

Growthpoint Properties Australia

# 1H23

half year results.

16 February 2023

space to thrive.

**GROWTH-POINT**  
PROPERTIES AUSTRALIA



# Agenda.

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## Overview & strategy

3

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## Financial results

21

**Timothy Collyer**  
Managing Director

**Sam Sproats**  
Executive Director –  
Funds Management

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## Portfolio update

9

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## Outlook

26

**Michael Green**  
Chief Investment Officer

**Dion Andrews**  
Chief Financial Officer

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## Funds management

17

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## Supplementary information

31

SW1 Precinct, South Brisbane, QLD



# Performance overview & strategy.



100 Skyring Terrace, Newstead, QLD



# 1H23 overview.

- Positive FFO growth for Securityholders driven by net property income growth of 19%
- Entered funds management, completing the acquisition of Fortius on 15 September 2022, a key growth opportunity for the Group
- Strategic management of resilient, directly owned portfolio, including investing in high quality office asset in Dandenong, Victoria and contracting for the sale of Brisbane CBD office asset 333 Ann Street
- Like-for-like property valuation decline of -3.4% or \$169.3m<sup>1</sup>, reflecting changing market conditions
- Positive leasing result with strong portfolio WALE of 6.3 years<sup>1</sup> and portfolio occupancy of 94%<sup>1</sup>
- Recognised by GRESB as Regional Sector Leader<sup>2</sup> in 2022 Sustainability Benchmark

1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

2. Overall Regional Sector Leader - Diversified – Office/Industrial

## FFO

15.3cps

1H22: 13.6cps, +12.5%

## Distribution

10.7cps

1H22: 10.4cps, +2.9%

## Loss after tax

-\$109.6m

1H22: profit after tax \$374.3m

## Gearing<sup>1</sup>

34.5%

Target 35-45%

## Fixed rate debt<sup>1</sup>

66.7%

30 June 2022: 60.9%

## WACD<sup>1</sup>

4.3%

at 31 December 2022

## Directly owned portfolio value<sup>1</sup>

\$5.0b

30 June 2022: \$5.1b, -2.0%

## Directly owned portfolio WALE<sup>1</sup>

6.3yrs

30 June 2022: 6.3yrs

## NTA per security<sup>1</sup>

\$4.25

30 June 2022: \$4.56, -6.8%

## Third-party funds under management

\$1.9b

at 31 December 2022



# Performance against strategy in 1H23.

Our goal is to provide Securityholders with sustainable income returns and capital appreciation over the long term.

## Invest in high-quality assets

Long track record of delivery

Completed acquisition of predominantly government leased A-Grade office asset GSO Dandenong, 165-169 Thomas St, Dandenong with long WALE of 9.4 yrs<sup>1</sup> for \$165m

Securely leased, strategic office acquisitions in FY22 contributed to income growth in 1H23 and support long-term resilience of the Group's portfolio income

## Maximise value

Contracted for the sale of fully leased 333 Ann Street, Brisbane office asset for \$141.1m (gross sale price), which settled Jan 2023

Completed two asset expansions, supporting lease extensions and creating value (BMW South Melbourne, VIC, Symbion, Keysborough, VIC)

Continued reinvestment in refurbishment, enhancing amenities

Installation and commissioning of four solar PV projects VIC and QLD

## Maintain high-occupancy

94%<sup>2</sup> portfolio occupancy, with Industrial portfolio 100% leased and office portfolio 91% occupied

Over 89,000 sqm<sup>3</sup> leasing completed across portfolio in 1H23, 5.2%<sup>2</sup> portfolio income

Good leasing momentum on current vacancies

Entered HOA on remaining circa 5,800 sqm vacancy at 100 Skyring Tce, Newstead, QLD

## Enter Funds management

Acquired Fortius for \$45.0m<sup>4</sup> September 2022

Targeting 10% to 20% of Group EBIT over medium term

Successful integration ongoing

1. At settlement
2. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023
3. Leasing metrics include 333 Ann Street, Brisbane, QLD
4. Initial purchase price, with an additional net asset adjustment

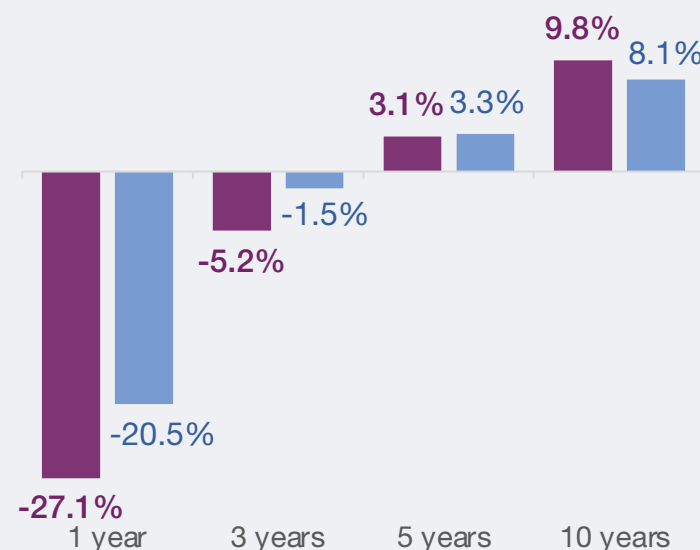
# Performance over long term.

Growthpoint trading at **23% discount to NTA<sup>3</sup>**



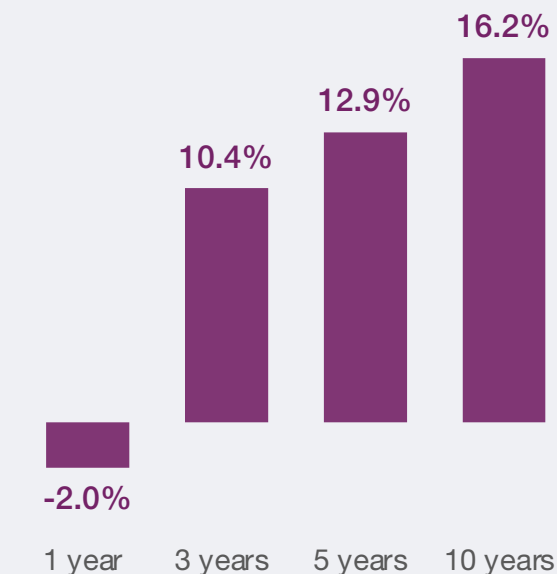
## Total securityholder return<sup>2</sup> to 31 December 2022

■ Growthpoint ■ S&P/ASX 200 A-REIT Accumulation Index



## Return on equity

to 31 December 2022 (per annum)



1. Total \$6.9 billion AUM as at 31 December 2022 includes: \$5.0 billion directly owned property, pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023, and \$1.9 billion funds under management
2. UBS Investment Research, annual compound returns to 31 December 2022
3. NTA of \$4.25 to closing ASX price as at 15 February 2023 of \$3.26

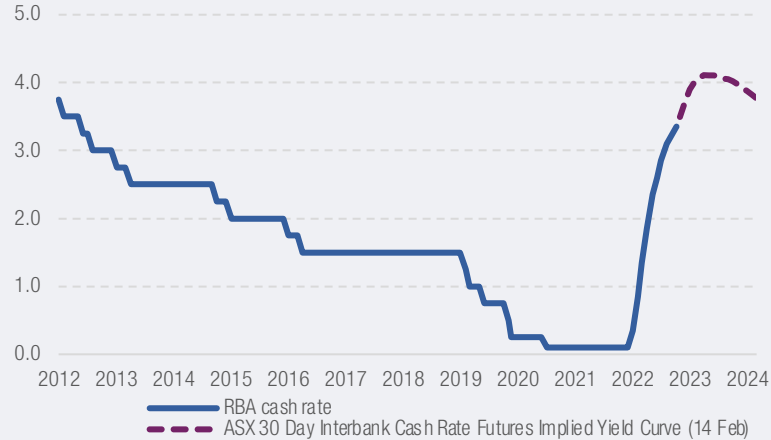


# Current market expectations.

## Market anticipates lowering of cash rate in 2024

RBA cash rate, Interbank cash rate futures implied yield curve (%)

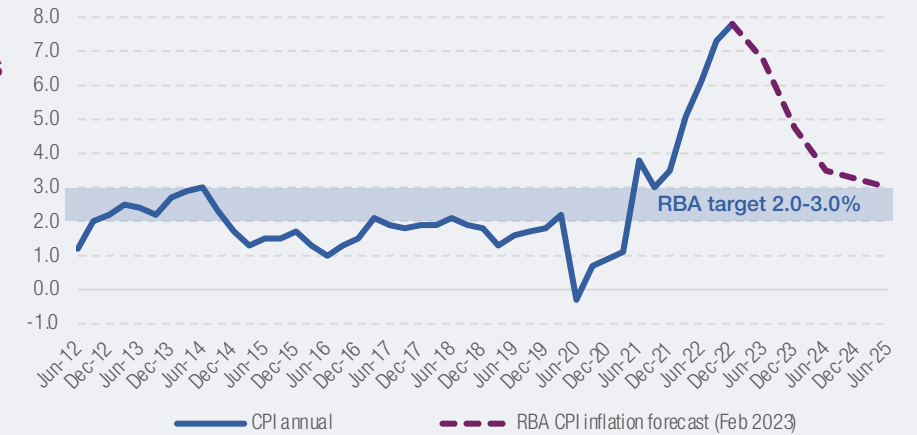
Source: RBA, ASX



## RBA expect inflation returns to near target range 2024

CPI annual, RBA CPI inflation forecast (%)

Source: ABS, RBA



## Continued low unemployment

Unemployment (%)

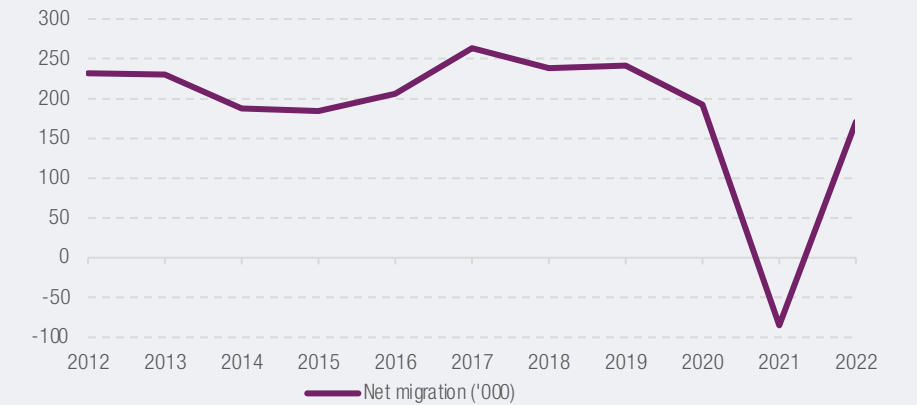
Source: ABS, RBA



## Net migration recovering

Net overseas migration ('000)

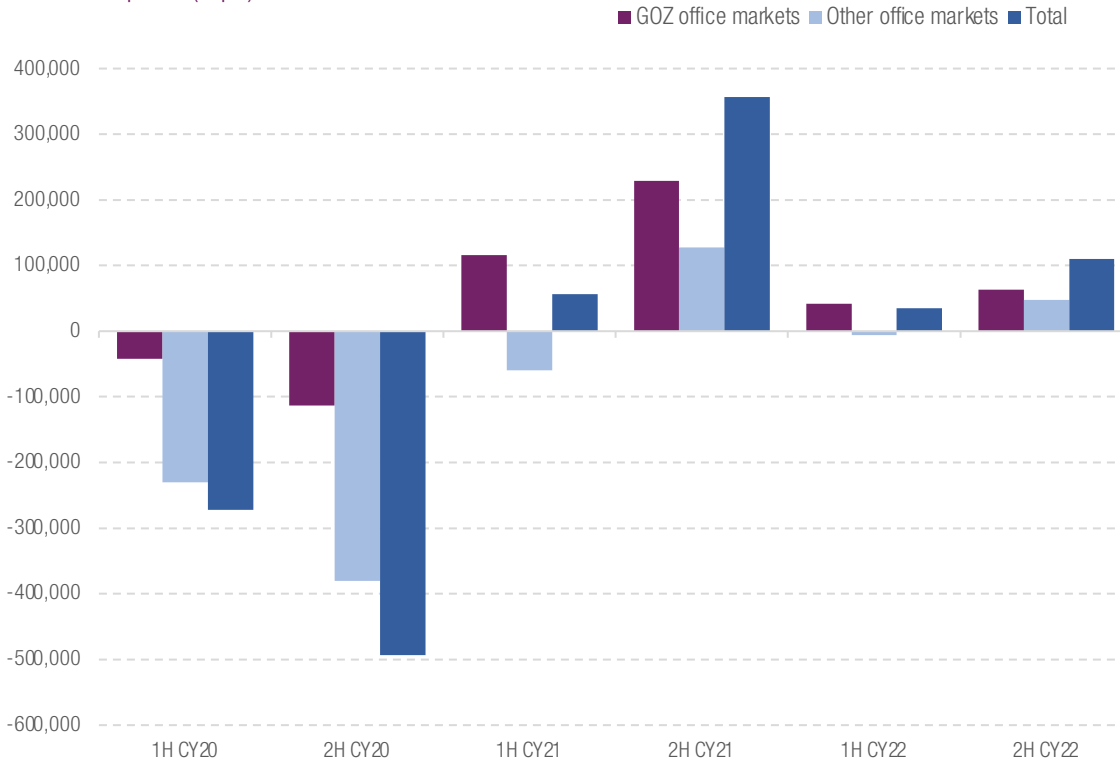
Source: ABS  
December 2022



# Well-placed in changing market, economic cycle.

## Resilience in Group's office markets

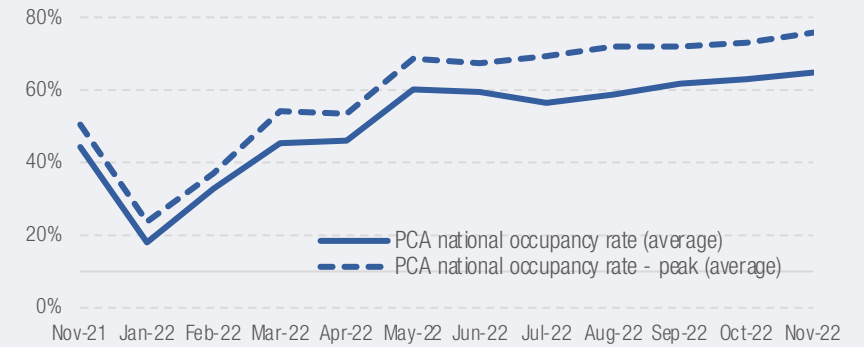
Net absorption (sqm)



