Continued growth, consistent strategy & superior returns

2015 Annual Report

For the year ended 30 June 2015

Growthpoint Properties Australia

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

www.growthpoint.com.au

GROWTHPOINT PROPERTIES

SPACE TO THRIVE


Woolworths
Woolworths
Woolworths

What is Growthpoint?

Growthpoint is an ASX-listed landlord investing in Australian office, industrial and retail real property with a portfolio currently worth $2.4 billion.

Growthpoint was recently included in the S&P/ASX 200 Index.

Owners of Growthpoint's securities own both the real properties and the manager of those properties. All properties are 100% owned by Growthpoint on its balance sheet so Growthpoint's owners have an interest in all of the properties Growthpoint owns.

Growthpoint's history

Growthpoint commenced in its current form in 2009 with $650 million of industrial property. It has grown and diversified to now own $1.2 billion of office and $1.2 billion of industrial property in every Australian State and in the Australian Capital Territory.

What we do

Growthpoint seeks to provide investors with a continually growing income stream with 100% of income derived from rent of properties Growthpoint owns and manages.

How we do it

Growthpoint acquires modern, well-located properties leased to quality tenants and holds these assets for a medium-long term.

In this report

Directors' Report

Business Overview

Financial Management

Portfolio Review

Operating Sustainably

Financial Report

Additional information

Key results

"Growthpoint again outperformed the A-REIT sector with a 36.4% total Securityholder return and a 14.8% increase in NTA per security."

Pages 6-7

Portfolio overview

"A 6.7 year WALE, 96.5% occupancy, a 3% WARR and limited short-medium term lease expiries provide income security for Securityholders."

Pages 12-13

Financial summary

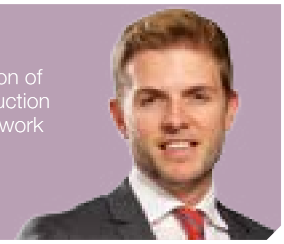
"Retention of credit grade rating from Moody's, lengthened weighted average debt term to 4.7 years and reduced all-in debt cost of 4.76% have all improved our financial position."

Pages 18-22

Strategy & performance

"Performance is enhanced by continuation of key strategies, focus on risk, the introduction of a comprehensive sustainability framework and expanded diversity objectives."

Pages 10-11, 38



Navigating this interactive report

The following elements have been included to make it easy to read and navigate this report.

Cross reference symbols

This symbol shows you where to **find related information within this report.** Clicking on the symbol will take you to the relevant page.

WWW Our website contains important and extended information. This symbol shows that you can **find more information online at growthpoint.com.au.** Clicking on the symbol will take you to the relevant page.

Interactive tables of contents and index

Contents pages on page 4 and 71 are interactive. Click on a listing to be taken to the relevant page.

A detailed, interactive, index is located on page 121.

Glossary

A detailed glossary is provided on the inside back cover. Hover over *underlined terms* for a pop-up definition throughout the report. *Please note, this facility will not work on iOS or Android.*

About this Report

This is the Annual Report for Growthpoint Properties Australia (comprising Growthpoint Properties Australia Limited, Growthpoint Properties Australia Trust and their controlled entities) for the year ended 30 June 2015. It is available online at growthpoint.com.au and in hard copy. Persons can request a hard copy through any of the communication methods listed on the inside back cover of this report.

This report provides readers with an overview of Growthpoint's business including summaries of the strategies objectives, assets, operating model, achievements, key risks and opportunities at 17 August 2015 as well detailed financial information over the last one and five year periods. There are also references which enable readers to obtain more information should they wish to.

About the Directors' Report

The Directors' Report which follows is signed in Melbourne on 17 August 2015 in accordance with a resolution of the Directors of Growthpoint Properties Australia Limited.

The Directors' Report comprises pages 4 to 68 of this report except where referenced otherwise.

Space to thrive

Continuing recognition for quality reporting

Growthpoint's FY14 Report received a **silver award** for Distinguished Achievement in Reporting from the **Australasian Reporting Awards. This is the second year that Growthpoint has received this award.**

Introduction from the Chairman and Managing Director

Continued growth

"FY15 was Growthpoint's sixth year of growth in distributions, *NTA* and security price leading to a total Securityholder return of 36.4% and a return on equity of 23.9%"

Geoff Tomlinson
Independent Chairman

Timothy Collyer
Managing Director

Creating wealth for Securityholders

Over FY15 Growthpoint:

1. provided Securityholders with a total return of 36.4%[1];
2. exceeded distributable income guidance and met distribution guidance;
3. closed at a record high 30 June security price of $3.13;
4. recorded a 14.8% increase NTA per security to $2.48;
5. gained inclusion in the S&P/ASX 200 index and the *MSCI* Global Small Cap Index;
6. continued to improve the property portfolio;
7. was issued with an investment grade credit rating by Moody's of *Baa2*; and
8. continued to diversify the sources of its capital (debt and equity).

Market guidance exceeded

Distributable income of 21.2 cps was achieved; significantly above guidance of 20.3-20.6 cps provided at the start of FY15 and 6.0% higher than FY14. Distributions totalling 19.7 cps will be paid to Securityholders for FY15 in line with guidance and 3.7% above FY14.

Growthpoint has provided distributable income guidance of at least 21.3 cps for FY16 (1% higher than FY15) and distribution guidance of 20.5 cps (4.1% higher than FY15)

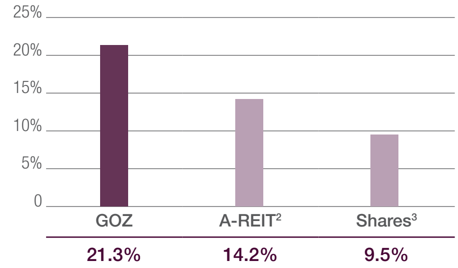
Excellent property portfolio maintained

Growthpoint's $2.4 billion property portfolio remains well leased with a *WALE* of 6.7 years and 97% occupancy with over 69,000m² of new and extended leasing completed during the year.

Growthpoint purchased $119.5 million[2] of properties, comprising one office property and three industrial properties, and disposed of two industrial properties for $26.7 million.

Total Securityholders return comparison

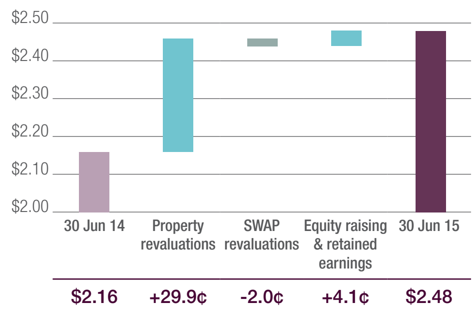
per annum, over 5 years to 30 June 2015[1]



1. Source: UBS Investment Research.
2. S&P/ASX 300 Prop Index.
3. S&P/ASX 300 Acc. Index.

Movements in net tangible assets

per security



Capital management strengthened

$200 million of *loan notes* were issued, CBA was added as a lender to Growthpoint's syndicate (joining NAB, WBC and ANZ) and the average debt maturity was extended to 4.7 years.

Thank you for your support for Growthpoint Properties Australia.

Geoff Tomlinson
Independent Chairman and Director

Timothy Collyer
Managing Director

Growthpoint Properties Australia Limited

1. Distributions plus security price appreciation. Source: UBS Investment Research.
2. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.

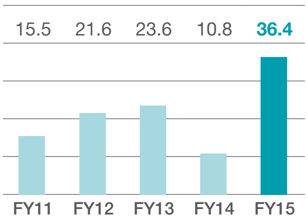
Assets, profit & total Securityholder returns continue to grow

During FY15, we continued to build on Growthpoint's reputation as a careful acquirer of quality assets and a deliverer of superior returns. Growthpoint delivered a 36.4% total Securityholder return versus 20.2% for the sector[1].

Securityholder returns

36.4%

Total Securityholder return FY15[2]



Total Securityholder return per annum (%)[2]

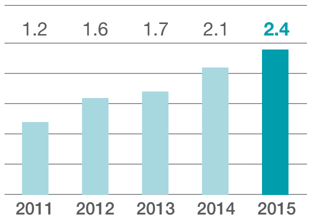
22 Find out more about our **returns**

Group

$2.4B

Portfolio value

as at 30 June 2015



Total portfolio value at 30 June ($B)

12 Find out more about our **Portfolio**

$283.0m

FY15 Statutory profit

up 141.2% from FY14

19.7cps

Distribution FY15

up 3.7% from FY14

21.2cps

FY15 distributable income

6.0% higher than FY14

$1.8B

Market capitalisation at 30 June 2015

up from $1.3 billion as at 30 June 2014

$118.9m

FY15 distributable income

30.3% increase from FY14

Our mission

The Group seeks to provide investors with a tradeable security producing consistently growing income returns and *long-term* capital appreciation.

Our strategy

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.**

10 Find out more about our **key objectives and goals**

Our investment philosophy

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

13 Find out more about our **investment philosophy**

1. S&P/ASX 300 Property Accumulation Index. Source: UBS Investment Research.
2. Source: UBS Investment Research.

Adding value for Securityholders through our transparent business model

1 Raise Capital:

Raise equity capital from Securityholders in Australia and elsewhere and debt capital (currently from all four major Australian banks and a U.S. life insurance company).

18
FY15: $73.7m new equity capital & $200m new debt capital

2 Acquire:

Well built, well located Australian commercial real estate.

36
FY15: Three industrial properties and one office property purchased for a total of $119.5m[1]

3 Income from Leases:

Lease vacant space and collect rent from tenants.

24
30
FY15: Over 69,000m² of new and extended leases; 97% occupancy; $171.8m net property income

4 Asset Management:

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

24
30
FY15: $6m of capital works undertaken. Two industrial properties sold for $26.7m

5 Pay Costs:

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

FY15: Operating costs (excl. debt costs) of $9.1m. 0.4% of average **gross assets**

6 Distributions:

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

22
FY15: Distributions of $110.7m paid to Securityholders (19.7cps). Payout ratio of 93.1%

Outsourcing

55

To help maintain low operating costs day-to-day property management is outsourced to *JLL* and CBRE.

1. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.

Key milestones and focus for the year ahead

FY15 was Growthpoint's best year to date across financial management, the property portfolio and strategy and performance with all key targets met, several significant milestones achieved and processes and goals put in place for future development.

Financial Management

Pg 18-23

Milestones achieved

- 21.2 cps distributable income (up 6.0% from FY14)
- $2.48 NTA per security (up 14.8% from 30 June 2014)
- Moody's rating of Baa2
- First debt capital markets issuance: $200 million loan notes fixed for ten years

Focus for the future

- Further debt capital markets issuance to further extend weighted average debt term
- Maintenance of key ratios:
  - operating costs at or below 0.4% of gross assets;
  - gearing of 35%-45%; and
  - 75%-100% of debt fixed.

Property Portfolio

Pg 12-13, 24-37

Milestones achieved

- 100% occupancy for the industrial portfolio
- Major leases to the Department of Employment and Transfield extended
- Acquisition of four quality properties for $119.5 million[1] with a combined WALE of 5.9 years
- Valuation appreciation of $186 million; 9% on a like-for-like basis

Focus for the future

- Seek new tenants for current vacancies and extend existing leases
- Strategic divestment of smaller assets in the current strong capital market
- Considered acquisitions of modern well leased and strategically situated assets
- Focus on tenant satisfaction
- Monitoring of the Group's environmental footprint

Strategy and Performance

Pg 10-11, 14-17, 38-67

Milestones achieved

- 36.4% total Securityholder return for year to 30 June 2015[2]
- 21.3% p.a. total Securityholder return for five years to 30 June 2015[2]
- Added to S&P/ASX 200, MSCI Global Small Cap and S&P/ASX 300 indexes
- Liquidity and trading in Growthpoint's securities increased significantly

Focus for the future

- Achieving FY16 distribution guidance of 20.5 cps (4.1% higher than FY15)
- Development of sustainability framework
- Continuation of existing investment philosophy and strategies

1. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.
2. Source: UBS Investment Research.

Setting key objectives and goals for sustainable growth

FY15 was the sixth year of Growthpoint as an internally managed, ASX listed landlord of quality Australian real estate. The key objectives and goals support our mission to provide investors with a tradeable security producing consistently growing income returns and *long-term* capital appreciation.

Key Objectives	FY15 Goals	FY15 Achievements
1. Increase distributions to Security-holders 22	• Distributions growing each distribution period. • Certainty of growth obtained through an increasing *WARR*. • Undertake income accretive acquisitions.	• 3.7% increase in distributions from FY14 to FY15 and 1% increase from first to second half distributions. • WARR reduced from 3.2% to 3.0% due to fall in CPI. • \$119.5 million[1] of acquisitions undertaken at an average yield of 7.8%, above the average property portfolio yield of 7.3%.
2. Carefully expand and diversify property portfolio 36 15	• Only acquire assets which enhance the quality or returns of the portfolio over the long-term. • Assets diversified by sector, location, size and tenant. • Assets acquired at or below the Group's belief of fair value supported by *independent valuations* and which are expected to increase in value over time.	• In addition to being yield enhancing with a combined *WALE* of 5.9 years, the quality of the assets acquired in FY15 matches Growthpoint's existing portfolio. • Growthpoint owns 54 assets[2] in strategic locations in every Australian State and the Australian Capital Territory. Assets are 51%/49% split between office and industrial. Asset values range from \$1.2 million to \$261.5 million. Only two tenants, Woolworths and the NSW Government, contribute more than 10% of the Group's income.
3. Existing property assets enhanced 24 30	• Leasing of vacant space and leasing or renewal of potential lease expiries. • Retaining tenants where possible through regular contact with representatives and timely responses to requests. • Capital works undertaken to maintain or improve the value of assets and/or retain or attract tenants.	• Over 69,000m^2 of new and extended leasing undertaken. The occupancy rate at 30 June 2015 was 97%. • Meetings held with all tenants expiring over the next two years. Tenant retention rate of 75.8% for the five years to 30 June 2015. • \$6 million of capital works undertaken including tenant requested expansions, services upgrades and façade improvements.
4. Increase liquidity and value of Growthpoint's securities 46	• Inclusion in major indexes. • Increase equity capital where appropriate. • Engage with research analysts to increase and improve coverage.	• Included in: – S&P/ASX 200 Index in June 2015. – *MSCI* Global Small Cap Index (Asia-Pacific Region) in May 2015. – S&P/ASX 300 Index in September 2014. • \$73.7 million of new equity was raised via the distribution reinvestment plan with the proceeds being used to fund acquisitions and capital works. • Seven research analysts now cover Growthpoint. • Liquidity of Growthpoint's securities increased significantly, highlighted by a 182.3% increase in securities traded, from 46,986,063 in FY14 to 132,622,827 in FY15[3].
5. Borrow prudently 18	• Maintain *gearing* within 35%-45% range. • Extend average debt maturity. • Diversify sources and tenor of debt.	• Balance sheet gearing at 30 June 2015 was 37.0%. • The weighted average debt maturity was 4.7 years at 30 June 2015; up from 3.3 years at 30 June 2014. • After obtaining an investment grade credit rating in August 2014, Growthpoint undertook its first capital market issuance in March 2015 of \$200 million *loan notes* fixed for 10 years. In addition, debt is now sourced in five tranches from all four major domestic banks.
6. Operate sustainably 14	• Establish *sustainability* objectives. • Focus on long-term value rather than *short-term* profits. • Improve gender diversity of directors and employees.	• Sustainability objectives have been developed (refer to pages 39-41 for more details). • The property portfolio, capital management strategy and sustainability targets have been built with long-term value creation in mind. • 38% of the Group's employees are female, up from 23% at 30 June 2014. Diversity objectives have been expanded (refer to page 40 for more details).

1. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation. 2. Includes 1-3 Pope Court, Beverley, South Australia, acquired July 2015.
3. Source data: IRESS.

FY16 Goals

- Distributions growing each distribution period.
- Certainty of growth obtained through an increasing WARR.
- Undertake income accretive acquisitions.

- Only acquire assets which enhance the quality or returns of the portfolio over the long-term.
- Assets diversified by sector, location, size and tenant.
- Assets acquired at or below the Group's belief of fair value supported by independent valuations and which are expected to increase in value over time.

- Leasing of vacant space and leasing or renewal of potential lease expiries.
- Retaining tenants where possible through regular contact with representatives and timely responses to requests.
- Capital works undertaken to maintain or improve the value of assets and/or retain or attract tenants.
- Consider divestment of properties that no longer meet Growthpoint's investment criteria.
- Significant development and/or change of use to be considered for some assets.

- Increase equity capital where appropriate.
- Engage with research analysts to increase and improve coverage.

- Maintain gearing within 35%-45% range.
- Extend average debt maturity.
- Diversify sources and tenor of debt.
- Additional capital markets issuance to be considered.

- Refine sustainability objectives.
- Focus on long-term value rather than short-term profits.
- Improve gender diversity of directors and employees.

In Brief

- Growthpoint has set six key objectives with a view to consistently increasing total Securityholder return over the medium-term. The objectives are to be met through annual strategic goals
- In FY15, Growthpoint recorded significant achievements across all of its strategic goals
- The strategic goals for FY16 largely continue those set for FY15 but have been updated to reflect past achievements and changes in the operating environment.

A1, 32 Cordelia Street, South Brisbane, QLD

Growthpoint's Property Portfolio

As at 30 June 2015

Key metrics for the five years ended 30 June 2015

		FY15[1]	FY14	FY13	FY12	FY11
No. of properties		**53**	51	44	42	37
Total value	$m	**2,372.5**	2,093.7	1,694.5	1,634.8	1,244.9
Occupancy	%	**97**	98	98	99	100
Total lettable area	m^2	**1,050,611**	1,036,740	917,989	900,676	844,037
Average property age	years	**8.3**	7.9	6.6	6.0	5.0
Average valuation cap rate	%	**7.3**	7.9	8.4	8.3	8.5
WALE	years	**6.7**	6.9	6.8	7.2	9.0
WARR[2]	%	**3.0**	3.2	3.1	3.2	3.0
Average value (per m^2)	$	**2,258**	2,019	1,846	1,815	1,475
Average rent (per m^2 / per annum)	$	**183**	171	162	161	121
FY Net Property Income	$m	**171.8**[3]	148.7	133.4	108.9	79.2
Number of tenants		**97**	90	90	87	50

1. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.
2. Assumes Consumer Price Index change of 1.5% per annum as per Australian Bureau of Statistics release for FY15.
3. 0.1% like-for-like growth due to vacancy, tenant incentives and market rent reversions.

Portfolio provides income security

The key metrics for the last five years show the deliberate and well managed growth of the Group's Property Portfolio. A long *WALE* of 6.7 years has been maintained through active leasing. With a minimal number of leases expiring over the next two years the Group is well positioned to continue to provide a predictable and growing income stream from its quality tenant base.

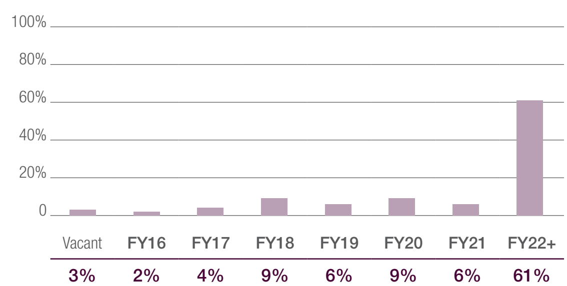
Michael Green
Head of Property

24 Find out more about the **Office Property Portfolio**

30 Find out more about the **Industrial Property Portfolio**

Portfolio lease expiry profile

per financial year



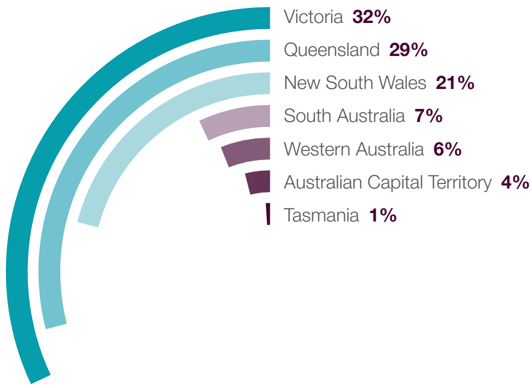
Top ten tenants

by passing rent as at 30 June 2015

	%	WALE
Woolworths	23%	7.1yrs
NSW Police	10%	8.9yrs
GE Capital Finance Australasia	6%	2.7yrs
Linfox	4%	7.9yrs
Commonwealth of Australia	4%	9.7yrs
Jacobs Engineering	3%	3.3yrs
Energex	3%	12.4yrs
Fox Sports	2%	7.5yrs
Star Track Express	2%	4.0yrs
Downer EDI Mining	2%	7.0yrs
Total / Average	**59%**	**7.2yrs**
Balance of portfolio	**41%**	**5.9yrs**

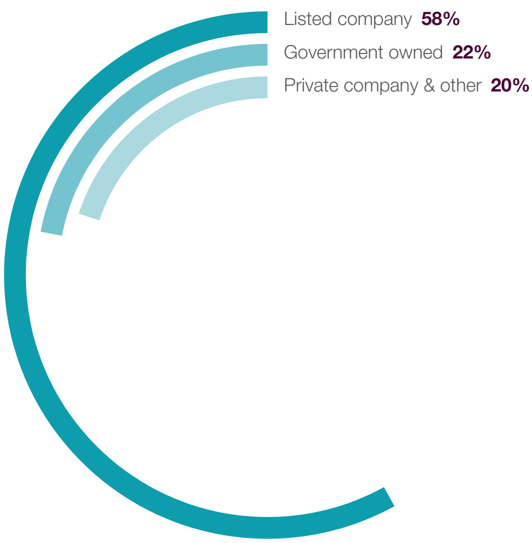
Geographically diverse portfolio

by property value as at 30 June 2015



Quality tenants

by gross income as at 30 June 2015



Diversified by sector

by property value as at 30 June 2015

Our "pure landlord" investment philosophy

1 100% investment in Australia

All of the Group's 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 it owns, 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.

Growthpoint's sustainability model

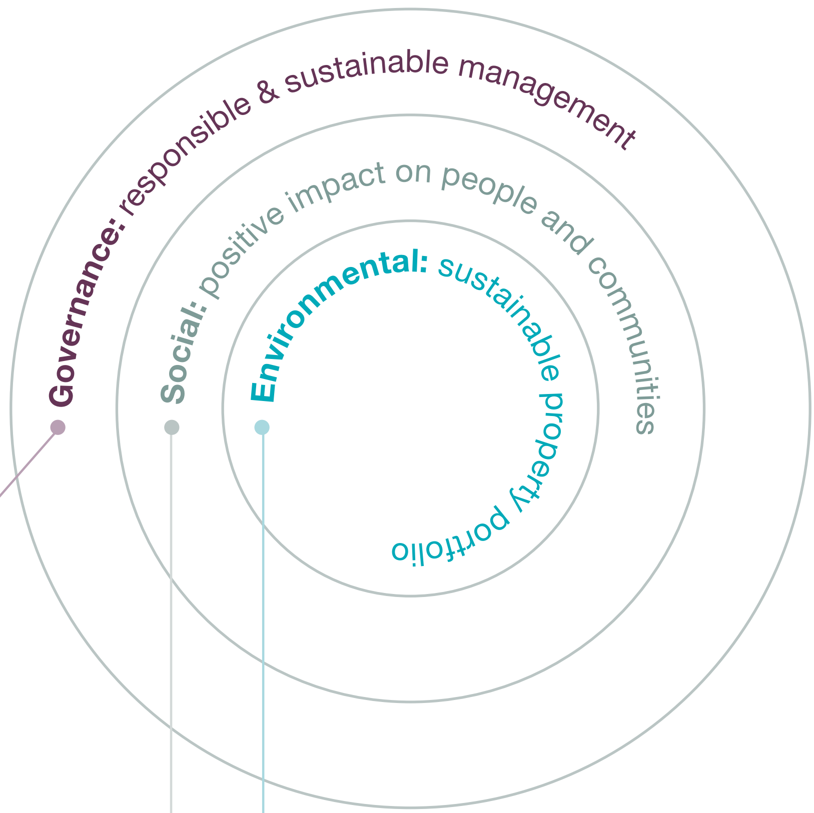
Strategy

Growthpoint's sustainability model is intended to lead to:

- sustainability of Growthpoint as a vehicle to increase Securityholders' wealth;
- sustainability of the communities and physical environments in which Growthpoint operates and invests; and
- better, more transparent and more measurable performance by Growthpoint.

Environmental focus

"As a large landlord, environmental considerations are at the core of Growthpoint's *sustainability* strategy."



Governance: responsible & sustainable management

46

- Securityholders given opportunities to question Board and management
- Securityholders and other stakeholders provided with regular information
- Extensive policies and procedures in place to ensure Growthpoint is managed in accordance with the Board's direction
- Remuneration framework designed to reward activities which consistently increase total Securityholder return over the *long-term*
- Growthpoint adopts best practice in corporate governance[1] and fully explains to Securityholders where it has deviated from this
- Compliance and risk management framework in place and an internal audit function is being established

Social: positive impact on people and communities

44

- Quality Directors and employees appointed, developed and retained
- Objectives in place to improve diversity of Directors and employees
- Remuneration fair and consistent
- Community and charitable involvement enhances Growthpoint's connection with the communities in which it operates and invests
- Annual employee engagement surveys undertaken
- Annual tenant satisfaction surveys undertaken

Environmental: sustainable property portfolio

42

- Acquiring properties which have green credentials particularly minimising use of energy and water
- Leasing to quality tenants such as Woolworths, Linfox and Australian governments
- Upgrading properties as appropriate to reduce impact on the physical environment
- *NABERS* upgrade program underway
- Growthpoint solely invests in real property in the office, industrial and retail sectors
- No investment in properties with high risk or high environmental impact or assets such as storage of nuclear waste, hazardous chemical manufacture or similar.

1. Measured by ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations".

Adding value through acquisitions

Case Study:
10-12 Mort Street, Canberra, ACT

June 2012

$55.8m

Purchase price for two A-grade buildings

Independently valued at $56 million

- Initial property income yield: 10.3%
- Remaining lease term: 4.8 years
- 100% occupied by Commonwealth of Australia
- Fixed annual increases: 3.75%

2012-2015

- Fully occupied

June 2015

$85.0m

Independent valuation

On a 7.0% capitalisation rate, 28% lower than at acquisition (9.75%)

$29.2m

Gross valuation gain

52.3% increase since acquisition

- Commonwealth of Australia (Department of Employment) extended lease by 8 years
- 9.7 years remaining on lease at 30 June 2015
- Reduced potential FY17 expiries by 52%
- 3.6% of total portfolio income now expires in FY17 (7.6% previously)

10-12 Mort Street, Canberra, ACT

10-12 Mort Street, Canberra, ACT

How Growthpoint intends to deal with current conditions, challenges and uncertainties

Constant strategy

"Whilst changing economic and market conditions impact specific decisions and day-to-day asset management, as property is a *long-term* investment, Growthpoint's strategies have been established with a long-term view."

48 Find out more about our **Approach to Risk**

Economic Overview

Global economy uncertain

According to the International Monetary Fund, global growth was "modest" at 3.4% in 2014 with 2015 projected to marginally improve to 3.5%[1].

Seven dynamics are anticipated to continue to impact the global economy in the short-medium term:

1. a slowdown in Chinese growth;
2. low inflation;
3. a decline in the prices of oil and other commodities;
4. variation in exchange rates particularly the likely strengthening of the US dollar;
5. lower long-term interest rates (although the US may seek to increase rates for the first time in six years);
6. geopolitical concerns in relation to Russia, Ukraine and the Middle East; and
7. Eurozone concerns particularly arising from the financial situation in Greece.

These dynamics create challenges and uncertainties for the financial and property sectors, notably:

1. share markets have experienced significant volatility;
2. property prices have surged in some markets as investors seek to reweight into investments that provide income yields and take advantage of historically cheap debt;
3. tenants are unable or unwilling to extend leases or increase space taken;
4. currency changes distort returns; and
5. countries like Australia with a high reliance on commodities face shortfalls in government revenue leading to higher or altered taxation and/or a lack of needed reform.

