GROWTHPOINT PROPERTIES

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INTEGRATED ANNUAL REPORT 2023

23 INTEGRATED ANNUAL REPORT

GROWTHPOINT PROPERTIES

Contents

The following icons are used throughout our integrated annual report to show connectivity between sections:

Strategy

- Optimising the SA portfolio
- Growing income streams from Growthpoint Investment Partners(GIP)
- International expansion

Property sectors

- Retail
- Office
- Industrial
- Healthcare
- Student Accommodation

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Send us your feedback

To ensure that we report on issues that matter to our stakeholders, please provide any feedback and questions to: info@growthpoint.co.za.

Scan the QR code to gain quick access to our website.

www.growthpoint.co.za

This report is part of a suite of reports issued for the 2023 financial year end and should be read in conjunction with the Group and company annual financial statements (AFS), annual general meeting (AGM) notice, and the ESG report.

Follow us

https://www.linkedin.com/company/growthpoint-properties-ltd

@growthpoint

Growthpoint at a glance

Growthpoint Properties, the largest South African primary REIT listed on the JSE, is an international property company with assets in South Africa, the rest of Africa, Australia, Poland, Romania and the United Kingdom. Committed to creating space to thrive, we own and manage a diversified portfolio of 535 property assets, locally and internationally.

The Group's total property assets are valued at R179.8bn of which 45.8% are located offshore.

Diversified

Sectors

Retail, office, industrial, healthcare, student accommodation, trading and development

Geographies

South Africa, the rest of Africa, Australia, Poland, Romania and the United Kingdom

Income streams

Property income, funds management fees, distributions from investments, trading profits and third-party development fees

Largest primary listed **REIT on the JSE**

R40.0bn market capitalisation

R2.8bn average monthly value of shares traded

R17.9bn assets under management

A FTSE/ JSE Top 40 company

8.0mil+ sqm of space

388 high-quality physical property assets (RSA excluding V&A)

4 943 926 square metres of space (RSA excluding V&A)

Investment proposition

- Attractive dividend yield
- Earnings underpinned by high-quality, physical property assets
- Sustainable quality of earnings that can be predicted with a high level of accuracy
- Experienced in-house development capability
- Uninterrupted track record of paying dividends
- Best practice corporate governance
- Transparent reporting
- Constituent of the FTSE EPRA/NAREIT Emerging Index
- Recipient of multiple sustainability, governance and reporting awards
- Fitch/Moody's ratings – Global scale BB+/Ba2, National scale: AAA/Aa1.za
- Diversified across international geographies, sectors and income streams
- Attractive ESG investment
- Level 1 B-BBEE contributor
- Dynamic and proven management track record
- R1.6bn of stable foreign currency dividend income

OUR APPROACH TO REPORTING

Growthpoint has been evolving our approach to reporting over the past 12 years. The reporting suite reflects the developments in integrated reporting and the changing global reporting landscape. We have aligned our reports with the International Integrated Reporting Framework and Integrated Thinking Principles as per the Value Reporting Foundation.

Report scope and boundary

While the IAR is not audited, it contains information from the AFS, on which an unmodified audit opinion has been expressed. Where information has not been derived from the AFS, the Audit Committee has obtained assurance that the information has been checked by second and third line assurance providers and by interacting with persons acting in an ex officio capacity who attended the special Audit Committee meeting convened to discuss the IAR. This IAR (the report) covers the financial year 1 July 2022 to 30 June 2023 (FY23 or the year) and includes significant subsequent events up to the report's approval date.

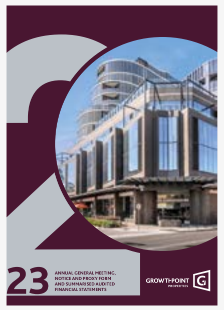
About these reports

In preparing these reports, we have endeavoured to present a holistic and integrated representation of the organisation's performance and its long-term sustainability.

Integrated annual report (IAR)

Environmental, social and governance (ESG) report

Group and company annual financial statements (AFS)



Annual general meeting (AGM) notice

Assurance of our integrated annual report

The Board takes overall responsibility for the integrity of the IAR and ensures its compliance with the International Integrated Reporting Framework by reviewing the final report and approving the material matters and themes to be included in the report when reporting on the various content elements. A combined assurance model (CAM) is in place and functioned throughout the year under review (refer to the Growthpoint overall assurance model on the next page). The King IV Report on Corporate Governance (King IV) has been applied and internal compliance therewith is verified as part of the internal audit assurance cycle for the company. The Global Reporting Initiative (GRI) Standards, the JSE Listings Requirements and the South African Companies Act, 71 of 2008, are adhered to and compliance is also monitored and reported in a systematic and structured manner to the audit and risk committees throughout the year by the Group's risk and compliance department. The Group's external auditor, Ernst & Young Inc, provided assurance on the AFS for the year ended 30 June 2023 (refer page 11 of the AFS). Reasonable and limited assurance was provided on selected non-financial sustainability information and key performance indicators (KPI) (of the ESG report). Our report focuses on material themes that substantively impact our ability to create value for our stakeholders over time. Refer to pages 6 to 7 for our materiality determination process and material themes.

Growthpoint overall assurance model

The Growthpoint CAM, is designed to optimise the assurance provided over the Group's strategic risks (pages 93 to 98), risk management and internal financial controls. The risk Management Committee monitors and reviews the Group's Risk profile and the efficacy of management activities, and monitors adherence to Board-approved risk appetite and tolerance. Other Board committees perform additional risk oversight through rigorous analysis of management's assertions for their assigned Group risks as disclosed in the corporate governance section.

