20 August 2020

Appendix 4E

Results for the twelve months ended 30 June 2020

Results for announcement to the market

	Year ended 30-Jun-20	Year ended 30-Jun-19	Change
	$m	*$m*	*%*
Revenue and other income from ordinary activities	292.7	282.6	3.6%
Profit from ordinary activities after tax attributable to Securityholders[1]	197.2	178.0	10.8%
Net profit attributable to Securityholders	272.1	375.3	(27.5%)
Distribution to Securityholders	168.3	167.4	0.5%

Distributions

	Amount per security/unit	Franked amount per security	Record date
	cents	*%*	
Final distribution payable on 31 August 2020	**10.00**	0%	30-Jun-20
Interim distribution paid on 28 February 2020	**10.80**	0%	31-Dec-19
Interim dividend paid on 28 February 2020	**1.00**	100%	31-Dec-19

Net tangible assets per stapled security

	30-Jun-20	30-Jun-19	Change
	$	*$*	*%*
Net tangible assets per stapled security	**3.65**	3.50	4.3%

Additional information regarding the results for the year is contained in the FY20 annual report and the FY20 results presentation which have been released to the Australian Securities Exchange (ASX).

Entities over which control was gained or lost during the year

Nil.

Details of associates and joint venture entities

Nil.

[1] In our FY20 annual financial report and the FY20 presentation, profit from ordinary activities after tax attributable to Securityholders is referred to as funds from operations (FFO)

Distribution Reinvestment Plan

The Distribution Reinvestment Plan remains suspended and will not be in operation for the final distribution payment.

Audit

The above information is based on the financial report contained within the FY20 annual report which has been audited and contains an independent auditor's report.

The remaining disclosures required to comply with ASX listing rule 4.3A are contained within the FY20 annual report.

This announcement was authorised by Growthpoint's Board of Directors.

Jacqueline Jovanovski
Company Secretary

For further information, please contact:

Virginia Spring
Investor Relations Manager
Telephone: +61 3 8681 2933

Growthpoint Properties Australia

Level 31, 35 Collins St, Melbourne, VIC 300
growthpoint.com.au

Growthpoint provides spaces for people to thrive. For more than 10 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 58 properties, valued at approximately $4.2 billion.

We actively manage our portfolio. We invest in our existing properties, ensuring they meet our tenants' needs now and into the future. We are also focused on growing our property portfolio.

We are committed to operating in a sustainable way and reducing our impact on the environment.

Growthpoint is a real estate investment trust (REIT), listed on the ASX, and is part of the S&P/ASX 200 index. Moody's has issued Growthpoint an investment-grade rating of Baa2 for senior secured debt.

FY20 **annual** report.

for the year ended
30 June 2020

Space to thrive.

Growthpoint Properties Australia

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

GROWTHPOINT PROPERTIES

What's inside.

About this report

This report is a consolidated summary of Growthpoint Properties Australia's (comprising Growthpoint Properties Australia Limited, Growthpoint Properties Australia Trust and their controlled entities) (Growthpoint or the Group) operational and financial performance for the 12 months ended 30 June 2020 (FY20 or the year).

Reporting suite

Growthpoint's reporting suite for FY20 includes the following documents:

GOZ FY20 Annual Report

An in-depth review of Growthpoint's financial and operational performance for FY20, the Group's remuneration report and its detailed financial statements.

GOZ FY20 Results Presentation

An overview of Growthpoint's operational and financial performance for the financial year.

GOZ FY20 Sustainability Report

A review of Growthpoint's approach to sustainability and an update on our progress in achieving our sustainability goals.

GOZ FY20 Property Compendium

A detailed summary of Growthpoint's property portfolio as at 30 June 2020.

GOZ FY20 Corporate Governance Statement

An overview of Growthpoint's governance framework and practices. Download a copy: **growthpoint.com.au/corporate-governance**

Important information

This report contains forward looking statements, opinions and estimates based on assumptions, contingencies and market trends made by Growthpoint which are subject to certain risks, uncertainties and may change without notice. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes for Growthpoint will not differ materiality from statements made in this report. The forward looking statements are based on information available to Growthpoint as at the date of this report (20 August 2020). Past performance is not a guarantee of future performance. The actual results of Growthpoint may differ materially from those expressed or implied by the forward-looking statements in this report and you should not place undue reliance on forward-looking statements. Except as required by law or regulation (including the ASX Listing Rules), Growthpoint do not undertake to update any forward looking statements in this report.

FY20 highlights.

Property portfolio value

$4.2b

+5.0% on 30 June 2019

Profit after tax

$272.1m

-27.5% on FY19

Funds from operations (FFO) per security

25.6¢

+2.0% on FY19

Distributions per security (DPS)

21.8¢

-5.2% on FY19

Net tangible assets (NTA) per security

$3.65

+4.3% on 30 June 2019

Portfolio occupancy

93%[1]

30 June 2019: 98%

Weighted average lease expiry (WALE)

6.2yrs

30 June 2019: 5.0yrs

Average NABERS Energy rating

4.9 ☆

30 June 2019: 4.8 stars

GRESB score

72/100

PCP: 66/100

1. Portfolio occupancy excluding Botanicca 3 is 97%.

599 Main North Road, Gepps Cross, SA

Who we are.

Growthpoint provides spaces for people to thrive. For more than 10 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 58 properties, valued at approximately $4.2 billion.

What we do:

We actively manage our portfolio. We invest in our existing properties, ensuring they meet our tenants' needs now and into the future. We are also focused on growing our property portfolio.

We are committed to operating in a sustainable way and reducing our impact on the environment.

Growthpoint is a real estate investment trust (REIT), listed on the ASX, and is a part of the S&P/ASX 200.

How we do it:

Our values underpin everything we do.

Respect **Success** **Inclusion** **Integrity** **Fun**

Who we do it for:

Tenants, employees, Securityholders, debt providers, suppliers, local communities, government and regulators.

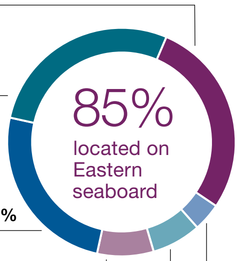
As at 30 June 2020

- **Total properties**: 58
- **Property portfolio value**: $4.2b
- **Market capitalisation**: $2.5b
- **Total employees**: 28
- **Number of tenants**: 163
- **Number of investors**: >4,500

Portfolio summary

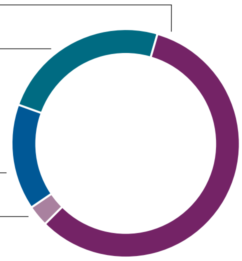
as at 30 June 2020

Geographic diversity by value

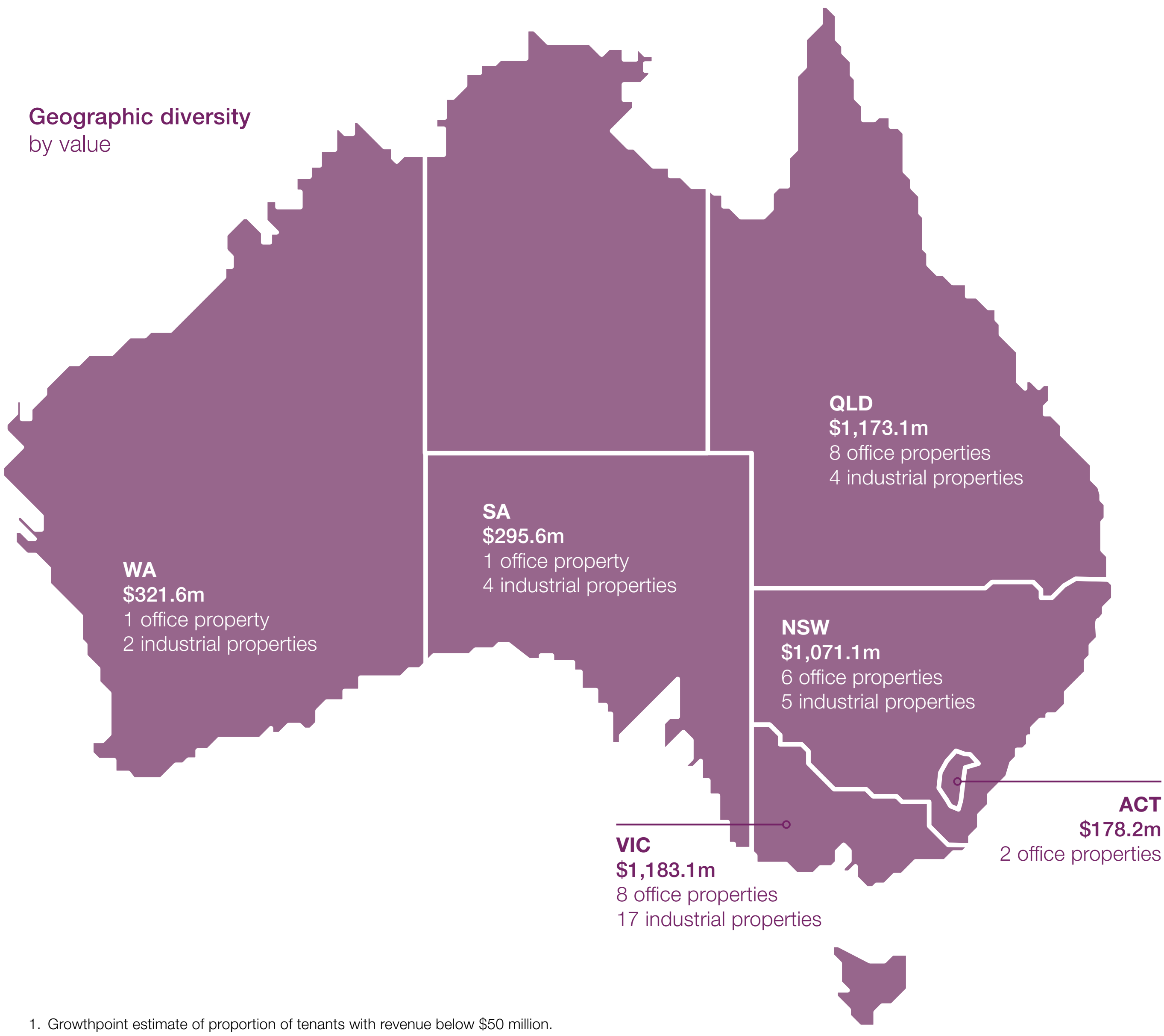


Sector diversity by value

Tenant type by income



Geographic diversity by value



1. Growthpoint estimate of proportion of tenants with revenue below $50 million.

How we differ.

100% investment in Australia.

All our properties are located in Australia where we have a strong understanding of the market. We invest in high-quality commercial real estate properties.

Property portfolio
by value

- Queensland **28%**
- Victoria **28%**
- New South Wales **25%**
- Western Australia **8%**
- South Australia **7%**
- Australian Capital Territory **4%**

Close relationships with our tenants.

We asset manage the properties we own. This means we know each of our tenants and can ensure that our properties meet their needs. Our asset managers are responsible for renewing lease agreements, preparing refurbishment plans and overseeing development projects.

25-year
lease extension with NSW Police Force

15-year
lease extension with Woolworths

Limited development risk.

We develop properties in our portfolio to meet our tenants' needs and to maximise the property's value. We will only acquire properties under construction when there are material leases in place.

$203 million
developments completed in FY20

Income focused.

Our aim is to provide Securityholders with sustainably growing income returns. We do this by maintaining high-occupancy levels, combined with predominately-fixed annual rent reviews.

Weighted average rent review
3.3%
as at 30 June 2020

Portfolio occupancy
93%
as at 30 June 2020

27-49 Lenore Drive, Erskine Park, NSW

Introduction from the Chairman and Managing Director.

Geoff Tomlinson
Independent Chairman and Director

Timothy Collyer
Managing Director

1. UBS Investment Research. Annual compound returns to 30 June 2020.

When we reflect on FY20, it is almost impossible to talk about 'one year'.

For the first eight months, it was business as usual and we made good progress towards achieving the Group's financial and strategic objectives. From March, our business, like all others around Australia, has been forced to respond to a dramatically different operating environment dictated by the COVID-19 virus. Fortunately, we entered this period on a strong footing and have been to date able to face the challenges presented by the pandemic head-on.

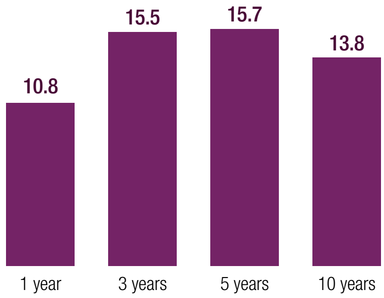
Response to the COVID-19 pandemic

Since the outset of the COVID-19 pandemic, our priority has been safeguarding the health and safety of our employees, tenants and the broader community. We have implemented all recommended steps to stop the spread of the virus.

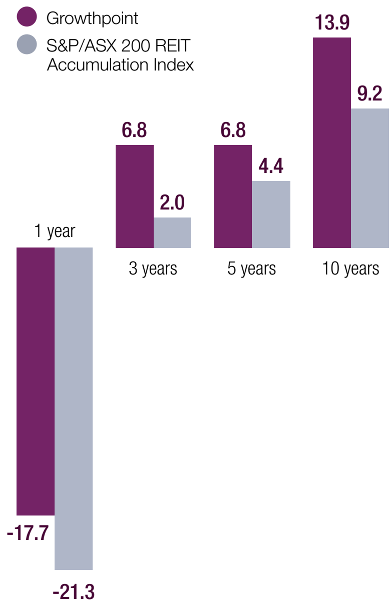
In mid-March, we temporarily closed our head office and transitioned all employees to working remotely. Growthpoint is made up of a small team that works well together and has done so for many years. It was important that we maintained this dynamic throughout the COVID-19 pandemic and beyond. To accomplish this, we made a commitment to supporting all permanent employees during this challenging period, with no reductions in fixed salary or working hours. We have also rolled-out a number of initiatives to ensure we stay connected.

We have also remained in close contact with our tenants. As workplaces around Australia closed due to the COVID-19 lockdown, we reached out to operators of cafes and other small retail businesses to offer rent abatements to help them financially during this period. We were pleased that we were able to assist our small tenants, when it mattered most.

Return on equity (%)
to 30 June 2020



Total Securityholder return over 1, 3, 5 and 10 years (%)[1]



For our larger tenants, we have implemented a Board-approved process to review rent relief requests. This involved requesting detailed information from tenants so we could understand the impact the COVID-19 pandemic has had on their business and direct our support to those who most needed it. We have now reviewed the majority of requests received to date and agreed an appropriate way forward on a case-by-case basis.

Botanicca 3, 570 Swan Street, Richmond, VIC

We entered this period with a strong balance sheet and capital position, with significant undrawn debt lines and no debt maturing until FY22. To enhance our liquidity, we entered a new $100 million debt facility with a new banking partner in May. We also extended an existing $150 million facility, which was due to expire in FY22, for four years. As at 30 June 2020, the Group had undrawn debt lines of $360 million and $43 million of cash on its balance sheet.

Financial performance

The Group's funds from operations (FFO) for the year ending 30 June 2020 was strong, marginally ahead of the market guidance provided at the beginning of the financial year.[1]

The value of our portfolio increased by 5.0% to $4.2 billion. This uplift was primarily driven by our strong leasing performance in the first half of the financial year. Our valuation did not change significantly in the second half of the year, which reflects the resilient nature of our property portfolio.

While Growthpoint's FY20 earnings were not significantly impacted by the COVID-19 pandemic, the Board made the decision to reduce the Group's second half distribution to retain a higher level of cash in the business than normal, during these uncertain times. We believe this is the prudent approach that will protect the long-term value of the Group.

Reflecting the significant market volatility in the last four months of the year, total securityholder return (TSR) fell for both the S&P/ASX A-REIT 200 Accumulation Index and Growthpoint in FY20. We were pleased, however, that Growthpoint continued to outperform the Index, as we have done over the past three, five and ten-year time periods.

Growthpoint's return on equity was 10.8% for the year. This is a good result, which reflects positive property valuations and the resilient income of the Group.

Investing in our portfolio

During the year, we completed two development projects, both ahead of time and on budget. In February, we achieved practical completion on Botanicca 3, a new A-grade office building in Richmond, around five kilometres from the Melbourne CBD. We are proud of this development and believe it is one of the highest-quality metropolitan offices in Australia. Unfortunately, leasing this property has been more challenging than we initially expected as businesses' decision-making processes appears more prolonged in the current environment. We continue to get positive feedback from prospective tenants and expect to lease the property progressively over the next 18 months.

> “We entered this period with a strong balance sheet and capital position, with significant undrawn debt lines and no debt maturing until FY22.”

In June, practical completion on the expansion of our distribution centre in Gepps Cross, South Australia, was reached. This distribution centre is used

1. In March 2020, Growthpoint withdrew all forward-looking statements, including FFO guidance of at least 25.4 cps.

Chairman and Managing Director **review.**

by Woolworths to supply all its stores in South Australia, Northern Territory, and parts of regional Victoria, with fresh and ambient goods. Woolworths has now entered a 15-year lease extension of the property. As the works are now complete and Woolworths has commenced their lease extension, the value of the property has increased by $47.8 million, after development costs.[1]

Developing long-term partnerships with our tenants

Our tenants are at the centre of our business and we are focused on ensuring we meet their needs now and into the future. This helps us to develop long-term partnerships.

This year, we were pleased to sign two long term leases with significant tenants. In December, we agreed a 25-year lease with our single largest tenant, the New South Wales Police Force, for their headquarters in Parramatta. Since acquiring this asset six years ago, we have developed a strong relationship with the Police and gained an understanding of their needs. This enabled us to work together to develop a lease to support their operational requirements.

As noted above, Woolworths entered into a lease extension of their distribution centre in Gepps Cross, South Australia for 15 years. Since Growthpoint's inception, Woolworths have been a key tenant for the Group. They currently lease three large distribution centres, which they use to transport groceries to supermarkets.

Reducing our environmental footprint

At Growthpoint, we are committed to reducing our environmental footprint. Our Climate Change Strategy is focused on three key pillars:

- Maintain and grow a portfolio of highly efficient buildings
- Progress decarbonisation by 2050
- Build climate resilience across portfolio

This year, we continued to make progress against each of these three pillars. Key achievements included installing two substantial solar photovoltaic systems, taking the total number of installations across our portfolio to six. We also made a commitment to begin purchasing accredited renewable power for a number of key sites.

We were particularly pleased that NABERS ranked 100 Skyring Terrace, Newstead, Queensland as the second most efficient office building in Queensland.[2] We now have two buildings in our portfolio with a 6.0 star NABERS Energy rating, the highest-possible rating, an impressive feat as there are only thirty-four 6.0 star rated properties in Australia.[3]

Ensuring Growthpoint is a great place to work

Our employees are integral to our success and we are committed to creating a diverse workplace where everyone is able to perform at their best. Responding to feedback from recent employee engagement surveys, we implemented some significant changes in FY20. We introduced greater flexibility, through our new Working From Home policy. We also reviewed our Parental Leave Policy and are proud to have significantly increased our primary and secondary carer paid leave entitlements. We hope that together these new policies will help our team strike the right balance between their professional and personal lives.

Looking ahead

As we look ahead to FY21, there still exists a great deal of uncertainty around the impact that the COVID-19 pandemic will have on Growthpoint's operating environment, including the effect and duration of government measures taken to stop the spread of the virus and assistance to support businesses and individuals. We expect the overall impact of the pandemic on the broader Australian economy will be significant. As a result, we have not provided FFO guidance for FY21. However, we understand the value Securityholders place on receiving distributions from the Group and therefore have provided FY21 distribution guidance of 20.0 cps, which we expect to be paid in equal half-yearly instalments.

Undoubtedly, the COVID-19 pandemic is going to have far-reaching implications and the true impact of the virus will not be known for many years. However, we are confident that we have taken the right steps to ensure our business will continue to meet the challenges presented during this period.

While the near-term outlook is less clear, we believe that Growthpoint is well placed to benefit from some of the structural shifts, which appear to be accelerating due to the COVID-19 pandemic. Indeed, this pandemic is changing the way people work and live, which may increase demand for both our metropolitan offices and industrial assets over the longer term. We explore these themes in greater detail on pages 12-13 and 18-19 of this report.

On behalf of Growthpoint's Board and management, we would like to thank our employees for their dedication to our business this year. Without you, we would not have been able to achieve this result. We would also like to recognise our tenants, suppliers and other key stakeholders for their continued support.

And of course, we thank our Securityholders for your commitment to Growthpoint.

Geoff Tomlinson
Chairman

T.J. Collyer

Timothy Collyer
Managing Director

1. After development costs. Valuation increase from 31 December 2018 (prior to expansion and new lease agreement) to 30 June 2020.
2. NABERS, as at 30 June 2020.
3. NABERS, as at 31 July 2020.

Curtis Cheng Centre, 1 Charles Street, Parramatta, NSW

> While the near-term outlook is less clear, we believe that Growthpoint is well placed to benefit from some of the structural shifts, which appear to be accelerating due to the COVID-19 pandemic.

The **office** market.

As workplaces around Australia temporarily closed to stop the spread of the COVID-19 virus, and employees transitioned to working remotely, some commentators have begun to question whether demand for offices will significantly decrease in the future, 'is this the death of the office?'.

While many individuals have enjoyed some aspects of working from home, such as no commute and flexible hours, generally they do not want a full-time shift to working remotely.

There are many benefits of working in an office environment that cannot be recreated at home. For employees, commonly cited challenges of working from home are missed social interaction, difficulty collaborating with colleagues, inability to switch off from work and hard to stay motivated.

Challenges of working from home

Employees

- Sub-par connectivity
- Inadequate workspace
- Missed social interaction
- Difficulty collaborating with colleagues
- Inability to switch off from work

Managers:

- Difficult to develop company culture
- Challenging to mentor and develop employees
- Hard to innovate

For managers, working from home can have additional challenges to those described above. It is very difficult to develop company culture or foster a sense of belonging, without regular in-person interaction between team members. In addition, it is hard to be nimble and innovate as a team, when catch-ups are limited to scheduled video conferences.

However, the COVID-19 pandemic has changed the way people work and could accelerate some structural shifts that were starting to occur across Australia. In particular, more organisations may look to adopt a 'hub and spoke' office model, leading to increased demand for metropolitan offices. Adoption of this model was already underway in Sydney and is popular in mature markets around the globe.

Hub and spoke office model

'Hub and spoke' describes an office model where an organisation has an office in a central business district (CBD) location and additional office(s) in another location(s). The primary benefits of this model are:

Cost saving

Many non-CBD office buildings now compete directly with CBD options, at a lower rate. They are equally accessible, provide equivalent amenity and have more parking available.

By having a secondary office, organisations can reduce the amount of space required for their office in relatively expensive CBD markets. This saving can be significant if organisations choose to house most of their employees in a metropolitan location, with the few staff who need to be located in the expensive CBD accommodation remaining there.

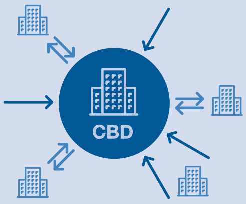
The rental spread between CBD and non-CBD rents has been increasing,

Patterns of office occupier movement for maturing markets[1]

Centralisation

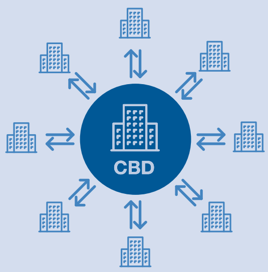
Melbourne
CBD office stock totals 61% of all stock

Hub and spoke



Sydney
CBD office stock totals 52% of all stock

Metropolitan



European model
CBD office stock totals
- Berlin 16%
- Paris 20%
- Barcelona 13%
- Munich 24%
- Amsterdam 25%

of all stock

1. JLL, 'Office precincts for 2030 and beyond', May 2020.

A recent survey of 40,000 individuals' experience working from home found[3]

only 50%

of respondents agree/ strongly agree they feel personally connected to the culture of their company

only 56%

of respondents agree/ strongly agree they are connecting and bonding with colleagues

particularly in Sydney and Melbourne, as highlighted in the graph to the right. In 2Q20, average face rents in the Sydney CBD were more than double rents for an office in Parramatta.[1]

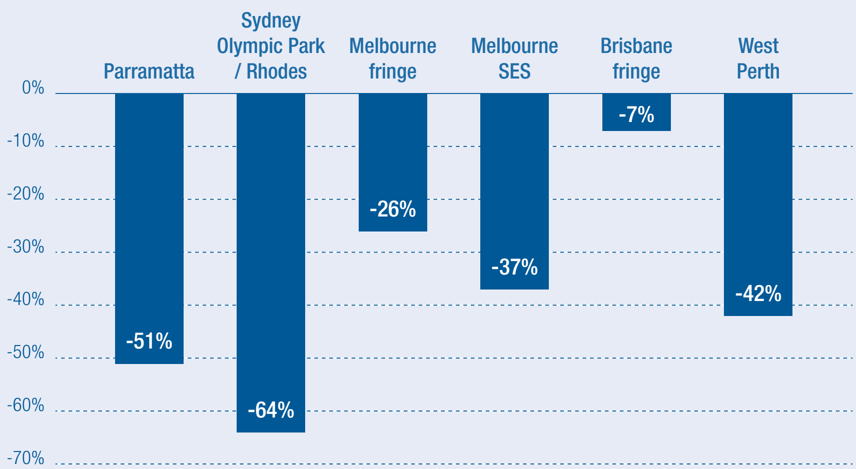
Reduction in commute times

Housing close to the CBD has become prohibitively expensive for many people due to increased demand as populations have grown. As a result, many people face long daily commutes to the CBD. Providing an office closer to residential areas can be an attractive proposition for new and existing employees.

Impact of the COVID-19 pandemic

The two drivers, described above, are likely to accelerate due to the COVID-19 pandemic. For organisations, cost reduction will become increasingly important as Australia enters a recession, making the financial benefits of adopting a hub and spoke model even more attractive.[2] For employees, one of the biggest concerns about returning to the office is having to take public transport to get to work. Metropolitan offices generally have a higher ratio of car parks than CBD offices and for those who need to take public transport, the journey may be much shorter.

Metro and fringe markets' rent discount to CBD[1]



Commute times to metropolitan offices are likely to get even shorter as numerous government infrastructure projects underway, which will further connect metropolitan hubs, are completed. This includes Melbourne's Metro Tunnel, Sydney Metro and Brisbane's Cross River Rail. Other mooted infrastructure projects are expected to be accelerated by governments across Australia looking to stimulate their economies.

In addition to the acceleration of historic drivers, metropolitan offices provide other benefits which are likely to be attractive due to the COVID-19 pandemic.

Metropolitan offices with less levels have shorter lift wait times. They also generally have larger floor plates to support social distancing.

There still exists a great deal of uncertainty around the post COVID-19 operating environment. However, the office will continue to be an important space, that can adapt to meet changes in organisations' and employees' preferences.

1. JLL REIS Data – 2Q20. Discount to prime face rents.
2. JLL, 'The future of global office demands', June 2020.
3. Cushman & Wakefield, 'The future of workplace', May 2020.

Performance property portfolio.

Growthpoint owns and manages a property portfolio valued at $4.2 billion. We actively manage each of our properties to maximise the income it generates and its value.

Our property portfolio is diversified across two sectors: office and industrial.

Office

Our office portfolio consists of 26 high-quality office properties, which represents 68% of our total property portfolio by value. Our office properties are predominately located on the fringe of CBDs or in key metropolitan markets.

Leasing

During FY20, Growthpoint signed 42 office lease agreements, totaling 68,580 square metres or 24% of our office portfolio by income. The weighted average lease term for new and renewed leases was 14.8 years and the weighted average annual rent review was 3.6%. Largely due to this leasing success, our total portfolio WALE increased from 5.0 years to 6.2 years.

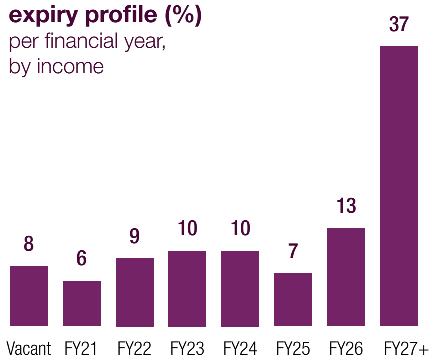
In December 2019, we signed our longest lease agreement to date, entering into a new 25-year lease with the New South Wales Police Force. We also renewed leases with key tenants, ANZ and Optus, for six years and seven years respectively, during FY20.

Most of the leasing was done in the first eight months of the financial year before the onset of the COVID-19 pandemic. In this new operating environment, tenants appear increasingly reluctant to leave their existing accommodation, without a strong impetus. Decision-making has also become more prolonged. While this has been beneficial for the majority of our portfolio due to our historically high occupancy rate, it has made leasing our new A-grade office building, Botanicca 3, more challenging.

As at 30 June 2020, we had 6% of lease expiries remaining for FY21.

Eight per cent of the office portfolio was vacant as at 30 June 2020 (30 June 2019: 2%). The increase in vacancy is primarily driven by Botanicca 3. Growthpoint's office portfolio occupancy, excluding Botanicca 3, was 97%.

