

ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

15 December 2016

Property sales, increased distribution guidance and other business updates

Growthpoint Properties Australia (“**Growthpoint**”) is pleased to announce:

1. the sale of \$142.2 million of industrial property;
2. an increase in distribution guidance for FY17 to 21.5 cents per security;
3. its distribution for the six months ending 31 December 2016 at 10.6 cents per security;
4. the operation of the distribution reinvestment plan (“**DRP**”) for the February 2017 distribution at a 2% discount¹;
5. a reduction in balance sheet gearing to 43.7% (with a further reduction expected on or before the release of half year results in February 2017);
6. new banking facilities have been entered into to fund the acquisition of the former GPT Metro Office Fund (“**GMF**”) and to replace GMF’s previous debt;
7. \$125 million of new interest rate swaps have been entered into and \$100 million of GMF’s previous interest rate swaps have been terminated;
8. 6,429 square metres of new and extended leasing since Growthpoint’s last update on 1 October 2016;
9. the completion of the development of Building C, 211 Wellington Road, Mulgrave, Victoria;
10. the results of its participation in the Global Real Estate Sustainability Benchmark assessment (“**GRESB**”) and the Carbon Disclosure Project (“**CDP**”); and
11. key dates for 2017.

Growthpoint’s Key Metrics as at 31 October 2016, pro forma for matters listed in this announcement

Total property portfolio value	\$3.1 billion
Distribution guidance FY17	21.5 cps
Number of properties	59
Office / industrial	65% / 35%
Average property age	8.9 years
Occupancy	98.5%
Weighted average lease expiry (WALE)	6.5 years
Weighted average rent review*	3.2%
Weighted average capitalisation rate	6.9%
Balance sheet gearing	43.7%
Weighted average debt term	3.5 yrs
Weighted average duration of hedges/fixed debt	5.2 yrs
Key dates for Securityholders	
Half year results release	20 Feb 2017
Next distribution paid	28 Feb 2017

Sale of four industrial properties

Consistent with previous market guidance, Growthpoint has signed contracts with entities associated with Mapletree Logistics Trust of Singapore for the sale of four industrial properties in Victoria for a total consideration of \$142.2 million. These properties were classified as “held for sale” in Growthpoint’s 2016 Annual Report.

* Assumes Consumer Price Index change of 1.3% per annum as per Australian Bureau of Statistics release for year to 30 September 2016.

The properties to be sold (“**Logistics Portfolio**”), including their 30 June 2016 book values, are:

1. 28 Bilston Drive, Wodonga - \$69.2 million.
2. 101-103 William Angliss Drive, Laverton North - \$27.7 million.
3. 213-215 Robinsons Road, Ravenhall - \$27.0 million.
4. 365 Fitzgerald Road, Derrimut - \$17.8 million.

At 30 June 2016, the Logistics Portfolio had a WALE of 6.9 years, a combined lettable area of 103,517 square metres and provided approximately \$11.95 million of annual rental income.

Settlement of the sale of all four properties is interdependent and is expected to occur today.

Net sale proceeds will be used to repay debt (refer below for more details about Growthpoint’s balance sheet gearing).

¹ The board reserves the ability to revoke or amend the DRP at any time.



Managing Director, Timothy Collyer, said-

“The sale of these four properties is consistent with Growthpoint’s stated strategy to:

1. Reduce balance sheet gearing following the successful takeover of GMF.
2. Reweight from the industrial sector into the office sector with Growthpoint’s office exposure moving from 62% at 1 October 2016 to 65%.
3. Increase NSW property investment as a proportion total property investment.
4. Partially reduce the risk to future income associated with four leases to Woolworths expiring on the same day in FY22².”

Increased distribution guidance for full year ending 30 June 2017

Following the successful takeover of GMF and the sale of the Logistics Portfolio, Growthpoint is pleased to announce distributable profit for the financial year ending 30 June 2017 is expected to be at least 23.3 cents per stapled security; 6.4% above FY16 and 5.0% above previous guidance of at least 22.2 cents per stapled security.

