GROWTHPOINT PROPERTIES

2018 Half Year Report

For the six months ended 31 December 2017

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

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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 2017. It is available online at www.growthpoint.com.au and in hard copy. Persons can request a hard copy through any of the communication methods listed on the inside back cover of this report.

This report provides readers with an overview of Growthpoint's business including summaries of the strategies, objectives, assets, operating model, achievements, key risks and opportunities at 20 February 2018 as well as detailed 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 is signed in Melbourne on 20 February 2018 in accordance with a resolution of the Directors of Growthpoint Properties Australia Limited.

The Directors' Report comprises pages 3 to 26 of this report except where referenced otherwise.

3 Murray Rose Avenue, Sydney Olympic Park, NSW

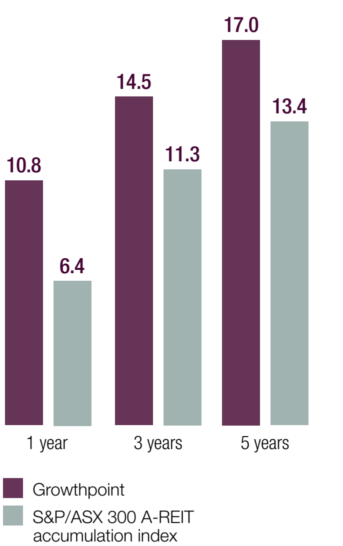
Introduction from the Chairman and Managing Director

Well positioned for the future

Geoff Tomlinson
Chairman

Timothy Collyer
Managing Director

Total Securityholder return over 1, 3 & 5 years (%)[1]



Dear Securityholders,

The Board and management are pleased to report continued robust operational and financial performance over the six months to 31 December 2017. Active portfolio management, prudent control of expenses and a focus on favourable leasing outcomes have all helped deliver funds from operations of 12.5 cps and a distribution to Securityholders of 11.0 cps, well on track to meet upgraded FY18 FFO guidance of at least 24.3 cps and distribution totalling 22.2 cps.

Statutory profit for the period was $207.3 million, up $94.3 million on the prior corresponding period driven by property revaluation gains and profits generated from asset sales.

Property portfolio performance

Of the Group's 56 properties, 31 were independently valued at 31 December 2017 and 25 were valued internally by the Directors' Valuations. In aggregate, the book value of the property portfolio increased over HY18 by $124.6 million equating to a 4.0% increase on a like-for-like basis. The key drivers of the valuation increase were a 17-basis point compression in the weighted average capitalisation rate over HY18 from 6.53% to 6.36% and improvements as a result of leasing undertaken in the portfolio.

Stake in ASX-listed Industria REIT (IDR)

On 11 July 2017, Growthpoint announced that it had acquired an 18.2% interest in Industria REIT for approximately $68.1 million, representing $2.30 per IDR security. The acquisition was funded from undrawn debt facilities which have since been paid down following asset sales completed and settled over HY18.

As management has previously stated, the stake in IDR was purchased at an attractive DPS yield of 7.2% at the time of acquisition which represented good value compared to pricing for direct real estate available in the market at the time of the acquisition. IDR's revaluation gains since July have validated the Group's decision to acquire the stake which is now trading at a 9.6% premium to the $2.30 per security acquisition price (based on IDR closing share price of $2.52 at 31 December 2017).

The Board and management continue to view Growthpoint's interest in IDR as a quality standalone investment. The Group will continue to actively review IDR and consider strategies that are in the best interests of Growthpoint Securityholders.

Direct property transactions

Acquisitions

Also in July 2017, Growthpoint announced the acquisition of four adjoining, modern industrial warehouses at 36 and 56 Tarlton Crescent and 2 and 10 Hugh Edwards Drive, Perth Airport, Western Australia for $46 million, providing an initial passing yield of 8.13%.

The properties were purchased fully leased to seven tenants with a weighted average lease expiry as at 30 June 2017 of 6.4 years, annual rent reviews either to CPI or a fixed 2.0% increase, a total lettable area of 31,954 sqm and total land area of 57,617 sqm. The properties are located in the Perth Airport industrial precinct approximately 11 kilometres from Perth's central business district and near the Group's only other asset in Western Australia, a Woolworths Regional Distribution Centre, also in the Perth Airport precinct.

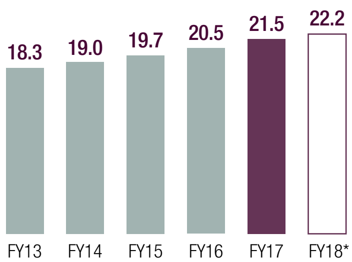
Divestments

In November 2017, the Group was also pleased to announce that it had entered into contracts for the sale of 522-550 Wellington Road, Mulgrave, Victoria for $90.75 million. The sale price represented a 37.7% premium to the 30 June 2017 book valuation of $65.9 million. Settlement of the sale occurred on 19 December 2017, with proceeds used to pay down existing debt and further reduce gearing.

1. Source: UBS Investment Research: Annual compound returns to 31 December 2017

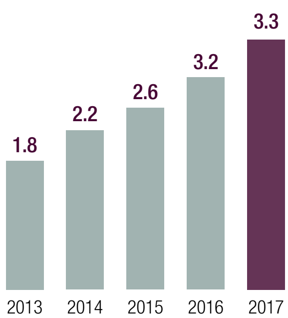
Introduction from the Chairman & Managing Director continued

Distributions (¢)
per stapled security

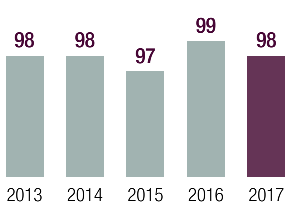


*Distribution guidance only.

Total portfolio value ($b)
as at 31 December



Portfolio occupancy (%)
as at 31 December



This sale was a particularly favourable outcome for Growthpoint's Securityholders and an endorsement of the high quality and highly desirable property held within the portfolio. It was also in line with management commentary at the FY17 result that the Group would seek to realise upside from the sale of assets within the existing portfolio with future development potential to a higher and better use.

Management continues to evaluate the existing portfolio for further opportunities where higher underlying values can be realised.

Gearing

As a result of the above-mentioned asset sale, as well as continued improvement in the underlying value of assets in the portfolio, Growthpoint's gearing has reduced to 35.8%[1]; close to the bottom end of the Group's target gearing range of 35% to 45%. This is a significant achievement and consistent with management commentary 12 months ago that the Group would act swiftly to bring gearing back down to levels experienced prior to the acquisition of the GPT Metro Office Property Fund (GMF) where gearing increased to approximately 46%.

All things being equal, the Board's preference is to maintain gearing towards the lower end of the target range in the period ahead.

Update on Botanicca at Richmond – leasing and development

An update on our new tenants in Buildings 1 and 2 of the Botanicca precinct in Richmond; Country Road/ David Jones, who recently signed 15-year leases to occupy the two buildings, have commenced moving into their new national headquarters. Building 1's fitout is complete and will house 700 people, while fitout works will commence on Building 2 from April 2018.

As previously indicated to the market, this positive long-term leasing outcome created the opportunity to explore a new 20,000 sqm office development on the site currently occupied by Building 3 and a large car park. Leasing marketing has now commenced under the management of agents JLL and Colliers with the design over 70% complete and initial building tenders currently being evaluated. Growthpoint will continue to provide updates on the progress of the Botanicca development as the project takes shape.

Distribution Reinvestment Plan (DRP)

The take-up under Growthpoint's DRP for the February 2018 distribution was 71.9%. As a result, the DRP will raise approximately $52.3 million through the issue of approximately 15.9 million new "GOZ" stapled securities (after allowing for withholding tax). Proceeds from the DRP will be used to pay down existing debt and position the Group for internal development opportunities and future acquisition opportunities.

Strategy and outlook

After a positive start to FY18 we are confident in the outlook for the remaining six months of the financial year. Growthpoint remains committed to achieving continually growing income returns and long-term capital appreciation for Securityholders.

The significant portfolio reshaping undertaken over the past two years leaves the Group's earnings profile materially de-risked and positioned in markets with the potential for greater income growth and long-term capital growth.

Consistent with recent management commentary, Growthpoint will continue to review the existing portfolio in consideration of asset sales where higher underlying values can be achieved.

We believe the recent increase in M&A activity validates Growthpoint's M&A strategy and that listed transactional activity will continue to increase. Growthpoint considers itself well positioned to take advantage of further listed opportunities should the right transactions present themselves.

1. Gearing calculation changed during the period from interest bearing liabilities divided by total assets to interest bearing liabilities less cash divided by total assets less cash. This change brings Growthpoint's gearing calculation more closely in line with industry peers.

Asset divestment, development and M&A provide opportunities for earnings accretion when attractive acquisition opportunities in the direct market are limited. Consequently, the Group is looking closely at these opportunities to continue to grow earnings.

With gearing reduced to 35.8%[1] from 40.7%[1] over the last 12 months, the Group's balance sheet is in a position to take advantage of attractive opportunities in the market should they become available.

Thank you for your continued support of Growthpoint Properties Australia.

Geoff Tomlinson	Timothy Collyer
Independent Chairman & Director	**Managing Director**

Growthpoint Properties Australia Limited

1. Gearing calculation changed during the period from interest bearing liabilities divided by total assets to interest bearing liabilities less cash divided by total assets less cash. This change brings Growthpoint's gearing calculation more closely in line with industry peers.

HY18 at a glance

12.5cps
FFO

$207.3m
Statutory profit
83% increase on prior corresponding period

11.0cps
DPS

$3.3b
Property portfolio value

$3.08
Net tangible assets per security
6.9% increase from 30 June 2017

4.5★
NABERS energy rating
average across the office portfolio

98%
Portfolio occupancy

DIVESTMENT

522-550 Wellington Road, Mulgrave, Victoria

$90.75m

Sale price – represents a 37.7% premium on 30 June 2017 book value of $65.9 million

ACQUISITION

Perth Airport precinct: four adjoining, modern industrial warehouses

$46.0m

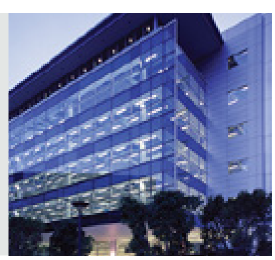
Purchase price – providing an initial passing yield of 8.13%

ACQUISITION

Industria REIT (ASX code: IDR)

18.2%

Interest – purchase price of $68.1 million with DPS yield of 7.2% at time of acquisition



Overview of Growthpoint

An investment in Growthpoint is a 100% real property investment, underpinned by the following principles

Aaron Hockly
Chief Operating Officer

Our goals

– Operate sustainably

– Provide investors with a growing income stream and long-term capital appreciation

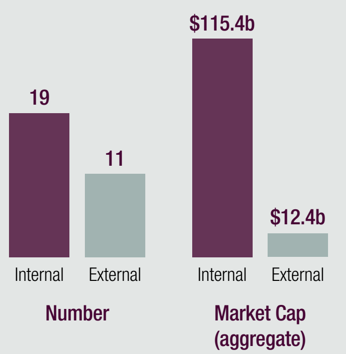
– Majority of income and assets from Australian real estate we own and manage

More details about Growthpoint's goals, strategies, objectives and risk can be found in the 2017 Annual Report and Sustainability Report.

Internalised Management

- Securityholders own both the properties and the manager of the properties
- Majority of A-REIT sector internally managed
- Structure typically reduces both fees and conflicts of interest

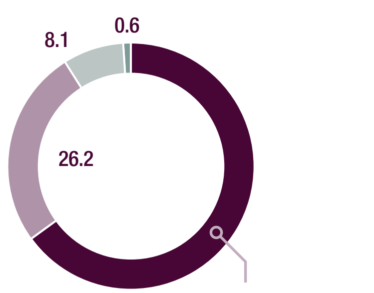
Internal vs External
– ASX300 A-REITs



Development

- We do not operate a development business but will consider development activities limited to where Growthpoint is or will become the owner of the property
- **Maximum development exposure limited to 15% of gross assets under development at any time due to debt facilities and board risk tolerance**
- Will continue to enhance existing assets, purchase properties to be developed and fund construction of developments
- May consider development joint ventures
- Not seeking to acquire existing properties solely for development purposes
- Since 2009, Growthpoint has undertaken $362 million in development fund throughs and $51 million in capital works/ expansions

Growthpoint Securityholders[1] (%)
as at 31 December 2017



65.1%
majority shareholder Growthpoint South Africa (GRT) – the largest primary listed South African REIT

- GRT
- Institutional
- Retail
- Directors and Employees

Funds Management

- **100% of GOZ assets owned on balance sheet and 100% of income sourced from those assets**
- Reviewed property funds management during FY17 but sector benefit to Growthpoint Securityholders not deemed compelling
- Will continue to review this and other potential revenue streams

1. Figures are approximate and based on beneficial ownership.

Asset Allocation

- Focus on Australian office and industrial property
- Continue to acquire and hold properties which are fully or substantially leased to quality tenants
- Will take some leasing risk if confident about the medium term leasing market in a particular market
- **Seek to maintain high level of investment (currently 87%) in property located along Australia's Eastern seaboard**
- Prefer reliability and control of income stream from direct property investments
- Sole indirect investment (18.2% stake in IDR) accounts for <2% of Growthpoint's assets
- Unlikely to consider offshore expansion except as part of a majority Australian acquisition

Building 1, 572-576 Swan Street, Richmond, VIC

Financial Management

Well placed to meet upgraded FFO and distribution guidance

Dion Andrews
Chief Financial Officer

Accretive acquisitions over the half leave the Group well placed to meet upgraded Funds From Operations (FFO) and distribution guidance, while asset sales and strong revaluation gains support further reductions in gearing, leaving the balance sheet in good shape.

Summary

The Group's financing activities benefited from revaluation gains and asset sales at significant premiums to book value over the first half of FY18, helping to reduce gearing and increase NTA.

Highlights for HY18 include:

- FFO of 12.5 cents per security;
- Distributions of 11.0 cents per security equating to a payout ratio of 88.3%;
- FY18 guidance increased to at least 24.3 cps for FFO and 22.2 cps for distributions;
- NTA per security of $3.08, 6.9% above 30 June 2017; and
- Gearing of 35.8%[1], down 270 basis points from 30 June 2017.

Strategic execution

Growthpoint retains a good balance between shorter term, more flexible bank debt and longer term fixed debt. Funding sources have been diversified, and the weighted average maturity of debt has been increased over time.

Looking ahead, the Group has $515 million of bank debt maturing in 12 to 24 months. The Group is considering all available debt markets to achieve the best outcome for Securityholders. It is important to have the right balance between the overall cost of debt, the average tenor and overall diversification in sources of funding.

