GROWTHPOINT PROPERTIES

SPACE TO THRIVE

18 July 2018

ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

Property transactions and FY19 guidance

Property acquisition

Growthpoint Properties Australia ("Growthpoint") is pleased to announce that it has entered into transaction documents for the acquisition of **836 Wellington Street, West Perth** for **$91.3 million** reflecting a market yield of **6.25%**.

The property is 100% leased to the Commonwealth of Australia (Department of Home Affairs) with a remaining lease term of 8.3[1] years and annual rent reviews of 3.75%[2]. Completed in 2009, the property is a modern A-Grade office building consisting of 11,973 square metres (sqm) over 6 floors with 138 secured car bays. The building has strong environmental credentials with a 5.5 Star NABERS Energy rating and a 4 Star NABERS Water rating.

Savills has independently valued the property at the purchase price.

Settlement, which is subject to contractual conditions, is expected in October 2018. The acquisition will be funded by undrawn debt facilities and the upcoming Distribution Reinvestment Plan.

Growthpoint's Managing Director, Timothy Collyer, said:

"Completion of the acquisition of 836 Wellington Street will add another well leased, modern, A-Grade building to Growthpoint's growing office portfolio, which is now valued at $2.25 billion[3]. This is Growthpoint's first office investment in Perth and is the product of a long period of due diligence on the Perth office property market.

"Signs of improvements in the Western Australian economy give us confidence that the recovery in Perth is underway. More supportive conditions in the resources industry have led to a stabilisation in falling business investment and while total investment is still subdued, the outlook is more promising. Recent employment data, business confidence and business conditions surveys for Western Australia are also much improved and these factors are leading to a better performing Perth office leasing market. The removal of substantial sub-leasing from the market over the past 12-18 months, along with a period of subdued development give us confidence that the timing of this transaction will closely meet the bottom of Perth's office leasing market (both in terms of market rents and incentive levels). The long WALE of 8.3[1] years and 'AAA' rated tenant covenant associated with this transaction were both strong considerations in making our inaugural investment into the Perth office market."

Growthpoint's Key Metrics at 31 March 2018	
Total property portfolio value	**$3.3 billion**
Distribution guidance FY19	**23.0 cents**
Number of properties	**57**
Office / industrial	**66% / 34%**
Average property age	**10.3 years**
Occupancy	**98%**
Weighted average lease expiry	**5.5 years**
Weighted average rent review *(assumes CPI of 1.9%)*	**3.3%**
Weighted average capitalisation rate	**6.4%**
NTA per stapled security *(as at 31 December 2017)*	**$3.08**
Balance sheet gearing	**35.5%**
Percentage debt fixed	**80%**
Weighted average debt maturity	**4.3 years**
Average NABERS rating (energy)	**4.5 stars**

Update on potential divestments

Formal marketing for the sale of 6 Parkview Drive and 102 Bennelong Parkway, 'Quads 2 and 3', Sydney Olympic Park is expected to begin in the next fortnight. Covering a substantial site area of 14,423 sqm the properties represent

[1] Remaining lease term as at 1 October 2018
[2] 3.75% annual escalations until expiry with a market rent review at 1 February 2021 (market rent review features ratchet clause)
[3] Based on 31 December 2017 valuations

a significant residential development opportunity under the current review of the Sydney Olympic Park Authority (SOPA) Masterplan 2030, while also delivering strong holding income.

GJS Property and Savills have been appointed selling agents for the properties.

Guidance for the year ending 30 June 2019 (FY19)

Growthpoint's directors are also pleased to provide, subject to market conditions, FY19 Funds from Operations (FFO) guidance of at least 24.6 cents per stapled security and distributions guidance of 23.0 cents per stapled security, representing a 3.6% increase in distributions to Securityholders (compared with 22.2 cents per security in FY18). This is within the Group's medium-term target range of 3-4% distribution per security growth per annum and equates to a FY19 payout ratio to FFO of a maximum of 93.5% and a FY19 distribution yield of 6.3% (based on Growthpoint's closing price of $3.66 on 17 July 2018). FY19 guidance takes into account the West Perth acquisition announced today, up to $110 million of asset sales expected to take place throughout FY19 and the Dividend Reinvestment Plan activated for the August 2018 distribution.

The annual distribution is expected to be paid as 11.4 cents per stapled security in February 2019 and 11.6 cents per stapled security in August 2019. The tax deferred status of each distribution payable in respect of the year ending 30 June 2019 will be confirmed with the full year financial results to be released on or around Thursday, 22 August 2019[4].

Growthpoint will continue to distribute as much FFO as is reasonably prudent to Securityholders. In determining its payout ratio, Growthpoint will consider its capital expenditure, tenant incentive and working capital requirements as well as current and anticipated business and financial conditions, especially as they relate to raising debt and equity capital.

For further information, please contact:

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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. Growthpoint owns interests in a diversified portfolio of 57 office and industrial properties throughout Australia valued at approximately $3.3 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.

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" 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

[4] Date subject to change by the Board

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 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, 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 operates.