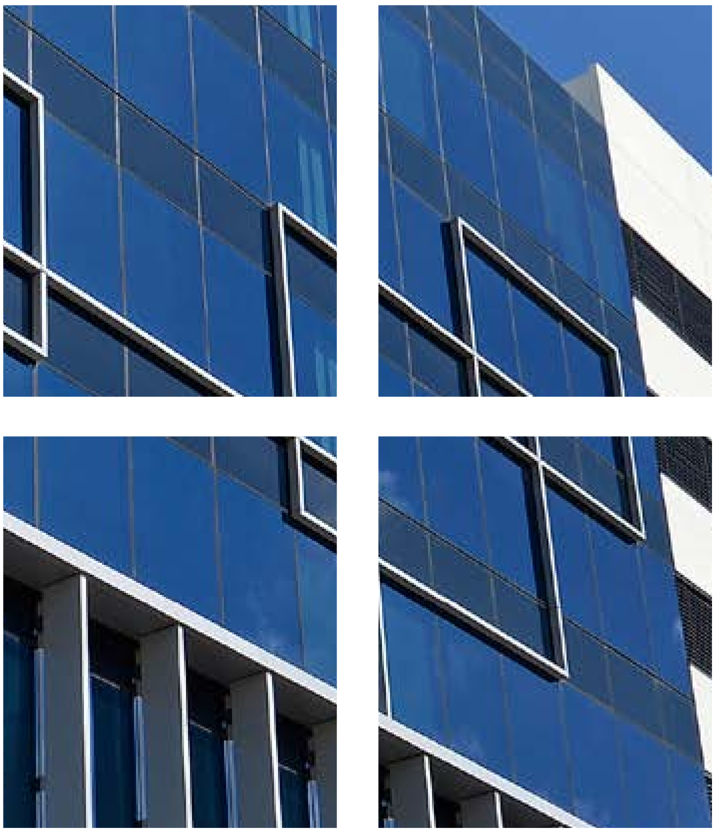
Growthpoint Properties Australia

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

www.growthpoint.com.au



a window into our operations, strategy & performance

2016 **Annual Report**

For the year ended 30 June 2016

GROWTHPOINT PROPERTIES

Building B, 211 Wellington Road, Mulgrave, VIC
Photography by eyesinthesky.com.au

2016 Annual Summary

A concise version of the annual report is available to download via the following link.

growthpoint.com.au/sustainability/operating-sustainably/

SPACE TO THRIVE

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Key to symbols

This symbol indicates where to find related information within the **2016 Annual Report.**

This symbol indicates where to find related information within the **2016 Sustainability Report.**

WWW

This symbol indicates that further information can be found online at ***growthpoint.com.au***

This symbol indicates a snapshot of the sections' key message(s).

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Glossary

A detailed **glossary of terms** can be found on pages 97-98.

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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 2016. 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 (including the Sustainability 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 22 August 2016 as well as 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 22 August 2016 in accordance with a resolution of the Directors of Growthpoint Properties Australia Limited.

The Directors' Report comprises pages 4 to 49 of this report and the 2016 Sustainability Report (refer below) except where referenced otherwise.

2016 Growthpoint Annual Reporting Suite

2016 Annual Report	An integrated report summarising financial, operational and Sustainability performance. Available in hard copy and online at ***growthpoint.com.au/investor-centre/financial-results/annual-results/***
2016 Annual Summary	A concise version of the Annual Report sent to all Securityholders.
2016 Sustainability Report	Provides detailed information on corporate responsibility and sustainability performance and objectives. Available for download at ***growthpoint.com.au/sustainability/operating-sustainably/***
2016 Financial data pack	Provides the financial data from financial and operational performance as excel files for greater flexibility in analysis. Available for download at ***growthpoint.com.au/investor-centre/financial-results/annual-results/***

What is Growthpoint?

Growthpoint is an ASX-listed landlord with a mandate to invest in Australian office, industrial and retail real property with a portfolio currently worth $2.8 billion.

Growthpoint is included in the S&P/ASX 200 Index (among other indices).

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.

Stapled Securities

Growthpoint Properties Australia Limited —Manager→ Growthpoint Properties Australia Trust

Properties

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 $1.6 billion of office property 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 the medium to long term.

Our mission

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

Our investment philosophy

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

Our investment offering

Growthpoint is an ASX listed real estate investment trust or A-REIT (ASX Code: GOZ), with a **mandate to invest in Australian property in the industrial, office and retail sectors.**

The four pillars of our investment offering are:

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.

Introduction from the Chairman & Managing Director

Total Securityholder return comparison

per annum, over 5 years to 30 June 2016[1]

GOZ	19.6%
A-REIT[2]	18.0%
Shares[3]	7.2%

1. Source: UBS Investment Research.
2. S&P/ASX 300 Prop Index.
3. S&P/ASX Acc. Index.
4. Distributions plus security price appreciation. Source: UBS Investment Research.
5. Includes indications to accept via an institutional acceptance facility which are conditional on Growthpoint's offer being unconditional.
6. Pro forma at 1 July 2016 and excluding other possible impacts.

In FY16, Growthpoint:

1. provided Securityholders with a 7.4%[4] total return;
2. exceeded distributable income guidance and met distribution guidance;
3. closed at a record high 30 June security price of $3.15 and continued to increase since;
4. recorded a 7.7% increase in net tangible assets per security to $2.67;
5. made a $321 million takeover offer for the GPT Metro Office Fund (**GMF**);
6. acquired $328.0 million of assets in five separate transactions;
7. completed over 59,000 sqm of leasing with a further 39,432 sqm completed since 30 June 2016;
8. maintained its investment grade credit rating from Moody's of Baa2;
9. continued to diversify the sources of its debt capital; and
10. established and resourced a sustainability program.

Market guidance exceeded

Distributable income of 21.9 cps was achieved; significantly above guidance of at least 21.3 cps provided at the start of FY16 and 3.3% higher than FY15. Distributions totalling 20.5 cps will be paid to Securityholders for FY16 in line with guidance and 4.1% above FY15.

Growthpoint has provided distributable income guidance of at least 22.2 cps for FY17 (4.2% higher than guidance for FY16) and distribution guidance of 21.3 cps (3.9% higher than FY16). Guidance may be impacted by the takeover (refer below) as well as capital management initiatives 13 (refer to pages 13-14 for more details).

GMF takeover expected to complete in FY17

Following an extensive due diligence process and engagement with the existing manager, Growthpoint formally launched a $321 million takeover offer of GMF on 1 July 2016.

As at the date of this report, Growthpoint had received acceptances totalling 46.97%[5] of GMF units and expects to gain control of the fund during FY17. The key outstanding condition of Growthpoint's current offer is minimum acceptances of not less than 50.1% of GMF's unitholders. 90% acceptances are required before Growthpoint can compulsorily acquire the remainder of outstanding GMF units. Should Growthpoint acquire 50.1% but less than 90% of GMF units by the end of the offer period, Growthpoint currently intends to replace the current responsible entity with the Company and continue to run the fund as a separately listed entity.

Growthpoint expects that obtaining 100% of GMF will be 4.9% accretive to its FY17 distributable income guidance[6]. Acquiring 50.1% is expected to be 4.1% accretive

Geoff Tomlinson
Independent Chairman

Timothy Collyer
Managing Director

to its FY17 distributable income guidance[6] with the accretion increasing incrementally between 50.1% and 100%.

Among other benefits such as greater market capitalisation, scale and diversity, GMF will increase Growthpoint's NSW exposure from 20.0% to 24.7% and increase Growthpoint's office exposure from 56.0% to 59.5%; both of which are stated objectives for Growthpoint.

10 Refer to pages 10-11 for more details on GMF.

$328.0 million of accretive acquisitions

In FY16, Growthpoint acquired three office assets in Victoria and Canberra for $286.9 million and two industrial assets in New South Wales and South Australia for $41.1 million. The assets are distributable income enhancing and continue Growthpoint's diversification of assets and tenants.

25 33 Refer to pages 25 and 33 for more details.

Significant leasing helped maintain an excellent property portfolio

Over 59,000 sqm of leasing was completed in FY16 taking portfolio occupancy to 99% from 97% at 30 June 2015. Notably, the occupancy at 333 Ann Street Brisbane increased from 41% to 77% over FY16.

23 30 Refer to pages 23 and 30 for more details.

Since 30 June 2016, a further 39,432 sqm has been leased including 23,156 sqm to Country Road and David Jones for their new corporate head office in Richmond, Victoria for a weighted average lease term of 14.5 years from commencement. After including this leasing, the pro forma WALE at 30 June 2016 was 6.9 years compared with 6.7 years at 30 June 2015 despite one year passing. Potential lease expiries in FY18 have been reduced from 9% at 30 June 2015 to 4% as at the date of this report and from 6% to 2% for FY19.

Thank you for your support for Growthpoint Properties Australia.

Geoff Tomlinson
Independent Chairman & Director

Timothy Collyer
Managing Director

Growthpoint Properties Australia Limited

Assets, profit and Securityholder returns continue to grow

Total Securityholder return
per annum[7]

FY16	7.4%
FY15	36.4%
FY14	10.8%
FY13	23.6%
FY12	21.6%

Property portfolio value
as at 30 June

FY16	$2.8B
FY15	$2.4B
FY14	$2.1B
FY13	$1.7B
FY12	$1.6B

Over the five years to 30 June 2016 Growthpoint has acquired $1,321.4m of assets and recorded $212.4m in net property valuation gains. 21

Distributions
per stapled security

		Growth
FY17*	21.3¢	+3.9%
FY16	20.5¢	+4.1%
FY15	19.7¢	+3.7%
FY14	19.0¢	+3.8%
FY13	18.3¢	+4.0%
FY12	17.6¢	+2.9%

* Distribution guidance only excluding any change which the Directors may determine as a result of a successful GMF takeover.

Distributable income
per stapled security

		Growth
FY17*	at least 22.2¢	+1.4%
FY16	21.9¢	+3.3%
FY15	21.2¢	+6.0%
FY14	20.0¢	+3.6%
FY13	19.3¢	+9.0%
FY12	17.7¢	-2.2%

* Distribution guidance only, excluding any change which the Directors may determine as a result of a successful GMF takeover and any capital management initiatives.

Distributable income for FY16 was $126.0m (FY15: $118.9m). 17

Other key statistics
(as at 30 June 2016)

- **$1.8 billion** market capitalisation
- **118th largest entity** on ASX by market capitalisation
- **$224.3 million** FY16 statutory profit
- **$2.67** NTA per stapled security
- **15.9%** FY16 return on equity
- **42.6%** balance sheet gearing
- **99%** occupancy
- **6.9 years** WALE[8]

FY16 was primarily focused on $328.0 million of asset acquisitions, the potential $321.0 million takeover of GMF, and leasing with over 59,000 sqm leased in FY16 and a further 39,432 sqm leased since 30 June 2016.

7. Source: UBS Investment Research.
8. Pro forma, including leasing announced post 30 June 2016.

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 four offshore lenders).

14
FY16: $40.1m new equity capital & $250m new debt capital (FY15: $73.7m and $200m).

2 Quality Assets:

Acquire well built, well located Australian commercial property.

25 33
FY16: Three office and two industrial properties purchased for a total of $328.0m (FY15: three industrial and one office property $119.5m).

3 Income from Leases:

Lease vacant space and collect rent from tenants.

23 30
FY16: Over 59,000sqm of new and extended leases (FY15: 69,000sqm); 99% occupancy (FY15: 97%); $181.2m net property income (FY15: $171.8m).

4 Asset Management:

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

16 34
FY16: $7m of capital works undertaken (FY15: $6m). One industrial property sold for $10.1m (FY15: two industrial properties sold for $26.7m)

5 Pay Costs:

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

17
FY16: Operating costs (excl. debt costs) of $10.4m or 0.4% of average gross assets (FY15: $9.1m, 0.4%)

6 Distributions:

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

16
FY16: Distributions of $118.1m paid to Securityholders, 20.5cps (FY15: $110.7m, 19.7cps). Payout ratio of 93.7% (FY15: 93.1%).

FY16 leasing success (office)

Growthpoint achieved significant leasing success in FY16 to high calibre tenants such as MasterCard, Jacobs Group, Fuji Xerox and Fluor Australia.

Educational institutions University of the Sunshine Coast and Federation University have also taken over 4,500 sqm of office space in Brisbane.

6.4 years WALE
at 30 June 2016
(30 June 2015: 1.9 years)

A4, 52 Merivale Street, South Brisbane, QLD

L7: Topcon Positioning Systems
NLA: 1,235sqm | Term: 10.0 years

L6: Fluor Australia
NLA: 567sqm | Term: 5.0 years

L5: Fuji Xerox Australia
NLA: 1,239sqm | Term: 7.0 years

L1, L2, Mezzanine & Ground: University of the Sunshine Coast
NLA: 2,004sqm | Term: 10.0 years

Mezzanine: Fuji Xerox Australia
NLA: 186sqm | Term: 7.0 years

5.4 years WALE
at 30 June 2016
(30 June 2015: 2.3 years)

333 Ann Street, Brisbane, QLD

L23: QER
NLA: 679sqm | Term: 5.4 years

L22: Prosperity Services
NLA: 410sqm | Term: 5.2 years

L17: Superloop
NLA: 867sqm | Term: 4.1 years

L15: MedHealth
NLA: 867sqm | Term: 7.1 years

L13 & L14: MasterCard
NLA: 1,318sqm | Term: 5.6 years

L5, L6 & L7: Federation University
NLA: 2,556sqm | Term: 7.7 years

Ground & L1: Rail Control Systems
NLA: 291sqm | Term: 3.1 years

A1, 32 Cordelia Street, South Brisbane, QLD

Ground, L3, L4, L5, L6 & L7: Jacobs Group
NLA: 6,896sqm | Term: 11.4 years

L2: Jacobs Group
NLA: 1,311sqm
Term: 1.4 years

L1: Jacobs Group
NLA: 1,315sqm
Term: 1.5 years

Ground: Club Vitality
NLA: 235sqm
Term: 8.0 years

7.3 years WALE
at 30 June 2016
(30 June 2015: 3.3 years)

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Takeover offer for GPT Metro Office Fund (GMF)[9]

On 1 July 2016, Growthpoint announced a $321 million off-market takeover offer for ASX listed GMF. GMF owns six assets valued at $440.3 million, key details of which are shown on this page and the next.

As at the date of this report, Growthpoint had received acceptances totalling 46.97%[10] of GMF units and expects to complete the takeover during FY17.

As well as adding six well-leased A-grade office properties to the Growthpoint portfolio, the GMF takeover is expected to increase Growthpoint's FY17 distributable income guidance by 4.9% to 23.4 cps[11], Growthpoint's market capitalisation to over $2.1 billion and the liquidity of Growthpoint's securities.

Growthpoint expects to increase FY17 net property income by $28.2 million per annum[11] and reduce GMF's operating costs through synergies.

Aaron Hockly
Chief Operating Officer

15 Green Square Close, Fortitude Valley, QLD

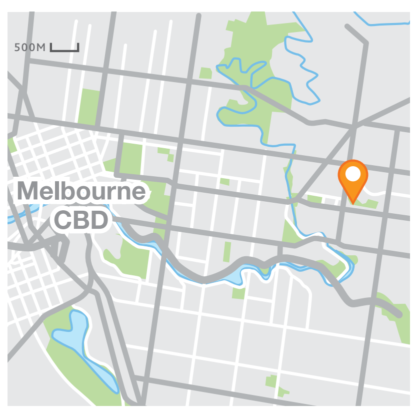
The Optus Centre is located within the growing Fortitude Valley precinct, two kilometres from the Brisbane CBD and benefits from being at the northern gateway of the Brisbane CBD. It is a modern 5 star Green Star (by design) building with large 1,500 sqm floor plates.

Book value: **$127.1m**	Lettable area: **16,587 sqm**
Cap rate: **6.75%**	Site area: **2,519 sqm**
WALE: **5.7 years**	Major tenant: **Queensland Urban Utilities**

109 Burwood Road, Hawthorn, VIC

Vantage is located in Hawthorn, six kilometres east of the Melbourne CBD. The A-Grade office building has five office floors and a car park for 455 vehicles. The property benefits from its prominent corner location, is close to a range of amenities and is easily accessible via car, tram or train.

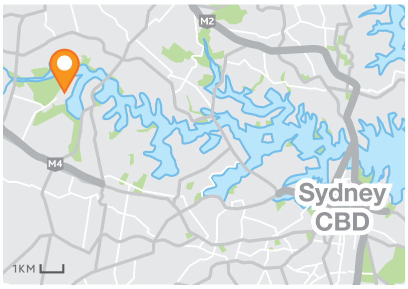
Book value: **$72.9m**	Lettable area: **12,477 sqm**
Cap rate: **7.0%**	Site area: **3,529 sqm**
WALE: **4.7 years**	Major tenant: **Orora**



9. Information on this page is taken from GMF's ASX releases and are as at 30 June 2016.
10. Includes indications to accept via an institutional acceptance facility which are conditional on Growthpoint's offer being unconditional.
11. Pro forma, assumes 100% ownership on 1 July 2016 and excluding other potential impacts.

Sydney Olympic Park, NSW

Located 16 kilometres west of Sydney's CBD, Sydney Olympic Park was redeveloped for the 2000 Sydney Olympics and is home to many of New South Wales' key cultural and sporting facilities including ANZ Stadium as well as several corporate head offices.



3 Murray Rose Avenue

3 Murray Rose Avenue is a campus style business park A-Grade office building. The five level suburban office building was completed in March 2015 and was developed as the national headquarters for Samsung. The property incorporates modern urban design and has achieved a 5 star Green Star Design Rating. The asset has a 5 star Green Star (as built) rating and 5 star NABERS Energy and Water Ratings.

Book value: **$91.5m**
Lettable area: **13,423 sqm**
Cap rate: **6.50%**
Site area: **3,980 sqm**
WALE: **5.7 years**
Major tenant: **Samsung**

5 Murray Rose Avenue

5 Murray Rose Avenue has five levels and a 6 star Green Star (as built) rating. The asset is award-winning, being recognised by the Property Council of Australia for Best Sustainable Development in 2014 and the Urban Development Institute of Australia NSW for Excellence in Sustainable Development in 2013.

Book value: **$90.5m**
Lettable area: **12,386 sqm**
Cap rate: **6.25%**
Site area: **3,826 sqm**
WALE: **7.8 years**
Major tenant: **Lion**

Quad 3, 8 Parkview Drive

Quad 3 is part of the Quad Business Park which is characterised by low rise buildings set in a parkland environment, with large floorplates, good natural light and a high car parking ratio. The building comprises three levels and is located close to significant infrastructure, public recreational and retail amenities.

Book value: **$29.3m**
Lettable area: **5,244 sqm**
Cap rate: **7.25%**
Site area: **6,635 sqm**
WALE: **2.9 years**
Major tenant: **Alstom Australia**

GMF key statistics
(as at 30 June 2016)

— **$440.3 million** total property value
— **6.70%** average capitalisation rate
— **15.5%** of Growthpoint's property portfolio
— **94.9%** occupancy
— **5.5 year** WALE
— **100%** A-grade office

Quad 2, 8 Parkview Drive

Quad 2 is also part of the Quad Business Park. The building comprises four levels and is located close to significant infrastructure, public recreational and retail amenities.