The Group will look to increase the weighted average maturity of the debt book with the goal of aligning it closely with the WALE.

Gearing 35.8%[1] as at 31 December 2017

Gearing as at 31 December 2017 was 35.8%[1], down from 38.5%[1] as at 30 June 2017 and towards the bottom of the target range of 35% - 45%. The chart below tracks the events that impacted gearing during the half year.

There was $231 million of undrawn facilities at 31 December 2017, with the Group targeting approximately $100 million as an undrawn balance over time to allow for flexibility in transactions, while not allowing an excessive cost burden from holding undrawn debt lines.

Fixed debt percentage increased to 79%

At 31 December 2017, fixed debt was 79%, up from 75% at 30 June 2017. The weighted average maturity of fixed debt is 6.0 years which means a high percentage of debt is protected for the medium term against any future interest rate rises.

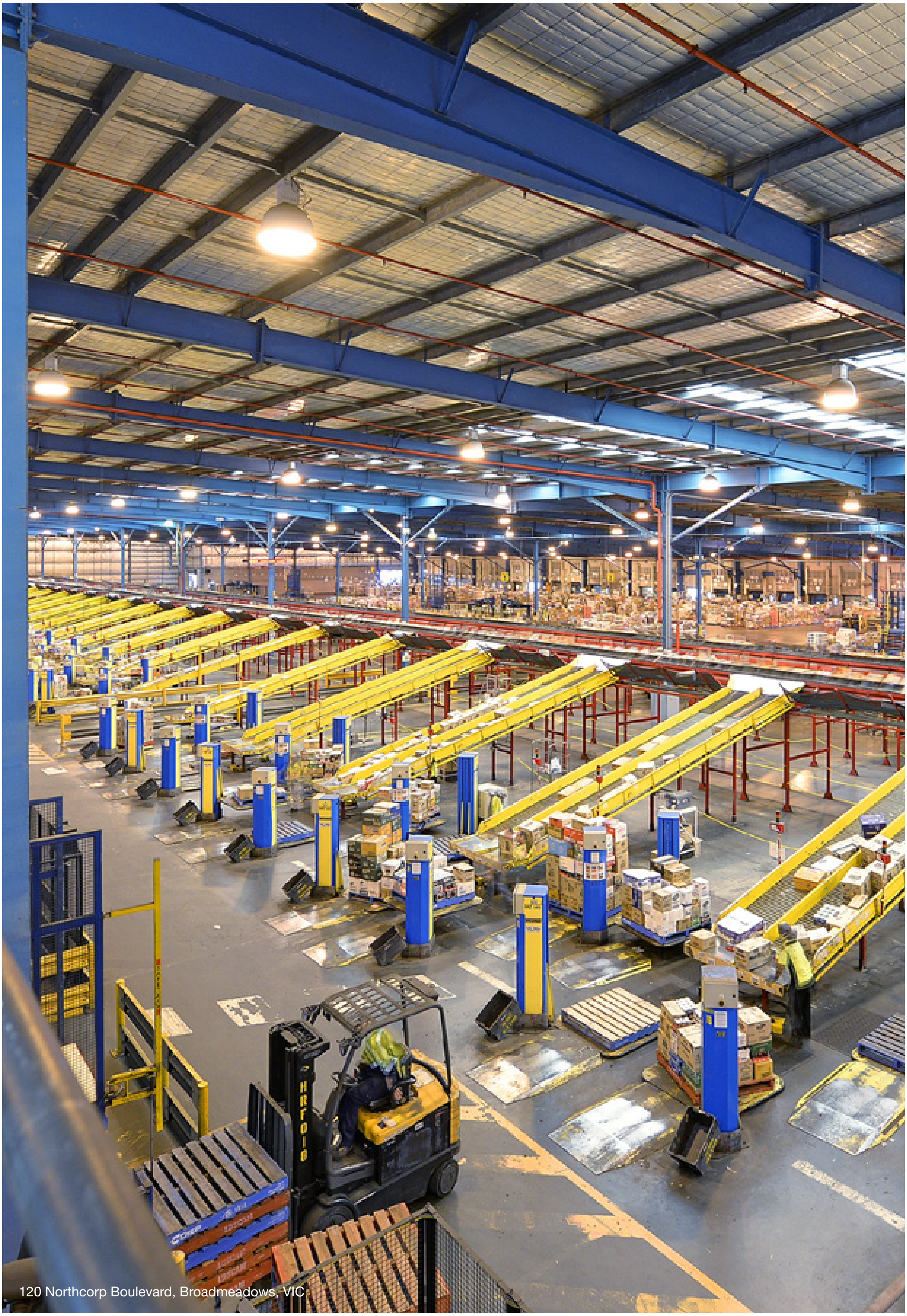
Financial Management key statistics

(as at 31 December 2017)

- **12.5cps** FFO
- **11.0cps** distribution
- **$3.08** NTA per security
- **35.8%**[1] gearing
- **6.0 years** weighted average fixed rate debt maturity
- **79%** debt fixed

Items influencing gearing (%)
for 6 months ended 31 December 2017

1. Gearing calculation changed during the period from interest bearing liabilities divided by total assets to interest bearing liabilities less cash divided by total assets less cash. This change brings Growthpoint's gearing calculation more closely in line with industry peers.



120 Northcorp Boulevard, Broadmeadows, VIC

Financial Management continued

Increasing Distributions and FFO per security

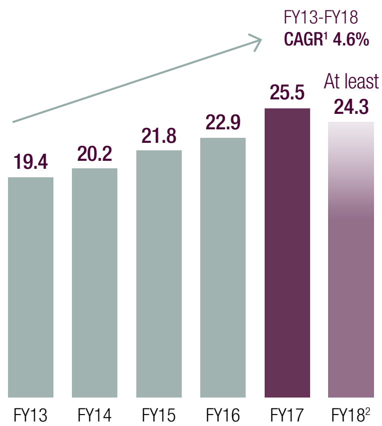
The graphs at right show the increase in distributions and FFO per security over five years. Growthpoint has been able to achieve its target of growing distributions by 3%-4% annually, based on a high percentage of fixed income increases in leases (WARR of 3.3%) and a high proportion of debt costs being fixed. This, along with an MER of approximately 0.4% per annum, has allowed the Group to grow distributions at a CAGR of 3.9% for the five years up to and including FY18.

Growthpoint has previously flagged that FY17 was a particularly strong year in terms of FFO at 25.5 cps. The outperformance in that year was impacted by the timing of significant transactions, namely the takeover of the GPT Metro Office Fund and the subsequent sale of an industrial portfolio to partially finance that deal. FFO per security has been growing at a CAGR of 4.6% for the five years up to and including FY18[1].

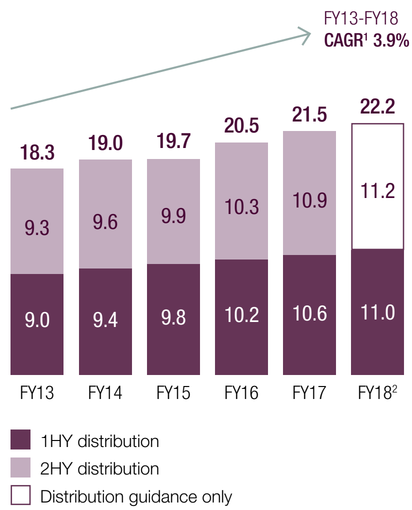
Outlook for the remainder of FY18

The Group has forecast FFO of at least 24.3 cps and distributions of 22.2 cps for FY18, meaning a maximum payout ratio of 91.4%. The Group seeks to return as much of FFO to investors as is prudent after allowing for portfolio requirements of capital expenditure and payment of lease incentives over the medium term.

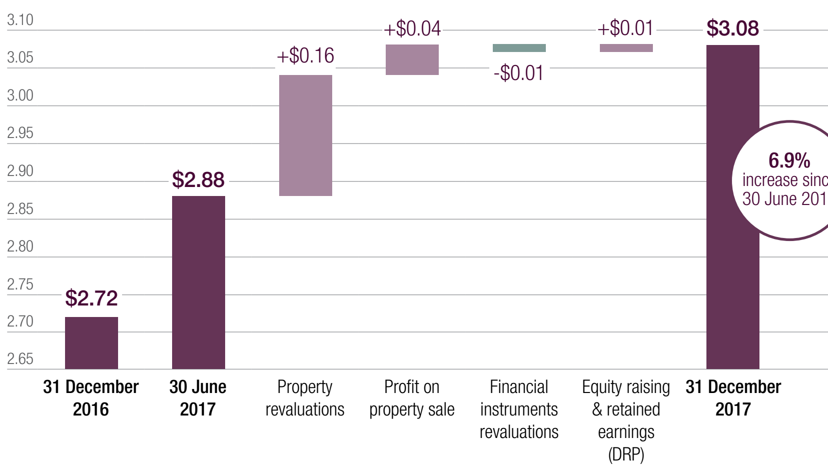
Funds From Operations (¢)
per stapled security



Distributions (¢)
per stapled security



Movements in NTA ($)
per stapled security

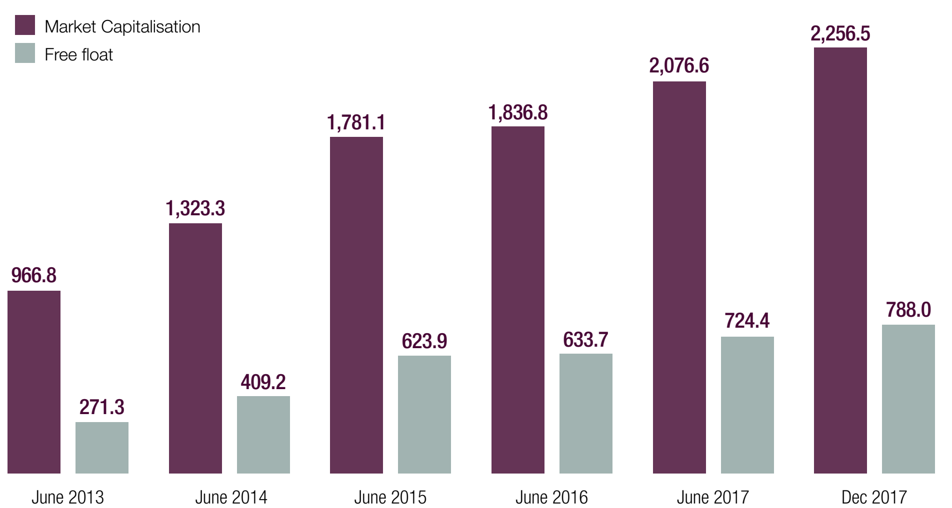


1. 5-year CAGR calculated using FY18 guidance.
2. Guidance only.

Key debt metrics and changes during HY18

		31 Dec 2017	30 June 2017	Change
Gross assets	*$'000*	**3,399,953**	3,328,372	71,581
Interest bearing liabilities	*$'000*	**1,237,186**	1,299,380	(62,194)
Total debt facilities	*$'000*	**1,473,482**	1,473,482	0
Undrawn debt	*$'000*	**230,900**	167,856	63,044
Gearing	*%*	**35.8**[1]	38.5[1]	(2.7)
Weighted average interest rate	*%*	**4.4**	4.3	0.1
Weighted average debt maturity	*years*	**4.5**	5.0	(0.5)
Annual Interest Coverage Ratio (ICR) / Covenant ICR	*times*	**4.2 / 1.6**	4.1 / 1.6	0.1 / -
Actual Loan to Value Ratio (LVR) / Covenant LVR	*%*	**38.3 / 60**	40.2 / 60	(1.9) / -
Weighted average fixed debt maturity	*years*	**6.0**	6.4	(0.4)
% of debt fixed	*%*	**79**	75	4
Debt providers	*no.*	**17**	17	-

Market capitalisation and free float ($m)



1. Gearing calculation changed during the period from interest bearing liabilities divided by total assets to interest bearing liabilities less cash divided by total assets less cash. This change brings Growthpoint's gearing calculation more closely in line with industry peers.

Financial Management continued

Funds From Operations (FFO)

FFO 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, profits or losses on sale of investment properties, deferred tax and amortisation of tenant incentives. FFO is non-IFRS financial information and has not been subject to review by the Group's external auditors.

FFO 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 FFO from statutory profit.

Reconciliation from statutory profit to FFO

	HY18	HY17	Change	Change
	$'000	*$'000*	*$'000*	*%*
Profit after tax	**207,291**	**113,005**	**94,286**	**83.4%**
Less:				
- Straight line adjustment to property revenue	(2,903)	1,072	(3,975)	
- Net changes in fair value of investment property	(102,893)	(27,438)	(75,455)	
- (Profit)/ loss on sale of investment property	(24,401)	1,312	(25,713)	
- Net change in fair value of investment in securities	(6,517)	-	(6,517)	
- Net change in fair value of derivatives	4,177	(7,908)	12,085	
- Depreciation	86	62	24	
- Amortisation of incentives	7,464	3,618	3,846	
- Deferred tax benefit	172	43	129	
FFO	**82,476**	**83,766**	**(1,290)**	**(1.5%)**

The HY18 payout ratio, calculated as distributions on ordinary stapled securities divided by FFO, was 88.3% (HY17: 81.2%).

Details about distribution components under the attribution managed investment trust or "AMIT" regime (only relevant for the full year distribution) and Fund Payment amounts (only relevant for foreign holders) will be made available on Growthpoint's website on or before the relevant distribution date. For more information got to ***http://growthpoint.com.au/investor-centre/distributions/***.

Operating and capital expenses

Operating expenses

		CY17	CY16
Total operating expenses	*$'000*	**13,066**	11,198
Average gross assets value	*$'000*	**3,295,858**	2,915,574
Operating expenses to average gross assets	*%*	**0.40**	0.38

Capital expenditure

		CY17	CY16
Total portfolio capex	*$'000*	**15,889**	4,265
Average property asset value	*$'000*	**3,083,095**	2,881,191
Capital expenditure to average property portfolio value	*%*	**0.52**	0.15

333 Ann Street, Brisbane, QLD

Property portfolio overview

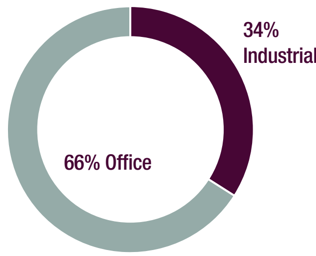
Michael Green
Head of Property

The Group focused on maximising the sale price for properties divested over the first half of FY18, successfully selling $91 million of assets at a significant premium to book value. Our acquisition strategy concentrated on markets we understand and see value, while solid leasing outcomes to high quality tenants continue to endorse the appeal of our property portfolio.

