Operating Sustainably

Growthpoint has developed a sustainability program which encompasses environmental, social and governance (ESG) reporting.

Sustainability initiatives focused on Securityholders, tenants and other stakeholders as well as the broader community, have been established to help ensure Growthpoint remains a sustainable business.

Steve Lee
Manager – Projects & Sustainability

2016 Sustainability Report (available online only)

To reduce paper and enable fulsome reporting, a separate, online only Sustainability Report has been produced.

investors.growthpoint.com.au/SustainabilityReport/2016/

The Sustainability Report includes:

1. Growthpoint's approach to *sustainability* including an overview of its program and matters considered material.
2. An overview of specific environmental, social and governance objectives and performance.
3. Environmental sustainability including:
   – *NABERS* ratings;
   – *Green Star* ratings; and
   – greenhouse gas emissions data.
4. Social sustainability including:
   – health and safety;
   – community contributions; and
   – employee well-being, diversity and training.
5. Governance including:
   – overview of governance;
   – due diligence processes;
   – approach to risk;
   – a "SWOT" analysis on Growthpoint;
   – approach to challenges and uncertainties;
   – biographies of directors and executive management;
   – reporting and management structure;
   – outsourcing overview; and
   – Corporate Governance Statement.
6. Global Reporting Initiative (GRI) Index.

Appointment of sustainability manager

Growthpoint's project manager, Steve Lee, has had his role expanded to include sustainability management. As a large part of Growthpoint's sustainability program involves environmental monitoring and improving performance, Steve's significant experience in these matters will be increasingly important for Growthpoint.

Global sustainability benchmarking

In FY16, Growthpoint participated in the following for the first time.

Carbon Disclosure Project (CDP)

CDP is a global initiative to "transform the way the world does business to prevent dangerous climate change and protect our natural resources"[35]. CDP collects data, primarily in relation to carbon emissions, from a range of primarily listed entities to help reveal risk for investors. Most of the S&P/ASX 200 constituents contribute to the annual survey and Growthpoint received an invitation to participate for the first time in 2016 following its inclusion in the S&P/ASX 200 index in 2015. Results are expected to be released in November 2016. Further details are available at:

www.cdp.net

Global Real Estate Benchmarking (GRESB)

"GRESB is an industry-driven organization committed to assessing the *ESG* performance of real assets globally, including real estate portfolios and infrastructure assets. More than 200 members, of which about 60 are pension funds and their fiduciaries, use the GRESB data in their investment management and engagement process, with a clear goal to optimize the risk/return profile of their investments."[36] Growthpoint participated in the annual GRESB survey for the first time in 2016 with the results due in September 2016. Further details available at:

www.gresb.com

35. Source https://www.cdp.net/en-US/Pages/About-Us.aspx
36. Source: https://www.gresb.com/about

Global Reporting Initiative (GRI)

"GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others."[37] GRI aims to ensure consistency of *ESG* reporting across different countries, entities and industries. Growthpoint's FY16 reporting suite has been prepared in accordance with GRI G4 guidelines.

44 Interested readers should refer to the GRI index at page 44 of the Sustainability Report. Further details are available at:

www *www.globalreporting.org*

Among other considerations, Growthpoint has decided to participate in the above benchmarking to:

1. Provide investors with requested information.
2. Promote itself to current and potential investors.
3. Benchmark itself against its peers.
4. Use the questions and results as prompts for the development of Growthpoint's business.
5. Better understand risk.
6. Help meet stakeholder and community expectations.

Growthpoint SA

Growthpoint SA has an extensive sustainability program which has been developed over many years. Further details are available at:

www *growthpoint.co.za/Pages/CorporateSocialInvestment.aspx*

Growthpoint has attempted to replicate Growthpoint SA's model to the extent relevant for Growthpoint's business having regard to its much smaller size and the different expectations of investors, employees and other stakeholders in Australia compared to South Africa.

