

ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

26 November 2014

ANNUAL GENERAL MEETING OF GROWTHPOINT PROPERTIES AUSTRALIA LIMITED
MEETING OF THE UNIT HOLDERS OF GROWTHPOINT PROPERTIES AUSTRALIA TRUST

CHAIRMAN'S ADDRESS

Welcome to the combined annual general meeting of Growthpoint Properties Australia Limited and the general meeting of Growthpoint Properties Australia Trust; my first AGM as your Chairman.

The notice of meetings was sent to all securityholders on 22 October 2014 and I propose to take it as read.

In addition to the securityholders present, I would like to welcome representatives from our auditors, Darren Scammell, Dean Waters and Mary Pier of KPMG, and our senior management team. I am also delighted that all directors are able to attend this year, including those based in South Africa.

The agenda for today is as follows:

1. A presentation on the business and its strategy by Managing Director Timothy Collyer;
2. Presentation of the combined annual report for the company and the trust. I will call for questions and comments following the presentation of these accounts. The company's auditors, KPMG, are in attendance to answer any questions securityholders may have for them in relation to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted and the independence of the auditor. Please address questions to me in the first instance and I will direct them as appropriate; and
3. I will then explain the voting procedures and address each of the remaining items of business set out in the notice of meetings. Securityholders will have the opportunity to ask questions or make comments in relation to each item.

After the meeting, directors, management and KPMG will be available for discussions with individual security holders.

Ladies and gentlemen, having joined the Board in September 2013, I am impressed with the capability of our management team and the quality of our property portfolio. The simplicity of Growthpoint's strategy is compelling and I look forward to working with my Board colleagues and the management team as we strive to achieve ever increasing distributions to security holders.

Growthpoint Properties Australia has been in operation for five years and has been ably managed by Tim Collyer and a consistent executive management team over this time. As my predecessor noted in the 2014

annual report, the Group has grown from a relatively small \$650 million solely industrial, externally managed property fund in 2009 to a large \$2.1 billion internally managed property group today. The Group's staff numbers, although still small at 13, have grown as the Group's assets have grown. We have significant internal capability in acquisitions, disposals, leasing, asset management, capital raisings, marketing, legal, accounting, compliance and project management. I wish to thank all employees for their contribution to our success.

It is a great pleasure to welcome South African based directors, Francois Marais, Norbert Sasse and Estienne de Klerk to Australia. All three are regular visitors to Australia for meetings with stakeholders and property inspections. I thank them for their commitment to Growthpoint Properties Australia.

I would also like to thank Australian based directors Maxine Brenner, who also serves as Chair of the Audit, Risk and Compliance Committee, and Grant Jackson. Both are highly experienced directors and bring a wealth of knowledge to the board.

Finally, I would like to pay particular tribute to Lyn Shaddock who stepped down earlier this year after seven years as Chairman. During Lyn's term in office, the Group experienced significant growth and returns for investors. The board and staff are very grateful for Lyn's knowledge and expertise across a range of areas but in particularly property matters. Lyn's 50 plus year career in the property industry has been invaluable in the Group's establishment and growth.

I will now hand over to the Managing Director, Tim Collyer.

MANAGING DIRECTOR'S ADDRESS

Securityholders, ladies and gentlemen, I welcome you to the Growthpoint Properties Australia Annual General Meeting.

Today, I will provide an overview of the achievements of the 2014 financial year, a review of the property portfolio and our key strategic assets and conclude with comments on the outlook for the Group and its focus.

The 2014 financial year was a successful one with a record statutory profit for the Group of \$117.3 million and a distributable profit of \$91.1 million. This provided for distributable income of 20.0 cents per security, growth of 3.6% from the previous year, providing for a distribution of 19.0 cents for security holders, a rise of 3.8% on the prior year.

In our results and annual report, we have highlighted Growthpoint's 5 year track record; one of growth and outperformance against the A-REIT sector.