In addition, the CAM is used to evaluate and assure various aspects of the business operations, including elements of external reporting. Growthpoint Group Internal Audit provides a further line of assurance and co-ordinates the CAM. Our retail, office and industrial property portfolios in South Africa are among the country's largest. We also own 50% of the V&A Waterfront in Cape Town. We have an interest in 58 properties in Australia through our 63.7% investment in GOZ, 72 properties in Central and Eastern Europe (CEE) through our 29.5% investment in GWI, five community shopping centres in the UK through our 62.4% investment in C&R and 11 properties in Africa through our 18.4% investment in Lango.

Governance

The Board committees consist of independent Non-executive Directors, supporting a strong risk governance framework.

They are responsible for overseeing the Group's risk management and internal control systems, which management is responsible for implementing.

Organisational risks are included in the CAM, which incorporates the top strategic risks and internal financial controls.

Growthpoint's overall assurance model

Organisational monitoring
- Implementation of standards at operational level
- Internal checks and balances, compliance monitoring

Management review
- Performance and management framework
- Implementation of controls at management level
- Review by Group legal

Independent assurance
- Financial audits
- Risk-based audit and compliance reviews
- Other external audits and reviews

Board oversight
- Board committee reviews
- Internal audits and forensic investigations (including IT and general compliance audits)
- Review of controls at strategic level

Growthpoint Properties is committed to delivering workspaces that positively impact the environment and wellbeing of people who occupy our buildings. Our innovative and sustainable property offerings are designed around providing space for you and your business to thrive.

Responsibility statement

The Audit Committee and management acknowledge their responsibility to ensure the integrity of this report. The Board has applied its mind to the IAR and believes that it addresses all material matters and fairly presents the integrated performance of the organisation.

Board approval

The Board is of the view that, to the best of its knowledge and belief, our integrated reporting addresses matters material to our stakeholders' decision-making by explaining the impact of the Group's value-creation process over time. It takes into consideration the Group's impact on its stakeholders and the environment in which it operates.

The Board is confident that the report addresses all material matters and concludes that the information herein is materially presented according to the International Integrated Reporting Framework (Framework, 2021). This report was approved by the Board on 18 October 2023 and is signed on its behalf by:

Rhidwaan Gasant
Chairman, Non-executive

Melt Hamman
Independent Non-executive

Prudence Lebina
Independent Non-executive

Andile Sangqu
Lead Independent Non-executive

John van Wyk
Independent Non-executive

Frank Berkeley
Independent Non-executive

Clifford Raphiri
Independent Non-executive

Eileen Wilton
Independent Non-executive

Norbert Sasse
Group CEO

Estienne de Klerk
CEO South Africa

Gerald Völkel
Group FD

OUR APPROACH TO REPORTING (CONTINUED)

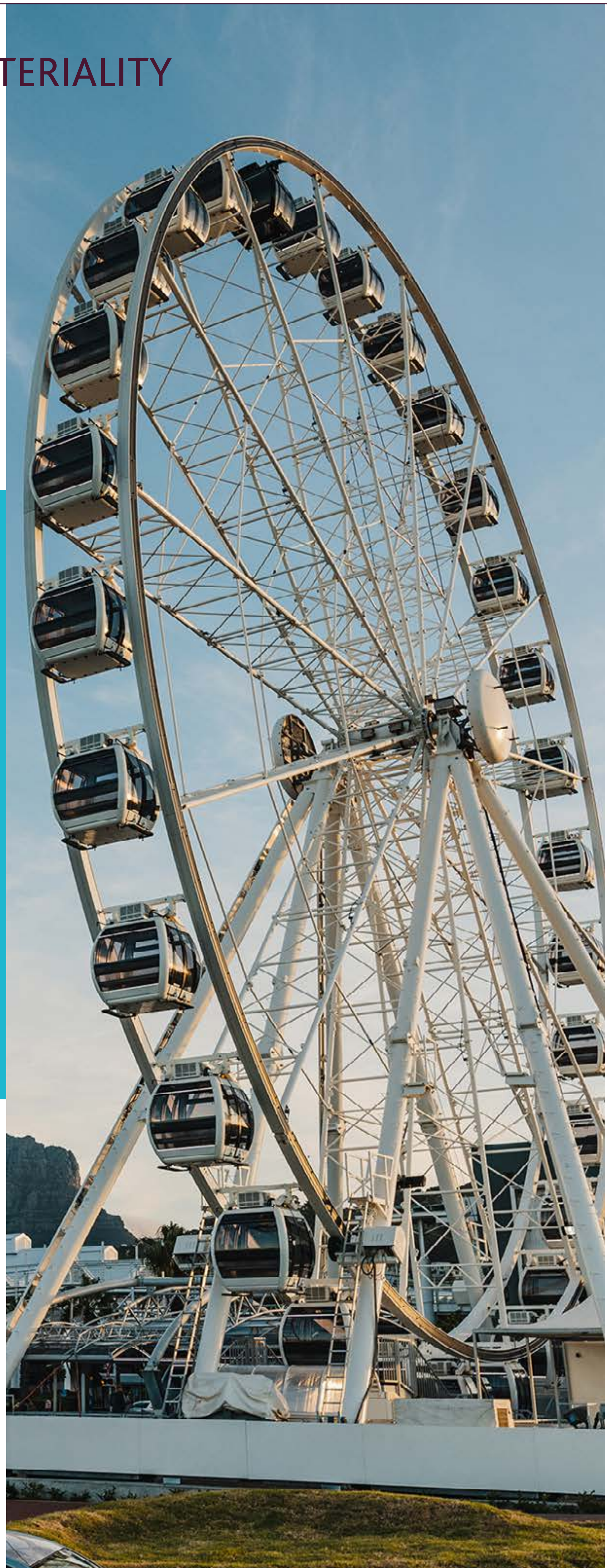
Growthpoint has adopted various sustainability frameworks and participated in indices as set out below:

Framework/Indice	Growthpoint's position
INTEGRATED REPORTING <IR>	Primary reporting guideline for our IAR
KING IV™	Report in line with the King IV principles
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	We apply the TCFD recommendations. Refer to the checklist in the ESG report
UN GLOBAL COMPACT	We are a participant of the UNGC
Global Reporting Initiative™	ESG KPI definitions aligned to GRI
SUSTAINABLE DEVELOPMENT GOALS	Growthpoint has prioritised nine UN SDGs with relevant underlying targets that present the most material opportunities for Growthpoint. Please refer to a detailed summary on page 26

Framework/Indice	Growthpoint's position
IFC International Finance Corporation WORLD BANK GROUP	Alignment with International Finance Corporation (IFC) Performance Standards
THE ETHICS INSTITUTE	Worked together to develop Growthpoint's ethics framework
JSE JSE Sustainability and Climate Disclosure Guidelines	Take guidance from the JSE guidelines
the dti Department: Trade and Industry REPUBLIC OF SOUTH AFRICA	We are a **level 1** B-BBEE contributor (FY22: Level 1)
SUSTAINALYTICS	Review of public information Score: **11.1** (low risk) (FY22: 12.9 low risk)

Framework/Indice	Growthpoint's position
FTSE4Good	Annual assessment Score: **3.5** (FY22: 2.9)
ISS CORPORATE SOLUTIONS	Monthly assessment
GRESB	Annual participation Score: **62** (FY22: 69)
CDP DRIVING SUSTAINABLE ECONOMIES	Annual participation Score: **B** (FY22: B)
Dow Jones Sustainability Indexes	Annual participation Score: **50** (FY22: 54)
MSCI	ESG annual participation Score: **AA** (FY22: AA)

OUR APPROACH TO MATERIALITY



In line with recent developments in global disclosure standards, we have adopted "double materiality" across our suite of annual reports:

- **Financial materiality:**
  Our IAR provides information on those matters that are likely to influence report user's assessment of Growthpoint's value over the short term (less than 12 months), medium term (one to three years) and long term (beyond three years). Our 2023 Group and Company AFS reflect the effects on value and cash flow that have already taken place by financial year end, or that are included in future cash flow projections.
- **Impact materiality:**
  Our separate ESG report provides disclosure on the most significant impacts of our activities on the economy, society and the environment over the short, medium or long term. These include impacts directly caused by our operations, as well as some impacts linked to our upstream and downstream value chain. We have also included provision in the ESG report for financially-material ESG risks and opportunities impacting the business.

OUR MATERIALITY DETERMINATION PROCESS

The content of our IAR and ESG report was informed by an independently facilitated materiality workshop in which management representatives from across the company reviewed the following:

Our business model – comprising Growthpoint's revenue and cost streams, areas for competitive differentiation, and our most important resources and relationships across our value chain.

Our dependencies and impacts on the capitals – reviewing where we have the most significant dependencies and impacts (positive and negative, direct and indirect) on each of the capital stocks.

Our operating environment – identifying the most important trends in our operating environment (including relevant sustainability-related risks and opportunities) that we anticipate will impact our performance over time, and reflecting on the outcomes of our latest internal risk assessment process.

Our stakeholders' interests – reviewing the areas of greatest concern to our stakeholders and assessing recent developments in global disclosure standards (including IFRS S1 and S2, SASB Real Estate Sustainability Accounting Standard, GRI Sustainability Reporting Standards, the JSE Sustainability and Climate Disclosure Guidance), as well as the outcome of recent assessments of relevant ESG rating agencies and internal discussions of the Board and its sub-committees.

Our strategy – assessing the implications of strategy and ESG strategy, informed by this analysis.

Our aim is that all the information in the IAR is material, in that it should all be reasonably capable of influencing the decision of any user of our report who wishes to make an informed decision relating to the provision of financial resources to Growthpoint. Our IAR is structured in a manner to enable such an assessment, by providing information on our business, our operating context, our strategy and our governance. The most significant risks and opportunities that impact on value (listed on pages 93 to 98) are often seen as constituting a discrete set of 'material issues'. These risks and opportunities on their own are not sufficient, however, to inform report user's full assessment of Growthpoint's ability to create value over time; hence we have chosen this year not to list a separate set of 'material issues'.

OUR PURPOSE, VISION, MISSION AND VALUES

OUR PURPOSE

Ensuring we create value for all stakeholders, we provide space to thrive in sustainable buildings, while improving the social and material wellbeing of individuals and communities.

OUR VISION

To be a leading international property company, providing space to thrive.

OUR MISSION

To create value for all our stakeholders through innovative and sustainable property solutions.

Our values

Be the best

Do more. *Go the extra mile.*

Be more. Be hungry. Be ambitious. Be better than yesterday. Be better than you ever thought you could be.

Own it

Know your part. *Play it well.*

Own your mistakes. Celebrate your successes. Be accountable, not just to yourself, but also to the rest of your team. This is your time to shine. Make it yours.

The power of us

Collaborate. Engage. *Get involved.*

Do your bit. Be part of something bigger. Be who you are. Celebrate the diversity of those around you. Respect them. Support. Find solutions. Spark. Share. Strive towards a common goal. Make it happen. Together.

Break new ground

Reinvent the future. *Co-create the next big thing.*

Welcome change and embrace diversity in our team. Question. Challenge. Set us apart. Take us forward.

Wow them

Don't ask why. *Ask why not?*

Ask how we can do it better. Care too much. Defy expectations. Make it first class. Above and beyond. Every time.

Play fair

Do it with integrity. Honesty. *Good judgement.*

Go for the win, but never at the expense of others. Ask for guidance. Share what you learn. Take stock of your words and actions. Be brave. Wise. And above all, value the trust you've earned.

STRATEGIC THRUSTS

- Optimising the SA portfolio
- Growing income streams from Growthpoint Investment Partners (GIP)
- International expansion

Ethics

The Growthpoint ethics strategy and Code of Ethics have been approved by the Board of Directors (the Board). This is binding on every employee, officer, director, contractor and supplier of Growthpoint.

