

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](http://www.growthpoint.com.au)

space  
to thrive

## FY18 **Annual Results**

Asia Roadshow | September 2018

**GROWTHPOINT**  
PROPERTIES



# Introduction



**Dion Andrews, B.Bus, FCCA**  
**Chief Financial Officer, Company Secretary**

Dion is a Chartered Accountant and is responsible for the financial reporting obligations of the Group as well as debt structuring, raising debt capital and technology. Dion has over 15 years' experience in accounting roles in a corporate capacity in Australia and London and has been CFO of Growthpoint for the last 8 years. He is a fellow of the Association of Certified Chartered Accountants.



**Michael Green, B.Bus (Prop)**  
**Chief Investment Officer**

As Chief Investment Officer, Michael oversees the asset selection, asset management, property management, facilities management, environmental sustainability and property analysis functions of the Group. Michael has over 16 years' experience in listed and unlisted property fund management, property investment and development, both in Australia and Europe. Michael was previously based in London and worked as a transaction manager for Cordea Savills. Michael was responsible for acquisitions and asset management in the BENELUX region for Cordea Savills Pan European Funds. Prior to moving to Europe, he spent four years as a property analyst for Australand's listed and unlisted property trusts.



**Daniel Colman, B.Com, MAppFin**  
**Investor Relations Manager**

Daniel is the Investor Relations Manager at Growthpoint Properties Australia and is responsible for managing and building the profile of Growthpoint with domestic and international institutional investors, as well as providing financial analysis to the executive team in consideration of potential M&A opportunities. Prior to beginning with Growthpoint, Daniel spent 4 years in the Investor Relations team at National Australia Bank and before that worked as a broker with JBWere. Prior to these roles, Daniel worked with Barclays Private Bank in London.

## Important information

This presentation and its appendices ("Presentation") has been prepared by Growthpoint Properties Australia Limited ACN 124 093 901 (both in its capacity as responsible entity of Growthpoint Properties Australia Trust ARSN 120 121 002 and in its own capacity). Units in Growthpoint Properties Australia Trust are stapled to shares in Growthpoint Properties Australia Limited and, together form Growthpoint Properties Australia ("Growthpoint"). By receiving this Presentation, you are agreeing to the restrictions and limitations outlined on slide 48. Refer to slide 48 for other important information.





# FY18 Highlights, Opportunities & Performance

5 Murray Rose Avenue, Sydney Olympic Park, NSW



# Highlights for FY18



## Securityholder returns



- › 25.0 cents in Funds From Operations (FFO) per security
- › 22.2 cents in distributions per security
- › 22.3% Total Securityholder Return<sup>1</sup> over the 12 months to 30 June 2018



## Property



- › Net tangible assets increased 10.8% to \$3.19 per security
- › Like-for-like valuation uplift of \$193.8 million, or 6.2% over FY18
- › Cap rate compression of 28 bps to 6.25%
- › 132,433 sqm of leasing completed<sup>2</sup>



## Significant Transactions



- › Acquisitions: \$205.4 million<sup>3</sup>
- › Divestments at premium to book value: \$90.8 million
- › New 19,300 sqm office development to begin in Richmond, Victoria



## Opportunities



- › Sell assets with underlying residential value
- › Continue to explore direct and listed property opportunities, as well as expansion of existing properties



## Capital Management



- › Lowered gearing to 33.9%<sup>4</sup>
- › Maintained Weighted Average Debt Maturity at 5 years



## Sustainability



- › NABERS energy rating across office portfolio increased to 4.6 stars
- › Improved gender diversity (50% of employees female)

1. Source: UBS Investment Research.

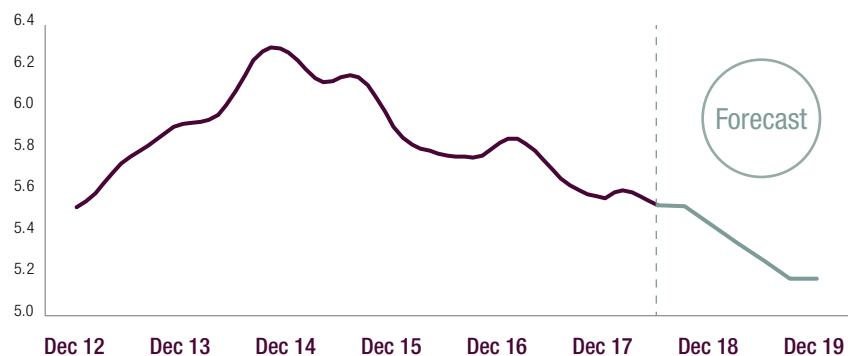
2. Includes leasing completed post 30 June 2018.

3. Includes acquisition of 836 Wellington Street, West Perth, WA for \$91.3 million, expected to settle in October 2018.

4. Gearing calculation changed during the period from interest bearing liabilities divided by total assets to interest bearing liabilities less cash divided by total assets less cash. This change brings Growthpoint's gearing calculation more closely in line with industry peers.

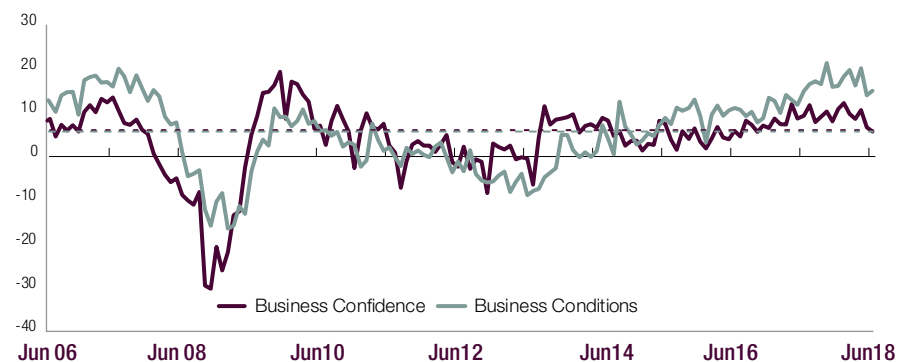
# Economic fundamentals remain supportive

## Unemployment (%)



Source: Australian Bureau of Statistics (ABS), NAB Group Economics

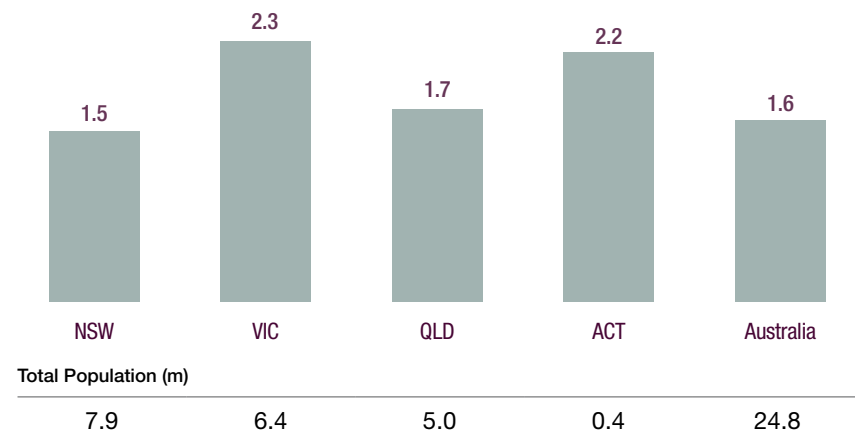
## NAB Business Survey (net balance)



\* Dotted lines are long-run averages since March 97

Source: NAB Group Economics

## Annual population growth (%)



Total Population (m)

7.9	6.4	5.0	0.4	24.8
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Source: ABS, 31 December 2017

## Australian 10 year bond rate vs Growthpoint portfolio cap rate (%)

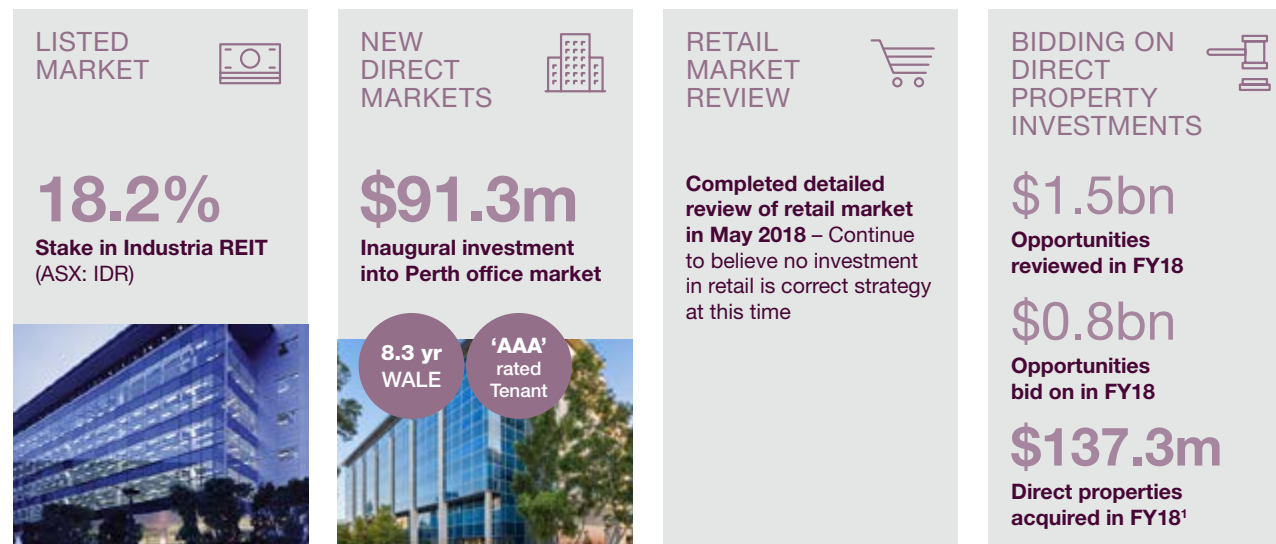


# Major infrastructure investment positive for non-CBD markets

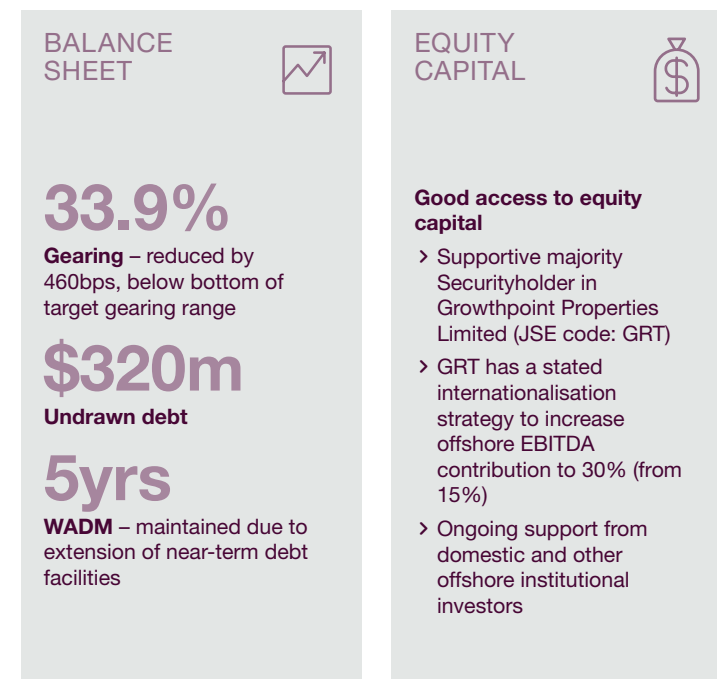


# Considered investment decisions in competitive direct market

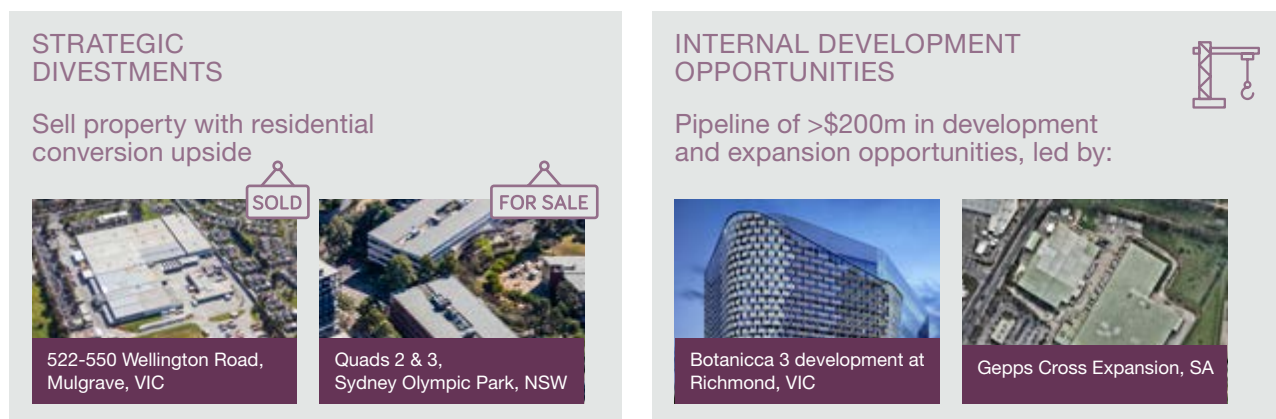
**Market opportunities** not limited to direct property acquisition




