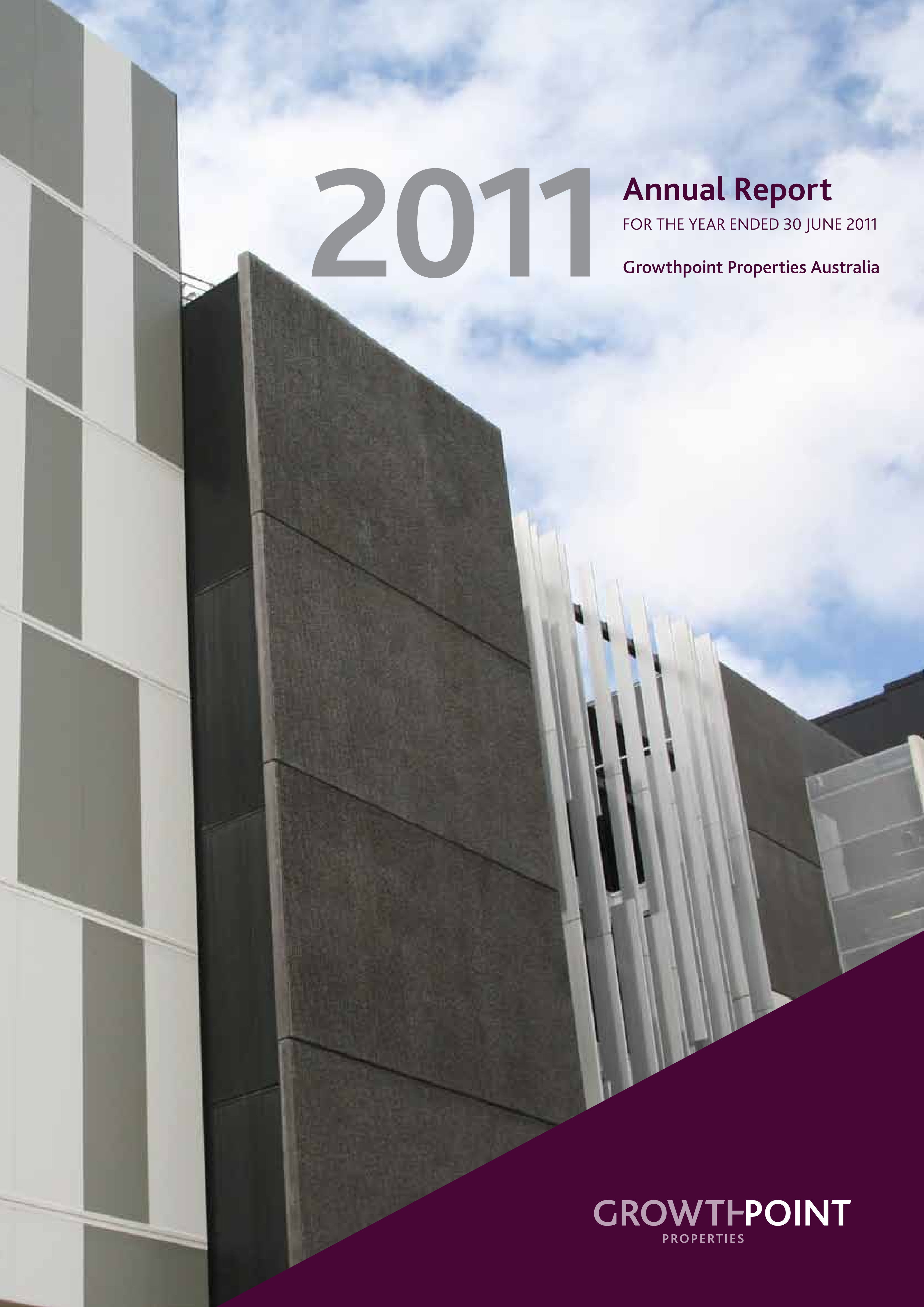


2011 Annual Report

FOR THE YEAR ENDED 30 JUNE 2011

Growthpoint Properties Australia

GROWTHPOINT PROPERTIES

Contents


52 MERIVALE STREET, SOUTH BRISBANE, QLD

Chairman's Report

The 2010/2011 financial year has been another outstanding year of achievement in terms of growth and returns for our security holders.

We have again achieved our distribution guidance of 17.1 cents per security (2009/2010: 14.0 cents). We have maintained 100% occupancy of our properties.

In addition to completing the acquisition of seven properties for $171.5 million announced with our 2010 annual results, during the financial year Growthpoint Properties Australia:

1. Completed a scrip for scrip takeover of the Rabinov Property Trust which added six well leased properties, valued at $184 million, to the property portfolio.
2. Purchased a new A-grade office building in Adelaide leased to Coffey International and the South Australian Government with a weighted average lease expiry ("WALE") at completion of 12.8 years for $46.5 million providing a 9% yield.
3. Entered contracts to acquire a to be constructed A–grade Brisbane office building pre-committed to quality tenants including Energex and Powerlink with a WALE of 13.7 years from completion. This acquisition has been independently valued on completion at $82.5 million (a 7.75% yield) which is above the project acquisition cost of $77.9 million (an 8.25% yield).

Our recent rights offer raised $102.6 million at $1.90 per stapled security with the proceeds being used to reduce gearing and fund the acquisitions referred to above. The rights offer was well supported and will provide a 9.2% yield based on the pro-rated 17.5 cents per stapled security distribution guidance provided by your directors.

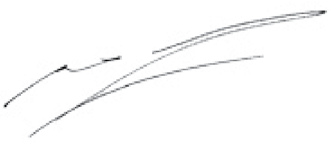
The property portfolio is now valued at $1.24 billion (including Energex Nundah) and comprises 37 prime investment grade properties with a WALE of approximately 9 years.

The business plan we use was created by Dick Dusseldorp for the first Australian Real Estate Investment Trust in 1971. The concept was copied both in Australia and globally. It is a simple plan: own prime investment grade real estate leased to substantial companies and government and distribute all the earnings to security holders. The plan was embraced by investors who liked the safety of Australian real estate and the relatively high distributable income, coupled with capital growth over time.

Our small team of property professionals led by Managing Director, Tim Collyer, have done an outstanding job in a year that has had its challenges. The Group's structure, where no external fund management fees are payable, enables it to control operating costs to a competitive level relative to income generated and gross assets of the Group. In order to adequately reward our property professionals, we are introducing an employee share plan that ensures employee interests are aligned with those of security holders as well as contributing to employee retention.

These results could not have been achieved without the support, experience and guidance of a competent, hard-working board.

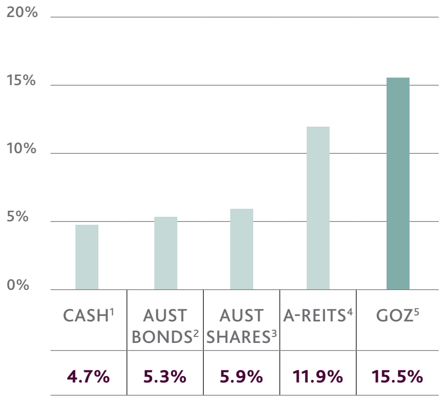
We have a clear simple business plan, conceived by Dick Dusseldorp and perfected by Growthpoint, a proven time tested strategy and an enthusiastic team to execute both. We look forward to the next year with optimism and confidence.



Lyn Shaddock
Independent Chairman

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

GOZ COMPARATIVE TOTAL RETURN



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

Lyn Shaddock / **Independent Chairman**

Managing Director's Report

The 2010/2011 financial year ("FY 2011") has been a successful one for Growthpoint Properties Australia with the maintenance of a strong financial and ASX performance, including an increased distribution to security holders and considerable growth in the property portfolio through direct property acquisitions and a property trust takeover.

The property portfolio now approximates $1.24 billion in value (including Energex Nundah) and enjoys a weighted average lease expiry ("WALE") of 9 years and 100% occupancy. The Group's strategy, of investing in a diversified portfolio of quality, well leased properties for rental income, has received support from the Group's major security holder, Growthpoint Properties Limited of South Africa, and existing security holders including institutional investors in Australia and South Africa during two successful equity raisings in the last 12 months totalling in excess of $200 million.

Growthpoint Properties Australia strives for consistency and certainty of returns to its security holders. Despite ongoing financial uncertainty, I am pleased to report that the Group has achieved:

1. distributions to security holders in accordance with the Group's guidance;
2. substantial growth in the Group's investment assets through acquisitions whilst increasing distributions to security holders and without materially diluting the Group's net tangible assets; and
3. diversification and improvement of the Group's property portfolio and tenancy base.

Highlights for FY 2011

The key achievements for FY 2011 are detailed in the Directors' Report on pages 13-14 of this Annual Report, however, I would like to draw your attention to the highlights listed below.

- Addition of 15 properties to the Group's portfolio through:
  - A merger with the Rabinov Property Trust which, at the time of merger, held six quality properties in Victoria, Tasmania and South Australia with a book value of $184 million.
  - Direct property acquisitions totalling $218 million (before transaction costs) including a newly constructed office building in Adelaide, two newly constructed office buildings and a car park in South Brisbane and four modern industrial properties in South East Queensland.
  - Execution of contracts to acquire and fund the development of a "new generation" 12,910 square metre office building, pre-committed to quality tenants including Energex and Powerlink for $77.9 million (before transaction costs) ("Energex Nundah"). The independent valuation for the property on completion is $82.5 million.
- $101 million rights issue which completed in September 2010 to support the direct property acquisitions above.
- A further rights offer closed after balance date on 19 July 2011 and raised $102.6 million with the proceeds being used to reduce debt resulting from the merger with the Rabinov Property Trust and to fund the proposed acquisition of Energex Nundah.
- Expansion of the Group's existing banking facility with National Australia Bank ("NAB") and Westpac Banking Corporation ("Westpac") to include Australia and New Zealand Banking Group ("ANZ"), extension of the term of the facility to 31 December 2013, increase in the facility limit to $660 million and a reduction in the interest costs to the Group.
- Extension of leases at 31 Garden Street, Kilsyth, Victoria, with the existing tenant, Cummins Filtration International Corp, to February 2019 and 130 Sharps Road, Tullamarine, Victoria, with the existing tenant, The Laminex Group, to June 2022.

These achievements build on those of the previous financial year and bolster the Group's platform for future growth.

Growthpoint Properties Australia's distributions are based on quality, sustainable income derived exclusively from rentals.

Timothy Collyer / **Managing Director**

Property Portfolio

Following the takeover and acquisitions referred to above (including Energex Nundah), the Group's property portfolio comprises 37 quality properties spread across all Australian States with a WALE of approximately 9 years (as at 30 June 2011). Importantly, the portfolio enjoys 100% occupancy, no significant rental arrears and approximately 82% of its leases (by rental) do not expire until FY 2018 or beyond.

Key tenants of the Group include Woolworths (37% of rent), GE Capital Finance (9%), Coles Group (6%), Sinclair Knight Merz (5%), Energex (5%), Star Track Express (3%) and Hydro Tasmania (3%).

Strategy and outlook

We have a "back-to-basics" and robust strategy of being a landlord of quality investment property. This strategy has four pillars:

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

The Group continues to seek investment opportunities to expand its asset base as well as to diversify the property portfolio by sector, geography and tenant via direct property acquisitions, property portfolio purchases and merger and acquisition opportunities where these transactions are considered to be of value to all security holders. Office property markets, where vacancy rates have improved nationally due to strengthening tenant demand over the last 12 months, together with well located and leased industrial property will be the main investment focus of the Group. Retail property will be considered should appropriate opportunities arise.

The Group remains cautious to the downturn in financial markets in Europe and the US, caused by concerns over sovereign debt levels, as well as a slowing Australian economy. Counterbalancing this caution is the knowledge that the Group's property portfolio is well let, with quality tenants, enjoying 100% occupancy, a WALE of 9 years and an income that grows each year under fixed lease rental reviews.

On behalf of the board and management of the Group, I thank you for your continued support of Growthpoint Properties Australia.

T. J. Collyer.

Timothy Collyer
Managing Director

Statutory profit of **$43.4 million** (including fair value movements in investment properties and financial derivatives)

Distributable profit of **$36.4 million** compared with $22.4 million for the year ended 30 June 2010 ("FY 2010"), **an increase of approximately 62%**.

A total return for the Group of 15.5% for FY 2011 (distributions plus security price appreciation), outperforming the S&P/ASX Property 300 Accumulation Index which returned 5.3% (source IRESS).

A final distribution of 8.7 cents per stapled security for the second half of FY 2011, taking the **full year distribution to 17.1 cents per stapled security** compared to 14.0 cents in FY 2010, a 22.1% increase.

Investment Portfolio Overview[1]

PORTFOLIO BOOK VALUE

$1.24 billion

PORTFOLIO BUILDING AREA

844,037m²

PORTFOLIO LAND AREA

2,234,337m²

WEIGHTED AVERAGE LEASE EXPIRY (WALE)

9.0 years

AVERAGE PROPERTY AGE

5 years

OCCUPANCY

100%

PROPERTIES

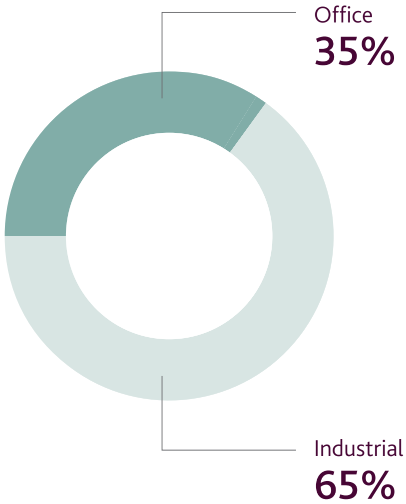
37

TOP TEN TENANTS

TENANT	% OF PASSING RENT
Woolworths Limited	37%
GE Capital Finance Australasia	9%
Coles Group Limited	6%
Sinclair Knight Merz	5%
Energex Limited	5%
Star Track Express	3%
Hydro Tasmania Consulting	2%
Coffey International	2%
Macmahon Corporation	2%
Westpac Banking Corporation	2%
TOTAL	73%

SECTOR DIVERSITY

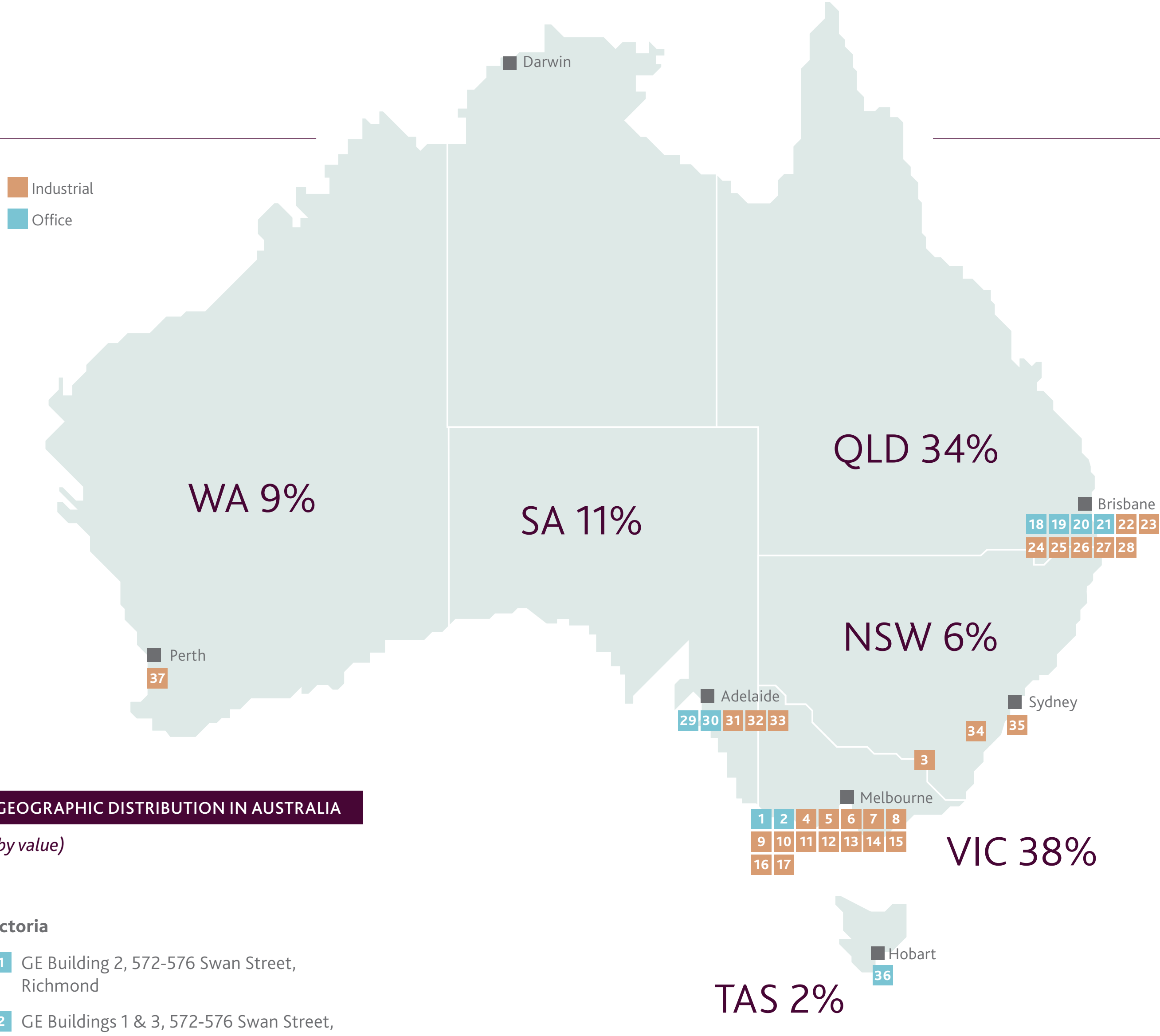
by market value



PORTFOLIO RENT EXPIRING PER FINANCIAL YEAR

2012	2013	2014	2015	2016	2017	2018+
1%	0%	5%	2%	5%	5%	82%

1. These figures include the Group's recently announced acquisition and fund through development at 1231-1241 Sandgate Road, Nundah, Queensland at the independent valuation of the completed development.