The core values articulated in this Code provide a firm and unshakeable foundation on which our organisational culture is built. Nonetheless, the code is a dynamic document that is constantly evolving as we strive for even higher standards. Growthpoint is committed to upholding and enforcing the standards articulated in this code and we will reconsider our dealings with individuals or entities not demonstrating the same level of commitment to organisational integrity.

Every employee, officer and director of Growthpoint accepts that any breach of the Code of Ethics exposes them to the possibility of disciplinary action, which could result in the termination of employment or offence on the basis set out in the disciplinary codes.

REIT distribution

Growthpoint has operated as a REIT since 1 July 2013.

The REIT structure is a tax regime that provides "flow through" on a pre-tax basis of the net property income (NPI) after finance income and expenses to investors in the form of a taxable dividend.

It is the most common structure for investment in property in international jurisdictions. As investment in listed property continues to globalise, the REIT structure has become a recognised international standard.

Our footprint

Our retail, office and industrial property portfolios in South Africa are among the country's largest. We also own 50% of the V&A Waterfront in Cape Town.

We have an interest in 58 properties in Australia through our 63.7% investment in Growthpoint Properties Australia Limited (GOZ), 72 properties in CEE through our 29.5% investment in Globalworth Real Estate Investments Limited (GWI) and five community shopping centres in the United Kingdom through our 62.4% investment in Capital & Regional plc (C&R). Through our funds management business, GIP, we have 30 assets and R17.9bn of assets under management (AUM).

South Africa

Over 1 190 000m² of space was let in SA during the year. Vacancies improved to 9.4% from 10.3% in the comparative period. Some fundamentals have started to improve for the industrial and retail sectors while the office sector appears to have stabilised. Renewal success declined to 64.9% for the period from 75.1% for the comparative period and renewal growth remains under pressure at negative 12.9% for the period compared to negative 12.8% in the comparative period. Until the SA economy enters a growth phase, letting conditions will remain challenging.

Included in SA is R26m profit on disposal of GHPH shares to GIPF and R42m profit on disposal of 15% of GHPH Manco to Kagiso.

29 properties sold for R1.5bn in FY23 and 142 properties sold for R11.2bn since 1 July 2016, impacting revenue from RSA.

With six interest rate hikes totaling a 3.5% increase in interest rates, SA finance costs increased by R215m.

V&A Waterfront

Stellar performance from the V&A Waterfront which is significantly benefiting from the return of tourism and events with a 20.0% increase in NPI resulting in a 21.5% increase in investment income received of R688m in FY23 versus R567m in FY22.

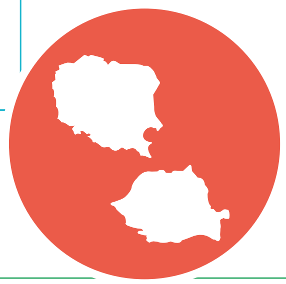
GOZ

GOZ delivered strong NPI growth of 19.5% compared to the comparative period. The Australian economy remains more resilient than South Africa's, although growth is under some pressure and asset values were written down by 6.5% on a like-for-like basis, primarily due to write-downs in the office portfolio. It, however, has a defensive and well positioned, office and industrial portfolio, with 95% of the tenant base weighted to large corporates and government. It has a strong capital position with conservative gearing and significant liquidity. A$ dividend received of 21.4 cents per share (cps) (R1 056m) for FY23 versus 20.8cps (R1 066m) in FY22. Impacted by dividend withholding tax increasing from 9.9% to 12.8%.

C&R

C&R's focused needs-based, local retail shopping centre strategy has delivered operational resilience. C&R has strengthened its balance sheet with the stabilisation in property valuations and has resumed growth post-period with the acquisition of The Gyle shopping centre in Edinburgh.

£ dividend received of 5.5 pence per share (R104m) versus 2.5 pence per share (R50m) in FY22.



GWI

GWI has a defensive office and industrial portfolio with large multinational tenants. While tenants from the business process outsourcing sector have supported the office markets in Poland and Romania in past years, this appears to be tapering off. As a result, vacancies are rising, mainly in Poland's secondary markets, but also in the Bucharest office market. € dividend received of 29cps (R395m) for FY23 versus 27cps (R318m) in FY22.

GIP

R17.9bn of AUM across three funds:

1. Growthpoint Healthcare Property Holdings Limited (GHPH) – eight healthcare assets, valued at R3.7bn
2. Growthpoint Student Accommodation Holdings Limited (GSAH) – 11 student accommodation assets with a total of 6 443 beds, valued at R2.7bn
3. Lango Real Estate Limited (Lango) – 11 prime office and retail real estate assets located in Ghana (46%), Nigeria (33%), Zambia (18%) and land in Angola (3%), valued at R11.5bn

44% increase in asset management fees received totalling R98m (FY22: R67m) and dividend income received R146m (FY22: R182m). Dividend income impacted by Mauritian regulations impacting Lango's ability to pay dividends with R3m received in FY23 versus R22m in FY22, and less dividend income received from GHPH as a result of the decrease in our shareholding from 55.9% at FY22 to 39.1% at FY23.

The capital-light fund management strategy remains particularly attractive in the current environment, and we are targeting R30bn of funds under management by FY27.

