



GROWTHPOINT
PROPERTIES

Half Year Report

For the six months ended 31 December 2010
Growthpoint Properties Australia

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

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MANAGING DIRECTOR'S INTRODUCTION

Significant period of growth for GOZ

I am pleased to be able to confirm to security holders that Growthpoint Properties Australia ("the Group") has continued to grow and diversify the property portfolio with strategic property acquisitions during the 6 months ended 31 December 2010 ("Half Year") whilst delivering a sound financial performance in accordance with previous guidance.

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 resulting in a distribution of 8.40 cents per stapled security for "GOZ" and 4.52 cents per stapled security for "GOZNA".
- > Significant expansion and diversification of the Group's property portfolio through the acquisition of \$218.1 million of modern or newly developed office and industrial property in Queensland and South Australia during the Half Year taking the value of the property portfolio close to \$1.0 billion.
- > A successful \$101 million Rights Offer, 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 security holder 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 paid a distribution of 8.40 cents per stapled security for "GOZ" and 4.52 cents per stapled security for "GOZNA"¹ on 28 February 2011. These distributions are consistent with guidance provided in the Rights Issue Offer Booklet, dated 17 August 2010 as well as in subsequent announcements.

PROPERTY VALUATIONS

The Group's property portfolio as at 31 December 2010 was valued at \$991 million. 98% of the Group's property portfolio (by value) has been independently valued during the Half Year either as at 31 December 2010 or valued for initial acquisition. Of the four properties not independently valued during this period, one has been sold and three are either held for sale or expected to be sold 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 from 30 June 2010 on a "like for like" basis.

NET TANGIBLE ASSETS

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

The Rights Offer forecast 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 appreciation 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

1. "GOZNA" stapled securities were issued as part of the 2010 right offer and received a pro-rated distribution. This security collapsed to "GOZ" with effect from 1 January 2011 and now rank equally in all respects.

was approximately 9.1 years as at 31 December 2010.

- > **Disposals:** In November 2010, the Group announced the sale of 45 Northlink Place, Virginia, Queensland for approximately \$3.7 million, above the book value at the time of sale 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.

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 times³, respectively, measured as at 31 December 2010, being well within Debt Facility covenants.

During the Half Year the Group extended its interest rate hedging profile to protect against adverse movements in the Group's interest rate expense. As at 31 December 2010, the Group's interest rate hedges represented 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 a total of return 9.5% for the year ended 31 December 2010, comprising 7.5% income return and 1.8% capital growth. 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 should contribute to growth over the next couple of years.

Distribution guidance for the half year ending 30 June 2011 is 8.7 cents per stapled security

providing a total distribution for FY 2011 of 17.1 cents per stapled security⁴.

Our focus remains expanding and diversifying the property portfolio in a planned and strategic manner, whilst continuing to provide security holders with a stable and growing income distribution over time.

Thank you for your support for Growthpoint Properties Australia.