Australian economy stable

Australian GDP growth was 2.4% for FY14 and is forecast to be 2.6% and 3.0% for FY15 and FY16 respectively[2]. Monetary policy remains accommodative and the Reserve Bank of Australia lowered the cash rate from 2.5% to 2.0% in June 2015[3]. Inflation is forecast to remain consistent over the next one to two years at 2%-3%. The Australian dollar has dropped significantly over the past year especially compared to the US dollar, as key commodity prices continue to decline. This lower exchange rate should help achieve more balanced growth domestically and increase demand for Australian exports.

Business conditions and profitability have risen to their highest levels since October 2014, however, unemployment has remained constant at around 6% (0.1% greater than 12 months earlier[4]).

Australian Property Market Overview

The disconnection of fundamentals within the domestic commercial property market has continued: historically strong investment demand versus broadly weak tenant demand.

Buyer demand is still outstripping supply and is coming from A-REITs, domestic wholesale funds, superannuation funds, syndicators and offshore investors. Strong investment and acquisition demand covers all properties along the risk curve including poorer secondary assets.

However, weak occupier demand has resulted in high levels of vacancies and incentives across Australia. In the office market, there has been some positive net absorption (the difference between net demand and net supply) in FY15 and vacancy rates have started to ease, especially in Sydney and Melbourne. In the industrial market, demand remained patchy in FY15, although the gross take-up over the past six months (on an annualised basis) was only slightly below the 10 year annual average and well above the 6 months to 31 December 2014[5].

Growthpoint cautious as a result of economic conditions

As a result of the above, Growthpoint is proceeding with caution. The following key principles are intended to give Securityholders an insight into how Growthpoint intends to respond to current conditions:

1. **We are very careful not to overpay for assets**. This disciplined approach has resulted in Growthpoint unsuccessfully bidding for over $5 billion in assets in FY15; a statistic we are proud of. Securityholders will note that our rate of growth in assets slowed in FY15 as other purchasers acquired assets above our maximum prices or minimum yields.

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1. International Monetary Fund, World Economic Outlook, April 2015.
2. National Australia Bank Limited, Global & Australian Forecasts, July 2015.
3. RBA, Monetary Policy Decision, June 2015.
4. Australian Bureau of Statistics, Labour Force Australia, May 2014 & May 2015.
5. Jones Lang LaSalle, Australia Preliminary Market Overview Q215, July 2015.

2. As our sole source of income, **leasing and tenant retention is our number one focus**. The result of this focus is the significant leasing success (over 69,000m² in FY15) and high tenant retention rate (over 75% of existing tenants retained since 2009) highlighted in this report.
3. **Gearing is to be maintained at a level which matches both the property portfolio and the economic environment**. Growthpoint's current *gearing* range of 35%-45% is regularly reviewed by the Board to ensure it remains appropriate for Growthpoint.
4. **Focus on property fundamentals**. Growthpoint has an excellent track record of building its property portfolio. The portfolio as a whole, as well as the individual acquisitions we have made, continue to consistently increase total Securityholder return as properties have been carefully chosen for their location, tenant, value, size, sector, expected demand, age and green credentials.
5. Growthpoint may look to **dispose of non-core assets** to take advantage of strong demand for assets. We have identified a portfolio of properties which could be disposed of in FY16 and beyond if buyers are willing to pay above book value for them.
6. **Focus on costs**. Growthpoint continues to have one of the lowest operating costs to *gross assets* ratios in the property sector at 0.4%. Whilst we have expanded employee numbers, we have done so together with asset acquisitions to ensure operating expenses do not materially exceed this 0.4% level.
7. **Maintenance of secure income from understood markets**. The four pillars of Growthpoint's investment strategy remain:
   - 100% investment in Australia.
   - No funds management.
   - No development.
   - *Internalised management*.

We believe the above strategies assist our Securityholders to deal with uncertainty and better appreciate risk as they provide transparency of assets, liabilities, income and expenses and should provide less volatility than other property investment strategies.

In Brief

- Although Australia's property market is generally performing well, there are weaknesses, particularly in office leasing, and the domestic impact of global factors is currently uncertain
- In response to this uncertainty, Growthpoint is cautious with asset acquisitions and additional debt and focussed on the net income generated from its properties
- Growthpoint's tried and tested "pure landlord" strategy is expected to reduce comparative volatility of returns for its Securityholders

130 Sharps Road, Melbourne Airport, VIC

Business Overview
Financial Management
Portfolio Review
Operating Sustainably
Financial Report
Additional Information

Financial Management

Section summary

- Summary of FY15 and outlook for FY16
- Key financial tables including debt metrics
- Reconciliation of distributable income
- Five year financial performance summary

Dion Andrews
Chief Financial Officer

Distributions

$118.9m

FY15 distributable income
up 30.3% from FY14

21.2cps

FY15 distributable income
up 6.0% from FY14

Growthpoint strengthened its financial position over the year whilst providing excellent Securityholder returns. Achievements during this year put the Group on a solid financial footing for the years to come.

Highlights for FY15 include:

- A 6.0% increase for the year in distributable income per security to 21.2 cents.
- Distribution guidance of 19.7 cents per security met, representing a payout ratio of 93.1%.
- FY16 distribution guidance of 20.5 cents per security provided, representing growth of 4.1%.
- NTA per security increased 14.8% to $2.48.
- Moody's rating of *Baa2* received for senior secured debt.
- First capital markets issuance: $200 million of *loan notes* for ten years issued in March 2015, helping to diversify sources of debt and lengthen the debt tenor.
- Raised $73.7 million from the June and December 2014 distributions via the Distribution Reinvestment Plan. The funds raised were used to acquire investment properties during the year.

Strategic execution in FY15

In our 2014 annual report we outlined three key areas we would focus on for financial management during FY15 being:

- capital markets debt issuance to extend debt tenor;
- lower the average cost of debt; and
- maintain *gearing* within the target range of 35%-45%.

Below we outline our performance during the year on each of these areas.

$200 million loan note issuance

In March 2015 Growthpoint issued its first loan notes of $200m fixed for 10 years. This served to lengthen the overall weighted average debt tenor to 4.7 years at 30 June 2015, up from 3.3 years last 30 June.

A longer debt tenor is beneficial as it reduces refinancing risk in future. Our goal is to align our debt maturity profile as close to our *WALE* as possible. The WALE was 6.7 years at 30 June 2015.

A further benefit of issuing the loan notes was diversifying the sources of debt for the Group. Prior to the issuance 100% of debt was sourced from Australian banks. By diversifying the sources of debt we again decrease refinancing risk in the future.

All-in debt costs lowered to 4.8%

In September 2014 the Group restructured its existing bank debt facility, adding more flexibility for the Group. It also brought CBA into the banking syndicate for the first time, increasing competition amongst the banks and helping to reduce costs.

At the time of the restructure we also extended debt maturities and lowered interest rates being charged.

In October and December 2014, the Group took advantage of historically low interest rates and acted to extend interest rate swaps and lower the fixed rate of interest charged on them.

As a result of the interest rate swap actions, the repricing of the bank debt and the loan note issuance mentioned above, the all-in cost of debt reduced from 5.8% at 30 June 2014 to 4.8% at 30 June 2015. Refer to the table on page 19 which illustrates debt costs and gearing levels over the last five years.

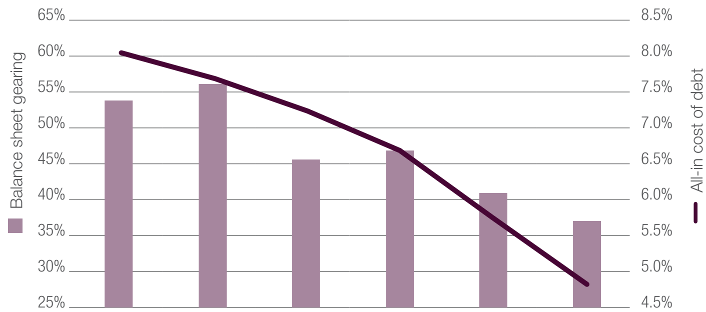
Balance sheet gearing 37.0% as at 30 June 2015

During the year the Group expanded its target gearing range to 35%-45% (from 40%-45% previously). By increasing the range to allow for lower gearing, the Group would not be forced to increase debt to remain within the gearing range due to stronger property valuations.

Balance sheet gearing as at 30 June 2015 was 37.0%, down from 40.9% as at 30 June 2015 and within the target range.

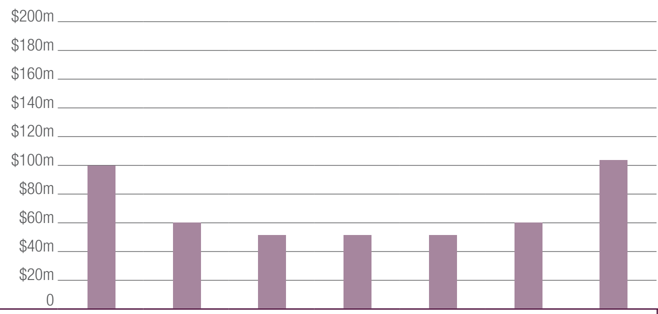
Reduction in gearing and cost of debt

As at month end



	Jun 2010	Jun 2011	Jun 2012	Jun 2013	Jun 2014	Jun 2015
Balance sheet gearing	53.8%	56.1%	45.6%	46.8%	40.9%	37.0%
All-in cost of debt	8.1%	7.7%	7.3%	6.7%	5.8%	4.8%

Interest Rate Hedging



							Weighted average
Time to maturity	1.3yrs	2.0yrs	3.0yrs	3.6yrs	3.6yrs	4.3yrs	4.3yrs	3.1yrs [1]
Fixed Rate	3.80%	3.38%	3.20%	3.57%	3.55%	3.70%	4.14%	3.7% [2]
Maturity date	Sep 16	Jun 17	Jul 18	Feb 19	Feb 19	Nov 19	Nov 19	

1. Weighted average fixed debt maturity increases to 5.0 years after including the $200 million of loan notes fixed for 10 years.
2. The loan note was issued with an underlying 10 year swap reference rate of 2.74%. Including this reduces the weighted average fixed rate to 3.4%.

Summary of debt facilities

Secured bank loans	Limit	Drawn	Maturity
	$m	$m	
Syndicated Facility			
- Facility A	255	255	December 2017
- Facility B	255	255	December 2018
- Facility C	245	87	December 2019
- Facility D	70	–	December 2019
- Facility E	100	100	June 2019
Loan Notes	200	200	March 2025
Total debt	**1,125**	**897**	

In Brief

- Growthpoint's execution of its capital management strategy has set it on a solid financial footing for future years whilst helping to provide excellent Securityholder returns in FY15

Gearing reduced

37.0%

Gearing

from 40.9% as at 30 June 2014

Debt term

4.7yrs

Weighted average debt term

at 30 June 2015

75%

of debt fixed

at 30 June 2015

Financial Management

Summary of movements in value over FY15

Property type	Properties at 30 June 2014	Value at 30 June 2014	Capex for full year	Property acquisitions & expansions	Property disposals	Revaluation gain / (loss)	Valuation at 30 June 2015	Change due to revaluation	Properties at 30 June 2015
	No.	$m	$m	$m	$m	$m	$m	%	No.
Industrial portfolio	35	1,044	4.0	61	(27)	83	**1,165**	8.0	36
Office portfolio	16	1,050	2.0	35[1]	–	92	**1,179**	8.8	17
Total portfolio	**51**	**2,094**	**6.0**	**96**	**(27)**	**175**	**2,344**	**8.3**	**53**

1. Costs spent to 30 June 2015 on 211 Wellington Road, Mulgrave, Victoria.

Key debt metrics and changes during FY15

		30 June 2015	30 June 2014	Change
Gross assets	$'000	**2,407,147**	2,128,779	278,368
Interest bearing liabilities	$'000	**890,445**	871,214	19,231
Total debt facilities	$'000	**1,125,000**	995,000	130,000
Undrawn debt	$'000	**228,174**	118,377	109,797
Balance sheet gearing	%	**37.0**	40.9	(3.9)
Weighted average interest rate	%	**4.8**	5.8	(1.0)
Weighted average debt maturity	years	**4.7**	3.3	1.4
Annual Interest Coverage Ratio (ICR) / Covenant ICR	times	**3.9 / 1.6**	3.2 / 1.6	0.7 / -
Actual Loan to Value Ratio (LVR) / Covenant LVR	%	**39.4 / 60**	42.1 / 60	(2.7) / -
Weighted average fixed debt maturity	years	**5.0**	3.0	2.0
% of debt fixed	%	**75**	82	(7)
Debt providers		**NAB, CBA, WBC, ANZ & a US life insurer**	NAB, WBC & ANZ	

Decreasing debt cost

4.8%

Weighted average debt cost

Down from 5.8% at 30 June 2014

FY16 Outlook

Debt capital management

Growthpoint will look to execute a further debt capital issuance in FY16 to further diversify its sources of debt and lengthen the weighted average maturity profile whilst the current low interest rate environment persists. It will repay *short-term* bank debt with any funds raised if there are no other immediate applications for the funds such as property acquisitions.

The Group had undrawn debt of $228 million as at 30 June 2015 and intends to utilise some of this capacity to help acquire properties that meet our strict investment criteria. Growthpoint is targeting undrawn and uncommitted debt of approximately $100 million to allow for flexibility in transactions without an excessive cost drag from holding undrawn debt lines.

Growthpoint's policy is to have between 75% and 100% of drawn debt fixed and to try and match the weighted average maturity of fixed debt with the weighted average of its total debt maturities. At 30 June 2015, 75.3% of debt was fixed with a weighted average maturity of 5.0 years (versus a weighted average maturity of total debt of 4.7 years). As any debt capital issuance is likely to be of fixed debt, the percentage of fixed debt is likely to increase during FY16.

Due to the restructure of the swap book and issuance of the loan note outlined above, the weighted average cost of fixed debt (before bank margins) decreased from 4.06% per annum at 30 June 2014 to 3.41% at year end. Refer to the table on page 19 for further details.

Distributions forecast to increase to 20.5cps

The Group seeks to return as much of its distributable income to investors as is prudent (after allowing for portfolio requirements of capital expenditure and payment of lease incentives). The payout ratio for FY15 was 93.1% compared with 95.1% in FY14. Growthpoint does not foresee the payout ratio falling below 90% over the *medium-term* given the requirements of the current portfolio.

Distributions are forecast to increase by 4.1% to 20.5cps for FY16, based on distributable income of at least 21.3cps.

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, depreciation 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

	FY15	FY14	Change	Change
	$'000	$'000	$'000	%
Profit after tax	**283,004**	**117,348**	**165,656**	**141.2%**
Less non-distributable items:				
- Straight line adjustment to property revenue	(5,316)	(5,373)	57	
- Net changes in fair value of investments	(169,832)	(23,780)	(146,052)	
- Profit on sale of investment properties	(363)	–	(363)	
- Net loss on derivatives	11,280	2,950	8,330	
- Depreciation	137	145	(8)	
Distributable income	**118,910**	**91,290**	**27,620**	**30.3%**

The payout ratio, calculated as distributions on ordinary stapled securities divided by distributable income, was 93.1% (FY14: 95.1%).

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

Components of distributable income

	FY15	FY14	Change	Change
	$'000	$'000	$'000	%
Property income	197,240	172,283	24,957	14.5%
Property expenses	(25,441)	(23,643)	(1,798)	7.6%
Net property income	**171,799**	**148,640**	**23,159**	**15.6%**
Interest income[1]	761	734	27	3.7%
Total operating income	**172,560**	**149,374**	**23,186**	**15.5%**
Borrowing costs	(44,292)	(49,042)	4,750	(9.7%)
Operational and trust expenses (less depreciation)	(8,986)	(8,745)	(241)	2.8%
Operating and trust expenses	**(53,278)**	(57,787)	4,509	(7.8%)
Tax expense	(372)	(297)	(75)	25.3%
Distributable income	**118,910**	**91,290**	**27,620**	**30.3%**

1. FY14 includes coupon interest received from the development of the property at 27-49 Lenore Drive, Erskine Park, NSW.

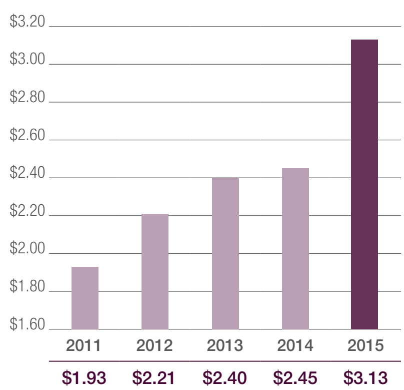
Five year performance summary

For the five years ended 30 June 2015

Year ended 30 June		FY15	FY14	FY13	FY12	FY11
Financial performance						
Investment income	$m	**361.5**	198.5	171.5	115.8	97.6
Profit for the period	$m	**283.0**	117.3	94.0	49.5	43.4
Financial position						
Total assets (at 30 June)	$m	**2,407.1**	2,128.8	1,680.4	1,607.1	1,190.1
Total equity (at 30 June)	$m	**1,411.5**	1,165.1	804.1	733.2	478.6
Securityholder value						
Basic and diluted earnings per security	¢	**50.4**	25.7	23.7	15.2	21.5
Distributable income per security	¢	**21.2**	20.0	19.3	17.7	18.1
Distributions per security	¢	**19.7**	19.0	18.3	17.6	17.1
Total Securityholder return[1]	%	**36.4**	10.8	23.6	21.6	15.5
Return on equity	%	**23.9**	17.5	13.1	4.8	7.4
Balance sheet gearing	%	**37.0**	40.9	46.8	45.6	56.1
NTA per security	$	**2.48**	2.16	2.00	1.93	2.01
Market capitalisation (at 30 June)	$m	**1,781.1**	1,323.3	966.8	796.9	450.2
Other information						
Number of securities on issue (at 30 June)		**569,027,781**	540,115,360	402,830,366	379,476,246	237,577,520

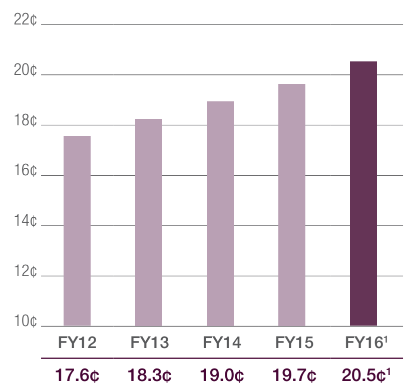
1. Total Securityholder return for year. Source: UBS Investment Research.

Security Price
as at 30 June



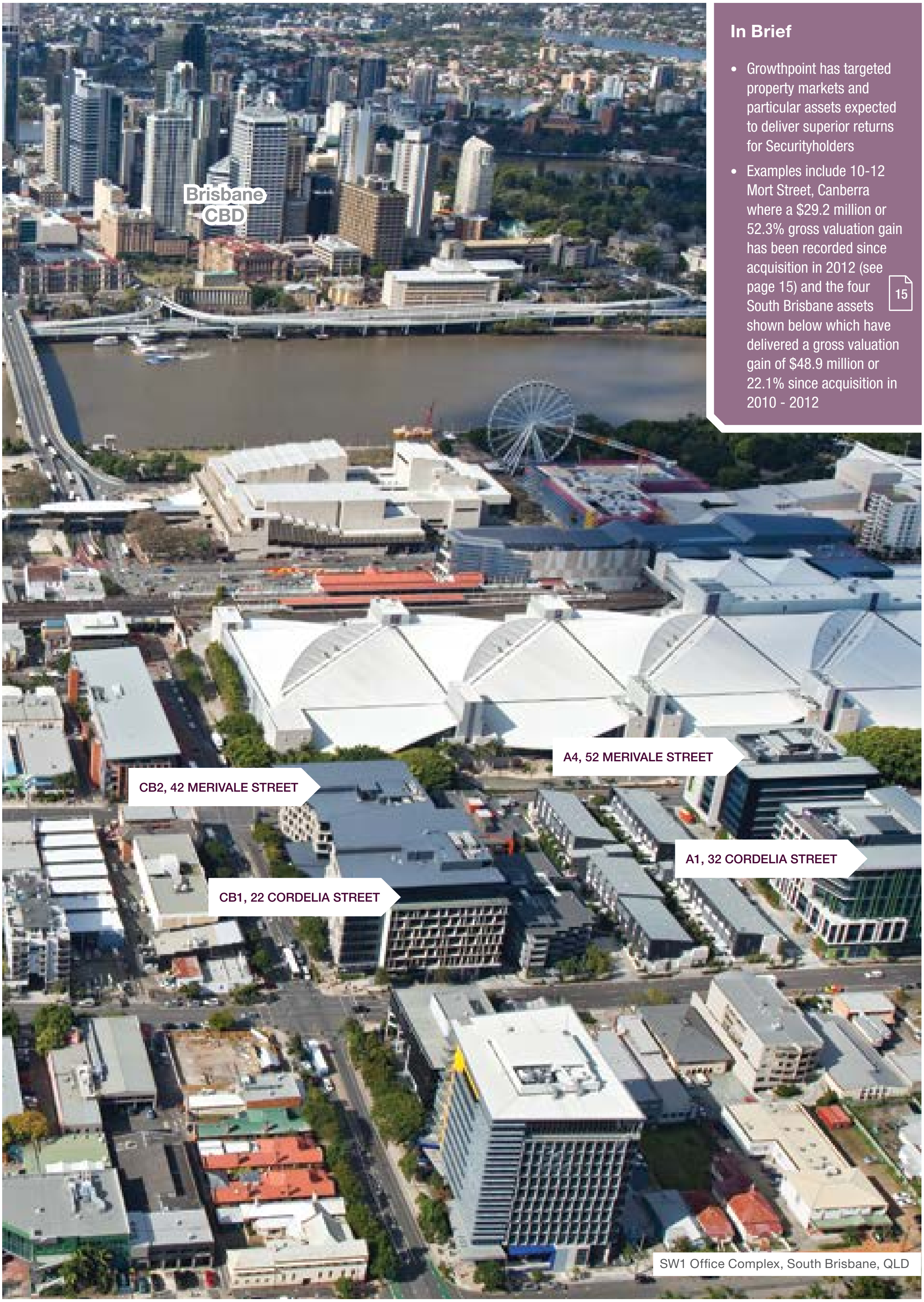
62.2% increase in security price since 30 June 2011 approximating 12.4% per annum growth.

Distributions
per stapled security



1. Distribution guidance only.

16.5% total increase in distributions FY12 to FY15 approximating 3.3% per annum.



SW1 Office Complex, South Brisbane, QLD

In Brief

- Growthpoint has targeted property markets and particular assets expected to deliver superior returns for Securityholders
- Examples include 10-12 Mort Street, Canberra where a $29.2 million or 52.3% gross valuation gain has been recorded since acquisition in 2012 (see page 15) and the four South Brisbane assets shown below which have delivered a gross valuation gain of $48.9 million or 22.1% since acquisition in 2010 - 2012

15

Office Portfolio Review

Key statistics

As at 30 June 2015

$1,206.6m

Total value*

30 June 2014: $1,049.8m

7.3%

Average cap rate

30 June 2014: 7.8%

51%

of Growthpoint's Portfolio

30 June 2014: 50%

94%

Occupancy

30 June 2014: 97%

6.8yrs

WALE

30 June 2014: 6.5 years

* Includes 211 Wellington Road, Mulgrave at its 'on completion' valuation.

Andrew Kirsch

Asset Manager

Growthpoint's office portfolio was enhanced over FY15 by a $62.6 million acquisition, over 27,000m² of leasing success and a $94.1 million valuation increase.

Accretive acquisition

37

In December 2014, the Group announced the acquisition of 211 Wellington Road, Mulgrave Victoria for $62.6 million providing an initial yield of 7.75%. Currently under construction, the property will comprise a seven storey office building with a lettable area of 12,718m² and 650 car parks. The building is targeting a 5 Star *NABERS* rating and 5 star *Green Star* rating.

Monash University will lease approximately 60% of the building for 5 years from completion, with two further options of 5 years each. Monash University is one of Australia's largest academic institutions.

The joint developers (Australand and CIP) are providing a 5 year rent guarantee on the remainder of the building not leased at completion.

Refer to page 37 for more details.

Leasing success

Growthpoint has worked hard to make FY15 its most successful year to date for office leasing with over 23,000m² of space leased (new and renewals). This equates to more than 12.3% of the office portfolio by area. Over the two years to 30 June 2015, Growthpoint leased 27,602m² of office space within the Brisbane office market, equating to 41% of the total Brisbane office portfolio.

Leasing success has addressed several key expiry risks and led to an increase in the office portfolio WALE from 6.5 years to 6.8 years over FY15.

Leasing highlights for the year include:

- A major lease extension to the Commonwealth of Australia over 15,398m² at **10-12 Mort Street, Canberra**. The lease, originally due to expire in March 2017, was extended by eight years to March 2025. The property was recently revalued at $85.0 million, a $29.2 million gain on the acquisition price in 2012. The Commonwealth of Australia is Growthpoint's fifth largest tenant providing approximately 4% of total income. Refer to page 15 for more details. 15
- A new five year lease to MWH Australia over 1,239m² at **52 Merivale Street, South Brisbane**. Macmahon Contractors who previously occupied the floor relocated to another tenancy within the building, to make total take up of space for this transaction over 1,600 square metres.
- Transfield Services Australia renewed their lease over a full floor (1,238m²) at **52 Merivale Street, South Brisbane** for a further five years from October 2015.
- Three new retail leases within the **SW1 complex, South Brisbane** totalling 804m² were leased for between 5-15 years. The largest tenancy (582m²) fronting Melbourne Street will be home to the newest offering from hospitality operators the Mantle Group on a 15 year lease term.
- **333 Ann Street, Brisbane**: 1,643m² of leasing to Everyday Hero, Turner and Townsend and International Water Centre highlight the Group's proactive leasing strategy.

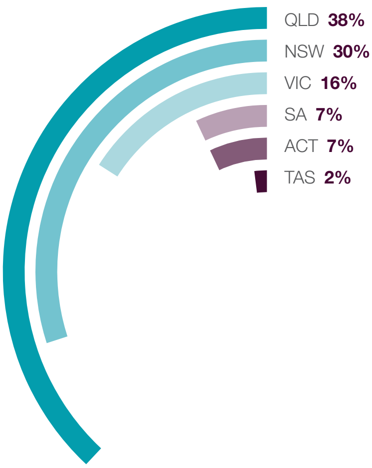
$156.8m asset growth during the year

The total value of the office portfolio increased by $156.8 million during the year to $1,206.6 million comprising the acquisition of 211 Wellington Road, Mulgrave and a $94.1 million revaluation increase on a like-for-like basis, before adjustments for capital expenditure. The valuation increase reflects leasing success as well as an improvement in investment market conditions for quality office properties.

Valuation highlights include:

- **10-12 Mort Street, Canberra:** $27.5 million uplift, attributed to the additional 8 year lease extension noted above.
- **1 Charles Street, Parramatta:** $20.4 million increase due to rental growth, internal property improvements and tightening market yields in the Parramatta office market from strong investor appetite. Since the Group's purchase of the property in June 2014, market *capitalisation rates* have sharpened by approximately 25 basis points.
- **22 Cordelia Street, South Brisbane:** $14.0 million uplift in valuation over the past 12 months. The improvement in value stems from tightening market yields for quality office buildings and follows a successful leasing strategy over the past 18 months that saw the property achieve 100% occupancy and 85% of the building (by area) renewed or released on weighted average lease terms of 7.7 years. On average, the Group has increased the rentals across the property by 43%.