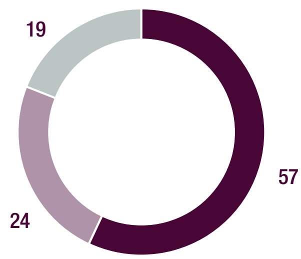
25
Office properties
– down from 26 at 30 June 2017

31
Industrial properties
– down from 32 at 30 June 2017

Sector diversity (%)
by property value as at 31 December 2017

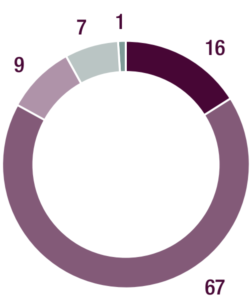


Tenant type (%)
by income, as at 31 December 2017



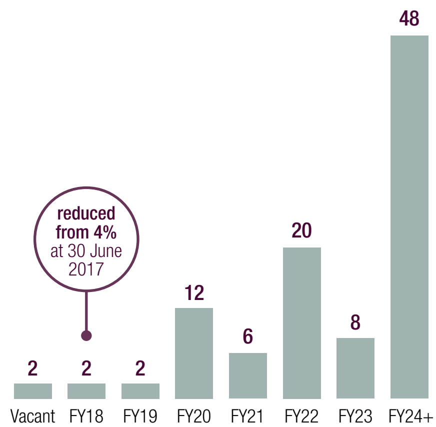
Listed company
Government owned
Private company & other

Annual rent review[1] (%)
as at 31 December 2017

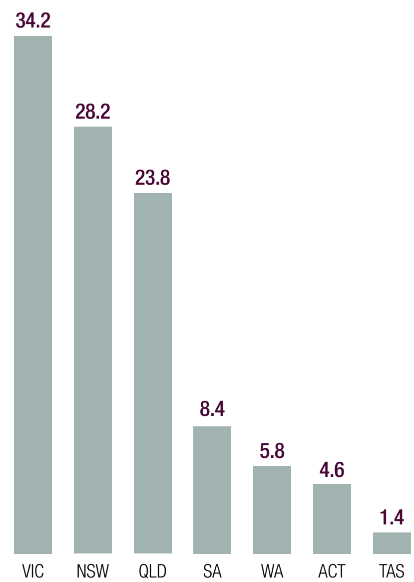


Fixed 2.00-2.99%
Fixed 3.00-3.99%
Fixed over 4.00%
CPI
CPI +1.00%

Portfolio lease expiry profile (%)
per financial year, by income



NPI per State / Territory ($m)
for the half year ended 31 December 2017



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

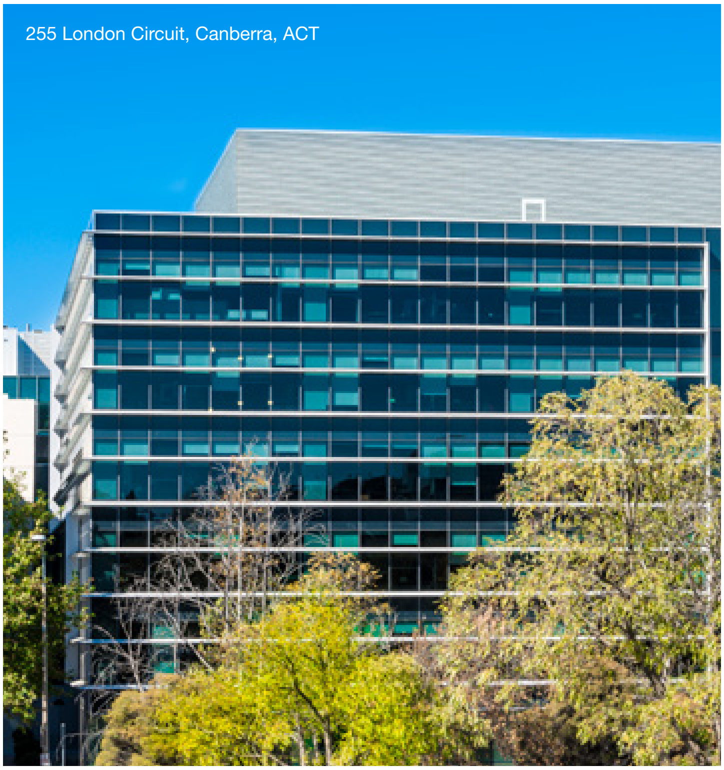
Five year performance summary

As at 31 December		2017	2016	2015	2014	2013
Number of properties	*no.*	**56**	59	57	51	49
Total value	*$m*	**3,285.0**	3,194.7	2,611.5	2,233.6	1,800.8
Occupancy	*%*	**98**	99	97	98	98
HY like-for-like value change	*$m / % of asset value*	**124.6 / 4.0**	59.6 / 2.2	77.0 / 3.2	95.2 / 4.5	22.9 / 1.3
Total lettable area	*sqm*	**1,003,529**	1,065,623	1,085,041	1,023,681	995,964
Weighted average property age	*years*	**10.1**	9.1	8.4	7.8	7.0
Weighted average valuation cap rate	*%*	**6.4**	6.7	7.1	7.6	8.2
WALE	*years*	**5.6**	6.3	6.6	6.5	6.6
WARR[1]	*%*	**3.3**	3.3	3.1	3.1	3.1
Average value (per sqm)	*$*	**3,273**	2,998	2,407	2,182	1,808
Average rent (per sqm, per annum)	*$*	**239**	227	188	182	158
HY net property income	*$m*	**106.4**	113.5	87.4	85.4	72.4
Number of tenants	*no.*	**139**	144	108	93	89

Top ten tenants

by passing rent as at 31 December 2017

	%	WALE (yrs)
Woolworths	15	5.0
NSW Police	9	6.4
Commonwealth of Australia	6	8.3
Linfox	4	5.4
Country Road / David Jones[2]	3	12.8
Samsung Electronics	3	4.2
Lion	3	6.3
ANZ Banking Group	2	2.2
Jacobs Group	2	7.4
Queensland Urban Utilities	2	5.3
TOTAL / Weighted Average	**49**	**6.2**
Balance of portfolio	51	5.1
Total portfolio	**100**	**5.6**

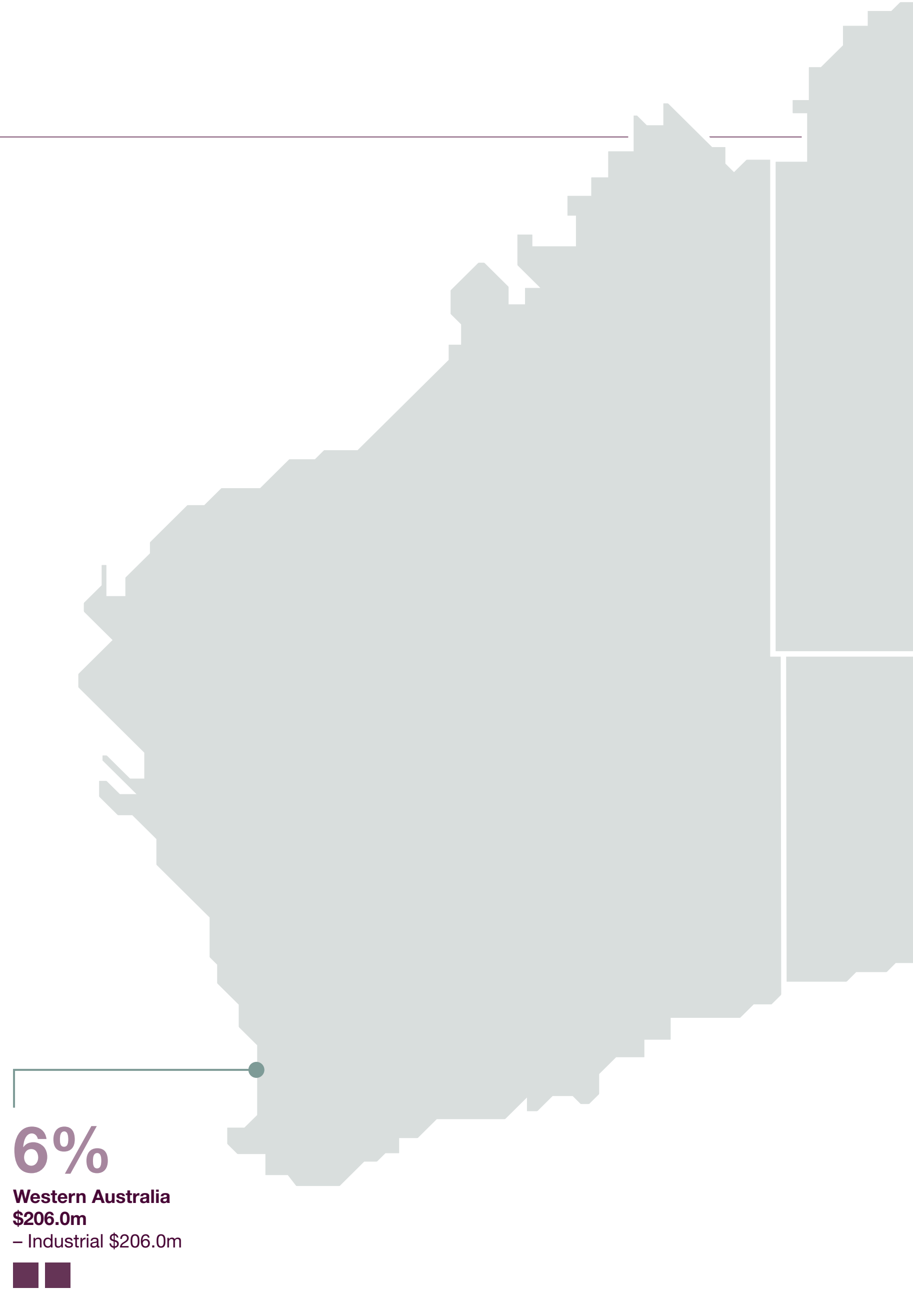

255 London Circuit, Canberra, ACT

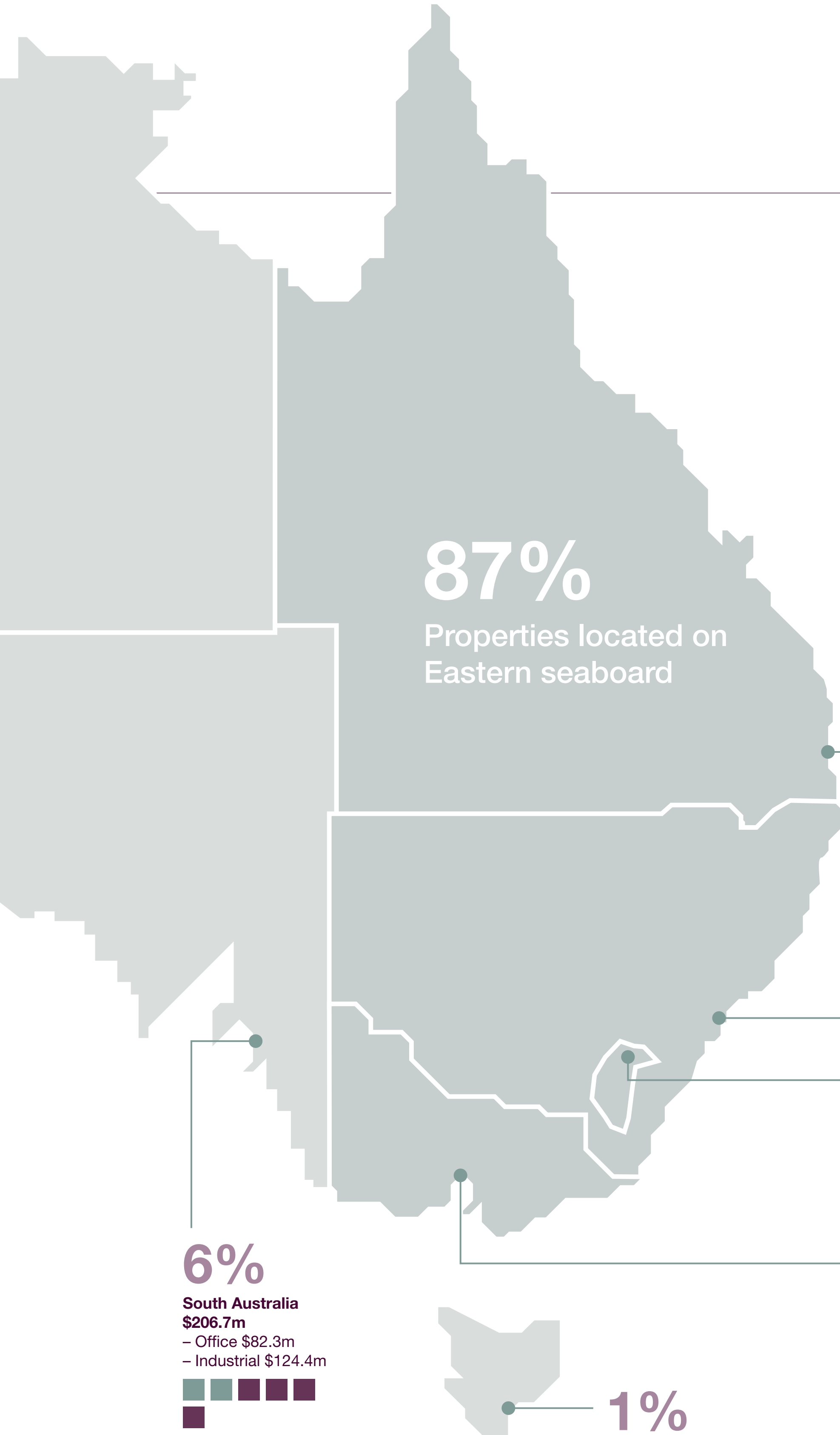
1. Assumes CPI change of 1.9% per annum (Source: Australian Bureau of Statistics, All Groups, CPI, Dec Qtr 2016 to Dec Qtr 2017).
2. The lease to Country Road/David Jones with a lease term of 14.25 years, replaces the existing lease to GE Capital Finance Australasia at Building 2, 572-576 Swan Street, Richmond, VIC, upon lease expiry.

