ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

1 August 2014

Initial Moody's rating

Moody's Investor Service ("Moody's) has assigned a senior secured debt rating of Baa2 to Growthpoint Properties Australia (**"Growthpoint"**). Attached is Moody's new issuer report explaining this rating.

In assigning its rating to Growthpoint, Moody's has considered, amongst other things:

- Growthpoint's strong business and operating profile;
- Transparent business model, with stable cash flows;
- Medium term growth through acquisitions;
- High quality tenant profile;
- Moderate financial leverage; and
- Support from major securityholder, Growthpoint Properties Limited of South Africa (Moody's rated Baa3 positive).

Over the last year Growthpoint has executed on its capital management strategy. Firstly, a target gearing range was set at 40%-45%. Growthpoint's gearing was then reduced to fall within that band through a placement and rights issue in late 2013 (the proceeds of which were used to pay for 5 industrial properties and reduce gearing) and maintained with the most recent rights offer that funded the purchase of 1 Charles Street, Parramatta. Growthpoint then initiated the rating process with Moody's culminating in the initial rating received today.

Growthpoint's capital management strategy going forward will be to diversify its sources of debt capital away from purely bank debt. This has two key advantages, namely less reliance on any one source of debt capital and longer maturities being available with issuances into debt capital markets.

Growthpoint's Chief Financial Officer, Dion Andrews, commented:

"Growthpoint has executed well on its capital management strategy to date. The Group will now look to use its investment grade rating from Moody's to diversify the sources, lengthen the tenor and reduce the overall expense of its debt in the year ahead. This, combined with strong demand for the Group's equity, will drive down our cost of capital allowing accretive acquisitions should property that meets our strict investment criteria become available for purchase."

Aaron Hockly, Company Secretary **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 51 office and industrial properties throughout Australia valued at approximately $2.1 billion and has an investment mandate to invest in office, industrial and retail property sectors.

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.

MOODY'S
INVESTORS SERVICE

NEW ISSUER REPORT

Growthpoint Properties Australia Limited

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Summary

Moody's Investors Service (Moody's) has assigned a senior secured rating of Baa2 to Growthpoint Properties Australia's (Growthpoint or "the Group") syndicated and bilateral bank facilities of approximately AUD995 million, of which, around AUD885 million has been drawn. The outlook on the rating is stable.

Growthpoint's Baa2 senior secured rating reflects the following considerations:

» **Growthpoint's strong business and operating profile.** The Group's strong credit position is underpinned by its high portfolio occupancy levels and long weighted average lease expiry (WALE), owing to its portfolio of good quality and modern properties, with increasing geographic, segment and tenant diversity.

» **Transparent business model, with stable cash flows.** Growthpoint adopts a simple business model investing solely in Australian assets, without any funds management or development businesses and exhibits an internalized management structure. This results in the Group deriving only rental income on fully owned properties with no exposure to fund or asset management fees. This together with the predominantly fixed rate escalation lease structure and long WALE underpins the stability and reliability of its cash flows.

» **Medium-term growth through acquisitions.** Growthpoint is expected to continue to grow its portfolio by acquiring properties that improve its WALE, tenant and geographic diversity. The Group will continue to fund the acquisitions with a sizable equity component to maintain its targeted gearing ratio (debt to total assets) of around 40%-45%.

» **Tenant concentration, but high quality lessees.** While Woolworths Limited (A3 Stable) represents 24% of the Group's total rental income, we consider the company a high quality A3-rated counterparty. The remainder of Growthpoint's portfolio is largely made up of quality tenants namely government organizations, state-owned entities and major corporates.

» **Moderate financial leverage.** Over the next 12-18 months, we expect Growthpoint will maintain net debt/EBITDA in the range of 5.0x to 6.0x and EBITDA to interest of between 2.7x and 3.5x.

» **Support from its Parent entity Growthpoint Properties South Africa (GSA, Baa3 positive).** GSA has demonstrated its willingness and ability to support Growthpoint's growth and acquisitions through capital injections, as well as participating in equity raisings and dividend reinvestment programs. We expect GSA to continue its support of Growthpoint and extraction of additional cash from Growthpoint beyond its distributions is unlikely.

Company Profile

Growthpoint is an Australian Securities Exchange (ASX) listed A-REIT (Code: GOZ), that invests in property within Australia. It has a stapled entity structure, with internalized management, comprising Growthpoint Properties Australia Limited (the responsible entity) and Growthpoint Properties Australia Trust.

Pro forma at 30 June 2014, Growthpoint held a portfolio of 51 wholly owned investment properties across Australia, comprising 35 industrial and 16 office properties. The value of the portfolio on the same date totaled approximately AUD2.07 billion, with a gross lettable area of around 1,036,844 square meters (Exhibit 1).