Book value: **$29.0m**
Lettable area: **5,145 sqm**
Cap rate: **7.25%**
Site area: **7,788 sqm**
WALE: **3.1 years**
Major tenant: **Universities Admissions Centre**

Objectives and goals for sustainable growth

As shown below, Growthpoint achieved most of its stated objectives and goals for FY16 and will seek to build on these in FY17.

1 Increase distributions to Securityholders

FY16 Goals

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

FY16 Achievements

- ✓ 4.1% increase in distributions from FY15 to FY16 and 1% increase from first to second half distributions. 15
- ✓ WARR increased from 3.0% at 30 June 2015 to 3.1% at 30 June 2016 due to leasing and acquisitions. 21
- ✓ $328.0 million of acquisitions undertaken at an average yield of 6.8% and a WARR of 3.7%. 25 33

FY17 Goals

No change from FY16.

2 Carefully expand and diversify property portfolio

FY16 Goals

- 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.

FY16 Achievements

- ✓ The assets acquired by Growthpoint in FY16 are of a similar or higher quality to the existing portfolio and have a WALE of 7.2 years. 25 33
- ✓ Growthpoint owns 58 assets in strategic locations in every Australian State and the Australian Capital Territory. Assets are 56%/44% split between office and industrial. Asset values range from $1.2 million to $280.0 million. Out of its 116 tenants, only Woolworths, which leases six grocery distribution centres from Growthpoint, contributes more than 10% of the Group's income. 20

FY17 Goals

As per FY16 plus:

- Consider asset divestments. 34
- Complete takeover of GPT Metro Office Fund. 10

3 Existing property assets enhanced

FY16 Goals

- 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.

FY16 Achievements

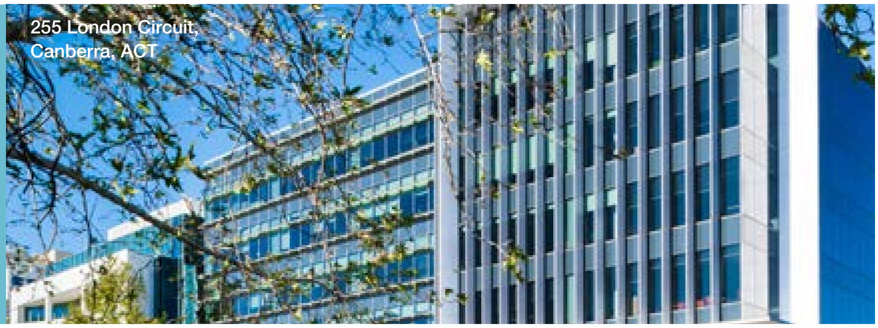
- ✓ Over 59,000sqm of new and extended leasing undertaken. The occupancy rate at 30 June 2016 was 99%. 20
- ✓ Meetings held with all tenants with leases potentially expiring over the next two years. Tenant retention rate of 78.5% for the five years to 30 June 2016.
- ✓ $7 million of capital works undertaken plus $14.8 million tenant requested expansions, services upgrades and façade improvements.

FY17 Goals

As per FY16 plus:

- Significant development and/or change of use to be considered for some assets.

Sustainable growth means ensuring Growthpoint's business assets, revenue and expenses are able to be continued. It includes enhancing people and limiting our impact on the environment.


255 London Circuit, Canberra, ACT

Increase liquidity and value of Growthpoint securities 4

FY16 Goals

- Inclusion in major indexes.
- Increase equity capital where appropriate.
- Engage with research analysts to increase and improve coverage.
- Increase liquidity of Growthpoint's securities.

FY16 Achievements

- ✔ Remained in S&P/ASX200 (plus other indices).
- ✔ $40.1 million of new equity was raised via the distribution reinvestment plan with the proceeds being used to fund acquisitions and capital works. 76
- ✖ Research coverage reduced from seven to six analysts.
- ✖ Liquidity of Growthpoint's securities was flat from FY15 to FY16, with 121,359,340 securities traded in FY16 compared to 132,622,827 in FY15.

FY17 Goals

No change from FY16.

Borrow prudently 5

FY16 Goals

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

FY16 Achievements

- ✔ Balance sheet gearing at 30 June 2016 was 42.6%. 14
- ✖ The weighted average debt maturity was 4.2 years at 30 June 2016; down from 4.7 years at 30 June 2015.
- ✔ Growthpoint entered into $250m of new debt capital market facilities for 7 years in December 2015, with proceeds used to repay domestic bank debt. In addition Growthpoint terminated three interest rate swaps with face values of $265 million (at cost of $10.5 million) and entered into four new interest rate swaps with a face value of $150 million and a weighted average maturity of 5 years.

FY17 Goals

As per FY16 plus:

- Ensure fixed debt is within the target range of 75% to 100% after current transactions are completed.

Operate sustainably 6

FY16 Goals

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

FY16 Achievements

- ✔ Sustainability objectives have been refined (refer pages 7-9 of Sustainability Report for more details). 7
- ✔ The property portfolio, capital management strategy and established sustainability targets have been built with long-term value creation in mind.
- ✖ 35% of the Group's employees (six out of 17) are female, down from 40% as at 30 June 2015 (six out of 15).

FY17 Goals

- Monitor compliance with sustainability objectives and improve integration of sustainability practices within business operations.
- Continue to focus on long-term value rather than short-term profits.
- Seek additional female director (target date 2020).

2016 Sustainability Report (available online only)

More details about sustainability can be found in Growthpoint's 2016 Sustainability Report.

WWW *growthpoint.com.au/sustainability/operating-sustainably/*

Financial Management

During FY16, Growthpoint used its balance sheet to support further growth in the business by acquiring five quality properties. Robust distribution growth has been supported by lower interest rates on debt and slightly higher gearing (but within the Group's target range) than in FY15.

NTA per security increased 7.7% to $2.67 over FY16

Dion Andrews
Chief Financial Officer

Highlights for FY16 include:

- A 3.3% increase in distributable income to 21.9 cps.
- Distribution guidance of 20.5 cps met, representing a payout ratio of 93.7%.
- FY17 distribution guidance of 21.3 cps provided (excluding the GMF takeover see page 10, and any capital management initiatives, refer below), representing growth of 3.9%.
- NTA per security increased 7.7% to $2.67.
- Moody's rating of Baa2 confirmed with stable outlook.
- Further fixed debt issuance with AUD$250 million 7-year debt at an all-in cost of 4.46% per annum, helping to further diversify sources of debt and lengthen the debt tenor.

Strategic execution in FY16

In the 2015 Annual Report, we outlined the Group's financial management goals for FY16 as:

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

Our performance in each of these areas follows.

Balance sheet gearing 42.6% as at 30 June 2016

Balance sheet gearing as at 30 June 2016 was 42.6%, up from 37.0% as at 30 June 2015 and within the target range of 35% to 45%. Debt usage increased by $351.4 million over the year to support the acquisition of five new properties for $328.0 million (plus transaction costs). Debt funding these acquisitions during a time when Growthpoint's cost of debt has been falling has helped support growth in the Group's distributions. A large proportion of this debt increase has been fixed for seven years meaning that this driver of distribution growth is sustainable over the medium to long term.

Prudent financial management strategies have been adopted by Growthpoint to match debt levels with asset quality and WALE, fix debt for as long as practicable (having regard to the cost), and raise capital (debt and equity) to fund property acquisitions.

Extend average debt maturity

The weighted average debt maturity decreased by 0.5 years to 4.2 years, despite 12 months passing. The Group still aims to increase the weighted average debt maturity where possible.

Diversify sources and tenor of debt

In December 2015, the Group entered into $250 million of seven-year fixed debt with three new financiers. This had the effect of increasing the number of financiers from five to eight and thus further diversified the sources of debt for Growthpoint. It also helped further diversify the tenor of debt.

All-in debt costs lowered to 4.1% per annum

The all in debt cost for the Group reduced from 4.8% per annum at the beginning of the year to 4.1% per annum at 30 June 2016. The reduction occurred due to the issue of fixed debt in December 2015 as outlined above and a concurrent reorganisation of the interest rate swap book where $265 million of existing swaps were terminated and $150 million of new, longer dated and lower fixed rate interest rate swaps were entered into.

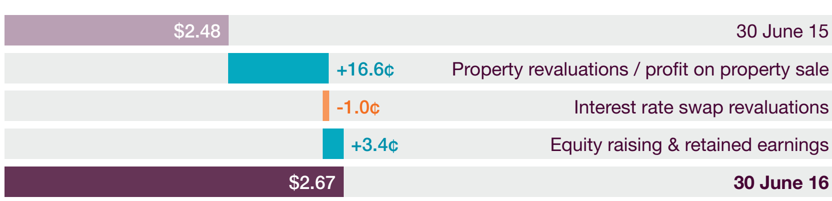
Refer to the graph, on the opposite page, which illustrates debt costs and gearing levels over the last six years.

FY 17 Outlook

Debt capital management

Growthpoint is awaiting the outcome of its takeover proposal for GPT Metro Office

Movements in NTA per stapled security



Other key statistics
(as at 30 June 2016)

— **65%** debt fixed

— **42.6%** balance sheet gearing

— **4.2 years** weighted average debt maturity

— **5.7 years** weighted average fixed rate debt maturity

— **$1.2 billion** drawn debt

— **$1.4 billion** debt facilities

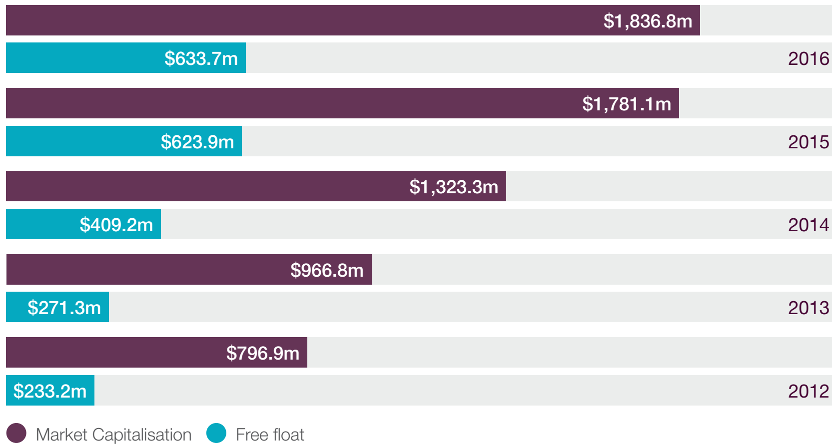
Fund (GMF) and the proposed sale of four industrial properties and their respective impacts on the level of gearing. If gearing exceeds the top of the 35% to 45% target range post these transactions, then the Group can reduce gearing through various capital management initiatives such as:

- **Dividend Reinvestment Plan (DRP)** – Growthpoint maintains a DRP, whereby Securityholders can reinvest their distributions into newly issued Growthpoint Securities, typically at a discount to the market price. The historic average take-up for Growthpoint's seven prior DRP's has been 74%. Assuming this continues, the FY17 annual distribution of approximately $140.4 million, approximately $104.2 million could be raised this year alone. Growthpoint could consider underwriting the DRP.
- **Property disposals** – Growthpoint could sell assets.
- **Equity raising** – Growthpoint has raised $1,113.1 million of equity since August 2009 which has funded the growth of its business and the property portfolio. Should circumstances be opportune, Growthpoint could reduce gearing by raising equity solely for that purpose or in conjunction with future property acquisitions.

Growthpoint will continue to consider the diversity of its debt sources, debt tenor and level of gearing to balance prudent financial management with the current portfolio and its growth in future.

Growthpoint may seek to execute a further debt capital issuance in FY17 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

Market capitalisation and free float
as at 30 June

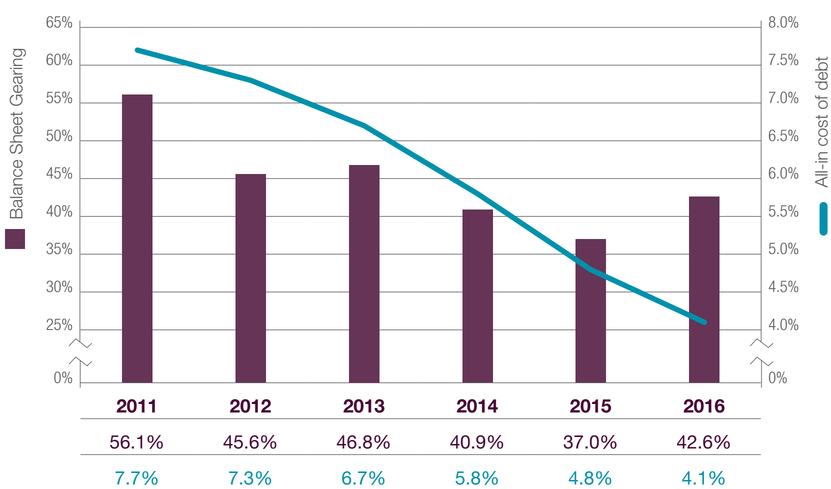


Interest rate hedging

Maturity date	Time to maturity	Fixed Rate	
Jul 18	2.0yrs	3.20%	$50m
Feb 19	2.6yrs	3.57%	$50m
Feb 19	2.6yrs	3.55%	$50m
Nov 19	3.3yrs	3.70%	$60m
Jun 20	4.0yrs	2.36%	$25m
Jun 20	4.0yrs	2.36%	$25m
Dec 20	4.5yrs	2.42%	$50m
Jun 21	5.0yrs	2.48%	$50m
Weighted average	3.4yrs	3.06%	

Including Growthpoint's $450m of fixed interest rate debt, the weighted average maturity of fixed debt increases to 5.7 years and the weighted average fixed rate reduces to 2.88%.

Gearing & cost of debt
as at 30 June



Summary of movements in value over FY16

Property type	Properties at 30 June 2015	Value at 30 June 2015	Capex for full year	Property acquisitions & expansions	Property disposals	Revaluation gain / (loss)	Valuation at 30 June 2016	Change due to revaluation[12]	Properties at 30 June 2016
	No.	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*%*	*No.*
Industrial portfolio	36	1,165	3	42	-	26	**1,236**	2.2	38
Office portfolio	17	1,179	4	306	-	78	**1,566**	6.6	20
Total portfolio	53	2,344	7	348	-	104	2,803	4.4	58

Key debt metrics and changes during FY16

		30 June 2016	30 June 2015	Change
Gross assets	*$'000*	**2,914,034**	2,407,147	506,887
Interest bearing liabilities	*$'000*	**1,242,226**	890,445	351,781
Total debt facilities	*$'000*	**1,375,000**	1,125,000	250,000
Undrawn debt	*$'000*	**126,728**	228,174	(101,446)
Balance sheet gearing	*%*	**42.6**	37.0	5.6
Weighted average interest rate	*%*	**4.1**	4.8	(0.7)
Weighted average debt maturity	*years*	**4.2**	4.7	(0.5)
Annual Interest Coverage Ratio (ICR) / Covenant ICR	*times*	**4.1 / 1.6**	3.9 / 1.6	0.2 / -
Actual Loan to Value Ratio (LVR) / Covenant LVR	*%*	**45.2 / 60**	39.4 / 60	5.8 / -
Weighted average fixed debt maturity	*years*	**5.7**	5.0	0.7
% of debt fixed	*%*	**65**	75	(10)
Debt providers		**NAB, CBA, WBC, ANZ, two US life insurers, one Japanese bank and one Chinese bank**	NAB, CBA, WBC, ANZ, and one US life insurer	

FY16 Distributions

	Total distributions	Distributions per security
	$'000	*cps*
1H16	58,072	10.20
2H16	60,062	10.30
Total	118,134	20.50

The total distribution is 55.5% tax deferred and 0.9% tax free. Refer to note 3.6 on page 77 for more distribution details.

77

FY17 distribution guidance of 21.3 cps provided, representing growth of 3.9% from FY16

with any funds raised if there are no other immediate applications such as property acquisitions.

Growthpoint is targeting undrawn and uncommitted debt of circa $100 million to allow for flexibility in transactions without 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 2016, 65% of debt was fixed with a weighted average maturity of 5.7 years (versus a weighted average maturity of total debt drawn of 4.2 years). Growthpoint will act to bring the fixed percentage back within the target range and this is expected to occur as a result of the completion of the transactions outlined above. If not, the Group will either enter further interest rate swaps or replace floating rate bank debt with an issuance of fixed interest rate debt.

It will also seek to extend the tenor of debt maturities to more closely align with fixed debt maturities.

Distributions forecast to increase to 21.3 cps

The Group seeks to return as much distributable income to investors as is prudent (after allowing for portfolio requirements of capital expenditure and payment of lease incentives). The payout ratio for FY16 was 93.7% compared with 93.1% in FY15. 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 from FY16 by 3.9% to 21.3 cps for FY17, based on distributable income of at least 22.2 cps.

12. This figure includes assets held for sale and are presented before straightline adjustments. Properties currently held for sale will be classed as a disposal when settlement of any sale occurs.

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

	FY16	FY15	Change	Change
	$'000	*$'000*	*$'000*	*%*
Profit after tax	**224,269**	**283,004**	**(58,735)**	**(20.8)**
Less non-distributable items:				
- Straight line adjustment to property revenue	(7,426)	(6,569)	(857)	
- Net changes in fair value of investments	(96,583)	(168,579)	71,996	
- Profit on sale of investment properties	(163)	(363)	200	
- Net loss on derivatives	5,824	11,280	(5,456)	
- Depreciation	128	137	(9)	
Distributable income	**126,049**	**118,910**	**7,139**	**6.0**

The payout ratio, calculated as distributions on ordinary stapled securities divided by distributable income, was 93.7% (FY15: 93.1%).

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

Components of distributable income

	FY16	FY15	Change	Change
	$'000	*$'000*	*$'000*	*%*
Property income	208,626	197,240	11,386	5.8
Property expenses	(27,457)	(25,441)	(2,016)	7.9
Net property income	**181,169**	**171,799**	**9,370**	**5.5**
Interest income	559	761	(202)	(26.5)
Total operating income	**181,728**	**172,560**	**9,168**	**5.3**
Borrowing costs	(44,982)	(44,292)	(690)	1.6
Operational and trust expenses (less depreciation)	(10,279)	(8,986)	(1,293)	14.4
Operating and trust expenses	**(55,261)**	**(53,278)**	**(1,983)**	**3.7**
Tax expense	(418)	(372)	(46)	12.4
Distributable income	**126,049**	**118,910**	**7,139**	**6.0**

The total distribution for FY16 is 55.5% tax deferred and 0.9% tax free.

Operating expenses

		FY16	FY15	FY14
Total operating expenses	*$'000*	10,407	9,123	8,498
Average gross asset value	*$'000*	2,588,089	2,211,504	1,810,053
Operating expenses to average gross assets	*%*	0.40	0.41	0.47

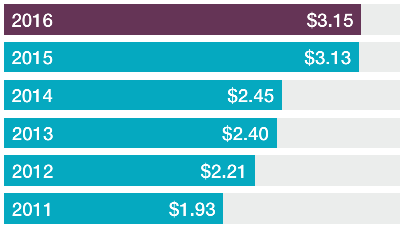
75 Dorcas Street,
South Melbourne, VIC

Five year performance summary

The five year performance summary below highlights the Group's steady increases to distributable income, distributions and NTA per security over time.

