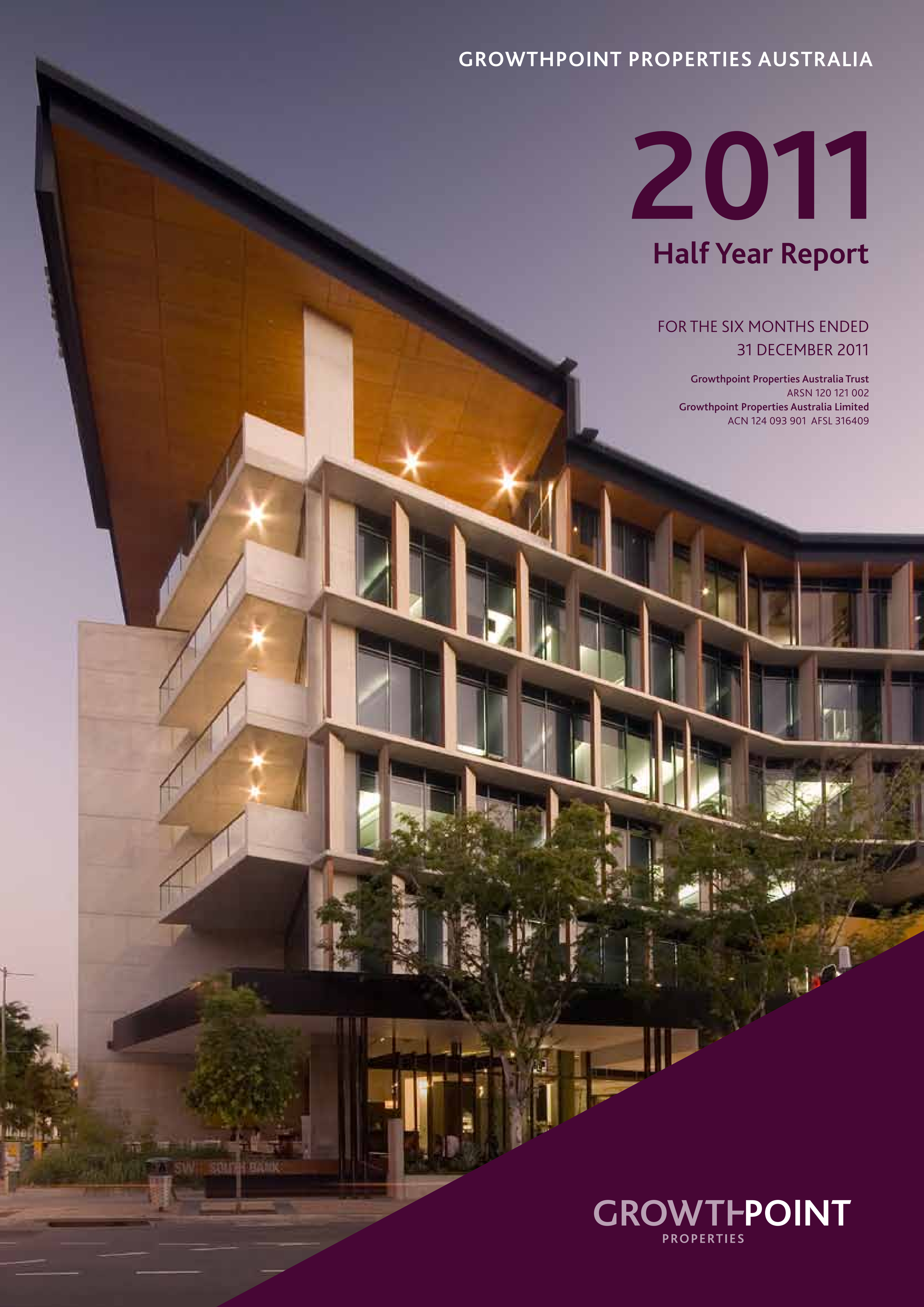

GROWTHPOINT PROPERTIES AUSTRALIA

2011
Half Year Report

FOR THE SIX MONTHS ENDED
31 DECEMBER 2011

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

GROWTHPOINT PROPERTIES

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CB1, 22 CORDELIA STREET AND CB2, 42 MERIVALE STREET, SOUTH BRISBANE, QLD

333 ANN STREET, BRISBANE, QLD

ARTIST'S IMPRESSION OF BUILDING C, GORE HILL TECHNOLOGY PARK, 219-247 PACIFIC HIGHWAY, ARTARMON, NSW

Managing Director's Report

$1.5 billion property portfolio – well positioned for sustainable growth

It gives me great pleasure to report to security holders of Growthpoint Properties Australia (**"the Group"**) that for the half year ended 31 December 2011 (**"the Half Year"**) we have:

1. achieved a high total return of 9.1% (for the calendar year) compared to the negative return experienced by the S&P ASX A-REIT 300 Accumulation index[1];
2. achieved a 3.6% growth in distributions per stapled security from the previous corresponding period;
3. recorded significant expansion and diversification of the property portfolio;
4. significantly expanded the Group's market capitalisation and free-float;
5. extended debt maturities thereby removing short term debt refinancing risks in the current volatile financial market; and
6. recorded a 2.1% increase in property valuations.

Following the completion of recent acquisitions, the Group 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. These acquisitions would not have been possible without support from the Group's investors, particularly from parent company Growthpoint Properties Limited of South Africa.

Highlights for the Half Year

- Statutory profit of $26.9 million (including fair value movements in investment properties and financial derivatives) an 8.2% increase on the previous corresponding period.
- Distributable profit of $24.9 million a 57.5% increase on the 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. 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.
- The property assets of the Group have 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 m² at **Nundah, Queensland**. The property will be 82% tenanted by Queensland Government tenants Energex and Powerlink with a weighted average lease expiry of 13.7 years from completion (expected late 2012). The purchase price of $77.9 million, provides an initial yield of 8.25%[2].
  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 (these acquisitions have completed, or are expected to complete, after the balance date). 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 completed 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 totalling 18,159 square metres and 238 car spaces completed 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%;

     (C) **Building C, Gore Hill Technology Park, 219-247 Pacific Highway, Artarmon, New South Wales** ($82.7 million) – An A-grade office building under construction that will, on-

Statutory profit of **$26.9 million** (including fair value movements in investment properties and financial derivatives) **an increase of 8.2%**.

Distributable profit of **$24.9 million** compared with $15.8 million for the half year ended 31 December 2010, **an increase of 57.5%**.

Property assets of the Group have increased to in excess of **$1.5 billion** after the acquisition of five properties during the Half Year.

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 3.6% increase on the previous corresponding period.

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.** Figures include a 5 year rent guarantee from the development over space which is not currently pre-let. **3.** Including a 5 year rent guarantee from the developer over space which is not currently pre-let.

Managing Director's Report

completion (expected 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%.

- 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 1/3 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.
- 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%.