**Robust capital position**  
well placed for future growth



**Portfolio opportunities** to maximise value



 **Capacity to take advantage of the right opportunities**

1. Includes acquisition of 836 Wellington Street, West Perth, WA for \$91.3 million, expected to settle in October 2018.



# Post-balance date acquisitions and planned divestments



## Perth office asset acquisition

- › Entered transaction documents for acquisition of **836 Wellington Street, West Perth, WA**
- › \$91.3 million acquisition price on a market yield of 6.25%. Settlement expected to occur in October 2018
- › 8.3<sup>1</sup> year Weighted Average Lease Expiry (WALE)
- › 100% leased to Commonwealth of Australia (Department of Home Affairs)
- › 11,973 sqm over 6 floors with 138 secured car parks

Growthpoint's first office investment in Perth following a long period of due diligence on Perth office property market which is showing clear signs of a recovery

1. Remaining lease term as at 1 October 2018



## Two Sydney Olympic Park assets placed on market

- › Formal marketing for sale of **6 Parkview Drive and 102 Bennelong Parkway, 'Quads 2 and 3', Sydney Olympic Park, NSW** has begun
- › Substantial site area of 14,423 sqm
- › Significant residential development opportunity under the current review of the Sydney Olympic Park Authority (SOPA) Masterplan 2030



# Planned developments and expansions to begin in FY19



## Botanicca 3, Richmond, VIC

- › 19,300 sqm, A-grade office building
- › Designed to achieve:
  - 5-star NABERS energy rating
  - 5-star Green Star rating
- › Building contract ~\$80 million
- › Development yield on cost of between 7.5% and 8.5%<sup>1</sup>
- › Accretive to FFO per security<sup>2</sup> assuming ~50% leasing success at practical completion
- › Practical completion expected in second half of 2020



## Woolworths DC, Gepps Cross, SA

- › Negotiating with tenant regarding \$50 to \$60 million expansion of Gepps Cross



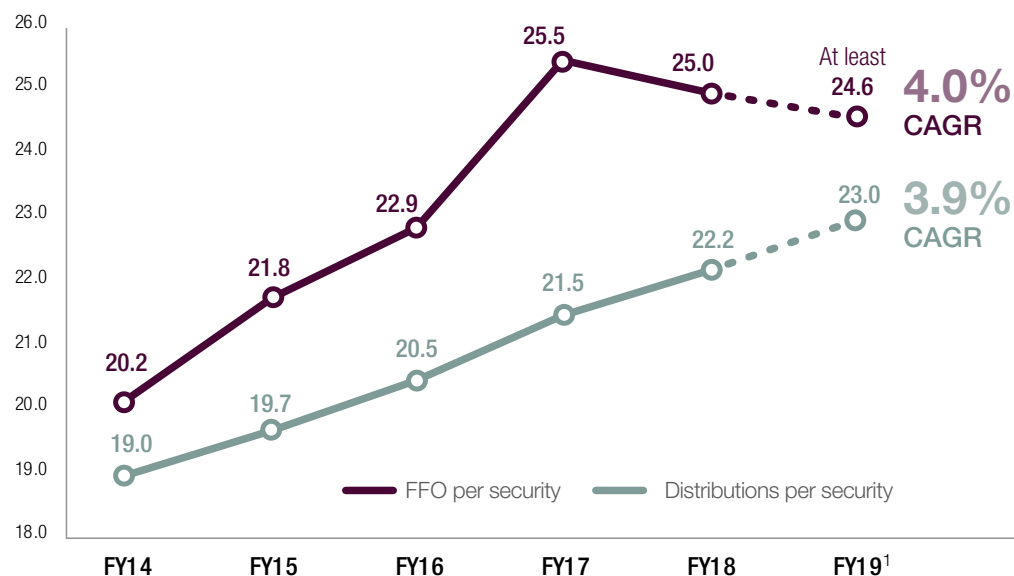
1. Determined by leasing success.

2. FY18 pro forma basis.

# Track record of strong returns

- FY19 FFO guidance takes into account the West Perth acquisition to settle in October 2018, up to \$110 million of asset sales expected to take place throughout FY19 and the Dividend Reinvestment Plan activated for the August 2018 distribution.

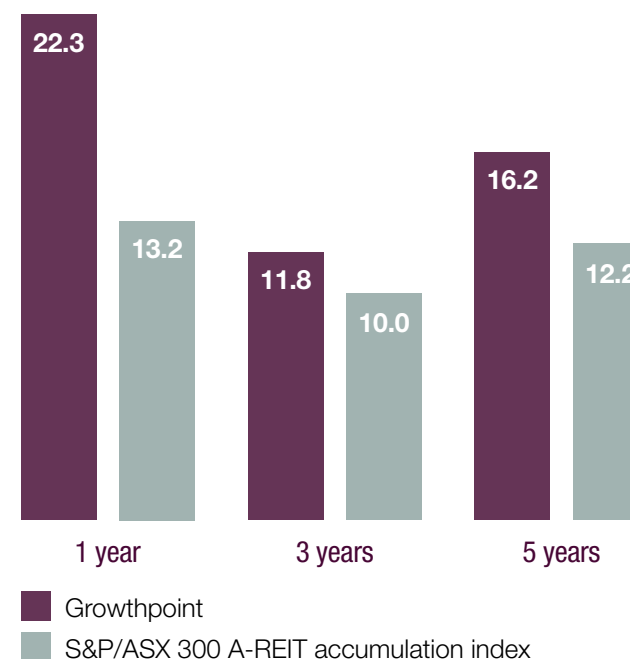
## Long-term growth in FFO and distributions (cps)



1. FY19 Guidance.

2. Source: UBS Investment Research. Annual compound return to 30 June 2018.

## Total Securityholder returns (%)<sup>2</sup>





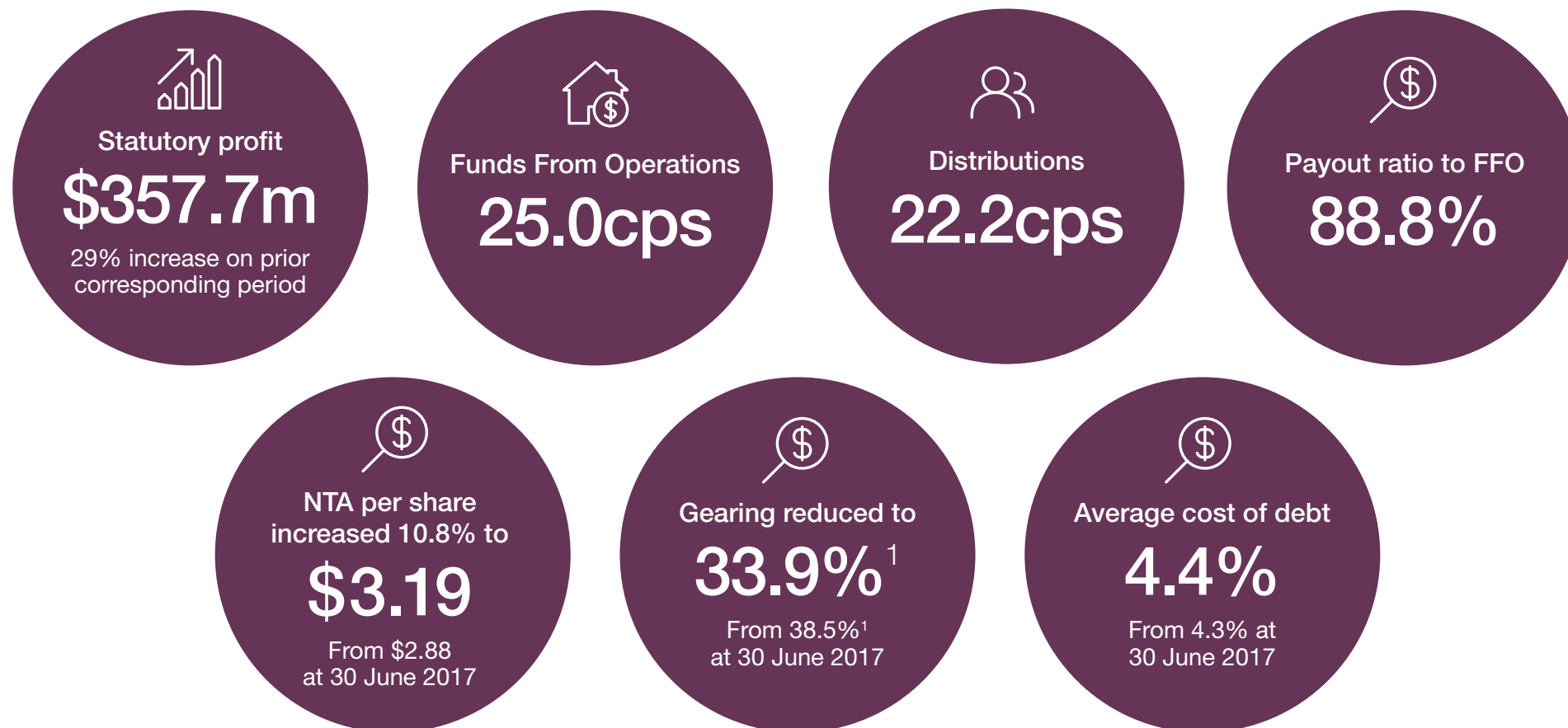


# Financial Management

75 Dorcas Street, South Melbourne, VIC



# FY18 Financial Management Highlights

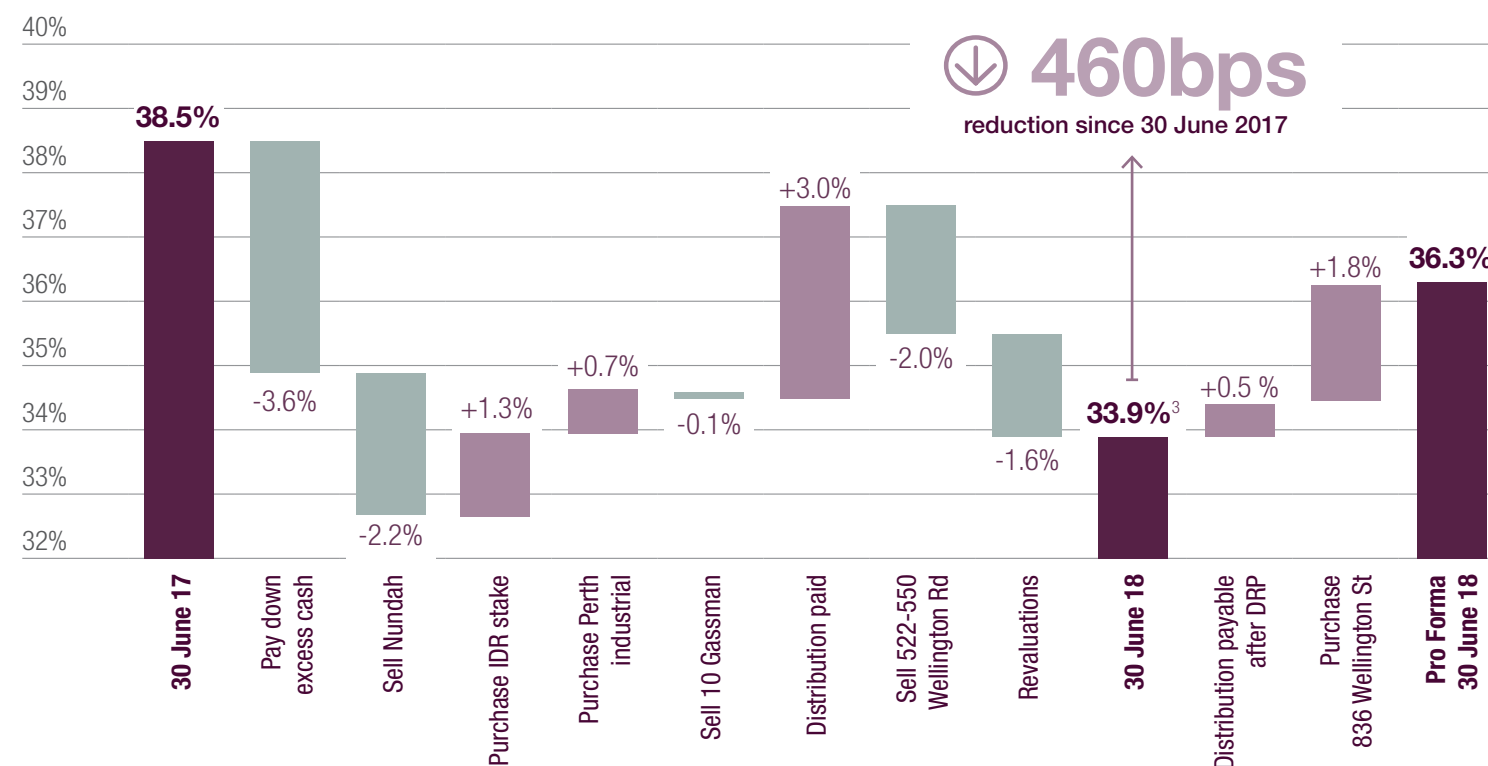


1. Gearing calculation changed during the period from interest bearing liabilities divided by total assets to interest bearing liabilities less cash divided by total assets less cash. This change brings Growthpoint's gearing calculation more closely in line with industry peers.

