



ASX Announcement.

GROWTHPOINT
PROPERTIES



22 August 2019

GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

2019 Full Year Results – Strong returns driven by good performance across all business segments

Key FY19 Highlights

- **Statutory earnings** of 52.9 cents per security (cps), reflecting a strong operating performance and significant property valuation gains over the year
- **Funds from Operations (FFO)** of 25.1 cps, above original guidance and updated guidance of at least 24.6 and 25.0 cps, respectively
- **Annual distributions** totaling 23.0 cps, 3.6% higher than FY18
- Office and industrial portfolio value increased by 18.7% to circa **\$4.0 billion**
- **Acquired** two modern A-Grade office buildings for \$341.3 million¹, with quality tenants and long WALE
- Internal **development and expansion projects** underway, with a combined end value of approximately \$350.0 million, including the consideration of redevelopment of a 25.0 hectare industrial site in Melbourne
- Successful and oversubscribed **equity raisings**, totaling \$309 million², reducing gearing and providing capital for growth
- FY19 **Return on Equity** of 16.9%
- **Total Securityholder Return** of 21.0%³, continuing the long-term outperformance of the ASX300 A-REIT Accumulation Index
- Average **NABERS energy rating** for the office portfolio increased to 4.8 stars, from 4.6 stars at 30 June 2018

Financial Management

- **Balance sheet gearing** reduced by 380 basis points to 30.1%⁴, from 33.9% at 30 June 2018
- 10.3% increase in **Net Tangible Assets (NTA) per security**, up to \$3.52⁴
- Maintained a long **weighted average debt maturity** of 4.6 years, with 10-year United States Private Placement (USPP) issuance of \$161 million
- Maintained a high level of **fixed or hedged debt** at 76%⁴ of drawn debt at 30 June 2019
- **Maintained senior secured credit rating** of Baa2 (Stable) from Moody's
- \$417 million⁴ of remaining **debt headroom** available to support the right transactions

Property Portfolio

- **Total portfolio value of circa \$4.0 billion**, an increase of \$628 million or 18.7% on 30 June 2018
- **“Like-for-like” valuation increase** of \$330.9 million, or 10.0% on 30 June 2018
- **Weighted average capitalisation rate** for the portfolio of 5.9%, down 33 basis points since 30 June 2018
- Undertook circa 146,400 square metres (sqm)⁵ of **new leasing and lease renewals**, equating to 14% of total portfolio lettable area
- Maintained **high occupancy** of 98% and attractive **weighted average lease expiry (WALE)** of 5.0 years

¹ Before transaction costs.

² Comprising a \$135 million Rights Offer completed in December 2018 and an Institutional Placement and Securities Purchase Plan which were launched in June 2019 with the \$174 million proceeds settling in early FY20.

³ UBS Investment Research (to 30 June 2019).

⁴ Pro forma for the settlement of the Institutional Placement and Securities Purchase Plan launched in FY19 but settled in early FY20, raising \$174 million for the issue of 43.7 million securities and the repayment of debt from those proceeds.

⁵ Includes leasing undertaken post 30 June 2019.



The Directors of Growthpoint Properties Australia Limited are pleased to announce the results for Growthpoint Properties Australia (“**Growthpoint**” or “**Group**”) for the year ended 30 June 2019 (“**FY19**”).

Growthpoint’s **Managing Director, Timothy Collyer**, said:

“The date of release of Growthpoint’s 2019 full year results marks the tenth anniversary of Growthpoint and since its inception, Growthpoint has grown substantially from an industrial portfolio valued at \$662 million to a diversified office and industrial portfolio now valued at \$4.0 billion. In FY19, long-term returns to Securityholders continued with the Group delivering an above-sector return of 21.0%⁶.

Over FY19, Growthpoint has undertaken two acquisitions of well-located and leased modern office buildings in Newstead, Queensland and West Perth, Western Australia. Part of the funding for the Newstead property was from an equity rights offer launched in November 2018 which was oversubscribed in both institutional and retail components.

