2014 ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

GROWTHPOINT PROPERTIES

GROWTHPOINT PROPERTIES AUSTRALIA

2014 ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

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

IN THIS REPORT

DIRECTORS' REPORT

OVERVIEW

FY14 REVIEW

OPERATING RESPONSIBLY

GOVERNANCE

HOW TO NAVIGATE THIS INTERACTIVE REPORT

INTERACTIVE TABLE OF CONTENTS

Click on any listing in the table of contents to go to that section.

CROSS-REFERENCING PAGE ICONS

We have made use of cross-referencing page numbers throughout this report to avoid repeating information. *Click on the page symbols throughout to go to related information within this report*.

FURTHER READING ONLINE

Our website contains important and extended information. *Click on this symbol throughout the report to find more information online at growthpoint.com.au*

FINANCIAL REPORT

ADDITIONAL INFORMATION

This annual report is issued on 18 August 2014

THE DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

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 2014.

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

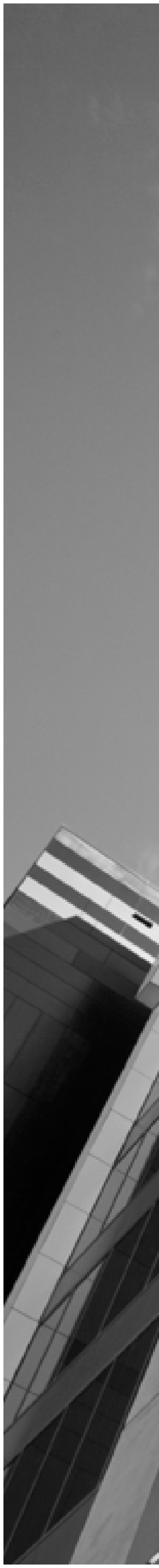
The principal activity of the Group is property investment. There has been no significant change in the nature of this activity during the period. Further details in relation to the nature of these activities are provided in this report.

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 significant key risks and opportunities are provided in this report.

The Directors' Report which follows is signed at Melbourne, 18 August 2014 in accordance with a resolution of the Directors of Growthpoint Properties Australia Limited.

The Directors' Report comprises pages 2 to 77 of this report except where referenced otherwise.



SECURITYHOLDER CALENDAR*

29 Aug 2014
Distribution paid for the half year ended 30 June 2014

Annual Tax Statement for year ended 30 June 2014 mailed

FY14 report sent to Securityholders

26 Nov 2014
Annual General Meeting (to be held in Melbourne)

16 Feb 2015
Results for the half year ended 31 December 2014 announced to ASX

27 Feb 2015
Distribution paid for the half year ended 31 December 2014

3 Mar 2015
Half year report sent to Securityholders

17 Aug 2015
Results for the year ended 30 June 2015 announced to ASX

31 Aug 2015
Distribution paid for the half year ended 30 June 2015

Annual Tax Statement for year ended 30 June 2015 mailed

FY15 report sent to Securityholders

** Dates indicative and subject to change by the Board.*

AWARD WINNING REPORTING

Growthpoint's Annual Report for FY13 won a silver award for ***Distinguished Achievement in Reporting*** in the ***2014 Australasian Reporting Awards.***

GLOSSARY

ABS	*Australian Bureau of Statistics*
A-REIT	*Australian Real Estate Investment Trust*
ANZ	*Australia and New Zealand Banking Group Limited*
ASX	*Australian Securities Exchange*
B	*billion*
BILAT/Bilateral Facility	*bilateral loan facility from National Australia Bank to Growthpoint*
Board	*the board of directors of the company*
Cap rate	*in full, "capitalisation rate". Refers to the market income produced by an asset divided by its value or cost*
CBD	*central business district*
Company	*Growthpoint Properties Australia Limited*
cps	*cents per security*
dps	*distribution per security*
freefloat	*securities considered available for trading on the ASX. For Growthpoint, this is the market capitalisation less securities held by GRT and Emira Property Fund in accordance with S&P's released guidelines*
fund through	*a mechanism under which an entity (in this report typically Growthpoint) funds development as completion of works occur*
FY13	*the year ended 30 June 2013*
FY14	*the year ended 30 June 2014*
FY15	*the year ending 30 June 2015*
Gearing	*interest bearing liabilities divided by total assets*
GOZ/Group/ Growthpoint	*Growthpoint Properties Australia comprising the Company, the Trust and their controlled entities*
Growthpoint SA/GRT	*Growthpoint Properties Limited of South Africa (major Securityholder of GOZ)*
JSE	*Johannesburg Stock Exchange*
NAB	*National Australia Bank Limited*
NABERS	*National Australian Built Environment Rating System (a national system for measuring environmental performance of buildings)*
NTA	*net tangible assets*
m	*million*
m²	*square metres*
MER	*management expense ratio comprising all the Group's costs other than interest divided by the average gross assets for the year*
Securityholder	*an owner of Growthpoint securities*
S&P	*Standard & Poor's*
SFA/ Syndicated Facility	*syndicated loan facility from National Australia Bank Limited, Westpac Banking Corporation and Australia and New Zealand Banking Group to Growthpoint*
Trust	*Growthpoint Properties Australia Trust*
WARR	*weighted average rent review*
WALE	*weighted average lease expiry*
WBC	*Westpac Banking Corporation*

KEY RESULTS

FOR THE YEAR ENDED 30 JUNE 2014

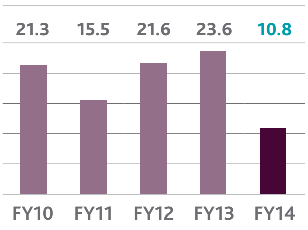
10.8%

TOTAL SECURITYHOLDER RETURN[1]

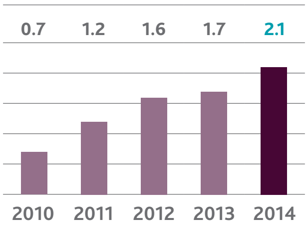
$2.1B

PORTFOLIO VALUE

as at 30 June 2014



TOTAL SECURITYHOLDER RETURN PER ANNUM (%)



TOTAL PORTFOLIO VALUE AT 30 JUNE ($B)

$91.1m

DISTRIBUTABLE PROFIT

up 19.2% from FY13

19.0¢

DISTRIBUTION PER GOZ STAPLED SECURITY

up 3.8% from FY13

$1.3B

MARKET CAPITALISATION

up from $1.0 billion as at 30 June 2013

$117.3m

STATUTORY PROFIT

24.8% increase from FY13

"Continuing to deliver on our strategy and objectives for the benefit of Securityholders

1. Source: UBS Investment Research

INTRODUCTION
FROM THE OUTGOING CHAIRMAN


Lyn Shaddock

I take great pleasure in presenting the 2014 Annual Report; my last as Chairman. My seven years as Chairman have been stimulating for me personally and, overall, rewarding for Securityholders despite significant challenges in the first two years.

When the Orchard Industrial Property Fund was floated in July 2007, the effects of the "Global Financial Crisis" were beginning to be felt. On floatation, the fund owned 28 well-leased and well-located industrial properties independently valued at $815 million with no vacancies and set annual rent increases. Two years later, after selling 5 properties for $36 million, the property portfolio was independently valued at $650 million and property finance was significantly more difficult to source leaving a need for additional equity.

A recapitalisation proposal from GRT was enacted in mid-2009 enabling a $176.5 million debt reduction, management internalisation and the creation of Growthpoint Properties Australia, thereby preserving Securityholders' capital.

GRT provided three excellent, experienced directors, Francois Marais, Norbert Sasse and Estienne de Klerk, to our Board. They have been a delight to work with and their ability to make quick and timely decisions and to approve further capital has allowed outstanding growth as opportunities have arisen.

In July 2011, we completed a scrip takeover of the Rabinov Property Trust coupled with a $102.6 million rights issue. The project took over a year to negotiate and marked an important milestone in our growth.

In June 2014, we completed a $125 million rights offer to enable the purchase of 1 Charles Street, Parramatta for $241.1 million. This property has a ten year lease remaining to the NSW Police Department, increased the portfolio size by over 10% and helps balance our investment exposure to NSW.

The management team, led by Tim Collyer, Aaron Hockly, Dion Andrews and Michael Green, have been outstanding and stable over the period and are greatly appreciated.

To the other independent members of the Board - Grant Jackson, Maxine Brenner and Geoff Tomlinson, thank you for your wise counsel and pleasant discussions.

Taking the portfolio from 28 industrial properties valued at $815 million to 51 office and industrial properties valued at $2.1 billion has been an extraordinary journey; one I feel privileged to have been part of.

Lyn Shaddock
Independent Chairman (to 30 June 2014) and Director,
Growthpoint Properties Australia Limited

KEY ACHIEVEMENTS

FOR THE FIVE YEARS TO 30 JUNE 2014

WHAT WE SAID WE WOULD DO	WHAT WE ACHIEVED	STATUS
Increase distributions to Securityholders	*Distributions have increased steadily each year from 14.0 cents for FY10 to 19.0 cents for FY14 (35.7% growth) with 19.7 cents forecast for FY15 (40.7% growth)*	✓
Recapitalise	*Raised over $1 billion in new equity through six rights offers, five DRPs, two placements and one scrip takeover*	✓
Internalise management	› *Securityholders own both the Trust which owns the properties and the manager of the Trust* › *The Group has an established and proven board and management team*	✓
Operate as a "pure" commercial landlord	*GOZ has maintained its commitment to being a pure landlord with all assets on balance sheet, 100% of income derived from rent under leases to quality tenants (or ancillary to such ownership), no off-shore investments, no funds management and all assets being industrial or office properties*	✓
Diversify Securityholder register	› *Capital raisings and increased freefloat[1] have enabled a larger number of Securityholders to own GOZ securities including a large number of institutions in South Africa, Australia and elsewhere* › *GRT's holding reduced from 76.2% to 64.0%*	✓
Increase size of the Group	***2009:*** *assets $650 million[2]* ***2014:*** *assets $2.1 billion[3]*	✓
Increase market capitalisation	***2009:*** *market capitalisation $113 million; ranked 435th on ASX[3]* ***2014:*** *market capitalisation $1.3 billion; ranked 132nd on ASX[3]*	✓
Increase freefloat	***2009:*** *freefloat $27 million or 27%[2]* ***2014:*** *freefloat $399 million, or 31%, making GOZ the 205th ASX listed entity by freefloat[3]*	✓
Inclusion in the S&P/ASX 300 index	*GOZ would readily qualify for S&P/ASX 300 index inclusion by market capitalisation and freefloat as ranked 132nd and 205th respectively at 30 June 2014, however, daily trading volumes were insufficient for inclusion at last index rebalance date (February 2014)* *Trading volumes to the date of this report have been above the required level so, if continued until the end of August, the Group is well placed for index inclusion in September[4]*	—

1. Freefloat: securities considered available for trading on the ASX. For Growthpoint, this is the market capitalisation less securities held by GRT and Emira Property Fund in accordance with Standard & Poor's released guidelines. 2. As at 5 August 2009. 3. As at 30 June. 4. This is based on Standard & Poor's published index criteria. However, Standard & Poor's retain discretion to admit on rebalance date.

> *Growthpoint is proud of its five year track record*

WHAT WE SAID WE WOULD DO	WHAT WE ACHIEVED	STATUS
Increase research coverage	***2009:*** *one research provider covering GOZ*[2] ***2014:*** *seven research providers covering GOZ*[3]	✓
Make gearing appropriate for portfolio and market conditions	› *Gearing reduced from over 75% at 30 June 2009 to 40% at 30 June 2014* › *Target gearing range of 40%-45% introduced* › *Average debt expiry increased from 2 years to 3 years* › *Single debt maturity replaced with staggered expiries*	✓
Reduce debt costs	***2010:*** *all-in debt costs 8.0%*[5] ***2014:*** *all-in debt costs 5.8%*[5]	✓
Obtain credit rating	*Moody's issued the Group with an investment grade rating in August 2014 of Baa2 for senior secured debt*	✓
Expand property portfolio	*Acquired 31 properties worth over $1.3 billion over five years to 30 June 2014*	✓
Diversify property portfolio by sector, location and individual assets	***2009:*** *28 industrial properties valued at $650 million across five States primarily in Victoria*[3] ***2014:*** *51 office and industrial properties in every State in Australia and the ACT valued at $2.1 billion with close to a third of value in each of Qld, Vic and NSW*[3]	✓
Diversify tenant base	***2009:*** *Approximately 70% of revenue from Woolworths*[5] ***2014:*** *Woolworths 24% of income, NSW Police 10%, GE 6%, Linfox 5%, Commonwealth of Australia 4%, Jacobs Engineering 3%, Energex 3%, Fox Sports 2%, Star Track Express 2% among other high quality tenants*[5]	✓
Not dilute asset quality	*Assets have only been acquired where they add to the overall portfolio quality and enhance or secure distributions to Securityholders*	✓

5. For year to 30 June.

INVESTMENT PHILOSOPHY

Growthpoint *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.

OUR PHILOSOPHY

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

THE **FOUR PILLARS** OF OUR "PURE LANDLORD" INVESTMENT PHILOSOPHY:

1. 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.

2. NOT A DEVELOPER

The Group does not operate a property development business and does not intend to take on any significant development risk. It will likely continue to purchase properties to be developed, fund construction of developments, or enter a joint venture where the Group becomes the owner of the property on completion but only where material leases are in place.

3. NO FUNDS MANAGEMENT

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.

4. 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.

GOZ BUSINESS LIFE CYCLE

1 RAISE CAPITAL:

Raise equity capital from Securityholders in Australia and elsewhere and debt capital, currently from three major Australian banks.

2 ACQUIRE:

Well built, well located Australian commercial real estate.

3 INCOME FROM LEASES:

Lease vacant space and collect rent from tenants.

4 ASSET MANAGEMENT:

Maintain and improve assets through capital expenditure, repairs and maintenance. Sell assets that no longer meet investment criteria.

5 PAY COSTS:

Pay interest costs on debt capital and operating and management costs.

6 DISTRIBUTIONS:

Return as much of the remaining property income to Securityholders as deemed prudent.

PROPERTY MANAGEMENT OUTSOURCING

The Group outsources its day-to-day property and facilities management to JLL and CBRE.

JLL and CBRE allocate a property manager and a facility manager for each of the Group's properties. Key activities outsourced include: rent collection, regular property inspections, day-to-day liaison with tenants, preparation of annual budgets for each property, implementing rent reviews, monitoring or maintenance, legal and regulatory compliance and assistance with obtaining and maintaining NABERS ratings.

The Group also outsources property accounting to JLL. JLL's accountants work closely with the property and facility manager of each property to ensure that all related financial matters (rental collection, capital expenditure payments, accruals, etc) are properly and efficiently managed. JLL also maintains property bank accounts for Growthpoint.

At the end of each calendar month, a report prepared by the property and facilities manager of JLL and CBRE for each respective property is reviewed by the Head of Property and each relevant Asset Manager. All financial aspects of this report are reviewed by the Group's Property Analyst and any exceptions that are detected reported to the Group's Compliance Officer.

Service level agreements are in place between the Group and JLL and CBRE, respectively, covering all deliverables by JLL and CBRE. Under these agreements, fees include a fixed component and a variable performance component based on key performance indicators which are reviewed by the Head of Property and the Managing Director and tabled at the Audit, Risk & Compliance Committee meeting semi-annually. JLL and CBRE form part of 3, 4 and 5 above.

PORTFOLIO OVERVIEW

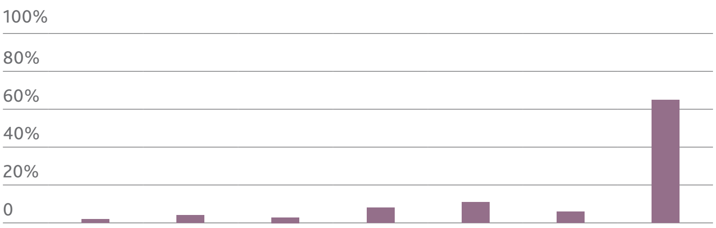
AS AT 30 JUNE 2014

	INDUSTRIAL	OFFICE	TOTAL
NO. OF PROPERTIES	35	16	**51**
TOTAL / AVERAGE VALUE	\$1,043.9m / \$29.8m	\$1,049.8m / \$65.5m	**\$2,093.7m / \$41.1m**
% OF PORTFOLIO VALUE	50%	50%	**100%**
TOTAL / AVERAGE LETTABLE AREA	857,565m^2 / 24,502m^2	179,175m^2 / 11,198m^2	**1,036,740m^2 / 20,328m^2**
AVERAGE PROPERTY AGE	8.9 years	6.9 years	**7.9 years**
AVERAGE VALUATION CAP RATE	8.0%	7.8%	**7.9%**
OVER (UNDER) RENTING	0.8%	5.5%	**3.2%**
WALE	7.3 years	6.5 years	**6.9 years**
WARR[1]	2.9%	3.5%	**3.2%**
AVERAGE VALUE *(per m^2)*	\$1,217	\$5,859	**\$2,019**
AVERAGE RENT *(per m^2 per annum)*	\$99	\$516	**\$171**
CAPITAL EXPENDITURE FY14 *(\$/% of asset value)*	\$3.2m / 0.3%	\$3.1m / 0.3%	**\$6.3m / 0.3%**
NUMBER OF TENANTS	33	58	**90[2]**

1. Assumes CPI of 3.0% per annum as per ABS release for year to 30 June 2014. 2. Fuji Xerox is both an office and industrial tenant.

PORTFOLIO RENT EXPIRING

PER FINANCIAL YEAR



VACANT	FY15	FY16	FY17	FY18	FY19	FY20+
2%	**5%**	**3%**	**8%**	**11%**	**6%**	**65%**

SECTOR DIVERSITY (%)

BY MARKET VALUE, AS AT 30 JUNE

2009

INDUSTRIAL **100%**

2014

INDUSTRIAL **50%** | OFFICE **50%**

TOP TEN TENANTS

BY PASSING RENT

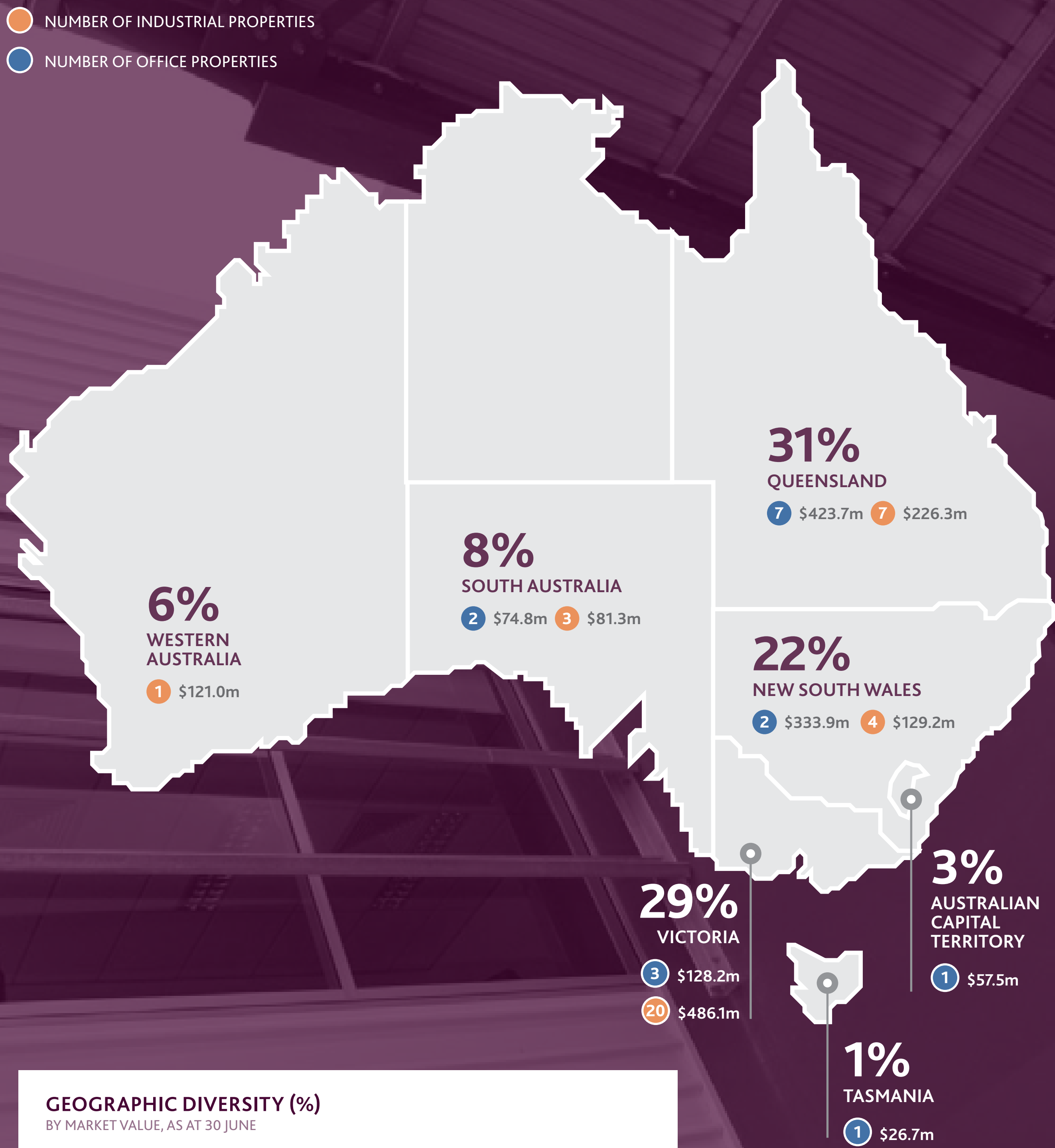
	%	*WALE*
WOOLWORTHS	24%	8.1yrs
NSW POLICE	10%	9.9yrs
GE CAPITAL FINANCE AUSTRALASIA	6%	3.7yrs
LINFOX	5%	8.9yrs
COMMONWEALTH OF AUSTRALIA	4%	2.7yrs
JACOBS ENGINEERING	3%	4.3yrs
ENERGEX	3%	13.4yrs
FOX SPORTS	2%	8.5yrs
STAR TRACK EXPRESS	2%	5.0yrs
RUNGE PINCOCK MINARCO	2%	1.0yrs
TOTAL	**61%**	**7.4yrs**

Industrial *Office*

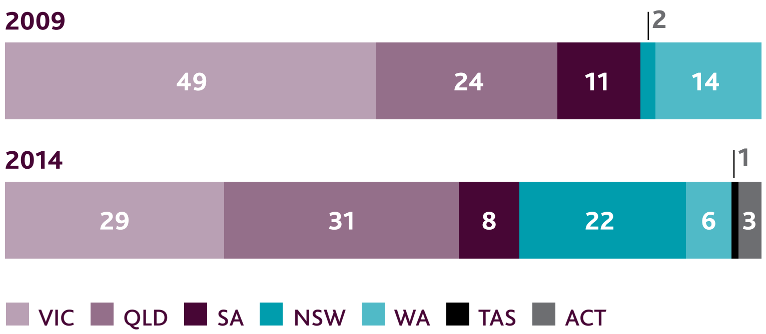
24 Refer to page 24 for more information on the ***Office Property Portfolio***.

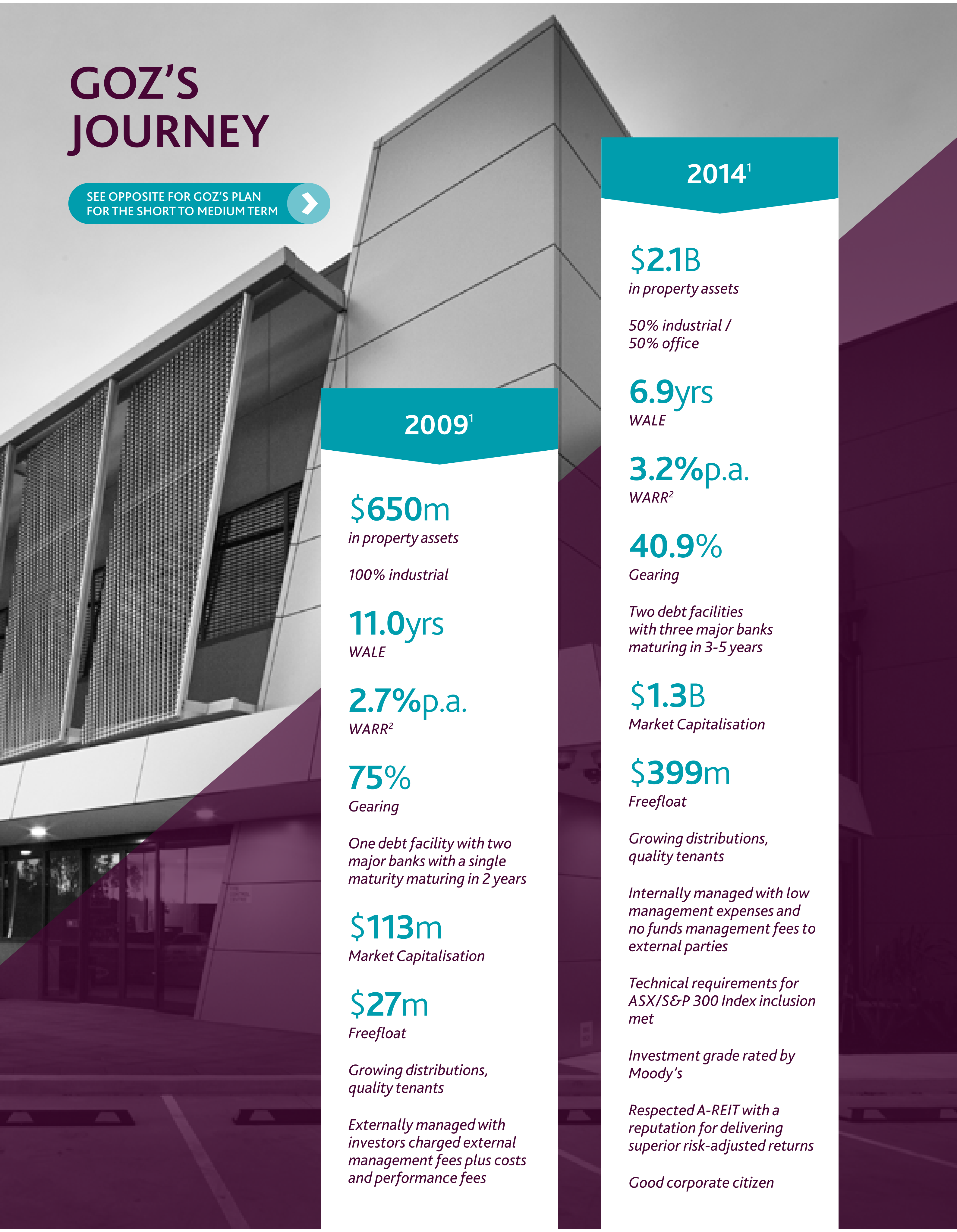
30 Refer to page 30 for more information on the ***Industrial Property Portfolio***.

GEOGRAPHIC DIVERSITY
VALUES PER SECTOR PER STATE



GEOGRAPHIC DIVERSITY (%)
BY MARKET VALUE, AS AT 30 JUNE





GOZ'S JOURNEY

SEE OPPOSITE FOR GOZ'S PLAN FOR THE SHORT TO MEDIUM TERM

2009[1]

$650m
in property assets

100% industrial

11.0yrs
WALE

2.7%p.a.
WARR[2]

75%
Gearing

One debt facility with two major banks with a single maturity maturing in 2 years

$113m
Market Capitalisation

$27m
Freefloat

Growing distributions, quality tenants

Externally managed with investors charged external management fees plus costs and performance fees

2014[1]

$2.1B
in property assets

50% industrial / 50% office

6.9yrs
WALE

3.2%p.a.
WARR[2]

40.9%
Gearing

Two debt facilities with three major banks maturing in 3-5 years

$1.3B
Market Capitalisation

$399m
Freefloat

Growing distributions, quality tenants

Internally managed with low management expenses and no funds management fees to external parties

Technical requirements for ASX/S&P 300 Index inclusion met

Investment grade rated by Moody's

Respected A-REIT with a reputation for delivering superior risk-adjusted returns

Good corporate citizen

1. As at 30 June. 2. Assumes CPI of 3.0% per annum as per ABS release for the year to 30 June 2014.
3. Expectations based on previous growth but not guaranteed.

FOCUS

FOR THE SHORT TO MEDIUM TERM

- *Continuing to provide **growing distributions to Securityholders***
- *Continued **growth and diversification of the property portfolio** via M&A transactions, direct property acquisitions and fund through developments*
- ***Maintenance of a gearing ratio of 40%-45%** and further diversification of debt funding sources to the capital markets*
- ***Tenant retention strategies** and the leasing of current vacant space*
- *Evaluation of tenant requested **expansions and redevelopment opportunities** within the portfolio*
- *Continuing to **expand and diversify the Securityholder base** and trading liquidity to achieve S&P/ASX 300 and then 200 index inclusion*
- ***Maintain or lower the management expense ratio** or MER (currently one of the lowest of any A-REIT averaging 0.4% of gross assets per annum over 5 years to 30 June 2014) 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*
- ***Continue to act as a good "corporate citizen"** through our embedded compliance culture and support for charitable and community events and organisations*

"

OUR PRIMARY GOAL IS:

Growing distributions to Securityholders from being a landlord of quality commercial properties

Norbert Sasse
Director, Chairman - Nomination, Remuneration & HR Committee

FY14 OVERVIEW

FROM THE MANAGING DIRECTOR

In August 2014, we will celebrate five full years as Growthpoint Properties Australia; another significant milestone for us. This report focusses on what we said we would do, how we have performed against this and what we hope to achieve in the future.

FY14 was another successful year for the Group. Most importantly, we have delivered on our distribution guidance of 19.0 cents per stapled security and have achieved distributable income of 20.0 cents per stapled security, the top of our guidance range.

Progress has been made on all the key areas we said we would focus on:

1. The property portfolio was expanded by $345.1 million of acquisitions comprising the Group's largest acquisition to date, a $241.1 million office building in New South Wales fully leased to the NSW Police, and five industrial acquisitions in Victoria for $103.3 million.
2. Over 124,000m² of leasing was undertaken across the property portfolio.
3. Approximately $331.5 million of additional equity was raised via a placement, two rights offers and two distribution reinvestment plans.
4. Moody's issued the Group with an investment grade rating in August 2014: Baa3 for the Group and Baa2 for secured debt.

We have divided this report into the key areas of our operations: Strategy and Performance, Property Portfolio and Financial Management. An overview of each area and the key achievements is provided on the opposite page. However, one of our key advantages vis-à-vis our larger competitors or those with disparate business units is that we are a unified and relatively simple business. We also have one primary common goal: growing distributions to Securityholders from being a landlord of quality commercial properties. The simplicity and singularity of focus ensures that all parts of the Group work together for the benefit of all Securityholders.

Thank you for your continued support of Growthpoint Properties Australia.

T.J. Collyer

Timothy Collyer
Managing Director,
Growthpoint Properties Australia Limited

STRATEGY & PERFORMANCE

pages 16-23

MILESTONES ACHIEVED

- *18.6% p.a. total Securityholder return for 5 years to 30 June 2014[1]*
- *10.8% total Securityholder return for FY14[1]*
- *$331.5 million of new equity raised during FY14 – most of any year to date*
- *132nd largest entity on the ASX by market capitalisation at 30 June 2014*
- *Covered by seven research providers*

FOCUS FOR THE FUTURE

- *Inclusion in S&P/ASX 300 and then 200 indices*
- *Achievement of FY15 distribution guidance of 19.7cps*
- *Continued growth of Group and distributions*
- *Maintenance of investment philosophy and strategies*

PROPERTY PORTFOLIO

pages 10-11 and 24-39

MILESTONES ACHIEVED

- *Over 124,000m² of new and extended leasing during FY14*
- *$345.1 million of property acquired during FY14 – most of any year to date*
- *Property portfolio valued at $2.1 billion*
- *82% of portfolio located in NSW, Vic and Qld – nearing 1/3rd in each*

FOCUS FOR THE FUTURE

- *Acquisitions that continue to improve the property portfolio*
- *Leasing remaining vacant space and upcoming expiries*
- *Continuing to increase NSW exposure*
- *Development of the portfolio through value and/or revenue enhancing works*

FINANCIAL MANAGEMENT

pages 40-42

MILESTONES ACHIEVED

- *FY14 distribution guidance of 19.0 cps achieved*
- *Gearing reduced to 40.9%*
- *Investment grade rating issued by Moody's*
- *Average 5 year management expense ratio of 0.4% of gross assets*

FOCUS FOR THE FUTURE

- *Potential capital markets issuance primarily to extend debt tenor*
- *Continuing to lower average cost of debt*
- *Maintenance of gearing in target range of 40%-45%*

Timothy Collyer
Managing Director

1. Source: UBS Investment Research

STRATEGY & PERFORMANCE

Across all areas of the business including financial management, strategy and the property portfolio, Growthpoint seeks to keep its business as simple and as transparent as possible

Aaron Hockly
Company Secretary & General Counsel

STRATEGIES

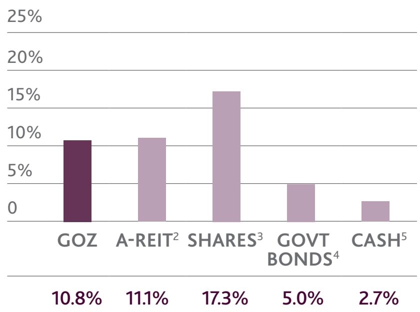
Growthpoint's objective is to provide investors with a tradeable security producing consistently growing income returns and long term capital appreciation. All of Growthpoint's strategies seek to fulfil this objective through our "pure landlord" philosophy and the material strategies below.

