



Company	Growthpoint Properties Australia
Code	GOZ
Meeting	AGM
Date	21 November 2019
Venue	Herbert Smith Freehills, 101 Collins Street, Melbourne
Monitor	Brian Chapman (monitor), John Whittington (attended AGM)

Number attendees at meeting	47
Number of holdings represented by ASA	36
Value of proxies	\$2.1m
Number of shares represented by ASA	489,590
Market capitalisation	\$3.31b
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Geoff Tomlinson

Metropolitan Offices and Industrial Property Driving Growth

The Growthpoint AGM was a happy affair with Growthpoint's 28 employees accounting for many of the people attending. The room was packed, and the meeting was webcast live for the first time.

The [Chair highlighted Growthpoint's growth](#) since it listed ten years ago, growing from 25 properties valued at \$774m to 58 properties valued at over \$4b and from a market capitalisation of \$282m to around \$3.4b. He also highlighted that increasing the free float (South African parent Growthpoint Properties currently owns 62%) and liquidity was seen as important by securityholders and the board.

The CEO followed discussing the balance of the portfolio – industrial (1/3) and metropolitan office properties located on the fringe of CBDs or in key metropolitan markets (2/3). He also mentioned that whilst Growthpoint had a mandate for retail property, in recent years they had determined that industrial and office properties have offered higher returns. Over time however retail may become more attractive. He also went into detail about various properties and projects underway and planned.

ASA thanked the Chair for webcasting the meeting and asked why both operating cash flow and profit excluding asset revaluation declined. The CFO responded indicating their focus was on funds

from operations and the CEO chipped in to highlight that the operating cash flow depends on incentives which are used to lock in long (eg 15 year) tenancies so will vary from year to year.

Other questions asked included whether director Maxine Brenner was overloaded (Chair indicated that she was fully prepared for all meetings and the other boards gave her experience), more about retail property (prices falling so may get better), and how do they work out how much incentive to provide (not well answered).

The Remuneration Report was up next, and ASA indicated that we support a number of elements of the remuneration structure, but would they consider having long term incentives judged over four or even five years rather than the current (medium term) three years. The Chair indicated that the board were currently comfortable with three years and will consider and take input in future years. The report was easily passed with 99+% support.

Two directors, both members of 62% owner Growthpoint Properties, were up for election. We asked them to speak to their election and they did so convincingly. One other shareholder asked them if they had a free float target to which they answered none other than an intention to maintain control (ie >50% shareholding). Both were comfortably elected with 93+% support.

There were then three items for the approval of performance rights to the CEO all of which were passed with 99+% support.

When it came to the appointment of a new auditor, we indicated to the Chair that we were concerned that an employee made the formal nomination of the new auditor. We asked that, given the role of the external auditor is to check the veracity of the reports produce by management, if the Chair would explain the process by which the new external auditor was selected and assure the meeting that it was done entirely independently of those that the auditor is there to audit. The Chair indicated that it was definitely the board's decision and that they had asked the three remaining major audit companies and adjudged the EY proposal as the best. This item was passed with 99+% support.

The final item was the ratification of the issue of stapled securities as a result of the share placement plus SPP undertaken during the year. We asked if they had considered a renounceable rights issue as it is the fairest to all shareholders and would they consider having a renounceable rights issue next time they raised capital. They were not enthusiastic and indicated that one of the objectives of the placement was to get new shareholders on board (which it did).

Following the meeting there was a happy buzz of conversation and we were told by one of the directors that the Growthpoint staff had found it a much more interesting AGM than past ones – because of the questions!