



21 August 2017

ASX ANNOUNCEMENT **GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)**

The Directors of Growthpoint Properties Australia Limited are pleased to announce the results for Growthpoint Properties Australia (“**Growthpoint**” or “**Group**”) for the year ended 30 June 2017 (“**FY17**”).

Details of the results webcast and call are contained on page 4 of this announcement.

2017 Full Year Results – Disciplined growth continues in FY17

Key FY17 Highlights

- **\$278.1 million in statutory profit**, an increase of 26.8% on the year ended 30 June 2016 (“**FY16**”), and **FFO of 25.5 cents per security**, an increase of 11.4% on FY16
- **Annual distribution of 21.5 cps**, an increase of 4.9% on FY16
- **10.3% increase in NTA per security, up to \$2.88** at 30 June 2017 from \$2.61 at 30 June 2016
- **FY17 Return on Equity (ROE) of 18.6%**, compared with 13.5% for FY16
- **Property portfolio value of \$3.3 billion**, an increase of 15.9% on 30 June 2016. Like-for-like increase of \$138.6m, or 5.2%
- **\$729 million in property purchase/development and sale transactions** over the year, reweighting into the office property sector and state of New South Wales (NSW)
- **94,921 sqm of new and extended leasing**, maintaining portfolio occupancy at 99%
- **Weighted average rent review increased to 3.3%**, from 3.1% at 30 June 2016
- **Balance sheet gearing reduced by 410 basis points to 39.0%**, from 43.1% at 30 June 2016
- Completion of **first US Private Placement (USPP) debt issuance**, further diversifying the Group’s sources of debt funding and increasing the weighted average debt maturity to 5.0 years, from 4.2 years at 30 June 2016
- Average **NABERS energy rating for the office portfolio increased to 4.5 stars**, from 4.2 stars at 30 June 2016

Growthpoint’s Key Metrics at 30 June 2017¹	
Total property portfolio value	\$3.3 billion
Distribution guidance FY18	22.0 cents
Number of properties	58
Office / industrial	66% / 34%
Average property age	9.6 years
Occupancy	99%
Weighted average lease expiry	6.1 years
Weighted average rent review <i>(assumes CPI of 1.9%)</i>	3.3%
Weighted average capitalisation rate	6.5%
NTA per stapled security	\$2.88
Balance sheet gearing	39.0%
Percentage debt fixed	75%
Weighted average debt maturity	5.0 years
Average NABERS rating (energy)	4.5 stars

Managing Director, Timothy Collyer, said:

“FY17 was a transformational year for Growthpoint.

¹ Portfolio key metrics include asset sales announced in FY17 but not yet settled (1231-1241 Sangdate Rd, Nundah, QLD, sold for \$106.25m and 10 Gassman Drive, Yatala, QLD, sold for \$4.8m). Recently announced stake in Industria REIT and acquisition of Perth Airport industrial assets have been excluded as they occurred post-30 June 2016 balance date.



“We set very clear objectives at the start of FY17 – increase exposure to the office sector and to the New South Wales and Victorian markets, which we believe are positioned to generate superior and more sustainable returns for Securityholders over the medium term. These objectives were successfully achieved with the portfolio reweighting materially into the office sector (56% to 66%) and the higher growth state of NSW (20% to 26%) after the successful takeover of the GPT Metro Office Fund (GMF). In total, Growthpoint acquired an additional \$469.9 million worth of property over FY17 with a further \$46 million of industrial properties at Perth Airport and an 18.2% stake in the ASX-listed Industria REIT acquired since 30 June 2017.

“We were also able to take advantage of significant demand to divest assets either considered ‘non-core’ to the Group, or which we believe had reached their peak value to Growthpoint. An industrial portfolio was sold to Mapletree Logistics in December 2016 consisting of four assets for \$142.2 million originally purchased for \$120.1 million delivering Growthpoint an ungeared internal rate of return (IRR) of 11.7% over the ownership period. This was followed by the sale of an office building at 1231-1241 Sandgate Road, Nundah QLD for \$106.3 million which had been originally purchased for \$77.9 million as a fund through development in 2012, delivering Growthpoint an ungeared IRR of 14.7% over the ownership period.

“These sales helped the Group to reduce gearing by 410 basis points to 39.0%, below the midpoint of the Board’s target range. This lower level of gearing, coupled with the successful issue of AUD208 million long term debt finance in the USPP market, leaves Growthpoint’s balance sheet in an excellent position as we move into FY18.

