

FY18 Highlights



Returns

↑ **3.3%**

Increase in distributions per security to **22.2cps**
(FY17: 21.5cps)

25.0cps

Funds From Operations
(FY17: 25.5cps)

↑ **10.8%**

Increase in net tangible assets to **\$3.19**
(FY17: \$2.88)



Property

\$3.4bn

Property portfolio value
(FY17: \$3.3bn)

\$205.4m

New assets purchased¹
(FY17: \$469.9m)

\$90.8m

Strategic asset sales
(FY17: \$259.1m)



Capital management

- ✓ Lower gearing
- ✓ Higher percentage of fixed debt
- ✓ Maintained debt maturity

5.0yrs

Weighted average debt maturity (WADM)
(30 June 2017: 5.0yrs)

↑ **7%**

Increase in percentage of fixed debt to **82%**
(30 June 2017: 75%)

↓ **33.9%**

Gearing
Decrease of 460bps
(30 June 2017: 38.5%)



Sustainability

- ✓ Increased average portfolio NABERS energy rating to 4.6 stars
- ✓ Increased gender diversity of employees
- ✓ Targeting net zero emissions across all properties under operational control by 2050

↑ **50%**

of employees are female
(30 June 2017: 43%)



↑ **4.6★**

Average NABERS Energy rating
(30 June 2017: 4.5 stars)



1. Includes acquisition of 836 Wellington Street, West Perth, WA for \$91.3 million announced 18 July 2018.



We are constantly reviewing new markets and opportunities. While the market for some direct assets is priced competitively, there remain a number of other avenues for growth open to the Group

Timothy Collyer,
Managing Director



A1, 32 Cordelia Street, South Brisbane, QLD

Chairman's Report

Consistent and transparent business model

Dear Securityholders,

The 2018 financial year was another strong year for Growthpoint with the Group continuing on a path of executing on its promises and growing distributions for Securityholders.

Over the year investors in Growthpoint securities achieved a total return of 22.3%, outperforming the ASX300 A-REIT Acc Index by 10.1 percentage points, an excellent achievement and validation of the Group's portfolio strategy and execution. Importantly this outperformance extends to longer term time periods, with outperformance also achieved over 3 and 5 years (see chart on the right of page).

In October 2017 we introduced a new Board member in Josephine Sukkar AM. Josephine joins as the Group's fourth Independent Director and brings with her significant construction expertise with over 27 years running a large building company in Sydney. Importantly, this coincides with the Group commencing construction of a high-quality, A-grade office building on vacant land at the Botanica Corporate Park in the inner-city Melbourne suburb of Richmond. Josephine's appointment brings female representation on the Board to 25% (from 14% at 30 June 2017).

Recognising the increasing burden of energy costs for our tenants, and with a view to reducing our carbon footprint as an organisation, Growthpoint has identified a number of potential solar projects it will look to progress over FY19. Investment in these projects demonstrates a genuine commitment to renewable energy being made by the Group, while importantly making our property portfolio more efficient to attract the highest quality tenants. More information on these projects can be found in the Group's FY18 Sustainability Report.

To ensure the Group is maintaining pace with best practice across the sector, PwC were asked as part of their annual engagement to review the existing executive remuneration framework. The Nomination, Remuneration and HR Committee has recommended to implement three key changes from FY19 it believes will further align the interests of Securityholders with Management remuneration. More information on the Group's remuneration can be found on pages 37 to 52 of this report.

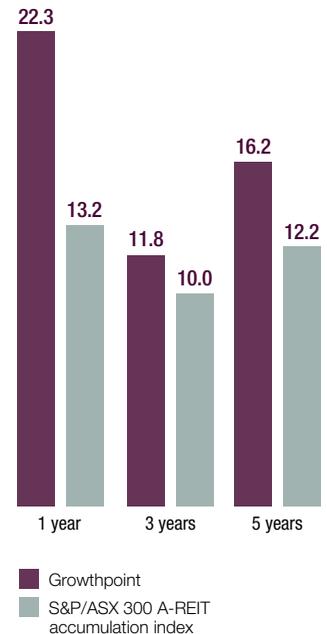
We believe the Group is well positioned to take advantage of a number of exciting new opportunities to continue growing the business in a sustainable way. With strong support from our majority Securityholder, Growthpoint Properties Limited, we enter FY19 with enthusiasm and a belief that we can continue delivering the best outcomes for our Securityholders, creating additional value from properties we own and continuing to grow our portfolio.

