

Growthpoint Properties Australia

Growthpoint Properties Australia Trust ARSN 120 121 002
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www.growthpoint.com.au

Space to thrive.

1H20 results.

For the six months ended
31 December 2019

GROWTHPOINT
PROPERTIES



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1H20 highlights

6.4yrs

WALE
30 June 2019:
5.0yrs, +1.4yrs

\$4.2b

Property portfolio value
30 June 2019: \$4.0b,
+5.0%

12.6cps

FFO
1H19: 12.5cps, +0.8%

11.8cps

Distribution
1H19: 11.4cps, +3.5%

\$3.66

NTA per security
30 June 2019:
\$3.50, +4.6%

About this report

This half year report is a consolidated summary of Growthpoint Properties Australia's (comprising Growthpoint Properties Australia Limited, Growthpoint Properties Australia Trust and their controlled entities) (Growthpoint or the Group) operational and financial performance for the six months ended 31 December 2019 (1H20). It is available online at www.growthpoint.com.au.

This half year report does not include all the information and disclosures that are typically included in an annual financial report. Accordingly, this report should be read in conjunction with Growthpoint's annual report for the financial year ended 30 June 2019 and any public announcements made by Growthpoint during the half year reporting period.

About us

Growthpoint provides spaces for people to thrive. For more than 10 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 58 properties, valued at approximately \$4.2 billion.

We actively manage our portfolio. We invest in our existing properties, ensuring they meet our tenants' needs now and into the future. We are also focused on growing our property portfolio.

We are committed to operating in a sustainable way and reducing our impact on the environment.

Growthpoint is a real estate investment trust (REIT), listed on the ASX, and is part of the S&P/ASX 200. Moody's has issued us with an investment-grade rating of Baa2 for senior secured debt.

Operating review

The following section reviews the performance of Growthpoint's property portfolio in 1H20. The Group's property portfolio is diversified across two property sectors: office and industrial.

Office

Growthpoint owns and manages 26 high-quality office properties, which represent 69% of Growthpoint's total property portfolio by value. Growthpoint's office properties are predominantly located on the fringe of central business districts (CBD) or in key metropolitan markets. Approximately, 89% of Growthpoint's office properties are located in Sydney, Melbourne and Brisbane.

Office highlights

- Number of assets: 26
- Total lettable area: 308,133 sqm
- Portfolio value: \$2,905.4 million (30 June 2019: \$2,755.2 million)
- 1H20 net property income¹: \$77.5 million (1H19: \$68.6 million)

Key metrics

	31 December 2019	30 June 2019
Occupancy	98%	98%
Weighted average lease expiry	7.3 years	5.1 years
Weighted average capitalisation rate	5.5%	5.7%
Weighted average rent review	3.6% ²	3.6% ³

Office market

The metropolitan (metro) office market has performed strongly for a number of years. In Sydney, vacancy rates remain low and supply remains constrained in most metro markets. This led to above average face and effective rent growth in 1H20, with Parramatta being the strongest performer. In Melbourne, vacancy rates remain stable in most metro markets in 1H20, despite increased supply. In both Sydney and Melbourne, strong investment activity has led to further yield compression.

In Brisbane, net absorption has improved and vacancy rates have continued to decrease. Investment demand has continued to strengthen due to increased confidence in leasing markets and lack of opportunities in Sydney and Melbourne.

Leasing

During 1H20, Growthpoint signed 20 lease agreements, totaling 60,218 square metres, reducing office lease expiries in FY20 from 6% at 30 June 2019 to 2% at 31 December 2019. The average lease term for new and renewed leases was 16.7 years and the average annual rent review was 3.6%.

In December 2019, Growthpoint signed its longest lease agreement to date, entering into a new 25-year lease with the New South Wales Police Force (NSWPF). NSWPF are Growthpoint's single largest tenant and occupy 32,356 square metres of A-grade office space and 444 car spaces at the Curtis Cheng Centre, 1 Charles Street, Parramatta, New South Wales (NSWPF headquarters).

Growthpoint also renewed leases with key tenants, Optus and ANZ, for six years and seven years, respectively.

Development

At the end of 1H20, Growthpoint was nearing practical completion on the development of a 19,477 square metre office building, Botanicca 3, in Richmond, Victoria. Practical completion was subsequently achieved in February 2020. Growthpoint is in discussion with a number of prospective tenants. When fully let, Growthpoint expects a yield on development cost of approximately 7.5% to 8.5%.

¹ Excludes straight line lease adjustment.

² Assumes CPI change of 1.8% per annum as per Australian Bureau of Statistics release for CY19.

³ Assumes CPI change of 1.6% per annum as per Australian Bureau of Statistics release for FY19.

Valuation

Over 1H20, the value of the office portfolio increased by \$150.2 million or 5.5% on a like-for-like basis. The strong increase was primarily driven by leasing success, development projects and further yield compression.

The valuation of the NSWPF headquarters increased to \$420 million, 19% higher than its 30 June 2019 book value and 74% higher than its June 2014 purchase price of \$241 million, as a result of the new 25-year lease agreement.

Excluding the increased valuations of the NSWPF headquarters and Botanicca 3, the value of Growthpoint's office portfolio increased by 2.0%.

Other valuation highlights in 1H20 include:

- 100 Skyring Terrace, Newstead, Queensland (\$9.0 million or 4% increase)
- Building 1, 572-576 Swan Street, Richmond, Victoria (\$5.9 million or 9% increase)
- Building C, 219-247 Pacific Highway, Artarmon, New South Wales (\$5.0 million or 4% increase)

Industrial

Growthpoint owns and manages 32 industrial properties, which represent 31% of Growthpoint's total property portfolio by value. Growthpoint's industrial properties are well-located, near key logistics hubs or population centres.

Industrial highlights

- Number of assets: 32
- Total lettable area: 749,157 sqm
- Portfolio value: \$1,315.6 million (30 June 2019: \$1,228.6 million)
- 1H20 net property income⁴: \$41.3 million (1H19: \$40.2 million)

Key metrics

	31 December 2019	30 June 2019
Occupancy	98%	99%
Weighted average lease expiry	4.5 years	4.8 years
Weighted average capitalisation rate	6.2%	6.3%
Weighted average rent review	2.8% ⁵	2.7% ⁶

Industrial market

The industrial property market continues to perform strongly, particularly in Sydney and Melbourne. Demand for well-located properties continues to increase due to strong population growth and sustained growth in online shopping. Supply remains constrained due to residential encroachment and strong leasing demand. As a result, industrial property prices have continued to appreciate and yields have tightened.

Acquisitions

In September 2019, Growthpoint acquired 3 Maker Place, Truganina, in Melbourne's west, for \$40.0 million. The property is a recently-completed, 31,092 square metre, logistics warehouse. The property is fully leased until October 2022 to an international eCommerce business.

Leasing

During 1H20, Growthpoint signed seven lease agreements, totalling 50,654 square metres, reducing industrial lease expiries in FY20 from 17% at 30 June 2019 to 13% at 31 December 2019.⁷ The average lease term for new and renewed leases was 4.6 years and the average annual rent review was 3.7%.

⁴ Excludes straight line lease adjustment.

⁵ Assumes CPI change of 1.8% per annum as per Australian Bureau of Statistics release for CY19.

⁶ Assumes CPI change of 1.6% per annum as per Australian Bureau of Statistics release for FY19.

⁷ Includes 120 Northcorp Boulevard, Broadmeadows, Victoria, which Growthpoint decided to remove from the market for development in 3Q20. It also includes Linfox, who signed a new lease at 6-7 John Morphet Place, Erskine Park, New South Wales in January 2020.

Development

The expansion of Woolworth's distribution centre in Gepps Cross, South Australia, remains on track for completion in early FY21. The \$54 million project includes an extension of the existing temperature controlled and ambient warehouses and construction of a new recycling facility. Growthpoint receives a coupon for the project costs as they are incurred at a yield of 6.75% per annum. As at 31 December 2019, progress payments totalled approximately \$37.5 million. On completion, the total project cost will be rentalised via a new 15-year lease over the expanded property.

Growthpoint has progressed its development plans for 120 Northcorp Boulevard, Broadmeadows, Victoria. This is a prime industrial site of 250,000 square metres in Melbourne's north, with site coverage currently below 25%. Growthpoint has lodged a town planning application for a 13,000 square metre warehouse to occupy an unused area of the property. Growthpoint is also progressing its master plan for the site. Subject to the necessary approvals, Growthpoint expects to complete and lease new warehouses progressively from FY22.

Valuation

Over 1H20, the value of the industrial portfolio increased by \$48.8 million or 4.0% on a like-for-like basis. The strong increase was primarily driven by development projects and further yield compression.

