

## GRT: GRT - Growthpoint - Unaudited Results For The 6 Months Ended 31 December 2008

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and dividend and interest payment declaration

Growthpoint Properties Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1987/004988/06)

Share code: GRT

ISIN: ZAE000037669

("Growthpoint" or "the company")

UNAUDITED RESULTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2008

\* 10.2% distribution growth to 56,3 cents per linked unit

\* Inclusion in JSE Top 40 index and MSCI emerging markets index

\* Market capitalisation of R19 billion and property assets of R29,1 billion

\* R1,7 billion capital raised through successful rights offer

### CONSOLIDATED INCOME STATEMENT

	Note	Unaudited 6 months 31 Dec 2008 Rm	Unaudited 6 months 31 Dec 2007* Rm	Audited 12 months 30 June 2008 Rm
Revenue excluding straight-line lease income adjustment		1 558	1 314	2 712
Straight-line lease income adjustment		103	104	208
Revenue		1 661	1 418	2 920
Property expenses		(390)	(327)	(675)
Net property income		1 271	1 091	2 245
Other operating expenses		(30)	(29)	(62)
Net property income after other operating expenses		1 241	1 062	2 183
Investment income		-	-	1
Operating profit		1 241	1 062	2 184
Fair value adjustments	1	(50)	(83)	(139)
Finance costs		(451)	(363)	(697)
Non-cash charges (Capital costs)/trading profits	2.1	(61) (41)	(79) 7	(193) 22
Finance income		35	61	87
Profit before debenture interest		673	605	1 264
Debenture interest		(720)	(654)	(1 363)
Loss before taxation		(47)	(49)	(99)
Taxation charge		13	1	1
- taxation on trading profit		-	(2)	(2)
- normal taxation		(1)	(1)	(2)
- deferred taxation		14	-	-
- capital gains taxation		-	4	5
Loss for the period	2.2	(34)	(48)	(98)
* Restated refer note 5				
Note 1:				
Fair value adjustments		(50)	(83)	(139)
Gross investment		495	657	1 823

property fair value adjustment			
Less: straight-line lease income adjustment	(103)	(104)	(208)
Net investment property fair value adjustment	392	553	1 615
Fair value adjustment on investment property held for sale	17	-	-
Listed property investments	1	(1)	(1)
Borrowings and derivatives	(2 144)	(50)	1 197
Long-term loans granted to BEE consortia	97	(3)	(48)
Debentures	1 587	(582)	(2 902)
Debentures are adjusted to fair value which represents the net asset value attributable to debenture holders, excluding intangible assets.			
The debentures fair value adjustment consists of:			
Fair value adjustments for other assets and liabilities excluding fair value adjustment on debentures	1 637	(499)	(2 763)
Straight-line lease income adjustment	(103)	(104)	(208)
Capital gains taxation	-	(4)	(5)
Non-cash financing charge	10	9	19
Increase in staff incentive scheme liability	2	21	75
Capital costs/(trading profits net of taxation)	41	(5)	(20)
Debenture fair value adjustment	1 587	(582)	(2 902)
Note 2:			
2.1 Non-cash charges	(61)	(79)	(193)
Non-cash financing charge	(10)	(9)	(19)
Amortisation of intangible asset	(49)	(49)	(99)
Increase in staff incentive scheme liability	(2)	(21)	(75)

2.2 Loss for the period  
The loss for the period is attributable to the amortisation of the intangible asset net of deferred tax. This is a non-cash accounting entry and does not affect distributable earnings.