GEOGRAPHIC DISTRIBUTION IN AUSTRALIA

(by value)

Victoria

1 GE Building 2, 572-576 Swan Street, Richmond

2 GE Buildings 1 & 3, 572-576 Swan Street, Richmond

3 28 Bilston Drive, Wodonga

4 120 Northcorp Boulevard, Broadmeadows

5 522-550 Wellington Road, Mulgrave

6 38-40 Annandale Road, Tullamarine

7 130 Sharps Road, Tullamarine

8 120 Link Road, Tullamarine

9 42-44 Garden Street, Kilsyth

10 Lots 2-4, 44-54 Raglan Street, Preston

11 60 Annandale Road, Tullamarine

12 365 Fitzgerald Road, Derrimut

13 45-55 South Centre Road, Tullamarine

14 306-318 Abbotts Road, Lyndhurst

15 31 Garden Street, Kilsyth

16 75 Annandale Road, Tullamarine

17 1304 Ferntree Gully Road, Scoresby

Queensland

18 52 Merivale Street, South Brisbane

19 32 Cordelia Street, South Brisbane

20 52 Merivale Street & 32 Cordelia Street, South Brisbane

21 1231-1241 Sandgate Road, Nundah

22 70 Distribution Street, Larapinta

23 13 Business Street, Yatala

24 5 Viola Place, Brisbane Airport

25 29 Business Street, Yatala

26 670 Macarthur Avenue, Pinkenba

27 10 Gassman Drive, Yatala

28 3 Viola Place, Brisbane Airport

South Australia

29 33-39 Richmond Road, Keswick

30 7 Laffer Drive, Bedford Park

31 599 Main North Road, Gepps Cross

32 12-16 Butler Boulevard, Adelaide Airport

33 10 Butler Boulevard, Adelaide Airport

New South Wales

34 134 Lillkar Road, Goulburn

35 81 Derby Street, Silverwater

Tasmania

36 66 Kennedy Drive, Cambridge

Western Australia

37 2 Horrie Miller Drive, Perth Airport

Property Portfolio Summary

Office Portfolio (as at 30 June 2011)

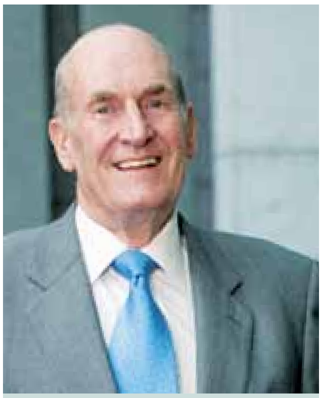
PROPERTY ADDRESS	MAJOR TENANTS	BOOK VALUE ($M)	SITE AREA (M^2)	LETTABLE AREA (M^2)
VICTORIA				
GE Building 2, 572-576 Swan Street, Richmond	GE Capital Finance Australasia Pty Ltd	72.0	7,201	14,660
GE Building 1&3 572-576 Swan Street, Richmond	GE Capital Finance Australasia Pty Ltd	47.5	16,819[1]	10,250
QUEENSLAND				
52 Merivale Street, South Brisbane	Macmahon Contractors	63.1	2,331	9,453
32 Cordelia Street, South Brisbane	Sinclair Knight Merz	62.0	2,667	10,125
32 Cordelia Street & 52 Merivale Street, South Brisbane	Secure Parking	9.9	9,319	215 car parks
Energex Building, 1231-1241 Sandgate Road, Nundah[2]	Energex Limited, Powerlink Limited, Go Health	82.5	4,451	12,910
SOUTH AUSTRALIA				
33-39 Richmond Road, Keswick	Coffey International, Government of South Australia	50.5	4,169	11,835
7 Laffer Drive, Bedford Park	Westpac Banking Corporation Limited	18.8	33,090	6,639
TASMANIA				
66 Kennedy Drive, Cambridge	Hydro Tasmania	25.5	28,080	6,876
TOTAL		**431.8**	**108,127**	**82,748**

1. Includes vacant site of 530m² 2. All figures as at practical completion

Industrial Portfolio (as at 30 June 2011)

PROPERTY ADDRESS	MAJOR TENANTS	BOOK VALUE ($M)	SITE AREA (M^2)	LETTABLE AREA (M^2)
VICTORIA				
28 Bilston Drive, Wodonga	Woolworths Limited	69.5	250,000	57,440
120 Northcorp Boulevard, Broadmeadows	Woolworths Limited	61.0	250,000	58,320
522-550 Wellington Road, Mulgrave	Woolworths Limited	50.0	191,200	68,144
38-40 Annandale Road, Tullamarine	Star Track Express	35.7	75,325	44,424
130 Sharps Road, Tullamarine	The Laminex Group	21.0	47,446	28,100
120 Link Road, Tullamarine	The Reject Shop	17.5	51,434	26,517
42-44 Garden Street, Kilsyth	ARB Corporation	17.3	55,990	25,887
Lots 2-4, 44-54 Raglan Street, Preston	Paper Australia	15.3	42,280	26,980
60 Annandale Road, Tullamarine	Willow Ware Australia	13.5	34,726	16,276
365 Fitzgerald Road, Derrimut	Bridgestone Australia Limited	12.2	29,860	14,021
45-55 South Centre Road, Tullamarine	Willow Ware Australia	8.2	24,799	14,082
306-318 Abbotts Road, Lyndhurst	Trimas Corporation Pty Ltd	8.0	25,830	10,710
31 Garden Street, Kilsyth	Cummins Filtration	6.9	17,610	8,828
75 Annandale Road, Tullamarine	Caterpillar Logistics	6.7	16,930	10,280
1304 Ferntree Gully Road, Scoresby	VIP Plastics	5.2	12,154	7,621
QUEENSLAND				
70 Distribution Street, Larapinta	Woolworths Limited	151.0	250,900	75,425
13 Business Street, Yatala	Reward Supply Company	15.2	18,630	8,951
5 Viola Place, Brisbane Airport	Repco Limited	11.3	35,166	14,726
29 Business Street, Yatala	CMC Coil Steels	10.9	16,460	8,680
670 Macarthur Street, Pinkenba	Reliance Worldwide Pty Ltd & The Coventry Group Limited	8.4	10,360	5,577
10 Gassman Street, Yatala	Norman Ellison Carpets	4.7	6,480	3,188
3 Viola Place, Brisbane Airport	GE Capital Finance	1.8	12,483	3,429
SOUTH AUSTRALIA				
599 Main North Road, Gepps Cross	Woolworths Limited	55.0	233,500	67,238
12-16 Butler Boulevard, Adelaide Airport	Cheap as Chips	10.7	30,621	16,800
10 Butler Boulevard, Adelaide Airport	Toll Transport	7.5	16,100	8,461
NEW SOUTH WALES				
134 Lillkar Road, Goulburn	Coles Group Limited	67.5	162,500	42,826
81 Derby Street, Silverwater	Blue Star Print Group	13.1	13,490	7,984
WESTERN AUSTRALIA				
2 Horrie Miller Drive, Perth Airport	Woolworths Limited	108.0	193,936	80,374
TOTAL		**813.1**	**2,126,210**	**761,289**

The Board of Directors



Lyn Shaddock
FAPI

Independent Chairman and Director

Committees: Compliance (Chairman); Nomination, Remuneration & HR

Appointed as a Director on 5 August 2009

Lyn has over 50 years' experience in the property industry and has been involved with developments in Sydney, Melbourne, Brisbane, San Francisco and Kuala Lumpur, including many from inception to completion. His experience spans a range of business conditions and economic cycles.

Among other memberships, Lyn was a member of Sydney's Central Planning Committee (responsible for planning Sydney and administering major development approvals) from 1989 to 1993, the New South Wales Heritage Council from 1987 to 1991 and the New South Wales Executive of the Property Council from 1971 to 1991. In addition to being awarded honorary life membership of the Property Council of Australia (both nationally and in New South Wales), Lyn served as the President of New South Wales Division from 1980 to 1983 and Honorary Director and Chairman of the National Finance Committee from 1988 to 1996.

Lyn has served on numerous boards and committees and, in addition to his roles with the Group, he is Independent Chairman of Calibre Capital and is an adviser to Dexus Limited in relation to its development at 1 Bligh Street, Sydney. Lyn has been the Chairman of the responsible entity of the Trust (including Growthpoint Properties Australia Limited and Growthpoint Properties Australia Limited's predecessor) since the listing of the Trust in July 2007.

Timothy Collyer
B.BUS (PROP), GRAD DIP FIN & INV, AAPI, F FIN, MAICD

Managing Director

Appointed as a Director on 12 July 2010

Tim is a highly experienced executive with over 23 years' experience in ASX listed and unlisted property funds management, property investment and development, property valuation and property advisory. During his career Tim has been involved with numerous corporate transactions including mergers, acquisitions, takeovers, recapitalisations and property portfolio purchase and disposals.

Tim has worked across the office, industrial and retail property sectors in all States and Territories in Australia. He previously served as the Property Trust Manager at Australand Property Group for a period of six years where he was responsible for the management of its listed and unlisted property trusts. Tim has also held management positions at Heine Funds Management, where he was responsible for the management of an ASX listed A-REIT office fund, and at a major accounting firm within its real estate advisory group.

Tim holds a Bachelor of Business (Property) and a Graduate Diploma in Applied Finance and Investment. He is also an Associate of the Australian Property Institute, a Fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors. He serves on the Panel of Examiners for the qualification of property valuers at the Australian Property Institute.

Estienne de Klerk
BCOM (INDUSTRIAL PSYCH), BCOM (HONS) (MARKETING), BCOM (HONS) (ACC), CA (SA)

Director

(not deemed independent as Executive Director of Growthpoint Properties Limited)

Committees: Audit & Risk

Appointed as a Director on 5 August 2009

Estienne is an Executive Director of Growthpoint Properties Limited. He has over 16 years' experience in banking and property finance and has been involved with listed property for over nine years.

Grant Jackson
ASSOC. DIP. VALUATIONS, FAPI

Independent Director

Committees: Audit & Risk, Compliance

Appointed as a Director on 5 August 2009

Grant has over 24 years' experience in the property industry, including over 20 years as a qualified valuer. Grant has expertise in a wide range of valuation and property advisory matters on a national basis 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

BCOM, LLB, H DIP (COMPANY LAW)

Independent Director

Committees: Compliance; Nomination, Remuneration & HR

Appointed as a Director on 5 August 2009

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

BCOM (HONS) (ACC), CA (SA)

Director

(not deemed independent as CEO of Growthpoint Properties Limited)

Committees: Nomination, Remuneration & HR (Chairman)

Appointed as a Director on 5 August 2009

Norbert is the Chief Executive Officer and a Director of Growthpoint Properties Limited. He has over 20 years' experience in corporate finance dealing with listings, delistings, mergers, acquisitions and capital raisings, and over 10 years' experience in the listed property market.

David Spruell

B.COM. (HONS), FAICD, F FIN

Independent Director

Committees: Audit & Risk (Chairman)

Appointed as a Director on 5 August 2009

David has 40 years' experience in investment management and financial services in the United Kingdom and Australia, including senior roles at Prudential and Allianz Australia. David is chairperson of the Workers Compensation Insurance Fund Investment Board in New South Wales.

Directors' Report

For the year ended 30 June 2011

The Directors of Growthpoint Properties Australia Limited ACN 124 093 901 ("the Company"), being the Responsible Entity of Growthpoint Properties Australia Trust ARSN 120 121 002 ("the Trust"), present their report for Growthpoint Properties Australia ("the Group") consisting of the Company and its controlled entities and the Trust and its controlled entities, for the year ended 30 June 2011.

The shares of the Company and the units of the Trust are combined and issued as stapled securities. The shares of the Company and the units of the Trust cannot be traded separately and can only be traded as stapled securities.

Directors

The following persons were Directors of the Company during the whole of the year and up to the date of this report (unless otherwise stated):

- **Lyn Shaddock**
  Independent Chairman and Director
- **Timothy Collyer**
  Managing Director
- **Estienne de Klerk**
  *Director**
- **Grant Jackson**
  Independent Director
- **Francois Marais**
  Independent Director
- **Norbert Sasse**
  *Director**
- **David Spruell**
  Independent Director

* Not deemed independent as Executive Director of Growthpoint Properties Limited

NUMBER OF MEETINGS ATTENDED / ELIGIBLE TO ATTEND

	Board	Audit & Risk Committee	Compliance Committee	Nomination, Remuneration & HR Committee
L. Shaddock	8/8	-	4/4	3/4
D. Spruell	8/8	5/5	1/0	-
G. Jackson	8/8	5/5	4/4	-
F. Marais	8/8	-	4/4	4/4
N. Sasse	8/8	-	-	4/4
E. de Klerk	8/8	5/5	-	-
T. Collyer	8/8	5/5	4/4	3/3

Note: As Managing Director, Timothy Collyer has a standing invitation to all committee meetings, unless its members determine otherwise, but is not a member of any of the above committees.

Company Secretary

The following person acted as Company Secretary of the Company during the whole of the year and up to the date of this report (unless otherwise stated):

Aaron Hockly BA, LLB, GDLP, Grad Dip App Corp Gov, ACIS, MAICD
Appointed Company Secretary on 13 October 2009

Aaron is a practising lawyer and chartered company secretary and has over 12 years' experience in corporate governance, financial services, corporate and commercial law, property finance and M&A both in-house and in private legal practice. He is responsible for the company secretarial, legal and compliance functions of Growthpoint Properties Australia and is currently completing a Masters in Finance. Aaron has been a director and chairman of a number of not-for-profit organisations and is currently the chairman and director (respectively) of two Melbourne based arts companies.

Meetings of Directors

The table above sets out the number of meetings of Directors held during the year ended 30 June 2011 and the number of meetings attended by each Director of Growthpoint Properties Australia Limited ("GPAL"), the Responsible Entity of the Trust since 5 August 2009.

NUMBER OF MEETINGS HELD

Board	8
Audit & Risk Committee	5
Compliance Committee	4
Nomination, Remuneration & HR Committee	4

The Company established an Audit Committee (later renamed Audit & Risk Committee) upon its appointment as responsible entity of the Trust on 5 August 2009. The initial and current members of the Audit & Risk Committee are Messrs Spruell (Chair), de Klerk and Jackson.

The Company established a Compliance Committee upon its appointment as responsible entity of the Trust on 5 August 2009. The initial and current members of the Compliance Committee are Messrs Shaddock (Chair), Marais and Jackson.

On 11 February 2010, the Company established a Nomination, Remuneration & HR Committee. The initial and current members of the Nomination, Remuneration & HR Committee are Messrs Sasse (Chair), Shaddock and Marais.

