

Growthpoint Properties Australia

Growthpoint Properties Australia Trust ARSN 120 121 002

Growthpoint Properties Australia Limited ABN 33 124 093 901 AFSL 316409

www.growthpoint.com.au



25.0cps

Funds From
Operations



22.2cps

Distributions



\$3.19

Net tangible assets
per security



\$3.4bn

Property portfolio
value

space to thrive

2018 Annual Summary

For the year ended 30 June 2018

GROWTHPOINT
PROPERTIES



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.

Chairman's Report

Consistent and transparent business model

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

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 Botanicca 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 the 2018 annual report.

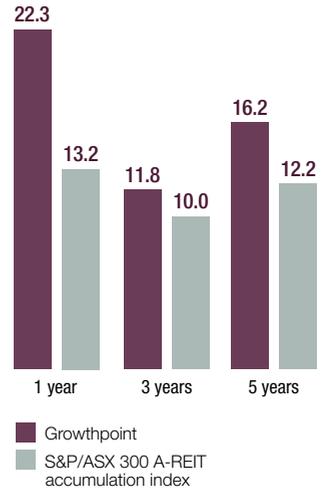


We believe the Group is well positioned to take advantage of a number of exciting new opportunities to continue growing the business in a sustainable way. With strong support from our majority Securityholder, Growthpoint Properties Limited, we enter FY19 with enthusiasm and a belief that we can continue 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



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.

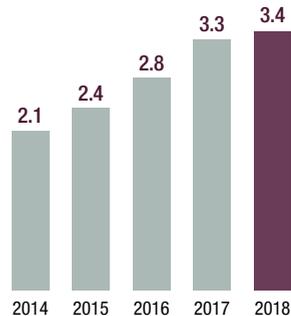
Transactions over the year coupled with further uplift in valuations helped reduce gearing by 460 bps to 33.9% giving the Group significant flexibility moving forward. This lower level of gearing, coupled with the successful extension of bank debt leaves the balance sheet in an excellent position to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

T.J. Collyer

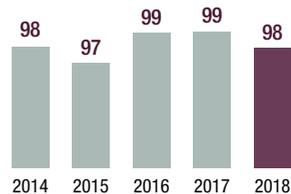
Timothy Collyer
Managing Director

Growthpoint Properties
Australia Limited

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



Portfolio occupancy (%)
as at 30 June



Property Portfolio overview



26

Office properties
– 66% of total property portfolio by property value



31

Industrial properties
– 34% of total portfolio by property value



98%

Portfolio occupancy
– down from 99% at 30 June 2017

Five year performance summary

As at 30 June		2018	2017	2016	2015	2014
Number of properties	no.	57	58	58	53	51
Total value	\$m	3,356.1	3,283.8	2,832.6	2,372.5	2,093.7
Occupancy	%	98	99	99	97	98
Like-for-like value change	\$m / % of asset value	193.8 / 6.2	138.6 / 5.2	130.2 / 5.5	186.0 / 9.0	52.1 / 3.0
Total lettable area	sqm	1,003,444	1,056,336	1,109,545	1,050,611	1,036,740
Weighted average property age	years	10.6	9.6	9.2	8.3	7.9
Weighted average valuation cap rate	%	6.2	6.5	6.9	7.3	7.9
WALE	years	5.3	6.1	6.9	6.7	6.9
WARR ¹	%	3.3	3.3	3.1	3.0	3.2
Average value (per sqm)	\$	3,345	3,109	2,553	2,258	2,019
Average rent (per sqm, per annum)	\$	238	231	198	183	171
FY net property income	\$m	213.6	223.3	181.2	171.8	148.7
Number of tenants	no.	142	145	116	97	90

Top ten tenants

by passing rent, as at 30 June 2018

	WALE (yrs)	
	%	
Woolworths	15	4.5
NSW Police	9	5.9
Commonwealth of Australia	5	7.8
Country Road / David Jones	4	13.9
Linfox	4	4.9
Samsung Electronics	3	3.7
Lion	3	5.8
ANZ Banking Group	2	1.7
Jacobs Group	2	7.0
Queensland Urban Utilities	2	4.8
Total / weighted Average	49	5.9
Balance of portfolio	51	4.7
Total portfolio	100	5.3

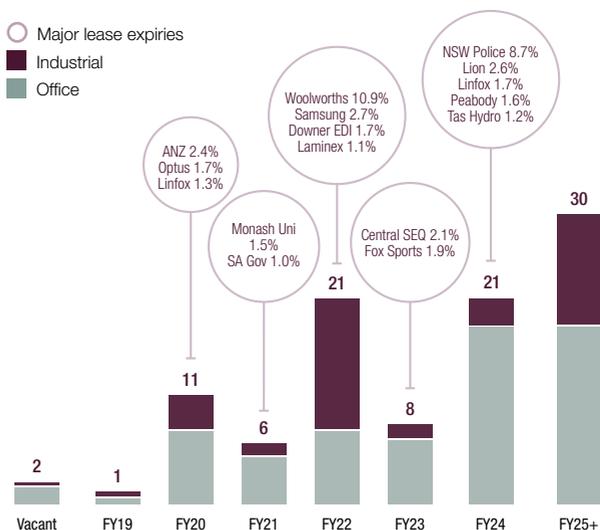
Portfolio lease expiry profile (%)

per financial year, by income

○ Major lease expiries

■ Industrial

■ Office



Securityholder information

Frequently asked questions

How do I update my contact details?