PROPERTY

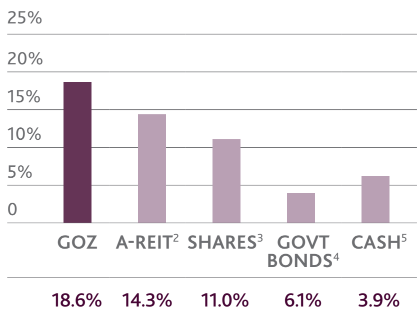
1. **KEEP GROWING:** Growthpoint continually reviews acquisition opportunities to expand and enhance the property portfolio. Provided Growthpoint's strict investment criteria are met (including the strategies below), growth is good for Growthpoint and its Securityholders.
2. **INCOME ENHANCING ACQUISITIONS:** Acquisitions must enhance distributions whether by increased yield, lengthened WALE, increased WARR or a combination of these factors.
3. **QUALITY ENHANCING ACQUISITIONS:** Acquisitions should not dilute the quality of the existing property portfolio materially. Despite seeking to expand the portfolio, Growthpoint rejects many acquisition opportunities due to the poorer quality of property.
4. **PROPERTY FUNDAMENTALS:** Growthpoint focusses on the individual property qualities and property markets to ensure it buys modern, well-located properties with good green credentials primarily leased to quality tenants. This helps to limit leasing risk, reduce property expenditure, grow distributions and increase capital growth.
5. **OPPORTUNISTIC:** Acquisition considerations and, as a result, portfolio make-up, are opportunistic rather than based on any fixed criteria. Growthpoint does not seek to have any set exposure to any particular location or asset class. Growthpoint will from time-to-time focus on particular asset types or locations e.g. Growthpoint remains focussed on increasing its NSW exposure but not by any set amount or at the expense of other opportunities which may arise.
6. **BEST PROPERTIES AVAILABLE:** Growthpoint seeks to acquire the best commercial property assets available for its cost of capital.
7. **INCOME DIVERSITY:** Ensure income is diversified to minimise downside risk. Property investments should be diversified by location, sector, lease expiry and tenant.
8. **FOCUS ON LEASING:** Distributions are primarily sourced from lease income so retention of existing tenants, leasing of vacant space and enforceability of lease terms are critical. The Group has various tactics to deploy this strategy. For example, asset managers are required to personally meet with all tenants at least 18 months prior to any lease expiry.
9. **DIRECT CONTACT:** Management has direct contact with all tenants to ensure Growthpoint understands their businesses, their challenges and opportunities and their potential occupancy requirements.
10. **INCOME PRODUCING ASSETS:** Growthpoint only acquires properties which are, or will be on completion, substantially leased.

TOTAL RETURN COMPARISON

ONE YEAR TO 30 JUNE 2014[1]



PER ANNUM, OVER FIVE YEARS TO 30 JUNE 2014[1]



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

WE SAID WE WOULD:

Not dilute asset quality

WHAT WE ACHIEVED
(OVER 5 YEARS TO 30 JUNE 2014):

- *Movement from 100% industrial to 50% office and 50% industrial*
- *WALE reduced by only 4.1 years despite 5 years passing and the portfolio moving to 50% office*
- *WARR increased from 2.7% to 3.2%*
- *Average cap rate reduced from 8.9% to 7.9%*
- *Average building age increased by only 1.7 years to 7.9 years despite 5 years passing*

> *Growthpoint's Securityholders benefit from growth in the size and liquidity of the Group as it makes their investment more saleable and, all other things being equal, increases GOZ's security price*

DEBT CAPITAL

1. **MATCH DEBT LEVELS TO PORTFOLIO:** Given the investment characteristics of the property portfolio, with its long WALE and minimal upcoming lease expiries, the Board has a current target gearing range of 40-45%. If the portfolio materially changes, this range may also be altered.
2. **FIXED INTEREST COSTS:** Growthpoint seeks to make its returns from real estate investment rather than interest rate speculation and seeks to ensure its distributable income and distributions are sustainable. As a result, Growthpoint has a policy of having at least 75% of its debt on fixed or hedged interest rates and in practice the percentage is typically 85-95%.
3. **LONGER TERM DEBT:** Particularly in light of the debt issues many A-REITs experienced following the global financial crisis, Growthpoint typically prefers longer term debt and tries to avoid having any short term debt i.e. ideally, all debt maturity dates are greater than 12 months away at all times.
4. **DIVERSIFY DEBT SOURCES:** Growthpoint is seeking to diversify its sources of debt and obtaining an investment grade credit rating from Moody's was a key step in this process. Although Growthpoint currently has only bank debt, a medium term note or US private placement debt issuance is expected to occur in the short to medium term.
5. **TENOR VERSUS COSTS:** In considering its debt requirements, Growthpoint seeks to balance shorter term, and typically cheaper debt, with longer term, and typically more expensive, debt.

EQUITY CAPITAL

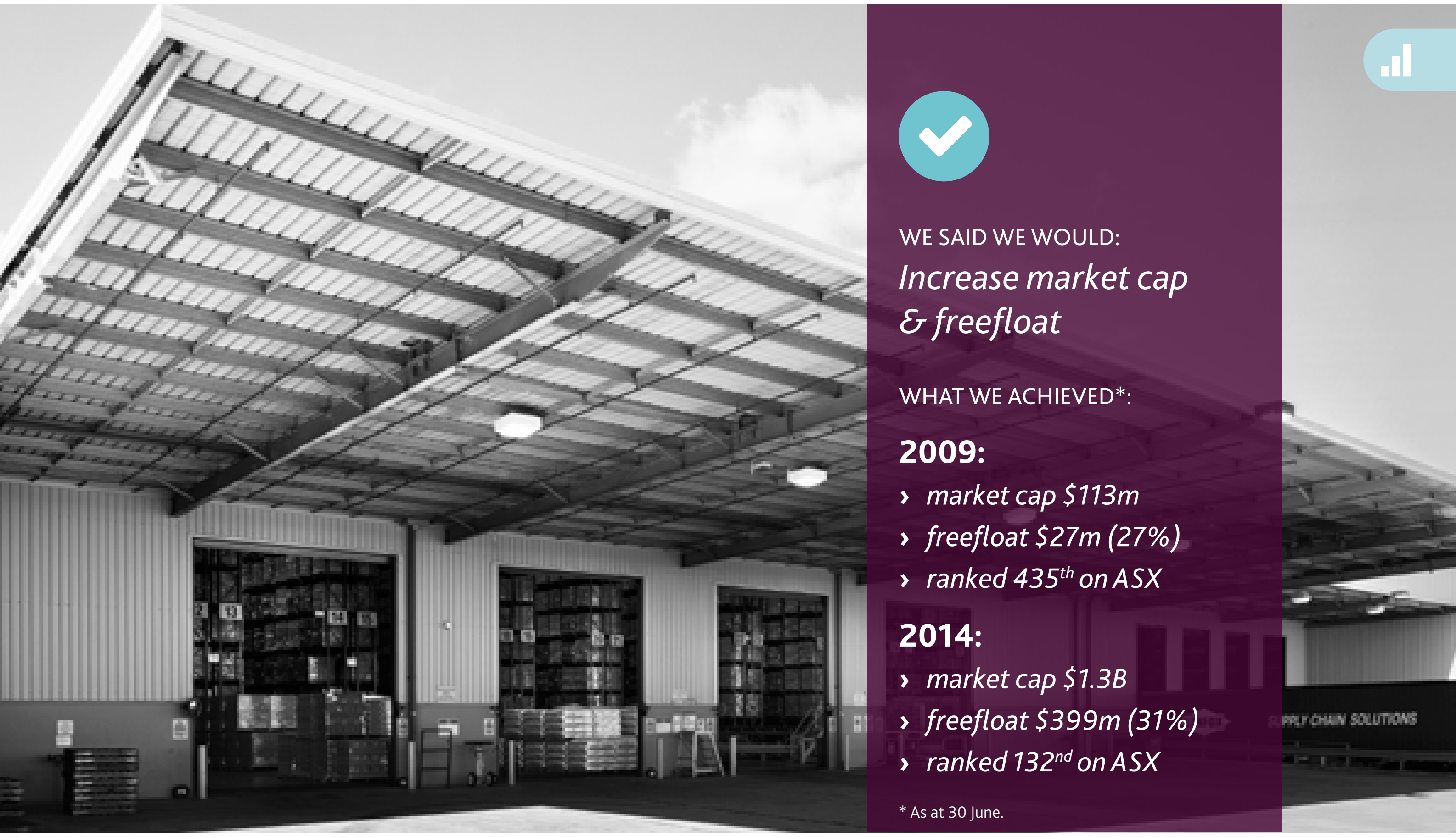
1. **GROWTH:** Growthpoint's Securityholders benefit from considered growth in the size and liquidity of the Group as it makes their investment more saleable and, all other things being equal, increases GOZ's security price.
2. **INDEX INCLUSION:** Although not Growthpoint's sole focus, inclusion in the S&P/ASX 300 index should make GOZ securities more attractive to a wider pool of investors thereby helping to make GOZ more saleable and increase GOZ's security price.
3. **GRT:** Having GRT as Growthpoint's major Securityholder is a positive. It enables Growthpoint to transact with certainty, Growthpoint benefits from GRT's brand and expertise and a number of stakeholders (including ratings agencies, Securityholders and debt providers) are encouraged by GRT's outstanding track record. However, Growthpoint is not solely focussed on GRT. Growthpoint's directors, including those common to GRT, and management spend a large amount of time with other current and potential investors. The non-GRT investment in Growthpoint is valued at just under $500 million; a significant investment by itself and bigger than many of Growthpoint's competitors' market capitalisation. GRT has indicated that it will look to reduce its ownership percentage in Growthpoint over time as Growthpoint grows to ensure Growthpoint remains relevant to a wide pool of investors.
4. **RESEARCH PROVIDERS:** To help create a broader understanding of the business, increase trading volumes and target institutional investors, Growthpoint will continue to engage with current and potential research providers.

PEOPLE AND OPERATIONS

1. **SIMPLE AND ROBUST BUSINESS MODEL:** Across all areas of the business including financial management, strategy and the property portfolio, Growthpoint seeks to keep its business as simple and as transparent as possible to enable us to:
   a. operate as efficiently as possible;
   b. provide comfort to our Securityholders about Growthpoint's assets and distribution stream; and
   c. try to avoid the complexity that has caused difficulties for A-REITs in the past.

   As illustrated on page nine, Growthpoint raises capital, buys Australian commercial real estate, collects rent, maintains the properties, pays costs and returns what is left over to Securityholders in distributions. Nothing else.
2. **PROPERTY FOCUSSED:** Growthpoint is, first and foremost, a property group. Resources are dedicated to acquiring, maintaining, leasing, insuring and expanding properties and to securing and maximising the income from such properties before any other activities. Over 90% of Board and management time is spent on these activities.
3. **SMALL TEAM:** Having a small team helps:
   a. minimise costs and reduce waste;
   b. provide scalability with employees able to be added following growth rather than having a large overhead dependant on growth;
   c. ensure Growthpoint is able to remain nimble for transactions particularly acquisitions and leasing;
   d. management to be across all aspects of the business; and
   e. maintain a focus on providing investors with a tradeable security producing consistently growing income returns and long term capital appreciation.
4. **OUTSOURCING IS HELPFUL:** Growthpoint outsources many functions to specialist corporates and service providers, including its day-to-day property management and property accounting (currently to JLL and CBRE). This has allowed Growthpoint to:
   a. grow its asset base rapidly;
   b. draw on a wider pool of expertise than it would from an in-house equivalent; and
   c. have operating cost certainty.

9
63
Refer to pages nine and 63 for ***details about Growthpoint's outsourcing***



WE SAID WE WOULD:

Increase market cap & freefloat

WHAT WE ACHIEVED*:

2009:

- *market cap $113m*
- *freefloat $27m (27%)*
- *ranked 435th on ASX*

2014:

- *market cap $1.3B*
- *freefloat $399m (31%)*
- *ranked 132nd on ASX*

* As at 30 June.

SUMMARY OF MOVEMENTS IN VALUE OVER FY14

PROPERTY TYPE	*Properties at 30 June 2013*	*Value at 30 June 2013*	*Capex for year*	*Property acquisitions & expansions*	*Property disposals*	*Revaluation gain / (loss)*	*Valuation at 30 June 2014*	*Change due to revaluation*	*Properties at 30 June 2014*
By sector	*No.*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*%*	*No.*
INDUSTRIAL PORTFOLIO	29	850	3.2	155.3	-	35.7	1,044	4.2	35
OFFICE PORTFOLIO	15	797	3.1	255.9	-	(6.6)	1,049	(0.8)	16
Total portfolio	**44**	**1,647**	**6.3**	**411.2**	**-**	**29.1**	**2,094**	**1.8%**	**51**

KEY DEBT METRICS AND CHANGES DURING FY14

	unit of measure	**30 JUNE 2014**	**30 JUNE 2013**	**CHANGE**	**% CHANGE**
TOTAL ASSETS	*$'000*	**2,128,779**	1,680,398	448,381	26.7
INTEREST BEARING LIABILITIES	*$'000*	**871,214**	786,893	84,321	10.7
TOTAL DEBT FACILITIES	*$'000*	**995,000**	895,000	100,000	11.2
UNDRAWN DEBT	*$'000*	**118,377**	101,574	16,803	16.5
BALANCE SHEET GEARING	*%*	**40.9**	46.8	(5.9)	-
WEIGHTED AVERAGE DEBT MATURITY	*years*	**3.3**	4.3	(1.0)	-
WEIGHTED AVERAGE INTEREST RATE (ALL-IN COST OF DEBT)	*%*	**5.8**	6.7	(0.9)	-
DEBT HEDGED	*%*	**82**	93	(11)	-
WEIGHTED AVERAGE HEDGE MATURITY	*years*	**3.0**	3.4	(0.4)	-
ANNUAL INTEREST COVERAGE RATIO	*times*	**3.2**	2.6	0.6	-

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 FROM STATUTORY PROFIT TO DISTRIBUTABLE INCOME

	FY14	FY13	CHANGE	CHANGE
	$'000	*$'000*	*$,000*	*%*
PROFIT AFTER TAX	**117,348**	93,956	23,392	24.9
LESS NON-DISTRIBUTABLE ITEMS:				
- Straight line adjustment to property revenue	**(5,373)**	(5,769)	396	
- Net changes in fair value of investments	**(23,780)**	(5,990)	(17,790)	
- Loss of sale of investment properties	**-**	(279)	279	
- Net (gain) / loss on derivatives	**2,950**	(5,596)	8,546	
- Deferred tax expense	**(76)**	101	(177)	
DISTRIBUTABLE INCOME	**91,069**	76,423	14,646	19.2

The payout ratio, calculated as distributions on ordinary stapled securities divided by distributable income, was 95.3% (FY13: 95.0%).

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

COMPONENTS OF DISTRIBUTABLE INCOME

	FY14	FY13	CHANGE	CHANGE
	$'000	*$'000*	*$'000*	*%*
Property income	**172,283**	153,870	18,413	12
Property expenses	**(23,643)**	(20,474)	(3,169)	15
NET PROPERTY INCOME	**148,640**	133,396	15,244	11
Interest income[1]	**734**	5,759	(5,025)	(87)
TOTAL OPERATING INCOME	**149,374**	139,155	10,219	7
Borrowing costs	**(49,042)**	(56,272)	7,230	(13)
Operational and trust expenses	**(8,890)**	(6,431)	(2,459)	38
OPERATING AND TRUST EXPENSES	**(57,932)**	(62,703)	4,771	(8)
Current tax expense	**(373)**	(27)	(346)	1,281
DISTRIBUTABLE INCOME	**91,069**	76,425	14,644	19
DISTRIBUTIONS PAID	**86,790**	72,590	14,200	20
	77% tax deferred	70% tax deferred		
	0% tax free	7% tax free		

1. Prior year includes coupon interest received on the developments of Energex, Nundah, Fox Sports, Gore Hill and Linfox, Erskine Park. Current year includes coupon interest received on the development of Linfox, Erskine Park and acquisitions from Australand.

PERFORMANCE

Growthpoint primarily measures performance in the following ways:

PERFORMANCE CRITERIA	MEASURED BY
Distributions to Securityholders	**1.** Meeting distribution guidance. **2.** Continuing to increase distributions.
Improving the property portfolio including through acquisitions, divestments, leasing, relationships with tenants, maintenance and capital improvement	Property metrics including WALE, WARR, average building age, rental arrears, vacancy, NABERs ratings.
Total Securityholder return	Absolute and relative to S&P/ASX 300 Property Accumulation Index.
Return on equity	Absolute and relative to S&P/ASX 300 Property Accumulation Index.
Fulfilment of strategy	**1.** Property portfolio and significant acquisitions materially match announced strategy. **2.** Operations in place to fulfil strategy.
Compliance with laws and regulations	**1.** Absence of litigation or adverse findings by regulators and others. **2.** Unqualified external audit opinion issued for financial statements, AFSL and compliance plan. **3.** Breaches of compliance plan and/or other compliance measures.
Stakeholder engagement	**1.** Ability to raise finance when required. **2.** Quantity and quality of meetings with key stakeholders including debt providers and current and potential investors. **3.** Quality and timeliness of reporting. **4.** Limited complaints received from stakeholders. **5.** Investor survey results and other feedback.
Development of people and culture	**1.** Director and employee retention. **2.** Developed policies and procedures in place. **3.** Employee survey results.

The above serve as a basis for employee remuneration particularly for short term and long term incentives. Growthpoint's performance in these areas over the last 12 month and five year periods is detailed further below.

DISTRIBUTIONS TO SECURITYHOLDERS

Growthpoint's distributions have continued to increase over the last 12 months and five year periods and were 35.7% higher in FY14 than FY10. During this time, Growthpoint has never failed to meet or exceed its guidance to the market.

ACHIEVEMENT: ✓

PROPERTY PORTFOLIO

As shown in the property section on pages 24-39 of this Annual Report, the portfolio has been significantly improved and diversified over the last five years. Growthpoint's growing income stream and capital values are a testament to its excellent acquisition record.

ACHIEVEMENT: ✓

TOTAL SECURITYHOLDER RETURN

As illustrated by the graphs on page 16, Growthpoint has performed well over the past 12 months and has built an enviable five year track record delivering 18.6% per annum in total Securityholder returns (distributions plus security price appreciation) over the last five years (most of which as Growthpoint Properties Australia).

The Group has managed to keep growing the property portfolio and reduce gearing whilst also increasing distributions both over the last 12 months and over the last five years. Although past returns do not guarantee future returns, it does provide investors an indication of what the Group, its Board and management team are capable of and provides a guide about how Growthpoint views success.

8.0%

FY15 DISTRIBUTION YIELD

Based on 30 June 2014 closing price and 19.7cps guidance

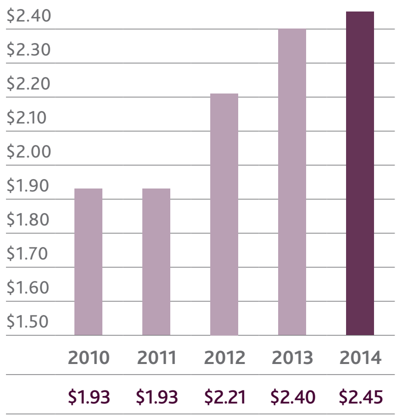
18.6%p.a.

TOTAL SECURITYHOLDER RETURN

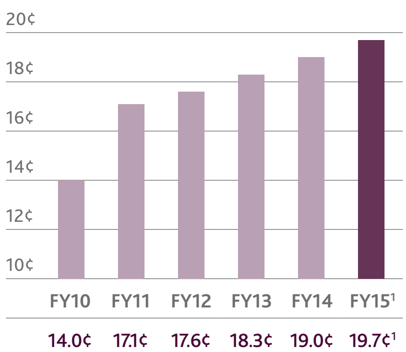
for five years to 30 June 2014[1]

1. Source: UBS Investment Research.

SECURITY PRICE
AS AT 30 JUNE



DISTRIBUTIONS
PER STAPLED SECURITY AS AT 30 JUNE



1. Distribution guidance only.

ROE	FY14	FY13	FY12	FY11	FY10
Opening NTA per unit ($)	**2.00**	1.93	2.01	2.03	1.80
Closing NTA per unit ($)	**2.16**	2.00	1.93	2.01	2.03
Distribution per unit ($)	**0.190**	0.183	0.176	0.171	0.14
Income yield (%)	**9.5**	9.5	8.8	8.4	7.8
Capital growth (%)	**8.0**	3.6	(4.0)	(1.0)	12.8
ROE (%)	**17.5**	13.1	4.8	7.4	20.6
S&P/ASX 300 Prop. Acc. Index ROE[1] (%)	**Not yet available**	5.0	4.0	5.4	(7.2)

1. Source: Merrill Lynch. Only includes constituents for the whole financial year.

FY14 saw significant proposed and actual changes in the A-REIT sector including the reorganisation of the Westfield entities, several take-over offers for Australand Property Group, Dexus' takeover of Commonwealth Property Office Fund, the management internalisation of the CFS Retail Property Trust, the rumoured takeover of Investa Office Fund and the takeover of the Challenger Diversified Property Group. The aggregate market capitalisations of the takeover targets and reorganised entities is, or was immediately prior to takeover/reorganisation, around $50 billion and therefore represents a significant change to the A-REIT sector. This activity has attracted significant institutional focus and resulted in significantly increased prices of several major A-REITs. Despite this, Growthpoint again outperformed most of the major indices and is very close to the S&P/ASX 300 Property Accumulation Index and managed to increase the number of Australian institutions on its register.

Future relative performance will be aided by Growthpoint's relatively high forward distribution yield as well as the following potential matters:

1. S&P/ASX 300 Index inclusion.
2. Further reduction in debt costs.
3. Further accretive acquisitions.
4. Continued relative outperformance in leasing renewals.

ACHIEVEMENT: ✓

13 Refer to page 13 of this Annual Report for detail about the ***focus for the short to medium term***

RETURN ON EQUITY

Return on equity ("ROE") has totalled 63.4% over the last five years, or 12.7% per annum. Although this information is not yet available for the S&P/ASX 300 Property Accumulation Index for the same period, Growthpoint has outperformed over previous periods as shown in the table above.

ACHIEVEMENT: ✓

FULFILMENT OF STRATEGY

As shown on pages 6-7 of this Annual Report, Growthpoint has consistently done what it said it would do. It has not deviated from its announced strategy and goals and has managed to achieve most of what it set out to do.

ACHIEVEMENT: ✓

COMPLIANCE WITH LAWS AND REGULATIONS

Growthpoint has a developed compliance culture and ensures that it engages appropriate internal and external advice in relation to key areas of its operations.

ACHIEVEMENT: ✓

46 64 Refer to pages 46-47 and 64-71 of this Annual Report for ***details on compliance***

STAKEHOLDER ENGAGEMENT

The Board and management dedicate a significant amount of time to meeting with its key stakeholders particularly current and potential investors (including fund managers, brokers and retail investors), research providers, debt providers, service providers, regulators and leaders of the property industry.

ACHIEVEMENT: ✓

DEVELOPMENT OF PEOPLE AND CULTURE

Growthpoint Properties Australia commenced in August 2009, initially with three employees working from the offices of a third party fund manager and a newly established six-member board. Since then, it has established a management team of 13 and a Board of eight, set up offices and established independent and fulsome operations. As the property portfolio has grown, additional human and other resources have been added ensuring that Growthpoint has been able to maintain low management costs while also allowing Growthpoint to continue to operate as a professional A-REIT.

Growthpoint's four member executive management team have been at the helm of the business since 2009, ensuring the clear and consistent delivery of the business's strategy and guiding the portfolio's evolution.

Growthpoint provides an environment that nurtures and supports its directors and employees and contributes to the communities and environments in which it operates. Regular community and social events help advance Growthpoint's connections with its people and communities. Growthpoint has developed policies and procedures as it has grown in size and diversity and will continue to develop these as it continues to grow. Consistently positive results are received from the annual employee survey and management in conjunction with the Nomination, Remuneration & HR Committee seek to ensure that comments received and noted areas of weakness shown through this process are actively responded to.

ACHIEVEMENT: ✓

54 Refer to pages 54-55 of this Annual Report for ***detail about people***

50 Refer to pages 50-53 for ***details about sustainability***

WE SAID WE WOULD:

Increase distributions to Securityholders

WHAT WE ACHIEVED:

Distributions have increased steadily each year from 14.0 cents for the 2010 financial year to 19.0 cents for FY14 (35.7% growth) with 19.7 cents forecast for FY15 (40.7% growth)

OFFICE PORTFOLIO
REVIEW

Highlights for the year include, leasing 22,577m² to prime tenants at a WALE of 8.6 years and acquiring the NSW Police Headquarters office building for $241.1 million, an A-grade asset in Parramatta, NSW with a 9.9 year WALE. This leasing and acquisition has increased the Group's office portfolio WALE from 5.7 years as at 30 June 2013 to 6.5 years as at 30 June 2014 and increased the Group's exposure to the key NSW office market to 32% as at 30 June 2014, from 11% as at 30 June 2013.

Michael Green
Head of Property

FY14 proved to be another strong year for Growthpoint's office portfolio. A number of significant new tenants were welcomed highlighting the appeal of Growthpoint's modern and well-located assets.

The Group also successfully completed its largest acquisition to date, purchasing 1 Charles Street, Parramatta, NSW for $241.1 million. The A-Grade office property is fully leased to the NSW Police Department for a remaining 9.9 years.

ACQUISITIONS AND SALES

In June 2014, the Group announced the acquisition of 1 Charles Street, Parramatta, NSW; a 31,954.1m² office complex comprising two A-grade office towers both with large and efficient floor plates. The award winning buildings include a number of innovative design features such as environmental initiatives to minimize heat gain, reduce glare and harvest rainwater and boasts a 4.5 star NABERS Energy rating. The property also features a high car parking allocation of 444 underground car spaces.

The property was acquired for $241.1 million providing an FY15 yield of 7.6% and is fully leased to the 'AAA' rated NSW State Government with a significant remaining lease duration of 9.9 years plus a further 5 year option. The income stream benefits from fixed 3.5% rental increases per annum, with adjustments made quarterly. The buildings were designed for and house the NSW State Police Headquarters.

The property is strategically located at 1 Charles Street in the heart of the Parramatta CBD and benefits from excellent transport links and local amenities. The property enjoys close proximity to the Parramatta Transport Interchange (rail and bus) as well as Westfield Parramatta and Church Street Mall. 1 Charles Street is also positioned close to the $1.6 billion Parramatta Square redevelopment precinct, which will comprise a six stage development of residential apartments, commercial buildings and community facilities. Parramatta is the primary office CBD of Western Sydney with around 700,000m² of office space. The vacancy rate for "A grade" office in Parramatta is currently 0.5%[1], which compares favourably to other major Australian office markets. The location is expected to benefit significantly from the redevelopment of Parramatta Square and extensive government infrastructure spending in Western Sydney over the next decade including development of Sydney's second international and domestic airport at Badgery's Creek.

Growthpoint did not divest any properties during FY14.

OFFICE PORTFOLIO
KEY STATISTICS
AS AT 30 JUNE 2014

$1,049.8m
TOTAL VALUE
30 June 2013: $797.3m

7.8%
AVERAGE CAP RATE
30 June 2013: 8.4%

50%
OF GROWTHPOINT PORTFOLIO
30 June 2013: 47%

97%
OCCUPANCY
30 June 2013: 97%

6.5yrs
WALE
30 June 2013: 5.7 years

1. Jones Lang LaSalle research (Q4, 2013 data)

NEW / EXTENEDED OFFICE LEASES FOR FY14

ADDRESS			TENANT	*Start date*	*Term (yrs)*	*Annual rent increases*	*NLA (m²)*
CB1, 22 Cordelia St	South Brisbane	QLD	SW1 Kitchen & Garden Bar	Q1, FY14	11.0	Fixed 4.00%	122
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	The Media Store Pty Ltd	Q1, FY14	7.0	Fixed 3.50%	1,075
CB1, 22 Cordelia St	South Brisbane	QLD	Toyota Tsusho	Q2, FY14	10.0	Fixed 3.75%	994
A4, 52 Merivale St	South Brisbane	QLD	Fuji Xerox	Q2, FY14	3.0	Fixed 4.00%	186
CB1, 22 Cordelia St	South Brisbane	QLD	Quanta Services Australia	Q3, FY14	10.0	Fixed 4.00%	1,379
333 Ann St	Brisbane	QLD	Anne Street Partners	Q3, FY14	7.0	Fixed 3.75%	867
A1, 32 Cordelia St	South Brisbane	QLD	Sabre Pacific	Q3, FY14	5.0	Fixed 4.00%	208
A4, 52 Merivale St	South Brisbane	QLD	Belle Property	Q4, FY14	3.0	Fixed 3.75%	142
1231-1241 Sandgate Rd	Nundah	QLD	QInvest	Q4, FY14	7.5	Fixed 4.00%	90
1231-1241 Sandgate Rd	Nundah	QLD	Studio Pilates	Q4, FY14	7.0	Fixed 3.50%	99
1231-1241 Sandgate Rd	Nundah	QLD	Edo Australia	Q4, FY14	7.0	Fixed 4.00%	113
333 Ann St	Brisbane	QLD	Queensland Local Government Superannuation Board	Q4, FY14	10.0	Fixed 3.75%	1,734
CB1, 22 Cordelia St	South Brisbane	QLD	Downer EDI Mining	Q4, FY14	8.0	Fixed 3.75%	5,636
CB1, 22 Cordelia St	South Brisbane	QLD	AMP Services Limited	Q4, FY14	3.6	Fixed 4.00%	1,382
CB2, 42 Merivale St	South Brisbane	QLD	Peabody Energy Australia	Q4, FY14	10.0	Fixed 3.75%	5,762
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	Telstra Corporation	Q4, FY14	10.0	Fixed 3.50%	2,788
TOTAL/WEIGHTED AVERAGE					**8.6**	**3.75%**	**22,577**

LEASING

Growthpoint successfully leased approximately 22,600m² of office space during FY14 with a weighted average lease expiry of 8.6 years. This includes a combination of leasing renewals and welcoming new quality tenants such as Telstra Corporation, Toyota Tsusho and Peabody Energy. Particularly pleasing was the 18,000m² of leasing undertaken in the Brisbane and Brisbane Fringe office markets, which have been challenging markets over the last 18 months. Growthpoint's office portfolio remained 97% occupied at 30 June 2014.

LOOKING FORWARD

FY15 will be another year focused on leasing within the Brisbane office market with approximately 14,000m² of quality property being either available to lease or potentially becoming available to lease. Growthpoint's strong track record within this market and its modern and well located office properties provide a good opportunity to achieve another healthy year of office leasing.

Accretive, well leased, modern office properties with strong green credentials will also be on Growthpoint's acquisition agenda.

As ever, Growthpoint's Asset Managers will be focused on continuing the business' strong relationship with its tenants and ensuring that properties are well managed and fully tenanted.

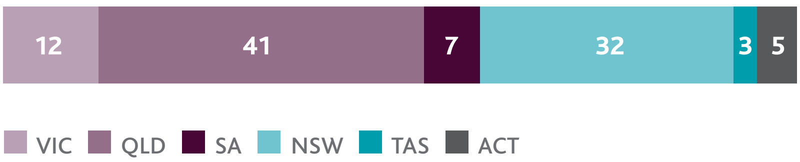
GEOGRAPHIC DIVERSITY (%)

BY MARKET VALUE, AS AT 30 JUNE

2009

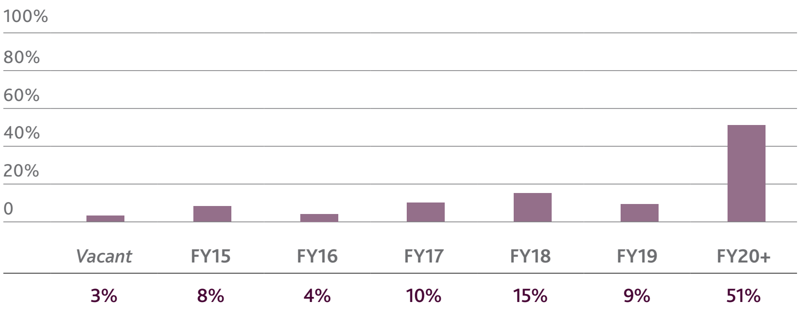
Not applicable as portfolio 100% industrial

2014 AS AT 30 JUNE



OFFICE PORTFOLIO LEASE EXPIRY PROFILE

PER FINANCIAL YEAR



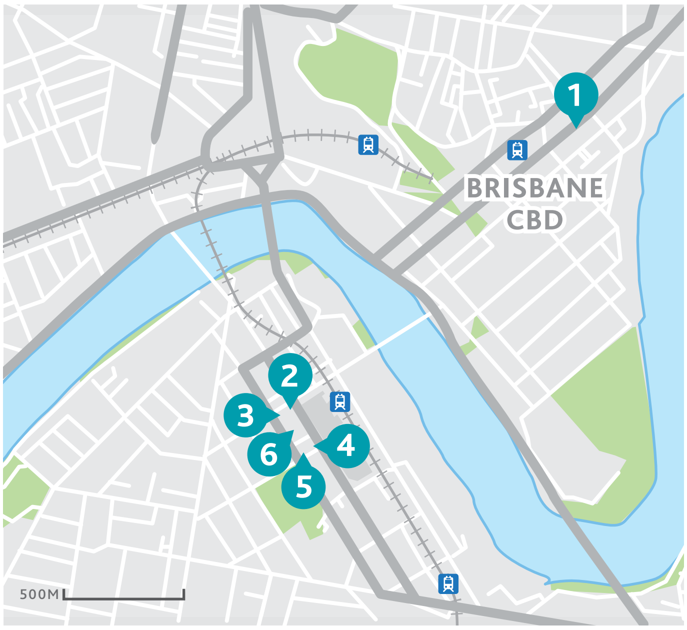
OFFICE PORTFOLIO

PROXIMITY OF ASSETS TO KEY INFRASTRUCTURE

MAP KEY

1	*Asset locations*
	Airport
	Train station

QUEENSLAND



BRISBANE CBD AND SOUTH BRISBANE

1. 333 Ann St, Brisbane
2. CB2, 42 Merivale St, South Brisbane
3. CB1, 22 Cordelia St, South Brisbane
4. A4, 52 Merivale St, South Brisbane
5. A1, 32 Cordelia St, South Brisbane
6. Car park, 32 Cordelia St & 52 Merivale St, South Brisbane

333 ANN STREET: Situated on a prominent corner, 333 Ann Street offers immediate access to all forms of public transport in a desirable CBD location.

