



ASX announcement.

Growthpoint Properties Australia (ASX: GOZ)

17 August 2023

Appendix 4E

Results for the year ended 30 June 2023

Results for announcement to the market

	Year ended 30-Jun-23	Year ended 30-Jun-22	Change
	\$m	\$m	%
Revenue and other income from ordinary activities	342.7	311.5	10.0%
Profit from ordinary activities after tax attributable to Securityholders ¹	204.8	214.0	(4.3%)
Net (loss) / profit attributable to Securityholders	(245.6)	459.2	(153.5%)
Distribution to Securityholders	162.6	160.6	1.2%

Distributions

	Amount per security/unit	Franked amount per security	Record date
	cents	%	
Final distribution payable on 31 August 2023	10.70	0%	30-Jun-23
Interim distribution paid on 28 February 2023	10.70	0%	31-Dec-22

Net tangible assets per stapled security

	30-Jun-23	30-Jun-22	Change
	\$	\$	%
Net tangible assets per stapled security	4.00	4.56	(12.3%)

Additional information regarding the results for the year is contained in the FY23 annual report and the FY23 results presentation which have been released to the Australian Securities Exchange (ASX).

¹ In the FY23 annual report and the FY23 results presentation, profit from ordinary activities after tax attributable to Securityholders is referred to as funds from operations (FFO).



Entities over which control was gained or lost during the year

Growthpoint Properties Australia acquired the following entities during the year:

Entity	Date Control Gained
Artarmon Retail Centre TC Pty Ltd	15 September 2022
Fortius Allendale No.1 Pty Ltd	15 September 2022
Fortius Allendale No.2 Pty Ltd	15 September 2022
Fortius Allendale No.3 Pty Ltd	15 September 2022
Fortius Asset Management Pty Ltd	15 September 2022
Fortius Barracks Pty Ltd	15 September 2022
Fortius Bourke Street Pty Limited	15 September 2022
Fortius Broadway No 1 Pty Ltd	15 September 2022
Fortius Broadway No 2 Pty Ltd	15 September 2022
Fortius Cammeray Pty Ltd	15 September 2022
Fortius DC Pty Ltd	15 September 2022
Fortius Debt Capital Pty Ltd	15 September 2022
Fortius FAPT No.1 Pty Ltd	15 September 2022
Fortius Funds Management Pty Ltd	15 September 2022
Fortius Grenfell No.1 Pty Ltd	15 September 2022
Fortius Grenfell No.2 Pty Ltd	15 September 2022
Fortius Grenfell No.3 Pty Ltd	15 September 2022
Fortius Heitman Barracks Pty Ltd	15 September 2022
Fortius Home HQ Artarmon Holding Fund Pty Ltd	15 September 2022
Fortius Home HQ Holding Pty Ltd	15 September 2022
Fortius Home HQ Sub Entity Pty Ltd	15 September 2022
Fortius Investment Management Pty Ltd	15 September 2022
Fortius Investment Properties Pty Ltd	15 September 2022
Fortius Junction Fair Pty Ltd	15 September 2022
Fortius Properties Pty Limited	15 September 2022
Fortius Property Investment Management Australia Ltd	15 September 2022
Fortius QS No.1 Pty Ltd	15 September 2022
Fortius QS No.2 Pty Ltd	15 September 2022
Fortius QS No.3 Pty Ltd	15 September 2022
Fortius Rundle No 1 Pty Ltd	15 September 2022
Fortius Rundle No 2 Pty Ltd	15 September 2022
Fortius Rundle No 3 Pty Ltd	15 September 2022
Fortius Waterloo Pty Ltd	15 September 2022
Rundle Car Park Leasing No 2 Pty Ltd	15 September 2022
Rundle Car Park Leasing Pty Ltd	15 September 2022



Details of associates and joint venture entities

Nil.

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 FY23 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 FY23 annual report.

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

Jacqueline Jovanovski

Company Secretary

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Growthpoint Properties Australia

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About Growthpoint

Growthpoint provides space for you and your business to thrive. Since 2009, we've been investing in high-quality industrial and office properties across Australia.

Today, we have \$6.6 billion total assets under management. We directly own and manage 58 high quality, modern office and industrial properties, valued at approximately \$4.8 billion. We actively manage our portfolio and 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 manage a further \$1.8 billion on behalf of third-party investors through our funds management business, which manages funds that invest in office, retail and mixed-use properties across value-add and opportunistic strategies.

We are committed to operating in a sustainable way and reducing our impact on the environment. We are targeting net zero by 2025 across our 100% owned on balance sheet operationally controlled office assets and corporate activities.

Growthpoint Properties Australia (ASX: GOZ) 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.

FY23

annual report.

for the year ended 30 June 2023



space to thrive.

GROWTHPOINT
PROPERTIES AUSTRALIA



What's inside.

Directors' Report

Operating and financial review

Business overview	3
FY23 overview	3
Who we are	4
Our strategy	6
Introduction from the Chair & Managing Director	10
Property portfolio performance	12
Property portfolio summary	12
Our office portfolio	14
Our industrial portfolio	16
FY23 sustainability performance	18
Financial performance	20
Governance	24
Board of Directors	24
Executive Management team	26
Risk management	28
Remuneration report	32
Additional information	52

Financial Report

Contents	53
Financial Statements	54
Notes to the Financial Statements	58
Directors' Declaration	98
Auditor's Independence Declaration	99
Independent Auditor's Report	100

Additional information

Detailed portfolio information	106
Securityholder information	108
Glossary	110
Contact details	111
Important information	111

Acknowledgement of Country

Growthpoint Properties Australia acknowledges the Traditional Custodians of Country throughout Australia and recognise their continued connection to land, water and community. We pay our respects to Elders past and present and extend that respect to First Nations people.

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 2023 (FY23 or the year). Data contained in this report relates to the Group's directly held assets, unless otherwise indicated.

FY23 reporting suite

Growthpoint's reporting suite for FY23 includes the following documents:

FY23 Annual Report

A review of Growthpoint's financial and operational performance for FY23, the Group's remuneration report and its financial statements.

FY23 Results Presentation

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

FY23 Property Compendium

A summary of Growthpoint's property portfolio as at 30 June 2023.

FY23 Corporate Governance Statement

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

FY23 Sustainability Report

A review of our approach to sustainability and an update on our progress in achieving our sustainability goals, which will be released prior to Growthpoint's AGM and will be available online at that time.

Our corporate reporting suite documents are available for download on the Growthpoint Investor Centre growthpoint.com.au/investor-centre



Front cover image: 120 Link Road, Melbourne Airport, VIC



FY23 overview.

Property portfolio
value

\$4.8b

30 June 2022: \$5.1b, -5.9%

Third-party funds
under management

\$1.8b

FY22: \$0.0

Loss
after tax

\$245.6m

FY22: profit after tax \$459.2

Funds from
operations (FFO)

26.8cps

FY22: 27.7cps, -3.2%

Distribution

21.4cps

FY22: 20.8cps, +2.9%

Net tangible assets
(NTA) per security

\$4.00

30 June 2022: \$4.56, -12.3%

Portfolio
occupancy

93%

30 June 2022: 97%

Weighted average
lease expiry (WALE)

6.0 years

30 June 2022: 6.3 years

Average NABERS
Energy rating

5.2 stars

30 June 2022: 5.2 stars

3 Maker Place, Truganina, VIC

This prime logistics warehouse, totalling 31,109 sqm, was successfully leased to new tenant, 101 Warehousing, for a term of 7.0 years

Who we are.

As at 30 June 2023

Total properties

58

Property portfolio value

\$4.8b

Third party FUM

\$1.8b

Market capitalisation

\$2.1b

Total employees¹

62

Number of tenants

161

Number of investors

4440

1. Excludes casual and contract employees.

What we do

Growthpoint provides space for you and your business to thrive. Since 2009, we've been investing in high-quality industrial and office properties across Australia.

Today, we have \$6.6 billion total assets under management. We directly own and manage 58 high quality, modern office and industrial properties, valued at approximately \$4.8 billion.

We manage a further \$1.8 billion on behalf of third-party investors through our funds management business, which manages funds that invest in office, retail and mixed-use properties across value-add and opportunistic strategies.

We also retain a 15.5% securityholding in Dexis Industria REIT (ASX:DXI) valued at \$126.5 million¹ as at 30 June 2023.

We actively manage our portfolio and 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. We are targeting net zero by 2025 across our 100% on balance sheet operationally controlled office assets and corporate activities.

Growthpoint Properties Australia (ASX: GOZ) is an internally managed 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.

How we do it

Our values underpin everything we do.



Respect:
dealing with others openly, honestly and respectfully



Success:
valuing performance, hard work and high standards



Inclusion:
appreciating our diversity, heritage and perspectives



Integrity:
doing the right thing for tenants, investors and team



Fun:
enjoying work, being sociable and playing as a team

Who we do it for

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

1. Based on closing price of \$2.58.



**100 Skyring Terrace,
Newstead, QLD**

This A-grade office property located in the Gasworks development, is now fully leased, with 8,007 sqm of leasing completed to Government tenants during the 12 months

Our strategy.

Our goal is to provide Securityholders with sustainable income returns and capital appreciation over the long term



Invest in high-quality Australian assets

Invest in high-quality, modern office and industrial real estate assets, that provide an attractive income yield and long-term capital appreciation

- › Completed acquisition of predominantly Government leased A-Grade office asset GSO Dandenong, 165-169 Thomas Street, Dandenong, VIC with long WALE of 9.4 years for \$165.0 million¹. Settled July 2022



Maximise value

Develop asset management and tenant retention strategies for each of our properties to maximise income and value

Strategies include leasing, refurbishment, expansion, low risk development and divestment

- › Divested office asset, 333 Ann Street, Brisbane, QLD for \$141.1 million². Settled January 2023
- › Recorded leading performance in landlord satisfaction³



Maintain high occupancy

Active asset management through the development of long-term relationships with tenants. Focus on ensuring our properties meet tenants' needs to maintain high occupancy and drive rental income

- › Portfolio occupancy of 93%
- › Industrial leasing of 124,148 sqm completed
- › Office leasing success with 31,994 sqm of leasing completed
- › Fully leased 8,007 sqm vacancy at 100 Skyring Terrace, Newstead, QLD to Government tenants



FUM growth

Targeting sustainable and accretive growth in FUM through the cycle via our funds management business

- › Completed successful purchase and integration of Fortius Funds Management in September 2022
- › Significant retail leasing activity undertaken in FY23 with c.18,000 sqm completed



Capital management

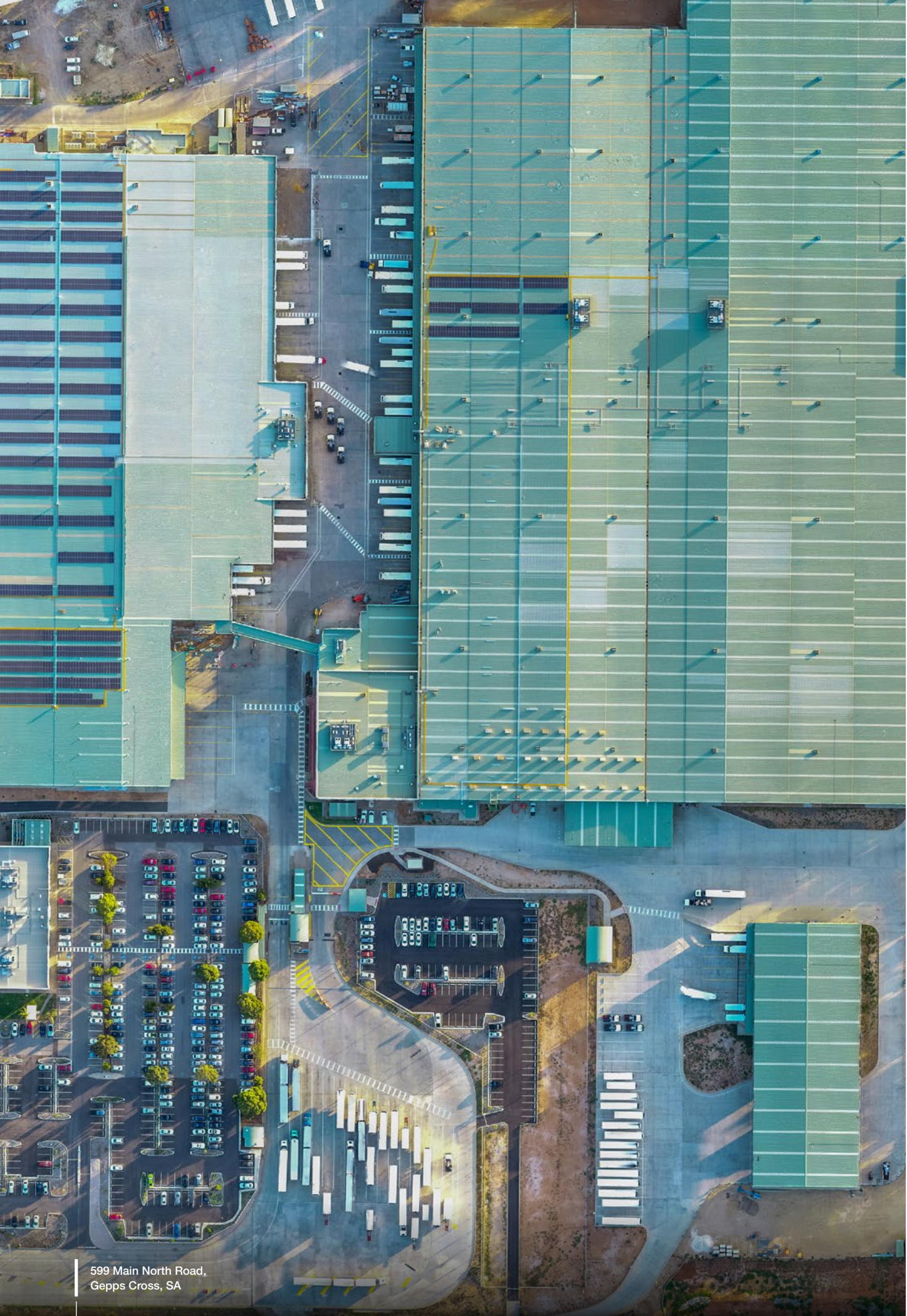
Maintain balance sheet strength and flexibility, manage risk, optimise cost of capital to support growth whilst targeting an investment grade credit rating

- › Gearing of 37.2%, within target range of 35%-45%
- › Completed on market securities buy-back of 2.5% of issued capital

1. Net sale price.

2. Gross sale price at book value.

3. Tenant engagement survey conducted by property research specialists Brickfields.



599 Main North Road,
Gepps Cross, SA

Introduction from the Chair & Managing Director.

FY23 was a challenging year highlighted by an environment of high inflation and higher interest rates, which impacted sector valuations and property market transaction volumes. Despite these challenges, Growthpoint delivered funds from operations (FFO) above guidance and distributions in line with guidance.

While the macroeconomic environment has shifted, Growthpoint remained focused on its strategic priorities of driving resilient and growing income from its high quality property portfolio, whilst also expanding into funds management to provide scale and exposure to mixed-use assets.

Financial performance and capital management

The Group's performance in FY23 reflects the successful execution of the Group's strategy and the underlying strength of the portfolio. Growthpoint delivered FFO of 26.8 cents per security (cps), down 3.2% on the prior year, but above original guidance provided at the FY22 results of between 25 - 26 cps.

Distributions to Securityholders were in line with guidance of 21.4 cps, up 2.9%, representing a payout ratio of 79.4%, consistent with the Board's target payout ratio of between 75% and 85%.

The lower FFO performance reflects a higher debt balance and increased borrowing costs due to higher interest rates on the Group's debt as a result of the Reserve Bank of Australia increasing the cash rate from 1.35% in July 2022 to 4.10% by June 2023. As a consequence, net borrowing costs increased from \$46.1 million in FY22 to \$76.4 million in FY23. This was partially offset by one-off items included in net property income (NPI) such as the early surrender of lease payment received at 5 Murray Rose Avenue, Sydney Olympic Park, NSW and a bank guarantee drawn at 100 Skyring Terrace, Newstead, QLD. Had these two

properties been leased for all of FY23 (as per the original lease terms), then FFO per security would have been around 1.6 cents lower.

Continued growth in net property income and appropriate levels of interest rate hedging assisted in minimising the impact of higher interest rates on FFO per security.

Capital Management remains a key priority for the Group. In FY23, Growthpoint completed the on-market securities buy-back program which was extended in February 2023. Under the buy-back, Growthpoint acquired 19,304,879 securities (being 2.5% of Growthpoint's total securities on issue as at the date the program was announced) for a total consideration of \$63,434,022 at an average discount of 17.9% to the 30 June 2023 net tangible assets (NTA) of \$4.00. The Group further strengthened its capital position by entering into two debt facilities with new lenders totalling \$200 million. As at 30 June 2023, Group gearing was 37.2%, at the low end of the target 35%-45% range.

During the year, the Group divested 333 Ann St, Brisbane, Queensland for \$141.1 million. This asset was Growthpoint's primary CBD asset and not in keeping with the Group's strategy of holding metropolitan, fringe office properties.

Portfolio

The Group's portfolio continues to be leased to predominantly government, listed or large organisations with a solid occupancy of 93% and WALE of 6.0 years as at 30 June 2023.

In FY23, Growthpoint saw its portfolio value decline by 6.1%, or \$312.1 million, and on a like-for-like basis down 6.5% or \$325.6 million relative to FY22. The decline reflects the increase in interest rates which has resulted in higher capitalisation and discount rates within valuations.

Significant leasing activity in the year totalled 156,142 sqm or 11.2% of

portfolio income, with key leases being signed or renewed with the Australian Government. Government tenants now account for around 40% of our office portfolio income.

We were pleased to see a mix of new tenants and renewals across the portfolio. Growthpoint maintained industry leader status on landlord satisfaction in office (first) and industrial (second) vs. benchmarked peers.

Funds management

FY23 marked an important pivot in the focus of the business following the acquisition of the Fortius Funds Management platform in September 2022. The acquisition is Growthpoint's first foray into funds management and an important achievement for the Group as it seeks to expand and diversify its income base. At the time of acquisition, Fortius was one of Australia's leading private real estate funds management businesses with an established track record of investing in Australian real estate markets and generating strong returns for its investors.

Consideration for the acquisition comprised \$45 million, with an additional \$10 million earnout component, subject to achieving agreed milestones relating to FUM and revenue growth over the period to June 2024. The acquisition brings enhanced sector and product capabilities, including office, retail and mixed-use investments across value-add and opportunistic strategies.

The acquisition provides the ability to scale up the platform significantly to drive incremental growth to earnings for securityholders over the long term. Growthpoint is targeting sustainable and accretive growth in FUM through the cycle.

Post the acquisition and following a successful integration, the Group has seen a challenging transaction environment where market conditions have impacted the ability to grow FUM. As a result of the challenging transaction environment and a higher risk free rate (Australian Government 10 year bond yield), when assessed at 30 June 2023, goodwill was impaired by



L-R: Timothy Collyer, Managing Director and
Andrew Fay, Independent Chair and Director

\$8.8 million. However, the Group remains well placed to implement the value-add strategy with the combined execution capability and experience of the Group.

Governance

As foreshadowed at the 2022 Annual General Meeting, the Growthpoint Board embarked on a period of significant renewal in FY23. A key outcome of this renewal is that the Board now comprises a majority of independent Directors, in line with corporate governance best practice. The following key changes were made during the year:

- › New independent Chair Andrew Fay, appointed in December 2022, succeeded Geoffrey Tomlinson on his retirement in March 2023
- › Retirement of Francois Marais who joined the Board in 2009 as a Director and was also Chair of the Group's majority Securityholder, Growthpoint Properties Limited
- › Two new additions to the Board, Michelle Tierney, independent Director and Panico Theocharides, Director, and representative of Growthpoint Properties Limited
- › Josephine Sukkar replaced Norbert Sasse as independent Chair of the Nomination, Remuneration and Human Resources Committee

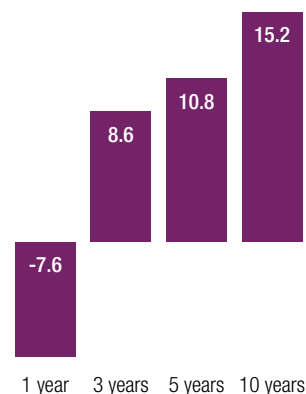
Sustainability

Growthpoint remains committed to operating in a sustainable way. Progress has been made with respect to the Group's 2025 net zero target through the execution of new electricity contracts, which include GreenPower purchases. GreenPower is expected to contribute significantly to achieving the target. At the same time there has also been a significant increase in our onsite solar rollout, with work commenced during the year across seven commercial assets. Net zero 2025 target is across 100% owned on balance sheet operationally controlled office assets and corporate activities.

In addition, the Group entered into Sustainability Linked Loans (SLLs), converting \$520 million of the Group's existing debt arrangements and established an overarching Sustainable Finance Governance Framework. Interest margin reductions are tied to the successful achievement of sustainability KPIs and targets. The KPIs will be measured against reductions in Scope 1, Scope 2 and Scope 3 emissions and performance measured against the NABERS and GRESB ratings.

Our FY23 Sustainability Report will be published in early October 2023.

Return on equity (%) to 30 June 2023 (per annum)



Introduction from the Chair & Managing Director.

Our people

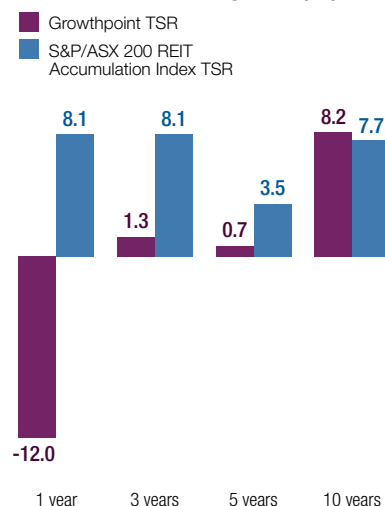
We are delighted that our commitment to fostering a culture of active engagement and continuous improvement has yielded solid results in our recent engagement survey, with an impressive 93% participation rate. This level of involvement reflects the genuine interest and dedication of our valued employees.

The positive results (74%) of the annual employee engagement survey (compared to the national benchmark of 72%) demonstrate management's focus on building a positive, performance driven team culture. Survey responses included 87% of employees indicating they would recommend Growthpoint as a great place to work and 100% of employees having access to the learning and development needed to do their job well.

TSR & ROE Performance

Growthpoint has underperformed the S&P/ASX 200 REIT Accumulation Index (the Index) over the short and medium term but outperformed over the long term. The total securityholder return (TSR) performance in FY23 was -12.0% vs 8.1% for the Index. The office sector was particularly impacted, as the market responded to higher interest rates and higher vacancy rates. This negative sentiment impacted the GOZ share price and the office sub sector more broadly in FY23. However, over the longer

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



Source: UBS Investment Research. Annual compound returns to 30 June 2023.

term, Growthpoint has delivered TSR performance that has outperformed the Index over the last ten years. This reflects the continued focus of the management team and Board on successfully executing the Group's strategy for growth and delivering long-term value for Securityholders.

Managing Director intention to retire

On 18 July 2023, the Group announced the intended retirement plans of Managing Director, Timothy Collyer, after more than 13 years in the role. Mr Collyer is expected to continue as Managing Director for 12 months until July 2024, allowing time for a smooth transition to his successor. A formal process to select Mr Collyer's replacement has commenced and will include both internal and external candidates consistent with the Board approved succession plan.

Outlook

The rate of Inflation has been declining since the December 2022 quarter, whilst interest rate futures indicate that the official cash rate is near the peak, however A-REIT prices remain at a discount to NTA. Commercial real estate transaction activity remains low relative to longer term historical averages, although volumes are likely to increase as development pipelines and redemption requests require funding. Growthpoint is well placed to manage through the cycle, with a portfolio of high-quality modern office assets with strong WALE, from Government, ASX listed and larger corporate tenants. Industrial markets are forecast to remain strong as land supply remains constrained. The Group's funds management business is well positioned with strong execution capability and is targeting sustainable and accretive growth in third-party funds under management through the cycle.

As at 30 June 2023, the Group's debt was hedged at 70.5% and gearing was 37.2%, at the low end of the target range. With higher average interest rates and a recent slowing in office leasing market activity, the Group provides FY24 FFO guidance of 22.5 - 23.1 cps and FY24 distribution guidance of 19.3 cps. A key assumption to guidance is in

respect of interest rates, with the Group assuming an average FY24 floating rate of 4.35%. The reduction in FY24 FFO and distribution guidance reflects the one-off items in FY23, higher interest expense and the challenging property market. However, with a strong WALE delivering secure property rental cash flows, a solid capital structure, appropriate hedging, ample covenant headroom and liquidity and no development projects to finance, the Group is in a good position to navigate through the cycle.

We would like to take this opportunity to thank our employees for their dedication and contribution to delivering a successful performance in FY23. We would also like to acknowledge our tenants, suppliers and other key stakeholders for their continued support.

Finally, we thank our former Chair Geoff Tomlinson for his contribution and service. Geoff was a Director since September 2013 and Board Chair since July 2014 and retired effective 1 March 2023. Geoff made an enormous contribution to the performance of Growthpoint and we wish him all the best.

We also thank our Securityholders, for their ongoing commitment to the Group.

