

Property Portfolio overview



Michael Green
Chief Investment Officer



26

Office properties
– equal to 26 at
30 June 2017



31

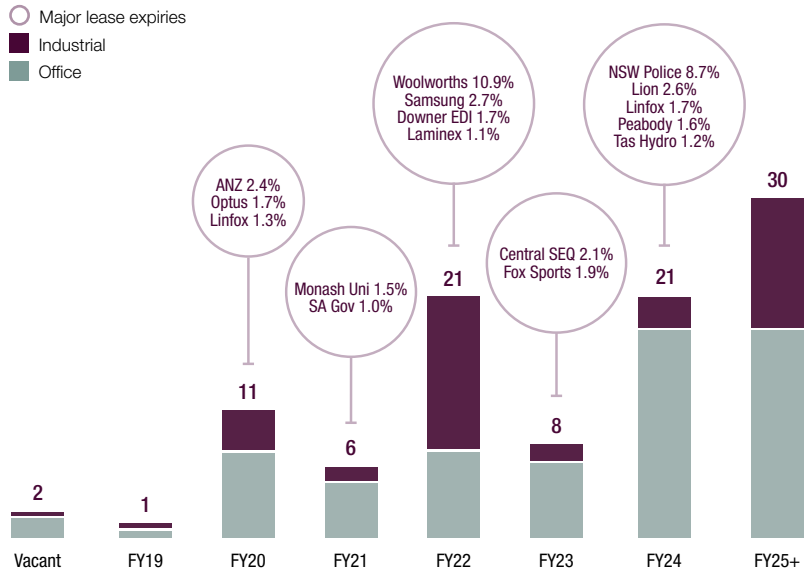
Industrial properties
– down from 32 at
30 June 2017



98%

Portfolio occupancy
– down from 99% at
30 June 2017

Portfolio lease expiry profile (%) per financial year, by income



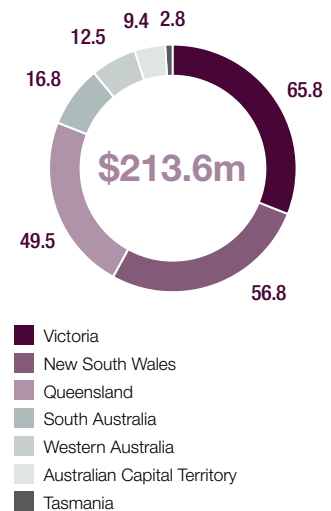
Top ten tenants

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
Total / weighted Average	49	5.9
Balance of portfolio	51	4.7
Total portfolio	100	5.3

NPI per State / Territory (\$m)

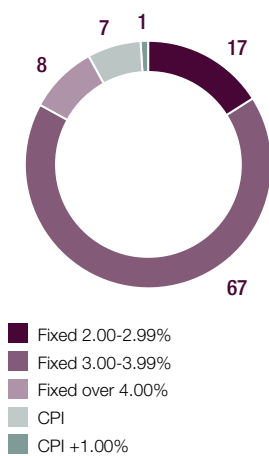
for the year ended 30 June 2018



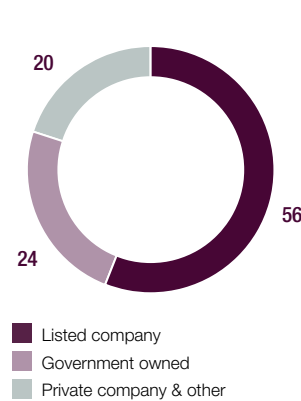
Five year performance summary

As at 30 June		2018	2017	2016	2015	2014
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 ¹	<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

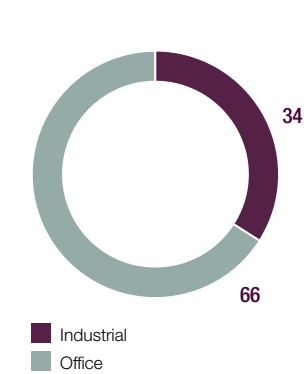
Annual rent review type² (%)
as at 30 June 2018