These accretive acquisitions, as well as strategic divestments at attractive pricing, further improved the overall quality of the property portfolio and helped raise FFO guidance to at least 25.0 cps. This guidance was achieved with FFO of 25.1 cps.

In terms of financial management, \$161million of USPP notes were issued to refinance a bridge transaction undertaken for the West Perth acquisition, with no refinancing now required until September 2020. We also took the opportunity of the low rate environment to reset the interest rate swap book and to better align our maturities and hedging portfolio. Growthpoint continues to maintain a diverse mix of lenders and markets to take advantage of all favourable funding environments.

Asset management was also a highlight with circa 146,400 sqm⁷ of leasing completed since 30 June 2018. 21,600 sqm⁷ was completed in the office sectors which assisted Growthpoint’s office portfolio to achieve like-for-like valuation growth of \$249.1 million (11.5%) over FY19 and maintain occupancy at 98%. A number of our near-term expiries have been extended with existing tenants and we continue to focus on early engagement. Growthpoint office assets located along the Eastern seaboard benefited from the sustained and persistent tenant and investor demand for quality office accommodation with CBD office vacancy rates in both Sydney and Melbourne continuing at record low levels, resulting in positive net absorption. Growthpoint now owns the largest metropolitan office portfolio in the A-REIT sector.

FY19 was also a busy year for Growthpoint’s industrial portfolio, with several significant developments underway and strong leasing activity contributing to a solid underlying performance. Industrial property remains a highly sought-after segment of the market, and was reflected in another strong period of like-for-like valuation growth of \$81.8 million (or 7.1%) over FY19. This result was derived from excellent leasing outcomes to high quality tenants (over 124,800 sqm⁷ leased) and a high occupancy rate of 99%. As domestic and offshore investors with an appetite for well-located assets continue to look for opportunities, the continued government investment into transport infrastructure will form the basis for ongoing demand. While risks are emerging across some sectors of the Australian property market, we believe the outlook for industrial property leased to high quality tenants is positive.

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

“Over the 10 years since inception, we have acquired well-located office and industrial property let by the highest quality tenants and we have invested into segments of the market that have experienced exceptional growth. Through considered asset management strategies, we have delivered enhanced returns for Securityholders and witnessed the increasing attractiveness of metro non-CBD property.

⁶ UBS Investment Research (to 30 June 2019).

⁷ Includes leasing undertaken post 30 June 2019.



As the market for direct real estate in Melbourne and Sydney continues to be priced competitively, we continue to review opportunities to generate the best outcomes for Securityholders, and we still see a number of potential avenues for growing the portfolio. An example is the development of a new 19,300 sqm A-Grade office building in Richmond, Victoria which is expected to finish well inside completion schedules and represents another opportunity for Growthpoint to further add value to the portfolio.

The Group has a circa \$350 million pipeline of development and expansion projects current, including the abovementioned development, the expansion of the Woolworths Distribution Centre in Gepps Cross, South Australia and the potential redevelopment of a 25-hectare industrial site at Broadmeadows, Victoria.

Growthpoint also recently completed another equity raising through an Institutional Placement and a Security Purchase Plan which closed during July and August 2019 which were both oversubscribed. The endorsement of our Securityholders and the market of the Growthpoint strategy has been pleasing. With substantial debt headroom and a number of investment and portfolio enhancement opportunities ahead, we believe we are well positioned for FY20 and beyond.”

FY20 guidance is reaffirmed at FFO per security of at least 25.4 cents and distribution per security of 23.8 cents.

For further information, please contact:

Investor Relations and Media

Dion Andrews, Chief Financial Officer

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Results call

An analyst and investor briefing will be held via webcast and teleconference at 16:00 (Melbourne time) today (22 August 2019).