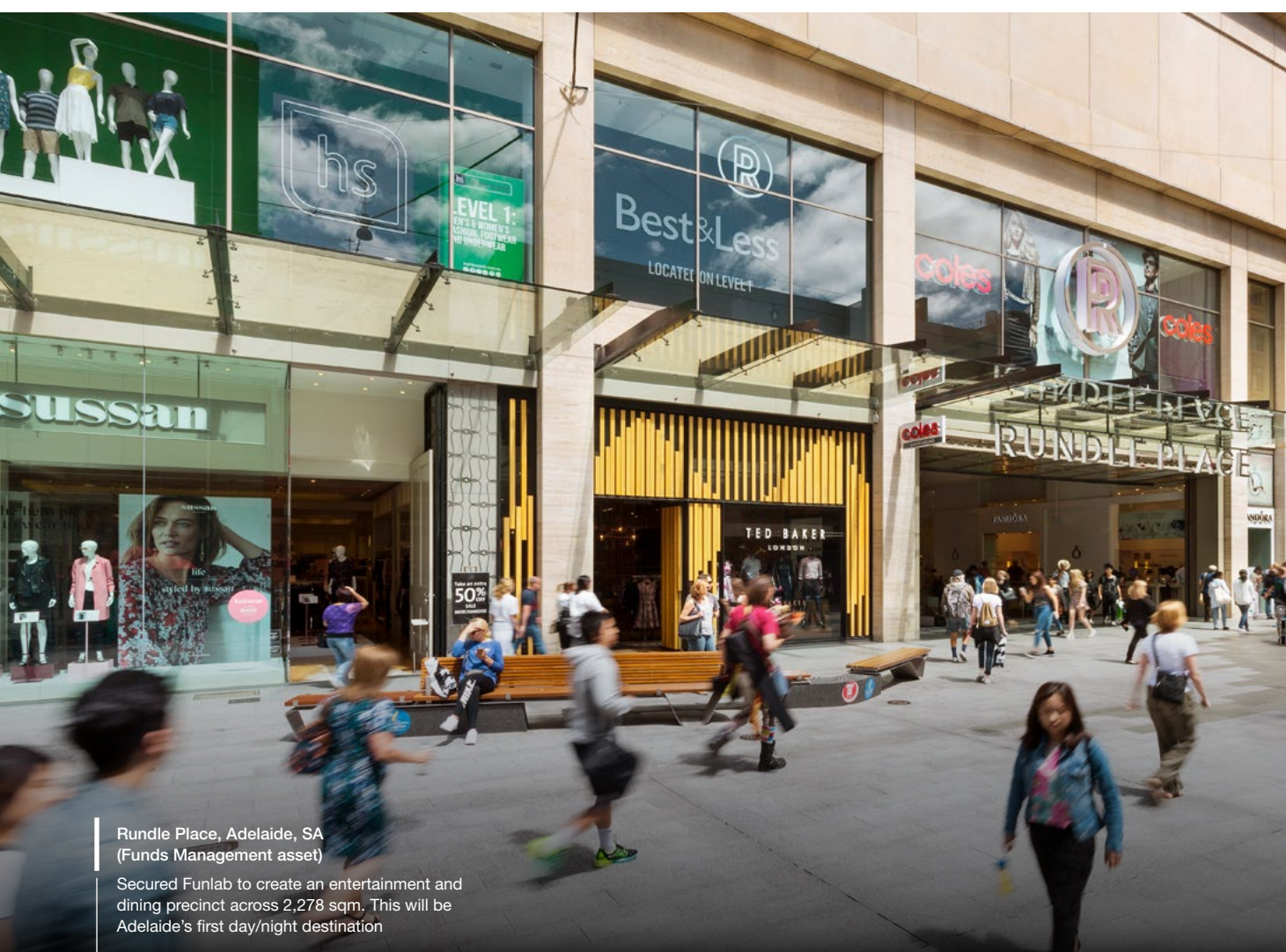
Andrew Fay
Chair

Timothy Collyer
Managing Director



Central Park Mall, Sydney, NSW
(Funds Management asset)

Fortress Sydney, a world class eGaming and sports facility across 2,553 sqm, opened in May 2023. The facility hosts live esports tournaments and international playoffs



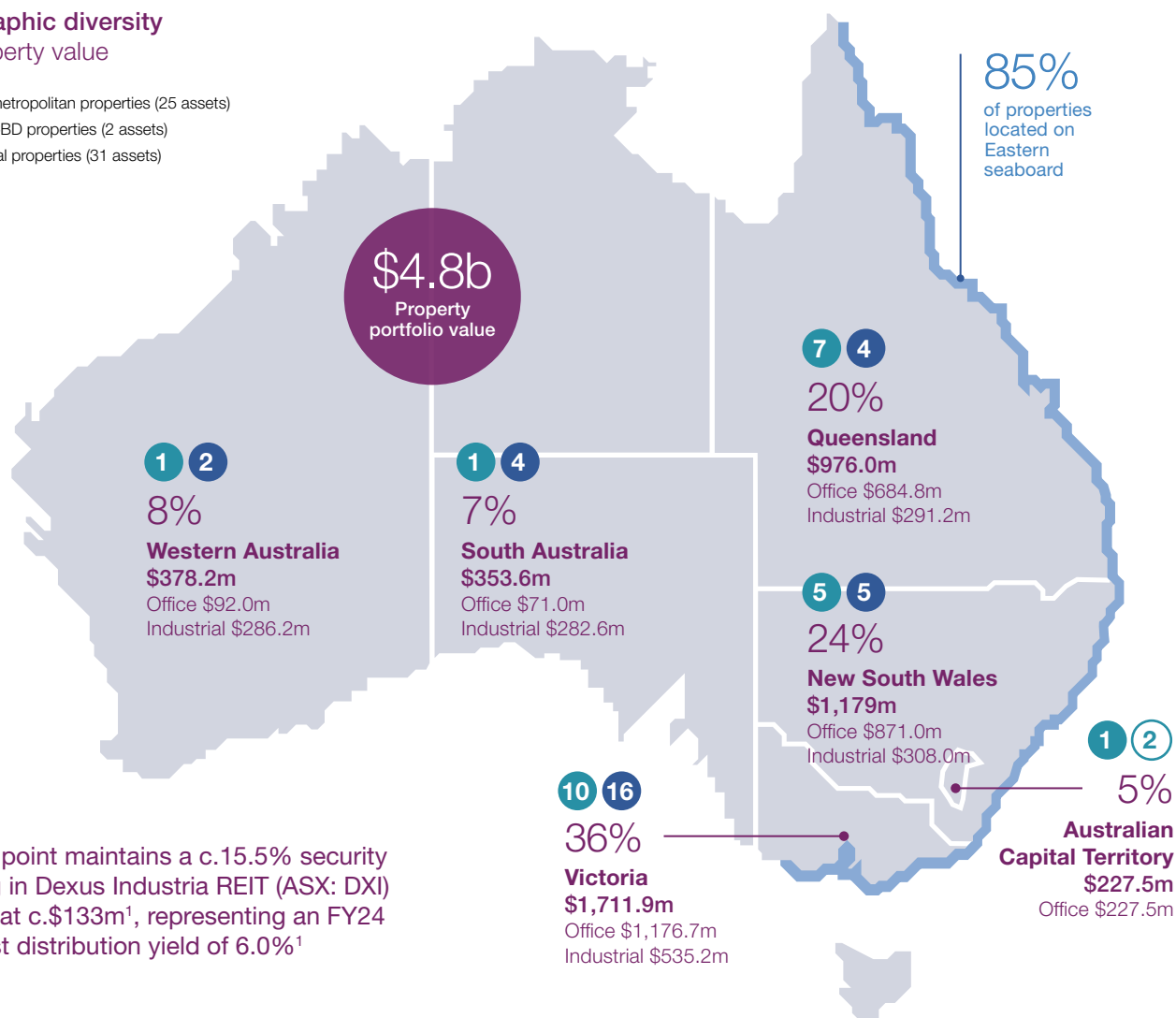
Rundle Place, Adelaide, SA
(Funds Management asset)

Secured Funlab to create an entertainment and dining precinct across 2,278 sqm. This will be Adelaide's first day/night destination

Property portfolio summary.

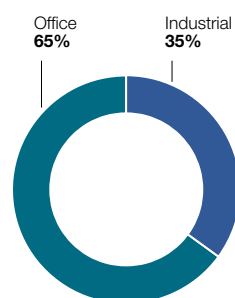
Geographic diversity by property value

- Office metropolitan properties (25 assets)
- Office CBD properties (2 assets)
- Industrial properties (31 assets)



Growthpoint maintains a c.15.5% security holding in Dexus Industria REIT (ASX: DXI) valued at c.\$133m¹, representing an FY24 forecast distribution yield of 6.0%¹

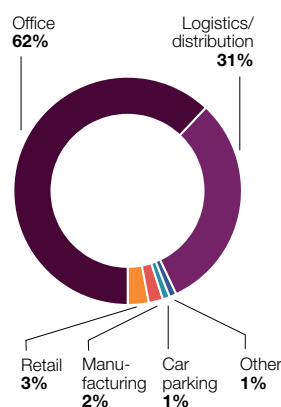
Sector diversity by value



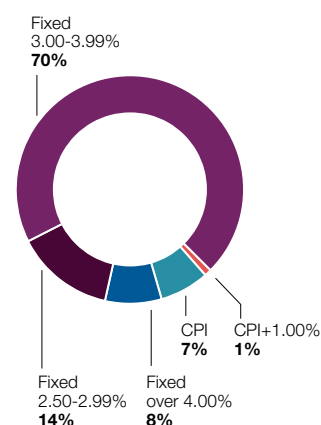
Tenant type by income



Tenant use by income



Annual rent review type by income

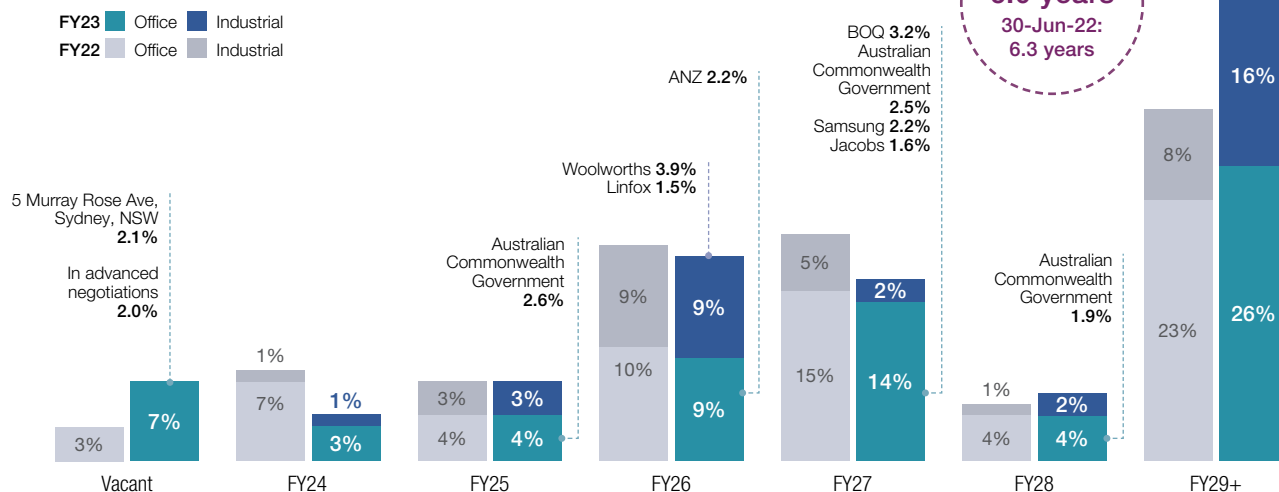


1. Based on closing price of \$2.72 on 15 August 2023 and FY24 distribution guidance of 16.4 cps.



Portfolio lease expiry

per financial year, by income, as at 30 June 2023



Our office portfolio.

Other office portfolio key metrics

30 June 2023 30 June 2022

LFL¹ change in portfolio valuation

-\$307.1m or -9.4%

Number of assets

27 27

Total lettable area

348,861 sqm 345,835 sqm

Tenant retention

61% 72%

Weighted average rent review²

3.6%² 3.6%³

NPI

\$178.8m \$161.3m

Top ten office tenants as at 30 June 2023

	% portfolio income	WALE (yrs)
Australian Commonwealth Government	12	2.9
NSW Government (Police)	12	21.5
Country Road Group	5	9.0
Bank of Queensland	5	3.6
VIC Government	5	8.6
Bunnings Warehouse	4	7.8
Samsung Electronics	3	3.7
ANZ Banking Group	3	2.7
Fox Sports	3	7.5
Jacobs Group	2	3.3
Total/weighted average	54	8.7
Balance of portfolio ⁴	46	3.6
Total portfolio	100	6.3

Portfolio occupancy

90%

30-Jun-22: 95%

Office portfolio value

\$3.1b

30-Jun-22: \$3.4b

WALE

6.3 yrs

30-Jun-22: 6.7 yrs

WACR

5.7%

30-Jun-22: 5.1%

Our office portfolio consists of 27 high-quality office properties, which represent 65% of our total property portfolio by value. Our office properties are predominately located on the fringe of CBD's or in key metropolitan markets.

Leasing

The Group executed 33 leases for 31,994 sqm of space in FY23, representing 9.2% of office portfolio income. The weighted average lease term of the new leases was 3.9 years with a weighted annual rent review of 3.7%. Major leases included 8,007 sqm at 100 Skyring Terrace, Newstead, QLD and a renewal of 4,567 sqm at 75 Dorcas Street, South Melbourne, VIC to Mondelez Australia. The Group remains focused on filling a major vacancy in the portfolio at 5 Murray Rose Avenue, Sydney Olympic Park, NSW, where over 12,000 sqm of space remains available.

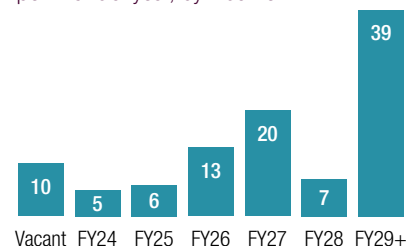
Of the 33 leases signed, 13 were renewals and the remainder were new tenants. Average incentives across the leases signed in FY23 was 24%.

Capital transactions

During FY23, the Group divested 333 Ann Street, Brisbane, QLD for \$141.1 million (gross sale price at book value). This

Office portfolio lease expiry profile (%)

per financial year, by income



transaction was one of the largest transactions in the market during FY23. Upon sale, the multi-tenanted property was fully leased, and represented 3.6% of portfolio income and 2.6% of our portfolio by value, with a weighted average lease expiry of 3.7 years. Growthpoint's office portfolio is focused on modern A-grade assets with high green credentials, located on the fringe of CBD or in metro locations, and predominantly leased to government, listed or large organisations. Divesting 333 Ann Street, the Group's primary CBD asset (at the time of sale), further focusses the Group's portfolio on these target markets.

Office property valuation change, by value⁵

30 June 2022 to 30 June 2023



1. Like-for-like.

2. Assumes CPI change of 6.0% per annum as per ABS release at June 2023.

3. Assumes CPI change of 6.1% per annum as per ABS release at June 2022.

4. Includes vacancies.

5. Increased: valuation increased by more than 1%, Stable: valuation change between -1% and 1%, Decreased: valuation reduced more than 1%. Valuation movement excludes 165-169 Thomas Street, Dandenong, VIC which was acquired during the period.

Office market overview.

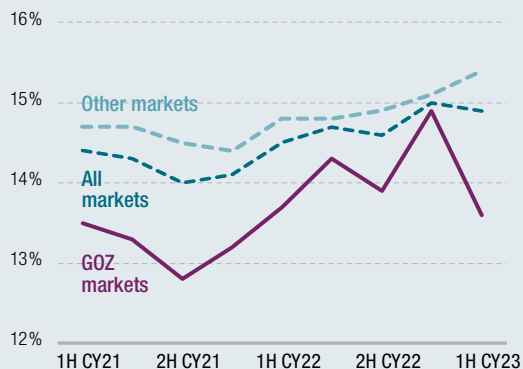
Australian office markets continue to be impacted by higher vacancy and interest rates. In response to higher inflation, the Reserve Bank of Australia (RBA) raised the cash rate from 1.35% in July 2022 to 4.10% by June 2023, the highest level since April 2012.

Transaction activity continued to slow in 2023 and is well below the 10-year average. Buyers remain selective while owners remain reluctant to divest assets with a low volume of assets brought to market over the year. Subsequently, the process of price discovery has become challenging.

Physical occupancy levels continued to improve as many employers implemented return to work mandates, while net absorption has remained positive. Flight-to-quality remains a significant factor in the market, as higher quality buildings experience strong demand. Vacancy remains elevated in most markets, though modest face rent growth of around 5% occurred on average nationally and incentives remain high, over 36%.

Vacancy in Growthpoint markets consistently lower than other markets

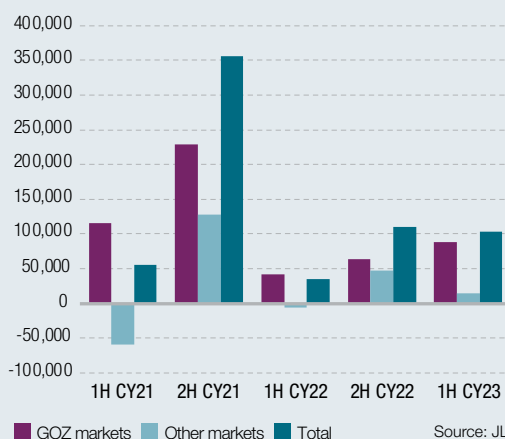
Office market vacancy



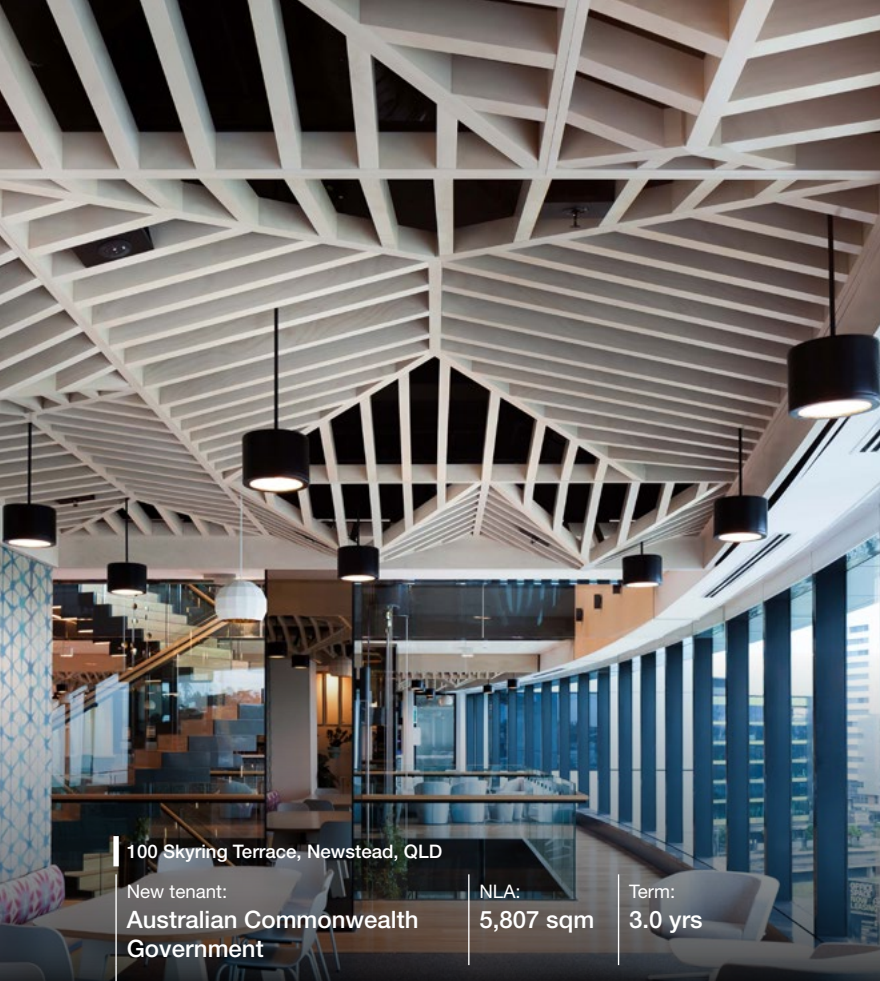
Source: JLL. All markets comprises all markets covered by JLL (19 in total). Other markets comprises all markets excluding GOZ markets.

Growthpoint office markets remain resilient

Net absorption (sqm)



Source: JLL



100 Skyring Terrace, Newstead, QLD

New tenant:

Australian Commonwealth Government

NLA:

5,807 sqm

Term:

3.0 yrs



75 Dorcas Street, South Melbourne, VIC

Renewing tenant:

Mondelez Australia

NLA:

4,567 sqm

Term:

2.5 yrs

Our industrial portfolio.

Portfolio occupancy

100%

30-Jun-22: 100%

Industrial portfolio value

\$1.7b

30-Jun-22: \$1.7b

WALE

5.4 yrs

30-Jun-22: 5.3 yrs

WACR

5.4%

30-Jun-22: 4.7%

Other industrial portfolio key metrics

30 June 2023 30 June 2022

LFL¹ change in portfolio valuation

-\$18.5m or -1.1%

Number of assets

31 31

Total lettable area

717,799 sqm 715,619 sqm

Tenant retention

64% 98%

Weighted average rent review²

3.7%² 3.7%³

NPI

\$77.1m \$78.6m

Top ten industrial tenants

as at 30 June 2023

	% portfolio income	WALE (yrs)
Woolworths	38	6.6
Linfox	11	2.6
Australia Post	6	8.0
101 Warehousing	3	6.3
Brown & Watson International	3	10.1
Laminex Group	3	2.0
The Workwear Group	3	4.0
Eagers Automotive	2	9.6
Symbion	2	8.5
Autocare Services	2	7.3
Total/weighted average	73	6.1
Balance of portfolio ⁴	27	3.3
Total portfolio	100	5.4

Our industrial portfolio consists of 31 modern industrial properties, which represent 35% of Growthpoint's total property portfolio by value. Our industrial properties are well-located, near key logistics hubs or population centres.

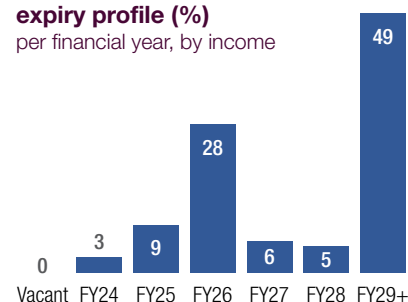
Leasing

The Group executed 12 leases for 124,148 sqm of space in FY23, representing 15.4% of industrial portfolio income. The weighted average lease term of the new leases was 4.8 years with a weighted annual rent review of 4.6%. The Group continues to see strong demand for industrial space which remains in short supply. Overall leasing activity remained strong, with demand originating from a broad range of industries including medical supplies, automotive, supermarkets, transport/logistics and warehousing. Of the 12 leases signed in FY23, four were with new tenants and the remainder were renewals. Given strong demand for industrial space, incentives remain low.

The Group added a new tenant, 101 Warehousing at 3 Maker Place, Truganina, VIC. This prime logistics property comprises a large warehouse with office facilities located at each end,

Industrial portfolio lease expiry profile (%)

per financial year, by income



enabling the warehouse to be split into two components and separately leased. This was the largest industrial lease the Group executed totalling 31,109 sqm for a term of 7.0 years.

The Group renewed 18,221 sqm of space at 1500 Ferntree Gully Road & 8 Henderson Road, Knoxfield, VIC to Brown and Watson International, an automotive products company. The term of the lease is 8.0 years. The property comprises a large warehouse with a two-level office to the front and additional self-contained office to the rear.

Industrial property valuation change, by value⁵

30 June 2022 to 30 June 2023



1. Like-for-like.

2. Assumes CPI change of 6.0% per annum as per ABS release at June 2023.

3. Assumes CPI change of 6.1% per annum as per ABS release at June 2022.

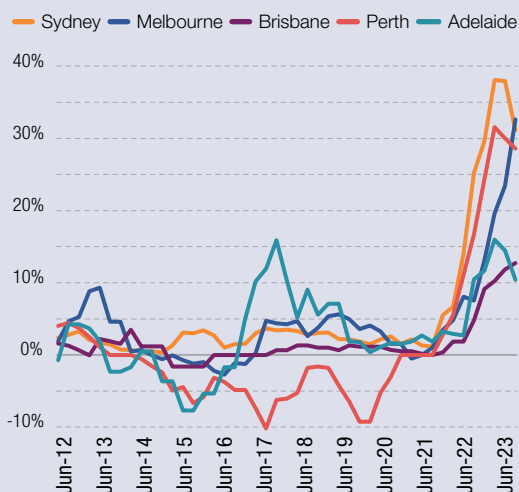
4. Includes vacancies.

5. Increased: valuation increased by more than 1%, Stable: valuation change between -1% and 1%, Decreased: valuation reduced more than 1%.

Industrial market overview.

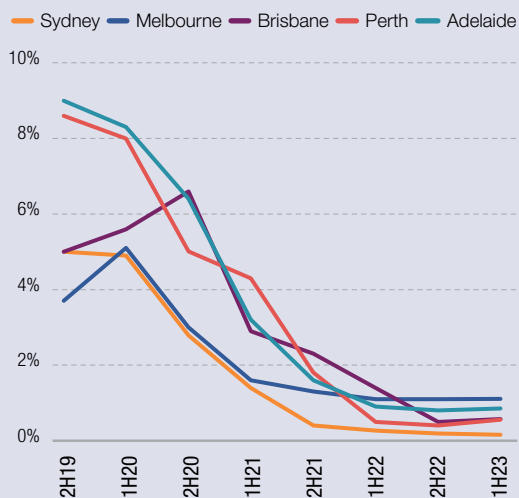
The positive momentum in the industrial markets continued in FY23 due to a shortage of modern warehouse space across all markets nationally underpinned by growth in e-commerce and demand for supply chain infrastructure. Vacancy continued to fall in the Group's markets, as demand outstripped limited supply, with the national vacancy rate reaching a record low of 0.6% in June 2023. Rent growth continued over the year, with most markets recording double digit growth in face rents. Investors sought prime and secondary grade investments, particularly those which provided near term positive rent reversion opportunities (i.e. short-medium WALE assets).

Net face rental growth, super prime supply-weighted average (Y-o-Y)



Source: CBRE Research

Average vacancy rate (%)



Source: CBRE Research. As at 2Q23



FY23 sustainability performance.

Growthpoint's 2023 Sustainability report will be published in October



growthpoint.com.au/sustainability



Average NABERS Energy rating

5.2 stars

with 100% of eligible office portfolio rated

Average NABERS Water rating

5.1 stars

with 100% of eligible office portfolio rated

Average NABERS Indoor Environment rating

4.5 stars

with 94% of eligible office portfolio rated

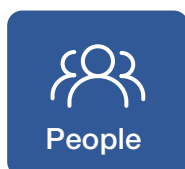


\$520m

of existing debt converted to sustainability linked loans (SLLs)

7

balance-sheet assets comprehensively assessed for climate-change risk



Employee engagement score¹

74%

placing the Group 2% above the Australian benchmark

40%

of the Group's senior managers are women² (maintained at or above 40% since FY21)

Gender diversity (all employees)³



53%



47%

Increased tenant customer satisfaction rating⁴ to

77%

FY22: 74%



G R E S B
REAL ESTATE
sector leader 2022



Rating maintained

1. The Group moved to a new survey provider for FY23, due to this, previous year results are not comparable.

2. Employees that report to an EMT member, excluding executive assistants.

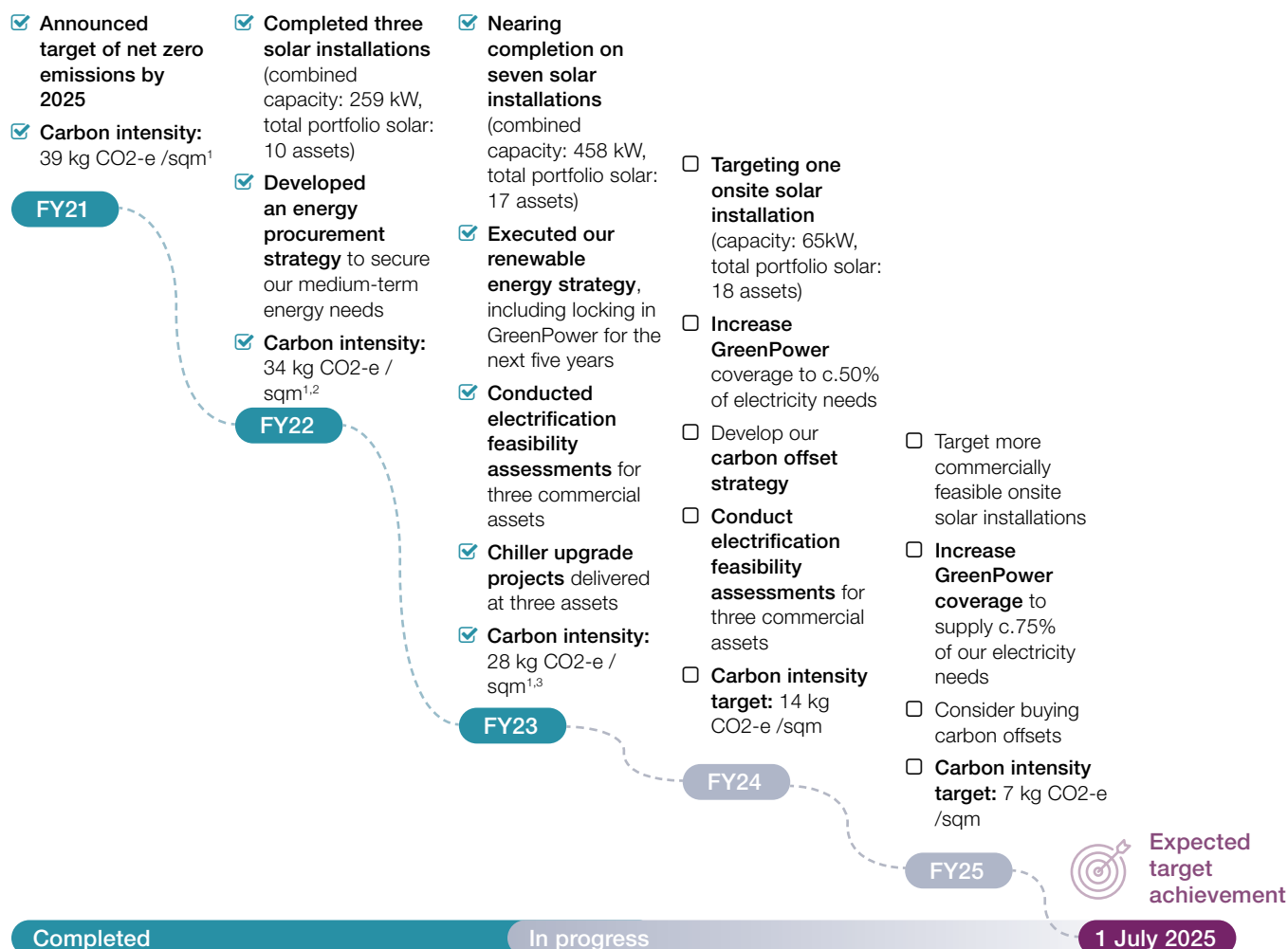
3. Excludes casual and contract employees.

4. Tenant engagement survey conducted by property research specialists Brickfields.



52 Merivale Road,
South Brisbane, QLD
93kW Solar PV System
installation completed
during July 2022 and
commissioned in
September 2022

Our pathway to net zero 2025.



1. Market-based carbon intensity.

2. Based on re-stated FY22 data.

3. Pending audit as part of FY23 sustainability reporting.

Financial performance.

Funds from operations (FFO)

26.8 cps

FY22: 27.7 cps

Distributions

21.4 cps

30-Jun-22: 20.8 cps

NTA per security

\$4.00

30-Jun-22: \$4.56

FY23 was a challenging year highlighted by an environment of high inflation and higher interest rates, which impacted sector valuations and property market transaction volumes. Despite these challenges, Growthpoint delivered funds from operations (FFO) above guidance and distributions in line with guidance.

The Group's performance in FY23 reflects the successful execution of the Group's strategy and the underlying strength of the portfolio. Growthpoint delivered FFO of 26.8 cents per security (cps), down 3.2% on the prior year, but above original guidance provided at the FY22 results of between 25 - 26 cps. Distributions to Securityholders were in line with guidance of 21.4 cps, up 2.9%, representing a payout ratio of 79.4%, consistent with the Board's target payout ratio of between 75% and 85%.

