



ASX Announcement.

GROWTHPOINT
PROPERTIES



Not for release or distribution in the United States

27 June 2019

GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

ANNOUNCEMENT HIGHLIGHTS

- Fully-underwritten institutional placement to raise approximately \$150 million and non-underwritten security purchase plan to raise up to \$15 million¹ at an issue price of \$3.97 per security
- Gearing of 31.6% post equity raising provides \$197 million of acquisition capacity to the bottom-end of its target gearing range. Growthpoint continues to identify and review acquisition opportunities that fit its strategy and is in advanced stages of due diligence on a modern office building located in metropolitan Sydney
- No material impact on FY19 Funds From Operations (“**FFO**”) per security guidance of at least 25.0 cps
- FY20 FFO per security guidance of at least 25.4 cps and DPS guidance of 23.8 cps
- Expected increase in the liquidity of Growthpoint securities and free float market capitalisation
- Attractive FY20 DPS yield of 6.0% on issue price

EQUITY RAISING, PORTFOLIO UPDATE AND CAPITAL MANAGEMENT INITIATIVES

Growthpoint Properties Australia (“**Growthpoint**”) today announces it is undertaking an equity raising involving:

- A fully underwritten institutional placement to raise approximately \$150 million (“**Placement**”)
- A non-underwritten security purchase plan to raise up to \$15 million (“**SPP**”)¹

together, the “**Equity Raising**”.

The Equity Raising is being undertaken to:

- Support Growthpoint to continue delivering on its strategy of acquiring well-leased, well-located commercial real estate while maintaining gearing near the lower end of its target range of 35% - 45%
- Provide capacity to acquire a modern building located in metropolitan Sydney for approximately \$50 million, in respect of which Growthpoint is in advanced stages of due diligence. If this acquisition proceeds, settlement is expected to be in late August 2019
- Provide additional funding for Growthpoint’s internal development and expansion opportunities, which include a new 19,300sqm office building in Richmond, VIC; an expansion of the Woolworths Distribution Centre in Gepps Cross, SA; and a new opportunity being progressed involving the redevelopment of our prime industrial site of 25 hectares in Broadmeadows, VIC

¹ Growthpoint may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion.



Placement

Growthpoint is today undertaking a fully underwritten institutional Placement to raise approximately \$150 million.

Up to approximately 37.8 million of stapled securities in Growthpoint (“**Securities**”) are expected to be issued under the Placement, which represents approximately 5.2% of Securities currently on issue.

The issue price of \$3.97 per Security (“**Placement Price**”) represents a:

- 4.2% discount to the distribution-adjusted last closing price of \$4.14 on 26 June 2019¹
- 5.4% discount to the distribution-adjusted 5-day volume weighted average price (“**VWAP**”) of \$4.20 on 26 June 2019
- 6.0% FY20 DPS yield²

New Securities issued under the Placement will rank equally with existing Growthpoint securities on issue. As the new Securities will be issued after the record date for the distribution for the half year ending 30 June 2019 of 11.6 cents per security (“**2H19 distribution**”), they will not be entitled to the 2H19 distribution.

J.P. Morgan Securities Australia Limited is acting as sole underwriter, lead manager and bookrunner to the Placement. Herbert Smith Freehills is acting as legal advisor to Growthpoint.

SPP

Eligible securityholders with registered addresses in Australia or New Zealand on Growthpoint’s register at 7:00pm (Melbourne time³) on 26 June 2019 will each be invited to acquire up to \$15,000 of Securities, free of brokerage and transaction costs, via the SPP. The SPP will be priced at \$3.97 per Security (being the same issue price as the Placement Price). The SPP is expected to raise up to \$15 million and will not be underwritten⁴.

New Securities issued under the SPP will rank equally with existing Growthpoint securities on issue. As the new Securities will be issued after the 2H19 distribution record date, Securities issued under the SPP will not be entitled to the 2H19 distribution.

The SPP is subject to the terms set out in the SPP booklet, which will be lodged with the ASX and sent to eligible securityholders on or around Wednesday, 3 July 2019.

The indicative timetable for the Equity Raising is set out below.

Portfolio valuations

27 of Growthpoint’s 57 properties, representing 46% of total portfolio value, are currently being independently valued as at 30 June 2019. Draft valuations indicate positive yield compression and rental growth across the property portfolio with growth in valuations on a “like for like” basis. Final valuations will have Directors’ valuations applied and will be announced with the Group’s full year results for the year ending 30 June 2019.

Leasing – FY20 expiries

Growthpoint has increased its WALE to 5.2 years and reduced FY20 maturities by 2%, with the renewal of major tenant ANZ Bank. ANZ, which represents 13,744 sqm or 2.3% of total portfolio income, has exercised its option and will enter into a new 6-year lease at its South Melbourne, VIC office.

