GROWTHPOINT
PROPERTIES

Half Year Report

For the half year ended 31 December 2009
Growthpoint Properties Australia

Growthpoint Properties Australia Trust ARSN 120 121 002
Growthpoint Properties Australia Limited ACN 124 093 901 AFSL 316409

Cover: 130 Sharps Road, Tullamarine VIC
This page: 28 Bilston Drive, Wodonga VIC

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Fund Manager's report

As Fund Manager of Growthpoint Properties Australia, I am pleased to announce the results of Growthpoint Properties Australia ("the Group") for the Half Year ended 31 December 2009 ("Half Year").

KEY ACHIEVEMENTS FOR THE HALF YEAR

> Successful restructure and recapitalisation of the Group resulting in Growthpoint Properties Limited, South Africa's largest listed diversified property company with assets of approximately AUD $4.5 billion, becoming a major security holder.

> Internalisation of management by the creation of a stapled group.

> $200 million equity raising completed in September 2009.

> Investment policy broadened to include investment in office, retail and industrial properties.

> New debt facility entered into with existing financiers National Australia Bank and Westpac Banking Corporation, extending to June 2012.

> Interest rate hedging restructured.

> Contract entered for the purchase of a modern distribution centre of 42,826 square metres located in Goulburn, NSW, leased to Coles Group Limited to February 2022 ("Goulburn acquisition") returning an initial yield of approximately 9.93%.

> Portfolio occupancy increased to 98%.

> Final payment for the $31 million, 15,111 square metre expansion of the Woolworths Regional Distribution Centre at Perth Airport. As a result of the expansion, the lease has been extended three years to October 2025.

RESULTS AND DISTRIBUTIONS

The consolidated result for the Half Year attributable to securityholders of the Group, taking into account all fair value adjustments, was a profit of $33.2 million. Profit from operations for the Half Year was $8.8 million, equating to operating earnings of 5.51 cents per stapled security. The Directors approved a distribution of 5.5 cents per stapled security.

NET TANGIBLE ASSET VALUE

The net tangible asset value ("NTA") of the Group was $2.03 per stapled security at 31 December 2010, up 12.8% from the pro forma NTA of $1.80 per stapled security estimated in the Meeting Booklet dated 25 June 2009. The movement in the NTA primarily reflects the change in the fair value of interest rate swap derivatives and investment property values over the Half Year.

PROPERTY REVALUATIONS

All the Group's properties have been independently valued by Jones Lang LaSalle and Colliers International as at 31 December 2009, with an aggregate value of $678.5 million, representing an increase of 2.5% from the prior June 2009 book values. Including the Goulburn acquisition (which settled post the balance date), property assets total $744 million.

The weighted average capitalisation rate of the Group's portfolio, including the Goulburn acquisition, is now 8.6%, down from the prior 8.9%, reflecting an apparent improvement in domestic capitalisation rates since the third quarter of 2009. This slight improvement can be ascribed to reduced selling pressure on both listed and unlisted property companies as liquidity has improved in the domestic market through major recapitalisations as well as the tapering off of the negative impact of the global financial crisis.

OUTLOOK

The Group is well capitalised and holds a quality property investment portfolio. Key features of the Group include:

> Well located, generally modern properties, diversified to locations throughout Australia.

> A strong tenancy base, with quality tenants such as Woolworths (61% of rent), Coles Group Limited (10% of rent), Star Track Express (5% of rent) and Fletcher Building Limited/Laminex (3% of rent).

> 98% occupancy by lettable area.

> A weighted average lease expiry ("WALE") of 10.6 years including the Goulburn acquisition, with no lease expiries until 2012.

> Fixed annual lease rental adjustments of between 2% and 4%, as well as to the CPI, providing certain rental growth over time.

> A pure property investment focus, with the Group not undertaking development activities or business activities such as operating a funds management platform.

