25 August 2021

Appendix 4E

Results for the twelve months ended 30 June 2021

Results for announcement to the market

	Year ended 30-Jun-21	Year ended 30-Jun-20	Change
	$m	*$m*	*%*
Revenue from ordinary activities	294.2	292.7	0.5%
Profit from ordinary activities after tax attributable to Securityholders[1]	198.3	197.2	0.6%
Net profit attributable to Securityholders	553.2	272.1	103.3%
Distribution to Securityholders	154.4	168.3	(8.3%)

Distributions

	Amount per security/unit	Franked amount per security	Record date
	cents	*%*	
Final distribution payable on 31 August 2021	**10.00**	0%	30-Jun-21
Interim distribution paid on 26 February 2021	**10.00**	0%	31-Dec-20

Net tangible assets per stapled security

	30-Jun-21	30-Jun-20	Change
	$	*$*	*%*
Net tangible assets per stapled security	**4.17**	3.65	14.2%

Additional information regarding the results for the year is contained in the FY21 annual report and the FY21 results presentation which have been released to the Australian Securities Exchange (ASX).

Entities over which control was gained or lost during the year

Nil.

Details of associates and joint venture entities

Nil.

[1] In our FY21 annual report and the FY21 presentation, profit from ordinary activities after tax attributable to Securityholders is referred to as funds from operations (FFO).

Distribution Reinvestment Plan

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

Audit

The above information is based on the financial report contained within the FY21 annual report which has been audited and contains an independent auditor's report.

The remaining disclosures required to comply with ASX Listing Rule 4.3A are contained within the FY21 annual report.

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

For further information, please contact:

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

Growthpoint Properties Australia

Level 31, 35 Collins St, Melbourne, VIC 3000
growthpoint.com.au

About Growthpoint

Growthpoint provides spaces for people to thrive. For more than 11 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 56 properties, valued at approximately $4.6 billion.[1]

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

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

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

[1] Valuations as at 30 June 2021.

Growthpoint Properties Australia

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

FY21 annual report

for the year ended 30 June 2021

space to thrive.

GROWTHPOINT PROPERTIES

What's **inside.**

Directors' Report

Operating and financial review

Financial Report

Additional information

About this report

This report is a consolidated summary of Growthpoint Properties Australia's (comprising Growthpoint Properties Australia Limited, Growthpoint Properties Australia Trust and their controlled entities) (Growthpoint or the Group) operational and financial performance for the 12 months ended 30 June 2021 (FY21 or the year).

Reporting suite

Growthpoint's reporting suite for FY21 includes the following documents:

GOZ FY21 Annual Report
A review of Growthpoint's financial and operational performance for FY21, the Group's remuneration report and its financial statements.

GOZ FY21 Results Presentation
An overview of Growthpoint's operational and financial performance for the financial year.

GOZ FY21 Sustainability Report
A review of Growthpoint's approach to sustainability and an update on our progress in achieving our sustainability goals.

GOZ 2021 TCFD Statement
An overview of Growthpoint's approach to managing the risks and opportunities of climate change.

GOZ FY21 Property Compendium
A summary of Growthpoint's property portfolio as at 30 June 2021.

GOZ FY21 Corporate Governance Statement
An overview of Growthpoint's governance framework and practices. Download a copy: growthpoint.com.au/corporate-governance

Important information

This report contains forward looking statements, opinions and estimates based on assumptions, contingencies and market trends made by Growthpoint which are subject to certain risks, uncertainties and may change without notice. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes for Growthpoint will not differ materiality from statements made in this report. The forward looking statements are based on information available to Growthpoint as at the date of this report (25 August 2021). Past performance is not a guarantee of future performance. The actual results of Growthpoint may differ materially from those expressed or implied by the forward-looking statements in this report and you should not place undue reliance on forward-looking statements. Except as required by law or regulation (including the ASX Listing Rules), Growthpoint does not undertake to update any forward-looking statements in this report.

Front cover image: 120 Link Road, Melbourne Airport, VIC
Contents page image: 599 Main North Road, Gepps Cross, SA

FY21 highlights.

Property portfolio value

$4.5b

30 June 2020: $4.2b, +7.1%

Profit after tax

$553.2m

FY20: $272.1m, +103.3%

Funds from operations (FFO)

25.7cps

FY20: 25.6cps, +0.4%

Distributions

20.0cps

FY20: 21.8cps, -8.3%

Net tangible assets (NTA) per security

$4.17

30 June 2020: $3.65, +14.2%

Portfolio occupancy

97%

30 June 2020: 93%, +400bps

Weighted average lease expiry (WALE)

6.2yrs

30 June 2020: 6.2yrs

Average NABERS Energy rating

5.1☆

FY20: 4.9 stars

GRESB score

74/100

PCP: 72/100, +2.8%

Who we are.

Total properties
55

Property portfolio value
$4.5b

Market capitalisation
$3.1b

Total employees
33

Number of tenants
145

Number of investors
>4,600

As at 30 June 2021

Growthpoint provides spaces for people to thrive. For more than 11 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 55 properties, valued at approximately $4.5 billion.

What we do:

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

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

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

How we do it:

Our values underpin everything we do.

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

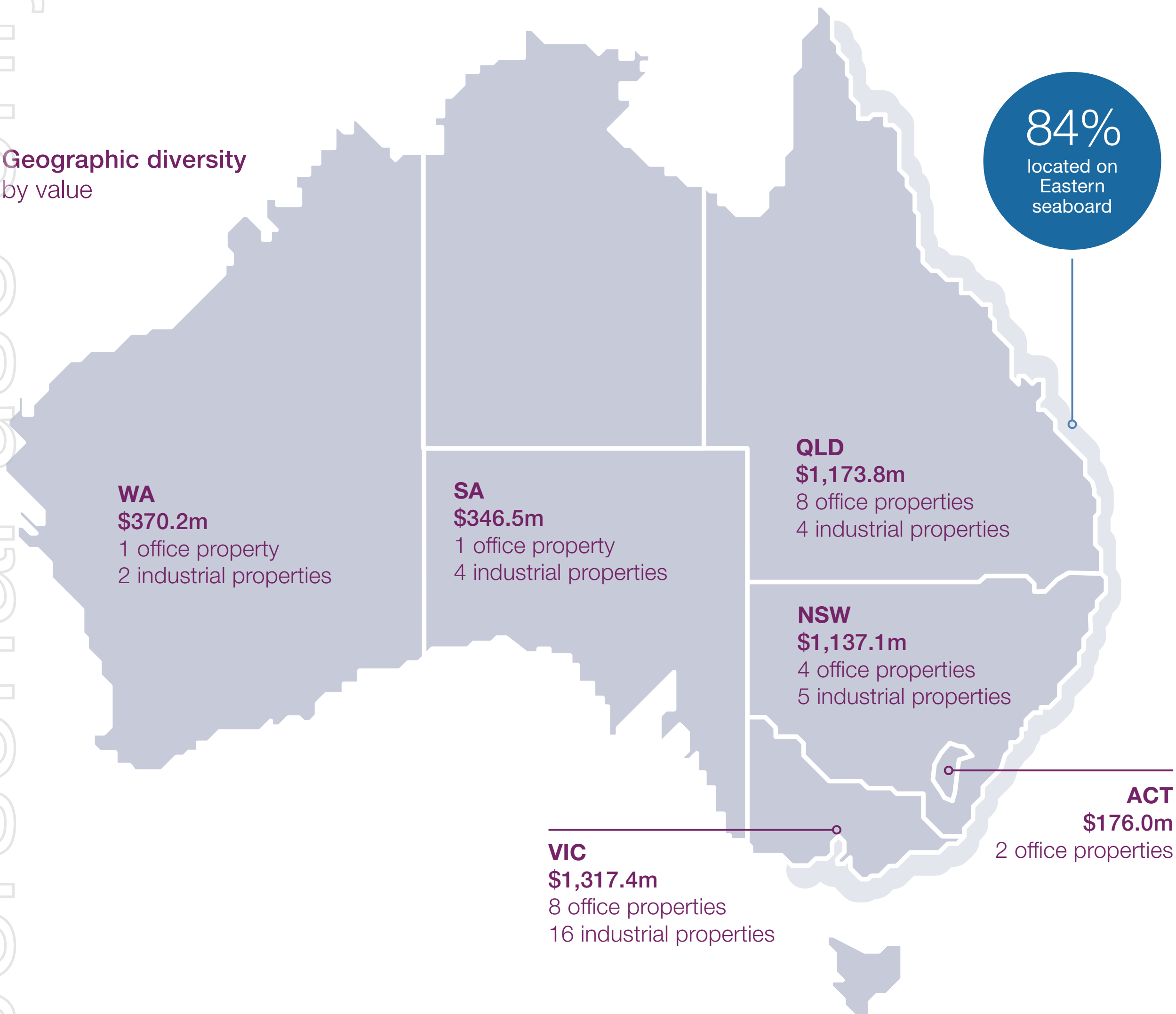
Who we do it for:

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

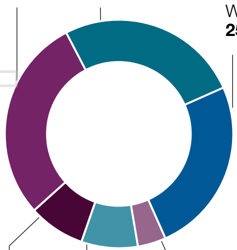
Portfolio summary

as at 30 June 2021

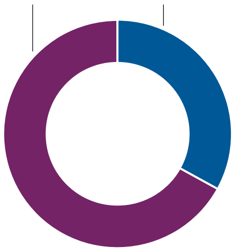
Geographic diversity
by value



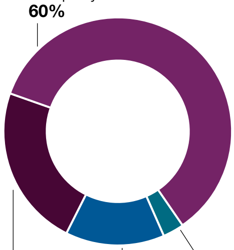
Geographic diversity
by value



Sector diversity
by value



Tenant type
by income



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

Our strategy.

Our goal is to provide Securityholders with sustainably growing income returns and long-term capital appreciation.

We are focused on four strategic pillars.

1 Invest in high-quality assets

We seek to invest in high-quality, modern commercial real estate, that provide an attractive income yield and long-term capital appreciation

All our properties are located in Australia, where we have an in-depth understanding of the market.

2 Maximise value

We develop asset retention and management strategies for each of our properties to maximise income and value. These include plans for leasing, refurbishment, expansion, development or divestment.

3 Maintain high-occupancy

As we asset manage the properties we own, we are able to develop long-term relationships with our tenants. We are focused on ensuring our properties meet our tenants' needs now and in the future. This helps us to maintain high occupancy levels and consistent rental income.

4 Enter into funds management

We are exploring opportunities to diversify our income stream by entering into funds management.

By leveraging our expertise, we believe we can generate higher returns on capital employed for our Securityholders.

3 Murray Rose Avenue,
Sydney Olympic Park, NSW

Introduction from the Chairman and Managing Director.

Geoff Tomlinson
Independent Chairman and Director

Timothy Collyer
Managing Director

Looking back at FY21, it is impossible not to reflect on the COVID-19 pandemic, which continued to have a profound impact on businesses and individuals around the world. For Growthpoint, it created challenges in our operating environment, disrupted the way our team worked together and delayed some of the initiatives we had planned to undertake in FY21.

However, we entered this period on a strong footing and put in place the necessary steps at the outset of the pandemic to ensure we were able to meet these challenges head-on. As a result, we are pleased that in FY21 the pandemic did not have a material direct financial impact on the Group.

Financial performance exceeds expectations

At the beginning of the financial year, there still existed a great deal of uncertainty about the longer-term impact of the COVID-19 pandemic and as a result, we did not provide earnings guidance. As the year progressed, however, we became more confident in the outlook for the Group due to our leasing success, which we discuss further on page 10 and in February, we provided earnings guidance of 25.2 – 25.5 cents per security (cps). We subsequently upgraded this guidance to 25.4 – 25.7 cps in April. Pleasingly, our final result, 25.7 cps, is at the upper end of our upgraded guidance.

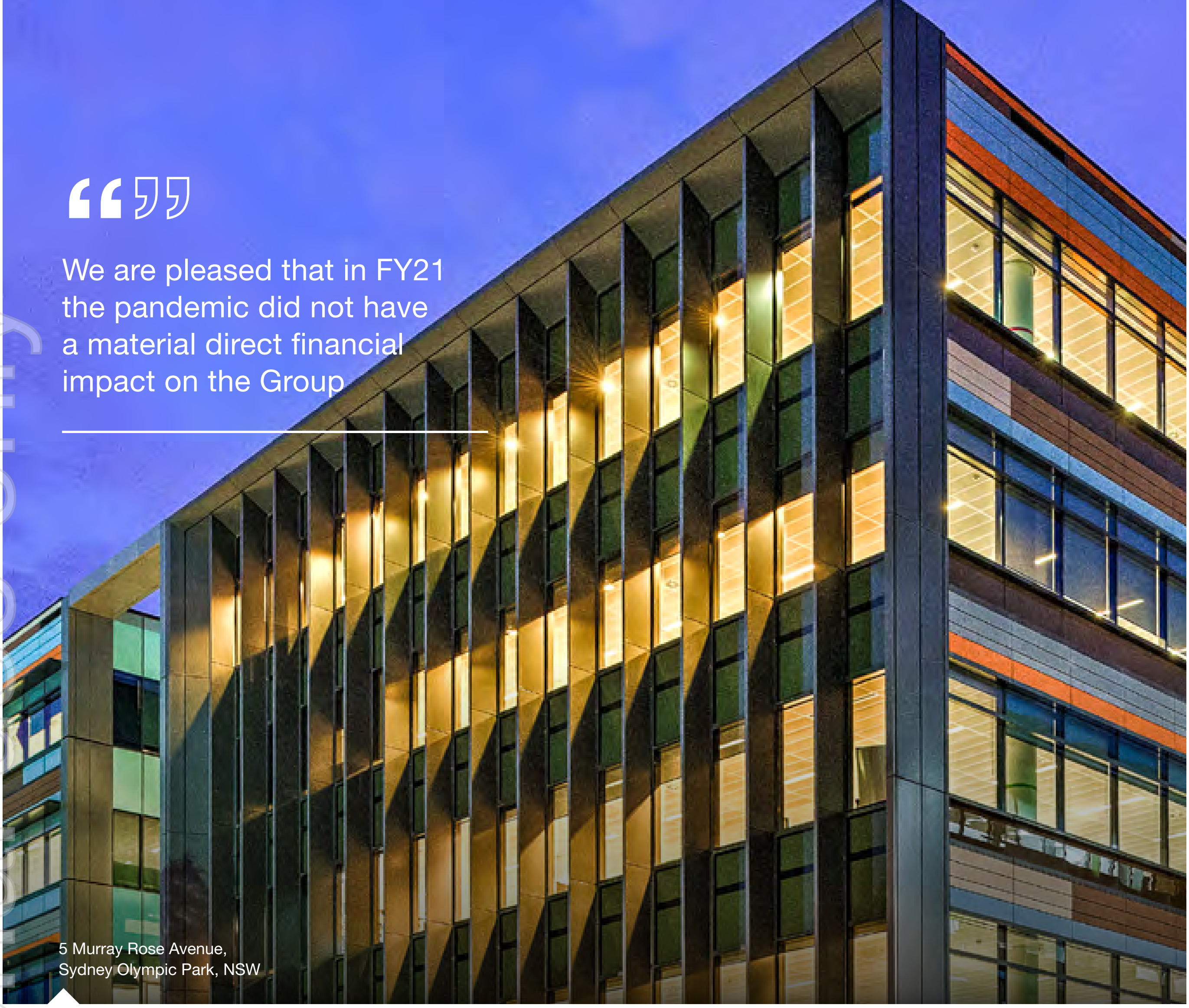
While FFO per security has only grown 0.4% year on year, this is a strong result, as the Group started the year with a $10.4 million reduction to its earnings, due to Woolworths vacating a large industrial asset during FY20.[1] This loss has been offset by increased income from our distribution centre in Gepps Cross, following the completion of a significant expansion in partnership with Woolworths. In addition, we began collecting income from Botanicca 3, the Group's new A-grade office building in Richmond, Victoria, which has been progressively leased over FY21 and is expected to be fully leased by the end of the calendar year.

Recognising the importance our Securityholders place on receiving distributions from the Group, the Board provided FY21 distribution guidance of 20.0 cps at the beginning of the financial

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

Source: UBS Investment Research. Annual compound returns to 30 June 2021.

1. This includes eight months of rent and a surrender payment.



> We are pleased that in FY21 the pandemic did not have a material direct financial impact on the Group

5 Murray Rose Avenue,
Sydney Olympic Park, NSW

year. Although our financial performance has exceeded our initial expectations, the Board decided not to increase the FY21 distribution because we believe it is prudent to maintain a lower payout ratio going forward, between 75% and 85% of FFO, as we expect incentives to remain elevated in the near term.[1] Maintaining a more conservative payout ratio will assist the Board in its efforts to provide Securityholders with growing distributions from FY21.

Growthpoint's total securityholder return outperforms Index

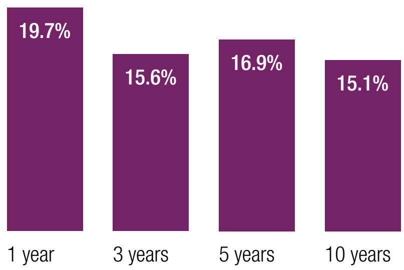
In February, we initiated an on-market buy-back program in response to market volatility. At the time, our security price was trading at a significant discount to NTA, even though our business continued to deliver a strong performance with no significant direct financial impact from the COVID-19 pandemic and we continued to see strong valuation gains and leasing success across both our office and industrial portfolios.

Over the second half of the financial year, Growthpoint's security price significantly appreciated and as a result, to date, the Group has only purchased 416,643 securities (0.05% of issued capital).

As at 30 June 2021, Growthpoint's security price had made up the majority of the ground lost at the outset of pandemic. This drove the substantial increase in our total securityholder return (TSR) over the year and once again, we delivered higher returns than the S&P/ASX 200 REIT Accumulation Index. As highlighted in the chart on page 8, the Group has now outperformed the Index over the last one, three, five and 10-year time periods.

Growthpoint's return on equity was 19.7% for the year. This result reflects the significant valuation gains across the Group's office and industrial portfolio, which we discuss further on the next page.

Return on equity (%)
to 30 June 2021 (per annum)



1. Growthpoint's distribution policy will be reviewed on an annual basis.

Introduction from the Chairman and Managing Director.

Portfolio rationalisation to improve quality

At Growthpoint, we regularly review our $4.5 billion property portfolio to ensure our assets continue to fit within our strategy. During FY21, three assets were successfully sold.

In August 2020, we sold a vacant industrial property, located at 120 Northcorp Boulevard, Broadmeadows, Victoria, rather than pursuing a lengthy development project in an uncertain operating environment, which we decided was outside the Group's risk and return appetite. There were also costs associated with holding this non-income producing asset.

In March 2021, we announced that we had exchanged contracts to sell our leasehold interest in Quad 2, 6 Parkview Drive and Quad 3, 102 Bennelong Parkway, Sydney Olympic Park, New South Wales (the Quads) as these properties no longer fitted within the Group's portfolio of defensive assets. The WALE of these assets was approximately 1.6 years as at 31 March 2021, significantly below the Group's office portfolio's WALE. In addition, around 17% of our tenants were based at the Quads, which was very management intensive, despite these assets representing only 1.5% of our portfolio by value.

Although we divested the Quads, we remain confident in the long-term outlook for Sydney Olympic Park and we were pleased that we were able to relatively quickly re-invest the sale proceeds from the Quads into an A-grade, modern office asset, located nearby.[1] The new property, situated at 11 Murray Rose Avenue, is fully leased to high-quality tenants with a 4.8 year WALE as at 30 June 2021.

Long WALE maintained due to significant leasing success

During FY21, the portfolio's occupancy increased to 97% and we maintained our long WALE of 6.2 years, due to our substantial leasing success. Most notably, in October we signed a 10-year and seven-month lease with Bunnings Group Limited (Bunnings) for 71% of Botanicca 3. The lease was executed in the middle of Melbourne's extended COVID-19 lockdown and was one of the largest office leasing transactions completed nationally in FY21.

We also signed a number of other long leases with key tenants, including Monash University, the South Australian Government, Australia Post and Autosports Group. For lease renewals, we were pleased that there were no significant changes to tenants' space requirements and our tenants continued to seek long leases, with the average lease term of all leases negotiated being 8.2 years.

Driven by the highly desirable nature of Growthpoint's portfolio, our leasing success and proactive asset management over a number of years, the value of the Group's portfolio increased by 10.2% or $416.8 million, on a like-for-like basis, over FY21. This was the largest 12-month like-for-like increase in the Group's history.

> Driven by the highly desirable nature of Growthpoint's portfolio, our leasing success and proactive asset management over a number of years, the value of the Group's portfolio increased by 10.2% or $416.8 million, over FY21, on a like-for-like basis. This was the largest 12-month like-for-like increase in the Group's history.

Accelerating our sustainability initiatives

At Growthpoint, we are committed to operating in a sustainable way and reducing our environmental footprint. During FY21, we significantly accelerated our target to achieve net zero carbon emission across our operationally controlled office assets and corporate activities. We are now targeting 2025, 25 years earlier than our previous target, which was set to align to the 2015 Paris Agreement.

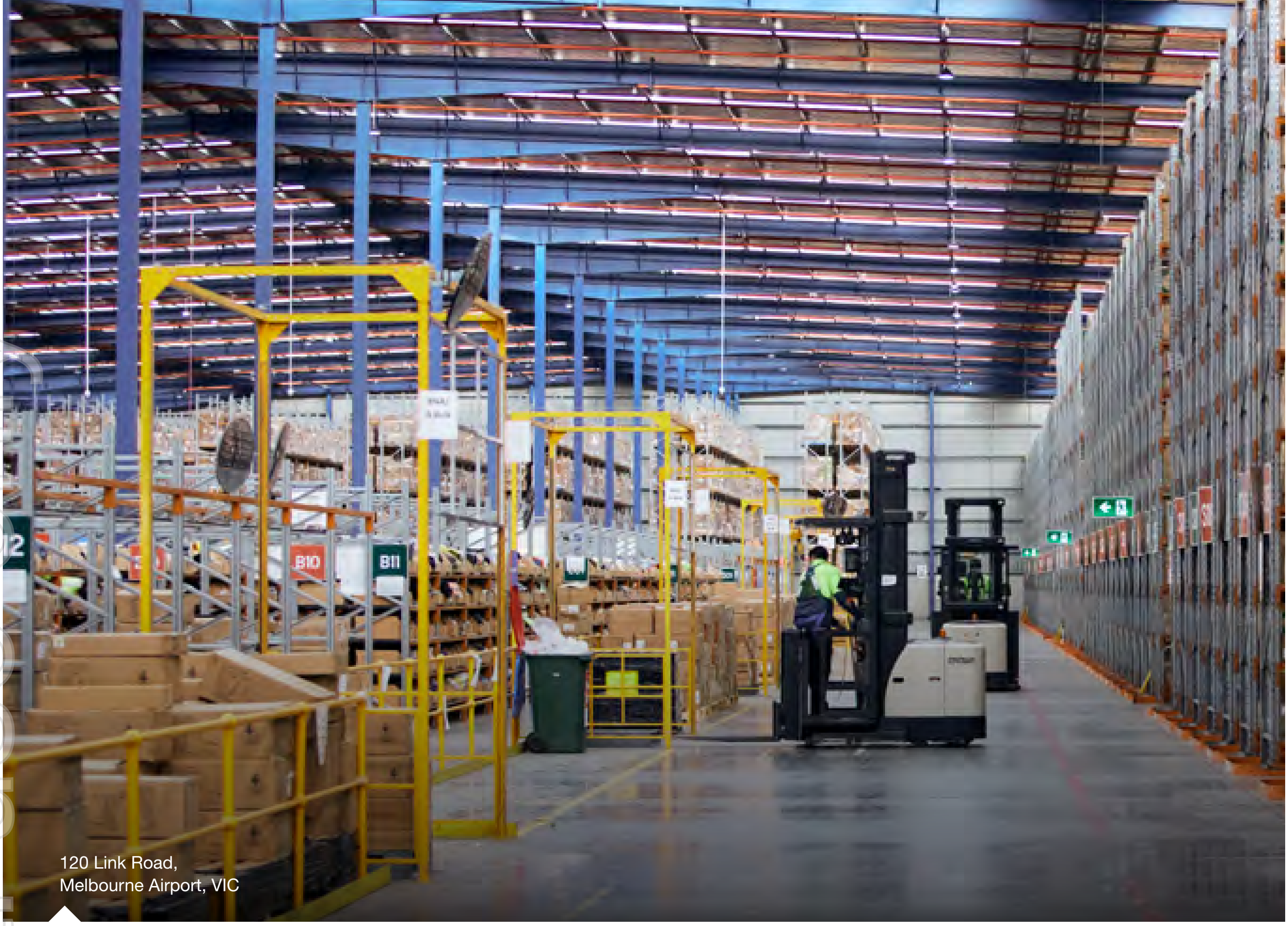
We also significantly progressed our sustainability reporting to further align with the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). This includes publishing the results of high-level scenario analysis, which considers the likely impact of an increase in global temperature on our portfolio (physical risks) and stress-tests our resilience to a rapid transition to a low-carbon economy (transition risks). Pleasingly, the analysis did not identify any material downside financial risk under either scenario. The findings highlighted that our focus on maintaining a resilient portfolio, of high sustainability-rated assets, means we are well placed to respond to the potential physical and transitional impacts of climate change in the short term (over the next 10 years). For more information, please see our inaugural TCFD Statement, which is available on our website.

During the year, Growthpoint continued to perform strongly in external ESG benchmarks. The Group's overall Global Real Estate Sustainability Benchmark (GRESB) score increased 3% to 74/100, 6% higher than the GRESB average score and the Group maintained its above-average Carbon Disclosure Project (CDP) score of B.

Keeping our people connected and motivated

We recognise that our people are integral to our success and we are committed to ensuring that Growthpoint is a great place to work. In FY21, the COVID-19 pandemic continued to impact our ability to work together in our Melbourne head office. To ensure we stayed connected and motivated while working from home for an extended period of time, we organised regular virtual social events. We also asked the Black Dog Institute to host a session which focused on mental health and building resilience.

1. Settlement occurred 24 August 2021.



120 Link Road, Melbourne Airport, VIC

At the outset of the pandemic, we made a commitment to all permanent employees that we would support them through this period, with no reduction in working hours or fixed remuneration. We are pleased that at the end of the financial year, our entire team was intact.

In February, we engaged an external provider to undertake our annual employee survey. Growthpoint's engagement and alignment scores were in line with FY20 and we maintained our position in the top quartile of our benchmark group. This was a particularly pleasing result, as we understand not all companies within our benchmark group faced the same extended work from home government directives as Growthpoint.

Looking ahead to FY22 and beyond

As we look ahead, the future of our operating environment, and the broader Australian economy is less clear, when compared with just a few months ago, as many parts of Australia are now under lockdown due to the threat of the Delta-variant of COVID-19. Unless a significantly higher proportion of the population is vaccinated, which is unlikely to occur until much later in the calendar year, lockdowns of varying length and severity are likely to remain an ongoing occurrence in Australia.

Despite this near-term uncertainty, Growthpoint is in a good position to continue to perform strongly. Throughout this unprecedented period, our business has highlighted its resilience, underpinned by our portfolio of modern, well-located assets, leased predominately to large organisations and government tenants. As a result of this confidence, we are pleased to provide FY22 FFO guidance of at least 26.3 cps, representing at a minimum growth of 2.3% over FY21, and FY22 distribution guidance of 20.6 cps, 3.0% higher than FY21.

Looking further ahead, we believe the Group is well placed to deliver long-term value to its Securityholders. We remain positive on the outlook for metropolitan offices, which have performed better during the pandemic than their CBD counterparts, as we discuss on pages 12-13 of this report, and there continues to be strong demand for our metropolitan offices from our existing and potential tenants.

Demand for well-located industrial assets continues to grow, fueled by sustained growth in online shopping and evolving consumer expectations, which we explore on pages 16-17 of this report. These trends are expected to support ongoing occupier and investor appetite for this sector.

