

## ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

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27 December 2014

### Acquisition and development of Melbourne suburban office building

Growthpoint Properties Australia ("**Growthpoint**") is pleased to announce that it has entered transaction documents with a joint venture between Australand Holdings Limited ("**Australand**") and Commercial & Industrial Property Pty Ltd ("**CIP**") (collectively the "**Developer**") for the acquisition of land and the development of an office building to be located at 211 Wellington Road, Mulgrave, Victoria ("**Property**").

### The Property

The Property will comprise a seven storey office building with a lettable area of 12,718 square metres, together with a multi-deck car park of 650 spaces. The total cost is approximately \$62.6 million<sup>1</sup>, providing an initial income yield of 7.75%<sup>2</sup> on completion of development. The building is targeting a 5 star NABERS rating and 5 star Green Star rating and will be 60% leased to major tenant Monash University ("**Monash**") under a 5 year lease (from practical completion) with two further options of 5 years each. Monash will use the offices for administration. The Developer will provide a 5 year rent guarantee from practical completion for any part of the remainder of the building not leased at practical completion, expected in Q1, 2016. The rent under the Monash University lease and the rent guarantee provided by the Developer have annual 3.25% increases. Growthpoint will acquire the site of approximately 1.1 hectares for \$7.0 million and will pay the balance of \$55.6 million, pursuant to a Development Agreement, monthly on a cost to complete basis. Growthpoint will receive a coupon of 7.25% per annum on amounts paid until practical completion. Urbis have independently valued the property, as if completed, at the total cost.

The Property is approximately 22 kilometres south-east of Melbourne's Central Business District. The Property is positioned between the major intersections of Blackburn and Springvale Roads and its close proximity to the major arterials and key transport links (including Monash Freeway, M3/Eastlink Freeway and Princes Highway), offer the benefit of easy access and convenience. Monash University's main university campus (Clayton) is located nearby. Mulgrave is a popular and established office precinct of approximately 300,000 square metres, forming part of the South Eastern Suburbs office market of 1.3 million square metres<sup>3</sup>. Many national and international corporate tenants house their offices in Mulgrave. Quality corporate tenants are expected to be attracted to the balance of the office space to lease.

### Major Tenant - Monash University

Monash University was founded in 1958 and is the second oldest university in the State of Victoria. Monash is a member of Australia's Group of Eight and the ASAIHL, and is the only Australian member of the influential M8 Alliance of Academic Health Centers, Universities and National Academies. Monash enrolls approximately 45,000 undergraduate and 17,000 graduate students, making it the university with the largest student body in Australia. It also has more applicants than any university in the state of Victoria. Monash is home to major research facilities, including the Australian Synchrotron, the Monash Science Technology Research and Innovation Precinct (STRIP), the Australian Stem Cell Centre, 100 research centres and 17 co-operative research centres. It has total revenue in excess of \$1.5 billion. The university has seven campuses, five of which are in Victoria (Clayton, Caulfield, Berwick, Peninsula, and Parkville), one in Malaysia, and one in South Africa. Monash also has a research and teaching centre in Prato, Italy, a graduate research school in Mumbai, India and a graduate school in Jiangsu Province, China.

### Funding of the transaction

Funding for the acquisition and development of the Property will come from undrawn debt from the Group's syndicated debt facility and the distribution reinvestment plan which is operative for the December 2014 half year distribution.

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<sup>1</sup> Excluding acquisition costs

<sup>2</sup> 7.75% is the base acquisition yield. A lower yield (to a minimum 7.50%) may be payable to the Developer on the rent achieved from letting of the vacant space under the rental guarantee, dependent on tenant quality and lease term.

<sup>3</sup> Source: JLL

Growthpoint Managing Director, Timothy Collyer, said,

“We are pleased to be transacting a quality office development project with Australand, and JV partner, CIP. This is the sixth development fund through project Growthpoint has now transacted. Growthpoint was attracted to investment in the Property because of its quality design, high green credentials, prominent and established suburban location and, of course, the major tenant, Monash University. The income yield is attractive at 7.75% and there are low acquisition costs associated with the transaction structure. Acquisition of this brand new office building, with no significant capital expenditure in the medium term, is consistent with our office sector investment strategy to invest in modern office buildings leased to quality tenants.”

**ENDS**

**[www.growthpoint.com.au](http://www.growthpoint.com.au)**

**Timothy Collyer, Managing Director**

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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 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.

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.

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.