> A distribution policy that, to the fullest extent possible, all available net cash receipts are distributed to security holders in cash. Net cash receipts comprise net property rents less cash operating expenses, interest paid and allowances for certain provisions and accruals.

- A debt facility extending to 30 June 2012.
- An interest rate hedging profile covering 95% of debt hedged (79% post Goulburn acquisition) for an average duration of 3.5 years as at 31 December 2009.

The Group will remain concentrated on investment in quality domestic properties that offer strong rental income potential, to grow the income distribution over time. Directors would like to increase the size of the Group to allow a greater range of securityholders onto the register and increase the free float traded on the ASX. In doing this, it will evaluate investment opportunities in office, retail and industrial sectors, considering individual property acquisitions, portfolio opportunities and merger and acquisition opportunities where they create value for all securityholders.

The Directors remain confident of achieving total distributions of 14.0 cents per stapled security for the year to June 2010 which is consistent with the forecast contained in the Meeting Booklet dated 25 June 2009. Given distributions for the first half of the year of 5.5 cents per stapled security, this would mean distributions for the second half of the year of 8.5 cents per stapled security. The increase in the distribution for the second half year takes into account the full effect of the recapitalisation and restructure completed in September 2009, in particular the repayment of debt and resultant interest expense reduction, and reflects a "normalised" trading result.

Annualised, the projected second half distribution of 8.5 cents per stapled security amounts to 17.0 cents and based on the closing price per Growthpoint Properties Australia stapled security of $1.66 on 31 December 2009, this would represent a yield of approximately 10.2%. Furthermore, this closing price represents a discount of 18.2% compared to the NTA per stapled security of $2.03 at 31 December 2009.

T.J. Collyer.

Timothy Collyer
Fund Manager

Melbourne, 22 March 2010

81 Derby Street, Silverwater NSW

Current key fund metrics[1]

as at 31 December 2009

Item	
Number of properties	24
Building area (square metres)	731,798
Land area (square metres)	2,051,582
Portfolio site coverage	36%
Portfolio property value	$744 million
Average property value	$31 million
Weighted average valuation capitalisation rate	8.6%
Weighted average lease expiry (WALE)	10.6 years
Closing ASX price per stapled security	$1.66
Stapled securities on issue	159.6 million
ASX market capitalisation	$265 million
ASX liquidity (ave. securities traded per month for Half Year)	723,000
Total distributions for Half Year	$8.8 million
Distribution per stapled security for Half Year	5.5 cents
Tax deferred component of distribution	100% (estimated)
Number of security holders	3,135
Net profit for Half Year	$33.2 million
Basic and diluted earnings per stapled security for Half Year	19.5 cents
Total assets	$750.5 million
Total debt	$347.2 million
Net assets	$324.3 million
Net tangible assets per stapled security	$2.03
Net property income for Half Year (excluding straight line rent)	$28.3 million
Net property income growth	2.9%
Loan to value ratio (LVR)	56.3%
Weighted average interest rate swap expiry	3.5 years
% of debt hedged	79%

1. Includes Goulburn acquisition

45-55 South Centre Road, Tullamarine VIC

Directors' report

for the half year ended 31 December 2009

The Directors of Growthpoint Properties Australia Limited ACN 124 093 901 (formerly Orchard Management Limited), the Responsible Entity of Growthpoint Properties Australia Trust ("the Trust") ARSN 120 121 002, present their report for Growthpoint Properties Australia ("the Group") consisting of Growthpoint Properties Australia Limited and its controlled entities and Growthpoint Properties Australia Trust and its controlled entities, for the half year ended 31 December 2009.

The shares of Growthpoint Properties Australia Limited ("the Company") and the units of the Trust are combined and issued as stapled securities in the Group. The shares of the Company and the units of the Trust cannot be traded separately and can only be traded as stapled securities.

