

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



2017

Half Year Report

For the six months ended 31 December 2016

GROWTHPOINT
PROPERTIES



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About this Report

This is the Half Year Report for Growthpoint Properties Australia (comprising Growthpoint Properties Australia Limited, Growthpoint Properties Australia Trust and their controlled entities) for the six months ended 31 December 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 provides readers with an overview of Growthpoint's business including summaries of the strategies, objectives, assets, operating model and achievements at 21 February 2017 as well as financial information over the last six months, one year 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 was signed in Melbourne on 21 February 2017 in accordance with a resolution of the Directors of Growthpoint Properties Australia Limited.

The Directors' Report comprises pages 3 to 22 of this report except where referenced otherwise.

Navigating this report

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

Cross reference symbols



This symbol shows you where to **find related information within this report**.



Our website contains important and extended information. This symbol shows that you can **find more information online at growthpoint.com.au**.

Glossary

A detailed glossary is provided on page 50.

Highlights

In HY17, Growthpoint:

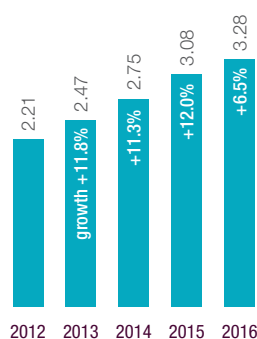
- achieved **significant earnings growth** with **distributable income of 12.5 cps**, an increase of 16.8% on HY16
- provided Securityholders with a six month **total return of 7.5%**¹, versus a sector return of -2.6%². For the 12 months to 31 December 2016, Growthpoint's total securityholder return was 13.5%¹ versus 13.2% for the sector²
- declared a **distribution of 10.6 cps**, 3.9% higher than the prior corresponding period. The FY17 distribution yield is approximately 6.6% based on FY17 guidance and share price as at 31 December 2016
- recorded a 4.2% increase in **NTA per security to \$2.72**, up from \$2.61³ at 30 June 2016
- **completed the takeover and full integration of GMF assets**, leading to upgrades in FY17 earnings and distribution guidance, and office sector exposure increasing to 66%
- undertook approximately **55,000 sqm of new and extended leasing**, increasing total portfolio occupancy to 99%
- **sold five industrial assets for \$152.3m**, with the proceeds used to pay down debt which had increased due to the takeover of GMF and other acquisitions completed in FY16

Introduction from the Chairman & Managing Director

Portfolio repositioning and leasing success continue in HY17

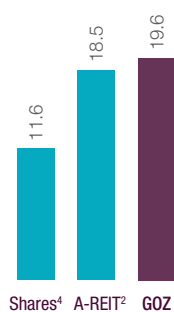
Security price (\$)

as at 31 December



Total Securityholder return comparison (%)

per annum over 5 years to 31 December 2016¹



Market guidance increased

Following the successful completion of two large property transactions during HY17, Growthpoint increased distributable income guidance for FY17 to at least 23.3 cps (from 22.2 cps), and distribution guidance to 21.5 cps (from 21.3 cps).

Distributable income for HY17 was 12.5 cps, a 16.8% increase on the prior corresponding period.

The declared distribution for HY17 was \$68.0 million or 10.6 cps, equating to a payout ratio of 84.9%. Distributions are expected to be paid to Securityholders on Tuesday 28 February 2017 and are 3.9% per stapled security higher than the prior corresponding period.

GMF takeover completed

On 1 July 2016, Growthpoint announced a \$321 million takeover of the GPT Metro Office Fund (then trading on the ASX as GMF). The GMF portfolio comprised six A-grade office assets valued at approximately \$440.3 million, with a WALE greater than five years.

Growthpoint's offer was \$2.50 per GMF unit with consideration comprising approximately \$1.25 cash and \$1.25 in Growthpoint securities at an issue price of \$3.15. Approximately 95.5% of GMF unitholders accepted Growthpoint's offer, with compulsory acquisition of the balance completed in November 2016.



Geoff Tomlinson
Independent Chairman

Timothy Collyer
Managing Director

1. Source: UBS Investment Research.
 2. S&P/ASX 300 (GICS) Prop. Acc Index. Source: UBS Investment Research.
 3. Restated from \$2.67, refer to note 2.2 in the financial statements for further information.
 4. S&P / ASX Acc. Index. Source: UBS Investment Research.

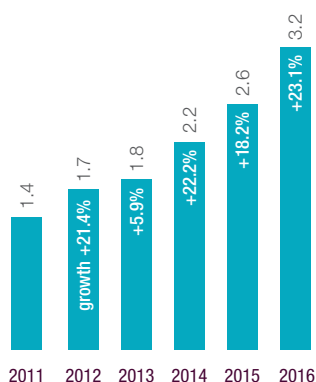
An additional 2,332 sqm of NLA has been leased across the six GMF assets, and the portfolio valuation has increased by approximately \$13.9 million.

The takeover of GMF helped with several of Growthpoint's previously stated objectives, including:

1. higher market capitalisation, making Growthpoint the 118th largest entity and the 11th largest A-REIT on the ASX as at 31 December 2016;
2. larger property portfolio, making Growthpoint the 10th largest A-REIT on the ASX by gross assets;
3. New South Wales exposure increased to 26% (from 20% at 30 June 2016); and
4. office exposure increased to 66% (from 56% at 30 June 2016).

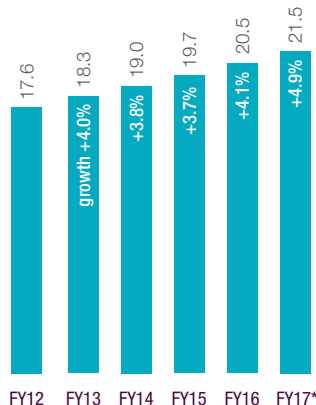
Total portfolio value (\$b)

as at 31 December



Distributions (¢)

per stapled security



*Distribution guidance only.

Sale of five industrial properties

During HY17, Growthpoint sold five industrial properties for \$152.3 million. These properties were classified as "held for sale" in Growthpoint's 2016 Annual Report and net proceeds were used to repay debt. Importantly these properties were identified as 'non-core' through Growthpoint's well established portfolio review processes, and allocated for sale based on their weaker returns profile, geographic location and lease expiry risk.

The sales were consistent with Growthpoint's strategic objectives, which included:

1. reducing balance sheet gearing following the takeover of GMF;
2. reweighting the portfolio into the office sector;
3. increasing NSW property investment as a percentage of total property investment; and
4. reducing the risk to future income associated with four leases to Woolworths expiring on the same day in FY22 (with one of these properties having been sold).

Growth in income and distributable profit support target gearing range

Growthpoint has enjoyed, and expects to continue to enjoy, growing income and distributable profit due to:

1. 100% of the Group's income being derived from leases to high quality tenants with 25% of rent coming from Australian government entities and 57% from listed entities;
2. the Group's low and consistent operating expenses (approximately 0.4% of average gross assets);
3. Growthpoint's high occupancy (99%) and low upcoming lease expiries with only 3% of the portfolio (by income) potentially expiring in each of the next three financial years;
4. the long WALE of the portfolio (>6 years);
5. low capital expenditure requirements due to predominantly newer buildings (average office property age ~8 years, and industrial ~10 years);
6. a long weighted average debt maturity profile (3.5 years), long weighted average fixed rate debt maturity (5.1 years) and 71% of drawn debt fixed or hedged.

The above factors, among others, support the Board's current gearing target range

Other key highlights

- recorded HY17 **return on equity of 8.3%** (CY16 ROE: 14.9%)
- **recorded balance sheet gearing of 42.5%**, within the board's target range of 35-45%.
- **Maintained all-in debt costs** at 4.1% per annum
- **maintained credit rating of Baa2** (Stable) on senior secured debt from Moody's
- **increased average NABERS** energy rating for office portfolio to 4.4 stars (from 4.2 at 30 June 2016)

or 35% to 45% although this target range is regularly reviewed by management and the board. At period end, Growthpoint had balance sheet gearing of 42.5%, within the target range.

Growthpoint has also demonstrated its ability to raise capital as required, particularly with the support of Growthpoint SA, having raised over \$1.2 billion in new equity capital since August 2009.

Capital improvement/development

Growthpoint will look to undertake approximately \$200 million of major capital improvement projects over the next five years. The proposed capital improvement programme is expected to result in longer leases and associated valuation uplifts. Further detail regarding capital improvement works will be provided as projects are confirmed.

Dividend Reinvestment Plan

Prior to underwriting, the take-up under Growthpoint's distribution reinvestment plan (DRP) for the February 2017 distribution was 72.7%. As the DRP was underwritten by Growthpoint SA, 100% of the distribution will be issued in new Growthpoint securities.

Leasing completed during HY17

Address	Sector	Tenant	Start date	Term	Annual rent	NLA	Car
					increases		
					yrs	%	sqm
333 Ann Street, Brisbane, QLD	Office	St Hilliers Property	Q2, FY17	5.0	Fixed 3.75%	503	-
15 Green Square Close, Fortitude Valley, QLD	Office	Duy Khuong Nguyen	Q2, FY17	7.0	Fixed 4.00%	85	-
109 Burwood Road, Hawthorn, VIC	Office	Watermark Australasia	Q2, FY17	7.0	Fixed 3.75%	1,585	50
109 Burwood Road, Hawthorn, VIC	Office	Armus Persia	Q2, FY17	5.0	CPI	126	3
A1, 32 Cordelia Street, South Brisbane, QLD	Office	Jacobs Group (Australia)	Q2, FY17	0.5	Fixed 3.75%	1,311	11
A4, 52 Merivale Street, South Brisbane, QLD	Office	Sabre Travel Network	Q2, FY17	4.0	Fixed 4.00%	622	10
109 Burwood Road, Hawthorn, VIC	Office	Future Medical Imaging Group	Q2, FY17	7.0	Fixed 4.50%	536	14
A1, 32 Cordelia Street, South Brisbane, QLD	Office	University of the Sunshine Coast	Q3, FY17	9.0	Fixed 3.75%	208	-
Building C, 219-247 Pacific Highway, Artarmon, NSW	Office	Richard Crookes Constructions	Q3, FY17	7.0	Fixed 3.75%	2,350	19
A1, 32 Cordelia Street, South Brisbane, QLD	Office	Kokoro Bento	Q3, FY17	5.0	Fixed 4.00%	87	-
A4, 52 Merivale Street, South Brisbane, QLD	Office	University of the Sunshine Coast	Q4, FY17	8.5	Fixed 3.75%	142	-
Building 1, 572-576 Swan Street, Richmond, VIC	Office	Country Road Group	Q1, FY18	15.0	Fixed 3.00%	8,554	191
81 Derby Street, Silverwater, NSW	Industrial	IVE Group Australia	Q1, FY18	5.0	Greater of CPI & 3.0%	7,984	83
33-39 Richmond Road, Keswick, SA	Office	Funk Leasing	Q1, FY18	5.0	Fixed 3.50%	155	-
Building 2, 572-576 Swan Street, Richmond, VIC	Office	Country Road Group	Q4, FY18	14.3	Fixed 3.00%	14,602	488
60 Annandale Road, Melbourne Airport, VIC	Industrial	Willow Ware Australia	Q4, FY18	10.0	Fixed 3.25%	16,276	104
Total / Weighted Average				11.0	3.20%	55,126	973

Strategy and outlook

Growthpoint is committed to providing Securityholders with consistently growing income returns and long-term capital appreciation; this is both the key investment proposition and the base of the company's sustainability program. The Group plans to achieve this by actively managing its existing portfolio of high quality office and industrial assets, and seeking new opportunities that align with the strategic objectives of the company.

Growthpoint has a preference for investing in high quality properties on Australia's Eastern seaboard, particularly in NSW. Growthpoint's reweighting to the office sector, from 0% in 2009 to 66% at the date of this report, reflects Growthpoint's view that the office sector will outperform the industrial sector over the medium term. This view is supported by superior leasing and valuation metrics within the office sector, particularly in NSW.

Growth through M&A is very much a part of Growthpoint's strategy. Since inception,

Growthpoint has grown its assets by \$620 million through accretive listed property transactions, representing ~25% of total assets (by value) acquired since Growthpoint was established. Growthpoint will continue to consider accretive acquisitions that align with the company's strategy. The Group also periodically reviews each of the assets in the portfolio to identify non-core assets which can be sold to fund future investment into more lucrative markets and/or to ensure growing distributions for Securityholders.

The Group remains focused on reducing debt levels further and achieving a gearing ratio closer to the midpoint of the board's target range (35% to 45%). This will be achieved by identifying non-core assets which can be sold consistent with the strategy outlined above, and/or via other capital management initiatives should market conditions permit. The Group will also consider alternative sources of funding as it seeks to lengthen its debt maturity profile and increase the fixed debt component into the target range of 75%

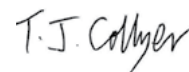
to 100%. Options available include funding via offshore debt capital markets and using proceeds raised to repay shorter term bank debt.

Management and the board believe the Group is well positioned to continue providing Securityholders with growing distributions from its portfolio of primarily A-grade office and premium industrial properties.

Thank you for your continued support of Growthpoint Properties Australia.



