



# ASX announcement.

Growthpoint Properties Australia (ASX: GOZ)

19 November 2020

## 2020 Annual General Meeting – Addresses by Chairman and Managing Director

Please find attached the Chairman's and Managing Director's addresses and presentation to be delivered at the 2020 combined Annual General Meeting of Growthpoint Properties Australia Limited and meeting of the unitholders of Growthpoint Properties Australia Trust to be held as a virtual meeting today at 4:30pm (AEDT).

The virtual meeting can be accessed at <https://web.lumiagm.com/381681848>.

Further information on how to participate in the meeting is available at [growthpoint.com.au/2020-AGM](https://growthpoint.com.au/2020-AGM). A link to the webcast replay of the meeting will be available on Growthpoint's website shortly after the conclusion of the meeting.

This announcement was authorised for release by Timothy Collyer, Managing Director of Growthpoint.

**Jacqueline Jovanovski**  
Company Secretary

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Growthpoint provides spaces for people to thrive. For more than 10 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 57 properties, valued at approximately \$4.2 billion.<sup>1</sup>

We actively manage our portfolio. We invest in our existing properties, ensuring they meet our tenants' needs now and into the future. We are also focused on growing our property portfolio.

We are committed to operating in a sustainable way and reducing our impact on the environment.

Growthpoint is a real estate investment trust (REIT), listed on the ASX, and is a constituent of the S&P/ASX 200. Moody's has issued us with an investment-grade rating of Baa2 for domestic senior secured debt.

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<sup>1</sup> Valuations as at 30 June 2020.



## Growthpoint 2020 Annual General Meeting

### 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 which are being held virtually this year. I am your Chairman, Geoff Tomlinson.

We have a quorum for these meetings and I am pleased to declare the meetings officially open.

On behalf of Growthpoint I would like to acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past, present and emerging and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

I would like to start by outlining some of the procedural matters of this meeting, given that we are hosting this online, which is new for us and may be for many of you as well.

The Board and I enjoy having the opportunity to meet with Securityholders in person at our annual general meeting and are disappointed that we cannot do so this year, due to the current government restrictions in response to the COVID-19 pandemic, and our commitment to prioritising the health and wellbeing of our Securityholders, employees and the broader community.

However, we have ensured that, as far as possible, Securityholders will have the same opportunities to participate in today's meeting as they would in a face-to-face meeting.

As outlined in the Notice of Meeting, Securityholders can ask questions of the Board during the meeting via the Lumi AGM online platform and vote in real time.

The online platform is now open for Securityholders' questions. We understand that there can be a delay between Securityholders submitting their question and our receipt of the question, so please submit your questions as early as possible in the meeting. Please note that while you can submit questions from now on, I will not address them until the relevant time in the meeting.

Questions submitted on the online platform may be moderated to avoid repetition of similar questions or summarised in the interest of time. We will endeavor to address as many of the more frequently raised questions as possible during the course of the meeting. However, there may not be sufficient time available to address all of the questions submitted, so I encourage you to submit your questions early in the meeting.

To ask a question press on the speech bubble icon. This will open a new screen. At the bottom of that screen there is a section for you to type your question. Once you have finished typing please hit the arrow symbol to send. Instructions on how to submit a question are also outlined in the Virtual Meeting Guide on our website.

In order to provide everyone with an opportunity to vote and in case anyone cannot stay for the whole meeting, I will now formally open the poll on all resolutions. All polls will remain open until the conclusion of today's meeting.

If you are eligible to vote at this meeting, a new polling icon will have appeared on your screen. Selecting this icon will bring up a list of resolutions and present you with voting options. To cast your vote simply select one of the options. There is no need to hit a submit or enter button as the vote is automatically recorded.

If you do have any technical issues during the meeting, please call the number on this slide. A webcast of the meeting and our presentation will be available on our website shortly after the meeting.

The Notice of Meeting was made available to all Securityholders and I propose to take it as read. I will now introduce our Directors.

In attendance virtually today, Directors Maxine Brenner, Estienne de Klerk, Grant Jackson, Francois Marais, Norbert Sasse and Josephine Sukkar and Managing Director, Timothy Collyer.