The Group's gearing and payout ratio are both at record lows and we are actively pursuing growth opportunities to capitalise on our strong position. This includes acquiring high-quality properties and entering funds management.

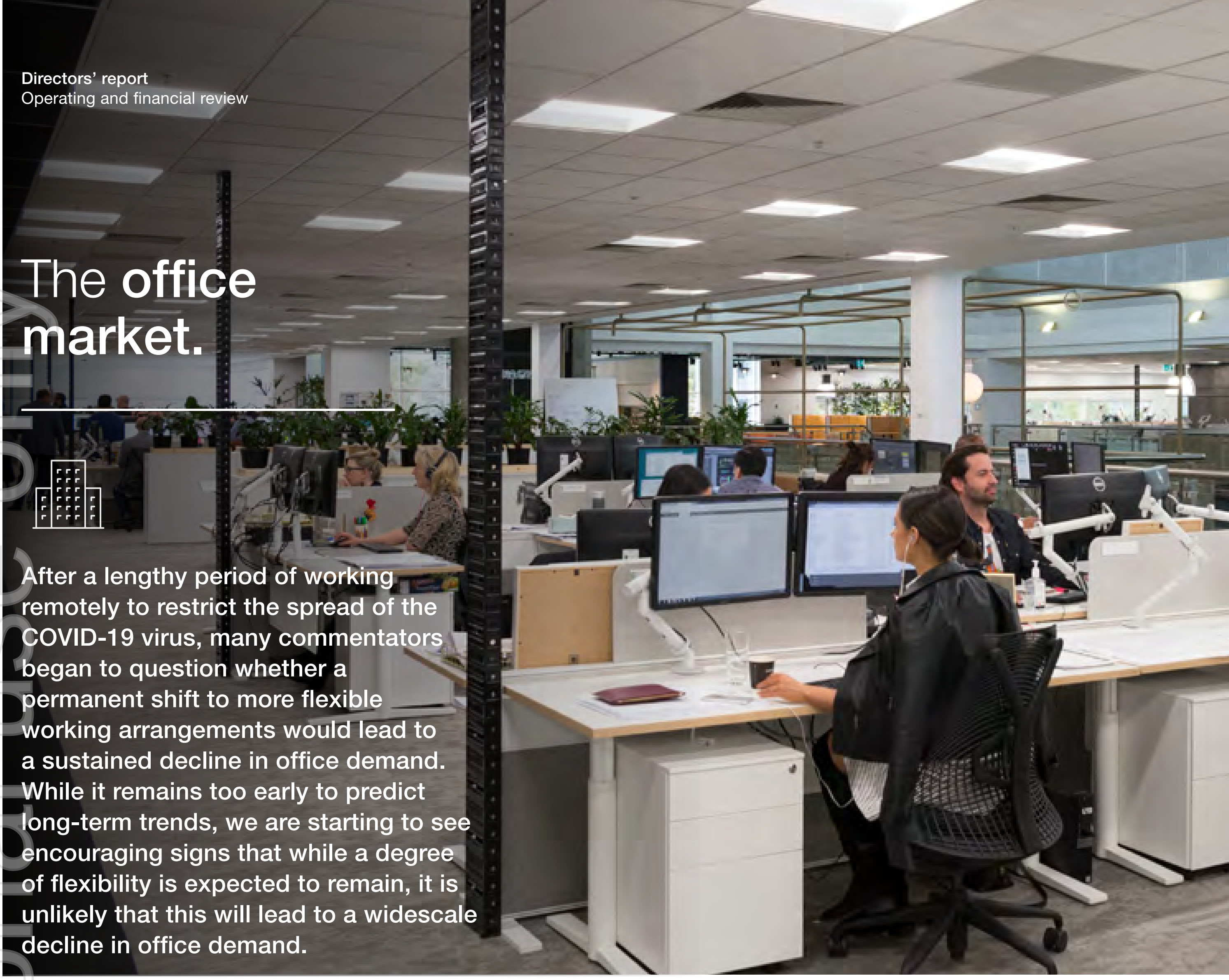
We would like to take this opportunity to thank our employees for their dedication this year. We are proud of what we have accomplished together during FY21, against an unprecedented backdrop.

We would also like to acknowledge our tenants, suppliers and other key stakeholders for their continued support. And finally, we thank our Securityholders for their ongoing commitment to Growthpoint.

Geoff Tomlinson
Chairman

T.J. Collyer

Timothy Collyer
Managing Director



The office market.

After a lengthy period of working remotely to restrict the spread of the COVID-19 virus, many commentators began to question whether a permanent shift to more flexible working arrangements would lead to a sustained decline in office demand. While it remains too early to predict long-term trends, we are starting to see encouraging signs that while a degree of flexibility is expected to remain, it is unlikely that this will lead to a widescale decline in office demand.

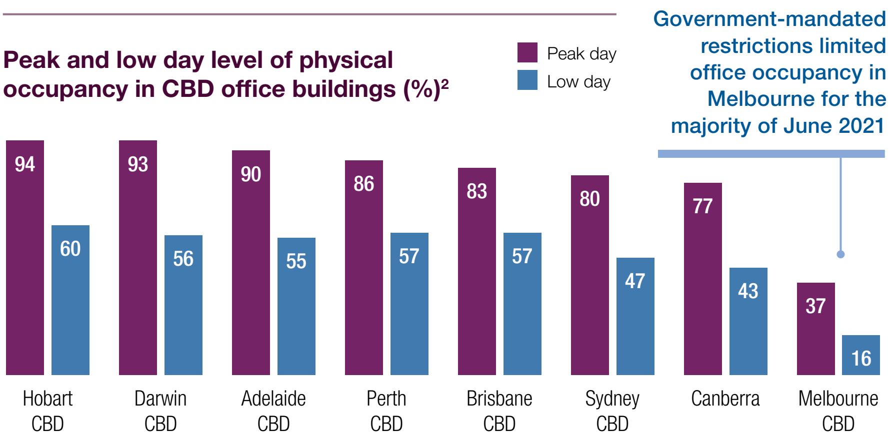
Workers are increasingly returning to the office

As restrictions have eased around Australia, increasingly workers have returned to the office and enjoyed the many benefits of working in the same physical space as their colleagues, such as face-to-face collaboration and mentoring junior employees.

Analysis undertaken by the Property Council of Australia (PCA) has found that in June 2021, physical occupancy was just below pre-pandemic levels on 'peak' days in many central business districts (CBDs) around Australia, as highlighted in the chart at right.[1] This was particularly evident in CBDs where COVID-19 restrictions have been relatively less severe.

Interestingly, there was a notable difference in office occupancy between 'peak' and 'trough' days, as employees have maintained more flexible arrangements and are continuing to work from home for a proportion of the week, generally one to two days. It appears as if workers are aligning their days working in the office, either by choice or as required by management, to maximise the benefits of working together. If this is the case, tenants are likely to require a similar amount of space as before the pandemic to facilitate everyone using the office on the same days.

Peak and low day level of physical occupancy in CBD office buildings (%)[2]



Source: PCA, June 2021.

Unfortunately, the same PCA data is not available for metropolitan offices. Across our portfolio, we have generally observed higher occupancy than recorded by the PCA for CBDs. This may be driven by some of the attractive features of metropolitan offices in a post-pandemic world, such as:

- **Lower density** – Metropolitan offices generally have less levels, meaning shorter lift wait times and larger floor plates, which support physical distancing.

1. This analysis was undertaken before COVID-19 lockdowns were introduced in the Northern Territory, Victoria, South Australia, New South Wales and Queensland for differing periods during July and August 2021
2. The PCA's CBD office occupancy data is presented as a percentage of the pre-COVID rate of office occupancy, which is estimated at 90%.

High-profile tenants committing to metro locations during COVID-19

- **Location** – Metropolitan offices are often located closer to where people live, reducing time spent on public transport, one of the largest concerns cited by employees when returning to the office.
- **Car parking** – Metropolitan offices generally have a higher ratio of car parks than CBD offices.

Key metropolitan markets proving more resilient than CBDs

Over the last 12 months, we have seen a decline in net effective rents across Australia, driven primarily by higher incentives. While a proportion of this decline can be attributed to reduced demand during the pandemic, as many tenants did not want to make leasing decisions in an uncertain operating environment, there was also an increase in supply in many markets. The decline in net effective rents has been most pronounced in the Sydney CBD, where rents are significantly higher than in other capital cities around Australia following rapid growth in the lead up to the pandemic.

In Sydney, the decline in net effective rents has been far less pronounced in key metropolitan markets compared to the CBD, as highlighted in the graph at right. While the dynamics of each market differ, factors that influence this trend are lower vacancy, lower supply and relative attractiveness of metropolitan markets in a post-pandemic world, as discussed on the previous page. Despite the reduction, Sydney CBD rents remain significantly higher, at least two to three times more, than metropolitan markets.

In Parramatta, net effective rents have declined greater than the CBD, due to increased incentives as more supply has come to the market. Growthpoint's only asset in Parramatta has a 24-year remaining lease term with the New South Wales (NSW) Police Force.

High-quality tenants committing to metropolitan locations during COVID-19 pandemic

Historically, some commentators have speculated that when CBD rents decline, tenants based in metropolitan locations will choose to relocate to the CBD, as it becomes relatively more affordable. To date, this trend has not been observed on a wide scale.

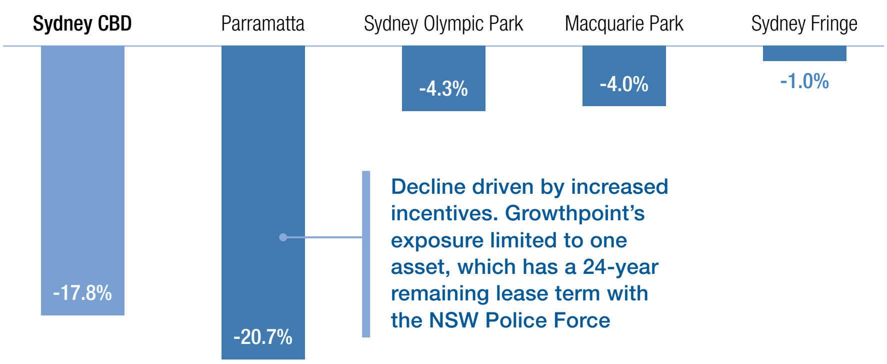
Indeed, in Sydney, we have seen a number of high-quality tenants commit to metropolitan locations over FY21, as highlighted in the map above. Many of these tenants' offices were already located in metropolitan Sydney and their decision to move appears to be motivated by a desire to upgrade their accommodation, which is often referred to as a 'flight to quality'. For example, NSW Ambulance is moving from multiple lower grade buildings in Lilyfield to a single A-grade office in Sydney Olympic Park.

It has been a similar story in Melbourne, where we have also observed a 'flight to quality'. For example, Bunnings, who signed a 10-year and seven-month lease at our recently-completed Botanicca 3 in October, are consolidating six Melbourne offices into a single home at a higher-quality asset in a more prominent metropolitan location.

In Melbourne, we have also seen a few examples of high-profile tenants choosing to move to metropolitan locations from the CBD. Most notably, Australia Post is moving their longstanding CBD headquarters to a new 35,000 square metre building on Swan Street, Richmond.

While there still remains speculation around the future office market, there are certainly encouraging signs that the metropolitan market will continue to perform strongly in a post-pandemic world. Growthpoint's portfolio of exclusively A-grade offices is well-placed to benefit from the current trends which continue to evolve.

Decline in Sydney markets' net effective rents, 2Q21 vs 2Q20 (%)



Source: JLL REIS Data - 2Q21.

Our **office portfolio.**

Our office portfolio consists of 24 high-quality office properties, which represent 67% of our total property portfolio by value. Our office properties are predominately located on the fringe of CBDs or in key metropolitan markets.

Leasing

During FY21, Growthpoint signed 26 office lease agreements, totalling 47,422 square metres or 12.7% of our office portfolio by income. The weighted average lease term for new and renewed leases was 8.6 years and the weighted average annual rent review was 2.7%. Due to this leasing success, our office portfolio WALE increased from 6.7 years to 7.0 years.

In October 2020, we signed a 10-year and seven-month lease with Australia's leading retailer of home and lifestyle products, Bunnings, across 13,886 square metres, or 71%, of our new A-grade office building, Botanicca 3. The new lease has enabled Bunnings to consolidate its Victorian and National Store Support teams, previously accommodated across six Melbourne offices, into the one location.

After securing Bunnings as the key tenant for Botanicca 3, we signed an additional three leases, taking the building's occupancy to 78% at the end of FY21.

During FY21, we also renewed leases with key tenants, Monash University, the South Australian Government and Autosports Group.

Due to our leasing success, the office portfolio vacancy has decreased to 3% as at 30 June 2021 (30 June 2020: 8%).

At the beginning of FY22, the Group signed a further six leases across our office portfolio, including extending our lease with Samsung for five years, which was a key expiry in FY22. One of these leases was at Botanicca 3, taking the building's occupancy to 82%. We also have agreed one further heads of agreement at Botanicca 3, which if executed, would take the building's occupancy to 92%.

Divestments and acquisitions

During the second half of FY21, after running a competitive sale process, the Group sold its leasehold interest in Quad 2, 6 Parkview Drive and Quad 3, 102 Bennelong Parkway, Sydney Olympic Park, New South Wales (the Quads) for $66.1 million, as the properties no longer fitted within the Group's portfolio of defensive assets. The WALE of these assets was approximately 1.6 years as at 31 March 2021, significantly shorter than the Group's office portfolio's WALE. In addition, the assets accounted for 15% of office portfolio vacancy by income and approximately 17% of the Group's tenants, which was very management intensive.

While the Group decided to divest the Quads, we remain confident in the long-term outlook for Sydney Olympic Park, as it is well placed to benefit from continued investment in infrastructure, which will further connect it to population centres and the CBD. We were pleased to be able to re-invest the sale proceeds from the Quads relatively quickly, acquiring a 100% leasehold interest in an A-grade, modern office asset, situated at 11 Murray Rose Avenue, Sydney Olympic Park, for $52.0 million.[1] This asset is fully leased to high-quality tenants with a 4.8 year WALE as at 30 June 2021.

Valuation

Over FY21, the value of Growthpoint's office portfolio increased by $214.9 million, or 7.6% on a like-for-like basis, to $3.0 billion. This uplift was primarily driven by significant gains at three assets:

- **1 Charles Street, Parramatta, New South Wales** increased in value by $85 million or 19% as demand for long-WALE assets strengthened over the year. The asset has a 23.5-year WALE as Growthpoint entered into a new 25-year lease with the NSW Police Force in December 2019.
- **Botanicca 3, Richmond, Victoria** increased in value by $41 million or 29% as a number of lease agreements were signed during the year increasing the building's occupancy to 78% as at 30 June 2021.
- **75 Dorcas Street, South Melbourne, Victoria** increased in value by $35 million or 16% as we entered into a new 15-year and 11-month lease with major tenant, Autosports Group.

Excluding these the three assets, the remainder of the office portfolio increased in value by 2.7% over FY21.

Purchase price: $52 million
Lettable area: 5,684 sqm
WALE: 4.8 years
Initial income yield: 5.5%*

Completed in 2018, this A-grade office building comprises five levels of office space plus ground floor retail and two levels of basement parking. The building has a 4.5 star NABERS Energy rating and 5.5 star NABERS Water rating.

*Initial passing yield before abatements

1. Settlement occurred 24 August 2021.

4 Sydney Metro West – rail project

Construction started 2020

New underground railway to connect Greater Parramatta and the Sydney CBD

Station confirmed for Sydney Olympic Park

Expected to more than halve the current travel times to Parramatta and the CBD to six minutes and 14 minutes respectively

5 WestConnex – road project

Stage one opened 2019

Australia's largest infrastructure project - ~$16.8 billion

Future stages expected to further improve accessibility to the North Shore, South Sydney and Sydney Airport

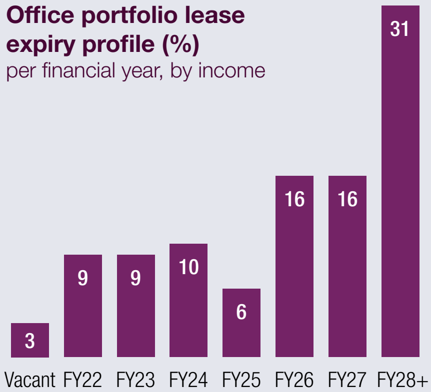
Significant investment in Sydney's infrastructure will improve transport links to Sydney Olympic Park

Office portfolio snapshot

	30 June 2021	30 June 2020
Number of assets	24	26
Total lettable area	317,409 sqm	327,579 sqm
Total portfolio value	$3,025.6m	$2,879.3m
WALE	7.0 years	6.7 years
Weighted average capitalisation rate	5.3%	5.6%
Weighted average rent review[1]	3.6%	3.5%
NPI	$152.5m	$151.9m

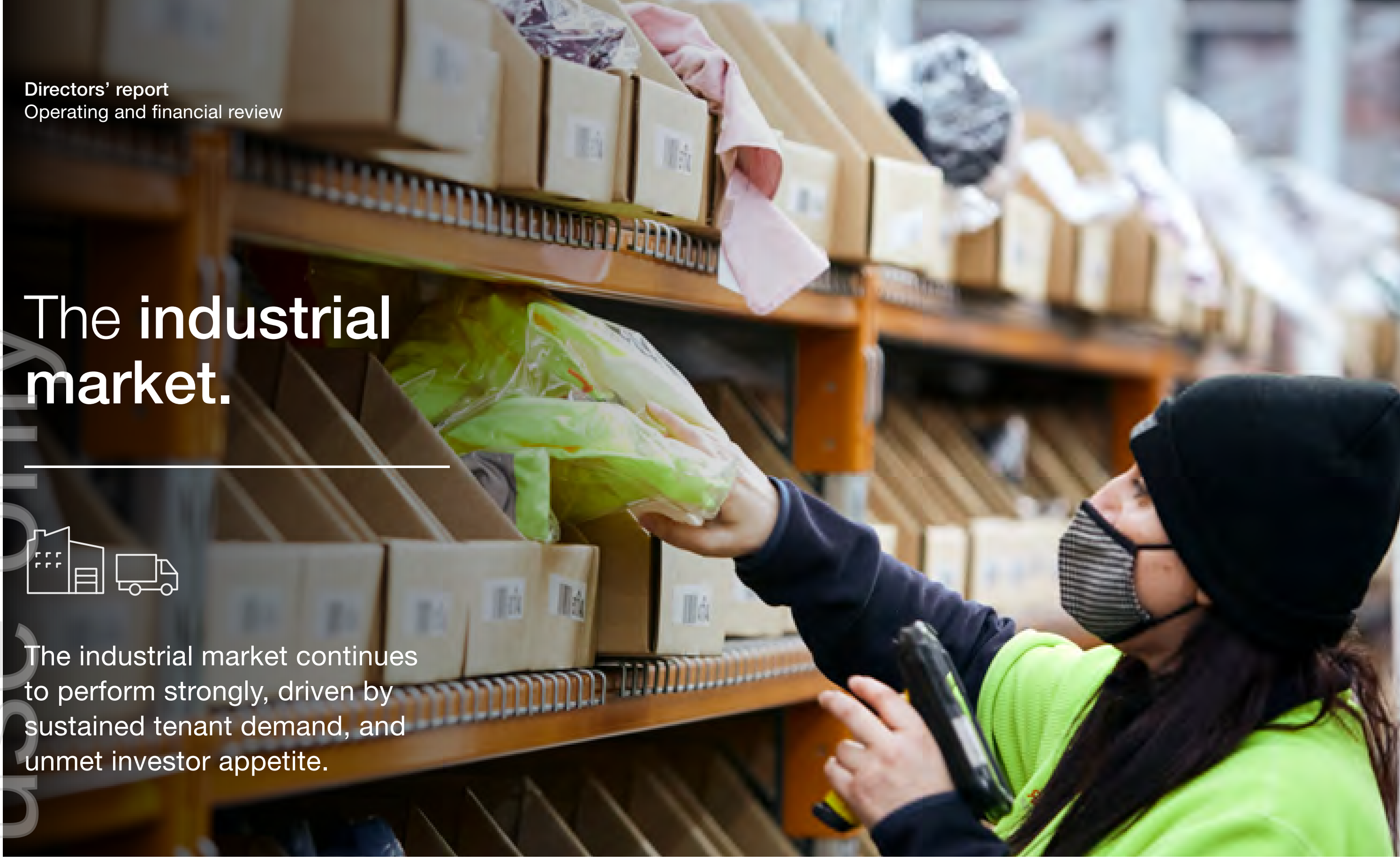
1. Assumes CPI change of 3.85% per annum as per ABS release for FY21.

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



Top ten office tenants
as at 30 June 2021

	% portfolio income	WALE (yrs)
NSW Police Force	12	23.5
Commonwealth of Australia	10	5.1
Country Road Group	5	11.0
Bank of Queensland	5	5.6
ANZ Banking Group	4	4.7
Bunnings Warehouse	4	9.8
Samsung Electronics	4	0.7
Lion	4	2.8
Jacobs Group	3	4.4
Fox Sports	3	1.5
Total/weighted average	**54**	**9.5**
Balance of portfolio	46	4.1
Total portfolio	**100**	**7.0**



The **industrial market.**

The industrial market continues to perform strongly, driven by sustained tenant demand, and unmet investor appetite.

Further yield compression across Australian industrial sector

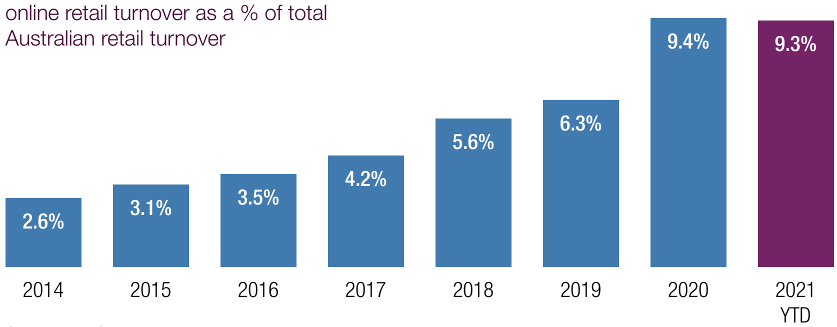
The Australian industrial property market continues to be one of the most highly sought-after sectors by both domestic and offshore investors, particularly as it has proven resilient throughout the COVID-19 pandemic.

Despite continued restrictions on international travel, transaction volumes remain elevated in FY21, with $12.2 billion of assets changing hands across Australia, more than double the 10-year average.[1] Most notably, Blackstone's Milestone Logistics portfolio, comprising 45 assets, sold for approximately $3.8 billion in the second half of FY21, the largest direct property transaction to date in Australia. Demand was particularly strong for institutional-grade assets, with acquisitions offering scale being most sought after.

This significant investor appetite appears unrelenting, as strong occupier demand supports the sector's fundamentals. JLL estimates that there is currently $45 billion of capital earmarked for investment in Australian industrial assets.[2] This is more than three times the value of total industrial transactions in FY21.

As a result of this strong investor appetite, yields significantly tightened

The rise of e-commerce in Australia
online retail turnover as a % of total Australian retail turnover



Source: ABS, May 2021.

over FY21. Prime yields are now consistently between 4.00% and 5.00% and 'super-prime' yields, for modern assets with WALEs greater than 10 years, are now approximately 3.50%.

The rise of e-commerce in Australia expected to continue

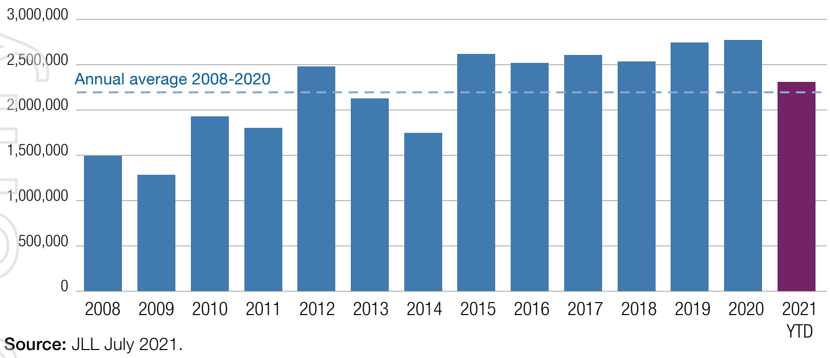
Over the last decade, the penetration of online shopping has been steadily increasing in Australia, as highlighted in the chart above. This trend accelerated during the COVID-19 pandemic as many bricks and mortar shops closed and individuals were encouraged to stay at home to reduce the risk of transmitting the virus.

As restrictions have eased, many individuals who tried online shopping for the first time during the pandemic have continued to shop online. In May 2021, one of the Group's largest industrial occupiers, Australia Post's e-commerce parcel deliveries were up 47.5%, compared with May 2019. In the 12 months to 31 May 2021, year-on-year growth was up 37.2%.[3]

What motivates individuals to shop online has changed since the outset of the pandemic, as highlighted in the chart to the right. During the pandemic, 34% of individuals shopped online due to COVID-19 restrictions and another 23% because they feared catching the virus. In the following year, the number of individuals citing these reasons

1. Savilles, April 2021. JLL, 2Q21 REIS data.
2. JLL, 'Industrial & Logistics Investment Review & Outlook 2021',
3. Australia Post, 'Inside Australian Online Shopping', June 2021.

Industrial floorspace gross take-up across Australia (sqm)



Source: JLL July 2021.

dropped to 11% and 13%, respectively. Between January 2021 and May 2021, the three most commonly cited reasons for shopping online were convenience, access to greater range of products and cheaper prices.

Adapting supply chains to meet consumer expectations

To keep up with the rise in e-commerce, many retailers have needed to make changes to their supply chains to ensure that they are able to meet consumer expectations. Key considerations include:

- **Increased inventory** – The COVID-19 pandemic caused significant disruptions to global supply chains, making it difficult or even impossible for retailers to access required products, highlighting the risks associated with just-in-time supply chain operations. In addition, panic buying led to surges in demand, which retailers were frequently unable to meet. As a result, many retailers are increasing their inventory levels to become more resilient to future shocks.
- **Faster delivery times** – Even before the COVID-19 pandemic, many online stores were offering faster delivery times, such as next-day or even same-day, to differentiate themselves. Despite the value consumers place on fast delivery, they seem reluctant to pay much more for this service, leaving retailers to bear the additional cost.[1]
- **Reverse logistics** – Customers are putting increased importance on the returns process when shopping online. Retailers who have a relatively cumbersome process in place for the consumer, may lose business. It is estimated that a reverse logistics supply chain on average requires 20% more warehouse space than forward logistics.[2]

Retailers around Australia, grappling with how to offer the best online customer experience, are focused on ensuring they have the right warehousing space(s) in the optimal location(s), which is driving increased demand for well-located industrial assets.

Occupier demand for industrial stock reached record high

Largely driven by the growth in e-commerce, occupier demand for industrial space reached a record high of 2.9 million square metres in 2020. For the first time, retail trade sector floorspace demand was the main driver of growth across the industrial sector, contributing 34%.[3] Other major contributors include new trends in cold storage and growth in the pharmaceutical sector.

The level of Australia's gross industrial floorspace take up has been above the 2008-2020 annual average of approximately 2.2 million square metres, over the past five years, as highlighted in the chart above. In the first half of 2021, gross take-up has already exceeded the annual average.

CBRE Research expects an additional 350,000 square metres of new industrial space will need to be developed each year to meet the forecast growth in e-commerce.[4]

1. McKinsey&Company, 'Parcel delivery, the future of last mile', September 2016.
2. CBRE Research, 'Restart the uneven recovery', 2021.
3. JLL, 'Industrial & Logistics Investment Review & Outlook 2021', March 2021.
4. CBRE Research, 'Restart the uneven recovery', 2021.

Consumers move to shopping online for convenience, greater range and cheaper prices

Reasons for shopping online in 2020 vs 2021 (%)

Source: Australia Post, 'Inside Australian Online Shopping', June 2021

Our **industrial portfolio.**

Our industrial portfolio consists of 31 modern industrial properties, which represent 33% of Growthpoint's total property portfolio by value. Our industrial properties are well-located, near key logistics hubs or population centres.

