivalents at the beginning of the period		26,858	21,321
Cash and cash equivalents at the end of the period	2.6 (a)	70,661	26,858

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

2016 Securityholder Calendar*

22 August

- Results for the year ended 30 June 2016 announced to ASX

31 August

- Distribution paid for the half year ended 30 June 2016
- Annual Tax Statement for year ended 30 June 2016 mailed
- FY16 Annual Report sent to Securityholders

24 November

- Annual General Meeting (webcast available for Securityholders unable to attend)

* Dates indicative and subject to change by the Board.

Company directory

Growthpoint Properties Australia

Growthpoint Properties Australia Limited

ABN 33 124 093 901; AFSL No 316409

Growthpoint Properties Australia Trust

ARSN 120 121 002

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Melbourne VIC 3000 Australia

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www.growthpoint.com.au

Investor Services Line: **1800 260 453**

info@growthpoint.com.au

Share registry

Computershare Investor Services

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Abbotsford VIC 3067 Australia

Phone (within Australia): **1300 850 505**

Phone (outside Australia): +61 3 9415 4000

Fax: +61 3 9473 2500

www.computershare.com

Auditor

KPMG

147 Collins Street,
Melbourne VIC 3000 Australia

Contacting Computershare

For direct holders for Growthpoint securities, most matters can be dealt with on-line at:

www-au.computershare.com/investor/

Note that you will require your holder identification number.

If you cannot resolve matters on-line, contact details for Computershare are:

Address:

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street,
Abbotsford, Victoria, 3067, Australia

Telephone

1300 850 505 (within Australia)

or + 61(0)3 9415 4000 (from outside of Australia)

Facsimile

+61(0)3 9473 2500

Email

webqueries@computershare.com.au

For indirect holders, i.e. holders that hold via a fund, custodian or other third party, you should contact that party. Computershare will only be able to assist those with holdings directly on Growthpoint's Securityholder register.

Growthpoint Properties Australia Trust ARSN 120 121 002
Growthpoint Properties Australia Limited ABN 33 124 093 901 AFSL 316409

This document includes some highlights from the 2016 Annual Report for Growthpoint Properties Australia but is not a fulsome annual report and does not include all of the information required to understand all of the information provided. Users should refer to the full 2016 Annual Report which is available at www.growthpoint.com.au.

Our mission

The Group seeks to provide investors with a tradeable security producing consistently growing income returns and long-term capital appreciation.

Our investment philosophy

To be a pure landlord, with 100% of income derived from rent under leases to quality tenants for commercial real estate.

Our investment offering

Growthpoint is an ASX listed real estate investment trust or A-REIT (ASX Code: GOZ), with a mandate to invest in Australian property in the industrial, office and retail sectors.

The four pillars of our investment offering are:

1. 100% investment in Australia

All of the Group's properties are located in Australia where our management understands the key markets. We have increased the diversification of the portfolio to cover every State in Australia and the Australian Capital Territory.

2. Not a developer

The Group does not operate a property development business and does not intend to take on any significant development risk. It will likely continue to purchase properties to be developed, fund construction of developments, or enter a joint venture where the Group becomes the owner of the property on completion but only where material leases are in place.

3. No funds management

The Group does not have a funds management business nor does it intend to become a fund manager. The Group intends only to manage a portfolio of properties that it owns, and accordingly the Group's income is, and will continue to be, derived solely from rental income.

4. Internalised management

The Group has internalised management via a stapled entity structure. Securityholders own both the property trust and the manager/responsible entity. There are no fees payable to external managers for operating the business and no conflicts of interest between Securityholders and the manager/responsible entity.

GROWTHPOINT
PROPERTIES



www.growthpoint.com.au

GMF takeover expected to complete in FY17

Growthpoint formally launched a \$321 million takeover offer for the GPT Metro Office Fund (GMF) on 1 July 2016.

As at the date of this report, Growthpoint had received acceptances totalling 46.97%¹¹ of GMF units and expects to gain control of the fund during FY17. The key outstanding condition of Growthpoint's current offer is minimum acceptances of not less than 50.1% of GMF's unitholders. 90% acceptances are required before Growthpoint can compulsorily acquire the remainder of outstanding GMF units. Should Growthpoint acquire 50.1% but less than 90% of GMF units by the end of the offer period, Growthpoint currently intends to replace the current responsible entity with the Company and continue to run the fund as a separately listed entity.

Growthpoint expects that obtaining 100% of GMF will be 4.9% accretive to its FY17 distributable income¹² guidance. Acquiring 50.1% is expected to be 4.1% accretive to its FY17 distributable income¹² guidance with the accretion increasing incrementally between 50.1% and 100%.

Among other benefits such as greater market capitalisation, scale and diversity, GMF will increase Growthpoint's NSW exposure from 20.0% to 24.7% and increase Growthpoint's office exposure from 56.0% to 59.5%; both of which are stated objectives for Growthpoint.

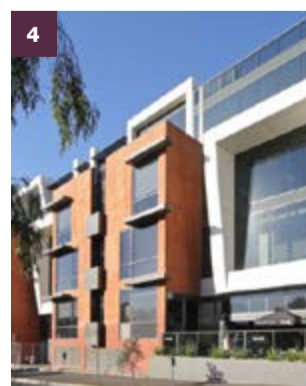
GMF key statistics

(as at 30 June 2016)

- \$440.3 million total property value
- 6.70% average capitalisation rate
- 15.5% of Growthpoint's property portfolio
- 94.9% occupancy
- 5.5 years WALE
- 100% A-grade office

GMF property portfolio statistics

	Book value	Cap rate	WALE	Lettable area	Site area	Major tenant
	\$m	%	years	sqm	sqm	
1	127.1	6.75	5.7	16,587	2,519	Queensland Urban Utilities
2	91.5	6.50	5.7	13,423	3,980	Samsung
3	90.5	6.25	7.8	12,386	3,826	Lion
4	72.9	7.00	4.7	12,477	3,529	Orora
5	29.3	7.25	2.9	5,244	6,635	Alstom Australia
6	29.0	7.25	3.1	5,145	7,788	Universities Admissions Centre
Total / Average	440.3	6.70	5.5			



11. Includes indications to accept via an institutional acceptance facility which are conditional on Growthpoint's offer being unconditional.

12. Pro forma at 1 July 2016 and excluding other possible impacts.