Also in attendance are Jacqueline Jovanovski, our Company Secretary and Chief Operating Officer, Dion Andrews, our Chief Financial Officer, Michael Green, our Chief Investment Officer and David Shewring, a representative from our auditors, Ernst & Young.

On behalf of the Board, I would like to acknowledge Maxine Brenner who is retiring from the Board at the end of November. Maxine joined the Board more than eight years ago and has played a vital role in Growthpoint's significant growth over this period. I would like to thank Maxine for her significant contribution, particularly for her work as Chair of the Audit, Risk and Compliance Committee, and wish her all the best for her future endeavours.

A recruitment process to find a suitable replacement for Maxine is well underway, and several promising candidates have been identified. We are looking for an individual with a strong financial background, who has held either a senior position at a large accounting firm or an ASX-listed company, or both. Maintaining the Board's gender diversity and balance of Independent Directors is also a focus.

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

- A presentation by Timothy Collyer, which will provide an overview of the business, including its recent performance and outlook.
- We will then move to a consideration of the combined financial report for the Company and the Trust for FY20.
- I will then explain the voting procedures and address each of the remaining items of business set out in the Notice of Meeting.

As noted earlier in the meeting, questions can be submitted at any time. If you have a question already prepared, please submit it now on the online platform so that I can answer as many questions as possible when I come to the relevant agenda item. If your question relates to a particular item of business, please refer to that item of business when you submit your question.

I would like to start my presentation by providing a brief overview of Growthpoint today. Growthpoint is the tenth largest REIT in Australia and a member of the S&P/ASX 200 Index. We own and manage 57 properties, valued at approximately \$4.2 billion. Approximately, one third of our assets are industrial properties and the other two thirds are offices. Our offices are located predominately on the fringe of CBDs or in metropolitan locations.

The resilient nature of our business model and assets was highlighted this year, when the Group's operating environment changed dramatically due to the COVID-19 virus.

I'm pleased with the way the Group has responded to the challenges presented by the pandemic. Our priority throughout this period has been protecting the safety and wellbeing of our team, tenants and the broader community. We've implemented all government-recommended steps to stop the spread of the virus.

In March, we made a commitment to the Growthpoint team that we would support everyone through this challenging time, with no reductions to fixed salaries or working hours.

We've stayed in close contact with our tenants throughout this period. We reached out to a number of small tenants, such as operators of cafes in our office buildings, who we knew would be significantly impacted by the virus and offered a rent-free period at the beginning of April. This was above and beyond what was required by the government's Code of Conduct. We are proud that we were able to help our small tenants when it mattered most and we are continuing to provide assistance for these tenants, principally in Victoria.

We also received rent-relief requests from a number of our larger tenants, which we have reviewed on a case by case basis. Since the beginning of the pandemic, we have granted approximately \$3.4 million in rent relief - \$1.3 million of rent abatement and \$2.1 million of rental deferment.

We also implemented a number of corporate measures to protect the long-term value of the Group. This included delaying all non-essential capital projects and operating expenses and implementing a Group-wide hiring freeze.



We entered this period with a robust balance sheet after a concerted effort to significantly de-lever over the past six years. Our gearing is currently below the bottom of our target range, which we believe is prudent in the current operating environment.

We've had strong support from our banking partners throughout this period. We entered into a new \$100 million facility with a new banking partner in May on favourable terms and we have extended and repriced \$555 million of debt since that time.

We remain well within all our debt covenants and have no debt maturing until FY23.

We are committed to ensuring our business operates in a sustainable way.

Across our portfolio, we are looking for opportunities to operate in a more efficient way to reduce our environmental footprint. Key achievements, this year, include installing two substantial solar panel systems, taking the total number of installations across our portfolio to six. We also made a commitment to begin purchasing accredited renewable power for a number of key sites. We are pleased that our efforts, and high-green credentials, were recognised by NABERS this year, who ranked our property portfolio as a top 10 most energy efficient portfolio in Australia.

