GROWTHPOINT PROPERTIES AUSTRALIA

Growthpoint Properties Australia Trust ARSN 120 121 002
Growthpoint Properties Australia Limited ABN 33 124 093 901 AFSL 316409

2013 ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

GROWTHPOINT PROPERTIES

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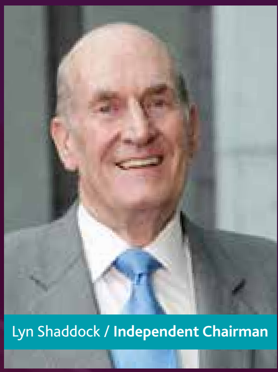
THIS REPORT AND ITS SCOPE

This Growthpoint Properties Australia 2013 Annual Report provides an overview of our operations, including financial and non-financial performance, for the year ended 30 June 2013.

INTRODUCTION

FROM THE CHAIRMAN & MANAGING DIRECTOR



Lyn Shaddock / **Independent Chairman**

Timothy Collyer / **Managing Director**

We are proud to present the 2013 Annual Report for Growthpoint Properties Australia; the fourth since the Group's inception in September 2009. Over this time, the board and management, with backing from our securityholders, particularly Growthpoint Properties Limited of South Africa, have built a substantial real estate business across all Australian States and the Australian Capital Territory. We have grown from a $650 million industrial fund to an internally managed real estate trust with over $1.7 billion in assets spread across the office and industrial sectors. Our distributions have continued to grow over this period; from 14 cents per stapled security in FY2010 to 18.3 cents per stapled security for FY2013 and we are forecasting 19.0 cents per stapled security for FY2014.

During the year, we acquired three significant properties and brought two fund through developments to practical completion. Our growth has slowed primarily due to the increased competition for the type and quality of real estate we wish to acquire taking prices higher and yields lower than levels at which we are prepared and/or able to acquire. However, the board and management will seek to continue to expand the asset base as opportunities arise.

We remain both focussed on providing a secure and growing income stream for securityholders and holding true to our philosophy of being a pure landlord.

Thank you for your ongoing support for Growthpoint Properties Australia.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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 the Trust and its controlled entities, for the year ended 30 June 2013.

The shares of the Company and the units of the Trust are stapled 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.

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. Further details in relation to the nature of these activities are provided in this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group expects to continue to manage its existing property portfolio to increase its returns to securityholders whilst also expanding its total assets. Details of the known key risks and opportunities are provided in this report.


10

STRENGTH

Only internally managed, 100% Australian, pure commercial landlord listed on the ASX

WEAKNESS

Lack of trading volumes puts GOZ outside the investment criteria for many institutional investors

OPPORTUNITY

A relatively small increase in trading volumes will take GOZ into the S&P/ASX 300 index making GOZ more relevant for institutional investors

THREAT

Increasing competition from buyers for, and less willingness by existing owners to sell, quality real estate in Australia could make future acquisitions more difficult

AT A GLANCE
GROWTHPOINT PROPERTIES AUSTRALIA

AS AT 19 AUGUST 2013

Growthpoint Properties Australia (also referred to in this report as "GOZ" or "the Group") is an ASX listed real estate investment trust or A-REIT (ASX Code: GOZ), with a mandate to invest in Australian property in the industrial, office and retail sectors.

The objective of the Group is to provide investors with a tradeable security producing consistently growing income returns and long-term capital appreciation.

FY2013 RESULTS IN LINE WITH GUIDANCE

$76.4m
DISTRIBUTABLE PROFIT
a 32.4% increase from FY2012

$94.0m
STATUTORY PROFIT
an 89.9% increase from FY2012

18.3cps
FY2013 DISTRIBUTION
4.0% above FY2012

23.6%
TOTAL SECURITYHOLDER RETURN FOR FY2013[1]

20.2%p.a.
TOTAL SECURITYHOLDER RETURN FOR THREE YEARS[1]
to 30 June 2013

19.0cps
DISTRIBUTION FORECAST
for 12 months to 30 June 2014, 3.8% above FY2013

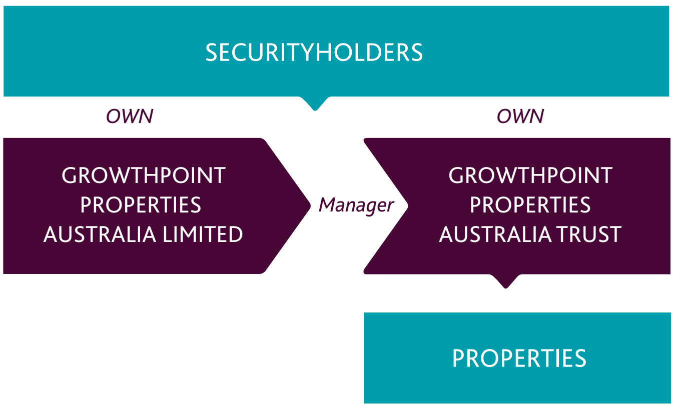
7.9%
FY2014 DISTRIBUTION YIELD
based on 30 June 2013 closing price

$1.7b
PORTFOLIO VALUE
a 5.0% increase from FY2012

$1.0b
MARKET CAPITALISATION
up from $0.8 billion as at 30 June 2012

142nd
LARGEST ENTITY ON THE ASX
as at 30 June 2013

STAPLED GROUP STRUCTURE



The Group has a stapled entity structure, with internalised management, comprising Growthpoint Properties Australia Limited (the Responsible Entity) and Growthpoint Properties Australia Trust.

OUR PHILOSOPHY
is to be a pure landlord, with 100% of our income derived from rent under leases with quality tenants from commercial real estate.

1. Source: UBS Investment Research

STRATEGIES
AND OBJECTIVES

FOUR PILLARS OF "PURE LANDLORD" INVESTMENT STRATEGY:

▶ 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 and the Australian Capital Territory.

▶ NO FUNDS MANAGEMENT

The Group's revenue is solely derived from rental income. 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 securityholders 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 has and will likely continue to purchase properties to be developed, fund construction of developments, or enter a joint venture where the Group becomes the ultimate owner of the property on completion of the development but only where material precommitment leases are in place. 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. Securityholders own both the property trust and the manager/responsible entity. There are no fees payable to external managers for operating the business and no conflicts of interest between securityholders and the manager/responsible entity.

CURRENT OBJECTIVES:

1. *Grow distributions per stapled security by 3-4% per annum.*
2. *Seek investment opportunities to grow, improve and further diversify the property portfolio and its income stream particularly in the industrial sector.*
3. *Expand the securityholder register to fund future growth and to increase trading volumes to enable index inclusion.*
4. *Reduce balance sheet gearing to between 40% and 45% to take advantage of lower debt costs under existing syndicated facility agreement and obtain an investment grade rating to access alternative sources of funding.*
5. *Maintain or extend the Group's weighted average lease expiry profile (currently one of the longest in the A-REIT sector at just under 7 years) through lease renewals, leasing the 2% of the portfolio which is currently vacant and targeted acquisitions of assets with long WALEs.*
6. *Maintain or lower the management expense ratio or MER (currently one of the lowest of any A-REIT at 0.4% of gross assets) through keeping overhead costs as low as prudently possible and avoiding business areas with higher costs such as the establishment of a funds management business.*
7. *Continue to act as a good "corporate citizen" through our imbedded compliance culture and support for charitable and community events and organisations.*


LINFOX

HIGHLIGHTS
FOR THE 2013 FINANCIAL YEAR

Growthpoint met distribution guidance of 18.3 cents per stapled security, a 4% increase on FY 2012.

OTHER HIGHLIGHTS FOR FY2013

PROFIT AND DISTRIBUTIONS

- Distributable profit of $76.4 million; up 32.4% from the previous corresponding period. This equated to 19.3 cents per GOZ stapled security, up 8.6% from the previous corresponding period.
- Statutory profit was $94.0 million; 89.9% up from the previous corresponding period.
- Distributions of $35.1 million were paid to securityholders on 28 February 2013 with an additional $37.5 million payable on 30 August 2013 providing a payout ratio of 95% and equating to an 18.3 cent distribution per GOZ stapled security. This was consistent with market guidance and a rise of 4% from the previous corresponding period. This total distribution is to be 70% tax deferred and 7% tax free.
- Directors have provided distribution guidance for GOZ stapled securityholders for the financial year ending 30 June 2014 of 19.0 cents per stapled security.

INVESTOR RELATIONS

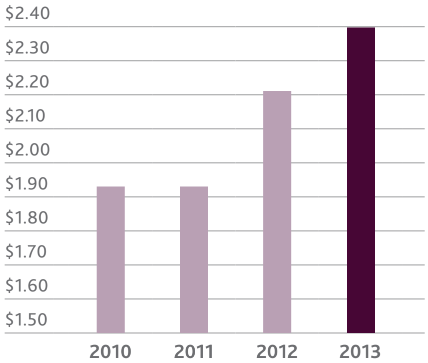
Growthpoint continued to experience support from a growing number of offshore investors and investor roadshows were held in South Africa as in previous years and in Hong Kong and New Zealand for the first time. Domestically, Growthpoint continued to expand its connections with Australian institutional investors and conducted a number of property tours and meetings with new, existing and potential investors. During the year, Bank of America/Merrill Lynch, UBS Investment Research and National Australia Bank initiated institutional research coverage on Growthpoint adding to Macquarie Bank.

PROPERTY ACQUISITIONS

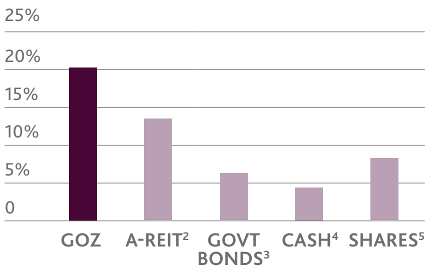
Property assets increased to approximately $1.7 billion after the following property acquisitions:

- Two interconnected modern "A grade" eight storey office buildings with a combined net lettable area of approximately 15,398 square metres plus 158 car parks on land of 3,064 square metres located at **10-12 Mort Street, Canberra** in the Australian Capital Territory for $55.8 million (before acquisition costs). The buildings are fully-let to the Commonwealth of Australia (Department of Education, Employment and Workplace Relations) on a five year lease expiring 24 March 2017, with one five year option of renewal and provide an initial property income yield of 10.28% (before acquisition costs). The lease has fixed annual rent increase of 3.75% per annum. This was Growthpoint's first acquisition in the Canberra office market and further diversifies Growthpoint's portfolio into the office sector. Settlement of the acquisition occurred in August 2012 and was funded by the Distribution Reinvestment Plan relating to the June 2012 distribution and debt.
- A prime industrial property portfolio comprising three adjoining properties in **Erskine Park, New South Wales** for a total cost of $104.7 million (before acquisition costs) comprising a 29,055 square metres pharmaceutical warehouse to be constructed, an existing 24,881 square metres warehouse and an existing 3,720 square metres truck facility. All three properties are leased to entities associated with the Linfox group of companies, one of Australia's largest logistics providers, for a weighted average lease term of 10 years providing an initial average yield of 8.07% (before acquisition costs). All leases have annual CPI rent reviews. Until completion of the pharmaceutical warehouse, Growthpoint earns an 8.5% coupon on moneys outlaid. Settlement occurred in late February 2013 with funding coming from the sale of 134 Lillkar Road, Goulburn, New South Wales, application of the proceeds from the February 2013 distribution reinvestment plan and existing headroom in the syndicated debt facility.
- Completion of the acquisition of a car park adjoining Growthpoint's properties at 572-576 Swan Street, Richmond, Victoria for $1 million.

SECURITY PRICE
AS AT 30 JUNE



TOTAL RETURN COMPARISON
OVER 3 YEARS TO 30 JUNE 2013[1]



GOZ	A-REIT[2]	GOVT BONDS[3]	CASH[4]	SHARES[5]
20.2%	13.4%	6.2%	4.3%	8.2%

1. Source: UBS Investment Research.
2. S&P/ASX 300 Prop Acc. Index.
3. UBS Govt Bond Index - all maturities.
4. UBS Bank Bill Index.
5. S&P/ASX 300 Acc. Index.

Growthpoint continues to seek merger and acquisition opportunities to grow and enhance the property portfolio as a means to growing and securing distributions to securityholders.

STRENGTH

Growthpoint's income is easily understood and relatively certain due to: long WALE, high level of interest rate hedging, low MER and 100% of leases on fixed annual rent reviews

WEAKNESS

Currently all debt is bank debt. Growthpoint is seeking to obtain a credit rating to diversify its sources of debt

OPPORTUNITY

Major Australian lenders have indicated a desire to lend to Growthpoint

THREAT

Potential economic changes. A worsening economy may result in higher vacancy rates although, with one of the longest WALEs in the sector, Growthpoint is well placed for any downturn. Conversely, an upturn in the economy may increase competition for quality assets; the current portfolio means Growthpoint does not need to grow and the internalised management model means there are no incentives to grow to receive increased management fees

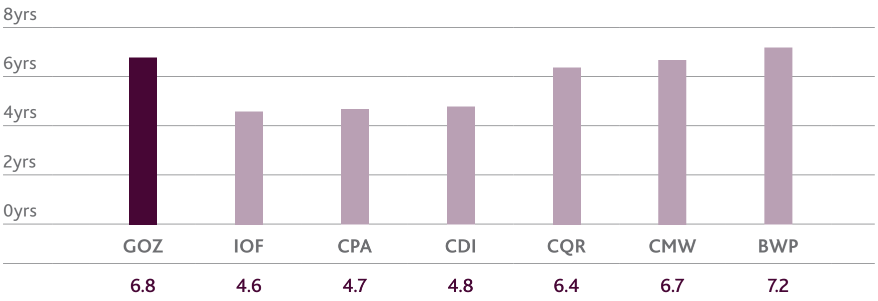
RECENT MAJOR LEASING TRANSACTIONS

PROPERTY	TYPE	TENANT	*Date*	*Lease term (yrs)*	*Lettable area (m²)*	*Comment*
130 SHARPS RD, MELBOURNE AIRPORT, VIC	Industrial	Laminex Group	Jun 2012	10.0	28,100	Lease renewal
3 VIOLA PL, BRISBANE AIRPORT, QLD	Industrial	Cargo Transport Systems	Mar 2013	10.0	3,431	New tenant
365 FITZGERALD RD, DERRIMUT, VIC	Industrial	Bridgestone	Mar 2013	7.0	16,114	Lease extension
7 LAFFER DR, BEDFORD PARK, SA	Office	Westpac	Jul 2013	5.0	6,639	Lease renewal
CB2, 42 MERIVALE ST, SOUTH BRISBANE, QLD	Office	Circa Café	Aug 2013	5.0	727	Lease renewal
LOTS 2-4, 44-54 RAGLAN STREET, PRESTON, VIC	Industrial	Paper Australia	Sep 2013	6.0	26,980	Lease renewal
333 ANN STREET, BRISBANE, QLD	Office	Anne Street Partners	Feb 2014	7.0	867	New tenant
CB2, 42 MERIVALE ST, SOUTH BRISBANE, QLD	Office	Peabody Energy Australia	Jun 2014	10.0	5,762	New tenant

COMPLETION OF FUND-THROUGH DEVELOPMENTS

Growthpoint's new properties, acquired via "development fund-throughs", at 1231-1241 Sandgate Road, Nundah, Queensland and 219-247 Pacific Highway, Artarmon, New South Wales reached practical completion in November 2012 and December 2012, respectively. Both buildings are 100% let, and the major tenants are State Government of Queensland entities and Fox Sports for the Nundah and Artarmon properties, respectively. Growthpoint will continue to seek development fund-through opportunities to facilitate the acquisition of new buildings typically with long lease terms, high green credentials and lower acquisition costs.

WALE PEER COMPARISON[1]



Source: company filings.

1. Peers as at 31 December 2012. GOZ as at 31 May 2013, pro forma for the Acquisitions as if complete

Abbreviations: **BWP**: BWP Trust, **CDI**: Challenger Diversified Property Group, **CMW**: Cromwell Property Group, **CPA**: Commonwealth Property Office Fund, **CQR**: Charter Hall Retail Fund, **IOF**: Investa Office Fund.

LEASING

- In what is the second largest leasing transaction in Brisbane for the calendar year to date, **Peabody Energy Australia** leased the entire CB2 Building, 42 Merivale Street, South Brisbane with a net lettable area of 5,762m² for ten years from 1 July 2014 with one option to renew of five years. The lease was at market rent and includes fixed annual increases of 3.75%. As part of the structure for the new Peabody lease, the existing tenant of CB2, Fusion Retail Brands, surrendered its lease effective from 1 July 2013 with the payment of a surrender fee to Growthpoint. Peabody will lease three floors directly from Growthpoint until 30 June 2014, with the new lease for the whole premises commencing on 1 July 2014. The Peabody lease contains expansion and contraction rights.
- **Westpac Banking Corporation** exercised an option to renew its lease of the Group's 6,639m² office building at 7 Laffer Drive, Bedford Park, South Australia for five years from 23 July 2013. In accordance with the lease option provisions, the rent will fall by 10% to approximately $2,043,000 (plus GST and outgoings) The new rent will be increased annually in accordance with CPI subject to a minimum of 3%, and a maximum of 5%, per annum.
- **Bridgestone Australia**, which leases 365 Fitzgerald Road, Derrimut, Victoria exercised an option to expand the premises by 2,110m² at a cost of approximately $1.1 million and extend the term for seven years from the date of practical completion of the works which occurred on 6 March 2013. This property comprises a 16,114m² warehouse, tyre service facility and the Victorian state office of Bridgestone Australia.
- **Paper Australia**, which leases 26,980m2 at 44-54 Raglan Street, Preston, Victoria, exercised an option for a further lease term of six years to 31 August 2019. The current rent approximates $1.72 million per annum. In accordance with the provisions of the lease, the commencing rent for the new term will be agreed between the parties prior to 2 August 2013 or, failing such agreement, by an independent valuer.
- **Anne Street Partners** leased Level 19, 333 Ann Street, Brisbane for seven years from 1 February 2014 with one option to renew of five years. The tenancy comprises a whole floor of 867m², was at market rent and includes fixed annual increases of 3.75%.
- The Group's sole industrial vacancy at 3 Viola Place, Brisbane Airport, Queensland was leased to **Cargo Transport** for ten years from 1 March 2013. The initial rent is $475,742 (plus GST and outgoings) and is subject to annual increases to the greater of 3.5% and CPI. The property comprises a 3,431m² office/warehouse on a 12,483m² site. Due to the successful leasing of this property, the industrial portfolio is 100% leased.
- Following a market review, the rent at 75 Annandale Road, Melbourne Airport, Victoria increased by 9% to $730,754 per annum from 16 April 2013. This increase was the maximum permitted under the terms of the market review. This property comprises a 10,280m² industrial warehouse on a 16,930m² site and is leased to Neovia Logistics until 5 November 2016.

PROPERTY DISPOSALS

On 31 January 2013, Growthpoint completed the sale of its property at 134 Lillkar Road, Goulburn, New South Wales for $72.25 million, above the 30 June 2012 book value of $71.0 million. Net proceeds were used to partially fund the acquisition of three industrial properties in Erskine Park, New South Wales as noted earlier. Properties will be disposed of where they no longer meet Growthpoint's investment criteria.

DEBT

- Growthpoint's syndicated debt facility with Westpac, NAB and ANZ ("SFA") was increased by $60 million to $825 million to fund the Canberra acquisition referred to earlier. Growthpoint also extended its debt in June 2013. The new SFA maturity dates are set out in the table at right.
- Growthpoint also has a $70 million debt facility in place with National Australia Bank maturing on 30 April 2016 which was unchanged.
- The weighted average maturity profile of all debt was 4.3 years at 30 June 2013.
- From 21 June 2013, Growthpoint's weighted average cost of debt across all facilities (including margin) was approximately 6.71% per annum, down from 6.95% per annum at 31 December 2012. While Growthpoint's loan to value ratio (as measured under the SFA) ("LVR") is below 45%, Growthpoint's margin will reduce by a further 0.10% per annum on the SFA. Growthpoint has previously announced a short-medium term goal of achieving an LVR of 40% to 45%.
- Balance sheet gearing at 30 June 2013 was 46.8% (interest bearing liabilities divided by total assets).
- Growthpoint's total borrowing costs for FY2013 were $56.3 million and the net finance expense was $50.5 million.
- The hedging shown in the table opposite was achieved through interest rate swaps. Refer to pages 85-89 of this Annual Report for more details of financial instruments used by Growthpoint.
- Growthpoint agreed to a step down in its LVR default covenant under the SFA from 65% to 60% and increase the Interest Cover Ratio ("ICR") from 1.4 times to 1.6 times, effective from the date Growthpoint's LVR falls below 45%. Growthpoint's LVR under the SFA was 48.6% and its ICR was 2.7 times at 30 June 2013.

SFA MATURITY DATES

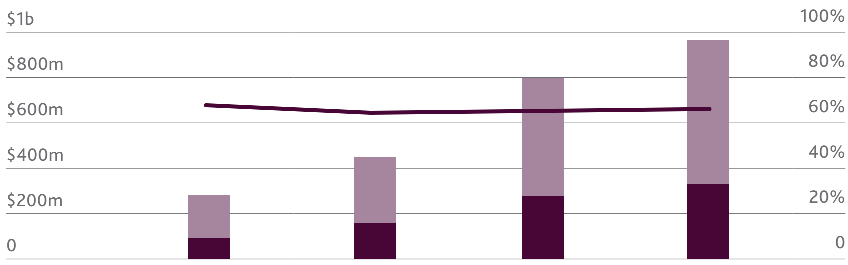
PRIOR MATURITY DATE	NEW MATURITY DATE	DEBT AMOUNT
31 DEC 2016	31 DEC 2016	$315m
31 DEC 2014	31 DEC 2017	$255m
31 DEC 2015	31 DEC 2018	$255m
Total		*$825m*

SUMMARY OF DEBT FACILITIES

	SYNDICATED FACILITY	BILATERAL
SIZE	$825m	$70m
MATURITY	Tranche 1 ($315m): 31 Dec 2016 Tranche 2 ($255m): 31 Dec 2017 Tranche 3 ($255m): 31 Dec 2018	30 April 2016
LVR ACTUAL / COVENANT[1]	48.6% / 60% (Operating); 65% (Default)	46.6% / 60% (Operating); 65% (Default)
ICR ACTUAL / COVENANT[2]	2.71x / 1.4x	2.66x / 1.6x
AVERAGE COST OF DEBT (INCLUDING BANK MARGIN)	6.70%	
HEDGING REQUIREMENT	Minimum 75%	Minimum 75%

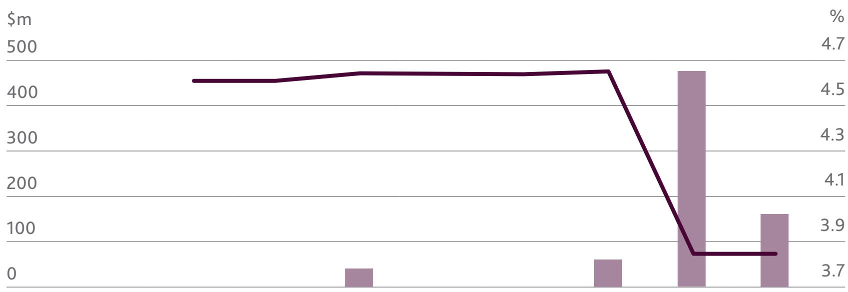
1. As at 30 June 2013. 2. FY2013.

MARKET CAPITALISATION AND FREE FLOAT



	2010	2011	2012	2013
GRT Holding	67.6%	64.5%	65.3%	65.8%
Market Cap	$282.5m	$447.6m	$796.9m	$966.8m
Freefloat	$91.5m	$158.9m	$276.5m	$330.6m

HEDGING MATURITY PROFILE



	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17
Nominal value of hedging expiring ($m)	-	-	40	-	-	60	475	160
Weighted average interest rate on hedged debt	4.61%	4.61%	4.64%	4.64%	4.64%	4.65%	3.85%	3.85%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DISTRIBUTION REINVESTMENT PLAN

Growthpoint's distribution reinvestment plan or "DRP" raised approximately $48.9 million with participating securityholders having reinvested their June 2012 and December 2012 half year distributions into GOZ stapled securities. In both cases, the funds from the DRP have been used to partially fund property acquisitions. The discount applied to then recent trading prices was 3%. Growthpoint announced that the DRP will be in operation for the June 2013 distribution at 2% discount to trading prices in early July. Approximately, 74.7% of securityholders have elected to take up their distribution via the DRP which is expected to raise approximately $26.8 million (after withholding tax).

NET TANGIBLE ASSETS

Growthpoint's net tangible assets or NTA per stapled security was $2.00 as at 30 June 2013, 7 cents higher than as at 30 June 2012. NTA per stapled security included gains from property valuations, swap revaluations and equity raisings/retained earnings.

PROPERTY VALUATIONS

As at 30 June 2013, Growthpoint owned interests in a total of 44 properties with a combined value of $1.7 billion (at completion of a development under construction).

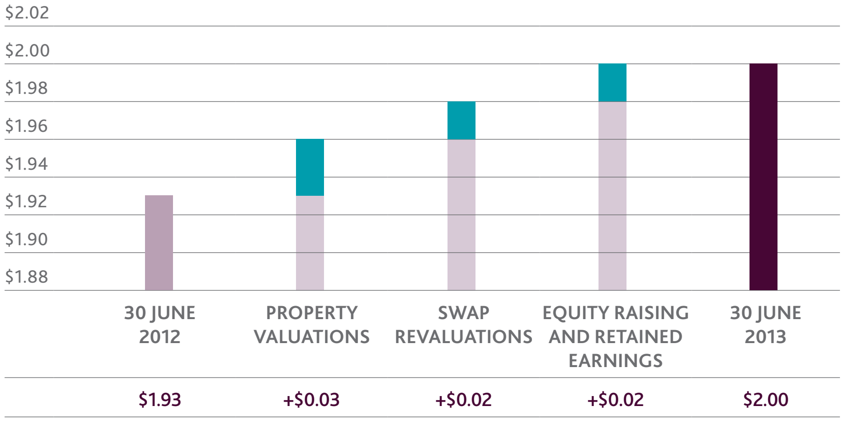
A reconciliation with the reported accounts appears below:

	$m
Trade and other receivables (non-current) being straight lined rental income	52
Investment properties	1,595
Sub-total	1,647
Other receivables (non-current)	21
Value of properties as at 30 June 2013	1,668
Remaining payments on fund through properties (excludes new acquisitions announced in July 2013)	27
Pro forma property portfolio valuation	1,695

Of the 44 properties owned, 17 properties were independently valued as at 30 June 2013 and the remaining 27 were valued by directors. Resulting in a net $11.7 million valuation increase across the portfolio; a 0.7% increase. These valuations are net after adjusting for capital expenditure. The net impact on NTA was $0.03 cents per stapled security.