DIRECTORS

The following persons were Directors of Growthpoint Properties Australia Limited during the whole of the half year and up to the date of this report (unless otherwise stated):

> Lyndsay Shaddock (appointed 5 August 2009)
> Grant Jackson (appointed 5 August 2009)
> David Spruell (appointed 5 August 2009)
> Francois Marais (appointed 5 August 2009)
> Norbert Sasse (appointed 5 August 2009)
> Estienne De Klerk (appointed 5 August 2009)
> Gregory McMahon (resigned 5 August 2009)
> David Hinde
> Chris Thiris (resigned 5 August 2009)

REVIEW OF OPERATIONS

During the period, the Group continued its strategy of investment in a portfolio of quality industrial real estate assets. At 31 December 2009, the Group held a portfolio of 23 investment properties (with a further property settled on 1 February 2010, refer to note 7).

The net profit for the half year was $33,219,000 compared to the prior period loss of $137,609,000. The major factors contributing to the profit were:

> Property fair value gains (including straight-line rental adjustments) of $11,797,000 (2008: net loss of $83,297,000).
> An unrealised gain of $6,246,000 (2008: net loss of $67,338,000) due to the increase in the fair value of the Group's interest rate swaps.

Some of the other key financial points are as follows:

> Property revenue of $31,840,000 (2008: $30,825,000).
> Earnings per stapled security of 19.5 cents (2008: (39.8) cents).
> Distributions to security holders of $8,779,000 (2008: $8,646,000) and distributions per stapled security of 5.5 cents (no comparative provided as not meaningful after restructure of the Group).
> Net assets of $324,306,000 (30 June 2009: $116,610,000) and NTA per stapled security of $2.03 (no comparative provided as not meaningful after restructure of the Group).
> Property portfolio value of $743,950,000 (30 June 2009: $661,770,000).

KEY ACHIEVEMENTS DURING THE PERIOD WERE:

> Successful restructure and recapitalisation of the Group, including a one for 10 consolidation of securities and the internalisation of management by the creation of a stapled group.
> $200 million equity raising comprising a Placement and a Rights Issue completed in September 2009.
> Investment policy broadened to include investment in office, retail and industrial properties.
> New debt facility put in place with existing financiers National Australia Bank and Westpac Banking Corporation, extending to June 2012.
> Interest rate hedging restructured, providing an average hedged interest rate of 5.88% per annum (prior to bank lending margin) for 95% of the Group's debt (79% post Goulburn acquisition), for an average duration of 3.5 years as at 31 December 2009.
> Contract entered for the purchase of a modern distribution centre of 42,826 square metres located in Goulburn, NSW, leased to Coles Group Limited to February 2022 ("Goulburn acquisition"). The total consideration was $64 million, excluding an early completion fee of $1.5 million, returning an initial yield of approximately 9.93% based on the rent at the next rental adjustment on 16 February 2010.
> Leasing of 8,800 square metres of vacant space at 45-55 South Centre Road, Tullamarine to bring portfolio occupancy to 98%.
> Final payment for the $31 million, 15,111 square metre expansion of the Woolworths Regional Distribution Centre at Perth Airport. As a result of the expansion, the lease has been extended three years to October 2025.

- Management team consolidated with key executives, corporate office established in Melbourne, new accounting and financial system integrated and external property manager appointed.
- Growthpoint Properties Limited, South Africa's largest listed diversified property company with assets of approximately AUD $4.5 billion, became a major security holder which provided financial stability to the Group and ongoing additional expertise.

SUBSEQUENT EVENTS

On 1 February 2010 the purchase of the property at 134 Lillkar Road, Goulburn, NSW settled with the balance of $62,325,000 being paid on that date.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2009.

ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

The Group is of a kind referred to in class order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off, in accordance with that class order, to the nearest thousand dollars, unless otherwise stated.

Signed at Sydney, 17 February 2010, in accordance with a resolution of the Directors.

