



Finance News Network Investor Briefing

12 December 2017

GROWTHPOINT
PROPERTIES



Growthpoint Properties Australia

Growthpoint Properties Australia Trust ARSN 120 121 002
Growthpoint Properties Australia Limited ABN 33 124 093 901 AFSL 316409

www.growthpoint.com.au

Important information

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Presenter profile

Aaron Hockly Chief Operating Officer

Aaron is responsible for the investor relations, transaction structuring and execution, sustainability, HR, company secretarial, legal and compliance functions. Aaron has a Masters in Applied Finance, a Bachelor of Laws and a Bachelor of Arts and graduate diplomas in Legal Practice, Applied Corporate Governance and Applied Finance. He is a Fellow of the Governance Institute of Australia, a Fellow of the Institute of Chartered Secretaries and Administrators, a member of the Australian Institute of Company Directors and a Senior Associate of the Financial Services Institute of Australasia. He has been a director and chairman of a number of not-for-profit organisations.



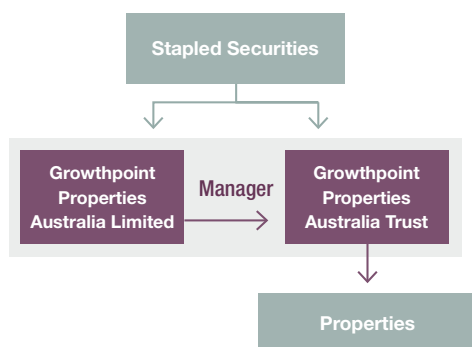
Growthpoint Properties Australia: Overview

Who are we?

Growthpoint (GOZ) is an ASX-listed landlord with a mandate to invest in Australian office, industrial and retail real property with a portfolio currently valued at \$A3.2 billion.

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

GOZ is both the owner and the manager of the real properties (Growthpoint Properties Australia Trust). All properties are 100% owned by GOZ.



Our history

GOZ commenced in its current form in 2009 with A\$650 million of industrial property. It has grown and diversified to now own A\$2.1 billion of office property and A\$1.1 billion of industrial property in every Australian State and in the Australian Capital Territory. GOZ has a credit rating of Baa2 (stable) on senior secured debt from Moody's.

What we do

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

How we do it

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

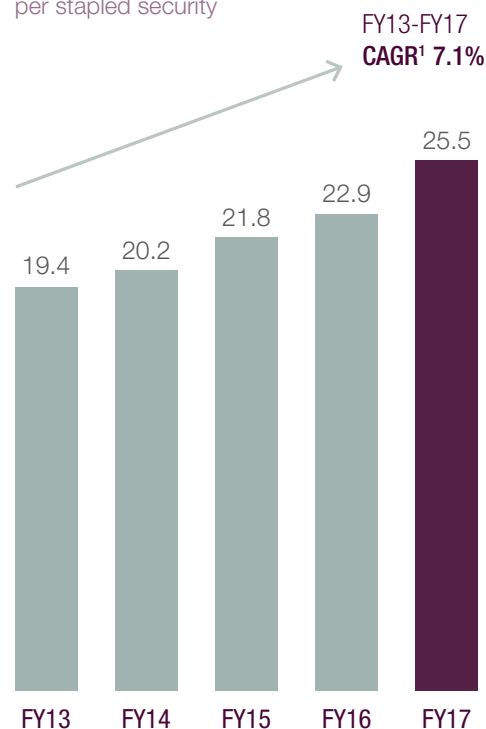
The four pillars of our investment offering are:



Track record of growing Securityholder returns

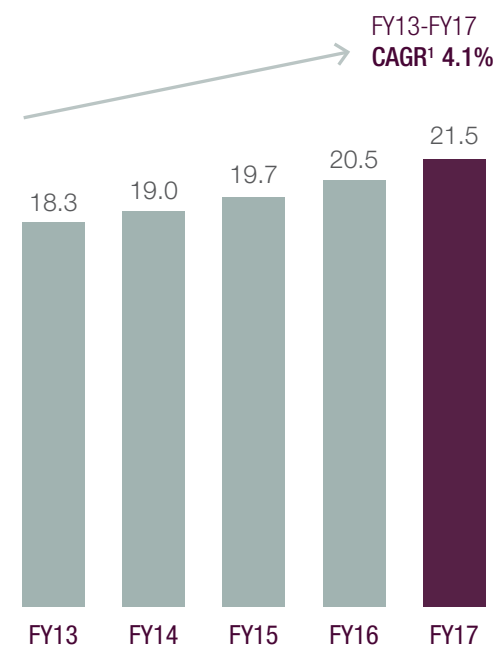
Funds From Operations (FFO) (¢)

