



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

31 July 2015

### Property Valuations- 30 June 2015

Growthpoint Properties Australia (“**Growthpoint**”) is pleased to announce that its property portfolio has been revalued at 30 June 2015.

24 properties, representing 40.3% of the total portfolio by value, were independently valued and 25 properties were internally valued by directors.

In addition, three properties acquired since 1 January 2015 were independently valued on the acquisition date, one is under construction and one acquisition occurred after 30 June 2015<sup>1</sup>.

The weighted average portfolio capitalisation rate improved from 7.6% at 31 December 2014 to 7.3% at 30 June 2015 reflecting a general increase in demand for the type of assets Growthpoint owns: modern, well-leased properties in excellent locations. The total value of investment properties increased by \$89.7 million on a like-for-like basis during this six month period due to revaluations.

Key changes to valuations included:

- Increase of \$24.0 million at 10-12 Mort Street, Canberra after an eight year extension of the lease to the Commonwealth of Australia (represented by the Department of Employment).
- Increase of \$8.9 million at CB1, 22 Cordelia Street, South Brisbane following a number of lease extensions.
- The six Woolworths distribution centres collectively increased in valuation by \$25.0 million due to tightening capitalisation rates.
- Decrease of \$4.0 million at 333 Ann Street, Brisbane substantially due to several leases within the building expiring in June 2015 and tenants vacating the property.

The table below provides further detail on valuation changes:

Investment Property Portfolio <sup>2</sup>	Industrial (\$m)	Office (\$m)	Total (\$m)
31 December 2014 Portfolio Valuation	1,079.0	1,092.0	2,171.0
- Add acquisitions and disposal completed during the period at cost	49.2	-	49.2
- Add valuation increase (“like-for-like”)	37.7	52.0	89.7
30 June 2015 Portfolio Valuation	1,165.9	1,144.0	2,309.8 <sup>3</sup>
Weighted average market capitalisation rate	7.3%	7.3%	7.3%

The above are subject to audit confirmation and full details of new values on an individual property basis will be provided within the annual results to be issued on 17 August 2015.

<sup>1</sup> The property under construction at 211 Wellington Road, Mulgrave, Victoria and the property acquired since 30 June 2015 at 1-3 Pope Court, Beverley, South Australia are excluded from the figures below. 211 Wellington Road will be included in the financial accounts at 30 June 2015 at its costs to date and 1-3 Pope Court will be recorded as a “Subsequent Event”.

<sup>2</sup> Excludes the property currently under construction at 211 Wellington Road, Mulgrave, Victoria.

<sup>3</sup> Numbers do not sum due to rounding.

Growthpoint’s Key Metrics at 30 June 2015	
Total property portfolio value	\$2.4 billion
Distribution guidance FY16	20.5 cents
Number of properties	53
Office / industrial	51% / 49%
Average property age	8.3 years
Occupancy	96.5%
Weighted average lease expiry	6.7 years
Weighted average rent review* *assumes CPI of 1.5%	3.0%
Weighted average capitalisation rate	7.3%
Average debt term	4.6 years
Average duration of hedges	5.0 years

Key dates for Securityholders	
FY15 Results released	17 Aug 2015
Distribution payment	31 Aug 2015
Annual General Meeting	25 Nov 2015



For financial reporting purposes, the impact of these valuation increases on net tangible assets will be reduced by stamp duty paid on the acquisitions during the six months ended 30 June 2015, the value of improvements made to the properties, tenant incentives and straight-lining of the rent.

Growthpoint's Managing Director, Timothy Collyer, said:

"Growthpoint's properties have increased in value by \$186.0 million over the 12 months ended 30 June 2015 or by 9.0% on a like-for-like basis<sup>4</sup>. Pleasingly, where the Group has extended leases, primarily with a view to providing long-term rental income, strong valuation gains have followed. This has been particularly evident in the property valuations of the SW1 buildings in South Brisbane and at 10-12 Mort Street, Canberra.

In addition, capitalisation rates have fallen or compressed over the last six months as a result of the strong investment into Australia's commercial property market partially due to offshore buyers being very active. The weighted average capitalisation rate (by value) for the Growthpoint property portfolio has moved from 7.6% as at 31 December 2014 to 7.3% as at 30 June 2015.

Growthpoint continues to maintain a quality real estate portfolio with excellent fundamentals: diversification, quality tenants, modern improvements, a weighted average lease expiry of 6.7 years, a rising rental income with annual fixed rent increases and high occupancy. Enhancing these key property characteristics will maximise the market value of the property portfolio of securityholders over the long term."

**Aaron Hockly, Company Secretary**

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

**Media and investor enquiries should be directed to:**

Aaron Hockly, Company Secretary, Growthpoint Properties Australia

Telephone: +61 8681 2900, [info@growthpoint.com.au](mailto: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 54 office and industrial properties throughout Australia valued at approximately \$2.4 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.

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<sup>4</sup> Excludes 306-318 Abbots Road, Dandenong South, Victoria and 42-44 Garden Street, Kilsyth, Victoria which were sold during the 2015 financial year.