



Financial management.



Dion Andrews
Chief Financial Officer

Growthpoint has once again delivered strong returns for Securityholders. Accretive acquisitions funded by well supported equity raisings and issuance of long-term debt have seen FFO per security increase to 25.1 cents, up 2.0% on the initial FY19 guidance given of at least 24.6 cents.

Highlights for FY19

- > Successful completion of \$150 million Institutional Placement, achieving oversubscriptions, and \$23.6 million Security Purchase Plan (both settled in early FY20)
- > All-in cost of debt reduced from 4.4% p.a. at 30 June 2018 to 4.1% p.a.¹

Summary

FY19 provided strong returns for Securityholders, with distributions per security increasing 3.6% to 23.0 cents per security. The Group was able to achieve this growth whilst executing on key property transactions and maintaining disciplined capital management in line with strategy.

In December 2018, the Group raised \$135 million of equity to partially fund the acquisition of 100 Skyring Terrace, Newstead, Queensland. There was significant appetite for new securities resulting in oversubscriptions across both the institutional and retail components. This acquisition was also partially funded by a \$150 million short-term bridge facility with the intention to repay this via a debt market issuance.

In May 2019, Growthpoint once again issued into the 10-year US Private Placement market, raising AUD161 million. The proceeds of this raising were used to repay the bridge facility and increase the weighted average debt maturity profile for the Group.

To bookend the year, the Group reset its interest rate swap book and launched a fully underwritten Institutional Placement on 27 June 2019, raising \$150 million. The transaction settled on 2 July with new securities first trading on 3 July (a Security Purchase Plan raised a further \$23.6 million in July). The proceeds were initially used to repay debt with gearing reducing to 30.1%¹ after the repayment.

- > FFO of 25.1 cents per security, a 0.4% increase on FY18
- > Distributions of 23.0 cents per security, an increase of 3.6% on FY18, equating to a payout ratio to FFO of 91.6%
- > FY20 FFO guidance provided as 'at least' 25.4 cents per security
- > NTA per security of \$3.52¹, 10.3% above 30 June 2018
- > Gearing of 30.1%¹, 380 basis points lower than 30 June 2018
- > Successful completion of \$135 million Rights Offer in December 2018, achieving oversubscriptions on both the institutional and retail components



Funds From Operations (FFO)

25.1 cps

+0.4% on FY18

Distributions

23.0 cps

+3.6% on FY18

Gearing below target range of 35-45%

30.1%¹

(30 June 2018: 33.9%)

NTA per security	\$3.52¹
Fixed debt %	76%¹
Weighted average debt maturity (WADM)	4.6 years
FY20 FFO Guidance	at least 25.4 cps
FY20 Distribution Guidance	23.8 cps

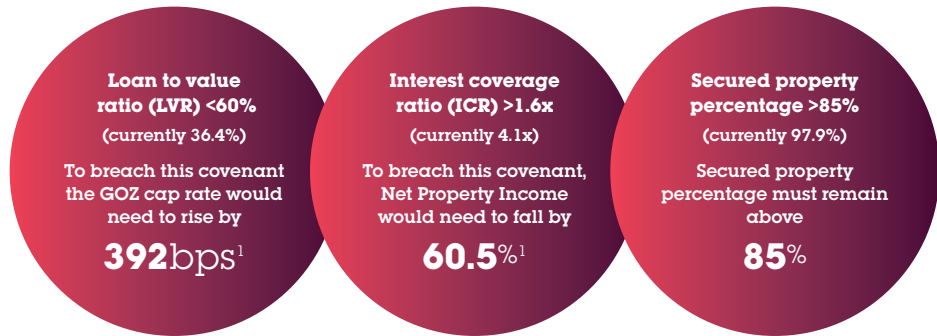
1. Pro forma for the settlement of the Institutional Placement and Security Purchase Plan launched in FY19 but settled in early FY20, raising \$174 million for the issue of 43.7 million securities and the repayment of debt from those proceeds