## Areas of interest: Gearing further reduced over FY18

- Proceeds from above-book value sale of 522-550 Wellington Road, Mulgrave used to pay down debt at end of CY17
- Book value of property portfolio increased \$193.8 million, or 6.2% on a like-for-like basis over FY18
- Gearing maintained<sup>2</sup> at bottom end of target gearing range (35%-45%) offering balance sheet flexibility

### Key items influencing gearing (%)



1. Gearing calculation changed during the period from interest bearing liabilities divided by total assets to interest bearing liabilities less cash divided by total assets less cash. This change brings Growthpoint's gearing calculation more closely in line with industry peers.

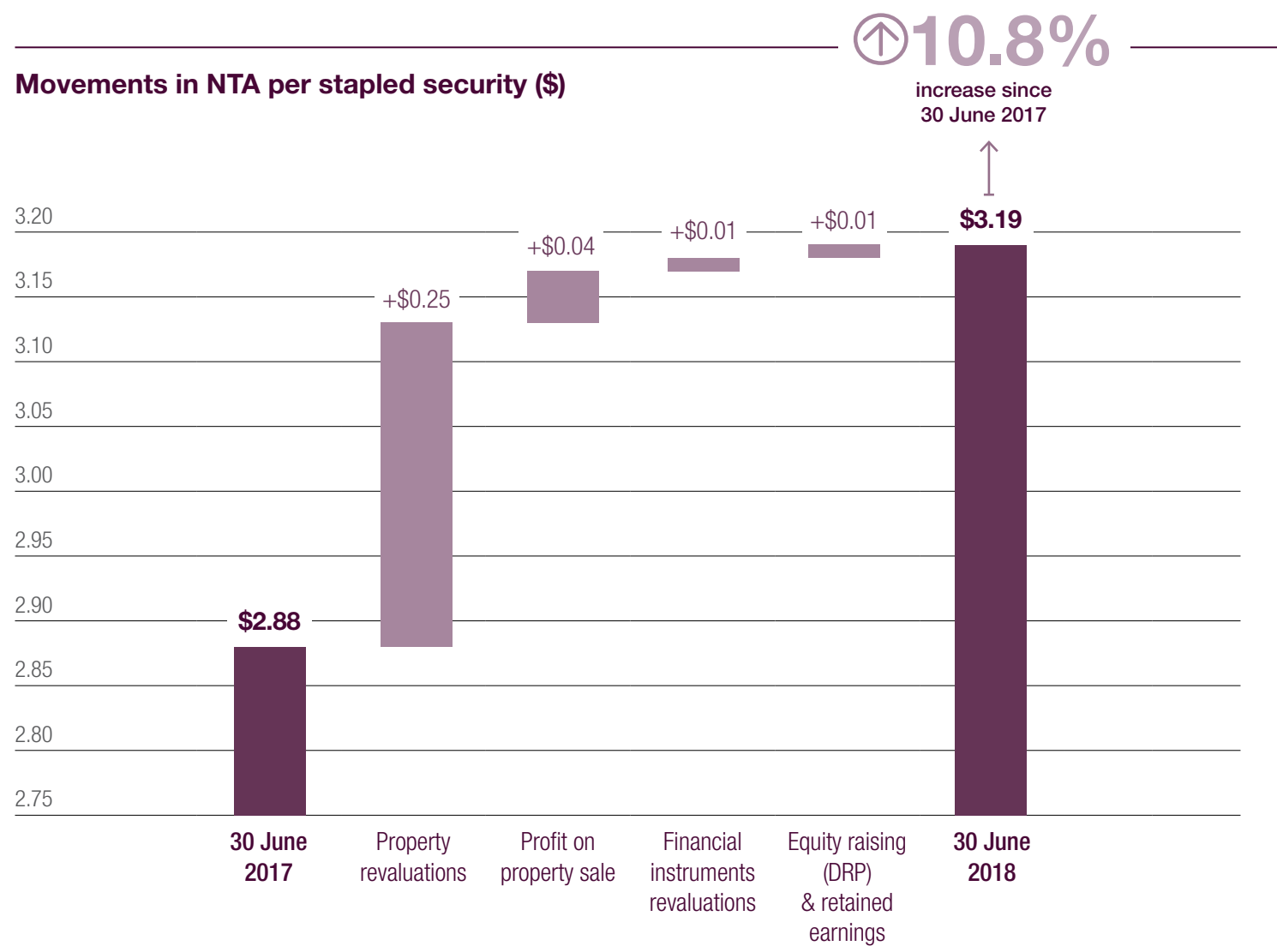
2. 36.3% taking into consideration the distribution payable after the DRP and the acquisition of 836 Wellington Street, West Perth, WA.

3. Numbers may not sum due to rounding.

## Areas of interest: Movements in NTA over FY18

Uplift driven by:

- 28 bps fall in weighted average capitalisation rate to 6.25%
- Improvement in market rents, particularly in Sydney and Melbourne, contributing to approximately a third of uplift in property valuations
- Sale of assets at significant premium to book value
- Excellent leasing outcomes also contributed to valuation growth



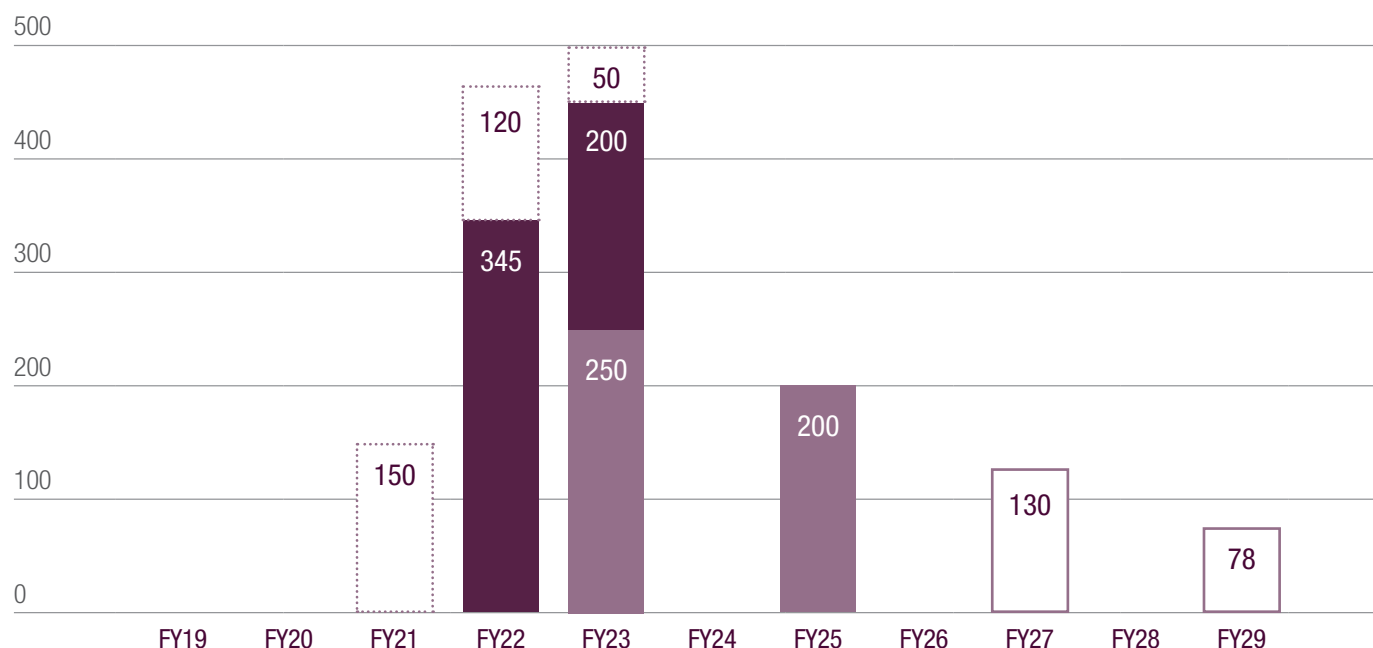


## Areas of interest: Near-term debt maturities extended

- › \$515 million of bank debt extended in 2H18. Earliest maturity now September 2020
- › Maintained weighted average debt maturity at 5 years
- › Continue to pursue well diversified debt funding strategy
- › \$320 million headroom available at 30 June 2018

**Debt maturity profile (\$m)**

■ Bank debt ■ Institutional term loan □ USPP □ Undrawn bank debt



## Summary

- › Long track record of earnings and distributions growth
- › Balance sheet in excellent shape
  - Low gearing at 33.9%
  - Long weighted average debt maturity
  - High percentage of fixed debt at 82%
- › Good access to capital to support the right transactions

A modern office lounge area with large floor-to-ceiling windows offering a view of a city skyline. The space features a long, low-profile sofa with a dark blue backrest and bright green seat cushions. Several round, light-colored wooden tables are scattered throughout, accompanied by modern chairs with light grey upholstery and wooden legs. A man and a woman are seated at one of the tables, engaged in conversation. The floor is made of light-colored wood. A semi-transparent purple rectangular overlay is positioned on the right side of the image, containing the text 'Property Portfolio' in white.

# Property Portfolio

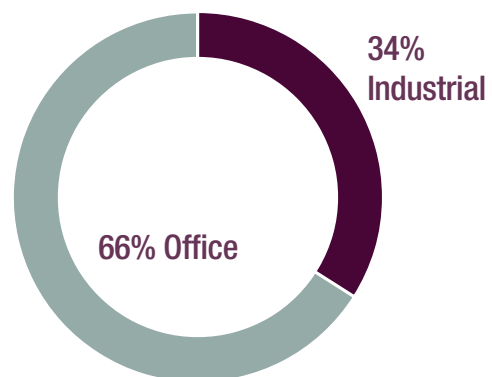
333 Ann Street, Brisbane, QLD



# Well diversified portfolio

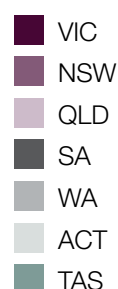
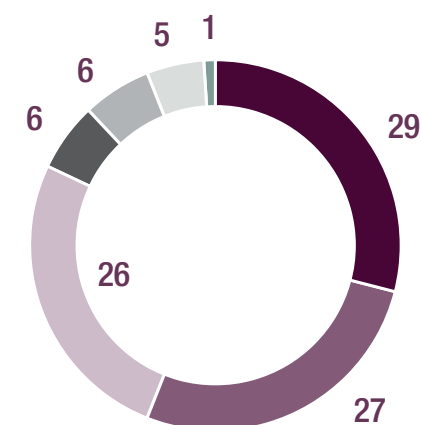
## Sector diversity (%)

by property value, as at 30 June 2018



## Geographic diversity (%)

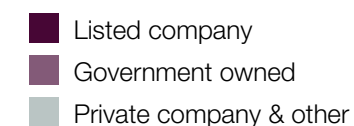
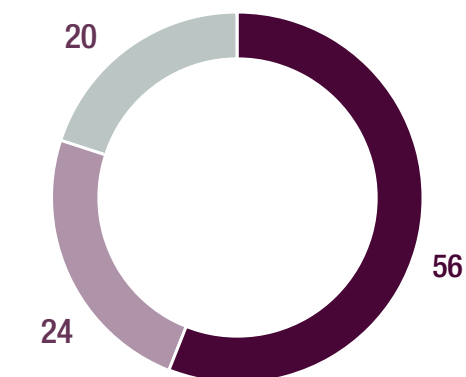
by property value, as at 30 June 2018



