



ASX Announcement.

GROWTHPOINT
PROPERTIES



21 November 2019

Growthpoint Properties Australia (ASX:GOZ) 2019 Annual General Meeting Addresses by Chairman Geoffrey Tomlinson and Managing Director Timothy Collyer

Please find attached the Chairman's and Managing Director's addresses and presentation to be delivered at the 2019 combined Annual General Meeting of Growthpoint Properties Australia Limited and meeting of the unitholders of Growthpoint Properties Australia Trust to be held at the offices of Herbert Smith Freehills, Level 42, 101 Collins Street, Melbourne, Victoria at 2:00pm (AEDT).

Webcast

The combined meeting will be webcast live at <https://edge.media-server.com/mmc/p/epgxq8bg>. A link to the webcast replay will be available on Growthpoint's website shortly after the conclusion of the combined meeting.

Jacqueline Jovanovski
Company Secretary

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Growthpoint Properties Australia

Growthpoint Properties Australia is a publicly traded ASX listed A-REIT (ASX: GOZ) that specialises in the ownership and management of quality investment property. Growthpoint owns interests in a diversified portfolio of 58 office and industrial properties throughout Australia valued at approximately \$4.0 billion and has an investment mandate to invest in office, industrial and retail property sectors.

Growthpoint is included in the S&P/ASX 200 Index and has been issued with an investment grade rating of Baa2 for senior secured debt by Moody's.

Growthpoint aims to grow its portfolio over time and diversify its property investment by asset class, geography and tenant exposure through individual property acquisitions, portfolio transactions and corporate activity (M&A transactions) as opportunities arise.



Growthpoint Properties Australia 2019 AGM Chairman's address

Welcome to the combined Annual General Meeting of the shareholders of Growthpoint Properties Australia Limited and a meeting of the unitholders of Growthpoint Properties Australia Trust. I am your Chairman, Geoff Tomlinson.

On behalf of Growthpoint, I would like to begin by acknowledging the Traditional Owners of the land on which we meet today. I would also like to pay our respects to Elders past and present.

Please note that today's proceedings are being webcast live for the benefit of Securityholders not able to be present. A link to a recording of this webcast will be made available on Growthpoint's website approximately two hours after the close of today's meeting.

As we have a quorum for these meetings, I am pleased to declare the meetings officially open.

The Notice of Meeting was sent to all Securityholders on 18 October 2019 and I propose to take it as read.

I will start by introducing our Directors. They are, from your right, Timothy Collyer, our Managing Director; Maxine Brenner; Estienne de Klerk; Grant Jackson; Francois Marais; Norbert Sasse and Josephine Sukkar.

Also present today is Jacqueline Jovanovski, our Company Secretary and Chief Operating Officer. I would also like to introduce the other members of Growthpoint's executive management team - our Chief Financial Officer, Dion Andrews, and our Chief Investment Officer, Michael Green, who are both seated in the front row.

I would also like to welcome, Dean Waters of KPMG, a representative from our current auditors.

Finally, I would like to welcome Growthpoint's employees, most of whom are also present today.

Turning to the agenda for today. We will commence with my short address, which will be followed by:

- A presentation by Managing Director, Tim Collyer, which will provide an overview of the business, including its recent performance and outlook for the remainder of the financial year. At the end of Tim's presentation, Securityholders will have an opportunity to ask Tim questions about the business.
- We will then move to a consideration of the combined financial report for the Company and the Trust for FY19. I will call for questions and comments following the presentation of these accounts.
- I will then explain the voting procedures and address each of the remaining items of business set out in the Notice of Meeting. Securityholders will have the opportunity to ask questions or make comments in relation to each item.

After the meeting, Directors, management and KPMG will be available for discussions with individual Securityholders over refreshments to be served in the lobby, directly outside this room.

This year, Growthpoint recognised a significant milestone – 10 years since listing on the ASX.

In 2009, Growthpoint was a very different company. There were only 25 properties in the portfolio – all industrial – valued at around \$774 million.



Since then the Group has grown, adding new properties to the portfolio each year, and enhancing its existing assets. The portfolio now consists of 58 properties, valued at over \$4 billion. We have also diversified, adding a number of high-quality offices to the portfolio.

Over the last 10 years, Growthpoint's market capitalisation has grown significantly from \$282 million to around \$3.4 billion. Throughout this period, we have received feedback from Securityholders that increasing the free float and liquidity is important to enable new investors to take up a position and for our existing Securityholders to increase their holding. I'm pleased that the free float has increased from approximately 18% in 2010 to around 38% today. There was a significant step-up this year, as increasing the free float, broadening the investor base and improving liquidity, were objectives of our equity raising undertaken in June/July. I was very pleased with the outcome of this equity raising as all eligible Securityholders, who decided to participate in the placement, were awarded their proforma entitlement and we were able to welcome a number of new Securityholders onto the register. We also saw strong demand from retail Securityholders and as a result, we decided to increase the Security Purchase Plan offer from \$15 million to \$24 million to satisfy demand.