Calculation of distributable earnings

Net property income after operating expenses	1 241	1 062	2 183
Less: straight-line lease income adjustment	(103)	(104)	(208)
Investment income	-	-	1
Finance costs	(451)	(363)	(697)
Finance income	35	61	87
Normal taxation	(1)	(1)	(2)
Distributable earnings	721	655	1 364
Total distribution	(721)	(655)	(1 364)
- Debenture interest	(720)	(654)	(1 363)
- Ordinary dividend	(1)	(1)	(1)

	Linked units	Linked units	Linked units
Linked units in issue at the end of the period	1 280 926 195	1 280 926 195	1 280 926 195

Weighted number of linked units in issue	6 1 280 926 195	1 196 773 190	1 238 460 442
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	cents	cents	cents
Distributable earnings per linked unit	3 56,29	51,12	106,46
- Interim	56,29	51,12	51,12
- Final	-	-	55,34
Distribution per linked unit	56,30	51,10	106,50
- Six months ended 31 December	56,30	51,10	51,10
- Six months ended 30 June	-	-	55,40
Basic loss per	3 (2,65)	(4,01)	(7,91)

share				
Headline	4	(62,98)	46,37	159,31
(loss)/earnings per linked unit				
		Rm	Rm	Rm
Basic loss is reconciled to headline (loss)/earnings as follows:				
Loss after taxation		(34)	(48)	(98)
Add back: net fair value adjustment				
- Investment		(350)	(470)	(1 381)
property				
- Fair value		(409)	(553)	(1 615)
adjustment				
- Applicable		59	83	234
taxation				
Headline loss		(384)	(518)	(1 479)
attributable to shareholders				
Less: net fair value adjustment				
- Debentures		(1 143)	419	2 089
- Fair value		(1 587)	582	2 902
adjustment				
- Applicable		444	(163)	(813)
taxation				
Add back: debenture interest paid		720	654	1 363
Headline		(807)	555	1 973
(loss)/earnings attributable to linked unitholders				

Note 3:

The disclosure of earnings per share, while obligatory in terms of accounting standards, is not meaningful to investors as the shares are traded as part of a linked unit and practically all of the revenue earnings are distributed in the form of debenture interest plus dividend in the ratio of 1 000 to 1. In addition, headline earnings include profit on the sale of listed property investments, fair value adjustments for listed property investments, fair value adjustments for interest-bearing and zero-coupon borrowings and debentures as well as non-cash charges, which do not affect distributable earnings. The calculation of distributable earnings as set out above is more meaningful to investors and is in accordance with Growthpoint's reporting policy.

Note 4:

In terms of SAICA Circular 8/2007, both the fair value adjustment on investment property and debentures are added back in the calculation of headline earnings per linked unit. The Circular does not make provision for the fair value adjustment on other non-current financial liabilities to be added back. The fair value adjustment for borrowings and derivatives resulted in a negative headline

earnings for the interim period.  
CONSOLIDATED BALANCE SHEET

	Unaudited 31 Dec 2008 Rm	Unaudited 31 Dec 2007* Rm	Audited 30 June 2008 Rm
<b>ASSETS</b>			
Non-current assets	31 451	26 621	30 231
Fair value of investment property for accounting purposes	28 177	23 448	26 409
Straight-line lease income adjustment	939	732	836
Fair value of property assets	29 116	24 180	27 245
Intangible assets	1 783	1 880	1 832
Other long-term employee benefits	57	113	59
Equipment	2	3	2
Listed property investments	10	10	9
Long-term loans granted to BEE consortia	449	353	325
Derivative asset	34	82	759
Current assets	1 111	365	426
Investment property held for sale	76	-	42
Trade and other receivables	387	345	357
Cash and cash equivalents	648	20	27
Total assets	32 562	26 986	30 657
<b>EQUITY AND LIABILITIES</b>			
Shareholders' interest	1 466	1 551	1 501
Ordinary share capital	64	64	64
Non-distributable reserve	1 402	1 487	1 437
Non-current liabilities - debentures	16 696	15 965	18 283
Linked unitholders' interest	18 162	17 516	19 784
Other non-current liabilities	10 541	8 363	9 519
Other non-current financial liabilities	10 168	7 976	9 132
Deferred tax liability	373	387	387
Current liabilities	3 859	1 107	1 354
Trade and other payables	568	391	638
Rights issue underwriting amount received in advance	1 000	-	-
Current portion of non- current liabilities	1 566	53	-
Taxation payable	1	4	5
Linked unitholders for interest and dividends	724	659	711
Total equity and liabilities	32 562	26 986	30 657
* Refer to note 5			
Net asset value per linked unit (cents)	1 418	1 367	1 545
Tangible net asset value per linked unit (cents)	1 308	1 251	1 432

