

Independent Reasonable Assurance Report to the Directors and Management of Growthpoint Properties Australia Limited

Assurance conclusion

Based on our reasonable assurance procedures, as described in this statement as of 9 April 2018, in our opinion Growthpoint Properties Limited's ("Growthpoint's") bond issuance process in relation to its 2018 Green Bond meets the project identification, project minimum criteria, management of proceeds, and reporting requirements of the Climate Bond Standard v2.1 and the Green Bond Principles (June 2017), in all material respects.

Scope

We have performed a reasonable assurance engagement, as of 9 April 2018, in relation to Growthpoint Properties Australia Limited's Green Bond pre-issuance in order to provide an opinion as to whether the subject matter detailed below ('Subject Matter') meets, in all material respects, the criteria as presented below.

Subject Matter and Criteria

The subject matter and associated criteria for this reasonable assurance engagement are set out in the table below:

Subject Matter	Criteria
<p>Growthpoint's Green Bond pre-issuance process, as described in Growthpoint's Green Bond Documentation, including the Green Bond Framework that sets out:</p> <ul style="list-style-type: none"> • Use of proceeds • Project selection criteria • Internal systems and processes used to manage the proceeds and report on the Green Bond 	<p>The Climate Bond Initiatives ("CBI") Standard v2.1 and the Climate Bond Standard Sector Eligibility Criteria for Low Carbon Buildings – Commercial Buildings.</p> <p>Criteria found at these links: https://www.climatebonds.net/files/files/Climate%20Bonds%20Standard%20v2_1%20-%20January_2017.pdf https://www.climatebonds.net/files/files/Commercial%20Property%20Criteria.pdf</p> <p>The Green Bond Principles' (June 2017) requirements on:</p> <ul style="list-style-type: none"> • Use of Proceeds • Process for Project Evaluation and Selection • Management of Proceeds • Reporting <p>Criteria found at this link: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf</p>

Management Responsibility

The management of Growthpoint Properties Australia Limited is responsible for the collection, preparation, and presentation of the Subject Matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the Green Bond issuance process.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance conclusion as to whether the Subject Matter is presented in accordance with the criteria, in all material respects. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements ASAE 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ASAE 3000').

Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing, and other evidence-gathering procedures that are sufficient for us to obtain a sufficient level of assurance as the basis for a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement, including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our procedures were not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Approach

Our assurance procedures performed included, but were not limited to:

- Reviewing the policies and procedures established by Growthpoint relating to the pre-issuance of the Green Bond to assess whether they were aligned to the requirements of the Climate Bond Standard v2.1 and the Green Bond Principles (June 2017)
- Confirming the eligibility of assets for inclusion in Growthpoint's Green Bond against Growthpoint's Green Bond Framework
- Interviewing selected business units and group level personnel to understand key issues related to Growthpoint's relevant policies and procedures
- Checking the accuracy of asset valuations
- Requesting documentation supporting assertions made in the Subject Matter
- Seeking management representation on key assertions.

Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000, the Climate Bond Standard v2.1, and the Green Bond Principles (June 2017) is subjective and will be interpreted differently by different stakeholder groups.

Our assurance was limited to the Growthpoint's Green Bond pre-issuance, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as of 9 April 2018, ahead of the issuance of Growthpoint's Green Bond. The firm has no other relationship with, or interests in, Growthpoint.

Use of Report

Our responsibility in performing our assurance activities is to the Directors of Growthpoint only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Growthpoint's Green Bond issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

Our Independence and Assurance Team

In accordance with APES 110 *Code of Ethics for Assurance Practitioners*, the firm and all professional personnel involved in this engagement have met the independence requirements of Australia or International professional ethical requirements. Our team has the required competencies and experience for this assurance engagement.

Observations on particular aspects of our engagement:

We provide selected observations aligning to the Climate Bond Standard v2.1 and the Green Bond Principles (June 2017) core components, to provide the reader with further understanding on how this Green Bond meets the criteria. These observations are not intended to detract from our conclusion provided above.

Use of Proceeds:

- Proceeds from this Green Bond will be used for refinancing purposes of general corporate lending
- Proceeds support the value of six commercial buildings owned by Growthpoint across Australia, that together have a portfolio weighted average emissions intensity that is below the CBI weighted average city baseline for a seven year bond
- If the portfolio fails to meet the CBI weighted average city baseline, assets will be removed or replaced within the asset pool of the bond, if required

- Each of the buildings also holds a rating developed from the National Australian Built Environment Rating System (NABERS) of 4.5 stars or above. NABERS rates the actual environmental operational performance of office buildings across Energy, Water, Waste and Indoor Environment. It rates buildings from 0 to 6 Stars. Buildings that achieve a 4, 5, or 6 Star rating are equivalent to good performance, excellent performance, and market leading performance and aspirational performance respectively
- The use of proceeds of this bond aligns with the Green Bond Principles' project category "green buildings which meet regional, national or internationally recognised standards and certifications" and the CBI's sector eligibility criteria for Low Carbon Buildings – Commercial Buildings

Process for Project Evaluation and Selection

- Growthpoint has developed a Green Bond Framework that outlines the environmental objective of the bond, eligibility criteria for determining Eligible Assets and the process for project selection and evaluation.

Management of Proceeds

- Growthpoint has implemented processes to manage the funds received from the Green Bond and to monitor the use of proceeds. These processes include:
 - An ear-marking process through existing systems to designate the use of funds received to new projects or refinanced projects
 - A monthly process for monitoring the on-going use of proceeds
 - A process for deploying any unallocated proceeds to temporary cash equivalent investments
 - An annual process for monitoring the fair market values and continuing eligibility of assets in the Green Bond through the maintenance of a register
- Growthpoint will obtain pre-issuance assurance over the Green Bond issuance and have committed to seeking independent assurance 12 months post-issuance, and then at least every two years after the initial post-issuance assurance.

Reporting

- Growthpoint will report on the use of proceeds of the Green Bond at least annually, which will include a list of nominated assets, the value of the nominated assets, comparison and conformance to eligibility criteria, and the amount of proceeds allocated to each Green Project .



Ernst & Young



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