

Growthpoint Properties Australia (ASX Code: GOZ)

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Overview of Growthpoint Properties Australia (GOZ)

UBS Conference

7 November 2016

GROWTHPOINT
PROPERTIES



SPACE TO THRIVE

255 London Circuit, Canberra, ACT



Important information

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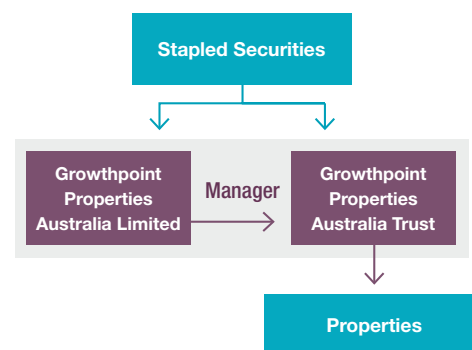
Overview of Growthpoint Properties Australia (“GOZ”)

What is GOZ?

GOZ is an ASX-listed landlord with a mandate to invest in Australian office, industrial and retail real property with a portfolio currently worth \$3.3 billion.

GOZ is included in the S&P/ASX 200 Index (among other indices).

Owners of GOZ’s securities own both the real properties and the manager of those properties. All properties are 100% owned by GOZ on its balance sheet so GOZ’s owners have an interest in all of the properties GOZ owns.



GOZ’s history

GOZ commenced in its current form in 2009 with \$650 million of industrial property. It has grown and diversified to now own \$2.0 billion of office property and \$1.2 billion of industrial property in every Australian State and in the Australian Capital Territory.

What we do

GOZ seeks to provide investors with a continually growing income stream with 100% of income derived from rent of properties GOZ owns and manages.

How we do it

GOZ acquires modern, well-located properties leased to quality tenants and holds these assets for the medium to long term.

Growthpoint Properties Limited, South Africa’s largest listed landlord, currently owns 64.3% of GOZ.

Our “pure landlord” investment philosophy

1

100% investment in Australia

All of GOZ’s properties are located in Australia where our management understands the key markets. We have increased the diversification of the portfolio to cover every State in Australia and the Australian Capital Territory.

2

Not a developer

The GOZ does not operate a property development business and does not intend to take on any significant development risk. It will likely continue to purchase properties to be developed, fund construction of developments, or enter a joint venture where the Group becomes the owner of the property on completion but only where material leases are in place.

3

No funds management

GOZ does not have a funds management business nor does it intend to become a fund manager. GOZ intends only to manage a portfolio of properties that it owns, and accordingly GOZ’s income is, and will continue to be, derived solely from rental income.

4

Internalised management

GOZ has internalised management via a stapled entity structure. Securityholders own both the property trust and the manager/responsible entity. There are no fees payable to external managers for operating the business and no conflicts of interest between Securityholders and the manager/responsible entity.

Key metrics

(as at 1 October 2016)¹

Total property portfolio value	\$3.3B
Distribution guidance FY17 ²	21.3 cps
Number of properties	63
Office / industrial	62% / 38%
Average property age	8.9 yrs
Occupancy	98.6%
Weighted average lease expiry (WALE)	6.5 yrs
Weighted average rent review ³	3.2%
Weighted average capitalisation rate	6.9%
Gearing	42.5%
Average debt term	3.9 yrs
Average duration of hedges	3.4 yrs

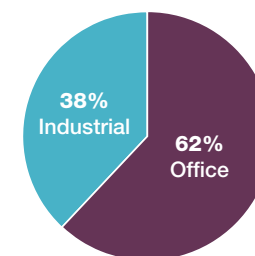
Top ten tenants by passing rent

	%	WALE (yrs)
Woolworths Limited	18	5.9
NSW Police	8	7.7
Commonwealth of Australia	5	9.5
GE Capital Finance Australasia ⁴	5	14.5
Linfox	4	6.7
Samsung	3	5.5
Jacobs Group	2	7.2
Lion	2	7.6
Energex	2	11.1
ANZ Banking Group	2	3.4
Total / Weighted Average	51	7.6
Balance of portfolio	49	5.2
Total portfolio	100	6.5

