GROWTHPOINT PROPERTIES

09 Annual Report

Year ended 30 June 2009

Growthpoint Properties Australia Trust

Growthpoint Properties Australia Trust ARSN 120 121 002
Responsible Entity Growthpoint Properties Australia Limited ACN 124 093 901 AFSL 316409

Cover: 120 Northcorp Boulevard, Broadmeadows, VIC
This page: 81 Derby Street, Silverwater, NSW

Contents


1304 Ferntree Gully Road, Scoresby, VIC

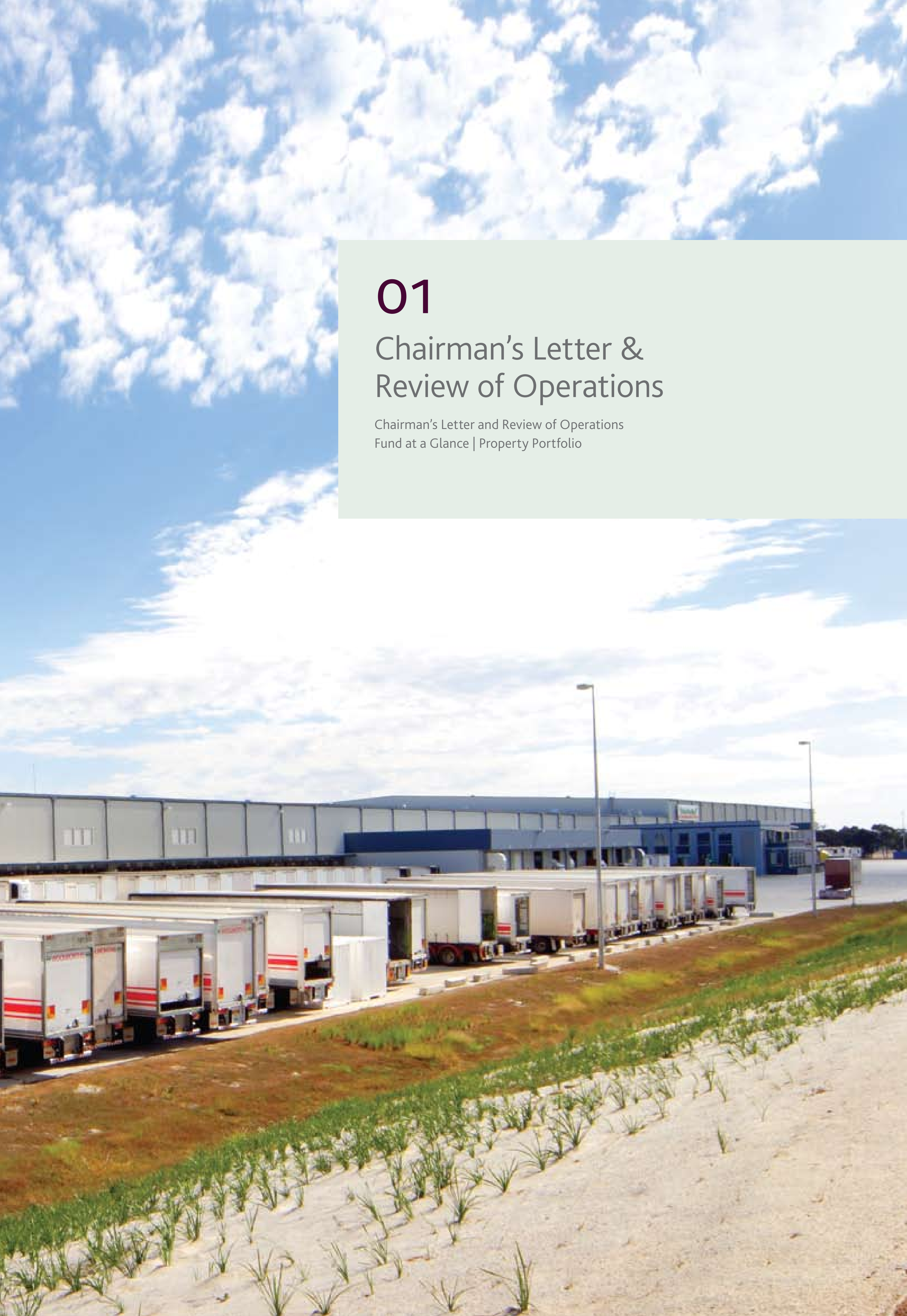
Results for the Year

- Implementation Agreement entered into with Growthpoint Properties Limited to restructure and recapitalise Orchard Industrial Property Fund, now rebranded as Growthpoint Properties Australia (the Fund), by $200 million;
- Operating profit[1] of $14.87 million;

1. Net profit before non-cash and non-recurring items

- Consolidated net loss of $210.05 million taking into account revaluations of properties and fair value adjustments to interest rate swaps;
- Distributions paid of 3.25 cents per unit;
- Extension of debt facility to 30 June 2012;
- Non-core properties sold and debt reduced; and
- The Fund remains a quality, well leased property portfolio with a weighted average lease expiry of 11 years with Woolworths as the leading tenant.

28 Bilston Drive, Wodonga, VIC



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Chairman's Letter & Review of Operations

Chairman's Letter and Review of Operations
Fund at a Glance | Property Portfolio

01

Chairman’s letter and review of operations

On 18 May 2009, Orchard Property Limited entered into an Implementation Agreement with Growthpoint Properties Limited in regard to a proposal to recapitalise and restructure the Orchard Industrial Property Fund. This proposal, comprising nine resolutions, was overwhelmingly approved by Unitholders at a meeting held on 30 July 2009.

The proposal comprises of two key stages:

Stage 1 – Completed 5 August 2009

> a placement of $55.6 million to Growthpoint Properties Limited;

> management internalisation and the stapling of shares in Orchard Management Limited (OML), the Responsible Entity to the Fund, to form a stapled entity;

> board changes, with the Board expanding to seven members, four of which are independent;

> the broadening of the Fund’s investment mandate from investing only in industrial properties to including office and retail property assets under the new mandate;

> the renaming of the Fund to Growthpoint Properties Australia Trust and OML to Growthpoint Properties Australia Limited; and

> the consolidation of the stapled securities in the ratio of one new stapled security per 10 stapled securities.

Stage 2 – to be completed late September 2009

> A $144.4 million Renounceable Rights Issue open to all Securityholders, underwritten by Growthpoint Properties Limited; and

> a top-up placement, if required, so that Growthpoint Properties Limited achieves a 60% interest in the Fund.

Growthpoint Properties Australia Limited was appointed Responsible Entity of the Fund on 5 August 2009, replacing Orchard Property Limited, as part of the restructure and recapitalisation of the Fund.

This Annual Report relates to the year ended 30 June 2009, a period in which the effects of the global financial crisis permeated the Australian economy, the direct property market and A-REIT sector. The effects on the A-REIT market have been significant, characterised by:

> falling property values, as an increased supply of investment properties for sale was met with a limited number of purchasers;

> increased gearing levels and investor concern over actual and potential breaches of bank lending covenants;

> Australian debt capital markets stagnation, leading to A-REIT’s having to refinance debt with domestic banks where higher lending margins are applicable; and

> substantial falls in A-REIT prices.

At its peak in May 2007, the A-REIT sector was capitalised at some $139 billion and two years later the sector hit its lowest point on 9 March 2009 when the entire sector was capitalised at less than $37 billion. Over the past 18 months, the A-REIT sector has been recapitalised by some $18.5 billion with major funds turning to equity markets through placements and entitlement offers in order to lower gearing.

The net loss for the Fund of $210.0 million for the year ended 30 June 2009 was affected by the factors previously mentioned including a fall in the value of the Fund’s property portfolio, a higher bank lending margin for the Fund’s debt for part of the year and a fall in the value of the Fund’s interest rate swap book as interest rates fell.

After 30 June 2009, the Fund completed Stage 1 of the recapitalisation and restructure. Stage 2 is expected to be completed by late September. Upon successful completion of the capital raising, the Fund will enjoy a sound financial position with a moderate gearing level, a new debt facility with undrawn facilities and covenant headroom. The property portfolio is well leased to quality tenants providing a long term rental cash flow.

With a cautious but positive outlook, Directors have provided distribution guidance of 14 cents per stapled security for the year ending 30 June 2010. Directors look forward to completing the recapitalisation of the Fund and meeting with Securityholders at the inaugural Annual General Meeting to be held in November 2009.

Yours sincerely

Lyn Shaddock
Independent Chairman

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Fund at a glance

31 Garden Street, Kilsyth, VIC

KEY FEATURES OF THE FUND INCLUDE:

> a portfolio of modern industrial properties valued at $662 million. The portfolio will be diversified over time to include quality office and retail properties, consistent with the revised investment mandate;

> internalised management via the stapled entity;

> a pure Australian property investment focus, with no offshore assets;

> income derived from property rental income;

> a strong tenancy base with approximately 68% of property income derived from Woolworths Limited leases. The portfolio also includes other quality tenants such as Star Track Express, Laminex and Toll;

> a weighted average lease expiry of 11 years and leases with annual fixed rental increases of between 2.5% to 4.0% per annum;

> no debt maturity until 30 June 2012 when the existing facility expires;

> has a committed major investor in Growthpoint Properties Limited, which is South Africa's largest listed property investment company; and

> an attractive prospective yield of 8.75% based upon the closing price as at 30 June 2009 (pre-consolidation).

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Property portfolio

PORTFOLIO SUMMARY

Property address	Major Tenant	Interest	Leasehold expiry	Completed / Refurbished	Value ($m)[2]
Victoria					
28 Bilston Drive, Barnawartha (Wodonga)	Woolworths	Leasehold	2306	2005	64.8
120 Northcorp Boulevard, Broadmeadows	Woolworths	Leasehold	2306	1995	57.2
522-550 Wellington Road, Mulgrave	Woolworths	Leasehold	2306	1996/1999	43.4
44-54 Raglan Street, Preston	Paperlinx	Freehold	n/a	1970/1980	24.2
40 Annandale Road, Tullamarine[1]	Star Track Express	Leasehold	2047	2003/2009	34.6
130 Sharps Road, Tullamarine[1]	Laminex Group	Leasehold	2047	2002	18.7
120 Link Road, Tullamarine[1]	The Reject Shop	Leasehold	2047	2006	15.9
42-44 Garden Street, Kilsyth	ARB Corporation	Freehold	n/a	2004	15.2
60 Annandale Road, Tullamarine[1]	Willow Ware Australia	Leasehold	2047	2003	13.0
45-55 South Centre Road, Tullamarine[1]	Vacant	Leasehold	2047	2003	8.2
31 Garden Street, Kilsyth	Fleetguard International Corp	Freehold	n/a	1990/2005	6.7
75 Annandale Road, Tullamarine[1]	Caterpillar	Leasehold	2047	2003	6.4
1304 Ferntree Gully Road, Scoresby	VIP Plastics	Freehold	n/a	1990/2002	6.7
6-10 Koornang Road, Scoresby	VIP Plastics	Freehold	n/a	1981	5.3
Queensland					
70 Distribution Street, Larapinta	Woolworths	Leasehold	2072	2007	141.4
5 Viola Place, Brisbane Airport[1]	Repco	Leasehold	2047	2004	11.6
45 Northlink Place, Virginia	Qantum Food Services	Freehold	n/a	1999	3.3
3 Viola Place, Brisbane Airport[1]	GE Capital Finance	Leasehold	2047	2004	2.7
South Australia					
599 Main North Road, Gepps Cross	Woolworths	Freehold	n/a	2005	52.2
12-16 Butler Boulevard, Port Adelaide[1]	Cheap as Chips	Leasehold	2048	2006	9.6
10 Butler Boulevard, Port Adelaide[1]	Toll Transport	Leasehold	2048	2005	7.0
Western Australia					
2 Horrie Miller Drive, Perth Airport	Woolworths	Leasehold	2047	2004/2009	101.6
New South Wales					
81 Derby Street, Silverwater	Blue Star Printing	Freehold	n/a	2000	12.5
Total/Weighted Average					**662.0[2]**