per stapled security

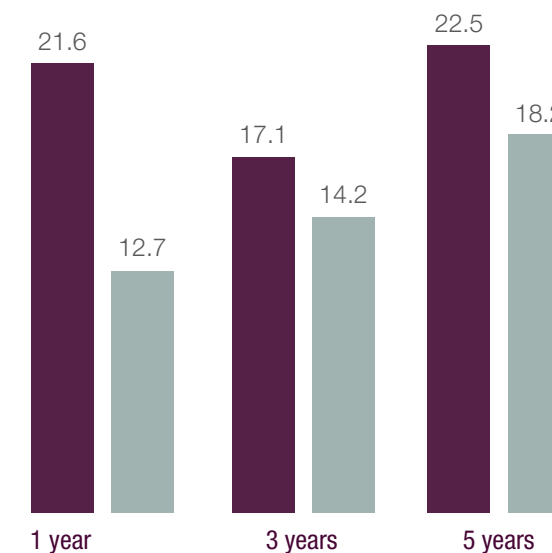


Distributions (¢)

per stapled security



Total Securityholder Return (TSR) comparison over 1, 3 and 5 years (% p.a.)²

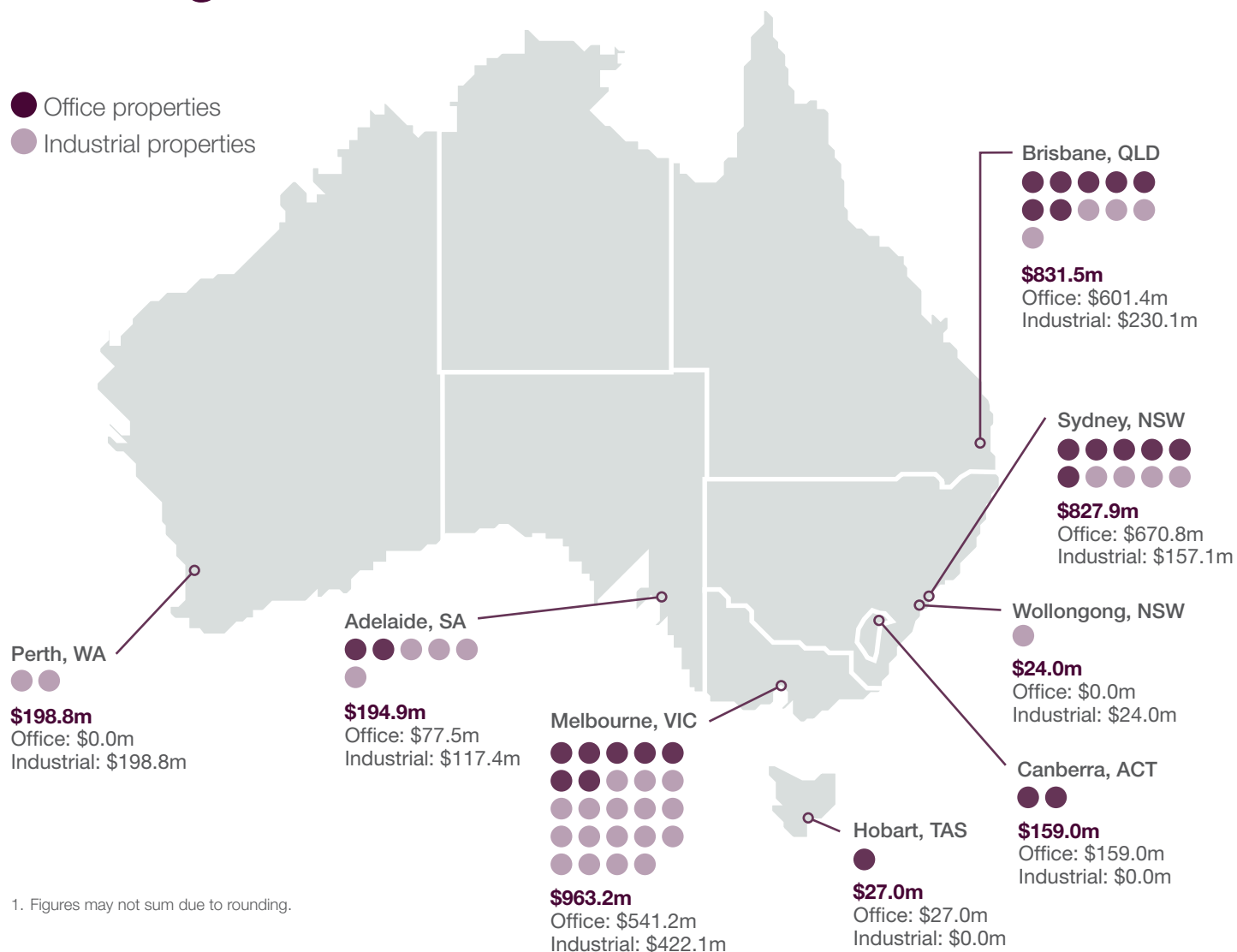


● Growthpoint
● S&P/ASX 300 A-REIT accumulation index

1. Compound annual growth rate.
2. Source: Iress (to 31 November 2017).

\$3.2 billion portfolio of high quality office buildings and industrial warehouses¹

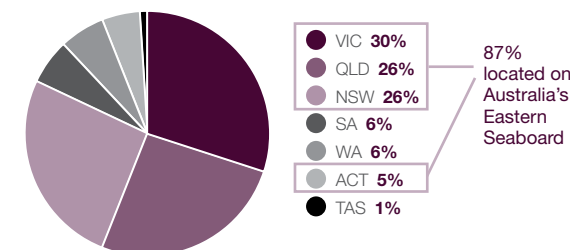
● Office properties
● Industrial properties



1. Figures may not sum due to rounding.

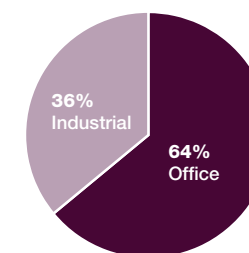
Geographic diversity

by property value as at 30 September 2017



Sector diversity

by property value



25

Office properties
– up from 20 at
30 June 2016

\$2.1b

valuation – up
