Growthpoint Properties Australia

FY24
annual results

22 August 2024

space to thrive.

Direct portfolio:130 Sharps Road, Melbourne Airport, VIC

GROWTHPOINT
PROPERTIES AUSTRALIA

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All reference to dollars ($) are to Australian dollars.

This presentation was authorised by Growthpoint's Board of Directors.

Growthpoint **snapshot**

as at 30 June 2024

Growthpoint Properties Australia | AUM **$6.0b** | 66 assets

Industrial & logistics

AUM **$1.6b** | 30 assets

40 Annandale Road, Melbourne Airport, VIC

70 Distribution Street, Larapinta, QLD

Office

AUM **$3.0b** | 28 assets

100 Skyring Terrace, Newstead, QLD

1 Charles Street, Parramatta, NSW

307 Queen Street, Brisbane, QLD

Retail

AUM **$1.4b** | 8 assets

Rundle Place, Rundle Mall, Adelaide, SA

Cammeray Square, Cammeray, NSW

Directly held $4.4b

Third party $1.6b

Rental & co-investment income $313.7m

Management fee income $8.0m

Strategic highlights in FY24

Direct property portfolio

c.108,000 sqm of leasing completed across the direct portfolio, **representing 11.0% of portfolio income**

Occupancy of 95% and **5.7-year WALE**

Achieved positive industrial **re-leasing spreads of 31%**

Completed the sale of 1-3 Pope Court, Beverley, SA for **$35.0m, c.15% above the Jun-23 book value**

Financial and **capital management**

Delivered FFO of 23.9 cps, above guidance, distributions of 19.3 cps in line with guidance

Gearing of 40.7%, around the midpoint of target gearing range 35%-45%

Extended **$470 million of bank debt, c.20%** of total bank debt facilities, on favourable terms

Funds management

Disciplined approach to capital market transactions in a challenging environment. Narrowing bid/ask spreads across various sectors is encouraging for FY25

Focussing on core industrial, counter-cyclical office and opportunistic retail assets for institutional and wholesale investors

Sustainability

On track to achieve Net Zero Target by 1 July 2025

Issued a further $500m of sustainability-linked loans, bringing the total on issue to $1,020m, exceeding all targets to date leading to interest margin reductions

Maintained high portfolio average NABERS ratings, including NABERS Energy rating of 5.2 stars

Initial observations

Third-party funds: Central Park Mall, Chippendale, NSW

Substantial high-quality portfolio & experienced team

- **Modern office portfolio,** underpinned by government and high-quality corporate occupiers
- **c.60 team members** across eastern seaboard offices

