

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

Annual General Meeting Presentation

23 November 2016

GROWTHPOINT
PROPERTIES



SPACE TO THRIVE



15 Green Square Close, Fortitude Valley, QLD



255 London Circuit, Canberra, ACT

Chairman's address



Geoff Tomlinson
Independent Chairman



3 Murray Rose Avenue, Sydney Olympic Park, NSW

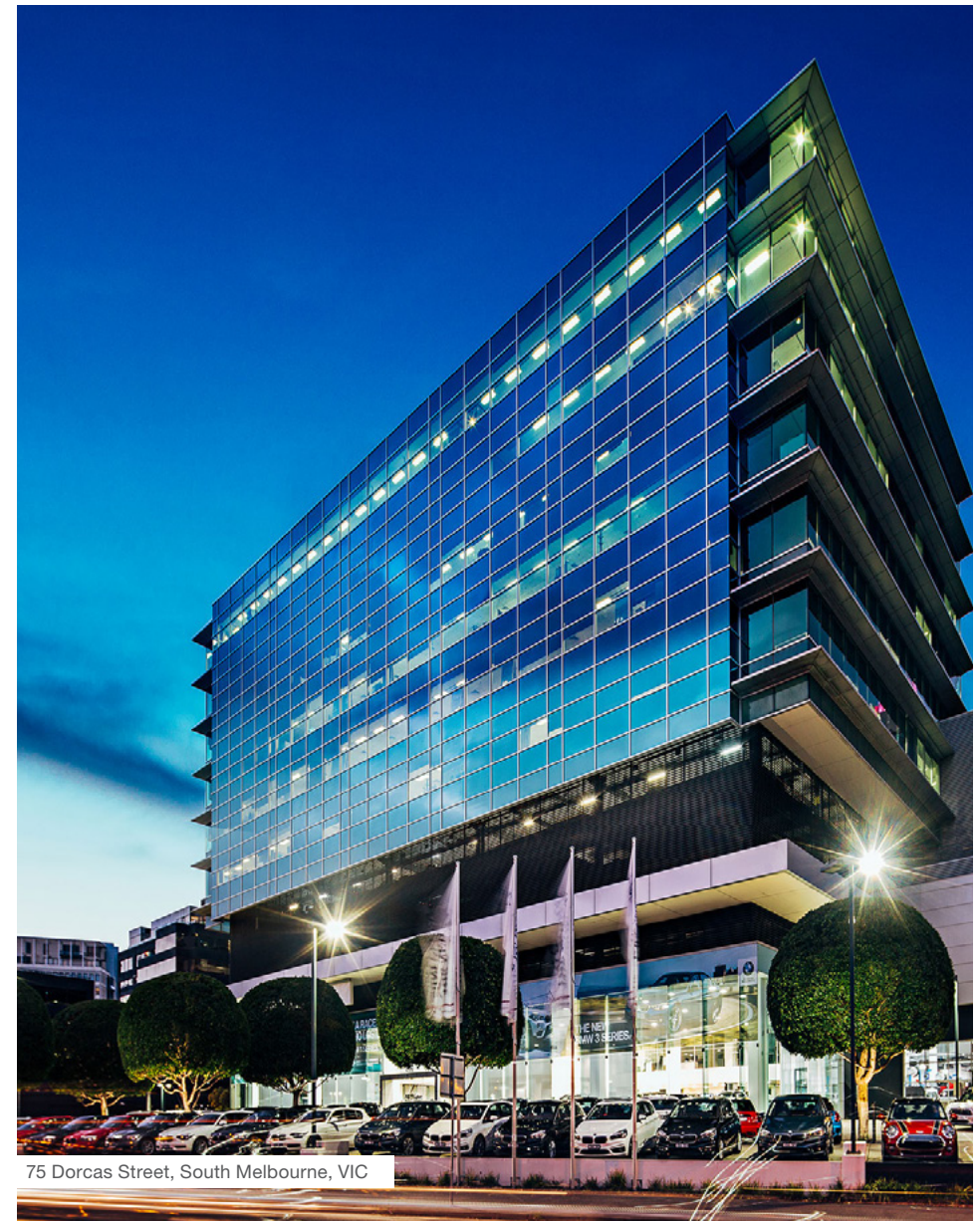
Managing Director's address



Timothy Collyer
Managing Director

Agenda

1. Assets, profit & Securityholder returns continue to grow
2. Quality assets acquired and GMF takeover completed
3. Strong leasing performance
4. Property portfolio well placed
5. Outlook



1. Assets, profit & securityholder returns continue to grow

Distributable income

per stapled security

Growth

FY17 ¹	at least 22.2c	+1.4%
FY16	21.9c	+3.3%
FY15	21.2c	+6.0%
FY14	20.0c	+3.6%
FY13	19.3c	+9.0%
FY12	17.7c	