T. J. Collyer

Timothy Collyer
Managing Director

21 March 2011



Timothy Collyer

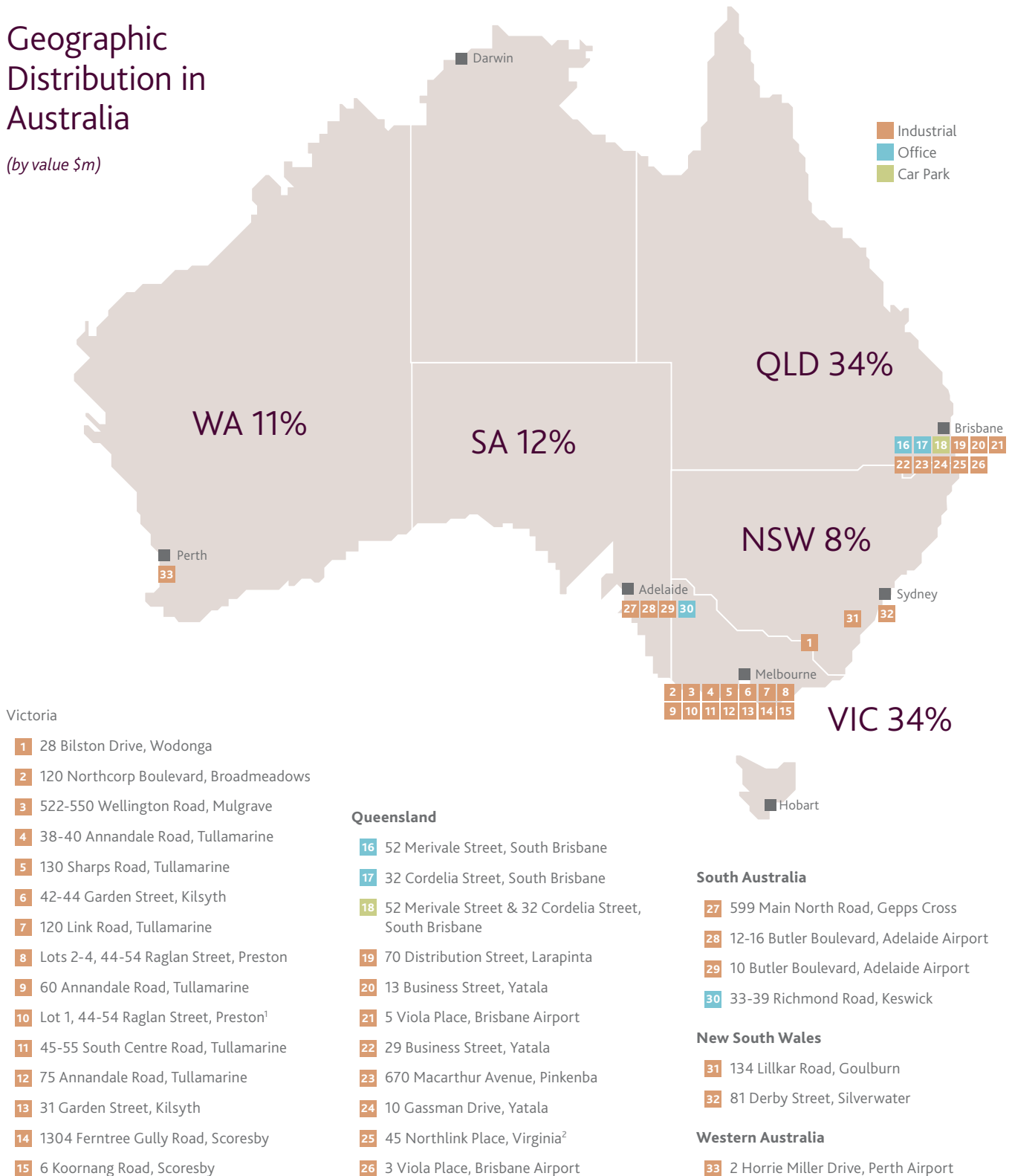
2. Loan to value ratio under the Debt Facility is calculated by dividing the most recent independent property valuations by drawn debt as at 31 December 2010. 3. Interest cover ratio under the Debt Facility is calculated by dividing net property income by the gross interest expense (excluding non-cash borrowing costs) for the 3 months to 31 December 2010. 4. Security holders who participated in the 2010 rights offer will receive a pro-rated distribution as noted above.

INVESTMENT PORTFOLIO OVERVIEW

as at 31 December 2010

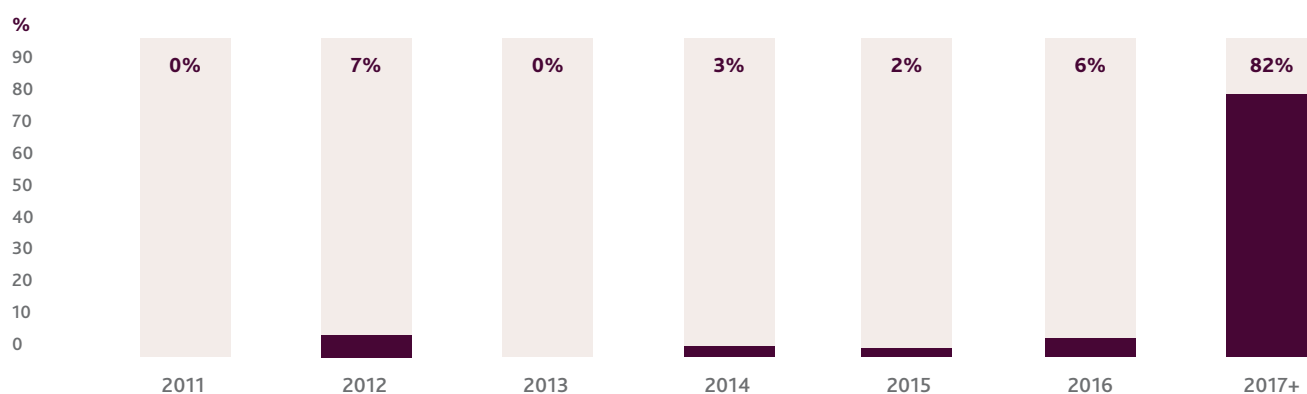
Geographic Distribution in Australia

(by value \$m)