We are committed to providing our tenants with high-quality accommodation that meets their needs now and into the future. This not only assists us to maintain good tenant relationships but also to create ongoing value for our Securityholders, as tenants are more likely to agree long leases. This year, we invested approximately \$3 million to upgrade tenant amenities, including end of trip facilities and designated community areas.

Ensuring Growthpoint is a great place to work remains a focus for the Board and management team and we were pleased to see a significant improvement in both our employee engagement and alignment scores this year, putting Growthpoint in the top quartile of its benchmark group.

This year we introduced a new Working from Home policy and significantly increased our paid parental leave entitlements. We hope that together these initiatives will help our team strike the right balance between their personal and professional lives.

I'm also pleased to announce that we have increased our Board gender diversity target to 30% of each gender by 30 June 2023. Achievement of this will be considered as part of our overall Board succession planning.

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. The last eight months have been particularly challenging, and we are proud of our how the Group has navigated this period.

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



## Managing Director's address

Thank you, Geoff. And good afternoon everyone. I would like to echo Geoff's sentiments around our disappointment that we cannot be meeting with you face-to-face, as we would normally. I hope that next year, we will be able to do so.

Today I will provide an overview of our business, including a snapshot of the FY20 financial results, our recently completed development projects and outlook for the year ahead.

In FY20, the Group delivered a strong performance in a challenging year. In March, we withdrew all forward-looking statements, due to the uncertainty created by the COVID-19 pandemic. I'm pleased to report that we ended up delivering funds from operations growth ahead of this guidance, and two percent higher than the prior year.

The value of our portfolio increased over FY20, driven primarily by the significant leasing success we had in the first half. This included signing our longest lease agreement to date, 25 years, with our single largest tenant, the New South Wales Police Force for their Paramatta headquarters.

During FY20, we made good progress with our debt book, taking advantage of the low interest rate environment to refinance \$400 million of debt and reduce our weighted average interest rate by 50 basis points. Last week we also extended \$315 million of debt with three of the major Australian banks. This debt was due to mature in December 2021 and this has been extended out to December 2023. Growthpoint enjoys a strong relationship with our financiers and this has come to the fore during this COVID-19 period.

While our earnings were not materially impacted by the COVID-19 pandemic, we decided to reduce our distribution payout ratio to retain a higher level of cash within the Group than normal. This was a prudent approach during an uncertain period.

Our strong performance during this challenging period reflects the resilient nature of our portfolio as a result of our deliberate portfolio construction, over the last decade or so.

As Geoff mentioned, our exposure is limited to the office and industrial property sectors. Within the office and industrial property sectors, we have invested in well-located, high-quality, modern properties.

We have carefully selected our tenants, favoring large, well capitalised companies and Federal and State governments.

On this slide, we have highlighted our top 10 tenants who make up approximately 48% of gross income. I'm sure you will recognise many of these names.

We have also focused on maintaining a high occupancy, which is currently at 96%, and having a long weighted average lease expiry, which is 6.4 years.

During FY20, two development projects reached practical completion, both ahead of time and on budget.

In February, development of Botanicca 3, a new A-grade office building in Richmond, around five kilometres from the Melbourne CBD, was completed. We were very pleased to announce at the beginning of October that Bunnings has signed a lease of 10 years and 7 months, for 71% of this development, reinforcing our view that this is one of the highest-quality metropolitan offices in Australia.

In June, practical completion of the 25,000 square metre expansion of our Woolworths' grocery regional distribution centre in Gepps Cross, South Australia, was reached. Woolworths now have a 15-year lease over the expanded property of 91,700 square metres of lettable area.

Looking ahead, I wanted to provide our thoughts on a topic that is garnering a lot of attention at the moment - 'what will be the future of the office?'

There has been a lot of commentary since the outbreak of COVID-19 about whether the almost overnight transition to everyone working remotely will lead to a severe contraction in demand for office space.

While initially, many people enjoyed working from home, there has been increasing recognition of the challenges. It has been difficult to stay connected with colleagues while working from home. It's also harder to develop company



culture, innovate and collaborate collectively, mentor and develop junior team members, when all interaction is done over a scheduled video call.