Distributions

per stapled security

Growth

FY17 ¹	21.3c	+3.9%
FY16	20.5c	+4.1%
FY15	19.7c	

Total Securityholder return comparison

per annum, over 5 years to 30 June 2016²

GOZ	19.6%
A-REIT ³	18.0%
Shares ⁴	7.2%

Property portfolio value

as at 1 October 2016

Nov 2016	\$3.3B
June 2016	\$2.8B
June 2015	\$2.4B

\$2.67

NTA per security
at 30 June 2016

7.7% above 30 June 2015

15.9%

Return on equity
for FY16

1. Distribution guidance only excluding any change which the Directors may determine as a result of a successful GMF takeover.

2. Source: UBS Investment Research.

3. S&P/ASX 300 Prop Index

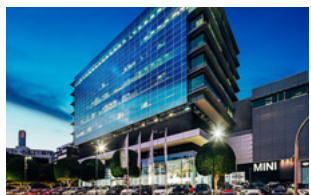
4. S&P/ASX Acc. Index



Quad 2, Sydney Olympic Park, NSW

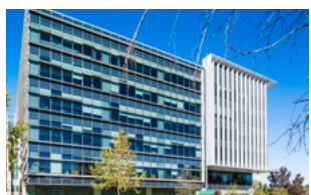
2. Quality assets acquired & successful GMF takeover completed

Assets acquired FY16 - \$328m assets



75 Dorcas St, South Melbourne, VIC

Major Tenant: ANZ Banking Group
Book Value: \$166.0 million
WALE: 5.4 years
Cap rate: 6.75%



255 London Circuit, Canberra, ACT

Major Tenant: Commonwealth of Australia
Book Value: \$70.0 million
WALE: 11.2 years
Cap rate: 6.00%



Building C, 211 Wellington Road, Mulgrave, VIC

Major Tenant: BMW Australia Finance
Book value: \$51.8 million
WALE: 5.0 years
Cap rate: 7.25%



1-3 Pope Court, Beverley, SA

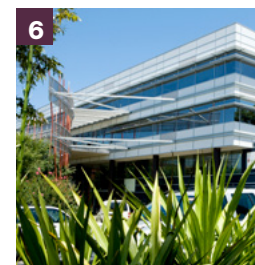
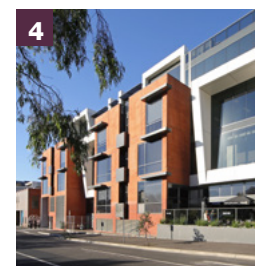
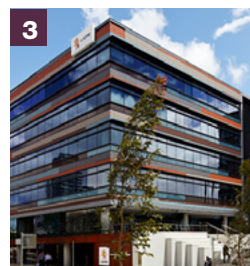
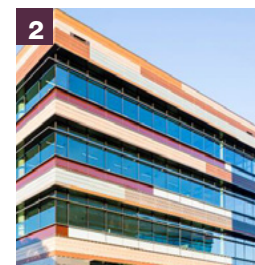
Major Tenant: Aluminium Specialties Group
Book Value: \$21.1 million
WALE: 4.4 years
Cap rate: 7.75%



34 Reddalls Road, Kembla Grange, NSW

Major Tenant: Patrick Autocare
Book Value: \$21.0 million
WALE: 14.3 years
Cap rate: 6.75%

GMF takeover - \$440m assets



1. 15 Green Square CL, Fortitude Valley, QLD.
2. 3 Murray Rose Ave, Sydney Olympic Park, NSW.
3. 5 Murray Rose Ave, Sydney Olympic Park, NSW.
4. 109 Burwood Rd, Hawthorn, VIC.
5. Quad 3, 8 Parkview Dr, Sydney Olympic Park, NSW.
6. Quad 2, 8 Parkview Dr, Sydney Olympic Park, NSW.

Rationale

- Quality modern A-grade offices
- Greater NSW investment
- Diversification of tenant base
- Accretive to GOZ earnings
- Issue scrip at premium to NTA
- Increase market cap / free float

GMF key statistics

(as at 30 June 2016)

- **\$440.3 million** total property value
- **6.70%** average capitalisation rate
- **15.5%** of Growthpoint's property portfolio
- **94.9%** occupancy
- **5.5 years** WALE
- **100%** A-grade office

3. Strong leasing performance

Highlights

- **333 Ann Street, Brisbane**
 - Occupancy now 80%
- **Building 2 & 3 Botanicca Corporate Park, Richmond**
 - 23,000 sqm leased to David Jones / Country Road for average 14.5 years

Over

59,000 sqm

of new and extended leasing
during FY16, and over

39,000 sqm

leased since 30 June 2016

Out of a 1,109,545 sqm portfolio (together,
8.8% of portfolio lettable area)