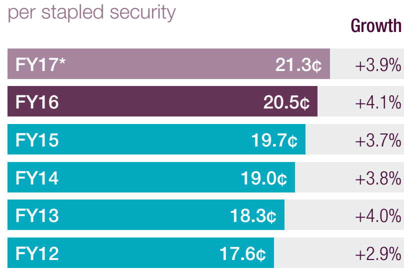
Security Price

as at 30 June



Distributions

per stapled security



* Distribution guidance only excluding any change which the Directors may determine as a result of a successful GMF takeover.

For the five years ended 30 June 2016		FY16	FY15	FY14	FY13	FY12
Financial performance						
Investment income	$m	**307.0**	361.5	198.5	171.5	115.8
Profit for the period	$m	**224.3**	283.0	117.3	94.0	49.5
Financial position						
Total assets (at 30 June)	$m	**2,914.0**	2,407.1	2,128.8	1,680.4	1,607.1
Total equity (at 30 June)	$m	**1,556.8**	1,411.5	1,165.1	804.1	733.2
Securityholder value						
Basic and diluted earnings per security	¢	**38.9**	50.4	25.7	23.7	15.2
Distributable income per security	¢	**21.9**	21.2	20.0	19.3	17.7
Distributions per security	¢	**20.5**	19.7	19.0	18.3	17.6
Total Securityholder return[13]	%	**7.4**	36.4	10.8	23.6	21.6
Return on equity	%	**15.9**	23.9	17.5	13.1	4.8
Balance sheet gearing	%	**42.7**	37.0	40.9	46.8	45.6
NTA per security (at 30 June)	$	**2.67**	2.48	2.16	2.00	1.93
Market capitalisation (at 30 June)	$m	**1,836.8**	1,781.1	1,323.3	966.8	796.9
Other information						
Number of securities on issue (at 30 June)	No.	**583,125,744**	569,027,781	540,115,360	402,830,366	379,476,246

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

Property Portfolio Overview

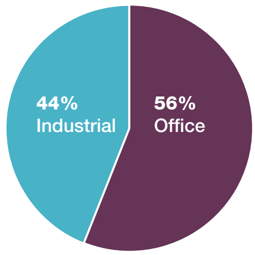
The property portfolio was enhanced with $328.0 million of property acquired and over 59,000sqm of new and extended leasing during FY16. The property portfolio has 99% occupancy, weighted average annual rent reviews of 3.1% and a weighted average lease expiry of 6.9 years[14]. The property portfolio is valued at over $2.83 billion and it continues to maintain a quality tenant base which includes Commonwealth and State government tenants, Woolworths, Linfox, ANZ Banking Group and GE Capital.

Michael Green
Head of Property

The key metrics highlight a successful year of acquisitions and leasing. The portfolio continues to deliver a steady income stream with a long WALE of 6.9 years[14] and a reduction in the portfolio lease expiries over the next three financial years.

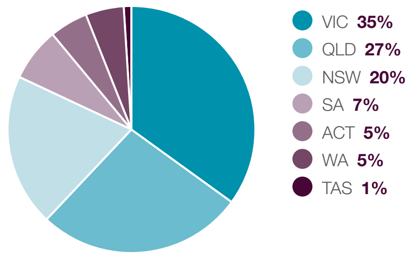
Sector diversity

by property value as at 30 June 2016



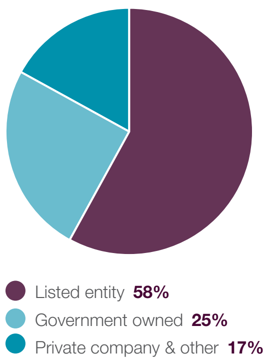
Geographic diversity

by property value as at 30 June 2016



Tenant type (%)

by gross income as at 30 June 2016



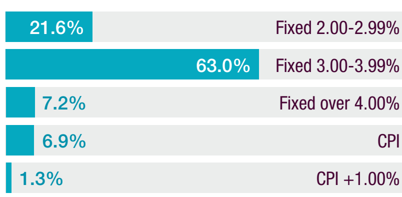
Top ten tenants

by passing rent as at 30 June 2016

	%	WALE (yrs)
Woolworths	21	6.1
NSW Police	9	7.9
Commonwealth of Australia	6	9.7
GE Capital Finance Australasia[15]	5	1.7[15]
Linfox	4	6.9
Jacobs Group	3	7.5
Energex	3	11.4
ANZ Banking Group	2	3.7
Fox Sports	2	6.5
Star Track Express	2	3.0
Total / Weighted Average	**57**	**6.6**[14]
Balance of portfolio	43	5.7
Total portfolio	**100**	**6.9**[14]

Annual rent review type*

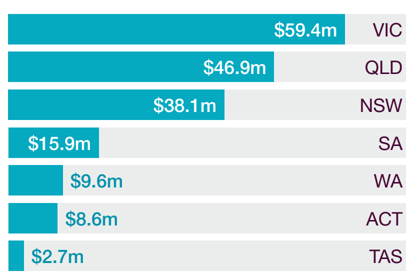
as at 30 June 2016



* Leases that have a minimum lease increase, typically 3%, or CPI are shown as the minimum fixed rate for the above.

Net property income per State / Territory

for the year ended 30 June 2016



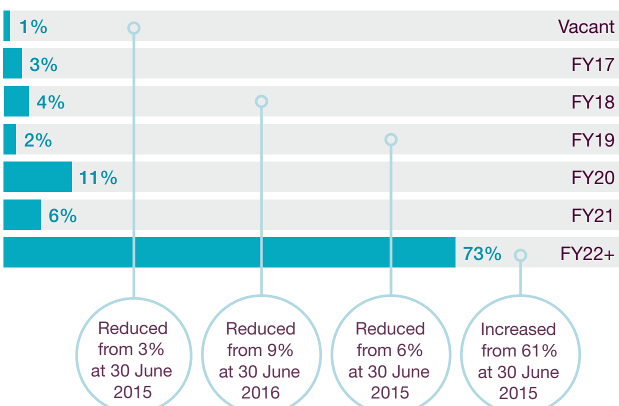
14. Pro forma, including leasing announced post 30 June 2016.
15. The leases to Country Road / David Jones announced after 30 June 2016, with a weighted average lease term from commencement of 14.5 years, will replace the existing lease to GE Capital Finance Australasia upon the lease expiry.

Five year performance summary

As at 30 June		FY16[16]	FY15[19]	FY14	FY13	FY12
Number of properties	no.	58	53	51	44	42
Total value	$m	2,832.6	2,372.5	2,093.7	1,694.5	1,634.8
Occupancy	%	99	97	98	98	99
Like-for-like value change	$m / % of asset value	130.2 / 5.5	186.0 / 9.0	52.1 / 3.0	30.6 / 2.0	37.0 / 3.2
Total lettable area	sqm	1,109,545	1,050,611	1,036,740	917,989	900,676
Weighted average property age	years	9.2	8.3	7.9	6.6	6.0
Weighted average valuation cap rate	%	6.9	7.3	7.9	8.4	8.3
WALE	years	6.9[17]	6.7	6.9	6.8	7.2
WARR[18]	%	3.1	3.0	3.2	3.1	3.2
Average value (per sqm)	$	2,553	2,258	2,019	1,846	1,815
Average rent (per sqm, per annum)	$	198	183	171	162	161
FY net property income	$m	181.2	171.8	148.7	133.4	108.9
Number of tenants	no.	116	97	90	90	87

Portfolio lease expiry profile[17]

per financial year, by income



Since 30 June 2016, Growthpoint has leased over 23,000 sqm to Country Road and David Jones for a weighted average lease term of 14.5 years expiring on 30 June 2032[20].


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

16. Includes Building C, 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.
17. Pro forma, including leasing announced post 30 June 2016.
18. Assumes Consumer Price Index change of 1.0% per annum as per Australian Bureau of Statistics release for FY16.
19. Includes Building B, 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.
20. Before renewal options.

Office Portfolio Review

Growthpoint acquired three well leased modern office buildings in FY16 with a collective value of $287.8 million. Leasing success continued with more than 27,400 sqm of office space leased over FY16 increasing occupancy to 98% across the office portfolio.

Andrew Kirsch
Asset Manager

Significant leasing success was achieved in Brisbane in FY16 with the SW1 Complex 100% leased and occupancy at 333 Ann Street increasing from 41% to 77%.

Office Acquisitions

During the year Growthpoint acquired three new office properties for a combined value of $286.9 million.

In November 2015 Growthpoint announced the purchase of Building C, 211 Wellington Road, Mulgrave, Victoria as a fund-through development for approximately $50.9 million, providing a 7.25% initial yield on completion. The five level office building of 10,295 sqm is currently under construction and due for completion around September 2016. The building is targeting a 5 star NABERS rating and 5 star Green Star rating (by design) and will be 47% leased to BMW Australia Finance Limited for five years from practical completion. The developer will provide a five year rental guarantee for any space not leased at completion. The property adjoins Building B, 211 Wellington Road, Mulgrave, Victoria, which Growthpoint acquired in 2014 and is majority leased to Monash University. As of 30 June 2016 the value of Building B was $67.0 million.

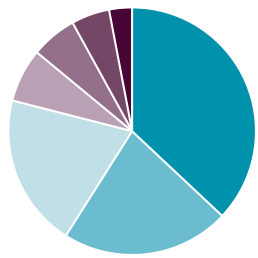
In January 2016, 255 London Circuit, Canberra, Australian Capital Territory, was purchased for $70.0 million, providing a 6.5% initial yield. The building is a modern six level A-grade office property, occupied fully by the Australian Government (Department of Foreign Affairs and Trade – DFAT). At the time of acquisition, the remaining lease term was 11.6 years, providing a long term secure lease with fixed annual reviews of 3.8%. The property has a 5 star Green Star rating (by design) and a 4.5 star NABERS rating.

In June 2016, Growthpoint acquired 75 Dorcas Street, South Melbourne, Victoria for $166.0 million, providing a 6.6% initial yield. The property, of 23,811 sqm and 690 car spaces, is leased to, among other tenants, ANZ Banking Group (57.7% of area), Mondelez Australia (19.2%) and BMW Australia (15.4%) and has a weighted average lease expiry of 5.4 years. The building occupies a prime location in South Melbourne approximately 400 metres west of St Kilda Road. Constructed in 2002 and further refurbished in 2015, the property adds to the quality of Growthpoint's modern well leased office portfolio.

Growthpoint owns 20 CBD and metro office properties which are over 90% A-grade, 83% weighted to Brisbane, Melbourne and Sydney and have a 7.8 year[21] WALE. Its buildings are generally modern with high green credentials and all are well-leased to top government and business tenants.

Tenants by Industry

by gross income, as at 30 June 2016



- Government **37%**
- Financial Services **22%**
- Resources, Infrastructure & Construction **20%**
- IT, Media & Telecommunications **7%**
- Education **6%**
- Other Consumer & Business Services **5%**
- Health **3%**

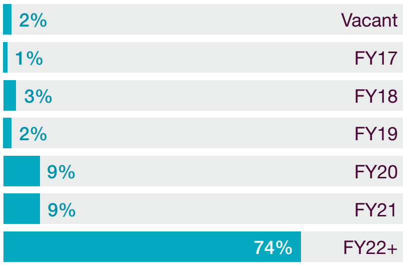
Five year performance summary - office

As at 30 June		FY16[22]	FY15[23]	FY14	FY13	FY12
Portfolio value	*$m*	**1,596.2**	1,206.6	1,049.8	797.3	800.6
Total properties	*no.*	**20**	17	16	15	15
Weighted average cap rate	*%*	**6.8**	7.3	7.8	8.4	8.3
% of Growthpoint portfolio	*%*	**56**	51	50	47	49
Occupancy	*%*	**98**	94	97	97	98
WALE	*years*	**7.8**[21]	6.8	6.5	5.7	6.0
Total lettable area	*sqm*	**235,389**	191,953	179,175	147,405	146,916
Average rent *(per sqm, per annum)*	*$*	**533**	538	516	501	488

21. Pro forma, including leasing announced post 30 June 2016.
22. Includes Building C, 211 Wellington Road, Mulgrave, Victoria at its on completion valuation.
23. Includes Building B, 211 Wellington Road, Mulgrave, Victoria at its on completion valuation.

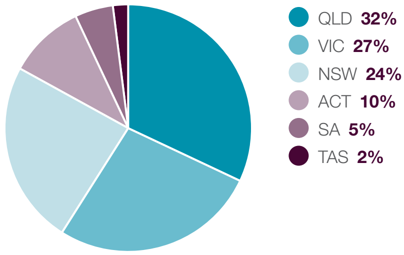
Portfolio lease expiry profile[24]

per financial year, by income



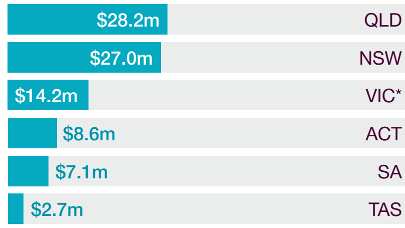
Geographic diversity

by property value as at 30 June 2016



Net property income per State / Territory

for the year ended 30 June 2016



*Note: 75 Dorcas St, South Melbourne, Victoria settled in June 2016, so minimal FY16 income was received for this $166m property.

Focus on Leasing

Growthpoint again worked hard to focus on office leasing in FY16. Throughout the past year more than 27,400 sqm of office space was leased, with the majority of the leasing success in Brisbane.

333 Ann Street, Brisbane, QLD

In FY16, close to 7,000 sqm of space was leased in 333 Ann Street increasing occupancy from 41% to 77% with only 3,850 sqm available for lease as at 30 June 2016. Several major new tenants were introduced to the building including MasterCard (1,318 sqm), Federation University (2,556 sqm) and Superloop (867 sqm). The targeted leasing strategy also positively impacted on the property's valuation.

SW1 South Brisbane, QLD

SW1 continues to attract high quality office and retail tenants. 100% occupancy was achieved during FY16, across the four office buildings which make up SW1, totalling 37,584 sqm of lettable area. Major leasing transactions included:

- Jacobs Group signing a new 11.4 year lease over 6,896 sqm within the A1 Building. The new lease provides for annual fixed 3.75% increases.
- The University of the Sunshine Coast entering into a 10 year lease over 2,004 sqm within the A4 Building. The University has chosen SW1 to house its new South Brisbane Campus, offering staff offices, teaching areas and student engagement spaces.
- New leases to Fuji Xerox Australia (1,425 sqm), Topcon Positioning Systems (1,235 sqm) and Fluor Australia (567 sqm) which saw existing tenants retained, or new tenants taking potentially expiring space without any vacancy downtime.

Office Growth

Over the past 12 months, Growthpoint's office portfolio has increased by $389.6 million to total $1,596.2 million from $286.9 million of quality and accretive acquisitions and net valuation gains of $101.8 million.

Valuation highlights include:

- **1 Charles Street, Parramatta, NSW:** An increase of $18.5 million, highlighting the strong demand for quality assets with secure income profiles particularly in markets with low vacancy rates. Since Growthpoint purchased the asset in June 2014, the value of the property has increased by $38.9 million predominantly due to capitalisation rates which have tightened by 75 basis points.
- **A4, 52 Merivale Street, South Brisbane, QLD:** The value increased $14.3 million or 24% during FY16. The increase was driven by the new and extended leases which improved the WALE from 2.6 to 6.4 years leading to 100% occupancy as well as improving conditions for prime well leased property.
- **333 Ann Street, Brisbane, QLD:** The recent leasing success has pushed the value of the building up by $11.5 million over FY16 to $102.5 million. The significant improvement in building occupancy, through close to 7,000 sqm of new leasing to high calibre tenants, drove this result.

Office portfolio key statistics

(as at 30 June 2016)

— **$1,596.2 million** total value

— **235,389 sqm** total lettable area

— **6.8%** weighted average capitalisation rate

— **56%** of Growthpoint's property portfolio

— **98%** occupancy

— **7.8 years** WALE[24]

— **3.4%** WARR[25]

— **20** assets

Quality acquisitions and a focus on leasing during FY16 have contributed to a portfolio valuation gain of $101.8 million on a like-for-like basis.

24. Pro forma, including leasing announced post 30 June 2016.
25. Assumes Consumer Price Index change of 1.0% per annum as per Australian Bureau of Statistics release for FY16.

Office Portfolio[26]

Address			Book Value	Valuer	Cap rate	Major tenant	WALE	Lettable area	Site area
			$		%		years	sqm	sqm
75 Dorcas St	South Melbourne	VIC	166,000,000	Savills	6.75	ANZ Banking Group	5.4	23,811	9,632
Bldg 2, 572-576 Swan St	Richmond	VIC	82,000,000	Urbis	7.00	GE Capital Finance Australasia	1.7	14,660	7,201
Bldg B, 211 Wellington Rd	Mulgrave	VIC	67,000,000	Directors	7.25	Monash University	4.5	12,780	11,040
Bldgs 1 & 3, 572-576 Swan St	Richmond	VIC	57,800,000	Urbis	7.00	GE Capital Finance Australasia	1.7	10,250	16,819
Bldg C, 211 Wellington Rd[26]	Mulgrave	VIC	51,800,000	Directors	7.25	BMW Australia Finance	5.0	10,295	11,070
Car Park, 572-576 Swan St	Richmond	VIC	1,200,000	Urbis	13.50	GE Capital Finance Australasia	1.7	–	3,756
1231-1241 Sandgate Rd	Nundah	QLD	103,500,000	Directors	6.50	Energex	10.3	12,980	5,597
333 Ann St	Brisbane	QLD	102,500,000	Knight Frank	7.25	Federation University	5.4	16,457	1,563
CB1, 22 Cordelia St	South Brisbane	QLD	92,500,000	CBRE	6.75	Downer EDI Mining	5.9	11,529	5,772
A1, 32 Cordelia St	South Brisbane	QLD	74,800,000	Directors	6.50	Jacobs Group	7.3	10,052	2,667
A4, 52 Merivale St	South Brisbane	QLD	72,800,000	Knight Frank	6.63	University of the Sunshine Coast	6.4	9,405	2,331
CB2, 42 Merivale St	South Brisbane	QLD	52,400,000	Directors	6.75	Peabody Energy	8.6	6,598	3,158
Car Park, 32 Cordelia St & 52 Merivale St	South Brisbane	QLD	18,000,000	Directors	6.25	Secure Parking	3.4	–	9,319
33-39 Richmond Rd	Keswick	SA	62,000,000	Knight Frank	7.75	Coffey Corporate	7.0	11,835	4,169
7 Laffer Dr	Bedford Park	SA	16,400,000	Knight Frank	11.75	Westpac Banking Corporation	2.1	6,639	33,090
1 Charles St	Parramatta	NSW	280,000,000	Directors	6.25	NSW Police	7.9	32,356	6,460
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	111,000,000	Directors	6.50	Fox Sports	5.7	14,496	4,212
89 Cambridge Park Dr	Cambridge	TAS	27,000,000	Directors	8.25	Hydro Tasmania Consulting	7.8	6,876	28,080
10-12 Mort St	Canberra	ACT	87,500,000	JLL	6.75	Commonwealth of Australia	8.7	15,398	3,064
255 London Cct	Canberra	ACT	70,025,000	Directors	6.00	Commonwealth of Australia	11.2	8,972	2,945
Total / Weighted Average			**1,596,225,000**		**6.78**		**6.8**[27]	**235,389**	**171,945**

Major office tenants include NSW Police (16% of income), Commonwealth of Australia (10%) and GE Capital Finance Australasia (9%)

26. Includes Building C, 211 Wellington Road, Mulgrave, Victoria at its 'on completion' valuation.
27. Pro forma, including leasing announced post 30 June 2016.

