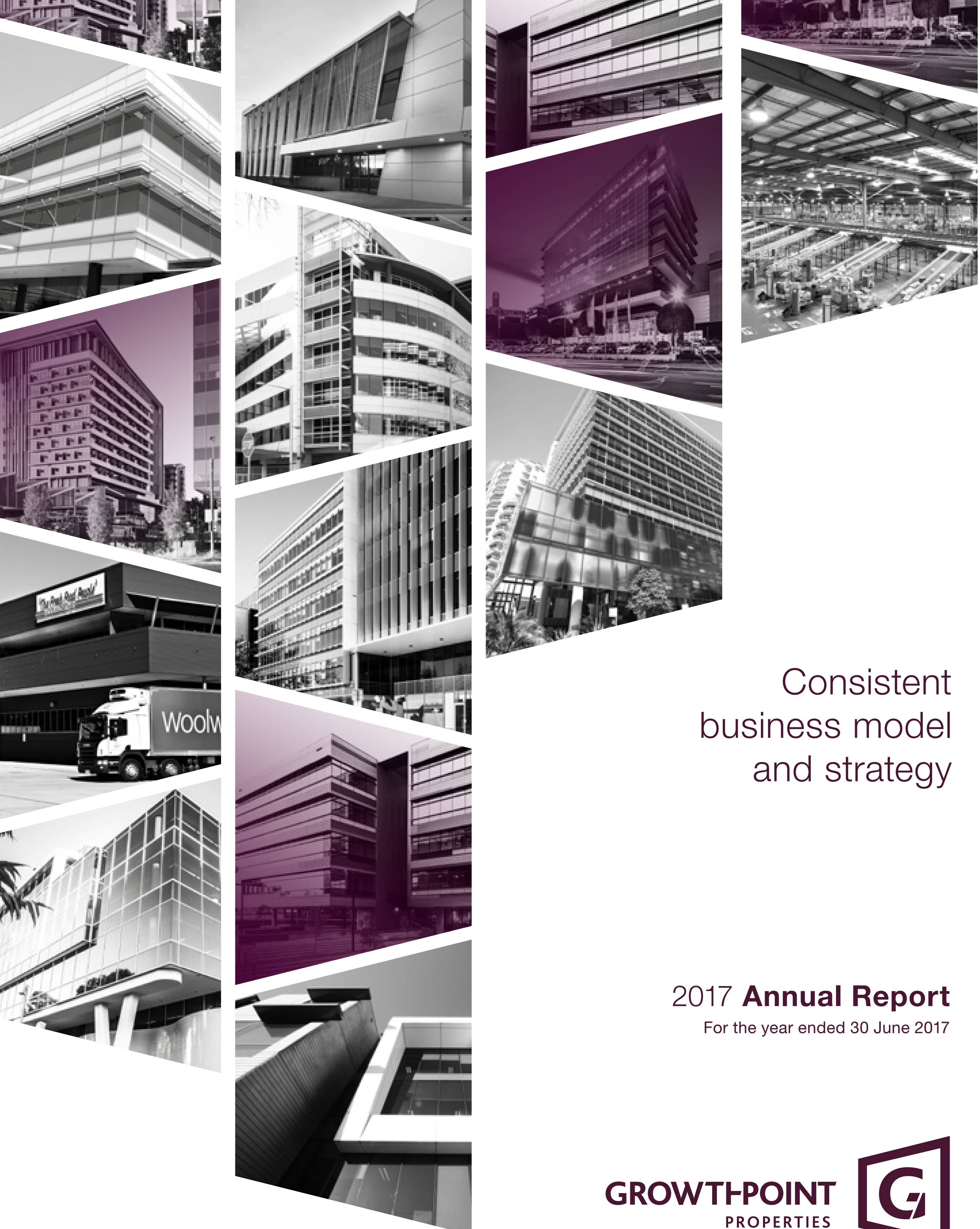

Consistent business model and strategy

2017 **Annual Report**

For the year ended 30 June 2017

GROWTHPOINT PROPERTIES

Growthpoint Properties Australia

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

www.growthpoint.com.au

What's inside

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Financial Report

About this Report

This is the Annual Report for Growthpoint Properties Australia (comprising Growthpoint Properties Australia Limited, Growthpoint Properties Australia Trust and their controlled entities) for the year ended 30 June 2017. It is available online at www.growthpoint.com.au and in hard copy. Persons can request a hard copy through any of the communication methods listed on the inside back cover of this report.

This report (including the Sustainability Report) provides readers with an overview of Growthpoint's business including summaries of the strategies, objectives, assets, operating model, achievements, key risks and opportunities at 21 August 2017 as well as detailed financial information over the last one and five year periods. There are also references which enable readers to obtain more information should they wish to.

About the Directors' Report

The Directors' Report which follows is signed in Melbourne on 21 August 2017 in accordance with a resolution of the Directors of Growthpoint Properties Australia Limited.

The Directors' Report comprises pages 4 to 55 of this report and the 2017 Sustainability Report, except where referenced otherwise.

Our goal is to operate sustainably and provide investors with growing income returns and long-term capital appreciation from properties we own and manage

Timothy Collyer
Managing Director

3 Murray Rose Avenue, Sydney Olympic Park, NSW

FY17 Highlights

Growth in assets, profit and Securityholder returns

Funds From Operations (FFO)

$166.1m

25.5cps, an increase of 11.4% on FY16

Securityholder return over 5 years[1]

16.4% p.a.

2.2% p.a. above S&P/ASX 300 Accumulation Index[1]

Return on Equity (ROE) for FY17

18.6%

1. UBS Investment Research: Annual compound returns.

45-55 South Centre Road, Melbourne Airport, VIC

Property portfolio value

$3.3b

15.9% above 30 June 2016

New assets purchased/developed

↑ $469.9m

at an average yield of 7.0%

Strategic asset sales of

↓ $259.1m

at an average yield of 7.9%

Distributions per stapled security

21.5¢

an increase of 4.9% on FY16

Earnings per stapled security

42.7¢

an increase of 12% on FY16

Portfolio occupancy

99%

Consistent with 30 June 2016

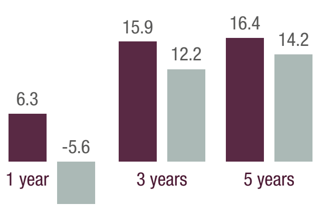
Chairman's Report

Building long-term sustainable returns for investors

1 Charles Street, Parramatta, NSW

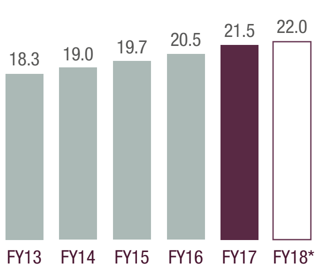
Geoffrey Tomlinson
Independent Chairman
& Director

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



Growthpoint[1]
S&P/ASX 300 A-REIT accumulation index[1]

Distributions (¢)
per stapled security



*Distribution guidance only.

FY17 was a transformational year for Growthpoint Properties Australia.

During the year, the Group set targets to achieve a better diversified portfolio of assets, with a greater concentration in the office segment and New South Wales which we believe are positioned to generate superior and sustainable returns for Securityholders over the medium term. These targets were successfully achieved with the portfolio reweighting materially into the office sector (56% to 66%) and the higher growth state of NSW (20% to 26%) after the successful takeover of the GPT Metro Office Fund (GMF). This transaction was funded via additional equity issuance as well as strategic asset sales in properties that no longer met the groups risk and return hurdles, or where we believed values had been maximised. Pleasingly, additional debt required to initially fund the transaction was paid down over the second half of the financial year, with gearing closing FY17 at 39.0% (43.1% at 30 June 2016).

Growthpoint also entered the US Private Placement (USPP) market for the first time raising AUD208 million in new debt funding. Proceeds from the transaction were used to repay shorter term bank debt falling due later this calendar year. The USPP transaction also saw the weighted average debt maturity of the Group extend out to 5 years at 30 June 2017, our reliance on Australian bank debt fall to 55% and the level of fixed/hedged debt of the Group increase to 75%.

The Board has also been bolstered by the appointment of Josephine Sukkar AM as an additional independent director (announced on 25 July 2017). Josephine brings to the Board significant development expertise with over 27 years experience in Australia's construction industry and I look forward to her commencing on 1 October 2017. This appointment takes Growthpoint's independent directors above 60% and increases female representation on the board to 25%.

Pleasingly, Growthpoint continued to outperform the benchmark S&P/ASX300 A-REIT Accumulation Index by an impressive 11.9% over FY17 delivering a total return to Securityholders of 6.3%[1]. The Group also continues to outperform over three and five year periods, delivering average returns of 15.9% per annum and 16.4% per annum, respectively, outperforming the S&P/ASX300 A-REIT Accumulation Index by 3.7% per annum and 2.2% per annum, respectively[1].

FY17 has been a busy year with several successes. FY18 will see us continue to focus on creating value and sustainable earnings for our Securityholders.

On behalf of the Board, I would like to thank all our Securityholders for their continued support of Growthpoint. I would also like to thank our staff, tenants, third party suppliers, debt providers, directors and other stakeholders for their contribution to our success.

Geoff Tomlinson
Independent Chairman & Director
Growthpoint Properties Australia Limited

1. Source: UBS Investment Research: Annual compound returns.

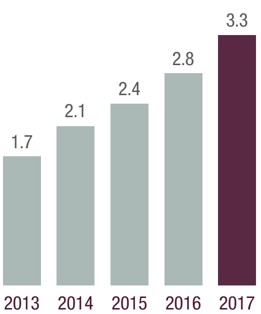
1 Charles Street, Parramatta, NSW

Managing Director's Report

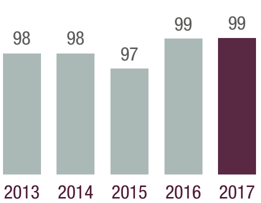
Property portfolio reweighted into segments and geographies that offer superior long-term value

Timothy Collyer
Managing Director

Total portfolio value ($b)
as at 30 June



Portfolio occupancy (%)
as at 30 June



Growthpoint achieved excellent operational results in FY17 in another year of the Group setting clear goals and achieving them. Key highlights from the year were:

- $278.1 million in statutory profit, an increase of 26.8% on FY16, and FFO of 25.5 cents per security, an increase of 11.4% on FY16.
- Annual distributions of 21.5 cps, an increase of 4.9% on FY16.
- Recorded a 10.3% increase in NTA per security, up from $2.61 at 30 June 2016 to $2.88.
- Over $729 million[1] in property transactions completed, reweighting into the office property sector and NSW.
- 94,921 sqm of new and extended leasing, maintaining portfolio occupancy at 99%.
- Balance sheet gearing reduced from 43.1% at 30 June 2016 to 39.0% at 30 June 2017.
- Successful completion of our first USPP debt issuance, further diversifying the Group's sources of debt funding and increasing the weighted average debt maturity from 4.2 years at 30 June 2016, to 5.0 years at 30 June 2017.
- The average NABERS energy rating for the office portfolio increased from 4.2 stars at 30 June 2016 to 4.5 stars at 30 June 2017.

The key transactional highlight was the acquisition of the GPT Metro Office Fund ("GMF") which completed in October 2016 after an extensive due diligence process. The GMF properties have performed extremely well since the acquisition with additional leasing success increasing the weighted average occupancy to 98% from 96% since the takeover. Favourable market conditions have led to a 9.0% valuation uplift since acquisition, equating to $39.3 million. In total, Growthpoint acquired an additional $469.9 million[2] worth of property over FY17 with a further $46 million of industrial properties and an 18.2% stake in the ASX-listed Industria REIT (ASX: IDR) for $68 million acquired since 30 June 2017.

Importantly, we were also able to take advantage of strong pricing conditions to divest a number of assets either considered 'non-core' to the Group, or assets we believed had reached their peak value to Growthpoint. An industrial portfolio was sold to Mapletree Logistics in December 2016 consisting of four assets for $142.2 million. This was followed by the sale of an office building at 1231-1241 Sandgate Road, Nundah, QLD which was originally purchased for $77.9 million as a fund through development in 2012. The sale for $106.3 million was announced in March 2017 (with settlement occurring in July 2017), delivering Growthpoint an ungeared internal rate of return of 14.7% over the ownership period.

These sales helped the Group to reduce gearing by 4.1%[3] to 39.0%. This lower level of gearing, coupled with the successful issue of AUD208 million long term debt finance in the USPP market, leaves the balance sheet in a good position as we move into FY18.

With our portfolio materially reweighted into preferred markets, and with additional investment and portfolio enhancement opportunities ahead, including potential M&A and development, we believe we are well positioned for FY18 and beyond.

T.J. Collyer.

Timothy Collyer
Managing Director

Growthpoint Properties Australia Limited

1. Only includes transactions announced in FY17.
2. Includes completion of development fund-through.
3. Using restated gearing as per Growthpoint's announcements in February 2017.

FY17 Overview

Disciplined growth continues in FY17

Aaron Hockly
Chief Operating Officer

Returns

4.9%

increase in distributions per security to 21.5cps
(FY16: 20.5cps)

11.4%

Increase in Funds From Operations to 25.5cps
(FY16: 22.9cps)

10.3%

increase in net tangible assets (NTA) to $2.88
(FY16: $2.61)

Property

Portfolio reweighted into sectors where we see long-term value

- ✓ NSW exposure increased
- ✓ Office exposure increased

$469.9m[1]

New assets purchased

(FY16: $328.0m)

$259.1m

Strategic asset sales

(FY16: $10.1m)

NSW exposure increased to

26%

(30 June 2016: 20%)

Office portfolio increased to

66%

of total property portfolio

(30 June 2016: 56%)

Capital management

- ✓ Lower gearing
- ✓ Higher percentage of fixed debt
- ✓ Increased debt maturity
- ✓ More diversified sources of funding

↑ 5.0yrs

weighted average debt maturity (WADM)

(30 June 2016: 4.2 years)

↑ 10.0%

increase in percentage of fixed/hedged debt to 75%

(30 June 2016: 65%)

↓ 4.1%

decrease in gearing to 39.0%

(30 June 2016: 43.1%)

Sustainability

- ✓ Increased average portfolio NABERS energy rating to 4.5 stars
- ✓ Increased gender diversity of employees
- ✓ Targeting net zero emissions across all properties under operational control by 2050

43%

of employees are female

(30 June 2016: 35%)

4.5 ★

average NABERS energy rating

(30 June 2016: 4.2 stars)

1. Includes development fund-through costs.

5 Murray Rose Avenue, Sydney Olympic Park, NSW

Our transparent business model

One of Growthpoint's competitive advantages is having transparency of its income and expenses. This is enabled by our clear business model which is highlighted below:

How we create wealth

Raise Capital

Raise equity capital from Securityholders and debt capital

FY17
$245.7m new equity capital and $208.5m new debt capital raised

19

Acquire real estate

FOR SALE

Acquire well built, well located Australian commercial real estate

FY17
Six office properties purchased for a total of $469.9m[1]

Income from leases

Lease vacant space and collect rent from tenants

FY17
94,921sqm of new and extended leases 99% occupancy and $223.3m net property income

1. Includes development fund-through costs but excludes a further $46 million industrial properties and 18.2% stake in Industria REIT (ASX: IDR) acquired post balance date.

Asset Management

Maintain and improve assets. Sell assets that no longer meet investment criteria

FY17

$10.0m of capital works undertaken.
Five industrial properties and one office property sold for $259.1m

Pay costs

Pay management and operating costs, as well as interest costs on debt capital

FY17

Operating costs (excl. debt costs) of $12.4m or 0.39% of average gross assets

Distributions

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

FY17

Distributions of $140.1m paid to Securityholders, 21.5cps. Payout ratio of 84% of FFO

22

120 Northcorp Boulevard, Broadmeadows, VIC

Strategy

Objectives and goals for sustainable growth

Increase distributions

FY18 Objectives

- Growth in Securityholder distributions.
- Certainty of growth obtained through an increasing weighted average rent review (WARR).
- Undertake acquisitions of real property (direct and indirect) which enhance or secure income.

FY17 Achievements

- ✓ 4.9% increase in distributions per security from FY16 to FY17.
- ✓ WARR increased from 3.1% at 30 June 2016 to 3.3% at 30 June 2017 due to leasing and acquisitions and targeted disposals.
- ✓ $469.9 million of acquisitions/ development undertaken at an average yield of 7.0% at the time of acquisition.

Reposition & diversify property portfolio

FY18 Objectives

- Only acquire assets which enhance the quality and/or returns of the portfolio over the long-term.
- Continue to reposition property portfolio towards sectors and geographies expected to provide stable and growing returns.
- Assets acquired at or below the Group’s belief of fair value and which we expect to increase in value over time.
- Consider further asset sales which enhance the portfolio, maximise the medium term IRR and/or de-risk the Group’s income.

FY17 Achievements

- ✓ Significant reweighting into office (56% to 66%).
- ✓ Increased exposure to NSW (20% to 26%).
- ✓ Took advantage of strong pricing conditions to divest a number of assets either considered ‘non-core’ to the Group, or assets we believed had reached their peak value, including:
  - Industrial portfolio sale to Mapletree Logistics in December (4 assets sold for $142.2 million); and
  - Sale of 1231-1241 Sandgate Road, Nundah QLD, originally purchased for $77.9 million as a fund through development in 2012 (sold for $106.3 million in March 2017, settlement occurred in July 2017).

Enhance existing assets

FY18 Objectives

- Leasing of vacant space and leasing or renewal of potential lease expiries.
- Retaining tenants where possible through regular contact with representatives and timely responses to requests.
- Capital works undertaken to maintain or improve the value of assets and/or retain or attract tenants.
- Potential development and/or change of use to be further progressed for some assets.

FY17 Achievements

- ✓ Over 94,921sqm of new and extended leasing undertaken. The occupancy rate at 30 June 2017 was 99%.
- ✓ Meetings held with all tenants with leases potentially expiring over the next two years. Tenant retention rate of 74% for the five years to 30 June 2017.
- ✓ Development approval in place for a new 20,000 sqm office building in Richmond, Victoria.

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

Increase liquidity and free float

FY18 Objectives

- Inclusion in major indexes.
- Increase equity capital where appropriate.
- Increase free float of Growthpoint's securities.
- Increase liquidity of Growthpoint's securities.

FY17 Achievements

- ✔ Continued inclusion in S&P/ASX200.
- ✔ $245.7million of new equity was raised via the distribution reinvestment plan and associated with the acquisition of GMF.
- ✖ Liquidity of Growthpoint's securities marginally increased from FY16 to FY17, with 126,231,132 securities traded in FY17 compared to 121,359,340 in FY16.
- ✔ Increased free float by $90 million, from $634 million at 30 June 2016 to $724 million at 30 June 2017.

Borrow prudently

FY18 Objectives

- Maintain gearing within 35%-45% range.
- Maintain diversity of sources and tenor of debt.
- Additional capital markets issuance to be considered if further debt capital required.
- Ensure fixed debt is within the target range of 65% to 100%.

FY17 Achievements

- ✔ Balance sheet gearing at 30 June 2017 was 39.0% down from 43.1% at 30 June 2016[1].
- ✔ The weighted average debt maturity was 5.0 years at 30 June 2017; up from 4.2 years at 30 June 2016.
- ✔ Successfully secured long term debt finance of AUD208 million via the USPP market:
  - improving diversification,
  - extending the company's debt maturity profile to 5.0 years at 30 June 2017,
  - increasing the level of fixed/hedged debt to 75%, and
  - increasing debt capital markets issuance to 50% of total debt drawn (balance existing bank debt).

Operate sustainably

FY18 Objectives

- Process for achievement of new sustainability objectives introduced.
- Focus on long-term value rather than short-term profits.
- Monitor compliance with sustainability objectives and improve integration of sustainability practices within business operations.
- Continue to focus on long-term value rather than short-term profits.

FY17 Achievements

- ✔ Increased average NABERS rating to 4.5 stars (from 4.2 stars as at 30 June 2016).
- ✔ 43% of the Group's Employees are female, up from 35% as at 30 June 2016.

1. Using restated gearing as per Growthpoint's announcements in February 2017.

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

Leasing success

94,921 sqm of office and industrial space successfully leased in FY17; occupancy maintained at 99%

Growthpoint's modern portfolio and experienced asset management team, led by Michael Green, Head of Property, again achieved significant leasing results maintaining 99% occupancy in FY17.

New national head offices for David Jones and Country Road Group

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

- Office accommodation
- 23,156 sqm net lettable area, with 679 car parks
- Weighted average lease expiry 14.5 years from commencement
- Fixed rent increases of 3.00% per annum for first four years and 3.25% per annum thereafter
- Enables potential development of Building 3

Lease to The Workwear Group, a wholly owned subsidiary of Wesfarmers Ltd

120 Link Road, Melbourne Airport, Victoria

- Logistics warehouse
- 26,517 sqm
- Lease term of 10 years, commenced 1 July 2017
- Rent increases greater of CPI and 3.50% per annum

New lease to existing tenant Orora Limited

109 Burwood Road, Hawthorn, Victoria

- Office accommodation
- 4,358 sqm
- Lease term of 8 years, commenced 14 June 2017
- Fixed rent increases of 3.25% per annum

Proposed Building 3, 572-576 Swan Street, Richmond, VIC

Development opportunity

New generation office development proposed for Richmond, Victoria

NABERS energy & water rating target
5.0 ★

Green Star Credentials target
5.0 ★

PCA A Grade innovative office
20,000sqm

The new Richmond office development will offer the Melbourne metro office market a new benchmark in quality and amenity. Located in a prominent and commanding position at the front of the Botanicca Corporate Park, this new generation of office design is perfectly suited for major local and international corporate offices.

Development approval is in place for a new office building at Richmond on land currently owned by Growthpoint, with the ability to deliver the project within 18 months of a pre-commitment to lease all or a substantial part of this development.

Growthpoint forecasts an on-completion value of approximately $140 million and an estimated yield on cost between 7% and 9%.

FY17 Sustainability Highlights

Securityholders and other stakeholders at the core of everything we do

Steve Lee
Manager – Projects and Sustainability

NABERS average energy rating

4.5★

(30 June 2016: 4.2 stars)

CY16 Scope 1 & 2 GHG emissions intensity

65 kg CO2-e /sqm

Gender diversity of employees

43%

(30 June 2016: 35% women)

5 Murray Rose Avenue, Sydney Olympic Park, NSW

Economic value provided in FY17[1]

$564.2m

(FY16: $524.1m)

Comprising:

Economic value generated during FY17[1,2]

$269.2m

(FY16: $221.8m)

Economic value distributed during FY17[1]

$295.0m

(FY16: $302.3m)

1. Calculated in accordance with GRI methodology. Only cash receipts and payments have been included.
2. Cash receipts from customers plus interest received.
3. Consists of stamp duty, net GST, income tax, payroll tax and mortgage duties calculated in accordance with GRI methodology.

Taxes paid in FY17[3]

$27.2m

(FY16: $28.8m)

Taxes % of revenue

10.40%

(FY16: 13.80%)

Submissions to CDP and GRESB benchmarking

Financial Management

Excellent earnings growth, lower gearing, diversified sources of debt funding and longer duration achieved in FY17

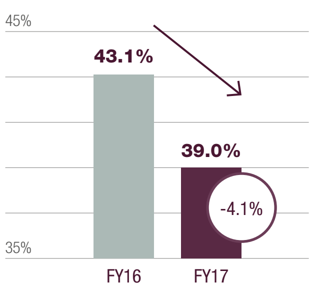
5 Murray Rose Avenue, Sydney Olympic Park, NSW

Growthpoint continued to strengthen its capital position over FY17, whilst supporting the Group's transaction activity and portfolio repositioning. The Group successfully extended the tenor of its fixed debt, achieving in the process a better funding mix, lower interest rate risk and greater certainty around debt structure. We believe this will enable us to generate higher, more sustainable returns over the long-term. Gearing was also reduced over FY17.

