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GROWTHPOINT PROPERTIES

ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

22 February 2011

Results for the half-year ended 31 December 2010
Significant period of growth for GOZ

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

Timothy Collyer, Managing Director, said: "Directors of Growthpoint Properties Australia are pleased to report a successful Half Year where the property portfolio has performed well, income distributions to securityholders have met targets and the ASX price has appreciated. The property portfolio has been expanded significantly to now include 33 properties valued at close to $1.0 billion. This includes the Group's first investments into the Australian office sector by the purchase of 3 office buildings and a carpark for $179.3 million. Growthpoint's focus is upon expanding and diversifying the portfolio in a planned and strategic way, whilst providing securityholders with a stable and growing income distribution over time".

Highlights for the Half Year

- Statutory profit of $24.85 million (including fair value movements in investment properties and financial derivatives).
- Distributable profit of $15.8 million.
- Consistent with market guidance, a distribution of 8.40 cents per stapled security for GOZ for the six months ended 31 December 2010. Security holders who received "GOZNA" securities as part of the 2010 rights issue to receive a pro-rated distribution being 4.52 cents per stapled security.
- Diversification of the Group's tenancy income and asset base through $218.1 million of property acquisitions during the Half Year (before transaction costs) comprising:
  - a new office building in Adelaide, South Australia, purchased for $46.5 million at an initial yield of 9.0%, leased to quality tenants including Coffey International and the Government of South Australia;
  - 2 recently constructed office buildings and a car park in South Brisbane, Queensland, purchased for $132.8 million at an initial yield of 8.4%, leased to quality tenants including Sinclair Knight Merz, MacMahon Contractors, Transfield, Fuji Xerox and Secure Parking; and
  - 4 modern, industrial properties in Yatala and Pinkenba, Queensland, purchased for $38.8 million at an initial yield of 8.2%, leased to quality tenants Reward Supply Co (a subsidiary of ASX listed Campbell Brothers), CMC Coil Steels, Norman Ellison Carpets, Reliance Worldwide and Coventry Group.
- A successful $101 million Rights Offer (see Rights Offer Booklet, dated 17 August 2010) to partially fund the above acquisitions closed fully subscribed in September 2010. As a result of this Rights Offer, Growthpoint Properties Limited of South Africa, the major securityholder of the Group, reduced its stake in the Group by renouncing nearly half of its rights to a number of Australian, South African and United Kingdom based investors including APN Property Group and Investec Property Investments (a division of Investec Bank plc). This was consistent with previous announcements. Growthpoint Properties Limited now owns approximately 67.6% of the total securities on issue.
- A total return for the Group of 28.3% for the year ended 31 December 2010 (distributions plus security price appreciation), significantly outperforming the S&P/ASX A-REIT 300 Accumulation Index which returned -0.7%.

Distributions

The Group's distributions for the Half Year are 8.40 cents per stapled security. Security holders who received "GOZNA" securities[1] as part of the Rights Issue will receive a pro-rated distribution being 4.52 cents per stapled security. These distributions will be paid on 28 February 2011 and are consistent with guidance provided in the Rights Issue Offer Booklet, dated 17 August 2010 as well as in subsequent announcements.

Property valuations

Of the 33 investment properties owned by the Group at balance date, 29 properties were independently revalued during the Half Year, either as at 31 December 2010 or valued for initial acquisition with an aggregate value of $981.8 million. As a result, 98% of the Group's property portfolio (by value) has been independently valued during the last 6 months. Of the remaining four properties, one has been sold and 3 are held for sale and are recorded in the Group's balance sheet either at Directors' valuation or at the agreed sale price.

The weighted average capitalisation rate (WACR) for the property portfolio, by last valuation, is 8.5%. This compares to the WACR as at 30 June 2010 of 8.6%.

A profit attributable to the revaluation of the property portfolio of $1.7 million is included in the statutory profit result, approximating 0.2% capital growth on a "like for like" basis.

Net tangible assets

The Group's net tangible assets ("NTA") per stapled security is $2.03 as at 31 December 2010, unchanged from the position as at 30 June 2010.

The Rights Offer forecast an NTA of $1.99 per stapled security. The property revaluation gain of $1.7 million and a fair value adjustment of the Group's interest rate swap book of $7.3 million for the Half Year led to the higher NTA as at 31 December 2010.

ASX performance

For the year ended 31 December 2010, the S&P/ASX A-REIT 300 Accumulation Index was essentially flat, returning -0.7%. Over the same period the total return for GOZ was 28.3%, comprising an income return of 10.2% and ASX stapled security price growth of 18.1%.

Property portfolio update

The Group maintains a quality portfolio of investment properties leased to quality tenants, with the intention of holding these assets long term for rental income. Key achievements for the Half Year were:

- **Continuation of 100% portfolio occupancy:** From 30 June 2010, the portfolio has enjoyed 100% occupancy and there are no leases expiring in the current financial year. The weighted average lease expiry for the portfolio is approximately 9.1 years as at 31 December 2010.
- **Disposals: I**n November 2010, the Group announced the sale of 45 Northlink Place, Virginia, Queensland for approximately $3.7 million, above the book value of $3.6 million. Settlement occurred on 31 January 2011.

  A second payment for the $9.5 million sale of Lot 1, 44-54 Raglan Street, Preston, Victoria was received in the Half Year. Full settlement is due to occur on or before 30 June 2011.

