

# Summary of 2015 Annual Report

For the year ended 30 June 2015



Securityholder returns

**36.4%**

Total Securityholder  
 return FY15<sup>2</sup>



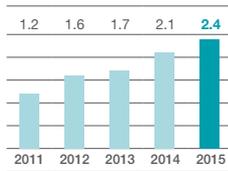
Total Securityholder return  
 per annum (%)

Group

**\$2.4B**

Portfolio value

as at 30 June 2015



Total portfolio value  
 at 30 June (\$B)

## Continued growth, consistent strategy & superior returns

During FY15, we continued to build on Growthpoint's reputation as a careful acquirer of quality assets and a deliverer of superior returns. Growthpoint delivered a 36.4% total Securityholder return versus 20.2% for the sector<sup>1</sup>.

**\$283.0m**

FY15 Statutory profit

up 141.2% from FY14

**19.7cps**

Distribution FY15

up 3.7% from FY14

**21.2cps**

FY15 distributable  
 income

6.0% higher than FY14

**\$1.8B**

Market capitalisation  
 at 30 June 2015

up from \$1.3 billion as at  
 30 June 2014

**6.6%**

Forecast  
 distribution  
 yield<sup>3</sup>

1. S&P/ASX 300 Property Accumulation Index. Source: UBS Investment Research.

2. Source: UBS Investment Research.

3. FY16 distribution yield based on 30 June 2015 closing price of \$3.13 and FY16 distribution guidance of 20.5 cps.

# Introduction from the Chairman and Managing Director

## Continued growth

"FY15 was Growthpoint's sixth year of growth in distributions, NTA and security price leading to a total Securityholder return of 36.4% and a return on equity of 23.9%"



**Geoff Tomlinson**  
Independent Chairman



**Timothy Collyer**  
Managing Director

## Our investment philosophy

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

## Creating wealth for Securityholders

Over FY15 Growthpoint:

1. provided Securityholders with a total return of 36.4%<sup>1</sup>;
2. exceeded distributable income guidance and met distribution guidance;
3. closed at a record high 30 June security price of \$3.13;
4. recorded a 14.8% increase NTA per security to \$2.48;
5. gained inclusion in the S&P/ASX 200 index and the MSCI Global Small Cap Index;
6. continued to improve the property portfolio;
7. was issued with an investment grade credit rating by Moody's of Baa2; and
8. continued to diversify the sources of its capital (debt and equity).

## Market guidance exceeded

Distributable income of 21.2 cps was achieved; significantly above guidance of 20.3-20.6 cps provided at the start of FY15 and 6.0% higher than FY14. Distributions totalling 19.7 cps will be paid to Securityholders for FY15 in line with guidance and 3.7% above FY14.

Growthpoint has provided distributable income guidance of at least 21.3 cps for FY16 (1% higher than FY15) and distribution guidance of 20.5 cps (4.1% higher than FY15)

## Excellent property portfolio maintained

Growthpoint's \$2.4 billion property portfolio remains well leased with a WALE of 6.7 years and 97% occupancy with over 69,000m<sup>2</sup> of new and extended leasing completed during the year.

Growthpoint purchased \$119.5 million<sup>2</sup> of properties, comprising one office property and three industrial properties, and disposed of two industrial properties for \$26.7 million.

## Total Securityholders return comparison

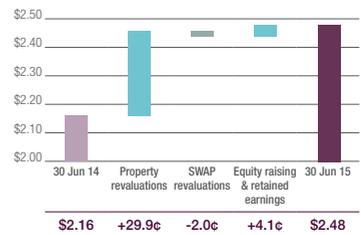
per annum, over 5 years to 30 June 2015<sup>1</sup>



1. Source: UBS Investment Research.
2. S&P/ASX 300 Prop Index.
3. S&P/ASX 300 Acc. Index.

## Movements in net tangible assets

per security



## Capital management strengthened

\$200 million of loan notes were issued, CBA was added as a lender to Growthpoint's syndicate (joining NAB, WBC and ANZ) and the average debt maturity was extended to 4.7 years.

