

ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

20 December 2011

\$289.5 million property portfolio acquisition and associated equity raising

- Acquisition of 3 modern income producing office properties and a 100% pre-committed office development site for a total consideration of \$289.5 million¹.
- Following these acquisitions, the property portfolio will comprise 47% office property and 53% industrial property.
- Acquisitions to be funded by:
 - a fully underwritten/committed 3 for 10 renounceable Rights Offer to raise \$166.4 million at an offer price of \$1.90 per stapled security; and
 - an increased, extended and tranchable syndicated debt facility and new bilateral debt facility, extending the debt maturity profile.
- Distribution guidance for FY12 of 17.5 cents per stapled security maintained.
- The stapled securities issued as part of the Rights Offer are expected to receive an initial annualised yield of 9.26%².

Transaction announcement

Growthpoint Properties Australia (“**Growthpoint**”) today announced that it has exchanged contracts to acquire three income producing office properties and a 100% pre-committed office development site for a total consideration of \$289.5 million (including development fund through but before transaction costs)³. The assets provide excellent investment opportunities for Growthpoint and continue Growthpoint’s diversification into the office sector. Following completion of these acquisitions and development, Growthpoint’s property portfolio will comprise 40 properties, with a value of approximately \$1.54 billion. Growthpoint has maintained its distribution guidance for the 2012 financial year (“**FY12**”) at 17.5 cents per security.

Key metrics of the properties being acquired⁴:

- Aggregate purchase price: \$289.5 million⁵
- Initial property income yield: 8.7%⁶
- Market capitalisation rate: 8.1%
- Weighted average lease expiry (“**WALE**”): 4.6 years
- Weighted average rent increases for acquired properties: 3.9% per annum⁷
- Occupancy: 100%⁸
- Aggregate independent property valuations: \$289.5 million

¹ The acquisitions are subject to certain conditions in relation to funding and third party consents. The consideration listed excludes transaction costs and is an estimate as the Fox Sports Development is subject to a price adjustment, predominantly dependant on leasing of space covered by a 5 year rent guarantee. The pre-commitment for the Fox Sports Development comprises a 48% pre-commitment from Fox Sports for 10 year lease with two additional options of 5 years each and 5 year rent guarantee from the developer over the remaining 52%.

² Based on the distribution guidance for the second half of FY12 of 8.8 cents per existing stapled security annualised and the Rights Offer price of \$1.90 per stapled security.

³ Refer to footnote 1 above.

⁴ As at practical completion of the Fox Sports Development.

⁵ Before transaction costs such as stamp duty and legal fees. The Fox Sports Development is also subject to a price adjustment, predominantly dependant on leasing of vacant space.

⁶ Based on purchase price (before transaction costs)

⁷ As at 30 November 2011 but from practical completion in the case of the Fox Sports Development including a 5 year rent guarantee over the 52% which is currently not pre-committed.

⁸ There is currently a small vacancy of approximately 29 square meters at CB2 which is not shown due to rounding.

The acquisitions comprise:

1. Two modern office buildings known as CB1 and CB2, respectively, for \$96.8 million providing an initial passing yield of 8.6%. The buildings form part of the SW1 precinct in South Brisbane and are adjacent to Growthpoint's existing SW1 assets. CB1 has a net lettable area ("**NLA**") of approximately 11,561 square metres over nine floors plus 155 car parks. CB2 has an NLA of approximately 6,598 square metres over six floors plus 83 car parks. Both properties were completed in 2006. The premises are let to quality tenants such as Roche Mining (a division of Downer Group), AXA, MacMahon Contractors and the Queensland government and have a WALE of 2.9 years (by income as at 31 December 2011). A shorter WALE is expected to enable Growthpoint to capitalise on an improving leasing market in South Brisbane and revert undermarket rents to market levels as leases expire. Following the acquisition of CB1 and CB2, Growthpoint will own the four commercial towers and a majority of the underlying car park in the SW1 complex enabling Growthpoint to take advantage of operating synergies in terms of property and asset management. The vendor is Domaine SEQ Growth Fund which is managed by APGF and the selling agents are Bruce Baker and Flint Davidson of CB Richard Ellis.
2. An "A-grade" 24 level office building at 333 Ann Street in the Brisbane CBD for \$109.9 million providing an initial passing yield of 9.1%. The building has an NLA of 16,476 square metres plus 92 car parks and was completed in 2008. The property is 100% occupied by quality tenants such as Runge Limited and Robert Bird with a WALE of 4.0 years (by income as at 31 December 2011). The vendor is Domaine SEQ Growth Fund which is managed by APGF and the selling agents are Bruce Baker and Flint Davidson of CB Richard Ellis.
3. A new "A-grade" office building with an NLA of 14,136 square metres plus 182 car spaces currently under construction at 219-247 Pacific Highway, Artarmon, New South Wales within the Gore Hill Technology Park ("**Fox Sports Development**"). The total cost is \$82.7million⁹ providing an initial passing yield of 8.1% on completion. The building is targeting a 5 star NABERS rating and 5 star Green Star ratings and will be 48% leased to Fox Sports (Premier Media Group) under a 10 year lease (from practical completion) with two further options of 5 years each. The developer will provide a 5 year rent guarantee from practical completion for any part of the remainder of the building not leased at practical completion. The building is expected to be completed in late 2012/early 2013 and will comprise six upper levels, a lower ground floor and two basement car park levels. Growthpoint will acquire the land and enter into a Delivery Agreement with the developer for development of the building on a fund through basis. Growthpoint will receive a coupon of 8.75% per annum on amounts paid until practical completion. The Gore Hill Technology Park is a new business park strategically located on the Pacific Highway, approximately 1 km from St Leonards Station. Set on 4.5 hectares, the park will feature a combination of "A-grade" office space, crossover technology space, a retail/dining and convenience precinct, indoor sport and leisure centre and outdoor communal work/play open areas. The park already houses a new data centre wholly leased to the ASX. The vendor and developer are entities associated with Lindsay Bennelong Developments and the selling agent is Richard Horne of Knight Frank.

Property	Sector	Major Tenant(s) as a percentage of NLA	Purchase Price (\$ million) ¹⁰	Initial Passing Yield
CB1 and CB2, 100-104 Melbourne Street, South Brisbane, Queensland	Office	Fusion (32%), Roche (29%), Queensland government (15%),	96.8	8.6%
333 Ann Street, Brisbane, Queensland	Office	Runge Limited (26%), Robert Bird Group (16%), Xtract Mining Consultants (7%)	109.9	9.1%
Building C, Gore Hill Business Park, 219-247 Pacific Highway, Artarmon, New South Wales	Office	Fox Sports (48%), 5 year rental guarantee (52%)	82.7	8.1%
TOTAL			289.5	8.6%

The acquisitions will be partially funded by a renounceable rights offer to raise approximately \$166.4 million at an issue price of \$1.90 per stapled security ("**Rights Offer**"). Growthpoint Properties Limited of South Africa ("**Growthpoint SA**"), Growthpoint's major securityholder, has committed to take up its full entitlement

⁹ Depending upon the lease terms for letting of vacant areas under the 5 year rent guarantee Growthpoint's maximum price will be approximately \$84.0 million, based on an initial passing yield of 8.00%.

¹⁰ Before transaction costs (stamp duty, valuation fees, due diligence, legal and other advisory fees) and in the case of the Fox Sports Development, the price is dependent on the leasing of space which is not yet pre-committed.

of approximately \$101.5 million (being approximately 61.02% of Growthpoint's issued capital) and underwrite the remaining approximately 39%. Completion of the property acquisitions is expected to occur on 31 January 2012.

Funding for the acquisitions is also being provided by an increase in Growthpoint's syndicated debt facility with NAB, Westpac and ANZ and a new bilateral debt facility with NAB (refer below for more details).

Growthpoint Managing Director, Timothy Collyer, said, "The acquisition of this office portfolio from two vendors is significant for the Group and is consistent with our strategy to acquire quality modern properties that are well tenanted to enable future growth of the Group's distributable income. The acquisitions continue our diversification into the Australian office sector and expand our tenancy base whilst also increasing both the market capitalisation and free float of Growthpoint. Additional office investment into the Brisbane market has been made with these acquisitions on the expectation of improving vacancy rates and effective rental growth as the Queensland economy continues to perform well, anchored by the strong resources sector. We are also pleased to purchase a significant property within the Sydney office market where opportunities to acquire newly constructed "new generation" properties are limited."

New debt arrangements

As part of the funding arrangements for the acquisitions detailed above, Growthpoint has agreed to increase its syndicated debt facility with Westpac, NAB and ANZ by \$105 million to \$765 million. The syndicated debt facility has also been extended and tranchised, with a third of the facility now maturing on each of 31 December 2014, 31 December 2015 and 31 December 2016. In addition, Growthpoint has agreed to enter into a new bilateral debt facility with NAB for \$70 million maturing on 30 April 2016.

