

ASX announcement.

Growthpoint Properties Australia (ASX: GOZ)

GROWTHPOINT
PROPERTIES



30 May 2022

Acquisition of A-grade, highly green credentialled office building leased to Victorian Government

Growthpoint Properties Australia (Growthpoint) is pleased to announce that it has exchanged contracts with Dandenong GSB Pty Ltd to purchase Government Service Office (GSO) Dandenong, an A-grade modern office asset located at 165-169 Thomas Street, Dandenong, Victoria (VIC) for \$165 million.¹

Constructed in 2011, the asset offers 15,071 square metres of quality accommodation with ground floor retail, seven floors of A-grade office accommodation and secure basement parking for 204 vehicles. Aligned with Growthpoint's office portfolio, the asset has high ESG credentials, achieving a 5.5 Star NABERS Energy rating, 6.0 Star NABERS Water rating and 6.0 Star Green Star rating.

Centrally located in Dandenong, a growing major urban centre thirty kilometres south-east of Melbourne, the asset is well positioned for transport and retail amenities being approximately 400 metres from both the Dandenong railway station and regional shopping centre Dandenong Plaza. Dandenong has recently benefited from \$700 million in urban renewal investment.²

The asset is 99.7% occupied, including 96.8% leased to the Victorian State Government on behalf of the Minister for Finance, with a long weighted average lease expiry (WALE) of 9.5 years, at 1 June 2022. The Victorian State Government lease provides fixed annual 3.5% rent reviews. The remaining space is leased to eight ground floor retail businesses. The property is being acquired on a 5.3% initial income yield.

The contract of sale is subject to the approval of the Foreign Investment Review Board (FIRB). The Group has submitted its application and does not anticipate any issues with obtaining approval. Growthpoint anticipates settlement to occur in the coming weeks, subject to FIRB approval and the satisfaction of settlement conditions.

The acquisition will be funded using debt and is expected to be accretive to FY23 FFO. After settlement, Growthpoint expects to have approximately \$184 million of undrawn debt facilities and gearing of approximately 33.9%.³

Timothy Collyer, Managing Director of Growthpoint, said, "We are pleased to acquire this high-quality, long-WALE asset with high green credentials that is centrally located in Dandenong, the hub of Melbourne's growing south-east region.⁴ The acquisition further increases Growthpoint's exposure to government covenants in strategic urban locations and is a great addition to our portfolio, supporting our strategy to maintain a portfolio of modern, high-quality resilient assets which meet our tenants' needs now and into the future.

"We are confident in the market's long-term outlook with recent urban renewal investment supported by further Government investment initiatives. The State Government 'Revitalising Central Dandenong' initiative is expected to attract over \$1 billion in private sector investment.² In addition, the Federal Government's \$15 billion infrastructure investment in the south-east will further improve transport connections. This includes the Port of Hastings Inland Port Facilities with an associated intermodal facility and freight rail connection from Melbourne to Dandenong South (including removal of related road and level crossings to reduce congestion), and an upgrade to the Cranbourne-

¹ Net sale price excluding acquisition costs.

² www.development.vic.gov.au/projects/revitalising-central-dandenong

³ Proforma to 31 December property portfolio valuations. Updated to include settlement of 141 Camberwell Road, Hawthorn East, Victoria and other net debt drawn to 20 May 2022.

⁴ Dandenong is one of nine designated Metropolitan Activity centres by the Victorian Government. These centres play a strategically important role for their subregional catchments by providing the community with good access to a range of major retail, community, government, entertainment, culture and transport services. <https://www.planning.vic.gov.au/policy-and-strategy/activity-centres/activity-centres-overview>

Packenham rail line which will reduce travel times and provide a direct link to Melbourne airport through the Metro tunnel.⁵

This announcement was authorised for release by Timothy Collyer.

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About Growthpoint

Growthpoint provides space for you and your business to thrive. For more than 12 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 58 properties, valued at approximately \$5.1 billion.⁶

We actively manage our portfolio. We 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 in a sustainable way and reducing our impact on the environment. We are targeting net zero by 2025.

Growthpoint is a real estate investment trust (REIT), listed on the ASX, and is part of the S&P/ASX 200. Moody's has issued us with an investment-grade rating of Baa2 for domestic senior secured debt.

⁵ <https://transport.vic.gov.au/our-transport-future/our-projects/port-rail-shuttle>

⁶ Valuations as at 31 December 2021. Includes acquisition of 141 Camberwell Road, Hawthorn East, Victoria which settled in February 2022.