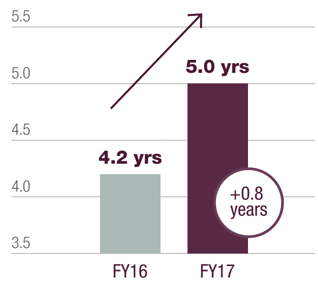
Dion Andrews
Chief Financial Officer

Strategic Execution

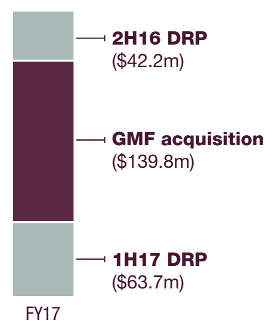
Maintain gearing within 35%-45% range



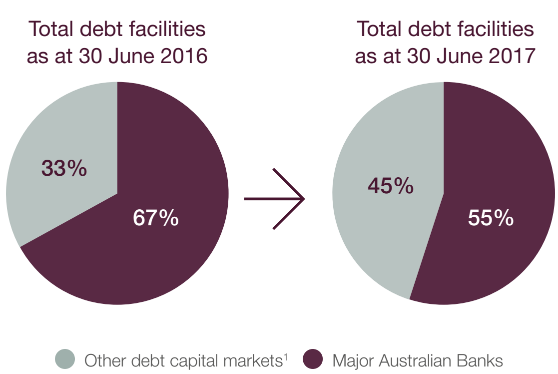
Extend average debt maturity



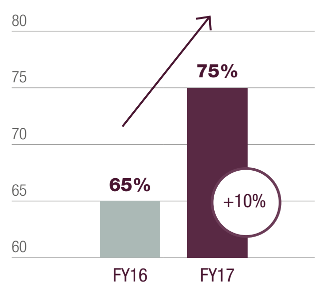
$245.7 million new equity in FY17



Diversify debt sources

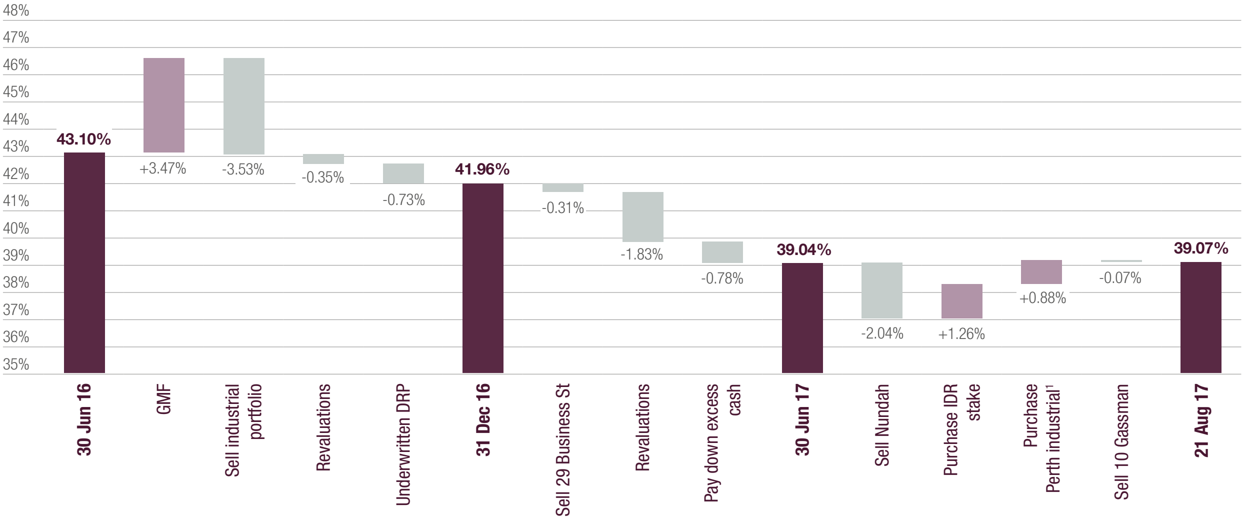


Increase fixed debt percentage



1. Consists of two offshore life insurers, three offshore banks and USPP investors.

Items influencing balance sheet gearing over 2017 (%)



Highlights for FY17 include:

- 11.4% increase for the year in FFO per security to 25.5 cents
- Distribution guidance of 21.5 cents per security met, representing a payout ratio to FFO of 84.3%
- NTA per security increased from $2.61 to $2.88
- Further fixed debt issuance via the USPP market with AUD208 million issued over 10 and 12 year tranches, further diversifying the Group's sources of funding and lengthening the debt tenor

Strategic execution in FY17

In the 2016 Annual Report, we outlined the Group's financial management goals for FY17 as:

- Maintain gearing within 35% to 45% range.
- Extend average debt maturity.
- Diversify sources and tenor of debt.
- Additional capital markets issuance to be considered.
- Ensure fixed debt is within the target range of 75% to 100%

Below we outline our performance during the year on each of these areas.

Balance sheet gearing 39.0% as at 30 June 2017

Balance sheet gearing as at 30 June 2017 was 39.0%, down from 43.1%[2] as at 30 June 2016 and within the target range. The Group has looked to control the level of gearing via the sale of properties that do not meet its risk and return profiles and where it believes values have been maximised.

Extend average debt maturity

The weighted average debt maturity increased by 0.8 years to 5.0 years as the Group issued longer tenor debt to the USPP market and used the proceeds to repay shorter tenor bank debt.

Diversify sources and tenor of debt with additional capital market issuance

The issue of the USPP debt after a successful US roadshow brought nine new debt investors into the Group across two new maturities in 2027 and 2029. Growthpoint continues to assess the various debt markets open to it to ensure the debt portfolio remains well diversified by both source and tenor.

Fixed debt at 75% and the weighted average maturity of fixed debt increased

During the year, Growthpoint changed its fixed debt target range from 75-100% to 65-100% to provide more flexibility to the Group. At 30 June 2017, fixed debt was 75%, up from 65% a year earlier. The Group has also extended the weighted average maturity of fixed debt from 5.7 years to 6.4 years. This means more of the debt is protected for longer against any future interest rate rises.

FY18 Outlook

Debt capital management

Post the settlement of the three property transactions either announced or settled post balance date, pro forma gearing is 39.1% with an all-in cost of debt of 4.3% and a weighted average maturity of 5.0 years. There is a balanced mix between shorter term, more flexible bank debt and longer term fixed debt from other sources. Growthpoint will strive to keep this strong debt capital position in place post any transactions entered into over the coming year.

Growthpoint is targeting undrawn and uncommitted debt of approximately $100 million to allow for flexibility in transactions without excessive cost drag from holding undrawn debt lines.

Distributions forecast to increase to 22.0cps

The Group seeks to return as much of Funds From Operations (FFO) to investors as is prudent. The payout ratio of FFO considered to be prudent will take into account forecast capital expenditure and lease incentive costs over the medium-term, recognising that the quantum of leasing incentives granted can vary from year to year.

The payout ratio for FY17 was 84.3% compared with 89.5% in FY16. Growthpoint does not foresee the payout ratio falling below 85% over the medium-term given the requirements of the current portfolio.

Distributions are forecast to increase by 2.3% to 22.0cps for FY18, based on FFO of at least 23.6cps.

1. Full impact included although acquisitions not due to complete until later in FY18.
2. Gearing restated as per Growthpoint's announcements in February 2017.

Summary of movements in value over FY17

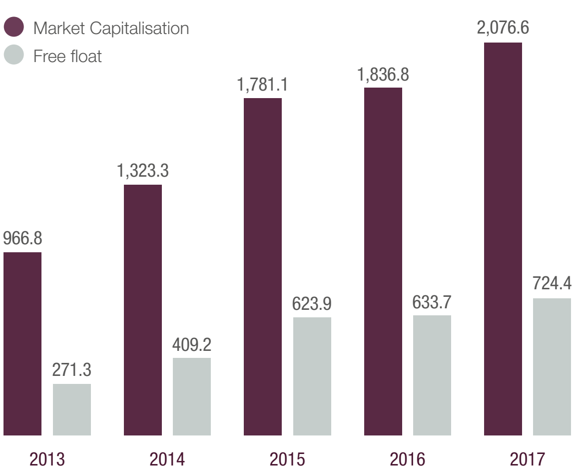
Property type	Properties at 30 June 2016	Value at 30 June 2016	Capex for full year	Property acquisitions & expansions	Property disposals	Lease incentives and leasing costs net movement	Straight lining of revenue adjustment	Revaluation gain	Valuation at 30 June 2017[1]	Change due to revaluation	Properties at 30 June 2017[1]
	No.	*$m*	*$m*	*$m*	*$m*			*$m*	*$m*	*%*	*No.*
Industrial portfolio	38	1,236	5	–	(166)	(12)	(6)	46	**1,103**	3.7	31
Office portfolio	20	1,566	5	509	–	19	8	72	**2,179**	4.6	26
Total portfolio	**58**	**2,803**	**10**	**509**	**(166)**	**7**	**2**	**118**	**3,283**	**8.3**	**57**

Key debt metrics and changes during FY17

		30 June 2017	30 June 2016	Change
Gross assets	*$'000*	**3,328,372**	2,879,605	448,767
Interest bearing debt	*$'000*	**1,299,380**	1,242,226	57,154
Total debt facilities	*$'000*	**1,473,482**	1,375,000	98,482
Undrawn debt	*$'000*	**167,856**	126,728	41,128
Balance sheet gearing	*%*	**39.0**	43.1	(4.1)
Weighted average interest rate	*%*	**4.3**	4.1	0.2
Weighted average debt maturity	*years*	**5.0**	4.2	0.8
Annual interest coverage ratio (ICR) / Covenant ICR	*times*	**4.1 / 1.6**	4.1 / 1.6	- / -
Actual Loan to Value Ratio (LVR) / Covenant LVR	*%*	**40.2 / 60**	45.2 / 60	(5) / -
Weighted average fixed debt maturity	*years*	**6.4**	5.7	0.7
% of debt hedged	*%*	**75**	65	10
Debt providers	*Number*	17	8	9

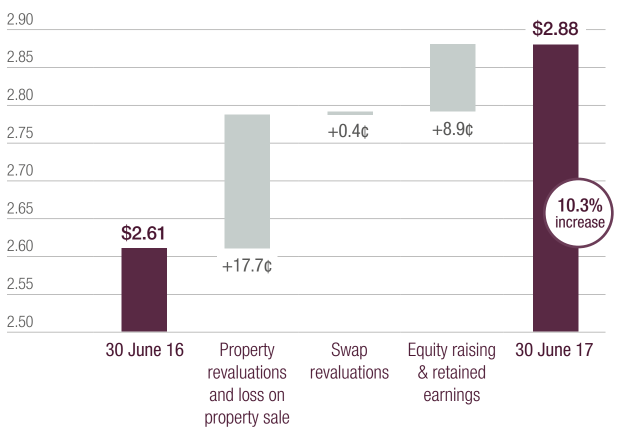
Market capitalisation and free float ($m)

as at 30 June



Movements in NTA ($)

per stapled security



1. These figures include assets held for sale. Properties currently held for sale will be classed as disposed when settlement of any sale occurs (therefore excludes 10 Gassman Drive, Yatala, QLD).

Funds From Operations (FFO)

FFO is the net profit available for distribution from the Group which excludes accounting adjustments such as fair value movements to the value of investment property and interest rate swaps, depreciation, profits or losses on sale of investment properties, deferred tax and amortisation of tenant incentives. FFO is non-IFRS financial information and has not been subject to review by the Group's external auditors.

FFO has been provided to allow Securityholders to identify that income which is available to distribute to them and will assist in the assessment of relative performance of the Group.

The table below provides a reconciliation of FFO from statutory profit. Distributable income is also displayed this year to allow comparison to forecast distributable income provided at the beginning of FY17 as well as prior years. As the Group intends to report on an FFO basis going forward, distributable income will no longer be provided for reporting purposes.

Reconciliation from statutory profit to FFO

	FY17	Restated FY16	Change	Change
	$'000	*$'000*	*$'000*	*%*
Profit after tax	**278,090**	**219,377**	**58,713**	**26.8**
Less non-distributable items:				
– Straight line adjustment to property revenue	(2,522)	(7,426)	4,904	
– Net changes in fair value of investments	(118,157)	(91,691)	(26,466)	
– Loss / (profit) on sale of investment properties	1,123	(163)	1,286	
– Net (gain) / loss on derivatives	(2,382)	5,824	(8,206)	
– Depreciation	162	128	34	
Distributable income	**156,314**	**126,049**	**30,265**	**24.0**
FFO adjustments				
Amortisation of incentives	9,969	6,224	3,745	
Deferred tax benefit	(185)	(159)	(26)	
FFO	**166,098**	**132,114**	**33,984**	**25.7**

The payout ratio, calculated as distributions on ordinary stapled securities divided by FFO, was 84.3% (FY16: 89.5%).

Operating and capital expenses

Operating expenses

		FY17	FY16	FY15
Total operating expenses	*$'000*	**12,385**	10,407	9,123
Average gross asset value	*$'000*	**3,204,716**	2,588,089	2,211,504
Operating expenses to average gross assets	*%*	**0.39**	0.40	0.41

Capital expenditure

		FY17	FY16	FY15
Total portfolio capital expenditure	*$'000*	**10,042**	6,976	5,920
Average property asset value	*$'000*	**3,204,716**	2,588,089	2,218,736
Capital expenditure to average property portfolio value	*%*	**0.31**	0.27	0.27

Financial Management

Five years of outperformance

Pascal Moutou
Finance Manager

Years ended 30 June		FY17	Restated FY16	FY15	FY14	FY13
Financial performance						
Investment income	$m	**383.4**	302.1	361.5	198.5	171.5
Profit for the period	$m	**278.1**	219.4	283.0	117.3	94.0
Financial position						
Total assets (at 30 June)	$m	**3,328.4**	2,879.6	2,407.1	2,128.8	1,680.4
Total equity (at 30 June)	$m	**1,901.5**	1,522.4	1,411.5	1,165.1	804.1
Securityholder value						
Basic and diluted earnings per security	¢	**42.7**	38.1	50.4	25.7	23.7
Distributable income per security	¢	**24.0**	21.9	21.2	20.0	19.3
Funds From Operations per security	¢	**25.5**	22.9	21.8	20.2	19.4
Distributions per security	¢	**21.5**	20.5	19.7	19.0	18.3
Total Securityholder return[1]	%	**6.3**	7.4	36.4	10.8	23.6
Return on equity	%	**18.6**	13.5	23.9	17.5	13.1
Balance sheet gearing (at 30 June)	%	**39.0**	43.1	37.0	40.9	46.8
NTA per security (at 30 June)	$	**2.88**	2.61	2.48	2.16	2.00
Market capitalisation (at 30 June)	$m	**2,076.6**	1,836.8	1,781.1	1,323.3	966.8
Other information						
Number of securities on issue (at 30 June)	No.	**661,340,472**	583,125,744	569,027,781	540,115,360	402,830,366

1. Source: UBS Investment Research.

27-49 Lenore Drive, Erskine Park, NSW

Portfolio Review

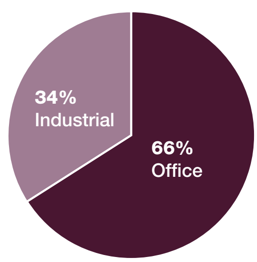
Portfolio value increased and reweighted into segments positioned for long-term outperformance

A1, 32 Cordelia Street, South Brisbane, QLD

Michael Green
Head of Property

Over the course of FY17 Growthpoint reweighted the portfolio into segments positioned for superior long-term growth and saw good growth in overall valuations; a result of strong market conditions and first mover advantage into non-CBD office assets. Significant leasing over the year helped us retain high occupancy at 99% across the portfolio.

Sector diversity (%)
by property value as at 30 June 2017



26
Office properties – up from 20 at 30 June 2016

32
Industrial properties – down from 38 at 30 June 2016

Five year performance summary

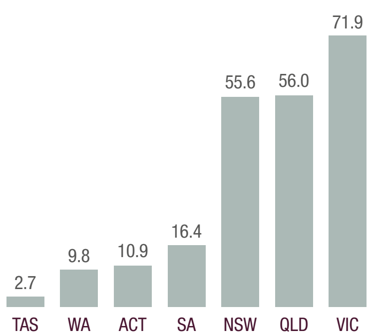
As at 30 June		2017	2016	2015	2014	2013
Number of properties	*no.*	**58**	58	53	51	44
Total value	*$m*	**3,283.8**	2,832.6	2,372.5	2,093.7	1,694.5
Occupancy	*%*	**99**	99	97	98	98
Like-for-like value change	*$m / % of asset value*	**138.6 / 5.2**	130.2 / 5.5	186.0 / 9.0	52.1 / 3.0	30.6 / 2.0
Total lettable area	*sqm*	**1,056,336**	1,109,545	1,050,611	1,036,740	917,989
Weighted average property age	*years*	**9.6**	9.2	8.3	7.9	6.6
Weighted average valuation cap rate	*%*	**6.5**	6.9	7.3	7.9	8.4
WALE	*years*	**6.1**	6.9	6.7	6.9	6.8
WARR[1]	*%*	**3.3**	3.1	3.0	3.2	3.1
Average value (per sqm)	*$*	**3,109**	2,553	2,258	2,019	1,846
Average rent (per sqm, per annum)	*$*	**231**	198	183	171	162
FY net property income	*$m*	**223.3**	181.2	171.8	148.7	133.4
Number of tenants	*no.*	**145**	116	97	90	90

Top ten tenants (%)

by passing rent as at 30 June 2017

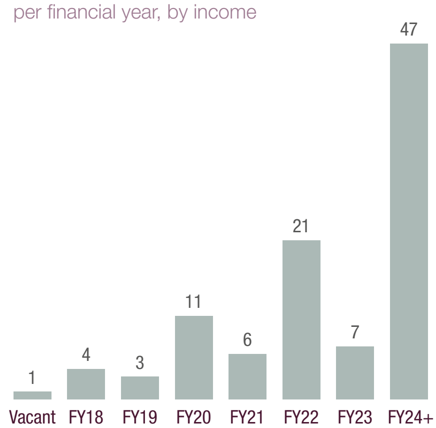
	%	WALE (yrs)
Woolworths	17	5.3
NSW Police	8	6.9
Commonwealth of Australia	5	8.8
Linfox	4	5.9
GE Capital Finance Australasia[2]	3	13.1
Samsung Electronics	3	4.7
Lion	3	6.8
Energex	2	10.4
ANZ Banking Group	2	2.7
Jacobs Group	2	7.8
Total / weighted Average	**49**	**6.8**
Balance of portfolio	51	5.4
Total portfolio	**100**	**6.1**

Net property income per State / Territory for FY17 ($m)



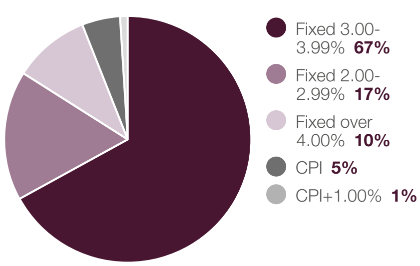
Portfolio lease expiry profile (%)

per financial year, by income



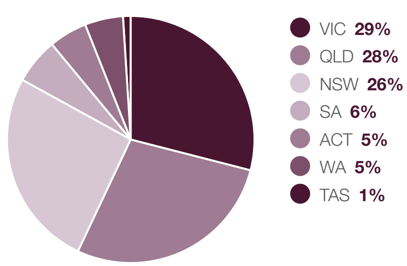
Annual rent review type (%)[3]

as at 30 June 2017



Geographic diversity (%)

by property value as at 30 June 2017



1. Assumes CPI change of 1.9% per annum as per Australian Bureau of Statistics release for FY17.
2. A lease to Country Road / David Jones with a lease term from commencement of 14.25 years, will replace the existing lease to GE Capital Finance Australasia upon the lease expiry.
3. Leases that have a minimum lease increase, typically 3%, or CPI are shown as the minimum fixed rate for the above.

Office Property Portfolio

as at 30 June 2017

104

For a detailed table of individual office property metrics please refer to page 104

8 Properties

38% of office portfolio

New South Wales
& Australian Capital Territory

Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
New South Wales			
1 Charles St	32,356	6.9	303,500
Bldg C, 219-247 Pacific Hwy	14,496	5.6	115,000
5 Murray Rose Ave	12,386	6.8	97,000
3 Murray Rose Ave	13,423	4.7	97,000
102 Bennelong Pkwy	5,244	2.1	29,800
6 Parkview Dr	5,145	2.3	28,500
Sub-total	**83,050**	**5.9**	**670,800**
Australian Capital Territory			
10-12 Mort St	15,398	7.7	87,000
255 London Cct	8,972	10.2	72,000
Sub-total	**24,370**	**8.8**	**159,000**
Total/Weighted Average	**107,420**	**6.2**	**829,800**

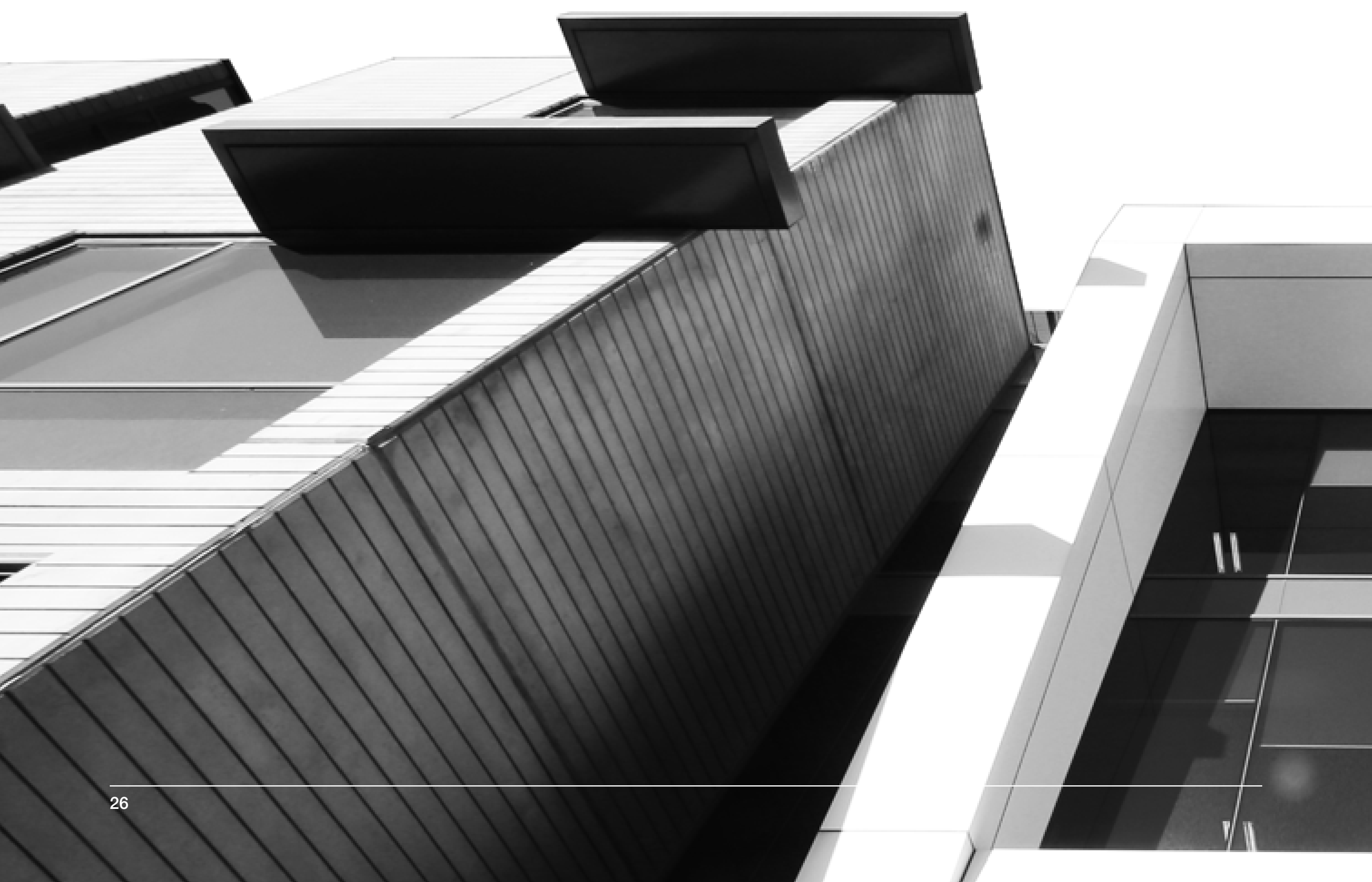
8 Properties

32% of office portfolio

Queensland

Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
15 Green Square Cl	16,442	4.7	138,000
333 Ann St	16,369	5.3	121,000
1231-1241 Sandgate Rd[1]	12,980	9.3	103,500
CB1, 22 Cordelia St	11,529	4.9	99,000
A1, 32 Cordelia St	10,052	7.7	81,200
A4, 52 Merivale St	9,405	5.6	79,000
CB2, 42 Merivale St	6,598	7.6	57,200
Car Park, 32 Cordelia St & 52 Merivale St	0	2.4	26,000
Total/Weighted Average	**83,375**	**5.9**	**704,900**

1. Included as settlement post 30 June 2017.



7 Properties

25% of office portfolio

Victoria

Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
75 Dorcas St	23,811	4.4	180,000
109 Burwood Rd	12,403	6.2	89,250
Bldg 2, 572-576 Swan St	14,602	15.0	80,900
Bldg B, 211 Wellington Rd	12,780	3.5	72,400
Bldgs 1 & 3, 572-576 Swan St	9,909	12.1	62,000
Bldg C, 211 Wellington Rd	10,305	5.0	55,500
Car Park, 572-576 Swan St	–	0.7	1,125
Total/Weighted Average	**83,810**	**7.4**	**541,175**

