

1Q21 investor update.

Growthpoint Properties Australia (ASX: GOZ)

GROWTH-POINT
PROPERTIES



29 October 2020

Overview

- Achieved significant leasing success, which drove an increase in the Group's weighted average lease expiry (WALE) and portfolio occupancy to 6.4 years and 96%, respectively
- Billings remained strong with more than 99% of 1Q21 total billings collected to date¹
- Maintained the Group's robust balance sheet, with gearing of 32.2%² well below our target range
- FY21 distribution guidance of 20.0 cents per security (cps) reaffirmed, representing a yield of 5.9%³

Timothy Collyer, Managing Director of Growthpoint, said, "The COVID-19 pandemic continues to have a significant impact on individuals and businesses across Australia. Against this challenging backdrop, I'm pleased with the way the Group is performing. We continue to achieve leasing success, most notably signing a 10 year and seven-month lease with Bunnings at Botanicca 3 for circa 14,000 square metres. This is one of the largest new office lease agreements in Australia since the outbreak of the COVID-19 virus.

"We are pleased to see our tenants increasingly returning to their offices, outside of Victoria. Working from home exclusively is not something that most employees or employers view as optimal. There is shared recognition of the many benefits of working in an office, such as fostering company culture and mentoring junior employees. We will continue to work with our tenants to ensure our offices enable employees to operate effectively in a COVID-safe environment.

"The vast majority of our industrial assets have continued to operate with minimal disruption, since the onset of the pandemic. Our assets are primarily used for warehousing and logistics and are critical components of our tenants' supply chains, enabling them to meet the surge in demand for online shopping and groceries. Reflecting the strength of our portfolio and tenant base, less than 12% of rent relief granted during the COVID-19 pandemic has been for industrial tenants."

COVID-19

Throughout the COVID-19 pandemic, we have remained in close contact with our tenants and have provided rent relief to those who have been severely impacted by the crisis and who most need our support.

During 1Q21, the Group agreed rent relief requests, totaling \$0.3 million, 89% less than in 4Q20. There are a small number of rent relief requests, which we are finalising in accordance with the relevant state and territory legislation or regulation, implemented following the announcement of the National Cabinet Mandatory Code of Conduct. We expect

¹ Rent abatements are not included in total billings. Rent that has been deferred is included.

² Interest bearing liabilities less cash divided by total assets less finance lease assets less cash. Valuations as at 30 June 2020.

³ Distribution yield is the FY21 DPS guidance of \$0.20 per security divided by the closing ASX price as at 28 October of \$3.41.



that we will grant approximately \$0.2 million of additional support based on rent relief requests received to date. It is possible we may receive further rent relief requests.

Rent relief granted

\$ million

	1Q21	4Q20
Rent abatement	0.2	0.8
Rent deferred	0.1	2.0
Total	0.3	2.8

Since the onset of the COVID-19 pandemic, our rent collections have been high, reflecting the strength of our portfolio's tenant base. In 1Q21, this trend continued. To date, we have collected approximately 99% of 1Q21 total billings.

Proportion of total billings collected⁴

as at 20 October 2020

	1Q21	4Q20
Office	98%	97%
Industrial	99%	99%
Total portfolio	99%	97%

Property portfolio

During 1Q21, Growthpoint negotiated nine leases, representing 5% of portfolio income.⁵ This included securing Bunnings as a key tenant for approximately 71% of the recently completed A-grade office building, Botanicca 3.⁶ We also renewed Monash University's office leases at Building B, 211 Wellington Road, Mulgrave, Victoria, for five years and signed a new five year lease with Volo Modular for 13 Business Street, Yatala, Queensland, a modern industrial warehouse. The Group has less than 3% of lease expiries remaining in FY21.

⁴ Rent abatements are not included in total billings. Rent that has been deferred is included.