SW1, SOUTH BRISBANE: The SW1 office buildings occupy a prime corner site in Brisbane's premier fringe office location. It offers immediate access to the city, an easy journey to Brisbane Airport, combined with the many cafes and restaurants that South Bank and the cultural precinct has to offer.

Refer to page 26 for key

SOUTH AUSTRALIA

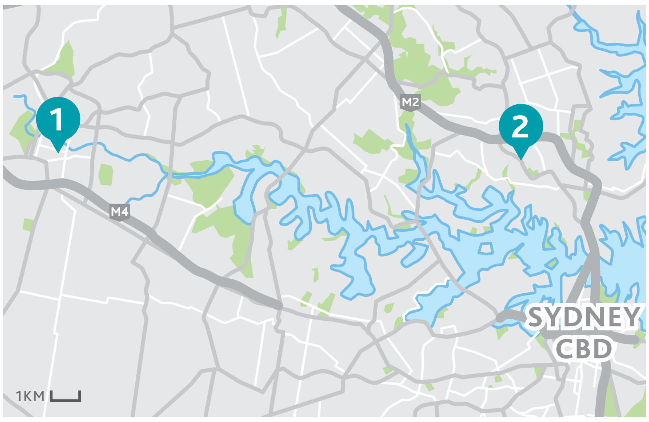
ADELAIDE

1. WorldPark, 33-39 Richmond Rd, Keswick
2. 7 Laffer Dr, Bedford Park

WORLDPARK: The property is the first stage of the WorldPark office development situated within a fringe office market just 1 kilometre west of the Adelaide CBD and is in close proximity to Adelaide Airport. Access is well provided via several state routes, whilst the Keswick train station and bus routes are in close proximity.

7 LAFFER DRIVE: The property is situated within a mixed use precinct known as Science Park which includes offices, a university, medical centre and hospital. The precinct benefits from immediate access to the Southern Expressway and is approximately 12 kilometres south of the Adelaide CBD.

NEW SOUTH WALES



SYDNEY

1. 1 Charles St, Parramatta
2. Bldg C, Gore Hill Technology Park, 219-247 Pacific Hwy, Artarmon

BLDG C, GORE HILL: The office building forms part of the Gore Hill Technology Park and benefits from frontage to the Pacific Highway. Gore Hill is a commercial mixed use location with good transport links, a TAFE, hospital and future planned sports and recreation centre and is 7 kilometres north-west of the Sydney CBD.

1 CHARLES STREET: this property is strategically located in the heart of the Parramatta CBD and benefits from excellent transport links and local amenities. The property enjoys close proximity to the Parramatta Transport Interchange (rail and bus) as well as super-regional Scentre Parramatta and Church Street Mall.

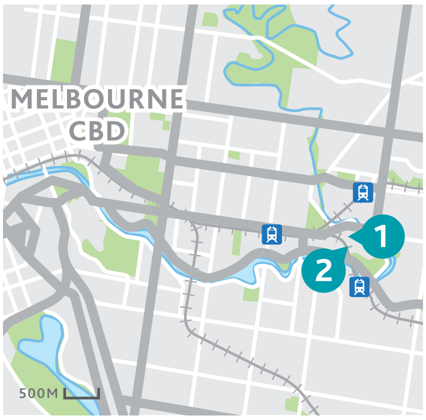
AUSTRALIAN CAPITAL TERRITORY

CANBERRA

1. 10-12 Mort St, Canberra

Situated on a prominent corner location within Canberra's CBD, the property provides immediate access to bus interchanges. Surrounding properties include established office and retail buildings.

VICTORIA

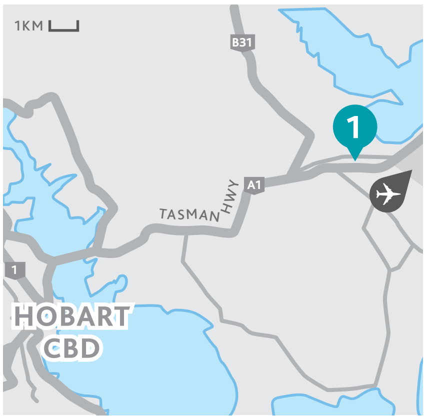


MELBOURNE

1. GE Bldg 2, 572-576 Swan St, Richmond
   GE Bldgs 1&3, 572-576 Swan St, Richmond
2. Car park, 572-576 Swan St, Richmond

The properties are located within the established Botanicca Corporate Park which is a prominent inner east suburban precinct consisting of office buildings, with retail food outlets and a gym. Tram services adjoin the precinct and 3 train stations are nearby.

TASMANIA



HOBART

1. 89 Cambridge Park Dr, Cambridge

The property forms part of Cambridge Park which is a developing office, retail and industrial area and includes a bulky goods complex. Cambridge is conveniently situated approximately 1 kilometre west of the Hobart Airport and 13 kilometres east of the Hobart CBD, and is accessed via the Tasman Highway.

OFFICE PORTFOLIO

PROPERTY PROFILES

AS AT 30 JUNE 2014

$1,049.8m

TOTAL VALUE AS AT 30 JUNE 2014

30 June 2013: $797.3m

WWW for *more information on each property* please go to *growthpoint.com.au/property-portfolio/overview/*

VICTORIA

GE BUILDING 2, 572-576 SWAN ST, RICHMOND

Book Value	*WALE*	*Cap rate*
$75.0m	3.7yrs	8.25%

GE BUILDINGS 1&3, 572-576 SWAN ST, RICHMOND

Book Value	*WALE*	*Cap rate*
$52.0m	3.7yrs	8.25%

CAR PARK, 572-576 SWAN ST, RICHMOND

Book Value	*WALE*	*Cap rate*
$1.2m	3.7yrs	12.00%

QUEENSLAND

333 ANN ST, BRISBANE

Book Value	*WALE*	*Cap rate*
$95.0m	3.0yrs	8.00%

ENERGEX BUILDING, 1231-1241 SANDGATE RD, NUNDAH

Book Value	*WALE*	*Cap rate*
$87.8m	12.2yrs	7.50%

QLD *(cont.)*

CB1, 22 CORDELIA ST, SOUTH BRISBANE

Book Value	*WALE*	*Cap rate*
$69.0m	7.7yrs	7.75%

A1, 32 CORDELIA ST, SOUTH BRISBANE

Book Value	*WALE*	*Cap rate*
$64.5m	4.3yrs	8.00%

A4, 52 MERIVALE ST, SOUTH BRISBANE

Book Value	*WALE*	*Cap rate*
$57.0m	1.7yrs	8.25%

CB2, 42 MERIVALE ST, SOUTH BRISBANE

Book Value	*WALE*	*Cap rate*
$45.0m	8.9yrs	7.50%

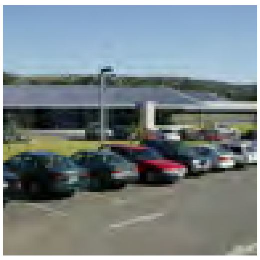
CAR PARK, 32 CORDELIA ST & 52 MERIVALE ST, SOUTH BRISBANE

Book Value	*WALE*	*Cap rate*
$10.4m	0.4yrs	8.25%

SOUTH AUSTRALIA

WORLDPARK, 33-39 RICHMOND RD, KESWICK

Book Value	*WALE*	*Cap rate*
$57.0m	9.0yrs	8.25%



7 LAFFER DRIVE, BEDFORD PARK

Book Value	*WALE*	*Cap rate*
$17.8m	4.1yrs	10.25%

ACT

10-12 MORT ST, CANBERRA

Book Value	*WALE*	*Cap rate*
$57.5m	2.7yrs	8.50%

TASMANIA

89 CAMBRIDGE PARK DR, CAMBRIDGE

Book Value	*WALE*	*Cap rate*
$26.7m	9.8yrs	9.00%

NEW SOUTH WALES

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

Book Value	*WALE*	*Cap rate*
$92.8m	7.7yrs	7.50%

NEW SOUTH WALES *(cont.)*

LATEST ACQUISITION

1 CHARLES STREET, PARRAMATTA, NSW

The property comprises a prominent A-grade commercial office building consisting of two inter-connecting towers and was completed in 2003.

The building was purpose built for, and is fully leased to, the NSW Police and is utilised as their headquarters with a remaining lease term of 9.9 years.

The property is located in the heart of the Parramatta CBD and benefits from excellent transport links and local amenities.

PROPERTY KEY METRICS

$241.1m
PURCHASE PRICE

7.00%
CAP RATE

9.9yrs
WALE

7.6%
FY15 INCOME YIELD

INDUSTRIAL PORTFOLIO
REVIEW

Growth was the overriding theme of the Group's industrial portfolio in FY14 with valuation growth from existing assets and acquisitions totalling over $100 million.

ACQUISITIONS

In December 2013, the Group purchased 213-215 Robinsons Road, Ravenhall, Victoria in Melbourne's prime western logistics corridor. The property comprises 21,092m² of open plan offices, warehousing and production facilities leased to Fuji Xerox Businessforce for 15 years from July 2010. The purchase price of $23.2 million provided an initial yield of 8.5%.

The Group also purchased a portfolio of four Victorian properties from developer Australand. The aggregate purchase price of $60.9 million provided an initial yield of 8.0%. The portfolio comprised:

1. **9-11 DRAKE BOULEVARD, ALTONA** comprising three adjoining high-bay warehouse units totalling 25,743m². This development "fund through" was purchased with a five year income guarantee from Australand Group. Practical completion was achieved in early December and all three units have now been leased (see below)
2. **19 AND 20 SOUTHERN COURT, KEYSBOROUGH**. Two stand-alone high-bay warehouse buildings located on the Keys Estate adjoining the Eastlink toll road in Melbourne's south-east. 19 Southern Court comprises 6,455m² and was leased prior to practical completion. 20 Southern Court comprises 11,430m² and remains subject to the 5 year income support agreement from the developer.
3. **120-132 ATLANTIC DRIVE, KEYSBOROUGH**. A 12,864m² warehouse/office facility fully leased to Symbion for a term of 15 years expiring 20 December 2028. The annual rent of $1.31 million includes rentalised land of 3,000m² earmarked for future expansion.

In April 2014, the Group purchased 99-103 William Angliss Drive, Laverton North, Victoria for $19.85 million in a 'sale and leaseback' transaction. The tenant, Scott's Refrigerated Freightways, took a new 15 year lease at a net rental of $1.65 million providing an initial income yield of 8.3%. The premises comprise 8,871m² of refrigerated warehousing, offices, workshop and ancillary facilities. The tenant was acquired by ASX-listed Automotive Holdings Group (ASX:AHE) during the transaction and has the option to expand the property within the first two years of the lease at a cost of up to $6 million. If the expansion proceeds as expected, Growthpoint's development costs, including a margin, would be covered by higher corresponding rent and the lease term will be reset to 15 years.

“

Our industrial portfolio is underpinned by tenants' logistics hubs for everyday essentials such as food, groceries and pharmaceuticals but also a diversity of building, automotive and consumer products. Growthpoint's industrial portfolio is well-placed to benefit from the continued demand for quality logistics space.

Andrew Fitt
Senior Asset Manager

INDUSTRIAL PORTFOLIO
KEY STATISTICS
AS AT 30 JUNE 2014

$1,043.9m
TOTAL VALUE
30 June 2013: $897.2m

8.0%
AVERAGE CAP RATE
30 June 2013: 8.3%

50%
OF GROWTHPOINT PORTFOLIO
30 June 2013: 53%

99%
OCCUPANCY
30 June 2013: 100%

7.3yrs
WALE
30 June 2013: 7.9 years

NEW / EXTENDED INDUSTRIAL LEASES FOR FY14

ADDRESS			TENANT	*Start date*	*Term (yrs)*	*Annual rent increases*	*NLA (m²)*
27-49 Lenore Dr	Erskine Park	NSW	Linfox	Q1, FY14	10.0	CPI	29,476
9-11 Drake Blvd	Altona	VIC	Atlas Specialty Metals	Q2, FY14	5.0	Fixed 3.50%	5,481
120-132 Atlantic Dr	Keysborough	VIC	Symbion	Q2, FY14	15.0	Fixed 3.50%	12,864
9-11 Drake Blvd	Altona	VIC	Prolife Foods	Q3, FY14	5.0	Fixed 3.50%	6,637
19 Southern Crt	Keysborough	VIC	Transms	Q4, FY14	5.0	Fixed 3.50%	6,455
9-11 Drake Blvd	Altona	VIC	Peter Stevens Motorcycles	Q4, FY14	10.0	Fixed 3.50%	13,625
Lots 2-4, 44-54 Raglan St	Preston	VIC	Paper Australia	Q1, FY14	6.0	CPI *(min 2%, max 4%)*	26,980
TOTAL/ WEIGHTED AVERAGE					**9.2**	**3.2%[1]**	**101,518**

1. Assumes CPI of 3.0% per annum as per ABS release for year to 30 June 2014.

LEASING

During the year, the Group averted a significant lease expiry by renewing the lease of Lots 2-4, 44-54 Raglan Street, Preston with Paper Australia. The new six year lease from 1 September 2013 extends over four buildings totalling 26,980m².

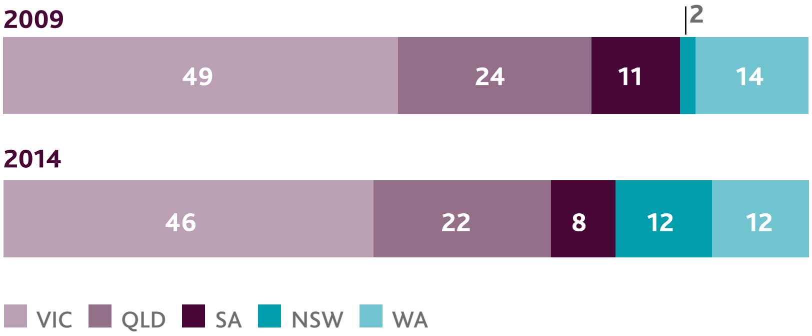
All three units at 9-11 Drake Boulevard, Altona were leased during the period. Warehouse B (5,481m²) was leased to Atlas Speciality Metals and Warehouse C (6,637m²) was leased to Prolife Foods. Both tenants signed 5 year leases at net rents of $80 per square metre in line with the income guarantee from the developer Australand. The larger Warehouse A (13,625m²) was leased to Peter Stevens Motorcycles for a term of 10 years at a net rental of $75 per square metre. The tenant has subsequently notified the Group it intends to undertake additional fitout works by expanding the ground floor offices and in accordance with the lease, the total cost, not exceeding $800,000, will lead to higher corresponding rent.

19 Southern Court, Keysborough was leased to Transms trading as TMS Transport Management Solutions prior to practical completion. The net rent achieved over the 6,455m² warehouse was $90 per square metre for a five year lease. Neighbouring 20 Southern Court comprises 11,430m² of high-bay warehousing available for lease at a net rent of $85 per square metre although Growthpoint has the benefit of a rental guarantee from Australand for 5 years from April 2014.

As at the financial year end the Group's industrial portfolio was 99% leased. The sole vacancy is 306-318 Abbotts Road, Dandenong South, Victoria. The standalone 10,714m² warehouse/manufacturing unit located on a prominent site adjacent to the South Gippsland Freeway is being actively marketed for lease or for sale.

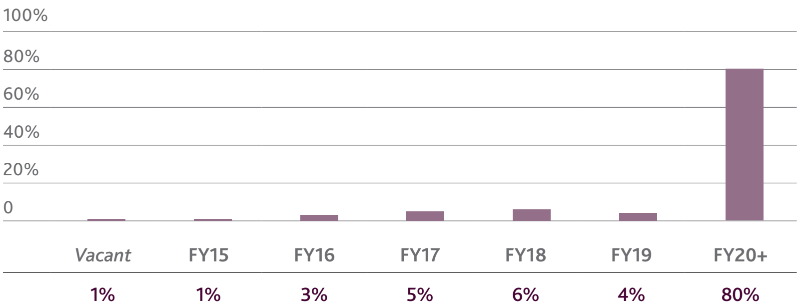
GEOGRAPHIC DIVERSITY (%)

BY MARKET VALUE, AS AT 30 JUNE



INDUSTRIAL PORTFOLIO LEASE EXPIRY PROFILE

PER FINANCIAL YEAR



LOOKING AHEAD

The Group is actively seeking to maximise returns by exploring expansion opportunities within the portfolio. Discussions are also well underway with tenants whose leases expire in FY16 and beyond as the Group seeks to extend the WALE of its portfolio. The Group continues to consider opportunities to grow its portfolio through acquisition. The market is currently experiencing strong demand for industrial assets which represents somewhat of a double edged sword in that there is increased competition for quality assets which meet the Group's investment criteria. However, the strength of buyer demand is expected to drive further yield compression and hence valuation growth for the Group's existing industrial assets.

INDUSTRIAL PORTFOLIO

PROXIMITY OF ASSETS TO KEY INFRASTRUCTURE

MAP KEY

- *Asset locations*
- *Airport*
- *Port*
- *CBD*

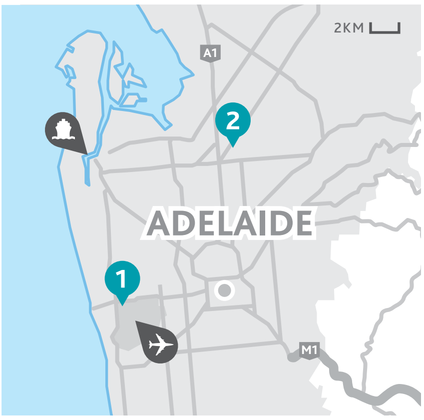
WESTERN AUSTRALIA

PERTH AIRPORT

1 2 Horrie Miller Drive, Perth Airport

Situated within the boundaries of Perth Airport 10km east of Perth's CBD. The regional distribution centre adjoins major arterial roadways and services all of Western Australia.

SOUTH AUSTRALIA



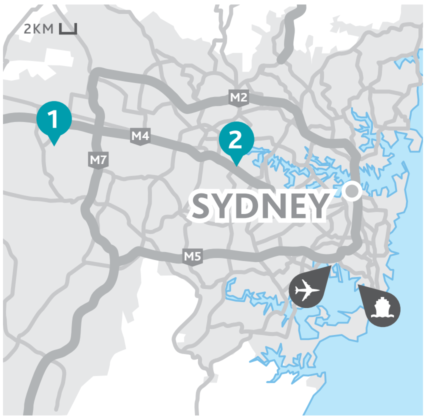
ADELAIDE AIRPORT AND SURROUNDS

1 10 Butler Blvd, Adelaide Airport
12-16 Butler Blvd, Adelaide Airport

2 599 Main North Rd, Gepps Cross

Butler Boulevard is located on airport land and offers direct 'airside' access to Adelaide Airport. The distribution centre in Gepps Cross, which services all of South Australia and the Northern Territory, is close to the Adelaide Produce Market and Main North Road, a main arterial route.

NEW SOUTH WALES



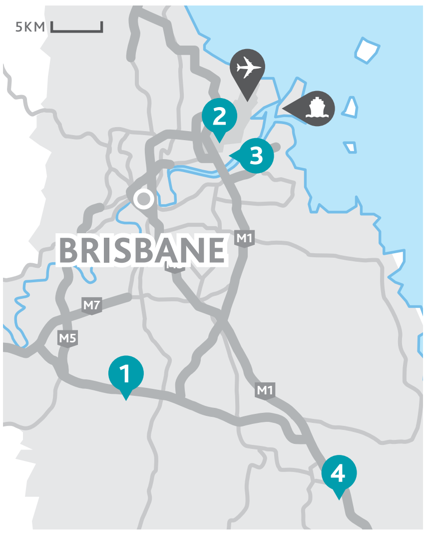
WESTERN SYDNEY

1 27-49 Lenore Dr, Erskine Park
6-7 John Morphett Pl, Erskine Park
51-65 Lenore Dr, Erskine Park

2 81 Derby St, Silverwater

Areas around the M4/M7 nexus have emerged as the main logistics locations serving the conurbation. Significant infrastructure investment in the area includes Sydney's proposed second international airport, road building/upgrades and intermodal facilities.

QUEENSLAND



SOUTHERN BRISBANE

1 70 Distribution St, Larapinta

25km south of Brisbane's CBD with excellent links to the Logan Motorway which forms part of Brisbane's extensive motorway network. The distribution centre services the whole of South East Queensland, perennially among Australia's fastest growing regions, and northern New South Wales.

BRISBANE AIRPORT

2 5 Viola Pl, Brisbane Airport
3 Viola Pl, Brisbane Airport

3 670 Macarthur Ave, Pinkenba

Brisbane Airport and Pinkenba form part of the industrial and distribution hub known as the 'Australia TradeCoast' located 6km from Brisbane's CBD. The region also includes the Port of Brisbane and has direct links to air, sea, road and rail infrastructure networks.

SOUTH EAST BRISBANE

4 13 Business St, Yatala
29 Business St, Yatala
10 Gassman Dr, Yatala

Situated between Queensland's two largest cities, Brisbane and Gold Coast with immediate access to the M1 Pacific Motorway, the main road linking Brisbane and Sydney. Yatala Enterprise Area is designated as a Major Development Area by the State Government and a growing manufacturing and distribution hub.

WE SAID WE WOULD:

Diversify tenant base

WHAT WE ACHIEVED:

2009:

70% of revenue from Woolworths

2014*:

- *24% Woolworths*
- *10% NSW Police*
- *6% GE*
- *5% Linfox*
- *4% Commonwealth of Australia*
- *3% Jacobs Engineering Group*
- *3% Energex*

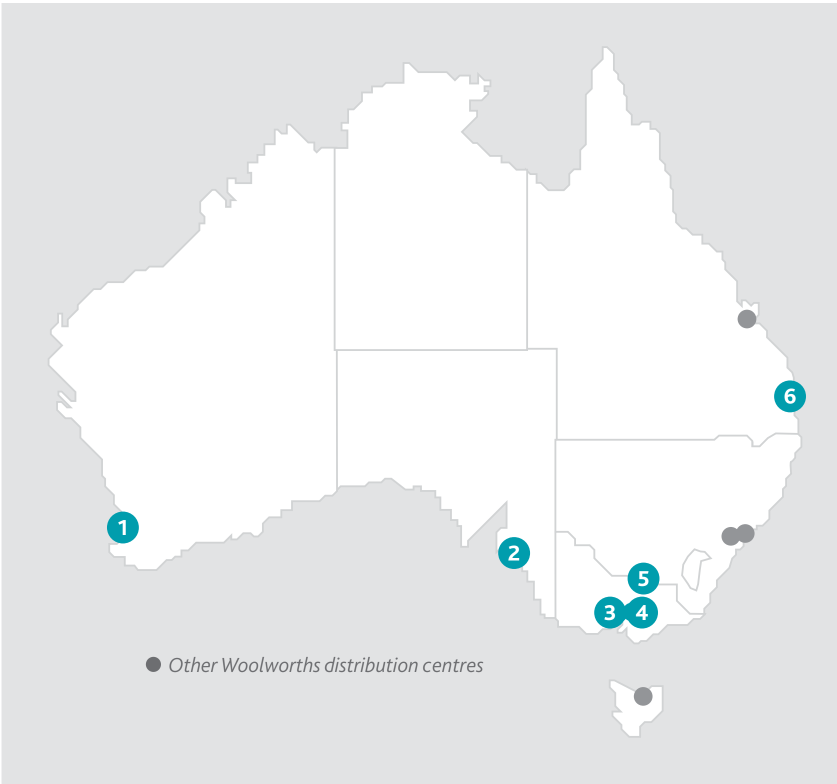
* Change solely due to acquisition of additional assets.

WOOLWORTHS DISTRIBUTION CENTRES IN AUSTRALIA

DISTRIBUTION CENTRES OWNED BY GROWTHPOINT

Growthpoint owns six out of the 10 regional grocery distribution centres in Woolworths' grocery supply chain accounting for an estimated 80% of Woolworths' grocery supply chain capacity by volume (excluding liquor).

1. 2 Horrie Miller Dr, Perth Airport, WA
2. 599 Main North Rd, Gepps Cross, SA
3. 120 Northcorp Blvd, Broadmeadows, VIC
4. 522-550 Wellington Rd, Mulgrave, VIC
5. 28 Bilston Dr, Wodonga, VIC
6. 70 Distribution St, Larapinta, QLD



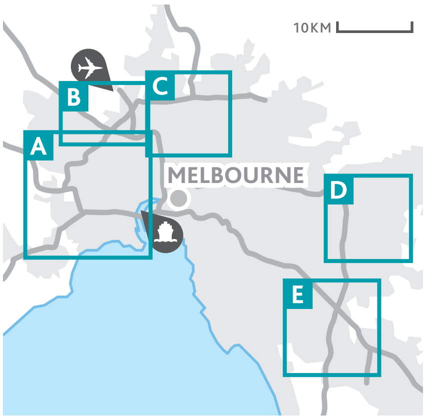
PROXIMITY OF KEY ASSETS TO KEY INFRASTRUCTURE CONTINUED

VICTORIA

NORTHERN VICTORIA

1. 28 Bilston Dr, Wodonga

Wodonga is the fastest growing regional city in Victoria and together with Albury forms a twin-town on the border between Australia's two most populous states. The regional distribution centre is a key part of Woolworth's supply chain network and services the Australian Capital Territory, northern Victoria, the New South Wales Riverina and hinterland.



MELBOURNE SUB-MARKETS

The above map shows the location of Melbourne's major industrial and logistics sub-markets each of which is separately shown in the succeeding maps.

WESTERN MELBOURNE

1. 9-11 Drake Blvd, Altona
2. 365 Fitzgerald Rd, Derrimut
3. 213-215 Robinsons Rd, Ravenhall
4. 99-103 William Angliss Dr, Laverton Nth

Melbourne's newest and arguably pre-eminent logistics location benefitting from proximity to Australia's busiest port, the Port of Melbourne, with excellent freeway connections and access to labour in the city's rapidly expanding western growth corridor.

NORTHERN MELBOURNE

1. 120 Northcorp Blvd, Broadmeadows
2. Lots 2-4, 44-54 Raglan St, Preston

Broadmeadows is close to Melbourne Airport, the Metropolitan Ring Road and the Hume Freeway, the main roadway to Sydney. Raglan Street is within a tightly held industrial pocket surrounded by residential and retail development in the inner northern suburb of Preston.

EASTERN MELBOURNE

1. 42-44 Garden St, Kilsyth
2. 31 Garden St, Kilsyth

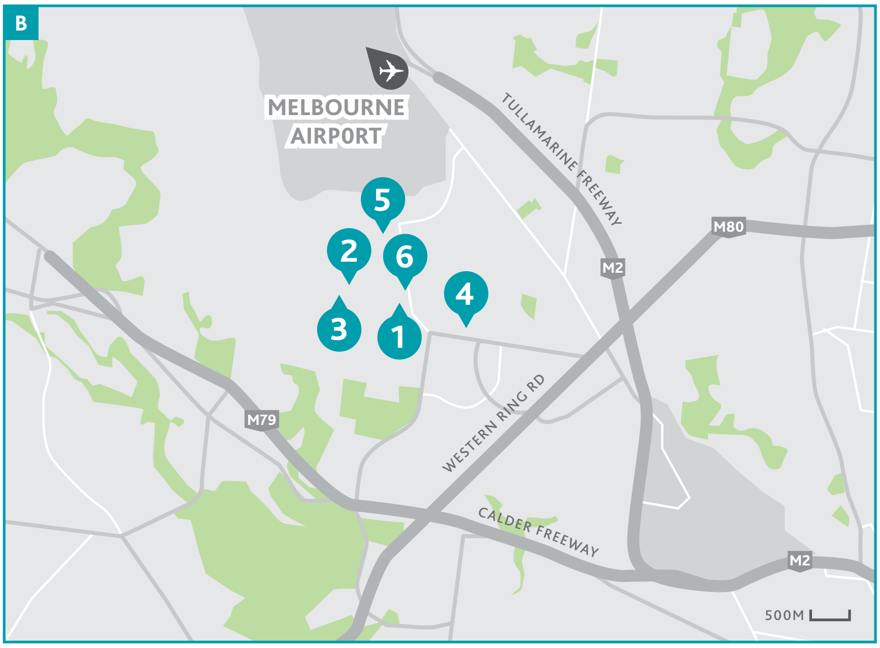
Kilsyth is an established industrial area recently improved by the opening of the EastLink toll road and providing proximity to a skilled labour force and executives in Melbourne's populous outer east.

SOUTH EASTERN MELBOURNE

1. 522-550 Wellington Rd, Mulgrave
2. 19&20 Southern Court, Keysborough
   120-132 Atlantic Drive, Keysborough
3. 306-318 Abbotts Rd, Dandenong South

Melbourne's south-eastern growth corridor has been enhanced with improved road links following the opening of the EastLink toll road. A proposed intermodal facility and a deep water port at Hastings to the south are among a raft of significant infrastructure proposals for an area with ready access to a skilled labour force.

Refer to page 32 for key



MELBOURNE AIRPORT

1. 40 Annandale Rd
2. 60 Annandale Rd
3. 75 Annandale Rd
4. 130 Sharps Rd
5. 120 Link Rd
6. 45-55 South Centre Rd

Melbourne Airport Business Park is located within Australia's busiest airport for international and domestic freight and a key location not only for air freight related businesses but for general transport and logistics.