Source: JLL

## Physical office occupancy increasing

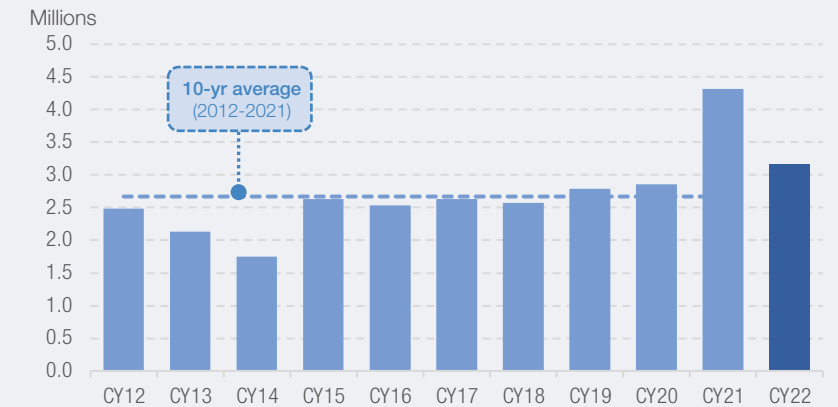
National office occupancy (% average)



Source: Property Council Australia

## Industrial demand remains strong

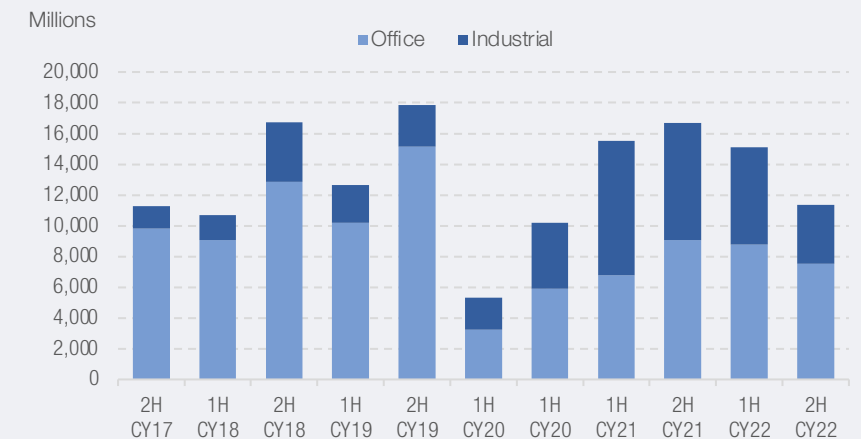
Industrial floorspace gross take-up across Australia (sqm)



Source: JLL

## Transaction volumes moderate

Commercial real estate investment volume (AU\$)



Source: Cushman & Wakefield



# Portfolio update.

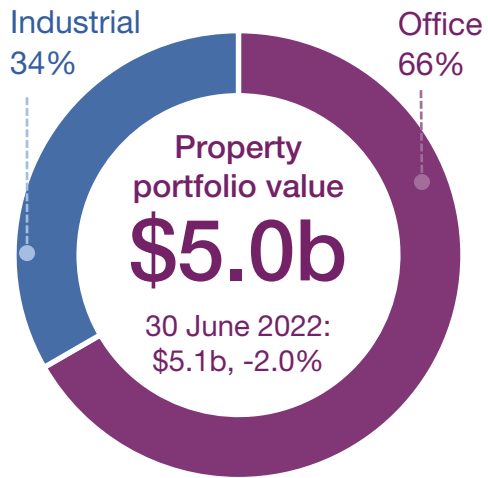


141 Camberwell Road, Hawthorn East, VIC



# Portfolio snapshot.<sup>1</sup>

95% of portfolio leased to government, listed or large organisations<sup>2</sup>



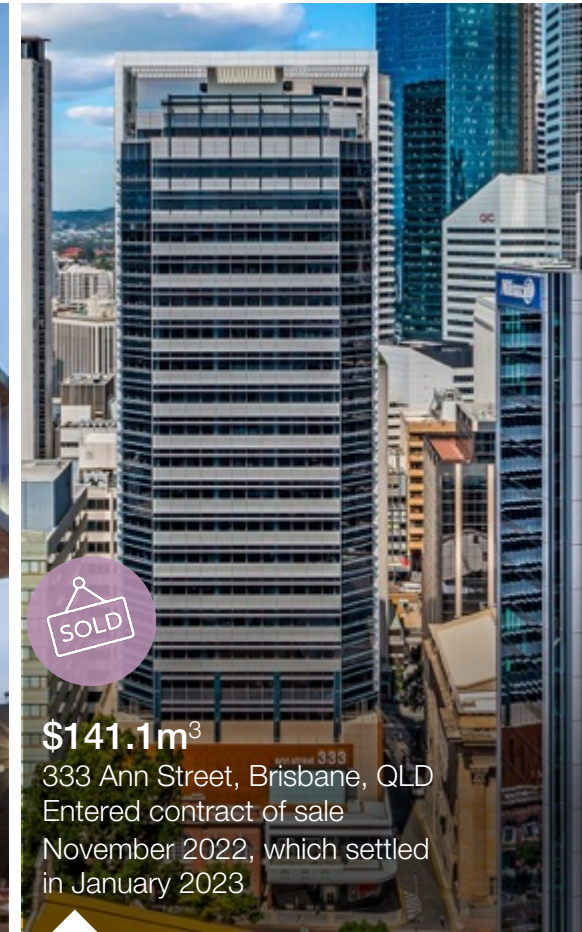
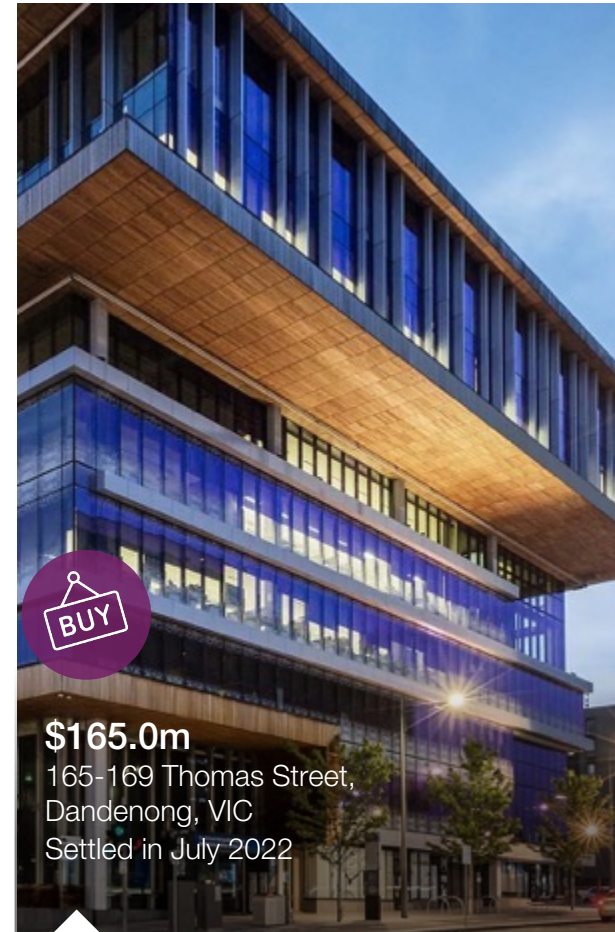
Total assets  
**58**  
30 June 2022: 58

Portfolio occupancy  
**94%**  
30 June 2022: 97%

WALE  
**6.3yrs**  
30 June 2022: 6.3yrs

WACR  
**5.2%**  
30 June 2022: 5.0%

## Top tenants



1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

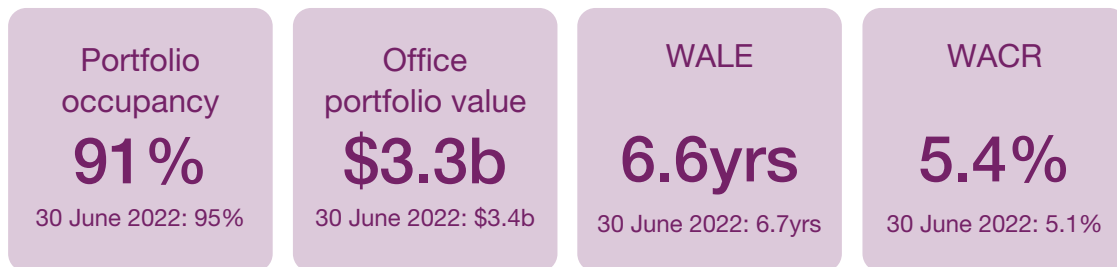
2. Growthpoint estimate of tenants with revenue above \$50 million per annum



# Portfolio key metrics.<sup>1</sup>



## Office portfolio

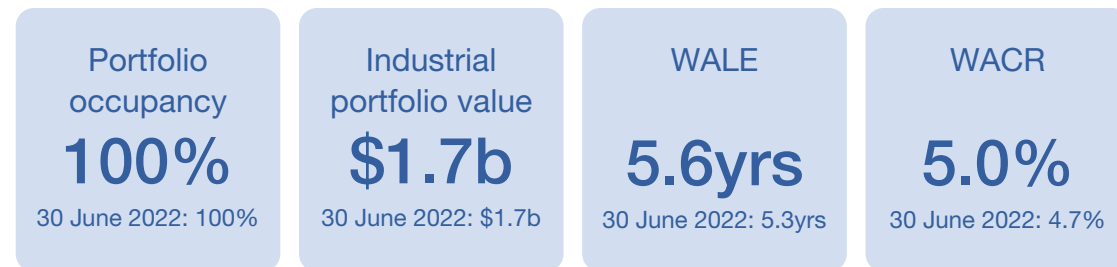


### Office property valuation change, by value<sup>2</sup>

30 June 2022 to 31 December 2022

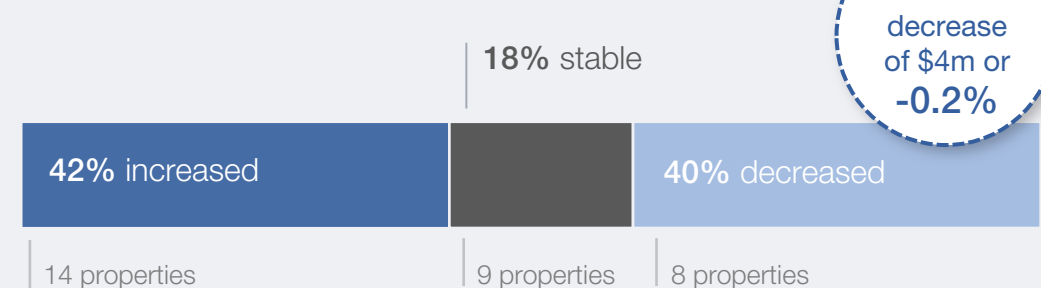


## Industrial portfolio



### Industrial property valuation change, by value<sup>2</sup>

30 June 2022 to 31 December 2022



1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

2. Increased: valuation increased by more than 1%, Stable: valuation change between -1% and 1%, Decreased: valuation reduced more than 1%. Valuations movement excludes 165-169 Thomas Street, Dandenong, VIC which was acquired during the period and 333 Ann Street, Brisbane, QLD which settled in January 2023