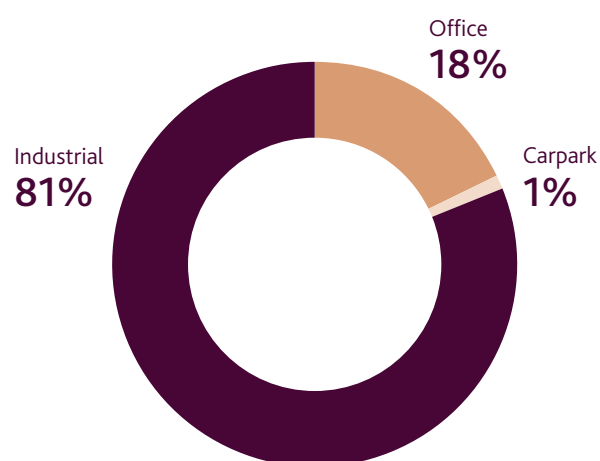


NUMBER OF PROPERTIES	33
NUMBER OF TENANTS	42
LETTABLE AREA (EXCLUDING CAR PARKS)	789,570m ²
LAND AREA	2,121,998m ²
PROPERTY PORTFOLIO BOOK VALUE	\$991.5 million
PORTFOLIO OCCUPANCY	100%
WEIGHTED AVERAGE LEASE EXPIRY (WALE)	9.1 years
PORTFOLIO RENT EXPIRING FY 2011	0%

KEY METRICS (AS AT 31 DECEMBER 2010)



PORTFOLIO RENT EXPIRING PER FINANCIAL YEAR



SECTOR DIVERSITY

TENANT	% OF PASSING RENT
WOOLWORTHS	46%
COLES GROUP (A DIVISION OF WESFARMERS)	8%
SINCLAIR KNIGHT MERTZ	6%
STAR TRACK EXPRESS	4%
COFFEY INTERNATIONAL	3%
MACMAHON CONTRACTORS	2%
FLETCHER BUILDING (LAMINEX)	2%
SOUTH AUSTRALIAN GOVERNMENT	2%
WILLOW WARE AUSTRALIA	2%
PAPER AUSTRALIA	2%
TOTAL	77%

