

ASX ANNOUNCEMENT

GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

3 June 2014

SIGNIFICANT PROPERTY ACQUISITION AND \$125 MILLION EQUITY RAISING

Growthpoint Properties Australia (“**Growthpoint**”) today announces that it has exchanged contracts for the acquisition of the New South Wales Police Headquarters in Parramatta (“**Acquisition**”)¹. The Acquisition will be funded by an equity raising of \$80 to \$125 million and, depending on equity take-up, \$131 to \$176 million from expanded existing debt facilities.

Growthpoint also confirms its full year FY14 distributable earnings and distribution guidance and provides guidance for FY15.

Highlights

- Acquisition of the NSW Police Headquarters in Parramatta for \$241.1 million²
- Rights issue to raise up to \$125 million at an offer price of \$2.40
- Existing debt facility limit increased by \$100 million³
- Full year FY14 distribution guidance remains at 19.0 cents per stapled security
- Distributable income guidance for FY15 of 20.3 to 20.6 cents per stapled security
- Distribution guidance for FY15 of 19.7 cents per stapled security
- At the offer price, new stapled securities are expected to provide a FY15 DPS yield of 8.2%⁴

Acquisition of NSW Police Headquarters

Summary of key metrics for the Acquisition:

- Purchase price: \$241.1 million¹
- FY15 yield: 7.6%
- Weighted average lease expiry (“**WALE**”): 10 years⁵ with a further 5 year option
- Rent increases: Fixed 3.5% increases per annum, with adjustments made quarterly
- Independent valuation: Colliers have valued the property at \$241.1 million as at 30 June 2014

Growthpoint has exchanged contracts with AustralianSuper to acquire the NSW Police Headquarters, an A-grade office building for a purchase price of \$241.1 million, providing a FY15 yield of 7.6%¹. It is expected that the sale will be completed by 30 June 2014. The property is fully leased to the ‘AAA’ rated NSW State Government with a significant remaining lease duration of 10 years and a further 5 year option period.

The property is strategically located at 1 Charles Street in the heart of the Parramatta CBD and benefits from excellent transport links and local amenities. The property enjoys close proximity to the Parramatta Transport Interchange (rail and bus) as well as super-regional Westfield Parramatta and Church Street Mall. 1 Charles Street is also positioned close to the \$1.6 billion Parramatta Square redevelopment precinct, which will comprise a six stage development of residential apartments, commercial buildings and community facilities. Parramatta is the primary office CBD of Western Sydney with around 700,000 square metres of office space. The vacancy rate for “A grade” office in Parramatta is currently 0.5%⁶, which compares favourably to other major Australian office markets. The location is expected to benefit significantly from the redevelopment of

¹ The contract is subject to a number of conditions including entering into deeds with the tenant and third parties. These are expected to be satisfied prior to 30 June 2014.

² Excluding acquisition costs. Under the lease, Growthpoint also assumes responsibility for a \$6 million contribution to works at the property which the tenant can call on from June 2019.

³ The increased debt facility remains subject to execution of a number of ancillary documents.

⁴ Based on guidance of 19.7 cents per stapled security.

⁵ As at 31 May 2014.

⁶ Jones Lang LaSalle Research (Q4, 2013 data)

Parramatta Square and extensive government infrastructure spending in Western Sydney over the next decade including development of Sydney's second international and domestic airport at Badgery's Creek.

Completed in 2003, the building offers 31,954.1m² of lettable area across two towers both with large, efficient floor plates. The award winning building features a number of innovative design features including environmental initiatives to minimise heat gain, reduce glare and harvest rainwater and boasts a 4.5 star NABERS Energy rating. The property also features a high car parking allocation of 444 underground car spaces.

Growthpoint Managing Director, Timothy Collyer, said,

"The Acquisition is a continuation of our strategy to acquire high quality, modern assets located in prime markets with long WALE and fixed rental increases which will underpin the future growth of Growthpoint's distributable income. The Acquisition also increases Growthpoint's weighting to NSW from 12% to 22% in accordance with a deliberate strategy to increase exposure to this State.

