

19 April 2023

3Q23 highlights

- Continued positive momentum in tenant demand for Growthpoint's A-Grade directly owned metropolitan office and industrial space.
- Completed circa 39,500 square metres of leasing, representing 3.2% of portfolio income.
- Positive net absorption in the national office market.
- Stable weighted average lease expiry (WALE) of 6.2 years (31 Dec 2022: 6.3 years), with increased occupancy of directly owned portfolio to 95% (31 Dec 2022: 94%).
- Solid capital position with 70% of debt fixed and no facility maturities for the remainder of FY23 and FY24.
- Progressed the on-market securities buyback program, purchasing 3.8 million securities during the quarter.
- Maintain guidance of FY23 funds from operations (FFO) of 25.5 to 26.5 cents per security (cps) and FY23 distribution of 21.4 cps.

Timothy Collyer, Managing Director of Growthpoint, said, "We continue to achieve positive leasing outcomes across the Group's directly owned portfolio, particularly in office, where our occupancy increased during the quarter. Investor sentiment toward the office sub sector remains subdued, however, the Australian office market is performing well in terms of vacancy rates, rent growth and return to work metrics."

"Tenant demand for A-Grade, metropolitan office space with good amenities in our markets remains encouraging. During the quarter we successfully leased the remaining 5,800 square metres at 100 Skyring Terrace, Newstead, QLD to the Commonwealth Government. We have also seen positive interest for key vacancies such as 5 Murray Rose Avenue, Sydney Olympic Park, NSW."

"Net absorption remains positive, vacancy rates remain stable and most national office markets recorded quarterly face rent growth, whilst industrial prime market rents continued to grow strongly around Australia (except for northern Brisbane which declined 0.4%)."

"Despite some uncertainty in the external environment, the Group's directly owned portfolio remains well positioned in A-Grade metropolitan office and industrial property markets, with defensive rental income streams underpinned by high-quality tenants and strong WALE's. The Group's capital management position remains strong with no debt maturities for the remainder of FY23 and in FY24."



Property portfolio

During 3Q23, Growthpoint entered into 13 leases across its directly owned office and industrial portfolio, representing 3.2% of portfolio income. The average term of the new leases was 3.6 years, and the weighted average rent review was 5.0%¹.

As at 31 March 2023, the Group's directly owned portfolio WALE was 6.2 years (31 Dec 2022: 6.3 years), and portfolio occupancy increased to 95% (31 Dec 2022: 94%). The Group's office portfolio WALE was 6.5 years (6.6 years: 31 Dec 2022), and the industrial portfolio WALE was 5.5 years (5.6 years: 31 Dec 2022). Office portfolio occupancy increased to 92% (31 Dec 2022: 91%) and the industrial portfolio continues to be 100% leased.

The Group successfully leased the remaining 5,800 square metres at 100 Skyring Terrace, Newstead, QLD to the Commonwealth Government for a period of 3 years. This builds on the 7.2-year lease with the QLD State Government (net lettable area: 2,200 square metres) signed in December 2022. The spaces were previously occupied by Collection House Limited (net lettable area: 8,000 square metres) and we are pleased to add another Government tenant to our portfolio. Government tenants now account for around 30% of portfolio income and 41% of office portfolio income.

Portfolio lease expiry by income



Capital Management

Growthpoint's gearing² was 35.7% as at 31 March 2023 (31 Dec 2022³: 34.5%) remaining at the low end of the Group's target range of 35% to 45%. As at 31 March 2023, the Group had an interest cover ratio of 3.8 times vs 4.4 times as at 31 December 2022. Growthpoint's weighted average cost of debt increased to 4.4% p.a vs 4.3% as at 31 December 2022.

At the 1H23 results on 16 February 2023, the Group announced that it had extended its on-market securities buyback program for up to 2.5% of issued share capital for a further 12 months. The program continues to be utilised, with the Group buying 3.8 million securities in the quarter for \$11.6 million, bringing the total amount of securities purchased under the buyback to 10.7 million. Given the substantial discount in the security price relative to net tangible assets (\$4.25 per stapled security as at 31 December 2022), the Group believes the on-market buyback represents a prudent use of capital.

¹ Assumes CPI change of 7.8% per annum as per ABS release December 2022

² Gearing is calculated as interest bearing liabilities less cash divided by total assets less ground leasehold assets, intangible assets/goodwill and cash. Valuations as at 31 December 2022

³ As disclosed at 1H23 Results on 16 February 2023. Pro forma for sale of 333 Ann Street, Brisbane, QLD, which settled in January 2023

3Q23 investor update.

Growthpoint Properties Australia (ASX: GOZ)



Funds management

During the quarter there were no material changes to funds under management (FUM). Growth in FUM remains a key strategic priority for the Group, targeting 10% to 20% of Group EBIT over the medium term. The current dislocation in the commercial property market is anticipated to present opportunities for the value-add strategy of the funds management business. The Group continues to evaluate several opportunities and notes positive interest from offshore investors looking to invest in the Australian commercial property market.

Outlook

The Group reaffirms guidance provided as part of the 1H23 results of FY23 FFO of 25.5 to 26.5 cps and FY23 distribution of 21.4 cps. A key assumption to the guidance is with respect to interest rates, with the Group assuming an average FY23 floating cash rate of 3.0%. 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. For more than 13 years, we've been investing in high-quality industrial and office properties across Australia.

Today, we have \$6.9 billion⁴ total assets under management. We directly own and manage 58 high quality, modern office and industrial properties, valued at approximately \$5.0 billion.⁴ 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 \$1.9 billion⁴ on behalf of third-party investors through our funds management business, which manages funds that invest in office, retail and mixed-use properties and debt investments 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 19 April 2023 unless otherwise indicated. It contains statements about Growthpoint's financial position as at 19 April 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 Total \$6.9 billion AUM as at 31 December 2022 includes: \$5.0 billion directly owned property valuations, pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023 and \$1.9 billion third-party funds under management