**87% Located on Australia's Eastern seaboard**

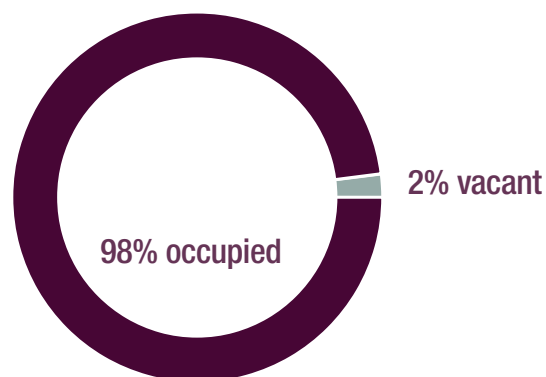
## Tenant type (%)

by income, as at 30 June 2018

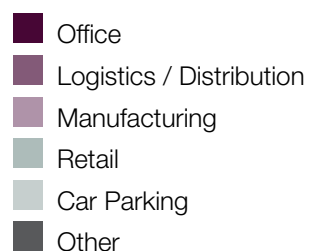
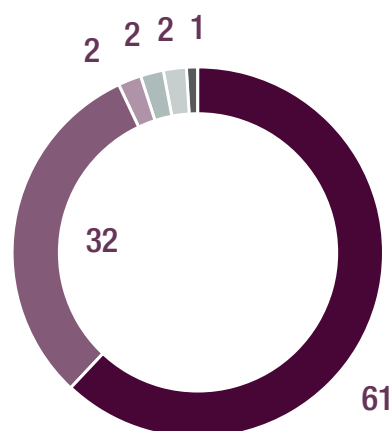


# Low vacancy and diversity of use

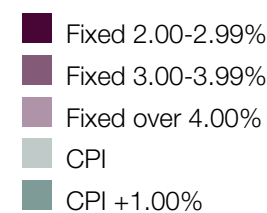
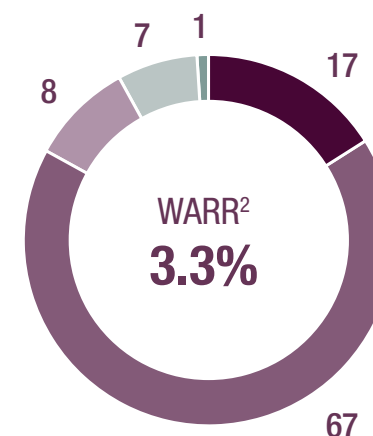
**Vacancy**  
as at 30 June 2018



**Tenant use (%)**  
as at 30 June 2018



**Annual rent review type<sup>1</sup> (%)**  
as at 30 June 2018



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

2. Assumes CPI change of 2.1% per annum as per Australian Bureau of Statistics release for FY18.

# High quality tenants and manageable near-term expiries

## Top ten tenants

by passing rent, as at 30 June 2018

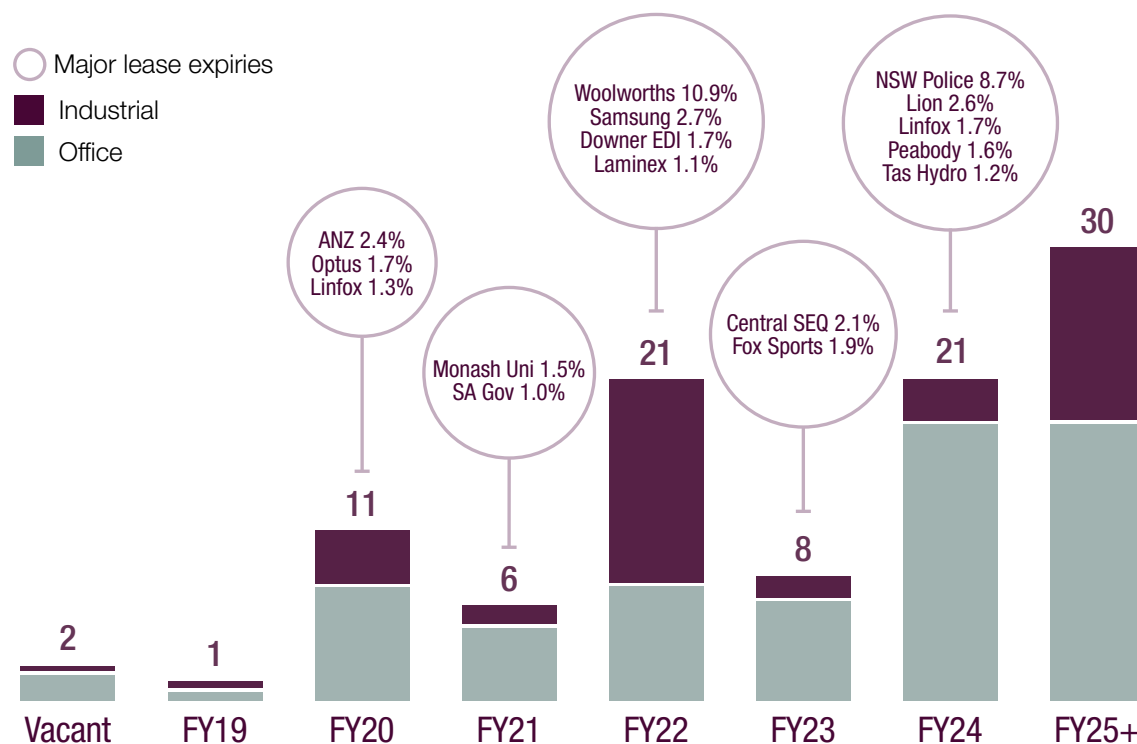
	%	WALE (yrs)
Woolworths	15	4.5
NSW Police	9	5.9
Commonwealth of Australia	5	7.8
Country Road / David Jones	4	13.9
Linfox	4	4.9
Samsung Electronics	3	3.7
Lion	3	5.8
ANZ Banking Group	2	1.7
Jacobs Group	2	7.0
Queensland Urban Utilities	2	4.8
<b>Total / weighted Average</b>	<b>49</b>	<b>5.9</b>
Balance of portfolio	51	4.7
<b>Total portfolio</b>	<b>100</b>	<b>5.3</b>

## Like-for-like NPI growth:

	Office	Industrial	Total
	%	%	%
<b>NPI</b>	(0.6)	1.5	<b>0.3</b>
<b>NPI - FFO</b>	2.7	3.2	<b>2.9</b>

## Portfolio lease expiry profile (%)

per financial year, by income





# 132,433 sqm<sup>1</sup> of office and industrial leasing completed in FY18

**13%**  
of total portfolio  
lettable area<sup>2</sup>

**8%**  
of total  
portfolio rent<sup>3</sup>



## Lease extension to Australian Postal Corporation

40 Annandale Road, Melbourne Airport, VIC

- Logistics warehouse
- Lease term of 5 years, commencing Q1 FY20
- Fixed annual rent increases of 3.75%



## Lease extension to Westpac Banking Corporation

7 Laffer Drive, Bedford Park, SA

- Office accommodation
- Lease term of 7 years, commenced Q1 FY19
- Fixed annual rent increases of 3.00%
- 520 car parks



## New lease to Flow Power

109 Burwood Road, Hawthorn, VIC

- Office accommodation
- Lease term of 5.1 years, commenced Q3 FY18
- Fixed annual rent increases of 3.75%

1. Includes leasing completed post 30 June 2018.

2. Based on portfolio lettable area as at 30 June 2018.

3. Based on the portfolio's fully leased rent (passing plus market rent on vacancies) at 30 June 2018.

# Track record of creating additional valuation growth

Concentrated asset management program delivering enhanced returns for Securityholders



**+45%**  
increase in value  
since acquisition



## 'Vantage', 109 Burwood Rd, Hawthorn, VIC

- Retained major tenant Orora by accommodating request for contiguous tenancy. Installed stairs to connect floors and upgraded end-of-trip facilities
- Extended Orora lease for further 8 years bringing occupancy from 76% to 95%
- GMF portfolio increased in value by 17% (vs Growthpoint total portfolio 11.8%) since acquisition<sup>1</sup>

Former GPT Metro Office Property Fund (GMF) portfolio



**+27%**

increase in value since June 2016

## 333 Ann St, Brisbane, QLD

- Occupancy increased from 77% to 95% following leasing success
- Subdivided and fitted out final vacant floor with goal to achieve 100% occupancy



**+22%**

increase in value since June 2016

## 7 Laffer Dr, Bedford Park, SA

- 7 year lease extension to Westpac Banking Corporation

1. Based on June 2016 valuations.



# Focus on renewable projects



## 599 Main North Road, Gepps Cross, SA



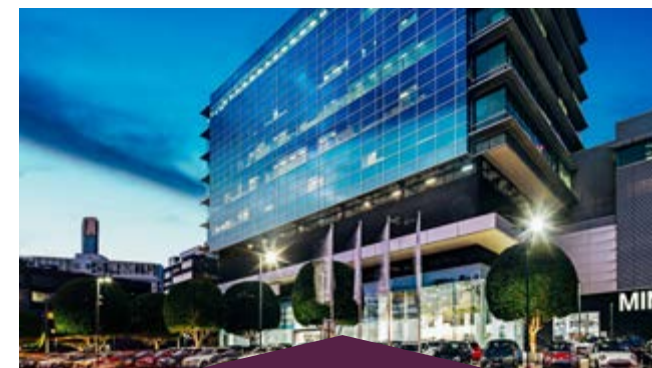
- > Negotiating with tenant regarding \$50 to \$60 million expansion of Gepps Cross
- > Exploring the use of sustainable energy options including the proposed addition of a 1.6MW solar farm



## Botanicca 3, 572-576 Swan Street, Richmond, VIC



- > Design and construct building contract for the Botanicca 3 development includes provision for a total of 120kW solar photovoltaic roof mounted installation.
- > Detailed design is currently underway
- > Structural and spatial provision for future battery storage infrastructure (for connection to solar PV system) is being considered as part of the project
- > Project completion scheduled for second half of CY20



## 75 Dorcas Street, South Melbourne, VIC



- > Feasibility study completed to identify most viable solar projects within Growthpoint portfolio
- > Dorcas Street suitable investment proposition based on:
  - Size of roof
  - Payback period
  - Percentage offset of existing energy usage
- > Proposed system size 220kW
- > Estimated savings of ~300tCO<sub>2</sub>-e per annum
- > Emissions saving equivalent to taking 66 cars off the road for a full year
- > Project to progress through FY19





# Summary

2 & 10 Hugh Edwards Drive, Perth Airport, WA



## Summary

- › Strong operational result in FY18 driven by accretive acquisitions and asset sales above book value
- › Favoured office and industrial sectors continue to display superior growth prospects
- › Attractive FY19 DPS yield with growth in distributions targeted at 3% to 4%
- › Balance sheet in excellent shape
- › Enhanced returns to be generated from:
  - Successful execution of Richmond development and Gepps Cross expansion
  - Sale of assets with higher and better use
  - Early action on upcoming lease expiries
  - Acquiring further assets directly or via M&A