Geographic diversity
by property value as at 30 June 2015



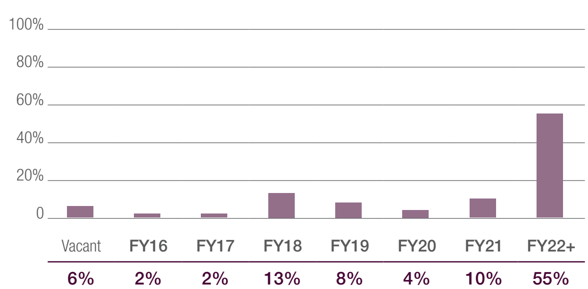
17
Assets
30 June 2014: 16

63
Tenants
30 June 2014: 58

Net office property income per State / Territory
FY15

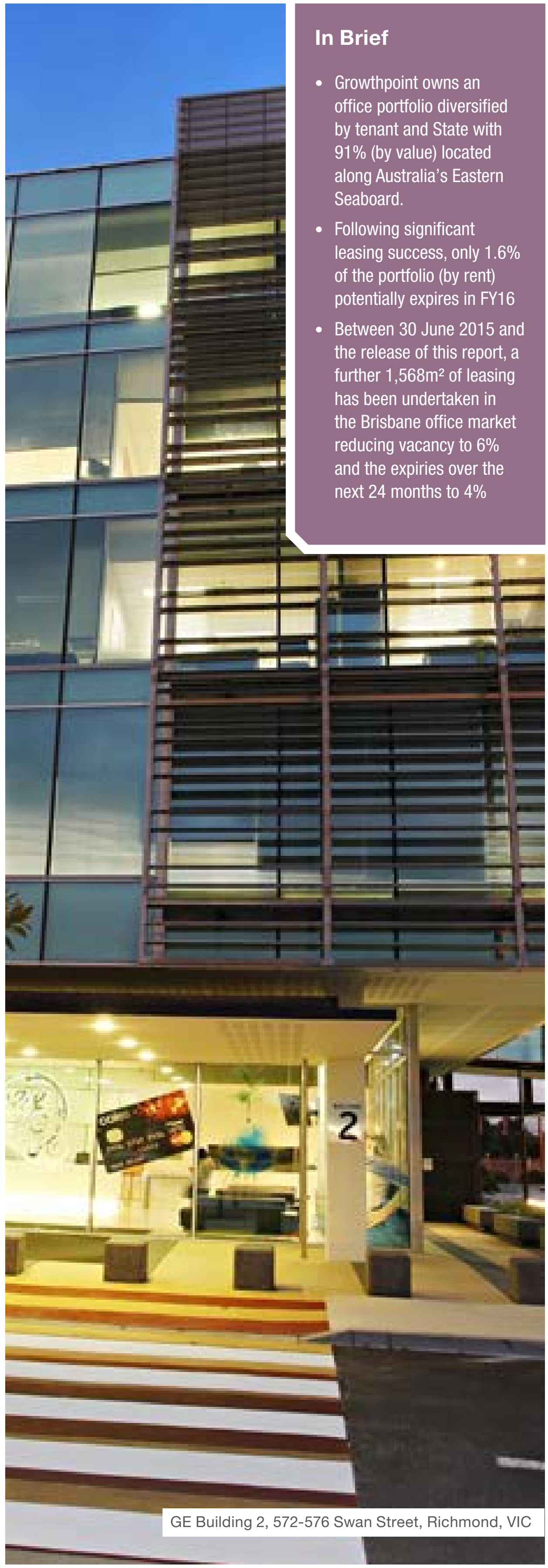
2.1% decrease from FY14 on a like-for-like basis due to tenant incentives, vacancy and rent reversions.

Office portfolio lease expiry profile
per financial year



In Brief

- Growthpoint owns an office portfolio diversified by tenant and State with 91% (by value) located along Australia's Eastern Seaboard.
- Following significant leasing success, only 1.6% of the portfolio (by rent) potentially expires in FY16
- Between 30 June 2015 and the release of this report, a further 1,568m² of leasing has been undertaken in the Brisbane office market reducing vacancy to 6% and the expiries over the next 24 months to 4%



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

Office Portfolio Review

Carefully built portfolio

"Growthpoint has carefully built its office portfolio since 2010 and now owns 17 assets in core CBD and suburban locations across Australia."

Sustainability

3.94 stars

Average NABERS energy rating

Up from 3.75 stars for FY14. 13 assets were rated, up from 12 in FY14

4.8 stars

Average Green Star rating

Growthpoint has maintained this rating for the last three reporting periods.

Five year performance summary

Key metrics		FY15	FY14	FY13	FY12	FY11
Portfolio value	$m	**1,206.6**	1,049.8	797.3	800.6	431.8
Total properties	no.	**17**	16	15	15	9
Average cap rate	%	**7.3**	7.8	8.4	8.3	8.4
% of Growthpoint portfolio	%	**51**	50	47	49	35
Occupancy	%	**94**	97	97	98	100
WALE	yrs	**6.8**	6.5	5.7	6.0	7.2
Total lettable area	m^2	**191,953**	179,175	147,405	146,916	82,748
Average rent (per m^2, per annum)	$	**538**	516	501	488	443

Sales of non-core assets being considered

Growthpoint continually monitors its portfolio, identifying any assets which may be candidates for divestment. No office assets were sold in FY15, however, the Group continues to assess the portfolio and may look to sell assets which no longer meet its investment criteria over the next 12-18 months.

Leasing remains key focus for FY16

The focus for the office portfolio in FY16 continues to be leasing within the Brisbane office market.

Growthpoint has hired additional expertise solely to assist with its largest leasing exposure at 333 Ann Street, Brisbane.

Growthpoint's strong track record and its quality office properties provide a good opportunity for another strong year of leasing.

Where suitable opportunities are present Growthpoint will also look to acquire additional modern, well leased, office properties with strong green credentials to complement the Group's portfolio.

Growthpoint's Asset Managers remain focused on continuing excellent relationships with tenants and ensuring properties are well managed and maintained.

Top five office properties or property groupings by value

Green Star Rating
NABERS Energy Rating

1

SW1 Office Complex, South Brisbane, QLD

The SW1 Office buildings occupy a prime corner site in Brisbane's premier fringe office location. They offer immediate access to the city, combined with many cafés and restaurants that South Bank and the cultural precinct has to offer a short journey from Brisbane Airport.

Combined property statistics

Book Value: **$269.7m**
WALE: **5.2 yrs**
Cap Rate: **7.18%**

CB1, 22 Cordelia Street, South Brisbane, QLD

3.0 star NABERS rated, nine-level, A-grade office building including two levels of basement parking.

Book value: **$83.0m**
Lettable area: **11,529m²**
Cap rate: **7.00%**
Site Area: **5,772m²**
WALE: **6.9 years**
Major tenant: **Downer EDI Mining**

A1, 32 Cordelia Street, South Brisbane, QLD

5.0 star NABERS rated, eight-level, A-grade office building.

Book value: **$65.3m**
Lettable area: **10,125m²**
Cap rate: **7.00%**
Site Area: **2,667m²**
WALE: **3.3 years**
Major tenant: **Jacobs Engineering**

A4, 52 Merivale Street, South Brisbane, QLD

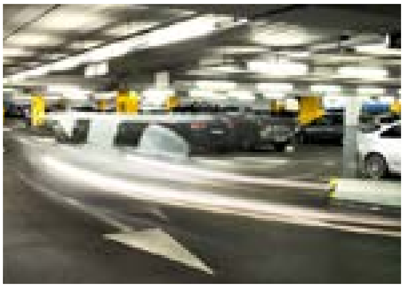
5.0 star NABERS rated, eight-level, A-grade office building.

Book value: **$58.5m**
Lettable area: **9,405m²**
Cap rate: **7.75%**
Site area: **2,331m²**
WALE: **2.6 years**
Major tenant: **Macmahon Contractors**

CB2, 42 Merivale Street, South Brisbane, QLD

2.5 star NABERS rated, six-level, A-grade office building including two levels of basement parking.

Book value: **$48.3m**
Lettable area: **6,598m²**
Cap rate: **7.00%**
Site area: **3,158m²**
WALE: **9.3 years**
Major tenant: **Peabody Energy**



Car Park, 32 Cordelia Street & 52 Merivale Street South Brisbane, QLD

Two-level underground car park facility.

Book value: **$14.7m**
Lettable area: **215 spaces**
Cap rate: **7.25%**
Site area: **9,319m²**
WALE: **4.4 years**
Major tenant: **Secure Parking**

Top five office properties or property groupings by value (cont.)

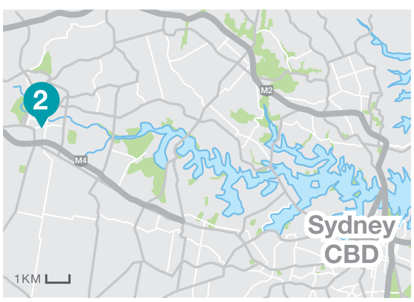
Green Star Rating
NABERS Energy Rating

2

1 Charles Street, Parramatta, NSW

A prominent A-grade, 5.0 star NABERS rated, office building including 444 car spaces consisting of two interconnecting towers completed in 2003.

Book value: **$261.5m**	Lettable area: **31,954m²**
Cap rate: **6.75%**	Site area: **6,460m²**
WALE: **8.9 years**	Major tenant: **NSW Police**



1 Charles St, Parramatta: 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 Westfield Parramatta and Church Street Mall.

3

GE Buildings, Richmond, VIC

Growthpoint's office properties in Richmond, Victoria offer significant development upside should the existing tenants vacate. The buildings could be developed into new offices or converted into residential use.

Combined property statistics		
	Book Value: **$134.6m**	WALE: **2.7 yrs**
	Cap Rate: **7.29%**	

Bldg 2, 572-576 Swan Street, Richmond, VIC

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

Book value: **$78.5m**	Lettable area: **14,660m²**
Cap rate: **7.25%**	Site Area: **7,201m²**
WALE: **2.7 years**	Major tenant: **GE Capital Finance Australasia**

Bldgs 1&3, 572-576 Swan Street, Richmond, VIC

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

Book value: **$54.9m**	Lettable area: **10,250m²**
Cap rate: **7.25%**	Site area: **16,819m²**
WALE: **2.7 years**	Major tenant: **GE Capital Finance Australasia**

Car Park, 572-576 Swan Street, Richmond, VIC

Leasehold car park in the Botanicca Corporate Park.

Book value: **$1.2m**	Lettable area: **92 spaces**
Cap rate: **12.00%**	Site area: **3,756m²**
WALE: **2.7 years**	Major tenant: **GE Capital Finance Australasia**

4

Bldg C, Gore Hill Tech Park, 219-247 Pacific Highway, Artarmon, NSW

A modern, 5 star Green Star, A-grade office building, comprising two ground and five upper office levels.

Book value: **$103.5m**

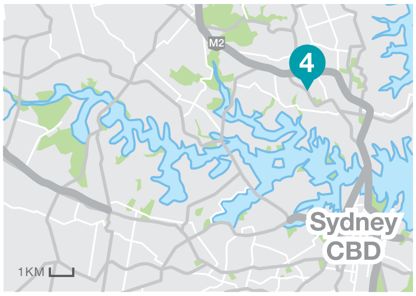
Lettable area: **14,496m²**

Cap rate: **7.00%**

Site area: **4,212m²**

WALE: **6.7 years**

Major tenant: **Fox Sports**



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.

5

333 Ann Street, Brisbane, QLD

A 24-level A-grade office building in the Brisbane CBD, the property includes 93 car spaces.

Book value: **$91.0m**

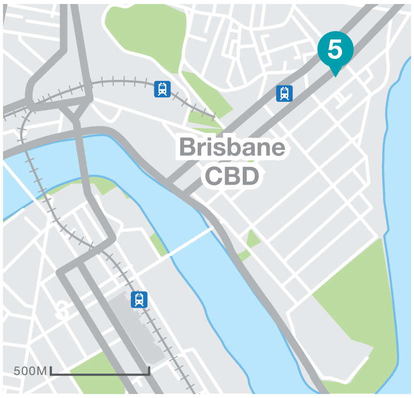
Lettable area: **16,490m²**

Cap rate: **7.75%**

Site area: **1,563m²**

WALE: **2.3 years**

Major tenant: **Qld Local Govt Super Board**



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

Further leasing success

"Since 30 June 2015, Growthpoint has undertaken 1,380m² of additional leasing at 333 Ann Street and 188m² of additional leasing at the SW1 complex and has a number of further potential leasing transactions being negotiated."

120 for more information on our full **Office Property Portfolio**

Business Overview
Financial Management
Portfolio Review
Operating Sustainably
Financial Report
Additional Information

Industrial Portfolio Review

Key statistics

As at 30 June 2015

$1,165.9m

Total value

30 June 2014: $1,043.9m

7.3%

Average cap rate

30 June 2014: 8.0%

49%

of Growthpoint's Portfolio

30 June 2014: 50%

100%

Occupancy

30 June 2014: 99%

6.5yrs

WALE

30 June 2014: 7.3 years

Andrew Fitt

Senior Asset Manager

Growthpoint's industrial portfolio was enhanced during FY15 by $56.9 million of acquisitions and a $91.9 million valuation gain. Lease extensions and a disposal led to the industrial portfolio being fully occupied.

$77.7 million of accretive acquisitions

In May 2015, Growthpoint purchased three industrial properties in Knoxfield, Victoria for $56.9 million on a weighted average passing yield of 7.8%. The properties have a total gross lettable area of 37,694m^2, a WALE of 6.8 years and a *WARR* of 3.6%.

36

Refer to page 36 for more details of these acquisitions.

In July 2015, Growthpoint purchased a multi-tenanted industrial property in Beverley, South Australia for $20.8 million providing an initial passing yield of 7.8%. The property is newly constructed, has a WALE of 5.3 years and a WARR of 3.2%.

100% occupancy achieved

At 30 June 2015, the Group's industrial portfolio was 100% occupied. To ensure this excellent result continues, significant effort was devoted to renewing leases in advance of their potential expiries.

The Group extended its lease of 12-16 Butler Boulevard, Adelaide Airport, South Australia to Cheap As Chips by five years and this lease now expires in November 2020. The market rent payable on commencement of the renewed term is 15.4% higher than the previous passing rent with fixed annual increases of 3.25% during the term.

Other highlights included:

- extension of the lease over Building 1, **670 Macarthur Avenue, Pinkenba, Queensland** to Reliance Worldwide for a term of five years from April 2015 with fixed 3.5% annual rent increases;
- extension of the lease over **5 Viola Place, Brisbane Airport, Queensland** to GPC by 1.5 years to 30 June 2017 with a 5% rent increase on 1 April 2016 and 1 April 2017; and
- short-term lease of **306-318 Abbotts Road, Dandenong South, Victoria** to XL Lubricants from February 2015.

Sales of non-core assets

42 Garden Street, Kilsyth, Victoria was sold to the tenant, ARB Corporation in October 2014. The sale price of $19.0 million was $250,000 above the previous book value of $18.75 million with net proceeds being used to repay debt.

The Group achieved an objective from last year's Annual Report by selling its property **306-318 Abbotts Road, Dandenong South, Victoria** to a private investor in April 2015.

Increased rent from capital improvements

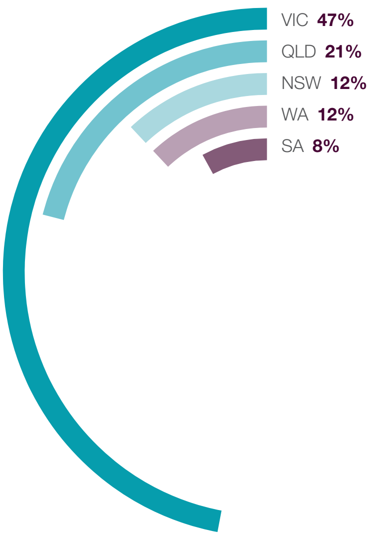
The Group funded the expansion of Peter Stevens Motorcycles' ground floor offices at **9-11 Drake Boulevard, Altona, Victoria** at a cost of approximately $776,000. The rent has been increased by $69,840 per annum, equating to 9% of the cost of the works.

Also in Victoria, Growthpoint committed to undertake capital works at **101-103 William Angliss Drive, Laverton North** for approximately $1.5 million to improve truck and staff car parking. The rent at the property will be increased by 8.25% of the cost of the works from completion (anticipated in October/November 2015).

Significant valuation gains

Growthpoint had 14 of its industrial properties independently valued at 30 June 2015 with the balance valued internally. The industrial property portfolio recorded a $91.9 million increase or 9.0% from revaluations over FY15 on a like-for-like basis, before adjusting for capital expenditure. This increase reflects both leasing undertaken as well as firming market *capitalisation rates* for quality industrial properties, like those owned by Growthpoint.

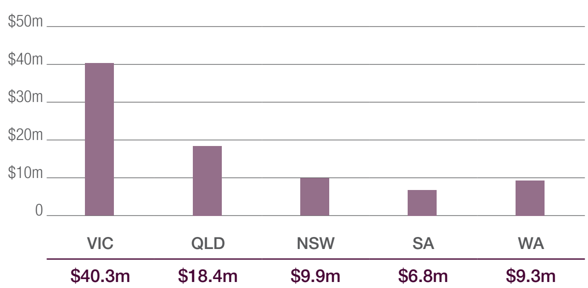
Geographic diversity
by property value as at 30 June 2015



36
Assets
30 June 2014: 35

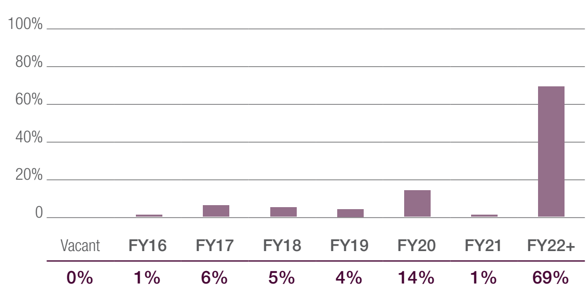
36
Tenants
30 June 2014: 33

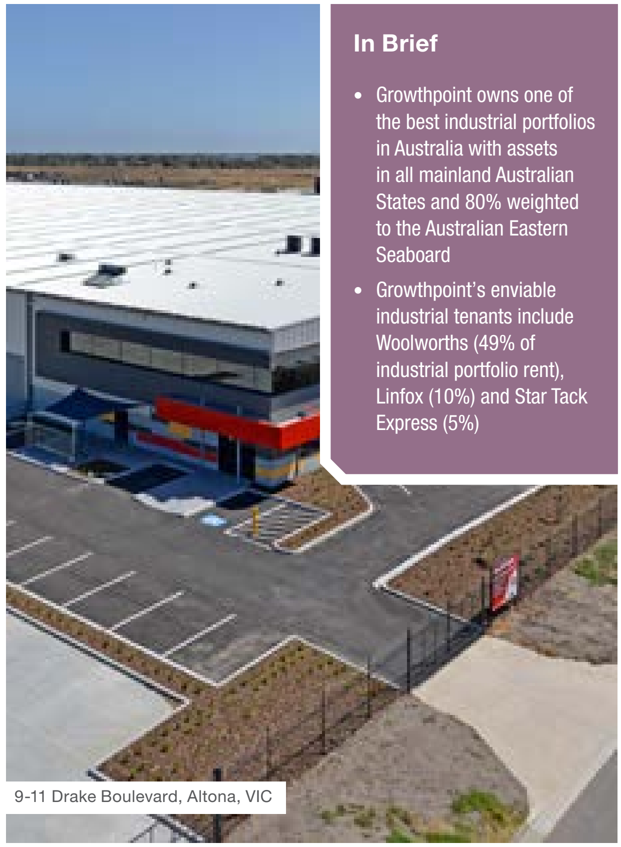
Net industrial property income per State
for FY15



2.4% increase on a like-for-like basis from FY14

Industrial portfolio lease expiry profile
per financial year





In Brief

- Growthpoint owns one of the best industrial portfolios in Australia with assets in all mainland Australian States and 80% weighted to the Australian Eastern Seaboard
- Growthpoint's enviable industrial tenants include Woolworths (49% of industrial portfolio rent), Linfox (10%) and Star Tack Express (5%)

9-11 Drake Boulevard, Altona, VIC

599 Main North Road, Gepps Cross, SA

Industrial Portfolio Review

Strategically located

"Anchored by $613.9 million of Woolworths distribution centres, the industrial portfolio has been expanded to include modern facilities in major nodes close to major infrastructure such as ports, airports and arterial roads."

Redevelopment opportunity

"Woolworths has announced that it will be closing its facility in Broadmeadows, Victoria, presenting significant redevelopment potential for Growthpoint. The lease currently expires in July 2021"

Five year performance summary

Key Metrics		FY15	FY14	FY13	FY12	FY11
Portfolio value	$m	**1,165.9**	1,043.9	897.2	834.2	813.1
Total properties	no.	**36**	35	29	27	28
Average cap rate	%	**7.3**	8.0	8.3	8.4	8.6
% of Growthpoint portfolio	%	**49**	50	53	51	65
Occupancy	%	**100**	99	100	100	100
WALE	yrs	**6.5**	7.3	7.9	8.5	9.2
Total lettable area	m^2	**858,658**	857,565	770,584	753,760	761,289
Average rent (per m^2, per annum)	$	**104**	99	97	96	92

Value creating opportunities being considered

Growthpoint averted its major lease expiry risk for FY16 by extending the lease to GPC (refer to page 30), and is in advanced lease renewal discussions with Coventry Group Limited and Orora Limited regarding leases at Pinkenba and Knoxfield, respectively.

Woolworths has announced that it will be closing its facility at **120 Northcorp Boulevard, Broadmeadows, Victoria**. The lease of this facility currently expires in July 2021.

Various opportunities being considered for FY16

Growthpoint's industrial portfolio remains 100% leased and, although relatively small, the upcoming expiry at **3 Millennium Court, Knoxfield, Victoria** gives Growthpoint an opportunity to extend the lease with a high quality tenant.

Investor demand for industrial property is arguably as strong as it has ever been, and the Group continues to monitor opportunities to recycle capital by disposing of non-core assets and buying quality modern assets which meet the Group's strict investment criteria.

Top five industrial properties or property groupings by value

Valuation upside remains

"Valuations for industrial properties like those owned by Growthpoint are expected to continue to increase due to strong investor demand and recent and anticipated industrial sales."

119 for more information on our full **Industrial Property Portfolio**

70 Distribution Street, Larapinta, QLD

Distribution Centre comprising temperature-controlled / part-ambient warehousing, two-level office, hardstand & loading facilities.

Book value: **$193.5m**
Lettable area: **75,425m²**
Cap rate: **7.00%**
Site Area: **250,900m²**
WALE: **6.7 years**
Major tenant: **Woolworths**

20 Colquhoun Road, Perth Airport, WA

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

Book value: **$134.0m**
Lettable area: **80,374m²**
Cap rate: **7.00%**
Site Area: **193,936m²**
WALE: **10.3 years**
Major tenant: **Woolworths**

Linfox Properties, Erskine Park, NSW

Three separate properties comprising a modern warehouse; a truck wash and maintenance facility with extensive hardstand; and a purpose built pharmaceutical warehouse facility.

Book value: **$128.8m**
Combined lettable area: **58,077m²**
Cap rate: **6.58%**
Combined site area: **195,480m²**
WALE: **7.9 years**
Major tenant: **Linfox**

28 Bilston Drive, Wodonga, VIC

A distribution facility comprising two level office, temperature controlled / part ambient warehouse plus vacant land with potential for future expansion.

Book value: **$80.5m**
Lettable area: **57,440m²**
Cap rate: **7.75%**
Site area: **250,000m²**
WALE: **6.1 years**
Major tenant: **Woolworths**

120 Northcorp Boulevard, Broadmeadows, VIC

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

Book value: **$76.7m**
Lettable area: **58,320m²**
Cap rate: **7.00%**
Site area: **250,000m²**
WALE: **6.1 years**
Major tenant: **Woolworths**

Strategically Located Properties

Locations of Key Industrial Properties

Airport Properties[1]

Airport precincts are generally recognised as super-prime locations for industrial and logistics property.

Combined property statistics		
	Book Value: $140.8m	WALE: 3.7yrs
	Cap Rate: 8.90%	

Victoria

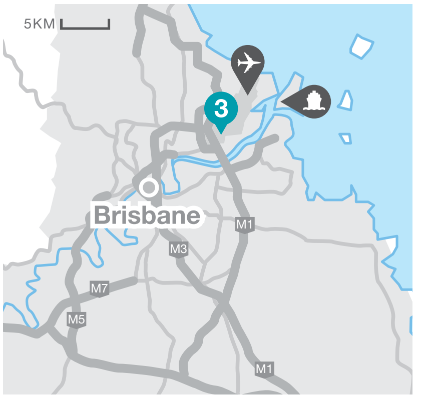
Melbourne Airport: Melbourne Airport Business Park is located within Australia's busiest airport for international and domestic freight and a key location not only for air freight related businesses but for general transport and logistics.

1 40 Annandale Rd, Melbourne Airport
60 Annandale Rd, Melbourne Airport
75 Annandale Rd, Melbourne Airport
130 Sharps Rd, Melbourne Airport
120 Link Rd, Melbourne Airport
45-55 South Centre Rd, Melbourne Airport

South Australia

Adelaide Airport: Butler Boulevard is located on airport land and offers direct 'airside' access to Adelaide Airport. Burbridge Business Park is the prime logistics location in Adelaide's tightly held 'inner west' market.

2 10 Butler Blvd, Adelaide Airport
12-16 Butler Blvd, Adelaide Airport

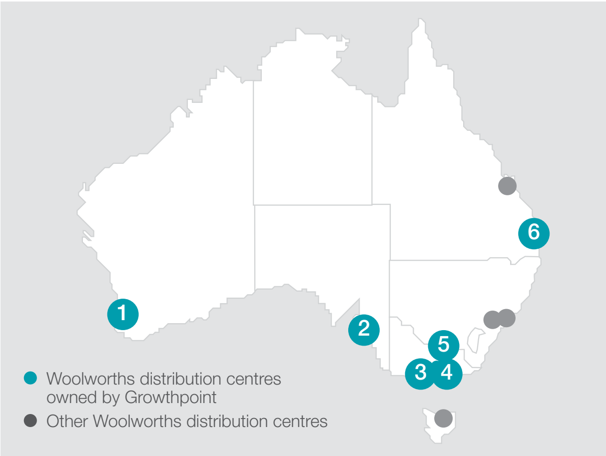


Queensland

Brisbane Airport: Viola Place is 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.

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

1. Excludes the Group's property at 20 Colquhoun Road, Perth Airport as this is a Woolworths distribution centre included on page 35.

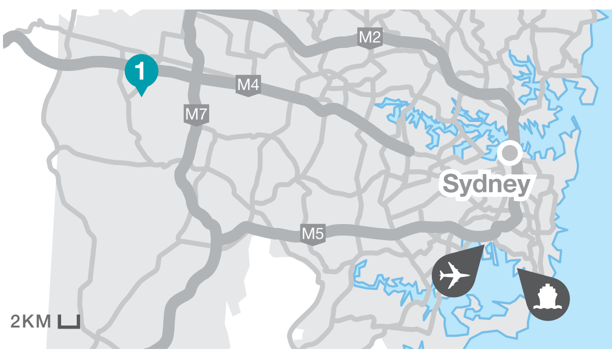


Woolworths Distribution Centres owned by Growthpoint

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 (excl. liquor).

1. 20 Colquhoun Rd, 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

Combined property statistics	Book Value:	Cap Rate:	WALE:
	$613.9m	7.15%	7.1yrs



Linfox Properties

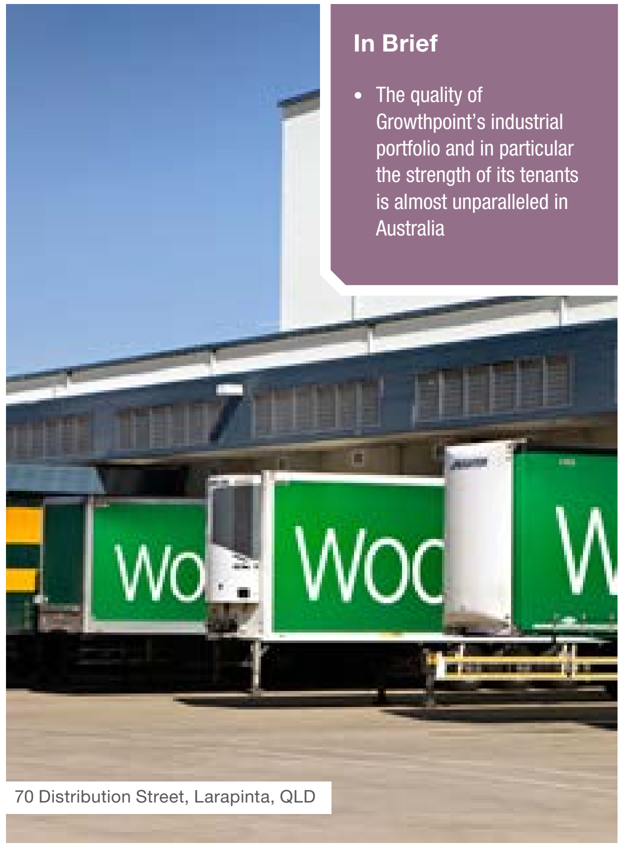
Western Sydney: Areas around the M4/M7 nexus have emerged as the main logistics locations serving the conurbation. Significant infrastructure investment in the area includes Sydney's proposed second international airport, road building/upgrades and intermodal facilities.