EXHIBIT 1

Growthpoint Properties Australia Limited

Metric	31 December 2013 (Pro Forma)
Number of Assets	51
Total/Average Value	AUD2,064.9 / AUD40.5 million
Total/Average Lettable Area	1,036,844 m^2 / 20,330 m^2
Average Property Age	7.6 years
Average Valuation Capitalization Rate	8.0%
Weighted Average Lease Expiry (WALE)	6.9 years
Weighted Average Rental Review (WARR)	3.1%

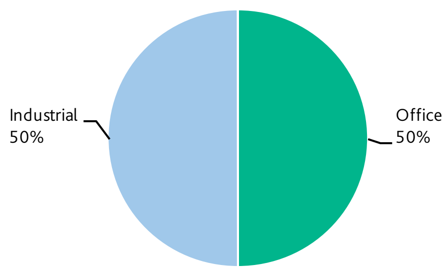
Note: Pro forma for the acquisition of 1 Charles Street, Parramatta, New South Wales
Source: Company presentations

When it was established in 2009, Growthpoint's entire portfolio comprised industrial properties, and Woolworth's was its major tenant, contributing 68% of overall rental income. The company's properties at the time were spread across five states, with Victoria representing the largest concentration of 49%.

Over the last five years, Growthpoint has grown substantially. It has more than doubled in size, and improved the diversity of its property holdings. For example, sector diversity has improved, with office and industrial properties representing around 50% of its portfolio by property value (Exhibit 2).

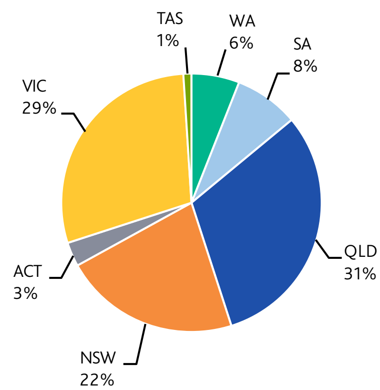
Its geographic diversity has also improved. In terms of property value, its properties in Queensland account for the highest proportion (31%). Tenant diversity has also improved, with Woolworths making up around 24% of passing rent, versus 68% in 2009.

EXHIBIT 2
Sector Diversity
30 April 2014



Note: Pro forma for the acquisition of 1 Charles Street Parramatta, NSW
Source: Company presentations

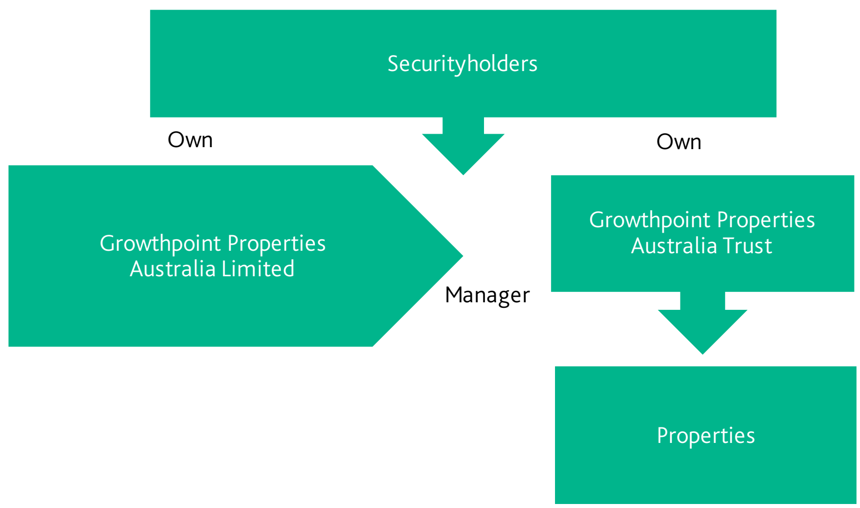
EXHIBIT 3
Geographic Diversity – Across Australia
30 April 2014



Note: Pro forma for the acquisition of 1 Charles Street Parramatta, NSW
Source: Company presentations

Organizational Structure

EXHIBIT 4
Growthpoint's Stapled Group Structure



Source: Company annual report for the financial year ended 30 June 2013

Segment Overview

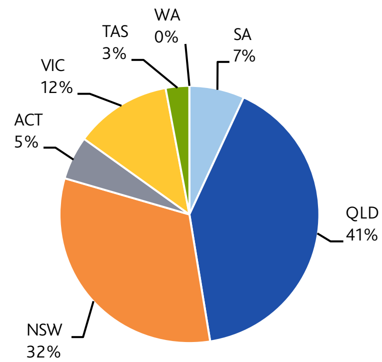
Office Properties

Growthpoint's office property portfolio consists of 16 properties spread across Australia. Queensland represents the largest geographic concentration by property value, with seven of the 16 properties in the state accounting for 40% of the Group's office portfolio value at pro forma 30 June 2014 (Exhibit 5). New South Wales is the next largest, accounting for 32% of the office portfolio's total value.

The average occupancy rate for Growthpoint's office properties is 97%.

EXHIBIT 5

Geographic Diversity – Office



Source: Company presentations

At 31 December 2013, Growthpoint's office portfolio's WALE measured 5.6 years. We estimate that its pro forma WALE has extended to 6 years, given its recent acquisitions. The average age of its office buildings measured 5.2 years in the same period.

The Group's total portfolio value at 30 June 2014 pro forma for its recent acquisitions was around AUD1.05 billion.

