

Growthpoint Properties Australia (ASX Code: GOZ)

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)

# Goldman Sachs Small and Mid-Cap Conference

27 April 2017

**GROWTHPOINT**  
PROPERTIES



SPACE TO THRIVE



3 Murray Rose Avenue, Sydney Olympic Park, NSW

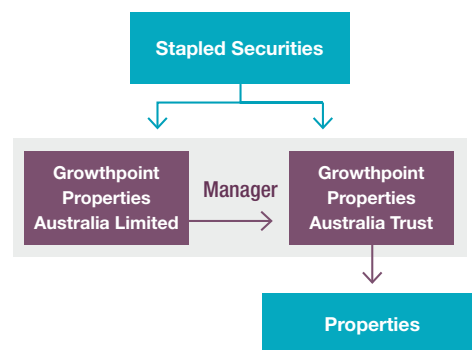
# Growthpoint Properties Australia: Overview

## 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 A\$3.1 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\$2.0 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 income 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 these assets for the medium to long term.

## The four pillars of our investment offering are:

### 1 100% investment in Australia

All of the Group'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 Group does not operate a property development business. It will likely continue to purchase properties to be developed, fund construction of developments, undertake capital improvements at its properties, or enter a joint venture where the Group becomes the owner of the property on completion.



### 3 No funds management

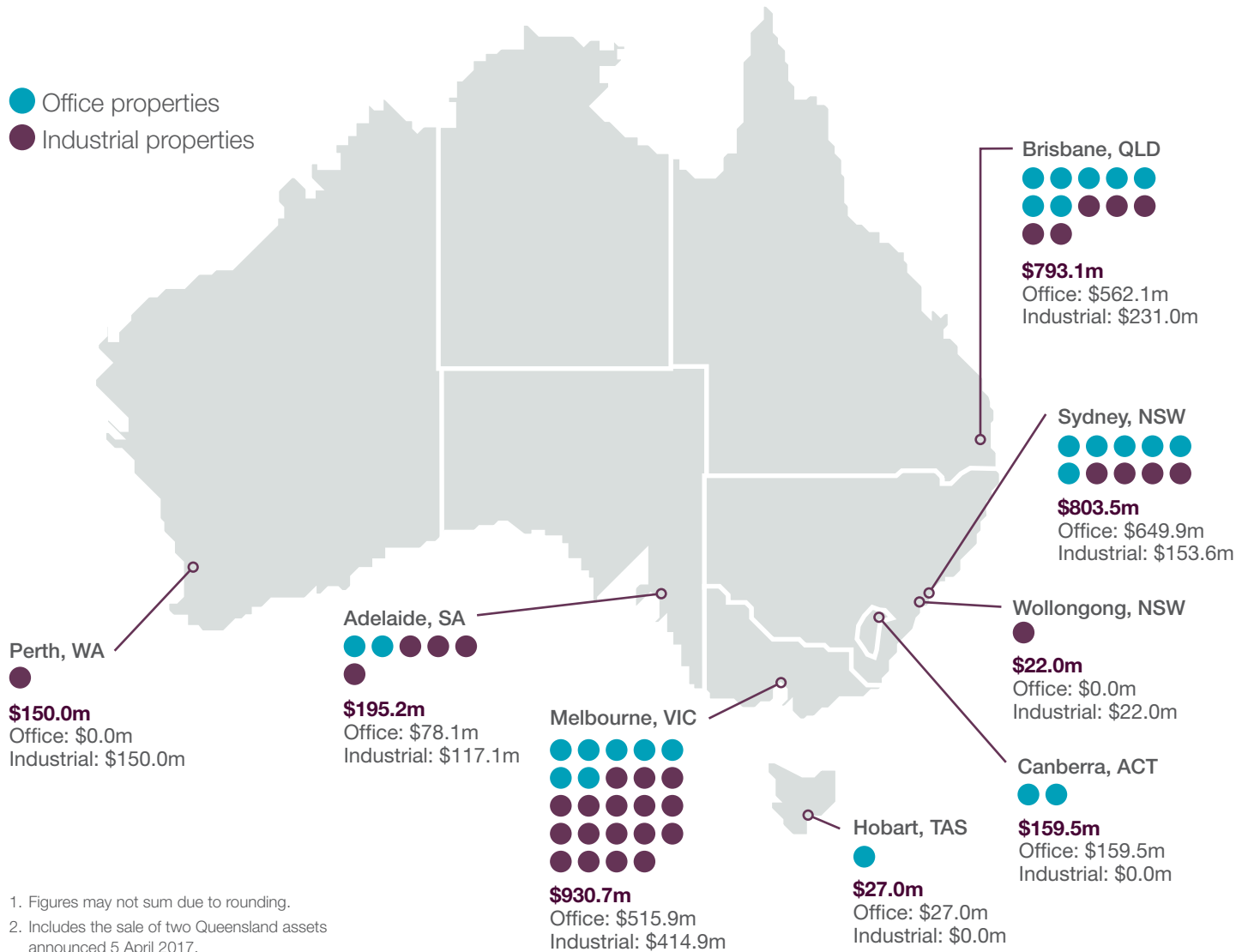
The Group does not have a funds management business nor does it intend to become a fund manager. The Group intends only to manage a portfolio of properties that it owns, and accordingly the Group's income is, and will continue to be, derived solely from rental income.