Please update your details via [Computershare](#). Please note you will require your holder identification number.

How do I buy or sell Growthpoint securities?

Growthpoint securities trade on the ASX under the code 'GOZ'. To buy or sell securities directly you must transact via an ASX approved broker (including on-line brokers such as NAB, E-Trade and Commsec). More details are available at [asx.com.au/products/shares/buying-selling-shares.htm](#).

Growthpoint cannot sell direct to you other than via the DRP or, in certain limited circumstances, additional equity raisings.

Why does Growthpoint outsource its registry function to Computershare?

Most ASX-listed entities outsource this function to a third party registry provider. Growthpoint does not have the scale or in-house resources (including technology) to in-source this function. Computershare is one of the largest registry providers in Australia and is included in the ASX's top 100 companies with a market capitalisation of approximately \$7.0 billion. Growthpoint has chosen Computershare on the basis of its price and service offering. Growthpoint regularly considers Computershare's performance (including any complaints or feedback received from Securityholders), pricing and services versus other providers to determine if it should continue to outsource this function to Computershare.

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This document includes some highlights from the 2018 Annual Report for Growthpoint Properties Australia but is not a full annual report and does not include all of the information required to understand all of the information provided. Users should refer to the full 2018 Annual Report which is available at [www.growthpoint.com.au](#).

I have lost or not received a tax statement, holding statement or report. How can I obtain a replacement?

Contact Computershare in the first instance. Details are supplied below.

Contacting Computershare

For direct holders for Growthpoint securities, most matters can be dealt with on-line at: [www-au.computershare.com/Investor/](#)

Note that you will require your holder identification number.

If you cannot resolve matters on-line, contact details for Computershare are:

- > **Address:** Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067 Australia
- > **Telephone:** 1300 850 505 (within Australia) or +61(0) 3 9415 4000 (from outside of Australia)
- > **Facsimile:** +61(0) 3 9473 2500
- > **Email:** webqueries@computershare.com.au

For indirect holders, i.e. holders that hold securities via fund, custodian or other third party, you should contact that party. Computershare will only be able to assist those with holdings directly on Growthpoint's Securityholder register.

Complaints

Growthpoint Properties Australia aims to provide each Securityholder with a professional and high level of client service in managing the Stapled Group. If you have a complaint, you may contact us in writing to our registered address or by email to complaints@growthpoint.com.au, detailing the complaint. A response will normally be provided within 15 working days. All complaints should be addressed to the Complaints Manager.

The Responsible Entity is a member of the Financial Ombudsman Service Limited (FOS), an external, independent complaints handling organisation. FOS can be contacted on 1300 78 08 08, should your complaint not be resolved by Growthpoint Properties Australia.



Contact details

Retail Investors:

Computershare Investor Services Pty Limited
GPO Box 2975, Melbourne VIC 3001 Australia

Phone (within Australia): 1300 850 505
Phone (outside Australia): +61 (0)3 9415 4000

Fax: +61 (0)3 9473 2500

Email: webqueries@computershare.com.au

Institutional Investors:

Daniel Colman – Investor Relations Manager
Pooja Shetty – Investor Relations Administrator

Email: info@growthpoint.com.au

Investor Services Line: 1800 260 453

[www.growthpoint.com.au](#)

Corporate directory

Growthpoint Properties Australia Limited
ABN 33 124 093 901; AFSL No 316409

Growthpoint Properties Australia Trust
ARSN 120 121 002

Registered Office

Level 31, 35 Collins Street,
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Phone: (03) 8681 2900

Fax: (03) 8681 2910

[www.growthpoint.com.au](#)

Directors

Geoffrey Tomlinson, Timothy Collyer, Maxine Brenner, Estienne de Klerk, Grant Jackson, Francois Marais, Norbert Sasse, Josephine Sukkar

Company Secretaries

Aaron Hockly¹, Dion Andrews, Yien Hong

Auditor KPMG

Tower 2, 727 Collins Street
Melbourne VIC 3008 Australia

ASX Code

Growthpoint Properties Australia securities are listed on the Australian Securities Exchange (Code GOZ).

1. Aaron Hockly is on parental leave and will return in April 2019.