Thank you for your support for Growthpoint Properties Australia.

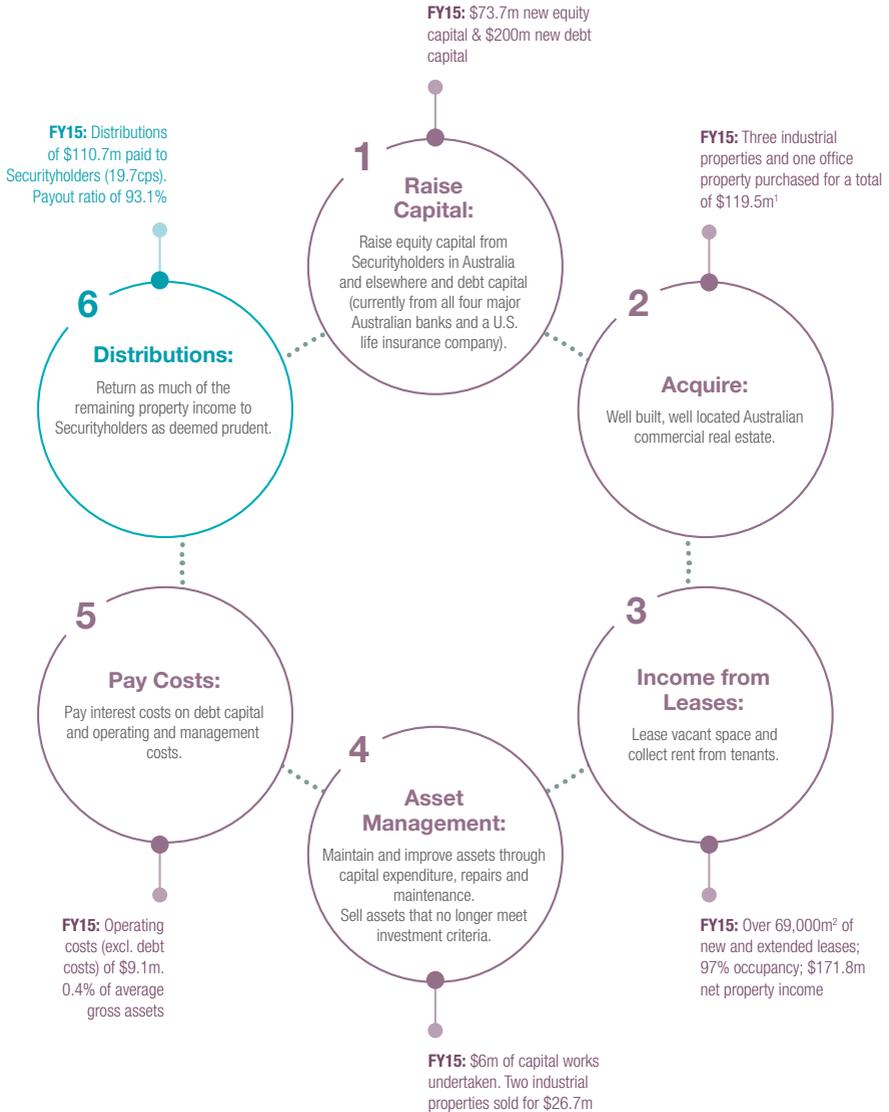
Geoff Tomlinson  
Independent  
Chairman and Director

Timothy Collyer  
Managing Director

Growthpoint Properties Australia Limited

1. Distributions plus security price appreciation. Source: UBS Investment Research.  
2. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.

## Adding value for Securityholders through our transparent business model



1. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.