The decrease in net asset value per linked unit is mainly due to the fair value

adjustment to borrowings and derivatives, as a result of the significant reduction in long-term interest rates from 30 June 2008 to 31 December 2008.

SUMMARISED CONSOLIDATED CASH FLOW STATEMENT

Unaudited Unaudited Audited

	6 months 31 Dec 2008 Rm	6 months 31 Dec 2007 Rm	12 months 30 June 2008 Rm
Cash flow from operating activities	1 005	925	2 057
Investment income	-	-	1
Net finance costs	(410)	(318)	(523)
Taxation (paid)/received	(5)	-	1
(Capital costs)/trading profit	(41)	7	22
Distribution to unitholders	(708)	(517)	(1 174)
Net cash (outflow)/inflow from operating activities	(159)	97	384
Net cash outflow from investing activities	(1 393)	(1 355)	(3 296)
Net cash inflow from financing activities	2 173	1 259	2 920
Net increase in cash and cash equivalents	621	1	8
Cash and cash equivalents at beginning of the period	27	19	19
Cash and cash equivalents at end of the period	648	20	27

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital Rm	Non- distributable reserve Rm
Audited balance at 30 June 2007	54	-
Shares issued	10	1 536
Loss for the year	-	-
Transfer to non-distributable reserve	-	(99)
Dividends	-	-
Audited balance at 30 June 2008	64	1 437
Loss for the period	-	-
Transfer to non-distributable reserve	-	(35)
Dividends	-	-
Balance at 31 December 2008	64	1 402
	Reserves Rm	Shareholders' interest Rm
Audited balance at 30 June 2007	-	54
Shares issued	-	1 546
Loss for the year	(98)	(98)
Transfer to non-distributable reserve	99	-
Dividends	(1)	(1)
Audited balance at 30 June 2008	-	1 501
Loss for the period	(34)	(34)
Transfer to non-distributable reserve	35	-
Dividends	(1)	(1)
Balance at 31 December 2008	-	1 466

Note 5:

In the year ended 30 June 2008, the company acquired the fund management business and property management business and all related activities (Property Services Businesses) from Investec Property Group Limited and the BEE

partners.

The purchase consideration was settled by the issue of 98,3 million new linked units. Most of the value was recognised as an intangible asset with a value of

R1,5 billion for the right to manage investment properties. In order to be consistent with the manner of presentation in the financial statements at 30

June 2008, an adjustment was made to the 2007 interim results as reported. The

major changes consisted of the transfer of R1,5 billion from debenture liability

to a non-distributable reserve and the raising of a deferred tax liability of

R387 million relating to the intangible asset. The effect of raising the deferred tax liability was to increase the value of goodwill as previously reported. The adjustment had an immaterial effect on basic loss per share as

well as headline earnings per linked unit. The adjustment had no effect on distributable earnings.

Note 6:

An adjustment was made to the weighted average number of linked units for the

period ended 31 December 2007. The adjustment had an immaterial effect on basic

earnings per share and headline earnings per linked unit. The adjustment had no

effect on distributable earnings.