Property portfolio overview continued

Geographic diversity (%)
by property value as at 31 December 2017

Office properties
Industrial properties





26%
Queensland
$858.3m
– Office $617.1m
– Industrial $241.2m

27%
New South Wales
$882.3m
– Office $692.8m
– Industrial $189.5m

5%
Australian Capital Territory
$163.5m
– Office $163.5m

29%
Victoria
$941.3m
– Office $575.0m
– Industrial $366.3m

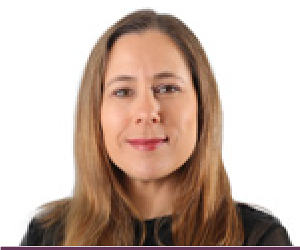
6%
South Australia
$206.7m
– Office $82.3m
– Industrial $124.4m

1%
Tasmania
$27.0m
– Office $27.0m

Office Portfolio Review

Business confidence and employment growth support demand for office space

Andrew Kirsch
Asset Manager



Cathy Ciurlino
Asset Manager

Office portfolio key statistics
(as at 31 December 2017)

- **$2,157.7 million** total value
- **286,532 sqm** total lettable area
- **6.1%** weighted average capitalisation rate
- **66%** of Growthpoint's property portfolio
- **98%** occupancy
- **5.9 year** WALE
- **3.5%** WARR
- **25** assets

Summary

In the first half of FY18 Growthpoint's office portfolio achieved valuation like-for-like growth of $80.8 million (3.9%), additional leasing of 9,990 sqm (3.5% of total office portfolio lettable area) and maintained occupancy at 98%.

The main drivers for office demand continue to screen positively, with solid employment growth and business confidence and conditions tracking above long run averages. Most major office markets recorded positive net absorption over the period, leading to rent growth in most Eastern seaboard office markets.

Australian office markets continue to attract significant volumes of capital from domestic and offshore investors. Australian office investments remain attractive given healthy yield spreads and improving leasing fundamentals, particularly in Sydney and Melbourne. Strong competition in the Sydney and Melbourne markets has led investors to consider other markets including Brisbane CBD, Adelaide CBD and Canberra CBD which offer comparatively higher yields. Similarly, capital continues to seek placement in suburban office markets placing further downward pressure on yields.

While the tightening in office yields has made the market for direct office acquisitions constrained, it provides opportunities for the Group to divest assets which (a) are considered no longer core (typically due to size or location), (b) have reached their peak value to Growthpoint (typically due to leasing completed, building age or WALE) or (c) present an income or value risk to Growthpoint (typically due to a potential vacancy in a particular period). Strong pricing also provides opportunities to divest assets where higher underlying values can be realised particularly where development opportunities exist from rezoning to a higher and better use.

Leasing

HY18 was another successful period of leasing for Growthpoint with more than 9,990 sqm leased across the office portfolio. Highlights include:

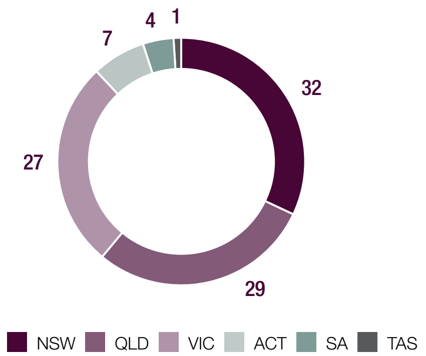
- Renewal of lease to Westpac Banking Corporation at 7 Laffer Drive, Bedford Park, South Australia for a further 7 years. The lease renewal to Westpac begins on 23 July 2018 and comprises 6,343 sqm with fixed rent increases of 3.00% per annum.
- Further leasing success at 333 Ann Street, Brisbane, Queensland over the half brings total occupancy to 87%, from 44% at 30 June 2015. LGIA Super signed a new 10-year lease comprising 867 sqm in addition to extending their existing lease of 1,734 sqm by over 3 years.
- Two new leases at Building C, 211 Wellington Road, Mulgrave, Victoria. Corning Optical Communications committed to 652 sqm for 5 years from 24 July 2017, while Toshiba (Australia) leased 506 sqm for 8 years from 1 November 2017. They join existing tenants, BMW Australia Finance and Guardian Community Early Learning.

Growthpoint's major tenants in Buildings 1 and 2 within the Botanicca Corporate Park in Richmond, Country Road/David Jones, have commenced moving into their new national headquarters. Building 1's fitout is complete and will house 700 people by March this year. David Jones will commence fitout works to Building 2 from April 2018.

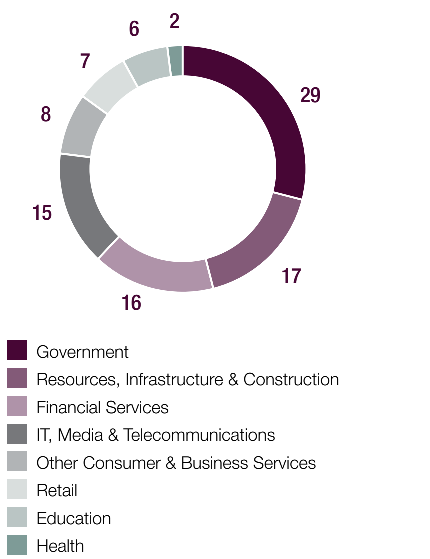
Valuation

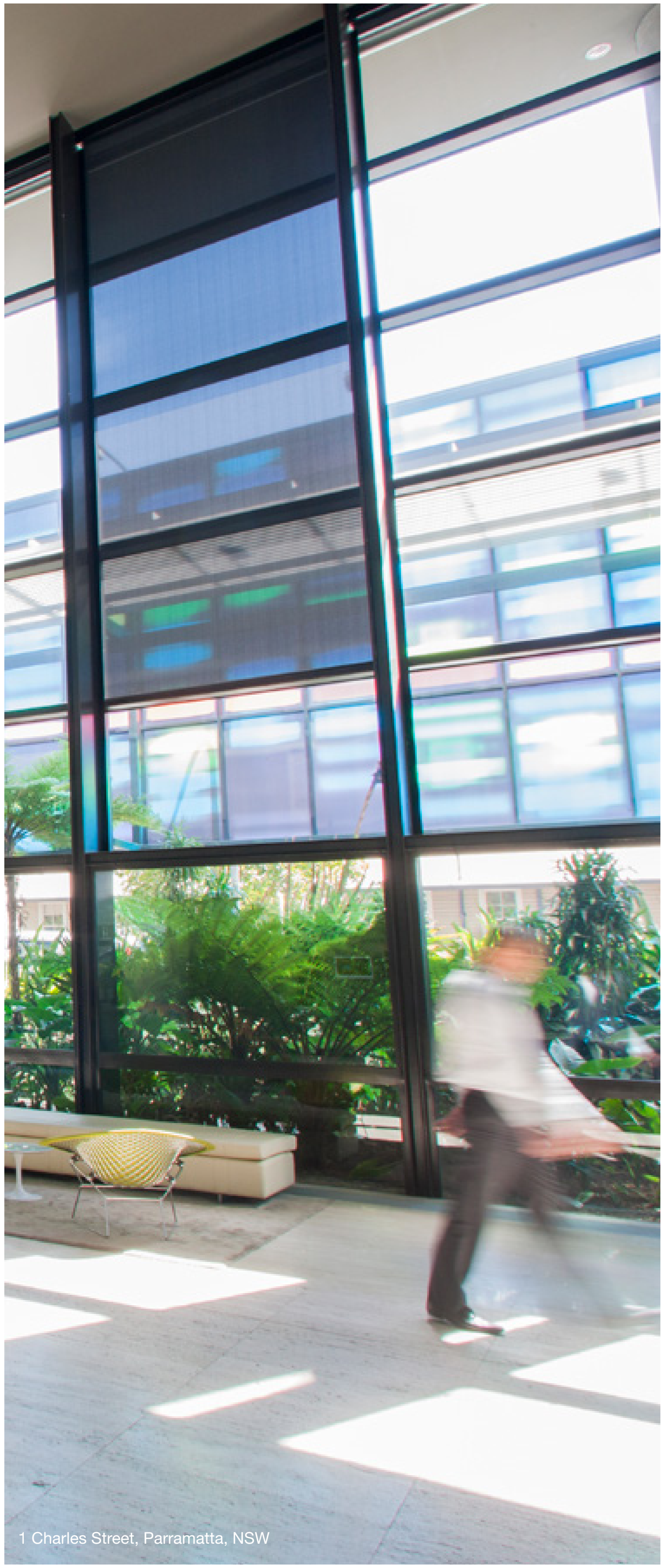
Continued investor appetite for office assets along Australia's Eastern seaboard and improving market rent fundamentals resulted in valuation increases across Growthpoint's office portfolio. Since 30 June 2017, the value of the office property portfolio (excluding acquisitions and disposals) increased by $80.8 million or 3.9% on a like-for-like basis. The weighted average capitalisation rate across the office portfolio tightened from 6.3% to 6.1%.

Geographic diversity (%)
by property value as at 31 December 2017



Tenants by Industry (%)
by income, as at 31 December 2017




1 Charles Street, Parramatta, NSW

Office Portfolio Review continued

Valuation (continued)

Valuation highlights include: Buildings 1 and 3 at Botanicca in Richmond, Victoria increasing 30.2% or $18.8 million, the pronounced increase relates to 25 basis points of yield compression, a discharging of the incentive payable to Country Road/David Jones and an increase in land value underlying Building 3. Building C, 219-247 Pacific Highway, Artarmon, New South Wales, increased 7.8% or $9.0 million in value. The increase was due to 25 basis points of yield compression and growth in market rents. 333 Ann St, Brisbane, Queensland also increased $6.0 million (or 5.0%).

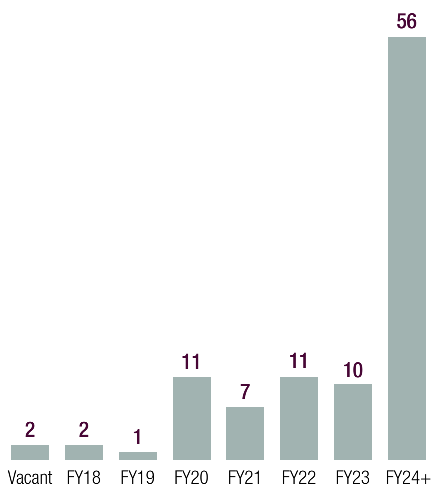
Outlook

Broadly stable economic conditions and healthy yield spreads to funding costs will likely see support remaining for Australian office assets at current levels, particularly along Australia's Eastern seaboard. Limited additional near-term supply and already tight vacancy in Sydney and Melbourne is likely to translate to continued rent growth and falling incentives. Effective rental growth in Queensland is anticipated to be constrained in the short term based on the remaining availability of high quality off space. Several new projects look to be emerging as a new development cycle kicks off and Growthpoint will monitor any associated impacts to demand.

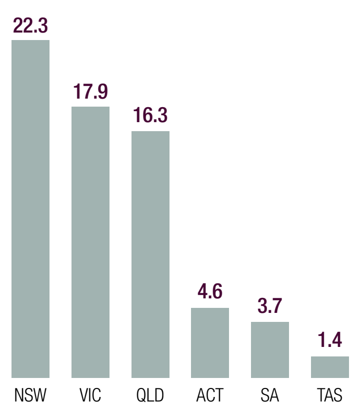
Five year performance summary - office portfolio

As at 31 December		2017	2016	2015	2014	2013
Portfolio value	*$m*	**2,157.7**	2,096.0	1,389.0	1,154.6	799.4
Total properties	*no.*	**25**	26	19	17	15
Weighted average cap rate	*%*	**6.1**	6.5	6.8	7.6	8.2
% of Growthpoint portfolio	*%*	**66**	66	53	52	44
Occupancy	*%*	**98**	98	95	98	97
WALE	*years*	**5.9**	6.9	7.0	6.2	5.6
Total lettable area	*sqm*	**286,532**	300,562	211,569	192,003	147,326
Average rent *(per sqm, per annum)*	*$*	**545**	534	533	528	506
HY net property income	*$m*	**66.2**	67.0	41.1	43.2	34.6
WARR[1]	*%*	**3.5**	3.5	3.3	3.5	3.5

Portfolio lease expiry profile (%)
per financial year, by income



NPI per State / Territory ($m)
for the half year ended 31 December 2017



1. Assumes CPI change of 1.9% per annum (Source: Australian Bureau of Statistics, All Groups, CPI, Dec Qtr 2016 to Dec Qtr 2017).

15 Green Square Close, Fortitude Valley, QLD

Industrial Portfolio Review

Significant transactional and leasing activity contribute to solid underlying performance

Andrew Fitt
Senior Asset Manager

Julian Smith
Asset Manager

Industrial portfolio key statistics
(as at 31 December 2017)

- **$1,127.3 million** total value
- **716,997 sqm** total lettable area
- **6.8%** weighted average capitalisation rate
- **34%** of Growthpoint's property portfolio
- **98%** occupancy
- **5.1 year** WALE
- **2.8%** WARR
- **31** assets

Summary

The first half of FY18 has been a busy period for Growthpoint's industrial portfolio, with significant transactional and leasing activity contributing to a solid underlying performance. Appetite for well-located assets remains high in both leasing and investment markets, and this was reflected in another strong period of like-for-like valuation growth of $43.8 million (or 4.2%), excellent leasing outcomes to high quality tenants (over 17,650 sqm leased) and occupancy maintained at 98%.

The main drivers of industrial demand remain largely positive, with solid export levels, strong population growth and continued growth in e-commerce retail. State and Federal investment in transport infrastructure, particularly in New South Wales (e.g. Western Sydney Airport), Victoria and Queensland (e.g. Melbourne to Brisbane Inland Rail Project), is also driving demand.

Acquisitions and Divestments

Growthpoint was involved in two major transactions over HY18, both of which generated positive outcomes for the Group:

Sale of 522-550 Wellington Road, Mulgrave, Victoria

In November 2017, Growthpoint announced it had entered into contracts for the sale of 522-550 Wellington Road, Mulgrave, Victoria for $90.75 million, representing a 37.7% premium to the 30 June 2017 book valuation of $65.9 million. The income yield on the sale price was a record 5.2% per annum for a Woolworths distribution centre. The sale of Mulgrave was a particularly favourable outcome for Growthpoint's Securityholders and an endorsement of the Group's highly desirable property portfolio.

The sale was consistent with management commentary that we would seek to realise material upside in the sale of assets with future development potential to a higher and better use.

The transaction has settled with proceeds used to pay down existing debt.

Acquisition of $46 million industrial portfolio at Perth Airport

In July 2017, Growthpoint announced it had exchanged contracts for the acquisition of four adjoining, modern industrial warehouses at 36 and 58 Tarlton Crescent and 2 and 10 Hugh Edwards Drive, Perth Airport, Western Australia for $46 million, providing an initial passing yield of 8.13%.

The properties are leased to high quality tenants, with an attractive WALE and were at a compelling yield relative to yields for recent comparable transactions on Australia's Eastern seaboard. The assets are located near the Group's sole existing property in Western Australia, being a Woolworths distribution centre at Perth Airport.