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



Development

In February, we achieved practical completion on the development of a new A-grade office building, Botanicca 3, in Richmond, around five kilometres east of the Melbourne CBD. We are proud of this development and believe that Botanicca 3 is one of the highest-quality metropolitan offices in Australia.

This building was designed to minimise its environmental footprint. A defining feature of the property is the curtain walling façade system and perforated sunshades which surround the building. While being aesthetically pleasing, the energy rating of the building is significantly enhanced by the design of the system, which provides shade in summer and allows sunlight to heat the building in the cooler months.

As mentioned above, leasing of Botanicca 3 has been more challenging than we initially expected. We continue to receive good feedback from prospective tenants and expect to progressively lease this building over the next 18 months.

Botanicca 3 – a new dimension in office space

19,447sqm
of office space

419
car parks

22
electric vehicle charging stations

☆☆☆☆☆
Green Star Rating

☆☆☆☆☆
Designed to achieve 5 Star NABERS Energy and Water ratings


Botanicca 3, 570 Swan Street, Richmond, VIC


Botanicca 3, 570 Swan Street, Richmond, VIC


Curtis Cheng Centre, 1 Charles Street, Parramatta, NSW

Creating long-term value through leasing success

IRR
16.4%
per annum

In December, we signed our longest lease agreement to date, entering into a new 25-year lease with the New South Wales Police Force for their headquarters in Parramatta.

We were one of the early movers to enter the Parramatta office market, as we could see its potential to become Sydney's second CBD. Prior to acquiring the asset in 2014, we spent 12 months studying the Parramatta office market and had identified several themes that we believed would underpin its long-term value. We were encouraged by the multiple government-supported infrastructure projects that were underway or mooted and the strong population growth in western Sydney.

The outlook for Parramatta remains positive and we are pleased to have a strong foothold in this market.

Tenant	NSW Police Force
Lettable area	32,356 sqm, 444 car parks
Lease term	25 years
Annual rent	$21.1 million
Rent escalation	3.5% per annum[1]
Upgrade works	$44 million

2014 2015 2016 2017 2018 2019 2020

June 2014
$241m
purchase price

82%
Increase in value since acquired

25%
Increase in value since 30 June 2019

June 2020
$440m
Book value

1. Except in January 2025. In January 2025, the rental escalation will be 0%.

Top ten office tenants
as at 30 June 2020

	% portfolio income	WALE (yrs)
NSW Police Force	12	24.5
Commonwealth of Australia	10	6.1
Country Road Group	5	12.0
Bank of Queensland	5	6.6
ANZ Banking Group	4	5.7
Samsung Electronics	4	1.7
Lion	3	3.8
Jacobs Group	3	6.3
Collection House	3	5.9
Fox Sports	2	2.5
Total / weighted average	**51**	**10.2**
Balance of portfolio	49	3.0
Total portfolio	**100**	**6.7**

Valuation

Over FY20, the value of the office portfolio increased by $124.2 million or 4.5% on a like-for-like basis. This uplift was driven primarily by our leasing success in the first half of the financial year and the completion of Botanicca 3.

When comparing our office portfolio's value over the last six months of the financial year (31 December 2019 to 30 June 2020), it decreased slightly, by less than 1%. This decrease was primarily driven by a change in valuers' assumptions, as they expect that the economic impacts of the COVID-19 pandemic will lead to lower growth rates, higher incentives and longer vacancy periods. The change in these assumptions had a more significant impact on our office properties with near-term expiries.

This was partially offset by an increase in the value of some of our long WALE office properties, such as the NSW Police Force Headquarters in Parramatta. As mentioned above, the Police recently agreed a new 25-year lease of this property with an annual escalation of 3.5%.


15 Green Square Close, Fortitude Valley, QLD

Office portfolio snapshot

	30 June 2020	30 June 2019
Number of assets	26	26
Total lettable area	327,579sqm	308,401sqm
Total portfolio value	$2,879.3m	$2,755.2m
WALE	6.7 years	5.1 years
Weighted average capitalisation rate	5.6%	5.7%
Weighted average rent review[1]	3.5%	3.6%
NPI	$151.9m	$144.8m

1. Assumes CPI change of -0.35% per annum as per ABS release for FY20.

Our response to COVID-19

Our priority since the outbreak of the COVID-19 pandemic has been protecting the safety and wellbeing of our employees, our tenants, and the broader community. We have followed the advice of federal and state governments and have implemented all necessary steps to reduce the spread of the virus.

In mid-March, we temporarily closed our head office in Melbourne and transitioned all employees to working remotely. Maintaining our strong culture and team dynamic has been a focus for our leadership team throughout this period, and we've introduced several initiatives to stay connected.

We have engaged with our tenants to understand the impact the COVID-19 pandemic has had on their business. It was clear at a very early stage of the pandemic that some of our tenants would need our assistance to get through the lockdown period, particularly the owners of cafes and other small retail business in our office buildings. Accordingly, we reached out to a number of tenants and offered rental abatements in early April.

In April, the National Cabinet introduced a commercial tenancy code of conduct to assist commercial landlords and small and medium enterprise (SME) tenants negotiate amendments to leasing arrangements during the COVID-19 pandemic. The code has been given effect through relevant state and territory legislation or regulation. It provides a useful framework which Growthpoint has adopted for applicable tenants.

The code only applies to tenants whose turnover is less than $50 million, and are also eligible for the Australian Government's JobKeeper program. Growthpoint estimates that SME tenants, with revenue below $50 million, contribute approximately 3% of the Group's portfolio income. Not all of Growthpoint's SME tenants have requested assistance.

We also received a number of rent relief requests from non-SME tenants. To assess these requests, we implemented a Board-approved process to ensure that rent relief was distributed fairly to those tenants that were significantly impacted by the virus and who most needed our support. This included reviewing tenants' financial information to determine the impact of the pandemic on their business.

We have now reviewed the majority of rent relief requests and agreed an appropriate way forward. In FY20, the total amount of rental abatement was $0.8 million and total rent deferred was $2.0 million. Deferred rent will begin to be collected in FY21. It is possible that we will receive additional rent relief requests which we will review following the same process.

Rental abatement

$0.8m

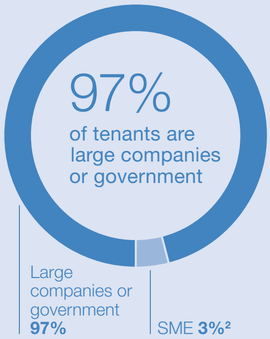
Rent deferred

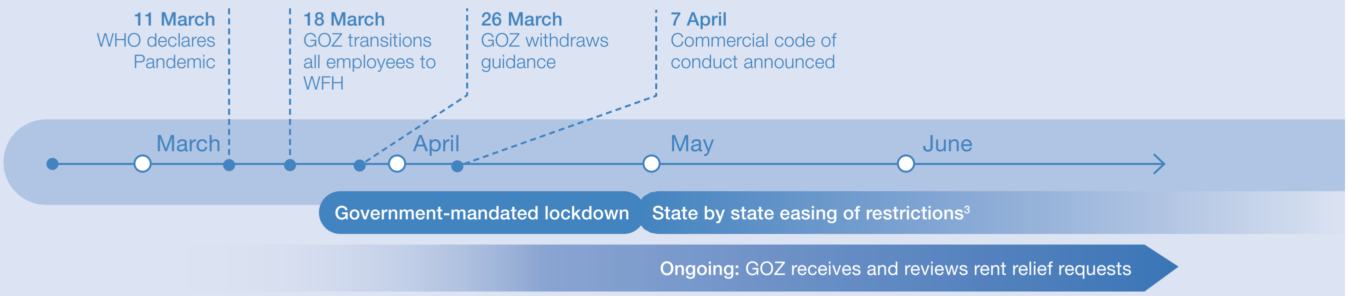
$2.0m

Proportion of billings collected[1]

	April to June 2020
Office	96%
Industrial	98%

Tenant type
by income, as at 30 June 2020





1. Rent abatements are not included in total billings. Rent that has been deferred is included. Data as at 11 August 2020.
2. Growthpoint estimate of proportion of tenants with revenue below $50 million.
3. Lockdown measures were reintroduced in Victoria during July.

The **industrial** market.

Not all industrial assets are the same

For a number of years, 'industrial' has been the favoured property sub sector. Strong population growth and sustained growth in online shopping, has driven increased demand for industrial assets. This coupled with constrained supply, due to residential encroachment, has led to higher valuations across the sector.

The economic impacts of the COVID-19 pandemic are far reaching and the industrial sector is certainly not immune. Several industries have seen an uptick in demand as a result of the pandemic. This includes non-discretionary goods (grocery retailers, pharmaceuticals, manufacturers of essential products), online retailers/businesses and cold storage facilities. Other industries have not fared so well, such as discretionary goods, import/export businesses (containers), the construction sectors and hire related businesses.

As a result, the performance of the industrial sector going forward is likely to be less uniform, and increased importance will be placed on an asset's age and design, as well as tenant profile, industry and use. Modern, well-located assets, suited to logistics uses, are likely to outperform, while secondary assets, suited to manufacturing/storage, are likely to underperform.

The rise of e-commerce in Australia

In recent years, the penetration of online shopping in Australia has been steadily rising. This trend has accelerated during the COVID-19 pandemic, as individuals are encouraged to 'socially distance'.

To meet the surge in demand for online shopping, many companies have scrambled to find additional warehouse space. Businesses are after well-located industrial space, close to consumers, enabling them to deliver their goods quickly.

It is expected that many individuals who chose to shop online during the COVID-19 pandemic, will become accustomed to it, and continue to do so, going forward. This has the potential to lead to a significant increase in online retail sales across Australia, where penetration of online shopping has been relatively low, compared to overseas markets, such as the UK.

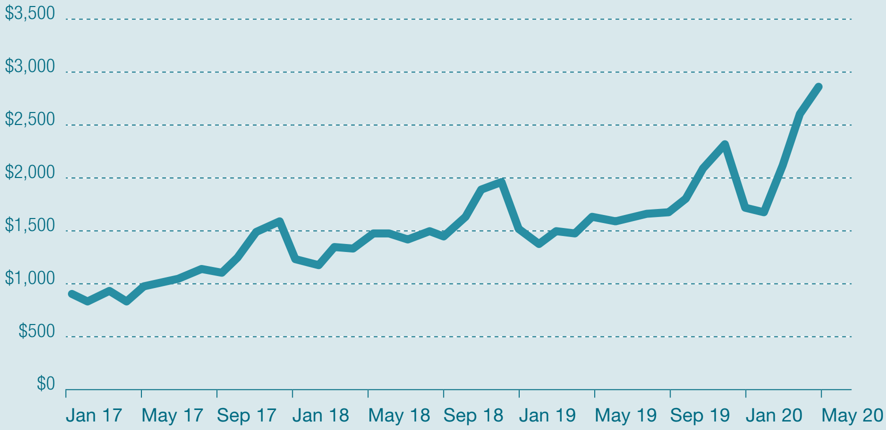
As the prevalence of online shopping continues to increase, so too will the uptick in demand for well-located industrial assets.

13 Business Street, Yatala, QLD

Penetration of online shopping[1]

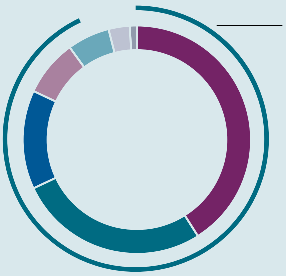
	Australia	UK
Grocery and liquor	0-5%	5-10%
Health and beauty	5-10%	10-15%
Recreational and other goods	20-25%+	40%+
Homewares and appliances	10-15%	40%+
Apparel	10-15%	30-35%

Australian online retail trade (million)[2]



1. KPMG Australia, 'COVID-19: Retail's survival and revival', April 2020.
2. Australian Bureau of Statistics, July 2020.

Growthpoint's industrial tenants are heavily weighted to grocery distribution and logistics



93%
of industrial assets are used for logistics or warehousing

Tenants by industry
by income

- Grocery distribution **41%**
- Logistics **27%**
- Manufacturing **14%**
- Non-grocery retail **8%**
- Other consumer and business services **6%**
- Health **3%**
- Resources, infrastructure and construction **1%**

Growthpoint's largest tenant: **Woolworths**

Woolworths have been Growthpoint's largest tenant since our inception.

Today, Growthpoint owns three of their largest distribution centres in South Australia, Queensland and Western Australia.

Woolworths Distribution Centres

1. 70 Distribution Street, Larapinta, QLD
2. 599 Main North Road, Gepps Cross, SA
3. 20 Colquhoun Road, Perth Airport, WA

WALE

6.4yrs

% of industrial portfolio value
as at 30 June 2020

% of industrial portfolio income
as at 30 June 2020

Industrial

Our industrial portfolio consists of 32 modern industrial properties, which represent 32% of Growthpoint's total property portfolio by value. Our industrial properties are well-located, near key logistics hubs or population centres.

Leasing

During FY20, Growthpoint signed nine lease agreements, totaling 82,021 square metres. The weighted average lease term for new and renewed leases was 5.0 years and the weighted average annual rent review was 3.5%.

The Group signed new leases with our second largest industrial tenant, Linfox, at 6-7 John Morphett Place, Erskine Park, New South Wales, and key tenant, Paper Australia, for Lots 2, 3 and 4, 34-44 Raglan Street, Preston, Victoria. Both leases were for five years.

Top ten industrial tenants
as at 30 June 2020

	% portfolio income	WALE (yrs)
Woolworths	39	6.4
Linfox	11	4.7
Australia Post	4	4.0
Laminex Group	4	2.0
Brown & Watson International	3	5.1
HB Commerce	2	2.2
The Workwear Group	2	7.0
Cheap as Chips	2	0.4
Autocare Services	2	10.3
Symbion	2	8.5
Total / weighted average	**71**	**5.6**
Balance of portfolio	29	3.5
Total portfolio	**100**	**5.0**

Development

In June, practical completion on the expansion of our distribution centre in Gepps Cross, South Australia, was achieved, ahead of schedule. The distribution centre is used by Woolworths to supply all its stores in South Australia, the Northern Territory, and parts of regional Victoria with fresh and ambient goods. The expansion increased the lettable area of the site by 36.4% to 91,686 square metres, solidifying its position as one of Woolworths' largest distribution centres in Australia.

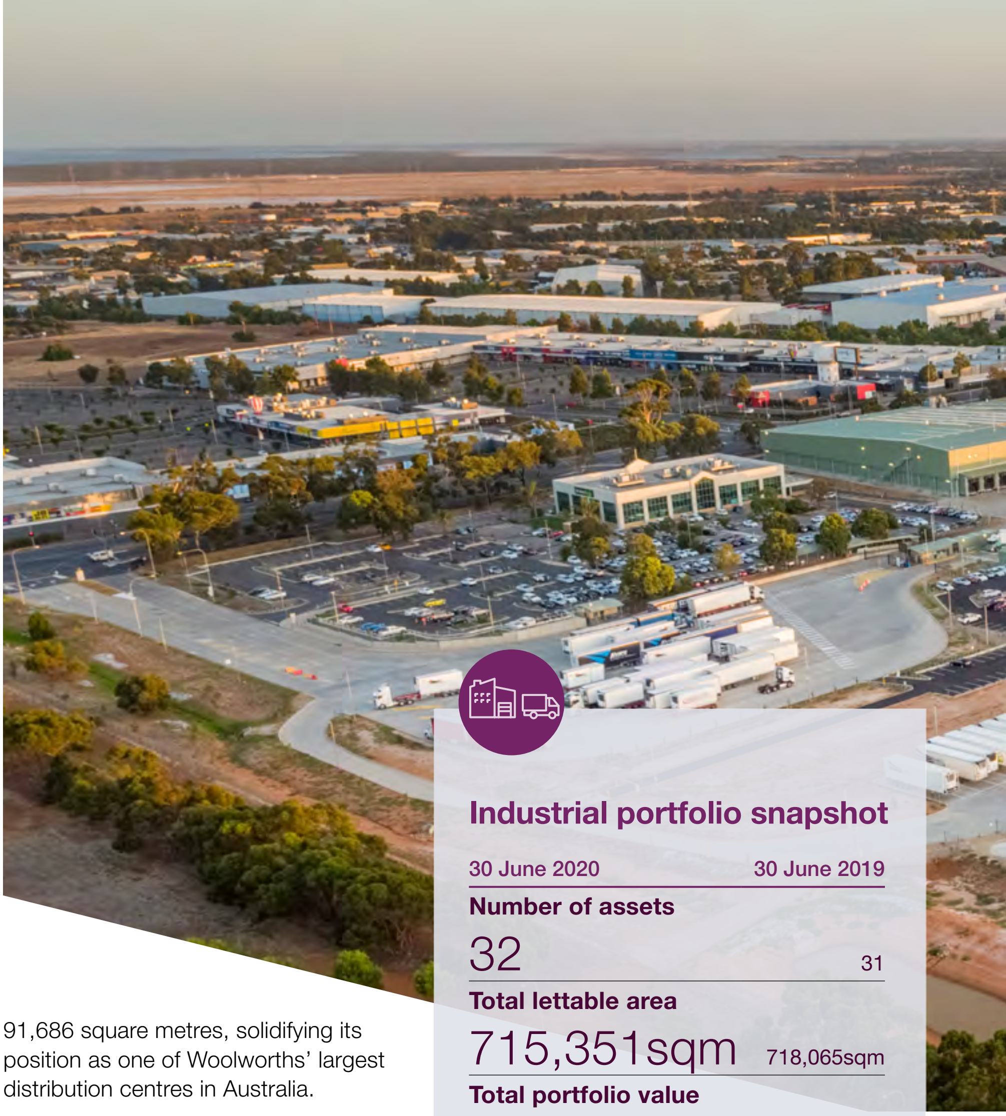
The $54 million project included an extension of the existing temperature-controlled warehouse and ambient warehouse and construction of a new returns transfer facility. A 1.6MVa roof-top solar system was also installed.

Before the onset of the COVID-19 pandemic, we had been progressing our development plans for 120 Northcorp Boulevard, Broadmeadows, Victoria. As part of our response to the crisis, we decided to delay all non-essential capital expenditure, including this project. We are reviewing all options for this site, including divestment.

Valuation

Over FY20, the value of our industrial portfolio increased by $76.1 million or 6.2% on a like-for-like basis. The increase was primarily driven by development projects and yield compression.

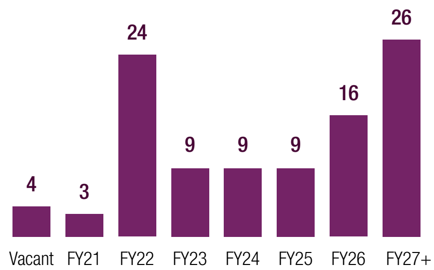
Pleasingly, we saw an uplift in the valuation of the portfolio in the second half of the financial year, driven by continued yield compression, following several strong sales results of well-leased industrial assets, and the completion of the expansion of our distribution centre in Gepps Cross.



Industrial portfolio snapshot

	30 June 2020	30 June 2019
Number of assets	32	31
Total lettable area	715,351sqm	718,065sqm
Total portfolio value	$1,343.4m	$1,228.6m
WALE	5.0 years	4.8 years
Weighted average capitalisation rate	6.0%	6.3%
Weighted average rent review[1]	2.7%	2.7%
NPI	$85.1m	$80.6m

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



1. Assumes CPI change of -0.35% per annum as per ABS release for FY20.

599 Main North Road, Gepps Cross, SA

BUY

3 Maker Place, Truganina, VIC

In September 2019, Growthpoint acquired a recently completed logistics warehouse for $40 million.

The industrial property is located in Truganina in Melbourne's west, one of the fastest growing distribution locations in Australia. The property is leased to an international eCommerce business.

FY20 **sustainability** highlights.

At Growthpoint, we are committed to acting in a sustainable way and reducing our impact on the environment, as we believe it is the right thing to do.

This year, we have made significant progress towards our environment, social and governance (ESG) objectives. Below is a brief snapshot. A detailed overview of our performance can be found in our sustainability report, which is available on our website, **growthpoint.com.au**.

Increased average NABERS Energy rating

4.9 ☆

FY19: 4.8 stars

Maintained CDP Climate Performance score

B

PCP: B

Increased GRESB score

72/100

PCP: 66/100

Improved employee engagement score

77%

FY19: 75%

Improved employee alignment score

64%

FY19: 53%

Committed

$3m

to upgrade tenant amenities

100 Skyring Terrace, Newstead

2nd

most efficient building in Queensland

100 Skyring Terrace, Newstead, QLD

Financial Management.

This year we delivered a solid performance, highlighting the resilience of our business.

In June 2019, Growthpoint provided its guidance for the financial year ahead. We expected to deliver FFO of at least 25.4 cps and distribution per security (DPS) of 23.8 cents. Due to the uncertainty around the COVID-19 pandemic in March 2020 we withdrew all forward-looking statements, including our FY20 guidance.

In FY20, the Group delivered FFO of 25.6 cps, ahead of the withdrawn guidance and up 2.0% on FY19. The growth was driven by an increase in net property income, reflecting the contribution from recently-acquired assets, surrender fees and annual rent increases. Another key driver was a reduction in interest expense due to reduced cost of debt and increased capitalised interest on development projects.

Net tangible assets (NTA) per security increased by 4.3% to $3.65, primarily reflecting the strong valuation uplift across both our office and industrial property portfolios in the first half of the financial year.

Impact of COVID-19 pandemic on FFO

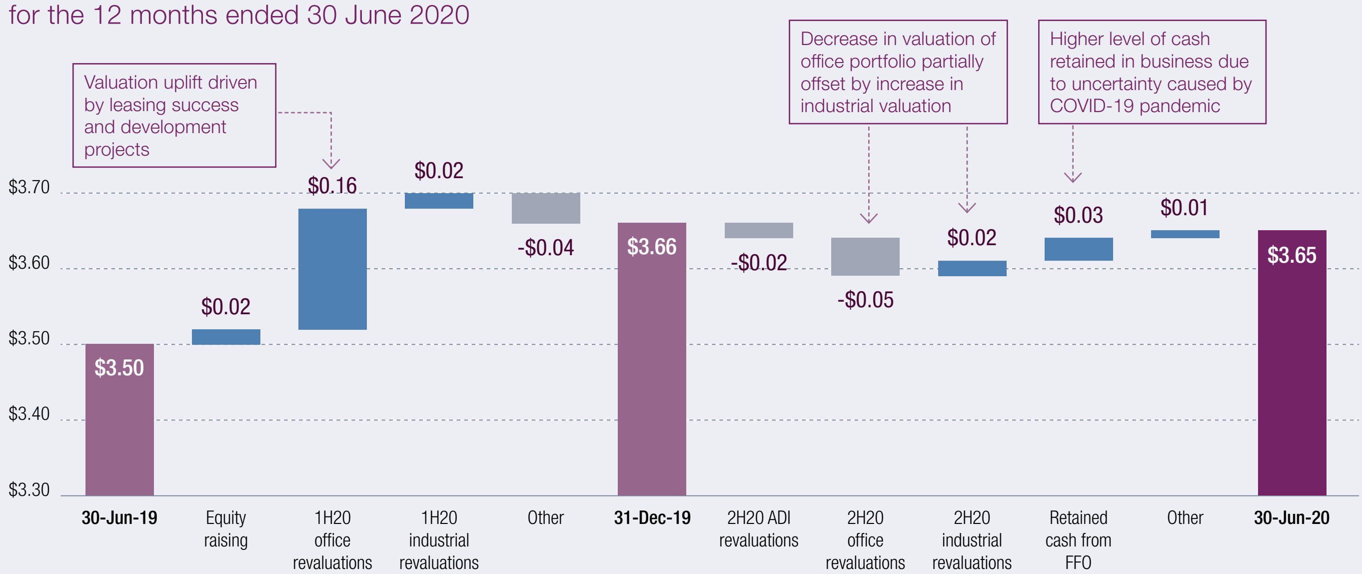
Rent relief granted to assist tenants severely impacted by the COVID-19 pandemic had a relatively small impact on our FY20 earnings. Rental abatements reduced FFO by $0.8 million. Included within our FFO results is $2.0 million of rent deferred, which will start to be collected in FY21.

While Growthpoint's FY20 earnings were not materially impacted by the COVID-19 pandemic, the Board of Directors decided to lower Growthpoint's distribution to 21.8 cps to retain a higher level of cash than normal during these uncertain times. Our payout ratio, calculated as distributions divided by FFO, was 85.3% (FY19: 94.0%).

Financial performance snapshot

	30 June 2020	30 June 2019
Funds from operations	$197.2m	$178.0m
Funds from operations (per security)	25.6¢	25.1¢
Distributions	$168.3m	$167.4m
Distributions (per security)	21.8¢	23.0¢
Net tangible assets (per security)	$3.65	$3.50

Movements in NTA per security
for the 12 months ended 30 June 2020



2 Hugh Edwards Drive, Perth Airport, WA

Funds from operations

Growthpoint uses FFO as its primary earnings measure. FFO enables Securityholders to identify the income which is available for distribution and also assists in determining the relative performance of the Group.

The following table reconciles statutory profit to FFO and reports distributions paid to Securityholders.

Reconciliation from statutory profit to FFO	FY20	FY19	Change	Change
	$m	*$m*	*$m*	*%*
Profit after tax	**272.1**	375.3	(103.3)	(27.5)
Less non-FFO items:				
- Straight line adjustment to property revenue	**1.0**	(6.2)	7.2	(116.5)
- Lease liability repayments	**(4.7)**	0.0	(4.7)	
- Depreciation of right of use assets	**4.1**	0.0	4.1	
- Interest expense on lease liabilities	**4.0**	0.0	4.0	
- Net loss in fair value on sale of investment properties	**0.0**	1.1	(1.1)	
- Net gain in fair value of investment properties	**(116.9)**	(201.6)	84.7	
- Net (gain)/loss in fair value of investment in securities	**15.7**	(7.1)	22.8	
- Net gain in fair value of derivatives	**(31.5)**	(3.1)	(28.4)	
- Net loss on exchange rate translation of interest-bearing liabilities	**28.5**	0.0	28.5	
- Interest expense on non-current receivables	**0.1**	0.0	0.1	
- Depreciation of plant and equipment	**0.2**	0.3	(0.1)	
- Amortisation of incentives and leasing costs	**20.8**	19.3	1.5	
- Deferred tax expense	**3.8**	0.0	3.8	
FFO	**197.2**	178.0	19.3	10.8
Distributions provided for or paid during the year ($m)	**168.3**	167.4	0.9	0.5
FFO per security (cents)	**25.6**	25.1	0.5	2.0
Payout ratio to FFO (%)	**85.3**	94.0		(8.7)

Stress testing covenants

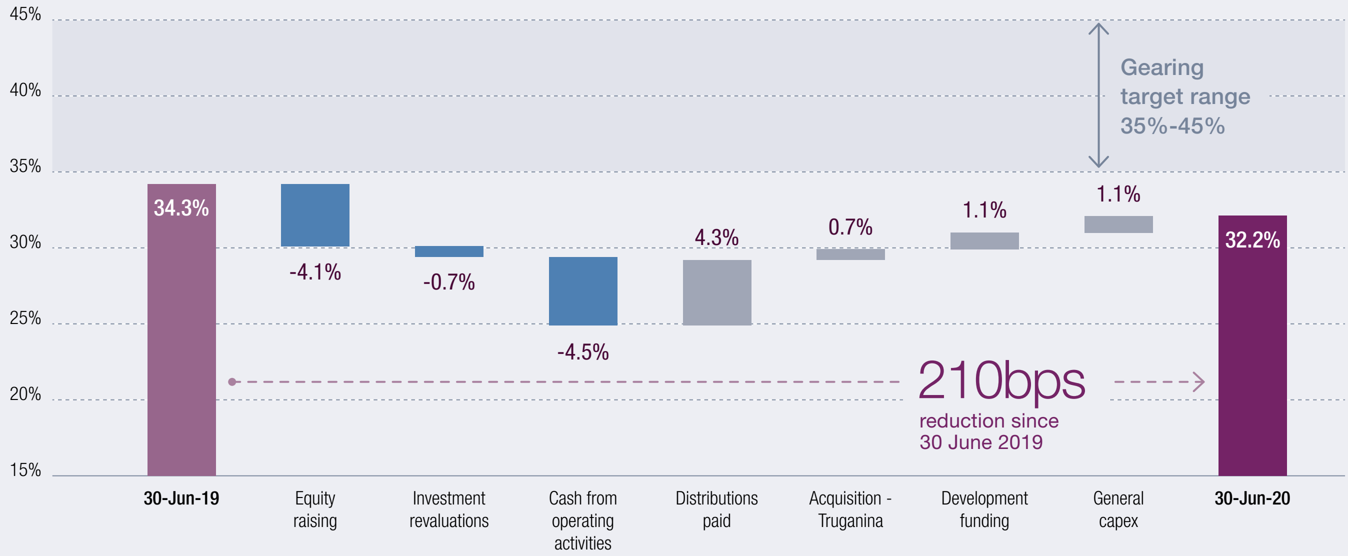
Growthpoint has three main debt and lending covenants which are regularly stress tested. **They are:**

LVR<60%
GOZ: 33.5%
To breach this covenant, GOZ cap rate would need to rise by 450 bps[1]

ICR>1.6x
GOZ: 4.6x
To breach this covenant, NPI would need to fall by 65%[1]

Secured property percentage >85%
GOZ: 98%
Percentage must remain above 85%

Gearing movement
for the 12 months ended 30 June 2020



Operating expenses

		FY20	FY19
Total operating expenses	$m	**14.4**	13.9
Average gross assets value	$m	**4,170.8**	3,821.1
Operating expenses to average gross assets	%	**0.35**	0.36

Capital expenditure

		FY20	FY19
Total portfolio capex	$m	**18.2**	12.9
Average property asset value	$m	**4,154.7**	3,637.8
Capital expenditure to average property portfolio value	%	**0.44**	0.35

Capital management

Growthpoint entered FY20 with a robust balance sheet, which has been further strengthened over the year.