from \$1.6 billion at
30 June 2016 due
to acquisitions and
valuation growth



32

Industrial properties
– down from 38 at
30 June 2016

\$1.1b

valuation – down from
\$1.2 billion at 30 June
2016 due to sales

Key Portfolio Metrics

Top ten tenants

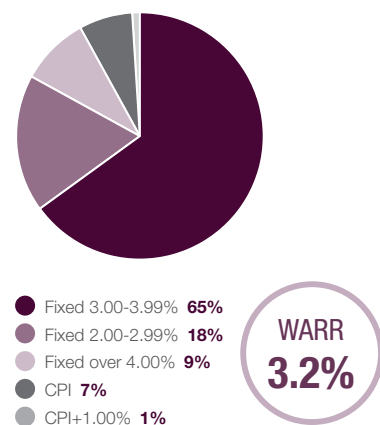
by passing rent as at 30 September 2017

	%	WALE (yrs)
Woolworths	17%	5.1
NSW Police	9%	6.7
Commonwealth of Australia	5%	8.6
Country Road/David Jones ¹	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
Total portfolio	100%	5.8

1. 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.

Annual rent review type (%)

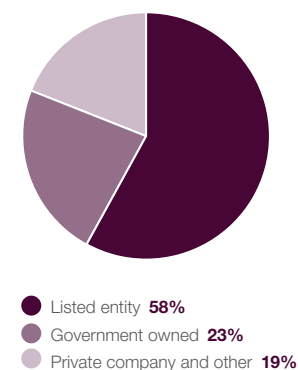
as at 30 September 2017



* Leases that have a minimum lease increase, typically 3%, or CPI are shown as the minimum fixed rate for the above.

