



ASX announcement.

Growthpoint Properties Australia (ASX: GOZ)

20 December 2023

1H24 distribution and preliminary draft external valuations

Growthpoint Properties Australia (Growthpoint or the Group) announces:

- Distribution of 9.65 cents per security (cps) for the six months ending 31 December 2023 (1H24), in line with FY24 distribution guidance of 19.3 cps
- Maintains FY24 funds from operations (FFO) guidance of between 22.5 to 23.1 cps
- Preliminary 31 December 2023 draft external valuations for circa 62% of the Group's portfolio by value, indicate a decrease of approximately \$137.8 million,¹ or 4.7% on a like-for-like basis relative to 30 June 2023 book values
- An increase in the weighted average capitalisation rate of the externally valued properties of approximately 36 basis points to 5.8%

Timothy Collyer, Managing Director of Growthpoint, said, "The Group's movement in preliminary draft external valuations reflects the increased cost of capital and higher return expectations from investors. In the industrial market, supply constraints continue to drive strong rental growth, which has largely offset yield expansion. Office markets are experiencing higher-than-average vacancies, although physical occupancy continues to increase across all markets and is anticipated to improve in 2024 as more businesses implement return-to-office policies. Despite the lower preliminary draft external valuation of the Group's properties, Growthpoint's high-quality portfolio with secure tenants on long leases continues to perform well in terms of occupancy (94%)² and WALE (5.8 years)², underpinning income to Securityholders."

Preliminary draft external valuations

Growthpoint engaged external independent valuers to value 32 of its 57 directly owned properties, or circa 62% of the Group's portfolio by value, at 31 December 2023. In line with the Group's valuation policy, the remaining valuations will be undertaken as internal or Director's valuations to be released with the 1H24 results. The preliminary draft external valuations indicate a \$137.8 million or 4.7% decrease on a like-for-like basis relative to 30 June 2023 book values. On a like-for-like basis, the weighted average capitalisation rate of the externally valued properties increased by approximately 36 basis points to 5.8%. This decrease in draft external valuations only is expected to result in a reduction of approximately 19 cps to the Group's net tangible assets (NTA). The Group's NTA as at 31 December 2023 will also consider additional factors such as internal valuations, the value of derivatives, other Growthpoint investments, and changes to net debt at balance date.

Industrial

The Group had 14 of its 30 industrial assets valued representing circa 53% of its industrial portfolio by value. The preliminary draft external valuations indicate the value of the Group's industrial portfolio decreased by approximately \$9.4 million, 1.1% lower on a like-for-like basis relative to 30 June 2023 book values. On a like-for-like basis, the weighted average capitalisation rate of the industrial properties externally valued increased by approximately 41 basis points to 5.6%.

Office

Growthpoint had 18 of its 27 office assets valued, representing 66% of its office portfolio by value. The preliminary draft external valuations indicate the value of the Group's office portfolio has decreased by approximately \$128.4 million, 6.2% lower on a like-for-like basis relative to the 30 June 2023 book values. On a like-for-like basis, the weighted average capitalisation rate of the office properties externally valued increased by approximately 34 basis points to 5.9%.

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

² As at 30 November 2023



The valuations, including the impact of Director's valuations on the balance of the directly owned portfolio, are subject to finalisation and audit and may change. They also assume that there is no material change in market conditions before 31 December 2023, the effective date of the valuations. The final audited valuations for individual properties will be available as part of Growthpoint's 1H24 results, which will be released to the Australian Securities Exchange on 22 February 2024.

Leasing

During 2Q24, the Group agreed with a current tenant for the early surrender (effective 31 December 2023) of 4,771 sqm at 33-39 Richmond Road, Keswick, SA. Concurrently, the Group signed a new 10-year lease (commencing 1 July 2024) with a government tenant to occupy the space vacated by the current tenant. Furthermore, the Group signed a new 5-year lease (commencing 1 January 2024) with an ASX-listed entity for the remaining vacancy of 881 sqm in the same building. Following the early surrender date of 31 December 2023, the property will be 100% leased with a WALE of 6.7 years vs 93% occupied and a 3.5-year WALE as at 30 June 2023.

Capital Management

Based on the preliminary draft external valuations and subject to finalisation of the 1H24 financial results, Growthpoint's pro forma gearing as at 31 December 2023 is expected to be around 39.0%, remaining within the Group's target range of 35% to 45%.

During 2Q24, the Group entered into four new interest rate swaps with an aggregate \$100 million notional amount and a weighted average term to expiry of circa 4.4 years, bringing the total amount of new hedging in 1H24 to \$200m for a total weighted average term to expiry of approximately 3.6 years.

The Group also extended two bank debt facilities totaling \$150 million due to mature in December 2024 to February 2028.

The Group remains well hedged with a hedging ratio of approximately 71%.

Distribution for the six months ending 31 December 2023

The distribution for the period is 9.65 cps. The key dates for the distribution are:

Ex-distribution date	28 December 2023
Record date	29 December 2023
Payment date	29 February 2024

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

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

For further information, please contact:

Luke Maffei

Investor Relations and Communications Manager

Telephone: +61 3 8681 2933

Growthpoint Properties Australia

Level 18, 101 Collins St, Melbourne, VIC 3000

growthpoint.com.au



About Growthpoint

Growthpoint provides space for you and your business to thrive. Since 2009, we've been investing in high-quality industrial and office properties across Australia.

Today, we have \$6.6 billion in total assets under management. We directly own and manage 57 high-quality, modern office and industrial properties, valued at approximately \$4.8 billion. We manage a further \$1.8 billion on behalf of third-party investors through our funds management business, which manages funds that invest in office, retail, and mixed-use properties across value-add and opportunistic strategies.

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 are committed to operating sustainably 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 an internally managed real estate investment trust (REIT), listed on the ASX, and is part of the S&P/ASX 300. Moody's has issued us with an investment-grade rating of Baa2 for domestic senior secured debt.

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