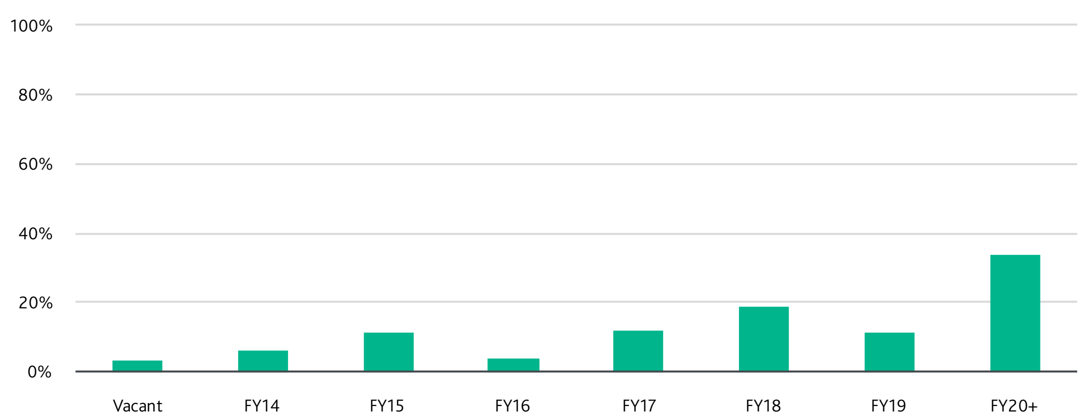
Growthpoint's office portfolio is concentrated towards properties outside central business districts. Its key fringe office market exposures include: (1) Inner south Brisbane, with a total investment value of AUD235 million with WALE of 5 years; the Parramatta office market with a total investment value of AUD241.1 million with WALE of 10 years; the Melbourne Fringe office market in the Yarra Precinct with a total investment value of AUD128.6 million and WALE of 4 years; the Sydney North Shore office market in Crows Nest / St Leonards with a total investment value of AUD90.5 million with WALE of 6.6 years and Nundah Queensland with a WALE of 12.4 years.

The Group's office portfolio's average capitalization rate measures 8.2%, and no more than 12% of its annual lease income is expected to expire in any one year between 31 July 2014 and fiscal year 2018 (Exhibit 6).

EXHIBIT 6

Growthpoint's Office Portfolio's Lease Expiry Profile

Per Financial Year



Note: Growthpoint's financial year is from 1 July to 30 June. FY14, for instance, represents the financial year from 1 July 2013 to 30 June 2014. .
Source: Company presentations

Industrial Properties

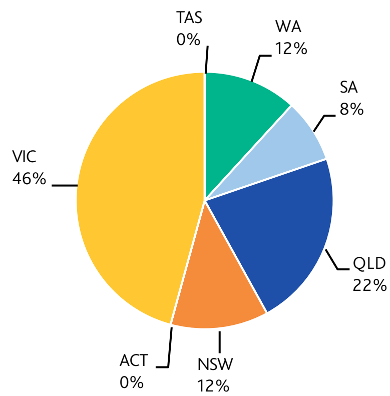
Growthpoint's Industrial property portfolio consists of 35 properties. As Exhibit 7 shows, its industrial properties are concentrated mainly in Victoria (20 of the 35 properties, accounting for 45% of the Group's industrial portfolio value at pro forma 30 June 2014), and Queensland (7 properties, accounting for 22% of the Group's industrial portfolio value at pro forma 30 June 2014).

The Group's industrial portfolio value at pro forma 30 June 2014 totaled around AUD1.02 billion, with a WALE of around 7.5 years.

The average occupancy rate for Growthpoint's industrial properties is 99%.

EXHIBIT 7

Geographic Diversity - Industrial



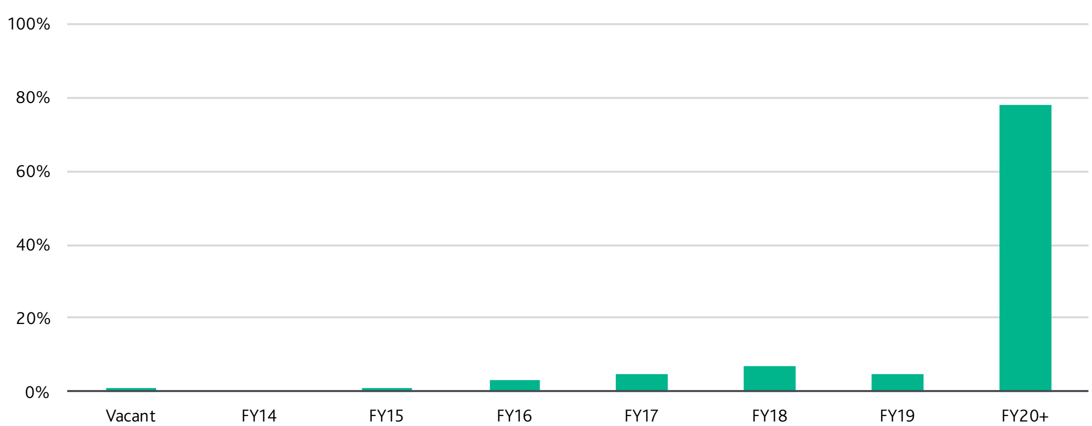
Source: Company presentations

Growthpoint's industrial portfolio exhibits an average capitalization rate of 8.2%, with around 80% of potential lease expiries occurring in fiscal year 2020 and beyond (see exhibit 8).