Portfolio lease expiry profile per financial year, as at 1 October 2016



Top ten tenants

by passing rent as at 1 October 2016

	%	WALE (yrs)
Woolworths Limited	18	5.9
NSW Police	8	7.7
Commonwealth of Australia	5	9.5
GE Capital Finance Australasia ¹	5	14.5
Linfox	4	6.7
Samsung	3	5.5
Jacobs Group	2	7.2
Lion	2	7.6
Energex	2	11.1
ANZ Banking Group	2	3.4
Total / Weighted Average	51	7.6
Balance of portfolio	49	5.2
Total portfolio	100	6.5

1. Leases to Country Road / David Jones, with a weighted average lease term from commencement of 14.5 years, will replace the existing lease to GE Capital Finance Australasia upon the lease expiry.

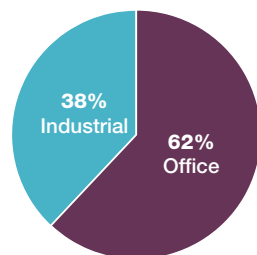
4. Property portfolio well placed

Highlights

- Increased office sector investment
 - relative rental growth stronger in Sydney and Melbourne office market
- Increased NSW investment to 25%
 - NSW economy performing well

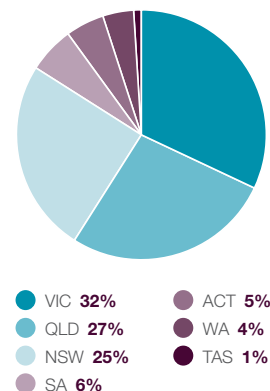
Sector diversity

by property value
as at 1 October 2016



Geographic diversity

by property value
as at 1 October 2016



Property portfolio overview

		Office ¹	Industrial	Total
Number of properties	<i>no.</i>	26	37	63
Total property value / average property value	<i>\$m</i>	2,035.5 / 78.3	1,226.4 / 33.1	3,261.9 / 51.8
Occupancy	<i>%</i>	97.7	100	98.6
Total lettable area / average property lettable area	<i>sqm</i>	300,529 / 11,559	868,578 / 23,475	1,169,107 / 18,557
Weighted average property age	<i>years</i>	8.1	10.1	8.9
Weighted average valuation capitalisation rate	<i>%</i>	6.8	7.1	6.9
Weighted average lease expiry	<i>years</i>	7.0	5.6	6.5
Weighted average rent review ²	<i>%</i>	3.5	2.7	3.2
Average capital value (per sqm)	<i>\$</i>	6,773	1,412	2,790
Average rent (per sqm, per annum)	<i>\$</i>	531	109	216
Number of tenants	<i>no.</i>	106	38	143 ³

1. Includes Building C, 211 Wellington Rd, Mulgrave, Victoria at it's 'on completion' valuation.

2. Assumes Consumer Price Index change of 1.3% per annum as per Australian Bureau of Statistics release for year to 30 September 2016.

3. Fuji Xerox is both an office and industrial tenant.

5. Outlook: Market conditions

Property Market

Investment

- Robust investor demand, with off-shore buyer interest still strong
- Positive yield spread and total return (IRR) still attractive, despite historic low property yields
- Lower level of properties coming to market than prior two years
- Significant variation in Australian State economies

Tenancy demand

- **Office:** Sydney and Melbourne strong, Brisbane office bottomed with signs of improvement
- **Industrial:** NSW strong, Melbourne moderate, Brisbane relatively weak

1. Source: Petra Capital

Financial markets and A-REITs

Significant volatility in financial markets

- US Presidential election and Brexit
- Continuous US Federal Reserve rate speculation
- Future direction of Australian interest rates

A-REITs

- S&P/ASX A-REIT 200 index down 17.6% from August 2016 peak¹
- A-REITs are reporting positive operating conditions and earnings growth
- Robust GDP growth at 3.3%, population growth of 1.4%, unemployment 5.6%, retail sales 2.8%, inflation 1.3%
- Major property markets performing well, with supply side in check
- Historically low cost of debt finance
- Spreads for investment remain attractive
 - Property yield at say 6.5% to 7.0% versus cost of medium term debt at ~4.0% p.a.
 - 10 year IRR (total return) at say 7.5% to 8.0% versus Government 10 year bond rate at ~2.6% p.a.