TOP TEN TENANTS



28 BILSTON DRIVE, WODONGA VIC

PROPERTY PORTFOLIO SUMMARY

Book value as at 31 December 2010

PROPERTY ADDRESS	TYPE	MAJOR TENANT	VALUE (\$M)	LAND AREA (M ²)	LETTABLE AREA (M ²)
VICTORIA					
28 BILSTON DRIVE, WODONGA	INDUSTRIAL	WOOLWORTHS LIMITED	65.5	250,000	57,440
120 NORTHCORP BOULEVARD, BROADMEADOWS	INDUSTRIAL	WOOLWORTHS LIMITED	60.0	250,000	57,861
522-550 WELLINGTON ROAD, MULGRAVE	INDUSTRIAL	WOOLWORTHS LIMITED	49.0	191,200	68,144
38-40 ANNANDALE ROAD, TULLAMARINE	INDUSTRIAL	STAR TRACK EXPRESS	35.5	75,325	44,424
130 SHARPS ROAD, TULLAMARINE	INDUSTRIAL	LAMINEX GROUP	19.5	47,446	28,100
120 LINK ROAD, TULLAMARINE	INDUSTRIAL	THE REJECT SHOP	17.5	51,434	26,517
42-44 GARDEN STREET, KILSYTH	INDUSTRIAL	ARB CORPORATION	17.3	55,990	25,887
LOTS 2-4, 44-54 RAGLAN STREET, PRESTON	INDUSTRIAL	PAPER AUSTRALIA	16.0	42,280	26,980
60 ANNANDALE ROAD, TULLAMARINE	INDUSTRIAL	WILLOW WARE AUSTRALIA	13.4	34,726	16,276
LOT 1, 44-54 RAGLAN STREET, PRESTON ¹	INDUSTRIAL	CHEMIST WAREHOUSE	9.6	17,490	12,840
45-55 SOUTH CENTRE ROAD, TULLAMARINE	INDUSTRIAL	WILLOW WARE AUSTRALIA	8.7	24,799	14,082
75 ANNANDALE ROAD, TULLAMARINE	INDUSTRIAL	CATERPILLAR	6.7	16,930	10,280
31 GARDEN STREET, KILSYTH	INDUSTRIAL	CUMMINS FILTRATION	6.4	17,610	8,828
1304 FERNTREE GULLY ROAD, SCORESBY	INDUSTRIAL	VIP PLASTICS	5.3	12,154	7,621
6 KOORNANG ROAD, SCORESBY	INDUSTRIAL	VIP PLASTICS	4.6	12,198	7,385
QUEENSLAND					
52 MERIVALE STREET, SOUTH BRISBANE	OFFICE	MACMAHON CONTRACTORS	66.4	2,331	9,453
32 CORDELIA STREET, SOUTH BRISBANE	OFFICE	SINCLAIR KNIGHT MERTZ	64.6	2,667	10,052
32 CORDELIA STREET & 52 MERIVALE STREET, SOUTH BRISBANE	CARPARK	SECURE PARKING	10.2	9,319	215 SPACES
70 DISTRIBUTION STREET, LARAPINTA	INDUSTRIAL	WOOLWORTHS LIMITED	148.0	250,900	75,425
13 BUSINESS STREET, YATALA	INDUSTRIAL	REWARD SUPPLY CO.	15.9	18,630	8,951
29 BUSINESS STREET, YATALA	INDUSTRIAL	CMC COIL STEELS	11.4	16,460	8,680
5 VIOLA PLACE, BRISBANE AIRPORT	INDUSTRIAL	REPCO	11.3	35,166	14,726
670 MACARTHUR STREET, PINKENBA	INDUSTRIAL	RELIANCE WORLDWIDE	8.7	10,360	5,577
10 GASSMAN STREET, YATALA	INDUSTRIAL	NORMAN ELLISON CARPETS	5.3	6,480	3,188
45 NORTHLINK PLACE, VIRGINIA ²	INDUSTRIAL	QUANTUM FOOD SERVICES	3.7	3,304	1,870
3 VIOLA PLACE, BRISBANE AIRPORT	INDUSTRIAL	GE CAPITAL FINANCE	1.8	12,483	3,429
SOUTH AUSTRALIA					
33-39 RICHMOND ROAD, KESWICK	OFFICE	COFFEY INTERNATIONAL (61%), GOVERNMENT OF SOUTH AUSTRALIA (38%)	49.5	4,169	11,835 +330 CAR PARKS
599 MAIN NORTH ROAD, GEPPS CROSS	INDUSTRIAL	WOOLWORTHS LIMITED	53.6	233,500	67,238
12-16 BUTLER BOULEVARD, ADELAIDE AIRPORT	INDUSTRIAL	CHEAP AS CHIPS	10.6	30,621	16,800
10 BUTLER BOULEVARD, ADELAIDE AIRPORT	INDUSTRIAL	TOLL TRANSPORT	7.5	16,100	8,461
NEW SOUTH WALES					
134 LILLKAR ROAD, GOULBURN	INDUSTRIAL	COLES GROUP LIMITED	67.5	162,500	42,826
81 DERBY STREET, SILVERWATER	INDUSTRIAL	BLUE STAR PRINTING	13.1	13,490	7,984
WESTERN AUSTRALIA					
2 HORRIE MILLER DRIVE, PERTH AIRPORT	INDUSTRIAL	WOOLWORTHS LIMITED	107.5	193,936	80,374
TOTAL			991.5	2,121,998	789,570

1. This property has been sold and will settle on, or prior to, 30 June 2011.

2. This property has been sold. Settlement occurred on 31 January 2011.

DIRECTORS' REPORT

The Directors of Growthpoint Properties Australia Limited ACN 124 093 901 ("the Company"), being the Responsible Entity of Growthpoint Properties Australia Trust ARSN 120 121 002 ("the Trust"), present their report for Growthpoint Properties Australia ("the Group") consisting of the Company and its controlled entities and the Trust and its controlled entities, for the half year ended 31 December 2010.

The shares of the Company and the units of the Trust are combined and issued as stapled securities. 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
- > Grant Jackson
- > David Spruell
- > Francois Marais
- > Norbert Sasse
- > Estienne De Klerk
- > Timothy Collyer (appointed 12 July 2010)

Review of Operations

During the period, the Group continued its strategy of investment in a portfolio of quality income producing real estate assets. The Group acquired 8 properties for \$218 million (before transaction costs) during the period, funded by debt and a \$101 million equity raising. The stapled securities issued for the equity raising traded on the ASX under the code GOZNA and will receive pro-rated distributions from 24 September 2010 (the first day of trading on the ASX) to 31 December 2010, when they converted to normal stapled securities trading under ASX code GOZ. At 31 December 2010, the Group held a portfolio of 33 investment properties.