#### SEGMENTAL ANALYSIS

##### INCOME STATEMENT EXTRACTS

	Retail Rm	Office Rm	Industrial Rm	Total Rm
Six months ended				
31 December 2008				
Revenue excluding	567	624	367	1 558
straight-line lease				
income adjustment				
Straight-line lease	9	83	11	103
income adjustment				
Revenue	576	707	378	1 661
Property expenses	(156)	(153)	(81)	(390)
Net property income	420	554	297	1 271
Fair value adjustment:				
- investment property	201	155	139	495
Year ended 30 June 2008				
Revenue excluding	1 003	1 050	659	2 712
straight-line lease				
income adjustment				
Straight-line lease	57	99	52	208
income adjustment				
Revenue	1 060	1 149	711	2 920
Property expenses	(260)	(263)	(152)	(675)
Net property income	800	886	559	2 245
Fair value adjustment:				
- investment property	376	735	712	1 823

##### BALANCE SHEET EXTRACTS

At 31 December 2008

Non-current assets

- Investment property

- Opening balance - 9 692 11 381 6 172 27 245

30 June 2008

- Acquisitions	-	159	102	261
- Developments and capital expenditure	175	795	191	1 161
- Disposals	-	(21)	(25)	(46)
- Fair value adjustment	201	155	139	495
- Fair value of property assets -				
31 December 2008	10 068	12 469	6 579	29 116
At 30 June 2008				
Non-current assets				
- Investment property				
- Opening balance - 30 June 2007	8 573	8 499	5 101	22 173
- Reclassification	(73)	73	-	-
- Acquisitions	654	1 555	57	2 266
- Developments and capital expenditure	261	582	302	1 145
- Disposals	(99)	(21)	-	(120)
- Transfer to investment property held for sale	-	(42)	-	(42)
- Fair value adjustment	376	735	712	1 823
- Fair value of property assets - 30 June 2008	9 692	11 381	6 172	27 245

#### COMMENTARY

##### INTRODUCTION

Growthpoint Properties Limited is the largest and most diversified South African listed property holding and investment company with 437 properties valued in excess of R29 billion and a market capitalisation in excess of R19 billion at 31 December 2008.

On 25 November 2008, Growthpoint was added to the Morgan Stanley Capital International (MSCI) emerging markets index. Furthermore, Growthpoint made its landmark debut on the JSE/Actuaries All Share 40 Top Companies Index (ALSI 40 Index) on 22 December 2008, ranked 31 of the top 40 companies. Growthpoint's property portfolio is well diversified geographically, by sector and client.

##### BASIS OF ACCOUNTING

The interim financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS), and the presentation and disclosure requirements of IAS 34, Interim Financial Reporting. The company's accounting policies as set out in the audited financial statements for the year ended 30 June 2008 have been consistently applied. Investment property comprises land and buildings held to generate rental income over the long term. Should any properties no longer meet the company's investment criteria and be sold, any profits or losses will be capital in nature and will be taxed at rates applicable to capital gains. Deferred taxation on revaluation of investment property is off-set against the deferred taxation asset that arises on the revaluation of the company's issued debentures (excluding deferred taxation on intangible assets).

## FINANCIAL RESULTS

The company has delivered growth in distributions for the period ended 31 December 2008 of 10.2% compared to the comparable prior year period.

The growth in distributions is based on sustainable earnings derived from property net rental income.

The increase in Growthpoint's linked unit price from R11,10 at June 2008 to R15,00 at 31 December 2008, together with the 56,3 cents distribution announced

for the six months ended 31 December 2008, amounted to a 40.2% return for the six month period.

## RIGHTS OFFER

On 5 December 2008, Growthpoint announced that it intended to raise R1,7 billion

through a renounceable rights offer. In terms of the rights offer, existing linked unitholders were offered 128 092 620 new Growthpoint linked units at an

issue price of R13,60 per linked unit, a 2.3% discount to the 30-day volume-

weighted average at the time of announcing the deal. The rights offer was underwritten by Investec Bank Limited to the value of R1 billion, which was paid

on 31 December 2008. This is reflected as a current liability at 31 December

2008. The offer closed on 30 January 2009, with the full amount of R1,742 billion being raised.

## NET PROPERTY INCOME

Apart from normal rental escalations, the increase in gross revenue (18.6%) and

property expenses (19.3%) was mainly due to acquisitions and new developments

that contributed, net of disposals, an additional R111,1 million to property net

income in the six months ended 31 December 2008.