Strong customer relationships

- **Landlord satisfaction score 7.8**
- **Increased occupancy** from 93% to 95%

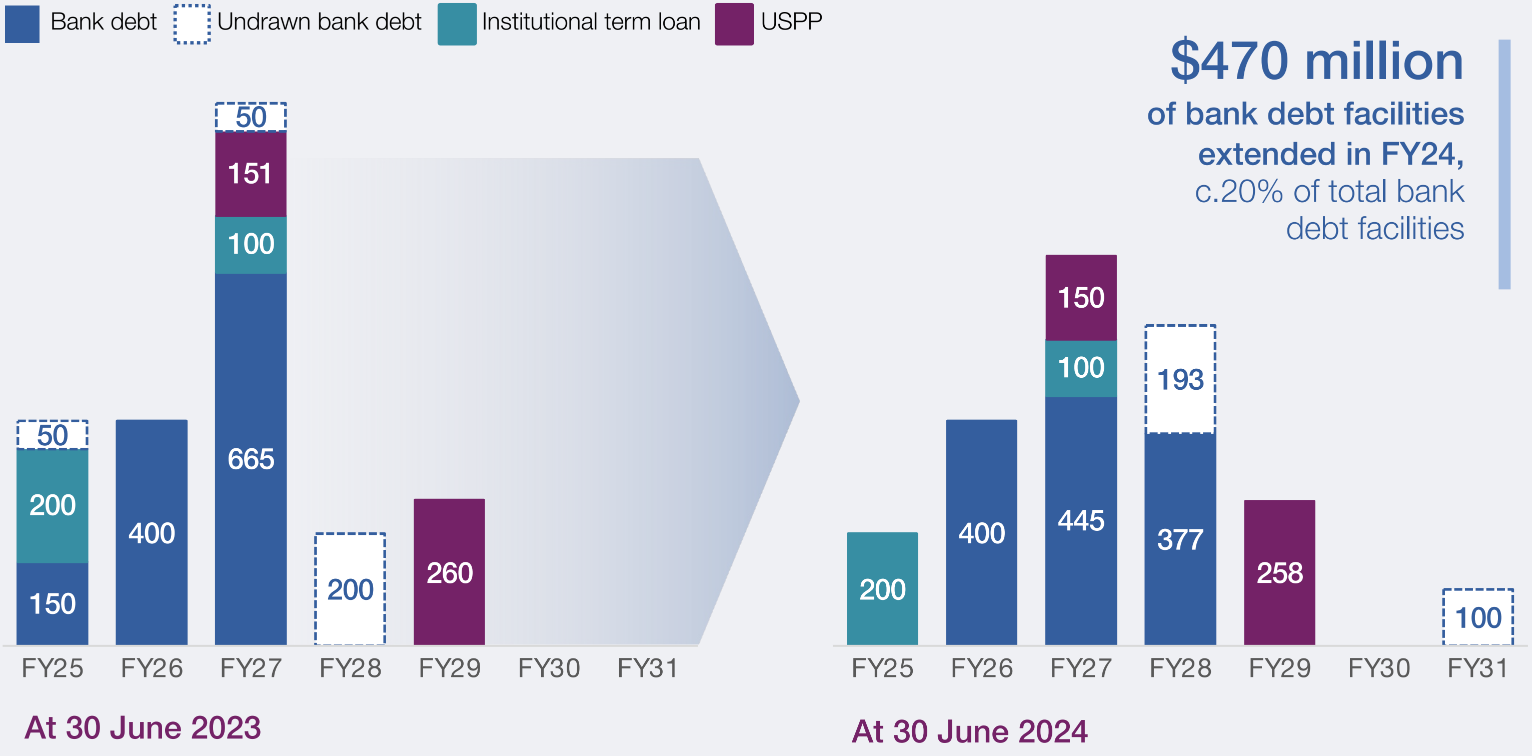
Solid platform for growth

- **Scalable presence** in office, industrial and retail
- **Focus on delivering FUM growth**

Capital management

- Ample headroom in ICR and LVR covenants
- Gearing well managed and remains within the target range
- $293 million of undrawn bank debt facilities available to meet FY25 maturity
- Executed new interest rate swaps with a face value of $395 million, at an average fixed rate of 3.7%

Group debt maturity profile



$470 million
of bank debt facilities extended in FY24,
c.20% of total bank debt facilities

Metrics at 30 June 2024

LVR < 60%	ICR > 1.6x	Gearing target range 35% - 45%	WACD	Fixed / hedged debt	Credit rating
42.6%	2.8x	40.7%	4.8% With WADM of 3.0 years	74.5%	Baa2

Direct property portfolio – **key metrics**

Total property portfolio

Total portfolio value	Occupancy	WACR	WALE
$4.4b	**95%**	**6.3%**	**5.7 years**
30 June 2023: $4.8b	30 June 2023: 93%	30 June 2023: 5.6%	30 June 2023: 6.0 years

63% Office portfolio

Modern A-grade portfolio located predominantly across the Eastern seaboard in key fringe and metro locations with high green credentials and c.40% of income derived from Government tenants

Office portfolio value	Occupancy	WALE	WACR
$2.8b	**92%**	**6.1 years**	**6.5%**
30 June 2023: $3.1b	30 June 2023: 90%	30 June 2023: 6.3 years	30 June 2023: 5.7%