2 Properties

4% of office portfolio

South Australia

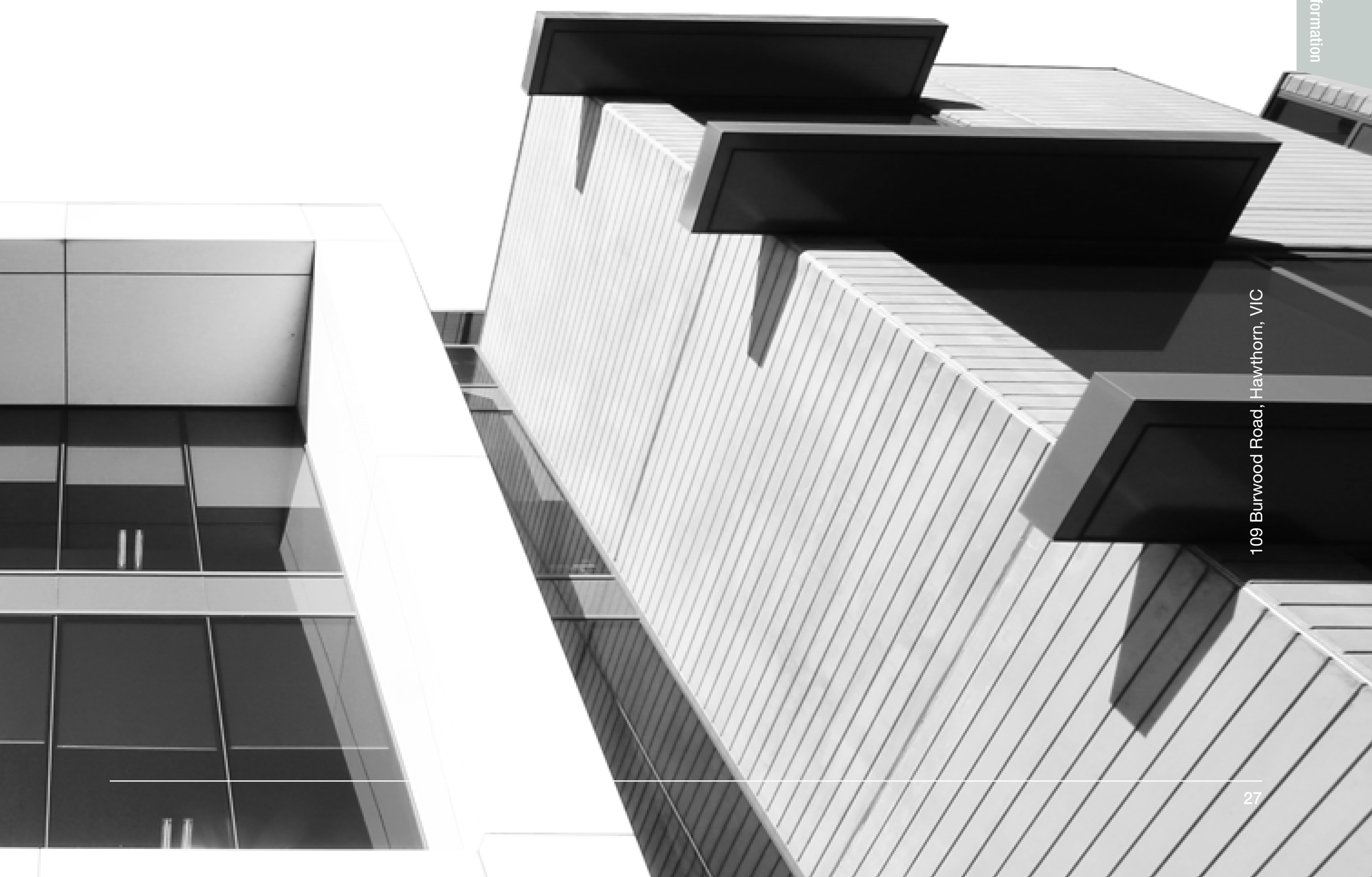
Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
33-39 Richmond Rd	11,835	6.1	62,000
7 Laffer Dr	6,639	1.1	15,500
Total/Weighted Average	**18,474**	**4.6**	**77,500**

1 Property

1% of office portfolio

Tasmania

Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
89 Cambridge Park Dr	6,876	6.8	27,000
Total/Weighted Average	**6,876**	**6.8**	**27,000**



109 Burwood Road, Hawthorn, VIC

Industrial Property Portfolio

as at 30 June 2017

105

For a detailed table of individual industrial property metrics please refer to page 105

17 Properties

38% of industrial portfolio

Victoria

Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
120 Northcorp Blvd	58,320	4.1	77,700
522-550 Wellington Rd	68,144	4.1	65,900
1500 Ferntree Gully Rd & 8 Henderson Rd	22,009	8.4	42,300
40 Annandale Rd	44,424	2.0	33,000
9-11 Drake Blvd	25,743	4.3	31,350
130 Sharps Rd	28,100	5.0	24,500
120-132 Atlantic Dr	12,864	11.5	24,100
Lots 2, 3 & 4, 44-54 Raglan St	26,980	2.2	23,100
120 Link Rd	26,517	10.0	15,500
20 Southern Crt	11,430	5.5	15,250
60 Annandale Rd	16,276	10.8	13,000
6 Kingston Park Crt	7,645	4.9	12,150
3 Millennium Crt	8,040	3.7	11,000
31 Garden St	8,919	1.4	10,100
19 Southern Crt	6,455	1.8	8,100
45-55 South Centre Rd	14,082	0.1	7,850
75 Annandale Rd	10,280	2.3	7,150
Total/Weighted Average	**396,228**	**4.9**	**422,050**

5 Properties

21% of industrial portfolio

Queensland

Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
70 Distribution St	76,109	4.7	205,000
13 Business St	8,951	2.2	15,000
5 Viola Pl	14,726	0.0	8,000
3 Viola Pl	3,431	5.7	2,100
10 Gassman Dr	3,188	0.3	0[1]
Total/Weighted Average	**106,405**	**4.0**	**230,100**

1. Treated as sold for reporting purposes as at 30 June 2017.

5 Properties

16% of industrial portfolio

New South Wales

Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
27-49 Lenore Dr	29,476	6.2	63,500
6-7 John Morphett Pl	24,881	2.8	45,000
51-65 Lenore Dr	3,720	10.7	32,000
34 Reddalls Rd	355	13.3	24,000
81 Derby St	7,984	5.2	16,600
Total/Weighted Average	**66,416**	**6.8**	**181,100**

1 Property

14% of industrial portfolio

Western Australia

Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
20 Colquhoun Rd	80,374	8.3	152,800
Total/Weighted Average	**80,374**	**8.3**	**152,800**

4 Properties

11% of industrial portfolio

South Australia

Address	Lettable area	WALE	Book value
	sqm	*yrs*	*$'000*
599 Main North Rd	67,238	4.1	73,400
1-3 Pope Crt	14,459	3.4	21,250
12-16 Butler Blvd	16,800	3.4	14,300
10 Butler Blvd	8,461	0.6	8,400
Total/Weighted Average	**106,958**	**3.5**	**117,350**

51-65 Lenore Drive, Erskine Park, NSW

Office Portfolio Review

FY17 acquisitions build on high quality office assets

33-39 Richmond Road, Keswick, SA

Acquisitions and Disposals

Growthpoint's office portfolio grew significantly over FY17 due primarily to the successful take-over of the GPT Metro Office Fund (GMF). GMF comprised six office assets including four in NSW helping to achieve Growthpoint's strategy of increasing its NSW office exposure. The transaction was met with significant support from GMF unitholders with over 95.5% acceptances received by 1 October 2016. The GMF acquisition was the single largest transaction in which the Group has been involved ($440.3 million) and highlights the deep M&A and transactional expertise at Growthpoint. Since assuming control of GMF on 1 October 2016, the market value of the properties has increased by $39.3 million, or 9% and the weighted average occupancy has increased from 96% to 98%.

Whilst the current tightening of office yields makes further office acquisitions difficult, it provides opportunities for the Group to divest assets which (a) are considered non-core (typically due to size or location), (b) have reached their peak value to Growthpoint (typically due to leasing completed, building age or WALE) or (c) present an income or value risk to Growthpoint (typically due to a potential vacancy in a particular period).

Growthpoint sold one office property during the year: 1231-1241 Sandgate Road, Nundah, QLD (settlement occurred in July 2017). Originally purchased for $77.9 million as a fund through development in 2012, this property was sold for $106.3 million. Among other achievements at this building, Growthpoint implemented its strategy of providing quality retail offerings to complement the office accommodation. The sale proceeds have been used to pay down existing debt as part of the Group's stated capital management program.

Leasing

FY17 was another successful year of leasing for Growthpoint with more than 41,159 sqm leased across the office portfolio addressing several key potential lease expiries. Highlights include:

- Two new leases for the new David Jones and Country Road national headquarters totalling 23,156 sqm at Buildings 1 & 2, 572-576 Swan Street Richmond VIC. The leases have a weighted average lease term of 14.5 years and the tenants will undertake substantial fit out works to the buildings creating a world class working environment. Growthpoint has also obtained a planning permit for the adjacent site, creating the opportunity for a 20,000 sqm A-grade office development.
- An 8 year lease extension to Orora Limited at 109 Burwood Road, Hawthorn, VIC. Orora has leased 4,358 sqm on Levels 1 and 2, with fixed annual rent increases of 3.25%. This building was acquired as part of the takeover of GMF.
- Richard Crookes Constructions leased the last remaining floor at Building C, Gore Hill Technology Park, 219-247 Pacific Highway, Artarmon, NSW and commenced occupation in May 2017. The lease is for 2,350 sqm on Level 3 and was conditional upon a favourable rezoning for the building, which was achieved and now provides flexibility for future use of the building.

The development of Building C, 211 Wellington Road, Mulgrave, VIC is now complete and leases have been agreed with BMW Finance Australia, Guardian Child Care Centres, Corning Optical Communications and Toshiba (Australia). The remainder of the building (under a five year rental guarantee from the developer, Frasers Property Australia, until October 2021) is being marketed for lease.

Andrew Kirsch
Asset Manager

Cathy Ciurlino
Asset Manager

Office portfolio key statistics

(as at 30 June 2017)

- **$2,180.4 million** total value
- **299,955 sqm** total lettable area
- **6.3%** weighted average capitalisation rate
- **66%** of Growthpoint's property portfolio
- **98%** occupancy
- **6.5 year** WALE
- **3.5%** WARR
- **26** assets

Nathan Lansell
Property Analyst

Valuation

Over the past 12 months, Growthpoint's office portfolio has increased by $584.2 million to total $2,180.4 million, the result of accretive acquisitions and strong valuation gains. Since 30 June 2016, the value of the office property portfolio (excluding acquisitions and disposals) increased by $104.6 million or 6.6% on a like-for-like basis. The weighted average capitalisation rate across Growthpoint's office property portfolio is 6.3% at 30 June 2017 down from 6.8% at 30 June 2016. Valuation highlights include: 1 Charles Street, Parramatta, NSW ($23.5 million or 8% increase), 333 Ann Street, Brisbane, QLD ($18.5 million or 18% increase) and 75 Dorcas Street, South Melbourne, VIC ($14.0 million or 8% increase).

Looking Forward

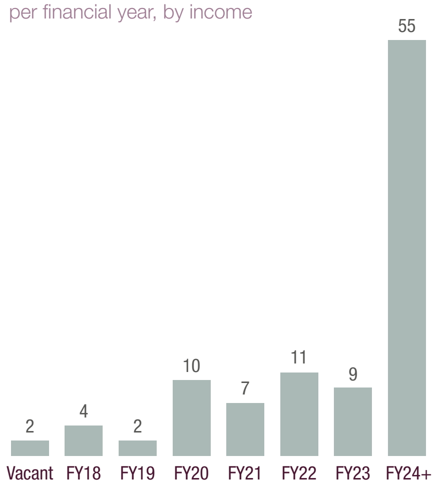
The yield compression cycle continued with prime yields across most Sydney, Melbourne and Brisbane office markets tightening by as much as 0.5%. The likelihood of market conditions remaining at current levels is unknown, however a number of industry participants have formed a common view that the markets are performing at yields considered to be at or near the top of the cycle. Future growth is likely to be driven by improving tenancy conditions such as rental growth, reduction of incentives and reduced vacancy downtime to varying degrees across the different office markets.

Five year performance summary - office portfolio

As at 30 June		2017	Restated 2016	2015	2014	2013
Portfolio value	*$m*	**2,180.40**	1,596.20	1,206.60	1,049.80	797.3
Total properties	*no.*	**26**	20	17	16	15
Weighted average cap rate	*%*	**6.3**	6.8	7.3	7.8	8.4
% of Growthpoint portfolio	*%*	**66**	56	51	50	47
Occupancy	*%*	**98**	98	94	97	97
WALE	*years*	**6.5**	7.8	6.8	6.5	5.7
Total lettable area	*sqm*	**299,955**	235,389	191,953	179,175	147,405
Average rent *(per sqm, per annum)*	*$*	**540**	533	538	516	501
NPI	*$m*	**136.8**	87.8	87.1	65.8	63.2
WARR	*%*	**3.5**	3.4	3.2	3.5	3.5

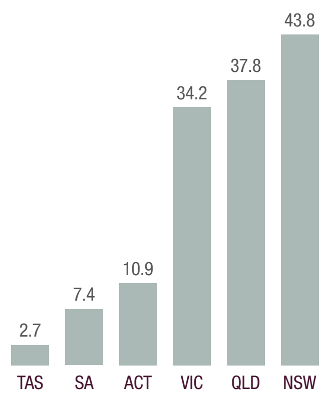
Portfolio lease expiry profile (%)

per financial year, by income



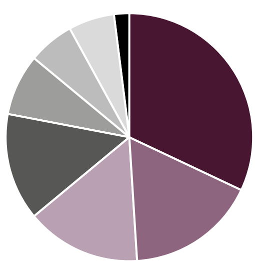
NPI per State / Territory ($m)

for the year ended 30 June 2017



Tenants by Industry

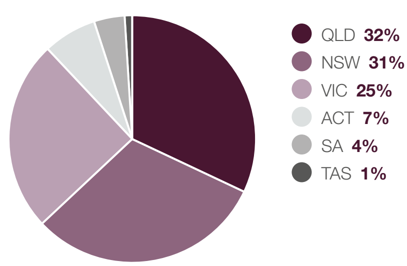
by income, as at 30 June 2017



- Government **31.8%**
- Resources, Infrastructure & Construction **16.6%**
- Financial Services **15.5%**
- IT, Media & Telecommunications **13.8%**
- Other Consumer & Business Services **7.5%**
- Retail **6.4%**
- Education **5.9%**
- Health **2.5%**

Geographic diversity (%)

by property value as at 30 June 2017



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

Industrial Portfolio Review

Substantial $1.1 billion industrial portfolio de-risked via strategic asset sales

120 Link Road, Melbourne Airport, VIC

Acquisitions and Disposals

Growthpoint took advantage of market conditions in FY17 to divest a number of non-core assets and de-risk and reposition the portfolio for future growth. The industrial asset sales also played a leading role in the Group's strategy to re-allocate capital into the NSW office market.

FY17 divestments:

- a portfolio of four logistics properties in Victoria was sold to Mapletree Logistics Trust of Singapore for $142.2 million, $0.4 million above their previous aggregate book value;
- 29 Business Street, Yatala, Queensland was sold to a private investor for $10.65 million a day before expiry of the lease to CMC Coil Steels. The price represented a 3% premium to book value;
- contract of sale exchanged on 10 Gassman Drive, Yatala, Queensland with settlement occurring in July 2017. The purchaser, an owner occupier, paid $4.8 million for the 3,188 sqm warehouse, representing a 7% premium to book value; and
- settlement of the sale of 670 Macarthur Avenue, Pinkenba, Queensland occurred in September 2016. This property was sold to a private investor for $10.1 million, 4% above its book value.

The Group continues to assess opportunities to acquire industrial properties with a disciplined approach. On 13 July 2017 the Group exchanged contracts for the acquisition of four adjoining, modern industrial warehouses at Perth Airport in Western Australia for $46.0 million providing an initial passing yield of 8.13%. The properties are fully leased to seven tenants with a WALE of 6.4 years. Settlement of the acquisition is expected to occur in the first half of FY18[1]. The properties are located near the Group's Woolworths Regional Distribution Centre.

Leasing

Several significant leasing transactions were achieved in FY17:

- 120 Link Road, Melbourne Airport, Victoria was leased to The Workwear Group, a wholly owned subsidiary of Wesfarmers Ltd, only two months after it was vacated by The Reject Shop. This 26,517 sqm distribution centre was leased for 10 years from 1 July 2017 and saw strong demand during the leasing campaign from logistics companies and online retailers. The new lease has annual rent increases to the greater of CPI and 3.5%.
- The lease of 1500 Ferntree Gully Road, Knoxfield, Victoria to PFD Food Services was renewed for a further 7 years. The lease is for 2,985 sqm of office space on the larger industrial property which was due to expire in August 2019. The lease now expires on 31 August 2026 and provides for fixed rent increases of 3.25% per annum.
- The lease of the 10,280 sqm property at 75 Annandale Road, Melbourne Airport, Victoria to Neovia Logistics was renewed for a further 3 years from 6 November 2016. The lease has fixed rent increases of 3.75% per annum.
- The lease of the 16,276 sqm property at 60 Annandale Road, Melbourne Airport, Victoria to Willow Ware Australia was renewed for a further 10 years. The lease now expires on 3 May 2028. The lease has fixed rent increases of 3.25% per annum.
- The lease of the 7,984 sqm property at 81 Derby Street, Silverwater, New South Wales to IVE Group Australia was renewed for a further 5 years. The lease now expires on 17 September 2022 and has annual rent increases to the greater of CPI and 3%.
- On 1 August 2017 the Group leased 45-55 South Centre Road, Melbourne Airport, Victoria to Direct Couriers. The 14,082 sqm office/warehouse was leased for 10 years with annual rent increases to the greater of CPI and 3.5%.

Andrew Fitt
Senior Asset Manager

Julian Smith
Asset Manager

Industrial portfolio key statistics
(as at 30 June 2017)

- **$1,103.4 million** total value
- **756,381 sqm** total lettable area
- **6.9%** weighted average capitalisation rate
- **34%** of Growthpoint's property portfolio
- **100%** occupancy
- **5.2 year** WALE
- **2.8%** WARR
- **32** assets

1. The sale contract contains conditions to settlement such as third party consents and completion of vendor works which could delay the anticipated completion date.

Expansions/Capital Improvements

Associated with the extension of the lease of 60 Annandale Road, Growthpoint and Willow Ware Australia agreed to investigate an expansion of the warehouse by 5,000 sqm. A planning permit has been obtained and construction is expected to occur in FY18.

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

Valuation

The value of the industrial property portfolio (excluding disposals) increased by $34.0 million over FY17 or 3.2% on a like-for-like basis.

The weighted average capitalisation rate across Growthpoint's industrial property portfolio is 6.9% at 30 June 2017 down from 7.1% at 30 June 2016.

Valuation highlights include:

- 20 Colquhoun Road, Perth Airport, Western Australia ($6.8 million or 5% increase),
- 1500 Ferntree Gully Road and 8 Henderson Road, Knoxfield, Victoria ($3.1 million or 8% increase), and
- 120 Link Road, Melbourne Airport, Victoria ($3.0 million or 14% increase).

Looking Ahead

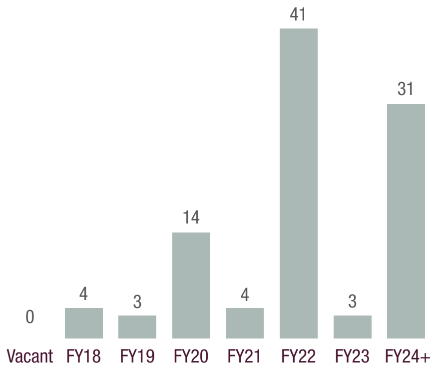
The Group's recent capital transaction activity has resulted in a reweighting towards office and away from industrial, but industrial/logistics assets remain a core investment sector for the Group. The Group will continue to monitor the market and consider further transactions which are accretive to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

Five year performance summary - industrial portfolio

As at 30 June		2017	Restated 2016	2015	2014	2013
Portfolio value	*$m*	**1,103.4**	1,236.3	1,165.9	1,043.9	897.2
Total properties	*no.*	**32**	38	36	35	29
Weighted average cap rate	*%*	**6.9**	7.1	7.3	8.0	8.3
% of Growthpoint portfolio	*%*	**34**	44	49	50	53
Occupancy	*%*	**100**	100	100	99	100
WALE	*years*	**5.2**	5.9	6.5	7.3	7.9
Total lettable area	*sqm*	**756,381**	874,156	858,658	857,565	770,584
Average rent *(per sqm, per annum)*	*$*	**110**	109	104	99	97
NPI	*$m*	**86.5**	93.4	84.7	82.9	70.2
WARR	*%*	**2.8**	2.7	2.7	2.9	2.7

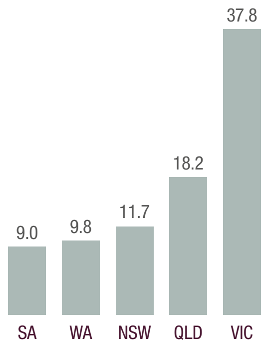
Portfolio lease expiry profile (%)

per financial year, by income



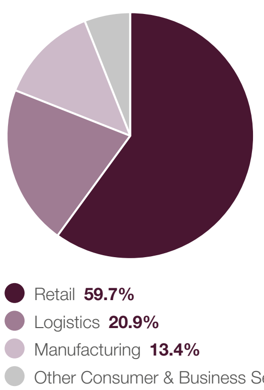
NPI per State / Territory ($m)

for the year ended 30 June 2017



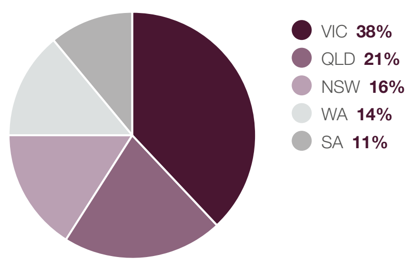
Tenants by Industry

by income, as at 30 June 2017



Geographic diversity (%)

by property value as at 30 June 2017




81 Derby Street, Silverwater, NSW

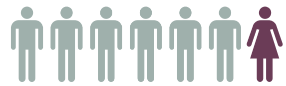

75 Annandale Road, Melbourne Airport, VIC

12 Charles Street, Parramatta, NSW

Board of Directors

Another high calibre director joins the Growthpoint Board in FY18

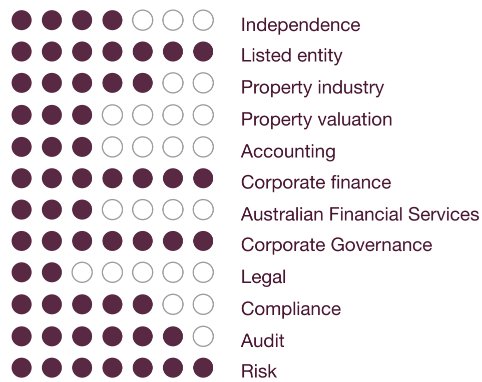
Independent Directors



Board diversity (as at 30 June 2017)

Board expertise matrix (no.)

as at 30 June 2017



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

1 Geoffrey Tomlinson
Independent Chairman & Director

2 Timothy Collyer
Managing Director

3 Maxine Brenner
Independent Director

4 Estienne de Klerk
Director

5 Grant Jackson
Independent Director

6 Francois Marais
Independent Director

7 Norbert Sasse
Director

8 Josephine Sukkar AM
Independent Director

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

BEC

44 years' experience in the financial services industry.

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

Current Australian directorships of public companies[1]: Calibre Limited and IRESS Limited.

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

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

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

Current Australian directorships of public companies[1]: Nil

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

BA, LLB

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

Committees: Audit, Risk & Compliance (Chair)

Current Australian directorships of public companies[1]: Orica Limited, Origin Energy Limited and Qantas Airways Limited

4 Estienne de Klerk (48)
Director[2] (since 5 August 2009)

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

Over 20 years' experience in banking and property finance and over 15 years' in the listed property market.

Committees: Audit, Risk & Compliance

Current Australian directorships of public companies[1]: Nil

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

Assoc. Dip. Valuations, FAPI

Over 31 years' experience in the property industry, including 27 years as a qualified valuer.

Committees: Audit, Risk & Compliance

Current Australian directorships of public companies[1]: Chief Executive Officer and Director of m3property (and related entities)

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

BCom, LLB, H Dip (Company Law)

Over 26 years' experience in the listed property market.

Committees: Nomination, Remuneration & HR

Current Australian directorships of public companies[1]: Nil

7 Norbert Sasse (52)
Director[3] (since 5 August 2009)

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

Over 21 years' experience in corporate finance and over 14 years' experience in the listed property market.

Committees: Nomination, Remuneration & HR (Chair)

Current Australian directorships of public companies[1]: Nil

8 Josephine Sukkar AM (53)
Independent Director (commencing 1 October 2017)

BSc (Hons), Grad Dip Ed

Over 27 years' experience in the construction industry.