We expect that in the future, there will likely be increased workplace flexibility than before the pandemic, but very few organisations will see working from home exclusively as optimal for their business.

In the short-term, we think it is more likely that downward pressure on office demand will come from the challenging economic environment some companies are facing. Our office portfolio is well insulated against this due to our long-weighted average lease expiry of 7.1 years, high occupancy and strong tenant base.

Longer term, we believe metropolitan offices could benefit from some of the structural shifts, which are accelerating due to the COVID-19 pandemic. Approximately 89% of Growthpoint's office properties are located in non-CBD, metropolitan hubs.

It is possible that more organisations may choose to adopt a 'hub and spoke' office model, where they have an office in a CBD location and an additional office or offices in a metropolitan location. A primary benefit of this model is rental cost savings. By having a secondary office, organisations can reduce the amount of space required for their office in the relatively expensive CBD.

Having an office closer to where people live can reduce lengthy commutes and time spent on public transport.

Many characteristics of metropolitan offices (compared with their CBD counterparts) also makes them more attractive in a post pandemic world, such as larger floor plates to assist with social distancing, less levels within a building leading to shorter lift wait times and higher car parking ratios.

There still exists a great deal of uncertainty about the year ahead. While Australia is very well placed, with the spread of the virus now seemingly under control, we will not start to get a true understanding of the impact of the pandemic on businesses and individuals until well into 2021, or until a vaccine is approved and widely distributed. There appears to be significant cause for optimism regarding the availability of a vaccine in 2021.

Certainly, the Australian economy will benefit greatly from the unprecedented fiscal support and stimulus measures of the Federal Government, whilst the RBA has dropped the cash rate to an historic low of 0.1%, is lowering long term interest rates with its bond purchasing program and has provided substantial liquidity to the banking sector.

Globally, we see many countries struggling to contain the spread of the virus, and having to reintroduce lockdown measures, with devastating social and economic impacts.

As a result of this uncertainty, we have not provided funds from operations guidance for FY21. However, we understand the value our Securityholders place on receiving distributions, particularly when many ASX-listed companies have stopped, deferred or significantly reduced dividends. So, we have provided distribution guidance of 20.0 cents per security, which we expect will be paid in equal half-yearly installments in FY21. At current pricing, this represents a distribution yield of approximately 5.4%, an attractive yield when compared to bank deposit rates and the 10 year bond rate.

As I've highlighted today, the fundamentals of our business remain strong with a long weighted average lease expiry, high-quality tenants and manageable near-term lease expiries. We also have a strong balance sheet, significant liquidity and ongoing access to providers of capital. I am confident that we are well positioned to continue to deliver value to Growthpoint Securityholders over the long term.



Space to thrive.

Growthpoint Properties Australia

Growthpoint Properties Australia Trust ARSN 120 121 002  
Growthpoint Properties Australia Limited ABN 33 124 093 901 AFSL316409  
[growthpoint.com.au](http://growthpoint.com.au)