5. Outlook: Growthpoint Properties Australia

Portfolio

- Leasing vacancies (1%) and FY17 expiries
- Divestment of assets
- Feasibility design development and pre-commitments for approved 18,000 sqm office building at Richmond
- Continue GMF property transition to GOZ
- Consider accretive acquisitions and further M&A activity

Operational

- Concentration on sustainability
- New employees across all business lines
- New head office
- Maintain strong investor relations program

Capital Management

- Post GMF acquisition: lower gearing into target range of 35% to 45% (currently 46%); divestment of assets; DRP and, if required, equity raising
- Issue additional long-term debt into capital markets
- Improved liquidity and market free float

Market guidance FY17

- **Distributable income per security**
 - at least 22.2 cents per security
- **Distribution**
 - 21.3 cents per security
 - 3.9% increase on FY16
 - 7.1% yield on yesterday's closing price of \$3.01



Building C, 211 Wellington Road, Mulgrave, VIC



Quad 2, Sydney Olympic Park, NSW

Items of
business

Item 1: Financial Reports – Company & Trust

To receive and consider:

- (a)** the financial reports and the reports of the Directors and the auditors in respect of the Company for the financial year ended 30 June 2016; and
- (b)** the financial reports and the reports of the Directors and the auditors in respect of the Trust for the financial year ended 30 June 2016.

Note: There is no requirement for Securityholders to approve these reports.

Item 2: Remuneration report – Company only

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That the Remuneration Report of the Company (which forms part of the Directors’ Report) for the financial year ended 30 June 2016 be adopted.”

The Remuneration Report is set out on pages 39-47 of the Growthpoint Properties Australia 2016 Annual Report.

Proxies Received

Vote	Votes	%
For	89,713,281	98.88
Against	318,471	0.35
Open	696,137	0.77
Abstain	876,685	N/A
Excluded	910,774	N/A

Item 3: Re-election of directors – Company only

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

- (a) *“That Mr Estienne de Klerk, who retires under rule 11.1(d) of the Company’s Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*
- (b) *“That Mr Francois Marais, who retires under rule 11.1(d) of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

Re-elect Estienne de Klerk

Vote	Votes	%
For	84,120,278	91.28
Against	7,349,879	7.97
Open	691,799	0.75
Abstain	353,392	N/A
Excluded	0	N/A

Re-elect Francois Marais

Vote	Votes	%
For	89,720,270	97.35
Against	1,749,491	1.90
Open	691,799	0.75
Abstain	353,392	N/A
Excluded	0	N/A

Item 4: Approval of grant of Performance Rights to Timothy Collyer (Managing Director) for 2015 & 2016 financial years - Company & Trust

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

- (a) *“That for the purposes of ASX Listing Rule 10.14 and all other purposes, the grant of Performance Rights to Timothy Collyer with respect to the 2015 financial year, under the Growthpoint Properties Australia Employee Incentive Plan, in accordance with the rules of the Plan and on the terms set out in the Explanatory Notes, is approved.”*
- (b) *“That for the purposes of ASX Listing Rule 10.14 and all other purposes, the grant of Performance Rights to Timothy Collyer with respect to the 2016 financial year, under the Growthpoint Properties Australia Employee Incentive Plan, in accordance with the rules of the Plan and on the terms set out in the Explanatory Notes, is approved.”*

(a) Proxies Received

Vote	Votes	%
For	89,610,416	98.62
Against	567,463	0.62
Open	685,513	0.76
Abstain	741,182	N/A
Excluded	910,774	N/A

(b) Proxies Received

Vote	Votes	%
For	89,595,723	98.60
Against	582,156	0.64
Open	685,513	0.76
Abstain	741,182	N/A
Excluded	910,774	N/A



Item 5: Approval of amendments to Trust Constitution – Trust only

To consider and, if thought fit, pass the following as a special resolution:

“That, the constitution of the Growthpoint Properties Australia Trust be amended in the manner set out in the Explanatory Notes accompanying the Notice of Meeting, a copy of such amendments to be tabled and signed by the Chairman at the Meeting for the purposes of identification.”

Proxies Received

Vote	Votes	%
For	91,277,343	99.10
Against	135,613	0.15
Open	692,483	0.75
Abstain	409,909	N/A
Excluded	0	N/A

Item 6: Issue of Stapled Securities to an underwriter in connection with Distribution Reinvestment Plan – Company and Trust

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of ASX Listing Rules 7.1 and 10.11 and for all other purposes, the issue of Stapled Securities to an underwriter or persons procured by an underwriter of the Distribution Reinvestment Plan, including to a related party (where relevant), details of which are set out in the Explanatory Notes, be approved.”

Proxies Received

Vote	Votes	%
For	88,293,687	96.15
Against	2,848,041	3.10
Open	690,499	0.75
Abstain	683,121	N/A
Excluded	0	N/A

Close of meeting

Attendees are invited to join directors, auditors and staff for refreshments immediately following conclusion of meeting.

Visit the Group's website at
www.growthpoint.com.au





For more information contact us at:

Email: info@growthpoint.com.au

Investor services line: 1800 260 453

www.growthpoint.com.au

Growthpoint Properties Australia

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Thank you