



Growthpoint Properties Australia

Growthpoint Properties Australia Trust ARSN 120 121 002  
Growthpoint Properties Australia Limited ABN 33 124 093 901 AFSL 316409  
[www.growthpoint.com.au](http://www.growthpoint.com.au)

Consistent  
business model  
and strategy

## 2017 Annual Summary

For the year ended 30 June 2017

**GROWTHPOINT**  
PROPERTIES



Funds From Operations (FFO)

**\$166.1m**

25.5cps, an increase of 11.4% on FY16

Securityholder return over 5 years<sup>1</sup>

**16.4% p.a.**

2.2% p.a. above S&P/ASX 300 Accumulation Index<sup>1</sup>

Return on Equity (ROE) for FY17

**18.6%**



Property portfolio value

**\$3.3b**

15.9% above 30 June 2016

New assets purchased/developed

**↑ \$469.9m**

at an average yield of 7.0%

Strategic asset sales of

**↓ \$259.1m**

at an average yield of 7.9%

1. UBS Investment Research: Annual compound returns.

## Chairman's Report

## Building long-term sustainable returns for investors



**Geoffrey Tomlinson**  
Independent Chairman  
& Director

FY17 was a transformational year for Growthpoint Properties Australia.

During the year, the Group set targets to achieve a better diversified portfolio of assets, with a greater concentration in the office segment and New South Wales which we believe are positioned to generate superior and sustainable returns for Securityholders over the medium term. These targets 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). This transaction was funded via additional equity issuance as well as strategic asset sales in properties that no longer met the groups risk and return hurdles, or where we believed values had been maximised. Pleasingly, additional debt required to initially fund the transaction was paid down over the second half of the financial year, with gearing closing FY17 at 39.0% (43.1% at 30 June 2016).

Growthpoint also entered the US Private Placement (USPP) market for the first time raising AUD208 million in new debt funding. Proceeds from the transaction were used to repay shorter term bank debt falling due later this calendar year. The USPP transaction also saw the weighted average debt maturity of the Group extend out to 5 years at 30 June 2017, our reliance on Australian bank debt fall to 55% and the level of fixed/hedged debt of the Group increase to 75%.

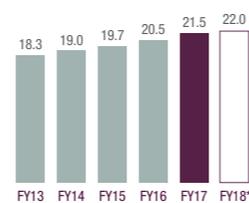
The Board has also been bolstered by the appointment of Josephine Sukkar AM as an additional independent director (announced on 25 July 2017). Josephine brings to the Board significant development expertise with over 27 years experience in Australia's construction industry and I look forward to her commencing on 1 October 2017. This appointment takes Growthpoint's independent directors above 60% and increases female representation on the board to 25%.

Geoff Tomlinson  
Independent Chairman & Director

Growthpoint Properties Australia Limited

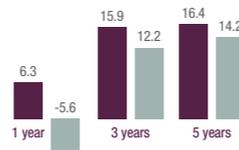
## Distributions (c)

per stapled security



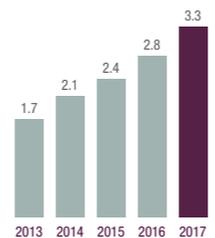
\*Distribution guidance only.

## Total Securityholder return comparison over 1, 3 and 5 years (%)



## Total portfolio value (\$b)

as at 30 June



## Managing Director's Report

## Property portfolio reweighted into segments and geographies that offer superior long-term value



**Timothy Collyer**  
Managing Director

Growthpoint achieved excellent operational results in FY17 in another year of the Group setting clear goals and achieving them. Key highlights from the year were:

- \$278.1 million in statutory profit, an increase of 26.8% on FY16, and FFO of 25.5 cents per security, an increase of 11.4% on FY16.
- Annual distributions of 21.5 cps, an increase of 4.9% on FY16.
- Recorded a 10.3% increase in NTA per security, up from \$2.61 at 30 June 2016 to \$2.88.
- Over \$729 million<sup>1</sup> in property transactions completed, reweighting into the office property sector and NSW.
- 94,921 sqm of new and extended leasing, maintaining portfolio occupancy at 99%.
- Balance sheet gearing reduced from 43.1% at 30 June 2016 to 39.0% at 30 June 2017.
- Successful completion of our first USPP debt issuance, further diversifying the Group's sources of debt funding and increasing the weighted average debt maturity from 4.2 years at 30 June 2016, to 5.0 years at 30 June 2017.
- The average NABERS energy rating for the office portfolio increased from 4.2 stars at 30 June 2016 to 4.5 stars at 30 June 2017.