Valuation highlights in 1H20 include:

- 599 Main North Road, Gepps Cross, South Australia (\$26.0 million or 21% increase)
- Lots 2, 3 and 4, 34-44 Raglan Street, Preston, Victoria (\$5.0 million or 17% increase)
- 6-7 John Morphett Place, Erskine Park, New South Wales (\$5.0 million or 10% increase)

Sustainability

As part of Growthpoint's commitment to operating in a more sustainable way, Growthpoint has been improving the green credentials of its properties. Key highlights for 1H20:

- At 75 Dorcas Street, South Melbourne, Victoria, Growthpoint installed a 99kW photovoltaic (PV) system. Growthpoint expects that this will decrease the property's greenhouse gas emissions by approximately 150tCO₂-e.
- Growthpoint replaced approximately 300 standard fluorescent lights with energy efficient LED lights in the carparks at A1, 32 Cordelia Street, South Brisbane, Queensland and CB2, 42 Merivale Street, South Brisbane, Queensland.
- 100 Skyring Terrace, Newstead, Queensland achieved a 6-star NABERS Energy rating, the highest NABERS Energy rating available. This is the second asset in Growthpoint's portfolio to have achieved this rating, becoming one of only 31 6-star rated properties in Australia.⁸

In September, Growthpoint's Global Real Estate Sustainability Benchmark (GRESB) score was issued. Growthpoint's score improved to 72 from 66, reflecting increased stakeholder engagement and an improvement in data collection.

⁸ NABERS. As at 31 January 2020.

Financial review

The following section provides a summary of Growthpoint's financial performance and capital management for 1H20.

Financial highlights

Funds from operations and distributions

Funds from operations (FFO) is the net profit available for distribution from the Group which excludes accounting adjustments such as fair value movements to the value of investment property, investment in securities and interest rate swaps, foreign exchange movement on interest bearing liabilities, finance lease adjustments to expense, finance costs associated with leases, depreciation, profits or losses on sale of investment properties, deferred tax and amortisation of tenant incentives. FFO is non-IFRS financial information and has not been subject to review by the Group's external auditors.

Growthpoint uses FFO as an earnings measure. FFO enables Securityholders to identify the income which is available for distribution and also assists in determining the relative performance of the Group.

The following table reconciles between statutory profit, FFO and distributions paid to Securityholders.

	1H20	1H19	Change	Change
	\$m	\$m	\$m	%
Profit after tax	202.0	188.8	13.2	7.0
Less non-FFO items:				
– Straight line adjustment to property revenue	8.1	(2.9)	11.0	
– Finance lease adjustments to expenses	(0.3)	-	(0.3)	
– Finance cost associated with leases	2.0	-	2.0	
– Net changes in fair value of investment property	(139.9)	(101.4)	(38.5)	
– Net change in fair value of investment in securities	(0.6)	(2.4)	1.8	
– Net change in fair value of derivatives	(3.8)	(5.3)	1.5	
– Net foreign exchange movement on interest bearing liabilities	19.2	-	19.2	
– Depreciation	0.1	0.1	-	
– Amortisation of incentives	9.9	9.2	0.7	
– Deferred tax benefit	0.1	0.5	(0.4)	
FFO	96.8	86.6	10.2	11.8
Distributions	91.1	83.0	8.1	9.8
FFO per security	12.6 cps	12.5 cps	0.1 cps	0.8
Distribution per security	11.8 cps	11.4 cps	0.4 cps	3.5

FFO was \$96.8 million, up 11.8%. The key drivers of FFO were:

- Net property income increased reflecting the contribution from recently-acquired assets and annual rent increases.
- Interest expense decreased due to lower borrowings and a reduced cost of debt.
- The above gains were partially offset by increased tax expense, related to development management fees for Botanicca 3, and increased operating expenses.

FFO per security was 12.6 cents per security (cps), up 0.8% on 1H19.

Growthpoint's distribution for the six months ending 31 December 2019 was 11.8 cps. This comprises a dividend of 1.0 cent per share and a distribution of 10.8 cents per unit. The 1H20 payout ratio, calculated as distributions on ordinary stapled securities divided by FFO, was 94.1% (1H19: 95.8%). The distribution will be paid to Securityholders on 28 February 2020.

Property valuations

At 31 December 2019, 31 of Growthpoint's 58 office and industrial assets were externally valued. The remaining 27 assets were valued by Directors. The value of the Group's portfolio increased 5.0%. The valuation gains were the primary driver of a 4.6% increase in net tangible assets (NTA) per security to \$3.66 (30 June 2019: \$3.50).

Operating expenses

		CY19	CY18
Total operating expenses	\$m	15.7	13.5
Average gross assets value	\$m	4,101.6	3,523.0
Operating expenses to average gross assets	%	0.38	0.38

The increase in operating expenses over the calendar year reflects Growthpoint's investment in its employees and business processes as the Group has grown and increased compliance costs. Operating expenses to average gross assets were in line with CY18.

Capital expenditure

		CY19	CY18
Total portfolio capex	\$m	16.4	9.1
Average property asset value	\$m	4,018.3	3,550.3
Capital expenditure to average property portfolio value	%	0.41	0.26

Total portfolio capex increased as Growthpoint's property portfolio has grown. In CY19, capital expenditure to average property portfolio value was in line with Growthpoint's guidance range, between 0.3% and 0.5%. Growthpoint expects capital expenditure to average property portfolio value to remain towards the upper end of its guidance range over the medium term.

Capital management highlights

The table below highlights Growthpoint's key debt metrics and changes during 1H20.

		31 December 2019	30 June 2019
Gross assets	\$m	4,474.0	4,117.9
Interest bearing liabilities	\$m	1,399.6	1,433.3
Total debt facilities	\$m	1,703.7	1,684.5
Undrawn debt	\$m	298.0	245.7
Gearing	%	31.4	34.3
Weighted average interest rate	%	3.7	3.9
Weighted average debt maturity	years	4.7	4.6
Annual interest coverage ratio (ICR) / Covenant ICR	times	4.6 / 1.6	4.1 / 1.6
Actual loan to value ratio (LVR) / Covenant LVR	%	33.5 / 60	36.2 / 60
Weighted average fixed debt maturity	years	5.5	5.6
Proportion of debt fixed	%	69	67
Debt providers	no.	17	17

On 27 June 2019, the Group undertook a fully underwritten Institutional Placement, raising \$150 million. The transaction settled on 2 July 2019. A further \$23.6 million was raised via a Security Purchase Plan in July 2019. The proceeds were used to repay debt.

At 31 December 2019, Growthpoint's gearing was 31.4%, 291 basis points lower than 30 June 2019 and below the Group's target range, between 35% and 45%.

During 1H20, Growthpoint successfully extended two \$75 million bank debt facilities that were due to expire in FY21. Growthpoint also negotiated an extension of a \$100 million debt facility due to expire in FY23. As a result of these extensions, Growthpoint increased its weighted average debt maturity to 4.7 years and reduced its weighted average interest rate by 20 basis points to 3.7%.

Growthpoint remains well within all its debt covenant limits.

Outlook

Growthpoint delivered strong first half results and is on track to deliver its FY20 guidance. The fundamentals of Growthpoint's business remain robust with a high occupancy rate, long WALE, high proportion of fixed annual rent reviews and exposure limited to the office and industrial property sectors.

The Group is focused on optimising its development pipeline, which is forecast to provide attractive returns over the next couple of years. Growthpoint's balance sheet is robust, with gearing below the bottom of its target range, providing financial flexibility. The Group is actively looking to undertake accretive acquisitions to support future growth and exploring options to diversify income streams.

FY20 guidance

Growthpoint reaffirms its FY20 guidance of FFO per security of at least 25.4 cents and distribution per security (DPS) of 23.8 cents, representing growth of 3.5% over FY19 and a DPS yield of 5.7%.⁹

⁹ Distribution yield is the FY20 DPS guidance of \$0.238 per security divided by the closing ASX price as at 31 December of \$4.15.

Directors' report

The Directors of Growthpoint present their Directors' report together with the consolidated Financial Statements for the half year ended 31 December 2019.

Principal activities

The principal activities of Growthpoint are commercial real estate investment and property asset management.

Directors

The following persons were Directors of Growthpoint at all times during 1H20:

- Geoffrey Tomlinson
- Timothy Collyer
- Maxine Brenner
- Estienne de Klerk
- Grant Jackson
- Francois Marais
- Norbert Sasse
- Josephine Sukkar

Review of operations

A review of Growthpoint's operations and the results of those operations are set out in the operating and financial review on pages 4 to 35 of this report. Further details of Growthpoint's financial results are provided in the Financial Statements on pages 13 to 35 of this report.

Matters subsequent to the end of the half-year

No events have occurred since the end of the half year which have significantly affected, or may significantly affect, Growthpoint's operations, the results of those operations, or Growthpoint's state of affairs, in future years.

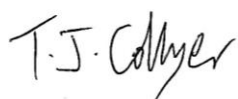
Auditor's independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 11.

Rounding of amounts

All financial information presented is in Australian dollars and has been rounded to the nearest hundred thousand unless otherwise stated, in accordance with Australian Securities and Investments Commission Instrument 2016/191.

This report was approved in accordance with a resolution of the Board of Growthpoint.



Timothy Collyer
Managing Director
Growthpoint Properties Australia Limited

25 February 2020

Auditor's independence declaration



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Auditor's Independence Declaration to the Directors of Growthpoint Properties Australia

As lead auditor for the review of the half-year financial report of Growthpoint Properties Australia for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Growthpoint Properties Australia and the entities it controlled during the financial period.