WEIGHTED AVERAGE CAPITALISATION RATE FOR THE GROUP BY SECTOR

	31 DECEMBER 2011			30 JUNE 2011		
	Properties	Value	Capitalisation rate	Properties	Value	Capitalisation rate
Office	13	$729m	8.2%	9	$432m	8.3%
Industrial	27	$824m	8.4%	28	$813m	8.5%
Total	**40**	**$1.55bn**	**8.3%**	**37**	**$1.24bn**	**8.4%**

Distributions

The Group's distributions for the Half Year are 8.7 cents per stapled security. 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.

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; forecast 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.

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.

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.

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%.

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 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.

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.

Timothy Collyer / **Managing Director**

- **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.

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 a 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 and which is secured by the Group's properties in Gore Hill, New South Wales and 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 its debt for an average duration of approximately 4.5 years.

Outlook

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, reported property research suggests that capitalisation rates have been stable and modest rental growth has led to capital appreciation – certainly this has been the experience of the Group.

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 and mining sectors.

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 30 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 development of the Fox Sports, Gore Hill and Energex, Nundah office buildings 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 investment in the office and industrial property sectors, in preference to retail property.

Thank you for your support for Growthpoint Properties Australia.

T.J. Collyer.

Timothy Collyer
Managing Director

20 February 2012

Investment Portfolio Overview[1]

PORTFOLIO BOOK VALUE

$1.55 billion

PORTFOLIO BUILDING AREA

885,205m²

PORTFOLIO LAND AREA

2,236,888m²

WEIGHTED AVERAGE LEASE EXPIRY (WALE)

7.8 years

AVERAGE PROPERTY AGE

5 years

OCCUPANCY

100%

PROPERTIES

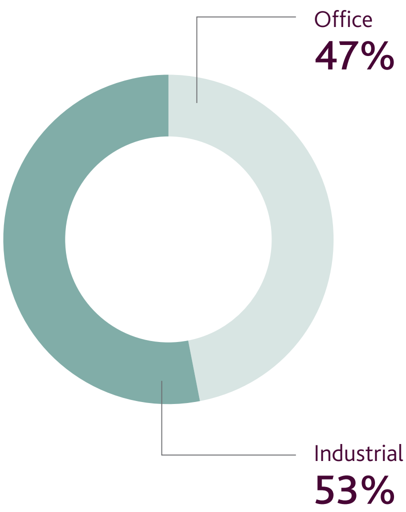
40

TOP TEN TENANTS

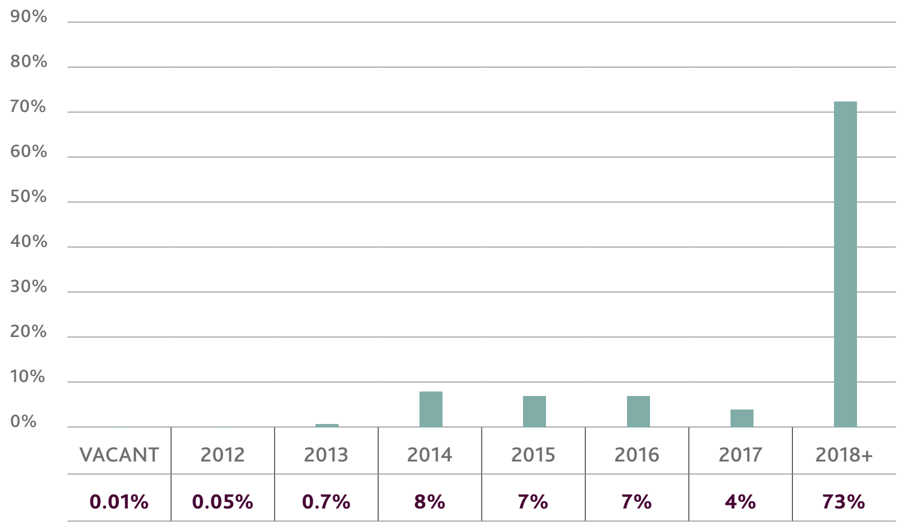
TENANT	% OF PASSING RENT
Woolworths Limited	30%
GE Capital Finance Australasia	7%
Coles Group Limited	5%
Sinclair Knight Merz	4%
Energex	4%
Star Track Express	3%
Fox Sports	2%
Runge Limited	2%
Roche Mining	2%
Coffey International	2%
TOTAL	61%