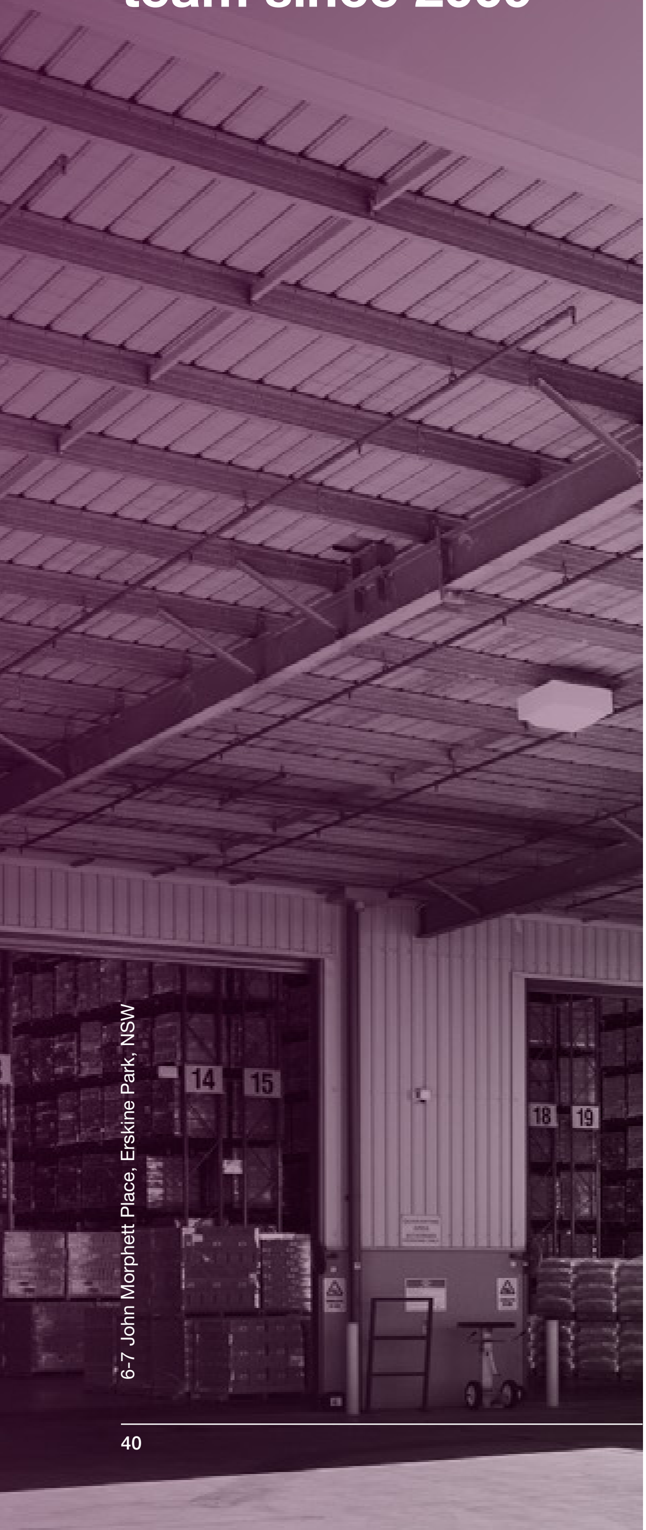
Committees: Nomination, Remuneration & HR (from 1 October 2017)

Current Australian directorships of public companies[1]: Opera Australia, Buildcorp Foundation Ltd and Sydney University Football Club Foundation Ltd.

1. In addition to Group entities.
2. Not deemed independent as Managing Director of GRT.
3. Not deemed independent as CEO of GRT.

Executive Management

Consistent management team since 2009



6-7 John Morphett Place, Erskine Park, NSW

Michael Green
Head of Property

Timothy Collyer
Managing Director

Dion Andrews
Chief Financial Officer

Aaron Hockly
Chief Operating Officer

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

B.Bus, FCCA

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

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

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

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

3 Michael Green (37)
Head of Property

B.Bus (Prop)

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

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

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

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

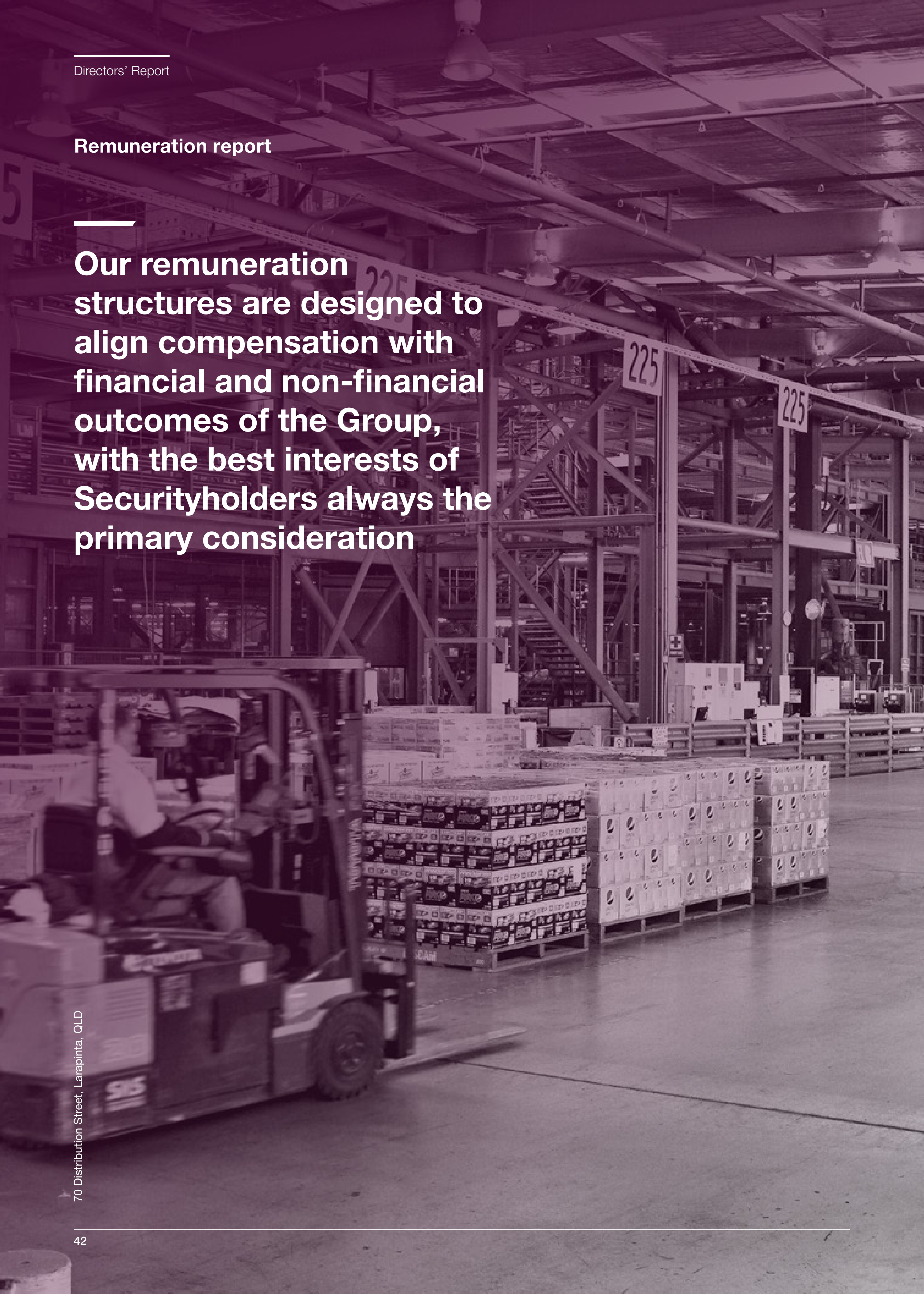
WWW

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

255 London Circuit, Canberra, ACT

Remuneration report

Our remuneration structures are designed to align compensation with financial and non-financial outcomes of the Group, with the best interests of Securityholders always the primary consideration



70 Distribution Street, Larapinta, QLD

What's inside

References to distributable income

In FY17, Growthpoint announced that it would change its reporting to FFO rather than distributable income going forward. As the Group's remuneration targets (particularly for STI purposes) were set in FY16 using distributable income, this Remuneration Report continues to refer to distributable income. It is expected that the FY18 Remuneration Report will only refer to FFO.

About the Remuneration Report

The Directors present this "Remuneration Report" for the Group for the year ended 30 June 2017. This report summarises key compensation policies and provides detailed information on the compensation for Directors and other Key Management Personnel.

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

Overview of FY17 remuneration

The FY17 remuneration report reflects a year of strong growth in Securityholder returns and achievement of Growthpoint's stated strategic objectives, as well as improved outcomes in the development of people and culture.

2017 distributable income per security grew by 9.6% when compared to the previous year. This marks the seventh year Growthpoint has grown distributable income per security, delivering a compound annual growth rate of 8.0% over this period.

Distributable income per security for the year ended 30 June 2017 exceeded guidance by 1.8 cents or 8.1%.

Total Securityholder return of 6.3% exceeded the benchmark S&P/ASX A-REIT 300 accumulation index by 11.9 percentage points (the index returned -5.6%).[1]

Key Management Personnel remuneration structures continue to be heavily weighted towards 'at risk' components to better align compensation with Securityholder outcomes and over 50% of the Managing Director's remuneration is 'at risk'.

Long-term Incentive ("**LTI**") share plan policies have remained broadly unchanged since 2012, and continue to be 100% benchmarked relative to the S&P/ASX A-REIT 300 accumulation index.

The Group's Short-term Incentive ("**STI**") plan focuses on aligning financial outcomes for Securityholders with Key Management Personnel remuneration. Stretch targets are also in place for financial outperformance versus guidance.

The Nomination, Remuneration and HR committee meets at least four times per year (there were six meetings during FY17) to consider the appropriateness of remuneration policies and has engaged PwC to provide benchmarking and related remuneration advice. Growthpoint also continues to take investor feedback into account when considering remuneration and remuneration reporting.

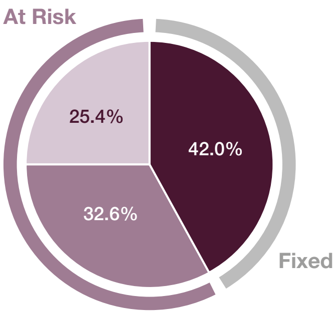
44 Growthpoint's remuneration practices substantially comply with best practice governance guidelines, as outlined on page 44 of the 2017 Sustainability report.

1. Source: UBS Investment Research.

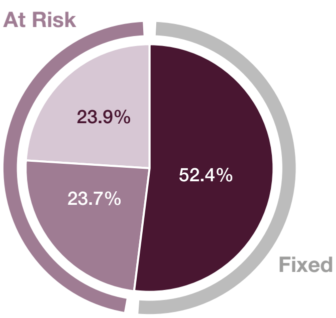
There are currently 23 Employees ("Employees") of the Group, including the Managing Director and 3 other Key Management Personnel ("Key Management Personnel").

Executive remuneration FY17 (%)

Managing Director



Other Key Management Personnel



- Fixed
- At risk - cash
- At risk - Equity

Executive Remuneration for FY17

Remuneration paid and payable

The total remuneration paid or payable to the Employees who are Key Management Personnel for FY17 is listed on page 47 of this report and the proposed remuneration parameters for FY18 are on page 50.

Service contracts

It is the Group's policy that service contracts are unlimited in term but capable of termination on six months' notice or less and that the Group retains the right to terminate the contract immediately, by making payment equal to a payment in lieu of notice. Employees are also entitled to receive certain statutory entitlements on termination of employment including accrued annual and long service leave, together with any superannuation benefits and, if applicable, redundancy payments in accordance with a redundancy policy approved by the Nomination, Remuneration & HR Committee. Service contracts outline the components of compensation paid to each Employee (including all key management persons) but does not prescribe how compensation levels may be modified each year.

Principles of remuneration for Employees

The principles of remuneration for Employees are:

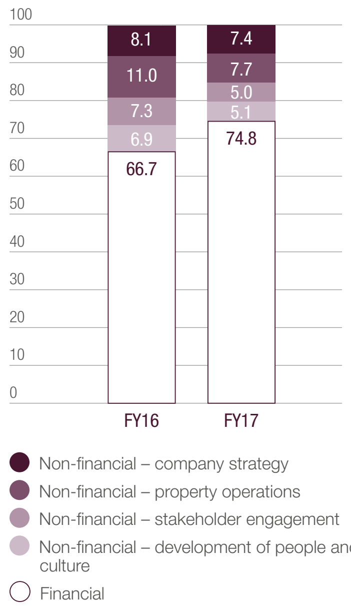
1. Employees should receive total remuneration which is competitive with rates for similar roles with listed and unlisted Australian entities having regard to each person's skills and experience, the complexity, value to the Group and workload of the particular role and the industry in which the Group operates.
2. The total remuneration for Employees should be set at a level to attract and retain suitably qualified and experienced persons to each respective role and tailored to encourage Group performance which is in the best interests of all Securityholders.
3. The components of remuneration for each Employee are:
   a) total fixed remuneration (including applicable superannuation);
   b) if specified performance criteria are met, eligibility to receive a short-term incentive bonus payable in cash in respect of each financial year as determined by the Managing Director and/or the Nomination, Remuneration & HR Committee up to a maximum amount set by the Board. Refer to the table below for measures for the FY17 STI and the FY18 STI;
   c) long-term incentive plan under which, upon attainment of specified criteria, each Employee is eligible to receive securities in the Group that vest over time to help ensure alignment of each Employee's interests with those of Securityholders;
   d) life, TPD and income protection insurance cover payable to the Employee; and
   e) annual, personal, long-service and other leave to the extent required by law or under any Group policy.
4. Employees are not eligible for any additional fees for additional roles within the Group such as acting as an officer of the Company or being a responsible manager under the Company's AFSL.
5. Employees are not currently required to hold any securities in the Group but are encouraged to do so. At the date of this Report, most Employees hold securities in the Group (refer to page 89 for details of senior executive holdings).
6. Employees are entitled to receive certain payments including the vesting of all unvested securities under the LTI if the Company decides to terminate a position without cause including through redundancy.

Non-financial performance criteria for Short-term Incentives (STI) for FY17

Performance criteria	FY17 performance measures	FY17 Achievement
Company strategy (9% of total)*	1. Consideration of significant acquisition or M&A opportunities. 2. Asset acquisitions. 3. Asset disposals. 4. Capital management initiatives. 5. Strategic portfolio asset management initiatives	96.7%
Property operations (9% of total)*	1. Vacancy rate. 2. Non-recoverable property costs to income ratio. 3. Total rental arrears as a % of collectables. 4. Leasing outcomes versus budget. 5. Portfolio metrics (WALE, WARR, average building age etc).	100%
Stakeholder engagement (6% of total)*	1. Investor relations initiatives and investor feedback. 2. Quality and frequency of ASX announcements and reporting. 3. Information provided to Non-Executive Directors. 4. Engagement with debt providers. 5. Credit rating.	97.5%
Development of people and culture (6% of total)*	1. Employee retention. 2. Employee survey results. 3. Diversity initiatives. 4. Development of Growthpoint culture. 5. Employee training.	100%
Total non-financial score		98.5%

*Pre-stretch target which relates to financial component.

Components of STI paid (%)



Percentage achievement of maximum STI

- FY17: 99.6%
- FY16: 69.8%

46 Find out more information on page 46

Short-Term Incentives ("STI")

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

1. Executive Management Team (EMT). The EMT comprises the Managing Director and other Key Management Personnel
2. Employees

A performance review is undertaken near the end of each financial year to determine if an STI should be payable to each employee, respectively, including the Managing Director, based on performance targets set at the start of the financial year. Any reward to the Managing Director requires Board approval. STI payments are made in August following the financial year in which they were earned.

1. EMT STI Criteria

The STI is divided into two criteria, namely;

a) Financial criteria – 70% of total

The financial criteria is based upon achieving budgeted distributable income (22.2 cps for FY17 providing a 50% score) with the opportunity for outperformance, up to 125% achievement, of criteria via a "stretch target" for distributable income per security in excess of budget (up to 23.3 cps). If distributable income per security is below budget, the Board has discretion whether to grant achievement under the financial criteria. For FY17 the achievement was 125% for the financial criteria due to achievement of 24.0 cps.

b) Non-financial criteria – 30% of total

The non-financial criteria is based upon the performance criteria in the table above.

The criteria are reviewed and approved by the Committee before the start of the financial year and then monitored on a quarterly basis, with an overall assessment approved by the Committee post the end of the financial year. The quarterly review involves the Chairman of the Group and Managing Director jointly analysing actual performance against the criteria and preparation of a report to the Committee.

2. Employee STI Criteria

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

Short-term Incentives paid to EMT ($)

	FY17		FY16	
	Max	Actual[1]	Max	Actual[2]
	$	$	$	$
T. Collyer (Managing Director)				
Financial (maximum includes stretch target)	774,375	**774,375**	743,750	464,933
Non-financial - company strategy	79,650	**76,995**	76,500	56,100
Non-financial - property operations	79,650	**79,650**	76,500	76,500
Non-financial - stakeholder engagement	53,100	**51,773**	51,000	51,000
Non-financial - development of people & culture	53,100	**53,100**	51,000	48,450
Total	1,039,875	**1,035,893**	998,750	696,983
A. Hockly (Chief Operating Officer)				
Financial (maximum includes stretch target)	181,125	**181,125**	173,250	108,302
Non-financial - company strategy	18,630	**18,009**	17,820	13,068
Non-financial - property operations	18,630	**18,630**	17,820	17,820
Non-financial - stakeholder engagement	12,420	**12,110**	11,880	11,880
Non-financial - development of people & culture	12,420	**12,420**	11,880	11,286
Total	243,225	**242,294**	232,650	162,356
D. Andrews (Chief Financial Officer)				
Financial (maximum includes stretch target)	181,125	**181,125**	168,000	105,020
Non-financial - company strategy	18,630	**18,009**	17,280	12,672
Non-financial - property operations	18,630	**18,630**	17,280	17,280
Non-financial - stakeholder engagement	12,420	**12,110**	11,520	11,520
Non-financial - development of people & culture	12,420	**12,420**	11,520	10,944
Total	243,225	**242,294**	225,600	157,436
M. Green (Head of Property)				
Financial (maximum includes stretch target)	183,750	**183,750**	168,000	105,020
Non-financial - company strategy	18,900	**18,270**	17,280	12,672
Non-financial - property operations	18,900	**18,900**	17,280	17,280
Non-financial - stakeholder engagement	12,600	**12,285**	11,520	11,520
Non-financial - development of people & culture	12,600	**12,600**	11,520	10,944
Total	246,750	**245,805**	225,600	157,436

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

LTI performance measures

The performance measures for the LTI are reviewed in advance of each financial year by the Nomination, Remuneration & HR Committee and/or the Board.

The performance measures for the LTIs for FY16, FY17 and FY18 are[3]:

a) Total Securityholder returns ("TSR") – Weighting 50%

TSR reflects the amount of dividends or distributions paid/payable by the Group plus the change in the trading price of the Group's securities over the financial year.

TSR is calculated as a percentage return on the opening trading price of the Group's securities on the first day of the financial year.

TSR is benchmarked relative to the S&P/ASX A-REIT 300 Accumulation Index[4] over a rolling 3 year period[5] using the following methodology:

- At or below the 50th percentile - 0%.
- At the 51st percentile - 50%.
- Above the 51st percentile but below the 76th percentile - 50%, plus 2% for each percentile above the 51st percentile.
- At or above the 76th percentile - 100%.

b) Return on equity ("ROE") – Weighting 50%

ROE reflects the amount of dividends or distributions paid/payable by the Group plus the change in the Group's net tangible assets over the financial year. ROE is calculated as a percentage return on the Group's net tangible assets as at the first day of the financial year.

ROE is benchmarked relative to the ROEs of constituents of the S&P/ASX A-REIT 300 Index over a rolling 3 year period using the following methodology:

- Below the benchmark return - 0%.
- At the benchmark - 50%.
- 0.1% - 1.9% above the benchmark – 51.25% - 75% in increments of 1.125% for each 0.1% above the benchmark
- 2% or more above the benchmark - 100%.

LTI Maximum

In advance of each financial year, the Board and/or the Nomination, Remuneration & HR Committee will establish an LTI pool in respect of the upcoming financial year and determine the maximum incentive which can be achieved by each Employee ("**LTI Maximum**"). Under the terms of his employment contract, the Managing Director's LTI Maximum is 80% of his total fixed remuneration ("**TFR**"). The LTI Maximum for other Key Management Personnel is 70% of TFR. Other Employees currently have LTI Maximums of 20%-30% of their respective TFR. Refer to the table on page 47 for details of TFR for senior executives for FY16 and FY17 and to page 50 for details of proposed TFR for senior executives for FY18.

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50

1. Although these amounts relate to FY17 it will be paid in FY18 and so will appear in the 2018 Annual Report remuneration tables.
2. Although these amounts relate to FY16 they were paid in FY17 and so appear in the remuneration table on page 47.
3. Prior to FY15, an additional measure, "Distributable Income", was used. However, this now forms part of the STI and so has been removed from the LTI. Readers can refer to previous annual reports available on the Group's website if they require information in relation to previous LTIs.
4. The benchmark only includes those constituents of the ASX REIT 300 that have a comparable trading history. For example, it they have listed, merged or demerged within three years they are excluded.
5. For LTIs prior to FY14, this was taken from the date the Group became a stapled entity to the end of the tranche vesting period as a full three year history was not available.

Details of performance rights issued in FY17

Plan identification	Plan participants	Issue date	Value of securities issued on conversion of performance rights	Number of securities issued on conversion of performance rights	Value of performance rights still to vest	Percentage of plan that vested during FY17
			$	No.	$	%
FY16 Plan	T. Collyer (Managing Director)	29/11/16	85,001	26,235	N/A	25%
FY16 Plan	A. Hockly (Chief Operating Officer)	18/10/16	24,750	7,639	N/A	25%
FY16 Plan	D. Andrews (Chief Financial Officer)	18/10/16	24,002	7,408	N/A	25%
FY16 Plan	M. Green (Head of Property)	18/10/16	24,002	7,408	N/A	25%
FY15 Plan	T. Collyer (Managing Director)	29/11/16	131,985	40,736	N/A	25%
FY15 Plan	A. Hockly (Chief Operating Officer)	18/10/16	30,375	9,375	N/A	25%
FY15 Plan	D. Andrews (Chief Financial Officer)	18/10/16	28,564	8,816	N/A	25%
FY15 Plan	M. Green (Head of Property)	18/10/16	28,564	8,816	N/A	25%
FY14 Plan	T. Collyer (Managing Director)	18/10/16	131,081	40,457	N/A	25%
FY14 Plan	A. Hockly (Chief Operating Officer)	18/10/16	29,792	9,195	N/A	25%
FY14 Plan	D. Andrews (Chief Financial Officer)	18/10/16	27,663	8,538	N/A	25%
FY14 Plan	M. Green (Head of Property)	18/10/16	27,663	8,538	N/A	25%
FY13 Plan	T. Collyer (Managing Director)	18/10/16	138,040	42,605	-	25%
FY13 Plan	A. Hockly (Chief Operating Officer)	18/10/16	30,813	9,510	-	25%
FY13 Plan	D. Andrews (Chief Financial Officer)	18/10/16	28,348	8,749	-	25%
FY13 Plan	M. Green (Head of Property)	18/10/16	27,731	8,559	-	25%

Key Management Personnel remuneration

	Short-term			Post employment			Share based payments		
	Salary and fees	Cash bonus[1]	Non-monetary benefits	Super-annuation benefits	Other long-term	Termination benefits	Options and rights	Total	S300A (1) (e) (i) proportion of remuneration performance related
	$	$	$	$	$	$	$	$	%
For the year to 30 June 2017									
T. Collyer (Managing Director)	868,275	696,983	1,378	30,000	-	-	543,951	2,140,587	58%
A. Hockly (Chief Operating Officer)	320,175	162,356	-	30,000	-	-	161,984	674,515	48%
D. Andrews (Chief Financial Officer)	320,175	157,436	-	30,000	-	-	158,601	666,212	47%
M. Green (Head of Property)	325,250	157,436	-	30,000	-	-	159,781	672,467	47%
For the year to 30 June 2016									
T. Collyer (Managing Director)	832,750	942,986	1,378	30,000	-	-	543,014	2,350,128	63%
A. Hockly (Chief Operating Officer)	304,950	173,614	-	30,000	-	-	138,884	647,449	48%
D. Andrews (Chief Financial Officer)	294,800	163,255	-	30,000	-	-	132,273	620,328	48%
M. Green (Head of Property)	294,800	163,255	-	30,000	-	-	132,022	620,077	48%

1. Refers to when cash bonus was paid although it relates to the previous financial year.

LTI Minimum

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

LTI Achievement

In early October of each year, the Nomination, Remuneration & HR Committee assesses the achievement of the performance measures listed above to determine a percentage achieved for the previous financial year ("**LTI Achievement**")

LTI Awards

The LTI Maximum multiplied by the LTI Achievement provides the "**LTI Award**" for each employee for the relevant financial year.

For FY14 LTIs and beyond, the LTI Award is translated into an equivalent value of the Group's securities through dividing the LTI Award by the volume weighted average price of the securities over the 20 trading days prior to 30 September following the financial year to which the LTI relates. This gives a total number of securities to be issued to each Employee for each subsequent vesting.

25% of the securities to be issued to each Employee based on the LTI Award are issued to each Employee in October or November of each of the following four years. Each such vesting is subject to the Employee remaining employed by Growthpoint at the relevant date subject to certain contractual exceptions such as a redundancy and in the discretion of the Board (e.g. in the case of a "good leaver").

As each grant in respect of FY14 and beyond is on the basis of a fixed number of securities rather than a fixed value, Employees are exposed to variations in the Group's security price for securities which are yet to vest (as well as for any securities they already hold).

For LTIs prior to FY14, 25% of the LTI Award is translated into an equivalent value in the Group's securities through dividing the LTI Award by the volume weighted average price of the securities over the 20 trading days prior to 30 September of each year of vesting. This calculation is undertaken in respect of each issue so the value of each vesting remains constant for each Employee but the number of securities changes according to changes in the security price.

The LTI is cumulative meaning that Employees can receive up to four issues of securities in a particular year in respect of four prior financial years. Subject to some exceptions, securities immediately vest in the case of a takeover of the Group or an Employee being made redundant.

ASX Listing Rules

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

FY17 Achievement

The LTI Maximum for the Managing Director and other Key Management Personnel for the year ended 30 June 2016 is at left. The LTI Achievement cannot be calculated until the release of the benchmark data for the year ended 30 June 2017 so an estimated fair value at issue date is provided at left. The estimated LTI Achievement is included in an equity reserve in the year to 30 June 2017, pro-rated over the period to which any securities under the LTI are issued.

As there is no minimum LTI Award, if none of the benchmarks were achieved for FY17, the LTI Award would be $0.

