LEVEL 10, 379 COLLINS STREET, MELBOURNE, VICTORIA, 3000, AUSTRALIA
TEL: +61 3 8681 2900 **FAX:** +61 3 8681 2910
WEB: WWW.GROWTHPOINT.COM.AU

GROWTHPOINT PROPERTIES

ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

17 August 2010

Annual results for year ended 30 June 2010; and $171.5 million property portfolio acquisition and associated equity raising

1. Annual results for the year ended 30 June 2010 ("FY 2010")

The Directors of Growthpoint Properties Australia Limited today announce the results for Growthpoint Properties Australia (**"the Group"**) for FY 2010.

Timothy Collyer, Managing Director, said: "We are pleased with the positive results for the year ended 30 June 2010, the inaugural year for Growthpoint Properties Australia. The financial results and distributions payable to securityholders are in line with guidance provided at the time of the restructure and recapitalisation of the Group and subsequent market announcements. The Group has a strong platform from which to expand and today announces its second significant acquisition of quality income producing property assets valued at $171.5 million[1], which will take the property assets of the Group closer to $1 billion."

Highlights for FY 2010

- Statutory profit of $46.7 million (including fair value movements in investment properties and financial derivatives).
- Distributable profit of $22.4 million.
- A final distribution of 8.5 cents per stapled security for the six months ended 30 June 2010, taking the full year distribution to 14.0 cents per stapled security.
- A recapitalisation and restructure of the Group successfully completed involving (among other things):
  - Equity raising of $200 million via a placement and rights issue.
  - Internalisation of management of the Group to become a stapled entity.
  - A broadening of the Group's investment mandate from solely industrial properties to include office and retail property assets.
  - Changes to the Board of the Group.
  - Growthpoint Properties Limited of South Africa becoming the major securityholder.
- Acquisition of a $65.5 million[2] modern distribution warehouse leased to the Coles Group for a remaining twelve years was completed in February 2010. Evaluation of other opportunities to grow the Group are continuing.
- A total return for the Group of 21.3% for the year (distributions plus security price appreciation), outperforming the S&P/ASX Property 300 Accumulation Index which returned 20.3%.

Property portfolio update

The property portfolio of the Group provides securityholders with a passive, long term rental income, derived from quality tenants. Key achievements for FY 2010 were:

- **Achievement of 100% portfolio occupancy:** From 30 June 2010, the portfolio has enjoyed 100% occupancy. The Group has no leases expiring in the year ending 30 June 2011.
- **Successful leasing strategies**: A vacant office and warehouse building at 45-55 South Centre Road, Tullamarine, Vic of 14,082 square metres has been fully leased to two tenants with Willow Ware Australia leasing 9,576 square metres from December 2009 and 1300 Temp Fence leasing the remaining 4,506 square metres from March 2010.

---

[1] Before transaction costs (stamp duty, agent fees, valuation fees, due diligence, legal and other advisory fees).
[2] Before transaction costs but including a $1.5m early settlement fee.

The lease to Blue Star Print Group of 81 Derby Street, Silverwater, NSW, which was due to expire in September 2012, was extended to September 2017 through successful negotiation between the Group and Blue Star bringing forward the exercise of Blue Star's 5 year option. This early lease extension is part of management's strategy to maximise rental income for properties with leases expiring in 2012.

The weighted average lease expiry for the portfolio is approximately 10.0 years as at 30 June 2010.

- **Purchase and disposals:** The Group maintains a quality portfolio of investment properties, with the intention of holding these assets long term for rental income.

  In February 2010, the Group completed the purchase of a modern distribution centre of 42,826 square metres located in Goulburn, NSW, leased to the Coles Group until February 2022. At a price of $65.5 million[3], the purchase provided an initial yield of approximately 9.93%.

  In June 2010, the Group announced the sale of Lot 1, 44-54 Raglan Street, Preston, Vic for approximately $9.5 million, with settlement to occur on or before 30 June 2011. This property was sold as it no longer meets the investment criteria of the Group. The Group retains the adjoining property in Preston which is leased to Paper Australia.