SECTOR DIVERSITY

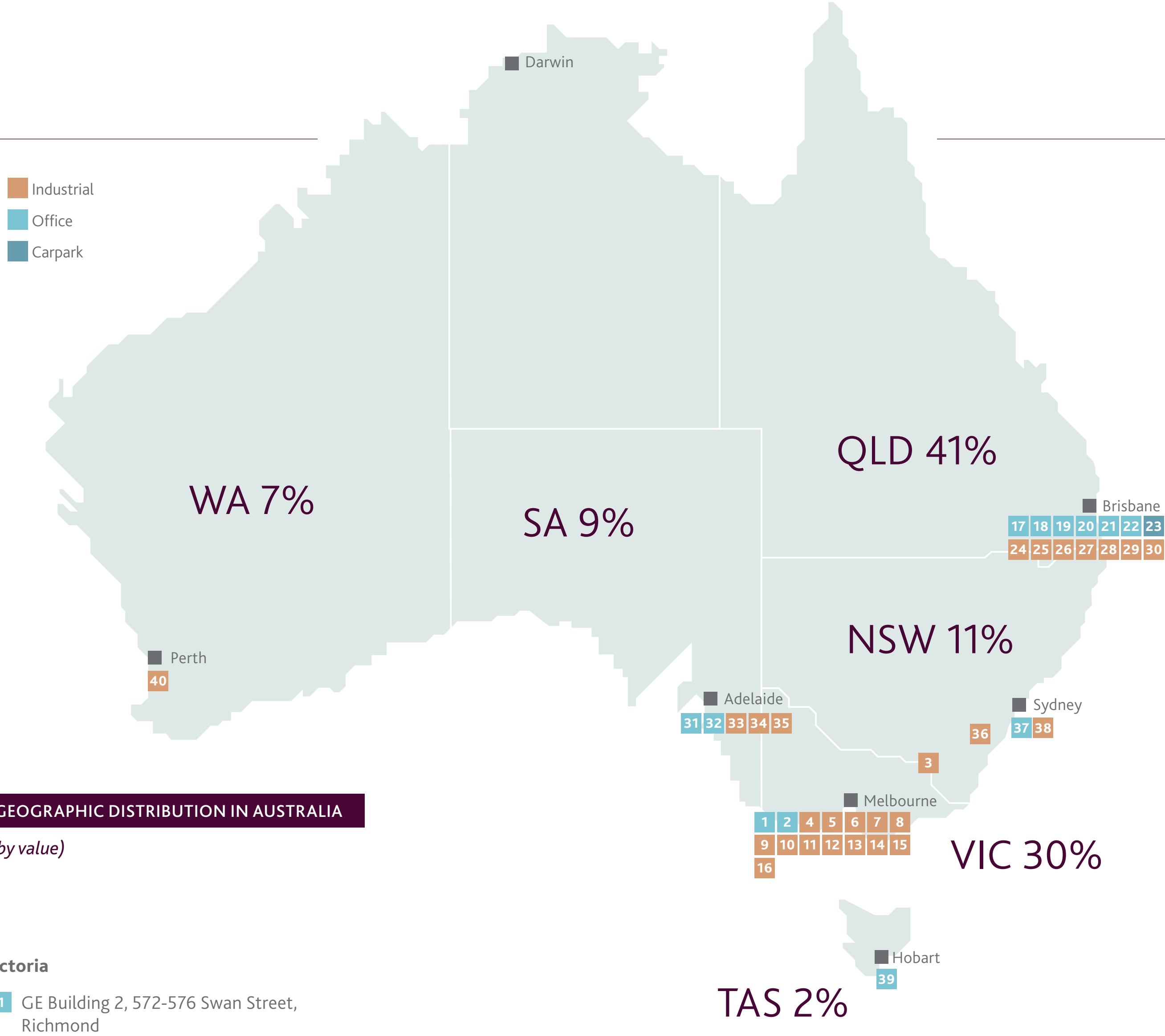
by market value



PORTFOLIO RENT EXPIRING PER FINANCIAL YEAR



1. These figures include the Group's announced acquisition and fund through developments at 1231-1241 Sandgate Road, Nundah, Queensland and Building C Gore Hill Technology Park, 219-247 Pacific Highway, Artarmon, New South Wales at the independent valuations of the completed developments.



GEOGRAPHIC DISTRIBUTION IN AUSTRALIA

(by value)

Victoria

1. GE Building 2, 572-576 Swan Street, Richmond
2. GE Buildings 1 & 3, 572-576 Swan Street, Richmond
3. 28 Bilston Drive, Wodonga
4. 120 Northcorp Boulevard, Broadmeadows
5. 522-550 Wellington Road, Mulgrave
6. 38-40 Annandale Road, Tullamarine
7. 130 Sharps Road, Tullamarine
8. 120 Link Road, Tullamarine
9. 42-44 Garden Street, Kilsyth
10. Lots 2-4, 44-54 Raglan Street, Preston
11. 60 Annandale Road, Tullamarine
12. 365 Fitzgerald Road, Derrimut
13. 45-55 South Centre Road, Tullamarine
14. 306-318 Abbotts Road, Lyndhurst
15. 31 Garden Street, Kilsyth
16. 75 Annandale Road, Tullamarine

Queensland

17. 333 Ann Street, Brisbane
18. CB1, 22 Cordelia Street, South Brisbane
19. A4, 52 Merivale Street, South Brisbane
20. A1, 32 Cordelia Street, South Brisbane
21. CB2, 42 Merivale Street, South Brisbane
22. 1231-1241 Sandgate Road, Nundah
23. 52 Merivale Street & 32 Cordelia Street, South Brisbane
24. 70 Distribution Street, Larapinta
25. 13 Business Street, Yatala
26. 5 Viola Place, Brisbane Airport
27. 29 Business Street, Yatala
28. 670 Macarthur Avenue, Pinkenba
29. 10 Gassman Drive, Yatala
30. 3 Viola Place, Brisbane Airport

South Australia

31. 33-39 Richmond Road, Keswick
32. 7 Laffer Drive, Bedford Park
33. 599 Main North Road, Gepps Cross
34. 12-16 Butler Boulevard, Adelaide Airport
35. 10 Butler Boulevard, Adelaide Airport

New South Wales

36. 134 Lillkar Road, Goulburn
37. Building C, Gore Hill Technology Park, 219-247 Pacific Hwy, Artarmon
38. 81 Derby Street, Silverwater

Tasmania

39. 66 Kennedy Drive, Cambridge

Western Australia

40. 2 Horrie Miller Drive, Perth Airport

Property Portfolio Summary

Office Portfolio (as at 31 December 2011)

PROPERTY ADDRESS	MAJOR TENANTS	BOOK VALUE ($M)	SITE AREA (M^2)	LETTABLE AREA (M^2)
VICTORIA				
GE Building 2, 572-576 Swan Street, Richmond	GE Capital Finance Australasia Pty Ltd	73.5	7,201	14,660
GE Building 1&3 572-576 Swan Street, Richmond	GE Capital Finance Australasia Pty Ltd	49.6	16,819[1]	10,250
QUEENSLAND				
333 Ann Street, Brisbane	Runge Limited, Robert Bird Group	110.0	1,563	16,476
CB1, 22 Cordelia Street, South Brisbane	Roche Mining	64.3	5,772	11,561
A4, 52 Merivale Street, South Brisbane	Macmahon Contractors	64.0	2,331	9,453
A1, 32 Cordelia Street, South Brisbane	Sinclair Knight Merz	63.2	2,667	10,125
CB2, 42 Merivale Street, South Brisbane	Fusion	32.5	3,158	6,598
32 Cordelia Street & 52 Merivale Street, South Brisbane	Secure Parking	11.0	9,319	215 car parks
Energex Building, 1231-1241 Sandgate Road, Nundah[2]	Energex Limited, Powerlink Limited, Go Health	82.5	4,451	12,910
SOUTH AUSTRALIA				
33-39 Richmond Road, Keswick	Coffey International, Government of South Australia	52.5	4,169	11,835
7 Laffer Drive, Bedford Park	Westpac Banking Corporation Limited	17.8	33,090	6,639
NEW SOUTH WALES				
Building C, Gore Hill Technology Park, 219-247 Pacific Highway, Artarmon[2]	Fox Sports	82.7	4,212	14,136
TASMANIA				
66 Kennedy Drive, Cambridge	Hydro Tasmania	25.7	28,080	6,876
TOTAL		**729.3**	**122,832**	**131,519**

1. Includes vacant site of 530m² 2. All figures as at practical completion

A reconciliation of property values listed above and on page 9 with the reported accounts appears below:

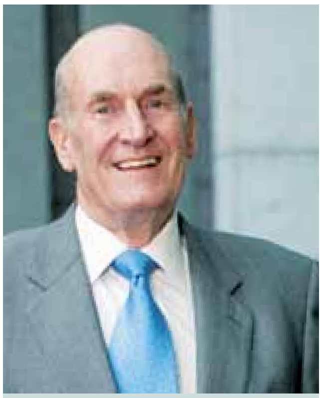
	$ MILLION
Trade and other receivables (non-current) being straight lined rental income	42
Investment properties	1,347
SUB-TOTAL	**1,389**
Other receivables (non-current)[1]	34
VALUE OF PROPERTIES AS AT 31 DECEMBER 2011	**1,423**
Value of development properties on completion[2]	131
PRO FORMA PROPERTY PORTFOLIO VALUATION[3]	**1,554**

1. Payments made to acquire investment properties which had not completed by 31 December 2011. **2.** Energex, Nundah and Fox Sports, Gore Hill based on the independent valuation on completion but excluding amounts paid previously listed as "other receivables (non-current)" above. **3.** Includes Energex, Nundah and Fox Sports, Gore Hill at their independent valuations on completion.