Tenant type (%)
by income, as at 30 June 2018



Sector diversity (%)
by property value, as at 30 June 2018

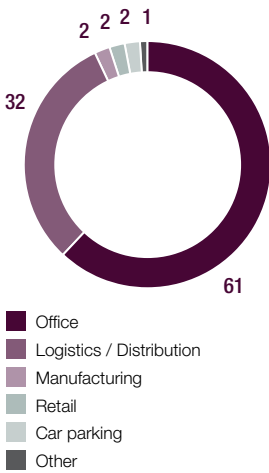


1. Assumes CPI change of 2.1% per annum as per Australian Bureau of Statistics released for FY18.

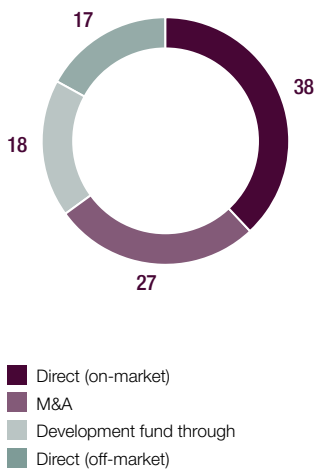
2. Leases that have a minimum lease increase, typically 3%, or CPI are shown as the minimum fixed rate for the above.

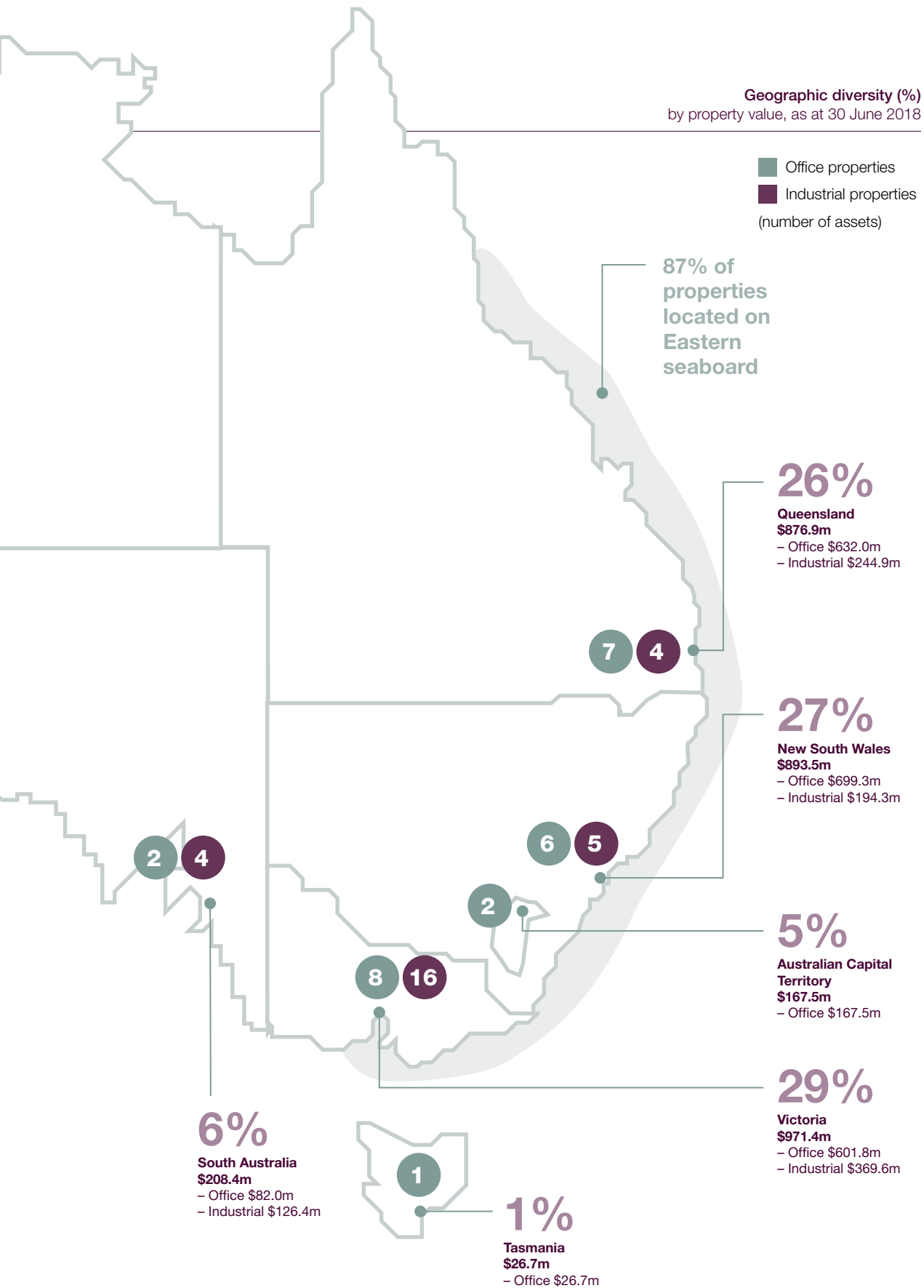
Property Portfolio overview continued

Tenant use (%)
as at 30 June 2018



Acquisition method (%)
since inception, as at 30 June 2018





Office Portfolio Review



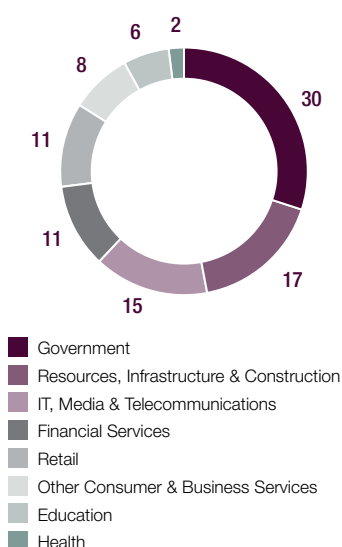
Office portfolio key statistics

(as at 30 June 2018)

- **\$2,209.3 million** total value
- **286,430 sqm** total lettable area
- **6.0%** weighted average capitalisation rate
- **66%** of total property portfolio
- **98%** occupancy
- **5.5 year** WALE
- **3.5%** WARR
- **26** assets

Tenants by Industry (%)

by income, as at 30 June 2018



Summary

Growthpoint's office portfolio achieved valuation like-for-like growth of \$132.4 million (6.4%) over FY18, additional leasing of 17,092 sqm and maintained occupancy at 98%.

The main drivers for office demand remained positive in FY18, with solid employment growth and business confidence and conditions tracking above long run averages. Most major office markets recorded positive net absorption over the period, leading to downward pressure on incentives and rent growth in most Eastern seaboard office markets.