On behalf of the Board, I would like to thank all our Securityholders for their continued support of Growthpoint. I would also like to thank our employees, tenants, third party suppliers, debt providers, directors and other stakeholders for their continued contribution to our success.

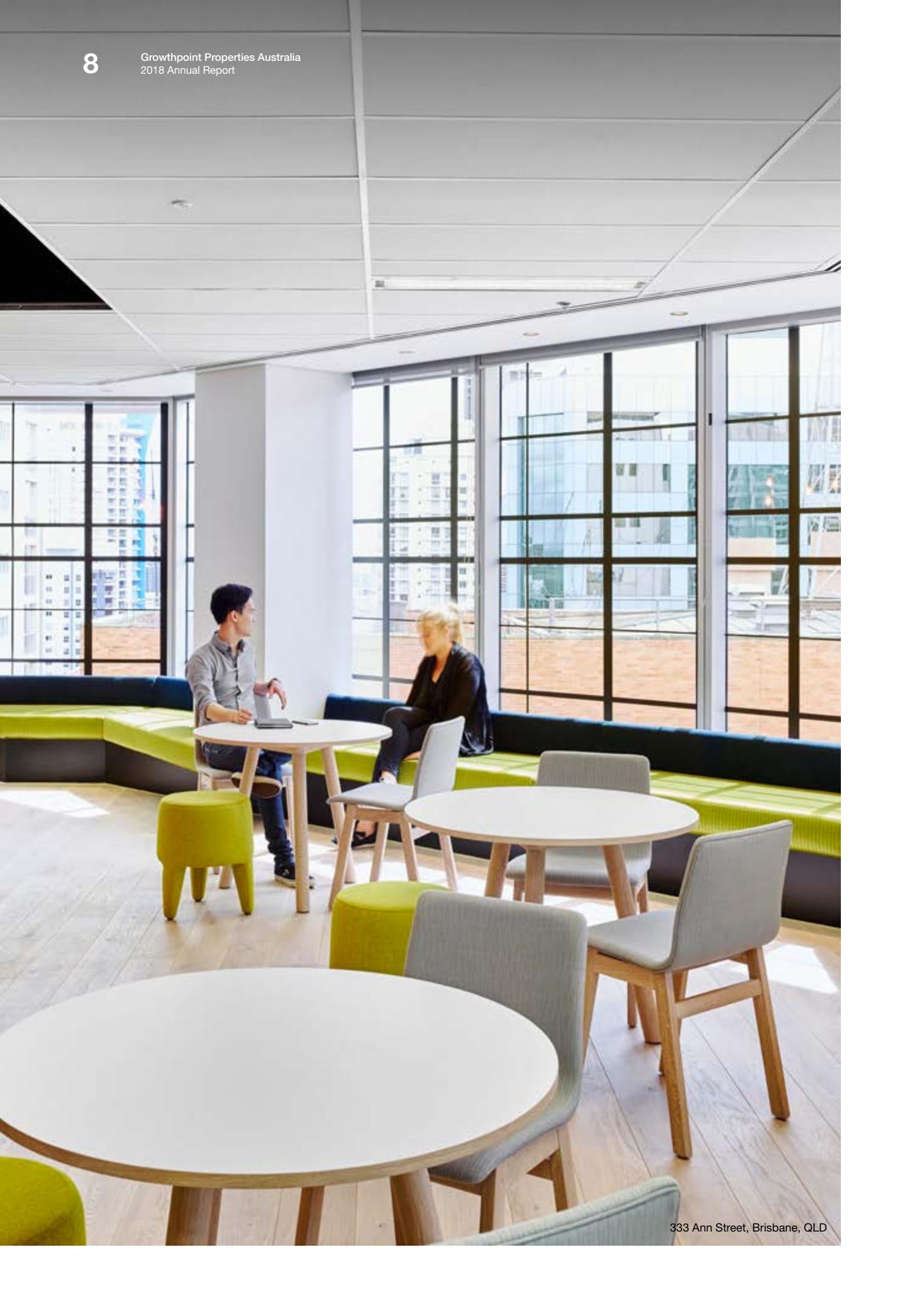


Geoff Tomlinson
Independent Chairman & Director
Growthpoint Properties Australia Limited