MOVEMENTS IN NTA

PER STAPLED SECURITY



SIGNIFICANT HOLDERS OF GOZ

SECURITYHOLDER	%
Growthpoint Properties Limited of South Africa	65.8
Coronation Fund Managers	7.0
Emira Property Fund	6.2
Rabinov Holdings and Associated entities	1.8
Oasis Asset Management	1.2

DISTRIBUTION REINVESTMENT PLAN

DISTRIBUTION PERIOD	*Price*	*Discount*	*Amount raised*	*Securities issued*	*Participation*
	$	*%*	*$m*	*million*	*%*
JUNE 2012	2.02	3	21.6	10.7	66.4
DECEMBER 2012	2.18	3	27.3	12.5	80.8
JUNE 2013	2.35	2	26.8	11.4	74.6
Total/Average	**2.18**	**2.7**	**75.7**	**34.6**	**74.0**

WEIGHTED AVERAGE CAPITALISATION FOR THE GROUP*

	30 JUNE 2013			30 JUNE 2012		
	Properties	*Value $m*	*Capitalisation rate*	*Properties*	*Value $m*	*Capitalisation rate*
OFFICE	15	797	8.4%	15	800.6	8.3%
INDUSTRIAL	29	897	8.3%	27	834	8.4%
TOTAL	44	1,694	8.4%	42	1,635	8.3%

* Excludes properties under development.

DISTRIBUTABLE INCOME

Distributable income is the net profit available for distribution from the Group which excludes accounting adjustments such as fair value movements to the value of investment property and interest rate swaps, movements in deferred tax assets and profits on sale of investment properties. Distributable income is non-IFRS financial information and has not been subject to review by the Group's external auditors.

Distributable income has been provided to allow securityholders to identify that income which is available to distribute to them and will assist in the assessment of relative performance of the Group.

The table below provides a reconciliation of distributable income from statutory profit.

RECONCILIATION OF DISTRIBUTABLE INCOME FROM STATUTORY PROFIT

	2013	2012
	$'000	*$'000*
Profit after tax	**93,956**	**49,487**
Less non-distributable items:		
- Straight line adjustment to property revenue	(5,769)	(2,957)
- Net changes in fair value of investments	(5,990)	(30,117)
- Loss of sale of investment properties	(279)	88
- Net (gain) / loss on derivatives	(5,596)	41,169
- Deferred tax expense	101	43
Distributable income	76,423	57,713
Distributions on ordinary stapled securities provided for or paid during the year	72,590	57,383

The payout ratio, calculated as distributions on ordinary stapled securities divided by distributable income, was 95.0% (2012: 99.4%).

The table below summarises those components that make up distributable income earned.

DISTRIBUTABLE INCOME

	FY2013	FY2012	CHANGE	
	$'000	*$'000*	*$'000*	*%*
Property income	153,870	124,005	29,865	24%
Property expenses	(20,474)	(15,063)	(5,411)	36%
NET PROPERTY INCOME	**133,396**	108,942	24,454	22%
Interest income[1]	5,759	4,677	1,082	23%
TOTAL OPERATING INCOME	**139,155**	113,619	25,536	22%
Borrowing costs	(56,272)	(50,138)	(6,134)	12%
Operational and trust expenses	(6,431)	(5,551)	(880)	16%
OPERATING AND TRUST EXPENSES	**(62,703)**	(55,689)	(7,014)	13%
Current tax expense	(29)	(219)	190	-87%
DISTRIBUTABLE INCOME	**76,423**	57,711	18,712	32%
Distributions paid	72,590	57,383	15,207	27%

1. Includes coupon interest received on the developments of Energex, Nundah, Fox Sports, Gore Hill and Linfox, Erskine Park

SUMMARY OF MOVEMENTS IN VALUE OVER FY2013

PROPERTY TYPE	Properties at 30 June 2012	Value at 30 June 2012	Capex for year	Property acquisitions or expansions	Property disposals	Revaluation gain /(loss)	Valuation at 30 June 2013	Increase / (decrease) from prior value	Properties at 30 June 2013
	No.	$m	$m	$m	$m	$m	$m	%	No.
INDUSTRIAL PORTFOLIO	27	834	2.6	63.3	(71.0)	20.7	850	2.5%	29
OFFICE PORTFOLIO	15	635	1.1	169.6	-	(9.0)	797	-1.4%	15
Total portfolio	**42**	**1,470**	**3.7**	**232.9**	**(71.0)**	**11.7**	**1,647**	**0.8%**	**44**

MATERIAL MOVEMENTS IN THE INDEPENDENT VALUATIONS INCLUDE:

- The six distribution centres leased to Woolworths increased collectively by $15.4 million due to growth both in passing and market rental rates.
- 33-39 Richmond Road, Keswick, South Australia increased by $0.95 million, or 1.8%, due to the capitalisation rate firming by 0.25% based on more market evidence of office sales over the period.
- 7 Laffer Drive, Bedford Park, South Australia benefited from Westpac exercising their five year option to see the value increase by 4.7% or $0.8 million.
- 365 Fitzgerald Road, Derrimut, Victoria increased by $2.2 million, or 16.4% due to an expansion of the property and the extension of the lease to Bridgestone.
- CB2, 42 Merivale Street, South Brisbane Queensland increased in value due to a new 10 year lease commencing 1 July 2014 over the whole of the property being signed with Peabody Energy. This pushed the value up $0.8 million even after writing off all acquisition costs during the year.
- Over the year the office portfolio decreased in value by $9.0 million but this included writing off acquisition costs of $15.8 million for four recently acquired properties. Excluding this write-off, the office portfolio increased in value by $6.0 million.

The directors consider the properties to be fairly valued at balance date and expect a majority of the assets to be saleable at or above book value after a normal marketing campaign. However, the value and nature of real property as an asset means it is not necessarily liquid or immediately saleable.

EQUITY RAISINGS 2009-2013

DATE[1]	METHOD	AMOUNT RAISED
		$m
AUGUST 2009	Placement	55.6
SEPTEMBER 2009	Rights offer	144.4
AUGUST 2010	Rights offer	101.0
APRIL 2011	Takeover - scrip issue	48.8
JUNE 2011	Rights offer	102.6
DECEMBER 2011	Rights offer	166.4
JUNE 2012	Distribution reinvestment plan	21.6
DECEMBER 2012	Distribution reinvestment plan	27.3
JUNE 2013	Distribution reinvestment plan	26.8
	Total	**$694.4**

1. Date of transaction announcement.

PROPERTY ACQUISITIONS FY2013

27-49 LENORE DR, ERSKINE PARK, NSW

USE
Pharmaceutical warehouse

SECTOR
Industrial

TENANT
Linfox

BUILDING AREA
29,055

SITE AREA
71,410

CONSTRUCTION COMPLETED
Under construction

LEASE TERM (YEARS)
10.0

ANNUAL RENT REVIEWS
CPI

OUTGOINGS
Paid by lessee

GOZ PRICE
$46,250,000

INITIAL YIELD
8.00%

NET PROPERTY INCOME
$3,700,000

INDEPENDENT VALUATION
$46,250,000

51-65 LENORE DR, ERSKINE PARK, NSW

USE
Truck facility

SECTOR
Industrial

TENANT
Linfox

BUILDING AREA
3,720

SITE AREA
41,790

CONSTRUCTION COMPLETED
2011

LEASE TERM (YEARS)
15.0

ANNUAL RENT REVIEWS
CPI

OUTGOINGS
Paid by lessee

GOZ PRICE
$22,500,000

INITIAL YIELD
7.97%

NET PROPERTY INCOME
$1,793,768

INDEPENDENT VALUATION
$22,500,000

6-7 JOHN MORPHETT PL, ERSKINE PARK, NSW

USE
Warehouse

SECTOR
Industrial

TENANT
Linfox

BUILDING AREA
24,881

SITE AREA
82,280

CONSTRUCTION COMPLETED
2008

LEASE TERM (YEARS)
7.0

ANNUAL RENT REVIEWS
CPI

OUTGOINGS
Paid by lessee

GOZ PRICE
$35,950,000

INITIAL YIELD
8.21%

NET PROPERTY INCOME
$2,952,438

INDEPENDENT VALUATION
$35,950,000

10-12 MORT ST, CANBERRA, ACT

USE
Government Offices

SECTOR
Office

TENANT
Commonwealth of Australia

BUILDING AREA
15,398 +158 car parks

SITE AREA
3,064

CONSTRUCTION COMPLETED
1984 and 1992

LEASE TERM (YEARS)
4.75

ANNUAL RENT REVIEWS
3.75%

OUTGOINGS
Gross lease

GOZ PRICE
$55,800,000

INITIAL YIELD
10.28%

NET PROPERTY INCOME
$5,756,800

INDEPENDENT VALUATION
$57,200,000

The weighted average capitalisation rate for the Group by sector is detailed in the table at bottom right.

SUBSEQUENT EVENTS

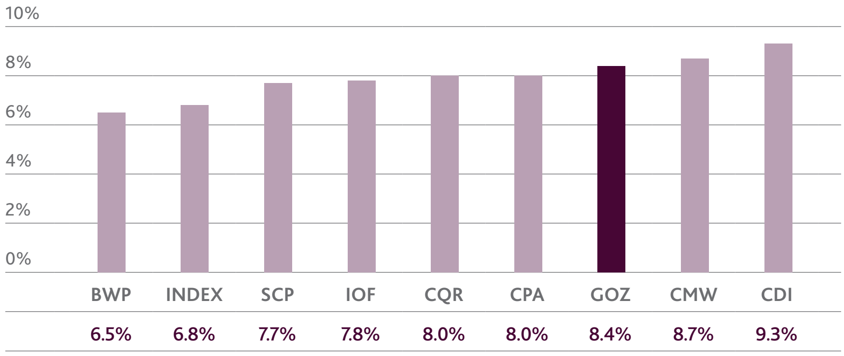
On 16 July 2013, the Group announced that the issue price for securities to be issued under its distribution reinvestment plan ("**DRP**") for the distribution to be paid on or around 30 August 2013 will be $2.35 per stapled security.

Approximately 74.7% of Growthpoint's distribution payable on or around 30 August 2013 will be issued new stapled securities under the DRP raising $26.8 million for the issue of 11.4 million new stapled securities. Total stapled securities on issue following the DRP will be 414.2 million.

On 24 July 2013, the Group announced that it had entered contracts and other documents for the acquisition of a prime industrial property portfolio to be developed, comprising three properties for a total cost of $60.2 million (before acquisition costs). One of the properties is leased to Symbion Pty Ltd, with the other two properties under a five year rental guarantee from Australand Property Group, the vendor and developer. The acquisition of land and the developments are funded by a combination of the proceeds from the DRP relating to the 30 June 2013 distribution and an increase to the existing headroom in the syndicated debt facility by $30 million. This increase to the headroom matures on the earlier of 31 March 2014 or immediately after the Group raises equity or sells a property to the value of $30 million or more (the DRP outlined above does not count towards this equity raising condition). See pages 36-38 for further details in relation to these acquisitions.

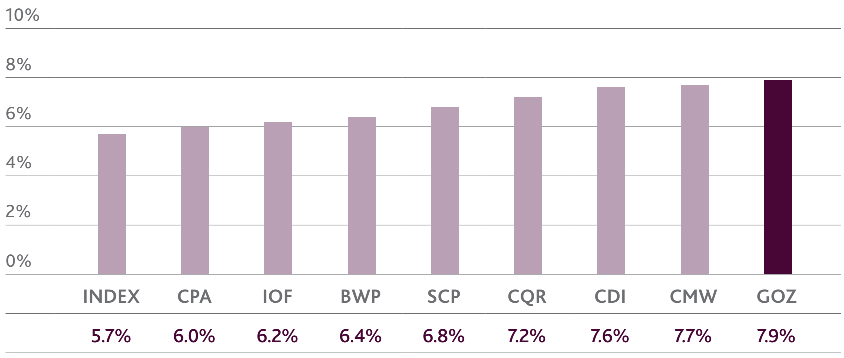
FY14 EPS YIELD COMPARABLES[1]

PEER AVERAGE: 7.00%



FY14 DPS YIELD COMPARABLES[1]

PEER AVERAGE: 6.00%



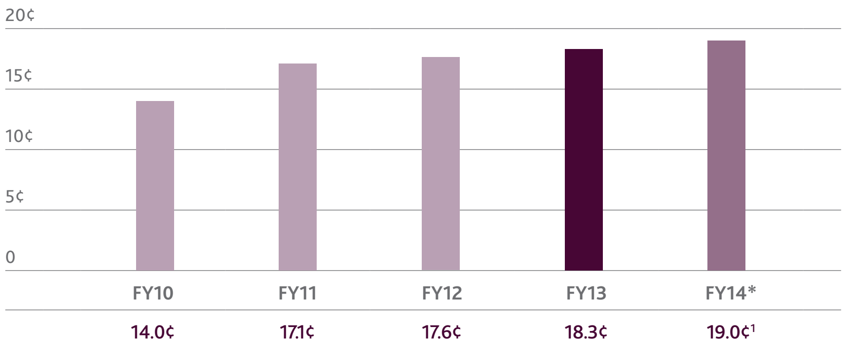
1. Source: UBS Investment Research; ASX filings as at 30 June 2013.

Abbreviations: **BWP**: BWP Trust, **CDI**: Challenger Diversified Property Group, **CMW**: Cromwell Property Group, **CPA**: Commonwealth Property Office Fund, **CQR**: Charter Hall Retail Fund, **IOF**: Investa Office Fund, **SCP**: Shopping Centres Australasia Property Group.

Index: S&P/ASX 300 Property Accumulation Index.

DISTRIBUTIONS

PER STAPLED SECURITY



*Forecast.

1. Distribution guidance only.

PORTFOLIO OVERVIEW

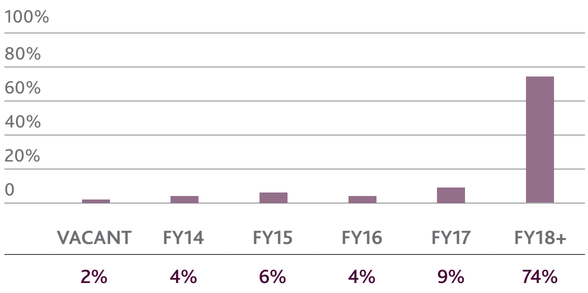
AS AT 30 JUNE 2013

	INDUSTRIAL[1]	OFFICE	TOTAL
NO. OF PROPERTIES	29	15	**44**
TOTAL / AVERAGE VALUE	\$897.2m / \$30.9m	\$797.3m / \$53.2m	**\$1,694.5m / \$38.5m**
% OF PORTFOLIO VALUE	53%	47%	**100%**
TOTAL / AVERAGE LETTABLE AREA	770,584 m² / 26,572 m²	147,405 m² / 9,827 m²	**917,989 m² / 20,863 m²**
AVERAGE PROPERTY AGE	8.3 years	4.8 years	**6.6 years**
AVERAGE VALUATION CAP RATE	8.3%	8.4%	**8.4%**
OVER (UNDER) RENTING	(0.9%)	3.1%	**1.1%**
WALE	7.9 years	5.7 years	**6.8 years**
WARR[2]	2.7%	3.5%	**3.1%**
AVERAGE VALUE (PER m²)	\$1,114	\$5,409	**\$1,846**
AVERAGE RENT (PER m²)	\$97	\$500	**\$162**

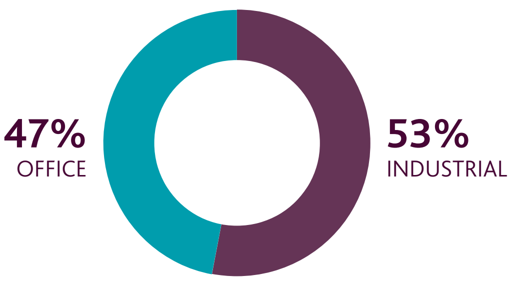
1. Assumes completion of property under development at Erskine Park.
2. Assumes CPI of 2.5%.

PORTFOLIO RENT EXPIRING

PER FINANCIAL YEAR



SECTOR DIVERSITY (%)

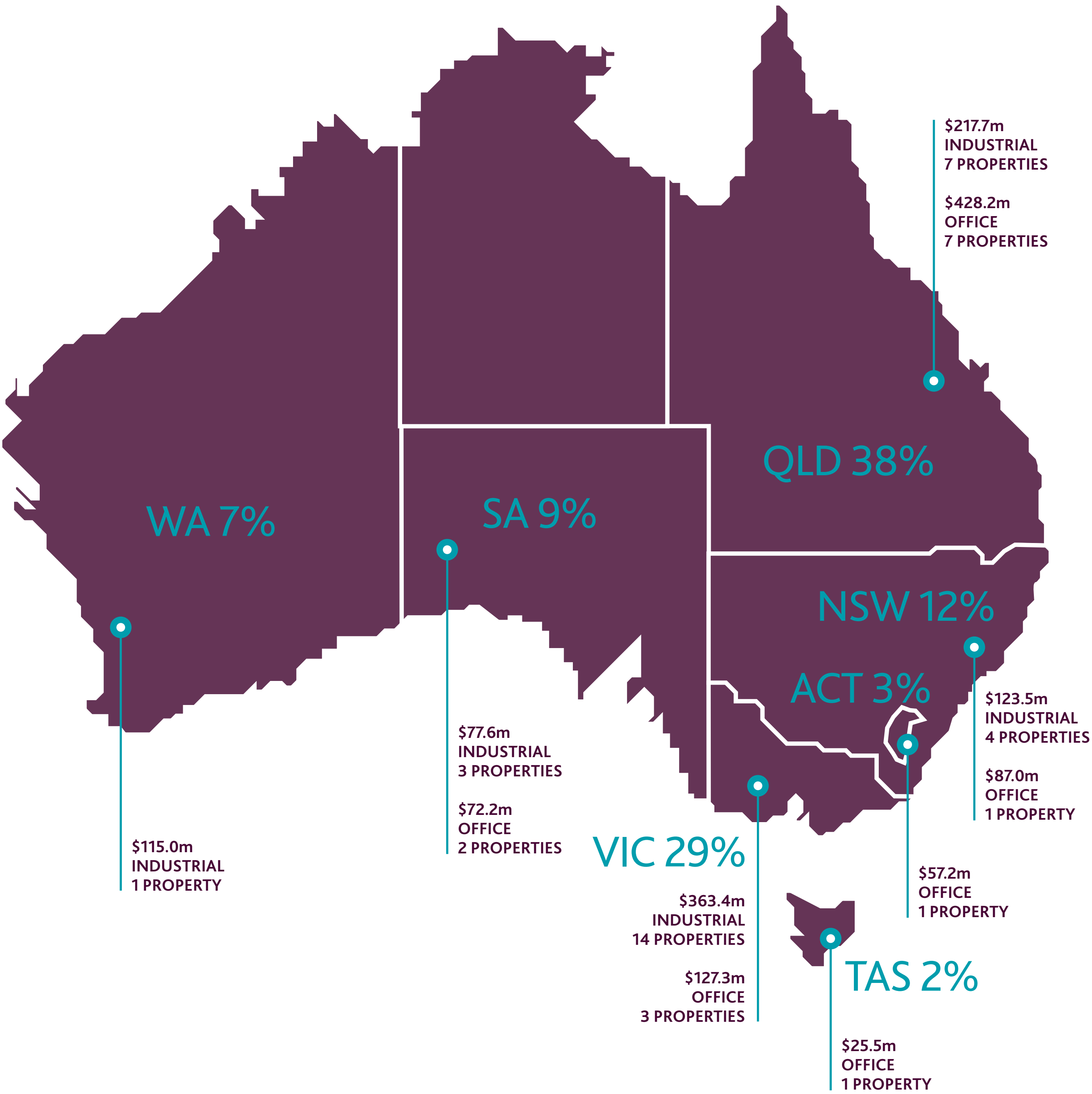


TOP TEN TENANTS

BY PASSING RENT

TENANT	%
WOOLWORTHS	28%
GE CAPITAL FINANCE AUSTRALASIA	7%
LINFOX AUSTRALIA	6%
COMMONWEALTH OF AUSTRALIA	5%
SINCLAIR KNIGHT MERZ	4%
ENERGEX	3%
FOX SPORTS	3%
STAR TRACK EXPRESS	2%
RUNGE PINCOCK MINARCO	2%
MACMAHON CORPORATION	2%
TOTAL	**62%**

VALUES PER SECTOR PER STATE



STRENGTH:

Excellent fundamentals: Long weighted average lease expiry (5.7 years), modern assets (average age of 4.8 years), quality tenant base, well located assets within CBDs or major fringe markets, high level of tenant retention and minimal rental arrears

WEAKNESS:

Soft broader leasing market fundamentals across most major Australian markets although Growthpoint has a reduced immediate exposure due to its long WALE

OPPORTUNITY:

- *Extend leases prior to expiry*
- *Expand properties where applicable to maximise returns from assets*
- *Enter into development fund throughs*

THREAT:

Weakening Australian economy could lead to higher risk of tenant default. Growthpoint is very focussed on the quality of its tenants and the quality of the security it takes (e.g. bank guarantees)

OFFICE PORTFOLIO
OVERVIEW

LEASING UPDATE

Growthpoint's office portfolio continues to benefit from a long WALE of 5.7 years as at 30 June 2013. During FY2013, Growthpoint successfully negotiated 15,757m² of office leases, amounting to 11% of the office portfolio (by area). Eight new leases were entered into during FY2013 with a WALE of 7.6 years extending the portfolio WALE.

A summary of the two largest leasing transactions can be seen in the table at the bottom of this page.

Both of these transactions significantly de-risk future cash flows of the respective assets. The quality of Growthpoint's office assets has been further emphasized by this recent leasing success; quality tenants committing to long term leases despite challenging leasing market conditions.

Growthpoint is presently conducting two leasing campaigns over its 3,932 m² of vacant office space and remains confident that the quality of the available space should result in further leasing success in FY2014.

DEVELOPMENTS

Growthpoint successfully completed its two office building development fund throughs at 1231-1241 Sandgate Road, Nundah, Queensland and 219-247 Pacific Highway, Artarmon, New South Wales. Both properties are 100% income producing and the major tenants are State Government of Queensland and Fox Sports for the Nundah and Artarmon properties, respectively. Both developments achieved 5 Star Green Star Design ratings and have attractive long terms leases.

VALUATIONS

The office portfolio experienced valuation growth over the year, primarily driven by recent leasing transactions and the successful completion of its fund through assets. The office portfolio aggregate value grew by 1.1% on a like for like basis from June 2012 to June 2013

FY2013 LEASING TRANSACTIONS

TENANT	*Peabody Energy Australia*	*Westpac Banking Corporation*
PREMISES	42 Merivale Street, South Brisbane	7 Laffer Drive, Bedford Park
NET LETTABLE AREA	5,762 m²	6,639 m²
APPROXIMATE ANNUAL RENTAL	$3.2 million	$2.0 million
LEASE START	1 July 2014	23 July 2013
TERM	10 years	5 years
ANNUAL FIXED REVIEWS	3.75%	CPI (collar 3-5%)

15
NUMBER OF ASSETS
30 June 2012: 14

61
NUMBER OF TENANTS
30 June 2012: 64

$797.3m
TOTAL VALUE
30 June 2012: $800.6 million

8.4%
AVERAGE CAP RATE
30 June 2012: 8.3%

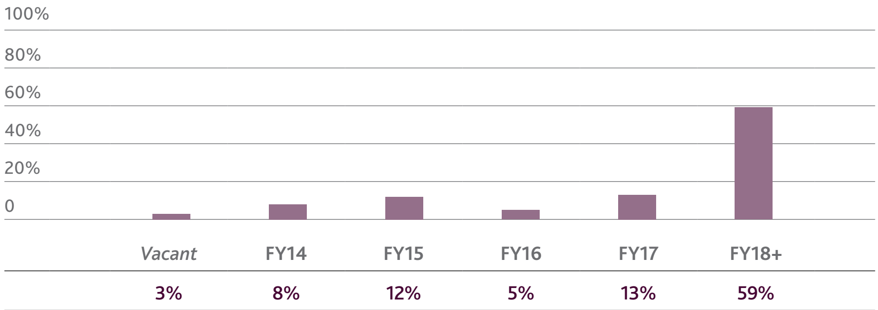
47%
OF GROWTHPOINT PORTFOLIO
30 June 2012: 49%

97%
OCCUPANCY
30 June 2012: 98%

5.7yrs
WEIGHTED AVERAGE LEASE EXPIRY ("WALE")
30 June 2012: 6.0 years

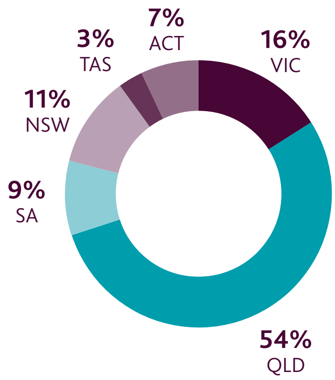
OFFICE PORTFOLIO LEASE EXPIRY PROFILE

AS AT 30 JUNE



GEOGRAPHIC DIVERSITY

BY MARKET VALUE AS AT 30 JUNE 2013



AIMS FOR FINANCIAL YEAR 2014

Growthpoint will continue to seek opportunities within the office portfolio which increase the net income and improve the sustainability attributes within the portfolio. The Group's asset management activities will focus on upcoming lease expiries within the portfolio in an attempt to agree lease extensions ahead of expiry to avoid any rental downtime. Growthpoint will continually seek to maximise the rental income of the portfolio via the investigation of further development opportunities within the portfolio.

The Group will continue to adopt a "partnership approach" with its tenants to ensure retention rates remain high across the portfolio.

TOP TENANTS

BY PASSING RENT

MAJOR TENANT	*% of Office Rent*	*% of Portfolio Rent*
GE CAPITAL FINANCE AUSTRALASIA	14%	7%
COMMOMWEALTH OF AUSTRALIA	9%	5%
SINCLAIR KNIGHT MERZ	7%	4%
ENERGEX	7%	3%
FOX SPORTS	5%	3%
RUNGE PINOCK MINARCO	4%	2%
MACMAHON CORPORATION	4%	2%
DOWNER MINING	4%	2%
COFFEY INTERNATIONAL	4%	2%
HYDRO TASMANIA CONSULTING	3%	2%


FOX SPORTS
CLIVE
CHURCHILL
STUDIO

OFFICE PORTFOLIO

PROPERTY PROFILES

GE BUILDING 2, 572-576 SWAN ST, RICHMOND, VIC

Modern four-level office building with three levels of basement parking.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $75.0m

VALUER Savills

CAPITALISATION RATE 8.25%

DISCOUNT RATE 9.25%

MAJOR TENANT GE Capital Finance Australasia

WALE 4.7 years

LETTABLE AREA 14,660m²

SITE AREA 7,201m²

GE BUILDING 1&3, 572-576 SWAN ST, RICHMOND, VIC

A modern two-level office with courtyard adjoining a further single level office building.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $51.1m

VALUER Savills

CAPITALISATION RATE 8.25%

DISCOUNT RATE 9.25%

MAJOR TENANT GE Capital Finance Australasia

WALE 4.7 years

LETTABLE AREA 10,250m²

SITE AREA 16,819m² (includes vacant site of 530m²)

CAR PARK, 572-576 SWAN ST, RICHMOND, VIC

Leasehold car park in the Botannica Corporate Park.