In addition to the above, the Board from time to time established special purpose committees to undertake specific activities such as due diligence and the approval/ finalisation of documents. Messrs Jackson, Collyer, Sasse and de Klerk, as well as the Company Secretary and external advisers, were at times members of these committees with meetings being attended by the foregoing as well as other directors.

Principal Activity

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

Consolidated Result

The consolidated net profit after tax for the year attributable to the members of the Group was $43,373,000 (2010: $46,694,000).

Review of Operations

During the year, the Group continued its strategy of investment in a portfolio of quality income producing real estate assets located within Australia. At the close of 30 June 2011, the Trust held interests in a portfolio of 36 investment properties.

The result for the year was a net profit after tax of $43,373,000. The major factors contributing to the profit were:

- Property fair value losses (including adjustment for straight-line rental receivable) of $3,965,000 (2010: gain of $16,744,000).
- An unrealised gain of $2,841,000 (2010: net loss of $1,523,000) due to the increase in the fair value of the Group's interest rate swaps.

Some of the other key financial points are as follows:

- Property revenue of $88,419,000 (2010: $66,909,000).
- Earnings per stapled security of 21.5 cents (2010: 34.5 cents).
- Distributions to security holders of $36,480,000 (2010: $22,347,000) and distributions per stapled security of 17.1 cents (2010: 14.0 cents).
- Property portfolio value of $1,157,703,000 (2010: $747,300,000).
- Net assets of $478,564,000 (2010: $324,003,000) and net tangible assets (NTA) per stapled security of $2.01 (2010: $2.03).

These accounts have been prepared on a going concern basis and, where fair values have been applied, assume that the relevant assets would be sold between willing parties in an orderly sale process. References to "net tangible assets" or "NTA" have been derived with this in mind and do not take into account, for example, the tax impact from capital gains or losses for the Group or any of its constituent entities nor the financial or tax circumstances of any security holder of the Group. As a result, "net tangible assets" or "NTA" does not necessarily reflect the amount expected to be distributed to security holders in a winding up. The board and management regularly consider the Group's assets both in terms of their value and their growth potential and intend for the Group to continue as a going concern.

Key achievements during the period were:

- Acquisition of seven modern, high quality Queensland properties comprising two office buildings, a car park and four industrial properties for a total price of $171.5 million (before transaction costs). Settlement of 670 Macarthur Avenue, Pinkenba, occurred in August 2010 and the settlement of the remaining properties occurred in September 2010.
- $101 million equity raising via a Rights Issue completed in September 2010 to support the above acquisitions. The balance of the acquisition funding of $81 million was sourced by drawing down on and increasing the existing debt facility with lenders National Australia Bank and Westpac Banking Corporation.
- Acquisition of a brand new office building in Adelaide, South Australia for a total price of $46.5 million (before transaction costs). The acquisition was funded by drawing down on the existing debt facility with existing lenders National Australia Bank and Westpac Banking Corporation.
- Completion of the takeover of ASX listed Rabinov Property Trust (RBV) in June 2011, comprising four office and two industrial properties with a combined value of $184 million (before transaction costs).

Property revenue of **$88,419,000** (2010: $66,909,000).

Distributions to security holders of **$36,480,000** (2010: $22,347,000)

Distributions per stapled security of **17.1 cents** (2010: 14.0 cents).

Property portfolio value of **$1,157,703,000** (2010: $747,300,000).

Net assets of **$478,564,000** (2010: $324,003,000)

Net tangible assets per stapled security of **$2.01** (2010: $2.03).

Directors' Report

The takeover offer consideration was the Group's stapled securities and 98.97% of Rabinov Property Trust unit holders accepted during the offer period, with the remaining 1.03% of units compulsorily acquired by the Group following the end of the year. Linked to the takeover was a $102.6 million underwritten renounceable rights offer which closed on 18 July 2011. The $102.6 million proceeds were used to reduce gearing and partially fund the acquisition of a site for the construction of the Energex, Nundah, Queensland project, a "new generation" 12,910m² office building which is fully pre-committed to quality tenants.

- Enlargement and extension of the syndicated banking facility, with the maturity extended to 31 December 2013 and the addition of Australia and New Zealand Banking Group Limited to the syndicate. The margin and line fee payable by the Group on its debt facility reduced from 2.2% per annum to 2.0% per annum on 15 August 2011 when the new facility terms were activated.
- Sale and settlement of three smaller properties during the second half of the year at 45 Northlink Place, Virginia, Queensland, Lot 1 44-54 Raglan Street, Preston Victoria and 6-10 Koornang Road, Scoresby Victoria for a total sale consideration of $17.8 million (before sales costs). Net proceeds from the sales were used to pay down debt. The Group's board determined that these properties did not meet its investment criteria due to their relatively small value compared to the remaining assets of the portfolio, their older improvements and their upcoming lease expiries. All three properties were sold to owner occupiers.
- The Group agreed a new seven year lease for its premises at 31 Garden Street, Kilsyth, Victoria with the existing tenant, Cummins Filtration International Corp (a subsidiary of NYSE listed Cummins Inc. which operates in 190 countries and holds a Fitch credit rating of A-). The tenancy, which was due to expire in February 2012, was extended to February 2019, providing a 7.6 year lease from 30 June 2011.

Distributions and dividends

For the year ended 30 June 2011:

- An interim distribution of 8.40 cents per stapled security ($15,811,000) was paid on 28 February 2011 (holders of "GOZNA" received a pro-rated distribution of 4.52 cents per stapled security).
- A final distribution of 8.70 cents per stapled security ($20,669,000) was approved and declared by the Directors in August 2011 and provided for in the financial statements at 30 June 2011. The distribution is payable on or about 31 August 2011.

DISTRIBUTIONS AND DIVIDENDS

	2011	2010
	$'000	$'000
Property income	88,419	66,909
Property expense	(9,217)	(7,608)
Net property income	**79,202**	**59,301**
Distributions receivable from RBV	2,166	-
Net interest	(40,602)	(33,971)
Fund expenses	(4,244)	(2,878)
Current tax expense	(115)	-
Distributable income	**36,407**	**22,452**

The distributions referred to above were paid or declared from the assets of the Trust with no dividends paid or declared on the Company's shares for the year. The distribution is 88% tax deferred with the remaining 12% being a concession capital gain (which is tax free).

The table at left summarises distributable income earned.

Refer to note 9 in the financial statements for a reconciliation of distributable income from statutory profit.

Subsequent events

On 8 July 2011, Growthpoint announced that it had adopted an employee incentive plan. For details of the plan see the Remuneration Report on pages 15 to 20.

On 21 June 2011, Growthpoint announced an underwritten 1 for 4.4 renounceable rights offer to raise approximately $102.6 million at an offer price of $1.90 per Growthpoint stapled security. The offer closed on 18 July 2011 and raised the full $102.6 million via the issue of $54.0 million Growthpoint stapled securities, bringing the total number on issue to 291,577,520. Normal trading on the Australian Securities Exchange in the new stapled securities commenced on 27 July 2011. The new stapled securities initially trade under the code "GOZNA" to reflect that they will be entitled to a pro-rata share of any distributions for the half-year ending 31 December 2011. Of the proceeds received, $100.0 million was used to repay debt on 27 July 2011.

On 5 August 2011, Growthpoint announced that it had completed the compulsory acquisition of units in the Rabinov Property Trust and held 100% of the units from that date.

On 10 August 2011, Growthpoint announced that it had agreed terms for a new 10-year lease for its premises at 130 Sharps Road, Tullamarine, Victoria with the existing tenant, The Laminex Group (a subsidiary of NZSE and ASX listed Fletcher Building). The tenancy, which comprises a modern, high quality office, showroom and warehouse of 28,100 square metres, was due to expire in

June 2012 and represents 2% of the Group's annual rental income. The lease has been extended to June 2022 with the commencing rent of approximately $2.5 million per annum, a 3.5% rent increase on the current rent.

On 15 August 2011, the new terms of the Group's revised and extended syndicated bank facility commenced (the "Syndicated Facility Agreement" was executed on 6 June 2011 and announced to the ASX on 7 June 2011). On commencement of the revised and extended syndicated bank facility, the margin and line fees payable by the Group reduced from 2.2% per annum to 2.0% per annum and the loan to value ratio (as defined in the Syndicated Facility Agreement) was 50.2% versus a default covenant of 65.0%.

Likely developments and expected results of operations

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

Director Holdings

The relevant interest of each director in the stapled securities of the Group, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as set out in the table below.

DIRECTOR HOLDINGS

Director	Stapled securities
L. Shaddock	375,000
T. Collyer	23,568
E. de Klerk	385,376
G. Jackson	57,672
N. Sasse	553,203
D. Spruell	206,207

These balances are following the Group's rights issue which closed on 18 July 2011.

There are no options over stapled securities of the Group.

Indemnification and Insurance of Directors, Officers and Auditor

During the year, 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 Group. 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.

Non-Audit services

There were no non-audit services provided to the Group by the current auditor, KPMG.

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 year.

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 page 21 of this report.

Rounding off

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Remuneration Report – audited

The Directors present the Remuneration Report for the Group. The report summarises key compensation policies for the year ended 30 June 2011 and provides detailed information on the compensation for Directors and other key management personnel. The prior period information in the report covers the period 5 August 2009 (the date of the creation of the stapled entity) to 30 June 2010. Prior to 5 August 2009, Directors and other key management personnel of the previous Responsible Entity were paid by the ultimate owner of that Responsible Entity, Orchard Funds Limited.

The Remuneration Report is set out under the following main headings:

1. Principles of compensation; and
2. Directors' and executive officers' remuneration.

The specific remuneration arrangements described in the report apply to the Managing Director and the key management personnel as defined in AASB 124 and to the Company Secretary as defined in section 300A of the Corporations Act.

1. PRINCIPLES OF COMPENSATION

INTRODUCTION

The Nomination, Remuneration & HR Committee advises the Board on compensation policies and practices generally, and makes specific recommendations on compensation packages and other terms of engagement for Non-Executive Directors, Executive Directors and other Senior Executives.

The Nomination, Remuneration & HR Committee operates under the delegated authority of the Board. The duties of the

Directors' Report

Committee in relation to remuneration are to:

(a) Recommend, for adoption by the Board, a remuneration package for the Chairman of the Board and the directors on a not less than annual basis.

(b) Recommend, for adoption by the Board, a remuneration package, including bonus incentives and related key performance indicators, for the most senior executive officer of the Group both on appointment and on a not less than annual basis.

(c) Review the most senior executive officer's recommendations for the remuneration packages, including bonus incentives and related key performance indicators, of other Group employees both on appointment and on a not less than annual basis.

(d) Review the most senior executive officer's recommendations for any bonus payments which are in excess of that delegated to the most senior executive officer under the Group's "Delegations of Authority Policy". The Committee cannot approve payments which exceed the bonus pool approved by the Board without Board approval.

(e) Make recommendations to the Board in relation to the introduction of, and amendments to, any employee share plan established by the Group.

In carrying out the Committee's remuneration functions, the Committee shall have regard to the following objectives:

(a) Provide competitive rewards to attract, motivate and retain highly skilled directors and management.

(b) Apply demanding and measurable key performance indicators including financial and non-financial measures of performance.

(c) Link rewards to the creation of value for security holders.

(d) Limit severance payments on termination to pre-established contractual arrangements that do not commit the Group to making unjustified payments in the event of non-performance.

The members of the Nomination, Remuneration & HR Committee during the year were:

- Norbert Sasse (Chairperson) – non-executive director
- Lyn Shaddock – Independent, non-executive director
- Francois Marais – Independent, non-executive director

The Managing Director, in turn, reviews the performance and remuneration of other employees and makes recommendations on these to the Committee. The Managing Director's recommendations recognise the differing responsibilities and skills of employees as well as different market influences that may affect their total compensation package.

FIXED COMPENSATION

Cash salaries are set at a level to attract and retain suitable qualified people to the Group. The salaries are benchmarked to market and reviewed annually by the Nomination, Remuneration & HR Committee, taking account of market conditions, external surveys and advice, skills availability and the Group and individual performance.

SHORT-TERM INCENTIVE BONUS

Performance targets and reward levels for short-term incentives are recommended by the Managing Director for all employees (other than himself) for approval by the Nomination, Remuneration & HR Committee. For the Managing Director, performance targets and reward levels for short-term incentives are recommended by the Nomination, Remuneration & HR Committee for approval by the Board. The payment of bonuses is approved by the Nomination, Remuneration & HR Committee and/or the Board following an assessment of the Group's financial performance for the previous 12 months as compared to budgeted results. Failure to achieve budget may result in no bonus payments being approved by the Nomination, Remuneration & HR Committee and/or the Board. Bonuses are paid in September of each year following the financial year in which they were earned.

LONG-TERM INCENTIVE BONUS ("LTI")

The Group has introduced an employee share plan for all employees. The plan is designed to link employees' remuneration with the strategic long-term goals and performance of the Group and with the maximisation of wealth for its security holders. The current measures for the LTI, which are reviewed regularly by the Nomination, Remuneration & HR Committee and/or the Board are:

1. Total security holder returns (TSR) – Weighting 35%

TSR is defined as being the amount of dividends/distributions paid/payable by the Group during the period and the change in the price at which securities in the Group are traded between the beginning and the end of the period.

The TSR is benchmarked relative to the S&P/ASX A-REIT 300 Accumulation Index over a rolling 3 year period, or a shorter period being the date the Group became a stapled entity to the end of the tranche vesting period (as applicable).

The vesting criteria for the TSR benchmark is based upon the below:

- At or below the 50th percentile - 0%.
- At the 51st percentile - 50%.
- Above the 51st percentile but below the 76th percentile - 50%, plus 2% for each percentile above the 51st percentile.
- At or above the 76th percentile 100%.

2. Return on equity (ROE) – Weighting 35%

ROE measures the total return on equity employed and takes into account both capital appreciation of the assets of Growthpoint and cash distributions of income. The return will be calculated on the starting NTA per security and includes the change in NTA per security over the vesting period plus the distribution made as a return on the starting NTA per security.

The ROE would be benchmarked relative to the ROE's of A-REIT's in the S&P/ASX A-REIT 300 Index over a rolling 3 year period, or a shorter period being the date the Group became a stapled entity to the end of the tranche vesting period (as applicable).

The vesting criteria for the ROE benchmark is based upon the below:

- Below the benchmark return - 0%.
- Achievement of benchmark - 50%.
- At 1 % or > and < 2% above the benchmark - 75% (pro-rata).
- At 2% or > above the benchmark - 100%.

3. Distributable Income – Weighting 30%

Achievement of the annual distributable income per security (DPS) that is budgeted for by the Group and signed off by the Board at the commencement of the financial year.

The vesting criteria for the Distributable Income benchmark is based upon the below:

- Below the benchmark return - 0%.
- Achievement of benchmark - 50%.
- Above benchmark and < 2% above the benchmark - 75% (pro-rata).
- At 2% or > above the benchmark - 100%.

It is intended that:

1. in advance of each financial year, the Board will establish an LTI pool in respect of the upcoming financial year and determine the Managing Director's maximum incentive from this pool which, under the terms of his employment contract, cannot be less than 80% of his base salary ("LTI Maximum");
2. in advance of each financial year, the Managing Director will make recommendations for the maximum share of the LTI pool for each other employee as a percentage of his or her base salary (each an "LTI Maximum") which such recommendations to be considered, approved and/or amended by the Nomination, Remuneration & HR Committee;
3. in advance of each financial year, the Nomination, Remuneration & HR Committee will set performance hurdles to be achieved for employees (as a group) to receive any or all of the LTI Maximum for the upcoming financial year;
4. at the end of the relevant financial year, the Nomination, Remuneration & HR Committee will assess the achievement of the performance hurdles to determine a percentage achieved ("LTI Achievement");
5. the LTI Maximum multiplied by the LTI Achievement provides the LTI for each employee for the relevant financial year;
6. subject to the employee remaining employed by the Group, on or about 30 September of each year the employee will receive 25% of his or her LTI referred to in 5 above through the issue of stapled securities in the Group for an equivalent amount at an issue price per security based on the volume weighted average price of the securities over the 20 trading days preceding their issue; and
7. the LTI is cumulative and, subject to some exceptions, immediately vest in the case of a takeover of the Group or a redundancy.

All employees other than the Managing Director will receive an initial grant of stapled securities on or about 30 September 2011 with subsequent grants being subject to approval from security holders. In accordance with ASX Listing Rule 10.14, the issue of any stapled securities to the Managing Director is subject to security holder approval at the Group's 2011 annual general meeting and, if approved, will be issued shortly after this meeting.