Leasing

Several significant leasing transactions were achieved in HY18, the highlights of which were:

- On 1 August 2017 the Group leased 101-111 South Centre Road, Melbourne Airport, Victoria to Direct Couriers. The 14,082 sqm office/ warehouse was leased for 10.2 years with annual rent increases to the greater of CPI and 3.5%.
- In January 2018, the Group finalised a 4 year lease renewal to Toll[1] at 10 Butler Boulevard, Adelaide Airport, South Australia. The lease covers a lettable area of 8,461 sqm with 92 car spaces and annual rent increases of 3.25%.

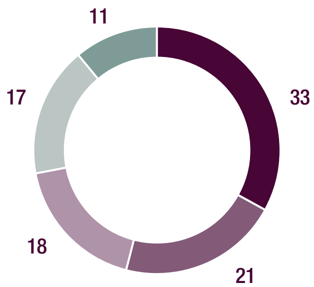
Valuation

The value of the industrial property portfolio increased by $43.8 million over HY18 or 4.2% on a like-for-like basis.

The weighted average capitalisation rate across Growthpoint's industrial property portfolio is 6.8% at 31 December 2017 down from 6.9% at 30 June 2017.

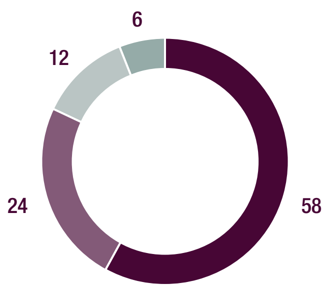
1. Documents in the process of being executed.

Geographic diversity (%)
by property value as at 31 December 2017



VIC QLD WA NSW SA

Tenants by Industry (%)
by income, as at 31 December 2017



- Retail
- Logistics
- Manufacturing
- Other consumer & business services

98%
occupancy in industrial portfolio

Industrial Portfolio Review continued

Valuation (continued)

Valuation highlights include:

- 70 Distribution Street, Larapinta, Queensland ($10.0 million or 4.9% increase);
- 20 Colquhoun Road, Perth Airport, Western Australia ($7.2 million or 4.7% increase);
- 599 Main North Road, Gepps Cross, South Australia ($4.1 million or 5.6%); and
- 27-49 Lenore Drive, Erskine Park, New South Wales ($3.0 million or 4.7%).

Looking Ahead

The Group's recent property acquisitions and disposals have resulted in a reweighting towards office and away from industrial, but industrial/logistics assets remain a core investment sector for the Group.

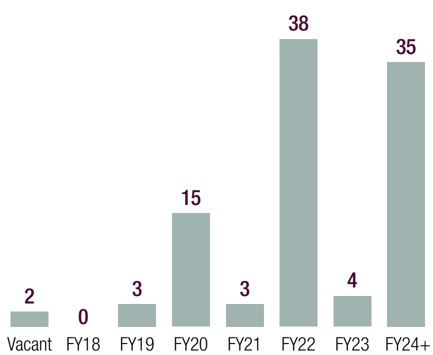
We expect to see continued sale and leaseback activity with vendors capitalising on low yields. Strong competition in pre-commitment market and developers restocking their land banks will potentially lead to more speculative development.

The Group will continue to monitor the market and consider further transactions which are accretive to distributions and attractive for total Securityholder returns.

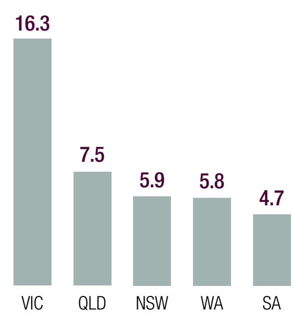
Five year performance summary - industrial portfolio

As at 31 December		2017	2016	2015	2014	2013
Portfolio value	*$m*	**1,127.3**	1,098.8	1,222.5	1,079.0	1,001.4
Total properties	*no.*	**31**	33	38	34	34
Weighted average cap rate	*%*	**6.8**	7.1	7.3	7.6	8.2
% of Growthpoint portfolio	*%*	**34**	34	47	48	56
Occupancy	*%*	**98**	100	100	99	100
WALE	*years*	**5.1**	5.3	6.2	6.9	7.4
Total lettable area	*sqm*	**716,997**	765,061	873,472	831,678	848,638
Average rent *(per sqm, per annum)*	*$*	**116**	109	108	101	98
HY net property income	*$m*	**40.2**	46.5	46.3	42.0	37.1
WARR[1]	*%*	**2.8**	2.8	2.8	2.7	2.8

Portfolio lease expiry profile (%)
per financial year, by income



NPI per State / Territory ($m)
for the half year ended 31 December 2017



1. Assumes CPI change of 1.9% per annum (Source: Australian Bureau of Statistics, All Groups, CPI, Dec Qtr 2016 to Dec Qtr 2017).

120-132 Atlantic Drive, Keysborough, VIC

Board of Directors

Geoffrey Tomlinson (70)
Independent Chairman (since 1 July 2014) and Director (since 1 September 2013)

BEC

Over 45 years' experience in the financial services industry.

Timothy Collyer (49)
Managing Director (since 12 July 2010)

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

Over 29 years' experience in A-REITs and unlisted property funds, property investment, development and valuations.

Maxine Brenner (55)
Independent Director (since 19 March 2012)

BA, LLB

Over 27 years' experience in corporate advisory, mergers and acquisition, financial and legal advisory work.

Estienne de Klerk (48)
Director[1] (since 5 August 2009)

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

Over 21 years' experience in banking and property finance and over 16 years' in the listed property market.

Grant Jackson (51)
Independent Director (since 5 August 2009)

Assoc. Dip. Valuations, FAPI

Over 31 years' experience in the property industry, including 28 years as a qualified valuer.

Francois Marais (63)
Director[2] (since 5 August 2009)

BCom, LLB, H Dip (Company Law)

Over 27 years' experience in the listed property market.

Norbert Sasse (53)
Director[3] (since 5 August 2009)

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

Over 22 years' experience in corporate finance and over 14 years' experience in the listed property market.

Josephine Sukkar AM (54)
Independent Director (commencing 1 October 2017)

BSc (Hons), Grad Dip Ed

Over 28 years' experience in the construction industry.

Executive Management

Dion Andrews (45)
Chief Financial Officer, Company Secretary (since 8 May 2014)

B.Bus, FCCA

Over 16 years' experience in accounting roles in a corporate capacity.

Michael Green (37)
Head of Property

B.Bus (Prop)

Over 15 years' experience in listed and unlisted property fund management, property investment and development.

Aaron Hockly (39)
Chief Operating Officer, Company Secretary (since 13 October 2009)

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

Over 16 years' experience in corporate governance, financial services, corporate and commercial law, property finance and M&A.

1. Not deemed independent as Managing Director of GRT.
2. Not deemed independent as Chairman of GRT
3. Not deemed independent as CEO of GRT.

Building 1, 572-576 Swan Street, Richmond, VIC

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About the Interim Financial Report

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 2017 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 2017	Notes	Half year 2017	Half year 2016
		$'000	$'000
Revenue			
Property revenue	2.1	**126,025**	131,517
Distributions from investment in securities		**2,429**	-
Straight line adjustment to property revenue		**2,903**	(1,072)
Net changes in fair value of investment properties		**102,893**	27,438
Profit / (loss) on sale of investment properties		**24,401**	(1,312)
Net change in fair value of investment in securities	2.3	**6,517**	-
Net change in fair value of derivatives		**(4,177)**	14,508
Loss on settlement of derivative		**-**	(6,600)
Net investment income		**260,991**	164,479
Expenses			
Property expenses	2.1	**(19,631)**	(18,041)
Other expenses from ordinary activities		**(6,084)**	(5,795)
Total expenses		**(25,715)**	(23,836)
Profit from operating activities		**235,276**	140,643
Interest income		**141**	252
Borrowing costs		**(28,082)**	(27,647)
Net finance costs		**(27,941)**	(27,395)
Profit before income tax		**207,335**	113,248
Income tax expense		**(44)**	(243)
Profit for the period		**207,291**	113,005
Profit attributable to:			
Owners of the Trust		**207,827**	113,117
Owners of the Company		**(536)**	(112)
		207,291	113,005
Distribution to Securityholders	3.4	**(72,789)**	(67,991)
Change in net assets attributable to Securityholders / Total Comprehensive Income		**134,502**	45,014
Basic and diluted earnings per stapled security (cents)		**31.3**	17.6

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 2017	Notes	31-Dec-17	30-Jun-17
		$'000	$'000
Current assets			
Cash and cash equivalents	4.3	**31,521**	31,459
Trade and other assets	2.5	**6,684**	10,891
Assets held for sale	2.4	**-**	103,500
Total current assets		**38,205**	145,850
Non-current assets			
Plant & equipment		**1,135**	1,197
Investment properties	2.2	**3,285,000**	3,180,275
Investment in securities	2.3	**74,646**	-
Derivative financial instruments	3.2	**99**	121
Deferred tax assets		**868**	929
Total non-current assets		**3,361,748**	3,182,522
Total assets		**3,399,953**	3,328,372
Current liabilities			
Trade and other liabilities	2.6	**42,571**	48,750
Distribution to Securityholders	3.4	**72,789**	72,086
Current tax payable		**218**	235
Total current liabilities		**115,578**	121,071
Non-current liabilities			
Interest bearing liabilities	3.1	**1,237,186**	1,299,380
Derivative financial instruments	3.2	**10,595**	6,440
Total non-current liabilities		**1,247,781**	1,305,820
Total liabilities		**1,363,359**	1,426,891
Net assets		**2,036,594**	1,901,481
Securityholders' funds			
Contributed equity	3.3	**1,653,727**	1,653,735
Reserves		**6,987**	6,369
Accumulated profits		**375,880**	241,377
Total Securityholders' funds		**2,036,594**	1,901,481

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 2017	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 2017	1,653,735	5,825	537	7	241,377	**1,901,481**
Total comprehensive income for the period						
Profit after tax for the period	-	-	-	-	207,291	**207,291**
Total other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the period	-	-	-	-	207,291	**207,291**
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	-	-	-	-	-	**-**
Distributions provided or paid	-	-	-	-	(72,789)	**(72,789)**
Share-based payment transactions	(8)	618	-	-	-	**610**
Deferred tax expense charged to equity	-	-	-	-	-	**-**
Total transactions with Securityholders	(8)	618	-	-	(72,789)	**(72,179)**
Balance at 31 December 2017	1,653,727	6,443	537	7	375,880	**2,036,594**

Total recognised income and expense for the period is attributable to:	
- Trust	**207,827**
- Company	**(536)**
Growthpoint Properties Australia	**207,291**

For the half year ended 31 December 2016	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits / (losses)	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 30 June 2016	1,414,012	4,506	522	7	103,365	**1,522,412**
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	113,005	**113,005**
Total other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	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 year is attributable to:						
- Trust						**113,117**
- Company						**(112)**
Growthpoint Properties Australia						**113,005**

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 2017	Half year 2017	Half year 2016
	$'000	$'000
Cash flows from operating activities		
Cash receipts from customers	130,536	124,221
Cash payments to suppliers	(37,167)	(24,222)
Cash generated from operating activities	93,369	99,999
Interest paid	(27,232)	(27,498)
Taxes paid	(53)	-
Net cash inflow from operating activities	66,084	72,501
Cash flows from investing activities		
Interest received	141	252
Distributions received from investment in securities	1,214	-
Receipts from sale of investment properties	194,748	149,997
Payments for investment properties	(58,842)	(221,183)
Payments for investment in securities	(68,129)	-
Payments for plant & equipment	(24)	(16)
Net cash inflow / (outflow) from investing activities	69,108	(70,950)
Cash flows from financing activities		
Proceeds from external borrowings	196,047	319,872
Repayment of external borrowings	(259,091)	(320,000)
Proceeds from equity raising	-	40,132
Equity raising costs	-	(7,759)
Payment for settlement of derivatives	-	(6,600)
Distributions paid to Securityholders	(72,086)	(60,062)
Net cash (outflow) from financing activities	(135,130)	(34,417)
Net increase / (decrease) in cash and cash equivalents	62	(32,866)
Cash and cash equivalents at the beginning of the period	31,459	70,661
Cash and cash equivalents at the end of the period	31,521	37,795

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 and their controlled entities on the Australian Securities Exchange (ASX Code: GOZ). The constitutions of the Company and the Trust ensure that, for so long as the two entities remain jointly quoted, the number of shares in the Company and the number of units in the Trust shall be equal and the shareholders of the Company and the unitholders 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 2017. The Group's registered address is Level 31, 35 Collins Street, Melbourne, Victoria 3000, Australia.

The ultimate parent entity of the Group is Growthpoint Properties Limited.

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 2017 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 20 February 2018.

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

The accounting policies applied by the Group in this interim financial report are consistent with those of the previous financial year ended 30 June 2017 and the corresponding interim reporting period.

Notes to the Financial Statements continued

Section 2: Operating results, assets and liabilities

in this section ...

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

On the following pages, there are sections covering investment properties, other non-current assets and acquisitions and disposals.

2.1 Segmental information

The Group operates wholly within Australia and derives income directly and indirectly 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 2017			
Revenue, excluding straight line lease adjustment	78,742	47,283	**126,025**
Property expenses	(12,519)	(7,112)	**(19,631)**
Net Property Income Segment results	**66,223**	**40,171**	**106,394**
Net changes in fair value of investment properties	62,648	40,244	**102,893**
Profit on sale of investment properties	1,908	22,493	**24,401**
Segment results	**130,779**	**102,908**	**233,688**
Income not assigned to segments			**11,990**
Expenses not assigned to segments			**(38,343)**
Net profit before income tax			**207,335**
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**
Loss on sale of investment properties	-	(1,312)	**(1,312)**
Segment results	**76,381**	**63,221**	**139,602**
Loss not assigned to segments			**252**
Expenses not assigned to segments			**(26,606)**
Net profit before income tax			**113,248**

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 generally, typically values all of the Group's investment properties each financial year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted 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.