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

<https://edge.media-server.com/mmc/p/687znaz7>

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 6pm (Melbourne, Australia time) 22 August 2019 at <https://edge.media-server.com/mmc/p/687znaz7>

ATTENDEE ACCESS PIN: 9669715

Participant International Toll Free Dial-In Numbers:

Location	Number	Location	Number	Location	Number
Australia Toll Free	1800148258	Australia Mobile	1300157230	Belgium	080071572
Australia Local	02 8038 5271	China	108006110127	China	108003610079
Canada	18668374489	Germany	08001814827	Hong Kong	800965808
France	0800908221	India	0008001007048	Indonesia	0018030612145
Ireland	1800720011	Japan	006633062118	Korea (South)	007986121097
Italy	800788772	Norway	80010112	Netherlands	0800229451



Malaysia	1800180708	Philippines	180016120005	Switzerland	0800561529
New Zealand	0800667018	Sweden	020799376	United Kingdom	08000569662
Singapore	8006162170	Thailand	0018006121124	United States	18665862813
Taiwan	00801232398	South Africa	0800997774		

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 57 office and industrial properties throughout Australia valued at approximately \$4.0 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.



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22 August 2019

Appendix 4E

Result for the year ended 30 June 2019

1. Details of reporting periods:

The current reporting period is the 12 months to 30 June 2019. The previous corresponding reporting period was for the 12 months to 30 June 2018.

2. Results for announcement to the market

2.1/2.2/2.3 Revenue from ordinary activities, Funds From Operations and Net profit for the year attributable to Securityholders:

	Year ended 30-Jun-19	Year ended 30-Jun-18	Change
	\$'000	\$'000	%
Revenue from ordinary activities	282,230	265,087	6.5
Funds From Operations (FFO) ¹	177,992	167,078	6.5
Net profit attributable to Securityholders	375,292	357,709	4.9

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

	Stapled securities	Record date	Payment date
	(cents)		
Interim distribution GOZ	11.4	31-Dec-18	28-Feb-19
Final distribution GOZ	11.6	28-Jun-19	30-Aug-19

2.6 Explanation of figures in 2.1 to 2.4:

Commentary on the above figures is included in the attached announcement, presentation and annual financial report.

3. Statement of Profit or Loss and Other Comprehensive Income

See annual financial report released on the ASX on 22 August 2019.

4. Statement of Financial Position

See annual financial report released on the ASX on 22 August 2019.

5. Statement of Cash Flows

See annual financial report released on the ASX on 22 August 2019.

6. Details of distributions:

1. 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, 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.



	Stapled security	Total distribution	Payment date
	(cents)	\$'000	
Interim distribution GOZ	11.4	82,963	28-Feb-19
Final distribution GOZ	11.6	84,424	30-Aug-19
Total distributions paid GOZ	23.0	167,387	

Total distributions paid to GOZ Securityholders for the current reporting period were 23.0 cents per stapled security. This is a 3.6% increase on the 22.2 cents per stapled security for the previous corresponding reporting period.

7. Details of distribution reinvestment plans in operation:

The Distribution Plan was not operative for the 31 December 2018 and 30 June 2019 distributions of the Group.

8. Statement of Changes in Equity

See annual financial report released on the ASX on 22 August 2019.

9. Net tangible assets per stapled security:

	30-Jun-19	30-Jun-18	Change
	\$	\$	%
Net tangible assets (NTA) per stapled security	3.50	3.19	9.7

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

Not applicable.

11. Details of associated and joint ventures:

Not applicable.

12. Any other significant information required

Not applicable.

13. Accounting standards used for foreign entities:

Not applicable.

14. Commentary on results for the year

See annual financial report released on the ASX on 22 August 2019.

15. Is this report based on accounts which have been audited

Yes.

16. If the accounts have not been audited, the likelihood of qualification

Not applicable, see 15 above.

17. Description of audit dispute or qualification:

Not applicable.