Building 1, 572-576 Swan Street, Richmond, VIC

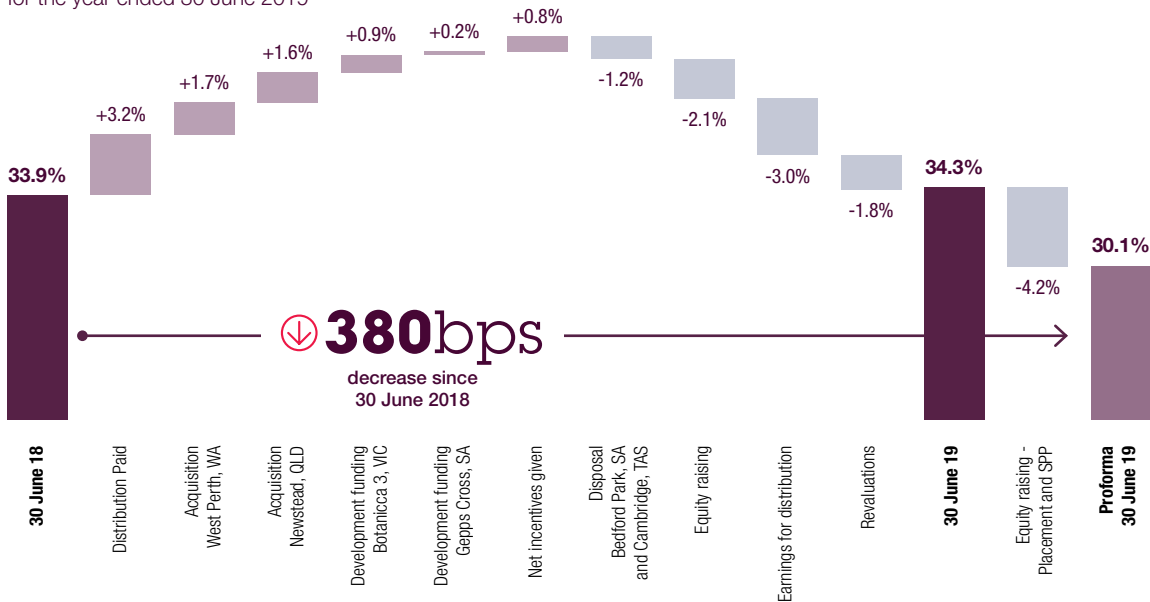
Stress Testing Covenants

Growthpoint has three main debt and lending covenants which are regularly stress tested. They are:



1. For illustrative purposes only as at 30 June 2019 balance date and assumes no change to other inputs that could impact the calculation of this metric.

Items influencing gearing (%) for the year ended 30 June 2019



Financial management continued

Key debt metrics and changes during FY19

		30 June 2019 Proforma	30 June 2018	Change
Gross assets	\$'000	4,117,860	3,474,569	643,291
Interest bearing liabilities	\$'000	1,262,510 ¹	1,197,555	64,955
Total debt facilities	\$'000	1,684,524	1,523,482	161,042
Undrawn debt	\$'000	416,525 ¹	320,000	96,525
Gearing	%	30.1 ¹	33.9	(3.8)
Weighted average interest rate	%	4.1	4.4	(0.3)
Weighted average debt maturity	years	4.6	5.0	(0.4)
Annual Interest Coverage Ratio (ICR) / Covenant ICR	times	4.1 / 1.6	3.9 / 1.6	0.2 / -
Actual Loan to Value Ratio (LVR) / Covenant LVR	%	36.2 / 60	36.1 / 60	(0.1) / -
Weighted average fixed debt maturity	years	5.6	5.5	0.1
% of debt fixed	%	76 ¹	82	(6)
Debt providers	no.	17	17	-

Revaluation gains across both the office and industrial portfolios supported strong growth in NTA per security and helped maintain gearing below the bottom of the Group's target range. The chart on the previous page highlights the movements impacting gearing.

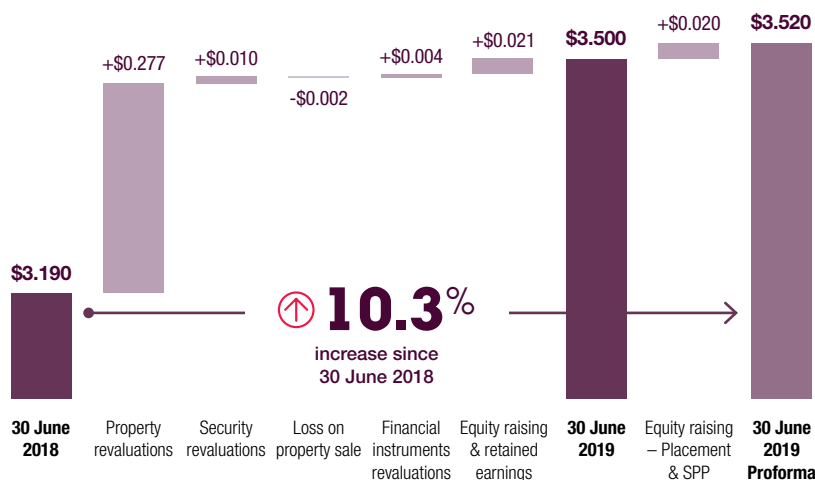
Debt strategy¹

Growthpoint retains good access to debt through both local banking relationships and offshore debt capital markets.

