



FY19 Highlights.



Funds From Operations

25.1cps

+0.4% on FY18

Property portfolio value

\$4.0bn

+18.7% on 30 June 2018

Distributions per security

23.0cps

+3.6% on FY18

Net tangible assets per security

\$3.52¹

+10.3% on 30 June 2018

Net Property Income

\$230.4m

+5.4% on FY18

Portfolio occupancy

98%

(30 June 2018: 98%)

- ➔ Completed \$386 million in property transactions²
- ➔ Development pipeline of \$353 million
- ➔ Like-for-like portfolio valuation growth of 10%
- ➔ Completed two significant equity raisings which were oversubscribed³
- ➔ Reduced gearing by 380 basis points to 30.1%¹

1. Pro forma 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.

2. Includes acquisitions and divestments.

3. Comprising a \$135 million Rights Offer completed in December 2018 and an Institutional Placement and Security Purchase Plan which were launched in June 2019 with the \$174 million proceeds settling in early FY20.



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.



3 Murray Rose Avenue, Sydney Olympic Park, NSW

Business Overview

Portfolio Review

Financial Management

Board & Remuneration Report

Financial Report

Additional Information



Introduction from Chairman and Managing Director.



Geoff Tomlinson
Independent Chairman & Director



Timothy Collyer
Managing Director

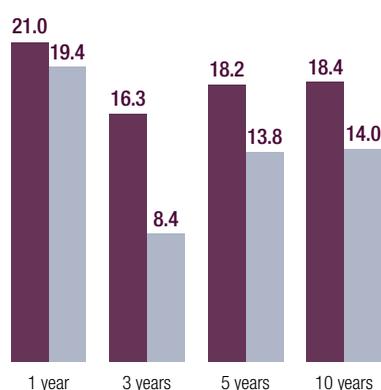


Total Securityholder return over 10 years

18.4%

compared to 14.0% for the S&P/ASX 300 A-REIT accumulation index return for the same period¹

■ Growthpoint
■ S&P/ASX 300 A-REIT accumulation index



Total Securityholder return over 1, 3, 5 & 10 years (%)¹

1. Source: UBS Investment Research: Annual compound returns to 30 June 2019.
2. Pro forma 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.

Growthpoint finishes its 10th year with strong returns and a quality portfolio in the office and logistics sectors.

In August 2019, Growthpoint Properties Australia celebrated its 10th anniversary as an ASX listed A-REIT. Since its inception, Growthpoint's business has grown substantially, whilst at the same time providing strong total returns to Securityholders. Our concentration has been to build and manage the property portfolio for the long-term, on a sustainable basis.

In FY19 attractive long-term returns to Securityholders continued, with the Group delivering an above-sector total Securityholder return of 21.0%¹.

Other key highlights over the year were:

- Statutory earnings of 52.9 cents per security (cps)
- FFO of 25.1 cps, an increase of 0.4% on FY18
- Annual distribution of 23.0 cps, an increase of 3.6% on FY18
- 10.3% increase in NTA per security, up from \$3.19 at 30 June 2018 to \$3.52²
- Completed over \$386.5 million in property transactions, taking advantage of strong pricing to sell and reinvest favourably into modern office properties, with quality tenants and long WALES
- Undertaken 116,901 sqm of new and extended leasing, equating to approximately 11.4% of total portfolio lettable area, maintaining portfolio occupancy at 98%.
- Undertaken two significant equity raisings that were oversubscribed, raising \$309 million, increasing the market capitalisation of the Group and trading free float
- Reduced gearing by 380 basis points (bps), from 33.9% as at 30 June

2018 to 30.1%², below the Group's target range, providing significant flexibility to take advantage of growth opportunities as they arise

- Successfully completed a 10 year USPP debt placement of \$161 million. The Group's weighted average debt maturity is 4.6 years, with no refinancing required until September 2020

Growthpoint had a busy year, undertaking significant transactions during FY19, including:

Acquisitions – purchased two modern, A-Grade office buildings for a total consideration of \$341.3 million.