On behalf of the Board, I would like to thank Growthpoint's executive team and all employees for their hard work and dedication to Growthpoint over the last 10 years.

I will now hand over to the Managing Director, Tim Collyer, who will provide a more detailed update on the business.



Growthpoint Properties Australia 2019 AGM Managing Director's address

Thank you, Geoff.

Good afternoon everyone, I would like to welcome you to the Growthpoint Properties Australia 2019 Annual General Meeting. Today I will provide an overview of our business, including a snapshot of the FY19 financial results, our development pipeline and outlook for the year ahead.

Our diversified property portfolio, valued at \$4.0 billion, comprises 58 properties, located around the country, with 86% located along the eastern seaboard.

Industrial properties represent around a third of the Growthpoint portfolio. This sector of the market has done very well over the past few years - with rising rents, land values and falling capitalisation rates - driven by increased popularity of online shopping and solid export levels.

In September 2019, we added a new \$40 million industrial property to our portfolio. The 31,000 square metre logistics warehouse is fully leased for the next three years to an international eCommerce business. It is located in Melbourne's West – one of the fastest growing distribution regions in Victoria.

The other two thirds of the portfolio, valued at around \$2.8 billion, comprises 26 high-quality office properties. These properties are predominantly located on the fringe of CBDs or in key metropolitan markets which have become increasingly popular over the past decade.

The emergence of the metropolitan office market has been assisted by strong population growth and residential development of the suburbs, infrastructure improvement for metropolitan locations (particularly roads and public transport), new development of A-grade office space, the cost competitiveness of rent relative to the CBD, and government policy to support decentralisation. Examples of these types of properties in our portfolio include Botanicca in Richmond, here in Melbourne, and the NSW Police headquarters in Parramatta. We remain the leader in this sector of the market.

As you may be aware, Growthpoint also has a mandate to invest in retail property. Over the past couple of years, the Board and the executive management team have undertaken a number of reviews of the sector and ultimately to date, we have come to the conclusion that industrial and office properties offer higher returns. At some point in the future, however, it is likely the absolute and relative returns of retail properties will become more attractive to Growthpoint.

Since our inception, we've had a clear strategy and have remained focused on our primary objective - to provide Securityholders, or the owners of the property, with sustainable income returns and long-term capital appreciation from properties we own, develop and manage.

To achieved this, we have:

- invested in high-quality properties, purchasing the best quality assets we can for our cost of capital;
- actively managed our assets, including, leasing, refurbishing, expanding and developing our existing assets and selling assets that no longer suit our investment criteria; and
- maintained a high occupancy rate, which has historically been between 97% and 100%.



Growthpoint's modern and well leased property portfolio is positioned to deliver sustainable growth in a slowing economy.

While, tenant demand has moderated in some locations, we have been diligent in renewing existing portfolio leases with our tenants. This has enabled Growthpoint to maintain a low portfolio vacancy rate of only 2%, with a low level of lease expiries in FY20 and FY21.

We have high-quality tenants. When leasing properties we place a lot of importance on a tenant's ability to pay rent over the lease term. More than 80% of our portfolio is made up of Government-owned entities or listed companies.

Our tenants typically have fixed annual rental increases or a review mechanism incorporating the Consumer Price Index. The weighted average rent review is 3.3% per annum across the property portfolio, providing a growing rental cashflow to Securityholders.

In FY19, our business delivered a strong performance. Funds from operations was 25.1 cents per security, above initial guidance set at the beginning of the year, and distributions to Securityholders grew 3.6% to 23.0 cents per unit.

The value of the portfolio grew significantly, up 18.7% over the year, on the back of strong valuations, and acquisitions totaling \$341 million, specifically:

- 836 Wellington Street, West Perth, Western Australia – a modern A-grade office building of 11,973 square metres leased to the Commonwealth Government for eight years acquired in October 2018 for \$91.3 million; and
- 100 Skyring Terrace, Newstead, Queensland, a modern A-grade office building of 24,665 square metres, with major tenant the Bank of Queensland, acquired in December 2018 for \$250.0 million.

The NTA per security rose 10.3%, a strong result reflecting the valuation gains for the property portfolio.

The Group has three development projects underway, which are expected to deliver attractive returns to Securityholders. As you can see on the slide, we expect to have one project complete and contributing to our earnings, each year for the next three years.

The first project is Botanicca 3 – the development of a 19,300 square metre office building in Richmond. We are expecting to reach practical completion in the first quarter of 2020, a few months ahead of schedule. We are in discussions with a number of prospective tenants and will hopefully be in the position to provide an update on our leasing progress in the near term. When fully let, we expect a yield on development cost between 7.5% to 8.5%

Our second project is the expansion of Woolworth's distribution centre in Gepps Cross, South Australia. The \$54 million project includes an extension of the existing temperature controlled and ambient warehouses and construction of a new recycling facility. Construction is underway and we expect the project to be completed in early FY21.

