

GROWTHPOINT

PROPERTIES

GROWTHPOINT PROPERTIES AUSTRALIA (ASX CODE: GOZ)

Half year results

- › GOZ achieved a total return of 24.1% for the year ended 31 December 2012 (distributions plus ASX security price appreciation)¹.
- › Distributable profit of \$36.8 million (9.4 cents per GOZ stapled security); 47.6% up on the previous corresponding period.
- › 9 cents per GOZ stapled security distributed in accordance with guidance; 3.4% up on previous corresponding period. Directors have reaffirmed guidance of 9.3 cents for GOZ stapled securities for this half year.
- › 95.4% payout ratio to allow for costs involved with maintenance and re-leasing.

RECENT LEASING SUCCESS:

- › Westpac exercised a 5 year option to renew its lease at 7 Laffer Drive, Bedford Park, SA for 5 years from July 2013. This lease represents around 1.5% of GOZ's income.
- › Properties re-leased to existing tenants, Paper Australia and Bridgestone, in Victoria.
- › What was previously the sole industrial vacancy at 3 Viola Place, Brisbane Airport, Qld was leased to Cargo Transport for 10 years from March 2013.
- › Expansion works at 365 Fitzgerald Rd, Derrimut, Vic completed in March 2013 resulting in an extension of the lease to Bridgestone to March 2020.
- › A market rent review increased rent receivable at 75 Annandale Rd, Melbourne Airport, Victoria by 9% per annum.
- › Leasing campaigns are underway for the remaining office space vacancies in Brisbane, Queensland.
- › The portfolio is 98.2% leased and has one of the longest weighted average lease expires in the sector at just under 7 years.

DEVELOPMENTS:

Completion of fund-through developments in Nundah, Qld and Artarmon, NSW, respectively, occurred; both properties are 100% income producing. The development at Erskine Park, NSW is on schedule for completion in August 2013; GOZ receives coupon interest from the developer on moneys paid until completion.

DRP:

\$48.9 million raised from distribution reinvestment plans in August 2012 and February 2013 with an average participation rate of 74.5%.

DEBT:

GOZ is seeking to capitalise on historically low interest rates by negotiating an extension of its current debt facilities at a lower average cost.

FUTURE ACQUISITIONS:

A number of acquisition opportunities are being considered to enhance the property portfolio particularly by location and lease term and increase the liquidity of GOZ to enable inclusion in the S&P/ASX 300 index. Currently GOZ is around the 143rd largest listed entity in the ASX All Ordinaries Index by market capitalisation.

RESEARCH:

Bank of America/Merrill Lynch and NAB initiated research on GOZ adding to Macquarie and UBS. Please visit our website for contact details to obtain a copy of this research.

¹ Source: UBS Investment Research.



Interview with Lyn Shaddock

In this Investor Update, our Chairman, Lyn Shaddock, a 50 year veteran of the property industry, discusses the importance of cycles to property investment, the renewed focus on yield and property acquisition criteria.

PROPERTY CYCLES

I have experienced five property cycles and have been fortunate to profit from the outcome. The shakeout that follows each cycle is a wonderful opportunity for buying at real value. Growthpoint Properties Australia has had a wonderful four years since the Global Financial Crisis and has acquired a number of undervalued properties. We have also used the opportunity to sell some properties that do not meet the standards we set.

Currently, there is more money than I have ever seen wanting to buy institutional grade commercial buildings. Although value buying is still possible; it is harder to find. There will come a moment when the weight of money will drive prices beyond what we consider to be sensible. This could, as in the past, create a concern in the minds of asset allocators that property is no longer the best investment option which will result in prices falling (and create more value buying opportunities).

YIELD

The market is currently placing a high value on the yield offered by shares. In my view, this is correct and with an ageing investor population and very low interest rates this trend should continue.

Growthpoint Properties Australia has always been yield driven and intends to continue this focus. In doing so, we emulate Growthpoint Properties of South Africa which has been yield focussed since inception. Our objective is to provide securityholders with a tradeable security producing consistently growing income returns and long-term capital appreciation.

ACQUISITION CRITERIA

When considering acquisitions the golden rules of "location, location and location" are still hard to ignore. We try and have a geographic spread in the areas we believe will have population growth. Good growth should always lead to increased property values. A lot of time is spent considering the financial stability and long term prospects of tenants in acquisitions; our ability to have increasing distributions is only as good as your tenants' ability to pay rent. Finally, due to today's higher energy costs, a building's energy rating has also become important for landlords and tenants and therefore should be considered as part of any acquisition.



New property acquisition: Erskine Park, NSW

In late December 2012, Growthpoint Properties Australia agreed terms for the sale of a distribution centre in Goulburn for \$72.25 million (above book value) and the acquisition of three adjoining industrial properties in Erskine Park for \$104.7 million. All three newly acquired properties are, or will be once completed, leased by Linfox (one of Australia's largest logistics and supply chain groups). By recycling capital from a regional centre with muted growth prospects into one of the fastest growing areas of Australia, Western Sydney, in close proximity to key motorways, for a similar average lease term, a similar yield and a similar quality of tenant, Growthpoint Properties Australia significantly improved its property portfolio.

Details of the newly acquired properties are below and photos appear above.

USE	PHARMACEUTICAL WAREHOUSE	TRUCK FACILITY	WAREHOUSE	TOTAL / AVE.
SECTOR	Industrial	Industrial	Industrial	Industrial
STATUS	To be constructed	Existing building	Existing building	N/A
ADDRESS	27-49 Lenore Lane, Erskine Park, NSW	51-65 Lenore Lane, Erskine Park, NSW	6-7 John Morphett Place, Erskine Park, NSW	N/A
BUILDING AREA (m2)	29,055	3,720	24,881	57,656
SITE AREA (m2)	71,410	41,790	82,280	195,480
CONSTRUCTION COMPLETED	To be constructed	2011	2007	N/A
NET PROPERTY INCOME	\$3,700,000	\$1,793,768	\$2,952,438	\$8,446,206
LEASE TERM (YRS)	10.0	15.0	7.0	10.0
ANNUAL RENT REVIEWS	CPI	CPI	CPI	CPI
OUTGOINGS	Paid by lessee	Paid by lessee	Paid by lessee	Paid by lessee
GOZ PRICE	\$46,250,000	\$22,500,000	\$35,950,000	\$104,700,000
INITIAL YIELD	8.00%	7.97%	8.21%	8.07%
INDEPENDENT VALUATION	\$46,250,000 ¹	\$22,500,000 ²	\$35,950,000 ²	\$104,700,000

1. On completion.

2. The independent valuation for the truck facility and warehouse was prepared as one figure of \$58,450,000 and has been separated by purchase price for ease of reference.

3 suggested ways to improve your GOZ experience:

1. Provide Computershare (contact details below) with your email address so we can send you key announcements relating to GOZ as they happen.
2. For Australian residents, provide Computershare with your tax file number or TFN to avoid withholding tax being deducted from your distributions.
3. Consider opting to take future distributions as new GOZ securities through the DRP- this is generally a cost effective way to increase your holding in GOZ. DRP elections and changes can be made at anytime via Computershare.

REGISTRY – COMPUTERSHARE INVESTOR SERVICE

For all enquiries and correspondence regarding your Growthpoint Properties Australia securities, please contact the share registry, Computershare on 1300 850 505 or visit www.computershare.com.au.