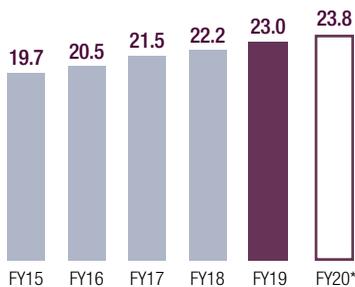
Disposals – two non-core office buildings located at Bedford Park, South Australia and Cambridge, Tasmania were sold for \$45.2 million.

Debt – raised \$161 million of 10 year debt in the USPP market, refinancing a bridge facility.

Development – Building 3, Botanicca, Victoria, a 19,300 sqm A-Grade office building, proceeding well for completion in early 2020. Gepps Cross, South Australia distribution facility leased by Woolworths undergoing a \$54 million expansion. Currently considering development options for 25.0 hectare Broadmeadows industrial land.

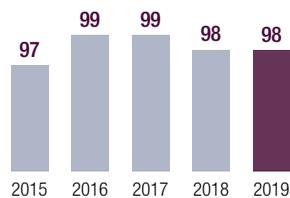


Botanicca 3, 570 Swan Street, Richmond, VIC



Distributions (¢)
per stapled security

*Distribution guidance only.



Portfolio occupancy (%)
as at 30 June



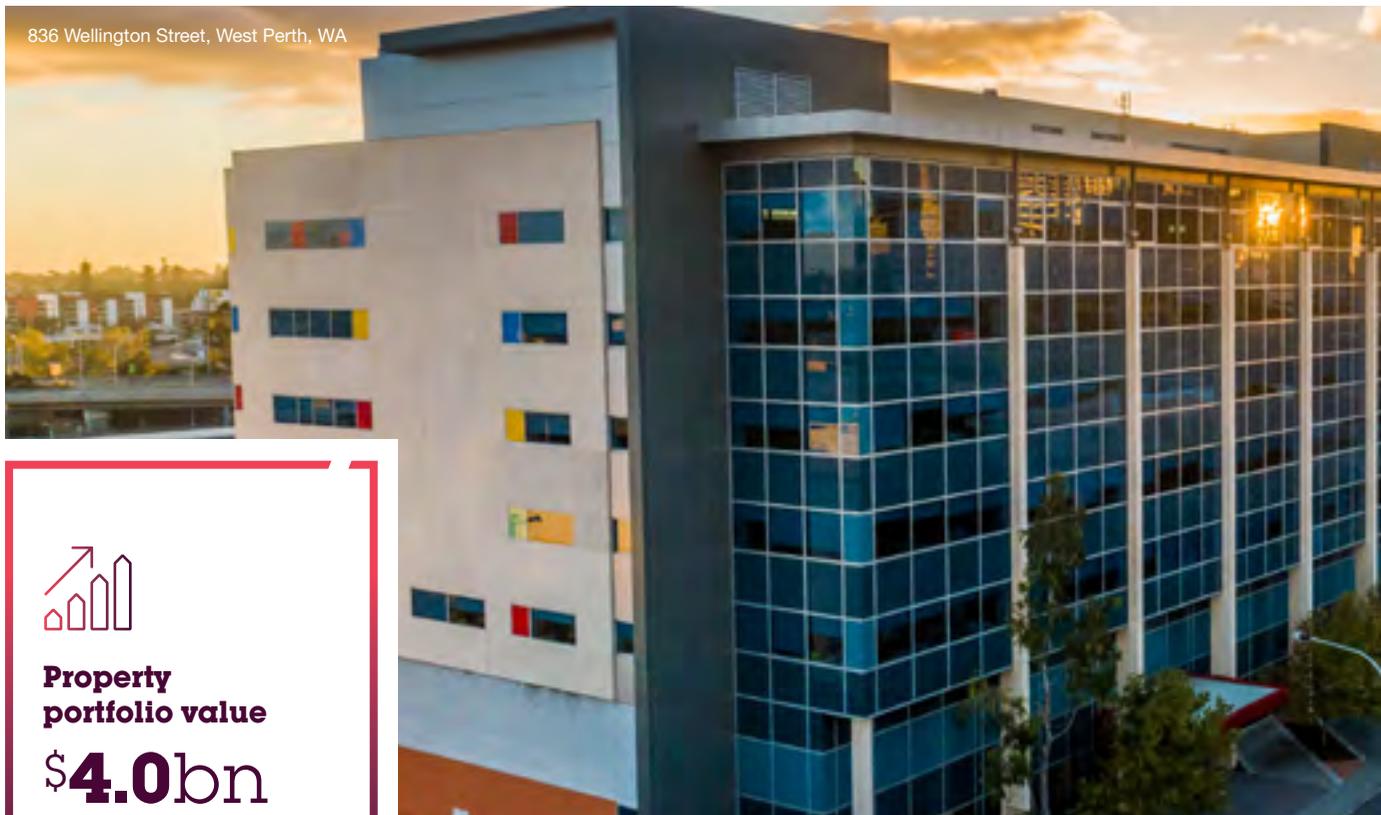
Ten years of sustainable growth.