Industrial Portfolio (as at 31 December 2011)

PROPERTY ADDRESS	MAJOR TENANTS	BOOK VALUE ($M)	SITE AREA (M^2)	LETTABLE AREA (M^2)
VICTORIA				
28 Bilston Drive, Wodonga	Woolworths Limited	69.5	250,000	57,440
120 Northcorp Boulevard, Broadmeadows	Woolworths Limited	63.0	250,000	58,320
522-550 Wellington Road, Mulgrave	Woolworths Limited	50.5	191,200	68,144
38-40 Annandale Road, Tullamarine	Star Track Express	36.5	75,325	44,424
130 Sharps Road, Tullamarine	The Laminex Group	22.5	47,446	28,100
42-44 Garden Street, Kilsyth	ARB Corporation	17.7	55,990	25,887
120 Link Road, Tullamarine	The Reject Shop	17.5	51,434	26,517
Lots 2-4, 44-54 Raglan Street, Preston	Paper Australia	16.0	42,280	26,980
60 Annandale Road, Tullamarine	Willow Ware Australia	13.5	34,726	16,276
365 Fitzgerald Road, Derrimut	Bridgestone Australia Limited	12.2	29,860	14,021
45-55 South Centre Road, Tullamarine	Willow Ware Australia	8.7	24,799	14,082
306-318 Abbotts Road, Lyndhurst	Trimas Corporation Pty Ltd	8.0	25,830	10,710
31 Garden Street, Kilsyth	Cummins Filtration	7.6	17,610	8,919
75 Annandale Road, Tullamarine	Caterpillar Logistics	6.7	16,930	10,280
QUEENSLAND				
70 Distribution Street, Larapinta	Woolworths Limited	155.0	250,900	75,425
13 Business Street, Yatala	Reward Supply Company	14.0	18,630	8,951
5 Viola Place, Brisbane Airport	Repco Limited	11.3	35,166	14,726
29 Business Street, Yatala	CMC Coil Steels	10.9	16,460	8,680
670 Macarthur Street, Pinkenba	Reliance Worldwide Pty Ltd & The Coventry Group Limited	8.4	10,360	5,577
10 Gassman Street, Yatala	Norman Ellison Carpets	4.7	6,480	3,188
3 Viola Place, Brisbane Airport	GE Capital Finance	2.7	12,483	3,429
SOUTH AUSTRALIA				
599 Main North Road, Gepps Cross	Woolworths Limited	56.0	233,500	67,238
12-16 Butler Boulevard, Adelaide Airport	Cheap as Chips	10.7	30,621	16,800
10 Butler Boulevard, Adelaide Airport	Toll Transport	7.5	16,100	8,461
NEW SOUTH WALES				
134 Lillkar Road, Goulburn	Coles Group Limited	69.0	162,500	42,826
81 Derby Street, Silverwater	Blue Star Print Group	13.6	13,490	7,984
WESTERN AUSTRALIA				
2 Horrie Miller Drive, Perth Airport	Woolworths Limited	110.5	193,936	80,374
TOTAL		**824.4**	**2,114,056**	**753,759**

The Board of Directors



Lyn Shaddock

FAPI

Independent Chairman and Director

Committees: Compliance (Chairman); Nomination, Remuneration & HR

Appointed as a Director on 5 August 2009

Lyn has over 50 years' experience in the property industry and has been involved with developments in Sydney, Melbourne, Brisbane, San Francisco and Kuala Lumpur, including many from inception to completion. His experience spans a range of business conditions and economic cycles.

Among other memberships, Lyn was a member of Sydney's Central Planning Committee (responsible for planning Sydney and administering major development approvals) from 1989 to 1993, the New South Wales Heritage Council from 1987 to 1991 and the New South Wales Executive of the Property Council from 1971 to 1991. In addition to being awarded honorary life membership of the Property Council of Australia (both nationally and in New South Wales), Lyn served as the President of New South Wales Division from 1980 to 1983 and Honorary Director and Chairman of the National Finance Committee from 1988 to 1996.

Lyn has served on numerous boards and committees and, in addition to his roles with the Group, he is Independent Chairman of Calibre Capital and is an adviser to Dexus Limited in relation to its development at 1 Bligh Street, Sydney. Lyn has been the Chairman of the responsible entity of the Trust (including Growthpoint Properties Australia Limited and Growthpoint Properties Australia Limited's predecessor) since the listing of the Trust in July 2007.

Timothy Collyer

B.BUS (PROP), GRAD DIP FIN & INV, AAPI, F FIN, MAICD

Managing Director

Appointed as a Director on 12 July 2010

Tim is a highly experienced executive with over 23 years' experience in ASX listed and unlisted property funds management, property investment and development, property valuation and property advisory. During his career Tim has been involved with numerous corporate transactions including mergers, acquisitions, takeovers, recapitalisations and property portfolio purchase and disposals.

Tim has worked across the office, industrial and retail property sectors in all States and Territories in Australia. He previously served as the Property Trust Manager at Australand Property Group for a period of six years where he was responsible for the management of its listed and unlisted property trusts. Tim has also held management positions at Heine Funds Management, where he was responsible for the management of an ASX listed A-REIT office fund, and at a major accounting firm within its real estate advisory group.

Tim holds a Bachelor of Business (Property) and a Graduate Diploma in Applied Finance and Investment. He is also an Associate of the Australian Property Institute, a Fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors.

Estienne de Klerk

BCOM (INDUSTRIAL PSYCH), BCOM (HONS) (MARKETING), BCOM (HONS) (ACC), CA (SA)

Director

(not deemed independent as Executive Director of Growthpoint Properties Limited)

Committees: Audit & Risk

Appointed as a Director on 5 August 2009

Estienne is an Executive Director of Growthpoint Properties Limited. He has over 16 years' experience in banking and property finance and has been involved with listed property for over nine years.

Grant Jackson

ASSOC. DIP. VALUATIONS, FAPI

Independent Director

Committees: Audit & Risk, Compliance

Appointed as a Director on 5 August 2009

Grant has over 24 years' experience in the property industry, including over 20 years as a qualified valuer. Grant has expertise in a wide range of valuation and property advisory matters on a national basis and he regularly provides expert evidence to Courts and Tribunals. He is a member of the Divisional Professional Board of the Australian Property Institute.

Francois Marais

BCOM, LLB, H DIP (COMPANY LAW)

Independent Director

Committees: Compliance; Nomination, Remuneration & HR

Appointed as a Director on 5 August 2009

Francois is an attorney and is the practice leader and senior director of Glyn Marais, a South African corporate law firm which specialises in corporate finance. Francois is Chairman of Growthpoint Properties Limited in South Africa, as well as chairman of a venture capital company.