Ernst & Young

David Shewring
Partner
25 February 2020

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Financial report

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2019

	Notes	1H20 \$m	1H19 \$m
Revenue and other income			
Property revenue	2.1	125.5	115.0
Straight line adjustment to property revenue	2.1	(8.1)	2.9
Revenue from services to tenants	2.1	18.4	15.6
Distributions from investment in securities		2.6	2.5
Net changes in fair value of investment properties		139.9	101.4
Net change in fair value of investment in securities	2.3	0.6	2.4
Net change in fair value of derivatives		3.8	5.3
Net investment income		282.7	245.1
Expenses			
Property expenses	2.1	(3.3)	(2.8)
Expense from services to tenants	2.1	(21.8)	(19.0)
Other expenses from ordinary activities		(8.0)	(6.2)
Net foreign exchange movement on interest bearing liabilities		(19.2)	-
Finance lease adjustments to expenses		0.3	-
Total expenses		(52.0)	(28.0)
Profit from operating activities		230.7	217.1
Interest income		0.2	0.3
Finance costs associated with leases		(2.0)	-
Borrowing costs		(23.3)	(27.5)
Net finance costs		(25.1)	(27.2)
Profit before income tax		205.6	189.9
Income tax expense		(3.6)	(1.1)
Profit for the period		202.0	188.8
Profit attributable to:			
Owners of the Trust		194.7	186.8
Owners of the Company		7.3	2.0
Total Comprehensive income		202.0	188.8
Basic and diluted earnings per stapled security (cents)		26.2	27.3
Distribution to Securityholders	3.4	(91.1)	(83.0)
Change in net assets attributable to Securityholders		110.9	105.8

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2019	Notes	31-Dec-19	30-Jun-19
		\$m	\$m
Current assets			
Cash and cash equivalents	2.6	38.6	30.2
Trade and other assets	2.4	7.9	5.4
Total current assets		46.5	35.6
Non-current assets			
Plant and equipment		0.8	0.7
Investment properties	2.2	4,323.0	3,983.8
Investment in securities	2.3	86.2	85.6
Derivative financial instruments	3.2	14.9	11.2
Right-of-use assets		1.7	0.0
Net deferred tax assets		0.9	1.0
Total non-current assets		4,427.5	4,082.3
Total assets		4,474.0	4,117.9
Current liabilities			
Trade and other liabilities	2.5	42.3	50.1
Distribution to Securityholders	3.4	91.1	84.4
Current tax payable		5.7	2.3
Finance lease liabilities	2.7	0.5	0.0
Total current liabilities		139.6	136.8
Non-current liabilities			
Trade and other liabilities	2.5	0.1	0.1
Interest bearing liabilities	3.1	1,399.6	1,433.3
Finance lease liabilities	2.7	105.2	0.0
Derivative financial instruments	3.2	1.0	1.2
Total non-current liabilities		1,505.9	1,434.6
Total liabilities		1,645.5	1,571.4
Net assets		2,828.5	2,546.5
Securityholders' funds			
Contributed equity	3.3	2,049.8	1,879.4
Reserves		9.2	8.5
Accumulated profits		769.5	658.6
Total Securityholders' funds		2,828.5	2,546.5

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2019	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 30 June 2019	1,879.4	8.0	0.6	-	658.6	2,546.5
Total comprehensive income for the period						
Profit after tax for the period	-	-	-	-	202.0	202.0
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	202.0	202.0
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	170.5	-	-	-	-	170.5
Distributions provided or paid	-	-	-	-	(91.1)	(91.1)
Share-based payment transactions	-	0.6	-	-	-	0.6
Deferred tax expense charged to equity	-	-	-	-	-	-
Total transactions with Securityholders	170.5	0.6	-	-	(91.1)	80.0
Balance at 31 December 2019	2,049.8	8.6	0.6	-	769.5	2,828.5
Total Securityholders' funds at the end of the period are attributable to:						
- Trust						2,739.7
- Company						88.8
Growthpoint Properties Australia						2,828.5

Consolidated Statement of Changes in Equity

– continued

For the half year ended 31 December 2018	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 30 June 2018	1,698.7	7.1	0.6	-	450.7	2,157.1
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	188.8	188.8
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	188.8	188.8
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	180.8	-	-	-	-	180.8
Distributions provided or paid	-	-	-	-	(83.0)	(83.0)
Share-based payment transactions	-	0.2	-	-	-	0.2
Deferred tax expense charged to equity	-	-	-	-	-	-
Total transactions with Securityholders	180.8	0.2	-	-	(83.0)	98.0
Balance at 31 December 2018	1,879.5	7.3	0.6	-	556.5	2,443.9
Total Securityholders' funds at the end of the period are attributable to:						
- Trust						2,372.2
- Company						71.7
Growthpoint Properties Australia						2,443.9

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the half year ended 31 December 2019	1H20	1H19
	\$m	\$m
Cash flows from operating activities		
Cash receipts from customers	154.9	110.3
Cash payments to suppliers	(34.2)	(31.6)
Cash generated from operating activities	120.7	78.7
Interest paid	(21.2)	(24.4)
Taxes refunded/(paid)	(0.1)	-
Net cash inflow from operating activities	99.4	54.3
Cash flows from investing activities		
Interest received	0.2	0.3
Distributions received from investment in securities	1.3	1.3
Payments for investment properties	(123.7)	(377.6)
Payments for plant and equipment	(0.2)	-
Net cash inflow / (outflow) from investing activities	(122.4)	(376.0)
Cash flows from financing activities		
Proceeds from external borrowings	208.1	327.5
Repayment of external borrowings	(260.4)	(101.5)
Proceeds from equity raising	173.6	181.7
Equity raising costs	(3.1)	(0.9)
Repayment of finance lease liabilities	(2.4)	-
Distributions paid to Securityholders	(84.4)	(75.6)
Net cash (outflow) from financing activities	31.4	331.2
Net increase/(decrease) in cash and cash equivalents	8.4	9.5
Cash and cash equivalents at the beginning of the period	30.2	31.5
Cash and cash equivalents at the end of the period	38.6	41.0

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Section 1: Basis of preparation

In this section...

This section shows the basis of reporting for the Group and confirms compliance with accounting standards.

Reporting entity

Growthpoint Properties Australia (Growthpoint or the Group) was formed by the stapling of two entities: Growthpoint Properties Australia Limited (the Company) and Growthpoint Properties Australia Trust (the Trust). In this report, the Company and the Trust include all of their controlled entities. The Company is the Responsible Entity for the Trust.

The Group was established for the purpose of facilitating a joint quotation of the Company and the Trust and their controlled entities on the Australian Securities Exchange (ASX: GOZ). The constitutions of the Company and the Trust ensure that, for so long as the two entities remain jointly quoted, the number of shares in the Company and the number of units in the Trust shall be equal and the shareholders of the Company and the unitholders of the Trust are identical. The Company, both in its personal capacity and in its capacity as the Responsible Entity of the Trust, must at all times act in the best interests of the Group. The Group is a for profit entity.

The consolidated interim financial report includes financial statements for Growthpoint Properties Australia, the stapled consolidated group, which is domiciled in Australia, as at, and for the six months ended, 31 December 2019. The Group's registered address is Level 31, 35 Collins Street, Melbourne, Victoria 3000, Australia.

The ultimate parent entity of the Group is Growthpoint Properties Limited.

Working capital deficiency

The Group has undrawn facilities of \$298.0 million and sufficient working capital and cashflows in order to fund all requirements arising from the net current asset deficiency of \$93.1 million as at 31 December 2019. The deficiency is largely driven by the provision for the 31 December 2019 distribution.

Statement of compliance

This consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth), and with IAS 34 *Interim Financial Reporting*.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Growthpoint Properties Australia during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

This consolidated interim financial report was authorised for issue by the Directors of the Group on 25 February 2020.

Functional and presentation currency

These consolidated statements are presented in Australian dollars, which is the Group's functional currency.

The Group is of a kind referred to in ASIC Corporations (Rounding in Directors' / Financial Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest hundred thousand dollars unless otherwise stated.

Accounting policies

The accounting policies applied by the Group in this interim financial report are consistent with those of the previous financial year ended 30 June 2019 and the corresponding interim reporting period, except for the effects of applying IFRS 16.

New accounting standards adopted as at 1 July 2019

The Group has adopted the new accounting pronouncements which have become effective this year which are as follows:

IFRS 16 Leases

IFRS 16 *Leases* replaces IAS 17 *Leases* along with three Interpretations (IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases-Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*).

The Group as the lessee

IFRS 16 has been applied using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application (1 July 2019) at an amount equal to the lease liability, using the entity's current incremental borrowing rate. Prior periods have not been restated.

Under the new lease standard rules, lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Consolidated Entity's incremental borrowing rate is used.

On that basis, the weighted average incremental borrowing rate applied to lease liabilities was 3.73%.

