



Maxine Brenner
BA, LLB, Director:
Growthpoint Properties
Australia Limited, Orica
Limited, Origin Energy
Limited and Qantas
Airways Limited

Improving business environment

The Australian business environment is beginning to exhibit more consistent signs of momentum after an initially sluggish recovery from the 2007-2008 global financial crisis. While the NAB Business Survey has indicated that business conditions¹ have improved significantly in recent years and are now sitting at around pre-GFC levels, it is only more recently that we have started to see improving conditions in business investment data. Underlying private business investment rose by 0.8%² in Q2 2017; the third consecutive quarterly increase after declines over the previous two years (primarily due to falling mining investment).

The Australian Bureau of Statistics (ABS) capex survey showed that non-mining investment increased by 2.6% in Q2 2017, resulting in FY17 being the strongest year for non-mining company investment since the 2008 peak. Investment intentions

for non-mining firms in FY18 are also more optimistic than they have been for some time (refer fig 1 below).

The recent company reporting season was also relatively positive. According to the ABS, company profits were up nearly 60% over FY17 (refer fig 2 below). Whilst much of the improvement has been due to improved commodity prices driving better earnings in the mining sector, improved FY17 earnings were also recorded in the manufacturing and real estate sectors². Increased infrastructure spending by Federal and State governments is also expected to be supportive of overall business confidence, and further contribute to an improved business outlook.

Offsetting these improvements is the retail sector which remains weak. Although consumer sentiment rose by 3.6% in October³, the second consecutive monthly gain, a more consistent set of numbers is needed to determine if this is an ongoing trend. Consumers remain under pressure primarily due to low wages growth and high household debt.

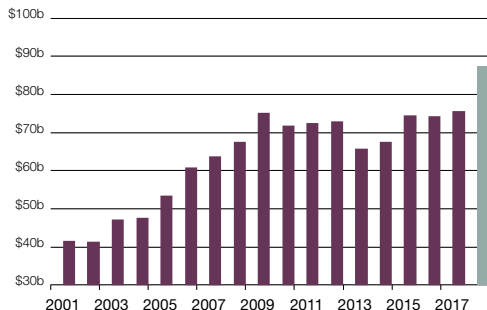
Our key metrics

as at 30 September 2017

Total property portfolio value	\$3.2 billion
Distribution guidance FY18	22.2 cents
Number of properties	57
Office / industrial	64% / 36%
Average property age	9.9 years
Occupancy	98%
Weighted average lease expiry	5.8 years
Weighted average rent review (assumes CPI of 1.9%)	3.3%
Weighted average capitalisation rate	6.5%
NTA per stapled security (at 30 June 2017)	\$2.88
Balance sheet gearing	39.5%
Percentage debt fixed	75%
Weighted average debt maturity	5.0 years
Average NABERS rating (energy)	4.5 stars

From Growthpoint's perspective, higher company profits and improved business conditions are positive signals for future rental growth as businesses renew, extend and expand leases in the office and industrial sectors. We see these trends as encouraging for our business.

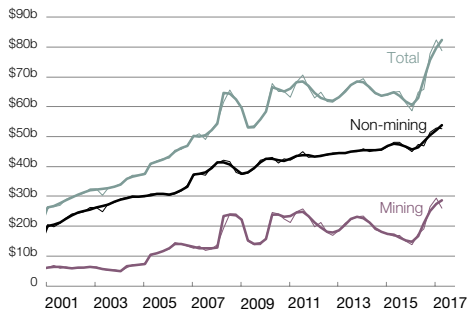
Figure 1: Non-mining Capital Expenditure



Grey bar represents the FY18 ABS Private New Capital Expenditure and Expected Expenditure Survey, adjusted by the previous year's realisation ratio measure.

Source: NAB economics, ABS.

Figure 2: Company Profits



Source: ABS

1. A composite of trading conditions, profitability and employment. 2. NAB Economics, ABS.
3. Westpac Melbourne Institute Index of Consumer Sentiment, October 2017.

Growthpoint powers innovation with Solar Car sponsorship

In October this year, Growthpoint sponsored North-West University's Solar Car challenge team in the Bridgestone World Solar Challenge from Darwin to Adelaide. We are extremely proud to be supporting young minds at the cutting edge of renewable energy technology.



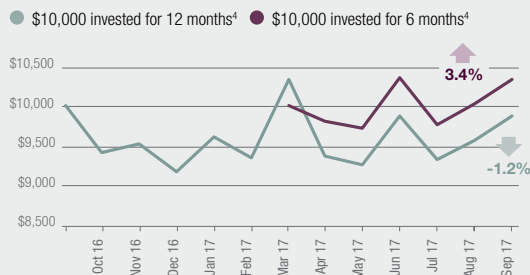
Leases completed since 30 June 2017

Address	Sector	Tenant	Start date	Term (yrs)	Annual rent increases (%)	NLA (sqm)	Car Parks
A1, 32 Cordelia St, South Brisbane, QLD	Office	Jacobs Group (Australia)	Q4, FY17	1.0	Fixed 3.75%	1,311	11
6 Parkview Dr, Sydney Olympic Park, NSW	Office	Lifestart Co-operative	Q1, FY18	5.0	Fixed 3.50%	670	16
101-111 South Centre Rd, Melbourne Airport, VIC	Industrial	Direct Couriers	Q2, FY18	10.2	Greater of CPI & 3.50%	14,082	52
Building C, 211 Wellington Rd, Mulgrave, VIC	Office	Toshiba (Australia)	Q2, FY18	8.0	Fixed 3.25%	506	20
A1, 32 Cordelia St, South Brisbane, QLD	Office	BDS Global Detailing	Q2, FY18	5.0	Fixed 3.50%	720	10
15 Green Square Cl, Fortitude Valley, QLD	Office	Central SEQ Distributor Retailer Authority	Q2, FY18	4.0	Fixed 3.50%	353	-
1-3 Pope Crt, Beverley, SA	Industrial	Pro-Pac Packaging (Aust)	Q1, FY19	2.0	Fixed 3.25%	3,571	10
Total / Weighted Average	-	-	-	5.8	3.6%	21,213	119