INDUSTRIAL PORTFOLIO

PROPERTY PROFILES

AS AT 30 JUNE 2014

$1,043.9m

TOTAL VALUE AS AT 30 JUNE 2014

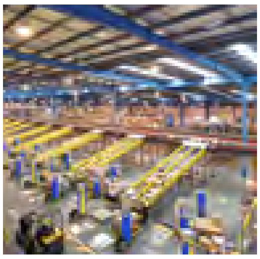
30 June 2013: $897.2m

WWW for *more information on each property* please go to *growthpoint.com.au/property-portfolio/overview/*

VICTORIA

28 BILSTON DR, WODONGA

Book Value	WALE	Cap rate
$75.5m	7.1yrs	8.00%



120 NORTHCORP BLVD, BROADMEADOWS

Book Value	WALE	Cap rate
$69.5m	7.1yrs	7.75%

522-550 WELLINGTON RD, MULGRAVE

Book Value	WALE	Cap rate
$55.0m	7.1yrs	7.75%

40 ANNANDALE RD, MELBOURNE AIRPORT

Book Value	WALE	Cap rate
$36.6m	5.0yrs	9.00%

9-11 DRAKE BLVD, ALTONA

Book Value	WALE	Cap rate
$25.9m	7.2yrs	7.75%

VIC *(cont.)*

213-215 ROBINSONS RD, RAVENHALL

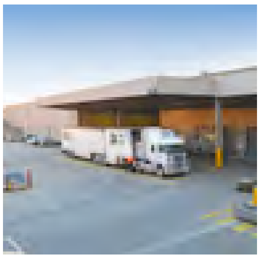
Book Value	WALE	Cap rate
$24.8m	11.0yrs	7.75%

130 SHARPS RD, MELBOURNE AIRPORT

Book Value	WALE	Cap rate
$23.4m	8.0yrs	9.00%

99-103 WILLIAM ANGLISS DR, LAVERTON NORTH

Book Value	WALE	Cap rate
$21.2m	14.7yrs	7.75%



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

Book Value	WALE	Cap rate
$19.7m	5.2yrs	8.75%

42-44 GARDEN ST, KILSYTH

Book Value	WALE	Cap rate
$18.8m	3.2yrs	8.75%

VIC *(cont.)*

120-132 ATLANTIC DR, KEYSBOROUGH

Book Value	WALE	Cap rate
$17.9m	14.5yrs	7.50%

120 LINK RD, MELBOURNE AIRPORT

Book Value	WALE	Cap rate
$17.4m	2.6yrs	9.50%

365 FITZGERALD RD, DERRIMUT

Book Value	WALE	Cap rate
$16.1m	5.7yrs	7.75%

60 ANNANDALE RD, MELBOURNE AIRPORT

Book Value	WALE	Cap rate
$13.0m	3.8yrs	9.50%

20 SOUTHERN CRT, KEYSBOROUGH

Book Value	WALE	Cap rate
$12.1m	4.8yrs	8.00%

VIC *(cont.)*

45-55 SOUTH CENTRE RD, MELBOURNE AIRPORT

Book Value	WALE	Cap rate
$8.7m	2.7yrs	9.50%

31 GARDEN ST, KILSYTH

Book Value	WALE	Cap rate
$8.5m	4.4yrs	8.50%

306-318 ABBOTTS RD, DANDENONG SOUTH

Book Value	WALE	Cap rate
$8.0m	0.0yrs	8.75%

19 SOUTHERN CRT, KEYSBOROUGH

Book Value	WALE	Cap rate
$7.3m	4.8yrs	8.00%

75 ANNANDALE RD, MELBOURNE AIRPORT

Book Value	WALE	Cap rate
$6.9m	2.3yrs	9.75%

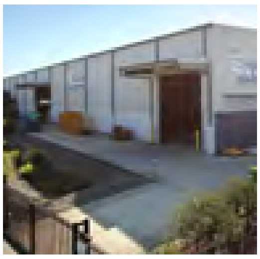
QUEENSLAND

70 DISTRIBUTION ST, LARAPINTA

Book Value	WALE	Cap rate
$173.2m	7.7yrs	7.75%

13 BUSINESS ST, YATALA

Book Value	WALE	Cap rate
$14.3m	5.2yrs	8.25%



29 BUSINESS ST, YATALA

Book Value	WALE	Cap rate
$11.9m	2.8yrs	8.50%

5 VIOLA PL, BRISBANE AIRPORT

Book Value	WALE	Cap rate
$11.2m	1.5yrs	9.50%

670 MACARTHUR AVE, PINKENBA

Book Value	WALE	Cap rate
$8.6m	1.1yrs	8.25%

QLD *(cont.)*

10 GASSMAN DR, YATALA

Book Value	WALE	Cap rate
$5.0m	3.3yrs	8.25%

3 VIOLA PL, BRISBANE AIRPORT

Book Value	WALE	Cap rate
$2.2m	8.7yrs	9.00%

NEW SOUTH WALES

27-49 LENORE DR, ERSKINE PARK

Book Value	WALE	Cap rate
$51.0m	9.2yrs	7.25%

6-7 JOHN MORPHETT PL, ERSKINE PARK

Book Value	WALE	Cap rate
$39.2m	5.6yrs	7.75%

51-65 LENORE DR, ERSKINE PARK

Book Value	WALE	Cap rate
$25.5m	13.7yrs	7.25%

NSW *(cont.)*

81 DERBY ST, SILVERWATER

Book Value	WALE	Cap rate
$13.6m	3.2yrs	8.25%

WESTERN AUSTRALIA

2 HORRIE MILLER DR, PERTH AIRPORT

Book Value	WALE	Cap rate
$121.0m	11.3yrs	8.00%

SOUTH AUSTRALIA

599 MAIN NORTH RD, GEPPS CROSS

Book Value	WALE	Cap rate
$62.7m	7.1yrs	7.75%

12-16 BUTLER BLVD, ADELAIDE AIRPORT

Book Value	WALE	Cap rate
$11.0m	1.4yrs	9.50%

10 BUTLER BLVD, ADELAIDE AIRPORT

Book Value	WALE	Cap rate
$7.6m	3.6yrs	9.50%

SPOTLIGHT ON RETAIL

Although Growthpoint has a mandate to invest in retail property, the investment metrics of this sector versus office and industrial, Growthpoint's current cost of capital and the limited availability of good quality retail property of sufficient scale in Australia mean it is unlikely that Growthpoint will make a meaningful investment in this sector in the short-medium term. However, Growthpoint continues to monitor opportunities.

Andrew Kirsch
Asset Manager

CURRENT RETAIL EXPOSURE

Growthpoint has an investment mandate for industrial, office and retail property throughout Australia. At present the only retail investments in the portfolio are at several of the Group's office properties which have small retail tenancies servicing the occupants of the office floors above.

Comprising just a small part of each office building, these cafes, restaurants and other retail services offer office workers a variety of eating options and convenient services which make the Growthpoint offices desirable places to work.

These retail offerings add value to the office buildings and are likewise supported by the office tenants.

BOARD REVIEW

To date, the Group's investments have only been in the industrial and office sectors (other than ancillary uses of office buildings noted above).

Growthpoint's Board recently re-evaluated diversification of the portfolio into retail property and decided not to pursue significant investment into the retail sector in the short term. The rationale for this decision is set out below.

QUALITY RETAIL IS RELATIVELY LOW YIELDING

Most importantly, because investment in quality retail property is more expensive and lower yielding than the equivalent quality of office and industrial opportunities. Growthpoint remains focussed on not diluting the quality of its portfolio making a meaningful investment in the retail sector difficult given its relatively high cost of capital.

STRUCTURAL CHALLENGES FOR RETAILERS

Since the global financial crisis, retail property has on average underperformed the office and industrial sectors, with adjustments to consumer spending, retail turnover and rental levels continuing to affect this sector. Throughout the first half of 2014, retail sales growth has begun to recover, however the growth is mixed. Cafes, restaurants and food services continue to grow at a rapid pace, however, other areas continue to struggle and tenant demand remains relatively subdued. International retailers continue to expand into the local market underpinning several new large retail offerings, but this new competition adds to a range of challenges for domestic retailers. The outlook for the remainder of 2014 is improving, with many retail drivers appearing to support the initial stages of a recovery. Continued low interest rates and more stable levels of consumer confidence should support the retail market, however, slowing wages growth and structural changes to retail spending, particularly from the internet, may weigh on the market long term.

RETAIL EXPERTISE

Retail, particularly shopping centres, requires specialised skills. Although Growthpoint's team primarily comprises property professionals, it does not have a dedicated retail team. If the Group wanted to own and manage retail properties in the same way it does industrial and office properties, it would need to bring in this expertise. Accordingly, any significant investment would likely require the acquisition of suitably experienced people (likely to occur via M&A) or co-investment with a specialist retail owner.

FUTURE CONSIDERATIONS

Notwithstanding the foregoing, the Group will maintain a watching brief for future retail opportunities.

ADDING VALUE FOR OUR TENANTS

RETAIL TENANCIES AT **SW1, SOUTH BRISBANE, QLD**

Part of what makes SW1 such a desirable location are the ground floor communal areas populated by various restaurants, bars, cafes and other retail offerings

- These retail tenancies provide the SW1 office tenants and local residents a great place to grab a coffee, have a meal before a show in the nearby cultural precinct, or have a quick bite for lunch.
- We are proud that SW1 continues to be a vibrant, environmentally sustainable office, retail, food and living precinct.
- Growthpoint thoughtfully plans the mix of retail tenants at each of its offices to ensure they make each building a great place to work.

FINANCIAL MANAGEMENT

Growthpoint has executed well on its capital management strategy to date. The Group will now look to use its recently granted investment grade rating from Moody's to diversify the sources, lengthen the tenor and reduce the overall expense of its debt. This, combined with strong demand for the Group's equity, will drive down our cost of capital allowing accretive acquisitions should property that meets our strict investment criteria become available for purchase.

Dion Andrews
Chief Financial Officer

Growthpoint has successfully executed its financial management strategies for FY14 and is well placed to continue this in FY15.

HIGHLIGHTS FOR FY14 INCLUDE:

- Distributable income of 20.0 cents per security, at the top end of market guidance of 19.6 to 20.0 cents per security, and a distribution payable of 19.0 cents per security.
- Raising $332 million of new equity to fund the acquisition of $324.5 million of new investment property.
- Reducing balance sheet gearing from 46.8% at 30 June 2013 to 40.9% at 30 June 2014, within Growthpoint's target range of 40%– 45%.
- Reducing the all-in cost of debt from 6.71% per annum at 30 June 2013 to 5.77% per annum at 30 June 2014.
- Increase in net assets of $360.9 million over the year and NTA per security increased 8.0% from $2.00 to $2.16.
- Obtained an initial Moody's senior secured debt investment grade rating of Baa2.

GROWTHPOINT'S FINANCIAL MANAGEMENT STRATEGIES AIM TO:

- Support the current business and future growth, particularly of the property portfolio.
- Enable a stable and growing income distribution return to Securityholders.
- Mitigate financial risks associated with the growth of the business and returns to Securityholders.

The Board has determined that the appropriate target gearing level, based on the current portfolio metrics, is 40% to 45%. This means any material growth in the portfolio will require funding from a mix of both debt and equity.

DEBT COSTS AND FUTURE RESTRUCTURING

Debt is currently 100% bank debt spread across the SFA and BILAT. Growthpoint extended its SFA and reduced margins in June 2013 and did the same with the BILAT in December 2013.

In June 2014, a new $100 million tranche was added to the SFA to support the acquisition of the NSW Police Headquarters at 1 Charles Street, Parramatta, NSW. This tranche was entered into on excellent pricing terms and has a 12 month initial term to provide Growthpoint with flexibility in accessing debt capital markets in FY15 (see below). At maturity, Growthpoint can elect to extend this tranche at pre-determined rates for either two or four years.

The cost of bank debt has been reducing as the financiers' costs have fallen and competition has increased in Australia's current low credit growth environment. The debt repricing, new tranche and the maintenance of historically low interest rates in Australia have meant a reduction in the all-in cost of debt to 5.77% per annum as at 30 June 2014. The chart opposite shows the change in debt cost and gearing levels of Growthpoint over time.

Growthpoint is currently restructuring its debt facilities to enable other debt capital facilities to be secured against its existing assets in conjunction with existing bank debt. The Group will also be able to acquire assets outside of the common terms arrangement worth up to 15% of total assets without financier consent; financing such assets may therefore be on an unsecured basis. On finalising this structure, the Group will look to extend the weighted average maturity of the facilities and reprice to market which should lead to further reductions in the current cost of debt.

DEBT CAPITAL MARKETS

Moody's providing Growthpoint with an investment grade, senior secured debt rating of Baa2 in August 2014, provides the Group with an opportunity to diversify its sources of debt by accessing debt capital markets. This will allow the Group to access multiple debt capital sources which could be particularly beneficial should one or more markets become difficult to access or be relatively expensive. Competitive tension between different debt providers should also have a positive effect on pricing. The other key benefit to accessing debt capital markets is tenor, with seven years available in the Australian Medium Term Note market ("MTN") and up to 15 years in the US Private Placement market ("USPP") for entities like Growthpoint. The current weighted average maturity profile of debt is 3.3 years and the Group aims to increase this towards the portfolio WALE of 6.9 years.

There is currently competitive pricing in the MTN and USPP markets for Baa2 rated issuers and Growthpoint will look to utilise its rating in those markets in FY15 if these conditions continue. Any new debt capital raised would be used to either fund new property acquisitions, if applicable, or replace existing bank debt.

HEDGING POLICY AND STRATEGY

Growthpoint's policy is to fix not less than 75% of interest rates. As at 30 June 2014, 82% of debt was fixed or hedged. The Group also aims to match the weighted average maturity profile of its hedge book to that of its debt. During FY14 the hedge book was restructured to reduce costs and extend the maturity profile. A new $50 million four year interest rate swap was also entered into to fix part of the debt used to purchase 1 Charles Street, Parramatta, NSW. The weighted average cost of fixed debt (before bank margins) decreased from 4.61% per annum at 30 June 2013 to 4.06% per annum. The weighted average hedging maturity was 3.0 years as at 30 June 2014. Refer to the table opposite for further details.

DISTRIBUTIONS

The Group seeks to return as much of distributable income to investors as is prudent (after allowing for portfolio requirements of capital expenditure and payment of lease incentives). The payout ratio for FY14 was 95.2% compared with 95% in FY13. Growthpoint does not foresee the payout ratio falling below 90% over the medium term given the requirements of the current portfolio.

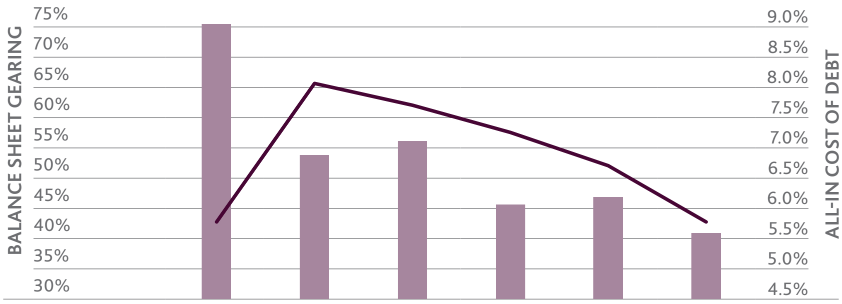
2015 FINANCIAL YEAR

Growthpoint intends to complete the re-organisation of its current debt facilities into a form suitable for accessing debt capital markets shortly and an extension and repricing at the same time. Following this, the Group expects to issue into debt capital markets. The net effect should be an overall decrease to the cost of debt and an extension of debt tenor. This lowering of the cost of debt and therefore the overall cost of capital will aid Growthpoint in acquiring new investment property accretively (subject to appropriate acquisition opportunities being available).

Growthpoint also intends to maintain its gearing within the 40% to 45% range and have hedging above 75%.

REDUCTION IN GEARING AND COST OF DEBT

AS AT 30 JUNE



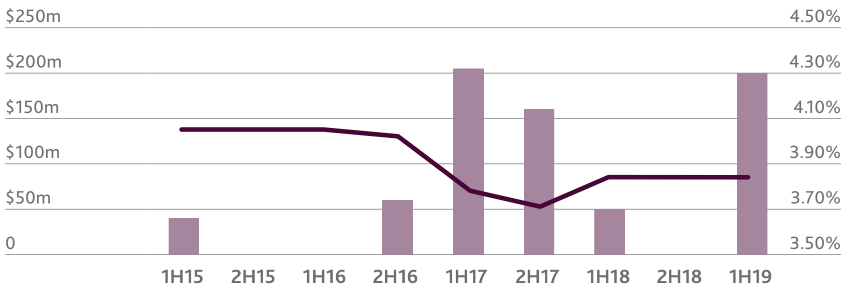
	2009	2010	2011	2012	2013	2014
Balance sheet gearing	75.4%	53.8%	56.1%	45.6%	46.8%	40.9%
All-in cost of debt	5.77%	8.06%	7.70%	7.25%	6.70%	5.77%

SUMMARY OF DEBT FACILITIES

	SYNDICATED DEBT FACILITY	BILATERAL
SIZE	$925 million	$70 million
MATURITY	Acquisition Tranche ($100m): 30-Jun-15[1] Tranche 1 ($315m): 31-Dec-16 Tranche 2 ($255m): 31-Dec-17 Tranche 3 ($255m): 31-Dec-18	30 April 2019

1. Growthpoint has the option to extend this for two or four years at maturity.

HEDGING MATURITY PROFILE



	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19
Nominal value of hedging expiring	$40m	-	-	$60m	$205m	$160m	$50m	-	$200m
Weighted average interest rate on hedged debt	4.05%	4.05%	4.05%	4.01%	3.77%	3.71%	3.84%	3.84%	3.84%

ROUNDING

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.

FINANCIAL PERFORMANCE SUMMARY

FOR THE FIVE YEARS ENDED 30 JUNE 2014

YEAR ENDED 30 JUNE	2014	2013	2012	2011	2010
FINANCIAL PERFORMANCE ($m)					
Investment income	198.5	171.5	115.8	97.6	91.2
Profit for the period	117.3	94.0	49.5	43.4	46.7
FINANCIAL POSITION ($m)					
Total assets	2,128.8	1,680.4	1,607.1	1,190.1	774.8
Total equity	1,165.1	804.1	733.2	478.6	324.0
SECURITYHOLDER VALUE					
Basic and diluted earnings per stapled security (¢)	25.7	23.7	15.2	21.5	34.5
Distributions per stapled security (¢)	19.0	18.3	17.6	17.1	14.0
Return on Securityholder funds (%)[2]	10.8	23.6	21.6	15.5	N/A[1]
Gearing ratio (%)	40.9	46.8	45.6	56.1	58.8
NTA per stapled security ($)	2.16	2.00	1.93	2.01	2.03
Market capitalisation ($m)	1,290.0	966.8	796.9	447.6	282.5
OTHER INFORMATION					
Number of securities on issue	540,115,360	402,830,366	379,476,246	237,577,520	159,619,977

1. Not applicable due to restructuring that occurred part way through the year.
2. Total Securityholder return for year. Source: UBS Investment Research.

Estienne De Klerk
Director

"Growthpoint Properties Australia is seeking to emulate the track record and growth of Growthpoint Properties Limited of South Africa

WE SAID WE WOULD:

Increase the size of the group and expand the portfolio

WHAT WE ACHIEVED (AT 30 JUNE):

2010

assets $662 million, 23 properties

2014

assets $2.1 billion, 51 properties

SECURITYHOLDERS

Over the last five years, equity capital has been raised from five main sources (in order of amount invested):

GRT (64.0% OF GOZ REGISTER)

Having GRT as the major Securityholder of the Group since mid-2009 has been enormously beneficial. GRT has underwritten rights offers at commercial rates and committed to taking up its rights for no fee. This has given the Group certainty of funding and allowed the Group to grow rapidly and to compete for quality assets against much larger competitors.

As the largest listed property company in South Africa with an excellent record, GRT is a well-known and respected corporate in South Africa and elsewhere. A number of GRT's investors and competitors have invested in Growthpoint initially due to their confidence in GRT.

GRT's Independent Chairman, Chief Executive Officer and Executive Director all sit on Growthpoint's board. They bring a wealth of experience in listed property, corporate finance and other areas to the Board's work.

Due to its relatively small size, Growthpoint has utilised GRT's policies, procedures, expertise and branding saving Growthpoint's resources. GRT has provided Growthpoint with a crucial part of its personnel risk mitigation strategy: GRT has committed to temporarily provide one of its staff to manage the business in the event the Managing Director is unwilling or unable to continue in his role.

GRT initially held 76.2% of Growthpoint and this has come down as low as 60%. GRT has expressed a desire to invest more money into Growthpoint but bring its percentage holding down as the Group grows. GRT does intend to sell securities and wants to maintain control of the Group.

126 *More information about GRT* is available on page 126 of this report

OTHER SOUTH AFRICAN INSTITUTIONAL INVESTORS (APPROXIMATELY 15.3% OF GOZ REGISTER)

As noted above, Growthpoint has attracted a number of South African investors initially due to GRT's formidable reputation, being the largest property company on the JSE. In addition to GRT, eight of the Group's top 20 holders are South African institutions including Coronation Fund Managers (a global fund manager listed on the JSE) and Emira Property Fund (a JSE listed property fund with primarily South African commercial property plus a holding in Growthpoint) who each of hold around 5% of the Group's securities.

South African investors are attracted to Growthpoint's relatively high yield, the relative security of Growthpoint's income and the relative strength and stability of Australia's economy. Growthpoint's risk adjusted returns rate well when compared to opportunities elsewhere.

As a result of the significant South African ownership of Growthpoint, Growthpoint's key management personnel make annual visits to South Africa to meet with existing and potential investors and regularly host South African institutions in Australia.

AUSTRALIAN, NEW ZEALAND, EUROPEAN, NORTH AMERICAN AND ASIAN INSTITUTIONS (APPROXIMATELY 10.5% OF GOZ REGISTER)

A growing number of institutional investors have sought Growthpoint's securities despite its relatively low liquidity. Growthpoint's register includes many institutional investors from Australia, New Zealand, UK, USA, Europe, Singapore and Hong Kong; from very large global funds to boutique managers. Growthpoint has attracted both property specialists and general equity investors. Regular one-on-one meetings, investor lunches, property tours and conference calls are held with institutional investors both direct and via broking houses. Management has visited Hong Kong, Singapore and New Zealand to meet with current and potential

"The Group is focussed on providing consistently growing income distributions to its Securityholders and this distribution growth coupled with steadily increasing capital values should ensure the GOZ security price continues to grow.

Growthpoint is privileged to have Securityholders from around the world who have consistently supported our growth through capital raisings, most of which have been oversubscribed.

Although we do not have distribution or marketing departments, we aim for frequent, timely, and comprehensive disclosure to all Securityholders through a range of media. Most importantly, we try very hard to always do what we say we are going to do.

Geoff Tomlinson
Incoming Independent Chairman (from 1 July 2014) and Director

institutional investors and intends to continue and expand these meetings in the future.

Institutional investors are assisted by independent research providers that cover Growthpoint, currently: UBS, Macquarie, CLSA, Bank of America/Merrill Lynch, NAB, Petra Capital and Morningstar.

RETAIL INVESTORS
(9.5% OF GOZ REGISTER)

Approximately 9.5% of direct Securityholders are retail investors. Growthpoint does not have a dedicated distribution or marketing department that specifically focusses on retail investors, however, they remain an important source of capital for the Group. Growthpoint makes a number of efforts to ensure retail investors have the information required to make an informed investment in Growthpoint including providing investor updates each May and October to all investors, making webcasts available on-line so retail investors receive the same information as institutional investors and having a 1800 investor line available so that Australian investors are only charged the cost of a local call to speak to Growthpoint representatives. Retail investors also make up the bulk of attendees at the Group's Annual General Meeting each year.

Growthpoint has primarily raised additional capital via rights offers and distribution reinvestment plans. As these are open equally to retail and institutional investors, this ensures that retail holders are able to fully participate.

Retail investors are assisted by retail focused research providers particularly Morningstar and NAB.

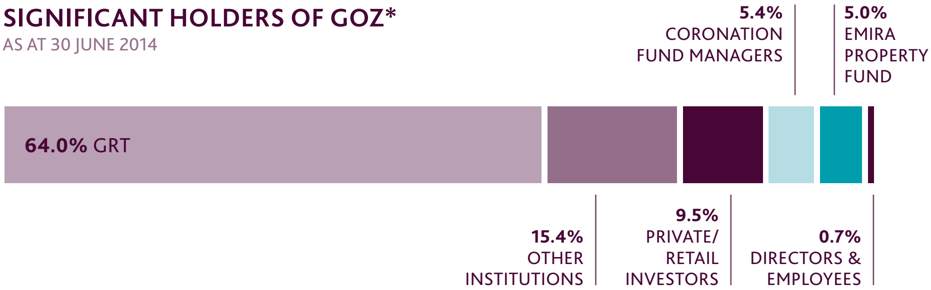
DIRECTORS AND EMPLOYEES
(0.7% OF GOZ REGISTER)

Almost all of Growthpoint's directors and employees own GOZ securities (16 out of 20). The total holding of directors and employees is 3,748,648 as at the date of this report representing approximately 0.7% of the Group's securities on issue.

114 Refer to page 114 of this report for more details about ***specific holdings by directors and key management personnel***

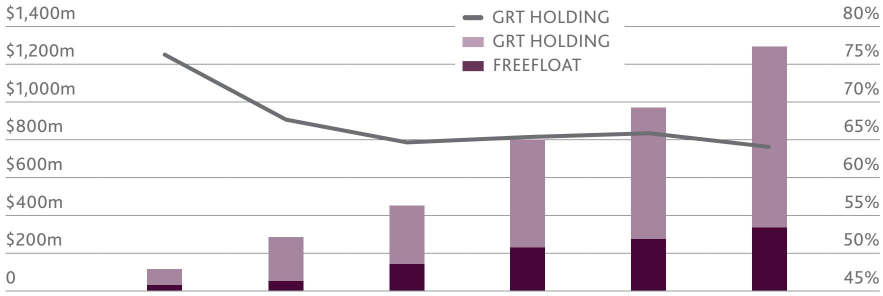
LOCATION OF GOZ SECURITYHOLDERS*
AS AT 30 JUNE 2014

SIGNIFICANT HOLDERS OF GOZ*
AS AT 30 JUNE 2014



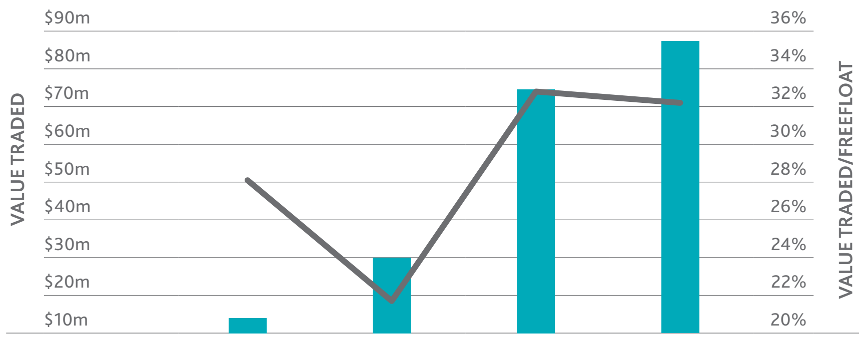
* Figures are approximate

MARKET CAPITALISATION AND FREE FLOAT
AS AT 30 JUNE



	2009	2010	2011	2012	2013	2014
GRT Holding	76.2%	67.6%	64.5%	65.3%	65.8%	64.0%
Market Cap	$113m	$282.5m	$447.6m	$796.9m	$966.8m	$1,289.9m
Freefloat	$27m	$49.8m	$138.2m	$227.4m	$271.1m	$332.3m

HISTORICAL LIQUIDITY ANALYSIS



	FY11	FY12	FY13	FY14
Value traded	$14.0m	$30.0m	$74.6m	$87.3m
Value traded/ starting freefloat	28.1%	21.7%	32.8%	32.2%

Source: Merrill Lynch.

APPROACH TO RISK

“

Growthpoint has a measured risk identification, management and mitigation regime in place which is overseen at many levels of the Group

Maxine Brenner
Independent Director, Chair of Audit, Risk & Compliance Committee

Growthpoint seeks to integrate the management of risk into all levels of its business processes, be they strategic, operational or daily functions. From Board level down, risk is assessed and managed on a continual basis.

Growthpoint does not seek to eliminate all risk as this would remove opportunities as well as downside risk. Instead, Growthpoint seeks to minimise the downside risk required to achieve the following outcomes:

1. maintenance of capital value of real property assets;
2. consistently growing distributions to Securityholders;
3. zero harm to people;
4. minimal harm to property and the environment;
5. compliance with laws and regulations including ASX Listing Rules; and
6. maintenance of the Group's brand and reputation.

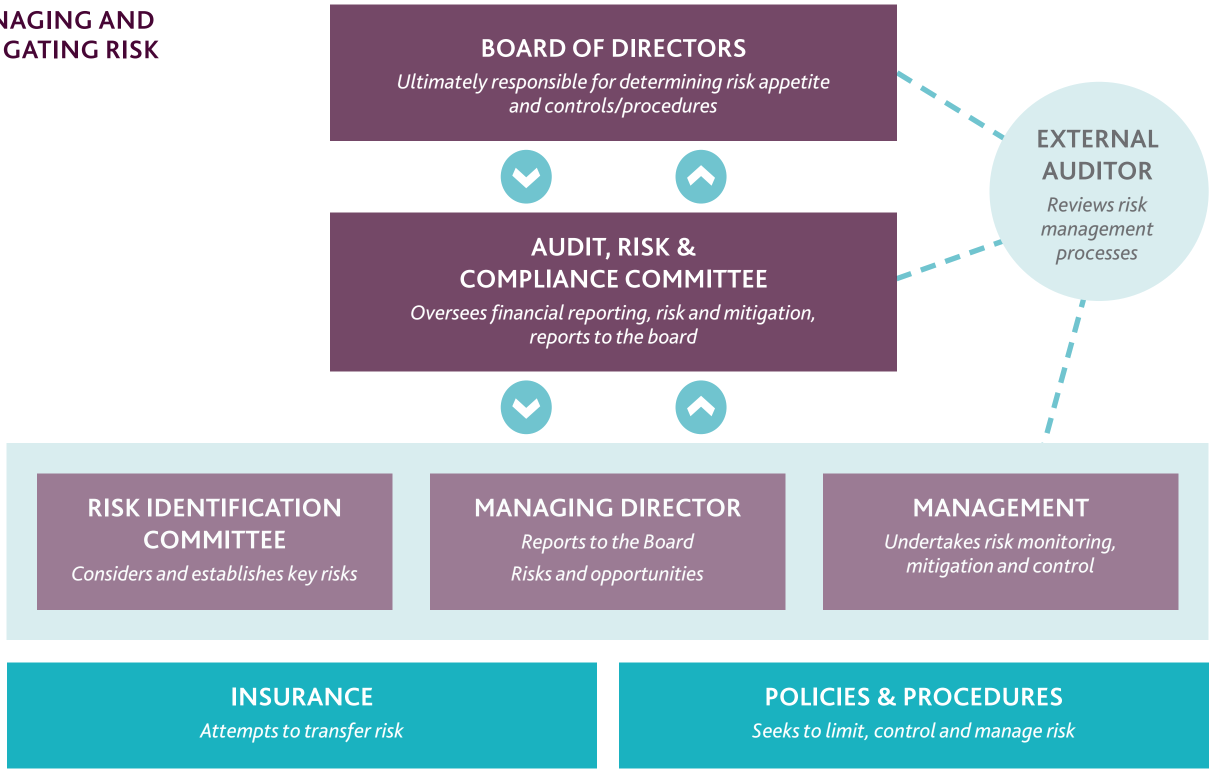
HOW GROWTHPOINT IDENTIFIES, MANAGES AND MITIGATES RISK

Growthpoint has a measured risk identification, management and mitigation regime in place which is overseen at many levels of the Group including the Board, the Audit, Risk & Compliance Committee and executive management. The focus of this regime is to identify risks to Growthpoint, its assets, reputation, profit and personnel, manage and mitigate risks, monitor the success of the management and mitigation arrangements, and ensure awareness of those risks which cannot be effectively managed or mitigated.

Key components of the regime are:

- **BOARD:** The Board is ultimately responsible for setting the risk appetite of the Group and adopting internal controls and risk management processes. The Board receives and considers reports from the Audit, Risk & Compliance Committee, the Managing Director, the external auditors and management in relation to opportunities and risks (refer below for more details). The Board also has an annual planning day where it conducts a risk analysis of each of its property assets.
- **AUDIT, RISK & COMPLIANCE COMMITTEE:** Growthpoint has established an 'Audit, Risk & Compliance Committee' to oversee its financial reporting, risk monitoring and mitigation and compliance activities. The Committee primarily considers the adequacy of management's approach to risk identification, monitoring and management and reports on the same to the Board.
- **MANAGING DIRECTOR:** The Managing Director provides a quarterly report to the Board in relation to risks and opportunities for the business.
- **RISK IDENTIFICATION COMMITTEE:** A risk identification committee comprising management, and from time-to-time directors and external advisers, which meets to consider the significant risks facing the business. A meeting is held not less than twice a year.
- **MANAGEMENT:** Management reports to the Audit, Risk & Compliance Committee every six months in relation to the top 10 identified risks, the control and/or mitigation measures in place and the key performance indicators for these risks. Risks are assessed on a 1-5 scale based on their likelihood (rare to almost certain) and their impact (insignificant to extreme). Impact is assessed on the basis of impact to reputation, financial impairment, operating ability and/or effect on stakeholders (Board, employees, Securityholders, debt providers, tenants and contractors). The current top 10 assessed risks which are monitored and reported on as part of this process are:
  - Inability to refinance debt at maturity.
  - Material regulatory and legal non-compliance.
  - Major or multiple tenants going into liquidation.
  - Significant weakening in property valuations.

MANAGING AND MITIGATING RISK



- Material loss of personnel.
- Material inaccuracy in financial forecasts and/or accounts.
- Breaching financial covenants in debt agreements (ICR and LVR).
- Material fraud.
- Prolonged property vacancy due to weakened tenant demand.
- Inability to raise equity when required.

Significant attention and resources are devoted to mitigating these risks which are reviewed, monitored quarterly and reported to the Audit, Risk & Compliance Committee semi-annually. Each of the top 10 risks has been assessed to be "green" or low-moderate risk post implementation of recommended mitigating actions. More details in relation to specific risks appear at the end of this section.

› **AUDITOR:** The Group's external auditor, currently KPMG, reviews the Group's risk management process not less than annually and reports on the adequacy of the same to the Audit, Risk & Compliance Committee.

› **INSURANCE:** Growthpoint has significant insurances in place covering all significant risks to the business including property insurance, directors and officers' cover, crime and fraud cover, professional indemnity and public liability. As most of the value of the Group is in the underlying real estate, adequate insurance from reputable insurers is considered fundamental to mitigating risk.

› **POLICIES AND PROCEDURES:** Key policies and procedures which contribute to risk management include:

- *Compliance Plan* – in accordance with the Corporations Act and AFSL requirements, this plan sets out all of the key compliance requirements for the group primarily from a Securityholder level (reviewed by KPMG, approved by the Board, lodged with ASIC and audited annually) including a significant focus on risks and external service providers (e.g. property managers).
- *Compliance Manual* – contains specific day-to-day information on how to practically comply with Growthpoint's policies and procedures and the compliance plan (reviewed by KPMG and approved by the Audit, Risk & Compliance Committee).
- *Breach Escalation Procedures* – ensures breaches of the Compliance Plan are dealt with promptly and appropriately including escalation to the Board and reporting to ASIC.
- *Business Continuity Plan and Disaster Recovery Policy* – ensures that significant disasters are able to be appropriately managed and limit the impact on the operations of the business.
- *Valuation Policy* – sets limits for when and how properties must be independently valued.
- *Committee Charters* – sets requirements and limits of authority for Board committees.
- *Delegations of Authority Policy* – sets limits on the entering into financial commitments and the making of payments by directors and employees (two signatories for all payments, no person can approve own expenditure, banning of political donations etc.).