Total Securityholder return over 1, 3 & 5 years (%)¹



1. Source: UBS Investment Research: Annual compound returns to 30 June 2018.



Managing Director's Report

Growthpoint delivers another year of positive operational performance and financial returns

Dear Securityholders,

On behalf of Growthpoint's management team, I am pleased to present the FY18 Annual Report which demonstrates another strong year of operational performance and financial returns for Securityholders. Over the year the Group achieved a record statutory profit of \$357.7 million and delivered an above-sector total return of 22.3% to our Securityholders. Other key highlights over the year were:

- > Statutory earnings of 53.5 cents per security (cps), which is the highest reported EPS of any year since Growthpoint's inception in 2009
- > FFO of 25.0 cps, a decrease of 2.0% on FY17
- > Annual distribution of 22.2 cps, an increase of 3.3% on FY17
- > 10.8% increase in NTA per security, up from \$2.88 at 30 June 2017 to \$3.19
- > Completed over \$257.2 million in property and equity transactions, taking advantage of strong pricing to sell property and reinvest favourably into markets we know and understand
- > Undertook 132,433 sqm of new and extended leasing, equating to 13% of total portfolio lettable area, maintaining portfolio occupancy at 98%
- > Reduced gearing by 460 basis points (bps), from 38.5% at 30 June 2017 to 33.9% giving the Group significant flexibility to take advantage of growth opportunities should they arise
- > Successfully extended near-term debt maturities, maintaining the Group's weighted average debt maturity at 5 years, with no refinancing required until September 2020
- > Increased the average NABERS energy rating for the office portfolio from 4.5 stars at 30 June 2017 to 4.6 stars at 30 June 2018

Continued repositioning of the portfolio was achieved via transactions weighted towards the first half, with the Group acquiring four adjoining, modern industrial warehouses at Perth Airport, Western Australia for \$46 million, providing an initial passing yield of 8.1%. We also announced the acquisition of an 18.2% interest in Industria REIT for approximately \$68.1 million, equating

to \$2.30 per IDR security and an attractive DPS yield of 7.2%. Post-FY18 balance date, Growthpoint entered into transaction documents for the acquisition of 836 Wellington Road, West Perth for \$91.3 million. This is Growthpoint's first office investment in Perth after a long period of due diligence on the Perth office property market which is showing clear signs of a turnaround.

Importantly these acquisitions were funded by asset sales which achieved attractive prices. An example of this is 522-550 Wellington Road, Mulgrave, Victoria which sold in December 2017 for \$90.75 million, representing a 37.7% premium to the 30 June 2017 book valuation. Achieving a high price on exit and re-investing proceeds into new markets where we believe will achieve long-term upside is a strategy management will continue to deploy.

We are constantly reviewing new markets and opportunities to generate the best outcomes for Securityholders. To this end the Group has a pipeline of development and expansion projects it will look to undertake over the next two years, including the exciting development of a new, 19,300 square metre (sqm) A-Grade office building in Richmond, Victoria.

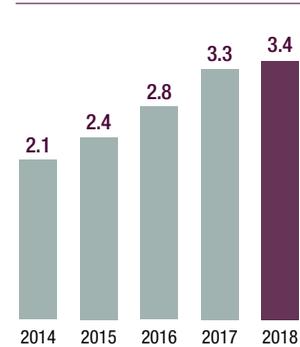
Transactions over the year coupled with further uplift in valuations helped reduce gearing by 460 bps to 33.9% giving the Group significant flexibility moving forward. This lower level of gearing, coupled with the successful extension of bank debt leaves the balance sheet in an excellent position to explore further growth opportunities as we move into FY19.