INTEREST Leashold

BOOK VALUE AS AT 30 JUNE 2013 $1.1m

VALUER Directors' valuation

CAPITALISATION RATE 11.00%

DISCOUNT RATE 11.00%

MAJOR TENANT GE Capital Finance Australasia

WALE 4.7 years

LETTABLE AREA 92 car spaces

SITE AREA 3,756m²

333 ANN ST, BRISBANE, QLD

This is a 24 level A-Grade office building in the Brisbane CBD, the property includes 92 car spaces.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $110.0m

VALUER Directors' valuation

CAPITALISATION RATE 8.25%

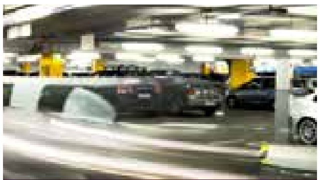
DISCOUNT RATE 9.00%

MAJOR TENANT Runge Pinock Minarco / Robert Bird Group

WALE 2.7 years

LETTABLE AREA 16,476m²

SITE AREA 1,563m²



32 CORDELIA ST & 52 MERIVALE ST, SOUTH BRISBANE, QLD

This property is a two-level underground carpark facility.

INTEREST 999 year leasehold interest

BOOK VALUE AS AT 30 JUNE 2013 $10.0m

VALUER Directors' valuation

CAPITALISATION RATE 8.75%

DISCOUNT RATE 9.75%

MAJOR TENANT Secure Parking

WALE 1.4 years

NUMBER OF SPACES 215 spaces over two levels

SITE AREA 9,319m²

ENERGEX BUILDING, 1231-1241 SANDGATE RD, NUNDAH, QLD

Recently completed eight-level office building with a ground floor retail precinct and two levels of basement car parking.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $82.0m

VALUER Directors' valuation

CAPITALISATION RATE 8.00%

DISCOUNT RATE 9.50%

MAJOR TENANTS Energex

WALE 13.0 years

LETTABLE AREA 12,958m² + 210 car parks

SITE AREA 4,451m²

WORLDPARK:01, 33-39 RICHMOND RD, KESWICK, SA

This is a newly constructed five level, 5 Star Green Star, A-grade office building, located 1km from the Adelaide CBD.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $54.4m

VALUER m3 Property

CAPITALISATION RATE 8.25%

DISCOUNT RATE 9.75%

MAJOR TENANTS Coffey International (57%), Government of South Australia (42%)

WALE 10.0 years

LETTABLE AREA 11,835m² + 330 car parks

SITE AREA 4,169m²

7 LAFFER DRIVE, BEDFORD PARK, SA

A modern single level office/call centre facility.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $17.8m

VALUER m3 Property

CAPITALISATION RATE 10.25%

DISCOUNT RATE 11.00%

MAJOR TENANT Westpac Banking Corporation

WALE 5.1 years

LETTABLE AREA 6,639m² + 520 car parks

SITE AREA 33,090m²

CB1, 22 CORDELIA ST, SOUTH BRISBANE, QLD

An A-Grade office building on the fringe of the Brisbane CBD, comprising nine levels and two levels of basement parking.

INTEREST 999 year leasehold interest

BOOK VALUE AS AT 30 JUNE 2013 $65.0m

VALUER Directors' valuation

CAPITALISATION RATE 8.50%

DISCOUNT RATE 9.25%

MAJOR TENANT Downer Mining

WALE 1.4 years

LETTABLE AREA 11,560m²

SITE AREA 5,772m²

A4, 52 MERIVALE ST, SOUTH BRISBANE, QLD

This recently-developed property is a 5 star, NABERS rated, seven-level office building.

INTEREST 999 year leasehold interest

BOOK VALUE AS AT 30 JUNE 2013 $62.0m

VALUER Directors' valuation

CAPITALISATION RATE 8.50%

DISCOUNT RATE 9.00%

MAJOR TENANT Macmahon Contractors

WALE 2.5 years

LETTABLE AREA 9,456m²

SITE AREA 2,331m²

A1, 32 CORDELIA ST, SOUTH BRISBANE, QLD

This is a recently developed 4.5 star NABERS rated, seven-level office building.

INTEREST 999 year leasehold interest

BOOK VALUE AS AT 30 JUNE 2013 $64.0m

VALUER m3 Property

CAPITALISATION RATE 8.25%

DISCOUNT RATE 8.75%

MAJOR TENANT Sinclair Knight Merz

WALE 5.1 years

LETTABLE AREA 10,125m²

SITE AREA 2,667m²

CB2, 42 MERIVALE ST, STH BRISBANE, QLD

An A-Grade office building on the fringe of the Brisbane CBD, comprising six levels and two levels of basement parking.

INTEREST 999 year leasehold interest

BOOK VALUE AS AT 30 JUNE 2013 $35.2m

VALUER Jones Lang LaSalle

CAPITALISATION RATE 8.00%

DISCOUNT RATE 9.50%

MAJOR TENANT Peabody Energy

WALE 10.0 years

LETTABLE AREA 6,598m²

SITE AREA 3,158m²

BLDG C, GORE HILL TECH PARK, 219-247 PACIFIC HWY, ARTARMON, NSW

A-grade office building recently completed, 56% leased to Fox Sports for 10 years with the balance the subject of a 5 year rent guarantee from the developer.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $87.0m

VALUER Directors' valuation

CAPITALISATION RATE 8.00%

DISCOUNT RATE 9.25%

MAJOR TENANT Fox Sports

WALE 7.3 years

LETTABLE AREA 14,496m²

SITE AREA 4,212m²

10-12 MORT ST, CANBERRA, ACT

The property comprises two modern "A-grade", eight-level office buildings including 158 car parks.

INTEREST 100% Crown Leasehold

BOOK VALUE AS AT 30 JUNE 2013 $57.2m

VALUER Jones Lang LaSalle

CAPITALISATION RATE 9.75%

DISCOUNT RATE 10.25%

MAJOR TENANT Commonwealth of Australia

WALE 3.7 years

LETTABLE AREA 15,398m²

SITE AREA 3,064m²

89 CAMBRIDGE PARK DR, CAMBRIDGE, TAS

A modern office building, purpose built for Hydro Tasmania Consulting.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $25.5m

VALUER Directors' valuation

CAPITALISATION RATE 9.00%

DISCOUNT RATE 10.00%

MAJOR TENANT Hydro Tasmania

WALE 10.8 years

LETTABLE AREA 6,876m²

SITE AREA 28,080m²

INDUSTRIAL PORTFOLIO
OVERVIEW

ACQUISITIONS AND DISPOSALS

Growthpoint completed two of the most significant transactions of industrial property in New South Wales during the last financial year:

1. 134 Lillkar Road, Goulburn was sold at the end of January 2013 via an off market expressions of interest campaign. The sale price of $72.25 million was above the Group's $71 million book value for the asset. This regional distribution centre was sold on a market yield of 8%.
2. The Goulburn property was replaced with three predominantly new industrial properties in Erskine Park; Sydney's rapidly growing outer west industrial precinct. The three properties had a purchase price of $104.7 million, a combined WALE of 10 years and were acquired on a market yield of above 8%. The buildings are all leased to Linfox Australia and comprise a temperature controlled pharmaceutical warehouse (currently under construction), a truck maintenance facility and a warehouse/office facility including Linfox's NSW state office.

LEASING

The Group's industrial portfolio began and ended the year with 100% occupancy.

3 Viola Place, Brisbane Airport became vacant during the year but was leased with only four months downtime (including the Christmas/New Year period) to Cargo Transport for ten years. This property comprises a 3,431m² warehouse facility and was leased at $139 m², with fixed rent increases to the greater of 3.5% and CPI and only a small incentive was payable.

Paper Australia exercised its option for a new six year lease of Lots 2-4, 44-54 Raglan Street. Preston, Victoria. The new rent to apply with effect from 1 September 2013 is subject to the market rent review provisions of the lease.

The Group also achieved significant rental uplifts following market rent reviews at 29 Business Street, Yatala and 75 Annandale Road, Melbourne Airport.

DEVELOPMENTS/EXPANSIONS

Although not a developer, the Group has capacity to invest capital in expanding existing assets in response to demand from its tenants.

At 365 Fitzgerald Road, Derrimut, Victoria the Group delivered a 2,110 m² warehouse extension for Bridgestone Australia Limited, which exercised its expansion rights under the lease in response to increased demand for warehousing space following closure of the company's manufacturing facility in South Australia. The lease term was extended to expire seven years after completion of the construction works meaning expiry date is now 5 March 2020; an extension of approximately 1.2 years.

The independent valuation of the property increased by $2.2 million from 30 June 2012 to 30 June 2013 as a result of the $1.1 million expansion.

The Group is also actively pursuing expansion opportunities offered by a number of its other industrial assets across Australia.

29
NUMBER OF ASSETS
30 June 2012: 27

29
NUMBER OF TENANTS
30 June 2012: 23

$897.2m
TOTAL VALUE
a 7.6% increase on FY2012
30 June 2012: $834.2 million

8.3%
AVERAGE CAPITALISATION RATE
30 June 2012: 8.4%

53%
% OF GROWTHPOINT PORTFOLIO
30 June 2012: 51%

100%
OCCUPANCY
30 June 2012: 100%

7.9yrs
WEIGHTED AVERAGE LEASE EXPIRY ("WALE")
30 June 2012: 8.5 years

STRENGTH:

A securely leased, modern portfolio with one of the longest WALEs in the sector

WEAKNESS:

Income profile dominated by Woolworths distribution centres (~28% of total income), although Woolworths is A3 rated by Moodys and a top 20 ASX entity so this risk is considered minimal. Further, continued growth will diversify this risk

OPPORTUNITY:

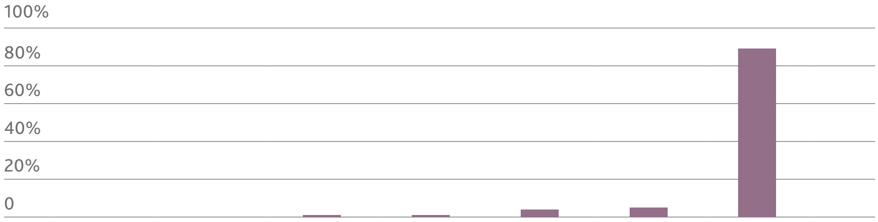
Low site coverage of a number of sites offers potential for expansion and rental growth

THREAT:

Reducing lease term of airport ground leasehold properties will diminish the value of these assets in the medium term although diversification has reduced exposure to 15% of total industrial portfolio

INDUSTRIAL PORTFOLIO LEASE EXPIRY PROFILE

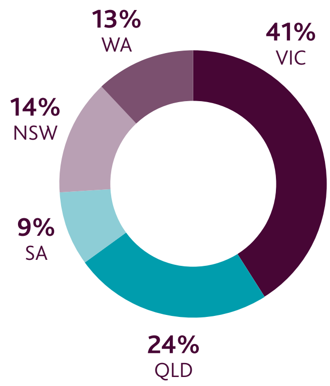
AS AT 30 JUNE



Vacant	FY14	FY15	FY16	FY17	FY18+
0%	1%	1%	4%	5%	89%

GEOGRAPHIC DIVERSITY

BY MARKET VALUE AS AT 30 JUNE 2013



VALUATIONS AND THE BROADER MARKET

Economic headwinds have been the dominant theme of the latter half of the financial year although industrial and in particular warehouse and logistics assets remain on many investors "shopping lists". With share market volatility, low interest rates and bond yields at historically low levels, the yield offered by industrial assets is attractive by comparison and Growthpoint remains keen to add to its portfolio of predominantly modern buildings leased to financially secure tenants on long leases. Despite much talk of the institutional appetite for industrial assets, limited transactions of significant scale materialised. Growthpoint's acquisition and disposal activity referred to above ensured it remained at the forefront of market activity over the past 12 months.

The Group's industrial portfolio continues to be dominated by large modern regional distribution centres leased to supermarket giant Woolworths. With the core of the industrial portfolio underpinned by 'non-discretionary' consumption, there are good prospects for rental growth. The value of the Group's industrial portfolio increased by 7.6% to $897.2 million in the year to June 2013. On a 'like for like' comparison, the increase was 3.7%. The average annual rent review for the industrial portfolio is 2.7% (assuming CPI of 2.5%), with the balance of valuation growth coming from yield compression.

AIMS FOR FY2014

The Group will continue to maximise returns from its existing assets based on excellent relationships with its existing tenants to respond to their often rapidly changing needs exemplified by the property expansion for Bridgestone at Derrimut, Victoria. Growthpoint is proactive in tenant retention to minimise any leasing downtime and maintaining high levels of occupancy.

Growthpoint increased its exposure to the New South Wales industrial market during the previous financial year, one of its stated objectives, and the Group remains keen to grow its presence in Australia's most populous state. However, given its national presence, the Group is well placed to consider all suitable opportunities in the marketplace provided they meet the Group's strict investment criteria: quality buildings leased to secure tenants on long leases.

TOP TENANTS

BY PASSING RENT

MAJOR TENANT	*% of Industrial Rent*	*% of Portfolio Rent*
WOOLWORTHS LIMITED	56%	28%
LINFOX AUSTRALIA	11%	6%
STAR TRACK EXPRESS	5%	2%
FLETCHER BUILDING (LAMINEX)	3%	1%
WILLOW WARE AUSTRALIA	3%	1%
PAPER AUSTRALIA	2%	1%
THE REJECT SHOP	2%	1%
ARB CORPORATION	2%	1%
REWARD SUPPLY CO.	2%	1%
EXEGO	2%	1%

INDUSTRIAL PORTFOLIO

PROPERTY PROFILES

28 BILSTON DR, WODONGA, VIC

This modern purpose-built distribution facility comprising double level office and temperature controlled / part ambient warehouse space as well as a large area of vacant land with potential for expansion.

INTEREST Leasehold expiring 2306

BOOK VALUE AS AT 30 JUNE 2013 $72.5m

VALUER URBIS

CAPITALISATION RATE 8.25%

DISCOUNT RATE 9.50%

MAJOR TENANT Woolworths

WALE 8.1 years

LETTABLE AREA 57,440m²

SITE AREA 250,000m²

120 NORTHCORP BLVD, BROADMEADOWS, VIC

A modern, purpose-built distribution facility including two interconnected ambient warehouses and a high bay, automated picking warehouse.

INTEREST Leasehold expiring 2306

BOOK VALUE AS AT 30 JUNE 2013 $66.2m

VALUER Savills

CAPITALISATION RATE 8.00%

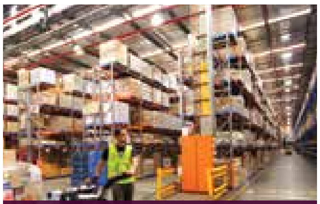
DISCOUNT RATE 9.50%

MAJOR TENANT Woolworths

WALE 8.1 years

LETTABLE AREA 58,320m²

SITE AREA 250,000m²



522-550 WELLINGTON RD, MULGRAVE, VIC

This property comprises ambient warehousing, a temperature-controlled warehouse with cool store and freezer zones and a large two-level administration building, with two detached office and operations buildings.

INTEREST Leasehold expiring 2306

BOOK VALUE AS AT 30 JUNE 2013 $51.3m

VALUER Directors' valuation

CAPITALISATION RATE 8.00%

DISCOUNT RATE 9.25%

MAJOR TENANT Woolworths

WALE 8.1 years

LETTABLE AREA 68,144m²

SITE AREA 191,200m²

38-40 ANNANDALE RD, MELBOURNE AIRPORT, VIC

A modern distribution centre featuring two separate office/ warehouse buildings which were constructed at various stages between 2002 and 2009.

INTEREST Leasehold expiring 2047

BOOK VALUE AS AT 30 JUNE 2013 $36.8m

VALUER URBIS

CAPITALISATION RATE 9.00%

DISCOUNT RATE 9.50%

MAJOR TENANT Star Track Express

WALE 6.0 years

LETTABLE AREA 44,424m²

SITE AREA 75,325m²

365 FITZGERALD RD, DERRIMUT, VIC

A modern warehouse and distribution centre, featuring two office levels, tyre fitting area and showroom.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $15.6m

VALUER URBIS

CAPITALISATION RATE 8.00%

DISCOUNT RATE 9.25%

MAJOR TENANT Bridgestone Australia

WALE 6.7 years

LETTABLE AREA 16,114m²

SITE AREA 29,860m²

60 ANNANDALE RD, MELBOURNE AIRPORT,, VIC

A modern manufacturing and distribution centre with single-level warehouse and office complex, constructed in 2003.

INTEREST Leasehold expiring 2047

BOOK VALUE AS AT 30 JUNE 2013 $13.0m

VALUER Knight Frank

CAPITALISATION RATE 9.50%

DISCOUNT RATE 9.50%

MAJOR TENANT Willow Ware Australia

WALE 4.8 years

LETTABLE AREA 16,276m²

SITE AREA 34,726m²

45-55 SOUTH CENTRE RD, MELBOURNE AIRPORT, VIC

A modern distribution facility with two-level warehouse and office complex, constructed in 2003.

INTEREST Leasehold expiring 2047

BOOK VALUE AS AT 30 JUNE 2013 $8.7m

VALUER Directors' valuation

CAPITALISATION RATE 9.50%

DISCOUNT RATE 9.50%

MAJOR TENANT Willow Ware Australia

WALE 3.7 years

LETTABLE AREA 14,082m²

SITE AREA 24,799m²

306-318 ABBOTTS RD, DANDENONG SOUTH, VIC

A modern industrial office/ warehouse facility.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $7.7m

VALUER Directors' valuation

CAPITALISATION RATE 8.50%

DISCOUNT RATE 10.00%

MAJOR TENANT Trimas Corporation

WALE 0.5 years

LETTABLE AREA 10,710m²

SITE AREA 25,830m²

130 SHARPS RD, MELBOURNE AIRPORT, VIC

A modern two-level distribution centre, including a warehouse, office and showroom complex, constructed in 2002.

INTEREST Leasehold expiring 2047

BOOK VALUE AS AT 30 JUNE 2013 $23.0m

VALUER Directors' valuation

CAPITALISATION RATE 9.00%

DISCOUNT RATE 10.25%

MAJOR TENANT The Laminex Group

WALE 9.0 years

LETTABLE AREA 28,100m^2

SITE AREA 47,446m^2

120 LINK RD, MELBOURNE AIRPORT, VIC

A modern distribution centre comprising a warehouse and office complex, constructed in 2006.

INTEREST Leasehold expiring 2047

BOOK VALUE AS AT 30 JUNE 2013 $17.2m

VALUER Directors' valuation

CAPITALISATION RATE 9.50%

DISCOUNT RATE 10.25%

MAJOR TENANT The Reject Shop

WALE 3.6 years

LETTABLE AREA 26,517m^2

SITE AREA 51,434m^2

LOTS 2-4, 44-54 RAGLAN ST, PRESTON, VIC

A manufacturing and distribution facility featuring three separate office/warehouse buildings.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $18.5m

VALUER Directors' valuation

CAPITALISATION RATE 9.00%

DISCOUNT RATE 9.50%

MAJOR TENANT Paper Australia

WALE 6.2 years

LETTABLE AREA 26,980m^2

SITE AREA 42,280m^2

42-44 GARDEN ST, KILSYTH, VIC

A large industrial facility utilised for the manufacturing, distribution, sale and installation of 4x4 motor vehicle parts and accessories.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $18.0m

VALUER Directors' valuation

CAPITALISATION RATE 9.00%

DISCOUNT RATE 9.75%

MAJOR TENANT ARB Corporation

WALE 4.2 years

LETTABLE AREA 25,887m^2

SITE AREA 55,990m^2

31 GARDEN ST, KILSYTH, VIC

A modern steel frame warehouse used for manufacturing and storage, together with laboratory/industrial areas and warehouse offices.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $8.2m

VALUER Directors' valuation

CAPITALISATION RATE 8.75%

DISCOUNT RATE 9.75%

MAJOR TENANT Cummins Filtration

WALE 5.4 years

LETTABLE AREA 8,919m^2

SITE AREA 17,610m^2

75 ANNANDALE RD, MELBOURNE AIRPORT, VIC

A modern single-level distribution centre, with office complex and warehouse, constructed in 2003.

INTEREST Leasehold expiring 2047

BOOK VALUE AS AT 30 JUNE 2013 $6.9m

VALUER URBIS

CAPITALISATION RATE 9.25%

DISCOUNT RATE 9.25%

MAJOR TENANT Neovia Logistics

WALE 3.3 years

LETTABLE AREA 10,280m^2

SITE AREA 16,930m^2

70 DISTRIBUTION ST, LARAPINTA, QLD

This is the Woolworths major Distribution Centre for SE Queensland. The facility was purpose-built in 2007. It comprises temperature-controlled and part-ambient warehousing, office accommodation over two levels, associated hardstand and loading/unloading facilities.

INTEREST Leasehold expiring 2072

BOOK VALUE AS AT 30 JUNE 2013 $165.0m

VALUER Directors' valuation

CAPITALISATION RATE 7.88%

DISCOUNT RATE 9.50%

MAJOR TENANT Woolworths

WALE 8.7 years

LETTABLE AREA 75,425m^2

SITE AREA 250,900m^2

13 BUSINESS ST, YATALA, QLD

This property is a modern office/warehouse distribution facility.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $14.0m

VALUER Directors' valuation

CAPITALISATION RATE 8.50%

DISCOUNT RATE 9.75%

MAJOR TENANT Reward Supply Company

WALE 6.2 years

LETTABLE AREA 8,951m^2

SITE AREA 18,630m^2

INDUSTRIAL PORTFOLIO

PROPERTY PROFILES

5 VIOLA PL, BRISBANE AIRPORT, QLD

A modern two-level office/warehouse distribution facility.

INTEREST Leasehold expiring 2047

BOOK VALUE AS AT 30 JUNE 2013 $11.5m

VALUER Directors' valuation

CAPITALISATION RATE 9.75%

DISCOUNT RATE 10.00%

MAJOR TENANT Exego Genuine Parts Company

WALE 2.5 years

LETTABLE AREA 14,726m²

SITE AREA 35,166m²

29 BUSINESS ST, YATALA, QLD

This property is a modern office/warehouse distribution facility.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $11.5m

VALUER Knight Frank

CAPITALISATION RATE 8.50%

DISCOUNT RATE 10.00%

MAJOR TENANT CMC Coil Steels

WALE 3.8 years

LETTABLE AREA 8,680m²

SITE AREA 16,460m²

670 MACARTHUR AVE, PINKENBA, QLD

A modern industrial facility leased in two units.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $8.5m

VALUER Knight Frank

CAPITALISATION RATE 8.75%

DISCOUNT RATE 10.00%

MAJOR TENANTS Reliance Worldwide Pty Ltd and the Coventry Group

WALE 2.1 years

LETTABLE AREA 5,577m²

SITE AREA 10,360m²

10 GASSMAN ST, YATALA, QLD

A modern office and warehouse building.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $4.7m

VALUER Knight Frank

CAPITALISATION RATE 8.50%

DISCOUNT RATE 9.75%

MAJOR TENANT Norman Ellison Carpets

WALE 4.3 years

LETTABLE AREA 3,188m²

SITE AREA 6,480m²

2 HORRIE MILLER DR, PERTH AIRPORT, WA

This property is a Woolworths Regional Distribution Centre, constructed circa 2007 and expanded in 2009.

INTEREST Leasehold expiring 2047 plus 49 year option

BOOK VALUE AS AT 30 JUNE 2013 $115.0m

VALUER Colliers International

CAPITALISATION RATE 8.25%

DISCOUNT RATE 10.00%

MAJOR TENANT Woolworths

WALE 12.3 years

LETTABLE AREA 80,374m²

SITE AREA 193,936m²

3 VIOLA PL, BRISBANE AIRPORT, QLD

This property is a modern single-level office/warehouse distribution facility.

INTEREST Leasehold expiring 2047

BOOK VALUE AS AT 30 JUNE 2013 $2.6m

VALUER Directors' valuation

CAPITALISATION RATE 8.75%

DISCOUNT RATE 9.75%

MAJOR TENANT Cargo Transport

WALE 9.7 years

LETTABLE AREA 3,431m²

SITE AREA 12,483m²

599 MAIN NORTH RD, GEPPS CROSS, SA

This is a Woolworths Regional Distribution Centre, constructed circa 1996, and incorporates ambient warehouse space, a chilled produce warehouse, a freezer warehouse and a modern two-level office building.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $59.3m

VALUER Directors' valuation

CAPITALISATION RATE 8.25%

DISCOUNT RATE 9.75%

MAJOR TENANT Woolworths

WALE 8.1 years

LETTABLE AREA 67,238m²

SITE AREA 233,500m²

12-16 BUTLER BLVD, ADELAIDE AIRPORT, SA

This property is a modern single-level office and warehouse complex.

INTEREST Leasehold expiring 2048 plus 49 year option

BOOK VALUE AS AT 30 JUNE 2013 $10.8m

VALUER Directors' valuation

CAPITALISATION RATE 10.00%

DISCOUNT RATE 10.75%

MAJOR TENANT Cheap as Chips

WALE 2.4 years

LETTABLE AREA 16,800m²

SITE AREA 30,621m²

81 DERBY ST, SILVERWATER, NSW

A modern industrial office/ warehouse building, built in 2000.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $13.8m

VALUER Directors' valuation

CAPITALISATION RATE 8.25%

DISCOUNT RATE 9.25%

MAJOR TENANT Blue Star Print Group

WALE 4.2 years

LETTABLE AREA 7,984m²

SITE AREA 13,490m²

6-7 JOHN MORPHETT PL, ERSKINE PARK, NSW

A modern warehouse facility, leased to Linfox.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $38.2m

VALUER Directors' valuation

CAPITALISATION RATE 8.00%

DISCOUNT RATE 9.50%

MAJOR TENANT Linfox

WALE 6.6 years

LETTABLE AREA 24,881m²

SITE AREA 82,280m²

27-49 LENORE DR, ERSKINE PARK, NSW

A purpose built pharmaceutical warehouse facility.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $47.6m

VALUER Directors' valuation

CAPITALISATION RATE 8.00%

DISCOUNT RATE 9.50%

MAJOR TENANT Linfox

WALE 10.0 years

LETTABLE AREA 29,055m²

SITE AREA 71,410m²

51-65 LENORE DR, ERSKINE PARK, NSW

A truck wash and maintenance facility with extensive hardstand.

