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19 November 2018

ASX ANNOUNCEMENT

GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

ANNOUNCEMENT HIGHLIGHTS

- Acquisition of an A-grade office asset for \$250 million¹
- Rights Offer to raise up to approximately \$135 million at an offer price of \$3.46 per security
- Annualised FY19 Funds From Operations (“FFO”) accretion of 2.2%²
- Pro forma FY19 FFO guidance increased from at least 24.6 cents per security to at least 24.8³ cents per security
- FY19 distribution per security (“DPS”) guidance of 23.0 cents maintained⁴, subject to market conditions
- Attractive FY19 DPS yield at the offer price of 6.6%

ACQUISITION AND EQUITY RAISING

Growthpoint Properties Australia (“**Growthpoint**”) today announces it has exchanged contracts for the acquisition of an A-Grade office asset being 100 Skyring Terrace, Newstead, QLD (“**Acquisition**”)⁵. The Acquisition will be partially funded by an equity raising of up to approximately \$135 million via a non-underwritten 1 for 17.65 accelerated non-renounceable rights offer (“**Rights Offer**”).

Growthpoint Properties Limited (“**Growthpoint SA**” or “**GRT**”) has committed to take up its full entitlement of approximately \$89 million worth of securities under the Rights Offer.

Acquisition of 100 Skyring Terrace, Newstead, QLD

Summary of key metrics for the Acquisition:

- Purchase price: \$250 million
- Passing initial yield: 6.1%
- Weighted average lease expiry (“**WALE**”): 7.5 years⁶
- Occupancy: 100%⁶
- Major ASX-listed tenants: Bank of Queensland and Collection House
- Weighted average rent review (“**WARR**”): 3.9% per annum
- Independent valuation: the property has been valued at \$250 million as at 31 October 2018

¹ Excludes transaction costs.

² Compares pre-acquisition FY19 guidance and annualised post-acquisition pro forma FY19 guidance.

³ Assumes 0% participation from non-GRT securityholders. Pro forma FY19 FFO guidance of least 24.7 cents per security assuming 100% participation from non-GRT securityholders.

⁴ Securities issued under the Rights Offer will rank pari passu with existing Growthpoint securities and will be entitled to the distribution for the 6 months to 31 December 2018.

⁵ Completion expected to occur on 7 December 2018.

⁶ As at 19 November 2018.



It is expected that the Acquisition will be completed on 7 December 2018. The property is fully leased with major ASX-listed tenants including Bank of Queensland and Collection House with the first significant lease expiry not until May 2026.

Completed in 2014, the building offers 24,665m² of lettable area across large floor plates, which have been orientated to maximise natural light. The building was architecturally designed by ML Designs with the highest quality fit out by Bates Smart. It was constructed by Hutchison Builders, Australia's largest privately owned construction company, and was a finalist in the Property Council of Australia's Innovation and Excellence Awards for Best Office Development. The building has 5.5 Star NABERS Energy Rating and 5 Green Star As Built v3 Rating.

The property is strategically located in Newstead, one of five precincts within Brisbane's near city office market which have been identified for urban renewal ("**Urban Renewal Precinct**")¹. At the northern gateway of the CBD, the property is within walking distance to all nodes of public transport and surrounded by plenty of parking options. The property is also in close proximity to a range of amenities, including a nearby abundance of open green spaces, cafes, restaurants, health clubs and retail.

The Brisbane economy is expected to be supported by strong population growth, tourism and over \$45 billion of public and private infrastructure investment forecast over the next four years². Brisbane's near city office market is the fastest growing office market in Australia³, driven by the Urban Renewal Precinct. In the six months to July 2018, vacancies in the Urban Renewal Precinct contracted from 14.3% to 13.7% with vacancy expected to continue to tighten in 2019. Urban Renewal Precinct A-Grade vacancy currently sits at 5.3%⁴, effectively fully occupied.

Growthpoint's Managing Director, Timothy Collyer, said:

"The Acquisition is a continuation of our strategy to acquire high-quality, modern assets located in prime markets with a long WALE and fixed rental increases which will underpin the future growth of Growthpoint's distributable income.

This Acquisition further diversifies Growthpoint's high-quality portfolio and has again demonstrated the group's ability to source and execute quality transactions across sectors for the benefit of securityholders. We will continue to pursue acquisition opportunities when it enhances the value proposition for our securityholders."

Equity raising

The Acquisition will be partially funded by a non-underwritten Rights Offer comprising an institutional rights offer (**Institutional Rights Offer**) and a retail rights offer (**Retail Rights Offer**). Under the Rights Offer, eligible securityholders will be invited to subscribe for 1 new Growthpoint security (**New Securities**) for every 17.65 existing Growthpoint securities held as at 7.00pm (AEDT⁵) on 21 November 2018 (**Record Date**) at an issue price of \$3.46 per New Security (**Issue Price**).