At the beginning of FY20, the Group settled a $173 million equity raising. As the proceeds were used to pay debt, this was the primary driver in a significant reduction in Growthpoint's gearing. As at 30 June 2020, Growthpoint's gearing was 32.2%, 210 basis points lower than 30 June 2019, and 280 basis points lower than the bottom of our target range.

During the year, we refinanced $400 million of debt on favourable terms, reducing Growthpoint's weighted average cost of debt by 50 basis points to 3.4% and extending our weighted average maturity to 4.7 years. The Group now has no debt maturing before FY22.

1. As at 30 June 2020. For illustrative purposes only. Assumes no change to other inputs that could impact the calculation of this metric.

Key debt metrics and changes during FY20		30 June 2020	30 June 2019	Change
Gross assets	*$m*	**4,500.7**	4,117.9	382.8
Interest bearing liabilities	*$m*	**1,446.0**	1,433.3	12.7
Total debt facilities	*$m*	**1,813.0**	1,684.5	128.5
Undrawn debt	*$m*	**360.0**	245.7	114.3
Gearing	*%*	**32.2**	34.3	(2.1)
Weighted average cost of debt (based on drawn debt)	*%*	**3.4**	3.9	(0.5)
Weighted average debt maturity	*years*	**4.7**	4.6	0.1
Annual interest coverage ratio (ICR) / covenant ICR	*times*	**4.6 / 1.6**	4.1 / 1.6	0.5 / –
Actual loan to value ratio (LVR) / covenant LVR	*%*	**33.5 / 60**	36.2 / 60	(2.7) / –
Weighted average fixed debt maturity	*years*	**5.0**	5.6	(0.6)
% of debt fixed	*%*	**67.3**	66.6	0.7
Debt providers	*no.*	**21**	17	4

In May, we entered a new $100 million debt facility, split into two equal tranches of five and seven years, with a new banking partner to increase our liquidity. This facility also added further diversity in both lender and tenor to Growthpoint's debt book. This facility was priced lower than the Group's weighted average cost of debt, which was particularly pleasing as we entered into this transaction during the COVID-19 pandemic.

The Group has $360 million of undrawn debt and $43 million of cash on its balance sheet at 30 June 2020.

Outlook

There still exists a great deal of uncertainty around the impact that the COVID-19 pandemic will have on Growthpoint's operating environment, including the effect and duration of government measures taken to stop the spread of the virus and assistance to support businesses. We expect the overall impact of the pandemic on the broader Australian economy will be significant. As a result, we have not provided FFO guidance for FY21. In the table below, we have highlighted our expectations around key factors that we anticipate will impact our performance in FY21. We have also highlighted upside and downside risks.

We understand the value Securityholders place on receiving distributions from the Group and therefore have provided FY21 distribution guidance of 20.0 cps, which we expect to be paid in equal half-yearly instalments.

In the second half of FY20, we delayed all non-essential capital projects and operating expenses as part of our response to the COVID-19 pandemic. We also implemented a Group-wide hiring freeze for at least the first half of FY21.

We will continue to focus on cost control in the year ahead. The Group is also focused on extending our debt maturities and further reducing the cost of debt over FY21.

Looking further ahead, Growthpoint is well positioned to deliver value to Securityholders. The fundamentals of our business remain robust with a portfolio of high-quality, modern assets, predominately leased to large companies or government. Our exposure is limited to office (primarily metropolitan) and industrial property sectors, which we expect to benefit from structural shifts, accelerated by the COVID-19 pandemic. Growthpoint also has a robust balance sheet and continued access to finance on favourable terms.

Key factors that could influence FFO in FY21

		Performance variables	
	Base case	**Upside risks**	**Downside risks**
Property portfolio	– Portfolio occupancy (excluding Botanicca 3) maintained at historical average ~98% – Botanicca 3 leased progressively by the end of CY21 – No income from Broadmeadows (FY20: $10.4 million) – Increased income from Gepps Cross as expansion now complete	– Quicker lease-up of Botanicca 3 – Accretive acquisition(s) – Higher tenant retention	– New or extended government regulation – Additional rent relief agreed – Increased vacancy/ longer downtime across portfolio – Tenancy failure
Corporate and capital management	– Reduced tax as development of Botanicca 3 completed – Higher finance costs as Botanicca 3 and Gepps Cross interest no longer capitalised (FY20: $4.5 million)	– Floating interest rates continue to reduce – Lower interest rate on existing debt	– Spreads on debt refinancing increase

Risk management.

> Refer to the Group's 2020 Corporate Governance Statement for more details on the Group's risk management framework.
>
> growthpoint.com.au/corporate-governance

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit, Risk and Compliance Committee, which is responsible for oversight of the framework and overseeing how management monitor compliance with the Group's risk management policies and procedures.

Management provide regular reports to the Committee in relation to the risks facing the Group. The Committee reviews the adequacy of the risk management framework in relation to the risks faced by the Group and makes appropriate recommendations to the Board. The Committee also reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group (including risks relating to its physical assets, strategy and reputation, legal and regulatory framework, financial position and operations, and people and culture), to set appropriate risk limits and controls, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training, standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The following table outlines key risks that could impact Growthpoint's achievement of its strategic objectives and outlook and summarises how we are managing these risks:[1]

Key risk	How Growthpoint is responding
Strategy and reputation	
Financial performance Not meeting financial performance expectations due to a variety of risks and factors, could impact our reputation, stakeholder confidence, the value of our portfolio and our ability to pay or grow distributions.	We continually monitor the economic, financial and property markets to ensure that all business decisions are supported by thorough research. As our earnings are derived from rental income, we seek to maintain a high occupancy rate across our property portfolio. We have a long WALE of 6.2 years and a high proportion of fixed annual rent increases. We carefully select our tenants and our assets are predominately leased to large companies and government. We also limit development risk. We only develop properties in our portfolio to meet our tenants' needs or to maximise the property's value and will only acquire properties under construction when there are material leases in place. We currently have no development projects underway, as we deferred all non-essential capex projects as part of our response to the COVID-19 pandemic. We adopt and implement prudent capital management practices. This includes maintaining sufficient liquidity, a high percentage of fixed debt and a long weighted average debt maturity of 4.7 years.
Physical assets	
Property portfolio The value of our property portfolio could decrease based on new sales evidence, change in valuers' assumptions, the quality of tenant base, external economic factors and the term of ground lease tenancies.	We have a resilient portfolio comprised of high-quality, modern assets, predominately leased to large companies or government. Our exposure is limited to office (primarily metropolitan) and industrial property sectors, with no exposure to retail assets. We continually monitor and look to improve the quality of our portfolio. This may involve buying and selling properties at the right time of the property cycle or reinvesting in our properties so that we can take advantage of adding value to our portfolio.
Cladding Our assets may require non-compliant cladding to be remediated as it poses an increase to fire hazards and associated health and safety risks for our tenants.	We regularly review our properties to ensure that they are up to relevant standards and we have continued to progress the removal of required non-compliant building cladding at identified properties.

1. All references to data, figures and initiatives in this table are as at 30 June 2020.

Key risk	How Growthpoint is responding
Finance and economics	
Access to capital markets Continuous access to debt and equity markets is important to the sustainability of our business. If our ability to obtain capital is constrained, it may lead to increased costs of financing and our strategic objectives not being met.	Our support from our banking partners is dependent on their financial covenants being met. We regularly stress test these covenants. As at 30 June 2020, Growthpoint was well within all its debt covenant limits. We also maintain an investment grade credit rating of Baa2. We exercise prudent capital management and our balance sheet gearing is currently below our target range of 35 to 45 per cent. Growthpoint also maintains strong relationships with its equity investors, through its investor relations program.
Operations, and people and culture	
COVID-19 pandemic The COVID-19 pandemic has had a profound and wide-reaching impact on businesses and individuals across Australia. It has created uncertainty for Growthpoint's operating environment and the broader Australian economy as the extent and duration of the pandemic is unknown.	Our priority since the outbreak of the COVID-19 pandemic has been protecting the safety and wellbeing of our employees, our tenants, and the broader community. We have followed the advice of federal and state governments and have implemented all necessary steps to reduce the spread of the virus, including temporarily closing our head office and transitioning all our employees to working remotely from home. We have proactively engaged with our tenants to understand the impact the COVID-19 pandemic has had on their business and ensured rental relief has been distributed fairly to those tenants who most needed our support. We also have prudent capital management in place to ensure that the Group is on a strong footing and able to capitalise on future opportunities.
Data, information and cybersecurity Cyber security attacks could potentially interrupt business operations and lead to a loss in productivity and loss of business records, which could cause reputational or financial damage.	We have a dedicated team that oversees our IT systems and regularly conduct penetration testing. We also have a Disaster Recovery Plan in place, and provide training and education to our employees, to assist in reducing the risk and impact of any cybersecurity attack.
People and culture A material loss of high-performing employees may impact on the operations of our business and result in a loss of knowledge and key business relationships and an increase in operating costs. Not having the right team size could also impact on our operations and achievement of our initiatives and objectives.	Our remuneration framework is based on attracting and retaining suitability qualified and experienced employees and is tailored to reward high performance. We seek to foster a diverse and inclusive workplace culture where we celebrate our successes. We undertake annual employee engagement surveys to identify areas for improvement, which we act upon. We also undertake regular workforce planning to ensure that we have the right team size and experience to support our business.
Building operations We own and operate large office buildings, where a high number of individuals work which can expose employees, tenants, contractors and visitors to the risk of injury or loss of life. This includes the risk of terrorism which could also result in reputational damage and financial loss.	There are appropriate health and safety management systems, emergency and evacuation training and procedures in place for all of our operationally controlled office properties. We also work with higher-risk tenants to support their security practices and protocols.
Legal and regulatory	
Legal, compliance and regulatory Non-compliance of laws or the Company's AFSL or changes in the legal or regulatory environment may impact on our business and operations and lead to reputational damage or an increase in compliance costs. In addition, if our contracts are not as expected then we may have incomplete legal rights on an increased in litigation costs or unexpected liabilities.	Our compliance culture is guided by our policies and procedures to ensure that we operate within regulatory requirements. Our team members receive regular training on their compliance obligations, and we have an internal compliance and legal team that considers new and updated regulatory requirements. We also have processes in place to review all contracts prior to execution by relevant internal stakeholders, the internal legal team and external legal experts as needed.

Board of Directors.

Geoffrey Tomlinson
Independent Chairman and Director – BEC

Term of office
Geoff was appointed as a Director of the Board in September 2013 and Chairman in July 2014.

Professional experience
Geoff has more than 47 years of experience in the financial services industry including six years as Group Managing Director of National Mutual Holdings (which changed its name to AXA Asia Pacific prior to being acquired by AMP in 2011).

Geoff was previously a Director of National Australia Bank and the Chairman of MLC.

Other directorships and positions
Geoff is currently a Director of IRESS.

Board Committee Membership
- Audit, Risk & Compliance Committee
- Nomination, Remuneration and HR Committee

Timothy Collyer
Managing Director – B.Bus (Prop), Grad Dip Fin & Inv, AAPI, F Fin, MAICD

Term of office
Tim was appointed as Manager Director and to the Board in July 2010.

Professional experience
Tim has over 31 years of experience in property investment and development, property valuation and property advisory at both ASX-listed and unlisted property funds. He has worked across the office, industrial and retail property sectors.

Prior to joining Growthpoint, Tim was Property Trust Manager at Australand Property Group. He also held senior positions at Heine Funds Management.

Maxine Brenner
Independent Director – BA, LLB

Term of office
Maxine was appointed as a Director of the Board in March 2012.

Professional experience
Maxine has extensive experience in corporate advisory, particularly in relation to corporate restructures, funding and mergers and acquisitions.

Maxine was formerly a Managing Director of Investment Banking at Investec Bank (Australia) Limited. Prior to this, she was a lawyer at Freehill Hollingdale & Page (now Herbert Smith Freehills) and a lecturer at the Universities of NSW and Sydney.

Maxine was previously a director of Treasury Corporation of NSW, Neverfail Springwater Limited, Federal Airports Corporation and Bulmer Australia Limited. She also served as a member of the Takeovers Panel.

Other directorships and positions:
Maxine is a Director of Orica Limited, Origin Energy Limited and Qantas Airways Limited. She is also a member of the Council of the University of NSW (UNSW).

Board Committee Membership
Chair - Audit, Risk & Compliance Committee

Estienne de Klerk
Director – BCom (Industrial Psych), BCom (Hons) (Marketing), BCom (Hons) (Accounting), CA (SA)

Term of office
Estienne was appointed as a Director of the Board in August 2009.

Professional experience
Estienne has over 23 years of experience in banking and property finance. He has held senior roles at Growthpoint Properties Limited for over 18 years, with responsibility for mergers, acquisitions, capital raisings and operating service divisions.

Estienne is a past-President of the South African Property Owners Association.

Other directorships and positions
Estienne is currently Growthpoint Properties Limited's Chief Executive Officer: South Africa. He is also a Director of V&A Waterfront Holdings and Chairman of the SA REIT Association.

Estienne is not considered independent due to his position at Growthpoint Properties Limited.

Board Committee Membership
- Audit, Risk & Compliance Committee

Grant Jackson
Independent Director
– Assoc. Dip. Valuations, FAPI

Term of office
Grant was appointed as a Director of the Board in August 2009.

Professional experience
Grant has over 34 years of experience in the property industry including 30 years as a qualified valuer. Grant has expertise in a wide range of valuation and property advisory matters on a national basis and he regularly provides expert evidence to courts and tribunals.

Other directorships and positions
Grant is Chairman of m3property.

Board Committee Membership
- Audit, Risk & Compliance Committee

Francois Marais
Director – BCom, LLB, H Dip (Company Law)

Term of office
Francois was appointed as a Director of the Board in August 2009.

Professional experience
Francois is an attorney and is the practice leader and senior director of Glyn Marais, a South African corporate law firm which specialises in corporate finance.

Other directorships and positions
Francois is Chairman of Growthpoint Properties Limited and a Director of V&A Waterfront Holdings (among other directorships in South Africa).

Francois is not considered independent due to his position at Growthpoint Properties Limited.

Board Committee Membership
- Nomination, Remuneration and HR Committee

Norbert Sasse
Director – BCom (Hons) (Acc), CA (SA)

Term of office
Norbert was appointed as a Director of the Board in August 2009.

Professional experience
Norbert has over 24 years of experience in corporate finance dealing with listings, delistings, mergers, acquisitions and capital raisings, and over 17 years of experience in the listed property market.

Other directorships and positions
Norbert is the Group Chief Executive Officer and a Director of Growthpoint Properties Limited. He is also a Director of V&A Waterfront Holdings.

Norbert is not considered independent due to his position at Growthpoint Properties Limited.

Board Committee Membership
- Chair - Nomination, Remuneration & HR Committee

Josephine Sukkar AM
Independent Director
– BSc (Hons), Grad Dip Ed

Term of office
Josephine was appointed as a Director in October 2017.

Professional experience
Josephine is the co-founder and the Principal of Buildcorp which she established with her husband over 30 years ago.

Josephine was previously a Director of The Trust Company, YWCA NSW and the University of Melbourne's Infrastructure Advisory Board.

Other directorships and positions
In addition to her position at Buildcorp, Josephine is currently a non-executive Director of Washington H. Soul Pattinson, the Property Council of Australia, Opera Australia, the Australian Museum, the Centenary Institute, the Sydney University Football Club Foundation. Josephine is also Chair of the Buildcorp Foundation.

Board Committee Membership
- Nomination, Remuneration and HR Committee

Executive Management Team.

Timothy Collyer
Managing Director
– B.Bus (Prop), Grad Dip Fin & Inv, AAPI, F Fin, MAICD

Tim joined Growthpoint in 2009 and has been Managing Director since 2010.

Tim has over 31 years of experience in property investment and development, property valuation and property advisory at both ASX-listed and unlisted property funds. He has worked across the office, industrial and retail property sectors.

Prior to joining Growthpoint, Tim was Property Trust Manager at Australand Property Group. He also held senior positions at Heine Funds Management.

Michael Green
Chief Investment Officer
– B.Bus (Prop), GAICD

Michael joined Growthpoint in 2009 and has been a member of the Executive Team for over a decade. He has held several executive leadership roles and is currently Chief Investment Officer.

Michael has over 19 years of experience in listed and unlisted property fund management, property investment and development, both in Australia and Europe.

Prior to joining Growthpoint, Michael was based in London and was Transaction Manager for Cordea Savills.

Dion Andrews
Chief Financial Officer
– B.Bus, FCCA, GAICD

Dion joined Growthpoint in 2009 as Financial Controller. He was appointed Chief Financial Officer in 2011.

Dion is a Chartered Accountant, with over 18 years of experience in financial roles in Melbourne and London.

Dion joined Growthpoint from MacarthurCook, a listed property funds group, where he held a senior finance position.

Jacqueline Jovanovski
Chief Operating Officer
– LLB (Hons), BA, GradDipApp (CorporateGov), FGIA FCIS

Jacquee joined Growthpoint as Chief Operating Officer in 2019. As part of this role, Jacquee is also Growthpoint's General Counsel and Company Secretary.

Previously, Jacquee held a number of senior positions at Vicinity Centres, most recently Company Secretary and Head of Compliance.

Prior to joining Vicinity Centres, Jacquee was a lawyer with legal firms Minter Ellison, Linklaters and Herbert Smith Freehills, in Melbourne and London.

2 Hugh Edwards Drive, Perth Airport, WA

Remuneration report.

Norbert Sasse
Director

On behalf of the Board of Growthpoint, I am pleased to introduce the Group's FY20 remuneration report.

An unprecedented year

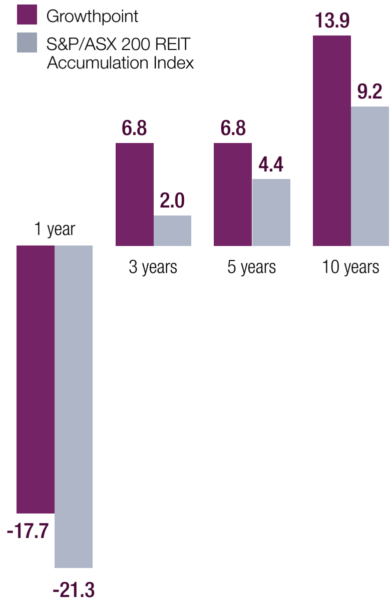
Growthpoint had a strong start to FY20 and was on track to deliver its primary objective to provide our Securityholders with a growing income stream and long-term capital appreciation. However, like individuals and businesses around the world, for the last four months of the financial year, our priorities shifted to protecting the health and wellbeing of our employees, tenants and the wider community, and facing the broader challenges presented by the COVID-19 pandemic.

After several years of strong performance, the A-REIT index was not immune to the volatility caused by the COVID-19 pandemic. Total Securityholder return (TSR) for the S&P/ASX 200 REIT Index was down 21.3% over the 12 months to June 30, 2020.[1] While Growthpoint's TSR also declined over this period, we continued to outperform the index, as highlighted in the graph at right.

The Group's strong relative performance reflects our careful portfolio construction and timely reduction in balance sheet gearing. Over the past 10 years, we have remained focused on generating income by maintaining high-occupancy levels. We have achieved this by carefully selecting our tenants, favouring large listed companies and government organisations, and signing long leases. We have also purposefully decided not to invest in the retail sector. Together, these measures have made our business more resilient in the current environment.

The Board is particularly pleased that in FY20, the Group's funds from operations (FFO) continued to grow, increasing by 2.0% to 25.6 cents per security (cps), as highlighted in the table below. This result was ahead of our guidance set at the beginning of the year[2]. Net tangible assets also increased, primarily driven by strong valuation uplift across both the Group's industrial and office portfolios. This uplift was largely due to our strong leasing performance during the year, including a new 25-year lease to the NSW Police Force, the Group's single largest tenant. As a result of our leasing activity, the portfolio WALE increased to 6.2 years, from 5.0 years at 30 June 2019.

Total Securityholder return over 1, 3, 5 and 10 years (%)



Despite the Group delivering earnings growth in FY20, the Board made the decision, after 10 years of consistently growing distributions, to reduce Growthpoint's second half distribution to retain more cash within the Group. We believe this is the prudent approach, as the long-term economic and financial impact of the COVID-19 pandemic is still unknown.

FY20 awards

Determining the appropriate Short-term Incentive (STI) award for FY20 was challenging as FY20 was not a 'normal' year, and the Committee had to assess the Executive Management Team's (EMT) performance before and during the pandemic, as well as review the Group's broader operating environment. The Committee also considered recent significant changes to the Group's remuneration structure, introduced to further align the EMT's compensation

Growthpoint's performance, FY15 – FY20

	FY15	FY18	FY20	2 year CAGR	5 year CAGR
FFO per security	21.8	25.0	**25.6**	1.2%	3.3%
Distribution per security (cents)	19.7	22.2	**21.8**	(0.9%)	2.0%
NTA per security (cents)	248.0	319.0	**365.0**	7.0%	8.1%

1. UBS Investment Research. Annual compound returns to 30 June 2020
2. In March 2020, Growthpoint withdrew all forward-looking statements, including FFO guidance of at least 25.4 cps and DPS guidance of at least of 23.8 cps.


Curtis Cheng Centre, 1 Charles Street, Parramatta, NSW

with the interests of Securityholders. These changes included awarding one third of the EMT's STI as performance rights (previously all cash) and introducing a Minimum Securityholding Requirement.

In addition to the financial achievements discussed above, the Board was pleased with how the EMT navigated the challenges presented this year. To ensure the safety and wellbeing of our employees, tenants and the broader community, the leadership team implemented a number of measures, including successfully transitioning all employees to working remotely. The leadership team have also remained in close contact with our tenants throughout this period and managed the Board-approved rent relief process. The Board was pleased to see rent collections remain high, even while rent relief discussions were ongoing.

Over FY20, the EMT made progress towards achieving our sustainability goals. The portfolio's average NABERS Energy rating increased to 4.9 stars, the GRESB score increased by 9% to 72 and the Group maintained an above-average CDP score of B.

We also saw a marked improvement in the results from our annual employee engagement survey. The Group's employee engagement score increased to 77% from 75% and its alignment score increased to 64% from 53%, placing Growthpoint in the top quartile of its benchmark group.

Reflecting the EMT's performance in a difficult year, the Committee has decided that the STI award for the EMT will be equal to 56.3% of their STI opportunity. In line with the Group's policy, the Committee will assess the Long-term Incentive (LTI) award in October. The LTI award focuses on the Group's TSR and return on equity and is based on the Group's relative performance to the S&P/ASX 200 REIT Accumulation Index.

FY21 remuneration

As mentioned above, there still exists a great level of uncertainty around the long-term impacts of COVID-19 on the Group's operating environment and the broader Australian economy. In this environment, the Board decided not to increase the total fixed remuneration for the vast majority of the Group's employees in FY21, in line with other Australian listed companies. In addition, there will be no increase to Non-Executive Directors' fees.

Over the past few years, we have implemented significant changes to the EMT's remuneration structure to ensure the Group is adhering to best practice

> "The Group's strong relative performance reflects our careful portfolio construction and timely reduction in balance sheet gearing."

across the sector. We do not propose to make any further amendments in FY21. The Committee continues to engage PwC as advisers to ensure that our remuneration structure and policies are aligned with the market.

We hope you find the following Remuneration Report transparent and informative. The Board and the Committee remain committed to ensuring the management team's interests are aligned with the long-term interests of Securityholders.

Norbert Sasse
Chair – Nomination, Remuneration and Human Resources Committee

What's inside.

About the remuneration report

The Directors present this 'Remuneration Report' for the Group for the year ended 30 June 2020. This report summarises key compensation policies and provides detailed information on the compensation for Directors and other KMP.

The specific remuneration arrangements described in this report apply to the Managing Director and the KMP as defined in AASB 124 and to the Company Secretaries as defined in section 300A of the Corporations Act 2001 (Cth).

Growthpoint's remuneration practices outlined in this report comply with best practice governance guidelines, as per ASX corporate governance principles and recommendations.

Who this report covers

This report covers Key Management Personnel (KMP), comprising Executive Management Team (Executive KMP) and Non-executive Directors.

Executive KMP

- Timothy Collyer - Managing Director
- Dion Andrews - Chief Financial Officer and Company Secretary
- Michael Green - Chief Investment Officer
- Jacqueline (Jacquee) Jovanovski - Chief Operating Officer and Company Secretary

Jacquee Jovanovski joined Growthpoint on 26 August 2019 as Chief Operating Officer. Prior to her commencement, Yien Hong, LLB (Hons), B.Comm, B.Arts, MAICD, held the position of General Counsel and Company Secretary on a contract basis until 23 August 2019 and was not an Executive KMP.

Non-Executive Directors

- Geoffrey Tomlinson - Independent Chairman and Director
- Maxine Brenner - Independent Director
- Estienne de Klerk - Director
- Grant Jackson - Independent Director
- Francois Marais - Director
- Norbert Sasse - Director
- Josephine Sukkar - Independent Director

FY20 Executive KMP remuneration policy and framework

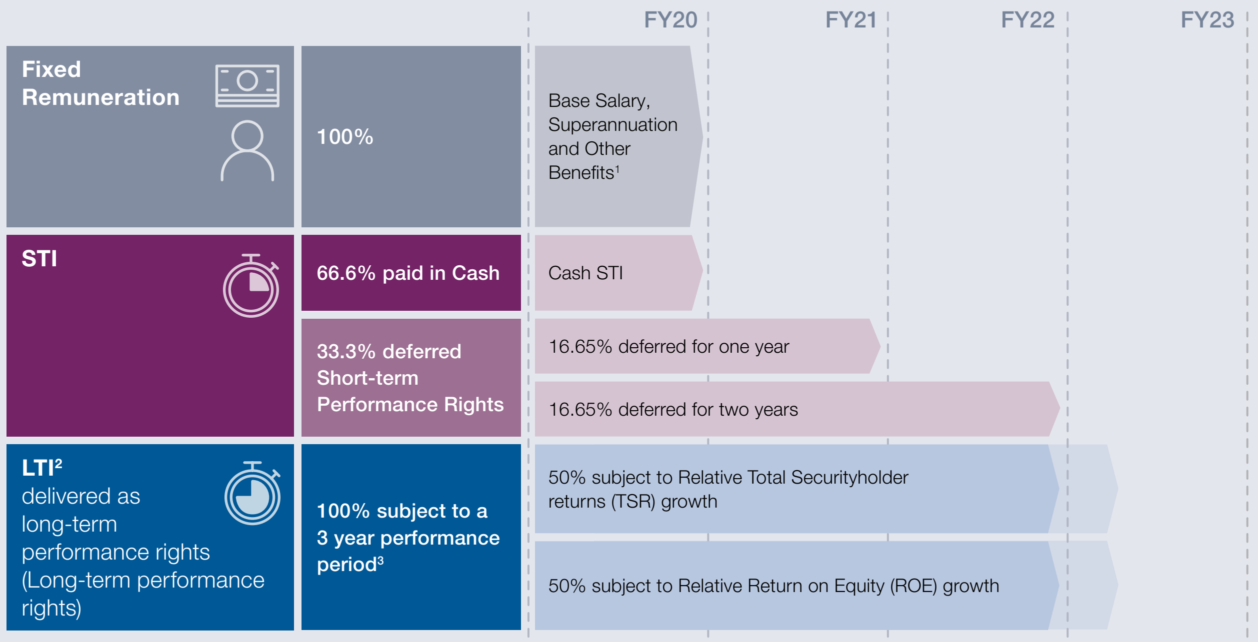
Components of remuneration

Total Fixed Remuneration (TFR) (including applicable superannuation and other benefits)	Set at a level to attract and retain suitably qualified and experienced persons in each respective role and tailored to encourage overall performance of the Group which is in the best interests of all Securityholders.	
Short-term incentives (STI)	If specified performance criteria are met, eligibility of each Executive KMP to receive a STI bonus payable as two thirds cash and one third as deferred short-term performance rights (Short-term Performance Rights) in respect of each financial year as determined by the Committee up to a maximum amount set by the Board.	39 Current year (FY20) 47 Next year (FY21)
Long-term incentives (LTI)	LTI bonus payable under which, upon meeting specified performance criteria, each Executive KMP is eligible to receive securities in the Group that vest over time to help ensure alignment of each Executive KMP's interests with those of Securityholders.	41 Current year (FY20) 47 Next year (FY21)

FY20 Executive KMP remuneration policy and framework (continued)

Executive KMP Remuneration delivery FY20

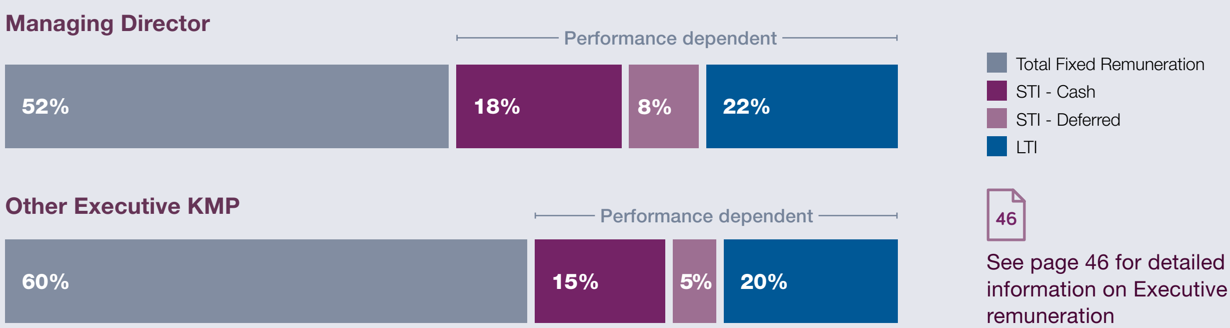
Executive KMP remuneration is structured to link rewards to individual performance and the execution of the Group's strategy to sustainably grow distributions and long-term capital growth. This leads to the creation of Securityholder value.



