ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

26 November 2015

Acquisition of modern Canberra office building leased to the Australian government for 11.8 years

Growthpoint Properties Australia (**"Growthpoint"**) is pleased to announce that it has entered transaction documents for the acquisition of 255 London Circuit, Canberra, Australian Capital Territory (**"Property"**) for $70 million.

The Property is 100% leased to the Commonwealth of Australia represented by the Department of Foreign Affairs and Trade (**"DFAT"**) for a remaining term of 11.8 years providing an initial yield of 6.53%[1] with fixed annual rent reviews of 3.8%[2].

The Property

The Property comprises a six level A-grade office building with a net lettable area of 8,972 square metres plus 134 basement car parks on 2,945 square metres of land. The Property was purpose built for DFAT in 2007.

The purchase price is $70,025,000 providing an initial income yield of 6.5%[1]. Knight Frank has independently valued the Property at the purchase price.

The current lease has 11.8 years remaining and the tenant has one option to renew of five years.

The Property has a 5 star Green Star rating (by design) and a 4.5 star NABERS energy rating.

The Property is a Crown leasehold interest with 90 years remaining on the lease from the Commonwealth of Australia.

The location

The Property is located in the centre of Canberra in "Civic" which includes Canberra's Central Business District. Civic's office market comprises 687,950 square metres[3] of which, following this acquisition, Growthpoint will own 24,370 square metres or 3.5% including 10-12 Mort Street which is 100% leased to the Commonwealth of Australia for a remaining term of 9.4 years.

Civic's A-grade vacancy rate is currently 8.0%[3], lower than most of Australia's capital cities.

The tenant

The Commonwealth of Australia, represented by DFAT, occupies 100% of the Property[4]. The Commonwealth of Australia is rated AAA by Standard & Poor's and Fitch and Aaa by Moody's, all with a stable outlook.

DFAT provides foreign, trade and development policy advice to the Australian government and consular, passport and trade development related services. DFAT employs over 6,000 people worldwide.

Growthpoint's Key Metrics at 31 October 2015*	
Total property portfolio value	**$2.4 billion**
Distribution guidance FY16	**20.5 cents**
Number of properties	**55**
Office / industrial	**50% / 50%**
Average property age	**8.5 years**
Occupancy	**96.6%**
Weighted average lease expiry	**6.6 years**
Weighted average rent review* **assumes CPI of 1.5%*	**3.0%**
Weighted average capitalisation rate	**7.3%**
Gearing	**39.9%**
Average debt term	**4.3 years**
Average duration of fixed debt	**4.7 years**

Excludes Building C, 211 Wellington Road, Mulgrave, Victoria and 255 London Circuit, Canberra, ACT

1. 10-12 Mort Street, Canberra, ACT.
2. 255 London Circuit, Canberra, ACT.

[1] Excluding acquisition costs.
[2] Excludes market rent reviews in 2018 and 2023 which have a floor of 0% and a ceiling of 5%.
[3] Knight Frank Research/Property Council of Australia, July 2015.
[4] Settlement of the acquisition is subject to approval from DFAT.

Funding of the acquisition
Funding for the acquisition of the Property will initially come from undrawn debt in the Group's existing debt facilities. Subject to other potential impacts on Growthpoint's balance sheet including new debt facilities, other potential acquisitions and disposals and property valuations, Growthpoint is likely to use the proceeds from the February 2016 distribution reinvestment plan (**"DRP"**) to reduce some of the debt arising from this acquisition. A final decision on whether the DRP will be operative will be announced in December 2015.

Assuming the February 2016 DRP is in operation and has a 75% take-up but also no other changes to assets or liabilities[5], this would take balance sheet gearing to approximately 42.7% at 31 December 2015, within the Group's target of 35% to 45%.