INTEREST Freehold

BOOK VALUE AS AT 30 JUNE 2013 $23.9m

VALUER Directors' valuation

CAPITALISATION RATE 8.00%

DISCOUNT RATE 9.50%

MAJOR TENANT Linfox

WALE 14.7 years

LETTABLE AREA 3,720m²

SITE AREA 41,790m²

10 BUTLER BLVD, ADELAIDE AIRPORT, SA

A modern two-level warehouse and office facility.

INTEREST Leasehold expiring 2048 plus 49 year option

BOOK VALUE AS AT 30 JUNE 2013 $7.6m

VALUER Directors' valuation

CAPITALISATION RATE 9.50%

DISCOUNT RATE 10.25%

MAJOR TENANT Toll Transport

WALE 4.6 years

LETTABLE AREA 8,461m²

SITE AREA 16,100m²

9-11 DRAKE BLVD, ALTONA, VIC

TO BE DEVELOPED

Three adjoining distribution warehouses each with separate street access, mezzanine office, Early Suppression Fast Response sprinklers and environmentally sustainable design features.

INTEREST Freehold

PURCHASE PRICE $24.1m

VALUER URBIS

CAPITALISATION RATE 8.25%

DISCOUNT RATE 9.25%

MAJOR TENANT Australand Rent Guarantee

WALE 5.0 years

LETTABLE AREA 25,728m²

SITE AREA 41,730m²

19&20 SOUTHERN CRT, KEYSBOROUGH, VIC

TO BE DEVELOPED

Two stand alone distribution warehouses to be constructed on adjoining lots. The properties will provide separate street access, mezzanine office and high spec warehousing with environmentally sustainable design features.

INTEREST Freehold

PURCHASE PRICE $18.8m

VALUER URBIS

CAPITALISATION RATE 8.25%

DISCOUNT RATE 9.25%

MAJOR TENANT Australand Rent Guarantee

WALE 5.0 years

LETTABLE AREA 17,834m²

SITE AREA 30,668m²

LOT 45, ATLANTIC DR, KEYSBOROUGH, VIC

TO BE DEVELOPED

A high spec distribution warehouse/ office facility, comprising ambient and temperature controlled high bay warehousing.

INTEREST Freehold

PURCHASE PRICE $17.3m

VALUER URBIS

CAPITALISATION RATE 7.50%

DISCOUNT RATE 9.25%

MAJOR TENANT Symbion

WALE 15.0 years

LETTABLE AREA 12,800m²

SITE AREA 26,181m²

INDUSTRIAL PORTFOLIO ACQUISITION

IN VICTORIA (ANNOUNCED AFTER 30 JUNE 2013)

Growthpoint has agreed, subject to some conditions, to acquire three industrial properties under development located in prime industrial markets in Melbourne, Victoria.

Total acquisition cost of $60.2 million[1], representing an initial portfolio yield of 8.0%. Upfront funding of land and deposits of $12.6 million, with the balance payable by progress payments (for two properties) or on practical completion (for one property).

The Properties are being developed by, and acquired from, the ASX listed Australand Property Group.

The assets enhance Growthpoint's current portfolio metrics and are consistent with strategy:

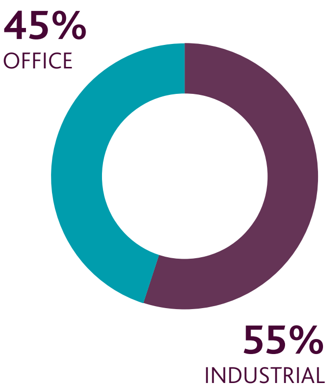
- Increase weighting to industrial assets
- Increase portfolio WALE
- Increase occupancy
- Annual fixed rent reviews

PORTFOLIO METRICS
(FOLLOWING ACQUISITIONS)

	30 June 2013	*Pro forma*[2]
NUMBER OF ASSETS	44	47
PORTFOLIO VALUE	$1.694bn	$1.754bn
AVERAGE ASSET VALUE	$39m	$37m
WEIGHTED AVERAGE CAP RATE	8.4%	8.4%
WEIGHTED AVERAGE LEASE EXPIRY	6.8yrs	6.8yrs
AVERAGE ASSET AGE	6.6yrs	6.4yrs
INDUSTRIAL / OFFICE WEIGHTING	53% / 47%	55% / 45%
OCCUPANCY	98%	98%
NUMBER OF TENANTS	87	89
LARGEST TENANT EXPOSURE (WOOLWORTHS)	28%	27%

2. Pro forma for the acquisitions as if complete.

SECTOR DIVERSITY (%)
BY PROPERTY VALUE



PORTFOLIO OVERVIEW
(FOLLOWING ACQUISITIONS)

47
NUMBER OF ASSETS
up from 44 at 30 June 2013

89
NUMBER OF TENANTS
up from 87 at 30 June 2013

$1.8b
TOTAL VALUE
30 June 2013: $1.7 billion

8.4%
AVERAGE CAP RATE
30 June 2013: 8.4%

6.4yrs
AVERAGE ASSET AGE
30 June 2013: 6.6yrs

98%
OCCUPANCY
30 June 2013: 98%

6.8yrs
WALE
30 June 2013: 6.8 years

1. Excludes transaction costs. Total acquisition price subject to adjustment predominantly based on the leasing of space covered by the rent guarantee.

NEW ACQUISITIONS (ANNOUNCED AFTER 30 JUNE 2013)

9-11 DRAKE BOULEVARD, ALTONA, VIC

Three adjoining distribution warehouses each with separate street access, mezzanine office, Early Suppression Fast Response sprinklers and environmentally sustainable design features. The buildings occupy a prime corner position in the Access Altona Industrial Estate.

PROPERTY TYPE
Industrial

GROSS LETTABLE AREA
25,728 sqm

UP-FRONT PAYMENT
Land: $5.4m, balance payable by progress payments

INITIAL YIELD
8.25%

COUPON ON LAND/PROGRESS PAYMENTS
7.5% p.a.

MAJOR TENANT
Australand Rent Guarantee

WALE
5.0 years[2]

RENT REVIEWS
Fixed 3.5% p.a.

OCCUPANCY
100%[2]

EXPECTED COMPLETION
December 2013

NET PROPERTY INCOME
$1,990,440

PURCHASE PRICE
$24.1 million[1]

19&20 SOUTHERN COURT, KEYSBOROUGH, VIC

Two stand alone distribution warehouses to be constructed on adjoining lots. The properties will provide separate street access, mezzanine office and high spec warehousing with environmentally sustainable design features. Located in the Key Industrial Park immediately adjacent to the Eastlink Motorway.

PROPERTY TYPE
Industrial

GROSS LETTABLE AREA
17,834 sqm

UP-FRONT PAYMENT
Land: $5.5m, balance payable by progress payments

INITIAL YIELD
8.25%

COUPON ON LAND/PROGRESS PAYMENTS
7.5% p.a.

MAJOR TENANT
Australand Rent Guarantee

WALE
5.0 years[2]

RENT REVIEWS
Fixed 3.5% p.a.

OCCUPANCY
100%[2]

EXPECTED COMPLETION
February 2014

NET PROPERTY INCOME
$1,548,060

PURCHASE PRICE
$18.8 million[1]

LOT 45, ATLANTIC DRIVE, KEYSBOROUGH, VIC

A high spec distribution warehouse/ office facility, comprising ambient and temperature controlled high bay warehousing, pre-committed to Symbion Pty Ltd for 15 years from completion. Located in the Key Industrial Park immediately adjacent to the Eastlink Motorway.

PROPERTY TYPE
Industrial

GROSS LETTABLE AREA
12,800 sqm

UP-FRONT PAYMENT
10% deposit, balance payable on completion

INITIAL YIELD
7.50%

MAJOR TENANT
Symbion

WALE
15.0 years

RENT REVIEWS
Fixed 3.5% p.a.

OCCUPANCY
100%

EXPECTED COMPLETION
February 2014

NET PROPERTY INCOME
$1,301,174

PURCHASE PRICE
$17.3 million

1. A yield adjustment to the purchase price applies if the buildings are let for more than 5 years by an extra 0.07% for each additional year above 5 years up to a maximum increase of 0.35% for 10 years or more
2. Under Australand rent guarantee

TRANSACTION MEETS GROWTHPOINT'S OBJECTIVES

- Increases Growthpoint's exposure to the industrial sector.
- Enhances Growthpoint's portfolio metrics – WALE, occupancy, average asset age, fixed rent reviews.
- Continues Growthpoint's investment in prime industrial markets.
- Use of efficient fund-through structure, reducing upfront cost with minimal development risk.
- Attractive portfolio initial yield of 8.0%, versus cost of capital.

SUMMARY OF ACQUISITIONS

	Lot 45, Atlantic Dr, Keysborough, VIC	*19&20 Southern Crt, Keysborough, VIC*	*9-11 Drake Blvd, Altona, VIC*	**TOTAL / WEIGHTED AVERAGE**
GLA (m^2)	12,800	17,834	25,728	56,362
PURCHASE PRICE	$17.3m	$18.8m	$24.1m	$60.2m
INITIAL YIELD	7.50%	8.25%	8.25%	8.0%
PRACTICAL COMPLETION	Feb 2014	Feb 2014	Dec 2013	N/a
WALE (YRS)[1]	15.0	5.0	5.0	7.7
MAJOR TENANT	Symbion	ALZ[2] rent guarantee	ALZ[2] rent guarantee	N/a
RENT REVIEW	Fixed 3.5% p.a.	Fixed 3.5% p.a.	Fixed 3.5% p.a.	Fixed 3.5% p.a.

Notes: 1. From practical completion. 2. Rent is guaranteed by Australand Industrial Constructions Pty Ltd which is guaranteed by Australand Holdings Limited

THE ACQUISITIONS ARE HIGH QUALITY, WELL LOCATED WITH STRONG PROSPECTS FOR SUCCESSFUL LEASING

- The acquisitions are located in prime, established logistics locations at Altona and Keysborough in Melbourne, Victoria.
- The buildings to be constructed are in the highly sought after sub-15,000m² size bracket and will benefit from the latest features and specifications and a host of sustainable design features, including stormwater harvesting and CBUS controlled T5 lighting.
- The vendor and developer of the properties is ASX listed Australand Property Group which will also be responsible for leasing the properties to tenants suitable to Growthpoint.

KEYS INDUSTRIAL PARK - KEYSBOROUGH

- Manufacturing and logistics location offering a high quality business environment with immediate access to the Eastlink Motorway.
- Keysborough is located approximately 30 radial kilometres from Melbourne CBD in the south-eastern growth corridor offering proximity to a skilled workforce and also superior road and public transport linkages.
- The park has attracted quality tenants including BIC, Early Settler, Trimas Automotive and Sealy Bedding.

ACCESS ALTONA INDUSTRIAL ESTATE – ALTONA

- Located close to the Westgate/Princes freeway and Western Ring Road major arterial routes. Proximity to the Port of Melbourne, Australia's busiest port.
- Melbourne's west has become the pre-eminent logistics and distribution location accounting for approximately one third of Melbourne's total industrial stock, including over 50% of the new industrial buildings built between 2008 and 2012.
- The estate has attracted quality occupiers including Toll, Signcraft, DB Schenker, and The Australian Ballet.


Fresh Food People
WORTHS

OPPORTUNITIES

UNIQUE FEATURES OF GOZ

1. **PURE LANDLORD:** Only internally managed, 100% Australian, ASX listed property group that derives 100% of its income from owning commercial real estate.
2. **INCOME SECURITY:** Growthpoint's income is relatively certain due to the long weighted average lease expiry or WALE (6. 8 years), high level of interest rate hedging (93%), low management expense ratio (0.4%), 100% of leases on fixed annual rent reviews (average of 3.1% increase per annum) and over 70% of leases expiring in FY2018 or beyond.
3. **READILY UNDERSTOOD:** all assets and debt held on balance sheet allowing investors to easily understand the nature and value of their investment. Growthpoint has avoided complicated and riskier structures such as hybrid securities, mezzanine finance, joint ventures, co-ownership and funds management.
4. **TAX BENEFITS:** high percentage of distributions paid "tax deferred" meaning Australian investors do not have pay tax on the full amount of the distribution (the distribution instead reduces the cost base for capital gains tax purposes).
5. **MAJOR SECURITYHOLDER SUPPORT:** Growthpoint's largest securityholder, Growthpoint Properties Limited of South Africa ("**GRT**"), is South Africa's largest listed property company and is heavily involved with Growthpoint. GRT remains committed to investing more money into Australia via Growthpoint. This support underpins the Group's growth strategy, has enabled Growthpoint to bid for assets with certainty and makes its security price less volatile.

QUALITY PROPERTY PORTFOLIO THAT IS CAREFULLY MANAGED

1. **EXCELLENT FUNDAMENTALS:** Long weighted average lease expiry (6.8 years), modern assets (average age of 6.6 years), quality tenant base, well located assets within CBDs or major fringe markets, high level of tenant retention and minimal rental arrears giving Growthpoint a strong base on which to grow the portfolio and deliver stable and growing distributions.
2. **EXTEND LEASES PRIOR TO EXPIRY:** as a professional landlord, Growthpoint prides itself on the close relationships it has with tenants. This ensures Growthpoint's employees are aware of the leasing needs and financial and operating conditions of its tenants. Through careful management and regular communication, Growthpoint has been able to extend or renew a majority of its leases priory to expiry with no or minimal incentives, no loss of rent and no fees payable to leasing agents.
3. **EXPAND PROPERTIES:** Growthpoint's industrial properties have relatively low site coverage providing scope for significant future expansion. There are also a number of development opportunities in the office portfolio. Although Growthpoint is not a developer, it will develop its portfolio to meet tenant requirements or where substantial leasing pre-commitments are in place.
4. **DEVELOPMENT FUND-THROUGHS:** Growthpoint has acquired six properties on a fund-through basis minimising upfront costs for the Group and enhancing the property portfolio with new properties on long term leases (reducing the average building age and extending the WALE). Growthpoint has developed relationships with developers across Australia and will seek to acquire more properties under this method in the future.
5. **CONTINUE GROWTH:** Growthpoint has acquired over $1 billion of real estate since December 2009 increasing distributable income, diversifying the asset and income base by sector, location and tenant and reducing the average age of the portfolio. Growthpoint continues to seek acquisition opportunities to improve the property portfolio and increase returns to its securityholders. Although competition for quality assets in Australia is increasing, Growthpoint's reputation and the support from its major securityholders and debt financiers leave it well placed to compete for new acquisitions.

DEBT CAPITAL

1. **BANK DEBT:** Major Australian lenders have indicated that they want to lend to Growthpoint. Growthpoint therefore expects to be able to rely on the banks to support its future growth.
2. **OTHER SOURCES OF DEBT:** Growthpoint has the opportunity to diversify its sources of debt capital as it grows. Growthpoint has announced a gearing target of 40-45% which should allow the Group to access debt capital markets in the future. Although this may not reduce debt costs, it should increase Growthpoint's debt capital options and extend the tenor of Growthpoint's debt.
3. **REDUCED DEBT COSTS:** with interest rates at historical lows, Growthpoint should be able to lower its average cost of debt with any new debt.

EQUITY CAPITAL

1. **INDEX INCLUSION:** A relatively small increase in trading volumes will take Growthpoint into the S&P/ASX 300 index making GOZ more relevant for institutional investors.
2. **SHRINKING A-REIT OPPORTUNITIES:** As consolidation of the Australian listed real estate investment industry occurs due to several mooted or expected mergers, Growthpoint will attract even more interest from institutional investors and those seeking exposure to listed A-REITs.
3. **INCREASED RESEARCH COVERAGE:** Growthpoint is now followed by Bank of America/Merrill Lynch, National Australia Bank, UBS Investment Research and Macquarie with additional research/investment houses expressing interest in initiating coverage of the stock. This research opens up the equity market for Growthpoint, has enabled an increase in Growthpoint's security price and should support future capital raisings.

AUSTRALIAN PROPERTY MARKET

1. **FLIGHT TO QUALITY:** as investors continue to seek the perceived safety of quality real estate, Growthpoint's portfolio values are expected to increase.
2. **INCREASED NSW EXPOSURE:** Growthpoint is currently underweight in New South Wales (Australia's most populous State) but will look to increase its exposure as opportunities arise.
3. **INCREASED INDUSTRIAL EXPOSURE:** Growthpoint will look to acquire industrial properties ahead of properties in the office and retail sectors as the fundamentals for the industrial property sector appear more favourable particularly current unmet demand, limited speculative developments and long-term logistics requirements being fuelled by increased direct consumer purchasing.
4. **DEVELOPERS AND OTHERS CONTINUE TO STRUGGLE:** with conditions remaining difficult for developers in Australia, Growthpoint should be able to capitalise on its strong balance sheet and experience and reputation to acquire more properties directly from developers.
5. **TARGETING ASSETS OF $50-150 MILLION:** Growthpoint typically targets assets in $50-150 million range which is above the capacity of most private investors and below the level of most institutional investors, particularly for office properties. This should reduce the competition for Growthpoint for assets it wishes to acquire.

KEY RISKS

ACQUISITION RISK

Growthpoint Properties Australia may acquire assets to add to its portfolio. Whilst it is the Group's policy to conduct a thorough due diligence process in relation to any such acquisition, risks remain that are inherent in such acquisitions. These risks could include unexpected problems or other latent liabilities such as the existence of asbestos or other hazardous materials or environmental liabilities. There are also risks associated with integration of businesses, including financial and operational issues as well as employee related issues. There is also a risk the expected benefits, synergies and other advantages in relation to the acquired asset will not be realised. Growthpoint Properties Australia's value, earnings and distributable income may be adversely affected by the occurrence of any of these risks.

BUILDINGS CONDITION AND DEFECTS

The Group's properties are professionally managed by experienced property managers. Nevertheless, there is a risk that latent defects in the properties may prevent the properties being available for their intended use and/or may require additional capital expenditure. This may adversely affect returns available to Securityholders.

CAPITAL EXPENDITURE

There is a risk that unforeseen capital expenditure may be required under the terms of the current property leases. This may in turn impact the cash available to service debt and the value of the Group.

CHANGES IN ACCOUNTING POLICY

The Group must report and prepare financial statements in accordance with prevailing accounting standards and policies. There may be changes in these accounting standards and policies in the future which may have an adverse impact on the Group.

COMPETITION

The value of property held by the Group may be negatively affected by oversupply or over development in surrounding areas. Alternatively, prices for properties the Group is considering for acquisition may be inflated via competing bids by other prospective purchasers.

COUNTERPARTY / CREDIT RISK

A-REITS are generally exposed to the risk that third parties, such as tenants, developers, service providers and financial counterparties to derivatives (including foreign exchange and interest rate hedging instruments) and other contracts may not be willing or able to perform their obligations.

DEBT COVENANTS

The Group's debt facilities are subject to a variety of covenants including interest coverage ratios and loan to value ratios. In the event of unforeseen fluctuations in rental income or a fall in asset values, the Group may be in breach of its loan covenants and be required to repay amounts outstanding under the debt facilities immediately and sell properties at unacceptable prices. Furthermore, there is a risk that unforeseen capital expenditure may be required under the terms of the current leases. This may in turn impact the cash available to service debt.

DEVELOPMENT RISK

Although the Group is not a developer and has sought to minimise any development risk arising from its development fund throughs and property expansions/improvements, there is a risk that a developer and/or builder may be unable to complete their contractual obligations, that the guarantees obtained by the Group to support these obligations are insufficient and/or that the Group is unable to procure the completion of the building either at all or at a similar cost/timeframe as currently proposed.

EMPLOYEES AND DIRECTORS

The Group is reliant on retaining its key directors, senior executives and other employees. The loss of any director, senior executive employee or key personnel could negatively impact the Group's operations.

ENVIRONMENTAL

The Group's properties may, from time to time, be exposed to a range of environmental risks, including asbestos, which may require remedial work and potentially expose the Group to third party liability. This could potentially impact earnings, distributions and property values.

FIXED NATURE OF COSTS

Many costs associated with the ownership and management of property assets are fixed in nature. The value of properties (and the value attributed to Growthpoint Properties Australia) may be adversely affected if the income from the asset declines and these fixed costs remain unchanged.

FORWARD LOOKING STATEMENTS AND FINANCIAL FORECASTS

There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinions or estimates (including projections, guidance on future earnings and estimates) will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of the Group.

No assurances can be given in relation to the payment of future distributions. Future determinations as to the payment of distributions by the Group will be at the discretion of the Directors and will depend upon the availability of profits, the operating results and financial condition of the Group, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the Directors. No assurances can be given in relation to the level of franking of future distributions.

Where relevant, franking capacity will depend upon the amount of tax paid in the future, the existing balance of franking credits and other factors.

FUNDING AND REFINANCING RISK

Market volatility has had a significant impact on the real estate sector and its ability to access capital from investors. The real estate investment industry tends to be highly capital intensive. The ability of the Group to raise funds on favourable terms for future refinancing and acquisitions depends on a number of factors including general economic, political, and capital and credit market conditions. The inability of the Group to raise funds on favourable terms for future acquisitions and refinancing could adversely affect its ability to acquire new properties or refinance its debt.

GENERAL ECONOMIC CONDITIONS

The Group's operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, ability to access funding, oversupply and demand conditions and government fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates and an increase in the cost of capital could have a material adverse impact on the Group's operating and financial performance.

INSURANCE

The Group purchases insurance as is customary for property owners and managers. This insurance provides a degree of protection for the Group's assets, liabilities and people. There is a risk that insurance may not be available or sufficient. Furthermore, there are some risks that are uninsurable or risks where the insurance coverage is reduced.

INTEREST RATES

To the extent that interest rate exposure has not been hedged, fluctuations in interest rates could impact the Group's funding costs adversely, resulting in a decrease in distributable income. Furthermore, fluctuations in interest rates may impact the Group's earnings before interest due to the impact this may have on the property market in which the Group operates.

LAND VALUES

Events may occur from time to time that affect the value of land which may then impact the financial returns generated from particular property related investment businesses or projects. For example, unanticipated environmental issues may impact on the future earnings of Growthpoint Properties Australia. Such events may materially affect Growthpoint Properties Australia's earnings and value.

LITIGATION AND DISPUTES

Legal and other disputes (including industrial disputes) may arise from time to time in the ordinary course of operations. Any such dispute may impact on earnings or affect the value of the Group's assets.

MARKET PERCEPTION RISK

The Group's security price is affected by market sentiment. Moves in general or specific sentiment could positively or negatively affect the trading price of the Group's securities.

PROPERTY ILLIQUIDITY RISKS

Property assets are by their nature illiquid investments. Therefore, it may not be possible for the Group to dispose of assets in a timely manner should it need to do so. In addition, to the extent that there may be only a limited number of potential buyers for the properties, the realisable value of those assets may be less than book value of those assets.

PROPERTY MARKET RISKS

The Group will be subject to the prevailing property market conditions in the sectors in which it operates. Adverse changes in market sentiment or market conditions may impact the Group's ability to acquire, manage or develop assets, as well as the value of the Group's properties and other assets. These impacts could lead to a reduction in earnings and the carrying value of assets.

PROPERTY VALUATION RISK

The value of properties held by the Group may fluctuate from time to time due to market and other conditions. Factors relevant to determining value include rental, occupancy levels and property yield, and these may change significantly over time for a variety of reasons. External and Directors' valuations represent only the analysis and opinion of such persons at a certain date and they are not guarantees of present or future values. The values of properties may impact on the value of an investment in the Group.

REGULATORY ISSUES AND CHANGES IN LAW

Changes in laws or regulatory regimes may have a materially adverse impact on the financial performance of the Group by reducing income or increasing costs such as changes to environmental laws which may impact forecast capital expenditure.

STAPLED SECURITY MARKET PRICES

The market price of the Group's Securities will depend on a variety of factors. The price at which these securities trade on the ASX could deviate materially from their issue price. Factors including general movements in interest rates, domestic and international capital markets, macro economic conditions, global geo-political events and hostilities, investor perceptions and other factors could all impact the market price performance.

TENANT RISK

There is a risk that tenants may default on their rental or other obligations under leases with the Group, leading to a reduction in future income which may impact on the value of properties owned by the Group. Furthermore, there is a risk that the Group will be unable to negotiate suitable lease extensions from existing tenants or replace current leases with new tenants on similarly commercial terms which may impact the value of properties owned by the Group.

The Group relies on certain key tenants for the majority of its revenue. Any financial difficulty or insolvency affecting a key tenant, or a breach of lease by a key tenant, could have a material adverse affect on the Group's financial performance or position.

TRUST TAXATION STATUS

Currently, the Growthpoint Properties Australia Trust will not incur tax on income provided that income is distributed. However, the Trust would lose this tax transparency if there is a legislative change which removed the tax transparency of property trusts or Growthpoint Properties Australia Trust engages in business activities which lead to it being subject to tax at the corporate tax rate. It is the intention of the Directors that the Growthpoint Properties Australia Trust will be managed so that the trust is not taxed at the corporate rate under the existing law.

Depending on investors' individual circumstances, a loss of the Growthpoint Properties Australia Trust's tax transparency may adversely affect post tax investment returns. In addition, the taxation treatment of Securityholders is dependent upon the tax law as currently enacted in Australia and other relevant jurisdictions. Changes in tax law or changes in the way tax law is expected to be interpreted in Australia or such other jurisdictions may adversely impact the tax outcomes for Securityholders.

Changes to the unit holder composition could impact Growthpoint Properties Australia Trust and its subsidiary entities' ability to utilise prior and current year tax losses. While GOZ does not anticipate this offer will trigger a change of control for tax purposes, any movements in the register will be factored into future change of control monitoring.

SUSTAINABILITY

Growthpoint is committed to limiting the impact of its activities on the natural environment.

IN CHOOSING TO MEASURE, MONITOR AND REPORT ON ITS IMPACT ON THE NATURAL ENVIRONMENT, THE GROUP SEEKS TO:

- works towards achievement of best practice in sustainability;
- ensure its directors and employees are aware of the Group's impact on the natural environment;
- develop practices and policies which take into account sustainability; and
- demonstrate its commitment to sustainability.

HEAD OFFICE ENERGY CONSUMPTION

The Group's total greenhouse emissions arising from head office energy decreased by around 38 % from Financial Year 2012 to Financial Year 2013 following our relocation into a modern multi-story office building situated at 357 Collins Street, Melbourne. The building is targeting a five star NABERS rating and has a four star Green Star rating.