## Adding value through acquisitions

### Case Study:

10-12 Mort Street, Canberra, ACT

June 2012

**\$55.8m**

**Purchase price for two A-grade buildings**

Independently valued at \$56 million

- Initial property income yield: 10.3%
- Remaining lease term: 4.8 years
- 100% occupied by Commonwealth of Australia
- Fixed annual increases: 3.75%

2012-2015

- Fully occupied

June 2015

**\$85.0m**

**Independent valuation**

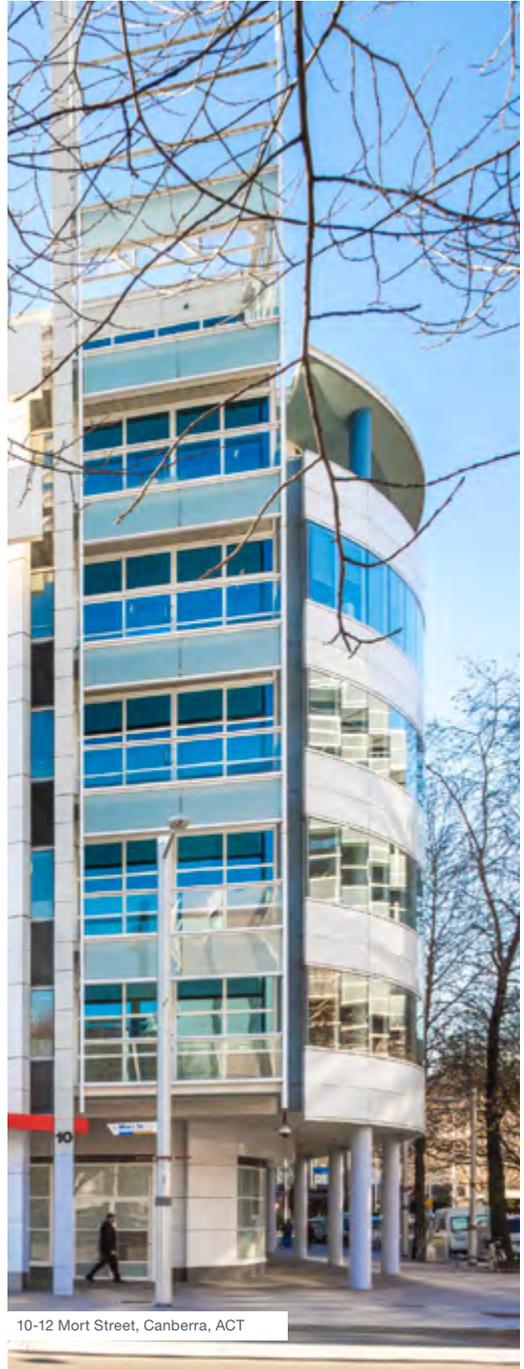
On a 7.0% capitalisation rate,  
28% lower than at acquisition (9.75%)

**\$29.2m**

**Gross valuation gain**

52.3% increase since acquisition

- Commonwealth of Australia (Department of Employment) extended lease by 8 years
- 9.7 years remaining on lease at 30 June 2015
- Reduced potential FY17 expiries by 52%
- 3.6% of total portfolio income now expires in FY17 (7.6% previously)



10-12 Mort Street, Canberra, ACT

## Key milestones and focus for the year ahead

FY15 was Growthpoint's best year to date across financial management, the property portfolio and strategy and performance with all key targets met, several significant milestones achieved and processes and goals put in place for future development.

### Financial Management

#### Milestones achieved

- 21.2 cps distributable income (up 6.0% from FY14)
- \$2.48 NTA per security (up 14.8% from 30 June 2014)
- Moody's rating of Baa2
- First debt capital markets issuance: \$200 million loan notes fixed for ten years

#### Focus for the future

- Further debt capital markets issuance to further extend weighted average debt term
- Maintenance of key ratios:
  - operating costs at or below 0.4% of gross assets;
  - gearing of 35%-45%; and
  - 75%-100% of debt fixed.

