ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

RESULTS FOR YEAR ENDED 30 JUNE 2012 20 August 2012

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 2012 (**"FY 2012"**).

Managing Director, Timothy Collyer, said:

"By continuing its steady growth and providing a stable and growing distribution yield, Growthpoint Properties Australia has further established itself as a consistent, income producing investment despite turbulent financial markets.

I am particularly pleased that we have retained our high occupancy of 99% and our long WALE of over 7 years whilst further expanding into the office sector, increasing distributions, lowering the average cost of debt and securing a longer debt facility tenor.

Two successful rights offers have raised equity of approximately $269.0 million during FY 2012. The introduction of a Dividend Reinvestment Plan has additionally raised equity of approximately $21.6 million since the end of the year. These equity raisings have provided existing securityholders with further opportunity to invest in the Group."

HIGHLIGHTS FOR FY 2012

- Statutory after-tax profit of $49.5 million (including fair value movements in investment properties and financial derivatives) up from $43.4 million for the year ended 30 June 2011 ("**FY 2011**"), a 14.0% increase.
- Distributable profit of $57.7 million up from $36.4 million for FY 2011, a 58.5% increase.
- A final distribution of 8.9 cents per "GOZ" stapled security for the second half of FY 2012[1], taking the full year distribution to 17.6 cents per "GOZ" stapled security compared to 17.1 cents in FY 2011, a 2.9% increase.
- A total return for the Group of 21.6% for FY 2012 (distributions plus security price appreciation), outperforming the S&P/ASX 300 Property Accumulation Index which returned 11.0 %[2].
- A 78.7% increase in the Group's market capitalisation, through securities issued and security price appreciation, taking the ASX market capitalisation from $446 million on 30 June 2011 to $797 million on 30 June 2012.
- In December 2011, the Group announced a $289.5 million property portfolio acquisition comprising[3]:
  - Two modern office buildings located at, respectively, 22 Cordelia Street South Brisbane, Queensland and 42 Merivale Street South Brisbane, Queensland for $96.8 million. These acquisitions completed in February 2012;
  - An "A-grade" 24 level office building located at 333 Ann Street, Brisbane, Queensland for $109.9 million. This acquisition was also completed in February 2012; and
  - A development site at 219-247 Pacific Highway, Artarmon, New South Wales acquired for $14 million. This acquisition completed in March 2012 and the Group has engaged

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[1] "GOZNA" holders will receive a pro-rated distribution of 7.6 cents per stapled "GOZNA" stapled security.
[2] Source: UBS Investment Research
[3] The amounts listed in this bullet point (including the sub bullet points) exclude transaction costs.

Lindsay Bennelong Group to develop a new “A-grade” office building on this site. The building is under construction as at the date of this report and has been 50% pre-leased to Fox Sports with the balance subject to a 5 year rent guarantee from the developer. The total cost to the Group is expected to be approximately $82.7 million.

- The property portfolio value increased from $1.2 billion as at 30 June 2011 to $1.6 billion[4] at 30 June 2012 due to the acquisitions referred to above as well as a $30.1 million increase in aggregate property valuations.
- In January 2012, the Group expanded its syndicated debt facility with National Australia Bank (**"NAB"**), Westpac Banking Corporation (**"Westpac"**) and Australia and New Zealand Banking Group (**"ANZ"**) to $765 million. As a result of the revised agreement, a third of the facility matures in December 2014, 2015 and 2016, respectively.
- In February 2012, the Group entered into a new $70 million debt facility with NAB maturing in April 2016 secured by the Group's properties in Artarmon, New South Wales and Keswick, South Australia.
- In June 2012, the Group announced that it had exchanged contracts to acquire a property at 10-12 Mort Street, Canberra, Australian Capital Territory for $55.8 million (excluding transaction costs) providing a 10.28% initial income property yield (9.60% after acquisition costs including government duties). The property comprises two modern "A grade" eight storey office buildings with a combined net lettable area of approximately 15,398 square metres plus 158 car parks on land of 3,064 square metres. The buildings are fully-let to the Commonwealth of Australia (Department of Education, Employment and Workplace Relations) on a five year lease expiring 24 March 2017, with one five year option of renewal. The Group has entered into an agreement with NAB, Westpac and ANZ to expand the syndicated facility referred to above by $60 million at completion of this acquisition. The increased facility amount will be added to the tranche maturing on 31 December 2016.
- Rights offers for $102.6 million and $166.4 million, closed in July 2011 and January 2012, respectively. The proceeds were used to fund the Group’s property acquisitions (either directly or through reducing debt incurred from acquisitions/takeover).
- 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) in August 2011. 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 1.4% of the Group's annual rental income. The lease was 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 November 2011, the Group entered into two new five year leases with existing tenants Willow Ware and Temp Fence for a 14,082 square meters industrial facility located at 45-55 South Centre Road, Tullamarine, achieving a 17% rent increase (in aggregate) from the expiring previous rent to the new rent.
- The Group reduced its Management Expense Ratio or "MER” from 0.44% for FY 2011 to 0.41% for FY 2012 largely reflecting its increased asset base.
- In May 2012, the Group announced that it had established a new Distribution Reinvestment Plan (**"DRP"**) which is in operation for the distribution payable on or about 31 August 2012. The DRP gives securityholders a way to increase their securityholding in the Group by reinvesting all or part of their distribution entitlement in additional stapled securities. The DRP price was $2.02 per stapled security, offering an attractive yield of 9.06% on current year distribution guidance. Approximately 66.4% of the Group’s distribution payable in August 2012 will be issued as new stapled securities in the Group. The DRP will raise approximately $21.6 million in new equity and result in the issue of 10,670,390 new stapled securities