1. Property adjoins Melbourne, Brisbane or Adelaide airport.
2. Figures may not sum due to rounding.

Land area (sqm)	Gross building area (sqm)	Value per sqm GBA ($)	FY10 NOI ($'000 pa)	FY10 NOI ($/sqm pa)	Annual rent review	Lease expiry	WALE (years) at June 2009	Yield
250,000	57,440	1,127	5.4	94	Fixed 2.50%	2021	12.1	8.4%
250,000	57,861	988	4.8	82	Fixed 2.50%	2021	12.1	8.3%
191,200	68,144	637	3.8	56	Fixed 2.50%	2021	12.1	8.8%
59,770	39,820	606	1.5	38	n/a	n/a	4.2	10.9%
75,282	44,424	778	3.3	75	Fixed 3.75%	2019	10.0	9.5%
47,446	28,100	665	1.8	65	Fixed 3.50%	2012	3.0	9.8%
51,434	26,517	598	1.5	55	Fixed 3.50%	2017	7.6	9.2%
55,990	25,887	585	1.4	55	Fixed 2.50%	2017	8.2	9.4%
34,726	16,276	796	1.3	78	Fixed 3.25%	2018	8.9	9.8%
24,799	14,082	582	0.1	7	-	-	-	10.6%
17,610	8,828	759	0.7	78	CPI	2012	2.7	10.3%
16,930	10,280	623	0.5	53	Fixed 3.75%	2016	7.4	8.5%
12,154	7,621	873	0.7	93	3.00%	2012	2.6	10.7%
12,198	7,385	719	0.6	82	Fixed 3.00%	2012	2.7	11.4%
250,900	75,425	1,875	11.8	157	Fixed 2.50%	2022	12.7	8.4%
35,166	14,726	784	1.0	71	Fixed 3.25%	2015	6.5	9.1%
3,304	1,870	1,738	0.4	196	Greater of CPI & 3.00%	2016	7.2	11.3%
12,483	3,429	787	0.3	80	Fixed 4.00%	2012	3.1	10.1%
233,500	67,238	776	4.4	66	Fixed 2.50%	2021	12.1	8.5%
30,621	16,800	571	0.9	55	Fixed 3.25%	2015	6.4	9.6%
16,100	8,461	827	0.7	80	Fixed 3.25%	2018	8.7	9.6%
193,936	80,851	1,257	7.9	98	Fixed 2.50%	2025	16.3	8.7%
13,490	7,984	1,559	1.3	167	Market	2012	3.2	10.7%
1,889,039	**689,449**	**960**	**56.2**	**82**		**2020**	**11.0**	**8.9%**

2 Horrie Miller Drive, Perth Airport, WA

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Directors' Report

Directors' Report | Auditor's Independence Declaration
Corporate Governance Statement

Directors' Report

The Directors of Growthpoint Properties Australia Limited (formerly Orchard Management Limited), the Responsible Entity of Growthpoint Properties Australia Trust, present their report on the financial report of Growthpoint Properties Australia Trust, formerly Orchard Industrial Property Fund (the Fund), and the consolidated entity (the Group) for the year ended 30 June 2009. The consolidated entity does not include Growthpoint Properties Australia Limited.

DIRECTORS

The following persons were Directors of Growthpoint Properties Australia Limited during the year and up to the date of this report (unless otherwise stated):

Lyndsay Shaddock
(appointed 5 August 2009)

Grant Andrew Jackson
(appointed 5 August 2009)

David Spruell
(appointed 5 August 2009)

Francois Marais
(appointed 5 August 2009)

Norbert Sasse
(appointed 5 August 2009)

Estienne de Klerk
(appointed 5 August 2009)

Gregory Joseph McMahon
(resigned 5 August 2009)

David John Hinde

Grant Stuart Ross
(resigned 30 January 2009)

Chris Thiris
(resigned 5 August 2009)

Secretary: Matthew John Kilbride continues in office at the date of this report.

PRINCIPAL ACTIVITY

The principal activity of the Fund is property investment. There has been no significant change in the nature of this activity during the year.

CONSOLIDATED RESULT

The consolidated net loss for the year attributable to members of Growthpoint Properties Australia Trust was $210,050,000 (2008 – net profit of $35,509,000).

REVIEW OF OPERATIONS

During the year, Growthpoint Properties Australia Trust continued its strategy of investment in a portfolio of quality industrial real estate assets. At 30 June 2009, the Fund held a portfolio of 23 investment properties. The result for the year was a net loss of $210,050,000. The major factors contributing to the loss were:

> property fair value losses (including adjustment for straight-line rental receivable) of $185,997,000 (2008: $3,816,000); and

> an unrealised loss of $46,041,000 (2008: net gain of $14,411,000) due to the decrease in the fair value of the Fund's interest rate swaps.

Some of the other key financial points are as follows:

> property revenue of $71,066,000 (2008: $65,238,000);

> earnings/(loss) per unit (EPU) of (60.7) cents (2008: 10.3 cents);

> distributions to Unitholders of $11,242,000 (2008: $27,945,000) and distributions per unit (DPU) of 3.25 cents (2008: 8.1 cents);

> net assets of $116,610,000 (2008: $337,504,000) and NTA per unit of 34 cents (2008: 98 cents);

> property portfolio value of $661,770,000 (2008: $819,877,000); and

> a net loss on sale of investment properties of $2,186,000. Net sale proceeds of $24,086,000 were received during the year from the sale of four properties, which was used to repay debt.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year not otherwise disclosed in this report or the consolidated financial report.

DISTRIBUTIONS

For the year ended 30 June 2009:

> an interim distribution of 1.25 cents ($4,319,000) was paid on 31 October 2008.

> an interim distribution of 1.25 cents ($4,327,000) was paid on 30 January 2009.

> a final distribution of 0.75 cents ($2,596,000) was approved and declared by the Directors in June 2009 and provided for in the financial statements at 30 June 2009. The distribution is payable on 31 August 2009.


70 Distribution Street, Larapinta, QLD

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 18 May 2009, Orchard Property Limited, the previous Responsible Entity of the Orchard Industrial Property Fund ("OIPF"), announced it had entered into an Implementation Agreement with a large South African public company, Growthpoint Properties Limited ("GPL"), regarding a proposal to recapitalise and restructure OIPF. On 30 July 2009, Unitholders overwhelmingly voted in favour of resolutions for the proposal and implementation occurred on 5 August 2009.

Key features of the recapitalisation and restructure included:

> a $55.6 million placement to GPL which occurred on 5 August 2009;
> the Fund acquired Orchard Management Limited ("OML") for consideration of $6 million paid to Orchard Funds Limited;
> the internalisation of management and the change in Responsible Entity from Orchard Property Limited to OML;
> OIPF and OML were renamed Growthpoint Properties Australia Trust and Growthpoint Properties Australia Limited ("GPAL") respectively;
> change of the Fund structure with Unitholders acquiring shares in the Responsible Entity GPAL, and the units of the Fund being "stapled" to shares in GPAL. The new stapled entity will be known as Growthpoint Properties Australia;
> the Board composition of the stapled group has changed;
> the securities (units and shares) of the stapled group have been consolidated at the ratio of one stapled security for every 10 stapled securities held;
> a revised debt facility with the Fund's lenders National Australia Bank and Westpac Banking Corporation with improved pricing and terms;
> change in the investment mandate of the Fund to include commercial, retail and industrial property; and
> a $144.4 million Rights Issue, underwritten by GPL, expected to be completed by late September 2009.

Following the placement on 5 August 2009, GPL owns 50.1% of the Fund and will own between 60.0 and 78.3% of the Fund, post the Rights Issue depending on the take-up of the Rights Issue.

The majority of the proceeds of the capital raisings are being used to reduce debt, with gearing forecast to fall to approximately 50% following the completion of the Rights Issue.

Except for those matters discussed above, in the opinion of the Directors of the Responsible Entity of the Fund, no other matters or circumstances have arisen in the interval between the end of the financial year and the date of this report to significantly affect the operations of the Group, the results of those operations, or the state of affairs, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue to manage its existing property portfolio to increase its profitability and net asset value.

As previously announced, the Directors have provided distribution guidance for the year ending 30 June 2010 of 14 cents per stapled security (on a post-consolidated basis).

ENVIRONMENTAL REGULATIONS

As a property owner, the Group is subject to the normal environmental regulations of landowners within Australia. The Directors are not aware of any significant breaches during the period covered by this report.

INFORMATION ON DIRECTORS

LYNDSAY SHADDOCK

Independent Chairman, Director, Chairman of Compliance Committee – appointed as a Director on 5 August 2009.
FAPI.

Lyn has over 45 years experience in the listed and unlisted property investment industry. Over that time, he has worked for the Adsteam Group, Citigroup and Grant Samuel. Lyn has served on numerous boards and committees and is a National Honorary Life Member of the Property Council of Australia.

DAVID SPRUELL

Independent Director, Chairman of Audit Committee – appointed as a Director on 5 August 2009.
B Comm (Hons), FAICD, F Fin.

David has 38 years experience in investment management and financial services in the UK and Australia, including senior roles at Prudential and Allianz Australia. David is Chairperson of the Workers Compensation Insurance Fund Investment Board in NSW, a Director of Rabo Financial Advisors Ltd, Macquarie DDR Management Ltd, Orchard Funds Ltd and Orchard Capital Investments Ltd.

GRANT JACKSON

Independent Director, Member of Audit and Compliance Committees – appointed as a Director on 5 August 2009.
Assoc.Dip in Valuations, FAPI.

Grant has over 20 years experience in the property industry including over 19 years as a qualified valuer. Grant has expertise in statutory valuations and he regularly provides expert evidence to courts and tribunals. He is a member of the Divisional Professional Board of the Australian Property Institute.

FRANCOIS MARAIS

Independent Director, Member of Compliance Committee – appointed as a Director on 5 August 2009.
BCom, LLB, H Dip (Company Law).

Francois is an attorney and is the Practice Leader and Senior Director of Glyn Marais, a South African corporate law firm which specialises in corporate finance. Francois is Chairman of Growthpoint Properties Limited in South Africa, as well as Chairman of a venture capital company.

NORBERT SASSE

Director (Growthpoint nominee) - appointed as a Director on 5 August 2009.
BCom (Hons) (Acc), CA (SA)

Norbert is the Chief Executive Officer and a Director of Growthpoint Properties Limited. He has ten years experience in corporate finance dealing with listings, delistings, mergers, acquisitions and capital raisings, and over 10 years' experience in the listed property market.

ESTIENNE DE KLERK

Director (Growthpoint nominee), Member of Audit Committee - appointed as a Director on 5 August 2009.
BCom (Industrial Psych), BCom (Hons) (Marketing), BCom (Hons) (Acc), CA (SA).

Estienne is a Fund Executive and Director of Growthpoint Properties Limited. He has 14 years experience in the banking sector, six years experience in property finance and been involved with listed property for eight years.

DAVID HINDE

Director (Orchard Diversified Property Fund nominee) – Director since February 2007.
B Bus (Property), GDip Bus (Acc), GDip Applied Fin & Inv, CA, F Fin.

David is the Chief Executive Officer and a Director of Orchard Funds Limited. He has 19 years experience in funds management and has previously held management positions at Becton Property Group, MCS Property and Lend Lease.

GREG MCMAHON

Director since February 2007. Resigned 5 August 2009.
LLB (Hons), BCom, GDip Applied Fin & Inv, MBA (Exec).

Greg is a Director of Orchard Funds Limited. He was previously a partner in a legal firm specialising in corporate and funds management work. Greg is a past President of the Australian Direct Property Investment Association.

CHRIS THIRIS

Director since June 2007. Resigned 5 August 2009.
BA (Acc), MBA, CA, F Fin, CFTP.

Chris is the Finance Director of Orchard Funds Limited. Chris has over 25 years experience in financial roles and was previously Group Treasurer of Coles Myer.

DIRECTOR HOLDINGS

Refer to Note 19 of the notes to the financial statements.