  The acquisition and sale of the properties referred to above has improved the quality of the property portfolio.
- **Arrears:** As at 30 June 2010, the Group had no significant arrears.
- **Capital Expenditure:** During FY 2010 approximately $14.9 million was spent on capital expenditure at properties, with principal projects being:
  - Woolworths, Perth Airport – $11.0 million
  - Woolworths, Broadmeadows and Gepps Cross – $3.7 million

Income distributions

The Group's distributions for FY 2010 total 14.0 cents per stapled security, comprising:

- Half year ended 31 December 2009 – 5.50 cents per stapled security
- Half year ended 30 June 2010 – 8.50 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. The total distribution for FY 2010 is consistent with guidance provided in the Rights Issue Offer Booklet, dated 19 August 2009 as well as in subsequent announcements.

Property valuations

Directors have undertaken a review of the value of each property and value the property portfolio at $756.9 million (including properties held for sale) as at 30 June 2010. The carrying value of the property portfolio is substantially consistent with the last independent property valuation completed as at 31 December 2009, reflecting Australia's largely stable property market over the last 6 months.

The weighted average capitalisation rate is 8.6%, consistent with the figure at 31 December 2009.

A profit attributable to the revaluation of the property portfolio of $16.7 million is included in the statutory profit result.

Net tangible assets

The Group's net tangible assets ("NTA") per stapled security is $2.03 as at 30 June 2010. This NTA is stable from the reported NTA for the Group as at 31 December 2009, reflecting to a large extent the stabilisation of property values in the Australian commercial property sector and, in particular, the industrial property sector to which the Group has investment exposure.

The NTA for the Group as at 30 June 2010 remains up 12.8% from the pro forma NTA of $1.80 per stapled security estimated in the Rights Offer Booklet dated 19 August 2009, primarily reflective of the change in the fair value of interest rate swap derivatives and investment property values as reported in the Group's half year results.

[3] Before transaction costs but including a $1.5m early settlement fee.

ASX performance

For the year ended 30 June 2010, the S&P/ASX Property 300 Accumulation Index returned an impressive 20.3%. This was a significant turnaround after a large negative return of 42.1% for the year ended 30 June 2009, a period when property stock prices fell significantly affected by the global financial crisis and lack of liquidity as well as entity specific issues such as high levels of debt or poorly performing off-shore assets, amongst others.

During FY 2010, the Group's total return was 21.3% per annum, outperforming the S&P/ASX Property 300 Accumulation Index.

Debt and interest rate hedging

The Group's syndicated debt facility of $480 million with National Australia Bank and Westpac extends to 30 June 2012 and is drawn to $418.5 million ("Debt Facility"). The loan to value ratio and interest cover ratio under the Debt Facility are 56.3% and 2.0 times, respectively, measured as at 30 June 2010. These are well within banking covenants of the Debt Facility. Whilst the Group is comfortable with gearing levels in the range of 50% to 60% given the stable long term cash flow the property portfolio generates, over time the Group will seek to bring this under 50%.

In May 2010, the Group extended its interest rate hedging profile such that as at 20 July 2010 the Group's interest rate hedges represent approximately 97% of its debt, with an average interest rate of 8.2% per annum and average duration of 3.8 years. The strategy is to fix the majority of the Group's interest expense over the medium term to protect against adverse movements in the Group's interest rate expense, and accordingly, the distributions accruing to securityholders.

2. Significant Property Portfolio Acquisition and Capital Raising

The Group is also pleased to announce a $171.5 million[4] portfolio acquisition from Property Solutions Group and its associated entities (**"Portfolio Acquisition"**) and a renounceable rights offer to raise approximately $101 million (**"Rights Offer"**). Proceeds from the Rights Offer will be used to fund the Portfolio Acquisition in conjunction with headroom and a $62 million upsizing, of the existing Debt Facility.

Portfolio Acquisition Summary

- Acquisition of 7 high quality Queensland properties comprising 2 office buildings, a car park and 4 industrial properties for a total price of $171.5 million[4]. Settlement of the purchase of one property, 670 Macarthur Avenue, Pinkenba, is expected to occur on 19 August 2010 with the settlement of the remaining properties expected to occur on 28 September 2010 (subject to the satisfaction of certain contractual conditions precedent, principally consents from government authorities). Further details about the specific properties are contained in the "Financial Year End Results and Equity Raising Presentation" also being released to the ASX today.