Geoff Tomlinson
**Independent
Chairman
& Director**



Timothy Collyer
**Managing
Director**

Growthpoint Properties Australia Limited

75 Dorcas Street, South Melbourne, VIC



Overview of Growthpoint

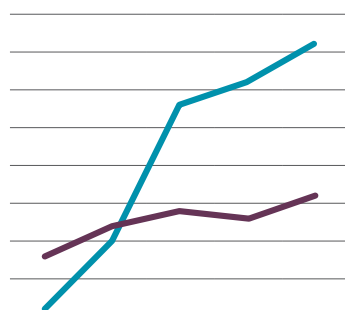
Continuation of pure landlord model has provided consistently growing returns



Aaron Hockly
Chief Operating Officer

Security price premium (discount) to NTA (%)⁵

— GOZ
— S&P ASX200 A-REIT Index



Dec 12	Dec 13	Dec 14	Dec 15	Dec 16
13%	17%	19%	18%	21%
6%	15%	33%	36%	41%

GOZ is trading at a large relative discount to the A-REIT sector based price to NTA

Key statistics

(as at 31 December 2016)

- **\$3.2 billion** portfolio value
- **13.5%**⁶ total Securityholder return for CY16
- **\$2.1 billion** market capitalisation
- **\$113.0 million** HY17 statutory profit
- At least **23.3 cps** distributable income forecast for FY17
- **\$80.1 million** HY17 distributable income

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 office, industrial 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. It will likely continue to purchase properties to be developed, fund construction of developments, undertake capital improvements at its properties, or enter a joint venture where the Group becomes the owner of the property on completion.

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.

5. Source: Petra Capital. NTA has been restated. Refer to note 2.2 in the financial statements for further information.

6. Source: UBS Investment Research.

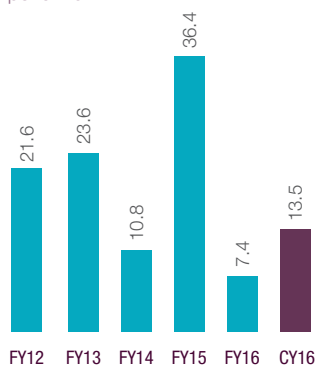
Financial Management

Successful takeover of GMF increases distributable income



Dion Andrews
Chief Financial Officer

Total Securityholder return⁷ (%) per annum



7. Source: UBS Investment Research.
8. Restated from \$2.67, refer to note 2.2 in the financial statements for further information.
9. Restated from 42.6%, refer to note 2.2 in the financial statements for further information.

Highlights for the period

HY17 was a busy period for the Group. The successful takeover of GMF added approximately \$440.3 million of new office property in October and during the half-year the Group sold \$152.3 million of industrial property. In total, the Group successfully executed \$592.6 million worth of capital transactions during the period, with the net purchases financed by \$300 million of new debt facilities and \$182 million of new equity. Together with favourable property and financial derivative revaluations, these transactions helped the Group:

- increase its forecast FY17 distribution to 21.5 cps, 4.9% above FY16;
- increase its forecast FY17 distributable income to at least 23.3 cps, 6.4% above FY16 and 5.0% above guidance prior to the GMF takeover of at least 22.2 cps;
- record a 4.2% increase in NTA per security from \$2.61⁸ at 30 June 2016 to \$2.72 at 31 December 2016; and
- reduce balance sheet gearing from 43.1%⁹ at 30 June 2016 to 42.5% at 31 December 2016.

In conjunction with the GMF takeover announcement, the Group outlined two capital management initiatives it was considering to maintain gearing being:

1. the sale of an industrial property portfolio with the proceeds used to reduce balance sheet gearing; and
2. utilising the DRP for the \$68.0 million HY17 distribution.

Both initiatives have been fulfilled with the DRP being 100% underwritten by Growthpoint SA.

Distributions and the payout ratio

The Group seeks to return as much distributable income to investors as is prudent, allowing for both capital expenditure on properties and the payment of lease incentives.

Distributable income per security was 12.5 cps for HY17, 16.8% above the prior corresponding period. The distribution for HY17 was 10.6 cps, 3.9% above the prior corresponding period. The 10.6 cps distribution translates to a payout ratio for the half year distribution of 84.9%. The lower payout ratio in HY17 can be attributed to the timing of the sale of the industrial portfolio whereby income was received on these assets for most of HY17 but no income will be received from these assets for the remainder of FY17.

On a full year basis, the forecast distribution of 21.5 cps on distributable income of at



Financial Management key statistics

(as at 31 December 2016)

- **71%** debt fixed
- **42.5%** balance sheet gearing
- **3.5 years** weighted average debt maturity
- **5.1 years** weighted average fixed rate debt maturity
- **\$1.38 billion** debt utilised

least 23.3 cps equates to a payout ratio of ~92.3%. This is in line with the Group's previous guidance that the payout ratio is not expected to fall below 90% in the medium term.

Capital management

During the period, Growthpoint entered into a new \$150 million banking facility to fund the cash portion of its purchase of GMF. Growthpoint also replaced GMF's existing \$145 million bank facility with two new bank facilities. Debt facilities now total \$1,675 million, with undrawn facilities of \$292 million available as at 31 December 2016.

During the period, Growthpoint also terminated two GMF interest rate swaps with a face value of \$100 million for a cost of \$6.6 million. In replacement and to meet additional hedging requirements of the Group, three new swaps were entered into with a face value of \$175 million, a weighted average fixed interest rate of 2.21% per annum and a weighted average maturity of 4.7 years. The table on page 10 outlines Growthpoint's current fixed debt position including all current interest rate swaps and fixed debt facilities.

Fixed interest rate and hedged debt was 71.2% of all drawn debt at 31 December 2016, below Growthpoint's target range of 75%-100%. Growthpoint expects to either reduce debt further or to fix more

HY17 return on equity

NTA 1 July 2016	\$	2.61 ¹⁰
NTA 31 Dec 2016	\$	2.72
Distribution per security	¢	10.6
Income yield	%	4.06
Capital growth	%	4.21
Return on equity	%	8.3

CY16 return on equity

NTA 1 Jan 2016	\$	2.55 ¹¹
NTA 31 Dec 2016	\$	2.72
Distribution per security	¢	20.9
Income yield	%	8.20
Capital growth	%	6.67
Return on equity	%	14.9

of its drawn debt going forward (through interest rate swaps or debt capital markets issuance) which will help bring the percentage of fixed rate or hedged debt to within its target range in the second half of FY17.

The all-in cost of debt remained stable at 4.1% per annum as at 31 December 2016.

Outlook

Growthpoint would like to reduce balance sheet gearing toward to the middle of the board's target range (35% to 45%), potentially through further property sales and/or equity capital raisings (future DRPs, placements or rights offers) should market conditions permit.

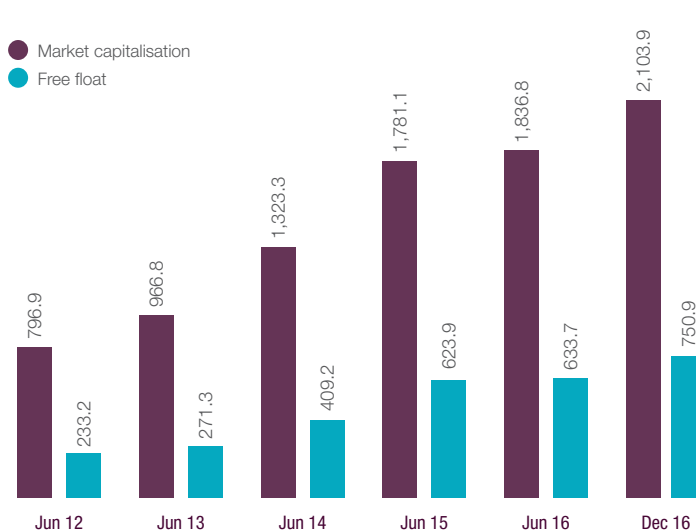
Growthpoint also plans on lengthening its debt maturity profile further than the current average debt maturity of 3.5 years through undertaking further debt capital markets issuances to repay shorter term bank debt. Given the nature of debt market transactions the Group is considering, this will also have the effect of increasing the fixed portion of debt back into the target range of 75% to 100%. Growthpoint will target reducing undrawn debt facilities to reduce costs from line fees paid on unutilised debt. These changes to the Group's debt are expected to occur by the end of FY17 should current market conditions persist.

10. Restated from \$2.67, refer to note 2.2 in the financial statements for further information.

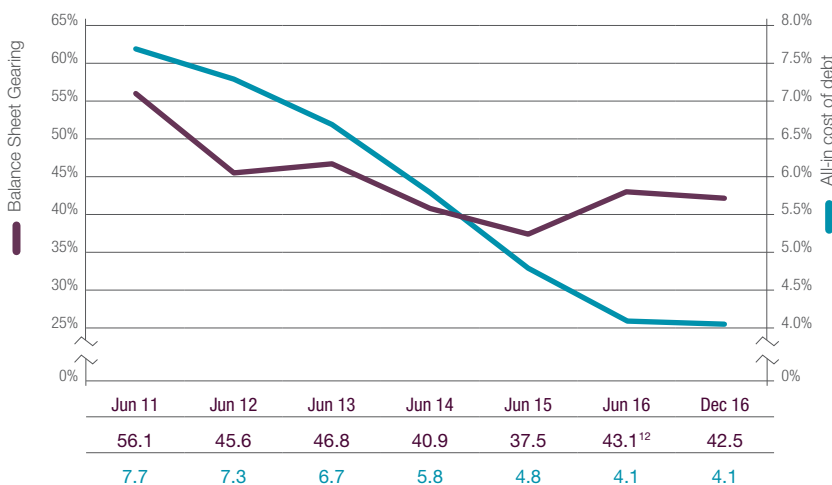
11. Restated from \$2.60, refer to note 2.2 in the financial statements for further information.

12. Restated from 42.6%, refer to note 2.2 in the financial statements for further information.

Market capitalisation and free float (\$m)



Change in gearing and cost of debt (%)



Movements in NTA (\$)

per stapled security



Summary of movements in value over HY17

Property type	Properties at 30 Jun 2016	Value at 30 Jun 2016	Capex for HY17	Property acquisitions & expansions	Property disposals	Lease incentives & leasing costs net movement	Revaluation gain / (loss)	Valuation at 31 Dec 2016	Change due to revaluation	Properties at 31 Dec 2016
	No.	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%	No.
Industrial portfolio	38	1,236	0.2	-	(152)	6.3	8	1,099	0.6	33
Office portfolio	20	1,566	0.3	509	-	1.2	19	2,096	1.2	26
Total portfolio	58	2,803	0.5	509	(152)	7.5	27	3,194	0.9	59

Key debt metrics and changes during HY17

		31 Dec 2016	30 June 2016	Change
Gross assets	\$'000	3,238,996	2,879,605 ¹³	359,391
Interest bearing liabilities	\$'000	1,377,247	1,242,226	135,021
Total debt facilities	\$'000	1,675,000	1,375,000	300,000
Undrawn debt	\$'000	291,856	126,728	165,128
Balance sheet gearing	%	42.5	43.1 ¹⁴	(0.6)
Weighted average interest rate	%	4.1	4.1	-
Weighted average debt maturity	years	3.5	4.2	(0.7)
Annual Interest Coverage Ratio (ICR) / Covenant ICR	times	4.1 / 1.6	4.1 / 1.6	- / -
Actual Loan to Value Ratio (LVR) / Covenant LVR	%	43.6 / 60	45.2 / 60	(1.6) / -
Weighted average fixed debt maturity	years	5.1	5.7	(0.6)
% of debt fixed	%	71	65	6
Debt providers		NAB, CBA, WBC, ANZ, two US life insurers, one Japanese bank and one Chinese bank	NAB, CBA, WBC, ANZ, two US life insurers, one Japanese bank and one Chinese bank	

Weighted average fixed debt

as at 31 December 2016

Interest Rate Swaps (IRS)

Maturity date	Time to maturity	Fixed rate	Amount
Jul-2018	1.5yrs	3.20%	\$50m
Feb-2019	2.1yrs	3.57%	\$50m
Feb-2019	2.1yrs	3.55%	\$50m
Nov-2019	2.8yrs	3.70%	\$60m
Jun-2020	3.5yrs	2.36%	\$25m
Jun-2020	3.5yrs	2.36%	\$25m
Dec-2020	4.0yrs	2.42%	\$50m
May-2021	4.4yrs	2.10%	\$75m
Jun-2021	4.5yrs	2.48%	\$50m
Jun-2021	4.5yrs	2.33%	\$50m
Nov-2021	4.9yrs	2.20%	\$50m
Weighted Average IRS	3.5yrs	2.78%	\$535m

Fixed Rate Debt Facilities (FRDF)

Maturity date	Time to maturity	Fixed rate	Amount
Dec-2022	6.0yrs	4.42%	\$250m
Mar-2025	8.3yrs	4.67%	\$200m
Weighted Average FRDF	7.0yrs	4.53%	\$450m
Weighted average fixed debt	5.1yrs	3.58%	

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 44.

Rounding Off

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.

13. Restated from \$2,914,034, refer to note 2.2 in the financial statements for further information.

14. Restated from 42.6%, refer to note 2.2 in the financial statements for further information.

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 or losses 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

	HY17	HY16	Change	Change
	\$'000	\$'000	\$'000	%
Profit after tax	113,005	124,736¹⁵	(11,731)	(9.4)
Less non-distributable items:				
- Straight line adjustment to property revenue	1,072	(2,140)	3,212	
- Net changes in fair value of investment property	(27,438)	(62,125) ¹⁶	34,687	
- Loss on sale of investment property	1,312	-	1,312	
- Net (gain) / loss on derivatives	(7,908)	487	(8,395)	
- Depreciation	62	66	(4)	
Distributable income	80,105	61,024	19,081	31.3

The payout ratio, calculated as distributions on ordinary stapled securities divided by distributable income, was 84.9% (HY16: 95.2%).