	FY10	>	FY19
Property portfolio value	\$0.8bn		\$4.0bn
Total office assets	-		26
Total industrial assets	25		31
Share price (at 30 June)	\$1.80		\$4.12
Market capitalisation	\$0.3bn		\$3.4bn ^{1,2}
Free float	\$0.1bn		\$1.3bn ^{1,2}
No. employees	5		26

1. Pro forma 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.
 2. Pro forma, using the closing price of \$4.39 on 31 July 2019, multiplied by 771.5 million securities on issue.

Introduction from Chairman and Managing Director continued

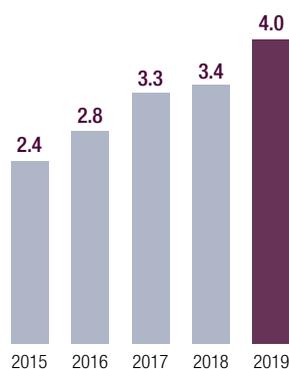
836 Wellington Street, West Perth, WA



Property portfolio value

\$4.0bn

(30 June 2018: \$3.4bn)



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

Equity raising – during the year Growthpoint successfully raised \$309 million of equity via a Rights Offer, an Institutional Placement and Security Purchase Plan¹. These issues were well supported by existing and new Securityholders and accord with the strategy of increasing the market capitalisation and trading free float of the Group.

The above transactions have left Growthpoint well placed in the market. With an office and logistics property portfolio value of \$4.0 billion and a market capitalisation of \$3.4 billion^{2,3}, there is an increasing universe of investors interested in Growthpoint. The balance sheet is in good shape with gearing at 30.1%³, providing future flexibility should opportunities arise. The targeted mixture of long-term debt capital markets and traditional institutional bank debt, provides Growthpoint with diversity of debt providers and a long weighted average debt expiry of 4.6 years.

The Group is well placed with a quality property portfolio in the favoured office and logistics sectors. Modern assets, with quality tenants and a long WALE are key characteristics. Major internal development opportunities will be completed in FY20 and further opportunities are under review. Whilst we favour the office and logistics markets, we will consider investment and business opportunities in other markets.

Growthpoint has continued to review and enhance the sustainability of its property portfolio and operations and maintains high governance standards. We seek to invest in modern office buildings with high NABERS energy and water ratings, we have committed to additional investments in on-site renewable energy projects and have developed an energy procurement strategy with the aim of securing the most cost-effective, long-term approach to purchasing renewable energy. Annually, we participate and are benchmarked in the GRESB and CDP surveys and these have showed continuous improvement.

1. The settlement of the Institutional Placement and Security Purchase Plan occurred in early FY20.
2. Pro forma, using the closing price of \$4.39 on 31 July 2019, multiplied by 771.5 million securities on issue.
3. Pro forma 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.



The Board has had a continued focus on the Group’s “culture”. Through internal and external surveys and reporting, the culture has been observed as a positive one. Employees have also articulated the culture and the core values that we operate by – Respect, Success, Inclusion, Integrity and Fun. More information on these initiatives can be found in the Group’s FY19 Sustainability Report.