INFORMATION ON COMPANY SECRETARY

MATT KILBRIDE

Company Secretary – secretary since February 2007.
LLB, B.Ec, Graduate Diploma in Company Secretarial Practice

Matt is the Company Secretary and Head of Legal and Compliance of Orchard Funds Limited. He has over 20 years experience in legal and compliance roles both in private legal practice and in the financial services industry where he has worked for a range of organisations including AMP, Perpetual, County Investment Management and Equity Trustees.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

During the year covered by this report the Responsible Entity insured its Directors and Officers against liability to third parties and for costs incurred in defending any legal proceedings that may be brought against them in their capacity as Directors or Officers of the entity. This excludes a liability which arises out of a wilful breach of duty or improper use of inside information. The premium also insures the entity for any indemnity payments it may make to its Officers in respect of costs and liabilities incurred. Disclosure of the premium payable is prohibited under the conditions of the policy.

The Auditor is indemnified by the Group against claims from third parties arising from the provision of audit services except where prohibited by the Corporations Act 2001, or due to negligence, fraudulent conduct, dishonesty or breach of trust by the auditor.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors held during the year ended 30 June 2009 and the number of meetings attended by each Director of:

> Growthpoint Properties Australia Limited ("GPAL") (formerly Orchard Management Limited), the Responsible Entity of the Fund since 5 August 2009; and

> Orchard Property Limited ("OPL"), the previous Responsible Entity of the Fund.

	GPAL Board Meetings	OPL Board Meetings	OPL Audit Committee Meetings
Number of meetings held	2	12	3
Number of meetings attended/eligible to attend by:			
L. Shaddock[1]	- (-)	12 (12)	2 (3)
D. Spruell[1]	- (-)	10 (12)	3 (3)
G. Jackson[1]	- (-)	10 (12)	3 (3)
D. Hinde	2 (2)	10 (12)	- (-)
F. Marais[1]	- (-)	- (-)	- (-)
N. Sasse[1]	- (-)	- (-)	- (-)
E. de Klerk[1]	- (-)	- (-)	- (-)
G. Ross	- (-)	- (-)	- (-)
G. McMahon	1 (2)	9 (12)	- (-)
C. Thiris	2 (2)	- (-)	- (-)

[1] Appointed as director of GPAL on 5 August 2009

The current Responsible Entity established an Audit Committee subsequent to its appointment on 5 August 2009. The Audit Committee consists of Messrs Spruell, de Klerk and Jackson.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the Fund's auditor, PricewaterhouseCoopers, for audit and non-audit services provided during the year are set out in Note 20 of the Group financial statements.

The Directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that audit independence was not compromised.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

The Group is of a kind referred to in class order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off, in accordance with that class order, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in Melbourne, 24 August 2009 in accordance with a resolution of the Directors.

D. Hinde
Director

Growthpoint Properties Australia Limited


40 Annandale Road, Tullamarine, VIC

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Auditor's Independence Declaration

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Auditor's Independence Declaration

As lead auditor for the audit of Growthpoint Properties Australia Trust (formerly Orchard Industrial Property Fund) for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Growthpoint Properties Australia Trust and the entities it controlled during the period.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
24 August 2009

02

Corporate Governance Statement

The ASX Corporate Governance Council has developed a set of guidelines entitled Corporate Governance Principles and Recommendations (ASX principles).

Listing rule 4.10.3 requires listed entities to include in its Annual Report a statement disclosing the extent to which it has followed the ASX principles during the reporting period (i.e. the period ended 30 June 2009). It is the intention of the Stapled Group to comply with the reporting requirements of the ASX principles, and if it does not do so to explain the rationale for the departure.

The Stapled Group is committed to maintaining and fostering a robust corporate governance culture and to act responsibly and with integrity in protecting and promoting the interests of Securityholders in the Stapled Group.

This statement outlines the main corporate governance practices of the then Responsible Entity which were in place throughout the year and of the Stapled Group as at the date of this statement.

Further information on the Stapled Group's main corporate governance practices is detailed below and also included in section 4.4 of the initial Product Disclosure Statement (PDS) for the Fund and in section 7.5 of the Meeting Booklet issued in relation to the restructure proposal.

RELATIONSHIP BETWEEN THE RESPONSIBLE ENTITY AND ORCHARD AND GROWTHPOINT

At 30 June 2009, the then Responsible Entity was a wholly owned subsidiary of Orchard Funds Limited (Orchard). That Responsible Entity made use of the resources within the Orchard group of companies in order to manage the Fund. Pursuant to a Fund Services agreement, Orchard was required to provide, and ensure that it and its subsidiaries provided, all assistance reasonably required by the Responsible Entity to operate the Fund including:

> the provision of Orchard group staff as required by the Responsible Entity to properly operate the Fund; and
> the use of Orchard group offices, systems and other physical resources.

Following a placement of securities on 5 August 2009, Growthpoint Properties Limited owns 50.1% of the Fund. Management was internalised (with the responsibility for management being transferred from a third party (external) Responsible Entity to a Responsible Entity owned by the Unitholders of the Fund. Under an Implementation Agreement entered into on 18 May 2009, Orchard is continuing to provide services to the Fund until 1 November 2009.

In addition, the Orchard Diversified Property Fund (a managed investment scheme operated by the Orchard group) is a substantial Securityholder in the Fund (see details of holding on page 57 of this report).

ROLE OF THE BOARD

Responsibility for guiding and monitoring the Stapled Group rests with the Board of the Responsible Entity whose primary role is to oversee the development of the long term growth and strategy of the Stapled Group. Under the Corporations Act and the general law of trusts, the Directors must act in the best interests of Unitholders. The Corporations Act requires the Responsible Entity to, amongst other duties, act honestly, act in accordance with a duty of care and diligence and, if there is a conflict between the Unitholders' interest and its own interests, to give priority to the Unitholders' interests.

A charter has been developed which formalises the objectives, roles and responsibilities of the Board.

Specifically the Board is responsible for a range of items including the following:

> setting objectives, goals and strategic direction of the Stapled Group;
> oversight of control and accounting systems;
> monitoring investment policies and financial performance;
> approving and monitoring progress of major capital expenditure, capital management, acquisitions and divestments;
> monitoring senior management's implementation of strategy and the availability of appropriate resources;
> reviewing, ratifying and monitoring systems of risk management, internal compliance and control, codes of conduct, and external compliance;
> monitoring financial and other reporting;
> monitoring the implementation of the highest business standards and codes for ethical behaviour;
> monitoring and approving payments to related parties; and
> appointing, reviewing and monitoring the independence of the external auditors.

The previous Responsible Entity developed a charter and policies which are being continued by the current Responsible Entity.

BOARD COMPOSITION

The Board should be comprised of Directors with an appropriate range of qualifications and expertise. The Board is currently comprised of seven Directors, four of whom are non-executive independent Directors. Please see the Directors' Report for appointment dates and profiles of each Director, including their skills, experience and expertise. It is intended that the Board will consist of a majority of independent non-executive Directors and that the Chairman will be an independent non-executive Director. It is also intended that to ensure the Board has the benefit of regular new input and to avoid the potential for loss of objectivity over time, all independent Directors should retire before 10 years from the date of appointment.

DIRECTOR INDEPENDENCE

A majority of Directors of the Responsible Entity, including the Chairman, are independent. The Board considers that a Director is independent if the Director is a non-executive Director and satisfies criteria including:

> is not a substantial unitholder in the Fund or an officer of, or otherwise associated directly with, a substantial unitholder of the Fund;
> has not, within the last three years, been employed in an executive capacity by the Responsible Entity (or other Orchard group or Growthpoint entities);
> is not an officer or otherwise associated directly or indirectly with a material supplier to or customer of the Fund, the Responsible Entity (or other Orchard group or Growthpoint entities);
> has no material contractual relationship with the Fund, the Responsible Entity (or other Orchard group or Growthpoint entities) other than as a Director of the Responsible Entity;
> has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of unitholders in the Fund;
> is free from any business of other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Unitholders in the Fund.

David Spruell has connections to the Orchard group as an independent Director of Orchard Funds Limited and Francois Marais has connections to the Growthpoint group as independent Chairman of Growthpoint Properties Limited in South Africa. These roles are both performed in an independent capacity and thus the Board does not believe that they impact on the independence of Messrs. Spruell or Marais in performing their roles as Directors.

SELECTION AND APPOINTMENT OF DIRECTORS

The Stapled Group recognises the importance of having a Board comprised of Directors with an appropriate range of skills, experience and background. In determining the appointment of new Directors, the Board considers factors including:

> the integrity of the person;
> the qualifications, expertise and experience of the person and the extent to which these augment the skill set of the incumbent Directors;
> the reputation and standing of the person.

All new non-executive Directors are required to sign and return a letter of appointment which sets out the key terms and conditions of their appointment, including duties, rights and responsibilities, the time commitment envisaged and the Stapled Group's expectations of its Directors.

Non-executive Directors are expected to voluntarily review their membership of the Board from time to time taking into account their length of service, age, qualifications and expertise relevant to the Stapled Group's then current operations, whilst giving consideration to the general interests of the Responsible Entity, Fund and Stapled Group as a whole.

The Board has not established a Nomination Committee because the Board itself is able to perform this role as the factors considered by the Board in assessing potential candidates for directorship help ensure that the nomination and selection process for Directors is transparent and that appointees to the Board have the requisite qualifications, experience and expertise. This represents a departure from recommendation 2.4 of the ASX principles.

PERFORMANCE EVALUATION

Existing Directors are encouraged to pursue continuing education to improve and update their skills and knowledge. An induction program has been implemented to assist any new non-executive Directors.

Non-independent Directors, and Orchard group and Growthpoint staff providing services to the Fund are subject to annual performance evaluations as part of the respective employee evaluation processes. The performance of senior executives is reviewed regularly by the Board against performance measures.

INDEPENDENT ADVICE

Directors are entitled to seek, at the Stapled Group's expense, independent professional advice, provided the Chairman approves the estimated costs in advance.

AUDIT COMMITTEE

The Board has established an Audit Committee, the role of which is broadly to oversee the integrity of the financial reporting of the Responsible Entity and the Fund. The Audit Committee currently comprises three Directors all of whom are non-executive Directors with two also being independent. The Audit Committee at the date of this report comprises David Spruell (Chairman and independent), Grant Jackson (independent) and Estienne de Klerk (non-executive but non-independent). In conformity with the ASX principles, a majority of members are independent and the Chairman is an independent Director and not the Chairman of the Responsible Entity.

At 30 June 2009 (before the restructure of the Fund), the Audit Committee comprised Messrs. Spruell, Shaddock and Jackson all of whom were (and remain) non-executive independent Directors.

The objectives of the Audit Committee are enshrined in the Audit Committee charter and include:

> Assisting the Board in discharging its responsibilities with respect to:
  - the financial statements, financial reports and annual report (as relevant) for the Responsible Entity, Fund and Stapled Group;
  - compliance with applicable financial laws and policies;
  - risk management and financial reporting systems; and
  - protection of capital.

> Overseeing the relationship with external auditors and maintaining the independence of auditors.

Details of the number of meetings of the Audit Committee and the attendees are disclosed in the Directors' Report.

CODE OF CONDUCT

The Board has developed a Code of Conduct (the Code) which applies to all Directors and employees. The Code is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times Directors and Stapled Group personnel act with the highest standards of integrity and fairness and in compliance with the spirit and letter of applicable law and company policies. The Code is intended to help Directors and Stapled Group personnel understand their responsibilities to uphold the goals and values to which the Stapled Group aspires. It provides a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct.

The Code requires employees who are aware of unethical practices or breaches of the Code to report these. The matter will be handled in strict confidence. Where breaches are considered to be of a serious nature, penalties may be imposed ranging from counselling to dismissal (in extreme circumstances).

RISK MANAGEMENT

The Stapled Group believes that the management of risks is fundamental to the operations of the Stapled Group. The Board is responsible for the risk management strategy which is implemented by management. The risk management framework aims to identify, manage and control operational risks by identifying and quantifying risks; implementing policies and procedures; training staff on identifying, maintaining and controlling risks; reporting incidents upwards and maintaining a Compliance function. This framework is integrated within the day to day business activities. Risks managed include:

> regulatory and reporting risks;

> financial risks (such as liquidity, interest rate and credit);

> legal risks (such as contract enforceability, covenants and litigation);

> operational risks (such as people, processes and technology);

> reputation risk (such as investor relations).