Acquisitions

After a significant transactional year in FY17, there were no direct office transactions made in the year to 30 June 2018.

Post-balance date on 18 July 2018 Growthpoint entered into transaction documents for the acquisition of 836 Wellington Street, West Perth for \$91.3 million reflecting a market yield of 6.25%. The property is 100% leased to the Commonwealth of Australia (Department of Home Affairs) with a remaining lease term of 8.3 years¹ and annual fixed rent reviews of 3.75%. Built in 2009, the property is a modern A-Grade office building consisting of 11,973 sqm over 6 floors with 138 secured car bays. The building has strong environmental credentials with a 5.5 Star NABERS Energy rating and a 4 Star NABERS Water rating.

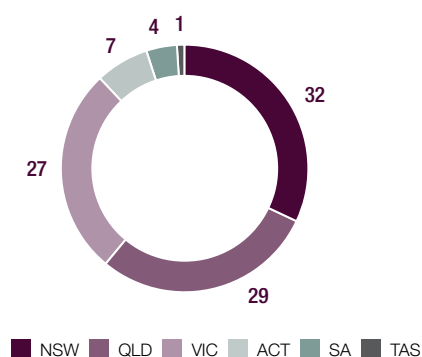
Leasing

FY18 was another successful period of leasing for Growthpoint with 6.0% of total office portfolio lettable area leased over the year. Highlights include:

- › Renewal of lease to Westpac Banking Corporation at 7 Laffer Drive, Bedford Park, South Australia for a further 7 years. The lease renewal to Westpac begins in July 2018 and comprises 6,343 sqm with fixed rent increases of 3.00% per annum.