The result for the half year was a net profit of \$24,847,000. The major factors contributing to the profit were:

- > Property fair value loss of \$3,789,000 consisting of property value gain of \$1,715,000 and straight-line rental adjustments expense of \$5,504,000 (2009: gain of \$11,797,000 consisting of property value gain of \$18,181,000 and straight-line rental adjustments expense of \$6,384,000).
- > An unrealised gain of \$7,295,000 (2009: \$6,246,000) 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 \$40,985,000 (2009: \$31,840,000).
- > Earnings per stapled security ("EPS") of 13.2 cents (2009: 19.5 cents).

- > Distributions to GOZ security holders of \$13,408,000 (2009: \$8,779,000) and distributions per GOZ stapled security of 8.40 cents (2009: 5.5 cents). Distributions to GOZNA security holders of \$2,403,000 and distributions per GOZNA stapled security of 4.52 cents.
- > Net assets of \$432,810,000 (30 June 2010: \$324,003,000) and NTA per stapled security of \$2.03 (30 June 2010: \$2.03).
- > Property portfolio value of \$978,184,000 (30 June 2010: \$747,300,000).

Key achievements during the period were:

- > Acquisition of 7 modern, high quality Queensland properties comprising 2 office buildings, a car park and 4 industrial properties for a total price of \$171.5 million (before transaction costs). Settlement of 670 Macarthur Avenue, Pinkenba, occurred in August 2010 and the settlement of the remaining properties occurred in September 2010.
- > \$101 million equity raising via a Rights Issue completed in September 2010 to support the above acquisitions. The balance of funds of \$81 million was sourced by drawing down on and increasing the existing debt facility with lenders National Australia Bank and Westpac Banking Corporation.
- > Acquisition of a brand new office building in Adelaide, South Australia for a total price of \$46.5 million (before transaction costs). The acquisition was funded by drawing down on the existing debt facility with existing lenders National Australia Bank and Westpac Banking Corporation for \$49 million.



Lyn Shaddock
Independent Chairman and Director



Timothy Collyer
Managing Director



Estienne de Klerk
Director

Growthpoint Properties Australia's Board of Directors



Grant Jackson
Independent Director



Francois Marais
Independent Director



Norbert Sasse
Director



David Spruell
Independent Director

Subsequent events

On 31 January 2011, the sale of the property at 45 Northlink Place, Virginia, Queensland settled for a price of \$3,700,000, of which \$3,600,000 was used to repay debt.


Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13 of this Half Year Report and forms part of the Directors' Report for the half year ended 31 December 2010.

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 Melbourne, 21 February 2011, in accordance with a resolution of the Directors.



Timothy Collyer
Managing Director
Growthpoint Properties Australia Limited

AUDITOR'S INDEPENDENCE DECLARATION



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 Trust

I declare that, to the best of my knowledge and belief, in relation to the review for the financial half-year ended 31 December 2010 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.

A stylized signature of the KPMG logo, written in blue ink.

KPMG

A handwritten signature in blue ink, appearing to read 'Darren Scammell'.

Darren Scammell
Partner

Melbourne

21 February 2011

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 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.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2010	Notes	Half year 2010	Half year 2009
		\$'000	\$'000
Revenue			
Property revenue		40,985	31,840
Straight line adjustment to property revenue		5,504	6,384
Net changes in fair value of investment properties		(3,789)	11,797
Net gain on derivatives		7,295	6,246
Net investment income		49,995	56,267
Expenses			
Property expenses		(4,131)	(3,550)
Responsible Entity management fees		-	(239)
Other expenses from ordinary activities		(1,764)	(1,450)
Total expenses		(5,895)	(5,239)
Profit from operating activities		44,100	51,028
Interest income		413	71
Borrowing costs		(19,666)	(17,880)
Net finance costs		(19,253)	(17,809)
Profit for the period		24,847	33,219
Profit / (loss) attributable to:			
Owners of the Trust		24,807	34,257
Owners of the Company		40	(1,038)
		24,847	33,219
Distribution to security holders	5	(15,811)	(8,779)
Change in net assets attributable to security holders / Total Comprehensive Income		9,036	24,440
Basic and diluted earnings per stapled security (cents)		13.2	19.5