Prior to approving the financial statements of the Fund and/or the Stapled Group, senior management provide representation letters to the Board, in accordance with the ASX listing rules and the Corporations Act, that address relevant operational risk management and internal compliance and controls.

SECURITIES TRADING POLICY

The Stapled Group is committed to ensuring that it, its Directors, staff and Orchard and Growthpoint personnel comply with their legal obligations as well as conducting business in a transparent and ethical manner. These persons (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities in the Stapled Group is undertaken within the framework set out in the Securities Trading Policy.

Under this Policy, the acquisition and disposal of securities in the Stapled Group is generally only permitted in designated trading windows. These trading windows will generally be the 31 day period following the day after release of the full year or half year results and the 31 day period following the day after a general meeting. Trading is prohibited, despite a window being open, if the relevant person is in possession of non-public price sensitive information regarding the Stapled Group.

CONTINUOUS DISCLOSURE AND SECURITYHOLDER COMMUNICATION

The Board believes that investors and the market generally should be informed of all material matters which may influence the Stapled Group. A Disclosure policy exists to assist in compliance with continuous disclosure obligations under the Corporations Act and the ASX listing rules. This policy outlines the concepts and principles of continuous disclosure, how these apply in practice, the obligation to keep the market fully informed of all material business events that may influence the value of the Stapled Group's securities. The policy also describes the procedures to be followed in the case of a disclosable event and the penalties for contravening continuous disclosure obligations. The Company Secretary is responsible for communication with the ASX in relation to listing rule obligations including continuous disclosure. The Board is committed to the provision and delivery of timely and relevant information to investors. Securityholder Communications Guidelines have been developed to help meet legal and regulatory requirements in relation to investor communication, to keep investors informed and to promote effective communication with Securityholders.

Previously, Orchard's website contained relevant information on the Fund including the current Security price, recent ASX announcements, media releases, communications to investors and portfolio information. Going forward, the Stapled Group's website will contain this information.

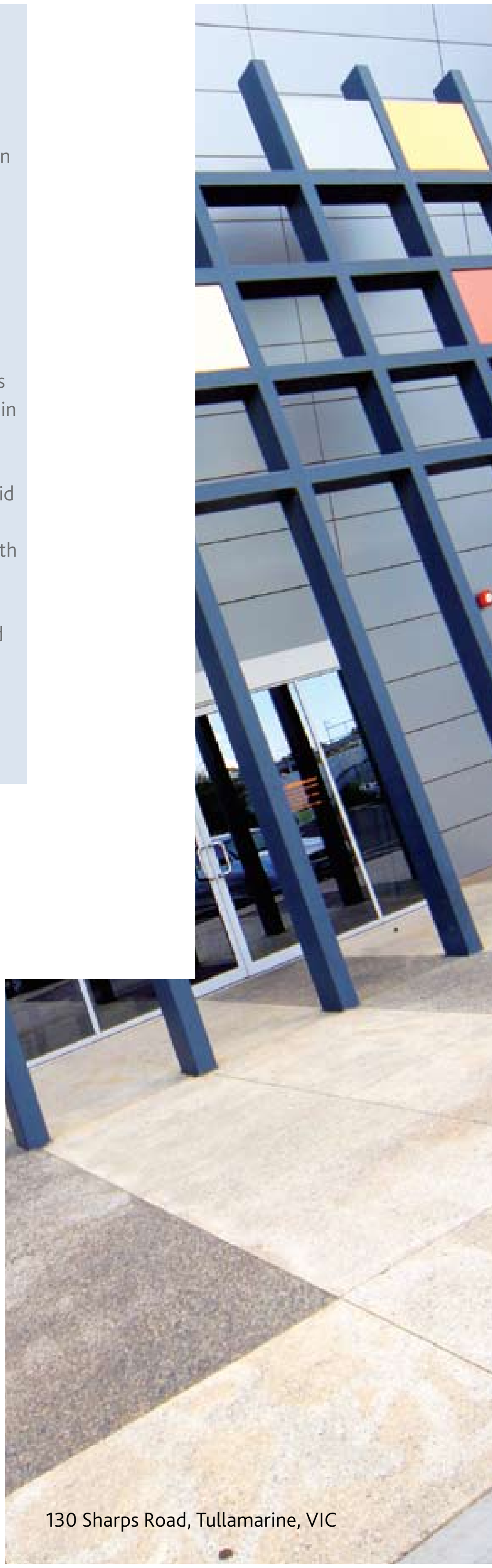
REMUNERATION

At 30 June 2009 and up to 5 August 2009, the then Responsible Entity was entitled to be paid management fees in accordance with the constitution and PDS for managing the Fund. All staff involved in the management of the Fund were then employees of the Orchard group and were not remunerated by the Fund or by the Responsible Entity. In light of this, the establishment of a Remuneration Committee was considered to be unnecessary. This represented a departure from recommendation 8.1 of the ASX principles.

At 5 August 2009, management of the Fund was internalised as a result of the Unitholders acquiring the new Responsible Entity with shares in that Responsible Entity being stapled to units in the Fund to form a stapled security. Given the current size of the Stapled Group and the number of its employees, the Board itself believes that it is competent to oversee the Stapled Group's remuneration practices and that the establishment of a Remuneration Committee is not considered necessary (which is a departure from recommendation 8.1 of the ASX principles).

As at 30 June 2009, there were no equity based executive remuneration schemes in place specifically for those staff who performed services for the Fund and the Responsible Entity. The Stapled Group intends to introduce an employee securities scheme to be approved by Securityholders in the future.

Independent and nominee Directors are paid an annual fee for performing their services on the Board. No Directors are provided with retirement benefits other than statutory superannuation and do not receive option or bonus payments referable to the Stapled Group.



130 Sharps Road, Tullamarine, VIC

31 Garden Street, Kilsyth, VIC

03

Financial Report

This financial report covers Growthpoint Properties Australia Trust and its controlled entities. The financial report is presented in Australian currency.

Growthpoint Properties Australia Trust and its Responsible Entity, Growthpoint Properties Australia Limited, are both domiciled in Australia. The Responsible Entity's registered office and principal place of business is Level 28, 1 Spring Street, Melbourne, Victoria, 3000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report which is not part of the financial report.

The financial report was authorised for issue by the Directors on 24 August 2009. The Directors have the power to amend and reissue the financial report.

03

Income Statements

for the year ended 30 June 2009

		Consolidated		Parent Entity	
		2009	2008	**2009**	2008
	Notes	**$'000**	$'000	**$'000**	$'000
Revenue					
Property revenue	10	71,066	65,238	41,459	36,285
Income					
Gain on financial derivatives carried at fair value through profit and loss	8	-	14,411	-	14,760
Distributions received from controlled entities		-	-	22,419	22,210
Interest income		1,095	2,850	1,096	2,838
Total revenue and income		**72,161**	**82,499**	**64,974**	**76,093**
Expenses					
Property expenses	10	(6,819)	(6,043)	(1,463)	(1,387)
Responsible Entity management fees	19	(1,866)	(1,410)	(1,866)	(1,410)
Fair value adjustments for investment properties	10	(185,997)	(3,816)	(112,830)	(2,101)
Impairment of investments in controlled entities	11	-	-	(68,430)	-
Loss on sale of investment properties		(2,186)	-	(30)	-
Loss on financial derivatives carried at fair value through profit and loss	8	(46,041)	-	(46,041)	-
Borrowing costs	5	(38,535)	(34,778)	(38,535)	(34,774)
Other expenses from ordinary activities		(767)	(943)	(765)	(903)
Total Expenses		**(282,211)**	**(46,990)**	**(269,960)**	**(40,575)**
Net (loss) / profit for the year		**(210,050)**	**35,509**	**(204,986)**	**35,518**
Net (loss) / profit attributable to Unitholders of Growthpoint Properties Australia Trust		**(210,050)**	**35,509**	**(204,986)**	**35,518**
Basic and diluted (loss) / earnings per unit (cents)	22	**(60.7)**	**10.3**	**(59.3)**	**10.3**

The above income statements should be read in conjunction with the accompanying notes.

03

Balance Sheets

as at 30 June 2009

		Consolidated		Parent Entity	
		2009	2008	**2009**	2008
	Notes	**$'000**	$'000	**$'000**	$'000
Current Assets					
Cash and cash equivalents	6	7,010	17,560	6,470	17,114
Trade and other receivables	7	2,847	2,060	13,438	19,671
Derivative financial instruments	8	-	8,553	-	8,553
Total current assets		**9,857**	**28,173**	**19,908**	**45,338**
Non-current assets					
Trade and other receivables	9	19,105	9,972	15,087	7,657
Derivative financial instruments	8	-	15,396	-	15,396
Investment properties	10	642,665	809,902	404,918	490,282
Other financial assets	11	-	-	229,427	297,857
Total non-current assets		**661,770**	**835,270**	**649,432**	**811,192**
Total assets		**671,627**	**863,443**	**669,340**	**856,530**
Current liabilities					
Trade and other payables	12	24,247	1,625	23,364	1,180
Provision for distribution payable	15	2,596	6,986	2,596	6,986
Derivative financial instruments	8	15,412	-	15,412	-
Total current liabilities		**42,255**	**8,611**	**41,372**	**8,166**
Non-current liabilities					
Interest bearing liabilities	13	506,082	517,328	506,082	517,328
Derivative financial instruments	8	6,680	-	6,680	-
Total non-current liabilities		**512,762**	**517,328**	**512,762**	**517,328**
Total liabilities		**555,017**	**525,939**	**554,134**	**525,494**
Net assets		**116,610**	**337,504**	**115,206**	**331,036**
Unitholders' funds					
Contributed equity	17	332,514	332,115	332,514	332,115
Retained profits / (accumulated losses)		(215,904)	5,389	(217,308)	(1,079)
Total Unitholders' funds		**116,610**	**337,504**	**115,206**	**331,036**

The accompanying notes form part of this financial report.

03

Statements of Changes in Equity

for the year ended 30 June 2009

		Consolidated		Parent Entity	
		2009	2008	**2009**	2008
	Notes	**$'000**	$'000	**$'000**	$'000
Total equity at the beginning of the period		337,504	329,851	331,036	323,374
Net income recognised directly in equity		-	-	-	-
Net profit / (loss) for the period		(210,050)	35,509	(204,986)	35,518
Total recognised income and expense for the period		**(210,050)**	**35,509**	**(204,986)**	**35,518**
Transactions with Unitholders in their capacity as Unitholders:					
Contributions of equity, net of transaction costs		398	89	398	89
Distributions provided for or paid		(11,242)	(27,945)	(11,242)	(27,945)
Total equity at the end of the period		**116,610**	**337,504**	**115,206**	**331,036**
Total recognised income and expense for the period is attributable to: Growthpoint Properties Australia Trust		(210,050)	35,509	(204,986)	35,518

The above statements of changes in equity should be read in conjunction with the accompanying notes.

03

Cash Flow Statements

for the year ended 30 June 2009

		Consolidated		Parent Entity	
		2009	2008	**2009**	2008
	Notes	**$'000**	$'000	**$'000**	$'000
Cash flows from operating activities					
Receipts from customers		63,017	59,730	35,928	35,420
Payments to suppliers		(7,619)	(8,766)	(3,176)	(3,449)
Borrowing costs		(37,825)	(34,026)	(37,826)	(34,023)
Interest received		1,095	2,850	1,096	2,838
Net cash inflow / (outflow) from operating activities	16	**18,668**	**19,788**	**(3,978)**	**786**
Cash flows from investing activities					
Payments for investment properties		(28,768)	(118,956)	(21,541)	(84,762)
Proceeds from sale of investment property	10	24,086	11,300	7,412	-
Repayment of loans by controlled entities		-	-	31,999	-
Net cash (outflow) / inflow from investing activities		**(4,682)**	**(107,656)**	**17,870**	**(84,762)**
Cash flows from financing activities					
Proceeds from external borrowings		-	126,080	-	126,080
Repayment of external borrowings		(8,922)	(288,364)	(8,922)	(288,364)
Equity raising costs		(380)	(3,126)	(380)	(3,126)
Distributions paid to Unitholders		(15,234)	(20,959)	(15,234)	(20,959)
Proceeds from sale/restructure of interest rate swaps		-	11,539	-	10,615
Net cash (outflow) from investing activities		**(24,536)**	**(174,830)**	**(24,536)**	**(175,754)**
Net (decrease) in cash and cash equivalents		(10,550)	(262,698)	(10,644)	(259,730)
Cash and cash equivalents at the beginning of the period		17,560	280,258	17,114	276,844
Cash and cash equivalents at the end of the period	16	**7,010**	**17,560**	**6,470**	**17,114**

The above cash flow statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2009

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied, unless otherwise stated. The financial report includes financial statements for Growthpoint Properties Australia Trust ("the Fund" or "parent entity") as a consolidated entity consisting of Growthpoint Properties Australia Trust and its controlled entities ("the Group").