  Properties will be disposed of where they no longer meet the Group's investment criteria.
- **Arrears:** As at 31 December 2010, the Group had no significant arrears.
- **Capital Expenditure:** During the Half Year approximately $0.8 million was spent on capital expenditure at properties comprising:
  - Woolworths, Perth – Truck washing facility for $0.7 million. This expenditure has been rentalised, with a higher rent being received from Woolworths.
  - Other – Miscellaneous capital expenditure at properties of $0.1 million.

[1] "GOZNA" stapled securities collapsed to "GOZ" stapled securities with effect from 1 January 2011 and now rank equally in all respects.

Debt and interest rate hedging

The Group's syndicated debt facility of $558 million with National Australia Bank and Westpac extends to 30 June 2012 and is drawn to $548 million ("Debt Facility"). The loan to value ratio and interest cover ratio under the Debt Facility are 55.8%[2] and 2.0 times[3], respectively, measured as at 31 December 2010. These are well within banking covenants of the Debt Facility.

During the Half Year the Group extended its interest rate hedging profile, to fix the majority of its interest expense over the medium term to protect against adverse movements in the Group's interest rate expense. As at 31 December 2010, the Group's interest rate hedges represent approximately 79.3% of its debt, with an average interest rate of 5.8% per annum (excluding bank margin) and average duration of 3.3 years.

Outlook

Commercial property values in Australia have stabilised and in some locations have risen. The Property Council/IPD Australia Australian Property Index, which benchmarks returns from commercial property, recorded capital growth of 0.3% to the year ended 30 September 2010. The economy is performing well with solid tenant demand in most markets. Recent flooding in Queensland and other states will have a negative impact on economic activity in the short term, however, rebuilding of housing, businesses and infrastructure will contribute to growth over the next couple of years.

Growthpoint Properties Australia's portfolio is well tenanted, with 100% occupancy and a weighted average lease term (by rent) of 9.1 years. Management concentration will be focussed on strategies for the renewal of tenant leases and renegotiating terms for a new or extended debt facility. We will also continue to seek new property investments in Australia that meet the Group's investment criteria and improve the property portfolio.

Directors reaffirm guidance that distributions for GOZ stapled security holders for the Half Year ending 30 June 2011 are expected to be 8.7 cents per stapled security providing a total distribution for FY 2011 of 17.1 cents per stapled security for GOZ securities that are held for the full year.

Ends

Timothy Collyer, Managing Director

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[2] Loan to value ratio under the Debt Facility is calculated by dividing the most recent independent property valuations by drawn debt as at 31 December 2010.
[3] Interest cover ratio under the Debt Facility is calculated by dividing net property income by the gross interest expense (excluding non-cash borrowing costs) for the 3 months to 31 December 2010.

ATTACHMENT

The analysis below restates the Consolidated Income Statement for the six months ended 31 December 2010

Statement of Distributable Income

	$ million
Income	
Net property income	36,854
Interest income	413
Expenses	
Operating and Trust expenses	(1,764)
Borrowing costs	(19,666)
Net profit before fair value and straight-line rental adjustments	**15,837**
AIFRS straight lining of rental income receivable	5,504
Gain/(loss) on fair value adjustments:	
a) Investment property revaluation[1]	1,715
b) Fair value adjustment for straight-line rental receivable	(5,504)
c) Fair value adjustment of derivative financial instruments	7,295
Net profit attributable to Securityholders	**24,847**
Add back non-distributable items	
a) Investment property revaluation	(1,715)
b) Fair value adjustment of derivative financial instruments	(7,295)
Income available for distribution to Securityholders	**15,837**
Distributions payable	**15,811**

	cents per stapled security
Basic and diluted earnings	13.2
Operating earnings	8.4
Distribution payable	**8.4**

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

GROWTHPOINT PROPERTIES

Current Key Fund Metrics (as at 31 December 2010)

Item	
No. of properties	33
Building area (square metres)	762,028
Land area (square metres)	2,062,704
Portfolio site coverage	37%
Portfolio property value	$991 million
Average property value	$30 million
Weighted average valuation capitalisation rate	8.5%
Weighted average lease expiry (WALE)	9.1 years
Closing ASX price per stapled security	$1.96
Stapled securities on issue	212,777,873
ASX market capitalisation	$417 million
ASX liquidity (ave. securities traded per month for Half Year)	24,442
Total distributions for Half Year	$15.8 million
Distribution per stapled security for Half Year[1]	8.4 cents
Tax deferred component of distribution	100% (estimated)
Net profit for Half Year	$24.9 million
Basic and diluted earnings per stapled security for Half Year	13.2 cents
Total assets	$1,012.0 million
Total debt drawn	$548.3 million
Net assets	$432.8 million
Net tangible assets per stapled security	$2.03
Net property income for Half Year (excluding straight line rent)	$36.9 million
Net property income growth[2]	30.4%
Debt to gross assets	54.2%
LVR	55.8%
Weighted average interest rate swap expiry	3.3 years
% of debt hedged	79%

[1] GOZNA stapled securities received 4.52 per security, which is the pro rated distribution from 24 September 2010, the date they first traded on the ASX

[2] Net property income growth – December 2010 half year compared to December 2009 half year.