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010	Notes	31 December 2010	30 June 2010
		\$'000	\$'000
Current assets			
Cash and cash equivalents		18,758	16,739
Trade and other receivables	6	1,683	1,100
Assets held for sale	7	13,286	9,586
Total current assets		33,727	27,425
Non-current assets			
Trade and other receivables	8	33,629	28,126
Plant & equipment		75	103
Investment properties	8	944,555	719,174
Total non-current assets		978,259	747,403
Total assets		1,011,986	774,828
Current liabilities			
Trade and other payables		9,317	6,012
Provision for distribution payable		15,811	13,568
Derivative financial instruments		263	789
Total current liabilities		25,391	20,369
Non-current liabilities			
Interest bearing liabilities		546,728	416,630
Derivative financial instruments		7,057	13,826
Total non-current liabilities		553,785	430,456
Total liabilities		579,176	450,825
Net assets		432,810	324,003
Security holders' funds			
Contributed equity		615,350	515,579
Retained profits / (accumulated losses)		(182,540)	(191,576)
Total security holders' funds		432,810	324,003

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 2010	Half year 2010	Half year 2009
	\$'000	\$'000
Total equity at the beginning of the half year	324,003	116,610
Net income recognised directly in equity	-	-
Profit / (loss) for the half year	24,847	33,219
Total recognised income and expense for the half year	24,847	33,219
Transactions with security holders in their capacity as security holders:		
Contributions of equity, net of transaction costs	99,771	189,416
Return of capital	-	(6,160)
Distributions provided or paid	(15,811)	(8,779)
Total equity at the end of the half year	432,810	324,306
Total recognised income and expense for the half year is attributable to:		
- Trust	24,807	34,257
- Company	40	(1,038)
Growthpoint Properties Australia	24,847	33,219

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 2010	Half year 2010	Half year 2009
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	43,317	32,488
Payments to suppliers	(6,400)	(10,854)
Borrowing costs	(18,459)	(17,557)
Interest received	413	75
Net cash inflow from operating activities	18,871	4,152
Cash flows from investing activities		
Payments for investment properties	(232,869)	(17,717)
Payments for plant & equipment	(5)	(145)
Net cash inflow / (outflow) from investing activities	(232,874)	(17,862)
Cash flows from financing activities		
Proceeds from external borrowings	129,819	15,200
Repayment of external borrowings	-	(185,511)
Proceeds from equity raising	101,000	200,000
Equity raising costs	(1,229)	(10,728)
Distributions paid to security holders	(13,568)	(2,596)
Return of capital to unitholders	-	(6,160)
Cash acquired on stapling	-	160
Net cash inflow / (outflow) from financing activities	216,022	10,365
Net increase / (decrease) in cash and cash equivalents	2,019	(3,345)
Cash and cash equivalents at the beginning of the period	16,739	7,010
Cash and cash equivalents at the end of the period	18,758	3,665

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 2010

Note 1: Reporting entity

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

The Group was established for the purpose of facilitating a joint quotation of the Company and its controlled entities and the Trust and its controlled entities on the Australian Securities Exchange (ASX Code: GOZ). 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 2010.

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 2010 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 21 February 2011.

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

The accounting policies applied by the Group in this interim financial report are consistent with those of the previous financial year ended 30 June 2010 and the corresponding interim reporting period.

Note 4: Segment information

The Group operates wholly within Australia and derives rental income solely from property investments and therefore only has one operating segment.

Note 5: Distributions

	Half year 2010	Half year 2009
	\$'000	\$'000
Profit / (loss) from operating activities	24,847	33,219
Less non-distributable items:		
- Straight line adjustment to property revenue	(5,504)	(6,384)
- Net changes in fair value of investments	3,789	(11,797)
- Net (gain) / loss on derivatives	(7,295)	(6,246)
Distributable income	15,837	8,792
Distributions on ordinary stapled securities provided for or paid during the half year	15,811	8,779

Period for distribution	Total distribution	Total stapled securities	Distributions per stapled security
	\$'000	('000)	(cents)
Half year to 31 December 2010 GOZ	13,408	159,620	8.40
Half year to 31 December 2010 GOZNA	2,403	53,158	4.52

The distribution of 8.40 cents per GOZ stapled security (2009: 5.5 cents per GOZ stapled security) and 4.52 cents per GOZNA stapled security are estimated to be 100% tax deferred. The distributions are consistent with those estimated in the Rights Issue Booklet, dated 17 August 2010.