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

Combined property statistics	Book Value:	Cap Rate:	WALE:
	$128.8m	6.58%	7.9yrs

In Brief

- The quality of Growthpoint's industrial portfolio and in particular the strength of its tenants is almost unparalleled in Australia



70 Distribution Street, Larapinta, QLD

27-49 Lenore Drive, Erskine Park, NSW

Strategic acquisitions add value

1

Three quality purchases expanded the industrial portfolio

In May 2015, Growthpoint purchased three modern warehouse properties, with leases to quality tenants, in the tightly held suburb of Knoxfield, Victoria.

Knoxfield is an established industrial precinct approximately 27 kilometres south-east of Melbourne's Central Business District. The precinct has excellent access to major roads including Ferntree Gully Road, Stud Road and Eastlink. The area is tightly held and has limited available development land.

These acquisitions increase both distributable income and the weighted average lease expiry of the industrial portfolio which is now 6.5 years.

Growthpoint continues to look for acquisitions like this which enhance distributions and the property portfolio.

1500 Ferntree Gully Road & 8 Henderson Road, Knoxfield, VIC

Modern office and warehouse facility with adjoining expansion land and extensive car parking.

Book value: **$36.6m**
Lettable area: **22,009m²**
Cap rate: **7.25%**
Site Area: **40,844m²**
WALE: **8.3 years**
Major tenant: **Brown & Watson Int.**

6 Kingston Park Court, Knoxfield, VIC

Modern office and warehouse facility.

Book value: **$11.1m**
Lettable area: **7,645m²**
Cap rate: **7.25%**
Site area: **12,795m²**
WALE: **6.9 years**
Major tenant: **NGK Spark Plug (Australia)**

3 Millennium Court, Knoxfield, VIC

Modern office and warehouse facility.

Book value: **$9.3m**
Lettable area: **8,040m²**
Cap rate: **7.75%**
Site area: **14,750m²**
WALE: **0.7 years**
Major tenant: **Orora Limited**

Combined property statistics

Book Value: **$56.9m**
Cap Rate: **7.33%**
WALE: **6.7yrs**

2

Another quality office development in partnership with Australand

This is the sixth development fund through project for Growthpoint. Investment in this property was attractive because of its quality design, high green credentials, prominent and established suburban location and, of course, the major tenant, Monash University.

The total cost is approximately $62.6 million[1], providing an initial income yield of 7.75%[2] on completion of development. The building is targeting a 5 star *NABERS* rating and 5 star *Green Star* rating and will be 60% leased to Monash University under a 5 year lease (from practical completion) with two further options of 5 years each. Monash will use the offices for administration.

The developer will provide a 5 year rent guarantee from practical completion for any part of the building not leased at practical completion (expected in early 2016).

211 Wellington Road, Mulgrave, VIC

Under development: five star NABERS rated, seven-level office building together with multi-deck car park of 650 spaces.

Book value[3]: **$62.6m**	Lettable area: **12,718m²**
Cap rate: **7.75%**	Site Area: **10,930m²**
WALE: **5.0 years**	Major tenant: **Monash University**

Impact on portfolio

"The Group assessed a multitude of acquisition opportunities over FY15 and despite a very competitive acquisition climate, Growthpoint bought four modern assets valued at $119.5 million and an average initial yield of 7.79% in FY15. The assets demonstrate Growthpoint's deliberate approach to procuring well positioned and accretive acquisitions."

Acquisitions

$119.5m

Total acquisition value[4]

As at relevant purchase date

100%

Leased

1. Excluding acquisition costs.
2. 7.75% is the base acquisition yield. A lower yield (up to 7.50%) may be payable to the Developer on the rent achieved from letting of the vacant space under the rental guarantee, dependent on tenant quality and lease term.
3. Valuation on completion.
4. Includes 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.

Operating Sustainably

Section summary

This "Operating Sustainably" section of the Directors' Report is divided into the following subsections:

- Sustainability Objectives Summary
- Environmental Sustainability
- Social Sustainability
- Governance comprising:
  - Securityholders.
  - Approach to risk including SWOT analysis.
  - Board of Directors.
  - Property management outsourcing.
  - Executive management.
  - Reporting and management structure.
  - Remuneration report.
  - Additional information.

As an integrated report, elements of sustainability are referred to in all sections of this Annual Report.

Growthpoint's *sustainability*, also known as "ESG" or "corporate social responsibility", encompasses:

1. Strategies we adopt.
2. The assets we own.
3. How we operate and are managed.
4. How our performance is measured and rewarded.
5. How we report.

Strategies adopted seek to consistently increase total Securityholder return

Pages 10 and 11 of this report provide an overview of Growthpoint's key objectives and the strategic goals adopted to achieve these objectives. These strategies and objectives work in conjunction with each other and cover all parts of Growthpoint's operations.

10

The overall aim of all our strategies is consistently increasing total Securityholder return over the *long-term* based on our "pure landlord" philosophy (refer to page 13 for more details).

13

Assets which are expected to provide sustainable returns are acquired and prudently managed

Detailed information about the portfolio is provided throughout this report as well as key details of what we have achieved through leasing, asset management, acquisitions and disposals.

We believe property is a long-term investment. Sustainability of a property investment, measured through net property income, environmental impact, tenant satisfaction and valuation increases, will determine its long-term returns.

Operations and management are carefully structured

Growthpoint's operations and management structure have been carefully developed to reflect the Group's portfolio, key objectives and strategic goals as well as the transparent business model shown on page 8.

As the Group has grown so too have our employee numbers. Increased assets, tenants and employees have resulted in development and updating of our compliance, risk management and governance regimes.

Performance is assessed against strategies and challenging but achievable objectives

Key achievements are noted throughout this report and reflect the performance measures against which employees are assessed.

The employee performance measures noted on pages 59, 63 and 64 of this report align with our mission, strategy and philosophy on page 7 as well as the key objectives and strategic goals on pages 10-11.

Reporting is transparent and consistent

Although reporting is updated to reflect the growing portfolio, improved operations and specific regulatory requirements as well as meeting standards expected of S&P/ASX 200 constituents, reporting is consistent from year to year as much as possible.

Corporate Governance Principles and Recommendations

The Group's response to the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (3rd edition) was released on the same date as this report is available on the ASX's website asx.com.au (under Growthpoint's announcements for 17 August 2015) and the Group's website **growthpoint.com.au/investor-centre/sustainability/governance/**

WWW

Integrated reporting

"This is an 'integrated report' showing readers not only historical financial information but how Growthpoint has added value over time and how it expects to add value in the future. This report provides a range of financial and non-financial information and has been designed to give readers a fulsome picture of Growthpoint as a whole."

Aaron Hockly
Company Secretary
& General Counsel

Sustainability objectives summary

Environmental 42

Objective	Target	Time frame	Achievement as of date of this report
Decrease environmental impact by reducing energy/ water consumption and green house gas emissions across the portfolio	Reduction by 5% of energy/ water consumption and green house gas emissions on a like-for-like basis (for properties where Growthpoint have operational control).	2020	Demonstrated reductions in energy/water consumption and green house gas emissions through improved *NABERS* ratings.
Develop program for measuring and reporting environmental impact	Implement program for measuring and reporting environmental impact.	2018	Adopting an on-line sustainability platform to capture available energy use, green house gas emissions and waste management data to assist in effective management and reporting of building operational performance. Participation in the GRESB 2015 Survey demonstrates commitment to measure and report on our environmental impact.
Implement additional monitoring infrastructure within office properties	Establish baseline data for energy/water consumption and green house gas emissions.	2017	Additional energy sub-metering / environmental monitoring infrastructure installed to 85% of the office portfolio to date, which has assisted in working towards our target of establishing a baseline energy/water/green house gas emissions data set.
Improve NABERS ratings across office portfolio and enhance buildings for tenants	Achieve a minimum average of 4.0 star NABERS rating.	2017	The average NABERS rating for office properties has increased to 3.94 stars in FY15 (up from 3.3 stars in FY13 and 3.75 stars in FY14).
Improve *sustainability* procurement processes and practices for our capital expenditure program	Ensure the majority of third party engagements contain sustainability requirements.	2018	Consideration of sustainable procurement processes and practices across our capital expenditure programme, for example, contractor waste minimisation strategies and best practice product / equipment selections.
No environmental fines or penalties imposed on the group	No environmental fines or penalties imposed on the group and mitigation strategies in place.	On-going	No environmental fines or penalties have been imposed on the Group. Due diligence undertaken on new acquisitions to identify and mitigate risks. Actual / potential risks and hazards reviewed.

Proud member of

GRESB Member

GRESB - The Global Real Estate Sustainability Benchmark

Sustainability objectives summary

Social

44

Objective	Target	Time frame	Achievement as of date of this report
Donations and workplace giving program	Implementing workplace giving for charitable causes such as Fitted for Work, supporting women re-entering the workforce.	On-going	Growthpoint staff donated ladies' clothing and accessories to "Fitted for Women", an organisation that helps disadvantage women find and retain employment. The Group also made a donation.
Develop partnerships with community organisation in areas that Growthpoint operates in	To develop partnerships with organisations such as the Fred Hollows Foundation in preventing curable blindness.	November 2015	Growthpoint has committed to participate in a 30km coastrek in November to support The Fred Hollows Foundation. The team will walk for 30km and will ask for sponsorships in aid of the Foundation.
Employees to undertake volunteering each year	By supporting community organisations such as Try Australia to support kindergartens with low socio-economic backgrounds.	January 2015	In January, the whole organisation volunteered to participate in a "backyard blitz" for the Mornington Peninsula kindergarten and day-care owned by Try Australia, an independent, non-denominational charity that provides opportunities for young people and families to reach their potential.
Employees to receive regular work health and safety checks	Growthpoint is committed to providing health and safety checks for employees.	February 2015	In February all employees were given health checks that included basic health screening tests, bone density screening and posture and flexibility assessments and in April all staff were offered voluntary flu vaccinations.
Providing continuing professional development or training each financial year for employees	Employees will on average receive not less than 20 hours of continuing professional development or training for each financial year.	On-going	In FY15 employees completed an average of 25 hours of continuing professional development.
Diversity objectives created and worked towards	Growthpoint is committed to gender diversity which will be monitored and worked towards in future.	On-going	In FY15 around 31% of staff originated from a non-English speaking background. Growthpoint's 16 staff includes six women.
No workplace injuries	Growthpoint is committed to providing a healthy and safe environment for employees to work in.	On-going	Growthpoint maintained its record of workplace safety with no workplace accidents in FY15.

New Diversity Objectives from August 2015:

Providing work experience to female graduates and undergraduates in order to encourage greater female involvement and participation in the property industry.

Having at least **one female as part of senior management** team by 2020[1].

Achieving a **gender diverse workforce** which, by 2020, will not be less than 30% female[1].

Growthpoint's selection team for the recruitment of any employee is obliged to encourage and appropriately advertise for applications from women and men, to consider male and female candidates and to **interview at least one appropriately qualified female candidate and one appropriately qualified male candidate for any available position**[1]**.**

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

Having at least **two female directors on the Board** by 2020[1] (having regard to the size of the board, currently seven).

1. Subject to Growthpoint's desire to appoint the best person for any position.

Governance

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Objective	Target	Time frame	Achievement as of date of this report
Obtain and retain investment grade rating to help secure capital when required	*Baa2* or higher.	On-going	Investment grading issued to the group by Moody's remains Baa2 as of the date of this report.
Introduction of internal audit function using an audit plan by external consultants	To give further assurance in relation to governance and controls to management and the Audit, Risk & Compliance Committee.	FY16	The internal auditor will report to the Audit, Risk & Compliance Committee in November 2015.
Comprehensive compliance and risk framework is maintained and is independently audited by external auditors	The audit report is issued with no qualifications.	On-going	KPMG issued non-qualified audit opinions for the Compliance Plan and Australian Financial Services Licence for FY15.
To improve investor communications	Group's key results and the Annual General Meeting will be webcast.	November 2015	The Annual General Meeting will be webcast in November 2015.
Business updates will be provided at least each calendar quarter	Provide investors with details of any significant changes to the business (subject to the ASX Listing Rules and other legal and contractual requirements).	On-going	Investor updates provided in August 2014, November 2014, February 2015 and May 2015.
No significant breaches of trust compliance plan or the groups policies, procedures or constituent documents	No significant breaches.	On-going	There were no significant breaches identified during the compliance plan audit for FY15.

Proud member of

PROPERTY COUNCIL of Australia

AIRA
AUSTRALASIAN INVESTOR RELATIONS ASSOCIATION

GRI Organizational Stakeholder GROWTHPOINT PROPERTIES AUSTRALIA 2015

Environmental Sustainability

Section summary

- Sustainability objectives and specific targets have been adopted
- Increasing average NABERS rating reflects reduced building energy costs for tenants
- Commitment to energy efficiency initiatives and building enhancements across the office and industrial portfolio
- Improving processes and practices to effectively manage sustainability issues

Steve Lee
Senior Project Manager

Focus for the year ahead

"Our focus in FY16 will be to improve the collection and monitoring of building operational performance data, review and refine current sustainability practices, undertake building improvements and continue to reduce energy, water consumption and green house gas emissions across the portfolio."

Growthpoint is committed to limiting the impact of its activities on the natural environment and has adopted the following *sustainability* objectives:

- Decrease environmental impact by reducing energy, water consumption and green house gas emissions across the portfolio.
- Develop program for measuring and reporting environmental impact.
- Implement additional monitoring infrastructure within office properties.
- Improve *NABERS* ratings across our portfolio and enhance buildings for tenants.
- Improve sustainability procurement processes and practices for our capital expenditure program.
- No environmental fines or penalties imposed on the group.

Specific targets have been set for each of the above objectives with the focus in FY16 being measuring and reporting environmental impact, enhancing buildings for tenants and improving sustainable practices across the portfolio.

Measuring and reporting environmental impact

- Continue implementation during FY16 of additional energy and water monitoring infrastructure for office properties and improve energy, water, green house gas emissions and waste management collection across the portfolio.
- Work towards establishing a baseline energy/water/green house gas emissions data set for all properties where we have operational control.
- Growthpoint has engaged an external party to recommend measures to reduce base building energy usage, improve operational efficiency and provide dynamic energy reporting across eleven office properties.
- With support from our Property Managers, an on-line sustainability platform has been established to capture and report on all utility bills and green house gas emission data generated from properties where we have operational control.
- Growthpoint have participated in the 2015 GRESB Survey and intend to participate in the Carbon Disclosure Project (CDP) climate change / energy survey, and adopt Global Reporting Initiative (GRI) version 4 as a uniform framework for sustainability performance reporting moving forward.

Enhancing buildings for tenants

- The continued improvement in the average NABERS rating across the office portfolio reflects reduced building energy costs for tenants.
- Additional energy and water metering infrastructure will assist with monitoring building operational performance and support tenant engagement initiatives.
- Continue to conduct regular sustainability meetings with expert consultants to review portfolio performance and opportunities.
- Various initiatives will be implemented across the office and industrial portfolio during FY16 relating to energy efficiency improvements or building enhancements including:
  - energy efficient lighting upgrades;
  - new mechanical plant & equipment;
  - new "End of Trip" facilities;
  - new chiller plant; and
  - ground floor refurbishments.

Improving sustainability practices across the portfolio

Increasing our understanding and knowledge of environmental risks is guiding the development of enhanced policies and practices to effectively manage these risks, improving performance and helping to embed sustainability practices throughout the business operations. Improved processes and practices will also ensure environmental considerations are appropriately managed for new developments, property acquisitions and capital expenditure projects.

Average NABERS energy rating is now 3.94 stars (increased from 3.75 stars). An official NABERS rating for our A-grade Building C, 219-247 Pacific Highway, Artarmon, NSW will be received during the next financial year reporting period.

Other items of note:

- Growthpoint's head office is in an energy efficient fit out within a 5 Star NABERS rated building. Sustainable practices include no car parking for employees. We have completed a carbon audit for our head office operations and will consider options to offset the limited carbon emissions applicable.
- All tenants across the Group's office portfolio participated in Earth Hour 2015. Growthpoint, with the support of its Property Managers, will continue to encourage all tenants to participate by switching off non-essential power during Earth Hour.
- Growthpoint intends to acquire properties with high green credentials and when applicable negotiate appropriate sustainability initiatives within development agreements for fund through acquisitions.

Energy ratings

3.94 stars

Average NABERS energy rating

Up from 3.75 stars for FY14

4.8 stars

Average Green Star rating

Growthpoint has maintained this rating for the last three reporting periods

NABERS Energy Star Ratings (office portfolio)

PROPERTY	rating
Buildings 1&3, 572-576 Swan Street, Richmond, VIC	
Building 2, 572-576 Swan Street, Richmond, VIC	★★★
7 Laffer Drive, Bedford Park, SA	★★★½
89 Cambridge Park Drive, Cambridge, TAS	★★★
A1, 32 Cordelia Street, South Brisbane, QLD	★★★★★
A4, 52 Merivale Street, South Brisbane, QLD	★★★★★
CB1, 22 Cordelia Street, South Brisbane, QLD	★★★
CB2, 42 Merivale Street, South Brisbane, QLD	★★½
333 Ann Street, Brisbane, QLD	★★★½
WorldPark, 33-39 Richmond Road, Keswick, SA	★★★★★½
10-12 Mort Street, Canberra, ACT	★★★★½
1 Charles Street, Parramatta, NSW	★★★★★
1231-1241 Sandgate Road, Nundah, NSW	★★★★½

Green Star Ratings (office portfolio)

PROPERTY	rating
333 Ann Street, Brisbane, QLD	★★★★
89 Cambridge Park Drive, Cambridge, TAS	★★★★★
WorldPark, 33-39 Richmond Road, Keswick, SA	★★★★★
1231-1241 Sandgate Road, Nundah, QLD	★★★★★
Building C, 219-247 Pacific Highway, Artarmon, NSW	★★★★★

In Brief

- Growthpoint acquires properties with high green credentials and ensures sustainability initiatives are incorporated into fund through developments and capital upgrade projects

WorldPark, 33-39 Richmond Rd, Keswick, SA

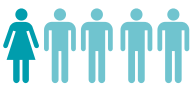
Social Sustainability

Section summary

This section explains how Growthpoint seeks to ensure it has a positive impact on people and communities, what has been achieved in FY15 and what will be focussed on in the future.

Employee gender diversity

2010



2015

38%

of the Group's employees are women

(2014: 23%)

Growthpoint understands that people are key to the success of every facet of its business, and strives to create and maintain a nurturing environment which respects the best interests of all involved – Securityholders, other stakeholders, tenants and employees.

Constant investment in the professional development and personal wellbeing of all staff helps ensure that motivated people make well-informed decisions to maintain Growthpoint's competitive edge in the Australian property investment market.

This philosophy continues to provide pleasing results. The Group's annual anonymous survey of all staff (except for the Managing Director), undertaken in April 2015, again returned very positive results with staff reporting that they felt respected and valued, enjoyed their work and were proud to be Growthpoint employees.

In addition, Growthpoint's high standards are driven by a Code of Conduct that applies throughout the organisation, ensuring that:

- all actions are governed by the highest standards of integrity and fairness;
- all decisions conform with the letter and spirit of all applicable laws, and
- all staff apply their best skill and judgement to conduct the Group's business honestly and ethically for the benefit of Securityholders, employees and other stakeholders.

Diversity

From recruitment through all facets of employment, Growthpoint recognises the importance of finding and retaining people who best fit the nature of both the work and the organisation, regardless of gender or background.

An affirmed equal opportunity employer, the Group acknowledges the value of a diverse workforce and benefits from the creativity and innovation that arises from different experiences, cultures and perspectives. In FY15 around 31% of staff originated from a non-English speaking background.

Growthpoint's commitment to gender diversity is exemplified in its provision of work experience for female graduates and undergraduates, and its recruitment policy of interviewing at least one qualified female and male candidate for every available position. Growthpoint's 16 staff includes six females – the Group's legal counsel, investor relations administrator, an accountant, a property analyst and two executive assistants.

Above: Women employed since Growthpoint implemented its diversity policy in 2012

Staff training and engagement

Where possible Growthpoint promotes from within. Staff are encouraged to undertake personal and professional development through Group-funded education and training that enhances their skills and understanding of the property market, and adds significant value to their decision-making. In FY15 employees undertook, on average, 25 hours of continuing professional development.

Team building

In July 2015, all staff attended a two-day conference, to undertake team strengthening through a combination of business plan reviews, psychometric behavioural profiling and challenging physical activities. Through these self-awareness and self-development activities, the team building encouraged participants to embrace new collaboration skills, revealed hidden qualities and brought fresh eyes to themselves, their colleagues and the Group's business – with a positive, ongoing impact on the Group's business.

Working environment

Growthpoint's open plan office environment contributes substantially to the Group's success, encouraging open communication and seamless collaboration between all staff members. With all staff better informed, morale is higher and decision-making is more streamlined, adding value for all involved.

Workspaces are tailored to suit a variety of work activities and types, wireless technology caters for increasing use of laptops and smartphones, and digital document management helps reduce the reliance on paper.

Flexible working arrangements help staff to maintain a healthy balance between work and family interests.

Health and safety

Growthpoint is committed to providing a healthy and safe working environment for all staff both on- and off-site, and maintained its proud record of workplace safety with no workplace accidents in FY15. Thorough inductions for new staff and regular information sessions ensure all staff are well briefed on the use of safety equipment and the hazards that may be encountered when visiting construction sites.

In February 2015 all employees were given health checks that included basic health screening tests, bone density screening and posture and flexibility assessments, and in April 2015 all staff were offered voluntary flu vaccinations.

The Group provides life, total permanent disability and income protection insurance for all staff. The Growthpoint offices are a smoke-free environment, and provide a workplace free of any kind of harassment or discrimination.

In June 2015, 14 staff undertook basic first aid training delivered by St John's Ambulance Australia.

Community contribution

As a responsible corporate citizen, the Group actively supports the communities in which it operates.

In January 2015, all employees volunteered to participate in a "backyard blitz" for the Peninsula Montessori kindergarten and day care centre in Frankston, Victoria.

The centre is owned and operated by TRY Australia, an independent, non-denominational charity that provides opportunities for young people and families to reach their potential.

The team's work saw the centre's garden completely revitalised, with gardening, tree pruning, hard rubbish removal and general repairs giving the children a safe and enjoyable play area, as well as sanded and repainted tables and chairs.

Growthpoint staff donated ladies' clothing and accessories to "Fitted for Work", an organisation that helps disadvantaged women find and retain employment.

More broadly, Growthpoint encourages staff to become involved with community activities and professional organisations for their own development. In FY15 the Group and/or its employees were actively engaged with many organisations including:

Professional

- Association of Chartered Certified Accountants
- Australasian Investor Relations Association
- 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
- Anglicare Emergency Relief Fund

Property Council Gala

Six Growthpoint staff and their partners attended the 2014 Property Council annual gala ball. Funds raised through this event, including a donation from the Group, provided ongoing support for the Lighthouse Foundation's "PIF House" in southern Melbourne.

Remuneration

Growthpoint's remuneration framework is designed to attract and retain suitably qualified, experienced and skilled directors and employees to fulfil its mission and strategies. The remuneration framework includes both long- and short-term performance measures and incentives to ensure Growthpoint operates sustainably, and to align the interests of directors and employees with those of Securityholders.

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Refer to pages 58 to 67 for more details about Growthpoint's remuneration.

Future expansion

Growthpoint has had the same executive management team in place since December 2009, providing consistency of strategy and delivery. Over this period, assets grew from $650 million to $2.4 billion and net property income increased from $59.3 million to $171.8 million.

With Growthpoint's expanding asset and income base, the number of staff has increased from five employees in 2009 to 16 at 30 June 2015. More growth in employee numbers is expected with the Group's continued expansion, however key people already employed include several of tomorrow's potential leaders.

In Brief

- Growthpoint is primarily focussed on:
  - achieving greater gender diversity on its board and amongst employees;
  - ensuring its employees are healthy and safe and appropriately remunerated, trained and engaged; and
  - providing opportunities for employees to contribute to the community.

Valuing our people

"The Board recognises that there is a direct relationship between the success of its business and the capability and professionalism of its people."

Governance:
Securityholders

Section summary

- Growthpoint was included in the S&P/ASX 200 in June 2015 reflecting its growth into a large liquid entity.
- Although most of Growthpoint’s equity capital comes from South African investors, a greater portion is coming from Australia and elsewhere.

Supportive Securityholders

“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.”

Find out more about our major Securityholder Growthpoint South Africa

Key facts about Growthpoint South Africa can be found on page 116. For more detailed information please see Growthpoint SA’s website at **growthpoint.co.za**

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

Growthpoint SA (GRT)
(65.0% of register)

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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 real estate investment trust or “REIT” 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 Managing 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 Growthpoint’s 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 not intend to sell securities and wants to maintain control of the Group.

Australian, New Zealand, European, North American and Asian institutions
(approximately 14.0% of 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 Japan, Hong Kong, Singapore and New Zealand to meet with current and potential institutional investors and intends to continue and expand these meetings in the future.

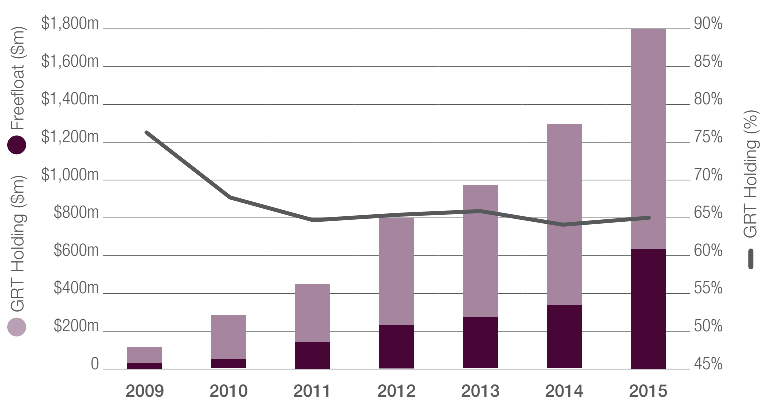
Institutional investors are assisted by independent research providers that cover Growthpoint, currently: UBS, Macquarie, CLSA, Bank of America/Merrill Lynch, NAB, Petra Capital and Morningstar.

Other South African institutional investors in addition to GRT
(approximately 11.6% of 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, seven of the Group’s top 20 holders are

Growthpoint’s significant increase in liquidity, freefloat and trading volumes enabled inclusion in the S&P/ASX 300 in September 2014 and S&P/ASX 200 inclusion in June 2015.

Market capitalisation and free float
as at 30 June



South African institutions including Coronation Fund Managers (a global fund manager listed on the JSE) and Emira Property Fund (a JSE listed property fund).

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.

Retail investors
(8.7% of register)

Approximately 8.7% 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.

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 register)

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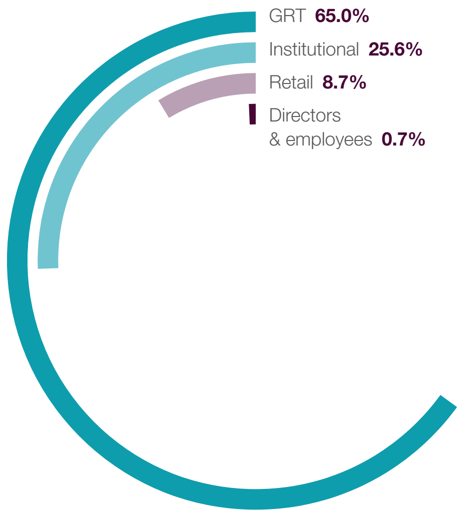
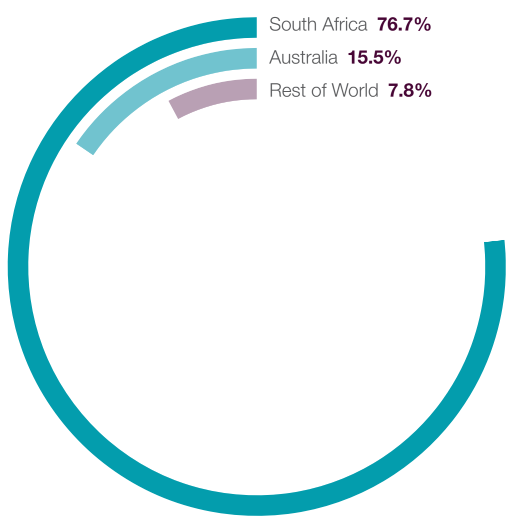
All of Growthpoint's directors and most employees own Growthpoint securities (17 out of 23). The total holding of directors and employees is 3,683,521 as at the date of this report representing approximately 0.7% of the Group's securities on issue.