This transaction and the \$208 million of industrial properties purchased in 2013 and 2014 have further diversified Growthpoint's high quality portfolio and has again demonstrated the group's ability to source and execute quality transactions across sectors for the benefit of securityholders. We will continue to seek investment opportunities in both office and industrial property markets."

Equity raising

Growthpoint is undertaking a 1 for 9.37 renounceable rights issue to raise up to \$125 million in new equity at an offer price of \$2.40 per new Growthpoint stapled security ("**Rights Offer**"). The offer price represents a 3.9% discount to Growthpoint's distribution adjusted last closing price on 2 June 2014 and a 1.2% discount to the distribution adjusted 5-day volume weighted average price to 2 June 2014. At the offer price, new stapled securities are expected to provide a FY15 DPS yield of 8.2%⁷.

Growthpoint's major securityholder, Growthpoint Properties Limited of South Africa ("**Growthpoint SA**") has committed to take up its full entitlement under the Rights Offer (approximately \$80 million worth of new stapled securities). The Rights Offer is not underwritten.

Existing Growthpoint securityholders will receive 1 renounceable right ("**Rights**") for every 9.37 stapled securities held on the record date of the Rights Offer. Securityholders who are eligible to participate in the Rights Offer (being those securityholders with a registered address in Australia, New Zealand or South Africa or who are otherwise eligible to participate) may choose to apply for all or some of their Rights, sell some or all of their Rights or do nothing. The Rights will trade on the Australian Securities Exchange during the rights trading period under the ASX code "GOZRA".

Eligible securityholders who take up their entitlements in full may also apply for additional stapled securities at the offer price of \$2.40. Additional stapled securities will only be available where there is a shortfall between applications received from eligible securityholders (or persons to whom Rights have been transferred or sold) and the number of new stapled securities proposed to be issued under the Rights Offer. Securityholders who apply for additional stapled securities may be allocated a lesser number of additional stapled securities than applied for, or may be allocated no additional stapled securities at all. Growthpoint may scale back applications for additional stapled securities. After the Rights Offer closes, if a sufficient shortfall remains following the allocation of additional stapled securities (if any), Growthpoint may offer to sell new stapled securities to existing and new institutional investors via a bookbuild at the offer price of \$2.40 for any remaining stapled securities relating to any Rights not taken up. In this event, securityholders whose Rights are sold through the bookbuild will receive no value for those Rights.

New stapled securities issued under the Rights Offer will not be entitled to the distribution for the half year ending 30 June 2014. All new stapled securities will rank equally with existing stapled securities for future distributions and in all other respects. Further detail in relation to the Rights Offer will be provided to eligible Growthpoint securityholders in the Rights Offer booklet.

⁷ Based on guidance of 19.7 cents per stapled security

Expanded debt facility

In order to partly fund the Acquisition, Growthpoint has secured a \$100 million expansion of its existing Syndicated Debt Facility. This \$100 million tranche is for an initial term of one year with Growthpoint having the option to convert this into a further two or four year tranche at agreed margins under the Syndicated Debt Facility.

Growthpoint will also draw on remaining undrawn capacity within the Syndicated Debt Facility up to a maximum of \$75.9 million to partly fund the Acquisition, with the final amount drawn dependent on the take up under the Rights Offer. The weighted average cost of debt across all facilities (including the expanded facility) is expected to be 5.79% per annum (including margin).

Pro forma balance sheet gearing is expected to be 43.4% to 45.6%, depending on the take-up of the Rights Offer.

FY14 distributable earnings and distribution confirmation and FY15 guidance

Growthpoint confirms its FY14 distributable income guidance of 19.6 to 20.0 cents per stapled security and full year distribution of 19.0 cents per stapled security remains unchanged. Securities issued in the Rights Offer will not be eligible to any share in the FY14 distribution.

Growthpoint expects FY15 distributable income of 20.3 to 20.6 cents per stapled security and a distribution of 19.7 cents per stapled security, representing an expected 3.7% growth in distribution from FY14⁸.