Investment Property Values

			Latest External Valuation		Consolidated Book Value	
Industrial Properties			Date	Valuation	**31-Dec-17**	30-Jun-17
				$'000	*$'000*	*$'000*
Victoria						
120 Northcorp Boulevard	Broadmeadows	VIC	30-Jun-17	77,700	**78,500**	77,700
522-550 Wellington Road (i)	Mulgrave	VIC	-	-	**-**	65,900
1500 Ferntree Gully Road & 8 Henderson Road	Knoxfield	VIC	30-Jun-17	42,300	**42,300**	42,300
40 Annandale Road	Melbourne Airport	VIC	30-Jun-17	33,000	**34,000**	33,000
9-11 Drake Boulevard	Altona	VIC	31-Dec-17	33,500	**33,500**	31,350
130 Sharps Road	Melbourne Airport	VIC	31-Dec-17	25,300	**25,300**	24,500
120-132 Atlantic Drive	Keysborough	VIC	31-Dec-17	25,000	**25,000**	24,100
Lots 2-4, 44-54 Raglan Street	Preston	VIC	31-Dec-17	24,300	**24,300**	23,100
120 Link Road	Melbourne Airport	VIC	31-Dec-17	17,000	**17,000**	15,500
20 Southern Court	Keysborough	VIC	30-Jun-17	15,250	**15,800**	15,250
60 Annandale Road	Melbourne Airport	VIC	30-Jun-17	13,000	**13,000**	13,000
6 Kingston Park Court	Knoxfield	VIC	30-Jun-17	12,150	**12,150**	12,150
3 Millennium Court	Knoxfield	VIC	31-Dec-17	11,500	**11,500**	11,000
31 Garden Street	Kilsyth	VIC	31-Dec-17	10,250	**10,250**	10,100
101-111 South Centre Road	Melbourne Airport	VIC	31-Dec-17	8,300	**8,300**	7,850
19 Southern Court	Keysborough	VIC	30-Jun-17	8,100	**8,250**	8,100
75 Annandale Road	Melbourne Airport	VIC	30-Jun-17	7,150	**7,150**	7,150
Queensland						
70 Distribution Street	Larapinta	QLD	31-Dec-17	215,000	**215,000**	205,000
13 Business Street	Yatala	QLD	31-Dec-17	15,000	**15,000**	15,000
5 Viola Place	Brisbane Airport	QLD	31-Dec-17	8,700	**8,700**	8,000
3 Viola Place	Brisbane Airport	QLD	31-Dec-17	2,450	**2,450**	2,100

(i) This property was sold in December 2017

Notes to the Financial Statements continued

2.2 Investment properties (continued)

Investment Property Values (continued)

Industrial Properties			Latest External Valuation Date	Latest External Valuation Valuation	Consolidated Book Value 31-Dec-17	Consolidated Book Value 30-Jun-17
				$'000	$'000	$'000
Western Australia						
20 Colquhoun Road	Perth Airport	WA	31-Dec-17	160,000	**160,000**	152,800
2 Hugh Edwards Drive (ii)	Perth Airport	WA	30-Jun-17	16,500	**16,500**	-
58 Tarlton Crescent (ii)	Perth Airport	WA	30-Jun-17	14,000	**14,000**	-
10 Hugh Edwards Drive (ii)	Perth Airport	WA	30-Jun-17	8,200	**8,200**	-
36 Tarlton Crescent (ii)	Perth Airport	WA	30-Jun-17	7,300	**7,300**	-
New South Wales						
27-49 Lenore Drive	Erskine Park	NSW	30-Jun-17	63,500	**66,500**	63,500
6-7 John Morphett Place	Erskine Park	NSW	31-Dec-17	45,600	**45,600**	45,000
51-65 Lenore Drive	Erskine Park	NSW	31-Dec-17	33,750	**33,750**	32,000
34 Reddalls Road	Kembla Grange	NSW	30-Jun-17	24,000	**25,600**	24,000
81 Derby Street	Silverwater	NSW	31-Dec-17	18,000	**18,000**	16,600
South Australia						
599 Main North Road	Gepps Cross	SA	31-Dec-17	77,500	**77,500**	73,400
1-3 Pope Court	Beverley	SA	30-Jun-17	21,250	**22,200**	21,250
12-16 Butler Boulevard	Adelaide Airport	SA	31-Dec-17	15,600	**15,600**	14,300
10 Butler Boulevard	Adelaide Airport	SA	31-Dec-17	9,100	**9,100**	8,400
Total Industrial Properties				1,119,250	**1,127,300**	1,103,400

(ii) These properties were acquired in July 2017

Office Properties			Latest External Valuation Date	Latest External Valuation Valuation	Consolidated Book Value 31-Dec-17	Consolidated Book Value 30-Jun-17
				$'000	$'000	$'000
Victoria						
75 Dorcas Street	South Melbourne	VIC	30-Jun-17	180,000	**184,000**	180,000
109 Burwood Road	Hawthorn	VIC	30-Jun-17	89,250	**93,600**	89,250
Building 2, 572-576 Swan Street	Richmond	VIC	30-Jun-17	80,900	**84,900**	80,900
Buildings 1&3, 572-576 Swan Street	Richmond	VIC	31-Dec-17	80,750	**80,750**	62,000
Building B, 211 Wellington Road	Mulgrave	VIC	31-Dec-17	73,500	**73,500**	72,400
Building C, 211 Wellington Road	Mulgrave	VIC	31-Dec-17	57,000	**57,000**	55,500
Car Park, 572-576 Swan Street	Richmond	VIC	30-Jun-17	1,125	**1,250**	1,125
Queensland						
15 Green Square Close	Fortitude Valley	QLD	30-Jun-17	138,000	**139,000**	138,000
333 Ann Street	Brisbane	QLD	30-Jun-17	121,000	**127,000**	121,000
CB1, 22 Cordelia Street	South Brisbane	QLD	30-Jun-17	99,000	**101,600**	99,000
A1, 32 Cordelia Street	South Brisbane	QLD	31-Dec-17	83,000	**83,000**	81,200
A4, 52 Merivale Street	South Brisbane	QLD	30-Jun-17	79,000	**80,000**	79,000
CB2, 42 Merivale Street	South Brisbane	QLD	31-Dec-17	59,500	**59,500**	57,200
Car Park, 32 Cordelia Street & 52 Merivale Street	South Brisbane	QLD	31-Dec-17	27,000	**27,000**	26,000

2.2 Investment properties (continued)

Investment Property Values (continued)

Office Properties			Latest External Valuation Date	Latest External Valuation Valuation	Consolidated Book Value 31-Dec-17	Consolidated Book Value 30-Jun-17
				$'000	*$'000*	*$'000*
South Australia						
33-39 Richmond Road	Keswick	SA	30-Jun-17	62,000	**62,800**	62,000
7 Laffer Drive	Bedford Park	SA	31-Dec-17	19,500	**19,500**	15,500
New South Wales						
1 Charles Street	Parramatta	NSW	31-Dec-17	310,000	**310,000**	303,500
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-17	124,000	**124,000**	115,000
3 Murray Rose Avenue	Sydney Olympic Park	NSW	30-Jun-17	97,000	**100,500**	97,000
5 Murray Rose Avenue	Sydney Olympic Park	NSW	31-Dec-17	100,000	**100,000**	97,000
Quad 3, 102 Bennelong Parkway	Sydney Olympic Park	NSW	30-Jun-17	29,800	**29,800**	29,800
Quad 2, 6 Parkview Drive	Sydney Olympic Park	NSW	31-Dec-16	28,500	**28,500**	28,500
Tasmania						
89 Cambridge Park Drive	Cambridge	TAS	31-Dec-17	27,000	**27,000**	27,000
Australian Capital Territory						
10-12 Mort Street	Canberra	ACT	30-Jun-17	87,000	**90,500**	87,000
255 London Circuit	Canberra	ACT	31-Dec-17	73,000	**73,000**	72,000
Total Office Properties				2,126,825	**2,157,700**	2,076,875
Total investment properties					**3,285,000**	3,180,275

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 Savills, Urbis, m3property, JLL, CBRE, Colliers, Knight Frank and LMW. The fair value of properties not externally valued as at 31 December 2017 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.
- 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.

Notes to the Financial Statements continued

2.2 Investment properties (continued)

Valuation basis (continued)

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-17	Jun-17
Discount rate	**6.8% - 8.8%**	7.3% - 8.5%
Terminal yield	**6.0% - 10.0%**	6.3% - 10.0%
Capitalisation rate	**5.8% - 8.8%**	5.8% - 9.0%
Expected vacancy period	**6-12 months**	3-12 months
Rental growth rate	**2.0% - 4.0%**	2.5% - 5.0%

For the office portfolio, the following ranges were used:

	Dec-17	Jun-17
Discount rate	**6.8% - 9.0%**	6.8% - 10.5%
Terminal yield	**6.0% - 8.5%**	6.3% - 10.3%
Capitalisation rate	**5.3% - 13.4%**	5.5% - 13.4%
Expected vacancy period	**6-12 months**	6-12 months
Rental growth rate	**3.0% - 4.5%**	3.0% - 4.5%

Commentary on Discount Rates

Date of valuation	Dec-17	Jun-17
Weighted average 10-year discount rate used to value the Group's properties	**7.32%**	7.49%
10-year bond rate	**2.63%**	2.60%
Implied property risk premium	**4.69%**	4.89%

As the above table shows, over the 6 months to 31 December 2017, the weighted average discount rate utilised in the valuation of the Group's property portfolio has tightened (lowered) by approximately 17 basis points. Over the same time period the implied property risk premium has decreased by 20 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 further tightening of the Group's weighted average discount rate.

Commentary on Capitalisation Rates

Office

Australian office markets, particularly Eastern seaboard markets, continue to attract large volumes of capital from local and foreign investors. Australian office investments remain attractive given healthy yield spreads and improving leasing markets, particularly in Sydney and Melbourne. Limited opportunity in the Sydney and Melbourne CBD markets, has encouraged investors to consider alternative markets including fringe and suburban office markets which offer higher yields. As a result, investment mandates remain diverse. The yield compression cycle continued in most major office markets in HY18, tightening by between 0 and 50 basis points in most Eastern seaboard office markets. The weighted average capitalisation rate used in valuing the office portfolio has firmed from 6.3% to 6.1% over the 6 months to 31 December 2017.

Industrial

Strong demand continues to prevail for well-located and secured industrial investments. Investment demand remains broad, comprising a mix of local and offshore institutions, REITs and syndicates, with domestic REITs and foreign purchasers dominating the upper end of the market. Eastern seaboard markets remain the focal point of investment. Despite a large volume of existing capital seeking placement in the industrial sector, transaction volumes remain constrained by a lack of stock on market. Strong competition for relatively few available assets led to further yield compression over the 6 months to 31 December 2017, albeit at a more moderated rate, tightening by between 0 and 25 basis points in the major markets. The weighted average capitalisation rate used in valuing the industrial portfolio firmed from 6.9% to 6.8% over the 6 months to 31 December 2017.

2.2 Investment properties (continued)

Uncertainty around property valuations

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

The fair value of investment property has been assessed to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if 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 2017, 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 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, the lease would be re-set so that at least seven years remained and rent would be charged on the additional lettable area constructed under the expansion clause.
- Under a warehouse expansion clause in the current lease to Brown & Watson International Pty Ltd at 1500 Ferntree Gully Road, Knoxfield, Victoria, the tenant can request an expansion of the warehouse over the vacant land at any point during the initial term prior to the latest date for exercising the first option (which is 13 August 2024). The Group would be responsible for funding this expansion. Upon completion, the lease would be re-set so that at least seven years remained and rent would be charged on a formula utilising the construction costs under the warehouse expansion clause.

The two property expansions detailed above have an estimated aggregate cost of not more than $5.0 million.

The Group 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.

The Group has an obligation in Financial Year 2019, under a lease at Building 2, 572-576 Swan Street, Richmond, Victoria, to pay for lessor works totalling $3.8 million.

Reconciliation of value of investment property

	6 Months to 31-Dec-17	6 Months to 30-Jun-17
	$'000	*$'000*
At fair value		
Opening balance	**3,180,275**	3,185,493
Acquisitions	**48,713**	413
Capital expenditure	**6,394**	9,495
Lease incentives and leasing costs	**17,200**	6,095
Amortisation of lease incentives and leasing costs	**(7,464)**	(6,351)
Disposals	**(65,914)**	(14,914)
Reclassification (to) / from available for sale	**-**	(93,197)
Straight lining of revenue adjustment	**2,903**	2,522
Net gain from fair value adjustment	**102,893**	90,719
Closing balance	**3,285,000**	3,180,275

Notes to the Financial Statements continued

2.3 Investment in securities

Determination of fair value

Investment in securities contains a financial asset designated at fair value through profit or loss at inception. The fair value of investment in securities is the price that would be received to sell this asset in an orderly transaction between market participants at the measurement date. This fair value is based on the last traded market price from the Australian Securities Exchange (ASX) of the relating security at reporting date.

The following table represents the fair value movement in investment in securities for the half year ended 31 December 2017.

	Fair value of Industria REIT stapled securities
	$'000
Opening balance	-
Purchases	68,129
Sales	-
Closing balance	**74,646**
Gain in the net change in fair value of investment in securities	6,517

An off-market purchase of 29,621,555 Industria REIT (IDR) stapled securities was completed in July 2017. The last traded market price of an IDR stapled security on the ASX was $2.52 as at 31 December 2017.

2.4 Current assets held for sale

As at 31 December 2017, there was no property classed as held for sale (June 2017: 1). Details of the value of properties held for sale are shown on the table below:

	31-Dec-17	30-Jun-17
	$'000	$'000
1231-1241 Sandgate Road, Nundah, QLD	-	103,500
	-	103,500

2.5 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-17	30-Jun-17
	$'000	$'000
Rent receivables	**1,666**	1,335
Prepayments	**5,018**	4,756
Proceeds from sale of investment properties	-	4,800
	6,684	10,891

Impaired rent receivables

As at 31 December 2017, no rent receivables of the Group were impaired (30 June 2017: nil impairment).

2.6 Trade and other liabilities

Trade and other liabilities can be analysed as follows:

	31-Dec-17	30-Jun-17
	$'000	*$'000*
Trade payables	**1,457**	2,350
Non-trade payables	**778**	586
GST payable	**1,005**	2,040
Accrued expenses - other	**20,168**	23,453
Prepaid rent	**19,163**	20,321
	42,571	48,750

Notes to the Financial Statements continued

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 2017.