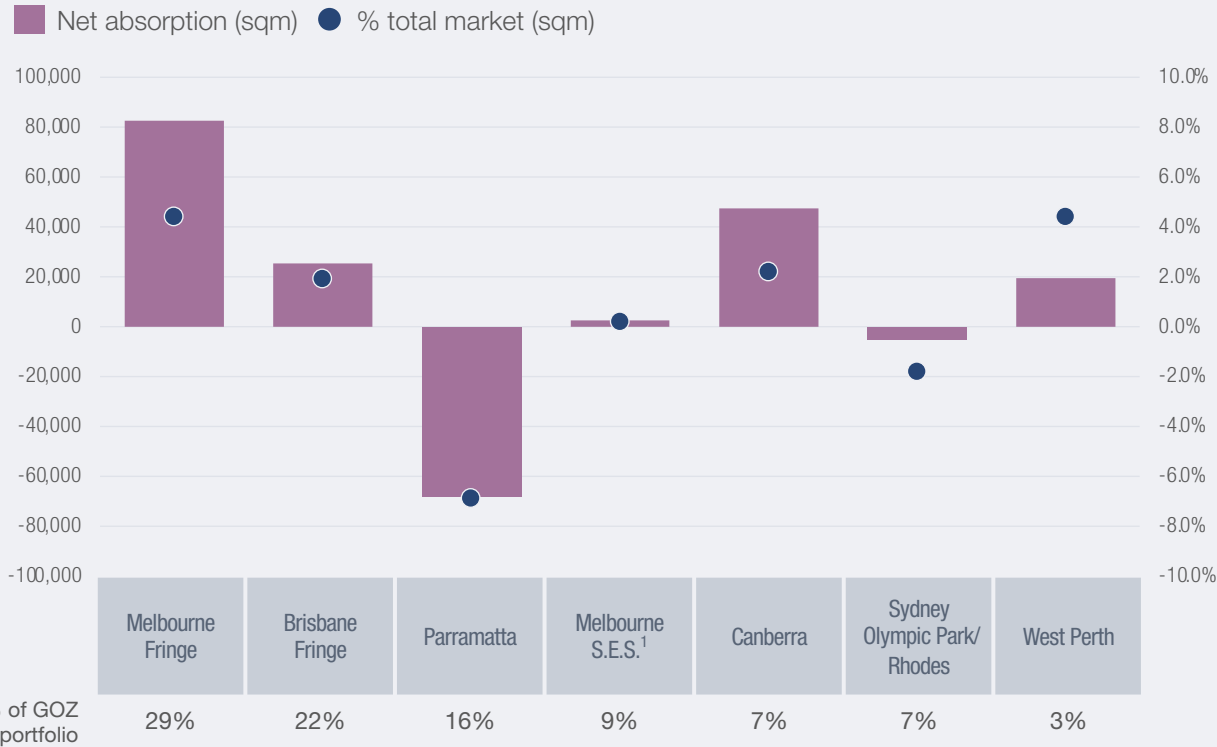
## Office market update

# Continuing positive trends.

CY22 CBD and metro office net absorption both **0.5% of total market**

### Office net absorption

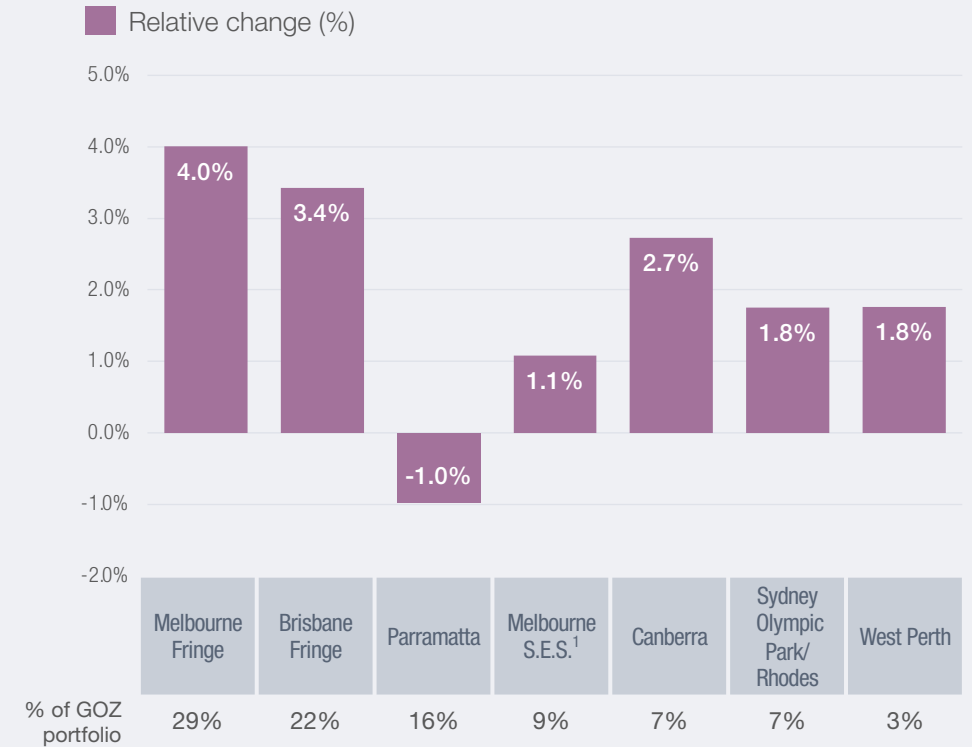
12 months to 31 Dec 2022



Source: JLL

### Office face rent growth

12 months to 31 Dec 2022



Source: JLL

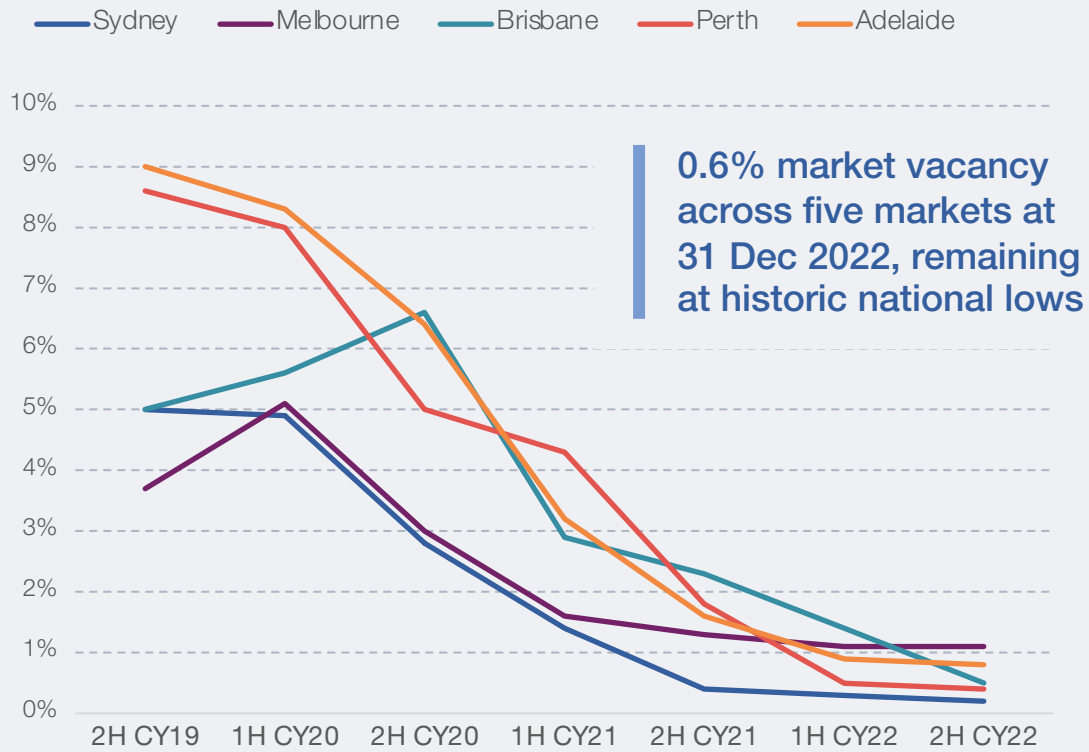
1. Melbourne South East Suburbs



## Industrial market update

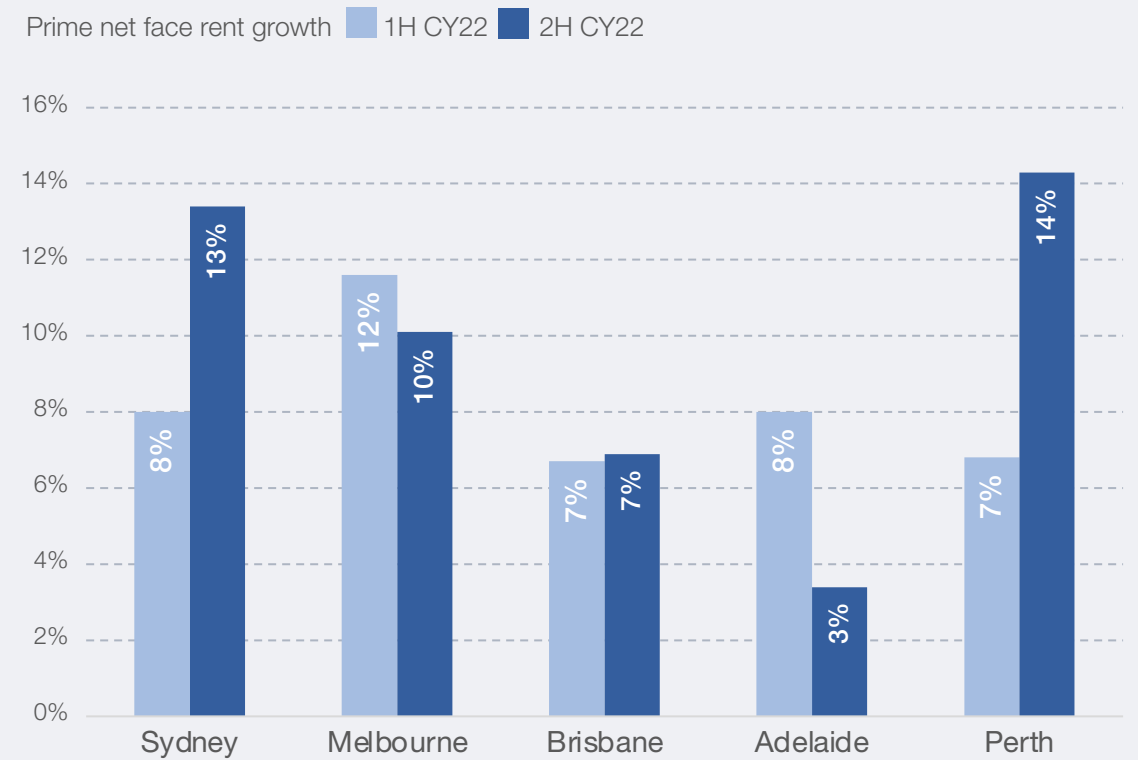
# Record low vacancy and rental growth continue.

### Industrial vacancy rates (%)



Source: CBRE

### Industrial net face rent growth (%)



Source: JLL



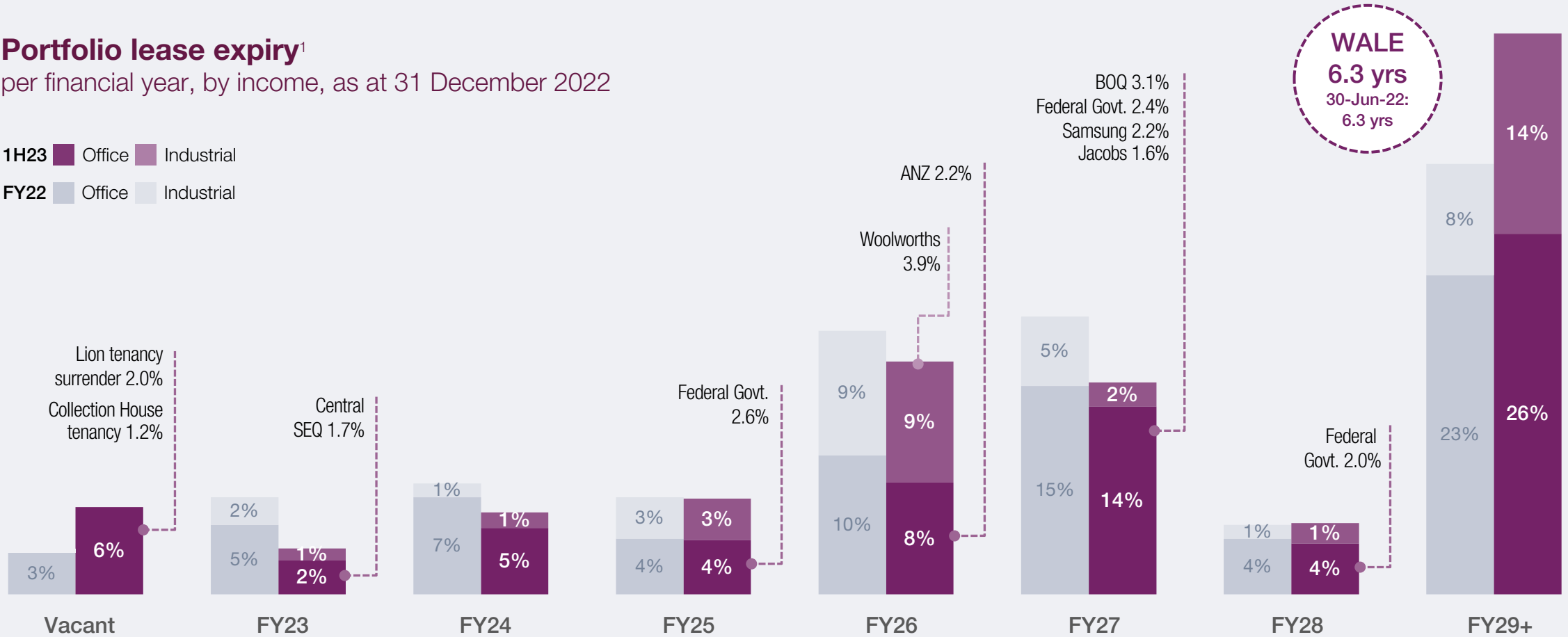
## Portfolio leasing update

# Consistently strong **WALE** maintained.<sup>1</sup>

### Portfolio lease expiry<sup>1</sup>

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

**1H23** ■ Office ■ Industrial  
**FY22** ■ Office ■ Industrial



1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023  
 Figures may not sum to 100%



Portfolio leasing update

# Positive leasing activity.<sup>1</sup>

Total leasing completed in 1H23 89,148 sqm or 5.2% of portfolio income



**QLD Government**  
2,200 sqm  
100 Skyring Terrace, Newstead, QLD



**Bayer McConnell Dowell Progressive Green**  
4,445 sqm  
109 Burwood Road, Hawthorn, VIC




**101 Warehousing**  
31,109 sqm  
3 Maker Place, Truganina, VIC



**Automotive imports**  
7,677 sqm  
6 Kingston Park Court, Knoxfield, VIC



**Unipart Group Australia**  
10,310 sqm  
75 Annandale Road, Melbourne Airport, VIC



**Office leasing**

Total leasing completed in 1H23  
**13,002 sqm**  
or 3.5% of office portfolio income

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**3.6%** | **4.5 yrs**  
WARR<sup>2</sup> | average lease term



**Industrial leasing**

Total leasing completed in 1H23  
**76,146 sqm**  
or 9.0% of industrial portfolio income

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**3.7%** | **4.4 yrs**  
WARR<sup>2</sup> | average lease term

1. Leasing metrics include 333 Ann Street, Brisbane, QLD  
2. Weighted average rent review. Assumes CPI change of 7.8% per annum as per ABS release at December 2022



## ESG strategy

# Continued progress on ESG and net zero by 2025<sup>1</sup> target.



**5.2 star**  
NABERS  
Energy rating



**5.1 star**  
NABERS  
Water rating



**4.4 star**  
NABERS  
Indoor rating



**GRESB**  
REAL ESTATE  
sector leader 2022<sup>2</sup>

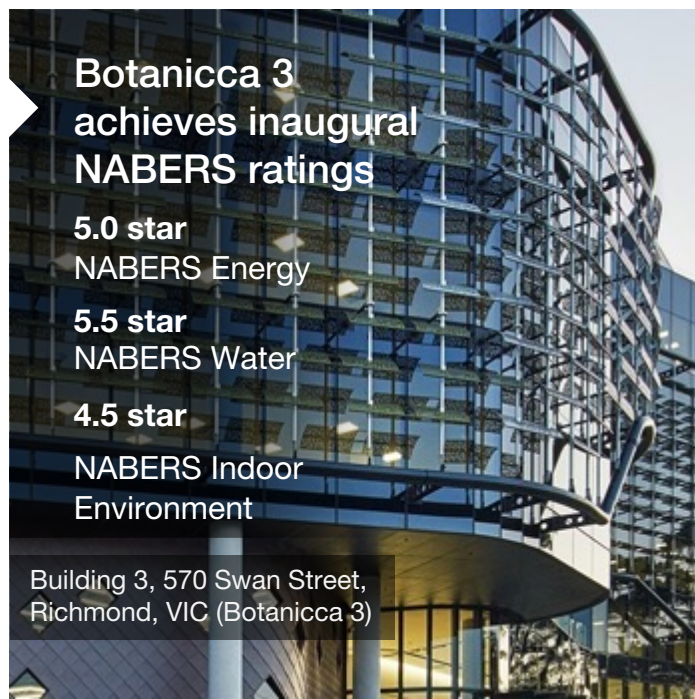


**B** Rating  
maintained



### Energy procurement strategy

Confirmed gas and electricity contracts with GreenPower for operationally controlled portfolio, progressing towards our net zero by 2025 target



### Botanicca 3 achieves inaugural NABERS ratings

**5.0 star**  
NABERS Energy

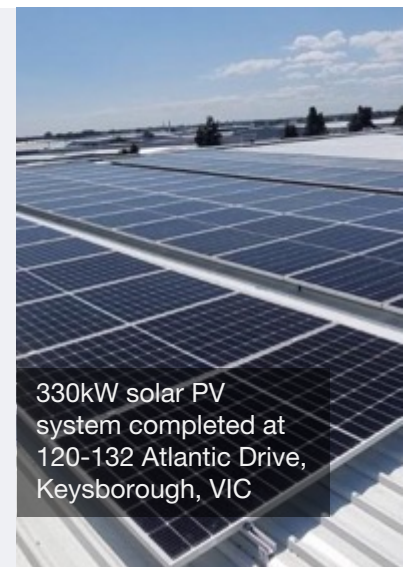
**5.5 star**  
NABERS Water

**4.5 star**  
NABERS Indoor  
Environment

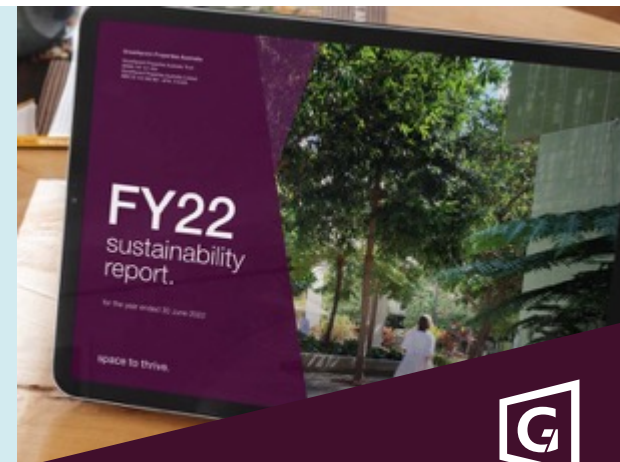
Building 3, 570 Swan Street,  
Richmond, VIC (Botanicca 3)