Quality office acquisitions increased distributable income and tenant diversity

Accretive acquisitions during FY16 included two fully leased modern office buildings in Canberra and Melbourne with the Commonwealth of Australia and ANZ Banking Group as the respective major tenants. Growthpoint has also funded the development of a new office building substantially pre-leased to BMW Australia Finance.

Office portfolio value
at 30 June

FY16	$1,596.2m
FY15	$1,206.6m
FY14	$1,049.8m
FY13	$797.3m
FY12	$800.6m

75 Dorcas Street, South Melbourne, VIC

Major Tenant: ANZ Banking Group

Book Value: $166.0 million
WALE: 5.4 years | Cap rate: 6.75%

A 3.5 star NABERS energy rated, 11 level A-grade office, showroom and car park building with 690 car parks. The building was constructed in 2002 and partly refurbished in 2015.

255 London Circuit, Canberra, ACT

Major Tenant: Commonwealth of Australia

Book Value: $70.0 million
WALE: 11.2 years | Cap rate: 6.00%

A six level A-grade office building including 134 basement car parks. The property has a 5 star Green Star rating (by design) and 4.5 star NABERS energy rating.

Building C, 211 Wellington Road, Mulgrave, VIC

Major Tenant: BMW Australia Finance

Book value: $51.8 million
WALE: 5.0 years | Cap rate: 7.25%

A five level office building plus five level car park with a total of 598 spaces, currently under development. The building is targeting a 5 star NABERS energy rating and 5 star Green Star rating (by design), and completion is expected in September 2016.

Artist representation

Rental income remains stable due to high quality and diversified tenant base

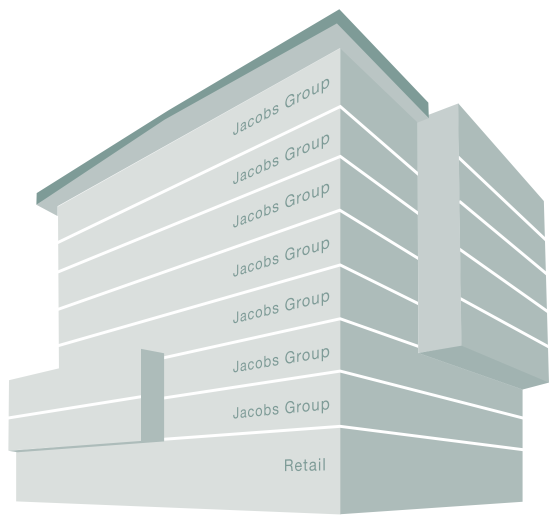
Through strategic acquisitions and focused leasing efforts, Growthpoint has a diversified portfolio of assets with a diversified tenant base in a range of industries including government, financial services, infrastructure, telecommunications, education and health. This has enabled Growthpoint to maintain a stable rental income stream across its portfolio despite the slowdown in certain sectors of the market, particularly resources.

24 The remaining nine office properties not included on the following pages are single tenanted. Details of all office properties are included on page 24.

Queensland multi-tenanted office assets

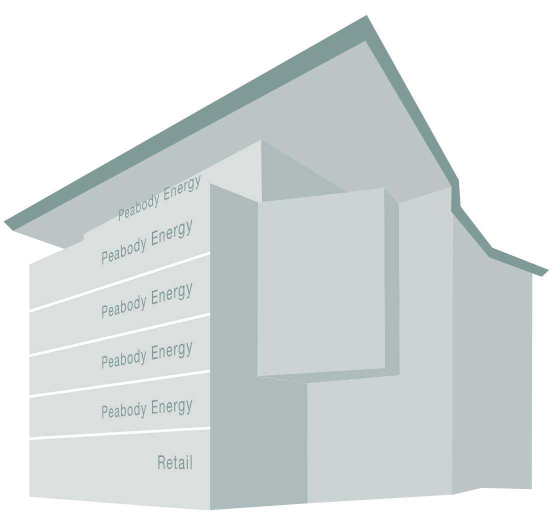
CB1, 22 Cordelia Street, South Brisbane, QLD

Total NLA 11,529 sqm | Occupancy 100%



A1, 32 Cordelia Street, South Brisbane, QLD

Total NLA 10,052 sqm | Occupancy 100%



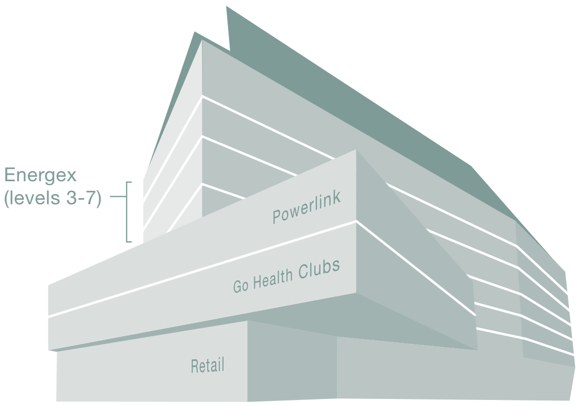
CB2, 42 Merivale Street, South Brisbane, QLD

Total NLA 6,598 sqm | Occupancy 100%

A4, 52 Merivale Street, South Brisbane, QLD

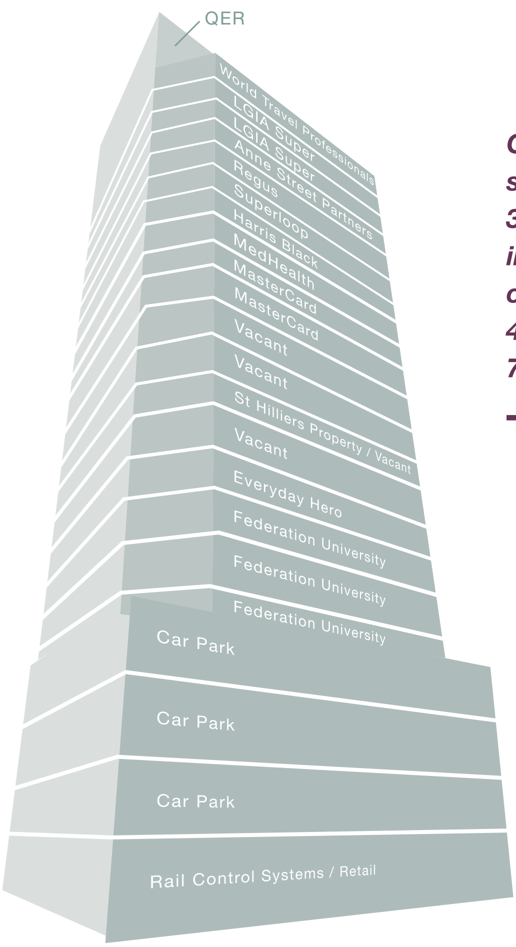
Total NLA 9,405 sqm | Occupancy 100%

Queensland multi-tenanted office assets (continued)



1231-1241 Sandgate Road, Nundah, QLD

Total NLA 12,980 sqm | Occupancy 100%



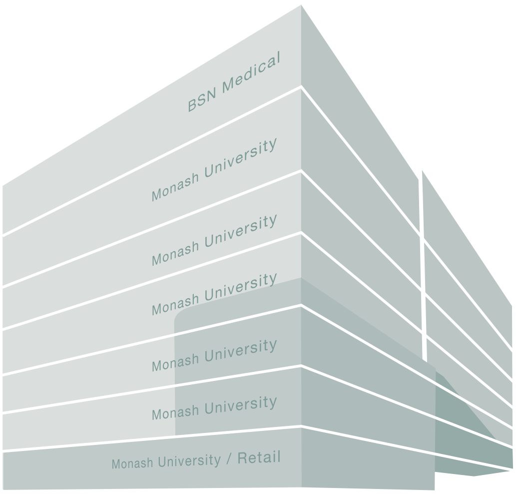
333 Ann Street, Brisbane, QLD

Total NLA 16,457 sqm | Occupancy 77%

333 Ann Street, Brisbane, QLD

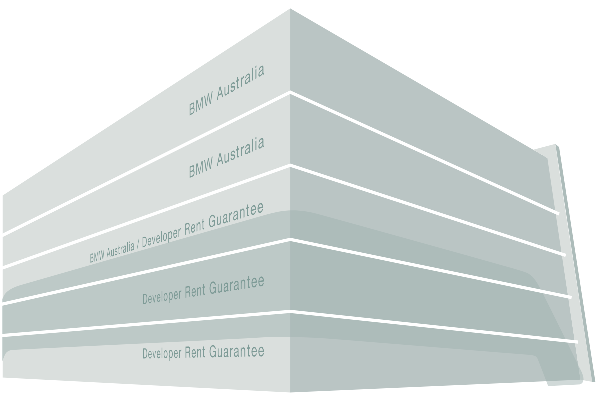
Close to 7,000 sqm of space was leased within 333 Ann Street for FY16, increasing occupancy of the building from 41% at 30 June 2015 to 77% at 30 June 2016.

Victorian multi-tenanted office assets



Building B, 211 Wellington Road, Mulgrave, VIC

Total NLA 12,780 sqm | Occupancy 100%



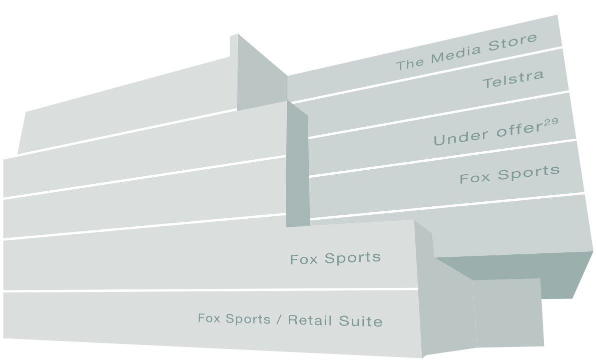
Building C, 211 Wellington Road, Mulgrave, VIC

Total NLA 10,295 sqm | Occupancy 100%[28]

75 Dorcas Street, South Melbourne, VIC

Total NLA 23,811 sqm | Occupancy 100%

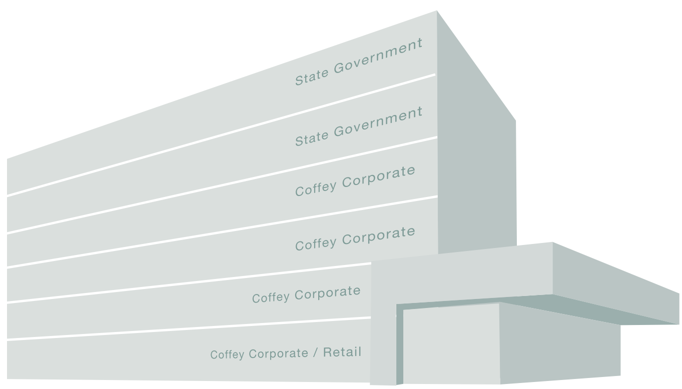
New South Wales multi-tenanted office asset



Building C, 219-247 Pacific Highway, Artarmon, NSW

Total NLA 14,496 sqm | Occupancy 100%

South Australian multi-tenanted office asset



WorldPark, 33-39 Richmond Road, Keswick, SA

Total NLA 11,835 sqm | Occupancy 100%

28. Currently under development with completion expected in September 2016.
29. Currently subject to developer guarantee.

Building C, 219-247 Pacific Highway, Artarmon, NSW

Industrial Portfolio Review

During FY16 Growthpoint achieved success in extending leases well in advance of the lease expiry dates with ASX-listed tenants such as Orora and Coventry Group. The portfolio was expanded through $41.1 million of acquisitions and a valuation gain of 2.4% on a like-for-like basis.

Andrew Fitt
Senior Asset Manager

Virtual property tour

Take a virtual tour of Growthpoint's largest industrial asset and one of the largest distribution centres in the Southern Hemisphere at:

WWW *vimeo.com/growthpointaustralia/larapinta-virtual-property-tour*

Leasing

Growthpoint maintained 100% occupancy of its industrial property portfolio and continued its track record of renewing leases well ahead of potential lease expiry dates.

Key leasing transactions during FY16 included:

- renewing the lease of 3 Millennium Court, Knoxfield, Victoria to ASX-listed Orora Limited, for 8,040 sqm, for a further five years from 1 March 2016. The lease has fixed rent increases of 3.5% per annum;
- renewing the lease of Building 2, 670 Macarthur Avenue, Pinkenba, Queensland to ASX-listed Coventry Group Limited for three years from 1 February 2016. The lease has annual CPI rent increases to a minimum of 3%;
- leasing the Group's 11,430 sqm warehouse at 20 Southern Court, Keysborough, Victoria to Sales Force National Pty Ltd trading as Zenexus for a term of 7.2 years from October 2015. The lease has fixed rent increases of 3% per annum. This property was previously under a rental guarantee from developers Frasers Property (formerly Australand) with less than 3.5 years remaining; and
- renewing the lease of 75 Annandale Road, Melbourne Airport, Victoria to Neovia Logistics for three years from 6 November 2016. This 10,280 sqm warehouse is the national distribution centre for Jaguar and Land Rover parts. The lease has fixed rent increases of 3.75% per annum.

The Group is also in advanced negotiations to renew leases to tenants which expire in FY18 and beyond.

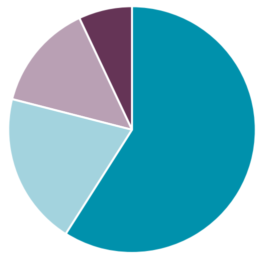
Acquisitions

In July 2015, Growthpoint purchased a multi-tenanted industrial property at 1-3 Pope Court, Beverley, South Australia, in Adelaide's inner western industrial precinct.

Growthpoint's industrial portfolio is one of the highest quality of any A-REIT. Approximately 90% of the portfolio comprises large distribution/logistics warehousing with nearly 50% leased to Woolworths for its grocery supply chain.

Tenants by Industry

by gross income, as at 30 June 2016



Retail **59%**
Logistics **20%**
Manufacturing **14%**
Other Consumer & Business Services **7%**

The purchase price of $20.8 million provided an initial passing yield of 7.75%. The property was newly constructed with a WALE at acquisition of 5.3 years and a WARR of 3.2%.

The Group acquired a 14.1 hectare industrial property in Wollongong, New South Wales for $20.3 million in October 2015 with a 15 year lease to Patrick Autocare Pty Ltd (subsidiary of top 50 ASX listed Asciano Limited). The property is operated as a car storage facility close to

Five year performance summary - industrial

As at 30 June		FY16	FY15	FY14	FY13	FY12
Portfolio value	*$m*	**1,236.3**	1,165.9	1,043.9	897.2	834.2
Total properties	*no.*	**38**	36	35	29	27
Weighted average cap rate	*%*	**7.1**	7.3	8.0	8.3	8.4
% of Growthpoint portfolio	*%*	**44**	49	50	53	51
Occupancy	*%*	**100**	100	99	100	100
WALE	*years*	**5.9**[30]	6.5	7.3	7.9	8.5
Total lettable area	*sqm*	**874,156**	858,658	857,565	770,584	753,760
Average rent *(per sqm, per annum)*	*$*	**109**	104	99	97	96

30. Pro forma, including leasing announced post 30 June 2016.

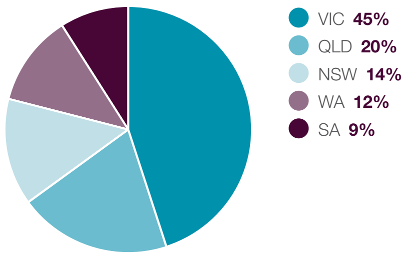
Portfolio lease expiry profile[31]

per financial year, by income

0%	Vacant
5%	FY17
3%	FY18
3%	FY19
15%	FY20
3%	FY21
71%	FY22+

Geographic diversity

by property value as at 30 June 2016



Net property income per State / Territory

for the year ended 30 June 2016

$45.2m	VIC
$18.7m	QLD
$11.1m	NSW
$9.6m	WA
$8.8m	SA

Growthpoint maintained 100% occupancy in its industrial portfolio with steady leasing success during FY16.

NSW's main port for vehicle imports. The acquisition provided an initial passing yield of 7.0% and the lease has fixed 4.0% rent increases per annum.

Disposals

In June 2016, the Group exchanged contracts to sell 670 Macarthur Avenue, Pinkenba, Queensland to a private investor for $10.1 million (above its 31 December 2015 book value of $9.75 million).

The Group has also highlighted its intention to sell non-core assets and recycle into assets which better meet its investment criteria, however, no further contracts of sale had been agreed as of the date of this report.

Expansions and capital Improvements

Growthpoint funded capital improvements to 101-103 William Angliss Drive, Laverton North, Victoria at a cost of approximately $1.5 million adding approximately $123,000 per annum to the annual rent of the property. The rent, including the increase from the Growthpoint funded improvements, increases by 3.5% per annum and there are 12.7 years remaining on the lease as at 30 June 2016.

Valuation

The value of the industrial property portfolio (before acquisitions) increased by $28.4 million over the year prior to 30 June 2016 or 2.4% on a like-for-like basis.

The weighted average capitalisation rate across Growthpoint's industrial property portfolio is 7.1% at 30 June 2016, down from 7.3% at 30 June 2015.

Looking Ahead

Although Growthpoint expects to reduce its weighting to industrial (as a percentage of the total portfolio) over the next 12 months, a significant portfolio well in excess of $1 billion is expected to be maintained. The industrial portfolio continues to be underpinned by six Woolworths grocery distribution centres (the Group's sole exposure to Woolworths) representing nearly half of the industrial portfolio's income and approximately 20.8% of the total portfolio income.

Demand for industrial property is expected to remain robust in FY17, in particular driven by internet retailing and increasing imports of consumer and manufactured goods and products. Growthpoint will continue to focus on maintaining 100% occupancy of its industrial property portfolio by actively engaging with tenants well in advance of their lease expiries. The Group will continue to assess new acquisition opportunities for quality modern assets which meet Growthpoint's strict investment criteria.

Industrial portfolio key statistics

(as at 30 June 2016)

- **$1,236.3 million** total value
- **874,156 sqm** total lettable area
- **7.1%** weighted average capitalisation rate
- **44%** of Growthpoint's property portfolio
- **100%** occupancy
- **5.9 years**[31] WALE
- **2.7%**[32] WARR
- **38** assets

31. Pro forma, including leasing announced post 30 June 2016.
32. Assumes Consumer Price Index change of 1.0% per annum as per Australian Bureau of Statistics release for FY16.