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

Components of distributable income

	HY17	HY16	Change	Change
	\$'000	\$'000	\$'000	%
Property income	131,517	100,422	31,095	31.0
Property expenses	(18,041)	(13,029)	(5,012)	38.5
Net property income	113,476	87,393	26,083	29.8
Interest income	252	315	(63)	(20.0)
Total operating income	113,727	87,708	26,020	29.7
Borrowing costs	(27,647)	(21,527)	(6,120)	28.4
Operating and trust expenses (less depreciation)	(5,733)	(4,938)	(795)	16.1
Total operating and trust expenses	(33,380)	(26,465)	(6,915)	26.1
Tax expense	(243)	(219)	(24)	11.0
Distributable income	80,105	61,024	19,081	31.3
Tax components	7.7% tax free and 41.4% tax deferred (forecast)	56.4% tax deferred	-	-

15. Restated from \$125,818, refer to note 2.2 in the financial statements for further information

16. Restated from \$63,207, refer to note 2.2 in the financial statements for further information.

Property Portfolio Overview

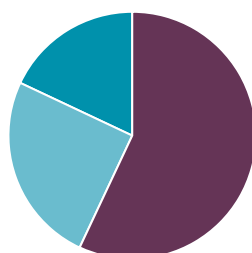
Portfolio adjusted in line with announced strategy of increasing exposure to the office sector and NSW



Michael Green
Head of Property

Tenant type (%)

by income as at 31 December 2016



- Listed company **57%**
- Government owned **25%**
- Private company & other **18%**

Top ten tenants (%)

by passing rent as at 31 December 2016

	%	WALE (yrs)
Woolworths	16	5.8
NSW Police	8	7.4
Commonwealth of Australia	6	9.2
GE Capital Finance Australasia ¹⁹	5	14.2
Linfox	4	6.4
Samsung Electronics	3	5.2
Jacobs Group	3	7.0
Lion	2	7.3
Energyx	2	10.9
ANZ Banking Group	2	3.2
Total / weighted Average	51	7.5
Balance of portfolio	49	5.1
Total portfolio	100	6.3



26

Office properties
– up from 19 at
31 Dec 2015

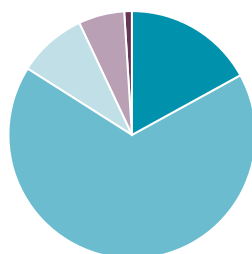


33

Industrial properties
– down from 38 at
31 Dec 2015

Annual rent review type (%)¹⁷

as at 31 December 2016



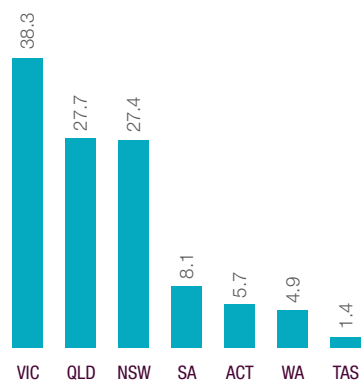
- Fixed 2.00-2.99% **17%**
- Fixed 3.00-3.99% **67%**
- Fixed over 4.00% **9%**
- CPI **6%**
- CPI+1.00% **1%**



3.3%

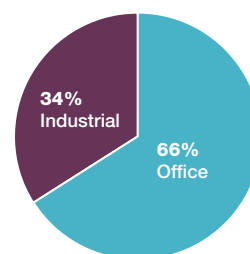
Weighted average rent review (WARR)¹⁸

Net property income per State / Territory for HY17 (\$m)



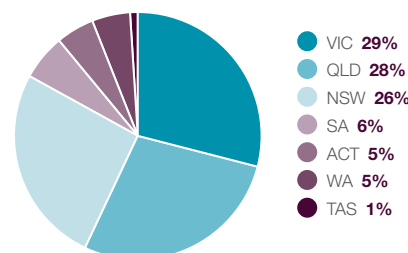
Sector diversity (%)

by property value as at 31 December 2016



Geographic diversity (%)

by property value as at 31 December 2016



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

18. Assumes CPI change of 1.5% per annum as per Australian Bureau of Statistics release for CY16.

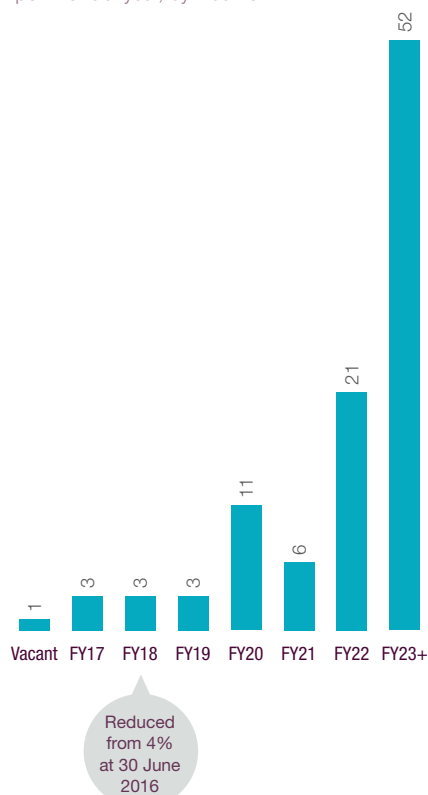
19. Leases to Country Road/ David Jones, with a weighted average lease term from commencement of 14.5 years, will replace the existing leases to GE Capital Finance Australasia upon the lease expiry.

Five year performance summary

As at 31 December		2016	2015	2014	2013	2012
Number of properties	no.	59	57	51	49	44
Total value	\$m	3,194.7	2,611.5	2,233.6	1,800.8	1,674.0
Occupancy	%	99	97	98	98	98
HY like-for-like value change	\$m / % of asset value	59.6 / 2.2	77.0 / 3.2	95.2 / 4.5	22.9 / 1.3	3.3 / 0.2
Total lettable area	sqm	1,065,623	1,085,041	1,023,681	995,964	916,030
Weighted average property age	years	9.1	8.4	7.8	7	6
Weighted average valuation cap rate	%	6.7	7.1	7.6	8.2	8.4
WALE	years	6.3	6.6	6.5	6.6	7
WARR ²⁰	%	3.3	3.1	3.1	3.1	3.2
Average value (per sqm)	\$	2,998	2,407	2,182	1,808	1,827
Average rent (per sqm, per annum)	\$	227	188	182	158	160
HY net property income	\$m	113.5	87.4	85.4	72.4	63.4
Number of tenants	no.	144	108	93	89	87

Portfolio lease expiry profile (%)

per financial year, by income



1 Charles Street, Parramatta, NSW

20. Assumes CPI change of 1.5% per annum as per Australian Bureau of Statistics release for CY16.

Office Portfolio Review

Significant acquisitions and leasing success provide office rental growth



Cathy Ciurlino
Asset Manager
– Office (NSW, ACT, SA)

As a result of property acquisitions totalling \$768 million over the 18 months ended 31 December 2016, Growthpoint has increased its employees. Cathy Ciurlino has joined Growthpoint's asset management team.



98.0%

Office occupancy



GMF Takeover completed, adding

\$440.3m

and six office properties

Highlights

- Completed takeover of GPT Metro Office Fund ("GMF"), adding six A-grade office assets valued at approximately \$440.3 million to Growthpoint's portfolio. Since Growthpoint assumed control of GMF on 1 October 2016:
 - the market value of properties has increased \$13.9 million or 3.2%; and
 - the weighted average occupancy has increased from 96% to 98%.
- Further leasing success with 30,866 sqm leased through HY17, achieving weighted average occupancy of 98% with only three properties having any vacancy: 333 Ann Street, Brisbane, Queensland (82% occupied, 2,983 sqm available for lease); 109 Burwood Road, Hawthorn, Victoria (89% occupied, 1,334 sqm available for lease); and 15 Green Square Close, Fortitude Valley, Queensland (97% occupied, 463 sqm available for lease).
- The total value of the office portfolio increased by approximately \$500 million during HY17 to total \$2,096.0 million, consisting of \$440 million of quality and accretive acquisitions and \$60 million of valuation gains.



Office portfolio key statistics

(as at 31 December 2016)

- **\$2,096.0 million** total value
- **300,562 sqm** total lettable area
- **6.5%** weighted average capitalisation rate
- **66%** of Growthpoint's property portfolio
- **98%** occupancy
- **6.9 years** WALE
- **3.5% WARR²¹**
- **26** assets

Office Acquisitions

During HY17, Growthpoint acquired six office properties valued at approximately \$440.3 million via the takeover of GMF (completed on 1 October 2016) being:

- **15 Green Square Close, Fortitude Valley, Queensland** valued at \$127.1 million on acquisition providing a 6.9% initial yield. The property is an 11 level,

Five year performance summary - office

As at 31 December		2016	2015	2014	2013	2012
Portfolio value	\$m	2,096.0	1,389.0	1,154.6	799.4	795.2
Total properties	no.	26	19	17	15	15
Weighted average cap rate	%	6.5	6.8	7.6	8.2	8.4
% of Growthpoint portfolio	%	66	53	52	44	48
Occupancy	%	98	95	98	97	97
WALE	years	6.9	7	6.2	5.6	5.7
Total lettable area	sqm	300,562	211,569	192,003	147,326	147,441
Average rent (per sqm, per annum)	\$	534	533	528	506	508
HY NPI	\$m	67.0	41.1	43.2	34.6	27.4

21. Assumes CPI change of 1.5% per annum as per Australian Bureau of Statistics release for CY16.

Both of the Quad buildings have the potential for medium term residential conversion due to recent rezoning



15 Green Square Close, Fortitude Valley, QLD

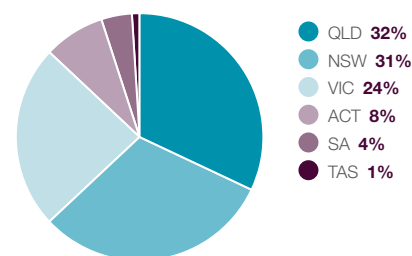
A-grade commercial office building comprising 16,442 sqm NLA and 150 car spaces which was constructed in 2013 with high green credentials and is leased to 6 tenants with a WALE of 5.2 years. The major tenants are Queensland Urban Utilities (44% of NLA) and Optus Administration (36% of NLA).

- 3 Murray Rose Avenue, Sydney Olympic Park, New South Wales** valued at \$91.5 million on acquisition providing a 6.7% initial yield. This 5 level, 5-Star Green Star building was constructed in 2015 and comprises 13,423 sqm NLA. The sole tenant of the property is Samsung Electronics Australia with 5.2 years remaining on the lease.
- 5 Murray Rose Avenue, Sydney Olympic Park, New South Wales** valued at \$90.5 million on acquisition providing an initial yield of 6.5%. This 5 level building was constructed in 2012 comprises 12,386 sqm NLA and is one of only three 6-Star Green Star rated office properties in Australia as at the date of this report. The property is leased to two tenants with Lion (subsidiary of Tokyo Stock Exchange Listed Kirin Holdings) being the major tenant (99% of NLA). The WALE is 7.3 years.
- Vantage, 109 Burwood Road, Hawthorn, Victoria** valued at \$72.9 million on acquisition, providing an initial yield of 5.7% and currently 89% leased. This 5 level property was constructed in 2008 and comprises 12,555 sqm NLA plus 455 car spaces. The property is leased to 6 tenants, including ASX-listed Orora (39% of NLA), McConnell Dowell Corporation (26% of NLA) and Watermark Australia (13% of NLA). The building is within walking distance of Hawthorn station (300 metres) and 6km of Melbourne's central business district.
- Quad 2, 6 Parkview Drive, Sydney Olympic Park, New South Wales** valued at \$29.0 million on acquisition providing a 7.9% initial yield. This 4 level property was constructed in 2002 and comprises 5,145 sqm NLA. The property is 100% occupied with 6 tenants with a 2.5 years WALE with major tenants being Universities Admissions Centre, NSW (41% of NLA) and BSA (34% of NLA).

- Quad 3, 102 Bennelong Parkway, Sydney Olympic Park, New South Wales** was valued at \$29.3 million on acquisition providing a 7.4% initial yield. This 4 level property was constructed in 2004 and comprises 5,244 sqm NLA. The property is multi-tenanted with 100% occupancy and has a 2.5 year WALE with the major tenants being Alstom Grid Australia (38% of NLA) and Suzanne Grae Corporation (24% of NLA).