Hedging of issues by Employees

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

Worked example of LTI (unaudited)

Sam Sample is a manager at Growthpoint with a TFR of $100,000. His TFR has not changed for three years and his LTI Maximum is $30,000 (being 30% of his TFR).

The LTI Achievement for the financial years since his employment commenced were:

1. FY13 – 98.6% of $30,000 = $29,580
2. FY14 – 80.0% of $30,000 = $24,000
3. FY 15 - 78.0% of $30,000 = $23,400

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

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

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

LTI Maximum for the Managing Director & other Key Management Personnel

	FY17 Plan			**FY16 Plan**		
	LTI Maximum of TFR	LTI Maximum	LTI Estimate*	LTI Maximum of TFR	LTI Maximum	LTI Actual
	%	*$*	*$*	*%*	*$*	*$*
T. Collyer (Managing Director)	80	708,000	552,240	80	680,000	340,000
A. Hockly (Chief Operating Officer)	70	241,500	188,370	60	198,000	99,000
D. Andrews (Chief Financial Officer)	70	241,500	188,370	60	192,000	96,000
M. Green (Head of Property	70	245,000	191,100	60	192,000	96,000
		1,436,000	**1,120,080**		**1,262,000**	**631,000**
		LTI Estimate	**78%**		**LTI Actual**	**50%**

*Estimated at 78% achievement on the basis of recent historical performance.

Number of performance rights

Names	**1 July 2016**	**Granted**	**Vested**	**30 June 2017**
T. Collyer (Managing Director)	203,122	104,940	(107,428)	**200,634**
A. Hockly (Chief Operating Officer)	46,515	30,556	(26,209)	**50,862**
D. Andrews (Chief Financial Officer)	43,524	29,632	(24,762)	**48,394**
M. Green (Head of Property)	43,524	29,632	(24,762)	**48,394**

Non-executive Director Remuneration

There are currently six Non-Executive Directors. An aggregate pool of $1,000,000 available for the remuneration of Non-Executive Directors was approved by shareholders at the Company's Annual General Meeting in November 2013.

Remuneration paid and payable

The total remuneration paid to Non-Executive Directors for FY17 is listed below and the proposed FY18 remuneration is on page 50.

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Principles of remuneration for Non-Executive Directors

The principles of non-executive director remuneration are:

1. Non-Executive Directors should receive total remuneration at market rates for equivalent positions at listed Australian entities of similar size (measured by market capitalisation and gross assets), complexity and Non-Executive Director workload having regard to the industry in which the Group operates.
2. Fees are set at a level to attract and retain suitably qualified and experienced persons to the Board.
3. The Chairman is entitled to a base annual fee and is not eligible for any additional fees for chairing or being a member of any Board committees.
4. All Non-Executive Directors other than the Chairman are entitled to a base annual fee plus additional fees for being a 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. Non-Executive Directors are not currently required to hold any securities in the Group but are encouraged to do so. At the date of this Report, all Directors hold securities in the Group (refer to page 89 for details of Director holdings).
8. Non-Executive Directors are not entitled to any termination or similar payments upon retirement or other departure from office.
9. In addition to remuneration, Non-Executive Directors may claim expenses such as travel and accommodation costs reasonably incurred in fulfilling their duties.
10. With the prior approval of the Chairman, Non-Executive Directors may obtain independent advice at the Company's cost.

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Non-executive Director Remuneration

	Short-term			Post employment			Share based payments		
	Salary and fees	Cash bonus	Non-monetary benefits	Super-annuation benefits	Other long-term	Termination benefits	Options and rights	Total	S300A (1) (e) (i) proportion of remuneration performance related
	$	$	$	$	$	$	$	$	%
For the year to 30 June 2017									
G. Tomlinson (Chairman)	170,502	-	-	16,198	-	-	-	186,700	0%
M. Brenner	106,758	-	-	10,142	-	-	-	116,900	0%
E. de Klerk	109,000	-	-	-	-	-	-	109,000	0%
G. Jackson	99,543	-	-	9,457	-	-	-	109,000	0%
F. Marais	107,700	-	-	-	-	-	-	107,700	0%
N. Sasse	112,600	-	-	-	-	-	-	112,600	0%
For the year to 30 June 2016									
G. Tomlinson (Chairman)	162,100	-	-	15,400	-	-	-	177,500	0%
M. Brenner	101,644	-	-	9,656	-	-	-	111,300	0%
E. de Klerk	103,500	-	-	-	-	-	-	103,500	0%
G. Jackson	94,520	-	-	8,979	-	-	-	103,500	0%
F. Marais	101,000	-	-	-	-	-	-	101,000	0%
N. Sasse	106,000	-	-	-	-	-	-	106,000	0%

FY18 Remuneration (unaudited)

To assist readers of this Report to understand how Directors and Employees are remunerated for the year ahead and to understand the performance the board and the Nomination, Remuneration & HR Committee are trying to encourage through remuneration, FY18 remuneration has been provided below.

This information is in addition to that required by the *Corporations Act 2001* (Cth) and, as a result, has not been audited. Remuneration listed below is subject to a range of factors including persons remaining employed by the Company in their current role for all of FY18.

FY18 Remuneration (unaudited)

	Total Fixed Remuneration (Including superannuation ("TFR")	Short-term Incentive (maximum)	Long-term Incentive (maximum)	Other Benefits	Termination notice (without cause)	Termination Payments (without cause for redundancy or similar by the Company)	Restraint of trade period
Chairman Geoff Tomlinson	$196,035 (5.0% increase from FY 17)	Nil	Nil	Nil Ineligible for additional committee fees	Nil	Nil	Nil
Non-Executive Directors	$100,332 (base fee 3.0% increase from FY17) plus fees for acting as: – Chairman – Audit, Risk & Compliance Committee - $20,085 (3.0% increase) – Member – Audit, Risk & Compliance Committee - $11,948 (3.0% increase) – Chairman – Nomination, Remuneration & HR Committee - $15,960 (5.0% increase) – Member – Nomination, Remuneration & HR Committee - $10,609 (3.0% increase)	Nil	Nil	Nil	Nil	Nil	Nil
Managing Director Timothy Collyer	$920,400 (4.0% increase from FY 17)	117.5% of TFR*	80% of TFR	– Gym membership – Payment of up to 1.5% of TFR in lieu of premium for Life, TPD and Income Protection Cover	Six months' notice	Nine months' notice and Redundancy Policy benefits. Unvested LTI grants remain on foot	12 months
Chief Operating Officer Aaron Hockly	$367,425 (6.5% increase from FY 17)	82.3% of TFR*	70.0% of TFR	Payment of up to 1.5% of TFR in lieu of premium for Life, TPD and Income Protection Cover	Six months' notice	Redundancy Policy benefits plus vesting of any granted but unvested options under LTI	6 months
Chief Financial Officer Dion Andrews	$367,425 (6.5% increase from FY 17)	82.3% of TFR*	70.0% of TFR	Payment of up to 1.5% of TFR in lieu of premium for Life, TPD and Income Protection Cover	Six months' notice	Redundancy Policy benefits plus vesting of any granted but unvested options under LTI	6 months
Head of Property Michael Green	$372,750 (6.5% increase from FY 17)	82.3% of TFR*	70.0% of TFR	Payment of up to 1.5% of TFR in lieu of premium for Life, TPD and Income Protection Cover	Six months' notice	Redundancy Policy benefits plus vesting of any granted but unvested options under LTI	6 months
Other Management Staff	Various	30.0% of TFR*	30.0% of TFR	Payment of up to 1.5% of TFR in lieu of premium for Life, TPD and Income Protection Cover	One month (By either party)	Redundancy Policy benefits plus vesting of any granted but unvested options under LTI	3 months
Other Staff	Various	20.0% of TFR*	20.0% of TFR	Payment of up to 1.5% of TFR in lieu of premium for Life, TPD and Income Protection Cover	One month (By either party)	Redundancy Policy benefits plus vesting of any granted but unvested options under LTI	0-3 months

*Inclusive of a stretch target that relates to 'Financial' component.

LTI

The structure of the LTI for FY18 has not changed from FY17. Refer to page 48 for details about the LTI for FY17 and, accordingly, the FY18 LTI.

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The figures included in the table on page 50 are the maximum available for award under this scheme in respect of FY18.

STI

For the EMT, an STI award may be payable in respect of FY18 based on the following measures:

1) Financial criteria – 70% (subject to a stretch target)

The financial criteria is based upon achieving or outperforming budgeted Funds From Operations ("**FFO**") per security for the financial year.

2) Non-financial measures (30% weighting) comprising those matters for FY17 (listed on page 45)

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Refer to the table on page 45 for more details about STI performance measures.

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

Other information

Nomination, Remuneration & HR Committee

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

Delegated authority

The Nomination, Remuneration & HR Committee operates under delegated authority from the Board. The duties of the Committee in relation to remuneration are to:

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

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

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

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

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

Remuneration objectives

In carrying out its remuneration functions, the Nomination, Remuneration & HR Committee shall have regard to the following objectives:

a) Provide competitive rewards to attract, motivate and retain highly skilled directors and management.

b) Set challenging but achievable objectives for short and long-term incentive plans.

c) Link rewards to the creation of value for Securityholders.

d) Limit severance payments on termination to pre-established contractual arrangements that do not commit the Group to making unjustified payments in the event of non-performance.

Impact of performance on Securityholders' wealth

In considering the Group's performance and benefits for Securityholders' wealth, the Nomination, Remuneration & HR Committee has regard to the financial measures in the table below in respect of the five financial years ended 30 June 2017.

Impact of performance on Securityholders' wealth

		FY17	FY16	FY15	FY14	FY13
Profit attributable to Securityholders	$'000	**278,090**	219,377[1]	283,004	117,348	93,956
Dividends and distributions paid	$'000	**140,077**	118,134	110,685	86,790	72,590
Distribution per stapled security	¢	**21.5**	20.5	19.7	19.0	18.3
Highest closing price in FY	¢	**3.49**	3.39	3.32	2.63	2.60
Lowest closing price in FY	¢	**3.00**	2.92	2.44	2.32	2.04
Closing stapled security price	$	**3.14**	3.15	3.13	2.45	2.40
Change in stapled security price	$	**(0.01)**	0.02	0.68	0.05	0.30
Total Securityholder return[2]	%	**6.3**	7.4	36.4	10.8	23.6
Return on equity	%	**18.6**	13.5[1]	23.9	17.5	13.1

1. Restated as per ASX announcement February 2017.
2. Source UBS Investment Research.

Committee members

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

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

Remuneration consultants

During the year, the Nomination, Remuneration & HR Committee engaged PwC as an independent remuneration consultant to provide advice on the Group's remuneration structure and levels for Directors and senior executives. PwC was paid a total of $40,800 for providing these services. The Company did not engage PwC for any other work during FY17.

The Committee ensured that PwC was free from undue influence from those Key Management Personnel that it was making recommendations on by ensuring that they had no involvement in the appointment of PwC and were directed not to discuss any aspect of remuneration with the consultant. Further, PwC were directed to deliver the final report containing their recommendations directly to the Nomination, Remuneration & HR Committee. The Committee is satisfied on behalf of the Board that PwC remained free from undue influence due to following these procedures and PwC have also certified in writing that this was the case.

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

Remuneration reviews

The Nomination, Remuneration & HR Committee reviews the appropriate levels of remuneration for all Directors and Employees based on:

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

Executive Director Remuneration and Service Contract

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

Remuneration paid and payable

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The total remuneration paid or payable to the Managing Director for FY17 is listed on page 47 of this report and the proposed remuneration parameters for FY18 are on page 50.

Service contract

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

The Managing Director can resign by providing six months' written notice. The Group can terminate his employment immediately for serious misconduct, bankruptcy, material breach of his employment agreement, failure to comply with a reasonable and lawful direction by the Board, committing an act which brings the Group into disrepute or conviction of an offence punishable by imprisonment. In addition, the Group can terminate the Managing Director's employment without cause with not less than nine months' severance pay.

On termination as Managing Director, he must resign as a director of any Group entity and he is restrained from a number of activities in competition with or to the detriment of the Group for a period of 12 months from the date of termination.

Principles of remuneration for the Managing Director

The principles of remuneration for the Managing Director are:

1. The Managing Director should receive total remuneration which is competitive with rates for an equivalent position at listed and unlisted Australian entities of similar size (measured by market capitalisation and gross assets), complexity and workload having regard to the industry in which the Group operates and the relative profit and expenses versus the Group's peers.
2. The Managing Director's total remuneration should be set at a level to attract and retain a suitably qualified and experienced person to this role and tailored to encourage Group performance which is in the best interests of all Securityholders.
3. The components of the Managing Director's remuneration are:
   a) total fixed remuneration (including applicable superannuation);
   b) if specified performance criteria are met, eligibility to receive a short-term incentive ("STI") bonus payable in cash in respect of each financial year up to a maximum set by the Board.
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   Refer to page 45 for measures for the FY17 STI and the FY18 STI;
   c) long-term incentive ("LTI") plan under which, upon attainment of specified criteria, the Managing Director is eligible to receive securities in the Group that vest over time to help ensure alignment of the Managing Director's interests with those of Securityholders;
   d) life, TPD and income protection insurance cover payable directly to the Managing Director (in lieu of premium);
   e) five weeks annual leave;
   f) personal, long-service and other leave to the extent required by law or under any Group policy; and
   g) car parking, airline club membership, gym membership and other similar benefits as considered appropriate.
4. The Managing Director is not eligible for any additional fees for chairing or being a member of any Board committee, acting as an officer of the Company or being a responsible manager or key person under the Company's AFSL.
5. The Managing Director is not currently required to hold any securities in the Group but is encouraged to do so. At the date of this Report, the Managing Director holds securities in the Group (refer to page 89 for details of director holdings).
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6. The Managing Director is entitled to receive certain payments including the vesting of all unvested securities under the LTI if the Company decides to terminate his position without cause including through redundancy. Refer to page 50 for more details of redundancy entitlements.
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Meetings of Directors (FY17)

	Growthpoint Board		Audit, Risk & Compliance Committee		Nomination, Remuneration & HR Committee	
Board member	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended
G. Tomlinson (Chairman)	10	10	5	5	6	6
M. Brenner	10	10	5	5	–	–
T. Collyer (Managing Director)[1,2]	10	10	–	5	–	6
E. de Klerk	10	9	5	5	–	–
G. Jackson	10	10	5	5	–	–
F. Marais	10	9	–	–	6	6
N. Sasse	10	9	–	–	6	6

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 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.
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 Audit, Risk & Compliance Committee.

Director and Senior Executive Reviews

Director reviews

The performance of the Board and individual Directors is regularly considered by the Chairman who, from time to time, arranges Board meetings to specifically consider the function of the Board, the strategy of the Group and to hear any concerns/feedback directors. The Chairman typically meets with each individual Director not less than once per year. A relevant Board meeting and individual meetings all occurred in FY17.

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

Board composition

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

www *growthpoint.com.au/about/board/*

Being a property company, the Board has expressed a particular desire to ensure it comprises directors with extensive Australian commercial property knowledge. The Managing Director and Grant Jackson have had, and continue to have, extensive careers in Australian commercial property and have held, and continue to hold, senior positions in the property industry.

The Board is eager to ensure that where Board members are replaced, the Board's property experience is not diminished.

Succession planning for directors

The Nomination, Remuneration & HR Committee has developed plans for the succession and/or temporary replacement of the Chairman and the Managing Director.

Director training

To ensure the Board has sufficient knowledge to discharge its duties, the Company Secretary co-ordinates an annual training program which includes presentations (verbal and written) from the Group's lawyers, auditors and property managers as well as from investment banks, real estate service providers and leading governance and training organisations.

Senior Executive Reviews

The Managing Director's performance is formally considered annually by the Nomination, Remuneration & HR Committee and, based on this formal assessment, the Committee makes remuneration recommendations to the Board. In making its assessment, the Committee considers, among other things, the STI performance measures listed on page 45.

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The Managing Director reviews the performance of the other senior executives and makes recommendations to the Nomination, Remuneration & HR Committee on their remuneration based, in part, on the STI performance measures listed on page 45.

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Additional information

CB2, 42 Merivale Street, South Brisbane, QLD

Indemnification and Insurance of Directors, Officers and Auditor

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

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

In addition, Growthpoint SA, the Group's majority Securityholder, has undertaken to those Directors and officers of the Group who are not also Directors of Growthpoint Properties Limited that to the extent D&O insurance is not available due to (1) the insolvency of the Group or (2) limitations on claims arising from Peter David Steingrad & others v BFSL 2007 Limited & Others, HC, Auckland, CIV-2011 – 404 – 611 15 September 2011 and Court of Appeal decision CA 674/2011 (20 December 2012), it will provide the directors and officers the same level of financial recourse had the insurance been available. The undertaking expires on the earlier of a superior court in Australia or New Zealand finally determining that the principles of the aforementioned case should not be followed and Growthpoint Properties Limited ceasing to hold (whether beneficially or otherwise) more than 50% of the shares in Growthpoint Properties Australia Limited.

The Auditor is indemnified by the Group against claims from third parties arising from the provision of audit services except where prohibited by the *Corporations Act 2001* (Cth) or due to negligence, fraudulent conduct, dishonesty or breach of trust by the auditor.

Non-Audit services

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services providing during the year by the auditor and are satisfied that the provision of those non-audit services during the year by the auditor is compatible with and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit, Risk & Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principals relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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

	2017
	$
Services other than audit and review of financial statements:	
Other regulatory audit services	58,728
Other assurance service and due diligence services	9,600
Audit and review of financial statements	124,522
Total paid to KPMG	**192,850**

Environmental Regulations

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

Auditors' Independence Declaration

97 A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 97.

Rounding

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

Financial Report

Financial Report for the year ended 30 June 2017

15 Green Square Close, Fortitude Valley, QLD

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About the Financial Report

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

Growthpoint Properties Australia Trust and its Responsible Entity, Growthpoint Properties Australia Limited, are both domiciled in Australia. The Responsible Entity's registered office and principal place of business is Level 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 21 August 2017. The Directors have the power to amend and reissue the financial report.

References to "the year" or "FY17" in this report refer to the year ended 30 June 2017 unless the context requires otherwise. References to "FY18" and "FY19" relate to the twelve months ending 30 June in the year listed.

References to "balance date" in this report refer to 30 June 2017 unless the context requires otherwise.

22 For a detailed reconciliation from statutory profit to Funds From Operations (FFO), please refer to page 22 of the Directors Report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017	Notes	2017	Restated 2016
		$'000	$'000
Revenue			
Property revenue	2.1	**261,463**	208,626
Straight line adjustment to property revenue	2.2	**2,522**	7,426
Net changes in fair value of investment properties	2.2	**118,157**	91,691
Loss on sale of investment properties	2.2	**(1,123)**	-
Unrealised profit on assets held for sale		**-**	163
Net change in fair value of derivatives		**16,161**	4,647
Loss on settlement of derivatives		**(13,779)**	(10,471)
Net investment income		**383,401**	302,082
Expenses			
Property expenses	2.1	**(38,145)**	(27,457)
Other expenses from ordinary activities		**(12,385)**	(10,407)
Total expenses		**(50,530)**	(37,864)
Profit from operating activities		**332,871**	264,218
Interest income		**501**	559
Borrowing costs	3.2	**(55,232)**	(44,982)
Net finance costs		**(54,731)**	(44,423)
Profit before income tax		**278,140**	219,795
Income tax expense	4.3	**(50)**	(418)
Profit for the period		**278,090**	219,377
Profit attributable to:			
Owners of the Trust		**279,324**	219,552
Owners of the Company		**(1,234)**	(175)
		278,090	219,377
Distribution to Securityholders	3.6	**(140,077)**	(118,134)
Change in net assets attributable to Securityholders / Total Comprehensive Income		**138,013**	101,243
Basic and diluted earnings per stapled security (cents)	3.7	**42.7**	38.1

Refer to section 2.2 for further information on the restatement for the year to 30 June 2016.

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2017	Notes	2017	Restated 2016
		$'000	*$'000*
Current assets			
Cash and cash equivalents		**31,459**	70,661
Trade and other assets	2.4	**10,891**	5,207
Assets held for sale	2.3	**103,500**	151,688
Total current assets		**145,850**	227,556
Non-current assets			
Plant & equipment		**1,197**	195
Investment properties	2.2	**3,180,275**	2,651,145
Derivative financial instruments	3.3	**121**	-
Deferred tax assets	4.3	**929**	709
Total non-current assets		**3,182,522**	2,652,049
Total assets		**3,328,372**	2,879,605
Current liabilities			
Trade and other liabilities	2.5	**48,750**	38,978
Distribution to Securityholders	3.6	**72,086**	60,062
Current tax payable		**235**	574
Total current liabilities		**121,071**	99,614
Non-current liabilities			
Interest bearing liabilities	3.1	**1,299,380**	1,242,226
Derivative financial instruments	3.3	**6,440**	15,353
Total non-current liabilities		**1,305,820**	1,257,579
Total liabilities		**1,426,891**	1,357,193
Net assets		**1,901,481**	1,522,412
Securityholders' funds			
Contributed equity	3.5	**1,653,735**	1,414,012
Reserves		**6,369**	5,036
Accumulated profits		**241,377**	103,364
Total Securityholders' funds		**1,901,481**	1,522,412

Refer to section 2.2 for further information on the restatement as at 30 June 2016.

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 2017	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits	**Total**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 30 June 2016	1,414,012	4,506	522	7	103,365	**1,522,412**
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	278,090	**278,090**
Total other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	278,090	**278,090**
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	239,723	-	-	-	-	**239,723**
Distributions provided or paid	-	-	-	-	(140,077)	**(140,077)**
Share-based payment transactions	-	1,319	-	-	-	**1,319**
Deferred tax expense charged to equity	-	-	15	-	-	**15**
Total transactions with Securityholders	239,723	1,319	15	-	(140,077)	**100,980**
Balance at 30 June 2017	1,653,735	5,825	537	7	241,377	**1,901,481**
Total recognised income and expense for the year is attributable to:						
- Trust						**279,324**
- Company						**(1,234)**
Growthpoint Properties Australia						**278,090**

For the year ended 30 June 2016	Contributed equity	Share-based payments reserve	Deferred tax expenses charged to equity	Profits reserve	Accumulated profits / (losses)	Restated Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2015	1,376,011	3,369	471	7	2,122	**1,381,980**
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	219,377	**219,377**
Total other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	219,377	**219,377**
Transactions with Securityholders in their capacity as Securityholders:						
Contributions of equity, net of transaction costs	38,001	-	-	-	-	**38,001**
Distributions provided or paid	-	-	-	-	(118,134)	**(118,134)**
Share-based payment transactions	-	1,137	-	-	-	**1,137**
Deferred tax expense charged to equity	-	-	51	-	-	**51**
Total transactions with Securityholders	38,001	1,137	51	-	(118,134)	**(78,945)**
Balance at 30 June 2016	1,414,012	4,506	522	7	103,365	**1,522,412**
Total recognised income and expense for the year is attributable to:						
- Trust						**219,552**
- Company						**(175)**
Growthpoint Properties Australia						**219,377**

Refer to section 2.2 for further information on the restatement as at 30 June 2016.

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

Consolidated Cash Flow Statement

For the year ended 30 June 2017	Notes	2017	2016
		$'000	*$'000*
Cash flows from operating activities			
Cash receipts from customers		**268,716**	221,286
Cash payments to suppliers		**(53,125)**	(42,252)
Cash generated from operating activities		**215,591**	179,034
Interest paid		**(53,496)**	(44,647)
Taxes paid		**(595)**	(565)
Net cash inflow from operating activities	2.6 (b)	**161,500**	133,822
Cash flows from investing activities			
Interest received		**501**	559
Net proceeds from sale of investment properties		**161,574**	-
Payments for investment properties		**(227,845)**	(355,138)
Payments for plant & equipment		**(1,281)**	(11)
Net cash outflow from investing activities		**(67,051)**	(354,590)
Cash flows from financing activities			
Proceeds from external borrowings		**903,354**	719,584
Repayment of external borrowings		**(981,000)**	(368,138)
Proceeds from equity raising		**103,864**	40,132
Equity raising costs		**(6,013)**	(2,131)
Payment for settlement of derivatives		**(13,779)**	(10,471)
Distributions paid to Securityholders		**(140,077)**	(114,405)
Net cash (outflow)/inflow from financing activities		**(133,651)**	264,571
Net (outflow)/inflow in cash and cash equivalents		**(39,202)**	43,803
Cash and cash equivalents at the beginning of the period		**70,661**	26,858
Cash and cash equivalents at the end of the period	2.6 (a)	**31,459**	70,661

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Section 1: Basis of preparation

in this section ...

This section shows the basis of reporting for the Group and relevant new accounting standards, amendments and interpretations, whether these are effective in FY17 or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

Reporting entity

Growthpoint Properties Australia was formed by the stapling of two entities: Growthpoint Properties Australia Limited ("the Company") and Growthpoint Properties Australia Trust and its controlled entities ("the Trust"). The Company is the Responsible Entity for the Trust. Growthpoint Properties Australia is also referred to as "the Group".

The Group was established for the purpose of facilitating a joint quotation of the Company and the Trust and their controlled entities on the Australian Securities Exchange (ASX Code: GOZ). The constitutions of the Company and the Trust ensure that, for so long as the two entities remain jointly quoted, the number of shares in the Company and the number of units in the Trust shall be equal and the shareholders of the Company and the unitholders in the Trust are identical. The Company, both in its personal capacity and in its capacity as the Responsible Entity of the Trust, must at all times act in the best interests of the Group. The Group is a for profit entity.