Growthpoint receives an income yield on project costs of 6.75% per annum. We have also extended Woolworth's lease of this facility by 15 years.

Our third project is still in the planning stages. As previously announced, Woolworths will be leaving our industrial property in Broadmeadows in February, next year. This is a prime industrial site of 25 hectares in Melbourne's north, suitable for development. We have submitted proposals to enter pre-leases and build industrial facilities for large tenants and we await the outcome of these. If pre-commitments are not secured before February 2020, we will likely



begin redevelopment of the site. Established developers have also made offers to buy the site, highlighting the high demand for well-located industrial land in Melbourne.

We are continually looking for ways to operate in a more sustainable way across our business and to be a positive contributor in the communities in which we operate.

As I mentioned earlier, we purchased two high-quality office buildings in West Perth and Newstead in Queensland in FY19. A significant consideration in purchasing these properties was their strong environmental credentials. We also continue to invest in solar and other energy efficient projects, across our portfolio. For example, we replaced equipment and modernised the lifts at 10–12 Mort Street in Canberra, this year. These improvements led to a 15% reduction in energy consumption.

We are also committed to our employees and making sure Growthpoint is a great place to work. For a number of years, we have been particularly focused on improving our workplace diversity. I'm very pleased that more than half of our team are women, and with Jacquee Jovanovski joining us in August, we now have a permanent female member of the executive management team.

Another positive step this year was the adoption of a set of values, which were developed by our employees and launched at our annual staff conference. As a team, we are committed to integrity, respect, inclusion, success and fun.

Finally, to the outlook. I'm pleased to reaffirm our FY20 guidance of funds from operations per security of 'at least' 25.4 cents and distribution per security of 23.8 cents, representing growth of 3.5 per cent over FY19.

As highlighted in this presentation, we are focused on optimising our development pipeline, which is forecast to provide attractive returns over the coming years.

Our balance sheet remains healthy, with gearing of 32.5%, below the bottom of the target range. This provides financial flexibility and we are actively looking for new opportunities for investment to expand our property portfolio.

I am very pleased with the Group's performance so far this year, and I'm confident that we will be able to build on this momentum into the future.

I am now happy to answer any questions you may have about the business.



Botanicca 3, 570 Swan Street, Richmond, VIC



positioned for
growth.

2019 Annual General Meeting

21 November 2019

Growthpoint Properties Australia
Growthpoint Properties Australia Trust ARSN 120 121 002
Growthpoint Properties Australia Limited ABN 33 124 093 901 AFSL316409
www.growthpoint.com.au

Growthpoint Properties Australia Board of Directors and Executive Management.