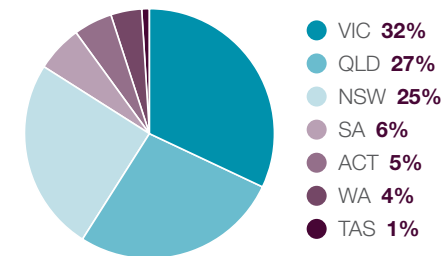
Portfolio lease expiry profile per financial year by income



Sector diversity by property value



Geographic diversity by property value



1. Includes Building C, 211 Wellington Rd, Mulgrave, Victoria at it's 'on completion' valuation.

2. Excludes any impact from the takeover of GMF.

3. Assumes Consumer Price Index change of 1.3% per annum as per Australian Bureau of Statistics release for year to 30 September 2016.

4. Leases to Country Road / David Jones, with a weighted average lease term from commencement of 14.5 years, will replace the existing lease to GE Capital Finance Australasia upon the lease expiry and are included in this WALE.

Property portfolio overview

(as at 1 October 2016)

Over

59,000 sqm

of new and extended leasing
during FY16, and over

39,000 sqm

leased since 30 June 2016

Out of a 1,109,545 sqm portfolio (together, 8.8% of
portfolio lettable area)

\$768.3m

of property acquired since
1 July 2015 including recent takeover
of GPT Metro Office Fund (GMF)

		Office ¹	Industrial	Total
Number of properties	<i>no.</i>	26	37	63
Total property value / average property value	<i>\$m</i>	2,035.5 / 78.3	1,226.4 / 33.1	3,261.9 / 51.8
Occupancy	<i>%</i>	97.7	100	98.6
Total lettable area / average property lettable area	<i>sqm</i>	300,529 / 11,559	868,578 / 23,475	1,169,107 / 18,557
Weighted average property age	<i>years</i>	8.1	10.1	8.9
Weighted average valuation capitalisation rate	<i>%</i>	6.8	7.1	6.9
Weighted average lease expiry	<i>years</i>	7.0	5.6	6.5
Weighted average rent review ²	<i>%</i>	3.5	2.7	3.2
Average capital value (per sqm)	<i>\$</i>	6,773	1,412	2,790
Average rent (per sqm, per annum)	<i>\$</i>	531	109	216
Number of tenants	<i>no.</i>	106	38	143 ³

1. Includes Building C, 211 Wellington Rd, Mulgrave, Victoria at it's 'on completion' valuation.

2. Assumes Consumer Price Index change of 1.3% per annum as per Australian Bureau of Statistics release for year to 30 September 2016.

3. Fuji Xerox is both an office and industrial tenant.

Summary

- GOZ included in **S&P/ASX 200 Index** and ranked 116th ¹ on the ASX by market capitalisation
- **10th largest A-REIT** and one of the only “pure landlord” options with internalised management
- Track record – **19.0% per annum total return for last five years**²
- **Quality property portfolio**, with long term leases to government and major corporate tenants and fixed rent reviews, provides a steadily growing rental income stream
- GMF transaction:
 - Quality A-Grade suburban office portfolio acquired
 - Accretive to earnings; potential upside to distribution
 - Capital management initiatives being considered to reduce gearing within target range (asset sales, DRP or other equity capital raising)
- Growth:
 - Further accretive acquisitions – direct and M&A opportunities
 - Development, expansion and potential re-zoning of existing properties
 - Further positive leasing outcomes
 - Imbedded property portfolio fixed rent growth (~3.2%p.a.)
- Attractive FY17e DPS yield of 6.9% versus sector average of 5.1%²

1. Source: IRESS as at 31 October 2016

2. Source: UBS Investment Research as at 31 October 2016

Distributions

per stapled security

		Growth
FY17*	21.3c	+3.9%
FY16	20.5c	+4.1%
FY15	19.7c	+3.7%
FY14	19.0c	+3.8%
FY13	18.3c	+4.0%
FY12	17.6c	+2.9%

* Distribution guidance only excluding any change which the Directors may determine as a result of the takeover of GMF.



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Thank you