MEDIA RELEASE FROM GROWTHPOINT PROPERTIES LIMITED

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Growthpoint outperforms to deliver 8% half-year distribution growth to investors

Growthpoint Properties Limited today reported distribution growth of 8% for the six-month interim period to 31 December 2013, outperforming original market guidance.

Norbert Sasse, CEO of Growthpoint Properties Limited, attributes the positive results to the solid performance from Growthpoint's South African property portfolio. He also cites growing distributions from Growthpoint's 63.5% holding in Growthpoint Properties Australia (GOZ) as making a strong contribution to results, with exchange rates moving markedly in Growthpoint's favour.

"Notwithstanding the challenging market conditions, we're pleased to report positive performance for our investors and deliver results ahead of expectations," says Sasse. Growthpoint's distributions are based on sustainable rental income. It doesn't distribute capital profits.

Shareholders can expect this positive performance from Growthpoint to continue. "Should current economic conditions prevail, Growthpoint is likely to deliver similar growth in distributions for shareholders for the full year to June 2014," says Sasse.

This is the first distribution that Growthpoint has made as a REIT company. Growthpoint became the largest South African REIT on the JSE from 1 July 2013. It also successfully converted its capital structure, from property loan stock linked units to REIT ordinary shares of no par value.

JSE ALSI Top 40 Index company Growthpoint owns and manages a diversified portfolio of 388 properties in South Africa, 49 properties in Australia through its investment in GOZ and a 50% interest in the properties at V&A Waterfront, Cape Town. Its consolidated property assets were valued at R63,1 billion.

Funds from Growthpoint's successful R2,5 billion capital raise in May 2013 were unutilised for the full interim period, resulting in an interest saving of R90 million and a low loan-to-value ratio of 24.2% for its South African balance sheet.

At the end of the period, Growthpoint's debt was well hedged with 86.5% of interest rate exposure fixed with a weighted average term of debt of 3.6 years, an average fixed interest rate hedge profile of 4.5 years and an all-in weighted average rate of 9.5%. "In light of the recent increase in interest rates, our conservative debt management places Growthpoint in a good position," says Sasse.

Growthpoint's net asset value increased by 8.2% to R21.03 per share, driven by increasing property values, reduction in the mark to market liability of interest rate swaps, and an additional R976 million capital raised through its September 2013 Distribution Re-Investment Programme. The change to REITs and the timing of the declaration and provisioning of the interim dividend added R1,5 billion or 79 cents to the net asset value and net asset value per share respectively.

Growthpoint's South African property portfolio contributed 74.4% to its distributable income. Notwithstanding tough local conditions, it delivered like-for-like net property income growth of 6.4%. Vacancies remained largely stable at 4.6% overall. In the face of continued increasing cost pressures, Growthpoint maintained its cost-to-income ratio for the portfolio at the 28% mark. Portfolio arrears remain at low levels, with marginal bad debt write-offs.In South Africa, Growthpoint acquired six portions of land and one industrial property for R407 million and disposed of nine non-core properties for R488 million, a profit of R94 million on cost. It also invested R406 million in value-enhancing redevelopments and improvements.

During the period it announced the acquisition of two property portfolios in Gauteng for R7,4 billion: Abseq for R1,3 billion at an 8.7% forward yield and Tiber for R6,1 billion at a 7.7% forward yield. Growthpoint will also acquire from Zenprop a 50% interest in a property that Tiber co-owned with Zenprop for R379 million to achieve full ownership.

"Both portfolios have now transferred to Growthpoint, Abseq from 1 January and Tiber from 1 March 2014, and the full benefits of these transactions will accrue to shareholders in the 2015 financial year," says Sasse. "These acquisitions enhance the overall quality of our office portfolio. Over 80% of the combined portfolios now comprise Prime- and A-grade offices."

Distributions from Growthpoint's strategic holding in GOZ grew 13.9% in ZAR on a like-for-like basis, making a strong 15.3% contribution to its total distributable income. Growthpoint achieved an average hedge rate of AUD1:ZAR9.30. Growthpoint elected to reinvest its August 2013 distributions from GOZ and participated in the rights issue during November 2013, increasing its investment in GOZ from R3,4 billion to R4,3 billion during the period. Achieving acquisitive growth for the half year, GOZ acquired five industrial properties in Victoria for a total R712 million. It also invested R266 million in development and capital expenditure.

Distributions from Growthpoint's 50% stake in the V&A Waterfront increased by 4.7% on a like-for-like basis and contributed 10.3% to distributable income. Growthpoint invested R108 million in development and capital projects at the V&A Waterfront during the period. It has also committed R437 million for its contribution to new, enhancing developments, including the iconic development of the new Zeitz Museum of Contemporary Art Africa in the historic Grain Silo at the V&A Waterfront. It is set to open in 2016 in a 9,500sqm, nine-storey building that preserves the original structure, and includes 6,000sqm of exhibition space and an entire floor dedicated to education.

In addition, Growthpoint has a R2 billion development pipeline in South Africa, which includes a 55% share in the recently announced new Discovery head office. Growthpoint will invest R1,4 billion in the development in partnership with Zenprop (45%). The 86,000sqm building will be Discovery's hub for the growing international business that operates in South Africa, the US, UK, China and Singapore. It will house all of Discovery's Sandton-based employees who now work in four different buildings in Sandton central. The efficient, modern building is designed to achieve a GBCSA (Green Building Council SA) green building accredited rating of at least four stars. Discovery will operate from its new premises in January 2018, on a 15-year lease with an option to renew.

After the close of its financial year, Growthpoint entered into share buyback agreements with beneficiaries of Growthpoint's BEE shareholders AMU Trust, Unipalm Investment Holdings and Desert Wind Property, to purchase approximately 17 million Growthpoint Shares for R365 million at a price of R20.74 per Growthpoint share on an ex dividend basis.

"Growthpoint will continue to identify and pursue revenue enhancing opportunities which further our objective to deliver sustainable income distributions and capital appreciation for shareholders," says Sasse.

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