ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

20 February 2012

Results for the half-year ended 31 December 2011

$1.5 billion property portfolio – well positioned for sustainable growth

The Directors of Growthpoint Properties Australia Limited today announce the results for Growthpoint Properties Australia (**"the Group"**) for the half-year ended 31 December 2011 (**"the Half Year"**).

Timothy Collyer, Managing Director, said:

> "We are very pleased with both the profit results, which are in line with guidance, and the significant growth and diversification of the property portfolio during the Half Year.
>
> In summary, during the Half-Year the Group has:
> 1. significantly expanded its market capitalisation and free-float;
> 2. increased distributions per stapled security by 3.6% from the previous corresponding period;
> 3. extended debt maturities thereby removing short term debt refinancing risks in the current volatile financial market;
> 4. recorded a 2.1% increase in property valuations; and
> 5. achieved a high total return of 9.1% (for the calendar year ended 31 December 2011) compared to the negative return for the S&P/ASX A-REIT index[1].
>
> Following the completion of recent acquisitions, Growthpoint Properties Australia holds a diversified portfolio of 40 modern office and industrial properties, occupied by major corporate and government tenants with long leases and rising rental income. The Group has enjoyed strong investor support, particularly from its parent, Growthpoint Properties Limited of South Africa, for its recent rights offers which have raised over $289 million."

Highlights for the Half Year

- Statutory profit of $26.9 million (including fair value movements in investment properties and financial derivatives) up 8.2% from previous corresponding period.
- Distributable profit of $24.9 million up 57.5% from previous corresponding period.
- Consistent with market guidance, a distribution of 8.7 cents is payable per GOZ stapled security for the six months ended 31 December 2011, a rise of 3.6% from the six months ended 31 December 2010. Security holders who received "GOZN" securities as part of the July 2011 rights issue will receive a pro-rated distribution of 7.5 cents per stapled security.
- A total return for the Group of 9.1% for the year ended 31 December 2011 (distributions plus security price appreciation), significantly outperforming the S&P/ASX A-REIT 300 Accumulation Index which returned -1.6%.
- Property assets of the Group increased to in excess of $1.5 billion after the following five property acquisitions (announced during the Half Year):
    1. In August 2011, the Group acquired land that is being developed into an A-grade office building of 12,910 square metres at 1231-1241 Sandgate Road, **Nundah, Queensland ("Energex, Nundah")**. The property will be 82% tenanted by Queensland Government tenants Energex and Powerlink with a weighted average lease expiry of 13.7 years when construction is completed (expected late 2012). The purchase price of $77.9 million provides an initial yield of 8.25% from practical completion[2] and an 8.75% per annum yield on moneys paid to the developer by the Group until practical completion occurs.

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[1] The total return for the Group was 9.1% for the year ended 31 December 2011 (distributions plus security price appreciation) compared with the S&P/ASX A-REIT 300 Accumulation Index which returned -1.6%.

[2] All figures include a 5 year rent guarantee from the developer over space which is not currently pre-let.

2. In December 2011, the Group announced the purchase of three income producing office buildings in Brisbane, Queensland and a 100%[3] pre-committed development site in Artarmon, New South Wales for a total consideration of $289.5 million (the Queensland acquisitions completed after the balance date and the New South Wales land acquisition is expected to complete shortly). The average passing income yield of the portfolio purchased was 8.7% (prior to acquisition costs and on-completion). The properties comprise:

   a) **333 Ann Street, Brisbane, Queensland** ($109.9 million) **-** An A-grade, 24 level office tower of 16,476 square metres with 92 car spaces constructed in 2008 and located in the Brisbane CBD. The property is 100% occupied by quality tenants such as Runge Limited and Robert Bird Group and has a WALE of 4.0 years. The initial yield at purchase was 9.1%;

   b) **CB1 and CB2, 22 Cordelia Street and 42 Merivale Street, South Brisbane, Queensland** ($96.8 million) – Two A-grade office buildings totaling 18,159 square metres and 238 car spaces constructed in 2006 and located within the SW1 development at Southbank, Brisbane. Growthpoint Properties Australia already owned two office buildings and a commercial carpark at the SW1 development prior to this recent acquisition. The major tenants include Roche Mining/Downer Resources and Fusion and the buildings have a combined WALE of 2.9 years. The initial yield at purchase was 8.6%; and