1. Other Benefits comprise wellbeing and insurance arrangements provided to all Executive KMP.
2. This diagram does not include information on the Transitional Plan in place. See page 41 for further detail.
3. The measurement period finishes at 30 June 2022 but vesting occurs early in FY23.

Executive KMP Remuneration mix FY20

The remuneration components for each Executive KMP are expressed as a percentage of total remuneration, with the STI and LTI value varied to reflect performance. The following diagram sets out the structure for remuneration paid to Executive KMP for FY20.



46
See page 46 for detailed information on Executive KMP remuneration

Principles of remuneration for Executive KMP

1. Executive KMP should receive total remuneration which is competitive with rates for similar roles within the ASX A-REIT sector and ASX listed companies of similar size (measured by market capitalisation), complexity, workload and the relative profit and expenses versus the Group.
2. The total remuneration for Executive KMP should be set at a level to attract and retain suitably qualified and experienced persons in each respective role and tailored to encourage overall performance of the Group which is in the best interests of all Securityholders.
3. Executive KMP are not eligible for any additional fees for additional roles within the Group such as acting as an officer of the Company or being a responsible manager under the Company's AFSL.
4. From 1 July 2018, the Committee implemented a Minimum Securityholding Requirement (MSR) for KMP (refer to page 48 for details of KMP's current holdings and details of the MSR).
5. Executive KMP are entitled to receive certain payments including the vesting of all unvested performance rates if the Company decides to terminate a position without cause including through redundancy or takeover (refer to page 51 for further information).

Total Executive KMP remuneration FY20 (value received)

The following table presents the actual remuneration received by Executive KMP during FY20. This voluntary disclosure is provided to increase transparency and includes:

- Salary and other benefits received during FY20;
- FY19 cash STI received during FY20; and
- The value of securities that vested during FY20.

The actual remuneration presented in this table is distinct from the disclosed remuneration (as required by section 308(C) of the *Corporations Act 2001* (Cth) presented further below, which is calculated in accordance with statutory obligations and accounting standards and is therefore recognised in the Statement of Comprehensive Income during FY20. These amounts can differ to the amounts actually received. The numbers in the audited disclosed remuneration include accounting values for current and prior years' LTI grants which have not been (or may not be) received, as they are dependent on performance hurdles and service conditions being met.

	Salary and other benefits	Cash STI	Value of securities vested	Total	% of remuneration performance-based
	$	$	$	$	
Timothy Collyer – Managing Director	1,025,386	474,583	613,075	2,113,044	51%
Dion Andrews – Chief Financial Officer	509,761	140,854	202,433	853,048	40%
Michael Green – Chief Investment Officer	502,338	140,854	203,621	846,813	41%
Jacquee Jovanovski – Chief Operating Officer[1]	302,387	–	–	302,387	0%
Total	**2,339,872**	**756,291**	**1,019,129**	**4,115,292**	**43%**

1. Joined the Group on 26 August 2019.

Total Executive KMP remuneration (accounting expense)

	Short-term benefits					Long-term benefits		Security based payments			
	Base salary	STI cash award	Performance rights cash distribution	Annual leave[1]	Non-monetary benefits	Superannuation benefits	Long service leave[1]	Deferred STI Plan accrual	LTI Plan accrual	Total	S300A (1) (e) (i) proportion of remuneration performance related
	$	$	$	$	$	$	$	$	$	$	%
Timothy Collyer – Managing Director											
FY20	**989,981**	**375,152**	**7,649**	**(901)**	**2,756**	**25,000**	**32,237**	**156,742**	**449,775**	**2,038,391**	**48%**
FY19	932,543	474,583	–	(12,841)	–	25,000	21,595	98,857	644,144	2,183,881	56%
Dion Andrews – Chief Financial Officer											
FY20	**482,491**	**131,303**	**2,270**	**13,053**	**–**	**25,000**	**26,413**	**49,600**	**191,984**	**922,114**	**40%**
FY19	380,993	140,854	–	610	–	25,000	12,817	29,340	256,853	846,467	50%
Michael Green – Chief Investment Officer											
FY20	**475,068**	**131,303**	**2,270**	**13,907**	**–**	**25,000**	**9,381**	**49,600**	**192,198**	**898,727**	**42%**
FY19	380,993	140,854	–	1,599	–	25,000	12,021	29,340	257,854	847,661	50%
Jacquee Jovanovski – Chief Operating Officer											
FY20	**281,554**	**91,912**	**–**	**15,166**	**–**	**20,833**	**727**	**14,182**	**86,926**	**511,300**	**38%**
FY19	–	–	–	–	–	–	–	–	–	–	–
Total											
FY20	**2,229,094**	**729,670**	**12,189**	**41,225**	**2,756**	**95,833**	**68,758**	**270,124**	**920,883**	**4,370,532**	**44%**
FY19	1,694,529	756,291	–	(10,632)	–	75,000	46,433	157,537	1,158,851	3,878,009	53%

1. The accounting value of leave movements may be negative; for example, where an Executive's annual leave balance decreases as a result of taking more than the 20 days' annual leave they accrue during the current year.

FY20 short-term incentives (STI)

Performance criteria for Executive KMP STI for current year (FY20)

The STI provides Executive KMP with the opportunity to receive cash and equity based on a one-year performance period following an assessment against specified financial and non-financial performance conditions. Performance criteria for FY20 are set out below.

	Weighting	Strategic objectives	Result	Performance detail
Financial **70%**	70%	**FFO per Security** – Base target 25.6 cps = 50% (set 0.2 cps ahead of budget) – Stretch 26.7 cps = 125%	50%	**Funds from operations** 25.6cps +2.0% on FY19
Non-Financial **30%**	7.5%	**Execution of Business Strategy** – Delivery of development pipeline of Botanicca 3, Gepps Cross and Broadmeadows – Undertake strategic acquisition and disposition of property assets to maximise longer term income and capital growth opportunities – Maintain the quality of property portfolio – Financing growth of portfolio and maintaining appropriate capital structure – Strategic review of new property sector or operating business to diversify sources of revenue and grow asset base	55%	**Strategic acquisitions** $40m -$301m on FY19 **Strategic divestments** $Nil FY19: $45m **Development pipeline** • Completed Botanicca and Gepps Cross (both ahead of time and Botanicca ahead of budget). Broadmeadows phase one planning submitted. • Successfully completed $174m in Institutional Placement and SPP, increased debt liquidity by new facilities of $100m and extended a further $400m of debt by a weighted average 4.1 years
	7.5%	**Organisational Performance** – Maintain a high employee alignment and engagement score – Retain talented individuals in roles and provide for advancement within the Group – Maintain high tenant satisfaction – Maintain high levels of investor engagement and confidence	63%	**Employee alignment** 64% FY19: 53% **Employee engagement** 77% FY19: 75% **Tenant and investor surveys for FY20 deferred due to the impact of COVID-19 pandemic**
	7.5%	**Environmental, Social and Governance (ESG) Improvement and Initiatives** – Promote and achieve diversity targets – Maintain average high NABERS ratings – Maintain high CDP and GRESB scores – Maintain investment grade credit rating – Maintain and improve market disclosures – Improvement of Board reporting and minutes	100%	**Average NABERS Energy rating** 4.9☆ FY19: 4.8 stars **Investment grade rating** Baa2 since August 2014 **Female employees** 50% FY19: 54% **GRESB** 72 PCP: 66 **CDP** B PCP:B
	7.5%	**Individual Performance of Executive** – Execution of key strategies to achieve annual budget/guidance and longer-term earnings growth – Role model values, leadership behaviours, collaboration and inclusiveness – Embedding strong governance, risk and compliance culture	75%	**Key performance outcomes included:** • Execution of strategy regarding acquisitions, development and leasing along with debt and equity capital management • Positive reviews of culture, values, governance and risk mitigation • Successful continuity of management of operations and teams during COVID-19
Totals	100%		56.3%	See page 46 for detailed information on Executive KMP remuneration 46

STI Plan overview for Executive KMP

In advance of each financial year the Committee, in consultation with the Managing Director, and with assistance from remuneration consultants as required, establish performance targets and reward levels for STIs in respect of the year ahead.

A performance review is undertaken near the end of each financial year to determine the STI award payable to the Executive KMP, based on performance targets set at the start of the financial year. Any award of STI to the Managing Director requires Board approval. Cash STI payments are made in August following the financial year in which they were earned.

STI Criteria

The STI is divided into two criteria, namely;

a) Financial criteria – 70% of total

The financial criteria is based upon achieving above budgeted FFO per security (25.6cps for FY20 providing a 50% score) with the opportunity for outperformance, up to 125% achievement, of criteria via a "stretch target" for FFO per security in excess of budget (up to 26.7 cps which is 5.1% above the budgeted figure). If FFO per security is below the base target, the Board has discretion whether to grant achievement under the financial criteria. For FY20 the achievement was 50% for the financial criteria due to achievement of 25.6 cps.

b) Non-financial criteria – 30% of total

The non-financial criteria are based upon the performance criteria in the table on page 39. The criteria are reviewed and approved by the Committee following the end of the financial year. Achievement of this component is capped at 100%. For FY20 the achievement for non-financial criteria was 70.9% overall.

Results of FY20 STI

The table below shows the maximum in cash and Short-term Performance Rights that each Executive KMP could earn for FY20 and the actual results achieved.

	Maximum for FY20				Result for FY20			
Names	**Total**	**Cash**	**Short-term Performance Rights**		**Total**	**Cash**	**Short-term Performance Rights[1]**	
	$	*$*	*$*	*No.*	*$*	*$*	*$*	*No.*
Timothy Collyer – Managing Director	**1,175,000**	783,255	391,745	90,682	**562,700**	375,152	187,548	43,414
Dion Andrews – Chief Financial Officer	**411,250**	274,139	137,111	31,739	**196,945**	131,303	65,642	15,195
Michael Green – Chief Investment Officer	**411,250**	274,139	137,111	31,739	**196,945**	131,303	65,642	15,195
Jacquee Jovanovski – Chief Operating Officer	**287,875**	191,897	95,978	22,217	**137,862**	91,912	45,949	10,636
Total	**2,285,375**	**1,523,430**	**761,945**	**176,377**	**1,094,452**	**729,670**	**364,781**	**84,440**

1. Grants to Timothy Collyer remain subject to approval at the November 2020 AGM.

The number of Short-term Performance Rights is derived by dividing the maximum dollar value by the Volume Weighted Average Price of Growthpoint securities over the first 10 trading days of FY20, being $4.32. The actual number of Short-term Performance Rights earned by Executive KMP will be split into two equal tranches with the first tranche converting to stapled securities on 30 June 2021 and the second tranche converting on 30 June 2022, as long as the individual is still employed and has not submitted their resignation prior to conversion date.

FY20 long-term incentives (LTI).

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

All securities or Long-term Performance Rights issued under the LTI are issued on a zero exercise price basis.

LTI performance measures

The performance measures for the LTI are reviewed in advance of each financial year by the Committee and the Board.

LTI plans now in operation

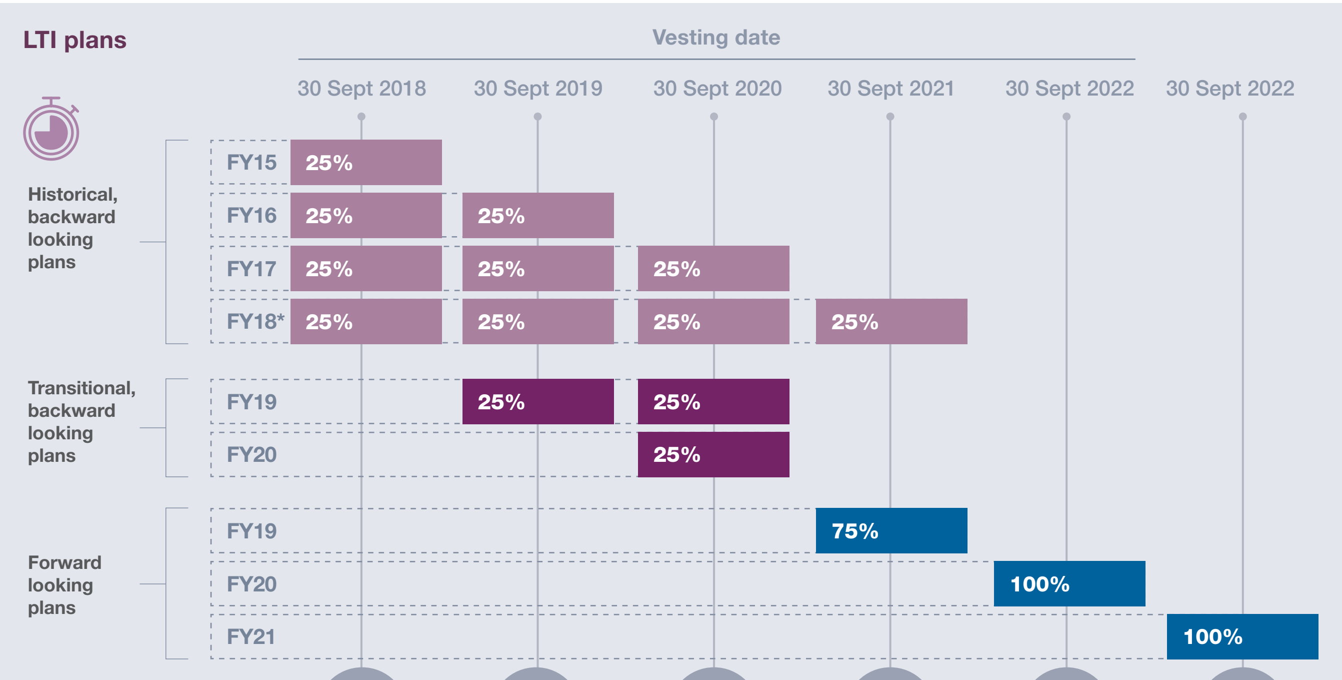
There are three types of LTI plans in operation for Executive KMP as the Group continued its transition to the new forward looking plans that commenced in FY19:

- **Historical backward-looking plans from FY17 and FY18**
  The performance measures of these plans have been tested with FY17 rights vesting in September 2020.
- **Transitional plans**

  These plans are also backward looking.

  - The FY19 Transitional plan performance measurement period is for three years to 30 June 2019. Only 50% of the maximum opportunity under this plan could convert to the issuing of stapled securities. This is because the transitional plans are designed to run down until the first forward looking plan reaches vesting. The results of this plan were determined by the Committee in October 2019, with stapled securities to be issued in two equal tranches, one in FY20 (which has occurred) and one in FY21.
  - The FY20 Transitional plan operates on the same basis as the FY19 Transitional plan, with 25% of the maximum opportunity available under this plan as part of the run down until the first forward looking plan reaches vesting. The performance results of this plan will be determined in October 2020, with any stapled securities to be issued in one tranche in FY21.
  - There will be no further transitional plans after FY20 (see diagram below).
- **Forward looking plans**
  - The performance measurement period for the FY19 forward looking plan is the three years to 30 June 2021. For this plan, only 75% of the maximum opportunity can vest. This is to dovetail with the final 25% tranche of the FY18 plan that may have converted to securities in the same year.
  - The performance measurement period for the FY20 forward looking plan is the three years to 30 June 2022. For this plan, 100% of the maximum opportunity may vest into stapled securities once the performance results are determined in October 2022.

The diagram below shows the different plans in operation from the commencement of the transition and the timing of vestings under each.



* No LTI awards were made as the performance condition hurdles were not met.

LTI Performance measures

Total securityholder return (TSR)

50%

TSR is defined as being the amount of dividends/distributions paid/payable by Growthpoint Properties Australia during the measurement period and the change in the price at which Stapled Securities are traded between the beginning and the end of the measurement period.

TSR is benchmarked relative to the S&P/ASX A-REIT 300 Accumulation Index[1] (for plans up to FY19) or the S&P/ASX A-REIT 200 Accumulation Index (for FY20 plans onwards) over a rolling 3-year period[2] as set out in the following vesting schedule:

Growthpoint Properties Australia's TSR rank in the relevant comparator group	% of TSR Component to be granted as Performance Rights
At or below the 50th percentile	Nil
At the 51st percentile	50%
Between 51st and 76th percentile	Straight line pro rata vesting between 50% and 100% (i.e. plus 2% for each percentile above the 51st percentile)
At or above 76th percentile	100%

Return on equity (ROE)

50%

ROE measures the total return on equity employed and takes into account both capital appreciation of the assets of Growthpoint Properties Australia and cash distributions of income. The return will be calculated on the starting net tangible assets (NTA) per Stapled Security and includes the change in NTA per Stapled Security over the measurement period plus the distribution made as a return on the starting NTA per Stapled Security.

ROE is benchmarked relative to the ROEs of constituents of the S&P/ASX A-REIT 300 Index[1] (for plans up to FY19) or the S&P/ASX A-REIT 200 Accumulation Index (for FY20 plans onwards) over a rolling 3-year period[2] as set out in the following vesting schedule:

Growthpoint Properties Australia's ROE	% of ROE Component to be granted as Performance Rights
Below benchmark return	Nil
Achievement of benchmark	50%
Between 1% and 2% above the benchmark	Straight line pro rata vesting between 50% and 100%
At 2% or more above benchmark	100%

1. For both Performance Conditions, the Board has the discretion to adjust the comparator group to take into account events including, but not limited to, de-listings, takeovers, and mergers or de-mergers that might occur during the measurement period, or where it is no longer meaningful to include a company within the comparator group.
2. For the backward-looking plans, this is 3 years up to 30 June in the relevant financial year. For forward looking plans, this is 30 June in three years from 1 July of the current financial year. For example, the FY20 Plan period ends on 30 June 2022.

LTI Maximum

In advance of each financial year, the Board and/or the Committee will establish an LTI pool in respect of the upcoming financial year and determine the maximum incentive which can be achieved by each Executive KMP ('LTI Maximum'). Under the terms of his employment contract, the Managing Director's LTI Maximum is 80% of total fixed remuneration ('TFR'). The LTI Maximum for other Executive KMP is 70% of TFR.

LTI Minimum

There is no minimum grant under the LTI. Accordingly, if minimum performance measures are not achieved, the Committee may determine that no grant will be made under the LTI.

LTI Achievement

The LTI results are independently calculated by Grant Thornton and reviewed by the Committee.

In early October of each year, the Committee assesses the achievement of the performance measures listed above to determine a percentage achieved for the previous financial year ('LTI Achievement').

LTI Awards for backwards looking plans (transitional plans)

The LTI Maximum multiplied by the LTI Achievement provides the 'LTI Award' for each Executive KMP for the relevant financial year.

The LTI Award is translated into an equivalent value of the Group's securities through dividing the LTI Award by the volume weighted average price of the securities over the 20 trading days prior to 30 September following the financial year to which the LTI relates. This gives a total number of securities to be issued to each Executive KMP for each subsequent vesting.

25% of the securities to be issued to each Executive KMP based on the LTI Award are issued to each Executive KMP in October or November of each of the following four years. Each such vesting is subject to the Executive KMP remaining employed by Growthpoint at the relevant vesting date.

As each grant is on the basis of a fixed number of securities rather than a fixed value, Executive KMP are exposed to variations in the Group's security price for securities which are yet to vest.

The LTI is cumulative, meaning that Executive KMP can receive up to four issues of securities in a particular year in respect of four prior financial years.

The opportunity under transitional plans steadily reduces until the first Long-term Performance Rights under the new forward-looking plans vest.

LTI Awards for forward looking plans

LTI Awards for forward looking plans are similar to the backward-looking plans except:

- The number of Long-term Performance Rights granted is based on the volume weighted average price of securities over the first 10 trading days of the relevant performance period and rounded down to the nearest whole performance right.
- Once the LTI Achievement is determined following the end of the performance period, this percentage is multiplied by the Long-term Performance Rights to determine how many Long-term Performance Rights will actually vest and convert to issued securities.

ASX Listing Rules

In accordance with ASX Listing Rule 10.14, the issue of any stapled securities or performance rights to the Managing Director is subject to Securityholder approval. It is intended that such approval be obtained at the Group's annual general meeting each year and, if approved, stapled securities or performance rights will be issued shortly after the relevant meeting.

Performance rights to vest from historical backward-looking plans (FY17-FY18) and the historical transitional backward-looking plan from FY19

The number of performance rights to convert from historical plans has already been determined. The table below indicates the number of performance rights still to convert and the financial year in which the conversion will take place:

Plan participants	Plan identification	No. of securities to vest in FY21	Total securities still to issue
Timothy Collyer – Managing Director	FY17	55,104	55,104
	FY18	-	-
	FY19	35,486	35,486
	Total	**90,590**	**90,590**
Dion Andrews – Chief Financial Officer	FY17	18,796	18,796
	FY18	-	-
	FY19	13,165	13,165
	Total	**31,961**	**31,961**
Michael Green – Chief Investment Officer	FY17	19,070	19,070
	FY18	-	-
	FY19	13,165	13,165
	Total	**32,235**	**32,235**
Total to issue		**154,786**	**154,786**

FY20 Transitional Plan (backward looking)

The table below shows LTI grants made with respect to the FY20 transitional plan, subject to performance conditions over the three-year performance period ending 30 June 2020. Accounting standards require the estimated valuation of the grants be recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value and amortised in accordance with the accounting standard requirements.

Plan participants		LTI max as a % of remuneration[1]	Performance measure	Number of performance rights granted[2]	Fair value per performance right	Total estimated fair value
		%		No.	$	$
Timothy Collyer – Managing Director			TSR	22,936	2.751	63,097
			ROE	22,936	4.260	97,707
	Total	**20.0**		**45,872**		**160,804**
Dion Andrews – Chief Financial Officer			TSR	10,035	2.751	27,606
			ROE	10,034	4.260	42,745
	Total	**17.5**		**20,069**		**70,351**
Michael Green – Chief Investment Officer			TSR	10,035	2.751	27,606
			ROE	10,034	4.260	42,745
	Total	**17.5**		**20,069**		**70,351**
Jacquee Jovanovski – Chief Operating Officer			TSR	7,024	2.751	19,323
			ROE	7,024	4.260	29,922
	Total	**17.5**		**14,048**		**49,245**

1. This includes the restriction to 25% opportunity for this plan. For example, Timothy Collyer's maximum is 80% * 25% = 20% of remuneration.
2. To be trued up once the performance conditions are assessed; grants to Timothy Collyer remain subject to approval at the November 2020 AGM.

Key inputs used in valuing Long-term Performance Rights were as follows:

Key inputs:	Timothy Collyer	Other Executive KMP
Measurement date	29-Nov-19	29-Nov-19
TSR performance start date	1-Jul-17	1-Jul-17
TSR expiry date	30-Jun-20	30-Jun-20
Share price at issue date ($)	$4.40	$4.40
Exercise price	-	-
Expected life (years)	0.59	0.59
Volatility	15%	15%
Risk free interest rate	0.57%	0.57%
Distribution yield	5.5%	5.5%

The fair value is determined by Grant Thornton using a Monte-Carlo simulation for the relative TSR component and a Binomial methodology for the relative ROE component.

FY20 Forward Looking Plan

The table below shows LTI grants made during FY20 with respect to the Forward-Looking Plans, subject to performance conditions over the three-year performance period ending 30 June 2022. Accounting standards require the valuation of the grants be recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

Plan participants		LTI max as a % of remuneration	Performance measure	Number of performance rights granted	Fair value per performance right	Total estimated fair value
		%		No.	$	$
Timothy Collyer – Managing Director			TSR	92,593	1.566	145,001
			ROE	92,592	3.817	353,424
	Total	**80**		**185,185**		**498,425**
Dion Andrews – Chief Financial Officer			TSR	40,510	1.566	63,439
			ROE	40,509	3.817	154,623
	Total	**70**		**81,019**		**218,062**
Michael Green – Chief Investment Officer			TSR	40,510	1.566	63,439
			ROE	40,509	3.817	154,623
	Total	**70**		**81,019**		**218,062**
Jacquee Jovanovski – Chief Operating Officer			TSR	28,357	1.566	44,407
			ROE	28,357	3.817	108,235
	Total	**70**		**56,713**		**152,642**

Key inputs used in valuing Long-term Performance Rights were as follows:

Key inputs:	Timothy Collyer	Other Executive KMP
Grant date	29-Nov-19	29-Nov-19
TSR performance start date	1-Jul-19	1-Jul-19
TSR expiry date	30-Jun-22	30-Jun-22
Share price at issue date ($)	$4.40	$4.40
Exercise price	-	-
Expected life (years)	2.59	2.59
Volatility	15%	15%
Risk free interest rate	0.60%	0.60%
Distribution yield	5.5%	5.5%

The fair value is determined by Grant Thornton using a Monte-Carlo simulation for the relative TSR component and a Binomial methodology for the relative ROE component.

Hedging of performance rights by Executive KMP

Under the Group's Securities Trading Policy, persons eligible to be granted securities as part of their remuneration are prohibited from entering a transaction if the transaction effectively operates to hedge or limit the economic risk of securities allocated under the incentive plan during the period those securities remain unvested or subject to restrictions under the terms of the plan.

Executive KMP remuneration in detail

Details of Performance Rights that vested to Executive KMP in FY20

Plan participants	Plan identification	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	% of plan that vested during FY20
		$	No.	$	%
Timothy Collyer – Managing Director	FY19 Deferred STI Plan	103,718	32,412	N/A	50%
	FY19 LTI Transitional Plan	154,719	35,486	N/A	50%
	FY17 LTI Plan	240,253	55,104	N/A	25%
	FY16 LTI Plan	114,385	26,235	N/A	25%
	Total	613,075	149,237		
Dion Andrews – Chief Financial Officer	FY19 Deferred STI Plan	30,784	9,620	N/A	50%
	FY19 LTI Transitional Plan	57,399	13,165	N/A	50%
	FY17 LTI Plan	81,951	18,796	N/A	25%
	FY16 LTI Plan	32,299	7,408	N/A	25%
	Total	202,433	48,989		
Michael Green – Chief Investment Officer	FY19 Deferred STI Plan	30,784	9,620	N/A	50%
	FY19 LTI Transitional Plan	57,399	13,165	N/A	50%
	FY17 LTI Plan	83,139	19,069	N/A	25%
	FY16 LTI Plan	32,299	7,408	N/A	25%
	Total	203,621	49,262		
Total		**1,019,129**	**247,488**		

Movements in number of performance rights held by Executive KMP during the year ended 30 June 2020

STI performance rights

Plan participants	Balance at 1 July 2019	Rights granted (FY20 Plan)	Rights lapsed (FY19 Plan)	Rights vested	Balance at 30 June 2020
	No.	No.	No.	No.	No.
Timothy Collyer – Managing Director	100,977	90,682	(36,153)	(32,412)	**123,094**
Dion Andrews – Chief Financial Officer	29,970	31,739	(10,731)	(9,620)	**41,358**
Michael Green – Chief Investment Officer	29,970	31,739	(10,731)	(9,620)	**41,358**
Jacquee Jovanovski – Chief Operating Officer	–	22,217	–	–	**22,217**
Total	**160,917**	**176,377**	**(57,615)**	**(51,652)**	**228,027**

LTI performance rights

Plan participants	Balance at 1 July 2019	Rights granted	Rights lapsed (FY19 Transitional Plan)	Rights vested	Balance at 30 June 2020
	No.	No.	No.	No.	No.
Timothy Collyer – Managing Director	395,859	231,057	(33,786)	(116,825)	**476,305**
Dion Andrews – Chief Financial Officer	139,658	101,088	(10,950)	(39,369)	**190,427**
Michael Green – Chief Investment Officer	140,204	101,088	(10,950)	(39,642)	**190,700**
Jacquee Jovanovski – Chief Operating Officer	–	70,761	–	–	**70,761**
Total	**675,721**	**503,994**	**(55,686)**	**(195,836)**	**928,193**

FY21 Executive KMP remuneration

Proposed performance criteria for STI for next year (FY21)

The structure for FY21 STI for Executive KMP will remain split between financial measures (70%) and non-financial measures (30%).

The financial measure will be based on a target FFO per security measure, with a base target and range up to a stretch target agreed by the Committee at the beginning of the financial year.