Geoffrey Tomlinson
Independent Chairman and
Director



Timothy Collyer
Managing Director



Maxine Brenner
Independent Director



Estienne de Klerk
Director



Jacquee Jovanovski
Chief Operating Officer



Michael Green
Chief Investment Officer



Grant Jackson
Independent Director



Francois Marais
Director



Norbert Sasse
Director



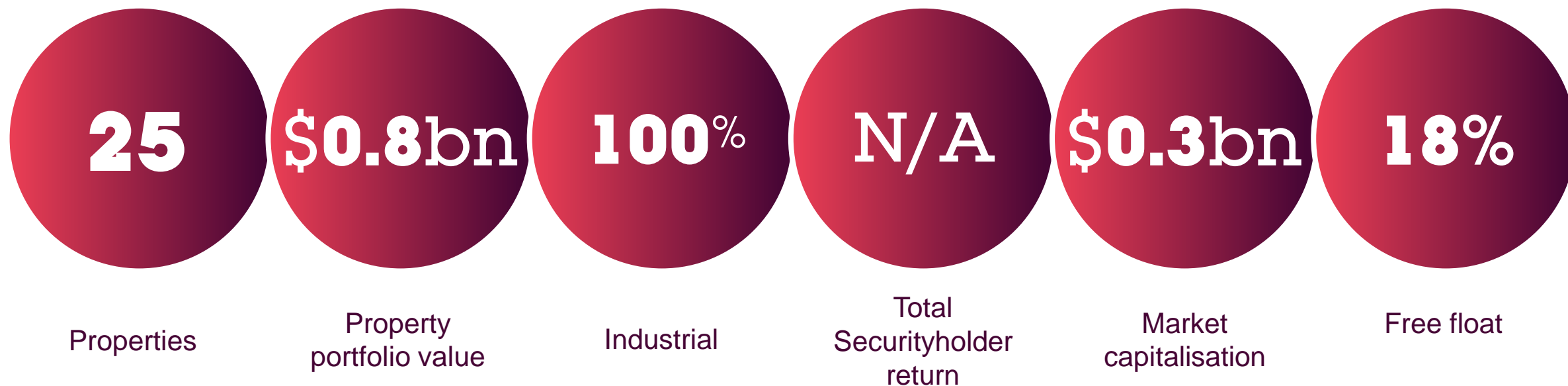
Josephine Sukkar
Independent Director



Dion Andrews
Chief Financial Officer

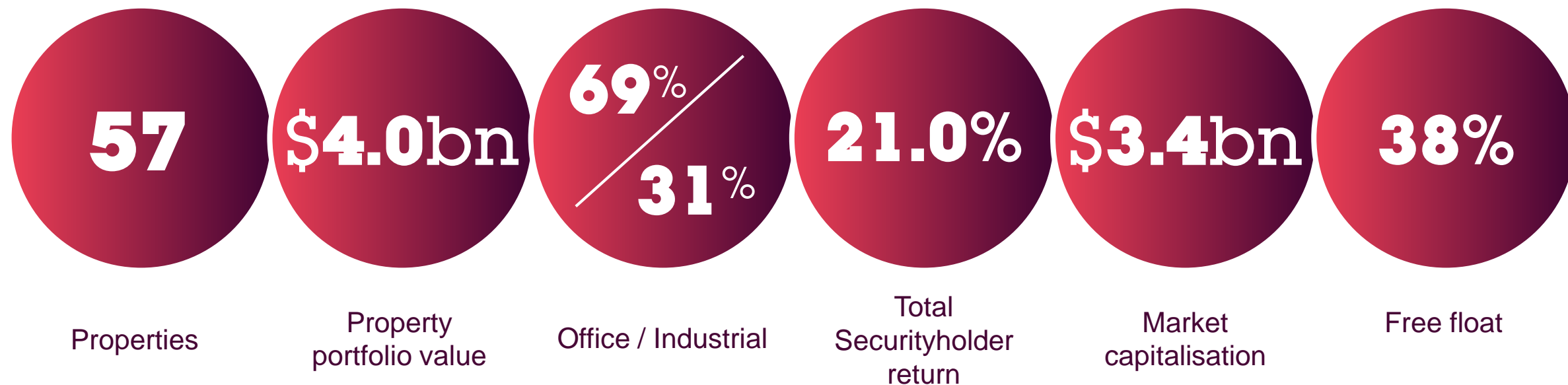
Recognising 10 years of Growthpoint.

FY10



Recognising 10 years of Growthpoint.

FY19



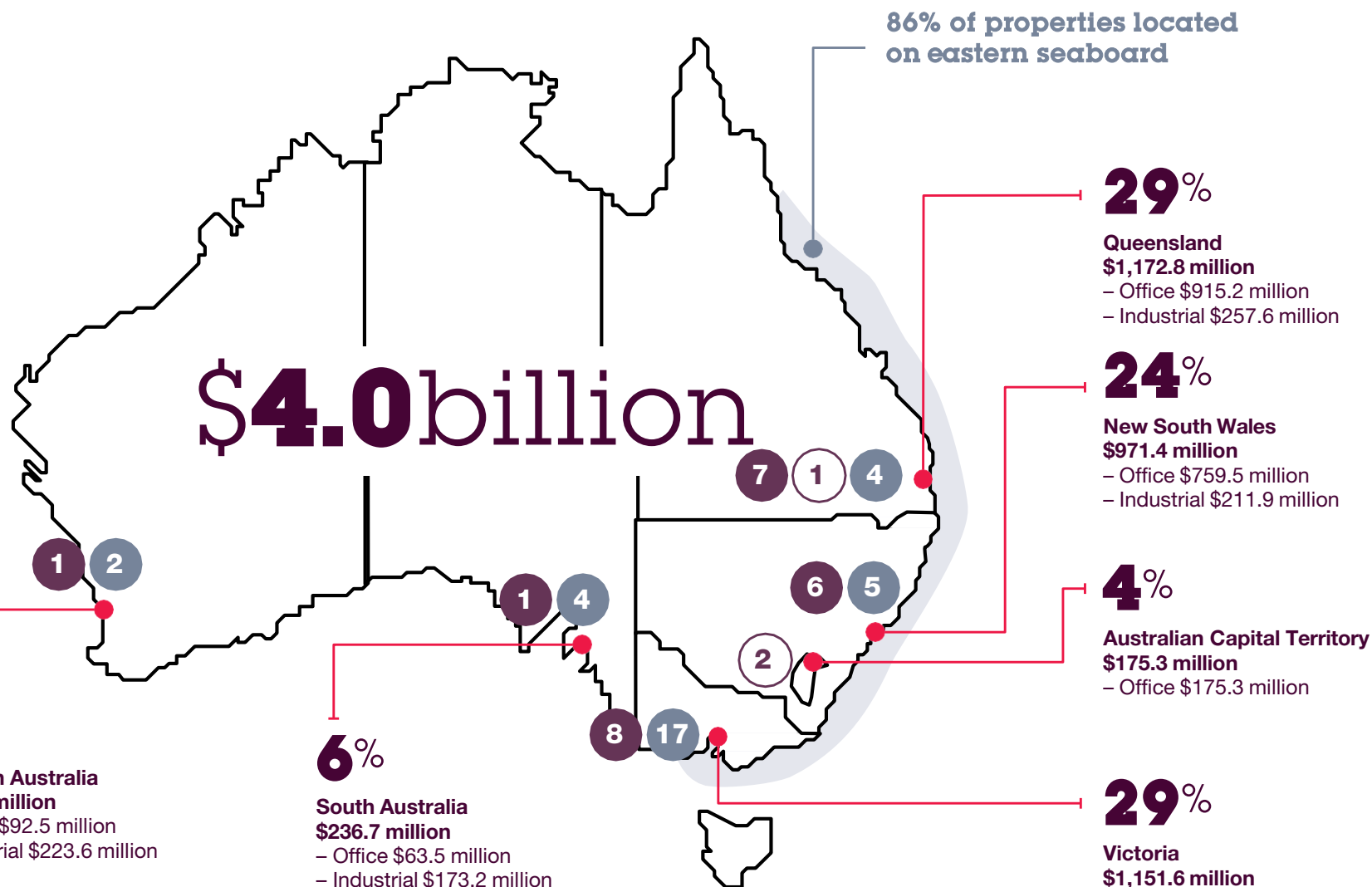
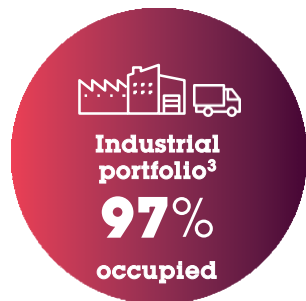
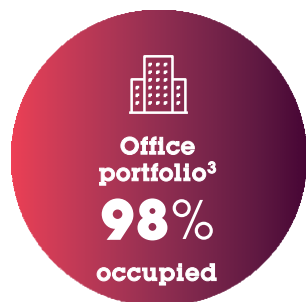