- Key metrics of the Portfolio Acquisition are as follows:
  - Purchase Price: $171.5 million[4]
  - Initial Income Yield: 8.4%
  - Market Capitalisation Yield: 8.2%
  - Weighted Average Lease Expiry (WALE): 6.5 years
  - Occupancy: 100%
  - Independent Portfolio Valuation: $171.5 million[5]

[4] Before transaction costs (stamp duty, agent fees, valuation fees, due diligence, legal and other advisory fees)

Portfolio Acquisition Properties

Property	Sector	Major Tenant	Purchase Price ($ million)[5]	Market Capitalisation Yield
SKM Building, SW1 – 32 Cordelia Street, South Brisbane, Queensland	Office	Sinclair Knight Merz (c.94% of NLA)	60.7	8.2%
SW 1 A4 – 52 Merivale Street, South Brisbane, Queensland	Office	Multiple tenants including MacMahon Contractors (c.40% NLA), Transfield Services (c.14% of NLA), Fuji Xerox (c.14% of NLA), S & P Super (c.14% of NLA)	62.4	8.1%
SW1 Car Park, 32 Cordelia Street, South Brisbane, Queensland	Car Park	Secure Parking	9.7	9.0%
13 Business Street, Yatala, Queensland	Industrial	Reward Supply Co Pty Ltd (subsidiary of ASX listed Campbell Brothers)	14.9	7.8%
29 Business Street, Yatala, Queensland	Industrial	CMC Coil Steels Pty Ltd	10.7	8.3%
10 Gassman Drive, Yatala, Queensland	Industrial	Norman Ellison Carpets	5.0	7.9%
670 Macarthur Avenue, Pinkenba, Queensland	Industrial	Reliance Worldwide Pty Ltd (60% of GLA) and Coventry Group Ltd (40% of GLA)	8.2	7.9%
TOTAL			**$171.5***	**8.2%***

Note: "GLA" refers to gross lettable area and "NLA" refers to net lettable area.

sum of listed amounts do not add up to listed total due to rounding.

Growthpoint Properties Australia, Managing Director, Timothy Collyer said, "The Portfolio Acquisition is in line with our strategy to acquire quality properties with long WALE, high occupancy and annual rental growth adjustments. The acquisition will allow us to diversify into the office sector with the two A-grade Brisbane office assets forming the core component of the portfolio; this is in line with our previously announced strategy."

Strategic Rationale

The Portfolio Acquisition will provide Growthpoint Properties Australia with 7 high quality properties which provide secure cash flows with fixed growth, long WALE and strong tenant covenants. The acquisition retains the quality attributes of Growthpoint Properties Australia's existing portfolio of assets. Key strategic benefits of the acquisition include:

- Portfolio diversification with office market exposure.
- Geographic diversification with greater exposure to the Queensland property market.
- Addition of quality tenants and strong lease covenants.
- Increase in asset base and market capitalisation.

As part of the Portfolio Acquisition, the Group has formed a strategic relationship with developer Property Solutions Group of Brisbane to gain access to investments in quality pre-committed and completed projects in the office, retail and industrial property sectors.

Rights Offer Overview

The Rights Offer will be conducted to raise approximately $101 million. The issue price for the Rights Offer is $1.90 per stapled security, with all eligible securityholders being offered 1 new stapled security for every 3 stapled securities held at the Record Date (refer to the timetable below for more details). Eligible securityholders may also apply for new stapled securities in excess of their rights. The Rights Offer is not underwritten. Growthpoint Properties Australia reserves the right to issue any shortfall arising out of eligible securityholders not applying for all

[5] Before transaction costs (stamp duty, agent fees, valuation fees, due diligence, legal and other advisory fees)

their entitlement to existing and new securityholders. If applications for new stapled securities exceed the shortfall, Growthpoint Properties Australia may scale back applications based on the pro-rata entitlement of those applicants to new stapled securities as at the record date under the Rights Offer.

New stapled securities issued under the Rights Offer will not be entitled to the full amount of any distributions for the half year ending 31 December 2010. Instead, new stapled securities will be entitled to a pro rata share of those distributions based on the period those securities are on issue during the half year for which the distributions are paid. Accordingly, the new stapled securities will initially trade under the code GOZNA until 23 December 2010 when existing stapled securities trade 'ex' the distribution. From 23 December 2010, new stapled securities will rank equally with existing stapled securities for distributions and in all other respects. The distributions for the half year ending 31 December 2010 are expected to be paid in February 2011.

The offer price of $1.90 per new stapled security represents a discount of 4.7% to the pro forma net tangible assets per stapled security as at 30 June 2010 and a pro forma distribution yield of 9.0% based on FY 2011 distribution guidance of 17.0 cents per stapled security[6].

