

# 1Q20 Investor Update.

31 October 2019

Growthpoint Properties Australia (ASX: GOZ)

GROWTHPOINT  
PROPERTIES



## Growthpoint's resilient business positioned to deliver sustainable growth.



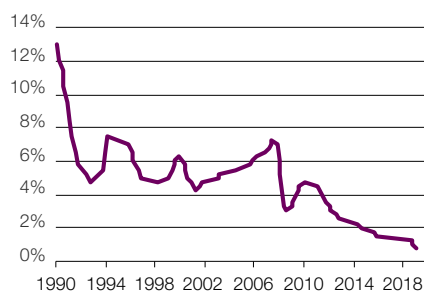
Timothy Collyer  
Managing Director

**Growthpoint has had a strong first quarter. Despite a challenging economic environment, our business continues to grow, and we are well positioned to build on this momentum throughout the year.**

The Australian economy continues to be characterised by a period of low growth. During the last financial year, gross domestic product (GDP) grew at around 1.4%, the lowest level in a decade. Trade tensions between the United States and China, low business confidence and cautious consumer spending are all weighing on the economy. As a result, the Reserve Bank of Australia (RBA) cut the cash rate by 25 basis points to a record-low 0.75% at the beginning of October.<sup>1</sup> This is the third reduction in five months and the market is pricing in further cuts.<sup>2</sup>

Against this background, we are seeing the resilience of Growthpoint's business model. While demand for new rental agreements has moderated in some locations, as businesses

### Australian cash rate



Source: RBA

prefer to remain in their existing properties, we are not seeing an impact on our income due to our low vacancy rate. Our weighted average lease expiry (WALE) remains around five years, and we have successfully extended our near-term lease expiries. With 2% vacancy, 7% maturities remaining in FY20 and 5% in FY21, risks to income are manageable.

The development of Botanicca 3 remains on track for completion in the first quarter of 2020. We are in discussions with a number of prospective tenants and will hopefully be in the position to provide an update on our leasing progress in the near term.

Our balance sheet remains healthy, with gearing of 32.5%, below the bottom of our target range. This provides financial flexibility and we are actively looking for new opportunities to expand our property portfolio by deploying the remaining proceeds of the capital raising completed in July. Lower interest rates are also leading to reduced borrowing costs.

Capitalisation rates for office and industrial properties appear to have fallen over the quarter and there is a noticeable reduction in properties for sale across the market. In this environment, we are committed to maintaining our disciplined approach to acquisitions and remain focused on optimising our \$353 million development pipeline, which is forecast to provide attractive returns.

Our business is performing well, and I am pleased to reaffirm our FY20 guidance of funds from operations (FFO) per security of 'at least' 25.4 cents and distribution per security (DPS) of 23.8 cents, representing growth of 3.5% over FY19.



### Key metrics

as at 30 September 2019

Total property portfolio value <sup>3</sup>	\$4.0bn
FY20 DPS guidance	23.8 cents
FY20 FFO guidance	at least 25.4 cps
Distribution yield <sup>4</sup>	5.5%
No. of properties	58
Office / Industrial	69% / 31%
Average property age	11.5 years
Occupancy	98%
WALE	4.9 years
WARR <sup>5</sup>	3.3%
Weighted average cap rate	5.9%
NTA per stapled security <sup>6</sup>	\$3.52
Gearing	32.5%
Fixed debt %	68.8%
WADM	4.3 years
Average NABERS rating (energy) <sup>7</sup>	4.8 stars



Jacquee Jovanovski  
Chief Operating Officer

### Jacquee Jovanovski joins Growthpoint's Executive Management Team.

**At the end of August, Jacqueline (Jacquee) Jovanovski joined Growthpoint as Chief Operating Officer. As part of this role, she is also Growthpoint's General Counsel and Company Secretary.**

Jacquee has extensive experience and expertise in M&A, banking

and finance, property, corporate and commercial law, regulatory, governance, compliance and company secretarial. She joins Growthpoint from ASX listed A-REIT, Vicinity Centres, where she held a number of senior positions, most recently, Company Secretary and Head of Compliance. Prior to joining Vicinity Centres, Jacquee was a lawyer with legal firms Minter Ellison, Linklaters and Herbert Smith Freehills.



We are delighted that Jacquee has joined Growthpoint, bringing more than 20 years of experience, including 10 at a large A-REIT. Growthpoint is becoming a more prominent REIT in the Australian market and I am pleased that we will be able to draw upon Jacquee's expertise as we continue on our growth trajectory.

Timothy Collyer  
Managing Director

1. Reserve Bank of Australia, October 2019. 2. NAB, 'Change in cash rate call', September 2019. 3. Property valuations as at 30 June 2019. Includes the recent acquisition of 3 Maker Place, Truganina, Victoria. 4. Distribution yield is the FY20 distribution of 23.8 cents per security divided by the closing ASX price as at 30 September 2019 of \$4.32. 5. Assumes Consumer Price Index change of 1.6% as per Australia Bureau of Statistics release for FY19. 6. Pro forma, as at 30 June 2019, 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. 7. As at 30 June 2019.