EXHIBIT 8

Growthpoint's Industrial Portfolio Lease Expiry Profile

Per Financial Year



Note: Growthpoint's financial year is from 1 July to 30 June. FY14, for instance, represents the financial year from 1 July 2013 to 30 June 2014.
Source: Company presentations

Growthpoint's industrial portfolio comprises predominantly large modern regional distribution centers, with supermarket giant, Woolworths as the key tenant. The distribution centers were purpose-built by Woolworths and sold to Growthpoint. Other major tenants include Linfox Australia Pty Ltd (unrated), Star Track Express Pty Ltd (unrated), Fletcher Building Limited (unrated) and Willow Ware Australia Pty Ltd (unrated).

Growthpoint's industrial assets generally benefit from solid locations close to major infrastructure, such as key highways, railway stations and major airports. In addition, site coverage on the properties is generally low, at between 23% and 41%, a situation which would allow for further expansion to suit tenant needs.

Key Rating Drivers

» Moderate scale and diversity

» Transparent business model, with 100% of income derived from rents under lease contracts

» Stable cash flows, supported by high occupancy rates and stable operating margins

» Tenant concentration, but high quality counterparties

» Medium term growth strategy through acquisitions

» Linkages to South African parent company

» Moderate leverage profile

Detailed Rating Considerations

Transparent business model with 100% of income derived from rents under lease contracts

Growthpoint adopts a simple business model investing solely in Australian assets, without any funds management or development businesses and exhibits an internalized management structure. This results in the Group deriving only rental income on fully owned properties with no exposure to fund or asset management fees. This together with the predominantly fixed rate escalation lease structure and long WALE underpins the stability and reliability of its cash flows.

The company's development risk is low, as it does not operate a property development business and has stated that it does not intend to take on any significant development risk.

Growthpoint will likely continue to purchase properties to be developed, fund construction of developments, or enter a joint venture where the Group becomes the owner of the property on completion, but only where material leases are in place. We expect this strategy to continue.

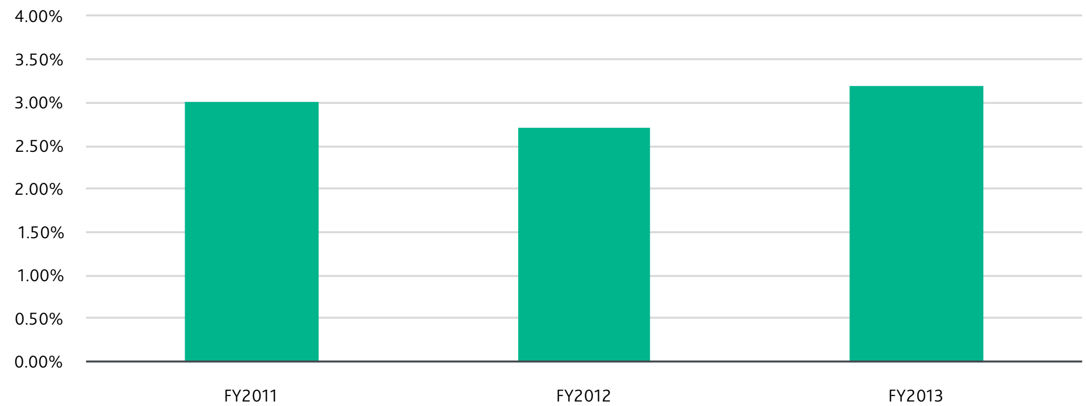
The Group's strategy is also to avoid developing properties primarily for the purpose of selling a portion or all of the investment to a third party.

Growthpoint benefits from predictable and reliable rental income growth, as approximately 80%-85% of its lease agreements are subject to annual fixed rate increases, typically between 2.5% and 4.0% per annum. In addition, around 11%-14% of its rental contracts benefit from CPI indexation, with the remaining 0% to 3% subject to market based adjustments.

Such rental increases have led to steady like-for-like annual rental growth rates (Exhibit 9). Over the last three years, its rental income rose between 2.7% and 3.2% per annum.

EXHIBIT 9

Growthpoint's Like-for-Like Rental Income Growth Rates: FY2011-FY2013



Note: Growthpoint's financial year is from 1 July to 30 June. FY14, for instance, represents the financial year from 1 July 2013 to 30 June 2014. .
Source: Company presentations

We expect Growthpoint to achieve steady like-for-like rental income growth rates, given the company's long WALE of around 6.9 years, its strategy of entering into leases with fixed escalation structures, its very high occupancy rates (an average of 98%), and the low proportion of rents expiring over the next several years.