The diagram at the top this page shows the interaction between these components.

RISKS & UNCERTAINTIES CONTINUED

TOP 10 RISKS

Each of Growthpoint's top 10 assessed risks is plotted on a risk matrix like the one to the right.

Control activities are then carried out in relation to each risk and monitored.

The pre-control risk ratings and the control activities are listed below

RISK RATING METHODOLOGY

	CONSEQUENCES				
LIKELIHOOD	**1.** *Insignificant*	**2.** *Minor*	**3.** *Moderate*	**4.** *Major*	**5.** *Extreme*
5. *Almost certain*	*Moderate*	*High*	*High*	*Extreme*	*Extreme*
4. *Likely*	*Low*	*Moderate*	*High*	*High*	*Extreme*
3. *Possible*	*Low*	*Low*	*Moderate*	*High*	*High*
2. *Unlikely*	*Very Low*	*Low*	*Moderate*	*Moderate*	*High*
1. *Rare*	*Very Low*	*Very Low*	*Low*	*Moderate*	*Moderate*

RANK AND CONTROL MECHANISMS FOR TOP 10 KEY RISKS

AS AT 30 JUNE 2014

KEY TO CATEGORY ICONS

Finance Operations Property

DESCRIPTION OF KEY RISK	CATEGORY	PRE-CONTROL LIKELIHOOD	PRE-CONTROL IMPACT	CONTROL ACTIVITY
Unable to refinance debt at maturity on reasonably acceptable commercial terms	Finance	2	5	1. Negotiate facility refinance at least nine months before expiry. 2. Increase number of banks in syndicate (diversify suppliers) and aim to have alternative sources of finance in place (bonds, CMBS etc.). 3. Ensure that gearing is at an acceptable level for refinance. 4. Different maturities on debt by discrete facilities.
Material regulatory & legal non-compliance (AFSL, ASX, OH & S, Corporation Act, etc.)	Operations	2	5	1. Comprehensive compliance plan. 2. Embed and maintain compliance culture in organisation. 3. Regular reviews of legal risks by external experts.
Major or multiple tenants going into liquidation, particularly where multiple premises are occupied	Property	1	5	1. Income from greater diversity in tenants, segments (i.e. across industrial, office and retail) and geographically (i.e. across those Australian areas identified as investment targets for GOZ). 2. Weekly arrears monitoring.
Significant weakening property valuations	Property	3	4	1. Monitor economic and property markets to try to anticipate periods of weakness and to ensure that portfolio is appropriate for anticipated conditions. 2. Actively asset manage the portfolio to ensure that the assets are performing to their best.
Material loss of personnel	Operations	3	4	1. Establish Nomination, Remuneration and HR committee to fix remuneration packages of individual directors and members of senior management with the objective of attracting and retaining people of the required calibre. 2. Introduce an Employee Share Plan to assist in the retention of personnel. 3. Confirm that GRT can provide human resources at short notice if required. 4. Deploy succession planning.
Material inaccuracy in financial forecast & statutory accounts	Finance	2	4	1. External verification of financial models for equity transactions. 2. Monthly review of actual v/s budget v/s forecast position. 3. Annual budget prepared by management and signed off by board. 4. Development of a new financial model by an external specialist.
Breaching financial covenants (loan to value and interest cover)	Finance	2	4	1. Monthly monitoring through Board Reporting and a statement of effect on financial covenants when considering any transaction. 2. Quarterly reporting of covenants to banks. 3. Maintain balance sheet gearing within the target range of 40-45%.
Material fraud	Operations	2	4	1. Two persons minimum to sign all payments. 2. Sign off levels under Delegations of Authority policy adhered to. 3. Payment reconciliation for property accounts. 4. Fraud insurance cover. 5. Monthly bank account reconciliation reviewed by CFO, evidenced by monthly sign off.
Prolonged vacancies due to weakened tenancy demand	Property	4	3	1. Conclude lease agreements with tenants for upcoming vacancies for optimum length of time. 2. Maintain dialogue with any tenant whose lease expires within two years. 3. Aim to have a spread of lease expiries within the portfolio to avoid a mass vacancy.
Inability to raise equity when required	Operations	4	3	1. Increase research coverage. 2. Reduce gearing/LVR over the longer term which reduces reliance on new equity.

Important note: The above are the risks that Growthpoint's Board and management consider to be material for Growthpoint's investors partly based on external advice. They include risks which may adversely impact on Growthpoint's value, earnings and distributable income but do not set out any opportunities and do not explain all risks and uncertainties from an investment in Growthpoint. Investors should consider their own circumstances and risk appetite before investing in Growthpoint and obtain and rely upon such independent advice, including tax, financial and legal advice, as they consider appropriate.

KEY STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS FOR GOZ

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
STRATEGY & PERFORMANCE	› Five year track record of performing in accordance with guidance. › Consistently growing distributions and security price. › Only internally managed, 100% Australian, pure commercial landlord listed on the ASX. › GRT's support underpins GOZ's growth and its ability to compete with larger A-REITs. › Same management team in place for five years and minimal board changes › Small size of team and operations enables direct connection with tenants and stakeholders, enables quick decisions to be made and assists with keeping MER low.	› Lack of trading volumes puts GOZ outside the investment criteria for many institutional investors. › Retail property included in mandate but GOZ does not have management expertise nor cost of capital required to acquire and maintain quality retail property.	› Continue to acquire quality, well-leased properties which enhance distributions. › Size of portfolio means that relatively small acquisitions can make a difference to GOZ returns. › Continuation of recent trading volumes should take GOZ into the S&P/ASX 300 index making GOZ more relevant for institutional investors.	› Increasing competition from buyers for, and less willingness by existing owners to sell, quality real estate in Australia could make future acquisitions more difficult. However, the excellent state of 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. › Being a pure landlord risks GOZ underperforming the broader A-REIT market as a majority are involved in more risky, non-landlord activities which should have higher returns.
FINANCIAL MANAGEMENT	› 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. › Investment grade rating received from Moody's. › Ability to raise equity to fund growth with over $1.0 billion dollars raised over the last five years.	› Currently all debt is bank debt. › Average debt term is well below WALE.	› Major Australian lenders have indicated a desire to lend to Growthpoint. › Growthpoint has obtained an investment grade credit rating from Moody's and will now look to diversify its sources of debt.	› Gearing is high relative to other A-REITs (however GOZ is comfortable with this due to security of property income on an absolute basis when compared to other A-REITs).
PROPERTY PORTFOLIO	› Excellent property fundamentals: long WALE (6.9 years), modern assets (average age of 7.9 years), quality tenant base, well located assets within CBDs or major fringe markets for office properties and proximate to key infrastructure including major roads, ports and airports for industrial properties. › Low vacancy (2%) and minimal upcoming expiries (5% in FY15). › High level of tenant retention and minimal rental arrears.	› Soft broader leasing market fundamentals across most major Australian markets although Growthpoint has a reduced immediate exposure due to its long WALE. › Industrial portfolio dominated by Woolworths distribution centres (~24% of total income), although Woolworths is A3 rated by Moody's and a top 20 ASX entity so this risk is considered minimal.	› Extend leases prior to expiry. › Expand properties where applicable to maximise returns from assets. › Change current property use to a higher and better use to either achieve higher rent or higher sales proceeds. › Enter into development fund throughs.	› 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. › 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 less than 7% of total industrial portfolio.

SUSTAINABILITY

FY15 FOCUS:

Our focus in FY15 will be on adopting additional energy efficiency measures across the portfolio and ensuring that environmental considerations are appropriately managed for new developments, property acquisitions or capital expenditure projects. Reducing energy costs assists with tenant retention, contributes to the Group's sustainability goals and enhances distributions to Securityholders.


Steve Lee
Senior Project Manager

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:

› work 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.

PROPERTY PORTFOLIO

Delivering on its FY14 commitment to sustainability, Growthpoint continued to embed sustainability practices across its office and industrial property portfolios. Environmental initiatives implemented during FY14 include:

› Lighting & lighting control upgrades.
› Environmental monitoring systems.
› Building Monitoring System (BMS) upgrades.
› Energy meter installations.
› BMS fine tuning / adjustments to improve energy efficiency.
› Various other environmental initiatives.

While tenants have benefited through decreased outgoings, Growthpoint has the potential to generate further savings through implementation of other environmental initiatives. Growthpoint's commitments include:

› Reducing energy consumption and energy cost savings across the portfolio.
› Work towards achieving an average of 4.0 stars NABERS energy rating across its office portfolio. The portfolio average is currently 3.75 stars.
› Continue regular sustainability meetings with expert consultants to review portfolio performance and discuss options for improving sustainability.

3.75 stars

AVERAGE NABERS ENERGY RATING

up from 3.3 stars for FY13[1]. Number of rated assets for FY14 was 12 (FY13: 10 rated assets)

4.8stars

AVERAGE GREEN STAR RATING

Maintained at 4.8 stars. Number of rated assets for FY14 was 5. (FY13: 5 rated assets).

OFFICE PROPERTY PORTFOLIO
GREEN STAR RATINGS

PROPERTY	RATING
333 Ann St, Brisbane, QLD	★★★★
89 Cambridge Park Dr, Cambridge, TAS	★★★★★
WorldPark, 33- 39 Richmond Rd, Keswick, SA	★★★★★
1231-1241 Sandgate Rd, Nundah, QLD	★★★★★
Bldg C, 219-247 Pacific Hwy, Artarmon, NSW	★★★★★

› Seek to acquire properties with high green credentials.
› Work towards achieving carbon neutrality for its head office accommodation.
› Continue to drive sustainability initiatives across its office and industrial properties.
› Continue to adopt sustainable procurement processes and practices (including contractor waste minimisation strategies and best practice product/equipment selections) across our capital expenditure programme.
› Negotiate appropriate sustainability initiatives within development agreements for fund through acquisitions.

EARTH HOUR PARTICIPATION

All tenants across the Group's office portfolio participated in Earth Hour 2014 with the exception of South Australia. Growthpoint, with the support of our Property Managers, will continue to encourage all tenants to participate by switching off non-essential base building power during Earth Hour.

HEAD OFFICE

The Group's culture of sustainability is reflected in its energy efficient Head Office accommodation at 357 Collins Street, Melbourne (a 5 Star NABERS rated building) plus Growthpoint does not currently provide car parking for employees. The investment in sustainable fitout and equipment has created an environmentally friendly and healthy working environment for employees. The Group's Head Office energy consumption continues to be monitored on a regular basis and considerable energy savings have been achieved in recent years. Growthpoint aims to achieve carbon neutrality at its Melbourne Head Office through reducing its carbon emissions and purchasing carbon offsets from projects that deliver environmental benefits.

NABERS & GREEN STAR RATINGS

80% 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 has increased from 3.38 stars in FY13 to 3.75 stars in FY14 representing an increase of 11%[1]. The Group will continue to seek to balance its sustainability goals with distributions to Securityholders, tenant retention and prudent asset management.

There have been mixed performance in the NABERS energy ratings for office properties during FY14. Ratings for CB1, GE Building 2 and Laffer Drive decreased due to a reduction in rated hours or rated areas applied in the NABERS rating calculation. Conversely, a 22% reduction in electricity consumption improved the NABERS rating significantly at CB2 with further improvements targeted during FY15. The NABERS rating for WorldPark increased to 5.5 stars during FY14. Growthpoint will work towards obtaining a positive NABERS energy rating for our GE Buildings 1&3 property during FY15.

In its recent acquisitions, the Group has actively focussed on acquiring office properties which carry high NABERS ratings (measure of energy efficiency performance) as well as high green star ratings (which measure inherent sustainability of a building).

The average Green Star rating of the office portfolio was maintained at 4.8 stars over FY14.

1. The 2013 Annual Report inaccurately listed the average NABERS rating at 3.7 stars rather than 3.38 stars.

OFFICE PROPERTY PORTFOLIO
NABERS RATINGS & PORTFOLIO ASSESSMENT

PROPERTY	NABERS ENERGY RATING
Buildings 1&3, 572-576 Swan St, Richmond, VIC	
Building 2, 572-576 Swan St, Richmond, VIC	★★★½
7 Laffer Dr, Bedford Park, SA	★★★
89 Cambridge Park Dr, Cambridge, TAS	★★½
A1, 32 Cordelia St, South Brisbane, QLD	★★★★★
A4, 42 Merivale St, South Brisbane, QLD	★★★★★
CB1, 22 Cordelia St, South Brisbane, QLD	★★★
CB2, 42 Merivale St, South Brisbane, QLD	★★½
333 Ann St, Brisbane, QLD	★★★
WorldPark, 33-39 Richmond Rd, Keswick, SA	★★★★★½
10-12 Mort St, Canberra, ACT	★★★★½
1 Charles St, Parramatta, NSW	★★★★½

AVERAGE NABERS ENERGY RATING OF 3.75 STARS

SUSTAINABILITY CONTINUED

OFFICE PROPERTY DEVELOPMENTS

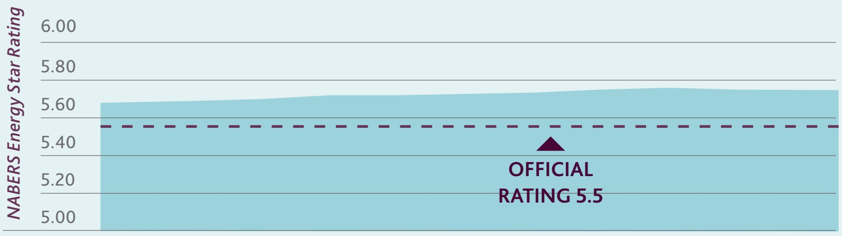
The two recently completed A-Grade office buildings at 1231-1241 Sandgate Road, Nundah, Queensland and Building C, 219-247 Pacific Highway, Artarmon, New South Wales are targeting, respectively, 4.5 star and 5 star NABERS energy ratings. Both properties achieved a 5 star Green Star design rating. Official ratings for these properties are expected during the next 12 months.

Fund through investments present an opportunity for Growthpoint to get involved in the development design process and ensure that sustainability initiatives committed to by the Developer's team are implemented.

OFFICE PORTFOLIO: BUILDING C, 219-247 PACIFIC HIGHWAY, ARTARMON, NSW

SUSTAINABILITY CASE STUDY

ENERGY PERFORMANCE SCORE



Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014
5.68	5.69	5.70	5.72	5.72	5.73	5.74	5.75	5.76	5.75	5.75

Monthly result

ONGOING COMMITMENT TO SUSTAINABILITY

OFFICE PORTFOLIO:
WORLDPARK, 33-39 RICHMOND ROAD, KESWICK, SA

Our Green Star rated WorldPark office building in Adelaide has been consistently achieving a high NABERS rating and is an example of the ongoing performance of a quality, sustainable building within our portfolio.

The Group has continued to seek ways of improving the energy performance of the building. One example is the commitment to a new environmental monitoring system during FY14, which has led to further improvements in energy efficiency. The NABERS rating has increased from 5.0 stars to 5.5 stars.

The building consistently achieves and exceeds the design base energy use through good technologies and management and demonstrates the Group's ongoing commitment to sustainability. Although the official NABERS rating is 5.5, the Energy Performance Score monitoring undertaken by the Group indicates an upward trend in performance and the building is tracking above its current official rating[1].

1. This system monitors the energy consumed over the leased area versus hours worked.

INDUSTRIAL PROPERTY DEVELOPMENTS

Several industrial fund through developments were completed during FY14 including four properties in Victoria (all developed by Australand) and one in NSW (developed by Linfox). Sustainability initiatives for these developments were assessed as part of the Group's acquisition due diligence process. The Keysborough properties (120-132 Atlantic Drive, 19 and 20 Southern Court) and Altona property (9-11 Drake Boulevard) included various sustainability initiatives including low or zero volatile organic compound (VOC) materials, all composite timber of low emission formaldehyde and all thermal insulation of zero ozone depleting potential (ODP) in manufacture and composition.

INDUSTRIAL PORTFOLIO: 19 SOUTHERN COURT, KEYSBOROUGH, VIC

SUSTAINABILITY CASE STUDY

SUSTAINABILITY FROM DEVELOPMENT TO ACQUISITION

INDUSTRIAL PORTFOLIO:
27-49 LENORE DRIVE, ERSKINE PARK, NSW

The new purpose built pharmaceutical warehouse facility at 27-49 Lenore Drive, Erskine Park comprising 29,476m² of net lettable area was completed in August 2013.

Consistent with the approach adopted for all the Group's new fund through developments, sustainability measures were incorporated in this new building development.

Sustainability features in the new pharmaceutical distribution facility included:

- Environmentally Sustainable Design (ESD) landscaping to filter and absorb water with Biobasins and Gross Pollutant Trap (filtered) to prevent toxins entering eco system.
- Rainwater recycling to irrigation and toilets (100,000 litre rainwater tank).
- Earthworks were minimised by balancing cut to fill.
- Recycled road base was used reducing greenhouse emissions & sustaining limited resources.
- Energy efficient lights, automatic sensor light switches and 'Green Earth' energy efficient lighting control system.
- Solar hot water system.
- High level of insulation provided (Thermomass insulated concrete wall panels, insulated double layered skylights, insulated docks / roller doors, energy efficient glazing and sunshade) – all aimed at reducing energy consumption.
- Efficient screw compressors were installed as part of the mechanical services system, allowing full variable drive.

OUR PEOPLE

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

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 embed 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 our people's best skills and judgement for the benefit of Securityholders, employees and other stakeholders.

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

As at 30 June 2014, the Group employed 13 people all of whom are located in Melbourne. During the year, a Legal Counsel was employed.

In 2014, a third 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 most of the questions dealing with all aspects of the Group's operations and management, department and teamwork, benefits, morale and teamwork. Most of the questions were rated positively, 75% or above. Senior management and Nomination, Remuneration & HR Committee consider how matters can be improved based on survey responses.

DIVERSITY

As part of its on-going commitment to diversity, the Group provided related property work internship experience to a female postgraduate property student and a female undergraduate legal student during FY14. The board appointed its first female director, Maxine Brenner, in March 2012. Ms Brenner was also appointed Chair of the Audit and Risk Committee.

As at 30 June 2014, around 38% of the workforce originated from a non-English speaking background.

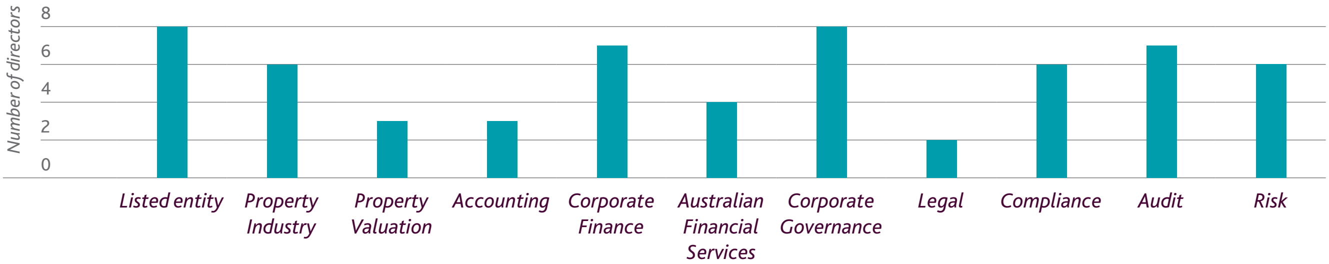
The Board believes that having a diverse workforce enhances decision making process, increases its engagement with the community and provides the Group with an edge over its competitors.

68 Refer to page 68 for more information on ***gender diversity across the Group***

68 The table on page 68 sets out ***measurable objectives set by the Board for achieving gender diversity*** and the Group's achievements to date

BOARD EXPERTISE MATRIX

AS AT 30 JUNE 2014



	Listed entity	Property Industry	Property Valuation	Accounting	Corporate Finance	Australian Financial Services	Corporate Governance	Legal	Compliance	Audit	Risk
Number of directors	8	6	3	3	7	4	8	2	6	7	6

Note: the above illustrates significant experience and/or qualifications in the relevant areas. All board members have at least some experience and/or qualifications in all of the listed areas.

THE GROWTHPOINT TEAM

Back row (left to right): Anelia Blane - Executive Assistant, Andrew Kirsch - Asset Manager, Andrew Fitt - Senior Asset Manager, Timothy Collyer - Managing Director, Pascal Moutou - Accountant, Michael Green - Head of Property, Julian Smith – Property Analyst, David Gandolfo – Legal Counsel.
Front row (left to right): Dion Andrews - Chief Financial Officer, Aaron Hockly - Company Secretary and General Counsel, Michael Davy - Compliance Officer, Steve Lee - Senior Project Manager, Deseree Ventrice - Executive Assistant.

Employees attending Remember Mandela Day – 18 July 2014 ›

EMPLOYEE BENEFITS

Employees of the Group receive the following benefits:

- support to join, and be actively involved with, relevant professional bodies (refer to the right for a list);
- life, total permanent disability and income protection insurance;
- 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.

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;
- 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;
- voluntary work health check assessment (cost covered by Growthpoint); and
- voluntary flu vaccination (cost covered by Growthpoint).

A non-critical injury was the sole recorded injury during FY14.

COMMUNITY

In November 2013, Growthpoint staff participated in the inaugural "Toiletries Drive" an initiative of Property Industry Foundation to collect toiletries for young homeless people living on the streets in Victoria. Items such as razors, shampoos, deodorants, aftershave, toothpaste and liquid soaps were provided by employees. In addition to employee contributions, Growthpoint donated $350.

The Group organises an annual volunteering day enabling all employees to assist with community projects.

Growthpoint hosted a lunch on 14 November 2013 in support of the Fred Hollows Foundation. Ten senior executives from several firms attended the event, several of whom donated to the Fred Hollows Foundation. The Foundation is an independent, non-profit, secular organisation whose goal is to eradicate avoidable blindness on a global scale.

One of our employees, Anelia Blane, participated in the "City 2 Sea" fourteen kilometre run sponsored by WBC. Anelia successfully raised $750 to support Worldvision, Australia's largest charitable group providing relief in emergency situations and work on long term community development projects.

Growthpoint staff provided donations of ladies clothing and accessories to "Fitted for work" an organisation that helps women experiencing disadvantage to get work and keep it. In addition to the staff contribution Growthpoint donated $500.

The Group continues to encourage participation in sports events and in the FY14, five representatives of Growthpoint participated in the Nissan Corporate Triathlon and six representatives participated in the Hertz –BRW corporate relay run.

The Group sponsored a $350 prize for the highest achiever for third year students in the Bachelor of Applied Science (Property) at RMIT. The prize was provided during the 2013 Annual industry, Research and Awards Night hosted by The School of Property, Construction and Project Management of RMIT in October 2013.

Growthpoint also sponsored an A-REIT breakfast hosted by the Financial Services Institute of Australasia, Australia's premier membership organisation for finance professionals.

The Group supports active engagement by its employees in professional, community and charitable organisations. 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
- CPA Australia
- Financial Services Institute of Australasia
- Governance Institute of Australia
- Royal Institution of Chartered Surveyors
- Law Institute of Victoria
- Property Council of Australia

Community and Charitable

- Care Australia
- St Vincent de Paul
- Midsumma Festival
- Multiple Sclerosis Society
- Property Industry Foundation

The Group is committed to expanding its community program to enable increased engagement with, and support for, community and charitable organisations.

ETHICAL INVESTING

At Growthpoint, we strive to be a good corporate citizen, act ethically in everything we do and pride ourselves on our commitment to diversity, reducing environmental degradation and contributing to the communities in which we operate. This report demonstrates Growthpoint's commitments to the environment, individuals and communities.

Francois Marais
Independent Director

CODE OF CONDUCT

*Growthpoint has released a Code of Conduct which is available on its website at **growthpoint.com.au/corporate-governance/** and which is applicable to all directors and employees.*

The key values underpinning this Code are as follows:

- our actions must be governed by the highest standards of integrity and fairness;
- our decisions must be made in accordance with the spirit and letter of applicable law; and
- our business must be conducted honestly and ethically, with our best skills and judgment, and for the benefit of Securityholders, employees and other stakeholders alike.

A majority of Growthpoint's tenants contribute to the communities in which they operate and a number are leaders in ethical and environmental responsibility such as Linfox, Hydro Tasmania and Symbion Health.

Growthpoint's major Securityholder, GRT, is included in the JSE's Socially Responsible Investments Index.

SHARIAH COMPLIANCE STATEMENT (AS AT 30 JUNE 2014)

Provided to assist Shariah compliant funds with their compliance and reporting

Growthpoint tenant mix, and therefore indirect income stream, comes from the following:

	Gambling & Pornography	*Manufacturing or sale of alcohol*	*Manufacturing or sale of pork products*	*Interest based banking and insurance activities**	*Total*
% of total rental income of REIT	0%	<5%	<5%	<5%	<5%
% of rentable space of REIT	0%	<1%	<1%	<1%	<1%

Growthpoint Properties Australia's sole form of income is rent or rent equivalents sourced from real estate it owns*. Accordingly, none of Growthpoint Properties Australia's income is currently derived from Riba or interest and this is not expected to change given our strategy of being a "pure landlord"*.

Please note that this information is being provided to assist those seeking information for Shariah compliance purposes and is based on the information requested by its current and prospective Securityholders. Growthpoint Properties Australia does not have in-house Shariah compliance expertise nor has it taken external advice to prepare this statement.

Please email the Company Secretary at info@growthpoint.com.au if you require more information.

*Excluding transactional services and administration. Please note that bank interest on bank accounts has been excluded as this is (1) minimal and (2) negative once borrowing costs are included.

WE SAID WE WOULD:

Seek inclusion in S&P/ASX 300 index

WHAT WE ACHIEVED:

GOZ would readily qualify for S&P/ASX 300 index inclusion by market capitalisation and freefloat as ranked 132nd and 205th respectively at 30 June 2014, however, daily trading volumes were insufficient for inclusion at last index rebalance date (February 2014). Trading volumes to the date of this report have been above the required level so, if continued until the end of August, the Group is well placed for index inclusion in September[1]

1. This is based on Standard & Poor's published index criteria. However Standard & Poor's retain discretion to admit on rebalance date.

BOARD OF DIRECTORS

RECOGNITION OF LYNDSAY (LYN) SHADDOCK

Independent Chairman - July 2007 to June 2014 - and Director

Lyn was Chairman of the Orchard Industrial Property Fund at its listing in 2007 and was instrumental in the recapitalisation, management internalisation and restructure of this fund into Growthpoint Properties Australia in 2009. He was the Chairman of Growthpoint Properties Australia from 5 August 2009 until 30 June 2014 and is due to retire from the board at the Annual General Meeting on 26 November 2014.

Lyn's extensive management, property and financial experience have been critical for the Group during his time as Chairman. He has steered the Group through a significant period of growth in assets, debt funding and equity funding and has ably established and led a quality Board. Under Lyn's Chairmanship, the Group's assets grew more than threefold from approximately $650 million to $2.1 billion whilst the Group's market capitalisation grew from approximately $250 million to over $1.3 billion. Lyn's knowledge and significant experience will be missed but he leaves Growthpoint in an excellent position for the future.

The board would like to acknowledge Lyn's work and would like to thank him for his invaluable contribution to the Group over the past seven years.

> *Lyn has been Chairman for seven years of significant growth and returns*

LYN SHADDOCK

FAPI, KSS

Independent Chairman (to 30 June 2014) and Director

Appointed as a Director on 5 August 2009, will retire on 26 November 2014

Committees: *Nomination, Remuneration & HR Committee*

Current Australian directorships (in addition to Group entities): *Independent Chairman of Calibre Capital*

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 the 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.

In 2014, His Holiness Pope Francis recognised Lyn's extensive community service, especially to the Archdiocese of Sydney, by appointing him as a Knight of the Order of Pope St Sylvester.

COMBINED EXPERIENCE

>290yrs

All directors have significant property and /or listed entity experience

DIRECTORS WITH MORE THAN 20 YEARS' EXPERIENCE IN PROPERTY

As at 30 June 2014

INDEPENDENT DIRECTORS

The Board considers that a director is independent if the director is a non-executive director and satisfies criteria set out under "independence of directors" on page 67

INTRODUCTION TO GEOFFREY (GEOFF) TOMLINSON

Independent Chairman from 1 July 2014; Director from 1 September 2013

In 2012, the Nomination, Remuneration & HR Committee started making enquiries into a possible replacement for Lyn Shaddock who had expressed a desire to step down once a suitable replacement had been found. The Committee sought an experienced director, ideally with significant experience leading listed entities.

Following an extensive search and engagement with a number of potential candidates, the Committee recommended that Geoff Tomlinson, former CEO of AXA Australia and current director of National Australia Bank (among other past and present directorships), be appointed to the board with a view to replacing Lyn as Chairman at an appropriate time. As a result, Geoff was appointed as a director on 1 September 2013 (his appointment was confirmed by Securityholders at the 2013 AGM) and became Chairman on 1 July 2014.

The board is excited to be welcoming such a high profile and well-regarded Chairman.

GEOFFREY TOMLINSON

BEC

Independent Chairman (from 1 July 2014) and Director

Appointed as a Director on 1 September 2013

Committees: *Audit, Risk & Compliance Committee and Nomination, Remuneration & HR Committee*

Current Australian directorships of public companies (in addition to Group entities): *Calibre Ltd, National Australia Bank Limited, National Australia Financial Management Limited, National Equities Limited, MLC Investments Limited, MLC Lifetime Company Limited, MLC Limited, Navigator Australia Limited, WM Life Australia Limited, Antares Capital Partners Ltd, National Asset Management Ltd and Plum Financial Services Ltd*

Geoff is currently the Chairman of MLC Limited, a director of National Australia Bank and Calibre Limited and was previously a director of Amcor Limited and Dyno Nobel Limited (among other directorships). He has spent 42 years in the financial services industry including six years as Group Managing Director of National Mutual Holdings Ltd (which changed its name to AXA Asia Pacific Ltd prior to being acquired by AMP Ltd in 2011) where he led that entity's demutualisation and ASX listing. Geoff has chaired and been a member of a number of board committees including audit, risk and remuneration.

TIMOTHY COLLYER

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

Managing Director

Appointed as a Director on 12 July 2010

Current Australian directorships of public companies (in addition to Group entities): *Nil*

Tim is a highly experienced executive with over 25 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.

BOARD OF DIRECTORS CONTINUED

MAXINE BRENNER
BA, LLB

Independent Director

Appointed as a Director on 19 March 2012

Committees: Audit, Risk & Compliance (Chair)

Current Australian directorships of public companies (in addition to Group entities): Orica Limited, Origin Energy Limited, Qantas Airways Limited and Paedove Pty Limited

Maxine is currently a Director of Orica Limited, Qantas Airways Limited and Origin Energy Limited. She has been involved in advisory work for many years, particularly in relation to mergers and acquisitions and several years in investment banking at Investec Bank (Australia) Ltd. Prior to this, she was a Lecturer in Law at University of NSW and corporate lawyer at Freehills (now Herbert Smith 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**

Appointed as a Director on 5 August 2009

Committees: Audit, Risk & Compliance

Current Australian directorships of public companies (in addition to Group entities): Nil

Estienne is an Executive Director of Growthpoint Properties Limited, a Director of V&A Waterfront Holdings, past 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.

GRANT JACKSON
ASSOC. DIP. VALUATIONS, FAPI

Independent Director

Appointed as a Director on 5 August 2009

Committees: Audit, Risk & Compliance

Current Australian directorships of public companies (in addition to Group entities): Chief Executive Officer and Director of m3property Property Australia Pty Ltd (and related entities)

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.

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

Independent Director

Appointed as a Director on 5 August 2009

Committees: Nomination, Remuneration & HR

Current Australian directorships of public companies (in addition to Group entities): Nil

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^*

Appointed as a Director on 5 August 2009

Committees: Nomination, Remuneration & HR (Chair)

Current Australian directorships of public companies (in addition to Group entities): Nil

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.

* Not deemed independent as Executive Director of Growthpoint Properties Limited.

WE SAID WE WOULD:

Reduce debt costs

WHAT WE ACHIEVED*:

2010:
all in debt costs 8.0%

2014:
all in debt costs 5.8%

WE SAID WE WOULD:

Obtain a credit rating

WHAT WE ACHIEVED:

2014:
Moody's issued the Group with an investment grade rating in August 2014 of Baa2 for senior secured debt

* For year to 30 June.

EXECUTIVE MANAGEMENT

MICHAEL GREEN
B.BUS (PROP)

Head of Property

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

Michael has over 13 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).

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. He was appointed as an additional company secretary on 8 May 2014.

AARON HOCKLY
BA, LLB, GDLP, GRADDIPACG, MAPPFIN, FCIS, MAICD, FGIA, SAFIN

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 has a Masters in Applied Finance, a Bachelor of Laws and a Bachelor of Arts and graduate diplomas in Legal Practice, Applied Corporate Governance and Applied Finance. He is a Fellow of the Governance Institute of Australia, a Fellow of the Institute of Chartered Secretaries and Administrators, a member of the Australian Institute of Company Directors and a Senior Associate of the Financial Services Institute of Australasia. 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.

How is our team measured?

