



ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

5 August 2016

Major leases to Country Road Group backed by David Jones

Growthpoint Properties Australia (“**Growthpoint**”) is pleased to announce that it has entered into two new leases with Country Road Group over Buildings 1 and 2, 572-576 Swan Street, Richmond, Victoria, comprising 23,156 square metres, from, respectively, 1 July 2017 and 1 April 2018 until 30 June 2032. The leases have a weighted average lease term of 14.5 years (from commencement).

The properties will be the national head offices for David Jones and Country Road Group with David Jones relocating its existing headquarters from Sydney to Growthpoint’s properties in Melbourne.

These buildings, plus Building 3 and an adjacent car park, are currently leased to GE Capital Finance Australasia until, respectively, March and February 2018. GE has agreed to surrender its lease of Building 1 just prior to the Country Road commencement date. It is intended that Building 3 be redeveloped (subject to substantial pre-leasing commitments) and arrangements for leasing the car park of 92 spaces are being worked on separately.

Further details about the tenant, property and lease terms follow.

Tenant

The tenant for both leases is Country Road Group Pty Limited (“**Country Road Group**”). Country Road Group is one of Australia’s largest specialty fashion retailers with a market leading position in the mid to upper tier of specialty fashion. It operates four differentiated brands (Country Road, Trenergy, Witchery and Mimco)¹ and trades in Australia, New Zealand and South Africa².

David Jones Pty Limited (“**David Jones**”) is the guarantor of the tenant’s obligations under both leases. Operating for over 178 years, David Jones is Australia’s leading department store with 41 stores across Australia and New Zealand³.

Both Country Road Group and David Jones are wholly owned by Woolworths Holdings Limited (“**WHL**”). WHL is headquartered in South Africa and is a top 40 Johannesburg Stock Exchange listed company with a market capitalisation of approximately A\$8.6 billion. WHL employs more than 38,000 employees across 14 countries and trades in more than 1,300 store locations⁴.

WHL is not connected to the ASX-listed Woolworths Limited (Growthpoint’s largest tenant).

Properties

572-576 Swan Street, Richmond, Victoria forms part of the Botanicca Corporate Park comprising eight buildings and located approximately 6 kilometres east of Melbourne’s CBD.

Growthpoint acquired the three office buildings it owns at this location as part of its takeover of the Rabinov Property Trust in 2011.

Growthpoint’s Key Metrics	
Total property portfolio value	\$2.8 billion
Distribution guidance FY17	21.3 cents
Number of properties	58
Office / industrial	56% / 44%
Average property age	9.2 years
Occupancy	99%
Pro forma weighted average lease expiry (weighted by income, including the leases announced below)	6.9 years
Weighted average rent review (assumes CPI of 1.0%)	3.1%
Weighted average capitalisation rate	6.9%
NTA per stapled security* (subject to audit)	\$2.67
Balance sheet gearing (subject to audit)*	42.6%
All-in cost of debt*	4.1%
Percentage debt fixed*	65%
Average debt maturity*	4.2 years
Average fixed rate debt maturity*	5.7 years

* as at 30 June 2016

Key dates for Securityholders	
Full year results release	22 Aug 2016
Next distribution paid	31 Aug 2016

¹ Source: <https://www.countryroad.com.au/about-us/corporate-information#>

² Source: http://www.woolworthsholdings.co.za/corporate/profile_overview.asp

³ Source: David Jones

⁴ Source: http://www.woolworthsholdings.co.za/corporate/profile_overview.asp



Key details of Growthpoint's properties are:

Property	Site area (square metres)	Lettable area (square metres)	Book value (\$m)
Building 1 – a two level office building	8,519	8,554 plus 191 car parks	44.3*
Building 2 – four level office building with three levels of basement car parking	7,201	14,602 plus 488 car parks	82
Building 3 – single level	8,300	1,355 ⁵ plus 170 car parks	13.5*
Car park - bitumen covered site	3,756	92 car parks	1.2
Total	27,776	24,511 plus 941 car parks	141.0

* Buildings 1 and 3 have been independently valued as one property as at 30 June 2016 at \$57.8 million. The hypothetical value apportionment is based upon the value of the Building 3 site as an office development.