   c) **Building C, Gore Hill Technology Park, Artarmon, New South Wales** ($82.7 million) **("Fox Sports, Gore Hill")** – An A-grade office building under construction that will, on-completion in late 2012/early 2013, comprise approximately 14,136 square metres of net lettable area and 182 car spaces located within the Gore Hill Technology Park at Artarmon, New South Wales. Premier Media Group trading as Fox Sports has pre-committed to lease approximately 48% of the net lettable area pursuant to a 10 year lease from practical completion. The balance of the space is being marketed for lease and is subject to a rental guarantee from the developer for five years from practical completion. The purchase provides an initial yield of 8.1% from practical completion and an 8.75% per annum yield on moneys paid to the developer by the Group until practical completion occurs.

- A successful $102.6 million Rights Offer (refer to Rights Offer Booklet dated 17 June 2011) was completed in July 2011 with the proceeds being used to repay debt arising from the takeover of the Rabinov Property Trust in June 2011, reduce gearing and fund the development of Energex, Nundah noted above. A further $166.4 million Rights Offer (refer to Rights Offer Booklet dated 20 December 2011) to partially fund the acquisitions of the four office buildings also noted above was completed in January 2012.
- Renegotiation of the Group's syndicated debt facility, providing:
  - an increased limit of $765 million (from $660 million); and
  - an extended maturity date and removal of the previous single maturity with one third of the debt now repayable in each of December 2014, December 2015 and December 2016.
- A new $70 million bilateral debt facility with NAB maturing in April 2016 was agreed.
- In December 2011, the Group restructured part of its swap book and took out new interest rate swaps to match the maturity of new debt facilities and extend the hedging profile at a time of historically low swap rates.

Distributions

The Group's distributions for the Half Year are 8.7 cents per stapled security (a 3.6% rise on the distribution paid per stapled security for the 6 months ended 31 December 2010). Security holders who received "GOZN" securities as part of the July 2011 Rights Offer will receive a pro-rated distribution of 7.5 cents per stapled security. These distributions will be paid on 29 February 2012 and are forecast to be 100% tax deferred.

Property valuations

As at 31 December 2011, the Group held, or had contracted to purchase, a total of 40 properties with a combined value of $1.554 billion (at completion of developments under construction) comprising:

- 36 properties owned with a value of $1.264 billion; and
- 4 properties contracted to purchase with a value of $290 million.

[3] Including a 5 year rent guarantee from the developer over space which is not currently pre-let.

A reconciliation with the reported accounts appears below:

	$ million
Trade and other receivables (non-current) being straight lined rental income	42
Investment properties	1,347
Sub-total	1,389
Other receivables (non-current)[4]	34
Value of properties as at 31 December 2011	1,423
Remaining payments on fund through properties[5]	131
Pro forma property portfolio valuation[6]	1,554

Of the 36 properties owned, 22 properties were independently valued as at 31 December 2011 resulting in a $22.8 million (2.1%) increase in value of the property portfolio to $1,215 million.

The weighted average capitalisation rate for the Group by sector was:

	31 December 2011			30 June 2011		
	Properties	Value	Capitalisation rate	Properties	Value	Capitalisation rate
Office	13	$729 million	8.2%	9	$432 million	8.3%
Industrial	27	$824 million	8.4%	28	$813 million	8.5%
Total	40	$1.55 billion	8.3%	37	$1.24 billion	8.4%

Net tangible assets ("NTA")

The Group's NTA per stapled security is $1.99 as at 31 December 2011, down from the $2.01 NTA reported as at 30 June 2011. The 8 cent increase in NTA per stapled security due to property revaluations during the Half Year was offset by a 7 cent fall due to swap revaluations and a 3 cent fall due to equity raising costs.

ASX performance

For the year ended 31 December 2011, the S&P/ASX A-REIT 300 Accumulation Index recorded a negative return of -1.6% compared with the Group's total return for this period of 9.1% (distributions plus security price appreciation).

