

# 3Q22 investor update.

Growthpoint Properties Australia (ASX: GOZ)

141 Camberwell Road, Hawthorn East, VIC

28 April 2022

## 3Q22 highlights

- Continued leasing success with ~112,000 square metres of leasing completed, or 6% of portfolio income.
- Increase in long weighted average lease expiry (WALE) to 6.4 years and high portfolio occupancy of 97% maintained.
- Deployed \$129.3 million to fund accretive acquisitions and fund property expansions within the portfolio.

Timothy Collyer, Managing Director of Growthpoint, said, “Growthpoint delivered a strong performance this quarter, building on the Group’s successful 1H22. We have continued to achieve positive leasing outcomes across our portfolio, including two significant long-term leases at office and industrial properties in Victoria and maintained our portfolio occupancy of 97%. We were also pleased to see Woolworths exercise their five-year lease option for their major Queensland (QLD) distribution centre at Larapinta in the quarter.

“The quarter saw continued improvement in national office tenant demand, with effective rent growth recorded in all major markets and a decline in vacancy rates (except in Perth), whilst industrial prime market rents continued to grow strongly, between 2.5% and 3.3% (on average) for major Sydney, Melbourne and Brisbane markets for the quarter. These conditions are expected to continue with robust economic performance forecast for Australia (rising GDP, strong jobs growth and a low unemployment rate). However, rising inflation, due to the strong rebound post Covid-19 and global uncertainties caused by the Ukraine war and supply chain disruption, are expected to lead to rising interest rates as has been witnessed internationally. Despite uncertainties in the current environment, the Group is well positioned with its exposure to favoured metropolitan office and industrial property markets, secure rental income from our tenants, who are predominantly large organisations and government tenants and a strong capital position.

“We remain confident Growthpoint will continue to deliver on its long track record of sustainable returns to our Securityholders.”

## Property portfolio

During 3Q22, Growthpoint entered into eight leases across its office and industrial portfolios, representing 6.0% of portfolio income. The WALE of the new leases was 5.6 years and the weighted average rent review was 2.8%.

Woolworths have now exercised their five-year option from February 2022, following completion of the independent rental determination, for their regional distribution centre of 76,109 square metres at 70 Distribution Street, Larapinta, QLD.

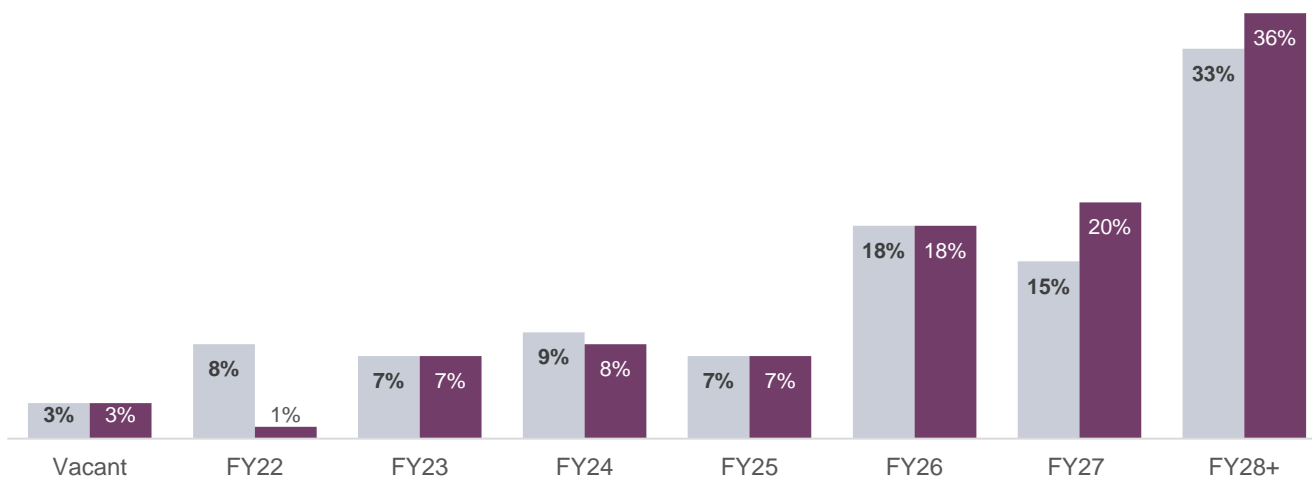
The Group also entered into two new ten-year leases during the quarter, with Scope at 109 Burwood Road, Hawthorn, Victoria (lettable area: 3,023 square metres) and Plantabl Packaging, a sustainable packaging company, at 60 Annandale Road, Melbourne Airport, Victoria (lettable area: 11,293 square metres).