GROUP SALIENT FEATURES

How we performed in FY23

DIPS^
157.6cps
1.3% increase from FY22

DPS@
130.1cps
1.3% increase from FY22

TOTAL PROPERTY ASSETS
R179.8bn
5.3% increase from R170.8bn* at FY22

OFFSHORE ASSETS
45.8%
Increase from 44.2%* at FY22

OFFSHORE DIPS
29.1%
Increase from 27.5%# for FY22

GIP'S AUM
R17.9bn
14.7% increase from R15.6bn at FY22

SA REIT NAV
2 151cps
0.3% decrease from FY22

GROUP SA REIT LTV
40.1%
Increase from 37.9% at FY22

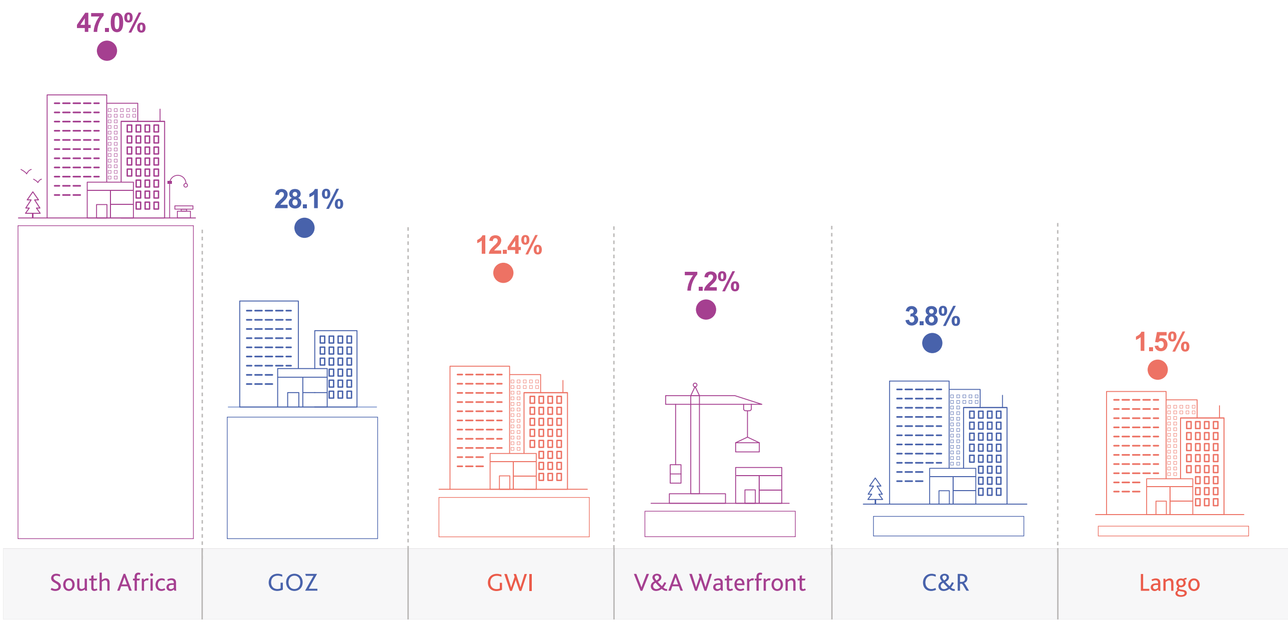
INTEREST COVER RATIO (ICR)
2.9 times
Decrease from 3.1 times for FY22

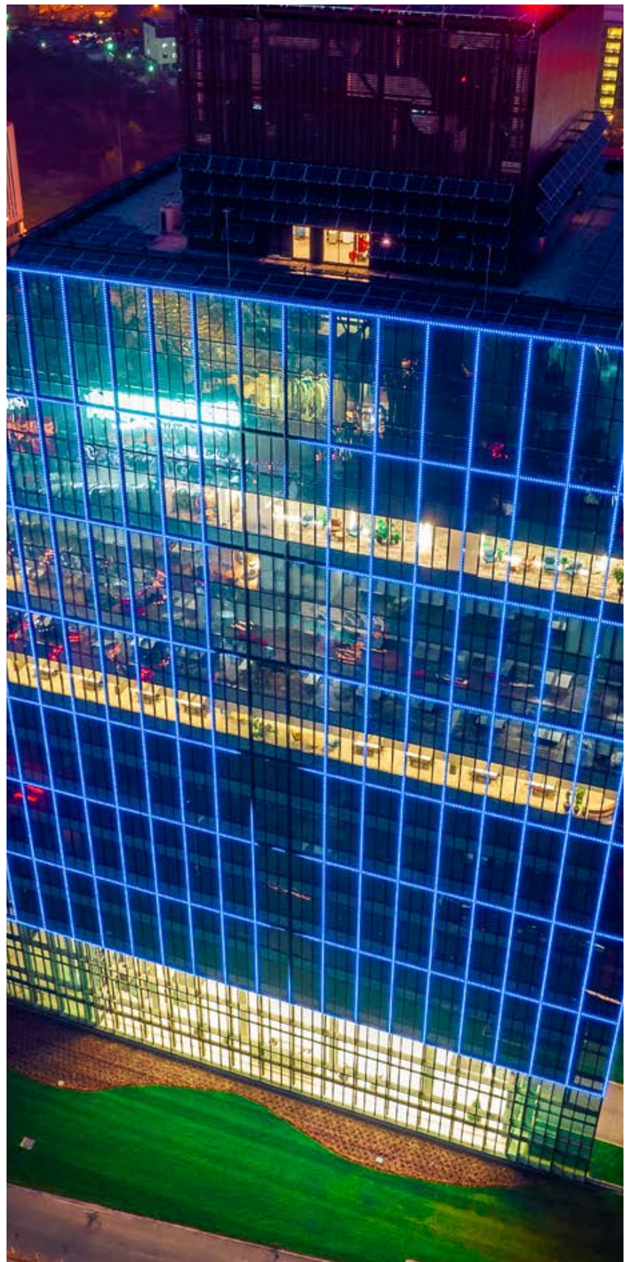
** Lango and GWI were previously not included in the calculation.*
 # Previously offshore EBIT was disclosed.
^ DIPS – Distributable income per share.
@ DPS – Dividend per share.