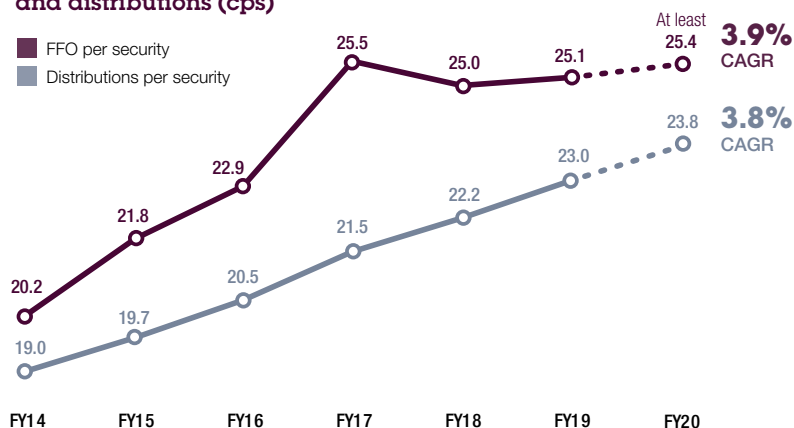
Following the settlement of the equity raising launched in June 2019, the Group held \$417 million of undrawn debt to help fund acquisitions and identified office and industrial developments with a potential end value of over \$350 million. Growthpoint will continue to target approximately \$100 million as an undrawn balance to allow for flexibility in transactions, while aiming to keep the cost of undrawn debt lines low.

Growthpoint's fixed debt percentage fell to 76%¹ from 82% at 30 June 2018, partly as a result of the reset of the interest rate swap book in June 2019. The various debt transactions over FY19 meant the Group's weighted average debt maturity was 4.6 years at 30 June 2019.

Movements in NTA (\$) per stapled security



Long-term growth in FFO and distributions (cps)



1. Pro forma for the settlement of the Institutional Placement and Security 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

Funds From Operations (FFO)

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.

FFO has been provided to allow Securityholders to identify that income which is available to distribute to them and will assist in the assessment of relative performance of the Group.

Reconciliation from statutory profit to FFO

	FY19	FY18	Change	% Change
	\$'000	\$'000	\$'000	%
Profit after tax	375,292	357,709	17,583	4.9
Less non-FFO items:				
- Straight line adjustment to property revenue	(6,237)	(5,962)	(275)	
- Net changes in fair value of investment property	(201,581)	(166,958)	(34,623)	
- (Profit)/ loss on sale of investment property	1,144	(24,419)	25,563	
- Net change in fair value of investment in securities	(7,109)	(10,368)	3,259	
- Net change in fair value of derivatives	(3,147)	573	(3,720)	
- Depreciation	269	293	(24)	
- Amortisation of incentives	19,337	16,327	3,010	
- Deferred tax benefit	25	(117)	142	
FFO	177,993	167,078	10,915	6.5

The FY19 payout ratio, calculated as distributions on ordinary stapled securities divided by FFO, was 91.6% (FY18: 88.8%).

Details about distribution components under the attribution managed investment trust or "AMIT" regime (only relevant for the full year distribution) and Fund Payment amounts (only relevant for foreign holders) will be made available on Growthpoint's website on or before the relevant distribution date.