Our approach to Sustainability

Growthpoint's sustainability model is intended to lead to:

1. sustainability of Growthpoint as a vehicle to increase Securityholder wealth;
2. sustainability of the communities and physical environments in which Growthpoint operates and invests; and
3. better, more transparent and more measurable performance by Growthpoint.

Environment

Specific initiatives

- 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* energy ratings across office 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

Social

Specific initiatives

- Donations and workplace giving program
- Develop partnerships with community organisation in areas that Growthpoint operates in
- Employees to undertake volunteering each year
- Employees to receive regular work health and safety checks
- Providing continuing professional development or training each financial year for employees
- Diversity objectives created and worked towards
- No workplace injuries

Governance

Specific initiatives

- Obtain and retain investment grade rating to help secure capital when required
- Introduction of internal audit function using an audit plan by external consultants
- Comprehensive compliance and risk framework is maintained and is independently audited by external auditors
- To improve investor communications
- Business updates will be provided at least each calendar quarter
- No significant breaches of trust compliance plan or the Groups policies, procedures or constituent documents

37. Source: https://www.globalreporting.org/Information/about-gri/Pages/default.aspx

Board of Directors

Full bios on all Directors can be found online at ***growthpoint.com.au/about/board/***

Geoffrey Tomlinson (68)
Independent Chairman & Director

BEC

Chairman since 1 July 2014, Director since 1 September 2013

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

Current Australian directorships of public companies[38]: Calibre Limited and IRESS Limited.

Timothy Collyer (48)
Managing Director

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

Director since 12 July 2010

Current Australian directorships of public companies[38]: Nil

Maxine Brenner (54)
Independent Director

BA, LLB

Director since 19 March 2012

Committees: Audit, Risk & Compliance (Chair)

Current Australian directorships of public companies[38]: Orica Limited, Origin Energy Limited and Qantas Airways Limited

Estienne de Klerk (47)
Director[39]

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

Director since 5 August 2009

Committees: Audit, Risk & Compliance

Current Australian directorships of public companies[38]: Nil

Grant Jackson (50)
Independent Director

Assoc. Dip. Valuations, FAPI

Director since 5 August 2009

Committees: Audit, Risk & Compliance

Current Australian directorships of public companies[38]: Chief Executive Officer and Director of m3property (and related entities)

Francois Marais (61)
Independent Director

BCom, LLB, H Dip (Company Law)

Director since 5 August 2009

Committees: Nomination, Remuneration & HR

Current Australian directorships of public companies[38]: Nil

Norbert Sasse (51)
Director[40]

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

Director since 5 August 2009

Committees: Nomination, Remuneration & HR (Chair)

Current Australian directorships of public companies[38]: Nil

Executive Management

Full bios on all Executive Management can be found online at ***growthpoint.com.au/about/executive-management/***

Aaron Hockly (38)
Chief Operating Officer

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

Michael Green (36)
Head of Property

B.Bus (Prop)

Dion Andrews (43)
Chief Financial Officer

B.Bus, FCCA

38. In addition to Group entities.
39. Not deemed independent as Managing Director of GRT.
40. Not deemed independent as CEO of GRT.

Remuneration report

The Directors present this "Remuneration Report" for the Group for the year ended 30 June 2016. This report summarises key compensation policies and provides detailed information on the compensation for Directors and other key management personnel.

Over the last five years, as the business has grown, Growthpoint has increased remuneration to retain market competitiveness.

This Remuneration Report is divided into the following sections:

1. Nomination, Remuneration & HR Committee.
2. Non-Executive Director Remuneration.
3. Executive Director Remuneration.
4. Employee Remuneration.
5. *Short-term* Incentives ("STI").
6. *Long-term* Incentives ("LTI").
7. Director and Senior Executive Performance Reviews.
8. FY17 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).