The average cost of debt for both facilities at commencement is approximately 7.75% per annum. This average cost is expected to reduce as Growthpoint draws down debt to fund its developments in Nundah (as announced previously) and Gore Hill (refer above) due to the utilisation of headroom spreading the impact of facility fees over a higher amount of drawn debt.

All other terms of the syndicated facility are expected to remain substantially the same and the terms of the new bilateral facility are substantially the same as the terms of the syndicated facility.

As a result of these new debt arrangements, Growthpoint will have no debt maturing until 31 December 2014. Growthpoint continues to maintain its policy of hedging at least 75% of its interest rate exposure and will have hedges in place for 99% of drawn debt for an average duration of 4.5 years following completion of this transaction.

Following entry into these new debt arrangements, Growthpoint will have undrawn debt facilities available to it of approximately \$134.5 million on 31 January 2012, however, \$113.4 million of these undrawn facilities will be used to fund through the Fox Sports Development and Growthpoint's development of the Energex building in Nundah, Queensland (announced previously).

Overview of the Rights Offer

The \$166.4 million Rights Offer is fully committed due to Growthpoint's major securityholder, Growthpoint SA, committing to take up its rights and underwrite the balance of the Rights Offer. Growthpoint SA may enter into sub-underwriting arrangements.

The issue price of \$1.90 per stapled security represents:

- a discount of 2.6% to Growthpoint's closing price of \$1.95 on 16 December 2011 and a discount of 2.6% to the 5 day volume weighted average price to 16 December 2011 of \$1.95; and
- a discount of 3.4% to the Growthpoint pro-forma net tangible asset value per security as at 30 June 2011.

Existing securityholders will receive 3 renounceable rights ("**Right**") for every 10 stapled securities ("GOZ" or "GOZN") held on the record date for the Rights Offer. Securityholders who are eligible to participate in the Rights Offer (being those securityholders with a registered address in Australia or New Zealand 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". While securityholders may apply for additional securities, there is no guarantee that they will be allocated any additional securities as Growthpoint SA may, in its absolute discretion, preference sub-underwriters ahead of existing securityholders in the allocation of any shortfall.

New stapled securities issued under the Rights Offer will be entitled to a pro-rata distribution for the half year ending 30 June 2012 for the period from the date of issue to 30 June 2012, currently expected to be 7.5 cents per stapled security¹¹, but rank equally with existing "GOZ" securities in all other respects. New stapled securities will initially trade under the ASX code "GOZNA" until commencement of trading on 26 June 2012 when existing Growthpoint securities trade 'ex' the distribution. From 26 June 2012, new stapled securities will collapse into "GOZ" and rank equally with existing stapled securities for distributions and in all other respects. Distributions for the half year ending 30 June 2012 are expected to be paid on 31 August 2012.

Indicative timetable

Event	Indicative Date
Rights Offer announced to the ASX	20 December 2011
Last date to trade before Stapled Securities trade ex the Rights entitlement	21 December 2011
Ex-date for Rights and commencement of Rights Trading	22 December 2011
Rights Offer Record Date	30 December 2011
Offer Opens	3 January 2012
Despatch of Rights Offer Booklet	5 January 2012
Rights trading on ASX ends	12 January 2012
Commencement of trading in the New Stapled Securities on a deferred settlement basis	13 January 2012
Offer closes	19 January 2012
Allotment of New Stapled Securities	27 January 2012
Despatch of holding statements and deferred settlement trading ends	30 January 2012
Normal trading commences for New Stapled Securities	31 January 2012

These dates are indicative and subject to change. All dates and times refer to Melbourne, Australia time. Further details in relation to the Rights Offer will be provided to Growthpoint securityholders in the Rights Offer booklet.

Readers of this announcement should refer the "Important notice and disclaimer" below.

Ends

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¹¹ Based on guidance of 8.8 cents per stapled security for GOZ and assuming that new stapled securities are issued on 27 January 2012.

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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. 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 Properties Australia is not licensed to provide financial product advice. Cooling-off rights do not apply to an investment in any stapled securities.

This announcement contains summary information about the Group and is dated 20 December 2011. 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 Properties Australia'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 Properties Australia 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 Properties Australia nor any of its directors, employees, servants, 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 Properties Australia 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.