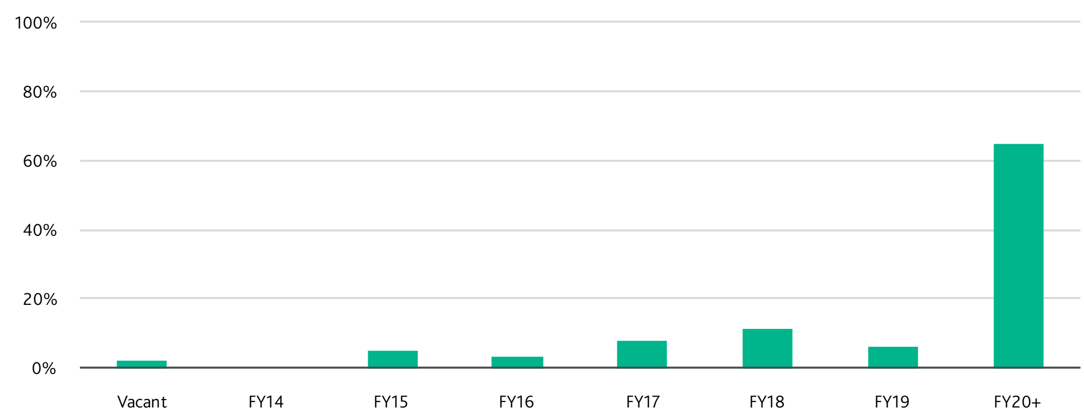
Around 65% of Growthpoint's rental income until at least 2020 is subject to lease agreements (Exhibit 10). The company has also demonstrated an approximately 85% success rate in renewing leases prior to expiry.

However, we expect that it will continue to face challenges in securing office rental income. Like many other REITS, the Group will likely need to provide substantial incentives to office tenants to renew existing leases coming up for renewal.

EXHIBIT 10

Growthpoint's Pro Forma Lease Expiry Profile at 30 April 2014

Per Financial Year, By Rental Income



Note: Growthpoint's financial year is from 1 July to 30 June. FY14, for instance, represents the financial year from 1 July 2013 to 30 June 2014. .
Source: Company presentations

Stable cash flows supported by high occupancy rates and strong operating margins

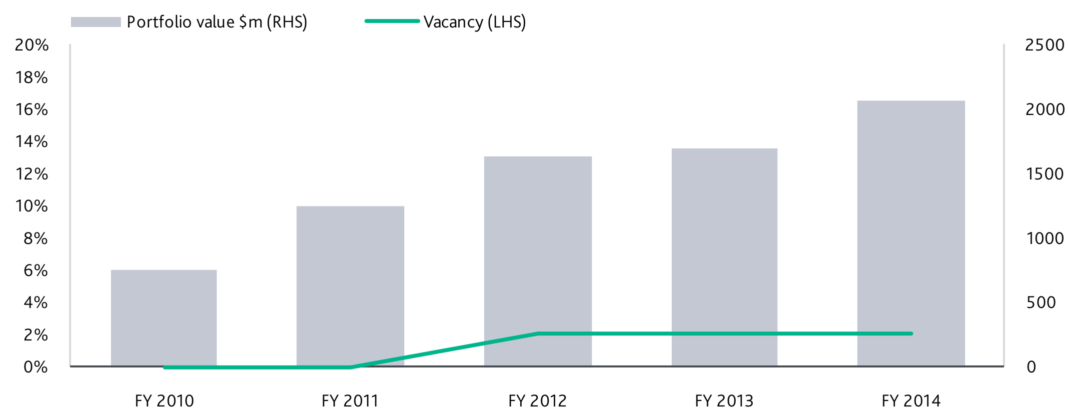
Growthpoint's ratings are underpinned by the sustainable rental income it generates from young properties with high occupancy rates, long WALEs and solid lease counterparties.

Growthpoint's average WALE measured 6.9 years at 30 April 2014, and its average occupancy rate was at 98% in the same period (Exhibit 11). Both factors, together with its large proportion of fixed rental increases support the stable and predictable nature of the company's earnings. Its weighted average rent review for fiscal year 2013 averaged around 3.2%.

In addition, its outgoings are likely to be at low levels and predictable, given that its young and modern assets exhibit an average portfolio age of around 7.6 years. Its high proportion of industrial properties should also result in low levels of capital expenditure requirements. We expect Growthpoint's capital expenditures to average around 0.5% of its total portfolio value or around AUD10-AUD15 million over the next several years.

EXHIBIT 11

Growthpoint's Vacancy Rates and Property Values: FY2010-FY2014



Note: Growthpoint's financial year is from 1 July to 30 June. FY14, for instance, represents the financial year from 1 July 2013 to 30 June 2014. .
Source: Company presentations

Growthpoint's profitability profile is strong when compared to similarly rated Australian and global REITs, and as measured by its Moody's-adjusted EBITDA margin of around 84% for the 12 months to 31 December 2013. The company's margins have remained fairly stable over the past five years, as indicated by its adjusted EBITDA margin volatility of 3%-5%.

We expect that Growthpoint will continue to generate margins in the 80%-85% range, reflecting low vacancy rates, low management costs of around 0.4% of total asset values, a limited number of rents expiring in any given year, and average rental increases of around 3.2% a year.