OUR INVESTMENT CASE

CONSOLIDATED PORTFOLIO OVERVIEW

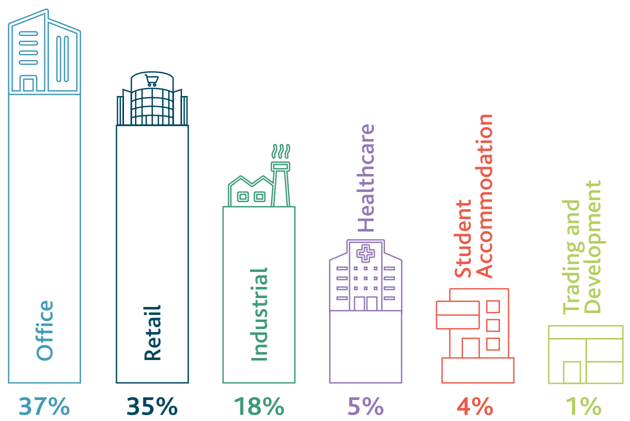
Book value of property assets:



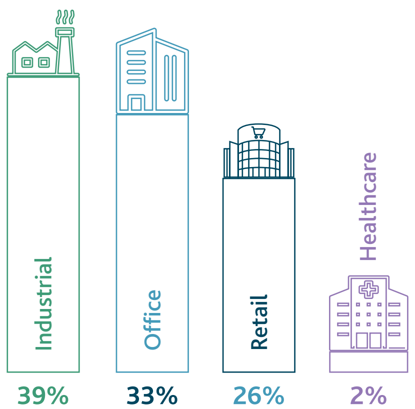


Split of South African property portfolio

Value:



Gross lettable area (GLA*):



* Student accommodation is valued per bed and not GLA. (FY23: 6 443 beds)

Why us

- The largest and most liquid South African, Johannesburg Stock Exchange, primary listed REIT with an average monthly value and volume traded of R2.8bn and 216.6m shares, respectively
- A FTSE/JSE Top 40 company with a R40.0bn market capitalisation
- Underpinned by high-quality, physical property assets, diversified across sectors (retail, office, industrial, healthcare, student accommodation) and income streams (property income, funds management fees, and dividends from investments, trading profits and third-party development fees)
- Dynamic and proven management track record
- Experienced in-house development capability

An average monthly

R2.8bn/216.6m

shares traded in FY23

Financial measures

- REIT committed to paying out a minimum of 75% of distributable income annually to shareholders
- Sustainable quality of distributable income that can be predicted with a high level of accuracy
- Uninterrupted track record of paying dividends
- Attractive dividend yield
- ICR of 2.9 times for FY23
- Strong balance sheet with a South African REIT SA loan to value ratio (LTV) of 40.1%
- Policy to hedge a minimum of 75% of our interest rate exposure
- Fitch global scale rating of BB+ and national scale rating of AAA.za.
- Moody's global scale rating of Ba2 and national scale rating of Aa1.za.
- R1.6bn stable foreign currency dividend

29.1%

of DIPS is earned offshore

ESG focus

- Alignment of ESG and business strategy
- Best practice corporate governance
- All the Non-executive Directors are independent
- Transparent reporting
- Recipient of multiple reporting awards
- Commitment to be carbon neutral by 2050
- 63 Green Star rated buildings in South Africa
- Included in the FTSE/JSE Responsible Investment Index, FTSE4Good Emerging Index and a member of GRESB
- Level 1 Broad-based Black Economic Empowerment (B-BBEE) contributor
- Active contribution to job creation via our corporate social responsibility initiatives including Property Point
- Enhanced community stakeholder engagement reducing social risk

Level 1

B-BBEE contributor

STRATEGY

The Board reviews the strategy annually to evaluate business opportunities and risks and remains rooted in our commitment to serve our stakeholders over the long term.

> Guided by integrity, ethics and values, we offer spaces to thrive in environmentally sustainable buildings. As a leading international property company, we aim to enhance people's lives and communities while conducting our core business.

Preserving our leadership in sustainable property investment

Successful execution of our strategy will enable us to generate value for all our stakeholders.

Optimising the SA portfolio

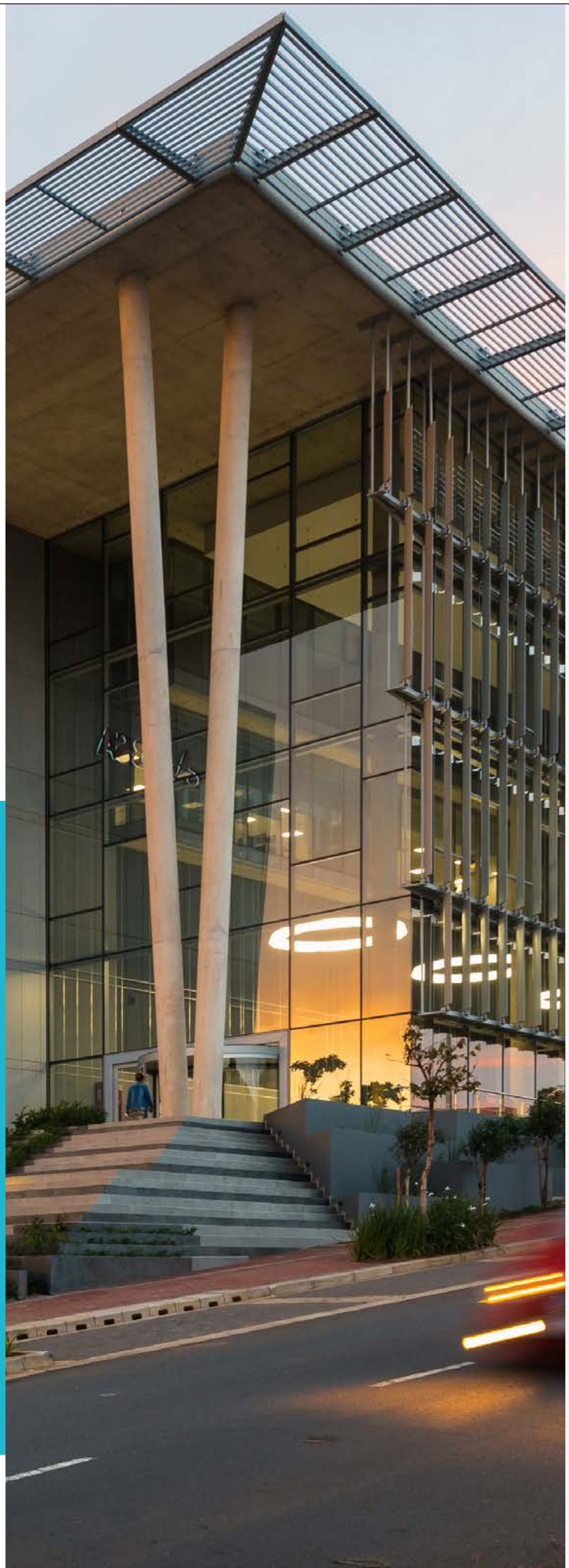
Growthpoint's business is rooted in South Africa and has a diverse local portfolio that serves as a foundation for our growth and achievement of strategic goals. With the support of our increasingly diverse workforce, we focus on environmental initiatives, such as our carbon-neutral 2050 commitment, and our social responsibilities.