37% Industrial portfolio

Modern logistics and warehouse portfolio with c.70% of assets located on the Eastern seaboard close to transport hubs and urban population centres, underpinned by quality tenants such as Woolworths and Australia Post

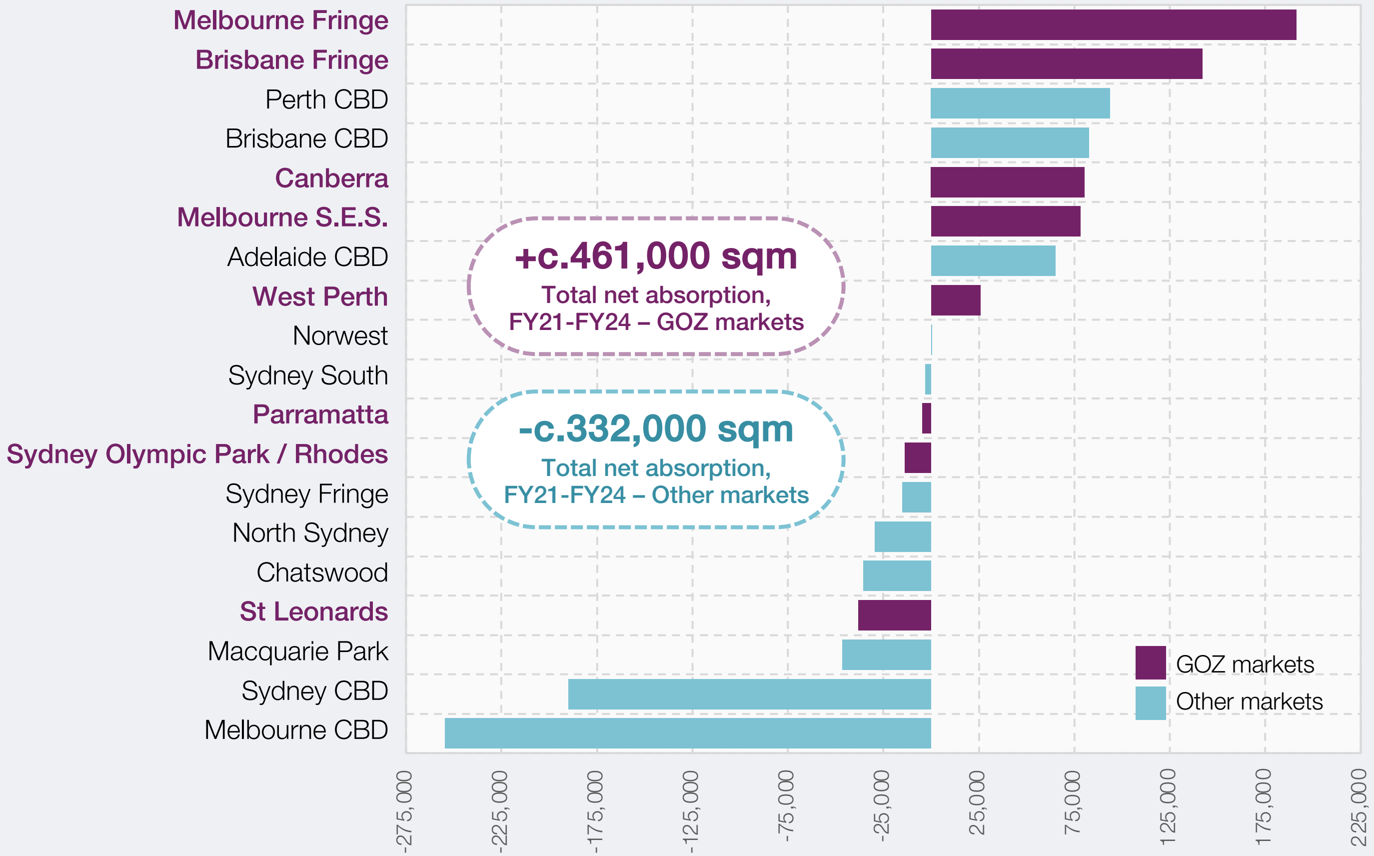
Industrial portfolio value	Occupancy	WALE	WACR
$1.6b	**100%**	**4.9 years**	**6.0%**
30 June 2023: $1.7b	30 June 2023: 100%	30 June 2023: 5.4 years	30 June 2023: 5.4%

