

1Q24 investor update.

Growthpoint Properties Australia (ASX: GOZ)



15 Green Square Close, Fortitude Valley, QLD

20 October 2023

1Q24 Update

- Completed 13,139 square metres (sqm) of office leasing, representing 2.6% of portfolio income
- Stable weighted average lease expiry (WALE) of 6.0 years¹ (30 June 2023: 6.0 years), with occupancy of the directly owned portfolio increasing to 95%² (30 June 2023: 93%)
- Completed the sale of 1-3 Pope Court, Beverley, SA for \$35.0 million, circa 15% above the 30 June 2023 valuation
- Moody's Credit Opinion reaffirmed Growthpoint's long-term credit rating of Baa2, 'stable outlook'
- Solid capital position with 70%¹ of debt hedged and no facility maturities until the middle of FY25
- 2023 GRESB score of 84/100, 3 points higher than 2022, and maintained overall regional sector leader position for Diversified – Office/Industrial
- Maintains FY24 FFO guidance of between 22.5 to 23.1 cents per security (cps) and FY24 distribution guidance of 19.3 cps

Timothy Collyer, Managing Director of Growthpoint, said, "We continue to achieve good leasing outcomes across the Group's directly owned portfolio, particularly in office, where our occupancy increased during the quarter. Of the 13,139 sqm of office leases signed during the first quarter, by area, 67% were with Government tenants. Our Queensland assets continue to perform strongly with the bulk of the Group's office leasing activity for the quarter taking place in that state."

"Tenant demand for A-Grade, metropolitan office space with good amenities in our markets remains encouraging. The Group successfully leased 4,427 sqm at 15 Green Square Close, Fortitude Valley, QLD for a period of 5 years, which commenced on 1 October 2023. Occupancy in this building has increased from 56% as at 30 June 2023 to 81% presently."

"Industrial markets remain strong due to a shortage of modern, efficient warehouse space available for lease. Average rents continue to trend higher and speculative supply in planning is slowing, impacted by elevated construction costs."

"Growthpoint is committed to operating in a sustainable way and we are pleased that GRESB has recognised the Group for the third year running, as a regional sector leader in the 2023 Sustainability Benchmark. Our score of 84 out of 100 is our best result to date, up 3 points on last year. This was mainly driven by the launch of our sustainability framework (including establishing the NABERS Indoor Environment target), undertaking technical assessments and increasing coverage of building certifications across the portfolio."

¹ Pro Forma for the sale of 1-3 Pope Court, Beverley, SA

² Pro Forma including new lease signed at 15 Green Square Close, Fortitude Valley, QLD commenced 1 October 2023



Property portfolio

During 1Q24, Growthpoint entered into 13 leases representing 13,139 sqm across its directly owned office portfolio, representing 2.6% of portfolio income. The average term of the new leases was 7.7 years, and the weighted average rent review was 3.7%.

As at 30 September 2023, the Group's directly owned portfolio WALE was 6.0 years¹ (30 June 2023: 6.0 years), and portfolio occupancy increased to 95% (30 June 2023: 93%). The Group's office portfolio WALE was 6.3 years (30 June 2023: 6.3 years), and the industrial portfolio WALE was 5.2 years (30 June 2023: 5.4 years). Office portfolio occupancy increased to 92%² (30 June 2023: 90%) and the industrial portfolio continues to be 100% leased.

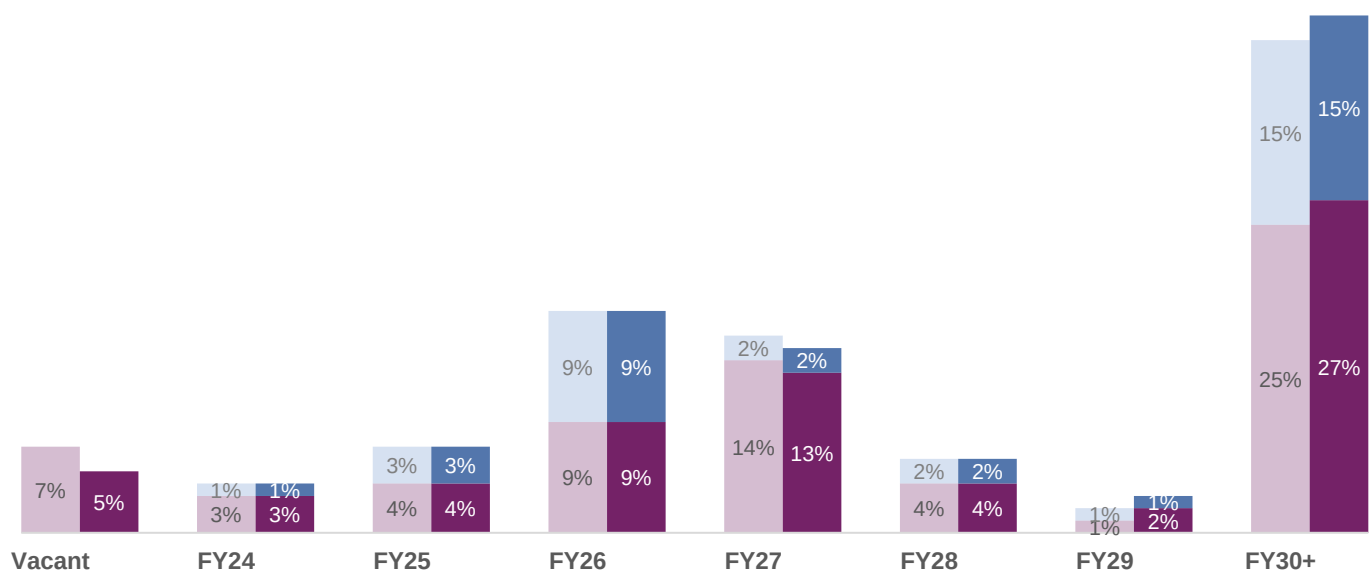
During the quarter, the Group successfully agreed with the Bank of Queensland to the early surrender of two floors, (4,328 sqm) at 100 Skyring Terrace, Newstead, QLD and re-leased this office space to the National Heavy Vehicle Regulator (Commonwealth Government) for 10 years and 7 months. This caps off a significant amount of leasing activity at that property, with 50% of the floor area being transacted in the last 12 months (circa 12,000 sqm).