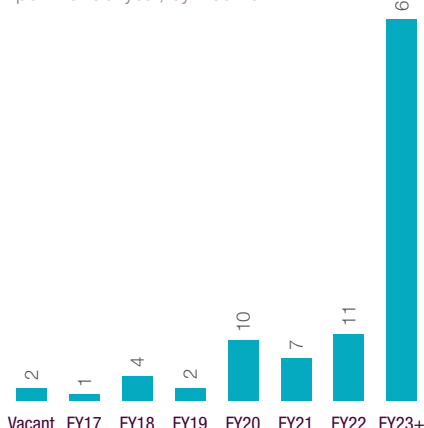
Geographic diversity (%)

by property value as at 31 December 2016



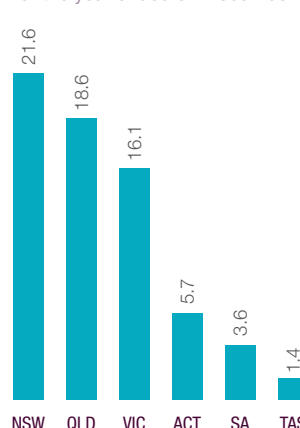
Portfolio lease expiry profile (%)

per financial year, by income



NPI per State / Territory (\$)

for the year ended 31 December 2016



Leasing completed since 30 June 2016

Address	Tenant	Start date	Term	Annual rent	NLA	Car Parks
				increases		
			<i>yrs</i>	<i>%</i>	<i>sqm</i>	
333 Ann Street, Brisbane, QLD	St Hilliers Property	Q2, FY17	5.0	Fixed 3.75%	503	-
15 Green Square Close, Fortitude Valley, QLD	Duy Khuong Nguyen	Q2, FY17	7.0	Fixed 4.00%	85	-
109 Burwood Road, Hawthorn, VIC	Watermark Australasia	Q2, FY17	7.0	Fixed 3.75%	1,585	50
109 Burwood Road, Hawthorn, VIC	Armus Persia	Q2, FY17	5.0	CPI	126	3
A1, 32 Cordelia Street, South Brisbane, QLD	Jacobs Group (Australia)	Q2, FY17	0.5	Fixed 3.75%	1,311	11
A4, 52 Merivale Street, South Brisbane, QLD	Sabre Travel Network	Q2, FY17	4.0	Fixed 4.00%	622	10
109 Burwood Road, Hawthorn, VIC	Future Medical Imaging Group	Q2, FY17	7.0	Fixed 4.50%	536	14
A1, 32 Cordelia Street, South Brisbane, QLD	University of the Sunshine Coast	Q3, FY17	9.0	Fixed 3.75%	208	-
Building C, 219-247 Pacific Highway, Artarmon, NSW	Richard Crookes Constructions	Q3, FY17	7.0	Fixed 3.75%	2,350	19
A1, 32 Cordelia Street, South Brisbane, QLD	Kokoro Bento	Q3, FY17	5.0	Fixed 4.00%	87	-
A4, 52 Merivale Street, South Brisbane, QLD	University of the Sunshine Coast	Q4, FY17	8.5	Fixed 3.75%	142	-
Building 1, 572-576 Swan Street, Richmond, VIC	Country Road Group	Q1, FY18	15.0	Fixed 3.00%	8,554	191
33-39 Richmond Road, Keswick, SA	Funk Leasing	Q1, FY18	5.0	Fixed 3.50%	155	-
Building 2, 572-576 Swan Street, Richmond, VIC	Country Road Group	Q4, FY18	14.3	Fixed 3.00%	14,602	488
Total / Weighted Average			11.6	3.20%	30,866	786

Focus on Leasing

There was continued focus on leasing over HY17, with 30,866 sqm of office space successfully leased during the period at an average term of 11.6 years. An overview of significant leasing follows.

Buildings 1 and 2, 572-576 Swan Street, Richmond, VIC

In August 2016, Growthpoint was pleased to announce that it had entered into two new leases with Country Road Group/ David Jones over Buildings 1 and 2, 572-576 Swan Street, Richmond, Victoria, comprising 23,156 square metres, 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 will be the national head offices for David Jones and Country Road Group with David Jones relocating its existing headquarters from Sydney to Growthpoint's properties in Melbourne.

109 Burwood Road, Hawthorn, VIC

In HY17, an additional 2,247 sqm was leased in 109 Burwood Road, increasing total occupancy to 89% with a weighted average lease expiry of 4.5 years. One new quality tenant was introduced to the building, Watermark Australasia, on a 7 year term, Armus Persia had its lease extended to 5 years, and Future Medical Imaging Group extended on a 7 year term.

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

A new lease to Richard Crookes Constructions brought 219-247 Pacific Highway to 100% occupancy. The new 7 year lease provides annual fixed rent increases of 3.75% and covers 2,350 sqm of lettable area and replaced a developer guarantee which was due to expire in late 2017.

A1 and A4, SW1 Complex, South Brisbane, QLD

The University of the Sunshine Coast signed two additional leases for 8 and 9 year terms respectively. The new leases, over a total of 350 sqm, are in the A1 and A4 buildings and provide annual fixed rent increases of 3.75%.

333 Ann Street, Brisbane, QLD

Further leasing success at 333 Ann Street over the half brings total occupancy to 82%, from 44% at 30 June 2015. A 5 year lease to St Hilliers Property covers 480 sqm and, post 31 December 2016, a 6 year lease to Frontier Software covering 333 sqm leaves 2,983 sqm available for lease at the property, as at 21 February 2017.

Divestments

No office properties were sold during HY17.

Office Portfolio

Address			Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			\$'000		%	%		years	sqm	sqm
75 Dorcas St	South Melbourne	VIC	172,750	Directors	6.50	7.25	ANZ Banking Group	4.9	23,811	9,632
109 Burwood Rd	Hawthorn	VIC	81,500	Directors	6.75	7.50	Orora	4.5	12,555	3,529
Bldg 2, 572-576 Swan St	Richmond	VIC	76,700	Urbis	5.75	7.75	GE Capital Finance Australasia	15.5 ²²	14,660	7,201
Bldg B, 211 Wellington Rd	Mulgrave	VIC	70,400	Savills	7.00	7.50	Monash University	4.0	12,780	11,040
Bldgs 1 & 3, 572-576 Swan St	Richmond	VIC	60,300	Urbis	5.75 ²³	7.75 ²³	GE Capital Finance Australasia	12.9 ²²	10,250	16,819
Bldg C, 211 Wellington Rd	Mulgrave	VIC	53,000	Urbis	7.00	8.00	BMW Australia Finance	4.8	10,304	11,070
Car Park, 572-576 Swan St	Richmond	VIC	1,200	Directors	13.50	-	GE Capital Finance Australasia	1.2	-	3,756
15 Green Square Cl	Fortitude Valley	QLD	129,800	Directors	6.50	7.50	Queensland Urban Utilities	5.2	16,442	2,519
1231-1241 Sandgate Rd	Nundah	QLD	103,500	Knight Frank	6.50	7.25	Energyx	9.9	12,980	5,597
333 Ann St	Brisbane	QLD	103,000	Directors	7.25	8.00	Federation University	4.9	16,426	1,563
CB1, 22 Cordelia St	South Brisbane	QLD	95,500	Directors	6.50	7.75	Downer EDI Mining	5.4	11,529	5,772
A1, 32 Cordelia St	South Brisbane	QLD	77,750	LMW	6.38	7.75	Jacobs Group	7.1	10,052	2,667
A4, 52 Merivale St	South Brisbane	QLD	74,800	Directors	6.50	7.75	University of the Sunshine Coast	6.0	9,405	2,331
CB2, 42 Merivale St	South Brisbane	QLD	55,500	Knight Frank	6.25	7.50	Peabody Energy	8.1	6,598	3,158
Car Park, 32 Cordelia St & 52 Merivale St	South Brisbane	QLD	25,750	Knight Frank	6.00	7.50	Secure Parking	2.9	-	9,319
33-39 Richmond Rd	Keswick	SA	62,000	Directors	7.75	8.50	Coffey Corporate	6.6	11,835	4,169
7 Laffer Dr	Bedford Park	SA	16,100	Directors	10.00	10.00	Westpac Banking Corporation	1.6	6,639	33,090
1 Charles St	Parramatta	NSW	292,000	Savills	6.00	7.50	NSW Police	7.4	32,356	6,460
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	115,000	Savills	6.25	7.75	Fox Sports	6.1	14,496	4,212
5 Murray Rose Ave	Sydney Olympic Park	NSW	93,500	Savills	6.25	7.50	Lion	7.3	12,386	3,826
3 Murray Rose Ave	Sydney Olympic Park	NSW	91,600	Directors	6.50	7.50	Samsung	5.2	13,423	3,980
102 Bennelong Pkwy	Sydney Olympic Park	NSW	29,300	Directors	7.25	8.00	Alstom Australia	2.5	5,244	6,635
6 Parkview Dr	Sydney Olympic Park	NSW	28,500	Savills	7.25	8.00	Universities Admissions Centre	2.5	5,145	7,788
89 Cambridge Park Dr	Cambridge	TAS	27,000	m3property	8.25	9.00	Hydro Tasmania Consulting	7.3	6,876	28,080
10-12 Mort St	Canberra	ACT	87,500	Directors	6.75	7.50	Commonwealth of Australia	8.2	15,398	3,064
255 London Cct	Canberra	ACT	72,000	Knight Frank	5.88	6.75	Commonwealth of Australia	10.7	8,972	2,945
Total / Weighted Average			2,095,950		6.52			6.9	300,562	200,222

22. WALE reflects both GE and Country Road leases.

23. Applies to Building 1 (investment component) only.

Industrial Portfolio Review

Logistics portfolio sale reduces balance sheet gearing and risk

For the fourth consecutive period Growthpoint maintained 100% occupancy of its industrial property portfolio, continuing a strong track record of renewing leases well ahead of upcoming lease expiry dates



Andrew Fitt
Senior Asset Manager



Julian Smith
Asset Manager
– Industrial (Vic, SA, WA)

Previously a Property Analyst, Julian Smith has joined Growthpoint's asset management team

Key leasing transactions during HY17 included:

- renewing the lease of 75 Annandale Road, Melbourne Airport, Victoria to Neovia Logistics comprising 10,280 sqm, for a further 3 years from 6 November 2016. The lease has fixed rent increases of 3.75% per annum;
- renewing the lease of 60 Annandale Road, Melbourne Airport, Victoria to Willow Ware Australia Pty Ltd comprising 16,276 sqm, for a further 10 years. The lease now expires 3 May 2028 and provides for the lessor to build a 5,000 sqm warehouse extension. The lease has fixed rent increases of 3.25% per annum; and
- renewing the lease of 81 Derby Street, Silverwater, New South Wales to IVE Group Limited comprising 7,984 sqm, for a further 5 years expiring on 17 September 2022. The lease has annual rent increases to the greater of CPI and 3%.

Acquisitions and disposals

No new industrial properties were acquired in HY17. Five properties were sold in HY17.

In September 2016, Growthpoint completed the sale of 670 Macarthur Avenue, Pinkenba, Queensland. This transaction was reported in the FY16 results.

In December 2016, Growthpoint sold four industrial properties in Victoria for \$142.2 million to entities associated with Mapletree Logistics Trust of Singapore. These properties were classified as "held for sale" in Growthpoint's 2016 Annual Report. The properties sold and their 30 June 2016 book values, were:

- 28 Bilston Drive, Wodonga - \$69.2 million
- 101-103 William Angliss Drive, Laverton North - \$27.7 million
- 213-215 Robinsons Road, Ravenhall - \$27.0 million; and
- 365 Fitzgerald Road, Derrimut - \$17.8 million.



Industrial portfolio key statistics

(as at 31 December 2016)

- **\$1,098.8 million** total value
- **765,061 sqm** total lettable area
- **7.1%** weighted average capitalisation rate
- **34%** of Growthpoint's property portfolio
- **100%** occupancy
- **5.3 years WALE**
- **2.8% WARR²⁴**
- **33** assets

At 30 June 2016, the above had a WALE of 6.9 years, a combined lettable area of 103,517 square metres and provided approximately \$11.95 million of annual rental income.

Settlement of the sale of all four properties occurred on 15 December 2016.

Expansions/Capital Improvements

Associated with the extension of the lease of 60 Annandale Road, Melbourne Airport, Victoria the parties agreed to work collaboratively to investigate expansion of the warehouse by 5,000 sqm and a planning permit has been obtained.

The Group is in discussions with a number of other tenants regarding building expansions and associated lease extensions and hopes to announce details of a number of projects in the year ahead.

24. Assumes CPI change of 1.5% per annum as per Australian Bureau of Statistics release for CY16.

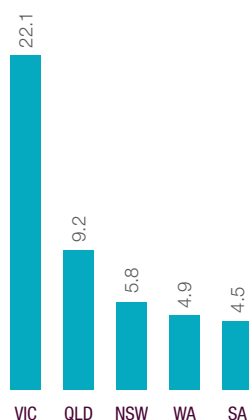


\$152.3m

Industrial property sold

NPI per State / Territory (%)

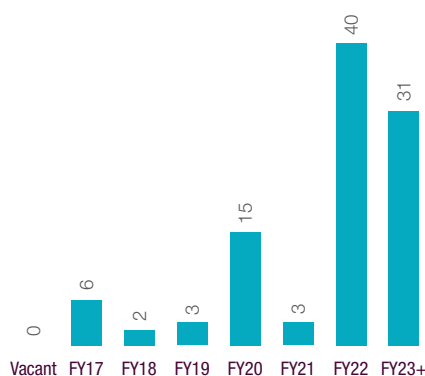
for the year ended 31 December 2016



13 Business Street, Yatala, QLD

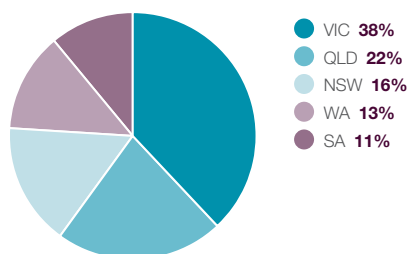
Portfolio lease expiry profile (%)

per financial year, by income



Geographic diversity (%)

by property value as at 31 December 2016



Valuation

The value of the industrial property portfolio (excluding disposals) increased by \$14.1 million over the six months ended 31 December 2016 or 1.3% on a like-for-like basis.

The weighted average capitalisation rate across Growthpoint's industrial property portfolio was 7.1% at 31 December 2016, stable from 30 June 2016.

Looking Ahead

The Group's recent capital transactions have resulted in a reweighting towards office and away from industrial. Notwithstanding this reweighting, industrial/logistics assets remain a core investment sector for the Group. The Group will continue to monitor the market and consider further transactions which are accretive to distributions and attractive for total Securityholder returns.