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:

- **Leasing success:** During the Half Year a 10 year lease extension for the Group's 28,100 square metre property at 130 Sharps Road, Tullamarine was agreed with existing tenant The Laminex Group extending the lease term to 2022. The Group's property at 45-55 South Centre Road, Tullamarine was re-leased to the existing tenants Willow Ware and Temp Fence to 2017. The Group has achieved 100% tenancy retention and, through careful in-house management, has avoided paying both letting agency fees and significant tenant incentives.
- **Continuation of 100% portfolio occupancy:** The property portfolio enjoyed 100% occupancy during the Half Year.
- **Disposals:** 1304 Ferntree Gully Road, Scoresby, Victoria was sold for $5.2 million, the 30 June 2011 book value, to an owner-occupier. Properties will be disposed of where they no longer meet the Group's investment criteria.
- **Arrears:** As at 31 December 2011, the Group had no significant arrears.
- **Capital Expenditure:** During the Half Year approximately $1.3 million was spent on capital expenditure at properties comprising:
  - lease renewal projects of $0.6 million, and
  - capex maintenance of $0.7 million.

[4] Payments made to acquire investment properties which had not completed by 31 December 2011
[5] Energex, Nundah and Fox Sports, Gore Hill
[6] Includes Energex, Nundah and Fox Sports, Gore Hill at their independent valuations on completion

GROWTHPOINT PROPERTIES

Debt and interest rate hedging

As part of the property acquisitions announced on 20 December 2011, the Group has increased its syndicated debt facility with Westpac, NAB and ANZ by $105 million to $765 million. The syndicated facility has been extended and tranched, with one third of the facility now maturing on each of 31 December 2014, 31 December 2015 and 31 December 2016. In addition, the Group has entered a new $70 million bilateral debt facility with NAB which matures on 30 April 2016 which is secured by Fox Sports, Gore Hill and the Group's property in Keswick, South Australia.

As a result of these debt arrangements and additional interest rate swaps entered into, the average cost of debt for the facilities (at commencement) approximates 7.68% per annum, with interest rate hedges representing approximately 99% of debt for an average duration of approximately 4.5 years.

Outlook

Growthpoint Properties Australia has enjoyed a successful twelve months with significant expansion and diversification of the property portfolio through several major acquisitions and the takeover of an ASX listed A-REIT. It has also experienced significant leasing success over this period resulting in a continuation of 100% occupancy and 100% tenant retention. In addition, the Group has spread and extended the maturity of its debt to mitigate refinancing risk during a period of global uncertainty and extended its interest rate hedging, at a time of relatively low rates, to secure a lower cost of debt for the Group.

For the year ended 30 September 2011, Australian commercial property returned 10.5%, comprising an income yield of 7.5% and capital growth of around 3.0% (Source: PCA/IPD). Each of the office, industrial and retail property markets enjoyed a total return in excess of 10.0%. Generally, property research reports suggest that capitalisation rates have been stable and modest rental growth has led to capital appreciation – this is consistent with the Group's experience.

The national office market is expected to perform well with falling vacancy rates, moderate tenant demand and limited new supply. According to Jones Lang LaSalle, net absorption across all CBD office markets was 337,100 square metres in 2011; 20% above the 10-year average. The Group has focused its office investment on the Brisbane market, which we believe is in phase of an upturn assisted by increasing tenant demand backed by the resources sector.

The industrial property market is well balanced, however, take-up of new facilities slowed in the last quarter of 2011. Major tenants looking for quality space of any significance are expected to pre-commit to new facilities due to a lack of existing leasing options. Rental growth over the year to 31 December 2011 was 2.7%; similar growth is expected for the 2012 calendar year.

Our primary focus during the period ahead will be implementation of asset management strategies for the properties recently purchased in Brisbane and overseeing the Fox Sports, Gore Hill and Energex, Nundah developments to completion. There is limited lease expiry risk for the Group until 2014 and the property portfolio continues to enjoy a stable and growing income from well leased properties.

The Group will consider acquisitions should attractive opportunities arise with our primary concentration remaining on the office and industrial properties in preference to retail property.

Directors reaffirm distribution guidance for GOZ stapled security holders for the half year ending 30 June 2012 of 8.8 cents per stapled security providing a total distribution for FY 2012 of 17.5 cents per GOZ stapled security which is expected to be 100% tax deferred. GOZNA stapled securityholders will receive a pro-rata distribution entitlement for the half year ending 30 June 2012, estimated at 7.5 cents per stapled security.

Ends

Timothy Collyer, Managing Director

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