

Growthpoint Properties Australia

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# Growthpoint Properties Australia

October 2020

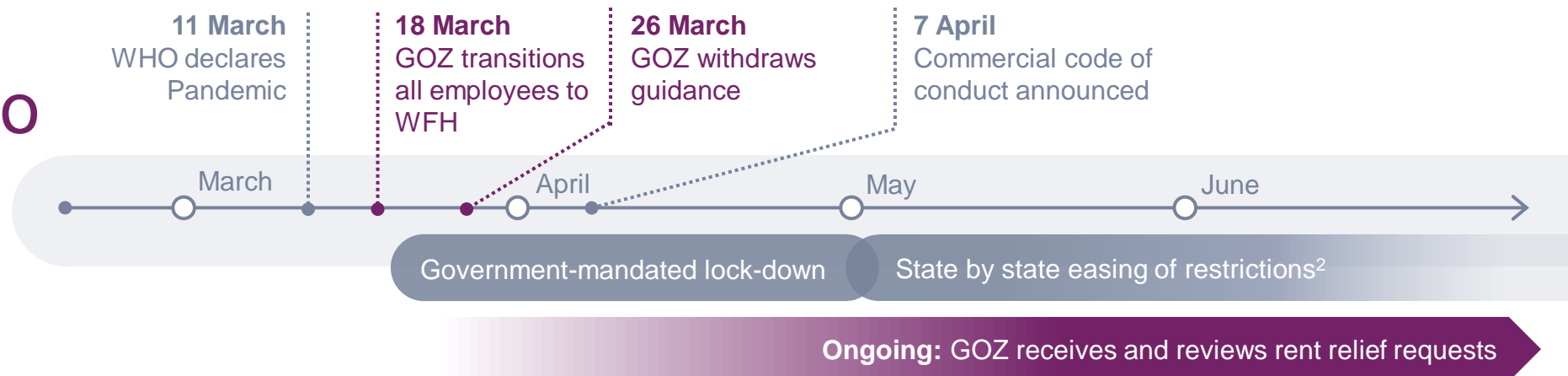
Space to thrive.



**GROWTH-POINT**  
PROPERTIES



# Our response to COVID-19.



FY20 rent abatement

**\$0.8m**

FY20 rent deferred

**\$2.0m**

Proportion of total billings collected<sup>1</sup>

April 2020 – June 2020

Office	96%
Industrial	98%



**3% of portfolio income**

**SME tenants**

- Proactively engaged with our tenants who manage hospitality or small retail operations at outset of the pandemic
- Offered rental abatements to help them survive lockdown period



**97% of portfolio income**

**Non-SME tenants**

- Implemented a Board-approved process to review rent relief requests
- Requested detailed information from tenants to determine impact of the pandemic on their business

**Corporate measures**

- Increased Group's liquidity and extended debt maturities
- Delayed all non-essential capital projects and operating expenses
- Implemented a Group-wide hiring freeze

1. Rent abatements are not included in total billings. Rent that has been deferred is included. Data as at 11 August 2020.

2. Lockdown measures were reintroduced in Victoria in July.



## Office market update

# While the way people work may change, offices will remain prominent



## Challenges of working from home:

### Employees:

- Sub-par connectivity
- Inadequate workspace
- Missed social interaction
- Difficulty collaborating with colleagues
- Inability to switch off from work



### Managers:

- Difficult to develop company culture
- Challenging to mentor and develop employees
- Hard to innovate



A recent survey of 40,000 individuals' experience working from home found<sup>1</sup>

**only 50%**

of respondents agree/strongly agree they feel personally connected to the culture of their company

**only 56%**

of respondents agree/strongly agree they are connecting and bonding with colleagues

1. Cushman & Wakefield, 'The future of workplace', May 2020.

## Office metro market update

# Metro markets well placed to benefit from new ways of working

‘Hub and spoke’ model expected to become increasingly popular in Australia<sup>1</sup>