D Spruell
Director

Growthpoint Properties Australia Limited

45-55 South Centre Road, Tullamarine VIC

Auditor’s independence declaration

KPMG

Lead Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Darren Scammell
Partner

Melbourne

17 February 2010

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

40 Annandale Road, Tullamarine VIC

Financial Report

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Consolidated statement of comprehensive income

for the half year ended 31 December 2009

	Notes	Half year 2009 $'000	Half year 2008 $'000
Revenue			
Property revenue		31,840	30,825
Straight line adjustment to property revenue		6,384	3,825
Interest income		71	751
Net changes in fair value of investments		11,797	(83,297)
Net unrealised gain / (loss) on derivatives		6,246	(67,338)
Net investment income / (loss)		**56,338**	**(115,234)**
Expenses			
Property expenses		(3,550)	(3,344)
Responsible Entity management fees		(239)	(983)
Borrowing costs		(17,880)	(17,579)
Other expenses from ordinary activities		(1,450)	(469)
Total expenses		**(23,119)**	**(22,375)**
Profit / (loss) from operating activities		**33,219**	**(137,609)**
Finance costs			
Distribution to security holders	5	(8,779)	(8,646)
Change in net assets attributable to security holders / Total Comprehensive Income		**24,440**	**(146,255)**
Basic and diluted earnings / (loss) per stapled security (cents)		**19.5**	**(39.8)**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 31 December 2009

	Notes	31 Dec 09 $'000	30 Jun 09 $'000
Current assets			
Cash and cash equivalents		3,665	7,010
Trade and other receivables	6	2,764	2,847
Total current assets		**6,429**	**9,857**
Non-current assets			
Trade and other receivables		25,489	19,105
Plant & equipment		145	-
Investment properties	7	718,461	642,665
Total non-current assets		**744,095**	**661,770**
Total assets		**750,524**	**671,627**
Current liabilities			
Trade and other payables		65,753	24,247
Provision for distribution payable		8,779	2,596
Derivative financial instruments		-	15,412
Total current liabilities		**74,532**	**42,255**
Non-current liabilities			
Interest bearing liabilities		344,840	506,082
Derivative financial instruments		6,846	6,680
Total non-current liabilities		**351,686**	**512,762**
Total liabilities		**426,218**	**555,017**
Net assets		**324,306**	**116,610**
Security holders' funds			
Contributed equity		515,790	332,514
Retained profits / (accumulated losses)		(191,484)	(215,904)
Total security holders' funds		**324,306**	**116,610**

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the half year ended 31 December 2009

	Half year 2009	**Half year 2008**
	$'000	$'000
Total equity at the beginning of the half year	**116,610**	**337,504**
Net income recognised directly in equity	-	-
Profit / (loss) for the half year	33,219	(137,609)
Total recognised income and expense for the half year	**33,219**	**(137,609)**
Transactions with security holders in their capacity as security holders:		
Contributions of equity, net of transaction costs	189,416	398
Return of capital	(6,160)	-
Distributions provided or paid	(8,779)	(8,646)
Total equity at the end of the half year	**324,306**	**191,647**
Total recognised income and expense for the half year is attributable to: Growthpoint Properties Australia Limited	33,219	(137,609)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

for the half year ended 31 December 2009

	Half year 2009	Half year 2008
	$'000	$'000
Cash flows from operating activities		
Receipts from customers	32,488	30,935
Payments to suppliers	(10,854)	(4,942)
Borrowing costs	(17,557)	(15,411)
Interest received	75	751
Net cash inflow from operating activities	**4,148**	**11,333**
Cash flows from investing activities		
Net proceeds from sale of investment properties	-	12,868
Payments for investment properties	(17,717)	(139)
Payments for plant & equipment	(145)	-
Net cash inflow / (outflow) from investing activities	**(17,858)**	**12,729**
Cash flows from financing activities		
Proceeds from external borrowings	15,200	5,827
Repayment of external borrowings	(185,511)	(8,664)
Proceeds from equity raising	200,000	-
Equity raising costs	(10,728)	-
Distributions paid to security holders	(2,596)	(10,907)
Return of capital to security holders	(6,160)	-
Cash acquired on stapling	160	-
Net cash outflow from financing activities	**10,365**	**(13,744)**
Net increase / (decrease) in cash and cash equivalents	(3,345)	10,318
Cash and cash equivalents at the beginning of the period	7,010	17,560
Cash and cash equivalents at the end of the period	**3,665**	**27,878**