The aggregate lease liabilities recognised in the statement of financial position at 1 July 2019 and the Group's lease commitment at 30 June 2019 can be reconciled as follows:

	\$m
<i>Lease commitments at 30 June 2019</i>	
Lease agreement for head office premises	2.5
Investment properties under leasehold agreements	179.4
Total lease commitments at 30 June 2019	181.9
Effect of discounting those lease commitments at an annual rate of 3.73%	(75.9)
Total lease liabilities recognised under IFRS 16 at 1 July 2019	106.0
<i>Subsequent measurement of total lease liabilities for half year ended 31 December 2019</i>	
Reduction reflecting the lease payments made	(1.7)
Increase reflecting the interest on the lease liability	2.0
Total lease liabilities carried at 31 December 2019	105.7

Subsequent measurements for a lease liability are by:

- increasing the carrying amount to reflect interest on the lease liabilities;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liabilities and any variable lease payments not included in the measurement of the lease liabilities are recognised in the Consolidated Statement of Profit and Loss and Comprehensive Income in the period to which they relate.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Leases with a remaining term of twelve months or less from the date of application have been accounted for as short-term leases (i.e. not recognised on balance sheet) even though the initial term of the leases from lease commencement date may have been more than twelve months;
- Initial direct costs have not been included in the measurement of the right-of-use asset as at the date of initial application; and
- For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as a lease under IAS 17 and IFRIC 4.

IFRS 16 prescribes that right-of-use assets are measured at cost less depreciation and impairment and adjusted for any remeasurement of the lease liability.

The aggregate right-of-use assets recognised in the Statement of Financial Position at 1 July 2019 include:

	\$m
The amount of the initial measurement of the lease liability	106.0
<i>In relation to the head office premises:</i>	
The closing balance for the straight-lining of rent at 30 June 2019	(0.1)
The closing balance for unamortised incentive at 30 June 2019	(0.2)
Initial right-of-use asset recognised under IFRS 16 at 1 July 2019	105.7
<i>Subsequent measurement for half year ended 31 December 2019:</i>	
Straight-lined depreciation recognised in profit or loss	(2.0)
Total right-of-use asset carried at 31 December 2019	103.7
<i>Representing:</i>	
Lease agreement for head office premises	1.7
Investment properties under leasehold agreements	102.0

Right-of-use assets are subsequently depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

A right-of-use asset for a lease that meets the definition of investment property and is measured using the fair value model would be measured at fair value on adoption of IFRS.

The Group as the lessor

Under IFRS 16, lessors are not permitted to account for a contract that contains both a lease and non-lease component as a single lease. Lessors must use the principles within IFRS 15 for allocating consideration to components of a contract.

Interaction with IFRS 15 Revenue from contracts with customers

The Group identified services to tenants as a revenue stream. This includes management charges and other expenses recoverable from tenants as non-lease components and therefore are in the scope of IFRS 15 (previously recognised IAS17 along with rental payments from leases).

Lease agreements include certain services offered to tenants including cleaning, security, landscaping and other event related services. These services are specified in the lease agreements and invoiced as a separate charge to rent. However, under the previous accounting, the services to tenant revenue were disclosed as part of property revenue in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Applying the Accounting Standards, the Group has determined that these services constitute distinct non-lease components and are within the scope of IFRS 15. Therefore, the Group has allocated the consideration in the contract to separate lease and service (non-lease) components based on the relative stand-alone selling prices. The Group concluded applying IFRS 15 to its accounting had a reclassification impact on property revenue and its matching property expenses as follow:

	1H20		1H19	
Impact on statement of profit or loss	New accounting	Previous accounting	New accounting	Previous accounting
	\$m	\$m	\$m	\$m
Property revenue	125.5	143.9	115.0	130.6
Revenue from services to tenants	18.4		15.6	
Property expenses	(3.3)	(25.1)	(2.8)	(21.8)
Expense from services to tenants	(21.8)		(19.0)	
Net property income	118.8	118.8	108.8	108.8

Other pronouncements

Other accounting pronouncements which have become effective from 1 July 2019 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

Section 2: Operating results, assets and liabilities

In this section...

This section shows the assets used to generate the Group's trading performance and provides information on the office and industrial property segments that make up that performance. It also shows the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 3.

On the following pages, there are sections covering investment properties, other non-current assets and acquisitions and disposals.

The Group operates wholly within Australia and derives income directly and indirectly from property investments. The Group segments net property income and property revaluations into office and industrial segments and those results are shown below:

	Office	Industrial	Total
	\$m	\$m	\$m
Statement of profit or loss and other comprehensive income for the half year to 31 December 2019			
Property revenue, excluding straight line lease adjustment	81.7	43.8	125.5
Straight line lease adjustment	(6.5)	(1.6)	(8.1)
Revenue from services to tenants	11.6	6.8	18.4
Property expenses	(1.0)	(2.3)	(3.3)
Expense from services to tenants	(14.8)	(7.0)	(21.8)
Net property income segment results	71.0	39.7	110.7
Net changes in fair value of investment properties	125.2	14.7	139.9
Segment results	196.2	54.4	250.6
Income not assigned to segments			7.2
Expenses not assigned to segments			(52.2)
Net profit before income tax			205.6
Statement of profit or loss and other comprehensive income for the half year to 31 December 2018			
Property revenue, excluding straight line lease adjustment	72.4	42.6	115.0
Straight line lease adjustment	3.9	(1.0)	2.9
Revenue from services to tenants	9.8	5.8	15.6
Property expenses	(0.5)	(2.3)	(2.8)
Expense from services to tenants	(13.1)	(5.9)	(19.0)
Net property income segment results	72.5	39.2	111.7
Net changes in fair value of investment properties	64.3	37.1	101.4
Segment results	136.8	76.3	213.1
Income not assigned to segments			10.5
Expenses not assigned to segments			(33.7)
Net profit before income tax			189.9

Property values are also reported by segment and this information is reported in note 2.2.

2.2 Investment properties

Determination of fair value

External, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued generally, typically values the Group's entire investment property portfolio each financial year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the net present value of the estimated cash flows expected from ownership of the property, being a discounted cash flow valuation. A discount rate or target internal rate of return that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and, when appropriate, counter-notices, have been served validly and within the appropriate time.

Investment property values

Office properties		Date	Latest external valuation	Consolidated book value	
			Valuation	31-Dec-19	30-Jun-19
			\$m	\$m	\$m
Victoria					
Building 3, 570 Swan Street	Richmond	31-Dec-19	147.4	147.4	111.0
75 Dorcas Street	South Melbourne	30-Jun-19	212.5	217.5	212.5
Building 2, 572-576 Swan Street	Richmond	30-Jun-19	115.0	117.3	115.0
109 Burwood Road	Hawthorn	30-Jun-19	113.5	115.8	113.5
Building B, 211 Wellington Road	Mulgrave	31-Dec-19	73.0	73.0	73.5
Building 1, 572-576 Swan Street	Richmond	31-Dec-19	68.4	68.4	62.5
Building C, 211 Wellington Road	Mulgrave	31-Dec-19	62.4	62.4	60.0
Car Park, 572-576 Swan Street	Richmond	30-Jun-19	1.2	1.1	1.2
Queensland					
100 Skyring Terrace	Newstead	31-Dec-19	260.0	260.0	251.0
15 Green Square Close	Fortitude Valley	30-Jun-19	153.0	153.5	153.0
333 Ann Street	Brisbane	30-Jun-19	137.0	138.2	137.0
CB1, 22 Cordelia Street	South Brisbane	30-Jun-19	103.2	104.7	103.2
A1, 32 Cordelia Street	South Brisbane	31-Dec-19	94.5	94.5	93.7
A4, 52 Merivale Street	South Brisbane	30-Jun-19	86.5	87.5	86.5
CB2, 42 Merivale Street	South Brisbane	31-Dec-19	62.5	62.5	61.5
Car Park, 32 Cordelia Street & 52 Merivale Street	South Brisbane	31-Dec-19	30.8	30.8	29.3
South Australia					
33-39 Richmond Road	Keswick	30-Jun-19	63.5	62.5	63.5

Investment property values (continued)

			Latest external valuation	Consolidated book value	
Office properties (continued)			Date	31-Dec-19	30-Jun-19
			Valuation		
			\$m	\$m	\$m
New South Wales					
1 Charles Street	Parramatta	31-Dec-19	420.0	420.0	353.0
Building C, 219-247 Pacific Highway	Artarmon	31-Dec-19	137.0	137.0	132.0
5 Murray Rose Avenue	Sydney Olympic Park	31-Dec-19	105.0	105.0	104.0
3 Murray Rose Avenue	Sydney Olympic Park	30-Jun-19	103.0	103.0	103.0
102 Bennelong Parkway	Sydney Olympic Park	30-Jun-19	34.0	35.0	34.0
6 Parkview Drive	Sydney Olympic Park	30-Jun-19	33.5	34.5	33.5
Australian Capital Territory					
10-12 Mort Street	Canberra	30-Jun-19	99.3	102.5	99.3
255 London Circuit	Canberra	31-Dec-19	78.3	78.3	76.0
Western Australia					
836 Wellington Road	West Perth	30-Jun-19	92.5	93.0	92.5
Total office properties			2,887.0	2,905.4	2,755.2