T.J. Collyer

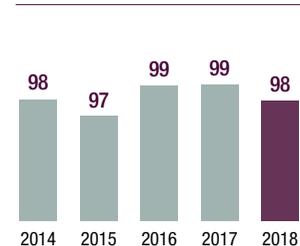
Timothy Collyer
Managing Director

Growthpoint Properties Australia Limited

Total portfolio value (\$b)
as at 30 June



Portfolio occupancy (%)
as at 30 June



Considered investment decisions in competitive direct property market

Market opportunities not limited to direct property acquisition

LISTED MARKET 	NEW DIRECT MARKETS 	RETAIL MARKET REVIEW 	BIDDING ON DIRECT PROPERTY INVESTMENTS 
<p>18.2%</p> <p>Stake in Industria REIT (ASX: IDR)</p> <ul style="list-style-type: none"> > Acquired stake in July 2017 for \$2.30 per security (\$68.1 million) > Value as at 30 June 2018: \$2.65 per security (\$78.5 million) > Continue to evaluate IDR whilst receiving attractive income yield 	<p>\$91.3m</p> <p>Inaugural investment into Perth office market</p> <ul style="list-style-type: none"> > Long period of due diligence on Perth office market > Recovery in Perth to be driven by recent improvement in business investment and removal of substantial sub-leasing from the market over a recent period of subdued development 	<p>Completed detailed review of retail market in May 2018</p> <ul style="list-style-type: none"> > Continue to believe no investment in retail is correct strategy at this time > Difficult to identify catalyst for rebound in consumer spending > Sector undergoing significant structural change > Expect significant retail property to be on the market over next 12-24 months and yields to rise for some retail property categories 	<p>\$1.5bn</p> <p>Opportunities reviewed in FY18</p> <p>\$0.8bn</p> <p>Opportunities bid on in FY18</p> <p>\$137.3m</p> <p>Direct properties acquired¹</p>
	 <p>8.3 yr WALE</p> <p>'AAA' rated Tenant</p>		

1. Includes acquisition of 836 Wellington Street, West Perth, WA for \$91.3 million, expected to settle in October 2018.

Portfolio opportunities to maximise value

STRATEGIC DIVESTMENTS	INTERNAL DEVELOPMENT OPPORTUNITIES 
<p>Sell property with residential conversion upside</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="155 1655 423 1862">  <p>SOLD</p> </div> <div data-bbox="443 1655 710 1862">  <p>FOR SALE</p> </div> </div> <p>522-550 Wellington Road, Mulgrave, VIC sold for \$90.8 million – 37.7% premium to book value</p> <p>Quads 2 & 3, Sydney Olympic Park, NSW – Marketing commenced July 2018</p>	<p>Pipeline of >\$200m in development and expansion opportunities, led by:</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="783 1655 1050 1862">  </div> <div data-bbox="1070 1655 1338 1862">  </div> </div> <p>Botanicca 3 development at Richmond, VIC – development yield on cost between 7.5% and 8.5%</p> <p>Gepps Cross Expansion, SA – Negotiating with tenant regarding potential \$50 to \$60 million expansion</p>

Robust capital position

well placed for future growth

BALANCE SHEET



33.9%

Gearing – reduced by 460bps, below bottom of target gearing range

\$320m

Undrawn debt

5yrs

WADM – maintained due to extension of near-term debt facilities

EQUITY CAPITAL



Good access to equity capital

- > Supportive majority Securityholder in Growthpoint Properties Limited (JSE code: GRT)
- > GRT has a stated internationalisation strategy to increase offshore EBITDA contribution to 30% (from 15%)
- > Ongoing support from domestic and other offshore institutional investors



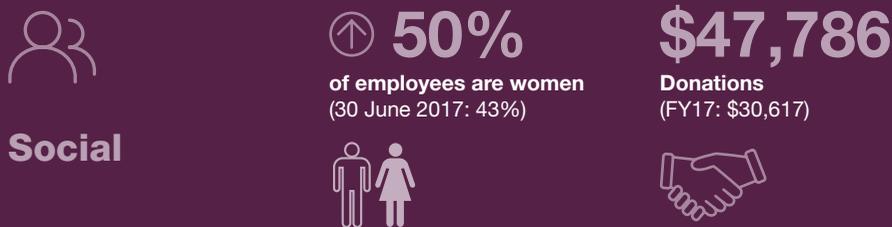
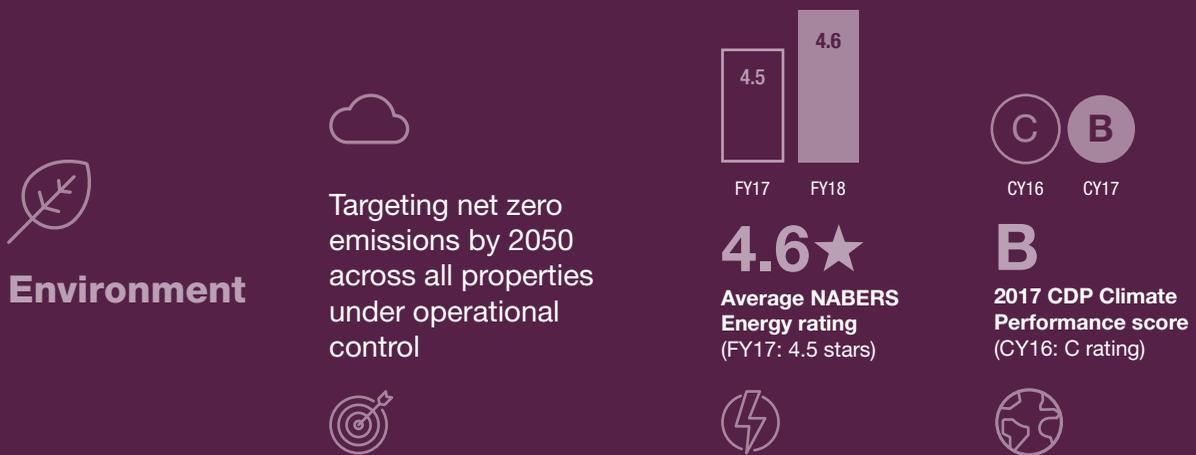
Capacity to take advantage of the right opportunities