Value of hypothetical \$10,000 investment in Growthpoint

An investor purchasing \$10,000 worth of GOZ securities on 1 October 2016 would have had securities worth \$9,875.35 one year later on 30 September 2017⁴. \$10,000 invested on 1 April 2017 would have been worth \$10,340.63 on 30 September 2017⁴.

Total operating costs attributable to this hypothetical investment over these periods was approximately \$39.75 for the full year or \$20.34 for six months; approximately 0.4% of the value⁵.



4. Assumes reinvestment of distributions.

5. Operating costs being all costs other than interest.

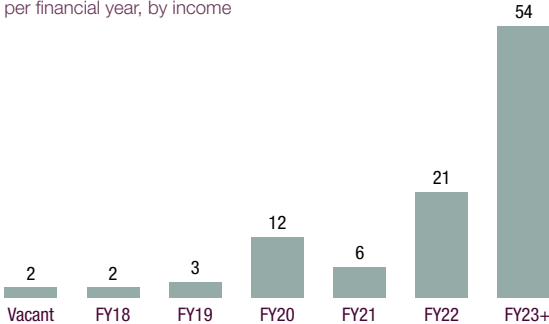
Portfolio update

as at 30 September 2017

		Office	Industrial	Total
Number of properties	no.	25	32	57
Total value	\$m	2,076.9	1,149.4	3,226.3
Occupancy	%	98	99	98
Total lettable area	sqm	286,905	785,141	1,072,045
Weighted average valuation cap rate	%	6.3	7.0	6.5
Weighted average lease expiry	years	6.2	5.3	5.8
Weighted average rent review ⁶	%	3.5	2.8	3.3
Average value (per sqm)	\$	7,239	1,464	3,009
Average rent (per sqm, per annum)	\$	541	110	225
Number of tenants	no.	104	38	142

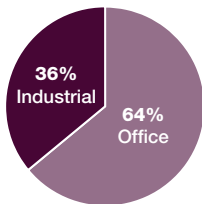
Portfolio lease expiry profile

per financial year, by income



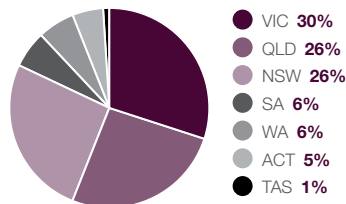
Sector diversity

by property value



Geographic diversity

by property value



Top ten tenants

by passing rent

	%	WALE (yrs)
Woolworths	17%	5.1
NSW Police	9%	6.7
Commonwealth of Australia	5%	8.6
Country Road/David Jones ⁷	4%	14.8
Jacobs Group	4%	7.6
Linfox	4%	5.7
Samsung Electronics	3%	4.5
Lion	2%	6.6
ANZ Banking Group	2%	2.5
Central SEQ Distributor		
Retailer Authority	2%	5.6
Total / Weighted Average	52%	6.7
Balance of portfolio	48%	5.0
Total portfolio	100%	5.8

6. Assumes Consumer Price Index change of 1.9% as per Australian Bureau of Statistics release for FY17

7. Country Road/David Jones currently occupy Building 1, 572 Swan Street, Richmond and will occupy Building 2, 572 Swan Street, Richmond from April 2018 following the expiry of the existing lease to GE Capital Finance Australasia in March 2018. Both leases to Country Road/David Jones expire in June 2032.

FY18 Distribution Guidance upgraded

Distribution guidance for the financial year ending 30 June 2018 is now expected to be 22.2 cents per stapled security, with a distribution of 11.0 cents per stapled security payable for the 6 months ending 31 December 2017.

Growthpoint's dividend yield is 7.0% based on the security price as at 30 September 2017 and FY18 distribution guidance.

Contact details

Retail Investors:

Computershare Investor Services Pty Limited
GPO Box 2975, Melbourne VIC 3001 Australia

Phone (within Australia): 1300 850 505

Phone (outside Australia): +61 (0)3 9415 4000

Fax: +61 (0)3 9473 2500

Email: webqueries@computershare.com.au

Institutional Investors:

Aaron Hockly – Chief Operating Officer

Daniel Colman – Investor Relations Manager

Pooja Shetty – Investor Relations Administrator

Email: info@growthpoint.com.au

Investor Services Line: 1800 260 453

www.growthpoint.com.au

2017/2018 Securityholder Calendar

22 November 2017

- Annual General Meeting (webcast available for Securityholders unable to attend)

20 February 2018

- Results for the half year ended 31 December 2017 announced to the ASX

28 February 2018

- Distribution paid for the half year ended 31 December 2017

* Dates indicative and subject to change by the Board.