Timothy Collyer,
Managing Director

Property Portfolio.

by property value^{1,2}

- Office metropolitan properties (23 assets)
- Office CBD properties (3 assets)
- Industrial properties (32 assets)



1. Property valuations as at 30 June 2019. Includes the recent acquisition of 3 Maker Place, Truganina, Victoria.
 2. May not sum due to rounding.
 3. Occupancy as at 30 September 2019.

Our business strategy.



Our goal is to provide Securityholders with sustainable income returns and long-term capital appreciation from properties we own, develop and manage.

Performance is driven through the following strategic initiatives:

1. Invest in quality assets.

We seek to invest in the best quality commercial real estate available, given our cost of capital, that provide an attractive income yield and long-term capital appreciation.

2. Maximise value.

Asset retention and management strategies are developed for each property owned by Growthpoint to maximise income and value including leasing, refurbishment, expansion, development or divestment.

3. Maintain occupancy.

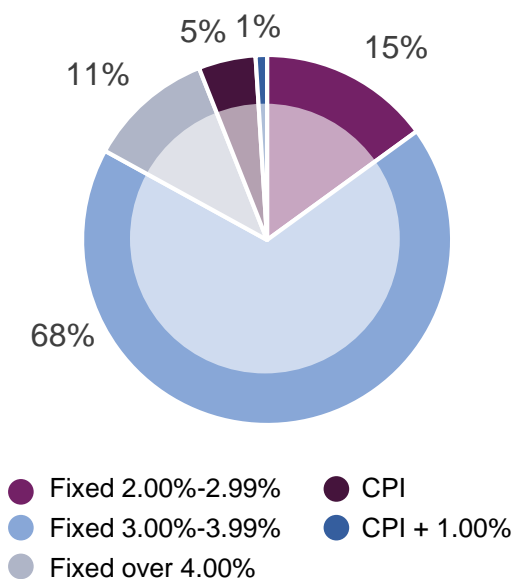
High levels of tenant satisfaction with our properties and services help maintain high occupancy levels and consistent rental income.

We focus on providing quality accommodation with high green credentials and low operating costs, understanding individual tenant needs and developing long-term relationships.

Managing risks to our income stream.