21

Performance is primarily measured by returns to Securityholders including achieving or exceeding distribution forecasts, absolute and relative total Securityholder return (security price growth plus distributions) and actual and relative return on equity (NTA growth plus distributions). ***See pages 21-22 for more details***

MANAGEMENT AND REPORTING STRUCTURE

BOARD OF DIRECTORS

OUTSOURCING

External Financial Audit; Compliance and AFSL audit – KPMG

Remuneration advice – PwC

MANAGING DIRECTOR
TIMOTHY COLLYER*

HEAD OF PROPERTY
MICHAEL GREEN*

- *Asset selection strategy*
- *Office portfolio*
- *Industrial portfolio*
- *Valuations*
- *Sustainability*
- *Asset Management, property management, facilities management*

OUTSOURCING

Property Management – JLL and CBRE

Property insurance advice – Insurance House Group

Valuations – range of valuation specialists

Market, leasing and sales advice – range of valuation specialists

Technical advice – range of technical specialists

CHIEF FINANCIAL OFFICER
DION ANDREWS*

- *Accounting*
- *Technology*
- *Taxation*
- *Debt Structuring*
- *Debt Raising*

OUTSOURCING

Tax Advice – Moore Stephens

Payroll – ADP

Accounting advice – Moore Stephens and Grant Thornton

Property accounting – JLL

Technology support – Brennan IT

Debt capital advice – Magma Capital, Westpac, NAB, CBA and ANZ

COMPANY SECRETARY & GENERAL COUNSEL
AARON HOCKLY*

- *Transaction structuring & execution*
- *Legal, regulatory & compliance*
- *Equity raising & Investor Relations*
- *Marketing, communications & reporting*
- *Risk Management & Corporate Governance*

OUTSOURCING

Transaction and equity raising advice – range of investment banks including Bank of America/Merrill Lynch and Investec

Share registry – Computershare

Legal advice for debt, equity, property, corporate, disputes and tax – Herbert Smith Freehills

Information management – Herbert Smith Freehills

Design services – Artifact Design Group

Website – Friday media

Corporate Insurance advice – Insurance House Group

* Member of Executive Management Team.

CORPORATE GOVERNANCE STATEMENT

SUMMARY OF COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS (2ND EDITION)

RECOMMENDATION	REFERENCE	COMPLIANCE
PRINCIPLE 1: **LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**		
1.1: *Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.*	Delegations of Authority Policy	✓
1.2: *Disclose the process for evaluating the performance of senior executives.*	Nomination, Remuneration & HR Committee Charter	✓
1.3: *Provide the information indicated in the guide to reporting on Principle 1.*	Page 66 of this Annual Report	✓
PRINCIPLE 2: **STRUCTURE THE BOARD TO ADD VALUE**		
2.1: *A majority of the board should be independent directors.*	Corporate Governance Statement	✓
2.2: *The chair should be an independent director.*	Corporate Governance Statement	✓
2.3: *The roles of chair and chief executive officer should not be exercised by the same individual.*	Corporate Governance Statement	✓
2.4: *The board should establish a nomination committee.*	Nomination, Remuneration & HR Committee Charter	✓
2.5: *Disclose the process for evaluating the performance of the board, its committees and individual directors.*	Nomination, Remuneration & HR Committee Charter	✓
2.6: *Provide the information indicated in the Guide to reporting on Principle 2.*	Pages 66-67 of this Annual Report	✓
PRINCIPLE 3: **PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING**		
3.1: *Establish a code of conduct and disclose the code or a summary of the code.*	Code of Conduct; Conflicts of Policy and Procedures	✓
3.2: *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.*	Diversity Policy	✓
3.3: *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.*	Corporate Governance Statement; Diversity Policy	✓
3.4: *Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.*	Corporate Governance Statement; Diversity Policy	✓
3.5: *Provide the information indicated in the Guide to reporting on Principle 3.*	Pages 68-69 of this Annual Report	✓
PRINCIPLE 4: **SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**		
4.1: *The board should establish an audit committee.*	Audit, Risk & Compliance Committee Charter	✓
4.2: *The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors.*	Audit, Risk & Compliance Committee Charter	✓

RECOMMENDATION	REFERENCE	COMPLIANCE
4.3: *The audit committee should have a formal charter.*	Audit, Risk & Compliance Committee Charter	✔
4.4: *Provide the information indicated in the Guide to reporting on Principle 4.*	Page 69 of this Annual Report	✔
PRINCIPLE 5: **MAKE TIMELY AND BALANCED DISCLOSURE**		
5.1: *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.*	Corporate Governance Statement; Continuous Disclosure, Media & Public Comments Policy; Delegations of Authority Policy; Communications Procedure (among others)	✔
5.2: *Provide the information indicated in the Guide to reporting on Principle 5.*	Page 69 of this Annual Report	✔
PRINCIPLE 6: **RESPECT THE RIGHTS OF SHAREHOLDERS**		
6.1: *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.*	Growthpoint's results webcasts, website, annual and half year reports and investor updates	✔
6.2: *Provide the information indicated in the Guide to reporting on Principle 6.*	Pages 69-70 of this Annual Report	✔
PRINCIPLE 7: **RECOGNISE AND MANAGE RISK**		
7.1: *Establish policies for the oversight and management of material business risks and disclose a summary of those policies.*	Delegations of Authority Policy; Investment Policies; Business Continuity Plan; Disaster Recovery Plan; Valuation Policy; Compliance Plan; Operational Compliance Manual and Securities Trading Policy; Code of Conduct; Audit, Risk & Compliance Committee Charter; Risk Management Framework	✔
7.2: *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.*	Audit, Risk & Compliance Committee Charter; Risk Management Framework; Compliance Framework	✔
7.3: *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.*	Audit, Risk & Compliance Committee Charter; Risk Management Framework; Compliance Framework	✔
7.4: *Provide the information indicated in the Guide to reporting on Principle 7.*	Page 70 of this Annual Report	✔
PRINCIPLE 8: **REMUNERATE FAIRLY AND RESPONSIBLY**		
8.1: *Board should establish a remuneration committee.*	Nomination, Remuneration & HR Committee Charter	✔
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.*	Nomination, Remuneration & HR Committee Charter	✔
8.3: *Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*	Nomination, Remuneration & HR Committee Charter	✔
8.4: *Provide the information indicated in the Guide to reporting on Principle 8.*	Page 71 of this Annual Report	✔

CORPORATE GOVERNANCE STATEMENT CONTINUED

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

In 2014, a third edition was introduced for entities reporting on a full financial year commencing on or after 1 July 2014. The Group proposes to report under the third edition in its 2015 Annual Report.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors held during the year ended 30 June 2014 and the number of meetings attended by each Director of Growthpoint Properties Australia Limited, the Responsible Entity of the Trust.

Meetings that the directors attended are shown in burgundy, meetings they are eligible to attend are shown in grey.

	Board		Audit, Risk & Compliance Committee		Nomination, Remuneration & HR Committee	
L. SHADDOCK	**12**	12	**0**	0	**4**	4
G. JACKSON	**11**	12	**4**	4	**0**	0
F. MARAIS	**11**	12	**0**	0	**4**	4
N. SASSE	**8**	12	**0**	0	**4**	4
E. DE KLERK	**12**	12	**4**	4	**0**	0
T. COLLYER[1]	**12**	12	**4**	0	**3**	0
M. BRENNER	**11**	12	**4**	4	**0**	0
G.TOMLINSON[2]	**10**	10	**2**	2	**3**	1

Note: 1. 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. 2. G. Tomlinson was appointed as an independent, non-executive director on 1 September 2013 and as a member of the Remuneration Committee effective from 13 February 2014.

EXECUTIVE MANAGEMENT PERFORMANCE EVALUATION

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

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

THE BOARD

The Board comprises seven non-executive directors and one executive director. Five of the non-executive directors are considered "independent" (refer to independence of Directors on the following page for details of how independence is determined).

58 Refer to pages 58-60 of this report for more details on the ***GOZ Board***

On 26 May 2014, the Group announced that the Chairman would change on 30 June 2014. Lyn Shaddock, appointed as Chairman at the listing of the Trust in 2007 retired and was replaced by Geoffrey Tomlinson. Both were independent directors on their appointment and remain so on the date of this report.

During FY14, the Chairman was Lyn Shaddock and the Managing Director, Timothy Collyer, fulfilled the role of chief executive officer. On the date of this report, the Chairman is Geoffrey Tomlinson and Timothy Collyer remains the Managing Director.

58 Refer to pages 58-60 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 COMMITTEES

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

PERFORMANCE EVALUATION

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

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.

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 operations, whilst giving consideration to the general interests of the Group as a whole.

58 Refer to pages 58-60 of this report for more details on the ***expertise of the GOZ Board***

INDEPENDENCE OF DIRECTORS

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 Securityholder in the Group or an executive officer of, or otherwise associated directly with, a substantial Securityholder of the Group where "substantial Securityholder" 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 or 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 Securityholder, Growthpoint Properties Limited, as its independent chairman. Mr Marais' role is performed in an independent capacity.

INDEPENDENT DIRECTORS

The Board considers that a director is independent if the director is a non-executive director and satisfies criteria set out under "independence of directors" on this page.

The Group recognises the importance of having directors with an appropriate range of skills, experience and backgrounds

Lyn Shaddock
Independent Chairman (to 30 June 2014) and Director

CORPORATE GOVERNANCE STATEMENT CONTINUED

INCREASING GENDER DIVERSITY ON THE GOZ BOARD[1]

2010

2014

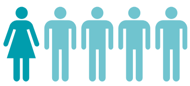
14%[2]

OF NON-EXECUTIVE DIRECTORS ARE WOMEN

2013: 17%
This decrease is solely due to an increase in the number of non-executive directors.

INCREASING GENDER DIVERSITY IN OUR EMPLOYEES[1]

2010



2014

23%[2]

OF THE GROUP'S EMPLOYEES ARE WOMEN

2013: 17%

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

CODE OF CONDUCT

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 ***growthpoint.com.au***

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

There is also a conflicts policy and procedures in place, which provides guidance for the board and employees to avoid conflicts of interest.

DIVERSITY

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

Measurable objectives for achieving gender diversity, established by the Board, are outlined in the table below.

As at the date of this report:

1. approximately 14% of non-executive directors are women (one out of seven), a decrease from 17% at the date of the last report but this is solely due to an increase in the number of non-executive directors; and
2. approximately 23% of the Group's employees (three out of thirteen) are women, an increase from 17% at the previous reporting date, one of whom is in management, an increase from nil at the previous reporting date.

With respect to the percentage of women as non-executive directors, this will revert to 17% following the retirement of a non-executive director after the holding of the Annual General Meeting in November 2014.

As stated in its Diversity Policy, the Group is seeking to increase the number of women in all levels of the Group over time.

MEASURABLE OBJECTIVES TO PROMOTE GENDER DIVERSITY

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

OBJECTIVE	PERFORMANCE FOR 12 MONTHS TO 30 JUNE 2014
Appoint at least one female director to the board	The Group appointed its first female director, Maxine Brenner, in March 2012 and she remains a director.
Provide work experience opportunities to female graduates and undergraduates in order to encourage greater female involvement and participation in the property industry	The Group provided a female property postgraduate student from University of Melbourne with an internship program in October 2013 and a female law undergraduate from Monash University with work experience in February 2014.
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	For one permanent employee vacancy filled during the financial year, the selection team interviewed at least one serious female candidate and one serious male candidate and, as a result, one new male employee was been appointed[3].
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 continued to focus on ensuring employees engage and network with females working in and for the property industry particularly with leading women at Jones Lang LaSalle, the Property Council of Australia and Herbert Smith Freehills.

1. Figures are approximate. 2. As at the date of the report 3. A female employee was appointed to replace a male employee at managerial level after the end of FY14.

PERCENTAGE OF WOMEN ACROSS THE GROUP

LEVEL OF ROLE	% Women 2014[1,2]	% Women 2013[1]
NON-EXECUTIVE DIRECTORS	**14%**	17%
EXECUTIVE MANAGEMENT	**25%**	0%
OTHER MANAGEMENT	**0%**	0%
OTHER EMPLOYEES	**23%**	18%

1. The decline in female non-executive directors is due to an increase in the number of non-executive directors rather than a reduction in the number of women. 2. As at the date of the report.

PRINCIPLE 4: **SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

AUDIT COMMITTEE

WWW The Board has established an ***Audit and Risk Committee***, refer to the website for more details ***growthpoint.com.au***

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 & Compliance Committee. The previous Compliance Committee was dissolved.

For the rest of this report, the committee is referred to as the "**Audit, Risk & Compliance Committee**".

The Audit, Risk & Compliance Committee comprises four 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.

60 Refer to page 60 of this report for more details on ***Maxine Brenner***

The Board has established a formal charter for the Audit, Risk & Compliance Committee. The charter is available on the Group's website.

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

59 Refer to pages 59-60 of this report for ***details of the members of the Audit, Risk & Compliance Committee*** including their qualifications.

66 Refer to page 66 of this report for ***details of meetings of the Audit, Risk & Compliance Committee***

PRINCIPLE 5: **MAKE TIMELY AND BALANCED DISCLOSURE**

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", "Communications Procedure" and "Rapid Response Policy and Procedure".

The policies referred to above ensure:

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

As Growthpoint Properties Limited (SA) is the major shareholder of Growthpoint Properties Australia Limited and the major unitholder of Growthpoint Properties Australia Trust, the Board has resolved that the Group's employees may provide confidential information to Growthpoint Properties Limited on request subject to several exceptions including where the Board directs otherwise and where the disclosure would breach any law (including the ASX Listing Rules). Growthpoint Properties has, among other things, agreed to ensure it complies at all times with the requirements of Australian law (including the ASX Listing Rules).

PRINCIPLE 6: **RESPECT THE RIGHTS OF SECURITYHOLDERS**

COMMUNICATION WITH SECURITYHOLDERS

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, ***growthpoint.com.au***.
5. (**Email**) From time to time, the Group will email Securityholders copies of key ASX announcements. Security holders 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.*

CORPORATE GOVERNANCE STATEMENT CONTINUED

Growthpoint seeks to achieve best practice in corporate governance having regard to the nature and scale of its business. A strong compliance and governance culture with appropriate supporting controls in place, is key for successful organisations.

Michael Davy
Compliance Officer

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

For the results for 12 months ended 30 June 2014, the Group released a webcast presentation of its results, being substantially the same presentation it provided to institutional investors. It is expected that similar webcasts will be made for future results.

WWW The ***webcast*** is available on the Group's website ***growthpoint.com.au***

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 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, ***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. Record of the full year results webcasts which are made available on the Group's website.

PRINCIPLE 7: **RECOGNISE AND MANAGE RISK**

RISK MANAGEMENT POLICIES

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

1. ***Risk Management Regime*** – refer to pages 46-48 for more details.
2. ***Delegations of Authority Policy*** – prescribing limits of authority for individual directors and management.
3. ***Investment policies*** – details are available at ***growthpoint.com.au***
4. ***Business Continuity Plan***.
5. ***Disaster Recovery Plan.***
6. ***Valuation Policy*** – requires director's valuations and external valuations of the Group's real properties not less than every six months and every three years, respectively. This policy also provides guidance for valuation principles and the appointment and rotation of external valuers.
7. ***Compliance Plan*** – outlines key compliance objectives, risks and measures.
8. ***Operational Compliance Manual*** – provides guidance to all employees on day-to-day operational compliance practices and procedures.
9. ***Securities trading policy***.
10. ***Code of conduct***.

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

INTERNAL AUDIT FUNCTION

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 Company's accounts;
4. the Trust's compliance plan; and
5. the Company's compliance with its Australian Financial Services Licence requirements,

the Board does not believe a dedicated internal audit function is required at this stage however, the possible addition of an internal audit function is currently being considered.

The Audit, Risk & 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 & 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 & Compliance Committee.

RISK MANAGEMENT PROCESS

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 18 August 2014 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.

PRINCIPLE 8: **REMUNERATE FAIRLY AND RESPONSIBLY**

REMUNERATION COMMITTEE POLICY

WWW The Board has established a ***Nomination, Remuneration & HR Committee***, refer to the website for more details ***growthpoint.com.au***

The Board has established a charter for the Nomination, Remuneration & HR Committee.

REMUNERATION COMMITTEE STRUCTURE

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

1. The small number of directors and their existing responsibilities.
2. The reason for Norbert Sasse not being deemed to be independent (i.e. his role as CEO of the Group's major Securityholder) 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 remunerated appropriately and in a manner which maximises Securityholder value aligns with the interests of all Securityholders.
4. The Committee comprises a majority of independent directors.

The Nomination, Remuneration & HR Committee has sought independent remuneration advice from PwC.

72 Refer to pages 72-75 of this report for more ***details on the Nomination, Remuneration & HR Committee*** work in relation to remuneration

No employees are involved in determining their own remuneration.

REMUNERATION STRUCTURE FOR DIRECTORS AND SENIOR MANAGEMENT

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.

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 Securityholder approval).

76 Refer to pages 76-77 of this report for more ***details of non-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.

76 Refer to pages 76-77 of this report for more ***details of executive remuneration***

FURTHER INFORMATION

58 Refer to pages 58-60 of this report for ***details of the members of the Nomination, Remuneration & HR Committee*** including their experience and qualifications

66 Refer to page 66 of this report for ***details of meetings of the Nomination, Remuneration & HR Committee***

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

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

REMUNERATION REPORT

The Directors present this "Remuneration Report" for the Group which summarises key compensation policies for the year ended 30 June 2014 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 Secretaries 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 delegated authority from 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 other 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
- **Geoff Tomlinson** - Independent, non-executive director (appointed 13 February 2014)

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 performance against a range of key performance indicators for the previous 12 months (refer to pages 21-22 of this annual report for more details of performance measures). A high weighting is attributed to the financial results as compared to budgeted results. Failure to achieve budget may result in no bonus payments for the financial element of the short-term incentive 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 long term goals and performance of the Group and with the maximisation of wealth for Securityholders. The measures are reviewed regularly by the Nomination, Remuneration & HR Committee and/or the Board. The current measures for the FY14 Plan LTI, which are identical to the measures for the FY13 Plan, FY12 Plan and FY11 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 three year period or a shorter period from 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%.

The performance measures that apply to the FY15 Plan have been altered by the Nomination, Remuneration & HR Committee whereby the distributable income element has been removed and the TSR and ROE measures now have a weighting of 50% each. The Nomination, Remuneration & HR Committee now consider that the distributable income element to be a short term measure of performance (based on one year) and therefore did not fit with the goal of linking employees' remuneration and the long term performance of the Group.

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 Award"** for each employee for the relevant financial year;

"Having carefully and diligently built an excellent property portfolio with excellent fundamentals and delivering a growing income stream, Growthpoint remains cautiously optimistic for the future

Grant Jackson
Independent Director

LTI MAXIMUM FOR DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

	FY14			FY13		
	LTI Maximum of base remuneration	*LTI Maximum*	*LTI Award Estimate*	*LTI Maximum of base remuneration*	*LTI Maximum*	*LTI Award Actual*
	%	$	$	%	$	$
MR T COLLYER	80	616,000	535,304	80	560,000	552,160
MR A HOCKLY	50	140,000	121,660	50	125,000	123,250
MR D ANDREWS	50	130,000	112,970	50	115,000	113,390
MR M GREEN	50	130,000	112,970	50	112,500	110,925
		1,016,000	**882,904**		**912,500**	**899,725**

CONSEQUENCES OF PERFORMANCE ON SECURITYHOLDER WEALTH

	2014	2013	2012	2011	2010
Profit attributable to the owners of the Group	**$117,645,000**	$93,956,000	$49,487,000	$43,373,000	$46,694,000
Dividends and distributions paid	**$86,790,000**	$72,590,000	$57,383,000	$36,480,000	$22,347,000
Distribution per stapled security	**$0.190**	$0.183	$0.176	$0.171	$0.140
Change in stapled security price	**$0.050**	$0.300	$0.205	$0.095	$0.300
Total securityholder return	**10.00%**	**23.00%**	**20.11%**	**14.78%**	**29.33%**

f. For the FY13 Plan, FY12 Plan and FY11 Plan, on or about 30 September of each year the employee will receive 25% of his or her LTI Award through the issue of an equivalent value of stapled securities in the Group based on a price per security at the volume weighted average price of the securities over the 20 trading days preceding their issue. However, for the FY14 Plan and beyond, the total number of securities will be determined on the first vesting date (for the FY14 Plan, on or around 30 September 2015) by dividing the LTI Award by the volume weighted average price of the securities over the 20 trading days preceding their issue and dividing that number into four which will represent the number of securities to be issued to the employee for the succeeding four years in respect of the relevant financial year. This will mean that recipients are exposed to variations in the security price prior to the three tranches vesting in subsequent years. The Nomination, Remuneration & HR Committee altered the plan in an attempt to better align employees' remuneration with the long term performance of the Group ; and

g. the LTI is cumulative and, subject to some exceptions, immediately vest in the case of a takeover of the Group or an employee being made redundant.

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 2014 is given in the table above. The LTI Achievement cannot be calculated until the release of the benchmark data for the year ended 30 June 2014 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 2014, pro-rated over the period to which any securities under the LTI are issued.

The minimum LTI Award for FY14 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.

Annual vesting of securities is generally dependent on the employee being employed on the vesting date subject to certain contractual exceptions such as redundancy and in the discretion of the Board (eg. in the case of a 'good leaver').

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 five financial years ending 30 June 2014 (see table above).

The 2010 figures for the change in stapled security price and total return are from 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 2014 will be 19.0 cents per stapled security, in line with the forecast provided prior to 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 six 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.

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

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 three months from the date of termination.

NON-EXECUTIVE DIRECTORS

An aggregate pool of $1,000,000 for the remuneration of Non-Executive Directors was approved by shareholders at the Company's Annual General Meeting in November 2013.

The fees payable to Non-Executive Directors are listed on page 76 of this report.

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 Managing Director, Lyn Shaddock 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 58 to 60 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 Chairman meets with each director separately not less than annually to receive feedback and 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 matters listed on page 21to 22 of this Annual Report. The Committee also considers external remuneration advice and salary surveys.

In 2014, 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 $38,760 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 Committee 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 deliver the final report containing their recommendations directly to the Nomination, Remuneration & HR Committee. The Committee is satisfied, on behalf of the Board, 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 six monthly review of each employee's performance. The reviews form the basis for remuneration recommendations.

The Nomination, Remuneration & 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.

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (FY14)

	Short term			*Post employment*			*Share based payments*		
FOR THE PERIOD TO 30 JUNE 2014	*Salary and fees*	*Cash bonus*	*Non-monetary benefits*	*Super-annuation benefits*	*Other long term*	*Termination benefits*	*Options and rights*	*Total*	*S300A (1) (e) (i) proportion of remuneration performance related*
	$	$	$	$	$	$	$	$	%
DIRECTORS (CURRENT)									
Mr L Shaddock (Chairman)	145,000	-	-	-	-	-	-	145,000	0%
Mr G Jackson	85,092	-	-	7,871	-	-	-	92,963	0%
Mr F Marais	85,000	-	-	-	-	-	-	85,000	0%
Mr N Sasse	90,000	-	-	-	-	-	-	90,000	0%
Mr E de Klerk	87,500	-	-	-	-	-	-	87,500	0%
Ms M Brenner	89,456	-	-	8,275	-	-	-	97,731	0%
Mr G Tomlinson	68,268	-	-	6,315	-	-	-	74,583	0%
EXECUTIVES (CURRENT)									
Mr T Collyer (Managing Director)	753,520	450,000	12,809	16,480	-	-	468,276	1,701,085	54%
Mr A Hockly (Company Secretary & General Counsel)	257,198	140,000	2,412	22,802	-	-	105,074	527,486	46%
Mr D Andrews (Chief Financial Officer)	239,446	130,000	5,033	20,554	-	-	96,996	492,029	46%
Mr M Green (Head of Property)	235,240	130,000	2,182	22,014	-	-	95,583	485,019	47%

(i) Mr Tomlinson was appointed to the Board on 1 September 2014.

3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

Directors' and executive officers' remuneration is detailed in the tables above and on page 77.

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 detailed in the table on page 77.

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 FY11 LTI will occur on or around 30 September 2014. The grant date for the FY11 LTI was 8 July 2011 for the participants.

The conversion of the remaining performance rights in relation to FY12 LTI will occur on 30 September 2014 and 2015 in equal parts. The grant date for the FY12 LTI was 14 February 2012 for the participants.

The conversion of the remaining performance rights in relation to FY13 LTI will occur on 30 September 2014, 2015 and 2016 in equal parts. The grant date for the FY13 LTI was 5 July 2012 for the participants.

Performance rights in relation to FY14 LTI (if any) will be issued on or around 30 September 2014 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 26 November 2014. The grant date for the FY14 LTI was 15 November 2013. The conversion of the remaining performance rights for the FY14 LTI will occur on or around 30 September 2015, 2016 and 2017 in equal parts.

As of the date of this 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 4.7 in the accounts for further information on the LTI plans.

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (FY13)

FOR THE PERIOD TO 30 JUNE 2013	Short term: Salary and fees	Short term: Cash bonus	Short term: Non-monetary benefits	Post employment: Super-annuation benefits	Other long term	Termination benefits	Share based payments: Options and rights	Total	S300A (1) (e) (i) proportion of remuneration performance related
	$	$	$	$	$	$	$	$	%
DIRECTORS (CURRENT)									
Mr L Shaddock (Chairman)	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	-	-	449,892	1,564,737	55%
Mr A Hockly (Company Secretary & General Counsel)	233,530	120,000	2,198	16,470	-	-	80,757	452,955	44%
Mr D Andrews (Chief Financial Officer)	213,530	112,500	4,446	16,470	-	-	74,374	421,320	44%
Mr M Green (Head of Property, previously Portfolio Manager)	208,530	112,500	2,003	16,470	-	-	72,762	412,265	45%

DETAILS OF PERFORMANCE RIGHTS

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 FY14
			$	No.	$	%
FY13 Plan	*Mr T Collyer*	11/12/2013	138,041	56,574	414,123	25%
FY13 Plan	*Mr A Hockly*	7/10/2013	30,812	12,628	92,437	25%
FY13 Plan	*Mr D Andrews*	7/10/2013	28,348	11,618	85,044	25%
FY13 Plan	*Mr M Green*	7/10/2013	27,731	11,365	83,192	25%
FY12 Plan	*Mr T Collyer*	7/10/2013	89,302	36,974	166,784	25%
FY12 Plan	*Mr A Hockly*	7/10/2013	21,953	8,997	43,905	25%
FY12 Plan	*Mr D Andrews*	7/10/2013	20,032	8,210	40,065	25%
FY12 Plan	*Mr M Green*	7/10/2013	19,210	7,873	38,420	25%
FY11 Plan	*Mr T Collyer*	7/10/2013	75,870	31,094	75,870	25%
FY11 Plan	*Mr A Hockly*	7/10/2013	16,597	6,802	16,597	25%
FY11 Plan	*Mr D Andrews*	7/10/2013	15,490	6,348	15,490	25%
FY11 Plan	*Mr M Green*	7/10/2013	15,490	6,348	15,490	25%

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

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 18 August 2014. 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 2014 unless the context requires otherwise.

References to "balance date" in this report refer to 30 June 2014 unless the context requires otherwise.

NAVIGATING THIS INTERACTIVE REPORT

INTERACTIVE TABLE OF CONTENTS

Click on any listing in the table of contents to go to that section.

FINANCIAL REPORT CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE	Notes	2014	2013
		$'000	$'000
Investment income			
Property revenue	3.1	**172,283**	153,870
Straight line adjustment to property revenue	3.1	**5,373**	5,769
Net changes in fair value of investment properties	3.1	**23,780**	5,990
Profit / (loss) on sale of investment properties	3.1	**-**	279
Net change in fair value of derivatives		**12,800**	5,596
Loss on settlement of derivative		**(15,750)**	-
Net investment income		**198,486**	171,504
Expenses			
Property expenses	3.1	**(23,643)**	(20,474)
Other expenses from ordinary activities		**(8,890)**	(6,431)
Total expenses		**(32,533)**	(26,905)
Profit from operating activities		**165,953**	144,599
Interest income		**734**	5,759
Borrowing costs	4.2	**(49,042)**	(56,272)
Net finance costs		**(48,308)**	(50,513)
Profit before income tax		**117,645**	94,086
Income tax expense	2.2	**(297)**	(130)
Profit for the year		**117,348**	93,956
Profit attributable to:			
Owners of the Trust		**117,454**	93,949
Owners of the Company		**(106)**	7
		117,348	93,956
Distribution to Securityholders	4.6	**(86,790)**	(72,590)
Change in net assets attributable to Securityholders / Total Comprehensive Income		**30,558**	21,366
Basic and diluted earnings per security (cents)	2.3	**25.7**	23.7

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	Notes	2014	2013
		$'000	*$'000*
Current assets			
Cash and cash equivalents	3.7	**21,321**	9,405
Trade and other receivables	3.4	**13,093**	2,432
Assets held for sale	3.2	**17,741**	-
Total current assets		**52,155**	11,837
Non-current assets			
Trade and other receivables	3.4	**56,458**	51,084
Plant & equipment	3.6	**434**	521
Investment properties	3.1	**2,019,435**	1,595,831
Other receivables	3.3	**-**	20,951
Deferred tax assets	2.2	**297**	174
Total non-current assets		**2,076,624**	1,668,561
Total assets		**2,128,779**	1,680,398
Current liabilities			
Trade and other payables	3.5	**23,751**	17,535
Provision for distribution payable		**46,850**	37,463
Current tax payable	2.2	**348**	27
Derivative financial instruments	4.3	**192**	-
Total current liabilities		**71,141**	55,025
Non-current liabilities			
Interest bearing liabilities	4.1	**871,214**	786,893
Derivative financial instruments	4.3	**21,350**	34,341
Total non-current liabilities		**892,564**	821,234
Total liabilities		**963,705**	876,259
Net assets		**1,165,074**	804,139
Securityholders' funds			
Contributed equity	4.5	**1,303,009**	973,911
Reserves		**2,718**	1,440
Accumulated losses		**(140,653)**	(171,212)
Total Securityholders' funds		**1,165,074**	804,139

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 2014	*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 2013	973,911	1,026	414	7	(171,219)	**804,139**
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	117,348	**117,348**
Total other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	117,348	**117,348**
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	329,099	-	-	-	-	**329,099**
Distributions provided or paid	-	-	-	-	(86,790)	**(86,790)**
Share-based payment transactions	-	1,231	-	-	-	**1,231**
Deferred tax expense charged to equity	-	-	47	-	-	**47**
Total transactions with Securityholders	329,099	1,231	47	-	(86,790)	**243,587**
Balance at 30 June 2014	1,303,009	2,257	461	7	(140,661)	**1,165,074**

Total recognised income and expense for the year is attributable to:	
- Trust	**117,454**
- Company	**(106)**
Growthpoint Properties Australia	**117,348**

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	Notes	**2014**	2013
		$'000	*$'000*
Cash flows from operating activities			
Cash receipts from customers		**174,263**	153,851
Cash payments to suppliers		**(37,697)**	(23,838)
Cash generated from operating activities		**136,566**	130,013
Interest paid		**(47,870)**	(57,092)
Taxes paid		**(52)**	(221)
Net cash inflow from operating activities	3.7 (b)	**88,644**	72,700
Cash flows from investing activities			
Interest received		**718**	5,759
Net proceeds from sale of investment properties		**-**	70,553
Payments for investment properties		**(378,842)**	(128,123)
Payments for plant & equipment		**(58)**	(542)
Payments as loans to other entities		**(17,688)**	(82,537)
Net cash outflow from investing activities		**(395,870)**	(134,890)
Cash flows from financing activities			
Proceeds from external borrowings		**286,808**	217,855
Repayment of external borrowings		**(203,610)**	(162,598)
Proceeds from equity raising		**331,530**	48,886
Equity raising costs		**(2,433)**	(76)
Payment for settlement of derivatives		**(15,750)**	-
Distributions paid to Securityholders		**(77,403)**	(67,761)
Net cash inflow from financing activities		**319,142**	36,306
Net increase / (decrease) in cash and cash equivalents		**11,916**	(25,884)
Cash and cash equivalents at the beginning of the period		**9,405**	35,289
Cash and cash equivalents at the end of the period		**21,321**	9,405

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

NOTES TO THE FINANCIAL STATEMENTS

SECTION 1: *Basis of preparation*

in this section...

This section sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. This section also shows relevant new accounting standards, amendments and interpretations, whether these are effective in FY14 or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

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 2014. The Group's registered address is Level 22, 357 Collins Street, Melbourne, Victoria 3000, Australia.

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 on 18 August 2014.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated 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.

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.

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 3.1 – Investment properties;

SECTION 1: *Basis of preparation (cont.)*

USE OF ESTIMATES AND JUDGEMENTS *(cont.)*

- Note 3.3 – Other receivables;
- Note 4.3 – Derivative financial instruments; and
- Note 4.6 – 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 3.1 – Investment properties;
- Note 3.3 – Other receivables;
- Note 4.3 – Derivative financial instruments; and
- Note 4.6 – Share-based payment arrangements.

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. When applicable, information regarding the method of determining fair value and about the assumptions made in determining fair value is disclosed in the note specific to that asset or liability.

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. This is also true for accounting policies included in sections 2 – 4 of the report.

BASIS OF CONSOLIDATION

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 only 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.

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.

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.

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.

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.

IMPAIRMENT

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss (meaning the asset value has not been increased or decreased to accord with its assessed market value) 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.

SECTION 1: *Basis of preparation (cont.)*

ACCOUNTING POLICIES *(cont.)*

IMPAIRMENT *(cont.)*

Financial assets (including receivables) (cont.)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not otherwise consider, 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.

EMPLOYEE BENEFITS

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.

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.

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.