Strong demand in Growthpoint office markets

- **Demand in Growthpoint markets has consistently outperformed other markets over the last four years**
- Brisbane fringe and Melbourne fringe have recorded the highest net absorption across all national office markets over the last four years
- Growthpoint exposure in these markets is over 50% of the office portfolio by value
- Flight to quality evident in Growthpoint markets as occupiers seek well located, highly green-credentialed, modern office space close to amenities

Growthpoint markets net absorption consistently outperformed other markets over the last four years by c.800,000sqm

Net absorption – Growthpoint markets vs other markets FY21-FY24 [1] (sqm)



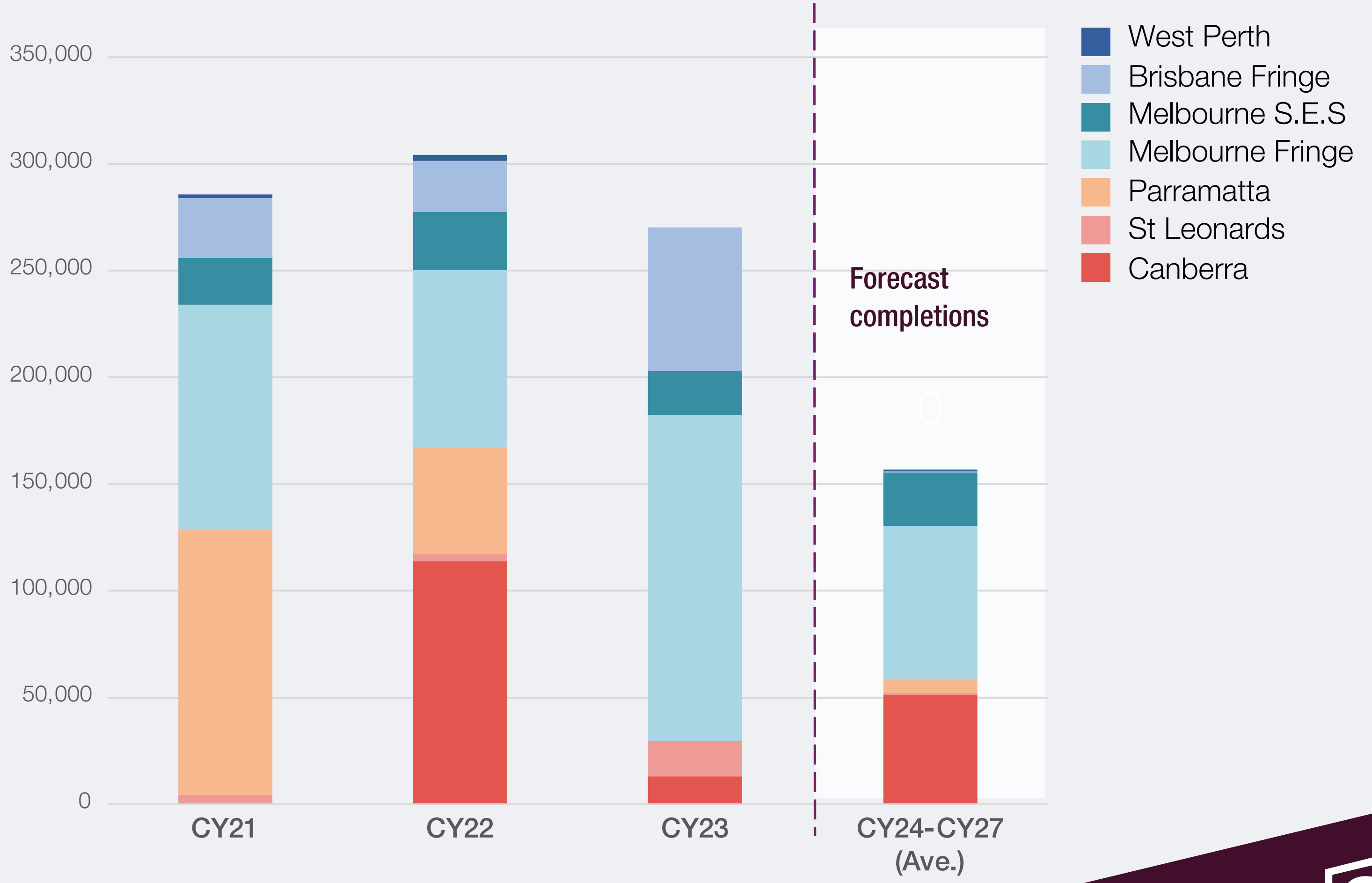
1. JLL.