### Solar in 1H23

- Solar PV systems commissioned at three office assets in Queensland (259kW in total)
- Completed installation of 330kW solar PV system on one industrial asset in Victoria
- Progressing with planned installation of seven solar systems across office portfolio



### FY22 sustainability report released September 2022



1. Net zero 2025 target across 100% owned on balance sheet operationally controlled office assets and corporate activities.  
2. Overall Regional Sector Leader - Diversified – Office/Industrial





# Funds management.



307 Queen Street, Brisbane, QLD

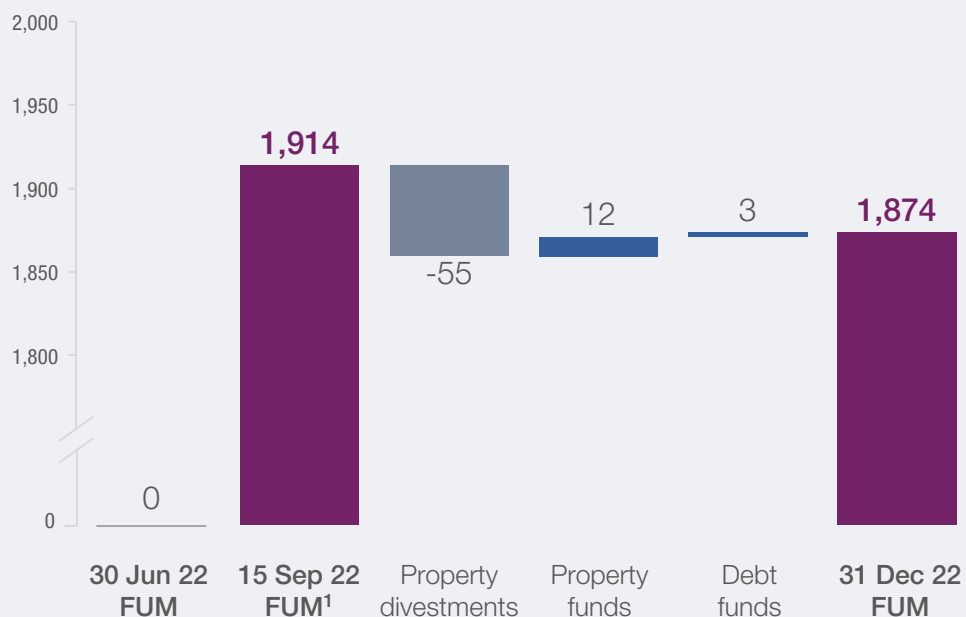


## Funds management

# Successful integration and progress post completion.

## Funds under management

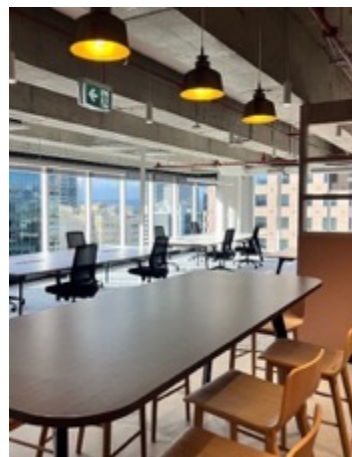
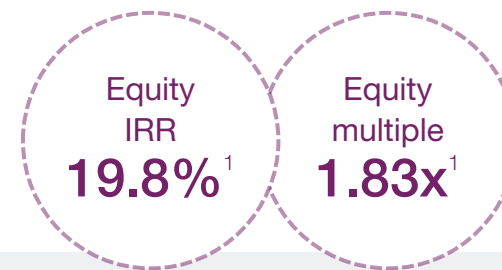
Movement over six months ended 31 December 2022 (\$m)



- Successful integration ongoing and positive feedback from fund investors
- \$55 million property divestments includes sale of 99 Gawler Place Adelaide, SA in December 2022
- Property funds FUM increase of \$12 million includes external valuations of 52% of total property assets, with a moderate 0.7% uplift in the value of investment properties across the funds
- Dislocation and disruption in market conditions creates opportunities for value-add strategy. Experience, patience and disciplined approach remains key.
- Well positioned moving forward, with combined execution capability and experience of the Group

1. Acquisition completed on 15 September 2022

# 99 Gawler Place, Adelaide, South Australia.



## B grade office tower over 14 levels located in Adelaide CBD Core

### Overview

Sector	Office
Lettable area	10,503 sqm
Site area	1,465 sqm
Car spaces	3

### Execution

Acquisition date	May 2019
Acquisition price	\$41.9m
Divestment date	December 2022
Divestment price	\$69.4m
Equity IRR	19.8% <sup>1</sup>
Equity Multiple	1.83x <sup>1</sup>

1. Pre-tax and performance fee  
Past performance is not an indication of future performance

## Investment rationale

- Acquire core located Adelaide CBD office tower identifying value in an ‘out of favour’ B Grade market with a multi-let tenancy profile underpinned by AA credit rated SA Government

## Strategy

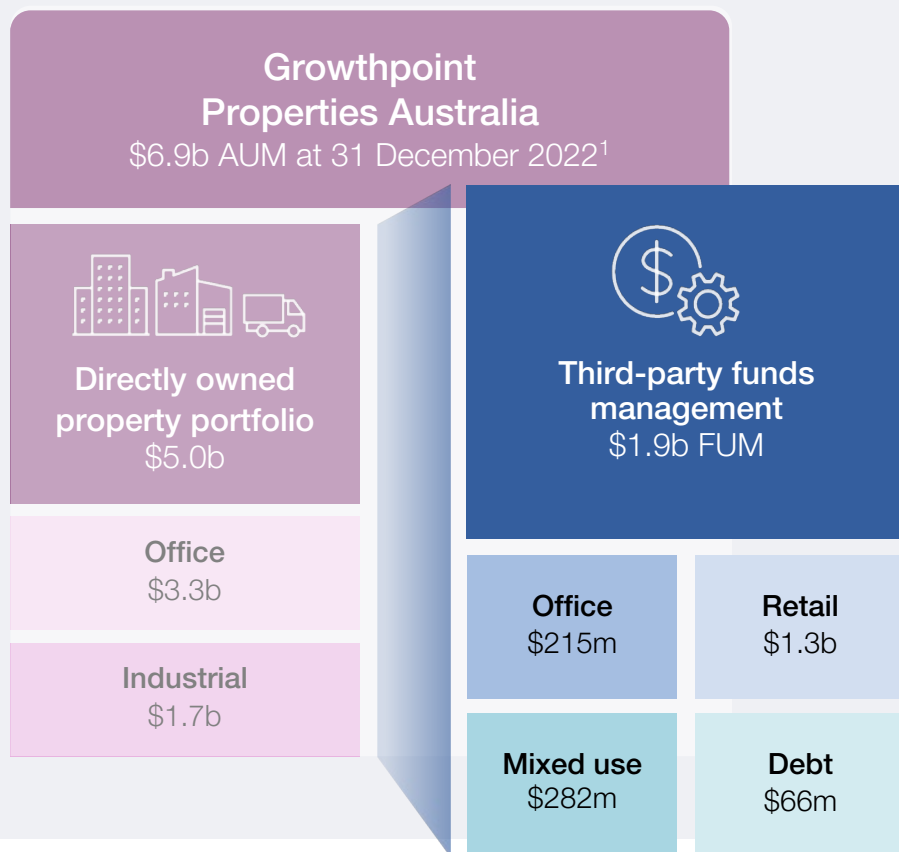
- Complete multi-floor spec suite fit outs to attract broader tenant base
- Upgrade the foyer entrance and introduce end-of-trip facilities to enhance tenant amenity
- Replace boilers and upgrade lighting to achieve 4.5 star NABERS Energy rating

## Execution

- Completed refurbishment program introducing new lobby and building entry statement and upgrades to base building and bathroom amenities
- Transformed underutilised basement area to establish end-of-trip facilities and wellness studio for tenants
- Increased NABERS Energy rating from 4.0 stars to 4.5 stars.

## Funds management

# Moving forward.



## Opportunity

Targeting 10% to 20% of Group EBIT over medium term

Observationally, significant domestic and international capital to invest in commercial real estate in Australia

Opportunity within disrupted and dislocated markets where funds business can leverage and target attractive equity IRR outcomes for fund investors

Opportunities include:

- Establishing new funds and strategies, including new asset classes or sectors in the future
- Opportunity for the Group to co-invest, underwrite acquisitions with balance sheet capacity
- Potential for Group to warehouse assets
- Ability to execute more transactions, more efficiently, with higher execution certainty

1. Total \$6.9 billion AUM as at 31 December 2022 includes: \$5.0 billion directly owned property valuations, pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023, and \$1.9 billion funds under management

# Financial results.



12-16 Butler Boulevard, Adelaide Airport, SA



## Financial summary

# 1H23 financial results.

Components of FFO		1H23	1H22	% change
NPI	\$m	144.0	121.0	19.0
Add back amortisation of incentives	\$m	20.0	15.5	29.0
<b>NPI excluding amortisation of incentives</b>	<b>\$m</b>	<b>164.0</b>	<b>136.5</b>	<b>20.1</b>
Funds management revenue	\$m	2.8	–	
Net finance costs	\$m	(36.2)	(22.3)	62.3
Operating and trust expenses (less depreciation)	\$m	(13.4)	(9.1)	47.3
Income tax benefit / (expense) (excluding deferred tax expense/benefit)	\$m	0.3	(0.3)	(200.0)
<b>FFO<sup>1</sup></b>	<b>\$m</b>	<b>117.5</b>	<b>104.8</b>	<b>12.1</b>
Weighted average securities	m	768.1	771.9	(0.5)
FFO per security	cents	15.3	13.6	12.5
Distribution per security	cents	10.7	10.4	2.9
Payout ratio <sup>2</sup>	%	69.8	76.5	(6.7)

Increase predominantly due to FY22 acquisitions and one-off early surrender fees received at 5 Murray Rose Avenue, Sydney Olympic Park, NSW and 100 Skyring Terrace, Newstead, QLD which have skewed the expected full year NPI to the first half

Increase primarily driven by incentives provided to Woolworths at Larapinta following successful lease extension, as well as Samsung at 3 Murray Rose Avenue, Sydney Olympic Park, NSW

Driven by higher weighted average cost of debt in 1H23 of 4.2% (1H22: 2.9%) and higher drawn debt to acquire GSO Dandenong and Fortius, and facilitate the share buyback program

Primarily driven by recent increased headcount following acquisition of Fortius, and resumption of normal travel and business operations post COVID pandemic reductions

Reduction due to securities buyback program

At the mid-point range of FFO full year guidance, payout ratio would be 82%

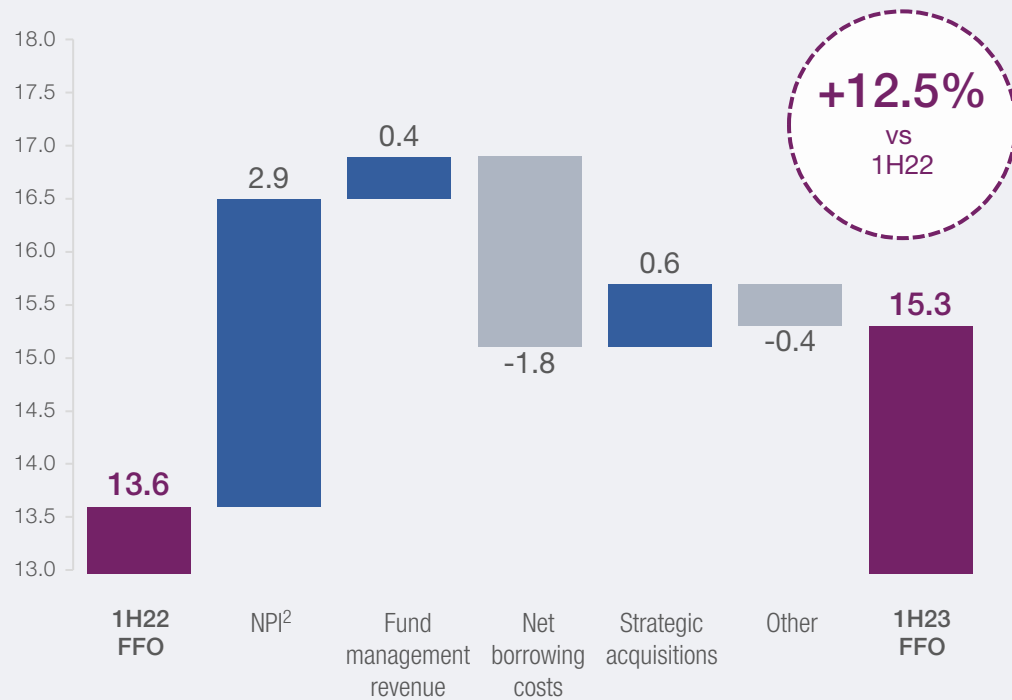
1. Reconciliation of FFO to profit after tax is provided on slide 34