Leasing

During FY21, Growthpoint signed seven industrial lease agreements, totalling 113,559 square metres or 11.7% of our industrial portfolio by income. The weighted average lease term for new and renewed leases was 7.2 years and the weighted average annual rent review was 3.4%, which are both above the existing industrial portfolio averages.

In February 2021, the Group signed a 10.5 year lease with Australia Post for 12-16 Butler Boulevard, Adelaide Airport, South Australia. Australia Post will use the 16,835 square metre distribution facility as a parcel fulfilment centre.

We were pleased to further build on our partnership with Australia Post, agreeing a new 10-year lease for 38-40 Annandale Road, Melbourne Airport, Victoria in June. The facility is being updated to become an automated parcel and distribution centre.

During FY21, we also agreed leases with Laminex Group, Opal Packaging Australia and Volo Modular. As a result of our leasing success, vacancy decreased to 2% (30 June 2020: 4%).

The Group's key expiry in FY22 is a distribution centre, located in Larapinta, Queensland, which is fully leased to Woolworths. This lease represents approximately 17% of the Group's industrial portfolio's income, or 5% of the Group's total portfolio's income. Woolworths has indicated to the Group that it plans to exercise a 5-year option and a market rent review is underway.

Divestments

In August 2020, at the height of the COVID-19 pandemic, we decided to divest our vacant industrial asset at 120 Northcorp Boulevard, Broadmeadows, Victoria for $50.2 million. After reviewing all options for the site, we recognised that pursuing a lengthy development project in an uncertain operating environment at the time was outside the Group's risk and return appetite. There were also costs associated with holding this non-income producing asset.

Valuation

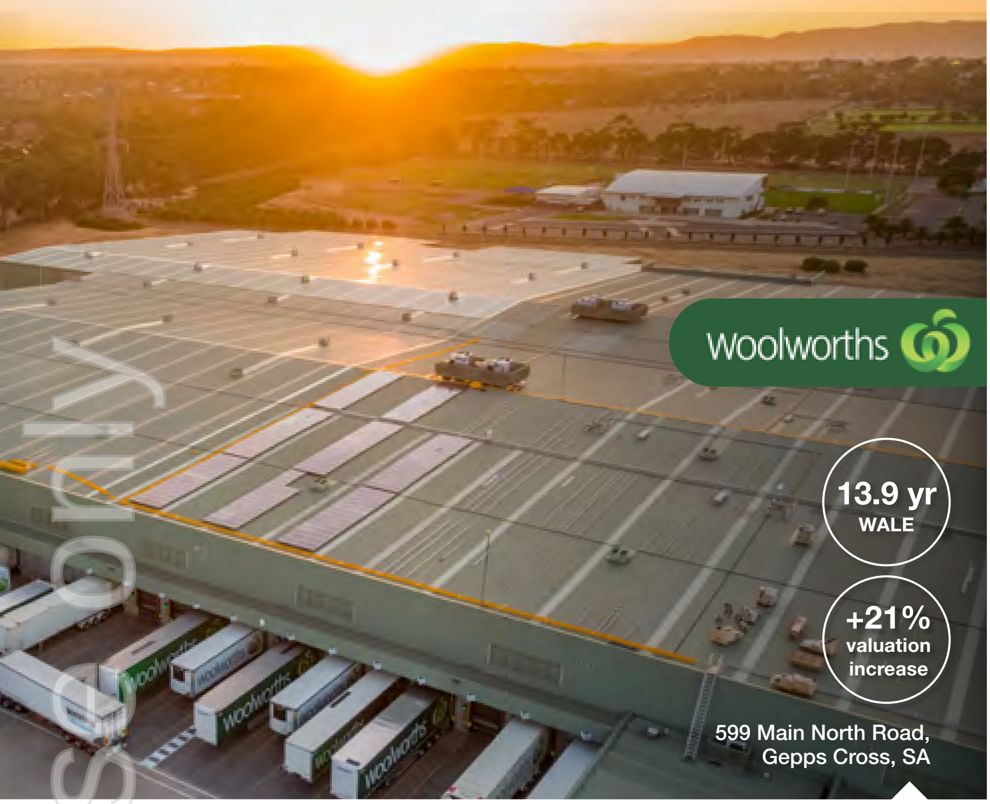
Over FY21, the value of the industrial portfolio increased by $202.0 million, or 15.6% on a like-for-like basis, to $1.5 billion. This uplift was driven primarily by yield compression, as well as leasing success.

Over the last 12-months, a significant re-rating has occurred across the Australian industrial sector, fueled by substantial international and domestic demand for high-quality industrial assets. As a result of increased demand, the weighted average capitalisation rate of the industrial portfolio tightened 86 basis points to approximately 5.2%.

Eighty-three percent of industrial assets increased in value. The largest valuation gains were seen at the following three assets:

- **599 Main North Road, Gepps Cross, South Australia** increased in value by $39 million or 21% due to further strengthening of investor demand for long-WALE institutional grade industrial assets. In FY20, Growthpoint entered into a 15-year lease extension with Woolworths over this asset.
- **20 Colquhoun Road, Perth Airport, West Australia** increased in value by $36 million or 20% due to further strengthening of investor demand for institutional grade industrial assets. The asset is fully leased to Woolworths. The current lease expires in four years.
- **3 Maker Place, Truganina, Victoria** increased in value by $10 million or 25% due to strong market rent growth in this highly sought-after location and yield compression.

Excluding these the three assets, the remainder of the industrial portfolio increased in value by 13.3%.



Significant tenant Australia Post makes long-term commitment to Growthpoint's assets to meet growth in e-Commerce

During FY21, Growthpoint negotiated two leases with Australia Post. Australia Post is now Growthpoint's third largest industrial tenant contributing 6% of our industrial portfolio income.

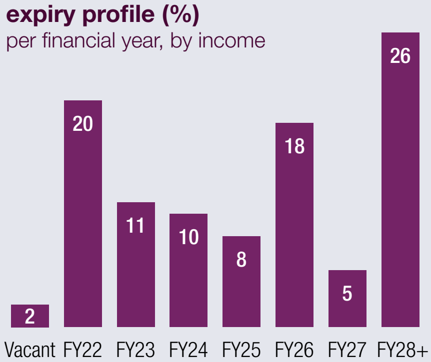
Australia Post plans to use both facilities as automated parcel fulfilment centres in response to growing parcel volumes.

Industrial portfolio snapshot

	30 June 2021	30 June 2020
Number of assets	31	32
Total lettable area	715,619 sqm	715,351 sqm
Total portfolio value	$1,495.4	$1,343.4m
WALE	4.7 years	5.0 years
Weighted average capitalisation rate	5.2%	6.0%
Weighted average rent review[1]	3.1%	2.7%
NPI	$77.7m	$85.1m

1. Assumes CPI change of 3.85% per annum as per ABS release for FY21.

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



Top ten industrial tenants
as at 30 June 2021

	% portfolio income	WALE (yrs)
Woolworths	40	5.4
Linfox	10	3.7
Australia Post	6	10.0
Laminex Group	4	4.0
HB Commerce	3	1.2
Brown & Watson International	3	4.1
The Workwear Group	2	6.0
Autocare Services	2	9.3
Symbion	2	7.5
Mainfreight Distribution	1	1.4
Total/weighted average	**73**	**5.4**
Balance of portfolio	27	2.9
Total portfolio	**100**	**4.7**

FY21 **sustainability performance.**

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

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

Accelerated our **decarbonisation target** to

net zero 2025

Previous commitment made in 2017 was for net zero by 2050 which was set to align with the Paris Agreement

Maintained high-average **NABERS Energy** rating[1]

5.1☆

FY20: 4.9 stars

Increased **GRESB score**

74/100

PCP: 72/100

Maintained high employee engagement and alignment scores in **top quartile of benchmark group**

Employee engagement

77%

FY20: 77%

Employee alignment

63%

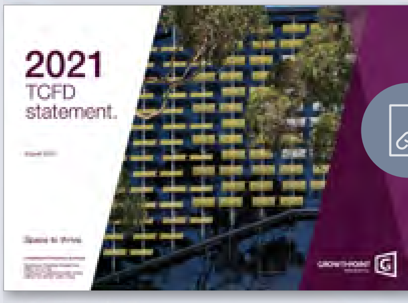
FY20: 64%

Growthpoint sponsors **Healthy Heads in Trucks & Sheds**, a foundation focused on mental health and wellbeing for workers in the road transport and logistics industries.

Healthy Heads Trucks & Sheds

Responsible and transparent governance

Published inaugural TCFD Statement



Published inaugural Modern Slavery Statement

3 and 5 Murray Rose Avenue, Sydney Olympic Park

Financial performance.

This year, the Group delivered a solid performance, against a challenging backdrop, ahead of our expectations.

At the outset of FY21, there still existed significant uncertainty around the impact of the COVID-19 pandemic on the Group's operating environment and the broader Australian economic environment. As a result, the Group did not provide FFO guidance. However, acknowledging the importance that Securityholders place on receiving distributions from the Group, the Board did provide distribution guidance of 20.0 cps at the outset of the financial year.

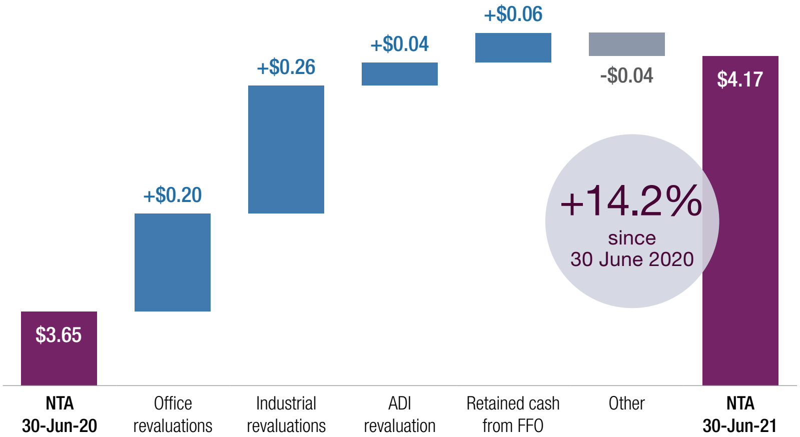
As the year progressed, we became more confident in the outlook for the Group due to our substantial leasing success which allowed Growthpoint to provide FY21 FFO guidance of 25.2 – 25.5 cps in February. This guidance was upgraded at the end of April to 25.5 – 25.7 cps as a result of further leasing successes during 3Q21. Our final result, 25.7 cps, was at the upper end of our upgraded guidance.

This result represents a 0.4% increase over FY20, which was a good result, as the Group started the year with a $10.4 million reduction to NPI due to Woolworths vacating a large distribution centre in February 2020. This included eight months of rental income, as well as a surrender payment. The increase in FFO was driven by increased income from our recently expanded Woolworths distribution centre in Gepps Cross and Botanicca 3. We also had a reduction in our tax expense, following the completion of our profit-making developments in FY20.

Reflecting our resilient business model, and steps we put in place at the beginning of the COVID-19 pandemic to protect our business, there was no material impact from the pandemic on our FY21 financial results.

While our expectations for FFO increased over the financial year, the Board decided to maintain the Group's distribution at 20.0 cps. The Board believes that maintaining a more conservative payout ratio going forward, between 75% and 85% of FFO, is prudent as we expect incentives to remain elevated in the near term. This will assist the Board to achieve its objective of providing Securityholders with growing distributions from FY21. The distribution policy will be reviewed annually.

Movements in NTA per security
for the 12 months ended 30 June 2021



> As the year progressed, we became more confident in the outlook for the Group due to our substantial leasing success which allowed Growthpoint to provide FY21 FFO guidance. This guidance was upgraded at the end of April as a result of further leasing successes during 3Q21.

NTA per security increased by 14.2% to $4.17, primarily reflecting the strong valuation uplift across both our office and industrial property portfolios during the financial year.

Operating expenses

The Group's management expense ratio (MER) was 0.35%, inline with FY20, and slightly below the Group's five-year average of 0.38%. Going forward, the Group expects its MER to be around 0.4%.

Capital expenditure

During FY21, the Group's capital expenditure increased, primarily due to two significant one-off projects:

- The replacement of aluminium composite panels at 333 Ann St, Brisbane, Queensland. This project is now complete.
- The Group has an obligation to make available $6.0 million to spend on capital works at 1 Charles St, Parramatta, NSW. As at 30 June 2021, $4.0 million of refurbishment works had been carried out.

Capital expenditure to average property portfolio value remained within the Group's guidance range of between 0.3% and 0.5%. Growthpoint expects to remain towards the upper end of its guidance range over the short to medium term.

27-49 Lenore Drive,
Erskine Park, NSW

Financial performance snapshot

30 June 2021	30 June 2020
Funds from operations	
$198.3m	$197.2m
Funds from operations (per security)	
25.7¢	25.6¢
Distributions	
$154.4m	$168.3m
Distributions (per security)	
20.0¢	21.8¢
Net tangible assets (per security)	
$4.17	$3.65

Operating expenses

	FY21	FY20
Total operating expenses	**$15.7m**	$14.4m
Average gross assets value	**$4,425.3m**	$4,170.8m
Operating expenses to average gross assets	**0.35%**	0.35%

Capital expenditure

	FY21	FY20
Total portfolio capex	**$21.2m**	$18.2m
Average property asset value	**$4,384.8m**	$4,154.7m
Capital expenditure to average property portfolio value	**0.48%**	0.44%

Financial performance.

Key debt metrics and changes during FY21		30 June 2021	30 June 2020	Change
Gross assets	*$m*	**4,777.8**	4,500.7	277.1
Interest bearing liabilities	*$m*	**1,327.1**	1,446.0	(118.9)
Total debt facilities	*$m*	**1,720.0**	1,813.0	(93.0)
Undrawn debt	*$m*	**387.5**	360.0	27.5
Gearing	*%*	**27.9**	32.2	(4.3)
Weighted average cost of debt (based on drawn debt)	*%*	**3.3**	3.4	(0.1)
Weighted average debt maturity	*years*	**4.1**	4.7	(0.6)
Annual interest coverage ratio (ICR) / covenant ICR	*times*	**4.8 / 1.6**	4.6 / 1.6	
Actual loan to value ratio (LVR) / covenant LVR	*%*	**29.6 / 60**	33.5 / 60	
Weighted average fixed debt maturity	*years*	**4.3**	5.0	(0.7)
% of debt fixed	*%*	**65.0**	67.3	(2.3)
Debt providers	*no.*	20	21	

Capital management

In response to market volatility, Growthpoint initiated an on-market buy-back program in February for up to 2.5% of its issued capital.[1] At the time, the Group's security price was trading at a significant discount to NTA, despite the Group continuing to deliver a robust performance, as detailed throughout this report. As at 30 June 2021, the Group had purchased 416,643 securities (0.05% of issued capital) at an average price of $3.27. The buy-back program remains in place.

During the year, Growthpoint successfully refinanced $315 million of debt, which was due to expire in December 2021, for two additional years at market pricing. It also converted a $90 million facility from fixed to floating at significantly improved pricing. In June 2021, following the divestment of the Quads, the Group repaid and cancelled a fixed-rate facility of $60 million. The Group has no debt maturing before December 2022 and a weighted average debt maturity of over four years.

The weighted average cost of debt reduced to 3.3% over the financial year and is expected to reduce further as cheaper debt headroom is deployed in FY22. The Group also altered its fixed debt target range to 50% - 100% (previously 65% - 100%) to allow more flexibility for treasury management in a low cost debt environment.

The Group's gearing reduced to 27.9% from 32.2% during the year, driven by investment property divestments, increased valuations and a lower distribution payout ratio.

The Group has $387.5 million of undrawn debt and $33.5 million of cash on its balance sheet at 30 June 2021. In FY22, the Group will look to deploy its uncommitted debt headroom on accretive transactions and increase its gearing back towards the bottom of its target gearing range.

Stress testing covenants

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

LVR<60%
GOZ: 29.6%
To breach this covenant, GOZ cap rate would need to rise by 535 bps[1]

ICR>1.6x
GOZ: 4.8x
To breach this covenant, NPI would need to fall by 67%[2]

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

Outlook

Growthpoint has had a strong start to FY22, with several lease agreements signed after 30 June 2021 (representing 3% of portfolio income) and we reached settlement on a modern A-grade office asset, located at 11 Murray Rose, Sydney Olympic Park, New South Wales. We are confident that we will be able to build on this positive momentum over the financial year.

The Group is pleased to announce FY22 FFO guidance of at least 26.3 cps, which represents a minimum of 2.3% growth over FY21. Earnings growth will be driven by increased income from Botanicca 3, which we continue to expect to be fully leased by the end of the calendar year, and higher occupancy across the portfolio. We are actively looking for opportunities to deploy approximately $387 million of undrawn debt, which would take us to the bottom of our target gearing range and would be accretive to the Group's FFO.

The Group is also pleased to provide FY22 distribution guidance of 20.6 cps, which represents 3.0% growth over FY21.

1. For further details on Growthpoint's buy-back program, please refer to the Group's Appendix 3C which was lodged with the ASX on 25 February 2021.
2. As at 30 June 2021. For illustrative purposes only. Assumes no change to other inputs that could impact the calculation of this metric.

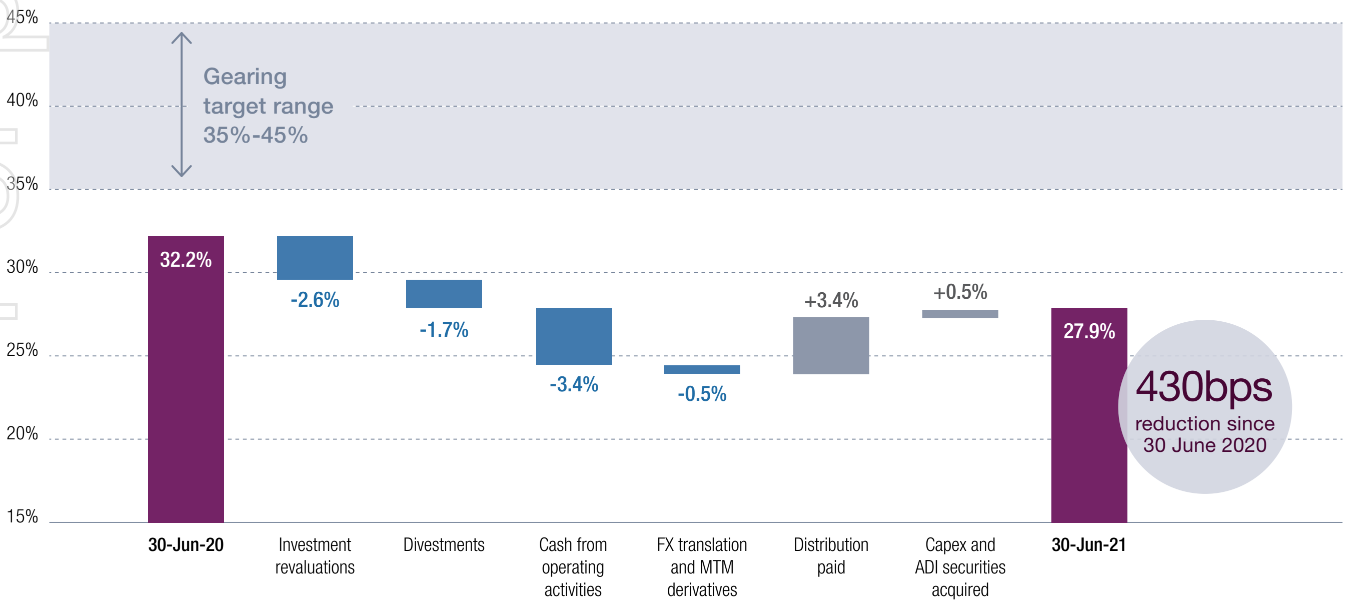
Funds from operations

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

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

Reconciliation from statutory profit to FFO	FY21	FY20	Change	Change
	$m	*$m*	*$m*	*%*
Profit after tax	**553.2**	272.1	281.1	103.3
Less FFO items:				
- Straight line adjustment to property revenue	**(8.5)**	1.0	(9.5)	
- Net loss in fair value on sale of investment properties	**1.5**	0.0	1.5	
- Net (gain) in fair value of investment properties	**(356.5)**	(116.9)	(239.6)	
- Net (gain) / loss in fair value of investment in securities	**(29.3)**	15.7	(45.0)	
- Net (gain) / loss in fair value of derivatives	**43.8**	(31.5)	75.3	
- Net (gain) / loss on exchange rate translation of interest-bearing liabilities	**(33.0)**	28.5	(61.5)	
- Amortisation of incentives and leasing costs	**26.9**	20.8	6.1	
- Deferred tax expense / (benefit)	**(3.3)**	3.8	(7.1)	
- Other	**3.5**	3.7	(0.2)	
FFO	**198.3**	**197.2**	**1.1**	
Distributions provided for or paid during the year ($m)	**154.4**	168.3	(13.9)	(8.3)
FFO per security (cents)	**25.7**	25.6	0.1	0.4
Payout ratio to FFO (%)	**77.9**	85.3		(7.4)

Gearing movement
for the 12 months ended 30 June 2021

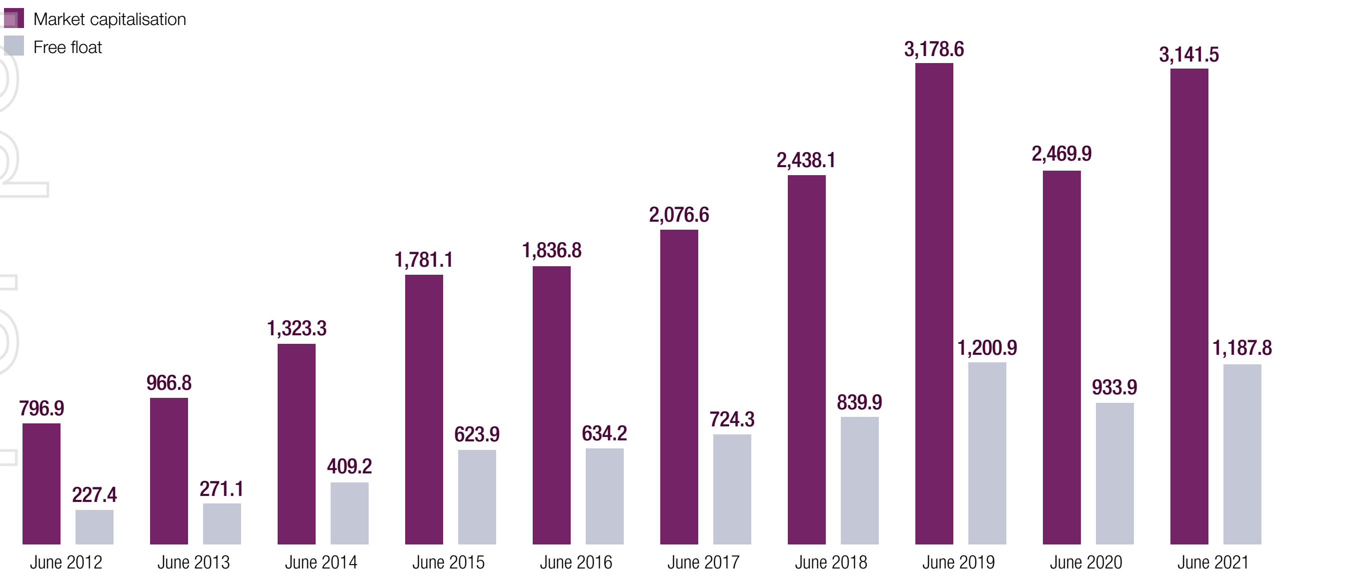


Financial performance.

10 year financial performance summary

As at 30 June		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Financial performance											
Profit for the period	$m	**553.2**	272.1	375.3	357.7	278.1	219.4	283.0	117.3	94.0	49.5
Financial position											
Total assets (at 30 June)	$m	**4,777.8**	4,500.7	4,117.9	3,474.6	3,328.4	2,879.6	2,407.1	2,128.8	1,680.4	1,607.1
Total equity (at 30 June)	$m	**3,221.4**	2,822.6	2,546.5	2,157.0	1,901.5	1,522.4	1,411.5	1,165.1	804.1	733.2
Securityholder value											
Basic earnings per security	¢	**71.7**	35.3	52.9	53.5	42.7	38.1	50.4	25.7	23.7	15.2
Funds from operations per security	¢	**25.7**	25.6	25.1	25.0	25.5	22.9	21.8	20.2	N/A[1]	N/A[1]
Distributions per security	¢	**20.0**	21.8	23.0	22.2	21.5	20.5	19.7	19.0	18.3	17.6
Total securityholder return[2]	%	**34.0**	(17.7)	21.0	22.3	6.3	7.4	36.4	10.8	23.6	21.6
Return on equity	%	**19.7**	10.8	16.9	18.5	18.6	13.5	23.9	17.5	13.1	4.8
Gearing (at 30 June)	%	**27.9**	32.2	34.3	33.9	38.5	41.2	36.3	40.3	46.8	45.6
NTA per security (at 30 June)	$	**4.17**	3.65	3.52	3.19	2.88	2.61	2.48	2.16	2.00	1.93
Market capitalisation (at 30 June)	$m	**3,141.5**	2,469.9	3,178.6	2,438.1	2,076.6	1,836.8	1,781.1	1,323.3	966.8	796.9

Market capitalisation and free float ($m)



1. Not applicable, no data available for these periods.
2. Source: UBS Investment Research.

333 Ann Street,
Brisbane, QLD

Risk management.

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

Refer to the Group's **2021 Corporate Governance Statement** for more details on the Group's risk management framework.

growthpoint.com.au/corporate-governance

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

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, standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The following table outlines the material risks that could impact Growthpoint's achievement of its strategic and financial objectives and summarises how we are managing these risks:

Material business risk	How Growthpoint is responding
Strategy and reputation	
Financial performance Not meeting financial performance expectations due to a variety of risks and factors, could impact our reputation, stakeholder confidence, the value of our portfolio and our ability to pay or grow distributions. Risk factors that could impact our financial performance include low or negative growth and an increase in capital expenditure and incentives paid.	We continually monitor the economic, financial and property markets to ensure that all business decisions are supported by thorough research. As our earnings are derived from rental income, we look to protect this by maintaining high occupancy rates across our property portfolio through active asset management and tenant engagement. Across the portfolio we currently have an occupancy rate of 97%, a long WALE of 6.2 years and a high proportion of fixed annual rent increases. We also carefully select our tenants and as a result our assets are predominately leased to government, listed organisations and large private companies. We also limit development risk. We only develop properties in our portfolio to meet our tenants' requirements or to maximise the property's value and will only acquire properties under construction when there are material leases in place. We have a structured and proactive approach to maintaining services across the portfolio. This not only ensures that we are providing reliable services and conditions at each asset but also allows us to proactively manage and budget capital expenditure. This process is closely managed and regularly reviewed in conjunction with lifecycle reporting to ensure that financial and operational forecasts remain relevant. We adopt and implement prudent capital management practices. This includes maintaining sufficient liquidity, a percentage of fixed debt in accordance with our Treasury Management Policy and a long weighted average debt maturity of 4.1 years.

13 Business Street,
Yatala, QLD

Risk management.