A brief look inside:

- 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
- The Nomination, Remuneration & HR Committee seeks to provide a consistent remuneration strategy over the medium term and minimise significant changes to the remuneration structure. This helps ensure (1) remuneration motivates employees appropriately and (2) Securityholders have a clear understanding of Growthpoint's remuneration strategies and why/how management is incentivised
- This report has been expanded following Securityholder feedback

Impact of performance on Securityholders' wealth

		FY16	FY15	FY14	FY13	FY12
Profit attributable to Securityholders	*$'000*	**224,269**	283,004	117,348	93,956	49,487
Dividends and distributions paid	*$'000*	**118,134**	110,685	86,790	72,590	57,383
Distribution per stapled security	*$*	**0.205**	0.197	0.190	0.183	0.176
Closing stapled security price	*$*	**3.15**	3.13	2.45	2.40	2.10
Change in stapled security price	*$*	**0.02**	0.68	0.05	0.30	0.21
Total Securityholder return[41]	*%*	**7.4**	36.4	10.8	23.6	21.6
Return on equity	*%*	**15.9**	23.9	17.5	13.1	4.8

Board meeting attendance (FY16)

Names	Meetings eligible to attend	Attendance
Geoffrey Tomlinson	12	11
Grant Jackson	12	10
Francois Marais	12	10
Norbert Sasse	12	11
Estienne de Klerk	12	9
Timothy Collyer	12	12
Maxine Brenner	12	9

41. Source: UBS Investment Research.

Nomination, Remuneration & 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 Nomination, Remuneration & HR 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.

Impact 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

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measures in the table on page 39 in respect of the five financial years ended 30 June 2016.

Committee members

The members of the Nomination, Remuneration & HR Committee during the year and at the date of this Report are:

- Norbert Sasse (Chair) – non-executive director
- Francois Marais – independent, non-executive director
- Geoff Tomlinson – independent, non-executive director

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 $28,050 for providing these services. The Company did not engage PwC for any other work during FY16.

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.

The Committee also had regard to additional third party industry remuneration benchmarking surveys.

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

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The total remuneration paid to Non-Executive Directors for FY16 are listed on page 46 of this report and the proposed FY17 remuneration is on page 47.

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

81 Directors hold securities in the Group (refer to page 81 for details of Director holdings).

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 and accommodation 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

The total remuneration paid or payable 46 to the Managing Director for FY16 is listed on page 46 of this report and the proposed remuneration 47 parameters for FY17 are on page 47.

Service contract

The Managing Director has a contract of employment dated 22 August 2016 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 with not less than nine 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.

Principles of remuneration for the Managing Director

The principles of remuneration for the Managing Director are:

1. The Managing Director should receive total remuneration which is competitive with 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. 42 Refer to page 42 for measures for the FY16 STI and the FY17 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 to the Managing Director;
   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 81 Director holds securities in the Group (refer to page 81 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. Refer to 47 page 47 for more details of redundancy entitlements.

Employee Remuneration

There are currently 16 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 46 Management Personnel for FY16 is listed on page 46 of this report 47 and the proposed remuneration parameters for FY17 are on page 47.

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 which is competitive with 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 & HR Committee up to a maximum amount set by the Board. Refer to the table below for measures for the FY16 STI and the FY17 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 to the Employee; 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.

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 81 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 & HR Committee, in consultation with the Managing Director, and with assistance from remuneration consultants, establish performance targets and reward levels for STIs in respect of the year ahead. STI assessment is divided into two categories for:

1. Executive Management Team (EMT). The EMT comprises the Managing Director, Chief Operating Officer, Chief Financial Officer and Head of Property
2. Employees

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.

1. EMT STI Criteria

The STI is divided into two criteria, namely;

a) Financial criteria – 70% of total

The financial criteria is based upon achieving budgeted distributable income (21.3 cps for FY16 providing a 50% score) with the opportunity for outperformance, up to 125% achievement, of criteria via a "stretch target" for distributable income per security in excess of budget (up to 22.9 cps). If distributable income per security is below budget, the Board has discretion whether to grant achievement under the financial criteria. For FY16 the achievement was 78% for the financial criteria due to achievement of 21.9 cps.

b) Non-financial criteria – 30% of total

The non-financial criteria is based upon the performance criteria in the table at left. The criteria is reviewed and approved by the Committee before the start of the financial year and then monitored on a quarterly basis, with an overall assessment approved by the Committee post the end of the financial year. The quarterly review involves the Chairman of the Group and Managing Director jointly analysing actual performance against the criteria and preparation of a report to the Committee. The non-financial performance criteria for FY16 are outlined in the table at left.