Growthpoint will continue to payout as much distributable profit as is reasonably prudent to securityholders and currently expects its payout ratio to remain above 90% on a financial year basis for some time. In determining its payout ratio, Growthpoint will consider its capital expenditure and working capital requirements as well as current and anticipated business and financial conditions, especially as they relate to raising debt and equity capital.

In light of the above, Growthpoint’s directors are pleased to advise, subject to current market conditions continuing, estimated distribution guidance for the year ending 30 June 2017 of 21.5 cents per stapled security; 0.2 cents above previous FY17 guidance of 21.3 cents per stapled security and 4.9% above FY16.

This annual distribution is expected to be paid through the distribution of 10.6 cents per stapled security in February 2017 and the distribution of 10.9 cents per stapled security in August 2017. The tax deferred status of each distribution payable in respect of the year ending 30 June 2017 will be confirmed with the full year financial results to be released on or around Monday, 21 August 2017.

Declared distribution for half year ending 31 December 2016

In accordance with Listing Rule 3.20 and Appendix 6A, Growthpoint is pleased to provide distribution details for the half year ending 31 December 2016:

Trust distribution - GOZ	10.6 cents per unit
Company dividend - GOZ	0.0 cents per share
Total distribution - GOZ	10.6 cents per stapled security
Last date to trade to be eligible for distribution	Wednesday, 28 December 2016
Ex-distribution date	Thursday, 29 December 2016
Record date	Friday, 30 December 2016 <i>(note 31 December 2016 is a Saturday)</i>
Final DRP election date	Tuesday, 3 January 2017
Anticipated payment date	Tuesday, 28 February 2017

The results for the 6 months ending 31 December 2016 are expected to be released on or around Monday, 20 February 2017.

Distribution reinvestment plan

Under Growthpoint’s DRP securityholders can elect to receive new “GOZ” stapled securities in place of a cash distribution for this distribution. Stapled securities will be allocated to participants on the basis of a 2% discount to the

² Each Woolworths lease of the six distribution currently owned by Growthpoint contain 10 x 5 year options for Woolworths to extend.



10 day volume weighted average market price for stapled securities commencing on the second trading day following the record date (30 December 2016).

Growthpoint Properties Limited, who currently own 64.3% of Growthpoint's securities, have advised that they intend to take up their full entitlement under the DRP and, in accordance with approval received from other securityholders at the 2016 Annual General Meeting, will also underwrite the balance.

Any changes to payment instructions for the February 2017 distribution must be received by Growthpoint's share registry on or before Tuesday, 3 January 2017. Previous elections will automatically carry forward until revoked. To alter payment instructions, securityholders should contact Growthpoint's share registry:

*Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Vic 3001
Australia*

*Telephone: 1300 850 505 (within Australia) or
+61(0)3 9415 4000 (from outside of Australia)
Facsimile: +61(0)3 9473 2500
Email: webqueries@computershare.com.au*

Debt capital management

Balance sheet gearing

Primarily due to the successful takeover of GMF, balance sheet gearing reached 46.0%, above Growthpoint's target range of 35%-45% (as forecast in the Bidder's Statement for GMF). The sale of the Logistics Portfolio noted above will reduce balance sheet gearing to approximately 43.7%, within Growthpoint's target range. The DRP will ensure balance sheet gearing remains stable and property revaluations at 31 December 2016 should reduce this further. Growthpoint may consider other capital management initiatives in early 2017 to reduce balance sheet gearing toward the middle of its target gearing range.

As outlined in the Bidder's Statement for GMF, Growthpoint entered into a new \$150 million banking facility to fund the cash portion of its purchase of GMF units. It has also replaced GMF's previous \$145 million bank facility with two new separate bank facilities. Debt facilities now total \$1,675 million and, following debt repayment from the Logistics Portfolio sale, headroom will be approximately \$274 million and the all-in cost of debt will be approximately 4.02% per annum.

New interest rate swaps

Growthpoint terminated the two previous GMF interest rate swaps with a face value of \$100 million for a cost of \$6.6 million. Two new swaps with a face value of \$125 million, a weighted average fixed interest rate of 2.16% per annum and a weighted average maturity of 4.8 years have since been entered into. The table below outlines Growthpoint's current fixed debt position including all current interest rate swaps and fixed debt facilities.