Material business risk	How Growthpoint is responding
Physical assets	
Property portfolio The value of our property portfolio could decrease based on new sales evidence, change in valuers' assumptions, the quality of tenant base, the quality of our property assets, the investment decisions we make, external economic factors and the term of our ground lease tenancies.	We have a resilient portfolio comprised of high-quality and modern commercial real estate properties, predominately leased to government, listed organisations or large private companies. Our exposure is limited to office (primarily metropolitan) and industrial property sectors, with no exposure to retail assets. We continually monitor and look to improve the quality of our portfolio. This may involve buying and selling properties at the right time of the property cycle or investing in our existing properties to add value to our portfolio. Detailed due diligence is also undertaken for all investment proposals.
Leasing risk An inability to lease our assets in line with asset management plans and forecasts or prolonged material portfolio vacancies due to weakened tenancy demand.	We focus on proactively engaging with our tenants to understand their tenancy requirements, so that we can best position Growthpoint's assets to meet their needs and exceed their expectations. Through this active asset management and tenant engagement we endeavour to minimise vacancy and exposure to high incentives and long downtime.
Structural changes due to disruptive industries and trends The rise of remote working, innovative competitors in the market and building obsolescence can impact on our current and future operations.	Our portfolio and the industry are continually monitored through active research and industry market briefings and developments. We monitor the potential impacts of the increase of automation and how it affects our logistics and industrial portfolio. We are also monitoring whether a shift to more flexible working arrangements could lead to a reduction in demand for office space over the long term. To date, there continues to be strong demand for our offices, primarily located in metropolitan markets, from existing and potential tenants, with a number of long leases signed during the COVID-19 pandemic. This may be driven by several characteristics of metropolitan offices, which have become more attractive in a post-pandemic world, including lower density, higher ratio of car parks than CBD offices and often being located closer to where people live.
Finance and economics	
Access to capital markets Continuous access to debt and equity markets is important to the sustainability of our business. If our ability to obtain capital is constrained, it may lead to increased costs of financing and our strategic objectives not being met.	Support from our banking partners is dependent on their financial covenants being met. We regularly stress test these covenants. As at 30 June 2021, Growthpoint was well within all its debt covenant limits. We also maintain an investment grade credit rating of Baa2. We exercise prudent capital management and our balance sheet gearing is currently below our target range of 35% to 45%. Growthpoint also maintains strong relationships with its equity investors, through its investor relations program.

Material business risk	How Growthpoint is responding
Operations, and people and culture	
COVID-19 pandemic Although the COVID-19 pandemic has had an immaterial impact on us to date, the pandemic may continue to create uncertainty for our operating environment, including further outbreaks which may require further government restrictions.	Our priority since the outbreak of the COVID-19 pandemic has been protecting the safety and wellbeing of our employees, our tenants and the broader community. We proactively engage with our tenants to understand the impact that the COVID-19 pandemic has had on their business and ensure rental relief has been distributed fairly to those tenants who most need our support. We maintained prudent capital management and high occupancy throughout the financial year and to date, the COVID-19 pandemic has had an immaterial impact on the Group's operational performance or financial position. Management and the Board will continue to monitor the impact of COVID-19 on the business.
Data, information and cybersecurity Cyber security attacks could potentially interrupt business operations and lead to a loss in productivity and loss of business records, which could cause reputational or financial damage.	We have a dedicated team that oversees our IT systems and regularly conduct penetration testing of our IT systems. We also have a Disaster Recovery Plan and provide training and education to our employees, to assist in reducing the risk and impact of any cybersecurity attack.
People and culture A material loss of high-performing employees may impact on the operations of our business and result in a loss of knowledge and key business relationships and an increase in operating costs. Not having the right team size could also impact on our operations and achievement of our initiatives and objectives.	Our remuneration framework is based on attracting and retaining suitability qualified and experienced employees and is tailored to reward high performance. We seek to foster a diverse and inclusive workplace culture where we celebrate our successes. We undertake annual employee engagement surveys to identify areas for improvement, which we act upon. We also undertake regular workforce planning to ensure that we have the right team size and experience to support our business.
Legal and regulatory	
Legal, compliance and regulatory Non-compliance of laws or our AFSL or changes in the legal or regulatory environment may impact on our business and operations and lead to reputational damage or an increase in compliance costs.	Our compliance culture is guided by our policies and procedures to ensure that we operate within regulatory requirements. Our team members receive regular training on their compliance obligations, and we have an internal compliance and legal team that ensures that new and updated regulatory requirements are communicated throughout the business.

As part of the risk reviews that were undertaken in FY21, the risk relating to climate change was assessed and was not considered a material business risk facing our business.

This is due to our high green credentialed portfolio and our response measures including climate change risk assessments and adaption plans we undertake as part of our due diligence process, flood risk registers that inform adaptation plans and energy and building management systems designed to respond to potentially higher energy requirements that may be required due to marginal temperature increases.

See the Group's inaugural 2021 TCFD Statement which provides an overview of Growthpoint's approach to managing the risks and opportunities of climate change and shows it is well placed to respond to the potential physical and transitional impacts of climate change over the next 10 years.

Board of Directors.

Geoffrey Tomlinson

BEc – Independent Chairman and Director

Term of office

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

Professional experience

Geoff has more than 48 years of experience in the financial services industry including six years as Group Managing Director of National Mutual Holdings (which changed its name to AXA Asia Pacific prior to being acquired by AMP in 2011).

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

Board Committee Membership

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

Timothy Collyer

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

Term of office

Tim was appointed as Managing Director and to the Board in July 2010.

Professional experience

Tim has over 32 years of experience in property investment and development, property valuation and property advisory at both ASX-listed and unlisted property funds. He has worked across the office, industrial and retail property sectors.

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

Estienne de Klerk

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

Term of office

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

Professional experience

Estienne has 25 years of experience in banking and property finance. He has held senior roles at Growthpoint Properties Limited for over 19 years, with responsibility for mergers, acquisitions, capital raisings and operating service divisions.

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

Other directorships and positions

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

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

Board Committee Membership

- Audit, Risk & Compliance Committee

Grant Jackson

Assoc. Dip. Valuations, FAPI – Independent Director

Term of office

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

Professional experience

Grant has over 35 years of experience in the property industry including 31 years as a qualified valuer. Grant has expertise in a wide range of valuation and property advisory matters on a national basis and he regularly provides expert evidence to courts and tribunals.

Other directorships and positions

Grant is Chairman of m3property.

Board Committee Membership

- Audit, Risk & Compliance Committee

Francois Marais

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

Term of office

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

Professional experience

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

Other directorships and positions

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

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

Board Committee Membership

- Nomination, Remuneration and HR Committee

Deborah Page AM

BEc FAICD FCA – Independent Director

Term of office

Deborah was appointed as a Director of the Board in March 2021.

Professional experience

Deborah has extensive executive experience, having held senior financial and operational roles at a number of leading Australian companies, across the property, financial services, technology and legal sectors. Prior to this, she was a partner at Touche Ross/ KPMG Peat Marwick.

Deborah was formerly Chair of Investa Office Fund and a former non-executive Director of Investa Property Group, GBST Holdings Limited and Australian Renewable Fuels Limited.

Other directorships and positions

Deborah is currently a non-executive Director of Pendal Group Limited, Brickworks Limited and Service Stream Limited.

Board Committee Membership

Chair - Audit, Risk and Compliance Committee

1. Geoffrey Tomlinson
2. Timothy Collyer
3. Estienne de Klerk
4. Grant Jackson
5. Francois Marais
6. Deborah Page AM
7. Norbert Sasse
8. Josephine Sukkar AM

Norbert Sasse

BCom (Hons) (Acc), CA (SA) – Director

Term of office

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

Professional experience

Norbert has over 25 years of experience in corporate finance dealing with listings, delistings, mergers, acquisitions and capital raisings, and over 18 years of experience in the listed property market.

Other directorships and positions

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

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

Board Committee Membership

– Chair - Nomination, Remuneration & HR Committee

Josephine Sukkar AM

BSc (Hons), Grad Dip Ed – Independent Director

Term of office

Josephine was appointed as a Director in October 2017.

Professional experience

Josephine is the co-founder and the Principal of Buildcorp which she established with her husband over 31 years ago.

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

Other directorships and positions

In addition to her position at Buildcorp, Josephine is currently a Governor of the Centenary Institute, a Trustee of the Australian Museum and a non-executive Director of Washington H. Soul Pattinson and Co. Ltd, the Property Council of Australia, the Green Building Council of Australia and Opera Australia. Josephine is also Chair of the Buildcorp Foundation and the Australian Sports Commission.

Board Committee Membership

– Nomination, Remuneration and HR Committee

Executive Management Team.

Timothy Collyer

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

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

Tim has over 32 years of experience in property investment and development, property valuation and property advisory at both ASX-listed and unlisted property funds. He has worked across the office, industrial and retail property sectors.

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

Dion Andrews

B.Bus, FCCA, GAICD – Chief Financial Officer

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

Dion is a Chartered Accountant, with over 19 years of experience in financial roles in Melbourne and London.

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

Michael Green

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

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

Michael has over 20 years of experience in listed and unlisted property fund management, property investment and development, both in Australia and Europe.

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

Jacqueline Jovanovski

LLB (Hons), BA, GradDipApp (CorporateGov), FGIA FCG (CS, CGP) – Chief Operating Officer

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

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

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

1. Timothy Collyer
2. Dion Andrews
3. Michael Green
4. Jacqueline Jovanovski

15 Green Square Close,
Fortitude Valley, QLD

Remuneration report.

On behalf of the Board, I am pleased to present Growthpoint's remuneration report, which provides an overview of our FY21 remuneration structure and outcomes and our approach to FY22.

A robust year against a challenging backdrop

For businesses and individuals around the world, the COVID-19 pandemic continued to have a profound impact in FY21. Reflecting the Group's careful portfolio construction since its inception and strong financial position coming into the crisis, Growthpoint continued to successfully navigate the challenges presented by the pandemic throughout the financial year.

We were pleased to see a significant rebound in the Group's security price over FY21 and at 30 June 2021, it had recovered most of the ground lost from its record-high pre-pandemic level. This drove the Group's total securityholder return (TSR) performance of 34.0%, outperforming the S&P/ASX 200 REIT Accumulation Index by 76 basis points in FY21. The Group has outperformed the Index over the last one, three, five and ten-year time periods.

Given Growthpoint's increasingly certain performance over FY21, the Group was in a position to provide funds from operations (FFO) guidance in February of 25.2 – 25.5 cents per security (cps), which was upgraded to 25.4 – 25.7 cps in April. The final result of 25.7 cps was at the upper end of the upgraded guidance. This was a particularly pleasing result, as the Group started the year with a $10.4 million reduction to its earnings compared to the prior year due to Woolworths vacating a large industrial asset during FY20.[1]

Net tangible assets (NTA) also increased significantly over FY21 to $4.17 per security, driven by strong valuation gains across the Group's office and industrial portfolios. This uplift reflects the substantial re-rating that has occurred across the industrial sector, fuelled by domestic and offshore investor demand for high-quality assets. In addition, the Group's leasing success drove large gains at a number of properties.

Despite FFO exceeding the Group's initial guidance, the Board decided to maintain the distribution as per guidance set at the beginning of the financial year. The Board believes that maintaining a conservative payout ratio to retain additional capital within the Group is a prudent approach, as we expect leasing incentives to remain elevated in the near term. It will also assist us to achieve our objective of providing Securityholders with growing distributions from FY21.

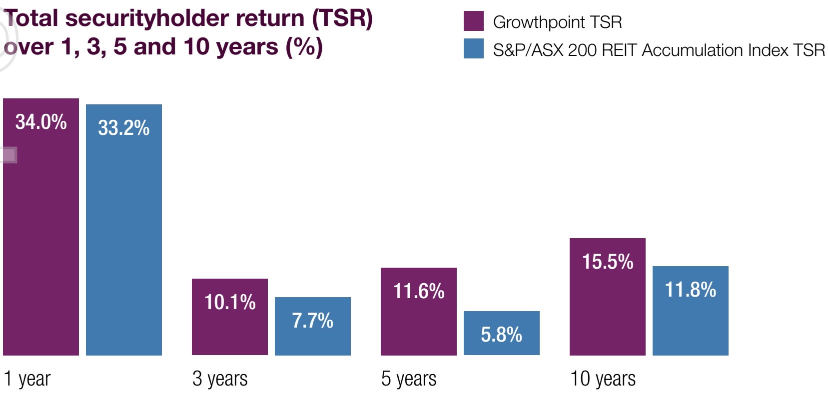
Norbert Sasse
Director

FY21 awards

Setting the FY21 financial targets for the Executive Management Team's (EMT) short term incentive (STI) awards was challenging for the Board, as the longer-term impacts of the COVID-19 pandemic on the Group's operating environment, and the broader Australian economy, were unclear at the beginning of the financial year. As it was not possible to accurately forecast the potential impact, the Committee decided to not risk adjust the EMT's financial targets, acknowledging that if required, it would take into account the pandemic when reviewing the EMT's performance at the end of the financial year. As the Group financial results were not materially impacted by the pandemic, the Committee has not adjusted the results.

To be eligible for 50 per cent of their STI entitlement, the EMT were required to deliver FFO in line with FY20, a challenging target, given the financial headwinds facing the Group, as mentioned above, and the broader

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



Source: UBS Investment Research. Annual compound returns to 30 June 2021.

1. This includes eight months of rent and a surrender payment.

economic environment. The Board was pleased to see the Group outperform this target, increasing FFO by 0.4% over the previous year.

In addition to the financial achievements, the Board was pleased with the EMT's progress towards a number of the Group's strategic objectives. In FY21, the portfolio's occupancy increased to 97% and the Group's weighted average lease expiry increased to 6.2 years. This result was driven by a number of significant leasing deals, which were executed in a challenging market. This included signing a 10 year and seven-month lease with Bunnings over 13,886 square metres, or 71%, of Botanicca 3, one of the largest office leasing transactions completed nationally in FY21.

The EMT also progressed the Group's sustainability initiatives over FY21. The Group's overall Global Real Estate Sustainability Benchmark (GRESB) increased two points to 74, four points higher than the GRESB average score, and the Group maintained an above-average CDP score of B. The Group also revised its Net Zero Strategy, significantly accelerating its target to achieve net zero carbon emissions across its operationally controlled assets and corporate activities by 2025 (previously 2050).

The results of the annual employee survey were once again positive. The Group's alignment and engagement scores were in line with FY20, placing the Group in the top quartile of its benchmark group. This was a particularly positive result given most employees worked from home for a large proportion of FY21, due to government-mandated restrictions, which was not the case for all companies in Growthpoint's benchmark group, and highlighted the leadership team's successful efforts to maintain the Group's strong culture.

Reflecting the EMT's performance in FY21, and the STI key performance indicators (KPIs) (financial and non-financial) set at the start of the year, the Board has assessed that the EMT's STI award will be equal to a weighted average of 69% of their STI opportunity. In line with the Group's remuneration policy, the Committee will assess the long-term incentive (LTI) award in October. The LTI award assesses the Group's TSR and return on equity performance relative to the constituents of the S&P ASX 200 REIT Index over a three-year period.

120 Link Road,
Melbourne Airport, VIC

Growthpoint's performance, FY16-FY21

	FY16	FY19	FY21	2-year CAGR	5-year CAGR
FFO per security	22.9	25.1	**25.7**	1.2%	2.3%
Distribution per security (cents)	20.5	23.0	**20.0**	-6.7%	-0.5%
NTA per security (cents)	261.0	350.0	**417.0**	9.2%	9.8%

FY22 remuneration

In FY21, the Board decided not to increase the vast majority of the Group's employees' FY20 total fixed remuneration due to the uncertainty around the long-term impacts of the COVID-19 pandemic on the Group's operating environment and the broader Australian economy. There was also no increase to Directors' fees.

Over the last 12 months, the economic environment and outlook in Australia has improved significantly. The Group has maintained its strong footing and is now in the position to actively pursue growth opportunities.

The Committee engaged PWC to benchmark the EMT's remuneration packages against an industry peer group, as well as other listed ASX companies with a similar market capitalisation. Further detail of PWC's analysis is provided on page 56. Based on this study, and the Group's relative position in the market, the Board has decided it is appropriate to implement a weighted average 9.1% increase to the EMT's total fixed remuneration in FY22.

In line with the Group's FY20 remuneration framework, and reflective of the Group's growth agenda, the Board has also decided to reinstate the maximum STI that the EMT can achieve to 117.5%, which was temporarily reduced to 100% in FY21. The EMT are encouraged to grow FFO and earnings via a 'stretch' target for the financial component of the STI (70% weighting), whilst a comprehensive set of non-financial KPIs form the balance (30% weighting). Any STI granted will be awarded as two thirds paid in cash and one third paid in securities, which vest over a two-year period.

The Board also considered Directors' fees and decided not to increase them for FY22.

We hope you find the following report transparent and informative. The Board remain committed to ensuring the EMT's and Securityholder's long-term interests are aligned.

Norbert Sasse
Chair – Nomination, Remuneration and Human Resources Committee

What's **inside.**

About the remuneration report

The Directors present this 'Remuneration Report' for the Group for the year ended 30 June 2021. This report summarises key compensation policies and provides detailed information on the compensation for Directors and other KMP.

The specific remuneration arrangements described in this report apply to the Managing Director and the KMP as defined in AASB 124.

Growthpoint's remuneration practices outlined in this report comply with best practice governance guidelines, as per ASX Corporate Governance Principles and Recommendations.

Who this report covers

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

Executive KMP

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

Non-Executive Directors

- Geoffrey Tomlinson - Independent Chairman and Director
- Maxine Brenner - Independent Director, resigned effective 30 November 2020
- Estienne de Klerk - Director
- Grant Jackson - Independent Director
- Francois Marais - Director
- Norbert Sasse - Director
- Josephine Sukkar AM - Independent Director
- Deborah Page AM - Independent Director, appointed effective 1 March 2021

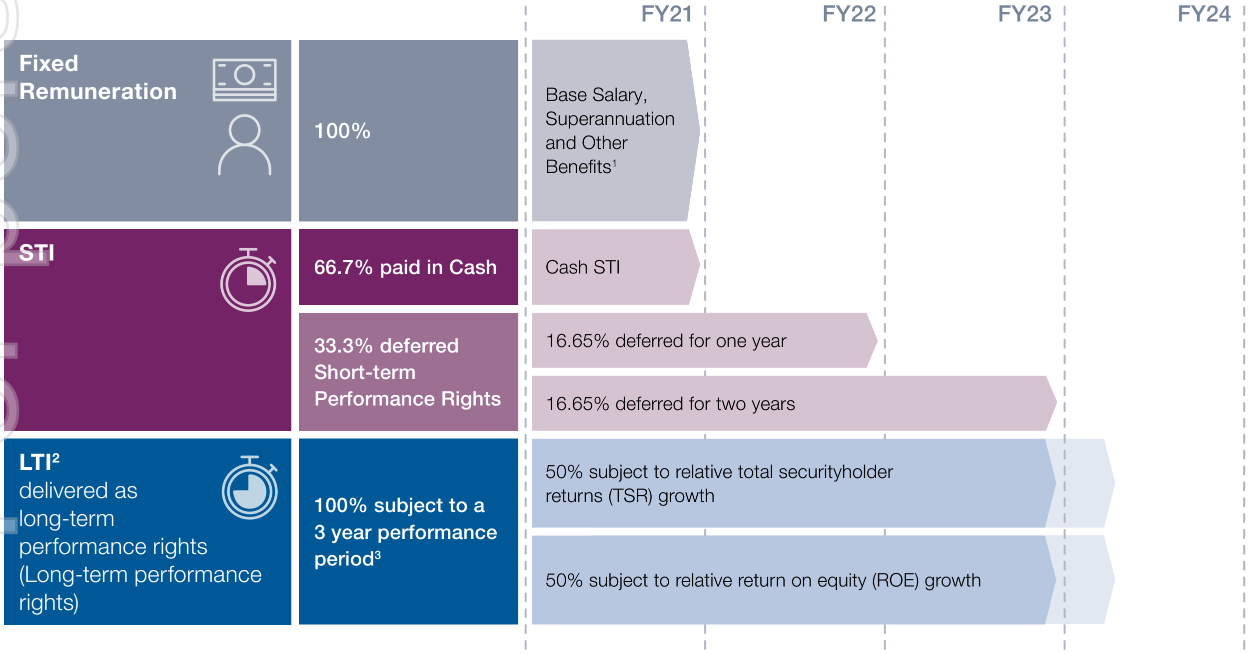
FY21 Executive KMP remuneration policy and framework

Components of remuneration

Total Fixed Remuneration (TFR) (including applicable superannuation and other benefits)	Set at a level to attract and retain suitably qualified and experienced persons in each respective role and tailored to encourage overall performance of the Group which is in the best interests of all Securityholders. TFR is targeting the straight-line midpoint between the 25th and 50th percentile of the industry benchmark.	
Short-term incentives (STI)	If specified performance criteria are met, eligibility of each Executive KMP to receive an STI bonus payable as two thirds cash and one third as deferred short-term incentive performance rights (Short-term Performance Rights) in respect of each financial year.	43 Current year (FY21) 51 Next year (FY22)
Long-term incentives (LTI)	LTI bonus payable under which, upon meeting specified performance criteria, each Executive KMP is eligible to receive securities in the Group over time to help align each Executive KMP's interests with those of Securityholders.	45 Current year (FY21) 51 Next year (FY22)

Executive KMP Remuneration delivery FY21

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



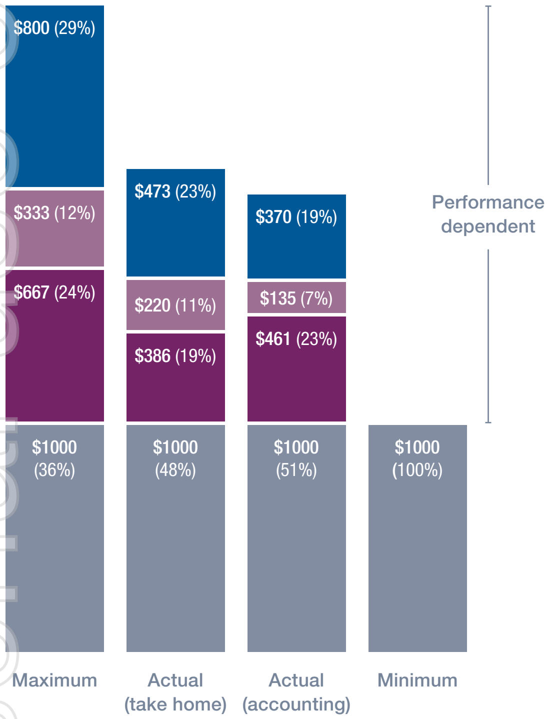
1. Other Benefits comprise wellbeing and insurance arrangements provided to all Executive KMP.
2. This diagram does not include information on the Transitional Plan that was in place during FY21. See page 45 for further detail.
3. The measurement period finishes at 30 June 2023 with vesting in early FY24.

Remuneration report.

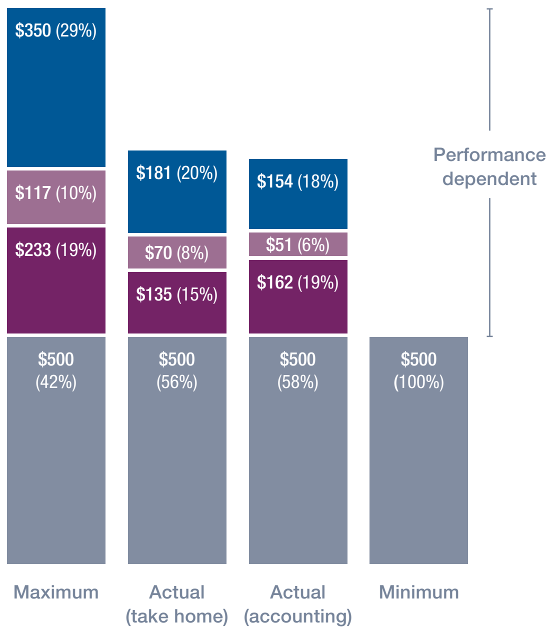
Executive KMP Remuneration mix FY21 ($000)

TFR STI - Cash STI - Deferred LTI

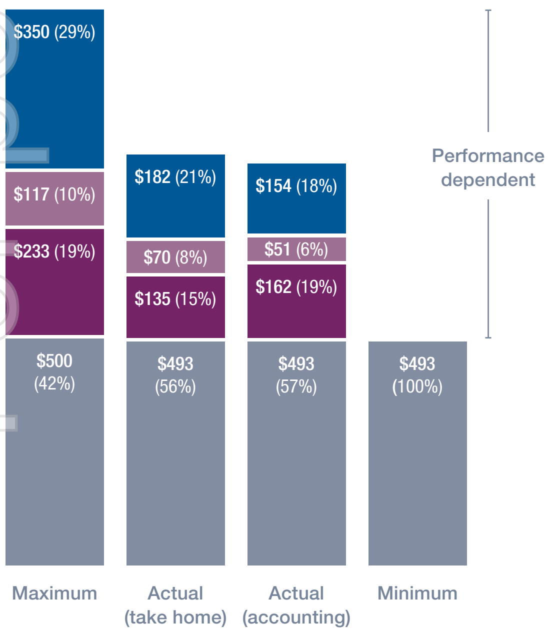
Managing Director



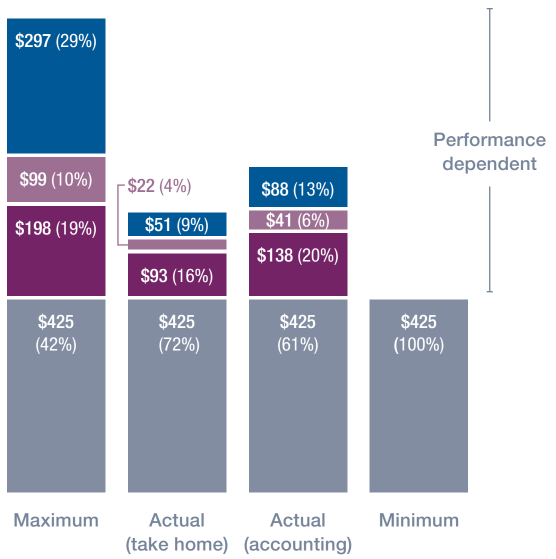
Chief Financial Officer



Chief Investment Officer



Chief Operating Officer



Principles of remuneration for Executive KMP

1. Executive KMP should receive total remuneration which is competitive with rates for similar roles within the ASX A-REIT sector and ASX listed companies of similar size (measured by market capitalisation), complexity, workload and the relative profit and expenses versus the Group.
2. The total remuneration for Executive KMP should be set at a level to attract and retain suitably qualified and experienced persons in each respective role and tailored to encourage overall performance of the Group which is in the best interests of all Securityholders.
3. Executive KMP are not eligible for any additional fees for additional roles within the Group such as acting as an officer of the Company or being a responsible manager under the Company's AFSL.
4. From 1 July 2018, the Committee implemented a Minimum Securityholding Requirement (MSR) for KMP (refer to page 54 for details of KMP's current holdings and details of the MSR).
5. Executive KMP are entitled to receive certain payments including the vesting of all unvested performance rights if the Company decides to terminate a position without cause including through redundancy or takeover (refer to page 57 for further information).

Total Executive KMP remuneration (Take home basis)

The following table presents the actual remuneration received by Executive KMP during FY21. This voluntary disclosure is provided to increase transparency and includes:

- Salary and other benefits received during FY21
- FY20 cash STI received during FY21, and
- The value of securities that vested during FY21.

The actual remuneration presented in this table is distinct from the disclosed remuneration presented further below, which is calculated in accordance with statutory obligations and accounting standards and is therefore recognised in the Statement of Comprehensive Income during FY21. These amounts can differ to the amounts actually received. The numbers in the audited disclosed remuneration include accounting values for current and prior years' LTI grants which have not been (or may not be) received, as they are dependent on performance hurdles and service conditions being met.

	Salary and other benefits	Cash STI	Value of deferred STI rights vested[1]	Value of LTI rights vested[1]	TOTAL	% of remuneration performance-based
	$	$	$	$	$	%
Timothy Collyer – Managing Director	1,000,954	385,976	220,264	472,882	2,080,076	52%
Dion Andrews – Chief Financial Officer	500,000	134,746	70,069	181,033	885,848	44%
Michael Green – Chief Investment Officer	492,577	134,746	70,069	181,946	879,338	44%
Jacquee Jovanovski – Chief Operating Officer	425,000	92,976	21,644	51,325	590,945	28%
Total	**2,418,531**	**748,444**	**382,046**	**887,186**	**4,436,207**	**45%**

1. Based on market price at the time of vesting.

Remuneration report.

