



21 February 2017

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

**RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

The Directors of Growthpoint Properties Australia Limited are pleased to announce the results for Growthpoint Properties Australia (“**Growthpoint**” or “**the Group**”) for the six months ended 31 December 2016 (“**HY17**”) comprising (in order of release):

1. This announcement which includes an Appendix 4D.
2. 2017 Half Year Report including financial statements, directors’ report and external auditor’s report.
3. Investor Presentation.

**Results call**

An analyst and investor briefing will be held via webcast and teleconference at 17:00 (Melbourne time) today (21 February 2017). Investors wishing to participate should dial-in based on their location using the details on page four of this announcement. 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](mailto: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 8pm (Melbourne, Australia time) 21 February 2017 at- <http://edge.media-server.com/m/p/rg3z5xii>

**Results highlights**

In HY17, Growthpoint:

- achieved significant earnings growth with **distributable income per security of 12.5 cents, an increase of 16.8%** on HY16;
- declared a **distribution of 10.6 cents per security (“cps”)**, a 3.9% increase on the prior corresponding period. The **FY17 distribution yield is 6.7%** based on FY17 guidance and security price as at 20 February 2017;
- completed the takeover and full integration of the GPT Metro Office Fund (which traded under the ASX code GMF) leading to an upgrade in FY17 **distributable income to at least 23.3 cps** and **distribution guidance to 21.5 cps** and increasing **office sector exposure to 66%** and **NSW exposure to 26%**;
- provided Securityholders with a **total return of 7.5%**<sup>1</sup>, versus a sector return of -2.6%<sup>2</sup>;
- recorded an **8.3% return on equity** (CY16 ROE: 14.9%);
- achieved **like-for-like property value growth of \$59.6 million, or 2.2%**;

Growthpoint’s Key Metrics at 31 December 2016	
Total property portfolio value	<b>\$3.2 billion</b>
Distribution guidance FY17	<b>21.5 cents</b>
Number of properties	<b>59</b>
Office / industrial	<b>66% / 34%</b>
Average property age	<b>9.1 years</b>
Occupancy	<b>99%</b>
Weighted average lease expiry	<b>6.3 years</b>
Weighted average rent review* <i>*assumes CPI of 1.5%</i>	<b>3.3%</b>
Weighted average capitalisation rate	<b>6.7%</b>
NTA per stapled security	<b>\$2.72</b>
Balance sheet gearing	<b>42.5%</b>
All-in cost of debt	<b>4.1%</b>
Percentage debt fixed	<b>71%</b>
Average debt maturity	<b>3.5 years</b>
Average fixed rate debt maturity	<b>5.1 years</b>
Average NABERS rating (energy)	<b>4.4 stars</b>

Key dates for Securityholders	
Distribution paid	<b>28 Feb 2017</b>

<sup>1</sup> Source: UBS Investment Research

<sup>2</sup> S&P/ASX 300 (GICS) Prop. Acc Index. Source: UBS Investment Research



- recorded a **4.2% increase in NTA** per security to \$2.72, up from \$2.61<sup>3</sup> at 30 June 2016;
- undertook approximately **55,000 square metres of new and extended leasing**, increased **total portfolio occupancy to 99%**;
- sold **five industrial assets for \$152.3m**, with the proceeds used to pay down debt which had increased due to the takeover of GMF in FY17 and other office acquisitions in FY16;
- recorded **balance sheet gearing of 42.5%**, within the board's target range of 35-45%;
- maintained **all-in debt costs at 4.1% per annum**;
- maintained a **credit rating of Baa2 (Stable)** from Moody's on senior secured debt; and
- increased average NABERS energy rating** for the office portfolio to 4.4 stars (from 4.2 at 30 June 2016).

Movements in NTA (\$) per stapled security



## Overview of results

Managing Director, Timothy Collyer, said:

"We have had a busy start to the 2017 financial year.

"In November, we announced the completion of the takeover of the GPT Metro Office Fund (GMF). This was the single largest transaction the Group has undertaken and represented a significant step in achieving our strategic objectives of building Growthpoint's market capitalisation, increasing the size of the portfolio by gross assets, building a bigger exposure to the New South Wales market (now 26%, up from 20% at 30 June 2016) and increasing our office exposure to 66% (up from 56% at 30 June 2016). Pleasingly the assets are now fully integrated, testament to Growthpoint's ability to execute smoothly on portfolio growth through M&A.