Five year performance summary - industrial

As at 31 December		2016	2015	2014	2013	2012
Portfolio value	\$m	1,098.8	1,222.5	1,079.0	1,001.4	878.8
Total properties	no.	33	38	34	34	29
Weighted average cap rate	%	7.1	7.3	7.6	8.2	8.3
% of Growthpoint portfolio	%	34	47	48	56	52
Occupancy	%	100	100	99	100	100
WALE	years	5.3	6.2	6.9	7.4	8.3
Total lettable area	sqm	765,061	873,472	831,678	848,638	768,589
Average rent (per sqm, per annum)	\$	109	108	101	98	97
HY NPI	\$m	46.5	46.3	42.0	37.1	35.8

Industrial Portfolio

Address			Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			\$'000		%	%		years	sqm	sqm
120 Northcorp Blvd	Broadmeadows	VIC	75,400	Directors	7.50	8.25	Woolworths	4.6	58,320	250,000
522-550 Wellington Rd	Mulgrave	VIC	65,500	m3property	7.00	7.75	Woolworths	4.6	68,144	191,200
1500 Ferntree Gully Rd & 8 Henderson Rd	Knoxfield	VIC	40,300	Directors	6.50	7.75	Brown & Watson International	6.7	22,009	40,844
40 Annandale Rd	Melbourne Airport	VIC	34,600	Directors	9.25	8.25	StarTrack	2.5	44,424	75,325
9-11 Drake Blvd	Altona	VIC	31,350	Savills	6.75	7.75	Peter Stevens Motorcycles	4.7	25,743	41,730
130 Sharps Rd	Melbourne Airport	VIC	24,500	m3property	8.50	8.00	Laminex Group	5.5	28,100	47,446
120-132 Atlantic Dr	Keysborough	VIC	23,500	Savills	6.25	7.75	Symbion	12.0	12,864	26,181
Lots 2, 3 & 4, 44-54 Raglan St	Preston	VIC	22,500	Urbis	7.75	8.00	Paper Australia	2.7	26,980	42,280
20 Southern Crt	Keysborough	VIC	14,500	Directors	6.75	7.50	Sales Force National	6.0	11,430	19,210
120 Link Rd	Melbourne Airport	VIC	14,100	Urbis	8.50	8.00	The Reject Shop	0.1	26,517	51,434
60 Annandale Rd	Melbourne Airport	VIC	12,800	Directors	8.00	8.00	Willow Ware Australia	11.3	16,276	34,726
6 Kingston Park Crt	Knoxfield	VIC	12,000	Directors	6.75	7.50	NGK Spark Plug	5.4	7,645	12,795
3 Millennium Crt	Knoxfield	VIC	11,000	Urbis	6.75	7.50	Orora	4.2	8,040	14,750
31 Garden St	Kilsyth	VIC	9,900	m3property	7.00	8.25	Cummins Filtration	1.9	8,919	17,610
19 Southern Crt	Keysborough	VIC	8,000	Directors	7.25	7.50	Transms	2.3	6,455	11,650
45-55 South Centre Rd	Melbourne Airport	VIC	7,850	Urbis	8.50	8.00	Willow Ware Australia	0.2	14,082	24,799
75 Annandale Rd	Melbourne Airport	VIC	7,050	Directors	8.00	8.00	Neovia Logistics Services	2.9	10,280	16,930
70 Distribution St	Larapinta	QLD	201,000	JLL	7.16	7.50	Woolworths	5.2	76,109	250,900
13 Business St	Yatala	QLD	15,000	Savills	7.50	7.75	Reward Supply Co.	2.7	8,951	18,630
29 Business St	Yatala	QLD	10,303	Held for Sale	-	-	CMC Coil Steels	0.3	8,680	16,460
5 Viola Pl	Brisbane Airport	QLD	8,500	Knight Frank	8.75	8.00	GPC Asia Pacific	0.5	14,726	35,166
10 Gassman Dr	Yatala	QLD	4,500	Directors	7.25	8.00	Norman Ellison Carpets	0.8	3,188	6,480
3 Viola Pl	Brisbane Airport	QLD	1,970	JLL	9.50	-	Cargo Transport Systems	6.2	3,431	12,483
20 Colquhoun Rd	Perth Airport	WA	150,000	JLL	6.54	7.50	Woolworths	8.8	80,374	193,936
27-49 Lenore Dr	Erskine Park	NSW	61,400	Directors	6.25	7.75	Linfox	6.7	29,476	76,490
6-7 John Morphett Pl	Erskine Park	NSW	45,000	Savills	6.50	7.75	Linfox	3.3	24,881	82,280
51-65 Lenore Dr	Erskine Park	NSW	31,000	Savills	6.00	7.75	Linfox	11.2	3,720	36,720
34 Reddalls Rd	Kembla Grange	NSW	22,000	Directors	6.75	8.00	Patrick Autocare	13.8	355	141,100
81 Derby St	Silverwater	NSW	16,200	Savills	6.75	7.75	IVE Group Limited	5.7	7,984	13,490
599 Main North Rd	Gepps Cross	SA	73,000	Urbis	7.25	7.75	Woolworths	4.6	67,238	233,500
1-3 Pope Crt	Beverley	SA	21,500	Directors	7.75	8.75	Aluminium Specialties Group	3.9	14,459	25,660
12-16 Butler Blvd	Adelaide Airport	SA	14,000	JLL	9.43	8.50	Cheap as Chips	3.9	16,800	30,621
10 Butler Blvd	Adelaide Airport	SA	8,550	Urbis	8.50	8.50	Toll Transport	1.1	8,461	16,100
Total / Weighted Average			1,098,773		7.1			5.3	765,061	2,108,926

599 Main North Road,
Gepps Cross, NSW



Board of Directors



1 Geoffrey Tomlinson (69)
Independent Chairman (since 1 July 2014) and Director (since 1 September 2013)

BEC

44 years experience in the financial services industry.

2 Timothy Collyer (48)
Managing Director (since 12 July 2010)

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

Over 28 years' experience in A-REITs and unlisted property funds, property investment, development and valuations.

3 Maxine Brenner (54)
Independent Director (since 19 March 2012)

BA, LLB

Maxine has over 26 years experience in corporate advisory, mergers and acquisition, financial and legal advisory work.

4 Estienne de Klerk (47)
Director²⁵ (since 5 August 2009)

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

Over 20 years' experience in banking and property finance.

5 Grant Jackson (50)
Independent Director (since 5 August 2009)

Assoc. Dip. Valuations, FAPI

Over 30 years' experience in the property industry, including 27 years as a qualified valuer.

6 Francois Marais (62)
Independent Director (since 5 August 2009)

BCom, LLB, H Dip (Company Law)

Over 26 years' experience in the listed property market.

7 Norbert Sasse (52)
Director²⁶ (since 5 August 2009)

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

Over 21 years' experience in corporate finance and 11 years' experience in the listed property market.



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

Executive Management



1 Aaron Hockly (38)
Chief Operating Officer, Company Secretary (since 13 October 2009)

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

Over 15 years' experience in corporate governance, financial services, corporate and commercial law, property finance and M&A.

2 Dion Andrews (44)
Chief Financial Officer, Company Secretary (since 8 May 2014)

B.Bus, FCCA

Over 15 years' experience in accounting roles in a corporate capacity.

3 Michael Green (37)
Head of Property

B.Bus (Prop)

Over 14 years' experience in listed and unlisted property fund management, property investment and development.



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

25. Not deemed independent as Managing Director of GRT.

26. Not deemed independent as CEO of GRT.



Interim Financial Report

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Growthpoint Properties Australia during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2016	Notes	Half-year 2016	Restated Half-year 2015
		\$'000	\$'000
Revenue			
Property revenue	2.1	131,517	100,422
Straight line adjustment to property revenue		(1,072)	2,140
Net changes in fair value of investment properties		27,438	62,125
Loss on sale of investment properties		(1,312)	-
Net change in fair value of derivatives		14,508	9,984
Loss on settlement of derivative		(6,600)	(10,471)
Net investment income		164,479	164,200
Expenses			
Property expenses	2.1	(18,041)	(13,029)
Other expenses from ordinary activities		(5,795)	(5,004)
Total expenses		(23,836)	(18,033)
Profit from operating activities		140,643	146,167
Interest income		252	315
Borrowing costs		(27,647)	(21,527)
Net finance costs		(27,395)	(21,212)
Profit before income tax		113,248	124,955
Income tax expense		(243)	(219)
Profit for the period		113,005	124,736
Profit attributable to:			
Owners of the Trust		113,117	124,835
Owners of the Company		(112)	(99)
		113,005	124,736
Distribution to Securityholders	3.4	(67,991)	(58,072)
Change in net assets attributable to Securityholders / Total Comprehensive Income		45,014	66,664
Basic and diluted earnings per stapled security (cents)		17.6	21.9

Refer to section 2.2 for further information on the restatement for the half-year ended 31 December 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 31 December 2016	Notes	31-Dec-16	Restated 30-Jun-16
		\$'000	\$'000
Current assets			
Cash and cash equivalents		37,795	70,661
Trade and other assets	2.4	4,784	5,207
Assets held for sale	2.3	10,303	151,688
Total current assets		52,882	227,556
Non-current assets			
Trade and other assets	2.4	57,483	58,556
Plant & equipment		149	195
Investment properties	2.2	3,126,937	2,592,589
Derivative financial instruments	3.2	793	-
Deferred tax assets		752	709
Total non-current assets		3,186,114	2,652,049
Total assets		3,238,996	2,879,605
Current liabilities			
Trade and other liabilities	2.5	39,925	38,978
Interest bearing liabilities	3.1	36,429	-
Distribution to Securityholders	3.4	67,991	60,062
Current tax payable		860	574
Total current liabilities		145,205	99,614
Non-current liabilities			
Interest bearing liabilities	3.1	1,340,818	1,242,226
Derivative financial instruments	3.2	8,764	15,353
Total non-current liabilities		1,349,582	1,257,579
Total liabilities		1,494,787	1,357,193
Net assets		1,744,209	1,522,412
Securityholders' funds			
Contributed equity	3.3	1,590,155	1,414,012
Reserves		5,676	5,036
Accumulated profits		148,378	103,364
Total Securityholders' funds		1,744,209	1,522,412

Refer to section 2.2 for further information on the restatement as at 31 December 2015.

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 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 2016	1,414,012	4,506	522	7	103,365 ²⁷	1,522,412
Total comprehensive income for the period						
Profit after tax for the period	-	-	-	-	113,005	113,005
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	113,005	113,005
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	176,143	-	-	-	-	176,143
Distributions provided or paid	-	-	-	-	(67,991)	(67,991)
Share-based payment transactions	-	640	-	-	-	640
Deferred tax expense charged to equity	-	-	-	-	-	-
Total transactions with Securityholders	176,143	640	-	-	(67,991)	108,792
Balance at 31 December 2016	1,590,155	5,146	522	7	148,379	1,744,209
Total recognised income and expense for the period is attributable to:						
- Trust						113,117
- Company						(112)
Growthpoint Properties Australia						113,005

27. Restated from \$137,794, refer to note 2.2 for further information.

For the half-year ended 31 December 2015	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Restated accumulated profits	Restated total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2015	1,376,011	3,369	471	7	2,122	1,381,980
Total comprehensive income for the period						
Profit after tax for the period	-	-	-	-	124,736	124,736
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	124,736	124,736
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	-	-	-	-	-	-
Distributions provided or paid	-	-	-	-	(58,072)	(58,072)
Share-based payment transactions	-	575	-	-	-	575
Deferred tax expense charged to equity	-	-	-	-	-	-
Total transactions with Securityholders	-	575	-	-	(58,072)	(57,497)
Balance at 31 December 2015	1,376,011	3,944	471	7	68,786	1,449,219
Total recognised income and expense for the period is attributable to:						
- Trust						124,835
- Company						(99)
Growthpoint Properties Australia						124,736

Refer to section 2.2 for further information on the restatement for the half-year ended 31 December 2015.

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

Consolidated Cash Flow Statement

For the half-year ended 31 December 2016	Half-year 2016	Half-year 2015
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	124,221	102,395
Cash payments to suppliers	(24,222)	(17,439)
Cash generated from operating activities	99,999	84,957
Interest paid	(27,498)	(21,559)
Taxes paid	-	-
Net cash inflow from operating activities	72,501	63,398
Cash flows from investing activities		
Interest received	252	315
Receipts from sale of investment properties	149,997	-
Payments for investment properties	(221,183)	(88,526)
Payments for plant & equipment	(16)	(7)
Net cash (outflow) / inflow from investing activities	(70,950)	(88,218)
Cash flows from financing activities		
Proceeds from external borrowings	319,872	373,032
Repayment of external borrowings	(320,000)	(268,138)
Proceeds from equity raising	40,132	-
Equity raising costs	(7,759)	-
Payment for settlement of derivatives	(6,600)	(10,471)
Distributions paid to Securityholders	(60,062)	(56,334)
Net cash inflow / (outflow) from financing activities	(34,417)	38,089
Net (decrease) / increase in cash and cash equivalents	(32,866)	13,269
Cash and cash equivalents at the beginning of the period	70,661	26,858
Cash and cash equivalents at the end of the period	37,795	40,127

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 confirms compliance with accounting standards.

Reporting entity

Growthpoint Properties Australia was formed by the stapling of two entities comprising Growthpoint Properties Australia Limited (“the Company”) and Growthpoint Properties Australia Trust (“the Trust”). In this report, the Trust includes all of its controlled entities. 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 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 of 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 interim financial report includes financial statements for Growthpoint Properties Australia, the stapled consolidated group, which is domiciled in Australia, as at and for the six months ended 31 December 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

This consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Growthpoint Properties Australia during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This consolidated interim financial report was authorised for issue by the Directors of the Group on 21 February 2017.

