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GROWTHPOINT PROPERTIES

ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

22 August 2011

RESULTS FOR YEAR ENDED 30 JUNE 2011

The Directors of Growthpoint Properties Australia Limited are pleased to announce the results for Growthpoint Properties Australia (**"the Group"**) for the year ended 30 June 2011 (**"FY 2011"**).

Managing Director, Timothy Collyer, said:

> "FY 2011 has been a successful year for Growthpoint Properties Australia with the maintenance of a strong financial and ASX performance, including an increased distribution to security holders and considerable growth in the property portfolio through direct property acquisitions and a property trust takeover.
>
> The property portfolio now approximates $1.24 billion in value (including Energex Nundah) and enjoys a weighted average lease expiry (WALE) of 9 years and 100% occupancy. The Group's strategy, of investing in a diversified portfolio of quality, well leased properties for rental income, has received support from the Group's major security holder, Growthpoint Properties Limited of South Africa, and existing security holders including institutional investors domiciled in Australia and South Africa during two successful equity raisings in the last 12 months totalling in excess of $200 million."

HIGHLIGHTS FOR FY 2011

- Statutory profit of $43.4 million (including fair value movements in investment properties and financial derivatives).
- Distributable profit of $36.4 million compared with $22.4 million for the year ended 30 June 2010 ("**FY 2010**"), an increase of approximately 62%.
- A final distribution of 8.7 cents per stapled security for the second half of FY 2011, taking the full year distribution to 17.1 cents per stapled security compared to 14.0 cents in FY 2010, a 22.1% increase.
- A total return for the Group of 15.5% for FY 2011 (distributions plus security price appreciation), outperforming the S&P/ASX Property 300 Accumulation Index which returned 5.3% (source IRESS).
- Addition of 15 properties to the Group's portfolio through:
    - A merger with the Rabinov Property Trust which, at the time of merger, held six quality properties in Victoria, Tasmania and South Australia with a book value of $184 million.
    - Direct property acquisitions totalling $218 million (before transaction costs) including a newly constructed office building in Adelaide, two newly constructed office buildings and a car park in South Brisbane and four modern industrial properties in South East Queensland.
    - Execution of contracts to acquire and fund the development of a "new generation" 12,910 square metre office building, pre-committed to quality tenants including Energex and Powerlink for $77.9 million (before transaction costs) (**"Energex Nundah"**). The independent valuation for the property on completion is $82.5 million.

- $101 million rights issue which completed in September 2010 to support the direct property acquisitions above.
- A further rights offer closed after balance date on 19 July 2011 and raised $102.6 million with the proceeds being used to reduce debt resulting from the merger with the Rabinov Property Trust and to fund the proposed acquisition of Energex Nundah.
- Expansion of the Group's existing banking facility with National Australia Bank (**"NAB"**) and Westpac Banking Corporation (**"Westpac"**) to include Australia and New Zealand Banking Group (**"ANZ"**), extension of the term of the facility to 31 December 2013, increase in the facility limit to $660 million and a reduction in the interest costs to the Group.
- Extension of leases at:
    - 31 Garden Street, Kilsyth, Victoria, a 8,828 square metre office and distribution centre, with the existing tenant, Cummins Filtration International Corp (a subsidiary of NYSE listed Cummins Inc. which operates in 190 countries and holds a Fitch credit rating of A-) to February 2019; and
    - 130 Sharps Road, Tullamarine, Victoria, a 28,100 square metre office and distribution centre, with the existing tenant, The Laminex Group (a subsidiary of ASX and NZSE listed Fletcher Building Limited) to June 2022.

INCOME DISTRIBUTIONS

The Group's distributions for FY 2011 total 17.1 cents per stapled security, comprising:

- 1st Half FY 2011 – 8.40 cents per stapled security paid on 28 February 2011 (holders of "GOZNA" received a pro-rated distribution of 4.52 cents per stapled security); and
- 2nd Half FY 2011 – 8.70 cents per stapled security to be paid on or about 31 August 2011.

The total distribution for FY 2011 is consistent with guidance provided in the Rights Offer Booklets dated 17 August 2010 and 21 June 2011 (respectively) and the Bidder's Statement issued to unitholders of the Rabinov Property Trust.

The distribution is 88% tax deferred with the remaining 12% being a concession capital gain (which is tax free).

PROPERTY VALUATIONS

Directors have undertaken a review of the value of each property, including the external valuation of 8 properties and value the property portfolio at $1.16 billion (including properties held for sale but excluding Energex Nundah) as at 30 June 2011. Property valuations are relatively stable from those released by the Group in the last 12 months, reflecting Australia's largely stable property market over that period.

The weighted average capitalisation rate is 8.5%.

NET TANGIBLE ASSETS

The Group's net tangible assets ("NTA") per stapled security is $2.01 as at 30 June 2011, substantially consistent with the Group's reported NTA as at 30 June 2010.