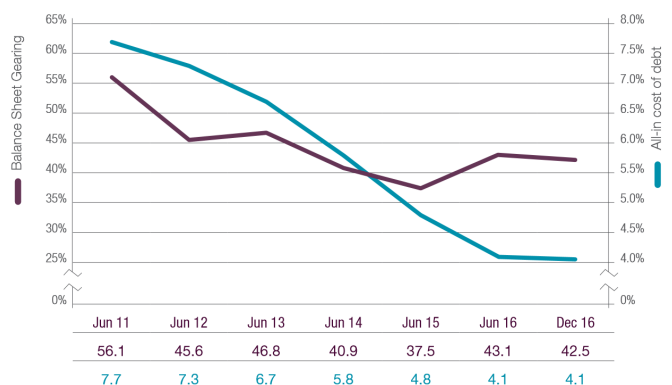
"Following the successful completion of this transaction, and the sale of a portfolio of industrial assets, we were able to increase distributable income guidance for FY17 to at least 23.3 cps (5.0% above previous guidance of 22.2 cps), and distribution guidance to 21.5 cps (4.9% above FY16). Distributable income for HY17 of 12.5 cps represented a 16.8% increase on the prior corresponding period. The declared distribution for HY17 of 10.6 cps was 3.9% higher than the prior corresponding period and represented a payout ratio of 84.9%.

"The Group also achieved significant leasing success over the half, with 30,866 square metres of office property leased through HY17, and 100% occupancy maintained in our industrial portfolio. Additional leases at 333 Ann Street, Brisbane bring total occupancy in that property to 82%, from 44% 18 months ago.

"Growthpoint has enjoyed, and expects to continue to enjoy, growing income and distributable profit due to:

- 100% of the Group's income being derived from leases to high quality tenants with 25% of rent coming from Australian government entities and 57% from listed entities;
- the Group's low and consistent operating expenses (approximately 0.4% of average gross assets);
- Growthpoint's high occupancy (99%) and low upcoming lease expiries with only 3% of the portfolio (by income) potentially expiring in each of the next three financial years;
- the long WALE of the portfolio (>6 years);
- low capital expenditure requirements due to predominantly newer buildings (average office property age ~8 years, and industrial ~10 years);
- a long weighted average debt maturity profile (3.5 years), long weighted average fixed rate debt maturity (5.1 years) and 71% of drawn debt fixed or hedged.

Change in gearing and cost of debt (%)



<sup>3</sup> NTA restated from \$2.67 due to a change in accounting treatment. Refer to note 2.2 in 2017 Half Year Report for further information.

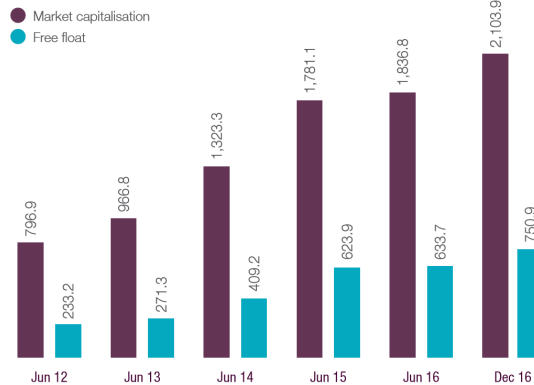


“The above factors, among others, support the Board’s current gearing target range of 35% to 45% although this target range is regularly reviewed by management and the board. At period end, Growthpoint had balance sheet gearing of 42.5%, within the target range.

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

“Growthpoint is committed to providing Securityholders with consistently growing income returns and long-term capital appreciation; this is both the key investment proposition and the base of the company’s sustainability program. We plan to achieve this by actively managing the existing portfolio of primarily A-grade offices and premium industrial assets, identifying non-core assets which can be sold and seeking out new opportunities that align with the strategic objectives of the company. Given a larger value (\$3.2 billion) and more diversified portfolio, high occupancy levels and long WALE of the existing portfolio, the Group will consider acquisitions where it can use its leasing expertise in strong markets to enhance earnings growth.

