



16 August 2018

ASX ANNOUNCEMENT

GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

2018 Full Year Results – Consistent performance across all segments of the business

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 2018 (“**FY18**”).

Key FY18 Highlights

- **Statutory earnings of 53.5 cents per security (cps)**, the **highest reported EPS** of any year since Growthpoint’s inception in 2009
- **Funds from Operations (FFO) of 25.0 cps**
- **Annual distributions totalling 22.2 cps**
- **Completed over \$257.2 million in property and equity transactions**, taking advantage of strong pricing to sell property and reinvest favourably into markets we know and understand
- **Occupancy of 98%**
- **FY18 Return on Equity (ROE) of 18.5%**
- **Total Securityholder Return of 22.3%**¹, outperforming the ASX300 A-REIT Acc Index by 10.1 percentage points
- Average **NABERS energy rating for the office portfolio increased to 4.6 stars**, from 4.5 stars at 30 June 2017

Financial Management

- **Balance sheet gearing reduced by 460 basis points to 33.9%**, from 38.5% at 30 June 2017
- **10.8% increase in NTA per security, up to \$3.19** at 30 June 2018 from \$2.88 at 30 June 2017
- Maintained a weighted average **debt maturity of 5.0 years**
- Increased overall level of **fixed debt to 82%**, from 75% at 30 June 2017
- **Maintained senior secured credit rating** of Baa2 (Stable) from Moody’s
- **\$320 million of remaining debt headroom available** to support the right transactions

Property Portfolio

- **Total portfolio value of \$3.4 billion**, an increase of \$72.3 million or 2.2% on 30 June 2017
- Like-for-like valuation **increase of \$193.8 million, or 6.2%**
- **Undertook 132,433 square metres (sqm)² of new and extended leasing**, equating to 13% of total portfolio lettable area
- Like-for-like valuation **increase in office property portfolio of \$132.4 million** or 6.4% on 30 June 2017. **Weighted average office capitalisation rate of 6.0%**, compared with 6.3% at 30 June 2017
- Like-for-like valuation **increase in industrial property portfolio of \$61.4 million** or 5.9% on 30 June 2017. **Weighted average industrial capitalisation rate of 6.6%**, compared with 6.9% at 30 June 2017

1. UBS Investment Research (to 30 June 2018)
2. Includes leasing undertaken post-30 June 2018



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

"Growthpoint's 2018 full year result marks the eighth consecutive year of increasing distributions to securityholders. Accretive acquisitions over the year and divestments at attractive pricing further improved the overall quality of the property portfolio and drove down gearing. These transactions also helped to improve on our initial FFO guidance by 5.9% (from at least 23.6 cents to 25.0 cents per security). Asset management was also a highlight with over 132,000 sqm of leasing completed since 30 June 2017; a pleasing result.

In terms of financial management, \$515 million of bank debt expiring in mid-FY19 was extended to maintain a weighted average debt maturity of 5.0 years. After significant work in FY17 to further diversify the Group's debt funding profile Growthpoint now retains a good balance between shorter term, more flexible bank debt and longer term fixed debt. Going forward, Growthpoint will continue to act quickly and decisively on debt maturities, the first being in September 2020, and will look to all available debt markets for the best solution for Securityholders when new debt is required.

Growthpoint's office portfolio achieved like-for-like valuation growth of \$132.4 million (6.4%) over FY18, additional leasing of 17,092 sqm and maintained occupancy at 98%. These outcomes were supported by continued investor and tenant appetite for office assets and leasing accommodation along Australia's Eastern seaboard. The main drivers for office demand remained positive in FY18, with solid employment growth and business confidence and conditions¹ tracking at or above long run averages. Most major office markets recorded positive net absorption over the period, leading to downward pressure on incentives and rent growth in most Eastern seaboard office markets.

FY18 was also a busy year for Growthpoint's industrial portfolio, with several significant transactions and strong leasing activity contributing to a solid underlying performance. Industrial property remains a highly sought-after segment of the market, both from the perspective of tenancy with new online e-commerce businesses entering the market, and from domestic and offshore investors with an appetite for well-located assets. This high level of interest was reflected in another strong period of like-for-like valuation growth of \$61.4 million (or 5.9%) over FY18, excellent leasing outcomes to high quality tenants (over 115,000 sqm leased) and occupancy of 98%. The main drivers of industrial demand remain largely positive with solid export levels, strong population growth and continued growth in e-commerce retail. Plans for major infrastructure investment by State and Federal governments with a focus on transport infrastructure, particularly in New South Wales and Victoria is also expected to be a long-term driver of demand."

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

"Over the last 8 years we have acquired well-located office and industrial property let by the highest quality tenants, growing the portfolio from \$642 million to \$3.4 billion today. We have invested into segments of the market that have experienced exceptional growth, through considered asset management strategies delivering enhanced returns for Securityholders, better leasing outcomes and the increasing attractiveness of non-CBD property.