The consolidated financial report includes financial statements for Growthpoint Properties Australia, the stapled consolidated Group, which is domiciled in Australia as at, and for the twelve months ended, 30 June 2017. The Group's registered address is Level 31, 35 Collins Street, Melbourne, Victoria 3000, Australia.

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

Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board on 21 August 2017.

Basis of measurement

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

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

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

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

Use of estimates, assumptions and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

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

Determination of fair values

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

New Standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9 *Financial Instruments*

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group does not plan to early adopt this standard. The effect of the Standard has been examined and would not have any material impact on the Group once implemented.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for the FY18 annual reporting period for the Group with early adoption permitted. The Group does not plan to early adopt this standard. The effect of the Standard has been examined and would not have any material impact on the Group once implemented.

IFRS 16 Leases

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

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

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

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

IFRS 16 is effective for the FY19 annual reporting period for the Group with early adoption permitted. The Group does not plan to early adopt this standard. The effect of the Standard has been examined and would not have any material impact on the Group once implemented.

Section 2: Operating results, assets and liabilities

in this section ...

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

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

2.1 Revenue and segment information

Accounting policies

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable as detailed below for each category of revenue. All revenue is stated net of the amount of goods and services tax (GST). Revenue from investment properties is recognised on a straight-line basis over the life of the lease for leases where the revenue under the lease terms is fixed and determinable. For leases where the revenue is determined with reference to market reviews, inflationary measures or other variables, revenue is not straight-lined and is recognised in accordance with the lease terms applicable for the period.

Segment results

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses, interest expense and income tax assets and liabilities.

Segmental information

The Group operates wholly within Australia and derives rental income solely from property investments. The Group segments net property income and property revaluations into Office and Industrial segments and those results are shown below:

	Office	Industrial	**Total**
	$'000	*$'000*	*$'000*
Statement of comprehensive income for the year ended 30 June 2017			
Revenue, excluding straight line lease adjustment	160,396	101,067	261,463
Property expenses	(23,583)	(14,562)	(38,145)
Net Property Income Segment results	136,813	86,505	223,318
Net changes in fair value of investment properties	72,221	45,936	118,157
Segment results	209,034	132,441	341,475
Income not assigned to segments			4,282
Expenses not assigned to segments			(67,617)
Net profit before income tax			278,140

2.1 Revenue and segment information (cont.)

Segmental information (cont.)

	Office	Industrial	Restated Total
	$'000	*$'000*	*$'000*
Statement of comprehensive income for the year ended 30 June 2016			
Revenue, excluding straight line lease adjustment	101,219	107,407	208,626
Property expenses	(13,459)	(13,998)	(27,457)
Net Property Income Segment results	87,760	93,409	181,169
Net changes in fair value of investment properties	70,735	20,956	91,691
Segment results	158,495	114,365	272,860
Income not assigned to segments			2,324
Expenses not assigned to segments			(55,389)
Net profit before income tax			219,795

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

Major customer

Revenues from one customer, Woolworths Limited, of the Group's Industrial segment represents $45,650,000 (2016: $47,705,000) of the Group's total revenues.

2.2 Investment properties

Accounting policies

Investment property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity and the cost of that capital expenditure can be measured reliably. All other costs are expensed in the profit and loss in the period incurred.

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

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

Lease incentives and commissions

Any lease incentives provided to a tenant under the terms of a lease such as fit-outs or rent free periods are recognised as a reduction of revenue on a straight-line basis over the term of the lease.

Leasing commissions paid to agents on signing of lease agreements are recognised as a reduction of revenue on a straight-line basis over the term of the lease.

Determination of fair value

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

2.2 Investment properties (cont.)

Determination of fair value (cont.)

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

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

Revised accounting treatment of tenant incentives

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

- On the Consolidated Statement of Financial Position as at 30 June 2016, decrease Current Trade and Other Assets by $34,429,000 and decreased Accumulated Profits by $34,429,000. This restatement had a corresponding impact on reported balance sheet gearing.
- On the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year to 30 June 2016, decrease Net Changes in Fair Value of Investment Properties by $4,892,000, which consequently reduces Profit for the Period by the same amount. Basic and Diluted Earnings Per Security is also reduced to 38.1 cents for that year from 38.9 cents previously reported.
- On the Consolidated Statement of Changes in Equity, the opening balance of Accumulated Profits at 30 June 2015 reduces by $29,537,000, the Profit After Tax for the year to 30 June 2016 reduces by $4,892,000 and the closing balance of Accumulated Profits at 30 June 2016 reduces by $34,429,000.

For consistency with the treatment of tenant incentives outlined above, the Group adopted a change to its accounting policy with regards to the presentation of straight line adjustments to rental income. It has derecognised straight line rent receivables as a separate asset and included them as a component of the value of investment property.

The impact of this accounting policy change is nil for the Profit for the Year as per the Consolidated Statement of Profit or Loss and Other Comprehensive Income both in the current year and the prior corresponding period. The impact of this accounting policy change is nil for Net Assets as per the Consolidated Statement of Financial Position as at 30 June 2017 and 30 June 2016.

On the Consolidated Statement of Financial Position as at 30 June 2016 the effect is to decrease Non-Current Trade and Other Assets by $58,556,000 and increase Investment Properties by $58,556,000. This restatement has a nil impact on reported Net Assets.

Investment Properties Value

			Latest External Valuation		Consolidated Book Value	
Industrial Properties			Date	Valuation	**30-Jun-17**	30-Jun-16
				$'000	*$'000*	*$'000*
Victoria						
120 Northcorp Boulevard	Broadmeadows	VIC	30-Jun-17	77,700	**77,700**	77,700
522-550 Wellington Road	Mulgrave	VIC	31-Dec-16	65,500	**65,900**	64,500
1500 Ferntree Gully Road & 8 Henderson Road	Knoxfield	VIC	30-Jun-17	42,300	**42,300**	39,250
40 Annandale Road	Melbourne Airport	VIC	30-Jun-17	33,000	**33,000**	34,600
9-11 Drake Boulevard	Altona	VIC	31-Dec-16	31,350	**31,350**	31,300
130 Sharps Road	Melbourne Airport	VIC	31-Dec-16	24,500	**24,500**	23,600
120-132 Atlantic Drive	Keysborough	VIC	31-Dec-16	23,500	**24,100**	22,350
Lots 2-4, 44-54 Raglan Street	Preston	VIC	31-Dec-16	22,500	**23,100**	21,650
20 Southern Court	Keysborough	VIC	30-Jun-17	15,250	**15,250**	14,350
120 Link Road	Melbourne Airport	VIC	31-Dec-16	14,100	**15,500**	14,000
60 Annandale Road	Melbourne Airport	VIC	30-Jun-17	13,000	**13,000**	12,800
6 Kingston Park Court	Knoxfield	VIC	30-Jun-17	12,150	**12,150**	11,700
3 Millennium Court	Knoxfield	VIC	31-Dec-16	11,000	**11,000**	10,800

2.2 Investment properties (cont.)

Investment Property Values (cont.)

Industrial Properties			Latest External Valuation Date	Latest External Valuation	Consolidated Book Value 30-Jun-17	Consolidated Book Value 30-Jun-16
				$'000	$'000	$'000
31 Garden Street	Kilsyth	VIC	31-Dec-16	9,900	**10,100**	9,750
45-55 South Centre Road	Melbourne Airport	VIC	31-Dec-16	7,850	**7,850**	8,000
19 Southern Court	Keysborough	VIC	30-Jun-17	8,100	**8,100**	8,000
75 Annandale Road	Melbourne Airport	VIC	30-Jun-17	7,150	**7,150**	7,100
Queensland						
70 Distribution Street	Larapinta	QLD	31-Dec-16	201,000	**205,000**	200,800
13 Business Street	Yatala	QLD	31-Dec-16	15,000	**15,000**	14,850
29 Business Street (i)	Yatala	QLD	30-Jun-16	10,400	**-**	10,400
5 Viola Place	Brisbane Airport	QLD	31-Dec-16	8,500	**8,000**	8,500
10 Gassman Drive (ii)	Yatala	QLD	30-Jun-16	4,800	**-**	4,800
3 Viola Place	Brisbane Airport	QLD	31-Dec-16	1,970	**2,100**	1,950
Western Australia						
20 Colquhoun Road	Perth Airport	WA	31-Dec-16	150,000	**152,800**	146,000
New South Wales						
27-49 Lenore Drive	Erskine Park	NSW	30-Jun-17	63,500	**63,500**	60,900
6-7 John Morphett Place	Erskine Park	NSW	31-Dec-16	45,000	**45,000**	45,000
51-65 Lenore Drive	Erskine Park	NSW	31-Dec-16	31,000	**32,000**	30,000
34 Reddalls Road	Kembla Grange	NSW	30-Jun-17	24,000	**24,000**	21,000
81 Derby Street	Silverwater	NSW	31-Dec-16	16,200	**16,600**	15,100
South Australia						
599 Main North Road	Gepps Cross	SA	31-Dec-16	73,000	**73,400**	70,300
1-3 Pope Court	Beverley	SA	30-Jun-17	21,250	**21,250**	21,100
12-16 Butler Boulevard	Adelaide Airport	SA	31-Dec-16	14,000	**14,300**	14,100
10 Butler Boulevard	Adelaide Airport	SA	31-Dec-16	8,550	**8,400**	8,400
Total Industrial Properties				1,107,020	**1,103,400**	1,084,650

(i) This property was sold in September 2016.
(ii) This property was sold in July 2017.

2.2 Investment properties (cont.)

Investment Property Values (cont.)

			Latest External Valuation		Consolidated Book Value	
Office Properties			Date	Valuation	**30-Jun-17**	30-Jun-16
				$'000	$'000	$'000
Victoria						
75 Dorcas Street	South Melbourne	VIC	30-Jun-17	180,000	**180,000**	166,000
Building 2, 572-576 Swan Street	Richmond	VIC	30-Jun-17	80,900	**80,900**	82,000
Building B, 211 Wellington Road	Mulgrave	VIC	31-Dec-16	70,400	**72,400**	67,000
Buildings 1&3, 572-576 Swan Street	Richmond	VIC	31-Dec-16	60,300	**62,000**	57,800
Building C, 211 Wellington Road	Mulgrave	VIC	31-Dec-16	53,000	**55,500**	22,070
Carpark, 572-576 Swan Street	Richmond	VIC	30-Jun-17	1,125	**1,125**	1,200
Vantage, 109 Burwood Road (iii)	Hawthorn	VIC	30-Jun-17	89,250	**89,250**	-
Queensland						
1231-1241 Sandgate Road (iv)	Nundah	QLD	31-Dec-16	103,500	**-**	103,500
333 Ann Street	Brisbane	QLD	30-Jun-17	121,000	**121,000**	102,500
CB1, 22 Cordelia Street	South Brisbane	QLD	30-Jun-17	99,000	**99,000**	92,500
A1, 32 Cordelia Street	South Brisbane	QLD	31-Dec-16	77,750	**81,200**	74,800
A4, 52 Merivale Street	South Brisbane	QLD	30-Jun-17	79,000	**79,000**	72,800
CB2, 42 Merivale Street	South Brisbane	QLD	31-Dec-16	55,500	**57,200**	52,400
Car Park, 32 Cordelia Street & 52 Merivale Street	South Brisbane	QLD	31-Dec-16	25,750	**26,000**	18,000
Optus Centre, 15 Green Square Close (iii)	Fortitude Valley	QLD	30-Jun-17	138,000	**138,000**	-
South Australia						
World Park, 33-39 Richmond Road	Keswick	SA	30-Jun-17	62,000	**62,000**	62,000
7 Laffer Drive	Bedford Park	SA	30-Jun-17	15,500	**15,500**	16,400
New South Wales						
1 Charles Street	Parramatta	NSW	31-Dec-16	292,000	**303,500**	280,000
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-16	115,000	**115,000**	111,000
5 Murray Rose Avenue (iii)	Sydney Olympic Park	NSW	31-Dec-16	93,500	**97,000**	-
3 Murray Rose Avenue (iii)	Sydney Olympic Park	NSW	30-Jun-17	97,000	**97,000**	-
Quad 2, 6 Parkview Drive (iii)	Sydney Olympic Park	NSW	31-Dec-16	28,500	**28,500**	-
Quad 3, 102 Bennelong Parkway (iii)	Sydney Olympic Park	NSW	30-Jun-17	29,800	**29,800**	-
Tasmania						
89 Cambridge Park Drive	Cambridge	TAS	31-Dec-16	27,000	**27,000**	27,000
Australian Capital Territory						
10-12 Mort Street	Canberra	ACT	30-Jun-17	87,000	**87,000**	87,500
255 London Circuit	Canberra	ACT	31-Dec-16	72,000	**72,000**	70,025
Total Office Properties				2,153,775	**2,076,875**	1,566,495
Total investment properties				3,260,795	**3,180,275**	2,651,145

(iii) These properties were acquired in October 2016.
(iv) This property has been transferred to assets available for sale.

2.2 Investment properties (cont.)

Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for comparable properties in similar location and condition and subject to similar leases.

External valuations were conducted by JLL, Savills, Urbis, CBRE, Knight Frank, Colliers, m3property and LMW. The fair value of properties not externally valued as at 30 June 2017 were based solely on Director valuations.

At each reporting date, the Directors update their assessment of the fair value of each property in accordance with the Group accounting policy detailed above.

The Group determines a property's value within a range of reasonable fair value estimates and, in making that assessment, considers information from a variety of sources including:

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

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

	2017	2016
Discount rate	**7.3% - 8.5%**	7.5% - 9.8%
Terminal yield	**6.3% - 10.0%**	6.8% - 11.5%
Capitalisation rate	**5.8% - 9.0%**	6.0% - 9.5%
Expected vacancy period	**3-12 months**	3-12 months
Rental growth rate	**2.5% - 5.0%**	2.5% - 5.0%

For the office portfolio the following ranges were used:

	2017	2016
Discount rate	**6.8% - 10.5%**	6.8% - 10.0%
Terminal yield	**6.3% - 10.3%**	6.3% - 11.8%
Capitalisation rate	**5.5% - 13.4%**	6.0% - 11.8%
Expected vacancy period	**6-12 months**	6-12 months
Rental growth rate	**3.0% - 4.5%**	3.1% - 4.5%

Commentary on Discount Rates

Date of Valuation	**30-Jun-17**	30-Jun-16
Weighted average 10-year discount rate used to value the Group's properties	**7.49%**	7.89%
10-year bond rate	**2.60%**	1.98%
Implied property risk premium	**4.89%**	5.91%

As the above table shows, over the 12 months to 30 June 2017 discount rates utilised in the valuation of the Group's property portfolio have tightened (lowered) by approximately 40 basis points. Over the same period the implied property risk premium has decreased by approximately 102 basis points. The implied property risk premium is the difference between the weighted average discount rate and the 10-year Australian Government bond rate. The decrease in the implied property risk premium is in part due to further tightening of the Group's weighted average discount rate in addition to a strong recovery in government bond yields (62 basis points) since 30 June 2016.

2.2 Investment properties (cont.)

Commentary on Capitalisation Rates

Industrial

The major Eastern seaboard industrial markets continue to be characterised by a large volume of existing capital with limited opportunities for new investment. Domestic and international REITs remain the most active buyers. Melbourne and Sydney remain the focal point of investor attention given their stronger local economies. Investors continue to seek larger assets with long WALEs which provide stable income, however opportunities are limited given vendors reluctance to dispose of assets due to the difficulty in replacing income. Yields have continued to compress in most markets, the result of strong investor appetite and limited stock, compressing by between 0 and 50 basis points. The weighted average capitalisation rate used in valuing the industrial portfolio has firmed from 7.1% to 6.9% over the 12 months to 30 June 2017.

Office

Capital remains readily available for new investment in the office sector supporting continued strong demand, especially for prime quality assets in both CBD and fringe markets providing long lease terms, modern improvements and fixed rent increases. The A-REIT sector and offshore investors continue to represent the most active buyer profile. Investor focus remains on Eastern seaboard cities, particularly Sydney and Melbourne, although limited opportunity in these markets has prompted investors to consider other markets (e.g. Brisbane). Yields continued to tighten in most markets, particularly for prime and A-grade assets in the Eastern states of Australia, compressing by between 25 and 75 basis points. The weighted average capitalisation rate used in valuing the office portfolio has firmed from 6.8% to 6.3% over the 12 months to 30 June 2017.

Uncertainty around property valuations

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

The fair value of investment property has been assessed to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

An increase in discount rates, terminal yields, capitalisation rates and expected vacancy periods would decrease the value of investment property. Conversely, a decrease in these inputs would increase the value of investment property.

An increase in rental growth rates would increase the value of investment property, where as a decrease would decrease the value of investment property.

Contractual obligations

At 30 June 2017, the following contractual obligations relating to expansions at existing investment property are in place:

- Under an expansion clause in the current lease the tenant at 120-132 Atlantic Drive, Keysborough, Victoria can request a 3,000 square metre expansion at any point during the term (which currently expires on 20 December 2028). The Group would be responsible for funding this expansion. Upon completion, the lease would be re-set so that at least seven years remained and rent would be charged on the additional lettable area constructed under the expansion clause.
- Under a warehouse expansion clause in the current lease to Brown & Watson International Pty Ltd at 1500 Ferntree Gully Road, Knoxfield, Victoria, the tenant can request an expansion of the warehouse over the vacant land at any point during the initial term prior to the latest date for exercising the first option (which is 13 August 2024). The Group would be responsible for funding this expansion. Upon completion, the lease would be re-set so that at least seven years remained and rent would be charged on a formula utilising the construction costs under the warehouse expansion clause.
- Under an expansion clause in the current lease at 60 Annandale Road, Melbourne Airport, Victoria (which currently expires on 3 May 2028), the Group is responsible for funding a 5,000 square metre expansion of the property. Upon completion of the expansion works the lease would be re-set so that at least ten years remained and rent would be charged on the additional lettable area constructed under the expansion clause.
- The property expansions detailed above have an estimated aggregate cost of not more than $9.0 million.

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

2.2 Investment properties (cont.)

Amounts recognised in profit and loss for investment properties

	2017	Restated 2016
	$'000	$'000
Rental income	**261,463**	208,626
Straight line adjustment to rental income	**2,522**	7,426
Net gain from fair value adjustment	**118,157**	91,691
Loss on sale of investment properties	**(1,123)**	-
Unrealised gain on assets held for sale	**-**	163
Direct operating expenses from property that generated rental income	**(38,145)**	(27,457)
	342,874	280,449

Leasing arrangements

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

	2017	2016
	$'000	$'000
Within one year	**228,397**	206,862
Later than one year but not later than five years	**819,366**	736,407
Later than five years	**476,081**	480,018
	1,523,844	1,423,287

10 (2016: 10) of the investment properties are held on a leasehold basis with non-cancellable, long-term operating leases with ground rent payable monthly. The minimum lease payments under these leases payable by the Trust are as follows:

	2017	2016
	$'000	$'000
Within one year	**2,261**	3,399
Later than one year but not later than five years	**4,722**	5,725
Later than five years	**148**	605
	7,131	9,728

2.2 Investment properties (cont.)

Reconciliation of value of investment properties

	2017	Restated 2016
	$'000	$'000
At fair value		
Opening balance	**2,651,145**	2,343,840
Acquisitions	**510,867**	347,844
Capital expenditure	**10,042**	6,976
Lease incentives and leasing costs	**17,238**	11,116
Amortisation of lease incentives and leasing costs	**(9,969)**	(6,224)
Disposals	**(15,103)**	-
Net loss on disposals	**(1,123)**	-
Unrealised gain on assets held for sale	**-**	163
Transfer to available for sale	**(103,500)**	(151,688)
Straight lining of revenue adjustment	**2,522**	7,426
Net gain from fair value adjustment	**118,157**	91,691
Closing balance at 30 June	**3,180,275**	2,651,145

2.3 Non-current assets held for sale

Accounting policy

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value with the exception of investment property which continues to be measured in accordance with accounting policy note 2.2.

As at 30 June 2017, there was one property classed as held for sale (2016: 5) and its value is shown on the table below:

	2017	2016
	$'000	$'000
28 Bilston Drive, Wodonga, VIC	**-**	69,240
213-215 Robinsons Road, Ravenhall, VIC	**-**	26,959
99 and 101-103 William Angliss Drive, Laverton North, VIC	**-**	27,730
365 Fitzgerald Road, Derrimut, VIC	**-**	17,843
670 Macarthur Avenue, Pinkenba, QLD	**-**	9,916
1231-1241 Sandgate Road, Nundah, QLD (i)	**103,500**	-
Total	**103,500**	151,688

(i) This property transacted and settled on 7 July 2017, refer to Note 4.9 for further information.

2.4 Trade and other assets

Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade and other assets is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that all amounts due will not be able to be collected according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within property revenue. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off. Subsequent recoveries of amounts previously written off are credited against property revenue in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Impairment

A financial asset not carried at fair value through profit or loss (meaning the asset value has not been increased or decreased to accord with its assessed market value) is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not otherwise normally consider, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collectively for impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and reflected in an allowance account against receivables.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, then the impairment loss is reversed, with the amount of the reversal recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in Other Comprehensive Income.

Determination of fair value

The fair value of trade and other assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Trade and other assets can be analysed as follows:

	2017	Restated 2016
	$'000	*$'000*
Current		
Rent receivables	**1,335**	1,392
Prepayments	**4,756**	3,815
Proceeds from sale of investment properties	**4,800**	-
	10,891	5,207

Impaired rent receivables

As at 30 June 2017, there were no impaired rent receivables (2016: nil).

2.5 Trade and other liabilities

Accounting policies

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

Trade and other liabilities can be analysed as follows:

	2017	2016
	$'000	*$'000*
Trade payables	**2,350**	620
Non-trade payables	**586**	519
GST payable	**2,040**	2,001
Accrued expenses - other	**23,453**	17,580
Prepaid rent	**20,321**	18,258
	48,750	38,978

2.6 Cash flow information

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash flow information

	2017	Restated 2016
	$'000	*$'000*
(a) Reconciliation of cash at end of year		
Cash and cash equivalents balance	**31,459**	70,661
(b) Reconciliation of net operating profit to net cash inflow from operating activities		
Net profit for the period	**278,090**	219,377
Fair value adjustment to investment property	**(118,157)**	(91,691)
Loss on sale of investment properties	**1,123**	-
Unrealised profit on assets held for sale	**-**	(163)
Fair value adjustment to derivatives	**(16,161)**	(4,647)
Loss on settlement of derivatives	**13,779**	10,471
Amortisation of borrowing costs	**2,412**	1,685
Interest received	**(501)**	(559)
Depreciation	**162**	128
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
– Increase in lease incentives and leasing costs	**(7,304)**	(4,892)
– Increase in receivables	**(5,141)**	(5,049)
– Increase in prepayments	**(2,612)**	(3,385)
– Increase in deferred tax asset	**(221)**	(210)
– Increase in payables	**16,031**	12,757
Net cash inflow from operating activities	**161,500**	133,822

Section 3: Capital structure and financing costs

in this section ...

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

3.1 Interest bearing liabilities

Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the Consolidated Statement of Financial Position.

Interest bearing liabilities

The table below summarises the movements in the Group's interest bearing liabilities during the year.

	Opening balance 1 July 2016	Movement during period	**Balance as at 30 June 2017**	Facility limit	Maturity
	$'000	*$'000*	*$'000*	*$'000*	
Secured loans					
Syndicated bank facility					
– Facility A	255,000	(255,000)	**-**	-	N/A
– Facility B	255,000	(155,000)	**100,000**	100,000	Dec-18
– Facility C	188,272	56,728	**245,000**	245,000	Dec-19
– Facility D	-	52,144	**52,144**	70,000	Dec-19
– Facility E	100,000	-	**100,000**	100,000	Jun-19
– Facility G	-	150,000	**150,000**	150,000	Sep-21
– Facility I	-	-	**-**	75,000	Nov-20
– Facility H	-	-	**-**	75,000	Sep-20
Loan note 1	200,000	-	**200,000**	200,000	Mar-25
Loan note 2	100,000	-	**100,000**	100,000	Dec-22
Loan note 3	60,000	-	**60,000**	60,000	Dec-22
Fixed bank facility 1	90,000	-	**90,000**	90,000	Dec-22
USPP 1	-	130,344	**130,344**	130,344	Jun-27
USPP 2	-	52,138	**52,138**	52,138	Jun-29
USPP 3	-	26,000	**26,000**	26,000	Jun-29
Total loans	1,248,272	57,354	**1,305,626**	1,473,482	
Less unamortised upfront costs	(6,046)	(200)	**(6,246)**		
Total interest bearing liabilities	1,242,226	57,154	**1,299,380**		

During the year, the Group issued debt into the United States Private Placement (USPP) market, with two of the tranches denominated in United States Dollars (USD). These amounts and the interest payable on them have been converted to Australian Dollars (AUD) via the Group entering into Cross Currency Swaps (CCS).

The weighted average all-in interest rate (including bank margin and amortisation of upfront fees paid) at 30 June 2017 was 4.29% per annum (2016: 4.13% per annum). Refer to note 3.3 for details on interest rate and cross currency swaps.

3.1 Interest bearing liabilities (cont.)

Interest bearing liabilities (cont.)