Geographic diversity (%)

by property value, as at 30 June 2018



Top ten office tenants

by passing rent, as at 30 June 2018

	WALE %	WALE (yrs)
NSW Police	13	5.9
Commonwealth of Australia	8	7.8
Country Road Group	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
Total / weighted Average	52	6.4
Balance of portfolio	48	4.4
Total portfolio	100	5.5

1. From October 2018.

Property team



Andrew Kirsch
Asset Manager



Cathy Ciurlino
Asset Manager



Nathan Lansell
Manager – Analytics & Valuations



Office Portfolio Review continued

Leasing (continued)

- Further leasing success at 333 Ann Street, Brisbane, Queensland brings total occupancy to 95%, from 44% at 30 June 2015. LGIA Super signed a new 10 year lease comprising 867 sqm in addition to extending their existing lease of 1,734 sqm by over 3 years.
- A new lease at 109 Burwood Road, Hawthorn, Victoria to Flow Power who committed to 1,193 sqm for 5 years from March 2018. The lease to Flow Power provides for fixed rent increases of 3.75% per annum.

Growthpoint's major tenants in Buildings 1 and 2 within the Botanica Corporate Park in Richmond, Country Road/David Jones, have commenced moving into their new national headquarters. Building 1's fitout is complete and being occupied by 700 employees, while fitout works have commenced on Building 2 with completion expected in September 2018.

Valuation

Continued investor appetite for office assets along Australia's Eastern seaboard and improving market rent fundamentals resulted in valuation increases across Growthpoint's office portfolio. Since 30 June 2017, the value of the office property portfolio (excluding acquisitions and disposals) increased by \$132.4 million or 6.4% on a like-for-like basis. The weighted average capitalisation rate across the office portfolio tightened from 6.3% to 6.0%.

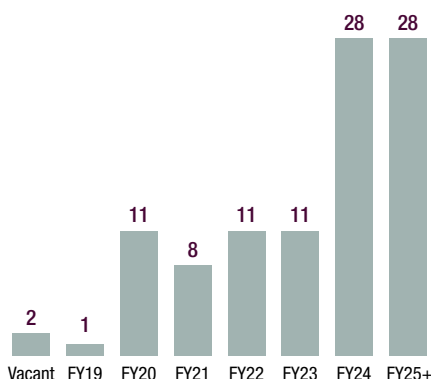
Valuation highlights include:

- 109 Burwood Rd, Hawthorn, Victoria (\$16.8 million or 18.8% increase);
- Building 2, 572-576 Swan St, Richmond, Victoria (\$9.7 million or 12.0% increase); and
- 7 Laffer Dr, Bedford Park, South Australia (\$4.5 million or 29.0% increase).

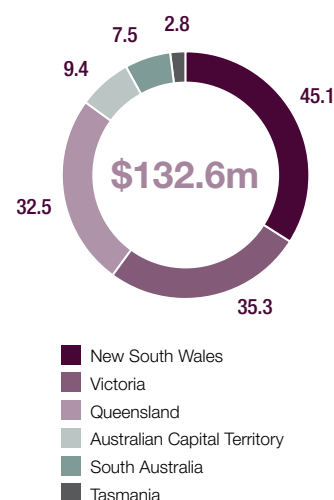
Five year performance summary - office portfolio