## FINANCING COSTS

The nominal value of interest-bearing debt increased from R7,7 billion at 31

December 2007 to R10,6 billion at 31 December 2008, resulting in an increase of

R88 million in finance costs from R363 million to R451 million. The additional

borrowings were utilised on acquisitions, developments and capital expenditure.

## FAIR VALUE ADJUSTMENTS

The interim revaluation of properties resulted in an upward revaluation of R495

million (1,7%) increasing Growthpoint's value of property assets to R29,1 billion.

From 30 June 2008 to 31 December 2008, there has been a significant reduction in

long-term interest rates as reflected in the swap curve below, resulting in a

R2,1 billion increase in the fair value of borrowings and interest rate swaps

for the current period.

## NON-CASH CHARGES

The acquisition of the Property Services Businesses in the prior year gave rise

to a R1,5 billion intangible asset as well as R448 million goodwill on initial

recognition. In terms of accounting standards, the intangible asset is

amortised

over a 15 year period.

The staff incentive scheme put in place as part of the management "buy-in" transaction concluded in the prior year has given rise to a plan asset, shown on

the balance sheet net of the plan liability.

The amortisation of the intangible asset and increase in staff incentive scheme

liability are book entries that do not affect cash flow or distributable income.

#### CAPITAL COSTS

A fee of R35 million was paid to Investec for underwriting the R1,7 billion rights offer. This fee, together with other costs related to the rights offer,

are disclosed as capital costs.

#### VACANCY LEVELS

At 31 December 2008 Growthpoint's vacancy levels, as a percentage of gross lettable area (GLA) were:

Retail	3.0%	(2008: 2.8%)
Office	5.3%	(2008: 4.9%)
Industrial	2.7%	(2008: 1.9%)
Total	3.5%	(2008: 2.9%)

The increase in vacancies from 2.9% to 3.5% of GLA represents 26 422 m2, 90% of

which is due to developments that were completed in the six months ended 31 December 2008. The marked slow-down in economic activity since the last quarter

of 2008 is affecting the letting of vacant space.

#### MAJOR ACQUISITIONS AND DEVELOPMENTS

During the period ended 31 December 2008, three properties in the office sector

were acquired for a total amount of R158,6 million at a weighted average initial

yield of 8.9%. A further three properties in the industrial sector were also

acquired for a total amount of R91,5 million at an average initial yield of 9.8%

as well as industrial land to the value of R10,8 million.

Expenditure on developments in the six months to 31 December 2008:

	Approved	Spent to 30 June 2008	Spent in six months to 31 December 2008	Sector	Expected yield %
Property 100 Grayston (Investec) extension	Rm 475,0	Rm -	Rm 475,0	Office	8.1
Lincoln on the Lake, Umhlanga	104,3	7,9	22,3	Office	9.0 - 10.0
Montclare Place, Claremont	361,9	259,4	85,7	Office	9.2
Constantia Office Park	154,1	148,5	5,6	Office	11.6
11 Adderley Growthpoint Industrial Estate (mini units)	150,7 142,0	76,1 -	52,9 37,2	Office Industrial	9.5 10.9

Barloworld (Growthpoint Industrial Estate)	86,0	32,4	39,2	Industrial	9.8
City Mall, Klerksdorp	75,7	22,7	36,0	Retail	8.5
N1 City Hospital	70,0	16,6	27,5	Office	10.0
Grand Parade	68,4	32,0	21,4	Retail	9.5
Alberton City (35.7% share)	66,0	14,3	51,7	Retail	9.3
Ebony Place	52,4	42,7	9,7	Industrial	11.4
Northgate (50% share)	38,3	15,7	15,5	Retail	10.0
Knightsgate mini units	37,6	19,9	13,7	Industrial	10.8
Various other	351,2	33,3	267,6		
Total	2 233,6	721,5	1 161,0		