DEBT AND INTEREST RATE HEDGING

The Group's syndicated debt facility of $660 million with NAB, Westpac and ANZ extends to 31 December 2013 and was drawn to $578 million as at 15 August 2011 ("Debt Facility"). The weighted average cost of debt (including bank margins and line fees) at 15 August 2011 was 7.76% per annum. The loan to value ratio under the Debt Facility was 56.1% as at 30 June 2011 and 50.2% at 15 August 2011 (following the recent rights offer and commencement of revised Debt Facility). The interest cover ratio under the Debt Facility was 2.0 for FY 2011 and is expected to be at or above 2.1 for FY 2012. 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, the Group will reduce this over time with a medium term goal of achieving gearing of 40-50%.

As at 30 June 2011, the Group's interest rate hedges represent approximately 80% of its debt, with an average interest rate of 5.67% per annum and average duration of 3.2 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.

PROPERTY PORTFOLIO UPDATE

The Group's property portfolio provides securityholders with long term rental income from quality tenants. Key achievements for FY 2011 were:

- **Continuation of 100% portfolio occupancy and 100% retention of key tenants:** From 30 June 2010, the portfolio has enjoyed 100% occupancy. Following successful extension of the leases referred to above and the sale of three properties during FY 2011, the Group has only three leases potentially expiring in the year ending 30 June 2012 representing 1% of the Group's annual revenue.
- **Long WALE**: The weighted average lease expiry for the portfolio is approximately 9 years as at 30 June 2011. 82% of the Group's leases (by revenue) expire in or after 2018.
- **Purchase and disposals:** The Group maintains a quality portfolio of investment properties, with the intention of holding these assets long term for rental income.

During FY 2011, the Group acquired, directly or via its merger with the Rabinov Property Trust, the following properties:

Office Properties purchased

Property	Type	Major Tenant(s)	Attributes	NABERS Rating	Purchase Price ($ million)[1]	Purchase Yield
SKM Building, SW1 – 32 Cordelia Street, South Brisbane, Queensland	Office	Sinclair Knight Merz	Seven level, newly constructed office building	5 Star	60.7	8.1%
SW 1 A4 – 52 Merivale Street, South Brisbane, Queensland	Office	Multiple tenants including MacMahon Contractors, Transfield Services, Fuji Xerox, S & P Super	Seven level, newly constructed office building	5 Star	62.4	8.7%

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

SW1 Car Park, 32 Cordelia Street, South Brisbane, Queensland	Car Park	Secure Parking	Newly constructed public car park to SW 1 development comprising 215 spaces over 2 levels	Not applicable	9.7	9.0%
1231-1241 Sandgate Road, Nundah, Queensland	Office	Energex Limited, Powerlink Limited, Go Health	To be constructed office building with podium level retail and 2 levels of basement car parking	4.5 star design	77.9	8.3%
World Park Building:01, 33-39 Richmond Road, Keswick, South Australia	Office	Coffey International (61%), Government of South Australia (38%)	Newly constructed 5 level office building	5 Star design	46.5	9.0%
GE Building 2, 572-576 Swan Street, Richmond, Victoria	Office	GE Capital Finance Australasia	Modern, 4 level office building, 3 level basement parking	Rating in progress	72.0	8.1%
GE Buildings 1 & 3, 572-576 Swan Street, Richmond, Victoria	Office	GE Capital Finance Australasia	Modern, 2 level office building with adjourning a further single level office building	Rating in progress	47.5	8.0%
66 Kennedy Drive, Cambridge, Tasmania	Office	Hydro Tasmania (Tasmanian Government enterprise)	A modern office building, purpose built for Hydro Tasmania	Rating in progress	25.5	10.0%
7 Laffer Drive, Bedford Park, SA	Office	Westpac Banking Corporation	A modern single level call centre facility	Rating in progress	18.8	11.3%
TOTAL					**421.0**	**8.6**

Industrial Properties purchased

Property	Type	Major Tenant(s)	Attributes	Purchase Price ($ million) 2	Purchase Yield
13 Business Street, Yatala, Queensland	Industrial	Reward Supply Co Pty Ltd (subsidiary of ASX listed Campbell Brothers)	Modern office and warehouse building	14.9	8.5%
29 Business Street, Yatala, Queensland	Industrial	CMC Coil Steels Pty Ltd	Modern office, warehouse and manufacturing facility	10.7	8.0%
10 Gassman Drive, Yatala, Queensland	Industrial	Norman Ellison Carpets	Modern office and warehouse building	5.0	7.9%
670 Macarthur Avenue, Pinkenba, Queensland	Industrial	Reliance Worldwide Pty Ltd (60%), Coventry Group Ltd (40%)	Modern industrial facility	8.2	8.3%
365 Fitzgerald Road, Derrimut, Victoria	Industrial	Bridgestone Australia Limited	A modern warehouse and distribution centre, featuring two office	12.2	9.0%

