



Investor Update. April 2019.

Growthpoint Properties Australia (ASX Code: GOZ)



Michael Green
Chief Investment Officer

Industrial the favoured global property sector

Industrial remains the favoured sector among global property investors, according to a survey of some of the largest property companies' CEOs at Citi's 2019 Global Property CEO Conference. CEO expectations are for industrial to experience the biggest growth in Net Operating Income globally in 2020 driven by growth in eCommerce, supply chain reconfiguration and rising competition in grocery.

In Australia, solid export levels, strong population growth and continued growth in eCommerce retail are spurring demand for logistics space, pushing up rents and driving valuations. State and Federal investment in transport infrastructure has also been a positive contributor to the industrial economy making it simpler and faster to move goods.

Online retail sales grew to a level equivalent to 9% of the traditional bricks and mortar retail sector (which totalled around \$321.54 billion in the year to January 2019 according to the Australian Bureau of Statistics)¹. Anecdotal evidence suggests that eCommerce operators require significantly more space (approximately 3 times) than traditional warehouses due to the need to stock a greater range of products which are

readily available². Consequently, eCommerce retailers have been amongst the largest takers of space within the Australian industrial market over recent years.

Leasing activity has been strongest along Australia's Eastern seaboard with the most active tenant groups being transport, postal and eRetailing businesses – all beneficiaries of growth in online shopping. Rents in Melbourne and Sydney, which represent half of Growthpoint's industrial portfolio, grew by 1.8%³ and 1.1%³ in the first quarter of 2019, respectively. Strong investor demand also saw yields compress by 25bps and 20bps respectively in those markets.

Growthpoint's industrial property

National Industrial Gross Take-up by Industry 1Q19



- Manufacturing 11%
- Retail Trade 35%
- Transport, Postal & Warehousing 19%
- Wholesale Trade 5%
- Other 30%

portfolio will increase in the second half of FY19 as it funds the expansion of Woolworth's South Australian head office and primary distribution centre servicing South Australia and the Northern Territory. The circa \$57 million expansion at Gepps Cross will include an extension of the existing temperature controlled and ambient warehouses, construction of a new recycling facility as well as other ancillary improvements. Growthpoint



Key metrics

as at 31 March 2019⁴

Total property portfolio value	\$3.8bn
Distribution guidance FY19	23.0cps
No. of properties	57
Office / Industrial	69% / 31%
Ave. property age	10.9 years
Occupancy	99%
WALE	5.1 years
WARR ⁵	3.3%
Weighted Ave. Cap Rate	6.0%
NTA per stapled security ⁶	\$3.36
Gearing	35.7%
Fixed debt %	79.1%
WADM	4.0 years
Ave. NABERS rating (energy)	4.6 stars

and Woolworths have agreed to a 15-year lease at the property from the time of practical completion (anticipated to be mid 2020).

1. NAB Online Retail Sales Index, February 2019
2. Colliers Industrial Second Half 2018, October 2018
3. CBRE Market View Australia Industrial and Logistics, Q1 2019
4. Pro forma for the sale of 7 Laffer Drive, Bedford Park, SA and 89 Cambridge Park Drive, Cambridge, TAS.
5. Assumes Consumer Price Index change of 1.31% as per Australian Bureau of Statistics, year to 31 March 2019.
6. As at 31 December 2018.

Update on major transactions.

Successful USPP provides strong endorsement

On 28 February 2019, Growthpoint announced that it had successfully secured 10-year debt finance to the equivalent of approximately AUD161 million via the US Private Placement ("USPP") market.

The USPP issue was more than four times oversubscribed from its original size (USD100 million) and achieved favourable pricing which enabled

Growthpoint to increase its offer size to USD115 million. The USPP is expected to settle in May 2019.

Growthpoint's weighted average debt maturity will increase to 4.8 years from 3.9 years prior to the transaction.



\$161.0m
USPP

Major leasing transaction

599 Main North Road,
Gepps Cross, SA


Sector	Industrial
Tenant	Woolworths
Start date	mid 2020
Term	15 years
Annual rent increases	Fixed 2.50%
Lettable area ⁷	≈90,000 sqm
Car parks	520




15yr
lease



As part of the expansion of this key Woolworths distribution centre, Growthpoint has negotiated a new 15-year lease. The upcoming expansion will include an extension of approximately 26,500 sqm to the existing warehouses and construction of a new recycling facility. The project is expected to reach practical completion by mid 2020.