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the half year ended 31 December 2009

NOTE 1: REPORTING ENTITY

Growthpoint Properties Australia was formed by the stapling of two entities comprising Growthpoint Properties Australia Limited (formerly Orchard Management Limited) and its controlled entities and Growthpoint Properties Australia Trust (formerly Orchard Industrial Property Fund) and its controlled entities. The Responsible Entity for Growthpoint Properties Australia Trust is Growthpoint Properties Australia Limited. Growthpoint Properties Australia is also referred to as "the Group".

The Group was established for the purpose of facilitating a joint quotation of Growthpoint Properties Australia Limited ("the Company") and its controlled entities and Growthpoint Properties Australia Trust ("the Trust") and its controlled entities on the Australian Securities Exchange. The constitutions of the Company and the Trust ensure that, for so long as the two entities remain jointly quoted, the number of shares in the Company and the number of units in the Trust shall be equal and the shareholders and the unitholders are identical. The Company, both in its personal capacity and in its capacity as the Responsible Entity of the Trust, must at all times act in the best interests of the Group.

To account for the stapling, Australian Accounting Standards require an acquirer (the Trust) to be indentified and an acquisition to be recognised.

The financial report includes financial statements for Growthpoint Properties Australia, the stapled consolidated entity, which is domiciled in Australia as at and for the six months ended 31 December 2009.

NOTE 2: BASIS OF PREPARATION

This consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the Annual Report for the year ended 30 June 2009 and any public announcements made by Growthpoint Properties Australia during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This consolidated interim financial report was authorised for issue by the Directors of the Group on 17 February 2010.

The Group is of a kind referred to in class order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off, in accordance with that class order, to the nearest thousand dollars, unless otherwise stated.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in this interim financial report are consistent with those of the previous financial year ended 30 June 2009 and the corresponding interim reporting period.

A. PRESENTATION OF FINANCIAL STATEMENTS

The Group applies amended AASB 101 Presentation of financial statements (September 2007) and AASB 2007-8 Amendments to Australian Accounting Standards resulting from AASB 101, which are applicable for interim and annual periods beginning on or after 1 January 2009. This presentation has been applied within these interim financial statements as of and for the six-month period ended on 31 December 2009.

B. BASIS OF CONSOLIDATION – BUSINESS COMBINATIONS

The Group has adopted revised AASB 3 Business Combinations (2008) and amended AASB 127 Consolidated and Separate Financial Statements (2008) for business combinations occurring in the financial year starting 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The accounting policy is applied prospectively and had no material impact on earnings per unit.

The Group has applied the acquisition method for the business combination disclosed in note 10.

For every business combination, the Group identifies the acquirer. In the stapling transaction outlined in note 10, judgement has been applied to determine that the Trust is the acquirer by virtue of its comparative size to the Company.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interest issued by the Group. If a business combination results in the termination of pre-existing relationships between the acquiree and acquirer, the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

NOTE 4: SEGMENT INFORMATION

Growthpoint Properties Australia operates wholly within Australia and derives rental income from property investment.