Securityholders*
as at 30 June 2015



Location of Securityholders*
as at 30 June 2015



* Figures are approximate only.

In Brief

- Growthpoint's Securityholder register continues to diversify
- GRT will look to reduce its percentage over time but desires to be a long-term controlling Securityholder.

Governance:

Approach to risk

Section summary

- Risk management is fundamental to the Group's business and Securityholder value.
- The Board is responsible for determining the Group's risk management strategy and risk appetite.
- A detailed SWOT analysis concludes this section.

Minimising downside risk

"Growthpoint seeks to minimise the downside risk required to achieve desired outcomes."

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:

- maintenance of capital value of real property assets;
- consistently growing distributions to Securityholders;
- zero harm to people;
- no or minimal harm to property and the environment;
- compliance with laws and regulations including ASX Listing Rules; and
- maintenance of the Group's brand and reputation.

How Growthpoint identifies, manages and mitigates risk

Growthpoint has a 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 risk management regime

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 for 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. Meetings are 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 key 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:

1. Unable to refinance debt at maturity on reasonable acceptable commercial terms.
2. Material regulatory and legal non-compliance.
3. Significant weakening of property valuations.
4. Material loss of personnel.
5. Prolonged property vacancy due to weakened tenant demand.
6. Growing too fast for resource base.
7. Major or multiple tenants going into liquidation, particularly where multiple premises are occupied.
8. Material inaccuracy in financial forecasts and statutory accounts.
9. Breaching financial covenants of its debt facilities (loan to value and interest cover).
10. Material fraud.

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. More details in relation to specific risks appear at the end of this section.

Managing and mitigating risk

In Brief

- Growthpoint has a developed risk identification, management and mitigation framework covering all significant aspects of its business
- The Board, External Auditor, Audit, Risk & Compliance Committee and management all have clearly defined roles within this framework.
- Due to its aim of continually increasing distributions solely from rent, Growthpoint has a lower risk appetite than many of its competitors.

External 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 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 property 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).
- **Operational 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.

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

Internal Audit

The Audit, Risk and Compliance Committee has approved the introduction of an internal audit function based on an internal audit plan, prepared by external consultants Deloitte, which is effective from 1 July 2015. The Audit, Risk and Compliance Committee has agreed that the internal audit function be carried out internally by the Group's Compliance and Risk Manager.

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

	Impact				
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 2015

Key to Category icons

Finance Operations Property

Description of Key Risk	Category	Pre-control Likeli-hood	Pre-control Impact	Control activity
Unable to refinance debt at maturity on reasonably acceptable commercial terms	Finance	2	5	1. Ensure no significant portion of debt becomes short-term (typically less than 12 months) in the absence of a board approval strategy or contractual alternative (eg. rollover rights). 2. Increase number of banks in syndicate (diversify suppliers) and aim to have alternative sources of finance in place (bonds, loan notes, USPP issuances etc.). 3. Ensure that gearing is at an acceptable level for refinance. 4. Different maturities on debt by discrete facilities. 5. Maintain investment grade rating.
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. Contract reviews and due diligence undertaken.
Significant weakening of 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. Monitor property portfolio valuations on a regular basis. 3. Diversification by sector and geography of properties.
Material loss of personnel	Operations	3	4	1. Nomination, Remuneration and HR Committee fix remuneration packages of individual directors and members of senior management with the objective of attracting and retaining people of the required calibre. 2. Continue 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. 5. Expand staff to reduce reliance on individuals.
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 large number of leases becoming vacant at once.
Growing too fast for resource base	Operations	4	3	1. Staff increasing as the Group grows. 2. Regular consideration of staffing and other resource requirements. 3. Annual employee survey and director evaluation.
Major or multiple tenants going into liquidation, particularly where multiple premises are occupied	Property	1	4	1. Income from greater diversity in tenants and sectors (i.e. across industrial, office and retail) and geographies (i.e. across a range of locations identified as investment targets for Growthpoint). 2. Weekly arrears monitoring. 3. Six monthly formal tenant review.
Material inaccuracy in financial forecast & statutory accounts	Finance	2	4	1. External verification of financial models for equity raisings where public disclosure documents are issued. 2. Monthly review of actual versus budget versus forecast budget. 3. Annual budget prepared by management and signed off by the Board. 4. Use of financial model built by an external specialist for budgeting, forecasting and management reporting.
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 significant transaction. 2. Quarterly reporting of financial covenants compliance to banks. 3. Maintain balance sheet gearing within the target approved by the board.
Material fraud	Operations	2	4	1. A minimum of two authorised signatories required 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 Chief Financial Officer, evidenced by monthly sign off.

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 Growthpoint

	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 Growthpoint's growth and its ability to compete with larger A-REITs. – Same management team in place for six 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.	– Retail property included in mandate but Growthpoint does not have management expertise nor cost of capital required to acquire quality retail property. – Historical returns not necessarily reflective of future returns. – Level of GRT ownership in Growthpoint may prevent some investors investing in Growthpoint. – Growthpoint has higher cost of capital than some of its competitors for assets. – Growthpoint trading at a comparatively large premium to *NTA*	– Continue to acquire quality, well-leased properties which enhance distributions. – Size of portfolio means that relatively small acquisitions can make a difference to Growthpoint returns. – Pure landlord strategy should make returns comparatively less volatile. – Inclusion in the S&P/ASX 200 and the *MSCI* Global Small Cap Index (Asia-Pacific region) provides greater equity raising opportunities.	– 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 Growthpoint underperforming the broader A-REIT market as a majority are involved in more risky, non-landlord activities which may have higher returns.
Financial management	– Growthpoint's income is easily understood and relatively certain due to: (a) long *WALE*; (b) high level of interest rate hedging; (c) low MER; and (d) 100% of leases on fixed annual rent reviews. – Investment grade rating of *Baa2* in place. – Ability to raise equity to fund growth with over $1.2 billion dollars raised over the last six years. – Debt sourced from all four domestic banks plus the capital markets.	– A majority of debt remains bank debt. – Average debt term remains below WALE.	– Major Australian lenders have indicated a desire to lend more to Growthpoint. – Growthpoint has obtained an investment grade credit rating from Moody's and will further diversify its sources of debt. – Take advantage of historically cheap debt. – Extend debt terms to match or exceed WALE.	– *Gearing* may be considered high relative to other A-REITs (however Growthpoint 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 (6.7 years), modern assets (average age of 8.3 years), quality tenant base, well located assets within CBDs or major fringe markets for office properties and industrial properties proximate to key infrastructure including major roads, ports and airports. – Low vacancy (3.5%) and minimal upcoming expiries (1.5% in FY16). – High level of tenant retention and minimal rental arrears.	– Weak 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 (~23% 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 a 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 these assets to less than 7% of total industrial portfolio.

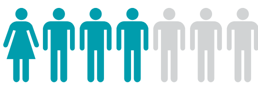
Governance:
Board of Directors

Board expertise

Directors with more than 10 years' property experience

As at 30 June 2015

Director independence



Independent directors

The Board considers that a Director is independent if the director is a non-executive director and:

- is not a substantial Securityholder or an executive officer of a substantial Securityholder*;
- has not, within the last three years, been an executive of 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);
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group's Securityholders; and
- is free from any business of other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group's Securityholders.

* "substantial Securityholder" means a holder of 5% of more of the Group's voting securities.

Geoffrey Tomlinson (67)

Independent Chairman and Director

BEC

Term: Chairman since 1 July 2014, Director since 1 September 2013

Skills & Experience: Geoff is currently a director of Calibre Limited and IRESS Limited and was previously a director of National Australia Bank and the Chairman of MLC Limited (among other directorships). He has spent 43 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.

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

Current Australian directorships of public companies (in addition to Group entities): Calibre Limited and IRESS Limited.

Majority independent

"As at 30 June 2015, the Board comprised seven Directors including a majority of four independent Directors."

Timothy Collyer (47)

Managing Director

B.Bus (Prop), Grad Dip Fin & Inv, AAPI, F Fin, MAICD

Term: Director since 12 July 2010

Skills & Experience: Tim is a highly experienced executive with over 27 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 is 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.

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

Maxine Brenner (53)

Independent Director

BA, LLB

Term: Director since 19 March 2012

Skills & Experience: 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.

Committees: Audit, Risk & Compliance (Chair)

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

Estienne de Klerk (46)

Director*

BCom (Industrial Psych), BCom (Hons) (Marketing), BCom (Hons) (Accounting), CA (SA)

Term: Director since 5 August 2009

Skills & Experience: Estienne is Managing Director of Growthpoint SA, a Director of V&A Waterfront Holdings, past President of the South African Property Owners Association and Chairman of the Tax and Legislation Committee of the South African REIT Association. He has over 19 years' experience in banking and property finance and has been involved with listed property for over 14 years with Growthpoint's mergers, acquisitions, capital raisings and operating service divisions.

Committees: Audit, Risk & Compliance

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

Grant Jackson (49)

Independent Director

Assoc. Dip. Valuations, FAPI

Term: Director since 5 August 2009

Skills & Experience: Grant has over 29 years' experience in the property industry, including over 26 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.

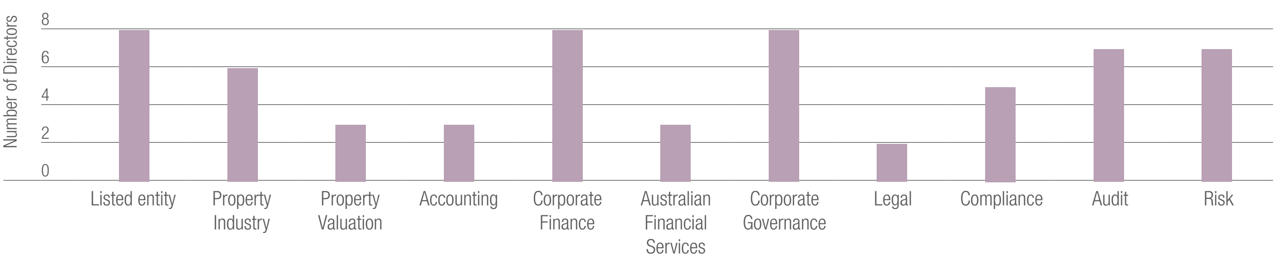
Committees: Audit, Risk & Compliance

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

* Not considered independent as Managing Director of Growthpoint SA.

Board Expertise matrix

as at 30 June 2015



	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	8	3	8	2	5	7	7

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.

Governance: **Board of Directors**

Francois Marais (60)

Independent Director

BCom, LLB, H Dip (Company Law)

Term: Director since 5 August 2009

Skills & Experience: 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 SA in South Africa and a Director of V&A Waterfront Holdings (among other directorships).

Committees: Nomination, Remuneration & HR

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

Norbert Sasse (50)

Director^

BCom (Hons) (Acc), CA (SA)

Term: Director since 5 August 2009

Skills & Experience: Norbert is the Chief Executive Officer and a Director of Growthpoint SA, a Director of V&A Waterfront Holdings. 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.

Committees: Nomination, Remuneration & HR (Chair)

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

Lyn Shaddock (77)

Independent Director

FAPI, KSS

Term: Director from 5 August 2009 to 26 November 2014

Skills & Experience: 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.

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.

Committees: Nomination, Remuneration & HR (until 26 November 2014)

Number of meetings attended / eligible to attend in FY15

	Board	Audit, Risk & Compliance Committee	Nomination, Remuneration & HR Committee
L. Shaddock[1]	2/3	0/0	1/2
G. Jackson	9/9	4/4	0/0
F. Marais	9/9	0/0	5/5
N. Sasse	9/9	0/0	5/5
E. de Klerk	8/9	4/4	0/0
T. Collyer[2]	9/9	4/0	5/0[2]
M. Brenner	8/9	4/4	0/0
G Tomlinson	9/9	4/4	5/5

1. Mr Shaddock retired from the Board on 26 November 2014.
2. Mr Collyer excused himself from parts of the meetings of the Nomination, Remuneration & HR Committee when his remuneration or performance were being considered.

^ Not deemed independent as Chief Executive Officer of Growthpoint SA.

Governance:
Property management outsourcing

Jones Lang LaSalle (VIC) Pty Limited
ABN 28 004 582 423
Locked Bag 3140 Melbourne VIC 3001
Level 21 Bourke Place
600 Bourke Street Melbourne VIC 3000
tel +61 3 9672 6666 fax +61 3 9600 1715

28 July 2015

Deseree Ventrice
Growthpoint Properties Australia
Level 22, 357 Collins Street
Melbourne, VIC, 3000

To whom it may concern,

Re: JLL Property Management Services for Growthpoint

JLL works with Growthpoint to provide a "best of both worlds" national portfolio approach. JLL's cost effective, State based teams of property management specialists provide skilled resources and best practice processes to complement Growthpoint's asset management approach. This results in a consistent national delivery of service with localised property knowledge and teams who engage directly with Growthpoint's management model, enabling optimum asset performance to be achieved.

The JLL team working on the Growthpoint portfolio has been selected to suit the growing portfolio and together, JLL and Growthpoint continue to customise and adapt the team structure and focus to evolve the service delivery as the Growthpoint portfolio expands.

JLL provides specialists to address the key focus areas of attracting and retaining tenants, effectively operating and maintaining buildings and associated services, including achieving energy efficiency and risk and compliance management imperatives, and financial performance.

JLL provides Growthpoint with property management services for both office and industrial investment properties nationally.

The following services are performed nationally by JLL for Growthpoint:

- Financial reporting and accounting
- Help desk services
- Tenancy management
- Lease administration
- Engineering, operations and facilities management
- Sustainability and energy management
- Risk management and compliance
- Building audits
- Procurement management
- Capital works management

JLL manages the majority of Growthpoint's investments and a team of 21 staff deliver cost effective and quality services with tailored financial reporting.

Through our partnership, we have seen enhanced outcomes to the following areas during FY 15:

- Capital works delivery.
- Sustainability initiatives.
- Reduced risk through essential services objectives.
- Lease renewals.
- Consistency in financial reporting.
- Trust accounting systems tailored to suit Growthpoint's requirements.
- JLL's collaborative team structures nationally has provided integrated sales and leasing services to provide Growthpoint with optimal access to investment opportunities and advice on tenant retention strategies.

JLL utilises integrated accounting, and financial and lease administration systems to enable efficient and effective property management, and provide accurate, timely and consistent financial reporting.

JLL's Customer Services Centre provides 24-hour help desk support as part of our property and facilities management services to Growthpoint. This centre of excellence is a single point of contact, offering a consistent, guaranteed response to Growthpoint tenants' service requests.

JLL is proud of its long term property management arrangement with Growthpoint and Growthpoint enjoys national client status across our business nationally. In the 2016 financial year, we will look to further enhance service and quality objectives with the JLL and Growthpoint teams focused on driving optimal investment outcomes and creating quality environments for tenants and visitors to all of Growthpoint's assets.

Yours sincerely,

Melinda van der Westhuizen
Head of Property and Asset Management - Victoria

Governance:
Executive Management

Consistent management

"Growthpoint has had a consistent executive management team, including Managing Director Timothy Collyer, in place since 2009."

How is team performance measured?

Performance is primarily measured through contribution to consistently increasing total Securityholder returns.

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Aaron Hockly (37)

BA, LLB, GDLP, GradDipAcg, MAppFin, FCIS, MAICD, FGIA, SAFin

Company Secretary & General Counsel

Aaron is responsible for the investor relations, transaction structuring and execution, *sustainability*, HR, 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.

Michael Green (35)

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 (42)

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.

Governance:
Reporting and management 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
- Capital Works & Project Management
- Environmental Sustainability & Management
- 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 property 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
- Sustainability & Human Resources

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 & Tax
Herbert Smith Freehills
Information Management
Herbert Smith Freehills
Design Services
Artifact Design Group
Website
Smooth Developments
Corporate Insurance Advice
Insurance House Group
Internal Audit Plan
Deloitte

*Member of Executive Management Team.

In Brief

- Growthpoint has established operations which enable it to acquire, lease, sell properties and operate as a major ASX-listed entity
- These operations rely on outsourcing where economical to do so

Why do we outsource property management?

Due to the spread of assets across Australia, it is not currently economical for Growthpoint to undertake property management itself.

Property management is currently outsourced to CBRE and Jones Lang LaSalle. See page 55 for more information.

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Governance:
Remuneration report

Section summary

- Growthpoint has a developed remuneration framework with a mixture of short and long term performance measures and incentives.
- The remuneration framework is supervised by the Nomination, Remuneration and HR Committee.
- The Group's performance, including a 227% increase in distributable income over the five years to 30 June 2015, indicates that our remuneration framework is aligned with the interests of Securityholders.

Transparent reporting

"Growthpoint has redesigned this remuneration report in light of investor feedback."

Introduction

The Directors present this "Remuneration Report" for the Group for the year ended 30 June 2015. This report summarises key compensation policies and provides detailed information on the compensation for Directors and other key management personnel.

This Remuneration Report is divided into the following sections:

1. Introduction.
2. Nomination, Remuneration and HR Committee.
3. Non-Executive Director Remuneration.
4. Executive Director Remuneration.
5. Employee Remuneration.
6. *Short-term* Incentives ("STI").
7. *Long-term* Incentives ("LTI").
8. Director and Senior Executive Performance Reviews.
9. FY16 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 2001* (Cth).

Nomination, Remuneration and HR Committee

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 Committee also periodically reviews the compensation arrangements for other employees.

Delegated authority

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.

Remuneration objectives

In carrying out its 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) Set challenging but achievable objectives for short and long-term incentive plans.

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.

Consequences of performance on Securityholders' wealth

In considering the Group's performance and benefits for Securityholders' wealth, the Nomination, Remuneration & HR Committee has regard to the financial measures in the table on page 59 in respect of the five financial years ended 30 June 2015.

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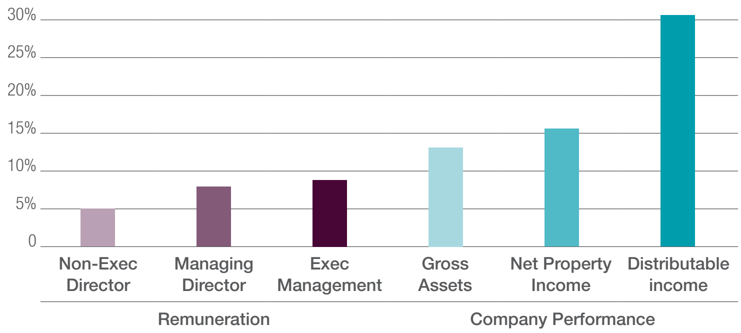
Committee members

The members of the Nomination, Remuneration & HR Committee during the year and at the date of this Report (unless otherwise noted) are:

- Norbert Sasse (Chair) – non-executive director
- Lyn Shaddock – independent, non-executive director (resigned on 26 November 2014)
- Francois Marais – independent, non-executive director
- Geoff Tomlinson - independent, non-executive director

Company performance vs remuneration - one year change

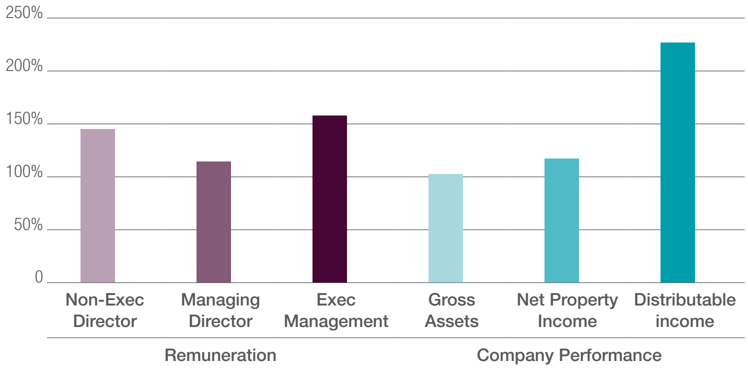
to 30 June 2015



Note: a large part of the employee remuneration increases over time has been due to the long-term incentive plan.

Company performance vs remuneration - five year change

to 30 June 2015



Consequences of performance on Securityholders' wealth

		FY15	FY14	FY13	FY12	FY11
Profit attributable to Securityholders	$'000	283,004	117,348	93,956	49,487	43,373
Dividends and distributions paid	$'000	110,685	86,790	72,590	57,383	36,480
Distribution per stapled security	$	0.197	0.190	0.183	0.176	0.171
Change in stapled security price	$	0.680	0.050	0.300	0.205	0.095
Total Securityholder return[1]	%	36.4	10.8	23.6	21.6	15.5
Return on equity	%	23.9	17.5	13.1	4.8	7.4

1. Source: UBS Investment Research

In Brief

- Remuneration policies are designed to encourage performance which leads to consistently increasing total Securityholder returns
- Attracting and retaining excellent employees is critical to the Group's success
- Remuneration is reviewed annually but the Nomination, Remuneration and HR Committee seeks to ensure consistency over the medium term

Remuneration increases

Growthpoint has increased remuneration **towards market levels** over the last five years as the business has grown.

Governance: **Remuneration report**

Remuneration consultants

During the year, the Nomination, Remuneration & HR Committee engaged PwC as an independent remuneration consultant to provide advice on the Group's remuneration structure and levels for Directors and senior executives. PwC was paid a total of $25,500 for providing these services.

The Company did not engage PwC for any other work during FY15.

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.

Remuneration reviews

The Nomination, Remuneration & HR Committee reviews the appropriate levels of remuneration for all Directors and employees based on:

1. Remuneration advice and benchmarking from PwC.
2. Remuneration surveys.
3. Benchmarking against peers.
4. Recommendations from the Managing Director (excluding in relation to his own remuneration).

Non-executive Director Remuneration

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

Remuneration paid and payable

61 67

The total remuneration paid to Non-Executive Directors for FY15 are listed on page 61 of this report and the proposed FY16 remuneration is on page 67.

Principles of remuneration for Non-Executive Directors

The principles of non-executive director remuneration are:

1. Non-Executive Directors should receive total remuneration at market rates for equivalent positions at listed Australian entities of similar size (measured by market capitalisation and *gross assets*), complexity and non-executive director workload having regard to the industry in which the Group operates.
2. Fees are set at a level to attract and retain suitably qualified and experienced persons to the Board.
3. The Chairman is entitled to a base annual fee and is not eligible for any additional fees for chairing or being a member of any Board committees.
4. All Non-Executive Directors other than the Chairman are entitled to a base annual fee plus additional fees for being a chair or a member of a committee.
5. All Non-Executive Directors' fees are paid on a base fee basis rather than per meeting.
6. All Non-Executive Directors' fees are to be paid in cash and include superannuation where applicable. Where Australian GST is applicable, this is paid in addition to the relevant director's fees.
7. Non-Executive Directors are not currently required to hold any securities in the Group but are encouraged to do so. At the date of this Report, all Directors hold securities in the Group (refer to page 108 for details of Director holdings). 108
8. Non-Executive Directors are not entitled to any termination or similar payments upon retirement or other departure from office.
9. In addition to remuneration, Non-Executive Directors may claim expenses such as travel costs reasonably incurred in fulfilling their duties.
10. With the prior approval of the Chairman, Non-Executive Directors may obtain independent advice at the Company's cost.

Executive Director Remuneration and Service Contract

There is currently only one executive director being the Managing Director, Timothy Collyer.

Remuneration paid and payable

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The total remuneration paid or payable to the Managing Director for FY15 is listed on page 61 of this report and the proposed remuneration parameters for FY16 are on page 67.

Service contract

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. Changes to the Managing Directors' remuneration requires full Board approval and, in certain circumstances, Securityholder approval.

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 12 months from the date of termination.

Directors' and Executive Officers' Remuneration (FY15)

For the year to 30 June 2015	Short-term			Post employment			Share based payments		
	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 G Tomlinson (Chairman)	153,185	-	-	14,553	-	-	-	167,738	0%
Mr G Jackson	94,041	-	-	8,934	-	-	-	102,975	0%
Mr F Marais	95,000	-	-	-	-	-	-	95,000	0%
Mr N Sasse	100,000	-	-	-	-	-	-	100,000	0%
Mr E de Klerk	97,500	-	-	-	-	-	-	97,500	0%
Ms M Brenner	95,890	-	-	9,110	-	-	-	105,000	0%
Directors (former)									
Mr L Shaddock[1]	38,527	-	-	-	-	-	-	38,527	0%
Executives (current)									
Mr T Collyer (Managing Director)	796,281	939,727	12,828	18,444	-	-	554,460	2,321,740	64%
Mr A Hockly (Company Secretary & General Counsel)	273,972	173,014	2,412	26,027	-	-	126,037	601,462	50%
Mr D Andrews (Chief Financial Officer)	257,626	162,691	5,033	24,474	-	-	117,584	567,408	49%
Mr M Green (Head of Property)	257,626	162,691	2,182	24,474	-	-	116,869	563,842	50%

Directors' and Executive Officers' Remuneration (FY14)

For the year to 30 June 2014	Short-term			Post employment			Share based payments		
	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[2]	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%

1. Mr L Shaddock retired on 26 November 2014.
2. Mr G Tomlinson was appointed on 1 September 2013.

Governance: **Remuneration report**

Principles of remuneration for the Managing Director

The principles of remuneration for the Managing Director are:

1. The Managing Director should receive total remuneration at or above market rates for an equivalent position at listed and unlisted Australian entities of similar size (measured by market capitalisation and *gross assets*), complexity and workload having regard to the industry in which the Group operates and the relative profit and expenses versus the Group's peers.
2. The Managing Director's total remuneration should be set at a level to attract and retain a suitably qualified and experienced person to this role and tailored to encourage Group performance which is in the best interests of all Securityholders.
3. The components of the Managing Director's remuneration are:
   - *a.* total fixed remuneration (including applicable superannuation);
   - *b.* if specified performance criteria are met, eligibility to receive a *short-term* incentive ("STI") bonus payable in cash in respect of each financial year up to a maximum set by the Board. 63 Refer to page 63 for measures for the FY15 STI and the FY16 STI;
   - *c.* *long-term* incentive ("LTI")plan under which, upon attainment of specified criteria, the Managing Director is eligible to receive securities in the Group that vest over time to help ensure alignment of the Managing Director's interests with those of Securityholders;
   - *d.* life, TPD and income protection insurance cover payable directly by the Company or to the Managing Director[1];
   - *e.* five weeks annual leave;
   - *f.* personal, long-service and other leave to the extent required by law or under any Group policy; and
   - *g.* car parking, airline club membership, gym membership and other similar benefits as considered appropriate.
4. The Managing Director is not eligible for any additional fees for chairing or being a member of any Board committee, acting as an officer of the Company or being a responsible manager or key person under the Company's AFSL.
5. The Managing Director is not currently required to hold any securities in the Group but is encouraged to do so. At the date of this Report, the Managing Director holds securities in the Group 108 (refer to page 108 for details of director holdings).
6. The Managing Director is entitled to receive certain payments including the vesting of all unvested securities under the LTI if the Company decides to terminate his position without cause including through redundancy. 67 Refer to page 67 for more details of redundancy entitlements.

Employee Remuneration

There are currently 15 employees of the Group who are not Directors ("**Employees**").

Remuneration paid and payable

The total remuneration paid or payable to the Employees who are Key Management Personnel for FY15 is listed on page 61 of this report and the proposed remuneration parameters for FY16 are on page 67. 61 67

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. Employees are also entitled to receive certain statutory entitlements on termination of employment including 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. Service contracts outline the components of compensation paid to each Employee (including all key management persons) but does not prescribe how compensation levels may be modified each year.