### 4 Internalised management

The Group 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.

# Portfolio overview: Geographic and sector diversity<sup>1,2</sup>

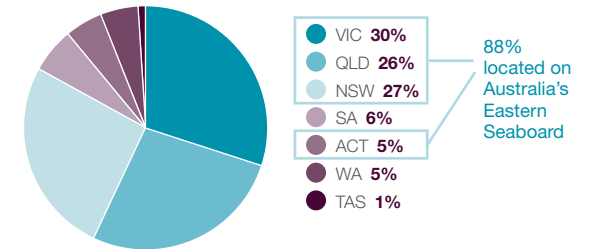
 Office properties  
 Industrial properties



1. Figures may not sum due to rounding.  
2. Includes the sale of two Queensland assets announced 5 April 2017.

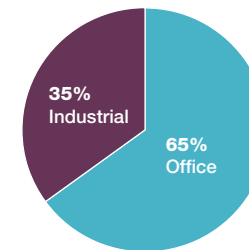
## Geographic diversity

by property value as at 31 March 2017



## Sector diversity

by property value as at 31 March 2017



25

Office properties – up from 19 at 31 Dec 2015

\$2.0b

valuation – up from \$1.4b at 31 Dec 2015 due to acquisitions and valuation growth



32

Industrial properties – down from 38 at 31 Dec 2015

\$1.1b

valuation – down from \$1.2b at 31 Dec 2015 due to sales



# Portfolio overview: Key metrics<sup>1</sup>

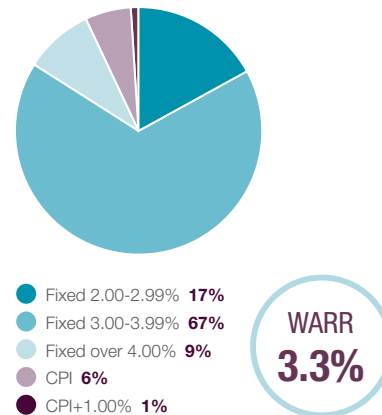
## Top ten tenants

by passing rent as at 31 March 2017

|   | %          | WALE (yrs) |
|---|------------|------------|
| Woolworths Limited                          | 17         | 5.6        |
| NSW Police                                  | 9          | 7.2        |
| Commonwealth of Australia                   | 5          | 9.1        |
| GE Capital Finance Australasia <sup>2</sup> | 5          | 14.0       |
| Linfox                                      | 4          | 6.2        |
| Samsung                                     | 3          | 5.0        |
| Lion  | 2          | 7.1        |
| ANZ Banking Group                           | 2          | 3.0        |
| Jacobs Group                                | 2          | 8.0        |
| Central SEQ Dist Retail                     | 2          | 6.2        |
| <b>Total / Weighted Average</b>             | <b>52</b>  | <b>7.1</b> |
| Balance of portfolio                        | 48         | 4.7        |
| <b>Total portfolio</b>                      | <b>100</b> | <b>6.2</b> |