Up to approximately 39.0 million New Securities are expected to be issued, which represents approximately 5.7% of Growthpoint securities currently on issue.

¹ The five urban renewal areas in Brisbane's near city office market are: (Fortitude Valley, Newstead and Bowen Hills), South Brisbane, Milton, Spring Hill and Toowong.

² Queensland FY18 Budget.

³ CBRE research.

⁴ CBRE research. CBRE has identified 16 buildings in the Urban Renewal precinct of distinct A-grade quality.

⁵ Australian Eastern Daylight Time.



The Issue Price of \$3.46 per new Growthpoint stapled security represents a:

- 4.2% discount to the last close price of \$3.61 on 16 November 2018
- 4.5% discount to the 5-day volume weighted average price (**VWAP**) of \$3.62 on 16 November 2018
- 3.9% discount to the theoretical ex-rights price of \$3.60
- 7.2% forecast FY19 FFO yield¹
- 6.6% forecast FY19 distribution yield²

The Rights Offer is non-renounceable and rights will not be tradeable on ASX or be otherwise transferable. Eligible stapled securityholders who do not take up their entitlement under the Rights Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

A Retail Rights Offer booklet containing information in respect of the Retail Rights Offer will be sent to eligible retail securityholders in Australia and New Zealand on 26 November 2018. Eligible retail securityholders should read the Retail Rights Offer booklet in full before deciding whether to apply for New securities.

Under the Retail Rights Offer, eligible retail securityholders may apply for additional New Securities in excess of their entitlement under an oversubscription facility (**Oversubscription Facility**). Additional New Securities will only be available under the Oversubscription Facility to the extent that there is a shortfall between applications received from eligible retail securityholders and the number of New Securities proposed to be issued under the Retail Rights Offer. The allocation of additional New Securities under the Oversubscription Facility will be subject to the terms set out in the Retail Rights Offer booklet, expected to be despatched to eligible retail securityholders on 26 November 2018.

After the Retail Rights Offer closes, if a sufficient shortfall remains following the allocation of additional stapled securities (if any), Growthpoint may offer to sell New Stapled Securities to existing and new institutional investors via a bookbuild at the offer price of \$3.46 for any remaining stapled securities relating to any Entitlements not taken up.

Any eligible retail securityholder in Australia or New Zealand who wishes to acquire New Securities under the Retail Rights Offer will need to complete a personalised entitlement and acceptance form that will accompany the Retail Rights Offer booklet.

New Securities issued under the Rights Offer will rank equally with existing Growthpoint securities and be entitled to the full distribution for the half year ending 31 December 2018 of 11.4 cents per security.

Goldman Sachs Australia Pty Ltd is acting as sole lead manager and bookrunner of the Rights Offer. Herbert Smith Freehills is acting as legal advisor to Growthpoint.

The indicative timetable for the Rights Offer is set out below.

Major securityholder intentions

Growthpoint SA, Growthpoint's largest securityholder holding approximately 66% of Growthpoint's current securities on issue, has committed to take up its full entitlement of approximately \$89 million worth of securities under the Rights Offer.

¹ Based on pro forma FY19 FFO guidance of at least 24.8 cents per Security divided by the Issue Price.

² Based on FY19 DPS guidance of 23.0 cents divided by the Issue Price.



Impact of the Transaction

The Acquisition and Rights Offer (together, the “**Transaction**”) is expected to have the following financial impact¹:

- Annualised FY19 FFO accretion of approximately 2.2%
- Pro forma FY19 FFO guidance increased from at least 24.6 cents per security to at least 24.8² cents per security
- FY19 distribution guidance of 23.0 cents per security maintained³, subject to market conditions
- Pro forma net tangible assets (**NTA**) per security reduced from \$3.19 to \$3.18 due to transaction costs
- Pro forma gearing of 37.6% - 38.8%⁴, below the midpoint of Growthpoint’s 35% - 45% target gearing range

Indicative Rights Offer timetable

Event	Date ⁵
Trading halt and announcement of the Acquisition and Rights Offer	Monday, 19 November 2018
Institutional Rights Offer opens and closes	Monday to Tuesday, 19-20 November 2018
Trading re-commences on an ex-rights basis	Wednesday, 21 November 2018
Record date	7:00pm Wednesday, 21 November 2018
Retail Rights Offer opens	Monday, 26 November 2018
Early retail acceptance due date	Tuesday, 27 November 2018
Settlement of the Institutional Rights Offer and early Retail Rights Offer	Wednesday, 28 November 2018
Allotment and ASX quotation of securities issued under Institutional Rights Offer and applications received by the early retail acceptance due date	Thursday, 29 November 2018
Retail Rights Offer closes	Wednesday, 5 December 2018
Shortfall bookbuild (if any)	Friday, 7 December 2018
Final settlement of the Retail Rights Offer and any New Securities issued under the shortfall bookbuild	Tuesday, 11 December 2018
Allotment of the Retail Rights Offer securities and any New Securities issued under the shortfall bookbuild	Wednesday, 12 December 2018
ASX quotation of the Retail Rights Offer securities and any New Securities issued under the shortfall bookbuild	Thursday, 13 December 2018
Dispatch of holding statements for Retail Rights Offer securities	Friday, 14 December 2018