[4] This value includes the properties currently under development in Nundah, Queensland and Artarmon, New South Wales and two properties contracted to purchase but not acquired at 30 June 2012.

increasing the total securities on issue to 390,146,636. Subject to market conditions and requirements for equity, the Group intends to operate the DRP for future distributions.

INCOME DISTRIBUTIONS

The Group's distributions for FY 2012 total 17.6 cents per stapled security, comprising:

- 8.7 cents per stapled security paid on 29 February 2012; a 3.6% increase from February 2011 (holders of "GOZN" securities received a pro-rated distribution of 7.5 cents per GOZN stapled security); and
- 8.9 cents per stapled security to be paid on or about 31 August 2012; a 2.3% increase from August 2011 (holders of "GOZNA" will receive a pro-rated distribution of 7.6 cents per GOZNA stapled security.

The total distribution for FY 2012 is 0.1 cent higher than guidance provided in the Rights Offer Booklet dated 20 December 2011 and a 2.9% increase on FY 2011

The distribution is 84% tax deferred with the remaining 16% being a concession capital gain (which is tax free).

Estimated distributable profit for the year ending 30 June 2013 has increased from between 19.1 and 19.4 cents per stapled security to between 19.4 and 19.8 cents per stapled security. The increase in the estimate is primarily due to recent reorganisation in the interest rate swap book leading to lower borrowing costs over FY 2013.

Notwithstanding the increased estimated distributable profit, Directors confirm previous distribution guidance of 18.3 cents per stapled security for FY 2013; a 4% increase on FY 2012. The payout ratio is therefore expected to reduce to 92-94%; down from 99% for FY 2012. The Board has decided to reduce the payout ratio due to the changed nature of the property portfolio, particularly an increased office weighting (49% at 30 June 2012, up from 35% at 30 June 2011). Office properties generally require more capital expenditure and have greater tenant turnover, leading to increased cash requirements to fund costs associated with lease renewals, when compared to industrial properties. Retained distributable income will be used to fund this expenditure. Payout ratios for future periods will take account of the portfolio metrics at the time and have regard to prevailing financial conditions. The Group's policy remains to distribute as much distributable income to securityholders as is prudent each year.

NET TANGIBLE ASSETS

The Group's net tangible assets (**"NTA"**) per stapled security was $1.93 at 30 June 2012, down from $2.01 at 30 June 2011. There were increases to NTA per stapled security of $0.10 due to property revaluations during the year. However, there were decreases to the NTA per stapled security of $0.13 due to interest rate swap revaluations and the payment associated with breaking an interest rate swap and $0.05 per stapled security due to costs associated with the two rights offers undertaken during FY 2012.

DEBT AND INTEREST RATE HEDGING

The Group has a $70 million facility with NAB secured by the Group's properties in Artarmon, New South Wales and Keswick, South Australia (**"NAB Facility"**).

The Group also has a $765 million syndicated debt facility with NAB, Westpac and ANZ secured over the remainder of its assets (**"Syndicated Facility"**) The Syndicated Facility will be extended to $825 million at completion of the acquisition of 10-12 Mort Street, Canberra, Australian Capital Territory.

