

ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

22 August 2016

RESULTS FOR YEAR ENDED 30 JUNE 2016

The Directors of Growthpoint Properties Australia Limited are pleased to announce the results for Growthpoint Properties Australia (“**Growthpoint**” or “**the Group**”) for the year ended 30 June 2016 (“**FY16**”) comprising (in order of release):

1. This announcement which includes an Appendix 4E.
2. FY16 Annual Report including financial statements, directors’ report and external auditor report.
3. FY16 Sustainability Report including Growthpoint’s FY16 Corporate Governance Statement and other environmental, social and governance reporting.
4. Investor Presentation.
5. FY16 Annual Report Summary (which is being mailed to all Securityholders).

Results call

A live results presentation will be held at 4:00pm (Melbourne, Australia time) on 22 August 2016. Investors can listen to this call by using the applicable dial-in details on page four of this announcement. Analysts will be issued separate dial-in numbers to enable them to ask questions in real time. Other investors who wish to have questions answered on this call, should email them to info@growthpoint.com.au before 2:00pm (Melbourne, Australia time) on 22 August 2016.

A webcast including a recording of the call will be available from approximately 6pm (Melbourne, Australia time) 22 August 2016 at <http://edge.media-server.com/m/p/n6rf3que>

Managing Director, Timothy Collyer, said:

“There are ten key points from the FY16 result:

1. **Achievement and exceeding of forecasts:** Growthpoint’s distributable income was 21.9 cents per stapled security, 3.3% above the financial year ended 30 June 2015 (“**FY15**”) and 2.8% above guidance prior to the start of FY15. This enabled Growthpoint to meet its distribution guidance of 20.5 cents per stapled security on a payout ratio of 93.7%. The total distribution for FY16 will be 55.5% tax deferred and 0.9% tax free. The “fund payment” which is relevant for tax withholding for foreign holders, is expected to be released to the ASX on 22 August 2016.
2. **Continuing returns:** for FY16, Growthpoint’s return on equity¹ was 15.9% (FY15:23.9%). Total securityholder return² for FY16 was 7.4%³ (FY 15: 36.4%) and 19.6% per annum over the five years to 30 June 2016⁴ versus sector returns of 24.6% and 18.0%, respectively⁵. After a period of underperformance, substantially during the contested takeover for GMF during 2016, Growthpoint is now attractively priced considering the forecast accretion to earnings from completion of the GMF takeover (see below), the FY17 distribution yield of 6.8% versus the A-REIT sector average of 5.8%⁶ and that Growthpoint is now trading at a 19% premium to NTA⁷, well below the 44% average for the sector⁸.

Growthpoint’s Key Metrics at 30 June 2016

Total property portfolio value	\$2.8 billion
Distribution guidance FY17 (excludes any impact from a successful GMF takeover)	21.3 cents
Number of properties	58
Office / industrial	56% / 44%
Average property age	9.2 years
Occupancy	99%
Weighted average lease expiry (Pro forma, including leasing announced post 30 June 2016)	6.9 years
Weighted average rent review (assumes CPI of 1.0%)	3.1%
Weighted average capitalisation rate	6.9%
NTA per stapled security	\$2.67
Balance sheet gearing	42.6%
All-in cost of debt	4.1%
Percentage debt fixed	65%
Average debt maturity	4.2 years
Average fixed rate debt maturity	5.7 years

Key dates for Securityholders

Next distribution paid	31 Aug 2016
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¹ Closing net tangible assets per stapled security less opening net tangible assets per stapled security plus distributions per stapled security divided by opening net tangible assets per stapled security.

² Distributions plus security price appreciation.

³ Source: UBS Investment Research.

⁴ Source: UBS Investment Research.

⁵ S&P/ASX 300 Property Accumulation Index. Source: UBS Investment Research

⁶ FY17 estimated distribution yield for S&P/ASX 200 A-REIT index. Source: Petra Capital.

⁷ Based on Growthpoint’s closing price on 19 August of \$3.18 and NTA of \$2.67.