SUSTAINABLE FITOUT

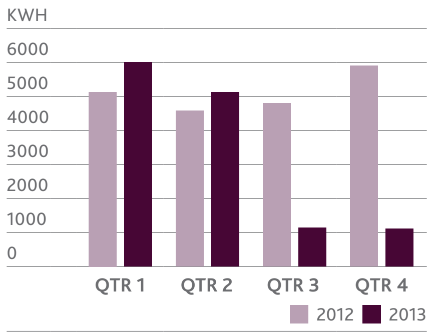
The Group has invested in fitout and equipment which contributed to sustainability as well as a healthier working environment for employees including:

- High performance double glazed façade to provide increased levels of thermal comfort in perimeter zones.
- Smart lighting controls through the use of occupancy sensors that minimises the usage of artificial lights in unoccupied zones.
- Lighting systems that use high frequency electronic ballasts to improve indoor environment quality.
- Digital Addressable Lighting Interface and controls to enable efficient use of meeting rooms and perimeter dimming when high levels of daylight are present/
- Energy efficient equipment with high energy star ratings.
- Furniture that are certified under Good Environmental Choice.
- Usage of recyclable timber as reception wall cladding.
- Further details are displayed on the opposite page.

CAR USAGE

Growthpoint does not currently provide car parking for employees. Each employee currently uses public transport, rides a bicycle or walks to and from work. Minimisation of car usage by employees is reducing greenhouse gases.

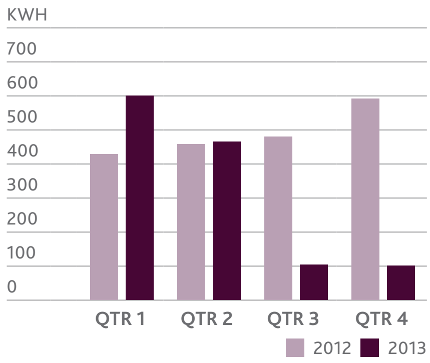
GOZ OFFICE ENERGY CONSUMPTION



The Group's average daily energy consumption also dropped by around 29% from Financial Year 2012 to Financial Year 2013.

GOZ AVERAGE OFFICE ENERGY CONSUMPTION PER EMPLOYEE

KWH PER EMPLOYEE



Average energy consumption per employee decreased by around 41% from Financial Year 2012 to Financial Year 2013.

Growthpoint sustainable Fitout – 357 Collins Street, Melbourne

The new office space is evidence of Growthpoint's commitment to sustainability and to providing its staff and clients with a high quality office environment.

Growthpoint Properties Australia Limited ("Growthpoint") recent move to Level 22 of 357 Collins St provided an opportunity to implement a sustainable fitout within one of Melbourne's greenest buildings. The multi-story office building received a 4 Star Green Star rating under Office Design V3 in Dec 2011 and is targeting a 5 Star NABERS Energy rating. As a tenant of 357 Collins St. Growthpoint was able to benefit from a range of sustainability measures incorporated into the base building including:

- High performance double glazed façade to provide increased levels of thermal comfort in perimeter zones
- Electrical sub-metering of lighting and equipment within tenanted spaces
- Water efficient fittings for wash-hand basins, sinks, showers, dual flush toilets and water efficient urinals
- Levels of outside air which are 50% above the minimum requirements of the Australian Standard
- Lighting systems use high frequency electronic ballasts to improve indoor environment quality through the reduction of discomfort due to flickering
- Secure bicycle storage, lockers and showers for staff are provided along with visitor bicycle parking
- A location which benefits from convenient access to public transportation

Growthpoint's fitout incorporated additional initiatives which further contributed to sustainability as well as providing a more healthful and comfortable work environment for its staff including:

- Chairs and workstations were certified under Good Environmental Choice Australia
- Reused timber was used to clad the walls and desk in the reception area
- DALI (Digital Addressable Lighting Interface) light fittings and controls to enable efficient use of meeting and conference room lighting and perimeter dimming when high levels of daylight are present
- Smart lighting controls through the use of occupancy sensors in enclosed rooms and lighting zones within the open plan to minimize the use of artificial lighting in unoccupied spaces
- Energy efficiency equipment with high Energy Star ratings including dishwashers, computers and monitors
- Healthful indoor air quality achieved by selecting building finishes, paints, adhesives, carpets which limit emissions of VOCs and formaldehyde
- Dedicated ventilation exhaust for the copy room to remove indoor pollutants from generated from printing equipment

3.7 stars

AVERAGE NABERS ENERGY RATING
up from 3.0 stars for FY2012. Number of rated assets for FY2013 was 10 (FY2012: 9 rated assets).

4.7 stars

AVERAGE GREEN STAR RATING
up from 4.5 stars for FY2012. Number of rated assets for FY2013 was 5 (FY2012: 3 rated assets).

OFFICE PROPERTY	NABERS ENERGY RATINGS (STARS)	GREEN STAR RATINGS (STARS)
CB1-22 Cordelia Street, South Brisbane, Queensland	★★★★	Not rated
CB2-42 Merivale Street, South Brisbane, Queensland	★	Not rated
A4-52 Merivale Street, South Brisbane, Queensland	★★★★★	Not rated
A1-32 Cordelia Street, South Brisbane, Queensland	★★★★½	Not rated
7 Laffer Drive, Bedford Park, South Australia	★★★½	Not rated
333 Ann Street, Brisbane, Queensland	★★★	★★★★
89 Cambridge Park Drive, Cambridge, Tasmania	★★½	★★★★★
*10-12 Mort Street, Canberra**	Not rated	Not rated
Worldpark 33- 39 Richmond road, Keswick, South Australia	★★★★★	★★★★★
GE 1&3 -572-576 Swan Street, Richmond, Victoria	0.0	Not rated
GE 2 -572-576 Swan Street, Richmond, Victoria	★★★★	Not rated
*1231-1241 Sandgate Road, Nundah**	Not rated	★★★★★
*219-247 Pacific Highway, Artarmon**	Not rated	★★★★★

*To be rated within the next 18 months.

PROPERTY PORTFOLIO

Around 64% of the Group's office portfolio has been rated by The National Australian Built Environment Rating System ("NABERS energy rating"). The average NABERS energy rating of properties rated (by net lettable area) has increased from 3.0 star to 3.7 star representing an increase of 23%. The Group will continue to seek to balance its sustainability goals with distributions to securityholders, tenant retention and prudent asset management. As a result, this program is likely to take several years to implement and a majority of improvements will be made together with new leases or lease renewals.

OFFICE PROPERTY DEVELOPMENTS

The two recently completed A-Grade office buildings at 1231-1241 Sandgate Road, Nundah, Queensland and 219-247 Pacific Highway, Artarmon, New South Wales are targeting, respectively, 4.5 star and 5 star NABERS energy ratings. Both properties achieved a 5 star Green Star design rating.

GREEN STAR RATING

In its recent acquisitions, the Group has actively focussed on acquiring office properties which carry high energy (i.e energy efficient) ratings (measuring actual energy consumption) as well as high green star ratings (which measure inherent sustainability of a building).

Currently 40% of the Group's office portfolio (by net lettable area) has been Green Star rated by the Green Building Council of Australia in Financial Year 2013 as compared to only 29% as at 30 June 2012, however, this reflects the significant growth in the office portfolio rather than a decline in like-for-like ratings. The net lettable office area increased from 119,798 m^2 to 156,819 m^2 and the average Green Star rating increased from 4.5 Star to 4.7 Star over the 2013 financial year.

CORPORATE GOVERNANCE STATEMENT

THIS IS THE GROUP'S RESPONSE TO THE ASX CORPORATE GOVERNANCE COUNCIL'S "CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS" (2ND EDITION)

RECOMMENDATION	GROUP RESPONSE/PRACTICE
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 real property and 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 and 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 54-55 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 and HR Committee. Refer to page 59 of this report for more details.

RECOMMENDATION	GROUP RESPONSE/PRACTICE
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 and 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 page 54-55 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 executive officer of, or otherwise associated directly with, a substantial securityholder 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;
- 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 securityholders; 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 securityholders.

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 director of the Board.

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).

As part of acknowledging the critical importance of continuing education, presentations are regularly provided to the board on various aspects that impact the overall business operation of the Group.

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.

continued over page...

RECOMMENDATION	GROUP RESPONSE/PRACTICE
RECOMMENDATION 2.6: *Cont...*	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 and 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.
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.** seeking to appoint at least one female director to the board; **2.** providing work experience opportunities to female graduates and undergraduates in order to encourage greater female involvement and participation in the property industry; **3.** 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; **4.** female employees and other women are to be invited to our events and activities to assist them to build relationships in and with the Group and the property industry. 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 appointed its first female director, Maxine Brenner, in -March 2012 and she remains a director; **2.** the Group has provided a female undergraduate from RMIT with work experience in February 2013; **3.** for all three permanent employee vacancies filled during the financial year, the selection team interviewed at least one serious female candidate and one serious male candidate and, as a result, two new male and one new female employees have been appointed; and **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 and Herbert Smith Freehills.

RECOMMENDATION	GROUP RESPONSE/PRACTICE
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: **1.** approximately 17% of non-executive directors are women (one out of six); and **2.** approximately 17% of the Group's employees (two out of twelve) are women but none are in senior executive positions; As stated in its Diversity Policy, the Group is seeking to increase the number of women in all levels of the Group over time, and has appointed one woman this financial year out of three vacancies (an employee).
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 54-55 of this report for more details. Note that from 1 July 2013, the Audit and Risk Committee's role was expanded to include compliance and the committee was renamed the Audit, Risk and Compliance Committee. The previous Compliance Committee was dissolved. For the rest of this report, the committee is referred to as the "**Audit, Risk and Compliance Committee**".
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* › *has at least three members.*	The Audit, Risk and Compliance Committee comprises three members, all of whom are non-executive directors and a majority of whom are independent directors. The Chair of the Committee during the period to which this report relates, Maxine Brenner, is an independent director and not the Chairman of the Board. Refer to page 54-55 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 and Compliance Committee. The charter is available on the Group's website.
RECOMMENDATION 4.4: *Companies should provide the information indicated in the Guide to reporting on Principle 4.*	The Audit, Risk and Compliance Committee oversees the structure and integrity of the Group's financial reporting. Refer to page 54-55 of this report for details of the members of the Audit and Risk Committee including their qualifications. Refer to page 59 of this report for details of meetings of the Audit and Risk Committee. There have been no departures from recommendations 4.1, 4.2, 4.3 or 4.4.

RECOMMENDATION	GROUP RESPONSE/PRACTICE
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, Media and Public Comments Policy", "Delegations of Authority Policy", and "Communications 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 complies with the ASX Listing Rules and the limits of their respective authority.
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.

RECOMMENDATION	GROUP RESPONSE/PRACTICE

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 securityholders in the Group, the Board has not established a specific policy promoting effective communication with securityholders.

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

1. (**Mail**) Sending an "Investor Update" to all securityholders to update them on the Group's developments recognising that less than half of the Group's securityholders 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**) Investors may receive annual and half–year reports by mail or email. Investors who have not elected to receive annual reports but who would like to receive a copy 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 securityholders copies of key ASX announcements. Securityholders who would like to be included in the 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 securityholders 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 held its 2012 annual general meeting in Brisbane and intends to hold its 2013 annual general meeting in Melbourne.

For the results for 6 months ended 31 December 2012, the Group released a webcast presentation of its results. It is expected that similar webcasts will be made for future results. The webcast is available on the Group's website www.growthpoint.com.au

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 expects to continue to communicate with securityholders through:

1. Direct mail outs of its "Investor Updates" to all securityholders.
2. Direct mail outs of annual reports, half year reports and property portfolio reports to securityholders 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 securityholders who have provided their email address to the Group in the manner noted above.
5. Recorded results webcasts which are made available on the Group's website.

RECOMMENDATION	GROUP RESPONSE/PRACTICE
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.*	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 6 months and every 3 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.** *Securities trading policy*. **9.** *Code of conduct*. The Audit, Risk and Compliance 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.*	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's compliance with its Australian Financial Services Licence requirements, the Board does not believe a dedicated internal audit function is required. The Audit, Risk and Compliance 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, Risk and Compliance 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 Audit, Risk and Compliance Committee.
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 19 August 2013 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	GROUP RESPONSE/PRACTICE
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 and HR Committee. Refer to page 54-55 of this report for more details. The Board has established a charter for the Nomination, Remuneration and 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* › *has at least three members.*	The Nomination, Remuneration and 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 and 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 securityholders' perspective, on his role in recommending and determining 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 securityholders. **4.** The Committee comprises a majority of independent directors. The Nomination, Remuneration and HR Committee has sought independent remuneration advice from remuneration consultant PwC. Refer to page 54-55 of this report for more details on the Nomination, Remuneration and HR Committee. No employees are involved in approving 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 63 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 (subject to security holder approval). Refer to page 63 of this report for more details of executive director remuneration. Executives who are not directors 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 page 63 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 54-55 of this report for details of the members of the Nomination, Remuneration and HR Committee including their experience and qualifications. Refer to page 59 of this report for details of meetings of the Nomination, Remuneration and HR Committee. Non-executive directors are not entitled to any termination benefits from their loss of office. The charter for the Nomination, Remuneration and HR Committee and details of the Group's investment policies are available on the Group's website, www.growthpoint.com.au

BOARD & MANAGEMENT

SOCIAL GOVERNANCE

Growthpoint Properties Australia values the passion and diversity of its people, including its directors, employees and contractors, and is committed to continue investing in them.

The Group's values drive its success and help to set minimum standards of behaviour for its people. In particular, the Group has attempted to imbed the following values in all aspects of its operations:

- actions are governed by high standards of integrity, fairness and respect;
- decisions are made in accordance with all applicable laws, regulations and policies; and
- business is conducted honestly and ethically using the employees' best skills and judgement for the benefit of securityholders, employees and other stakeholders.

The Group is aware of the importance for constantly reinforcing and communicating these values to its employees, shareholders, customers and the broader financial community.

EMPLOYEE ENGAGEMENT

As at 30 June 2013, the Group employed 12 people all of whom are located in Melbourne. During the year, a Project Manager and an additional Property Analyst were employed.

In May 2013, a second annual Employee Engagement Survey was conducted. This survey provided feedback on matters such as the Group's strategy, employee engagement, equality, employee benefits and employee recognition. All employees were invited to participate in the survey except for the Managing Director. A 100% participation rate was achieved.

Employees responded favourably to questions which dealt with all aspects of the Group's operations and management, department and teamwork, benefits and training and morale and teamwork seeing a rating of 90% and above. Employees responded favourably to all queries with all areas recording a positive rating of 60% or above.

DIVERSITY

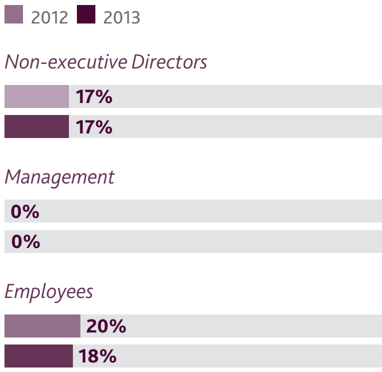
As part of the Group's on-going commitment to diversity, the board appointed its first female director, Maxine Brenner, in March 2012. Ms Brenner was also appointed Chair of the Audit and Risk Committee. The Group also provided related property work internship experience to a female student from RMIT in early 2013.

As at 30 June 2013, around 33% of the workforce originated from a non- English speaking background.

The Board believes that having a diverse workforce enhances decision making process, increases its engagement with the community and provides the Group with an edge over its competitors.

As at 30 June 2013, the proportion of women across the Group was as follows:

WOMEN ACROSS THE GROUP



Note that the above decline in female employee representation was due to the hiring of an additional male employee; the number of female employees remained constant.

The table on page 59 sets out measurable objectives set by the Board for achieving gender diversity and the Group's achievements to date.

EMPLOYEE BENEFITS

Employees of the Group receive the following benefits:

- support to join, and be actively involved with, relevant professional bodies (refer below for a list);
- life, total permanent disability and income protection insurance;
- on-going training and study support;
- smartphone and, where required, a laptop computer; and
- flexible working arrangements to maintain a balance between work, life and family interests and commitments.

MEASURABLE OBJECTIVES FOR THE 12 MONTHS

OBJECTIVE	PERFORMANCE FOR 12 MONTHS TO 30 JUNE 2013
Appoint at least one female director to the board	Maxine Brenner appointed in March 2012
Providing work experience opportunities to female graduates and undergraduates to encourage greater female involvement and participation in the property industry	The Group provided work experience to a female undergraduate from RMIT in February 2013.
All employment vacancies advertised to women and men and interviews to include at least one serious female and one serious male candidate	For all three permanent employee vacancies filled during the year, the selection team interviewed at least one serious female candidate and one serious male candidate and two male and one female employees were appointed
Female employees and other women are to be invited to our events and activities to assist them to build relationships in, and with, the Group and the property industry	The Group focussed on ensuring employees engage and network with females working in and for the property industry particularly with women at Jones Lang LaSalle, CBRE and Herbert Smith Freehills

HEALTH AND SAFETY

The Group promotes a high level of health and safety as evidenced by the following initiatives:-

- monthly health and safety meeting;
- maintenance of a "Register of Work Place Injuries";
- provision of required safety equipment to employees and guests visiting potentially hazardous sites such as those under construction;
- attendance at St John's Emergency First aid and Cardio Pulmonary Resuscitation training by three employees;
- participation in building emergency and evacuation procedures and assistance in developing related protocols;
- provision of bicycle park space to encourage more staff cycling to work; and
- voluntary participation for work health check assessment.

A non-critical injury was recorded during our staff conference event.

COMMUNITY

The Group's Managing Director, Timothy Collyer, participated in the annual St Vincent de Paul CEO Sleepout in Melbourne. Mr Collyer raised $11,645, including a $250 contribution from Growthpoint Properties Australia. The event started at 6.00 pm and finished at 7.00 am the following day. All the money raised went to St Vincent de Paul's homeless services to help the 100,000 people who sleep rough around the country each night.

Two employees, Michael Green and Aaron Hockly, participated in the Multiple Sclerosis Society Mega-Swim raising $6,056 for people living with multiple sclerosis including a $500 contribution from Growthpoint Properties Australia.

On a voluntary basis, all staff of the Group contributed to the Property Industry Foundation which looks after the street youth and homeless children who have been abused, neglected and have nowhere to go. An amount of $498 was raised by the employees including a $300 contribution from Growthpoint Properties Australia.

The Group had its very first "Growthpoint Volunteering Day" during which all employees undertook half a day of volunteer work at Westgate Park in Melbourne including:

- Planting locally native trees, shrubs, grasses;
- Converting weed covered areas into native garden beds by spreading mulch;
- Helping to maintain recently planted out areas by weeding and pruning.

The park is a unique urban nature park found right under the Westgate Bridge. The area is one where different ecosystems meet and there inevitably a rich source of diversity of native plants, insects, birds and amphibians.

The Group encourages participation in sports events and in Financial Year 2013, six representatives of Growthpoint participated in the Nissan Corporate Triathlon and three employees participated in the Hertz-BRW Corporate Relay Run.

The Group awarded a $350 prize to the highest achiever for third year students in the Bachelor of Applied Science (Property) at the RMIT. That money was provided during the 2012 Annual Industry, Research and Awards Night hosted by The School of Property, Construction and Project Management of RMIT in October 2012.

The Group supports active engagement by its employees in professional, community and charitable. The Group and/or its employees had an active involvement with the following organisations during the year:

PROFESSIONAL

- Association of Chartered Certified Accountants
- Australasian Institute of Investor Relations
- Australian Institute of Company Directors
- Australian Property Institute
- Chartered Secretaries Australia
- CPA Australia
- Financial Services Institute of Australasia
- Royal Institute of Chartered Surveyors
- Property Council of Australia

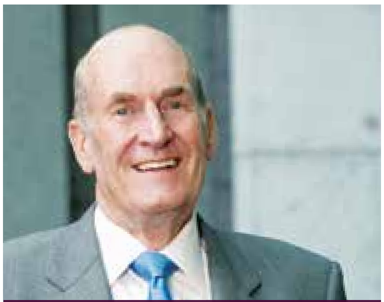
COMMUNITY AND CHARITABLE

- Anglicare – Emergency Relief Program
- Care Australia
- St Vincent de Paul
- Law Institute of Victoria
- Midsumma Festival
- Multiple Sclerosis Society
- Property Industry Foundation

The Group is committed to expanding its community/charity program to enable increase engagement with, and support for, relevant and registered community/charitable organisations.

BOARD & MANAGEMENT

THE BOARD OF DIRECTORS



LYN SHADDOCK
FAPI
Independent Chairman and Director

Committees: *Compliance (Chair); 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. 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 24 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.

FRANCOIS MARAIS
BCOM, LLB, H DIP (COMPANY LAW)
Independent Director

Committees: *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 and a Director of V&A Waterfront Holdings (among other directorships).

NORBERT SASSE
BCOM (HONS) (ACC), CA (SA)
*Director^*

Committees: *Nomination, Remuneration & HR (Chair)*

Appointed as a Director on 5 August 2009

Norbert is the Chief Executive Officer and a Director of Growthpoint Properties Limited, a Director of V&A Waterfront Holdings and Chairman of the South African REIT Association. 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.

^Not deemed independent as CEO of Growthpoint Properties Limited

MAXINE BRENNER
BA, LLB
Independent Director

Committees: *Audit, Risk & Compliance (Chair)*

Appointed as a Director on 19 March 2012

Maxine is currently a Managing Director in Investment Banking at Investec Bank (Australia) Ltd and a Director of Orica Limited. She has been involved in advisory work for many years, particularly in relation to mergers and acquisitions. Prior to this, she was a Lecturer in Law at University of NSW and corporate lawyer at Freehills. Her former directorships include Treasury Corporation of NSW, Neverfail Springwater Ltd, Federal Airports Corporation and Bulmer Australia Ltd. In addition, Maxine has also served as a member of the Takeovers Panel.

ESTIENNE DE KLERK
BCOM (INDUSTRIAL PSYCH), BCOM (HONS) (MARKETING), BCOM (HONS) (ACC), CA (SA)
*Director**

Committees: *Audit, Risk & Compliance*

Appointed as a Director on 5 August 2009

Estienne is an Executive Director of Growthpoint Properties Limited, a Director of V&A Waterfront Holdings, President and a Director of the South African Property Owners Association and Chairman of the Tax and Legislation Committee of the South African REIT Association. He has over 17 years' experience in banking and property finance and has been involved with listed property for over 10 years with Growthpoint's mergers, acquisitions, capital raisings and operating service divisions.

*Not deemed independent as Executive Director of Growthpoint Properties Limited

GRANT JACKSON
ASSOC. DIP. VALUATIONS, FAPI
Independent Director

Committees: *Audit, Risk & Compliance*

Appointed as a Director on 5 August 2009

Grant has over 26 years' experience in the property industry, including over 23 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 Standards Sub-committee of the Australian Property Institute.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors held during the year ended 30 June 2012 and the number of meetings attended by each Director of Growthpoint Properties Australia Limited ("GPAL"), the Responsible Entity of the Trust.

	Board	*Audit & Risk Committee*	*Compliance Committee*	*Nomination, Remuneration & HR Committee*
L. SHADDOCK	7/7	1/0	4/4	5/5
G. JACKSON	7/7	4/4	4/4	0/0
F. MARAIS	7/7	1/0	4/4	5/5
N. SASSE	6/7	0/0	0/0	5/5
E. DE KLERK	6/7	4/4	0/0	0/0
T. COLLYER	7/7	4/0	4/0	2/0
M. BRENNER	6/7	4/4	2/0	0/0

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 the committees above. The Managing Director temporarily absents himself from meetings where certain matters, such as his remuneration, are discussed.

The Company established an Audit Committee (later renamed Audit & Risk Committee and then the Audit, Risk and Compliance Committee) upon its appointment as responsible entity of the Trust on 5 August 2009. The initial members of the Audit & Risk Committee were Messrs Spruell (Chair), de Klerk and Jackson. The current members are Maxine Brenner (Chair) and Messrs 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 members of the Compliance Committee are Messrs Shaddock (Chair), Marais and Jackson. The Committee was merged with the Audit and Risk Committee on 1 July 2013.

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. Maxine Brenner, Messrs Jackson, Collyer, Sasse and de Klerk, as well as the Company Secretary, the Chief Financial Officer and external advisers, were at times members of these committees with meetings being attended by the foregoing as well as other directors.

BOARD & MANAGEMENT

EXECUTIVE MANAGEMENT

AARON HOCKLY BA, LLB, GDLP, GRADDIPACG, FCIS, MAICD, FCSA

Company Secretary and General Counsel

Aaron is responsible for the investor relations, transaction structuring and execution, company secretarial, legal and compliance functions.

Aaron has over 14 years' experience in corporate governance, financial services, corporate and commercial law, property finance and M&A and has worked in Australia, London and New Zealand.

Aaron holds a Bachelor of Laws and a Bachelor of Arts, a Graduate Diploma in Legal Practice, a Graduate Diploma in Applied Corporate Governance and a Graduate Diploma in Applied Finance. He is a Fellow of Chartered Secretaries Australia, a Fellow of the Institute of Chartered Secretaries and Administrators, a member of the Australian Institute of Company Directors and is currently completing a Master in Applied Finance. He has been a director and chairman of a number of not-for-profit organisations and is currently Chairman of a large arts festival. In 2012, Aaron was a finalist for "Australian Corporate Lawyer of the Year".

DION ANDREWS
B.BUS, FCCA

Chief Financial Officer

Dion is a Chartered Accountant and is responsible for the financial reporting obligations of the Group as well as debt structuring, raising debt capital and technology.

Dion has over 14 years' experience in accounting roles in a corporate capacity.

Prior to moving to the Group, Dion spent five years at a listed property funds group, MacarthurCook, as Senior Finance Manager and before that held the role of Group Accountant for a funds management group in London.

Dion holds a Bachelor of Business from the University of South Australia and is a fellow of the Association of Certified Chartered Accountants.

MICHAEL GREEN
B.BUS (PROP)

Portfolio Manager

As Portfolio Manager, Michael oversees the asset selection, asset management, property management, facilities management and property analysis functions of the Group.

Michael has over 12 years' experience in listed and unlisted property fund management, property investment and development, both in Australia and Europe.

Michael was previously based in London and worked as a transaction manager for Cordea Savills. Michael was responsible for acquisitions and asset management in the BENELUX region for Cordea Savills Pan European Funds. Prior to moving to Europe, he spent four years as a property analyst for Australand's listed and unlisted property trusts.

Michael holds a Bachelor of Business (Property).

