

ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

17 August 2015

RESULTS FOR YEAR ENDED 30 JUNE 2015

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 2015 (“**FY 15**”) comprising (in order of release):

1. This announcement which includes an Appendix 4E.
2. FY 15 Annual Report including financial statements, directors’ report and external auditor report.
3. Investor Presentation.
4. FY 15 results summary (which is being mailed to all Securityholders).

Results call

A live results presentation will be held at 4:00pm (Melbourne, Australia time) on 17 August 2015. Investors can listen to this call by using the applicable dial-in details on page five 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 3:00pm (Melbourne, Australia time) on 17 August 2015.

A webcast including a recording of the call will be available from 6pm (Melbourne, Australia time) 17 August 2015 at <http://edge.media-server.com/m/p/ffwptdy7>

Overview of results

Managing Director, Timothy Collyer, said:

“There are ten key themes to the FY 15 result:

1. **Achievement and exceeding of forecasts:** Growthpoint’s distributable income was 21.2 cents per stapled security, 6.0% above FY 14 and 2.9% above guidance. This enabled Growthpoint to meet its distribution guidance of 19.7 cents per stapled security on a lowered payout ratio of 93.1%. The total distribution for FY 15 is expected to be 70.63% tax deferred and 1.77% tax free but this will be confirmed in tax statements due to be mailed on 31 August 2015. The “fund payment” which is relevant for tax withheld for foreign holders, will be released to the ASX by 21 August 2015.
2. **Superior returns:** for FY 15, Growthpoint’s return on equity¹ was 23.9% (FY 14:17.5%). Total securityholder return² for FY 15 was 36.4%³ (FY 14: 10.8%) and 21.3% per annum over the five years to 30 June 2015⁴ well above the sector returns of 20.2% and 14.2%, respectively⁵.
3. **NTA increased primarily due to property valuations increases:** net tangible assets per stapled security increased by 14.8% over FY 14 from \$2.16 to \$2.48. Most of this increase arose from the \$186 million or 9% like-for-like increase in property valuations recorded over the year equating to 29.9 cents per stapled security. Increased property valuations were the result of a decrease in the weighted average capitalisation rate for the portfolio from 7.9% at 30 June 2014 to 7.3% at 30 June 2015 as well as leasing undertaken (refer below for more details).

Growthpoint’s Key Metrics at 30 June 2015	
Total property portfolio value	\$2.4 billion
Distributable income guidance FY16	At least 21.3 cps
Distribution guidance FY16	20.5 cps
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*	3.0%
*assumes CPI of 1.5%	
Weighted average capitalisation rate	7.3%
Gearing	37.0%
Average debt term	4.7 years
Average duration of fixed debt	5.0 years

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

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



4. **Net property income:** like-for-like net property income growth was 1.0% for the portfolio for the 6 months to 30 June 2015 with office increasing by 1.2% and industrial increasing by 0.8%. For FY15, a 0.1% increase was recorded on a like-for-like basis from FY14 with industrial increasing by 2.4% and office declining by 2.1%. The like-for-like decline for office was due to increased vacancy and tenant incentives for new or extended leasing.
5. **Quality property portfolio strengthened:** Growthpoint owns an enviable \$2.4 billion portfolio of modern, well-leased and well-located properties in every State of Australia as well as in Canberra, split 51%/49% between office and industrial. Other key features include a long weighted average lease expiry or WALE of 6.7 years⁶, weighted average fixed rent reviews of 3.0% per annum⁷, a high occupancy rate at 96.5% and only 6% of the portfolio leases potentially expiring over the next two financial years. The existing portfolio was strengthened by \$119.5 million⁸ of acquisitions during FY 15, a \$20.8 million acquisition in early July 2015 and the \$26.7 million disposal of two non-core assets at or above previous book value. Growthpoint may look to divest a portfolio of assets in FY 16 to take advantage of strong demand for property in Australia.
6. **Leasing:** Growthpoint operates a “pure landlord” strategy with 100% of its income derived from rent under leases to quality tenants. As a result, leasing is critical to returns for Securityholders. In FY 15, Growthpoint leased over 69,000m² (new and extended leases) out of a total portfolio of 1,036,740m². Whilst Growthpoint has achieved significant leasing success to date, the Brisbane office market remains challenging and this is where a majority of Growthpoint’s upcoming potential lease expiries are located. However, given only 6% of the portfolio’s leases come up for renewal over the next two years, primarily within the industrial portfolio, Growthpoint’s excellent portfolio and Growthpoint’s willingness to meet the market, Growthpoint is confident that it will maintain a high occupancy level over the short to medium term.
7. **Index inclusions:** during FY 15, Growthpoint was included in the following indexes reflecting its evolution to a larger, more liquid security:
 - a. S&P/ASX 200 from 19 June 2015;
 - b. MSCI Global Small Cap Index (Asia-Pacific Region) from 29 May 2015; and
 - c. S&P/ASX 300 from 19 September 2014⁹.Inclusion in these indexes is expected to continue to support demand for Growthpoint’s securities.
8. **Debt capital markets issuance:** On 1 August 2014, Growthpoint announced that Moody’s had issued it with an investment grade rating (Baa2 for senior secured debt). This was the first step in Growthpoint’s plan to diversify its debt sources from solely bank debt to include a debt capital markets issuance which occurred via a \$200 million issue of loan notes in March 2015, fixed for 10 years. The issue of these loan notes helped to lengthen the average tenor of Growthpoint’s debt from 3.3 years at 30 June 2014 to 4.7 years at 30 June 2015. Growthpoint’s balance sheet gearing also lowered from 40.9% at 30 June 2014 to 37.0% (at the lower end of the Board’s target range of 35%-45%). The Group will look to undertake a further capital markets issuance in FY 16 if current market conditions persist.