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

			levels, tyre fitting area and showroom		
306-318 Abbotts Road, Lyndhurst, Victoria	Industrial	Trimas Corporation Pty Ltd	A modern industrial office/warehouse facility	8.0	9.3%
TOTAL				**59.0**	**8.5%**

During FY 2011, the Group disposed of the following properties as the board determined that these properties did not meet its investment criteria due to their relatively small value, older improvements and short WALE compared to the remaining assets of the portfolio:

1. 45 Northlink Place, Virginia, Queensland for $3.7 million (above then book value of $3.6 million).
2. Lot 1, 44-54 Raglan Street, Preston, Victoria for over $9.5 million (at book value).
3. 6-10 Koornang Road, Scoresby, Victoria for $4.6 million (at book value).

These acquisitions and disposals have improved the quality and diversity of the property portfolio.

- **Arrears:** As at 30 June 2011, the Group had no significant arrears.
- **Capital Expenditure:** During FY 2011, approximately $2.8 million was spent on capital expenditure at properties, with principal projects being the construction of trailer maintenance facilities at Woolworths distribution centres in Larapinta and Perth for a total of $2.4 million.

STRATEGY AND OUTLOOK

We have a ”back-to-basics” and robust strategy of being a landlord of quality investment property. This strategy has four pillars:

- **100% investment in Australia** – all of the Group’s investment properties are located in Australia where our management understands the key markets. We have increased the diversification of the portfolio to cover every State in Australia.
- **No funds management** – revenue derived from lease rent; the Group does not have a funds management business, nor does it intend to become a fund manager. The Group intends only to manage a portfolio of properties that its security holders own and, accordingly, the Group’s income is and will continue to be derived solely from rental income rather than funds/asset management fees.
- **Not a developer** – the Group does not operate a property development business and does not intend to take on any significant development risk. It may purchase a property to be developed, fund construction of a development, or enter a joint venture where the Group becomes the ultimate owner of the property (or retain an interest therein) on completion of the development and where pre-commitment lease contracts are in place. However, the Group will not undertake developments that are not materially pre-leased or develop properties for the purpose of selling to third parties.
- **Internalised management** – the Group has internalised management via a stapled entity structure. Security holders of the Group own both the property trust and the manager/responsible entity. There are no fees payable to third-party or external managers for acting as responsible entity, nor any conflicts of interest between security holders and the manager/responsible entity.

The Group continues to seek investment opportunities to expand its asset base as well as to diversify the property portfolio by sector, geography and tenant via direct property acquisitions, property portfolio purchases and merger and acquisition opportunities where these transactions are considered to be of value to all security holders. Office property markets, where vacancy rates have improved nationally due to strengthening tenant demand over the last 12 months, together with well located and leased industrial property will be the main investment focus of the Group. Retail property will be considered should appropriate opportunities arise.

The Group remains cautious to the downturn in financial markets in Europe and the US, caused by concerns over sovereign debt levels, as well as a slowing Australian economy. Counterbalancing this caution is the knowledge that the Group's property portfolio is well let, with quality tenants, enjoying 100% occupancy, a WALE of 9 years and an income that grows each year under fixed lease rental reviews. The Group's debt is secured to December 2013 with three supportive banks.

Directors confirm market guidance of a distribution of 17.5 cents per stapled security for FY 2012.

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

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GROWTHPOINT PROPERTIES

ATTACHMENT

The analysis below restates the Consolidated Income Statement for FY 2011

Statement of Distributable Income

	$ million
Income	
Property income	88.4
Property expenses	(9.2)
Net property income	**79.2**
Distribution receivable from Rabinov Property Trust	2.2
Total income	**81.4**
Expenses	
Fund expenses	(4.3)
Net borrowing costs	(40.6)
Current tax expense	(0.1)
Income available for distribution to Securityholders	**36.4**
Non distributable income adjustments:	
AIFRS straight lining of rental income receivable	8.4
Loss on sale of properties	(0.2)
Deferred tax expense	(0.1)
Gain/(loss) on fair value adjustments:	
Investment property revaluation [1]	4.4
Fair value adjustment for straight-line rental receivable	(8.4)
Fair value adjustment of derivative financial instruments	2.8
Net profit attributable to Securityholders	**43.3**
Distributions paid/payable	**36.5**

	cents per stapled security
Basic and diluted earnings	21.5
Operating earnings	17.1
Distribution paid/payable	**17.1**[2]

[1] Prior to deduction of AIFRS straight-line rental receivable.
[2] Holders of "GOZNA" securities issued as part of the 2010 rights offer were entitled to receive a pro-rated distribution totalling 13.2 cents per stapled security.

Important notice and disclaimer

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 22 August 2011. 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.