\$45.2m
Sales

89 Cambridge Park Drive,
Cambridge, TAS

7 Laffer Drive, Bedford
Park, SA

Divestments

On 12 April, Growthpoint announced the sale of two properties, being 89 Cambridge Park Drive, Cambridge, Tasmania for \$25.0 million and 7 Laffer Drive, Bedford Park, South Australia for \$20.2 million. Settlement of the sales has completed with proceeds earmarked for investment into development opportunities currently progressing at Building 3, Botanicca Corporate Park, Richmond, Victoria and the expansion of the Woolworths Distribution Centre at Gepps Cross, South Australia.

7. Estimated lettable area following completion of the expansion.

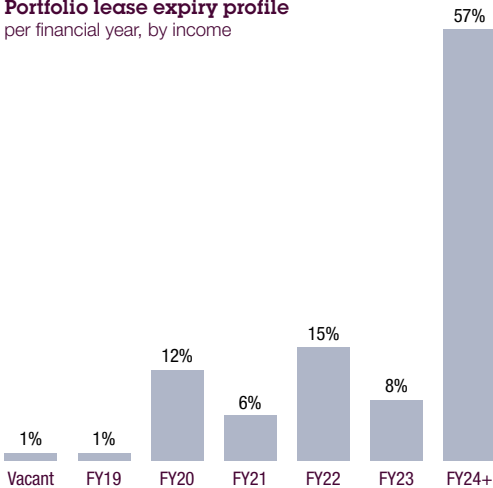
Portfolio update.

As at 31 March 2019⁸

		Office	Industrial	Total
Number of properties	no.	26	31	57
Total value	\$m	2,630.3	1,185.3	3,815.6
Occupancy	%	98	99	99
Total /average lettable area	sqm	308,397	717,067	1,025,464
Weighted average valuation cap rate	%	5.8	6.5	6.0
Weighted average lease expiry	years	5.1	5.0	5.1
Weighted average rent review ⁹	%	3.6	2.7	3.3
Average value (per sqm)	\$	8,529	1,653	3,717
Average rent (per sqm, per annum)	\$	582	118	257
Number of tenants	no.	113	37	150

Portfolio lease expiry profile

per financial year, by income



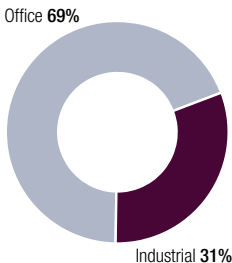
Top ten tenants

by passing rent (as at 31 March 2019)

	WALE	
	%	(yrs)
Woolworths	14%	5.5
NSW Police	8%	5.2
Commonwealth of Australia	8%	7.3
Bank of Queensland	4%	7.8
Linfox	4%	4.2
Country Road/ David Jones	3%	13.2
Samsung Electronics	3%	3.0
Lion	2%	5.1
ANZ Banking Group	2%	1.0
Jacobs Group	2%	7.5
Total / weighted Average	50%	6.1
Balance of portfolio	50%	4.0
Total portfolio	100%	5.1

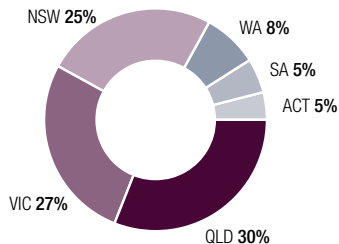
Sector diversity

by property value



Geographic diversity

by property value



8. Pro forma for the sale of 7 Laffer Drive, Bedford Park, SA and 89 Cambridge Park Drive, Cambridge, TAS.

9. Assumes Consumer Price Index change of 1.31% as per Australian Bureau of Statistics, year to 31 March 2019.

FY19 Funds from Operations (FFO) and Distributions guidance reaffirmed

- FFO per security: 'at least' 24.8 cents
- Distributions per security: 23.0 cents



Contact details.

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2018/2019 Securityholder Calendar.*

22 August 2019

- Results for the full year ending 30 June 2019 announced to the ASX

30 August 2019

- Distribution paid for the half year ending 30 June 2019
- FY19 Annual Report sent to Securityholders

21 November 2019

- Annual General Meeting

* Dates indicative and subject to change by the Board.

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For more information please visit our website at www.growthpoint.com.au



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