



ASX announcement.

Growthpoint Properties Australia (ASX: GOZ)

20 December 2022

GOZ upgrades FY23 guidance, confirms distribution for 1H23 and provides preliminary draft portfolio valuations

Growthpoint Properties Australia (Growthpoint, or the Group) is pleased to announce:

- FY23 funds from operations (FFO) guidance upgraded to 25.5 to 26.5 cents per security (cps), previously 25.0 to 26.0 cps
- Distribution of 10.7 cps for the six months ending 31 December 2022
- Preliminary draft external valuations indicate a decrease of \$143.6 million¹ which is expected to result in a reduction of approximately 19 cps to the Group's net tangible assets (NTA)

Timothy Collyer, Managing Director of Growthpoint, said, "We are pleased to upgrade our FY23 FFO guidance today to 25.5 to 26.5 cps and announce our distribution of 10.7 cps for the six months to 31 December 2022, which reflects positive leasing activity and increased visibility of interest costs for the Group over FY23.

"The Group's movement in preliminary draft external valuations reflect the increased cost of capital and demand for higher return hurdle rates from investors in commercial property markets. Pleasingly, conditions within the office and industrial occupier markets remain generally positive. In the industrial market there is strong rent growth which is largely offsetting yield expansion. Office markets continue to see positive net absorption and increasing physical occupancy, with companies recognising the importance and quality of their office spaces to support collaboration and new ways of working.

"Growthpoint remains well positioned to continue to manage through the current period of macroeconomic volatility with higher inflation, central bank rate rises and higher interest costs. The Group's exposure to favoured industrial and metropolitan office property markets and secure income from predominantly large corporate and government tenants continues to provide a resilient foundation to our business."

FY23 Guidance

In August 2022 Growthpoint provided FY23 FFO guidance of 25.0 to 26.0 cps. Since then, the Group has seen positive leasing activity including recently entering into a 7.2 year lease with the state government (net lettable area: 2,200 square metres) at 100 Skyring Terrace, Newstead, Queensland, with the remaining balance of the approximately 8,000 square metres previously occupied by Collection House Limited under a heads of agreement for lease. Additionally, the Group has greater clarity on interest rate rises in FY23, following Reserve Bank of Australia cash rate decisions over the first six months. As a result, Growthpoint has upgraded its FY23 FFO guidance to 25.5 to 26.5 cps and reaffirms its FY23 distribution guidance of 21.4 cps. A key assumption to guidance is in respect of rising interest rates, with the Group now assuming an average FY23 floating cash rate of 2.9%, previously 2.8%.

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

Distribution for the six months ending 31 December 2022

The distribution for the period is 10.7 cps. The key dates for the distribution are:

Ex-distribution date	Thursday, 29 December 2022
Record date	Friday, 30 December 2022
Payment date	Tuesday, 28 February 2023

The Group confirms that the Distribution Reinvestment Plan remains suspended and will not be in operation for this distribution payment.

¹ Gross movement, excluding capital expenditure incurred and net movement on incentives.



Property portfolio preliminary draft external valuations

Growthpoint has engaged independent external valuers to revalue 35 of its 59 directly owned properties, or 63% of the Group's portfolio by value, at 31 December 2022. In line with the Group's valuation policy, the remaining valuations will be undertaken as internal or Director's valuations with the results released with the half year report on 16 February 2023. The preliminary draft external valuations indicate a \$143.6 million, or 4.3%, decrease on a like-for-like basis in asset values to 30 June 2022 book values. This decrease is expected to result in a reduction of approximately 19 cps to the Group's NTA. The Group's NTA as at 31 December 2022 will also consider additional factors such as the value of derivatives, other Growthpoint investments and changes to net debt at balance date.

Industrial

The Group has had 15 of its 31 industrial assets revalued by independent valuers, representing 53% of its industrial portfolio by value. The preliminary draft external valuations indicate the value of the Group's industrial portfolio has increased by \$3.3 million, 0.4% higher on a like-for-like basis than the 30 June 2022 book values. On a like-for-like basis, the average market capitalisation rates of the industrial properties valued has increased approximately 18 basis points to 4.9%.

Office

Growthpoint has had 20 of its 28 office assets revalued by independent valuers, representing 68% of its office portfolio by value. The preliminary draft external valuations indicate the value of the Group's office portfolio has decreased by \$146.9 million, 6.0% lower on a like-for-like basis than the 30 June 2022 book values. On a like-for-like basis, the average market capitalisation rates of the office buildings valued has increased approximately 28 basis points to 5.4%.

The valuations, including the impact of Director's valuations on the balance of the portfolio, are subject to finalisation and audit and could be revised up or down. They also assume that there is no material change in market conditions before 31 December 2022, the effective date of the valuations.

The final audited valuations for individual properties will be available as part of Growthpoint's 1H23 results, which will be released to the market on Thursday 16 February 2023.

This announcement was authorised for release by Growthpoint's Board of Directors.

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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 \$7.2 billion² total assets under management. We directly own and manage 59 high quality, modern office and industrial properties, valued at approximately \$5.3 billion.² 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 billion² through our funds management business, Fortius, 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.

² \$5.3 billion directly owned property (valuations as at 30 June 2022), which includes GSO Dandenong, 165-169 Thomas Street, Dandenong, Victoria which settled in July 2022 and 333 Ann Street, Brisbane, Queensland for which a contract for sale was exchanged on 2 November 2022. \$1.9 billion funds under management (FUM) as at 30 June 2022