#### ACQUISITIONS AND DEVELOPMENTS IN PROGRESS

As at 31 December 2008 Growthpoint had entered into agreements to acquire three industrial properties in Somerset West for a total cost of R77,1 million. Transfer of these properties is expected by April 2009. Once fully let, these properties are expected to return an initial yield of approximately 11.3% on cost. Another industrial property in Stormill was purchased for R50,0 million at an initial yield of approximately 11.3%. Transfer is expected by October 2009.

The outstanding balance on developments in progress, highlighted above, amounts to R351,1 million.

#### DISPOSALS AND DISPOSALS IN PROGRESS

Three properties were disposed of in the current period, for R46 million. Agreements have been entered into for the sale of various properties to the value of R180,5 million which will realise a profit of R41,7 million over book value.

#### LIQUIDITY AND TRADABILITY

Growthpoint's linked units continue to enjoy high levels of liquidity and tradability. During the six months ended 31 December 2008, approximately 360 million of Growthpoint linked units traded on the JSE Limited (JSE), representing 28.1% of units in issue. This represents a monthly average of R831,7 million.

#### BORROWINGS

At 31 December 2008, the loan to value ratio (LTV) measured by dividing the nominal value of interest-bearing borrowings by the fair value of property assets, was 36.3% (30 June 2008: 34.5%). Subsequent to 31 December 2008, Growthpoint utilised R658 million of the cash raised from the rights offer to repay long-term borrowings, reducing the LTV ratio to 34.1%. 96.7% of interest-bearing debt was fixed at a weighted average rate of 9.5% for a weighted average of 9.8 years at 31 December 2008.

#### SHARE AND DEBENTURE CAPITAL

The authorised share capital is R75 000 000 divided into one and a half billion

ordinary shares of five cents each. Each ordinary share is linked to ten variable rate debentures of 250 cents each. The ordinary shares and debentures trade as linked units on the JSE. In terms of the debenture trust deed, the interest payable on the debenture component of the linked unit is always 1 000 times greater than the dividend payable per ordinary share.

#### PROSPECTS

Since the last quarter of 2008, there has been a deterioration in trading conditions.

It is taking longer than anticipated to let vacant space and more difficult to

renew leases at higher rentals. Vacancies have increased from 2.9% of gross lettable area to 3.5%, largely as a result of new developments that were completed in the last six months.

Growthpoint is, however, confident of achieving growth in distributions for the

full year to 30 June 2009 of between 7% and 10%, assuming no further material

change in market conditions or unforeseen major tenant failures. This profit

forecast has not been reviewed or reported on by Growthpoint's auditors.

#### DIVIDEND AND INTEREST PAYMENT

Notice is hereby given of interim dividend declaration number 45 of 0.056 cents

and debenture interest payment number 45 of 56.244 cents per linked unit totalling 56.3 cents per linked unit for the six months ended 31 December 2008.

Timetable for interim distribution:

	2009
Last day to trade "cum" the interim distribution	Friday, 6 March
Linked units commence trading "ex" the interim distribution	Monday, 9 March
Record date to participate in the interim distribution	Friday, 13 March
Payment date of the interim distribution	Monday, 16 March
No dematerialisation or rematerialisation of Growthpoint linked unit certificates may take place between Monday, 9 March 2009 and Friday, 13 March	

2009, both days inclusive.

By order of the Board

Growthpoint Properties Limited

18 February 2009

Directors

JF Marais (Chairman), HSP Mashaba (Deputy Chairman), LN Sasse\* (Chief Executive

Officer), EK de Klerk\*, MG Diliza, PH Fechter, JC Hayward, HS Herman, R Moonsamy,

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