NOTE 5: DISTRIBUTIONS

	Half year 2009	Half year 2008
	$'000	$'000
Profit / (loss) from operating activities	**33,219**	**(137,609)**
Less non-distributable items:		
- Straight line adjustment to property revenue	(6,384)	(3,825)
- Net changes in fair value of investments	(11,797)	83,297
- Net (gain) / loss on derivatives	(6,246)	67,338
Distributable income	8,792	9,201
Distributions on stapled securities provided for or paid during the half year	8,779	8,646

NOTE 6: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	31 Dec 09	30 Jun 09
	$'000	$'000
Rent receivables	2,246	1,131
Provision for impairment of receivables (note 6a)	(820)	(219)
Prepayments	870	1,935
Other receivables	468	-
	2,764	2,847

A. IMPAIRED RENT RECEIVABLES

As at 31 December 2009 current rent receivables of the Group with a nominal value of $820,000 (30 June 2009: $219,000) were impaired. The amount of the provision was $820,000 (30 June 2009: $219,000). The impaired rent receivable relates to a tenant who has vacated the property at Lot 1, 44-54 Raglan Street, Preston. The lease remains in place and action to recover this amount is being taken.

Movements in the provision for impairment of receivables are as follows:

	$'000
As at 1 January 2009	-
Provision for impairment recognised in the period	(219)
At 30 June 2009	(219)
Provision for impairment recognised in the period	(601)
At 31 December 2009	(820)

The provision for impaired receivables has been deducted from "property revenue" in the Statement of Comprehensive Income.

Notes to the consolidated financial statements

for the half year ended 31 December 2009

NOTE 7: INVESTMENT PROPERTIES

A. INDIVIDUAL VALUATIONS AND CARRYING AMOUNTS

Property Address			Latest External Valuation		Consolidated Book Value	
			Date	Valuation	31-Dec-09	30-Jun-09
				$'000	$'000	$'000
70 Distribution Street	Larapinta	QLD	31-Dec-09	142,000	142,000	141,400
599 Main North Road	Gepps Cross	SA	31-Dec-09	50,700	50,700	52,203
10 Butler Boulevard	Adelaide	SA	31-Dec-09	7,100	7,100	7,000
12-16 Butler Boulevard	Adelaide	SA	31-Dec-09	10,600	10,600	9,600
28 Bilston Drive, Barnawartha	Wodonga	VIC	31-Dec-09	64,250	64,250	64,750
522-550 Wellington Road	Mulgrave	VIC	31-Dec-09	47,000	47,000	43,395
2 Horrie Miller Drive	Perth Airport	WA	31-Dec-09	105,000	105,000	101,657
3 Viola Place	Brisbane	QLD	31-Dec-09	2,100	2,100	2,700
5 Viola Place	Brisbane	QLD	31-Dec-09	11,100	11,100	11,550
40 Annandale Road	Tullamarine	VIC	31-Dec-09	34,500	34,500	34,582
60 Annandale Road	Tullamarine	VIC	31-Dec-09	13,400	13,400	12,950
75 Annandale Road	Tullamarine	VIC	31-Dec-09	6,500	6,500	6,400
45-55 South Centre Road	Tullamarine	VIC	31-Dec-09	8,500	8,500	8,200
130 Sharps Road	Tullamarine	VIC	31-Dec-09	19,250	19,250	18,700
120 Link Road	Tullamarine	VIC	31-Dec-09	17,000	17,000	15,850
31 Garden Street	Kilsyth	VIC	31-Dec-09	6,400	6,400	6,700
42-44 Garden Street	Kilsyth	VIC	31-Dec-09	17,800	17,800	15,150
45 Northlinks Place	Virginia	QLD	31-Dec-09	3,600	3,600	3,250
81 Derby Street	Silverwater	NSW	31-Dec-09	12,750	12,750	12,450
120 Northcorp Boulevard	Broadmeadows	VIC	31-Dec-09	60,000	60,000	57,178
1304 Ferntree Gully Road	Scoresby	VIC	31-Dec-09	6,500	6,500	6,650
6-10 Koornang Road	Scoresby	VIC	31-Dec-09	5,600	5,600	5,305
44-54 Raglan St Lot 1 - 4	Preston	VIC	31-Dec-09	26,800	26,800	24,150
134 Lillkar Road	Goulburn	NSW	31-Dec-09	65,500	65,500	-
Sub-totals				**743,950**	**743,950**	**661,770**
Less: amounts classified as receivables (rental income recognised on a straight line basis)					(25,489)	(19,105)
Total investment properties					**718,461**	**642,665**

B. EXTERNAL VALUATIONS

External valuations for all properties were obtained during the half year, which were conducted by Jones Lang LaSalle and Colliers International.