Norbert Sasse

BCOM (HONS) (ACC), CA (SA)

Director

(not deemed independent as CEO of Growthpoint Properties Limited)

Committees: Nomination, Remuneration & HR (Chairman)

Appointed as a Director on 5 August 2009

Norbert is the Chief Executive Officer and a Director of Growthpoint Properties Limited. He has over 20 years' experience in corporate finance dealing with listings, delistings, mergers, acquisitions and capital raisings, and over 10 years' experience in the listed property market.

David Spruell

B.COM. (HONS), FAICD, F FIN

Independent Director

Committees: Audit & Risk (Chairman)

Appointed as a Director on 5 August 2009

David has 40 years' experience in investment management and financial services in the United Kingdom and Australia, including senior roles at Prudential and Allianz Australia. David was chairperson of the Workers Compensation Insurance Fund Investment Board in New South Wales from 2005 to 2012 and has served on the boards of management companies for listed and unlisted property funds.

Directors' Report

For the year ended 31 December 2011

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 2011.

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

Review of Operations

During the period, the Group continued its strategy of investment in a portfolio of quality income producing real estate assets located within Australia.

The result for the half year was a net profit of $26,881,000 (Dec 10: $24,847,000). The major factors contributing to the profit were:

- Property fair value gain of $24,048,000 consisting of property value gain of $22,800,000 and straight-line rental adjustments income of $1,248,000 (2010: loss of $3,789,000 consisting of property value gain of $1,715,000 and straight-line rental adjustments expense of $5,504,000).
- An unrealised loss of $20,771,000 due to the decrease in the fair value of the Group's interest rate swaps (2010: unrealised gain $7,295,000).

Some of the other key financial points are as follows:

- Property revenue of $56,915,000 (2010: $40,985,000).
- Earnings per stapled security of 9.4 cents (2010: 13.2 cents).
- Total distributions of $24,748,000 (2010: $15,811,000) comprising distributions per GOZ stapled security of 8.70 cents (2010: 8.40 cents) and distributions per GOZN stapled security of 7.50 cents (2010: not applicable).
- Net assets of $579,698,000 (30 June 2011: $478,564,000) and NTA per stapled security of $1.99 (30 June 2011: $2.01).
- Property portfolio value of $1,388,472,000 (30 June 2011: $1,157,535,000).
- Management Expense Ratio (MER) for the year to 31 December 2011 was 0.4% (for the year to 31 December 2010: 0.4%). Refer to note 6 to the accounts.

These accounts have been prepared on a going concern basis and, where fair values have been applied, assume that the relevant assets would be sold between willing parties in an orderly sale process. References to "net tangible assets" or "NTA" have been derived with this in mind and do not take into account, for example, the tax impact from capital gains or losses for the Group or any of its constituent entities nor the financial or tax circumstances of any security holder of the Group. As a result, "net tangible assets" or "NTA" does not necessarily reflect the amount expected to be distributed to security holders in a winding up. The board and management regularly consider the Group's assets both in terms of their value and their growth potential and intend for the Group to continue as a going concern.

Key achievements during the period were:

- $102.6 million equity raising via a rights issue completed in July 2011 to support the takeover of ASX listed Rabinov Property Trust (RBV) which completed in June 2011. At the time the takeover completed, RBV comprised four office properties and two industrial properties with a combined value of $184 million. The takeover offer consideration was the Group's stapled securities and 98.97% of RBV unit holders accepted during the offer period, with the remaining 1.03% of units compulsorily acquired by the Group in August 2011. Proceeds of the rights issue were also used to partially fund the acquisition of a site for the construction of the Energex, Nundah, Queensland project, a "new generation" 12,910m² office building which is fully pre-committed to quality tenants.
- The Group agreed a new ten year lease for its premises at 130 Sharps Road, Tullamarine, Victoria with the existing tenant, The Laminex Group (a subsidiary of NZSE and ASX listed Fletcher Building).

Property revenue of **$56,915,000** (2010: 40,985,000).

Distributions to security holders of **$24,748,000** (2010: $15,811,000).

Distributions per GOZ stapled security of **8.70 cents** (2010: 8.40 cents) and distributions per GOZN stapled security of **7.50 cents** (2010: not applicable).

Net assets of **$579,698,000** (30 June 2011: $478,564,000).

Net tangible assets per stapled security of **$1.99** (2010: $2.01).

333 ANN STREET, BRISBANE QLD

Directors' Report

The tenancy, which comprises a modern, high quality office, showroom and warehouse of 28,100 square metres, was due to expire in June 2012 and represents 2% of the Group's annual rental income. The lease has been extended to June 2022 with a commencing rent of approximately $2.5 million per annum; a 3.5% rent increase on the prior rent.

- In December 2011, the Group announced a $289.5 million property portfolio acquisition and associated equity raising to acquire 3 modern income producing office properties and a pre-committed office development site. The acquisitions will be funded by:
  - a fully underwritten/committed three for ten renounceable Rights Offer to raise $166.4 million at an offer price of $1.90 per stapled security; and
  - an increased, extended and tranched syndicated debt facility and new bilateral debt facility, extending the debt maturity profile.
- The sale of 1304 Ferntree Gully Road, Scoresby, Victoria for $5.2 million, its 30 June 2011 book value, with net proceeds being applied to reduce debt.

Distributions and dividends

FOR THE HALF YEAR ENDED 31 DECEMBER 2011:

- An interim distribution of $24,748,000 was approved and declared by the Directors in February 2012 and provided for in the financial statements at 31 December 2011. The distribution is payable on or about 29 February 2012 and equates to 8.70 cents per GOZ stapled security and 7.50 cents per GOZN stapled security.

The distribution referred to above was declared from the assets of the Trust with no dividends declared on the Company's shares for the half year.

Refer to Note 5 in the financial statements for a reconciliation of distributable income from statutory profit.

The table below summarises distributable income earned.

DISTRIBUTIONS AND DIVIDENDS

	HALF YEAR 2011	HALF YEAR 2010
	$'000	$'000
Property income	56,915	40,985
Property expense	(6,830)	(4,131)
Net property income	**50,085**	**36,854**
Net interest	(22,774)	(19,253)
Fund expenses	(2,317)	(1,764)
Current tax expense	(50)	-
Distributable income	**24,944**	**15,837**

Subsequent events

The Rights Offer to support the $289.5 million property portfolio acquisition referred to above closed on 19 January 2012 and raised $166.4 million through the issue of 87.6 million stapled securities. Securities issued as part of the rights offer were allocated on 27 January 2012.

Completion of the three property acquisitions and the revised syndicated debt facility referred to above occurred on 31 January 2012.

The bilateral debt funding arrangement referred to above was signed on 17 February 2012 and completion of the acquisition of the pre-committed development site is expected shortly.

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 19 and forms part of the Directors' Report for the half year ended 31 December 2011.