Principles of remuneration for Employees

The principles of remuneration for Employees are:

1. Employees should receive total remuneration at or above market rates for similar roles with listed and unlisted Australian entities having regard to each person's skills and experience, the complexity, value to the Group and workload of the particular role and the industry in which the Group operates.
2. The total remuneration for Employees should be set at a level to attract and retain suitably qualified and experienced persons to each respective role and tailored to encourage Group performance which is in the best interests of all Securityholders.
3. The components of remuneration for each Employee are:
   - *a.* total fixed remuneration (including applicable superannuation);
   - *b.* if specified performance criteria are met, eligibility to receive a short-term incentive bonus payable in cash in respect of each financial year as determined by the Managing Director and/or the Nomination, Remuneration and HR Committee up to a maximum amount set by the Board. Refer to 63 page 63 for measures for the FY15 STI and the FY16 STI;
   - *c.* long-term incentive plan under which, upon attainment of specified criteria, each Employee is eligible to receive securities in the Group that vest over time to help ensure alignment of each Employee's interests with those of Securityholders;
   - *d.* life, TPD and income protection insurance cover payable directly by the Company or to the Employee[2]; and
   - *e.* annual, personal, long-service and other leave to the extent required by law or under any Group policy.
4. Employees are not eligible for any additional fees for additional roles within the Group such as acting as an officer of the Company or being a responsible manager under the Company's AFSL.

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1. If the Managing Director obtains his own cover, he must provide evidence of this cover not less than annually. The Company will only pay for up to 1.5% of TFR for such cover.
2. If an Employee obtains his or her own cover, he or she must provide evidence of this cover not less than annually. The Company will only pay for up to 1.5% of TFR for such cover.

Performance Criteria for Short-term Incentives (STI) for FY15 and FY16

Performance criteria	FY15 performance measures	FY16 performance measures
Distributable income & distributions	1. Distributable income versus budget. 2. Meeting or exceeding guidance. 3. Continuing to increase distributions to Securityholders.	1. Distributable income versus budget. 2. Meeting or exceeding guidance. 3. Continuing to increase distributions to Securityholders.
Strategy	1. Growth in assets. 2. Management expense ratio. 3. Property fundamentals or metrics (WALE, WARR, average building age etc). 4. Diversity of debt sources.	1. Consideration of significant acquisition or M&A opportunities. 2. Asset acquisitions. 3. Asset disposals. 4. Capital management initiatives. 5. Strategic asset management initiatives.
Property operations	1. Vacancy rate. 2. Non-recoverable property costs to income. 3. Rental arrears. 4. Leasing.	1. Vacancy rate. 2. Non-recoverable property costs to income. 3. Rental arrears. 4. Leasing. 5. Portfolio metrics (WALE, WARR, average building age etc).
Stakeholder engagement	1. Investor relations initiatives and investor feedback. 2. Quality and frequency of ASX announcements and reporting. 3. Information provided to non-executive directors. 4. Engagement with debt providers. 5. Credit rating.	1. Investor relations initiatives and investor feedback. 2. Quality and frequency of ASX announcements and reporting. 3. Information provided to non-executive directors. 4. Engagement with debt providers. 5. Credit rating.
Development of people and culture	1. Employee retention. 2. Employee survey. 3. Diversity initiatives. 4. Development of culture. 5. Employee training.	1. Employee retention. 2. Employee survey. 3. Diversity initiatives. 4. Development of culture. 5. Employee training.
Compliance	1. Nature and number of compliance breaches. 2. Unqualified audit opinion. 3. Compliance with debt funding covenants. 4. Compliance with policies and procedures set by the Board. 5. Nature and number of complaints.	These are now part of overall governance objectives and do not form an explicit part of STI. However, the matters listed as performance measures for FY15, remain performance review considerations.

5. Employees are not currently required to hold any securities in the Group but are encouraged to do so. At the date of this Report, most Employees hold securities in the Group (refer to page 108 for details of senior executive holdings).

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6. Employees are entitled to receive certain payments including the vesting of all unvested securities under the LTI if the Company decides to terminate a position without cause including through redundancy.

Short-Term Incentives ("STI")

In advance of each financial year the Nomination, Remuneration and HR Committee, in consultation with the Managing Director, establish performance targets and reward levels for STIs in respective of the year ahead.

A performance review is undertaken near the end of each financial year to determine if an STI should be payable to each employee, respectively, including the Managing Director, based on performance targets set at the start of the financial year. Any reward to the Managing Director requires Board approval. STI payments are made in August following the financial year in which they were earned. Refer to the table above for Performance Criteria.

Governance: **Remuneration report**

Long-term Incentives (LTI) maximum for directors and other key management personnel

	FY15			FY14		
	LTI Maximum of TFR	LTI Maximum	LTI Estimate	LTI Maximum of TFR	LTI Maximum	LTI Actual
	%	$	$	%	$	$
Mr T Collyer	80	649,880	519,904	80	616,000	448,263
Mr A Hockly	50	150,000	120,000	50	140,000	101,878
Mr D Andrews	50	141,700	113,360	50	130,000	94,601
Mr M Green	50	141,700	113,360	50	130,000	94,601
		1,083,280	**866,624**		**1,016,000**	**793,343**

Long-Term Incentives ("LTI")

The Group has had LTI plans in place for all Employees and the Managing Director since 2011. The plans are designed to link Employees' remuneration with the *long-term* goals and performance of the Group with the aim of consistently increasing total Securityholder return.

LTI performance measures

The performance measures for the LTI are reviewed in advance of each financial year by the Nomination, Remuneration & HR Committee and/or the Board.

The performance measures for the FY15 LTI and the FY16 LTI are[3]:

a) Total Securityholder returns ("TSR") – Weighting 50%

TSR reflects the amount of dividends or distributions paid/payable by the Group plus the change in the trading price of the Group's securities over the financial year. TSR is calculated as a percentage return on the opening trading price of the Group's securities on the first day of the financial year.

TSR is benchmarked relative to the S&P/ASX A-REIT 300 Accumulation Index[4] over a rolling 3 year period[5] using the following methodology:

- 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 50%

ROE reflects the amount of dividends or distributions paid/payable by the Group plus the change in the Group's net tangible assets over the financial year. ROE is calculated as a percentage return on the Group's net tangible assets as at the first day of the financial year.

ROE is benchmarked relative to the ROEs of constituents of the S&P/ASX A-REIT 300 Index[4] over a rolling 3 year period[5] using the following methodology:

- Below the benchmark return - 0%.
- At the benchmark - 50%.
- 0.1% - 1.9% above the benchmark – 51.25% - 75% in increments of 1.125% for each 0.1% above the benchmark
- 2% or more above the benchmark - 100%.

LTI Maximum

In advance of each financial year, the Board and/or the Nomination, Remuneration and HR Committee will establish an LTI pool in respect of the upcoming financial year and determine the maximum incentive which can be achieved by each Employee ("**LTI Maximum**"). Under the terms of his employment contract, the Managing Director's LTI Maximum is 80% of his total fixed remuneration ("**TFR**"). Other employees currently have LTI Maximums of 20%, 30% or 50% of their respective TFR. Refer to the table on page 61 for details of TFR for senior executives for FY14 and FY15 and to page 67 for details of TFR for senior executives for FY16.

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LTI Minimum

There is no minimum grant under the LTI. Accordingly, if minimum performance measures are not achieved, no grant will be made under the LTI.

LTI Achievement

In early October of each year, the Nomination, Remuneration & HR Committee assesses the achievement of the performance measures listed above to determine a percentage achieved for the previous financial year ("**LTI Achievement**")

LTI Awards

The LTI Maximum multiplied by the LTI Achievement provides the "**LTI Award**" for each employee for the relevant financial year.

For FY14 LTIs and beyond, the LTI Award is translated into an equivalent value of the Group's securities through dividing the LTI Award by the volume weighted average price of the securities over the 20 trading days prior to 30 September following the financial year to which the LTI relates. This gives a total number of securities to be issued to each Employee for each subsequent vesting.

25% of the securities to be issued to each Employee based on the LTI Award are issued to each Employee in October or November of each of the following four years. Each such vesting is subject to the Employee remaining employed by Growthpoint at the relevant date subject to certain contractual exceptions such as a redundancy and in the discretion of the Board (e.g. in the case of a "good leaver").

As each grant in respect of FY14 and beyond is on the basis of a fixed number of securities rather than a fixed value,

3. Prior to FY15, an additional measure, "Distributable Income", was used. However this now forms part of the STI and so has been removed from the LTI. Readers can refer to previous annual reports available on the Group's website if they require information in relation to previous LTIs.
4. The benchmark only includes those constituents of the ASX REIT 300 that have a comparable trading history. For example, it they have listed, merged or demerged within three years they are excluded.
5. For LTIs prior to FY14, this was taken from the date the Group became a stapled entity to the end of the tranche vesting period as a full three year history was not available.

Details of performance rights issued in FY15

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.	$	%
FY14 Plan	Mr T Collyer	27/11/14	112,066	40,457	N/A	25%
FY14 Plan	Mr A Hockly	8/10/14	25,470	9,195	N/A	25%
FY14 Plan	Mr D Andrews	8/10/14	23,650	8,538	N/A	25%
FY14 Plan	Mr M Green	8/10/14	23,650	8,538	N/A	25%
FY13 Plan	Mr T Collyer	8/10/14	138,040	49,834	276,080	25%
FY13 Plan	Mr A Hockly	8/10/14	30,813	11,124	61,625	25%
FY13 Plan	Mr D Andrews	8/10/14	28,348	10,234	56,696	25%
FY13 Plan	Mr M Green	8/10/14	27,731	10,011	55,461	25%
FY12 Plan	Mr T Collyer	8/10/14	98,791	35,665	98,791	25%
FY12 Plan	Mr A Hockly	8/10/14	21,954	7,925	21,954	25%
FY12 Plan	Mr D Andrews	8/10/14	20,033	7,232	20,033	25%
FY12 Plan	Mr M Green	8/10/14	19,209	6,935	19,209	25%
FY11 Plan	Mr T Collyer	8/10/14	75,870	27,390	-	25%
FY11 Plan	Mr A Hockly	8/10/14	16,597	5,992	-	25%
FY11 Plan	Mr D Andrews	8/10/14	15,490	5,592	-	25%
FY11 Plan	Mr M Green	8/10/14	15,490	5,592	-	25%

Employees are exposed to variations in the Group's security price for securities which are yet to vest (as well as for any securities they already hold).

For LTIs prior to FY14, 25% of the LTI Award is translated into an equivalent value in the Group's securities through dividing the LTI Award by the volume weighted average price of the securities over the 20 trading days prior to 30 September of each year of vesting. This calculation is undertaken in respect of each issue so the value of each vesting remains constant for each Employee but the number of securities changes according to changes in the security price.

The LTI is cumulative meaning that employees can receive up to four issues of securities in a particular year in respect of four prior financial years. Subject to some exceptions, securities immediately vest in the case of a takeover of the Group or an Employee being made redundant.

ASX Listing Rules

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.

FY15 Achievement

The LTI Maximum for the Managing Director and other key management personnel for the year ended 30 June 2015 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 2015 so an estimated fair value at issue date is provided. The estimated LTI Achievement is included in an equity reserve in the year to 30 June 2015, pro-rated over the period to which any securities under the LTI are issued (see table above).

As there is no minimum LTI Award, if none of the benchmarks were achieved for FY15, the LTI Award would be $0.

Hedging of issues by employees

Under the Group's "Securities Trading Policy" persons 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.

Worked example of LTI (unaudited)

Sam Sample is a manager at Growthpoint with a TFR of $100,000. His TFR has not changed for three years and his *LTI Maximum* is $30,000 (being 30% of his TFR).

The *LTI Achievement* for the financial years since his employment commenced were:

1. FY12 – 87.8% of $30,000 = $26,340
2. FY13 – 98.6% of $30,000 = $29,580
3. FY14 – 80.0% of $30,000 = $24,000

The volume weighted average price for the 20 trading days prior to 30 September 2014 was $2.77.

Governance: **Remuneration report**

As a result, Mr Sample would be eligible to receive 7,213 Growthpoint Properties Australia securities in October 2014 comprising the following *LTI Awards*:

1. FY12 – 2,377 ($26,240/$2.77/4)
2. FY13 - 2,670 ($29,580/$2.77/4)
3. FY14 – 2,166 ($24,000/$2.77/4)

Director and Senior Executive Reviews

Director reviews

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

In addition, 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. The Chairman meets with each Director separately not less than annually to receive feedback and to discuss any concerns.

Finally, 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).

Board composition

The Board currently comprises Directors with extensive experience and expertise in property, finance, law, investment banking, accounting and corporate governance. Refer to pages 52-54 of this Annual Report for profiles of each Director.

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

Succession planning for directors

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

Director training

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.

Senior Executive Reviews

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 STI performance measures listed above.

The Managing Director reviews the performance of the other senior executives and makes recommendations to the Nomination, Remuneration & HR Committee on their remuneration based, in part, on the STI performance measures listed above.

FY16 Remuneration (unaudited)

To assist readers of this Report to understand how Directors and Employees are remunerated for the year ahead and to understand the performance the board and the Nomination, Remuneration and HR Committee are trying to encourage through remuneration, FY16 remuneration has been provided below.

This information is in addition to that required by the *Corporations Act 2001* (Cth) and, as a result, has not been audited. Remuneration listed below is subject to range of factors including persons remaining employed by the Company in their current role for all of FY16.

LTI

The LTI for FY16 has not changed from FY15 other than TFRs which have increased for all employees. Refer to page 64 for details about the LTI for FY15 and, accordingly, the FY16 LTI.

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The figures included on page 67 are the *maximum* available for award under this scheme in respect of FY16.

STI

For executive management (comprising the Managing Director, Company Secretary/General Counsel, Chief Financial Officer and Head of Property), an STI bonus may be payable in respect of FY16 based on the following measures:

1. Distributable income achievement (70% weighting).
2. Non-financial measures (30% weighting) comprising the following in equal weighting:
   a. Fulfilment of company strategy including acquisitions, disposals, capital management initiatives and strategic asset management.
   b. Property operations including vacancy rates, arrears, property income, leasing and overall portfolio metrics.
   c. Stakeholder engagement including investor relations, ASX announcements and other reporting, non-executive director information, engagement with banks and other debt providers and credit rating achievement/maintenance.
   d. People and culture including employee retention rate, diversity initiatives, employee engagement and training.

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Refer to the table on page 63 for more details about STI performance measures.

An STI bonus for FY16 may be payable to other employees primarily on the basis of personal contribution to the achievement of any or all of the above.

The figures included at right are the *maximum* available for award under this scheme in respect of FY16.

FY16 Remuneration (unaudited)

	Total Fixed Remuneration (Including superannuation ("TFR")	Short-term Incentive (maximum)	Long-term Incentive (maximum)	Other Benefits	Termination notice (without cause)	Termination Payments (without cause for redundancy or similar by the Company)	Restraint of trade period
Chairman Geoff Tomlinson	$177,850 (7.6% increase from FY15)	Nil	Nil	Nil Ineligible for additional committee fees	Nil	Nil	Nil
Non-Executive Directors	$92,750 (base fee 6% increase from FY15) plus fees for acting as: – Chair – Audit, Risk & Compliance Committee - $18,550 (6% increase) – Member – Audit, Risk & Compliance Committee - $10,750 (7.5% increase) – Chair – Nomination, Remuneration & HR Committee - $13,250 (6% increase) – Member – Nomination, Remuneration & HR Committee - $8,250 (10% increase)	Nil	Nil	Nil	Nil	Nil	Nil
Managing Director Timothy Collyer	$850,000 (4% increase)	117.5% of TFR	80% of TFR	– Gym membership – Payment of up to 1.5% of TFR in lieu of premium for Life, TPD and Income Protection	Six months (By either party)	Nine months TFR plus vesting of any granted but unvested options under LTI	12 months
Company Secretary & General Counsel Aaron Hockly	$330,000 (10% increase)	70.5% of TFR	50% of TFR	Payment of up to 1.5% of the TFR in lieu of Life, TPD and Income Protection cover	One month (By either party)	Various for years of service plus vesting of any granted but unvested options under LTI	3 months
Chief Financial Officer Dion Andrews	$320,000 (13% increase)	70.5% of TFR	50% of TFR	Payment of up to 1.5% of the TFR in lieu of Life, TPD and Income Protection cover	One month (By either party)	Various for years of service plus vesting of any granted but unvested options under LTI	3 months
Head of Property Michael Green	$320,000 (13% increase)	70.5% of TFR	50% of TFR	Payment of up to 1.5% of the TFR in lieu of Life, TPD and Income Protection cover	One month (By either party)	Various for years of service plus vesting of any granted but unvested options under LTI	3 months
Other Management Staff	Various	30% of TFR	30% of TFR	Payment of up to 1.5% of the TFR in lieu of Life, TPD and Income Protection cover	One month (By either party)	Various for years of service plus vesting of any granted but unvested options under LTI	3 months
Other Staff	Various	20% of TFR	20% of TFR	Payment of up to 1.5% of the TFR in lieu of Life, TPD and Income Protection cover	One month (By either party)	Various for years of service plus vesting of any granted but unvested options under LTI	0-3 months

Governance:
Additional information

Indemnification and Insurance of Directors, Officers and Auditor

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

In compliance with the Deeds referred to above, the Company insured its Directors and officers against liability to third parties and for costs incurred in defending any legal proceedings that may be brought against them in their capacity as Directors or officers of the Group. This excludes a liability which arises out of a wilful breach of duty or improper use of inside information. The premium also insures the entity for any indemnity payments it may make to its Officers in respect of costs and liabilities incurred. Disclosure of the premium payable is prohibited under the conditions of the policy.

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

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

Non-Audit services

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

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

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

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

	2015
	$
Services other than audit and review of financial statements:	
Other regulatory audit services	55,150
Other assurance service and due diligence services	–
	55,150
Audit and review of financial statements	131,850
Total paid to KPMG	187,000

Environmental Regulations

As a Trustee of a property owner, the Group is subject to the normal environmental regulations of landowners within Australia. The Directors are not aware of any significant breaches during the year.

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the

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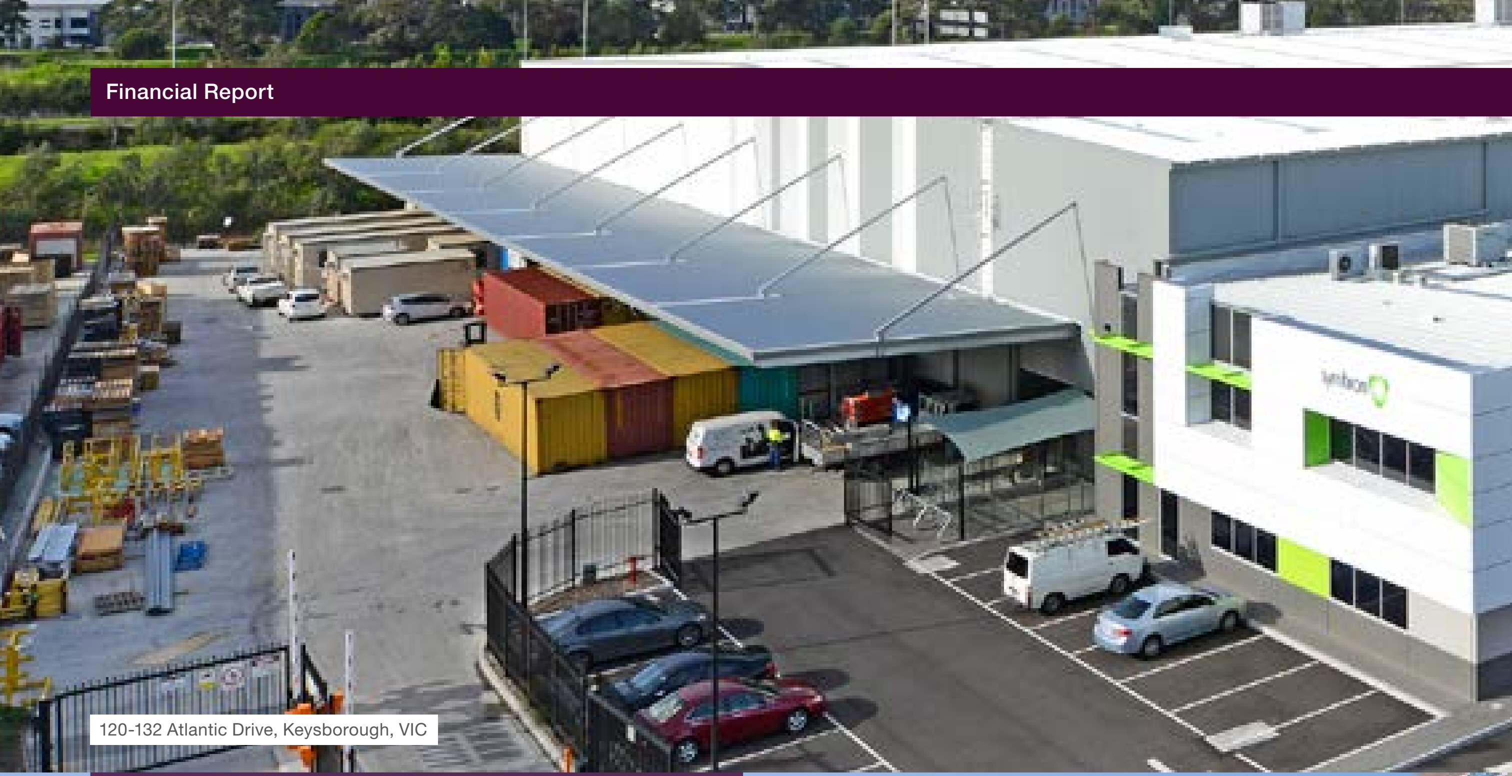
Corporations Act 2001 (Cth) is set out on page 113.

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.

Melbourne Airport Properties, VIC



120-132 Atlantic Drive, Keysborough, VIC

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.

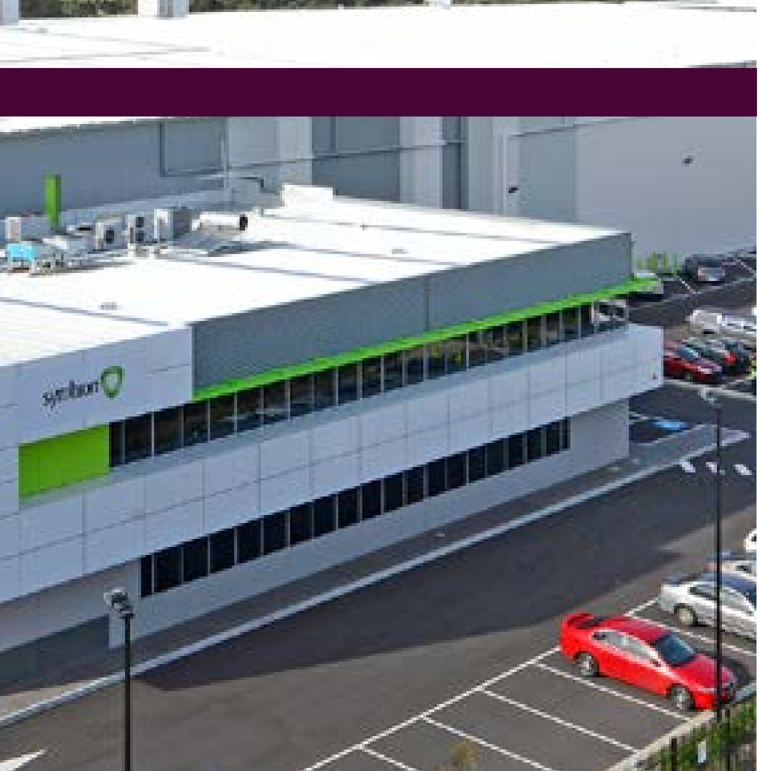
A description of the nature of the stapled group's operations and its principal activities is included in the Directors' Report which is not part of the financial report.

The financial report was authorised for issue by the directors on 17 August 2015. 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 2015 unless the context requires otherwise.

References to "balance date" in this report refer to 30 June 2015 unless the context requires otherwise.

1 Charles Street, Parramatta, NSW



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For the year ended 30 June 2015

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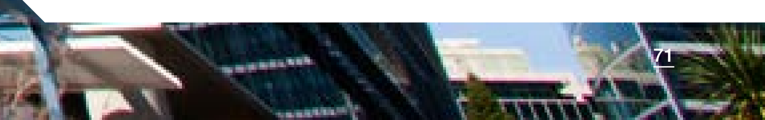

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015	Notes	2015	2014
		$'000	$'000
Revenue			
Property revenue		**197,240**	172,283
Straight line adjustment to property revenue		**5,316**	5,373
Net changes in fair value of investment properties		**169,832**	23,780
Profit on sale of investment properties		**363**	-
Net change in fair value of derivatives		**1,542**	12,800
Loss on settlement of derivative		**(12,822)**	(15,750)
Net investment income		**361,471**	198,486
Expenses			
Property expenses		**(25,441)**	(23,643)
Other expenses from ordinary activities		**(9,123)**	(8,890)
Total expenses		**(34,564)**	(32,533)
Profit from operating activities		**326,907**	165,953
Interest income		**761**	734
Borrowing costs	4.2	**(44,292)**	(49,042)
Net finance costs		**(43,531)**	(48,308)
Profit before income tax		**283,376**	117,645
Income tax expense	2.2	**(372)**	(297)
Profit for the period		**283,004**	117,348
Profit attributable to:			
Owners of the Trust		**283,175**	117,454
Owners of the Company		**(171)**	(106)
		283,004	117,348
Distribution to Securityholders	4.6	**(110,685)**	(86,790)
Change in net assets attributable to Securityholders / total comprehensive income		**172,319**	30,558
Basic and diluted earnings per stapled security (cents)	2.3	**50.4**	25.7

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 2015	Notes	2015	2014
		$'000	$'000
Current assets			
Cash and cash equivalents	3.6(a)	26,858	21,321
Trade and other receivables	3.3	35,638	13,093
Assets held for sale	3.2	-	17,741
Total current assets		62,496	52,155
Non-current assets			
Trade and other receivables	3.3	61,239	56,458
Plant & equipment	3.5	312	434
Investment properties	3.1	2,282,601	2,019,435
Deferred tax assets	2.2	499	297
Total non-current assets		2,344,651	2,076,624
Total assets		2,407,147	2,128,779
Current liabilities			
Trade and other payables	3.4	28,291	23,751
Distribution to Securityholders	4.6	56,334	46,850
Current tax payable		560	348
Derivative financial instruments	4.3	-	192
Total current liabilities		85,185	71,141
Non-current liabilities			
Interest bearing liabilities	4.1	890,445	871,214
Derivative financial instruments	4.3	20,000	21,350
Total non-current liabilities		910,445	892,564
Total liabilities		995,630	963,705
Net assets		1,411,517	1,165,074
Securityholders' funds			
Contributed equity	4.5	1,376,011	1,303,009
Reserves		3,847	2,725
Accumulated profits / (losses)		31,659	(140,660)
Total Securityholders' funds		1,411,517	1,165,074

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 2015	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits/ (losses)	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2014	1,303,009	2,257	461	7	(140,660)	**1,165,074**
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	283,004	**283,004**
Total other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	283,004	**283,004**
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	73,002	-	-	-	-	**73,002**
Distributions provided or paid	-	-	-	-	(110,685)	**(110,685)**
Share-based payment transactions	-	1,112	-	-	-	**1,112**
Deferred tax expense charged to equity	-	-	10	-	-	**10**
Total transactions with Securityholders	73,002	1,112	10	-	(110,685)	**(36,561)**
Balance at 30 June 2015	1,376,011	3,369	471	7	31,659	**1,411,517**
Total recognised income and expense for the year is attributable to:						
- Trust						**283,175**
- Company						**(171)**
Growthpoint Properties Australia						**283,004**

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

Consolidated Statement of Changes in Equity (cont.)

For the year ended 30 June 2014	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits/ (losses)	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.

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Consolidated Cash Flow Statement

For the year ended 30 June 2015	Notes	2015	2014
		$'000	$'000
Cash flows from operating activities			
Cash receipts from customers		**204,407**	174,263
Cash payments to suppliers		**(66,405)**	(37,697)
Cash generated from operating activities		**138,002**	136,566
Interest paid		**(45,263)**	(47,870)
Taxes paid		**(352)**	(52)
Net cash inflow from operating activities	3.6 (b)	**92,387**	88,644
Cash flows from investing activities			
Interest received		**761**	718
Net proceeds from sale of investment properties		**26,700**	-
Payments for investment properties		**(93,477)**	(378,842)
Payments for plant & equipment		**(15)**	(58)
Payments as loans to other entities		**-**	(17,688)
Net cash outflow from investing activities		**(66,031)**	(395,870)
Cash flows from financing activities			
Proceeds from external borrowings		**378,044**	286,808
Repayment of external borrowings		**(357,842)**	(203,610)
Proceeds from equity raising		**73,746**	331,530
Equity raising costs		**(744)**	(2,433)
Payment for settlement of derivatives		**(12,822)**	(15,750)
Distributions paid to Securityholders		**(101,201)**	(77,403)
Net cash (outflow) / inflow from financing activities		**(20,819)**	319,142
Net inflow of cash and cash equivalents		**5,537**	11,916
Cash and cash equivalents at the beginning of the period		**21,321**	9,405
Cash and cash equivalents at the end of the period		**26,858**	21,321

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 FY15 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: 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 2015. 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 17 August 2015.