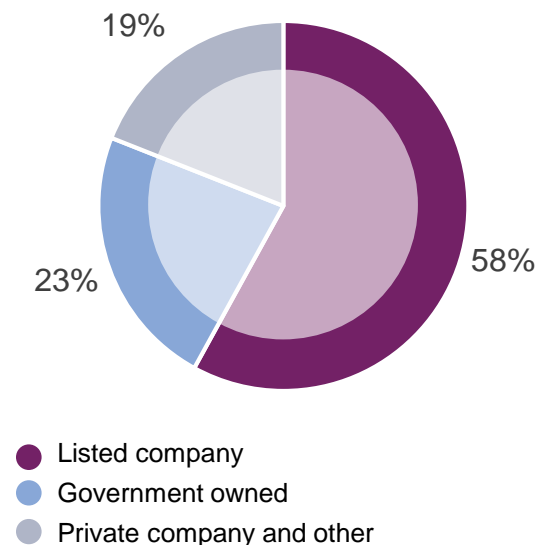
Annual rent review type (%)¹

by income as at 30 September 2019



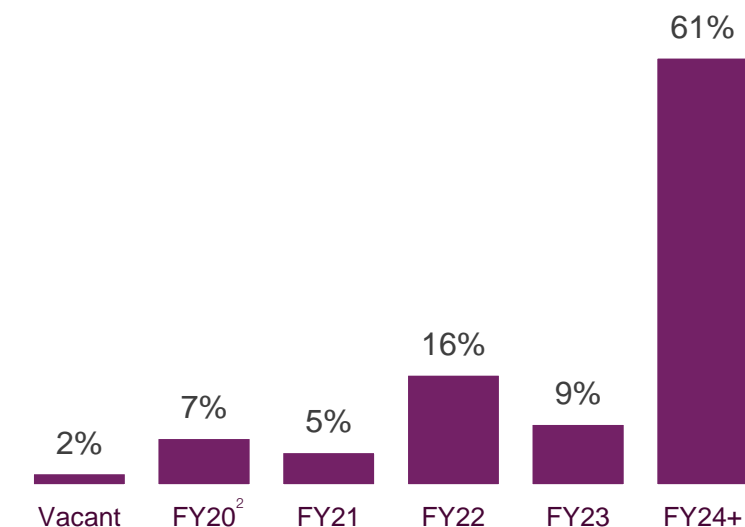
Tenant type (%)

by income
as at 30 September 2019



Portfolio lease expiry (%)

per financial year, by income,
as at 30 September 2019



1. Excludes vacancies.

2. Includes 120 Northcorp Boulevard, Broadmeadows, Victoria (2.3%), which may be removed if developed or sold.

FY19 highlights.