The non-financial measures will be assessed across measures relating to the following categories:

- Operational priorities
- ESG initiatives
- People and leadership
- External stakeholders
- Individual Executive KMP objectives

The Board has ultimate discretion to apply judgement or make adjustments when approving the final performance outcomes in light of COVID-19 environment.

Executive KMP FY21 remuneration

The remuneration for Executive KMP and staff payable in FY20 will generally not increase in FY21, other than in limited exceptions which will result in an immaterial increase in remuneration overall.

Non-executive KMP arrangements

There are currently seven Non-Executive KMP. An aggregate pool of $1,200,000 available for the remuneration of Non-Executive KMP was approved by Securityholders at the Company's Annual General Meeting in November 2017.

Remuneration paid and payable

The total remuneration paid to Non-Executive Directors for FY20 is listed on the following page.

Principles of remuneration for Non-Executive KMP

The principles of non-executive director remuneration are:

1. Non-Executive Directors should receive total remuneration at market rates for equivalent positions at listed Australian entities of similar size (measured by market capitalisation), complexity and Non-Executive Director workload having regard to the industry in which the Group operates.
2. Fees are set at a level to attract and retain suitably qualified and experienced persons to the Board.
3. The Chairman is entitled to a base annual fee and is not eligible for any additional fees for chairing or being a member of any Board committees.
4. All Non-Executive Directors other than the Chair are entitled to a base annual fee plus additional fees for being a Chairman or a member of a committee.
5. All Non-Executive Directors' fees are paid on a base fee basis rather than per meeting.
6. All Non-Executive Directors' fees are to be paid in cash and include superannuation where applicable. Where Australian GST is applicable, this is paid in addition to the relevant director's fees.
7. From 1 July 2018, the Committee implemented a Minimum Securityholding Requirement (MSR) for Non-Executive KMP (refer to page 48 for details of current holdings and details of the MSR).
8. Non-Executive Directors are not entitled to any termination or similar payments upon retirement or other departure from office.
9. In addition to remuneration, Non-Executive Directors may claim expenses such as travel and accommodation costs reasonably incurred in fulfilling their duties.
10. With the prior approval of the Chairman, Non-Executive Directors may obtain independent advice at the Company's cost.

FY20 Non-Executive KMP Remuneration

	Period	Short-term		Post employment	
		Fees	Committee Fees	Superannuation benefits	Total
		$	$	$	$
Geoff Tomlinson – Chair (appointed 1 September 2013)	**FY20**	**194,612**	**–**	**18,488**	**213,100**
	FY19	186,184	–	17,688	203,872
Grant Jackson (appointed 5 August 2009)	**FY20**	**99,543**	**12,420**	**10,637**	**122,600**
	FY19	95,283	12,003	10,192	117,478
Francois Marais (appointed 5 August 2009)	**FY20**	**109,000**	**12,300**	**–**	**121,300**
	FY19	104,335	11,670	–	116,005
Norbert Sasse (appointed 5 August 2009)	**FY20**	**109,000**	**19,400**	**–**	**128,400**
	FY19	104,335	18,354	–	122,689
Estienne de Klerk (appointed 5 August 2009)	**FY20**	**109,000**	**13,600**	**–**	**122,600**
	FY19	104,335	13,143	–	117,478
Maxine Brenner (appointed 19 March 2012)	**FY20**	**105,263**	**20,913**	**5,722**	**131,897**
	FY19	95,283	20,177	10,969	126,429
Josephine Sukkar (appointed 1 October 2017)	**FY20**	**99,543**	**11,233**	**10,524**	**121,300**
	FY19	95,283	10,658	10,064	116,005
	FY20	**825,961**	**89,866**	**45,371**	**961,198**
Total	FY19	785,038	86,005	48,913	919,956

Non-Executive KMP FY21 remuneration

For Non-Executive KMP, the fees payable to the directors in FY21 as part of their membership of the Board and Committees will not increase from the fees payable in FY20. Similarly, fees payable to the Board Chairman and Committee Chairs will not increase.

Executive and non-executive KMP shareholdings

From 1 July 2018, the Committee implemented a Minimum Securityholding Requirement (MSR) for Executive KMP and Non-Executive KMP who must comply with the MSR by 30 June 2022 or four years from their employment or Directorship commencement, whichever is later. The MSR is as follows:

- Non-Executive Directors – 100% of base Directors fees in equivalent value of Growthpoint securities;
- Managing Director – 100% of TFR in equivalent value of Growthpoint securities; and
- Other Executive KMP – 50% of TFR in equivalent value of Growthpoint securities.

The table below provides holdings as at the date of this report and indicates the current percentage holdings.

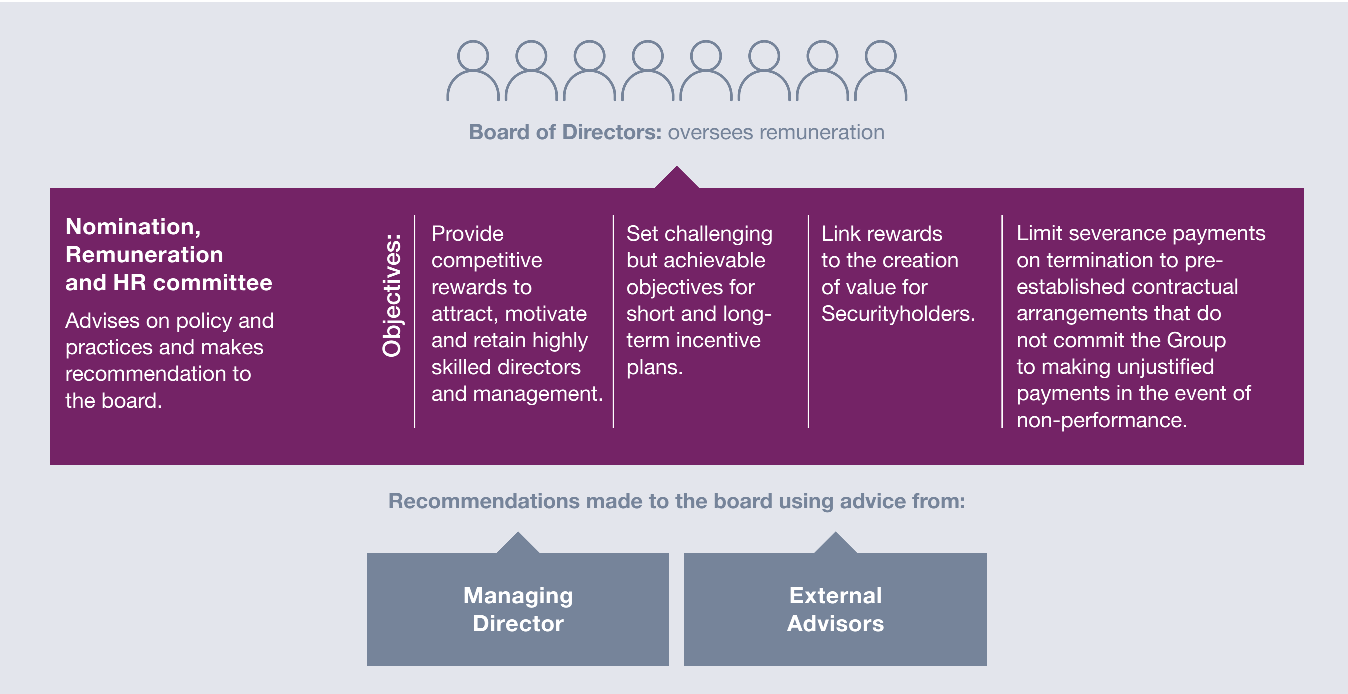
Name	Holding as at 30 June 2019	Securities granted as compensation	Securities acquired	Holding as at 30 June 2020	MSR	Current equivalent value in Growthpoint securities[1]
	No.				%	%
Geoff Tomlinson	88,776	–	–	88,776	100%	133%
Grant Jackson	190,087	–	–	190,087	100%	558%
Francois Marais	169,284	–	–	169,284	100%	497%
Norbert Sasse	1,656,460	–	–	1,656,460	100%	4863%
Estienne de Klerk	1,752,863	–	–	1,752,863	100%	5146%
Maxine Brenner	7,245	–	11,111	18,356	100%	54%
Josephine Sukkar	14,000	–	–	14,000	100%	41%
Timothy Collyer	886,507	149,237	–	1,035,744	100%	331%
Dion Andrews	127,682	48,989	–	176,671	50%	226%
Michael Green	4,561	49,262	–	53,823	50%	69%
Jacquee Jovanovski[2]	0	–	–	0	50%	0%

1. Current equivalent value takes the closing price of Growthpoint securities on 30 June 2020 ($3.20), multiplied by the holding and compares this to the relevant FY20 measure (100% of base fees for Non-Executive Directors, for example). This is provided for information only at this time as compliance with the MSR is not required until 30 June 2022.
2. Jacquee Jovanovski commenced employment on 26 August 2019.

Remuneration policy and role of the Nomination, Remuneration and HR Committee.

The Committee advises the Board on compensation policies and practices generally, and makes specific recommendations on compensation packages and other terms of engagement for non-executive directors, executive directors and other senior executives. The Committee also periodically reviews the compensation arrangements for other employees.

How Governance and remuneration decisions are made



Committee members

The members of the Committee during the year and at the date of this Report are:

- Norbert Sasse (Chairman) – non-executive director
- Francois Marais – non-executive director
- Geoff Tomlinson – independent, non-executive director and Board Chairman
- Josephine Sukkar – independent, non-executive director

Delegated authority

The Committee operates under delegated authority from the Board. The duties of the Committee in relation to remuneration are to:

a) Recommend, for adoption by the Board, a remuneration package for the Chairman of the Board and the other Directors on a not less than annual basis.

b) Recommend, for adoption by the Board, a remuneration package, including bonus incentives and related key performance indicators, for the most senior executive officer of the Group both on appointment and on a not less than annual basis.

c) Review the most senior executive officer's recommendations for the remuneration packages, including bonus incentives and related key performance indicators, for other Group Employees both on appointment and on a not less than annual basis.

d) Review the most senior executive officer's recommendations for any bonus payments which are in excess of that delegated to the most senior executive officer under the Group's "Delegations of Authority Policy". The Committee cannot approve payments which exceed the bonus pool approved by the Board without Board approval.

e) Make recommendations to the Board in relation to the introduction of, and amendments to, any employee share plan established by the Group.

Impact of performance on Securityholders' wealth

In considering the Group's performance and benefits for Securityholders' wealth, the Committee has regard to the financial measures in the below in respect of the five financial years ended 30 June 2020.

		2020	2019	2018	2017	2016
Profit attributable to the owners of the Group	*$m*	**272.1**	375.3	357.7	278.1	219.4
Dividends and distributions paid	*$m*	**168.2**	167.4	148.4	140.1	118.1
Distribution per stapled security	*$*	**0.218**	0.230	0.222	0.215	0.205
Closing stapled security price	*$*	**3.20**	4.12	3.61	3.14	3.15
Change in stapled security price	*$*	**(0.92)**	0.51	0.47	(0.01)	0.02
Total Securityholder return[1]	*%*	**(17.7)**	21.0	22.3	6.3	7.4
Return on equity	*%*	**10.8**	16.9	18.5	18.6	13.5

1. Source UBS Investment Research.

Independent consultants

During the year, the Committee engaged PwC as an independent consultant to provide an update and assistance on remuneration trends. PwC was paid a total of $6,206 for providing these services. PwC did not provide any remuneration recommendations during the year.

The Committee is satisfied on behalf of the Board that PwC remained free from undue influence from Executive KMP. The Committee received the update and assistance directly from PwC and discussed it with them. The Company did not engage PwC for any other work during FY20.

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

Remuneration reviews

The Committee reviews the appropriate levels of remuneration for all Directors and Employees based on:

1. Remuneration update and assistance from PwC.
2. Remuneration surveys and trends.
3. Benchmarking against peers.
4. Recommendations from the Managing Director (excluding in relation to his own remuneration).

Executive Director Remuneration and Service Contract

There is currently only one executive director being the Managing Director, Timothy Collyer.

Remuneration paid and payable

The total remuneration paid or payable to the Managing Director for FY20 is listed on page 46 of this report.

Service contract

The Managing Director has a contract of employment dated 22 August 2016 with the Group that specifies the duties and obligations to be fulfilled by the Managing Director and provides that the Board and the Managing Director will, early in each financial year, consult to agree objectives for achievement during that year. Changes to the Managing Directors' remuneration requires full Board approval and, in certain circumstances, Securityholder approval.

The Managing Director's employment continues until terminated by either the Group or the Managing Director. The Managing Director can resign by providing six months' written notice. The Group can terminate his employment immediately for cause. In addition, the Group can terminate the Managing Director's employment without cause on nine months' notice. The Group may elect to pay the Managing Director in lieu of some or all of this nine months' notice period.

On termination as Managing Director, he must resign as a director of any Group entity and he is restrained from a number of activities in competition with or to the detriment of the Group for a period of six months from the date of termination. Termination payments for redundancy comprise nine months' notice and redundancy policy benefits.

Principles of remuneration for the Managing Director

The principles of remuneration for the Managing Director are included as part of the Executive KMP principles listed on page 37.

Other service contracts

The service contracts for other Executive KMP are unlimited in term but can be terminated by the Executive KMP on three months' notice and by the Company immediately for cause and on six months' notice. The Group may elect to pay the other Executive KMP in lieu of some or all of this six month notice period. The restraint of trade period for the other Executive KMP is six months.

Employees are also entitled to receive certain statutory entitlements on termination of employment including accrued annual and long service leave, together with any superannuation benefits and, if applicable, redundancy payments in accordance with a redundancy policy approved by the Committee.

Additional terms relating to LTI or STI performance rights issued to Executive KMP

Cessation of employment

Ceasing employment for cause or due to resignation

Where an Executive KMP's employment with Growthpoint Properties Australia is terminated for cause or ceases due to resignation (other than due to death, ill health or disability), all performance rights will lapse, unless the Board determines otherwise.

Ceasing employment for other reasons

If an Executive KMP's employment ceases at any time for any other reason (including due to death, ill health, disability or bona fide redundancy), all performance rights (whether or not the applicable performance conditions and/or service condition has been satisfied) as at the date of cessation of employment will remain on foot and remain subject to the terms of the offer of the performance rights, as though employment had not been ceased. However, the Board retains a discretion to determine to vest or lapse some or all of the performance rights.

Takeover or Scheme

In summary, the Growthpoint Properties Australia Employee Incentive Plan Rules provide that in the event of each of:

- a takeover bid being recommended by the Board or becoming unconditional; and
- a scheme of arrangement, reconstruction or winding up of Growthpoint Properties Australia being put to members,

some or all performance rights may vest or may remain on foot at the Board's discretion.

Clawback

The Board has broad "clawback" powers to determine that performance rights lapse, stapled securities are forfeited, or that amounts are to be repaid in certain circumstances (for example, in the case of fraud or dishonesty).

Non-Executive and Executive KMP Reviews

Non-Executive KMP reviews

The performance of the Board and individual Directors is regularly considered by the Chairman who, from time to time, arranges Board meetings to specifically consider the function of the Board, the strategy of the Group and to hear any concerns/feedback from directors. The Chairman typically meets with each individual Director not less than once per year. A relevant Board meeting and individual meetings all occurred in FY20.

The Chair of each Board sub-committee also regularly considers the performance of the committee they chair.

Board composition

The Board currently comprises Directors with extensive experience and expertise in property, finance, law, investment banking, accounting and corporate governance. Refer to page 30 for full profiles of each Director.

Being a property company, the Board has expressed a particular desire to ensure it comprises directors with extensive Australian commercial property knowledge. The Managing Director, Grant Jackson and Josephine Sukkar have had, and continue to have, extensive careers in Australian commercial property and have held, and continue to hold, senior positions in the property industry. The Board is eager to ensure that where Board members are replaced, the Board's property experience is not diminished.

Succession planning for directors

The Committee has developed plans for the succession and/or temporary replacement of the Chairman and the Managing Director.

Executive KMP Reviews

The Managing Director's performance is formally considered annually by the Committee and, based on this formal assessment, the Committee makes remuneration recommendations to the Board. In making its assessment, the Committee considers, among other things, the STI performance measures listed on page 39.

The Managing Director reviews the performance of the other Executive KMP and makes recommendations to the Committee on their remuneration based, in part, on the STI performance measures listed on page 39.

Meetings of Directors (FY20)

	Growthpoint Board		Audit, Risk and Compliance Committee		Nomination, Remuneration and HR Committee	
Board member	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended
G. Tomlinson – Chairman	8	8	4	4	5	5
M. Brenner	8	8	4	4		
T. Collyer – Managing Director[1,2]	8	8		4		5
E. de Klerk	8	7	4	4		
G. Jackson	8	7	4	4		
F. Marais	8	8			5	5
J. Sukkar	8	8			5	5
N. Sasse	8	7			5	5

1. As Managing Director, Timothy Collyer, has a standing invitation to all committee meetings, unless its members determine otherwise, but is not a member of the Audit, Risk & Compliance Committee.
2. As Managing Director, Timothy Collyer, has a standing invitation to all committee meetings, unless its members determine otherwise, but is not a member of the Nomination, Remuneration & HR Committee. Mr Collyer is not present for any part of meetings which consider his remuneration except to answer questions from the Committee.

Additional **information.**

Indemnification and insurance of Directors, Officers and Auditor

The Company has entered into a Deed of Indemnity, Insurance and Access with each of its directors, Dion Andrews (Chief Financial Officer), Michael Green (Chief Investment Officer) and Jacqueline Jovanovski (Chief Operating Officer) providing these persons with an indemnity, to the fullest extent permitted by law, against all losses and liabilities incurred in their respective role for the Company. The Deeds also require the Company to grant the indemnified person with access to certain Company documents and insure the indemnified persons.

In compliance with the Deeds referred to above, the Company insured its Directors and officers against liability to third parties and for costs incurred in defending any legal proceedings that may be brought against them in their capacity as Directors or officers of the Group. This excludes a liability which arises out of a wilful breach of duty or improper use of inside information. The premium also insures the entity for any indemnity payments it may make to its Officers in respect of costs and liabilities incurred.

Disclosure of the premium payable is prohibited under the conditions of the policy. The Auditor is indemnified by the Group against claims from third parties arising from the provision of audit services except where prohibited by the *Corporations Act 2001* (Cth) or due to the negligence, wrongful or wilful acts or omissions by the auditor.

Non-Audit services

During the year EY, the Group's auditor, has performed no services other than the audit and review of financial statements.

Details of the amounts paid to EY for audit services provided during the year are set out below

	FY20
	$
Audit and review of financial statements	217,000
Other regulatory audit services	37,000
Total paid to EY	**254,000**

Auditor's independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 92.

Significant changes in the state of affairs

The Directors are not aware of any matter or circumstance, that is not discussed in the operating and financial review that has significantly or may significantly impact the Group now, or in future years.

Environmental Regulations

As a property owner, the Group is subject to the normal environmental regulations of landowners within Australia. The Directors are not aware of any significant breaches during the year.

Rounding of amounts

All financial information presented is in Australian dollars and has been rounded to the nearest hundred thousand unless otherwise stated, in accordance with Australian Securities and Investments Commission Instrument 2016/191.

About the Directors' Report

The Directors' Report comprises pages 3 to 53 of this report except where referenced elsewhere.

This report was approved in accordance with a resolution of the Directors' of Growthpoint Properties Australia Limited.

T.J. Collyer.

Timothy Collyer
Managing Director
Growthpoint Properties Australia

20 August 2020

Financial report.

for the year ended 30 June 2020

Financial Statements

Notes to the Financial Statements

Declarations / Reports

About the Financial Report

This report covers Growthpoint Properties Australia Limited and its controlled entities, Growthpoint Properties Australia Trust and its controlled entities, together being a stapled group. Growthpoint Properties Australia Limited is the Responsible Entity for Growthpoint Properties Australia Trust. The financial report is presented in Australian dollars.

Growthpoint Properties Australia Trust and its Responsible Entity, Growthpoint Properties Australia Limited, are both domiciled in Australia. The Responsible Entity’s registered office and principal place of business is at Level 31, 35 Collins Street, Melbourne, Victoria, 3000, Australia.

A description of the nature of the stapled group’s operations and its principal activities is included in the Directors’ Report which is not part of the financial report.

The financial report was authorised for issue by the Directors on 20 August 2020.

References to ‘the year’ or ‘FY20’ in this report refer to the year ended 30 June 2020 unless the context requires otherwise. References to ‘balance date’ in this report refer to 30 June 2020 unless the context requires otherwise.

Consolidated Statement of **Comprehensive Income.**

For the year ended 30 June 2020

	Notes	2020	2019
		$m	*$m*
Revenue and other income			
Property revenue	2.1	287.3	277.1
Distributions from investment in securities		5.1	5.0
Interest income		0.3	0.5
Total revenue and other income		292.7	282.6
Expenses			
Property expenses	2.1	(47.0)	(45.6)
Borrowing costs	3.2	(51.9)	(56.1)
Other expenses		(14.4)	(13.9)
Depreciation of right of use assets	1.2	(4.1)	–
Total expenses		(117.4)	(115.6)
Other gains/losses			
Net gain in fair value of investment properties	2.2	116.9	201.6
Net loss in fair value on sale of investment properties		–	(1.1)
Net (loss)/gain in fair value of investment in securities	2.3	(15.7)	7.1
Net gain in fair value of derivatives		31.5	17.0
Net loss in fair value on settlement of derivatives		–	(13.8)
Net loss on exchange rate translation of interest-bearing liabilities		(28.5)	–
Net gains from other items		104.2	210.8
Profit before tax		**279.5**	**377.8**
Income tax expense	4.1	(7.4)	(2.5)
Profit after tax		**272.1**	**375.3**
Other comprehensive income		–	–
Total comprehensive income		**272.1**	**375.3**
Total comprehensive income attributable to:			
Owners of the Trust		265.3	370.5
Owners of the Company		6.8	4.8
Total comprehensive Income		272.1	375.3
Earnings per security attributable to Securityholders of the Group:			
Basic earnings per security (cents)	3.9	35.3	52.9
Diluted earnings per security (cents)	3.9	35.3	52.9

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of **Financial Position.**

As at 30 June 2020

	Notes	**2020**	2019
		$m	*$m*
Current assets			
Cash and cash equivalents		42.7	30.2
Receivables and other assets	2.4	5.5	5.4
Total current assets		48.2	35.6
Non-current assets			
Investment properties	2.2	4,325.7	3,983.8
Investment in securities	2.3	69.9	85.6
Receivables and other assets	2.4	1.9	–
Derivative financial instruments	3.4	51.9	11.2
Right-of-use assets	1.2	1.5	–
Plant and equipment		0.7	0.7
Deferred tax assets	4.1	0.9	1.0
Total non-current assets		4,452.5	4,082.3
Total assets		**4,500.7**	**4,117.9**
Current liabilities			
Distribution to Securityholders	3.8	77.2	84.4
Trade and other liabilities	2.5	31.3	50.2
Current tax payable	4.1	1.4	2.3
Lease liabilities	1.2	0.7	–
Deferred tax liabilities	4.1	3.6	–
Total current liabilities		114.2	136.9
Non-current liabilities			
Interest bearing liabilities	3.1	1,446.0	1,433.3
Lease liabilities	1.2	107.6	–
Derivative financial instruments	3.4	10.3	1.2
Total non-current liabilities		1,563.9	1,434.5
Total liabilities		**1,678.1**	**1,571.4**
Net assets		**2,822.6**	**2,546.5**
Equity			
Contributed equity	3.7	2,049.9	1,879.4
Reserves		10.3	8.5
Retained profits		762.4	658.6
Total equity		**2,822.6**	**2,546.5**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of **Changes in Equity.**

For the year ended 30 June 2020

		Attributable to unitholders of the Trust (Parent entity)			Attributable to shareholders of the Company (other stapled entity)				
	Notes	Contri-buted equity	Retained profits	Total	Contri-buted equity	Reserves	Retained profits	Total	**Total equity**
		$m	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*
Equity as at 30 June 2019		1,814.5	656.8	2,471.3	64.9	8.5	1.8	75.2	2,546.5
Profit after tax		–	265.2	265.2	–	–	6.9	6.9	272.1
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	265.2	265.2	–	–	6.9	6.9	272.1
Transactions with Securityholders in their capacity as Securityholders:									
Contributions of equity, net of transaction costs	3.7	164.9	–	164.9	5.6	–	–	5.6	170.5
Distributions provided or paid	3.8	–	(160.6)	(160.6)	–	–	(7.7)	(7.7)	(168.3)
Share-based payment transactions	3.10	–	–	–	–	1.8	–	1.8	1.8
		164.9	(160.6)	4.3	5.6	1.8	(7.7)	(0.3)	4.0
Equity as at 30 June 2020		**1,979.4**	**761.4**	**2,740.8**	**70.5**	**10.3**	**1.0**	**81.8**	**2,822.6**
Equity as at 30 June 2018		1,639.1	453.6	2,092.7	59.7	7.6	(3.0)	64.3	2,157.0
Profit after tax		–	370.5	370.5	–	–	4.8	4.8	375.3
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	370.5	370.5	–	–	4.8	4.8	375.3
Transactions with Securityholders in their capacity as Securityholders:									
Contributions of equity, net of transaction costs	3.7	175.5	–	175.5	5.2	–	–	5.2	180.7
Distributions provided or paid	3.8	–	(167.4)	(167.4)	–	–	–	–	(167.4)
Share-based payment transactions	3.10	–	–	–	–	0.9	–	0.9	0.9
		175.5	(167.4)	8.1	5.2	0.9	–	6.1	14.2
Equity as at 30 June 2019		**1,814.6**	**656.7**	**2,471.3**	**64.9**	**8.5**	**1.8**	**75.2**	**2,546.5**

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

Consolidated
Cash Flows Statement.

For the year ended 30 June 2020

	Notes	**2020**	2019
		$m	*$m*
Cash flows from operating activities			
Cash receipts from customers		295.1	250.1
Cash payments to suppliers		(59.7)	(61.0)
Distributions from investment in securities		5.1	5.0
Borrowing costs		(55.2)	(54.0)
Interest received		0.3	0.5
Income tax paid		(4.4)	(0.2)
Net cash flows from operating activities	2.6	181.2	140.4
Cash flows from investing activities			
Receipts from sale of investment properties		–	43.7
Payments for investment properties		(148.5)	(428.9)
Payments for plant & equipment		(0.2)	–
Net cash flows from investing activities		(148.7)	(385.2)
Cash flows from financing activities			
Proceeds from external borrowings		494.1	618.7
Repayments of external borrowings		(508.4)	(383.4)
Proceeds from equity raising		173.6	181.7
Equity raising costs		(3.1)	(1.1)
Repayments of lease liabilities		(0.7)	–
Payments for settlement of derivatives		–	(13.8)
Distributions to Securityholders		(175.5)	(158.6)
Net cash flows from financing activities		(20.0)	243.5
Net cash flows		**12.5**	**(1.3)**
Cash and cash equivalents at the beginning of the year		30.2	31.5
Cash and cash equivalents at the end of the year		**42.7**	**30.2**

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 and new accounting pronouncements

1.1 Basis of preparation

Reporting entity

Growthpoint Properties Australia was formed by the stapling of two entities: Growthpoint Properties Australia Limited ('the Company') and Growthpoint Properties Australia Trust ('the Trust') which are collectively referred to as Growthpoint Properties Australia ('the Group').

The Group's stapled structure 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: GOZ). The constitutions of the Company and the Trust ensure that, for so long as the two entities remain jointly quoted, the number of shares in the Company and the number of units in the Trust shall be equal and the shareholders of the Company and the unitholders in the Trust are identical. The Company, both in its personal capacity and in its capacity as the Responsible Entity of the Trust, must always act in the best interests of the Group. The Group is a for profit entity.

In accordance with AASB 3 *Business Combinations*, the Trust is the parent entity and deemed acquirer of the Company in the stapling arrangement. This financial report includes consolidated financial statements for the Trust, comprising the Trust and its controlled entities and the Company and its controlled entities, for the year ended 30 June 2020. The Group is domiciled in Australia and its registered address is Level 31, 35 Collins Street, Melbourne, Victoria, 3000, Australia.

The ultimate parent of the Group is Growthpoint Properties Limited, a South African Real Estate Investment Trust listed on the Johannesburg Stock Exchange.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have considered the impacts of the COVID-19 pandemic on the tenants in the Group's investment properties, debt and capital markets, investment property valuations and the broader economic environment and concluded none of these represent material uncertainty that may cast doubt upon the Group's ability to continue as a going concern.

Net current asset deficiency

Net current asset deficiency is calculated as the difference between the Group's current assets and current liabilities. The Group reported a net current asset deficiency of $66.0 million as at 30 June 2020 (30 June 2019: $101.2 million) which is a natural consequence of its policy of using cash that is surplus to the Group's short term needs to repay debt facilities. The Group has unutilised debt facilities of $360.0 million which can be drawn at short notice. The Group has sufficient working capital and cashflows in order to fund all requirements arising from the net current asset deficiency.

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board on 20 August 2020.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the Consolidated Statement of Financial Position:

- derivative financial instruments are measured at fair value;
- investment property is measured at fair value; and
- share-based payment arrangements are measured at fair value.

