



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

20 June 2016

### Acquisition of \$166 million fully-leased Victorian office building

Growthpoint Properties Australia ("Growthpoint") is pleased to announce that it has entered transaction documents for the acquisition of 75 Dorcas Street, South Melbourne, Victoria ("Property") for \$166 million. Settlement is due to occur within five business days.

The Property is 100% leased to several tenants including ANZ Bank (57.7% of net lettable area), Mondelez (19.2%) and BMW (15.4%) with a remaining weighted average lease expiry of 5.0 years<sup>1</sup> providing an initial yield of 6.6%. The leases have a weighted average fixed rent review of 3.8%<sup>1</sup>.

#### The Property

The Property comprises an 11 level A-grade office, showroom and car park building with a net lettable area ("NLA") of 23,811 square metres and 690 car parks on 9,632 square metres of land. The Property was constructed in 2002 and partly refurbished in 2015.

The purchase price is \$166,000,000 providing a forecast FY17 income yield of 6.8%. Savills has independently valued the Property at the purchase price.

The Property has a 3.5 star NABERS energy rating.

#### The location



The Property is located in South Melbourne, approximately two kilometres south of Melbourne's Central Business District and 400 metres west of St Kilda Road. The Property forms part of Melbourne's city fringe office market of approximately 1.2 million square metres which includes the Docklands, Southbank and St Kilda Road precincts and has an A-grade vacancy rate of 6.7%<sup>2</sup>, which is lower than most of Australia's capital cities.

#### Growthpoint's Key Metrics

|                                                    |               |
|----------------------------------------------------|---------------|
| Total property portfolio value                     | \$2.8 billion |
| Distribution guidance FY17                         | 21.3 cents    |
| Number of properties                               | 58            |
| Office / industrial                                | 56% / 44%     |
| Average property age                               | 8.6 years     |
| Occupancy                                          | 99%           |
| Weighted average lease expiry (weighted by income) | 6.2 years     |
| Weighted average rent review (assumes CPI of 1.3%) | 3.1%          |
| Weighted average capitalisation rate               | 7.0%          |
| NTA per stapled security as at 31 December 2015    | \$2.60        |
| Balance sheet gearing*                             | 39.7%         |
| All-in cost of debt*                               | 4.53%         |
| Percentage debt fixed*                             | 76%           |
| Average debt maturity*                             | 4.5 years     |
| Average fixed rate debt maturity*                  | 6.0 years     |
| * as at 31 March 2016                              |               |

#### Key dates for Securityholders

|                           |             |
|---------------------------|-------------|
| Full year results release | 22 Aug 2016 |
| Next distribution paid    | 31 Aug 2016 |

#### Major tenants

| Name of tenant                                  | Tenant profile                                                                                                                                                                                                                                                                                              | NLA/percentage of total (square metres) | Lease term                                                  |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|
| Australia and New Zealand Banking Group Limited | Listed on the ASX with a market capitalisation of approximately \$70 billion, ANZ is one of Australia's four major banks and in the top 25 bank globally by market capitalisation.                                                                                                                          | 13,744/57.7% plus 120 car parks         | Five years from March 2015 plus a five year option to renew |
| Mondelez Australia Pty Ltd                      | Wholly-owned Australian subsidiary of Mondelez International, one of the world's largest snack companies (brands include Cadbury and Trident). Mondelez International is listed on NASDAQ with a market capitalisation of approximately US\$70 billion and annual revenues of approximately US\$30 billion. | 4,567/19.2% plus 100 car parks          | Ten years from October 2015 plus a two year option to renew |

<sup>1</sup> Weighted by income.

<sup>2</sup> At January 2016. Source: Savills Research.

|                                                   |                                                                                                                                                                                                    |                                    |                                                           |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------|
| BMW Australia Limited (used as vehicle showrooms) | Wholly-owned Australian subsidiary of Bayerische Motoren Werke AG, which is listed on the Frankfurt Stock Exchange under the code BMW with a market capitalisation of approximately Eur45 billion. | 3,662/15.4%                        | Seven years from October 2015 plus 2 x 5 year options     |
| Secure Parking Pty Ltd                            | Operator of over 1,000 car park facilities and one of Australia's largest car park operators.                                                                                                      | 415 car parks as a public car park | 3.7 years from June 2016 plus a five year option to renew |



### ***Funding of the acquisition***

Funding for the acquisition of the Property will initially come from undrawn debt in the Group's existing debt facilities. Subject to other potential impacts on Growthpoint's balance sheet including other potential acquisitions and disposals and property valuations, Growthpoint will use the proceeds from the August 2016 distribution reinvestment plan ("DRP") to partly reduce debt arising from this acquisition.