Fair value

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

Assets pledged as security

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

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

	2017	Restated 2016
	$'000	*$'000*
Current		
Floating charge		
Cash and cash equivalents	**31,459**	70,661
Receivables	**10,891**	5,207
Assets held for sale	**103,500**	151,688
	145,850	227,556
Non-current		
First mortgage		
Investment properties	**3,180,275**	2,651,145
Floating charge		
Plant and equipment	**1,197**	195
Deferred tax assets	**929**	709
Total non-current assets pledged as security	**3,182,401**	2,652,049
Total assets pledged as security	**3,328,251**	2,879,605

3.2 Borrowing costs

Accounting policies

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

Borrowing costs can be analysed as follows:

	2017	2016
	$'000	*$'000*
Bank interest expense and charges	**52,821**	43,297
Amortisation of borrowing costs	**2,411**	1,685
	55,232	44,982

3.3 Derivative financial instruments

Accounting policies

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

Interest rate and cross currency swaps

Changes in fair value of such derivative instruments that do not qualify for hedge accounting are recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Determination of fair value

The fair value of interest rate and cross currency swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a substitute instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Derivative financial instruments

Derivative financial instruments can be analysed as follows:

	2017	2016
	$'000	*$'000*
Interest rate swap contracts – carried at fair value through profit and loss:		
Total non-current derivative financial instrument assets	**121**	-
Total non-current derivative financial instrument liabilities	**(6,440)**	15,353
	(6,319)	15,353

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and currency rates in accordance with the Group's financial risk management policies (refer to note 3.4). The gain or loss from re-measuring the interest rate and cross currency swaps at fair value is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income immediately.

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

Swaps in effect at 30 June 2017 covered 25% (30 June 2016: 29%) of the loan principal outstanding. With total fixed interest rate debt of $984 million outstanding (30 June 2016: $450 million), the total fixed interest rate coverage of outstanding principle is 75% (30 June 2016: 65%).

The average fixed interest rate of swaps at 30 June 2017 was 2.30% per annum (2016: 3.06% per annum) and the variable interest rate (excluding bank margin) is 1.68% per annum (30 June 16: 1.89% per annum) at balance date. See table below for further details of swaps in effect at 30 June 2017:

Counter Party	**Amount of Swap**	Swap Expiry	Fixed Rate	Term to Maturity
	$'000		*%*	*Years*
Interest rate swaps				
NAB	**25,000**	Jun-2020	2.36%	3.0
CBA	**75,000**	Jun-2020	2.20%	3.0
CBA	**25,000**	Jun-2020	2.36%	3.0
ANZ	**50,000**	Dec-2020	2.42%	3.5
Westpac	**50,000**	May-2021	2.10%	3.9
Westpac	**50,000**	Jun-2021	2.48%	4.0
ANZ	**50,000**	Jun-2021	2.33%	4.0
Total / Weighted average	**325,000**		2.30%	3.5

3.3 Derivative financial instruments (cont.)

Derivative financial instruments (cont.)

Instruments used by the Group (cont.)

Interest rate swap contracts – carried at fair value through profit and loss (cont.)

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

At balance date these contracts were liabilities with a fair value of $6,319,000 (30 June 16: liabilities of $15,353,000) for the Group. In the year ended 30 June 2017 there was a gain from the increase in fair value of $16,161,000 for the Group (2016: gain of $4,647,000).

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

Counter Party	Amount of Swap	Swap Expiry	Fixed Rate	Term to Maturity
	$'000		*%*	*Years*
Cross Currency Swaps				
NAB	**32,586**	Jun-2027	5.29%	10.0
Westpac	**32,586**	Jun-2027	5.29%	10.0
ANZ	**32,586**	Jun-2027	5.27%	10.0
CBA	**32,586**	Jun-2027	5.26%	10.0
NAB	**13,034**	Jun-2029	5.47%	12.0
Westpac	**13,034**	Jun-2029	5.47%	12.0
ANZ	**13,034**	Jun-2029	5.45%	12.0
CBA	**13,034**	Jun-2029	5.44%	12.0
Total / Weighted average	182,482		5.33%	10.5

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	**Total**
	$'000	*$'000*	*$'000*	*$'000*
30 June 2017				
Derivative financial assets	-	(121)	-	**(121)**
Derivative financial liabilities	-	6,440	-	**6,440**
	-	6,319	-	**6,139**
30 June 2016				
Derivative financial liabilities	-	15,353	-	**15,353**
	-	15,353	-	**15,353**

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

3.4 Financial risk management

Overview

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

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

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

Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit, Risk and Compliance Committee, which is responsible for developing and monitoring risk management policies and making appropriate recommendations to the Board. The Committee reports regularly to the Board on its activities. In addition, the Managing Director provides a regular report to the Board in relation to risks facing the Group.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit, Risk and Compliance Committee oversees how management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

30 Refer to page 30 of the Group's 2017 Sustainability Report for more details.

Financial instruments used by the Group

The Group's principal financial instruments, other than derivatives, comprise bank loans and Loan Notes (including USPP Notes).

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations. The Group also enters into derivative transactions (interest rate and cross currency swaps) to manage the interest rate risks arising from the Group's operations. It is the Group's policy that no speculative trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk and foreign exchange risk. The Board of Directors reviews and agrees policies for managing these risks and these are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the relevant note to the financial statements.

Derivative financial instruments – 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.

The gain or loss from re-measuring the interest rate swaps at fair value is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income immediately, as hedge accounting under AASB 139 has not been adopted.

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 remove 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. Sensitivity to foreign exchange is therefore removed.

3.4 Financial risk management (cont.)

Financial instruments used by the Group (cont.)

Credit risk

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

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

The Group has significant derivative financial instruments held with four major Australian banks, NAB, Westpac, ANZ and CBA, counterparties which are considered to be high quality financial institutions. At balance sheet date, the fair value of the financial instruments is in a liability position (refer to Note 3.3).

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

Tenants for each of the properties held by the Group are assessed for creditworthiness before a new lease commences. This assessment is also undertaken where the Group acquires a tenanted property. If necessary, a new tenant will be required to provide lease security (such as personal, director or bank guarantees, a security deposit, letter of credit or some other form of security) before the tenancy is approved. Tenant receivables are monitored by property managers and the Group's asset managers on a monthly basis. If any amounts owing under a lease are overdue these are followed up for payment. Where payments are outstanding for a longer period than allowed under the lease, action to remedy the breach of the lease can be pursued, including legal action or the calling of security held by the Group under the lease. Where it is assessed it is not likely that the amount outstanding will be received by the Group an allowance is made for the debt being doubtful.

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

Net fair values

The carrying values of the Group's financial assets and liabilities included in the Statement of Financial Position approximate their fair values. Refer to the individual notes to these accounts regarding these assets and liabilities for the methods and assumptions adopted in determining net fair values.

Market risk

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

A potential market risk to the Group arises from changes in interest rates relating to its Syndicated Facility amounting to $647,144,000 at balance sheet date (2016: $798,272,000).

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

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

	Fixed/Floating	**2017**	2016
		$'000	*$'000*
Financial assets			
Cash and cash equivalents	Floating	**31,459**	70,661
Derivative financial instruments	Floating	**121**	-
		31,580	70,661
Financial liabilities			
Derivative financial instruments	Floating	**6,440**	15,353
Interest bearing liabilities – fixed debt	Fixed	**658,482**	450,000
Interest bearing liabilities – hedged (i)	Fixed	**325,000**	360,000
Interest bearing liabilities – unhedged	Floating	**322,144**	438,272
		1,312,066	1,263,625

(i) Note – hedge accounting has not been adopted.

3.4 Financial risk management (cont.)

Financial instruments used by the Group (cont.)

Market risk (cont.)

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance sheet date. At 30 June 2017, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity would have been affected as follows:

	Post Tax Profit Higher / (Lower) 2017	2016
	$'000	*$'000*
+100 bps		
Cash and borrowings	**(2,907)**	(3,676)
Interest rate derivatives	**(9,032)**	5,895
Cross currency derivatives	**(3,055)**	-
	(14,994)	2,219
-100 bps		
Cash and borrowings	**2,907**	3,676
Interest rate derivatives	**14,549**	(4,170)
Cross currency derivatives	**14,077**	-
	31,533	(494)

As can be seen from the table above, the movements in profit are primarily due to fair value gains or losses on financial derivatives from an interest rate increase or decrease. These fair value gains or losses would be unrealised and non-cash in nature unless the interest rate swaps were closed or sold.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations in relation to investment activities or other operations of the Group. The Group manages its liquidity risk by ensuring that on a daily basis there is sufficient cash on hand or available loan facilities to meet the contractual obligations of financial liabilities as they fall due. The Board sets budgets to monitor cash flows. In addition, the Company, as an Australian Financial Services Licensee, is required to prepare a rolling 12 month cashflow projection approved by the Directors. As at the balance sheet date, the Group had cash and cash equivalents totalling $31,459,000 (2016: $70,661,000).

Financing arrangements

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

	2017	2016
	$'000	*$'000*
Syndicated bank facility		
Total facility	**815,000**	925,000
Used at balance date	**647,144**	798,272
Unused at balance date	**167,856**	126,728
Fixed debt		
Total facility	**658,482**	450,000
Used at balance date	**658,482**	450,000
Unused at balance date	**-**	-
Total unused bank facilities	**167,856**	126,728

3.4 Financial risk management (cont.)

Financial instruments used by the Group (cont.)

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 2017.

	Carrying amount	Total contractual cashflows	6 months or less	6 to 12 months	1 to 5 years	More than 5 years
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
2017						
Non-derivative financial liabilities						
Bank loans and Loan Notes	1,305,626	1,320,005	(148,157)	63,436	231,727	1,172,999
Trade and other liabilities	100,688	100,688	95,787	4,901	-	-
	1,406,314	1,420,693	(52,370)	68,337	231,727	1,172,999
Derivative financial liabilities						
Interest rate swaps used for hedging	6,440	4,508	1,208	1,113	2,187	-
	6,440	4,508	1,208	1,113	2,187	-
2016						
Non-derivative financial liabilities						
Bank loans	1,248,272	1,504,946	224,606	22,661	128,903	1,128,776
Trade and other liabilities	81,282	81,282	77,547	3,439	-	296
	1,329,554	1,586,228	302,153	26,100	128,903	1,129,072
Derivative financial liabilities						
Interest rate swaps used for hedging	15,353	22,295	2,420	2,542	17,333	-
	15,353	22,295	2,420	2,542	17,333	-

3.5 Contributed equity and reserves

Accounting policies

Share capital

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

Distributions and dividends

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

3.5 Contributed equity and reserves (cont.)

Contributed equity

Contributed equity can be analysed as follows:

	2017	2017	2016	2016
	No. ('000)	*$'000*	*No. ('000)*	*$'000*
Opening balance at 1 July	583,126	1,414,012	569,028	1,376,011
Issue of ordinary stapled securities during the year:				
Securities issued on acquisition of assets	44,380	139,808	-	-
Distribution reinvestment plans	33,528	105,928	13,791	40,132
Securities issued through Employee Incentive Plans	307	-	307	-
Costs of raising capital	-	(6,013)	-	(2,131)
	78,215	239,723	14,098	38,001
Closing balance at 30 June	661,341	1,653,735	583,126	1,414,012

Ordinary stapled securities

Ordinary stapled securities entitle the holder to participate in dividends and distributions and the proceeds on winding up of the Group in proportion to the number of and the amounts paid on the stapled securities held.

On a show of hands every holder of ordinary stapled securities present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote.

Distribution reinvestment plan

The Distribution Reinvestment Plan was operative for the 31 December 2016 distribution of the Group but not the 30 June 2017 distribution.

Capital risk management

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

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

During the year, the Group implemented several capital management initiatives, namely:

- The Distribution Reinvestment Plan was in operation for the 31 December 2016 distribution and was underwritten, raising a total of $63,732,000 for this issue of 19,916,215 new stapled securities.
- In December 2016, Moody's confirmed the Group's independent credit rating of Baa2 on senior secured debt with a stable outlook.
- In June 2017, the Group entered into AUD208 million of new USPP debt facilities with nine new financiers across three tranches:
  - USD100 million (approx. AUD130 million) with a tenor of 10 years, maturing in June 2027
  - USD40 million (approx. AUD52 million) with a tenor of 12 years, maturing in June 2029
  - AUD26 million with a tenor of 12 years, maturing in June 2029
- The USPP debt was fully fixed to maturity at a weighted average interest rate of 5.34% per annum. Proceeds were initially used to repay existing bank debt.
- In June 2017, the Board altered its target fixed/hedged debt to drawn debt range, expanding it from 75% - 100% to 65% - 100%. This provides more flexibility to Growthpoint and matches the requirements of its existing debt facilities.
- In addition to the fixed debt issue outlined above, the Group reorganised its interest rate swaps by terminating $210 million of existing swaps and entering into $175 million of new interest rate swaps to keep the percentage of fixed debt within its target range of 65%-100% at that time.
- As at 30 June 2017 the Group had total debt facilities of $1,473,482,000 of which $167,856,000 was undrawn at balance date.

3.5 Contributed Equity and reserves (cont.)

Capital risk management (cont.)

The Group monitors capital by using a number of measures, such as gearing, interest cover and loan to valuation ratio. The gearing ratio is calculated by dividing interest bearing liabilities by total assets.

The Group has a target gearing range of 35%-45%. At 30 June 2017, the gearing ratio was 39.0% (30 June 16: 43.1%). The gearing ratios at 30 June 2017 and 30 June 2016 were calculated as follows:

	2017	Restated 2016
	$'000	*$'000*
Total interest bearing liabilities	**1,299,380**	1,242,226
Total assets	**3,328,372**	2,879,605
Gearing ratio	**39.0%**	43.1%

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve comprises the transfer of the portion of the fair value of the total cost recognised under the Employee Incentive Plans in operation and is the portion of the fair value of the total cost recognised of the unissued securities, which remain conditional on employment with the Group at the relevant vesting date. Refer to Note 3.8 for more information.

Deferred tax expense charged to equity

This reserve comprises deferred tax balances attributable to amounts that are also recognised directly in equity. Refer to Note 4.3 for further information.

Profits reserve

The profits reserve comprises the transfer of net profit in the Company for the year (if any) and contains profits available for distribution as dividends in future years. There were no dividends distributed from the profits reserve during the year (2016: nil).

3.6 Distributions

Period for distribution	Total distribution	Total stapled securities	Distributions per stapled security
	$'000	*('000)*	*(cents)*
Half year to 31 December 2016	**67,991**	641,424	10.60
Half year to 30 June 2017	**72,086**	661,340	10.90
Total distribution for FY17	**140,077**		21.50
Half year to 31 December 2015	**58,072**	569,335	10.20
Half year to 30 June 2016	**60,062**	583,126	10.30
Total distribution for FY16	**118,134**		20.50

3.7 Earnings per stapled security ("EPS")

Earnings per stapled security

Basic EPS is determined by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of equivalent securities outstanding during the financial year.

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

		2017	Restated 2016
Profit attributable to equity holders of the Group	*$*	**278,090,000**	219,377,000
Weighted average number of stapled securities on issue for the year	*No.*	**651,245,952**	576,154,817
Basic & diluted earnings per stapled security	*Cents*	**42.7**	38.1

3.8 Share-based payment arrangements

Accounting policies

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Determination of fair values

Fair value is calculated based on the present value of the performance right on the date of issuance in future periods, discounted at a market-related discount rate.

Share-based payment arrangements

At 30 June 2017, the Group has the following share-based payment arrangements:

Employee Incentive Plans FY14, FY15, FY16, FY17

The Group has introduced employee incentive plans for all employees (including the Managing Director). The plans are designed to link employees' remuneration with the long-term goals and performance of the Group and the maximisation of wealth for its Securityholders.

46 The current measures for the plans, which are reviewed regularly by the Nomination, Remuneration & HR Committee and/or the Board are described in full on page 46 (in the remuneration report section of the Directors' report).

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

Subject to the employee remaining employed by the Group, on or about 30 September of each year the employee will receive 25% of his or her performance rights, as they vest through the issue of stapled securities in the Group. Securities will be issued for an equivalent amount at an issue price per security based on the volume weighted average price of the securities over the first 20 trading days in September prior to the vesting date of the first tranche of each plan.

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

3.8 Share-based payment arrangements (cont.)

Share-based payment arrangements (cont.)

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

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

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

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

The fair value of performance rights under the FY17 Employee Incentive Plan was determined on the grant date of those rights and then "trued-up" at 30 June 2017 where allowed. The fair value of these rights for directors is estimated at $552,240 and for other employees $945,574. This estimate is based on achieving 78.0% of the maximum payable under the 2017 plan. This is seen as a reasonable estimate of fair value as it is based on the percentage achieved for comparable elements from the 2015 plan, adjusted for information available on likely achievement as at 30 June 2017. The actual costs of performance rights cannot be determined until FY18 and the first issue of securities under the 2017 plan will not occur until FY18.

During the year, $1,319,000 was recognised in the share based payments reserve (June 16: $1,138,000). This represents the amounts recognised under the four plans in operation and is the portion of the fair value of the total cost recognised of the unissued securities, which remain conditional on employment with the Group at the relevant vesting date.

As of the date of the report, the number of equity shares to be granted and vested in the future cannot be determined until the rights fully vest.

The table below outlines the value of performance rights granted during the year to 30 June 2017, where those values can be determined. It also outlines the value of performance rights that were issued as stapled securities in the Group.

Plan identification	Plan participants	Issue date	Value of securities issued on conversion of performance rights	Number of securities issued on conversion of performance rights	Value of performance rights still to vest	Percentage of plan that vested during FY17
			$	No.	$	%
FY16 Plan	Director	29-Nov-16	85,001	26,235	N/A	25
FY16 Plan	Other employees	18-Oct-16	114,132	35,226	N/A	25
FY15 Plan	Director	29-Nov-16	131,985	40,736	N/A	25
FY15 Plan	Other employees	18-Oct-16	142,955	44,122	N/A	25
FY14 Plan	Director	18-Oct-16	131,081	40,457	N/A	25
FY14 Plan	Other employees	18-Oct-16	128,320	39,605	N/A	25
FY13 Plan	Director	18-Oct-16	138,040	42,605	-	25
FY13 Plan	Other employees	18-Oct-16	122,538	37,820	-	25

Section 4: Other notes

4.1 Key Management Personnel compensation

Accounting policies

Employee benefits - Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Employee benefits - Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, they are discounted to their present value.

Employee benefits - Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Compensation

The Key Management Personnel compensation comprised:

	2017	2016
	$	*$*
Short-term employee benefits	**3,715,568**	3,840,553
Post-employment benefits	**155,796**	154,035
Share-based payments	**1,024,316**	946,193
	4,895,680	4,940,781

Individual directors and executive's compensation disclosures

Information regarding individual director's and executive's compensation and equity instruments disclosure as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

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

4.1 Key Management Personnel compensation (cont.)

Compensation (cont.)

Movements in securities

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

2017

Security holder	Opening securities 1 July	Securities granted as compensation	Acquired securities	Disposed securities	Closing securities 30 June
	No.	No.	No.	No.	No.
G. Jackson	144,707	-	20,092	-	164,799
N. Sasse	1,293,762	-	177,146	-	1,470,908
E. de Klerk	1,354,592	-	195,391	-	1,549,983
T. Collyer	625,612	150,033	15,315	-	790,960
F. Marais	134,451	-	15,871	-	150,322
A. Hockly	107,558	35,719	8,482	(151,759)	-
D. Andrews	120,851	33,511	9,396	(121,501)	42,257
M. Green	32,399	33,321	-	(18,350)	47,370
G. Tomlinson	59,332	-	19,499	-	78,831
M. Brenner	7,245	-	-	-	7,245

During the year to 30 June 2017, a total of 252,584 stapled securities with a total value of $818,372 were issued to Key Management Personnel upon vesting of performance rights under Employee Incentive Plans.

2016

Security holder	Opening securities 1 July	Securities granted as compensation	Acquired securities	Disposed securities	Closing securities 30 June
	No.	No.	No.	No.	No.
G. Jackson	139,807	-	4,900	-	144,707
N. Sasse	1,249,950	-	43,812	-	1,293,762
E. de Klerk	1,308,721	-	45,871	-	1,354,592
T. Collyer	468,511	157,101	-	-	625,612
F. Marais	129,896	-	4,555	-	134,451
A. Hockly	68,434	35,482	3,642	-	107,558
D. Andrews	87,990	32,861	-	-	120,851
M. Green	86,525	32,399	-	(86,525)	32,399
G. Tomlinson	57,323	-	2,009	-	59,332
M. Brenner	7,000	-	245	-	7,245

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

Key Management Personnel loan disclosures

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

4.2 Related party transactions

Responsible Entity

The current Responsible Entity of Growthpoint Properties Australia Trust is Growthpoint Properties Australia Limited. It has acted in that role since its appointment on 5 August 2009.

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

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

Director transactions

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

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

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

Director	Transaction	2017	2016
		$	$
G. Jackson (i)	Valuation	52,150	33,142

(i) The Group used the valuation services of m3property, a company that Mr Jackson is a director of, to independently value 7 properties (2016: 6). Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms and Mr Jackson was not directly involved in the Group's engagement of m3property. The expense of valuation services provided by m3property represented 11% of the total valuation expense for the year (2016: 9%)

At 30 June 2017, $11,500 was payable for valuation services (2016: $13,642).

Transactions with significant shareholders

During the year, the ultimate parent entity, Growthpoint Properties Limited, provided underwriting for the December 2016 DRP. No fees were charged for this underwriting and Securityholder approval was obtained at the November 2016 Annual General Meeting for this underwriting. (FY16: no transactions).

There were no balances outstanding from transactions with significant shareholders as at 30 June 2017 (2016: nil).

4.3 Taxation

Accounting policies

Income Tax

Under current income tax legislation, no income tax is payable by the Trust provided taxable income is fully distributed to Securityholders or the Securityholders become presently entitled to all the taxable income.

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

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

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

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

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

4.3 Taxation (cont.)

Income tax expense

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

Income tax expense:

	2017	2016
	$'000	*$'000*
Current tax expense	**217**	577
Deferred tax benefit	**(185)**	(159)
Over provision from prior year	**18**	-
	50	418

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

	2017	2016
	$'000	*$'000*
Profit / (loss) before income tax expense	**(1,184)**	243
Income tax (benefit)/expense using the Company's domestic rate of 30%	**(355)**	73
Increase in income tax due to:		
Non-deductible expenses	**405**	345
Prior year losses now recognised	**-**	-
Change in unrecognised temporary differences	**-**	-
Over provision of prior year income tax	**-**	-
	50	418
The applicable weighted average effective tax rate for the Company is as follows (i):	**-**	172%

(i) The weighted average effective tax rate for FY 17 is not meaningful as there is a loss before tax expenses but for tax purposes there is a profit - the calculation based on the figures in the table provides a negative tax rate which is not meaningful.

As at 30 June 2017, the Company had franking credits of $2,473,384 available to it (30 June 2016: $1,301,001).

Movement in temporary differences during the year

	Opening balance 1 July 2016	Charged to profit and loss	Charged to equity	Balance 30 June 2017
	$'000	*$'000*	*$'000*	*$'000*
Non-current assets:				
Equity raising costs	69	(71)	85	**83**
Total	69	(71)	85	**83**
Current liabilities:				
Accrued expenses	146	18	-	**164**
Employee benefits	471	192	-	**663**
Prepayments	23	(4)	-	**19**
Total	640	206	-	**846**
Total movement in temporary differences	709	135	85	**929**

4.3 Taxation (cont.)

Income tax expense (cont.)

Movement in temporary differences during the year (cont.)

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

4.4 Contingent liabilities

The Group has no contingent liabilities as at the date of this report (2016: nil).

4.5 Commitments

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

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

4.6 Controlled entities

Accounting policies

Basis of consolidation

Subsidiaries

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

Transaction eliminated on consolidation

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

4.6 Controlled entities (cont.)

Controlled entities

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

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

(i) Indicates entities established or purchased during the financial year ended 30 June 2017.

4.7 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2017 the parent of the Group was Growthpoint Properties Australia Trust.

	2017	Restated 2016
	$'000	*$'000*
Result of the parent entity		
Profit for the period	**279,324**	219,552
Other comprehensive expense	**(140,077)**	(118,134)
Total comprehensive income for the period	**139,247**	101,418
Financial position of the parent entity at year end		
Current assets	**128,649**	245,874
Total assets	**3,308,924**	2,897,018
Current liabilities	**164,530**	136,967
Total liabilities	**1,470,229**	1,394,546
Net assets	**1,838,695**	1,502,472
Total equity of the parent entity comprising:		
Contributed equity	**1,595,415**	1,364,011
Retained profits	**243,280**	138,461
Total equity	**1,838,695**	1,502,472

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

4.8 Remuneration of auditors

During the year to 30 June 2017 the following fees were paid or payable for services provided by the auditor of the Group:

	2017	2016
	$	*$*
Audit services - KPMG		
Audit and review of financial statements	**124,522**	154,324
Other regulatory audit services	**58,728**	58,276
Non-audit services - KPMG		
Other assurance and due diligence services	**9,600**	86,943
	192,850	299,543

4.9 Subsequent events

Assets held for sale

On 7 July 2017, the Group transacted and settled 1231-1241 Sandgate Road, Nundah, QLD, at a sale price of $106,250,000 with the net proceeds used to pay down existing debt.

Purchase of stake in Industria REIT ("IDR")

On 11 July 2017, the Group acquired an 18.2% interest in IDR for approximately $68.1 million, representing $2.30 per IDR security. The acquisition was funded from undrawn debt facilities.