			Latest external valuation	Consolidated book value	
Industrial properties			Date	31-Dec-19	30-Jun-19
			Valuation		
			\$m	\$m	\$m
Victoria					
120 Northcorp Boulevard	Broadmeadows	30-Jun-19	56.5	56.0	56.5
1500 Ferntree Gully Road & 8 Henderson Road	Knoxfield	30-Jun-19	46.0	46.2	46.0
3 Maker Place (i)	Truganina	6-Sep-19	40.0	38.3	0.0
9-11 Drake Boulevard	Altona	31-Dec-19	36.2	36.2	35.3
40 Annandale Road	Melbourne Airport	30-Jun-19	33.0	33.0	33.0
Lots 2,3 & 4, 34-44 Raglan Street	Preston	31-Dec-19	35.0	35.0	30.0
120-132 Atlantic Drive	Keysborough	31-Dec-19	28.0	28.0	28.0
130 Sharps Road	Melbourne Airport	31-Dec-19	24.8	24.8	24.7
120 Link Road	Melbourne Airport	31-Dec-19	17.5	17.5	18.0
20 Southern Court	Keysborough	30-Jun-19	15.8	16.3	15.8
31 Garden Street	Kilsyth	31-Dec-19	12.9	12.9	12.6
3 Millennium Court	Knoxfield	31-Dec-19	12.8	12.8	12.3
6 Kingston Park Court	Knoxfield	30-Jun-19	12.7	12.7	12.7
60 Annandale Road	Melbourne Airport	30-Jun-19	12.3	12.3	12.3
101-111 South Centre Road	Melbourne Airport	31-Dec-19	9.5	9.5	9.1
19 Southern Court Road	Keysborough	30-Jun-19	8.2	8.2	8.2
75 Annandale Road	Melbourne Airport	30-Jun-19	7.9	7.9	7.9

(i) This property was acquired on 6 September 2019.

Investment property values (continued)

		Latest external valuation		Consolidated book value	
Industrial properties (continued)		Date	Valuation	31-Dec-19	30-Jun-19
			\$m	\$m	\$m
Queensland					
70 Distribution Street	Larapinta	31-Dec-19	233.5	233.5	232.5
13 Business Street	Yatala	31-Dec-19	12.5	12.5	13.1
5 Viola Place	Brisbane Airport	31-Dec-19	9.6	9.6	9.5
3 Viola Place	Brisbane Airport	31-Dec-19	3.2	3.2	2.5
Western Australia					
20 Colquhoun Road	Perth Airport	31-Dec-19	177.5	177.5	175.0
2 Hugh Edwards Drive	Perth Airport	30-Jun-19	17.2	17.2	17.2
58 Tarlton Crescent	Perth Airport	30-Jun-19	13.7	13.7	13.7
10 Hugh Edwards Drive	Perth Airport	30-Jun-19	9.2	9.2	9.2
36 Tarlton Crescent	Perth Airport	30-Jun-19	8.5	8.5	8.5
New South Wales					
27-49 Lenore Drive	Erskine Park	30-Jun-19	74.7	77.7	74.7
6-7 John Morphett Place	Erskine Park	31-Dec-19	56.7	56.7	51.7
51-65 Lenore Drive	Erskine Park	31-Dec-19	38.0	38.0	38.0
34 Reddalls Road	Kembla Grange	30-Jun-19	27.0	28.6	27.0
81 Derby Street	Silverwater	31-Dec-19	23.0	23.0	20.4
South Australia					
599 Main North Road	Gepps Cross	31-Dec-19	152.0	152.0	126.0
1-3 Pope Court	Beverley	30-Jun-19	21.9	22.0	21.9
12-16 Butler Boulevard	Adelaide Airport	31-Dec-19	15.2	15.2	15.9
10 Butler Boulevard	Adelaide Airport	31-Dec-19	9.9	9.9	9.4
Total Industrial Properties			1,312.3	1,315.6	1,228.6
Total fair value of property assets				4,221.0	3,983.8
Add: Finance lease assets (i)				102.0	-
Total investment properties				4,323.0	3,983.8

(i) See Note 2.7.

Investment property values (continued)

Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for comparable properties in similar location and condition and subject to similar leases.

External valuations were conducted by Savills, Urbis, Knight Frank, m3property, JLL, CBRE and Colliers. The fair value of properties not externally valued as at 31 December 2019 were based solely on Director valuations.

At each reporting date, the Directors update their assessment of the fair value of each property in accordance with the Group's accounting and valuation policies.

The Group determines a property's value within a range of reasonable fair value estimates and, in making that assessment, considers information from a variety of sources including:

- Current prices for comparable investment properties, as adjusted to reflect differences for location, building quality, tenancy profile and other factors.
- Discounted cash flow projections based on estimates of future cash flows.
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from analysis of market evidence.

At reporting date, the key assumptions used by the Group in determining fair value were in the following ranges for the Group's portfolio of office properties:

	Dec-19	Jun-19
Discount rate	6.3% - 7.8%	6.5% - 8.0%
Terminal yield	5.0% - 7.3%	5.5% - 7.5%
Capitalisation rate	4.5% - 7.3% ¹⁰	5.0% - 7.5%
Expected vacancy period	6 -12 months	6-12 months
Rental growth rate	3.0% - 4.0%	3.0% - 4.5%

For the industrial portfolio, the following ranges were used:

	Dec-19	Jun-19
Discount rate	6.0% - 8.0%	6.5% - 8.3%
Terminal yield	4.8% - 10.3% ¹¹	5.5% - 9.8%
Capitalisation rate	4.8% - 8.3%	5.3% - 8.4%
Expected vacancy period	3-18 months	3-18 months
Rental growth rate	2.5% - 3.5%	2.5% - 3.5%

Commentary on discount rates

Date of valuation	Dec-19	Jun-19
Weighted average 10-year discount rate used to value the Group's properties	6.71%	6.79%
10-year bond rate	1.37%	1.32%
Implied property risk premium	5.34%	5.47%

As the above table shows, over the six months to 31 December 2019, the weighted average discount rate utilised in the valuation of the Group's property portfolio has tightened (lowered) by 8 basis points. Over the same time period the implied property risk premium has decreased by 13 basis points. The implied property risk premium is the difference between the weighted average discount rate and the 10-year Australian Government bond yield, which increased slightly since 30 June 2019.

¹⁰ Excludes a leasehold car park in Richmond, Victoria, valued at \$1.1 million, as it is an outlier, with a capitalisation rate of 16.3%.

¹¹ Upper end of yield range relates to leasehold properties at Melbourne Airport.

Commentary on capitalisation rates

Office

Australian office markets recorded \$22.5 billion of transaction volumes in 2019 (\$20 billion in 2018)¹² – the highest figure on record. Multiple capital sources competed for assets with strong activity from offshore and domestic groups. Sydney and Melbourne CBD markets continued to be preferred investment locations, although interest continued to strengthen for other markets including Brisbane, North Sydney and Parramatta. The office sector yield compression cycle, which commenced in 2012, continued over the 6 months to 31 December 2019, albeit at a more moderate pace, tightening by between 0 and 25 basis points in major Eastern seaboard office markets. Sales evidence over the six months provided good evidence for the Group's own office properties. The weighted average capitalisation rate used in valuing the Group's office portfolio firmed from 5.7% to 5.5% over the six months to 31 December 2019.

Industrial

A strong flow of capital continues to seek placement in the major Australian industrial markets, stemming from a diverse range of investor types, including; local private investors, property syndicates, institutional investors and offshore buyers. Investors continue to focus on New South Wales and Victoria, although an increasing number of investors have identified Queensland as a strategic location for investment. Capital values continued to rise across core industrial markets over the six months to 31 December 2019 as strong competition for relatively few assets led to further yield compression. The weighted average capitalisation rate used in valuing the Group's industrial portfolio firmed from 6.3% to 6.2% over the six months to 31 December 2019.

Uncertainty around property valuations

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A 'willing seller' is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for comparable property in terms of investment characteristics such as location, lettable area and land area, building characteristics, property condition, lease terms and rental income potential, amongst others.

The fair value of investment property has been assessed to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if an investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

An increase in discount rates, terminal yields, capitalisation rates and expected vacancy periods would decrease the value of investment property. Conversely, a decrease in these inputs would increase the value of investment property.

An increase in rental growth rates would increase the value of investment property, where as a decrease would decrease the value of investment property.

Contractual obligations

The Group had an obligation from June 2019 to make available \$6.0 million to the tenant at 1 Charles Street, Parramatta, New South Wales to spend on capital expenditure or refurbishment at the property. As at 31 December 2019, \$6.0 million was held as restricted cash (see Note 2.6). On signing a new lease with the tenant, the Group has also entered a refurbishment deed where it expects to fund \$44.0 million of office fit out and building upgrade works over the next few years. If the tenant does not spend all of the \$44.0 million on refurbishment works, the balance will be provided as a rent abatement spread over the remaining lease term. As at 31 December 2019 no refurbishment works had been carried out.

The Group has entered a building contract with the Hacer Group for the construction of an office building for a contracted sum of \$81.9 million (including approved variations). As at 31 December 2019 progress payments had totalled \$78.5 million. The project was completed in February 2020.