As highlighted in last year’s annual report, to adopt best practice, the Board implemented three key changes to Remuneration in FY19 that will further align management remuneration with the Securityholder. Further, PWC continued to advise the Nomination, Remuneration and HR Committee on benchmarking of remuneration and directors’ fees. More information on the Group’s remuneration can be found on pages 32 to 53 of this report.

Directors, management and employees are proud of the achievements of the Group during the last 10 years and we would like to thank all stakeholders and Securityholders for their continued support.

Geoff Tomlinson
Independent Chairman & Director
 Growthpoint Properties Australia Limited

Timothy Collyer
Managing Director
 Growthpoint Properties Australia Limited

FY19 – transactions.



Property acquisitions

\$341m

Purchased two modern, A-Grade office buildings located at Newstead, QLD and West Perth, WA



Development pipeline

\$353m

- > Bldg 3, Botanicca, VIC, a 19,300 sqm A-Grade office building, completion expected in Q1 2020
- > Gepps Cross, SA distribution facility leased by Woolworths undergoing a \$54 million expansion
- > Considering development options for 25.0 hectare Broadmeadows, VIC industrial land



Strategic divestments

\$45m

Sold two non-core office buildings located at Bedford Park, SA and Cambridge, TAS



Equity & Debt

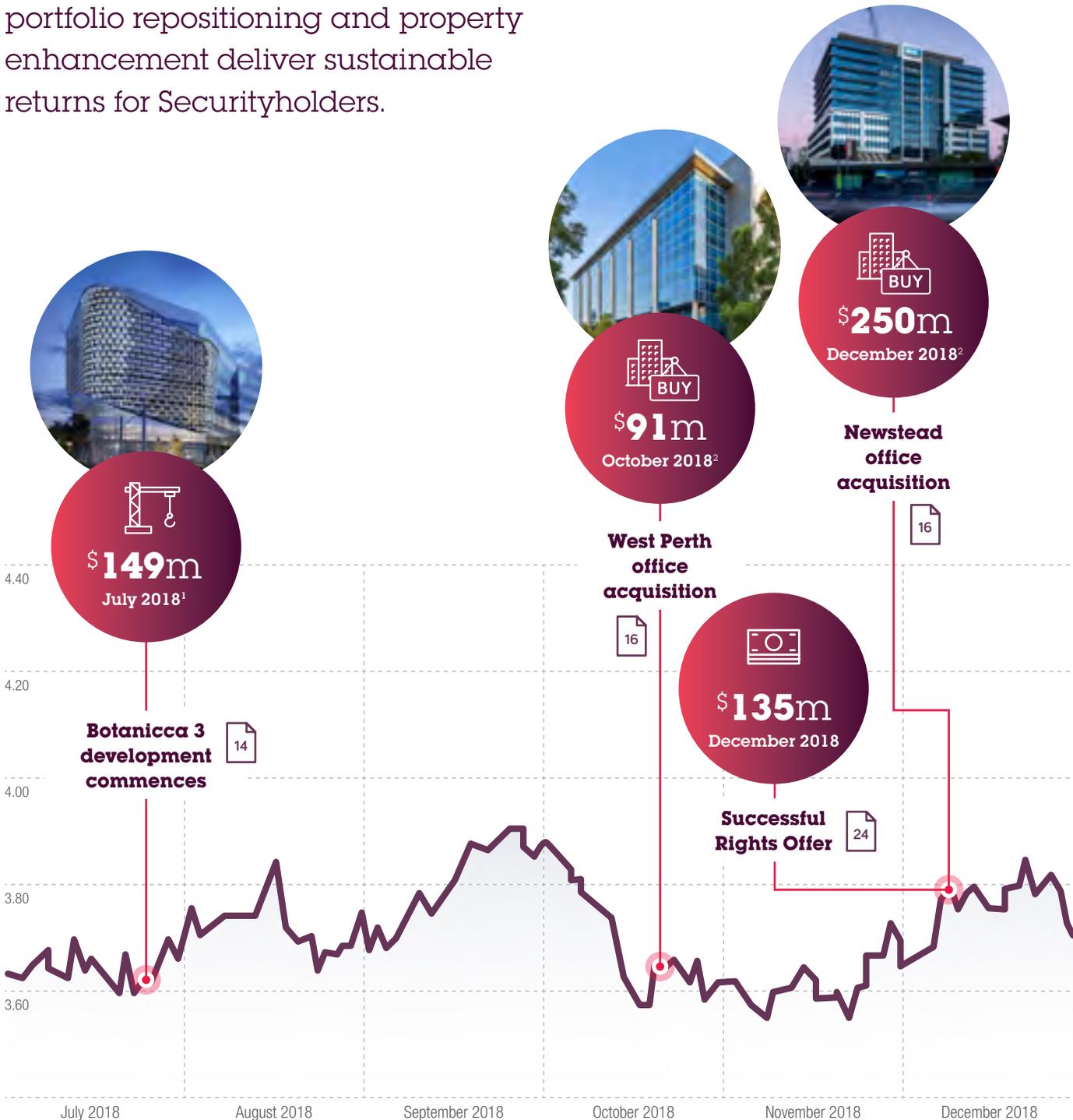
\$470m

- > **Equity** – successfully raised \$309 million of equity via a Rights Offer, an Institutional Placement and Security Purchase Plan
- > **Debt** – raised \$161 million of 10 year debt in the USPP market, refinancing a prior bridge facility



Strong returns and significant transactions.

Our continued focus on acquisitions, portfolio repositioning and property enhancement deliver sustainable returns for Securityholders.