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 January 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9 FINANCIAL INSTRUMENTS (2010), IFRS 9 FINANCIAL INSTRUMENTS (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 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. IFRS 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 IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) are effective for the FY 2016 annual reporting period for the Group with early adoption permitted. The adoption of IFRS 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.

SECTION 2: *Results for the Year*

in this section…

This section focuses on the results and performance of the Group. On the following pages you will find disclosures explaining the Group's results for the year, segmental information, taxation and earnings per security.

2.1 PROFIT BEFORE TAX

ACCOUNTING POLICIES

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.

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.

SEGMENTAL 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 2014			
Revenue, excluding straight line lease adjustment	76,805	95,478	**172,283**
Property expenses	(11,030)	(12,613)	**(23,643)**
Segment results	65,775	82,865	**148,640**
Income not assigned to segments			**26,937**
Expense not assigned to segments			**(57,932)**
Net profit before income tax			**117,645**
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**

Property values are also reported by segment and this information is reported in note 3.1.

Major customer

Revenues from one customer, Woolworths Limited, of the Group's Industrial segment represents $45,005,000 (2013: $43,790,000) of the Group's total revenues.

SECTION 2: *Results for the Year (cont.)*

2.1 PROFIT BEFORE TAX *(cont.)*

REMUNERATION OF AUDITORS

During the year to 30 June 2014 the following fees were paid or payable for services provided by the auditor of the Group:

	2014	2013
	$	*$*
Audit services - KPMG		
Audit and review of financial statements	**142,100**	138,800
Other regulatory audit services	**59,440**	58,062
Non-audit services - KPMG		
Other assurance and due diligence services	**205,000**	10,000

2.2 TAXATION

ACCOUNTING POLICIES

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.

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.

INCOME TAX EXPENSE

The tables below relate to income tax for the Company only.

Income tax expense:

	2014	2013
	$'000	*$'000*
Current tax expense	**348**	27
Deferred tax (benefit) / expense	**(76)**	101
Over provision from prior year	**25**	2
	297	130

SECTION 2: *Results for the Year (cont.)*

2.2 TAXATION *(cont.)*

INCOME TAX EXPENSE *(cont.)*

Numerical reconciliation of income tax expense to prima facie tax payable:

	2014	2013
	$'000	*$'000*
Profit before income tax expense	**191**	136
Income tax expense using the Company's domestic rate of 30%	**57**	41
Increase/(decrease) in income tax due to:		
Non-deductible expenses	**215**	87
Over provision of prior year income tax	**25**	2
	297	130
The applicable weighted average effective tax rate for the Company is as follows	**156%**	96%

Recognised deferred tax assets / (liabilities)

	2014	2013
	$'000	*$'000*
Equity raising costs	**87**	125
Accrued expenses	**137**	43
Employee benefits	**23**	11
Prepayments	**50**	(5)
	297	174

As at 30 June 2014, the Company had franking credits of $386,000 available to it (30 June 2013: $334,000).

Movement in temporary differences during the year

	Opening balance 1 July 2013	*Charged to profit and loss*	*Charged to equity*	**Balance 30 June 2014**
	$'000	*$'000*	*$'000*	*$'000*
Non-current assets:				
Equity raising costs	125	(85)	47	**87**
Total	125	(85)	47	**87**
Current liabilities:				
Accrued expenses	43	94	-	**137**
Employee benefits	11	12	-	**23**
Prepayments	(5)	55	-	**50**
Total	49	161	-	**210**
Total movement in temporary differences (FY14)	**174**	**76**	**47**	**297**

SECTION 2: *Results for the Year (cont.)*

2.2 TAXATION *(cont.)*

INCOME TAX EXPENSE *(cont.)*

Movement in temporary differences during the previous 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 movement in temporary differences (FY13)	274	(101)	1	**174**

2.3 EARNINGS PER STAPLED SECURITY ("EPS")

ACCOUNTING POLICIES

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.

EARNINGS PER STAPLED SECURITY

	2014	2013
Weighted average number of stapled securities on issue for the year	**456,121,420**	396,510,144
Basic & diluted earnings per stapled security - cents	**25.7**	23.7

SECTION 3: *Operating assets and liabilities*

in this section...

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 4. Deferred tax assets and liabilities are shown in Section 2.2.

On the following pages there are sections covering working capital, non-current assets, acquisitions and disposals, other payables due after more than one year and provisions.

3.1 INVESTMENT PROPERTY

ACCOUNTING POLICIES

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.

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.

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.

DETERMINATION OF FAIR VALUE

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

In the absence of current prices in an active market, the valuations are prepared by considering the net present value of the estimated cash flows expected from ownership of the property, a discounted cash flow valuation. A discount rate or target internal rate of return 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.

SECTION 3: *Operating assets and liabilities (cont.)*

3.1 INVESTMENT PROPERTY *(cont.)*

INVESTMENT PROPERTY VALUE

INDUSTRIAL PROPERTIES			Latest External Valuation Date	Valuation	Consolidated Book Value **30 June 14**	30 June 13
				$'000	*$'000*	*$'000*
Victoria						
28 Bilston Drive	Wodonga	VIC	30-Jun-14	75,500	**75,500**	72,500
120 Northcorp Boulevard	Broadmeadows	VIC	30-Jun-14	69,500	**69,500**	66,200
522-550 Wellington Road	Mulgrave	VIC	31-Dec-13	52,700	**55,000**	51,250
40 Annandale Road	Melbourne Airport	VIC	30-Jun-14	36,600	**36,600**	36,800
9-11 Drake Boulevard (i)	Altona	VIC	31-Dec-13	24,150	**25,900**	-
213-215 Robinsons Road (i)	Ravenhall	VIC	30-Jun-14	24,750	**24,750**	-
130 Sharps Road	Melbourne Airport	VIC	31-Dec-13	23,200	**23,350**	23,000
99-103 William Angliss Drive	Laverton North	VIC	31-Mar-14	21,000	**21,200**	-
Lots 2-4, 44-54 Raglan Street	Preston	VIC	31-Dec-13	19,700	**19,700**	18,500
42-44 Garden Street	Kilsyth	VIC	31-Dec-13	18,600	**18,750**	18,000
120-132 Atlantic Drive (i)	Keysborough	VIC	31-Dec-13	17,400	**17,850**	-
120 Link Road	Melbourne Airport	VIC	31-Dec-13	17,350	**17,400**	17,150
365 Fitzgerald Road	Derrimut	VIC	30-Jun-14	16,100	**16,100**	15,600
60 Annandale Road	Melbourne Airport	VIC	30-Jun-14	13,000	**13,000**	13,000
20 Southern Court (i)	Keysborough	VIC	31-May-13	11,770	**12,100**	-
45-55 South Centre Road	Melbourne Airport	VIC	31-Dec-13	8,900	**8,700**	8,700
31 Garden Street	Kilsyth	VIC	31-Dec-13	8,450	**8,500**	8,150
306-318 Abbotts Road	Dandenong South	VIC	31-Dec-13	8,000	**8,000**	7,725
19 Southern Court (i)	Keysborough	VIC	31-May-13	7,030	**7,300**	-
75 Annandale Road	Melbourne Airport	VIC	30-Jun-14	6,875	**6,875**	6,870
Queensland						
70 Distribution Street	Larapinta	QLD	31-Dec-13	170,700	**173,200**	165,000
13 Business Street	Yatala	QLD	31-Dec-13	14,300	**14,300**	14,000
29 Business Street	Yatala	QLD	30-Jun-14	11,900	**11,900**	11,500
5 Viola Place	Brisbane Airport	QLD	31-Dec-13	11,700	**11,200**	11,450
670 Macarthur Avenue	Pinkenba	QLD	30-Jun-14	8,600	**8,600**	8,450
10 Gassman Drive	Yatala	QLD	30-Jun-14	4,950	**4,950**	4,700
3 Viola Place	Brisbane Airport	QLD	31-Dec-13	2,150	**2,150**	2,600
Western Australia						
2 Horrie Miller Drive	Perth Airport	WA	30-Jun-14	121,000	**121,000**	115,000
New South Wales						
27-49 Lenore Drive (i)	Erskine Park	NSW	30-Jun-14	51,000	**51,000**	-
6-7 John Morphett Place	Erskine Park	NSW	31-Dec-13	38,300	**39,200**	38,211
51-65 Lenore Drive	Erskine Park	NSW	31-Dec-13	23,950	**25,450**	23,934
81 Derby Street	Silverwater	NSW	31-Dec-13	13,800	**13,550**	13,750

SECTION 3: *Operating assets and liabilities (cont.)*

3.1 INVESTMENT PROPERTY *(cont.)*

INVESTMENT PROPERTY VALUE *(cont.)*

INDUSTRIAL PROPERTIES			Latest External Valuation Date	Valuation	Consolidated Book Value **30 June 14**	30 June 13
				$'000	*$'000*	*$'000*
South Australia						
599 Main North Road	Gepps Cross	SA	31-Dec-13	61,700	**62,700**	59,250
12-16 Butler Boulevard	Adelaide Airport	SA	31-Dec-13	11,000	**11,000**	10,750
10 Butler Boulevard	Adelaide Airport	SA	31-Dec-13	7,600	**7,600**	7,600
Total Industrial Properties				1,033,225	**1,043,875**	849,640

(i) These properties were acquired during the year

OFFICE PROPERTIES			Latest External Valuation Date	Valuation	Consolidated Book Value **30 June 14**	30 June 13
				$'000	*$'000*	*$'000*
Victoria						
Building 2, 572-576 Swan Street	Richmond	VIC	30-Jun-14	75,000	**75,000**	75,000
Buildings 1&3, 572-576 Swan Street	Richmond	VIC	30-Jun-14	52,000	**52,000**	51,100
Car Park, 572-576 Swan Street	Richmond	VIC	30-Jun-14	1,200	**1,200**	1,125
Queensland						
333 Ann Street	Brisbane	QLD	30-Jun-14	95,000	**95,000**	110,000
1231-1241 Sandgate Road	Nundah	QLD	31-Dec-13	86,000	**87,800**	82,000
CB1, 22 Cordelia Street	South Brisbane	QLD	30-Jun-14	69,000	**69,000**	65,000
A1, 32 Cordelia Street	South Brisbane	QLD	30-Jun-14	64,500	**64,500**	64,000
A4, 52 Merivale Street	South Brisbane	QLD	31-Dec-13	60,500	**57,000**	62,000
CB2, 42 Merivale Street	South Brisbane	QLD	30-Jun-14	45,000	**45,000**	35,200
Car Park, 32 Cordelia Street	South Brisbane	QLD	31-Dec-13	10,400	**10,400**	10,000
South Australia						
WorldPark, 33-39 Richmond Road	Keswick	SA	30-Jun-14	57,000	**57,000**	54,350
7 Laffer Drive (ii)	Bedford Park	SA	30-Jun-14	17,740	**-**	17,800
New South Wales						
1 Charles Street	Parramatta	NSW	30-Jun-14	241,118	**241,118**	-
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-13	90,500	**92,800**	87,000
Tasmania						
89 Cambridge Park Drive	Cambridge	TAS	31-Dec-13	26,000	**26,700**	25,500
Australian Capital Territory						
10-12 Mort Street	Canberra	ACT	30-Jun-14	57,500	**57,500**	57,200
Total Office Properties				1,048,458	**1,032,018**	797,275
Sub-total (Office and Industrial)				2,081,683	**2,075,893**	1,646,915
Less: amounts classified as receivables (rental income recognised on a straight line basis)					**(56,458)**	(51,084)
TOTAL INVESTMENT PROPERTIES					**2,019,435**	1,595,831

(ii) This property was transferred to assets available for sale.

SECTION 3: *Operating assets and liabilities (cont.)*

3.1 INVESTMENT PROPERTY *(cont.)*

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, Knight Frank and CBRE. The fair value of properties not externally valued as at 30 June 2014 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 above.

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:

	2014	2013
Discount rate	**9.0% - 10.3%**	9.3% - 10.8%
Terminal yield	**7.5% - 10.3%**	8.3% - 10.5%
Capitalisation rate	**7.3% - 9.8%**	7.8% - 10.0%
Expected vacancy period	**3-12 months**	5-12 months
Rental growth rate	**2.5% - 5.0%**	2.5% - 5.0%

For the office portfolio the following ranges were used:

	2014	2013
Discount rate	**8.5% - 10.5%**	8.8% - 11.0%
Terminal yield	**7.5% - 10.5%**	8.3% - 11.5%
Capitalisation rate	**7.0% - 12.0%**	8.0% - 11.0%
Expected vacancy period	**6-12 months**	5-12 months
Rental growth rate	**3.1% - 4.5%**	3.1% - 4.5%

COMMENTARY ON DISCOUNT RATES

DATE OF VALUATION	**30-Jun-14**	30-Jun-13
Average 10 year discount rate used to value the Group's properties	**9.15%**	9.52%
10 year bond rate	**3.54%**	3.76%
Implied property risk premium	**5.61%**	5.76%

As the above table shows, over the 12 months to 30 June 2014 discount rates utilised in the valuation of the Group's property portfolio have tightened (lowered) although the spread has remained mostly static. At the reporting date, the weighted average discount rate utilised in valuing the Group's portfolio of property, has decreased by approximately 37 basis points. Over this same period the implied property risk premium has reduced by approximately 15 basis points. The implied property risk premium is the difference between the weighted average discount rate and the 10 year Australian Government bond rate. The decrease in the implied property risk premium is driven by the tightening of the Group's weighted average discount rate, which outweighed the reduction in the bond rate of 22 basis points from June 2013 following a recovery in December 2013.

SECTION 3: *Operating assets and liabilities (cont.)*

3.1 INVESTMENT PROPERTY *(cont.)*

COMMENTARY ON CAPITALISATION RATES

Industrial

There continues to be strong interest in the industrial property sector, as transactions indicate domestic and foreign institutional investors, who previously competed for limited prime quality stock with long term leases, are now acquiring properties within the prime sector with shorter lease expiries. This has led to further firming of yields over the past 12 months of 25 to 50 basis points for both ends of the prime yield range. These transactions 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 8.3% to 8.0% over the year to 30 June 2014.

Office

Over the past 18 months, the commercial property market has experienced solid investment activity from both domestic and international institutional investors, predominantly for A-grade office assets which has led to firmer yields. However, in contrast to the buoyant investment metrics, office leasing conditions remain challenging. Following some new leasing deals and lease extensions to existing tenants, an improving investment market and the acquisition of 1 Charles Street, Parramatta (market yield 7.0%), the weighted average capitalisation rate used in valuing the office portfolio has firmed from 8.4% to 7.8% over the year to 30 June 2014.

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.

CONTRACTUAL OBLIGATIONS

At 30 June 2014, the following contractual obligations relating to expansions at existing investment property are in place:

- Under an expansion clause in the current lease the tenant at 5 Viola Place, Brisbane Airport, Queensland can request a 6,250m² expansion at any point during the term (which currently expires on 22 December 2015). The Group would be responsible for funding this expansion. Upon completion the lease would be re-set so that at least seven years remained and rent would be charged on the additional net lettable area constructed under the expansion clause.
- Under an expansion clause in the current lease the tenant at 99-103 William Angliss Drive, Laverton North, Victoria can request a 3,000m² expansion within the first two years of the lease (this expansion clause expires on 15 April 2016). The Group would be responsible for funding this expansion. Upon completion of the expansion works, a new 15 year lease would commence and rent would be charged on the additional net lettable area constructed under the expansion clause.
- Under an expansion clause in the current lease the tenant at 120-132 Atlantic Drive, Keysborough, Victoria can request a 3,000m² expansion at any point during the term (which currently expires on 20 December 2028). The Group would be responsible for funding this expansion. Upon completion the lease would be re-set so that at least seven years remained and rent would be charged on the additional net lettable area constructed under the expansion clause.

The three property expansions detailed above have an estimated aggregate cost of not more than $15.0 million

The Group also has an obligation in June 2019 to make available $6.0 million to the tenant at 1 Charles Street, Parramatta, New South Wales to spend on capital expenditure or refurbishment at the property.

AMOUNTS RECOGNISED IN PROFIT AND LOSS FOR INVESTMENT PROPERTIES

	2014	2013
	$'000	*$'000*
Rental income	**172,283**	153,870
Straight line adjustment to rental income	**5,373**	5,769
Net gain from fair value adjustment	**23,780**	5,990
Gain/(loss) on sale of investment properties	**-**	279
Direct operating expenses from property that generated rental income	**(23,643)**	(20,474)
	177,793	145,434

SECTION 3: *Operating assets and liabilities (cont.)*

3.1 INVESTMENT PROPERTY *(cont.)*

LEASING ARRANGEMENTS

The majority of the investment properties are leased to tenants under non cancellable, long term operating leases with rent payable monthly. The minimum lease payments under these leases are receivable as follows:

	2014	2013
	$'000	*$'000*
Within one year	**177,686**	148,954
Later than one year but not later than five years	**637,266**	531,602
Later than five years	**562,695**	450,162
	1,377,647	1,130,718

10 of the investment properties are held on a leasehold basis with non cancellable, long-term operating leases with ground rent payable monthly. The minimum lease payments under these leases are payable as follows:

	2014	2013
	$'000	*$'000*
Within one year	**2,802**	2,557
Later than one year but not later than five years	**6,646**	6,576
Later than five years	**11**	2,491
	9,459	11,624

RECONCILIATION OF VALUE OF INVESTMENT PROPERTY

	2014	2013
	$'000	*$'000*
At fair value		
Opening balance	**1,595,831**	1,423,577
Acquisitions	**411,238**	233,341
Capital expenditure	**6,326**	3,644
Disposals	**-**	(71,000)
Net gain/(loss) on disposals	**-**	279
Transfer to available for sale	**(17,741)**	-
Net gain/(loss) from fair value adjustment	**23,780**	5,990
Closing balance at 30 June	**2,019,431**	1,595,831

3.2 NON-CURRENT ASSETS AVAILABLE FOR SALE

ACCOUNTING POLICY

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as available for sale. Immediately before classification as available for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter 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 3.1.

At 30 June 2014, the property at 7 Laffer Drive, Bedford Park, South Australia is classed as available for sale. A party is in due diligence to acquire the property but no contract has been signed and there is no certainty the transaction will be concluded. The property has a fair value of $17,741,000 which is the assumed sale price less costs to sell.

SECTION 3: *Operating assets and liabilities (cont.)*

3.3 OTHER RECEIVABLES

	2014	2013
	$'000	*$'000*
Payments made to acquire investment properties:		
27-49 Lenore Drive, Erskine Park, NSW	-	20,908
120-132, Atlantic Drive, Keysborough, VIC	-	43
	-	20,951

During August 2013, the property at 27-49 Lenore Drive, Erskine Park, New South Wales reached practical completion and ownership transferred to the Group with the asset now classed as investment property (see Note 3.1). Payments of rent from the commencement of the lease in August 2013 are included in Property Revenue in the consolidated statement of profit or loss and other comprehensive income.

Interest earned for the period on payments to the developer prior to practical completion was $260,000 and is included in Interest Income in the consolidated statement of profit or loss and other comprehensive income (June 13: $557,000).

During December 2013, the property at 120-132, Atlantic Drive, Keysborough, Victoria reached practical completion and ownership transferred to the Group with the asset now classed as investment property (see Note 3.1). Payments of rent from the commencement of the lease in December 2013 are included in Property Revenue in the consolidated statement of profit or loss and other comprehensive income.

3.4 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

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 other 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.

DETERMINATION OF FAIR VALUE

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.

Trade and other receivables can be analysed as follows:

	2014	2013
	$'000	*$'000*
Current		
Rent receivables	**1,269**	1,077
Prepayments	**1,111**	1,355
Unamortised tenant incentives	**10,713**	-
	13,093	2,432

SECTION 3: *Operating assets and liabilities (cont.)*

3.4 TRADE AND OTHER RECEIVABLES *(cont.)*

IMPAIRED RENT RECEIVABLES

As at 30 June 2014, the following rent receivables of the Group were impaired due to significant delinquency of their payment from a single debtor (2013: nil impairment):

	$'000
At 30 June 2013	-
Provision for impairment recognised in the period	(95)
Bad debt written off	-
At 30 June 2014	(95)

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 4.4 for more information on the risk management policy of the Group.

	2014	2013
	$'000	*$'000*
Non-current		
Rent receivables	**56,458**	51,084
	56,458	51,084

Rent receivables represent the non-current portion of straight-line rental income receivable (refer note 2.1).

3.5 TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

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.

Trade and other payables can be analysed as follows:

	2014	2013
	$'000	*$'000*
Trade payables	**3**	-
Non-trade payables	**4,156**	382
GST payable	**746**	1,269
Accrued expenses - other	**7,973**	6,986
Prepaid rent	**10,873**	8,898
	23,751	17,535

SECTION 3: *Operating assets and liabilities (cont.)*

3.6 PLANT AND EQUIPMENT

ACCOUNTING POLICIES

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.

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.

Plant and equipment can be analysed as follows:

	IT equipment	*Furniture and fittings*	**Total**
	$'000	*$'000*	*$'000*
Balance at 1 July 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**
Additions	33	25	**58**
Disposals	-	-	**-**
Depreciation for the year	(32)	(113)	**(145)**
Carrying amount as at 30 June 2014	28	406	**434**

SECTION 3: *Operating assets and liabilities (cont.)*

3.7 CASH FLOW INFORMATION

	2014	2013
	$'000	*$'000*
(a) Reconciliation of cash at end of year		
Cash and cash equivalents balance	**21,321**	9,405
(b) Reconciliation of net operating profit to net cash inflow from operating activities		
Net profit for the period	**117,348**	93,956
Fair value adjustment to investment property	**(23,780)**	(5,990)
(Profit) / loss on sale of investment properties	**-**	(279)
Fair value adjustment to derivatives	**(12,800)**	(5,596)
Loss on settlement of derivatives	**15,750**	-
Amortisation of borrowing costs	**1,124**	(820)
Interest received	**(718)**	(5,759)
Depreciation	**145**	67
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
- Increase in receivables	**(5,566)**	(5,811)
- Increase in prepayments	**(10,469)**	(599)
- (Decrease) / increase in deferred tax asset	**123**	(100)
- Increase in payables	**7,487**	3,631
Net cash inflow from operating activities	**88,644**	72,700

SECTION 4: *Capital structure and financing costs*

in this section...

This section outlines how the Group manages its capital and related financing costs.

4.1 INTEREST BEARING LIABILITIES

ACCOUNTING POLICIES

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.

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 2013	*Movement during the year*	**Balance as at 30 June 2014**	*Facility limit*	*Maturity*
	$'000	*$'000*	*$'000*	*$'000*	
Secured bank loans					
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	179,498	(204)	**179,294**	238,207	Dec-2016
- Tranche D	-	-	**-**	6,793	Dec-2016
- Tranche E	38,694	(16,599)	**22,095**	70,000	Dec-2016
- Tranche G (i)	-	100,000	**100,000**	100,000	Jun-2015
Bilateral bank facility	65,234	-	**65,234**	70,000	Apr-2019
Total bank loans	793,426	83,197	**876,623**	995,000	
Less unamortised upfront costs	(6,533)	1,124	**(5,409)**		
Total interest bearing liabilities	786,893	84,321	**871,214**		

(i) Although the maturity of this facility is less than 12 months it is classified as a non-current liability due to the Group having a contractual right to extend the facility at its discretion (on pre-arranged terms) by either two or four years from maturity. The Group currently intends to extend this facility by at least two years prior to the maturity date.

The weighted average interest rate (including bank margin and amortisation of upfront fees paid) at 30 June 2014 was 5.77% per annum (2013: 6.70% per annum). Refer to note 4.3 for details on interest rate swaps.

Total secured liabilities

The total non current secured liabilities are as follows:

	2014	2013
	$'000	*$'000*
Bank loans	**876,623**	793,426
Total secured liabilities	**876,623**	793,426

SECTION 4: *Capital structure and financing costs (cont.)*

4.1 INTEREST BEARING LIABILITIES *(cont.)*

INTEREST BEARING LIABILITIES *(cont.)*

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:

	2014	2013
	$'000	*$'000*
Current		
Floating charge		
Cash and cash equivalents	**21,321**	9,405
Receivables	**13,093**	2,432
Assets available for sale	**17,741**	-
	52,155	11,837
Non current		
First mortgage		
Investment properties	**2,019,435**	1,595,831
Receivables	**56,458**	51,084
Other receivables	**-**	20,951
Floating charge		
Plant and equipment	**434**	521
Deferred tax assets	**297**	174
Total non current assets pledged as security	**2,076,624**	1,668,561
Total assets pledged as security	**2,128,779**	1,680,398

Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 4.3.

Fair value

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

4.2 BORROWING COSTS

ACCOUNTING POLICIES

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.

Borrowing costs can be analysed as follows:

	2014	2013
	$'000	*$'000*
Bank interest expense and charges	**47,435**	54,339
Amortisation of borrowing costs	**1,607**	1,933
	49,042	56,272

SECTION 4: *Capital structure and financing costs (cont.)*

4.3 DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

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, 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.

DETERMINATION OF FAIR VALUE

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.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments can be analysed as follows:

	2014	2013
	$'000	*$'000*
Interest rate swap contracts – carried at fair value through profit and loss:		
Total current derivative financial instrument liabilities	**192**	-
Total non-current derivative financial instrument liabilities	**21,350**	34,341
	21,542	34,341

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 4.4). 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 2014 covered 82% (2013: 93%) of the loan principal outstanding. The average fixed interest rate at 30 June 2014 was 4.06% per annum (2013: 4.61% per annum) and the variable rate (excluding bank margin) is 2.67% per annum (2013: 2.85% per annum) at balance date. See table below for further details of swaps in effect at 30 June 2014:

COUNTER PARTY	*Amount of Swap*	*Swap Expiry*	*Fixed Rate*	*Term to Maturity*
	$'000		*%*	*Years*
NAB	200,000	Nov-2018	3.84%	4.3
Westpac	105,000	Dec-2016	5.19%	2.5
NAB	60,000	Jun-2017	3.38%	3.0
ANZ	100,000	Sep-2016	3.80%	2.3
Westpac	40,000	Oct-2014	4.05%	0.3
Westpac	50,000	Jan-2017	4.15%	2.6
ANZ	50,000	Jan-2017	4.12%	2.6
NAB	60,000	Apr-2016	4.54%	1.8
ANZ	50,000	Jul-2018	3.20%	4.0
Total / weighted average	**715,000**		**4.06%**	**3.0**

SECTION 4: *Capital structure and financing costs (cont.)*

4.3 DERIVATIVE FINANCIAL INSTRUMENTS *(cont.)*

DERIVATIVE FINANCIAL INSTRUMENTS *(cont.)*

Interest rate swap contracts – carried at fair value through profit and loss (cont.)

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 $21,542,000 (2013: liabilities of $34,341,000) for the Group. In the year ended 30 June 2014 there was a gain from the increase in fair value of $12,800,000 for the Group (2013: gain of $5,596,000).

Risk exposures

Information about the Group's exposure to credit risk and interest rate risk is provided in note 4.4.

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 2014				
Derivative financial liabilities	-	21,542	-	**21,542**
	-	21,542	-	**21,542**
30 June 2013				
Derivative financial liabilities	-	34,341	-	**34,341**
	-	34,341	-	**34,341**

4.4 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).

in this note...

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 has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit, Risk & Compliance Committee, which is responsible for developing and monitoring risk management policies and making appropriate recommendations to the Board. The Committee reports regularly to the Board on its 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 & Compliance Committee oversees how management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Refer to pages 46 to 48 of the Annual Report for more details.

SECTION 4: *Capital structure and financing costs (cont.)*

4.4 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 the relevant note to the financial statements.

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 2014 covered 82% of the loan principal outstanding at that date (2013: 93%).

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 $715,000,000 (2013: $735,000,000) with a fair value at the reporting date of a liability of $21,542,000 (2013: liability of $34,341,000).

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 that was constructed at 27-49 Lenore Drive, Erskine Park NSW, no additional security was deemed necessary.

Similarly, for the four fund through developments the Group completed during the year; 9-11 Drake Boulevard, Altona, Victoria, 120-130 Atlantic Drive, Keysborough, Victoria, 19 Southern Court, Keysborough, Victoria and 20 Southern Court, Keysborough, Victoria no additional security was deemed necessary due to the financial strength of the developer.

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 the individual notes to these accounts regarding these assets and liabilities for the methods and assumptions adopted in determining net fair values.

SECTION 4: *Capital structure and financing costs (cont.)*

4.4 FINANCIAL RISK MANAGEMENT *(cont.)*

FINANCIAL INSTRUMENTS USED BY THE GROUP *(cont.)*

Market risk

A potential market risk to the Group arises from changes in interest rates relating to its syndicated bank loan and bilateral bank loan amounting to $876,623,000 at balance date (2013: $793,426,000).

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	**2014**	2013
		$'000	*$'000*
Financial assets			
Cash and cash equivalents	Floating	**21,321**	9,405
		21,321	9,405
Financial liabilities			
Derivative financial instruments	Floating	**21,542**	34,341
Interest bearing liabilities – hedged*	Fixed	**715,000**	735,000
Interest bearing liabilities – unhedged	Floating	**161,624**	58,426
		898,166	827,767

* 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 2014, 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)	
	2014	2013	**2014**	2013
	$'000	*$'000*	*$'000*	*$'000*
+100 bps (2013 +100 basis points)				
Cash and borrowings	**(1,403)**	(490)	**(1,403)**	(490)
Interest rate derivatives	**56,286**	23,865	**56,286**	23,865
	54,883	23,375	**54,883**	23,375
-100 bps (2013 -100 basis points)				
Cash and borrowings	**1,403**	490	**1,403**	490
Interest rate derivatives	**(56,287)**	(23,846)	**(56,287)**	(23,846)
	(54,884)	(23,356)	**(54,884)**	(23,356)

As can be seen from the table above, the movements in profit are primarily due to fair value gains or losses on financial derivatives from an interest rate increase or decrease. These fair value gains or losses would be unrealised and non-cash in nature unless the interest rate swaps were closed or sold.

SECTION 4: *Capital structure and financing costs (cont.)*

4.4 FINANCIAL RISK MANAGEMENT *(cont.)*

FINANCIAL INSTRUMENTS USED BY THE GROUP *(cont.)*

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 $21,321,000 (2013: $9,405,000).

Financing arrangements

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

	2014	2013
	$'000	*$'000*
Syndicated bank loan facility		
Total facility	**925,000**	825,000
Used at balance date	**811,390**	728,192
Unused at balance date	**113,610**	96,808
Bilateral bank loan facility		
Total facility	**70,000**	70,000
Used at balance date	**65,235**	65,235
Unused at balance date	**4,765**	4,765
Total unused bank facilities	**118,376**	101,573

The syndicated bank loan has four 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
- Tranche 4, $100,000,000 with a maturity of 30 June 2015 (the Group has the option to extend this tranche by two or four years at maturity)

The bilateral facility of $70,000,000 matures on 30 April 2019.

SECTION 4: *Capital structure and financing costs (cont.)*

4.4 FINANCIAL RISK MANAGEMENT *(cont.)*

FINANCIAL INSTRUMENTS USED BY THE GROUP *(cont.)*

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 2014.

	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*
2014						
Non-derivative financial liabilities						
Bank loans	876,624	1,146,934	19,993	119,594	1,007,347	-
Trade and other payables	59,709	59,709	59,709	-	-	-
	936,333	1,206,643	79,702	119,594	1,007,347	-
Derivative financial liabilities						
Interest rate swaps used for hedging	21,542	19,849	4,897	4,592	10,360	-
	21,542	19,849	4,897	4,592	10,360	-
2013						
Non-derivative financial liabilities						
Bank loans	793,426	1,080,126	19,088	18,406	779,844	262,788
Trade and other payables	45,488	45,488	45,488	-	-	-
	838,914	1,125,614	64,576	18,406	779,844	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	-

Capital management

The Group's capital management strategy is discussed in note 4.5.

4.5 CONTRIBUTED EQUITY AND RESERVES

ACCOUNTING POLICIES

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.

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.

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.

SECTION 4: *Capital structure and financing costs (cont.)*

4.5 CONTRIBUTED EQUITY AND RESERVES *(cont.)*

CONTRIBUTED EQUITY

Contributed equity can be analysed as follows:

	2014	**2014**	2013	2013
	No. ('000)	*$'000*	*No. ('000)*	*$'000*
Opening balance at 1 July	**402,830**	**973,911**	379,476	925,101
Issue of ordinary stapled securities during the year:				
Rights issue	**92,917**	**225,041**	-	-
Placement	**20,408**	**50,000**	-	-
Distribution reinvestment plans	**23,723**	**56,489**	23,208	48,886
Securities issued through Employee Share Plan	**237**	**-**	146	-
Costs of raising capital	**-**	**(2,432)**	-	(76)
	137,285	**329,098**	23,354	48,810
Closing balance at 30 June	**540,115**	**1,303,009**	402,830	973,911

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.

Distribution reinvestment plan

The Distribution Reinvestment Plan was operative for the distribution the Group has declared for the six months ended 30 June 2014.

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:

› A total of $275,041,000 of equity was raised via a placement and two rights issues over the year to June 2014. This resulted in the issue of 113,325,000 of new stapled securities.

› In December 2013 the Bilateral Facility was extended and repriced. The Group extended the $70 million tranche which was expiring on 30 April 2016 to 30 April 2019. The facility was also re-priced to market.

› Operation of a Distribution Reinvestment Plan for the distributions paid or payable for the year to 30 June 2014.