⁶ As at 30 June 2014.

⁷ Assumes CPI of 1.5% per annum as per ABS release for the year to 30 June 2015

⁸ This figure includes 211 Wellington Road, Mulgrave, Victoria at its total cost to Growthpoint. The financial accounts released on the date of this announcement show costs to Growthpoint to 30 June 2015.

⁹ Inclusion dates are to the date on which the inclusion occurred after-market close.



Key debt metrics and changes during FY15

		30 June 2015	30 June 2014	Change
Gross assets	\$'000	2,407,147	2,128,779	278,368
Interest bearing liabilities	\$'000	890,445	871,214	19,231
Total debt facilities	\$'000	1,125,000	995,000	130,000
Undrawn debt	\$'000	228,174	118,377	109,797
Balance sheet gearing	%	37.0	40.9	(3.9)
Weighted average interest rate	%	4.8	5.8	(1.0)
Weighted average debt maturity	years	4.7	3.3	1.4
Annual Interest Coverage Ratio (ICR) / Covenant ICR	times	3.9 / 1.6	3.2 / 1.6	0.7 / -
Actual Loan to Value Ratio (LVR) / Covenant LVR	%	39.4 / 60	42.1 / 65	2.7 / -
Weighted average fixed debt maturity	years	5.0	3.0	2.0
% of debt fixed	%	75	82	(7)

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

- a redevelopment of part of the Richmond site in Victoria for offices, subject to a pre-commitment being in place. A planning permit has been issued for construction of an 18,000m² office building. Growthpoint may also explore the potential for a residential redevelopment of part of this site;
- tenant-initiated expansions at five industrial properties in Queensland and Victoria;
- 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 6.1 years remaining on the lease to consider other options for this 25 hectare site including redevelopment or change of use;
- 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
- 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: FY 15 operating expenses as a percentage of average gross assets or MER¹⁰ returned to its longer term average of 0.4% versus 0.5% in FY 14. Growthpoint expects its operating expenses to remain at this level in the year to 30 June 2016 (“FY 16”); one of the lowest of the A-REIT sector.

Growthpoint closed at a record financial year closing price on 30 June 2015 of \$3.13 and on this date Growthpoint was the:

- 13th largest A-REIT by market capitalisation;
- 11th largest A-REIT by gross assets¹¹; and
- 107th largest entity by market capitalisation, listed on the ASX¹².

Outlook

Although vacancy rates remain elevated in most office markets in Australia, there has been an improvement in Sydney and Melbourne over FY 15 and buyer demand for quality office and industrial property is still outstripping supply.

Buyer demand is coming from A-REITs, domestic wholesale funds, superannuation funds, syndicators and offshore investors and this should support asset values particularly for assets like Growthpoint’s which are

¹⁰ Management expense ratio comprising all of Growthpoint’s costs other than interest divided by the average gross assets for the year.

¹¹ Using 31 December 2014 asset values.