Government tenants now account for around 28% of portfolio income and around 40% of office portfolio income.

Following the receipt of an unsolicited offer, the Group completed the sale of 1-3 Pope Court, Beverley, SA with an entity associated with the current tenant, Aluminium Specialties Group (AS Group Properties Pty Ltd). The Group achieved a sale price of \$35.0 million, 15% above the 30 June 2023 valuation, representing an unlevered internal rate of return of 12% since being purchased in 2015 for \$20.8 million. Proceeds have been used to repay debt.

Portfolio lease expiry by income

■ Office FY23 ■ Office 1Q24 ■ Industrial FY23 ■ Industrial 1Q24



Capital Management

As at 30 September 2023, Growthpoint's gearing³ was 37.7% (30 June 2023: 37.2%) remaining at the lower end of the Group's target range of 35% to 45%. As at 30 September 2023, the Group had an interest cover ratio of 3.1 times vs 3.4 times as at 30 June 2023, whilst the weighted average cost of debt remained stable at 4.6% (30 June 2023: 4.6%).

³ Gearing is calculated as interest bearing liabilities less cash divided by total assets less ground leasehold assets, intangible assets/goodwill and cash. Pro Forma including sale proceeds from 1-3 Pope Court, Beverley, SA. Valuations as at 30 June 2023



During 1Q24, the Group entered into five new forward start interest rate swaps with a notional amount of \$100 million, of which \$60 million commence in the 2Q24 with a weighted average term to expiry of circa 2.3 years. The Group remains well hedged with a hedging ratio of 70%¹ as at 30 September 2023.

On 11 October 2023, Moody's published an updated Credit Opinion reaffirming the Group's long term credit rating of Baa2, 'stable outlook'. Moody's noted, "Growthpoint's credit profile reflects its solid operating profile, underpinned by the high occupancy level in its property portfolio, particularly the industrial properties, and a long weighted average lease expiry (WALE) of six years (as of 30 June 2023); as well as high quality tenants with geographic and segment diversity. The REIT also has low developmental exposure."

Outlook

The Group reaffirms guidance provided as part of the FY23 results of FY24 FFO of between 22.5 to 23.1 cps and FY24 distribution of 19.3 cps. A key assumption to the guidance is with respect to interest rates, with the Group assuming an average FY24 floating cash rate of 4.35%. The guidance is provided on the basis that no significant market movements or unforeseen circumstances occur during the remainder of the financial year.

This announcement was authorised for release by Timothy Collyer, Managing Director of Growthpoint Properties Australia.

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About Growthpoint

Growthpoint provides space for you and your business to thrive. Since 2009, we've been investing in high-quality industrial and office properties across Australia.

Today, we have \$6.6⁴ billion total assets under management. We directly own and manage 57 high quality, modern office and industrial properties, valued at approximately \$4.8 billion. We actively manage our portfolio and invest in our existing properties, ensuring they meet our tenants' needs now and into the future. We are also focused on growing our property portfolio.

We manage a further \$1.8 billion on behalf of third-party investors through our funds management business, which manages funds that invest in office, retail and mixed-use properties across value-add and opportunistic strategies.

We are committed to operating in a sustainable way and reducing our impact on the environment. We are targeting net zero by 2025 across our 100% owned on balance sheet operationally controlled office assets and corporate activities.

Growthpoint Properties Australia (ASX: GOZ) is a real estate investment trust (REIT), listed on the ASX, and is part of the S&P/ASX 200. Moody's has issued us with an investment-grade rating of Baa2 for domestic senior secured debt.

Important information

This investor update is current as at 20 October 2023 unless otherwise indicated. It contains statements about Growthpoint's financial position as at 20 October 2023 and such statements are not guarantees, predictions or a reliable indicator of any future performance. Growthpoint makes no representation about future performance which involve known and unknown risks, uncertainties and other factors which may cause future results to differ from the statements in this investor update. This investor update does not take into account the personal objectives, financial situation or specific needs of any Securityholder.

⁴ As at 30 June 2023