# 2020 annual general meeting.

19 November 2020

**GROWTH-POINT**  
PROPERTIES



Welcome to the  
**Growthpoint**  
**2020 AGM.**

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Geoff Tomlinson,  
Chairman





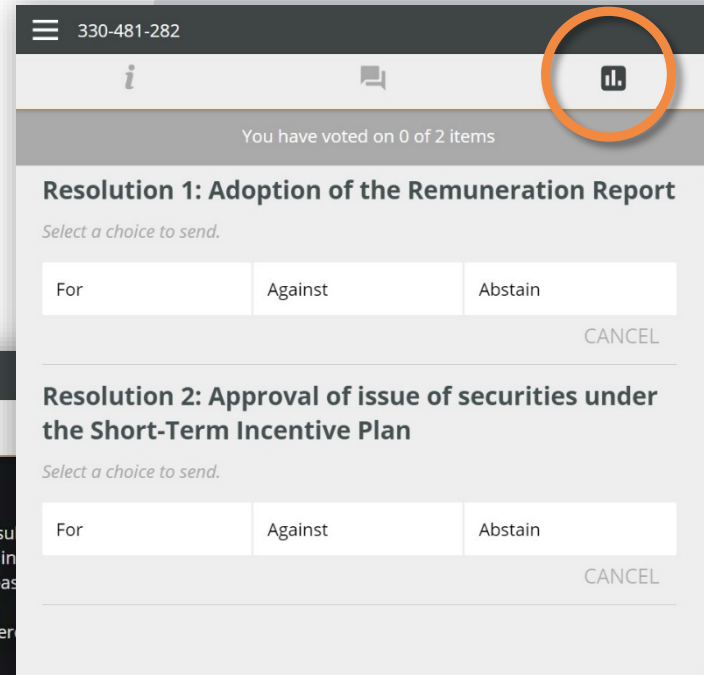
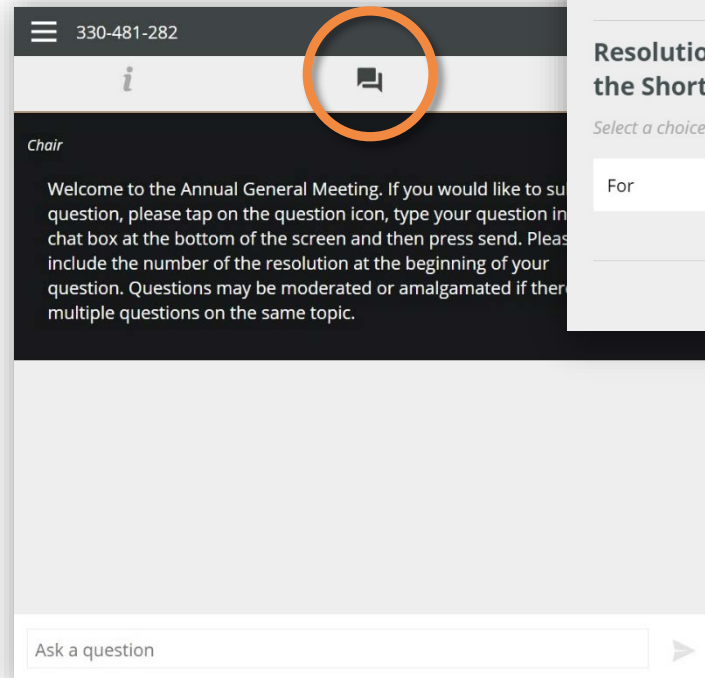


# Virtual AGM.



## How to ask a question:

1. Select the question icon 
2. Type your answer in the chat box at the bottom of the screen
3. Send by tapping the send icon 



## How to vote:

1. When the poll is opened select the vote icon
2. Tap an option to vote

There is no submit or send button, your vote is automatically recorded. You may cancel or change your vote at any time before the poll is closed.



If you require assistance before or during the Meeting please call Computershare on +61 3 9415 4024

# Growthpoint Properties Australia Board of Directors and Executive Management.



**Geoff Tomlinson**  
Independent Chairman



**Timothy Collyer**  
Managing Director



**Maxine Brenner**  
Independent Director



**Estienne de Klerk**  
Director



**Jacquee Jovanovski**  
Company Secretary and 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

Director  
**Maxine Brenner.**



# Agenda.



Chairman's  
address



Managing  
Director's address



Formal  
business



# Growthpoint overview.

## Key metrics

as at 30 September 2020

Total properties

57

Property portfolio value<sup>1</sup>

\$4.2b

Number of tenants

163

Total employees

29

## Our business model

100% investment in Australia



Exposure to only industrial and office properties



Limited development risk



Income focused



1. Valuations as at 30 June 2020.



# Our response to COVID-19.

- Provided rent relief to help tenants survive challenging period
- Made commitment to support all permanent employees – no redundancies or reduction in working hours
- Delayed all non-essential capital projects and operating expenses
- Implemented a Group-wide hiring freeze