Changes to presentation of the financial statements

The Group made several changes to the presentation of its financial statements to more closely align with those of other ASX-listed REITs and therefore enhance the understanding and comparability of its statements by users.

Consolidated Statement of Comprehensive Income

The subtotals of 'net investment income', 'net finance costs', and 'total expenses' have been replaced with 'total revenue and other income' and 'total expenses' and 'other gains/losses'. Comparatives have been re-presented accordingly, noting the changes did not impact the Group's profit nor comprehensive income.

1.1 Basis of preparation (continued)

Changes to presentation of the financial statements (continued)

Consolidated Statement of Changes in Equity

The statement of changes in equity has been re-presented to equity attributable to unitholders of the Trust (as deemed parent of the stapling arrangement) from equity attributable to shareholders of Growthpoint Properties Australia Limited as the other entity of the stapled structure. Comparatives have been re-presented accordingly, noting the changes did not impact the Group's consolidated changes in equity.

Consolidated Cash Flows Statement

A subtotal titled 'Cash generated from operating activities' has been removed, noting the subtotal 'Net cash inflow from operating activities' remains. Interest income and distributions received from investment in securities have been reclassified from cash flows from investing activities to cash flows from operating activities. Comparatives have been re-presented accordingly, noting the changes did not impact the Group's net cash flows during the year nor cash and cash equivalents at the end of the year.

Functional and presentation currency

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

Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The COVID-19 pandemic has caused increased uncertainty in the property markets in which the Group operates as well as the economy more broadly. This has increased the criticality of estimates, assumptions and judgements in the assessment of investment property valuations and made it more difficult to assess key inputs for those valuations, compared to prior reporting periods.

Information about estimates, assumptions and judgements that have the most significant risk of causing a material misstatement of amounts recognised in the consolidated financial statements is included in the following notes:

- Note 2.2 – Investment properties;
- Note 3.4 – Derivative financial instruments; and
- Note 3.10 – Share-based payment arrangements.

Determination of fair values

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

1.2 New accounting standard adopted by the Group as at 1 July 2019 – AASB 16 *Leases*

a) Transition

AASB 16 was adopted under the permitted transitional election of the retrospective approach without restating comparatives.

Lease liabilities were recognised initially at the present value of the remaining lease payments, discounted using the Group's prevailing incremental borrowing rate of 3.73%. Corresponding right-of-use assets were recognised initially at an amount equal to the lease liability, adjusted for any related prepaid and accrued lease payments recognised in the Consolidated Statement of Financial Position immediately prior to the date of initial application.

The lease liabilities and corresponding right-of-use assets recognised are for the Group's head office lease at 35 Collins Street, Melbourne and several investment properties held under long term leasehold arrangements, of which the latter are classified and presented as Investment Property. Fair values of investment property reflect a reduction for future lease payments, hence the carrying amounts are grossed up by these amounts, offset by corresponding lease liabilities.

In applying the modified retrospective approach, the Group has applied the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Right-of-use assets have been recognised at an amount equal to the lease liability, adjusted for any prepayments or accrued lease payments recognised immediately before the date of initial application;
- Leases with a remaining term of twelve months or less from the date of application have been accounted for as short-term leases (i.e. not recognised on the Consolidated Statement of Financial Position) even though the initial term of the leases from lease commencement date may have been more than twelve months; and

1.2 New accounting standard adopted by the Group as at 1 July 2019 – AASB 16 *Leases* (continued)

- Initial direct costs have not been included in the measurement of the right-of-use asset as at the date of initial application.

b) Updated accounting policies

The following policy was adopted along with AASB 16 on 1 July 2019.

All leases are accounted for by recognising a lease liability and corresponding right-of-use asset with the exception of low value asset leases and short-term leases that run for less than twelve months, which are expensed on a straight-line basis in the Consolidated Statement of Comprehensive Income.

Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease or if that cannot be determined, the Group's incremental borrowing rate. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest expense on the lease liabilities, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest expense on the lease liabilities and any variable lease payments not included in the measurement of the lease liabilities are recognised in the Consolidated Statement of Comprehensive Income in the period to which they relate.

Right-of-use assets are initially measured at cost less depreciation and impairment and subsequently adjusted for any remeasurement of the lease liability. Cost includes the amount of the initial lease liability, adjusted for any related lease prepayments or incentives received, any initial indirect costs incurred and makegood costs.

Right-of-use assets that do not meet the definition of investment property are depreciated on a straight-line basis from commencement date to the earlier of the end of lease term or its useful life. The lease term includes the periods of any options to extend only when considered reasonably certain to be exercised. Right-of-use assets that meet the definition of Investment Property are measured at fair value and reported with the Group's other Investment Properties (Refer Note 2.2).

c) Impact on the year ended 30 June 2020:

	Head office	Investment property	**Total**
	$m	*$m*	*$m*
Right of use assets			
Amount recognised upon initial application 1 July 2019	1.8	103.8	105.6
Depreciation	(0.3)	(3.8)	(4.1)
Adjustment for re-assessment of the lease liability	–	3.0	3.0
Carrying amount as at 30 June 2020	**1.5**	**103.0**	**104.5**
Lease liabilities			
Amount recognised upon initial application 1 July 2019	2.2	103.8	106.0
Interest expense	0.1	3.9	4.0
Lease payments	(0.4)	(4.3)	(4.7)
Adjustment for re-assessment of the lease liability	–	3.0	3.0
Carrying amount as at 30 June 2020	**1.9**	**106.4**	**108.3**
Comprising:			
Current liabilities			0.7
Non-current liabilities			107.6
Carrying amount as at 30 June 2020			**108.3**

1.3 Other pronouncements

Other accounting pronouncements which have become effective from 1 July 2019 and have therefore been adopted, including IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*, have not had a material impact on the Group's financial results or position. There are no new pronouncements effective in the near future that are anticipated to have a material impact on the Group's results or position.

Section 2: Operating results, assets and liabilities

2.1 Revenue and operating segment information

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable. All revenue is stated net of the amount of goods and services tax (GST). Rent from investment properties is recognised and measured in accordance with AASB 16 on a straight-line basis over the life of the lease for leases where the revenue under the lease terms is fixed and determinable. For leases where the revenue is determined with reference to market reviews, inflationary measures or other variables, revenue is not straight-lined and is recognised in accordance with the lease terms applicable for the period. The Group also earns revenue from tenants as stipulated in the lease agreements for services including cleaning, security, electricity and other outgoings. This revenue is recognised and measured in accordance with AASB 15 *Revenue from Contracts with Customers*.

Group earnings and operating segment results

The primary measure of recurring earnings for the Group is funds from operations (FFO), which is used to make strategic decisions and as a guide to assessing appropriate distributions to investors. FFO represents profit after tax adjusted for various non-cash accounting items which are listed in the reconciliation further below.

The Group has two operating segments, namely Industrial property investments and Office property investments. The primary measure of performance of each operating segment is net property income.

The Group's FFO and operating segment results are reported monthly to the Group's Managing Director, who is the chief operating decision maker.

Changes to presentation of operating segment results

The categories of items within operating segment results were amended during the year. The previously used category of 'segment results' has been replaced with 'funds from operations (FFO)'. A reconciliation of FFO to Profit after tax and a reconciliation of Property revenue from segments to Property revenue as reported on the Consolidated Statement of Comprehensive Income is included. Revenues and expenses have been split to show those derived directly from leasing rent separate to those derived from additional services to tenants. Comparatives have been re-presented accordingly, noting the net property income of each operating segment did not change.

	Industrial	Office	**Total**
	$m	*$m*	*$m*
2020			
Segment items			
Property rental income	91.2	160.9	252.1
Revenue from services to tenants	12.6	23.6	36.2
Property revenue, excluding straight line lease adjustment	**103.8**	**184.5**	**288.3**
Property expenses[1]	(5.2)	(1.9)	(7.1)
Expense from services to tenants[2]	(13.5)	(30.7)	(44.2)
Net property income	**85.1**	**151.9**	**237.0**
Unallocated items			
Amortisation of incentives and leasing costs			20.8
Other expenses[3]			(14.6)
Distributions from investment in securities			5.1
Borrowing costs net of interest income			(47.5)
Income tax expense			(3.6)
FFO			**197.2**
Distributions			
Weighted average securities on issue (m)			770.9
FFO per security (cents)			25.6
Distribution per security (cents)			21.8

1. Property expenses in FFO include $4.3 million of ground lease payments which are replaced with depreciation of right of use assets and interest expense associated with leases on the Consolidated Statement of Comprehensive Income.
2. Outgoings expenses from services to tenants includes $8.0 million that was not recoverable under the terms of certain leases.
3. Operating and trust expenses in FFO of $14.6 million excludes $0.2 million depreciation of plant and equipment and includes $0.4 million rent payments for the Group's head office at 35 Collins Street, Melbourne which are replaced with depreciation of right of use assets and interest expense associated with leases on the Consolidated Statement of Comprehensive Income.

2.1 Revenue and operating segment information (continued)

Changes to presentation of operating segment results (continued)

	Industrial	Office	Total
	$m	*$m*	*$m*
2019			
Segment items			
Property rental income	85.5	152.3	237.8
Revenue from services to tenants	11.6	21.6	33.2
Property revenue, excluding straight line lease adjustment	**97.1**	**173.9**	**271.0**
Property expenses	(4.8)	(1.0)	(5.8)
Expense from services to tenants[1]	(11.7)	(28.1)	(39.8)
Net property income	**80.6**	**144.8**	**225.4**
Unallocated items			
Amortisation of incentives and leasing costs			19.3
Other expenses[2]			(13.6)
Distributions from investment in securities			5.0
Borrowing costs net of interest income			(55.6)
Income tax expense			(2.5)
FFO			**178.0**
Distributions			
Weighted average securities on issue (m)			709.0
FFO per security (cents)			25.1
Distribution per security (cents)			23.0

1. Outgoings expenses from services to tenants includes $6.6 million that was not recoverable under the terms of certain leases.
2. Operating and trust expenses in FFO of $13.6 million excludes $0.3 million depreciation of plant and equipment.

Reconciliation of FFO to profit after tax

	2020	2019
	$m	*$m*
FFO	**197.2**	**178.0**
Adjustments for non-FFO items		
- Straight line adjustment to property revenue	(1.0)	6.2
- Lease liability repayments	4.7	–
- Depreciation of right of use assets	(4.1)	–
- Interest expense on lease liabilities	(4.0)	–
- Net loss in fair value on sale of investment properties	–	(1.1)
- Net gain in fair value of investment properties	116.9	201.6
- Net gain/(loss) in fair value of investment in securities	(15.7)	7.1
- Net gain in fair value of derivatives	31.5	3.1
- Net loss on exchange rate translation of interest-bearing liabilities	(28.5)	–
- Interest expense on non-current receivables	(0.1)	–
- Depreciation of plant and equipment	(0.2)	(0.3)
- Amortisation of incentives and leasing costs	(20.8)	(19.3)
- Deferred tax expense	(3.8)	0.0
Profit after tax	**272.1**	**375.3**

2.1 Revenue and operating segment information (continued)

Reconciliation of total property revenue per segment note to revenue per Consolidated Statement of Comprehensive Income

	2020	2019
	$m	*$m*
Property revenue from segments	288.3	270.9
- Straight line adjustment to property revenue	(1.0)	6.2
Property revenue as reported on the Consolidated Statement of Comprehensive Income	**287.3**	**277.1**

Major customer

Revenues from Woolworths Group Limited, in the Group's Industrial segment represents $46.0 million (2019: $40.1 million) of the Group's total revenues.

2.2 Investment properties

Investment properties

The Group's investment properties represent freehold and leasehold interest in land and buildings held for rental income and capital appreciation. Investment properties are initially measured at cost including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity and the cost of that capital expenditure can be measured reliably. All other costs are expensed in the Consolidated Statement of Comprehensive Income in the period incurred.

Subsequent to initial recognition, investment properties are measured at fair value. Directors revalue the property investments based on valuations determined internally or by external independent valuers on a periodic basis. The Group assesses at each balance date whether these valuations appropriately reflect the fair value of investment properties.

Any gains or losses arising from changes in fair value of the properties are recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Lease incentives and commissions

Any lease incentives provided to a tenant under the terms of a lease such as fit-outs or rent-free periods and any leasing commissions paid to agents on signing of lease agreements are recognised as a reduction of revenue on a straight-line basis over the term of the lease.

Determination of fair value

The fair value of the investment properties is determined either solely by Directors' valuations or together with verification from an external, independent valuer, with recognised professional qualifications and recent experience in the location and category of property being valued generally.

Fair value is 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 willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of investment properties is classified as Level 3 in the fair value hierarchy based on the significant unobservable inputs into the valuation techniques used. Further detail on the Group's valuation process and valuation methods is described below.

					Carrying amounts	
Industrial properties			Date	Valuation	**30-Jun-20**	30-Jun-19
				$m	*$m*	*$m*
Victoria						
120 Northcorp Boulevard	Broadmeadows	VIC	30-June-20	50.0	50.0	56.5
1500 Ferntree Gully Road & 8 Henderson Road	Knoxfield	VIC	30-June-20	46.0	46.0	46.0
3 Maker Place[1]	Truganina	VIC	30-June-20	38.7	38.7	N/A
9-11 Drake Boulevard	Altona	VIC	31-Dec-19	36.2	35.7	35.3
Lots 2, 3 & 4, 34-44 Raglan Street	Preston	VIC	31-Dec-19	35.0	35.0	30.0
40 Annandale Road[2]	Melbourne Airport	VIC	30-June-20	33.3	33.3	33.0
120-132 Atlantic Drive	Keysborough	VIC	31-Dec-19	28.0	28.4	28.0
130 Sharps Road[2]	Melbourne Airport	VIC	31-Dec-19	24.8	23.8	24.8
120 Link Road[2]	Melbourne Airport	VIC	31-Dec-19	17.5	17.5	18.0

1. Acquired in September 2019. 2. Held under leasehold.

2.2 Investment properties (continued)

Determination of fair value (continued)

Industrial properties			Date	Valuation	Carrying amounts 30-Jun-20	Carrying amounts 30-Jun-19
				$m	$m	$m
Victoria (continued)						
20 Southern Court	Keysborough	VIC	30-June-20	16.7	16.7	15.8
31 Garden Street	Kilsyth	VIC	31-Dec-19	12.9	12.8	12.6
3 Millennium Court	Knoxfield	VIC	31-Dec-19	12.8	12.6	12.3
6 Kingston Park Court	Knoxfield	VIC	30-June-20	12.4	12.4	12.7
60 Annandale Road[1]	Melbourne Airport	VIC	30-June-20	12.3	12.3	12.3
101-111 South Centre Road[1]	Melbourne Airport	VIC	31-Dec-19	9.5	9.5	9.1
19 Southern Court	Keysborough	VIC	30-June-20	9.4	9.4	8.2
75 Annandale Road[1]	Melbourne Airport	VIC	30-June-20	8.0	8.0	7.9
Queensland						
70 Distribution Street	Larapinta	QLD	30-June-20	239.0	239.0	232.5
13 Business Street	Yatala	QLD	31-Dec-19	12.5	11.6	13.1
5 Viola Place[1]	Brisbane Airport	QLD	31-Dec-19	9.6	8.7	9.5
3 Viola Place[1]	Brisbane Airport	QLD	31-Dec-19	3.2	2.8	2.5
Western Australia						
20 Colquhoun Road	Perth Airport	WA	31-Dec-19	177.5	177.5	175.0
2 Hugh Edwards Drive	Perth Airport	WA	30-June-20	16.8	16.8	17.2
58 Tarlton Crescent	Perth Airport	WA	30-June-20	13.5	13.5	13.7
10 Hugh Edwards Drive	Perth Airport	WA	30-June-20	10.3	10.3	9.2
36 Tarlton Crescent	Perth Airport	WA	30-June-20	8.8	8.8	8.5
New South Wales						
27-49 Lenore Drive	Erskine Park	NSW	30-June-20	77.5	77.5	74.8
6-7 John Morphett Place	Erskine Park	NSW	31-Dec-19	56.7	56.0	51.8
51-65 Lenore Drive	Erskine Park	NSW	31-Dec-19	38.0	37.5	38.0
34 Reddalls Road	Kembla Grange	NSW	30-June-20	28.5	28.5	27.0
81 Derby Street	Silverwater	NSW	31-Dec-19	23.0	22.6	20.4
South Australia						
599 Main North Road	Gepps Cross	SA	30-June-20	186.0	186.0	126.0
1-3 Pope Court	Beverley	SA	30-June-20	22.0	22.0	21.9
12-16 Butler Boulevard[1]	Adelaide Airport	SA	31-Dec-19	15.3	13.8	15.9
10 Butler Boulevard[1]	Adelaide Airport	SA	31-Dec-19	10.0	8.8	9.4
Total industrial properties				1,351.3	1,343.4	1,228.6

1. Held under leasehold.

Office properties			Date	Valuation	Carrying amounts 30-Jun-20	Carrying amounts 30-Jun-19
				$m	$m	$m
Victoria						
75 Dorcas Street	South Melbourne	VIC	30-June-20	214.0	214.0	212.5
Building 2, 572-576 Swan Street	Richmond	VIC	30-June-20	112.5	112.5	115.0
109 Burwood Road	Hawthorn	VIC	30-June-20	113.0	113.0	113.5
Building 3, 570 Swan Street	Richmond	VIC	30-June-20	142.5	142.5	111.0
Building B, 211 Wellington Road	Mulgrave	VIC	31-Dec-19	73.0	72.0	73.5
Building 1, 572-576 Swan Street	Richmond	VIC	31-Dec-19	68.4	66.0	62.5
Building C, 211 Wellington Road	Mulgrave	VIC	31-Dec-19	62.4	60.0	60.0
Car Park, 572-576 Swan Street	Richmond	VIC	30-June-20	1.2	1.2	1.2

2.2 Investment properties (continued)

Determination of fair value (continued)

Office properties			Date	Valuation	Carrying amounts 30-Jun-20	Carrying amounts 30-Jun-19
				$m	$m	$m
Queensland						
100 Skyring Terrace	Newstead	QLD	31-Dec-19	260.0	254.0	251.0
15 Green Square Close	Fortitude Valley	QLD	30-June-20	151.0	151.0	153.0
333 Ann Street	Brisbane	QLD	30-June-20	133.5	133.5	137.0
CB1, 22 Cordelia Street	South Brisbane	QLD	30-June-20	103.0	103.0	103.2
A1, 32 Cordelia Street	South Brisbane	QLD	31-Dec-19	94.5	91.5	93.8
A4, 52 Merivale Street	South Brisbane	QLD	30-June-20	87.0	87.0	86.5
CB2, 42 Merivale Street	South Brisbane	QLD	31-Dec-19	62.5	60.6	61.5
Car Park, 32 Cordelia Street & 52 Merivale Street	South Brisbane	QLD	31-Dec-19	30.8	30.5	29.3
South Australia						
33-39 Richmond Road	Keswick	SA	30-June-20	65.0	65.0	63.5
New South Wales						
1 Charles Street	Parramatta	NSW	30-June-20	440.0	440.0	353.0
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-19	137.0	138.0	132.0
5 Murray Rose Avenue	Sydney Olympic Park	NSW	31-Dec-19	105.0	103.5	104.0
3 Murray Rose Avenue	Sydney Olympic Park	NSW	30-June-20	99.0	99.0	103.0
102 Bennelong Parkway	Sydney Olympic Park	NSW	30-June-20	34.0	34.0	34.0
6 Parkview Drive	Sydney Olympic Park	NSW	30-June-20	34.5	34.5	33.5
Australian Capital Territory						
10-12 Mort Street	Canberra	ACT	30-June-20	100.0	100.0	99.3
255 London Circuit	Canberra	ACT	31-Dec-19	78.3	78.3	76.0
Western Australia						
836 Wellington Road	West Perth	WA	30-June-20	94.8	94.8	92.5
Total office properties				2,896.8	2,879.3	2755.2
Total portfolio at fair value					**4,222.7**	**3,983.8**
Ground leases as right-of-use assets[1]					103.0	–
Total investment properties carrying amount					**4,325.7**	**3,983.8**

1. Refer note 1.2.

Valuation process

Each investment property is valued either independently (externally) or internally in December and June each year as part of the biannual valuation process. Investment properties are valued according to the Group's valuation policy which requires:

- Independent valuations of investment properties at least once per year;
- External valuers are appropriately qualified. Qualified valuers must be authorised by law to carry out such valuations and have at least five years' valuation experience;
- External valuers may perform valuations on a property on no more than two consecutive occasions;
- Internal valuations are undertaken at the end of a reporting period (half year and year end) if a property is not due for an independent valuation; and
- Where an internal valuation indicates a variance that exceeds prescribed percentage thresholds, an external valuation is undertaken (even if this results in a property being independently valued twice in one year).

The valuation process is governed by the Board with input from the Executive Management Team. The process is reviewed periodically to consider changes in market conditions and any other requirements that would need to be adopted.

At 30 June 2020, 31 investment properties representing approximately 65% of the portfolio were independently valued by external valuers at seven valuation firms being Savills, Urbis, Knight Frank, m3property, JLL, CBRE and Colliers. Fair values for the remaining 27 investment properties were based solely on Directors' valuations.

2.2 Investment properties (continued)

Valuation process (continued)

Valuation methodology

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 properties, as adjusted to reflect differences for location, building quality, tenancy profile and other factors;
- Discounted cash flow (DCF) projections based on estimates of future cash flows; and
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from analysis of market evidence.

Under the DCF approach, a property's fair value is estimated by projecting a series of cash flows over a specified time horizon (typically 10 years) and discounting this cash flow, including the projected exit or terminal value, at a market-derived discount rate. Projected cash flows are derived from contracted or expected market rents, operating costs, lease incentives, capital expenditure and future income on vacant space. The net present value of the discounted cash flow represents the fair value of the property.

The income capitalisation approach involves estimating the potential sustainable gross market income of a property from which annual outgoings are deducted to derive the net market income. Net market income is then capitalised in perpetuity at an appropriate market-derived capitalisation rate (market yield). Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and general characteristics of the property.

At reporting date, the key assumptions used by the Group in determining fair value were as follows:

Industrial	**30-Jun-20**	30-Jun-19
Discount rate	6.0%-8.0%	6.5%-8.3%
Terminal yield	5.0%-10.3%	5.5%-9.8%
Capitalisation rate	4.8%-8.3%	5.3%-8.4%
Expected vacancy period	6-12 months	3-18 months
Rental growth rate	1.7%-3.2%	2.5%-3.5%

Office	**30-Jun-20**	30-Jun-19
Discount rate	6.0%-7.5%	6.5%-8.0%
Terminal yield	4.9%-7.3%	5.5%-7.5%
Capitalisation rate	4.4%-7.0%	5.0%-7.5%
Expected vacancy period	6-15 months	6-12 months
Rental growth rate	2.3%-3.7%	3.0%-4.5%

Discount Rates

As shown in the table below, over the 12 months to 30 June 2020 discount rates utilised in the valuation of the Group's property portfolio have tightened (i.e. lowered) by approximately 22 basis points. Over the same period, the implied property risk premium has increased by approximately 23 basis points. The implied property risk premium is the difference between the weighted average discount rate and the 10-year Australian Government bond rate.

	30-Jun-20	30-Jun-19
10-year Australian Government bond rate	0.87%	1.32%
Implied property risk premium	5.70%	5.47%
Weighted average 10-year discount rate used to value the Group's properties	6.57%	6.79%

2.2 Investment properties (continued)

Capitalisation Rates

Office

Since the emergence of the COVID-19 virus in early 2020, transaction sale activity within the Australian office markets has declined, after reaching historic highs in 2019. Many investors have elected to pause major investment decisions until such time when greater clarity around the way out of the pandemic, and the impact on markets, is available. Notwithstanding, strong underlying investor demand from both local and offshore capital continues to prevail for high-quality office assets. Although evidence since the outbreak of COVID-19 remains relatively scarce, a handful of prime grade assets have transacted indicating pricing has remained firm and capitalisation rates have generally remained stable over the second half of the financial year for the asset class. The weighted average capitalisation rate used in valuing the Group's office portfolio is largely unchanged from 31 December 2019, after firming 22 basis points over the first half of the year.

Industrial

The industrial and logistics sector has, to date, been the most resilient of the core commercial property market sectors since the outbreak of the COVID-19 virus in early 2020. Institutional grade industrial property is proving to be a defensive asset despite uncertain market conditions, with prime grade assets, particularly assets with long remaining lease terms and high-quality tenant covenants, remaining highly sought after. While transaction volumes within the Australian industrial markets have declined, several notable industrial transactions have concluded in recent months, highlighting demand for prime grade industrial assets. These sales have reflected similar, or in some instances, firmer, yields to those that were likely achievable for the same assets before the COVID-19 outbreak. The weighted average capitalisation rate of the Group's industrial portfolio firmed 14 basis points between 31 December 2019 and 30 June 2020, after firming 16 basis points over the first half of the year.

Market (valuation) uncertainty

The fair value of investment property represents the price for which a property could be exchanged on the date of valuation, between knowledgeable, willing parties in an arm's length transaction. 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 the Group's investment properties has been assessed having regard to market conditions at the reporting date. At the reporting date, the COVID-19 pandemic was impacting market activity in most sectors, including the office and industrial sectors, leading to a notable reduction in available comparable sales and leasing evidence. Consequently, the Group's valuers have considered both pre-COVID-19 and post-COVID-19 evidence, with less weight being placed on the former.

Assumptions made within the Group's valuations in respect of investment parameters, market growth outlook, and re-letting assumptions have sought to consider the impact of the COVID-19 pandemic on economic conditions, albeit in an environment where market uncertainty exists. Subsequently, valuations prepared by the Group's valuers have been reported based on material valuation uncertainty. Less certainty and a higher degree of caution should be attached to the valuations than would normally be the case. Given the unknown future impact the COVID-19 pandemic may have on the real estate market, the Group's valuers have recommended that valuations are kept under periodic review.

The key inputs used to measure fair value of investment properties held at fair value are disclosed below, along with the weighted average value for each input:

		Valuation input value			Impact on fair values	
Key valuation input	**Description**	**Jun-20**	**Dec-19**	**Jun-19**	**Increase in the input**	**Decrease in the input**
Market capitalisation rate	The rate at which the net market rental income is capitalised to determine the value of the property. The rate is determined with regard to market evidence and the prior external valuation. Used within the capitalisation method.	5.7%	5.7%	5.9%	Decrease	Increase
Net market rent (per sqm)	The estimated amount for which a property, or space within a property, should lease between a lessor and a lessee on appropriate lease terms in an arm's length transaction. Used within both the capitalisation method and DCF method.	$231	$230	$230	Increase	Decrease
Discount rate	The rate of return used to discount cash flows, payable or receivable in the future, into present value. The rate is determined with regard to market evidence and the prior external valuation. Used within the DCF method.	6.6%	6.7%	6.8%	Decrease	Increase
Terminal capitalisation rate	The terminal capitalisation rate used to convert (capitalise) the future net market rental income at the end of the holding period into an indication of terminal value of the property. Used in the DCF method.	6.1%	6.1%	6.4%	Decrease	Increase

2.2 Investment properties (continued)

Market (valuation) uncertainty (continued)

The valuations of the Group's investment properties are sensitive to increases or decreases in key inputs, including market rents, growth rates and yields. An increase in discount rates, terminal yields and or capitalisation rates would decrease the fair value of investment property, whereas a decrease in these inputs would increase the fair value of investment property. Similarly, lower market rents and market rental growth rates would decrease the fair value of investment property, while higher rents and growth rates would increase fair values.

As an example, the impact of a 0.25% increase in the market capitalisation rate from 5.70% to 5.95% would result in a decrease of $178 million / 4.2% in the fair value of the Group's investment property portfolio. With all other factors unchanged, this would decrease the Group's net tangible assets (NTA) by 23 cents per security and increase gearing by 1.4% to 33.6%.

Contractual obligations

At 30 June 2020, the Group had an obligation to make available $6.0 million to the tenant at 1 Charles Street, Parramatta, New South Wales to spend on capital expenditure or refurbishment at the property. As at 30 June 2020 $0.5 million of refurbishment works had been carried out, leaving a balance of $5.5 million which is held as restricted cash (refer note 2.6). As part of the new 25-year lease arrangements with the tenant, the Group also entered a refurbishment deed where it expects to fund $44.0 million of office fit out and building upgrade works over the next few years. If the tenant does not spend all the $44.0 million on refurbishment works, the balance will be provided as a rent abatement spread over the remaining lease term.

Leasing arrangements

Most of the investment properties are leased to tenants under non-cancellable, long-term leases with rent payable monthly. The minimum lease payments under these leases are receivable as follows:

	2020	2019
	$m	*$m*
Within one year	244.6	249.9
Later than one year but not later than five years	745.4	723.3
Later than five years	1,009.8	284.0
	1,999.8	1,257.2

The Group holds ten investment properties on a leasehold basis which are subject to annual ground rent payments. The minimum lease payments for these leases are presented in the table in note 3.3 Lease Liabilities.