In terms of acquisitions and equity raising, the 2014 financial year was a record year for Growthpoint with 6 properties purchased to a value of \$345.1 million and \$331.5 million of equity raised in two rights offers, a placement and the distribution reinvestment plan.

Growthpoint's quality investment grade property portfolio has grown to approximately \$2.1 billion and is well diversified by state, property type and tenant.

124,000 m² of space or 12% of the portfolio's total lettable area was leased for an average term of 8.8 years during the year. This took the weighted average lease expiry at 30 June 2014 to 6.9 years, versus 6.8 years at 30 June 2013, whilst 98% occupancy was maintained.

The Group lowered its cost of capital with average debt costs falling and the cost of equity lower due to a higher ASX security price.

Growthpoint is well positioned to fund future growth within the capital markets, with strong demand for its equity assisted by the recent inclusion into the S&P/ASX 300 index and debt capital markets being open to the Group following the issue of an investment grade credit rating from Moody's.

As mentioned before, returns have been attractive to securityholders with a total securityholder return of 22.6% per annum for the 5 years ended 31 October 2014 and 18.9% for the last 12 months.

Currently, Growthpoint offers a 2015 financial year distribution yield of 7.2% versus the A-REIT sector of 5.3%.

Looking forward, distributable income for the 2015 financial year should be at the top of the guidance range and a distribution of 19.7 cents per security is forecast.

The Group's property portfolio, comprising 50 properties, valued at approximately \$2.1 billion, is substantially evenly weighted to the industrial and office sectors. Well leased and modern, the portfolio is valued at an average capitalisation rate of 7.9% and has leases with an average 3.2% per annum fixed rent review, ensuring growth in the portfolio rental income.

When we talk to existing and potential investors, we highlight the security of income of the property portfolio with current high occupancy and a relatively low level of leases expiring in the short to medium term. Likewise we highlight the quality tenancy base, Woolworths, the NSW Government, GE, Linfox and the Commonwealth Government as key tenants, to name a few.

In growing the property portfolio Growthpoint has been keen to maintain a diverse geographic asset investment, principally along the eastern seaboard of Australia. Our concentration since late 2012 has been to increase property investment in NSW, a state which we were underweight and one which we believe has good prospects for growth.

Being a property company, Growthpoint is passionate about its property investment and its key properties.

The “jewel in the crown” of Growthpoint’s industrial property portfolio is the ownership of six Woolworths distributions centres around the country. These properties comprise six of 10 key distribution centres making up the supermarket/grocery distribution supply chain network of Woolworths, with 80% of Woolworths national turnover going through them. Investment in this portfolio totals \$556.9 million, with a WALE of 7.8 years and an average valuation yield of 7.8%. You may note the site coverage, or building area to land area, is low, with many sites containing land for future expansion by Woolworths.

The SW1 complex in South Brisbane comprises four modern office buildings of 37,700 m² and a large car park of 737 spaces. This property was acquired by Growthpoint in two transactions in 2010 and 2012 and has been a good investment for the Group. Major tenants include Jacobs Engineering, Peabody Energy and Downer EDI Mining. The property has a WALE of 5.1 years and an average valuation yield of 7.9%. Growthpoint has enjoyed considerable success in attracting quality, corporate tenants to this complex over the last 18 months, assisted by the quality of the office accommodation, generous parking, attractive amenity and the low vacancy rate within the South Brisbane sub-market, currently under 5%.

At the end of the 2014 financial year, Growthpoint completed its largest acquisition to date, the purchase of the NSW Police Headquarters at Parramatta from Australian Super for \$241.1 million. We were attracted to the quality of the building, the AAA rated NSW Government tenant, the long lease term remaining of approximately 10 years and the fixed 3.5% per annum rental increases. We also believe the fundamentals of the Parramatta office market are sound (0.2% A grade vacancy) and that Parramatta will develop further as a key office market over time with the strong population and economic growth of Western Sydney, backed by billions of dollars of committed and proposed infrastructure spending in the region.