2. Distributions (\$ million) divided by FFO (\$ million)

## Financial summary

# Financial performance.

### FFO per security movement<sup>1</sup> (cents per security)



### NTA per security movement<sup>1</sup> (cents per security)



1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

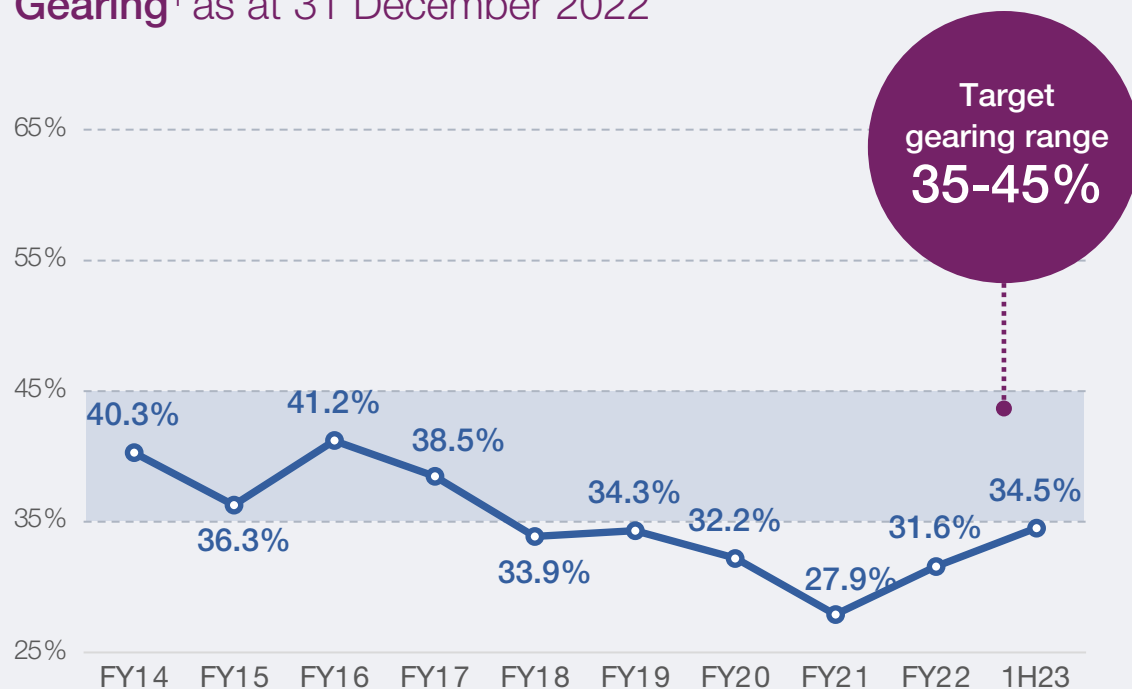
2. Excluding acquisitions

## Capital management

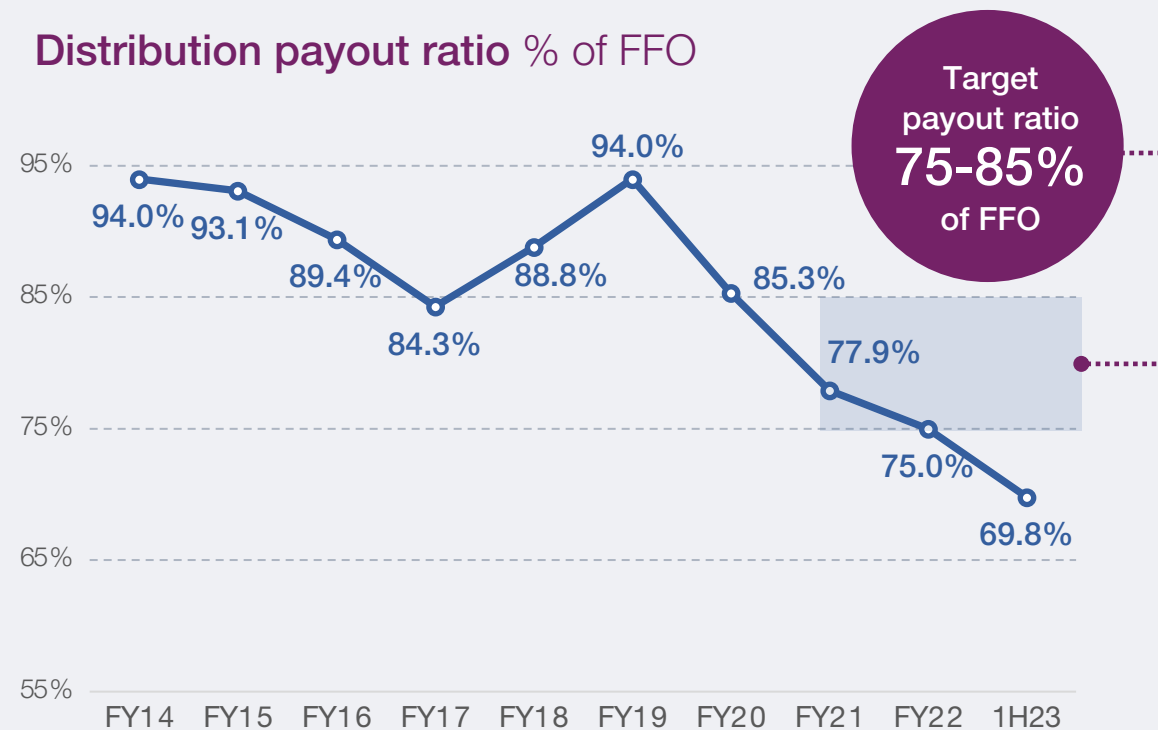
# Pro forma gearing **below target range.**

First half skew on revenue means payout ratio below target range. Expected to return to 82% at midpoint of FY23 FFO guidance.

### Gearing<sup>1</sup> as at 31 December 2022



### Distribution payout ratio % of FFO



1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023



## Capital management

# Well positioned going into 2H23.

**66.7%** fixed debt at 31 December 2022<sup>1</sup>  
(30 June 2022: 60.9%)

### Metrics

at 31 December 2022

WACD<sup>1</sup>

**4.3%**

at 31 Dec 2022  
WADM of  
3.9 years

WACD - fixed

**3.0%**

WADM - fixed  
of 3.3 years

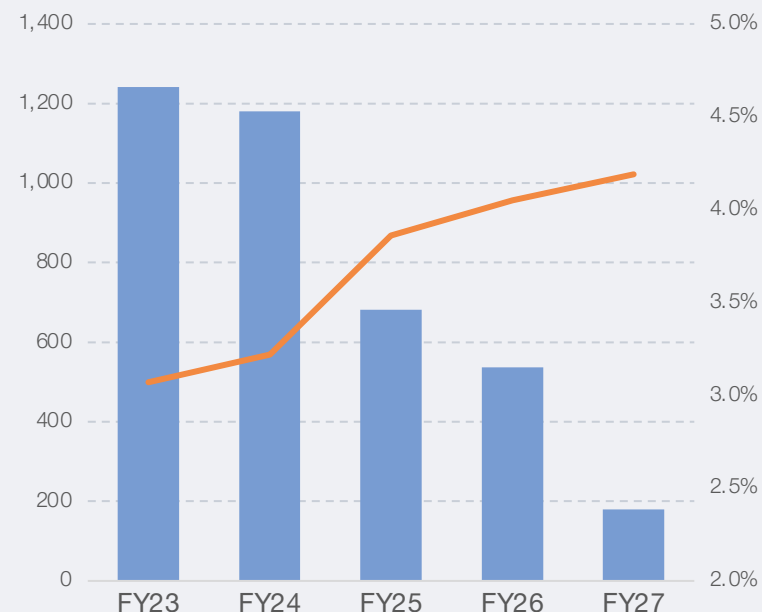
Undrawn facilities<sup>1</sup>

**\$357.4m**

### Fixed rate debt profile

at 31 December 2022 (\$ million)

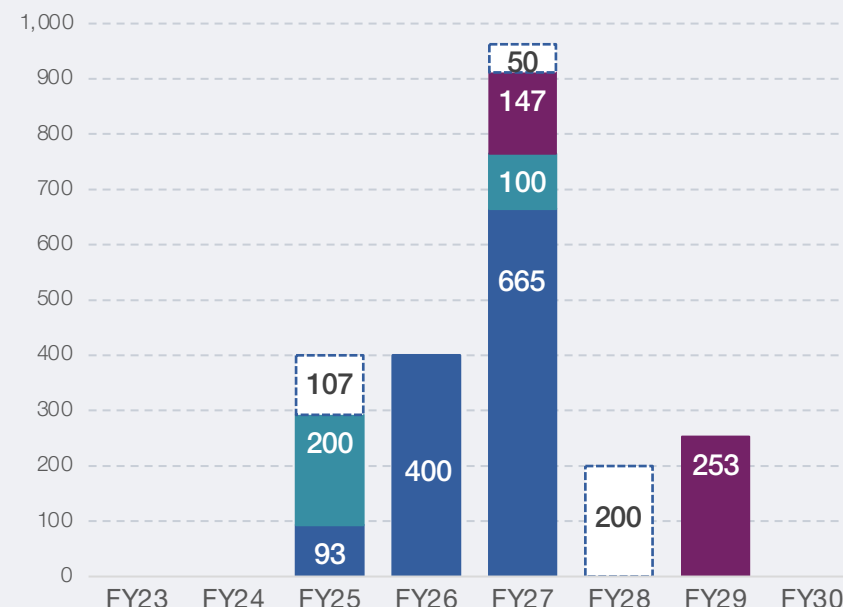
Fixed debt Weighted average rate



### Group debt maturity profile<sup>1</sup>

at 31 December 2022 (\$ million)

Bank debt Undrawn bank debt Institutional term loan USPP



1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023



# Outlook.



Building 3, 570 Swan Street,  
Richmond, VIC (Botanicca 3)



# Investment proposition.

Leading ASX-200 integrated property group, led by established executive team with deep sector experience and a track record of performance and disciplined management

**\$3.3b**  
AUM

## Office

Largest ASX-listed owner of modern A-grade metropolitan office portfolio, with high green credentials, that is well located and predominantly leased to government, listed or large organisations

Matching good tenant demand in an environment of 'flight to quality'

**\$1.7b**  
AUM

## Industrial

Growth market with rising rents and historic low national vacancy rate  
Investment in a diversified industrial logistics and warehouse portfolio leased to premium tenants

**\$1.9b**  
Third-party FUM

## Funds management

Growth opportunity for the Group, recently acquiring an experienced and successful property funds management business  
Growthpoint can use its balance sheet to back growth of FUM and fee revenues

## Track record

Strong track record of quality asset management, ESG performance, delivering attractive long term total returns to Securityholders

## Relative and absolute value

Defensive A-REIT sector should see more investor interest in slowing economy. Attractively priced on FFO/DPS yield and discount to NTA per security metrics

## Outlook

# Our focus over 2H23.

- Maximising value by leasing current office vacancy and active management of near-term lease expiries
- Sourcing high quality assets to launch new product opportunities for fund investors
- Supporting growth and success of funds management business with potential co-investment and underwriting of asset acquisitions by the Group
- Continuing progress on delivering our net zero by 2025 target
- Progressing future launch of sustainability-linked loan



## Outlook

# FY23 guidance.

## FY23 FFO guidance

25.5 – 26.5 cps

A key assumption to guidance is in respect of rising interest rates, with the Group assuming an average FY23 floating cash rate of 3.0%<sup>1</sup>

## FY23 distribution guidance

21.4 cps

Forecast  
distribution  
yield<sup>2</sup>

6.6%

1. Up from 2.9% provided as an assumption to guidance of 20 December 2022, based on changes to interest rates to date and forecasts for remaining five months of FY23
2. Distribution yield is the FY23 DPS guidance of \$0.214 per security divided by the closing ASX price as at 15 February 2023 of \$3.26. The forecast distribution yield will change relative to the ASX security price at the relevant time

Thank you  
for joining us.



# Questions.



# Supplementary information.

Financial  
information  
32

Property  
portfolio  
43

Key market  
metrics  
50

Additional  
information  
53

599 Main North Road, Gepps Cross, SA



75 Dorcas Street, South Melbourne, VIC

LETS  
PLAY

Financial  
information.





## Financial information

# Summary financials.

		1H23	1H22	Change	% Change
NPI	\$m	<b>144.0</b>	121.0	23.0	19.0
Like-for-like NPI	\$m	<b>132.0</b>	119.2	12.8	10.8
Fund management revenue	\$m	<b>2.8</b>	–	2.8	
Statutory accounting (loss) / profit	\$m	<b>(109.6)</b>	374.3	(483.9)	(129.3)
Statutory accounting (loss) / profit per security	¢	<b>(14.3)</b>	48.5	(62.8)	(129.5)
FFO	\$m	<b>117.5</b>	104.8	12.7	12.1
Distributions	\$m	<b>82.0</b>	80.3	1.7	2.1
Payout ratio	%	<b>69.8</b>	76.6		(6.8)
FFO per security	¢	<b>15.3</b>	13.6	1.7	12.5
Distributions per security	¢	<b>10.7</b>	10.4	0.3	2.9
ICR	times	<b>4.4</b>	5.0		
		<b>As at</b>	<b>As at</b>	<b>Change</b>	<b>% Change</b>
		<b>31 Dec 2022</b>	<b>30 Jun 2022</b>		
NTA per stapled security <sup>1</sup>	\$	<b>4.25</b>	4.56	(0.31)	(6.8)
Gearing <sup>1</sup>	%	<b>34.5</b>	31.6		2.9

1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

## Financial information

# Reconciliation from statutory profit to FFO.

	1H23	1H22	Change	Change
	\$m	\$m	\$m	%
<b>(Loss) / profit after tax</b>	<b>(109.6)</b>	<b>374.3</b>	<b>(483.9)</b>	<b>(129.3)</b>
<b>Less FFO items:</b>				
– Straight line adjustment to property revenue	(5.4)	(5.9)	0.5	
– Net loss / (gain) in fair value of investment properties	206.4	(267.1)	473.5	
– Net gain in fair value of investment in securities	(10.0)	(7.1)	(2.9)	
– Net loss / (gain) in fair value of derivatives	11.9	(22.6)	34.5	
– Net loss on exchange rate translation of interest-bearing liabilities	3.7	12.2	(8.5)	
– Amortisation of incentives and leasing costs	20.0	15.5	4.5	
– Deferred tax (benefit) / expense	(4.3)	3.0	(7.3)	
– Amortisation of management rights	0.4	–	0.4	
– Other	4.4	2.5	1.9	
<b>FFO</b>	<b>117.5</b>	<b>104.8</b>	<b>12.7</b>	<b>12.1</b>

## Financial information

# Financial position.<sup>1</sup>

	31 December 2022	30 June 2022
	<i>\$m</i>	<i>\$m</i>
<b>Assets</b>		
Cash and cash equivalents	51.5	49.2
Investment in securities	146.8	132.4
Investment properties	5,083.4	5,233.1
Intangible assets	51.6	–
Other assets	74.0	85.1
<b>Total assets</b>	<b>5,407.3</b>	<b>5,499.8</b>
<b>Liabilities</b>		
Borrowings	1,849.1	1,740.0
Distributions payable	82.0	80.3
Lease liabilities	107.8	104.6
Other liabilities	59.7	55.0
<b>Total liabilities</b>	<b>2,098.7</b>	<b>1,979.9</b>
<b>Net assets</b>	<b>3,308.7</b>	<b>3,519.9</b>
Securities on issue	<i>m</i> 766.0	771.7
NTA per security	<i>\$</i> 4.25	4.56
Balance sheet gearing	<i>%</i> 34.5	31.6

1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

## Financial information

# Additional financial information.

### Reconciliation of operating cashflow to FFO

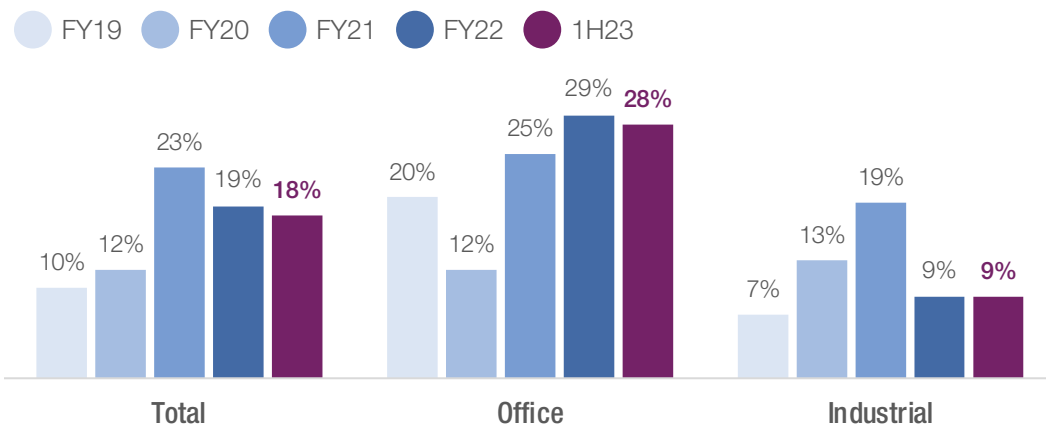
	1H23
	\$m
<b>Operating cashflow</b>	<b>97.7</b>
Lease incentives and leasing costs	13.7
Net (prepaid)/accrued operating activities	3.7
COVID deferrals (net)	0.5
Provision for income tax	1.7
Lease liability repayments classified as financing cashflows	(0.5)
Unamortised upfront costs	0.7
<b>FFO</b>	<b>117.5</b>
<b>1H23 distributions provided for</b>	<b>82.0</b>

## Financial information

# Lease incentives.

Lease incentives includes fit out, rent free, rental abatement and cash payments. The tables on this page show the financial impact of incentives on Growthpoint's financial statements<sup>1</sup>

### Average lease incentives



1. The financial impact includes all relevant historical impacts but not necessarily all future ones. For example, a cash payment would be captured here regardless of when a lease commences but rent free for a future period would not be captured until the relevant period. Average lease incentives includes 333 Ann Street, Brisbane, QLD which settled in January 2023.
2. Includes cash incentives and fit out incentives only. Other non-cash tenant incentives provided in 1H23 were rent abatement of \$7.1 million and rent-free incentives of \$3.8 million. These two amounts form part of the unamortised lease incentives balance in the Consolidated Statement of Financial Position. Leasing costs of \$1.1 million were also paid in 1H23.
3. Includes establishment costs such as legal costs and agent fees.