Office supply in Growthpoint markets

- High construction, labour and finance costs are deterring new supply, most notably in fringe markets
- Limited supply additions are expected to be exacerbated by large Government infrastructure projects
- Economic rents for new developments have increased considerably in recent years
- CBRE estimates economic rent in Sydney CBD has increased 44% from $1,418/sqm in Jun-20 to $2,038 in Jun-24

Forecast office supply in Growthpoint markets is trending lower

Supply in Growthpoint markets [1] (completions, sqm)



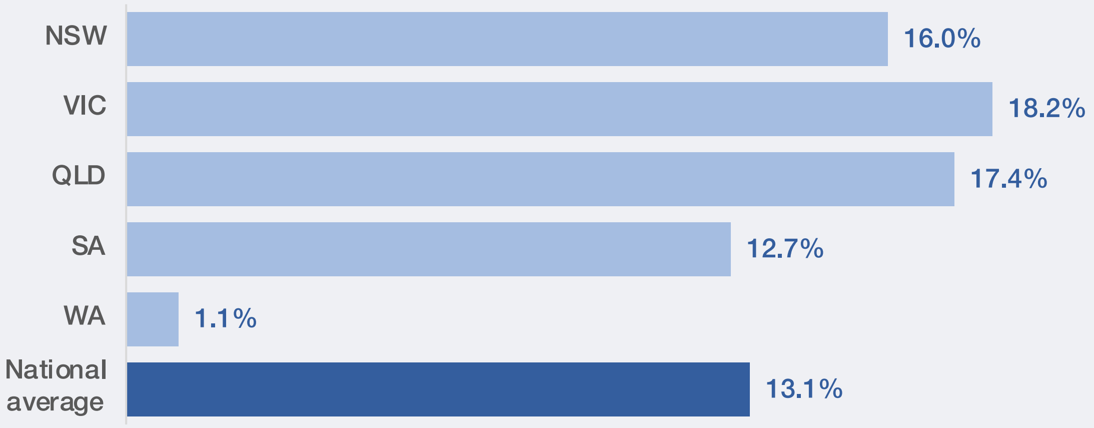
1. JLL.

Industrial markets remain strong

- **Demand is being supported by growth in the logistics and warehousing sectors**, with leasing activity in the Melbourne and Sydney markets remaining strong
- Demand-supply imbalance has left most markets with limited relocation options for occupiers
- Face rent growth remains strong, but incentives have increased modestly in some markets from historically low levels
- Forecast population growth of 1.4% p.a.[1] remains supportive of industrial markets
- The national average vacancy rate remains low at 1.9%[2] and well below the long-term average

