



ASX Announcement.

GROWTHPOINT
PROPERTIES



21 February 2019

2019 Half Year Results – Office and Industrial sectors continue to outperform

The Directors of Growthpoint Properties Australia Limited (“Growthpoint” or “Group”) are pleased to announce the results for the half year ended 31 December 2018 (“HY19”).

HY19 highlights

- **Funds from Operations (FFO) of 12.5 cents per security (cps), comparable with the prior corresponding period**
- **Distribution of 11.4 cps, 3.6% higher than the prior corresponding period**
- **Net tangible assets (NTA) per security of \$3.36, 5.3% higher than 30 June 2018**
- **\$548.3 million acquisitions, developments and expansions committed since 30 June 2018**
- **Total portfolio value of \$3.9 billion, 15.0% higher than 30 June 2018**
- **Outperformance in Total Securityholder Return (TSR) over 1, 3, 5 and 10 years¹**

Growthpoint’s Managing Director, Timothy Collyer, said the results showed further progress of the Group’s strategy to own a portfolio of well leased, well-located commercial real estate that contribute to growing income returns for Securityholders.

“Our continued focus on acquisitions, portfolio repositioning and property enhancement helped deliver a distribution to Securityholders of 11.4 cps, a 3.6% increase on the prior corresponding period. HY19 marks the 14th consecutive half yearly period Growthpoint has grown its distribution payment to Securityholders, with earnings growth outpacing distributions growth over the same period (FY12-FY19 FFO CAGR² 5.0% and distributions CAGR² 3.9%).

Over the half year we progressed \$548.3 million of acquisitions, developments and expansions, the largest of which being the acquisition of 100 Skyring Terrace, Newstead, QLD for \$250.0 million in December 2018, funded in part by a \$135 million Rights Offer which achieved substantial support from new and existing Securityholders. We also made our inaugural investment into the Perth office market, acquiring 836 Wellington Street, West Perth, WA for \$91.3 million. The long weighted average lease expiry and high-quality tenant profile at both properties are key property characteristics aligned with Growthpoint’s strategy of delivering income growth to Securityholders. Growthpoint owns the largest metropolitan office portfolio in the A-REIT sector, together with CBD office assets and a large industrial/logistics portfolio.

Construction has commenced at Botanikka Corporate Office Park in Richmond, VIC of a new office development which upon completion will comprise approximately 19,300 square metres (sqm) of A-grade office accommodation across two towers. The development is tracking ahead of schedule with completion expected in the first half of 2020 and we are receiving strong engagement from a number of prospective tenants.

In January we welcomed the opportunity to again partner with Woolworths in the expansion of one of its key distribution centres at Gepps Cross, SA. Growthpoint is funding the \$57 million development and will receive a coupon for the project costs as they are incurred at a yield of 6.75% per annum. Upon practical completion the lease over the entire property will reset to 15 years.”

¹ Source: UBS Investment Research. Versus the ASX300 REIT accumulation index. Annual compound returns to 31 December 2018

² Compound annual growth rate



Property and Financial Management highlights

- Like-for-like valuation increase of \$163.4 million, or 4.9% since 30 June 2018
- Undertook 72,436 sqm of new and extended leasing since 30 June 2018
- Gearing of 35.0% at the bottom of target range (35% to 45%)
- Weighted average fixed debt maturity of 5.0 years and 69% of debt fixed
- Average NABERS energy rating for the office portfolio 4.6 stars

The portfolio again achieved strong valuation gains as investor demand for quality office and logistics assets remained high. Positive transactional evidence and improving market rents were the main drivers, with valuation gains strongest in NSW and VIC. In aggregate, the book value of the property portfolio increased by \$163.4 million equating to a 4.9% increase on a like-for-like basis over the half year.

Growthpoint retains good access to debt through both local banking relationships and offshore debt capital markets. The Group recently extended \$515 million of debt with domestic institutions, with all major domestic banks expressing interest. A bridge facility was put in place to help fund the Newstead acquisition in December 2018 and this is expected to be replaced by an additional debt capital markets issuance in 2019. The earliest debt expiry is February 2020 and the Group continues to look at all available debt markets for the best possible funding structure.

Appetite for Australian commercial property remains high from both local and offshore investors. Mr Collyer made the following comments about Growthpoint's strategy and the outlook.

"Investor sentiment towards both the office and industrial sectors remained positive over the course of HY19, despite increased equity market volatility toward the end of the period. Positive yield spreads to funding costs, low vacancy rates and improving market rents, particularly in Sydney and Melbourne, drove significant national commercial real estate transactional activity in 2018, reaching record levels (\$41.8 billion)³. Australian office markets continue to attract significant volumes of capital from domestic and offshore investors, accounting for more than half of the total transactions (\$21.8 billion)³ in 2018, while industrial remains the favoured sector globally benefiting from growth in online spending.