An unconditional contract for sale for the purchase of 134 Lillkar Road, Goulburn, NSW was signed in December 2009. This property has therefore been included with the investment property portfolio at cost. A corresponding entry for $62,325,000 (being acquisition cost less deposit paid) which was settled on 1 February 2010 is included in “trade and other payables” within the Statement of Financial Position.

NOTE 8: COMMITMENTS

CAPITAL EXPENDITURE OBLIGATIONS ASSOCIATED WITH LEASES TO WOOLWORTHS

This section discusses the capital expenditure obligations that apply to six properties in the Group and two additional properties owned by non-associated entities all of which are leased to Woolworths Limited ("Woolworths").

During the first five years from the date of lease commencement of each of the properties, Woolworths can call for up to $80 million to be spent on capital expenditure that expands or upgrades the six properties owned by the Group and two properties owned by non-associated entities.

The lease commencement date for four of the properties (namely Mulgrave, Broadmeadows, Wodonga and Gepps Cross) was 30 July 2006. The lease commencement dates for Larapinta and Perth Airport properties were 28 February 2007 and 4 October 2007 respectively.

Woolworths must provide six months notice of the works and at least six months notice prior to the end of the five year period. The works can extend for up to nine months post the five year capital expenditure period. The cost of the works is paid for at completion of the project (unless agreed otherwise) and the rent is increased according to the percentage yield in the lease at the date the lease commenced which range from yields of 6.24% to 7.04%. Dependent upon the quantum of capital expenditure at an individual property, the lease term may be extended for a period up to 15 years, with a maximum lease term remaining of 15 years.

As at 31 December 2009, $38.1 million of capital expenditure has been incurred on the eight properties subject to the arrangements with Woolworths of which $34.6 million has been incurred at properties owned by the Group. As a result, up to $41.9 million of the original $80 million capital expenditure is available to Woolworths to utilise.

The Group has no other significant capital, lease or remuneration commitments in existence at reporting date, which have not been recognised as liabilities in these financial statements.

NOTE 9: STAPLED SECURITIES ISSUED

	Half year 2009	Half year 2009	Half year 2008	Half year 2008
	No. ('000)	$'000	No. ('000)	$'000
Opening balance at 1 July	**346,176**	**345,398**	**345,000**	**345,000**
Issues of stapled securities during the half year:				
Distribution reinvestment plan issues	-	-	1,176	398
Security placement	347,564	55,610	-	-
1 for 10 consolidation	(624,366)	-	-	-
Rights issue	90,244	144,390	-	-
	(186,558)	200,000	1,176	398
Closing balance at 31 December	**159,618**	**545,398**	**346,176**	**345,398**

NOTE 10: BUSINESS COMBINATION / STAPLING

A. SUMMARY OF TRANSACTION

On 18 May 2009, Orchard Property Limited, the previous Responsible Entity of the Orchard Industrial Property Fund ("OIPF"), announced it had entered into an Implementation Agreement with a large South African public company, Growthpoint Properties Limited ("GPL"), regarding a proposal to recapitalise and restructure OIPF. On 30 July 2009, unitholders overwhelmingly voted in favour of resolutions for the proposal and implementation occurred on 5 August 2009.