MANAGEMENT AND REPORTING STRUCTURE

BOARD OF DIRECTORS

MANAGING DIRECTOR
TIMOTHY COLLYER*

PORTFOLIO MANAGER MICHAEL GREEN*	CHIEF FINANCIAL OFFICER DION ANDREWS*	COMPANY SECRETARY / GENERAL COUNSEL AARON HOCKLY*
Asset selection strategy	*Accounting*	*Transaction structuring and execution*
Office portfolio	*Technology*	*Legal, regulatory & compliance*
Industrial portfolio	*Taxation*	*Equity raising & Investor Relations*
Valuations	*Debt Structuring*	*Marketing, communications & reporting*
Sustainability	*Debt Raising*	*Risk Management and Corporate Governance*
Asset Management, property management, facilities management		

*Member of Executive Management Team.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BOARD & MANAGEMENT

REMUNERATION REPORT- AUDITED

The Directors present this "Remuneration Report" for the Group which summarises key compensation policies for the year ended 30 June 2013 and provides detailed information on the compensation for Directors and other key management personnel.

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

1. principles of compensation;
2. director and senior executive reviews; and
3. 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 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 securityholders.
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 and at the date of this Report are:

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

During the year the Nomination, Remuneration & HR Committee engaged PwC as an independent remuneration consultant to provide advice on remuneration structure and levels for Directors and other senior executives.

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 advice provided by PwC, 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 August of each year following the financial year in which they were earned.

LONG-TERM INCENTIVE BONUS ("LTI")

The Group has introduced an LTI 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 the Group's securityholders. The measures are reviewed regularly by the Nomination, Remuneration & HR Committee and/or the Board. The current measures for the FY 2013 Plan LTI, which are identical to the measures for the FY 2012 Plan and FY 2011 Plan, are:

A) TOTAL SECURITYHOLDER 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 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%.

B) 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 is benchmarked relative to the ROE's of constituents of 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 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%.

C) DISTRIBUTABLE INCOME – WEIGHTING 30%

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

The criteria for the distributable income measure is based upon the below:

- Below DPS Benchmark- 0%.
- Achievement of DPS Benchmark - 50%.
- Above DPS Benchmark by less than 2% - 75% (on a pro-rata basis).
- 2% or more above the DPS Benchmark - 100%.

It is intended that:

a. 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"**);

b. 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;

c. 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;

d. 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"**)

e. the LTI Maximum multiplied by the LTI Achievement provides the LTI for each employee for the relevant financial year;

f. 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

g. the LTI is cumulative and, subject to some exceptions, immediately vest in the case of a takeover of the Group or a redundancy.

In accordance with ASX Listing Rule 10.14, the issue of any stapled securities to the Managing Director is subject to securityholder approval. It is intended that such approval be obtained at the Group's annual general meeting each year and, if approved, stapled securities be issued shortly after the relevant meeting.

The LTI Maximum for Directors and other key management personnel for the year ended 30 June 2013 is given in the table below. The LTI Achievement cannot be calculated until the release of the benchmark data for the year ended 30 June 2013 so an estimated fair value at grant date is provided. The estimated LTI Achievement is included in an equity reserve in the year to 30 June 2013, pro-rated over the period to which any securities under the LTI are issued.

The minimum LTI for FY13 would be $0 if none of the benchmarks were achieved.

On 5 July 2011, the Group amended its "Securities Trading Policy" so 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 SECURITYHOLDER WEALTH

In considering the Group's performance and benefits for securityholder wealth, the Nomination, Remuneration & HR Committee have regard to the following financial measures in respect of the four financial years ending 30 June 2013 (previous years are not considered as they are not comparable following the formation of the new Group via the stapling).

The 2010 figures for change in stapled security price and total return are from

LTI MAXIMUM FOR DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

	FY13			FY12		
	LTI Maximum of base remuneration	*LTI Maximum*	*LTI Estimate*	*LTI Maximum of base remuneration*	*LTI Maximum*	*LTI Actual*
	%	$	$	%	$	$
MR T COLLYER	80	560,000	472,080	80	450,000	395,145
MR A HOCKLY	50	125,000	105,375	50	100,000	87,810
MR D ANDREWS	50	115,000	96,945	50	91,250	80,127
MR M GREEN	50	112,500	94,838	50	87,500	76,834
		912,500	**769,238**		**728,750**	**639,915**

7 August 2009 (first trading day post stapling) to 30 June 2010.

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 2013 will be 18.3 cents per stapled security, in line with the forecast provided at the beginning of the financial year. 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.

SERVICE CONTRACTS

It is the Group's policy that service contracts are unlimited in term but capable of termination on 6 months' notice or less and that the Group retains the right to terminate the contract immediately, by making payment equal to a payment in lieu of notice. 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 that 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.

CONSEQUENCES OF PERFORMANCE ON SECURITYHOLDER WEALTH

	2013	2012	2011	2010
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE GROUP	**$93,956,000**	$49,487,000	$43,373,000	$46,694,000
DIVIDENDS AND DISTRIBUTIONS PAID	**$72,590,000**	$57,383,000	$36,480,000	$22,347,000
DISTRIBUTION PER STAPLED SECURITY	**$0.183**	$0.176	$0.171	$0.140
CHANGE IN STAPLED SECURITY PRICE	**$0.300**	$0.205	$0.095	$0.300
Total securityholder return	**23.00%**	**20.11%**	**14.78%**	**29.33%**

The Managing Director can resign by providing 6 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 3 months' notice with not less than 6 months' severance pay.

On termination as Managing Director, he must resign as a director of any Group entity and he is restrained from a number of activities in competition with or to the detriment of the Group for a period of 3 months from the date of termination.

NON-EXECUTIVE DIRECTORS

An aggregate pool of $600,000 available for the remuneration of Non-Executive Directors was approved by shareholders at the Company's Annual General Meeting in November 2011.

The fees payable to Non-Executive Directors are listed on page 68.

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (2013)

			Short term		*Post employment*	*Other long term*	*Termination benefits*	*Share based payments*	*Total*	*S300A (1) (e) (i) proportion of remuneration performance related*
FOR THE PERIOD TO 30 JUNE 2013	*Note*	*Salary and fees*	*Cash bonus*	*Non-monetary benefits*	*Super-annuation benefits*			*Options and rights*		
		$	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*%*
DIRECTORS (CURRENT)										
Mr L Shaddock (Chairman)		130,000	-	-	-	-	-	-	130,000	0%
Mr G Jackson		75,688	-	-	6,812	-	-	-	82,500	0%
Mr F Marais		81,250	-	-	-	-	-	-	81,250	0%
Mr N Sasse		81,250	-	-	-	-	-	-	81,250	0%
Mr E de Klerk		78,750	-	-	-	-	-	-	78,750	0%
Ms M Brenner		76,835	-	-	6,915	-	-	-	83,750	0%
EXECUTIVES (CURRENT)										
Mr T Collyer (Managing Director)		683,530	405,000	9,845	16,470	-	-	450,435	1,565,280	55%
Mr A Hockly (Company Secretary & General Counsel)		233,530	120,000	2,198	16,470	-	-	99,934	472,131	47%
Mr D Andrews (Chief Financial Officer)		213,530	112,500	4,446	16,470	-	-	91,872	438,818	47%
Mr M Green (Portfolio Manager)		208,530	112,500	2,003	16,470	-	-	88,607	428,109	47%

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

2. DIRECTOR AND SENIOR EXECUTIVE REVIEWS

The Board, and each of its committees, reviews its respective membership not less than annually to ensure it contains an appropriate mix of skills, experience and diversity (age, gender and geography) plus any specific objectives set by the Board or a committee.

In addition, each director is required to review his or her position on the Board and each of its committees not less than annually and consider if they should remain in their respective role(s).

Being a property company, the Board has expressed a particular desire to ensure it comprises directors with extensive Australian commercial property knowledge. Each of the Chairman, the Managing Director and Grant Jackson have had, and continue to have, extensive careers in Australian commercial property and have held, and continue to hold, senior positions in the property industry. The Board is eager to ensure that where Board members are replaced, the Board's property experience is not diminished.

The Board currently comprises directors with extensive experience and expertise in property, finance, law, investment banking, accounting and corporate governance. Refer to pages 60-61 of this Annual Report for profiles of each director.

The Nomination, Remuneration & HR Committee has developed plans for the succession and/or temporary replacement of the Chairman and the Managing Director.

To ensure the Board has sufficient knowledge to discharge its duties, the Company Secretary co-ordinates an annual training program which includes presentations (verbal and written) from the Group's lawyers, auditors and property managers as well as from investment banks, real estate service providers and leading governance and training organisations.

PERFORMANCE

The Nomination, Remuneration & HR Committee regularly, and not less than annually, reviews the performance of the Board, its committees and individual directors.

The Group's directors complete a self-assessment questionnaire each year covering individual, committee and Board performance. The Board discusses the results of the reviews as a whole and the Chairman meets with each director separately to discuss any concerns.

The Managing Director's performance is formally considered annually by the Nomination, Remuneration & HR Committee and, based on this formal assessment, the Committee makes remuneration recommendations to the Board. In making its assessment, the Committee considers, among other things, the following matters:

1. adherence to Board policies, resolutions and directions;
2. achievement of matters stated in disclosure documents and other ASX releases;
3. expected distributions to securityholders versus guidance;
4. financial performance versus budget;
5. ASX performance of the Group's securities;
6. the Group's performance against short and medium term strategies of the Group;

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (2012)

		Short term			Post employment	Other long term	Termination benefits	Share based payments	Total	S300A (1) (e) (i) proportion of remuneration performance related
FOR THE PERIOD TO 30 JUNE 2012	Note	Salary and fees	Cash bonus	Non-monetary benefits	Super-annuation benefits			Options and rights		
		$	$	$	$	$	$	$	$	%
DIRECTORS (CURRENT)										
Mr L Shaddock (Chairman)		100,000	-	-	-	-	-	-	100,000	0%
Mr G Jackson		59,511	-	-	5,356	-	-	-	64,867	0%
Mr F Marais		59,000	-	-	-	-	-	-	59,000	0%
Mr N Sasse		64,000	-	-	-	-	-	-	64,000	0%
Mr E de Klerk		59,000	-	-	-	-	-	-	59,000	0%
Ms. M Brenner	1	16,379	-	-	1,474	-	-	-	17,853	0%
DIRECTORS (FORMER)										
Mr D Spruell	2	44,037	-	-	3,963	-	-	-	48,000	0%
EXECUTIVES (CURRENT)										
Mr T Collyer (Managing Director)	3	552,913	350,000	8,541	9,587	-	-	300,631	1,221,672	53%
Mr A Hockly (Company Secretary & General Counsel)		185,821	89,000	1,918	14,179	-	-	66,063	356,981	43%
Mr D Andrews (Chief Financial Officer)		169,818	79,000	3,577	12,682	-	-	61,160	326,237	43%
Mr M Green (Portfolio Manager)		154,118	79,000	1,780	14,073	-	-	60,262	309,233	45%

Notes to the remuneration table

1. Ms Brenner was appointed on 19 March 2012. 2. Mr Spruell resigned on 19 March 2012. 3. Mr Collyer's value of rights for the year to 30 June 2012 has been amended to recognise the grant date of the rights being 14 February 2012 and not 27 November 2012. The expense recognised has been increased by $130,795 as a result.

7. asset performance versus budgeted/expected performance (particularly for recently acquired assets);

8. lease renewals (including tenant retention, rent achieved, lease term and quality of tenant);

9. employee retention and performance;

10. quality, timeliness and frequency of investor communications;

11. results of salary surveys; and

12. advice from independent remuneration consultants.

In 2013, the Nomination, Remuneration & HR Committee engaged PwC to provide advice on the remuneration for directors and other key management personnel. PwC were paid a total of $38,000 for providing this advice (and minuting meetings of the Nomination, Remuneration & HR Committee at which they made their recommendations). A separate division of PwC was also paid $15,000 for tax structuring advice during the year. The directors ensured that PwC was free from undue influence from those key management personnel that it was making recommendations on by ensuring that they had no involvement in the appointment of PwC and were directed not to discuss any aspect of remuneration with the consultant. Further, PwC were directed to ensure that only the Nomination, Remuneration & HR Committee saw the report containing their recommendations. The directors are satisfied that PwC remained free from undue influence due to following these procedures and PwC have also certified in writing that this was the case.

In addition, the Board regularly considers the performance of the Managing Director.

The Managing Director and each line manager conduct a 6 monthly review of each employee's performance. The reviews form the basis for remuneration recommendations.

The Nomination, Remuneration and HR Committee considers the Managing Director's recommendations for employee remuneration not less than annually and discusses, in particular, the performance of each key management person.

In addition, the Company Secretary's skills, experience and performance is reviewed regularly by the Chairman to ensure he is providing, and is able to provide, necessary corporate governance support for the Board and its committees. Refer to page 62 for the Company Secretary's profile.

FY 2012 EMPLOYEE INCENTIVE PLAN

PLAN IDENTIFICATION	PLAN PARTICIPANTS	*Issue date*	*Value of securities issued on conversion of performance rights*	*Number of securities issued on conversion of performance rights*	*Value of performance rights still to vest*	*Percentage of plan that vested during FY 2013*
			$	*No.*	*$*	*%*
FY 2012 PLAN	*Mr T Collyer*	28/11/2012	98,792	46,752	296,376	25%
FY 2012 PLAN	*Mr A Hockly*	8/10/2012	21,953	10,388	65,853	25%
FY 2012 PLAN	*Mr D Andrews*	8/10/2012	20,032	9,480	60,097	25%
FY 2012 PLAN	*Mr M Green*	8/10/2012	19,208	9,090	57,624	25%
FY 2011 PLAN	*Mr T Collyer*	8/10/2012	75,870	35,905	151,740	25%
FY 2011 PLAN	*Mr A Hockly*	8/10/2012	16,597	7,854	33,193	25%
FY 2011 PLAN	*Mr D Andrews*	8/10/2012	15,490	7,331	30,980	25%
FY 2011 PLAN	*Mr M Green*	8/10/2012	15,490	7,331	30,980	25%

3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

Directors' and executive officers' remuneration is detailed in the tables on pages 68 and 69.

EQUITY INSTRUMENTS

Details on performance rights granted to each key management person as compensation under the LTI during the reporting period and details on performance rights conversion to stapled securities in the Group during the reporting period are as detailed in the table above.

Note that performance rights cannot be traded and can only convert to stapled securities in the name of the plan participant.

The conversion of the remaining performance rights for the FY 2011 LTI will occur on or around 30 September 2013 and 2014 in equal parts. The participant must remain in employment on those dates to receive the securities on conversion. The grant date for the FY 2011 LTI was 8 July 2011 for the participants.

The conversion of the remaining performance rights in relation to FY 2012 LTI will occur on 30 September 2013, 2014 and 2015 in equal parts. The participant must remain in employment on those dates to receive the securities on conversion. The grant date for the FY 2012 LTI was 14 February 2012 for the participants.

Performance rights in relation to FY 2013 LTI (if any) will be issued on or around 30 September 2013 and the first quarter instalment will convert to securities on or around that date, except for Mr Collyer's where the first instalment will be converted following approval at the Group's Annual General Meeting which is scheduled to occur on 27 November 2013. The grant date for the FY 2013 LTI was 5 July 2012. The conversion of the remaining performance rights for the FY 2013 LTI will occur on or around 30 September 2014, 2015 and 2016 in equal parts. The participant must remain in employment on those dates to receive the securities on conversion.

As of the date of the report, the number of equity shares to be granted and vested in the future cannot be determined until the rights fully vest.

Refer to Note 20 in the accounts for further information on the LTI plans.

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.

AUDITORS' 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 112.

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.

BOARD & MANAGEMENT
OTHER MATTERS

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 follows:

DIRECTOR	*Stapled securities*
	No.
G. Jackson	82,672
L. Shaddock	490,000
N. Sasse	844,253
E. de Klerk	675,769
T. Collyer	175,963
M. Brenner	0

There are no options over stapled securities of the Group.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

The Company has entered into a Deed of Indemnity, Insurance and Access with each of its Directors, Aaron Hockly (Company Secretary and General Counsel), Dion Andrews (Chief Financial Officer) and Michael Green (Portfolio Manager) providing these persons with an indemnity, to the fullest extent permitted by law, against all losses and liabilities incurred in their respective role for the Company. The Deeds also require the Company to grant the indemnified person with access to certain Company documents and insure the indemnified persons.

In compliance with the Deeds referred to above, the Company 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.

In addition, Growthpoint Properties Limited, the Group's majority securityholder, has undertaken to those directors and officers of the Group who are not also directors of Growthpoint Properties Limited that to the extent D&O insurance is not available due to (1) the insolvency of the Group or (2) limitations on claims arising from Peter David Steingrad & others v BFSL 2007 Limited & Others, HC, Auckland, CIV-2011 – 404 – 611 15 September 2011 and Court of Appeal decision CA 674/2011 (20 December 2012), it will provide the directors and officers the same level of financial recourse had the insurance been available. The undertaking expires on the earlier of a superior court in Australia or New Zealand finally determining that the principles of the aforementioned case should not be followed and Growthpoint Properties Limited ceasing to hold (whether beneficially or otherwise) more than 50% of the shares in Growthpoint Properties Australia Limited.

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

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statement.

The board has considered the non-audit services providing during the year by the auditor are satisfied that the provision of those non-audit services during the year by the auditor is compatible with and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principals relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out below.

	2013
Services other than audit and review of financial statements:	*$*
Other regulatory audit services	58,052
Other assurance service and due diligence services	10,000
	68,062
Audit and review of financial statements	138,800
Total paid to KPMG	206,862

Signed at Melbourne, 19 August, 2013 in accordance with a resolution of the Directors.

T.J. Collyer.

Timothy Collyer
Managing Director
Growthpoint Properties Australia Limited

ABOUT THE FINANCIAL REPORT

This report covers Growthpoint Properties Australia Limited, Growthpoint Properties Australia Trust and its 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 22, 357 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 19 August 2013. 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 2013 unless the context requires otherwise.

References to "balance date" in this report refer to 30 June 2013 unless the context requires otherwise.

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013	Notes	**2013**	2012
		$'000	*$'000*
Revenue			
Property revenue	13	**153,870**	124,005
Straight line adjustment to property revenue	13	**5,769**	2,957
Net changes in fair value of investment properties	13	**5,990**	30,117
Profit / (loss) on sale of investment properties	13	**279**	(88)
Net change in fair value of derivatives		**5,596**	(28,001)
Loss on settlement of derivative		**-**	(13,168)
Net investment income		**171,504**	115,822
Expenses			
Property expenses	13	**(20,474)**	(15,063)
Other expenses from ordinary activities		**(6,431)**	(5,551)
Total expenses		**(26,905)**	(20,614)
Profit from operating activities		**144,599**	95,208
Interest income		**5,759**	4,677
Borrowing costs	8	**(56,272)**	(50,138)
Net finance costs		**(50,513)**	(45,461)
Profit before income tax		**94,086**	49,747
Income tax expense	9	**(130)**	(260)
Profit for the year		**93,956**	49,487
Profit attributable to:			
Owners of the Trust		**93,949**	49,626
Owners of the Company		**7**	(139)
		93,956	49,487
Distribution to securityholders	10	**(72,590)**	(57,383)
Change in net assets attributable to securityholders / Total Comprehensive Income		**21,366**	(7,896)
Basic and diluted earnings per security (cents)	24	**23.7**	15.2

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

AS AT 30 JUNE 2013	Notes	2013	2012
		$'000	*$'000*
Current assets			
Cash and cash equivalents	20	**9,405**	35,289
Trade and other receivables	11	**2,432**	1,037
Total current assets		**11,837**	36,326
Non-current assets			
Trade and other receivables	11	**51,084**	46,069
Plant & equipment	12	**521**	46
Investment properties	13	**1,595,831**	1,423,577
Other receivables	14	**20,951**	100,790
Deferred tax assets	9	**174**	274
Total non-current assets		**1,668,561**	1,570,756
Total assets		**1,680,398**	1,607,082
Current liabilities			
Trade and other payables	15	**17,535**	68,593
Provision for distribution payable		**37,463**	32,635
Current tax payable	9	**27**	219
Total current liabilities		**55,025**	101,447
Non-current liabilities			
Interest bearing liabilities	16	**786,893**	732,456
Derivative financial instruments	17	**34,341**	39,937
Total non-current liabilities		**821,234**	772,393
Total liabilities		**876,259**	873,840
Net assets		**804,139**	733,242
Securityholders' funds			
Contributed equity	19	**973,911**	925,101
Reserves		**1,440**	719
Accumulated losses		**(171,212)**	(192,578)
Total securityholders' funds		**804,139**	733,242

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 2013	*Share capital*	*Share-based payments reserve*	*Deferred tax expenses charged to equity*	*Profits reserve*	*Retained earnings*	**TOTAL**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 30 June 2012	925,101	306	413	-	(192,578)	**733,242**
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	7	93,949	**93,956**
Total other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	7	93,949	**93,956**
Transactions with securityholders in their capacity as securityholders:						
Contributions of equity, net of transaction costs	48,810	-	-	-	-	**48,810**
Distributions provided or paid	-	-	-	-	(72,590)	**(72,590)**
Share-based payment transactions	-	720	-	-	-	**720**
Deferred tax expense charged to equity	-	-	1	-	-	**1**
Total transactions with securityholders	48,810	720	1	-	(72,590)	**(23,059)**
Balance at 30 June 2013	973,911	1,026	414	7	(171,219)	**804,139**
Total recognised income and expense for the year is attributable to:						
- Trust						**93,949**
- Company						**7**
Growthpoint Properties Australia						**93,956**

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 2013	Notes	**2013**	2012
		$'000	*$'000*
Cash flows from operating activities			
Cash receipts from customers		**153,851**	127,032
Cash payments to suppliers		**(23,838)**	(18,497)
Cash generated from operating activities		**130,013**	108,535
Interest paid		**(57,092)**	(54,380)
Taxes paid		**(221)**	(113)
Net cash inflow from operating activities	18 (b)	**72,700**	54,042
Cash flows from investing activities			
Interest received		**5,759**	4,678
Net proceeds from sale of investment properties		**70,553**	5,089
Payments for investment properties		**(128,123)**	(224,886)
Payments for plant & equipment		**(542)**	(36)
Payments as loans to other entities		**(82,537)**	(100,790)
Net cash outflow from investing activities		**(134,890)**	(315,945)
Cash flows from financing activities			
Proceeds from external borrowings		**217,855**	174,556
Repayment of external borrowings		**(162,598)**	(105,100)
Proceeds from equity raising		**48,886**	268,986
Equity raising costs		**(76)**	(6,809)
Payment for settlement of derivatives		**-**	(13,168)
Distributions paid to securityholders		**(67,761)**	(45,417)
Net cash inflow from financing activities		**36,306**	273,048
Net increase / (decrease) in cash and cash equivalents		**(25,884)**	11,145
Cash and cash equivalents at the beginning of the period		**35,289**	24,144
Cash and cash equivalents at the end of the period		**9,405**	35,289

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 two entities comprising Growthpoint Properties Australia Limited ("the Company") and Growthpoint Properties Australia Trust and its controlled entities ("the Trust"). The Company is the Responsible Entity for the Trust. Growthpoint Properties Australia is also referred to as "the Group".

The Group was established for the purpose of facilitating a joint quotation of the Company and the Trust and their 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 of the Company and the unitholders in the Trust 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 Group is a for profit entity.

The consolidated financial report includes financial statements for Growthpoint Properties Australia, the stapled consolidated group, which is domiciled in Australia as at, and for the twelve months ended, 30 June 2013.

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 19 August 2013.

(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;
- investment property is measured at fair value; and
- share-based payment arrangements are 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 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 consolidated financial statements is included in the following notes:

- Note 5 – Determination of fair values;
- Note 13 – Investment properties;
- Note 14 – Other receivables; and
- Note 20 – Share-based payment arrangements.

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 2: BASIS OF PREPARATION (CONT.)

(D) USE OF ESTIMATES AND JUDGEMENTS (CONT.)

- Note 5 – Determination of fair values;
- Note 13 – Investment properties;
- Note 14 – Other receivables; and
- Note 20 – Share-based payment arrangements.

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

Business combinations are accounted for using the acquisition method as at the acquisition date (when control is transferred to the Group). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all of the portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future services.

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.

(III) TRANSACTION ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(B) INVESTMENT 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. All other costs are expensed in the profit and loss in the period incurred.

Subsequent to initial recognition as assets, investment properties are revalued to fair value. Directors revalue the property investments on the basis of valuations determined by them or 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 or 5 (i)).

Any gains or losses arising from changes in fair value of the properties are recognised in the consolidated statement of profit or loss and other 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 comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(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 profit or loss and 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 profit or loss and other 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. Trade and other payables are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost.

(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 profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(C) FINANCIAL INSTRUMENTS (CONT.)

(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 6), however it has not elected to designate these to qualify for hedge accounting.

Interest rate swaps

As noted above the interest rate swaps are not designated in a hedge relationship 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 profit or loss and other comprehensive income.

(VI) SHARE CAPITAL

Stapled securities are classified as equity. Incremental costs directly attributable to the issue of stapled securities are recognised as a deduction from equity, net of any tax effects.

(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 an accrual basis using the effective interest rate method taking into account interest rates applicable to financial assets.

(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 interest and other costs incurred in connection with interest bearing liabilities including derivatives and 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 securityholders or the securityholders 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 substantively 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(H) INCOME TAX (CONT.)

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) SEGMENT RESULTS

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses, interest expense and income tax assets and liabilities.

(K) 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.

(L) 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 profit or loss and other 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 profit or loss and other 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 and adjusted if appropriate.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(M) 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 profit or loss and other 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 profit or loss and other comprehensive income, then the impairment loss is reversed, with the amount of the reversal recognised in the consolidated statement of profit or loss and other comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(N) 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 with the exception of investment property which continues to be measured in accordance with accounting policy note 3 (b).

(O) 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 profit or loss and other comprehensive income in the periods during which services are rendered by employees. Prepaid 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 3: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(O) EMPLOYEE BENEFITS (CONT.)

(IV) SHARE-BASED PAYMENT TRANSACTIONS

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

NOTE 4: NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

(A) AASB 9 *FINANCIAL INSTRUMENTS* (2010), AASB 9 *FINANCIAL INSTRUMENTS* (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for the FY 2016 annual reporting period for the Group with early adoption permitted. The adoption of AASB 9 (2010) could change the classification and measurement of the Group's financial assets, but is not expected to impact on the Group's financial liabilities. The Group does not plan to early adopt this standard and the extent of the impact has not been determined.

(B) AASB 10 *CONSOLIDATED FINANCIAL STATEMENTS*

AASB 10 introduces a single control model to determine whether an investee should be consolidated. This standard is effective for the FY 2014 annual reporting period for the Group. The Group is not early adopting the standard and the application of the standard is not expected to have any material impact on the Group as currently all investees are owned 100% and consolidated in full.

(C) AASB 12 *DISCLOSURE OF INTEREST IN OTHER ENTITIES* (2011)

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in; subsidiaries, joint arrangements, associates and unconsolidated structured entities in comparison with the existing disclosures. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

This standard is effective for the FY 2014 annual reporting period for the Group. The Group is not early adopting the standard and the application of the standard is not expected to have any material impact on the Group as all subsidiaries are 100% owned and the Group does not currently have any joint arrangements, associates or unconsolidated structured entities.