Received no government subsidies

Provided ~\$3.4 million in rent relief to support tenants

> 97% billings<sup>1</sup> collected, April - October 2020

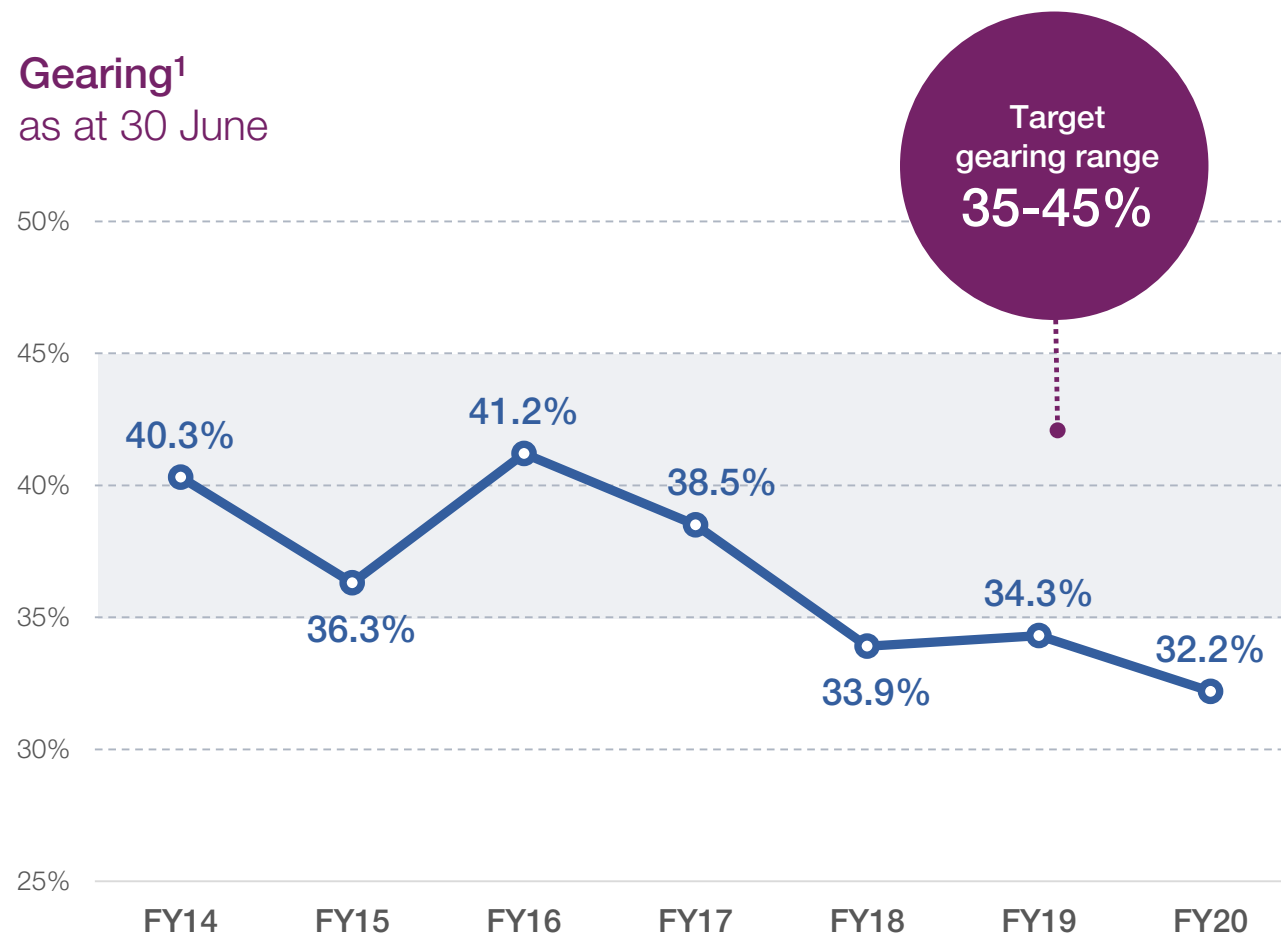
1. Rent abatements are not included in total billings. Rent that has been deferred is included. Data as at 10 November 2020.