2. Employee STI Criteria

Employees, other than the EMT, have their STI determined based upon individual performance reviews, achievement of individual KPI's and their personal contribution to the Group's success throughout a financial year. The STI amounts are based on recommendations to the Committee by the Managing Director.

Non-financial performance criteria for Short-term Incentives (STI) for FY16

Performance criteria	FY16 performance measures	FY16 Achievement
Company strategy (9% of total)	1. Consideration of significant acquisition or M&A opportunities. 2. Asset acquisitions. 3. Asset disposals. 4. Capital management initiatives. 5. Strategic portfolio asset management initiatives	**88%**
Property operations (9% of total)	1. Vacancy rate. 2. Non-recoverable property costs to income ratio. 3. Total rental arrears as a % of collectables. 4. Leasing outcomes versus budget. 5. Portfolio metrics (WALE, WARR, average building age etc).	**100%**
Stakeholder engagement (6% of total)	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.	**100%**
Development of people and culture (6% of total)	1. Employee retention. 2. Employee survey results. 3. Diversity initiatives. 4. Development of Growthpoint culture. 5. Employee training.	**95%**
Total non-financial score		**91% / 100%**

FY17 performance measures are substantially the same as FY16, however the weighting given to each may vary slightly

Long-Term Incentives ("LTI")

The Group has an Employee Securities Plan ("the Plan") in place for all Employees and the Managing Director since 2011. The Plan is designed to link Employees' remuneration with the *long-term* goals and performance of the Group with the aim of consistently increasing total Securityholder return.

All securities issued under the LTI are issued on a zero cost basis. In other words, directors and employees are issued securities as part of their remuneration without having to pay any amounts for them.

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 FY16 LTI and the FY17 LTI are[42]:

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[43] over a rolling 3 year period[44] 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 over a rolling 3 year period 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 & 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 60% of their respective *TFR*. 46 Refer to the table on page 46 for details of TFR for senior executives for FY15 and FY16 and to page 47 47 for details of TFR for senior executives for FY17.

All securities issued under the LTI are issued on a zero cost basis. In other words, directors and employees are issued securities as part of their remuneration without having to pay any amounts for them.

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.

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

		FY16			FY15	
	LTI Maximum of TFR	LTI Maximum	LTI Estimate	LTI Maximum of TFR	LTI Maximum	LTI Actual
	%	$	$	%	$	$
T. Collyer	80	680,000	530,400	80	649,880	519,904
A. Hockly	60	198,000	154,440	50	150,000	120,000
D. Andrews	60	192,000	149,760	50	141,700	113,360
M. Green	60	192,000	149,760	50	141,700	113,360
		1,262,000	**984,360**		**1,083,280**	**866,624**

42. 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.
43. 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.
44. 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 FY16

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 FY16
			$	No.	$	%
FY15 Plan	T. Collyer	27/11/15	127,097	40,736	N/A	25%
FY15 Plan	A. Hockly	9/10/15	29,250	9,375	N/A	25%
FY15 Plan	D. Andrews	9/10/15	27,505	8,816	N/A	25%
FY15 Plan	M. Green	9/10/15	27,505	8,816	N/A	25%
FY14 Plan	T. Collyer	9/10/15	126,226	40,457	N/A	25%
FY14 Plan	A. Hockly	9/10/15	28,688	9,195	N/A	25%
FY14 Plan	D. Andrews	9/10/15	26,639	8,538	N/A	25%
FY14 Plan	M. Green	9/10/15	26,639	8,538	N/A	25%
FY13 Plan	T. Collyer	9/10/15	138,040	44,244	138,040	25%
FY13 Plan	A. Hockly	9/10/15	30,813	9,876	30,813	25%
FY13 Plan	D. Andrews	9/10/15	28,348	9,086	28,348	25%
FY13 Plan	M. Green	9/10/15	27,731	8,888	27,731	25%
FY12 Plan	T. Collyer	9/10/15	98,791	31,664	-	25%
FY12 Plan	A. Hockly	9/10/15	21,954	7,036	-	25%
FY12 Plan	D. Andrews	9/10/15	20,033	6,421	-	25%
FY12 Plan	M. Green	9/10/15	19,209	6,157	-	25%

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, 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.