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, assumptions 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 and 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 4.3 – Derivative financial instruments; and
- Note 4.7 – Share-based payment arrangements.

Notes to the Financial Statements

Section 1: Basis of preparation (cont.)

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 – 5 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)

Revenue, 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 statement of financial position.

Section 1: Basis of preparation (cont.)

Accounting policies (cont.)

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.

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 and 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 for 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 the 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, 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.

Notes to the Financial Statements

Section 1: Basis of preparation (cont.)

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 2015, 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*

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 15 *Revenue from contracts with customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for the FY17 annual reporting period for the Group with early adoption permitted. The Group does not plan to early adopt this standard and the extent of the impact on revenue (if any) 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 2015			
Revenue, excluding straight-line lease adjustment	99,506	97,734	**197,240**
Property expenses	(12,436)	(13,005)	**(25,441)**
Segment results	87,070	84,729	**171,799**
Income not assigned to segments			**164,992**
Expense not assigned to segments			**(53,415)**
Net profit before income tax			**283,376**
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**

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 $46,172,000 (2014: $45,005,000) of the Group's total revenues.

Notes to the Financial Statements

Section 2: Results for the year (cont.)

2.1 Profit before tax (cont.)

Remuneration of auditors

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

	2015	2014
	$	$
Audit services - KPMG		
Audit and review of financial statements	**131,850**	142,100
Other regulatory audit services	**55,150**	59,440
Non-audit services - KPMG		
Other assurance and due diligence services	-	205,000

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 they relate 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.

Section 2: Results for the year (cont.)

2.2 Taxation (cont.)

Income tax expense

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

Income tax expense:

	2015	2014
	$'000	$'000
Current tax expense	**560**	348
Deferred tax benefit	**(192)**	(76)
Over provision from prior year	**4**	25
	372	297

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

	2015	2014
	$'000	$'000
Profit before income tax expense	**202**	191
Income tax expense using the Company's domestic rate of 30%	**61**	57
Increase in income tax due to:		
Non-deductible expenses	**307**	215
Prior year losses now recognised	**-**	-
Change in unrecognised temporary differences	**-**	-
Over provision of prior year income tax	**4**	25
	372	297
The applicable weighted average effective tax rate for the Company is as follows:	**184%**	156%

Recognised deferred tax assets

Recognised deferred tax assets

	2015	2014
	$'000	$'000
Equity raising costs	**60**	87
Accrued expenses	**53**	137
Employee benefits	**349**	23
Prepayments	**37**	50
	499	297

As at 30 June 2015, the Company had franking credits of $737,000 available to it (30 June 2014: $386,000).

Notes to the Financial Statements

Section 2: Results for the year (cont.)

2.2 Taxation (cont.)

Income tax expense (cont.)

Movement in temporary differences during the year

	Opening balance 1 July 2014	Charged to profit and loss	Charged to equity	**Balance 30 June 2015**
	$'000	$'000	$'000	$'000
Non-current assets:				
Equity raising costs	87	(37)	10	**60**
Total	87	(37)	10	**60**
Current liabilities:				
Accrued expenses	137	(84)	-	**53**
Employee benefits	23	326	-	**349**
Prepayments	50	(13)	-	**37**
Total	210	229	-	**439**
Total movement in temporary differences	297	192	10	**499**

	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	174	76	47	**297**

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

	2015	2014
Weighted average number of stapled securities on issue for the year	**561,755,958**	456,121,420
Basic & diluted earnings per stapled security - cents	**50.4**	25.7

Section 3: Operating assets and liabilities

in this section ...

This sections 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 a reduction of revenue on a straight-line basis over the term of the lease.

Leasing commissions paid to agents on signing of lease agreements are recognised as a reduction of revenue 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 knowledgably 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.

Investment Property Value

			Latest External Valuation		Consolidated Book Value	
Industrial Properties			Date	Valuation	**30-Jun-15**	30-Jun-14
				$'000	$'000	$'000
Victoria						
28 Bilston Drive	Wodonga	VIC	30-Jun-15	80,500	**80,500**	75,500
120 Northcorp Boulevard	Broadmeadows	VIC	30-Jun-15	76,700	**76,700**	69,500
522-550 Wellington Road	Mulgrave	VIC	31-Dec-14	58,800	**60,700**	55,000
40 Annandale Road	Melbourne Airport	VIC	30-Jun-15	37,100	**37,100**	36,600
1500 Ferntree Gully Road & 8 Henderson Road	Knoxfield	VIC	19-Feb-15	36,550	**36,550**	-
9-11 Drake Boulevard	Altona	VIC	31-Dec-14	27,000	**29,600**	25,900

Notes to the Financial Statements

Section 3: Operating assets and liabilities (cont.)

3.1 Investment property (cont.)

Investment Property Value (cont.)

Industrial Properties			Latest External Valuation Date	Latest External Valuation Valuation	Consolidated Book Value 30-Jun-15	Consolidated Book Value 30-Jun-14
				$'000	$'000	$'000
213-215 Robinsons Road	Ravenhall	VIC	30-Jun-15	26,400	**26,400**	24,750
130 Sharps Road	Melbourne Airport	VIC	31-Dec-14	24,000	**24,800**	23,350
101-103 William Angliss Drive	Laverton North	VIC	31-Dec-14	22,000	**24,100**	21,200
Lots 2, 3 & 4, 44-54 Raglan Street	Preston	VIC	31-Dec-14	20,500	**21,400**	19,700
120-132 Atlantic Drive	Keysborough	VIC	31-Dec-14	19,700	**21,000**	17,850
42-44 Garden Street	Kilsyth	VIC	31-Dec-13	18,600	**-**	18,750
365 Fitzgerald Road	Derrimut	VIC	30-Jun-15	17,400	**17,400**	16,100
120 Link Road	Melbourne Airport	VIC	31-Dec-14	17,500	**17,350**	17,400
20 Southern Court	Keysborough	VIC	30-Jun-15	13,400	**13,400**	12,100
60 Annandale Road	Melbourne Airport	VIC	30-Jun-15	12,600	**12,600**	13,000
6 Kingston Park Court	Knoxfield	VIC	19-Feb-15	11,100	**11,100**	-
3 Millennium Court	Knoxfield	VIC	19-Feb-15	9,250	**9,250**	-
31 Garden Street	Kilsyth	VIC	31-Dec-14	8,650	**9,100**	8,500
45-55 South Centre Road	Melbourne Airport	VIC	31-Dec-14	8,750	**8,300**	8,700
19 Southern Court	Keysborough	VIC	30-Jun-15	7,825	**7,825**	7,300
306-318 Abbotts Road	Dandenong South	VIC	31-Dec-14	7,700	**-**	8,000
75 Annandale Road	Melbourne Airport	VIC	30-Jun-15	6,900	**6,900**	6,875
Queensland						
70 Distribution Street	Larapinta	QLD	31-Dec-14	184,700	**193,500**	173,200
13 Business Street	Yatala	QLD	31-Dec-14	14,800	**15,050**	14,300
29 Business Street	Yatala	QLD	30-Jun-15	11,900	**11,900**	11,900
670 Macarthur Avenue	Pinkenba	QLD	30-Jun-15	8,800	**8,800**	8,600
5 Viola Place	Brisbane Airport	QLD	30-Jun-15	8,500	**8,500**	11,200
10 Gassman Drive	Yatala	QLD	30-Jun-15	5,000	**5,000**	4,950
3 Viola Place	Brisbane Airport	QLD	31-Dec-14	2,400	**2,500**	2,150
Western Australia						
20 Colquhoun Road	Perth Airport	WA	31-Dec-14	129,000	**134,000**	121,000
New South Wales						
27-49 Lenore Drive	Erskine Park	NSW	30-Jun-15	58,250	**58,250**	51,000
6-7 John Morphett Place	Erskine Park	NSW	31-Dec-14	41,500	**42,500**	39,200
51-65 Lenore Drive	Erskine Park	NSW	31-Dec-14	27,000	**28,000**	25,450
81 Derby Street	Silverwater	NSW	31-Dec-14	14,750	**14,600**	13,550
South Australia						
599 Main North Road	Gepps Cross	SA	31-Dec-14	66,700	**68,500**	62,700
12-16 Butler Boulevard	Adelaide Airport	SA	31-Dec-14	13,900	**14,200**	11,000
10 Butler Boulevard	Adelaide Airport	SA	31-Dec-14	7,800	**8,500**	7,600
Total Industrial Properties				1,163,925	**1,165,875**	1,043,875

Section 3: Operating assets and liabilities (cont.)

3.1 Investment property (cont.)

Investment Property Value (cont.)

Office Properties			Latest External Valuation Date	Latest External Valuation Valuation	Consolidated Book Value 30-Jun-15	Consolidated Book Value 30-Jun-14
				$'000	$'000	$'000
Victoria						
Building 2, 572-576 Swan Street	Richmond	VIC	30-Jun-15	78,500	**78,500**	75,000
211 Wellington Road (i)	Mulgrave	VIC	21-Nov-14	62,600	**34,015**	-
Building 1 & 3, 572-576 Swan Street	Richmond	VIC	30-Jun-15	54,850	**54,850**	52,000
Car Park, 572-576 Swan Street	Richmond	VIC	30-Jun-15	1,200	**1,200**	1,200
Queensland						
1231-1241 Sandgate Road	Nundah	QLD	31-Dec-14	89,000	**93,200**	87,800
333 Ann Street	Brisbane	QLD	30-Jun-15	91,000	**91,000**	95,000
CB1, 22 Cordelia Street	South Brisbane	QLD	30-Jun-15	83,000	**83,000**	69,000
A1, 32 Cordelia Street	South Brisbane	QLD	30-Jun-15	65,250	**65,250**	64,500
A4, 52 Merivale Street	South Brisbane	QLD	31-Dec-14	58,000	**58,500**	57,000
CB2, 42 Merivale Street	South Brisbane	QLD	30-Jun-15	48,300	**48,300**	45,000
Car Park, 32 Cordelia Street & 52 Merivale Street	South Brisbane	QLD	31-Dec-14	14,250	**14,650**	10,400
South Australia						
World Park, 33-39 Richmond Road	Keswick	SA	30-Jun-15	61,000	**61,000**	57,000
7 Laffer Drive (ii)	Bedford Park	SA	30-Jun-15	16,700	**16,700**	-
New South Wales						
1 Charles Street	Parramatta	NSW	31-Dec-14	255,000	**261,500**	241,118
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-14	100,000	**103,500**	92,800
Tasmania						
89 Cambridge Park Drive	Cambridge	TAS	31-Dec-14	27,800	**27,800**	26,700
Australian Capital Territory						
10-12 Mort Street	Canberra	ACT	30-Jun-15	85,000	**85,000**	57,500
Total Office Properties				1,191,450	**1,177,965**	1,032,018
Sub-totals				2,355,375	**2,343,840**	2,075,893
Less: Non-current trade receivables (rental income recognised on a straight line basis)					**(61,239)**	(56,458)
Total investment properties					**2,282,601**	2,019,435

(i) This property is a development fund through (see Contractual Obligations section below). The external valuation is "as complete" whereas the current book value is at fair value less cost to complete.

(ii) At 30 June 2014, this property had been transferred to assets available for sale. The proposed transaction did not proceed so the property has been transferred back to investment property.

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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, Savills, Urbis, Knight Frank, CBRE and LandMark White. The fair value of properties not externally valued as at 30 June 2015 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 and inputs into the valuation techniques used by the Group in determining fair value were in the following ranges for the Group's portfolio of industrial properties:

	2015	2014
Discount rate	**8.0% - 10.0%**	9.0% - 10.3%
Terminal yield	**6.8% - 11.5%**	7.5% - 10.3%
Capitalisation rate	**6.5% - 9.8%**	7.3% - 9.8%
Expected vacancy period	**3-12 months**	3-12 months
Rental growth rate	**2.5% - 5.0%**	2.5% - 5.0%

For the office portfolio the following ranges were used:

	2015	2014
Discount rate	**8.0% - 10.3%**	8.5% - 10.5%
Terminal yield	**7.3% - 11.8%**	7.5% - 10.5%
Capitalisation rate	**6.8% - 12.0%**	7.0% - 12.0%
Expected vacancy period	**6-12 months**	6-12 months
Rental growth rate	**3.1% - 4.5%**	3.1% - 4.5%

Commentary on Discount Rates

Date of Valuation	**30-Jun-15**	30-Jun-14
Weighted average 10 year discount rate used to value the Group's properties	**8.50%**	9.15%
10 year bond rate	**3.00%**	3.54%
Implied property risk premium	**5.50%**	5.61%

As the above table shows, over the 12 months to 30 June 2015 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 65 basis points. Over this same period the implied property risk premium has reduced by approximately 11 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 54 basis points from June 2014 following a recovery from the low levels in March 2015.

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 compete for limited prime quality stock and secondary quality stock. This has led to further firming of yields over the past 12 months of 50 to 100 basis points for both ends of the prime yield range and the higher quality end of secondary yields. 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 8.0% to 7.3% over the year to 30 June 2015.

Office

Over the past 2 to 3 years, 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, lease extensions to existing tenants and a strong investment market, the weighted average capitalisation rate used in valuing the office portfolio has firmed from 7.8% to 7.3% over the year to 30 June 2015.

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 area 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.

The fair value for investment properties has been categorised as Level 3 in the fair value hierarchy based on the significant unobservable inputs into the valuation techniques used.

An increase in discount rates, terminal yields, capitalisation rates and expected vacancy periods would decrease the value of investment property. Conversely, a decrease in these inputs would increase the value of investment property.

An increase in rental growth rates would increase the value of investment property, where as a decrease would decrease the value of investment property.

Contractual obligations

At 30 June 2015, 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 6,250m^2 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 3,000m^2 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 3,000m^2 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.

The Group has entered into a contract and other documents to acquire 211 Wellington Road, Mulgrave, Victoria on a fund through basis. Practical completion of this office building is expected to be in December 2015. A further $28.6 million is payable under the contract of sale of land and the fund through agreement for this property.

Notes to the Financial Statements

Section 3: Operating assets and liabilities (cont.)

3.1 Investment property (cont.)

Amounts recognised in profit and loss for investment properties

	2015	2014
	$'000	$'000
Rental income	**197,240**	172,283
Straight-line adjustment to rental income	**5,316**	5,373
Net gain from fair value adjustment	**169,832**	23,780
Gain on sale of investment properties	**363**	-
Direct operating expenses from property that generated rental income	**(25,441)**	(23,643)
	347,310	177,793

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:

	2015	2014
	$'000	$'000
Within one year	**179,901**	177,686
Later than one year but not later than five years	**660,164**	637,266
Later than five years	**498,651**	562,695
	1,338,715	1,377,647

10 (2014: 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:

	2015	2014
	$'000	$'000
Within one year	**3,040**	2,802
Later than one year but not later than five years	**5,242**	6,646
Later than five years	**-**	11
	8,282	9,459

Reconciliation of value of investment property

	2015	2014
	$'000	$'000
At fair value		
Opening balance	**2,019,435**	1,595,831
Acquisitions	**94,989**	411,238
Capital expenditure	**6,941**	6,327
Disposals	**(26,700)**	-
Net gain on disposals	**363**	-
Transfer to/(from) available for sale	**17,741**	(17,741)
Net gain from fair value adjustment	**169,832**	23,780
Closing balance at 30 June	**2,282,601**	2,019,435

Section 3: Operating assets and liabilities (cont.)

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 2015 there are no properties classed as available for sale. At 30 June 2014, the property at 7 Laffer Drive, Bedford Park, South Australia was classed as available for sale. A party was in due diligence to acquire the property at that time but no sale eventuated so it has been transferred back to investment property.

3.3 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:

	2015	2014
	$'000	$'000
Current		
Rent receivables	**3,788**	1,269
GST receivable	**533**	-
Prepayments	**4,913**	1,111
Unamortised tenant incentives	**26,404**	10,713
	35,638	13,093

Impaired rent receivables

As at 30 June 2015, there were no impaired rent receivables (2014: $95,000):

	$'000
At 30 June 2014	(95)
Reversal of provision for impairment	95
Bad debt written off	-
At 30 June 2015	-

Notes to the Financial Statements

Section 3: Operating assets and liabilities (cont.)

3.3 Trade and other receivables (cont.)

Determination of fair value (cont.)

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.

	2015	2014
	$'000	$'000
Non-current		
Rent receivables	**61,239**	56,458
	61,239	56,458

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

3.4 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:

	2015	2014
	$'000	$'000
Trade payables	**664**	3
Non-trade payables	**464**	4,156
GST payable	**-**	746
Accrued expenses - other	**14,449**	7,973
Prepaid rent	**12,714**	10,873
	28,291	23,751

3.5 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.

Section 3: Operating assets and liabilities (cont.)

3.5 Plant and equipment (cont.)

Accounting policies (cont.)

Depreciation (cont.)

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

- Technology equipment: 2 – 12 years
- Furniture 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:

	Technology equipment	Furniture and fittings	**Total**
	$'000	$'000	$'000
Balance at 1 July 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**
Additions	12	3	**15**
Disposals	-	-	**-**
Depreciation for the year	(24)	(113)	**(137)**
Carrying amount as at 30 June 2015	16	296	**312**

Notes to the Financial Statements

Section 3: Operating assets and liabilities (cont.)

3.6 Cash flow information

	2015	2014
	$'000	$'000
(a) Reconciliation of cash at end of year		
Cash and cash equivalents balance	26,858	21,321
(b) Reconciliation of net operating profit to net cash inflow from operating activities		
Net profit for the period	283,004	117,348
Fair value adjustment to investment property	(169,832)	(23,780)
Profit on sale of investment properties	(363)	-
Fair value adjustment to derivatives	(1,542)	(12,800)
Loss on settlement of derivatives	12,822	15,750
Amortisation of borrowing costs	2,033	1,124
Interest received	(761)	(718)
Depreciation	137	145
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
- Increase in receivables	(5,050)	(5,566)
- Increase in prepayments	(28,431)	(10,469)
- (Increase) / decrease in deferred tax asset	(202)	123
- Increase in payables	572	7,487
Net cash inflow from operating activities	92,387	88,644

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 the date of the consolidated statement of financial position.

Interest bearing liabilities

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

	Opening balance 1 July 2014	Movement during period	**Balance as at 30 June 2015**	Facility limit	Maturity
	$'000	$'000	$'000	$'000	
Secured bank loans					
Syndicated Facility					
- Facility A	255,000	-	**255,000**	255,000	Dec-17
- Facility B	255,000	-	**255,000**	255,000	Dec-18
- Facility C	179,294	(92,468)	**86,826**	245,000	Dec-19
- Facility D	22,095	(22,095)	**-**	70,000	Dec-19
- Facility E	100,000	-	**100,000**	100,000	Jun-19
- Facility F (i)	-	-	**-**	-	Jun-15
Loan note	-	200,000	**200,000**	200,000	Mar-25
Bilateral bank facility	65,234	(65,234)	**-**	-	
Total bank loans	876,623	20,203	**896,826**	1,125,000	
Less unamortised upfront costs	(5,409)	(972)	**(6,381)**		
Total interest bearing liabilities	871,214	19,231	**890,445**		

(i) Although the maturity of this facility was less than 12 months as at 30 June 2014, it was classified as a non-current liability as the Group had a contractual right to extend the facility at its discretion (on pre-arranged terms) by either two or four years from maturity. The Group intended to extend the facility by at least two years prior to the maturity date but the issue of $200 million of Loan Notes in March 2015 meant that this facility was no longer required and therefore it matured on 22 June 2015.

The weighted average interest rate (including bank margin and amortisation of upfront fees paid) at 30 June 2015 was 4.76% per annum (2014: 5.77% 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:

	2015	2014
	$'000	$'000
Bank loans	**696,826**	876,623
Loan Notes	**200,000**	–
Total secured liabilities	**896,826**	876,623

Notes to the Financial Statements

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, Loan Notes and bills payable by 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:

	2015	2014
	$'000	$'000
Current		
Floating charge		
Cash and cash equivalents	**26,858**	21,321
Receivables	**35,638**	13,093
Assets available for sale	**-**	17,741
	62,496	52,155
Non-current		
First mortgage		
Investment properties	**2,282,601**	2,019,435
Receivables	**61,239**	56,458
Floating charge		
Plant and equipment	**312**	434
Deferred tax assets	**499**	297
Total non-current assets pledged as security	**2,344,651**	2,076,624
Total assets pledged as security	**2,407,147**	2,128,779

Risk exposures

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

Fair value

The carrying amounts approximate the fair values of borrowings at balance sheet 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 where 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:

	2015	**2014**
	$'000	$'000
Bank interest expense and charges	**42,259**	47,435
Amortisation of borrowing costs	**2,033**	1,607
	44,292	49,042

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:

	2015	2014
	$'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	**20,000**	21,350
	20,000	21,542

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 2015 covered 53% (2014: 82%) of the loan principal outstanding with the $200 million Loan Note fixing a further 22% for a total fixed coverage of outstanding principle of 75%. The average fixed interest rate from interest rate derivatives at 30 June 2015 was 3.70% per annum (2014: 4.06% per annum) and the variable rate (excluding bank margin) is 2.09% per annum (2014: 2.67% per annum) at balance date. See table below for further details of swaps in effect at 30 June 2015:

Counter Party	**Amount of Swap**	Swap Expiry	Fixed Rate	Term to Maturity
	$'000		%	Years
Westpac	**105,000**	Nov-2019	4.14%	4.3
NAB	**60,000**	Jun-2017	3.38%	2.0
ANZ	**100,000**	Sep-2016	3.80%	1.3
Westpac	**50,000**	Feb-2019	3.57%	3.6
ANZ	**50,000**	Feb-2019	3.55%	3.6
NAB	**60,000**	Nov-2019	3.70%	4.3
ANZ	**50,000**	Jul-2018	3.20%	3.0
Total / Weighted average	**475,000**		**3.70%**	**3.1**

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 $20,000,000 (2014: liabilities of $21,542,000) for the Group. In the year ended 30 June 2015 there was a gain from the increase in fair value of $1,542,000 for the Group (2014: gain of $12,800,000).

Notes to the Financial Statements

Section 4: Capital structure and financing costs (cont.)

4.3 Derivative financial instruments (cont.)

Derivative financial instruments (cont.)

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 (excluding investment properties which are at level 3, refer note 3.1), 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 2015				
Derivative financial liabilities	-	20,000	-	**20,000**
	-	20,000	-	**20,000**
30 June 2014				
Derivative financial liabilities	-	21,542	-	**21,542**
	-	21,542	-	**21,542**

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).

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 and 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 and 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 page 48 of the Annual Report for more details. 48

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 and *Loan Notes*.

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 swap contract, 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 consolidated statement of profit or loss and other comprehensive income immediately, as hedge accounting under AASB 139 has not been adopted.

Swaps effective at 30 June 2015 covered 53% of the loan principal outstanding at that date (2014: 82%).

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 sheet date, the fair value of the financial instruments is in a liability position.

At the balance sheet date, the agreed notional principal amount of interest rate swap contracts in effect for the Group is $475,000,000 (2014: $715,000,000) with a fair value at the reporting date of a liability of $20,000,000 (2014: liability of $21,542,000).

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 is under construction at 211 Wellington Road, Mulgrave VIC, no additional security is deemed necessary.

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.

Notes to the Financial Statements

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 Facility* amounting to $696,826,000 at balance sheet date (2014: $876,624,000).

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	**2015**	2014
		$'000	$'000
Financial assets			
Cash and cash equivalents	Floating	**26,858**	21,321
		26,858	21,321
Financial liabilities			
Derivative financial instruments	Floating	**20,000**	21,542
Interest bearing liabilities – Loan Note	Fixed	**200,000**	-
Interest bearing liabilities – hedged (i)	Fixed	**475,000**	715,000
Interest bearing liabilities – unhedged	Floating	**221,826**	161,624
		916,826	898,166

(i) 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 2015, 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)	
	2015	2014
	$'000	$'000
+100 bps (2014 +100 basis points)		
Cash and borrowings	**(1,950)**	(1,403)
Interest rate derivatives	**14,335**	56,286
	12,835	54,883
-100 bps (2014 -100 basis points)		
Cash and borrowings	**1,950**	1,403
Interest rate derivatives	**(14,625)**	(56,287)
	(12,675)	(54,884)

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. As at the balance sheet date, the Group had cash and cash equivalents totalling $26,858,000 (2014: $21,321,000).

Financing arrangements

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

	2015	2014
	$'000	$'000
Syndicated Facility		
Total facility	**925,000**	925,000
Used at balance date	**696,826**	811,390
Unused at balance date	**228,174**	113,610
Loan note		
Total facility	**200,000**	-
Used at balance date	**200,000**	-
Unused at balance date	**-**	-
Bilateral bank loan facility		
Total facility	**-**	70,000
Used at balance date	**-**	65,235
Unused at balance date	**-**	4,765
Total unused bank facilities	**228,174**	118,376

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

- Tranche 1, $255,000,000 with a maturity of 31 December 2017
- Tranche 2, $255,000,000 with a maturity of 31 December 2018
- Tranche 3, $245,000,000 with a maturity of 31 December 2019
- Tranche 4, $70,000,000 with a maturity of 31 December 2019
- Tranche 5, $100,000,000 with a maturity of 30 June 2019.

The *Loan Notes* of $200,000,000 mature on 15 March 2025.

Notes to the Financial Statements

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, provision for current tax payable, 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 2015.

	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
2015						
Non-derivative financial liabilities						
Bank loans and Loan Notes	896,826	1,077,011	14,624	12,811	835,833	213,743
Other payables	85,064	85,064	85,064	-	-	-
	981,890	1,162,075	99,688	12,811	835,833	213,743
Derivative financial liabilities						
Interest rate swaps used for hedging	20,000	20,311	2,933	3,161	14,216	-
	20,000	20,311	2,933	3,161	14,216	-
2014						
Non-derivative financial liabilities						
Bank loans	876,624	1,146,934	19,993	119,594	1,007,347	-
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	-

Capital management

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

Section 4: Capital structure and financing costs (cont.)

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.

Contributed Equity

Contributed equity can be analysed as follows:

	2015	**2015**	2014	2014
	No. ('000)	$'000	No. ('000)	$'000
Opening balance at 1 July	**540,115**	1,303,009	402,830	973,911
Issue of ordinary stapled securities during the year:				
Rights issue	**-**	-	92,917	225,041
Placement	**-**	-	20,408	50,000
Distribution reinvestment plans	**28,626**	73,746	23,723	56,489
Securities issued through Employee Incentive Plan	**287**	-	237	-
Costs of raising capital	**-**	(744)	-	(2,432)
	28,913	73,002	137,285	329,098
Closing balance at 30 June	**569,028**	1,376,011	540,115	1,303,009

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 31 December 2014 distribution of the Group, but not operative for the distribution declared for the six months ended 30 June 2015.

Notes to the Financial Statements

Section 4: Capital structure and financing costs (cont.)

4.5 Contributed Equity and reserves (cont.)

Accounting policies (cont.)