“The Board’s construction expertise was boosted significantly by the appointment of Josephine Sukkar AM as an additional independent director. Josephine has over 27 experience years in Australia’s construction industry and commences on 1 October 2017. This appointment takes Growthpoint’s independent directors above 60% and increases female representation on the board to 25%.

“Growthpoint continued to outperform the benchmark S&P/ASX300 A-REIT Accumulation Index by 11.9 percentage points over FY17 delivering a total return to securityholders of 6.3%. The Group also continues to outperform over three and five year periods, delivering average returns of 15.9% per annum and 16.4% per annum, respectively, outperforming the S&P/ASX300 A-REIT Accumulation Index by 3.7% per annum and 2.2% per annum, respectively, over those periods.

Key Office Portfolio Highlights

- **Total portfolio value of \$2.2 billion**, an increase of \$584.2 million or 36.6% on 30 June 2016
- Number of **properties owned increased to 26** from 20 at 30 June 2016
- Completed **41,159 sqm of new and extended leasing**, maintaining portfolio occupancy at 98%
- **Weighted average capitalisation rate of 6.3%**, compared with 6.8% at 30 June 2016
- Like-for-like **increase in office property portfolio value of \$104.6 million**, or 6.6% on June 30 2016
- **Like-for-like net property income growth of 2.7%** compared with FY16

“FY17 was another successful year of leasing with more than 41,159 sqm leased across the office portfolio addressing several key potential expiries. The highlight was two new leases for the new David Jones and Country Road national headquarters totalling 23,156 sqm at Buildings 1 and 2, 572-576 Swan Street, Richmond VIC. The leases have a weighted average lease term of 14.5 years and the tenants will undertake substantial fit out works to the buildings creating a world class working environment. Growthpoint has also obtained a planning permit for the adjacent site, providing the opportunity for a 20,000 square metre A-grade office development.



Key Industrial Portfolio Highlights

- **Total portfolio value of \$1.1 billion**, a decrease of \$132.9 million or 10.7% on 30 June 2016 following strategic asset sales
- Completed **53,762 sqm of new and extended leasing**, maintaining portfolio occupancy at 100%
- **Weighted average capitalisation rate of 6.9%**, compared with 7.1% at 30 June 2016
- Like-for-like **increase in industrial property portfolio value of \$34.0 million**, or 3.2% on 30 June 2016
- Like-for-like **net property income flat** compared with FY16

“Growthpoint continues to assess numerous industrial acquisition and divestment opportunities with a disciplined approach. On 13 July 2017, the Group exchanged contracts for the acquisition of four adjoining, modern industrial warehouses at Perth Airport in Western Australia for \$46.0 million providing an initial passing yield of 8.13%. The properties are fully leased to seven tenants with a WALE of 6.4 years. The properties are located near the Group’s Woolworths Regional Distribution Centre.

“Significant leasing was also undertaken during FY17, with over 53,762 sqm of new and extended leasing completed, the largest of which was announced in April with a new lease to The Workwear Group, a wholly-owned subsidiary of ASX-listed Wesfarmers for 10 years from 1 July 2017. In early August, a further 14,802 sqm at 45-55 South Centre Road, Melbourne Airport, Victoria was leased to Direct Couriers for 10 years from 1 October 2017. An important aspect of these transaction was the exceptionally quick turnaround in securing new tenants removing Growthpoint’s main potential industrial expiries.”

Mr Collyer also provided the following comments on **outlook and strategy**:

“We move into FY18 with a materially repositioned property portfolio, strengthened balance sheet and supportive parent.

“The Australian economy appears to be stable, characterised by positives such as low unemployment, high business confidence, a benign cash rate outlook (albeit long term bond yields have started to increase) and significant infrastructure spending committed, particularly in NSW and Victoria. Concerns do however remain around consumer spending and potentially overleveraged households, as well as a weakening retail sector.

“We believe the office sector stands to benefit most from the current economic environment, however evidence suggests we will see a disparity in outcomes across the different states in Australia. Industrial trends look to be stable across all states, with tenancy demand better than previously expected, supported by potential and new market entrants as the shift to online retail sales gathers momentum. Structural headwinds remain in the retail sector, with considerable uncertainty around the impact of online traders, and with household incomes burdened by a period of significant house price growth and subsequently higher indebtedness. Growthpoint is not considering retail property investment in the near term.

“Growthpoint will continue evaluate investment opportunities, be they in markets where we have recently targeted investment, or where countercyclical investment opportunities arise (e.g. Growthpoint’s recent purchase of industrial properties at Perth Airport). We will seek to take advantage of high demand for real property to exit existing assets we believe have reached their maximum value to the Group. And we will also continue to focus on potential development opportunities in existing assets with the potential to add significant value.”