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.

Accounting policies

Except for the revised accounting treatment of tenant incentives referred to in note 2.2 the accounting policies applied by the Group in this interim financial report are consistent with those of the previous financial year ended 30 June 2016 and the corresponding interim reporting period.

Section 2: Operating results, assets and liabilities

i 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 properties, other non-current assets and acquisitions and disposals.

2.1 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 profit or loss and other comprehensive income for the half-year to 31 December 2016			
Revenue, excluding straight line lease adjustment	77,515	54,002	131,517
Property expenses	(10,564)	(7,477)	(18,041)
Net Property Income Segment results	66,951	46,525	113,476
Net changes in fair value of investment properties	9,430	18,008	27,438
Segment results	76,381	64,553	140,914
Loss not assigned to segments			(1,061)
Expenses not assigned to segments			(26,606)
Net profit before income tax			113,248
Statement of profit or loss and other comprehensive income for the half year to 31 December 2015			
Revenue, excluding straight line lease adjustment	47,228	53,194	100,422
Property expenses	(6,167)	(6,862)	(13,029)
Net Property Income Segment results	41,061	46,332	87,393
Net changes in fair value of investment properties (restated)	51,150	10,975	62,125
Segment results	92,211	57,307	149,518
Income not assigned to segments			315
Expenses not assigned to segments			(24,878)
Net profit before income tax			124,955

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

2.2 Investment properties

Determination of fair value

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio typically every 12 months and at least once every three years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the net present value of the estimated cash flows expected from ownership of the property, a discounted cash flow valuation. A discount rate or target internal rate of return that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and, when appropriate, counter-notices, have been served validly and within the appropriate time.

Revised accounting treatment of tenant incentives

During the period, the Group altered its treatment of determining fair value revaluation adjustments related to investment property by including the balance of unamortised tenant incentives previously recognized as an asset (in Trade and Other Assets) separate to the investment property to which it applied. The impact of this change is:

- On the Consolidated Statement of Financial Position as at 30 June 2016, decrease Current Trade and Other assets by \$34,429,000 and decrease Accumulated Profits by \$34,429,000. This restatement had a corresponding impact on reported balance sheet gearing.
- On the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period to 31 December 2015, decrease Net changes in fair value of investment properties by \$1,082,000, which consequently reduces Profit for the period by the same amount. Basic and diluted earnings per security is also reduced to 21.9 cents for that period from 22.1 cents previously.
- On the Consolidated Statement of Changes in Equity, the opening balance of Accumulated Profits at 30 June 2015 reduces by \$29,537,000, the Profit after tax for the period to 31 December 2015 reduces by \$1,082,000 and the closing balance of Accumulated Profits at 31 December 2015 reduces by \$30,619,000. Further, the opening balance of Accumulated Profits at 30 June 2016 reduces by \$34,429,000.

Investment Property Values

Industrial Properties	Latest External Valuation			Consolidated Book Value	
	Date	Valuation	31-Dec-16	30-Jun-16	
		\$'000	\$'000	\$'000	
Victoria					
120 Northcorp Boulevard	Broadmeadows VIC	30-Jun-16	77,700	75,400	77,700
522-550 Wellington Road	Mulgrave VIC	31-Dec-16	65,500	65,500	64,500
1500 Ferntree Gully Road & 8 Henderson Road	Knoxfield VIC	30-Jun-16	39,250	40,300	39,250
40 Annandale Road	Melbourne Airport VIC	30-Jun-16	34,600	34,600	34,600
9-11 Drake Boulevard	Altona VIC	31-Dec-16	31,350	31,350	31,300
130 Sharps Road	Melbourne Airport VIC	31-Dec-16	24,500	24,500	23,600
120-132 Atlantic Drive	Keysborough VIC	31-Dec-16	23,500	23,500	22,350
Lots 2-4, 44-54 Raglan St	Preston VIC	31-Dec-16	22,500	22,500	21,650
20 Southern Court Road	Keysborough VIC	30-Jun-16	14,350	14,500	14,350
120 Link Road	Melbourne Airport VIC	31-Dec-16	14,100	14,100	14,000
60 Annandale Road	Melbourne Airport VIC	30-Jun-16	12,800	12,800	12,800
6 Kingston Park Court	Knoxfield VIC	30-Jun-16	11,700	12,000	11,700
3 Millennium Court	Knoxfield VIC	31-Dec-16	11,000	11,000	10,800
31 Garden Street	Kilsyth VIC	31-Dec-16	9,900	9,900	9,750
19 Southern Court Road	Keysborough VIC	30-Jun-16	8,000	8,000	8,000
45-55 South Centre Road	Melbourne Airport VIC	31-Dec-16	7,850	7,850	8,000
75 Annandale Road	Melbourne Airport VIC	30-Jun-16	7,100	7,050	7,100

2.2 Investment properties (cont.)

Investment Property Values (cont.)

				Latest External Valuation		Consolidated Book Value	
				Date	Valuation	31-Dec-16	30-Jun-16
Industrial Properties					\$'000	\$'000	\$'000
Queensland							
70 Distribution Street	Larapinta	QLD	31-Dec-16	201,000	201,000	200,800	
13 Business Street	Yatala	QLD	31-Dec-16	15,000	15,000	14,850	
29 Business Street (i)	Yatala	QLD	30-Jun-16	10,400	-	10,400	
5 Viola Place	Brisbane Airport	QLD	31-Dec-16	8,500	8,500	8,500	
10 Gassman Avenue	Yatala	QLD	30-Jun-16	4,800	4,500	4,800	
3 Viola Place	Brisbane Airport	QLD	31-Dec-16	1,970	1,970	1,950	
Western Australia							
20 Colquhoun Road	Perth Airport	WA	31-Dec-16	150,000	150,000	146,000	
New South Wales							
27-49 Lenore Drive	Erskine Park	NSW	30-Jun-16	60,900	61,400	60,900	
6-7 John Morphett Place	Erskine Park	NSW	31-Dec-16	45,000	45,000	45,000	
51-65 Lenore Drive	Erskine Park	NSW	31-Dec-16	31,000	31,000	30,000	
34 Reddalls Road	Kembla Grange	NSW	30-Jun-16	21,000	22,000	21,000	
81 Derby Street	Silverwater	NSW	31-Dec-16	16,200	16,200	15,100	
South Australia							
599 Main North Road	Gepps Cross	SA	31-Dec-16	73,000	73,000	70,300	
1-3 Pope Court	Beverley	SA	30-Jun-16	21,100	21,500	21,100	
12-16 Butler Boulevard	Adelaide Airport	SA	31-Dec-16	14,000	14,000	14,100	
10 Butler Boulevard	Adelaide Airport	SA	31-Dec-16	8,550	8,550	8,400	
Total Industrial Properties				1,098,120	1,088,470	1,084,650	

(i) This property has been transferred to assets available for sale.

				Latest External Valuation		Consolidated Book Value	
				Date	Valuation	31-Dec-16	30-Jun-16
Office Properties					\$'000	\$'000	\$'000
Victoria							
75 Dorcas Street	South Melbourne	VIC	30-Jun-16	166,000	172,750	166,000	
109 Burwood Road (ii)	Hawthorn	VIC	30-Jun-16	72,500	81,500	-	
Building 2, 572-576 Swan Street	Richmond	VIC	31-Dec-16	76,700	76,700	82,000	
Building B, 211 Wellington Road	Mulgrave	VIC	31-Dec-16	70,400	70,400	67,000	
Buildings 1&3, 572-576 Swan Street	Richmond	VIC	31-Dec-16	60,300	60,300	57,800	
Building C, 211 Wellington Road (iii)	Mulgrave	VIC	31-Dec-16	53,000	53,000	22,070	
Car Park, 572-576 Swan Street	Richmond	VIC	30-Jun-16	1,200	1,200	1,200	
Queensland							
15 Green Square Close (ii)	Fortitude Valley	QLD	30-Jun-16	127,000	129,800	-	
1231-1241 Sandgate Road	Nundah	QLD	31-Dec-16	103,500	103,500	103,500	

(ii) These properties were acquired during the period via the takeover of GMF on 1 October 2016.

(iii) This property was a development fund through that completed in October 2016. The prior period valuation represents the fair value less cost to complete at that time.

2.2 Investment properties (cont.)

Investment Property Values (cont.)

Office Properties			Latest External Valuation		Consolidated Book Value	
			Date	Valuation	31-Dec-16	30-Jun-16
				\$'000	\$'000	\$'000
333 Ann Street	Brisbane	QLD	30-Jun-16	102,500	103,000	102,500
CB1, 22 Cordelia Street	South Brisbane	QLD	30-Jun-16	92,500	95,500	92,500
A1, 32 Cordelia Street	South Brisbane	QLD	31-Dec-16	77,750	77,750	74,800
A4, 52 Merivale Street	South Brisbane	QLD	30-Jun-16	72,800	74,800	72,800
CB2, 42 Merivale Street	South Brisbane	QLD	31-Dec-16	55,500	55,500	52,400
Car Park, 32 Cordelia Street & 52 Merivale Street	South Brisbane	QLD	31-Dec-16	25,750	25,750	18,000
South Australia						
World Park, 33-39 Richmond Road	Keswick	SA	30-Jun-16	62,000	62,000	62,000
7 Laffer Drive	Bedford Park	SA	30-Jun-16	16,400	16,100	16,400
New South Wales						
1 Charles Street	Parramatta	NSW	31-Dec-16	292,000	292,000	280,000
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-16	115,000	115,000	111,000
5 Murray Rose Avenue (ii)	Sydney Olympic Park	NSW	31-Dec-16	93,500	93,500	-
3 Murray Rose Avenue (ii)	Sydney Olympic Park	NSW	30-Jun-16	91,000	91,600	-
Quad 3, 102 Bennelong Parkway (ii)	Sydney Olympic Park	NSW	30-Jun-16	28,750	29,300	-
Quad 2, 6 Parkview Drive (ii)	Sydney Olympic Park	NSW	31-Dec-16	28,500	28,500	-
Tasmania						
89 Cambridge Park Drive	Cambridge	TAS	31-Dec-16	27,000	27,000	27,000
Australian Capital Territory						
10-12 Mort Street	Canberra	ACT	30-Jun-16	87,500	87,500	87,500
255 London Circuit	Canberra	ACT	31-Dec-16	72,000	72,000	70,025
Total Office Properties				2,071,050	2,095,950	1,566,495
Sub-totals				3,169,170	3,184,420	2,651,145
Less: Non-current trade receivables (rental income recognised on a straight-line basis)					(57,483)	(58,556)
Total investment properties					3,126,937	2,592,589

(ii) These properties were acquired during the period via the takeover of GMF on 1 October 2016.

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, m3property, Urbis, LMW and Knight Frank. The fair value of properties not externally valued as at 31 December 2016 were based solely on Director Valuations.

At each reporting date the Directors update their assessment of the fair value of each property in accordance with the Group's accounting and valuation policies.

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.

2.2 Investment properties (cont.)

Valuation basis (cont.)

- Discounted cash flow projections based on estimates of future cash flows.
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from analysis of market evidence.

At reporting date, the key assumptions used by the Group in determining fair value were in the following ranges for the Group's portfolio of industrial properties:

	Dec-16	Jun-16
Discount rate	7.5% - 8.8%	7.5% - 9.8%
Terminal yield	6.3% - 10.5%	6.8% - 11.5%
Capitalisation rate	6.0% - 9.5%	6.0% - 9.5%
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:

	Dec-16	Jun-16
Discount rate	6.8% - 10.0%	6.8% - 10.0%
Terminal yield	6.3% - 10.5%	6.3% - 11.8%
Capitalisation rate	5.8% - 13.5%	6.0% - 11.8%
Expected vacancy period	6-12 months	6-12 months
Rental growth rate	3.0% - 4.5%	3.1% - 4.5%

Commentary on Discount Rates

Date of valuation	Dec-16	Jun-16
Weighted average 10-year discount rate used to value the Group's properties	7.67%	7.89%
10-year bond rate	2.76%	1.98%
Implied property risk premium	4.91%	5.91%

As the above table shows, over the 6 months to 31 December 2016, the weighted average discount rate utilised in the valuation of the Group's property portfolio has tightened (lowered) by approximately 22 basis points. Over the same time period the implied property risk premium has decreased by approximately 100 basis points. The implied property risk premium is the difference between the weighted average discount rate and the 10-year Australian Government bond rate. The decrease in the implied property risk premium is largely due to a strong recovery in government bond yields (78 basis points) since 30 June 2016.

Commentary on Capitalisation Rates

Industrial

A large volume of existing capital continues to seek placement within the industrial sector, particularly within the major eastern seaboard industrial markets. Portfolio transactions continue to attract strong interest, given the most active buyer profiles (domestic and international REITs) preference to acquire assets of scale. Investors continue to focus on larger assets with long WALEs and Melbourne and Sydney remain the focal point of investor attention given their stronger local economies. Prime grade yield tightening of between 0 and 25 basis points was evident across most markets and precincts in HY17, although was less pronounced than in previous periods. The weighted average capitalization rate used in valuing the industrial portfolio remained stable at 7.1% over the 6 months to 31 December 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 sector and offshore investors represent the most active buyer profiles. Yields continued to tighten in most markets, particularly for prime and A-grade assets in the eastern states of Australia, compressing between 0 and 50 basis points. Occupier markets continue to show signs of improvement, with effective rent growth observed in some commercial markets. The weighted average capitalisation rate used in valuing the office portfolio has firmed from 6.8% to 6.5% over the 6 months to 31 December 2016.