**Funds from
operations**

25.1 cps

+0.4% on FY18

**Distribution
per security**

23.0 cps

+3.6% on FY18

**Net tangible
assets per security**

\$3.52¹

+10.3% on 30 June 2018

**Property
portfolio value**

\$4.0 bn

+18.7% on 30 June 2018

**Net property
income**

\$230.4 m

+5.4% on FY18

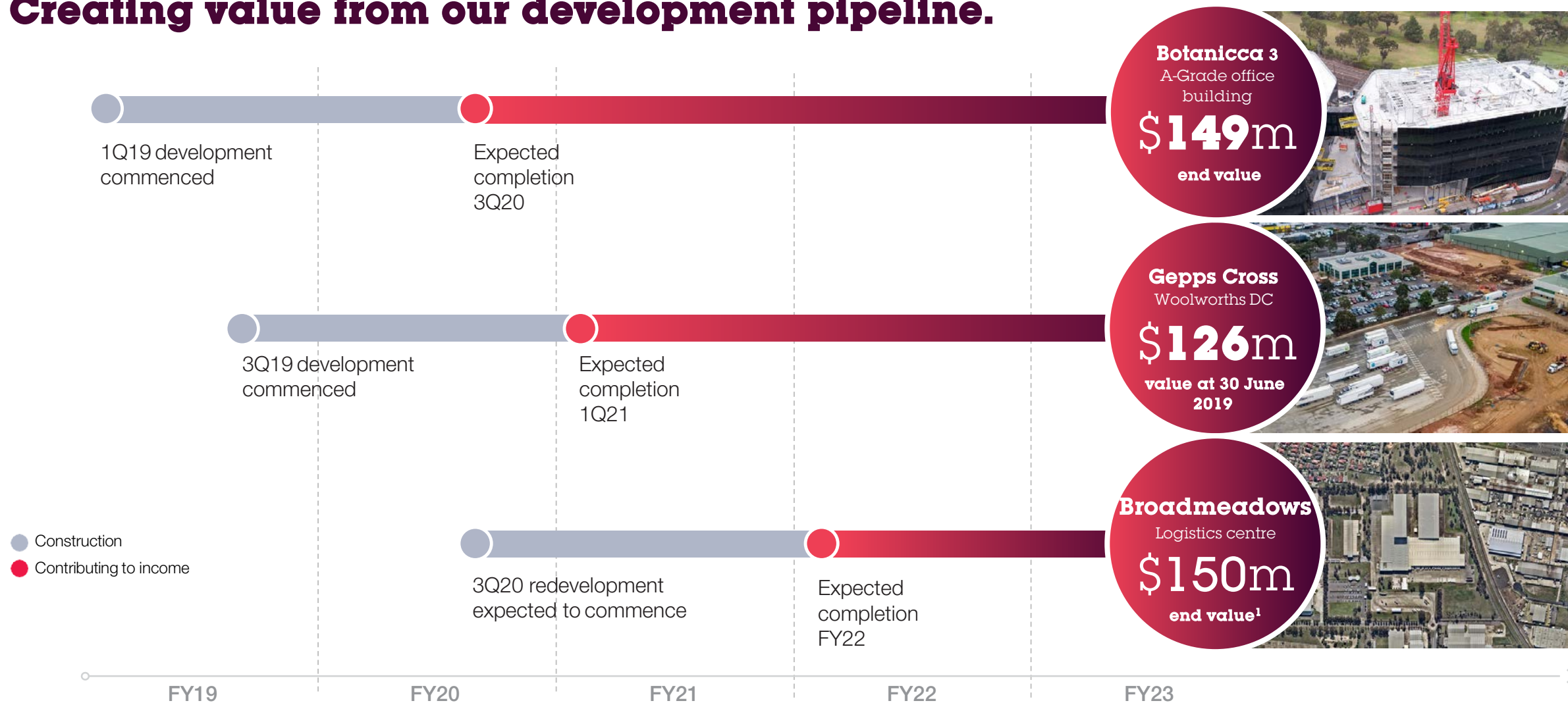
**Portfolio
occupancy**

98%

(30 June 2018: 98%)

1. Pro forma, as at 30 June 2019, for the settlement of the Institutional Placement and Security Purchase Plan launched in FY19 but settled in early FY20, raising \$174 million for the issue of 43.7 million securities and the repayment of debt from those proceeds.

Creating value from our development pipeline.



1. Broadmeadows development is subject to Board and third party approvals. On-completion value based on an estimate capital value calculated at \$1,250 per sqm of lettable area. Growthpoint may also consider leasing the property 'as is' or selling the property.

FY19 environment, social and governance highlights.

Increased average NABERS energy rating to

4.8 

(FY18: 4.6 stars)

GRESB score

66/100

(CY17: 64/100)

Maintained CDP Climate Performance Score

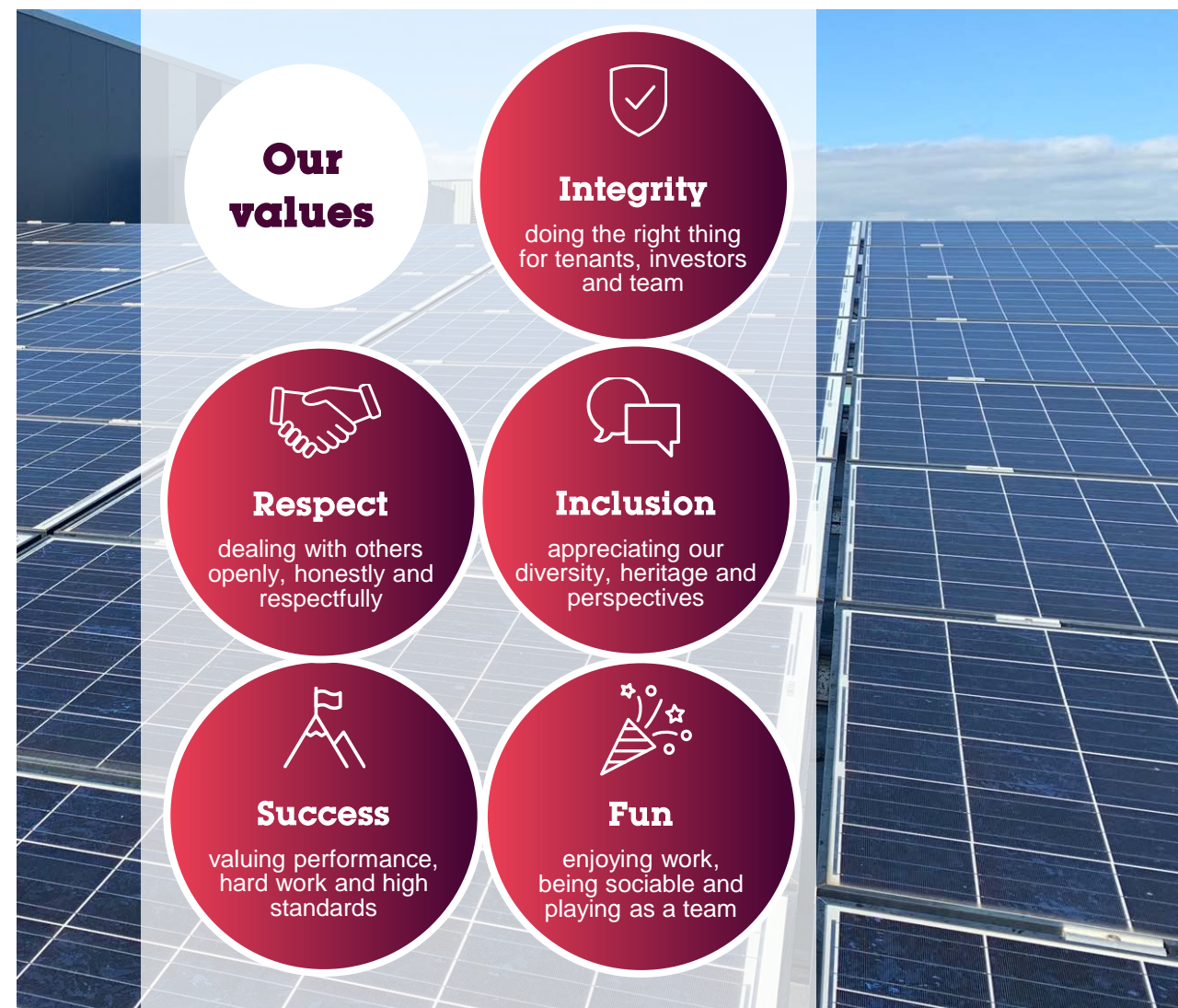
B

(CY17: B)