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, 20 February 2012, in accordance with a resolution of the Directors.

T.J. Collyer.

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 2011 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.

KPMG

KPMG

Darren Scammell
Partner

Melbourne

20 February 2012

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 2011 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*.

CB1, 22 CORDELIA STREET, SOUTH BRISBANE, QLD

FINANCIAL REPORT

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2011	Notes	**Half year 2011**	Half year 2010
		$'000	$'000
Revenue			
Property revenue		**56,915**	40,985
Straight line adjustment to property revenue		**(1,248)**	5,504
Net changes in fair value of investment properties		**24,048**	(3,789)
Loss on sale of investment properties		**(75)**	-
Net change in fair value of derivatives		**(20,771)**	7,295
Net investment income		**58,869**	49,995
Expenses			
Property expenses		**(6,830)**	(4,131)
Other expenses from ordinary activities		**(2,317)**	(1,764)
Total expenses		**(9,147)**	(5,895)
Profit from operating activities		**49,722**	44,100
Interest income		**1,332**	413
Borrowing costs		**(24,106)**	(19,666)
Net finance costs		**(22,774)**	(19,253)
Profit before income tax		**26,948**	24,847
Income tax expense		**(67)**	-
Profit for the period		**26,881**	24,847
Profit / (loss) attributable to:			
Owners of the Trust		**26,857**	24,807
Owners of the Company		**24**	40
		26,881	24,847
Distribution to security holders	5	**(24,748)**	(15,811)
Change in net assets attributable to security holders / Total Comprehensive Income		**2,133**	9,036
Basic and diluted earnings per stapled security (cents)		**9.4**	13.2

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

Consolidated Statement of Financial Position

As at 31 December 2011	Notes	31 December 2011	30 June 2011
		$'000	$'000
Current assets			
Cash and cash equivalents		24,321	24,144
Trade and other receivables	7	2,783	2,791
Assets held for sale	8	-	5,200
Total current assets		27,104	32,135
Non-current assets			
Trade and other receivables	9	41,864	43,113
Plant & equipment		23	46
Investment properties	9	1,346,608	1,114,422
Other receivables	10	34,237	168
Deferred tax assets		255	226
Total non-current assets		1,422,987	1,157,975
Total assets		1,450,091	1,190,110
Current liabilities			
Trade and other payables	12	206,599	11,584
Provision for distribution payable	5	24,748	20,669
Current tax payable		52	115
Derivative financial instruments		-	689
Total current liabilities		231,399	33,057
Non-current liabilities			
Interest bearing liabilities		606,288	667,242
Derivative financial instruments		32,706	11,247
Total non-current liabilities		638,994	678,489
Total liabilities		870,393	711,546
Net assets		579,698	478,564
Security holders' funds			
Contributed equity	13	761,725	662,924
Reserves		522	323
Retained profits / (accumulated losses)		(182,549)	(184,683)
Total security holders' funds		579,698	478,564

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 2011	**Half year 2011**	Half year 2010
	$'000	$'000
Total equity at the beginning of the half year	**478,564**	324,003
Net income recognised directly in equity	**-**	-
Profit for the half year	**26,881**	24,847
Total recognised income and expense for the half year	**26,881**	24,847
Transactions with security holders in their capacity as security holders:		
Contributions of equity, net of transaction costs	**98,801**	99,771
Distributions provided for or paid	**(24,748)**	(15,811)
Deferred tax recognised in reserve	**47**	-
Employee share plan expense recognised in reserve	**153**	-
Total equity at the end of the half year	**579,698**	432,810
Total recognised income and expense for the half year is attributable to:		
- Trust	**26,857**	24,807
- Company	**24**	40
Growthpoint Properties Australia	**26,881**	24,847

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 2011	**Half year 2011**	Half year 2010
	$'000	$'000
Cash flows from operating activities		
Receipts from customers	**56,924**	43,317
Payments to suppliers	**(10,301)**	(6,400)
Borrowing costs	**(25,335)**	(18,459)
Interest received	**1,332**	413
Income tax paid	**(113)**	-
Net cash inflow from operating activities	**22,507**	18,871
Cash flows from investing activities		
Net proceeds from sale of investment properties	**5,101**	-
Payments for investment properties	**(11,721)**	(232,869)
Payments for plant & equipment	**(4)**	(5)
Payments as loans to other entities	**(34,113)**	-
Net cash outflow from investing activities	**(40,737)**	(232,874)
Cash flows from financing activities		
Proceeds from external borrowings	**-**	129,819
Repayment of external borrowings	**(59,725)**	-
Proceeds from equity raising	**102,600**	101,000
Equity raising costs	**(3,799)**	(1,229)
Distributions paid to security holders	**(20,669)**	(13,568)
Net cash inflow from financing activities	**18,407**	216,022
Net increase in cash and cash equivalents	**177**	2,019
Cash and cash equivalents at the beginning of the period	**24,144**	16,739
Cash and cash equivalents at the end of the period	**24,321**	18,758

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1: Reporting entity

Growthpoint Properties Australia was formed by the stapling of the securities of two entities comprising Growthpoint Properties Australia Limited ("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 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 of the Company and the unitholders of the Trust 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.

The consolidated interim financial report includes financial statements for Growthpoint Properties Australia, the stapled consolidated group, which is domiciled in Australia, as at and for the six months ended 31 December 2011.

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, and with IAS 34 Interim Financial Reporting.

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 2011 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 20 February 2012.

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 2011 and the corresponding interim reporting period.

Note 4: Segment information

The Group operates wholly within Australia and derives rental income solely from property investments. With an increase in investments in the office sector, the Group now segments net property income into Office and Industrial segments and those results are shown below:

	Office	**Industrial**	**Total**
	$'000	$'000	$'000
Statement of comprehensive income for the half year to December 2011			
Revenue, excluding straight line lease adjustment	17,865	39,050	56,915
Property expenses	(2,497)	(4,333)	(6,830)
Segment results	**15,368**	**34,717**	**50,085**
Income not assigned to segments			25,380
Expense not assigned to segments			(48,517)
Net profit before income tax			**26,948**

Note 4: Segment information (cont.)

	Office	Industrial	Total
	$'000	$'000	$'000
Statement of comprehensive income for the half year to December 2010			
Revenue, excluding straight line lease adjustment	3,492	37,493	**40,985**
Property expenses	(305)	(3,826)	**(4,131)**
Segment results	3,187	33,667	**36,854**
Income not assigned to segments			**13,212**
Expense not assigned to segments			**(25,219)**
Net profit before income tax			**24,847**

Property values are also reported by segment and this information is reported in note 9.

