20 February 2025

## Growthpoint Properties Australia demonstrates momentum with 1H25 Results

Growthpoint Properties Australia (**Growthpoint**) is pleased to announce its financial results for the six months ended 31 December 2024 (1H25).

Growthpoint CEO and Managing Director, Ross Lees said, "Through the half, we created momentum with the funds management business, delivering $288 million of new assets under management. We executed strategic capital initiatives, realised $335 million of net cash proceeds and reduced gearing. All of this has been achieved whilst continuing to deliver strong performance through our directly owned assets, underscored by 94% occupancy and a 6.0 year weighted average lease expiry."

### Financial performance

- **Funds from operations** (FFO) of $88.8 million, 11.8 cents per security (cps), full year guidance reaffirmed at 22.3 – 23.1 cps
- **Statutory net loss** of $98.7 million, largely driven by devaluations on investment properties (statutory net loss of $120.4 million for the six months ended 31 December 2023 (1H24))
- **Distribution per security** of 11.2 cps, including a one-off distribution of 2.1 cps[1], in line with guidance, representing a payout ratio of 77.3% excluding the one-off distribution, within the target payout ratio range of 75-85% of FFO
- **Net tangible assets** (NTA) per security of $3.21
- **Pro forma gearing[2]** reduced to 38.8% from 40.7% as at 30 June 2024, following capital recycling activity

### Key operational highlights

- Direct portfolio occupancy 94%, WALE 6.0 years
- Significant expansion of the **Perth Regional Distribution Centre** and lease extension agreed with Woolworths
- **Sale of non-core holding in Dexus Industria REIT** at a price of $2.75 per security (for a total consideration of $131.7 million)
- Establishment of the $198 million **Growthpoint Australia Logistics Partnership** (GALP) with TPG Angelo Gordon
- Establishment of the **Growthpoint Canberra Office Trust** (GCOT) which acquired a $90 million A-Grade office building in Canberra's CBD

### Direct portfolio key metrics

| | Office | | Industrial | |
|---|---|---|---|---|
| | **31-Dec-24** | 30-Jun-24 | **31-Dec-24** | 30-Jun-24 |
| Number of assets | **27** | 27 | **23** | 30 |
| Portfolio value | **$2.6 billion** | $2.8 billion | **$1.4 billion** | $1.6 billion |
| Total lettable area | **347,897 sqm** | 348,822 sqm | **627,615 sqm** | 703,118 sqm |
| Occupancy | **92%** | 92% | **98%** | 100% |
| Weighted average lease expiry | **5.9 years** | 6.1 years | **6.2 years** | 4.9 years |
| Weighted average capitalisation rate | **6.8%** | 6.5% | **6.1%** | 6.0% |

Note: Portfolio metrics throughout this announcement are pro forma for the settlement of the three Victorian GALP properties in January 2025.
[1] One-off distribution of 2.1 cps, as announced on 1 October 2024.
[2] Pro forma for settlement of three Victorian assets to GALP in January 2025.

## Office portfolio

In 1H25, Growthpoint completed 13,671 square metres (sqm) of office leasing across 17 deals with an average lease term of 5.7 years, equivalent to 3.3% of office portfolio income. A key focus in 2024 has been on repositioning approximately 30,000 sqm of office assets through targeted deployment of capital to upgrade or fit out office spaces in Sydney Olympic Park, South Melbourne and South Brisbane, with 65% of new leases during the half (by area) executed for repositioned spaces.

The directly held office portfolio value declined by 4.7% (or $130.5 million) to $2.6 billion on a like-for-like basis, an improved result compared to previous periods, as yield expansion was less pronounced and rent growth was recorded across most of Growthpoint's markets.

## Industrial portfolio

Over the half year, Growthpoint completed 100,058 sqm of industrial leasing with an average lease term of 10.9 years, equivalent to 18.9% of industrial portfolio income. Growthpoint continued to work with key long-term partners, including agreeing an expansion of the Perth Regional Distribution Centre with Woolworths, with a lease extension of 10 years from practical completion of the works (targeted for October 2026). The works will be partly funded by Growthpoint up to a cap of $50 million, and rentalised upon practical completion.

In Growthpoint's directly held industrial portfolio of $1.4 billion, occupancy reduced slightly to 98%, due to a vacancy at 34-44 Raglan Street, Preston in Victoria. Industrial portfolio valuations increased by 1.5% on a like-for-like basis (or $22.0 million) as rental growth continued to offset the 13 basis points expansion in capitalisation rates to 6.1%.