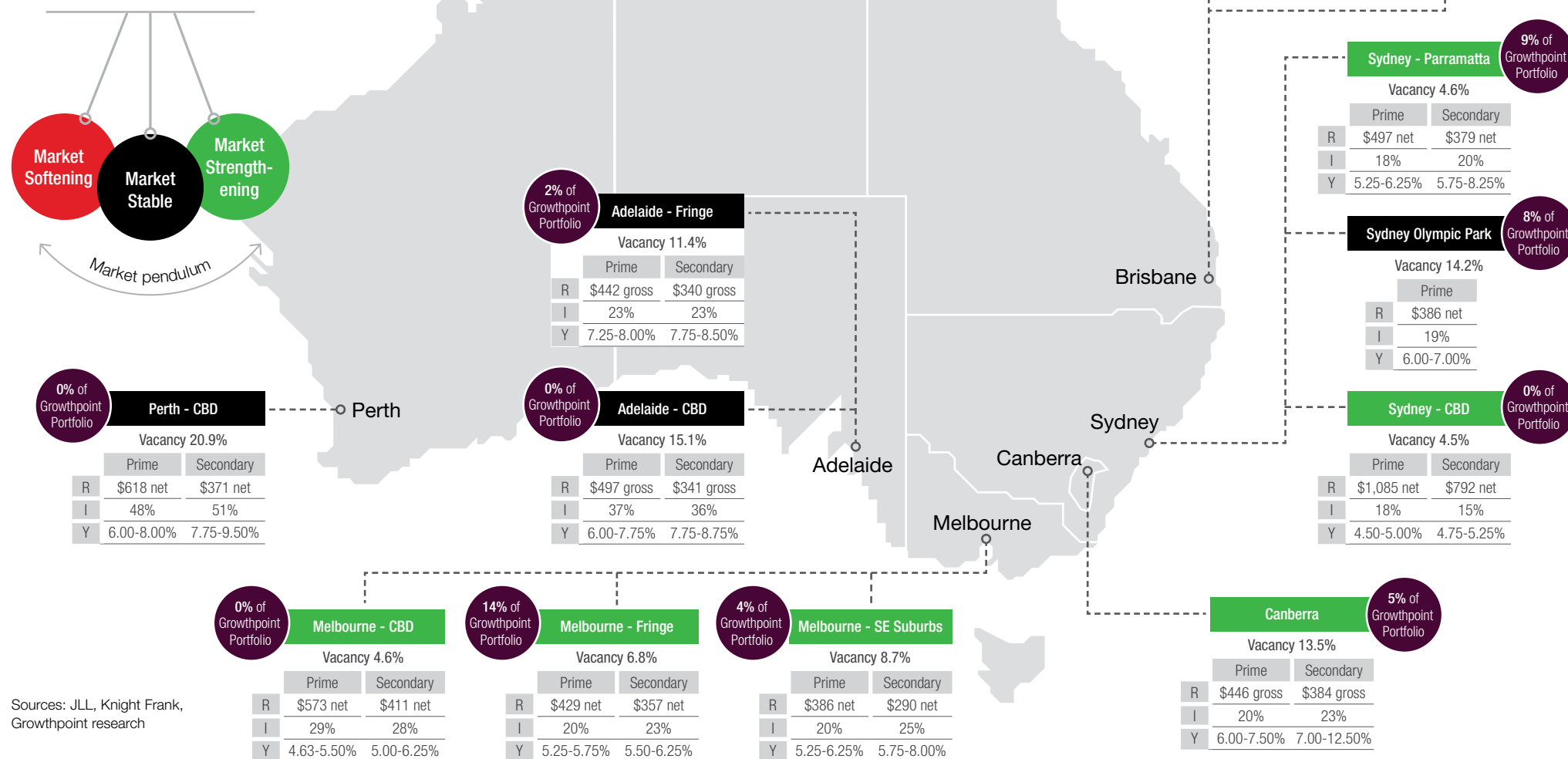


836 Wellington Street, West Perth, WA

# Appendices

# Appendix 1: state of key office markets

R Average face rent per sqm per annum  
I Indicative incentives  
Y Average core market yield

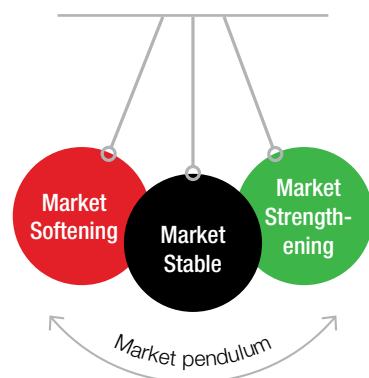


Sources: JLL, Knight Frank, Growthpoint research



# Appendix 2: state of key industrial markets

R Average face rent per sqm per annum  
I Indicative incentives  
Y Average core market yield



**Perth** 6% of Growthpoint Portfolio  
659,000 sqm\*

	Prime	Secondary
R	\$100 net	\$85 net
I	5-20%	10-20%
Y	6.25-7.00%	7.50-8.25%

**Adelaide** 4% of Growthpoint Portfolio  
Not available\*

	Prime	Secondary
R	\$87 net	\$64 net
I	10-20%	10-20%
Y	6.50-8.50%	9.00-10.00%

**Melbourne** 11% of Growthpoint Portfolio  
771,041 sqm\*

	Prime	Secondary
R	\$92 net	\$69 net
I	10-25%	10-25%
Y	5.75-6.50%	6.50-8.00%

**Brisbane** 7% of Growthpoint Portfolio  
491,544 sqm\*

	Prime	Secondary
R	\$111 net	\$85 net
I	8-15%	10-15%
Y	6.00-6.75%	7.50-8.75%

**Sydney** 6% of Growthpoint Portfolio  
371,863 sqm\*

	Prime	Secondary
R	\$148 net	\$136 net
I	8-15%	8-15%
Y	5.25-6.50%	5.50-7.50%

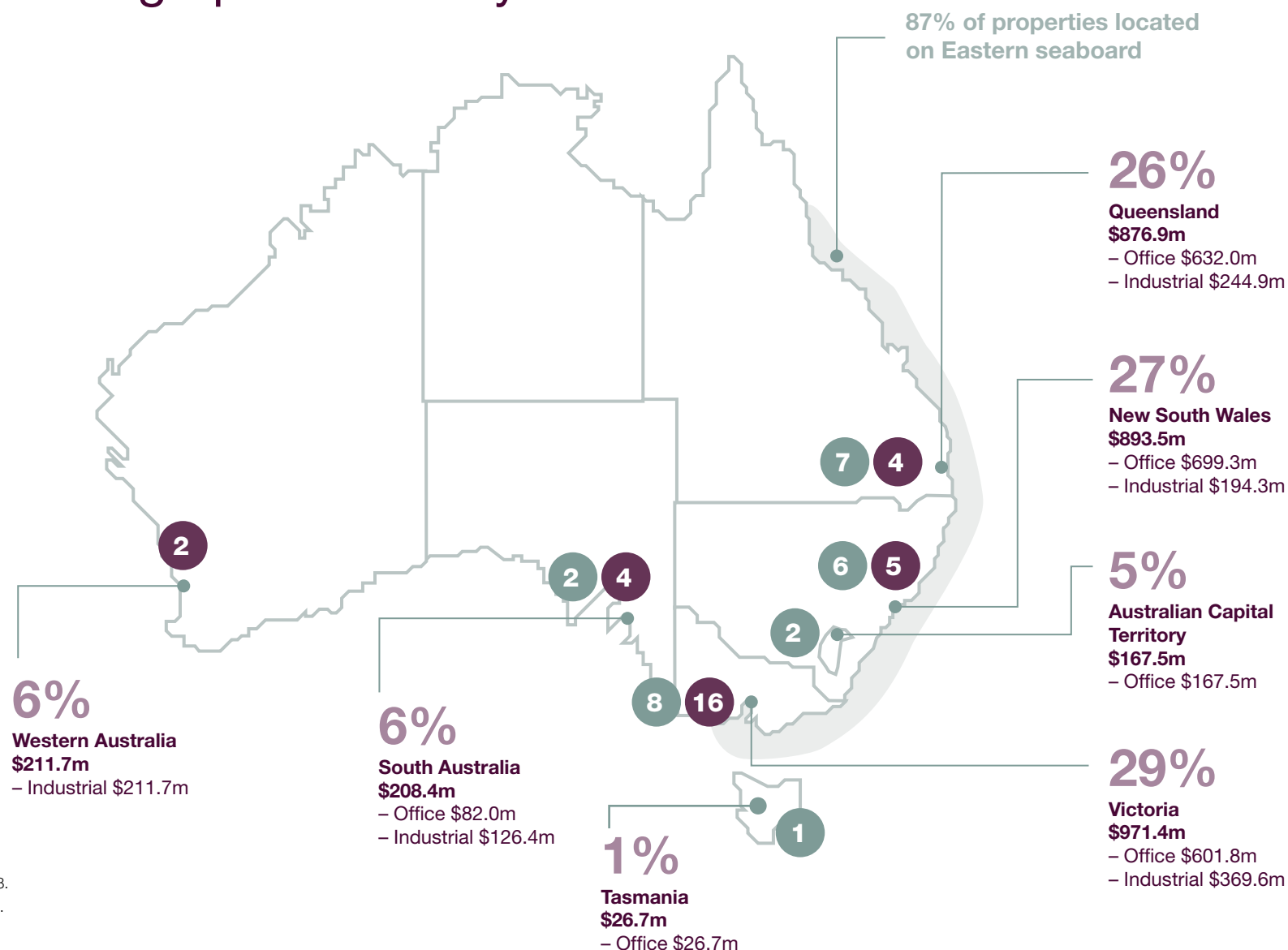
Sources: JLL, Knight Frank, Growthpoint research

\*Total market vacancy.



## Appendix 3: Geographic diversity<sup>1,2</sup>

■ Office properties  
■ Industrial properties  
 (number of assets)



1. By property value, as at 30 June 2018.

2. Figures may not sum due to rounding.

## Appendix 4: Office portfolio review



### Office portfolio key statistics

(as at 30 June 2018)

**\$2,209.3m**

total value

**6.0%**

weighted average  
capitalisation rate

**98%**

occupancy

**5.5yrs**

WALE

**3.5%**

WARR



### Top ten office tenants

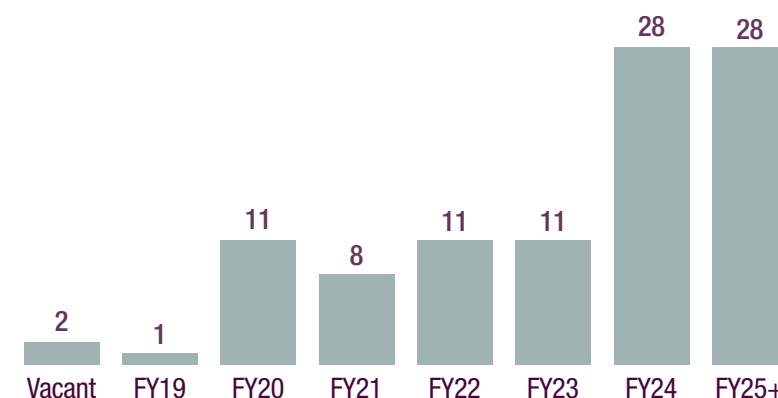
by passing rent, as at 30 June 2018

	%	WALE (yrs)
NSW Police	13	5.9
Commonwealth of Australia	8	7.8
Country Road / David Jones	6	13.9
Samsung Electronics	4	3.7
Lion	4	5.8
ANZ Banking Group	4	1.7
Jacobs Group	4	7.0
Queensland Urban Utilities	3	4.8
Fox Sports	3	4.5
Monash University	3	2.5
<b>Total / weighted Average</b>	<b>52</b>	<b>6.4</b>
Balance of portfolio	48	4.4
<b>Total portfolio</b>	<b>100</b>	<b>5.5</b>



### Office portfolio lease expiry profile (%)

per financial year, by income



# Appendix 5: Industrial portfolio review



## Industrial portfolio key statistics

(as at 30 June 2018)

**\$1,146.8m**  
total value

**6.6%**  
weighted average  
capitalisation rate

**99%**  
occupancy

**4.9yrs**  
WALE

**2.8%**  
WARR



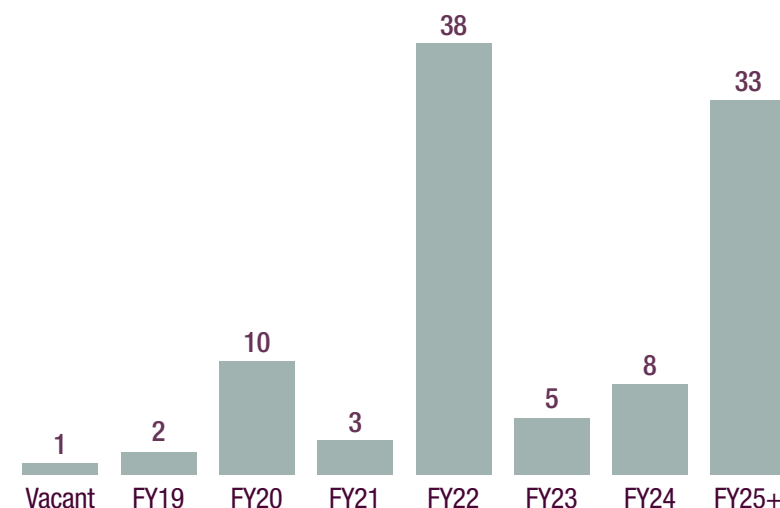
## Top ten industrial tenants

by passing rent, as at 30 June 2018

	%	WALE (yrs)
Woolworths	44	4.5
Linfox	11	4.9
Australian Postal Corporation	5	6.0
Laminex Group	3	4.0
Brown & Watson International	3	7.1
Paper Australia	2	1.2
Reward Supply Co.	2	1.2
The Workwear Group	2	9.0
Autocare Services	2	12.3
Symbion	2	10.5
<b>Total / weighted Average</b>	<b>76</b>	<b>5.0</b>
Balance of portfolio	24	4.8
<b>Total portfolio</b>	<b>100</b>	<b>4.9</b>