The lower FFO performance reflects the higher debt balance and increased borrowing costs incurred due to higher interest rates on the Group's debt as a result of the Reserve Bank of Australia increasing the cash rate from 1.35% in July 2022 to 4.10% by June 2023. As a consequence, net borrowing costs increased from \$46.1 million in FY22 to

\$76.4 million in FY23. Continued growth in net property income and appropriate levels of interest rate hedging assisted in minimising the impact of higher interest rates on FFO per security.

The Group's portfolio value decreased by 6.1% or \$312.1 million and on a like-for-like basis declined by 6.5% or \$325.6 million at 30 June 2023. NTA declined by 12.3% to \$4.00 per security relative to 30 June 2022.

During the year the Group acquired Fortius Funds Management and from that transaction, \$41.0 million of the total consideration paid was recognised as goodwill. When assessed at 30 June 2023, goodwill was impaired by \$8.8 million, primarily due to a higher risk free rate (Australian Government 10 year bond yield) and reduced property market transactions leading to lower assumed growth in funds under management in the near term.

Capital and operating expenditure

The Group's management expense ratio (MER) was 0.40%, unchanged from FY22. The MER relates to operating expenses incurred from managing the Group's directly owned portfolio and

Capital expenditure (capex)

	FY23	FY22
Total portfolio capex	\$22.1m	\$20.7m
Average property asset value	\$5,227.1m	\$4,956.2m
Capital expenditure to average property portfolio value	0.42%	0.42%

captures the increased headcount to support the growth of the business.

Maintenance capital expenditure increased slightly to \$22.1 million, from \$20.7 million in FY22, but remains unchanged as a percentage of the total directly owned property portfolio at 0.42% relative to FY22. Capital expenditure remained within the Group's guidance range of between 0.3% and 0.5% of average property value. The Group expects to remain towards the upper end of its guidance range over the short to medium term.

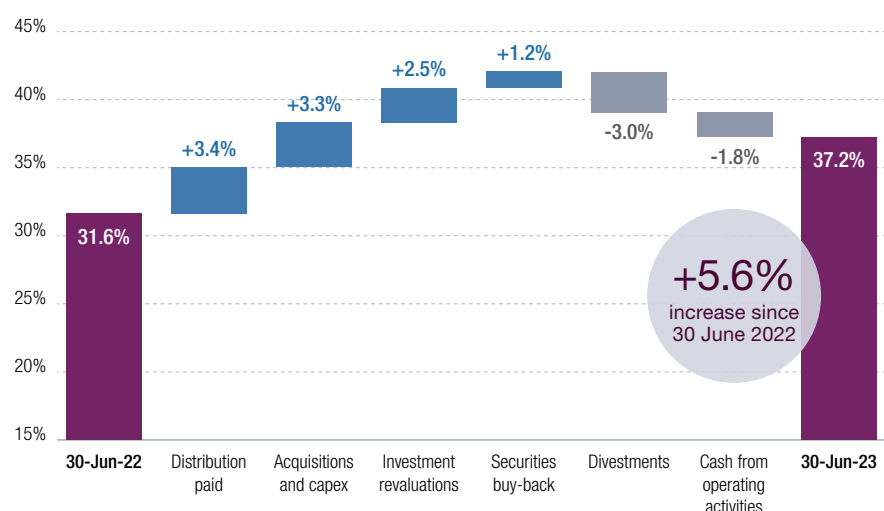
Capital Management

In February 2023, Growthpoint extended its on-market securities buy-back program for up to 2.5% of issued capital. The program was completed in May 2023 having purchased 19,304,879 securities (being 2.5% of Growthpoint's total securities on issue as at the date the program was announced) for a total consideration of \$63,434,022. Total purchases represented an average discount to 30 June 2023 NTA of 17.9%.

During the financial year Growthpoint diversified its funding sources by adding two new lenders (total facility limit \$200 million), while repaying a maturing lender (facility limit \$90 million). The Group entered into eight new AUD interest rate swaps with a total notional amount of \$280 million at a weighted average fixed rate of 3.48%. As at 30 June 2023 the weighted average remaining term to maturity is 3.46 years.

Gearing movement

for the 12 months ended 30 June 2023





120-132 Atlantic Drive,
Keysborough, VIC

330 kW solar array installed to the site in late 2022, as final part of an expansion that kicked off in 2021. The tenant, Symbion, are committed to the property until 2032

Stress testing covenants

Growthpoint has three main debt and lending covenants which are regularly stress tested

LVR <60%

38.7%

To breach this covenant, Growthpoint's cap rate would need to rise by 304 bps¹

ICR >1.6x

3.4x

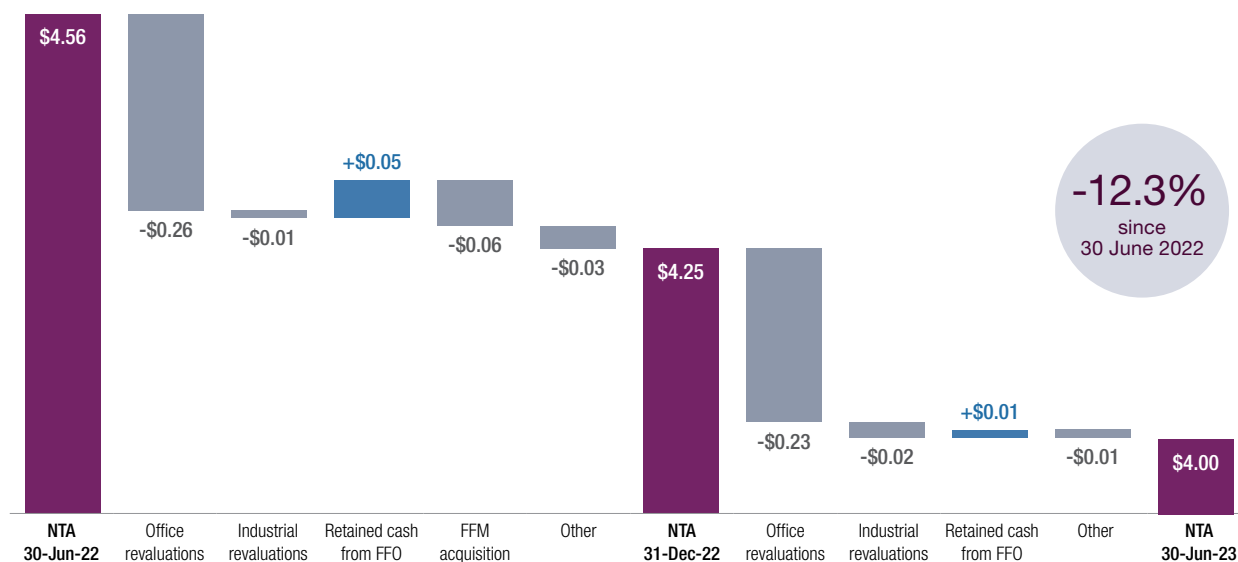
To breach this covenant, NPI would need to fall by 53%¹

% property
secured >85%

96.6%

Movements in NTA per security

for the 12 months ended 30 June 2023



1. As at 30 June 2023. For illustrative purposes only. Assumes no change to other inputs that may impact the calculation of this metric.

Financial performance.

Key debt metrics and changes during FY23

		30 June 2023	30 June 2022	Change
Gross assets	\$m	5,210.8	5,499.8	(289.1)
Interest bearing liabilities	\$m	1,918.7	1,740.0	178.7
Total debt facilities	\$m	2,226.3	2,101.5	124.8
Undrawn debt	\$m	300.0	353.5	(53.5)
Gearing	%	37.2	31.6	5.6
Weighted average cost of debt (based on drawn debt)	%	4.6	3.4	1.2
Weighted average debt maturity	Years	3.4	4.2	(0.7)
Annual interest coverage ratio (ICR) / covenant ICR	Times	3.4 / 1.6	5.2 / 1.6	(1.8) / –
Actual loan to value ratio (LVR) / covenant LVR	%	38.7 / 60	33.6 / 60	(5.1) / –
Weighted average fixed debt maturity	Years	2.9	3.8	(0.9)
% of debt fixed	%	70.5	60.9	9.6
Debt providers	No.	22	21	1

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.

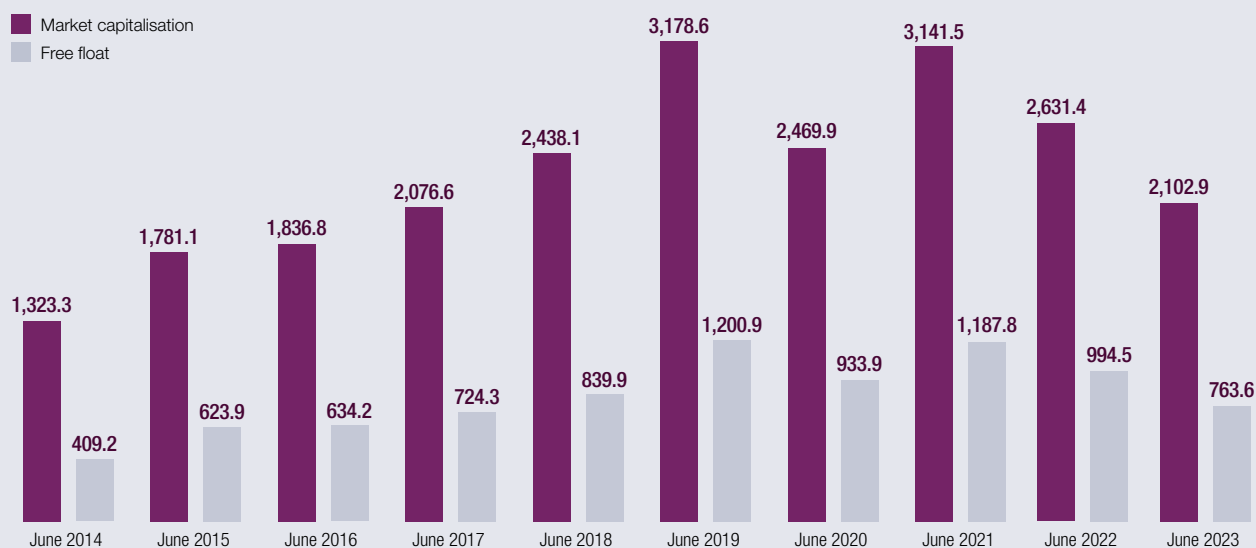
Reconciliation of profit after tax to FFO

	FY23	FY22	Change	Change
	\$m	\$m	\$m	%
(Loss) / profit after tax	(245.6)	459.2	(704.9)	(153.5)
Adjustment for non-FFO items:				
- Straight line adjustment to property revenue	(12.6)	(12.1)	(0.5)	
- Net loss / (gain) in fair value of investment properties	388.4	(285.1)	673.5	
- Net loss in fair value of investment in securities	6.2	32.7	(26.5)	
- Net loss / (gain) in fair value of derivatives	1.1	(57.2)	58.3	
- Net loss on exchange rate translation of interest-bearing liabilities	14.8	31.5	(16.7)	
- Amortisation of incentives and leasing costs	39.3	33.0	6.3	
- Amortisation of intangible assets	1.7	–	1.7	
- Goodwill impairment	8.8	–	8.8	
- Deferred tax (benefit) / expense	(5.1)	7.2	(12.3)	
- Other	7.8	4.8	3.0	
FFO	204.8	214.0	(9.2)	(4.3)
Distributions provided for or paid during the year (\$m)	162.6	160.6	2.0	1.2
FFO per security (cents)	26.8	27.7	(0.9)	(3.2)
Payout ratio to FFO (%)	79.4	75.0	4.4	

10-year financial performance summary.

As at 30 June		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Financial performance											
Profit for the period	\$m	(245.6)	459.2	553.2	272.1	375.3	357.7	278.1	219.4	283.0	117.3
Financial position											
Total assets (at 30 June)	\$m	5,210.8	5,499.8	4,777.8	4,500.7	4,117.9	3,474.6	3,328.4	2,879.6	2,407.1	2,128.8
Total equity (at 30 June)	\$m	3,054.3	3,519.9	3,221.4	2,822.6	2,546.5	2,157.0	1,901.5	1,522.4	1,411.5	1,165.1
Securityholder value											
Basic earnings per security	c	(32.1)	59.5	71.7	35.3	52.9	53.5	42.7	38.1	50.4	25.7
Funds from operations per security	c	26.8	27.7	25.7	25.6	25.1	25.0	25.5	22.9	21.8	20.2
Distributions per security	c	21.4	20.8	20.0	21.8	23.0	22.2	21.5	20.5	19.7	19.0
Total securityholder return ²	%	(12.0)	(11.7)	34.0	(17.7)	21.0	22.3	6.3	7.4	36.4	10.8
Return on equity	%	(7.6)	14.3	19.7	10.8	16.9	18.5	18.6	13.5	23.9	17.5
Gearing (at 30 June)	%	37.2	31.6	27.9	32.2	34.3	33.9	38.5	41.2	36.3	40.3
NTA per security (at 30 June)	\$	4.00	4.56	4.17	3.65	3.52	3.19	2.88	2.61	2.48	2.16
Market capitalisation (at 30 June)	\$m	2,102.9	2,631.4	3,141.5	2,469.9	3,178.6	2,438.1	2,076.6	1,836.8	1,781.1	1,323.3

Market capitalisation and free float (\$m)



Board of Directors.

Board renewal and succession has been a focus for the Board during the past 12 months. Two Directors retired during the period and three joined the Board bringing valuable insight and experience as well as delivering on our gender diversity objectives (of at least 30% of each gender) and creating a majority independent Board. Further renewal will be expected with Grant Jackson's anticipated retirement in November 2023.

5/9

Independent Directors
30 June 2022: 4/8

3/9

Female Directors
30 June 2022: 2/8

Andrew Fay
BAGEc (Hons), A Fin – Independent Chair and Director



Term of office

Andrew was appointed as a Director of the Board in December 2022 and Chair in March 2023.

Professional experience

Andrew is an experienced company director across ASX listed, private and regulated entities. He has over 30 years' experience in financial services, including investments, funds, property, and infrastructure management. Senior executive roles included Chief Executive Officer and Chief Investment Officer of Deutsche Asset Management (Australia) as well as Regional Chief Investment Officer (Asia Pacific) for the broader Deutsche Asset Management group.

Andrew was formerly a non-executive Director of Pental Group Limited, Spark Infrastructure RE Limited, South Australian and Victorian Power Networks, Gateway Lifestyle Group, Deputy Chair of Cromwell Property Group and an alternate Director for Dexu Property Group.

Other directorships and positions

Andrew is currently a non-executive Director of Integral Diagnostics Limited, National Cardiac Pty Limited and Utilities of Australia Pty Limited (trustee of Utilities Trust of Australia).

Board Committee Membership

- Nomination, Remuneration and Human Resources 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 34 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.

Board Committee Membership

- Investment Committee

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 27 years of experience in banking and property investment. He has held senior roles at Growthpoint Properties Limited for over 21 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

- Investment 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 Pental Group Limited and Investa Office Fund, and a former non-executive Director of Investa Property Group, GBST Holdings Limited, Australian Renewable Fuels Limited and Service Stream Limited.

Other directorships and positions

Deborah is currently a non-executive Director of Brickworks Limited and The Star Entertainment Group Limited, and a member of the Takeovers Panel.

Board Committee Membership

- Chair - Audit, Risk and Compliance Committee
- Investment 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 37 years of experience in the property industry including 33 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 Executive Chairman of m3property.

Board Committee Membership

- Chair – Investment Committee
- Audit, Risk and Compliance Committee

**Panico
Theocharides**

BCom (Hons (Acc)),
CA (SA) – Director

Term of office

Panico was appointed
as a Director of the
Board in April 2023.

Professional experience

Panico has over 20 years of executive leadership experience in listed real estate investment trusts and the investment banking advisory industries. He has held senior financial and operational roles at Investec and Sasfin Bank, and was previously Joint CEO of Annuity Properties Limited and CEO of Annuity Asset Managers and Annuity Property Managers.

Panico was formerly a non-executive Director of Transcend Residential Property Fund Limited, a non-executive Director and Chair of the Investment Committees of two Westbrooke Group property funds (Westbrooke Alternative Tourism Property Fund and Westbrooke Student Accommodation Property Fund) and an Investment Committee member of EuroProp Real Estate Fund plc.

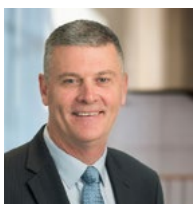
Other directorships and positions

Panico is currently Group Head of Investments at Growthpoint Properties Limited and is a member of its Executive Committee. He also serves as a non-executive Director of Capital & Regional plc.

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

Board Committee Membership

- Audit, Risk and Compliance 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 co-founded large Australian construction company Buildcorp 33 years ago of which she is a co-owner. She is an experienced company director, a Fellow of the University of Sydney and a Member of the Order of Australia.

Josephine was formerly a Non-Executive Director of The Trust Company, the Property Council of Australia, Opera Australia and the YWCA NSW.

Other directorships and positions

Josephine is currently a Non-Executive Director of Washington H. Soul Pattinson and the Green Building Council of Australia where she is Chair of both Remuneration Committees, and Chair of the Australian Sports Commission. She is a Trustee of the Australian Museum, a Governor of the Centenary Institute of Medical Research and Chair of the Buildcorp Foundation.

Board Committee Membership

- Chair – Nomination, Remuneration and Human Resources Committee

**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 27 years of experience in corporate finance dealing with listings, delistings, mergers, acquisitions and capital raisings, and over 20 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, and Capital & Regional plc and Globalworth Real Estate Investments Limited.

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

Board Committee Membership

- Nomination, Remuneration and Human Resources Committee

**Michelle Tierney**

BA, MBA, GAICD,
PostGradDip
BusAdmin –
Independent Director

Term of office

Michelle was appointed
as a Director of the Board in April 2023.

Professional experience

Michelle is an experienced senior executive and board member across ASX 50 and NZX 50 organisations respectively. She has over 20 years of executive experience in the property and funds management industry having held senior funds management and property roles with National Australia Bank and The GPT Group. Prior to her appointment, Michelle was Chief Operating Officer for Region Group (formerly SCA Property Group). She is a member of the Women's Leadership Institute Australia.

Michelle was formerly an executive Director of SCA Unlisted Retail Fund RE Limited and served as alternate Director of the Shopping Centre Council of Australia.

Other directorships and positions

Michelle is currently a non-executive Director of Stride Property Group.

Board Committee Membership

- Audit, Risk and Compliance Committee
- Investment Committee

**Prior Directors during the period:**

- **Francois Marais**, Director – retired on 17 November 2022
- **Geoffrey Tomlinson**, Chair and independent Director – retired on 1 March 2023

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 34 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.



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.



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 21 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.



Sam Sproats

B.Fin Admin, GAICD – Executive Director, Funds Management

Sam joined Growthpoint in 2022 and leads the Group's funds management business.

Sam has over 27 years of experience in real estate funds management, project delivery and asset management. Sam joined the Executive Management Team on the completion of the acquisition of Fortius Funds Management Pty Ltd by Growthpoint in September 2022.

Prior to joining Growthpoint, Sam was Chief Executive Officer and Executive Director of Fortius, holding senior executive positions since joining in 1998.



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 22 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.





Building 3, 570 Swan Street,
Richmond, VIC (Botanicca 3)

This asset is now 97% leased
with key tenant, Bunnings,
occupying 83% of the
A-grade office space

Risk management.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has 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.

Management provides regular reports to the ARCC in relation to the risks facing Growthpoint. The ARCC reviews the adequacy of the risk management framework in relation to the risks faced by Growthpoint and its operations and makes appropriate recommendations to the Board. The ARCC also reports regularly to the Board on its activities. A separate risk register for Growthpoint's funds management business is maintained and reported to the Fortius Funds Management Pty Ltd (Fortius) board (a wholly owned subsidiary of Growthpoint, which oversees the governance of the Fortius managed funds) on a semi-annual basis.

Risk management policies are established to identify and analyse the risks faced by Growthpoint 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 and investor confidence, the value of our portfolio and our ability to pay or grow distributions.

Loss of funds management income or inability to grow the funds management business due to reduced investor sentiment, ability to attract new capital partners and impact of adverse market conditions.

Risk factors that could impact our financial performance include macroeconomic impacts, a climate of rising interest rates, high inflation and 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, acquisitions and disposals are supported by thorough research.

As our earnings are predominately 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 directly owned portfolio, we currently have an occupancy rate of 93%, a WALE of 6 years and a high proportion of fixed annual rent increases.

To ensure security of income, we 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.

Our funds management team actively engages with existing investors and potential capital partners with regard to investment opportunities and regularly reviews performance of our managed funds.

We adopt and implement prudent capital management practices. This includes maintaining sufficient liquidity, holding a percentage of fixed debt in accordance with our Treasury Management Policy (70.5% as at 30 June 2023) and have a weighted average debt maturity of 3.4 years.

Refer to the Group's 2023 Corporate Governance Statement for more details on the Group's risk management framework.



growthpoint.com.au/corporate-governance

Material business risk

How Growthpoint is responding

Physical assets

Property portfolio

The value of our directly owned 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, tenant demand, external economic factors and the term of our ground lease tenancies.

We have a resilient and high-green credentialed portfolio comprised of high-quality and modern commercial real estate properties, predominately leased to government, listed organisations or large private companies. Our directly owned portfolio exposure is limited to office (primarily metropolitan) and industrial property sectors and is geographically diversified to mitigate the risk of localised valuation impacts. We may also seek to co-invest in funds in other sectors where accretive investment opportunities present as part of growing our funds management business.

We continually monitor and look to improve the quality of our directly owned 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, with an Investment Committee established by the Board to consider investment proposals by Growthpoint over a certain monetary threshold.

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 changing needs and exceed their expectations. Through this active asset management and tenant engagement we endeavour to minimise vacancy and exposure to high incentives.

Structural changes due to disruptive industries and trends

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, industry market briefings and developments and overseas trends.

We monitor the potential impacts of the increase of automation and how it affects our industrial portfolio.

We continue to monitor 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 good demand for our offices, with strong environmental credentials, primarily located in metropolitan markets, from existing and potential tenants, with significant leasing activity in FY23, totalling 156,142 sqm or 11.2% of our portfolio.

Finance and economics

Access to capital markets

Continuous access to debt, equity markets and third party investor capital is important to the sustainability and growth 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, including growing our funds management business.

Support from our banking partners is dependent on their financial covenants being met. We regularly stress test these covenants. As at 30 June 2023, 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 at the low end of our target range of 35% to 45%. Growthpoint also maintains strong relationships with its equity investors, through its investor relations program.

We actively engage with existing or new third party capital partners to understand their needs and develop strategies to ensure ongoing satisfaction and repeat or new investment to grow our funds under management, investment returns and revenue.

Risk management.

Material business risk

How Growthpoint is responding

Operations, and people and culture

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 Business Continuity Plan which includes a Disaster Recovery Plan and provide training and education to our employees, to assist in reducing the risk and impact of any cybersecurity attack.

We engage external specialists to review our cybersecurity framework including cyber vulnerabilities and provide assurance on our controls environment.

We undertake IT security risk assessments of new key suppliers or suppliers of key IT platforms and annually review the business continuity and disaster recovery arrangements of existing key suppliers to minimise the impacts of third-party providers outages on our business.

People and culture

The loss of key personnel, particularly in the current environment of low unemployment, can result in a productivity downturn, an increase in operating costs and place a greater burden on remaining employees. Not having the right team size with the right skills may also adversely affect productivity and the achievement of our strategic 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, skills and experience to support our business.

Professional development programs are tailored for individuals based on their career goals and plans and we conduct an active wellness program focussing on employee health and wellbeing.

Legal and regulatory

Legal, compliance and regulatory

Non-compliance of laws or our AFSL or changes in legislation, government policies or regulatory environment that may impact the business, increase the costs of compliance and its operations, lead to reputational damage or impact its financial performance.

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 and actioned.

Environmental and social sustainability

Environmental sustainability and climate change

Inability to deliver on our environmental strategy could result in poor asset performance, negative reputation impacts and hamper our ability to raise capital.

Our Sustainability Framework builds on our previous commitment to achieve net zero carbon emissions by 2025. We invest in assets with strong environmental credentials and seek to improve the resilience of physical assets via the implementation of adaption plans to mitigate impacts of physical changes in climate and investing in energy and building management systems.

We have recently established \$520 million of sustainability linked loans where interest margin reductions are tied to the successful achievement of sustainability KPIs and targets. This approach underscores our commitment to environmental stewardship and responsible business practices.

Material business risk

How Growthpoint is responding

Social sustainability

Failure to comply with relevant legislation and have a positive social impact in the communities in which we operate could result in damage to our reputation and relationship with stakeholders and erode our social licence to operate.

We have published modern slavery statements that detail our approach to identifying and managing modern slavery risks in our supply chain. In conjunction with a specialist consultant, we have previously undertaken a deep dive risk assessment of our supply chain. In addition, we have provided modern slavery training to staff and the Board.

Via our Community Program we continue to sponsor and support a range of community and social causes.

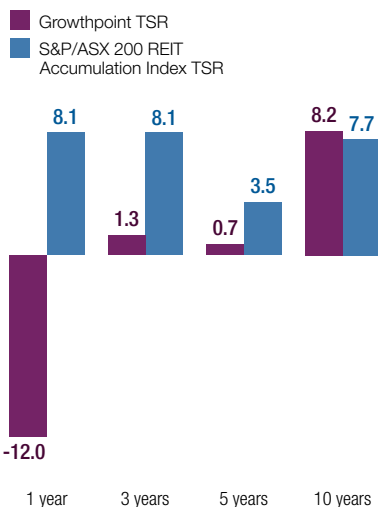
Growthpoint's FY23 Sustainability report (due for release in early October 2023) will provide an overview of Growthpoint's approach to managing the risks and opportunities of climate change. The report will be available via our website at growthpoint.com.au/sustainability

Remuneration report.



Josephine Sukkar AM
Independent Director, Chair – Nomination,
Remuneration and Human Resources
Committee

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



Source: UBS Investment Research. Annual compound returns to 30 June 2023.

On behalf of the Board, I am pleased to present Growthpoint's remuneration report, which provides an overview of our FY23 remuneration structure and outcomes, and our approach to FY24.

Solid performance in a challenging market

FY23 marked a successful year for Growthpoint with several milestone achievements, however higher inflation and increases in interest rates have impacted real estate valuations with record low transaction volumes. In this challenging environment Growthpoint's portfolio performed well, maintaining solid occupancy and strong portfolio weighted average lease expiry (WALE), supporting a stable income stream for securityholders.

Within this context, in FY23 the Committee focused its attention on ensuring that remuneration settings were carefully balanced to retain and motivate our people to deliver superior performance while aligning reward outcomes to Securityholders' expectations. Other important considerations for the Committee included the continuation of an extremely competitive talent market and the impact of rising interest costs and inflation which affected financial performance in FY23 and is expected to continue to be a headwind in FY24.

In FY23, Growthpoint delivered funds from operations (FFO) of 26.8 cents per security (cps), down 3.2% relative to FY22, but ahead of where guidance was originally set of between 25.0 – 26.0 cps, whilst distributions were in line with guidance of 21.4 cps, up 2.9%. Strategically, FY23 marked an important pivot in the focus of the business following the acquisition of the Fortius Funds Management platform in September 2022. The acquisition is Growthpoint's first foray into funds management and an important evolution for the Group as it seeks to expand and diversify its income base.

Despite exceeding the original earnings guidance, Growthpoint underperformed the S&P/ASX 200 REIT Accumulation Index (the Index) over the short term with a total securityholder return (TSR) of -12.0% vs 8.1% for the Index in FY23. The underperformance is mainly due to the impact of higher interest rates

and negative sentiment to office assets as vacancy rates increased in a post COVID 'work from home' environment. These factors combined with lower rental growth meant expanding capitalisation rates had a significant impact on office valuations industry wide. Growthpoint was not immune, and with a relatively higher weighting to office assets the Group's NTA declined by 12.3% to \$4.00 per security relative to 30 June 2022.

At 30 June 2023, the Group's portfolio occupancy was 93% vs 97% at 30 June 2022. Whilst down, this compared favourably relative to vacancy rates experienced in the broader market. With assets predominantly leased to government, listed or large companies, and a portfolio WALE of 6.0 years as at 30 June 2023, the Group is well positioned in the current challenging market.

FY23 awards

The Executive Management Team's (EMT) FY23 short-term incentive (STI) opportunity comprised financial criteria (70% of total) and non-financial criteria (30% of total). To be eligible for the financial criteria component, the EMT were required to deliver a base target FY23 FFO of 26.5 cps. The EMT outperformed the financial target, delivering FY23 FFO of 26.8 cps, despite being lower relative to FY22 by 3.2%, but above guidance.

In addition to the financial achievements, the Board was pleased with the EMT's progress on a number of the Group's strategic objectives and FY23 STI non-financial criteria achievement over the year. This includes the strategic acquisition of the Fortius Funds Management platform in FY23, with integration having been completed successfully.