¹² Source: Investec Australia Limited.



typically leased long-term to quality tenants. This strong buyer demand was demonstrated by the sale processes for the Investa office portfolio and the GIC/Australand industrial portfolio, which have reportedly sold for \$2.45 billion and in excess of \$1.0 billion, respectively. These transactions are expected to lead to further yield compression in the short to medium term.

Valuation increases arising from lower capitalisation rates are expected to continue in FY 16 as demand to acquire well-leased, quality property continues to increase in Australia.

Although Growthpoint's property portfolio saw a significant increase in valuations over the year, there remains further potential valuation upside.

Growthpoint sold two properties in FY 15 for a total of \$26.7 million and it will consider the sale of additional assets in FY 16 to recycle capital into assets which better meet Growthpoint's investment criteria."

Comprehensive information in relation to the results is contained in the Annual Report released immediately after this announcement. Readers should note that there is an extensive index on page 121 of the Annual Report for ease of reference.

FY 16 Guidance

Directors reaffirm their guidance for the FY 16 distribution to securityholders of 20.5 cents per security, 4.1% higher than FY 15, providing an attractive distribution yield of approximately 6.6% based on the 30 June 2015 closing price of \$3.13.

Appendix 4E

The Appendix 4E for FY 15 appears on pages 6 and 7 of this announcement.

Aaron Hockly, Company Secretary

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

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.



RESULTS CALL DIAL-IN DETAILS

Attendee Passcode (Non Q&A):		2804890			
Location	Number	Location	Number	Location	Number
Australia	1800 801 825	Ireland	1800 720 105	Sweden	0207 968 70
Australia – Sydney	+61 (0)2 8524 5042	Italy	800 875 577	Switzerland	0800 837 001
Belgium	0800 784 01	Japan	0120 271 900	Taiwan	0080 1615 189
Canada	1855 842 3490	Malaysia	1800 816 107	Taiwan - Taipei	+886 2 7708 3282
China	4001 200 539	Netherlands	0800 0234 240	Thailand	001800 613 61433
France	0800 916 599	New Zealand	0800 452 905	United Kingdom	0800 015 9725
Germany	0800 1899 399	Norway	800 11 518	United Kingdom	+44 (0)20 3078 7622
Hong Kong	800 905 927	Philippines	1800 1110 1347	United States	1855 298 3404
Hong Kong	+852 5808 3202	Singapore	800 616 3222	US – New York	+1 631 5142 526
India	000 800 100 8255	Singapore	+65 6823 2299	South Africa	0800 980 395
Indonesia	00180 301 91840	South Korea	00798 6136 1434		



ASX Announcement

Growthpoint Properties Australia (ASX code: GOZ)

17 August 2015

Appendix 4E

Result for the year ended 30 June 2015

1. Details of reporting periods:

The current reporting period is the 12 months to 30 June 2015. The previous corresponding reporting period was for the 12 months to 30 June 2014.

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-15	Year ended 30-Jun-14	Change
	\$'000	\$'000	%
Revenue from ordinary activities	202,556	171,656	14.0%
Net profit before unrealised items	118,910	91,290	30.3%
Net profit attributable to securityholders	283,004	117,348	141.2%

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	9.80	31-Dec-14	27-Feb-15
Final distribution GOZ	9.90	30-Jun-15	31-Aug-15

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 17 August 2015.

4. Statement of Financial Position

See annual financial report released on the ASX on 17 August 2015.

5. Statement of Cash Flows

See annual financial report released on the ASX on 17 August 2015.

6. Details of distributions:

	Stapled security	Total distribution	Payment date
	(cents)	\$'000	
Interim distribution GOZ	9.80	54,351	27-Feb-15
Final distribution GOZ	9.90	56,334	31-Aug-15
Total distributions paid GOZ	19.70	110,685	

Total distributions paid to GOZ Securityholders for the current reporting period were 19.7 cents per stapled security. This is a 3.7% increase on the 19.0 cents per stapled security for the previous corresponding reporting period.



7. Details of distribution reinvestment plans in operation:

The Distribution Reinvestment Plan ("DRP") is not in operation for the distribution payable on 31 August 2015. The Directors will assess market conditions and any requirement for equity before switching on the DRP for future distributions.

8. Statement of Changes in Equity

See annual financial report released on the ASX on 17 August 2015.

9. Net tangible assets per stapled security:

	30-Jun-15	30-Jun-14	Change
	\$	\$	%
Net tangible assets (NTA) per stapled security	2.48	2.16	14.8

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 17 August 2015.

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.