These debt facilities have the following maturity dates:

Maturity date	Maturity amount
31 December 2014*	$255 million
31 December 2015*	$255 million
30 April 2016^	$70 million
31 December 2016*	$255 million[5]
Total debt	**$835 million**

*= Syndicated Facility ^= NAB Facility

The weighted average cost of debt (including bank margins) at 30 June 2012 was approximately 7.25% per annum, down from 7.70% per annum at 30 June 2011. Total gearing, calculated by interest bearing liabilities by total assets, at 30 June 2012 was 45.6%; down from 56.1% at 30 June 2011. The loan to value and interest cover ratios under the Syndicated Facility and the NAB Facility were well within covenant requirements at 30 June 2012. Refer to the table below for further information.

	30 June 2012	Pro forma at 31 December 2012[6]	Default covenant
Balance Sheet Gearing[7]	45.6%	50.6%	
Syndicated Facility LVR	51.0%	52.2%	65.0%
NAB Facility LVR	28.1%	50.5%	65.0%
Syndicated Facility Annual ICR[8]	2.3x	-	1.4x
NAB Facility Annual ICR[9]	N/A	-	1.6x

The Group is comfortable with its current gearing level given the stable long term cash flow the property portfolio generates. However, the Group expects to reduce gearing over time and, partly due to its growth ambitions, has a medium term goal of reducing gearing to a level that would allow it to obtain an investment grade credit rating (currently expected to be below 45%).

As at 30 June 2012, the Group's interest rate hedges represent approximately 94% of its debt, up from 80% at 30 June 2011 with an average interest rate, excluding bank margins, of 4.79% per annum (2011: 5.67% per annum) and an average duration of 3.9 years (2011: 3.2 years). The Group aims to fix the majority of its 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. The Group is required under its banking facility agreements to have at least 75% of its interest expense hedged.

[5] Currently $255 million but extends by $60 million on completion of the acquisition of 10-12 Mort Street, Canberra, ACT.
[6] Following (a) receipt of funds from the DRP, (b) completion of the Group's acquisitions in Burnley, Victoria and Canberra, Australian Capital Territory and (c) practical completion of the buildings currently being developed at the Group's properties in Nundah, Queensland and Artarmon, New South Wales. The pro forma numbers excludes any other changes which may occur such as property revaluations.
[7] Total assets divided by total interest bearing liabilities.
[8] "Insurance Coverage Ratio" as defined in the Syndicated Facility.
[9] "Insurance Coverage Ratio" as defined in the NAB Facility. ICR is not calculated for the NAB Facility until the building currently being developed at the Group's property at Artarmon, New South Wales has reached practical completion.

PROPERTY PORTFOLIO UPDATE

The Group's property portfolio provides securityholders with long term rental income from quality tenants. Key achievements for FY 2012 were:

- **99% portfolio occupancy and retention of key tenants:** Since 30 June 2010, the portfolio has enjoyed 99-100% occupancy. Following successful extension of the leases referred to above, the Group has only three leases due for expiry in the year ending 30 June 2013 representing 1.2% of the Group's annual rental income.
- **Long WALE**: The weighted average lease expiry for the portfolio was approximately 7.2 years as at 30 June 2012. 68.7% of the Group's leases (by revenue) expire in or after the 2018 financial year.
- **Disposals:** The Group sold its property at 1304 Ferntree Gully Road, Scoresby, Victoria in November 2011 for $5.2 million, its 30 June 2011 book value, with net proceeds being used to reduce debt.
- **Arrears:** As at 30 June 2012, the Group had no significant arrears.
- **Capital Expenditure:** During FY 2012, approximately $3.6 million was spent on capital expenditure across the property portfolio. Of this amount, approximately $2.5 million was spent on maintenance capex, whilst the balance of $1.1 million was attributed to a property expansion and rentalised tenant works.
- **Acquisitions:** The Group purchased, or agreed to purchase, the following properties during FY 2012:

Property	Sector	Major Tenant(s) as a percentage of NLA	Purchase Price ($ million)[10]	Initial Passing Yield
CB1, 22 Cordelia Street, South Brisbane, Queensland	Office	Downer Mining (46%), AXA (12%), Macmahon Contractors (12%)	64.4	8.9%
CB2, 42 Merivale Street, South Brisbane, Queensland	Office	Fusion (82%)	32.4	7.8%
333 Ann Street, Brisbane, Queensland	Office	Runge Limited (26%), Robert Bird Group (16%), Xtract Mining Consultants (7%)	109.9	9.1%
Building C, Gore Hill Business Park, 219-247 Pacific Highway, Artarmon, New South Wales	Office	Fox Sports (48%), 5 year rental guarantee (52%)	82.7	8.1%
10-12 Mort Street, Canberra, Australian Capital Territory	Office	Commonwealth of Australia (Department of Education, Employment and Workplace Relations) (100%)	55.8	10.3%
F.R. Smith Drive Car Park, Botanica Corporate Park, 572-576 Swan Street, Burnley, Victoria	Office (car park)	GE Money (50 spaces), Avexa (42 spaces)	1.0	14.1%
TOTAL			346.2	8.9%