## Industrial portfolio lease expiry profile (%) per financial year, by income



## Appendix 6: Summary Financials

		<b>FY18</b>	<b>FY17</b>	<b>Change</b>	<b>% Change</b>
Net property income	\$'000	<b>218,512</b>	223,318	(4,806)	(2.2)
Like-for-like property income	\$'000	<b>174,214</b>	173,649	565	0.3
Statutory accounting profit	\$'000	<b>357,709</b>	278,090	79,619	28.6
Statutory accounting profit per security	¢	<b>53.5</b>	42.7	10.8	25.3
Funds From Operations (FFO)	\$'000	<b>167,078</b>	166,098	980	0.6
FFO per security	¢	<b>25.0</b>	25.5	(0.5)	(2.0)
Distributions per security	¢	<b>22.2</b>	21.5	0.7	3.3
Payout ratio to FFO	%	<b>88.8</b>	84.3		4.5
Calendar year ICR (times)	times	<b>4.0</b>	4.2	(0.2)	(4.7)
Calendar year MER	%	<b>0.40</b>	0.39		0.01

		<b>As at 30 June 2018</b>	<b>As at 30 June 2017</b>	<b>Change</b>	<b>% Change</b>
NTA per stapled security (\$)	\$	<b>3.19</b>	2.88	0.31	10.8
Gearing <sup>1</sup>	%	<b>33.9</b>	38.5		(4.6)

Details about distribution components under the attribution managed investment trust or “AMIT” regime (only relevant for the full year distribution) and Fund Payment amounts (only relevant for foreign holders) will be made available on Growthpoint's website on or before the relevant distribution date. For more information go to <http://growthpoint.com.au/investor-centre/distributions/>

1. Gearing calculation changed during the period from interest bearing liabilities divided by total assets to interest bearing liabilities less cash divided by total assets less cash. This change brings Growthpoint's gearing calculation more closely in line with industry peers.



## Appendix 7: Reconciliation from statutory profit to Funds From Operations (FFO)

	<b>FY18</b>	FY17	Change	% Change
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>%</i>
<b>Profit after tax</b>	<b>357,709</b>	<b>278,090</b>	<b>79,619</b>	<b>28.6%</b>
<b>Less non-FFO items:</b>				
- Straight line adjustment to property revenue	(5,962)	(2,522)	(3,440)	
- Net changes in fair value of investment property	(166,958)	(118,157)	(48,801)	
- (Profit)/ loss on sale of investment property	(24,419)	1,123	(25,542)	
- Net change in fair value of investment in securities	(10,368)	–	(10,368)	
- Net change in fair value of derivatives	573	(2,382)	2,955	
- Depreciation	293	162	131	
- Amortisation of incentives	16,327	9,969	6,358	
- Deferred tax benefit	(117)	(185)	68	
<b>FFO</b>	<b>167,078</b>	<b>166,098</b>	<b>980</b>	<b>0.6%</b>

## Appendix 8: Financial position

	as at 30 June 2018	as at 30 June 2017
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	31,463	31,459
Investment properties	3,291,800	3,180,275
Other assets	151,306	116,638
<b>Total assets</b>	<b>3,474,569</b>	<b>3,328,372</b>
<b>Liabilities</b>		
Borrowings	1,197,555	1,299,380
Distributions payable	75,643	72,086
Derivative financial instrument liabilities	6,892	6,440
Other liabilities	37,506	48,985
<b>Total liabilities</b>	<b>1,317,596</b>	<b>1,426,891</b>
<b>Net assets</b>	<b>2,156,973</b>	<b>1,901,481</b>
Securities on issue (no.)	675,384,368	661,340,472
<b>NTA per security (\$)</b>	<b>3.19</b>	<b>2.88</b>
<b>Gearing<sup>1</sup></b>	<b>33.9%</b>	<b>38.5%</b>

1. Gearing calculation changed during the period from interest bearing liabilities divided by total assets to interest bearing liabilities less cash divided by total assets less cash.  
This change brings Growthpoint's gearing calculation more closely in line with industry peers.

# Appendix 9: Lease incentives

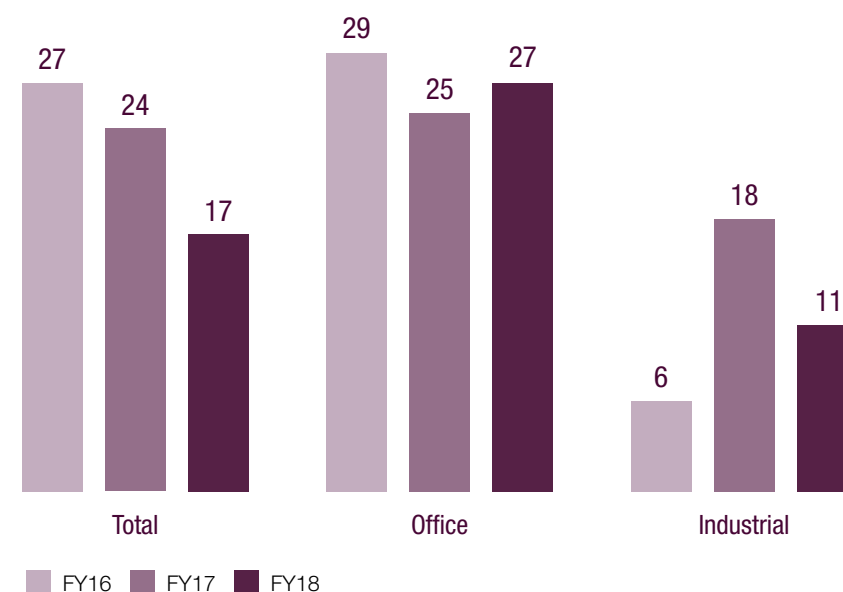
Lease incentives for leasing completed in FY18 averaged 17% (27% office and 11% industrial). This includes fit-out, rent free, rental abatement and cash payments.

## Financial impact of lease incentives and leasing costs<sup>1</sup>

The impact of tenant incentives on Growthpoint's FY18 financial statements are:

- Consolidated Cash Flow Statement
  - Reduction in “cash generated by operating activities” by \$25.9 million as incentives were paid
- Consolidated Statement of Profit or Loss and Other Comprehensive Income
  - Reduction in “Property revenue” by \$16.3 million due to the amortisation of tenant incentives and leasing costs
  - Reduction in Net changes in fair value of investment properties by \$9.6 million which represents the net value of lease incentives and leasing costs recognised during the period
- Consolidated Statement of Financial Position
  - Unamortised lease incentives of \$47.7 million recognised within investment property as a reconciling item
  - Unamortised leasing costs of \$3.5 million<sup>2</sup> recognised within investment property as a reconciling item

## Average lease incentives (%)



1. The financial impact includes all relevant historical impacts but not necessarily all future ones. For example, a cash payment would be captured here regardless of when a lease commences but rent free for a future period would not be captured until the relevant period.

2. Includes establishment costs such as legal costs and agent fees. Includes establishment costs such as legal costs and agent fees.

# Appendix 10: Operating and capital expenses

## Operating expenses

		FY18	FY17
Total operating expenses	\$'000	13,362	12,385
Average gross assets value	\$'000	3,377,737	3,204,716
Operating expenses to average	%	0.40%	0.39%

Expected to remain around  
**0.40%**  
based on current portfolio

## Capital expenditure

		FY18	FY17
Total portfolio capex	\$'000	10,315	10,042
Average property asset value	\$'000	3,236,038	2,915,710
Capital expenditure to average property portfolio value	%	0.32%	0.34%

Expected to average  
**0.3%-0.5%**  
over medium-term based on current portfolio



# Appendix 11: Gearing

## Summary of debt facilities

Secured bank loans	Limit	Drawn	Maturity
	\$m	\$m	
<i>Syndicated Facility</i>			
- Facility B	100	100	Mar-23
- Facility C	245	245	Dec-21
- Facility D	70	70	Dec-21
- Facility E	150	100	Jun-23
- Facility G	150	30	Sep-21
- Facility I	75	–	Nov-20
- Facility H	75	–	Sep-20
<i>Loan note 1</i>	200	200	Mar-25
<i>Loan note 2</i>	100	100	Dec-22
<i>Loan note 3</i>	60	60	Dec-22
<i>Fixed bank facility 1</i>	90	90	Dec-22
<i>USPP 1</i>	130	130	Jun-27
<i>USPP 2</i>	52	52	Jun-29
<i>USPP 3</i>	26	26	Jun-29
<b>Total loans</b>	<b>1,523</b>	<b>1,203</b>	

As at 30 June 2018, the Group had debt headroom of \$320 million. The additional cost of deploying it would be approximately 2.70% per annum<sup>1</sup> on the amount drawn as line and upfront fees have already been paid.

1. Based on a floating rate of 1.97% at 30 June 2018.

**5.0yrs**  
Weighted average  
debt maturity

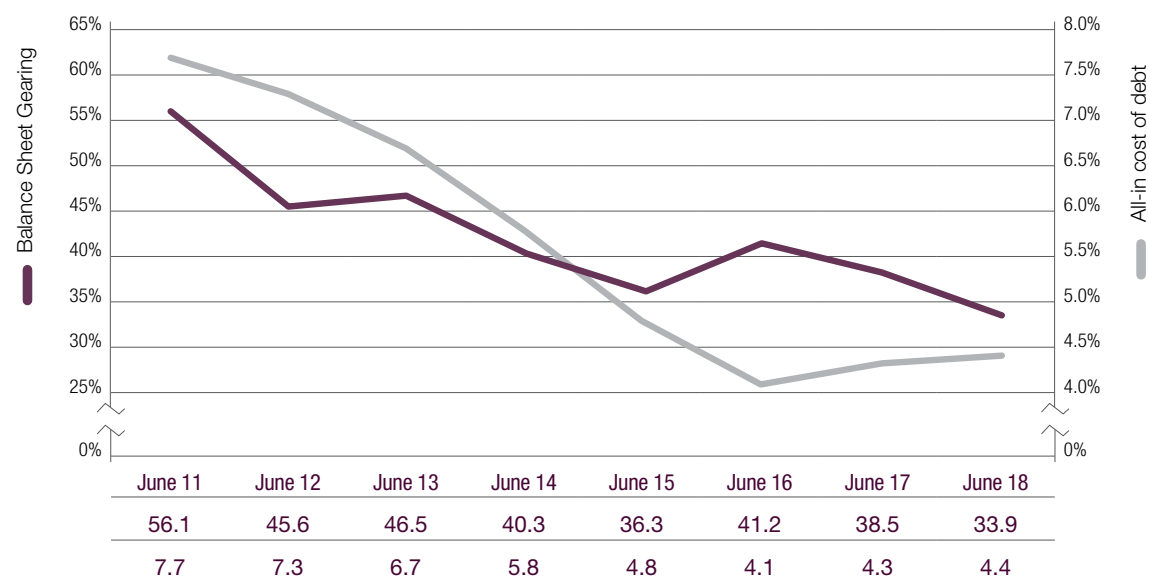
**33.9%**  
Gearing

**4.4%**  
All-in cost  
of debt

Gearing  
target range

**35%-45%**

### Change in gearing and cost of debt (%)



# Appendix 12: Target fixed debt 65% to 100% of drawn debt

## Weighted average fixed debt

Maturity date	Time to maturity	Fixed rate	Face value of Swap
<b>Interest Rate Swaps (IRS)</b>			
Jun-2020	2.0yrs	2.36%	\$25m
Jun-2020	2.0yrs	2.36%	\$25m
Dec-2020	2.5yrs	2.42%	\$50m
May-2021	2.9yrs	2.10%	\$50m
Jun-2021	3.0yrs	2.48%	\$50m
Jun-2021	3.0yrs	2.33%	\$50m
Nov-2021	3.4yrs	2.20%	\$75m
<b>Weighted Average IRS</b>	<b>2.8yrs</b>	<b>2.30%</b>	<b>\$325m</b>
<b>Fixed Rate Debt Facilities (FRDF)</b>			
Dec-2022	4.5yrs	4.40%	\$60m
Dec-2022	4.5yrs	4.39%	\$90m
Dec-2022	4.5yrs	4.45%	\$100m
Mar-2025	6.8yrs	4.67%	\$200m
Jun-2027	9.0yrs	5.28%	\$130m
Jun-2029	11.0yrs	5.45%	\$52m
Jun-2029	11.0yrs	5.35%	\$26m
<b>Weighted Average FRDF</b>	<b>6.8yrs</b>	<b>4.78%</b>	<b>\$658m</b>
<b>Weighted Average Fixed Debt</b>	<b>5.5yrs</b>	<b>3.96%</b>	<b>\$983m</b>
<b>Debt fixed at 30 June 2018</b>	<b>82%</b>		