The EMT also progressed the Group's ESG performance with good progress on NABERS (National Australian Built Environment Rating System) ratings and a Global Real Estate Sustainability Benchmark (GRESB) score increase of one point to 81. Progress has been made with respect to the Group's 2025 net zero target through the execution of new electricity contracts, which include GreenPower purchases. GreenPower is anticipated to materially contribute to achieving the target. There has also been a significant increase in our onsite solar rollout, with work commenced during the year across seven commercial assets.

Growthpoint's performance, FY18-23

	FY18	FY21	FY23	2-year CAGR	5-year CAGR
FFO per security	25.0	25.7	26.8	2.1%	1.4%
Distribution per security (cents)	22.2	20.0	21.4	3.4%	(0.7%)
NTA per security (\$)	3.19	4.17	4.00	(2.1%)	4.6%

The net zero 2025 target is across 100% owned on balance sheet operationally controlled office assets and corporate activities.

In addition, the Group entered into Sustainability Linked Loans (SLLs) in respect of \$520 million of the Group's existing debt arrangements and established an overarching Sustainable Finance Governance Framework. Interest margin reductions are tied to the successful achievement of sustainability related KPIs and targets. The KPIs will be measured against reductions in Scope 1, Scope 2 and Scope 3 emissions and performance measured against the NABERS and GRESB ratings.

The positive results of the annual employee engagement survey demonstrate the EMT's focus on building a positive, performance driven team culture. The Group continues to record a positive employee engagement score compared to the national benchmark for the survey. The Group has also progressed gender diversity over FY23, with its three-year gender diversity targets being met by 30 June 2023. These include consistently meeting and maintaining the 40% female senior management¹ and overall workforce targets over the three-year period.

Tenant engagement remains strong with Growthpoint achieving 8/10 tenant satisfaction in its annual survey, ranking as industry leaders on landlord satisfaction ahead of the industry average of 7.1. Growthpoint maintained industry leader ranking for landlord customer satisfaction in office (1st) and industrial (2nd) vs. the benchmarked peer group.

Reflecting the Group's performance in FY23, and the EMT's STI performance criteria (financial and non-financial), the Board has assessed the EMT's STI award as 61.6% of their maximum FY23 STI opportunity.

In line with the Group's remuneration policy, the Committee will complete its

assessment of the long-term incentive (LTI) award in October 2023 for the LTI plan with a performance period of 1 July 2020 to 30 June 2023. 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 the three-year period. The TSR tranche has been assessed, with it not being met and resulting in a 0% vesting outcome. The ROE tranche will be assessed once the required information from all the Index members becomes available, anticipated to be around September 2023.

FY24 remuneration

During FY23, the Committee engaged a remuneration consultant to undertake a high-level review of the remuneration framework for the EMT. Following the review, the FY24 LTI opportunity structure will remain the same as FY23 and the FY24 STI structure will be largely consistent with FY23, but for some minor changes. The STI assessment will include targets for funds management growth in the financial criteria. Financial measures will be reweighted from 70% to 60% and non-financial measures from 30% to 40%. The Committee again engaged the remuneration consultant to benchmark the EMT's remuneration against an industry peer group. Based on this work, and the Group's relative position to its peers, the Board has agreed to increase the EMT's total fixed remuneration (TFR) for FY24 by 3.5% for the Managing Director and 4% for the other Executive KMP.

Other matters

The Committee and Board also considered Director and Board Committee fees and has agreed that fees payable to the Non-Executive Directors in FY24 as part of their membership of the Board and Committees will remain the same as FY23. Similarly, fees payable to

the Board Chair and Committee Chairs will remain the same as FY23.

The Committee oversees the recruitment and appointment of Directors and has made substantial progress on board renewal and succession planning during FY23 with a number of new appointments made during the year. This has resulted in the Board achieving its female gender diversity target of 30% (33% as at April 2023), as well as a majority of independent Directors at both the Board and Committee levels, including independent Director Committee Chairs.

On 18 July 2023, the Group announced the intended retirement plans of Managing Director, Timothy Collyer, after more than 13 years in the role. Mr Collyer is expected to continue as Managing Director for 12 months until July 2024, allowing time for a smooth transition to his successor. A formal process to select Mr Collyer's replacement has commenced and will include both internal and external candidates consistent with the Board approved succession plan.

We hope that you find the following report transparent and informative, and welcome your feedback. The Board remains committed to ensuring that the EMT are rewarded for the right outcomes and their remuneration is aligned with the long-term interests of Securityholders.



Josephine Sukkar AM
Chair – Nomination, Remuneration and Human Resources Committee

1. Permanent employees that report to an EMT member.

What's inside.

About the remuneration report	34
FY23 Executive KMP remuneration policy and framework	35
FY23 short-term incentives (STI)	38
FY23 long-term incentives (LTI) Plan	41
FY24 Executive KMP remuneration	45
Non-Executive Directors' arrangements	45
Executive and Non-Executive KMP shareholdings	47
Remuneration policy and role of the Nomination, Remuneration and HR Committee.	48

Who this report covers

This report covers KMP, comprising certain members of the 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

- > **Andrew Fay** - Independent Chair of the Board and Director (appointed Director effective 1 December 2022 and Chair effective 1 March 2023)
- > **Geoffrey Tomlinson** - Independent Chair of the Board and Director (retired effective 1 March 2023)
- > **Deborah Page AM** - Independent Director
- > **Estienne de Klerk** - Director
- > **Francois Marais** - Director (retired effective 17 November 2022)
- > **Grant Jackson** - Independent Director
- > **Josephine Sukkar AM** - Independent Director
- > **Michelle Tierney** - Independent Director (appointed effective 1 April 2023)
- > **Norbert Sasse** - Director
- > **Panico Theocharides** - Director (appointed effective 1 April 2023)

About the remuneration report

The Directors present this 'Remuneration Report' for the Group for the year ended 30 June 2023. This report summarises key compensation policies and provides detailed information on the compensation for Directors and other Key Management Personnel (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.



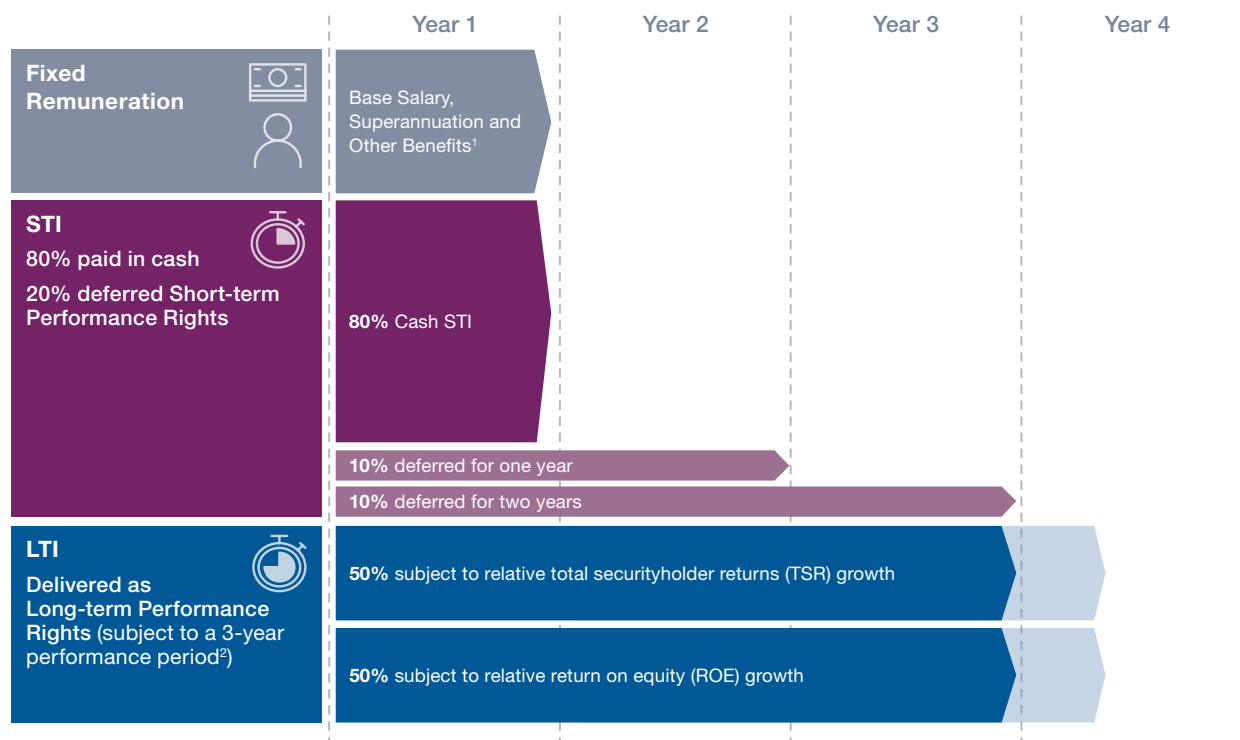
FY23 Executive KMP remuneration policy and framework

Components of FY23 remuneration

Fixed Remuneration (including applicable superannuation and other benefits)	Set at a level to attract and retain suitably qualified and experienced persons in each respective role and tailored to encourage overall performance of the Group, which is in the best interests of all Securityholders.	
Short-term incentives (STI)	If specified performance criteria are met, eligibility of each Executive KMP to receive an STI bonus payable as 80% cash and 20% as deferred short-term incentive performance rights (Short-term Performance Rights) in respect of each financial year.	38 Current year (FY23) 45 Next year (FY24)
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.	41 Current year (FY23) 45 Next year (FY24)

Executive KMP Remuneration delivery FY23

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 insurance arrangements provided to all Executive KMP

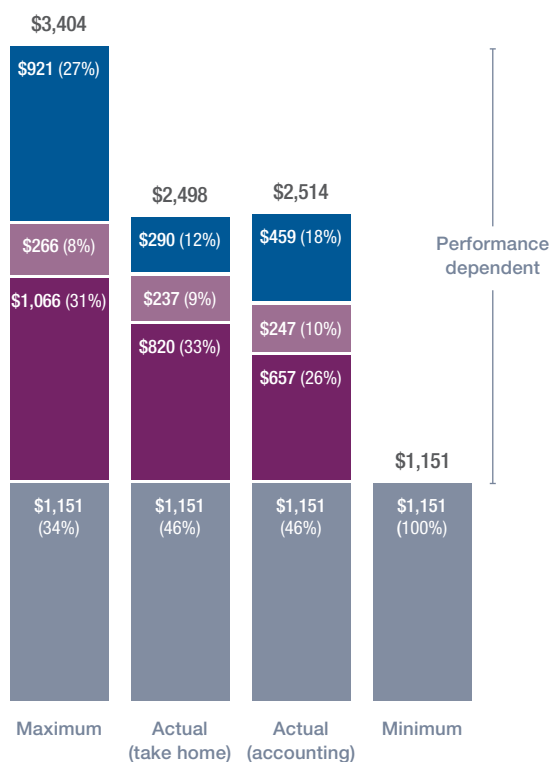
2. The measurement period finishes on 30 June 2025 with vesting in early FY26

Remuneration report.

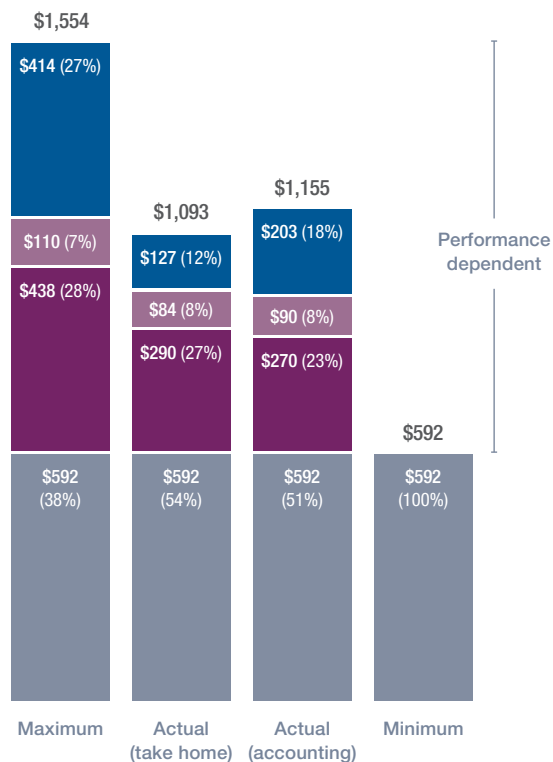
Executive KMP Remuneration mix FY23 (\$'000)

Fixed Remuneration STI - Cash STI - Deferred LTI

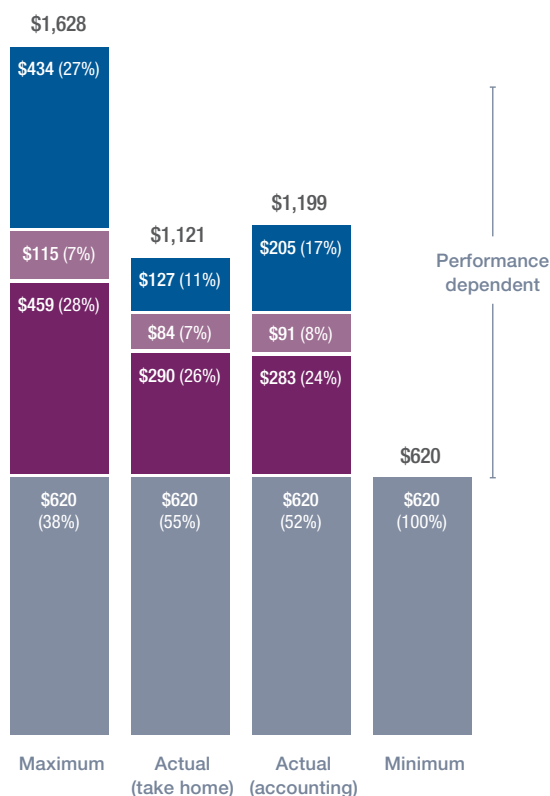
Managing Director



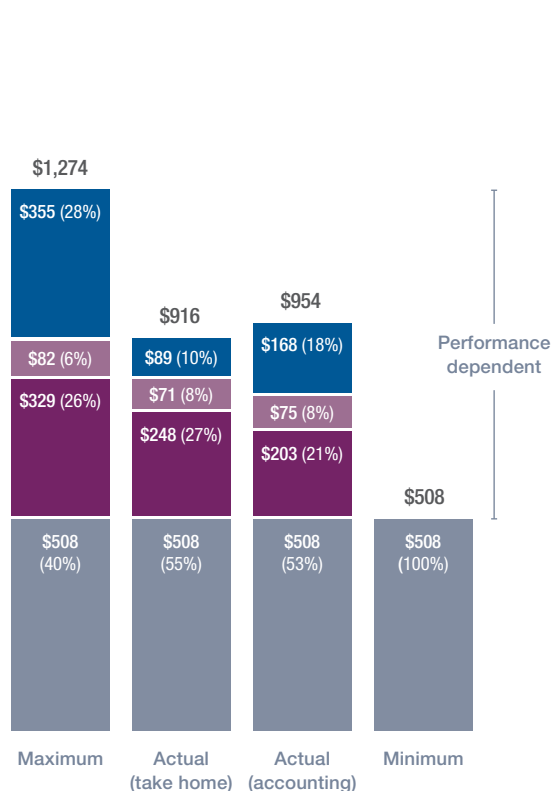
Chief Financial Officer



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 Group's AFSs.
4. From 1 July 2018, the Committee implemented a Minimum Securityholding Requirement (MSR) for KMP (refer to page 47 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 50 for further information).

Total Executive KMP remuneration (Take home basis)

The following table presents the actual remuneration received by Executive KMP during FY23. This voluntary disclosure is provided to increase transparency and includes:

- Salary and other benefits received during FY23
- FY22 cash STI received during FY23, and
- The value of securities that vested during FY23.

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 FY23. 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 ¹	Cash STI	Value of deferred STI rights vested ²	Value of LTI rights vested ²	TOTAL	% of remuneration performance- based
	\$	\$	\$	\$	\$	%
Timothy Collyer – Managing Director	1,151,010	820,028	237,195	289,816	2,498,049	54%
Dion Andrews – Chief Financial Officer	591,847	289,657	83,647	126,796	1,091,947	46%
Michael Green – Chief Investment Officer	619,556	289,657	83,647	126,796	1,119,656	45%
Jacquee Jovanovski – Chief Operating Officer	507,728	248,447	71,485	88,758	916,418	45%
Total	2,870,141	1,647,789	475,974	632,166	5,626,070	49%

¹ Salary and Other Benefits comprises base salary, superannuation and insurance arrangements provided to all Executive KMP.

² 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			Total	S300A (1) (e) (i) proportion of remuneration performance related
	Base salary	STI cash award	Performance rights cash distribution	Annual leave ¹	Super-annuation benefits	Long service leave ¹	Deferred STI Plan expense	LTI Plan expense		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Timothy Collyer – Managing Director										
FY23	1,123,510	656,586	19,794	41,674	27,500	8,939	246,513	458,501	2,583,017	53%
FY22	1,068,700	801,940	5,814	(21,804)	27,500	35,612	273,530	428,426	2,619,718	58%
Dion Andrews – Chief Financial Officer										
FY23	564,347	270,092	6,987	12,570	27,500	18,715	90,159	202,517	1,192,887	48%
FY22	525,675	283,278	2,041	17,121	27,500	18,828	98,152	186,608	1,159,203	49%
Michael Green – Chief Investment Officer										
FY23	592,056	282,737	6,987	1,940	27,500	23,274	91,215	204,870	1,230,579	48%
FY22	525,675	283,278	2,041	(14,078)	27,500	17,457	98,152	186,608	1,126,633	51%
Jacquee Jovanovski – Chief Operating Officer										
FY23	480,228	202,741	5,983	5,946	27,500	2,515	74,818	168,136	967,867	47%
FY22	447,013	242,995	1,621	9,841	27,500	1,234	82,409	147,545	960,158	49%
Total										
FY23	2,760,141	1,412,156	39,751	62,130	110,000	53,443	502,705	1,034,024	5,974,350	50%
FY22	2,567,063	1,611,491	11,517	(8,920)	110,000	73,131	552,243	949,187	5,865,712	53%



FY23 short-term incentives (STI)

Performance criteria for Executive KMP STI for current year (FY23)

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. For FY23 the maximum STI opportunity for the Managing Director's total fixed remuneration (TFR) was 117.5%, 94.0% for the Chief Investment Officer and Chief Financial Officer² and 82.25% for the Chief Operating Officer.

STI Plan and Performance Criteria

For each financial year the Committee, in consultation with the Managing Director and with assistance from remuneration consultants as required, recommends performance targets and reward levels for STIs to the Board in respect of the year. The STI criteria is then set by the Board.

For FY23, the STI was comprised of two criteria, namely;

a) Financial criteria – 70% of total

All of the Executive KMP were subject to the same financial criteria which was based upon achieving above budgeted FFO per security, with the opportunity for outperformance of up to 125% of the financial criteria component via a stretch target of 27.7 cps (1.2 cps or 4.5% ahead of budget). If FFO per security is at or below the budget target, the Board has discretion whether to grant achievement under the financial criteria.

An FFO target range was chosen because it demonstrates the closest correlation to Securityholder value creation (measured by total Securityholder return).

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 leave they accrue during the current year.

² During FY23, the Chief Financial Officer's maximum STI with a stretch target was revised from 82.25% of TFR to 94.0% of TFR.

For FY23, the achievement was 65% for the financial criteria, against a maximum possible stretch of 87.5%. This took into account an adjustment for interest rates driving FY23 borrowing expenses materially higher than budgeted, noting the volatility of the interest rate market and uncertainty of likely action by the RBA during the budget setting process and FY23.

b) Non-financial criteria – 30% of total

The non-financial criteria for the Executive KMP were based upon measures relating to the performance criteria in the table below and on page 40. Achievement of this component is capped at 100%.

The non-financial measures were chosen as they represent the key drivers for the short-term success of the business and for implementing strategies to drive long term securityholder value.

STI assessment

The Committee undertakes a half year and end of financial year performance review of the Executive KMP's achievement against the financial and non-financial criteria to recommend the STI award payable. Any award of a STI to Executive KMP requires Board approval. Cash STI payments are made the following the financial year in which they were earned.

The Board has ultimate discretion to apply judgement or make adjustments when approving the final performance outcomes. Other than the adjustment noted above, the Board did not exercise any other discretions or make any other adjustments in determining the outcome of the Executive KMP's STI award for FY23.

The Executive KMP's performance criteria, achievements and outcomes for their FY23 STI opportunity are reflected below and on the following page.

Criteria	Weighting	Strategic objectives	Result	Performance detail
Financial 70%		FFO per Security targets set by the Board: – 26.5 cps (budget) = 0% achievement – Increase to a maximum of 125% (stretch target) earned at 27.7 cps	45.5%	✔ FFO budget exceeded: 26.8 cps - 65% of financial component awarded. This represents 52% of the financial component with the stretch opportunity
Non-Financial 30%	10%	Funds management – Successful integration of the acquisition of the Fortius Funds Management business in accordance with an integration plan	10%	✔ Integration plan agreed as part of the acquisition. Integration teams and Steering Committee established to oversee integration. Completed all key deliverables in accordance with the plan
	5%	Leadership and culture – Embed a positive team culture within Growthpoint, measured by employee engagement survey results	3.75%	✔ Positive FY23 employee engagement score of 74% compared to national benchmarked score of 72%. Note the Group moved to a new survey provider in FY23, and so last year's results are not directly comparable.) Survey responses included 87% of employees indicating they would recommend Growthpoint as a great place to work and 100% of employees having access to the learning and development needed to do their job well ✔ Consistently positive employee pulse scores achieved during integration phase ✔ Progressed governance processes to integrate the funds management business and culture within the broader Growthpoint Group ✔ Executive KMP succession plans and talent planning progressed

Remuneration report.

Criteria	Weighting	Strategic objectives	Result	Performance detail
Non-Financial 30% (cont.)	7.5%	Environmental, Social and Governance (ESG) initiatives and targets – Deliver performance against ESG and maintain high ESG targets measured against FY22 results – Progress towards net zero strategy¹ by 2025	7.5%	✓ Portfolio average NABERS Energy rating² of 5.2 stars (FY22: 5.2 stars) and ranked in the top 10 for Energy in the NABERS Sustainable Portfolio Index 2023 (SPI) ✓ Portfolio average NABERS Water rating³ of 5.1 stars (FY22: 5.1 stars) and the Group improved its SPI performance from 11th in 2022 to 4th in 2023 ✓ Portfolio average NABERS Indoor Environment rating⁴ increased to 4.5 stars (FY22: 4.2 stars) ✓ GRESB score increased to 81 (FY22: 80) and Overall Regional Sector Leader – Diversified – Office/Industrial position maintained ✓ CDP above average score of B maintained ✓ Progress has been made with respect to the Group's 2025 net zero target through the execution of new electricity contracts, which include GreenPower purchases. GreenPower is expected to contribute significantly to achieving the target. There has also been a significant increase in our onsite solar rollout, with work commenced during the year across seven commercial assets ✓ Entered into Sustainability Linked Loans (SLLs) in respect of \$520 million of the Group's existing debt arrangements and established overarching Sustainable Finance Governance Framework for the selection of SLL related targets and the day to day management and operation of the SLLs ✓ Published third Modern Slavery Statement detailing actions taken to assess and address risks in the Group's operations and supply chain
	7.5%	Customer satisfaction – Maintain high levels of customer satisfaction, measured by reference to FY22 tenant and investor surveys	5.63%	✓ Positive direct feedback and external survey results on the Group's engagement with tenants, with: – continued increase in customer satisfaction increasing from 74 in FY22 to 77 in FY23 for balance sheet assets (scored out of 100); – positive landlord satisfaction result for balance sheet assets of 8 (out of 10), compared to 7.1 for the industry benchmark and 8.1 in FY22 for the Group; – Maintained industry leader ranking for landlord customer satisfaction in office (first) and industrial (second) vs. benchmarked peer group ✓ Positive feedback on Group's performance and management from direct investor and analyst meetings. Also positive results from externally conducted investor perception study, with very slight reduction in overall average score on prior year and maintained favourable score vs. leading peer company. Management Responsiveness and Accessibility, Management Discussion and Analysis, and Disclosure and Transparency were the highest ranking categories in the survey ✓ Positive media and analyst coverage, with Group coverage extended to six from five analysts ✓ Improved uptake on digital channels from FY22 including LinkedIn followers and engagement and Group website visits
Total non-financial	30%		26.88%	
Totals of target STI opportunity	100%		72.38%	
Totals of Maximum STI opportunity (with the stretch opportunity)	117.5%		61.60%	

1 Net zero 2025 target across 100% owned on balance sheet operationally controlled office assets and corporate activities.

2 100% of eligible, owned on balance sheet office assets rated.

3 100% of eligible, owned on balance sheet office assets rated. Recycled water not included.

4 94% of eligible, owned on balance sheet office assets rated.

Results of FY23 STI

The table below shows the maximum in cash and Short-term Performance Rights that each Executive KMP could earn for FY23, and the actual results achieved.

Names	Maximum for FY23				Result for FY23			
	Total	Cash	Short-term Performance Rights		Total	Cash	Short-term Performance Rights ¹	
	\$	\$	\$	No.	\$	\$	\$	No.
Timothy Collyer – Managing Director	1,332,450	1,065,960	266,490	75,279	820,733	656,586	164,147	46,369
Dion Andrews – Chief Financial Officer	548,114	438,491	109,623	30,966	337,615	270,092	67,523	19,074
Michael Green – Chief Investment Officer	573,776	459,021	114,755	32,416	353,421	282,737	70,684	19,967
Jacquee Jovanovski – Chief Operating Officer	411,435	329,148	82,287	23,244	253,426	202,741	50,685	14,317
Total	2,865,775	2,292,620	573,155	161,905	1,765,195	1,412,156	353,039	99,727

FY23 Deferred STI plan – valuation inputs (Binomial model)

	Granted in November		Granted in June ²	
	Tranche 1	Tranche 2	Tranche 1	Tranche 2
Grant date	17-Nov-22	17-Nov-22	21-Jun-23	21-Jun-23
Performance period start	1-Jul-22	1-Jul-22	1-Jul-22	1-Jul-22
Performance period end	28-Jun-24	30-Jun-25	28-Jun-24	30-Jun-25
Security price at grant date	\$ 3.23	3.23	2.94	2.94
Fair value	\$ 2.91	2.73	2.74	2.56
Exercise price	\$ –	–	–	–
Expected life (years)	years 1.61	2.62	1.02	2.03
Volatility	% 25	25	25	25
Risk free interest rate (per annum)	% 3.48	3.29	3.95	3.52
Distribution yield (per annum)	% 6.58	6.58	7.00	7.00



FY23 long-term incentives (LTI) Plan

The Group has had an Employee Securities Plan (the Plan) in place for Executive KMP and certain other employees 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. The performance measures for FY23 are set out below, with no change to the performance measures compared to recent prior years.

The performance measurement period for the FY21, FY22 and FY23 plans are the three years to 30 June 2023, 30 June 2024 and 30 June 2025, respectively. For these plans, 100% of the maximum opportunity may vest into stapled securities subject to the performance measures being met.

1 The number of Short-term Incentive Performance Rights was derived by dividing the actual dollar value by the volume weighted average price (VWAP) of Growthpoint stapled securities over the first 10 trading days in FY23 rounded down to the nearest whole Performance Right, being \$3.54. The actual number of Short-term Incentive Performance Rights earned by Executive KMP will be split into two equal tranches with the first tranche vesting into stapled securities on 28 June 2024 and the second tranche vesting on 30 June 2025, as long as the individual has not had their employment terminated for cause or submitted their resignation (other than for death, ill health or disability) prior to conversion date

2 Post the initial performance rights offering in November 2022, the Chief Financial Officer's maximum STI with a stretch target was revised from 82.25% of TFR to 94.0% of TFR, requiring additional performance rights to be issued in June 2023

Remuneration report.

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 Index¹ over a rolling 3-year period 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 Index¹ over a rolling 3-year period 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%

LTI Maximum

The maximum LTI opportunity each financial year is 80% of total fixed remuneration (TFR) for the Managing Director and 70% of TFR for the other Executive KMP.

LTI Minimum

The Committee may determine that no grant will be made under the LTI.

LTI Rights Granted

The number of LTI Performance Rights granted is based on the VWAP of Growthpoint's securities over the first 10 trading days of the relevant performance period and rounded down to the nearest whole performance right.

LTI Achievement

The LTI performance results and vesting outcomes, being the percentage of granted rights in each tranche that shall successfully vest, are independently calculated by Grant Thornton and reviewed by the Committee after the conclusion of the performance period. Any rights that successfully vest are subsequently converted to issued stapled securities and any rights that fail to vest subsequently lapse.

The table below reports the LTI achievement outcomes for the FY20 LTI Plan that vested in October 2022, covering the performance period of 1 July 2019 to 30 June 2022, and the outcome for the TSR tranche of the FY21 LTI Plan due to vest in October 2023, covering the performance period of 1 July 2020 to 30 June 2023, noting that the ROE tranche will be assessed once the required information from all the Index members becomes available.