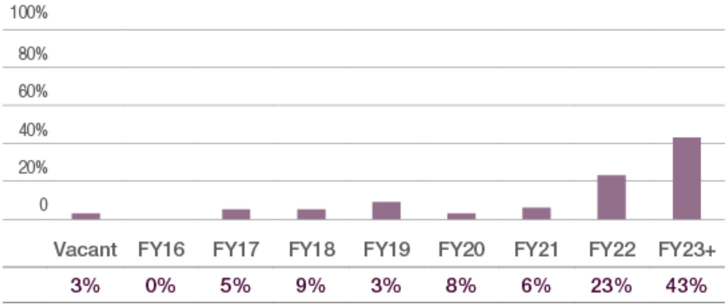
Growthpoint's Head of Property, Michael Green, said:

> "Growthpoint is excited about this acquisition and is looking forward to building on its excellent relationship with the Australian Government through the ownership of this, our second property in central Canberra 100% leased to the Commonwealth of Australia.
>
> The acquisition of 255 London Circuit, Canberra meets Growthpoint's investment criteria providing:
> 1. a long lease term with 11.8 years remaining;
> 2. a rising income from the fixed annual 3.8% rental increases[6];
> 3. 100% leased to an excellent tenant, the AAA rated Australian government;
> 4. excellent green credentials (5 star Green Star rating (by design), 4.5 star NABERS energy rating);
> 5. modern improvements due to the building being constructed in 2007; and
> 6. prime location with low vacancy at 8.0% for A-grade buildings in Civic."

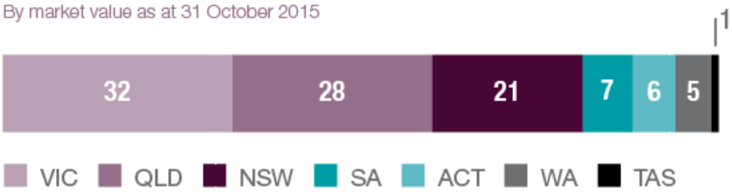
Key metrics
Following the acquisition, Growthpoint's property portfolio will be 52% exposed to the office sector with the balance in the industrial sector (primarily distribution centres).

Growthpoint's updated lease expiry profile, geographic split and top ten tenants appears below.

Portfolio rent expiring
Per financial year as at 31 October 2015



Geographic diversity (%)
By market value as at 31 October 2015



Top ten Tenants
By passing rent as at 31 October 2015

	%	WALE (years)
Woolworths	23	6.8
NSW Police	9	8.6
Commonwealth of Australia	6	10.4
GE Capital Finance Australasia	5	2.4
Linfox	4	7.6
Jacobs Engineering	3	8.1
Energex	3	12.0
Fox Sports	2	7.1
Star Track Express	2	3.7
Downer EDI Mining	2	6.6
TOTAL / Weighted Average	**59**	**7.3**
Balance of portfolio	41	5.9
Total portfolio	100	6.8

Industrial Office

Growthpoint's Managing Director, Timothy Collyer, said:

> "This is our fourth acquisition since 1 July 2015 taking our acquisitions for FY16 to $162 million. These acquisitions have a weighted average lease expiry of 9.2 years, a weighted average rent review of 3.6%, a

[5] Other than previously announced commitments.
[6] Excluding market rent reviews in 2018 and 2023 2023 which have a floor of 0% and a ceiling of 5%.

weighted average income yield of 7.0% and provide an additional $11.3 million of net property income per annum with minimal additional operating costs (excluding interest).

Although we are cautious on investment in some areas of Canberra, the low A-grade vacancy rate in Civic, our previous success in re-leasing Growthpoint's other property located at 10-12 Mort Street and the 11.8 years remaining on the lease make this a very compelling acquisition.

The acquisition is expected to be accretive to Growthpoint's earnings although earnings guidance remains at least 21.3 cents per stapled security and distribution guidance remains at 20.5 cents per stapled security."

Aaron Hockly, Chief Operating Officer **www.growthpoint.com.au**

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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 noted in this announcement, GOZ owns interests in a diversified portfolio of 57 office and industrial properties throughout Australia valued at approximately $2.5 billion and has an investment mandate to invest in office, industrial and retail property sectors.

Growthpoint is included in the S&P/ASX 200 Index and has been issued with an investment grade rating of Baa2 for senior secured debt by Moody's.

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.