Note 6: Current assets – trade and other receivables

	31 December 2010	30 June 2010
	\$'000	\$'000
Rent receivables	704	723
Provision for impairment of receivables (note 6 a)	(230)	(230)
Prepayments	1,209	607
	1,683	1,100

(A) IMPAIRED RENT RECEIVABLES

As at 31 December 2010 current rent receivables of the Group with a nominal value of \$230,000 (30 June 2010: \$230,000) were impaired. The amount of the provision was \$230,000 (30 June 2010: \$230,000). The impaired rent receivable relates to a tenant who has vacated the property at Lot 1, 44-54 Raglan Street, Preston. Action to recover this amount is being taken.

There was no movement in the provision for impairment of receivables during the period. The provision for impaired receivables has been deducted from "property revenue" in the Statement of Comprehensive Income where applicable.

Note 7: Assets classified as held for sale

On 15 June 2010 the Group signed a contract to sell the property at Lot 1, 44-54 Raglan Street, Preston, Victoria, with settlement to occur on or before 30 June 2011. As a result this property was re-classified from investment property to assets available for sale. The value transferred was \$9,586,000 which represents the fair value less costs to sell the property.

On 24 November 2010 the Group signed a contract to sell the property at 45 Northlink Place, Virginia, Queensland and settlement occurred on 31 January 2011. As a result this property was re-classified from investment property to assets available for sale. The value transferred was \$3,700,000 which represents the fair value less costs to sell the property.

Note 8: Investment properties

(A) INDIVIDUAL VALUATIONS AND CARRYING AMOUNTS

			Latest External Valuation		Consolidated Book Value	
Industrial Properties			Date	Valuation	31-Dec-10	30-Jun-10
				\$'000	\$'000	\$'000
Property Address						
70 Distribution Street	Larapinta	QLD	31-Dec-10	148,000	148,000	147,500
2 Horrie Miller Drive	Perth Airport	WA	31-Dec-10	107,500	107,500	107,000
134 Lilkar Road	Goulburn	NSW	31-Dec-10	67,500	67,500	67,900
28 Bilston Drive	Wodonga	VIC	31-Dec-10	65,500	65,500	65,700
120 Northcorp Boulevard	Broadmeadows	VIC	31-Dec-10	60,000	60,000	59,500
599 Main North Road	Gepps Cross	SA	31-Dec-10	53,600	53,600	53,200
522-550 Wellington Road	Mulgrave	VIC	31-Dec-10	49,000	49,000	48,800
40 Annandale Road	Tullamarine	VIC	31-Dec-10	35,500	35,500	35,300
130 Sharps Road	Tullamarine	VIC	31-Dec-10	19,500	19,500	19,300
120 Link Road	Tullamarine	VIC	31-Dec-10	17,500	17,500	16,900
42-44 Garden Street	Kilsyth	VIC	31-Dec-10	17,250	17,250	17,800
44-54 Raglan St Lot 2 - 4	Preston	VIC	31-Dec-10	16,000	16,000	15,800
13 Business Street	Yatala	QLD	1-Aug-10	14,800	15,917	-
60 Annandale Road	Tullamarine	VIC	31-Dec-10	13,400	13,400	13,400
81 Derby Street	Silverwater	NSW	31-Dec-10	13,100	13,100	13,400
29 Business Street	Yatala	QLD	1-Aug-10	10,800	11,381	-
5 Viola Place	Brisbane	QLD	31-Dec-10	11,300	11,300	11,200
12-16 Butler Boulevard	Adelaide	SA	31-Dec-10	10,600	10,600	10,600
45-55 South Centre Road	Tullamarine	VIC	31-Dec-10	8,725	8,725	7,800
670 Macarthur Avenue	Pinkenba	QLD	1-Aug-10	8,200	8,725	-
10 Butler Boulevard	Adelaide	SA	31-Dec-10	7,450	7,450	7,300
75 Annandale Road	Tullamarine	VIC	31-Dec-10	6,675	6,675	6,600
31 Garden Street	Kilsyth	VIC	31-Dec-10	6,400	6,400	6,400
1304 Ferntree Gully Road	Scoresby	VIC	31-Dec-09	6,500	5,300	5,300
10 Gassman Avenue	Yatala	QLD	1-Aug-10	4,950	5,289	-
6-10 Koornang Road	Scoresby	VIC	31-Dec-09	5,600	4,600	4,600
3 Viola Place	Brisbane	QLD	31-Dec-10	1,750	1,750	2,400
45 Northlink Place ⁽ⁱ⁾	Virginia	QLD	31-Dec-09	3,600	-	3,600
44-54 Raglan St Lot 1 ⁽ⁱ⁾	Preston	VIC	31-Dec-09	9,425	-	-
				800,125	787,462	747,300

(i) A contract of sale has been executed to sell these properties and they have been reclassified to assets available for sale under current assets – see note 7 for further information.