FY16 Achievement

The LTI Maximum for the Managing Director and other key management personnel for the year ended 30 June 2016 is given in the table on page 43. The LTI Achievement 43 cannot be calculated until the release of the benchmark data for the year ended 30 June 2016 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 2016, pro-rated over the period to which any securities under the LTI are issued.

As there is no minimum LTI Award, if none of the benchmarks were achieved for FY16, 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. FY13 – 98.6% of $30,000 = $29,580
2. FY14 – 80.0% of $30,000 = $24,000
3. FY 15 - 78.0% of $30,000 = $23,400

The volume weighted average price for the 20 trading days prior to 30 September 2015 was $3.12.

As a result, Mr Sample would be eligible to receive 6,168 Growthpoint Properties Australia securities in October 2015 comprising the following LTI Awards:

1. FY13 – 2,370 ($29,580/$3.12/4)
2. FY14 – 1,923 ($24,000/$3.12/4)
3. FY15 – 1,875 ($23,400/$3.12/4)

Director and Senior Executive Reviews

Director reviews

The performance of the Board and individual Directors is regularly considered by the Chairman who, from time to time, arranges Board meetings to specifically consider the function of the Board, the strategy of the Group and to hear any concerns/feedback directors. The Chairman typically meets with each individual Director not less than once per year. A relevant Board meeting and individual meetings all occurred in FY16.

The Chair of each Board sub-committee also regularly considers the performance of the committee he or she chairs.

Board composition

The Board currently comprises Directors with extensive experience and expertise in property, finance, law, investment banking, accounting and corporate governance.

30 Refer to pages 30-31 of the 2016 Sustainability Report for full profiles of each Director.

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.

Number of performance rights

Names	1 July 2015	Granted	Vested	30 June 2016
T. Collyer	121,371	162,944	(81,193)	**203,122**
A. Hockly	27,585	37,500	(18,570)	**46,515**
D. Andrews	25,614	35,264	(17,354)	**43,524**
M. Green	25,614	35,264	(17,354)	**43,524**

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 on page 42.

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 on page 42.

FY17 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 & HR Committee are trying to encourage through remuneration, FY17 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 a range of factors including persons remaining employed by the Company in their current role for all of FY17.

LTI

The LTI for FY17 has not changed from FY16 other than *TFR*s which have increased for all employees. Refer to page 43 for details about the LTI for FY16 and, accordingly, the FY17 LTI.

The figures included on page 47 are the maximum available for award under this scheme in respect of FY17.

STI

For the EMT, an STI award may be payable in respect of FY17 based on the following measures:

1) Financial criteria – 70%

The financial criteria is based upon achieving or outperforming budgeted distributable income per security for the financial year.

2) Non-financial measures (30% weighting) comprising those matters for FY16 (listed on page 42)

42 Refer to the table on page 42 for more details about STI performance measures.

An STI award for FY17 may be payable to other employees primarily on the basis of personal contribution to the achievement of any or all of the above.