(D) AASB 13 *FAIR VALUE MANAGEMENT* (2011)

AASB 13 provides a single source of guidance of how fair value is measured, and replaces fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The Group is currently reviewing its methodologies in determining fair values (see Note 5). AASB 13 is effective for the FY 2014 annual reporting period for the Group with early adoption permitted. The Group is not early adopting the standard and the application of the standard is not expected to have any material impact on the Group.

NOTE 5: 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.

NOTE 5: DETERMINATION OF FAIR VALUES (CONT.)

(I) INVESTMENT PROPERTY (CONT.)

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 is then 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.

(IV) SHARE-BASED PAYMENT TRANSACTIONS

Fair value is calculated based on the present value of the performance right on the date of issuance in future periods, discounted at a market-related discount rate.

NOTE 6: 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 for 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 Compliance Committee also considers the Company's risks as a responsible entity and custodian and approves relevant policies and procedures to manage, where possible, these risks. From 1 July 2013 these two committees have merged to form the Audit, Risk and Compliance Committee. The Committees report regularly to the Board of Directors on their activities. In addition, the Managing Director provides a regular report to the Board in relation to risks facing the Group.

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 and Compliance Committees oversee 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.

NOTE 6: FINANCIAL RISK MANAGEMENT (CONT.)

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 speculative 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 2013 covered 93% of the loan principal outstanding at that date (2012: 94%).

(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, NAB, Westpac and ANZ, 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 $735,000,000 (2012: $695,000,000) with a fair value at the reporting date of a liability of $34,341,000 (2012: liability of $39,937,000).

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.

For developers from whom coupon interest is receivable to the Group over the course of a development, the Group assesses the creditworthiness of the developer counterparty prior to entering into a binding contractual relationship. Due to the financial strength of the developer of the property being constructed at 27-49 Lenore Drive, Erskine Park NSW, no additional security was deemed necessary.

For the two fund-through developments the Group completed during the year, as the balance sheet strength of each of those developers relative to the project size was deemed a risk, the Group had taken additional security in the form of guarantees from a related entity and personal guarantees from the individual owners. The Group also had a put-option for each development enabling the Group to transfer the land back to the relevant developer at a sale price equivalent to all moneys spent by the Group at the relevant property in the event of any default by the relevant developer (including non-payment of coupon interest). The put-option was secured by related entity and personal guarantees. In addition, for one project the Group paid a significant portion of fees due to the developer into a trust account to protect the Group for, among other things, non-payment of coupon interest.

(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 5 for the methods and assumptions adopted in determining net fair values.

NOTE 6: FINANCIAL RISK MANAGEMENT (CONT.)

FINANCIAL INSTRUMENTS USED BY THE GROUP (CONT.)

(D) MARKET RISK

The Group's primary exposure to market risk arises from changes in interest rates relating to its syndicated bank loan and bilateral bank loan amounting to $793,426,000 at balance date (2012: $738,169,000).

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

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

	Fixed/Floating	2013	2012
		$'000	*$'000*
Financial assets			
Cash and cash equivalents	Floating	**9,405**	35,289
		9,405	35,289
Financial liabilities			
Derivative financial instruments	Floating	**34,341**	39,937
Interest bearing liabilities – hedged*	Fixed	**735,000**	695,000
Interest bearing liabilities – unhedged	Floating	**58,426**	43,169
		827,767	778,106

* 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 2013, 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)*	
	2013	2012	**2013**	2012
	$'000	*$'000*	*$'000*	*$'000*
Consolidated				
+100 bps (2012; +100 basis points)	**23,375**	27,183	**23,375**	27,183
-100 bps (2012; -100 basis points)	**(23,356)**	(27,184)	**(23,356)**	(27,184)

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. The non-cash fair value gains/losses for the year to 30 June 2013 in the table above total $23,865,000/($23,846,000) (2012: $27,262,000/($27,263,000)).

NOTE 6: FINANCIAL RISK MANAGEMENT (CONT.)

FINANCIAL INSTRUMENTS USED BY THE GROUP (CONT.)

(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. In addition, the Company, as an Australian Financial Services Licensee, is required to prepare a rolling 12 month cashflow projection approved by directors. At balance date, the Group had cash and cash equivalents totalling $9,405,000 (2012: $35,289,000).

Financing arrangements

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

	2013	2012
	$'000	*$'000*
Syndicated bank loan facility		
Total facility	**825,000**	765,000
Used at balance date	**728,192**	710,015
Unused at balance date	**96,808**	54,985
Bilateral bank loan facility		
Total facility	**70,000**	70,000
Used at balance date	**65,235**	28,154
Unused at balance date	**4,765**	41,846
Total unused bank facilities	**101,573**	96,831

The syndicated bank loan has three tranches with the following values and maturity dates:

- Tranche 1, $315,000,000 with a maturity of 31 December 2016
- Tranche 2, $255,000,000 with a maturity of 31 December 2017
- Tranche 3, $255,000,000 with a maturity of 31 December 2018

The bilateral facility of $70,000,000 matures on 30 April 2016.

NOTE 6: FINANCIAL RISK MANAGEMENT (CONT.)

FINANCIAL INSTRUMENTS USED BY THE GROUP (CONT.)

(E) LIQUIDITY RISK (CONT.)

Maturities of financial liabilities

The maturity of financial liabilities (including trade and other payables, provision for distribution, derivative financial instruments 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 2013.

	Carrying amount	*Total contractual cashflows*	*6 months or less*	*6 to 12 months*	*1 to 5 years*	*More than 5 years*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
2013						
Non-derivative financial liabilities						
Bank loans	793,427	1,080,126	19,088	18,406	779,884	262,788
Trade and other payables	45,488	45,488	45,488	-	-	-
	838,915	1,125,614	64,576	18,406	779,884	262,788
Derivative financial liabilities						
Interest rate swaps used for hedging	34,341	38,907	6,336	7,363	25,208	-
	34,341	38,907	6,336	7,363	25,208	-
2012						
Non-derivative financial liabilities						
Bank loans	738,169	935,865	19,611	18,591	897,663	-
Trade and other payables	38,721	38,721	38,721	-	-	-
	776,890	974,586	58,332	18,591	897,663	-
Derivative financial liabilities						
Interest rate swaps used for hedging	39,937	46,341	6,539	8,218	31,584	-
	39,937	46,341	6,539	8,218	31,584	-

(F) CAPITAL MANAGEMENT

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

NOTE 7: SEGMENT INFORMATION

The Group operates wholly within Australia and derives rental income solely from property investments. The Group segments net property income into Office and Industrial segments and those results are shown below:

	Office	*Industrial*	*Total*
	$'000	*$'000*	*$'000*
Statement of comprehensive income for the year to June 2013			
Revenue, excluding straight line lease adjustment	76,535	77,335	**153,870**
Property expenses	(13,364)	(7,110)	**(20,474)**
Segment results	63,171	70,225	**133,396**
Income not assigned to segments			**23,393**
Expense not assigned to segments			**(62,703)**
Net profit before income tax			**94,086**
Statement of comprehensive income for the year to June 2012			
Revenue, excluding straight line lease adjustment	45,261	78,744	**124,005**
Property expenses	(6,417)	(8,646)	**(15,063)**
Segment results	38,844	70,098	**108,942**
Income not assigned to segments			**37,751**
Expense not assigned to segments			**(96,946)**
Net profit before income tax			**49,747**

Property values are also reported by segment and this information is reported in note 13.

MAJOR CUSTOMER

Revenues from one customer, Woolworths Limited, of the Group's Industrial segment represents $43,790,000 (2012: $41,934,000) of the Group's total revenues.

NOTE 8: BORROWING COSTS

	2013	2012
	$'000	*$'000*
Bank interest expense and charges	**54,339**	48,743
Amortisation of borrowing costs	**1,933**	1,395
	56,272	50,138

NOTE 9: INCOME TAX EXPENSE

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

(A) INCOME TAX EXPENSE:

	2013	2012
	$'000	*$'000*
Current tax expense	**27**	219
Deferred tax expense	**101**	43
Over / (under) provision from prior year	**2**	(2)
	130	260

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

	2013	2012
	$'000	*$'000*
Profit before income tax expense	**136**	**121**
Income tax expense / (benefit) using the Company's domestic rate of 30%	**41**	**36**
Increase/(decrease) in income tax due to:		
Non-deductible expenses	**87**	226
Change in non-incurred expenses	**(18)**	-
Change in temporary differences	**18**	-
(Under) / over provision of prior year income tax	**2**	(2)
	130	260
The applicable weighted average effective tax rate for the Company is as follows	**95%**	215%

(C) RECOGNISED DEFERRED TAX ASSETS / (LIABILITIES)

	2013	2012
	$'000	*$'000*
Equity raising costs	**125**	207
Accrued expenses	**43**	56
Employee benefits	**11**	11
Prepayments	**(5)**	-
	174	274

As at 30 June 2013, the company had franking credits of $334,000 available to it.

NOTE 9: INCOME TAX EXPENSE (CONT.)

(D) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

	Opening balance 1 July 2012	*Charged to profit and loss*	*Charged to equity*	**Balance 30 June 2013**
	$'000	*$'000*	*$'000*	*$'000*
Non-current assets:				
Equity raising costs	207	(83)	1	**125**
Total	207	(83)	1	**125**
Current liabilities:				
Accrued expenses	56	(13)	-	**43**
Employee benefits	11	-	-	**11**
Prepayments	-	(5)	-	**(5)**
Total	67	(18)	-	**49**
Total net	274	(101)	1	**174**

	Opening balance 1 July 2011	*Charged to profit and loss*	*Charged to equity*	**Balance 30 June 2012**
	$'000	*$'000*	*$'000*	*$'000*
Non-current assets:				
Equity raising costs	200	(83)	90	**207**
Total	200	(83)	90	**207**
Current liabilities:				
Accrued expenses	22	34	-	**56**
Employee benefits	4	7	-	**11**
Total	26	41	-	**67**
Total net	226	(42)	90	**274**

NOTE 10: DISTRIBUTIONS

PERIOD FOR DISTRIBUTION	*Total distribution*	*Total stapled securities*	*Distributions per stapled security*
	$'000	*('000)*	*(cents)*
Half year to 31 December 2012 GOZ	35,127	390,293	**9.00**
Half year to 30 June 2013 GOZ	37,463	402,830	**9.30**
Total distribution for the year	72,590		**18.30**
Half year to 31 December 2011 GOZ	20,698	237,904	**8.70**
Half year to 30 June 2012 GOZ	25,979	291,904	**8.90**
	46,677		**17.60**
Half year to 31 December 2011 GOZN	4,050	54,000	**7.50**
Half year to 30 June 2012 GOZNA	6,655	87,572	**7.60**
Total distribution for year	57,383		

NOTE 11: TRADE AND OTHER RECEIVABLES

	2013	2012
	$'000	*$'000*
Current		
Rent receivables	**1,077**	281
Prepayments	**1,355**	756
	2,432	1,037

(A) IMPAIRED RENT RECEIVABLES

As at 30 June 2013, no rent receivables of the Group were impaired (2012: nil impairment).

(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 6 for more information on the risk management policy of the Group.

	2013	2012
	$'000	*$'000*
Non-current		
Rent receivables	**51,084**	46,069
	51,084	46,069

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

NOTE 12: PLANT AND EQUIPMENT

	IT equipment	*Furniture and fittings*	**Total**
	$'000	*$'000*	*$'000*
Balance at 1 July 2011	27	19	**46**
Additions	36	-	**36**
Disposals	-	-	**-**
Depreciation for the year	(30)	(6)	**(36)**
Carrying amount as at 30 June 2012	33	13	**46**
Additions	17	525	**542**
Disposals	-	-	**-**
Depreciation for the year	(23)	(44)	**(67)**
Carrying amount as at 30 June 2013	27	494	**521**

NOTE 13: INVESTMENT PROPERTIES

			Latest External Valuation		Consolidated Book Value	
INDUSTRIAL PROPERTIES			Date	Valuation	**30 Jun 2013**	30 Jun 2012
				$'000	$'000	$'000
Victoria						
28 Bilston Drive	Wodonga	VIC	30-Jun-13	72,500	**72,500**	70,500
120 Northcorp Boulevard	Broadmeadows	VIC	30-Jun-13	66,200	**66,200**	64,000
522-550 Wellington Road	Mulgrave	VIC	31-Dec-12	51,000	**51,250**	50,500
40 Annandale Road	Melbourne Airport	VIC	30-Jun-13	36,800	**36,800**	36,500
130 Sharps Road	Melbourne Airport	VIC	31-Dec-12	22,550	**23,000**	22,550
44-54 Raglan St	Preston	VIC	31-Dec-12	18,500	**18,500**	16,000
42-44 Garden Street	Kilsyth	VIC	31-Dec-12	17,800	**18,000**	17,750
120 Link Road	Melbourne Airport	VIC	31-Dec-12	17,150	**17,150**	17,500
365 Fitzgerald Road	Derrimut	VIC	30-Jun-13	15,600	**15,600**	13,400
60 Annandale Road	Melbourne Airport	VIC	30-Jun-13	13,000	**13,000**	12,900
45-55 South Centre Road	Melbourne Airport	VIC	31-Dec-12	8,700	**8,700**	8,700
31 Garden Street	Kilsyth	VIC	31-Dec-12	7,850	**8,150**	7,800
306 - 318 Abbots Road	Dandenong South	VIC	30-Jun-12	8,000	**7,725**	8,000
75 Annandale Road	Melbourne Airport	VIC	30-Jun-13	6,870	**6,870**	6,700
Queensland						
70 Distribution Street	Larapinta	QLD	31-Dec-12	162,000	**165,000**	159,000
13 Business Street	Yatala	QLD	31-Dec-12	14,000	**14,000**	14,000
5 Viola Place	Brisbane Airport	QLD	31-Dec-12	11,450	**11,450**	11,300
29 Business Street	Yatala	QLD	30-Jun-13	11,500	**11,500**	11,400
670 Macarthur Avenue	Pinkenba	QLD	30-Jun-13	8,450	**8,450**	8,425
10 Gassman Avenue	Yatala	QLD	30-Jun-13	4,700	**4,700**	4,700
3 Viola Place	Brisbane Airport	QLD	31-Dec-12	2,600	**2,600**	1,800
Western Australia						
2 Horrie Miller Drive	Perth Airport	WA	30-Jun-13	115,000	**115,000**	111,000
New South Wales						
134 Lillkar Road (i)	Goulburn	NSW		-	**-**	71,000
6-7 John Morphett Place (ii)	Erskine Park	NSW	31-Dec-12	35,950	**38,211**	-
51-65 Lenore Drive (ii)	Erskine Park	NSW	31-Dec-12	22,500	**23,934**	-
81 Derby Street	Silverwater	NSW	31-Dec-12	13,600	**13,750**	13,600
South Australia						
599 Main North Road	Gepps Cross	SA	31-Dec-12	57,500	**59,250**	57,000
12-16 Butler Boulevard	Adelaide Airport	SA	31-Dec-12	10,750	**10,750**	10,700
10 Butler Boulevard	Adelaide Airport	SA	31-Dec-12	7,500	**7,600**	7,500
Total Industrial Properties				840,020	**849,640**	834,225

(i) This property was sold in December 2012

(ii) These properties were acquired in December 2012

NOTE 13: INVESTMENT PROPERTIES (CONT.)

			Latest External Valuation		Consolidated Book Value	
OFFICE PROPERTIES			Date	Valuation	30 Jun 2013	30 Jun 2012
				$'000	*$'000*	*$'000*
Victoria						
Building 2, 572-576 Swan Street	Richmond	VIC	30-Jun-13	75,000	**75,000**	74,000
Building 1&3, 572-576 Swan Street	Richmond	VIC	30-Jun-13	51,100	**51,100**	50,000
Carpark, 572-576 Swan Street	Richmond	VIC	30-Jun-12	1,000	**1,125**	1,057
Queensland						
333 Ann Street	Brisbane	QLD	31-Dec-12	111,000	**110,000**	116,278
1231-1241 Sandgate Road	Nundah	QLD	31-Dec-12	81,600	**82,000**	-
CB1, 22 Cordelia Street	South Brisbane	QLD	31-Dec-12	65,000	**65,000**	67,953
32 Cordelia Street	South Brisbane	QLD	30-Jun-13	64,000	**64,000**	64,000
52 Merivale Street	South Brisbane	QLD	31-Dec-12	63,500	**62,000**	65,000
CB2, 42 Merivale Street	South Brisbane	QLD	30-Jun-13	35,200	**35,200**	34,412
32 Cordelia Street (Car park)	South Brisbane	QLD	31-Dec-12	10,400	**10,000**	11,000
South Australia						
33-39 Richmond Road	Keswick	SA	30-Jun-13	54,350	**54,350**	53,400
7 Laffer Drive	Bedford Park	SA	30-Jun-13	17,800	**17,800**	17,000
New South Wales						
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-12	85,750	**87,000**	-
Tasmania						
89 Cambridge Park Drive	Cambridge	TAS	30-Jun-12	25,500	**25,500**	25,500
Australian Capital Territory						
10-12 Mort Street	Canberra	ACT	30-Jun-13	57,200	**57,200**	55,821
Total Office Properties				798,400	**797,275**	635,421
Sub-totals				1,638,420	**1,646,915**	1,469,646
Less: amounts classified as receivables (rental income recognised on a straight line basis)					**(51,084)**	(46,069)
TOTAL INVESTMENT PROPERTIES					**1,595,831**	1,423,577

(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, Savills, m3property, URBIS and Knight Frank. The fair value of properties not externally valued as at 30 June 2013 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 Group accounting policy detailed at note 3(b) and 5(i).

NOTE 13: INVESTMENT PROPERTIES (CONT.)

(A) VALUATION BASIS (CONT.)

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 estimates of future cash flows.
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from analysis of market evidence.

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

	2013	2012
Discount rate	**9.3% - 10.8%**	9.0% - 10.8%
Terminal yield	**8.3% - 10.5%**	8.3% - 10.5%
Capitalisation rate	**7.8% - 10.0%**	8.0% - 10.0%
Expected vacancy period	**5-12 months**	3-12 months
Rental growth rate	**2.5% - 5.0%**	2.5% - 4.0%

For the office portfolio the following ranges were used:

	2013	2012
Discount rate	**8.8% - 11.0%**	9.0% - 10.5%
Terminal yield	**8.3% - 11.5%**	8.3% - 9.5%
Capitalisation rate	**8.0% - 11.0%**	8.0% - 9.3%
Expected vacancy period	**5-12 months**	6-12 months
Rental growth rate	**3.1% - 4.5%**	3.0% - 4.5%

COMMENTARY ON DISCOUNT RATES

As the above table shows, over the 12 months to 30 June 2013 the range of discount rates utilised in the valuation of the Group's property portfolio has remained mostly static. At the reporting date, the average discount rate utilised in valuing the Group's portfolio of property, has decreased by 20 basis points. Over this same period the implied property risk premium has reduced by approximately 90 basis points. The implied property risk premium is the spread between the average discount rate and the 10 Year Australian Government Bond Rate. The decrease in the implied property risk premium is being primarily driven by bond rates moving upwards from historic lows in the 2012 period.

COMMENTARY ON CAPITALISATION RATES

Industrial

Interest in industrial property remains robust, with domestic and foreign institutions competing for the small amount of prime stock on the market. Over the past 24 months several large sales have set the benchmark for the firmest end of the prime yield range which sits around 7.50%. Over the past 6-12 months, the interesting trend has been at the higher end of the yield range in the prime market which has firmed 25 basis points. These sales have provided good evidence for the Group's own industrial properties which reduced the weighted average capitalisation rate used to value the industrial portfolio from 8.4% to 8.3% over the year to 30 June 2013.

Office

Commercial sales activity has picked up over the last 6-12 months, with several large transactions providing solid evidence of firming yields in the A grade office market. However, in contrast to the buoyant investment metrics, office leasing conditions remain challenging. Several of the Group's office properties have increased in value over the past 12 months, reflecting the improved tenancy profile at these assets following new leasing deals and lease extensions to existing tenants.

NOTE 13: INVESTMENT PROPERTIES (CONT.)

(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

At 30 June 2013 there are no significant contractual obligations relating to investment property.

(D) AMOUNTS RECOGNISED IN PROFIT AND LOSS FOR INVESTMENT PROPERTIES

	2013	2012
	$'000	*$'000*
Rental income	**153,870**	124,005
Straight line adjustment to rental income	**5,769**	2,957
Net gain from fair value adjustment	**5,990**	30,117
Gain/(loss) on sale of investment properties	**279**	(88)
Direct operating expenses from property that generated rental income	**(20,474)**	(15,063)
	145,434	141,928

(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:

	2013	2012
	$'000	*$'000*
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	**148,954**	135,153
Later than one year but not later than 5 years	**531,602**	495,898
Later than 5 years	**450,162**	402,222
	1,130,718	1,033,273

Ten of the investment properties are held on a leasehold basis with long-term operating leases with ground rentals payables monthly. Minimum lease payments payable on these leases are as follows:

	2013	2012
	$'000	*$'000*
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are payable as follows:		
Within one year	**2,557**	2,627
Later than one year but not later than 5 years	**6,576**	9,249
Later than 5 years	**2,491**	1,818
	11,624	13,694

NOTE 13: INVESTMENT PROPERTIES (CONT.)

(F) RECONCILIATION

	2013	2012
	$'000	*$'000*
At Fair Value		
Opening balance	**1,423,577**	1,114,422
Acquisitions	**233,431**	275,521
Capital expenditure	**3,644**	3,605
Disposals	**(71,000)**	-
Net gain/(loss) on disposals	**279**	(88)
Net gain/(loss) from fair value adjustment	**5,990**	30,117
Closing balance at 30 June	**1,595,831**	1,423,577

NOTE 14: OTHER RECEIVABLES

	2013	2012
	$'000	*$'000*
Payments made to acquire investment properties:		
1231-1241 Sandgate Road, Nundah, QLD	**-**	52,003
Building C, 219-247 Pacific Highway, Artarmon, NSW	**-**	48,787
27-49 Lenore Drive, Erskine Park, NSW	**20,908**	-
Lot 45, Atlantic Drive, Keysborough, VIC	**43**	-
	20,951	100,790

During November 2012 the property at 1231-1241 Sandgate Road, Nundah, Queensland reached practical completion and ownership transferred to the Group with the asset now classed as investment property (see Note 13). Interest earned on payments to the developer before significant risks and rewards transferred during the year was $2,016,000 and is included in Interest Income in the consolidated statement of profit or loss and other comprehensive income (June 2012: $2,593,000). Payments of rent from the commencement of the leases in November 2012 are included in Property Revenue in the consolidated statement of profit or loss and other comprehensive income.

During December 2012 the property at Building C, 219-247 Pacific Highway, Artarmon, New South Wales reached practical completion and ownership transferred to the Group with the asset now classed as investment property (see Note 13). Interest earned on payments to the developer before significant risks and rewards transferred during the year was $2,618,000 and is included in Interest Income in the consolidated statement of profit or loss and comprehensive income (June 2012: $1,044,000). Payments of rent from the commencement of the leases in December 2012 are included in Property Revenue in the consolidated statement of profit or loss and other comprehensive income.

The Group has entered into a "Development Delivery Agreement" with the Linfox Group in relation to the property at 27-49 Lenore Drive, Erskine Park, New South Wales under which Linfox Group are constructing a warehouse building with the Group making a final payment for the property once it has been completed. The contract price for the development works has been fixed at $26,650,000. The Group has also purchased the land for $19,600,000 on which this building is being constructed. Payments for the land acquisition and acquisition costs relating to this asset total $20,908,000 as at 30 June 2013 (June 2012: nil). The asset will be included within Investment Properties upon the Group taking on all risks and rewards associated with the property at practical completion, scheduled to occur in or around August 2013. In the Group's judgement, the risks and rewards of ownership have not yet transferred to the Group as the Group holds a put option which allows the Group to put the property back to the developer in exchange for all moneys outlaid to that date if, among other things, the developer does not comply with its obligations under the Development Delivery Agreement. Interest earned on payments to the developer during the year was $557,000 and is included in Interest Income in the consolidated statement of profit or loss and other comprehensive income (June 2012: nil).

Interest received from the three developments outlined above, combined with bank interest earned of $568,000 reconciles to interest income of $5,759,000 as disclosed in the consolidated statement of profit or loss and other comprehensive income.

On 24 July 2013 the Group announced it had entered contracts to purchase three properties (see note 28 for further details). As at 30 June 2013, $43,000 of acquisition costs had been paid in relation to these properties.

NOTE 15: TRADE AND OTHER PAYABLES

	2013	2012
	$'000	*$'000*
Trade payables	**-**	26
Non-trade payables	**382**	98
GST payable	**1,269**	270
Accrued expenses - other	**6,986**	5,546
Prepaid rent	**8,898**	8,693
Settlement of contracts to acquire investment properties	**-**	53,960
	17,535	68,593

NOTE 16: INTEREST BEARING LIABILITIES

The table below summarises the movements in the Group's variable rate interest bearing liabilities during the year.

	Opening balance 1 July 2012	*Movement during the year*	*Balance as at 30 June 2013*	*Facility limit*	*Maturity*
Secured bank loans	*$'000*	*$'000*	*$'000*	*$'000*	
Syndicated bank facility					
- Tranche A	255,000	-	**255,000**	255,000	Dec-2017
- Tranche B	255,000	-	**255,000**	255,000	Dec-2018
- Tranche C	200,016	(20,518)	**179,498**	238,207	Dec-2016
- Tranche D	-	-	**-**	6,793	Dec-2016
- Tranche E	-	38,694	**38,694**	70,000	Dec-2016
Bilateral bank facility	28,153	37,081	**65,234**	70,000	Apr-2016
Total bank loans	738,169	55,257	**793,426**	895,000	
Less unamortised upfront costs	(5,713)	(820)	**(6,533)**		
Total interest bearing liabilities	732,456	54,437	**786,893**		

The weighted average interest rate (including bank margin) at 30 June 2013 was 6.70% (2012: 7.25%). Refer to note 17 for details on interest rate swaps.

(A) TOTAL SECURED LIABILITIES

The total non-current secured liabilities are as follows:

	2013	2012
	$'000	*$'000*
Bank loans	**793,426**	738,169
Total secured liabilities	**793,426**	738,169

NOTE 16: INTEREST BEARING LIABILITIES (CONT.)