Outlook

Directors and management believe the strategy we embarked upon over five years ago remains robust and proven. Key pillars are:

- 100% investment in Australia, a market that we understand well and have a strong presence in.
- Growthpoint is not a developer and does not purchase sites purely to develop for profit.
- Growthpoint is not a property fund manager. We concentrate solely on the properties owned by Growthpoint’s securityholders, there are no conflicts of interest between differing funds of the same manager, and we are not concerned with growing the property portfolio to derive higher management fees.
- Growthpoint is internally managed with security holders owning the property trust and management company, trading as one security Growthpoint Properties Australia.

Consistent with the above, we are a pure landlord with 100% of income coming from rent under leases to quality tenants of commercial real estate.

Our primary focus is to grow the distributions payable to securityholders over the long term.

We remain well positioned for further growth.

Our focus over the next 12 months will be:

Asset Management

Our concentration will be on leasing in Brisbane where we have lease expiries coming up. Maximising development opportunities within the portfolio and selective/strategic divestments where opportune, however, the Group will remain a net buyer of assets.

Capital Management

Growthpoint intends to use its credit rating to enter the debt capital markets to obtain longer term debt at historically attractive fixed rates, maintain its gearing within the target range (over time), and raise equity to fund acquisitions. Where appropriate we will offer security holders the opportunity to reinvest their distributions into Growthpoint securities through the DRP.

Acquisitions

Growthpoint will continue to review investment opportunities for the Group. We believe both the portfolio and capital structure are benefitted by a larger portfolio. Our principal focus will be on the office and industrial property sectors, however, we will consider the addition of retail property to the portfolio if there was a sizeable portfolio for sale where the Group could derive some scale of investment.

Market conditions

We anticipate that commercial capital values will remain strong with significant investment demand from offshore and domestic institutions keeping yields low. Tenancy demand is likely to improve, but it is still below historic levels and vacancy rates in the office sector are set to remain high. Industrial tenant demand is moderate, substantially being tenant led.

A-REITs offer attractive risk adjusted yields with growth. A-REITs are generally well capitalised.

Strong demand for A-REIT equity (offering yield) will lead to new IPOs and a lack of direct market purchase opportunities will likely result in further M&A activity.

The RBA has indicated interest rates are on hold for the immediate period ahead, whilst government bond rates may ease when US Quantitative Easing is lifted.

Growthpoint is placed well in the market. The Group's properties are well leased, diversified, with high occupancy and a relatively low level of short term lease expiries.

A lower cost of capital will assist Growthpoint with accretive acquisitions, despite recent falls in yields or capitalisation rates.

Given the recent movement in market values, we believe that Growthpoint's property valuations and resultant NTA per security is likely to be understated and a December 2014 valuation program is underway.

Before closing, on behalf of the Directors, management and security holders, I would like to thank Lyn Shaddock, Director and former Chairman of the Group for his great service over seven years, his leadership, property market wisdom accumulated over decades in the industry and his enthusiasm for the Growthpoint business. Personally, I would like to thank Lyn for mentoring me over the last decade or so and his great support to me as Managing Director. We all wish Lyn and his family all the very best in the future.

Thank you for your support for Growthpoint Properties Australia.

www.growthpoint.com.au

Media and investor enquiries should be directed to:

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Growthpoint Properties Australia

Growthpoint Properties Australia is a publicly traded ASX listed A-REIT (ASX Code: GOZ) that specialises in the ownership and management of quality investment property. Growthpoint owns interests in a diversified portfolio of 51 office and industrial properties throughout Australia valued at approximately \$2.1 billion and has an investment mandate to invest in office, industrial and retail property sectors.

Growthpoint is included in the S&P/ASX 300 index and has been issued with an investment grade rating of Baa2 for senior secured debt by Moody's.

Growthpoint aims to grow its portfolio over time and diversify its property investment by asset class, geography and tenant exposure through individual property acquisitions, portfolio transactions and corporate activity (M&A transactions) as opportunities arise.