Industrial Portfolio

Address			Book Value	Valuer	Cap rate	Major tenant	WALE	Lettable area	Site area
			$		%		years	sqm	sqm
120 Northcorp Blvd	Broadmeadows	VIC	77,700,000	m3property	7.25	Woolworths	5.1	58,320	250,000
28 Bilston Dr*	Wodonga	VIC	69,239,916	Held for sale	-	Woolworths	5.1	57,440	250,000
522-550 Wellington Rd	Mulgrave	VIC	64,500,000	Directors	7.00	Woolworths	5.1	68,144	191,200
1500 Ferntree Gully Rd & 8 Henderson Rd	Knoxfield	VIC	39,250,000	CBRE	6.50	Brown & Watson International	7.3	22,009	40,844
40 Annandale Rd	Melbourne Airport	VIC	34,600,000	Savills	9.25	Star Track	3.0	44,424	75,325
9-11 Drake Blvd	Altona	VIC	31,300,000	Directors	6.75	Peter Stevens Motorcycles	5.3	25,743	41,730
101-103 William Angliss Dr*	Laverton North	VIC	27,730,593	Held for sale	-	Scott's Refrigerated Freightways	12.7	8,871	37,350
213-215 Robinsons Rd*	Ravenhall	VIC	26,958,717	Held for sale	-	Fuji Xerox	9.0	21,092	45,020
130 Sharps Rd	Melbourne Airport	VIC	23,600,000	Directors	8.50	Laminex Group	6.0	28,100	47,446
120-132 Atlantic Dr	Keysborough	VIC	22,350,000	Directors	6.25	Symbion	12.5	12,864	26,181
Lots 2, 3 & 4, 44-54 Raglan St	Preston	VIC	21,650,000	Directors	8.25	Paper Australia	3.2	26,980	42,280
365 Fitzgerald Rd*	Derrimut	VIC	17,842,617	Held for sale	-	Bridgestone Australia	3.7	16,114	29,860
20 Southern Crt	Keysborough	VIC	14,350,000	Savills	6.75	Sales Force National	6.5	11,430	19,210
120 Link Rd	Melbourne Airport	VIC	14,000,000	Directors	8.50	The Reject Shop	0.6	26,517	51,434
60 Annandale Rd	Melbourne Airport	VIC	12,800,000	Urbis	8.00	Willow Ware Australia	1.8	16,276	34,726
6 Kingston Park Crt	Knoxfield	VIC	11,700,000	CBRE	6.75	NGK Spark Plug	5.9	7,645	12,795
3 Millennium Crt	Knoxfield	VIC	10,800,000	Directors	7.00	Orora	4.7	8,040	14,750
31 Garden St	Kilsyth	VIC	9,750,000	Directors	7.00	Cummins Filtration	2.4	8,919	17,610
45-55 South Centre Rd	Melbourne Airport	VIC	8,000,000	Directors	8.50	Willow Ware Australia	0.7	14,082	24,799
19 Southern Crt	Keysborough	VIC	8,000,000	Savills	7.25	Transms	2.8	6,455	11,650
75 Annandale Rd	Melbourne Airport	VIC	7,100,000	Urbis	8.25	Neovia Logistics Services	3.3	10,280	16,930
70 Distribution St	Larapinta	QLD	200,800,000	Directors	7.00	Woolworths	5.7	76,109	250,900
13 Business St	Yatala	QLD	14,850,000	Directors	7.75	Reward Supply Co.	3.2	8,951	18,630
29 Business St	Yatala	QLD	10,400,000	JLL	7.75	CMC Coil Steels	0.8	8,680	16,460
670 Macarthur Ave*	Pinkenba	QLD	9,915,845	Held for sale	-	Reliance Worldwide Corp	3.3	5,578	10,360
5 Viola Pl	Brisbane Airport	QLD	8,500,000	Directors	9.50	GPC Asia Pacific	1.0	14,726	35,166
10 Gassman Dr	Yatala	QLD	4,800,000	JLL	7.25	Norman Ellison Carpets	1.3	3,188	6,480
3 Viola Pl	Brisbane Airport	QLD	1,950,000	Directors	8.25	Cargo Transport Systems	6.7	3,431	12,483
20 Colquhoun Rd	Perth Airport	WA	146,000,000	Directors	6.50	Woolworths	9.3	80,374	193,936
27-49 Lenore Dr	Erskine Park	NSW	60,900,000	JLL	6.25	Linfox	7.2	29,476	76,490
6-7 John Morphett Pl	Erskine Park	NSW	45,000,000	Directors	6.50	Linfox	3.8	24,881	82,280
51-65 Lenore Dr	Erskine Park	NSW	30,000,000	Directors	6.00	Linfox	11.7	3,720	36,720
34 Reddalls Rd	Kembla Grange	NSW	21,000,000	JLL	6.75	Patrick Autocare	14.3	355	141,100
81 Derby St	Silverwater	NSW	15,100,000	Directors	7.00	IVE Group Australia	1.2	7,984	13,490
599 Main North Rd	Gepps Cross	SA	70,300,000	Directors	7.25	Woolworths	5.1	67,238	233,500
1-3 Pope Crt	Beverley	SA	21,100,000	m3property	7.75	Aluminium Specialties Group	4.4	14,459	25,660
12-16 Butler Blvd	Adelaide Airport	SA	14,100,000	Directors	9.00	Cheap as Chips	4.4	16,800	30,621
10 Butler Blvd	Adelaide Airport	SA	8,400,000	Directors	8.75	Toll Transport	1.6	8,461	16,100
Totals / Weighted Average			**1,236,337,688**		**7.10**	**Major industrial tenants include Woolworths (48% of industrial) & Linfox (9%)**	**5.9**[33]	**874,156**	**2,481,516**

* Assets held for sale have their 30 June 2016 book value calculated as contract price or terms sheet price less disposal costs.

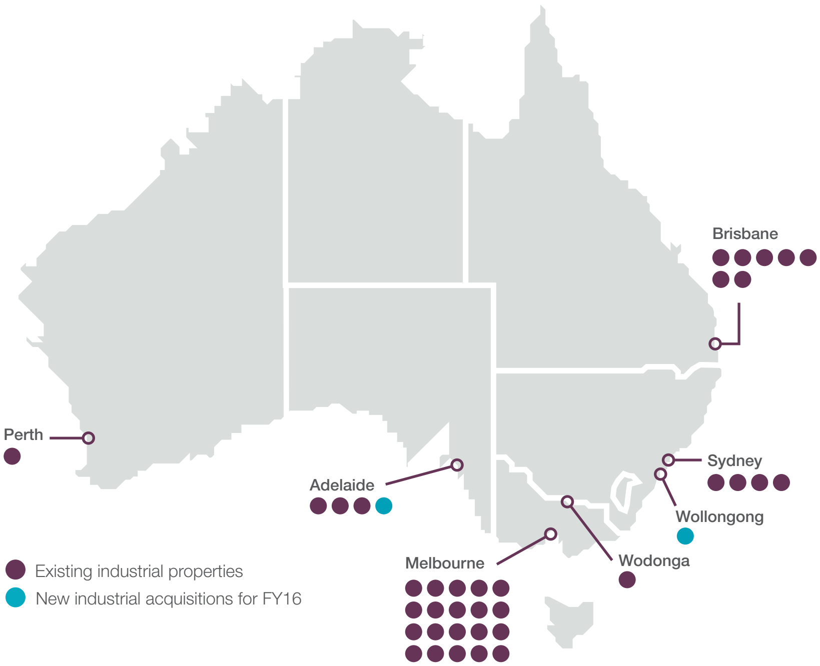
33. Pro forma as at 30 June 2016 including leasing completed prior to the date of this report.

Creating value with quality industrial acquisitions

In FY16 Growthpoint's industrial portfolio was enhanced with two accretive acquisitions in New South Wales and South Australia totalling $41.1 million with weighted average lease expiries of 14.3 and 4.4 years respectively[34]. The two properties are fully leased to major tenants such as Patrick Autocare (subsidiary of ASX-listed Asciano), Aluminium Specialties Group, Pro-Pac Packaging and K.W. Doggett.

Vera Lee
Legal Counsel

Industrial property portfolio locations



Industrial Portfolio value
at 30 June

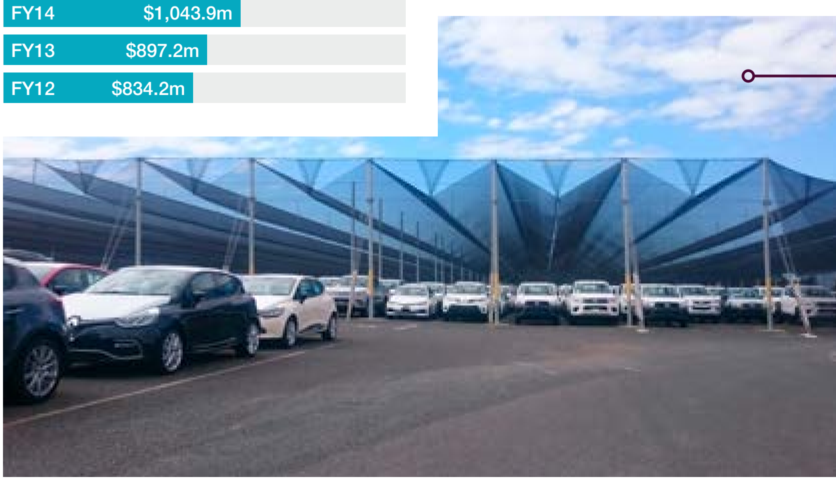
FY16	$1,236.3m
FY15	$1,165.9m
FY14	$1,043.9m
FY13	$897.2m
FY12	$834.2m

1-3 Pope Court, Beverley, SA

Major Tenant: Aluminium Specialties Group

Book Value: $21.1 million
WALE: 4.4 years | Cap rate: 7.75%

A newly constructed warehouse currently split into three separate tenancies but able to be reconfigured to meet future tenant demand.



34 Reddalls Road, Kembla Grange, NSW

Major Tenant: Patrick Autocare

Book Value: $21.0 million
WALE: 14.3 years | Cap rate: 6.75%

A motor vehicle storage facility comprising bitumen sealed pavement, hail mesh, security gatehouse and perimeter fencing plus vehicle wash bay facility.

34. As at 30 June 2016.

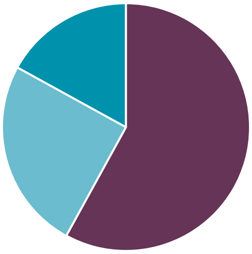
1 Charles Street,
Parramatta, NSW

Diversified tenant base creates stable, long-term rental income

Growthpoint's strategy of leasing to and retaining high quality tenants for the medium to long term has created a sustainable rental stream. 58% of Growthpoint's tenants are listed entities and a further 25% are government or government owned entities, delivering a strong financial covenant. The diversified and high quality tenant base provides secure rental income.

Tenant type

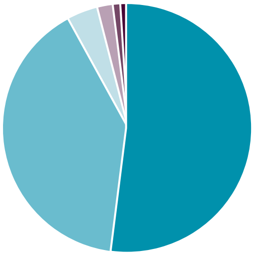
by gross income as at 30 June 2016



- Listed entity **58%**
- Government owned **25%**
- Private company & other **17%**

Tenants use

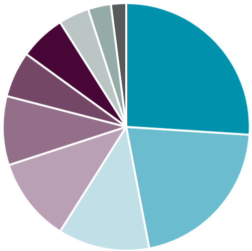
by gross income as at 30 June 2016



- Office **52%**
- Logistics / Distribution **40%**
- Manufacturing **4%**
- Retail **2%**
- Car Parking **1%**
- Other **1%**

Tenants by industry

by gross income as at 30 June 2016



- Retail **26%**
- Government **21%**
- Financial Services **12%**
- Resources, Infrastructure & Construction **11%**
- Logistics **9%**
- Manufacturing **6%**
- Other Consumer & Business Services **6%**
- IT, Media & Telecommunications **4%**
- Education **3%**
- Health **2%**

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.

2016 Sustainability Report (available online only)

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

WWW *growthpoint.com.au/sustainability/operating-sustainably/*

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 *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 *www.gresb.com*

Steve Lee
Manager – Projects & Sustainability

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

WWW

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

WWW

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 39 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

46
47
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

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

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 to the Managing Director for FY16 is listed on page 46 of this report and the proposed remuneration parameters for FY17 are on page 47. 46 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. Refer to page 42 for measures for the FY16 STI and the FY17 STI; 42
    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 Director holds securities in the Group (refer to page 81 for details of director holdings). 81
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 page 47 for more details of redundancy entitlements. 47

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

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.

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 TFRs which have increased for all employees. Refer to page 43 for details about the LTI for FY16 and, accordingly, the FY17 LTI.

43

47 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: Salary and fees	Short-term: Cash bonus	Short-term: Non-monetary benefits	Post employment: Super-annuation benefits	Other long-term	Termination benefits	Share based payments: Options and rights	Total	S300A (1) (e) (i) proportion of remuneration performance related
	$	$	$	$	$	$	$	$	%
Directors (current)									
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%

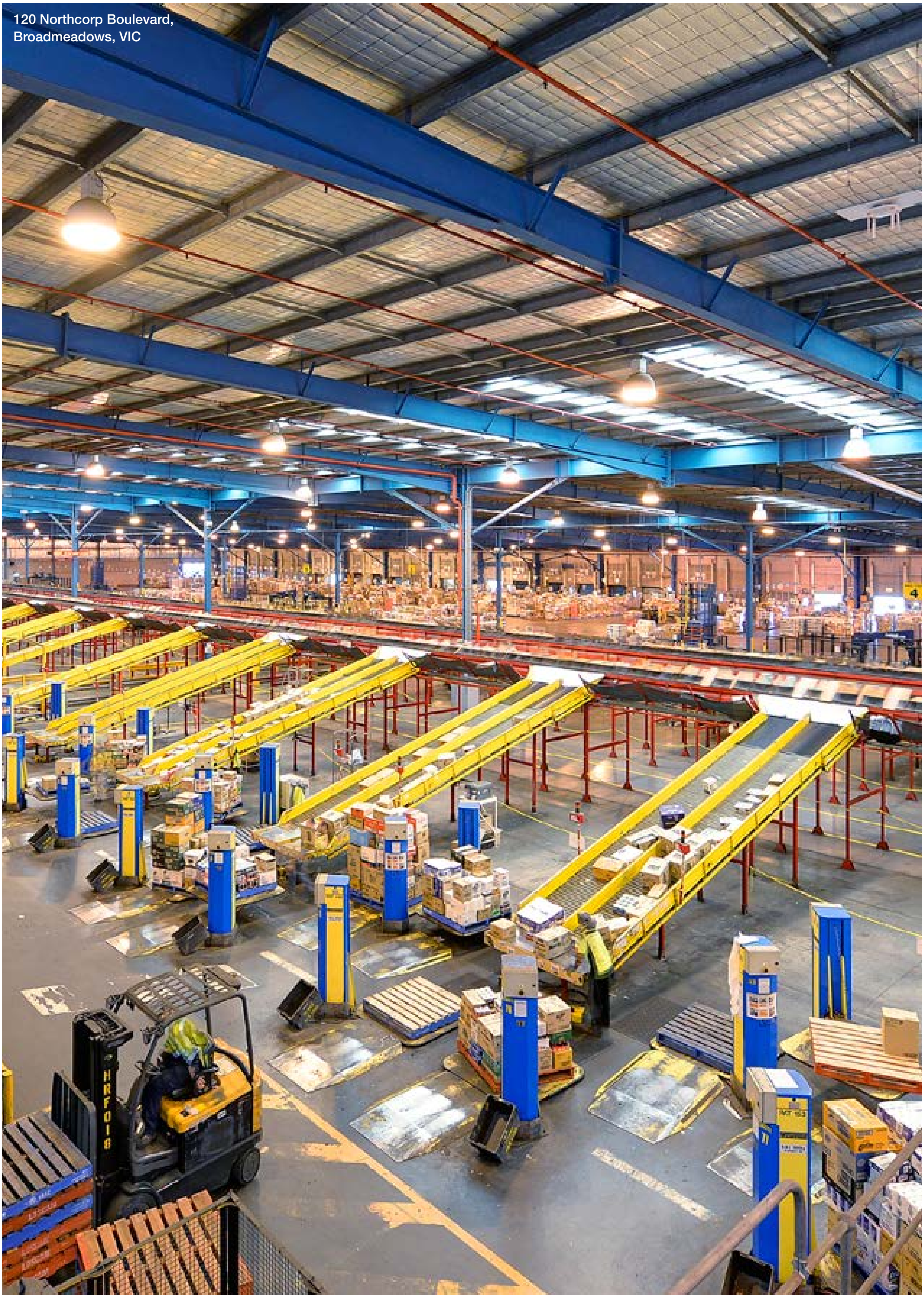
Directors' and Executive Officers' Remuneration (FY15)

For the year to 30 June 2015	Short-term: Salary and fees	Short-term: Cash bonus	Short-term: Non-monetary benefits	Post employment: Super-annuation benefits	Other long-term	Termination benefits	Share based payments: Options and rights	Total	S300A (1) (e) (i) proportion of remuneration performance related
	$	$	$	$	$	$	$	$	%
Directors (current)									
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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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.

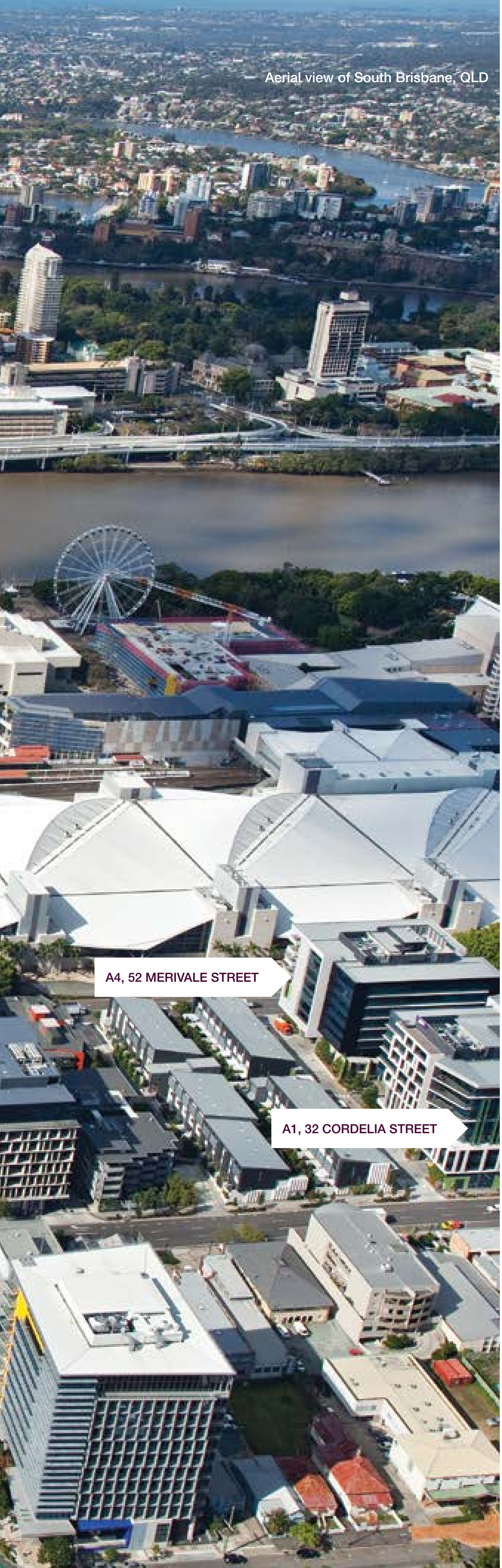
Growthpoint Properties Australia Trust and its Responsible Entity, Growthpoint Properties Australia Limited, are both domiciled in Australia. The Responsible Entity's registered office and principal place of business is Level 22, 357 Collins Street, Melbourne, Victoria, 3000, Australia.