(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:

	2013	2012
	$'000	*$'000*
Current		
Floating charge		
Cash and cash equivalents	**9,405**	35,289
Receivables	**2,432**	1,037
	11,837	36,326
Non-current		
First mortgage		
Investment properties	**1,595,831**	1,423,577
Receivables	**51,084**	46,069
Other receivables	**20,951**	100,790
Floating charge		
Plant and equipment	**521**	46
Deferred tax assets	**174**	274
Total non-current assets pledged as security	**1,668,561**	1,570,756
Total assets pledged as security	**1,680,398**	1,607,082

(C) RISK EXPOSURES

Information about the Group's exposure to interest rate changes is provided in note 6.

(D) FAIR VALUE

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

NOTE 17: DERIVATIVE FINANCIAL INSTRUMENTS

	2013	2012
	$'000	*$'000*
Interest rate swap contracts – carried at fair value through profit and loss:		
Total non-current derivative financial instrument liabilities	**34,341**	39,937
	34,341	39,937

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

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

Swaps in effect at 30 June 2013 covered 93% (2012: 94%) of the loan principal outstanding. The average fixed interest rate at 30 June 2013 was 4.61% (2012: 4.79%) and the variable rate (excluding bank margin) is 2.85% (2012: 3.61%) at balance date. See table below for further details of swaps in effect at 30 June 2013:

COUNTER PARTY	*Amount of Swap*	*Swap Expiry*	*Fixed Rate*	*Term to Maturity*
	$'000		*%*	*Years*
NAB	270,000	Dec 2016	5.24%	3.5
Westpac	105,000	Dec 2016	5.19%	3.5
NAB	60,000	Jun 2017	3.38%	4.0
ANZ	100,000	Sep 2016	3.80%	3.3
Westpac	40,000	Oct 2014	4.05%	1.3
Westpac	50,000	Jan 2017	4.15%	3.6
ANZ	50,000	Jan 2017	4.12%	3.6
NAB	60,000	Apr 2016	4.54%	2.8
	735,000		**4.61%**	**3.4**

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 $34,341,000 (2012: liabilities of $39,937,000) for the Group. In the year ended 30 June 2013 there was a gain from the increase in fair value of $5,596,000 for the Group (2012: loss of $28,001,000).

(B) RISK EXPOSURES

Information about the Group's exposure to credit risk and interest rate risk is provided in note 6.

NOTE 17: 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 2013				
Derivative financial liabilities	-	34,341	-	**34,341**
	-	34,341	-	**34,341**
30 June 2012				
Derivative financial liabilities	-	39,937	-	**39,937**
	-	39,937	-	**39,937**

NOTE 18: CASH FLOW INFORMATION

	2013	2012
	$'000	*$'000*
(a) Reconciliation of cash at end of year		
Cash and cash equivalents balance	**9,405**	35,289
(b) Reconciliation of net operating profit to net cash inflow from operating activities		
Net profit for the period	**93,956**	49,487
Fair value adjustment to investment property	**(5,990)**	(30,117)
(Profit) / loss on sale of investment properties	**(279)**	88
Fair value adjustment to derivatives	**(5,596)**	28,001
Loss on settlement of derivatives	**-**	13,168
Amortisation of borrowing costs	**(820)**	(4,242)
Interest received	**(5,759)**	(4,678)
Depreciation	**67**	36
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
- Increase in receivables	**(5,811)**	(2,050)
- (Increase) / decrease in prepayments	**(599)**	928
- (Decrease) / increase in deferred tax asset	**(100)**	48
- Increase in payables	**3,631**	3,373
Net cash inflow from operating activities	**72,700**	54,042

NOTE 19: CONTRIBUTED EQUITY

	2013	**2013**	2012	2012
	No. ('000)	*$'000*	*No. ('000)*	*$'000*
Opening balance at 1 July	**379,476**	**925,101**	237,578	662,924
Issues of ordinary stapled securities during the year:				
Rights issue	**-**	**-**	141,572	268,986
Distribution reinvestment plans	**23,208**	**48,886**	-	-
Securities issued through Employee Share Plan	**146**	**-**	68	-
Securities issued on acquisition of assets	**-**	**-**	258	-
Costs of raising capital	**-**	**(76)**	-	(6,809)
	23,354	**48,810**	141,898	262,177
Closing balance at 30 June	**402,830**	**973,911**	379,476	925,101

(A) 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.

(B) DISTRIBUTION REINVESTMENT PLAN

The Distribution Reinvestment Plan was operative for the distribution the Group has declared for the six months ended 30 June 2013.

(C) 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 securityholders 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 securityholders, return capital to securityholders, vary the level of borrowings, issue new securities or sell assets.

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

› In August 2012 the Group increased the tranche maturing on 31 December 2016 of the syndicated debt facility ("SFA") with NAB, Westpac and ANZ by $60 million to $315 million (total facility size increased to $825 million).

› In June 2013 the SFA was extended and repriced. The Group extended two $255 million tranches which were expiring on 31 December 2014 and 31 December 2015 to 31 December 2017 and 31 December 2018 respectively. All tranches in the facility were also re-priced to market. The weighted average maturity profile of debt across the Group increased from 2.6 to 4.3 years and the weighted average cost of debt reduced from 6.95% to 6.70% per annum.

› Operation of a Distribution Reinvestment Plan for the distributions paid or payable for the year to 30 June 2013.

› Continued interest rate hedging, providing an average hedged interest rate of 4.61% prior to bank lending margin (2012: 4.79% per annum) for $735 million equating to 93% of the Group's debt, for an average duration of 3.4 years as at 30 June 2013.

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 2013, the Group's strategy was to lower gearing to fall within the range 40% to 45%. This was a change from the prior year where the strategy had been to maintain gearing within a range of 45% to 60%. At 30 June 2013, the gearing ratio was 46.8% (2012: 45.6%). The gearing ratios at 30 June 2013 and 30 June 2012 were calculated as follows:

	2013	2012
	$'000	*$'000*
Total interest bearing liabilities	**786,893**	732,456
Total assets	**1,680,381**	1,607,082
Gearing ratio	**46.8%**	45.6%

NOTE 20: SHARE-BASED PAYMENT ARRANGEMENTS

At 30 June 2013 the Group has the following share based payment arrangements:

EMPLOYEE INCENTIVE PLANS FY 2011, FY 2012 AND FY 2013

The Group has introduced employee incentive plans for all employees (including the Managing Director). The plans are designed to link employees' remuneration with the strategic long term goals and performance of the Group and with the maximisation of wealth for its securityholders. The current measures for the plans, which are reviewed regularly by the Nomination, Remuneration & HR Committee and/or the Board are described in full in the remuneration report section on page 66 of this Annual Report.

Under each plan the employee is sent a letter of invitation to the plan which outlines the percentage of their base salary that they can earn as performance rights. Acceptance of this invitation is the grant date for those performance rights. The percentage of the maximum possible earnings for each employee is determined by the percentage of the measures under each plan that are achieved.

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 performance rights as they vest through the issue of stapled securities in the Group. Securities will be issued 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. Any director in the plan will have their grant ratified at the Group's Annual General Meeting and following approval will be issued their securities on the same basis as the employees. The performance rights are cumulative and, subject to some exceptions, immediately vest in the case of a takeover of the Group or a redundancy.

During the year, the total cost of the FY 2012 Employee Incentive Plan performance rights was determined. The total cost for the director was $395,145 and for employees $336,400. The first tranche of these performance rights vested during the year.

The fair value of performance rights under the FY 2013 Employee Incentive Plan was determined on the grant date of those rights. The fair value of these rights for the director is estimated as $472,080 and for employees $442,841. This estimate is based on achieving 84% of the maximum payable under the 2013 plan. This is seen as a reasonable estimate for fair value as it is the same percentage achieved for the 2012 plan. The actual costs of performance rights cannot be determined until FY 2014 and the first issue of securities under the 2013 plan will not occur until FY 2014.

During the year, $720,000 was recognised in the share based payments reserve (June 12: $306,000). This represents the amounts recognised under the three plans in operation and is the portion of the fair value of the total cost recognised of the unissued securities, which remain conditional on employment with the Group at the relevant vesting date.

As of the date of the report, the number of equity shares to be granted and vested in the future cannot be determined until the rights fully vest.

The table below outlines the value of performance rights granted during the year to 30 June 2013, where those values can be determined. It also outlines the value of performance rights that were issue as Stapled Securities in the Group.

PLAN IDENTIFICATION	PLAN PARTICIPANTS	ISSUE DATE	*Value of securities issued on conversion of performance rights*	*Number of securities issued on conversion of performance rights*	*Value of performance rights still to vest*	*Percentage of plan that vested during FY 2013*
			$	*No.*	*$*	*%*
FY 2012 Plan	Director	28/11/2012	98,792	46,752	296,376	25%
FY 2012 Plan	Employees	8/10/2012	80,801	38,238	235,982	25%
FY 2011 Plan	Director	8/10/2012	75,870	35,905	151,740	25%
FY 2011 Plan	Employees	8/10/2012	53,752	25,439	107,503	25%

NOTE 21: 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**	
			2013	2012
			%	%
Wholesale Industrial Property Fund	Australia	Ordinary	**100.00**	100.00
Rowville Property Trust	Australia	Ordinary	**100.00**	100.00
Kilsyth 1 Property Trust	Australia	Ordinary	**100.00**	100.00
Kilsyth 2 Property Trust	Australia	Ordinary	**100.00**	100.00
Queensland Property Trust	Australia	Ordinary	**100.00**	100.00
New South Wales Property Trust	Australia	Ordinary	**100.00**	100.00
Coolaroo Property Trust	Australia	Ordinary	**100.00**	100.00
Broadmeadows Leasehold Trust	Australia	Ordinary	**100.00**	100.00
Scoresby 1 Property Trust	Australia	Ordinary	**100.00**	100.00
Scoresby 2 Property Trust	Australia	Ordinary	**100.00**	100.00
Scoresby 3 Property Trust	Australia	Ordinary	**100.00**	100.00
Laverton Property Trust	Australia	Ordinary	**100.00**	100.00
Preston 1 Property Trust	Australia	Ordinary	**100.00**	100.00
Preston 2 Property Trust	Australia	Ordinary	**100.00**	100.00
Goulburn Property Trust	Australia	Ordinary	**100.00**	100.00
Growthpoint Properties Australia Limited	Australia	Ordinary	**100.00**	100.00
Growthpoint Nominees (Aust) Pty Limited	Australia	Ordinary	**100.00**	100.00
Growthpoint Nominees (Aust) 2 Pty Limited	Australia	Ordinary	**100.00**	100.00
Eagle Farm Property Trust	Australia	Ordinary	**100.00**	100.00
Yatala 1 Property Trust	Australia	Ordinary	**100.00**	100.00
Yatala 2 Property Trust	Australia	Ordinary	**100.00**	100.00
Yatala 3 Property Trust	Australia	Ordinary	**100.00**	100.00
South Brisbane 1 Property Trust	Australia	Ordinary	**100.00**	100.00
South Brisbane 2 Property Trust	Australia	Ordinary	**100.00**	100.00
SW1 Car Park Trust	Australia	Ordinary	**100.00**	100.00
World Park Property Trust	Australia	Ordinary	**100.00**	100.00
Building 2 Richmond Property Trust	Australia	Ordinary	**100.00**	100.00
Derrimut Property Trust	Australia	Ordinary	**100.00**	100.00
Dandenong South Property Trust	Australia	Ordinary	**100.00**	100.00
Nundah Property Trust	Australia	Ordinary	**100.00**	100.00
Rabinov Property Trust	Australia	Ordinary	**100.00**	100.00
Rabinov Property Trust No. 2	Australia	Ordinary	**100.00**	100.00
Rabinov Property Trust No. 3	Australia	Ordinary	**100.00**	100.00
Ann Street Property Trust	Australia	Ordinary	**100.00**	100.00
CB Property Trust	Australia	Ordinary	**100.00**	100.00
New South Wales 2 Property Trust	Australia	Ordinary	**100.00**	100.00
Richmond Car Park Trust	Australia	Ordinary	**100.00**	100.00
Mort Street Property Trust	Australia	Ordinary	**100.00**	100.00
Erskine Park Pharmaceutical Trust	Australia	Ordinary	**100.00**	-
Erskine Park Truck Trust	Australia	Ordinary	**100.00**	-
Erskine Park Warehouse Trust	Australia	Ordinary	**100.00**	-

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

NOTE 22: 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:

	2013	2012
	$	*$*
Short-term employee benefits	**2,631,384**	2,077,413
Other long term employee benefits	**-**	-
Post-employment benefits	**79,607**	61,314
Termination benefits	**-**	-
Share-based payments	**731,233**	357,321
	3,442,224	2,496,048

INDIVIDUAL DIRECTORS AND EXECUTIVES COMPENSATION DISCLOSURES

Information regarding individual directors and executive's compensation and 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 an 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:

		2013	2012
	Transaction	*$*	*$*
Director			
G. Jackson (i)	Valuation	**65,415**	1,000
F. Marais (ii)	Legal Services	**1,780**	-

(i) The Group used the valuation services of m3property, a company that Mr Jackson is a director of, to independently value five properties (2012: 1). 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 m3property.

(ii) The Group used the legal services of Glyn Marais, a company that Mr Marais is a partner of, to provide advice on a security purchase plan offered to South African residents. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

At 30 June 2013, $20,000 remained payable for valuation services (2012: nil) and $1,780 remained payable for legal services (2012: nil).

NOTE 22: RELATED PARTY DISCLOSURES (CONT.)

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:

2013

SECURITY HOLDER	*Opening securities 1 July*	*Securities granted as compensation*	*Acquired securities*	*Disposed securities*	**Closing securities 30 June**
	No.	*No.*	*No.*	*No.*	*No.*
G. Jackson	82,672	-		-	**82,672**
L. Shaddock	490,000	-	-	-	**490,000**
N. Sasse	719,153	-	125,100	-	**844,253**
E. de Klerk	507,562	-	168,207	-	**675,769**
T. Collyer	82,805	82,657	10,501	-	**175,963**
F. Marais	-	-	62,477	-	**62,477**
A. Hockly	8,178	18,243	359	(15,000)	**11,780**
D. Andrews	10,651	16,811	1,605	-	**29,067**
M. Green	10,651	16,421	1,061	-	**28,133**

During the year to 30 June 2013, a total of 134,132 stapled securities with a total value of $283,430 were issued to key management personnel upon vesting of Performance Rights under the Employee Incentive Scheme.

2012

SECURITY HOLDER	*Opening units 1 July*	*Securities granted as compensation*	*Acquired securities*	*Disposed securities*	**Closing securities 30 June**
	No.	*No.*	*No.*	*No.*	*No.*
D. Spruell [1]	127,260	-	140,810	-	**n/a**
G. Jackson	36,619	-	46,053	-	**82,672**
L. Shaddock	280,000	-	210,000	-	**490,000**
N. Sasse	536,603	-	182,550	-	**719,153**
E. de Klerk	353,279	-	154,283	-	**507,562**
T. Collyer	18,304	40,128	24,373	-	**82,805**
A. Hockly	2,000	8,778	16,000	(18,600)	**8,178**
D. Andrews	-	8,193	2,458	-	**10,651**
M. Green	-	8,193	2,458	-	**10,651**

[1] Resigned from the Board on 19 March 2012.

During the year to 30 June 2012, a total of 65,292 stapled securities with a total value of $123,728 were issued to key management personnel upon vesting of Performance Rights under the Employee Incentive Scheme.

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.

NOTE 22: 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 Responsible Entity or management fees are paid to external parties. No performance fee or other fees were paid or payable during the year.

TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS

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

	2013	2012
	$	$
Payment of underwriting fees	-	2,953,697

There were no balances outstanding from transactions with significant shareholders as at 30 June 2013 (2012: nil).

NOTE 23: REMUNERATION OF AUDITORS

During the year to 30 June 2013 the following fees were paid or payable for services provided by the auditor of the Group:

	2013	2012
	$	$
Audit services - KPMG		
Audit and review of financial statements	**138,800**	136,089
Other regulatory audit services	**58,062**	53,102
Non-audit services - KPMG		
Other assurance and due diligence services	**10,000**	-

NOTE 24: EARNINGS PER STAPLED SECURITY

	2013	2012
Weighted average number of stapled securities on issue for the year	**396,510,144**	325,302,298
Basic & diluted earnings per stapled security - cents	**23.7**	15.2

The number of stapled securities on issue at 30 June 2013 was 402,830,366.

NOTE 25: CONTINGENT LIABILITIES

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

NOTE 26: COMMITMENTS

For details of commitments on properties being developed see Note 14.

The Group has a commitment to fund incentives on new investment property leases of $7.9 million.

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.

NOTE 27: PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2013 the parent of the Group was Growthpoint Properties Australia Trust.

	2013	2012
	$'000	*$'000*
Result of the parent entity		
Profit / (loss) for the period	**93,949**	49,626
Other comprehensive expense	**(72,590)**	(57,383)
Total comprehensive (expense) / income for the period	**21,359**	(7,757)
Financial position of the parent entity at year end		
Current assets	**10,258**	34,572
Total assets	**1,684,657**	1,605,008
Current liabilities	**86,344**	130,173
Total liabilities	**914,111**	902,566
Net assets	**770,546**	702,442
Total equity of the parent entity comprising:		
Contributed equity	**941,548**	894,804
Retained losses	**(171,002)**	(192,362)
Total equity	**770,546**	702,442

The contractual obligations of the parent entity are identical to those disclosed on Note 13 (c).

NOTE 28: SUBSEQUENT EVENTS

On 16 July 2013, the Group announced that the issue price for securities to be issued under the DRP for the distribution to be paid on or around 30 August 2013 will be $2.35 per stapled security.

Approximately 74.7% of Growthpoint's distribution payable on or around 30 August 2013 will be issued new stapled securities under the DRP raising $26.8 million for the issue of 11.4 million new stapled securities. Total stapled securities on issue following the DRP will be 414.2 million.

On 24 July 2013, the Group announced that it had entered contracts and other documents for the acquisition of a prime industrial property portfolio to be developed, comprising three properties for a total cost of $60.2 million (before acquisition costs). One of the properties is leased to Symbion Pty Ltd, with the other two properties under a five year rental guarantee from Australand Property Group, the vendor and developer. The acquisition of land and the developments are funded by a combination of the proceeds from the DRP relating to the 30 June 2013 distribution and an increase to the existing headroom in the syndicated debt facility by $30 million. This increase to the headroom matures on the earlier of 31 March 2014 or immediately after the Group raises equity to the value of $30 million or more (the DRP outlined above does not count towards this equity raising condition) or sells a property.

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 65-110, 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 2013 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.

(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 2013.

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

T.J. Collyer.

Timothy Collyer
Managing Director

Melbourne, 19 August 2013

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 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 2013 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

Darren Scammell
Partner

Melbourne

19 August 2013

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S REPORT

KPMG

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 financial report of Growthpoint Properties Australia (the Group), which comprises the consolidated statement of financial position as at 30 June 2013, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 28 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Growthpoint Properties Australia Limited (the Company), Growthpoint Properties Trust (the Trust), and the entities it controlled at the year's end or from time to time during the financial year.

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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair 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.

Independence

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

INDEPENDENT AUDITOR'S REPORT

KPMG

Auditor's opinion

In our opinion:

(a) the 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 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the 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 65 to 70 of the directors' report for the year ended 30 June 2013. 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 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Darren Scammell

Darren Scammell
Partner

Melbourne

19 August 2013

ABOUT
GROWTHPOINT SOUTH AFRICA

GRT owns 65.8% of the securities of GOZ (at 19 August 2013) and is its major securityholder.

GRT first invested in GOZ in August 2009 and has a holding valued at approximately $650 million by market capitalisation (after the June 2013 DRP). GRT has no other offshore investments.

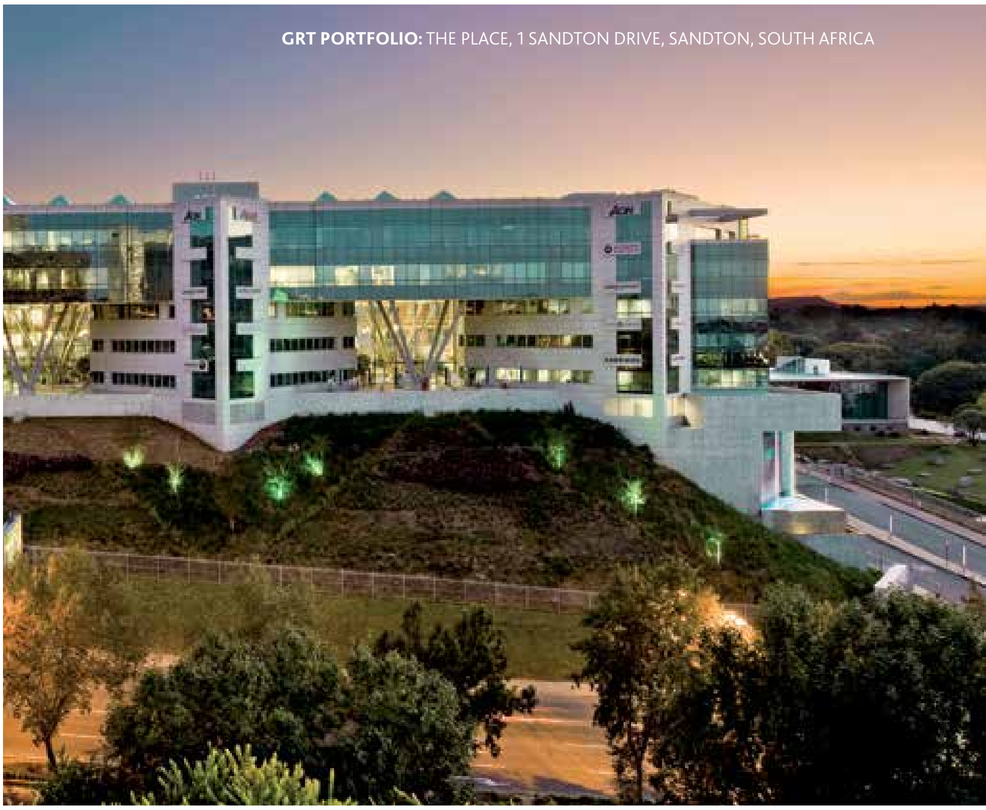
GRT'S INVESTMENT IN GOZ IS DRIVEN BY:

- Opportunities available for investment.
- Relative income (yield) return and potential for capital growth.
- Benefits of diversification.
- Business synergies and comparable strategies.
- Attractiveness of investment in AUS (stability, economic performance, regulatory environment).

GOZ REPRESENTS:

- 18.0% of GRT's gross property assets.
- 25.9% of GRT's net property income.
- 14.4% of GRT's total distributable income.

Go to www.growthpoint.co.za for more details.



GRT PORTFOLIO: THE PLACE, 1 SANDTON DRIVE, SANDTON, SOUTH AFRICA

KEY FACTS[1]

LISTING	GRT is listed on the Johannesberg Stock Exchange (JSE)
RANKING ON JSE	34th[2]
EXCHANGE RATE USED	AUD:ZAR = 9.02
MARKET CAPITALISATION (CURRENTLY)	R 45.0b / AUD 5.5b
GROSS ASSETS	R 64.3b / AUD 7.1b
NET ASSETS	R 36.8b / AUD 4.1b
GEARING (SA ONLY)	23.8%
PROPERTIES	Diversified property portfolio in office, industrial and retail property sectors
NO. OF EMPLOYEES	463
NO. OF PROPERTIES	393 properties in SA including a 50% co-ownership of the V&A Waterfront

TOTAL RETURN	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Dividends reinvested - nominal	18.0%	103%	238%	833%
Annual compounded return	Not released[3]	26.6%	27.6%	25.0%

1. All information supplied by GRT. 2. At the 2012 Q4 Quarterly Review. 3. GRT releases its results at the end of August 2013.

SECURITYHOLDER INFORMATION

SUBSTANTIAL SECURITYHOLDERS

The number of stapled securities held by the Group's substantial securityholders as at 15 August 2013 is as follows:

NAME	*Stapled Securities*
Growthpoint Properties Limited	265,015,197
Coronation Fund Managers Limited	28,286,337
Emira Property Fund	24,784,036

20 LARGEST BENEFICIAL SECURITYHOLDERS

AS AT 29 JULY 2013

NAME	*Number of Stapled Securities held*	*Percentage of Total Stapled Securities (%)*
Growthpoint Properties Limited	265,015,197	65.79%
Coronation Fund Managers Limited	28,286,337	7.02%
Emira Property Fund	24,784,036	6.15%
Liat & Rose Anne Amarant	4,752,000	1.18%
Oasis Asset Management Ltd.	4,676,014	1.16%
APN Funds Management Limited	3,596,452	0.89%
Highclere International Investors LLP	3,055,079	0.76%
Credit Suisse Group	2,604,575	0.65%
Rabinov Holding Pty Ltd	2,434,925	0.60%
BT Investment Management Limited	1,864,981	0.46%
Milford Asset Management Ltd.	1,710,932	0.42%
Reitway Global (Pty) Ltd.	1,437,252	0.36%
Standard Bank Jersey Limited	1,303,873	0.32%
Royal Bank of Canada (Channel Islands) - Custodian	1,263,146	0.31%
UBS AG	1,227,133	0.30%
Allan George & Phillip Cornish	1,074,000	0.27%
P H Fechter Family Trust	1,000,000	0.25%
Sasol Pension Fund	1,000,000	0.25%
Norbert Sasse	844,253	0.21%
Investec Wealth & Investment Limited	797,338	0.20%
Total	**352,727,523**	**87.56%**

DISTRIBUTION OF SECURITYHOLDERS

AS AT 15 AUGUST 2013

RANGE	*Total Holders*	*Stapled Securities*	*Percentage of Total Stapled Securities (%)*
1 - 1,000	672	388,289	0.10
1,001 - 5,000	1,319	3,598,815	0.89
5,001 - 10,000	498	3,769,429	0.94
10,001 - 100,000	604	15,356,657	3.81
100,001 and over	50	379,717,176	94.26
Total	**3,143**	**402,830,366**	**100.00**

As at 15 August 2013, there were 402,830,366 fully-paid stapled securities held by 3,141 individual securityholders.

2013/2014 SECURITYHOLDER CALENDAR[1]

Distribution paid for the half year ended 30 June 2013	30 August 2013
Annual Tax Statement for year ended 30 June 2013 mailed	30 August 2013
Annual General Meeting (to be held in Melbourne)	27 November 2013
Results for the half year ended 31 December 2013 announced to ASX	25 February 2014
Distribution paid for the half year ended 31 December 2013	28 February 2014
Half year report published	3 March 2014
Results for the year ended 30 June 2014 announced to ASX	25 August 2014
Distribution paid for the half year ended 30 June 2014	29 August 2014
Annual Tax Statement for year ended 30 June 2014 mailed	29 August 2014
2014 Annual Report published	29 August 2014

1. Dates subject to change by the Board

GLOSSARY

CPS	cents per stapled security
DPS	distributions per stapled security
WALE	weighted average lease expiry

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

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AUDITOR

KPMG

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PROPERTIES

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