3Q21 investor update.

Growthpoint Properties Australia (ASX: GOZ)

29 April 2021

3Q21 overview

- Increased occupancy to 96% primarily driven by leasing success[1]
- Maintained the Group's strong financial position, with proforma gearing of 29.8%, well below our target range, 35% - 45%[2]
- Upgraded FY21 funds from operations (FFO) guidance to 25.4 – 25.7 cents per security (cps), previously 25.2 – 25.5 cps
- Distribution guidance of 20.0 cps reaffirmed

Timothy Collyer, Managing Director of Growthpoint, said, "Growthpoint delivered a strong performance this quarter, building upon our successful start to the financial year. We continued to achieve leasing success, which drove an increase in the portfolio's occupancy to 96%. The Group has no significant lease expiries remaining in FY21 and we are making good progress negotiating our key FY22 expiries.

"The Australian industrial property market continued to outperform this quarter. A number of large transactions demonstrate the significant re-rating that has occurred across the sector, fueled by substantial international and domestic demand for high-quality industrial assets. We expect this sales evidence may lead to valuation gains for our industrial assets, which represent around a third of our total property portfolio. As a result, we are planning to engage external valuers to revalue our entire industrial portfolio at the end of the financial year.

"Across Australia, business confidence has rebounded and we have noted a strong increase in the number of advertised jobs, a leading indicator of future office demand. Reflecting the strong jobs growth, the unemployment rate continued to come down in March. For the small number of vacancies across the Group, we have seen a marked increase in leasing enquiry and have signed three leases after the end of the quarter. This includes a new 10-year lease with a leading recruitment firm for 851 square metres at Botanicca 3, taking the building's occupancy to 76%."

Property portfolio

During 3Q21, Growthpoint negotiated eight leases, representing 1.3% of portfolio income. The weighted average lease term was 7.6 years and the weighted average rent review was 3.1%.

The largest agreement was a 10.5 year lease with Australia Post for 12-16 Butler Boulevard, Adelaide Airport, South Australia. Australia Post will use the 16,835 square metre distribution facility as a parcel fulfilment centre for their rapidly expanding e-commerce operations. Australia Post is now the Group's eleventh largest tenant, with two significant leases which together contribute 2.0% of the Group's portfolio income.

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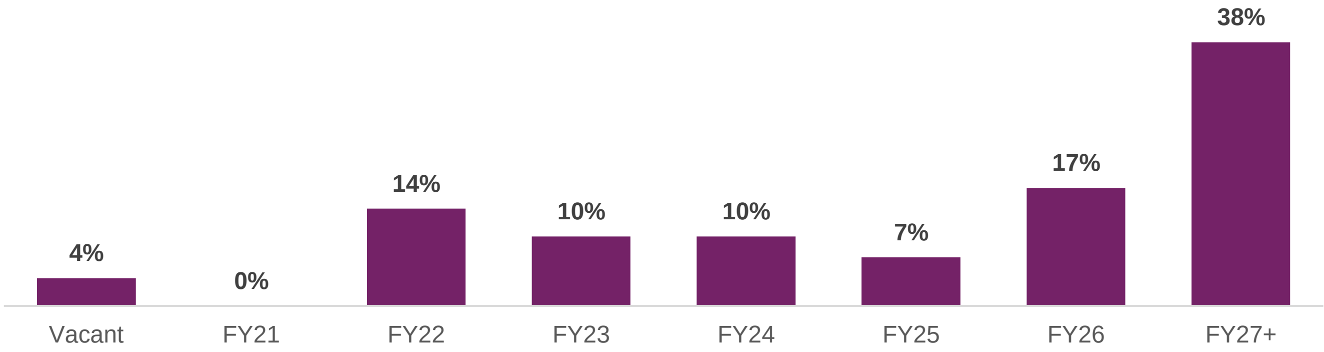
[1] All property metrics presented exclude Quad 2, 6 Parkview Drive and Quad 3, 102 Bennelong Parkway, Sydney Olympic Park, New South Wales (the Quads), which the Group exchanged contracts to sell during 3Q21. The Group expects settlement to occur before the end of May 2021.
[2] After settlement of the Quads. Gearing as at 31 March 2021 (before settlement of the Quads) was 30.8%.