The key transactional highlight was the acquisition of the GPT Metro Office Fund ("GMF") which completed in October 2016 after an extensive due diligence process. The GMF properties have performed extremely well since the acquisition with additional leasing success increasing the weighted average occupancy to 98% from 96% since the takeover. Favourable market conditions have led to a 9.0% valuation uplift since acquisition, equating to \$39.3 million. In total, Growthpoint acquired an additional \$469.9 million<sup>2</sup> worth of property over FY17 with a further \$46 million of industrial properties and an 18.2% stake in the ASX-listed Industria REIT (ASX: IDR) for \$68 million acquired since 30 June 2017.

Importantly, we were also able to take advantage of strong pricing conditions to divest a number of assets either considered 'non-core' to the Group, or assets we believed 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. This was followed by the sale of an office building at 1231-1241 Sandgate Road, Nundah, QLD which was originally purchased for \$77.9 million as a fund through development in 2012. The sale for \$106.3 million was announced in March 2017 (with settlement occurring in July 2017), delivering Growthpoint an ungeared internal rate of return of 14.7% over the ownership period.

These sales helped the Group to reduce gearing by 4.1%<sup>3</sup> to 39.0%. This lower level of gearing, coupled with the successful issue of AUD208 million long term debt finance in the USPP market, leaves the balance sheet in a good position as we move into FY18.

With our portfolio materially reweighted into preferred markets, and with additional investment and portfolio enhancement opportunities ahead, including potential M&A and development, we believe we are well positioned for FY18 and beyond.

Timothy Collyer  
Managing Director

Growthpoint Properties Australia Limited

## Returns

↑ 4.9%

increase in distributions per security to 21.5cps (FY16: 20.5cps)

↑ 11.4%

Increase in Funds From Operations to 25.5cps (FY16: 22.9cps)

↑ 10.3%

increase in net tangible assets (NTA) to \$2.88 (FY16: \$2.61)

## Property

Portfolio reweighted into sectors where we see long-term value

- ✓ NSW exposure increased
- ✓ Office exposure increased

\$469.9m<sup>1</sup>

New assets purchased (FY16: \$328.0m)

\$259.1m

Strategic asset sales (FY16: \$10.1m)

NSW exposure increased to

26%

(30 June 2016: 20%)



Office portfolio increased to

66%

of total property portfolio (30 June 2016: 56%)

<sup>1</sup> Includes development fund-through costs.

## Capital management

- ✓ Lower gearing
- ✓ Higher percentage of fixed debt
- ✓ Increased debt maturity
- ✓ More diversified sources of funding

↑ 5.0yrs

weighted average debt maturity (WADM) (30 June 2016: 4.2 years)

↑ 10.0%

increase in percentage of fixed/hedged debt to 75% (30 June 2016: 65%)

↓ 4.1%

decrease in gearing to 39.0% (30 June 2016: 43.1%)

## Sustainability

- ✓ Increased average portfolio NABERS energy rating to 4.5 stars
- ✓ Increased gender diversity of employees
- ✓ Targeting net zero emissions across all properties under operational control by 2050

43%



of employees are female

(30 June 2016: 35%)

4.5 ★

average NABERS energy rating

(30 June 2016: 4.2 stars)

1. Source: UBS Investment Research: Annual compound returns.

2. Only includes transactions announced in FY17.

3. Includes completion of development fund-through.

4. Using restated gearing as per Growthpoint's announcements in February 2017.

## Portfolio Review

Portfolio value increased and reweighted into segments positioned for long-term outperformance

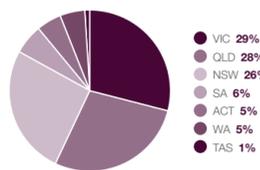
Over the course of FY17 Growthpoint reweighted the portfolio into segments positioned for superior long-term growth and saw good growth in overall valuations; a result of strong market conditions and first mover advantage into non-CBD office assets. Significant leasing over the year helped us retain high occupancy at 99% across the portfolio.

## Five year performance summary

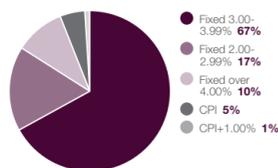
As at 30 June		2017	2016	2015	2014	2013
Number of properties	no.	58	58	53	51	44
Total value	\$m	3,283.8	2,832.6	2,372.5	2,093.7	1,694.5
Occupancy	%	99	99	97	98	98
Like-for-like value change	\$m / % of asset value	138.6 / 5.2	130.2 / 5.5	186.0 / 9.0	52.1 / 3.0	30.6 / 2.0
Total lettable area	sqm	1,056,336	1,109,545	1,050,611	1,036,740	917,989
Weighted average property age	years	9.6	9.2	8.3	7.9	6.6
Weighted average valuation cap rate	%	6.5	6.9	7.3	7.9	8.4
WALE	years	6.1	6.9	6.7	6.9	6.8
WARR <sup>1</sup>	%	3.3	3.1	3.0	3.2	3.1
Average value (per sqm)	\$	3,109	2,553	2,258	2,019	1,846
Average rent (per sqm, per annum)	\$	231	198	183	171	162
FY net property income	\$m	223.3	181.2	171.8	148.7	133.4
Number of tenants	no.	145	116	97	90	90