Directors' and Executive Officers' Remuneration (FY16)

For the year to 30 June 2016	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)									
G. Tomlinson (Chairman)	162,100	-	-	15,400	-	-	-	177,500	0%
G. Jackson	94,520	-	-	8,979	-	-	-	103,500	0%
F. Marais	101,000	-	-	-	-	-	-	101,000	0%
N. Sasse	106,000	-	-	-	-	-	-	106,000	0%
E. de Klerk	103,500	-	-	-	-	-	-	103,500	0%
M. Brenner	101,644	-	-	9,656	-	-	-	111,300	0%
Executives (current)									
T. Collyer (Managing Director)	832,750	942,986	1,378	30,000	-	-	543,014	2,350,128	63%
A. Hockly (Chief Operating Officer)	304,950	173,614	-	30,000	-	-	138,884	647,449	48%
D. Andrews (Chief Financial Officer)	294,800	163,255	-	30,000	-	-	132,273	620,328	48%
M. Green (Head of Property)	294,800	163,255	-	30,000	-	-	132,022	620,077	48%

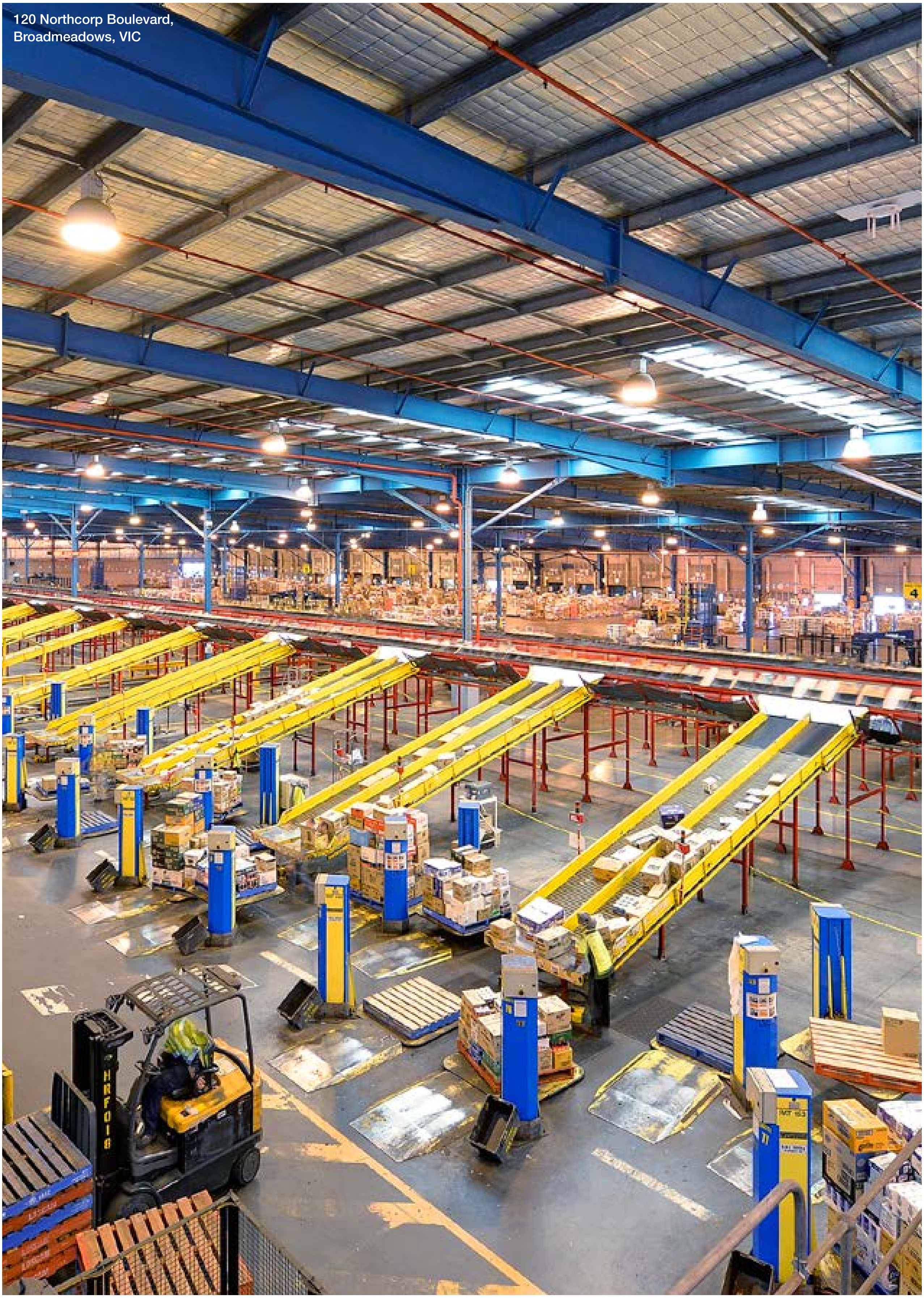
Directors' and Executive Officers' Remuneration (FY15)