Times refer to Australian Eastern Daylight Time (AEDT). Growthpoint reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. The commencement of quotation and trading of New Securities is subject to confirmation from the ASX.

¹ Assumes 0% participation from non-GRT securityholders.

² Assumes 0% participation from non-GRT securityholders. Pro forma FY19 FFO guidance of least 24.7 cents per security assuming 100% participation from non-GRT securityholders.

³ New Securities issued under the Rights Offer will rank *pari passu* with existing Growthpoint securities and be entitled to the distribution for the 6 months to 31 December 2018.

⁴ Range depends on participation of non-GRT securityholders under the Rights Offer which is not underwritten.

⁵ All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to the Australian Eastern Daylight Time (AEDT).



Teleconference/webcast details

An analyst and investor briefing will be held via teleconference and webcast at 10:30am (Melbourne time) today (19 November 2018).

The webcast can be viewed by clicking on the link below and following the prompts provided:

<https://edge.media-server.com/m6/p/uovw3i24>

Investors wishing to participate in the call should dial-in based on their location using the details below. Please ask to join the Growthpoint Properties Australia Acquisition and Equity Raising call.

Selected analysts and large investors will be provided with separate access codes to enable them to ask questions live on the call.

A webcast including a recording of the call will be available from approximately 12pm (Melbourne, Australia time) 19 November 2018 at:

<https://edge.media-server.com/m6/p/uovw3i24>

Attendee Passcode (Non Q&A):		128430			
Location	Number	Location	Number	Location	Number
Australia Toll Free:	1 800 558 698	Germany:	0800 182 7617	South Korea:	00 798 142 063 275
Alternate Australia Toll Free:	1 800 809 971	Hong Kong:	800 966 806	Sweden:	020 791 959
Australia Local:	02 9007 3187	India:	0008 0010 08443	South Africa:	0800 999 976
New Zealand Toll Free:	0800 453 055	Indonesia:	001 803 019 3275	Switzerland:	0800 820 030
NZ Local (Auckland):	09 929 1687	Ireland:	1800 948 625	Taiwan:	008 0112 7397
NZ Local (Wellington):	04 974 7738	Italy:	800 793 500	Thailand:	001800 156 206 3275
NZ Local (Christchurch):	03 974 2632	Japan:	0053 116 1281	UAE:	8000 3570 2705
China Wide:	4001 200 659	Malaysia:	1800 816 294	United Kingdom:	0800 051 8245
Belgium:	0800 72 111	Norway:	800 69 950	US Local (New York):	(914) 202 3258
Canada:	1855 8811 339	Philippines:	1800 1110 1462	US Local (Los Angeles):	(909) 235 4020
France:	0800 913 848	Singapore:	800 101 2785	US Local (Chicago):	(815) 373 2080

Additional information

Additional information regarding the Acquisition and Rights Offer, including certain key risks, is contained in the investor presentation released to ASX today. A Retail Offer Booklet containing information in connection with the Retail Rights Offer will be released separately and mailed to eligible retail securityholders.

ENDS

Further information:

Investors/analysts and Media

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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 59¹ office and industrial properties throughout Australia valued at approximately \$3.7¹ 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.

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This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this announcement nor anything attached to this announcement shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Securities have been, or will be, registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be exercised or taken up by, and the New Securities may not be offered or sold, directly or indirectly, to, persons in the United States unless they have been registered under the U.S. Securities Act (which Growthpoint has no intention or obligation to do or procure) or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

Forward looking statements

This announcement contains certain "forward-looking statements", including but not limited to projections and guidance on Growthpoint's future financial performance, the outcome and effects of the Rights Offer and the use of proceeds.

The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward - looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and certainties and other factors which are beyond the control of Growthpoint, its directors and management.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumption on which these statements are based. These statements may assume the success of Growthpoint's business strategies. The success of any of those strategies will be realised in the period for which the forward looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and, except as required by law or regulation, none of Growthpoint, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward looking statements are based on information available to Growthpoint as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Growthpoint, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and therefore subject to market conditions.

¹ Post-acquisition of 100 Skyring Terrace, Newstead, QLD.