Market capitalisation and free float (\$m)



“We will continue to target investment in high quality properties on Australia’s Eastern Seaboard, where 88% of Growthpoint’s assets (by value) are located, particularly in the state of NSW. Growthpoint’s reweighting to the office sector, from 0% in 2009 to 66% at the date of this report, reflects our view that the office sector will outperform the industrial sector over the medium term. This view is supported by superior leasing and valuation metrics within the office sector, particularly in NSW.

“Management and the board believe the Group is well positioned to continue providing Securityholders with growing distributions from its portfolio of primarily A-grade office and premium industrial properties.”

**Half Year Reports**

Printed copies of the Half Year Report for the six months ended 31 December 2016 are expected to be mailed to securityholders who have elected to receive one during the week commencing 28 February 2017.

**Further information**

More details including full details of Growthpoint’s property portfolio, current and previous financial reports and Growthpoint’s operations are contained on its website: [www.growthpoint.com.au](http://www.growthpoint.com.au)

**Aaron Hockly, Chief Operating Officer and Company Secretary**

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

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

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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 59 office and industrial properties throughout Australia valued at approximately \$3.2 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:**

<b>Attendee Passcode (Non Q&amp;A):</b>		<b>936173</b>			
<b>Location</b>	<b>Number</b>	<b>Location</b>	<b>Number</b>	<b>Location</b>	<b>Number</b>
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 Wide	4001 200 659	Malaysia	1800 816 294	UAE	8000 3570 2705
Belgium	0800 72 111	Netherlands	0800 020 0715	UK	0800 051 8245
Canada	1855 8811 339	Norway	800 69 950	US	(855) 881 1339
France	0800 913 848	Philippines	1800 1110 1462	New York	(914) 202 3258
Germany	0800 182 7617	Singapore	800 101 2785	Los Angeles	(909) 235 4020
Hong Kong	800 966 806	South Korea	00 798 142 063 275	Chicago	(815) 373 2080
India	0008 0010 08443	Sweden	020 791 959		
Indonesia	001 803 019 3275	South Africa	0800 999 976		



21 February 2017

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## Appendix 4D

### Results for the six months ended 31 December 2016

**1. Details of reporting periods:**

The current reporting period is the six months to 31 December 2016. The previous corresponding reporting period was for the six months to 31 December 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 half-year attributable to stapled Securityholders:**

	Period ended 31-Dec-16	Period ended 31-Dec-15	Change
	\$'000	\$'000	%
Revenue from ordinary activities	130,445	102,562	27.20
Profit from ordinary activities after tax attributable to members	80,105	61,024	31.30
Net profit attributable to members	113,005	124,736 <sup>1</sup>	(9.40)

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

	Stapled securities	Record date	Payment date
	(cents)		
Interim distribution GOZ	10.6	30-Dec-16	28-Feb-17

**2.6 Explanation of figures in 2.1 to 2.4:**

Commentary on the above figures is included in the attached half-year results market release and half-year financial report.

**3. Net tangible assets per stapled security:**

	31-Dec-16	30-Jun-16	Change
	\$	\$	%
Net tangible assets per stapled security	2.72	2.61 <sup>2</sup>	4.21

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

During the period the Group obtained control of the GPT Metro Office Fund (now renamed Growthpoint Metro Office Fund). See the attached half-year results market release and half-year financial report for further information.

1. Net profit attributable to members restated from \$125.8 million due to a change in accounting treatment. Refer to note 2.2 in 2017 Half Year Report for further information.  
2. Net Tangible Assets per security restated from \$2.67 due to a change in accounting treatment. Refer to note 2.2 in 2017 Half Year Report for further information.



## 5. Details of distributions

	<b>Stapled security</b>	<b>Total distribution</b>	<b>Payment date</b>
	<i>(cents)</i>	<i>\$'000</i>	
Interim distribution GOZ	10.6	67,991	28-Feb-17
Total distributions paid		67,991	

## 6. Details of distribution reinvestment plans in operation

In December 2016, the Group announced that the Distribution Reinvestment Plan ("DRP") would be in operation for the distribution payable on or about 28 February 2017 in respect of the 30 December 2016 record date. The DRP price was \$3.20 per stapled security.

## 7. Details of associated and joint ventures:

Not applicable.

## 8. Accounting standards used for foreign entities:

Not applicable.

## 9. Description of audit dispute or qualification:

Not applicable.