A. BASIS OF PREPARATION

This general purpose financial report for the year ended 30 June 2009 has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

The purchase method of accounting is used to account for the acquisition of controlled entities by the consolidated entity (refer Note 1C).

Early adoption of standards

The Group has elected to early adopt Australian Accounting Standard AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project with respect to the amendments made to AASB101 Presentation of Financial Statements for the annual reporting period beginning 1 July 2008. The amendment to AASB101 Presentation of Financial Statements provides updated wording for paragraphs 68 and 71 so that AASB 101 does not require held for trading assets and liabilities to be disclosed as current. Instead they should be classified according to the manner in which they will be settled.

As a result of this, the Group has classified amounts held in the balance sheet in relation to "Derivative financial assets" according to when they will be settled. This has resulted in $15,412,000 of the fair values in relation to derivatives being classified as non-current liabilities. A corresponding adjustment has also been made to the prior year comparative with $15,396,000 being reclassified from current assets to non-current assets.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss and investment property accounting.

Going concern

At 30 June 2009, the parent and the Group had a working capital deficit of $21.5 million and $32.4 million respectively, primarily due to accrued capital expenditure and a liability for derivative financial instruments. Subsequent to 30 June 2009, the Group has undertaken a restructure and recapitalisation to reduce debt (as disclosed in Note 21). On 5 August 2009, the Group completed a $55.6 million equity placement and a $144.4 million Rights Issue is due to be completed in September 2009. At the date of this report the Rights Issue has been underwritten by Growthpoint Properties Limited, a listed property investment company in South Africa. The Rights Issue underwriting agreement is subject to usual underwriting terms and conditions. Accordingly, the financial report has been prepared on a going concern basis.

B. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Fund as at 30 June 2009 and the results of all controlled entities for the financial period then ended. The Fund and its controlled entities together are referred to in this financial report as the Group.

Controlled entities are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a unitholding / shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of controlled entities by the Group.

Transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation.

Where control of an entity is obtained during a period, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a period its results are included for that part of the period during which control existed.

C. BUSINESS COMBINATIONS

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, units issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where units are issued in an acquisition, the value of the units is their price as at the date of exchange. Transaction costs arising on the issue of units are recognised in Unitholders funds.

If the cost of acquisition is less than the fair value of the net assets of the entity acquired, the difference is recognised directly in the Income Statement (discount on acquisition), but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

D. VALUATION OF INVESTMENT IN PROPERTY

Investment properties are initially measured at cost including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity.

Subsequent to initial recognition as assets, investment properties are revalued to fair value. Directors revalue the permanent property investments either on the basis of valuations determined by independent valuers on a periodic basis or, in respect of properties acquired during the period, on the basis of the valuation prepared at the time of acquisition. The Fund assesses at each balance date whether these valuations appropriately reflect the fair value of investment properties (refer Note 3).

Subsequent capital expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the capital expenditure will flow to the entity and the cost of that capital expenditure can be measured reliably.

Any gains or losses arising from changes in fair value of the properties are recognised in the income statement in the period in which they arise.

E. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised on trade-date – the date on which the group commits to sell or purchase the asset. Financial assets are derecognised when the right to receive cash flows from the financial asset have expired or have been transferred and the Fund has transferred substantially the risks and rewards of ownership. Financial instruments are designated on initial recognition, and investments held at fair value through profit or loss are re-evaluated at each reporting date for designation into this category.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(ii) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade and other debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that all amounts due will not be able to be collected according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(iii) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(iv) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance sheet date.

(v) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. The Fund takes out certain derivative contracts as part of its financial risk management (Note 2), however it has not elected to qualify these for hedge accounting.

Interest rate swaps

As noted above the interest rate swaps do not qualify for hedge accounting. Changes in fair value of such derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

F. FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

G. REVENUE RECOGNITION

Revenue is recognised at the fair value of the consideration received or receivable as detailed below for each category of revenue. All revenue is stated net of the amount of goods and services tax (GST).

Property revenue

Revenue from investment properties is recognised on a straight-line basis over the life of the lease for leases where the revenue under the lease terms is fixed and determinable. For leases where the revenue is determined with reference to market reviews, inflationary measures or other variables, revenue is not straight-lined, it is recognised in accordance with the lease terms applicable for the period.

Distribution revenue

Distribution revenue is recognised when the right to receive a distribution has been established.

Interest income

Interest income is recognised on a proportional basis using the effective interest rate method taking into account interest rates applicable to financial assets.

H. LEASE INCENTIVES AND COMMISSIONS

Any lease incentives provided to the tenant under the terms of a lease such as fit-outs or rent free periods are recognised as an expense on a straight-line basis over the term of the lease.

Leasing commissions paid to agents on signing of lease agreements are recognised as an expense on a straight-line basis over the term of the lease.

I. DISTRIBUTIONS

Provision is made for the amount of any distribution declared, determined or publicly recommended by the Directors on or before the end of the period but not distributed at the balance sheet date.

J. BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are incurred for the construction of any qualifying asset capitalised during the period of time that is required to complete and prepare the asset for its intended use.

K. INCOME TAX

Under current income tax legislation no income tax is payable by the Group provided taxable income is fully distributed to Unitholders or the Unitholders become presently entitled to all the taxable income.

L. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of the GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

M. CONTRIBUTED EQUITY

Ordinary units are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of any tax, from the proceeds. Incremental costs directly attributable to the issue of new units for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

N. NET TANGIBLE ASSET BACKING PER UNIT

(i) Basic net tangible asset backing per unit is determined by dividing the net assets attributable to Unitholders (excluding intangible assets) by the number of units outstanding at balance date.

(ii) Diluted net tangible asset backing per unit adjusts the figures used in the determination of basic net tangible asset backing per unit by taking into account amounts unpaid on units.

O. SEGMENT REPORTING

A business segment is defined for a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different to that of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those segments operating in other economic environments.

P. ROUNDING OF AMOUNTS

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Q. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are applicable to annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 for the reporting period commencing 1 July 2009. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The Group has not capitalised any such borrowing costs during the 30 June 2009 reporting period. Application of this standard would therefore have no impact on the Group's or parent entity's financial statements.

(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

The revised AASB 101 was issued in September 2007 and is applicable to annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

R. EARNINGS PER UNIT

(i) Basic earnings per unit is determined by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary units, by the weighted average number of equivalent units outstanding during the financial year, adjusted for bonus elements in units issued during the year.

(ii) Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit by taking into account amounts unpaid on units and equivalents and any reduction in earnings per unit that will arise as a result of conversion to, calling of or subscription for unit capital.

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments, other than derivatives, comprise of bank loans.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations. The Group also enters into derivative transactions (interest rate swaps) to manage the interest rate risks arising from the Group's operations. It is the Group's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Group's financial instruments is cash flow interest rate risk. The Board of Growthpoint Properties Australia Limited as Responsible Entity reviews and agrees policies for managing this risk and this is summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

A. DERIVATIVE FINANCIAL INSTRUMENTS

The Group is exposed to financial risk from movement in interest rates. To reduce its exposure to adverse fluctuations in interest rates, the Group has employed the use of interest rate swaps whereby the Group agrees with a bank to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Any amounts paid or received relating to interest rate swaps are recognised as adjustments to interest expense over the life of each contract swap, thereby adjusting the effective interest rate on the underlying obligations.

The gain or loss from remeasuring the interest rate swaps at fair value is recognised in the income statement immediately, as hedge accounting under AASB 139 has not been adopted.

Swaps currently in place cover 101% of the loan principal outstanding (2008: 99%).

B. CREDIT RISK

Credit risk is the risk that counterparties to a financial asset will fail to discharge their obligations, causing the Group to incur a financial loss. The Group has significant derivative financial instruments held with a major Australian bank, National Australia Bank Limited, a counterparty which is considered to be a high quality financial institution. At balance date, the fair value of the financial instruments is in a liability position.

At balance date the agreed notional principal amount of interest rate swap contracts outstanding for the Group and parent entity is $512,700,000 (2008: $512,700,000).

The Group manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. Cash at bank is held with a major Australian bank.

Tenants for each of the properties held by the Group are assessed for creditworthiness before a new lease commences. This assessment is also undertaken where the Fund acquires a tenanted property. If necessary, a new tenant will be required to provide lease security (such as personal, director or bank guarantees, a security deposit, letter of credit or some other form of security) before the tenancy is approved. Tenant receivables are monitored by property managers and the Fund's asset manager on a weekly basis. If any amounts owing under a lease are overdue these are followed up for payment. Where payments are outstanding for a longer period than allowed under the lease, action to remedy the breach of the lease can be pursued including legal action or the calling of security held by the Fund under the lease. Where it is assessed it is not likely that the amount outstanding will be received by the Fund an allowance is made for the debt being doubtful.

C. NET FAIR VALUES

The carrying values of the Group's financial assets and liabilities included in the Balance Sheet approximate their fair values. Refer to Note 1 for the methods and assumptions adopted in determining net fair values.

NOTE 2: FINANCIAL RISK MANAGEMENT (CONT.)

D. MARKET RISK

The Group's primary exposure to market risk arises from changes in interest rates relating to its syndicated bank loan amounting to $508,511,025 (2008: $517,434,000).

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates.

The following table sets out the carrying amount of the financial instruments that are exposed to interest rate risk.

			Consolidated		Parent Entity	
			2009	2008	**2009**	2008
	Fixed/Floating	**Notes**	**$'000**	$'000	**$'000**	$'000
Financial assets						
Cash and cash equivalents	Floating	6	7,010	17,560	6,470	17,114
Derivative financial instruments	Floating	8	-	23,949	-	23,949
			7,010	41,509	6,470	41,063
Financial liabilities						
Derivative financial instruments	Floating	8	22,092	-	22,092	-
Interest bearing liabilities – hedged*	Fixed	13	512,700	512,700	512,700	512,700
Interest bearing liabilities – unhedged/ (overhedged)	Floating/fixed	13	(4,189)	4,734	(4,189)	4,734
			530,603	517,434	530,603	517,434

* Note – hedge accounting has not been adopted.

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance sheet date. At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit after tax and equity would have been affected as follows:

	Post-tax Profit Higher / (Lower)		Equity Higher / (Lower)	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Consolidated				
+100 bps (2008 +200 basis points)	14,761	25,828	-	-
-100 bps (2008 -200 basis points)	(15,538)	(27,271)	-	-
Parent				
+100 bps (2008 +200 basis points)	14,755	25,819	-	-
-100 bps (2008 -200 basis points)	(15,532)	(27,262)	-	-

The movements in profit are primarily due to fair value gains/losses on financial derivatives from the interest rate increase/decrease. The fair value gains/losses, in this sensitivity analysis, would be unrealised and non-cash in nature unless the interest rate swaps were closed or sold.

E. LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its obligations in relation to investment activities or other operations of the Group. The Group manages its liquidity risk by ensuring that on a daily basis there is sufficient cash on hand or available loan facilities to meet the contractual obligations of financial liabilities as they fall due. The Fund Manager sets budgets to monitor cash flows. At balance date, the Group had cash and cash equivalents totalling $7,010,000 (2008: $17,560,000).