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

Plan	ROE Tranche			TSR Tranche		
	Growthpoint	Benchmark	Vesting outcome	Growthpoint	Percentile	Vesting outcome
FY20 LTI Plan	48.2%	40.7%	100.0%	(2.0%)	35.0%	0.0%
FY21 LTI Plan	TBD	TBD	TBD	6.6%	13.7%	0.0%

ASX Listing Rules

In accordance with ASX Listing Rule 10.14, the issue of any stapled securities or the granting of performance rights to the Managing Director is subject to Securityholder approval.

FY23 LTI Plan details

The table below shows LTI grants made during the year for the FY23 LTI Plan, subject to performance conditions over the three-year performance period ending 30 June 2025. 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	128,135	0.750	96,101
		ROE	128,136	2.688	344,430
	Total	80	256,271		440,531
Dion Andrews – Chief Financial Officer		TSR	57,651	0.750	43,238
		ROE	57,651	2.688	154,966
	Total	70	115,302		198,204
Michael Green – Chief Investment Officer		TSR	60,350	0.750	45,263
		ROE	60,350	2.688	162,221
	Total	70	120,700		207,483
Jacquee Jovanovski – Chief Operating Officer		TSR	49,457	0.750	37,093
		ROE	49,457	2.688	132,940
	Total	70	98,914		170,033

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

Grant date	17-Nov-22
TSR performance start date	1-Jul-22
TSR expiry date	30-Jun-25
Share price at issue date	\$3.23
Exercise price	–
Expected life (years)	2.8
Volatility	25%
Risk free interest rate	3.27%
Distribution yield	6.58%

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.

Remuneration report.

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.

Details of Performance Rights that vested to Executive KMP in FY23

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 FY23
	\$	No.	\$	%
Timothy Collyer – Managing Director				
FY22 Deferred STI Plan	139,469	49,989	N/A	50
FY21 Deferred STI Plan	97,725	35,027	N/A	50
FY20 LTI Plan ²	289,816	92,593	N/A	50
Sub-total	527,010	177,609	N/A	
Dion Andrews – Chief Financial Officer				
FY22 Deferred STI Plan	49,266	17,658	N/A	50
FY21 Deferred STI Plan	34,381	12,323	N/A	50
FY20 LTI Plan ²	126,796	40,510	N/A	50
Sub-total	210,443	70,491	N/A	
Michael Green – Chief Investment Officer				
FY22 Deferred STI Plan	49,266	17,658	N/A	50
FY21 Deferred STI Plan	34,381	12,323	N/A	50
FY20 LTI Plan ²	126,796	40,510	N/A	50
Sub-total	210,443	70,491	N/A	
Jacquee Jovanovski – Chief Operating Officer				
FY22 Deferred STI Plan	42,260	15,147	N/A	50
FY21 Deferred STI Plan	29,225	10,475	N/A	50
FY20 LTI Plan ²	88,757	28,357	N/A	50
Sub-total	160,242	53,979	N/A	
Total	1,108,138	372,570	N/A	

Movements in number of Performance Rights held by Executive KMP during FY23

STI performance rights

Plan participants	Balance at 1 July 2022	Rights granted ³	Rights lapsed ³	Rights vested	Balance at 30 June 2023
	No.	No.	No.	No.	No.
Timothy Collyer – Managing Director	135,004	75,279	(28,910)	(85,016)	96,357
Dion Andrews – Chief Financial Officer	47,639	30,966	(11,892)	(29,981)	36,732
Michael Green – Chief Investment Officer	47,639	32,416	(12,449)	(29,981)	37,625
Jacquee Jovanovski – Chief Operating Officer	40,769	23,244	(8,927)	(25,622)	29,464
Total	271,051	161,905	(62,178)	(170,600)	200,178

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

2 Performance measurement period ended on 30 June 2022.

3 The maximum rights that may have been awarded under the FY23 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 2023.

LTI performance rights

Plan participants	Balance at 1 July 2022	Rights granted	Rights lapsed	Rights vested	Balance at 30 June 2023
	No.	No.	No.	No.	No.
Timothy Collyer – Managing Director	643,807	256,271	(92,592)	(92,593)	714,893
Dion Andrews – Chief Financial Officer	282,538	115,302	(40,509)	(40,510)	316,821
Michael Green – Chief Investment Officer	282,538	120,700	(40,509)	(40,510)	322,219
Jacquee Jovanovski – Chief Operating Officer	228,746	98,914	(28,356)	(28,357)	270,947
Total	1,437,629	591,187	(201,966)	(201,970)	1,624,880

FY24 Executive KMP remuneration

Proposed performance criteria for STI for next year (FY24)

During FY23, the Committee engaged a remuneration consultant to undertake a high level review of the remuneration framework for the Executive KMP. Following the review, the Committee and Board approved some changes to the STI structure for FY24 as noted below.

The structure for FY24 STI for Executive KMP will remain split between financial measures and non-financial measures, however the components will be re-weighted as follows:

- financial measures, from 70% to 60%, with a stretch arrangement allowing for an opportunity of up to 129% of the financial component criteria. There will now be two financial measures comprised of Group FFO per security targets approved by the Committee and Board for the financial year (45%) and a new third-party funds management growth measure (15%); and
- non-financial measures, from 30% to 40%.

The Managing Director's FY24 target STI opportunity is 100% of his FY24 TFR. With a stretch target, his maximum FY24 STI opportunity will be 117.5% of his FY24 TFR. The Chief Investment Officer and Chief Financial Officer's FY24 target STI opportunity is 80% of their FY24 TFR. With a stretch target, their maximum FY24 STI opportunity will be 94% of their FY24 TFR. The Chief Operating Officer's FY24 target STI opportunity is 70% of her FY24 TFR. With a stretch target, her maximum FY24 STI opportunity is 82.25% of her FY24 TFR.

The non-financial measures will be assessed across measures set by the Committee, and be tailored to each member of Executive KMP's role and responsibilities, relating to:

- the execution of operational and strategic priorities, external stakeholder engagement and people, culture and leadership;
- ESG initiatives and targets; and
- Customer satisfaction.

The Board has ultimate discretion to apply judgement or make adjustments when approving the final performance outcomes.

Executive KMP FY24 LTI opportunity

Following the review to the remuneration framework, there are no changes proposed to the LTI structure or performance conditions for FY24.

Executive KMP FY24 remuneration

The total fixed remuneration for Executive KMP payable in FY23 will increase in FY24 by 3.5% for the Managing Director and by 4.0% for the other Executive KMP.

Non-Executive Directors' arrangements

There are currently eight Non-Executive Directors. An aggregate pool of \$1,500,000 available for the remuneration of Non-Executive Directors was approved by Securityholders at the Company's Annual General Meeting in November 2022.

Remuneration paid and payable

The total remuneration to be paid to Non-Executive Directors for FY24 is listed on the following page.

Remuneration report.

Principles of remuneration for Non-Executive Directors

The principles of Non-Executive Director remuneration are:

1. Non-Executive Directors should receive total remuneration at market rates for equivalent positions at listed Australian entities of similar size (measured by market capitalisation), 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 Chair 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 Chair 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 Directors (refer to page 47 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 Chair, Non-Executive Directors may obtain independent advice at the Company's cost.

FY23 Non-Executive Directors' Remuneration

	Period	Short-term		Post-employment	Total
		Fees	Committee Fees	Superannuation benefits	
		\$	\$	\$	\$
Andrew Fay – Board Chair (appointed as Director on 1 December 2022 and Chair on 1 March 2023)	FY23	97,839	5,301	10,829	113,969
	FY22	–	–	–	–
Geoff Tomlinson – Chair (retired 1 March 2023)	FY23	142,240	–	14,935	157,175
	FY22	193,727	–	19,373	213,100
Deborah Page AM (appointed 1 March 2021)	FY23	108,507	31,756	14,727	154,990
	FY22	99,091	27,080	12,617	138,788
Estienne de Klerk (appointed 5 August 2009)	FY23	119,900	13,695	–	133,595
	FY22	109,000	13,600	–	122,600
Francois Marais (retired 17 November 2022)	FY23	49,958	5,638	–	55,596
	FY22	109,000	12,300	–	121,300
Grant Jackson (appointed 5 August 2009)	FY23	108,507	28,471	14,382	151,360
	FY22	99,091	22,801	12,189	134,081
Josephine Sukkar AM (appointed 1 October 2017)	FY23	108,507	14,011	12,865	135,383
	FY22	99,091	11,182	11,027	121,300
Michelle Tierney (appointed 1 April 2023)	FY23	27,127	5,624	3,439	36,190
	FY22	–	–	–	–
Norbert Sasse (appointed 5 August 2009)	FY23	119,900	26,813	–	146,713
	FY22	109,000	26,288	–	135,288
Panico Theocharides (appointed 1 April 2023)	FY23	29,975	3,740	–	33,715
	FY22	–	–	–	–
Total	FY23	912,459	135,048	71,178	1,118,685
	FY22	818,000	113,251	55,206	986,457

Non-Executive Directors' FY24 remuneration

Fees payable to the Non-Executive Directors in FY24 as part of their membership of the Board and Committees will remain the same as the fees payable in FY23. Similarly, fees payable to the Board Chair and Committee Chairs will remain the same as the fees payable in FY23. These fees are set out below.

	Chair fee ¹	Member fee
Board	\$234,410	\$119,900
Audit, Risk & Compliance Committee	\$25,190	\$14,960
Nomination, Remuneration & HR Committee	\$21,340	\$13,530
Investment Committee	\$16,500	\$9,900

Executive and Non-Executive KMP shareholdings

A Minimum Securityholding Requirement (MSR) exists for Executive KMP and Non-Executive Directors who are required to have met the MSR within four years from their employment or Directorship commencement, respectively. 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.

During FY23, the Board approved a change to the MSR policy so that the value of Growthpoint securities (for the purposes of determining compliance with the policy) is calculated at the higher of the acquisition/issue price or the closing price of Growthpoint securities at the end of the relevant financial year multiplied by the holding, expressed as a percentage of the MSR.

The table below provides holdings for Executive KMP and Non-Executive Directors.

Name	Holding as at 30 June 2022	Securities granted as compensation	Securities acquired	Securities disposed	Holding at time of cessation of KMP	Holding as at 30 June 2023 ²
	No.	No.	No.	No.	No.	No.
Andrew Fay ³	–	–	59,000	–	–	59,000
Geoff Tomlinson	88,776	–	–	–	88,776	–
Deborah Page AM	30,050	–	3,000	–	–	33,050
Estienne de Klerk	1,802,857	–	31,000	–	–	1,833,857
Francois Marais	144,284	–	–	–	144,284	–
Grant Jackson	190,087	–	–	–	–	190,087
Josephine Sukkar AM	14,000	–	36,000	–	–	50,000
Michelle Tierney	–	–	–	–	–	–
Norbert Sasse	1,656,460	–	–	–	–	1,656,460
Panico Theocharides	–	–	–	–	–	–
Timothy Collyer	1,364,246	177,609	–	–	–	1,541,855
Dion Andrews	296,216	70,491	–	(92,547)	–	274,160
Michael Green	138,639	70,491	–	–	–	209,130
Jacquee Jovanovski ²	36,340	53,979	–	–	–	90,319

The MSR was met by KMP who were required to do so by 30 June 2023.

¹ The Board Chair does not receive Committee fees.

² Active KMP only.

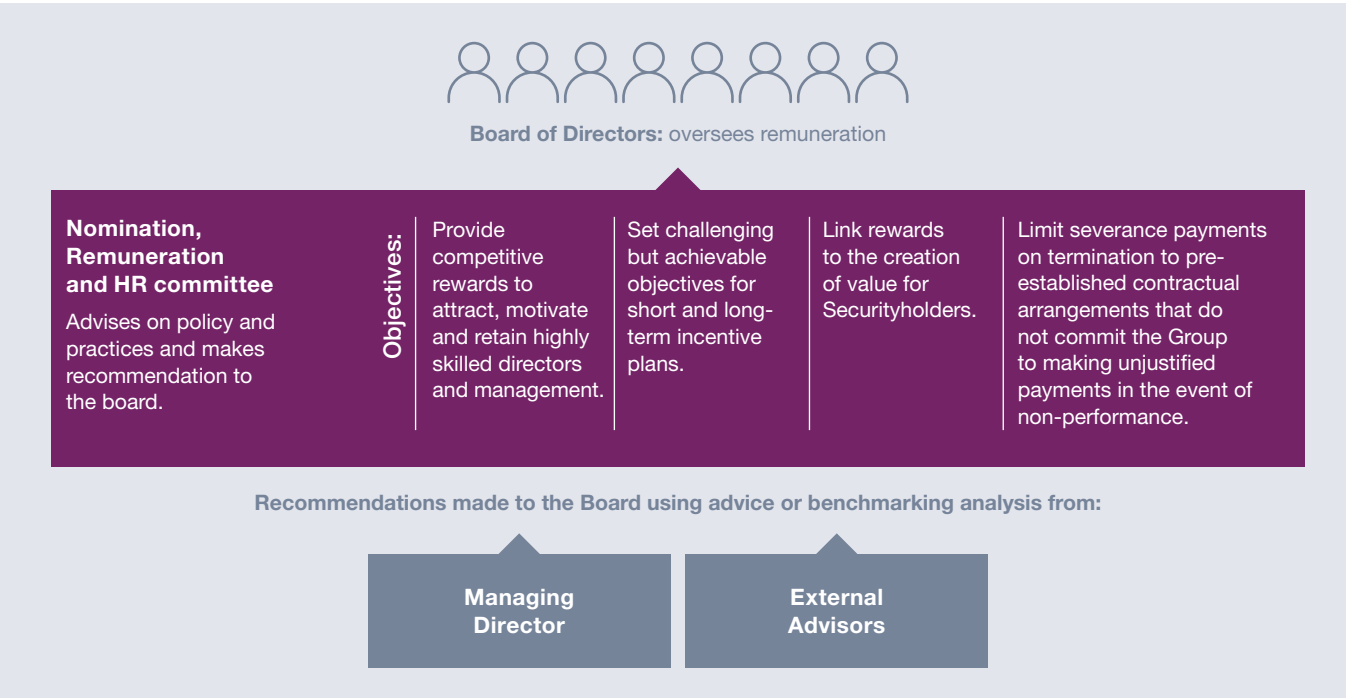
³ Not required to meeting MSR by 30 June 2023 as commenced employment or Directorship within the last four years.

Remuneration report.

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:

- › Josephine Sukkar AM (Committee Chair from 5 April 2023) – independent, Non-Executive Director
- › Norbert Sasse (Committee Chair until 5 April 2023) – Non-Executive Director
- › Andrew Fay – independent, Non-Executive Director and Chair of the Board. Appointed 1 December 2022.
- › Francois Marais – Non-Executive Director. Retired effective 17 November 2022.
- › Geoff Tomlinson – independent, Non-Executive Director and Chair of the Board. Retired effective 1 March 2023.

Delegated authority

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

1. Recommend, for adoption by the Board, a remuneration package for the Chair of the Board and the other Directors on a not less than annual basis.
2. Recommend, for adoption by the Board, a remuneration package, including bonus incentives and related key performance indicators, for the Group's Executive Management Team both on appointment and on a not less than annual basis.
3. Review and approve, having regard to the most senior executive officer's recommendations, the overall remuneration packages, including bonus incentives and related KPI's, for other Group employees on a not less than annual basis.
4. Approve, having regard to the most senior executive officer's recommendations, the bonus pool for Non-Executive Management Team employees each year.
5. Make recommendations to the Board in relation to the introduction of, and amendments to, any employee share plan established by the Group and the employees who will be eligible to participate in the plan.

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 2023.

		2023	2022	2021	2020	2019
(Loss) / Profit attributable to the owners of the Group	\$m	(245.6)	459.2	553.2	272.1	375.3
Dividends and distributions paid	\$m	162.6	160.6	154.4	168.2	167.4
Distribution per stapled security	\$	0.214	0.208	0.200	0.218	0.230
Closing stapled security price	\$	2.79	3.41	4.07	3.20	4.12
Change in stapled security price	\$	(0.62)	(0.66)	0.87	(0.92)	0.51
Total Securityholder return ¹	%	(12.0)	(11.7)	34.0	(17.7)	21.0
Return on equity	%	(7.6)	14.3	19.7	10.8	16.9

Independent consultants

During the year, the Committee engaged Guerdon Associates as an independent consultant to provide benchmarking remuneration services in relation to Executive KMP. The analysis compared the relative positioning of remuneration for each EMT role against an industry A-REIT peer group comprised of 15 members.

Guerdon Associates also undertook a high level review of the remuneration framework for Executive KMP.

These services did not include remuneration recommendations to the Committee.

Remuneration reviews

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

1. Remuneration surveys and trends.
2. Benchmarking against peers (for employees).
3. 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 FY23 is listed on page 37 to 38 of this report.

Service contract

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

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

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

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

Principles of remuneration for the Managing Director

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

¹ Source UBS Investment Research.

Remuneration report.

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 (based on terms for the FY23 grants)

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. In the case of STI performance rights, if any of these events occur before the Board has exercised its discretion, the STI Performance Rights will vest.

Claw back

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

Non-Executive and Executive KMP Reviews

Non-Executive Director reviews

The performance of the Board and individual Directors is regularly considered by the Chair 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 Chair 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, capital markets/ investment banking, finance/accounting and governance. Refer to pages 30 to 31 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 and experience. The Board is eager to ensure that where Board members are replaced, the Board's overall level of property experience is not diminished. See page 8 of Growthpoint's Corporate Governance Statement which outlines the current mix of skills represented on the Board, which includes extensive experience within the property industry.

Succession planning

The Committee undertakes Board succession planning activities and has also developed plans for the succession and/or temporary replacement of the Managing Director and other Executive KMP.

On 18 July 2023, Growthpoint announced to the ASX the intended retirement plans of the Managing Director after more than 13 years in the role. The Managing Director is expected to continue in his role for 12 months until July 2024, allowing time for a smooth transition to his successor. A formal process to select the Managing Director's replacement has commenced and will include both internal and external candidates consistent with the Board approved succession plan.

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 Managing Director's performance and any remuneration benchmarking analysis it has obtained.

The Managing Director reviews the performance of the other Executive KMP and makes recommendations to the Committee on their remuneration based, in part, on their performance and any remuneration benchmarking analysis or remuneration survey information obtained.

Meetings of Directors (FY23)

All Non-Executive Directors have a standing invitation to attend all Board Committee meetings. The Managing Director has a standing invitation to attend all Board Committee meetings unless the members of the relevant Committee determine otherwise. The table below only reflects attendance of members of the Board Committees.

Board member	Growthpoint Board		Audit, Risk and Compliance Committee		Nomination, Remuneration and HR Committee		Investment Committee	
	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended
A. Fay – Chair ¹	5	5	–	–	3	3	–	–
G. Tomlinson – Chair ²	6	6	3	3	3	3	–	–
T. Collyer – Managing Director	9	9	–	–	–	–	2	2
D. Page	8	8	4	4	–	–	2	–
E. de Klerk	9	9	3	3	–	–	1	1
F. Marais ³	5	5	–	–	3	3	–	–
G. Jackson	9	8	4	4	–	–	2	2
J. Sukkar	9	9	–	–	6	6	–	–
M. Tierney ⁴	4	4	1	1	–	–	1	1
N. Sasse	9	8	–	–	6	5	1	1
P. Theocharides ⁵	4	3	1	1	–	–	–	–

¹ Appointed 1 December 2022.

² Retired 1 March 2023.

³ Retired 17 November 2022.

⁴ Appointed 1 April 2023.

⁵ Appointed 1 April 2023.

Additional information.

Directors

The following persons were members of the Board of Growthpoint Properties Australia Limited (the Company) during FY23:

- > Geoffrey (Geoff) Tomlinson, Independent Chairman
- > Timothy Collyer, Managing Director
- > Estienne de Klerk (deemed non-independent given role as CEO of Growthpoint Properties Limited: South Africa)
- > Grant Jackson, Independent Director
- > Francois Marais (deemed non-independent given previous position at Growthpoint Properties Limited)
- > Deborah Page AM, Independent Director
- > Norbert Sasse (deemed non-independent given role as Group CEO of Growthpoint Properties Limited)
- > Josephine Sukkar AM, Independent Director
- > Andrew Fay, Independent Chairman
- > Panico Theocharides (deemed non-independent due to his position held with Growthpoint Properties Limited)
- > Michelle Tierney, Independent Director

Details of each Director's appointment, qualifications and experience, together with their recent directorships, are set out on pages 24 to 25 of this report. Information about attendance at the meetings of Directors held during FY23 is contained in the Remuneration Report on page 51 of this report.

Company Secretaries

Jacqueline (Jacquee) Jovanovski and Dion Andrews are the Company Secretaries of each member of the Group. Details of their qualifications and experience are set out on page 26 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 23 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 Company 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 applicable law and professional regulations or due to the negligence, wrongful or wilful acts or omissions by the auditor.

Non-Audit services

During the year EY, the Group's auditor, has performed 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:

	FY23	FY22
	\$	\$
Audit and review of financial statements	392,000	261,600
Other regulatory audit services	85,970	54,000
Other non-audit services	105,000	35,000
Total paid to EY	582,970	350,600

Auditor's independence

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

Subsequent events

There have been no 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 52 of this report except where referenced elsewhere.

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



Timothy Collyer
Managing Director
Growthpoint Properties Australia

17 August 2023

Financial report.

Financial Statements

Consolidated Statement of Comprehensive Income	54
Consolidated Statement of Financial Position	55
Consolidated Statement of Changes in Equity	56
Consolidated Statement of Cash Flows	57

Notes to the Financial Statements

Section 1: Basis of preparation, accounting policies and other pronouncements	58
1.1 Basis of preparation	58
1.2 Significant accounting policies	59
1.3 Impact of new standards, amendments and interpretations	59
Section 2: Operating results, assets and liabilities	60
2.1 Revenue and operating segment information	60
2.2 Business combination	62
2.3 Investment properties	64
2.4 Investment in securities	70
2.5 Receivables and other assets	71
2.6 Trade and other liabilities	72
2.7 Cash flow information	72
2.8 Intangible assets	73
Section 3: Capital structure and financing	76
3.1 Interest bearing liabilities	76
3.2 Borrowing costs	78
3.3 Lease liabilities	78
3.4 Derivative financial instruments	78
3.5 Financial instruments fair value hierarchy	80
3.6 Financial risk management	82
3.7 Contributed equity and reserves	86
3.8 Distributions to Securityholders	87
3.9 Earnings per stapled security (EPS)	87
3.10 Share-based payment arrangements	88
Section 4: Other notes	90
4.1 Income tax	90
4.2 Key Management Personnel (KMP) compensation	93
4.3 Related party transactions	95
4.4 Contingent liabilities	95
4.5 Commitments	95
4.6 Controlled entities	96
4.7 Parent entity disclosures	97
4.8 Remuneration of auditors	97
4.9 Subsequent events	97

Declarations / Reports

Directors' declaration	98
Auditor's independence declaration	99
Independent Auditor's report	100

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 18, 101 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 17 August 2023.

References to 'the year' in this report refer to the year ended 30 June 2023 unless the context requires otherwise. References to 'balance date' in this report refer to 30 June 2023 unless the context requires otherwise.

Consolidated Statement of Comprehensive income.

For the year ended 30 June 2023

	Notes	2023 \$m	2022 \$m
Revenue and other income			
Property revenue	2.1	325.3	303.7
Funds management revenue	2.1	7.6	–
Distributions from investment in securities	2.4	8.4	7.7
Interest income		1.4	0.1
Total revenue and other income		342.7	311.5
Expenses			
Property expenses	2.1	(52.3)	(47.1)
Borrowing costs	3.2	(81.8)	(49.7)
Other expenses		(32.7)	(21.8)
Depreciation and amortisation expenses		(6.7)	(3.9)
Impairment of goodwill	2.8	(8.8)	–
Total expenses		(182.3)	(122.5)
Other gains/losses			
Net (loss)/gain in fair value of investment properties	2.3	(388.4)	285.1
Net loss in fair value on sale of investment properties		(0.6)	–
Net loss in fair value of investment in securities	2.4	(6.2)	(32.7)
Net (loss)/gain in fair value of derivatives	3.4	(1.1)	57.2
Net loss on exchange rate translation of interest-bearing liabilities	3.1	(14.8)	(31.5)
Net (losses)/gains from other items		(411.1)	278.1
(Loss)/Profit before tax		(250.7)	467.1
Income tax benefit/(expense)	4.1	5.1	(7.9)
(Loss)/Profit after tax		(245.6)	459.2
Other comprehensive income		–	–
Total comprehensive (loss)/income		(245.6)	459.2
Total comprehensive (loss)/income attributable to:			
Owners of the Trust		(229.2)	461.6
Owners of the Company		(16.4)	(2.4)
Total comprehensive (loss)/income		(245.6)	459.2
Earnings per security attributable to securityholders of the Group:			
Basic earnings per stapled security (cents)	3.9	(32.1)	59.5
Diluted earnings per stapled security (cents)	3.9	(32.1)	59.3

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 2023

	Notes	2023 \$m	2022 \$m
Current assets			
Cash and cash equivalents	2.7	49.4	49.2
Receivables and other assets	2.5	10.8	7.2
Intangible assets	2.8	4.5	–
Derivative financial instruments	3.4	1.3	–
Current tax receivable	4.1	1.6	–
Total current assets		67.6	56.4
Non-current assets			
Investment properties	2.3	4,917.2	5,233.1
Investment in securities	2.4	129.5	132.4
Receivables and other assets	2.5	–	16.7
Derivative financial instruments	3.4	56.4	59.1
Right-of-use assets		3.0	–
Plant and equipment		2.8	0.6
Intangible assets	2.8	33.7	–
Deferred tax assets	4.1	0.6	1.6
Total non-current assets		5,143.2	5,443.5
Total assets		5,210.8	5,499.9
Current liabilities			
Distribution payable to Securityholders	3.8	80.6	80.3
Trade and other liabilities	2.6	46.7	46.1
Interest bearing liabilities	3.1	–	40.0
Lease liabilities	3.3	1.8	0.7
Current tax payable	4.1	–	0.4
Deferred tax liabilities	4.1	3.5	8.3
Total current liabilities		132.6	175.8
Non-current liabilities			
Interest bearing liabilities	3.1	1,918.7	1,700.0
Lease liabilities	3.3	105.2	103.9
Derivative financial instruments	3.4	–	0.3
Total non-current liabilities		2,023.9	1,804.2
Total liabilities		2,156.5	1,980.0
Net assets		3,054.3	3,519.9
Equity			
Contributed equity	3.7	1,986.4	2,046.5
Reserves		15.8	13.1
Retained profits		1,052.1	1,460.3
Total equity		3,054.3	3,519.9

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 2023

	Notes	Attributable to unitholders of the Trust (Parent entity)			Attributable to shareholders of the Company (other stapled entity)				Total equity
		Contri- buted equity	Retained profits	Total	Contri- buted equity	Reserves	Retained profits	Total	
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Equity as at 30 June 2022		1,976.0	1,462.3	3,438.3	70.5	13.1	(2.0)	81.6	3,519.9
Loss after tax		–	(229.2)	(229.2)	–	–	(16.4)	(16.4)	(245.6)
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive loss		–	(229.2)	(229.2)	–	–	(16.4)	(16.4)	(245.6)
<i>Transactions with Securityholders in their capacity as Securityholders:</i>									
Security buybacks		(58.8)	–	(58.8)	(1.3)	–	–	(1.3)	(60.1)
Distributions provided or paid	3.8	–	(162.6)	(162.6)	–	–	–	–	(162.6)
Share-based payment transactions		–	–	–	–	2.7	–	2.7	2.7
Total transactions with Securityholders		(58.8)	(162.6)	(221.4)	(1.3)	2.7	–	1.4	(220.0)
Other reserves		–	–	–	–	–	–	–	–
Equity as at 30 June 2023		1,917.2	1,070.5	2,987.7	69.2	15.8	(18.4)	66.6	3,054.3
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
Profit after tax		–	461.6	461.6	–	–	(2.4)	(2.4)	459.2
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	461.6	461.6	–	–	(2.4)	(2.4)	459.2
<i>Transactions with Securityholders in their capacity as Securityholders:</i>									
Security buybacks		(2.0)	–	(2.0)	–	–	–	–	(2.0)
Distributions provided or paid	3.8	–	(160.6)	(160.6)	–	–	–	–	(160.6)
Share-based payment transactions		–	–	–	–	1.9	–	1.9	1.9
Total transactions with Securityholders		(2.0)	(160.6)	(162.6)	–	1.9	–	1.9	(160.7)
Other reserves		–	–	–	–	–	–	–	–
Equity as at 30 June 2022		1,976.0	1,462.3	3,438.3	70.5	13.1	(2.0)	81.6	3,519.9

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 2023

	Notes	2023 \$m	2022 \$m
Cash flows from operating activities			
Cash receipts from customers		367.5	325.1
Cash payments to suppliers		(123.2)	(100.2)
Distributions from investment in securities		8.3	7.0
Borrowing costs		(76.1)	(48.1)
Interest received		1.4	0.1
Income tax paid		(1.9)	(0.5)
Net cash flows from operating activities	2.7	176.0	183.4
Cash flows from investing activities			
Receipts from sale of investment properties		128.7	–
Payments for investment properties		(190.6)	(326.6)
Payments for acquisition of business (net of cash acquired)	2.2	(49.7)	–
Payments for investment in securities		(1.1)	(60.3)
Payments for plant & equipment		(2.7)	(0.3)
Net cash flows from investing activities		(115.4)	(387.2)
Cash flows from financing activities			
Proceeds from external borrowings		428.0	922.5
Repayments of external borrowings		(264.5)	(538.5)
Payments for securities buy back		(60.1)	(2.0)
Payments to restructure derivatives		–	(3.9)
Repayments of lease liabilities		(1.4)	(1.1)
Distributions to Securityholders		(162.4)	(157.5)
Net cash flows from financing activities		(60.4)	219.5
Net cash flows		0.2	15.7
Cash and cash equivalents at the beginning of the year		49.2	33.5
Cash and cash equivalents at the end of the year		49.4	49.2

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 2023. The Group is domiciled in Australia and its registered address is Level 18, 101 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 \$65.0 million as at 30 June 2023 (30 June 2022: \$119.3 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 \$300.0 million (30 June 2022: \$353.5 million) which can be drawn at short notice to meet its current obligations as they fall due. The Group has sufficient working capital and cashflows in order to fund all requirements arising from the net current asset deficiency. Accordingly, the Financial Report has been prepared on a going concern basis.