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 22 August 2016. 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 2016 unless the context requires otherwise.

References to "balance date" in this report refer to 30 June 2016 unless the context requires otherwise.



Aerial view of South Brisbane, QLD

Financial Report

For the year ended 30 June 2016

Financial Statements

Notes to the Financial Statements

Declarations / Reports

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016	Notes	2016	Restated 2015
		$'000	$'000
Revenue			
Property revenue	2.1	208,626	197,240
Straight line adjustment to property revenue		7,426	6,569
Net changes in fair value of investment properties	2.2	96,583	168,579
Profit on sale of investment properties		-	363
Unrealised profit on assets held for sale		163	-
Net change in fair value of derivatives		4,647	1,542
Loss on settlement of derivatives		(10,471)	(12,822)
Net investment income		306,974	361,471
Expenses			
Property expenses		(27,457)	(25,441)
Other expenses from ordinary activities		(10,407)	(9,123)
Total expenses		(37,864)	(34,564)
Profit from operating activities		269,110	326,907
Interest income		559	761
Borrowing costs	3.2	(44,982)	(44,292)
Net finance costs		(44,423)	(43,531)
Profit before income tax		224,687	283,376
Income tax expense	4.3	(418)	(372)
Profit for the period		224,269	283,004
Profit attributable to:			
Owners of the Trust		224,444	283,175
Owners of the Company		(175)	(171)
		224,269	283,004
Distribution to Securityholders	3.6	(118,134)	(110,685)
Change in net assets attributable to Securityholders / Total Comprehensive Income		106,135	172,319
Basic and diluted earnings per stapled security (cents)	3.7	38.9	50.4

Refer to section 2.1 for further information on the restatement for the year to 30 June 2015.

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 2016	Notes	2016	Restated 2015
		$'000	$'000
Current assets			
Cash and cash equivalents		**70,661**	26,858
Trade and other assets	2.4	**39,636**	35,638
Assets held for sale	2.3	**151,688**	-
Total current assets		**261,985**	62,496
Non-current assets			
Trade and other assets	2.4	**58,556**	51,129
Plant & equipment		**195**	312
Investment properties	2.2	**2,592,589**	2,292,711
Deferred tax assets		**709**	499
Total non-current assets		**2,652,049**	2,344,651
Total assets		**2,914,034**	2,407,147
Current liabilities			
Trade and other liabilities	2.5	**38,978**	28,291
Distribution to Securityholders	3.6	**60,062**	56,334
Current tax payable		**574**	560
Total current liabilities		**99,614**	85,185
Non-current liabilities			
Interest bearing liabilities	3.1	**1,242,226**	890,445
Derivative financial instruments	3.3	**15,353**	20,000
Total non-current liabilities		**1,257,579**	910,445
Total liabilities		**1,357,193**	995,630
Net assets		**1,556,841**	1,411,517
Securityholders' funds			
Contributed equity	3.5	**1,414,012**	1,376,011
Reserves		**5,036**	3,847
Accumulated profits		**137,793**	31,659
Total Securityholders' funds		**1,556,841**	1,411,517

Refer to section 2.1 for further information on the restatement as at 30 June 2015.

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 2016	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2015	1,376,011	3,369	471	7	31,659	**1,411,517**
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	224,269	**224,269**
Total other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	224,269	**224,269**
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	38,001	-	-	-	-	**38,001**
Distributions provided or paid	-	-	-	-	(118,134)	**(118,134)**
Share-based payment transactions	-	1,137	-	-	-	**1,137**
Deferred tax expense charged to equity	-	-	51	-	-	**51**
Total transactions with Securityholders	38,001	1,137	51	-	(118,134)	**(78,945)**
Balance at 30 June 2016	1,414,012	4,506	522	7	137,794	**1,556,841**
Total recognised income and expense for the year is attributable to:						
- Trust						**224,444**
- Company						**(175)**
Growthpoint Properties Australia						**224,269**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity (continued)

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 Cash Flow Statement

For the year ended 30 June 2016	Notes	2016	2015
		$'000	$'000
Cash flows from operating activities			
Cash receipts from customers		**221,286**	204,407
Cash payments to suppliers		**(42,252)**	(66,405)
Cash generated from operating activities		**179,034**	138,002
Interest paid		**(44,647)**	(45,263)
Taxes paid		**(565)**	(352)
Net cash inflow from operating activities	2.6 (b)	**133,822**	92,387
Cash flows from investing activities			
Interest received		**559**	761
Net proceeds from sale of investment properties		**-**	26,700
Payments for investment properties		**(355,138)**	(93,477)
Payments for plant & equipment		**(11)**	(15)
Net cash outflow from investing activities		**(354,590)**	(66,031)
Cash flows from financing activities			
Proceeds from external borrowings		**719,584**	378,044
Repayment of external borrowings		**(368,138)**	(357,842)
Proceeds from equity raising		**40,132**	73,746
Equity raising costs		**(2,131)**	(744)
Payment for settlement of derivatives		**(10,471)**	(12,822)
Distributions paid to Securityholders		**(114,405)**	(101,201)
Net cash (outflow)/inflow from financing activities		**264,571**	(20,819)
Net inflow in cash and cash equivalents		**43,803**	5,537
Cash and cash equivalents at the beginning of the period		**26,858**	21,321
Cash and cash equivalents at the end of the period	2.6 (a)	**70,661**	26,858

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 shows the basis of reporting for the Group and relevant new accounting standards, amendments and interpretations, whether these are effective in FY16 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 2016. The Group's registered address is Level 22, 357 Collins Street, Melbourne, Victoria 3000, Australia.

The ultimate parent entity of the Group is Growthpoint SA.

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 22 August 2016.

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 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.

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 2.2 – Investment properties;
- Note 2.3 – Assets held for sale;
- Note 3.3 – Derivative financial instruments; and
- Note 3.8 – Share-based payment arrangements.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, information regarding the method of determining fair value and about the assumptions made in determining fair value is disclosed in the note specific to that asset or liability.

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 2016, 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. The Group does not plan to early adopt this standard and the extent of the impact on the classification and measurement of the financial instruments (if any) has not been determined.

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 FY18 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.

IFRS 16 Leases

IFRS 16 removes the classification of leases as either operating leases or finance leases, for the lessee, effectively treating all leases as finance leases.

Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements.

There are also changes in accounting over the life of the leases. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals.

Lessor accounting remains similar to current practice (i.e. lessors continue to classify leases as finance and operating leases).

IFRS 16 is effective for the FY19 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 or expense (if any) has not been determined.

Section 2: Operating results, assets and liabilities

in this section ...

This section shows the assets used to generate the Group's trading performance and provides information on the office and industrial property segments that make up that performance. It also shows the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 3.

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

2.1 Revenue and segment information

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). 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.

During the year, the Group has adopted a change to its policy with regards to revenue recognition, specifically in regards to straight-lining revenue over the life of the lease. Previously, contingent income earned during the lease was recognised as incurred and the straight-line calculation adjusted to include that contingent income until lease end. The Group's accounting policy now excludes any contingent income for straight line purposes as it is not determinable at the beginning of a lease. This increases the predictability of the calculation, therefore increasing the relevance and reliability of the figure for users of the accounts.

The impact of this accounting policy change is nil for the Profit for the Year as per the Consolidated Statement of Profit or Loss and Other Comprehensive Income both in the current year and prior corresponding period.

The impact of this accounting policy change is nil for Net Assets as per the Consolidated Statement of Financial Position as at 30 June 2016 and 30 June 2015.

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 and property revaluations 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 2016			
Revenue, excluding straight line lease adjustment	101,219	107,407	**208,626**
Property expenses	(13,459)	(13,998)	**(27,457)**
Net Property Income Segment results	87,760	93,409	**181,169**
Net changes in fair value of investment properties	75,037	21,546	**96,583**
Segment results	162,797	114,955	**277,752**
Income not assigned to segments			**2,324**
Expenses not assigned to segments			**(55,389)**
Net profit before income tax			**224,687**

2.1 Revenue and segment information (continued)

	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)**
Net Property Income Segment results	87,070	84,729	**171,799**
Net changes in fair value of investment properties	87,257	81,322	**168,579**
Segment results	174,327	166,051	**340,378**
Losses not assigned to segments			**(3,587)**
Expenses not assigned to segments			**(53,415)**
Net profit before income tax			**283,376**

Property values are also reported by segment and this information is reported in note 2.2.

Major customer

Revenue from one customer, Woolworths Limited, of the Group's Industrial segment represents $47,705,000 (FY15: $46,172,000) of the Group's total revenue.

2.2 Investment properties

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 a tenant under the terms of a lease such as fit-outs or rent free periods are recognised as 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 generally values the Group's most, if not all, investment property portfolio each financial year. 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.

2.2 Investment properties (continued)

Investment Properties Value

Industrial Properties			Latest External Valuation Date	Latest External Valuation	Consolidated Book Value 30-Jun-16	Consolidated Book Value 30-Jun-15
				$'000	$'000	$'000
Victoria						
120 Northcorp Boulevard	Broadmeadows	VIC	30-Jun-16	77,700	**77,700**	76,700
28 Bilston Drive (i)	Wodonga	VIC	31-Dec-15	72,500	-	80,500
522-550 Wellington Road	Mulgrave	VIC	31-Dec-15	63,000	**64,500**	60,700
1500 Ferntree Gully Road & 8 Henderson Road	Knoxfield	VIC	30-Jun-16	39,250	**39,250**	36,550
40 Annandale Road	Melbourne Airport	VIC	30-Jun-16	34,600	**34,600**	37,100
9-11 Drake Boulevard	Altona	VIC	31-Dec-15	30,900	**31,300**	29,600
101-103 William Angliss Drive (i)	Laverton North	VIC	31-Dec-15	28,000	-	24,100
213-215 Robinsons Road (i)	Ravenhall	VIC	30-Jun-15	26,400	-	26,400
130 Sharps Road	Melbourne Airport	VIC	31-Dec-15	21,500	**23,600**	24,800
120-132 Atlantic Drive	Keysborough	VIC	31-Dec-15	22,350	**22,350**	21,000
Lots 2-4, 44-54 Raglan Street	Preston	VIC	31-Dec-15	21,650	**21,650**	21,400
365 Fitzgerald Road (i)	Derrimut	VIC	30-Jun-15	17,400	-	17,400
20 Southern Court	Keysborough	VIC	30-Jun-16	14,350	**14,350**	13,400
120 Link Road	Melbourne Airport	VIC	31-Dec-15	14,000	**14,000**	17,350
60 Annandale Road	Melbourne Airport	VIC	30-Jun-16	12,800	**12,800**	12,600
6 Kingston Park Court	Knoxfield	VIC	30-Jun-16	11,700	**11,700**	11,100
3 Millennium Court	Knoxfield	VIC	31-Dec-15	10,450	**10,800**	9,250
31 Garden Street	Kilsyth	VIC	31-Dec-15	9,600	**9,750**	9,100
45-55 South Centre Road	Melbourne Airport	VIC	31-Dec-15	8,550	**8,000**	8,300
19 Southern Court	Keysborough	VIC	30-Jun-16	8,000	**8,000**	7,825
75 Annandale Road	Melbourne Airport	VIC	30-Jun-16	7,100	**7,100**	6,900
Queensland						
70 Distribution Street	Larapinta	QLD	31-Dec-15	198,500	**200,800**	193,500
13 Business Street	Yatala	QLD	31-Dec-15	14,850	**14,850**	15,050
29 Business Street	Yatala	QLD	30-Jun-16	10,400	**10,400**	11,900
670 Macarthur Avenue (i)	Pinkenba	QLD	30-Jun-15	8,800	-	8,800
5 Viola Place	Brisbane Airport	QLD	30-Jun-15	8,500	**8,500**	8,500
10 Gassman Drive	Yatala	QLD	30-Jun-16	4,800	**4,800**	5,000
3 Viola Place	Brisbane Airport	QLD	31-Dec-15	1,950	**1,950**	2,500
Western Australia						
20 Colquhoun Road	Perth Airport	WA	31-Dec-15	141,000	**146,000**	134,000
New South Wales						
27-49 Lenore Drive	Erskine Park	NSW	30-Jun-16	60,900	**60,900**	58,250
6-7 John Morphett Place	Erskine Park	NSW	31-Dec-15	44,500	**45,000**	42,500
51-65 Lenore Drive	Erskine Park	NSW	31-Dec-15	29,500	**30,000**	28,000
34 Reddalls Road	Kembla Grange	NSW	30-Jun-16	21,000	**21,000**	-
81 Derby Street	Silverwater	NSW	31-Dec-15	15,500	**15,100**	14,600

2.2 Investment properties (continued)

Industrial Properties			Latest External Valuation Date	Valuation	Consolidated Book Value 30-Jun-16	30-Jun-15
				$'000	$'000	$'000
South Australia						
599 Main North Road	Gepps Cross	SA	31-Dec-15	70,000	**70,300**	68,500
1-3 Pope Court	Beverley	SA	30-Jun-16	21,100	**21,100**	-
12-16 Butler Boulevard	Adelaide Airport	SA	31-Dec-15	14,100	**14,100**	14,200
10 Butler Boulevard	Adelaide Airport	SA	31-Dec-15	8,600	**8,400**	8,500
Total Industrial Properties				1,225,800	**1,084,650**	1,165,875

Office Properties			Latest External Valuation Date	Valuation	Consolidated Book Value 30-Jun-16	30-Jun-15
				$'000	$'000	$'000
Victoria						
75 Dorcas Street (ii)	South Melbourne	VIC	30-Jun-16	166,000	**166,000**	-
Building 2, 572-576 Swan Street	Richmond	VIC	30-Jun-16	82,000	**82,000**	78,500
Building B, 211 Wellington Road	Mulgrave	VIC	31-Dec-15	66,600	**67,000**	34,015
Buildings 1&3, 572-576 Swan Street	Richmond	VIC	30-Jun-16	57,800	**57,800**	54,850
Building C, 211 Wellington Road (iii)	Mulgrave	VIC	30-Sep-15	50,875	**22,070**	-
Car Park, 572-576 Swan Street	Richmond	VIC	30-Jun-16	1,200	**1,200**	1,200
Queensland						
1231-1241 Sandgate Road	Nundah	QLD	31-Dec-15	99,000	**103,500**	93,200
333 Ann Street	Brisbane	QLD	30-Jun-16	102,500	**102,500**	91,000
CB1, 22 Cordelia Street	South Brisbane	QLD	30-Jun-16	92,500	**92,500**	83,000
A1, 32 Cordelia Street	South Brisbane	QLD	31-Dec-15	71,000	**74,800**	65,250
A4, 52 Merivale Street	South Brisbane	QLD	30-Jun-16	72,800	**72,800**	58,500
CB2, 42 Merivale Street	South Brisbane	QLD	31-Dec-15	52,250	**52,400**	48,300
Car Park, 32 Cordelia Street & 52 Merivale Street	South Brisbane	QLD	31-Dec-15	18,000	**18,000**	14,650
South Australia						
WorldPark, 33-39 Richmond Road	Keswick	SA	30-Jun-16	62,000	**62,000**	61,000
7 Laffer Drive	Bedford Park	SA	30-Jun-16	16,400	**16,400**	16,700
New South Wales						
1 Charles Street	Parramatta	NSW	31-Dec-15	277,500	**280,000**	261,500
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-15	108,500	**111,000**	103,500
Tasmania						
89 Cambridge Park Drive	Cambridge	TAS	31-Dec-15	27,000	**27,000**	27,800
Australian Capital Territory						
10-12 Mort Street	Canberra	ACT	30-Jun-16	87,500	**87,500**	85,000
255 London Circuit	Canberra	ACT	31-Oct-15	70,025	**70,025**	-
Total Office Properties				1,581,450	**1,566,495**	1,177,965
Sub-totals				2,807,250	**2,651,145**	2,343,840
Less: Non-current trade receivables (rental income recognised on a straight line basis)					**(58,556)**	(51,129)
Total investment properties					**2,592,589**	2,292,711

(i) These properties have been transferred to assets available for sale. (ii) This property was acquired in June 2016 (iii) 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.

2.2 Investment properties (continued)

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 m3property. The fair value of properties not externally valued as at 30 June 2016 were based solely on Directors' 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:

	2016	2015
Discount rate	**7.5% - 9.8%**	8.0% - 10.0%
Terminal yield	**6.8% - 11.5%**	6.8% - 11.5%
Capitalisation rate	**6.0% - 9.5%**	6.5% - 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:

	2016	2015
Discount rate	**6.8% - 10.0%**	8.0% - 10.3%
Terminal yield	**6.3% - 11.8%**	7.3% - 11.8%
Capitalisation rate	**6.0% - 11.8%**	6.8% - 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-16**	30-Jun-15
Weighted average 10-year discount rate used to value the Group's properties	**7.89%**	8.5%
10-year bond rate	**1.98%**	3.0%
Implied property risk premium	**5.91%**	5.5%

As the above table shows, over the 12 months to 30 June 2016 discount rates utilised in the valuation of the Group's property portfolio have tightened (lowered). Over this same period the implied property risk premium has increased by approximately 41 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 increase in the implied property risk premium is due to a greater fall in the government bond yield (103 basis points) relative to the reduction in the Group's weighted average discount rate (61 basis points) over the 12 months to 30 June 2016.

2.2 Investment properties (continued)

Commentary on Capitalisation Rates

Industrial

The market for industrial investments remains robust with strong demand prevailing for well-located and secured industrial investments from all buyer types including local REIT, wholesale funds and a number of foreign investors. Strong competition for relatively few available assets has led to further yield compression over the past 12 months of between 0 and 25 basis points at both ends of the prime yield range and the higher quality end of secondary yields. Yields are now generally placed at levels recorded during the peak market preceding the Global Financial Crisis. Transactional activity over the past 12 months has provided good evidence for the Group's own industrial properties. The weighted average capitalisation rate used to value the industrial portfolio firmed from 7.34% to 7.10% over the year to 30 June 2016.

Office

Capital remains readily available for new investment in the office sector creating continued strong demand, especially for prime quality assets in both CBD and fringe markets providing long lease terms, modern improvements and fixed rent increases. The A-REIT and offshore investors represent the most active buyer profile. Yields continued to tighten in most markets, particularly for prime and A-grade assets, compressing between 25 and 75 basis points. However, in contrast to the buoyant investment market, conditions within office leasing markets generally remain challenging.