The Record Date for the Rights Offer is 25 August 2010. The Rights Offer is renounceable, meaning that securityholders may elect to:

- exercise part or all of their rights under the Rights Offer to purchase new stapled securities;
- exercise all of their rights under the Rights Offer to purchase new stapled securities and apply for additional new stapled securities under the shortfall facility;
- sell all or part of their rights during the ASX rights trading period; or
- allow all or part of their rights to lapse.

Eligible securityholders will be sent an Offer Booklet detailing the Rights Offer shortly for their consideration. This Offer Booklet is also being released to the ASX today.

Participation of Major Securityholders

Growthpoint Properties Limited (JSE Code: GRT) (**Growthpoint SA**) and Emira Property Fund (JSE Code: EMI) (**Emira**) of South Africa who together hold 82.6% of the Group's securities on issue, have committed to subscribe for their rights. Growthpoint SA may procure subscription for some of its rights thereby reducing its percentage stake in the Group following the Rights Offer. This is in keeping with previous statements that Growthpoint SA intends to dilute its holding in the Group over time as the Group expands. Emira has committed to subscribe for additional stapled securities available under the shortfall facility (if any) such that the total amount raised under the Rights Offer will be approximately $101 million.

Financial Impact

Growthpoint Properties Australia expects the FY 2011 pro forma distribution to be 17.0 cents per stapled security post the Portfolio Acquisition[6]. Existing stapled securities held will be entitled to half year distributions of 8.4 cents per stapled security, whilst new stapled securities issued under the Rights Offer will be entitled to a pro-rata share of the distribution for the half year ending 31 December 2010 (expected to be 4.5 cents per stapled security) reflecting the period for which the securityholders will hold these stapled securities (refer to footnote 6 above).

As part of the Portfolio Acquisition process, Growthpoint Properties Australia obtained independent valuations from independent valuers which are consistent with the purchase price of $171.5 million[7]. The pro forma NTA following the Portfolio Acquisition is approximately $1.99 per stapled security (as at 30 June 2010), with pro forma gearing of 52.1% as at 30 June 2010.

---

[6] The FY2011 pro forma distribution guidance has been prepared on the basis that the Portfolio Acquisition and Rights Offer both took place on 1 July 2010. The actual FY2011 distribution guidance for new stapled securities and existing stapled securities assumes that the Property Acquisitions will complete by 28 September 2010, the Group continues to experience comparable operating conditions to current conditions, transaction costs do not exceed $12.2 million and distributions comprise net rents less operating expenses, interest, allowances and accruals (refer to page 18 of the investor presentation released today for further details). The closing price of Growthpoint Properties Australia on 16 August 2010 was $1.875.

[7] Before transaction costs (stamp duty, agent fees, valuation fees, due diligence, legal and other advisory fees

Indicative Timetable

Event	Indicative date
Rights Offer announced via ASX	17 August 2010
Lodge Rights Offer booklet, cleansing statement and Appendix 3B with ASX	17 August 2010
Ex-date for Rights Offer and commencement of rights trading	19 August 2010
Settlement of acquisition of property at 670 Macarthur Avenue, Pinkenba	19 August 2010
Rights Offer Record Date	25 August 2010
Offer opens	26 August 2010
Despatch of Rights Offer booklet	27 August 2010
Rights trading on ASX ends	10 September 2010
Commencement of trading in new stapled securities on a deferred settlement basis	13 September 2010
Offer closes	17 September 2010
Allotment of new stapled securities and end of deferred settlement trading	24 September 2010
Despatch holding statements	24 September 2010
Normal trading resumes for new stapled securities	27 September 2010
Settlement of remaining property acquisitions[8]	28 September 2010

All dates refer to Australian Eastern Standard time (AEST).

The dates above are indicative and subject to change. Growthpoint Properties Australia reserves the right to vary these dates without prior notice including, subject to the law, extending the Rights Offer, delaying the allotment of new stapled securities or accepting late applications either generally, or in particular cases, without notice. No cooling off rights apply to the Rights Offer and you cannot withdraw your application once it has been accepted.

Investec Bank (Australia) Limited is acting as adviser to the Group in relation to the Rights Offer.