Total Executive KMP remuneration (accounting basis)

	Short-term benefits					Long-term benefits		Security based payments			
	Base salary	STI cash award	Performance rights cash distribution	Annual leave[1]	Non-monetary benefits	Super-annuation benefits	Long service leave[1]	Deferred STI Plan expense	LTI Plan expense	Total	S300A (1) (e) (i) proportion of remuneration performance related
	$	$	$	$	$	$	$	$	$	$	%
Timothy Collyer – Managing Director											
FY21	**990,000**	**461,024**	**9,753**	**15,143**	**954**	**25,000**	**1,827**	**135,409**	**369,761**	**2,008,871**	**49%**
FY20	989,981	375,152	7,649	(901)	2,756	25,000	32,237	156,742	449,775	2,038,391	49%
Dion Andrews – Chief Financial Officer											
FY21	**482,500**	**162,198**	**3,241**	**9,231**	**–**	**25,000**	**3,558**	**50,664**	**154,133**	**890,525**	**42%**
FY20	482,491	131,303	2,270	13,053	–	25,000	26,413	49,600	191,984	922,114	41%
Michael Green – Chief Investment Officer											
FY21	**475,077**	**162,198**	**3,241**	**5,533**	**–**	**25,000**	**4,422**	**50,664**	**154,133**	**880,268**	**42%**
FY20	475,068	131,303	2,270	13,907	–	25,000	9,381	49,600	192,198	898,727	42%
Jacquee Jovanovski – Chief Operating Officer[2]											
FY21	**406,375**	**137,868**	**1,595**	**11,297**	**–**	**25,000**	**2,700**	**40,577**	**88,435**	**713,847**	**38%**
FY20	281,554	91,912	–	15,166	–	20,833	727	14,181	86,926	511,299	38%
Total											
FY21	**2,353,952**	**923,288**	**17,830**	**41,204**	**954**	**100,000**	**12,507**	**277,314**	**766,462**	**4,493,511**	**44%**
FY20	2,229,093	729,671	12,190	41,225	2,756	95,833	68,757	270,124	920,883	4,370,532	44%

1. The accounting value of leave movements may be negative; for example, where an Executive's annual leave balance decreases as a result of taking more than the 20 days' annual leave they accrue during the current year.
2. Joined the Group on 26 August 2019.

FY21 short-term incentives (STI)

Performance criteria for Executive KMP STI for current year (FY21)

The STI provides Executive KMP with the opportunity to receive cash and equity based on a one-year performance period following an assessment against specified financial and non-financial performance conditions. The maximum opportunity was 100% of the potential STI for FY21, temporarily reduced from 117.5% in the prior year due to Covid-19 and the general uncertainty this meant for the Group. Performance criteria for FY21 are set out below.

	Weighting	Strategic objectives	Result	Performance detail
Financial 70%	70%	**FFO per Security** – Base target 24.5 cps = 30% – (set 0.2 cps ahead of budget) – Maximum of 100% earned at 26.1 cps	60%	**FFO** 25.7cps +0.4% on FY20
Non-Financial 30%	13.2%	**Operational priorities** – Identify opportunities for growth – Continue to improve the commercial office and industrial portfolio – Leasing of Botanicca 3 and sale of Broadmeadows – Maintain appropriate debt structure – Compliance and internal controls	85%	**Strategic acquisitions** $52m[1] +$8m on FY20 **Strategic divestments** $114m +$114m on FY20 ✔ Botanicca 3, 78% occupied as at 30 June 2021 and Broadmeadows sold ✔ $315m of debt extended, $60m of debt cancelled and gearing reduced to 27.9% (FY20: 32.2%)
	4.8%	**People and leadership** – Maintain high employee engagement score – Promote and achieve diversity objectives – Identify talented staff and development plans in place for all staff – Maintain a strong governance, risk and compliance culture – Maintain safety and wellbeing of employees	99%	✔ FY21 employee alignment and engagement scores in line with FY20, in top quartile of benchmark group. ✔ Maintained strong culture and kept entire team intact, despite extended period working remotely. ✔ Women in leadership positions increased to 38% (FY20: 30%) ✔ No OH&S incidents for 12th consecutive year.
	6.0%	**Environmental, Social and Governance (ESG) initiatives** – Maintain average high NABERS ratings – Maintain high CDP and GRESB scores – Progress initiatives to manage modern slavery issues in the supply chain – Provide a positive contribution to the community – Maintain quality of reporting	100%	✔ NABERS Energy rating of 5.1 stars (FY20: 4.9 stars). ✔ GRESB score increased to 74 (FY20: 72) and CDP maintained at B. ✔ Published inaugural Modern Slavery Statement. ✔ Accelerated net zero target to 2025 (previously 2050). ✔ Published inaugural TCFD Statement
	1.5%	**External stakeholders** – Maintain high level of engagement with Securityholders and other stakeholders	100%	✔ Increased positive external survey results and direct feedback on Growthpoint's engagement with key stakeholders
	4.5%	**Individual EMT objectives** – Execution of key strategies to achieve annual budget/guidance and longer-term earnings growth – Role model values, leadership behaviours, collaboration and inclusiveness	85%[2]	✔ Successfully navigated challenges presented by COVID-19 pandemic ✔ Execution of strategy in relative business area. ✔ High scores for EMT in employee survey
Totals	100%		69%	

See page 50 for more detailed information on Executive KMP remuneration.

1. Settlement of 11 Murray Rose, Sydney Olympic Park, NSW occurred on 24 August 2021.
2. Result of 85% is a weighted average of the four Executives' individual results.

Remuneration report.

STI Plan overview for Executive KMP

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

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

STI Criteria

The STI is divided into two criteria, namely;

a) *Financial criteria – 70% of total*

The financial criteria is based upon achieving above budgeted FFO per security (prior to COVID adjustments), whereby 24.5cps provides a 30% score through to 26.1 cps (which is 7.4% above the budgeted figure) for a 100% score of this financial criteria component. If FFO per security is below the base target, the Board has discretion whether to grant achievement under the financial criteria. For FY21 the achievement was 60% for the financial criteria due to achievement of 25.7 cps.

b) *Non-financial criteria – 30% of total*

The non-financial criteria are based upon the performance criteria in the table on page 43. Achievement against this criteria was assessed and approved by the Committee following the end of the financial year. Achievement of this component is capped at 100%. For FY21 the achievement for non-financial criteria was 91% overall.

Results of FY21 STI

The table below shows the maximum in cash and Short-term Performance Rights that each Executive KMP could earn for FY21, and the actual results achieved.

	Maximum for FY21				Result for FY21			
Names	Total	Cash	Short-term Performance Rights		Total	Cash	Short-term Performance Rights[1]	
	$	*$*	*$*	*No.*	*$*	*$*	*$*	*No.*
Timothy Collyer – Managing Director	**1,000,000**	666,700	333,300	101,306	**691,500**	461,023	230,477	70,053
Dion Andrews – Chief Financial Officer	**350,000**	233,345	116,655	35,457	**243,285**	162,198	81,087	24,646
Michael Green – Chief Investment Officer	**350,000**	233,345	116,655	35,457	**243,285**	162,198	81,087	24,646
Jacquee Jovanovski – Chief Operating Officer	**297,500**	198,343	99,157	30,138	**206,792**	137,868	68,924	20,949
Total	**1,997,500**	**1,331,733**	**665,767**	**202,358**	**1,384,862**	**923,287**	**461,575**	**140,294**

The number of Short-term Performance Rights is derived by dividing the maximum dollar value by the Volume Weighted Average Price (VWAP) of Growthpoint securities over the first 10 trading days of FY21, being $3.29. The actual number of Short-term Performance Rights earned by Executive KMP will be split into two equal tranches with the first tranche converting to stapled securities on 30 June 2022 and the second tranche converting on 30 June 2023, as long as the individual is still employed and has not submitted their resignation prior to conversion date.

FY21 Def STI plan - valuation inputs (Binomial model)

		Managing Director		Other EMT members	
		Tranche 1	Tranche 2	Tranche 1	Tranche 2
Grant date		19-Nov-20	19-Nov-20	27-Nov-20	27-Nov-20
Performance period start		1-Jul-20	1-Jul-20	1-Jul-20	1-Jul-20
Performance period end		30-Jun-22	30-Jun-23	30-Jun-22	30-Jun-23
Security price at grant date	$	3.73	3.73	3.73	3.73
Fair value	$	3.40	3.21	3.40	3.21
Exercise price	$	–	–	–	–
Expected life (years)	*years*	1.61	2.61	1.59	2.59
Volatility	%	27	27	27	27
Risk free interest rate (per annum)	%	0.04	0.08	0.04	0.07
Distribution yield (per annum)	%	5.75	5.75	5.75	5.75

FY21 long-term incentives (LTI)

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

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

LTI performance measures

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

LTI plans now in operation

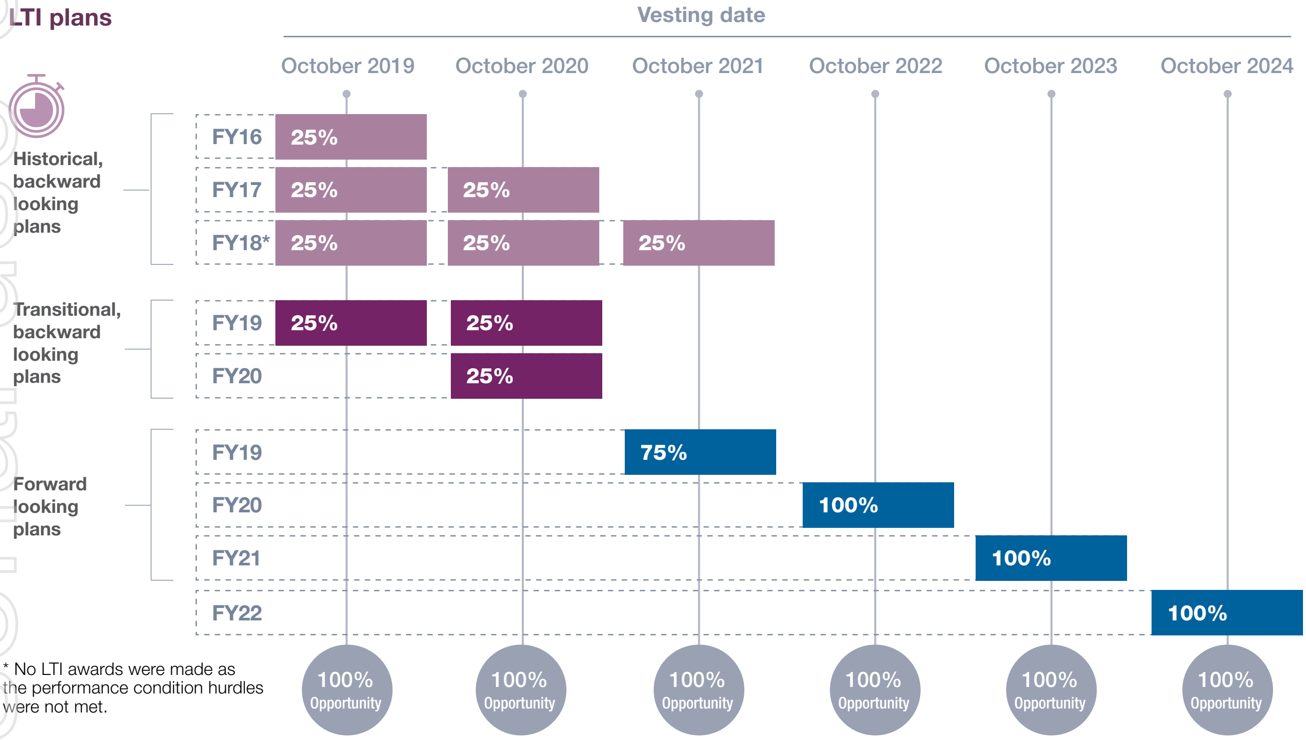
There were three types of LTI plans in operation for Executive KMP in FY21 as the Group completed its transition to forward-looking plans that commenced in FY19. Given that there were no LTI awards made for the backward looking FY18 plan, all rights associated with the historical and transitional plans have now either vested or lapsed. Only forward-looking plans will be reported on for future reporting periods. Details of the three LTI plans are:

- **Historical backward-looking plan from FY17**
  The performance measures of this plan were tested and corresponding rights vested in October 2020.
- **Transitional plans**
  These plans are also backward looking.
  - The FY19 Transitional plan performance measurement period was for three years to 30 June 2019. Only 50% of the maximum opportunity under this plan could convert to the issuing of stapled securities. This was because the transitional plans were designed to run down until the first forward looking plan reaches vesting. The results of this plan were determined by the Committee in October 2019, with corresponding stapled securities issued in two equal tranches, in October 2019 and October 2020 respectively.
  - The FY20 Transitional plan operated on the same basis as the FY19 Transitional plan, with 25% of the maximum opportunity available under this plan as part of the run down until the first forward looking plan reaches vesting. The performance results of this plan were determined in October 2020, with corresponding stapled securities issued in one tranche in October 2020.
  - No further LTI performance rights were granted under transitional plans after FY20 (see diagram on the next page).
- **Forward-looking plans**
  - The performance measurement period for the FY19 forward looking plan was the three years to 30 June 2021. For this plan, only 75% of the maximum opportunity can vest. This is to dovetail with the final 25% tranche of the FY18 plan that may have converted into securities in the same year, notwithstanding that based on performance results, zero rights were issued under the FY18 plan.
  - The performance measurement period for the FY20, FY21 and FY22 forward looking plans are the three years to 30 June 2022, 30 June 2023 and 30 June 2024, respectively. For these plans, 100% of the maximum opportunity may vest into stapled securities subject to the performance measures being met.

Remuneration report.

LTI plans now in operation (continued)

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



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

LTI performance measures

Total securityholder return (TSR)

50%

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

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

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

Return on equity (ROE)

50%

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

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

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

1. For both Performance Conditions, the Board has the discretion to adjust the comparator group to take into account events including, but not limited to, de-listings, takeovers, and mergers or de-mergers that might occur during the measurement period, or where it is no longer meaningful to include a company within the comparator group.
2. For the backward-looking plans, this was 3 years up to 30 June in the relevant financial year. For forward looking plans, this is 30 June in three years from 1 July of the relevant financial year. For example, the FY21 Plan period ends on 30 June 2023.

LTI Maximum

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

LTI Minimum

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

Remuneration report.

LTI Achievement

The LTI results are independently calculated by Grant Thornton and reviewed by the Committee after the conclusion of the performance period.

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

LTI Awards for backwards looking plans (transitional plans)

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

The LTI Award was translated into an equivalent value of the Group's securities through dividing the LTI Award by the VWAP of the securities over the 20 trading days prior to 30 September following the financial year to which the LTI related. This gave a total number of securities to be issued to each Executive KMP for each subsequent vesting. 25% of the securities issued to each Executive KMP based on the LTI Award were issued to each Executive KMP in October or November of each of the following four years. Each such vesting was subject to the Executive KMP remaining employed by Growthpoint at the relevant vesting date.

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

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

The opportunity under transitional plans steadily reduced and will be nil from FY22 during which the first LTI Performance Rights under the new forward-looking plans are capable of vesting.

LTI Awards for forward looking plans

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

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

ASX Listing Rules

In accordance with ASX Listing Rule 10.14, the issue of any stapled securities or performance rights to the Managing Director is subject to Securityholder approval. For issuances that occurred in FY21, Securityholder approval was obtained from the Group's previous annual general meetings. It is intended that approval for future issuances will be obtained at the Group's annual general meeting each year and, if approved, stapled securities or performance rights will be issued shortly after the relevant meeting.

FY21 Forward Looking Plan

The table below shows LTI grants made during the year for the FY21 LTI Plan, subject to performance conditions over the three-year performance period ending 30 June 2023. Accounting standards require the valuation of the grants be recognised over the performance period. The minimum value of the grant to participants is nil if the vesting conditions are not met. The fair value reported was calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

Plan participants		LTI max as a % of remuneration	Performance measure	Number of performance rights granted	Fair value per performance right	Total estimated fair value
		%		*No.*	*$*	*$*
Timothy Collyer – Managing Director			TSR	121,581	1.587	192,949
			ROE	121,580	3.179	386,503
	Total	**80**		**243,161**		**579,452**
Dion Andrews – Chief Financial Officer			TSR	53,191	1.566	83,297
			ROE	53,191	3.183	169,307
	Total	**70**		**106,382**		**252,604**
Michael Green – Chief Investment Officer			TSR	53,191	1.566	83,297
			ROE	53,191	3.183	169,307
	Total	**70**		**106,382**		**252,604**
Jacquee Jovanovski – Chief Operating Officer			TSR	45,213	1.566	70,804
			ROE	45,212	3.183	143,910
	Total	**70**		**90,425**		**214,714**

Key inputs used in valuing LTI Performance Rights were as follows:

Key inputs:	Timothy Collyer	Other Executive KMP
Grant date	19-Nov-20	27-Nov-20
TSR performance start date	1-Jul-20	1-Jul-20
TSR expiry date	30-Jun-23	30-Jun-23
Share price at issue date ($)	$3.73	$3.73
Exercise price	–	–
Expected life (years)	2.78	2.76
Volatility	27%	27%
Risk free interest rate	0.09%	0.08%
Distribution yield	5.8%	5.8%

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

Hedging of performance rights by Executive KMP

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

Remuneration report.

Executive KMP remuneration in detail

Details of Performance Rights that vested to Executive KMP in FY21

Plan participants	Plan identification	Value of securities issued on conversion of performance rights	Number of securities issued on conversion of performance rights	Value of performance rights still to vest[1]	% of plan that vested during FY21
		$	No.	$	%
Timothy Collyer – Managing Director	FY20 Deferred STI Plan	88,347	21,707	N/A	50
	FY19 Deferred STI Plan	131,917	32,412	N/A	50
	FY20 LTI Transitional Plan	167,597	49,732	N/A	100
	FY19 LTI Transitional Plan	119,588	35,486	N/A	50
	FY17 LTI Plan	185,697	55,103	N/A	25
	Total	**693,146**	**194,440**	**N/A**	
Dion Andrews – Chief Financial Officer	FY20 Deferred STI Plan	30,920	7,597	N/A	50
	FY19 Deferred STI Plan	39,149	9,619	N/A	50
	FY20 LTI Transitional Plan	73,324	21,758	N/A	100
	FY19 LTI Transitional Plan	44,366	13,165	N/A	50
	FY17 LTI Plan	63,343	18,796	N/A	25
	Total	**251,102**	**70,935**	**N/A**	
Michael Green – Chief Investment Officer	FY20 Deferred STI Plan	30,920	7,597	N/A	50
	FY19 Deferred STI Plan	39,149	9,619	N/A	50
	FY20 LTI Transitional Plan	73,324	21,758	N/A	100
	FY19 LTI Transitional Plan	44,366	13,165	N/A	50
	FY17 LTI Plan	64,256	19,067	N/A	25
	Total	**252,015**	**71,206**	**N/A**	
Jacquee Jovanovski – Chief Operating Officer	FY20 Deferred STI Plan	21,644	5,318	N/A	50
	FY20 LTI Transitional Plan	51,325	15,230	N/A	100
	Total	**72,969**	**20,548**	**N/A**	
Total		**1,269,232**	**357,129**	**N/A**	

1. Actual value will depend upon the security price at the time of vesting.

Movements in number of Performance Rights held by Executive KMP during FY21

STI performance rights

Plan participants	Balance at 1 July 2020	Rights granted[1]	Rights lapsed[1]	Rights vested	Balance at 30 June 2021
	No.	*No.*	*No.*	*No.*	*No.*
Timothy Collyer – Managing Director	123,094	101,306	(78,521)	(54,119)	**91,760**
Dion Andrews – Chief Financial Officer	41,358	35,457	(27,355)	(17,216)	**32,244**
Michael Green – Chief Investment Officer	41,358	35,457	(27,355)	(17,216)	**32,244**
Jacquee Jovanovski – Chief Operating Officer	22,217	30,138	(20,770)	(5,318)	**26,267**
Total	**228,027**	**202,358**	**(154,001)**	**(93,869)**	**182,515**

1. The maximum rights that may have be awarded under the FY21 deferred STI plan were granted during the year. The portion that lapsed based on the actual STI outcome for the year are deemed to have lapsed on 30 June 2021.

LTI performance rights

Plan participants	Balance at 1 July 2020	Rights granted	Rights lapsed	Rights vested	Balance at 30 June 2021
	No.	*No.*	*No.*	*No.*	*No.*
Timothy Collyer – Managing Director	480,163	243,161	–	(140,321)	**583,003**
Dion Andrews – Chief Financial Officer	192,115	106,382	–	(53,719)	**244,778**
Michael Green – Chief Investment Officer	192,386	106,382	–	(53,990)	**244,778**
Jacquee Jovanovski – Chief Operating Officer	71,943	90,425	–	(15,230)	**147,138**
Total	**936,607**	**546,350**	**–**	**(263,260)**	**1,219,697**

FY22 Executive KMP remuneration

Proposed performance criteria for STI for next year (FY22)

The structure for FY22 STI for Executive KMP will remain split between financial measures (70%) and non-financial measures (30%).

The financial measure will be based on a target FFO per security measure, with a base target and range up to a stretch target agreed by the Committee for the financial year. The maximum STI outcome will return to 117.5% which had been in place for FY20 and was temporarily reduced to 100% for FY21 as a COVID-19 cost reduction measure.

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

- Individual Executive KMP objectives which will include measures relating to the execution of operational and strategic priorities, external stakeholder engagement, corporate reputation and profile, people, culture and leadership. The personal objectives set for each Executive KMP will reflect their role and responsibilities;
- ESG initiatives and diversity targets; and
- Customer satisfaction.

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

Executive KMP FY22 remuneration

The weighted average of total fixed remuneration for Executive KMP payable in FY21 will generally increase in FY22 by 9.1%.

Remuneration report.

Non-executive KMP arrangements

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

Remuneration paid and payable

The total remuneration to be paid to Non-Executive Directors for FY22 is listed on the following page.

Principles of remuneration for Non-Executive KMP

The principles of non-executive director remuneration are:

1. Non-Executive Directors should receive total remuneration at market rates for equivalent positions at listed Australian entities of similar size (measured by market capitalisation), complexity and Non-Executive Director workload having regard to the industry in which the Group operates.
2. Fees are set at a level to attract and retain suitably qualified and experienced persons to the Board.
3. The Chairman is entitled to a base annual fee and is not eligible for any additional fees for chairing or being a member of any Board committees.
4. All Non-Executive Directors other than the Chair are entitled to a base annual fee plus additional fees for being a chairman or a member of a committee.
5. All Non-Executive Directors' fees are paid on a base fee for the year rather than per meeting.
6. All Non-Executive Directors' fees are to be paid in cash and include superannuation where applicable.
7. From 1 July 2018, the Committee implemented a Minimum Securityholding Requirement (MSR) for Non-Executive KMP (refer to page 54 for details of current holdings and details of the MSR).
8. Non-Executive Directors are not entitled to any termination or similar payments upon retirement or other departure from office.
9. In addition to remuneration, Non-Executive Directors may claim expenses such as travel and accommodation costs reasonably incurred in fulfilling their duties.
10. With the prior approval of the Chairman, Non-Executive Directors may obtain independent advice at the Company's cost.

FY21 Non-Executive KMP Remuneration

	Period	Short-term		Post employment	
		Fees	Committee Fees	Superannuation benefits	Total
		$	$	$	$
Geoff Tomlinson – Chair (appointed 1 September 2013)	**FY21**	**194,612**	**–**	**18,488**	**213,100**
	FY20	194,612	–	18,488	213,100
Grant Jackson (appointed 5 August 2009)	**FY21**	**99,543**	**14,543**	**10,838**	**124,924**
	FY20	99,543	12,420	10,637	122,600
Francois Marais (appointed 5 August 2009)	**FY21**	**109,000**	**12,300**	**–**	**121,300**
	FY20	109,000	12,300	–	121,300
Norbert Sasse (appointed 5 August 2009)	**FY21**	**109,000**	**19,400**	**–**	**128,400**
	FY20	109,000	19,400	–	128,400
Estienne de Klerk (appointed 5 August 2009)	**FY21**	**109,000**	**13,600**	**–**	**122,600**
	FY20	109,000	13,600	–	122,600
Maxine Brenner (appointed 19 March 2012, resigned effective 30 November 2020)	**FY21**	**43,052**	**9,045**	**2,861**	**54,958**
	FY20	105,263	20,913	5,722	131,898
Josephine Sukkar AM (appointed 1 October 2017)	**FY21**	**99,543**	**11,233**	**10,524**	**121,300**
	FY20	99,543	11,233	10,524	121,300
Deborah Page AM (appointed 1 March 2021)	**FY21**	**33,181**	**6,971**	**3,814**	**43,966**
	FY21	**796,931**	**87,092**	**46,525**	**930,548**
Total	FY20	825,961	89,866	45,371	961,198

Non-Executive KMP FY22 remuneration

Fees payable to the Non-Executive Directors in FY22 as part of their membership of the Board and Committees will remain the same as the fees payable in FY21 which have not increased since July 2019. Similarly, fees payable to the Board Chairman and Committee Chairs will remain the same as the fees payable in FY21.

Remuneration report.

Executive and non-executive KMP shareholdings

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

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

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

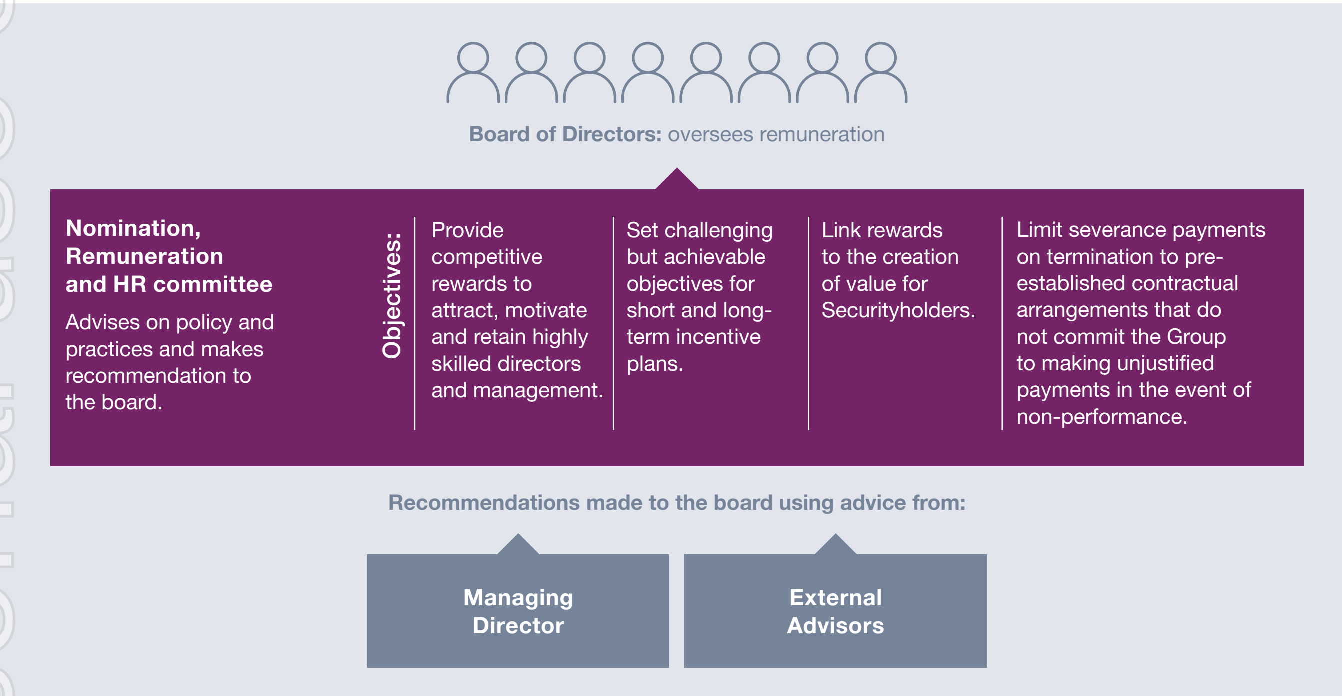
Name	Holding as at 30 June 2020	Securities granted as compensation	Securities acquired	Holding as at 30 June 2021	MSR	Current equivalent value in Growthpoint securities[1]
	No.				*%*	*%*
Geoff Tomlinson	88,776	–	–	88,776	100	170
Grant Jackson	190,087	–	–	190,087	100	710
Francois Marais	169,284	–	–	169,284	100	632
Norbert Sasse	1,656,460	–	–	1,656,460	100	6,185
Estienne de Klerk	1,752,863	–	49,994	1,802,857	100	6,732
Josephine Sukkar AM	14,000	–	–	14,000	100	52
Deborah Page AM	–	–	25,050	25,050	100	94
Timothy Collyer	1,035,744	194,440	–	1,230,184	100	501
Dion Andrews	176,671	70,935	–	247,606	50	403
Michael Green	53,823	71,206	–	125,029	50	204
Jacquee Jovanovski	–	20,548	–	20,548	50	39

1. Current equivalent value takes the closing price of Growthpoint securities on 30 June 2021 ($4.07), multiplied by the holding and compares this to the relevant FY21 measure (100% of base fees for Non-Executive Directors, for example). This is provided for information only at this time as compliance with the MSR is not required until 30 June 2022.