1. Market value as if complete, assuming vacant possession.
 2. Prior to acquisition costs.
 3. Prior to disposal costs.



Property acquisitions
\$**341m**



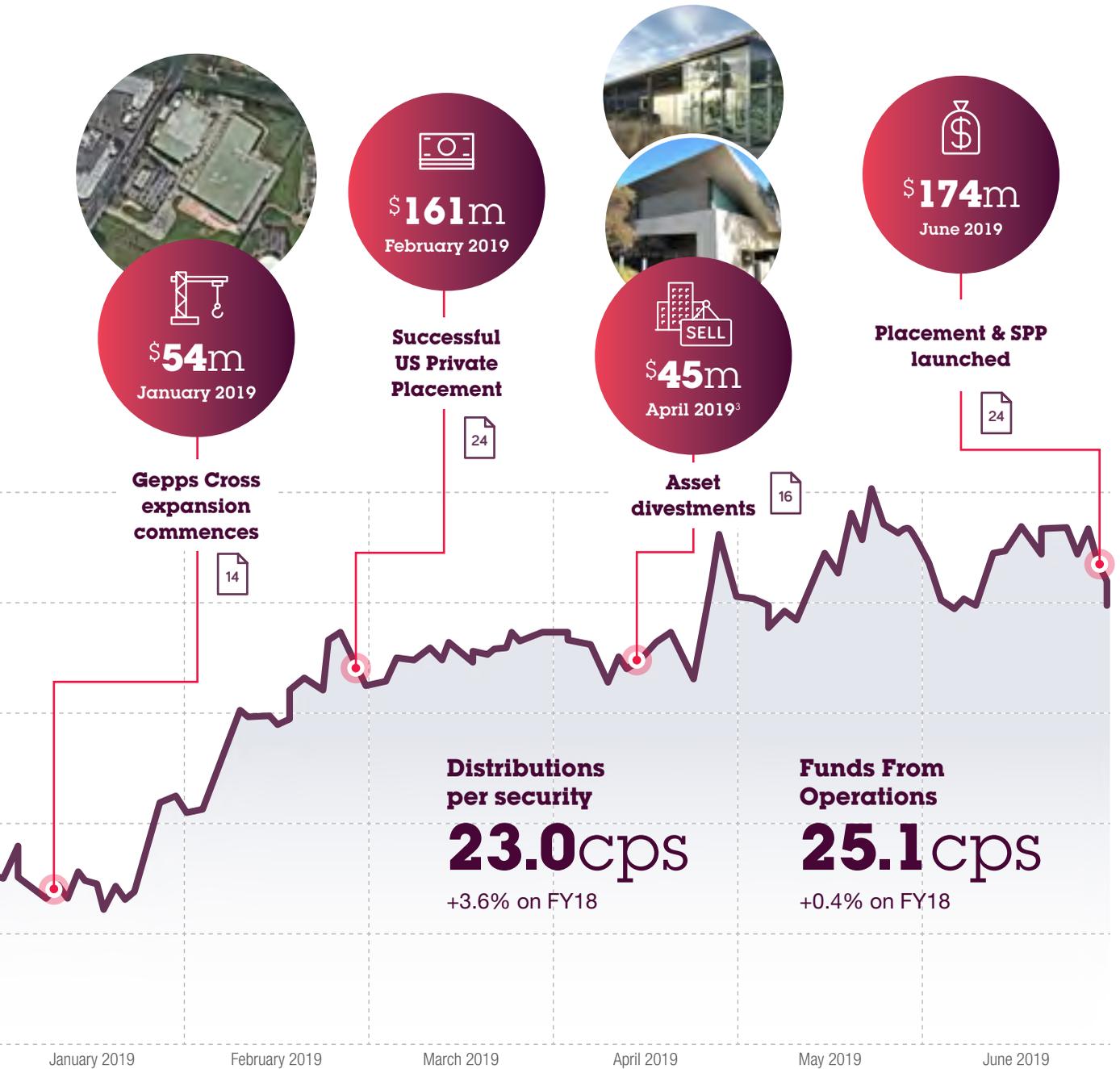
Strategic divestments
\$**45m**



Development pipeline
\$**353m**



Equity raisings
\$**309m**





How we create value.

Growthpoint's Portfolio has grown by 10.0% on a like-for-like basis over the last 12 months, with the average market capitalisation rate now 5.9% down from 6.2% over the year.

Key drivers of valuation growth have been:

Yield compression	Market rent growth¹	Development investment
33bps	2.9%	\$72.9m
New leasing²		
116,901sqm		



Value creation case study:
75 Dorcas St, South Melbourne, VIC



June 2016

Purchased for **\$166.0 million** reflecting an initial yield of 6.6%

What we liked at the time:

- › The high quality of the improvements and the tenant mix within the asset
- › The improving market fundamentals of the St Kilda Road and Melbourne Fringe office markets
- › The relatively low passing rents of the major tenants ANZ and Mondelez
- › The new train station being constructed proximate to the site, creating better long-term transport linkages