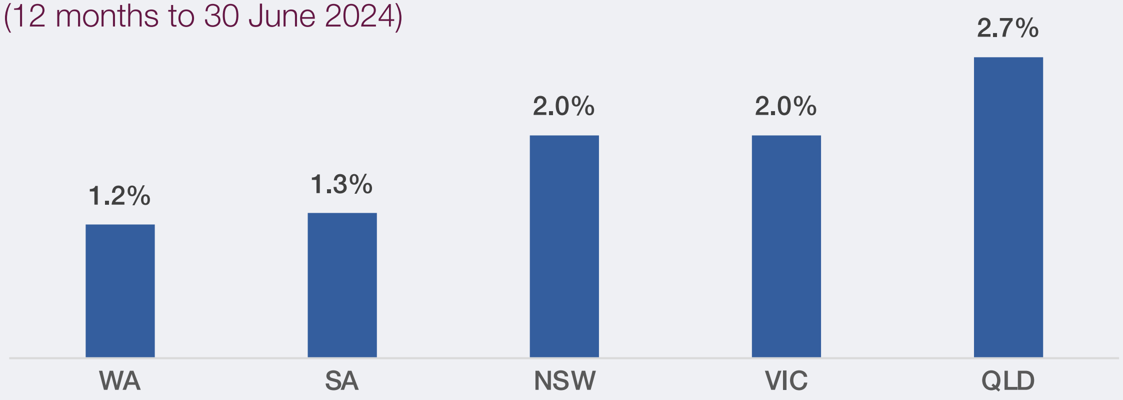
1. RBA Statement on Monetary Policy 6 August 2024.
2. CBRE.

Industrial prime net face rent growth
(12 months to 30 June 2024)



Source: JLL

Average vacancy rate by state
(12 months to 30 June 2024)



Source: CBRE Research

Growthpoint **Australian Logistics Partnership** (GALP)

Key investment highlights:

- Industrial fund partnership formed, with a global institutional capital partner to acquire a circa 80% interest in a portfolio of six existing Growthpoint industrial assets at book value
- Net sale proceeds of $181 million, with 30 June 2024 pro forma gearing to reduce by 2.0% to 38.7%
- Special distribution of 2.1 cents per security (cps) forecast subject to completion of the transaction
- As part of the transaction, the capital partner will acquire a circa overall 80% interest in six Growthpoint industrial assets in line with 30 June 2024 book values. Growthpoint entities will hold the remaining circa 20% interest and will be the investment and property manager.


6-7 John Morphett Place,
Erskine Park, NSW


81 Derby Street
Silverwater, NSW


6 Kingston Park Court
Knoxfield, VIC


19 Southern Court,
Keysborough, VIC


20 Southern Court,
Keysborough, VIC


13 Business Street
Yatala, QLD

Growthpoint **Canberra Office Trust** (GCOT)

Key investment highlights:

High-yielding asset

- 9.0% average distributions[1]
- 88% income from Government tenants[2]

Deep value buying

- Purchasing at c.$4,626/sqm[1]
- Replacement cost 80% higher and peak valuation 44% higher than purchase price

Proven leasing ability

- 8,379 sqm leased since May 2023

Brown to Green Energy Pathway

- Electrification and Net Zero[3] by 2028
- Targeting 4.0 star to 5.5 star NABERS Energy rating by 2029

Strong Market Fundamentals

- Canberra CBD vacancy at 9.5%, equal lowest of major Australian office markets

Growth in public sector driving office demand

- Government staffing levels expected to increase by c.9% in 2024-25[4]

1. Forecast/ estimate as at 1 January 2025. All returns are quoted post asset management fees, and pre performance fees.
2. Includes Government funded/affiliated tenants.
3. Base building. Strategy is based on net zero operational carbon emissions and does not include embodied carbon emissions.
4. Commonwealth of Australia Budget 24-25, Budget Paper No. 4, Agency Resourcing


2 Constitution Avenue, Canberra, ACT

FY25 guidance

FY25 FFO guidance

22.3 – 23.1 cps

A key assumption to guidance is in respect of interest rates, with the Group assuming an average FY25 floating rate of 4.35%

FY25 distribution guidance

18.2 cps

Direct portfolio: 5 Murray Rose Avenue, Sydney Olympic Park, NSW

Thank you.

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