Following repayment of debt from the sale of the Logistics Portfolio, fixed interest rate and hedged debt will be approximately 67.3% of all drawn debt, below Growthpoint's target range of 75%-100%. Growthpoint expects to either reduce debt further or to fix more of its drawn debt (through interest rate swaps or debt capital markets issuance) to bring the percentage of fixed rate or hedged debt to within its target range.

Chief Financial Officer, Dion Andrews, said-

"Growthpoint has been able to quickly execute on its capital management initiatives to bring balance sheet gearing within our target range. Ongoing initiatives should lower gearing further as well as increase the fixed portion of drawn debt to within Growthpoint's target range of 75%-100%."

Dion Andrews was recently awarded "Best CFO" for ASX listed real estate groups in the ASX 101-200 category³.

³ East Coles Corporate Performance and Investment Banking Awards 2016

Weighted average fixed debt

as at 31 October 2016

Interest Rate Swaps (IRS)

Maturity date	Time to maturity	Fixed rate	
Jul-2018	1.7yrs	3.20%	\$50m
Feb-2019	2.3yrs	3.57%	\$50m
Feb-2019	2.3yrs	3.55%	\$50m
Nov-2019	3.0yrs	3.70%	\$60m
Jun-2020	3.6yrs	2.36%	\$25m
Jun-2020	3.6yrs	2.36%	\$25m
Dec-2020	4.1yrs	2.42%	\$50m
May-2021	4.6yrs	2.10%	\$50m
Jun-2021	4.6yrs	2.48%	\$50m
Nov-2021	5.0yrs	2.20%	\$75m
Weighted average IRS	3.5yrs	2.83%	\$485m interest rate swaps

Fixed Rate Debt Facilities (FRDF)

Dec-2022	6.1yrs	4.42%	\$250m
Mar-2025	8.3yrs	4.67%	\$200m
Weighted average FRDF	7.1yrs	4.53%	\$450m fixed rate debt
Weighted average fixed debt	5.2yrs		

Note: IRS is the fixed rate only and excludes margin and line fees. The FRDF is the all-in cost

New leasing

Since 1 October 2016, Growthpoint has entered into the following leases:

Address	Sector	Tenant	Start Date	Term	Annual Rent	Net Lettable Area	Car Parks
					Increases	Area	Parks
				yrs	(%)	sqm	no.
15 Green Square Cl, Fortitude Valley, Qld	Office	Duy Khuong Nguyen	Q2, FY17	7	4	85	–
109 Burwood Rd, Hawthorn, Vic	Office	Watermark Australasia	Q2, FY17	7	3.75	1,585	50
109 Burwood Rd, Hawthorn, Vic	Office	Armus Persia	Q2, FY17	5	CPI *	126	3
A1, 32 Cordelia St, South Brisbane, Qld	Office	Jacobs Group (Australia)	Q2, FY17	0.5	3.75	1,311	11
A4, 52 Merivale St, South Brisbane, Qld	Office	Sabre Travel Network	Q2, FY17	4	4	622	10
A1, 32 Cordelia St, South Brisbane, Qld	Office	University of the Sunshine Coast	Q3, FY17	9	3.75	208	–
Building C, 219-247 Pacific Hwy, Artarmon, NSW	Office	Richard Crookes Constructions	Q3, FY17	7	3.75	2,350	19
A4, 52 Merivale St, South Brisbane, Qld	Office	University of the Sunshine Coast	Q4, FY17	8.5	3.75	142	–
Total / Weighted Average				5.2	3.7*	6,429	93

* Assumes Consumer Price Index change of 1.3% per annum as per Australian Bureau of Statistics release for year to 30 September 2016.

Portfolio occupancy remains high at 98.5%.