Tenant concentration, but with high quality lessees

Growthpoint's tenant profile for its industrial portfolio shows that its key tenant, Woolworths, accounts for approximately 24% of the group's total rental income at pro forma 30 June 2014. While such a percentage indicates a high tenant concentration and counterparty risk, this situation is mitigated by the strategic location of its assets tenanted to Woolworths, and which the retail giant considers key distribution centers for its national, state and regional purposes.

Growthpoint owns 6 of the 10 distribution centers used by Woolworth's to distribute its groceries throughout Australia. The assets were also purpose-built by Woolworths and subsequently sold to Growthpoint pursuant to leaseback arrangements, with options to extend.

Woolworths' leading market position in the supermarket industry positions it as a high quality A3-rated counterparty. Its history of continually spending significant amounts of money on the infrastructure within the facilities also mitigates tenant concentration risks.

At the same time, the Woolworths assets benefit from a long WALE of over 7 years. The first maturities are for 4 of the 6 centers in 2021. The next maturity is in 2022, and relates to Woolworths' flagship distribution center in Larapinta in Queensland. The facility handles over 30% of all products in Woolworths' grocery distribution chain and has benefited from significant investment by Woolworths.

Woolworths also has 10 five-year options to renew its leases with Growthpoint.

The next largest tenant exposure is to the Commonwealth of Australia (Aaa stable), which, pro forma for the recent acquisition in Parramatta, now represents around 9% of passing rent.

Growthpoint's third-largest tenant exposure is to GE Capital Finance Australasia (unrated), a subsidiary of General Electric Capital Corporation (A1 Stable). The company accounts for 5% of Growthpoint's passing rent (Exhibit 12).

The remaining 30 tenants all represent less than 5% of passing rent.

Pro forma for the recent acquisition in Parramatta, 51% of the tenants are rated A3 or higher, or owned by the Australian Government.

EXHIBIT 12

Top 10 Tenants (as of 31 December 2013)

By Passing Rent

	% of Portfolio	WALE
Woolworths	27%	8.3yrs
GE Capital Finance Australasia	7%	3.9yrs
Linfox	5%	9.1yrs
Commonwealth of Australia	5%	2.9yrs
Sinclair Knight Merz	4%	4.4yrs
Energex	3%	13.5yrs
Fox Sports	2%	8.6yrs
Star Track Express	2%	5.2yrs
Runge Pincock Minarco	2%	1.2yrs
Downer EDI Mining	2%	8.1yrs
TOTAL	**59%**	**7.1yrs**

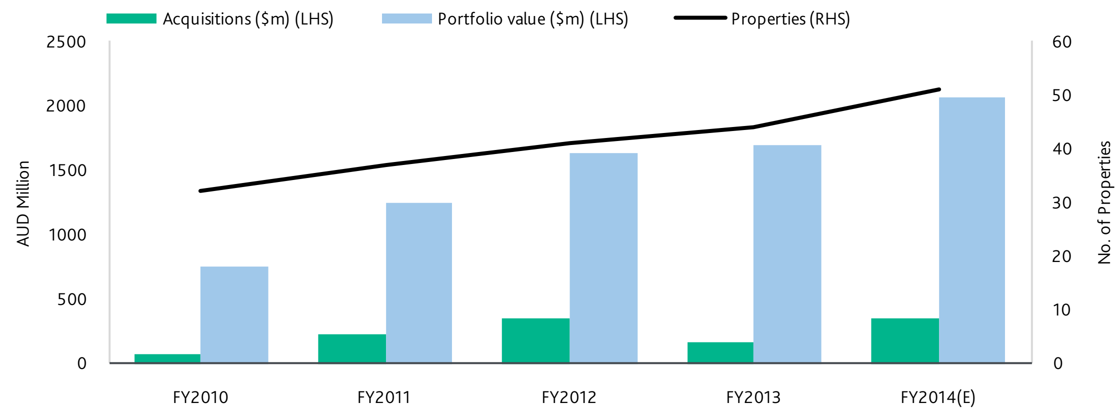
Source: Company presentation for the first half of the financial year ended 31December 2013.

Medium Term Growth Strategy Focuses on Acquisitions

Growthpoint has more than doubled its portfolio value over the last five years, increasing its total assets to over AUD2.0 billion, largely through property acquisitions (Exhibit 13).

EXHIBIT 13

Growthpoint's Acquisition Activity: FY2010-FY2014



Note: Growthpoint's financial year is from 1 July to 30 June. FY14, for instance, represents the financial year from 1 July 2013 to 30 June 2014. .
Source: Company presentations

We expect Growthpoint will continue to fund its acquisitions through a sizable equity component, such as to maintain a gearing position in line with its stated debt-to-assets target of 40%-45%. The company has a demonstrated track record of partially funding acquisitions with equity issuances and proceeds under its dividend reinvestment program.

The company is also focused on acquiring properties that improve its WALE and tenant and geographic diversity. For example, its recently completed acquisition of 1 Charles Street in Parramatta was funded with around 50% equity, and had remaining lease duration of around 10 years. The property also increased the Group's sector, tenant and geographic diversity.