This is a strategic priority because:

Refining our domestic portfolio rotates capital from non-core assets to strategic investments in higher-growth regions. This includes our co-investment and international expansion strategies. It rebalances our South African portfolio away from risk and towards outperformance, while also improving our positive contributions to society and the environment.

Growthpoint will:

- Keep optimising the domestic portfolio's size, quality, composition, geographic exposure, independent green certifications and water security
- Continue to substitute more of the fossil fuel energy we consume with power from renewable resources, ensuring that we can perform sustainably for the long term
- Continue to sustainably invest in educational initiatives and local economic development
- Continue developing our people and attracting and retaining talent



Optimising the SA portfolio

Growthpoint's South African property portfolio has grown through mergers and acquisitions. As a result, we currently have several non-core assets that do not align with our investment criteria for disposal.

Our intention is to ensure that our domestic portfolio, which is the foundation of our business, remains strong and continues to provide us with a strategic springboard to generate new income streams from co-investment and enable further international expansion.

Strategy in action

Since 1 July 2016, when we began the strategic streamlining of this portfolio, we have sold R11.2bn worth of assets. In FY23, 29 assets with a combined value of R1.5bn were sold. The proceeds were deployed to reduce debt and fund our capital expenditure and development pipeline.

Disposals	Retail Rm	Office Rm	Industrial Rm	T&D Rm	Total Rm
FY17	607	1 131	223	–	1 961
FY18	629	561	345	–	1 535
FY19	118	2 200	308	301	2 927
FY20	164	322	96	–	582
FY21	16	–	300	243	559
FY22	627	480	696	340	2 143
FY23	351	267	539	340	1 497
Total FY17 – FY23	**2 512**	**4 961**	**2 507**	**1 224**	**11 204**
Number of buildings	**21**	**32**	**79**	**10**	**142**

We continue to manage our assets in ways that optimise their values over the long term and, in the process, ensure that we have a portfolio that is optimally balanced, fit-for-purpose and well located.

In each sector, we recycle non-core assets in order to improve the quality and relevance of our core assets. Additionally, our disposal programme continues to play a vital role in rebalancing the overall portfolio away from risk and towards outperforming sectors, nodes and types and sizes of properties. While this is a gradual process, we are shifting the current balance of our portfolio away from the office sector and towards slightly more exposure in the industrial sector – specifically logistics. We aim to increase exposure to the positive performances of the KwaZulu-Natal and Western Cape coastal regions and reduce exposure to the Gauteng market, specifically Sandton.

We further de-risk our portfolio by ensuring our core assets are less dependent on non-renewable energy sources and increasingly unpredictable state and municipal utilities. Our buildings promote water security and add to the shared physical, economic and social infrastructure in the areas they are located.

We have set ambitious environmental goals for our South African portfolio, including being carbon neutral by 2050. Solar power and independent green building certifications will help us achieve these goals.

We continue to accelerate our investment in solar energy plants across our properties, thereby adding 17.37MWp of solar power generation in FY23 to the 9.95MWp installed in previous years. We now have a total of 27.32MWp of installed capacity and are committed to installing another 12.68MWp in FY24.

STRATEGY (CONTINUED)

Through GIP, we identify, create and grow co-investment and co-management opportunities in scalable alternative property classes. These investments positively impact the economy, society and the environment.

GIP

This is a strategic priority because:

It is a defensive, capital-light growth strategy that safeguards our financial stability while promoting progress in the low-growth, capital-constrained South African real estate market. This adds depth to that market for the broader investment community, especially investors and development finance institutions (DFIs). It leverages the skills, resources, capacity and experience of Growthpoint's core business, and diversifies our risk across more property sub-sectors.

Growthpoint will:

Continue to be a leading investment partner in alternative real estate markets by scaling the opportunities we have already created and harnessing new ones.

- Generate shared value for our investors and partners
- Deepen real estate investment markets in South Africa
- Produce positive socio-economic and environmental impacts

Growing income streams from GIP

To de-risk our South African business, we are diversifying our income streams with a capital-light co-investment strategy. This priority is focused on identifying and growing alternative real estate investments – different from Growthpoint's retail, office and industrial assets. The strategy is also to attract a new pool of investors, more specifically DFIs and impact investors.