### Weighted average fixed debt (term)

5.5yrs

(30 June 2017: 6.4 years)

### Weighted average fixed debt (rate)

3.96%

(30 June 2017: 3.96%)

## Appendix 13: Portfolio overview – Five year performance summary

As at 30 June		FY18	FY17	FY16	FY15	FY14
Number of properties	<i>no.</i>	57	58	58	53	51
Total value	<i>\$m</i>	3,356.1	3,283.8	2,832.6	2,372.5	2,093.7
Occupancy	<i>%</i>	98	99	99	97	98
Like-for-like value change	<i>\$m / % of asset value</i>	193.8 / 6.2	138.6 / 5.2	130.2 / 5.5	186.0 / 9.0	52.1 / 3.0
Total lettable area	<i>sqm</i>	1,003,444	1,056,336	1,109,545	1,050,611	1,036,740
Weighted average property age	<i>years</i>	10.6	9.6	9.2	8.3	7.9
Weighted average valuation cap rate	<i>%</i>	6.2	6.5	6.9	7.3	7.9
WALE	<i>years</i>	5.3	6.1	6.9	6.7	6.9
WARR <sup>1</sup>	<i>%</i>	3.3	3.3	3.1	3.0	3.2
Average value (per sqm)	<i>\$</i>	3,345	3,109	2,553	2,258	2,019
Average rent (per sqm, per annum)	<i>\$</i>	238	231	198	183	171
FY net property income	<i>\$m</i>	213.6	223.3	181.2	171.8	148.7
Number of tenants	<i>no.</i>	142	145	116	97	90

1. Assumes CPI change of 2.1% per annum as per Australian Bureau of Statistics released for FY18.

# Appendix 14: Leasing

## Leases completed since 30 June 2017

Address					Sector	Tenant	Start date	Term (yrs)	Annual rent increases (%)	NLA (sqm)	Car Parks
A1, 32 Cordelia Street		South Brisbane	QLD	Office	Jacobs Group (Australia)	Q4, FY17	1.0		Fixed 3.75%	1,311	11
6 Parkview Drive		Sydney Olympic Park	NSW	Office	Lifestart Co-operative	Q1, FY18	5.0		Fixed 3.50%	670	16
Building C, 211 Wellington Road		Mulgrave	VIC	Office	Toshiba (Australia)	Q2, FY18	8.0		Fixed 3.25%	506	20
101-111 South Centre Road		Melbourne Airport	VIC	Industrial	Direct Couriers	Q2, FY18	10.2	Greater of CPI & 3.5%		14,082	52
A1, 32 Cordelia Street		South Brisbane	QLD	Office	BDS Global Detailing	Q2, FY18	5.0		Fixed 3.50%	736	10
15 Green Square Close		Fortitude Valley	QLD	Office	Central SEQ Distributor Retailer Authority	Q2, FY18	4.0		Fixed 3.50%	353	0
10 Butler Boulevard		Adelaide Airport	SA	Industrial	Toll Transport	Q3, FY18	4.0		Fixed 3.25%	8,461	92
Car Park, 572-576 Swan Street		Richmond	VIC	Office	GE Capital Finance Australasia	Q3, FY18	3.0		Fixed 3.50%	0	52
5 (&7A) Viola Place		Brisbane Airport	QLD	Industrial	CEVA Logistics	Q3, FY18	2.0	Greater of CPI & 3.5%		12,971	6
109 Burwood Road		Hawthorn	VIC	Office	Flow Power	Q3, FY18	5.1		Fixed 3.75%	1,193	36
333 Ann Street		Brisbane	QLD	Office	QLD LG Super Board	Q3, FY18	2.8		Fixed 4.00%	679	3
Building C, 219-247 Pacific Highway		Artarmon	NSW	Office	GG Leasing	Q4, FY18	5.0		Fixed 3.50%	71	1
Car Park, 572-576 Swan Street		Richmond	VIC	Office	Country Road Group (David Jones)	Q4, FY18	9.1		Fixed 3.00%	0	41
6 Parkview Drive		Sydney Olympic Park	NSW	Office	SPX Flow Technology Australia	Q4, FY18	2.0		Fixed 3.75%	436	13
Building C, 211 Wellington Road		Mulgrave	VIC	Office	Tech Data Advanced Solutions	Q4, FY18	5.0		Fixed 3.25%	418	28
333 Ann Street		Brisbane	QLD	Office	Raw on Ann	Q4, FY18	5.0		Fixed 4.50%	96	1
333 Ann Street		Brisbane	QLD	Office	MasterCard Asia/Pacific (Australia)	Q4, FY18	3.2		Fixed 3.50%	415	2
60 Annandale Road		Melbourne Airport	VIC	Industrial	Garden City Planters	Q4, FY18	10.0	Greater of CPI & 3.25%		16,276	104
A1, 32 Cordelia Street		South Brisbane	QLD	Office	Jacobs Group (Australia)	Q4, FY18	0.5		n/a	1,311	11
1-3 Pope Court		Beverley	SA	Industrial	Pro-Pac Packaging (Aust)	Q1, FY19	2.0		Fixed 3.25%	3,571	10
7 Laffer Drive		Bedford Park	SA	Office	Westpac Banking Corporation	Q1, FY19	7.0		Fixed 3.00%	6,343	520
333 Ann Street		Brisbane	QLD	Office	QLD LG Super Board	Q1, FY19	2.2		Fixed 3.75%	385	0
333 Ann Street		Brisbane	QLD	Office	World Travel Professionals	Q1, FY19	3.0		Fixed 4.00%	331	2
333 Ann Street		Brisbane	QLD	Office	EML Payments	Q1, FY19	7.0		Fixed 3.75%	867	4
Building C, 211 Wellington Road		Mulgrave	VIC	Office	Yokogawa Australia	Q1, FY19	5.0		Fixed 3.25%	521	20
31 Garden Street		Kilsyth	VIC	Industrial	Cummins Filtration	Q2, FY19	5.0	Lesser of CPI & 5.0%		8,919	73
9-11 Drake Boulevard		Altona	VIC	Industrial	Prolife Foods	Q3, FY19	5.0		Fixed 3.50%	6,637	38
102 Bennelong Parkway		Sydney Olympic Park	NSW	Office	The Scout Association of Australia NSW	Q4, FY19	1.0		n/a	451	15
40 Annandale Road		Melbourne Airport	VIC	Industrial	Australian Postal Corporation	Q1, FY20	5.0		Fixed 3.75%	44,424	86
Weighted average / Total							4.9		3.4%	132,433	1,267

At 30 June 2018



Industrial portfolio

99%

Occupied

Main vacancies:

Hugh Edwards Drive & Tarlton Crescent, Perth Airport, WA – 89% occupied, 3,638 sqm available for lease



Office portfolio

98%

Occupied

Main vacancies:

333 Ann St, Brisbane, QLD – 95% occupied, 760 sqm available for lease

CB1, 22 Cordelia Street, South Brisbane, QLD – 89% occupied, 1,382 sqm available for lease

## Appendix 15: Top five office properties/property groups by value

**59%**  
of office portfolio

**\$1,298.3m**  
total value of top five  
properties / property groups

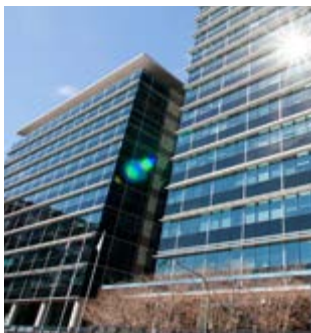
**5.9yrs**  
weighted average  
lease expiry

**3.6%**  
weighted average  
rent review<sup>2</sup>



**SW1 Complex,  
South Brisbane, QLD**  
(5 properties)

Book value: **\$358.0m**  
Cap rate: **6.0%**  
WALE: **5.2 years**  
% of office portfolio: **16%**  
Occupancy: **95%**<sup>1</sup>  
Lettable area: **37,536 sqm**  
Site area: **23,247 sqm**  
Major tenants: **Jacobs  
Group, Downer**



**1 Charles St,  
Parramatta, NSW**

Book value: **\$310.0m**  
Cap rate: **5.8%**  
WALE: **5.9 years**  
% of office portfolio: **14%**  
Occupancy: **100%**<sup>1</sup>  
Lettable area: **32,356 sqm**  
Site area: **6,460 sqm**  
Sole tenant: **NSW Police**



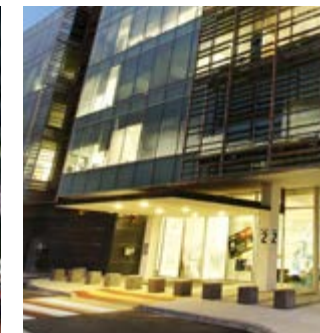
**Sydney Olympic Park,  
NSW (4 properties)**

Book value: **\$265.8m**  
Cap rate: **6.1%**  
WALE: **4.1 years**  
% of office portfolio: **12%**  
Occupancy: **95%**<sup>1</sup>  
Lettable area: **36,198 sqm**  
Site area: **22,229 sqm**  
Major tenants: **Samsung  
Electronics, Lion**



**75 Dorcas St,  
South Melbourne, VIC**

Book value: **\$190.0m**  
Cap rate: **5.8%**  
WALE: **3.4 years**  
% of office portfolio: **9%**  
Occupancy: **100%**<sup>1</sup>  
Lettable area: **23,811 sqm**  
Site area: **9,632 sqm**  
Major tenant: **ANZ Banking  
Group**



**Bldgs 1, 2, & 3, 572-576  
Swan St, Richmond, VIC**  
(4 properties, incl. car park)

Book value: **\$174.6m**  
Cap rate: **5.3%**  
WALE: **13.8 years**  
% of office portfolio: **8%**  
Occupancy: **100%**<sup>1</sup>  
Lettable area: **24,511 sqm**  
Site area: **29,048 sqm**  
Major tenants: **Country  
Road Group**