¹ Being the last closing price of \$4.26 per Security on 26 June 2019, adjusted for the distribution for the half year ending 30 June 2019 of 11.6 cents per security.

² Based on FY20 DPS guidance of 23.8 cps.

³ Being Australian Eastern Standard Time (AEST).

⁴ Growthpoint may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion.



Negotiations for other FY20 lease expiries and with major tenants are progressing well. Further updates will be provided as lease documents are executed.

Capital management initiatives

Growthpoint has undertaken the following capital management initiatives to capitalise on the prevailing low interest rate environment and optimise its balance sheet:

- Cancelled existing interest swap book which had a total notional value of \$475 million
- Entered into new interest rate swaps which have a total notional value of \$300 million with a weighted average term to maturity of 5.0 years
- Proposed cancellation of a \$75 million debt facility

The impact of these initiatives combined with the Placement has the following pro forma impacts:

	Current position	Pro forma
Debt cost ¹	4.21% p.a.	4.04% p.a.
Weighted average debt maturity	4.6 years	4.7 years
Weighted average fixed debt maturity	4.5 years	5.6 years
Fixed debt	80%	74%

Impact of the Equity Raising and guidance

The Placement is expected to have the following financial impact:

- No material impact on FY19 FFO per Security guidance of at least 25.0 cents and declared FY19 DPS of 23.0 cents respectively
- Pro forma gearing of 31.6%², below Growthpoint's target gearing range of 35% - 45%
- Pro forma net tangible assets ("NTA") increased to \$3.37 per Security from \$3.36 per security at 31 December 2018, prior to the conclusion of the current year-end revaluation process
- FY20 guidance, including the impact of the Placement, of FFO per Security of at least 25.4 cps³ and DPS of 23.8 cps³ representing 3.5% growth on declared FY19 DPS

Growthpoint's Managing Director, Timothy Collyer, said:

"Growthpoint is pleased to offer new and existing securityholders the opportunity to participate in the Equity Raising which will provide Growthpoint with additional balance sheet flexibility when undertaking internal development and expansion projects and when considering future accretive investment opportunities.

Growthpoint is also pleased to announce a major lease renewal with ANZ and good progress on other FY20 lease expiries.

¹ Assuming a floating interest rate of 1.18% per annum for FY20.

² Includes the impact of the Placement and resetting interest rate swaps.

³ Assuming no unforeseen circumstances or material deterioration in market conditions.



The Equity Raising, without participation of our major securityholder Growthpoint Properties Limited, offers an attractive FY20 DPS yield of 6.0% and will increase the market capitalisation, free float and potential trading liquidity of the Group.”

Indicative Equity Raising timetable

Event	Date ¹
Record date for SPP (the date that eligibility to participate in the SPP was determined)	7.00pm on Wednesday, 26 June 2019
Trading halt and announcement of the Equity Raising	Thursday, 27 June 2019
Placement bookbuild	Thursday, 27 June 2019
Announcement of the outcome of the Placement	Friday, 28 June 2019
Trading halt lifted and trading of Securities recommences on the ASX	Friday, 28 June 2019
2H19 distribution record date	Friday, 28 June 2019
Settlement of the new Securities issued under the Placement	Tuesday, 2 July 2019
Allotment and ASX quotation of new Securities issued under the Placement	Wednesday, 3 July 2019
SPP opening date	Wednesday, 3 July 2019
SPP closing date	5.00pm on Wednesday, 24 July 2019
Allotment of SPP Securities	Wednesday, 31 July 2019
SPP Stapled commence trading on ASX	Thursday, 1 August 2019
Despatch of holding statements	Friday, 2 August 2019

Times refer to Melbourne time, being Australian Eastern Standard Time. Growthpoint reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. The commencement of quotation and trading of New Securities is subject to confirmation from the ASX.

Additional information

Additional information regarding the Equity Raising, including certain key risks, is contained in the investor presentation released to ASX today.

ENDS

Further information:

Investors/analysts and Media

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¹ All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Melbourne time, being Australian Eastern Standard Time.



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 \$3.8 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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Forward-looking statements

This announcement contains certain "forward-looking statements", including but not limited to projections and guidance on Growthpoint's future financial performance, the outcome and effects of the Equity Raising and the use of proceeds.

The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and certainties and other factors which are beyond the control of Growthpoint, its directors and management.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumption on which these statements are based. These statements may assume the success of Growthpoint's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and, except as required by law or regulation, none of Growthpoint, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Growthpoint as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Growthpoint, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements and therefore subject to market conditions.