Gender diversity

54%

of Growthpoint employees are women (FY18: 50%)



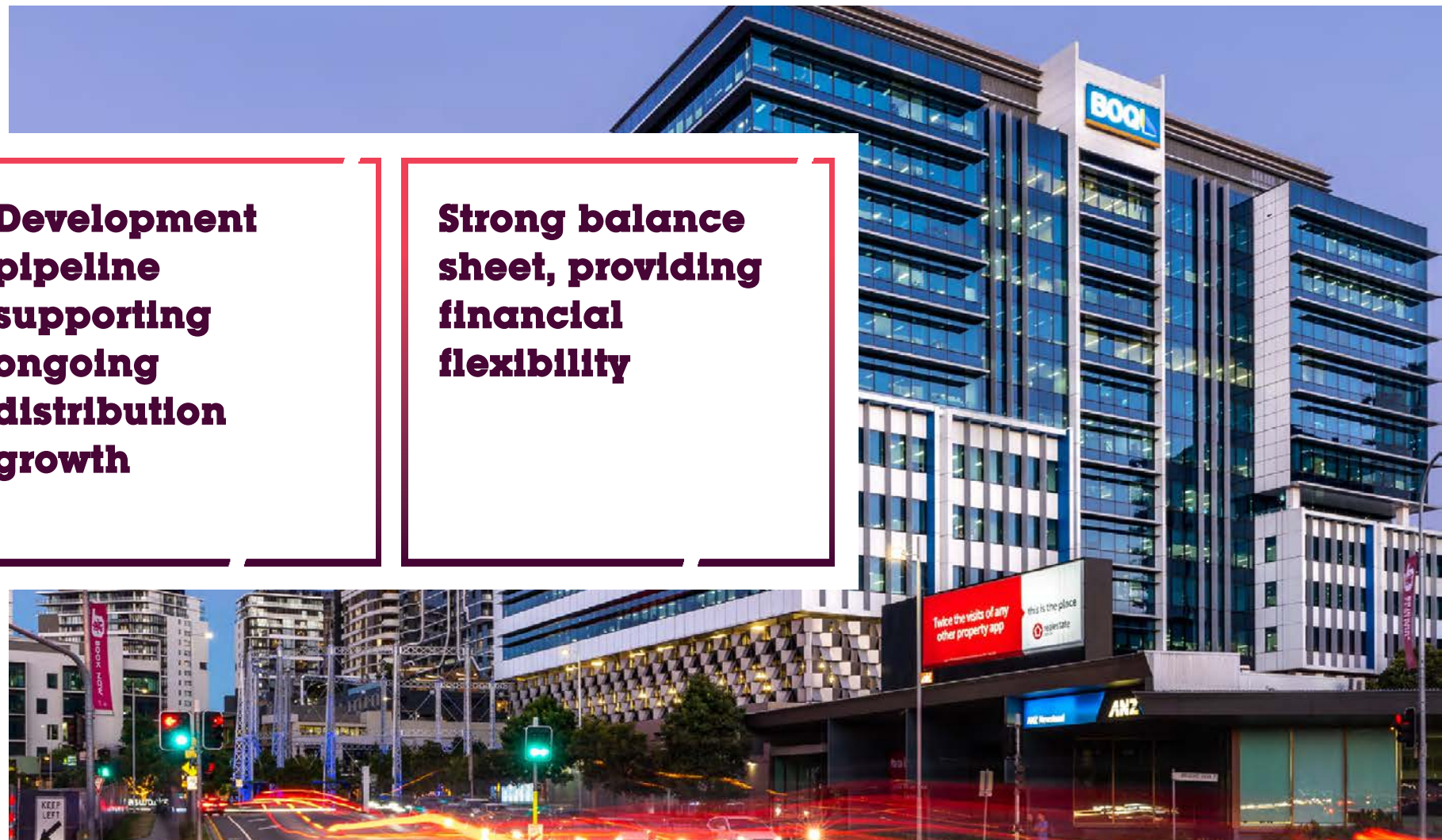
Outlook.

FY20 guidance reaffirmed

- **FFO of 'at least' 25.4 cents per security**
- **DPS of 23.8 cents**

Development pipeline supporting ongoing distribution growth

Strong balance sheet, providing financial flexibility



Disclaimer.

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The statements in this presentation are made as at 21 November 2019. All reference to dollars (\$) are to Australian dollars.

Contact us.

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