Together, the three office buildings and the car park at 572-576 Swan Street, Richmond, Victoria are Growthpoint's fourth largest office asset⁶ and they had a combined weighted average lease expiry (“WALE”) of 1.7 years at 30 June 2016. The new leases extend the WALE for these assets to 14.7 years and the WALE for Growthpoint's whole portfolio to 6.9 years (both as at 30 June 2016 on a pro forma basis).

Lease details

Property	Term (years)	Options to renew	Approximate annual rent ⁷ (\$m)	Annual rent reviews
Building 1	15.0 (from 1 July 2017)	4 x 5 years	3.3	3.0% for the first 4 anniversaries of the lease and 3.25% thereafter
Building 2	14.3 (from 1 April 2018)	4 x 5 years	5.8	3.0% for the first 4 anniversaries of the lease and 3.25% thereafter
Total/weighted average	14.5	-	9.1	3.0%/3.25%

Head of Property, Michael Green, said:

“We are very pleased to welcome Country Road and the broader Woolworths Holdings Limited, including David Jones, to our portfolio and have appreciated working with them and their advisers on this transaction. Woolworths Holdings Limited leases significant retail space from Growthpoint Properties Limited of South Africa, Growthpoint's majority securityholder, and they have a strong relationship. It is pleasing to extend this relationship into the Australian market at the Botanicca Corporate Park.

JLL and Colliers were appointed leasing agents for this transaction and introduced Country Road to Growthpoint.

Growthpoint has effectively repositioned these properties and has now opened up the Building 3 site, which has a current planning permit for an 18,000 square metre A-Grade office building, for future development.

These significant leases to another high quality tenant demonstrates the desirability of Growthpoint's property portfolio particularly given David Jones is relocating from Sydney to Melbourne to occupy Growthpoint's properties. It reduces the potential FY18 vacancies from 9% of portfolio rental income to 4%.

Since 1 July 2013, Growthpoint has undertaken 257,895 square metres of leasing in 79 separate transactions. Due to successful leasing across the portfolio, Growthpoint now has over 73% of its leases by income expiring in FY22 or beyond.”

Chief Operating Officer of David Jones, David Thomas, said:

“We are delighted to have entered long term leases with Growthpoint for our David Jones and Country Road Group head offices at Botanicca Corporate Park in Richmond. The two buildings will provide our people with a world class working environment. We will create a retail centre of excellence for David Jones and the Country Road Group.”

⁵ Current building only. Approval has been granted for an 18,000 square metre office development on this site.

⁶ After (1) the SW1 complex in South Brisbane, Qld, (2) 1 Charles Street, Parramatta, NSW and (3) 75 Dorcas Street, South Melbourne, Vic.

⁷ Excludes rent free period and other incentives and before costs.



Other leasing

In addition to the above, Growthpoint has also signed a 10 year extension of the lease to Willow Ware Australia of its 16,276 square metre industrial property at 60 Annandale Road, Melbourne Airport, Victoria. The lease has fixed annual rent increases of 3.25%.

Managing Director, Timothy Collyer, said:

“Growthpoint has again utilised its transactional abilities to achieve an excellent result for our securityholders. The property portfolio WALE extension from 6.2 years to 6.9 years (on a pro forma basis) as at 30 June 2016 and the removal of a potential FY18 vacancy helps provide security of income for our securityholders.

Country Road Group and David Jones join Growthpoint’s high quality office tenant list which includes Australian Commonwealth and State governments, Jacobs and ANZ Bank. We are also delighted to have extended our lease with long-standing tenant Willow Ware Australia in our industrial portfolio.

Growthpoint is in advanced stages of negotiations in relation to other leasing transactions and hopes to be in a position to make further announcements soon.”

Aaron Hockly, Chief Operating Officer

www.growthpoint.com.au

Media and investor enquiries should be directed to:

Aaron Hockly, Chief Operating Officer, Growthpoint Properties Australia
Telephone: +61 (0)3 8681 2900, info@growthpoint.com.au

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. GOZ owns interests in a diversified portfolio of 58 office and industrial properties throughout Australia valued at approximately \$2.8 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.