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)									
G. Tomlinson (Chairman)	153,185	-	-	14,553	-	-	-	167,738	0%
G. Jackson	94,041	-	-	8,934	-	-	-	102,975	0%
F. Marais	95,000	-	-	-	-	-	-	95,000	0%
N. Sasse	100,000	-	-	-	-	-	-	100,000	0%
E. de Klerk	97,500	-	-	-	-	-	-	97,500	0%
M. Brenner	95,890	-	-	9,110	-	-	-	105,000	0%
Directors (former)									
L. Shaddock[45]	38,527	-	-	-	-	-	-	38,527	0%
Executives (current)									
T. Collyer (Managing Director)	796,281	939,727	12,828	18,444	-	-	554,460	2,321,740	64%
A. Hockly (Company Secretary & General Counsel)	273,972	173,014	2,412	26,027	-	-	126,037	601,462	50%
D. Andrews (Chief Financial Officer)	257,626	162,691	5,033	24,474	-	-	117,584	567,408	49%
M. Green (Head of Property)	257,626	162,691	2,182	24,474	-	-	116,869	563,842	50%

45. L Shaddock retired on 26 November 2014.

FY17 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	$186,700 (5.2% increase from FY16)	Nil	Nil	Nil Ineligible for additional committee fees	Nil	Nil	Nil
Non-Executive Directors	$97,400 (base fee 5.0% increase from FY16) plus fees for acting as: – Chair – Audit, Risk & Compliance Committee - $19,500 (5.0% increase) – Member – Audit, Risk & Compliance Committee - $11,600 (7.5% increase) – Chair – Nomination, Remuneration & HR Committee - $15,200 (15.0% increase) – Member – Nomination, Remuneration & HR Committee - $10,300 (25.0% increase)	Nil	Nil	Nil	Nil	Nil	Nil
Managing Director Timothy Collyer	$885,000 (4.1% increase on FY16)	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 Cover	Six months' notice	Nine months' notice and Redundancy Policy benefits. Unvested LTI grants remain on foot.	12 months
Chief Operating Officer Aaron Hockly	$345,000 (4.5% increase on FY16)	70.5% of TFR	60% of TFR	Payment of up to 1.5% of the TFR in lieu of Life, TPD and Income Protection cover	Three months' notice	Redundancy Policy benefits plus vesting of any granted but unvested options under LTI	3 months
Chief Financial Officer Dion Andrews	$345,000 (7.8% increase on FY16)	70.5% of TFR	60% of TFR	Payment of up to 1.5% of the TFR in lieu of Life, TPD and Income Protection cover	Three months' notice	Redundancy Policy benefits plus vesting of any granted but unvested options under LTI	3 months
Head of Property Michael Green	$350,000 (9.4% increase on FY16)	70.5% of TFR	60% of TFR	Payment of up to 1.5% of the TFR in lieu of Life, TPD and Income Protection cover	Three months' notice	Redundancy Policy benefits 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)	Redundancy Policy benefits 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)	Redundancy Policy benefits plus vesting of any granted but unvested options under LTI	0-3 months



120 Northcorp Boulevard, Broadmeadows, VIC

Additional information

Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Directors' / Financial Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

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 (Chief Operating Officer), 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, Risk & Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principals relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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

	2016
	$
Services other than audit and review of financial statements:	
Other regulatory audit services	58,276
Other assurance service and due diligence services	86,943
Audit and review of financial statements	154,324
Total paid to KPMG	299,543

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 *Corporations Act 2001* (Cth) is set out on page 89.

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