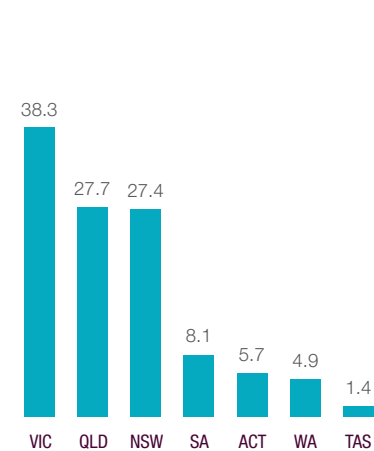
## Annual rent review type (%)\*

as at 31 March 2017



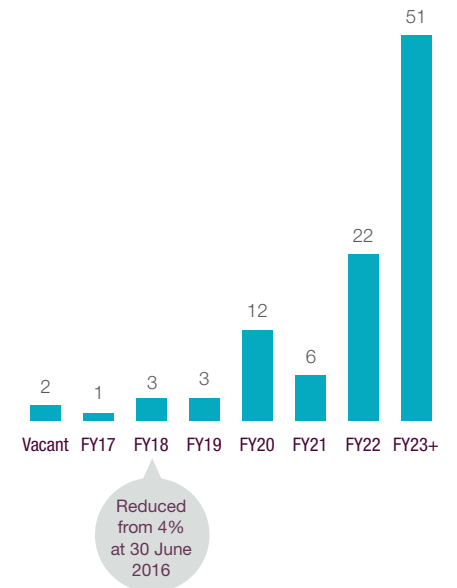
\* Leases that have a minimum lease increase, typically 3%, or CPI are shown as the minimum fixed rate for the above.

## Net property income per State / Territory for HY17 (\$m)



## Portfolio lease expiry profile (%)

per financial year, by income

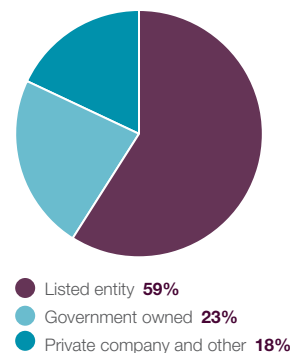


## Like-for-like NPI growth:

|              | Office | Industrial | Total |
|--------------|--------|------------|-------|
|              | %      | %          | %     |
| HY16 to HY17 | 4.9    | 1.2        | 3.1   |
| 2H16 to HY17 | 0.3    | 2.0        | 1.2   |
| CY15 to CY16 | 0.1    | 2.2        | 1.1   |

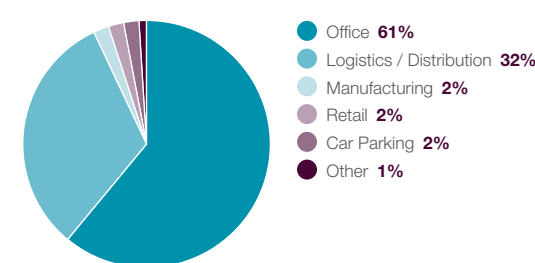
## Tenant type (%)

by income as at 31 March 2017



## Tenants use (%)

by income as at 31 March 2017



**New tenants for this financial year include Lion, Samsung Electronics, Country Road / David Jones and the Workwear Group**

1. Includes the sale of assets as per ASX announcement dated 5 April 2017 and leasing updates as per announcements dated 10 April 2017 and 19 April 2017.

2. Leases to Country Road / David Jones, with a weighted average lease term from commencement of 14.5 years over two of the three buildings, will replace the existing lease to GE Capital Finance Australasia upon the lease expiry. The WALE listed reflects this.

# Development and capital expenditure

Growthpoint has an in-house capital projects and development team to enhance its existing investments.

Growthpoint has a potential pipeline of approximately \$200 million of major capital improvement projects over the next five years, subject to tenant pre-commitment.

Potential projects include:

- Building 3, 572-576 Swan Street, Richmond, Victoria – **new office development**
- Building 5, 572-576 Swan Street, Richmond, Victoria – **new retail development**
- 5/7a Viola Place, Brisbane Airport, Queensland – **industrial expansion**
- 34 Reddalls Road, Kembla Grange, New South Wales – **industrial expansion**
- 60 Annandale Road, Melbourne Airport, Victoria – **industrial expansion**
- 599 Main North Road, Gepps Cross, South Australia – **industrial expansion**

**The proposed capital improvement programme is expected to result in increased rental revenue, longer leases and associated valuation uplifts**