### Property Portfolio

#### Milestones achieved

- 100% occupancy for the industrial portfolio
- Major leases to the Department of Employment and Transfield extended
- Acquisition of four quality properties for \$119.5 million<sup>1</sup> with a combined WALE of 5.9 years
- Valuation appreciation of \$186 million; 9% on a like-for-like basis

#### Focus for the future

- Seek new tenants for current vacancies and extend existing leases
- Strategic divestment of smaller assets in the current strong capital market
- Considered acquisitions of modern well leased and strategically situated assets
- Focus on tenant satisfaction
- Monitoring of the Group's environmental footprint

### Strategy and Performance

#### Milestones achieved

- 36.4% total Securityholder return for year to 30 June 2015<sup>2</sup>
- 21.3% p.a. total Securityholder return for five years to 30 June 2015<sup>2</sup>
- Added to S&P/ASX 200, MSCI Global Small Cap and S&P/ASX 300 indexes
- Liquidity and trading in Growthpoint's securities increased significantly

#### Focus for the future

- Achieving FY16 distribution guidance of 20.5 cps (4.1% higher than FY15)
- Development of sustainability framework
- Continuation of existing investment philosophy and strategies

1. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.

2. Source: UBS Investment Research.

# Growthpoint Portfolio

As at 30 June 2015

## Key metrics for the five years ended 30 June 2015

		FY15 <sup>1</sup>	FY14	FY13	FY12	FY11
No. of properties		53	51	44	42	37
Total value	\$m	2,372.5	2,093.7	1,694.5	1,634.8	1,244.9
Occupancy	%	97	98	98	99	100
Total lettable area	m <sup>2</sup>	1,050,611	1,036,740	917,989	900,676	844,037
Average property age	years	8.3	7.9	6.6	6.0	5.0
Average valuation cap rate	%	7.3	7.9	8.4	8.3	8.5
WALE	years	6.7	6.9	6.8	7.2	9.0
WARR <sup>2</sup>	%	3.0	3.2	3.1	3.2	3.0
Average value (per m <sup>2</sup> )	\$	2,258	2,019	1,846	1,815	1,475
Average rent (per m <sup>2</sup> / per annum)	\$	183	171	162	161	121
FY Net Property Income	\$m	171.8 <sup>3</sup>	148.7	133.4	108.9	79.2
Number of tenants		97	90	90	87	50

1. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.  
 2. Assumes Consumer Price Index change of 1.5% per annum as per Australian Bureau of Statistics release for FY15.  
 3. 0.1% like-for-like growth due to vacancy, tenant incentives and market rent reversions.

### Portfolio provides income security

The key metrics for the last five years show the deliberate and well managed growth of the Group's Property Portfolio. A long WALE of 6.7 years has been maintained through active leasing. With a minimal number of leases expiring over the next two years the Group is well positioned to continue to provide a predictable and growing income stream from its quality tenant base.

## Our "pure landlord" investment philosophy



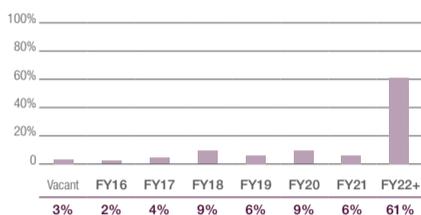
### Our mission

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

### Our strategy

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.**

## Portfolio lease expiry profile per financial year



## Top ten tenants

by passing rent as at 30 June 2015

	%	WALE
Woolworths	23%	7.1yrs
NSW Police	10%	8.9yrs
GE Capital Finance Australasia	6%	2.7yrs
Linfox	4%	7.9yrs
Commonwealth of Australia	4%	9.7yrs
Jacobs Engineering	3%	3.3yrs
Energex	3%	12.4yrs
Fox Sports	2%	7.5yrs
Star Track Express	2%	4.0yrs
Downer EDI Mining	2%	7.0yrs
<b>Total / Average</b>	<b>59%</b>	<b>7.2yrs</b>
<b>Balance of portfolio</b>	<b>41%</b>	<b>5.9yrs</b>