Note 8: Investment properties (cont'd)

(A) INDIVIDUAL VALUATIONS AND CARRYING AMOUNTS (CONT'D)

				Latest External Valuation		Consolidated Book Value	
Office Properties				Date	Valuation	31-Dec-10	30-Jun-10
					\$'000	\$'000	\$'000
Property Address							
52 Merivale Street	South Brisbane	QLD	1-Aug-10	62,360		66,428	-
32 Cordelia Street	South Brisbane	QLD	1-Aug-10	60,670		64,619	-
32 Cordelia Street (Car park)	South Brisbane	QLD	1-Aug-10	9,660		10,198	-
33-39 Richmond Road	Keswick	SA	15-Nov-10	49,000		49,477	-
					181,690	190,722	-
Sub-totals					981,815	978,184	747,300
Less: amounts classified as receivables (rental income recognised on a straight line basis)						(33,629)	(28,126)
Total investment properties						944,555	719,174

(B) EXTERNAL VALUATIONS

External valuations for all properties were obtained during the half year which were conducted by Jones Lang LaSalle, Savills, CB Richard Ellis and Colliers International, except for properties under contract of sale and two smaller properties at Scoresby held at Directors valuations.

Note 9: Commitments

(A) CAPITAL COMMITMENTS

CAPITAL EXPENDITURE OBLIGATIONS ASSOCIATED WITH LEASES

This section discusses the capital expenditure obligations that apply to six properties in the Group. During the first five years from the date of lease commencement of each of these properties, the tenant can call for up to \$80 million to be spent on capital expenditure that expands or upgrades the properties. As at 31 December 2010, \$38.3 million of capital expenditure is available to the tenants of these properties to utilise.

The lease commencement date for four of the properties was 30 July 2006 and the lease commencement dates for the other two properties was 28 February 2007 and 4 October 2007, respectively.

In each case, the tenant 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.

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 10: Contributed equity

	Half year 2010	Half year 2010	Half year 2009	Half year 2009
	No. ('000)	\$'000	No. ('000)	\$'000
Opening balance at 1 July	159,620	515,579	346,176	332,514
Issues of ordinary stapled securities during the half year:				
Security placement	-	-	347,564	55,610
1 for 10 consolidation	-	-	(624,366)	-
Rights issue	53,158	101,000	90,246	144,390
Cost of raising capital	-	(1,229)	-	(10,935)
Return of capital	-	-	-	(6,000)
	53,158	99,771	(186,556)	183,065
Closing balance at 31 December	212,778	615,350	159,620	515,579

Note 11: Subsequent events

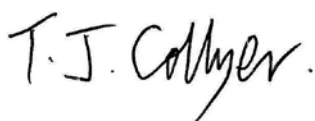
On 31 January 2011, the sale of the property at 45 Northlink Place, Virginia, Queensland settled for a price of \$3,700,000, of which \$3,600,000 was used to repay debt.

DIRECTORS' DECLARATION

In the opinion of the Directors:

- (a) the attached Financial Statements and notes set out on pages 4 to 13 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 2010 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.



Timothy Collyer
Managing Director

Melbourne, 21 February 2011

INDEPENDENT AUDITOR'S REPORT



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

Report on the consolidated financial report

We have reviewed the accompanying half-year financial report of Growthpoint Properties Australia (the Group), which comprises the consolidated statement of financial position as at 31 December 2010, 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, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising Growthpoint Properties Australia Limited (the company), Growthpoint Properties 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 the Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust are responsible for the preparation of the half-year combined financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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 2010 and its performance for the half-year 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 annual 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, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



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 2010 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*.

A stylized blue signature of the KPMG firm.

KPMG

A blue handwritten signature of Darren Scammell.

Darren Scammell
Partner

Melbourne

21 February 2011

GROWTHPOINT

PROPERTIES

Level 10 , 379 Collins Street, Melbourne VIC Australia
Web: www.growthpoint.com.au
Investor Services line: 1800 260 453