Financing arrangements

The Group and the parent entity had access to the following borrowing facilities at the reporting date:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Bank loan facilities				
Total facilities	517,590	537,800	517,590	537,800
Used at balance date	508,511	517,434	508,511	517,434
Unused at balance date	9,079	20,366	9,079	20,366

The bank loan facility matures in June 2012.

Maturities of financial liabilities

The maturity of financial liabilities (including trade and other payables, provision for distribution and interest bearing liabilities) at reporting date are shown below, based on the contractual terms of each liability in place at reporting date. The amounts disclosed are based on undiscounted cash flows, including interest payments based on variable rates at 30 June.

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
6 months or less	56,791	29,746	55,908	29,301
6 to 12 months	22,138	21,135	22,138	21,135
1 to 5 years	600,656	559,705	600,656	559,705
More than 5 years	7,470	-	7,470	-
Total contractual cash flows	687,055	610,586	686,172	610,141
Carrying amount of financial liabilities	562,827	525,939	561,944	525,494

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

Investment properties – valuations

Investment properties are revalued each balance date to reflect their fair value according to the Group's policy on valuing assets and applying generally accepted valuation criteria, methodology and assumptions (see Notes 1d and 10a).

NOTE 4: SEGMENT INFORMATION

The Group operates wholly within Australia and derives rental income from property investments.

NOTE 5: BORROWING COSTS

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Borrowing costs expense:				
- Interest on related party loans	-	-	-	-
- Bank interest and charges	38,535	34,778	38,535	34,774
	38,535	34,778	38,535	34,774

NOTE 6: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Cash at bank	7,010	6,770	6,470	6,324
Bank bills	-	10,790	-	10,790
Balance as per Statement of Cash Flows	7,010	17,560	6,470	17,114

Cash at bank was bearing floating interest rates between 0.5% and 3% (2008: between 4.75% and 7.25%). The 90 day bank bills were bearing an interest rate of 7.81% at 30 June 2008. The net fair value of cash and cash equivalents approximates their carrying amounts. The Group's and the parent entity's exposure to interest rate risk is discussed in Note 2.

NOTE 7: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Rent receivables	1,131	526	-	24
Provision for impairment of receivables (Note 7a)	(219)	-	-	-
Prepayments	1,935	450	1,802	214
Net swap interest receivable	-	1,083	-	1,083
Other receivables from controlled entities	-	-	11,636	18,349
Other receivables from related parties	-	1	-	1
	2,847	2,060	13,438	19,671

Rent receivables include the current portion of straight-line rental income receivable (refer Note 1g).

A. IMPAIRED RENT RECEIVABLES

As at 30 June 2009 current rent receivables of the Group with a nominal value of $219,000 (2008 – nil) were impaired. The amount of the provision was $219,000 (2008 – nil). The impaired rent receivables relates to a tenant experiencing difficult economic circumstances. There were no impaired rent receivables for the parent entity in 2009 or 2008.

The ageing of these receivables is as follows:

	Consolidated	
	2009	2008
	$'000	$'000
1 - 29 days	134	-
30 – 59 days	43	-
60 – 89 days	42	-
	219	-

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2009	2008
	$'000	$'000
At 1 July	-	-
Provision for impairment recognised during the year	219	-
At 30 June	219	-

The creation of the provision for impaired receivables has been included in "property expenses" in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

B. PAST DUE BUT NOT IMPAIRED

At balance date, trade receivables for the Group of $6,000 (2008: $163,000) were past due but not impaired. These relate to tenants for whom there is no recent history of default and outstanding amounts are expected to be recovered in full. The ageing analysis of these trade receivables is shown in the table below.

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
30 – 59 days	2	136	-	-
60 – 89 days	1	3	-	-
90 – 119 days	-	1	-	-
120 days or more	3	23	-	-
	6	163	-	-

C. OTHER RECEIVABLES

Other receivables (if any) generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

D. FAIR VALUE AND CREDIT RISK

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 2 for more information on the risk management policy of the Group.

NOTE 8: DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Interest rate swap contracts **– carried at fair value through profit and loss:**				
Total current derivative financial instrument assets	-	8,553	-	8,553
Total non-current derivative financial instrument assets	-	15,396	-	15,396
Total current derivative financial instrument liabilities	15,412	-	15,412	-
Total non-current derivative financial instrument liabilities	6,680	-	6,680	-
	(22,092)	23,949	(22,092)	23,949

A. INSTRUMENTS USED BY THE GROUP

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to Note 2). The gain or loss from re-measuring the interest rate swaps at fair value is recognised in the income statement immediately.

Interest rate swap contracts – carried at fair value through profit and loss

Swaps currently in place cover 101% (2008 – 99%) of the loan principal outstanding. The current average fixed interest rate is 6.24% (2008 – 6.22%) and the variable rate (excluding bank margin) is 3.22% (2008 – 7.64%) at balance date.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

At balance date these contracts were liabilities with fair value of $22,092,000 (2008 – an asset of $23,949,000) for the Group and the parent entity. In the year ended 30 June 2009 there was a loss from the decrease in fair value of $46,041,000 for the Group (2008 – gain of $14,411,000) and $46,041,000 for the parent entity (2008 – gain of $14,760,000).

B. RISK EXPOSURES

Information about the Group's and the parent entity's exposure to credit risk and interest rate risk is provided in Note 2.

NOTE 9: NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Rent receivables	19,105	9,972	15,087	7,657
	19,105	9,972	15,087	7,657

Rent receivables represent the non-current portion of straight-line rental income receivable (refer Note 1g).

NOTE 10: NON-CURRENT ASSETS – INVESTMENT PROPERTIES

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Investment properties	642,665	809,902	404,918	490,282
	642,665	809,902	404,918	490,282

Property Address			Latest External Evaluation		Consolidated Book Value	
			Date	Valuation	2009	2008
				$'000	**$'000**	$'000
70 Distribution Street	Larapinta	QLD	31-Dec-08	162,250	141,400	180,000
2 Horrie Miller Drive	Perth Airport	WA	31-Dec-08	107,000	101,657	92,000
28 Bilston Drive, Barnawartha	Wodonga	VIC	31-Dec-08	72,000	64,750	80,000
120 Northcorp Boulevard	Broadmeadows	VIC	31-Dec-08	62,400	57,178	68,550
599 Main North Road	Gepps Cross	SA	31-Dec-08	56,500	52,203	63,000
522-550 Wellington Road	Mulgrave	VIC	31-Dec-08	51,000	43,395	55,000
40 Annandale Road	Tullamarine	VIC	31-Dec-08	29,760	34,582	32,920
44-54 Raglan Street	Preston	VIC	31-Dec-08	30,250	24,150	35,022
130 Sharps Road	Tullamarine	VIC	31-Dec-08	21,000	18,700	23,350
120 Link Road	Tullamarine	VIC	31-Dec-08	17,350	15,850	21,150
42-44 Garden Street	Kilsyth	VIC	31-Dec-08	16,900	15,150	18,000
60 Annandale Road	Tullamarine	VIC	31-Dec-08	14,400	12,950	16,935
81 Derby Street	Silverwater	NSW	31-Dec-08	15,700	12,450	16,500
5 Viola Place	Brisbane	QLD	31-Dec-08	15,500	11,550	17,250
12-16 Butler Boulevard	Adelaide	SA	31-Dec-08	10,900	9,600	11,900
45-55 South Centre Road	Tullamarine	VIC	31-Dec-08	10,350	8,200	12,300
10 Butler Boulevard	Adelaide	SA	31-Dec-08	7,400	7,000	8,600
31 Garden Street	Kilsyth	VIC	31-Dec-08	7,800	6,700	8,350
1304 Ferntree Gully Road	Scoresby	VIC	31-Dec-08	7,250	6,650	8,300
75 Annandale Road	Tullamarine	VIC	31-Dec-08	7,000	6,400	8,250
6-10 Koornang Road	Scoresby	VIC	31-Dec-08	5,950	5,305	6,700
45 Northlinks Place	Virginia	QLD	31-Dec-08	3,400	3,250	4,250
3 Viola Place	Brisbane	QLD	31-Dec-08	3,100	2,700	3,855
				735,160	**661,770**	**792,182**
830 Wellington Road	Rowville	VIC	n/a (sold)	-	-	10,000
91 Transport Ave, Netley	Adelaide	SA	n/a (sold)	-	-	7,438
50-52 Koornang Road	Scoresby	VIC	n/a (sold)	-	-	6,250
26 William Angliss Drive	Laverton North	VIC	n/a (sold)	-	-	4,007
Sub-totals				**735,160**	**661,770**	**819,877**
Less: amounts classified as receivables (rental income recognised on a straight line basis)					(19,105)	(9,975)
Total investment properties					**642,665**	**809,902**

NOTE 10: NON-CURRENT ASSETS – INVESTMENT PROPERTIES (CONT.)

A. VALUATION BASIS

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for comparable properties in similar location and condition and subject to similar leases.

External valuations for all properties were obtained at December 2008, which were conducted by Savills and Jones Lang LaSalle. The 30 June 2009 valuations for all properties were based on director valuations.

At each reporting date the Directors of the Responsible Entity update their assessment of the fair value of each property in accordance with the accounting policy detailed at Note 1d.

The Responsible Entity determines a property's value within a range of reasonable fair value estimates and, in making that assessment, considers information from a variety of sources including:

- Current prices for comparable investment properties, as adjusted to reflect differences for location, building quality, tenancy profile and other factors.
- Discounted cash flow projections based on reliable estimates of future cash flows.
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from analysis of market evidence.

At reporting date the key assumptions used by the Group in determining fair value were in the following ranges for the Group's portfolio of properties:

	2009	2008
Discount rate	9.5% - 10.0%	8.1% - 9.3%
Terminal yield	8.5% - 10.0%	6.8% - 8.8%
Capitalisation rate	8.3% - 11.4%	6.3% - 8.0%
Expected vacancy period	6-18 months	N/A
Rental growth rate	2.5% - 4.0%	2.5% - 4.0%

B. UNCERTAINTY AROUND PROPERTY VALUATIONS

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and available credit have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for comparable property in terms of investment characteristics such as location, lettable and land area, building characteristics, property condition, lease terms and rental income potential, amongst others.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

C. CONTRACTUAL OBLIGATIONS

Refer to Note 24 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

D. AMOUNTS RECOGNISED IN PROFIT AND LOSS FOR INVESTMENT PROPERTIES

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Rental income	71,066	65,238	41,459	36,285
Net loss from fair value adjustment	(185,997)	(3,816)	(112,830)	(2,101)
Loss on sale of investment properties	(2,186)	-	(30)	-
Direct operating expenses from property that generated rental income	(6,819)	(6,043)	(1,463)	(1,387)
	(123,936)	55,379	(72,864)	32,797

E. LEASING ARRANGEMENTS

The majority of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:				
Within one year	57,640	61,204	35,353	33,778
Later than one year but not later than 5 years	233,185	254,119	152,370	144,022
Later than 5 years	431,644	439,787	355,240	335,649
	722,469	755,110	542,963	513,449

F. RECONCILIATION

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
At Fair value				
Opening balance	809,902	811,502	490,282	491,693
Acquisitions / capital expenditure	45,032	13,516	34,908	690
Disposals	(24,086)	(11,300)	(7,412)	-
Net loss on disposals	(2,186)	-	(30)	-
Net loss from fair value adjustment	(185,997)	(3,816)	(112,830)	(2,101)
Closing balance at 30 June	642,665	809,902	404,918	490,282

NOTE 11: NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Investments in controlled entities (refer Note 19)				
At Cost	-	-	297,857	297,857
Impairment	-	-	(68,430)	-
Net book amount	-	-	229,427	297,857

Investments in controlled entities are accounted for at the lower of cost or their impaired value, taking into account the underlying net assets of the controlled entities. The controlled entities directly hold investment property and incurred property fair value losses during the year.