NOTE 10: BUSINESS COMBINATION / STAPLING (CONTINUED)

Key features of the recapitalisation and restructure included:

- A $55.6 million placement to GPL which occurred on 5 August 2009 (see note 9).
- Unitholders received a return of capital of $6,160,000 and used those funds to purchase all of the shares in Orchard Management Limited ("OML").
- OIPF was deemed to have acquired OML in the stapling transaction for no consideration (refer below).
- The internalisation of management and the change in Responsible Entity from Orchard Property Limited to OML.
- OIPF and OML were renamed Growthpoint Properties Australia Trust and Growthpoint Properties Australia Limited respectively.
- Change of the Trust structure with unitholders acquiring shares in the Responsible Entity, Growthpoint Properties Australia Limited, and the units of the Trust being "stapled" to shares in the Company. The new stapled group is known as Growthpoint Properties Australia.
- The securities (units and shares) of the stapled group were consolidated at the ratio of one new stapled security for every 10 old stapled securities held (see note 9).
- A $144.4 million rights issue, underwritten by GPL, was completed in September 2009 (see note 9).

For relevant stapling arrangements Australian Accounting Standards require an acquirer to be identified. In relation to the stapling of the Company and the Trust, the Trust has been identified as the acquirer due to its large relative size to the Company. The Standards also require that all of the acquiree's net assets identified be attributed to a non-controlling interest by the acquirer.

B. PRE-EXISTING RELATIONSHIP

The internalisation of the Trust management right is considered settlement of a "pre-existing relationship". This is treated separately from the business combination, with any gains and losses arising taken directly to profit and loss.

As the management agreement can be terminated at any point without payment and the contract terms are considered neither favourable or unfavourable when compared to current market values, no gain or loss needs to be recognised.

C. FAIR VALUE OF NET ASSETS ACQUIRED (PURCHASE PRICE ALLOCATION)

The assets and liabilities arising from the acquisition of the Company at the date of stapling were as follows:

	Acquiree's carrying amount	Fair value
	$'000	$'000
Cash	157	157
Trade and other payables	(128)	(128)
	29	29

As per the accounting policy adopted by the Group (see note 3), non-controlling interest is measured using the share of identifiable net assets acquired.

D. GOODWILL MEASURING NON-CONTROLLING INTEREST AT THE NON-CONTROLLING INTEREST'S SHARE OF NET IDENTIFIABLE ASSETS ACQUIRED.

As the Company was acquired for nil consideration by the Trust and all of the acquiree's net assets identified were attributed to a non-controlling interest, there is no goodwill on consolidation.

NOTE 11: SUBSEQUENT EVENTS

On 1 February 2010 the purchase of the property at 134 Lillkar Road, Goulburn, NSW was settled with the balance of $62,325,000 being paid on that date.

Directors' declaration

for the year ended 31 December 2009

In the opinion of the Directors:

a. the attached Financial Statements and notes set out on pages 10 to 18 are in accordance with the Corporations Act 2001, including:

   i. complying with Australia Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   ii. giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and

b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of the Group.

D Spruell
Director

Sydney, 17 February 2010

Independent Auditor's report

Independent auditor's review report to the Stapled Security holders of Growthpoint Properties Australia Limited and Growthpoint Properties Australia Trust

We have reviewed the accompanying half-year combined financial report of Growthpoint Properties Australia (the Group), which comprises the consolidated statement of financial position as at 31 December 2009, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 11 and the directors' declaration set out on pages 10 to 19. The combined financial report of Growthpoint Properties Australia comprises the financial statements of Growthpoint Properties Australia Limited (the company), and the entities it controlled at the half-year's end or from time to time during the half-year and Growthpoint Properties Australia Trust (the trust), and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust, are responsible for the preparation and fair presentation of the half-year combined financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year combined financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year combined financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Growthpoint Properties Australia, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year combined financial report of Growthpoint Properties Australia is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Darren Scammell
Partner

Melbourne

17 February 2010

GROWTHPOINT
PROPERTIES

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