While risks are emerging across some sectors of the Australian property market, we believe the outlook for office and industrial property leased to high quality tenants is positive. Over the past 12 months the Australian economy added 284,100⁴ jobs which is above the long-term average and population growth remains strong, particularly across the Eastern seaboard of Australia. With over 81% of Growthpoint's tenants being Australian government agencies or listed corporates, we have confidence in the source of income that underpins Growthpoint's growing distribution.

Our focus over the course of 2019 will be on upcoming lease expiries, with good progress already made at properties with near term expiries. We will also continue to seek both direct and indirect investment opportunities in office and industrial property as well as look to enhance the value of the existing portfolio where the right opportunities exist."

Outlook

Growthpoint reaffirms its previous guidance of FY19 FFO of at least 24.8 cps and distributions of 23.0 cps.

For further information, please contact:

Investor Relations and Media

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³ Cushman & Wakefield, Australian National Investment MarketBeat report, Q4 2018.

⁴ Australian Bureau of Statistics, Labour Force, Dec 2018.



Results call

An analyst and investor briefing will be held via webcast and teleconference at 17:00 (Melbourne time) today (21 February 2019).

The webcast can be viewed by clicking on the link provided below and following the prompts provided:

<https://edge.media-server.com/m6/p/i988suu9>

Investors wishing to participate in the call should dial-in based on their location using the details below. Please ask to join the Growthpoint Properties Australia Investor Presentation.

Selected analysts and large investors will be provided with separate access codes to enable them to ask questions live on the call. Other investors are requested to direct questions to info@growthpoint.com.au prior to 14:00 (Melbourne time) so that they may be answered on the call.

A webcast including a recording of the call will be available from approximately 7pm (Melbourne, Australia time) 21 February 2019 at the link provided below:

<https://edge.media-server.com/m6/p/i988suu9>

Attendee Passcode (Non Q&A):		123143			
Location	Number	Location	Number	Location	Number
Australia Toll Free:	1 800 558 698	Germany:	0800 182 7617	South Korea:	00 798 142 063 275
Alternate Australia Toll Free:	1 800 809 971	Hong Kong:	800 966 806	Sweden:	020 791 959
Australia Local:	02 9007 3187	India:	0008 0010 08443	South Africa:	0800 999 976
New Zealand Toll Free:	0800 453 055	Indonesia:	001 803 019 3275	Switzerland:	0800 820 030
NZ Local (Auckland):	09 929 1687	Ireland:	1800 948 625	Taiwan:	008 0112 7397
NZ Local (Wellington):	04 974 7738	Italy:	800 793 500	Thailand:	001800 156 206 3275
NZ Local (Christchurch):	03 974 2632	Japan:	0053 116 1281	UAE:	8000 3570 2705
China Wide:	4001 200 659	Malaysia:	1800 816 294	United Kingdom:	0800 051 8245
Belgium:	0800 72 111	Norway:	800 69 950	United States:	(855) 881 1339
Canada:	1855 8811 339	Philippines:	1800 1110 1462	US Local (New York):	(914) 202 3258
France:	0800 913 848	Singapore:	800 101 2785	US Local (Chicago):	(815) 373 2080

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. Growthpoint owns interests in a diversified portfolio of 59 office and industrial properties throughout Australia valued at approximately \$3.9 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.

Growthpoint 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.

**ASX Announcement**

Growthpoint Properties Australia (ASX code: GOZ)

21 February 2019

Appendix 4D

Results for the six months ended 31 December 2018

1. Details of reporting periods:

The current reporting period is the six months to 31 December 2018. The previous corresponding reporting period was for the six months to 31 December 2017.

2. Results for announcement to the market

2.1/2.2/2.3 Revenue and profit from ordinary activities and net profit for the half-year attributable to stapled Securityholders:

	Period ended 31-Dec-18	Period ended 31-Dec-17	Change
	<i>\$'000</i>	<i>\$'000</i>	%
Revenue from ordinary activities	136,039	131,357	3.6
Profit from ordinary activities after tax attributable to Securityholders	86,569	82,476	5.0
Net profit attributable to Securityholders	188,757	207,291	(8.9)

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

	Stapled securities	Record date	Payment date
	<i>(cents)</i>		
Interim distribution GOZ	11.40	31-Dec-18	28-Feb-19

2.6 Explanation of figures in 2.1 to 2.4:

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

3. Net tangible assets per stapled security:

	31-Dec-18	30-Jun-18	Change
	\$	\$	%
Net tangible assets per stapled security	3.36	3.19	5.3

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

No control has been gained or lost over another entity during the period.



5. Details of distributions

	Stapled security	Total distribution	Payment date
	<i>(cents)</i>	<i>\$'000</i>	
Interim distribution GOZ	11.40	82,963	28-Feb-19
Total distributions paid		82,963	

6. Details of distribution reinvestment plans in operation

The Distribution Reinvestment Plan ("DRP") is not in operation for the distribution payable on 28 February 2019. The Directors will assess market conditions and any requirement for equity before switching on the DRP for future distributions.

7. Details of associated and joint ventures:

Not applicable.

8. Accounting standards used for foreign entities:

Not applicable.

9. Description of audit dispute or qualification:

Not applicable.