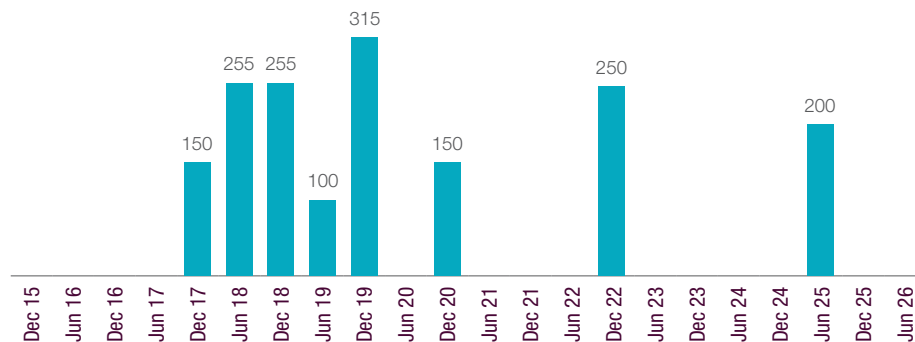
599 Main North Road, Gepps Cross, SA

# Debt Management: Gearing

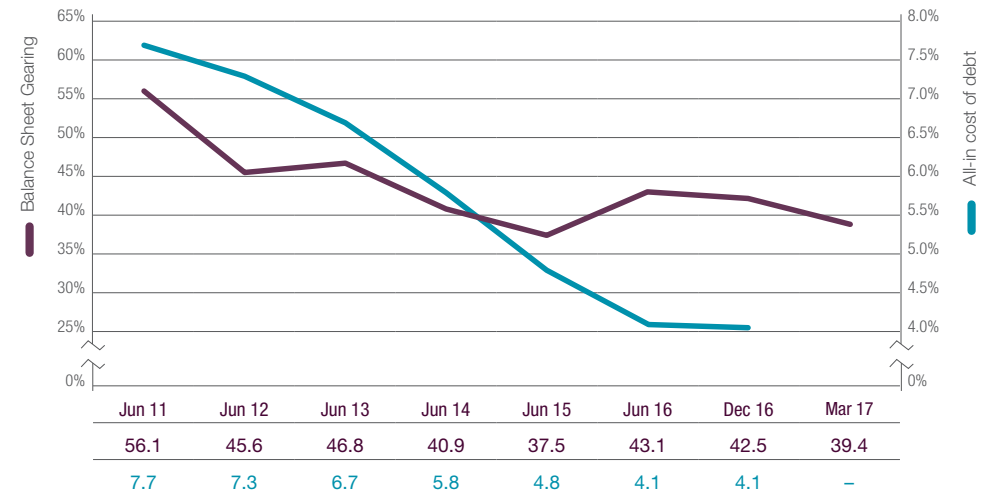
- Gearing and cost of debt reduced, debt maturity profile extended
- Current gearing of 39.4%<sup>2</sup> below midpoint of target range
- Targeting fixed/hedged debt between 75% and 100% of total drawn debt. Currently 81%<sup>1</sup>
- Weighted average debt term 5.3 years<sup>1</sup>