The LTI Maximum for Directors and key management personnel for the year to 30 June 2011 is given in the table on page 18. The LTI Achievement cannot be calculated until the release of the benchmark data for the year to 30 June 2011 so an estimate is provided. The estimated LTI Achievement is included as a provision in the year to 30 June 2011.

On 5 July 2011, the Group introduced a policy that those who are eligible to be granted securities as part of their remuneration are prohibited from entering a transaction if the transaction effectively operates to hedge or limit the economic risk of securities allocated under the incentive plan during the period those securities remain unvested or subject to restrictions under the terms of the plan.

CONSEQUENCES OF PERFORMANCE ON SECURITY HOLDER WEALTH

In considering the Group's performance and benefits for security holder wealth, the Nomination, Remuneration & HR Committee have regard to the following financial measures in respect of the current financial year (previous years are not considered as they are not comparable following the formation of the new Group via the stapling).

Dividends and distributions paid are considered one of the key financial performance targets in setting short-term incentives. The total distribution to be paid in respect of the year to 30 June 2011 will be 17.1 cents per stapled security, in line with the forecast given during the equity raising completed in September 2010. The overall level of key management personnel compensation takes into account the performance of the Group over a number of years. Long-term performance is measured from the first trading day after the stapling as outlined above.

CONSEQUENCES OF PERFORMANCE ON SECURITY HOLDER WEALTH

	2011	2010
Profit attributable to the owners of the Group	$43,373,000	$46,694,000
Dividends and distributions paid	$36,480,000	$22,347,000
Distribution per stapled security (i)	$0.170	$0.139
Change in stapled security price (i)	$0.105	$0.298
Adjusted total return to security holders (i)	15.51%	29.33%

(i) Figures are adjusted for the issue of new stapled securities during the period (source IRESS). Comparatives for change in stapled security price and adjusted total return are from 7 August 2009 (first trading day post stapling) to 30 June 2010.

Directors' Report

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

		Short-term			Post-employment			Share-based payments		
For the period to 30 June 2011	Note	Salary and fees	Cash bonus	Non-monetary benefits	Super-annuation benefits	Other long-term	Termination benefits	Options and rights	Total	S300A (1) (e) (i) proportion of remuneration performance-related
		$	$	$	$	$	$	$	$	%
DIRECTORS (CURRENT)										
Mr L Shaddock (Chairman)		78,748	-	-	-	-	-	-	78,748	0%
Mr D Spruell		48,165	-	-	4,335	-	-	-	52,500	0%
Mr G Jackson		48,165	-	-	4,335	-	-	-	52,500	0%
Mr F Marais		52,500	-	-	-	-	-	-	52,500	0%
Mr N Sasse	1	26,250	-	-	-	-	-	-	26,250	0%
Mr E de Klerk	1	26,250	-	-	-	-	-	-	26,250	0%
EXECUTIVES (CURRENT)										
Mr T Collyer (Managing Director)	2	434,800	400,000	6,608	15,200	-	-	-	856,608	47%
Mr A Hockly (Company Secretary & General Counsel)		144,495	65,000	1,748	13,553	-	-	-	224,796	29%
Mr D Andrews (Chief Financial Officer)		134,862	55,000	3,076	12,903	-	-	-	205,841	27%
Mr M Green (Portfolio Manager)		134,862	55,000	1,647	12,903	-	-	-	204,412	27%

2011 LTI MAXIMUM FOR DIRECTORS AND KEY MANAGEMENT PERSONNEL

	LTI Maximum of base remuneration	LTI Maximum	LTI Estimate
	%	$	$
Mr T Collyer	80	360,000	306,000
Mr A Hockly	50	78,750	66,938
Mr D Andrews	50	73,500	62,475
Mr M Green	50	73,500	62,475
		585,750	**497,888**

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

For the period to 30 June 2010	Note	Short-term Salary and fees	Short-term Cash bonus	Short-term Non-monetary benefits	Post-employment Super-annuation benefits	Other long-term	Termination benefits	Share-based payments Options and rights	Total	S300A (1) (e) (i) proportion of remuneration performance-related
		$	$	$	$	$	$	$	$	%
DIRECTORS (CURRENT)										
Mr L Shaddock (Chairman)		67,842	-	-	-	-	-	-	67,842	0%
Mr D Spruell		41,494	-	-	3,734	-	-	-	45,228	0%
Mr G Jackson		41,494	-	-	3,734	-	-	-	45,228	0%
Mr F Marais		45,228	-	-	-	-	-	-	45,228	0%
Mr N Sasse	1	-	-	-	-	-	-	-	-	0%
Mr E de Klerk	1	-	-	-	-	-	-	-	-	0%
Directors (former)										
Mr D Hinde	3	-	-	-	-	-	-	-	-	0%
Mr G McMahon	4	-	-	-	-	-	-	-	-	0%
Mr C Thiris	4	-	-	-	-	-	-	-	-	0%
EXECUTIVES (CURRENT)										
Mr T Collyer (Managing Director)	5	207,025	-	2,753	9,641	-	-	-	219,419	0%
Mr A Hockly (Company Secretary & General Counsel)	6	98,906	18,700	728	8,308	-	-	-	127,236	15%
Mr D Andrews (Financial Controller)	7	70,148	13,200	1,282	6,313	-	-	-	90,943	15%
Mr M Green (Portfolio Manager)	5	85,626	24,400	686	7,706	-	-	-	118,419	21%
EXECUTIVES (FORMER)										
Mr P Burns (Financial Controller)	8	26,712	-	-	2,467	-	-	-	29,179	0%

Notes to the remuneration table

1. This amount does not represent the amount payable by the Group for the services of these Directors but the amount payable directly to these Directors. These Directors are senior executives of Growthpoint Properties South Africa ("GRT"), the ultimate controlling entity of the Group and GRT requested that such persons put themselves up for election as Directors. The Group paid GRT Directors' fees for their service of $52,500 in total for the period 01 July 2010 to 31 December 2010 ($50,000 each per annum for the prior year, pro-rated for the period of service). During this time, the individuals themselves did not receive additional compensation for acting as Directors of the Group. From 1 January 2011, at GRT's request, the Company ceased paying Directors' fees to GRT and started to pay the individuals directly.

2. Mr Collyer's cash bonus for the year included a bonus on his appointment as Managing Director of $100,000 (he received no bonus for the prior year) and a year-end bonus of $300,000.

3. This director was appointed as the nominee of Orchard Diversified Property Fund ("ODPF"), a significant security holder until 31 May 2010 when it sold all of its securities in the Group. The Group paid ODPF Director's fees for his services of $50,000 per annum (pro-rated for the period of service). The individual did not receive additional compensation for acting as Director of the Group.

4. These Directors resigned on 5 August, the day of the restructure and therefore did not receive compensation from the Group.

5. Messrs Collyer and Green were paid by the Group from 1 November 2009. Prior to 1 November 2009 they were not key management personnel.

6. Mr Hockly was appointed on 13 October 2009.

7. Mr Andrews was appointed on 16 December 2009.

8. Mr Burns was paid by the Group from 1 November 2009 until his resignation on 15 January 2010. Prior to 1 November 2009, he was not a key management person.

With regards to the former Directors (Messrs Hinde, McMahon and Thiris), in the year to 30 June 2009 these key management personnel of the Company held office by virtue of their capacity as Directors of Orchard Funds Limited. Their remuneration was paid by Orchard Funds Limited and covered their duties for this entity and also for various other entities within the Orchard group. It is not possible to apportion their prior year remuneration across the various entities that they had responsibility.

Directors' Report

SERVICE CONTRACTS

It is the Group's policy that service contracts, excluding the Managing Director, are unlimited in term but capable of termination on one month's notice and that the Group retains the right to terminate the contract immediately, by making payment equal to one month's pay in lieu of notice. The Group has entered into service contracts with each key management person, excluding the Managing Director, on this basis. The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits and, if applicable, redundancy payments in accordance with a redundancy policy approved by the Nomination, Remuneration & HR Committee and applicable to all employees. Service contracts outline the components of compensation paid to each key management person but does not prescribe how compensation levels are modified year to year.

The Managing Director has a contract of employment dated 12 July 2010 with the Group. The contract specifies the duties and obligations to be fulfilled by the Managing Director and provides that the Board and the Managing Director will, early in each financial year, consult to agree objectives for achievement during that year.

The service contract is unlimited in term. The Managing Director can resign by providing six months' written notice. The Group can terminate his employment immediately for serious misconduct, bankruptcy, material breach of his employment agreement, failure to comply with a reasonable and lawful direction by the Board, committing an act which brings the Group into disrepute or conviction of an offence punishable by imprisonment. In addition, the Group can terminate the Managing Director's employment without cause on three months' notice with not less than six months' severance pay.

The Group can make a payment to the Managing Director in lieu of any notice required to be given.

On termination as Managing Director, he must resign as a director of The Group and he is restrained from a number of activities in competition with or to the detriment of the Group for a period of three months from the date of termination.

NON-EXECUTIVE DIRECTORS

An aggregate pool available for the remuneration of Non-Executive Directors will be put forward at the Annual General Meeting to be held in November 2011 for approval by security holders.

The fees payable to Non-Executive Directors (or the entity nominated by them) for the year were as follows:

- The Chairman was paid a fee of $78,748 (inclusive of superannuation where applicable).
- Other Non-Executive Directors were paid a fee of $52,500 (inclusive of superannuation where applicable).

Non-Executive Directors do not receive any retirement allowance upon retirement from the Board.

Signed at Melbourne, 22 August, 2011 in accordance with a resolution of the Directors.

T.J. Collyer.

Timothy Collyer
Managing Director
Growthpoint Properties Australia Limited

Auditor's Independence Declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

KPMG

KPMG

Darren Scammell

Partner

Melbourne

22 August 2011

Corporate Governance Statement

This is the Group's response to the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (2nd edition).

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1:
Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The board of directors ("**Board**") is responsible for the overall governance of the Group, with the aim of increasing security holder value.

The Board has approved a "Delegations of Authority Policy" under which authority for certain matters not considered material to the operation or value of the Group have been delegated to nominated directors and executives of the Group. The extent of each delegation is primarily determined by the dollar value of the potential exposure to the Group. Certain matters have been deemed by the Board to be material to the Group regardless of value, such as the acquisition or disposal of businesses and therefore require Board approval in all circumstances.

Among other things, the Board is responsible for:

1. Adoption and implementation of appropriate corporate governance practices.
2. Establishment of the Group's strategies and objectives.
3. Approval of material transactions.
4. Establishment of processes and controls with respect to financial reporting and financial records.
5. Adoption of relevant internal controls and risk management processes.

Recommendation 1.2:
Companies should disclose the process for evaluating the performance of senior executives.

The Managing Director's performance is reviewed annually by the Nomination, Remuneration & HR Committee. The performance of all other employees, including other executives, is reviewed half-yearly by the Managing Director. In addition, the performance of the Company Secretary in relation to corporate governance matters is reviewed regularly by the Chairman.

Recommendation 1.3:
Companies should provide the information indicated in the Guide to reporting on Principle 1.

There have been no departures from Recommendations 1.1, 1.2 or 1.3.

The Group has undertaken performance evaluations in the manner set out in recommendation 1.2 above.

Principle 2: Structure the board to add value

Recommendation 2.1:
A majority of the board should be independent directors.

The board comprises six non-executive directors and one executive director. Four of the non-executive directors are considered "independent" (refer to the Group's response to recommendation 2.6 below for details of how independence is determined). Refer to pages 10-11 of this report for more details.

Recommendation 2.2:
The chair should be an independent director.

The Chairman, Lyn Shaddock, is an independent director.

Recommendation 2.3:
The roles of chair and chief executive officer should not be exercised by the same individual.

The Chairman is Lyn Shaddock and the role of chief executive officer is fulfilled by the Managing Director, Timothy Collyer.

Recommendation 2.4:
The board should establish a nomination committee.

The Board has established a Nomination, Remuneration & HR Committee. Refer to page 12 of this report for more details.

Recommendation 2.5:
Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

In accordance with its charter, the Nomination, Remuneration & HR Committee regularly, and not less than twice annually, reviews the performance of the Board, its committees and individual directors.

Recommendation 2.6:
Companies should provide the information indicated in the Guide to reporting on Principle 2.

Refer to pages 10-11 of this report for details of the skills, experience, expertise and length of service of the Group's directors and their role with the Group including whether such persons are executive or non-executive and independent or non-independent.

The Board considers that a director is independent if the director is a non-executive director and satisfies criteria set by the Board from time to time including that the director:

› is not a substantial security holder in the Group or an officer of, or otherwise associated directly with, a substantial security holder of the Group where "substantial security holder" means 5% of more of the Group's voting securities;
› has not, within the last three years, been employed in an executive capacity by the Group or its related entities;
› is not an officer or otherwise associated directly or indirectly with a material supplier to, or customer of, the Group or its related entities;
› has no material contractual relationship with the Group or its related entities other than as a director of a company in the Group;

- 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 the Group's security holders; and
- 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 Group's security holders.

Francois Marais has connections to the Group's major security holder, Growthpoint Properties Limited, as its independent chairman. Mr Marais' role is performed in an independent capacity and, as a result, the Board does not believe that it impacts on his ability to carry out his role as directors of companies in the Group.

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

The Group recognises the importance of having directors with an appropriate range of skills, experience and background. The Nomination, Remuneration & HR Committee is required to assess the collective skills of the Board and determine whether the Board, as a whole, has the skills required to competently discharge its duties both when it considers appropriate and each time a non-executive director retires. This Committee is also charged with implementing a process for the identification of suitable candidate directors for recommendation to the Board which will ordinarily involve a search being undertaken by an appropriately qualified independent third party acting on a brief prepared by the Committee which identifies the skills and other characteristics (which could include location, gender and/or age) sought having regard to:

- the skills required by the Board;
- the skills represented on the Board; and
- the Board's aim of appointing women to the Board (subject to suitable candidates being available).

In considering nominations for the appointment of new directors from the Nomination, Remuneration & HR Committee, the Board considers a range of 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; and
- the reputation and standing of the person.

All 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 Group's then current operations, whilst giving consideration to the general interests of the Group as a whole.

The Nomination, Remuneration & HR Committee charter is available on the Group's website, www.growthpoint.com.au.

Principle 3: Promote ethical and responsible decision-making

Recommendation 3.1:
Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board has established a code of conduct for all directors and employees of the Group, a copy of which is available on the Group's website www.growthpoint.com.au.

The Group continues to promote a strong awareness in our staff of the importance of engaging with the Community.

During the year, Queensland suffered from significant flooding and related damage. To assist in the State's clean-up and in recognition of the Group's on-going commitment to the State, the Group made a $10,000 donation to Queensland Premier's Disaster Relief Fund.

Recommendation 3.2:
Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The Board has established a Diversity Policy, a copy of which is available on the Group's website www.growthpoint.com.au.

Recommendation 3.3:
Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Board has established the following measurable objectives for achieving gender diversity:

1. providing work experience opportunities to female graduates and undergraduates in order to encourage greater female involvement and participation in the property industry;
2. the selection team for the recruitment of any employee will be obliged to encourage and appropriately advertise for applications from women and men, to consider male and female candidates and to interview at least one serious female candidate and one serious male candidate for any available position;
3. all management employees are encouraged to attend at least one event or seminar each year that has as part of its agenda a focus on increasing awareness, participation and opportunities for women in business or the property industry;
4. female employees and other women are to be invited to our events and activities to assist them to build relationships in

Corporate Governance Statement

and with the Group and the property industry; and

5. to require management to identify and support emerging female executives by providing executive mentoring, including developing processes to identify women with the skills and capabilities of filling a Board position.

The Group's performance in relation to the above objectives from the date the policy was released to the date of this report are as follows:

1. the Group has made work experience generally available to female graduates and undergraduates by advertising this opportunity on its website and directly approaching RMIT;
2. for all four employee positions filled, during the financial, the selection team have interviewed at least one serious female candidate and one serious male candidate;
3. all employees have undertaken equal employment opportunity training delivered by Origin HR;
4. the Group has increased the number of events it holds which are open to all employees given both of its female employees are not currently part of management. The Group has also focussed on ensuring employees engage and network with females working in and for the property industry particularly with leading women at Jones Lang LaSalle, Freehills and Property Solutions Group; and
5. the Chairman, Managing Director and the Chairman of the Group's Nomination, Remuneration & HR Committee have both been focussed on finding a suitably qualified female director to join the Board and have met with several potential candidates although at this stage there are no vacancies on the Board.