Following some new leasing deals and lease extensions to existing tenants, a further improved investment market and the acquisition of 255 London Circuit, Canberra (capitalisation rate 6.00%) and 75 Dorcas Street, South Melbourne (capitalisation rate 6.75%), the weighted average capitalisation rate used in valuing the office portfolio has firmed from 7.25% to 6.78% over the year to 30 June 2016.

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, 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.

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, whereas a decrease would decrease the value of investment property.

Contractual obligations

At 30 June 2016, the following contractual obligations relating to expansions at existing investment properties are in place:

- Under an expansion clause in the current lease the tenant at 5 Viola Place, Brisbane Airport, Queensland can request a 6,250 sqm expansion at any point during the term (which currently expires on 30 June 2017). 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 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 3,000 sqm 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 lettable area constructed under the expansion clause.

The two property expansions detailed above have an estimated aggregate cost of not more than $9.0 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 development agreement and other documents to fund the construction of Building C, 211 Wellington Road, Mulgrave, Victoria. Practical completion of this office building is expected to occur in September 2016. At 30 June 2016, the cost to complete this property is $29.7 million under the development agreement.

2.2 Investment properties (continued)

Amounts recognised in profit and loss for investment properties

	2016	2015
	$'000	$'000
Rental income	208,626	197,240
Straight line adjustment to rental income	7,426	6,569
Net gain from fair value adjustment	96,583	168,579
Profit on sale of investment properties	-	363
Unrealised profit on assets held for sale	163	-
Direct operating expenses from property that generated rental income	(27,457)	(25,441)
	285,341	347,310

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:

	2016	2015
	$'000	$'000
Within one year	206,862	179,901
Later than one year but not later than five years	736,407	660,164
Later than five years	480,018	498,651
	1,423,287	1,338,716

10 (30 June 2015: 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 payable by the Trust are as follows:

	2016	2015
	$'000	$'000
Within one year	3,399	3,040
Later than one year but not later than five years	5,725	5,242
Later than five years	605	-
	9,728	8,282

Reconciliation of value of investment properties

	2016	2015
	$'000	$'000
At fair value		
Opening balance	2,292,711	2,030,790
Acquisitions	347,844	94,989
Capital expenditure	6,976	6,941
Disposals	-	(26,700)
Unrealised gain on assets held for sale	163	-
Net gain on disposals	-	363
Transfer (to) / from available for sale	(151,688)	17,741
Net gain from fair value adjustment	96,583	168,579
Closing balance at 30 June	2,592,589	2,292,711

2.3 Non-current assets held for sale

Accounting policy

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured 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 2.2.

At 30 June 2016 there were five properties classed as held for sale (30 June 2015: Nil) and their value is shown on the table below:

Value at 30 June 2016

			$'000
Industrial Properties			
28 Bilston Drive	Wodonga	VIC	**69,240**
213-215 Robinsons Road	Ravenhall	VIC	**26,959**
99 and 101-103 William Angliss Drive	Laverton North	VIC	**27,731**
365 Fitzgerald Road	Derrimut	VIC	**17,843**
670 Macarthur Avenue (i)	Pinkenba	QLD	**9,916**
Total			**151,688**

(i) A contract of sale was entered into for this property in June 2016, with settlement due by 8 September 2016.

2.4 Trade and other assets

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.

Impairment

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 normally 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.

2.4 Trade and other assets (continued)

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.

Determination of fair value

The fair value of trade and other assets 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 assets can be analysed as follows:

	2016	2015
	$'000	$'000
Current		
Rent receivables	**1,392**	3,788
GST receivable	**-**	533
Prepayments	**6,896**	4,913
Unamortised tenant incentives	**31,348**	26,404
	39,636	35,638

Impaired rent receivables

As at 30 June 2016, there were no impaired rent receivables (30 June 2015: nil).

	2016	2015
	$'000	$'000
Non-current		
Rent receivables	**58,556**	51,129
	58,556	51,129

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

2.5 Trade and other liabilities

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 liabilities are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost.

Trade and other liabilities can be analysed as follows:

	2016	2015
	$'000	$'000
Trade payables	**620**	664
Non-trade payables	**519**	464
GST payable	**2,001**	-
Accrued expenses - other	**17,580**	14,449
Prepaid rent	**18,258**	12,714
	38,978	28,291

2.6 Cash flow information

Accounting policies

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.

Cash flow information

	2016	2015
	$'000	$'000
(a) Reconciliation of cash at end of year		
Cash and cash equivalents balance	**70,661**	26,858
(b) Reconciliation of net operating profit to net cash inflow from operating activities		
Net profit for the period	**224,269**	283,004
Fair value adjustment to investment property	**(96,583)**	(168,579)
Profit on sale of investment properties	**-**	(363)
Unrealised profit on assets held for sale	**(163)**	-
Fair value adjustment to derivatives	**(4,647)**	(1,542)
Loss on settlement of derivatives	**10,471**	12,822
Amortisation of borrowing costs	**1,685**	2,033
Interest received	**(559)**	(761)
Depreciation	**128**	137
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
- Increase in receivables	**(5,049)**	(6,303)
- Increase in prepayments	**(8,277)**	(28,431)
- Increase in deferred tax asset	**(210)**	(202)
- Increase in payables	**12,757**	572
Net cash inflow from operating activities	**133,822**	92,387

Section 3: Capital structure and financing costs

in this section ...

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

3.1 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 2015	Movement during period	**Balance as at 30 June 2016**	Facility limit	Maturity
	$'000	$'000	$'000	$'000	
Secured loans					
Syndicated bank facility					
- Facility A	255,000	-	**255,000**	255,000	Dec-17
- Facility B	255,000	-	**255,000**	255,000	Dec-18
- Facility C	86,826	101,446	**188,272**	245,000	Dec-19
- Facility D	-	-	**-**	70,000	Dec-19
- Facility E	100,000	-	**100,000**	100,000	Jun-19
Loan note 1	200,000	-	**200,000**	200,000	Mar-25
Loan note 2	-	100,000	**100,000**	100,000	Dec-22
Loan note 3	-	60,000	**60,000**	60,000	Dec-22
Fixed bank facility 1	-	90,000	**90,000**	90,000	Dec-22
Total loans	896,826	351,446	**1,248,272**	1,375,000	
Less unamortised upfront costs	(6,381)	335	**(6,046)**		
Total interest bearing liabilities	890,445	351,781	**1,242,226**		

The weighted average all-in interest rate (including bank margin and amortisation of upfront fees paid) at 30 June 2016 was 4.13% per annum (30 June 2015: 4.76% per annum). Refer to note 3.3 for details on interest rate swaps.

3.1 Interest bearing liabilities (continued)

Fair value

The carrying amounts are not materially different to the fair values of borrowings at balance sheet date since the interest payable on those borrowings is close to current market rates.

Assets pledged as security

The bank loans, Loan Notes and bills payable by the Group are secured by first ranking mortgages over the Group's real property interests, including those classified as investment properties.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2016	2015
	$'000	$'000
Current		
Floating charge		
Cash and cash equivalents	70,661	26,858
Receivables	39,636	35,638
Assets available for sale	151,688	-
	261,985	62,496
Non-current		
First ranking mortgage		
Investment properties	2,592,589	2,292,711
Receivables	58,556	51,129
Floating charge		
Plant and equipment	195	312
Deferred tax assets	709	499
Total non-current assets pledged as security	2,652,049	2,344,651
Total assets pledged as security	2,914,034	2,407,147

3.2 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:

	2016	2015
	$'000	$'000
Bank interest expense and charges	43,297	42,259
Amortisation of borrowing costs	1,685	2,033
	44,982	44,292

3.3 Derivative financial instruments

Accounting policies

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured 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

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:

	2016	2015
	$'000	$'000
Interest rate swap contracts – carried at fair value through profit and loss:		
Total non-current derivative financial instrument liabilities	**15,353**	20,000
	15,353	20,000

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 3.4). 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.

Interest rate swap contracts – carried at fair value through profit and loss

Swaps in effect at 30 June 2016 covered 29% (30 June 2015: 53%) of the loan principal outstanding. With total fixed interest rate debt of $450 million outstanding (30 June 2015: $200 million), the total fixed interest rate coverage of outstanding principle is 65% (30 June 2015: 75%).

The average fixed interest rate of swaps at 30 June 2016 was 3.06% per annum (30 June 2015: 3.70% per annum) and the variable interest rate (excluding bank margin) is 1.89% per annum (30 June 2015: 2.10% per annum) at balance date. See table below for further details of swaps in effect at 30 June 2016:

Counter Party	**Amount of Swap**	Swap Expiry	Fixed Rate	Term to Maturity
	$'000		%	Years
ANZ	**50,000**	Jul-2018	3.20%	2.0
Westpac	**50,000**	Feb-2019	3.57%	2.6
ANZ	**50,000**	Feb-2019	3.55%	2.6
NAB	**60,000**	Nov-2019	3.70%	3.3
NAB	**25,000**	Jun-2020	2.36%	4.0
CBA	**25,000**	Jun-2020	2.36%	4.0
ANZ	**50,000**	Dec-2020	2.42%	4.5
WBC	**50,000**	Jun-2021	2.48%	5.0
Total / Weighted average	**360,000**		3.06%	3.4

The contracts require settlement of net interest receivable or payable each 30 days. The settlement dates generally coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

At balance date these contracts were liabilities with a fair value of $15,353,000 (30 June 2015: liabilities of $20,000,000) for the Group. In the year ended 30 June 2016 there was a gain from the increase in fair value of $4,647,000 for the Group (FY15: gain of $1,542,000).

3.3 Derivative financial instruments (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	**Total**
	$'000	$'000	$'000	$'000
30 June 2016				
Derivative financial liabilities	-	15,353	-	**15,353**
	-	15,353	-	**15,353**
30 June 2015				
Derivative financial liabilities	-	20,000	-	**20,000**
	-	20,000	-	**20,000**

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

3.4 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 oversight of the risk management framework. The Board has established an Audit, Risk and Compliance Committee, which is responsible for monitoring risk management policies and making appropriate recommendations to the Board. The Committee reports regularly to the Board on its activities. The Managing Director and management have responsibility for establishing the risk management framework and providing 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.

22 Refer to page 22 of the Group's 2016 Sustainability Report for more details.

3.4 Financial risk management (continued)

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.

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.

For cash and current receivables, the maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable.

The Group has significant derivative financial instruments held with four major Australian banks, NAB, Westpac, ANZ and CBA, 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 $360,000,000 (30 June 2015: $475,000,000) with a fair value at the reporting date of a liability of $15,353,000 (30 June 2015: liability of $20,000,000).

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 asset managers 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 by the Group over the course of a development, the Group assesses the creditworthiness of a 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 Building C, 211 Wellington Road, Mulgrave Victoria, no additional security was 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.

3.4 Financial risk management (continued)

Market risk

Market risk is the risk that counterparties to the Group's floating rate debt change the rate at which interest is charged on that debt due to underlying changes in the debt market.

A potential market risk to the Group arises from changes in interest rates relating to its Syndicated Facility amounting to $798,272,000 at balance sheet date (30 June 2015: $696,826,000).

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	2016	2015
		$'000	$'000
Financial assets			
Cash and cash equivalents	Floating	**70,661**	26,858
		70,661	26,858
Financial liabilities			
Derivative financial instruments	Floating	**15,353**	20,000
Interest bearing liabilities – fixed debt	Fixed	**450,000**	200,000
Interest bearing liabilities – hedged (i)	Fixed	**360,000**	475,000
Interest bearing liabilities – unhedged	Floating	**438,272**	221,826
		1,263,625	916,826

(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 2016, 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)	
	2016	2015
	$'000	$'000
+100 bps		
Cash and borrowings	**(3,676)**	(1,950)
Interest rate derivatives	**5,895**	14,335
	2,219	12,385
-100 bps		
Cash and borrowings	**3,676**	1,950
Interest rate derivatives	**(4,170)**	(14,625)
	(494)	(12,675)

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.

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 the Directors. As at the balance sheet date, the Group had cash and cash equivalents totalling $70,661,000 (30 June 2015: $26,858,000).

3.4 Financial risk management (continued)

Financing arrangements

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

	2016	2015
	$'000	$'000
Syndicated bank facility		
Total facility	**925,000**	925,000
Used at balance date	**798,272**	696,826
Unused at balance date	**126,728**	228,174
Fixed debt		
Total facility	**450,000**	200,000
Used at balance date	**450,000**	200,000
Unused at balance date	**-**	-
Total unused bank facilities	**126,728**	228,174

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 2016.

	Carrying amount	Total contractual cash flow	6 months or less	6 to 12 months	1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000
2016						
Non-derivative financial liabilities						
Bank loans and Loan Notes	1,248,272	1,504,946	224,606	22,661	128,903	1,128,776
Trade and other liabilities	81,282	81,281	77,546	3,439	-	296
	1,329,554	1,586,227	302,152	26,100	128,903	1,129,072
Derivative financial liabilities						
Interest rate swaps used for hedging	15,353	22,295	2,420	2,542	17,333	-
	15,353	22,295	2,420	2,542	17,333	-
2015						
Non-derivative financial liabilities						
Bank loans	896,826	1,077,011	14,624	12,811	835,833	213,743
Trade and other liabilities	72,350	72,350	72,350	-	-	-
	969,176	1,149,361	86,974	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	-

3.5 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.

Contributed Equity

Contributed equity can be analysed as follows:

	2016	**2016**	2015	2015
	No. ('000)	$'000	No. ('000)	$'000
Opening balance at 1 July	**569,028**	**1,376,011**	540,115	1,303,009
Issue of ordinary stapled securities during the year:				
Distribution reinvestment plans	**13,791**	**40,132**	28,626	73,746
Securities issued through Employee Incentive Plans	**307**	**-**	287	-
Costs of raising capital	**-**	**(2,131)**	-	(744)
	14,098	**38,001**	28,913	73,002
Closing balance at 30 June	**583,126**	**1,414,012**	569,028	1,376,011

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 2015 and 30 June 2016 distributions of the Group.

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 31 December 2015 distribution, raising a total of $40,132,000 for this issue of 13,791,132 new stapled securities.
- In November 2015, Moody's confirmed the Group's independent credit rating of Baa2 on senior secured debt with a stable outlook.
- In December the Group entered into $250 million of new debt facilities with three new financiers. These facilities were fixed for 7 years at an all-in weighted average interest rate of 4.46% per annum. Proceeds were initially used to repay existing bank debt.
- In addition to the fixed debt issue outlined above, the Group reorganised its interest rate swaps by terminating $265 million of existing swaps and entering into $150 million of new interest rate swaps to keep the percentage of fixed debt within its target range of 75%-100% at that time.
- As at 30 June 2016 the Group had total debt facilities of $1,375,000,000 of which $126,728,000 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.

3.5 Contributed equity and reserves (continued)

The Group has a target gearing range of 35% - 45%. At 30 June 2016, the gearing ratio was 42.6% (30 June 2015: 37.0%). The gearing ratios at 30 June 2016 and 30 June 2015 were calculated as follows:

	2016	2015
	$'000	$'000
Total interest bearing liabilities	1,242,226	890,445
Total assets	2,914,034	2,407,147
Gearing ratio	42.6%	37.0%

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 3.8 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 4.3 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 (30 June 2015: nil).

3.6 Distributions

Period for distribution	Total distribution	Total stapled securities	Distributions per stapled security
	$'000	('000)	(cents)
Half year to 31 December 2015	58,072	569,335	10.20
Half year to 30 June 2016	60,062	583,126	10.30
Total distribution for FY16	118,134		20.50
Half year to 31 December 2014	54,351	554,603	9.80
Half year to 30 June 2015	56,334	569,028	9.90
Total distribution for FY15	110,685		19.70

3.7 Earnings per stapled security ("EPS")

Earnings per stapled security

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.

	2016	2015
Profit attributable to equity holders of the Group	**224,269,000**	283,004,000
Weighted average number of stapled securities on issue for the year	**576,154,817**	561,755,958
Basic & diluted earnings per stapled security	**38.9 cents**	50.4 cents

3.8 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 2016, the Group has the following share-based payment arrangements:

Employee Incentive Plans FY13, FY14, FY15 and FY16

The Group has introduced employee incentive plans for all employees (including the Managing Director). The plans are designed to link employees' remuneration with the long-term goals and performance of the Group and the maximisation of wealth for its Securityholders. The current measures for the plans, which are reviewed regularly by the Nomination, Remuneration & HR Committee and/or the Board are described in full on pages 43-44 (in the remuneration report section of the Directors' report).

43 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, by 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 first 20 trading days in September prior to either:

1. The vesting date of the first tranche of each plan for plans after FY13, or

2. Each vesting date for the FY13 plan and prior.

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.

3.8 Share-based payment arrangements (continued)

During the year, the first tranche of the FY15 and second tranche of the FY14 Employee Incentive Plan performance rights was determined with the results shown on the table below:

Plan identification	Plan participants	Tranche	Cost
			$
FY15 Plan	Director	1	127,097
FY15 Plan	Employees	1	137,656
FY14 Plan	Director	2	126,226
FY14 Plan	Employees	2	123,568

The first tranche of the FY15 Employee Incentive Plan performance rights vested during the year.

The fair value of performance rights under the FY16 Employee Incentive Plan was determined on the grant date of those rights and then "trued-up" at 30 June 2016 where allowed. The fair value of these rights for the director is estimated as $530,400 and for other employees $636,514. This estimate is based on achieving 78.0% of the maximum payable under the FY16 plan. This is seen as a reasonable estimate of fair value as it is based on the percentage achieved for comparable elements from the FY15 plan, adjusted for information available on likely achievement as at 30 June 2016. The actual costs of performance rights cannot be determined until FY17 and the first issue of securities under the 2016 plan will not occur until FY17.

During the year, $1,138,000 was recognised in the share based payments reserve (30 June 2015: $1,112,000). 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 2016, where those values can be determined. It also outlines the value of performance rights that were issued 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 FY16
			$	No.	$	%
FY15 Plan	Director	27/11/2015	127,097	40,736	N/A	25%
FY15 Plan	Other employees	9/10/2015	137,656	44,122	N/A	25%
FY14 Plan	Director	9/10/2015	126,226	40,457	N/A	25%
FY14 Plan	Other employees	9/10/2015	123,568	39,605	N/A	25%
FY13 Plan	Director	9/10/2015	138,040	44,244	138,040	25%
FY13 Plan	Other employees	9/10/2015	122,538	39,276	122,538	25%
FY12 Plan	Director	9/10/2015	98,791	31,664	-	25%
FY12 Plan	Other employees	9/10/2015	83,389	26,727	-	25%

Section 4: Other notes

in this section ...

This section covers key management's compensation and related party transactions. It also examines the tax of the Company, and, the remuneration of the Group's auditor.

4.1 Key management personnel compensation

Accounting policies

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.

Employee benefits - 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.

Employee benefits - 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.

Compensation

The key management personnel compensation comprised:

	2016	2015
	$	$
Short-term employee benefits	**3,840,553**	3,720,226
Post-employment benefits	**154,035**	126,015
Share-based payments	**946,193**	914,950
	4,940,781	4,761,191

Individual directors and executive's 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.