⁸ Source: Petra Capital



- 3. GMF Takeover:** Growthpoint announced a takeover of the GPT Metro Office Fund (“**GMF**”) on 1 July 2016. GMF comprises six A-grade office properties with a 5.5 year WALE valued at \$440.3 million and a weighted average capitalisation rate of 6.7%⁹. GMF would represent approximately 15.5% of Growthpoint’s assets providing an additional \$28.2 million of net property income for FY17¹⁰, increase Growthpoint’s New South Wales (“**NSW**”) exposure from 20.0% to 24.7% and increase office exposure from 56.0% to 59.5%. As of the date of this report, Growthpoint owned 12.98% of GMF units and had received an additional 33.99%¹¹ acceptances of its offer. Growthpoint expects to obtain control of GMF during FY17, increasing its FY17 distributable income guidance by 4.9%¹². This transaction accords with several of Growthpoint’s announced goals including increasing scale, NSW exposure, office exposure, securities on issue, tenant diversity and geographic diversity. A successful takeover should enable Growthpoint to acquire quality assets paying significantly lower stamp duty and attracting new GMF unitholders to Growthpoint’s securityholder register.
- 4. Significant leasing completed:** Growthpoint has completed over 98,000 square metres of new and extended leasing since 30 June 2015 representing around 12% of the portfolio by income and 8.9% of the portfolio by area. This leasing extending the weighted average lease expiry (“**WALE**”) to 6.9 years¹³, significantly reducing upcoming expiries and increasing occupancy to 99%. Only 7% of Growthpoint’s leases (by income) potentially expire over the next two years. Most notably the occupancy of 333 Ann Street, Brisbane, Queensland has increased from 41% to 77% over FY16 and Country Road//David Jones has leased over 23,000 at Buildings 1 and 2, 572 Swan Street, Richmond, Victoria for an average lease term of 14.5 years (refer below for development upside potential from Building 3).
- 5. NTA increased primarily due to property valuations increases:** net tangible assets per stapled security increased by 7.7% over FY16 from \$2.48 to \$2.67. Most of this increase arose from the \$130.2 million¹⁴ or 5.5% like-for-like increase in property valuations recorded over the year equating to 16.6 cents per stapled security. Increased property valuations were the result of a decrease in the weighted average capitalisation rate for the portfolio from 7.3% at 30 June 2015 to 6.9% at 30 June 2016 as well as leasing undertaken (refer above for more details).
- 6. Like-for-like net property income fell slightly but expected to improve:** like-for-like net property income growth was -1.0% for the portfolio FY16 with office decreasing by 5.0% and industrial increasing by 3.2%. The like-for-like decline for office was due to increased vacancy and tenant incentives for new or extended leasing. Excluding 333 Ann Street, Brisbane, like-for-like NPI growth increases to 2.64% from FY15 to FY16. As the occupancy for this property increased from 41% to 77% over FY16, and due to \$447.5 million of acquisitions not held for the requisite periods to be included, FY17 is expected to show a significant improvement.
- 7. Quality property portfolio strengthened:** Growthpoint owns an enviable \$2.8 billion portfolio of modern, well-leased and well-located properties in every State of Australia as well as in Canberra, split 56%/44% between office and industrial. Other key features include a long weighted average lease expiry or WALE of 6.9 years¹⁵, weighted average fixed rent reviews of 3.1% per annum¹⁶, 99% occupancy and only 7% of the portfolio leases potentially expiring over the next two financial years. The existing portfolio was strengthened by \$328.0 million¹⁷ of acquisitions during FY16 and the \$10.1 million disposal of a non-core asset (above its previous book value of \$9.75 million)¹⁸. Growthpoint continues to explore the possible divestment of other assets.
- 8. Debt capital markets issuance:** In December 2015, Growthpoint undertook \$250 million of debt capital markets issuances fixed for seven years with three new financiers.

⁹ All figures as at 30 June 2016.

¹⁰ Pro forma, assumes 100% ownership on 1 July 2016 and excluding other potential impacts.

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

¹² Pro forma, assumes 100% ownership on 1 July 2016 and excluding other potential impacts.

¹³ Pro forma as at 30 June 2016 including leasing announced post 30 June 2016.

¹⁴ Before adjustments for acquisition costs for other properties acquired during FY16.

¹⁵ Pro forma as at 30 June 2016 including leasing announced post 30 June 2016.

¹⁶ Assumes CPI of 1.0% per annum as per ABS release for FY16

¹⁷ This figure includes Building C, 211 Wellington Road, Mulgrave, Victoria at its ‘on completion’ valuation.

¹⁸ The sale is due to settle in early September 2016.