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

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

How Governance and remuneration decisions are made



Committee members

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

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

Delegated authority

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

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

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

c) Review the most senior executive officer's recommendations for the remuneration packages, including bonus incentives and related key performance indicators, for other Group employees 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 report.

Impact of performance on Securityholders' wealth

In considering the Group's performance and benefits for Securityholders' wealth, the Committee has regard to the financial measures in the table below in respect of the five financial years ended 30 June 2021.

		2021	2020	2019	2018	2017
Profit attributable to the owners of the Group	$m	**553.2**	272.1	375.3	357.7	278.1
Dividends and distributions paid	$m	**154.4**	168.2	167.4	148.4	144.9
Distribution per stapled security	$	**0.200**	0.218	0.230	0.222	0.215
Closing stapled security price	$	**4.07**	3.20	4.12	3.61	3.14
Change in stapled security price	$	**0.87**	(0.92)	0.51	0.47	(0.01)
Total Securityholder return[1]	%	**34.0**	(17.7)	21.0	22.3	6.3
Return on equity	%	**19.7**	10.8	16.9	18.5	18.6

1. Source UBS Investment Research.

Independent consultants

During the year, the Committee engaged PWC as an independent consultant to provide advisory services in relation to Executive KMP and Non-Executive Director remuneration. The PWC analysis compared the relative positioning of remuneration for each EMT role against:

- An industry peer group – 20 ASX listed A-REIT peer group
- A market capitalisation peer group – 10 ASX listed companies above and below Growthpoint by market capitalisation

PWC also undertook a fixed regression analysis, using the industry peer group, to determine an implied remuneration positioning for each EMT member to key metrics such as market capitalisation, square metres of portfolio, total assets, total liabilities and funds from operations. The correlation of remuneration to the key metrics for each role varied from weak (low r-squared) to strong (high r-squared), however, provided the Committee with additional analysis from which to set remuneration levels.

These services did not include specific recommendations to the Committee. PWC was paid a total of $39,000 for providing these services.

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

Remuneration reviews

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

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

Executive Director Remuneration and Service Contract

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

Remuneration paid and payable

The total remuneration paid or payable to the Managing Director for FY21 is listed on page 50 of this report.

Service contract

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

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

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

Termination payments for redundancy comprise nine months' notice and redundancy policy benefits.

Principles of remuneration for the Managing Director

The principles of remuneration for the Managing Director are included as part of the Executive KMP principles listed on page 41.

Other service contracts

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

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

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

Cessation of employment

Ceasing employment for cause or due to resignation

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

Ceasing employment for other reasons

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

Takeover or Scheme

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

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

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

Clawback

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

Remuneration report.

Non-Executive and Executive KMP Reviews

Non-Executive KMP reviews

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

Board composition

The Board currently comprises Directors with extensive experience and expertise in property, funds management, finance, law, investment banking, accounting and corporate governance. Refer to pages 32-33 for full profiles of each Director.

Being a property company, the Board has expressed a particular desire to ensure it comprises directors with extensive Australian commercial property knowledge. The Managing Director, Grant Jackson and Josephine Sukkar AM 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. During the year Deborah Page AM was appointed to the Board. Deborah has extensive executive experience, having held senior financial and operational roles at a number of leading Australian companies. The Board is eager to ensure that where Board members are replaced, the Board's property experience is not diminished.

Succession planning for directors

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

Executive KMP Reviews

The Managing Director's performance is formally considered annually by the Committee and, based on this formal assessment, the Committee makes remuneration recommendations to the Board. In making its assessment, the Committee considers, among other things, the STI performance measures listed on page 43.

The Managing Director reviews the performance of the other Executive KMP and makes recommendations to the Committee on their remuneration based, in part, on the STI performance measures listed on page 43.

Meetings of Directors (FY21)

	Growthpoint Board		Audit, Risk and Compliance Committee		Nomination, Remuneration and HR Committee	
Board member	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended
G. Tomlinson – Chairman	8	8	4	4	7	7
M. Brenner (resigned effective 30-Nov 20)	3	3	2	2	–	–
T. Collyer – Managing Director[1,2]	8	8	4	4	7	7
E. de Klerk	8	8	4	4	–	–
G. Jackson	8	8	4	4	–	–
F. Marais	8	8	–	–	7	7
J. Sukkar	8	8	–	–	7	7
N. Sasse	8	8	–	–	7	7
D. Page (commenced 1-Mar-21)	4	4	1	1	–	1

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

Additional **information.**

Directors

The following persons were members of the Growthpoint Properties Australia Board during FY21:

- Geoffrey (Geoff) Tomlinson, Independent Chairman
- Timothy Collyer, Managing Director
- Deborah Page AM, Independent Director (appointed 1 March 2021)
- Estienne de Klerk (deemed non-independent given role as CEO of Growthpoint Properties Limited, South Africa)
- Grant Jackson, Independent Director
- Norbert Sasse (deemed non-independent given role as Group CEO of Growthpoint Properties Limited, South Africa)
- Francois Marais (deemed non-independent given role as Chairman of Growthpoint Properties Limited, South Africa)
- Josephine Sukkar AM, Independent Director
- Maxine Brenner, former Independent Director (resigned effective 30 November 2020)

Details of each Director's appointment, qualifications and experience, together with their recent directorships, are set out on pages 32 to 33 of this report. Information about attendance at the meetings of Directors held during FY21 is contained in the Remuneration Report on page 58 of this report.

Company Secretaries

Jacqueline (Jacquee) Jovanovski and Dion Andrews are the Company Secretaries of the Group. Details of their qualifications and experience are set out on page 34 of this report.

Principal activities

The principal activities of the Group during the year continued to be property investment. During the year there were no significant changes in its state of affairs.

Review of operations and results

The Operating and Financial Review is contained on pages 3 to 31 of this report.

Indemnification and insurance of Directors, Officers and Auditor

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

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

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

Additional **information.**

Non-Audit services

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

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

	FY21	FY20
	$	$
Audit and review of financial statements	283,470	217,000
Other regulatory audit services	37,000	37,000
Total paid to EY	**320,470**	**254,000**

Auditor's independence

At the 2019 AGM, Securityholders approved the appointment of EY as auditor following a competitive tender process.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 99.

Subsequent events

On 24 August 2021, settlement occurred on the acquisition of 11 Murray Rose Avenue, Sydney Olympic Park, New South Wales for $52.0 million (net sale price excluding acquisition costs). There have been no other subsequent events from the end of the year to the date of this report likely to significantly affect the operations of the business, the results of those operations or the state of affairs of the Group in future financial years.

Environmental Regulations

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

Rounding of amounts

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

About the Directors' Report

The Directors' Report comprises pages 3 to 60 of this report except where referenced elsewhere.

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

T.J. Collyer

Timothy Collyer
Managing Director
Growthpoint Properties Australia

25 August 2021

Financial report.

Financial Statements

Notes to the Financial Statements

Declarations / Reports

About the Financial Report

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

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

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

The financial report was authorised for issue by the Directors on 25 August 2021.

References to 'the year' in this report refer to the year ended 30 June 2021 unless the context requires otherwise. References to 'balance date' in this report refer to 30 June 2021 unless the context requires otherwise.

Consolidated Statement of **Comprehensive income.**

For the year ended 30 June 2021

	Notes	2021	2020
		$m	$m
Revenue and other income			
Property revenue	2.1	288.7	287.3
Distributions from investment in securities	2.3	5.4	5.1
Interest income		0.1	0.3
Total revenue and other income		294.2	292.7
Expenses			
Property expenses	2.1	(45.7)	(47.0)
Borrowing costs	3.2	(52.3)	(51.9)
Other expenses		(15.4)	(14.4)
Depreciation of right of use assets		(4.1)	(4.1)
Total expenses		(117.5)	(117.4)
Other gains/losses			
Net gain in fair value of investment properties	2.2	356.5	116.9
Net (loss) in fair value on sale of investment properties		(1.5)	–
Net gain/(loss) in fair value of investment in securities	2.3	29.3	(15.7)
Net (loss)/gain in fair value of derivatives	3.4	(43.8)	31.5
Net gain/(loss) on exchange rate translation of interest-bearing liabilities	3.1	33.0	(28.5)
Net gains from other items		373.5	104.2
Profit before tax		**550.2**	**279.5**
Income tax benefit/(expense)	4.1	3.0	(7.4)
Profit after tax		**553.2**	**272.1**
Other comprehensive income		–	–
Total comprehensive income		**553.2**	**272.1**
Total comprehensive income attributable to:			
Owners of the Trust		554.3	265.3
Owners of the Company		(1.1)	6.8
Total comprehensive income		553.2	272.1
Earnings per security attributable to Securityholders of the Group:			
Basic earnings per stapled security (cents)	3.9	71.7	35.3
Diluted earnings per stapled security (cents)	3.9	71.5	35.3

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

Consolidated Statement of **Financial Position.**

As at 30 June 2021

	Notes	2021	2020
		$m	*$m*
Current assets			
Cash and cash equivalents		33.5	42.7
Receivables and other assets	2.4	6.1	5.5
Total current assets		39.6	48.2
Non-current assets			
Investment properties	2.2	4,619.6	4,325.7
Investment in securities	2.3	104.8	69.9
Receivables and other assets	2.4	3.7	1.9
Derivative financial instruments	3.4	7.3	51.9
Right-of-use assets		1.2	1.5
Plant and equipment		0.5	0.7
Deferred tax assets	4.1	1.1	0.9
Total non-current assets		4,738.2	4,452.5
Total assets		**4,777.8**	**4,500.7**
Current liabilities			
Distribution to Securityholders	3.8	77.2	77.2
Trade and other liabilities	2.5	35.0	31.3
Current tax payable	4.1	0.2	1.4
Lease liabilities	3.3	0.9	0.7
Deferred tax liabilities	4.1	0.6	3.6
Total current liabilities		113.9	114.2
Non-current liabilities			
Interest bearing liabilities	3.1	1,327.1	1,446.0
Lease liabilities	3.3	105.9	107.6
Derivative financial instruments	3.4	9.5	10.3
Total non-current liabilities		1,442.5	1,563.9
Total liabilities		**1,556.4**	**1,678.1**
Net assets		**3,221.4**	**2,822.6**
Equity			
Contributed equity	3.7	2,048.5	2,049.9
Reserves		11.2	10.3
Retained profits		1,161.7	762.4
Total equity		**3,221.4**	**2,822.6**

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 2021

	Notes	Attributable to unitholders of the Trust (Parent entity) Contri-buted equity	Retained profits	Total	Attributable to shareholders of the Company (other stapled entity) Contri-buted equity	Reserves	Retained profits	Total	**Total equity**
		$m	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*
Equity as at 30 June 2020		1,979.4	761.4	2,740.8	70.5	10.3	1.0	81.8	2,822.6
Profit after tax		–	554.3	554.3	–	–	(1.1)	(1.1)	553.2
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	554.3	554.3	–	–	(1.1)	(1.1)	553.2
Transactions with Securityholders in their capacity as Securityholders:									
Security buybacks		(1.4)	–	(1.4)	–	–	–	–	(1.4)
Distributions provided or paid		–	(154.4)	(154.4)	–	–	–	–	(154.4)
Share-based payment transactions		–	–	–	–	1.4	–	1.4	1.4
Total transactions with Securityholders		(1.4)	(154.4)	(155.8)	–	1.4	–	1.4	(154.4)
Other reserves		–	–	–	–	(0.5)	0.5	–	–
Equity as at 30 June 2021		**1,978.0**	**1,161.3**	**3,139.3**	**70.5**	**11.2**	**0.4**	**82.1**	**3,221.4**
Equity as at 30 June 2019		1,814.5	656.8	2,471.3	64.9	8.5	1.8	75.2	2,546.5
Profit after tax		–	265.2	265.2	–	–	6.9	6.9	272.1
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	265.2	265.2	–	–	6.9	6.9	272.1
Transactions with Securityholders in their capacity as Securityholders:									
Contributions of equity, net of transaction costs	3.7	164.9	–	164.9	5.6	–	–	5.6	170.5
Distributions provided or paid	3.8	–	(160.6)	(160.6)	–	–	(7.7)	(7.7)	(168.3)
Share-based payment transactions	3.10	–	–	–	–	1.8	–	1.8	1.8
		164.9	(160.6)	4.3	5.6	1.8	(7.7)	(0.3)	4.0
Equity as at 30 June 2020		**1,979.4**	**761.4**	**2,740.8**	**70.5**	**10.3**	**1.0**	**81.8**	**2,822.6**

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

Consolidated Statement of **Cash Flows.**

For the year ended 30 June 2021

	Notes	2021	2020
		$m	*$m*
Cash flows from operating activities			
Cash receipts from customers		286.3	295.1
Cash payments to suppliers		(92.1)	(59.7)
Distributions from investment in securities		5.5	5.1
Borrowing costs		(46.6)	(55.2)
Interest received		0.1	0.3
Income tax paid		(1.5)	(4.4)
Net cash flows from operating activities	2.6	**151.7**	**181.2**
Cash flows from investing activities			
Receipts from sale of investment properties		113.9	–
Payments for investment in securities		(5.6)	–
Payments for investment properties		(25.1)	(148.5)
Payments for plant & equipment		(0.1)	(0.2)
Net cash flows from investing activities		**83.1**	**(148.7)**
Cash flows from financing activities			
Proceeds from external borrowings		297.0	494.1
Repayments of external borrowings		(384.4)	(508.4)
Proceeds from equity raising		–	173.6
Equity raising costs		–	(3.1)
Payments for securities buy back		(1.4)	–
Repayments of lease liabilities		(0.8)	(0.7)
Distributions to Securityholders		(154.4)	(175.5)
Net cash flows from financing activities		**(244.0)**	**(20.0)**
Net cash flows		**(9.2)**	**12.5**
Cash and cash equivalents at the beginning of the year		42.7	30.2
Cash and cash equivalents at the end of the year		**33.5**	**42.7**

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

Notes to the Financial Statements.

Section 1: Basis of preparation, accounting policies and other pronouncements

1.1 Basis of preparation

Reporting entity

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

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

In accordance with AASB 3 *Business Combinations*, the Trust is the parent entity and deemed acquirer of the Company in the stapling arrangement. This financial report includes consolidated financial statements for the Trust, comprising the Trust and its controlled entities and the Company and its controlled entities, for the year ended 30 June 2021. The Group is domiciled in Australia and its registered address is Level 31, 35 Collins Street, Melbourne, Victoria, 3000, Australia.

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

Net current asset deficiency

Net current asset deficiency is calculated as the difference between the Group's current assets and current liabilities. The Group reported a net current asset deficiency of $74.3 million as at 30 June 2021 (30 June 2020: $66.0 million) which is an expected outcome from its policy of using cash that is surplus to the Group's short term needs to repay debt facilities. The Group has unutilised debt facilities of $387.5 million which can be drawn at short notice. The Group has sufficient working capital and cashflows in order to fund all requirements arising from the net current asset deficiency.

Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board on 25 August 2021.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis using historical cost except for derivative financial instruments, investment properties, investment in securities and share-based payment arrangements which 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 hundred thousand dollars unless otherwise stated.

1.1 Basis of preparation (continued)

Use of estimates, assumptions and judgements

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

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

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

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

Determination of fair values

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

1.2 Significant accounting policies

The significant accounting policies applied by the Group in this financial report are disclosed in the relevant notes in grey shaded text.

1.3 Impact of new standards, amendments and interpretations

No new accounting standards, amendments or interpretations have come into effect for the year ended 30 June 2021 that materially affect the Group's operations or reporting requirements.

No other standards, amendments or interpretations published that come into effect in a future reporting period are expected to materially affect the Group's operations or reporting requirements.

Notes to the Financial Statements.

Section 2: Operating results, assets and liabilities

2.1 Revenue and operating segment information

Revenue recognition

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

Group earnings and operating segment results

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

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

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

			2021			2020
	Industrial	Office	Total	Industrial	Office	Total
	$m	*$m*	*$m*	*$m*	*$m*	*$m*
Segment items						
Property rental income	83.9	162.2	246.1	91.2	160.9	252.1
Revenue from services to tenants	12.9	21.2	34.1	12.6	23.6	36.2
Property revenue, excluding straight line lease adjustment	**96.8**	**183.4**	**280.2**	**103.8**	**184.5**	**288.3**
Property expenses[1]	(5.2)	(2.0)	(7.2)	(5.2)	(1.9)	(7.1)
Expense from services to tenants[2]	(13.9)	(28.9)	(42.8)	(13.5)	(30.7)	(44.2)
Net property income	**77.7**	**152.5**	**230.2**	**85.1**	**151.9**	**237.0**
Unallocated items						
Amortisation of incentives and leasing costs			26.9			20.8
Other expenses[3]			(15.7)			(14.6)
Distributions from investment in securities			5.4			5.1
Borrowing costs net of interest income[4]			(48.2)			(47.5)
Current income tax expense			(0.3)			(3.6)
FFO			**198.3**			**197.2**
Distributions						
Weighted average securities on issue (m)			772.0			770.9
FFO per stapled security (cents)			25.7			25.6
Distribution per stapled security (cents)			20.0			21.8

1. Property expenses in FFO include $4.4 million (2020: $4.3 million) of ground lease payments (which are replaced with depreciation of right of use assets and interest expense associated with leases on the Consolidated Statement of Comprehensive Income.
2. Outgoings expenses from services to tenants includes $8.7 million (2020: $8.0 million) that was not recoverable under the terms of certain leases.
3. Other expenses in FFO of $15.7 million (2020: $14.6 million) excludes $0.2 million (2020: $0.2 million) depreciation of plant and equipment and includes $0.5 million (2020: $0.4 million) rent payments for the Group's head office at 35 Collins St, Melbourne which are replaced with depreciation of right of use assets and interest expense associated with lease liabilities on the Consolidated Statement of Comprehensive Income.
4. Borrowing costs are shown in segment reporting net of $0.1 million (2020: $0.3million) interest income and exclude the $4.0m (2020: $4.0 million) interest expense associated with lease liabilities which is included on the Consolidated Statement of Comprehensive Income.

2.1 Revenue and operating segment information (continued)

Reconciliation of Profit after tax to FFO

	2021	2020
	$m	$m
Profit after tax	**553.2**	**272.1**
Adjustments for non-FFO items		
- Straight line adjustment to property revenue	(8.5)	1.0
- Net loss in fair value on sale of investment properties	1.5	–
- Net gain in fair value of investment properties	(356.5)	(116.9)
- Net (gain)/loss in fair value of investment in securities	(29.3)	15.7
- Net loss/(gain) in fair value of derivatives	43.8	(31.5)
- Net (gain)/loss on exchange rate translation of interest-bearing liabilities	(33.0)	28.5
- Amortisation of incentives and leasing costs	26.9	20.8
- Deferred tax (benefit)/expense	(3.3)	3.8
- Other	3.5	3.7
FFO	**198.3**	**197.2**

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

	2021	2020
	$m	$m
Property revenue from segments	280.2	288.3
– Straight line adjustment to property revenue	8.5	(1.0)
Property revenue as reported on the Consolidated Statement of Comprehensive Income	**288.7**	**287.3**

Major customer

Revenues from Woolworths Group Limited, in the Group's Industrial segment represents $39.3 million (2020: $46.0 million) of the Group's total revenues.

2.2 Investment properties

Investment properties

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

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

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

Lease incentives and commissions

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

Notes to the Financial Statements.

2.2 Investment properties (continued)

Determination of fair value

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

Fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

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

					Carrying amounts	
Industrial properties			Date	Valuation	2021	2020
				$m	$m	$m
Victoria						
1500 Ferntree Gully Road & 8 Henderson Road	Knoxfield	VIC	30-Jun-21	55.3	55.3	46.0
3 Maker Place	Truganina	VIC	30-Jun-21	48.3	48.3	38.6
9-11 Drake Boulevard	Altona	VIC	30-Jun-21	48.0	48.0	35.6
Lots 2, 3 & 4, 34-44 Raglan Street	Preston	VIC	30-Jun-21	41.1	41.1	35.0
40 Annandale Road[1]	Melbourne Airport	VIC	30-Jun-21	38.3	38.3	33.2
120-132 Atlantic Drive	Keysborough	VIC	30-Jun-21	34.8	34.8	28.4
130 Sharps Road[1]	Melbourne Airport	VIC	30-Jun-21	26.0	26.0	23.8
120 Link Road[1]	Melbourne Airport	VIC	30-Jun-21	21.1	21.1	17.5
20 Southern Court	Keysborough	VIC	30-Jun-21	19.4	19.4	16.7
3 Millennium Court	Knoxfield	VIC	30-Jun-21	15.4	15.4	12.6
31 Garden Street	Kilsyth	VIC	30-Jun-21	15.0	15.0	12.8
6 Kingston Park Court	Knoxfield	VIC	30-Jun-21	14.5	14.5	12.4
19 Southern Court	Keysborough	VIC	30-Jun-21	12.8	12.8	9.4
60 Annandale Road[1]	Melbourne Airport	VIC	30-Jun-21	11.9	11.9	12.3
101-111 South Centre Road[1]	Melbourne Airport	VIC	30-Jun-21	11.2	11.2	9.5
75 Annandale Road[1]	Melbourne Airport	VIC	30-Jun-21	8.3	8.3	8.0
120 Northcorp Boulevard[2]	Broadmeadows	VIC	N/A	N/A	N/A	50.0
Queensland						
70 Distribution Street	Larapinta	QLD	30-Jun-21	235.0	235.0	239.0
13 Business Street	Yatala	QLD	30-Jun-21	15.4	15.4	11.6
5 Viola Place[1]	Brisbane Airport	QLD	30-Jun-21	9.2	9.2	8.7
3 Viola Place[1]	Brisbane Airport	QLD	30-Jun-21	3.3	3.3	2.8
Western Australia						
20 Colquhoun Road	Perth Airport	WA	30-Jun-21	213.0	213.0	177.5
2 Hugh Edwards Drive	Perth Airport	WA	30-Jun-21	17.8	17.8	16.8
58 Tarlton Crescent	Perth Airport	WA	30-Jun-21	17.2	17.2	13.5
10 Hugh Edwards Drive	Perth Airport	WA	30-Jun-21	12.0	12.0	10.3
36 Tarlton Crescent	Perth Airport	WA	30-Jun-21	10.3	10.3	8.8

1. Held under leasehold.
2. Disposed in September 2020.

2.2 Investment properties (continued)

Determination of fair value (continued)

Industrial properties			Date	Valuation	Carrying amounts 2021	Carrying amounts 2020
				$m	$m	$m
New South Wales						
27-49 Lenore Drive	Erskine Park	NSW	30-Jun-21	89.9	89.9	77.5
6-7 John Morphett Place	Erskine Park	NSW	30-Jun-21	68.5	68.5	56.0
51-65 Lenore Drive	Erskine Park	NSW	30-Jun-21	45.0	45.0	37.5
34 Reddalls Road	Kembla Grange	NSW	30-Jun-21	33.0	33.0	28.5
81 Derby Street	Silverwater	NSW	30-Jun-21	27.2	27.2	22.6
South Australia						
599 Main North Road	Gepps Cross	SA	30-Jun-21	224.5	224.5	186.0
1-3 Pope Court	Beverley	SA	30-Jun-21	26.4	26.4	22.0
12-16 Butler Boulevard[1]	Adelaide Airport	SA	30-Jun-21	17.7	17.7	13.8
10 Butler Boulevard[1]	Adelaide Airport	SA	30-Jun-21	8.9	8.9	8.8
Total industrial properties				1,495.7	1,495.7	1,343.4

1. Held under leasehold.
2. Disposed in September 2020.

Office properties			Date	Valuation	Carrying amounts 2021	Carrying amounts 2020
				$m	$m	$m
Victoria						
75 Dorcas Street	South Melbourne	VIC	30-Jun-21	249.0	249.0	214.0
Building 3, 570 Swan Street	Richmond	VIC	30-Jun-21	183.5	183.5	142.5
Building 2, 572-576 Swan Street	Richmond	VIC	30-Jun-21	130.0	130.0	112.5
109 Burwood Road	Hawthorn	VIC	30-Jun-21	113.0	113.0	113.0
Building B, 211 Wellington Road	Mulgrave	VIC	31-Dec-20	79.5	83.2	72.0
Building 1, 572-576 Swan Street	Richmond	VIC	31-Dec-20	73.7	79.0	66.0
Building C, 211 Wellington Road	Mulgrave	VIC	31-Dec-20	60.0	57.4	60.0
Car Park, 572-576 Swan Street	Richmond	VIC	30-Jun-21	1.0	1.0	1.2
Queensland						
100 Skyring Terrace	Newstead	QLD	31-Dec-20	256.0	257.4	254.0
15 Green Square Close	Fortitude Valley	QLD	30-Jun-21	143.0	143.0	151.0
333 Ann Street	Brisbane	QLD	30-Jun-21	140.0	140.0	133.5
CB1, 22 Cordelia Street	South Brisbane	QLD	30-Jun-21	103.0	103.0	103.0
A1, 32 Cordelia Street	South Brisbane	QLD	31-Dec-20	89.0	89.0	91.5
A4, 52 Merivale Street	South Brisbane	QLD	30-Jun-21	87.5	87.5	87.0
CB2, 42 Merivale Street	South Brisbane	QLD	31-Dec-20	60.0	60.0	60.6
Car Park, 32 Cordelia Street & 52 Merivale Street	South Brisbane	QLD	31-Dec-20	30.5	30.8	30.5
South Australia						
33-39 Richmond Road	Keswick	SA	30-Jun-21	69.0	69.0	65.0

Notes to the Financial Statements.

2.2 Investment properties (continued)

Determination of fair value (continued)

Office properties			Date	Valuation	Carrying amounts 2021	2020
				$m	$m	$m
New South Wales						
1 Charles Street	Parramatta	NSW	30-Jun-21	525.0	525.0	440.0
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-20	137.0	137.0	138.0
3 Murray Rose Avenue	Sydney Olympic Park	NSW	30-Jun-21	111.0	111.0	99.0
5 Murray Rose Avenue	Sydney Olympic Park	NSW	31-Dec-20	103.3	100.5	103.5
102 Bennelong Parkway[1]	Sydney Olympic Park	NSW	N/A	N/A	N/A	34.0
6 Parkview Drive[1]	Sydney Olympic Park	NSW	N/A	N/A	N/A	34.5
Australian Capital Territory						
10-12 Mort Street	Canberra	ACT	30-Jun-21	95.0	95.0	100.0
255 London Circuit	Canberra	ACT	31-Dec-20	79.5	81.0	78.3
Western Australia						
836 Wellington Road	West Perth	WA	30-Jun-21	100.0	100.0	94.7
Total office properties				3,018.5	3,025.3	2,879.3
Total portfolio at fair value					**4,521.0**	**4,222.7**
Ground leases as right-of-use assets					98.6	103.0
Total investment properties carrying amount					**4,619.6**	**4,325.7**

1. Disposed in June 2021.

Valuation process

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

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

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

At 30 June 2021, 45 investment properties (including all of the industrial properties) representing approximately 78% (by value) of the portfolio were independently valued by external valuers at eight valuation firms being JLL, Knight Frank, Colliers, Savills, CBRE, Urbis, Cushman & Wakefield and m3property. Fair values for the remaining 10 investment properties were based solely on Directors' internal valuations.

