

# GROWTHPOINT PROPERTIES

GROWTHPOINT PROPERTIES AUSTRALIA (ASX CODE: GOZ)

## Results for year ended 30 June 2011 - Significant portfolio growth

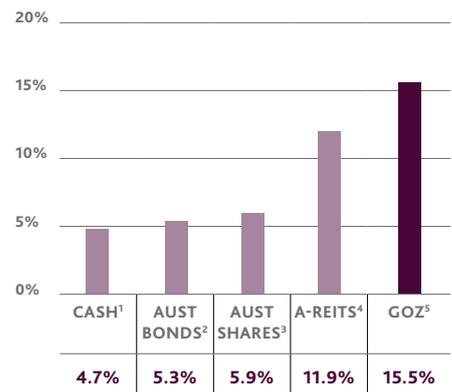
Growthpoint Properties Australia ("the Group") released its full year results on 22 August 2011. The main points included:

- > Statutory profit of \$43.4 million and distributable profit of \$36.4 million.
- > Final distribution of 8.7 cents per stapled security was paid on 31 August 2011, taking the full year distribution to 17.1 cents, a 22.1% increase from the previous financial year.
- > A total return for the Group of 15.5% for the 2010/2011 financial year (distributions plus security price appreciation), outperforming the S&P/ASX Property 300 Accumulation Index which returned 11.9% (source IRESS).
- > Addition of 15 properties to the Group's portfolio through:
  - A merger with the Rabinov Property Trust which, at the time of merger, held six quality properties in Victoria, Tasmania and South Australia with a book value of \$184 million.
  - Direct property acquisitions totalling \$218 million (before transaction costs) including a newly constructed office building in Adelaide, two newly constructed office buildings and a car park in South Brisbane and four modern industrial properties in South East Queensland.
  - Execution of contracts to acquire and fund the development of a "new generation" 12,910 square metre office building, pre-committed to quality tenants including Energen and Powerlink for \$77.9 million (before transaction costs). The independent valuation for the property on completion is \$82.5 million.
- > Two rights offers totalling \$203.6 million to support the direct property acquisitions above and reduce debt resulting from the merger with the Rabinov Property Trust.
- > Expansion of the Group's existing banking facility with National Australia Bank and Westpac Banking Corporation to include Australia and New Zealand Banking Group, extension of the term of the facility to 31 December 2013, increase in the facility limit to \$660 million and a reduction in the debt costs to the Group through a decrease in lending margin.
- > Extension of leases at:
  - 31 Garden Street, Kilsyth, Victoria, a 8,828 square metre office and distribution centre, with the existing tenant, Cummins Filtration International Corp (a subsidiary of NYSE listed Cummins Inc. which operates in 190 countries and holds a Fitch credit rating of A-) to February 2019; and
  - 130 Sharps Road, Tullamarine, Victoria, a 28,100 square metre office and distribution centre, with the existing tenant, The Laminex Group (a subsidiary of ASX and NZSE listed Fletcher Building Limited) to June 2022.

The property portfolio now comprises assets valued at \$1.24 billion providing a growing rental income over time with an average unexpired lease term of 9 years.

GOZ has again outperformed the major indices for the year ended 30 June 2011 as demonstrated in the graph below:

### GOZ COMPARATIVE TOTAL RETURN



Source: 1. RBA Cash Rate. 2. Australian 10 year bond rate (average). 3. S&P/ASX 300 Acc. Index - IRESS. 4. S&P/ASX 300 Prop Acc. Index - IRESS. 5. IRESS.



Energen, 1231-1241 Sandgate Road, Nundah, Queensland. A "new generation" office building due for completion in 2012.

### PORTFOLIO OVERVIEW

OFFICE 35%

INDUSTRIAL 65%

#### SECTOR DIVERSITY

TAS 2% NSW 6%

QLD 34%

VIC 38%

SA 11%

#### GEOGRAPHIC DIVERSITY

## Energex Nundah Acquisition

On 21 June 2011, the Group announced that it had executed contracts to acquire and fund the development of a "new generation" 12,910 square metre office building for \$77.9 million (before transaction costs). The independent valuation for the property on completion is \$82.5 million. The premises is fully pre-committed primarily to two Queensland State Government Owned Corporations, Energex Limited (15 year lease from practical completion, 70% of rental income) and Powerlink Limited (10 year lease from practical completion, 12% of rental income). The Group will receive a 8.75% per annum coupon payment on amounts expended for the development until completion. The rental yield at completion is 8.25% per annum.

## Distributions to Security Holders

A distribution of 8.7 cents per stapled security was paid on 31 August 2011.

The Group has provided distribution guidance of 8.7 cents per "GOZ" stapled security for the 6 months ending 31 December 2011. Holders of "GOZN" will receive a pro-rated distribution, currently expected to be 7.4 cents per "GOZN" stapled security", to reflect that these securities were on issue for part of the period to which this distribution relates. These distributions will be confirmed on or about 20 February 2012 and are expected to be paid on 29 February 2012.

For the second half of the 2011/2012 financial year, the Group has provided distribution guidance of 8.8 cents per "GOZ" stapled security (note that "GOZN" will collapse into "GOZ" on 23 December 2011). The distribution will be confirmed on or about 20 August 2012 and is expected to be paid on 31 August 2012.

GOZ is therefore expected to provide a total distribution for the financial year ending 30 June 2012 of 17.5 cents per "GOZ" stapled security and 16.2 cents per "GOZN" stapled security providing an attractive 9.2% income distribution yield (based on the recent rights offer price of \$1.90).

## 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](http://www.computershare.com.au).

GE Building 2, 572-576 Swan Street, Richmond, Victoria.



## GOZ acquires 100% of Rabinov Property Trust in scrip-for-scrip takeover

On 5 August 2011, the Group announced that it had completed its scrip-for-scrip takeover of the Rabinov Property Trust adding six modern, well-leased properties to the Group's existing portfolio. The real property assets of the Rabinov Property Trust were acquired at their independent valuation of \$184 million and were considered a desirable add-on due to their 6.9 year weighted average lease expiry (as at 30 June 2011) and excellent tenant base. In addition, 89% of the assets (by rent) acquired were in the office sector which continued the Group's diversification strategy. The takeover is expected to be 0.6% accretive to the Group's FY 2012 distributions.

## Strategy

The Group continued its "back-to-basics" and robust strategy of being a landlord of quality investment property. This strategy has four pillars:

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