Recommendation 3.4:
Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

As at the date of this report, approximately 20% of the Group's employees (two out of ten in total) are women but none are in senior executive positions and there are no women on the Board.

As stated in its Diversity Policy, the Group is seeking to increase the number of women in all levels of the Group over time, however, there are limited numbers of women in the property industry (particularly at senior management level) and very few women candidates applied for three of the four positions which became available during the financial year to which this report relates.

Recommendation 3.5:
Companies should provide the information indicated in the Guide to reporting on Principle 3.

There have been no departures from recommendations 3.1, 3.2, 3.3, 3.4, or 3.5

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1:
The board should establish an audit committee.

The Board has established an Audit and Risk Committee. Refer to page 12 of this report for more details.

Recommendation 4.2:
The audit committee should be structured so that it:

› consists only of non-executive directors;

› consists of a majority of independent directors;

› is chaired by an independent chair, who is not chair of the board; and

› has at least three members.

The Audit & Risk Committee comprises three members, all of whom are non-executive directors and a majority of whom are independent directors. The Chairman of the Committee, David Spruell, is an independent director and is not the Chairman of the Board. Refer to page 12 of this report for more details.

Recommendation 4.3:
The audit committee should have a formal charter.

The Board has established a formal charter for the Audit & Risk Committee.

Recommendation 4.4:
Companies should provide the information indicated in the Guide to reporting on Principle 4.

The Audit & Risk Committee oversees the structure and integrity of the Group's financial reporting.

Refer to pages 10-11 of this report for details of the members of the Audit & Risk Committee including their qualifications.

Refer to page 12 of this report for details of meetings of the Audit & Risk Committee.

There have been no departures from recommendations 4.1, 4.2, 4.3 or 4.4.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1:
Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Group has established a number of policies designed to ensure compliance with ASX Listing Rule disclosure requirements including "Continuous Disclosure Policy", "Delegations of Authority Policy", "Media and Public Comments Policy" and "Communication Procedure"

The policies referred to above ensure:

1. Full and timely disclosure to the ASX.
2. Procedures are in place to ensure the Group identities information required to be disclosed to the ASX and that such information is disclosed in a clear and factual manner.

3. External presentations, media releases and other public statements are reviewed internally and, where necessary, released to the ASX in advance of being provided to third parties (unless an ASX Listing Rule exception applies).
4. The ability of persons to make public comment is clearly delineated to certain nominated persons, primarily the Managing Director, Norbert Sasse and Estienne de Klerk.
5. Where an external statement has not been signed off by the Board, it is signed off by a nominated delegate of the Board.
6. All directors and employees are aware of their obligations to ensure the Group's complies with the ASX Listing Rules and of the limits of their respective authority.

The Group has also entered into an "Information Sharing Protocol" with Growthpoint Properties Limited which limits the use of any information provided to Growthpoint Properties Limited in its capacity as parent company of the Company and majority unit holder of the Trust and contains, among other things, a restriction on trading in the Group's securities while it is in possession of information which has not been disclosed to the ASX.

Recommendation 5.2:
Companies should provide the information indicated in the Guide to reporting on Principle 5.

There have been no departures from recommendations 5.1 or 5.2.

Principle 6: Respect the rights of shareholders

Recommendation 6.1:
Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Given the relatively small number of security holders in the Group, the Board has not established a specific policy promoting effective communication with security holders.

Instead, the Group has adopted a number of "old media" and "new media" strategies to engage with security holders including:

1. **(Mail)** Sending an "Investor Update" to all security holders to update them on the Group's developments recognising that less than half of the Group's security holders have elected to receive annual and half-year reports for the Group including this report and that such reports are, due to regulatory requirements, lengthy documents.
2. **(Telephone)** Establishing an investor services line providing investors with a number to connect directly to the Group (the cost to Australian callers is the cost of a local call). The Group ensures that a trained telephone operator is available to answer calls to this line during business hours in Melbourne and that management is available to assist with more complicated information requests.
3. **(Mail and email)** Creating a property portfolio booklet detailing the Group's property investments. Investors who have not elected to receive annual reports but who would like to receive a copy of this booklet can request a copy by calling the investor services line on 1800 260 453 or by emailing their request to info@growthpoint.com.au.
4. **(Internet)** Providing fulsome details of the Group and its investment portfolio, directors, executives, key investment policies and distributions as well as detailed investor presentations and other ASX announcements via its website, www.growthpoint.com.au
5. **(Email)** From time to time, the Group will email security holders copies of key ASX announcements. Security holders who would like to be included in the this email distribution list can provide their email address to the Group's share registry, Computershare, or can email a request to info@growthpoint.com.au.

The above are continually evaluated by the Board and management of the Group to ensure security holders receive appropriate communication.

Due to changes in the make-up of the Group's security holder register and to facilitate increased security holder participation and attendance at annual general meetings, the Group intends to hold its 2011 annual general meeting in Sydney and its 2012 annual general meeting in Brisbane.

The Board does not currently believe it to be in the interests of security holders as a whole to utilise webcasting or similar mass communication means bearing in mind the relatively small number of security holders and the costs involved in such communications.

Recommendation 6.2:
Companies should provide the information indicated in the Guide to reporting on Principle 6.

The departures from recommendation 6.1 and the reasons for such departures are listed above.

The Group will continue to communicate with security holders through:

1. Direct mail outs of its "Investor Updates" to all security holders.
2. Direct mail outs of annual reports, half year reports and property portfolio reports to security holders who elect to receive them.
3. Providing fulsome details of the Group and its investment portfolio, directors, executives, key investment policies and distributions as well as detailed investor presentations and other ASX announcements via its website, www.growthpoint.com.au.
4. Emailing copies of key ASX announcements to security holders who have provided their email address to the Group in the manner noted above.

Principle 7: Recognise and manage risk

Recommendation 7.1:
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Corporate Governance Statement

The Group has the following polices in place for the oversight and management of material business risks:

1. Delegations of Authority Policy – prescribing limits of authority for individual directors and management.
2. Investment policies – details are available at www.growthpoint.com.au.
3. Business Continuity Plan.
4. Disaster Recovery Plan.
5. Valuation Policy – requires directors valuations and external valuations of the Group's real properties not less than every six months and every two years, respectively. This policy also provides guidance for valuation principles and the appointment and rotation of external valuers.
6. Compliance Plan – outlines key compliance objectives, risks and measures.
7. Operational Compliance Manual – provides guidance to all employees on day-to-day operational compliance practices and procedures.
8. Information sharing protocol between the Group and Growthpoint Properties Limited which limits the use of any information provided to Growthpoint Properties Limited in its capacity as parent company of the Company and majority unit holder of the Trust.

The Audit & Risk Committee is primarily responsible for the review of the effectiveness of the risk management and internal control process.

Recommendation 7.2:
The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Audit & Risk Committee provides risk oversight for the Group although ultimate responsibility for risk oversight remains with the Board. The board has approved a risk management framework formulated by management and the Audit and Risk Committee.

The Compliance team oversees the compliance framework within which the Group operates and it reports on its adequacy and effectiveness on a quarterly basis to the Group's Managing Director, Company Secretary and the Compliance Committee.

Due to the small number of Group employees and the external audits of:

1. the Group's external property manager's accounts;
2. the Group's consolidated accounts;
3. the Trust's accounts;
4. the Company's accounts;
5. the Trust's compliance plan; and
6. the Company compliance with its Australian Financial Services Licence requirements,

the Board does not believe a dedicated internal audit function is required.

Recommendation 7.3:
The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board received assurance from the Managing Director (being the person acting in the capacity as chief executive officer) and the Chief Financial Officer) that the declaration provided in accordance with section 295A of the Corporations Act 2001 (Cth) for the consolidated accounts for the Group dated 22 August 2011 and included in this report is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4:
Companies should provide the information indicated in the Guide to reporting on Principle 7.

There have been no departures from recommendations 7.1 or 7.3. The departures from recommendation 7.2 and the reasons for such departures are listed above.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1:
The board should establish a remuneration committee.

The Board has established a Nomination, Remuneration & HR Committee. Refer to page 12 of this report for more details.

The Board has established a charter for the Nomination, Remuneration & HR Committee which is the primary written policy for the Group's remuneration policy.

Recommendation 8.2:
The remuneration committee should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent chair; and
- has at least three members.

The Nomination, Remuneration & HR Committee comprises three members, all of whom are non-executive directors and a majority of whom are independent directors. The Chairman of the Committee, Norbert Sasse, is the Chief Executive Officer of the Group's major security holder, Growthpoint Properties Limited, and is therefore not deemed to be an independent director. The Board has determined that Norbert Sasse's appointment as the Chairman of the Nomination, Remuneration & HR Committee is appropriate having regard to:

1. The small number of directors and their existing responsibilities.

2. The reason for Norbert Sasse not being deemed to be independent (i.e. his role as CEO of the Group's major security holder) is unlikely to have any adverse impact, from security holders' perspective, on his role in determining executive remuneration.
3. The interest of Growthpoint Properties Limited wanting to ensure executives are renumerated appropriately and in a manner which maximises security holder value aligns with the interests of all security holders.
4. The Committee comprises a majority of independent directors.

Refer to page 12 of this report for more details on the Nomination, Remuneration and HR Committee.

No employees are involved in determining their own remuneration.

Recommendation 8.3:
Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Non-executive directors are entitled to receive an annual fee (including superannuation where applicable) and are not eligible for any other form of remuneration from the Group. Refer to page 20 of this report for more details of non-executive director remuneration.

The only executive director, Timothy Collyer, is entitled to receive an annual salary, superannuation, insurance and an annual short term incentive bonus and is also eligible to participate in the Group's employee share plan. following approval a the Group's annual general meeting in November 2011. Refer to pages 15-20 of this report for more details of executive director remuneration.

Other executives are entitled to receive an annual salary, superannuation, insurance and an annual short term incentive bonus. and are also eligible to participate in the Group's employee share plan. Refer to pages 15-20 of this report for more details of executive remuneration.

Recommendation 8.4:
Companies should provide the information indicated in the Guide to reporting on Principle 8.

Refer to pages 10-11 of this report for details of the members of the Nomination, Remuneration & HR Committee including their experience and qualifications.

Refer to pages 15-20 of this report for details of meetings of the Nomination, Remuneration & HR Committee.

Non-executive directors are not entitled to any termination benefits from their loss of office.

The charter for the Nomination, Remuneration & HR Committee and details of the Group's investment policies are available on the Group's website, www.growthpoint.com.au.

This report covers Growthpoint Properties Australia Limited, Growthpoint Properties Australia Trust and their controlled entities, together being a stapled group. Growthpoint Properties Australia Limited is the Responsible Entity for Growthpoint Properties Australia Trust. 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 10, 379 Collins Street, Melbourne, Victoria, 3000.

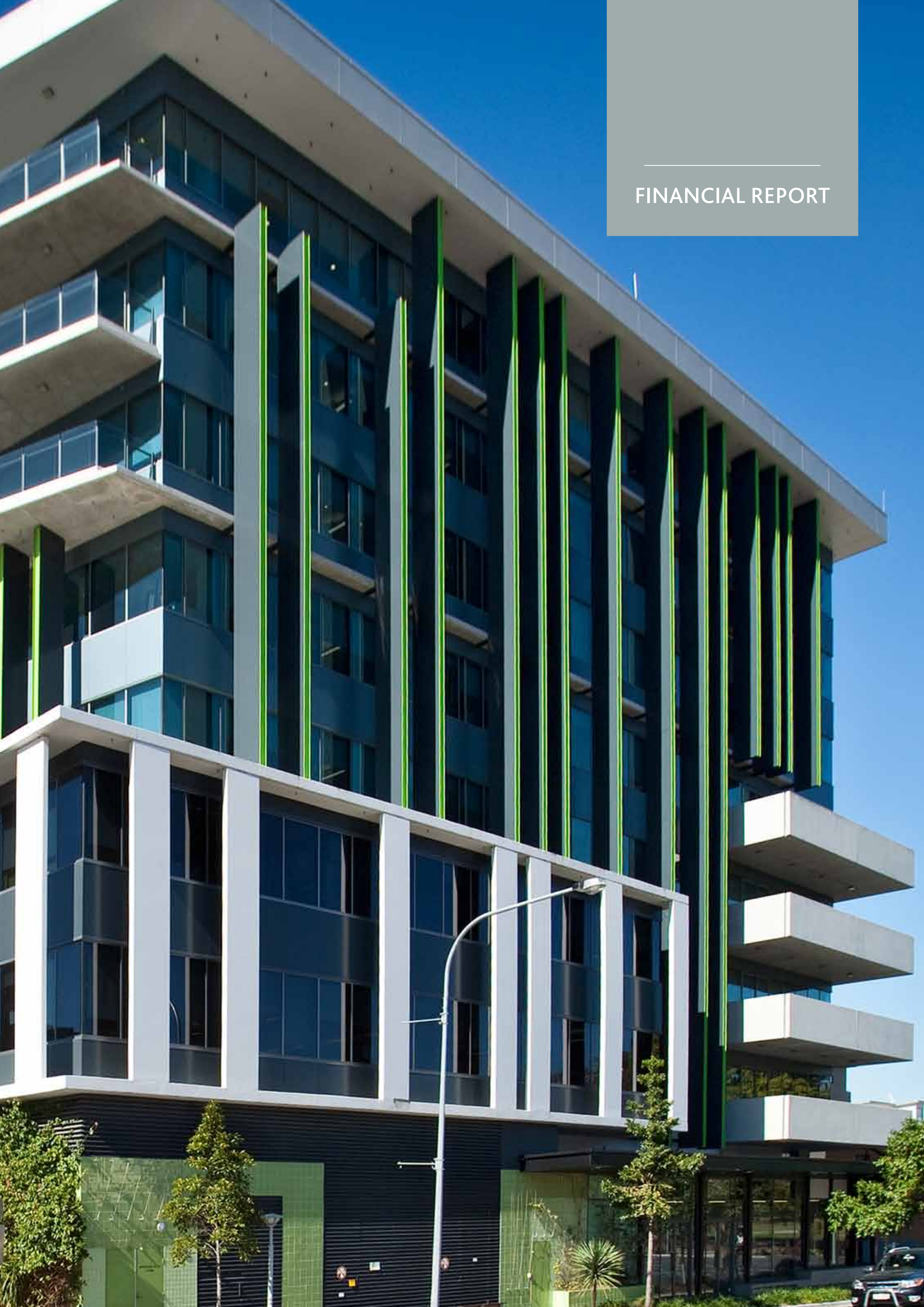
A description of the nature of the stapled group's operations and its principal activities is included in the Directors' Report which is not part of the financial report.

The financial report was authorised for issue by the directors on 22 August 2011. The directors have the power to amend and reissue the financial report.

References to "the year" in this report refer to the year ended 30 June 2011 unless the context requires otherwise.

References to "balance date" in this report refer to 30 June 2011 unless the context requires otherwise.