Further information:

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Results call

An analyst and investor briefing will be held via webcast and teleconference at 16:00 (Melbourne time) today (21 August 2017).

The webcast can be viewed by clicking on the link provided below and following the prompts provided:

<http://edge.media-server.com/m/p/opto44cq>

Investors wishing to participate in the call should dial-in based on their location using the details below. Please ask to join the Growthpoint Properties Australia Investor Presentation.

Selected analysts and large investors will be provided with separate access codes to enable them to ask questions live on the call. Other investors are requested to direct questions to info@growthpoint.com.au prior to 14:00 (Melbourne time) so that they may be answered on the call.

A webcast including a recording of the call will be available from approximately

[6]pm (Melbourne, Australia time) 21 August 2017 at-

<http://edge.media-server.com/m/p/opto44cq>

Attendee Passcode (Non Q&A):		548884			
Location	Number	Location	Number	Location	Number
Australia	1 800 558 698	Ireland	1800 948 625	Switzerland:	0800 820 030
Australia Local	02 9007 3187	Italy	800 793 500	Taiwan:	008 0112 7397
New Zealand	0800 453 055	Japan	0053 116 1281	Thailand:	001800 156 206 3275
China	4001 200 659	Malaysia	1800 816 294	UAE:	8000 3570 2705
Belgium	0800 72 111	Netherlands	0800 020 0715	United Kingdom:	0800 051 8245
Canada	1855 8811 339	Norway	800 69 950	United States:	(855) 881 1339
France	0800 913 848	Philippines	1800 1110 1462		
Germany	0800 182 7617	Singapore	800 101 2785		
Hong Kong	800 966 806	South Korea	00 798 142 063 275		
India	0008 0010 08443	Sweden	020 791 959		
Indonesia	001 803 019 3275	South Africa	0800 999 976		

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. After allowing for recently announced transactions, Growthpoint owns interests in a diversified portfolio of 58 office and industrial properties throughout Australia valued at approximately \$3.3 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.

Growthpoint 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.

www.growthpoint.com.au

ASX Announcement

Growthpoint Properties Australia (ASX code: GOZ)

21 August 2017

Appendix 4E

Result for the year ended 30 June 2017

1. Details of reporting periods:

The current reporting period is the 12 months to 30 June 2017. The previous corresponding reporting period was for the 12 months to 30 June 2016.

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-17	Year ended 30-Jun-16	Change
	\$'000	\$'000	%
Revenue from ordinary activities	263,985	216,052	22.2%
Net profit before unrealised items	156,314	126,049	24.0%
Net profit attributable to securityholders	278,090	219,377 ¹	26.8%

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	10.60	31-Dec-16	28-Feb-17
Final distribution GOZ	10.90	30-Jun-17	31-Aug-17

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 21 August 2017.

4. Statement of Financial Position

See annual financial report released on the ASX on 21 August 2017.

5. Statement of Cash Flows

See annual financial report released on the ASX on 21 August 2017.

6. Details of distributions:

	Stapled security	Total distribution	Payment date
	(cents)	\$'000	
Interim distribution GOZ	10.60	67,991	28-Feb-17
Final distribution GOZ	10.90	72,086	31-Aug-17
Total distributions paid GOZ	21.50	140,077	

Total distributions paid to GOZ Securityholders for the current reporting period were 21.5 cents per stapled security. This is a 4.9% increase on the 20.5 cents per stapled security for the previous corresponding reporting period.

1. Net profit attributable to members restated from \$224.3 million due to a change in accounting treatment. Refer to note 2.2 in the 2017 Annual Report for further information.



7. Details of distribution reinvestment plans in operation:

In June 2017, the Group announced the Distribution Reinvestment Plan was suspended for the distribution with the record date of 30 June 2017.

8. Statement of Changes in Equity

See annual financial report released on the ASX on 21 August 2017.

9. Net tangible assets per stapled security:

	30-Jun-17	30-Jun-16	Change
	\$	\$	%
Net tangible assets (NTA) per stapled security	2.88	2.61 ²	10.3

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

During the year the Group obtained control of the GPT Metro Office Fund (now renamed Growthpoint Metro Office Fund). See attached full year financial report for further information.

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 21 August 2017.

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.

2. Net tangible assets per security restated from \$2.67 due to a change in accounting treatment. Refer to Note 2.2 in the 2017 Annual Report for further information.