At 30 June 2016, Growthpoint's key debt metrics were:

Gearing	42.6%
Percentage debt fixed	65%
Weighted average debt maturity	4.2 years
Weighted average fixed rate debt maturity	5.7 years
Debt facilities	\$1.4 billion
Drawn debt	\$1.2 billion
Undrawn debt	\$126.7 million
All in cost of debt	4.1%
Interest coverage ratio/debt covenant	4.1 times/1.6 times
Loan to value ratio/debt covenant	45.2%/60%
Lenders	NAB, CBA, WBC, ANZ, two US life insurers, one Japanese bank and one Chinese bank

9. **Development potential:** Growthpoint continues to actively consider a number of development opportunities within its existing portfolio including:

- a. subject to a pre-commitment being in place, a redevelopment of what is currently Building 3, 572 Swan Street, Richmond, Victoria (now that Buildings 1 and 2 have been leased to Country Road/David Jones as noted above). A planning permit has been issued for construction of an 18,000 square metre office building of two towers. Growthpoint may also explore the potential for a residential redevelopment of part of this site;
- b. tenant-initiated expansions at five industrial properties in Queensland and Victoria;
- c. Woolworths has announced that it will be closing its facility at 120 Northcorp Boulevard, Broadmeadows, Victoria. The lease of this facility currently expires in July 2021. Growthpoint will use the 5.1 years remaining on the lease to consider other options for this 25 hectare site including redevelopment or change of use;
- d. in addition, 522-550 Wellington Road, Mulgrave, Victoria offers significant potential development upside should Woolworths decide not to renew its lease in July 2021. This 19.1 hectare site adjoins a large residential estate and so offers long-term residential development opportunities subject to re-zoning; and
- e. the other four distribution centres leased to Woolworths offer significant development potential should Woolworths require additional lettable area as these sites have low site coverage of approximately 30%.

10. **Operating expenses continuing to drop:** FY16 operating expenses as a percentage of average gross assets or MER¹⁹ reduced to 0.40% for FY16 from 0.41% in FY15 and 0.47% in FY14. Growthpoint expects its operating expenses to remain at or below this level in FY17; one of the lowest of the A-REIT sector.

Growthpoint closed at a record financial year closing price on 30 June 2016 of \$3.15 and on this date Growthpoint was the:

- 13th largest A-REIT by market capitalisation;
- 11th largest A-REIT by gross assets²⁰; and
- 118th largest entity by market capitalisation, listed on the ASX²¹.

Comprehensive information in relation to the results is contained in the Annual Report and the Sustainability Report released immediately after this announcement. Readers should note that there is an extensive index on page 95 of the Annual Report (covering both it and the Sustainability Report) for ease of reference.

FY17 Guidance

Directors reaffirm their guidance for FY17 distributions of 21.3 cents per security (3.9% higher than FY16) based on distributable income of at least 22.2 cents per security providing an attractive distribution yield of approximately 6.8%

¹⁹ Management expense ratio comprising all of Growthpoint's costs other than interest divided by the average gross assets for the year.

²⁰ Using 31 December 2015 asset values.

²¹ Source: Goldman Sachs.



based on the 30 June 2016 closing price of \$3.15. Guidance may be impacted by the takeover of GMF (refer above) as well as potential capital management initiatives to return gearing to within the target gearing range of 35%-45%. These initiatives may include property disposals, future distribution reinvestment plans and/or other equity raisings.

Appendix 4E

The Appendix 4E for FY16 appears on pages 5 and 6 of this announcement.

Aaron Hockly, Chief Operating Officer www.growthpoint.com.au

Media and investor enquiries should be directed to:

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Telephone: +61 (0)3 8681 2900, info@growthpoint.com.au

Growthpoint Properties Australia

Growthpoint Properties Australia is a publicly traded ASX listed A-REIT (ASX Code: GOZ) that specialises in the ownership and management of quality investment property. GOZ owns interests in a diversified portfolio of 58 office and industrial properties throughout Australia valued at approximately \$2.8 billion and has an investment mandate to invest in office, industrial and retail property sectors.

Growthpoint is included in the S&P/ASX 200 Index and has been issued with an investment grade rating of Baa2 for senior secured debt by Moody's.

GOZ aims to grow its portfolio over time and diversify its property investment by asset class, geography and tenant exposure through individual property acquisitions, portfolio transactions and corporate activity (M&A transactions) as opportunities arise.