## Funds management

| | 31-Dec-24 | 30-Jun-24 |
|---|---|---|
| Assets under management | **$1.33 billion** | $1.55 billion |
| Number of funds | **11** | 9 |

The funds management business demonstrated substantial momentum in 1H25, with the creation of $288 million of new assets under management (AUM). The net decrease in AUM of $223 million was a result of the expiry of the Mid-City Centre management contract which resulted in a $490 million decrease. This AUM was low margin and accordingly has an immaterial impact on Growthpoint's earnings.

During the half, Growthpoint partnered with TPG Angelo Gordon to establish GALP ($198 million AUM), which will focus on growing in the logistics sector in Australia. TPG Angelo Gordon acquired an approximately 80% overall stake in six Growthpoint industrial assets, while Growthpoint retained an approximately 20% interest, strengthening its funds management business with a top-tier institutional partner. Growthpoint is the investment manager for the partnership.

Growthpoint also established GCOT to acquire a $90 million A-Grade office building in Canberra's CBD. This high-yield, primarily government-leased asset is a countercyclical investment which will be managed by Growthpoint and is widely held amongst our private wealth investor network.

## Sustainability

In 1H25, Growthpoint continued to deliver sustainable outcomes, increasing Growthpoint's GRESB score to 85, exceeding the peer average of 76, and ranking second in the peer group[3].

Growthpoint's portfolio average NABERS Energy rating remained at 5.2 stars at 31 December 2024 and its average portfolio NABERS Water rating reduced slightly to 4.8 stars at 31 December 2024 from 4.9 stars at 30 June 2024. The average portfolio NABERS Indoor Environment rating improved to 5.0 stars from 4.8 stars at June 2024.

Growthpoint increased GreenPower coverage to approximately 75% of the directly managed operationally controlled office portfolio and installed 182kW of solar capacity across two assets, bringing the total capacity across eligible directly owned portfolio assets to 1,425kW. Growthpoint also issued a further $125 million of sustainability-linked loans during 1H25, bringing the total to $1.15 billion, approximately 50% of Growthpoint's loan book.

Growthpoint is on track to achieve its Net Zero target by 1 July 2025[4], with only minor works to be completed.

[3] Diversified – Office/Industrial.
[4] 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.

## FY25 outlook

Ross Lees said, "Today we have outlined a clear strategy for Growthpoint, where we will continue to actively manage our portfolio of directly owned, high-quality real estate assets to deliver income-driven returns and generate growth through fund and capital partnerships.

"Through our strategy of focusing on portfolio performance, growth with like-minded partners, efficient allocation of capital and sustainable future proofing, our exceptional people will continue to focus on our tenant advantage. We will seek to enhance our capital position, source and execute fund and capital partnerships, and build scale in our existing asset classes.

"Australia's population is expected to grow by over 4 million people by 2034[5], and we expect this to be a key driver of demand across our owned and managed portfolios, from office, to industrial and to retail. On 18 February 2025, the RBA announced a 25 basis point rate cut, the first change since November 2023. We expect that this will increase confidence across real estate and improve capital flows to the sector. In turn, we believe this will provide investment and capital recycling opportunities against a backdrop of constrained supply."

## FY25 guidance

Growthpoint confirms FY25 FFO guidance of 22.3 - 23.1 cps and FY25 distribution guidance of 20.3 cps (which comprises the forecast 18.2 cps plus the 2.1 cps one-off distribution).[6]

A market briefing will be held at 11am (AEDT) today. Click here to register for the webinar or here to register for the teleconference.

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

## For further information, please contact:

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## About Growthpoint

creating value **beyond real estate**

Since 2009, we've been investing in high-quality Australian real estate. We directly own a portfolio of high-quality, modern office and industrial properties, and manage a portfolio of office, industrial and logistics, and retail assets for third-party wholesale syndicates and institutional investors through our funds management business.

We are committed to operating in a sustainable way and reducing our impact on the environment. We are on track to achieve our Net Zero Target by 1 July 2025 across our directly owned 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 300. Moody's has issued us with an investment-grade rating of Baa2 for domestic senior secured debt.

[5] CBRE 2025 Market Outlook.
[6] This guidance anticipates no significant market movements or unforeseen circumstances occurring during the remainder of the financial year.