## Growthpoint debt maturity profile (A\$m)

as at 31 March 2017



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



Balance sheet gearing target range **35%-45%**

Weighted average debt term of

**5.3yrs<sup>1</sup>**

Balance sheet gearing of

**39.4%<sup>2</sup>**

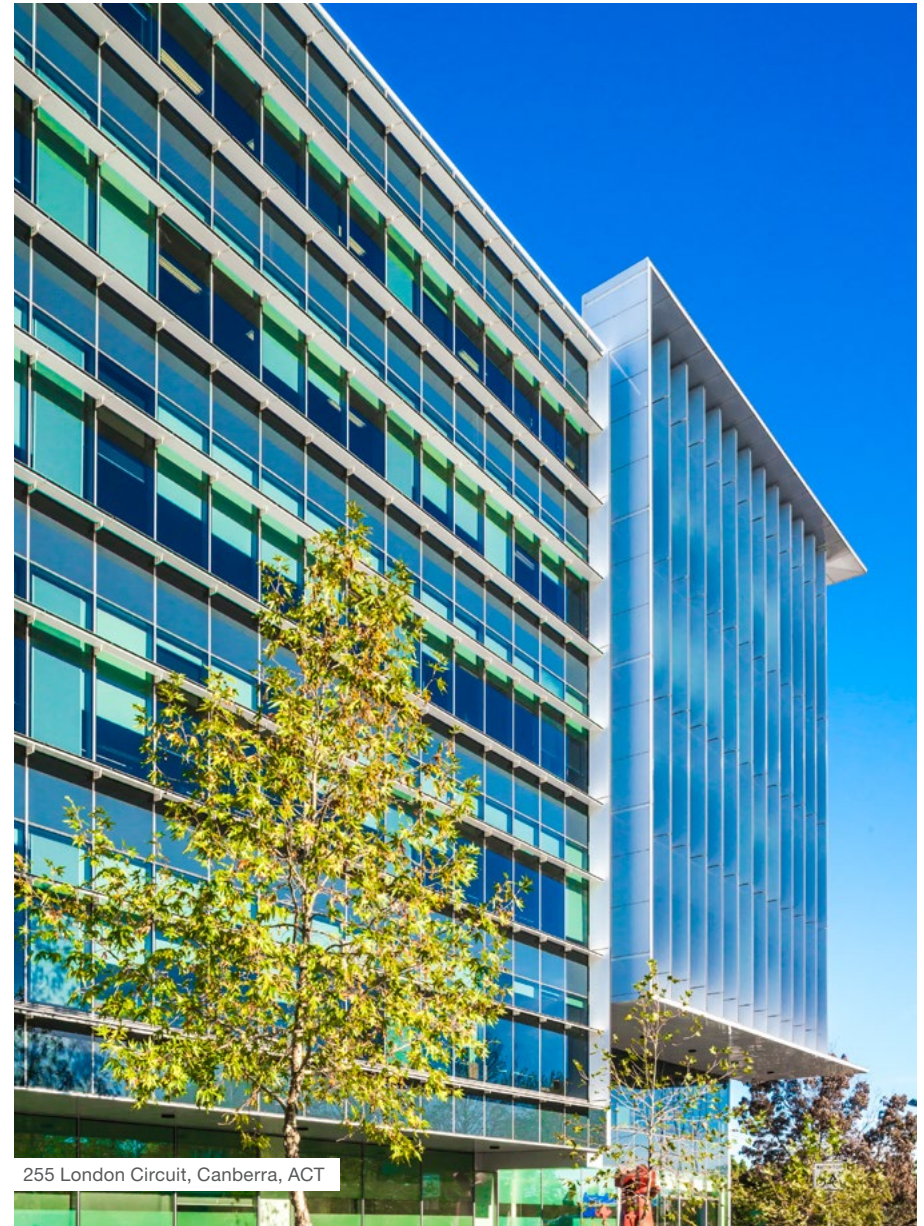
1. Following successful USPP transaction due to settle in June 2017. See ASX announcement dated 17 March 2017 for further information.

2. Includes asset sales as per ASX announcement dated 5 April 2017.



# Summary

- ✓ Stable and predictable income
- ✓ Asset diversity
- ✓ High quality tenants and robust occupancy
- ✓ Prudent and diligent approach to acquisitions
- ✓ Conservative financial policy
- ✓ Strong Securityholder support
- ✓ Strong Investment Grade Rating and stable outlook
- ✓ Experienced management







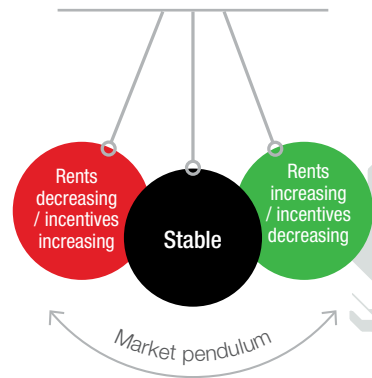
1 Charles Street, Parramatta, NSW

# Appendices



# Appendix 1: State of key office markets

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



**0% of Growthpoint Portfolio**

**Perth - CBD**

Vacancy 22.5%

|   | Prime      | Secondary  |
|---|------------|------------|
| R | \$575 net  | \$400 net  |
| I | 45%        | 45%        |
| Y | 7.00-8.00% | 8.00-9.00% |

**2% of Growthpoint Portfolio**

**Adelaide - Fringe**

Vacancy 11.3%

|   | Prime       | Secondary   |
|---|-------------|-------------|
| R | \$440 gross | \$345 gross |
| I | 18%         | 19%         |
| Y | 7.25-8.25%  | 8.00-8.75%  |

**0% of Growthpoint Portfolio**

**Adelaide - CBD**

Vacancy 16.2%

|   | Prime       | Secondary   |
|---|-------------|-------------|
| R | \$500 gross | \$380 gross |
| I | 29%         | 30%         |
| Y | 7.00-7.50%  | 8.00-9.25%  |

**0% of Growthpoint Portfolio**

**Melbourne - CBD**

Vacancy 6.4%

|   | Prime      | Secondary  |
|---|------------|------------|
| R | \$530 net  | \$370 net  |
| I | 28%        | 28%        |
| Y | 5.00-6.00% | 5.75-6.75% |