The Group has entered into contracts with Woolworths Limited to fund the expansion of 599 Main North Road, Gepps Cross, South Australia for approximately \$54.0 million. As at 31 December 2019 progress payments had totalled approximately \$37.5 million. The project is due for completion at the beginning of FY21. The lease will be reset for 15 years at practical completion.

¹² JLL Australian Office Investment: Review & Outlook 2020

Reconciliation of value of investment property

	Six months to 31-Dec-19	Six months to 30-Jun-19
	\$m	\$m
At fair value		
Opening balance	3,983.9	3,815.6
Acquisitions	42.1	0.1
Construction and expansion costs	59.5	60.2
Capital expenditure	8.6	7.8
Lease incentives and leasing costs	5.1	8.5
Amortisation of lease incentives and leasing costs	(9.9)	(10.1)
Provision for amortised lease incentives	(0.1)	(1.7)
Disposals	-	(45.2)
Reclassification (to) / from held for sale	-	45.2
Straight lining of revenue adjustment	(8.1)	3.4
Net gain from fair value adjustment	139.9	100.2
Closing balance	4,221.0	3,983.9

2.3 Investment in securities

Determination of fair value

Investment in securities contains a financial asset designated at fair value through profit or loss at inception. The fair value of investment in securities is the price that would be received to sell this asset in an orderly transaction between market participants at the measurement date. This fair value is based on the last traded market price from the Australian Securities Exchange (ASX) of the relating security at reporting date.

The following table represents the fair value movement in investment in securities for the half year ended 31 December 2019.

Reconciliation of movement in fair value of Industria REIT stapled securities	Six months to 31-Dec-19	Six months to 30-Jun-19
	\$m	\$m
Opening balance	85.6	80.9
Purchases	-	-
Sales	-	-
Closing balance	86.2	85.6
Gain in the net change in fair value of investment in securities	0.6	4.7

An off-market purchase of 29,621,555 Industria REIT (IDR) stapled securities was completed in July 2017. The last traded market price of an IDR stapled security on the ASX was \$2.91 as at 31 December 2019.

2.4 Trade and other assets

Determination of fair value

The fair value of trade and other assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Trade and other assets can be analysed as follows:

	31-Dec-19	30-Jun-19
	\$m	\$m
Rent receivables	0.9	0.6
Distribution receivables	1.3	1.3
Prepayments	5.7	3.5
	7.9	5.4

Impaired rent receivables

As at 31 December 2019, no rent receivables of the Group were impaired (30 June 2019: nil).

2.5 Trade and other liabilities

Trade and other liabilities can be analysed as follows:

Current	31-Dec-19	30-Jun-19
	\$m	\$m
Trade payables	2.8	1.4
Non-trade payables (i)	0.8	0.9
GST payable	0.7	1.4
Accrued expenses - other	14.7	15.8
Accrued expenses - development charges	2.2	15.0
Unearned income	19.8	14.3
Other liabilities (ii)	1.3	1.3
	42.3	50.1
Non-current		
Non-trade payables (i)	0.1	0.1
	0.1	0.1

(i) Current and non-current non-trade payables relate to employee entitlements.

(ii) Other liabilities represent an obligation to fund capital expenditure by the Company as the custodian of the Charles Street Property Trust. An equal amount was received and is held as part of restricted cash (see Note 2.6).

2.6 Restricted cash

The table below summarises a balance, included in cash and cash equivalents, held in restricted cash by the Company as the custodian of the Charles Street Property Trust. These funds are not available for general use by the Group.

	31-Dec-19	30-Jun-19
	\$m	\$m
Cash received from the tenant	1.3	1.3
Cash made available to the tenant	6.0	6.0
	7.3	7.3

2.7 Finance lease liabilities

Ten of the Group's investment properties are held under long-term leasehold arrangements. As per market practice, external and internal valuations are performed to determine the fair values of these properties at the reporting date have deducted the estimated lease payments from the valuation cash flows.

As required by AASB 140 Investment Properties, where the fair value model is used to value investment property, the present value of these minimum payments under the leasehold arrangements must then be presented separately as a:

- finance lease asset that is added to the overall investment property balance; and
- corresponding finance lease liability.

The Group has elected to use the first variation of the modified retrospective approach under AASB 16 *Leases*. The characteristics of the modified approach used are; the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability, using the entity's current incremental rate of borrowing. The comparative figures are not restated.

The minimum lease payments under finance leases fall due as follows:

	31-Dec-19			30-Jun-19		
	<i>Minimum lease payments</i>	<i>Future finance charges</i>	<i>Present value of payments</i>	Minimum lease payments	Future finance charges	Present value of payments
	\$m	\$m	\$m	\$m	\$m	\$m
Not later than one year	4.8	(3.9)	0.9	-	-	-
Later than one but not more than five years	20.6	(15.3)	5.3	-	-	-
More than five years	154.2	(54.7)	99.5	-	-	-
Total	179.6	(73.9)	105.7	-	-	-

Section 3: Capital structure and financing costs

In this section....

This section outlines how the Group manages its capital and related financing costs.

3.1 Interest bearing liabilities

The table below summarises the movements in the Group's interest-bearing liabilities during the six months to 31 December 2019.

	Movement during period			Closing balance 31 Dec 2019	Facility limit	Maturity
	Opening balance 1 July 2019	Net cash (repayments) /drawdowns of borrowings	Foreign exchange rate adjustments recognised in profit and loss(i)			
	\$m	\$m	\$m	\$m	\$m	
Secured loans						
<i>Syndicated bank facility</i>						
- Facility B	100.0	-	-	100.0	100.0	Mar-23
- Facility C	245.0	-	-	245.0	245.0	Dec-21
- Facility D	70.0	-	-	70.0	70.0	Dec-21
- Facility E	150.0	-	-	150.0	150.0	Jun-23
- Facility G	54.3	(52.3)	-	2.0	150.0	Sep-21
- Facility H	0.0	-	-	0.0	75.0	Dec-24
- Facility I	0.0	-	-	0.0	75.0	Dec-24
<i>Loan note 1</i>	200.0	-	-	200.0	200.0	Mar-25
<i>Loan note 2</i>	100.0	-	-	100.0	100.0	Dec-26
<i>Loan note 3</i>	60.0	-	-	60.0	60.0	Dec-22
<i>Fixed bank facility 1</i>	90.0	-	-	90.0	90.0	Dec-22
<i>USPP 1</i>	130.4	-	11.9	142.3	130.4	Jun-27
<i>USPP 2</i>	52.1	-	4.8	56.9	52.1	Jun-29
<i>USPP 3</i>	26.0	-	-	26.0	26.0	Jun-29
<i>USPP 4</i>	161.0	-	2.5	163.5	161.0	May-29
Total loans	1,438.8	(52.3)	19.2	1,405.7	1,684.5	
Less unamortised upfront costs	(5.5)	(0.6)	-	(6.1)		
Total interest-bearing liabilities	1,433.3	(52.9)	19.2	1,399.6		

(i) The repricing of foreign denominated debt has been recognised for the first time in the six months to 31 December 2019 – it was not material to prior periods. Any foreign denominated debt will be repriced at each reporting date with movements in the value of loans being taken to the Statement of Profit and Loss and Other Comprehensive Income. All foreign denominated debt is fully hedged by cross currency swaps which eliminates any foreign exchange risk (refer Note 3.2).

The weighted average all-in interest rate on interest bearing liabilities (including bank margin and amortisation of upfront fees paid) at 31 December 2019 was 3.74% per annum (30 June 2019: 3.87% per annum). Refer to note 3.2 for details on interest rate and cross currency swaps.

3.2 Derivative financial instruments

Determination of fair value

The fair value of interest rate and cross currency swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a substitute instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Derivative financial instruments

Derivative financial instruments can be analysed as follows:

	31-Dec-19	30-Jun-19
	\$m	\$m
Derivative financial instrument contracts – carried at fair value through profit and loss:		
Total non-current derivative financial instrument assets	14.9	11.2
Total non-current derivative financial instrument liabilities	(1.0)	(1.2)
	13.9	10.0

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and currency rates in accordance with the Group's financial risk management policies. The gain or loss from re-measuring the interest rate and cross currency swaps at fair value is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income immediately.

Interest rate swap contracts – carried at fair value through profit and loss

Interest rate swaps in effect at 31 December 2019 covered 21% (30 June 2019: 21%) of the loan principal outstanding. With total fixed interest rate debt of \$984 million outstanding, the total fixed interest rate coverage of outstanding principle is 69% (30 June 2019: 67%).

The average fixed interest rate of swaps at 31 December 2019 was 1.21% per annum (30 June 2019: 1.21% per annum) and the variable interest rate (excluding bank margin) is 0.90% per annum (30 June 2019: 1.29% per annum) at balance date.

See table below for further details of interest rate swaps in effect at 31 December 2019:

Counter Party	Amount of swap	Swap expiry	Fixed rate	Term to maturity
	\$m		% p.a.	Years
Interest rate swaps				
Westpac	75.0	Jun-2023	1.15%	3.5
NAB	25.0	Jun-2023	1.15%	3.5
ANZ	100.0	Jun-2024	1.21%	4.5
ANZ	100.0	Jun-2025	1.29%	5.5
Total / weighted average	300.0		1.21%	4.5

These contracts require settlement of net interest receivable or payable each 30 days. The settlement dates generally coincide with the dates on which interest is payable on the underlying debt. These contracts are settled on a net basis.