A distribution reinvestment plan is expected to be in operation for the August 2014 distribution allowing investors to reinvest their distribution at, currently, a 2% discount to the value weighted average price for the 10 trading days from 2 July 2014⁹.

Growthpoint's Managing Director, Timothy Collyer, said, "the equity raising, in conjunction with the expansion of our existing debt facility, supports the Acquisition of a large, high quality office asset in New South Wales and further strengthens Growthpoint's portfolio. Growthpoint's distributable income growth is supported by the addition of another high quality tenant, an increase in average fixed rental reviews and a lengthened WALE."

Indicative Equity Raising timetable

Event	Indicative date
Announcement of Rights Offer via ASX	Tuesday, 3 June 2014
Ex-date for Rights and commencement of Rights trading	Thursday, 5 June 2014
Rights Offer record date	Tuesday, 10 June 2014
Rights Offer opens	Thursday, 12 June 2014
Despatch of Rights Offer booklet	Thursday, 12 June 2014
Rights trading period ends	Monday, 16 June 2014
Rights Offer closes	Monday, 23 June 2014
Bookbuild for Rights Offer shortfall securities (if any)	Thursday, 26 June 2014
Allotment of new stapled securities issued under the Rights Offer ¹⁰	Monday, 30 June 2014

Times refer to Melbourne, Australia time. Growthpoint reserves the right to vary the timetable subject to the requirements of the ASX Listing Rules, Corporations Act and other applicable laws.

⁸ This distributable income guidance of Growthpoint, and distributable income in future years, assumes, among other things, that Growthpoint is able to re-let vacant space within the timeframes and on the terms anticipated by Growthpoint. Refer to the "Important notice and disclaimer" at the end of this announcement for more details about assumptions and limitations of guidance.

⁹ Growthpoint's board reserves the right to alter or cancel the distribution reinvestment plan at any time.

¹⁰ Excluding securities issued under the shortfall bookbuild (if any) with such securities to be issued on 2 July 2014.

Timothy Collyer, Managing Director

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Growthpoint Properties Australia

Growthpoint Properties Australia is a publicly traded ASX listed A-REIT (ASX Code: GOZ) that specialises in the ownership and management of quality investment property. Including the Acquisition, GOZ owns interests in a diversified portfolio of 51 office and industrial properties throughout Australia valued at over \$2 billion and has an investment mandate to invest in office, industrial and retail property sectors.

GOZ aims to grow its portfolio over time and diversify its property investment by asset class, geography and tenant exposure through individual property acquisitions, portfolio transactions and corporate activity (M&A transactions) as opportunities arise.

Important notice and disclaimer

The Rights Offer does not constitute an offer, and stapled securities will not be issued or sold under the Rights Offer, in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, issue or sale. No action has been taken to register or qualify the stapled securities or to otherwise permit a public offering of stapled securities outside Australia, New Zealand and South Africa. The stapled securities may be offered, issued or sold in any other jurisdiction under the Rights Offer where such an offer, issue or sale is permitted under applicable law.

This announcement is for information purposes only and is not financial product or investment advice or a recommendation to acquire stapled securities. The information provided in this announcement is not advice to investors or potential investors and has been prepared without taking into account the investment objectives, financial circumstances, taxation position or particular needs of investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate legal, financial and taxation advice. Growthpoint is not licensed to provide financial product advice. Cooling-off rights do not apply to an investment in stapled securities.

This announcement contains summary information about Growthpoint and is dated 3 June 2014. The information in this announcement is of general background and does not purport to be complete or comprehensive, nor does it purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Growthpoint's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange ("**ASX**"), which are available at www.asx.com.au.

This announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "predict", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Growthpoint that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither Growthpoint, nor any of its directors, employees, advisers or agents assume any obligation to update such information. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the industries in which Growthpoint operates. Please refer to the "Key Risks" section of the investor presentation released to the ASX on the date of this announcement for further information regarding these risk factors.