**13% of Growthpoint Portfolio**

**Melbourne - Fringe**

Vacancy 10.4%

|   | Prime      | Secondary  |
|---|------------|------------|
| R | \$410 net  | \$350 net  |
| I | 13%        | n/a        |
| Y | 5.75-6.25% | 7.00-7.50% |

**4% of Growthpoint Portfolio**

**Melbourne - SE Suburbs**

Vacancy 12.0%

|   | Prime      | Secondary  |
|---|------------|------------|
| R | \$265 net  | \$200 net  |
| I | 25%        | n/a        |
| Y | 6.50-7.50% | 7.50-8.00% |

**3% of Growthpoint Portfolio**

**Brisbane - CBD**

Vacancy 15.3%

|   | Prime       | Secondary   |
|---|-------------|-------------|
| R | \$700 gross | \$555 gross |
| I | 37%         | 40%         |
| Y | 6.00-7.10%  | 7.55-9.55%  |

**15% of Growthpoint Portfolio**

**Brisbane - Fringe**

Vacancy 12.6%

|   | Prime       | Secondary   |
|---|-------------|-------------|
| R | \$545 gross | \$440 gross |
| I | 36%         | 38%         |
| Y | 6.60-7.65%  | 7.75-9.10%  |

**10% of Growthpoint Portfolio**

**Sydney - Parramatta**

Vacancy 4.3%

|   | Prime       | Secondary   |
|---|-------------|-------------|
| R | \$560 gross | \$460 gross |
| I | 22%         | 25%         |
| Y | 6.50-7.00%  | 7.25-8.00%  |

**8% of Growthpoint Portfolio**

**Sydney Olympic Park**

Vacancy 7.7%

|   | Prime       |
|---|-------------|
| R | \$470 gross |
| I | 19%         |
| Y | 6.75-8.50%  |

**0% of Growthpoint Portfolio**

**Sydney - CBD**

Vacancy 6.2%

|   | Prime         | Secondary   |
|---|---------------|-------------|
| R | \$1,050 gross | \$750 gross |
| I | 27%           | 26%         |
| Y | 5.00-5.75%    | 6.00-6.75%  |

**5% of Growthpoint Portfolio**

**Canberra**

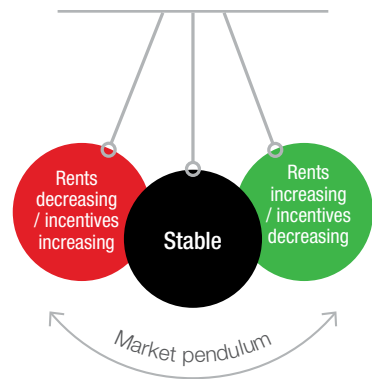
Vacancy 12.6%

|   | Prime       | Secondary   |
|---|-------------|-------------|
| R | \$445 gross | \$380 gross |
| I | 21%         | 27%         |
| Y | 7.00-7.50%  | 8.00-9.00%  |

Source: Knight Frank, Property Council of Australia, Growthpoint research

# Appendix 2: State of key industrial markets

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



**Perth** 5% of Growthpoint Portfolio  
 534,329sqm\*

|   | Prime      | Secondary   |
|---|------------|-------------|
| R | \$88 net   | \$64 net    |
| I | 8%         | 13%         |
| Y | 7.17-8.25% | 8.50-10.00% |

**Adelaide** 4% of Growthpoint Portfolio  
 n/a\*

|   | Prime    | Secondary |
|---|----------|-----------|
| R | \$98 net | \$64 net  |
| I | 10%      | 10%       |
| Y | 8.27%    | 9.59%     |

**Melbourne** 13% of Growthpoint Portfolio  
 Vacancy 4.5%

|   | Prime      | Secondary  |
|---|------------|------------|
| R | \$78 net   | \$62 net   |
| I | 20%        | 15%        |
| Y | 6.55-7.25% | 7.80-8.65% |

**Brisbane** 7% of Growthpoint Portfolio  
 Vacancy 8.9%

|   | Prime      | Secondary  |
|---|------------|------------|
| R | \$104 net  | \$84 net   |
| I | 10%        | 12%        |
| Y | 6.95-7.65% | 7.65-8.72% |

**Sydney** 6% of Growthpoint Portfolio  
 540,960sqm\*

|   | Prime      | Secondary  |
|---|------------|------------|
| R | \$134 net  | \$114 net  |
| I | 15%        | 10%        |
| Y | 6.15-7.00% | 7.15-8.10% |

Source: Knight Frank, Property Council of Australia, Growthpoint research

\*Vacancy rates (%) unavailable