As at 30 June		2018	2017	2016	2015	2014
Portfolio value	\$m	2,209.3	2,180.4	1,596.2	1,206.6	1,049.8
Total properties	no.	26	26	20	17	16
Weighted average cap rate	%	6.0	6.3	6.8	7.3	7.8
% of Growthpoint portfolio	%	66	66	56	51	50
Occupancy	%	98	98	98	94	97
WALE	years	5.5	6.5	7.8	6.8	6.5
Total lettable area	sqm	286,430	299,955	235,389	191,953	179,175
Average rent (per sqm, per annum)	\$	547	540	533	538	516
NPI	\$m	132.6	136.8	87.8	87.1	65.8
WARR	%	3.5	3.5	3.4	3.2	3.5

Portfolio lease expiry profile (%) per financial year, by income

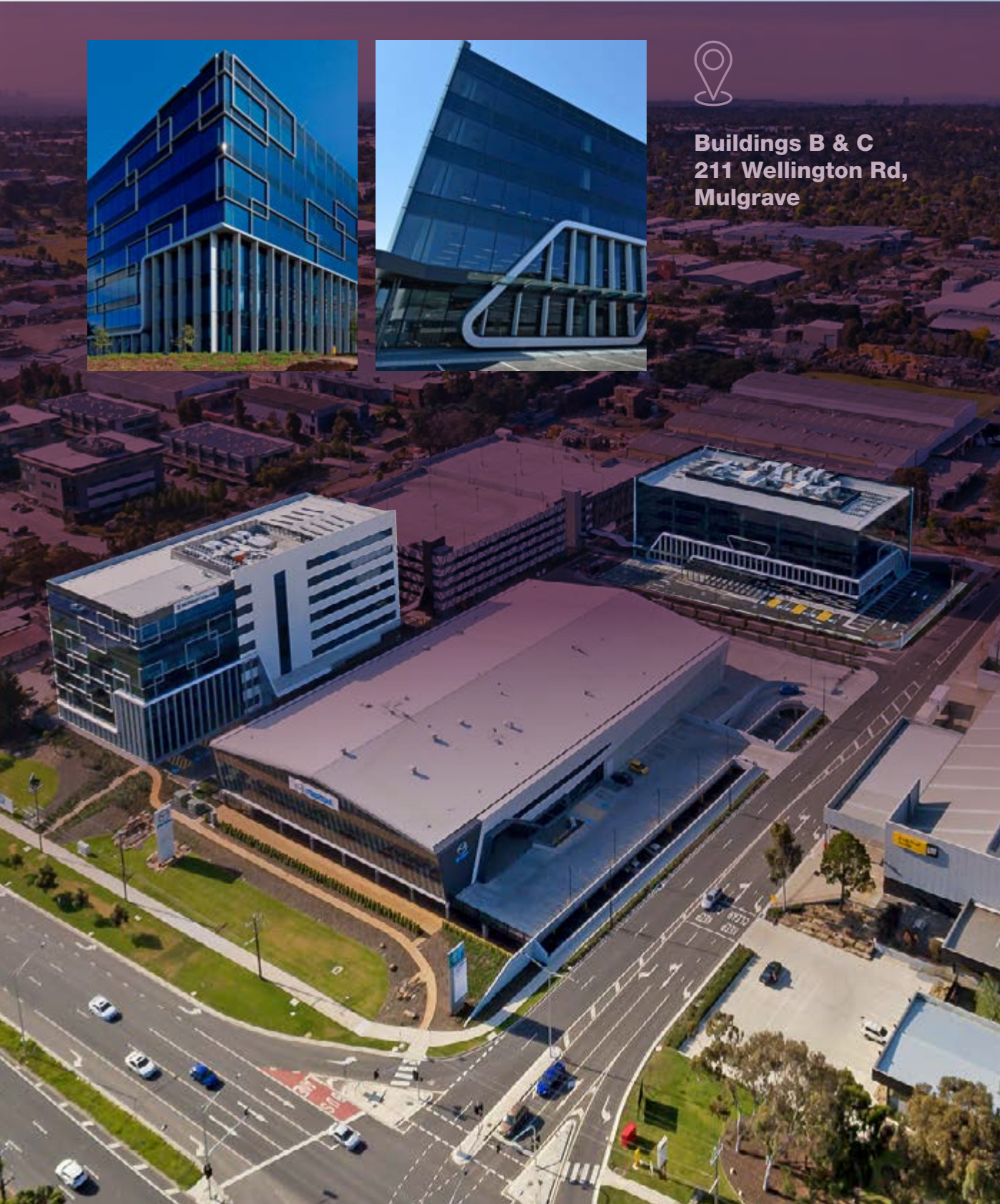


NPI per State / Territory (\$m) for the year ended 30 June 2018





Buildings B & C
211 Wellington Rd,
Mulgrave



Industrial Portfolio Review

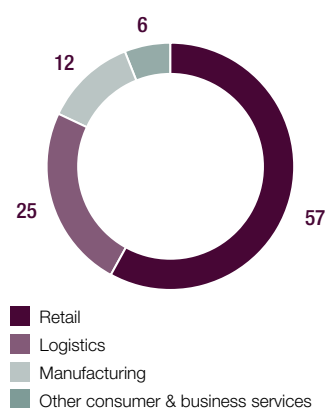


Industrial portfolio key statistics

(as at 30 June 2018)

- **\$1,146.8 million** total value
- **717,014 sqm** total lettable area
- **6.6%** weighted average capitalisation rate
- **34%** of total property portfolio
- **99%** occupancy
- **4.9 year** WALE
- **2.8%** WARR
- **31** assets

Tenants by Industry (%)
by income, as at 30 June 2018



Summary

FY18 was a busy year for Growthpoint's industrial portfolio, with a number of significant transactions and leasing activity contributing to a solid underlying performance. Industrial remains a highly sought-after segment of the property market, both from the perspective of tenancy with new online e-commerce business entering the market, and from domestic and offshore investors with an appetite for well-located assets. This high level of interest was reflected in another strong period of like-for-like valuation growth of \$61.4 million, or 5.9%, excellent leasing outcomes to high quality tenants (over 115,340 sqm leased) and occupancy high at 99%.