EXHIBIT 14

Growthpoint's Equity Raisings: 2009-13

Date	Method	Amount Raised (AUD Million)
August 2009	Placement	55.6
September 2009	Rights offer	144.4
August 2010	Rights offer	101.0
April 2011	Takeover – scrip issue	48.8
June 2011	Rights offer	102.6
December 2011	Rights offer	166.4
June 2012	Distribution reinvestment plan	21.6
December 2012	Distribution reinvestment plan	27.3
June 2013	Distribution reinvestment plan	26.8
December 2013	Rights offer and Placement	150.0
TOTAL		**AUD844.4**

Note: Date refers to date of transaction announced.
Source: Company's annual report for the financial year ended 30 June 2013

Linkages to South African Parent Company

Growthpoint takes its name from its largest shareholder, Growthpoint Properties South Africa (GSA), which currently holds around 64% of Growthpoint. GSA is the largest listed REIT in South Africa (Baa1 negative) by assets (USD4.5 billion) and by market capitalization (approximately ZAR47 billion).

GSA has proven to be a strong and supportive parent, since the recapitalization of Growthpoint in 2009, when GSA acquired a 76% stake in the company for around AUD200 million. GSA has shown its willingness and ability to support Growthpoint by injecting capital to fund growth, through participating in equity raisings and in the Group's dividend reinvestment program.

At 30 April 2014, GSA's total investment in Growthpoint totaled around AUD591 million, and increased by around AUD80 million to AUD670 million in June 2014, when GSA fully participated in Growthpoint's rights offering to fund the acquisition of 1 Charles Street in Parramatta.

GSA has also never sold Growthpoint shares and has underwritten AUD513 million of the Group's rights issues since August 2009.

We expect that GSA's solid financial profile and improving liquidity position will allow it to continue to support Growthpoint through equity contributions to fund further growth, as well as our view that it is unlikely that GSA will look to extract additional cash from the Group beyond its current distribution levels.

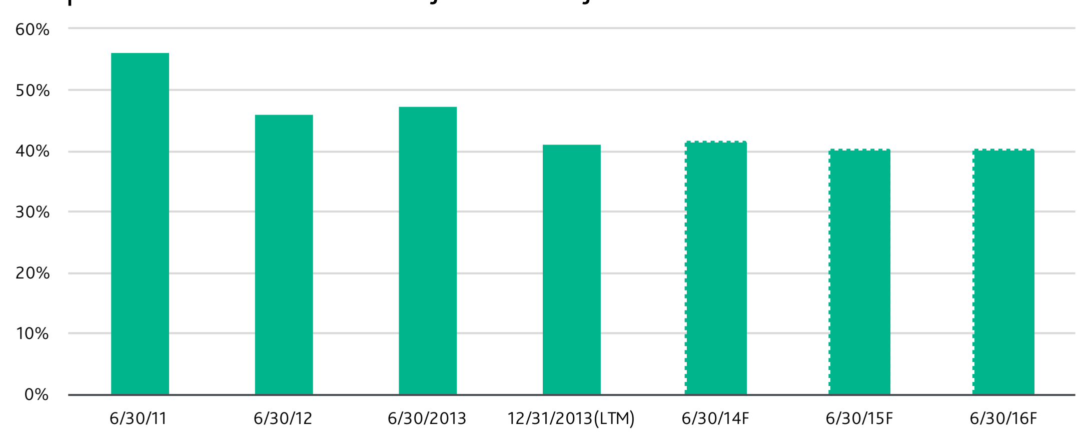
Moderate leverage profile

Growthpoint's maintenance of its financial profile is underpinned by predictable rental income from creditworthy tenants, with long WALE. Growthpoint's adjusted net debt/EBITDA for the 12 months to December 2013 measured 5.1x, while its adjusted EBITDA/interest was at 2.6x for the same period.

The company targets a gearing ratio of 40%-45% on a total debt-to-gross assets basis. We consider this level of gearing appropriate for its rating, given the predictable cash flows we expect from the company's solid leasing profile. Gearing as of 31 December 2013 was around 40.8% (Exhibit 15).