NOTE 12: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Accrued expenses – capex	16,024	-	16,024	-
Accrued expenses - other	8,223	1,625	7,340	1,180
	24,247	1,625	23,364	1,180

NOTE 13: NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Secured				
Bank loans	506,082	517,328	506,082	517,328
Total secured non-current borrowings	506,082	517,328	506,082	517,328

A. TOTAL SECURED LIABILITIES

The total secured liabilities (current and non-current) are as follows:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Bank loans	506,082	517,328	506,082	517,328
Total secured liabilities	506,082	517,328	506,082	517,328

B. ASSETS PLEDGED AS SECURITY

The bank loans and bills payable of the parent entity and controlled entities are secured by first mortgages over the Group's freehold land and buildings, including those classified as investment properties.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current				
Floating charge				
Cash and cash equivalents	7,010	17,560	6,470	17,114
Receivables	2,847	2,060	13,438	19,671
Derivative financial instruments	-	8,553	-	8,553
	9,857	28,173	19,908	45,338
Non-current				
First mortgage				
Investment properties	642,665	809,902	404,918	490,282
Receivables	19,105	9,972	15,087	7,657
Floating charge				
Derivative financial instruments	-	15,396	-	15,396
Other financial assets	-	-	297,857	297,857
Total non-current assets pledged as security	661,770	835,270	717,862	811,192
Total assets pledged as security	671,627	863,443	737,770	856,530

C. BANK LOAN

The bank loan is provided under a syndicated Australian dollar facility. The facility has variable interest rates and is now repayable in June 2012 following the extension of the facility during the year. The original facility was due to mature in June 2010.

The interest rate (including bank margin) at 30 June 2009 was 5.77% (2008 – 8.19%). Refer to Note 8 for details on interest rate swaps.

D. RISK EXPOSURES

Information about the Group's and parent entity's exposure to interest rate changes is provided in Note 2.

E. FAIR VALUE

The carrying amounts approximate the fair values of borrowings at balance date.

NOTE 14: NET TANGIBLE ASSET BACKING

	Consolidated	
	2009	2008
	$	$
Basic and Diluted NTA per unit	0.34	0.98
	$'000	$'000
Number of units outstanding at the end of the period used in the calculation of basic and diluted net tangible asset backing (NTA) per unit (Note 1n).	346,176	345,000

NOTE 15: DISTRIBUTIONS

A. DISTRIBUTIONS PAID AND PAYABLE TO UNITHOLDERS

Consolidated and Parent Entity	2009	2009	2008	2008
	$'000	CPU	$'000	CPU
September 2008 – paid	4,319	1.25	6,987	2.025
December 2008 – paid	4,327	1.25	6,986	2.025
March 2009*	-	-	6,986	2.025
June 2009 - payable	2,596	0.75	6,986	2.025
	11,242	3.25	27,945	8.100

* No distribution was paid in respect of the March 2009 quarter. The June 2009 distribution represents the distribution of income for the half-year ended. As announced in February 2009, future distributions will be paid on a half-yearly basis.

NOTE 16: CASH FLOW INFORMATION

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
a. Reconciliation of cash at end of year				
Cash and cash equivalents balance (Note 6)	7,010	17,560	6,470	17,114
b. Reconciliation of net operating profit to net cash inflow from operating activities				
Net profit / (loss) for the period	(210,050)	35,509	(136,556)	35,518
Fair value adjustment to investment property	185,997	3,816	112,829	2,101
Loss on sale of investment properties	2,186	-	30	-
Fair value adjustment to derivatives	46,041	(14,411)	46,041	(14,760)
Change in operating assets and liabilities, net of effects from purchase of controlled entity:				
- Increase in receivables	(10,371)	(5,477)	(30,273)	(23,045)
- Decrease / (increase) in prepayments	51	1,925	(52)	1,670
- Increase / (decrease) in payables	4,814	(1,574)	4,003	(698)
Net cash inflow / (outflow) from operating activities	18,668	19,788	(3,978)	786

NOTE 17: CONTRIBUTED EQUITY

A. CONTRIBUTED EQUITY

	Consolidated and Parent Entity		Consolidated and Parent Entity	
	2009	2008	2009	2008
	Units	Units		
	'000	'000	$'000	$'000
Ordinary units – fully paid	**346,176**	345,000	**332,514**	332,115
Total contributed equity	**346,176**	345,000	**332,514**	332,115

B. MOVEMENTS IN CONTRIBUTED EQUITY

	Number of units	Issue price	
	'000	$	$'000
Balance at 30 June 2007	345,000		332,026
Issues of fully paid ordinary units during the year ended 30 June 2008	-	-	-
Equity raising costs – reversal of overaccrual			89
Balance at 30 June 2008	345,000		332,115
Issues of fully paid ordinary units during the year ended 30 June 2009:			
29 August 2008 – Distribution Reinvestment Plan issues	510	0.3476	178
31 October 2008 - Distribution Reinvestment Plan issues	666	0.3315	221
Balance at 30 June 2009	346,176		332,514

C. ORDINARY UNITS

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Fund in proportion to the number of and the amounts paid on the units held.

On a show of hands every holder of ordinary units present at a meeting in person or by proxy, entitled to one vote, and upon a poll each unit is entitled to one vote.

D. DISTRIBUTION REINVESTMENT PLAN

The Fund had established a distribution reinvestment plan under which Unitholders could elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary units rather than by being paid in cash. Units were issued under the plan at a discount to the market price.

The distribution reinvestment plan has been suspended in respect of the distribution payable on 31 August 2009.

E. CAPITAL RISK MANAGEMENT

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that the Group can continue to provide returns for Unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions paid to Unitholders, return capital to Unitholders, vary the level of borrowings, issue new units or sell assets.

During the year, the Group implemented several capital management initiatives, namely:

- Sold several non-core properties and used the proceeds to reduce debt.
- Changed its distribution policy to align distribution payments with sustainable earnings, by removing the portion of the distribution attributable to capitalising interest.
- Successfully extended its debt facility to 30 June 2012 with its existing debt providers National Australia Bank and Westpac.
- Entered into an Implementation Agreement with Growthpoint Properties Limited ("GPL") regarding a proposal to recapitalise and restructure the Group. The proposal resulted in a $55.6 million placement to GPL on 5 August 2009.
- Further to the Implementation Agreement, a $144.4 million Rights Issue, underwritten by GPL, is expected to be completed by late September 2009.

The Group monitors capital by using a number of measures, such as gearing, interest cover and loan to valuation ratio. The gearing ratio is calculated by dividing interest bearing liabilities by total assets.

NOTE 17: CONTRIBUTED EQUITY (CONT.)

E. CAPITAL RISK MANAGEMENT (CONT.)

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain gearing within the range 50% to 70%. At 30 June 2009, the gearing ratio was 75.4% due to a decline in property valuations. Following the $55.6 million placement to GPL and the expected conclusion of the forthcoming Rights Issue, the gearing ratio is forecast to fall to approximately 50%. The gearing ratios at 30 June 2009 and 30 June 2008 were as follows:

	Consolidated	
	2009	2008
	$'000	$'000
Total interest bearing liabilities	506,082	517,328
Total assets	671,627	863,443
Gearing ratio	**75.4%**	**59.9%**

NOTE 18: CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1b:

Name of Entity	Country of incorporation	Class of units	Equity holding*	
			2009	2008
			%	%
Wholesale Industrial Property Fund	Australia	Ordinary	100	100
Rowville Property Trust	Australia	Ordinary	100	100
Kilsyth 1 Property Trust	Australia	Ordinary	100	100
Kilsyth 2 Property Trust	Australia	Ordinary	100	100
Queensland Property Trust	Australia	Ordinary	100	100
New South Wales Property Trust	Australia	Ordinary	100	100
Coolaroo Property Trust	Australia	Ordinary	100	100
Broadmeadows Leasehold Trust	Australia	Ordinary	100	100
Scoresby 1 Property Trust	Australia	Ordinary	100	100
Scoresby 2 Property Trust	Australia	Ordinary	100	100
Scoresby 3 Property Trust	Australia	Ordinary	100	100
Laverton Property Trust	Australia	Ordinary	100	100
Preston 1 Property Trust	Australia	Ordinary	100	100
Preston 2 Property Trust	Australia	Ordinary	100	100

* The proportion of ownership interest is equal to the proportion of voting power held.

NOTE 19: RELATED PARTY DISCLOSURES

RESPONSIBLE ENTITY

Prior to its resignation on 5 August 2009, the previous Responsible Entity was Orchard Property Limited, which is a subsidiary of Orchard Funds. Orchard Funds consists of Orchard Funds Limited and its subsidiaries.

Orchard Management Limited ("OML") was acquired by the Group on 5 August 2009 as part of the restructure and recapitalisation of the Fund, as disclosed in Note 21.

On 5 August 2009, OML (subsequently renamed Growthpoint Properties Australia Limited) was appointed as Responsible Entity of the Growthpoint Properties Australia Trust.

KEY MANAGEMENT PERSONNEL

As at the date of this report, the Group did not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Group. The Directors of both the previous and current Responsible Entity were or continue to be key management personnel of the Responsible Entity and their names are Mr Lyndsay Shaddock, Mr David Spruell, Mr Grant Jackson, Mr David Hinde, Mr Greg McMahon, Mr Grant Ross, Mr Chris Thiris, Mr Francois Marais, Mr Norbert Sasse and Mr Estienne de Klerk.

KEY MANAGEMENT PERSONNEL UNITHOLDINGS

The key management personnel of Orchard Property Limited and/or Growthpoint Properties Australia Limited held units in the Fund as follows:

2009				
Unitholder	**Number of units held opening**	**Number of units acquired**	**Number of units disposed**	**Number of units held 30 June 2009**
	(Units)	(Units)	(Units)	(Units)
D. Spruell	300,000	29,448	-	329,448
G. Jackson	75,000	2,828	-	77,828
G. McMahon	107,272	-	-	107,272
L. Shaddock	500,000	-	-	500,000
D. Hinde	80,000	-	-	80,000
C. Thiris	50,000	-	-	50,000

2008				
Unitholder	**Number of units held opening**	**Number of units acquired**	**Number of units disposed**	**Number of units held 30 June 2008**
	(Units)	(Units)	(Units)	(Units)
D. Spruell	50,000	250,000	-	300,000
G. Jackson	75,000	-	-	75,000
G. McMahon	50,000	57,272	-	107,272
L. Shaddock	200,000	300,000	-	500,000
D. Hinde	50,000	30,000	-	80,000
C. Thiris	50,000	-	-	50,000

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel of Orchard Property Limited were paid by Orchard Funds Limited. During the year, the Group paid (or provided for) $175,000 (2008 – $175,000) to Orchard Property Limited as reimbursement for the remuneration cost of the three independent Directors, Messrs Shaddock, Spruell and Jackson. There were no other amounts paid by the Group attributable to the compensation of key management personnel.

KEY MANAGEMENT PERSONNEL LOAN DISCLOSURES

The Group has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

OTHER TRANSACTIONS WITH THE GROUP

Apart from those details discussed in this note, no key management personnel have entered into a material contract with the Group during the financial period and there were no material contracts involving Director's interests subsisting at year end.

Notes to the Financial Statements

for the year ended 30 June 2009

NOTE 19: RELATED PARTY DISCLOSURES (CONT.)

RESPONSIBLE ENTITY'S/MANAGER'S FEES AND OTHER TRANSACTIONS

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive a management fee of 0.40% calculated by reference to the monthly total assets of the Group. The previous Responsible Entity, Orchard Property Limited, waived $1,350,000 of its management fee for the year ended 30 June 2009 (2008: $1,850,000), consistent with the Fund's Product Disclosure Statement dated 31 May 2007.

For the year ended 30 June 2009, in accordance with the Constitution, Orchard Property Limited received a total fee of $1,866,316 (2008 - $1,385,194).

No performance fee or other fees were paid or payable during the year.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Group and the Responsible Entity were as follows:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Management fees for the year by the Group to the Responsible Entity	1,866,316	1,385,194	1,866,316	1,385,194
Aggregate amounts payable to the Responsible Entity at the reporting date	-	-	-	-

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Sale of interest rate swap contract				
Sale of interest rate swap to another scheme managed by the Responsible Entity or its affiliates	-	924,416	-	-

OUTSTANDING BALANCES ARISING FROM TRANSACTIONS WITH RELATED PARTIES

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Current receivables				
Controlled entities	-	-	40,051,006	32,726,709
Other schemes managed by the Responsible Entity or its affiliates	-	-	-	-
Other companies associated with the Responsible Entity	-	756	-	756
Current payables				
Controlled entities	-	-	28,415,268	14,278,300
Other companies associated with the Responsible Entity	-	-	-	-

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties. There are no fixed terms for the repayment of loans to/from controlled entities and no interest was charged.

