

ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

27 June 2012

Acquisition of A-Grade Canberra office buildings, 100% leased to Commonwealth Government

Growthpoint Properties Australia ("**Growthpoint**") is pleased to announce that it exchanged contracts today to acquire two interconnected office buildings located at 10-12 Mort Street, Canberra in the Australian Capital Territory for \$55.8 million (before acquisition costs) from the GPT Wholesale Office Fund. The buildings are fully-let to the Commonwealth of Australia (Department of Education, Employment and Workplace Relations) ("**DEEWR**") on a five year lease expiring 24 March 2017, with one five year option of renewal. Settlement of the acquisition is expected within 60 days.

Key metrics of the acquisition:

- Purchase price (before acquisition costs): \$55.8 million
- Initial property income yield: 10.28% (9.60% after acquisition costs including government duties)
- Capital value per m2 of net lettable area: \$3,624 (note that this is below replacement cost)
- Unexpired lease term: 4.75 years (as at 30 June 2012)
- Fixed annual rent increases: 3.75% per annum
- Occupancy: 100%
- Independent property valuation: \$56.0 million

The property comprises two modern "A grade" eight storey office buildings with a combined net lettable area of approximately 15,398 square metres plus 158 car parks on land of 3,064 square metres. The properties were constructed in 1984 and 1992, respectively, and an \$11 million refurbishment was recently completed. Simultaneously with this refurbishment, DEEWR have completed a major new fitout of the entire property. The buildings are positioned on the north western corner of the intersection of Mort and Bunda Streets and have a high level of exposure in Canberra's prime office and retail precinct. Prior to the recent refurbishment, each property enjoyed a 5 star NABERS energy rating. The property will now be subject to a new ratings assessment.

The buildings provide Growthpoint, with a quality, well located building leased to the Commonwealth Government and another excellent investment opportunity for Growthpoint's securityholders. The income yield of 10.28% per annum on the purchase price¹ and the forecast ten year internal rate of return of 10.50% per annum² is particularly compelling when compared to the current Commonwealth Government ten year bond yield of approximately 3.00%. This is Growthpoint's first acquisition in the Canberra office market and further diversifies Growthpoint's portfolio into the office sector. Following completion of this acquisition, Growthpoint's property portfolio will comprise 41 properties, with a value of approximately \$1.6 billion³ comprising 49% office properties and 51% industrial (by book value).

Details of the property are summarised on the page attached.

Small property interest acquisition

Growthpoint has also purchased a leasehold car park in Richmond, Victoria that is in proximity to the General Electric (GE) National Corporate Headquarters also owned by Growthpoint. The open carpark of 92 spaces generates an income of approximately \$150,000 per annum and was purchased for \$1.0 million. The two tenants of the carpark are GE (50 car spaces) and Avexa Limited (42 spaces).

¹ Before transaction costs. The yield is 9.60% after acquisition costs including government duties.

² Source: independent property valuation

³ This value includes two office buildings currently being developed in Artarmon, New South Wales and in Nundah, Queensland using their independent valuations at completion. Completion of each respective development is expected to occur late 2012/early 2013.

Funding of the acquisitions

The acquisitions referred to above are expected to be initially fully funded by debt. Growthpoint has agreed to increase its syndicated debt facility with Westpac, NAB and ANZ by \$60 million to \$825 million. The increased facility amount will be added to the tranche maturing on 31 December 2016.

All proceeds from Growthpoint's distribution reinvestment plan ("DRP"), announced to the ASX on 24 May 2012, received in August 2012 will be used to pay down debt.

As Growthpoint's major securityholder, Growthpoint Properties Limited of South Africa, has advised that it intends to participate fully in the DRP for the August distribution, the net debt increase as a result of these transactions is expected to be approximately \$40.3 million taking Growthpoint's LVR⁴ to 50.5% and the forecast interest cover ratio to more than 2.4 times for the year to June 2013. As at completion of the acquisitions, approximately 95% of Growthpoint's debt will be on a fixed interest rate.

Distribution guidance

The acquisitions are expected to be accretive to Growthpoint's distributable income. Distributable profit for the year ending 30 June 2013 is now estimated to be between 19.1 and 19.4 cents per stapled security, up from recent guidance of 18.6 to 18.9 cents per stapled security. Distribution guidance remains unchanged at 18.3 cents per stapled security for the year ending 30 June 2013, a 4% increase on the distributions of 17.6 cents per stapled security declared for the year ending 30 June 2012⁵.

Readers of this ASX announcement should refer to the "Important note" which appears at the end of this announcement.

Ends

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. Following completion of the property acquisitions referred to in this announcement, Growthpoint will own a diversified portfolio of 41 office and industrial investment properties throughout Australia valued at approximately \$1.6 billion. Growthpoint has an investment mandate to invest in office, industrial and retail property sectors.

Growthpoint 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.

www.growthpoint.com.au

Important note

This announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "predict", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan"

⁴ "Loan to value ratio" as defined in Growthpoint's syndicated debt facility.

⁵ Previous holders of "GOZN" and "GOZNA" securities received a pro-rated distribution on these securities based on the period they were on issue prior to their respective collapsing in "GOZ".

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.

Property acquisition summary – 10 Mort Street, Canberra, ACT

Property description	Two adjoining A-Grade office buildings with a net lettable area ("NLA") of 15,398m ² , together with 158 carspaces. A major refurbishment of the buildings has recently been completed. The property had a 5 star NABERS rating prior to the refurbishment, however, it will now be subject to a new assessment
Location	Prime Canberra CBD (Civic) location, located on a prominent corner, on the doorstep of Canberra's most significant retail precinct, the Canberra Centre. The locality houses major government departments and private sector tenants
Tenant	The properties are 100% leased to the Commonwealth of Australia, as represented by the Department of Education, Employment and Workplace Relations ("DEEWR") for 5 years expiring on 24 March 2017, with a further five year lease option
Purchase price & terms	The properties are being purchased at a price of \$55.8 million (before acquisition costs), providing an initial property income yield of 10.28% (9.60% after acquisition costs) on passing net income of approximately \$5.734 million per annum. Terms: 5% deposit, balance payable within 60 days
Independent valuation	Independent valuer, Jones Lang LaSalle, have valued the property at \$56.0 million based on an initial yield of 10.24%, a market yield of 9.75%, a ten year internal rate of return of 10.50% per annum and a capital value of \$3,637/m ² of NLA
Purchase rationale	• Attractive income yield of 10.28% on purchase price (before acquisition costs), with contracted annual rent growth under leases of 3.75% • Purchase price of \$55.8 million is below independent valuation (\$56.0 million) and building replacement cost (approximately \$60.0 million) • Purchase yield and forecast 10 year internal rate of return provide a significant premium above the 10 year government bond rate of approximately 3.0% • Newly refurbished (cost \$11 million) quality office accommodation which is well located in the • Commonwealth Government tenant, AAA credit rated, with an unexpired lease term of 4.75 years • Tenant department DEEWR has expended significant capital on a new fitout which may improve the likelihood of exercising of the lease option • Canberra market - vacancy rate at 10.6% and has been falling since its peak in July 2011. The Canberra CBD (Civic) vacancy rate is around 8.4%. Modern, well located, buildings with high NABERS ratings are performing well. Secondary stock needs to be refurbished to attract Government tenants. The leases of the properties purchased expire in 2017 into what is expected to be an improved market