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* (Cth). 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 17 August 2023.

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, business combination variable consideration classified as trade and other liabilities, 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)

Critical accounting 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 2.3 – Investment properties;
- › Note 2.8 – Intangible assets;
- › Note 3.4 – Derivative financial instruments; and
- › Note 3.5 – Financial instrument fair value hierarchy.

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 2023 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.

The amount of revenue recognised in each period is based on the delivery of performance obligations and when control has been transferred to customers in accordance with the principles set out in AASB 15. Where the Group enters into contracts with multiple service components, judgement is applied to determine whether the components are:

- i) distinct – accounted for as separate performance obligations;
- ii) not distinct – combined with other promised services until a distinct bundle is identified; or
- iii) part of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer

For each performance obligation identified, it is determined whether revenue is recognised at a point in time or over time.

Revenue is recognised over time if:

- i) the customer simultaneously receives and consumes the benefits provided over the life of a contract as the services are performed;
- ii) the customer controls the asset that the Group is creating or enhancing; or
- iii) the Group's performance does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date.

At contract inception, the Group estimates the consideration to which it expects to be entitled and has rights to receive under the contract. Variable consideration, where the Group's performance could result in further revenue, is only included to the extent that it is highly probable that a significant reversal of revenue recognised will not occur. In assessing the amount of consideration to recognise, key judgements and assumptions are made on a forward-looking basis where required. To the extent revenue has not been received at reporting date, a receivable is recognised in the Consolidated Statement of Financial Position.

Fund management fees are received for performance obligations fulfilled over time with revenue recognised accordingly. Fund management fees are determined in accordance with relevant agreements for each fund, generally based on the fund's Gross Asset Value (GAV) or loan amount for debt funds.

Accounting and Trustee fees are received for performance obligations fulfilled over time with revenue recognised accordingly, determined in accordance with the relevant agreements for each fund.

Transaction fees and leasing fees are received for performance obligations fulfilled at a point in time with revenue recognised accordingly, determined in accordance with the relevant agreements for each fund.

2.1 Revenue and operating segment information (continued)

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 three operating segments, namely Industrial property investments, Office property investments and Funds management. The primary measure of the Group's property investment segments is net property income. The primary measure of performance of the Group's funds management segment is funds management revenue.

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

	2023			2022		
	Industrial	Office	Total	Industrial	Office	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Segment items						
Property rental income	82.7	190.4	273.1	84.3	170.5	254.8
Revenue from services to tenants	14.9	24.7	39.6	13.4	23.4	36.8
Property revenue, excluding straight line lease adjustment	97.6	215.1	312.7	97.7	193.9	291.6
Property expenses ¹	(5.5)	(3.2)	(8.7)	(5.5)	(1.8)	(7.3)
Expense from services to tenants ²	(15.0)	(33.1)	(48.1)	(13.6)	(30.8)	(44.4)
Net property income	77.1	178.8	255.9	78.6	161.3	239.9
Funds management revenue			7.6	–	–	–
Total segment revenue			263.5	78.6	161.3	239.9
Unallocated items – FFO adjustments						
Amortisation of incentives and leasing costs			39.3			33.0
Other expenses ³			(30.1)			(19.8)
Distributions from investment in securities			8.4			7.7
Borrowing costs net of interest income ⁴			(76.4)			(46.1)
Current income tax benefit / (expense)			0.1			(0.7)
FFO			204.8			214.0
Distributions			162.6			160.6
Weighted average securities on issue (m)			764.4			771.8
FFO per stapled security (cents)			26.8			27.7
Distribution per stapled security (cents)			21.4			20.8

1. Property expenses in FFO include \$4.5 million (2022: \$4.5 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 \$8.5 million (2022: \$7.6 million) that was not recoverable under the terms of certain leases.

3. Other expenses in FFO of \$30.1 million (2022: \$19.8 million) excludes \$2.8 million (2022: \$1.9 million) in discontinued and non-FFO project costs and \$0.6 million expensed for the Fortius Funds Management acquisition related retention rights, and includes \$0.8 million (2022: \$0.3 million) rent payments for the Group's head offices at 101 Collins St, Melbourne and 88 Phillip St, Sydney (2022: 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 \$1.4 million (2022: \$0.1 million) interest income and exclude the \$4.0m (2022: \$3.5 million) interest expense associated with lease liabilities which is included on the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements.

2.1 Revenue and operating segment information (continued)

Reconciliation of Profit after tax to FFO

	2023	2022
	\$m	\$m
(Loss)/Profit after tax	(245.6)	459.2
Adjustments for non-FFO items		
- Straight line adjustment to property revenue	(12.6)	(12.1)
- Net loss/(gain) in fair value of investment properties	388.4	(285.1)
- Net loss in fair value of investment in securities	6.2	32.7
- Net loss/(gain) in fair value of derivatives	1.1	(57.2)
- Net loss on exchange rate translation of interest-bearing liabilities	14.8	31.5
- Amortisation of incentives and leasing costs	39.3	33.0
- Amortisation of intangible assets	1.7	-
- Goodwill impairment	8.8	-
- Deferred tax (benefit)/expense	(5.1)	7.2
- Other	7.8	4.8
FFO	204.8	214.0

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

	2023	2022
	\$m	\$m
Property revenue from segments	312.7	291.6
- Straight line adjustment to property revenue	12.6	12.1
Property revenue as reported on the Consolidated Statement of Comprehensive Income	325.3	303.7

Major customer

Revenues from Woolworths Group Limited, in the Group's Industrial segment represents \$35.7 million or 11.4% (2022: \$38.9 million or 13.3%) of the Group's property revenue from segments.

2.2 Business combination

Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any variable consideration is measured at fair value at the date of acquisition. Variable consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the variable consideration are recognised in profit or loss.

On 15 September 2022, the Group acquired 100% of the shares in Fortius Funds Management Pty Ltd. The acquisition involved a \$45 million initial purchase price and subsequent \$8.1 million net assets adjustment, paid in cash and funded from the Group's existing debt facilities.

2.2 Business combination (continued)

As part of the purchase agreement, the Group agreed to pay the selling shareholders any performance fees earned from existing funds during their current terms, net of any income tax expense. This earn-out component has been classified as variable consideration and forms part of the total purchase consideration. The acquisition-date fair value of these fees was estimated at \$4.1 million. Refer to note 3.5 Financial Instrument fair value hierarchy for the valuation method and fair value as at 30 June 2023.

As part of the purchase agreement, the Group agreed to pay the selling shareholders an additional earn-out component of up to \$10 million, payable based on agreed milestones relating to funds under management (FUM) and funds management revenue growth targets being met over the period to 30 June 2024. This earn-out component has been classified as compensation for post-combination services and does not form part of the total purchase consideration.

Fortius was one of Australia's leading privately-owned real estate funds management businesses with an established track record of investing in Australian real estate markets and generating strong returns for its investors. Establishment of a funds management business segment has been a key priority for the Group and this acquisition added \$1.9 billion of FUM to the Group's business as at the date of the acquisition.

a) Total purchase consideration

The following table summarises the acquisition-date provisional fair value of each component of purchase consideration.

	Notes	
		\$m
Cash – Initial purchase price		45.0
Cash – Net asset adjustment		8.1
Variable consideration – performance fee earn-out		4.1
Other consideration payable		0.3
Total purchase consideration		57.5

A critical judgement was the classification of future variable components included in the purchase agreement as either variable purchase consideration or compensation for post-combination services. Components that are contingent upon ongoing employee service conditions being fulfilled have been classified as compensation for post-combination services and do not form part of the total purchase consideration. Components that are not contingent upon ongoing employee service conditions being fulfilled have been classified as variable consideration and are included as part of the total purchase consideration.

Critical judgements and estimates were made by the Group in assessing the fair value of the variable consideration. Refer Note 3.5 for further information.

b) Identifiable assets acquired and liabilities assumed

The following table summarises the provisional fair value of net assets acquired at the date of acquisition:

	Notes	
		\$m
Cash and cash equivalents		3.4
Investment in securities	2.4	3.3
Receivables and other assets	2.5	2.6
Intangible assets	2.8	10.3
Right of use assets		0.6
Plant and equipment		0.1
Current tax receivable		0.3
Lease liabilities		(0.8)
Net deferred tax liabilities		(1.9)
Trade and other liabilities	2.6	(1.4)
Total identifiable net assets acquired		16.5

Notes to the Financial Statements.

2.2 Business combination (continued)

c) Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Notes	\$m
Total purchase consideration	(a)	57.5
Fair value of identifiable net assets	(b)	(16.5)
Goodwill	2.8	41.0

Goodwill is attributable to the funds management platform and investor base acquired, expected synergies from Growthpoint's existing management capabilities and the increased diversity of investment opportunities available to the Group and the funds' investors. Goodwill is not deductible for tax purposes.

d) Revenue and profit contribution

Fortius contributed revenue of \$7.6 million and a net loss of \$10.1 million to the Group, which includes goodwill impairment of \$8.8 million and amortisation of management rights of \$1.7 million, for the period 15 September 2022 to 30 June 2023. If the acquisition had occurred on 1 July 2022, total revenue for the Group, combining Growthpoint and Fortius, would have been \$344.5 million and the net loss would have been \$246.4 million.

e) Acquisition-related costs

The Group incurred acquisition-related costs of \$3.0 million relating to external investment bank advisory and legal fees as well as due diligence costs. \$2.0 million of these costs have been incurred in FY23, with the remaining \$1.0 million incurred in FY22, and included in 'other expenses' in the Consolidated Statement of Comprehensive Income.

2.3 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.

Determination of fair value

The fair value of the investment properties is determined either solely by Director 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. Every property is valued externally at least once every financial year.

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.

2.3 Investment properties (continued)

Determination of fair value (continued)

Industrial properties			Latest external valuation		Carrying amounts	
			Date	Valuation	2023	2022
				\$m	\$m	\$m
Victoria						
3 Maker Place	Truganina	VIC	30-Jun-23	66.5	66.5	70.3
1500 Ferntree Gully Road & 8 Henderson Road	Knoxfield	VIC	31-Dec-22	60.0	60.0	61.8
9-11 Drake Boulevard	Altona	VIC	30-Jun-23	60.0	60.0	58.5
Lots 2, 3 & 4, 34-44 Raglan Street	Preston	VIC	31-Dec-22	53.8	54.3	55.3
120-132 Atlantic Drive	Keysborough	VIC	30-Jun-23	45.5	45.5	45.0
40 Annandale Road ¹	Melbourne Airport	VIC	30-Jun-23	44.4	44.4	43.4
20 Southern Court	Keysborough	VIC	31-Dec-22	28.0	29.3	24.5
120 Link Road ¹	Melbourne Airport	VIC	30-Jun-23	28.7	28.7	25.2
130 Sharps Road ¹	Melbourne Airport	VIC	30-Jun-23	27.4	27.4	24.7
31 Garden Street	Kilsyth	VIC	30-Jun-23	22.0	22.0	17.3
3 Millennium Court	Knoxfield	VIC	30-Jun-23	19.8	19.8	19.3
6 Kingston Park Court	Knoxfield	VIC	30-Jun-23	18.8	18.8	18.0
19 Southern Court	Keysborough	VIC	31-Dec-22	16.3	16.1	14.9
101-111 South Centre Road ¹	Melbourne Airport	VIC	30-Jun-23	15.5	15.5	13.4
60 Annandale Road ¹	Melbourne Airport	VIC	30-Jun-23	15.0	15.0	14.0
75 Annandale Road ¹	Melbourne Airport	VIC	30-Jun-23	12.1	12.1	10.4
Queensland						
70 Distribution Street	Larapinta	QLD	31-Dec-22	260.0	255.0	255.0
13 Business Street	Yatala	QLD	31-Dec-22	18.3	18.6	18.2
5 Viola Place ¹	Brisbane Airport	QLD	31-Dec-22	14.3	13.4	14.2
3 Viola Place ¹	Brisbane Airport	QLD	31-Dec-22	4.5	4.2	3.6
Western Australia						
20 Colquhoun Road	Perth Airport	WA	30-Jun-23	216.0	216.0	225.0
2 Hugh Edwards Drive	Perth Airport	WA	30-Jun-23	24.3	24.3	24.3
58 Tarlton Crescent	Perth Airport	WA	30-Jun-23	20.8	20.8	19.8
10 Hugh Edwards Drive	Perth Airport	WA	30-Jun-23	14.0	14.0	14.6
36 Tarlton Crescent	Perth Airport	WA	30-Jun-23	11.3	11.3	11.7
New South Wales						
27-49 Lenore Drive	Erskine Park	NSW	31-Dec-22	111.0	107.5	106.5
6-7 John Morphet Place	Erskine Park	NSW	30-Jun-23	82.8	82.8	79.5
51-65 Lenore Drive	Erskine Park	NSW	31-Dec-22	48.0	46.5	48.0
34 Reddalls Road	Kembla Grange	NSW	30-Jun-23	38.5	38.5	39.0
81 Derby Street	Silverwater	NSW	31-Dec-22	32.5	32.8	32.5
South Australia						
599 Main North Road	Gepps Cross	SA	30-Jun-23	216.0	216.0	245.0
1-3 Pope Court	Beverley	SA	30-Jun-23	30.5	30.5	31.0
12-16 Butler Boulevard ¹	Adelaide Airport	SA	31-Dec-22	25.0	23.7	25.0
10 Butler Boulevard ¹	Adelaide Airport	SA	31-Dec-22	13.7	12.4	13.1
Total industrial properties				1,715.2	1,703.5	1,721.7

1. Held under leasehold.

Notes to the Financial Statements.

2.3 Investment properties (continued)

Determination of fair value (continued)

Office properties			Latest external valuation		Carrying amounts	
			Date	Valuation	2023	2022
				\$m	\$m	\$m
Victoria						
75 Dorcas Street	South Melbourne	VIC	30-Jun-23	275.0	275.0	292.0
Building 3, 570 Swan Street	Richmond	VIC	31-Dec-22	199.0	190.0	203.0
165-169 Thomas Street ¹	Dandenong	VIC	30-Jun-23	153.5	153.5	N/A
Building 2, 572-576 Swan Street	Richmond	VIC	30-Jun-23	125.0	125.0	131.6
109 Burwood Road	Hawthorn	VIC	30-Jun-23	116.5	116.5	124.2
141 Camberwell Road	Hawthorn East	VIC	30-Jun-23	111.0	111.0	123.0
Building B, 211 Wellington Road	Mulgrave	VIC	30-Jun-23	80.0	80.0	84.0
Building 1, 572-576 Swan Street	Richmond	VIC	30-Jun-23	72.0	72.0	82.7
Building C, 211 Wellington Road	Mulgrave	VIC	31-Dec-22	54.5	53.0	58.2
Car Park, 572-576 Swan Street	Richmond	VIC	31-Dec-22	0.9	0.7	0.9
Queensland						
100 Skyring Terrace	Newstead	QLD	30-Jun-23	227.5	227.5	242.5
15 Green Square Close	Fortitude Valley	QLD	30-Jun-23	130.0	130.0	147.0
333 Ann Street ²	Brisbane	QLD	N/A	N/A	N/A	140.0
104 Melbourne Street	South Brisbane	QLD	30-Jun-23	86.5	86.5	99.0
32 Cordelia Street	South Brisbane	QLD	31-Dec-22	84.5	80.5	90.0
52 Merivale Street	South Brisbane	QLD	30-Jun-23	73.0	73.0	88.5
100 Melbourne Street	South Brisbane	QLD	30-Jun-23	51.5	51.5	61.8
Car Park, 32 Cordelia Street & 52 Merivale Street	South Brisbane	QLD	31-Dec-22	33.5	35.8	32.0
South Australia						
33-39 Richmond Road	Keswick	SA	30-Jun-23	71.0	71.0	78.5
New South Wales						
1 Charles Street	Parramatta	NSW	30-Jun-23	500.0	500.0	555.0
Building C, 219-247 Pacific Highway	Artarmon	NSW	31-Dec-22	145.5	142.0	146.0
3 Murray Rose Avenue	Sydney Olympic Park	NSW	30-Jun-23	98.4	98.4	116.0
5 Murray Rose Avenue	Sydney Olympic Park	NSW	31-Dec-22	85.0	81.6	106.0
11 Murray Rose Avenue	Sydney Olympic Park	NSW	30-Jun-23	49.0	49.0	53.8
Australian Capital Territory						
2-6 Bowes Street	Canberra	ACT	31-Dec-22	83.1	79.0	84.6
255 London Circuit	Canberra	ACT	31-Dec-22	76.5	74.5	82.5
10-12 Mort Street	Canberra	ACT	30-Jun-23	74.0	74.0	90.0
Western Australia						
836 Wellington Road	West Perth	WA	31-Dec-22	96.5	92.0	104.0
Total office properties				3,152.7	3,122.7	3,416.6
Total portfolio at fair value				4,867.9	4,826.2	5,138.3
Ground leases as right-of-use assets					91.0	94.8
Total investment properties carrying amount					4,917.2	5,233.1

1. Acquired in July 2022.

2. Divested in January 2023.

2.3 Investment properties (continued)

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;
- › Any individual external valuer 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 2023, 36 investment properties representing approximately 69% (by value) of the portfolio were independently valued by external valuers at eight valuation firms being JLL, Savills, Knight Frank, m3property, CBRE, Cushman & Wakefield, Colliers and Urbis. Fair values for the remaining 22 investment properties were based solely on Director internal valuations.

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	2023	2022
Discount rate	6.0%-7.3%	5.3%-6.5%
Terminal yield	4.8%-11.0%	4.0%-9.8%
Capitalisation rate	4.5%-7.5%	4.0%-7.0%
Expected vacancy period	5-10 months	4-9 months
Rental growth rate	2.8%-3.9%	2.5%-3.5%
Office	2023	2022
Discount rate	5.8%-7.3%	5.5%-6.5%
Terminal yield	4.9%-7.1%	4.1%-6.5%
Capitalisation rate	4.3%-6.8%	3.8%-6.8%
Expected vacancy period	6-18 months	6-18 months
Rental growth rate	2.5%-3.7%	2.2%-3.7%

Notes to the Financial Statements.

2.3 Investment properties (continued)

Discount Rates

As shown in the table below, over the twelve months to 30 June 2023 discount rates utilised in the valuation of the Group's property portfolio increased by approximately 55 basis points. Over the same time period, the implied property risk premium increased by approximately 18 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 increase in the implied property risk premium is largely due to discount rates expanding at a greater rate relative to 10-year Australian Government bond yields.

	2023	2022
10-year Australian Government bond rate	4.03%	3.66%
Implied property risk premium	2.36%	2.18%
Weighted average 10-year discount rate used to value the Group's properties	6.39%	5.84%

Capitalisation Rates¹

Office

Office investment sales activity slowed in FY23, particularly in the second half of the year. A total of \$9.4 billion of sales were recorded nationally over the year to 30 June 2023 (1H \$7.4 billion, 2H \$2.0 billion) compared to \$17.8 billion in FY22. Buyers remained selective while owners remained reluctant to divest assets with a low volume of assets brought to market over the year. Noteworthy deals included Dexu's sales of 44 Market Street, Sydney, to an overseas purchaser for \$393 million, and 8 Nicholson Street, Melbourne to a local syndicator for \$214 million. Investment yields expanded over the course of the year as investors adjust return expectations in response to higher debt costs and elevated long-term bond yields. The weighted average capitalisation rate used to value the Group's office portfolio softened 52 basis points to 5.66% over the 12 months to 30 June 2023.

Industrial

Industrial and logistics investment sale volumes were notably subdued in FY23, particularly over the last six months of the year amid a lack of stock on market, coupled with higher bond yields and continued rising cost of debt. A total of \$5.6 billion of sales were recorded nationally over the year to 30 June 2023 (1H \$3.5 billion, 2H \$2.1 billion) compared to \$14.4 billion in FY22. Short WALE and value add opportunities were more keenly sought after, as a means for capturing short-term rental growth. Foreign backed capital remained strong with offshore purchasers accounting for a high proportion of sales. Significant transactions included Dexu's sale of Axxess Corporate Park in Melbourne to a foreign investor for \$306 million, while GPT Group sold a business park portfolio in NSW and VIC for \$261 million. Investment yields continued to expand over the year in response to higher costs of capital. The weighted average capitalisation rate used to value the Group's industrial portfolio softened 67 basis points to 5.39% over the 12 months to 30 June 2023.

Estimation of fair value

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.

1. Transaction volume figures sourced from Cushman & Wakefield.

2.3 Investment properties (continued)

Estimation of fair value (continued)

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:

Key valuation input	Description	Valuation input value		Impact on fair values	
		Jun-23	Jun-22	Increase in the input	Decrease in the input
Market capitalisation rate	The rate at which the net market rental income is capitalised to determine the value of the property. The rate is determined with regard to market evidence and the prior external valuation. Used within the capitalisation method.	5.6%	5.0%	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.	\$271	\$249	Increase	Decrease
Discount rate	The rate of return used to discount cash flows, payable or receivable in the future, into present value. The rate is determined with regard to market evidence and the prior external valuation. Used within the DCF method.	6.4%	5.8%	Decrease	Increase
Terminal capitalisation rate	The terminal capitalisation rate used to convert (capitalise) the future net market rental income at the end of the holding period into an indication of terminal value of the property. Used in the DCF method.	6.0%	5.4%	Decrease	Increase

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.

Contractual obligations

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 2023, \$4.1 million of refurbishment works had been carried out, leaving a balance of \$1.9 million which is held as restricted cash (refer note 2.7). As part of the lease arrangements with the tenant in 2020, 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. As at 30 June 2023, the Group has made \$4.7 million of contributions. 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 which ends in 2044.

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:

	2023	2022
	\$m	\$m
Within one year	263.8	257.2
Later than one year but not later than five years	771.4	793.8
Later than five years	1,003.6	975.4
	2,038.8	2,026.4

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.

Notes to the Financial Statements.

2.3 Investment properties (continued)

Movement in investment properties' carrying amounts

	2023	2022
	\$m	\$m
Opening balance	5,233.1	4,619.6
Acquisitions and expansion capital expenditure	181.8	297.0
Maintenance capital expenditure	22.1	20.7
Lease incentives and leasing costs	29.5	35.4
Amortisation of lease incentives and leasing costs	(39.3)	(33.0)
Disposals	(130.4)	–
Straight-lining of revenue adjustment	12.6	12.1
Net movement in ground leases as leasehold asset	(3.8)	(3.8)
Net (loss)/gain from fair value adjustments	(388.4)	285.1
Closing balance	4,917.2	5,233.1

2.4 Investment in securities

The Group's investments in securities consists of minority equity interests in listed Dexu Industria REIT and co-investments in Fortius managed property funds. Financial assets are initially recognised at cost, excluding transaction costs. Transaction costs are expensed as incurred in the Consolidated Statement of Comprehensive Income. Financial assets are subsequently measured at fair value with any realised or unrealised gains being recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Accounted for at fair value through profit and loss	2023	2022
	\$m	\$m
Listed		
Dexu Industria REIT ¹	126.5	132.4
Unlisted		
Co-investments in Fortius Funds ²	3.0	–
Closing Balance	129.5	132.4

The following table represents the fair value movement in investments in securities for the year ended 30 June 2023.

	2023	2022
	\$m	\$m
Opening balance	132.4	104.8
Acquisitions	4.4	60.3
Disposals	(1.1)	–
Loss in fair value	(6.2)	(32.7)
Closing balance	129.5	132.4

1. Fair value is at the last traded market price on the Australian Securities Exchange (ASX) as at the reporting date, which as at 30 June 2023 was \$2.58 (30 June 2022: \$2.70).

2. The fair value per security is the unit price for each fund, representing net asset value per unit as at 30 June 2023.

2.5 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.

As at 30 June 2023, the Group had \$1.1 million in property revenue receivables outstanding (30 June 2022: \$2.6 million).

Of the current property revenue receivables balance not subject to COVID-19 deferrals, \$0.8 million was more than 30 days past its due date (30 June 2022: \$0.8 million). As at 30 June 2023, the Group maintained \$0.2 million allowance for expected credit losses (ECL) (30 June 2022: \$0.2 million). During FY23 the Group incurred negligible credit losses (30 June 2022: \$0.1 million).

Receivables and other assets are presented as follows:

	2023	2022
	\$m	\$m
Current		
Property revenue receivables	1.3	1.9
Property revenue receivables (COVID-19 deferrals)	–	0.9
Allowance for expected credit losses	(0.2)	(0.2)
Disposal of investment property retention receivable ¹	3.5	–
Distribution receivables	2.0	2.1
Prepayments	3.6	2.5
Contract asset receivables – performance fees	0.6	–
	10.8	7.2
Non-Current		
Deposit and acquisition costs for investment property	–	16.7
	–	16.7

1. This retention is held in escrow as security against a breach of seller warranties in accordance with the contract of sale for 333 Ann St, Brisbane. The retention is due to be released on 17 September 2023.

Notes to the Financial Statements.

2.6 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. Business combination variable consideration is measured at the date of acquisition and re-measured in line with the business combination accounting policy.

Trade and other liabilities are presented as follows:

	2023	2022
	\$m	\$m
Current		
Trade payables	1.9	0.7
Employee entitlements	2.7	1.3
GST payable	2.4	1.5
Accrued expenses - other	17.5	19.4
Unearned income	18.4	22.1
Other liability ¹	1.1	1.1
Business combination variable consideration – performance fees	2.7	–
	46.7	46.1

2.7 Cash flow information

Reconciliation of (loss)/profit after tax to net cash inflow from operating activities	2023	2022
	\$m	\$m
(Loss)/profit after tax	(245.6)	459.2
Net loss/(gain) in fair value of investment properties	388.4	(285.1)
Net loss on exchange rate translation of interest-bearing liabilities	14.8	31.5
Net loss in fair value on sale of investment properties	0.6	–
Net loss in fair value of investment in securities	6.2	32.7
Net loss/(gain) in fair value of derivatives	1.1	(57.2)
Amortisation of borrowing costs	2.1	0.1
Depreciation of right of use assets	4.5	3.9
Depreciation of plant and equipment	0.6	0.2
Share based payments expense	2.7	1.9
Amortisation of intangible assets	1.7	–
Impairment of goodwill	8.8	–
Change in operating assets and liabilities:		
– Decrease/(increase) in lease incentives and leasing costs	10.0	(2.4)
– Increase in receivables	(11.0)	(8.0)
– Decrease/(increase) in prepayments	1.6	(6.8)
– (Decrease)/increase in net deferred tax liabilities	(5.4)	7.2
– (Decrease)/increase in payables	(5.1)	6.2
Net cash inflow from operating activities	176.0	183.4

The Group held \$3.0 million of restricted cash in trust as at 30 June 2023 (30 June 2022: \$3.0 million) in relation to its role as custodian of the Charles Street Property Trust. The balance comprises \$1.9 million of the Group's own cash along with \$1.1 million received from a tenant. These funds are not available for general use by the Group.

1. The other liability of \$1.1 million is an amount of cash received by a tenant which is required to be used to fund capital expenditure by the Company as the custodian of the Charles Street Property Trust in relation to that tenancy. The amount held is classified as restricted cash (Refer to Note 2.7).

2.8 Intangible assets

Management rights

Management rights – base fees intangible assets, that are acquired by the Group and have finite useful lives, are initially measured at fair value and then subsequently measured at initial value less accumulated amortisation and any accumulated impairment losses. Management rights – base fees are classified as current where the funds are expected to crystallise within 12 months.