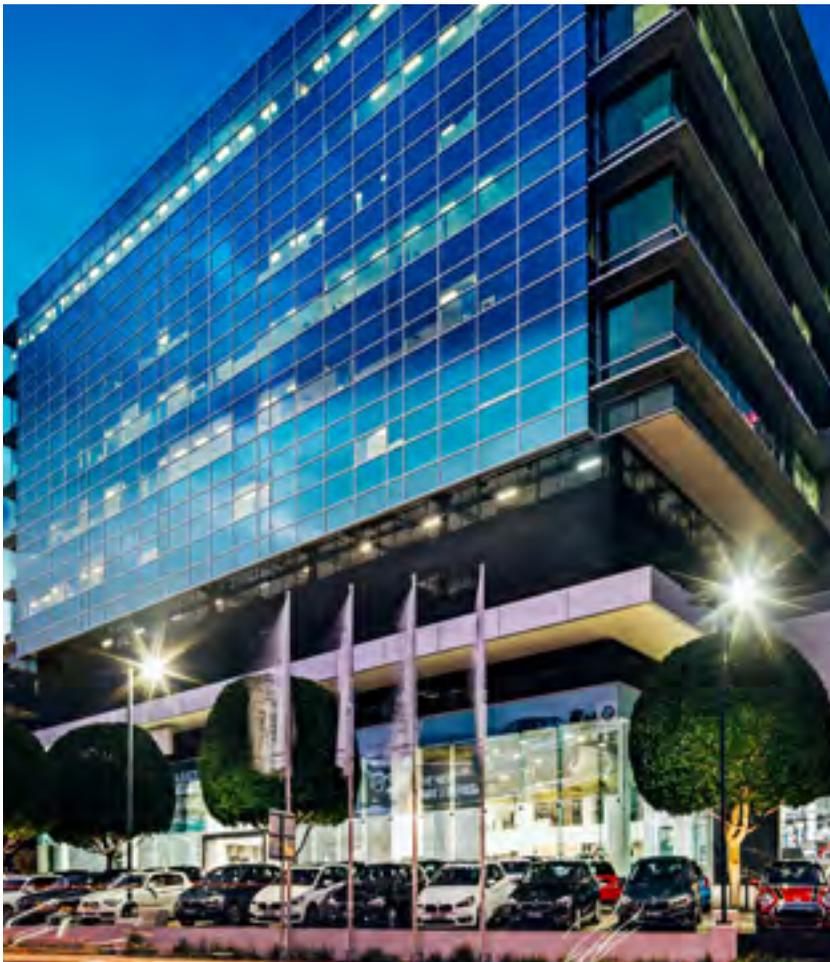


June 2019

Value as at 30 June 2019 **\$212.5 million** reflecting a market yield of 5.5%

What we have done:

- › Extended major tenant ANZ's lease for 6 years from March 2020
- › Increased rents within the property



1. Excluding 120 Northcorp Boulevard, Broadmeadows, Victoria which will likely become a development following the expiry of the existing lease.
2. Excludes an additional 29,504 sqm of leasing completed since 30 June 2019.




60%
 increase in value
 since June 2018

Value creation
 case study:
**599 Main North Rd,
 Gepps Cross, SA**



June 2018
 Value as at 30 June 2018
\$79.0 million

Key metrics:

- > Market yield: 6.75%
- > WALE: 3.1 years
- > GLA: 67,238 sqm



June 2019
 Value as at 30 June 2019
\$126.0 million
 reflecting market yield of 5.25%¹

What we have done:

- > Agreed terms with Growthpoint's major tenant Woolworths to expand the buildings at a cost of circa \$54 million
- > Growthpoint will receive a coupon for project costs at a yield of 6.75% per annum
- > Lease over existing and expanded buildings resets for 15 years from practical completion, expected Q1 FY20
- > Market yield 5.25%¹
- > Gross Lettable Area on completion 89,752 square metres



1. Market capitalisation rate on completion of works.



Development update.

Development project:

Construction of new 19,300 sqm office building underway in Richmond, VIC

- > Construction currently tracking ahead of schedule with completion expected in first quarter of 2020
- > Feedback from active tenants is positive, with a number shortlisting the development for their occupation requirements
- > Expected to deliver fully let yield on development cost of between 7.5% and 8.5% with opportunity for capital gain above development cost
- > **End value:** \$149 million



Construction begins, July 2018

Development project:

Expansion of Woolworths Distribution Centre in Gepps Cross, SA

- > Expansion including an extension of the existing temperature controlled and ambient warehouses, construction of a new recycling facility and other ancillary improvements
- > Growthpoint will receive a coupon for project costs at a yield of 6.75% p.a
- > Planning includes 1.5MW solar installation
- > Lease extended by 15 years from practical completion which is anticipated in early FY21
- > **Cost:** \$54 million



Future pipeline:

Internal development opportunity under consideration¹

- > Growthpoint is currently evaluating development options at its industrial site in Broadmeadows, Victoria
- > Prime industrial site of 25 hectares in Melbourne's north, suitable for redevelopment
- > Potential for an industrial estate of approximately 120,000 sqm lettable area
- > **End value:** \$150 million¹



Underutilised site with site coverage of 23%

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.



Growthpoint Properties Australia

Follow us on LinkedIn to keep up to date with progress on our development projects



Topping out ceremony, June 2019



Glazing added to exterior, July 2019



Practical completion expected Q1, 2020



Practical completion expected July 2020



Under development consideration