Acquisition of industrial portfolio

On 13 July 2017, the Group announced that it has exchanged contracts for the acquisition of four adjoining, modern industrial warehouses at Lot 11 and Lot 1, Part Lot 9, Tarlton Crescent and Lot 6 and Lot 7, Hugh Edwards Drive, Perth Airport, WA for $46 million, providing an initial passing yield of 8.13%. The acquisition will be initially funded from debt available under existing undrawn facilities.

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

Directors' Declaration

In the opinion of the Directors:

(a) the attached Financial Statements and notes, and the Remuneration Report in the Directors' Report set out on pages 42 to 53 are in accordance with the *Corporations Act 2001* (Cth), including:

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

(ii) giving a true and fair view of the Group's financial position as at 30 June 2017 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 2017.

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

T.J. Collyer.

Timothy Collyer
Managing Director
Growthpoint Properties Australia Limited

Melbourne, 21 August 2017

Auditor’s Independence Declaration

KPMG

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

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

I declare that, to the best of my knowledge and belief, in relation to the audit of Growthpoint Properties Australia Limited, being the Responsible Entity of Growthpoint Properties Australia Trust for the financial year ended 30 June 2017 there have been:

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

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

KPMG

KPMG

Dean Waters
Partner

Melbourne

21 August 2017

Independent Auditor's Report

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 (the Stapled Group Financial Report).

In our opinion, the accompanying Stapled Group Financial Report is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Stapled Group's*** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** of the Stapled Group comprises:

- Consolidated statement of financial position as at 30 June 2017
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Stapled Group*** consists of Growthpoint Properties Australia Trust and the entities it controlled at the year-end or from time to time during the financial year and Growthpoint Properties Australia Limited.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Stapled Group, Growthpoint Properties Australia Trust and Growthpoint Properties Australia Limited (the Responsible Entity) in accordance with 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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified for the Stapled Group are:

- Valuation of investment properties
- Accounting recognition of rental income and straight line adjustment to property revenue

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Valuation of Investment Properties ($3,180 million)	
Refer to Note 2.2 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The valuation of the Stapled Group's investment property portfolio, given it represents the majority of the total assets of the Stapled Group and requires significant judgement by us, is a key audit matter. The Stapled Group has $3.2 billion of investment properties, which constitutes 95.6% of the Group's total assets as at 30 June 2017. The fair value of the investment properties was assessed by the Board of Directors based on a combination of external valuations conducted by Jones Lang LaSalle, Savills, Collier, Urbis, Knight Frank, m3property, CBRE, and LandMark White and internally prepared valuations. An external valuation is obtained for each property each year. The Stapled Group determines a property's value within a range of reasonable fair value estimates and, in making that assessment, considers information from a variety of sources including: • Current prices for comparable investment properties, as adjusted to reflect differences for location, building quality, tenancy profile and other factors. • Discounted cash flow projections based on estimates of future cash flows. • Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from analysis of market evidence.	Our audit procedures included; • Examining the valuations prepared by the external property valuers to evaluate the appropriateness of the valuation methodologies and assumptions used in accordance with industry practice and the accounting standards; • Assessing the scope, competence and objectivity of the external valuers engaged by the Stapled Group; • Checking a sample of internal and external valuations of the Stapled Group to published reports of industry commentators for comparable investment properties; • Checking a sample of internal and external valuer's assumptions and data by comparing key inputs to discounted cash flow projections, such as discount rate and capitalisation rate, to published reports of industry commentators. We also tested, on a sample basis, other key inputs to the valuations, such as, gross rent, occupancy rate, lease term remaining and lease commitments, for consistency to existing lease contracts or published statistics; • Checking property acquisitions and disposals to signed contracts; and • Considering the Stapled Group's disclosures in relation to the use of estimates and judgements regarding the fair value of investment properties and the Stapled Group's valuation policies adopted and fair value disclosures for compliance with the Australian Accounting Standards.

Independent Auditor's Report (cont.)

KPMG

Accounting recognition of rental income ($261.5m) and straight line adjustment to property revenue ($2.5m)	
Refer to Note 2.1 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
During the course of the year, the Stapled Group enters into new lease contracts with existing tenants or through investment property acquisitions. The revenue generated from all lease contracts constitutes 68.9% of net investment income. Accounting recognition of rental income and straight line adjustment to property revenue is a key audit matter given rental income represents a significant portion of net investment income and the volume of new and amended leases results in additional audit effort around the straight line adjustment to property revenue. Revenue from investment properties is recognised on a straight-line basis over the life of the lease for leases where the revenue under the lease terms is fixed and determinable. For leases where the revenue is determined with reference to market reviews, inflationary measures or other variables, revenue is not straight-lined and is recognised in accordance with the lease terms applicable for the period.	Our audit procedures included; • Checking a sample of rental income for leases subject to market reviews, to the original signed lease contract with the terms associated to the market reviews, and documentation between the parties of the revised market rates; • For new, cancelled or variations to leases, we checked the lease terms to the Stapled Group's straight line schedule used to recognise revenue on a straight line basis; and • Performing a recalculation of the straight line adjustment to property revenue by using the fixed revenue over the lease term from the new or amended lease terms from the signed lease contract and comparing this to the Stapled Group's straight line schedule.

Other Information

Other Information is financial and non-financial information in Growthpoint Properties Australia's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or 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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

KPMG

Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Stapled Group’s ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Stapled Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor’s Report.

Report on the Remuneration Report of Growthpoint Properties Australia Limited

The information below is a reproduction of our opinion on the Remuneration Report of Growthpoint Properties Australia Limited (the Company), as the Responsible Entity of Growthpoint Properties Australia Trust.

Opinion

In our opinion, the Remuneration Report of Growthpoint Properties Australia Limited for the year ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.

Directors’ 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 responsibilities

We have audited the Remuneration Report included in the Directors’ report of the Company, also included in pages 42-53 of Growthpoint Properties Australia’s annual report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report of the Company, based on our audit conducted in accordance with *Australian Auditing Standards*.

Independent Auditor's Report (cont.)

KPMG

KPMG

Dean Waters
Partner

Melbourne
21 August 2017

20 Southern Court, Keysborough, VIC

Portfolio information

Office Portfolio

Address			Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			$'000		%	%		years	sqm	sqm
75 Dorcas St	South Melbourne	VIC	180,000	Savills	6.4	7.3	ANZ Banking Group	4.4	23,811	9,632
109 Burwood Rd	Hawthorn	VIC	89,250	Urbis	6.3	7.5	Orora	6.2	12,403	3,529
Bldg 2, 572-576 Swan St	Richmond	VIC	80,900	CBRE	5.5	7.0	GE Capital Finance Australasia	15.0	14,602	7,201
Bldg B, 211 Wellington Rd	Mulgrave	VIC	72,400	Directors	6.8	7.5	Monash University	3.5	12,780	11,040
Bldgs 1 & 3, 572-576 Swan St	Richmond	VIC	62,000	Directors	5.5	7.5	Country Road Group	12.1	9,909	16,819
Bldg C, 211 Wellington Rd	Mulgrave	VIC	55,500	Directors	6.8	7.8	BMW Australia Finance	5.0	10,305	11,070
Car Park, 572-576 Swan St	Richmond	VIC	1,125	CBRE	13.4	–	GE Capital Finance Australasia	0.7	–	3,756
15 Green Square Cl	Fortitude Valley	QLD	138,000	Knight Frank	6.3	7.3	Queensland Urban Utilities	4.7	16,442	2,519
1231-1241 Sandgate Rd	Nundah	QLD	103,500	Held for Sale	–	–	Energex	9.3	12,980	5,597
333 Ann St	Brisbane	QLD	121,000	CBRE	6.5	7.5	Federation University	5.3	16,369	1,563
CB1, 22 Cordelia St	South Brisbane	QLD	99,000	CBRE	6.5	7.5	Downer EDI Mining	4.9	11,529	5,772
A1, 32 Cordelia St	South Brisbane	QLD	81,200	Directors	6.3	7.5	Jacobs Group	7.7	10,052	2,667
A4, 52 Merivale St	South Brisbane	QLD	79,000	Colliers	6.4	7.4	University of the Sunshine Coast	5.6	9,405	2,331
CB2, 42 Merivale St	South Brisbane	QLD	57,200	Directors	6.3	7.5	Peabody Energy	7.6	6,598	3,158
Car Park, 32 Cordelia St & 52 Merivale St	South Brisbane	QLD	26,000	Directors	6.0	7.5	Secure Parking	2.4	–	9,319
33-39 Richmond Rd	Keswick	SA	62,000	JLL	7.5	8.3	Coffey Corporate	6.1	11,835	4,169
7 Laffer Dr	Bedford Park	SA	15,500	JLL	10.3	10.5	Westpac Banking Corporation	1.1	6,639	33,090
1 Charles St	Parramatta	NSW	303,500	Directors	5.8	7.3	NSW Police	6.9	32,356	6,460
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	115,000	Directors	6.3	7.8	Fox Sports	5.6	14,496	4,212
5 Murray Rose Ave	Sydney Olympic Park	NSW	97,000	Directors	6.0	7.3	Lion	6.8	12,386	3,826
3 Murray Rose Ave	Sydney Olympic Park	NSW	97,000	Savills	6.3	7.3	Samsung	4.7	13,423	3,980
102 Bennelong Pkwy	Sydney Olympic Park	NSW	29,800	Savills	7.0	7.8	Alstom Australia	2.1	5,244	6,635
6 Parkview Dr	Sydney Olympic Park	NSW	28,500	Directors	7.0	7.8	Universities Admissions Centre	2.3	5,145	7,788
89 Cambridge Park Dr	Cambridge	TAS	27,000	Directors	8.3	9.0	Hydro Tasmania Consulting	6.8	6,876	28,080
10-12 Mort St	Canberra	ACT	87,000	Knight Frank	6.6	7.0	Commonwealth of Australia	7.7	15,398	3,064
255 London Cct	Canberra	ACT	72,000	Directors	5.9	6.8	Commonwealth of Australia	10.2	8,972	2,945
Total / Weighted Average			**2,180,375**		**6.3**	**7.4**		**6.5**	**299,955**	**200,222**

Portfolio information

Industrial Portfolio

Address			Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			$'000		%	%		years	sqm	sqm
120 Northcorp Blvd	Broadmeadows	VIC	77,700	m3property	7.3	8.0	Woolworths	4.1	58,320	250,000
522-550 Wellington Rd	Mulgrave	VIC	65,900	Directors	6.8	7.8	Woolworths	4.1	68,144	191,200
1500 Ferntree Gully Rd & 8 Henderson Rd	Knoxfield	VIC	42,300	m3property	6.3	7.3	Brown & Watson International	8.4	22,009	40,844
40 Annandale Rd	Melbourne Airport	VIC	33,000	Urbis	8.3	8.0	StarTrack	2.0	44,424	75,325
9-11 Drake Blvd	Altona	VIC	31,350	Directors	6.8	7.8	Peter Stevens Motorcycles	4.3	25,743	41,730
130 Sharps Rd	Melbourne Airport	VIC	24,500	Directors	8.3	7.8	Laminex Group	5.0	28,100	47,446
120-132 Atlantic Dr	Keysborough	VIC	24,100	Directors	6.0	7.8	Symbion	11.5	12,864	26,181
Lots 2, 3 & 4, 44-54 Raglan St	Preston	VIC	23,100	Directors	7.8	7.8	Paper Australia	2.2	26,980	42,280
20 Southern Crt	Keysborough	VIC	15,250	Savills	6.5	7.5	Sales Force National	5.5	11,430	19,210
120 Link Rd	Melbourne Airport	VIC	15,500	Directors	8.3	7.8	The Workwear Group	10.0	26,517	51,434
60 Annandale Rd	Melbourne Airport	VIC	13,000	Urbis	7.8	7.5	Willow Ware Australia	10.8	16,276	34,726
6 Kingston Park Crt	Knoxfield	VIC	12,150	m3property	6.5	7.3	NGK Spark Plug	4.9	7,645	12,795
3 Millennium Crt	Knoxfield	VIC	11,000	Directors	6.8	7.5	Orora	3.7	8,040	14,750
31 Garden St	Kilsyth	VIC	10,100	Directors	6.8	8.0	Cummins Filtration	1.4	8,919	17,610
19 Southern Crt	Keysborough	VIC	8,100	Savills	7.3	7.5	Transms	1.8	6,455	11,650
45-55 South Centre Rd	Melbourne Airport	VIC	7,850	Directors	8.3	7.8	Willow Ware Australia	0.1	14,082	24,799
75 Annandale Rd	Melbourne Airport	VIC	7,150	Urbis	8.0	7.5	Neovia Logistics Services	2.3	10,280	16,930
70 Distribution St	Larapinta	QLD	205,000	Directors	7.0	7.5	Woolworths	4.7	76,109	250,900
13 Business St	Yatala	QLD	15,000	Directors	7.5	7.8	Reward Supply Co.	2.2	8,951	18,630
5 Viola Pl	Brisbane Airport	QLD	8,000	Directors	8.8	8.0	GPC Asia Pacific	0.0	14,726	35,166
10 Gassman Dr	Yatala	QLD	–	Assumed Sold	–	–	Norman Ellison Carpets	0.3	3,188	6,480
3 Viola Pl	Brisbane Airport	QLD	2,100	Directors	9.0	–	Cargo Transport Systems	5.7	3,431	12,483
20 Colquhoun Rd	Perth Airport	WA	152,800	Directors	6.5	7.5	Woolworths	8.3	80,374	193,936
27-49 Lenore Dr	Erskine Park	NSW	63,500	CBRE	6.0	7.3	Linfox	6.2	29,476	76,490
6-7 John Morphett Pl	Erskine Park	NSW	45,000	Directors	6.5	7.5	Linfox	2.8	24,881	82,280
51-65 Lenore Dr	Erskine Park	NSW	32,000	Directors	5.8	7.5	Linfox	10.7	3,720	36,720
34 Reddalls Rd	Kembla Grange	NSW	24,000	CBRE	6.3	7.5	Autocare Services	13.3	355	141,100
81 Derby St	Silverwater	NSW	16,600	Directors	6.5	7.5	IVE Group	5.2	7,984	13,490
599 Main North Rd	Gepps Cross	SA	73,400	Directors	7.3	7.8	Woolworths	4.1	67,238	233,500
1-3 Pope Crt	Beverley	SA	21,250	Savills	7.8	8.0	Aluminium Specialties Group	3.4	14,459	25,660
12-16 Butler Blvd	Adelaide Airport	SA	14,300	Directors	9.0	8.5	Cheap as Chips	3.4	16,800	30,621
10 Butler Blvd	Adelaide Airport	SA	8,400	Directors	8.5	8.5	Toll Transport	0.6	8,461	16,100
Total / Weighted Average			**1,103,400**		**6.9**	**7.6**		**5.2**	**756,381**	**2,092,466**

About Growthpoint South Africa

GRT is the largest primary listed South African REIT

Greenfield Industrial Park, Cape Town, South Africa

Growthpoint Properties Limited of South Africa ("GRT") owns 65.1% of the securities of Growthpoint (at 30 June 2017) and is its major Securityholder.

Other information about GRT

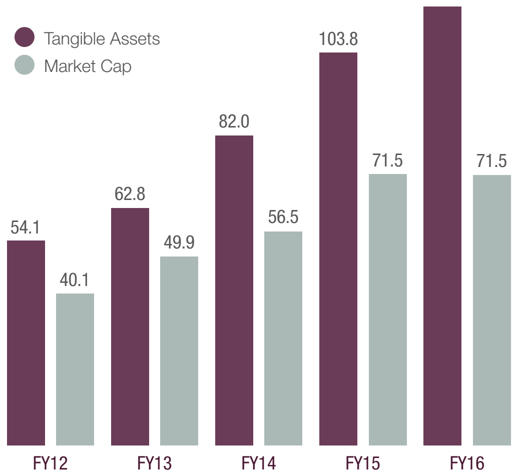
- Included in the JSE Top 40 Index
- Top ten constituent of FTSE EPRA / NAREIT Emerging Index
- Included in the FTSE/JSE Responsible Investment Index
- Underpinned by high-quality, physical property assets, diversified across sectors (Retail, Office and Industrial)
- Consistent record of growth and creating value for investors with 7.2% compound average annual growth in distributions over the 4 years to 30 June 2016.
- Sustainable quality of earnings that can be projected with a high degree of accuracy
- Well capitalised and conservatively geared
- Good corporate governance with transparent reporting
- Proven management track record
- Recipient of multiple sustainability, governance and reporting awards
- Baa3 global scale rating from Moody's

Growthpoint represents:

- 26.2% of GRT's gross property assets
- 24.7% of GRT's net property income
- 15.9% of GRT's total distributable income

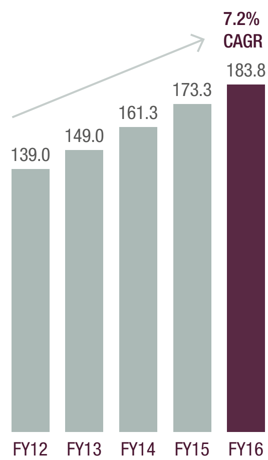
Growth in tangible assets and market capitalisation (Rbn)

as at 30 June 2016



Growth in distributions (R¢)

per share, as at 30 June 2016



Key Facts (as at 31 December 2016)[1]

Listing	GRT is listed on the Johannesburg Stock Exchange (JSE)
Ranking on the JSE	26th by market capitalisation
Closing exchange rate used	AUD:ZAR=10.55
Market capitalisation	R73.3B / AUD6.9B
Gross assets	R120.4B / AUD11,4B
Net assets	R76.1B / AUD7.2B
Gearing (SA only)	34.7%
Distributable Income	R2.7B/ AUD255m
ICR (SA only)	3.4 times
No. of employees (SA only)	649
Properties	474 properties in South Africa, including 50% ownership of the prestigious V&A Waterfront

1. All information supplied by GRT (figures as at 31 December 2016).

Securityholder information

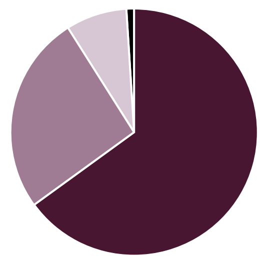
10-12 Mort Street, Canberra, ACT

Top 20 Legal Securityholders as at 30 June 2017

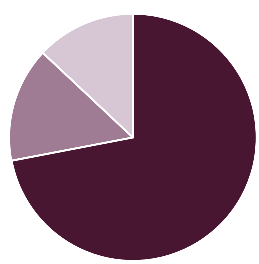
Rank	Name	No. of Securities	% of Securities
1.	Growthpoint Properties Limited	430,635,411	65.12
2.	HSBC Custody Nominees (Australia) Limited	51,712,059	7.82
3.	J P Morgan Nominees Australia Limited	32,591,940	4.93
4.	Emira Property Fund	28,558,566	4.32
5.	Citicorp Nominees Pty Limited	25,952,485	3.92
6.	National Nominees Limited	19,166,183	2.9
7.	BNP Paribas Noms Pty Ltd <DRP>	7,644,334	1.16
8.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP>	3,640,303	0.55
9.	Brispot Nominees Pty Ltd <House Head Nominee A/C>	2,262,348	0.34
10.	Sharon Investments Pty Ltd	2,252,000	0.34
11.	Rabinov Holdings Pty Ltd	2,069,415	0.31
12.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,855,252	0.28
13.	HSBC Custody Nominees (Australia) Limited-GSCO ECA	1,477,274	0.22
14.	Navigator Australia Ltd <MLC Investment Sett A/C>	947,482	0.14
15.	Merrill Lynch (Australia) Nominees Pty Limited	841,079	0.13
16.	Mr Max Karl Koep	837,376	0.13
17.	Rabinov Holdings Pty Ltd	747,362	0.11
18.	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	734,692	0.11
19.	BNP Paribas Noms (NZ) Ltd <DRP>	729,735	0.11
20.	CS Fourth Nominees Pty Limited <HSBC Cust Nom AU Ltd 11 A/C>	684,023	0.1
Total Top 20 legal holders of fully paid stapled securities		615,339,319	93.04
Total Remaining Holders Balance		46,001,153	6.96

Dan Colman
Investor Relations Manager

Growthpoint Securityholders* (%)
as at 30 June 2017



Location of Growthpoint Securityholders* (%)
as at 30 June 2017



* Figures are approximate and based on beneficial ownership.

Distribution of Securityholders as at 30 June 2017

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

The number of Securityholders holding less than a marketable parcel of 160 securities (based on the 30 June 2017 closing price of $3.14) is 254 and they hold 4,912 Growthpoint securities. In accordance with the ASX Listing Rules, a "marketable parcel" is "…a parcel of securities of not less than $500…"

Range	Total holders	Securities	% of Issued Capital
1 - 1,000	981	478,622	0.07
1,001 - 5,000	1,510	4,099,097	0.62
5,001 - 10,000	627	4,595,727	0.69
10,001 - 100,000	765	20,513,257	3.10
100,001 - 9,999,999,999	90	631,653,769	95.51
Rounding			0.01
Total	**3,973**	**661,340,472**	**100.00**

As at 30 June 2017, there were 661,340,472 fully-paid stapled securities held by 3,973 individual Securityholders.

Substantial holders as at 30 June 2017

Name	No. of Securities	% of issued capital
Growthpoint Properties Limited	430,635,411	65.12

Securityholder information

Frequently asked questions

How do I update my contact details?

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

How do I buy or sell Growthpoint securities?

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

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

Why does Growthpoint outsource its registry function to Computershare?

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

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

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

Contacting Computershare

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

Note that you will require your holder identification number.

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

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

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

Complaints

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

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

How to contact us

www

growthpoint.com.au

1800 260 453

info@growthpoint.com.au

Connect

@Growthpoint_Aus

Growthpoint Properties Australia

Securityholder information

2017 Securityholder calendar*

21 August

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

31 August

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

22 November

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

* Dates indicative and subject to change by the Board.

Securityholder information

Glossary

$ or dollar refers to Australian currency unless otherwise indicated

AFSL Australian Financial Services Licence

A-REIT Australian Real Estate Investment Trust

ASX Australian Securities Exchange

AUD Australian Dollars

b billion

Basis points one hundredth of one percentage point (used chiefly in expressing differences of interest rates)

Board the board of directors of the Company

Cap rate or capitalisation rate refers to the market income produced by an asset divided by its value or cost

CBD central business district

CBRE an international professional services and investment management firm formerly known as CB Richard Ellis

Company or responsible entity Growthpoint Properties Australia Limited

cps cents per security

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

distributions the amount Securityholders receive by way of income in their hand (before any tax or brokerage costs). It is similar to a dividend by a company but it is payable by the Trust

dps distribution per security

Funds From Operations (FFO) refer to explanation at top of page 22

Fund-through a mechanism under which an entity (in this report typically Growthpoint) funds development as completion of works occur

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

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

ICR Interest coverage ratio

Gearing interest bearing liabilities divided by total assets

GHG greenhouse gas

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

GOZ the ASX trading code that Growthpoint trades under.

Green Star an internationally recognised sustainability rating system issued by the Green Building Council in Australia

GRESB Global Real Estate Sustainability Benchmark

gross assets the total value of assets

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

Growthpoint SA or GRT Growthpoint Properties Limited of South Africa (Growthpoint's majority Securityholder) which trades on the JSE under the code "GRT"

IDR Industria REIT

IFRS International Financial Reporting Standards

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

JSE Johannesburg Stock Exchange

LTI long-term incentive

m million

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

NGER National Greenhouse and Energy Reporting

NLA net lettable area

NPI net property income

NTA net tangible assets

Operational Control operational control is defined as having the ability to introduce and implement operating, health & safety or environmental policies and measures for a facility. This is based on the approach for defining controlling corporations, as outlined in NGER legislative framework.

PwC the professional services firm previously known as PriceWaterhouseCoopers

Return on equity or ROE calculated as the percentage change in NTA plus the distribution for a given period divided by the opening NTA

REIT real estate investment trust

Securityholder an owner of Growthpoint securities

S&P Standard & Poor's

sqm square metres

STI short-term incentive

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

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

TFR total fixed remuneration

Total Securityholder return change in security price plus distributions paid or payable for the relevant period

TPD total and permanent disability

Trust Growthpoint Properties Australia Trust

USPP United States Private Placement

WADM weighted average debt maturity

WALE weighted average lease expiry

WARR weighted average rent review

Contact details

Retail Investors:

Computershare Investor Services Pty Limited
GPO Box 2975, Melbourne VIC 3001 Australia

Phone (within Australia): 1300 850 505
Phone (outside Australia): +61 (0)3 9415 4000
Fax: +61 (0)3 9473 2500
Email: webqueries@computershare.com.au

Institutional Investors:

Aaron Hockly – Chief Operating Officer
Daniel Colman – Investor Relations Manager
Pooja Shetty – Investor Relations Administrator

Email: info@growthpoint.com.au
Investor Services Line: 1800 260 453

www.growthpoint.com.au

Corporate directory

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

Growthpoint Properties Australia Trust
ARSN 120 121 002

Registered Office

Level 31, 35 Collins Street,
Melbourne VIC 3000 Australia

Phone: (03) 8681 2900
Fax: (03) 8681 2910

www.growthpoint.com.au

Directors

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

Company Secretaries

Aaron Hockly, Dion Andrews

Auditor
KPMG

Tower 2, 727 Collins Street
Melbourne VIC 3000 Australia

ASX Code

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

Growthpoint Properties Australia **2017 Annual Report**

2017 Annual Report

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

www.growthpoint.com.au

GROWTHPOINT PROPERTIES