1. Occupancy is for office space and may exclude a small number of vacant car spaces.

2. Assumes CPI change of 2.1% per annum as per Australian Bureau of Statistics release for FY18.



# Appendix 16: Top five industrial properties/property groups by value

79%

of industrial portfolio

\$910.7m

total value of top five  
properties / property groups

5.1yrs

weighted average  
lease expiry

2.7%

weighted average  
rent review<sup>1</sup>



**Woolworths  
Distribution Centres**  
(4 properties)

Book value: **\$540.2m**

Cap rate: **6.5%**

WALE: **4.5 years**

% of industrial portfolio: **47%**

Occupancy: **100%**

Lettable area: **282,041 sqm**

Site area: **928,336 sqm**

Sole tenant: **Woolworths**



**Linfox properties,  
Erskine Park, NSW**  
(3 properties)

Book value: **\$149.8m**

Cap rate: **5.9%**

WALE: **4.9 years**

% of industrial portfolio: **13%**

Occupancy: **100%**

Lettable area: **58,077 sqm**

Site area: **195,490 sqm**

Sole tenant: **Linfox**



**Melbourne Airport  
industrial properties, VIC**  
(6 properties)

Book value: **\$105.1m**

Cap rate: **8.1%**

WALE: **6.3 years**

% of industrial portfolio: **9%**

Occupancy: **100%**

Lettable area: **139,679 sqm**

Site area: **250,660 sqm**

Major tenants: **Australia  
Post, Laminex Group**



**Knoxfield industrial  
properties, VIC**  
(3 properties)

Book value: **\$67.8m**

Cap rate: **6.2%**

WALE: **6.0 years**

% of industrial portfolio: **6%**

Occupancy: **100%**

Lettable area: **37,694 sqm**

Site area: **68,389 sqm**

Major tenant: **Brown &  
Watson International**



**Perth Airport industrial  
properties, WA**

Book value: **\$47.9m**

Cap rate: **7.7%**

WALE: **6.3 years**

% of industrial portfolio: **4%**

Occupancy: **90%**

Lettable area: **31,965 sqm**

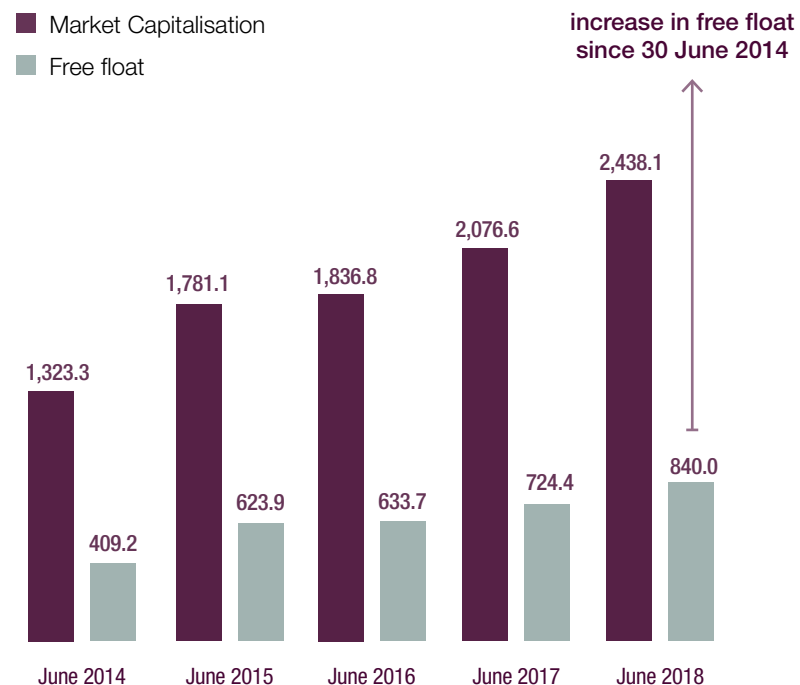
Site area: **57,617 sqm**

Major tenants: **Mainfreight  
Distribution, Linton  
Street**

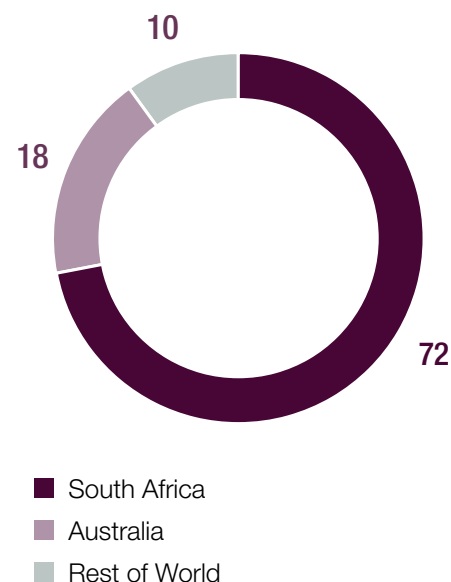
1. Assumes CPI change of 2.1% per annum as per Australian Bureau of Statistics release for FY18.

# Appendix 17: Equity capital overview

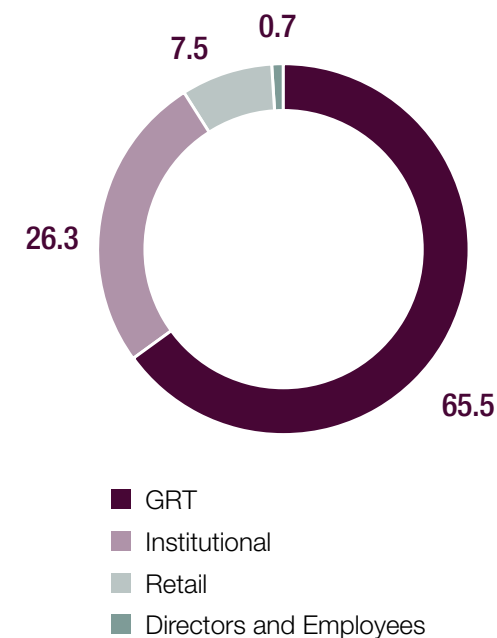
## Market capitalisation and free float (\$m)



## Location of Growthpoint Securityholders<sup>1</sup> (%) as at 30 June 2018



## Growthpoint Securityholders<sup>1</sup> (%) as at 30 June 2018



1. Figures are approximate and based on beneficial ownership.

# Appendix 18: Growthpoint Properties Limited - South Africa (GRT)<sup>1</sup>

Growthpoint Properties Limited of South Africa (“GRT”) owns 65.5% of the securities of Growthpoint (at 30 June 2018) and is its major Security holder.

## Other information about GRT

- Included in the JSE Top 40 Index
- Top ten constituent of FTSE EPRA / NAREIT Emerging Index
- Included in the FTSE/JSE Responsible Investment Index, FTSE4Good Index and the Dow Jones Sustainability Index
- Underpinned by high-quality, physical property assets, diversified across sectors (Retail, Office and Industrial)
- 15-year track record of uninterrupted dividend growth
- Sustainable quality of earnings that can be projected with a high degree of accuracy
- Well capitalised and conservatively geared

- Good corporate governance with transparent reporting
- Proven management track record
- Recipient of multiple sustainability, governance and reporting awards
- Baa3 global scale rating from Moody's

## As of 31 December 2017 Growthpoint represents:

- 24.5% of GRT's gross property assets
- 23.1% of GRT's net property income
- 14.2% of GRT's total distributable income

## Key Facts (as at 31 December 2017)<sup>1</sup>

<b>Listing</b>	GRT is listed on the Johannesburg Stock Exchange (JSE)
<b>Ranking on the JSE</b>	21 by market capitalisation
<b>Closing exchange rate used</b>	AUD:ZAR=9.66
<b>Market capitalisation</b>	R80.4 / AUD8.3B
<b>Gross assets</b>	R127.7B / AUD13.2B
<b>Net assets</b>	R96.0B / AUD10.0B
<b>Gearing (SA only)</b>	33.8%
<b>Distributable Income</b>	R2.9B/ AUD282m (for the 6 month period using an average exchange rate of R10.45 / AUD)
<b>ICR (SA only)</b>	3.4 times
<b>No. of employees (SA only)</b>	620
<b>Properties</b>	463 properties in South Africa, including 50% ownership of the prestigious V&A Waterfront. 39 Properties in Eastern Europe, 19 in Romania and 20 in Poland, through its 29% holding of AIM listed Globalworth Real Estate Investments Ltd

1. All information supplied by GRT (figures as at 31 December 2017).

# Appendix 19: Board of Directors



**1. Geoffrey Tomlinson (70)**  
BEC  
Independent Chairman (since 1 July 2014) and Director (since 1 September 2013)

Over 45 years' experience in the financial services industry.

**Committees:** Audit, Risk & Compliance and Nomination, Remuneration & HR

**Current Australian directorships of listed public companies<sup>1</sup>:** IRESS Limited

**2. Timothy Collyer (50)**  
B.Bus (Prop), Grad Dip Fin & Inv, AAPI, F Fin, MAICD  
Managing Director (since 12 July 2010)

Over 29 years' experience in A-REITs and unlisted property funds, property investment, development and valuations.

**Current Australian directorships of listed public companies<sup>1</sup>:** Nil

1. In addition to Group entities.
2. Not deemed independent as South African CEO of Growthpoint Properties Limited (GRT).
3. Not deemed independent as Chairman of GRT.
4. Not deemed independent as Group CEO of GRT.

**3. Maxine Brenner (56)**  
BA, LLB  
Independent Director (since 19 March 2012)

Maxine has over 27 years' experience in corporate advisory, mergers and acquisition, financial and legal advisory work.

**Committees:** Audit, Risk & Compliance (Chair)

**Current Australian directorships of listed public companies<sup>1</sup>:** Orica Limited, Origin Energy Limited and Qantas Airways Limited

**4. Estienne de Klerk (49)**  
BCom (Industrial Psych), BCom (Hons) (Marketing), BCom (Hons) (Acc), CA (SA)  
Director<sup>2</sup> (since 5 August 2009)

Over 21 years' experience in banking and property finance and over 15 years' in the listed property market.

**Committees:** Audit, Risk & Compliance

**Current Australian directorships of listed public companies:** Nil

**5. Grant Jackson (52)**  
Assoc. Dip. Valuations, FAPI  
Independent Director (since 5 August 2009)

Over 32 years' experience in the property industry, including 28 years as a qualified valuer.

**Committees:** Audit, Risk & Compliance

**Current Australian directorships of listed public companies<sup>1</sup>:** Nil

**6. Francois Marais (63)**  
BCom, LLB, H Dip (Company Law)  
Director<sup>3</sup> (since 5 August 2009)

Over 27 years' experience in the listed property market.

**Committees:** Nomination, Remuneration & HR

**Current Australian directorships of listed public companies:** Nil

**7. Norbert Sasse (53)**  
BCom (Hons) (Acc), CA (SA)  
Director<sup>4</sup> (since 5 August 2009)

Over 22 years' experience in corporate finance and over 15 years' experience in the listed property market.

**Committees:** Nomination, Remuneration & HR (Chair)

**Current Australian directorships of listed public companies:** Nil

**8. Josephine Sukkar AM (54)**  
BSc (Hons), Grad Dip Ed  
Independent Director (since 1 October 2017)

Over 28 years' experience in the construction industry.

**Committees:** Nomination, Remuneration & HR

**Current Australian directorships of listed public companies:** Nil





## Appendix 20: 2018 Securityholder calendar\*

### 16 August 2018

- Results for the full year ended 30 June 2018 announced to ASX

### 31 August 2018

- Distribution paid for the half year ending 30 June 2018
- FY18 Annual Report sent to Securityholders

### 18 October 2018

- Investor Update released to ASX

### 21 November 2018

- Annual General Meeting

\* Dates indicative and subject to change by the Board.

# Glossary

**A-REIT** Australian Real Estate Investment Trust

**ASX** Australian Securities Exchange

**bn** billion

**Baa2** a debt rating issued by Moody's equivalent to BBB issued by S&P. The Moody's system runs from highest to lowest Aaa Aa A Baa Ba B Caa Ca C with the numbers 1-3 denominating modifiers of this rating i.e. Baa2 is higher than Baa3 or Ba1.

**bps** one hundredth of one percentage point (used chiefly in expressing differences of interest rates)

**Board** the board of directors of the Company

**CAGR** compound annual growth rate

**CY16, CY17** the calendar year ended 31 December in the year listed i.e. "CY17" means the calendar year ended 31 December 2017

**Capex** capital expenditure

**Cap rate** in full, "capitalisation rate". Refers to the market income produced by an asset divided by its value or cost

**Company** Growthpoint Properties Australia Limited

**CPI** consumer price index

**cps** cents per security

**dps** distribution per security

**Funds From Operations (FFO)** the net profit available for distribution from the Group which excludes accounting adjustments such as fair value movements to the value of investment property, investment in securities and interest rate swaps, depreciation, profits or losses on sale of investment properties, deferred tax and amortisation of tenant incentives.

**FY14, FY15, FY16, FY17 and FY18** the 12 months ended on 30 June in the year listed i.e. "FY18" means the 12 months ended 30 June 2018

**FY19, FY20, FY21, FY22 and FY23** the 12 months ending on 30 June in the year listed i.e. "FY19" means the 12 months ending 30 June 2019

**freefloat** securities considered available for trading on the ASX. For Growthpoint, this is the market capitalisation less securities held by GRT in accordance with S&P's released guidelines

**Gearing** interest bearing liabilities less cash divided by total assets less cash

**GMF** previously GPT Metro Office Fund which traded on the ASX as GMF (renamed Growthpoint Metro Office Fund)

**GOZ** the ASX trading code that Growthpoint trades under

**Growthpoint or the Group** Growthpoint Properties Australia comprising the Company, the Trust and its controlled entities

**Growthpoint SA or GRT** Growthpoint Properties Limited of South Africa (Growthpoint's majority Securityholder) which trades on the JSE under the code "GRT"

**ICR** Interest coverage ratio

**IRR** internal rate of return. Provides the annual return of a property before gearing and corporate costs

**JSE** Johannesburg Stock Exchange

**kW** kilowatt

**NABERS** National Australian Built Environment Rating System (a national system for measuring environmental performance of buildings)

**NLA** net lettable area

**NPI** net property income

**NTA** net tangible assets

**m** million

**MER** management expense ratio comprising all the Group's costs other than interest divided by the average gross assets for the year

**MW** Megawatt Unit of power equal to one million watts

**REIT** real estate investment trust

**Securityholder** an owner of Growthpoint securities

**S&P** Standard & Poor's

**sqm** square metres

**tCO2-e** Tonnes of carbon dioxide equivalents. The universal unit of measurement to indicate the global warming potential of greenhouse gases

**Trust** Growthpoint Properties Australia Trust

**USPP** United States Private Placement

**WADM** weighted average debt maturity

**WALE** weighted average lease expiry

**WARR** weighted average rent review

# Important information

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