Consolidated Statement of Profit and Loss	1H23	1H22
	\$m	\$m
Property revenue (excluding incentives)	194.2	163.2
Amortisation of tenant incentives	(20.0)	(15.5)
<b>Property revenue</b>	<b>174.2</b>	147.7
Net changes in value of investment properties (excluding incentives)	(200.3)	260.1
Net value of tenant incentive changes during the period	(6.1)	7.0
Net changes in value of investment properties	(206.4)	267.1

Consolidated Cash Flow Statement	1H23	1H22
	\$m	\$m
Cash generated from operating activities (excluding incentives)	99.4	89.6
Incentives paid <sup>2</sup>	(1.7)	(9.5)
<b>Cash generated from operating activities</b>	<b>97.7</b>	80.1

Consolidated Statement of Financial Position	1H23	1H22
	\$m	\$m
Unamortised lease incentives, recognised within investment property as a reconciling item	70.3	86.0
Unamortised leasing costs recognised within investment property as a reconciling item <sup>3</sup>	5.5	5.2

## Financial information

# Capital expenses.

### Capital expenditure

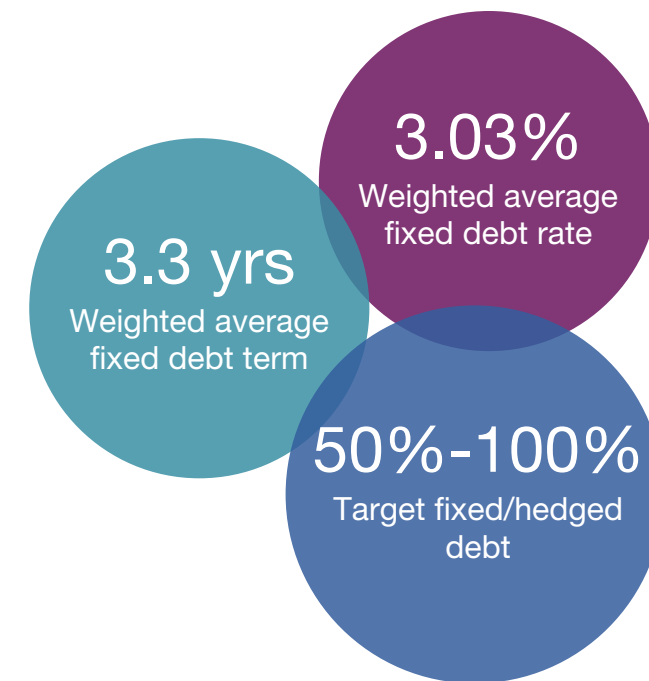
		CY22	CY21
Portfolio maintenance capex	\$m	19.2	14.1
Average property asset value	\$m	5,282.3	4,593.6
<b>Capital expenditure to average property portfolio value</b>	%	<b>0.36</b>	0.31

Expected to  
average  
**0.3%-0.5%**  
over medium-term  
based on current  
portfolio

## Financial information

# Capital management.

Maturity date	Time to maturity	Fixed rate	Principal Amount
<b>Interest rate swaps</b>			
Dec-2023	1.0yrs	0.22%	\$20m
Dec-2023	1.0yrs	0.21%	\$15m
Jun-2025	2.5yrs	0.60%	\$100m
Jun-2025	2.5yrs	1.29%	\$100m
Sep-2024	1.7yrs	0.50%	\$75m
Sep-2024	1.7yrs	0.44%	\$25m
Dec-2025	3.0yrs	1.48%	\$35m
Feb-2024	1.1yrs	0.22%	\$25m
Feb-2029	6.2yrs	2.29%	\$35m
Mar-2027	4.2yrs	2.08%	\$50m
Jun-2026	3.5yrs	4.08%	\$25m
Jun-2026	3.5yrs	3.73%	\$20m
Jun-2026	3.5yrs	3.72%	\$15m
Sep-2027	4.7yrs	3.57%	\$60m
Sep-2026	3.7yrs	3.55%	\$30m
Oct-2026	3.8yrs	3.59%	\$30m
Dec-2025	3.0yrs	3.51%	\$50m
<b>Weighted average interest rate swaps</b>	<b>3.0 yrs</b>	<b>1.86%</b>	<b>\$710m</b>
<b>Fixed rate debt facilities</b>			
Mar-2025	2.2yrs	4.67%	\$200m
Dec-2026	4.0yrs	3.27%	\$100m
Jun-2027	4.5yrs	5.28%	\$130m
Jun-2029	6.5yrs	5.45%	\$52m
Jun-2029	6.5yrs	5.40%	\$26m
<b>Weighted average fixed rate debt facilities</b>	<b>3.8 yrs</b>	<b>4.67%</b>	<b>\$508m</b>
<b>Weighted average fixed debt</b>	<b>3.3yrs</b>	<b>3.03%</b>	<b>\$1,218m</b>
<b>Debt fixed at 31 December 2022<sup>1</sup></b>	<b>66.7%</b>		



■ Entered into during the period

1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

## Financial information

# Key debt metrics and changes during 1H23.

		31 December 2022	30 June 2022	Change
Gross assets <sup>1</sup>	\$m	5,407.3	5,499.8	(92.5)
Interest bearing liabilities <sup>1</sup>	\$m	1,849.1	1,740.0	109.1
Total debt facilities	\$m	2,215.3	2,101.5	113.8
Undrawn debt <sup>1</sup>	\$m	357.4	353.5	3.9
Gearing <sup>1</sup>	%	34.5	31.6	2.9
Weighted average cost of debt (based on drawn debt) <sup>1</sup>	%	4.3	3.4	0.9
Weighted average debt maturity <sup>1</sup>	years	3.9	4.2	(0.3)
Annual ICR / covenant ICR	times	4.4 / 1.6	5.2 / 1.6	(0.8) / –
Actual LVR / covenant LVR	%	39.2 / 60	33.6 / 60	5.6 / –
Weighted average fixed debt maturity	years	3.3	3.8	(0.5)
% of debt fixed <sup>1</sup>	%	66.7	60.9	5.8
Debt providers	no.	22	21	1

1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023



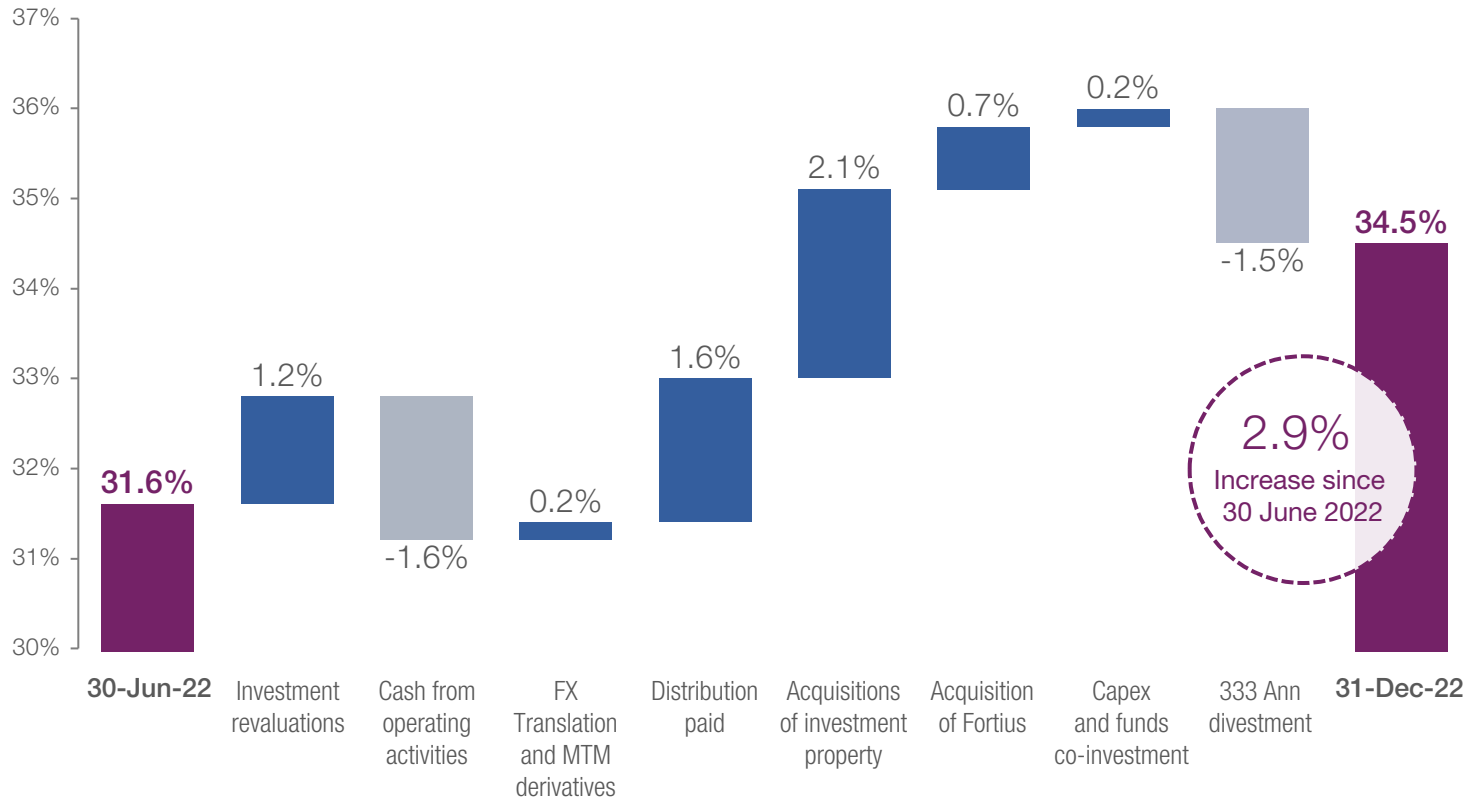


## Financial information

# Capital management.

### Gearing movement<sup>1</sup>

for the six months ended 31 December 2022



1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

### Stress testing covenants

LVR <60%  
GOZ: 36.4%<sup>2</sup>

To breach this covenant, GOZ cap rate would need to rise by 339 bps<sup>3</sup>

ICR >1.6x  
GOZ: 4.4x

To breach this covenant, NPI would need to fall by 63%<sup>4</sup>

Secured property percentage >85%  
GOZ: 96.4%<sup>5</sup>  
Percentage must remain above 85%

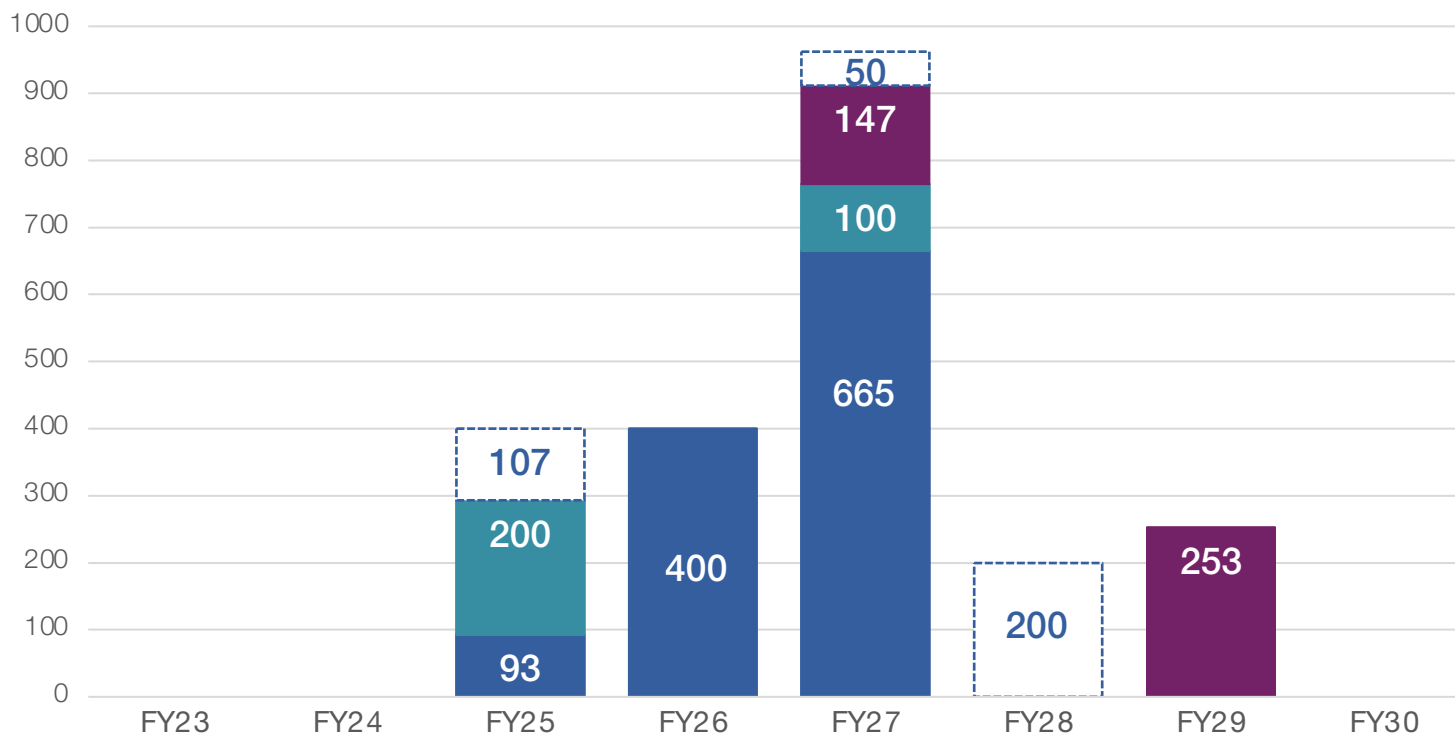
- 36.4% proforma LVR adjusted for GSO Dandenong, 165-169 Thomas Street, Dandenong VIC property which is not currently included in the security pool; and the settlement and repayment of debt on the sale 333 Ann Street, Brisbane QLD in January 2023. At 31 December 2022 the LVR was 39.2%
- Based on the proforma LVR of 36.4%. For illustrative purposes only. Assumes no change to other inputs that could impact the calculation of this metric
- For illustrative purposes only. Assumes no change to other inputs that could impact the calculation of this metric
- 96.4% proforma secured property percentage adjusted for GSO Dandenong, 165-169 Thomas Street, Dandenong VIC property which is not currently included in the security pool; and the settlement and repayment of debt on the sale 333 Ann Street, Brisbane QLD in January 2023. At 31 December 2022 the secured property percentage was 93.4%