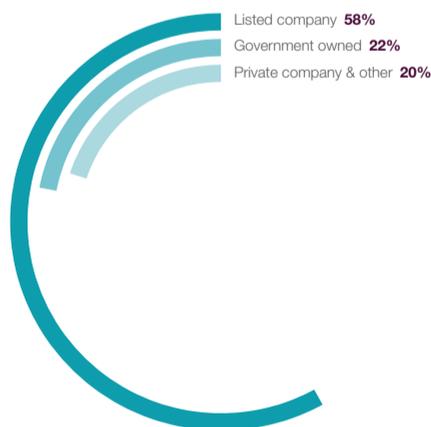
## Geographically diverse portfolio

by property value as at 30 June 2015



## Quality tenants

by gross income as at 30 June 2015



## Diversified by sector

by property value as at 30 June 2015



## Financial Statements

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015	Notes	2015	2014
		\$'000	\$'000
<b>Revenue</b>			
Property revenue		197,240	172,283
Straight line adjustment to property revenue		5,316	5,373
Net changes in fair value of investment properties		169,832	23,780
Profit on sale of investment properties		363	-
Net change in fair value of derivatives		1,542	12,800
Loss on settlement of derivative		(12,822)	(15,750)
<b>Net investment income</b>		<b>361,471</b>	<b>198,486</b>
<b>Expenses</b>			
Property expenses		(25,441)	(23,643)
Other expenses from ordinary activities		(9,123)	(8,890)
<b>Total expenses</b>		<b>(34,564)</b>	<b>(32,533)</b>
<b>Profit from operating activities</b>		<b>326,907</b>	<b>165,953</b>
Interest income		761	734
Borrowing costs	4.2	(44,292)	(49,042)
<b>Net finance costs</b>		<b>(43,531)</b>	<b>(48,308)</b>
<b>Profit before income tax</b>		<b>283,376</b>	<b>117,645</b>
Income tax expense	2.2	(372)	(297)
<b>Profit for the period</b>		<b>283,004</b>	<b>117,348</b>
<b>Profit attributable to:</b>			
Owners of the Trust		283,175	117,454
Owners of the Company		(171)	(106)
		<b>283,004</b>	<b>117,348</b>
Distribution to Securityholders	4.6	(110,685)	(86,790)
<b>Change in net assets attributable to Securityholders / total comprehensive income</b>		<b>172,319</b>	<b>30,558</b>
<b>Basic and diluted earnings per stapled security (cents)</b>	2.3	<b>50.4</b>	<b>25.7</b>

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 2015	Notes	2015	2014
		\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	3.6(a)	26,858	21,321
Trade and other receivables	3.3	35,638	13,093
Assets held for sale	3.2	-	17,741
<b>Total current assets</b>		<b>62,496</b>	<b>52,155</b>
<b>Non-current assets</b>			
Trade and other receivables	3.3	61,239	56,458
Plant & equipment	3.5	312	434
Investment properties	3.1	2,282,601	2,019,435
Deferred tax assets	2.2	499	297
<b>Total non-current assets</b>		<b>2,344,651</b>	<b>2,076,624</b>
<b>Total assets</b>		<b>2,407,147</b>	<b>2,128,779</b>
<b>Current liabilities</b>			
Trade and other payables	3.4	28,291	23,751
Distribution to Securityholders	4.6	56,334	46,850
Current tax payable		560	348
Derivative financial instruments	4.3	-	192
<b>Total current liabilities</b>		<b>85,185</b>	<b>71,141</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	4.1	890,445	871,214
Derivative financial instruments	4.3	20,000	21,350
<b>Total non-current liabilities</b>		<b>910,445</b>	<b>892,564</b>
<b>Total liabilities</b>		<b>995,630</b>	<b>963,705</b>
<b>Net assets</b>		<b>1,411,517</b>	<b>1,165,074</b>
<b>Securityholders' funds</b>			
Contributed equity	4.5	1,376,011	1,303,009
Reserves		3,847	2,725
Accumulated profits / (losses)		31,659	(140,660)
<b>Total Securityholders' funds</b>		<b>1,411,517</b>	<b>1,165,074</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Financial Statements