2.2 Investment properties (continued)

Valuation methodology

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

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

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

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

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

Industrial	**2021**	2020
Discount rate	5.3%-7.3%	6.0%-8.0%
Terminal yield	4.3%-10.3%	5.0%-10.3%
Capitalisation rate	4.0%-7.5%	4.8%-8.3%
Expected vacancy period	4-12 months	6-12 months
Rental growth rate	2.4%-3.5%	1.7%-3.2%

Office	**2021**	2020
Discount rate	5.5%-6.8%	6.0%-7.5%
Terminal yield	4.4%-6.9%	4.9%-7.3%
Capitalisation rate	3.8%-6.8%	4.4%-7.0%
Expected vacancy period	6-18 months	6-15 months
Rental growth rate	2.2%-3.6%	2.3%-3.7%

Discount Rates

As shown in the table below, over the 12 months to 30 June 2021 discount rates utilised in the valuation of the Group's property portfolio tightened (i.e. lowered) by approximately 49 basis points. Over the same period, the implied property risk premium decreased by approximately 111 basis points. The implied property risk premium is the difference between the weighted average discount rate and the 10-year Australian Government bond yield. 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 62 basis points rise in the 10-year Australian Government bond yield since 30 June 2020.

	2021	2020
10-year Australian Government bond rate	1.49%	0.87%
Implied property risk premium	4.59%	5.70%
Weighted average 10-year discount rate used to value the Group's properties	6.08%	6.57%

Notes to the Financial Statements.

2.2 Investment properties (continued)

Capitalisation Rates

Office

Investment activity within Australian office markets continued to improve over the 12 months to 30 June 2021, particularly from offshore groups. Demand for higher quality properties, particularly those with secure long term leases to high quality tenants, strengthened in the second half of the year. Secondary investment assets with short lease terms, weak covenants or those which face near term vacancies and/ or require repositioning have generated limited demand. Yields for short to medium weighted average lease expiry (WALE) assets have remained relatively steady, while yields for long-WALE assets which offer stable cash flows, particularly those leased to high quality tenants (e.g. government and large corporations), have firmed between 25 and 50 basis points over the year. The weighted average capitalisation rate used to value the Group's office portfolio firmed 30 basis points to 5.25% over the 12 months to 30 June 2021.

Industrial

Industrial yields continued to be 're-rated' over the 12 months to 30 June 2021, as all major ownership groups including institutional (both domestic and foreign), superannuation, syndication and private investors sought to increase their exposure to the sector given ongoing structural tailwinds, such as growth of e-commerce, supply chain and infrastructure investment and strong occupier fundamentals, including limited vacancy and reduced downtime. Demand for industrial investments, particularly investments which offer scale (i.e. large individual assets and portfolios), is at an all-time high and is outweighing supply with recent (and current) sale campaigns recording historically low yields for not only prime industrial investment stock, but also B and C grade stock. Prime yields are now consistently placed between 4.00% and 5.00%, while 'super prime' yields (modern assets with greater than 10-year WALEs) are now placed at or around 3.50%. Transactional evidence over the past 12 months has provided good evidence for the Group's industrial properties, demonstrating yield compression of between 50 and 100 basis points. The weighted average capitalisation rate used to value the Group's industrial portfolio firmed 86 basis points to 5.16% over the 12 months to 30 June 2021.

Valuation uncertainty

The fair value of investment property represents the price for which a property could be exchanged on the date of valuation, between knowledgeable, willing parties in an arm's length transaction. The best evidence of fair value is given by current prices in an active market for comparable property in terms of investment characteristics such as location, lettable area and land area, building characteristics, property condition, lease terms and rental income potential, amongst others.

The fair value of the Group's investment properties has been assessed having regard to market conditions at the reporting date. While this represents the best estimates of fair value as at the balance sheet date, typical valuation uncertainty means that if an 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. Valuations prepared for four of the Group's properties have been reported based on material valuation uncertainty. This represents 11% of the portfolio valuation.

The key inputs used to measure fair value of investment properties held at fair value are described below, along with the directional impact an increase and decrease in the input has on fair values:

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

2.2 Investment properties (continued)

Valuation uncertainty (continued)

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

As an example, the impact of a 0.25% increase in the market capitalisation rate from 5.2% to 5.5% would result in a decrease of $224 million / 4.9% in the fair value of the Group's investment property portfolio. With all other factors unchanged, this would decrease the Group's net tangible assets (NTA) by 29 cents per security and increase gearing by 1.4% to 29.3%.

Contractual obligations

On 11 June 2021, the Group exchanged conditional contracts to purchase a 100 per cent leasehold interest of an A-grade, modern office asset, located at 11 Murray Rose Avenue, Sydney Olympic Park, New South Wales for $52.0 million (net sale price). The Group paid a deposit of $2.6 million with the balance to be funded at settlement. Since balance date, the conditions precedent were satisfied and the acquisition was settled on 24 August 2021.

The Group has an obligation to make available $6.0 million to the tenant at 1 Charles Street, Parramatta, New South Wales to spend on capital expenditure or refurbishment at the property. As at 30 June 2021 $4.0 million of refurbishment works had been carried out, leaving a balance of $2.0 million which is held as restricted cash (refer note 2.6). As part of the new 25-year lease arrangements with the tenant, the Group also entered a refurbishment deed under which it will contribute up to $44.0 million of office fit out and building refurbishment works. To the extent the tenant does not utilise the $44.0 million on these works, the balance will be provided as a rent abatement spread over the remaining lease term.

Leasing arrangements

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

	2021	2020
	$m	*$m*
Within one year	246.0	244.6
Later than one year but not later than five years	745.5	745.4
Later than five years	1,005.6	1,009.8
	1,997.1	**1,999.8**

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

Movement in investment properties' carrying amounts

	2021	2020
	$m	*$m*
Opening balance	**4,325.7**	**3,983.8**
Acquisitions and expansion capital expenditure	0.4	114.4
Maintenance capital expenditure	21.2	18.2
Lease incentives and leasing costs	52.3	11.2
Amortisation of lease incentives and leasing costs	(26.9)	(20.8)
Disposals	(113.7)	–
Straight-lining of revenue adjustment	8.5	(1.0)
Recognition of ground leases as leasehold asset	(4.4)	103.0
Net gain from fair value adjustments	356.5	116.9
Closing balance	**4,619.6**	**4,325.7**

Notes to the Financial Statements.

2.3 Investment in securities

Determination of fair value

The Group holds an investment in stapled securities of APN Industria REIT. This financial asset was designated at fair value through profit or loss at inception. Fair value is the last traded market price on the Australian Securities Exchange (ASX) as at reporting date, which at 30 June 2021 was $3.32 (30 June 2020: $2.36). The fair value of Investment in securities has been categorised as Level 1 in the fair value hierarchy; being quoted prices (unadjusted) in active markets for identical assets.

The following table represents the fair value movement in investment in securities for the year ended 30 June 2021.

	2021	2020
	$m	*$m*
Opening balance	69.9	85.6
Acquisitions	5.6	–
Gain/(loss) in fair value	29.3	(15.7)
Closing balance	**104.8**	**69.9**

2.4 Receivables and other assets

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

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

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

At 30 June 2021 the Group had $2.9 million in property revenue receivables outstanding (2020: $3.4 million). During the year the Group granted $0.2 million of rental relief to tenants in the form of deferrals (2020: $2.0 million) as required for qualifying tenants under the National Cabinet's Mandatory Code of Conduct for SME commercial leasing principles during the COVID-19 pandemic which was given effect by state and territory legislation. For non-qualifying tenants the principles of the code were taken into account in the consideration of deferral requests. Deferrals granted during the pandemic have been agreed with tenants to be repaid over periods between October 2020 and June 2023 and have been classified between current and non-current receivables accordingly. During the year the Group collected $0.1m in deferral repayments.

Of the current property revenue receivables balance not subject to COVID-19 deferrals, $0.8 million is more than 30 days past its due date (2020: $0.5 million). Consideration of the impact of COVID-19 on tenants has been incorporated into the ECL assessment as at 30 June 2021 based on discussions held to date with each tenant and on any other information known about the tenant and/or their trading conditions. As at 30 June 2021, the Group recognised $0.1 million allowance for ECL (2020: $0.2 million). During the year the Group incurred $nil credit losses (2020: $nil).

2.4 Receivables and other assets (continued)

Receivables and other assets are presented as follows:

	2021	2020
	$m	*$m*
Current		
Property revenue receivables	0.9	1.6
Property revenue receivables (COVID-19 deferrals)	1.2	0.1
Allowance for expected credit losses	(0.1)	(0.2)
Distribution receivables	1.4	1.2
Prepayments	2.7	2.8
	6.1	5.5
Non-Current		
Property revenue receivables (COVID-19 deferrals)	0.9	1.9
Deposit and acquisition costs for investment property	2.8	–
	3.7	1.9

2.5 Trade and other liabilities

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

Trade and other liabilities are presented as follows:

	2021	2020
	$m	*$m*
Current		
Trade payables	0.4	1.0
Employee entitlements	1.2	0.9
GST payable	1.7	2.9
Accrued expenses - other	13.7	9.7
Unearned income	16.9	15.5
Other liability[1]	1.1	1.3
	35.0	31.3

1. The other liability of $1.1m is an amount of cash received from a tenant which is required to be used to fund capital expenditure by the Company as the custodian of the Charles Street Property Trust in relation to that tenancy. The amount held is classified as restricted cash (Refer to Note 2.6).

Notes to the Financial Statements.

2.6 Cash flow information

Reconciliation of profit after tax to net cash inflow from operating activities	2021	2020
	$m	$m
Profit after tax	**553.2**	**272.1**
Net gain in fair value of investment properties	(356.5)	(116.9)
Net loss/(gain) on exchange rate translation of interest-bearing liabilities	(33.0)	28.5
Net loss in fair value on sale of investment properties	1.5	–
Net loss/(gain) in fair value of investment in securities	(29.3)	15.7
Net loss/(gain) in fair value of derivatives	43.8	(31.5)
Interest expense capitalised to qualifying assets	–	(4.5)
Amortisation of borrowing costs	0.9	1.4
Depreciation of right of use assets	4.1	4.1
Depreciation of plant and equipment	0.2	0.2
Share based payments expense	1.4	1.9
Change in operating assets and liabilities:		
– (Increase)/ decrease in lease incentives and leasing costs	(25.2)	9.7
– (Increase)/ decrease in receivables	(8.3)	(1.7)
– Decrease/ (Increase) in prepayments	2.0	(1.1)
– (Decrease)/ increase in net deferred tax liabilities	(3.3)	3.8
– Increase/(decrease) in payables	0.2	(0.5)
Net cash inflow from operating activities	**151.7**	**181.2**

The Group held $3.1 million of restricted cash in trust at 30 June 2021 (30 June 2020: $6.8 million) in relation to its role as custodian of the Charles Street Property Trust. The balance comprises $2.0 million of the Group's own cash along with $1.1million received from a tenant. These funds are not available for general use by the Group.

Section 3: Capital structure and financing

3.1 Interest bearing liabilities

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

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

		Movement during period					
	Opening balance 1 July 2020	Net cash (repayments) / drawdowns of borrowings	Foreign exchange rate adjustments recognised in profit and loss	Closing balance 30 June 2021	Facility limit	Facility headroom	**Maturity**
	$m	*$m*	*$m*	*$m*	*$m*	*$m*	
Secured loans							
Syndicated bank facility							
– Facility B	100.0	–	–	100.0	100.0	–	Mar-23
– Facility C	245.0	–	–	245.0	245.0	–	Dec-23
– Facility D	70.0	–	–	70.0	70.0	–	Dec-23
– Facility E	150.0	–	–	150.0	150.0	–	Jun-23
– Facility G	–	–	–	–	150.0	150.0	Sep-25
– Facility H	–	–	–	–	75.0	75.0	Dec-24
– Facility I	–	62.5	–	62.5	75.0	12.5	Dec-24
– Facility K	40.0	(40.0)	–	–	50.0	50.0	May-25
– Facility L	–	–	–	–	50.0	50.0	May-27
Floating bank facility 1	90.0	(50.0)	–	40.0	90.0	50.0	Dec-22
Loan note 1	200.0	–	–	200.0	200.	–	Mar-25
Loan note 2	100.0	–	–	100.0	100.0	–	Dec-26
Loan note 3	60.0	(60.0)	–	–	–	–	N/A
USPP 1 (USD 100.0m)[1]	146.0	–	(12.9)	133.1	133.1	–	Jun-27
USPP 2 (USD 40.0m)[1]	58.3	–	(5.2)	53.1	53.1	–	Jun-29
USPP 3 (AUD 26.0m)	26.0	–	–	26.0	26.0	–	Jun-29
USPP 4 (USD 115.0m)[1]	167.7	–	(14.9)	152.8	152.8	–	May-29
Total loans	**1,453.0**	**(87.5)**	**(33.0)**	**1,332.5**	**1,720.0**	**387.5**	
Less unamortised upfront costs	(7.0)	1.6	–	(5.4)			
Carrying amounts	**1,446.0**	**(85.9)**	**(33.0)**	**1,327.1**			

1. USD denominated debt closing balance and facility limits are reported at the 30 June 2021 spot rate of 0.75 (30 June 2020: 0.69).

Notes to the Financial Statements.

3.1 Interest bearing liabilities (continued)

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

- In September 2020, the Group amended the existing $90 million Fixed Bank Facility 1 to a variable interest rate which is now labelled Floating Bank Facility 1.
- In November 2020, the Group extended the existing $245 million Syndicated bank facility C and $70 million Syndicated bank facility D by two years from December 2021 to December 2023.
- In June 2021, the Group repaid the $60 million Loan note 3 and terminated the facility.

The weighted average all-in interest rate on interest bearing liabilities (including bank margin and amortisation of upfront fees paid) at 30 June 2021 was 3.32% per annum (2020: 3.43% per annum). Refer to note 3.4 for details on interest rate and cross currency swaps.

Fair value

As at 30 June 2021, the Group's interest-bearing liabilities had a fair value of $1,389.5 million (2020: $1,553.4 million).

The carrying amount of these interest-bearing liabilities was $1,327.1 million (2020: $1,446.0 million). The difference between the carrying amounts and the fair values is due to:

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

Assets pledged as security

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

3.2 Borrowing costs

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

Borrowing costs can be analysed as follows:

	2021	2020
	$m	*$m*
Bank interest expense and charges	46.0	50.9
Interest capitalised to qualifying assets	–	(4.5)
Amortisation of borrowing costs	2.3	1.4
Interest expense on lease liabilities	4.0	4.0
Interest expense on non-current receivables	–	0.1
	52.3	51.9

3.3 Lease liabilities

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

	2021	2020
	$m	$m
Ground Leases		
Not later than one year	4.5	4.4
Later than one but not more than five years	24.9	24.1
More than five years	145.0	152.6
Total	**174.4**	**181.1**
Head Office Lease		
Not later than one year	0.4	0.4
Later than one but not more than five years	1.3	1.7
More than five years	–	–
Total	**1.7**	**2.1**
Total Leases		
Not later than one year	4.9	4.8
Later than one but not more than five years	26.2	25.8
More than five years	145.0	152.6
Total	**176.1**	**183.2**

3.4 Derivative financial instruments

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

Determination of fair value

The fair value of derivatives is estimated using valuation techniques including discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a substitute instrument at the measurement date. Fair values reflect the credit risk of the instrument, the Group and counterparty when appropriate.

Derivative financial instruments

Derivative financial instruments can be analysed as follows:

	2021	2020
	$m	$m
Fair value carrying amounts on balance sheet		
Non-current derivative financial instrument assets	7.3	51.9
Non-current derivative financial instrument liabilities	(9.5)	(10.3)
	(2.2)	41.6
Net fair value by instrument type		
Interest rate swaps	(5.8)	51.9
Cross currency interest rate swaps and cross currency swap	3.6	(10.3)
	(2.2)	41.6

Notes to the Financial Statements.

3.4 Derivative financial instruments (continued)

Instruments used by the Group

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

Interest rate swap contracts

The Group uses interest rate swaps to economically hedge part of its floating rate debt to fixed rate debt. Interest rate swaps in effect at 30 June 2021 covered 27% (30 June 2020: 21%) of the loan principal outstanding. With total fixed interest rate debt of $868.5 million outstanding (30 June 2020: $980.3 million), the total fixed interest rate coverage of outstanding principal is 65% (30 June 2020: 67%).

The average fixed interest rate of interest rate swaps at 30 June 2021 was 1.05% per annum (2020: 1.21% per annum) and the variable interest rate (excluding bank margin) is 0.06% per annum (30 June 2020: 0.14% per annum) at balance date. See table below for further details of interest rate swaps in effect at 30 June 2021:

Counter Party	Amount of Swap	Swap Expiry	Fixed Rate	Term to Maturity
	$m		*%*	*Years*
Interest rate swaps				
NAB	25.0	Jun-23	1.15%	2.0
WBC	75.0	Jun-23	1.15%	2.0
NAB	20.0	Dec-23	0.22%	2.5
WBC	15.0	Dec-23	0.21%	2.5
ANZ	25.0	Feb-24	0.22%	2.6
ANZ	100.0	Jun-24	1.21%	3.0
ANZ	100.0	Jun-25	1.29%	4.0
Total / Weighted average	**360.0**		**1.05%**	**2.9**

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

Cross currency swap and cross currency interest rate swap contracts

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

Cross currency interest rate swaps

The cross-currency interest rate swaps hedge both foreign exchange risk and interest rate risk. The quarterly coupon payments are swapped from a USD denominated principal at a fixed interest rate into an AUD denominated principal at a fixed AUD interest rate. The USD denominated principal repayment at expiry is swapped into a fixed AUD amount.

3.4 Derivative financial instruments (continued)

Cross currency swap

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

Counter Party	Amount of Swap	Swap Expiry	Fixed Rate	3 months BBSW+	Term to Maturity
	$m		*%*	*%*	*Years*
Cross currency interest rate swaps					
NAB	32.6	Jun-27	5.29%	–	6.0
Westpac	32.6	Jun-27	5.29%	–	6.0
ANZ	32.6	Jun-27	5.27%	–	6.0
CBA	32.6	Jun-27	5.26%	–	6.0
NAB	13.0	Jun-29	5.47%	–	8.0
Westpac	13.0	Jun-29	5.47%	–	8.0
ANZ	13.0	Jun-29	5.45%	–	8.0
CBA	13.0	Jun-29	5.44%	–	8.0
Cross currency swap					
Westpac	161.0	May-29	–	2.26%	7.9
Total / Weighted average	**343.4**		**5.33%**	**2.26%**	**7.2**

3.5 Financial instrument fair value hierarchy

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

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

	Level 1	Level 2	Level 3	**Total**
	$m	*$m*	*$m*	*$m*
30-Jun-21				
Investment in securities	104.8	–	–	104.8
Derivative financial assets	–	7.3	–	7.3
Derivative financial liabilities	–	(9.5)	–	(9.5)
	104.8	(2.2)	–	102.6
30-Jun-20				
Investment in securities	69.9	–	–	69.9
Derivative financial assets	–	51.9	–	51.9
Derivative financial liabilities	–	(10.3)	–	(10.3)
	69.9	41.6	–	111.5

Notes to the Financial Statements.

3.6 Financial risk management

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

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

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

Refer to the Group's 2021 Corporate Governance Statement for details about its overall risk management framework. Specific risks faced by the business are also addressed in the Directors' report.

Financial instruments used by the Group

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

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

Credit risk

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

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

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

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

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

Fair values

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

Market risk

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

A potential market risk to the Group arises from changes in interest rates. This relates to its floating debt facilities. with a principal amount outstanding of $667.5 million at balance date (2020: $605.0 million) and a cross currency swap with a principal amount of $161.0 million at balance date (2020: $161.0 million).

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

3.6 Financial risk management (continued)

Market risk (continued)

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

	Fixed/Floating	2021	2020
		$m	$m
Financial assets			
Cash and cash equivalents	Floating	33.5	42.7
Derivative financial instruments	Fixed/Floating	7.3	51.9
		40.8	94.6
Financial liabilities			
Derivative financial instruments	Fixed	9.5	10.3
Borrowing facilities	Fixed	512.1	680.3
Borrowing facilities – hedged	Fixed	360.0	300.0
Borrowing facilities – unhedged	Floating	460.4	472.8
		1,342.0	1,463.4

Derivative financial instruments – interest rate swaps

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

Derivative financial instruments – cross currency swaps

The Group is exposed to financial risk from the movement in foreign exchange rates based on its USD255m denominated debt. To mitigate this exposure, the Group entered into cross currency swaps and cross currency interest rate swaps at inception of the USD denominated debt facilities, which convert USD denominated debt principal repayments and all future interest payments from USD to AUD, thereby eliminating its direct foreign currency exposure.

Sensitivity analysis – interest rate risk

The following sensitivity analysis is based on the interest rate risk exposures at balance date. At 30 June 2021, if interest rates had increased or decreased 100 basis points (bps), with all other variables held constant, profit and equity would be impacted as follows, noting that all USD interest payments have been converted into AUD through swaps:

	Profit after tax higher/(lower)	
	2021	2020
	$m	$m
+100 bps		
Cash and borrowings	(4.4)	(4.2)
Interest rate derivatives	9.1	9.1
Cross currency derivatives	25.6	25.6
	30.3	30.5
-100 bps		
Cash and borrowings	4.4	4.2
Interest rate derivatives	(9.3)	(9.3)
Cross currency derivatives	(25.6)	(25.6)
	(30.5)	(30.7)

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

Notes to the Financial Statements.

3.6 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations in relation to investment activities or other operations of the Group. The Group manages its liquidity risk by ensuring that on a daily basis there is sufficient cash on hand or available loan facilities to meet the contractual obligations of financial liabilities as they fall due. The Board sets budgets to monitor cash flows. In addition, the Company, as an Australian Financial Services Licensee, is required to prepare a rolling 12-month cashflow projection for approval by the Directors. As at the balance date, the Group had cash and cash equivalents totalling $33.5 million (2020: $42.7 million) and undrawn debt facilities of $387.5 million (2020: $359.9 million).

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 2021.

	Carrying amount	Total contractual cashflows	6 months or less	6 to 12 months	1 to 5 years	More than 5 years
	$m	*$m*	*$m*	*$m*	*$m*	*$m*
2021						
Non-derivative financial liabilities						
Bank loans and Loan Notes	1,327.1	1,502.3	16.4	16.4	1,221.5	247.9
Lease liabilities	105.9	176.1	2.5	2.4	26.2	145.0
Trade and other liabilities	95.3	95.5	93.3	1.1	1.2	–
	1,528.3	1,773.9	112.2	19.9	1,248.9	392.9
Derivative financial liabilities						
Interest rate swaps used for hedging	9.5	11.0	1.9	1.9	7.3	–
	9.5	11.0	1.9	1.9	7.3	–
2020						
Non-derivative financial liabilities						
Bank loans	1,446.0	1,778.0	22.0	22.1	1,201.3	532.6
Lease liabilities	108.3	183.2	2.5	2.4	25.8	152.6
Trade and other liabilities	94.5	94.4	91.2	1.9	1.3	–
	1,648.8	2,055.6	115.7	26.4	1,228.4	685.2
Derivative financial liabilities						
Interest rate swaps used for hedging	10.3	11.3	1.5	1.4	8.5	–
	10.3	11.3	1.5	1.4	8.5	–

3.7 Contributed equity and reserves

Contributed equity

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

Distributions and dividends

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

3.7 Contributed equity and reserves (continued)

Contributed Equity

Contributed equity can be analysed as follows:

	2021	2021	2020	2020
	No. (m)	*$m*	*No. (m)*	*$m*
Opening balance at 1 July	771.8	2,050.0	727.8	1,879.4
Issue of ordinary stapled securities during the year:				
Institutional placement and securities purchase plan	–	–	43.7	173.6
Costs of raising capital	–	–	–	(3.1)
Equity issued through capital raises, net of costs	–	–	43.7	170.6
Securities issued through employee incentive plans	0.5	–	0.3	–
Total equity issued	0.5	–	44.0	170.6
Securities bought back on market	(0.4)	(1.4)	–	–
Total equity cancelled	(0.4)	(1.4)	–	–
Closing balance at 30 June	**771.9**	**2,048.6**	**771.8**	**2,050.0**

Ordinary stapled securities

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

Distribution reinvestment plan

The Distribution Reinvestment Plan remained suspended for the 31 December 2020 and 30 June 2021 distributions of the Group.

Capital risk management

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

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

In February 2021, the Group announced an on-market buy-back of up to 2.5% of the ordinary stapled securities on issue. At 30 June 2021, the Group has bought back and cancelled 416,643 ordinary stapled securities.

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

Refer to Note 3.1 for capital management initiatives made by the Group for its debt facilities. The Group maintains undrawn debt facilities to aid in capital management.

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

The Group has a target gearing range of 35% to 45%. At 30 June 2021, the gearing ratio was 27.9% (30 June 20: 32.2%). The gearing ratios at 30 June 2021 and 30 June 2020 were calculated as follows:

	2021	2020
	$m	*$m*
Total interest-bearing liabilities less cash	1,293.6	1,403.2
Total assets less cash and right-of-use assets	4,644.5	4,353.5
Gearing ratio	27.9%	32.2%

Notes to the Financial Statements.

3.7 Contributed equity and reserves (continued)

Nature and purpose of reserves

Share-based payments reserve

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

Deferred tax expense charged to equity

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

3.8 Distributions to Securityholders

Period for distribution	Distributions	Total stapled securities	Distributions per stapled security
	$m	*No. (m)*	*(cents)*
Half year to 31 December 2020	77.2	772.2	10.0
Half year to 30 June 2021	77.2	771.9	10.0
Total distributions for the year ended 30 June 2021	**154.4**		**20.0**
Half year to 31 December 2019	91.1	771.8	11.8
Half year to 30 June 2020	77.2	771.8	10.0
Total distributions for the year ended 30 June 2020	**168.3**		**21.8**

3.9 Earnings per stapled security (EPS)

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

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

		2021	2020
Profit after tax of the Group	*$m*	553.2	272.1
Profit after tax of the Trust as parent entity	*$m*	554.3	265.2
Basic weighted average number of stapled securities on issue for the year	*No. (m)*	772.0	771.0
Adjustment for potential dilution from performance rights on issue	*No. (m)*	1.7	0.8
Diluted weighted average number of stapled securities on issue for the year	*No. (m)*	773.7	771,8
EPS attributable to securityholders of the Group			
Basic EPS	*Cents*	71.7	35.3
Diluted EPS	*Cents*	71.5	35.3
EPS attributable to unitholders of the Trust as parent entity			
Basic EPS	*Cents*	71.8	34.4
Diluted EPS	*Cents*	71.6	34.4

3.10 Share-based payment arrangements

The fair value of share-based payment awards granted to employees is recognised as an expense over the period during which the services are performed. For market-based performance rights, the fair value is independently valued using a Monte Carlo simulation pricing model that takes into account the exercise price, the term of the rights, impact of dilution, stapled security price at grant date, expected price volatility of the underlying stapled security, expected dividend yield and the risk-free interest rate for the term of the rights and market vesting conditions. The impact of any non-market vesting conditions (for example, profitability, changes in net tangible assets) are excluded. For non-market-based performance rights, the fair value is independently valued using a Binomial pricing methodology. The amount recognised as an expense is adjusted to reflect the number of rights expected to vest. Details of valuations obtained during the year are reported on pages 49-50 of the Remuneration Report within the Directors' Report.