Following this leasing and the Logistics Portfolio sale, Growthpoint's lease expiry profile, top 10 tenants and property portfolio geographic weighting are as follows:

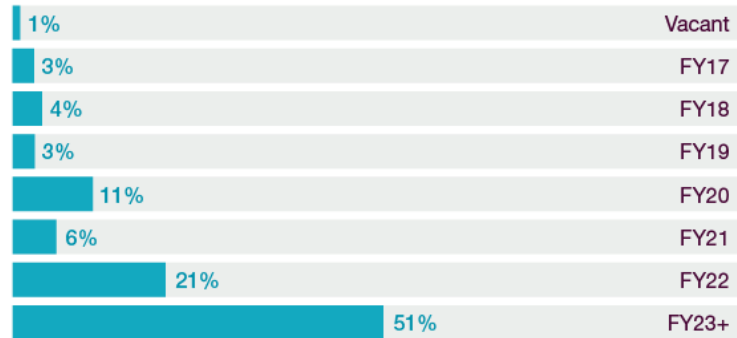
Top ten tenants by rent

Major tenant	%	WALE (yrs)
Woolworths	17%	6.0
NSW Police	8%	7.6
Commonwealth of Australia	6%	9.4
GE Capital Finance Australasia ¹	5%	14.4
Linfox	4%	6.6
Samsung Electronics	3%	5.4
Jacobs Group	2%	7.2
Lion	2%	7.5
Energex	2%	11.0
ANZ Banking Group	2%	3.4
Total / Weighted Average	51%	7.7
Balance of portfolio	49%	5.2
TOTAL	100%	6.5

1. Leases to Country Road / David Jones, with a weighted average lease term from commencement of 14.5 years, will replace the existing lease to GE Capital Finance Australasia upon the lease expiry.

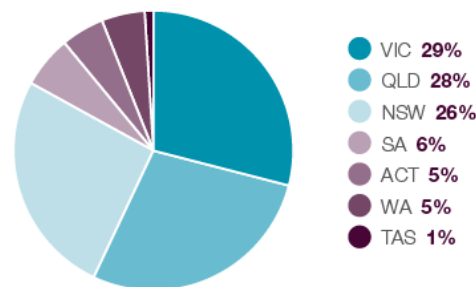
Portfolio lease expiry profile

per financial year, by income



Property portfolio - Geographic weighting

by property value



Completion of Building C, 211 Wellington Road, Mulgrave, Victoria

In November 2015, Growthpoint acquired land at 211 Wellington Road, Mulgrave approximately 22 kilometres south-east of Melbourne's Central Business District and funded through the development of a 10,304 square metre office building plus a multi-level car park of 598 spaces. The development was completed in October 2016. The land purchase price plus fund-through development costs for Growthpoint totalled \$50.8 million⁴.

The property is 47% leased (by area) to BMW Australia Finance Limited with the balance covered by a five year rental guarantee from the developers (Frasers Property Limited and Commercial & Industrial Property Pty Ltd). The lease and rental guarantee provide a current passing income yield of 7.25% on purchase price and development costs increasing by 3.25% per annum.

The property is targeting a 5 star Green Star rating (by design) and a 5 star NABERS rating.

Head of Property, Michael Green said:

"This is Growthpoint's ninth completed fund-through development and the second in Mulgrave, with Building B, 211 Wellington Road, having reached practical completion in 2015.

Fund-through developments provide Growthpoint with well-leased, newly constructed properties typically with excellent green credentials.

We are delighted to welcome BMW Finance as a new tenant to the portfolio."

⁴ Excludes transaction costs and stamp duty.



Sustainability update

In 2016, Growthpoint participated in the Global Real Estate Sustainability Benchmark assessment (“GRESB”) and the Carbon Disclosure Project (“CDP”) for the first time. Growthpoint was 10th out of 18 in its global peer group for GRESB and achieved a C (on an A to D- scale) for CDP matching the industry average. Growthpoint was also a finalist in the CDP Australian Climate Leadership Awards 2016 for best climate disclosure by a new reporting company. Growthpoint will seek to continue to improve its ratings against these benchmarks.

Key dates for 2017

Growthpoint is pleased to advise the following key dates for securityholders for 2017⁵:

Half year results released	20 February 2017
February distribution paid	28 February 2017
Full year results released	21 August 2017
August distribution paid	31 August 2017

Aaron Hockly, Chief Operating Officer

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Media and investor enquiries should be directed to:

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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. After completion of the sale transactions referred to in this announcement, GOZ owns interests in a diversified portfolio of 59 office and industrial properties throughout Australia valued at approximately \$3.1 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.

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.

⁵ Dates are indicative and subject to change by Growthpoint's board at any time.