2.2 Investment properties (cont.)

Uncertainty around property valuations

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for comparable property in terms of investment characteristics such as location, lettable and land area, building characteristics, property condition, lease terms and rental income potential, amongst others.

The fair value of investment property has been assessed to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if an investment property is sold in the 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, where as a decrease would decrease the value of investment property.

Contractual obligations

At 31 December 2016, the following contractual obligations relating to expansions at existing investment properties were in place:

- Under an expansion clause in the current lease, the tenant at 5 Viola Place, Brisbane Airport, Queensland can request a 6,250 square metre 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 of the expansion works the lease would be re-set so that at least seven years remained and rent would be charged on the additional net lettable area constructed under the expansion clause.
- Under an expansion clause in the current lease, the tenant at 120-132 Atlantic Drive, Keysborough, Victoria can request a 3,000 square metre 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 of the expansion works the lease would be re-set so that at least seven years remained and rent would be charged on the additional net lettable area constructed under the expansion clause.
- Under an expansion clause in the current lease at 60 Annandale Road, Melbourne Airport, Victoria (which currently expires on 3 May 2028), the Group is responsible for funding a 5,000 square metre expansion of the property. Upon completion of the expansion works the lease would be re-set so that at least ten years remained and rent would be charged on the additional net lettable area constructed under the expansion clause.

The three property expansions detailed above have an estimated aggregate cost of not more than \$16.0 million.

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

Reconciliation of value of investment property

	6 Months to 31-Dec-16	Restated 6 Months to 30-Jun-16
	\$'000	\$'000
At fair value		
Opening balance	2,592,589	2,514,390
Acquisitions	510,453	192,630
Capital expenditure	547	3,718
Lease incentives and leasing costs	11,143	6,391
Amortisation of lease incentives and leasing costs	(3,618)	(2,581)
Disposals (including straight line receivable reversal) (i)	-	-
Unrealised gain on assets held for sale	-	163
Reclassification (to) / from available for sale	(10,303)	(151,688)
Net gain/(loss) on disposals	(1,312)	-
Net gain/(loss) from fair value adjustment	27,438	29,566
Closing balance	3,126,937	2,592,589

(i) Although the Group sold assets valued at \$151.7 million during the reporting period, these were classified as "Assets held for sale" at the start of the reporting period so are not listed as a disposal. Refer to note 2.3 for more details.

2.3 Current assets held for sale

	31-Dec-16	30-Jun-16
	\$'000	\$'000
28 Bilston Drive, Wodonga, VIC	-	69,240
213-215 Robinsons Road, Ravenhall, VIC	-	26,959
101-103 William Angliss Drive, Laverton North, VIC	-	27,730
365 Fitzgerald Road, Derrimut, VIC	-	17,843
670 Macarthur Avenue, Pinkenba, QLD	-	9,916
29 Business Street, Yatala, QLD	10,303	-
	10,303	151,688

2.4 Trade and other assets

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:

	31-Dec-16	Restated 30-Jun-16
	\$'000	\$'000
Rent receivables	2,126	1,392
Prepayments	2,658	3,815
	4,784	5,207

Impaired rent receivables

As at 31 December 2016, no rent receivables of the Group were impaired (30 June 2016: nil impairment):

	31-Dec-16	30-Jun-16
	\$'000	\$'000
Non-current		
Rent receivables	57,483	58,556
	57,483	58,556

Rent receivables represent the non-current portion of straight-line rental income receivable.

2.5 Trade and other liabilities

Trade and other liabilities can be analysed as follows:

	31-Dec-16	30-Jun-16
	\$'000	\$'000
Trade payables	1,446	620
Non-trade payables	393	519
GST payable	1,584	2,001
Accrued expenses - other	19,154	17,580
Prepaid rent	17,348	18,258
	39,925	38,978

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

The table below summarises the movements in the Group's interest bearing liabilities during the six months to 31 December 2016.

	Opening balance 1 July 2016	Movement during period	Closing balance 31 Dec 2016	Facility limit	Maturity
	\$'000	\$'000	\$'000	\$'000	
Secured loans					
<i>Syndicated bank facility</i>					
- Facility A	255,000	-	255,000	255,000	Mar-18
- Facility B	255,000	-	255,000	255,000	Dec-18
- Facility C	188,272	(146,557)	41,715	245,000	Dec-19
- Facility D	-	-	-	70,000	Dec-19
- Facility E	100,000	-	100,000	100,000	Jun-19
- Facility G (i)	-	136,429	136,429	150,000	Sep-17
- Facility H	-	72,500	72,500	75,000	Nov-20
- Facility I	-	72,500	72,500	75,000	Sep-20
<i>Loan note 1</i>	200,000	-	200,000	200,000	Mar-25
<i>Loan note 2</i>	100,000	-	100,000	100,000	Dec-22
<i>Loan note 3</i>	60,000	-	60,000	60,000	Dec-22
<i>Fixed bank facility 1</i>	90,000	-	90,000	90,000	Dec-22
Total loans	1,248,272	134,872	1,383,144	1,675,000	
Less unamortised upfront costs	(6,046)	149	(5,897)		
Total interest bearing liabilities	1,242,226	135,021	1,377,247		

(i) \$100,000,000 of this debt is extendable for a further 4 years at Growthpoint's option, on pre-agreed terms so it is considered a non-current liability.

The weighted average all-in interest rate (including bank margin and amortisation of upfront fees paid) at 31 December 2016 was 4.09% per annum (30 June 2016: 4.13% per annum). Refer to note 3.2 for details on interest rate swaps. It is the Group's intention to exercise this option.

3.2 Derivative financial instruments

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.

3.2 Derivative financial instruments (cont.)

Derivative financial instruments

Derivative financial instruments can be analysed as follows:

	31-Dec-16	30-Jun-16
	\$'000	\$'000
Interest rate swap contracts – carried at fair value through profit and loss:		
Total non-current derivative financial instrument assets	793	-
Total non-current derivative financial instrument liabilities	(8,764)	(15,353)
	(7,971)	(15,353)

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. 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 ("swaps") – carried at fair value through profit and loss

Swaps in effect at 31 December 2016 covered 39% (30 June 2016: 29%) of the loan principal outstanding. With total fixed interest rate debt of \$450 million outstanding, the total fixed interest rate coverage of outstanding principle is 71% (30 June 2016: 65%).

The average fixed interest rate of swaps at 31 December 2016 was 2.78% per annum (30 June 2016: 3.06% per annum) and the variable interest rate (excluding bank margin) is 1.67% per annum (30 June 2016: 1.89% per annum) at balance date. See table below for further details of swaps in effect at 31 December 2016:

Counter Party	Amount of Swap	Swap Expiry	Fixed Rate	Term to Maturity
	\$'000		% p.a.	Years
ANZ	50,000	Jul-2018	3.20%	1.5
Westpac	50,000	Jan-2019	3.57%	2.1
ANZ	50,000	Jan-2019	3.55%	2.1
NAB	60,000	Nov-2019	3.70%	2.8
NAB	25,000	Jun-2020	2.36%	3.5
CBA	25,000	Jun-2020	2.36%	3.5
ANZ	50,000	Dec-2020	2.42%	4.0
Westpac	50,000	May-2021	2.10%	4.4
ANZ	50,000	Jun-2021	2.33%	4.5
Westpac	50,000	Jun-2021	2.48%	4.5
CBA	75,000	Nov-2021	2.20%	4.9
Total / Weighted average	535,000		2.78%	3.5

The swap 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 swap contracts are settled on a net basis.

At balance date these swap contracts were net liabilities with a fair value of \$7,971,000 (30 June 2016: liabilities of \$15,353,000) for the Group. In the period ended 31 December 2016 there was a gain from the increase in fair value of \$14,508,000 for the Group (2015: gain of \$9,984,000).

3.2 Derivative financial instruments (cont.)

Derivative financial instruments (cont.)

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
31 December 2016				
Net derivative financial liabilities	-	7,971	-	7,971
	-	7,971	-	7,971
30 June 2016				
Net derivative financial liabilities	-	15,353	-	15,353
	-	15,353	-	15,353

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

3.3 Contributed Equity

Contributed Equity

Contributed equity can be analysed as follows:

	Six months to 31-Dec-16	Six months to 31-Dec-16	Six months to 31-Dec-15	Six months to 31-Dec-15
	No. ('000)	\$'000	No. ('000)	\$'000
Opening balance at 1 July	583,126	1,414,012	569,028	1,376,011
Issues of ordinary stapled securities during the half-year:				
Securities issued on acquisition of assets	44,380	139,808	-	-
Distribution reinvestment plan	13,611	42,196	-	-
Securities issued under Employee Incentive Plans	307	-	307	-
Cost of raising capital	-	(5,861)	-	-
	58,298	176,143	307	-
Closing balance at 31 December	641,424	1,590,155	569,335	1,376,011

Distribution reinvestment plan

The Distribution Reinvestment Plan was operative for the 30 June 2016 and 31 December 2016 distributions of the Group.

3.4 Distributions

Period for distribution	Total distribution \$'000	Total stapled securities (000)	Distributions per stapled security (cents)
Half year to 31 December 2016	67,991	641,424	10.60
Half year to 31 December 2015	58,072	569,335	10.20

3.5 Share based payment arrangements

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 31 December 2016, the Group has the following share based payment arrangements:

Employee Incentive Plans FY13, FY14, FY15, FY16 and FY17

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 with the maximisation of wealth for its Securityholders. The current measures for the plans, which are reviewed regularly by the Nomination, Remuneration & HR Committee and/or the Board are described in full on page 43 (in the remuneration report section of the directors' report) in the 2016 Annual Report.

Under each plan, each eligible employee is sent a letter of invitation to the plan which outlines the percentage of their base salary that they can earn as performance rights. Acceptance of this invitation is the grant date for those performance rights. The percentage of the maximum possible earnings for each employee is determined by the percentage of the measures under each plan that are achieved.

Subject to the employee remaining employed by the Group, on or about 30 September of each year the employee will receive 25% of his or her performance rights, as they vest, 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. to the vesting date of the first tranche of each plan for plans after FY13, or
2. each vesting date for the FY13 plan.

Any director in the plan will have their grant ratified at the Group's Annual General Meeting and following approval will be issued their securities on the same basis as the employees. The performance rights are cumulative and, subject to some exceptions, immediately vest in the case of a takeover of the Group or a redundancy.

During the period, the first tranche of the FY16, second tranche of the FY15 and third tranche of the FY14 Employee Incentive Plan performance rights were determined with the results shown on the table below:

Plan identification	Plan participants	Tranche	Cost \$
FY16 Plan	Director	1	85,001
FY16 Plan	Employees	1	114,132
FY15 Plan	Director	2	131,985
FY15 Plan	Employees	2	142,955
FY14 Plan	Director	3	131,081
FY14 Plan	Employees	3	128,320

The first tranche of the FY16 Employee Incentive Plan performance rights vested during the period.

3.5 Share based payment arrangements (cont.)

Share-based payment arrangements (cont.)

Employee Incentive Plans FY13, FY14, FY15, FY16 and FY17 (cont.)

The fair value of performance rights under the FY17 Employee Incentive Plan was determined on the grant date of those rights and then "trued-up" at 31 December 2016 where allowed. The fair value of these rights for directors is estimated as \$552,240 and for other employees \$858,409. This estimate is based on achieving 78.0% of the maximum payable under the FY17 plan. This is seen as a reasonable estimate for fair value as it is based on the percentage achieved for comparable elements in the FY16 plan which were then adjusted for information available on likely achievement as at 31 December 2016. The actual costs of performance rights cannot be determined until FY18 and the first issue of securities under the FY17 plan will not occur until FY18.

During the period, \$640,177 was recognised in the share based payments reserve (Dec 15: \$575,940). 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 period to 31 December 2016, where those values can be determined. It also outlines the value of performance rights that were issue as Stapled Securities in the Group.

Plan identification	Plan participants	Issue date	Value of securities issued on conversion of performance rights	Number of securities issued on conversion of performance rights	Value of performance rights still to vest	Percentage of plan that vested during the period
			\$	<i>No.</i>	\$	%
FY16 Plan	Director	29/11/2016	85,001	26,235	N/A	25%
FY16 Plan	Employees	18/10/2016	114,132	35,226	N/A	25%
FY15 Plan	Director	18/10/2016	131,985	40,736	N/A	25%
FY15 Plan	Employees	18/10/2016	142,955	44,122	N/A	25%
FY14 Plan	Director	18/10/2016	131,081	40,457	N/A	25%
FY14 Plan	Employees	18/10/2016	128,320	39,605	N/A	25%
FY13 Plan	Director	18/10/2016	138,040	42,605	-	25%
FY13 Plan	Employees	18/10/2016	122,538	37,820	-	25%

Section 4: Other notes

4.1 Related party transactions

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:

Securityholder	Opening securities 1 July 2016	Securities granted as compensation	Acquired securities	Disposed securities	Closing securities 31 Dec 2016
	No.	No.	No.	No.	No.
G. Jackson	144,707	-	14,808	-	159,515
N. Sasse	1,293,762	-	129,985	-	1,423,747
E. de Klerk	1,354,592	-	145,696	-	1,500,288
T. Collyer	625,612	150,033	15,315	-	790,960
F. Marais	134,451	-	11,051	-	145,502
A. Hockly	107,558	35,719	8,482	-	151,759
D. Andrews	120,851	33,511	9,396	-	163,758
M. Green	32,399	33,321	-	-	65,720
G. Tomlinson	59,332	-	16,972	-	76,304
M. Brenner	7,245	-	-	-	7,245

During the period to 31 December 2016, a total of 252,584 stapled securities with a total value of \$818,372 were issued to key management personnel upon vesting of Performance Rights under Employee Incentive Plans.