The main drivers of industrial demand remain largely positive, with solid export levels, strong population growth and continued growth in e-commerce retail. Plans for major infrastructure investment by State and Federal governments with a focus on transport infrastructure, particularly in New South Wales and Victoria is also expected to be a long-term driver of demand.

Acquisitions and Divestments

Growthpoint was involved in two major industrial transactions over FY18, both of which generated positive outcomes for the Group:

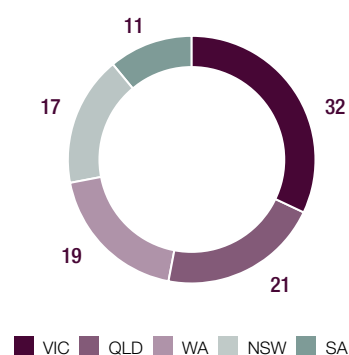
Sale of 522-550 Wellington Road, Mulgrave, Victoria

In November 2017, Growthpoint announced it had entered into contracts for the sale of 522-550 Wellington Road, Mulgrave, Victoria for \$90.75 million, representing a 37.7% premium to the 30 June 2017 book valuation of \$65.9 million. The income yield on the sale price was a record 5.2% per annum for a Woolworths distribution centre. The sale of Mulgrave was a particularly favourable outcome for Growthpoint's Securityholders and an endorsement of the Group's highly desirable property portfolio.

The sale was consistent with management's stated intention which was to seek to realise material upside in the sale of assets with future development potential to a higher and better use.

Geographic diversity (%)

by property value, as at 30 June 2018



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
Total / weighted Average	76	5.0
Balance of portfolio	24	4.8
Total portfolio	100	4.9

Property team



Andrew Fitt
Senior Asset Manager



Julian Smith
Asset Manager



Jeanette Otto
Analyst



Industrial Portfolio Review continued

Acquisitions and Divestments (continued)

Acquisition of \$46 million industrial portfolio at Perth Airport

In July 2017, Growthpoint announced it had exchanged contracts for the acquisition of four adjoining, modern industrial warehouses at 36 and 58 Tarlton Crescent and 2 and 10 Hugh Edwards Drive, Perth Airport, Western Australia for \$46 million, providing an initial passing yield of 8.13%.