NOTE 20: REMUNERATION OF AUDITORS

During the year to 30 June 2009 the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
a. Audit services				
PricewaterhouseCoopers Australian firm Audit and review of financial reports	125,000	129,000	125,000	129,000
b. Non-audit services				
Other assurance services				
PricewaterhouseCoopers Australian firm Investigating accountants report in relation to the recapitalisation and restructure of the Fund	253,000	-	253,000	-
Taxation services				
PricewaterhouseCoopers Australian firm Due diligence and tax structuring advice in relation to the recapitalisation and restructure of the Fund	295,697	-	295,697	-

NOTE 21: AFTER BALANCE DATE EVENTS

On 18 May 2009, the Orchard Industrial Property Fund ("OIPF") announced it had entered into an Implementation Agreement with a large South African public company, Growthpoint Properties Limited ("GPL"), regarding a proposal to recapitalise and restructure OIPF. On 30 July 2009, Unitholders overwhelmingly voted in favour of resolutions for the proposal and implementation occurred on 5 August 2009.

Key features of the recapitalisation and restructure included:

- A $55.6 million placement to GPL which occurred on 5 August 2009;
- The Fund acquired Orchard Management Limited ("OML") for consideration of $6 million paid to Orchard Funds Limited;
- The internalisation of management and the change in Responsible Entity from Orchard Property Limited to OML;
- OIPF and OML were renamed Growthpoint Properties Australia Trust and Growthpoint Properties Australia Limited ("GPAL") respectively;
- Change of the Fund structure with Unitholders acquiring shares in the Responsible Entity, GPAL, and the units of the Fund being "stapled" to shares in GPAL. The new stapled entity will be known as Growthpoint Properties Australia;
- The Board composition of the stapled group has changed;
- The securities (units and shares) of the stapled group have been consolidated at the ratio of one stapled security for every 10 stapled securities held;
- A revised debt facility with the Fund's lenders, National Australia Bank and Westpac Banking Corporation with improved pricing and terms;
- Change in the investment mandate of the Fund to include commercial, retail and industrial property; and
- A $144.4 million Rights Issue, underwritten by GPL, expected to be completed by late September 2009.

Following the placement on 5 August 2009, GPL owns 50.1% of the Fund and will own between 60.0 and 78.3% of the Fund, post the Rights Issue depending on the take-up of the Rights Issue.

The majority of the proceeds of the capital raisings is being used to reduce debt, with gearing forecast to fall to approximately 50% following the completion of the Rights Issue.

NOTE 22: EARNINGS PER UNIT

2009	Consolidated	Parent Entity
	2009	**2009**
Weighted average number of units on issue for the year (being the weighted average number of units outstanding during the year)	345,871,131	345,871,131
Basic & diluted (loss) / earnings per unit - cents	(60.7)	(59.3)

2008	Consolidated	Parent Entity
	2008	**2008**
Weighted average number of units on issue for the period (being the weighted average number of units outstanding during the period)	345,000,000	345,000,000
Basic & diluted earnings per unit - cents	10.3	10.3

NOTE 23: CONTINGENT LIABILITIES

The Group has no contingent liabilities as at the date of this report.

NOTE 24: COMMITMENTS

A. CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Investment property				
Payable:				
Within one year	-	31,757	-	31,757
	-	31,757	-	31,757

Equity raising costs

The Group and parent are expected to incur further capital raising costs of $7,810,000 payable within the next year. These capital raising costs relate to the equity placement which occurred in August 2009 and the Rights Issue expected to be completed in September 2009.

Capital expenditure obligations associated with leases to Woolworths

This section discusses the capital expenditure obligations that apply to six properties in the Group and two additional properties owned by non-associated entities all of which are leased to Woolworths Limited ("Woolworths").

During the first five years from the date of lease commencement of each of the properties, Woolworths can call for up to $80 million to be spent on capital expenditure that expands or upgrades the six properties owned by the Group and two properties owned by non-associated entities.

The lease commencement date for four of the properties (namely Mulgrave, Broadmeadows, Wodonga and Gepps Cross) was 30 July 2006. The lease commencement dates for Larapinta and Perth Airport properties were 28 February 2007 and 4 October 2007 respectively.

Woolworths must provide six months notice of the works and at least six months notice prior to the end of the five year period. The works can extend for up to nine months post the five year capital expenditure period. The cost of the works is paid for at completion of the project (unless agreed otherwise) and the rent is increased according to the percentage yield in the lease at the date the lease commenced. Dependent upon the quantum of capital expenditure at an individual property, the lease term may be extended for a period up to 15 year, with a maximum lease term remaining of 15 years.

As at 30 June 2009, $36.4 million of capital expenditure has been incurred on the eight properties subject to the arrangements with Woolworths of which $36.2 million has been incurred at properties owned by the Group. As a result, up to $43.6 million of the original $80 million capital expenditure is available to Woolworths to utilise.

The Group has no other significant capital, lease or remuneration commitments in existence at reporting date, which have not been recognised as liabilities in these financial statements.

03

Directors' Declaration

for the year ended 30 June 2009

In the opinion of the Directors of Growthpoint Properties Australia Limited, Responsible Entity for Growthpoint Properties Australia Trust (the Fund):

a. the financial statements and notes of the Fund and its controlled entities are in accordance with the Corporations Act 2001, including:
   i. complying with Accounting Standards, the Corporations Regulations 2001; and
   ii. giving a true and fair view of the Fund and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
b. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.

D Hinde
Director

Growthpoint Properties Australia Limited

Melbourne, 24 August 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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Independent auditor's report to the members of Growthpoint Properties Australia Trust (formerly Orchard Industrial Property Fund)

Report on the financial report

We have audited the accompanying financial report of Growthpoint Properties Australia Trust (the trust), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Growthpoint Properties Australia Trust and the Growthpoint Properties Australia Trust Group (the consolidated entity). The consolidated entity comprises the trust and the entities it controlled at the year end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of Growthpoint Properties Australia Trust (formerly Orchard Industrial Property Fund) (continued)

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Growthpoint Properties Australia Trust is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the trust's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
24 August 2009

75 Annandale Road, Tullamarine, VIC

04
Shareholder Information

About Growthpoint Properties | ASX Additional Information
Company Directory | 2009/2010 Securityholder Calendar

04
About Growthpoint Properties

Growthpoint Properties Limited of South Africa is the majority Shareholder in Growthpoint Properties Australia.

Growthpoint is an internally managed property investment group, incorporated and registered as a public company and listed on the Johannesburg Securities Exchange Limited (JSE). Growthpoint has recently been included in the JSE Top 40 index, the FTSE EPRA/NAREIT Emerging Index and the MSCI Emerging Market Index.

Since 2001, Growthpoint has built a sizeable and high quality portfolio through the acquisition of direct property portfolios as well as merger and acquisition activity within the South African listed property sector. Growthpoint has also benefited from its strategic relationships with South Africa's leading property developers and brokers.

Growthpoint is currently the largest listed property group on the JSE and has property assets valued at A$4.5 billion and a market capitalisation of approximately A$2.8 billion. This represents significant growth since 2001, when Growthpoint's total assets and market capitalisation were less than A$20 million. Growthpoint's securities are widely held by some of South Africa's leading institutional investors who collectively hold in excess of 75% of Growthpoint's issued securities. Growthpoint has four substantial Securityholders each holding in excess of 5% of total securities on issue, including the Public Investment Corporation which holds 29% of total Growthpoint securities on issue.

Growthpoint has consistently delivered growing income and capital growth to its Securityholders.

Further information regarding Growthpoint is available at www.growthpoint.co.za.

ASX additional information

SECURITYHOLDERS

The number of stapled securities held by the Fund's substantial Securityholders as disclosed in substantial holding notices received as at 14 August 2009.

Name	Stapled Securities
Citicorp Nominees Pty Ltd (Growthpoint Properties Limited)	347,563,813*
Sandhurst Trustees Ltd (Orchard Diversified Property Fund)	143,743,453*

* Prior to consolidation of stapled securites on a 1 for 10 basis.

20 LARGEST SECURITYHOLDERS (AS AT 14 AUGUST 2009)

Name	Number of stapled securities held[1]	Percentage of total stapled securities (%)
Citicorp Nominees Pty Ltd	35,045,488	50.52%
Sandhurst Trustees Limited <Orchard Dpf A/C>	14,000,000	20.18%
Sandhurst Trustees Ltd <Orchard Dpf A/C>	374,346	0.54%
Abancourt Holdings Pty Ltd	270,000	0.39%
ANZ Nominees Limited <Cash Income A/C>	181,693	0.26%
Gillman Pty Limited	165,700	0.24%
Drakebury Pty Ltd <D & E Lowenstern Family A/C>	158,000	0.23%
Sprark Pty Ltd <Sprark Dir Super Fund A/C>	130,000	0.19%
Brides Pty Ltd <Dgl Superannuation Fund A/C>	120,000	0.17%
G J Alt Pty Limited	120,000	0.17%
Rhino Trade Pty Ltd	111,000	0.16%
Gaba Pty Ltd <Super Fund A/C>	110,000	0.16%
Meenha Pty Ltd <The Scully Family A/C>	106,132	0.15%
Atkone Pty Ltd	105,000	0.15%
Ferngem Pty Ltd	100,000	0.14%
Mr Peter Howells	100,000	0.14%
Thunderbirds Are Go Pty Limited <Brains Investment A/C>	100,000	0.14%
Bond Street Custodians Limited <Dmine - Gs1028 A/C>	97,545	0.14%
Contemplator Pty Ltd <Arg Pension Fund A/C>	92,500	0.13%
National Nominees Limited	85,515	0.12%
Total	**51,572,919**	**74.34%**

1. Post-consolidation of stapled securities on a 1 for 10 basis

ON-MARKET BUY BACK

There is no current on-market buy back.

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ASX additional information

DISTRIBUTION OF SECURITYHOLDERS (AS AT 14 AUGUST 2009)

Range	Total holders	Stapled Securities	Percentage of Total Stapled Securities
1 – 1,000	802	534,574	0.8%
1,001 – 5,000	1,881	5,144,501	7.4%
5,001 – 10,000	443	3,459,638	5.0%
10,001 – 100,000	362	9,238,188	13.3%
100,001 and over	14	50,997,359	73.5%
Total	**3,502**	**69,374,260**	**100.00%**

As at 14 August 2009 there were 69,374,260 fully paid stapled securities held by 3,502 individual Securityholders. The stapled securities are listed on the ASX and each stapled security is comprised of one share in Growthpoint Properties Australia Limited and one unit in Growthpoint Properties Australia Trust.

There were 173 Securityholders holding less than a marketable parcel, as at the above date.

On a show of hands every stapled Securityholder present at a meeting or by proxy shall have one vote and upon a poll each stapled security will have one vote.

04

Company Directory

RESPONSIBLE ENTITY

GROWTHPOINT PROPERTIES AUSTRALIA

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AUDITOR

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2009/2010 SECURITYHOLDER CALENDAR

Securityholder Calendar [1]	
Distribution paid for the half year ended 30 June 2009	31 August 2009
Annual Tax Statement for year ended 30 June 2009 mailed	31 August 2009
Annual General Meeting	November 2009
Results for the half year ended 31 December 2009 announced to ASX	26 February 2010
Distribution paid for the half year ended 31 December 2009	26 February 2010
Half year report published	March 2010
Results for the year ended 30 June 2010 announced to ASX	31 August 2010
Distribution paid for the half year ended 30 June 2010	31 August 2010
Annual Tax Statement for year ended 30 June 2010 mailed	31 August 2010
Annual Report published	September 2010

1. Dates subject to change by the Responsible Entity

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