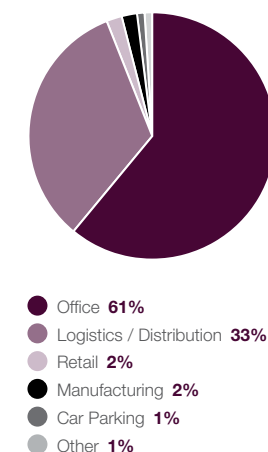
Tenant type (%)

by income as at 30 September 2017



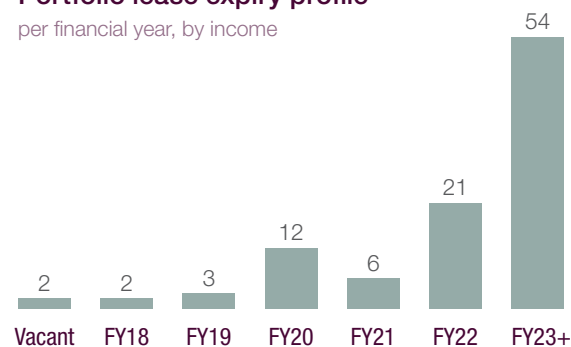
Tenants use (%)

by income as at 30 September 2017



Portfolio lease expiry profile

per financial year, by income



Key highlights for FY17



Securityholder returns

- 11.4% growth in FFO per security
- 4.9% growth in distributions per security
- 18.6% return on equity (FY16: 13.5%)
- 17.5% average Total Securityholder Return over past 5 years



Property

- 94,921 sqm of leasing completed in FY17 (9% of total lettable area)
- Portfolio reweighted into sectors where we see long-term value
 - NSW exposure increased
 - Office exposure increased



Significant Transactions

- Over \$1.1bn in transactions since start of FY17
- Acquisitions \$584 million
- Divestments \$350 million
- Debt \$208 million (USPP)



Growth

- Potential development of new office building at Richmond
- Sell assets with underlying residential value
- Explore direct and listed property opportunities



Capital Management

- Lowered gearing to 39%
- Extended average debt maturity to 5 years
- Further diversified sources of debt
- Increased fixed debt percentage



Sustainability

- Increased average portfolio NABERS energy rating to 4.5 stars
- Improved gender diversity (43% of employees are female)
- Targeting net zero emissions across GOZ-controlled properties by 2050



Update: post 30 June 2017



New Leases

- Seven leases executed totalling **21,213 sqm**
- Heads of agreement signed for over 60,000 sqm



Perth industrial portfolio

- Acquisition of portfolio of **four modern industrial properties** settled October 2017
- Price \$46.0 million at **8.1% yield**



IDR interest acquired

- **18.2% interest in Industria REIT** purchased for \$68.1 million in July
- **7.2% DPS yield** forecast FY18
- ASX price trading well above cost



Woolworths, Mulgrave

- Property sold for \$90.75 million
- **38% premium to book value**
- **5.2% yield** on sale price, record for a Woolworths facility
- Settlement forecast December 2017



Richmond development

- Tendering construction of 20,000 sqm A-grade office building
- Commenced marketing / seeking pre-commitments



Guidance upgrade

- Acquisitions complete and positive operating environment
- **FY18 FFO** upgraded to **24.3cps**
- **FY18 DPS** upgraded to **22.2 cps**