## Financial information

# Group debt maturity profile.<sup>1</sup>

As at 31 December 2022 (\$ million)

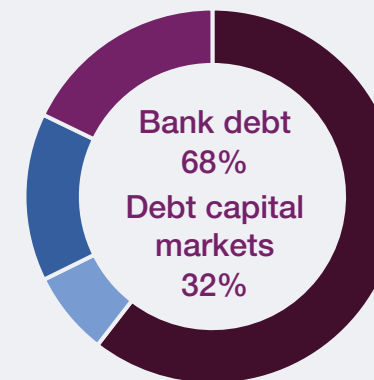
● Bank debt
 ○ Undrawn bank debt
 ● Institutional term loan
 ● USPP



1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

## Sources of debt

at 31 December 2022 (\$ million)



- \$1,215m – AU floating rate
- \$300m – Foreign bank floating
- \$300m – Foreign non-bank fixed
- \$400m – USPP

## Refinancing 1H23:

- Entered into two facilities with new lenders totalling \$200 million
- One facility of \$90 million matured and repaid
- WADM of 3.9 years at 31 December 2022 (4.2 years at 30 June 2022)

330kW solar PV installation at 120-132 Atlantic Drive,  
Keysborough, VIC

Property  
portfolio.

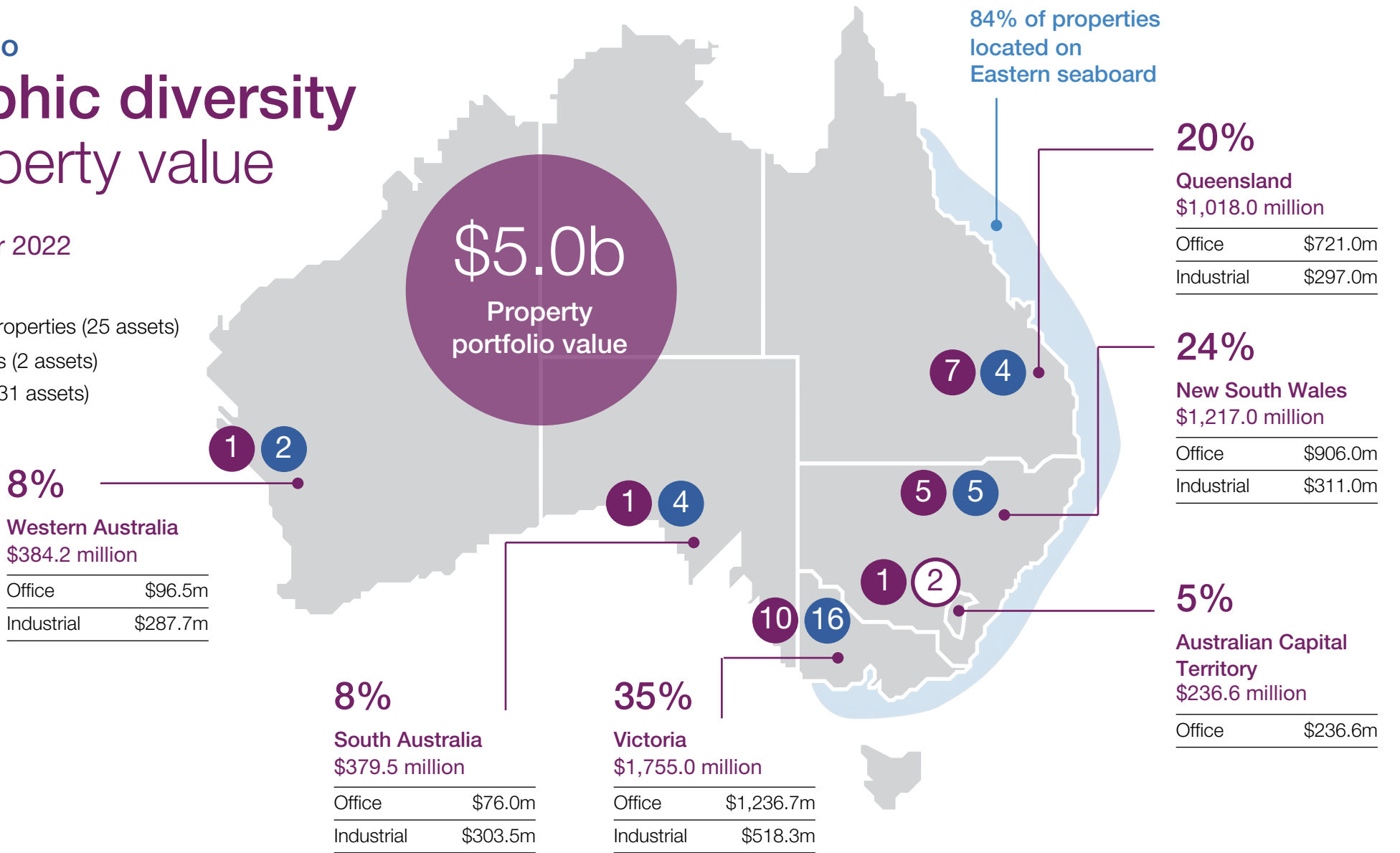


Property portfolio

# Geographic diversity – by property value

As at 31 December 2022

- Office metropolitan properties (25 assets)
- Office CBD properties (2 assets)
- Industrial properties (31 assets)



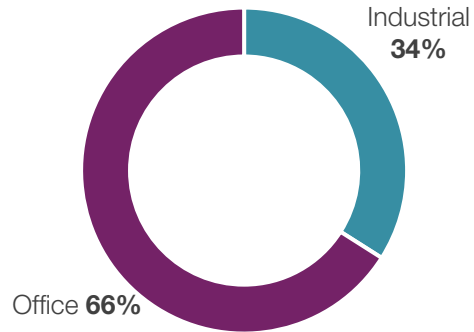
May not sum due to rounding.



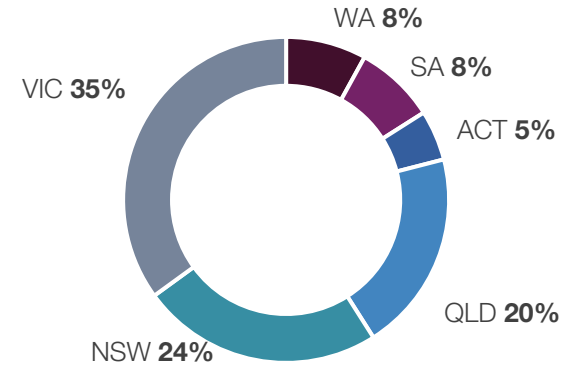
# Property portfolio Portfolio summary.

As at 31 December 2022<sup>1</sup>

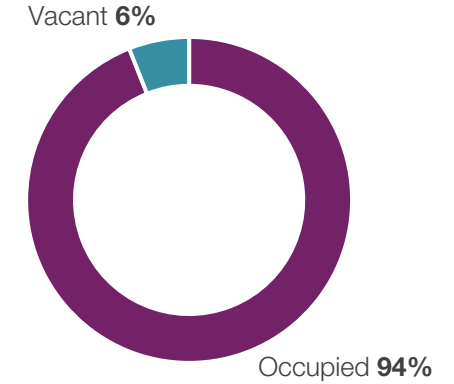
**Sector diversity**  
by value



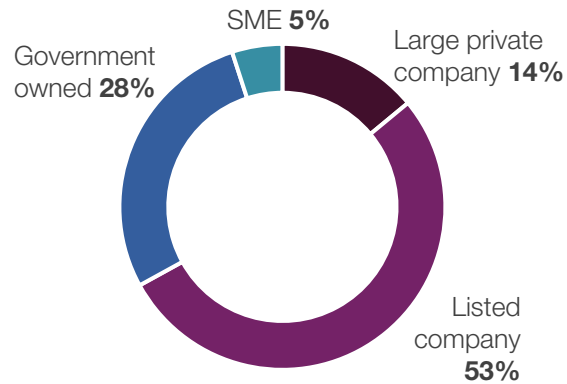
**Geographic diversity**  
by value



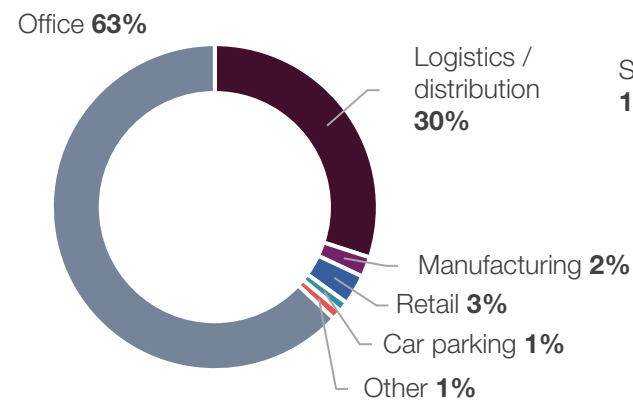
**Occupancy**  
by income



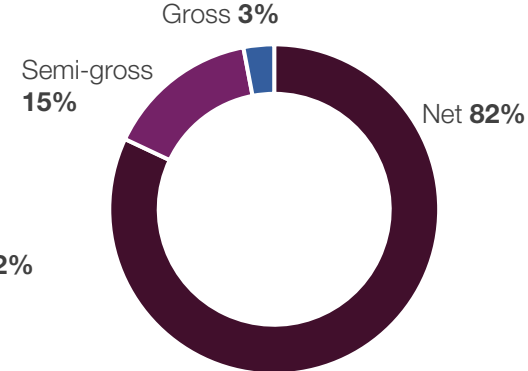
**Tenant type**  
by income



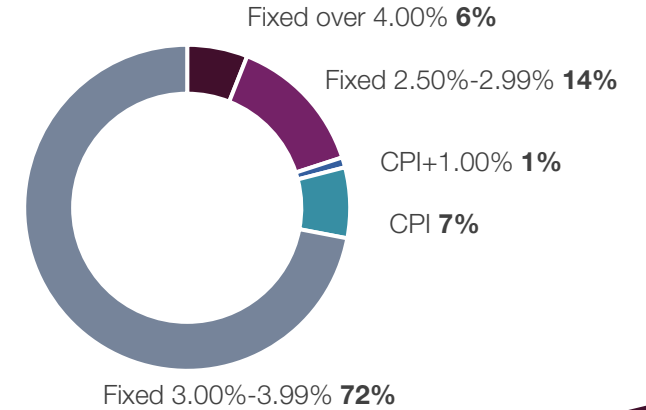
**Tenant use**  
by income



**Lease type**  
by income



**Annual rent review type**  
by income



1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023



## Property portfolio

# Portfolio metrics.

### Key metrics

	31 December 2022 <sup>1</sup>	30 June 2022
Number of assets	<b>58</b>	58
Property portfolio value	<b>\$5.0b</b>	\$5.1b
Number of tenants	<b>157</b>	170
Portfolio occupancy	<b>94%</b>	97%
Tenant retention <sup>2</sup>	<b>60%</b>	86%
WALE	<b>6.3 years</b>	6.3 years
Weighted average property age <sup>3</sup>	<b>13.4 years</b>	13.0 years
Weighted average cap rate	<b>5.2%</b>	5.0%
WARR	<b>3.7%<sup>4</sup></b>	3.6% <sup>5</sup>

1. Pro forma for sale of 333 Ann Street, Brisbane, QLD which settled in January 2023

2. Weighted by income. Includes tenant renewals and expiries in future periods. 1H23 tenant retention includes 333 Ann Street, Brisbane, QLD

3. Calculated from year completed or last major refurbishment

4. Assumes CPI change of 7.8% per annum as per ABS release at December 2022

5. Assumes CPI change of 6.1% per annum as per ABS release at June 2022

### Like-for-like NPI growth (1H22 to 1H23)

	Office	Industrial	Distributions from equity investments	Total
NPI growth	18.7%	(3.3%)	(5.2%)	<b>10.8%</b>

- Office like-for-like NPI growth driven by Lion surrender at 5 Murray Rose Ave, Sydney Olympic Park, NSW. Excluding this, office like-for-like was 1.3%
- Industrial like-for-like NPI growth impacted by Larapinta lease extension. Excluding this industrial like-for-like NPI growth was 4.0%

## Property portfolio

# Top ten tenants – by income.



Total portfolio as at 31 December 2022	% portfolio income	WALE (yrs)
Woolworths	12	7.2
NSW Government (Police)	8	22.0
Australian Commonwealth Government	7	3.5
Country Road Group	4	9.5
Linfox	3	3.1
Bank of Queensland	3	4.1
VIC Government	3	9.1
Bunnings Warehouse	3	8.3
ANZ Banking Group	3	2.5
Samsung Electronics	2	4.2
<b>Total / weighted average</b>	<b>48</b>	<b>8.5</b>
Balance of portfolio <sup>1</sup>	52	4.1
<b>Total portfolio</b>	<b>100</b>	<b>6.3</b>



Office tenants as of 31 December 2022	% portfolio income	WALE (yrs)
NSW Government (Police)	11	22.0
Australian Commonwealth Government	10	3.5
Country Road Group	5	9.5
Bank of Queensland	5	4.1
VIC Government	5	9.1
Bunnings Warehouse	4	8.3
ANZ Banking Group	4	2.5
Samsung Electronics	3	4.2
Fox Sports	3	8.0
Queensland Urban Utilities	3	0.4
<b>Total / weighted average</b>	<b>53</b>	<b>9.0</b>
Balance of portfolio <sup>1</sup>	47	3.8
<b>Total portfolio</b>	<b>100</b>	<b>6.6</b>