## Portfolio update.

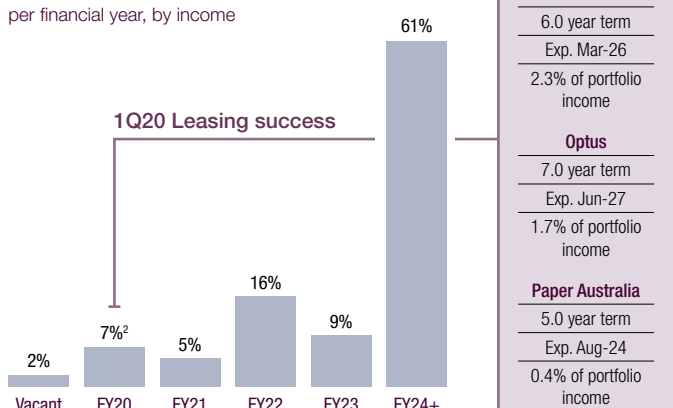
As at 30 September 2019

		Office	Industrial	Total
Number of properties	no.	26	32	58
Total value	\$m	2,755.2	1,268.6	4,023.8
Occupancy	%	98	97	98
Total lettable area	sqm	308,401	749,157	1,057,558
Weighted average valuation cap rate	%	5.7	6.3	5.9
Weighted average lease expiry	years	5.0	4.6	4.9
Weighted average rent review <sup>1</sup>	%	3.6	2.7	3.3
Average value (per sqm)	\$	8,934	1,693	3,805
Average rent (per sqm, per annum)	\$	594	114	255
Number of tenants	no.	119	39	158

1. Assumes Consumer Price Index change of 1.6% as per Australia Bureau of Statistics release for FY19.

### Portfolio lease expiry profile

per financial year, by income



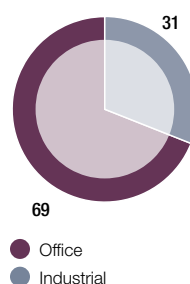
2. Includes 120 Northcorp Boulevard, Broadmeadows, Victoria (2.3%), which may be removed if developed or sold.

### Top ten tenants, by passing rent

	%	WALE (yrs)
Woolworths	14	5.1
NSW Police	8	4.7
Commonwealth of Australia	8	6.8
Bank of Queensland	4	7.3
Country Road Group	4	12.7
Linfox	3	3.7
Samsung Electronics	3	2.5
Lion	2	4.6
ANZ Banking Group	2	6.5
Jacobs Group	2	7.0
<b>Total / weighted average</b>	<b>50</b>	<b>5.9</b>
Balance of portfolio	50	3.9
<b>Total portfolio</b>	<b>100</b>	<b>4.9</b>

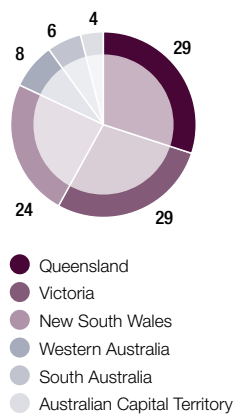
### Sector diversity (%)

by property value



### Geographic diversity (%)

by property value



**\$40m**  
Acquisition

## Acquisition of high-quality industrial property.

In September, Growthpoint acquired a recently completed logistics warehouse for \$40 million.

The industrial property is located in Truganina in Melbourne's west, one of the fastest growing distribution locations in Australia. The property is fully leased for the next three years to an international eCommerce business.

### 3 Maker Place, Truganina, VIC

Sector	Industrial
Tenant	HB Commerce
Purchase price	\$40 million
WALE	3 years
Lettable area	31,092 sqm



Demand for high-quality industrial properties with easy access to transport hubs continues to grow across Australia. The purchase of this asset increases Growthpoint's exposure to the eCommerce sector, a significant driver of this demand.

**Michael Green**  
Chief Investment Officer



## Contact details.

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GPO Box 2975, Melbourne VIC 3001 Australia

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### Institutional Investors:

Virginia Spring – Investor Relations Manager

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## Securityholder Calendar.

- 21 November 2019 – Annual General Meeting
- 25 February 2020 – Results for the half year ending 31 December 2019 announced to the ASX
- 28 February 2020 – Distribution paid for the half year ending 31 December 2019

These dates may be subject to change.

**GROWTHPOINT**  
PROPERTIES



### Growthpoint Properties Australia

Growthpoint Properties Australia Trust ARSN 120 121 002  
Growthpoint Properties Australia Limited ABN 33 124 093 901  
AFSL 316409

[www.growthpoint.com.au](http://www.growthpoint.com.au)

This investor update is current as at 31 October 2019 unless otherwise indicated. It contains forward-looking statements, including statements regarding future earnings and distributions that are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors which may cause actual results to differ from those expressed in this update. You should not place undue reliance on these forward-looking statements. Except as required by law (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.