As the market for direct real estate in Melbourne and Sydney continues to be priced competitively we are constantly reviewing new markets and opportunities to generate the best outcomes for Securityholders, and we still see a number of potential avenues for growing the portfolio.

To this end the Group has a ~\$200 million pipeline of development and expansion projects it will undertake over the next two years, including the exciting development of a new 19,300 sqm A-Grade office building in Richmond, Victoria.

We also recently announced the acquisition of 836 Wellington Street, West Perth for \$91.3 million. This is Growthpoint's first office investment in Perth and is the product of a 2-year period of due diligence on the Perth office property market.

As we move into FY19, the strategy of selling assets with higher underlying values and re-investing the proceeds into markets we understand and believe will achieve long-term upside is one management will continue to deploy. Growthpoint has identified two further properties that meet similar criteria in reaching

¹ NAB Monthly Business Survey – June 2018



their peak value to Growthpoint (Quads 2 and 3 at Sydney Olympic Park, New South Wales) and these assets have subsequently been placed on the market for sale.

With our portfolio materially reweighted into preferred markets, substantial debt headroom and a number of investment and portfolio enhancement opportunities ahead, including potential M&A and development, we believe we are well positioned for FY19 and beyond.”

For further information, please contact:

Investor Relations and Media

Daniel Colman, Investor Relations Manager
Telephone: +61 401 617 167

Results call

An analyst and investor briefing will be held via webcast and teleconference at 16:00 (Melbourne time) today (16 August 2018).

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

<https://edge.media-server.com/m6/p/fg7quz3q>

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) 16 August 2018 at”

<https://edge.media-server.com/m6/p/fg7quz3q>

Attendee Passcode (Non Q&A):		387865			
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	US Local (New York):	(914) 202 3258
Canada:	1855 8811 339	Philippines:	1800 1110 1462	US Local (Los Angeles):	(909) 235 4020
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 57 office and industrial properties throughout Australia valued at approximately \$3.4 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)

16 August 2018

Appendix 4E

Result for the year ended 30 June 2018

1. Details of reporting periods:

The current reporting period is the 12 months to 30 June 2018. The previous corresponding reporting period was for the 12 months to 30 June 2017.

2. Results for announcement to the market

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

	Year ended 30-Jun-18	Year ended 30-Jun-17	Change
	\$'000	\$'000	%
Revenue from ordinary activities	265,087	263,985	0.4
Net profit before unrealised items ¹	150,867	156,314	(3.5)
Funds From Operations (FFO) ²	167,078	166,098	0.6
Net profit attributable to Securityholders	357,709	278,090	28.6

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	11.0	31-Dec-17	28-Feb-18
Final distribution GOZ	11.2	30-Jun-18	31-Aug-18

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 16 August 2018.

4. Statement of Financial Position

See annual financial report released on the ASX on 16 August 2018.

5. Statement of Cash Flows

See annual financial report released on the ASX on 16 August 2018.

1. Net profit before unrealised items is reported for comparability purposes to FY17 and will be replaced by Funds From Operations (FFO) in future announcements. Net profit before unrealised items comprises net profit/loss after tax attributable to Securityholders, calculated in accordance with Australian Accounting Standards and adjusted for investment properties and investment in securities revaluations, derivative mark to market impacts, gain/loss on sale of investment properties, straight line rent adjustments, depreciation of plant and equipment and deferred tax expense/benefits.
2. The Directors consider that FFO is the measure that more accurately reflects the underlying performance of the Group. FFO comprises Net profit before unrealised items (as detailed in footnote 1 above) and further adjusted for amortisation of tenant incentives and deferred tax expense/benefits. Only FFO will be shown as a measure of underlying performance in future years.



6. Details of distributions:

	Stapled security	Total distribution	Payment date
	(cents)	\$'000	
Interim distribution GOZ	11.0	72,789	28-Feb-18
Final distribution GOZ	11.2	75,643	31-Aug-18
Total distributions paid GOZ	22.2	148,432	

Total distributions paid to GOZ Securityholders for the current reporting period were 22.2 cents per stapled security. This is a 3.3% increase on the 21.5 cents per stapled security for the previous corresponding reporting period.

7. Details of distribution reinvestment plans in operation:

In June 2018, the Group announced the Distribution Reinvestment Plan was in operation for the distribution with the record date of 29 June 2018.

8. Statement of Changes in Equity

See annual financial report released on the ASX on 16 August 2018.

9. Net tangible assets per stapled security:

	30-Jun-18	30-Jun-17	Change
	\$	\$	%
Net tangible assets (NTA) per stapled security	3.19	2.88	10.8

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 16 August 2018.

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.