Management rights - performance fees intangible assets acquired by the Group as part of the Fortius acquisition, for which there is a contractual obligation to forward any performance fee earned on existing funds during their current terms to the Fortius vendors net of income tax, have finite useful lives are measured at fair value less any accumulated impairment losses. Management rights – performance fees are classified as current where the funds are expected to crystallise within 12 months.

Amortisation is calculated to expense the cost of intangible assets using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. The estimated useful lives are calculated in line with the expected exit dates of each respective fund, which range from acquisition date through to April 2027. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if not appropriate.

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Intangible assets are presented as follows:

	2023	2022
	\$m	\$m
Current		
Management rights – base fees	1.2	–
Management rights – performance fees	3.3	–
	4.5	–
Non-current		
Management rights – base fees	1.5	–
Goodwill	32.2	–
	33.7	–

Notes to the Financial Statements.

2.8 Intangible assets (continued)

The following table represents the movement in intangible assets for the year ended 30 June 2023:

	2023	2022
	\$m	\$m
Management rights – base fees		
Opening balance	–	–
Acquisition through business combination	4.4	–
Amortisation	(1.7)	–
Closing balance	2.7	–
Management rights – performance fees		
Opening balance	–	–
Acquisition through business combination	5.9	–
Impairment	(2.6)	–
Closing balance	3.3	–
Goodwill		
Opening balance	–	–
Acquisition through business combination	41.0	–
Impairment	(8.8)	–
Closing balance	32.2	–

Funds Management CGU – goodwill impairment assessment

Goodwill was attributed to the Group's Funds Management business as a single CGU. The goodwill carrying amount was tested for impairment as at 30 June 2023.

The carrying amount of assets attributable to the Funds Management CGU comprised goodwill of \$41.0 million, management rights – base fees of \$2.7 million and other net working capital of \$3.1 million, totalling \$46.8m.

The recoverable value of the Funds Management CGU was a value-in-use assessment of the five-year forecast of cash flows expected to be generated from the CGU and a Gordon Growth Model perpetuity growth rate, discounted to net present value (NPV).

The recoverable amount assessed of \$38.0 million was lower than the carrying amount of \$46.8 million, therefore an impairment of \$8.8 million was recognised at 30 June 2023. This impairment primarily resulted from an increase in the risk-free rate within the discount rate and changed economic conditions affecting the funds management sector since acquisition.

Components of impairment recognised

	2023
	\$m
Impairment from goodwill	8.8
Impairment management rights – performance fee intangibles	2.6
Corresponding reduction to business combination variable consideration – performance fees and associated deferred tax liabilities	(2.6)
Net impairment	8.8

2.8 Intangible assets (continued)

Key valuation assumptions

The key assumptions used by management in the estimation of the recoverable amount are set out below:

Key valuation assumption	Description	Input value		Impact on Value-in-use	
		Jun-23	Jun-22	Increase in the input	Decrease in the input
Discount rate	The rate of return used to discount forecast cash flows into present value. The rate is determined with regard to market evidence, comprising the prevailing risk-free rate and a typical risk premium for a funds management business	12.5%	–	Decrease	Increase
Perpetuity growth rate	The perpetuity growth rate is incorporated into the Gordon Growth Model formula to estimate the terminal value. The rate is based on the Reserve Bank of Australia's long term target inflation range.	2.5%	–	Increase	Decrease

Notes to the Financial Statements.

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.

Secured loans	Movement during period			Closing balance 30-Jun-23	Facility limit	Facility headroom	Maturity
	Opening balance 1-Jul-22	Net cash (repayments)/ drawdowns of borrowings	Foreign exchange rate adjustments recognised in profit or loss				
	\$m	\$m	\$m	\$m	\$m	\$m	
Current							
<i>Floating bank facility 1</i>	40.0	(40.0)	–	–	–	–	Dec-22
Total current loans	40.0	(40.0)	–	–	–	–	
Carrying amount - Current	40.0	(40.0)	–	–			
Non-current							
<i>Syndicated bank facility</i>							
– Facility B	100.0	–	–	100.0	100.0	–	Mar-26
– Facility C	245.0	–	–	245.0	245.0	–	Dec-26
– Facility D	70.0	–	–	70.0	70.0	–	Dec-26
– Facility E	150.0	–	–	150.0	150.0	–	Jun-26
– Facility G	150.0	–	–	150.0	150.0	–	Sep-26
– Facility H	–	75.0	–	75.0	75.0	–	Dec-24
– Facility I	–	75.0	–	75.0	75.0	–	Dec-24
– Facility K	–	–	–	–	50.0	50.0	May-25
– Facility L	–	–	–	–	50.0	50.0	May-27
– Facility M	75.0	–	–	75.0	75.0	–	Nov-25
– Facility N	75.0	–	–	75.0	75.0	–	Nov-25
– Facility O	75.0	–	–	75.0	75.0	–	Apr-27
– Facility P	71.5	3.5	–	75.0	75.0	–	Apr-27
– Facility Q	–	50.0	–	50.0	50.0	–	Apr-27
<i>Floating bank facility 2</i>	–	–	–	–	100.0	100.0	Apr-28
<i>Floating bank facility 3</i>	–	–	–	–	100.0	100.0	Nov-27
<i>Loan note 1</i>	200.0	–	–	200.0	200.0	–	Mar-25
<i>Loan note 2</i>	100.0	–	–	100.0	100.0	–	Dec-26
<i>USPP 1 (USD 100.0m)¹</i>	145.5	–	5.8	151.3	151.3	–	Jun-27
<i>USPP 2 (USD 40.0m)¹</i>	58.0	–	2.3	60.3	60.3	–	Jun-29
<i>USPP 3 (AUD 26.0m)</i>	26.0	–	–	26.0	26.0	–	Jun-29
<i>USPP 4 (USD 115.0m)¹</i>	167.0	–	6.7	173.7	173.7	–	May-29

1. USD denominated debt closing balance and facility limits are reported in AUD at the 30 June 2023 spot rate of 0.66 (30 June 2022: 0.69).

3.1 Interest bearing liabilities (continued)

	Opening balance 1-Jul-22	Movement during period		Closing balance 30-Jun-23	Facility limit	Facility headroom	Maturity
		Net cash (repayments)/ drawdowns of borrowings	Foreign exchange rate adjustments recognised in profit or loss				
Secured loans	\$m	\$m	\$m	\$m	\$m	\$m	
Total non-current loans	1,708.0	203.5	14.8	1,926.3	2,226.3	300.0	
Less unamortised up-front costs	(8.0)	0.4	–	(7.6)			
Carrying amount – non-current	1,700.0	203.9	14.8	1,918.7			
Total loans	1,748.0	163.5	14.8	1,926.3	2,226.3	300.0	
Less: unamortised up-front costs	(8.0)	0.4	–	(7.6)			
Total carrying amount	1,740.0	163.9	14.8	1,918.7			

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

- › In September 2022, the Group established Floating bank facility 2, of \$100 million, with 5.5 year tenor at current market pricing.
- › In November 2022, the Group established Floating bank facility 3, of \$100 million, with 5 year tenor at current market pricing.
- › In December 2022, Floating bank facility 1 of \$90 million matured and the drawn amount of \$40 million was repaid on maturity date.
- › In June 2023, the Group converted \$520 million of existing debt facilities into a sustainability linked loan with interest margin reductions tied to the achievement of predetermined sustainability Key Performance Indicators (KPIs) and targets.

The weighted average all-in interest rate on interest bearing liabilities (including bank margin and amortisation of upfront fees paid) at 30 June 2023 was 4.55% per annum (30 June 2022: 3.38% per annum). Refer to note 3.4 for details on interest rate and cross currency swaps.

Fair value

As at 30 June 2023, the Group's interest-bearing liabilities had a fair value of \$1,838.7 million (2022: \$1,639.2 million).

The carrying amount of these interest-bearing liabilities was \$1,918.7 million (2022: \$1,740.0 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 bonds repayable by the Group are secured by first ranking mortgages over the Group's real property interests, including those classified as investment properties.

Notes to the Financial Statements.

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:

	2023	2022
	\$m	\$m
Bank interest expense and charges	75.7	44.5
Amortisation of borrowing costs	2.1	1.6
Interest expense on lease liabilities	4.0	3.6
	81.8	49.7

3.3 Lease liabilities

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

	2023	2022
	\$m	\$m
Ground Leases		
Not later than one year	4.8	4.6
Later than one but not more than five years	26.2	25.5
More than five years	135.3	140.9
Total	166.3	171.0
Head Office Lease		
Not later than one year	1.0	0.1
Later than one but not more than five years	2.3	–
Total	3.3	0.1
Total Leases		
Not later than one year	5.8	4.7
Later than one but not more than five years	28.5	25.5
More than five years	135.3	140.9
Total	169.6	171.1

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.

3.4 Derivative financial instruments (continued)

Derivative financial instruments

Derivative financial instruments can be analysed as follows:

	2023	2022
	\$m	\$m
Derivative financial instrument contracts		
Total current derivative financial instrument assets	1.3	–
Total non-current derivative financial instrument assets	56.4	59.1
Total non-current derivative financial instrument liabilities	–	(0.3)
	57.7	58.8

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 2023 covered 59% (30 June 2022: 31%) of the floating rate loan principal outstanding. With total fixed interest rate debt of \$1,357.5 million outstanding as at 30 June 2023 (30 June 2022: \$1,069.4 million), the total fixed interest rate coverage of outstanding principal is 70% (30 June 2022: 61%).

The average fixed interest rate of interest rate swaps at 30 June 2023 was 2.07% per annum (30 June 2022: 1.33% per annum) and the variable interest rate (excluding bank margin) is 4.11% per annum (30 June 2022: 1.13% per annum) at balance date. See table below for further details of interest rate swaps in effect at 30 June 2023:

Counter Party	Amount of Swap	Swap Expiry	Fixed Rate	Term to Maturity
	\$m		%	Years
Interest rate swaps				
NAB	20.0	Dec-23	0.22	0.5
WBC	15.0	Dec-23	0.21	0.5
ANZ	25.0	Feb-24	0.22	0.6
WBC	75.0	Sep-24	0.50	1.2
NAB	25.0	Sep-24	0.44	1.2
ANZ	100.0	Jun-25	0.60	2.0
ANZ	100.0	Jun-25	1.29	2.0
ANZ	50.0	Dec-25	3.51	2.5
NAB	35.0	Dec-25	1.48	2.5
NAB	25.0	Jun-26	4.08	3.0
ANZ	20.0	Jun-26	3.73	3.0
WBC	15.0	Jun-26	3.72	3.0
NAB	30.0	Sep-26	3.55	3.2
WBC	30.0	Oct-26	3.59	3.3
ANZ	25.0	Dec-26	3.20	3.5
WBC	35.0	Feb-27	3.41	3.6
ANZ	50.0	Mar-27	2.08	3.7
NAB	20.0	Mar-27	3.50	3.7
ANZ	30.0	Mar-27	3.40	3.7
ANZ	60.0	Sep-27	3.57	4.2
CBA	35.0	Feb-29	2.29	5.7
Total / Weighted average	820.0		2.07	2.6

These contracts are settled on a net basis with the counterparty monthly. The settlement dates generally coincide with the dates on which interest is payable on the underlying debt.

Notes to the Financial Statements.

3.4 Derivative financial instruments (continued)

Instruments used by the Group (continued)

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.

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	—	4.0
WBC	32.6	Jun-27	5.29	—	4.0
ANZ	32.6	Jun-27	5.27	—	4.0
CBA	32.6	Jun-27	5.26	—	4.0
NAB	13.0	Jun-29	5.47	—	6.0
WBC	13.0	Jun-29	5.47	—	6.0
ANZ	13.0	Jun-29	5.45	—	6.0
CBA	13.0	Jun-29	5.44	—	6.0
Cross currency swap					
WBC	161.0	May-29	-	6.14	5.9
Total / Weighted average	343.4		5.33	6.14	5.2

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 June 2023				
Investment in securities	126.5	—	3.0	129.5
Derivative financial assets	—	57.7	—	57.7
Business combination variable consideration	—	—	(2.7)	(2.7)
	126.5	57.7	0.3	184.5
30 June 2022				
Investment in securities	132.4	—	—	132.4
Derivative financial assets	—	59.1	—	59.1
Derivative financial liabilities	—	(0.3)	—	(0.3)
	132.4	58.8	—	191.2

3.5 Financial instrument fair value hierarchy (continued)

Determination of fair value

Derivative financial assets and liabilities

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 and exchange rates for a substitute instrument at the measurement date. Fair values reflect the credit risk of the instrument, the Group and counterparty when appropriate. Derivatives are classified as Level 2 on the fair value hierarchy as the inputs used to determine fair value are observable market data but not quoted prices.

Investment in securities

Listed investments comprise the investment in Dexu Industria REIT (ASX: DXI). Fair value is at the last traded market price on the ASX as at the reporting date. The Dexu Industria REIT investment has been classified as Level 1 in the fair value hierarchy as the inputs used to determine fair value are quoted prices (unadjusted) in active markets for identical assets.

Unlisted investments comprise investments in unlisted property fund securities. They have been designated on initial recognition to be treated at fair value through profit or loss. Movements in fair value during the period have been recognised in the consolidated statement of comprehensive income. These assets have been acquired with the intention of being long-term investments. Where the assets in this category are expected to be sold within 12 months, they are classified as current assets; otherwise they are classified as non-current.

The carrying amount of investments in securities held at fair value through profit and loss, which are investments in unlisted securities, is determined by reference to the corresponding balance date unit price of the fund, which represents the net asset value attributable to each unit. The net asset values are largely driven by the fair values of investment properties held by the funds. Each property is externally valued at least annually. Recent arm's length comparable transactions, if any, are taken into consideration. A change in the fair value of investment properties results in a corresponding change in the fund's unit price. The investments in unlisted funds have been classified as Level 3 in the fair value hierarchy as the inputs for the assets are not based on observable market data.

Movement in investment in securities Level 3 fair value amounts

	2023	2022
	\$m	\$m
Opening balance	–	–
Additions (including from acquisition of business)	4.1	–
Disposals	(0.9)	–
Net movement from fair value adjustments	(0.2)	–
Closing balance	3.0	–

Business combination variable consideration

Performance fee earn-out liabilities from the Fortius Funds Management Share Sale Agreement are classified as variable consideration in the business combination. They have been designated on initial recognition to be treated at fair value through profit or loss. Movements in fair value during the period have been recognised in the consolidated statement of comprehensive income.

The fair value of the business combination variable consideration is classified as Level 3 in the fair value hierarchy based on the significant unobservable inputs into the valuation techniques used.

Notes to the Financial Statements.

3.5 Financial instrument fair value hierarchy (continued)

Key valuation inputs

The key inputs used to measure fair value of the business combination variable consideration held at fair value are disclosed below, along with the directional impact an increase and decrease in the input has on fair values:

Key valuation input	Description	Impact on earn out liability fair values	
		Increase in the input	Decrease in the input
Current property valuation	The fund's current property valuation, used as proxy for the sale price at expected exit date of the fund in the valuation cash flow, has a significant influence on the performance fee outcome.	Increase	Decrease
Forecast fund distributions	The forecast cashflow from fund distributions through to the expected exit date of the fund, reflecting the net income of the fund, primarily net property income from the underlying property, offset by borrowing costs and any fund level expenses.	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 comparable acquisition fair value assessments. Includes additional risk premium to allow for volatility in property valuations and capitalisation rates over the remainder of each fund's expected term.	Decrease	Increase

Movement in business combination variable consideration fair value amounts

	2023	2022
	\$m	\$m
Opening balance	–	–
Business combination variable consideration	4.1	–
Additional consideration corresponding to contract asset receivable	0.6	–
Fair value adjustments	(2.0)	–
Closing balance	2.7	–

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 2023 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 principal 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.

3.6 Financial risk management (continued)

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, WBC, ANZ and CBA, which are considered high quality financial institutions. At balance date, the fair value of these financial instruments is a net asset of the Group (refer to Note 3.4).

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

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 in accordance with the terms of the lease, subject to any applicable restrictions at law. 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 2.5 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 \$1,215.0 million at balance date (2022: \$1,051.5 million) and a cross currency swap with a principal amount of \$161.0 million at balance date (2022: \$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.

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

	Fixed/Floating	2023	2022
		\$m	\$m
Financial assets			
Cash and cash equivalents	Floating	49.4	49.2
Derivative financial instruments	Fixed/Floating	57.7	59.1
		107.1	108.3
Financial liabilities			
Derivative financial instruments	Fixed	–	0.3
Borrowing facilities	Fixed	537.5	529.4
Borrowing facilities – hedged	Fixed	820.0	540.0
Borrowing facilities – unhedged	Floating	568.8	678.6
		1,926.3	1,748.3

Notes to the Financial Statements.

3.6 Financial risk management (continued)

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 uses interest rate swaps whereby the Group agrees with a bank to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Any amounts paid or received relating to interest rate swaps are recognised as adjustments to interest expense over the life of each swap contract, thereby adjusting the effective interest rate on the underlying obligations.

Derivative financial instruments – cross currency swaps

The Group is exposed to financial risk from the movement in foreign exchange rates based on its USD \$255.0 million 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 2023, 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)	
	2023	2022
	\$m	\$m
+100 bps		
Cash and borrowings	(5.1)	(6.2)
Interest rate derivatives	18.8	15.0
Cross currency derivatives	(9.1)	(10.9)
	4.6	(2.1)
-100 bps		
Cash and borrowings	5.1	6.2
Interest rate derivatives	(19.5)	(15.6)
Cross currency derivatives	9.7	11.7
	(4.7)	2.3

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations in relation to investment activities or other operations of the Group. The Group manages its liquidity risk by ensuring that on a daily basis there is sufficient cash on hand or available loan facilities to meet the contractual obligations of financial liabilities as they fall due. The Board sets budgets to monitor cash flows. In addition, the Company, as an Australian Financial Services Licensee, is required to prepare a rolling 12-month cashflow projection for approval by the Directors. As at the balance date, the Group had cash and cash equivalents totalling \$49.4 million (2022: \$49.2 million) and undrawn debt facilities of \$300.0 million (2022: \$353.5 million).

3.6 Financial risk management (continued)

Maturities of financial liabilities

The maturity of financial liabilities (including trade and other payables, provision for distribution, provision for current tax payable, derivative financial instruments and interest-bearing liabilities) at reporting date is shown below, based on the contractual terms of each liability in place at reporting date. The amounts disclosed are based on undiscounted cash flows, including interest payments based on variable rates at 30 June 2023.

	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
2023						
<i>Non-derivative financial liabilities</i>						
Bank loans and Loan Notes	1,918.7	2,208.6	40.8	40.8	1,854.6	272.4
Lease liabilities	107.0	169.6	2.9	2.9	28.5	135.3
Trade and other liabilities	107.1	107.1	104.6	1.3	1.2	–
	2,132.8	2,485.3	148.3	45.0	1,884.3	407.7
<i>Derivative financial liabilities</i>						
Interest rate swaps used for hedging	–	–	–	–	–	–
	–	–	–	–	–	–
2022						
<i>Non-derivative financial liabilities</i>						
Bank loans and Loan Notes	1,740.0	1,935.6	59.6	18.9	1,596.4	260.7
Lease liabilities	104.6	171.0	2.3	2.3	25.5	140.9
Trade and other liabilities	109.7	109.7	107.3	1.3	1.1	–
	1,954.3	2,216.3	169.2	22.5	1,623.0	401.6
<i>Derivative financial liabilities</i>						
Interest rate swaps used for hedging	0.3	10.0	0.8	0.8	8.4	–
	0.3	10.0	0.8	0.8	8.4	–

Notes to the Financial Statements.

3.7 Contributed equity and reserves

Contributed equity

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

Distributions and dividends

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

Contributed Equity

Contributed equity can be analysed as follows:

	2023	2023	2022	2022
	No. (m)	\$m	No. (m)	\$m
Opening balance at 1 July	771.7	2,046.5	771.9	2,048.5
Securities issued through employee incentive plans	0.4	–	0.3	–
Securities bought back on market	(18.4)	(60.1)	(0.5)	(2.0)
Closing balance at 30 June	753.7	1,986.4	771.7	2,046.5

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 has remained suspended since the June 2018 distribution.

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for Securityholders, 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, which was completed in May 2023. At 30 June 2023, the Group had bought back and cancelled 19,304,879 ordinary stapled securities, representing 2.5% of the ordinary stapled securities on issue at the time of the announcement.

The Group holds an independent credit rating to aid it in accessing debt capital markets. In May 2023, 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 2023, the gearing ratio was 37.2% (30 June 2022: 31.6%). The gearing ratios at 30 June 2023 and 30 June 2022 were calculated as follows:

	2023	2022
	\$m	\$m
Total interest-bearing liabilities less cash	1,869.3	1,690.8
Total assets less cash, right-of-use assets and intangibles	5,028.6	5,354.4
Gearing ratio	37.2%	31.6%

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 2022	82.0	766.0	10.7
Half year to 30 June 2023	80.6	753.7	10.7
Total distributions for the year ended 30 June 2023	162.6		21.4
Half year to 31 December 2021	80.3	772.1	10.4
Half year to 30 June 2022	80.3	771.7	10.4
Total distributions for the year ended 30 June 2022	160.6		20.8

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.

		2023	2022
(Loss) / Profit after tax of the Group	\$m	(245.6)	459.2
(Loss) / Profit after tax of the Trust as parent entity	\$m	(229.2)	461.6
Basic weighted average number of stapled securities on issue for the year	No. (m)	764.4	771.8
Adjustment for potential dilution from performance rights on issue	No. (m)	3.0	2.3
Diluted weighted average number of stapled securities on issue for the year	No. (m)	767.4	774.1
EPS attributable to securityholders of the Group			
Basic EPS	Cents	(32.1)	59.5
Diluted EPS	Cents	(32.1)	59.3
EPS attributable to unitholders of the Trust as parent entity			
Basic EPS	Cents	(30.0)	59.8
Diluted EPS	Cents	(30.0)	59.6

Notes to the Financial Statements.

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 page 43 of the Remuneration Report within the Directors' Report.

At 30 June 2023, the Group had three security-based payment schemes in place (30 June 2022: two):

Deferred Short-term Incentive Performance Rights

Half of the Short-term Incentive (STI) Deferred Performance Rights granted to Executive Key Management Personnel (KMP) for STI plans on foot (FY23 and prior) vest after one year and the other half after two years. Further details of this plan are reported on pages 34 to 38 of the Remuneration Report.

Long-term Incentive Performance Rights

The Group has Long-term Incentive (LTI) Performance Rights plans in place for eligible employees. The plans are designed to align participating 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 Human Resources Committee and/or the Board. Details of the various LTI Plans in place, applicable performance measures, fair value calculation methodologies and details are reported on pages 41 to 45 of the Remuneration Report.

Retention Rights

The Group granted Retention Rights to certain employees in August 2022, in relation to the Fortius Funds Management acquisition. The vesting of rights is subject to successful completion of the acquisition and participants satisfying employment service conditions and therefore is non-market based. No Retention Rights were provided to KMP.

		Tranche 1	Tranche 2
Grant date		11-Aug-22	11-Aug-22
Vesting date		07-Jul-23	05-Jul-24
Security price at grant date	\$	3.71	3.71
Fair value	\$	3.17	2.66
Exercise price	\$	–	–
Expected life (years)	years	0.91	1.90
Volatility	%	25	25
Risk free interest rate (per annum)	%	3.15	3.04
Distribution yield (per annum)	%	6.00	6.00

3.10 Share-based payment arrangements (continued)

Retention Rights (continued)

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

	STI Performance Rights	LTI Performance Rights	Retention Rights	Total
	No.	No.	No.	No.
Rights outstanding at 30 June 2021	182,515	1,797,383	–	1,979,898
Rights granted	211,951	820,610	–	1,032,561
Rights lapsed	(11,048)	(336,541)	–	(347,589)
Rights vested to GOZ stapled securities ¹	(112,367)	(184,590)	–	(296,957)
Rights outstanding at 30 June 2022	271,051	2,096,862	–	2,367,913
Rights granted	188,740	1,273,582	269,880	1,732,202
Rights lapsed	(72,484)	(416,880)	(19,602)	(508,966)
Rights vested to GOZ stapled securities ²	(170,600)	(265,157)	–	(435,757)
Rights outstanding at 30 June 2023	216,707	2,688,407	250,278	3,155,392

During the year, \$2.7 million was expensed and recognised in the Company's security-based payments reserve (2022: \$1.9 million).

1. In October 2021, 184,590 rights under the FY19 LTI plans were converted to Growthpoint stapled securities with a total value of \$778,970.

2. In September 2022, 265,157 rights under the FY20 LTI plans were converted to Growthpoint stapled securities with a total value of \$829,941.

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. The Company and its wholly-owned controlled entities are in a tax consolidated group.

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.

4.1 Income tax (continued)

Income tax expense

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

(a) Income tax expense:

	2023	2022
	\$m	\$m
Current tax benefit / (expense)	0.1	(0.7)
Deferred tax benefit / (expense)	5.0	(7.2)
Income tax benefit / (expense) in the Statement of Comprehensive Income	5.1	(7.9)

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

	2023	2022
	\$m	\$m
(Loss) / profit before income tax expense	(250.7)	467.1
Less: Trust loss / (profit) not subject to tax	218.3	(443.7)
(Loss) / profit subject to taxation in the Group's companies	(32.4)	23.4
Prima facie tax benefit / (expense) at 30%	9.7	(7.0)
Tax effect of amounts not deductible / assessable in calculating income tax expense:		
Loss on sale	(0.1)	–
Impairment of goodwill	(2.6)	–
Non-deductible expenses	(0.1)	–
Long-term employee benefits	(0.6)	(0.4)
Short-term employee benefits	(0.1)	(0.2)
Non-deductible project expenses	(0.7)	(0.3)
Non-trade liabilities	(0.4)	–
Statutory income tax benefit / (expense)	5.1	(7.9)
Deferred tax benefit / (expense) (Refer section (d))	5.0	(7.2)
Current tax benefit / (expense) payable for the current year	0.1	(0.7)

(c) (i) Effective tax rates:

	2023	2022
	\$m	\$m
(Loss) / profit subject to taxation	(32.4)	23.4
Statutory income tax benefit / (expense)	5.1	(7.9)
Accounting and TTC Effective tax rate ¹	(15.7%)	33.7%

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.

Notes to the Financial Statements.

4.1 Income tax (continued)

Income tax expense (continued)

(c) (ii) Current income tax payable:

	2023	2022
	\$m	\$m
Income tax payable at beginning of financial year	0.4	0.2
Less: current tax refundable from acquisition	(0.1)	–
Less: income tax paid during the year	(1.9)	(0.5)
Add: Current tax expense	–	0.7
Current tax (receivable) / payable	(1.6)	0.4

(c) (iii) Deferred tax balances

	2023	2022
	\$m	\$m
Deferred tax assets (Growthpoint Properties Australia Limited and Fortius Funds Management Pty Ltd)	0.6	1.6
Deferred tax liabilities (Growthpoint Finance Pty Ltd)	(3.5)	(8.3)
Net deferred tax liabilities	(2.9)	(6.7)

As at 30 June 2023, the Company had franking credit balance of \$9,083,813 (30 June 2022: \$5,628,817).

(d) Reconciliation of deferred tax balances

	Opening balance 1 July 2022	Acquired through business combination	Recognised in profit or loss	Balance 30 June 2023
	\$m	\$m	\$m	\$m
Net deferred tax assets attributable to:				
Right-of-use assets	–	(0.2)	(0.7)	(0.9)
Lease liability	–	0.2	0.7	0.9
Plant and equipment	0.1	–	–	0.1
Other accrued expenses	0.1	–	–	0.1
Short-term employee benefits	0.8	–	0.3	1.1
Co-investments	–	0.3	–	0.3
Non-trade payables	0.4	0.3	(0.3)	0.4
Intangible assets	–	(2.5)	0.5	(2.0)
Recognised tax losses	–	0.7	–	0.7
Other	0.2	–	(0.3)	(0.1)
	1.6	(1.2)	0.2	0.6
Net deferred tax liabilities attributable to:				
Interest-bearing liabilities	0.7	–	4.5	5.2
Derivative financial instruments	(9.2)	–	0.3	(8.9)
Recognised tax losses	0.2	–	–	0.2
	(8.3)	–	4.8	(3.5)
Net total	(6.7)	(1.2)	5.0	(2.9)

4.1 Income tax (continued)

Income tax expense (continued)

(d) Reconciliation of deferred tax balances (continued)

	Opening balance 1 July 2021	Recognised in profit or loss	Balance 30 June 2022
	\$m	\$m	\$m
Net deferred tax assets attributable to:			
Right-of-use assets	(0.4)	0.4	-
Lease liability	0.5	(0.5)	-
Plant and equipment	0.1	-	0.1
Other accrued expenses	0.1	-	0.1
Short-term employee benefits	0.5	0.3	0.8
Non-trade payables	0.3	0.1	0.4
Other	-	0.2	0.2
	1.1	0.5	1.6
Net deferred tax liabilities attributable to:			
Interest-bearing liabilities	(8.7)	9.4	0.7
Derivative financial instruments	8.1	(17.3)	(9.2)
Recognised tax losses	-	0.2	0.2
	(0.6)	(7.7)	(8.3)
Net total	0.5	(7.2)	(6.7)

4.2 Key Management Personnel (KMP) compensation

	2023	2022
	\$	\$
Short-term employee benefits	5,321,685	5,159,699
Other long-term employee benefits	53,443	73,132
Post-employment benefits	181,178	165,414
Security-based payments	1,536,729	1,510,116
	7,093,035	6,908,361

Individual Directors' and KMP compensation disclosures

Information regarding individual Directors' and Executive 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.