Industrial tenants as at 31 December 2022	% portfolio income	WALE (yrs)
Woolworths	39	7.2
Linfox	11	3.0
Australia Post	6	8.5
101 Warehousing	3	6.8
Brown & Watson International	3	2.6
Laminex Group	3	2.5
The Workwear Group	2	4.5
Eagers Automotive	2	10.1
Symbion	2	9.0
Autocare Services	2	7.8
<b>Total / weighted average</b>	<b>73</b>	<b>6.4</b>
Balance of portfolio <sup>1</sup>	27	3.3
<b>Total portfolio</b>	<b>100</b>	<b>5.6</b>

1. Includes vacancies

## Property portfolio

# Leasing – office leases executed in 1H23.

1H23 leases  
completed – %  
office portfolio  
income  
**3.5%**

Average  
lease term  
**4.5 yrs**

Location			Tenant	Start date	Term (yrs)	NLA (sqm)	Car parks (no.)
333 Ann Street	Brisbane	QLD	Australian Commonwealth Government	Jul-22	2.0	1,369	–
15 Green Square Close	Fortitude Valley	QLD	Seer Medical	Aug-22	3.0	110	1
33-39 Richmond Road	Keswick	SA	Funk Coffee & Food	Sep-22	5.0	155	–
CB1, 22 Cordelia Street	South Brisbane	QLD	IPEC	Oct-22	5.0	332	5
15 Green Square Close	Fortitude Valley	QLD	J.E.S.I. Management Solution	Nov-22	5.0	349	4
100 Skyring Terrace	Newstead	QLD	QLD Government	Nov-22	7.2	2,200	22
2-6 Bowes Street	Phillip	ACT	Australian Commonwealth Government	Nov-22	2.0	936	1
A1, 32 Cordelia Street	South Brisbane	QLD	EPEC Group	Dec-22	5.1	736	20
333 Ann Street	Brisbane	QLD	MedHealth	Jan-23	5.0	867	7
165-169 Thomas Street	Dandenong	VIC	Echo Australia Inc	Mar-23	3.0	54	–
109 Burwood Road	Hawthorn	VIC	McConnell Dowell Corporation	Mar-23	1.0	2,483	72
109 Burwood Road	Hawthorn	VIC	Progressive Green	Apr-23	7.0	1,193	36
333 Ann Street	Brisbane	QLD	Frontier Software	Apr-23	6.0	333	4
109 Burwood Road	Hawthorn	VIC	Bayer Australia	May-23	7.0	769	40
Building C, 211 Wellington Road	Mulgrave	VIC	Yokogawa Australia	Jul-23	5.0	521	20
11 Murray Rose Avenue	Sydney Olympic Park	NSW	Energizer Australia	Aug-23	5.0	595	5
<b>Weighted average / total</b>					<b>4.5</b>	<b>13,002</b>	<b>237</b>



## Property portfolio

# Leasing – industrial leases executed in 1H23.

1H23 leases  
completed – %  
industrial  
portfolio income  
**9.0%**

Average  
lease term  
**4.4 yrs**

Location			Tenant	Start date	Term (yrs)	NLA (sqm)
6 Kingston Park Court	Knoxfield	VIC	Automotive Imports	Aug-22	5.0	7,677
3 Maker Place	Truganina	VIC	101 Warehousing	Oct-22	7.0	31,109
75 Annandale Road	Melbourne Airport	VIC	Unipart Group Australia	Nov-22	3.0	10,310
Unit 4, 58 Tarlton Crescent	Perth Airport	WA	Couriers Please	Aug-23	2.0	3,638
Lots 2, 3 & 4, 34-44 Raglan Street	Preston	VIC	VIC Government (Police)	Aug-23	3.0	7,631
120-132 Atlantic Drive	Keysborough	VIC	Symbion	Jul-29	2.5	15,781
<b>Weighted average / total</b>					<b>4.4</b>	<b>76,146</b>

11 Murray Rose Avenue, Sydney Olympic Park, NSW

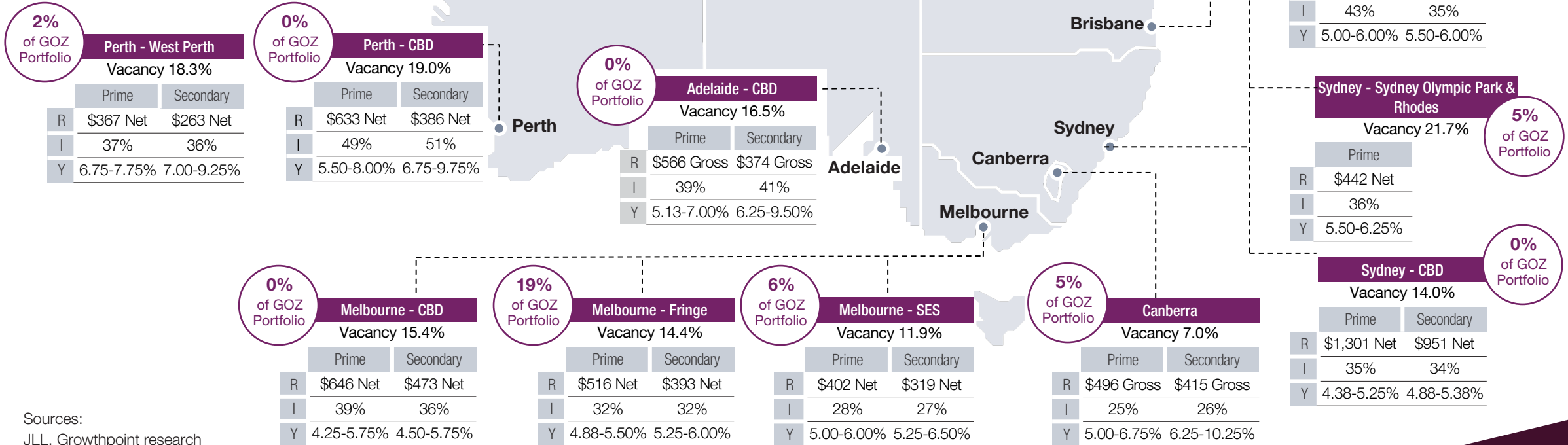
# Key market metrics.



## Key market metrics

# Office markets.

R – Average face rent per sqm per annum  
 I – Average incentives  
 Y – Average core market yield



Sources:  
 JLL, Growthpoint research



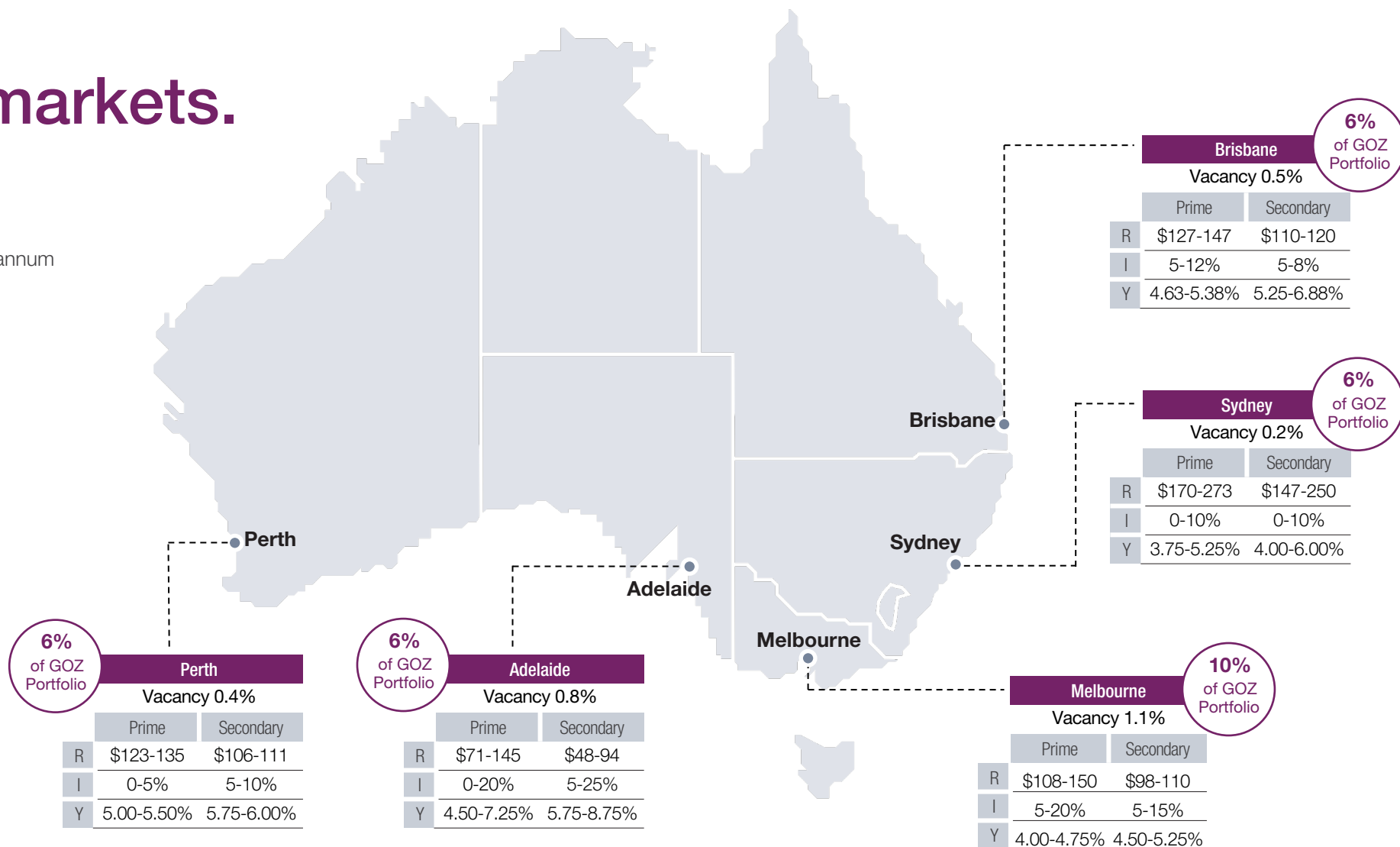
## Key market metrics

# Industrial markets.

R – Average face rent per sqm per annum

I – Average incentives

Y – Average core market yield



Sources: JLL, CBRE, Growthpoint research

Market vacancy tracks 5,000 sqm and above in Sydney and Melbourne and 3,000 sqm and above in Brisbane, Perth and Adelaide

120 Link Road, Melbourne Airport, VIC

Additional  
information.



## Additional information

# Glossary.

Term	Definition
<b>ABS</b>	Australian Bureau of Statistics
<b>ACT</b>	Australian Capital Territory, Australia
<b>AUM</b>	Assets under management
<b>A-REIT</b>	Australian Real Estate Investment Trust
<b>ASX</b>	Australian Securities Exchange
<b>b</b>	Billion
<b>Botanicca 3</b>	Building 3, 570 Swan Street, Richmond, Victoria
<b>bps</b>	Basis points
<b>capex</b>	Capital expenditure
<b>cap rate or capitalisation rate</b>	The market income produced by an asset divided by its value or cost
<b>CBD</b>	Central business district
<b>CBRE</b>	An international commercial real estate services firm
<b>CDP</b>	A global environmental disclosure system
<b>CPI</b>	Consumer price index
<b>cps</b>	Cents per security
<b>Cushman &amp; Wakefield</b>	An international professional services and property investment firm
<b>CY</b>	Calendar year
<b>DPS</b>	Distribution per security
<b>DXI</b>	Dexus Industria REIT
<b>EBIT</b>	Earnings before interest and taxes
<b>FFO</b>	Funds from operations
<b>FUM</b>	Funds under management
<b>FY</b>	Financial year
<b>Fortius</b>	Fortius Funds Management

Term	Definition
<b>gearing</b>	Interest bearing liabilities less cash divided by total assets less ground leasehold assets, intangible assets/goodwill, and cash
<b>GOZ</b>	Growthpoint or Growthpoint's ASX trading code or ticker
<b>GreenPower</b>	Electricity generated under the National GreenPower Accreditation Program
<b>GRESB</b>	Global Real Estate Sustainability Benchmark
<b>Growthpoint or the Group</b>	Growthpoint Properties Australia comprising the Company, the Trust and their controlled entities
<b>GSO Dandenong</b>	Government Service Office (GSO) Dandenong at 165-169 Thomas Street, Dandenong, Victoria
<b>HOA</b>	heads of agreement
<b>ICR</b>	Interest coverage ratio
<b>IRR</b>	Internal rate of return
<b>JLL</b>	The Australian arm of Jones Lang LaSalle, an international professional services and investment management firm
<b>LVR</b>	Loan to value ratio
<b>m</b>	Million
<b>NABERS</b>	National Australian Built Environment Rating System
<b>net zero 2025 target</b>	Net zero emissions by 1 July 2025 for all scope 1 and scope 2 emissions from our 100% owned on balance sheet operationally controlled office assets and scope 1, scope 2 and some scope 3 emissions from our corporate activities.
<b>NLA</b>	Net lettable area
<b>NPI</b>	Net property income plus distributions from equity related investments
<b>NSW</b>	New South Wales, Australia
<b>NTA</b>	Net tangible assets

Term	Definition
<b>NPI</b>	Net property income plus distributions from equity related investments
<b>NSW</b>	New South Wales, Australia
<b>NTA</b>	Net tangible assets
<b>Payout ratio</b>	Distributions (\$million) divided by FFO (\$million)
<b>PV</b>	Photovoltaic
<b>Q</b>	Quarter
<b>QLD</b>	Queensland, Australia
<b>RBA</b>	Reserve Bank of Australia
<b>REIT</b>	Real Estate Investment Trust
<b>ROE or return on equity</b>	Calculated as the percentage change in NTA plus the distributions for a given period divided by the opening NTA
<b>SA</b>	South Australia, Australia
<b>SME</b>	Small and medium-sized enterprise
<b>sqm</b>	Square metres
<b>Total security-holder return</b>	Change in security price plus distributions paid or payable for the relevant period
<b>USPP</b>	United States Private Placement
<b>VIC</b>	Victoria, Australia
<b>WA</b>	Western Australia, Australia
<b>WACD</b>	Weighted average cost of debt
<b>WACR</b>	Weighted average capitalisation rate
<b>WADM</b>	Weighted average debt maturity
<b>WALE</b>	Weighted average lease expiry
<b>WARR</b>	Weighted average rent review
<b>Woolworths</b>	Woolworths Group Limited
<b>yr</b>	Year



## Additional information

# Important information.

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The statements in this presentation are made as at 16 February 2023, unless stated otherwise. All reference to dollars (\$) are to Australian dollars.

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



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**GROWTH-POINT**  
PROPERTIES AUSTRALIA



# 2023 calendar.

- **27 April** – 3Q23 update
- **17 August** – FY23 results
- **16 November** – Annual General Meeting

Dates are indicative and subject to change.