



# ASX announcement.

Growthpoint Properties Australia (ASX: GOZ)

25 February 2020

## Growthpoint Properties Australia delivers strong first half results

Growthpoint Properties Australia (Growthpoint or the Group) today announces its results for the six months ended 31 December 2019 (1H20).

### 1H20 financial and capital management highlights:

- Funds from operation (FFO) up 11.8% on prior corresponding period (pcp); FFO per security up 0.8%
- 1H20 distribution of 11.8 cents per security (cps) and FY20 distribution guidance reaffirmed at 23.8 cps, up 3.5% on pcp
- Net tangible assets (NTA) per security of \$3.66, 4.6% higher than pcp
- Raised \$173.6 million of equity via oversubscribed institutional placement and security purchase plan
- Refinanced \$250 million of debt, lowering the Group's weighted average interest rate to 3.7% and extending its weighted average debt maturity to 4.7 years
- Gearing reduced by 291bps to 31.4%, below the bottom of the Group's target range, 35% – 45%

### 1H20 property highlights

- Net property income (NPI)<sup>1</sup> up 9.1% to \$121.4 million and like-for-like NPI up 2.7% on pcp
- Strong property valuation gain; portfolio now valued at \$4.2 billion, up 5.0% on pcp
- Weighted average capitalisation rate of 5.7%, down 20 basis points on pcp
- Leased 111,000 square metres, representing 15% of total portfolio income
- Weighted average lease expiry (WALE) increased to 6.4 years (30 June 2019: 5.0 years)
- High portfolio occupancy rate maintained at 98%
- Retention rate increased to 95% (1H19: 85%)
- Signed 25-year lease with largest single tenant, NSW Police Force
- Average NABERS energy rating increased to 4.9 stars (30 June 2019: 4.8 stars)

Timothy Collyer, Managing Director of Growthpoint, said,

"It's been another strong start to the year. We've leased more than 110,000 square metres across our portfolio, and I'm pleased that our tenants are increasingly choosing to renew their lease agreements, reflecting the strength of our relationships.

During the half, we signed our longest lease agreement to date - a 25-year lease with Growthpoint's largest single tenant, NSW Police Force. Over the past five years we have maintained a close relationship with the NSW Police Force and I'm very pleased that we've been able to tailor a new long-term lease agreement which is mutually beneficial. Other key tenants, Optus and ANZ, also extended their leases during 1H20. Reflecting our leasing success, our portfolio's WALE increased to 6.4 years and we maintained a high occupancy rate.

We've also made good progress on our development pipeline. We recently achieved practical completion on an A-grade office building in Richmond, Victoria, ahead of schedule. Plans have also been submitted to begin redevelopment of a 25-hectare industrial property in Melbourne's north. These projects are expected to deliver above market returns over the next couple of years.

We continue to focus on operating in a more sustainable way. During 1H20, we invested in a number of projects to reduce the environmental impact of our properties. I'm particularly pleased that 100 Skyring Terrace in Newstead,

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<sup>1</sup> Net property income plus distributions from equity related investments.



Queensland, was awarded the highest NABERS Energy rating, 6-stars. We now own two properties with a 6-star rating, out of only 31 properties in Australia.”

We have maintained our strong balance sheet and healthy leverage ratios. Gearing remains below the bottom of our target range, providing financial flexibility. Our average interest rate has also decreased, as a result of significant refinancing done on favourable terms during the half.”

### **Outlook**

Growthpoint reaffirms its FY20 guidance of FFO per security of at least 25.4 cents and distribution per security (DPS) of 23.8 cents, representing growth of 3.5% over FY19.

Mr Collyer said:

“We have delivered a strong first half performance and we are on track to deliver our FY20 guidance. The fundamentals of our business remain robust with a high occupancy rate, long WALE, high proportion of fixed annual rent reviews and exposure limited to the better-performing office and industrial property sectors.

We remain focused on aligning FFO per security and DPS growth over the medium term. Earnings growth will be supported by our development pipeline, with projects to be progressively completed over the next few years, and using debt capacity for accretive property acquisitions. We are also exploring options to diversify our income streams.”

### **Market briefing**

Growthpoint will provide a market briefing at 10:30am (AEDT) today, 25 February 2020. A webcast of the briefing will be available at <https://edge.media-server.com/mmc/p/2o4d4ebm>.

This announcement was authorised by Growthpoint’s Board of Directors.

**Jacqueline Jovanovski**  
Company Secretary

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#### **Growthpoint Properties Australia**

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Growthpoint provides spaces for people to thrive. For more than 10 years, we’ve been investing in high-quality industrial and office properties across Australia. Today, we own and manage 58 properties, valued at approximately \$4.2 billion.

We actively manage our portfolio. We invest in our existing properties, ensuring they meet our tenants’ needs now and into the future. We are also focused on growing our property portfolio.

We are committed to operating in a sustainable way and reducing our impact on the environment.



Growthpoint is a real estate investment trust (REIT), listed on the ASX, and is part of the S&P/ASX 200. Moody's has issued us with an investment-grade rating of Baa2 for senior secured debt.