PROPERTY VALUATIONS

Directors have undertaken a review of the value of each property, including the external valuation of 13 properties and value the property portfolio at approximately $1.4 billion as at 30 June 2012. The weighted average market capitalisation rate at 30 June 2012 was 8.3%. On a like-for-like

[10] Before transaction costs (stamp duty, valuation fees, due diligence, legal and other advisory fees) and in the case of the Fox Sports Development, the price is dependent on the leasing of space which is not yet pre-committed.

basis, property values increased by 1.1% from the last reported property valuations as at 31 December 2011 and by 3.2% from 30 June 2011, reflecting Australia's largely stable property market over these periods.

The value above excludes the properties currently under development in Nundah, Queensland and Artarmon, New South Wales and two properties contracted to purchase but not acquired at 30 June 2012. The value of the property portfolio increases to $1.6 billion by including the development properties at their independent "on-completion" valuation and the properties to be acquired at their purchase cost. The average market capitalisation rate remains at 8.3%.

STRATEGY AND OUTLOOK

Our strategy remains 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 and the Australian Capital Territory.
- **No funds management** – all of the Group's revenue is derived from 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 securityholders 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 has and will likely continue to purchase properties to be developed, fund construction of developments and/or enter a joint venture where the Group becomes the ultimate owner of the property on completion of the development but only where material pre-commitment leases are in place. 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. Securityholders own the property trust and the manager/responsible entity. There are no fees payable to external managers and therefore no conflicts of interest between securityholders and the manager/responsible entity.

The Group continues to seek investment opportunities where they are considered to be of value to all securityholders. The Group remains cautious due to the on-going turbulence in global financial markets, particularly in Europe, and a slowing Australian economy. Counterbalancing this caution is the knowledge that the Group's property portfolio is very well let, with quality tenants, enjoying 99% occupancy, a WALE of over 7 years and an income that grows each year under leases with fixed rental increases. The Group's debt is secured from three of the four major domestic banks and the first maturity date does not occur until December 2014. Furthermore, market conditions for purchasing quality well leased commercial real estate in Australia remain positive with most markets well balanced between supply and demand for commercial space.

The large spread between property yields (and internal rates of return) and bond rates, and historically low interest rates for borrowers, should continue to support the attractiveness of real estate investment versus other asset classes. Offshore property investors will continue to be attracted to investment in Australian commercial real estate, whether via direct investment or via investment in A-REIT's, where "yields" are attractive from a global perspective and the security of earnings is high.

At an ASX price of $2.11 and FY 2013 distribution guidance of 18.3 cents per security, the Group offers an attractive distribution yield of 8.7%, 2.7% above the A-REIT sector distribution yield.

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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ATTACHMENT

The analysis below restates the Consolidated Income Statement for FY 2012 *(note numbers listed below may not sum due to rounding)*

Statement of Distributable Income

	$ million
Income	
Property income	124.0
Property expenses	(15.1)
Net property income	**108.9**
Less Expenses	
Fund expenses	(5.6)
Net borrowing costs	(45.5)
Current tax expense	(0.2)
Income available for distribution to securityholders	**57.7**
Non distributable income adjustments:	
AIFRS straight lining of rental income receivable	3.0
Loss on sale of properties	(0.1)
Deferred tax expense	(0.1)
Settlement of derivative financial instrument	(13.2)
Gain/(loss) on fair value adjustments:	
Investment property revaluation [1]	30.1
Fair value adjustment of derivative financial instruments	(28.0)
Net profit attributable to securityholders	**49.4**
Distributions paid/payable	**57.4**

	cents per stapled security
Basic and diluted earnings	15.2
Distribution paid/payable	**17.6**[2]

[1] Prior to deduction of AIFRS straight-line rental receivable.
[2] Holders of "GOZN" and "GOZNA" securities issued as part of the 2011 and 2012 rights offers were entitled to receive pro-rated distributions for any distributions attributable to these securities prior to their conversion into "GOZ".

GROWTHPOINT PROPERTIES

Important notice and disclaimer

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This announcement contains summary information about the Group and is dated 20 August 2012. 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.