Strategy and outlook

Growthpoint Properties Australia's philosophy is to be a pure landlord. The Group invests in quality investment properties in prime business locations for a rental income that grows over time. The Group's key strategies ensure a specific focus:

- **Investment in Australia** – all the Group's investment properties are located in Australia where management understand the key markets. The Group does not intend to invest off-shore in the future.
- **No funds management** – the Group does not have a funds management business. The Group intends to only manage properties that the securityholders of the Group own, whilst the Group's income is derived from rental income under leases rather than funds management or asset management fees.
- **Not a developer** – the Group does not operate a property development business. The Group seeks to invest only in income earning properties and will not actively engage in property developments unless pre-commitment lease contracts exist with current and prospective tenants.
- **Internalised management** – Growthpoint has internalised management, via a stapled entity structure. Securityholders of the Group own both the manager or responsible entity which manages the property trust and the property trust itself. There are no fees payable to third party or external managers for operating the business.

The outlook is one of cautious optimism. Whilst the global economy still faces significant challenges, the Australian economy has performed relatively well. Tenant demand in most commercial property markets has been rising and property values have stabilised and begun to rise in some markets.

The Group's two significant acquisitions (including the Portfolio Acquisition) since its restructure in 2009 totalling $237 million in value, provide securityholders with an attractive property yield of 8.8%, before acquisition costs. The Group continues to explore further investment opportunities to diversify the property portfolio via direct property acquisitions, property portfolio purchases and merger and acquisition opportunities where these transactions are of value to all securityholders.

[8] The sale and purchase of one property, 670 Macarthur Avenue, Pinkenba, is expected to occur on 19 August 2010 with the sale and purchase of the remaining properties expected to occur on 28 September 2010 (subject to the satisfaction of certain contractual conditions, principally consents from government authorities).

GROWTHPOINT PROPERTIES

Readers of this announcement should refer to the Attachment to this announcement for a summary of key financial results and the "Important notice and disclaimer" below.

Ends

Timothy Collyer, Managing Director **Aaron Hockly, Company Secretary**

Media Queries

Miche Paterson
Kreab Gavin Anderson
Telephone: (03) 9659 3000
Email: mpaterson@kreabgavinanderson.com

Important notice and disclaimer

The Rights Offer does not constitute an offer, and stapled securities will not be issued or sold under the Rights Offer, in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, issue or sale. No action has been taken to register or qualify the stapled securities or to otherwise permit a public offering of stapled securities outside Australia. The stapled securities may be offered, issued or sold in any other jurisdiction under the Rights Offer where such an offer, issue or sale is permitted under applicable law.

This announcement is for information purposes only and is not financial product or investment advice or a recommendation to acquire stapled securities. The information provided in this announcement is not advice to investors or potential investors and has been prepared without taking into account the investment objectives, financial circumstances, taxation position or particular needs of investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate legal, financial and taxation advice. Growthpoint Properties Australia is not licensed to provide financial product advice. Cooling-off rights do not apply to an investment in any stapled securities.

This announcement contains summary information about the Group and is dated 17 August 2010. The information in this announcement is of general background and does not purport to be complete or comprehensive, nor does it purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Growthpoint Properties Australia's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au.

This announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "predict", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Growthpoint Properties Australia that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither Growthpoint Properties Australia nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the industries in which Growthpoint Properties Australia operates. Please refer to the "Key Risks" section of the investor presentation released to the ASX on the date of this announcement for further information regarding these risk factors.

GROWTHPOINT PROPERTIES

ATTACHMENT

The analysis below restates the Consolidated Income Statement for FY 2010

Statement of Distributable Income

	$ million
Income	
Property income	66.9
Property expenses	(7.6)
Net Property income	**59.3**
Expenses	
Management fee	(0.3)
Fund expenses	(2.6)
Net borrowing costs	(34.0)
Profit from operations after tax	**22.4**
AIFRS straight lining of rental income receivable	9.0
Gain/(loss) on fair value adjustments:	
a) Investment property revaluation[9]	25.7
b) Fair value adjustment for straight-line rental receivable	(9.0)
c) Fair value adjustment of derivative financial instruments	(1.4)
Net profit attributable to Securityholders	**46.7**
Add back non-distributable items	
a) Investment property revaluation[9]	(25.7)
b) Fair value adjustment of derivative financial instruments	1.4
Income available for distribution to Securityholders	**22.4**
Distributions paid/payable	**22.3**

	cents per stapled security
Basic and diluted earnings	34.5
Operating earnings	14.0
Distribution paid/payable	**14.0**

[9] Prior to deduction of AIFRS straight-line rental receivable