# Strong balance sheet able to withstand challenging period.

- Significantly delevered over past 6 years; gearing now well below target range
- Ongoing access to capital since outset of pandemic
  - > Entered into new \$100 million facility with new banking partner
  - > Refinanced \$555 million
- No debt maturing until FY23

Gearing<sup>1</sup>  
as at 30 June



1. Interest bearing liabilities less cash divided by total assets less finance lease assets less cash.



# Our ongoing commitment to **operating sustainably.**

Employee engagement

77%

FY19: 75%

Employee alignment score

64%

FY19: 53%

## Reducing our environmental impact



- Completed two substantial solar photovoltaic installations
- Committed to purchase accredited renewable power for a number of key sites

## Prioritising our tenants wellbeing



- Committed ~\$3 million to upgrade tenant amenities
- Hosted community-building events at our assets

## Focusing on our people, culture and governance



- Significantly increased parental leave benefits
- New diversity target for Board – 30% gender diversity

Average NABERS Energy rating

4.9

30 June 2019: 4.8 stars

GRESB score

72/100

CY18: 66/100

Maintained gender diversity  
~50%  
of employees are women



# Managing Director's address.

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Timothy Collyer



# FY20 highlights.

Earnings  
above original  
guidance in a  
challenging year<sup>1</sup>

Profit after tax

\$272.1m

FY19: \$375.3m, -27.5%

FFO

25.6cps

FY19: 25.1cps, +2.0%

Distribution

21.8cps

FY19: 23.0cps, -5.2%

Property  
portfolio value

\$4.2b

30 June 2019: \$4.0b, +5.0%

NTA per  
security

\$3.65

30 June 2019: \$3.50, +4.3%

WALE

6.2yrs

30 June 2019: 5.0yrs, +1.2yrs

1. In March 2020, Growthpoint withdrew all forward-looking statements, including FFO guidance of at least 25.4 cps.

# Highly-predictable income and strong tenant base.

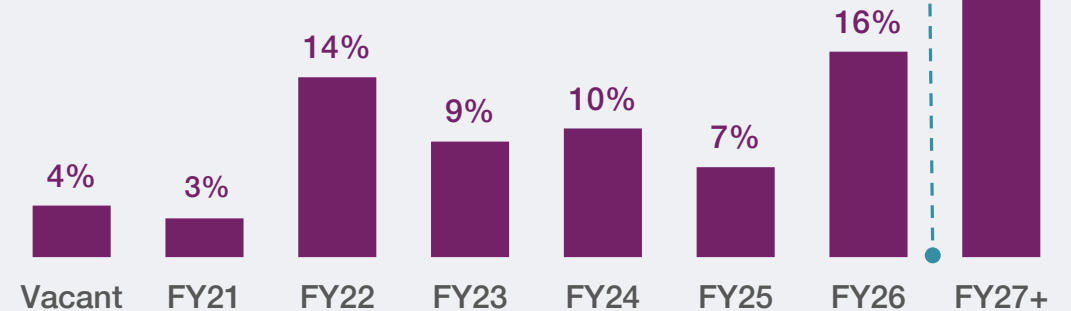
Tenants heavily weighted to large companies and government organisations

Top 10 tenants make up 48% of income



Long weighted average lease expiry (WALE) and high occupancy

Portfolio lease expiry per financial year, by income, as at 30 September 2020



Portfolio occupancy

96%

Weighted average lease expiry

6.4yrs





# Delivered \$203 million in development projects.

**Botanicca 3,**  
Richmond, VIC

**\$142.5m**

Book value – 30 June 2020

**19,447sqm**

Lettable area

**419**

Car spaces

Expected to achieve  
5.0 star NABERS Energy  
and Water ratings



**Woolworths'**  
distribution centre,  
Gepps Cross, SA

**\$54m**

Expansion

**15yr**

Lease extension

**36.4%**

Increase in lettable area

**\$47.8m**

Net valuation uplift<sup>1</sup>



1. After development costs. Valuation increase from 31 December 2018 (prior to expansion and new lease agreement) to 30 June 2020.