Results call dial-in details:

Attendee Passcode (Non Q&A):		4870520			
Location	Number	Location	Number	Location	Number
Australia	1800 801 825	Ireland	1800 720 105	South Korea	00798 6136 1434
Australia – Sydney	+61 (0)2 8524 5042	Italy	800 875 577	Sweden	0207 968 70
Belgium	0800 784 01	Japan	0120 271 900	Switzerland	0800 837 001
Canada	1855 842 3490	Malaysia	1800 816 107	Taiwan	0080 1615 189
China	4001 200 539	Netherlands	0800 0234 240	Taiwan - Taipei	+886 2 7708 3282
France	0800 916 599	New Zealand	0800 452 905	Thailand	001800 613 61433
Germany	0800 1899 399	Norway	800 11 518	United Kingdom	0800 015 9725
Hong Kong	800 905 927	Philippines	1800 1110 1347	United Kingdom	+44 (0)20 3078 7622
Hong Kong	+852 5808 3202	Singapore	800 616 3222	United States	1855 298 3404
India	000 800 100 8255	Singapore	+65 6823 2299	US – New York	+1 631 5142 526
Indonesia	00180 301 91840	South Africa	0800 980 395		

ASX Announcement

Growthpoint Properties Australia (ASX code: GOZ)

22 August 2016

Appendix 4E

Result for the year ended 30 June 2016

1. Details of reporting periods:

The current reporting period is the 12 months to 30 June 2016. The previous corresponding reporting period was for the 12 months to 30 June 2015.

2. Results for announcement to the market

2.1/2.2/2.3 Revenue and profit from ordinary activities and net profit for the year attributable to stapled Securityholders:

	Year ended 30-Jun-16	Year ended 30-Jun-15	Change
	\$'000	\$'000	%
Revenue from ordinary activities	216,052	203,809	6.0%
Net profit before unrealised items	126,049	118,910	6.0%
Net profit attributable to securityholders	224,269	283,004	(20.8%)

2.4/2.5 Amounts per stapled security of distributions paid/payable during the year:

	Stapled securities	Record date	Payment date
	(cents)		
Interim distribution GOZ	10.20	31-Dec-15	29-Feb-16
Final distribution GOZ	10.30	30-Jun-16	31-Aug-16

2.6 Explanation of figures in 2.1 to 2.4:

Commentary on the above figures is included in the attached announcement, presentation and annual financial report.

3. Statement of Profit or Loss and Other Comprehensive Income

See annual financial report released on the ASX on 22 August 2016.

4. Statement of Financial Position

See annual financial report released on the ASX on 22 August 2016.

5. Statement of Cash Flows

See annual financial report released on the ASX on 22 August 2016.

6. Details of distributions:

	Stapled security	Total distribution	Payment date
	(cents)	\$'000	
Interim distribution GOZ	10.20	58,072	29-Feb-16
Final distribution GOZ	10.30	60,062	31-Aug-16
Total distributions paid GOZ	20.50	118,134	

Total distributions paid to GOZ Securityholders for the current reporting period were 20.5 cents per stapled security. This is a 4.1% increase on the 19.7 cents per stapled security for the previous corresponding reporting period.



7. Details of distribution reinvestment plans in operation:

In June 2016, the Group announced the Distribution Reinvestment Plan ("DRP") would be in operation for the distribution payable on 31 August 2016 in respect of the 30 June 2016 record date. The DRP price was \$3.10 per stapled security.

8. Statement of Changes in Equity

See annual financial report released on the ASX on 22 August 2016.

9. Net tangible assets per stapled security:

	30-Jun-16	30-Jun-15	Change
	\$	\$	%
Net tangible assets (NTA) per stapled security	2.67	2.48	7.7

10. Details of entities over which control has been gained or lost during the year:

Not applicable.

11. Details of associated and joint ventures:

Not applicable.

12. Any other significant information required

Not applicable.

13. Accounting standards used for foreign entities:

Not applicable.

14. Commentary on results for the year

See annual financial report released on the ASX on 22 August 2016.

15. Is this report based on accounts which have been audited

Yes.

16. If the accounts have not been audited, the likelihood of qualification

Not applicable, see 15 above.

17. Description of audit dispute or qualification:

Not applicable.