4.1 Key management personnel compensation (continued)

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:

2016

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	-	4,900	-	144,707
N. Sasse	1,249,950	-	43,812	-	1,293,762
E. de Klerk	1,308,721	-	45,871	-	1,354,592
T. Collyer	468,511	157,101	-	-	625,612
F. Marais	129,896	-	4,555	-	134,451
A. Hockly	68,434	35,482	3,642	-	107,558
D. Andrews	87,990	32,861	-	-	120,851
M. Green	86,525	32,399	-	(86,525)	32,399
G. Tomlinson	57,323	-	2,009	-	59,332
M. Brenner	7,000	-	245	-	7,245

During the year to 30 June 2016, a total of 257,843 stapled securities with a total value of $804,465 were issued to key management personnel upon vesting of performance rights under Employee Incentive Plans.

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 Employee Incentive Plans.

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.

4.2 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.

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.

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	2016	2015
		$	$
G. Jackson (i)	Valuation	33,142	13,200

(i) The Group used the valuation services of m3property, a company that Mr Jackson is a director of, to independently value 6 properties (FY15: 3). 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. The expense of valuation services provided by m3property represented 9% of the total valuation expense for the year (2015: 6%)

At 30 June 2016, $13,642 was payable for valuation services (30 June 2015: nil).

Transactions with significant shareholders

There were no transactions with significant shareholders during the year (FY15: nil).

There were no balances outstanding from transactions with significant shareholders as at 30 June 2016 (30 June 2015: nil).

4.3 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.

4.3 Taxation (continued)

Income tax expense

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

Income tax expense:

	2016	2015
	$'000	$'000
Current tax expense	577	560
Deferred tax benefit	(159)	(192)
Over provision from prior year	-	4
	418	372

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

	2016	2015
	$'000	$'000
Profit before income tax expense	243	202
Income tax expense using the Company's domestic rate of 30%	73	61
Increase in income tax due to:		
Non-deductible expenses	345	307
Prior year losses now recognised	-	-
Change in unrecognised temporary differences	-	-
Over provision of prior year income tax	-	4
	418	372
The applicable weighted average effective tax rate for the Company is as follows:	172%	184%

As at 30 June 2016, the Company had franking credits of $1,301,001 available to it (30 June 2015: $737,000).

Movement in temporary differences during the year

	Opening balance 1 July 2015	Charged to profit and loss	Charged to equity	Balance 30 June 2016
	$'000	$'000	$'000	$'000
Non-current assets:				
Equity raising costs	60	(42)	51	69
Total	60	(42)	51	69
Current liabilities:				
Accrued expenses	53	93	-	146
Employee benefits	349	122	-	471
Prepayments	37	(14)	-	23
Total	439	201	-	640
Total movement in temporary differences	499	159	51	709

4.3 Taxation (continued)

	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**

4.4 Contingent liabilities

The Group has no contingent liabilities as at the date of this report (30 June 2015: nil).

4.5 Commitments

For details of commitments on properties to be expanded see Note 2.2.

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.

4.6 Controlled entities

Accounting policies

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.

4.6 Controlled entities (continued)

Controlled entities

The controlled entities of the Group listed below were all domiciled in Australia and were wholly owned during the current year and prior year, unless otherwise stated:

Wholesale Industrial Property Fund
19 Southern Court Property Trust
Kilsyth 1 Property Trust
Kilsyth 2 Property Trust
Queensland Property Trust
New South Wales Property Trust
Coolaroo Property Trust
Broadmeadows Leasehold Trust
Atlantic Drive Property Trust
20 Southern Court Property Trust
Ravenhall Property Trust
Laverton 1 Property Trust
Drake Boulevard Property Trust
Preston 2 Property Trust
Goulburn Property Trust
Growthpoint Properties Australia Limited
Growthpoint Nominees (Aust) Pty Limited
Growthpoint Nominees (Aust) 2 Pty Limited
Eagle Farm Property Trust
Yatala 1 Property Trust
Yatala 2 Property Trust
Yatala 3 Property Trust
South Brisbane 1 Property Trust
South Brisbane 2 Property Trust
SW1 Car Park Property Trust
World Park Property Trust
Building 2 Richmond Property Trust
Derrimut Property Trust
Dandenong South Property Trust
Nundah Property Trust
Rabinov Property Trust
Rabinov Property Trust No. 2
Rabinov Property Trust No. 3
Lot S5 Property Trust
Ann Street Property Trust
CB Property Trust
New South Wales 2 Property Trust
Richmond Car Park Trust
Mort Street Property Trust
Erskine Park Pharmaceutical Trust
Erskine Park Truck Trust
Erskine Park Warehouse Trust
William Angliss Drive Trust
Charles Street Property Trust
211 Wellington Road Property Trust
1500 Ferntree Gully Road Property Trust
6 Kingston Park Court Property Trust
3 Millennium Court Property Trust
Pope Street Property Trust
Kembla Grange Property Trust (i)
Building C, 211 Wellington Road Trust (i)
255 London Circuit Trust (i)
75 Dorcas Street Trust (i)

(i) Indicates entities established during FY16.

4.7 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2016 the parent of the Group was Growthpoint Properties Australia Trust.

	2016	2015
	$'000	$'000
Result of the parent entity		
Profit for the period	224,444	283,175
Other comprehensive expense	(118,134)	(110,685)
Total comprehensive income for the period	106,310	172,490
Financial position of the parent entity at year end		
Current assets	245,874	45,750
Total assets	2,897,018	2,389,590
Current liabilities	136,967	119,728
Total liabilities	1,394,546	1,030,173
Net assets	1,502,472	1,359,417
Total equity of the parent entity comprising:		
Contributed equity	1,364,011	1,327,265
Retained profits/ (losses)	138,461	32,152
Total equity	1,502,472	1,359,417

The contractual obligations of the parent entity are identical to those disclosed on Note 2.2

4.8 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:

	2016	2015
	$	$
Audit services - KPMG		
Audit and review of financial statements	154,324	131,850
Other regulatory audit services	58,276	55,150
Non-audit services - KPMG		
Other assurance and due diligence services	86,943	-
Total	299,543	187,000

4.9 Subsequent events

Takeover offer for GPT Metro Office Fund

On 1 July 2016, the Group announced a $321.0 million off-market takeover offer ("the offer") for the ASX listed GPT Metro Office Fund ("GMF"). On the same date the Group acquired 16.7 million units in GMF (12.98% of the units) for $40.9 million.

The offer of $1.25 cash and 0.3968 Growthpoint securities for each GMF unit held was valued at $2.50 per GMF unit on 1 July 2016. Alternatively, GMF unitholders could accept $2.50 cash per unit as consideration for their GMF units.

As at the date of this report, Growthpoint had received acceptances of 33,777,738 into the offer, and a further 9,912,991 units into the institutional acceptance facility, which are non-binding acceptances up until the point that Growthpoint announces the offer unconditional. Combining the stake owned by Growthpoint and the acceptances in both the offer and the institutional acceptance facility, the total is 60,377,556 million units, or 46.97% of the total units. The offer has not been announced as unconditional as of the date of this report but the takeover is expected to complete by 30 June 2017.

The impact of the takeover on Growthpoint's results for the year to 30 June 2017 will depend on two key factors; the percentage of the units Growthpoint owns, and the timing of the close of the takeover offer. These factors cannot be reliably estimated at this time. However, the Group did release pro forma guidance with its takeover offer on 1 July 2016, stating that if the transaction was completed on that date and 100% of units were owned then net profit after tax would increase by $16.8 million to $149.7 million, a 12.6% increase, for the year to 30 June 2017. 44.4 million securities would be issued in this scenario and earnings per security for the year would increase by 1.09 cents to 23.37 cents, a 4.9% increase.

Updated guidance will be provided to the market once the takeover offer has concluded including other capital management initiatives which may be pursued (refer to pages 14-15 for more details).

Assets held for sale

Four industrial assets that were held for sale at 30 June 2016 have now been withdrawn from the market and will be reclassified as investment property. A contract to sell the asset at 670 Macarthur Avenue, Pinkenba, QLD was entered into during June 2016 and that property is expected to settle on or before 12 September 2016.

Distribution Reinvestment Plan

On 18 July 2016, the Group announced that the issue price for securities to be issued under the DRP for the distribution to be paid on or around 31 August 2016 will be $3.10 per stapled security.

Approximately 74.5% of Growthpoint's distribution payable on or around 31 August 2016 will be issued new stapled securities under the DRP raising, after allowing for withholding tax, $42.2 million for the issue of 13.6 million new stapled securities. Total stapled securities on issue following the DRP will be approximately 596.7 million.

Leasing

On 5 August 2016, the Group entered into two new leases with Country Road Group Pty Limited, guaranteed by David Jones Pty Limited, over Buildings 1 and 2, 572-576 Swan Street, Richmond, Victoria from, respectively, 1 July 2017 and 1 April 2018 until 30 June 2032. The leases have a weighted average lease term of 14.5 years (from commencement) and comprise 23,156 square metres of office space. These buildings are currently leased to GE Capital Finance Australasia until, respectively, March and February 2018. GE has agreed to surrender its lease of Building 1 just prior to the Country Road Group commencement date. The new leases extend the WALE of Growthpoint's property portfolio from 6.2 years to 6.9 years at 30 June 2016 (on a pro forma basis).

Other than noted above, there has not arisen a transaction or event of an unusual nature likely to affect significantly the operations of the business, the results of those operations or the state of affairs of the entity in future financial years from the end of the interim period to the date of this report.

Directors' declaration

In the opinion of the Directors:

(a) the attached Financial Statements and notes, and the Remuneration Report in the Directors' Report set out on pages 39 to 47 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 2016 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 2016.

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

T.J. Collyer.

Timothy Collyer
Managing Director
Growthpoint Properties Australia Limited

Melbourne, 22 August 2016

Auditor’s independence declaration

Lead Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Australia Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 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

22 August 2016

Independent Auditor's report

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

Report on the financial report

We have audited the accompanying financial report of Growthpoint Properties Australia (the Group), which comprises the consolidated statement of financial position as at 30 June 2016, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 4 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising Growthpoint Properties Australia Limited (the Company), Growthpoint Properties Trust (the Trust), and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 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 judgment, 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.

Independent Auditor's report (continued)

Independence

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

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 2016 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 39 to 47 of the directors' report for the year ended 30 June 2016. The directors of the Group 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 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Dean Waters

Partner

Melbourne

22 August 2016

About Growthpoint South Africa[46]

Growthpoint Properties Limited of South Africa ("GRT") owns 65.5% of the securities of Growthpoint (at 30 June 2016) and is its major Securityholder.

GRT is the largest primary listed South African REIT

Other information about GRT

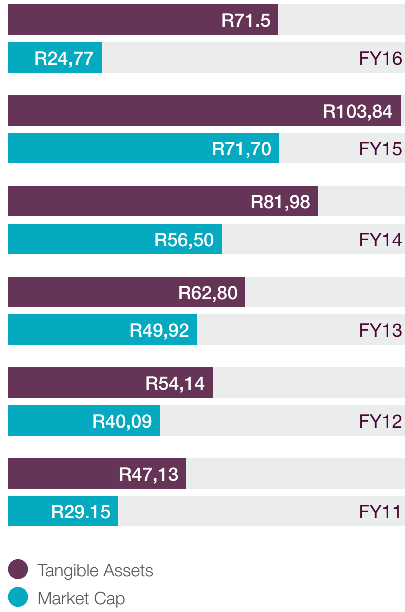
- The largest primary listed South African REIT
- Included in the JSE Top 40 Index
- Top ten constituent of FTSE EPRA / NAREIT Emerging Index
- Included in the JSE Socially Responsible Investment (SRI) Index
- Underpinned by high-quality, physical property assets, diversified across sectors (Retail, Office and Industrial)
- Consistent record of growth and creating value for investors with 7.0% compound average annual growth in distributions over the past 5 years
- Sustainable quality of earnings that can be projected with a high degree of accuracy
- Well capitalised and conservatively geared
- Good corporate governance with transparent reporting
- Proven management track record
- Recipient of multiple sustainability, governance and reporting awards
- Baa2 global scale rating from Moody's

Growthpoint represents:

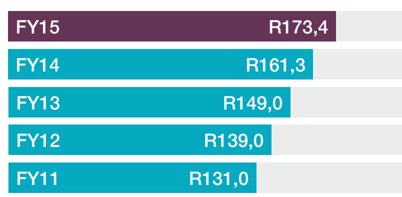
- 26.7% of GRT's gross property assets
- 27.5% of GRT's net property income
- 14.8% of GRT's total distributable income

Growth in tangible assets and market capitalisation (Rbn)

As at 30 June



Growth in distributions per share (¢)



Key Facts

Listing	GRT is listed on the Johannesburg Stock Exchange (JSE)
Ranking on the JSE	32nd by market capitalisation as of 31 December 2015
Closing exchange rate used	AUD:ZAR=11.43
Market capitalisation	R63,5B / AUD5.6B
Gross assets	R110,0B / AUD9.6B
Net assets	R73,8B / AUD6.5B
Gearing (SA only)	30.5%
Distributable Income	R2,4B / AUD210.0m
ICR (SA only)	3.7 times
No. of employees (SA only)	700
Properties	474 properties in South Africa, including 50% ownership of the prestigious V&A Waterfront

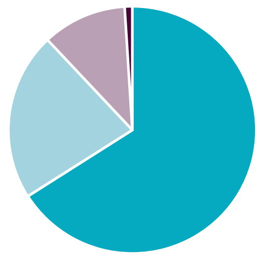
46. All information supplied by GRT (figures as at 31 December 2015).

Securityholder Information

Top 20 Legal Securityholders
as at 30 June 2016

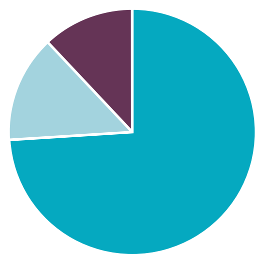
Rank	Name	No. of Securities	% of Securities
1.	Growthpoint Properties Limited	381,773,404	**65.47**
2.	HSBC Custody Nominees (Australia) Limited	40,085,022	**6.87**
3.	J P Morgan Nominees Australia Limited	29,717,682	**5.10**
4.	Emira Property Fund	27,225,813	**4.67**
5.	Citicorp Nominees Pty Limited	24,769,669	**4.25**
6.	National Nominees Limited	12,993,174	**2.23**
7.	BNP Paribas Noms Pty Ltd <DRP>	8,587,855	**1.47**
8.	Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	3,060,176	**0.52**
9.	Sharon Investments Pty Ltd	2,252,000	**0.39**
10.	Rabinov Holdings Pty Ltd	2,092,628	**0.36**
11.	HSBC Custody Nominees (Australia) Limited - A/C 2	1,846,688	**0.32**
12.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	1,661,160	**0.28**
13.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	1,440,819	**0.25**
14.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,439,043	**0.25**
15.	BNP Paribas Noms (NZ) Ltd <DRP>	811,512	**0.14**
16.	Rabinov Holdings Pty Ltd	747,362	**0.13**
17.	Mr Max Karl Koep	686,710	**0.12**
18.	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	656,510	**0.11**
19.	Sandhurst Trustees Ltd <Berkholts Investments A/C>	637,702	**0.11**
20.	Mr Timothy James Collyer	625,612	**0.11**
	Total Top 20 legal holders of fully paid stapled securities	**543,110,541**	**93.14**
	Total Remaining Holders Balance	**40,015,203**	**6.86**

Growthpoint Securityholders*
As at 30 June 2016



GRT **65.5%**
Institutional **22.5%**
Retail **11.3%**
Directors and employees **0.7%**

Location of Growthpoint Securityholders*
As at 30 June 2016



South Africa **74.0%**
Australia **14.0%**
Rest of World **12.0%**

* Figures are approximate and based on beneficial ownership.

Distribution of Securityholders
as at 30 June 2016

Range	Total holders	Securities	% of Issued Capital
1 - 1,000	823	383,162	0.07
1,001 - 5,000	1,361	3,822,036	0.66
5,001 - 10,000	565	4,167,895	0.71
10,001 - 100,000	718	18,754,243	3.22
100,001 - 9,999,999,999	78	555,998,408	95.35
Rounding			-0.01
Total	**3,545**	**583,125,744**	**100.00**

As at 30 June 2016, there were 583,125,744 fully-paid stapled securities held by 3,545 individual Securityholders.

2016 Securityholder Calendar*

22 August

- Results for the year ended 30 June 2016 announced to ASX

31 August

- Distribution paid for the half year ended 30 June 2016
- Annual Tax Statement for year ended 30 June 2016 mailed
- FY16 Annual Report sent to Securityholders

24 November

- Annual General Meeting (webcast available for Securityholders unable to attend)

* Dates indicative and subject to change by the Board.

Index

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

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.

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.

Notes

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.
Contributed equity	capital contributed directly by Securityholders through an equity capital raising
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
ASX	Australian Securities Exchange
B	billion
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
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 17** of the 2016 Annual Report
ESG	environmental, social and corporate governance matters
fund-through	a mechanism under which an entity (in this report typically Growthpoint) funds development as completion of works occur
FY11, FY12, FY13, FY14, FY15 and **FY16**	the 12 months ended on 30 June in the year listed i.e. "FY16" means the 12 months ended 30 June 2016
FY17, FY18, FY19, FY20 and **FY21**	the 12 months ending 30 June in the year listed i.e. "FY17" means the 12 months ending 30 June 2017
Gearing	interest bearing liabilities divided by total assets
GHG	greenhouse gas
GOZ	the ASX trading code that Growthpoint trades under
Green Star	an internationally recognised sustainability rating system issued by the Green Building Council in Australia
GRESB	Global Real Estate Sustainability Benchmark
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
LTI	long term incentive
m	million
MER	management expense ratio comprising all the Group's costs other than interest divided by the average gross assets for the year
NABERS	National Australian Built Environment Rating System (a national system for measuring environmental performance of buildings)
NGER	National Greenhouse and Energy Reporting
NPI	net property income
NTA	net tangible assets
Operational Control	operational control is defined as having the ability to introduce and implement operating, health & safety or environmental policies and measures for a facility. This is based on the approach for defining controlling corporations, as outlined in NGER legislative framework.
PwC	the professional services firm previously known as PriceWaterhouseCoopers
Return on equity or **ROE**	calculated as the percentage change in NTA plus the distribution for a given period divided by the opening NTA
S&P	Standard & Poor's
Securityholder	an owner of Growthpoint securities
sqm	square metres
STI	short term incentive
sustainability	a process for ensuring activities are able to be continued and assets and resources are able to endure for a medium-long-term
TFR	total fixed remuneration
Total Securityholder return	change in security price plus distributions paid or payable for the relevant period
TPD	total and permanent disability
Trust	Growthpoint Properties Australia Trust
WARR	weighted average rent review
WALE	weighted average lease expiry

Company directory

Growthpoint Properties Australia

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ARSN 120 121 002

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KPMG

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Growthpoint Properties Australia **2016 Annual Report**

2016 Annual Report

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GROWTHPOINT PROPERTIES