3.2 Derivative financial instruments (continued)

Cross currency swap contracts – carried at fair value through profit and loss

Cross currency swaps in effect at 31 December 2019 covered 100% (30 June 2019: 100%) of currency exposure outstanding.

See table below for further details of cross currency swaps in effect at 31 December 2019:

Counter party	Amount of swap	Swap expiry	Fixed rate	3 months BBSW+	Term to maturity
	\$m		%	%	Years
Cross currency swaps					
NAB	32.6	Jun-2027	5.29%	-	7.5
Westpac	32.6	Jun-2027	5.29%	-	7.5
ANZ	32.6	Jun-2027	5.27%	-	7.5
CBA	32.6	Jun-2027	5.26%	-	7.5
NAB	13.0	Jun-2029	5.47%	-	9.5
Westpac	13.0	Jun-2029	5.47%	-	9.5
ANZ	13.0	Jun-2029	5.45%	-	9.5
CBA	13.0	Jun-2029	5.44%	-	9.5
Westpac	161.0	May-2029	-	2.22%	9.3
Total / weighted average	343.4		5.33%	2.22%	8.6

At balance date, these interest rate and cross currency swap contracts were net assets with a fair value of \$14.0 million (30 June 2019: net assets of \$10.0 million) for the Group. In the period ended 31 December 2019 there was a gain from the net change in fair value of \$3.8 million for the Group (December 2018: gain of \$5.3 million).

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
31 December 2019				
Derivative financial assets	-	14.9	-	14.9
Derivative financial liabilities	-	(1.0)	-	(1.0)
	-	13.9	-	13.9
30 June 2019				
Derivative financial assets	-	11.2	-	11.2
Derivative financial liabilities	-	(1.2)	-	(1.2)
	-	10.0	-	10.0

The fair value for investment in securities has been categorised as Level 1 in the fair value hierarchy based on quoted prices (unadjusted) in an active market.

The fair value for investment properties has been categorised as Level 3 in the fair value hierarchy based on the significant unobservable inputs into the valuation techniques used.

3.3 Contributed equity

Contributed equity

Contributed equity can be analysed as follows:

	Six months to 31-Dec-19	Six months to 31-Dec-19	Six months to 31-Dec-18	Six months to 31-Dec-18
	No. (m)	\$m	No. (m)	\$m
Opening balance at 1 July	727.8	1,879.4	0.7	1,698.7
Issues of ordinary stapled securities during the half-year:				
Placement and share purchase plan	43.7	173.6	-	-
Rights offer	-	-	39.0	135.0
Distribution reinvestment plan	-	-	13.0	46.7
Securities issued under employee incentive plans	0.3	-	0.3	-
Cost of raising capital	-	(3.1)	-	(0.9)
	44.0	170.5	52.3	180.8
Closing balance at 31 December	771.8	2,049.8	53.0	1,879.5

Distribution reinvestment plan

The Distribution Reinvestment Plan was not operative for the 31 December 2019 and 30 June 2019 distributions of the Group.

3.4 Distributions

Period for distribution	Total distribution	Total stapled securities	Distributions per stapled security
	\$m	(m)	(cents)
Half year to 31 December 2019	91.1	771.8	11.80
Half year to 31 December 2018	83.0	727.7	11.40

Section 4: Other notes

4.1 Subsequent events

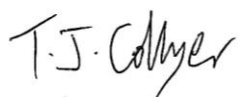
There has not arisen a transaction or event of an unusual nature likely to affect significantly the operations of the business, the results of those operations or the state of affairs of the entity in future financial years from the end of the interim period to the date of this report.

Directors' Declaration

In the opinion of the Directors:

- (a) the attached Financial Statements and notes set out on pages 13 to 35 are in accordance with the *Corporations Act 2001* (Cth), including:
 - i) complying with Australia Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth); and
 - ii) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of the Group.



Timothy Collyer
Managing Director
Growthpoint Properties Australia Limited

Melbourne, 25 February 2020

Independent Auditor's report



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Independent Auditor's Review Report to the Members of Growthpoint Properties Australia

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Growthpoint Properties Australia Limited and Growthpoint Australia Trust (collectively Growthpoint Properties Australia or the 'Group'), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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Independent Auditor's report (continued)



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to be 'Ernst & Young', written over a horizontal line.

Ernst & Young

A handwritten signature in black ink, appearing to be 'David Shewring', written over a horizontal line.

David Shewring
Partner
Melbourne
25 February 2020

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Detailed portfolio information

Office portfolio

Address			Book value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			\$m					years	sqm	sqm
75 Dorcas St	South Melbourne	VIC	217.5	Directors	5.38%	6.50%	ANZ Banking Group	4.8	23,811	9,632
Bldg 3, 570 Swan St	Richmond	VIC	147.4	Savills	5.75%	7.00%	—	—	—	8,525
Bldg 2, 572-576 Swan St	Richmond	VIC	117.3	Directors	5.00%	6.50%	Country Road Group	12.5	14,602	7,130
109 Burwood Rd	Hawthorn	VIC	115.8	Directors	5.50%	6.50%	Orora	4.4	12,388	3,529
Bldg B, 211 Wellington Rd	Mulgrave	VIC	73.0	JLL	6.13%	6.50%	Monash University	1.0	12,780	11,040
Bldg 1, 572-576 Swan St	Richmond	VIC	68.4	CBRE	5.00%	6.50%	Country Road Group	12.5	8,554	8,365
Bldg C, 211 Wellington Rd	Mulgrave	VIC	62.4	m3property	6.00%	7.00%	BMW Australia Finance	3.2	10,289	11,070
Car Park, 572-576 Swan St	Richmond	VIC	1.1	Directors	16.25%	—	GE Capital Finance Australasia	7.4	—	3,756
100 Skyring Ter	Newstead	QLD	260.0	Knight Frank	5.50%	6.50%	Bank of Queensland	6.4	24,665	5,157
15 Green Square Cl	Fortitude Valley	QLD	153.5	Directors	5.75%	6.75%	Queensland Urban Utilities	4.7	16,442	2,519
333 Ann St	Brisbane	QLD	138.2	Directors	5.75%	6.75%	Federation University	4.1	16,341	1,563
CB1, 22 Cordelia St	South Brisbane	QLD	104.7	Directors	5.88%	6.75%	Downer EDI Mining	2.7	11,444	5,772
A1, 32 Cordelia St	South Brisbane	QLD	94.5	Urbis	5.63%	6.75%	Jacobs Group	6.2	10,003	2,667
A4, 52 Merivale St	South Brisbane	QLD	87.5	Directors	5.75%	6.75%	University of the Sunshine Coast	4.7	9,405	2,331
CB2, 42 Merivale St	South Brisbane	QLD	62.5	Urbis	5.75%	6.75%	Peabody Energy	5.1	6,598	3,158
Car Park, 32 Cordelia St & 52 Merivale St	South Brisbane	QLD	30.8	Knight Frank	5.75%	6.50%	Secure Parking	0.1	—	9,319
1 Charles St	Parramatta	NSW	420.0	Knight Frank	4.50%	6.25%	NSW Police Force	25.0	32,356	6,460
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	137.0	Savills	5.50%	6.75%	Fox Sports	3.3	14,375	4,212
5 Murray Rose Ave	Sydney Olympic Park	NSW	105.0	m3property	5.75%	6.75%	Lion	4.3	12,386	3,826
3 Murray Rose Ave	Sydney Olympic Park	NSW	103.0	Directors	5.75%	6.75%	Samsung	2.2	13,423	3,980
102 Bennelong Pkwy	Sydney Olympic Park	NSW	35.0	Directors	6.00%	6.75%	Suzanne Grae	1.4	5,098	6,635
6 Parkview Dr	Sydney Olympic Park	NSW	34.5	Directors	6.00%	6.75%	Universities Admissions Centre	1.9	4,995	7,788
33-39 Richmond Rd	Keswick	SA	62.5	Directors	7.25%	7.75%	Coffey Corporate	3.7	11,835	4,169
10-12 Mort St	Canberra	ACT	102.5	Directors	6.00%	6.75%	Commonwealth of Australia	5.2	15,398	3,064
255 London Cct	Canberra	ACT	78.3	Knight Frank	5.56%	6.50%	Commonwealth of Australia	7.7	8,972	2,945
836 Wellington St	West Perth	WA	93.0	Directors	6.25%	7.00%	Commonwealth of Australia	7.1	11,973	4,304
Total / Weighted average			2,905.4		5.53%	6.64%		7.3	308,133	142,916