Due to the Group's leasing success and agreement to sell non-core assets, discussed below, occupancy increased to 96% and the Group now has no significant lease expiries remaining in FY21.

Portfolio lease expiry
per financial year, by income, as at 31 March 2021



As at 31 March 2021, the Group's weighted average lease expiry (WALE) was 6.1 years, largely unchanged from 31 December 2020, despite the passing of time. The Group's office portfolio's WALE and industrial portfolio's WALE were maintained at 6.9 years and 4.5 years, respectively.

Key metrics[3]
by income

	31 March 2021	31 December 2020
Occupancy		
Office	**96%**	95%
Industrial	**97%**	95%
Portfolio	**96%**	95%
WALE		
Office	**6.9 years**	6.9 years
Industrial	**4.5 years**	4.5 years
Portfolio	**6.1 years**	6.2 years

After running a competitive sale process, Growthpoint exchanged contracts to sell its leasehold interest in Quad 2, 6 Parkview Drive and Quad 3, 102 Bennelong Parkway, Sydney Olympic Park, New South Wales (the Quads) for $66.1[4] million during 3Q21, as the properties no longer fit within the Group's portfolio of defensive assets. The assets accounted for 0.5% of portfolio vacancy by value and approximately 17% of our tenants. Growthpoint expects settlement to occur before the end of May 2021. Net proceeds from the sale will be initially used to repay debt.

The Group continues to be a significant investor in Sydney Olympic Park, owning two assets that are fully let to Samsung and Lion. We are confident in the long-term outlook for the precinct, which is poised to benefit from ongoing government investment in transportation links.

[3] Excludes Quad 2, 6 Parkview Drive and Quad 3, 102 Bennelong Parkway, Sydney Olympic Park, New South Wales (the Quads), which the Group exchanged contracts to sell during 3Q21.
[4] Gross sale price.

Capital management

Growthpoint has a robust balance sheet and remains well within all its debt covenant limits. The Group's proforma gearing is 29.8%[5], in line with 31 December 2020, as the payment of the FY21 first half distribution will be offset by the proceeds from the divestment of the Quads.

In February 2021, the Group announced that it was initiating an on-market securities buy-back program for up to 2.5% of its issued capital in response to market volatility. As at 31 March 2021, the Group had purchased 416,643 securities (0.05% of issued capital) for $1.4 million.

Outlook

In February 2021, Growthpoint provided FY21 FFO guidance of 25.2 – 25.5 cps. Since then, the Group has delivered a strong performance, increasing its occupancy to 96% and maintaining its long WALE. The COVID-19 pandemic continued to have an immaterial impact on the Group's financial results, with no significant tenant defaults in 3Q21. As a result, the Group has upgraded its guidance to 25.4 - 25.7 cps.

Reflecting the Group's decision to have a more conservative payout ratio going forward, we have maintained our distribution guidance of 20.0 cps, which represents a distribution yield of 5.4%.[6]

Mr Collyer said, "The outlook for the Australian economy is continuing to improve, with business and consumer confidence substantially above pre-pandemic levels, the number of jobs advertised in Australia at a 12-year high, and the unemployment rate falling again in March. The Group has delivered a robust performance over the past year and is well positioned to capitalise on this positive momentum."

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 11 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 57 properties, valued at approximately $4.3 billion.[7]

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.

[5] Gearing is calculated as interest bearing liabilities less cash divided by total assets less finance lease assets less cash. Valuations as at 31 December 2020.
[6] Distribution yield is the FY21 DPS guidance of $0.20 per security divided by the closing ASX price as at 28 April of $3.69.
[7] These figures include the Quads. Valuations as at 31 December 2020.

Important information

This investor update is current as at 31 March 2021 unless otherwise indicated. It contains statements about Growthpoint's financial position as at 31 March 2021 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.