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:

- The Distribution Reinvestment Plan was in operation for the 30 June 2014 distribution and 31 December 2014 distributions, raising a total of $73,746,000 for this issue of 28,625,722 new stapled securities.
- In August 2014, the Group was issued an independent credit rating of *Baa2* on senior secured debt by Moody's.
- In September 2014 Growthpoint was added to the S&P ASX 300 index and in June 2015 was added to the S&P ASX 200 index. Being added to these indexes widens the pool of investors the Group can raise equity from in future.
- In September 2014 the *Syndicated Facility* was restructured, repriced and extended. A further lender was added to the syndicate (bringing the total to four) and the facility was amended to enable capital market issuances.
- In October and November of 2014 the Group extended four of its interest rate swaps to reflect the extended Syndicated Facility.
- In March 2015 the Group issued $200 million of *Loan Notes* to a new financier for a 10 year term for a fixed coupon. At the same time, Growthpoint terminated a $200 million interest rate swap to keep the percentage of debt *hedged* and at a fixed rate within its target range of 75%-100%. Proceeds from the Loan Note were used to repay existing debt, and as a result the *Bilateral Facility* of $70 million was repaid in full, with the remaining proceeds being used to partially repay the Syndicated Facility.
- In June 2015 the Group repaid in full $100 million of tranche F of the Syndicated Facility and let that tranche mature as it already had sufficient "debt headroom" following the issuance of the Loan Notes in March 2015.
- The result of these interest rate hedging transactions and the fixed rate Loan Note was to provide an average fixed interest rate of 3.41% per annum, prior to lending margin, (2014: 4.06% per annum) for $675 million, equating to 75% of the Group's debt, for an average duration of 5.0 years as at 30 June 2015.
- As at 30 June 2015 the Group had total debt facilities of $1,125,000,000 of which $228,174,000 was undrawn at balance date.

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 the year, the Group altered its target gearing range from 40%-45% to 35%-45%. At 30 June 2015, the gearing ratio was 37.0% (2014: 40.9%). The gearing ratios at 30 June 2015 and 30 June 2014 were calculated as follows:

	2015	2014
	$'000	$'000
Total interest bearing liabilities	**890,445**	871,214
Total assets	**2,407,147**	2,128,779
Gearing ratio	**37.0%**	40.9%

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 (2014: nil).

Section 4: Capital structure and financing costs (cont.)

4.6 Distributions

Period for distribution	Total distribution	Total stapled securities	Distributions per stapled security
	$'000	('000)	(cents)
Half year to 31 December 2014 GOZ	**54,351**	554,603	9.80
Half year to 30 June 2015 GOZ	**56,334**	569,028	9.90
Total distribution for FY15	**110,685**		19.70
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 FY14	**86,790**		

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 2015, the Group has the following share-based payment arrangements:

Employee Incentive Plans FY12, FY13, FY14 and FY15

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 page 63 (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 cost of the first tranche of the FY14 Employee Incentive Plan performance rights was determined. The cost of the first tranche for the Managing Director was $112,066 and for other employees $109,703. The first tranche of these performance rights vested during the year. The value of future tranches under this plan cannot be determined until the financial year in which they vest.

Notes to the Financial Statements

Section 4: Capital structure and financing costs (cont.)

4.7 Share based payment arrangements (cont.)

Share-based payment arrangements (cont.)

Employee Incentive Plans FY12, FY13, FY14 and FY15 (cont.)

The fair value of performance rights under the FY15 Employee Incentive Plan was determined on the grant date of those rights and then "trued-up" at 30 June 2015 where allowed. The fair value of these rights for directors is estimated as $519,904 and for other employees $555,777. This estimate is based on achieving 80.0% of the maximum payable under the 2015 plan. This is seen as a reasonable estimate of fair value as it is based on the percentage achieved for comparable elements from the 2013 and 2014 plans, adjusted for information available on likely achievement as at 30 June 2015. The actual costs of performance rights cannot be determined until FY16 and the first issue of securities under the 2015 plan will not occur until FY16.

During the year, $1,112,000 was recognised in the share based payments reserve (June 14: $1,231,000). 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.

The table below outlines the value of performance rights granted during the year to 30 June 2015, 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.	$	%
FY14 Plan	Director	27-11-14	112,066	40,457	N/A	25%
FY14 Plan	Other employees	08-10-14	109,703	39,605	N/A	25%
FY13 Plan	Director	08-10-14	138,040	49,834	276,080	25%
FY13 Plan	Other employees	08-10-14	122,538	44,238	245,076	25%
FY12 Plan	Director	08-10-14	98,791	35,665	98,791	25%
FY12 Plan	Other employees	08-10-14	83,389	30,104	83,389	25%
FY11 Plan	Director	08-10-14	75,870	27,390	-	25%
FY11 Plan	Other employees	08-10-14	53,752	19,406	-	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:

	2015	2014
	$	$
Short-term employee benefits	**3,720,226**	3,008,156
Other long-term employee benefits	**-**	-
Post-employment benefits	**126,015**	104,311
Termination benefits	**-**	-
Share-based payments	**914,950**	765,929
	4,761,191	3,878,396

Individual directors and executives compensation disclosures

Information regarding individual director's 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 with 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:

Director	Transaction	**2015**	2014
		$	$
G. Jackson (i)	Valuation	**13,200**	24,600

(i) The Group used the valuation services of m3property, a company that Mr Jackson is a director of, to independently value three properties (2014: 4). 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.

At 30 June 2015, No amount was payable for valuation services (2014: $10,500).

The Group also uses the services of National Australia Bank of which Geoff Tomlinson was a director until December 2014. 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 had no involvement in the engagement or day to day administration of these services.

Notes to the Financial Statements

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:

2015

Securityholder	Opening securities 1 July	Securities granted as compensation	Acquired securities	Disposed securities	Closing securities 30 June
	No.	No.	No.	No.	No.
G. Jackson	139,807	-	-	-	139,807
L. Shaddock (i)	550,001	-	-	-	n/a
N. Sasse	1,164,881	-	85,069	-	1,249,950
E. de Klerk	1,219,975	-	88,746	-	1,308,721
T. Collyer	315,165	153,346	-	-	468,511
F. Marais	81,800	-	48,096	-	129,896
A. Hockly	48,346	34,236	5,852	(20,000)	68,434
D. Andrews	56,394	31,596	-	-	87,990
M. Green	55,449	31,076	-	-	86,525
G. Tomlinson	55,337	-	1,986	-	57,323
M. Brenner	-	-	7,000	-	7,000

(i) Lyn Shaddock retired as director on 26 November 2014.

During the year to 30 June 2015, a total of 250,254 stapled securities with a total value of $693,200 were issued to key management personnel upon vesting of performance rights under the Employee Incentive Plan.

2014

Securityholder	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

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 Plan.

Section 5: Other notes (cont.)

5.1 Related party transactions (cont.)

Related party transactions (cont.)

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.

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 (2014: nil).

There were no balances outstanding from transactions with significant shareholders as at 30 June 2015 (2014: nil).

5.2 Contingent liabilities

The Group has no contingent liabilities as at the date of this report (2014: nil).

5.3 Commitments

For details of commitments on properties to be expanded see Note 3.1.

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*	
			2015	2014
			%	%
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

Notes to the Financial Statements

Section 5: Other notes (cont.)

5.4 Controlled entities (cont.)

Name of entity	Country of domicile / incorporation	Class of units / shares	Equity holding* 2015 %	Equity holding* 2014 %
Eagle Farm Property Trust	Australia	Ordinary	**100.00**	100.00
Yatala 1 Property Trust	Australia	Ordinary	**100.00**	100.00
Yatala 2 Property Trust	Australia	Ordinary	**100.00**	100.00
Yatala 3 Property Trust	Australia	Ordinary	**100.00**	100.00
South Brisbane 1 Property Trust	Australia	Ordinary	**100.00**	100.00
South Brisbane 2 Property Trust	Australia	Ordinary	**100.00**	100.00
SW1 Car Park Trust	Australia	Ordinary	**100.00**	100.00
World Park Property Trust	Australia	Ordinary	**100.00**	100.00
Building 2 Richmond Property Trust	Australia	Ordinary	**100.00**	100.00
Derrimut Property Trust	Australia	Ordinary	**100.00**	100.00
Dandenong South Property Trust	Australia	Ordinary	**100.00**	100.00
Nundah Property Trust	Australia	Ordinary	**100.00**	100.00
Rabinov Property Trust	Australia	Ordinary	**100.00**	100.00
Rabinov Property Trust No. 2	Australia	Ordinary	**100.00**	100.00
Rabinov Property Trust No. 3	Australia	Ordinary	**100.00**	100.00
Ann Street Property Trust	Australia	Ordinary	**100.00**	100.00
CB Property Trust	Australia	Ordinary	**100.00**	100.00
New South Wales 2 Property Trust	Australia	Ordinary	**100.00**	100.00
Richmond Car Park Trust	Australia	Ordinary	**100.00**	100.00
Mort Street Property Trust	Australia	Ordinary	**100.00**	100.00
Erskine Park Pharmaceutical Trust	Australia	Ordinary	**100.00**	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**	100.00
Charles Street Property Trust	Australia	Ordinary	**100.00**	100.00
Wellington Road Property Trust	Australia	Ordinary	**100.00**	-
1500 Ferntree Gully Road Property Trust	Australia	Ordinary	**100.00**	-
6 Kingston Park Court Property Trust	Australia	Ordinary	**100.00**	-
3 Millennium Court 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 2015 the parent of the Group was Growthpoint Properties Australia Trust.

	2015	2014
	$'000	$'000
Result of the parent entity		
Profit for the period	283,175	117,454
Other comprehensive expense	(110,685)	(86,790)
Total comprehensive income for the period	172,490	30,664
Financial position of the parent entity at year end		
Current assets	45,750	24,198
Total assets	2,389,590	2,123,241
Current liabilities	119,728	108,220
Total liabilities	1,030,173	1,006,385
Net assets	1,359,417	1,116,856
Total equity of the parent entity comprising:		
Contributed equity	1,327,265	1,257,194
Retained profits / (losses)	32,152	(140,338)
Total equity	1,359,417	1,116,856

The contractual obligations of the parent entity are identical to those disclosed on Note 3.1

5.6 Subsequent events

On 13 July 2015 the Group exchanged contracts to acquire an industrial property at 1-3 Pope Court, Beverley, South Australia for $20.8 million (prior to acquisition costs). The property settled on 17 July 2015.

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 58 to 67, are in accordance with the *Corporations Act 2001* (Cth), including:

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

ii) giving a true and fair view of the Group's financial position as at 30 June 2015 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* (Cth) from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2015.

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

T.J. Collyer.

Timothy Collyer
Managing Director

Melbourne, 17 August 2015

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 2015 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

Dean Waters
Partner

Melbourne

17 August 2015

Independent auditor's report

KPMG

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

Report on the financial report

We have audited the accompanying financial report of Growthpoint Properties Australia (the Group), which comprises the consolidated statement of financial position as at 30 June 2015, consolidated statement of profit and loss and other comprehensive, 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 2015 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 58 to 67 of the directors' report for the year ended 30 June 2015. The directors of the company 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 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Dean Waters
Partner

Melbourne

17 August 2015

About Growthpoint South Africa[1]

Growthpoint Properties Limited of South Africa ("GRT") owns 65% of the securities of Growthpoint (at 30 June 2015) and is its major Securityholder.

V&A Waterfront, Cape Town, South Africa

The Place, Sandton, South Africa

Other information about GRT

- The largest listed South African and emerging market REIT
- The only REIT included in the *JSE* Top 40 Index
- Consistent record of growth and creating value for investors with 7.4% compound average annual growth in distributions over the past 5 years
- Underpinned by high-quality, physical property assets, diversified across sectors (Retail, Office and Industrial)
- Sustainable quality of earnings that can be projected with a high degree of accuracy
- Good corporate governance with transparent reporting
- Proven management track record
- Included in the JSE Socially Responsible Investment (SRI) Index.
- Recipient of multiple sustainability, governance and reporting awards
- *Baa2* rating from Moody's

Rationale for investment in Growthpoint:

- Solid property fundamentals
- Benefits of international diversification with exposure to a developed and stable economy
- Low risk due to blue chip tenant base
- Longer lease lengths
- Steady and predictable income stream
- Solid management team
- Alignment of business strategy

Growthpoint represents:

- 21.3% of GRT's *gross assets*
- 25.1% of GRT's net property income
- 15.6% of GRT's total distributable income

Key Facts

Listing	GRT is listed on the Johannesburg Stock Exchange (JSE)
Ranking on the JSE	29th by market capitalisation
Exchange rate used	AUD:ZAR=9.4
Market capitalisation (30 June 2015)	**R71.7B / AUD7.6B**
Gross assets	R106.4 / AUD11.3b
Net assets	R63.4 / AUD6.7b
Gearing (SA only)	32.1%
No. of employees (SA only)	701
Properties	471 properties in South Africa, including 50% ownership of the prestigious V&A Waterfront

1. All information supplied by GRT (figures as at last publicly released).

Securityholder information

Top 20 Legal Securityholders
as at 30 June 2015

Refer to the graphs on pages 46-47 for more information in relation to beneficial Securityholders. 46

Rank	Name	No. of Securities	% of Securities
1.	Growthpoint Properties Limited	369,703,413	64.97
2.	HSBC Custody Nominees (Australia) Limited	41,191,900	7.24
3.	Emira Property Fund	27,225,813	4.78
4.	J P Morgan Nominees Australia Limited	24,751,600	4.35
5.	National Nominees Limited	21,383,815	3.76
6.	Citicorp Nominees Pty Limited	18,633,157	3.27
7.	BNP Paribas Noms Pty Ltd <DRP>	8,234,534	1.45
8.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	4,137,442	0.73
9.	HSBC Custody Nominees (Australia) Limited <A/C 3>	3,672,456	0.65
10.	Sharon Investments Pty Ltd	2,752,000	0.48
11.	Brispot Nominees Pty Ltd	2,447,511	0.43
12.	Rabinov Holdings Pty Ltd	2,189,990	0.38
13.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	1,278,456	0.22
14.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C >	1,275,974	0.22
15.	BNP Paribas Noms (NZ) Ltd	688,155	0.12
16.	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	666,372	0.12
17.	Mr Max Karl Koep	625,000	0.11
18.	Sandhurst Trustees Ltd <Berkholts Investments A/C>	537,809	0.09
19.	Gaba Pty Ltd <Super Fund A/C>	500,000	0.09
20.	Mr Timothy James Collyer	468,511	0.08
Total Top 20 legal holders of fully paid stapled securities		**532,363,908**	**93.56**
Total Remaining Holders Balance		**36,663,873**	**6.44**

Distribution of Securityholders
as at 30 June 2015

Range	Total holders	Securities	% of Issued Capital
1 - 1,000	727	363,691	0.06
1,001 - 5,000	1,363	3,745,595	0.66
5,001 - 10,000	525	3,910,178	0.69
10,001 - 100,000	667	17,791,722	3.13
100,001 - 9,999,999,999	74	543,216,595	95.46
Total	**3,356**	**569,027,781**	**100.00**

As at 30 June 2015, there were 569,027,781 fully-paid stapled securities held by 3,356 individual Securityholders.

2015/2016 Securityholder calendar*

2015

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

25 Nov 2015
Annual General Meeting (webcast available for Securityholders unable to attend)

2016

15 Feb 2016
Results for the half year ended 31 December 2015 announced to ASX

29 Feb 2016
Distribution paid for the half year ended 31 December 2015

Half year report sent to Securityholders

15 Aug 2016
Results for the year ended 30 June 2016 announced to ASX

31 Aug 2016
Distribution paid for the half year ended 30 June 2016

Annual Tax Statement for year ended 30 June 2016 mailed

FY16 report sent to Securityholders

24 Nov 2016
Annual General Meeting (webcast available for Securityholders unable to attend)

* Dates indicative and subject to change by the Board.

Growthpoint property portfolio

Industrial portfolio

Address		Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
		$'000		%	%			m²	m²
Victoria									
28 Bilston Dr	Wodonga	80,500	Savills	7.75	8.50	Woolworths	6.1	57,440	250,000
120 Northcorp Blvd	Broadmeadows	76,700	Urbis	7.00	8.00	Woolworths	6.1	58,320	250,000
522-550 Wellington Rd	Mulgrave	60,700	Directors	7.00	8.25	Woolworths	6.1	68,144	191,200
40 Annandale Rd	Melbourne Airport	37,100	Savills	8.75	9.25	Star Track Express	4.0	44,424	75,325
1500 Ferntree Gully Rd & 8 Henderson Rd	Knoxfield	36,550	Directors	7.25	8.50	Brown & Watson International	8.3	22,009	40,844
9-11 Drake Blvd	Altona	29,600	Directors	7.00	8.25	Peter Stevens Motorcycles	6.3	25,743	41,730
213-215 Robinsons Rd	Ravenhall	26,400	Savills	6.75	8.25	Fuji Xerox	10.0	21,092	45,020
130 Sharps Rd	Melbourne Airport	24,800	Directors	8.50	9.75	Laminex Group	7.0	28,100	47,446
101-103 William Angliss Dr	Laverton North	24,100	Directors	7.00	8.50	Scott's Refrigerated Freightways	13.7	8,871	37,350
Lots 2, 3 & 4, 44-54 Raglan St	Preston	21,400	Directors	8.00	8.75	Paper Australia	4.2	26,980	42,280
120-132 Atlantic Dr	Keysborough	21,000	Directors	6.50	8.25	Symbion	13.5	12,864	26,181
365 Fitzgerald Rd	Derrimut	17,400	Savills	7.50	8.25	Bridgestone Australia Ltd	4.7	16,114	29,860
120 Link Rd	Melbourne Airport	17,350	Directors	8.75	9.75	The Reject Shop	1.6	26,517	51,434
20 Southern Crt	Keysborough	13,400	Urbis	7.25	8.50	Australand Rent Guarantee	3.8	11,430	19,210
60 Annandale Rd	Melbourne Airport	12,600	Savills	9.50	10.00	Willow Ware Australia	2.8	16,276	34,726
6 Kingston Park Crt	Knoxfield	11,100	Directors	7.25	8.50	NGK Spark Plug	6.9	7,645	12,795
3 Millennium Crt	Knoxfield	9,250	Directors	7.75	8.50	Orora	0.7	8,040	14,750
31 Garden St	Kilsyth	9,100	Directors	8.00	8.50	Cummins Filtration	3.4	8,919	17,610
45-55 South Centre Rd	Melbourne Airport	8,300	Directors	8.75	9.75	Willow Ware Australia	1.7	14,082	24,799
19 Southern Crt	Keysborough	7,825	Urbis	7.50	8.50	Transms	3.8	6,455	11,650
75 Annandale Rd	Melbourne Airport	6,900	Savills	9.75	10.00	Neovia Logistics Services	1.3	10,280	16,930
Queensland									
70 Distribution St	Larapinta	193,500	Directors	7.00	8.50	Woolworths	6.7	75,425	250,900
13 Business St	Yatala	15,050	Directors	7.75	8.75	Reward Supply Co.	4.2	8,951	18,630
29 Business St	Yatala	11,900	Urbis	8.00	9.00	CMC Coil Steels	1.8	8,680	16,460
670 Macarthur Ave	Pinkenba	8,800	Urbis	8.00	9.00	Reliance Worldwide Corp	2.8	5,578	10,360
5 Viola Pl	Brisbane Airport	8,500	Knight Frank	9.75	9.75	GPC Asia Pacific	2.0	14,726	35,166
10 Gassman Dr	Yatala	5,000	Urbis	8.00	9.00	Norman Ellison Carpets	2.3	3,188	6,480
3 Viola Pl	Brisbane Airport	2,500	Directors	8.75	9.75	Cargo Transport Systems	7.7	3,431	12,483
Western Australia									
20 Colquhoun Rd	Perth Airport	134,000	Directors	7.00	8.50	Woolworths	10.3	80,374	193,936
New South Wales									
27-49 Lenore Dr	Erskine Park	58,250	JLL	6.50	8.25	Linfox	8.2	29,476	71,410
6-7 John Morphett Pl	Erskine Park	42,500	Directors	6.75	8.50	Linfox	4.8	24,881	82,280
51-65 Lenore Dr	Erskine Park	28,000	Directors	6.50	8.25	Linfox	12.7	3,720	41,790
81 Derby St	Silverwater	14,600	Directors	7.50	8.50	IVE Group Australia	2.2	7,984	13,490

Growthpoint property portfolio

Address		Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
		$'000		%	%			m²	m²
South Australia									
599 Main North Rd	Gepps Cross	68,500	Directors	7.50	8.50	Woolworths	6.1	67,238	233,500
12-16 Butler Blvd	Adelaide Airport	14,200	Directors	8.75	9.50	Cheap as Chips	5.4	16,800	30,621
10 Butler Blvd	Adelaide Airport	8,500	Directors	9.00	9.75	Toll Transport	2.6	8,461	16,100

Office Portfolio

Address		Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
		$'000		%	%			m²	m²
Victoria									
Building 2, 572-576 Swan St	Richmond	78,500	CBRE	7.25	8.25	GE Capital Finance Australasia	2.7	14,660	7,201
211 Wellington Rd	Mulgrave	62,639	Directors	7.75	8.50	Monash University	5.6	12,718	10,930
Buildings 1 & 3, 572-576 Swan St	Richmond	54,850	CBRE	7.25	8.25	GE Capital Finance Australasia	2.7	10,250	16,819
Car Park, 572-576 Swan St	Richmond	1,200	CBRE	12.00	–	GE Capital Finance Australasia	2.7	-	3,756
Queensland									
1231-1241 Sandgate Rd	Nundah	93,200	Directors	7.00	8.75	Energex	11.3	12,980	4,451
333 Ann St	Brisbane	91,000	Knight Frank	7.75	8.50	QLD Local Government Super Board	2.3	16,490	1,563
CB1, 22 Cordelia St	South Brisbane	83,000	Knight Frank	7.00	8.75	Downer EDI Mining	6.9	11,529	5,772
A1, 32 Cordelia St	South Brisbane	65,250	Knight Frank	7.00	8.75	Jacobs Engineering	3.3	10,125	2,667
A4, 52 Merivale St	South Brisbane	58,500	Directors	7.75	8.75	Macmahon Contractors	1.9	9,405	2,331
CB2, 42 Merivale St	South Brisbane	48,300	LandMark White	7.00	8.00	Peabody Energy	8.7	6,598	3,158
Car Park, 32 Cordelia St & 52 Merivale St	South Brisbane	14,650	Directors	7.25	8.75	Secure Parking	4.4	-	9,319
South Australia									
33-39 Richmond Rd	Keswick	61,000	Knight Frank	8.00	9.00	Coffey Corporate	8.0	11,835	4,169
7 Laffer Dr	Bedford Park	16,700	Knight Frank	11.75	10.25	Westpac Banking Corporation	3.1	6,639	33,090
New South Wales									
1 Charles St	Parramatta	261,500	Directors	6.75	8.00	NSW Police Department	8.9	31,954	6,460
Building C, 219-247 Pacific Hwy	Artarmon	103,500	Directors	7.00	8.25	Fox Sports	6.7	14,496	4,212
Tasmania									
89 Cambridge Park Dr	Cambridge	27,800	Directors	8.00	8.50	Hydro Tasmania Consulting	8.8	6,876	28,080
Australian Capital Territory									
10-12 Mort St	Canberra	85,000	JLL	7.00	8.50	Commonwealth of Australia	9.7	15,398	3,064

Index

More detailed information is available on our website **www.growthpoint.com.au** including detailed frequently asked questions at **www.growthpoint.com.au/investor-centre/Securityholder-information/faqs**

WWW

Acknowledgement of traditional custodians

Growthpoint acknowledges the traditional custodians of the land on which its properties are situated and pays its respects to their Elders, past and present, and extends that respect to other indigenous Australians.

Growthpoint in particular acknowledges the following traditional custodians:

Australian Capital territory
Ngunnawal people

New South Wales
Boromedegal people
Darug people
Gamaraygal people

Queensland
Turrbal people
Yugara (Jagera) people
Yugambeh people

South Australia
Kaurna people

Tasmania
Moomairremener people

Victoria
Boonerwrung people
Gunung-Willam-Balluk people
Wathaurung people
Wiradjuri people
Wurundjeri people
Yalukit Wilum people

Western Australia
Noongar people

Traditional custodians

"Traditional custodian" is a term used to describe the original Aboriginal or Torres Strait Islander peoples who inhabited an area.

Traditional custodians today are descendants of these original inhabitants and have continuing spiritual, cultural, political and often physical connection with particular land where their ancestors lived.

Why is Growthpoint making an acknowledgement?

Growthpoint respects all people regardless of their ethnic, cultural or linguistic background and respects the unique and unbroken connection of Australia's first peoples to its land.

Our acknowledgement is a symbol of this respect.

Glossary

Fold out the back cover to find our full glossary which can be viewed while reading this report.

Glossary of phrases used in this report

Baa2	a debt rating issued by Moody's equivalent to BBB issued by S&P. The Moody's system runs from highest to lowest Aaa Aa A Baa Ba B Caa Ca C with the numbers 1-3 denominating modifiers of this rating i.e. Baa2 is higher than Baa3 or Ba1.
directors' valuation	a property valuation undertaken by Growthpoint's Directors (i.e. it is not an independent valuation) on the basis of a recommendation from Growthpoint's management. Typically, this process will be undertaken by comparing recent independent valuations of similar Growthpoint property
hedged and hedging	in this report, hedging solely refers to reducing interest rate risk by swapping floating debt for fixed debt
independent valuation or external valuation	a property valuation undertaken by a qualified valuer in accordance with Growthpoint's valuation policy who is independent from the Group (i.e. not a director, employee or related party)
internalised management	management is undertaken by an internal party rather than an external one. For Growthpoint, this means that its owners own both the trust which owns individual properties assets (the Trust) and the manager of that trust (the Company)
long-term	at least 3 years but generally more than 7 years
medium-term	typically, 1-5 years but can be up to 7 years
short-term	typically, up to 12 months

Glossary of terms

$ or dollar	refers to Australian currency unless otherwise indicated
AFSL	Australian Financial Services Licence
A-REIT	Australian Real Estate Investment Trust
ANZ	Australia and New Zealand Banking Group Limited
ASX	Australian Securities Exchange
B	billion
Bilateral Facility	loan facility from NAB to Growthpoint
Board	the board of directors of the Company
Cap rate or capitalisation rate	refers to the market income produced by an asset divided by its value or cost
CBA	Commonwealth Bank of Australia
CBD	central business district
CBRE	an international professional services and investment management firm formerly known as CB Richard Ellis
Company or responsible entity	Growthpoint Properties Australia Limited
cps	cents per security
distributions	the amount Securityholders receive by way of income in their hand (before any tax or brokerage costs). It is similar to a dividend by a company but it is payable by the Trust
distributable income	refer to explanation at the top of page 21
dps	distribution per security
fund-through	a mechanism under which an entity (in this report typically Growthpoint) funds development as completion of works occur
FY11, FY12, FY13, FY14 and FY15	the 12 months ended on 30 June in the year listed i.e. “FY15” means the 12 months ended 30 June 2015
FY16, FY17, FY18, FY19 and FY 20	the 12 months ending 30 June in the year listed i.e. “FY16” means the 12 months ending 30 June 2016
Gearing	interest bearing liabilities divided by total assets
GOZ	the ASX trading code that Growthpoint trades under. The ASX codes GOZN and GOZNA have previously been used but are no longer on issue
Green Star	an internationally recognised sustainability rating system issued by the Green Building Council in Australia
gross assets	the total value of assets before any reduction for debt secured against these assets
Growthpoint or the Group	Growthpoint Properties Australia comprising the Company, the Trust and their controlled entities
Growthpoint SA or GRT	Growthpoint Properties Limited of South Africa (Growthpoint’s majority Securityholder) which trades on the JSE under the code “GRT”
IFRS	International Financial Reporting Standards
JLL	the Australian arm of Jones Lang LaSalle, an international professional services and investment management firm
JSE	Johannesburg Stock Exchange
Loan Notes	$200 million of borrowing from a life insurer based in the United States of America to Growthpoint issued at a fixed interest rate for 10 years
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
MSCI	MSCI Inc., an independent, international research group
NAB	National Australia Bank Limited
NABERS	National Australian Built Environment Rating System (a national system for measuring environmental performance of buildings)
NPI	net property income
NTA	net tangible assets
PwC	the professional services firm previously known as PriceWaterhouseCoopers
S&P	Standard & Poor’s
Securityholder	an owner of Growthpoint securities
sustainability	a process for ensuring activities are able to be continued and assets and resources are able to endure for a medium-long-term
Syndicated Facility	syndicated loan facility from CBA, NAB, WBC and ANZ to Growthpoint
Trust	Growthpoint Properties Australia Trust
WARR	weighted average rent review
WALE	weighted average lease expiry
WBC	Westpac Banking Corporation

Company directory

Growthpoint Properties Australia

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Growthpoint Properties Australia **2015 Annual Report**

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GROWTHPOINT PROPERTIES