

ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

2 June 2015

Major lease to Commonwealth Government extended in Canberra

Growthpoint Properties Australia (“**Growthpoint**”) is pleased to announce an eight year extension of the lease at its office buildings at 10-12 Mort Street, Canberra, ACT (“**the Property**”) to the Commonwealth of Australia (represented by the Department of Employment).

The lease was originally due to expire in March 2017 and represents 4.0% of Growthpoint’s previous potential lease expiries for the 2017 financial year which have now been reduced to 3.6%. Growthpoint’s weighted average lease expiry term has been extended to 6.5 years as at 31 May 2015.

Original acquisition

Growthpoint purchased the Property in August 2012 for \$55.8 million at an initial yield of 10.28%. At acquisition, the Property was leased to the Commonwealth of Australia for five years (from March 2012) and had been recently refurbished.

The Property comprises 15,398m² net lettable area across interconnected office buildings.

Growthpoint was attracted to this acquisition due to the relatively high passing yield, fixed rent reviews of 3.75% per annum, prospects for lease renewal and the prime location in Canberra’s Civic precinct.

New lease terms

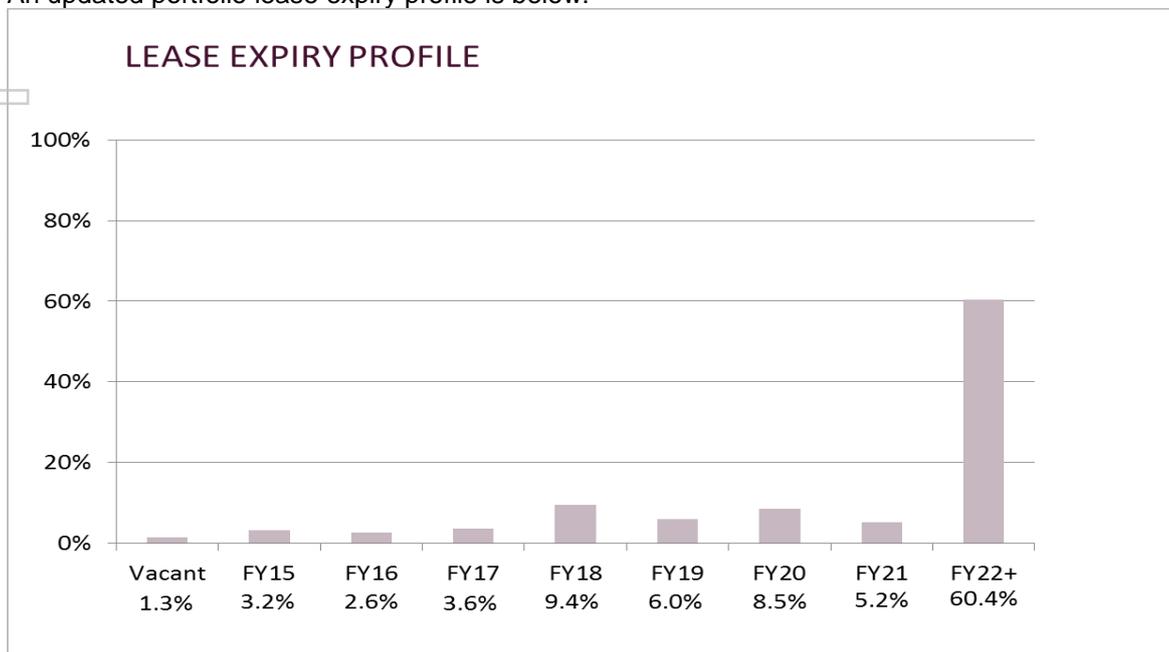
The lease of the Property has been extended to March 2025, an additional 8 years and now has a remaining lease term of 9.8 years from 31 May 2015. The lease was renewed at market rates.

Effect of lease extension

Lease expiry profile

The lease extension removes 4.0% of portfolio rental income previously potentially expiring in the 2017 financial year. The lease extension takes the weighted average lease expiry of Growthpoint’s property portfolio to 6.5 years as at 31 May 2015 (up from 6.2 years without the lease extension) and the weighted average lease expiry of Growthpoint’s office portfolio to 6.4 years as at 31 May 2015 (up from 5.8 years without the lease extension).

An updated portfolio lease expiry profile is below:



Valuation

The Property has been independently revalued at \$85.0 million by Jones Lang LaSalle on a market capitalisation rate of 7.0%, down from the previous market capitalisation rate of 8.50%, providing a valuation gain of approximately \$11.0 million when compared to the prior book value (after lease extension costs payable by Growthpoint). This represents a gross valuation gain of \$29.2 million or 52.3% from the acquisition price in 2012.

Following this valuation, Growthpoint's weighted average market capitalisation rate for its entire portfolio is 7.6% and 7.5% for just the office portfolio (the latter is down from 7.6% at 31 December 2014). These revised capitalisation rates are before other revaluation changes which may be announced with Growthpoint's full year results in August 2015.

Head of Property, Michael Green, commented

"Growthpoint is very pleased that the Commonwealth Government of Australia is remaining as a long-term tenant of the Property.

The Property has been an excellent investment for Growthpoint and we are pleased to have secured the long-term income of the Property and increased the value of the Property for the benefit of Growthpoint's securityholders."

Timothy Collyer, Managing Director

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. GOZ owns interests in a diversified portfolio of 53 office and industrial properties throughout Australia valued at approximately \$2.3 billion and has an investment mandate to invest in office, industrial and retail property sectors.

Growthpoint is included in the S&P/ASX 300 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.