### Consolidated Statement of Changes in Equity

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

For the year ended 30 June 2014	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits/(losses)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2013</b>	973,911	1,026	414	7	(171,219)	<b>804,139</b>
<b>Total comprehensive income for the year</b>						
Profit after tax for the year	-	-	-	-	117,348	<b>117,348</b>
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	117,348	<b>117,348</b>
<b>Transactions with Securityholders in their capacity as Securityholders:</b>						
Contributions of equity, net of transaction costs	329,099	-	-	-	-	<b>329,099</b>
Distributions provided or paid	-	-	-	-	(86,790)	<b>(86,790)</b>
Share-based payment transactions	-	1,231	-	-	-	<b>1,231</b>
Deferred tax expense charged to equity	-	-	47	-	-	<b>47</b>
<b>Total transactions with Securityholders</b>	329,099	1,231	47	-	(86,790)	<b>243,587</b>
<b>Balance at 30 June 2014</b>	1,303,009	2,257	461	7	(140,661)	<b>1,165,074</b>
Total recognised income and expense for the year is attributable to:						
- Trust						<b>117,454</b>
- Company						<b>(106)</b>
<b>Growthpoint Properties Australia</b>						<b>117,348</b>

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 2015	Notes	2015	2014
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		204,407	174,263
Cash payments to suppliers		(66,405)	(37,697)
Cash generated from operating activities		138,002	136,566
Interest paid		(45,263)	(47,870)
Taxes paid		(352)	(52)
<b>Net cash inflow from operating activities</b>	3.6 (b)	<b>92,387</b>	88,644
<b>Cash flows from investing activities</b>			
Interest received		761	718
Net proceeds from sale of investment properties		26,700	-
Payments for investment properties		(93,477)	(378,842)
Payments for plant & equipment		(15)	(58)
Payments as loans to other entities		-	(17,688)
<b>Net cash outflow from investing activities</b>		<b>(66,031)</b>	(395,870)
<b>Cash flows from financing activities</b>			
Proceeds from external borrowings		378,044	286,808
Repayment of external borrowings		(357,842)	(203,610)
Proceeds from equity raising		73,746	331,530
Equity raising costs		(744)	(2,433)
Payment for settlement of derivatives		(12,822)	(15,750)
Distributions paid to Securityholders		(101,201)	(77,403)
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(20,819)</b>	319,142
<b>Net inflow of cash and cash equivalents</b>		<b>5,537</b>	11,916
Cash and cash equivalents at the beginning of the period		21,321	9,405
<b>Cash and cash equivalents at the end of the period</b>		<b>26,858</b>	21,321

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

## What is Growthpoint?

Growthpoint is an ASX-listed landlord investing in Australian office, industrial and retail real property with a portfolio currently worth \$2.4 billion.

Growthpoint was recently included in the S&P/ASX 200 Index.

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 \$1.2 billion of office 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 a medium-long term.

## 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  
Level 22, 357 Collins Street,  
Melbourne VIC 3000  
Australia

Phone: (03) 8681 2900  
Fax: (03) 8681 2910

growthpoint.com.au

Investor Services Line:  
**1800 260 453**

### Share registry

### Computershare Investor Services

Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067  
Australia

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

Phone (outside Australia):  
+61 3 9415 4000  
Fax: +61 3 9473 2500

computershare.com

### Auditor

### KPMG

147 Collins Street,  
Melbourne VIC 3000  
Australia

## Securityholder Calendar

### 2015

#### 17 Aug 2015

- Results for the full year ended 30 June 2015 announced to the ASX

#### 31 Aug 2015

- Distribution paid for the half year ended 30 June 2015
- Annual Tax Statement for year ended 30 June 2015 mailed
- FY15 report sent to Securityholders

#### 25 Nov 2015

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

### 2016

#### 15 Feb 2016

- Results for the half year ended 31 December 2015 announced to ASX

#### 29 Feb 2016

- Distribution paid for the half year ended 31 December 2015
- Half year report sent to Securityholders

#### 15 Aug 2016

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

#### 31 Aug 2016

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

#### 24 Nov 2016

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

## Contacting Computershare

For direct holders for Growthpoint securities, most matters can be dealt with on-line at: [www-au.computershare.com/Investor/](http://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](mailto: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.