## Portfolio lease expiry

per financial year, by income, as at 31 March 2022

■ 1H22 ■ 3Q22



At 31 March 2022, the Group's WALE was 6.4 years, an increase from 6.3 years at 31 December 2021, and portfolio occupancy remained consistent at 97%. The Group's office portfolio WALE declined slightly to 6.9 years (31 December 2021: 7.1 years), and the industrial portfolio WALE increased to 5.4 years (31 December 2021: 4.6 years). Office portfolio occupancy remains at 96% and the industrial portfolio continues to be 100% leased.

On 22 February 2022, the Group settled the acquisition of 141 Camberwell Road, Hawthorn East, Victoria, a modern A-grade office asset for a price of \$125.0 million (excluding acquisition costs). Completed in 2020, the building comprises 10,249 square metres of office and ground floor retail accommodation and is 99% leased to high quality tenants including Cabrini Health, Miele and Siemens Healthineers, with a 6.8 year WALE as at the acquisition.

## Development update

Growthpoint has two developments underway to accommodate the growth of existing portfolio tenants:

- the \$26.1 million expansion and 15-year and 11-month lease of the car dealership at 75 Dorcas Street, South Melbourne, Victoria to ASX listed **Autosports Group**, for their Melbourne BMW dealership and showroom. The works will increase the site area by approximately 3,773 square metres and include ground floor and level one showroom extension and addition of mezzanine offices. The project is scheduled for completion in August 2022.
- the \$3.67 million warehouse expansion, with a new 7-year lease over the whole of the property from completion, at 120-132 Atlantic Drive, Keysborough, Victoria for **Symbion**, a national wholesaler of healthcare products and services. The works will extend the warehouse by 2,909 square metres and is due for completion in July 2022.

## Capital management

Growthpoint's gearing<sup>1</sup> was 31.9% as at 31 March 2022, increasing 250 basis points on 31 December 2021, as the Group used debt to fund the acquisition of 141 Camberwell Road, property expansions and its 1H22 distribution. Growthpoint's gearing remains well below the Group's target range of 35% to 45% and the Group continues to actively look for acquisitions to support our growth ambitions which would be accretive to FFO.

<sup>1</sup> Gearing is calculated as interest bearing liabilities less cash divided by total assets less finance lease assets less cash. Valuations as at 31 December 2021.

Growthpoint's weighted average cost of debt has decreased to 2.7% per annum as a result of deploying debt and management of the Group's swap book in the period, in addition to the impact of refinanced debt in 1H22.

In February 2022, the Group announced that it had extended its on market securities buy-back program for up to 2.5% of issued share capital for a further 12 months<sup>2</sup>. In the quarter, the Group purchased 499,458 securities (0.1% of issued capital), for \$2.0 million.

## Outlook

Growthpoint reaffirms the guidance provided on 14 December 2021 of FY22 FFO of at least 27.0 cents per security (cps), representing a minimum of 5.1% growth over FY21, and FY22 distribution guidance of 20.8 cps, up 4% on FY21.

This guidance also anticipates no significant market movements or unforeseen circumstances occurring during the remainder of the financial year.

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

### For further information, please contact:

#### Dion Andrews

Chief Financial Officer

Telephone: +61 3 8681 2900

#### Growthpoint Properties Australia

Level 31, 35 Collins St, Melbourne, VIC 3000

growthpoint.com.au

---

## About Growthpoint

Growthpoint provides space for you and your business to thrive. For more than 12 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 58 properties, valued at approximately \$5.1 billion.<sup>3</sup>

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. We are targeting net zero by 2025.

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 28 April 2022 unless otherwise indicated. It contains statements about Growthpoint's financial position as at 28 April 2022 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.

---

<sup>2</sup> ASX Announcement 17 February 2022.

<sup>3</sup> Valuations as at 31 December 2021. Includes acquisition of 141 Camberwell Road, Hawthorn East, Victoria which settled in February 2022.