	Opening balance 1 Jul 2017	Movement during period	**Closing balance 31 Dec 2017**	Facility limit	Maturity
	$'000	*$'000*	*$'000*	*$'000*	
Secured loans					
Syndicated bank facility					
- Facility B	100,000	-	**100,000**	100,000	Mar-19
- Facility C	245,000	(10,900)	**234,100**	245,000	Dec-19
- Facility D	52,144	(52,144)	**-**	70,000	Dec-19
- Facility E	100,000	-	**100,000**	100,000	Jun-19
- Facility G	150,000	-	**150,000**	150,000	Sep-21
- Facility H	-	-	**-**	75,000	Sep-20
- Facility I	-	-	**-**	75,000	Nov-20
Loan note 1	200,000	-	**200,000**	200,000	Mar-25
Loan note 2	100,000	-	**100,000**	100,000	Dec-22
Loan note 3	60,000	-	**60,000**	60,000	Dec-22
Fixed bank facility 1	90,000	-	**90,000**	90,000	Dec-22
USPP 1	130,344	-	**130,344**	130,344	Jun-27
USPP 2	52,138	-	**52,138**	52,138	Jun-29
USPP 3	26,000	-	**26,000**	26,000	Jun-29
Total loans	1,305,626	(63,044)	**1,242,582**	1,473,482	
Less unamortised upfront costs	(6,246)	850	**(5,396)**		
Total interest bearing liabilities	1,299,380	(62,194)	**1,237,186**		

The weighted average all-in interest rate (including bank margin and amortisation of upfront fees paid) at 31 December 2017 was 4.38% per annum (30 June 2017: 4.29% per annum). Refer to note 3.2 for details on interest rate swaps.

3.2 Derivative financial instruments

Determination of fair value

The fair value of interest rate and cross currency 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 (continued)

Derivative financial instruments

Derivative financial instruments can be analysed as follows:

	31-Dec-17	30-Jun-17
	$'000	*$'000*
Interest rate swap contracts – carried at fair value through profit and loss:		
Total non-current derivative financial instrument assets	**99**	121
Total non-current derivative financial instrument liabilities	**(10,595)**	(6,440)
	(10,496)	(6,319)

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 and currency rates in accordance with the Group's financial risk management policies. The gain or loss from re-measuring the interest rate and cross currency swaps at fair value is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income immediately.

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

Interest rate swaps in effect at 31 December 2017 covered 26% (30 June 2017: 25%) of the loan principal outstanding. With total fixed interest rate debt of $984 million outstanding, the total fixed interest rate coverage of outstanding principle is 79% (30 June 2017: 75%).

The average fixed interest rate of swaps at 31 December 2017 was 2.30% per annum (30 June 2017: 2.30% per annum) and the variable interest rate (excluding bank margin) is 1.74% per annum (30 June 2017: 1.68% per annum) at balance date.

See table below for further details of interest rate swaps in effect at 31 December 2017:

Counter Party	**Amount of Swap**	Swap Expiry	Fixed Rate	Term to Maturity
	$'000		*% p.a.*	*Years*
Interest rate swaps				
NAB	**25,000**	Jun-2020	2.36%	2.5
CBA	**25,000**	Jun-2020	2.36%	2.5
ANZ	**50,000**	Dec-2020	2.42%	3.0
Westpac	**50,000**	May-2021	2.10%	3.4
CBA	**50,000**	Jun-2021	2.48%	3.5
Westpac	**50,000**	Jun-2021	2.33%	3.5
ANZ	**75,000**	Nov-2021	2.20%	3.9
Total / Weighted average	325,000		2.30%	3.3

The interest rate 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 interest rate swap contracts are settled on a net basis.

Notes to the Financial Statements continued

3.2 Derivative financial instruments (continued)

Derivative financial instruments (continued)

Instruments used by the Group (continued)

Cross currency swap contracts – carried at fair value through profit and loss

Cross currency swaps in effect at 31 December 2017 covered 100% (30 June 2017: 100%) of currency exposure outstanding.

See table below for further details of cross currency swaps in effect at 31 December 2017:

Counter Party	Amount of Swap	Swap Expiry	Fixed Rate	Term to Maturity
	$'000		*%*	*Years*
Cross Currency Swaps				
NAB	**32,586**	Jun-2027	5.29%	9.5
Westpac	**32,586**	Jun-2027	5.29%	9.5
ANZ	**32,586**	Jun-2027	5.27%	9.5
CBA	**32,586**	Jun-2027	5.26%	9.5
NAB	**13,034**	Jun-2029	5.47%	11.5
Westpac	**13,034**	Jun-2029	5.47%	11.5
ANZ	**13,034**	Jun-2029	5.45%	11.5
CBA	**13,034**	Jun-2029	5.44%	11.5
Total / Weighted average	**182,480**		5.33%	10.0

At balance date, these interest rate and cross currency swap contracts were net liabilities with a fair value of $10,496,000 (30 June 2017: liabilities of $6,319,000) for the Group. In the period ended 31 December 2017 there was a loss from the net change in fair value of $4,177,000 for the Group (Dec 2016: gain of $14,508,000).

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 2017				
Derivative financial assets	-	(99)	-	**(99)**
Derivative financial liabilities	-	10,595	-	**10,595**
	-	10,496	-	**10,496**
30 June 2017				
Derivative financial assets	-	(121)	-	**(121)**
Derivative financial liabilities	-	6,440	-	**6,440**
	-	6,319	-	**6,319**

The fair value for investment in securities has been categorised as Level 1 in the fair value hierarchy based on quoted prices (unadjusted) in an active market.

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-17	Six months to 31-Dec-17	Six months to 31-Dec-16	Six months to 31-Dec-16
	No. ('000)	*$'000*	*No. ('000)*	*$'000*
Opening balance at 1 July	**661,341**	**1,653,735**	583,126	1,414,012
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	**375**	**-**	307	-
Cost of raising capital	**-**	**(8)**	-	(5,861)
	375	**(8)**	58,298	176,143
Closing balance at 31 December	**661,716**	**1,653,727**	641,424	1,590,155

Distribution reinvestment plan

The Distribution Reinvestment Plan is operative for the 31 December 2017 distribution of the Group but not the 30 June 2017 distribution.

3.4 Distributions

Period for distribution	**Total distribution**	Total stapled securities	Distributions per stapled security
	$'000	*('000)*	*(cents)*
Half year to 31 December 2017	**72,789**	661,716	11.00
Half year to 31 December 2016	**67,991**	641,424	10.60

Notes to the Financial Statements continued

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 2017, the Group has the following share based payment arrangements:

Employee Incentive Plans FY14, FY15, FY16, FY17 and FY18

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 46 (in the remuneration report section of the directors' report) in the 2017 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 the vesting date of the first tranche of each 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 FY17, second tranche of the FY16, third tranche of the FY15 and fourth 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
			$
FY17 Plan	Director	1	**175,230**
FY17 Plan	Employees	1	**300,222**
FY16 Plan	Director	2	**83,427**
FY16 Plan	Employees	2	**112,019**
FY15 Plan	Director	3	**129,540**
FY15 Plan	Employees	3	**140,308**
FY14 Plan	Director	4	**128,653**
FY14 Plan	Employees	4	**125,944**

The first tranche of the FY17 Employee Incentive Plan performance rights vested during the period.

The fair value of performance rights under the FY18 Employee Incentive Plan was determined on the grant date of those rights and then "trued-up" at 31 December 2017 where allowed. The fair value of these rights for directors is estimated as $371,700 and for other employees $714,437. This estimate is based on achieving 50.0% of the maximum payable under the FY18 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 2017. The actual costs of performance rights cannot be determined until FY19 and the first issue of securities under the FY18 plan will not occur until FY19.

During the period, $617,712 was recognised in the share based payments reserve (Dec 16: $640,177). 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.

3.5 Share based payment arrangements (continued)

Share-based payment arrangements (continued)

Employee Incentive Plans FY14, FY15, FY16, FY17 and FY18 (continued)

The table below outlines the value of performance rights granted during the period to 31 December 2017, where those values can be determined. It also outlines the value of performance rights that were issued as Stapled Securities in the Group.

Plan identification	Plan participants	Issue date	Value of securities issued on conversion of performance rights	Number of securities issued on conversion of performance rights	Value of performance rights still to vest	Percentage of plan that vested during the period
			$	*No.*	*$*	*%*
FY17 Plan	Director	23/11/2017	175,230	55,104	N/A	25%
FY17 Plan	Employees	4/10/2017	300,222	94,410	N/A	25%
FY16 Plan	Director	4/10/2017	83,427	26,235	N/A	25%
FY16 Plan	Employees	4/10/2017	112,019	35,227	N/A	25%
FY15 Plan	Director	4/10/2017	129,540	40,736	N/A	25%
FY15 Plan	Employees	4/10/2017	140,308	44,123	N/A	25%
FY14 Plan	Director	4/10/2017	128,653	40,457	N/A	25%
FY14 Plan	Employees	4/10/2017	125,944	39,605	N/A	25%

Notes to the Financial Statements continued

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 Jul 2017	Securities granted as compensation	Acquired securities	Disposed securities	Closing securities 31 Dec 2017
	No.	*No.*	*No.*	*No.*	*No.*
G. Jackson	**164,799**	-	-	-	**164,799**
N. Sasse	**1,470,908**	-	-	-	**1,470,908**
E. de Klerk	**1,549,983**	-	-	-	**1,549,983**
T. Collyer	**790,960**	162,532	-	-	**953,492**
F. Marais	**150,322**	-	-	-	**150,322**
A. Hockly	**-**	45,005	-	-	**45,005**
D. Andrews	**42,257**	43,558	-	-	**85,815**
M. Green	**47,370**	43,831	-	(46,000)	**45,201**
G. Tomlinson	**78,831**	-	-	-	**78,831**
M. Brenner	**7,245**	-	-	-	**7,245**
J. Sukkar	**-**	-	-	-	**-**

During the period to 31 December 2017, a total of 294,925 stapled securities with a total value of $937,862 were issued to key management personnel upon vesting of Performance Rights under Employee Incentive Plans.

Securityholder	Opening securities 1 Jul 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.

4.1 Related party transactions (continued)

Director transactions

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

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

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

Director	Transaction	Half year 2017	Half year 2016
		$	$
G. Jackson (i)	Valuation	**59,500**	36,142
Aggregate amounts payable at the reporting date valuations		**35,250**	22,500

(i) The Group used the valuation services of m3property, a company that Mr Jackson is a director of, to independently value 6 properties (2017: 7). 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 17 January 2018, 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 2018 will be $3.29 per stapled security.

Approximately 71.9% of Growthpoint's distribution payable on or around 28 February 2018 will be issued new stapled securities under the DRP raising, after allowing for withholding tax, $52.3 million for the issue of 15.9 million new stapled securities. Total stapled securities on issue following the DRP will be approximately 677.6 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.

4.3 Cash and cash equivalents

Cash and cash equivalents includes a balance of $2,180,000 (30 June 2017: $ 2,215,000) in restricted cash which is being held by the Company as the custodian of the Charles Street Property Trust. These funds are not available for general use by the Group.

Directors' declaration

In the opinion of the Directors:

(a) the attached Financial Statements and notes set out on pages 28 to 49 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 2017 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.

T.J. Collyer.

Timothy Collyer
Managing Director
Growthpoint Properties Australia Limited

Melbourne, 20 February 2018

Auditor's Independence declaration

KPMG

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

To the Directors of Growthpoint Properties Australia Limited, being the Responsible Entity for Growthpoint Properties Australia Trust

I declare that, to the best of my knowledge and belief, in relation to the review of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust for the half-year ended 31 December 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Dean Waters

Partner

Melbourne

20 February 2018

Independent Auditor's report

KPMG

Independent Auditor's Review Report

To the stapled security holders of Growthpoint Properties Australia

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Growthpoint Properties Australia (the Stapled Group Half-year Financial Report).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Stapled Group Half-year Financial Report is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Stapled Group's*** financial position as at 31 December 2017 and of 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*.

The ***Half-year Financial Report*** of the Stapled Group comprises:

- Consolidated statement of financial position as at 31 December 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated cash flow statement for the Half-year ended on that date
- Sections 1 to 4 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Stapled Group*** comprises, 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 and Growthpoint Properties Australia Limited (the Company).

Responsibilities of the Directors for the Half-year Financial Report

The Directors of Growthpoint Properties Australia Limited, being the Responsible Entity of the 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.

KPMG

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 Stapled Group's financial position as at 31 December 2017 and its performance for the half-year period 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.

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

KPMG

KPMG

Dean Waters

Partner

Melbourne

20 February 2018

Additional information

Portfolio information

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	184,000	Directors	6.00%	7.25%	ANZ Banking Group	3.9	23,811	9,632
109 Burwood Rd	Hawthorn	VIC	93,600	Directors	6.00%	7.50%	Orora	6.5	12,403	3,529
Bldg 2, 572-576 Swan St	Richmond	VIC	84,900	Directors	5.25%	7.00%	GE Capital Finance Australasia	14.5	14,602	7,201
Bldgs 1&3, 572-576 Swan St	Richmond	VIC	80,750	JLL	5.25%	6.75%	Country Road Group	11.5	9,909	16,819
Bldg B, 211 Wellington Rd	Mulgrave	VIC	73,500	Savills	6.75%	7.25%	Monash University	3.0	12,780	11,040
Bldg C, 211 Wellington Rd	Mulgrave	VIC	57,000	Savills	6.75%	7.50%	BMW Australia Finance	4.7	10,303	11,070
Car Park, 572-576 Swan St	Richmond	VIC	1,250	Directors	13.37%	0.00%	GE Capital Finance Australasia	9.4	0	3,756
15 Green Square Cl	Fortitude Valley	QLD	139,000	Directors	6.25%	7.25%	Queensland Urban Utilities	4.2	16,442	2,519
333 Ann St	Brisbane	QLD	127,000	Directors	6.00%	7.25%	Federation University	4.8	16,394	1,563
CB1, 22 Cordelia St	South Brisbane	QLD	101,600	Directors	6.25%	7.25%	Downer EDI Mining	4.4	11,529	5,772
A1, 32 Cordelia St	South Brisbane	QLD	83,000	LMW	6.13%	7.25%	Jacobs Group	7.1	10,004	2,667
A4, 52 Merivale St	South Brisbane	QLD	80,000	Directors	6.25%	7.25%	University of the Sunshine Coast	5.1	9,405	2,331
CB2, 42 Merivale St	South Brisbane	QLD	59,500	Colliers	6.00%	7.25%	Peabody Energy	7.1	6,598	3,158
Car Park, 32 Cordelia St & 52 Merivale St	South Brisbane	QLD	27,000	Colliers	6.00%	7.50%	Secure Parking	1.9	0	9,319
33-39 Richmond Rd	Keswick	SA	62,800	Directors	7.50%	8.25%	Coffey Corporate	5.6	11,835	4,169
7 Laffer Dr	Bedford Park	SA	19,500	JLL	7.50%	8.00%	Westpac Banking Corporation	7.6	6,343	33,090
1 Charles St	Parramatta	NSW	310,000	Savills	5.75%	7.25%	NSW Police	6.4	32,356	6,460
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	124,000	KF	6.00%	7.00%	Fox Sports	5.3	14,375	4,212
3 Murray Rose Ave	Sydney Olympic Park	NSW	100,500	Directors	6.13%	7.25%	Samsung	4.2	13,423	3,980
5 Murray Rose Ave	Sydney Olympic Park	NSW	100,000	Savills	6.06%	7.25%	Lion	6.3	12,386	3,826
102 Bennelong Pkwy	Sydney Olympic Park	NSW	29,800	Directors	0.00%	0.00%	Alstom Australia	1.6	5,244	6,635
6 Parkview Dr	Sydney Olympic Park	NSW	28,500	Directors	0.00%	0.00%	Universities Admissions Centre	3.5	5,145	7,788
89 Cambridge Park Dr	Cambridge	TAS	27,000	m3property	8.25%	9.00%	Hydro Tasmania Consulting	6.3	6,876	28,080
10-12 Mort St	Canberra	ACT	90,500	Directors	6.63%	7.00%	Commonwealth of Australia	7.2	15,398	3,064
255 London Cct	Canberra	ACT	73,000	CBRE	5.88%	7.00%	Commonwealth of Australia	9.7	8,972	2,945
Total / Weighted Average			**2,157,700**		**6.12%**	**7.27%**		**5.9**	**286,532**	**194,625**