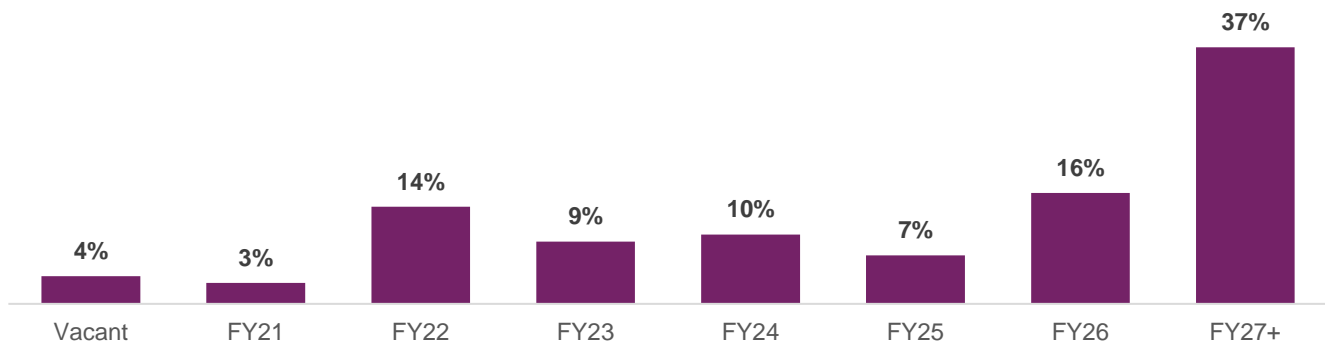
⁵ Includes lease signed with Bunnings for 71% of Botanicca 3, which was negotiated in 1Q21 and commenced on 1 October 2020.

⁶ Bunnings has the option to surrender up to 4,192 sqm before the completion of the fit out. The lease also includes further flexibility to enable Growthpoint and Bunnings to work together to adapt the space to meet Bunnings' corporate needs over the lease term.



Portfolio lease expiry

per financial year, by income, as at 30 September 2020⁷



Due to the significant leasing success, particularly across our office portfolio, Growthpoint's WALE increased to 6.4 years and its portfolio occupancy increased to 96%. The Group's office portfolio's WALE is now 7.1 years.

Key metrics

by income

	30 September 2020 ⁸	30 June 2020
Occupancy		
Office	96%	92%
Industrial	97%	96%
Portfolio	96%	93%
WALE		
Office	7.1 years	6.7 years
Industrial	4.8 years	5.0 years
Portfolio	6.4 years	6.2 years

After reviewing all options for our industrial asset at 120 Northcorp Boulevard, Broadmeadows, Victoria, we recognised that pursuing a lengthy development project in the current operating environment was outside the Group's risk appetite and decided to divest the asset. We received numerous enquiries and were pleased to achieve a sale price of \$50.2 million, excluding GST. Settlement occurred on 4 September 2020 and the proceeds were used to repay debt.

Capital management

Growthpoint has a robust balance sheet and remains well within all its debt covenant limits. The Group's gearing was 32.2%⁹ at 30 September 2020, in line with 30 June 2020, as the proceeds from the divestment of our industrial asset in Broadmeadows was offset by the payment of our FY20 second half distribution.

In the period ahead, the Group is focused on extending its weighted average debt maturity whilst taking advantage of historically low interest rates to reduce the overall cost.

⁷ Includes lease signed with Bunnings for 71% of Botanicca 3, which was negotiated in 1Q21 and commenced on 1 October 2020.

⁸ Includes lease signed with Bunnings for 71% of Botanicca 3, which was negotiated in 1Q21 and commenced on 1 October 2020.

⁹ Interest bearing liabilities less cash divided by total assets less finance lease assets less cash. Valuations as at 30 June 2020.



Outlook

Due to the continued uncertainty of the impact of the COVID-19 pandemic on the Group and its operating environment, the Group has not provided FY21 funds from operations (FFO) guidance. We expect that the pandemic will have a broad and significant impact across Australia and that the true bearing on the economy will not be known for a period of time.

While our leasing success at Botanicca 3 is ahead of our expectations, and will positively impact the Group's FY21 FFO, we have decided to maintain our conservative approach and reaffirm our FY21 distribution per security guidance of 20.0 cents per security. This represents a current distribution yield of 5.9%.¹⁰

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

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About Growthpoint

Growthpoint provides spaces for people to thrive. For more than 10 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 57 properties, valued at approximately \$4.2 billion.¹¹

We actively manage our portfolio. We 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 are committed to operating in a sustainable way and reducing our impact on the environment.

Growthpoint 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 30 September 2020 unless otherwise indicated. It contains statements about Growthpoint's financial position as at 30 September 2020 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.

¹⁰ Distribution yield is the FY21 DPS guidance of \$0.20 per security divided by the closing ASX price as at 28 October of \$3.41.

¹¹ Valuations as at 30 June 2020.