Director transactions

A number of directors, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

One of these entities transacted with the Group in the reporting period. The terms and conditions of the transaction were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions non-related parties on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to directors and entities over which they have significant control or significant influence were as follows:

Director		Half-year 2016	Half-year 2015
	Transaction	\$	\$
G. Jackson (i)	Valuation	36,142	19,500
Aggregate amounts payable at the reporting date		22,500	19,500

(i) The Group used the valuation services of m3property, a company that Mr Jackson is a director of, to independently value 4 properties (2015: 4). Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms and Mr Jackson was not directly involved in the Group's engagement of m3property.

4.2 Subsequent events

On 18 January 2017, the Group announced that the issue price for securities to be issued under the DRP for the distribution to be paid on or around 28 February 2017 will be \$3.20 per stapled security.

100% of Growthpoint's distribution payable on or around 28 February 2017 will be issued new stapled securities under the DRP (less withholding tax and after underwriting from Growthpoint SA) raising approximately \$68.0 million for the issue of approximately 21.2 million new stapled securities. Total stapled securities on issue following the DRP will be approximately 662.7 million.

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

Directors' Declaration

In the opinion of the Directors:

- (a) the attached Financial Statements and notes set out on pages 24 to 42 are in accordance with the *Corporations Act 2001*, including:
- i) complying with Australia Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - ii) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Timothy Collyer
Managing Director
Growthpoint Properties Australia Limited

Melbourne, 21 February 2017

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 Properties Australia Trust

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2016 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Dean Waters
Partner

Melbourne

21 February 2017

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Profession Standards Legislation.

Independent Auditor's report



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

Report on the consolidated financial report

We have reviewed the accompanying half-year financial report of Growthpoint Properties Australia, which comprises the consolidated statement of financial position as at 31 December 2016, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year period ended on that date, sections 1 to 4 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Growthpoint Properties Australia Limited (the Company), Growthpoint Properties Australia Trust (the Trust), and the entities it controlled at the half-year's end or from time to time during the half-year.

Responsibility of the Directors for the half-year 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 half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Growthpoint Properties Australia, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Profession Standards Legislation.

Independent Auditor's report (cont.)



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Growthpoint Properties Australia is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Dean Waters'.

Dean Waters
Partner

Melbourne

21 February 2017

About Growthpoint South Africa

Space to thrive

Growthpoint Properties Limited of South Africa ("GRT") owns 64.3% of the securities of Growthpoint (at 31 December 2016) and is its major Securityholder.

GRT is the largest primary listed South African REIT.

Other information about GRT as of 30 June 2016

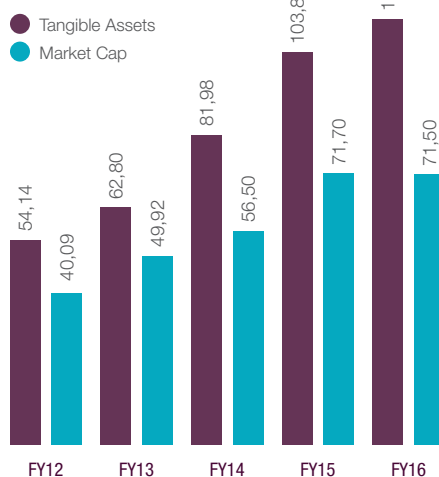
- Included in the JSE Top 40 Index
 - Top five constituent of FTSE EPRA / NAREIT Emerging Index
 - Included in the JSE Socially Responsible Investment (SRI) Index
 - Underpinned by high-quality, physical property assets, diversified across sectors (Retail, Office and Industrial)
 - Consistent record of growth and creating value for investors with 7.01% compound average annual growth in distributions over the past 7 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:

- 27.5% of GRT's gross property assets
- 28.4% of GRT's net property income
- 15.2% of GRT's total distributable income

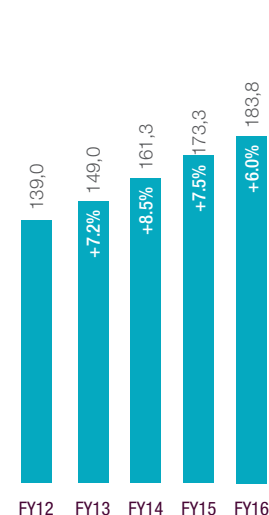
Growth in tangible assets and market capitalisation (Rbn)

as at 30 June 2016



Growth in distributions (Rc)

per share



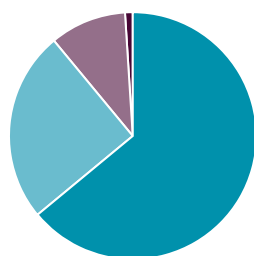
Key Facts (as at 30 June 2016)

Listing	GRT is listed on the Johannesburg Stock Exchange (JSE)
Ranking on the JSE	35th by market capitalisation
Closing exchange rate used	AUD:ZAR=11.04
Market capitalisation	R71,5B / AUD6.5B
Gross assets	R112,5B / AUD10,2B
Net assets	R74,2B / AUD6.7B
Gearing (SA only)	30.5%
Distributable Income	R5,1B/ AUD462m
ICR (SA only)	3.2 times
No. of employees (SA only)	657
Properties	526 properties in South Africa, including 50% ownership of the prestigious V&A Waterfront

Securityholder information

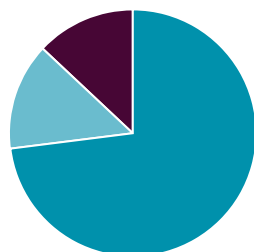
Growthpoint Securityholders²⁸ (%)

as at 31 December 2016



Location of Growthpoint Securityholders²⁸ (%)

as at 31 December 2016



Top 20 Legal Securityholders as at 7 February 2017

Rank	Name	No. of Securities	% of Securities
1.	Growthpoint Properties Limited	412,485,253	64.31
2.	HSBC Custody Nominees (Australia) Limited	53,818,759	8.39
3.	Citicorp Nominees Pty Limited	30,423,443	4.74
4.	J P Morgan Nominees Australia Limited	28,672,094	4.47
5.	Emira Property Fund	28,558,566	4.45
6.	National Nominees Limited	16,688,477	2.60
7.	BNP Paribas Noms Pty Ltd <DRP>	7,797,771	1.22
8.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	2,908,907	0.45
9.	BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	2,650,000	0.41
10.	Rabinov Holdings Pty Ltd	2,592,628	0.40
11.	Sharon Investments Pty Ltd	2,252,000	0.35
12.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,416,396	0.22
13.	Navigator Australia Ltd <MLC Investment Sett A/C>	1,110,459	0.17
14.	Mr Max Karl Koep	813,051	0.13
15.	Mr Timothy James Collyer	790,960	0.12
16.	BNP Paribas Noms (NZ) Ltd <Drp>	753,396	0.12
17.	Rabinov Holdings Pty Ltd	747,362	0.12
18.	ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	709,496	0.11
19.	Sandhurst Trustees Ltd <Berkholts Investments A/C>	658,302	0.10
20.	Australian Executor Trustees Limited <No 1 Account>	543,201	0.08
Total Top 20 legal holders of fully paid stapled securities		596,390,521	92.98
Total Remaining Holders Balance		45,033,736	7.02

Distribution of Securityholders as at 7 February 2017

There is currently only one class of Growthpoint securities, being ordinary securities, and there are no securities currently held in escrow. All of Growthpoint's securities are quoted on the ASX and no other stock exchanges. Growthpoint does not currently have any share buy-back plans in place.

The number of Securityholders holding less than a marketable parcel of 162 securities (based on the 7 February 2017 closing price of \$3.10) is 250 and they hold 5,041 Growthpoint securities. In accordance with the ASX Listing Rules, a "marketable parcel" is "...a parcel of securities of not less than \$500..."

Range	Total holders	Securities	% of Issued Capital
1 - 1,000	1,001	497,833	0.08
1,001 - 5,000	1,512	4,111,318	0.64
5,001 - 10,000	626	4,577,544	0.71
10,001 - 100,000	783	20,857,388	3.25
100,001 - 9,999,999,999	90	611,380,174	95.32
Total	4,012	641,424,257	100.00

As at 7 February 2017, there were 641,424,257 fully-paid stapled securities held by 4,012 individual Securityholders.

Substantial holders as at 7 February 2017

Name	No. of Securities	% of issued capital
Growthpoint Properties Limited	412,485,253	64.3%

28. Figures are approximate and based on beneficial ownership.

29. 4.2% excluding GRT and Emira (JSE listed)

Investor information



growthpoint.com.au



1800 260 453



info@growthpoint.com.au



[@Growthpoint_Aus](https://twitter.com/Growthpoint_Aus)



[Growthpoint Properties Australia](https://www.linkedin.com/company/growthpoint-properties-australia)

How do I update my contact details?

Please update your details via **Computershare**. Please note you will require your holder identification number.

How do I buy or sell Growthpoint securities?

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

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

Why does Growthpoint outsource its registry function to Computershare?

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

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

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

Contacting Computershare

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

Note that you will require your holder identification number.

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

- **Address:** Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067 Australia
- **Telephone:** 1300 850 505 (within Australia) or +61(0)3 9415 4000 (from outside of Australia)
- **Facsimile:** +61(0)3 9473 2500
- **Email:** webqueries@computershare.com.au

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

Complaints

Growthpoint Properties Australia aims to provide each security holder with a professional and high level of client service in managing the Stapled Group. If you have a complaint, you may contact us in writing to our registered address or by email to complaints@growthpoint.com.au, detailing the complaint. A response will normally be provided within 15 working days. All complaints should be addressed to the Complaints Manager.

The Responsible Entity is a member of the Financial Ombudsman Service Limited (FOS), an external, independent complaints handling organisation. FOS can be contacted on 1300 78 08 08, should your complaint not be resolved by Growthpoint Properties Australia.

Glossary

\$ 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

Company or responsible entity
Growthpoint Properties Australia Limited

cps cents per security

CY15, CY16 the calendar year ended 31 December in the year listed i.e. "CY16" means the calendar year ended 31 December 2016

discount rate the interest rate used in a discounted cash flow (DCF) analysis to determine the net present value of an asset's future cash flows

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 11

dps distribution per security

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 on 30 June in the year listed i.e. "FY17" means the 12 months ending 30 June 2017

HY12, HY13, HY14, HY15, HY16 and HY17 the six months ended on 31 December in the prior calendar year listed i.e. "HY17" means the six months ended 31 December 2016

HY18, HY19, HY20 and HY21 the six months ending on 31 December in the prior calendar year listed i.e. "HY18" means the six months ending 31 December 2017

ICR Interest coverage ratio

Gearing interest bearing liabilities divided by total assets

GMF previously GPT Metro Office Fund which traded on the ASX as GMF (renamed Growthpoint Metro Office Fund)

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

gross assets the total value of 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

m million

REIT real estate investment trust

NABERS National Australian Built Environment Rating System (a national system for measuring environmental performance of buildings)

NLA net lettable area

NPI net property income

NTA net tangible assets

Securityholder an owner of Growthpoint securities

S&P Standard & Poor's

sqm square metres

sustainability a process for ensuring activities are able to be continued and assets and resources are able to endure for a medium-long-term

Syndicated Facility syndicated loan facility from CBA, NAB, WBC and ANZ to Growthpoint

Trust Growthpoint Properties Australia Trust

WARR weighted average rent review

WALE weighted average lease expiry



2017 Securityholder Calendar*

21 August

- Results for the year ended 30 June 2017 announced to ASX

31 August

- Distribution paid for the half year ended 30 June 2017
- Annual Tax Statement for year ended 30 June 2017 mailed
- FY17 Annual Report sent to Securityholders

22 November

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

* Dates indicative and subject to change by the Board.

Contact details

Retail Investors:

Computershare Investor Services Pty Limited

GPO Box 2975, Melbourne VIC 3001 Australia

Phone (within Australia): 1300 850 505

Phone (outside Australia): +61 (0)3 9415 4000

Fax: +61 (0)3 9473 2500

Email: webqueries@computershare.com.au

Institutional Investors:

Aaron Hockly – Chief Operating Officer

Daniel Colman – Investor Relations Manager

Deseree Ventrice – Investor Relations

Administrator

Email: info@growthpoint.com.au

Investor Services Line: 1800 260 453

www.growthpoint.com.au

Corporate directory

Growthpoint Properties Australia Limited

ABN 33 124 093 901; AFSL No 316409

Growthpoint Properties Australia Trust

ARSN 120 121 002

Registered Office

Level 22, 357 Collins Street,
Melbourne VIC 3000 Australia

Phone: (03) 8681 2900

Fax: (03) 8681 2910

www.growthpoint.com.au

Directors

Geoffrey Tomlinson, Timothy Collyer, Maxine
Brenner, Estienne de Klerk, Grant Jackson,
Francois Marais, Norbert Sasse

Company Secretaries

Aaron Hockly, Dion Andrews

Auditor

KPMG

Tower 2, 727 Collins Street
Melbourne VIC 3000 Australia

ASX Code

Growthpoint Properties Australia securities are
listed on the Australian Securities Exchange
(Code GOZ).

2017 Half Year Report

Growthpoint Properties Australia
Level 22, 357 Collins Street, Melbourne VIC Australia
Investor Services Line: 1800 260 453
www.growthpoint.com.au