For more information go to:



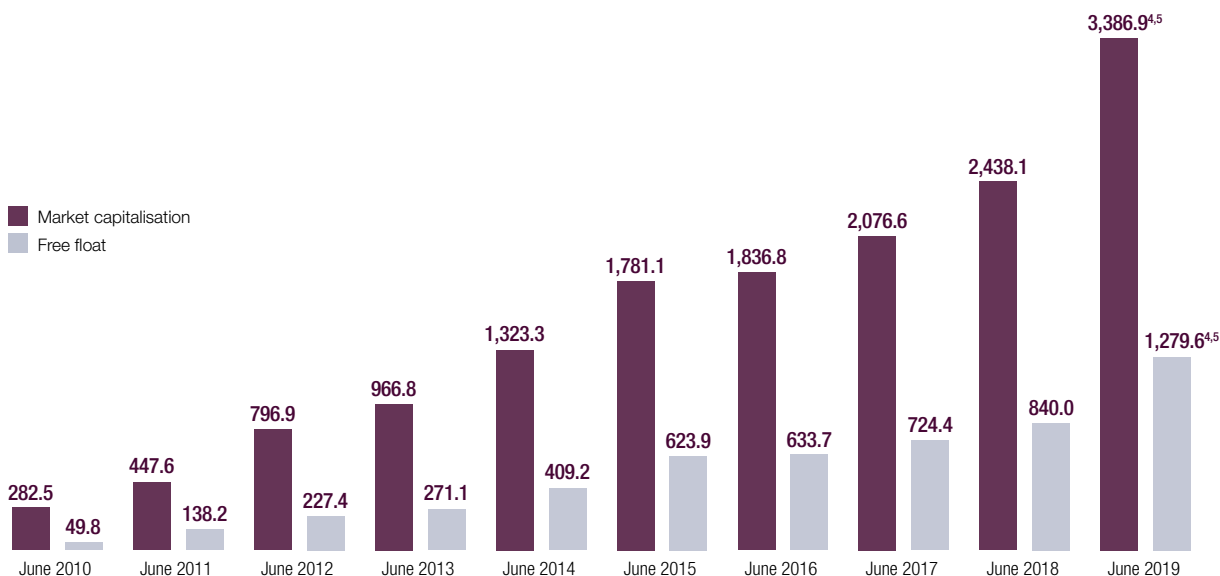
growthpoint.com.au/investor-centre/distributions/

Operating and capital expenses

Operating expenses		FY19	FY18
Total operating expenses	\$'000	13,943	13,362
Average gross assets value	\$'000	3,821,142	3,377,737
Operating expenses to average gross assets	%	0.36	0.40
Capital expenditure		FY19	FY18
Total portfolio capex	\$'000	12,869	10,315
Average property asset value	\$'000	3,637,775	3,236,038
Capital expenditure to average property portfolio value	%	0.35	0.32

10 year financial performance summary.

As at 30 June		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Financial performance											
Investment income	\$m	492.9	466.3	383.4	302.1	361.5	198.5	171.5	115.8	97.6	91.2
Profit for the period	\$m	375.3	357.7	278.1	219.4	283.0	117.3	94.0	49.5	43.4	46.7
Financial position											
Total assets (at 30 June)	\$m	4,117.9	3,474.6	3,328.4	2,879.6	2,407.1	2,128.8	1,680.4	1,607.1	1,190.1	774.8
Total equity (at 30 June)	\$m	2,717.3 ⁴	2,157.0	1,901.5	1,522.4	1,411.5	1,165.1	804.1	733.2	478.6	324.0
Securityholder value											
Basic and diluted earnings per security	¢	52.9	53.5	42.7	38.1	50.4	25.7	23.7	15.2	21.5	34.5
Funds From Operations per security	¢	25.1	25.0	25.5	22.9	21.8	20.2	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Distributions per security	¢	23.0	22.2	21.5	20.5	19.7	19.0	18.3	17.6	17.1	14.0
Total Securityholder return ²	%	21.0	22.3	6.3	7.4	36.4	10.8	23.6	21.6	15.5	N/A ³
Return on equity	%	16.9	18.5	18.6	13.5	23.9	17.5	13.1	4.8	7.4	20.6
Gearing (at 30 June)	%	30.1 ⁴	33.9	38.5	41.2	36.3	40.3	46.8	45.6	56.1	58.8
NTA per security (at 30 June)	\$	3.52 ⁴	3.19	2.88	2.61	2.48	2.16	2.00	1.93	2.01	2.03
Market capitalisation (at 30 June)	\$m	3,386.9 ^{4,5}	2,438.1	2,076.6	1,836.8	1,781.1	1,323.3	966.8	796.9	447.6	282.5



Market capitalisation and free float (\$m)

1. Not applicable, no data available for these periods.
2. Source: UBS Investment Research.
3. Not applicable due to restructuring that occurred part way through the year.
4. Pro forma for the settlement of the Institutional Placement and Security 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. Pro forma, using the closing price of \$4.39 on 31 July 2019, multiplied by 771.5 million securities on issue.