Note 5: Distributions

	Half year 2011	Half year 2010
	$'000	$'000
Profit after tax	**26,881**	24,847
Less non-distributable items:		
- Straight line adjustment to property revenue	**1,248**	(5,504)
- Net changes in fair value of investments	**(24,048)**	3,789
- Loss on sale of investment property	**75**	-
- Net (gain) / loss on derivatives	**20,771**	(7,295)
- Deferred tax expense	**17**	-
Distributable income	**24,944**	15,837
Distributions on ordinary stapled securities provided for or paid during the half year	**24,748**	15,811

Period for distribution	Total distribution	Total stapled securities	Distributions per stapled security
	$'000	('000)	(cents)
Half year to 31 December 2011 GOZ	20,698	237,904	**8.70**
Half year to 31 December 2011 GOZN	4,050	54,000	**7.50**

The distribution of 8.70 cents per GOZ stapled security (2010: 8.40 cents per GOZ stapled security) and 7.50 cents per GOZN stapled security are estimated to be 100% tax deferred (confirmation will be provided in the annual tax statements issued in August 2012).

Notes to the Financial Statements

Note 6: Management expense ratio

Management Expense Ratio (MER) is calculated as "other expenses from ordinary activities" as detailed in the Consolidated Statement of Comprehensive Income for a period divided by the average gross assets for that period (calculated monthly). The MER for the 12 months to 31 December 2011 is 0.4% (12 months to 31 December 2010: 0.4%).

Note 7: Current assets – trade and other receivables

	31 December 2011	30 June 2011
	$'000	$'000
Rent receivables	**750**	1,107
Prepayments	**2,033**	1,684
	2,783	2,791

Note 8: Assets classified as held for sale

As at 30 June 2011, the property at 1304 Ferntree Gully Road, Scoresby Victoria was classed as assets held for sale as a real estate agent had been engaged to sell the property. On 26 October 2011 the property was sold for its book value. No properties are currently classed as assets held for sale.

Note 9: Investment properties

			Latest External Valuation		**Consolidated Book Value**	
Industrial Properties			Date	Valuation	31-Dec-11	30-Jun-11
				$'000	$'000	$'000
Victoria						
28 Bilston Drive	Wodonga	VIC	30-Jun-11	69,500	**69,500**	69,500
120 Northcorp Boulevard	Broadmeadows	VIC	30-Jun-11	61,000	**63,000**	61,000
522-550 Wellington Road	Mulgrave	VIC	31-Dec-11	50,500	**50,500**	50,000
40 Annandale Road	Tullamarine	VIC	31-Dec-11	36,500	**36,500**	35,700
130 Sharps Road	Tullamarine	VIC	31-Dec-11	22,550	**22,550**	21,000
120 Link Road	Tullamarine	VIC	31-Dec-11	17,500	**17,500**	17,500
42-44 Garden Street	Kilsyth	VIC	31-Dec-11	17,750	**17,750**	17,300
44-54 Raglan St Lot (2 - 4)	Preston	VIC	31-Dec-11	16,000	**16,000**	15,300
60 Annandale Road	Tullamarine	VIC	30-Jun-11	13,500	**13,500**	13,500
365 Fitzgerald Road	Derrimut	VIC	1-May-11	12,200	**12,200**	12,231
45-55 South Centre Road	Tullamarine	VIC	31-Dec-11	8,700	**8,700**	8,200
306 - 318 Abbots Road	Lyndhurst	VIC	1-May-11	8,000	**8,000**	8,026
75 Annandale Road	Tullamarine	VIC	31-Dec-11	6,700	**6,700**	6,700
31 Garden Street	Kilsyth	VIC	31-Dec-11	7,600	**7,600**	6,900
Queensland						
70 Distribution Street	Larapinta	QLD	31-Dec-11	155,000	**155,000**	151,000
13 Business Street	Yatala	QLD	31-Dec-11	14,000	**14,000**	15,200
29 Business Street	Yatala	QLD	30-Jun-11	10,900	**10,900**	10,900
5 Viola Place	Brisbane	QLD	31-Dec-11	11,300	**11,300**	11,300

Note 9: Investment properties (cont.)

Industrial Properties			Latest External Valuation Date	Valuation	Consolidated Book Value 31-Dec-11	30-Jun-11
				$'000	$'000	$'000
Queensland (cont.)						
670 Macarthur Avenue	Pinkemba	QLD	30-Jun-11	8,425	**8,425**	8,425
10 Gassman Avenue	Yatala	QLD	30-Jun-11	4,700	**4,700**	4,700
3 Viola Place	Brisbane	QLD	31-Dec-11	2,750	**2,750**	1,750
Western Australia						
2 Horrie Miller Drive	Perth Airport	WA	31-Dec-11	110,500	**110,500**	108,000
New South Wales						
134 Lilkar Road	Goulburn	NSW	31-Dec-11	69,000	**69,000**	67,500
81 Derby Street	Silverwater	NSW	31-Dec-11	13,600	**13,600**	13,100
South Australia						
599 Main North Road	Gepps Cross	SA	31-Dec-11	56,000	**56,000**	55,000
12-16 Butler Boulevard	Adelaide	SA	31-Dec-11	10,700	**10,700**	10,700
10 Butler Boulevard	Adelaide	SA	31-Dec-11	7,500	**7,500**	7,500
Total Industrial Properties				822,375	**824,375**	807,932

Office Properties			Latest External Valuation Date	Valuation	Consolidated Book Value 31-Dec-11	30-Jun-11
				$'000	$'000	$'000
Victoria						
Building 2, 572 - 576 Swan Street	Richmond	VIC	1-May-11	72,000	**73,500**	73,145
Building 1 & 3, 572 - 576 Swan Street	Richmond	VIC	1-May-11	47,500	**49,600**	46,599
Queensland						
333 Ann Street	Brisbane	QLD	31-Dec-11	110,000	**109,996**	-
CB1, 22 Cordelia Street	South Brisbane	QLD	31-Dec-11	64,500	**64,280**	-
A4, 52 Merivale Street	South Brisbane	QLD	31-Dec-11	64,000	**64,000**	63,100
A1, 32 Cordelia Street	South Brisbane	QLD	30-Jun-11	62,000	**63,200**	62,000
CB2, 42 Merivale Street	South Brisbane	QLD	31-Dec-11	32,500	**32,521**	-
32 Cordelia Street (Car park)	South Brisbane	QLD	31-Dec-11	11,000	**11,000**	9,850
South Australia						
33-39 Richmond Road	Keswick	SA	31-Dec-11	52,500	**52,500**	50,500
7 Laffer Drive	Bedford Park	SA	1-May-11	18,800	**17,800**	18,849
Tasmania						
66 Kennedy Drive	Cambridge	TAS	1-May-11	25,500	**25,700**	25,560
Total Office Properties				560,300	**564,097**	349,603
Sub-totals				1,382,675	**1,388,472**	1,157,535
Less: amounts classified as receivables (rental income recognised on a straight line basis)					**(41,864)**	(43,113)
Total investment properties					**1,346,608**	1,114,422

Notes to the Financial Statements

Note 9: Investment properties (cont.)

(A) VALUATION BASIS

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for comparable properties in similar location and condition and subject to similar leases.