Industrial portfolio

Address			Book value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			\$m					years	sqm	sqm
120 Northcorp Blvd	Broadmeadows	VIC	56.0	Directors	7.25%	7.50%	Woolworths	0.1	58,320	250,000
1500 Ferntree Gully Rd & 8 Henderson Rd	Knoxfield	VIC	46.2	Directors	5.75%	6.75%	Brown & Watson International	5.9	22,009	40,844
3 Maker Place	Truganina	VIC	38.3	Directors	6.00%	6.50%	HB Commerce	2.7	31,092	49,810
9-11 Drake Blvd	Altona	VIC	36.2	Urbis	6.00%	6.75%	Peter Stevens Motorcycles	3.8	25,743	41,730
Lots 2, 3 & 4, 34-44 Raglan St	Preston	VIC	35.0	CBRE	6.00%	6.75%	Paper Australia	4.3	27,978	42,280
40 Annandale Rd	Melbourne Airport	VIC	33.0	Directors	8.00%	6.75%	Australia Postal Corporation	4.5	44,424	75,325
120-132 Atlantic Dr	Keysborough	VIC	28.0	Colliers	5.25%	6.75%	Symbion	9.0	12,864	26,181
130 Sharps Rd	Melbourne Airport	VIC	24.8	Urbis	8.00%	6.50%	Laminex Group	2.5	28,100	47,446
120 Link Rd	Melbourne Airport	VIC	17.5	Savills	8.00%	7.00%	The Workwear Group	7.5	26,517	51,434
20 Southern Crt	Keysborough	VIC	16.3	Directors	6.00%	6.75%	Sales Force National	3.0	11,430	19,210
31 Garden St	Kilsyth	VIC	12.9	m3property	6.00%	7.00%	Cummins Filtration	3.9	8,919	17,610
3 Millennium Crt	Knoxfield	VIC	12.8	m3property	5.75%	7.00%	Orora	1.2	8,040	14,750
6 Kingston Park Crt	Knoxfield	VIC	12.7	Directors	6.00%	6.75%	NGK Spark Plug	2.4	7,645	12,795
60 Annandale Rd	Melbourne Airport	VIC	12.3	Directors	8.25%	7.00%	Garden City Planters	8.4	16,276	34,726
101-111 South Centre Rd	Melbourne Airport	VIC	9.5	Savills	8.00%	7.00%	Direct Couriers	7.9	14,082	24,799
19 Southern Crt	Keysborough	VIC	8.2	Directors	6.25%	7.00%	Vacant	–	6,455	11,650
75 Annandale Rd	Melbourne Airport	VIC	7.9	Directors	8.00%	7.00%	Unipart Group Aus	2.8	10,280	16,930
70 Distribution St	Larapinta	QLD	233.5	Urbis	6.25%	6.75%	Woolworths	2.2	76,109	250,900
13 Business St	Yatala	QLD	12.5	Urbis	6.75%	7.00%	Vacant	–	8,951	18,630
5 Viola Pl	Brisbane Airport	QLD	9.6	Savills	7.89%	7.50%	CEVA Logistics	0.1	14,726	35,166
3 Viola Pl	Brisbane Airport	QLD	3.2	Savills	7.89%	7.25%	Cargo Transport Systems	3.2	3,431	12,483
27-49 Lenore Dr	Erskine Park	NSW	77.7	Directors	5.25%	6.50%	Linfox	3.7	29,476	76,490
6-7 John Morphet Pl	Erskine Park	NSW	56.7	Knight Frank	5.25%	6.25%	Linfox	0.3	24,881	82,280
51-65 Lenore Dr	Erskine Park	NSW	38.0	Knight Frank	4.75%	6.00%	Linfox	8.2	3,720	36,720
34 Reddalls Rd	Kembla Grange	NSW	28.6	Directors	5.75%	7.00%	Autocare Services	10.8	355	141,100
81 Derby St	Silverwater	NSW	23.0	m3property	5.00%	6.50%	IVE Group Australia	2.7	7,984	13,490
599 Main North Rd	Gepps Cross	SA	152.0	Urbis	5.25%	6.75%	Woolworths	15.5	67,238	233,500
1-3 Pope Crt	Beverley	SA	22.0	Directors	7.25%	7.75%	Aluminium Specialties Group	3.2	14,459	25,660
12-16 Butler Blvd	Adelaide Airport	SA	15.2	JLL	8.14%	8.00%	Cheap as Chips	0.9	16,800	30,621
10 Butler Blvd	Adelaide Airport	SA	9.9	JLL	7.90%	7.75%	Toll Transport	2.1	8,461	16,100
20 Colquhoun Rd	Perth Airport	WA	177.5	Savills	6.07%	7.00%	Woolworths	5.8	80,374	193,936
Hugh Edwards Dr & Tarlton Cres	Perth Airport	WA	48.6	Directors	7.48%	7.91%	Mainfreight	5.7	32,018	57,617
Total / Weighted average			1,315.6		6.16%	6.85%		4.5	749,157	2,002,213

Growthpoint Properties South Africa

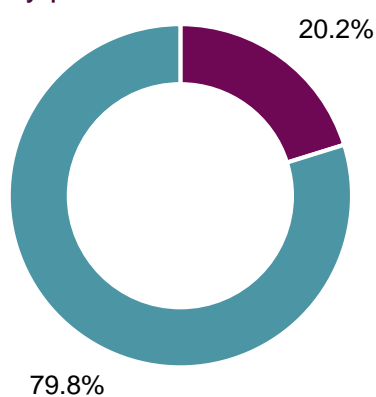
The largest South African primary listed REIT, Growthpoint South Africa (JSE: GRT), continues to support GOZ as its major Securityholder.

Key facts (as at 30 June 2019)

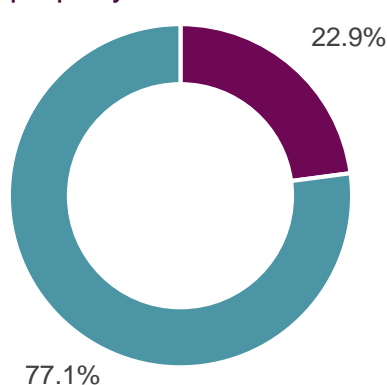
JSE	Largest primary listed South African REIT
Market capitalisation	\$7.3 billion ¹³
Property portfolio	\$14.1 billion ¹³
Gearing (SA only)¹⁴	36.9%
Credit rating	Moody's Global Scale Rating Baa3 Moody's National Scale Rating AAA
Constituent	FTSE EPRA/NAREIT Emerging Index FTSE/JSE Responsible Investment Index FTSE4GOOD Emerging Markets Dow Jones Sustainability Index

GOZ's contribution to GRT's FY19 results

Property portfolio



Net property income



¹³ At 30 June 2019, ZAR/AUD: 9.89.

¹⁴ GRT defines and calculates gearing differently to GOZ. Their definition is nominal value of interest-bearing borrowings (net of cash), divided by the fair value of property assets, including investment property held for sale.

Glossary

Term	Definition
1H	First half of the financial year
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory, Australia
A-REIT	Australian Real Estate Investment Trust
ASX	Australian Securities Exchange
b	Billion
capex	Capital expenditure
cap rate or capitalisation rate	The market income produced by an asset divided by its value or cost
CBD	Central business district
cps	Cents per security
CPI	Consumer price index
CY	Calendar year
dps	Distribution per security
FFO	Funds from operations
FY	Financial year
gearing	Interest bearing liabilities less cash divided by total assets less finance lease assets less cash
GOZ	Growthpoint or Growthpoint's ASX trading code or ticker
Growthpoint or the Group	Growthpoint Properties Australia comprising the Company, the Trust and their controlled entities
GRESB	Global Real Estate Sustainability Benchmark
GRT	Growthpoint Properties Limited's (South Africa) Johannesburg Stock Exchange (JSE) trading code or ticker
ICR	Interest coverage ratio
JLL	The Australian arm of Jones Lang LaSalle, an international professional services and investment management firm
LVR	Loan to value ratio
m	Million
NSW	New South Wales, Australia
NTA	Net tangible assets
Q	Quarter
QLD	Queensland, Australia
Payout ratio	Distributions (\$ million) divided by FFO (\$ million)
SA	South Australia, Australia
sqm	Square metres
USPP	United States Private Placement
VIC	Victoria, Australia

Term	Definition
WA	Western Australia, Australia
WALE	Weighted average lease expiry
WARR	Weighted average rent review
yrs	Years

Corporate Directory.

Growthpoint Properties Australia Limited
ABN 33 124 093 901; AFSL No 316409
Growthpoint Properties Australia Trust
ARSN 120 121 002

Registered Office

Level 31/35 Collins Street,
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Phone: +61 (3) 8681 2900
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www.growthpoint.com.au

Directors

Geoffrey Tomlinson, Timothy Collyer,
Maxine Brenner, Estienne de Klerk,
Grant Jackson, Francois Marais,
Norbert Sasse, Josephine Sukkar AM

Company Secretaries

Jacquee Jovanovski, Dion Andrews

Auditor

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000

ASX

Growthpoint Properties Australia's
securities are listed on the ASX under the
ticker code 'GOZ'.

Contact us.

Retail Investors

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Growthpoint Properties Australia

Level 31/35 Collins Street,
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2020 calendar.

- 28 April – 3Q20 Investor update
- 20 August – FY20 Results
- 29 October – 1Q21 Investor update
- 19 November – Annual General Meeting

Dates are indicative and subject to change.

GROWTH-POINT
PROPERTIES