Movement in investment properties' carrying amounts

	2020	2019
	$m	*$m*
Opening balance	**3,983.8**	**3,291.8**
Acquisitions	42.3	361.9
Capital expenditure	18.2	12.9
Construction and expansion costs	72.1	72.9
Lease incentives and leasing costs	11.2	38.4
Amortisation of lease incentives and leasing costs	(20.8)	(19.3)
Provision for amortised lease incentives	–	(1.7)
Disposals	–	(45.2)
Reclassification from held for sale	–	64.3
Straight-lining of revenue adjustment	(1.0)	6.2
Recognition of ground leases as leasehold asset	103.0	–
Net gain from fair value adjustments	116.9	201.6
Closing balance	**4,325.7**	**3,983.8**

2.3 Investment in securities

Determination of fair value

The Group holds an investment in stapled securities of APN Industria REIT. This financial asset was designated at fair value through profit or loss at inception. Fair value is the last traded market price on the Australian Securities Exchange (ASX) as at reporting date, which at 30 June 2020 was $2.36 (30 June 2019: $2.89). The fair value of Investment in securities has been categorised as Level 1 in the fair value hierarchy; being quoted prices (unadjusted) in active markets for identical assets.

The following table represents the fair value movement in investment in securities for the year ended 30 June 2020.

	2020	2019
	$m	*$m*
Opening balance	85.6	78.5
Gain/(loss) in fair value	(15.7)	7.1
Closing balance	**69.9**	**85.6**

2.4 Receivables and other assets

Property revenue receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance under the Expected Credit Loss (ECL) model. The amount of any impairment loss is recognised in the Consolidated Statement of Comprehensive Income within property revenue. Non-current trade receivables are discounted to present value based on the Group's incremental borrowing rate.

Collectability of property revenue receivables is reviewed on an ongoing basis. Property revenue receivables are generally due for settlement within 30 days. The Group often holds security deposits and/or bank guarantees from tenants in line with industry practice for leasing agreements. Receivables are written off when assessed to be uncollectable relative to the cost and effort required to further pursue collection.

Under its lifetime ECL model, the Group assesses the discounted cash flows expected to be received over the life of each receivable on a probability weighted basis. Any difference between this and the amounts contractually receivable is recognised as an allowance for credit losses. The assessment incorporates a provision matrix which assesses historic loss rates, relevant forward-looking macroeconomic indicators and, for significant individual tenant balances, relevant circumstances known about the tenant including liquidity risk, financial health and levels of engagement.

At 30 June 2020 the Group had $3.4 million in trade receivables outstanding (2019: $0.6 million). The Group granted $2.0 million of rental relief to tenants in the form of deferrals as required for qualifying tenants under the National Cabinet's Mandatory Code of Conduct for SME commercial leasing principles during the COVID-19 pandemic which has been given effect by state and territory legislation. For non-qualifying tenants the principles of the code were taken into account in the consideration of deferral requests. Deferrals granted have been agreed with tenants to be repaid over periods between October 2020 and June 2023 and has been classified between current and non-current receivables accordingly. Of the remaining trade receivables balance, $0.5 million is more than 30 days past its due date (2019: $0.2 million).

Consideration of the impact of COVID-19 on tenants has been incorporated into the assessment as at 30 June 2020 based on discussions held to date with each tenant and on any other information known about the tenant and/or their trading conditions. As at 30 June 2020, the Group recognised an allowance for credit losses of $0.2 million (2019: nil).

Receivables and other assets are presented as follows:

	2020	2019
	$m	*$m*
Current		
Trade receivables	1.7	0.6
Allowance for credit losses	(0.2)	–
Distribution receivables	1.2	1.3
Prepayments	2.8	3.5
	5.5	5.4
Non-Current		
Trade receivables	1.9	–
	1.9	–

2.5 Trade and other liabilities

Trade and other liabilities are for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other liabilities are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost.

Trade and other liabilities are presented as follows:

	2020	2019
	$m	*$m*
Current		
Trade payables	1.0	1.4
Employee entitlements	0.9	1.0
GST payable	2.9	1.4
Accrued expenses - other	9.7	15.8
Accrued expenses - development charges	–	15.0
Unearned income	15.5	14.3
Other liability[1]	1.3	1.3
	31.3	**50.2**

1. The other liability of $1.3 million is an amount of cash received by a tenant which is required to be used to fund capital expenditure by the Company as the custodian of the Charles Street Property Trust in relation to that tenancy. The amount held is classified as restricted cash (Refer to Note 2.6).

2.6 Cash flow information

Reconciliation of profit after tax to net cash inflow from operating activities	**2020**	2019
	$m	*$m*
Profit after tax	**272.1**	**375.3**
Income relating to investment property disposals	–	0.2
Net gain in fair value of investment properties	(116.9)	(201.6)
Net loss on exchange rate translation of interest-bearing liabilities	28.5	–
Net loss in fair value on sale of investment properties	–	1.1
Net loss/(gain) in fair value of investment in securities	15.7	(7.1)
Net gain in fair value of derivatives	(31.5)	(3.2)
Interest expense capitalised to qualifying assets	(4.5)	–
Amortisation of borrowing costs	1.4	1.4
Depreciation of right of use assets	4.1	–
Depreciation of plant and equipment	0.2	0.3
Change in operating assets and liabilities:		
- Decrease/ (Increase) in lease incentives and leasing costs	9.7	(17.2)
- Decrease/ (Increase) in receivables	(1.7)	–
- Decrease/ (Increase) in prepayments	(1.1)	0.4
- Increase in net deferred tax liabilities	3.8	0.0
- Increase/(decrease) in payables	1.4	(9.2)
Net cash inflow from operating activities	**181.2**	**140.4**

The Group held $6.8 million of restricted cash in trust at 30 June 2020 (30 June 2019: $7.3 million) in relation to its role as custodian of the Charles Street Property Trust. The balance comprises $5.5 million of the Group's own cash along with $1.3 million received from a tenant. These funds are not available for general use by the Group.

Section 3: Capital structure and financing

3.1 Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Foreign denominated debt is translated at the balance date spot rate in accordance with AASB 121 *Effects of Changes in Foreign Exchange Rates*, with associated gains/losses recognised in the Consolidated Statement of Comprehensive Income. Borrowings with maturities greater than 1 year from balance date are classified as non-current liabilities.

The table below shows the movements in the Group's interest-bearing liabilities during the year along with facility limits and dates of maturity. The carrying amounts and facility limits are reported in Australian dollars.

		Movement during period				
	Opening balance 1 July 2019	Net cash (repayments)/ drawdowns of borrowings	Foreign exchange rate adjustments recognised in profit or loss[1]	**Closing balance 30 June 2020**	Facility limit	Maturity
	$m	*$m*	*$m*	*$m*	*$m*	
Secured loans						
Syndicated bank facility						
- Facility B	100.0	–	–	100.0	100.0	Mar–23
- Facility C	245.0	–	–	245.0	245.0	Dec–21
- Facility D	70.0	–	–	70.0	70.0	Dec–21
- Facility E	150.0	–	–	150.0	150.0	Jun–23
- Facility G	54.3	(54.3)	–	0.0	150.0	Sep–25
- Facility H	0.0	–	–	0.0	75.0	Dec–24
- Facility I	0.0	–	–	0.0	75.0	Dec–24
- Facility K	0.0	40.0	–	40.0	50.0	May–25
- Facility L	0.0	–	–	0.0	50.0	May–27
Loan note 1	200.0	–	–	200.0	200.0	Mar–25
Loan note 2	100.0	–	–	100.0	100.0	Dec–26
Loan note 3	60.0	–	–	60.0	60.0	Dec–22
Fixed bank facility 1	90.0	–	–	90.0	90.0	Dec–22
USPP 3	26.0	–	–	26.0	26.0	Jun–29
Total AUD Loans	**1,095.3**	**(14.3)**	**–**	**1,081.0**	**1,441.0**	
USPP 1	130.4	–	15.6	146.0	146.0	Jun–27
USPP 2	52.1	–	6.2	58.3	58.3	Jun–29
USPP 4	161.0	–	6.7	167.7	167.7	May–29
Total USD Loans	**343.5**	**–**	**28.5**	**372.0**	**372.0**	
Total	**1,438.8**	**(14.3)**	**28.5**	**1,453.0**	**1,813.0**	
Less unamortised up-front costs	(5.5)	(1.5)	–	(7.0)		
Carrying amount	**1,433.3**	**(15.8)**	**28.5**	**1,446.0**		

1. Foreign exchange rate adjustments have been recognised for the first time during the year ended 30 June 2020. The movement includes a portion attributable to prior periods that was not material to recognise earlier.

3.1 Interest bearing liabilities (continued)

The Group made the following changes to interest bearing liabilities during the year:

- In December 2019, the Group refinanced syndicated bank facilities H and I and Loan Note 2. Total available aggregated funding was maintained at $250.0 million; maturities were extended to December 2024 for the syndicated facilities and December 2026 for Loan Note 2.
- In May 2020, the Group entered a new $100 million debt facility, split into two equal tranches of five years (Facility K) and seven years (Facility L) with a new banking partner.
- In June 20, the Group extended the existing $150 million Syndicated bank facility G by four years from September 2021 to September 2025.

The weighted average all-in interest rate on interest bearing liabilities (including bank margin and amortisation of upfront fees paid) at 30 June 2020 was 3.43% per annum (2019: 3.87% per annum). Refer to note 3.4 for details on interest rate and cross currency swaps.

Fair value

As at 30 June 2020, the Group's interest-bearing liabilities had a fair value of $1,553.4 million (2019: $1,505.1 million).

The carrying amount of these interest-bearing liabilities was $1,446.0 million (2019: $1,433.3 million). The difference between the carrying amounts and the fair values is due to:

- Unamortised up-front costs which are included in the carrying amounts but excluded from fair values; and
- Movements in discount rates applied in fair value discount cash flows based on current funding curves.

Assets pledged as security

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

3.2 Borrowing costs

Borrowing costs are interest and other costs incurred in connection with interest bearing liabilities including derivatives, lease liabilities and the discounting of non-current receivables and recognised as expenses in the period in which they are incurred, except where they are incurred for the construction of any qualifying asset where they are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Borrowing costs can be analysed as follows:

	2020	2019
	$m	*$m*
Bank interest expense and charges	50.9	55.5
Interest capitalised to qualifying assets	(4.5)	(0.8)
Amortisation of borrowing costs	1.4	1.4
Interest expense on lease liabilities	4.0	–
Interest expense on non-current receivables	0.1	–
	51.9	56.1

3.3 Lease liabilities

The Group's minimum lease payments fall due as follows:

	2020	2019
	$m	*$m*
Ground Leases		
Not later than one year	4.4	4.3
Later than one but not more than five years	24.1	23.5
More than five years	152.6	151.5
Total	**181.1**	**179.3**
Head Office Lease		
Not later than one year	0.4	0.4
Later than one but not more than five years	1.7	2.1
More than five years	–	–
Total	**2.1**	**2.5**
Total		
Not later than one year	4.8	4.7
Later than one but not more than five years	25.8	25.6
More than five years	152.6	151.5
Total	**183.2**	**181.8**

3.4 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. The Group takes out certain derivative contracts as part of its financial risk management, however, it has elected not to designate these to qualify for hedge accounting under AASB 9. Changes in fair value of derivative instruments are recognised in the Consolidated Statement of Comprehensive Income.

Determination of fair value

The fair value of derivatives is estimated using valuation techniques including 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, the Group and counterparty when appropriate.

Derivative financial instruments

Derivative financial instruments can be analysed as follows:

	2020	2019
	$m	*$m*
Derivative financial instrument contracts		
Total non-current derivative financial instrument assets	51.9	11.2
Total non-current derivative financial instrument liabilities	(10.3)	(1.2)
	41.6	10.0

Instruments used by the Group

The Group is party to derivative financial instruments to hedge exposure to fluctuations in interest and currency rates in accordance with the Group's financial risk management policies.

Interest rate swap contracts

The Group uses interest rate swaps to economically hedge part of its floating rate debt to fixed rate debt. Interest rate swaps in effect at 30 June 2020 covered 21% (30 June 2019: 21%) of the loan principal outstanding. With total fixed interest rate debt of $980 million outstanding (30 June 2019: $958 million), the total fixed interest rate coverage of outstanding principal is 67% (30 June 2019: 67%).

The average fixed interest rate of interest rate swaps at 30 June 2020 was 1.21% per annum (2019: 1.21% per annum) and the variable interest rate (excluding bank margin) is 0.14% per annum (30 June 2019: 1.29% per annum) at balance date. See table below for further details of interest rate swaps in effect at 30 June 2020:

3.4 Derivative financial instruments (continued)

Derivative financial instruments (continued)

Counter Party	Amount of Swap	Swap Expiry	Fixed Rate	Term to Maturity
	$m		*%*	*Years*
Interest rate swaps				
WBC	75.0	Jun-2023	1.15%	3.0
NAB	25.0	Jun-2023	1.15%	3.0
ANZ	100.0	Jun-2024	1.21%	4.0
ANZ	100.0	Jun-2025	1.29%	5.0
Total / Weighted average	**300.0**		**1.21%**	**4.0**

These 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. These contracts are settled on a net basis.

At balance date these contracts were liabilities with a fair value of $10.3 million (30 June 2019: liabilities of $1.2 million). For the year ended 30 June 2020 there was a net loss on fair value adjustments of $9.5 million (2019: net gain of $1.5 million).

Cross currency swap and Cross currency interest rate swap contracts

The Group is a party to several swaps to mitigate the currency and/or interest rate risk exposures of its USPP bonds.

Cross currency interest rate swaps

The cross-currency interest rate swaps hedge both foreign exchange risk and interest rate risk. The quarterly coupon payments are swapped from a USD denominated principal at a fixed interest rate into an AUD denominated principal exposed to BBSW plus a fixed margin. The USD denominated principal repayment at expiry is swapped into a fixed AUD amount. The AUD floating rate debt is swapped for fixed rate debt for the duration of the USPP note to which they relate.

Cross currency swap

The cross-currency swap hedges the quarterly coupon payments from a USD denominated principal at a fixed interest rate into an AUD denominated principal exposed to BBSW plus a fixed margin. The USD denominated principal repayment at expiry is swapped for a fixed AUD amount.

Counter Party	Amount of Swap	Swap Expiry	Fixed Rate	3 months BBSW+	Term to Maturity
	$m		*%*	*%*	*Years*
Cross currency interest rate swaps					
NAB	32.6	Jun-2027	5.29%	–	7.0
Westpac	32.6	Jun-2027	5.29%	–	7.0
ANZ	32.6	Jun-2027	5.27%	–	7.0
CBA	32.6	Jun-2027	5.26%	–	7.0
NAB	13.0	Jun-2029	5.47%	–	9.0
Westpac	13.0	Jun-2029	5.47%	–	9.0
ANZ	13.0	Jun-2029	5.45%	–	9.0
CBA	13.0	Jun-2029	5.44%	–	9.0
Cross currency swap					
Westpac	161.0	May-2029	-	2.32%	8.9
Total / Weighted average	**343.4**		**5.33%**	**2.32%**	**8.2**

3.5 Financial instrument 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**
	$m	*$m*	*$m*	*$m*
30-Jun-20				
Investment in securities	69.9	–	–	69.9
Derivative financial assets	–	51.9	–	51.9
Derivative financial liabilities	–	(10.3)	–	(10.3)
	69.9	41.6	–	111.5
30-Jun-19				
Investment in securities	85.6	–	–	85.6
Derivative financial assets	–	11.2	–	11.2
Derivative financial liabilities	–	(1.2)	–	(1.2)
	85.6	10.0	–	95.6

3.6 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- market risk (including interest rate risk); and
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital as well as relevant quantitative disclosure on risks.

Refer to the Group's 2020 Corporate Governance Statement for details about its overall risk management framework. Specific risks faced by the business are also addressed in the Directors' report.

Financial instruments used by the Group

The Group's principal financial instruments are those used to raise finance for the Group's operations, comprising bank loans and Loan Notes (including USPP Notes). The Group has various other financial instruments such as cash and cash equivalents, receivables and payables, other assets and investments in securities which arise directly from its operations. The Group enters derivative transactions to manage the interest rate risks arising from its financial instruments.

It is the Group's policy that no speculative trading in financial instruments shall be undertaken. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the relevant note to the financial statements.

Credit risk

Credit risk is the risk that counterparties to a financial asset will fail to discharge their obligations, causing the Group to incur a financial loss.

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

The Group has significant derivative financial instruments held with four major Australian banks, NAB, Westpac, ANZ and CBA, which are considered high quality financial institutions. At balance date, the fair value of these financial instruments is a net asset of the Group (refer to Note 3.4).

The Group manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. Cash at bank is held with a major Australian bank.

3.6 Financial risk management (continued)

Credit risk (continued)

Tenants for each of the properties held by the Group are assessed for creditworthiness before a new lease commences. This assessment is also undertaken where the Group acquires a tenanted property. If necessary, a new tenant will be required to provide lease security (such as personal, director or bank guarantees, a security deposit, letter of credit or some other form of security) before the tenancy is approved. Tenant receivables are monitored by property managers and the Group's asset managers on a monthly basis. If any amounts owing under a lease are overdue these are followed up for payment. Where payments are outstanding for a longer period than allowed under the lease, action to remedy the breach of the lease can be pursued, including legal action or the calling of security held by the Group under the lease, subject to any applicable restrictions in the National Cabinet's Commercial Tenancy Code of Conduct, that has been given effect through relevant state and territory legislation. The Group assesses aged amounts for collectability based on various criterion in its expected credit losses (ECL) model and where applicable, raises an ECL allowance through profit or loss. Refer Note 2.4 for additional information on ECL allowances.

For developers from whom coupon interest is receivable by the Group over the course of a development, the Group assesses the creditworthiness of a developer counterparty prior to entering a binding contractual relationship.

Fair values

The carrying values of the Group's financial assets and liabilities approximate their fair values except for interest-bearing liabilities as outlined in Note 3.1. Further information about the methods and assumptions adopted in determining fair values is disclosed in the relevant notes.

Market risk

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Group's income or the value of its holding of financial instruments.

A potential market risk to the Group arises from changes in interest rates relating to its Syndicated Facility with a principal amount outstanding of $605.0 million at balance date (2019: $619.3 million).

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates.

The following table sets out the carrying amount of the financial instruments that are exposed to interest rate risk.

	Fixed/Floating	**2020**	2019
		$m	*$m*
Financial assets			
Cash and cash equivalents	Floating	42.7	30.2
Derivative financial instruments	Floating	51.9	11.2
		94.6	41.4
Financial liabilities			
Derivative financial instruments	Floating	10.3	1.2
Borrowing facilities	Fixed	680.3	658.5
Borrowing facilities – hedged	Fixed	300.0	300.0
Borrowing facilities – unhedged	Floating	472.8	480.3
		1,463.4	1,440.0

Derivative financial instruments – interest rate swaps

The Group is exposed to financial risk from movement in interest rates. To reduce its exposure to adverse fluctuations in interest rates, the Group has employed the use of interest rate swaps whereby the Group agrees with a bank to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Any amounts paid or received relating to interest rate swaps are recognised as adjustments to interest expense over the life of each swap contract, thereby adjusting the effective interest rate on the underlying obligations.

Derivative financial instruments – cross currency swaps

The Group is exposed to financial risk from the movement in foreign exchange rates based on its USD denominated debt. To mitigate its exposure to adverse fluctuations in foreign exchange rates, the Group has employed the use of cross currency swaps which convert foreign currency exposures into AUD exposures and convert all future payments of interest in USD to AUD.

3.6 Financial risk management (continued)

Market risk (continued)

Sensitivity analysis – interest rate risk

The following sensitivity analysis is based on the interest rate risk exposures at balance date. At 30 June 2020, if interest rates had increased or decreased 100 basis points (bps), with all other variables held constant, profit and equity would be impacted as follows:

	Profit after tax higher/(lower)	
	2020	2019
	$m	*$m*
+100 bps		
Cash and borrowings	(4.2)	(4.5)
Interest rate derivatives	9.1	14.1
Cross currency derivatives	25.6	22.4
	30.5	32.0
-100 bps		
Cash and borrowings	4.2	4.5
Interest rate derivatives	(9.3)	(14.7)
Cross currency derivatives	(25.6)	(22.8)
	(30.7)	(33.0)

These fair value gains or losses would be unrealised and non-cash unless the interest rate swaps were closed or sold.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations in relation to investment activities or other operations of the Group. The Group manages its liquidity risk by ensuring that on a daily basis there is sufficient cash on hand or available loan facilities to meet the contractual obligations of financial liabilities as they fall due. The Board sets budgets to monitor cash flows. In addition, the Company, as an Australian Financial Services Licensee, is required to prepare a rolling 12-month cashflow projection for approval by the Directors. As at the balance date, the Group had cash and cash equivalents totalling $42.7 million (2019: $30.2 million) and undrawn debt facilities of $360 million (2019: $246 million).

Financing arrangements

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

	2020	2019
	$m	*$m*
Syndicated bank facilities		
Total facilities	965.0	865.0
Used at balance date	605.0	619.3
Unused at balance date	360.0	245.7
Fixed debt facilities		
Total facilities	848.0	819.5
Used at balance date	848.0	819.5
Unused at balance date	–	–
Total facilities	1,813.0	1,684.5
Total used at balance date	1,453.0	1,438.8
Total unused bank facilities	360.0	245.7

3.6 Financial risk management (continued)

Liquidity risk (continued)

Maturities of financial liabilities

The maturity of financial liabilities (including trade and other payables, provision for distribution, provision for current tax payable, derivative financial instruments and interest-bearing liabilities) at reporting date is shown below, based on the contractual terms of each liability in place at reporting date. The amounts disclosed are based on undiscounted cash flows, including interest payments based on variable rates at 30 June 2020.

	Carrying amount	Total contractual cashflows	6 months or less	6 to 12 months	1 to 5 years	More than 5 years
	$m	*$m*	*$m*	*$m*	*$m*	*$m*
2020						
Non-derivative financial liabilities						
Bank loans and Loan Notes	1,446.0	1,778.0	22.0	22.1	1,201.3	532.6
Lease liabilities	108.3	183.2	2.5	2.4	25.8	152.6
Trade and other liabilities	94.5	94.4	91.2	1.9	1.3	–
	1,648.8	2,055.6	115.7	26.4	1,228.4	685.2
Derivative financial liabilities						
Interest rate swaps used for hedging	10.3	11.3	1.5	1.4	8.5	–
	10.3	11.3	1.5	1.4	8.5	–
2019						
Non-derivative financial liabilities						
Bank loans	1,433.3	2,068.2	54.0	79.8	354.9	1,579.5
Trade and other liabilities	122.3	122.3	119.2	2.8	0.4	–
	1,556.6	2,190.5	173.2	82.6	355.3	1,579.5
Derivative financial liabilities						
Interest rate swaps used for hedging	1.2	0.1	–	0.1	–	–
	1.2	0.1	–	0.1	–	–

3.7 Contributed equity and reserves

Contributed equity

Stapled securities are classified as equity. Costs directly attributable to the issue of stapled securities are recognised as a deduction from equity, net of any tax effects.

Distributions and dividends

Provision is made for any distribution or dividend declared, determined or publicly recommended by the Directors on or before the end of the period but not distributed at the balance date.

Contributed equity

Contributed equity can be analysed as follows:

	2020	**2020**	2019	2019
	No. (m)	*$m*	*No. (m)*	*$m*
Opening balance at 1 July	727.8	1,879.4	675.4	1,698.7
Issue of ordinary stapled securities during the year:				
Institutional placement and securities purchase plan	43.7	173.6	–	–
Rights offer	–	–	39.0	135.0
Costs of raising capital		(3.1)	–	(1.1)
Equity issued through capital raises, net of costs	43.7	170.5	39.0	133.9
Distribution reinvestment plans	–	–	13.1	46.8
Securities issued through employee incentive plans	0.3	–	0.3	–
Total equity raised	44.0	170.5	52.4	180.7
Closing balance at 30 June	**771.8**	**2,049.9**	**727.8**	**1,879.4**

Ordinary stapled securities

Ordinary stapled securities entitle the holder to vote at securityholder meetings in person or by proxy and to participate in dividends and distributions in proportion to the number of stapled securities held, subject to being on the register at the relevant record date.

Distribution reinvestment plan

The Distribution Reinvestment Plan remained suspended for the 31 December 2019 and 30 June 2020 distributions of the Group.

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for Securityholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends and distributions paid to Securityholders, return capital to Securityholders, vary the level of borrowings, issue new securities and/or sell assets.

In July 2019 the Group finalised a fully underwritten Institutional Placement, raising $146.9 million after transaction costs for the issue of 37.8 million new stapled securities. The Group also finalised a Security Purchase Plan (SPP), raising $23.6 million for the issue of 5.9 million new stapled securities.

The Group also holds an independent credit rating to aid it in accessing debt capital markets. In January 2020, Moody's confirmed the Group's independent credit rating of Baa2 on senior secured debt with a stable outlook.

Refer to Note 3.1 for capital management initiatives made by the Group for its debt facilities. The Group maintains undrawn debt facilities to aid in capital management. As at 30 June 2020, the Group had total debt facilities of $1.81 billion of which $360 million was undrawn.

The Group monitors capital by using several measures such as gearing, interest cover and loan to valuation ratios.

The Group has a target gearing range of 35% to 45%. At 30 June 2020, the gearing ratio was 32.2% (30 June 19: 34.3%). The gearing ratios at 30 June 2020 and 30 June 2019 were calculated as follows:

	2020	2019
	$m	*$m*
Total interest-bearing liabilities less cash	1,403.2	1,403.1
Total assets less cash and right-of-use assets	4,353.5	4,087.7
Gearing ratio	32.2%	34.3%

3.7 Contributed equity and reserves (continued)

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve comprises the cumulative fair value expensed in the Consolidated Statement of Comprehensive Income for performance rights issued, less any amounts transferred to equity upon vesting, or to retained profits upon forfeiture. Refer to Note 3.10 for more share-based payment information.

Deferred tax expense charged to equity

This reserve comprises deferred tax balances attributable to amounts that are also recognised directly in equity. Refer to Note 4.1 for further income tax information.

3.8 Distributions to Securityholders

Period for distribution	Distributions	Total stapled securities	Distributions per stapled security
	$m	*('m)*	*(cents)*
Half year to 31 December 2019	91.1	771.8	11.8
Half year to 30 June 2020	77.2	771.8	10.0
Total distributions for FY20	**168.3**		**21.8**
Half year to 31 December 2018	83.0	727.7	11.4
Half year to 30 June 2019	84.4	727.8	11.6
Total distributions for FY19	**167.4**		**23.0**

The distribution for the half year to 31 December 2019 comprised a 10.8 cents per security distribution from the Trust and a 1.0 cent per security fully franked dividend from the Company. All other distributions were from the Trust.

Due to uncertainty around the impact and duration of the COVID-19 pandemic on the Group's operating environment and the broader Australian economy, the Directors determined to pay a reduced distribution for the six months ending 30 June 2020 of 10.0 cents per stapled security as it was deemed prudent to retain a higher level of cash within the Group during these uncertain times.

3.9 Earnings per stapled security (EPS)

Basic EPS is determined by dividing the profit after tax by the weighted average number of equivalent securities outstanding during the financial year.

Diluted EPS adjusts the figures used in the determination of basic EPS by including amounts unpaid on securities and the effect of all dilutive potential ordinary securities.

		2020	2019
Profit after tax	*$m*	272.1	375.3
Basic weighted average number of stapled securities on issue for the year	*No.*	771,005,395	709,028,481
Basic earnings per stapled security	*Cents*	35.3	52.9
Diluted weighted average number of stapled securities on issue for the year	*No.*	771,762,809	709,028,481
Diluted earnings per stapled security	*Cents*	35.3	52.9

3.10 Share-based payment arrangements

The fair value of share-based payment awards granted to employees is recognised as an expense over the period during which the services are performed. For market-based performance rights, the fair value is independently valued using a Monte Carlo simulation pricing model that takes into account the exercise price, the term of the rights, impact of dilution, stapled security price at grant date, expected price volatility of the underlying stapled security, expected dividend yield and the risk-free interest rate for the term of the rights and market vesting conditions. The impact of any non-market vesting conditions (for example, profitability, changes in net tangible assets) are excluded. For non-market-based performance rights, the fair value is independently valued using a Binomial pricing methodology. The amount recognised as an expense is adjusted to reflect the number of rights expected to vest. Details of valuations obtained during the year are reported on pages 44-45 of the Remuneration Report within the Directors' Report.

At 30 June 2020, the Group had two share-based payment schemes in place:

a) Deferred Short-term Incentive Performance Rights

During the year the Group introduced a plan whereby any Short-term Incentive (STI) payable to Executive KMP would be paid as 66.6% cash with the remainder deferred and awarded as Deferred STI Performance Rights. Half of these rights will vest after one year and the other half after two years. Further details of this plan are reported on page 39-40 of the Remuneration Report.

b) Long-term Incentive Performance Rights FY17, FY18, FY19 and FY20

The Group has Long-term Incentive Performance Rights plans in place for all employees. The plans are designed to align employees' remuneration with the long-term goals and performance of the Group and the maximisation of returns for its Securityholders. The measures for the plans are reviewed regularly by the Nomination, Remuneration & HR Committee and/or the Board. Details of the various Long-term Incentive Plans in place, applicable performance measures, fair value calculation methodologies and details are reported on pages 41-45 of the Remuneration Report.