32 CORDELIA STREET, SOUTH BRISBANE, QLD



FINANCIAL REPORT

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011	Notes	**2011**	2010
		$'000	$'000
Revenue			
Property revenue	13	**88,419**	66,909
Straight line adjustment to property revenue	13	**8,377**	9,021
Net changes in fair value of investment properties	13	**(3,965)**	16,744
Loss on sale of investment properties	13	**(190)**	-
Net gain / (loss) on derivatives		**2,841**	(1,523)
Distributions receivable		**2,166**	-
Net investment income		**97,648**	91,151
Expenses			
Property expenses	13	**(9,217)**	(7,608)
Other expenses from ordinary activities		**(4,244)**	(2,878)
Total expenses		**(13,461)**	(10,486)
Profit from operating activities		**84,187**	80,665
Interest income		**863**	279
Borrowing costs	7	**(41,465)**	(34,250)
Net finance costs		**(40,602)**	(33,971)
Profit before income tax		**43,585**	46,694
Income tax expense	8	**(212)**	-
Profit for the year		**43,373**	46,694
Profit attributable to:			
Owners of the Trust		**43,488**	46,637
Owners of the Company		**(115)**	57
		43,373	46,694
Distribution to security holders	9	**(36,480)**	(22,347)
Change in net assets attributable to security holders / Total Comprehensive Income		**6,893**	24,347
Basic and diluted earnings per security (cents)	23	**21.5**	34.5

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2011	Notes	**2011**	2010
		$'000	$'000
Current assets			
Cash and cash equivalents	18	**24,144**	16,739
Trade and other receivables	10	**2,791**	1,100
Assets held for sale	11	**5,200**	9,586
Total current assets		**32,135**	27,425
Non-current assets			
Trade and other receivables	10	**43,113**	28,126
Plant & equipment	12	**46**	103
Investment properties	13	**1,114,590**	719,174
Deferred tax assets	8	**226**	-
Total non-current assets		**1,157,975**	747,403
Total assets		**1,190,110**	774,828
Current liabilities			
Trade and other payables	14	**11,584**	6,012
Provision for distribution payable		**20,669**	13,568
Current tax payable	8	**115**	-
Derivative financial instruments	16	**689**	789
Total current liabilities		**33,057**	20,369
Non-current liabilities			
Interest bearing liabilities	15	**667,242**	416,630
Derivative financial instruments	16	**11,247**	13,826
Total non-current liabilities		**678,489**	430,456
Total liabilities		**711,546**	450,825
Net assets		**478,564**	324,003
Security holders' funds			
Contributed equity	19	**662,924**	515,579
Reserves		**323**	-
Retained profits / (accumulated losses)		**(184,683)**	(191,576)
Total security holders' funds		**478,564**	324,003

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011	2011	2010
	$'000	$'000
Total equity at the beginning of the year	**324,003**	116,610
Net income recognised directly in equity	**-**	-
Profit after tax for the year	**43,373**	46,694
Total recognised income and expense for the year	**43,373**	46,694
Transactions with security holders in their capacity as security holders:		
Contributions of equity, net of transaction costs	**147,345**	189,206
Return of capital	**-**	(6,160)
Distributions provided or paid	**(36,480)**	(22,347)
Deferred tax recognised in reserve	**323**	-
Total equity at the end of the year	**478,564**	324,003
Total recognised income and expense for the year is attributable to:		
- Trust	**43,488**	46,637
- Company	**(115)**	57
Growthpoint Properties Australia	**43,373**	46,694

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

Consolidated Cash Flow Statement

For the year ended 30 June 2011	Notes	2011	2010
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		**90,013**	71,335
Payments to suppliers		**(12,314)**	(15,588)
Borrowing costs		**(40,629)**	(33,437)
Interest received		**863**	282
Net cash inflow from operating activities	18 (b)	**37,933**	22,592
Cash flows from investing activities			
Net proceeds from sale of investment properties		**17,890**	-
Payments for investment properties		**(235,373)**	(85,393)
Payments for plant & equipment		**(11)**	(145)
Net cash inflow / (outflow) from investing activities		**(217,494)**	(85,539)
Cash flows from financing activities			
Proceeds from external borrowings		**143,076**	15,200
Repayment of external borrowings		**(26,063)**	(114,211)
Proceeds from equity raising		**101,000**	200,000
Equity raising costs		**(3,528)**	(10,938)
Distributions paid to security holders		**(29,379)**	(11,375)
Return of capital to unit holders		**-**	(6,160)
Cash acquired on acquisitions		**1,860**	-
Cash acquired on stapling		**-**	160
Net cash outflow from financing activities		**186,966**	72,676
Net increase / (decrease) in cash and cash equivalents		**7,405**	9,729
Cash and cash equivalents at the beginning of the period		**16,739**	7,010
Cash and cash equivalents at the end of the period		**24,144**	16,739

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

Notes to the Financial Statements

Note 1: Reporting entity

Growthpoint Properties Australia was formed by the stapling of Growthpoint Properties Australia Limited and Growthpoint Properties Australia Trust ("the Trust"). The Responsible Entity for Growthpoint Properties Australia Trust is Growthpoint Properties Australia Limited ("the Company"). Growthpoint Properties Australia is also referred to as "the Group".

The Group was established for the purpose of facilitating a joint quotation of Growthpoint Properties Australia Limited ("the Company") and its controlled entities and Growthpoint Properties Australia Trust ("the Trust") and its controlled entities on the Australian Securities Exchange (ASX Code: GOZ). The constitutions of the Company and the Trust ensure that, for so long as the two entities remain jointly quoted, the number of shares in the Company and the number of units in the Trust shall be equal and the shareholders and the unit holders are identical. The Company, both in its personal capacity and in its capacity as the Responsible Entity of the Trust, must at all times act in the best interests of the Group.

The financial report includes financial statements for Growthpoint Properties Australia, the stapled consolidated entity, which is domiciled in Australia as at, and for the 12 months ended, 30 June 2011.

Note 2: Basis of preparation

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB)

The consolidated financial statements were authorised for issue by the Board of Directors on 22 August 2011.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments measured at fair value;
- assets held for sale are measured at fair value; and
- investment property is measured at fair value.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(D) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 13 – Investment properties.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 13 – Investment properties.

Note 3: Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(A) BASIS OF CONSOLIDATION

(I) BUSINESS COMBINATIONS

The Group has adopted revised AASB 3 *Business Combinations (2008)* and amended AASB 127 *Consolidated and Separate Financial Statements (2008)* for business combinations occurring in the financial year starting 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

(II) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. 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. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(B) VALUATION OF INVESTMENT IN PROPERTY

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. 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 and the cost of that capital expenditure can be measured reliably.

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. The Group assesses at each balance date whether these valuations appropriately reflect the fair value of investment properties (refer note 13).

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

(C) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position 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 Group 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 consolidated statement of comprehensive income within property revenue. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off. Subsequent recoveries of amounts previously written off are credited against property revenue in the consolidated statement of comprehensive income.

(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 consolidated statement of comprehensive income 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 consolidated statement of financial position 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 Group takes out certain derivative contracts as part of its financial risk management (note 5), 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 consolidated statement of comprehensive income.

(D) 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 and is recognised in accordance with the lease terms applicable for the period.

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.

Notes to the Financial Statements

Note 3: Significant accounting policies (cont.)

(E) 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.

(F) DISTRIBUTIONS AND DIVIDENDS

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

(G) 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 they are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

(H) INCOME TAX

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

For the Company, income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(I) 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part 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.

(J) NET TANGIBLE ASSET BACKING PER STAPLED SECURITY

Basic net tangible asset backing per stapled security is determined by dividing the net assets attributable to security holders (excluding intangible assets) by the number of stapled securities outstanding at balance date.

Diluted net tangible asset backing per stapled security adjusts the figures used in the determination of basic net tangible asset backing per stapled security by taking into account amounts unpaid on stapled securities.

(K) PRESENTATION OF FINANCIAL STATEMENTS

The Group applies AASB 101 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per stapled security.

(L) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 Financial Instruments, which becomes mandatory for the Group's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

(M) EARNINGS PER STAPLED SECURITY (EPS)

Basic EPS is determined by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of equivalent securities outstanding during the financial year.

Diluted EPS adjusts the figures used in the determination of basic EPS by taking into account amounts unpaid on securities and the effect of all dilutive potential ordinary securities.

(N) PLANT AND EQUIPMENT

(I) RECOGNITION AND MEASUREMENT

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within other income in the consolidated statement of comprehensive income.

(II) DEPRECIATION

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Plant and equipment 2 – 12 years
- Fixtures and fittings 4 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end adjusted if appropriate.

(O) IMPAIRMENT

(I) FINANCIAL ASSETS (INCLUDING RECEIVABLES)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default of delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collectively impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in consolidated statement of comprehensive income and reflected in an allowance account against receivables.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the consolidated statement of comprehensive income, then the impairment loss is reversed, with the amount of the reversal recognised in the consolidated statement of comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(P) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value.

(Q) EMPLOYEE BENEFITS

(I) DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the consolidated statement of comprehensive income in the periods during which services are rendered by employees. Prepaid

Notes to the Financial Statements

Note 3: Significant accounting policies (cont.)

(Q) EMPLOYEE BENEFITS (CONT.)

(I) DEFINED CONTRIBUTION PLANS (CONT.)

contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(II) TERMINATION BENEFITS

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(III) SHORT TERM BENEFITS

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Note 4: Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(I) INVESTMENT PROPERTY

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio at least once every three years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and when appropriate counter-notices, have been served validly and within the appropriate time.

(II) TRADE AND OTHER RECEIVABLES

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(III) DERIVATIVES

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a substitute instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Note 5: Financial risk management

OVERVIEW

The Group has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including interest rate risk).

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes form measuring and managing risk, and the management of capital as well as relevant quantitative disclosure on risks.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit & Risk Committee, which is responsible for developing and monitoring risk management policies and making appropriate recommendations to the Board. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit & Risk Committee oversees how management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

FINANCIAL INSTRUMENTS USED BY THE GROUP

The Group's principal financial instruments, other than derivatives, comprise 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 Directors 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 3 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 re-measuring 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 effective at 30 June 2011 covered 80% of the loan principal outstanding at that date (2010: 79%).

(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 three major Australian banks, National Australia Bank Limited Westpac Banking Corporation and Australian and New Zealand Banking Corporation, counterparties which are considered to be high quality financial institutions. 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 in effect for the Group is $535,000,000 (2010: $330,000,000).

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 Group 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 Group's portfolio manager on a monthly 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 Group under the lease. Where it is assessed it is not likely that the amount outstanding will be received by the Group 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 statement of financial position approximate their fair values. Refer to note 4 for the methods and assumptions adopted in determining net fair values.

(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 $668,713,000 at balance date (2010: $418,500,000).

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

Notes to the Financial Statements

Note 5: Financial risk management (cont.)

FINANCIAL INSTRUMENTS USED BY THE GROUP (CONT.)

(D) MARKET RISK (CONT.)

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

	Fixed / Floating	**2011**	2010
		$'000	$'000
Financial assets			
Cash and cash equivalents	Floating	**24,144**	16,739
		24,144	16,739
Financial liabilities			
Derivative financial instruments	Floating	**11,936**	14,615
Interest bearing liabilities – hedged*	Fixed	**535,000**	330,000
Interest bearing liabilities – unhedged	Floating / fixed	**133,713**	88,500
		680,649	433,115

* 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 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity would have been affected as follows:

	Post Tax Profit Higher / (Lower)		Equity Higher / (Lower)	
	2011	2010	**2011**	2010
	$'000	$'000	$'000	$'000
Consolidated				
+100 bps (2010 +100 basis points)	**13,430**	12,596	**13,430**	12,596
-100 bps (2010 -100 basis points)	**(14,618)**	(14,588)	**(14,618)**	(14,588)

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 Board sets budgets to monitor cash flows. At balance date, the Group had cash and cash equivalents totalling $24,144,000 (2010: $16,739,000).

Financing arrangements

The Group had access to the following borrowing facilities at the balance date:

	2011	2010
	$'000	$'000
Bank loan facilities		
Total facilities	**693,000**	480,000
Used at balance date	**668,713**	418,500
Unused at balance date	**24,287**	61,500

The bank loan facility matures on 31 December 2013.

Maturities of financial liabilities

The maturity of financial liabilities (including trade and other payables, provision for distribution and interest bearing liabilities) at reporting date is 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 2011.

	2011	2010
	$'000	$'000
6 months or less	**48,601**	31,360
6 to 12 months	**22,364**	17,001
1 to 5 years	**746,458**	491,135
More than 5 years	**1,219**	3,610
Total contractual cashflows	**818,642**	543,106
Carrying amounts of financial liabilities	**706,250**	448,920

(F) CAPITAL MANAGEMENT

The Group's capital management strategy is discussed in note 19(d).

Note 6: Segment information

The Group operates wholly within Australia and derives rental income solely from property investments and therefore only has one operating segment.

Note 7: Borrowing costs

	2011	2010
	$'000	$'000
Bank interest expense and charges	**40,379**	33,222
Amortisation of borrowing costs	**1,086**	1,028
	41,465	34,250

Notes to the Financial Statements

Note 8: Income tax expense

Under current income tax legislation no income tax is payable by the Trust provided taxable income is fully distributed to security holders or the security holders become presently entitled to all the taxable income. The tables below relate to income tax for the Company only.

(A) INCOME TAX EXPENSE:

	2011	2010
	$'000	$'000
Current tax expense	**115**	-
Deferred tax expense	**97**	-
	212	-

(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE:

	2011	2010
	$'000	$'000
Profit before income tax expense	**97**	56
Income tax expense using the Company's domestic rate of 30%	**29**	-
Increase/(decrease) in income tax due to:		
Non-deductible expenses	**166**	
Prior year losses now recognised	**(26)**	
Change in unrecognised temporary differences	**43**	
	212	-
The applicable weighted average effective tax rate for the Company is as follows	**217%**	-

(C) DEFERRED TAX ASSETS NOT BROUGHT TO ACCOUNT

	2011	2010
	$'000	$'000
Temporary differences	**-**	-
Tax losses:		
- revenue losses	**-**	26
- capital losses	**-**	-

As at 30 June 2010, the Company had carried forward tax losses in the order of $87,000. Deductible tax losses do not expire under current legislation. A deferred tax asset was not recognised for the prior year tax losses because it was not probable at that time that future taxable profit will be available within a reasonable timeframe to apply against Company tax losses on hand. As the Company is now in a taxable profit position those deferred tax assets have been recognised and utilised.

(D) RECOGNISED DEFERRED TAX ASSETS

	2011	2010
	$'000	$'000
Equity raising costs	**200**	-
Accrued expenses	**22**	-
Employee benefits	**4**	-
	226	-

(E) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

	Opening balance 1 July 2010	Charged to profit and loss	Charged to equity	Balance 30 June 2011
	$'000	$'000	$'000	$'000
Non-current assets:				
Equity raising costs	-	(123)	323	**200**
Total	-	(123)	323	**200**
Current liabilities:				
Accrued expenses	-	22	-	**22**
Employee benefits	-	4	-	**4**
Total	-	26	-	**26**
Total net	-	(97)	323	**226**

Note 9: Distributions

	2011	2010
	$'000	$'000
Profit after tax	**43,373**	46,694
Adjusted for non-distributable items:		
- Straight line adjustment to property revenue	**(8,377)**	(9,021)
- Net changes in fair value of investments	**3,965**	(16,744)
- Loss of sale of investment properties	**190**	-
- Net (gain) / loss on derivatives	**(2,841)**	1,523
- Deferred tax expense	**97**	-
Distributable income	**36,407**	22,452
Distributions on ordinary stapled securities provided for or paid during the year	**36,480**	22,347

Notes to the Financial Statements

Note 9: Distributions (cont.)

Period for distribution	Total distribution	Total stapled securities	Distributions per stapled security
	$'000	('000)	(cents)
Half-year to 31 December 2010 GOZ	**13,408**	159,620	8.40
Half-year to 30 June 2011 GOZ	**20,669**	237,578	8.70
	34,077		17.10
Half-year to 31 December 2010 GOZNA	**2,403**	53,158	4.52
Total distribution for year	**36,480**		
Half-year to 31 December 2009 GOZ	**8,779**	159,620	5.50
Half-year to 30 June 2010 GOZ	**13,568**	159,620	8.50
Total distribution for year	**22,347**		14.00

Note 10: Trade and other receivables

	2011	2010
	$'000	$'000
Current		
Rent receivables	**1,107**	723
Provision for impairment of receivables (note 10 a)	**-**	(230)
Prepayments	**1,684**	607
	2,791	1,100

(A) IMPAIRED RENT RECEIVABLES

As at 30 June 2011 no rent receivables of the Group were impaired (2010: $230,000 impairment). There was no provision (2010: $230,000). The impaired rent receivable during the year related to a tenant who has vacated the property at Lot 1, 44-54 Raglan Street, Preston. During the period the Board approved a write off of the remaining $230,000 of rent receivable relating to this matter as it was deemed there was limited likelihood of recovering this amount.

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

	$'000
At 30 June 2010	(230)
Provision for impairment recognised in the period	-
Bad debt written off	230
At 30 June 2011	-

(B) 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 5 for more information on the risk management policy of the Group.

	2011	2010
	$'000	$'000
Non-current		
Rent receivables	**43,113**	28,126
	43,113	28,126

Rent receivables represent the non-current portion of straight-line rental income receivable (refer note 3(d)).

Note 11: Assets classified as held for sale

In June 2011 the Group engaged a real estate agent to sell the property at 1304 Ferntree Gully Road, Scoresby VIC and reclassed this property from investment property to assets held for sale. The value transferred was $5,200,000 which represents the fair value less costs to sell the property (2010: property with a value of $9,586,000 was classed as held for sale).