# While the way people work may change, **offices will remain prominent**



## Challenges of working from home:

### Employees:

- Sub-par connectivity
- Inadequate workspace
- Missed social interaction
- Difficulty collaborating with colleagues
- Inability to switch off from work



### Managers:

- Difficult to develop company culture
- Challenging to mentor and develop employees
- Hard to innovate



GOZ office portfolio well positioned in uncertain environment

As at 30 September 2020

Office WALE

7.1 yrs

Office occupancy

96%

# Metro markets well placed to benefit from new ways of working

89% of Growthpoint's office properties located in fringe or metropolitan markets

'Hub and spoke' model expected to become increasingly popular in Australia<sup>1</sup>

## Centralisation



### Melbourne

CBD office stock totals 61% of all stock

## Hub and spoke



### Sydney

CBD office stock totals 52% of all stock

## Metropolitan



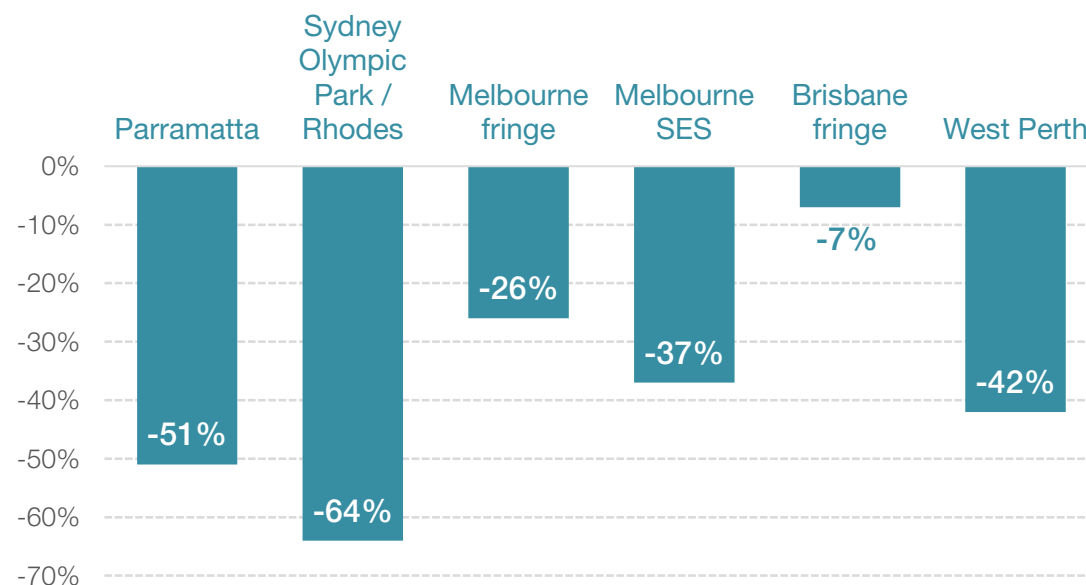
### European model

CBD office stock totals

- Berlin 16%
- Paris 20%
- Barcelona 13%
- Munich 24%
- Amsterdam 25% of all stock

Significant cost savings from moving from CBD to metro/fringe markets

## Metro and fringe markets' rent discount to CBD<sup>2</sup>



1. JLL, 'Office precincts for 2030 and beyond', May 2020.  
2. JLL REIS Data – 2Q20. Discount to prime face rents.



# Outlook.

## Continued uncertainty around impact of COVID-19 in FY21

As a result of this uncertainty, Growthpoint has not provided FY21 FFO guidance

FY21 DPS guidance of 20.0 cps, representing a DPS yield of 5.4%<sup>1</sup>

1. Distribution yield is the FY21 DPS guidance of \$0.20 per security divided by the closing ASX price as at 18 November of \$3.69.

## Growthpoint well positioned to deliver value to Securityholders over the long term

Industrial assets and metro offices poised to benefit from structural shifts



Tenants heavily weighted to large companies and government organisations



Long WALE and high-proportion of fixed annual rent increases



Robust balance sheet and strong relationships with banking partners



# Important information

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The statements in this presentation are made as at 19 November 2020. All reference to dollars (\$) are to Australian dollars.





**GROWTHPOINT**  
PROPERTIES

