



30 May 2017

ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

FY18 guidance and moving to funds from operations earnings disclosure

Following a recent review of its earnings disclosures, Growthpoint Properties Australia (“**Growthpoint**”) would like to announce that it intends to begin disclosing earnings on a funds from operations (FFO) per security basis, beginning from its FY17 financial result which is scheduled to be released to the market on 21 August 2017.

The change to FFO per security will bring Growthpoint’s earnings disclosures more closely in line with industry peers, while also providing a better measure of the earnings available for distribution to securityholders as amortisation of incentives become more relevant in the Group’s financial statements.

The Group intends to use FFO per security as its primary method of calculating earnings going forward from the FY17 financial result.

Growthpoint historical FFO

To assist the market in preparing for the new disclosure, the Group provides a reconciliation from distributable income to FFO for FY15 and FY16:

	FY15	FY16
	Actual	Actual
	\$'000	\$'000
Profit after tax	283,004	224,269
Less non-distributable items:		
- Straight line adjustment to property revenue	(6,569)	(7,426)
- Net changes in fair value of investment property	(168,579)	(96,583)
- (Gain)/Loss on sale of investment property	(363)	(163)
- Net (gain)/loss on derivatives	11,280	5,824
- Depreciation	137	128
Distributable income	118,910	126,049
Funds From Operation (FFO) Adjustments		
Amortisation of incentives	3,220	4,055
Deferred tax benefit	(191)	(159)
FFO	121,939	129,945
Weighted average securities ('000)	561,723	576,155
Distributable income per security (cents)	21.2	21.9
FFO per security (cents)	21.7	22.6
Distribution per security (cents)	19.7	20.5
Payout ratio to distributable income	93%	94%
Payout ratio to FFO	91%	91%

Growthpoint’s Key Metrics at 31 March 2017¹

Total property portfolio value	\$3.1 billion
Distribution guidance FY17	21.5 cents
Number of properties	57
Office / industrial	65% / 35%
Average property age	9.5 years
Occupancy	98%
Weighted average lease expiry	6.2 years
Weighted average rent review (assumes CPI of 1.5%)	3.2%
Weighted average capitalisation rate	6.7%
NTA per stapled security (as at 31 December 2016)	\$2.72
Balance sheet gearing (pro forma after asset sales referred to in ASX announcement of 5 April 2017)	39.4%
Percentage debt fixed (post settlement of USPP in June 2017)	>75%
Average debt maturity post settlement of USPP (pro forma 31 December 2016)	5.3 years
Average NABERS rating (energy)	4.4 stars

¹ Includes the sale of assets as per ASX announcement dated 5 April 2017, and leasing updates as per ASX announcements dated 10 April 2017 and 19 April 2017



FFO will be presented as below (using FY16 as an example) beginning from the FY17 financial result to be released on 21 August 2017.

	FY16
	Actual
	\$'000
Statutory IFRS net profit after tax	224,269
Investment Property and inventory:	
(Gains) / losses from sale of investment property	(163)
Fair value gain on investment property	(96,583)
Depreciation of plant and equipment	128
Financial instruments:	
Net changes in derivatives	5,824
Incentives and straightlining:	
Amortisation of incentives	4,055
Rent straightlining	(7,426)
Tax:	
Non FFO deferred tax (benefits) / expenses	(159)
Funds From Operations (FFO)	129,945

FFO per security and distribution guidance for the full year ending 30 June 2018

FFO per security for the financial year ending 30 June 2018 is expected to be at least 23.6 cents per stapled security.

Growthpoint will continue to payout as much funds from operations as is reasonably prudent to securityholders and currently expects its payout ratio to remain above 90% for the foreseeable future. In determining its payout ratio, Growthpoint will consider its capital expenditure and working capital requirements as well as current and anticipated business and financial conditions, especially as they relate to raising debt and equity capital.

Growthpoint's directors are pleased to advise, subject to current market conditions continuing, estimated distribution guidance for the year ending 30 June 2018 of 22.0 cents per stapled security; a 2.3% increase from the year ending 30 June 2017.

This annual distribution is expected to be paid through the distribution of 10.9 cents per stapled security in February 2018 and the distribution of 11.1 cents per stapled security in August 2018. The tax deferred status of each distribution payable in respect of the year ending 30 June 2018 will be confirmed with the full year financial results to be released on or around Monday, 20 August 2018².

Media and investor enquiries should be directed to:

Aaron Hockly, Chief Operating Officer, Growthpoint Properties Australia
Telephone: +61 8681 2900, info@growthpoint.com.au

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. After allowing for recently announced transactions, Growthpoint owns interests in a diversified portfolio of 57 office and industrial properties throughout Australia valued at approximately \$3.1 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.

² 2018 interim and full year reporting dates subject to change by the board

**Important note**

This announcement contains certain “forward-looking statements”. The words “anticipate”, “believe”, “expect”, “project”, “predict”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Growthpoint that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither Growthpoint, nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the industries in which Growthpoint operates.