Strategy and FY18 objectives

Primary objective: Increase distributions for Securityholders

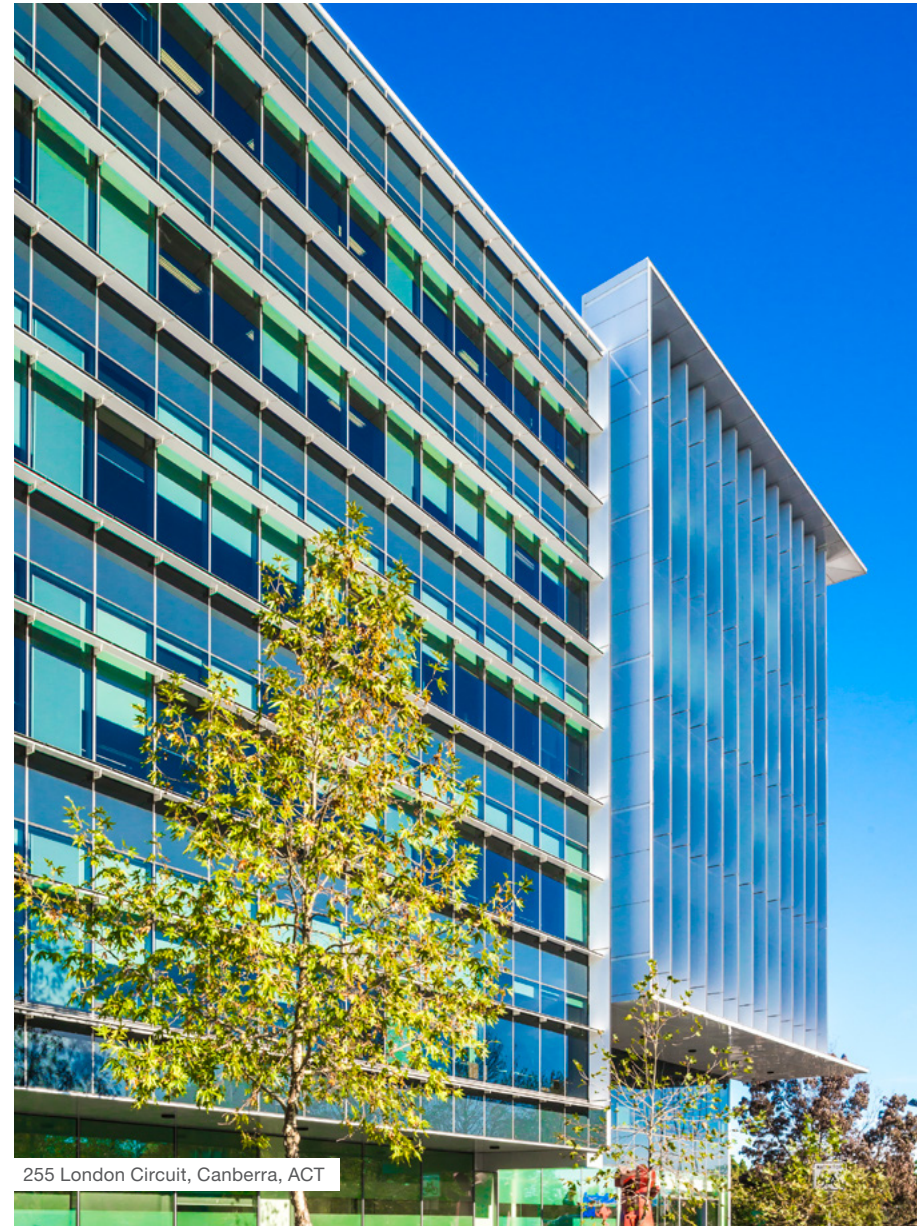
Other objectives:

Disciplined Financial Growth			Returns	<ul style="list-style-type: none">– Achieve upgraded FFO and distribution guidance:– FFO: at least 24.3 cps– Distributions: 22.2 cps
Acquisitions & Disposals	Capex & Development	Portfolio Management	Property	<ul style="list-style-type: none">– Continue to evaluate investment opportunities, focus on Eastern Seaboard office, preference Melbourne and Sydney but will acquire elsewhere where we see value– Offshore demand, unsolicited offers and residential upside creating opportunities to sell some assets– Consider further listed market opportunities, where values permit– Act early on upcoming lease expiries– Internal development opportunities (e.g. Richmond, Victoria)– Not considering investment in retail
Debt	Equity		Capital Management	<ul style="list-style-type: none">– Maintain prudent gearing settings; reduce where appropriate– Aim to match long WADM¹ with long WALE²– Raise equity to support accretive acquisitions– Consider further debt capital markets issuance
Risk, Compliance, ESG			Sustainability	<ul style="list-style-type: none">– Prudent risk mitigation, monitoring and management embedded throughout organisation– Continue to operate sustainably

1. Weighted average debt maturity. 2. Weighted average lease expiry.

Summary

- ✓ Stable and predictable income
- ✓ Asset diversity
- ✓ High quality tenants and robust occupancy
- ✓ Prudent and diligent approach to acquisitions
- ✓ Strong Securityholder support
- ✓ Strong investment grade credit rating and stable outlook
- ✓ Same management team since 2009



255 London Circuit, Canberra, ACT



75 Annandale Road, Melbourne Airport, VIC

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

Growthpoint Properties Australia
Level 31, 35 Collins Street
Melbourne VIC 3000

www.growthpoint.com.au