External valuations were conducted by Jones Lang LaSalle, Colliers International, Savills and Knight Frank. The fair value of properties not externally valued as at 31 December 2011 were based on director valuations.

At each reporting date the Directors update their assessment of the fair value of each property in accordance with Group accounting policy.

The Group determines a property's value within a range of reasonable fair value estimates and, in making that assessment, considers information from a variety of sources including:

- Current prices for comparable investment properties, adjusted to reflect differences for location, building quality, tenancy profile and other factors.
- Discounted cash flow projections based on reliable estimates of future cash flows.
- Capitalised income projections based upon a property's estimated net market income and a capitalisation rate derived from analysis of market evidence.

At reporting date, the key assumptions used by the Group in determining fair value were in the following ranges for the Group's portfolio of properties:

	December 2011	June 2011
Discount rate	**9.3% - 11.0%**	9.3% - 11.0%
Terminal yield	**8.0% - 10.5%**	8.0% - 10.8%
Capitalisation rate	**7.8% - 10.0%**	8.0% - 11.0%
Expected vacancy period	**6-18 months**	6-12 months
Rental growth rate	**2.5% - 4.0%**	2.5% - 4.0%

(B) UNCERTAINTY AROUND PROPERTY VALUATIONS

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for comparable property in terms of investment characteristics such as location, lettable and land area, building characteristics, property condition, lease terms and rental income potential, amongst others.

The fair value of investment property has been assessed to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

(C) CONTRACTUAL OBLIGATIONS

The Group has also entered three contracts to purchase properties at 333 Ann Street, Brisbane, Queensland, CB1, 22 Cordelia Street, South Brisbane, Queensland and CB2 42 Merivale Street, South Brisbane, Queensland. These properties have therefore been included with the investment property portfolio at cost. A corresponding entry for $196,354,000 (being the purchase price less deposits paid) is included in "trade and other payables" within the Statement of Financial Position. The contracts for sale and purchase of the properties completed on 31 January 2012.

Note 10: Other receivables

	31 December 2011	30 June 2011
	$'000	$'000
Payments made to acquire investment properties	**34,237**	168
	34,237	168

The Group has entered into a "Delivery Agreement" with Property Solutions Group in relation to the property at 1231-1241 Sandgate Road, Nundah, Queensland under which Property Solutions Group will construct an office building with the Group providing funds on a fund through basis. The contract price for the development has been fixed at $69,500,000. Payments for the land, acquisition costs and development relating to this asset total $33,537,000 as at 31 December 2011 (June 2011: $168,000). The asset will be included within Investment Properties upon the Group taking on all risks and rewards associated with the property at practical completion, scheduled to occur in or around October 2012. In the Group's judgement, the risks and rewards of ownership have not yet transferred to the Group as the Group holds a put option which allows the Group to put the property back to the developer in exchange for all moneys outlaid to that date if, among other things, the developer does not comply with its obligations under the Delivery Agreement. Interest earned on payments to the developer during the period was $854,000 and is included in Interest Income in the Consolidated Statement of Comprehensive Income (Dec 2010: nil)

The Group has entered into a Delivery Agreement with Lindsay Bennelong Developments in relation to the property at 219-247 Pacific Highway, Artarmon, New South Wales under which Lindsay Bennelong Developments will construct an office building with the Group providing funds on a fund through basis. The contract price for the development has been fixed at a minimum of $68,689,985 and a maximum of $70,009,125, depending on the weighted average lease expiry (by lettable area) achieved for the property at practical completion. The Group has also entered a contract to purchase the land on which this building will be constructed and that contract is expected to complete shortly. The value of the deposit on the land is included in Other Receivables at cost. The asset will be included within Investment Properties upon the Group taking on all risks and rewards associated with the property at practical completion, scheduled to occur in or around December 2012. In the Group's judgement, the risks and rewards of ownership have not transferred to the Group as the Group holds a put option which allows the Group to put the property back to the developer in exchange for all moneys outlaid to that date if, among other things, the developer does not comply with its obligations under the Delivery Agreement.

Note 11: Commitments

CAPITAL EXPENDITURE OBLIGATIONS ASSOCIATED WITH LEASES

This section discusses the capital expenditure obligations that originally applied to six properties owned by the Group. During the first five years from the date of lease commencement of each of these properties, the tenant (Woolworths Limited) could call for up to $80 million (in aggregate) to be spent on capital expenditure that expands or upgrades the properties. As at 31 December 2011, $38.0 million of capital expenditure is available to the tenant of one of these properties to utilise, with the potential obligations associated with the other five properties having expired (see below).

The lease commencement date for four of the properties was 30 July 2006 and the lease commencement dates for the other two properties were 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. Therefore, for the four properties that had a lease commencement date of 30 July 2006 and the property with the lease commencement date of 28 February 2007, the Group's potential obligation has expired. 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. 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.

For details of other property commitments see Note 9 (c) and Note 10 above.

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.

Notes to the Financial Statements

Note 12: Trade and other payables

	31 December 2011	30 June 2011
	$'000	$'000
Trade payables	387	248
Non-trade payables	71	61
GST payable	502	839
Accrued expenses - other	3,476	3,846
Prepaid rent	5,809	6,590
Settlement of contracts to acquire investment properties	196,354	-
	206,599	11,584

Note 13: Contributed equity

	Half year 2011	Half year 2011	Half year 2010	Half year 2010
	No. ('000)	$'000	No. ('000)	$'000
Opening balance at 1 July	237,578	662,924	159,620	515,579
Issues of ordinary stapled securities during the half year:				
Rights issue	54,000	102,600	53,158	101,000
Compulsory acquisition	258	-		
Shares issued under LTI (i)	69	-		
Cost of raising capital	-	(3,799)	-	(1,229)
	54,327	98,801	53,158	99,771
Closing balance at 31 December	291,905	761,725	212,778	615,350

(i) LTI refers to the Group's employee incentive plan which was adopted on 8 July 2011. The plan provides for an annual grant of stapled securities in the Group to employees subject to the achievement by the Group of specified objectives. The first issues of stapled securities to employees were made in September and December 2011.

Note 14: Subsequent events

The rights offer to support the $289.5 million property portfolio acquisition closed on 19 January 2012 and raised $166.4 million through the issue of 87.6 million stapled securities. Securities issued as part of the rights offer were allocated on 27 January 2012.

Completion of the three property acquisitions and the revised syndicated debt facility occurred on 31 January 2012.

The bilateral debt funding arrangement referred to above was signed on 17 February 2012 and completion of the acquisition of the pre-committed development site is expected shortly.

Directors' Declaration

In the opinion of the Directors of Growthpoint Properties Australia:

(a) the attached Financial Statements and notes set out on pages 5 to 16 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 2011 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.

T.J. Collyer.

Timothy Collyer
Managing Director

Melbourne, 20 February 2012

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 2011, 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 14 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 2011 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

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 2011 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*.

KPMG

KPMG

Darren Scammell
Partner

Melbourne

20 February 2012

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