› In November 2013 the Group restructured its interest rate swaps to reflect the extended and repriced debt facilities (note that the Syndicated Finance Facility ("SFA") was also extended and repriced in June 2013)

› In June 2014 the Group entered into a $50 million interest rate swap for four years at a rate of 3.20% per annum. The swap was a forward start and was active from 1 July 2014

› The result of this interest rate hedging was to provide an average hedged interest rate of 4.06% prior to bank lending margin (2013 4.61% per annum) for $715 million equating to 82% of the Group's debt, for an average duration of 3.0 years as at 30 June 2014.

› In June 2014 the Group added a new $100,000,000 tranche to its SFA taking the total debt facilities to $995,000,000, of which $118,377,000 was undrawn as at 30 June 2014.

SECTION 4: *Capital structure and financing costs (cont.)*

4.5 CONTRIBUTED EQUITY AND RESERVES *(cont.)*

CONTRIBUTED EQUITY *(cont.)*

Capital risk management (cont.)

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 2014, the Group's strategy was to lower gearing to fall within the range 40% to 45%. At 30 June 2014, the gearing ratio was 40.9% (2013: 46.8%). The gearing ratios at 30 June 2014 and 30 June 2013 were calculated as follows:

	2014	2013
	$'000	*$'000*
Total interest bearing liabilities	**871,214**	786,893
Total assets	**2,128,779**	1,680,398
Gearing ratio	**40.9%**	46.8%

NATURE AND PURPOSE OF RESERVES

Share-based payments reserve

The share-based payments reserve comprises the transfer of the portion of the fair value of the total cost recognised under the Employee Incentive 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. Refer to Note 4.7 for more information.

Deferred tax expense charged to equity

This reserve comprises deferred tax balances attributable to amounts that are also recognised directly in equity. Refer to Note 2.2 for further information.

Profits reserve

The profits reserve comprises the transfer of net profit in the Company for the year (if any) and contains profits available for distribution as dividends in future years. There were no dividends distributed from the profits reserve during the year (2013: nil).

4.6 DISTRIBUTIONS

PERIOD FOR DISTRIBUTION	*Total distribution*	*Total stapled securities*	**Distributions per stapled security**
	$'000	*('000)*	*(cents)*
Half year to 31 December 2013 GOZ	38,960	414,467	**9.40**
Half year to 30 June 2014 GOZ	46,850	488,029	**9.60**
	85,810		**19.00**
Half year to 31 December 2013 GOZNA	531	20,408	**2.60**
Half year to 31 December 2013 GOZN	449	40,830	**1.10**
Total distribution for the year	86,790		
Half year to 31 December 2012	35,127	390,293	**9.00**
Half year to 30 June 2013	37,463	402,830	**9.30**
Total distribution for the year	72,590		**18.30**

SECTION 4: *Capital structure and financing costs (cont.)*

4.7 SHARE BASED PAYMENT ARRANGEMENTS

ACCOUNTING POLICIES

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.

DETERMINATION OF FAIR VALUES

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.

SHARE-BASED PAYMENT ARRANGEMENTS

At 30 June 2014, the Group has the following share based payment arrangements:

Employee Incentive Plans FY11, FY12, FY13 and FY14

The Group has introduced employee incentive plans for all employees (including the Managing Director). The plans are designed to link employees' remuneration with the long term goals and performance of the Group and 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 on pages 73 to 74 of this Annual Report (in the remuneration report section of the directors' report).

Under each plan, each eligible 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 FY13 Employee Incentive Plan performance rights was determined. The total cost for the Managing Director was $552,160 and for other employees $490,151. The first tranche of these performance rights vested during the year.

The fair value of performance rights under the FY14 Employee Incentive Plan was determined on the grant date of those rights and then "trued-up" at 30 June 2014 where allowed. The fair value of these rights for directors is estimated as $535,304 and for other employees $524,018. This estimate is based on achieving 86.9% of the maximum payable under the 2014 plan. This is seen as a reasonable estimate for fair value as it is based on the percentage achieved for the 2013 plan which was then adjusted for information available on likely achievement as at 30 June 2014. The actual costs of performance rights cannot be determined until FY15 and the first issue of securities under the 2014 plan will not occur until FY15.

During the year, $1,231,000 was recognised in the share based payments reserve (June 13: $720,000). This represents the amounts recognised under the four 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.

SECTION 4: *Capital structure and financing costs (cont.)*

4.7 SHARE BASED PAYMENT ARRANGEMENTS *(cont.)*

SHARE-BASED PAYMENT ARRANGEMENTS *(cont.)*

Employee Incentive Plans FY11, FY12, FY13 and FY14(cont.)

The table below outlines the value of performance rights granted during the year to 30 June 2014, 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 FY14*
			$	*No.*	*$*	*%*
FY13 Plan	Director	11/12/2013	138,041	56,574	414,123	25%
FY13 Plan	Other employees	7/10/2013	122,539	50,221	367,617	25%
FY12 Plan	Director	7/10/2013	98,792	40,488	197,584	25%
FY12 Plan	Other employees	7/10/2013	89,302	36,974	166,784	25%
FY11 Plan	Director	7/10/2013	75,870	31,094	75,870	25%
FY11 Plan	Other employees	7/10/2013	53,752	22,029	53,752	25%

SECTION 5: *Other notes*

5.1 RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS

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:

	2014	2013
	$	$
Short-term employee benefits	**2,939,887**	2,631,384
Other long term employee benefits	**-**	-
Post-employment benefits	**97,996**	79,607
Termination benefits	**-**	-
Share-based payments	**765,928**	731,233
	3,803,811	3,442,224

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:

		2014	2013
		$	$
Director	**Transaction**		
G. Jackson (i)	Valuation	**24,600**	65,415
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 four properties (2013: 5). 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) In the prior year, 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 2014, $10,500 remained payable for valuation services (2013: $20,000) and there were no outstanding payments for legal services (2013: $1,780).

The Group also uses the services of National Australia Bank of which Geoff Tomlinson is a director. Services include transactional banking, lending, provision of interest rate swaps and provision of life insurance. These services are provided on a commercial, arm's length basis and all services were being used prior to Geoff Tomlinson joining the Board. Mr Tomlinson has no involvement in the engagement or day to day administration of these services.

SECTION 5: *Other notes (cont.)*

5.1 RELATED PARTY TRANSACTIONS *(cont.)*

RELATED PARTY TRANSACTIONS *(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:

2014

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	-	57,135	-	**139,807**
L. Shaddock	490,000	-	60,001	-	**550,001**
N. Sasse	844,253	-	320,628	-	**1,164,881**
E. de Klerk	675,769	-	544,206	-	**1,219,975**
T. Collyer	175,963	128,156	11,046	-	**315,165**
F. Marais	62,477	-	19,323	-	**81,800**
A. Hockly	11,780	28,427	8,139	-	**48,346**
D. Andrews	29,067	26,176	1,151	-	**56,394**
M. Green	28,133	25,586	1,730	-	**55,449**
G. Tomlinson	-	-	55,337	-	**55,337**

The holdings listed as at 30 June 2014 were the same at the date of this report. During the year to 30 June 2014, a total of 208,345 stapled securities with a total value of $508,362 were issued to key management personnel upon vesting of Performance Rights under the Employee Incentive Scheme.

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.

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.

SECTION 5: *Other notes (cont.)*

5.1 RELATED PARTY TRANSACTIONS *(cont.)*

RELATED PARTY TRANSACTIONS *(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

There were no transactions with significant shareholders during the year (2013: nil).

There were no balances outstanding from transactions with significant shareholders as at 30 June 2014 (2013: nil).

5.2 CONTINGENT LIABILITIES

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

5.3 COMMITMENTS

For details of commitments on properties to be expanded see Note 3.3.

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.

5.4 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 1:

NAME OF ENTITY	*Country of domicile/ incorporation*	*Class of units / shares*	*Equity holding**	
			2014	2013
			%	%
Wholesale Industrial Property Fund	Australia	Ordinary	**100.00**	100.00
19 Southern Court 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
Atlantic Drive Property Trust	Australia	Ordinary	**100.00**	100.00
20 Southern Court Property Trust	Australia	Ordinary	**100.00**	100.00
Ravenhall Property Trust	Australia	Ordinary	**100.00**	100.00
Laverton Property Trust	Australia	Ordinary	**100.00**	100.00
Drake Boulevard 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

SECTION 5: *Other notes (cont.)*

5.4 CONTROLLED ENTITIES *(cont.)*

NAME OF ENTITY	*Country of domicile/ incorporation*	*Class of units / shares*	*Equity holding**	
			2014	2013
			%	%
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**	100.00
Erskine Park Truck Trust	Australia	Ordinary	**100.00**	100.00
Erskine Park Warehouse Trust	Australia	Ordinary	**100.00**	100.00
William Angliss Drive Trust	Australia	Ordinary	**100.00**	-
Charles Street Property Trust	Australia	Ordinary	**100.00**	-

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

SECTION 5: *Other notes (cont.)*

5.5 PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2014 the parent of the Group was Growthpoint Properties Australia Trust.

	2014	2013
	$'000	*$'000*
Result of the parent entity		
Profit for the period	**117,454**	93,949
Other comprehensive expense	**(86,790)**	(72,590)
Total comprehensive income for the period	**30,664**	21,359
Financial position of the parent entity at year end		
Current assets	**24,198**	10,258
Total assets	**2,123,241**	1,684,657
Current liabilities	**108,220**	86,344
Total liabilities	**1,006,385**	914,111
Net assets	**1,116,856**	770,546
Total equity of the parent entity comprising:		
Contributed equity	**1,257,194**	941,548
Retained losses	**(140,338)**	(171,002)
Total equity	**1,116,856**	770,546

The contractual obligations of the parent entity are identical to those disclosed on Note 3.3

5.6 SUBSEQUENT EVENTS

On 16 July 2014, the Group announced that the issue price for securities to be issued under the DRP for the distribution to be paid on or around 29 August 2014 will be $2.42 per stapled security.

Approximately 75.2% of Growthpoint's distribution payable on or around 29 August 2014 will be issued new stapled securities under the DRP raising approximately $35.2 million for the issue of approximately 14.5 million new stapled securities. Total stapled securities on issue following the DRP will be approximately 554.7 million.

On 1 August 2014 the Group was assigned a Baa2 rating on its senior secured debt by Moody's Investor Service.

DIRECTORS' DECLARATION

In the opinion of the directors of Growthpoint Properties Australia Limited:

(a) the attached Financial Statements and notes, and the Remuneration Report in the Directors' Report, set out on pages 2 to 72, are in accordance with the Corporations Act 2001, including:

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

b) giving a true and fair view of the Group's financial position as at 30 June 2014 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 1; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2014.

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

T.J. Collyer.

Timothy Collyer
Managing Director

Melbourne, 18 August 2014

AUDITOR'S
INDEPENDENCE DECLARATION

KPMG

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 2014 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

18 August 2014

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the Stapled Security holders of Growthpoint Properties Australia Limited and Growthpoint Properties Australia Trust

Report on the financial report

We have audited the accompanying financial report of Growthpoint Properties Australia (the Group), which comprises the consolidated statement of financial position as at 30 June 2014, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 5 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 the 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 1, 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*.

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 2014 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 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 72 to 77 of the directors' report for the year ended 30 June 2014. 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 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Darren Scammell

Darren Scammell
Partner

Melbourne

18 August 2014

FREQUENTLY ASKED QUESTIONS

3 Refer to the ***glossary*** on page 3 of this Annual Report for terms not defined below

ABOUT GROWTHPOINT

1. How would you sum up Growthpoint?

Growthpoint is an ASX-listed, long-term landlord of quality Australian commercial real estate that seeks to provide its investors with both a growing distribution stream derived primarily from rent and a tradeable security.

8 Refer to pages 8-11 of this Annual Report for ***more details on Growthpoint***

2. What is Growthpoint's long term strategy?

Growthpoint seeks to be a large, liquid ASX-listed property group with assets diversified across Australia in the office, industrial and retail sectors providing a continually growing distribution for investors.

16 Refer to pages 16-18 of this Annual Report for ***more details on Growthpoint's strategy***

3. What does Growthpoint invest in?

Growthpoint buys well-leased, well-located commercial real estate principally in established areas and in close proximity to CBDs, major transport linkages and significant infrastructure. Currently, Growthpoint only invests in industrial and office properties, however, its mandate includes retail property (refer to pages 38 to 39 of this Annual Report for an analysis of possible retail investment). Properties are located in every State in Australia as well as the Australian Capital Territory although Growthpoint is focussed on acquiring properties along the Australian Eastern Seaboard.

4. Would Growthpoint consider other types of investment such as pubs or residential?

Not deliberately. Growthpoint's mandate is to invest in Australian office, industrial and retail property. Any investment outside of these sectors or outside of Australia would likely only be ancillary to a larger acquisition and is unlikely to be held for the medium-long term (e.g. Growthpoint might acquire a portfolio that includes residential land or buildings in which case Growthpoint would likely seek to sell the residential component when a suitable opportunity arose).

5. Why should I invest in Growthpoint?

Investors looking for distributions which are often more stable than other ASX-listed investment options are often attracted to A-REITs. Growthpoint has provided a higher yield over the last five years (partly due to higher yielding properties and partly due to lower costs) and has a longer WALE compared to many other A-REITs (refer to page 16 of this Annual Report for an analysis of comparative returns). Please note that this Annual Report is not financial product advice and none of Growthpoint's directors or employees can recommend that you invest in Growthpoint. Before making an investment decision, investors should consider the appropriateness of the information in this Annual Report and other documents released by the Group (available at ***asx.com.au***) and have regard to their own objectives, financial situation and needs (based on third party advice as required).

6. Will Growthpoint be raising more capital in the future?

Since its inception in August 2009, Growthpoint has raised capital approximately every six months (in addition to the DRP) to fund acquisitions. Growthpoint continues to look for acquisition opportunities to grow and better its property portfolio for a given cost of capital and investment risk/return. Equity and debt will fund this future growth.

7. How does Growthpoint expect to increase distributions?

Growthpoint is positioned to increase distributions to Securityholders over time particularly due to:

- Fixed rental growth under leases averages 3.1% per annum, so rents for existing leases will provide growth in rental income.
- Growthpoint's focus on maintaining high portfolio occupancy and its track record of leasing success prior to lease expiry
- Maintenance of operating cost control.
- Growthpoint's ability to continue to lower its cost of debt (at least in the short to medium term).
- Opportunities for further accretive property acquisitions

8. Does Growthpoint expect its NTA per stapled security to increase?

NTA per stapled security can continue to increase for two reasons: (1) if Growthpoint continues to raise capital at prices above its NTA per security, this will raise the NTA and (2) if property valuations continue to increase due to (a) higher comparative property prices and (b) increased rents under leases (due to WARR), this will increase NTA. However, there are no guarantees that this will occur. There are a number of factors which could reduce NTA including negative interest rate swap revaluations, future retained losses, negative property valuations and raising capital below NTA.

9. What are Growthpoint's expectation for valuation growth?

There is currently significant demand for quality Australian commercial real estate which is causing prices to rise, particularly for prime CBD office buildings and larger industrial properties with long leases. Growthpoint has seen this flow into a valuation increase for its properties over the year (refer to page 19 of this Annual Report for details of valuation growth over the year) and expects this to continue at least for the short term.

10. Does Growthpoint sell assets?

From August 2009 to the date of this report, Growthpoint sold just under $100 million of property in five transactions. Growthpoint may consider further asset sales where the assets no longer meet Growthpoint's investment criteria or where an offer is received that Growthpoint sees greater benefit in accepting than rejecting. Overall, Growthpoint expects to be a net acquirer of assets in the medium term.

11. What are Growthpoint's key risks and uncertainties?

Refer to pages 46-49 of this Annual Report for details on ***key risks and uncertainties***

PROPERTY PORTFOLIO

1. What type of assets does Growthpoint own or seek to own?

Growthpoint seeks to acquire modern, well-leased and well-located commercial properties in Australia that it can hold for long term rental return and capital appreciation.

2. How do I enquire about leasing from Growthpoint?

Current leasing opportunities are available at ***growthpoint.com.au/leasing-opportunities***

3. How do I enquire about purchasing property from Growthpoint?

Enquiries can be made via the Head of Property at *info@growthpoint.com.au* or by calling +61 3 8681 2900.

Specific details about ***properties for sale*** are also periodically posted at ***growthpoint.com.au/properties-for-sale***

4. Where do I find details about the assets Growthpoint owns?

Refer to pages 24-37 of this Annual Report for more ***details on the assets Growthpoint owns***

Refer to ***growthpoint.com.au/property-portfolio/overview/*** for more ***details on the assets Growthpoint owns***

5. Does Growthpoint co-own assets?

Not currently. All of the Growthpoint's assets are 100% owned by Growthpoint and therefore, Growthpoint's Securityholders.

6. How many funds does Growthpoint operate?

Only one: Growthpoint Properties Australia Trust which owns (directly and via sub-subtrusts) all of Growthpoint's real property. As Growthpoint Securityholders own both a unit in this trust and a share in the trust's manager (Growthpoint Properties Australia Limited), there is no fee leakage to other parties (i.e. no payment of external funds management fees) and no conflicts of interest between the trust and the manager or between different funds. An investment in Growthpoint gives an investor exposure to all of Growthpoint's assets and liabilities.

SECURITYHOLDING

1. How do I update my contact details?

Please update your details via Computershare (refer to the right for details).

2. How do I buy or sell Growthpoint securities?

Growthpoint securities trade on the ASX under the code 'GOZ'. To buy or sell securities directly you must transact via an ASX approved broker (including on-line brokers such as NAB, E-Trade and Commsec). More details are available at ***asx.com.au/products/shares/buying-selling-shares.htm***.

Growthpoint cannot sell direct to you other than via the DRP or, in certain limited circumstances, additional equity raisings.

3. Why are rights offers conducted over such short periods?

Growthpoint's rights offer comply with standard ASX timetables for rights offers. These are designed to allow ASX listed entities to raise capital when required. Normally, Growthpoint needs to receive funds in accordance with the dates set out in rights offer booklets to enable completion of one or more property acquisitions.

4. Why does Growthpoint outsource its registry function to Computershare?

Most ASX-listed entities outsource this function to a third party registry provider. Growthpoint does not have the scale or in-house resources (including technology) to in-source this function. Computershare is one of the largest registry providers in Australia and is included in the ASX's top 100 companies with a market capitalisation of approximately $7.0 billion. Growthpoint has chosen Computershare on the basis of its price and service offering. Growthpoint regularly considers Computershare's performance (including any complaints or feedback received from Securityholders), pricing and services versus other providers to determine if it should continue to outsource this function to Computershare.

5. I have lost or not received a tax statement, holding statement or report. How can I obtain a replacement?

Contact Computershare in the first instance. Details are supplied below.

CONTACTING COMPUTERSHARE

For direct holders for Growthpoint securities, most matters can be dealt with on-line at: ***www-au.computershare.com/Investor/***

Note that you will require your holder identification number.

If you cannot resolve matters on-line, contact details for Computershare are:

Address:
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
Australia

Telephone: 1300 850 505 (within Australia) or +61(0)3 9415 4000 (from outside of Australia)

Facsimile: +61(0)3 9473 2500

Email: webqueries@computershare.com.au

For indirect holders, i.e. holders that via fund, custodian or other third party, you should contact that party. Computershare will only be able to assist those with holdings directly on Growthpoint's Securityholder register.

REPORTING

1. When and how does Growthpoint issue reports to Securityholders?

Growthpoint issues the following periodic reports in the following months and sends in hard copy to Securityholders who have elected to receive them (investor update are sent to all direct Securityholders):

Half-Year Report	*February*
Investor Update	*May and October*
Annual Report	*August*

All of the above and all of Growthpoint's other ASX announcements including details of capital raisings, acquisitions, DRP, distributions, leasing and divestments are available at ***asx.com.au/asx/statistics/announcements.do*** (please type "GOZ" under ASX Code and select the relevant timeframe).

FREQUENTLY ASKED QUESTIONS CONTINUED

2. Can I elect to receive communications from Growthpoint electronically?

Yes by providing your email address to Computershare (contact details above). Please note that some communications are also required to be mailed to you and communications may not be able to be sent to you electronically for legal, technological or cost reasons.

3. Does Growthpoint hold results calls that I can participate in?

Growthpoint does not hold results calls although it often releases webcasts through which senior management talk through the results and different aspects of the business.

Webcasts are available at *growthpoint.com.au/investor-relations*

You can also email any questions you may have to *info@growthpoint.com.au* (please include "Attention Company Secretary" in the subject line to ensure a quicker response).

DISTRIBUTIONS

1. When and how are distributions paid?

Growthpoint currently pays half yearly distributions, normally on the last business day of February and August each year. Securityholders can elect to receive distributions by cheque, direct debit or DRP (if available for a particular distribution). You can make your election by contacting Computershare (refer above for contact details).

2. Can I receive distributions direct into my bank account?

For all Australian Securityholders and investors in many other countries, yes, you can receive distributions paid in your local currency direct to your bank account. You can elect this method by contacting Computershare (contact details above).

3. Why aren't distributions paid quarterly?

Growthpoint does not consider the additional cost and risk associated with quarterly distributions justifies the benefit that some Securityholders may derive from more regular distributions.

4. Are distributions or capital guaranteed?

No. Like most ASX-listed investments, distributions from and investments in Growthpoint are not guaranteed. An investment in Growthpoint comes with a risk of capital loss and distributions not being paid, distributions not meeting guidance and distributions not rising as fast as anticipated.

46

Refer to pages 46-48 of this Annual Report for more details of ***Growthpoint's risks and uncertainties***

DISTRIBUTION REINVESTMENT PLAN (DRP)

1. What is the DRP?

The DRP or distribution reinvestment plan gives Growthpoint's Securityholders a way to increase their holding in Growthpoint securities through reinvesting their distributions into additional Growthpoint securities. The issue of DRP securities is made without brokerage or trading fees and is typically at or below trading prices.

2. How is the DRP price determined?

For each distribution where the DRP is in operation, a 10-day volume weighted average price ("VWAP") is calculated from the second trading day after the record date. If a discount is applicable, it will be applied to this VWAP. For example, for the August 2014 distribution, the record date was 30 June 2014, the VWAP or average ASX price from 2 July to 15 July 2014 was $2.47 so the final DRP price, after taking off the announced 2% discount, was $2.42.

3. Why does Growthpoint have a DRP?

In addition to the benefits to Securityholders noted above, to date Growthpoint has been able to use DRP proceeds for acquisitions and the DRP has less costs for Growthpoint than other forms of equity raising.

4. Will the DRP always be available?

Securityholders should not assume that the DRP will always be on. The Board make a determination in respect of each distribution and announce this to the ASX. If the Board does not consider there is any need to raise additional equity for past, current or future acquisitions, it is likely that the DRP will be suspended.

5. Will GRT always elect to participate in the DRP?

GRT is independent from Growthpoint and makes its DRP election based on its own circumstances from time to time. To the date of this report, GRT has participated in all five DRPs.

6. How do I elect to participate in the DRP?

Elections must be made via Computershare (contact details above). Growthpoint cannot accept any DRP elections directly.

7. How do I cancel my participation in the DRP?

DRP elections can be cancelled at any time by contacting Computershare (contact details above). Growthpoint cannot accept any DRP elections directly.

8. Can I elect only part of my distributions into the DRP?

Yes, part elections can be made by contacting Computershare (contact details above). Growthpoint cannot accept any DRP elections directly.

9. When can I change my DRP election?

You can change your DRP election at any time. However, the instructions recorded with Computershare at the close of the business on the trading date immediately following each record date (normally on or about 2 January and 1 July each year) will apply. If the DRP is suspended at any time, your previous election will continue until changed by you.

TAX

1. Why was tax taken from my distribution?

Withholding tax will ordinarily be deducted if you are an Australian tax resident but have not supplied your tax file number to Computershare (contact details above and please note that you must supply for each separate holding represented by a separate holder identification number or HIN) or if you are not an Australian tax resident.

2. When will I receive a tax statement?

Tax statements are mailed at the end of August each year in respect of the previous financial year. Contact Computershare if you have misplaced or not received your tax statement (contact details above).

3. Does Growthpoint pay tax?

Growthpoint is subject to various State taxes primarily as an employer (payroll tax) and as a land owner and acquirer (land tax and property duty). As a majority of the value of the Group is comprised in Growthpoint Properties Australia Trust, which will not normally pay tax itself, minimal Commonwealth taxes are payable (other than GST which is generally recoverable). However, in Australia, taxes are payable on distributions from Growthpoint Properties Australia Trust by investors so distributions by Growthpoint to you may become taxable. You should obtain tax advice from a suitably qualified professional and refer to your annual tax statement for more details.

4. Why does Growthpoint not provide franking credits?

Franking credits aim to assist Australian investors avoiding paying tax twice. A franking credit provides credit for tax already paid by a company in which an Australian taxpayer has shares. As all of the distributions currently come from Growthpoint Properties Australia Trust which does not pay income tax, there is no credit available for tax previously paid.

Growthpoint Properties Australia Limited currently pays a minimal amount of tax so if this company declares a dividend in the future it may be able to provide franking credit to eligible Securityholders.

ABOUT GRT

1. Who is GRT?

GRT is the largest, listed property company in South Africa with assets over A$7 billion and a market capitalisation over A$5 billion. It is fully diversified owning quality retail, office and industrial properties in South Africa, a 50% stake in Cape Town's V&A Waterfront (the other 50% is held by the Public Investment Corporation) and a 64% stake in Growthpoint.

126 Refer to page 126 of this Annual Report for ***details on GRT***

2. What are GRT's intentions for its holding in Growthpoint?

GRT operates independently from Growthpoint and, as a result, Growthpoint cannot answer on its behalf. However, GRT has announced that it intends to be a long term owner of Growthpoint and would like to maintain ultimate control of the Group but is prepared to be diluted over time. GRT, as a separately listed and run entity, reserves its ability to change this approach at any time if considered in the best interests of its own shareholders.

3. Do GRT and Growthpoint have separate boards of directors?

Yes. They operate independently and in accordance with the requirements of their respective jurisdictions and stock exchanges. They also have different Chairman, CEOs and employees.

4. How many GRT directors are on Growthpoint's Board?

Currently, there are three GRT directors on Growthpoint's board including GRT's independent Chairman, François Marais, Chief Executive Officer, Norbert Sasse, and Executive Director, Estienne de Klerk.

58 Refer to pages 58-60 of this Annual Report for ***details on Growthpoint's Board***

5. Are GRT and Growthpoint run as separate businesses?

Yes. Each has separate boards, management teams, staff, operations, policies and procedures. Although they work collaboratively, Growthpoint benefits significantly from GRT (refer to page X of this Annual Report for more details) and GRT ultimately controls Growthpoint, each could continue to operate without the other.

18 Refer to page 18 for more details about the ***benefits of working collaboratively with GRT***

DIRECTORS AND EMPLOYEES

1. Who are Growthpoint's directors?

Growthpoint's Board comprises eight experienced directors from Australia and South Africa with extensive experience qualifications, skills and knowledge in property, finance, investment banking and law (among other areas). A majority of directors are independent and have significant experience in listed property.

58 Refer to pages 58-60 of this Annual Report for ***details on Growthpoint's directors***

2. Who are Growthpoint's senior managers?

Growthpoint's executive management team comprised four executives including one executive director with extensive experience in property, accounting and law (among other areas). Growthpoint has nine other employees.

62 Refer to page 62 of this Annual Report for ***details on executive management***

3. How much are directors and senior managers paid?

72 Refer to pages 72-77 of this Annual Report for ***details on directors' and senior managers remuneration***

4. Do directors and employees own Growthpoint securities?

Yes, 16 out of 20 directors and employees do.

114 Refer to page 114 of this Annual Report for ***details on directors' holdings***

MORE INFORMATION

1. If my query is not dealt with above or in this report, where can I get more information?

Growthpoint's website includes a large amount of information in relation to the Group and is regularly updated. It also includes contact information should you require further information. Visit ***growthpoint.com.au***

2. The website still did not answer my query. Who should I contact?

If in relation to updating contact details, replacement or missing statements or reports, DRP elections, tax statements or tax withheld, please contact Computershare in the first instance (details supplied above).

If in relation to another matter, if you would like to provide feedback or if Computershare is unable to assist, please email *info@growthpoint.com.au* or phone 1800 260 423 (cost of a local call if from within Australia).

ABOUT GROWTHPOINT SOUTH AFRICA[1]

Growthpoint Properties Limited of South Africa ("GRT") owns 64.0% of the securities of GOZ (at 30 June 2014) and is its major Securityholder.

GRT first invested in GOZ in August 2009. 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:

- 25.5% of GRT's gross assets
- 26.3% of GRT's net property income
- 14.7% of GRT's total distributable income

KEY FACTS[1]

LISTING	GRT is listed on the Johannesburg Stock Exchange (JSE)
RANKING ON JSE	35th
EXCHANGE RATE USED	AUD:ZAR = 9.96
MARKET CAPITALISATION (CURRENTLY)	R 56.5b / AUD 5.7b
GROSS ASSETS	R 83.3b / AUD 8.4b
NET ASSETS	R 49.9b / AUD 5.0b
GEARING (SA ONLY)	27.3%
PROPERTIES	Diversified property portfolio in office, industrial and retail property sectors plus 50% of the V&A Waterfront, Cape Town
NO. OF EMPLOYEES (SA ONLY)	528
NO. OF PROPERTIES	437 properties in SA including a 50% co-ownership of the V&A Waterfront

1. All information supplied by GRT.

WE SAID WE WOULD:

Diversify the Securityholder register

WHAT WE ACHIEVED:

Capital raisings and increased freefloat have enabled a larger number of Securityholders to own GOZ securities including a large number institutions in South Africa, Australia and elsewhere.

GRT's holding reduced from 76.2% to 64.0%.

SECURITYHOLDER INFORMATION

TOP 20 LEGAL SECURITYHOLDERS

AS AT 30 JUNE 2014

REFER TO THE GRAPHS ON PAGE 45 FOR MORE INFORMATION IN RELATION TO BENEFICIAL SECURITYHOLDERS.

RANK	NAME	*No. of Units*	*% of Units*
1.	GROWTHPOINT PROPERTIES LIMITED	345,859,769	64.03
2.	NATIONAL NOMINEES LIMITED	30,399,500	5.63
3.	STRATEGIC REAL ESTATE MANAGERS (PTY) LTD	27,225,813	5.04
4.	CITICORP NOMINEES PTY LIMITED	26,999,264	5.00
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,691,983	4.57
6.	J P MORGAN NOMINEES AUSTRALIA LIMITED	20,301,552	3.76
7.	BNP PARIBAS NOMS PTY LTD	6,188,955	1.15
8.	SHARON INVESTMENTS PTY LTD	4,752,000	0.88
9.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	3,628,605	0.67
10.	MORGAN STANLEY AUSTRALIA SECURITIES	3,500,443	0.65
11.	RABINOV HOLDINGS PTY LTD	2,189,990	0.41
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,659,134	0.31
13.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,077,041	0.20
14.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	801,604	0.15
15.	GABA PTY LTD	675,000	0.12
16.	MR MAX KARL KOEP	600,000	0.11
17.	AUST EXECUTOR TRUSTEES SA LTD	571,060	0.11
18.	SHADDOCK PROPERTIES PTY LTD	550,001	0.10
19.	TALSTON PTY LTD	459,291	0.09
20.	SPRARK PTY LTD	425,000	0.08
Total Top 20 legal holders of fully paid stapled securities		**502,556,005**	**93.05**
Total Remaining Holders Balance		**37,559,355**	**6.95**

SECURITYHOLDER INFORMATION CONTINUED

DISTRIBUTION OF SECURITYHOLDERS

AS AT 30 JUNE 2014

RANGE	*Total holders*	*Units*	*% of Issued Capital*
1 - 1,000	634	353,415	0.07
1,001 - 5,000	1,277	3,477,686	0.64
5,001 - 10,000	536	3,958,667	0.73
10,001 - 100,000	770	19,699,494	3.65
100,001 - 9,999,999,999	69	512,626,098	94.91
Total	**3,286**	**540,115,360**	**100.00**

As at 30 June 2014, there were 540,115,360 fully-paid stapled securities held by 3,286 individual Securityholders. Note this information only refers to legal holders not beneficial or underlying holders.

NOTES

COMPANY DIRECTORY

GROWTHPOINT PROPERTIES AUSTRALIA

Growthpoint Properties Australia Limited
ABN 33 124 093 901; AFSL No 316409

Growthpoint Properties Australia Trust
ARSN 120 121 002

Level 22, 357 Collins Street,
Melbourne VIC 3000 Australia

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

growthpoint.com.au

Investor Services Line: 1800 260 453

SHARE REGISTRY

COMPUTERSHARE INVESTOR SERVICES

Yarra Falls, 452 Johnston Street,
Abbotsford VIC 3067 Australia

Phone (within Australia): 1300 850 505
Phone (outside Australia): +61 3 9415 4000
Fax: +61 3 9473 2500

computershare.com

AUDITOR

KPMG

147 Collins Street,
Melbourne VIC 3000 Australia

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C009619

ENVIRONMENTALLY RESPONSIBLE PAPER

This report is printed on Impress Satin, an environmentally friendly paper. Impress Satin is FSC Mix Certified, which ensures that all virgin pulp is derived from well-managed forests and controlled sources. It is manufactured by an ISO 14001 certified mill and is Elemental Chlorine Free.

GROWTHPOINT PROPERTIES

Growthpoint Properties Australia
Level 22, 357 Collins Street,
Melbourne VIC Australia
growthpoint.com.au
Investor Services line: 1800 260 453