The properties are leased to high quality tenants, with an attractive WALE and were at a compelling yield relative to yields for recent comparable transactions on Australia's Eastern seaboard. The assets are located near the Group's sole existing property in Western Australia, being a Woolworths distribution centre at Perth Airport.

Leasing

Several significant leasing transactions were achieved in FY18, the highlights of which were:

- > In March 2018, the Group finalised a 5 year lease renewal to Australian Postal Corporation at 40 Annandale Road, Melbourne Airport, Victoria. The lease covers a lettable area of 44,424 sqm with 86 car spaces and annual rent increases of 3.75%
- > On 1 August 2017, the Group leased 101-111 South Centre Road, Melbourne Airport, Victoria to Direct Couriers. The 14,082 sqm office/warehouse was leased for 10.2 years with annual rent increases to the greater of CPI and 3.5%

Valuation

The value of the industrial property portfolio increased by \$61.4 million or 5.9% over FY18 on a like-for-like basis.

The weighted average capitalisation rate across Growthpoint's industrial property portfolio is 6.6% at 30 June 2018 down from 6.9% at 30 June 2017.

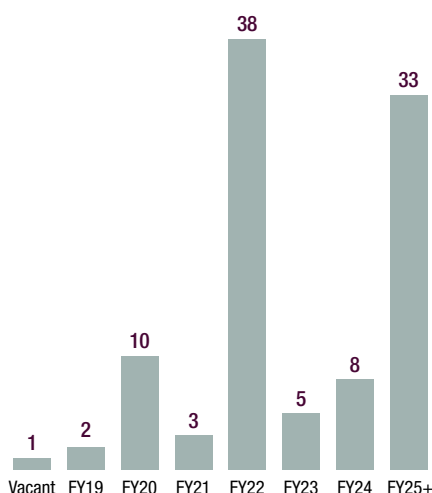
Valuation highlights include:

- > 70 Distribution Street, Larapinta, Queensland (\$15.0 million or 7.3% increase);
- > 20 Colquhoun Road, Perth Airport, Western Australia (\$11.0 million or 7.2% increase);

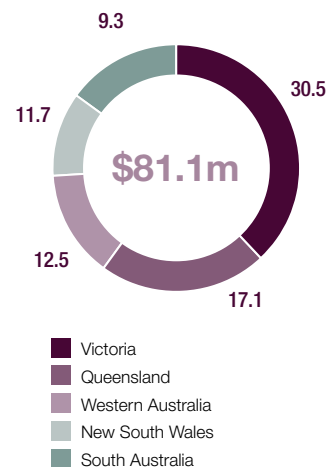
Five year performance summary - industrial portfolio

As at 30 June		2018	2017	2016	2015	2014
Portfolio value	\$m	1,146.8	1,103.4	1,236.3	1,165.9	1,043.9
Total properties	no.	31	32	38	36	35
Weighted average cap rate	%	6.6	6.9	7.1	7.3	8.0
% of Growthpoint portfolio	%	34	34	44	49	50
Occupancy	%	99	100	100	100	99
WALE	years	4.9	5.2	5.9	6.5	7.3
Total lettable area	sqm	717,014	756,381	874,156	858,658	857,565
Average rent (per sqm, per annum)	\$	116	110	109	104	99
NPI	\$m	81.1	86.5	93.4	84.7	82.9
WARR	%	2.8	2.8	2.7	2.7	2.9

Portfolio lease expiry profile (%) per financial year, by income



NPI per State / Territory (\$m) for the year ended 30 June 2018



- > 599 Main North Road, Gepps Cross, South Australia (\$5.6 million or 7.6% increase); and
- > 27-49 Lenore Drive, Erskine Park, New South Wales (\$5.3 million or 8.3% increase).



Perth CBD



Perth Industrial
Acquisition