Note 12: Plant and equipment

	IT equipment	Furniture and fittings	Total
	$'000	$'000	$'000
Balance at 1 July 2009	-	-	**-**
Additions	119	27	**146**
Disposals	-	-	**-**
Depreciation for the year	(38)	(5)	**(43)**
Carrying amount as at 30 June 2010	81	22	**103**
Additions	7	4	**11**
Disposals	-	-	**-**
Depreciation for the year	(61)	(7)	**(68)**
Carrying amount as at 30 June 2011	27	19	**46**

Notes to the Financial Statements

Note 13: Investment properties

			Latest External Valuation		Consolidated Book Value	
Industrial Properties			Date	Valuation	30-Jun-11	30-Jun-10
				$'000	$'000	$'000
Victoria						
28 Bilston Drive	Wodonga	VIC	30-Jun-11	69,500	**69,500**	65,700
120 Northcorp Boulevard	Broadmeadows	VIC	30-Jun-11	61,000	**61,000**	59,500
522-550 Wellington Road	Mulgrave	VIC	31-Dec-10	49,000	**50,000**	48,800
40 Annandale Road	Tullamarine	VIC	31-Dec-10	35,500	**35,700**	35,300
130 Sharps Road	Tullamarine	VIC	31-Dec-10	19,500	**21,000**	19,300
120 Link Road	Tullamarine	VIC	31-Dec-10	17,500	**17,500**	16,900
42-44 Garden Street	Kilsyth	VIC	31-Dec-10	17,250	**17,300**	17,800
44-54 Raglan Street, Lot 2-4	Preston	VIC	31-Dec-10	16,000	**15,300**	15,800
60 Annandale Road	Tullamarine	VIC	30-Jun-11	13,500	**13,500**	13,400
365 Fitzgerald Road	Derrimut	VIC	1-May-11	12,200	**12,231**	-
45-55 South Centre Road	Tullamarine	VIC	31-Dec-10	8,725	**8,200**	7,800
306-318 Abbots Road	Lyndhurst	VIC	1-May-11	8,000	**8,026**	-
75 Annandale Road	Tullamarine	VIC	31-Dec-10	6,675	**6,700**	6,600
31 Garden Street	Kilsyth	VIC	31-Dec-10	6,400	**6,900**	6,400
1304 Ferntree Gully Road (i)	Scoresby	VIC	30-Jun-11	5,200	**-**	5,300
6-10 Koornang Road (ii)	Scoresby	VIC				4,600
Queensland						
70 Distribution Street	Larapinta	QLD	31-Dec-10	148,000	**151,000**	147,500
13 Business Street	Yatala	QLD	1-Aug-10	14,800	**15,200**	-
29 Business Street	Yatala	QLD	30-Jun-11	10,900	**10,900**	-
5 Viola Place	Brisbane	QLD	31-Dec-10	11,300	**11,300**	11,200
670 Macarthur Avenue	Pinkemba	QLD	30-Jun-11	8,425	**8,425**	-
10 Gassman Avenue	Yatala	QLD	30-Jun-11	4,700	**4,700**	-
3 Viola Place	Brisbane	QLD	31-Dec-10	1,750	**1,750**	2,400
45 Northlink Place (iii)	Virginia	QLD				3,600
Western Australia						
2 Horrie Miller Drive	Perth Airport	WA	31-Dec-10	107,500	**108,000**	107,000
New South Wales						
134 Lilkar Road	Goulburn	NSW	31-Dec-10	67,500	**67,500**	67,900
81 Derby Street	Silverwater	NSW	31-Dec-10	13,100	**13,100**	13,400
South Australia						
599 Main North Road	Gepps Cross	SA	31-Dec-10	53,600	**55,000**	53,200
12-16 Butler Boulevard	Adelaide	SA	31-Dec-10	10,600	**10,700**	10,600
10 Butler Boulevard	Adelaide	SA	31-Dec-10	7,450	**7,500**	7,300
Total Industrial Properties				**805,575**	**807,932**	**747,300**

(i) This property has been reclassed as available for sale – see note 11 for further details. (ii) This property was sold during the year, settling on 30 June 2011.
(iii) This property was sold during the year, settling on 31 January 2011.

Office Properties			Latest External Valuation Date	Valuation	Consolidated Book Value 30-Jun-11	30-Jun-10
				$'000	$'000	$'000
Victoria						
Building 2, 572-576 Swan Street	Burnley	VIC	1-May-11	73,000	**73,145**	-
Buildings 1 & 3, 572-576 Swan Street	Burnley	VIC	1-May-11	46,500	**46,599**	-
Queensland						
52 Merivale Street	South Brisbane	QLD	1-Aug-10	62,360	**63,100**	-
32 Cordelia Street	South Brisbane	QLD	30-Jun-11	62,000	**62,000**	-
32 Cordelia Street (Car park)	South Brisbane	QLD	1-Aug-10	9,660	**9,850**	-
1231-1241 Sandgate Road (iv)	Nundah	QLD			**168**	-
South Australia						
33-39 Richmond Road	Keswick	SA	15-Nov-10	49,000	**50,500**	-
7 Laffer Drive	Bedford Park	SA	1-May-11	18,800	**18,849**	-
Tasmania						
89 Cambridge Park Drive	Cambridge	TAS	1-May-11	25,500	**25,560**	-
Total Office Properties				346,820	**349,771**	-
Sub-totals				**1,152,395**	**1,157,703**	**747,300**
Less: amounts classified as receivables (rental income recognised on a straight line basis)					**(43,113)**	(28,126)
Total investment properties					**1,114,590**	**719,174**

(iv) A contract of sale for the acquisition of the land for this property has been entered into and is due to settle on or about 25 August, 2011. The value paid so far represents an initial deposit and acquisition costs paid to date. Refer to note 13 (c) below.

(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 were conducted by Jones Lang LaSalle, Colliers International and Savills. Properties not externally valued as at 30 June 2011 were based on director valuations.

At each reporting date the Directors update their assessment of the fair value of each property in accordance with the accounting policy detailed at note 3(b).

The Group 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.

Notes to the Financial Statements

Note 13: Investment properties (cont.)

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:

	2011	2010
Discount rate	**9.3% - 11.0%**	9.5% - 11.0%
Terminal yield	**8.0% - 10.8%**	8.75% - 11.0%
Capitalisation rate	**8.0% - 11.0%**	8.1% - 11.0%
Expected vacancy period	**6-12 months**	6-12 months
Rental growth rate	**2.5% - 4.0%**	2.5% - 4.0%

(B) UNCERTAINTY AROUND PROPERTY VALUATIONS

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 assessed 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

The Group has entered into a Delivery Agreement with Property Solutions Group in relation to the property at 1231-1241 Sandgate Road, Nundah, Queensland under which Property Solutions Group will construct an office building with the Group providing funds on a fund through basis. The contract price for the development has been fixed at $69,500,000.

Refer to note 25 for disclosure of other 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

	2011	2010
	$'000	$'000
Rental income	**88,419**	66,909
Straight line adjustment to rental income	**8,377**	9,021
Net gain/(loss) from fair value adjustment	**(3,965)**	16,744
Loss on sale of investment properties	**(190)**	-
Direct operating expenses from property that generated rental income	**(9,217)**	(7,608)
	83,424	85,066

(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:

	2011	2010
	$'000	$'000
Minimum lease payments under noncancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	**105,113**	59,610
Later than one year but not later than five years	**419,354**	231,295
Later than five years	**495,784**	373,924
	1,020,251	664,829

(F) RECONCILIATION

	2011	2010
	$'000	$'000
At Fair value		
Opening balance	**719,174**	642,665
Acquisitions / capital expenditure	**412,971**	69,351
Disposals	**(8,200)**	-
Reclassification to available for sale	**(5,200)**	(9,586)
Net loss on disposals	**(190)**	-
Net gain/(loss) from fair value adjustment	**(3,965)**	16,744
Closing balance at 30 June	**1,114,590**	719,174

Note 14: Trade and other payables

	2011	2010
	$'000	$'000
Trade payables	**248**	65
Non-trade payables	**61**	46
GST payable	**839**	594
Accrued expenses - other	**3,846**	1,544
Prepaid rent	**6,590**	3,763
	11,584	6,012

Notes to the Financial Statements

Note 15: Interest bearing liabilities

	2011	2010
	$'000	$'000
Secured		
Bank loans	**667,242**	416,630
Total secured non-current borrowings	**667,242**	416,630

(A) TOTAL SECURED LIABILITIES

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

	2011	2010
	$'000	$'000
Bank loans	**667,242**	416,630
Total secured liabilities	**667,242**	416,630

(B) ASSETS PLEDGED AS SECURITY

The bank loans and bills payable of the Group 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:

	2011	2010
	$'000	$'000
Current		
Floating charge		
Cash and cash equivalents	**24,144**	16,739
Receivables	**2,791**	1,100
Assets held for sale	**5,200**	9,586
	32,135	27,425
Noncurrent		
First mortgage		
Investment properties	**1,114,590**	719,174
Receivables	**43,113**	28,126
Floating charge		
Plant and equipment	**46**	103
Deferred tax assets	**226**	-
Total non-current assets pledged as security	**1,157,975**	747,403
Total assets pledged as security	**1,190,110**	774,828

(C) BANK LOAN

The bank loan is provided under a syndicated Australian dollar facility. The facility has variable interest rates and is repayable in December 2013.

The interest rate (including bank margin) at 30 June 2011 was 7.70% (2010: 8.06%). Refer to note 16 for details on interest rate swaps.

(D) RISK EXPOSURES

Information about the Group's exposure to interest rate changes is provided in note 5.

(E) FAIR VALUE

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

Note 16: Derivative financial instruments

	2011	2010
	$'000	$'000
Interest rate swap contracts – carried at fair value through profit and loss:		
Total current derivative financial instrument liabilities	**689**	789
Total non-current derivative financial instrument liabilities	**11,247**	13,826
	11,936	14,615

(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 5). The gain or loss from re-measuring the interest rate swaps at fair value is recognised in the statement of comprehensive income immediately.

INTEREST RATE SWAP CONTRACTS – CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS

Swaps in effect at 30 June 2011 covered 80% (2010: 79%) of the loan principal outstanding. A forward rate swap was executed in May 2011. It has an effective date of 21 May 2012 and replaces a swap currently in place. The current average fixed interest rate is 5.67% (2010: 5.91%) and the variable rate (excluding bank margin) is 4.96% (2010: 4.79%) at balance date.

The contracts require settlement of net interest receivable or payable each 30 days. The settlement dates generally 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 a fair value of $11,936,000 (2010: a liability of $14,615,000) for the Group. In the year ended 30 June 2011 there was a gain from the increase in fair value of $2,841,000 for the Group (2010: loss of $1,523,000).

(B) RISK EXPOSURES

Information about the Group's exposure to credit risk and interest rate risk is provided in note 5.

Notes to the Financial Statements

Note 16: Derivative financial instruments (cont.)

(C) FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	**Total**
30 June 2011				
Derivative financial liabilities	-	11,936	-	**11,936**
	-	11,936	-	**11,936**
30 June 2010				
Derivative financial liabilities	-	14,615	-	**14,615**
	-	14,615	-	**14,615**

Note 17: Net Tangible Asset Backing

	2011	2010
	$	$
Basic and diluted NTA per stapled security	**2.01**	2.03
	'000	'000
Number of stapled securities outstanding at the end of the period used in the calculation of basic and diluted net tangible asset backing (NTA) per stapled security (note 3(j)).	**237,578**	159,620

Note 18: Cash flow information

	2011	2010
	$'000	$'000
(a) Reconciliation of cash at end of year		
Cash and cash equivalents balance	**24,144**	16,739
(b) Reconciliation of net operating profit to net cash inflow from operating activities		
Net profit / (loss) for the period	**43,373**	46,694
Fair value adjustment to investment property	**3,965**	(16,744)
Loss on sale of investment properties	**190**	-
Fair value adjustment to derivatives	**(2,841)**	1,523
Amortisation of borrowing costs	**1,548**	774
Distribution receivable	**(2,166)**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
- Increase in receivables	**(10,711)**	(8,791)
- Decrease / (increase) in prepayments	**(16)**	1,328
- Increase in deferred tax asset	**212**	-
- Increase / (decrease) in payables	**4,379**	(2,192)
Net cash inflow from operating activities	**37,933**	22,592

Note 19: Contributed equity

	2011	2011	2010	2010
	No. ('000)	$'000	No. ('000)	$'000
Opening balance at 1 July	**159,620**	**515,579**	346,176	332,514
Issues of ordinary stapled securities during the year:				
Security placement	-	-	347,564	55,610
1 for 10 consolidation	-	-	(624,366)	-
Rights issue	**53,158**	**101,000**	90,246	144,390
Securities issued on acquisition of assets	**24,800**	**48,830**	-	-
Cost of raising capital	-	**(2,485)**	-	(10,935)
Return of capital	-	-	-	(6,000)
	77,958	**147,345**	(186,556)	183,065
Closing balance at 30 June	**237,578**	**662,924**	159,620	515,579

Notes to the Financial Statements

Note 19: Contributed equity (cont.)

(B) ORDINARY STAPLED SECURITIES

Ordinary stapled securities entitle the holder to participate in dividends and distributions and the proceeds on winding up of the Group in proportion to the number of and the amounts paid on the stapled securities held.

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

(C) DISTRIBUTION REINVESTMENT PLAN

There is no distribution reinvestment plan operative for the Group.

(D) CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for security holders 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 dividends and distributions paid to security holders, return capital to security holders, vary the level of borrowings, issue new securities or sell assets.

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

- $101 million equity via a Rights Issue completed in September 2010.
- Enlargement and extension of the syndicated banking facility, with the maturity extended to 31 December 2013 and the addition of Australia and New Zealand Banking Group Limited to the syndicate. The margin and line fee reduced from 2.2% per annum to 2.0% per annum on 15 August 2011 when the new facility terms were activated.
- The issue of 24,799,647 GOZ stapled securities as payment for 98.97% of the units in Rabinov Property Trust.
- Continued interest rate hedging, providing an average hedged interest rate of 5.67% prior to bank lending margin (2010: 5.91% per annum) for $535 million equating to 80% of the Group's debt, for an average duration of 2.7 years as at 30 June 2011. A forward rate swap was executed in May 2011 and has an effective date of 21 May 2012. It replaces a swap currently in place and extends the average duration of the overall swap portfolio to 3.2 years.

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.

During 2011, the Group's strategy was to maintain gearing within the range 50% to 65%. At 30 June 2011, the gearing ratio was 56.1% (2010: 53.8%). The gearing ratios at 30 June 2011 and 30 June 2010 were as follows:

	2011	2010
	$'000	$'000
Total interest bearing liabilities	**667,242**	416,630
Total assets	**1,190,110**	774,828
Gearing ratio	**56.1%**	53.8%

Following the Rights Issue that closed on 18 July 2011, $100,000,000 of debt was repaid and on commencement of the revised debt facility the gearing ratio reduced to 48.6% (see note 27 for further details).

Note 20: 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 3(a):

Name of entity	Country of incorporation	Class of units / shares	Equity holding*	
			2011	2010
			%	%
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
Goulburn Property Trust	Australia	Ordinary	**100**	100
Growthpoint Properties Australia Limited	Australia	Ordinary	**100**	100
Growthpoint Nominees (Aust) Pty Limited	Australia	Ordinary	**100**	100
Eagle Farm Property Trust	Australia	Ordinary	**100**	-
Yatala 1 Property Trust	Australia	Ordinary	**100**	-
Yatala 2 Property Trust	Australia	Ordinary	**100**	-
Yatala 3 Property Trust	Australia	Ordinary	**100**	-
South Brisbane 1 Property Trust	Australia	Ordinary	**100**	-
South Brisbane 2 Property Trust	Australia	Ordinary	**100**	-
SW1 Car Park Trust	Australia	Ordinary	**100**	-
World Park Property Trust	Australia	Ordinary	**100**	-
Building 2 Richmond Property Trust	Australia	Ordinary	**100**	-
Derrimut Property Trust	Australia	Ordinary	**100**	-
Dandenong South Property Trust	Australia	Ordinary	**100**	-
Nundah Property Trust	Australia	Ordinary	**100**	-
Rabinov Property Trust	Australia	Ordinary	**98.97%**	-
Rabinov Property Trust No. 2	Australia	Ordinary	**98.97%**	-
Rabinov Property Trust No. 3	Australia	Ordinary	**98.97%**	-

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

Notes to the Financial Statements

Note 21: Related party disclosures

RESPONSIBLE ENTITY

The current Responsible Entity of Growthpoint Properties Australia Trust is Growthpoint Properties Australia Limited. It has acted in that role since its appointment on 5 August 2009.

KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation comprised:

	2011	2010
	$	$
Short-term employee benefits	**1,717,176**	746,226
Other long-term employee benefits	**-**	-
Post-employment benefits	**63,229**	42,498
Termination benefits	**-**	-
Share-based payments	**-**	-
	1,780,405	788,724

The comparatives are from 5 August 2009 to 30 June 2010 as before the restructure the Trust did not have any employees and the Company was non-operating.

Key management personnel of Orchard Property Limited (the Responsible Entity until 5 August 2009) were paid by Orchard Funds Limited. During the year, the Group paid (or provided for) nil (2010: $17,740) to Orchard Property Limited as reimbursement for the remuneration cost of the three independent directors, Messrs Shaddock, Spruell and Jackson.

INDIVIDUAL DIRECTORS AND EXECUTIVES COMPENSATION DISCLOSURES

Information regarding individual directors and executives compensation and some equity instruments disclosure as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

DIRECTOR TRANSACTIONS

A number of Directors, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

One of these entities transacted with the Group in the reporting period. The terms and conditions of the transaction were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions non-related parties on and arm's length basis.

The aggregate value of transactions and outstanding balances relating to Directors and entities over which they have significant control or significant influence were as follows:

		2011	2010
Director	Transaction	$	$
G. Jackson (i)	Valuation	**12,000**	-
Aggregate amounts payable at the reporting date		**-**	-

(i) The Group used the valuation services of M3 Property, a company that Mr Jackson is a director of, to independently value one property. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms and Mr Jackson was not directly involved in the Group's engagement of M3 Property.

MOVEMENTS IN SECURITIES

The movement in the number of ordinary stapled securities in the Group held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows (with regards to the comparative year, figures for the period 1 July 2009 to 5 August 2009 represent Units held in the Trust before the stapling):

2011

Security holder	Opening units 1 July	Acquired securities	Disposed securities	Closing securities 30 June
	No.	No.	No.	No.
D. Spruell	**95,445**	31,815	-	**127,260**
G. Jackson	**15,566**	21,053	-	**36,619**
L. Shaddock	**200,000**	80,000	-	**280,000**
N. Sasse	**359,965**	176,638	-	**536,603**
E. de Klerk	**236,329**	116,950	-	**353,279**
T. Collyer	**21,964**	7,322	(10,982)	**18,304**
A. Hockly	**-**	2,000	-	**2,000**

2010

Security holder	Opening units 1 July	1 for 10 consolidation and conversion to stapled securities	Acquired securities	Disposed securities	Closing securities 30 June
	No.	No.	No.	No.	No.
D. Spruell	**329,448**	(296,503)	62,500	-	**95,445**
G. Jackson	**77,828**	(70,045)	7,783	-	**15,566**
G. McMahon [1]	**107,272**	-	-	-	**n/a**
L. Shaddock	**500,000**	(450,000)	150,000	-	**200,000**
D. Hinde [2]	**80,000**	(72,000)	-	-	**n/a**
C. Thiris [1]	**50,000**	-	-	-	**n/a**
N. Sasse [3]	**-**	-	359,965	-	**359,965**
E. de Klerk [3]	**-**	-	236,329	-	**236,329**
T. Collyer [4]	**-**	-	21,964	-	**21,964**
P. Burns [5]	**-**	-	3,107	(3,107)	**n/a**

1. Resigned from the Board on 5 August 2009. 2. Resigned from the Board on 28 February 2010. 3. Represents the Directors' interests from his appointment to the Board on 5 August 2009. 4. Represents the Executive's interest from his employment with the Group on 1 November 2009. 5. Represents the Executive's interest from his employment with the Group on 1 November 2009 until his resignation on 15 January 2010.

No shares were granted to key management personnel during the reporting period as compensation in 2011 or 2010.

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.

Notes to the Financial Statements

Note 21: Related party disclosures (cont.)

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

Under the current stapled structure, the management of the Trust is internalised and no external Responsible Entity or management fees are paid.

Under the terms of the Trust's Constitution, the previous, external Responsible Entity (Orchard Property Limited) was entitled to receive a management fee of 0.40% calculated by reference to the monthly total assets of the Trust. Orchard Property Limited, did not waive any of its management fee for the period ended 5 August 2009, consistent with the Trust's Product Disclosure Statement dated 31 May 2007. For the period ended 5 August 2009, in accordance with the Constitution, Orchard Property Limited received a total fee of $238,728.

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 previous Responsible Entity were as follows:

	2011	2010
	$	$
Management fees for the year by the Group to the previous Responsible Entity	-	238,728
Aggregate amounts payable to the previous Responsible Entity at the reporting date	-	-

TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS

The following transactions occurred with significant shareholders including Growthpoint Properties South Africa, the ultimate parent entity:

	2011	2010
	$	$
Growthpoint South Africa		
Payment of nominee Directors' fees	**52,500**	90,457
Underwriting fee	-	4,331,694
Orchard Funds Limited and subsidiaries:		
Payment of administration expense, 5/09/09 to 30/10/09	-	406,727
Recovery of expenses	-	10,775
Payment of nominee Directors' fees	-	28,562

OUTSTANDING BALANCES ARISING FROM TRANSACTIONS WITH RELATED PARTIES

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

	2011	2010
	$	$
Growthpoint South Africa		
Payment of nominee Directors' fees	-	50,000

Note 22: Remuneration of auditors

During the year to 30 June 2011 the following fees were paid or payable for services provided by the auditor of the Group:

	2011	2010
	$	$
(a) Audit services		
KPMG	**159,240**	141,430

There were no payments for other services to the auditor.

Note 23: Earnings per stapled security

	2011	2010
Weighted average number of stapled securities on issue for the year	**201,291,660**	135,270,990
Basic & diluted earnings per stapled security - cents	**21.5**	34.5

Note 24: Contingent liabilities

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

Note 25: Commitments

(A) CAPITAL COMMITMENTS

CAPITAL EXPENDITURE OBLIGATIONS ASSOCIATED WITH LEASES

This section discusses the capital expenditure obligations that originally applied to six properties in the Group. During the first five years from the date of lease commencement of each of those properties, the tenant could call for up to $80 million (in aggregate) to be spent on capital expenditure that expands or upgrades the properties. As at 30 June 2011, $38.0 million of capital expenditure is available to the tenants of two of these properties to utilise, with the other four properties potential obligations having expired (see below).

The lease commencement date for four of the properties was 30 July 2006 and the lease commencement dates for the other two properties was 28 February 2007 and 4 October 2007, respectively.

In each case, the tenant must provide six months' notice of the works and at least six months' notice prior to the end of the five-year period. Therefore, for the four properties that had a lease commencement date of 30 July 2006, the Group's potential obligation has expired. 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 which range from yields of 6.24% to 7.04%. Dependent upon the quantum of capital expenditure at an individual property, the lease term may be extended for a period up to 15 years, with a maximum lease term remaining of 15 years.

The Group has entered into a Delivery Agreement with Property Solutions Group in relation to the property at 1231-1241 Sandgate Road, Nundah, Queensland under which Property Solutions Group will construct an office building with the Group providing funds on a fund through basis. The contract price for the development has been fixed at $69,500,000.

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.

Notes to the Financial Statements

Note 26: Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2011 the parent of the Group was Growthpoint Properties Australia Trust.

	2011	2010
	$'000	$'000
Result of the parent entity		
Profit / (loss) for the period	**43,488**	46,637
Other comprehensive income / (expense)	**(36,480)**	(22,347)
Total comprehensive income / (expense) for the period	**7,008**	24,290
Financial position of the parent entity at year-end		
Current assets	**30,467**	27,181
Total assets	**1,188,170**	774,481
Current liabilities	**50,844**	33,451
Total liabilities	**729,333**	463,907
Net assets	**458,837**	310,574
Total equity of the parent entity comprising of:		
Contributed equity	**643,441**	502,187
Retained losses	**(184,604)**	(191,613)
Total equity	**458,837**	310,574

Note 27: Subsequent events

On 8 July 2011, Growthpoint announced that it had adopted an employee incentive plan. For details of the plan see the Remuneration Report on pages 15 to 20.

On 21 June 2011, Growthpoint announced an underwritten 1 for 4.4 renounceable rights offer to raise approximately $102.6 million at an offer price of $1.90 per Growthpoint stapled security. The offer closed on 18 July 2011 and raised the full $102.6 million via the issue of 54,000,000 million Growthpoint stapled securities, bringing the total number on issue to 291,577,520. Normal trading on the Australian Securities Exchange in the new stapled securities commenced on 27 July 2011. The new stapled securities initially trade under the code "GOZNA" to reflect that they will be entitled to a pro-rata share of any distributions for the Half-year ending 31 December 2011. Of the proceeds raised, $100.0 million was used to repay debt on 27 July 2011.

On 5 August 2011, Growthpoint announced that it had completed the compulsory acquisition of units in the Rabinov Property Trust and held 100% of the units from that date.

On 10 August 2011, Growthpoint announced that it had agreed terms for a new 10-year lease for its premises at 130 Sharps Road, Tullamarine, Victoria with the existing tenant, The Laminex Group (a subsidiary of NZSE and ASX listed Fletcher Building). The tenancy, which comprises a modern, high quality office, showroom and warehouse of 28,100 square metres, was due to expire in June 2012 and represents 2% of the Group's annual rental income. The lease has been extended to June 2022 with the commencing rent of approximately $2.5 million per annum, a 3.5% rent increase on the current rent.

On 15 August 2011, the new terms of the Group's revised and extended syndicated bank facility commenced (the "Syndicated Facility Agreement" was executed on 6 June 2011 and announced to the ASX on 7 June 2011). On commencement of the revised and extended syndicated bank facility, the margin and line fees payable by the Group reduced from 2.2% per annum to 2.0% per annum and the loan to value ratio (as defined in the Syndicated Facility Agreement) was 50.2% versus a default covenant of 65.0%.

Directors' Declaration

In the opinion of the Directors:

(a) the attached Financial Statements and notes, and the Remuneration Report in the Directors' Report, set out on pages 15 to 20, are in accordance with the Corporations Act 2001, including:

(i) complying with Australia Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the Group 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 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2011.

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

T.J. Collyer.

Timothy Collyer
Managing Director

Melbourne, 22 August 2011

Independent Auditor's report

Independent auditor's report to the stapled security holders of Growthpoint Properties Australia Limited and Growthpoint Properties Australia Trust

Report on the financial report

We have audited the accompanying consolidated financial report of Growthpoint Properties Australia (the Group) comprising Growthpoint Properties Australia Trust (the Trust) and the entities it controlled at year end or from time to time during the financial year and Growthpoint Properties Australia Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2011, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 27 and the directors' declaration.

Directors' responsibility for the financial report

The directors of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust are responsible for the preparation and fair presentation of the consolidated 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 control relevant to the preparation and fair presentation of the consolidated 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 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated 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 consolidated 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 consolidated financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial report.

We performed the procedures to assess whether in all material respects the consolidated financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Group's financial position and of its performance.

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

KPMG

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 consolidated financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its 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.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 8 to 15 of the directors' report for the year ended 30 June 2011. The directors of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Growthpoint Properties Australia for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Darren Scammell

Darren Scammell
Partner

Melbourne

22 August 2011

About Growthpoint Properties Limited

Growthpoint Properties Limited of South Africa ("Growthpoint SA") is the majority security holder in Growthpoint Properties Australia.

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

Since 2001, Growthpoint SA 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 SA is the largest listed property group on the JSE and has property assets valued at approximately A$6.5 billion (including GOZ) and a market capitalisation of approximately A$4.3 billion. This represents more than a 1000 times growth in the 10 years since 2001, when Growthpoint SA's market capitalisation was less than A$4 million.

Growthpoint SA's securities are widely held by leading International and South African institutional investors who collectively hold in excess of 82% of Growthpoint SA's issued securities. The Government Employees Pension Fund managed by the Public Investment Corporation is the largest unit holder at 25.7% of total Growthpoint SA securities on issue, with non-South African investors holding approximately 12%.

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

Growthpoint SA acquired a 50% interest in the V&A Waterfront, Cape Town in June 2011.

ASX additional information

Substantial security holders

The number of stapled securities held by the Group's substantial security holders as disclosed in substantial holding notices received as at 19 September 2011 is as follows:

NAME	Staple Securities
GROWTHPOINT PROPERTIES LIMITED	178,133,035
STRATEGIC REAL ESTATE MANAGERS (PTY) LTD ON BEHALF OF EMIRA PROPERTY FUND	23,840,794
RABINOV HOLDINGS	20,901,471
CORONATION ASSET MANAGEMENT	16,920,405

20 largest security holders (as at 19 September 2011)

NAME	Number of Stapled Securities held	Percentage of total Stapled Securities (%)
CITICORP NOMINEES PTY LIMITED	180,923,248	61.99
STRATEGIC REAL ESTATE MANAGERS (PTY) LTD <EMIRA PROPERTY FUND A/C>	23,840,794	8.17
RABINOV HOLDINGS PTY LTD	16,149,471	5.53
NATIONAL NOMINEES LIMITED	15,305,668	5.24
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <APN A/C>	9,580,081	3.28
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,065,757	2.76
SHARON INVESTMENTS PTY LTD	4,752,000	1.63
J P MORGAN NOMINEES AUSTRALIA LIMITED	3,603,530	1.23
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,324,632	0.45
C S GREENSBOROUGH PTY LTD	1,000,000	0.34
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	727,119	0.25
PERPETUAL TRUSTEES CONSOLIDATED LIMITED <CLIME ASSET MANAGEMENT A/C>	668,803	0.23
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	560,418	0.19
TALSTON PTY LTD <THE TALSTON A/C>	480,000	0.16
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PIPOOLED A/C>	469,955	0.16
MRS CLAIRE MARIA D'ADORANTE	400,000	0.14
GABA PTY LTD <SUPER FUND A/C>	400,000	0.14
SHADDOCK PROPERTIES PTY LTD <APPRECIATING NOM STAFF A/C>	375,000	0.13
MR PATRICE MICHAEL MOYAL & MRS KAREN ELLANA MOYAL	330,000	0.11
BRIDES PTY LTD <DGL SUPERANNUATION FUND A/C>	300,000	0.10
TOTAL	**269,256,476**	**92.26**

ASX additional information

Distribution of security holders (as at 19 September 2011)

Range	Total Holders	Staples Securities	Percentage of Total Stapled Securities
1 – 1,000	644	401,303	0.14%
1,001 – 5,000	1,205	3,339,661	1.14%
5,001 – 10,000	393	2,874,231	0.98%
10,001 – 100,000	458	11,489,796	3.94%
100,001 and over	45	273,730,825	93.80%
Total	2,745	291,835,816	100.00%

As at 19 September 2011, there were 291,835,816 fully-paid stapled securities held by 2,745 individual security holders.

1. 120 LINK ROAD, TULLAMARINE, VIC.
2. 45-55 SOUTH CENTRE ROAD, TULLAMARINE, VIC.
3. 38-40 ANNANDALE ROAD, TULLAMARINE, VIC.
4. 130 SHARPS ROAD, TULLAMARINE, VIC.

Company Directory

GROWTHPOINT PROPERTIES AUSTRALIA

Growthpoint Properties Australia Limited ABN 33 124 093 901; AFSL No 316409
Growthpoint Properties Australia Trust ARSN 120 121 002

Level 10, 379 Collins Street, Melbourne VIC 3000 Australia

Phone: (03) 8681 2900, Fax: (03) 8681 2910

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SHARE REGISTRY

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Phone (within Australia): 1300 850 505

Phone (outside Australia): +61 3 9415 4000

Fax: +61 3 9473 2500

www.computershare.com

AUDITOR

KPMG

147 Collins Street, Melbourne VIC 3000 Australia

2011/2012 SECURITY HOLDER CALENDAR[1]

Distribution paid for the half year ended 30 June 2011	31 August 2011
Annual Tax Statement for year ended 30 June 2011 mailed	31 August 2011
Annual General Meeting (to be held in Sydney)	24 November 2011
Results for the half year ended 31 December 2011 announced to ASX	20 February 2012
Distribution paid for the half year ended 31 December 2011	29 February 2012
Half year report published	22 March 2012
Results for the year ended 30 June 2012 announced to ASX	20 August 2012
Distribution paid for the half year ended 30 June 2012	31 August 2012
Annual Tax Statement for year ended 30 June 2012 mailed	31 August 2012
2012 Annual Report published	20 September 2012

1. Dates subject to change by the Board

Growthpoint Properties Australia
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www.growthpoint.com.au
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