At 30 June 2021, the Group had two share-based payment schemes in place:

a) Deferred Short-term Incentive Performance Rights

Any Short-term Incentive (STI) payable to Executive Key Management Personnel (KMP) is paid as 66.6% cash with the remainder deferred and awarded as Deferred STI Performance Rights. Half of these rights vest after one year and the other half after two years. Further details of this plan are reported on pages 43-45 of the Remuneration Report.

b) Long-term Incentive Performance Rights

The Group has Long-term Incentive Performance Rights plans in place for all employees. The plans are designed to align employees' remuneration with the long-term goals and performance of the Group and the maximisation of returns for its Securityholders. The measures for the plans are reviewed regularly by the Nomination, Remuneration and HR Committee and/or the Board. Details of the various Long-term Incentive Plans in place, applicable performance measures, fair value calculation methodologies and details are reported on pages 45-49 of the Remuneration Report.

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

	Short-term Performance Rights	Long-term Performance Rights	**Total**
	No.	*No.*	*No.*
Rights outstanding at 30 June 2019	160,917	803,045	963,962
Rights granted[1]	176,376	766,000	942,376
Rights lapsed	(57,614)	(133,490)	(191,104)
Rights vested to GOZ stapled securities[2]	(51,652)	(269,232)	(320,884)
Rights outstanding at 30 June 2020	**228,027**	**1,166,323**	**1,394,350**
Rights granted	202,358	994,569	1,196,927
Rights lapsed	(154,001)	–	(154,001)
Rights vested to GOZ stapled securities[3]	(93,869)	(363,509)	(457,378)
Rights outstanding at 30 June 2021	**182,515**	**1,797,383**	**1,979,898**

1. Includes 90,682 FY20 STI Plan rights for Timothy Collyer which were subsequently approved by securityholders at the November 2020 AGM.
2. In October 2019, 269,232 rights under the FY16, FY17 and FY19 transitional Long-term Incentive Plans were converted to Growthpoint stapled securities with a total value of $1,173,849.
3. In October 2020, 363,509 rights under the FY17 backward-looking plan, the FY19 and FY20 transitional Long-term incentive plans were converted to Growthpoint stapled securities with a total value of $1,225,025.

During the year, $1.4 million was expensed and recognised in the Company's share-based payments reserve (June 20: $1.9 million).

Notes to the Financial Statements.

Section 4: Other notes

4.1 Income tax

Trusts

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

Company and other taxable entities

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

Current and deferred tax

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

Deferred income tax liabilities and assets - recognition

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

Deferred tax liabilities are recognised for all taxable temporary differences

Net deferred tax assets or liabilities

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

Tax relating to equity items

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

Adoption of Voluntary Tax Transparency Code

The Tax Transparency Code (TTC), a voluntary code, is a set of principles and minimum standards to guide medium and large businesses on public disclosure of tax information. The TTC recommends specified tax information be publicly disclosed to help educate the public about medium and large corporate compliance with Australia's tax laws. Growthpoint has adopted the TTC and the required disclosures are contained in this note.

Income tax expense

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

(a) Income tax expense:

	2021	2020
	$000	*$000*
Current tax expense	(304)	(3,608)
Deferred tax benefit/(expense)	3,243	(3,806)
Income tax benefit/(expense) in the Statement of Comprehensive Income	**2,939**	**(7,414)**

4.1 Income tax (continued)

Income tax expense (continued)

(b) Reconciliation of accounting profit to prima facie tax at 30%, statutory income tax expense reported and current tax expense:

	2021	2020
	$000	*$000*
Profit before income tax expense	550,195	279,456
Less: Trust profit not subject to tax	(562,004)	(256,803)
(Loss)/Profit subject to taxation in the Group's companies	(11,809)	22,653
Prima facie tax benefit/(expense) at 30%	3,543	(6,796)
Tax effect of amounts not deductible / assessable in calculating income tax expense:		
Non-deductible expenses	(8)	(18)
Long-term employee benefits	(339)	(387)
Short-term employee benefits	(89)	(213)
Refundable tax offsets	51	–
2021 Tax loss carry back	(51)	–
Over provision	(168)	–
Statutory income tax benefit/(expense)	2,939	(7,414)
Deferred tax benefit/(expense) (Refer section (d))	3,243	(3,806)
Current tax expense (payable for the current year)	(304)	(3,608)

(c) (i) Effective tax rates:

	2021	2020
	$000	*$000*
(Loss)/Profit subject to taxation	(11,809)	22,653
Statutory income tax benefit/(expense)	2,939	(7,414)
Accounting and TTC Effective tax rate[1]	(24.88%)	32.70%

1. The group operates in Australia and has no offshore operations, therefore is subject solely to Australian income tax. The accounting effective tax rate was the same as the TTC effective tax rate in both the current and prior financial years. Whilst the accounting income tax benefit for the year was $2,939,000, equating to an effective tax rate of (24.88%), the Group provisioned for income tax expense of $304,000 when it lodges its income tax return for the year, calculated at the Australian company tax rate of 30% of taxable income in accordance with Australian taxation legislation.

(c) (ii) Current income tax payable:

	2021	2020
	$000	*$000*
Income tax payable at beginning of financial year	1,441	2,296
Less: income tax paid during the year	(1,499)	(4,463)
Add: Current tax expense	304	3,608
Current tax payable	246	1,441

(c) (iii) Deferred tax balances

	2021	2020
	$000	*$000*
Deferred tax assets (GPAL)	1,089	854
Deferred tax (liabilities) (GFPL)	(586)	(3,599)
Net deferred tax asset / (liabilities)	503	(2,745)

As at 30 June 2021, the Company had franking credit balance of $5,135,983 (30 June 2020: $3,631,671).

Notes to the Financial Statements.

4.1 Income tax (continued)

Income tax expense (continued)

(d) Reconciliation of deferred tax balances

	Opening balance 1 July 2020	Recognised in profit or loss	Recognised in equity	Balance 30 June 2021
	$000	*$000*	*$000*	*$000*
Net deferred tax assets attributable to:				
Right-of-use assets	(463)	96	–	(367)
Lease liability	576	(100)	–	476
Plant and equipment	85	(1)	–	84
Other accrued expenses	97	(55)	–	42
Short-term employee benefits	232	258	–	490
Derivative financial instruments[1]	–	–	–	–
Non-trade payables	236	70	–	306
Other	91	(33)	–	58
	854	235	–	1,089
Net deferred tax liabilities attributable to:				
Interest-bearing liabilities[1]	1,157	(9,905)	–	(8,748)
Derivative financial instruments[1]	(4,976)	13,138	–	8,162
Lease liability	–	–	–	–
Recognised tax losses	220	(220)	–	–
	(3,599)	3,013	–	(586)
Net total	**(2,745)**	**3,248**	**–**	**503**

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

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

4.2 Key Management Personnel (KMP) compensation

	2021	2020
	$	$
Short-term employee benefits	4,221,253	3,930,762
Other long-term employee benefits	12,507	68,758
Post-employment benefits	146,525	141,203
Share-based payments	1,043,775	1,191,007
	5,424,060	**5,331,730**

Individual Directors' and KMP compensation disclosures

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

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

Movements in securities

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

2021

Securityholder	Opening securities 1 July	Securities granted as compensation	Acquired securities	Disposed securities	Closing securities 30 June
G. Jackson	190,087	–	–	–	190,087
N. Sasse	1,656,460	–	–	–	1,656,460
E. de Klerk	1,752,863	–	49,994	–	1,802,857
T. Collyer	1,035,744	194,440	–	–	1,230,184
F. Marais	169,284	–	–	–	169,284
D. Andrews	176,671	70,935	–	–	247,606
M. Green	53,823	71,206	–	–	125,029
G. Tomlinson	88,776	–	–	–	88,776
J. Sukkar AM	14,000	–	–	–	14,000
J Jovanovski	–	20,548	–	–	20,548
D Page AM[1]	–	–	25,050	–	25,050

1. Appointed 1 March 2021

Notes to the Financial Statements.

4.2 Key Management Personnel (KMP) compensation (continued)

Movements in securities (continued)

During the year to 30 June 2021, a total of 357,129 stapled securities with a total value at the time of vesting of $1,269,233 were issued to KMP upon vesting of performance rights under employee incentive plans.

2020

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

1. Resigned effective 30 November 2020

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

KMP loans

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

4.3 Related party transactions

Responsible Entity

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

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

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

Director transactions

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

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

4.3 Related party transactions (continued)

Director transactions (continued)

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	2021	2020
		$	$
G. Jackson[1]	Investment property valuation	42,075	44,825
G. Jackson[1]	Statutory valuation	6,545	20,048
Aggregate amounts payable at the reporting date		12,375	15,125

1. The Group used the valuation services of m3property, a company of which Mr Jackson is a director, to independently value seven properties (2020: eight). The Group has also used m3property for statutory valuations reviews during the year. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms and Mr Jackson was not directly involved in the Group's engagement of m3property.

Transactions with significant securityholders

During the year there were no transactions with significant securityholders other than distributions to all Securityholders. There were no balances outstanding from transactions with significant securityholders as at 30 June 2021 (2020: nil).

4.4 Contingent liabilities

As at 30 June 2021, the Group had no contingent liabilities (2020: nil).

4.5 Commitments

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

The Group has no other significant capital, lease or remuneration commitments in existence at reporting date which have not been recognised as liabilities in these financial statements (2020: nil).

Notes to the Financial Statements.

4.6 Controlled entities

Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

Controlled entities

The controlled entities of the Group listed below were all domiciled in Australia. There were no new entities established or acquired during the year ended 30 June 2021.

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

4.7 Parent entity disclosures

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

	2021	2020
	$m	*$m*
Financial position at year end		
Current assets	22.6	31.1
Total assets	4,757.3	4,477.0
Current liabilities	113.4	181.6
Total liabilities	1,618.2	1,743.9
Net assets	**3,139.1**	**2,733.1**
Equity comprising:		
Contributed equity	1,978.0	1,979.4
Retained profits	1,161.1	753.7
Total equity	**3,139.1**	**2,733.1**
Profit after tax	**554.3**	**265.2**
Total comprehensive income	**554.3**	**265.2**

The contractual commitments of the parent entity are identical to those disclosed in Note 2.2. The parent entity has no contingent liabilities (2020: $nil).

4.8 Remuneration of auditors

The following fees were paid or payable for services provided by the auditor of the Group during the year. There were no non-audit services paid to auditors during the year (2020: $nil):

	2021	2020
	$	*$*
Audit services - EY		
Audit and review of financial statements	283,470	217,000
Other regulatory audit services	37,000	37,000
	320,470	254,000

4.9 Subsequent events

On 24 August 2021, settlement occurred on the acquisition of 11 Murray Rose Avenue, Sydney Olympic Park, New South Wales for $52.0 million (net sale price excluding acquisition costs). There have been no other subsequent events from the end of the year to the date of this report likely to significantly affect the operations of the business, the results of those operations or the state of affairs of the Group in future financial years.

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 36 to 58 are in accordance with the *Corporations Act 2001* (Cth), including:

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

(ii) giving a true and fair view of the Group's financial position as at 30 June 2021 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 2021.

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

T.J. Collyer

Timothy Collyer
Managing Director
Growthpoint Properties Australia

Melbourne, 25 August 2021

Auditor's independence declaration.

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Building a better working world

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

As lead auditor for the audit of the financial report of Growthpoint Properties Australia for the year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

David Shewring
Partner
25 August 2021

Independent **Auditor's report.**

Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Growthpoint Properties Australia Limited and Growthpoint Properties Australia Trust (collectively Growthpoint Properties Australia or the 'Group'), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

Key Audit Matters

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

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

Building a better working world

1. **Investment Property Portfolio - Carrying Value and Revaluations**

Why significant	How our audit addressed the key audit matter
The Group owns a portfolio of property assets with a carrying value of $4,619.6 million at 30 June 2021, which represents 96% of total assets of the Group. As outlined in Note 2.2, the property portfolio is carried at fair value, which is based upon valuations sourced from suitably qualified independent valuation experts and internal valuations on a rotation basis, based on market conditions existing at the reporting date. The valuation of the property portfolio is based on a number of assumptions, such as capitalisation rates, discount rates and terminal yields, which require significant estimation and judgement. Minor adjustments to certain assumptions can lead to significant changes in the valuation of the office and industrial property assets. Refer to Note 2.2 for a description of the accounting policy, overview of the valuation methodology, process for valuations (including the use of independent expert valuers and internal valuations), significant assumptions and the relative sensitivity of the valuation to changes in these assumptions. We have, therefore, considered this a key audit matter due to the number of judgements required in determining fair value. *Impact of COVID-19 on investment property values* Given the market conditions at balance date, 4 independent valuers have reported on the basis of the existence of 'material valuation uncertainty' on the respective office property valuations, noting that less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. This means that the property values may change significantly and unexpectedly over a relatively short period of time. The disclosures in the financial statements provide particularly important information about the assumptions made in the property valuations and the market conditions at 30 June 2021.	The valuation of investment properties is inherently subjective given that there are alternative assumptions and valuation methods that may result in a range of values. Our audit procedures included the following: ▶ We discussed the following matters with management: • movements in the Group's investment property portfolio; • changes in the condition of properties; • controls in place relevant to the valuation process, both for internal director valuations, and independent external valuations; and • the impact that COVID-19 has had on the Company's investment property portfolio including rent abatements provided to tenants, tenant occupancy risks and future rental growth expectations. ▶ On a sample basis, we: • Assessed the competence and qualifications of valuers, as well as the objectivity of external valuers, and appropriateness of the scope and methodology of the valuation commissioned for the purposes of the financial report; • Evaluated the key assumptions and agreed key inputs for both internal and external valuations to tenancy schedules. These assumptions and inputs included rents, capitalisation rates, occupancy rates and capital expenditure; • Assessed whether COVID-19 relief provided to tenants had been factored into the valuations and that changes in tenant occupancy risk or rental growth expectations were also considered; • Compared the data used in the valuations to the actual financial performance of the underlying properties; • Involved our real estate valuation specialists to determine a risk based sample of properties and assist with the assessment of the key valuation assumptions and methodologies; • Evaluated the suitability of the valuation methodology across the portfolio based on the type of asset. We considered the reports of the independent valuers, to gain an understanding of the assumptions and estimates used and the valuation methodology applied. This included the impact that COVID-19 has had on key assumptions such as the capitalisation, discount or growth rate and future forecast rentals;

Independent **Auditor's report.**

Building a better working world

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

Why significant	How our audit addressed the key audit matter
For these reasons we consider it important that attention is drawn to the information in Notes 2.2 in assessing the property valuations at 30 June 2021.	• Reviewed the portfolio assets with reference to external market data and portfolio performance in order to identify and investigate items that were outside of our audit expectations; • We have considered whether there have been any indicators of material changes in property valuations from 30 June 2021 up to the date of our opinion. We involved our real estate valuation specialists to assist us in making this assessment. No material matters were identified to be disclosed as a subsequent event in note 4.9; and • We have considered whether the financial report disclosures are appropriate.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's 2021 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Building a better working world

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

Independent **Auditor's report.**

Building a better working world

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Growthpoint Properties Australia for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

David Shewring
Partner
Melbourne
25 August 2021

Detailed
portfolio information.

Office portfolio

Address			Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			$m		*%*	*%*		*years*	*sqm*	*sqm*
75 Dorcas St	South Melbourne	VIC	249.0	Colliers	5.13	6.13	ANZ Banking Group	6.7	23,811	9,632
Bldg 3, 570 Swan St	Richmond	VIC	183.5	Savills	5.00	6.25	Bunnings Warehouse	7.6	19,427	8,525
Bldg 2, 572-576 Swan St	Richmond	VIC	130.0	CBRE	5.00	6.00	Country Road Group	11.0	14,602	7,130
109 Burwood Rd	Hawthorn	VIC	113.0	Savills	5.25	6.25	Orora	3.6	12,388	3,529
Bldg B, 211 Wellington Rd	Mulgrave	VIC	83.2	Directors	5.88	6.50	Monash University	4.6	12,780	11,040
Bldg 1, 572-576 Swan St	Richmond	VIC	79.0	Directors	5.00	6.00	Country Road Group	11.0	8,554	8,365
Bldg C, 211 Wellington Rd	Mulgrave	VIC	57.5	Directors	6.25	6.75	BMW Australia Finance	1.6	10,289	11,070
Car Park, 572-576 Swan St	Richmond	VIC	1.0	CBRE	20.01	–	GE Capital Finance Australasia	5.9	–	3,756
100 Skyring Ter	Newstead	QLD	257.5	Directors	5.63	6.25	Bank of Queensland	5.3	24,665	5,157
15 Green Square Cl	Fortitude Valley	QLD	143.0	Colliers	5.75	6.50	Queensland Urban Utilities	3.2	16,442	2,519
333 Ann St	Brisbane	QLD	140.0	Knight Frank	5.63	6.00	Federation University	3.8	16,342	1,563
CB1, 22 Cordelia St	South Brisbane	QLD	103.0	Urbis	5.88	6.75	Downer EDI Mining	2.7	11,460	5,772
A1, 32 Cordelia St	South Brisbane	QLD	89.0	Directors	5.75	6.25	Jacobs Group	4.0	10,003	2,667
A4, 52 Merivale St	South Brisbane	QLD	87.5	Colliers	5.75	6.25	Stantec Australia	4.3	9,405	2,331
CB2, 42 Merivale St	South Brisbane	QLD	60.0	Directors	5.88	6.25	Peabody Energy	3.6	6,598	3,158
Car Park, 32 Cordelia St & 52 Merivale St	South Brisbane	QLD	30.9	Directors	5.63	6.50	Secure Parking	3.6	–	9,319
1 Charles St	Parramatta	NSW	525.0	Knight Frank	3.75	5.50	NSW Police Force	23.5	32,356	6,460
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	137.0	Directors	5.50	6.25	Fox Sports	2.0	14,406	4,212
3 Murray Rose Ave	Sydney Olympic Park	NSW	111.0	JLL	5.36	6.25	Samsung Electronics	0.7	13,423	3,980
5 Murray Rose Ave	Sydney Olympic Park	NSW	100.5	Directors	5.50	6.38	Lion	2.8	12,386	3,826
33-39 Richmond Rd	Keswick	SA	69.0	JLL	6.50	6.75	Coffey Corporate	5.3	11,730	4,169
10-12 Mort St	Canberra	ACT	95.0	Knight Frank	6.76	6.75	Commonwealth of Australia	3.7	15,398	3,064
255 London Cct	Canberra	ACT	81.0	Directors	5.20	6.00	Commonwealth of Australia	6.2	8,972	2,945
836 Wellington St	West Perth	WA	100.0	JLL	6.00	6.75	Commonwealth of Australia	5.6	11,973	4,304
Total / weighted average			**3,025.6**		**5.25**	**6.17**		**7.0**	**317,409**	**128,493**

Detailed **portfolio information.**

Industrial portfolio

Address			Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			$m		*%*	*%*		*years*	*sqm*	*sqm*
1500 Ferntree Gully Rd & 8 Henderson Rd	Knoxfield	VIC	55.3	Cushman & Wakefield	4.75	6.00	Brown & Watson International	4.3	22,009	40,844
3 Maker Pl	Truganina	VIC	48.3	Cushman & Wakefield	4.75	5.75	HB Commerce	1.2	31,092	49,810
9-11 Drake Blvd	Altona	VIC	48.0	CBRE	4.50	5.75	Peter Stevens Motorcycles	2.3	25,743	41,730
Lots 2, 3 & 4, 34-44 Raglan St	Preston	VIC	41.1	m3property	5.25	6.25	Paper Australia	2.8	27,978	42,280
40 Annandale Rd	Melbourne Airport	VIC	38.3	Urbis	6.50	6.00	Australia Post	10.0	44,424	75,325
120-132 Atlantic Dr	Keysborough	VIC	34.8	Cushman & Wakefield	4.25	5.75	Symbion	7.5	12,864	26,181
130 Sharps Rd	Melbourne Airport	VIC	26.0	Colliers	7.25	6.00	Laminex Group	4.0	28,100	47,446
120 Link Rd	Melbourne Airport	VIC	21.1	Urbis	7.25	6.25	The Workwear Group	6.0	26,517	51,434
20 Southern Crt	Keysborough	VIC	19.4	m3property	5.00	6.00	Sales Force National	1.5	11,430	19,210
3 Millennium Crt	Knoxfield	VIC	15.3	Urbis	5.00	6.00	Opal Packaging	4.7	8,040	14,750
31 Garden St	Kilsyth	VIC	15.0	JLL	5.00	6.00	Cummins Filtration	2.4	8,919	17,610
6 Kingston Park Crt	Knoxfield	VIC	14.5	JLL	5.00	6.00	NGK Spark Plug	0.9	7,645	12,795
19 Southern Crt	Keysborough	VIC	12.7	m3property	4.75	6.00	Wabtec Australia	5.8	6,455	11,650
60 Annandale Rd	Melbourne Airport	VIC	11.9	Urbis	7.50	6.25	Garden City Planters	1.9	16,276	34,726
101-111 South Centre Rd	Melbourne Airport	VIC	11.2	Urbis	7.50	6.25	Direct Couriers	6.4	14,082	24,799
75 Annandale Rd	Melbourne Airport	VIC	8.3	Urbis	7.50	6.25	Unipart Group Australia	1.3	10,310	16,930
70 Distribution St	Larapinta	QLD	235.0	JLL	5.89	6.00	Woolworths	0.7	76,109	250,900
13 Business St	Yatala	QLD	15.4	Savills	5.25	6.00	Volo Modular	4.1	8,951	18,630
5 Viola Pl	Brisbane Airport	QLD	9.2	Urbis	6.75	6.50	Vacant	–	14,726	35,166
3 Viola Pl	Brisbane Airport	QLD	3.2	Urbis	6.25	6.50	Cargo Transport Systems	1.7	3,431	12,483
27-49 Lenore Dr	Erskine Park	NSW	89.9	Knight Frank	4.25	5.75	Linfox	2.2	29,476	76,490
6-7 John Morphett Pl	Erskine Park	NSW	68.5	CBRE	4.25	5.50	Linfox	3.7	24,881	82,280
51-65 Lenore Dr	Erskine Park	NSW	45.0	CBRE	4.00	5.50	Linfox	6.7	3,720	36,720
34 Reddalls Rd	Kembla Grange	NSW	33.0	Savills	5.25	6.50	Autocare Services	9.3	355	141,100
81 Derby St	Silverwater	NSW	27.2	Knight Frank	4.50	5.75	IVE Group Australia	1.2	8,253	13,490
599 Main North Rd	Gepps Cross	SA	224.5	Knight Frank	4.25	5.25	Woolworths	13.9	91,686	233,500
1-3 Pope Crt	Beverley	SA	26.4	JLL	6.00	7.00	Aluminium Specialties Group	3.1	14,459	25,660
12-16 Butler Blvd	Adelaide Airport	SA	17.7	Savills	6.34	6.50	Australia Post	10.1	16,835	30,621
10 Butler Blvd	Adelaide Airport	SA	8.9	Savills	7.34	7.25	Toll Transport	0.6	8,461	16,100
20 Colquhoun Rd	Perth Airport	WA	213.0	JLL	5.13	6.00	Woolworths	4.3	80,374	193,936
Hugh Edwards Dr & Tarlton Cres	Perth Airport	WA	57.3	JLL	6.21	6.73	Mainfreight	4.7	32,018	57,617
Total / weighted average			**1,495.4**		**5.16**	**5.90**		**4.7**	**715,619**	**1,752,213**

Securityholder information.

Top 20 legal Securityholders as at 31 July 2021

Rank	Name	Number of securities	% of issued capital
1	GROWTHPOINT PROPERTIES LIMITED	480,025,424	**62.19**
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	95,160,848	**12.33**
3	JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	56,839,906	**7.36**
4	CITICORP NOMINEES PTY LIMITED	38,458,736	**4.98**
5	NATIONAL NOMINEES LIMITED	17,347,312	**2.25**
6	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	8,786,602	**1.14**
7	BNP PARIBAS NOMS PTY LTD <DRP>	5,457,684	**0.71**
8	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,930,592	**0.38**
9	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	2,449,575	**0.32**
10	RABINOV HOLDINGS PTY LTD	2,347,279	**0.30**
11	SHARON INVESTMENTS PTY LTD	2,255,779	**0.29**
12	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	1,861,239	**0.24**
13	WOODROSS NOMINEES PTY LTD	1,619,925	**0.21**
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,221,131	**0.16**
15	JONAERE PTY LTD <JDM LEGACY A/C>	1,200,000	**0.16**
16	MS KYLIE MAREE CECILIA THOMAS	1,176,065	**0.15**
17	BNP PARIBAS NOMS (NZ) LTD <DRP>	915,924	**0.12**
18	AMP LIFE LIMITED	741,626	**0.10**
19	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	735,535	**0.10**
20	SANDHURST TRUSTEES LTD <BERKHOLTS INVESTMENTS A/C>	620,568	**0.08**
Sub total		**722,151,750**	**93.56**
Balance of register		49,720,646	**6.44**
Total issued capital		**771,872,396**	**100.00**

Substantial Securityholders as at 31 July 2021

Name	Number of securities	% of issued capital
Growthpoint Properties Limited	480,025,424	62.19

Securityholder information.

Distribution of Securityholders as at 31 July 2021

Range	Securities	Number of holders	% of issued capital
1 to 1,000	507,268	1,276	0.07
1,001 to 5,000	4,193,106	1,565	0.54
5,001 to 10,000	5,817,614	791	0.75
10,001 to 100,000	23,750,525	950	3.08
100,001 and over	737,603,883	97	95.56
Total	**771,872,396**	**4,679**	**100.00**

Based on the 31 July 2021 closing price of $3.93, the number of Securityholders with less than a marketable parcel of 128 securities ($500) was 381 and they held a total of 5,166 Growthpoint securities.

Class of securities

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

Voting rights

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

Securities restricted or subject to voluntary escrow

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

On market buy-back

On 25 February 2021, the Group announced an on-market buy-back of up to 2.5% of Growthpoint's ordinary securities on issue. As at 30 June 2021, the Group has purchased 416,643 securities at an average price of $3.27. The program remains in place. For further information on the buyback, please refer to the Group's Appendix 3C which was lodged with the ASX on 25 February 2021.

Glossary.

ABS Australian Bureau of Statistics

ACT Australian Capital Territory, Australia

A-REIT Australian Real Estate Investment Trust

ASX Australian Securities Exchange

b Billion

bps Basis points

capex Capital expenditure

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

CBD Central business district

cps Cents per security

CPI Consumer price index

EMT Growthpoint's Executive Management Team

ESG Environment, social and governance

FFO Funds from operations

FY Financial year

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

GOZ Growthpoint or Growthpoint's ASX trading code or ticker

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

GRESB Global Real Estate Sustainability Benchmark

ICR Interest coverage ratio

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

LVR Loan to value ratio

m Million

NABERS National Australian Built Environment Rating System

NPI Net property income

NSW New South Wales, Australia

NTA Net tangible assets

Q Quarter

QLD Queensland, Australia

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

REIT Real Estate Investment Trust

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

SA South Australia, Australia

SME Small and medium-sized enterprise

sqm Square metres

TCFD Task Force on Climate-related Financial Disclosures

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

USPP United States Private Placement

VIC Victoria, Australia

WA Western Australia, Australia

WALE Weighted average lease expiry

Woolworths Woolworths Group Limited

yrs Years

Contact
details.

Corporate Directory

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

Growthpoint Properties Australia Trust
ARSN 120 121 002

Registered Office

Level 31, 35 Collins Street,
Melbourne VIC 3000

Phone: +61 (3) 8681 2900
growthpoint.com.au

Directors

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

Company Secretaries

Jacquee Jovanovski, Dion Andrews

Auditor

Ernst & Young

8 Exhibition Street
Melbourne VIC 3000

ASX

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

Contact us

Retail Investors

Computershare

1300 665 792 (within Australia)
+61 (3) 9415 4366 (outside Australia)
webqueries@computershare.com.au

Institutional Investors

Virginia Spring
Investor Relations
and Communications Manager

+61 (3) 8681 2933
investor.relations@growthpoint.com.au

Growthpoint Properties Australia

Level 31, 35 Collins Street,
Melbourne VIC 3000

+61 (3) 8681 2900
info@growthpoint.com.au

growthpoint.com.au

This page has been intentionally left blank.

FY21 Annual Report

Growthpoint Properties Australia
Level 31, 35 Collins Street, Melbourne VIC 3000
growthpoint.com.au

GROWTHPOINT PROPERTIES