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	78,500	Directors	7.00%	7.75%	Woolworths	3.6	58,320	250,000
1500 Ferntree Gully Rd & 8 Henderson Rd	Knoxfield	VIC	42,300	Directors	6.25%	7.25%	Brown & Watson International	8.0	22,009	40,844
40 Annandale Rd	Melbourne Airport	VIC	34,000	Directors	8.00%	7.50%	StarTrack	1.5	44,424	75,325
9-11 Drake Blvd	Altona	VIC	33,500	m3property	6.50%	7.50%	Peter Stevens Motorcycles	5.0	25,743	41,730
130 Sharps Rd	Melbourne Airport	VIC	25,300	m3property	8.25%	7.50%	Laminex Group	4.5	28,100	47,446
120-132 Atlantic Dr	Keysborough	VIC	25,000	Urbis	5.75%	6.75%	Symbion	11.0	12,864	26,181
Lots 2, 3 & 4, 44-54 Raglan St	Preston	VIC	24,300	Urbis	7.00%	7.50%	Paper Australia	1.7	26,980	42,280
120 Link Rd	Melbourne Airport	VIC	17,000	Urbis	8.25%	7.75%	The Workwear Group	9.5	26,517	51,434
20 Southern Crt	Keysborough	VIC	15,800	Directors	6.25%	7.50%	Sales Force National	5.0	11,430	19,210
60 Annandale Rd	Melbourne Airport	VIC	13,000	Directors	7.75%	7.50%	Willow Ware Australia	10.3	16,276	34,726
6 Kingston Park Crt	Knoxfield	VIC	12,150	Directors	6.50%	7.25%	NGK Spark Plug	4.4	7,645	12,795
3 Millennium Crt	Knoxfield	VIC	11,500	Urbis	6.50%	7.00%	Orora	3.2	8,040	14,750
31 Garden St	Kilsyth	VIC	10,250	Savills	6.75%	7.75%	Cummins Filtration	0.9	8,919	17,610
101-111 South Centre Rd	Melbourne Airport	VIC	8,300	Urbis	7.75%	7.50%	Direct Couriers	9.9	14,082	24,799
19 Southern Crt	Keysborough	VIC	8,250	Directors	6.50%	7.50%	Transms	1.3	6,455	11,650
75 Annandale Rd	Melbourne Airport	VIC	7,150	Directors	8.00%	7.50%	Neovia Logistics Services	1.8	10,280	16,930
70 Distribution St	Larapinta	QLD	215,000	Savills	6.95%	7.25%	Woolworths	4.2	76,109	250,900
13 Business St	Yatala	QLD	15,000	Savills	7.25%	7.25%	Reward Supply Co.	1.7	8,951	18,630
5 Viola Pl	Brisbane Airport	QLD	8,700	Urbis	7.50%	7.75%	Vacant	0.0	14,726	35,166
3 Viola Pl	Brisbane Airport	QLD	2,450	Urbis	7.50%	7.75%	Cargo Transport Systems	5.2	3,431	12,483
20 Colquhoun Rd	Perth Airport	WA	160,000	JLL	6.30%	7.00%	Woolworths	7.8	80,374	193,936
Hugh Edwards Dr & Tarlton Cr	Perth Airport	WA	46,000	Directors	8.08%	8.67%	Mainfreight	6.8	31,948	57,617
27-49 Lenore Dr	Erskine Park	NSW	66,500	Directors	6.00%	7.00%	Linfox	5.7	29,476	76,490
6-7 John Morphett Pl	Erskine Park	NSW	45,600	CBRE	6.25%	7.50%	Linfox	2.3	24,881	82,280
51-65 Lenore Dr	Erskine Park	NSW	33,750	Urbis	5.75%	7.25%	Linfox	10.2	3,720	36,720
34 Reddalls Rd	Kembla Grange	NSW	25,600	Directors	6.00%	7.50%	Autocare Services	12.8	355	141,100
81 Derby St	Silverwater	NSW	18,000	CBRE	6.00%	7.00%	IVE Group Australia	4.7	7,984	13,490
599 Main North Rd	Gepps Cross	SA	77,500	m3property	7.00%	7.50%	Woolworths	3.6	67,238	233,500
1-3 Pope Crt	Beverley	SA	22,200	Directors	7.50%	8.00%	Aluminium Specialties Group	3.4	14,459	25,660
12-16 Butler Blvd	Adelaide Airport	SA	15,600	m3property	8.82%	8.75%	Cheap as Chips	2.9	16,800	30,621
10 Butler Blvd	Adelaide Airport	SA	9,100	m3property	8.35%	8.50%	Toll Transport	4.1	8,461	16,100
Total / Weighted Average			**1,127,300**		**6.82%**	**7.41%**		**5.1**	**716,997**	**1,952,403**


The Towers, Sandton, South Africa

Additional information

About Growthpoint South Africa

Growthpoint Properties Limited of South Africa ("GRT") owns 65.1% of the securities of Growthpoint (at 31 December 2017) and is its major Securityholder.

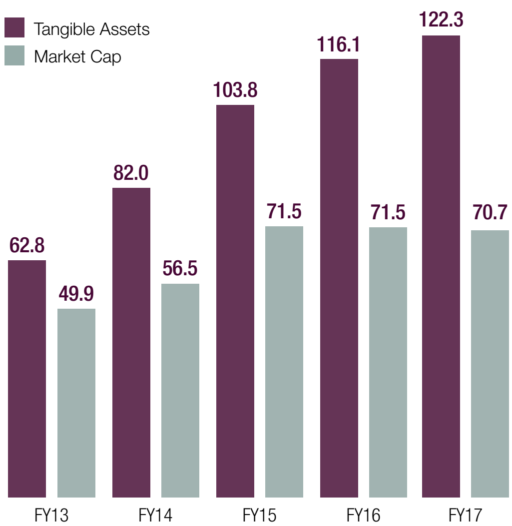
Other information about GRT

- GRT is the largest primary listed South African REIT
- Included in the JSE Top 40 Index
- Top ten constituent of FTSE EPRA / NAREIT Emerging Index
- Included in the FTSE/JSE Responsible Investment Index, FTSE4Good Index and the Dow Jones Sustainability 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 7.09% compound average annual growth in distributions over the past 5 years
- Sustainable quality of earnings that can be projected with a high degree of accuracy
- Well capitalised and conservatively geared
- Good corporate governance with transparent reporting
- Proven management track record
- Recipient of multiple sustainability, governance and reporting awards
- Baa3 global scale rating from Moody's

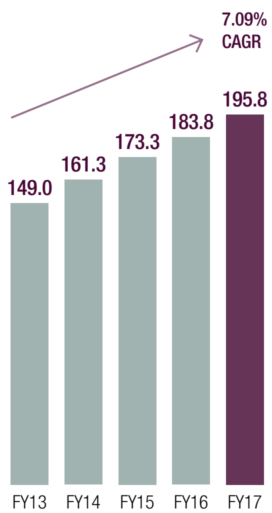
As of 30 June 2017 Growthpoint represents:

- 26.6% of GRT's gross property assets
- 25.3% of GRT's net property income
- 15.4% of GRT's total distributable income

Growth in tangible assets and market capitalisation (Rbn)
as at 30 June 2017



Growth in distributions (R¢)
per share,
as at 30 June 2017



Key Facts (as at 30 June 2017)[1]

Listing	GRT is listed on the Johannesburg Stock Exchange (JSE)
Ranking on the JSE	21 by market capitalisation
Closing exchange rate used	AUD:ZAR=10.04
Market capitalisation	R70.7B / AUD7.0B
Gross assets	R126.9B / AUD12.7B
Net assets	R78.8B / AUD7.9B
Gearing (SA only)	33.4%
Distributable Income	R5.6B/ AUD546m (using an average exchange rate of R10.26 / AUD)
ICR (SA only)	3.4 times
No. of employees (SA only)	630
Properties	472 properties in South Africa, including 50% ownership of the prestigious V&A Waterfront

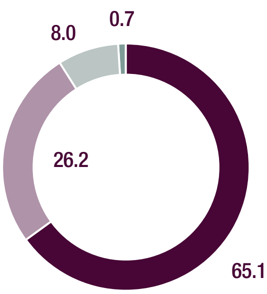
1. All information supplied by GRT (figures as at 30 June 2017).

Additional information

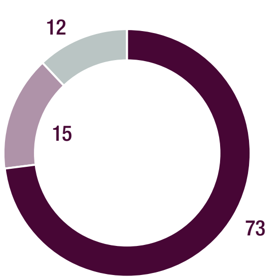
Securityholders

Dan Colman
Investor Relations Manager

Growthpoint Securityholders* (%)
as at 31 December 2017



Location of Growthpoint Securityholders* (%)
as at 31 December 2017



* Figures are approximate and based on beneficial ownership.

Top 20 Legal Securityholders as at 31 December 2017

Rank	Name	No. of Securities	% of Securities
1	GROWTHPOINT PROPERTIES LIMITED	430,635,411	**65.08**
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	52,592,872	**7.95**
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	31,196,624	**4.71**
4	EMIRA PROPERTY FUND	28,558,566	**4.32**
5	CITICORP NOMINEES PTY LIMITED	26,058,201	**3.94**
6	NATIONAL NOMINEES LIMITED	19,956,772	**3.02**
7	BNP PARIBAS NOMS PTY LTD <DRP>	7,277,373	**1.10**
8	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP>	3,363,866	**0.51**
9	RABINOV HOLDINGS PTY LTD	2,500,000	**0.38**
10	SHARON INVESTMENTS PTY LTD	2,252,000	**0.34**
11	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,987,932	**0.30**
12	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	1,525,897	**0.23**
13	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	1,413,326	**0.21**
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCOECA	1,068,216	**0.16**
15	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,000,767	**0.15**
16	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	873,900	**0.13**
17	BNP PARIBAS NOMS (NZ) LTD <DRP>	761,363	**0.12**
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	735,814	**0.11**
19	SANDHURST TRUSTEES LTD <BERKHOLTS INVESTMENTS>	709,661	**0.11**
20	AMP LIFE LIMITED	648,165	**0.10**
		615,116,726	**92.96**
		46,599,643	**7.04**

Distribution of Securityholders as at 31 December 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 147 securities (based on the 31 December 2017 closing price of $3.41) is 243 and they hold 2297 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	992	486,686	0.07
1,001 - 5,000	1,532	4,220,937	0.64
5,001 - 10,000	677	5,014,638	0.76
10,001 - 100,000	798	21.077,180	3.19
100,001 - 9,999,999,999	85	630,916,928	95.35
Rounding			-0.01
Total	**4,084**	**661,716,369**	**100.00**

As at 31 December 2017, there were 661,716,369 fully-paid stapled securities held by 4,084 individual Securityholders.

Substantial holders as at 31 December 2017

Name	No. of Securities	% of issued capital
Growthpoint Properties Limited	430,635,411	**65.08**

Additional information

Frequently asked questions

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 Securityholder 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.

How to contact us

growthpoint.com.au

1800 260 453

info@growthpoint.com.au

Connect

@Growthpoint_Aus

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

AUD Australian Dollars

ASX Australian Securities Exchange

B billion

Board the board of directors of the Company

CAGR compound annual growth rate

Capex capital expenditure

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, CY17 the calendar year ended 31 December in the year listed i.e. “CY17” means the calender year ended 31 December 2017

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

dps distributions per security

Funds From Operations (FFO) refer to explanation at the top of page 12

dps distribution per security

FY13, FY14, FY15, FY16 and FY17 the 12 months ended on 30 June in the year listed i.e. “FY17” means the 12 months ended 30 June 2017

FY18, FY19, FY20, FY21 and FY22 the 12 months ending on 30 June in the year listed i.e. “FY18” means the 12 months ending 30 June 2018

HY13, HY14, HY15, HY16, HY17 and HY18 the six months ended on 31 December in the prior calendar year listed i.e. “HY18” means the six months ended 31 December 2017

HY19, HY20, HY21 and HY22 the six months ending on 31 December in the prior calendar year listed i.e. “HY19” means the six months ending 31 December 2018

ICR Interest coverage ratio

Gearing interest bearing liabilities less cash divided by total assets less cash

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.

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”

IDR Industria REIT

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

MER management expense ratio

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

NPI net property income

NTA net tangible assets

REIT real estate investment trust

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

WALE weighted average lease expiry

WARR weighted average rent review

2018 Securityholder Calendar*

20 February 2018
- Results for the half year ended 31 December 2017 announced to ASX

28 February 2018
- Distribution paid for the half year ending 31 December 2017

6 March 2018
- HY18 interim report sent to Securityholders

26 April 2018
- Investor Update released to ASX

16 August 2018
- Results for the full year ended 30 June 2018 announced to ASX

31 August 2018
- Distribution paid for the half year ending 30 June 2018
- FY18 Annual Report sent to Securityholders

18 October 2018
- Investor Update released to ASX

21 November 2018
- Annual General Meeting

* Dates indicative and subject to change by the Board.

Notes

10 Hugh Edwards Drive,Perth Airport, WA

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
Pooja Shetty – 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, Josephine Sukkar

Company Secretaries

Aaron Hockly, Dion Andrews

Auditor
KPMG

Tower 2, 727 Collins Street
Melbourne VIC 3008 Australia

ASX Code

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

2018 Half Year Report

Growthpoint Properties Australia
Level 31, 35 Collins Street, Melbourne VIC Australia
Investor Services Line: 1800 260 453

www.growthpoint.com.au

GROWTHPOINT
PROPERTIES