



5 April 2017

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

Capital management initiatives achieved via sale of two properties; gearing reduced to 39.4%

Growthpoint Properties Australia (“**Growthpoint**”) is pleased to announce that it has entered into contracts for the sale of two assets in its property portfolio.

Proceeds from these sales will be used to pay down existing debt, reducing Growthpoint’s gearing ratio to 39.4%¹. This is in line with the Group’s guidance on financial management included in its HY17 result to reduce gearing to the middle of the target range (35% to 45%). **These asset sales complete Growthpoint’s capital management initiatives targeted for FY17.**

Further detail regarding the asset sales is below:

Property 1: 1231-1241 Sandgate Road, Nundah, Queensland

This property was acquired via a fund-through in 2011 for \$77.9 million. The 12,980 sqm office building is currently leased to multiple tenants, including Energex and Powerlink. Growthpoint has entered into agreements to sell the property to Centuria Property Funds Limited for \$106.25 million, reflecting a 6.9% initial yield on sale. The sale is expected to complete in early July 2017. The property is expected to deliver Growthpoint a 15% ungeared Internal Rate of Return² or IRR over the ownership period.

Property 2: 29 Business Street, Yatala, Queensland

Growthpoint has also sold 29 Business Street, Yatala to a private investor for \$10.65 million. The 8,680 sqm industrial facility was leased to CMC Steel Distribution until 31 March 2017. Settlement of the sale occurred on 30 March 2017. The property has delivered Growthpoint an 8% ungeared IRR² over the ownership period.

Both sale prices exceeded their respective book values, as at 31 December 2016, by approximately 3% each.

Growthpoint’s Managing Director, Timothy Collyer, said:

“Post the successful takeover of the GPT Metro Office Fund (**GMF**), completed in November 2016, Growthpoint has implemented clearly defined strategies as detailed in the Bidder’s Statement for GMF. Firstly, capital management initiatives to reduce debt outstanding and gearing to well within the Group’s target range. Secondly, rebalancing the property portfolio towards greater office sector investment and geographic weighting to New South Wales.

Since the GMF takeover, Growthpoint has successfully undertaken transactions to a total value of \$322.8 million, comprising:

- sale of an industrial portfolio of 4 properties located in Victoria to Mapletree Logistics Trust of Singapore for \$142.2 million (December 2016);

Growthpoint’s Key Metrics at 31 March 2017	
Total property portfolio value	\$3.1 billion
Distribution guidance FY17	21.5 cents
Number of properties	57
Office / industrial	65% / 35%
Average property age	9.5 years
Occupancy	98%
Weighted average lease expiry	6.1 years
Weighted average rent review <i>(assumes CPI of 1.5%)</i>	3.2%
Weighted average capitalisation rate	6.7%
NTA per stapled security <i>(as at 31 December 2016)</i>	\$2.72
Balance sheet gearing <i>(pro forma after asset sales referred to in this announcement)</i>	39.4%
Percentage debt fixed <i>(post settlement of USPP in June 2017)</i>	>75%
Average debt maturity post settlement of USPP <i>(pro forma 31 December 2016)</i>	5.3 years
Average NABERS rating <i>(energy)</i>	4.4 stars

¹ Pro-forma as at 31 March 2017, including the sale of two assets referred to in this announcement.

² Internal Rate of Return. Provides the average annual return of a property before gearing and corporate costs



- equity raising via an underwritten Distribution Reinvestment Plan for the six months ended 31 December 2016 to a value of \$63.7 million (February 2017);
- sale of the Nundah office building to Centuria Property Funds Limited for \$106.25 million; and
- sale of an industrial facility in Yatala to a private investor for \$10.65 million.

Pro-forma gearing reduces to 39.4% after these transactions are completed, down from a high of 46% post the GMF acquisition. Current FY17 guidance for distributable income per security of at least 23.3 cents (+6.4% on FY16) and a distribution of 21.5 cents per security (+4.9% on FY16) is maintained.

The sales have also resulted in Growthpoint increasing its exposure to New South Wales and Victoria and reducing exposure to Queensland. As a result of these sales, Growthpoint's exposure to these three states moves as follows from 31 December 2016:

	Portfolio	Office
NSW	26% → 27%	31% → 33%
Vic	29% → 30%	24% → 26%
Qld	28% → 26%	32% → 28%

We are pleased to announce successful transactions that advance the business and our strategies.”

Media and investor enquiries should be directed to:

Aaron Hockly, Chief Operating Officer, 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 57 office and industrial properties throughout Australia valued at approximately \$3.1 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.