Notes to the Financial Statements.

4.2 Key Management Personnel (KMP) compensation (continued)

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:

2023

Securityholder	Opening securities 1 July	Securities granted as compensation	Acquired securities	Disposed securities	Holding at time of cessation of KMP	Closing securities 30 June ¹
A. Fay	–	–	59,000	–	–	59,000
G. Tomlinson	88,776	–	–	–	88,776	–
D. Page AM	30,050	–	3,000	–	–	33,050
E. de Klerk	1,802,857	–	31,000	–	–	1,833,857
F. Marais	144,284	–	–	–	144,284	–
G. Jackson	190,087	–	–	–	–	190,087
J. Sukkar AM	14,000	–	36,000	–	–	50,000
M. Tierney	–	–	–	–	–	–
N. Sasse	1,656,460	–	–	–	–	1,656,460
P. Theocharides	–	–	–	–	–	–
T. Collyer	1,364,246	177,609	–	–	–	1,541,855
D. Andrews	296,216	70,491	–	(92,547)	–	274,160
M. Green	138,639	70,491	–	–	–	209,130
J. Jovanovski	36,340	53,979	–	–	–	90,319

During the year to 30 June 2023, a total of 372,570 stapled securities with a total value at the time of vesting of \$1,108,140 were issued to Executive KMP upon vesting of performance rights under employee incentive plans.

2022

Securityholder	Opening securities 1 July	Securities granted as compensation	Acquired securities	Disposed securities	Closing securities 30 June
G. Tomlinson	88,776	–	–	–	88,776
D. Page AM	25,050	–	5,000	–	30,050
E. de Klerk	1,802,857	–	–	–	1,802,857
F. Marais	169,284	–	–	(25,000)	144,284
G. Jackson	190,087	–	–	–	190,087
J. Sukkar AM	14,000	–	–	–	14,000
N. Sasse	1,656,460	–	–	–	1,656,460
T. Collyer	1,230,184	134,062	–	–	1,364,246
D. Andrews	247,606	48,610	–	–	296,216
M. Green	125,029	48,610	–	(35,000)	138,639
J. Jovanovski	20,548	15,792	–	–	36,340

During the year to 30 June 2022, a total of 247,074 stapled securities with a total value at the time of vesting of \$951,635 were issued to Executive KMP upon vesting of performance rights under employee incentive plans.

1. Active KMP only.

4.2 Key Management Personnel (KMP) compensation (continued)

KMP loans

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

4.3 Related party transactions

Responsible Entity

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

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

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

Director transactions

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

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

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

Director	Transaction	2023	2022
		\$	\$
G. Jackson ¹	Investment property valuation	82,445	30,525
G. Jackson ¹	Statutory and other valuation	6,050	32,835
Aggregate amounts payable at the reporting date		72,270	39,545

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 other than distributions with significant securityholders as at 30 June 2023 (2022: nil).

4.4 Contingent liabilities

The Group has no contingent liabilities as at the date of this report (2022: nil).

4.5 Commitments

For details of commitments in relation to investment properties refer Note 2.3.

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 (2022: nil).

1. The Group used the valuation services of m3property, a company of which Mr Grant Jackson is a director, to independently value sixteen properties (2022: 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.

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 during the year ended 30 June 2023 are listed below, all entities were domiciled in Australia.

- | | | |
|---|--|---|
| > 11 Murray Rose Avenue Trust | > Fortius Asset Management Pty Ltd | > Fortius Waterloo Pty Ltd |
| > 1500 Ferntree Gully Road Property Trust | > Fortius Barracks Pty Ltd | > Growthpoint Developments Pty Ltd |
| > 19 Southern Court Property Trust | > Fortius Bourke Street Pty Limited | > Growthpoint Finance Pty Ltd |
| > 20 Southern Court Property Trust | > Fortius Broadway No 1 Pty Ltd | > Growthpoint Funds Management Limited |
| > 211 Wellington Road Property Trust | > Fortius Broadway No 2 Pty Ltd | > Growthpoint Holding Trust No.1 |
| > 255 London Circuit Trust | > Fortius Cammeray Pty Ltd | > Growthpoint Metro Office Fund |
| > 3 Maker Place Trust | > Fortius DC Pty Ltd | > Growthpoint Nominees (Aust) 2 Pty Limited |
| > 3 Millennium Court Property Trust | > Fortius Debt Capital Pty Ltd | > Growthpoint Nominees (Aust) 3 Pty Limited |
| > 6 Kingston Park Court Property Trust | > Fortius FAPT No. 1 Pty Ltd | > Growthpoint Nominees (Aust) 4 Pty Limited |
| > 75 Dorcas Street Trust | > Fortius Funds Management Pty Ltd | > Growthpoint Nominees (Aust) Pty Limited |
| > Ann Street Property Trust | > Fortius Grenfell No.1 Pty Ltd | > Growthpoint Properties Australia Limited |
| > Artarmon Retail Centre TC Pty Ltd | > Fortius Grenfell No.2 Pty Ltd | > Kembla Grange Property Trust |
| > Atlantic Drive Property Trust | > Fortius Grenfell No.3 Pty Ltd | > Kewlink East Trust |
| > Bowes Street Property Trust | > Fortius Heitman Barracks Pty Ltd | > Kilsyth 1 Property Trust |
| > Broadmeadows Leasehold Trust | > Fortius Home HQ Artarmon Holding Fund Pty Ltd | > Kilsyth 2 Property Trust |
| > Building 2 Richmond Property Trust | > Fortius Home HQ Holding Pty Ltd | > Laverton Property Trust |
| > Building C 211 Wellington Road Property Trust | > Fortius Home HQ Sub Entity Pty Ltd | > Lot S5 Property Trust |
| > Camberwell Road Property Trust | > Fortius Investment Management Pty Ltd | > Mort Street Property Trust |
| > CB Property Trust | > Fortius Investment Properties Pty Ltd | > New South Wales 2 Property Trust |
| > Charles Street Property Trust | > Fortius Junction Fair Pty Ltd | > New South Wales Property Trust |
| > Coolaroo Property Trust | > Fortius Properties Pty Limited | > Newstead Property Trust |
| > Derrimut Property Trust | > Fortius Property Investment Management Australia Ltd | > Nundah Property Trust |
| > Drake Boulevard Property Trust | > Fortius QS No.1 Pty Ltd | > Pope Street Property Trust |
| > Erskine Park Pharmaceutical Trust | > Fortius QS No.2 Pty Ltd | > Preston 2 Property Trust |
| > Erskine Park Truck Trust | > Fortius QS No.3 Pty Ltd | > Queensland Property Trust |
| > Erskine Park Warehouse Trust | > Fortius Rundle No 1 Pty Ltd | > Rabinov Diversified Property Trust No. 2 |
| > Fortius Allendale No. 3 Pty Ltd | > Fortius Rundle No 2 Pty Ltd | |
| > Fortius Allendale No.1 Pty Ltd | > Fortius Rundle No 3 Pty Ltd | |
| > Fortius Allendale No.2 Pty Ltd | | |

4.6 Controlled entities (continued)

> Rabinov Diversified Property Trust No. 3	> South Brisbane 1 Property Trust	> William Angliss Drive Trust
> Rabinov Property Trust	> South Brisbane 2 Property Trust	> WorldPark Property Trust
> Ravenhall Property Trust	> SW1 Car Park Property Trust	> Yatala 1 Property Trust
> Richmond Car Park Trust	> Thomas Street Property Trust	> Yatala 2 Property Trust
> Rundle Car Park Leasing No 2 Pty Ltd	> Wellington Street Property Trust	> Yatala 3 Property Trust
> Rundle Car Park Leasing Pty Ltd	> Wholesale Industrial Property Fund	

4.7 Parent entity disclosures

The parent of the Group throughout the year was the Trust.

	2023	2022
	\$'m	\$'m
Financial position at year end		
Current assets	30.3	20.4
Total assets	5,129.3	5,453.4
Current liabilities	119.7	117.7
Total liabilities	2,141.6	2,015.1
Net assets	2,987.7	3,438.3
Equity comprising:		
Contributed equity	1,917.2	1,976.0
Retained profits	1,070.5	1,462.3
Total equity	2,987.7	3,438.3
(Loss) / Profit after tax	(229.2)	461.6
Total comprehensive (loss) / income	(229.2)	461.6

The contractual commitments of the parent entity are identical to those disclosed in Note 2.3. The parent entity has no contingent liabilities (2022: \$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 non-audit services paid to auditors during the year.

	2023	2022
	\$	\$
Audit services - EY		
Audit and review of financial statements	392,000	261,600
Other regulatory audit services	85,970	54,000
Other non-audit services	105,000	35,000
	582,970	350,600

4.9 Subsequent events

There have been no 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.

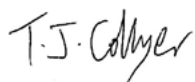
Directors' declaration.

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 32 to 51 are in accordance with the Corporations Act 2001 (Cth), including:
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 (Cth); and
 - iii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- 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 2023.

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



Timothy Collyer
Managing Director
Growthpoint Properties Australia

17 August 2023

Auditor's independence declaration.



EY

Building a better
working world

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

As lead auditor for the audit of the financial report of Growthpoint Properties Australia for the year ended 30 June 2023, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene 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
17 August 2023

Independent Auditor's report.



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Independent auditor's report to the Stapled Security Holders of Growthpoint Properties Australia

Report on the audit of the financial report

Opinion

We have audited the financial report of Growthpoint Properties Australia Limited and Growthpoint Properties Australia Trust (collectively Growthpoint Properties Australia or the 'Group'), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 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 judgment, 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.



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 \$4,917.2 million as at 30 June 2023, which represents 94% of total assets of the Group. As outlined in Note 2.3, 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. The valuation of investment properties is inherently subjective given there are alternative assumptions and valuation methods that may result in a range of values. We have, therefore, considered this a key audit matter. Note 2.3 of the financial report describes 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 in the determination of fair value of investment properties and how this has been considered by the directors in the preparation of the financial report at 30 June 2023.	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 each property including an understanding of key developments; and ▶ controls in place relevant to the valuation process, both for internal director valuations, and independent external valuations. ▶ In conjunction with our real estate valuation specialists, on a sample basis, we performed the following procedures: ▶ Evaluated the key assumptions applied in both internal and external valuations, including rents, capitalisation rates and capital expenditure; ▶ Compared the net income used in the valuations to the actual financial performance of the underlying properties. We performed tests of control over the tenancy schedules, which are used as source data in the property valuations; ▶ Reviewed the portfolio of assets with reference to external market data and portfolio performance in order to identify and investigate items that were outside of our expectations; ▶ Tested the mathematical accuracy of the adopted valuations; ▶ Assessed the competence, qualifications and objectivity of the valuers; and ▶ Evaluated the suitability of the valuation methodology across the portfolio. We have also considered whether the financial report disclosures are appropriate.

Independent Auditor's report.



2. Fortius - Acquisition Accounting, Goodwill and Other Intangibles

Why significant	How our audit addressed the key audit matter
The Group entered into a Share Sale Agreement to acquire 100% equity shares in Fortius Funds Management Pty Ltd ('Fortius') on 3 August 2022. Acquisition Accounting: As outlined in Note 2.2, the acquisition was completed on 15 September 2022 and involved a \$45.0 million initial purchase price and subsequent \$8.1 million net assets adjustment. The Group determined the fair value of net assets with the support of an independent external valuer. The Group disclosed in Note 2.2 to the consolidated financial report the method of assessing the nature of the transaction, including the significant underlying assumptions and the results of the assessment. Goodwill impairment testing: Through the purchase price accounting of the acquisition of Fortius, the Group recognised goodwill of \$41.0 million. The Group reviews the carrying amount of goodwill annually, or more frequently, if impairment indicators are present. The Group estimated the value in use of the assets based on conditions existing as at 30 June 2023. These estimates are developed on an underlying assumption that the business will continue to expand its funds under management. The goodwill balance was tested for impairment at year-end applying a value-in-use model. The recoverable amount has been assessed at \$38.0 million which is lower than the carrying amount of \$46.8 million, therefore an impairment charge of \$8.8 million was recognised at 30 June 2023. The Group has disclosed in Note 2.8 to the consolidated financial report the assessment method, including the significant underlying assumptions and the results of the assessment. The Fortius acquisition accounting and subsequent goodwill and other intangible impairment testing was considered a key audit matter due to the quantum of the balances and the significant judgements involved. These judgements include determining the fair value of acquired assets and liabilities through business combinations and determining the future cashflows for goodwill impairment testing.	Our audit procedures included the following: ▶ Obtained and reviewed the underlying transaction agreements and agreed the purchase price paid to bank statements; ▶ Evaluated the Group's assessment that the transactions constituted business combinations in accordance with the requirements of AASB 3; ▶ Evaluated the Group's determination of the acquisition dates having regard to the date control of the business was obtained; ▶ Assessed the accuracy of the fair value adjustments within the fair value accounting for the transaction; ▶ Involving our valuation specialists, we assessed the key assumptions underlying the fair value of net assets and management rights and other intangibles acquired as determined by the Group's external valuation specialists; and ▶ Assessed the adequacy of the Group's disclosures in the financial statements. Our audit procedures included the following: ▶ Tested the mathematical accuracy of the value-in-use impairment model; ▶ Involving our valuation specialists, we assessed the key assumptions adopted in the forecast cash flows, including cash flows related to management and acquisition fees receivable from the funds; ▶ Assessed the Group's current year actual results in comparison to prior year forecasts to assess forecasting accuracy; ▶ Assessed the Group's assumptions for annual and terminal growth rates in the discounted cash flow model in comparison to economic and industry forecasts; ▶ Assessed the adequacy of the estimated EBITDA rates utilised for calculation of future costs with reference to historical performance of the business; ▶ Considered earnings multiples, involving our valuation specialists, we assessed earnings multiples of comparable businesses as a valuation cross check to the Group's determination of recoverable amount; ▶ Performed sensitivity analysis in respect of the assumptions noted above, to ascertain the extent of changes in those assumptions which either individually or collectively would materially impact the recoverable amount; and ▶ Assessed the adequacy of the Group's disclosures in the financial statements.



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 2023 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.

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 judgment 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.

Independent Auditor's report.



- ▶ 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.

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 2023.

In our opinion, the Remuneration Report of Growthpoint Properties Australia for the year ended 30 June 2023, 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.

A stylized signature of the Ernst & Young firm, consisting of the letters 'EY' in a cursive, handwritten style.

Ernst & Young

A stylized signature of David Shewring, consisting of a series of loops and a long horizontal stroke.

David Shewring
Partner
Melbourne
17 August 2023

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	275.0	JLL	5.38	6.25	ANZ Banking Group	5.4	28,312	9,632
Bldg 3, 570 Swan St	Richmond	VIC	190.0	Directors	5.38	6.00	Bunnings Warehouse	7.2	19,333	8,525
165-169 Thomas St	Dandenong	VIC	153.5	CBRE	5.25	6.13	VIC Government	8.5	15,071	2,502
Bldg 2, 572-576 Swan St	Richmond	VIC	125.0	m3property	5.50	6.50	Country Road Group	9.0	14,602	7,130
109 Burwood Rd	Hawthorn	VIC	116.5	Colliers	5.63	6.25	Scope	4.8	12,388	3,529
141 Camberwell Rd	Hawthorn East	VIC	111.0	Cushman & Wakefield	5.25	6.50	Miele	5.3	10,233	–
Bldg B, 211 Wellington Rd	Mulgrave	VIC	80.0	JLL	6.25	6.25	Monash University	2.7	12,780	11,040
Bldg 1, 572-576 Swan St	Richmond	VIC	72.0	Colliers	5.50	6.38	Country Road Group	9.0	8,554	8,364
Bldg C, 211 Wellington Rd	Mulgrave	VIC	53.0	Directors	6.75	6.88	Guardian Community Early Learning	1.7	10,289	11,070
Car Park, 572-576 Swan St	Richmond	VIC	0.7	m3property	29.89	6.50	GE Capital Finance Australasia	3.9	–	3,756
100 Skyring Ter	Newstead	QLD	227.5	Knight Frank	6.38	6.63	Bank of Queensland	3.8	24,665	5,157
15 Green Square Cl	Fortitude Valley	QLD	130.0	Knight Frank	6.50	6.75	Optus Administration	2.1	16,523	2,519
104 Melbourne St	South Brisbane	QLD	86.5	Savills	6.63	6.88	Integrated Clinical Oncology Network	3.3	11,402	5,772
32 Cordelia St	South Brisbane	QLD	80.5	Directors	6.50	6.75	Jacobs Group	2.8	10,003	2,667
52 Merivale St	South Brisbane	QLD	73.0	Cushman & Wakefield	6.50	6.75	Stantec Australia	2.7	9,405	2,331
100 Melbourne St	South Brisbane	QLD	51.5	Knight Frank	6.38	6.75	Peabody Energy	1.7	6,597	3,158
Car Park, 32 Cordelia St & 52 Merivale St	South Brisbane	QLD	35.8	Directors	6.00	7.25	Secure Parking	1.6	–	9,319
1 Charles St	Parramatta	NSW	500.0	Knight Frank	4.25	5.75	NSW Government (Police)	21.5	32,356	6,460
Bldg C, 219-247 Pacific Hwy	Artarmon	NSW	142.0	Directors	5.63	6.38	Fox Sports	4.5	14,406	4,212
3 Murray Rose Ave	Sydney Olympic Park	NSW	98.4	m3property	5.73	6.50	Samsung Electronics	3.7	13,423	3,980
5 Murray Rose Ave	Sydney Olympic Park	NSW	81.6	Directors	6.20	6.50	–	0.0	12,386	3,826
11 Murray Rose Ave	Sydney Olympic Park	NSW	49.0	Savills	5.90	6.25	B2G Consortium	4.1	5,684	2,642
33-39 Richmond Rd	Keswick	SA	71.0	Knight Frank	6.50	7.00	Tetra Tech	3.5	11,730	4,169
2-6 Bowes St	Phillip	ACT	79.0	Directors	5.77	6.38	ACT Government	7.9	12,376	4,485
255 London Cct	Civic	ACT	74.5	Directors	6.14	6.50	Australian Commonwealth Government	4.2	8,972	2,945
10-12 Mort St	Civic	ACT	74.0	m3property	6.63	6.63	Australian Commonwealth Government	1.7	15,398	3,064
836 Wellington St	West Perth	WA	92.0	Directors	6.75	7.00	Australian Commonwealth Government	3.6	11,973	4,304
Total / weighted average			3,123.0		5.66	6.37		6.3	348,861	136,558

Industrial portfolio

Address			Book Value	Valuer	Cap rate	Discount rate	Major tenant	WALE	Lettable area	Site area
			\$m		%	%		years	sqm	sqm
3 Maker Pl	Truganina	VIC	66.5	CBRE	4.75	7.00	101 Warehousing	6.3	31,109	49,810
9-11 Drake Blvd	Altona	VIC	60.0	JLL	4.75	6.00	Peter Stevens Motorcycles	2.9	25,743	41,730
1500 Ferntree Gully Rd & 8 Henderson Rd	Knoxfield	VIC	60.0	Directors	5.00	6.50	Brown & Watson International	8.7	21,218	40,844
Lots 2, 3 & 4, 34-44 Raglan St	Preston	VIC	54.3	Directors	5.00	6.50	Paper Australia	1.6	27,978	42,280
120-132 Atlantic Dr	Keysborough	VIC	45.5	JLL	4.50	6.25	Symbion	8.5	15,781	26,181
40 Annandale Rd	Melbourne Airport	VIC	44.4	m3property	7.00	6.50	Australia Post	8.0	44,424	75,325
20 Southern Crt	Keysborough	VIC	29.3	Directors	4.75	6.50	S&S Management Co	2.5	11,437	19,210
120 Link Rd	Melbourne Airport	VIC	28.7	m3property	7.25	6.25	The Workwear Group	4.0	26,517	51,434
130 Sharps Rd	Melbourne Airport	VIC	27.4	m3property	7.50	6.50	Laminex Group	2.0	28,100	47,446
31 Garden St	Kilsyth	VIC	22.0	m3property	4.75	6.25	Cummins Filtration	5.4	8,919	17,610
3 Millennium Crt	Knoxfield	VIC	19.8	JLL	4.75	6.00	Opal Packaging	2.7	8,040	14,750
6 Kingston Park Crt	Knoxfield	VIC	18.8	Urbis	4.75	6.25	Automotive Imports	4.1	7,677	12,795
19 Southern Crt	Keysborough	VIC	16.1	Directors	5.00	6.50	Wabtec Australia	3.8	6,455	11,650
101-111 South Centre Rd	Melbourne Airport	VIC	15.5	m3property	7.50	6.50	Direct Couriers	4.4	14,082	24,799
60 Annandale Rd	Melbourne Airport	VIC	15.0	m3property	7.25	6.50	Plantabl Packaging	7.4	16,274	34,726
75 Annandale Rd	Melbourne Airport	VIC	12.1	m3property	7.50	6.75	Unipart Group Australia	2.3	10,310	16,930
70 Distribution St	Larapinta	QLD	255.0	Directors	5.62	6.00	Woolworths	6.2	76,109	250,900
13 Business St	Yatala	QLD	18.6	Directors	5.75	7.00	Volo Modular	2.1	8,951	18,630
5 Viola Pl	Brisbane Airport	QLD	13.4	Directors	5.85	6.75	Eagers Automotive	9.6	14,726	35,166
3 Viola Pl	Brisbane Airport	QLD	4.2	Directors	6.57	7.00	Cargo Transport Systems	2.7	3,431	12,483
27-49 Lenore Dr	Erskine Park	NSW	107.5	Directors	5.00	6.50	Linfox	2.2	29,476	76,490
6-7 John Morphett Pl	Erskine Park	NSW	82.8	Knight Frank	5.00	6.50	Linfox	1.7	24,881	82,280
51-65 Lenore Dr	Erskine Park	NSW	46.5	Directors	4.50	6.25	Linfox	4.7	3,720	36,720
34 Reddalls Rd	Kembla Grange	NSW	38.5	CBRE	4.88	6.00	Autocare Services	7.3	355	141,100
81 Derby St	Silverwater	NSW	32.8	Directors	4.75	6.50	IVE Group Australia	2.2	8,253	13,490
599 Main North Rd	Gepps Cross	SA	216.0	Knight Frank	4.75	6.25	Woolworths	11.9	91,686	233,500
1-3 Pope Crt	Beverley	SA	30.5	Knight Frank	6.00	7.00	Aluminium Specialties Group	2.4	14,459	25,660
12-16 Butler Blvd	Adelaide Airport	SA	23.7	Directors	6.08	7.00	Australia Post	8.1	16,835	30,621
10 Butler Blvd	Adelaide Airport	SA	12.4	Directors	6.32	7.25	IPEC	1.6	8,461	16,100
20 Colquhoun Rd	Perth Airport	WA	216.0	JLL	5.85	6.75	Woolworths	2.3	80,374	193,936
Hugh Edwards Dr & Tarlton Cr	Perth Airport	WA	70.2	Savills	5.96	7.07	Mainfreight	4.1	32,018	57,617
Total / weighted average			1,703.2		5.39	6.44		5.4	717,799	1,752,213

Securityholder information.

Top 20 legal Securityholders as at 1 August 2023

Rank	Name	Number of securities	% of issued capital
1	GROWTHPOINT PROPERTIES LIMITED	480,025,424	63.68
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	74,504,778	9.88
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	59,310,759	7.87
4	CITICORP NOMINEES PTY LIMITED	41,171,520	5.46
5	NATIONAL NOMINEES LIMITED	13,574,669	1.80
6	BNP PARIBAS NOMS PTY LTD <DRP>	12,224,900	1.62
7	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,749,859	0.36
8	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,674,272	0.35
9	RABINOV HOLDINGS PTY LTD	2,347,279	0.31
10	SHARON INVESTMENTS PTY LTD	2,255,779	0.30
11	ESTIENNE DE KLERK + KANDI DE KLERK	1,816,166	0.24
12	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	1,650,319	0.22
13	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,586,838	0.21
14	JONAERE PTY LTD <JDM LEGACY A/C>	1,260,000	0.17
15	MS KYLIE MAREE CECILIA THOMAS	1,144,332	0.15
16	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,137,525	0.15
17	SANDHURST TRUSTEES LTD <BERKHOLTS INVESTMENTS A/C>	1,049,877	0.14
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	892,574	0.12
19	BNP PARIBAS NOMS (NZ) LTD <DRP>	888,753	0.12
20	CHARTER HALL WHOLESALE MANAGEMENT LTD <DVAP3 A/C>	750,000	0.10
Sub total		703,015,623	93.26
Balance of register		50,836,191	6.74
Total issue capital		753,851,814	100.00

Substantial Securityholders as at 1 August 2023

Name	Number of securities	% of issued capital
Growthpoint Properties Limited	480,025,424	63.68

Distribution of Securityholders as at 1 August 2023

Range	Total holders	Securities	% of securities
1 - 1,000	1,300	502,320	0.07
1,001 - 5,000	1,490	4,075,016	0.54
5,001 - 10,000	738	5,469,486	0.73
10,001 - 100,000	977	24,242,801	3.22
100,001 Over	93	719,562,191	95.45
Rounding			-0.01
Total	4,598	753,851,814	100.00

Based on the 1 August 2023 closing price of \$2.85, the number of Securityholders with less than a marketable parcel of 176 securities (\$500) was 492 and they held a total of 18,274 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

In February 2023, Growthpoint extended its on-market securities buy-back program for up to 2.5% of issued capital. The program was completed in May 2023 having purchased 19,304,879 securities (being 2.5% of Growthpoint's total securities on issue as at the date the program was announced) for a total consideration of \$63,434,022.

Glossary.

ABS Australian Bureau of Statistics	Company, the Trust and their controlled entities	distribution paid or payable for the relevant period
ACT Australian Capital Territory, Australia	ICR Interest coverage ratio	USPP United States Private Placement
A-REIT Australian Real Estate Investment Trust	JLL The Australian arm of Jones Lang LaSalle, an international professional services and investment management firm	VIC Victoria, Australia
ASX Australian Securities Exchange	LVR Loan to value ratio	WA Western Australia, Australia
b Billion	m Million	WALE Weighted average lease expiry
bps Basis points	MER Management expense ratio	Woolworths Woolworths Group Limited
c. circa	NABERS National Australian Built Environment Rating System	yr Year
capex Capital expenditure	Net zero 2025 target Net zero emissions by 1 July 2025 for all scope 1 and scope 2 emissions from our 100% owned on balance sheet operationally controlled office assets and scope 1, scope 2 and some scope 3 emissions from our corporate activities	
cap rate or capitalisation rate The market income produced by an asset divided by its value or cost	NLA Net lettable area	
CBD Central business district	NPI Net property income plus distributions from equity related investments	
CBRE An international commercial real estate services firm	NSW New South Wales, Australia	
CDP a global environmental disclosure system	NTA Net tangible assets	
CPI Consumer price index	Payout ratio Distributions (\$million) divided by FFO (\$million)	
cps Cents per security	PV Photovoltaic	
Cushman & Wakefield An international professional services and property investment firm	Q Quarter	
DPS Distribution per security	QLD Queensland, Australia	
DXI Dexis Industria REIT	RBA Reserve Bank of Australia	
EMT Growthpoint's Executive Management Team	REIT Real Estate Investment Trust	
ESG Environment, social and governance	ROE or return on equity Calculated as the percentage change in NTA plus the distributions for a given period divided by the opening NTA	
FFO Funds from operations	SA South Australia, Australia	
FUM Funds under management	SME Small and medium-sized enterprise	
FY Financial year	sqm Square metres	
gearing Interest bearing liabilities less cash divided by total assets less finance lease assets less cash	TSR or total securityholder return Change in security price plus	
GOZ Growthpoint or Growthpoint's ASX trading code or ticker		
GRESB Global Real Estate Sustainability Benchmark		
Growthpoint or the Group Growthpoint Properties Australia comprising the		

Contact details.

Corporate Directory

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Company Secretaries

Jacquee Jovanovski, Dion Andrews

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ASX

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

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Important information.

This report contains forward looking statements, guidance, forecasts and estimates, opinions and estimates, which are based on market trends, contingencies and assumptions made by Growthpoint, which are subject to certain risks, uncertainties and assumptions 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 materially from statements made in this report. The forward looking statements are based on information available to Growthpoint as at the date of this report (17 August 2023). 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.



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FY23 Annual Report

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