### Centralisation



#### Melbourne

CBD office stock totals  
61% of all stock

### Hub and spoke



#### Sydney

CBD office stock totals  
52% of all stock

### Metropolitan



#### European model

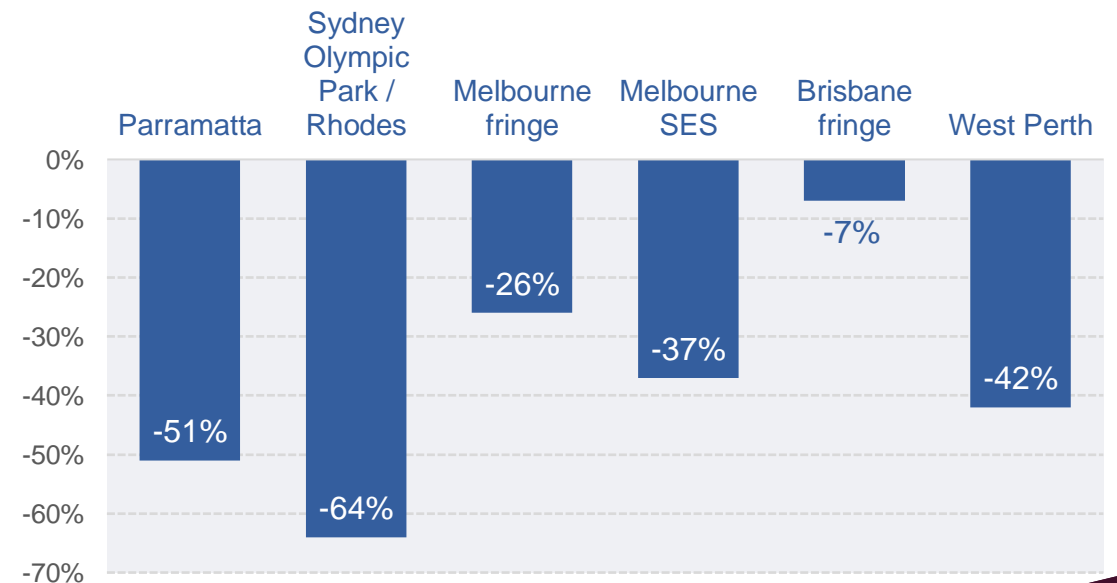
CBD office stock totals

- Berlin 16%
- Paris 20%
- Barcelona 13%
- Munich 24%
- Amsterdam 25% of all stock

89% of Growthpoint's office properties located in fringe or metropolitan markets

Significant cost savings from moving from CBD to metro/fringe markets

Metro and fringe markets' rent discount to CBD<sup>2</sup>



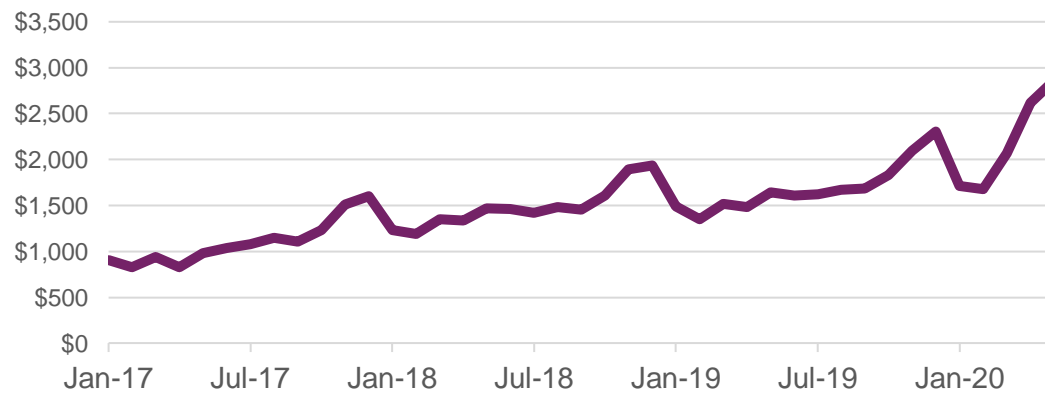
1. JLL, 'Office precincts for 2030 and beyond', May 2020.  
2. JLL REIS Data – 2Q20. Discount to prime face rents.

## Industrial market update

# Demand continuing to grow for well-located industrial assets driven by growth in ecommerce

Australian online sales have dramatically increased during COVID-19 pandemic

**Australian online retail trade sales<sup>1</sup>**  
(million)



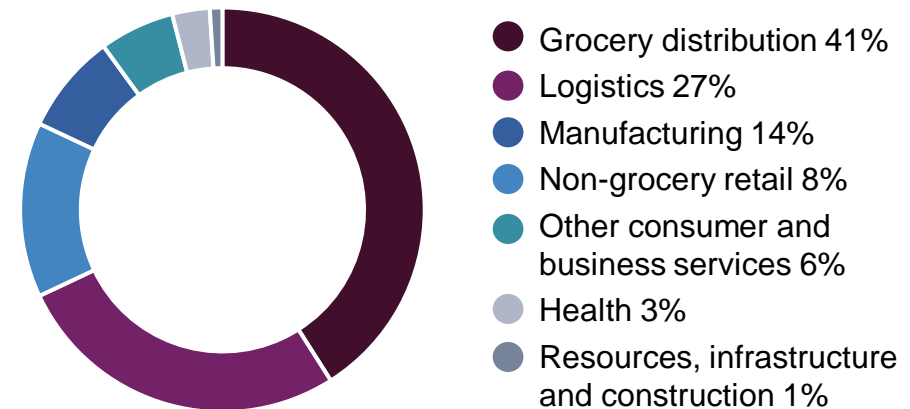
1. ABS, July 2020.



**93%** of Growthpoint's industrial assets are used for logistics or warehousing

Growthpoint's industrial tenants are heavily weighted to grocery distribution and logistics

**Growthpoint's industrial tenants by industry**  
by income, as at 30 June 2020



## Outlook

COVID-19 expected to have far-reaching implications for a number of years

External factors that will influence Growthpoint's operating environment

Australian and global economies

Government response to crisis

Property valuations

Tenant demand

Debt and equity markets

Acquisition opportunities

Growthpoint well positioned to deliver value to Securityholders over the long term

**Industrial assets and metro offices**  
poised to benefit from structural shifts



Tenants heavily weighted to **large companies and government** organisations



**Long WALE** and high-proportion of fixed annual rent increases



**Robust balance sheet** and strong relationships with banking partners





Q&A