EXHIBIT 15

Growthpoint's Debt-to-Assets Ratio: 30 June 2011-30 June 2016

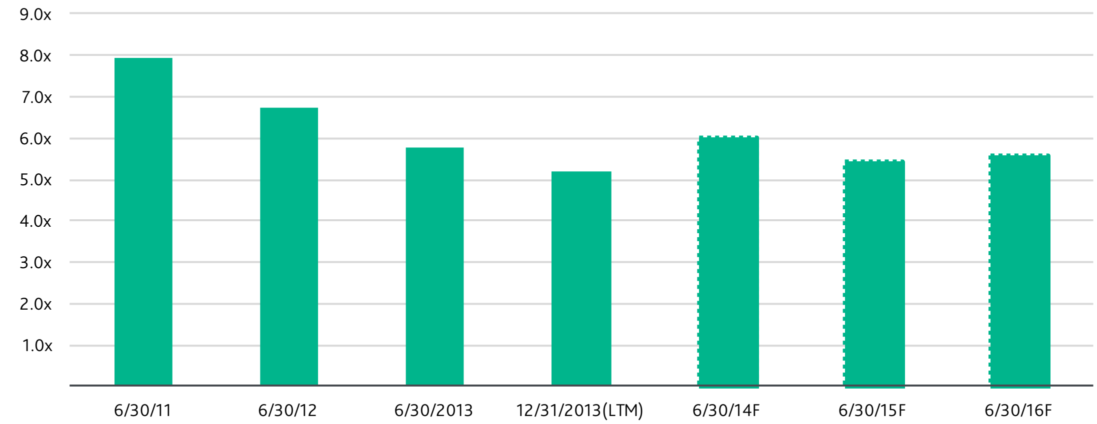


Source: Moody's

Assuming gearing levels remain around the current 40%-45% range, and Growthpoint's cash flow generation from its leases remain stable, we expect debt/EBITDA for the company to remain in the 5.0x-6.0x range.

EXHIBIT 16

Growthpoint's Debt-to-EBITDA Ratios: 30 June 2011-30 June 2016

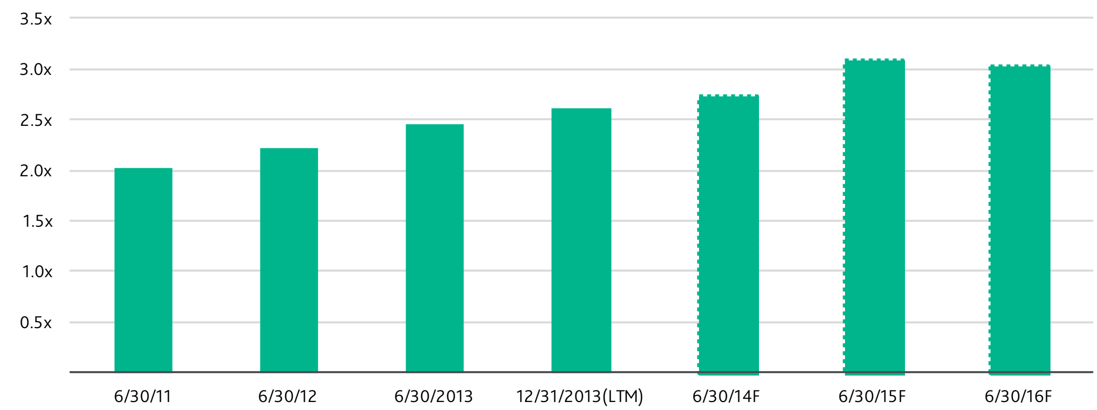


Source: Company presentations

Growthpoint's coverage ratios are at the lower end of its Baa rated peer group. We expect EBITDA/interest to range between 2.7x and 3.25x at least over the next 12 to 18 months, given our expectation of net property income growth, the company's improved cost of debt -- as it has lowered its gearing levels over the last several years -- and its solid hedge profile.

EXHIBIT 17

Growthpoint's EBITDA-to-Interest Ratios: 30 June 2011-30 June 2016



Source: Company presentations

Structural considerations

Growthpoint's structure currently consists of 100% secured debt. The Baa2 rating on the senior secured debt reflects the debt's priority position in the company's capital structure, as well as Growthpoint's solid loan-to-value ratio of around 40%.

Liquidity

Growthpoint has an adequate liquidity profile for its rating. It has bank facilities totaling AUD995 million (AUD925 million in syndicated debt facilities and AUD70 million in bilateral facilities), with around AUD110 million of undrawn capacity.

The earliest maturity date of its debt relates to the AUD100 million acquisition tranche maturing in June 2015. However, Growthpoint has the option at maturity to extend this by either 2 or 4 years at agreed margins under the existing Syndicated Debt Facility. The next debt maturity relates to its AUD315 million tranche, maturing in December 2016.

Primary sources of liquidity include cash flow from operations of around AUD100-AUD110 million for the 12 months ended March 2015, and a cash balance of around AUD10 million at 30 June 2014.

Growthpoint's minimal maintenance capex and high dividend payout ratio are characteristics that are in line with REITs generally, representing 85%-95% of distributable earnings.

The potential debt capital markets issuance would improve the liquidity profile by extending tenor and freeing up undrawn capacity.

Rating Outlook

The rating outlook is stable, reflecting our expectation of continued highly predictable earnings and cash flow generation. This situation, combined with the Group's tight targeted gearing levels of 40%-45% should lead to stable credit metrics around current levels, which in turn are appropriate for its ratings.

What could change the rating up

Upward ratings pressure could emerge in the medium term if Growthpoint improves its leverage position such that it maintains a net debt/EBITDA of 5.0x and a fixed charge coverage in excess of 3.5x.

Upward ratings pressure could also emerge if the company successfully refinances its secured debt, such that secured debt-to-gross assets improves to less than 25%.

What could change the rating down

Downward ratings pressure could evolve if the company's credit metrics deteriorate, such that its net debt/EBITDA exceeds 6.0x and its fixed charge coverage falls below 2.5x on a consistent basis.

Report Number: 173019

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