## Geographic diversity (%)

by property value as at 30 June 2017

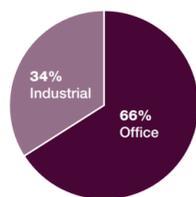
Annual rent review type (%)<sup>3</sup>

as at 30 June 2017



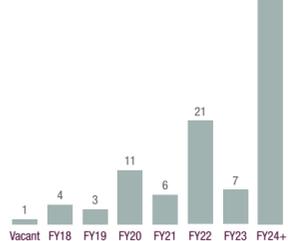
## Sector diversity (%)

by property value as at 30 June 2017



## Portfolio lease expiry profile (%)

per financial year, by income



## Top ten tenants (%)

by passing rent as at 30 June 2017

WALE (yrs)

%

WALE (yrs)

## Securityholder information

# Frequently asked questions

### How do I update my contact details?

Please update your details via **Computershare**. Please note you will require your holder identification number.

### How do I buy or sell Growthpoint securities?

Growthpoint securities trade on the ASX under the code 'GOZ'. To buy or sell securities directly you must transact via an ASX approved broker (including on-line brokers such as NAB, E-Trade and Commsec). More details are available at [asx.com.au/products/shares/buying-selling-shares.htm](http://asx.com.au/products/shares/buying-selling-shares.htm).

Growthpoint cannot sell direct to you other than via the DRP or, in certain limited circumstances, additional equity raisings.

### Why does Growthpoint outsource its registry function to Computershare?

Most ASX-listed entities outsource this function to a third party registry provider. Growthpoint does not have the scale or in-house resources (including technology) to in-source this function. Computershare is one of the largest registry providers in Australia and is included in the ASX's top 100 companies with a market capitalisation of approximately \$7.0 billion. Growthpoint has chosen Computershare on the basis of its price and service offering. Growthpoint regularly considers Computershare's performance (including any complaints or feedback received from Securityholders), pricing and services versus other providers to determine if it should continue to outsource this function to Computershare.

### I have lost or not received a tax statement, holding statement or report. How can I obtain a replacement?

Contact Computershare in the first instance. Details are supplied below.

#### 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 securities via 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.

#### Complaints

Growthpoint Properties Australia aims to provide each Securityholder with a professional and high level of client service in managing the Stapled Group. If you have a complaint, you may contact us in writing to our registered address or by email to [complaints@growthpoint.com.au](mailto:complaints@growthpoint.com.au), detailing the complaint. A response will normally be provided within 15 working days. All complaints should be addressed to the Complaints Manager.

The Responsible Entity is a member of the Financial Ombudsman Service Limited (FOS), an external, independent complaints handling organisation. FOS can be contacted on 1300 78 08 08, should your complaint not be resolved by Growthpoint Properties Australia.

## Contact details

#### Retail Investors:

**Computershare Investor Services Pty Limited**

GPO Box 2975, Melbourne VIC 3001 Australia

Phone (within Australia): 1300 850 505

Phone (outside Australia): +61 (0)3 9415 4000

Fax: +61 (0)3 9473 2500

Email: [webqueries@computershare.com.au](mailto:webqueries@computershare.com.au)

#### Institutional Investors:

**Aaron Hockly** – Chief Operating Officer

**Daniel Colman** – Investor Relations Manager

**Pooja Shetty** – Investor Relations Administrator

Email: [info@growthpoint.com.au](mailto:info@growthpoint.com.au)

Investor Services Line: 1800 260 453

[www.growthpoint.com.au](http://www.growthpoint.com.au)

## Corporate directory

**Growthpoint Properties Australia Limited**  
ABN 33 124 093 901; AFSL No 316409

**Growthpoint Properties Australia Trust**  
ARSN 120 121 002

#### Registered Office

Level 31, 35 Collins Street,  
Melbourne VIC 3000 Australia

Phone: (03) 8681 2900

Fax: (03) 8681 2910

[www.growthpoint.com.au](http://www.growthpoint.com.au)

#### Directors

Geoffrey Tomlinson, Timothy Collyer, Maxine Brenner, Estienne de Klerk, Grant Jackson, Francois Marais, Norbert Sasse

#### Company Secretaries

Aaron Hockly, Dion Andrews

**Auditor**  
**KPMG**

Tower 2, 727 Collins Street  
Melbourne VIC 3000 Australia

#### ASX Code

Growthpoint Properties Australia securities are listed on the Australian Securities Exchange (Code GOZ).

**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 2017 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 2017 Annual Report which is available at [www.growthpoint.com.au](http://www.growthpoint.com.au).