## Business update

### Leasing

Growthpoint has undertaken significant leasing in the portfolio since its March 2016 update including:

| Address                                             | Sector     | Tenant                                                                       | Start date | Term (yrs) | NLA (square metres) | Car parks  | Fixed annual rent increases (%) |
|-----------------------------------------------------|------------|------------------------------------------------------------------------------|------------|------------|---------------------|------------|---------------------------------|
| Building B, 211 Wellington Road, Mulgrave, Victoria | Office     | Monash University                                                            | Q4, FY16   | 5.0        | 1,842               | 140        | 3.25%                           |
| CB2, 42 Merivale Street, South Brisbane, Queensland | Office     | Jimmy's on the Mall                                                          | Q4, FY16   | 14.2       | 145                 | Nil        | 4.00%                           |
| 333 Ann Street, Brisbane, Queensland                | Office     | Federation University Australia (Brisbane Educational Services) <sup>3</sup> | Q4, FY16   | 7.7        | 2,556               | 3          | 3.25%                           |
| Building B, 211 Wellington Road, Mulgrave, Victoria | Office     | New to be named café (Yew Thay Pty Ltd)                                      | Q4, FY16   | 5.0        | 101                 | 2          | 3.50%                           |
| A4, 52 Merivale Street, South Brisbane, Queensland  | Office     | Topcon Positioning Systems (Aust)                                            | Q4, FY16   | 10.0       | 1,235               | 15         | 3.75%                           |
| 333 Ann Street, Brisbane, Queensland                | Office     | Superloop Limited                                                            | Q4, FY16   | 4.1        | 867                 | 3          | 3.75%                           |
| 75 Annandale Road, Melbourne Airport, Victoria      | Industrial | Neovia Logistics Services Aust.                                              | Q2, FY17   | 3.0        | 10,280              | 45         | 3.75%                           |
| <b>Total / Weighted Average<sup>4</sup></b>         |            |                                                                              |            | <b>6.4</b> | <b>17,026</b>       | <b>208</b> | <b>3.5%</b>                     |

Growthpoint's leasing at 333 Ann Street, Brisbane has been very successful, with 6,970 square metres leased since June 2015, raising the building's occupancy from 41% to 77%. Recent leasing includes Federation University Australia committing to Levels 5 to 7 to become a major tenant to the property, as well as ASX listed Superloop Limited leasing Level 17. The weighted average lease expiry for 333 Ann Street is now 5.5 years with 3,901 square metres left to lease.

### **Sale of 670 Macarthur Avenue, Pinkenba, Queensland**

Growthpoint has signed a contract of sale to sell its industrial property at 670 Macarthur Avenue, Pinkenba for \$10,075,000 (above its 31 December 2015 book value of \$9,750,000) to a private investor. Settlement of the sale is due within 90 days.

### **Proposal to acquire GPT Metro Office Fund (ASX Code: GMF)**

Growthpoint is considering its proposal to acquire GMF in light of announcements regarding a competing offer last week and expects to fully update the market before 30 June 2016.

### **Managing Director, Timothy Collyer, said:**

"Growthpoint's acquisition of 75 Dorcas Street adds another well leased, modern, A-grade building to its existing \$1.4 billion office portfolio. With a weighted average fixed rent review of 3.8%<sup>4</sup> and improving office market dynamics, we expect this asset to provide good income growth for securityholders over the medium

<sup>3</sup> Federation University Australia is the culmination of the former University of Ballarat and the Gippsland Campus of Monash University. Operating for over 145 years, this public university provides higher education, TAFE, secondary schooling and research opportunities to over 23,000 students at campuses in Ballarat, Gippsland and the Wimmera.

<sup>4</sup> Weighted by income.



term. We are delighted to welcome quality tenants ANZ Bank and Mondelez to our portfolio and look forward to building on our existing tenant relationship with BMW.

Over the 2016 financial year, Growthpoint has acquired \$328 million of quality, well-leased properties which are expected to help grow distributions to securityholders in future periods. We have also sold a smaller industrial property above its book value.

Growthpoint has continued to achieve significant leasing success and now has an occupancy rate of 99%.

Nearing the end of the financial year, the Growthpoint property portfolio is very well positioned and has been strengthened by the acquisition of 75 Dorcas Street and further leasing success. We are considering the further divestment of industrial properties and the acquisition of GMF.”

**Aaron Hockly, Chief Operating Officer** [www.growthpoint.com.au](http://www.growthpoint.com.au)

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**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 58 office and industrial properties throughout Australia valued at approximately \$2.8 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.