As the market for direct assets on Australia's Eastern seaboard continues to be priced competitively there remain a number of avenues for growth open to the Group with the balance sheet well positioned to provide support

Timothy Collyer
Manging Director

FY18 Sustainability Highlights



1. Economic Value Provided is the sum of Economic Value Generated and Economic Value Distributed (calculated in accordance with GRI methodology).
2. Economic Value Generated is the sum of cash receipts from customers plus interest received.
3. Economic Value Distributed is the sum of Director and employee wages and benefits, payments to providers of capital, payments to Australian governments and all other cash expenses
4. Consists of stamp duty, net GST, income tax, payroll tax and mortgage duties calculated in accordance with GRI methodology.

Planned renewable energy projects being investigated through FY19

599 Main North Rd, Gepps Cross, SA



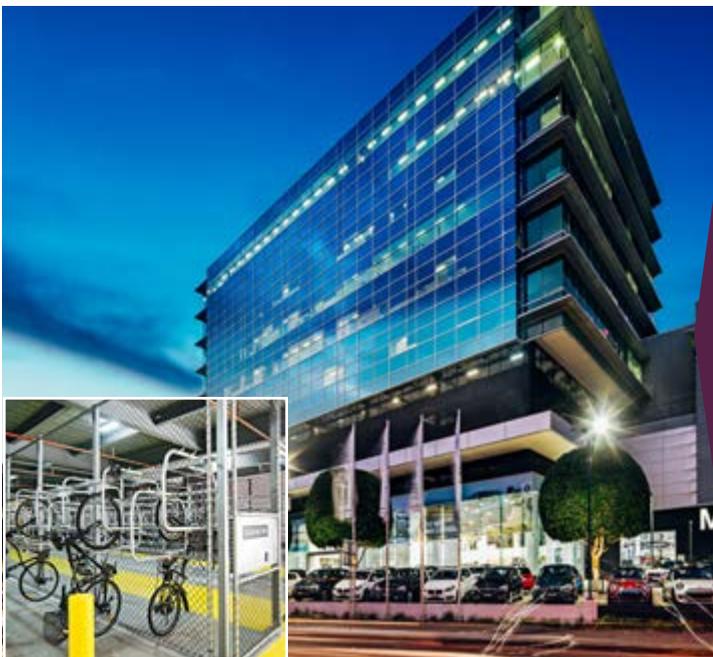
- > Negotiating with tenant regarding \$50 to \$60 million expansion of Gepps Cross
- > Exploring the use of sustainable energy options including the proposed addition of a 1.6MW solar farm



Botanicca 3, 572-576 Swan St, Richmond, VIC



- > Design and construct building contract for the Botanicca 3 development includes provision for a total of 120kW solar photovoltaic roof mounted installation.
- > Detailed design is currently underway
- > Structural and spatial provision for future battery storage infrastructure (for connection to solar PV system) is being considered as part of the project
- > Project completion scheduled for second half of CY20



75 Dorcas St, South Melbourne, VIC



- > Feasibility study completed to identify most viable solar projects within Growthpoint portfolio
- > Dorcas Street suitable investment proposition based on:
 - Size of roof
 - Payback period
 - Percentage offset of existing energy usage
- > Systems to generate up to 200kW
- > Estimated savings of ~300tCO₂-e per annum
- > Emissions saving equivalent to taking 66 cars off the road for a full year
- > Project to progress through FY19