The table below shows the movement in rights under each type of share-based payment scheme:

	Short-term Performance Rights	Long-term Performance Rights	Total
	No.	*No.*	*No.*
Rights outstanding 1 July 2018	–	651,740	651,740
Rights granted during FY19	160,917	470,306	631,223
Rights lapsed during FY19	–	(24,865)	(24,865)
Rights vested to GOZ stapled securities in FY19[1]	–	(294,125)	(294,125)
Rights outstanding at 30 June 2019	**160,917**	**803,056**	**963,973**
Rights granted during FY20[2]	176,376	178,145	354,521
Rights lapsed during FY20	(57,614)	(128,010)	(185,624)
Rights vested to GOZ stapled securities in FY20[3]	(51,652)	(269,232)	(320,884)
Rights outstanding at 30 June 2020	**228,027**	**583,959**	**811,986**

1. In October 2018, 294,125 rights under the FY15, FY16 and FY17 Long-term Employee Plans were converted to Growthpoint stapled securities with a total value of $1,128,941.
2. Includes 90,682 FY20 STI Plan rights for Timothy Collyer which remain subject to securityholder approval at the November 2020 AGM.
3. In October 2019, 269,232 rights under the FY16, FY17 and FY19 transitional Long-term Incentive Plans were converted to Growthpoint stapled securities with a total value of $1,173,849.

During the year, $1.8 million was expensed and recognised in the Company's share-based payments reserve (June 19: $0.9 million).

Section 4: Other notes

4.1 Income tax

Trusts

Property investments are held by the Trust for the purpose of earning rental income. Under current tax legislation, the Trust is not liable for income tax provided the taxable income of the Trust, including realised capital gains, is attributed in full to its securityholders each financial year. Securityholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

Company and other taxable entities

For the Company and other taxable entities, income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current and deferred tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of prior years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted by balance date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax liabilities and assets - recognition

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all taxable temporary differences.

Net deferred tax assets or liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, when the deferred tax balances relate to the same taxation authority and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax relating to equity items

Current and deferred tax balances attributable to amounts recognised directly in equity are recognised directly in equity.

Income tax expense

The tables below relate to income tax for the Group's income tax paying entities.

(a) Income tax expense:

	2020	2019
	$000	*$000*
Current tax expense	3,608	2,448
Deferred tax expense	3,806	25
Income tax expense in the Statement of Comprehensive Income	**7,414**	**2,473**

4.1 Income tax (continued)

Income tax expense (continued)

(b) Reconciliation of income tax expense to prima facie tax payable:

	2020	2019
	$000	*$000*
Profit before income tax expense	279,456	377,766
Less: Trust profit not subject to tax	(256,803)	(370,502)
Profit subject to taxation	**22,653**	**7,264**
Prima facie tax expense/(benefit) at 30%	6,796	2,179
Tax effect of amounts not deductible / assessable in calculating income tax expense:		
Non-deductible expenses	18	17
Long-term employee benefits	387	275
Short-term employee benefits	213	–
Income tax expense	**7,414**	**2,471**
Effective tax rate	**32.7%**	**34.0%**

(c) (i) Current tax balances

	2020	2019
	$000	*$000*
Current tax payable	1,441	2,296

(c) (ii) Deferred tax balances

	2020	2019
	$000	*$000*
Deferred tax assets (GPAL)	854	1,030
Deferred tax (liabilities) (GFPL)	(3,599)	–
Net total	(2,745)	1,030

As at 30 June 2020, the Company had franking credits of $3,631,671 available to it (30 June 2019: $2,478,279).

4.1 Income tax (continued)

Income tax expense (continued)

(d) Reconciliation of deferred tax balances

	Opening balance 1 July 2019	Recognised in profit or loss	Recognised in equity	Balance 30 June 2020
	$000	*$000*	*$000*	*$000*
Net deferred tax assets attributable to:				
Right-of-use assets	–	(463)	–	(463)
Lease liability	–	576	–	576
Plant and equipment	72	13	–	85
Other accrued expenses	201	(104)	–	97
Short-term employee benefits	523	(291)	–	232
Non-trade payables	193	44	–	236
Other	41	18	31	91
	1,030	(207)	31	854
Net deferred tax liabilities attributable to:				
Interest-bearing liabilities[1]	–	1,157	–	1,157
Derivative financial instruments[1]	–	(4,976)	–	(4,976)
Recognised tax losses	–	220	–	220
	–	**(3,599)**	**–**	**(3,599)**
Net total	**1,030**	**(3,806)**	**31**	**(2,745)**

	Opening balance 1 July 2018	Recognised in profit or loss	Recognised in equity	Balance 30 June 2019
	$000	*$000*	*$000*	*$000*
Net deferred tax assets attributable to:				
Plant and equipment	35	37	–	72
Other accrued expenses	246	(45)	–	201
Short-term employee benefits	530	(7)	–	523
Non-trade payables	182	11	–	193
Other	53	(20)	8	41
Net total	**1,046**	**(25)**	**8**	**1,030**

1. Derivative instruments and interest-bearing liabilities entered by Growthpoint Finance Pty Ltd.

4.2 Key Management Personnel (KMP) compensation

	2020	2019
	$	$
Short-term employee benefits	3,930,762	3,311,231
Other long-term employee benefits	68,758	46,433
Post-employment benefits	141,203	123,913
Share-based payments	1,191,007	1,316,388
	5,331,730	**4,797,965**

Individual Directors' and KMP compensation disclosures

Information regarding individual Directors' and KMP compensation and equity instruments disclosure as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report.

Apart from the details disclosed in this note, no Director has entered a material contract with the Group since the end of the prior financial year and there were no material contracts involving Directors' interests existing at year-end.

Movements in securities

The movement in the number of ordinary stapled securities in the Group held directly, indirectly or beneficially, by KMP including their related parties is as follows:

2020

Securityholder	Opening securities 1 July	Securities granted as compensation	Acquired securities	Disposed securities	Closing securities 30 June
G. Jackson	190,087	–	–	–	190,087
N. Sasse	1,656,460	–	–	–	1,656,460
E. de Klerk	1,752,863	–	–	–	1,752,863
T. Collyer	886,507	149,237	–	–	1,035,744
F. Marais	169,284	–	–	–	169,284
D. Andrews	127,682	48,989	–	–	176,671
M. Green	4,561	49,262	–	–	53,823
G. Tomlinson	88,776	–	–	–	88,776
M. Brenner	7,245	–	11,111	–	18,356
J. Sukkar	14,000	–	–	–	14,000
J Jovanovski	–	–	–	–	–

During the year to 30 June 2020, a total of 247,488 stapled securities with a total value of $1,019,129 were issued to KMP upon vesting of performance rights under employee incentive plans.

2019

Securityholder	Opening securities 1 July	Securities granted as compensation	Acquired securities	Disposed securities	Closing securities 30 June
G. Jackson	170,309	–	19,778	–	190,087
N. Sasse	1,520,087	–	136,373	–	1,656,460
E. de Klerk	1,601,804	–	151,059	–	1,752,863
T. Collyer	953,492	122,075	60,940	(250,000)	886,507
F. Marais	150,322	–	18,962	–	169,284
D. Andrews	85,815	35,020	6,847	–	127,682
M. Green	45,201	35,293	4,561	(80,494)	4,561
G. Tomlinson	81,467	–	7,309	–	88,776
M. Brenner	7,245	–	–	–	7,245
J. Sukkar	–	–	14,000	–	14,000

During the year to 30 June 2019, a total of 192,388 stapled securities with a total value of $611,794 were issued to KMP upon vesting of performance rights under employee incentive plans.

4.2 Key Management Personnel (KMP) compensation (continued)

KMP loans

The Group has not made, guaranteed or secured, directly or indirectly, any loans to any KMP or their personally related entities at any time during the reporting period.

4.3 Related party transactions

Responsible Entity

There has been no change to the Responsible Entity of Growthpoint Properties Australia Trust, being Growthpoint Properties Australia Limited, since its appointment on 5 August 2009.

Responsible Entity's/Manager's fees and other transactions

Under the current stapled structure, the management of the Trust is internalised and no Responsible Entity or management fees are paid to external parties. No performance fee or other fees were paid or payable during the year.

Director transactions

Several 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	2020	2019
		$	$
G. Jackson[1]	Investment property valuation	44,825	85,525
G. Jackson[1]	Statutory valuation	20,048	15,010
Aggregate amounts payable at the reporting date		15,125	30,525

1. The Group used the valuation services of m3property, a company of which Mr Jackson is a director, to independently value eight properties (2019: twelve). The Group has also used m3property for statutory valuations reviews during the year. 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.

Transactions with significant securityholders

During the year there were no transactions with significant securityholders other than distributions to all Securityholders. There were no balances outstanding from transactions with significant securityholders as at 30 June 2020 (2019: nil).

4.4 Contingent liabilities

The Group has no contingent liabilities as at the date of this report (2019: nil).

4.5 Commitments

For details of commitments in relation to investment properties refer Note 2.2.

The Group has no other significant capital, lease or remuneration commitments in existence at reporting date, which have not been recognised as liabilities in these financial statements (2019: nil).

4.6 Controlled entities

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Where control of an entity is obtained during a period, its results are included in the Consolidated Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a period its results are included only for that part of the period during which control existed. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Controlled entities

The controlled entities of the Group listed below were all domiciled in Australia. There were no new entities established or acquired during the year ended 30 June 2020.

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

4.7 Parent entity disclosures

The parent of the Group throughout the year was Growthpoint Properties Australia Trust.

	2020	2019
	$m	*$m*
Financial position at year end		
Current assets	31.1	19.6
Total assets	4,477.0	4,096.9
Current liabilities	181.6	194.5
Total liabilities	1,743.9	1,617.8
Net assets	**2,733.1**	**2,479.1**
Equity comprising:		
Contributed equity	1,979.4	1,814.5
Retained profits	753.7	664.6
Total equity	**2,733.1**	**2,479.1**
Profit after tax	**276.9**	**378.4**
Total comprehensive expense	**276.9**	**378.4**

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

4.8 Remuneration of auditors

The following fees were paid or payable for services provided by the auditor of the Group during the year. For the year ended 30 June 2020, EY replaced KPMG as auditor of the Group. There were no non-audit services paid to auditors during the year (2019: $nil):

	2020	2019
	$	*$*
Audit services - EY		
Audit and review of financial statements	217,000	–
Other regulatory audit services	37,000	–
	254,000	–
Audit services - KPMG		
Audit and review of financial statements	–	171,656
Other regulatory audit services	–	72,344
	–	244,000

4.9 Subsequent events

There have been no subsequent events 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 period to the date of this report.

Directors' **declaration.**

In the opinion of the Directors:

(a) the attached Financial Statements and notes, and the Remuneration Report in the Directors' Report set out on pages 34 to 52 are in accordance with the *Corporations Act 2001* (Cth), including:

  (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* (Cth) from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2020.

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

Melbourne, 20 August 2020

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Auditor's independence declaration.

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Auditor's Independence Declaration to the Directors of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust

As lead auditor for the audit of the financial report of Growthpoint Properties Australia for the year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Growthpoint Properties Australia and the entities it controlled during the financial year.

Ernst & Young

David Shewring
Partner
20 August 2020

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Independent Auditor's report.

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Independent Auditor's Report to the Stapled Security Holders of Growthpoint Properties Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Growthpoint Properties Australia Limited and Growthpoint Australia Trust (collectively Growthpoint Properties Australia or the 'Group'), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Investment Property Portfolio – Carrying Value and Revaluations

Why significant	How our audit addressed the key audit matter
The Group owns a portfolio of property assets with a carrying value of $4,222.7 million at 30 June 2020, which represents 95% of total assets of the Group. As outlined in Note 2.2, the property portfolio is carried at fair value, which is based upon valuations sourced from suitably qualified independent valuation experts and internal valuations on a rotation basis, based on market conditions existing at the reporting date. The valuation of the property portfolio, which includes certain properties that completed developments in the year, is based on a number of assumptions, such as capitalisation rates, discount rates and terminal yields, which require significant estimation and judgement. This also includes the estimations for costs to complete and an allowance for developer's risk and profit and stabilisation for properties in the development phase. Minor adjustments to certain assumptions can lead to significant changes in the valuation of the office and industrial property assets. Refer to Note 2.2 for a description of the accounting policy, overview of the valuation methodology, process for valuations (including the use of independent expert valuers and internal valuations), significant assumptions and the relative sensitivity of the valuation to changes in these assumptions. We have, therefore, considered this a key audit matter due to the number of judgements required in determining fair value. As at 30 June 2020 there is significant valuation uncertainty arising from the COVID-19 pandemic and the response of Governments to it. This means that the property values may change significantly and unexpectedly over a relatively short period of time. Given the market conditions at balance date, the independent valuers have reported on the basis of the existence of 'material valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. COVID-19 has resulted in a wider range of possible values than at past valuation points. In this situation the disclosures in the financial statements provide particularly important information about the assumptions made in the property valuations and the market conditions at 30 June 2020.	The valuation of investment properties is inherently subjective given that there are alternative assumptions and valuation methods that may result in a range of values. Our audit procedures included the following: ▶ We discussed the following matters with management: • movements in the Group's investment property portfolio; • changes in the condition of properties; • controls in place relevant to the valuation process, both for internal directors, and independent external valuations; and • the impact that COVID-19 has had on the Company's investment property portfolio including rent abatements provided to tenants, tenant occupancy risks and future rental growth expectations. ▶ On a sample basis, we: • Assessed the competence and qualifications of valuers, as well as the objectivity of external valuers, and appropriateness of the scope and methodology of the valuation commissioned for the purposes of the financial report; • Evaluated the key assumptions and agreed key inputs for both internal and external valuations to tenancy schedules. These assumptions and inputs included rents, capitalisation rates, occupancy rates and capital expenditure; • Assessed whether COVID-19 relief provided to tenants had been factored into the valuations and that changes in tenant occupancy risk or rental growth expectations were also considered; • Compared the data used in the valuations to the actual financial performance of the underlying properties; • Involved our real estate valuation specialists to determine a risk based sample of properties and assist with the assessment of the key valuation assumptions and methodologies; • Evaluated the suitability of the valuation methodology across the portfolio based on the type of asset. We considered the reports of the independent valuers, to gain an understanding of the assumptions and estimates used and the valuation methodology applied. This included the impact that COVID-19 has had on key assumptions such as the capitalisation, discount or growth rate and future forecast rentals;

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1. Investment Property Portfolio – Carrying Value and Revaluations (continued)

Why significant	How our audit addressed the key audit matter
For these reasons we consider it important that attention is drawn to the information in Notes 2.2 in assessing the property valuations at 30 June 2020.	• For properties which had development during the financial year, we compared the costs incurred to date plus the estimated costs to complete to the expected value of the completed project, as advised by the valuers; • Reviewed the portfolio assets with reference to external market data and portfolio performance in order to identify and investigate items that were outside of our audit expectations; • We have considered whether there have been any indicators of material changes in property valuations from 30 June 2020 up to the date of our opinion. We involved our real estate valuation specialists to assist us in making this assessment. No material matters were identified to be disclosed as a subsequent event in note 4.9; and • We have considered whether the financial report disclosures and in particular those relating to the valuation uncertainty are appropriate.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Growthpoint Properties Australia for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

David Shewring
Partner
Melbourne
20 August 2020

Detailed portfolio information.

Office portfolio

Address			Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			$m		*%*	*%*		*years*	*sqm*	*sqm*
75 Dorcas St	South Melbourne	VIC	214.0	Colliers	5.38	6.25	ANZ Banking Group	4.9	23,811	9,632
Bldg 3, 570 Swan St	Richmond	VIC	142.5	JLL	5.75	6.75	Vacant	–	19,447	8,525
109 Burwood Rd	Hawthorn	VIC	113.0	Savills	5.50	6.50	Orora	4.2	12,388	3,529
Bldg 2, 572-576 Swan St	Richmond	VIC	112.5	JLL	5.25	6.25	Country Road Group	12.0	14,602	7,130
Bldg B, 211 Wellington Rd	Mulgrave	VIC	72.0	Directors	6.13	6.75	Monash University	1.2	12,780	11,040
Bldg 1, 572-576 Swan St	Richmond	VIC	66.0	Directors	5.25	6.50	Country Road Group	12.0	8,554	8,365
Bldg C, 211 Wellington Rd	Mulgrave	VIC	60.0	Directors	6.25	7.00	BMW Australia Finance	2.6	10,289	11,070
Car Park, 572-576 Swan St	Richmond	VIC	1.2	JLL	–	6.50	GE Capital Finance Australasia	6.9	–	3,756
100 Skyring Ter	Newstead	QLD	254.0	Directors	5.63	6.50	Bank of Queensland	5.8	24,665	5,157
15 Green Square Cl	Fortitude Valley	QLD	151.0	Colliers	5.75	6.50	Queensland Urban Utilities	4.2	16,442	2,519
333 Ann St	Brisbane	QLD	133.5	Urbis	6.00	6.75	Federation University	3.7	16,341	1,563
CB1, 22 Cordelia St	South Brisbane	QLD	103.0	Urbis	5.88	7.00	Downer EDI Mining	3.6	11,444	5,772
A1, 32 Cordelia St	South Brisbane	QLD	91.5	Directors	5.75	6.75	Jacobs Group	5.7	10,003	2,667
A4, 52 Merivale St	South Brisbane	QLD	87.0	Urbis	5.75	6.75	University of the Sunshine Coast	4.2	9,405	2,331
CB2, 42 Merivale St	South Brisbane	QLD	60.6	Directors	5.88	6.75	Peabody Energy	4.6	6,598	3,158
Car Park, 32 Cordelia St & 52 Merivale St	South Brisbane	QLD	30.5	Directors	5.75	6.50	Secure Parking	4.6	–	9,319
1 Charles St	Parramatta	NSW	440.0	Savills	4.38	6.00	NSW Police	24.5	32,356	6,460
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	138.0	Directors	5.50	6.75	Fox Sports	2.8	14,375	4,212
5 Murray Rose Ave	Sydney Olympic Park	NSW	103.5	Directors	5.75	6.75	Lion	3.8	12,386	3,826
3 Murray Rose Ave	Sydney Olympic Park	NSW	99.0	m3property	5.75	6.75	Samsung Electronics	1.7	13,423	3,980
102 Bennelong Pkwy	Sydney Olympic Park	NSW	34.0	Savills	6.05	6.75	Suzanne Grae Corporation	1.6	5,085	6,635
6 Parkview Dr	Sydney Olympic Park	NSW	34.5	Savills	6.06	6.75	Universities Admissions Centre	1.6	5,007	7,788
33-39 Richmond Rd	Keswick	SA	65.0	Knight Frank	7.00	7.50	Coffey Corporate	3.2	11,835	4,169
10-12 Mort St	Canberra	ACT	100.0	Knight Frank	6.27	6.75	Commonwealth of Australia	4.7	15,398	3,064
255 London Cct	Canberra	ACT	78.3	Directors	5.56	6.50	Commonwealth of Australia	7.2	8,972	2,945
836 Wellington St	West Perth	WA	94.8	JLL	6.25	7.00	Commonwealth of Australia	6.6	11,973	4,304
Total / Weighted Average			**2,879.3**		**5.55**	**6.56**		**6.7**	**327,579**	**142,916**

Industrial portfolio

Address			Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			$m		*%*	*%*		*years*	*sqm*	*sqm*
120 Northcorp Blvd	Broadmeadows	VIC	50.0	Savills	7.00	7.50	Vacant	–	–	250,000
1500 Ferntree Gully Rd & 8 Henderson Rd	Knoxfield	VIC	46.0	CBRE	5.75	6.75	Brown & Watson International	5.3	22,009	40,844
3 Maker Pl	Truganina	VIC	38.7	Urbis	6.00	6.25	HB Commerce	2.2	31,092	49,810
9-11 Drake Blvd	Altona	VIC	35.7	Directors	6.00	6.50	Peter Stevens Motorcycles	3.3	25,743	41,730
Lots 2, 3 & 4, 34-44 Raglan St	Preston	VIC	35.0	Directors	6.00	6.75	Paper Australia	3.8	27,978	42,280
40 Annandale Rd	Melbourne Airport	VIC	33.3	Savills	8.25	6.75	Australia Post	4.0	44,424	75,325
120-132 Atlantic Dr	Keysborough	VIC	28.4	Directors	5.25	6.50	Symbion	8.5	12,864	26,181
130 Sharps Rd	Melbourne Airport	VIC	23.8	Directors	7.75	6.50	Laminex Group	2.0	28,100	47,446
120 Link Rd	Melbourne Airport	VIC	17.5	Directors	8.00	6.75	The Workwear Group	7.0	26,517	51,434
20 Southern Crt	Keysborough	VIC	16.7	m3property	6.00	6.50	Sales Force National	2.5	11,430	19,210
31 Garden St	Kilsyth	VIC	12.8	Directors	6.00	6.75	Cummins Filtration	3.4	8,919	17,610
3 Millennium Crt	Knoxfield	VIC	12.6	Directors	5.75	6.50	Opal Packaging	0.7	8,040	14,750
6 Kingston Park Crt	Knoxfield	VIC	12.4	CBRE	6.00	6.50	NGK Spark Plug	1.9	7,645	12,795
60 Annandale Rd	Melbourne Airport	VIC	12.3	Urbis	8.00	6.75	Garden City Planters	7.9	16,276	34,726
101-111 South Centre Rd	Melbourne Airport	VIC	9.5	Directors	8.00	6.75	Direct Couriers	7.4	14,082	24,799
19 Southern Crt	Keysborough	VIC	9.4	m3property	5.50	6.50	Wabtec Australia	6.8	6,455	11,650
75 Annandale Rd	Melbourne Airport	VIC	8.0	Urbis	7.75	6.75	Unipart Group Australia	2.3	10,310	16,930
70 Distribution St	Larapinta	QLD	239.0	Urbis	6.00	6.50	Woolworths	1.7	76,109	250,900
13 Business St	Yatala	QLD	11.6	Directors	6.75	7.00	Vacant	–	8,951	18,630
5 Viola Pl	Brisbane Airport	QLD	8.7	Directors	7.89	7.50	Vacant	–	14,726	35,166
3 Viola Pl	Brisbane Airport	QLD	2.8	Directors	7.89	7.25	Cargo Transport Systems	2.7	3,431	12,483
27-49 Lenore Dr	Erskine Park	NSW	77.5	JLL	5.25	6.25	Linfox	3.2	29,476	76,490
6-7 John Morphett Pl	Erskine Park	NSW	56.0	Directors	5.25	6.25	Linfox	4.7	24,881	82,280
51-65 Lenore Dr	Erskine Park	NSW	37.5	Directors	4.75	6.00	Linfox	7.7	3,720	36,720
34 Reddalls Rd	Kembla Grange	NSW	28.5	JLL	5.75	7.00	Autocare Services	10.3	355	141,100
81 Derby St	Silverwater	NSW	22.6	Directors	5.00	6.50	IVE Group Australia	2.2	7,984	13,490
599 Main North Rd	Gepps Cross	SA	186.0	Knight Frank	5.00	6.00	Woolworths	14.9	91,686	233,500
1-3 Pope Crt	Beverley	SA	22.0	Knight Frank	7.25	7.75	Aluminium Specialties Group	2.8	14,459	25,660
12-16 Butler Blvd	Adelaide Airport	SA	13.8	Directors	8.14	8.00	Cheap as Chips	0.4	16,835	30,621
10 Butler Blvd	Adelaide Airport	SA	8.8	Directors	7.90	7.75	Toll Transport	1.6	8,461	16,100
20 Colquhoun Rd	Perth Airport	WA	177.5	Directors	6.00	6.75	Woolworths	5.3	80,374	193,936
Hugh Edwards Dr & Tarlton Cres	Perth Airport	WA	49.3	Savills	7.36	7.72	Mainfreight	5.4	32,018	57,617
Total / weighted average			**1,343.4**		**6.02**	**6.60**		**5.0**	**715,351**	**2,002,213**

Securityholder **information.**

Top 20 legal Securityholders as at 31 July 2020

Rank	Name	Number of securities	% of issued capital
1	GROWTHPOINT PROPERTIES LIMITED	480,025,424	**62.19**
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	105,999,857	**13.73**
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	49,639,617	**6.43**
4	CITICORP NOMINEES PTY LIMITED	40,774,879	**5.28**
5	NATIONAL NOMINEES LIMITED	18,483,386	**2.39**
6	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	8,113,589	**1.05**
7	BNP PARIBAS NOMS PTY LTD <DRP>	4,514,170	**0.58**
8	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	3,116,814	**0.40**
9	RABINOV HOLDINGS PTY LTD	2,347,279	**0.30**
10	SHARON INVESTMENTS PTY LTD	2,255,779	**0.29**
11	ONE MANAGED INVESTMENT FUNDS LIMITED <CHARTER HALL MAXIM PROPERTY SE>	1,600,000	**0.21**
12	BNP PARIBAS NOMS (NZ) LTD <DRP>	1,159,656	**0.15**
13	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	1,024,339	**0.13**
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	980,784	**0.13**
15	JONAERE PTY LTD <JDM LEGACY A/C>	790,000	**0.10**
16	MR MAX KARL KOEP	750,000	**0.10**
17	AMP LIFE LIMITED	704,032	**0.09**
18	MS KYLIE MAREE CECILIA THOMAS	627,872	**0.08**
19	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	615,918	**0.08**
20	SANDHURST TRUSTEES LTD <BERKHOLTS INVESTMENTS A/C>	583,763	**0.08**
Sub total		**724,107,158**	**93.82**
Balance of register		47,724,503	**6.18**
Total issued capital		**771,831,661**	**100**

Substantial Securityholders as at 31 July 2020

Name	Number of securities	% of issued capital
Growthpoint Properties Limited	480,025,424	62.2%

Distribution of Securityholders as at 31 July 2020

Range	Securities	Number of holders	% of issued capital
1 to 1,000	465,080	1,184	0.06
1,001 to 5,000	4,264,519	1,569	0.55
5,001 to 10,000	5,654,010	772	0.73
10,001 to 100,000	23,271,303	928	3.02
100,001 and over	738,176,749	92	95.64
Total	**771,831,661**	**4,545**	**100.00**

Based on the 31 July 2020 closing price of $3.21, the number of Securityholders with less than a marketable parcel of 156 securities ($500) was 392 and they held a total of 10,012 Growthpoint securities.

Class of securities

Growthpoint has only one class of securities, ordinary securities, which are traded on the ASX.

Voting rights

Ordinary stapled securities entitle the holder to vote at securityholder meetings in person or by proxy and to participate in dividends and distributions in proportion to the number of stapled securities held, subject to being on the register at the relevant record date.

Securities restricted or subject to voluntary escrow

There are no securities that are restricted or currently held subject to voluntary escrow.

On market buy-back

There was no on market buy-back in FY20.

Contact details.

Corporate Directory

Growthpoint Properties Australia Limited
ABN 33 124 093 901; AFSL No 316409

Growthpoint Properties Australia Trust
ARSN 120 121 002

Registered Office

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Fax: +61 (3) 8681 2910
growthpoint.com.au

Directors

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

Company Secretaries

Jacquee Jovanovski, Dion Andrews

Auditor

Ernst & Young

8 Exhibition Street
Melbourne VIC 3000

ASX

Growthpoint Properties Australia's securities are listed on the ASX under the ticker 'GOZ'.

Contact us

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Glossary.

1H First half of the financial year

ABS Australian Bureau of Statistics

ACT Australian Capital Territory, Australia

A-REIT Australian Real Estate Investment Trust

ASX Australian Securities Exchange

b Billion

bps Basis points

capex Capital expenditure

cap rate or capitalisation rate The market income produced by an asset divided by its value or cost

CBD Central business district

cps Cents per security

CPI Consumer price index

CY Calendar year

dps Distribution per security

EMT Growthpoint's Executive Management Team

ESG Environment, social and governance

FFO Funds from operations

FY Financial year

gearing Interest bearing liabilities less cash divided by total assets less finance lease assets less cash

GOZ Growthpoint or Growthpoint's ASX trading code or ticker

Growthpoint or the Group Growthpoint Properties Australia comprising the Company, the Trust and their controlled entities

GRESB Global Real Estate Sustainability Benchmark

GRT Growthpoint Properties Limited's (South Africa) Johannesburg Stock Exchange (JSE) trading code or ticker

ICR Interest coverage ratio

IRR Average annual return before gearing and corporate costs

JLL The Australian arm of Jones Lang LaSalle, an international professional services and investment management firm

LVR Loan to value ratio

m Million

NPI Net property income

NSW New South Wales, Australia

NTA Net tangible assets

Q Quarter

QLD Queensland, Australia

Payout ratio Distributions ($ million) divided by FFO ($ million)

REIT Real Estate Investment Trust

ROE or return on equity Calculated as the percentage change in NTA plus the distributions for a given period divided by the opening NTA

SA South Australia, Australia

SES South eastern suburbs

SME Small and medium-sized enterprise

sqm Square metres

TSR or total securityholder return Change in security price plus distribution paid or payable for the relevant period

USPP United States Private Placement

VIC Victoria, Australia

WA Western Australia, Australia

WALE Weighted average lease expiry

WARR Weighted average rent review

WFH Working from home

WHO World Health Organisation

Woolworths Woolworths Group Limited

yrs Years

FY20 Annual Report

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GROWTHPOINT PROPERTIES