	GHPH	GSAH	Lango
Growthpoint's shareholding	39.1%	14.3%	18.4%
Cost of investment	R765.8m	R240.0m	R1 291.0m
Net asset value of investment	R1 215.3m	R251.6m	R1 449.0m
Dividend income earned in FY23	R121.1m	R21.8m	R3.2m
Management fees earned in FY23	R44.0m	R33.0m	R21.0m

With R17.9bn of AUM at FY23 we are well on track to achieve our target of R30bn AUM by end-FY27. This increase will come from growing existing funds and launching a new fund by FY25.

All of our alternative investments are currently unlisted and thus provide exposure to direct real estate that is driven by long-term fundamentals rather than short-term sentiment and volatility in the listed real estate sector. This, again, decreases our risk.

Strategy in action

We continued to grow our three co-investments – GHPH, GSAH and Lango.

GHPH acquired its first pharmaceutical warehousing and distribution centre and has a solid pipeline of acquisition and development opportunities.

GSAH has grown from a portfolio of 9 properties and 4 979 beds upon launch to 11 properties and 6 443 beds. GSAH will increase its number of beds to 8 800 for the 2024 academic year following the acquisition of Brooklyn Studios and Fountains View in Pretoria, and the completion of the development of Horizon Heights in Auckland Park.

This year, we increased our investment in Lango by R513.8m.

Importantly, all three investments have related positive long-term socio-economic impacts.

We are internationally diversified with investments in Australia, Poland, Romania and the United Kingdom. International expansion continues to be a strategic priority, with a focus on current international investment optimisation in the short term.

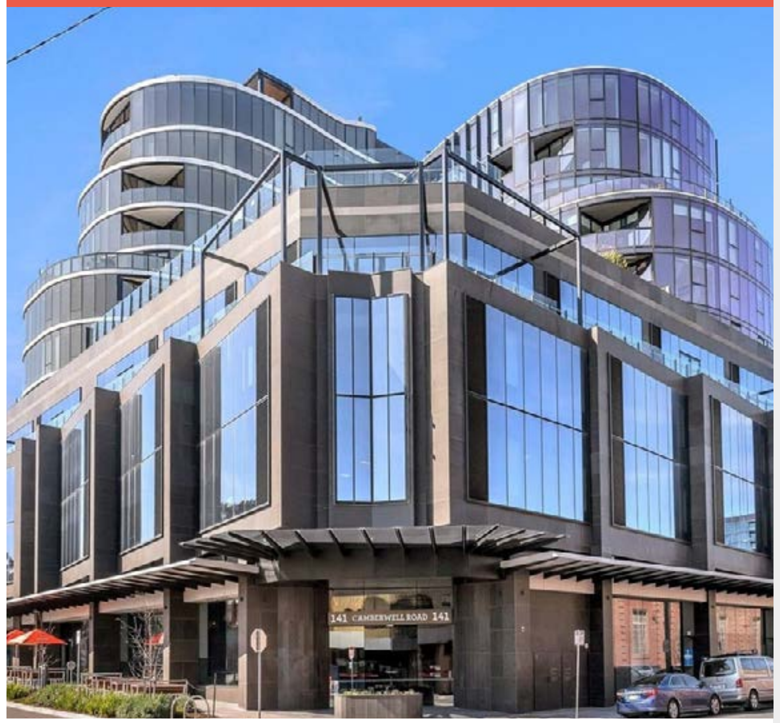
International expansion

This is a strategic priority because:

Our international expansion strategy responds to opportunities to recycle capital into more resilient, lower-risk and higher-return economies and markets. It addresses the risks of the weak economic growth outlook for South Africa through increased international diversification in businesses that share our commitment to good governance and positive social and environmental action.

Growthpoint will:

- Remain supportive of the growth, good governance and positive impacts of our current international investments
- Prioritise a strong balance sheet that supports offshore growth in the medium to long term



International expansion

This strategic thrust is a response to the weak long-term economic prospects in South Africa. Increasing our offshore diversification is another way to de-risk our business. However, we are currently focused on optimising our existing investments while prioritising a strong balance sheet.

We take a fully integrated approach to our international investment in sustainable businesses that share and express our deep commitment to good governance as well as positive social and climate action.

Strategy in action

Asset allocation

	GOZ	C&R	GWI
	Australia	UK	CEE
Growthpoint's shareholding	63.7%	62.4%	29.5%
Cost of investment	R9.6bn	R3.6bn	R9.9bn
Market value of investment	R16.8bn	R1.5bn	R4.3bn
Distributions earned in FY23	R1 056m	R104m	R395m

We made our first international investment in Australia in 2009 and, since then, have expanded our international footprint to include Poland, Romania and the United Kingdom.

We reinvested a portion of the dividends earned from both C&R and GWI, thereby increasing our international investment in C&R by R96.6m and GWI by R195.0m.

We ended the year with 45.8% of our property assets by book value located offshore and 29.1% of DIPS is earned offshore.

The dividend income we receive from our offshore investments by way of cash or scrip dividends is in the form of stable foreign currency and adds to the defensive nature of our business. R1.6bn foreign currency dividend income was earned in FY23 vs R1.5bn in FY22.

BUSINESS MODEL

Revenue differentiators

- High-quality property assets
- Diversified portfolio across international geographies, sectors and income streams
- Dynamic and proven management track record
- Funds management
- Large portfolio of green buildings in SA
- Level 1 B-BBEE contributor
- In-house development capability

Capital outcomes

- 45.8% of property assets by book value located offshore (FY22: 44.2%) in Australia, Poland, Romania and United Kingdom. SA assets are located in large metropolitan areas
- 29.1% of DIPS is earned offshore (FY22: 27.5%)
- Uninterrupted six-monthly dividends since inception
- AUM in GIP of R17.9bn (FY22: R15.6bn)
- 63 properties with green building certifications (FY22: 71)
- B-BBEE rating – Level 1 (FY22: Level 1)
- Completed trading and developments projects of R117.2m (FY22: R146.2m)

Capitals impacted

- Manufactured
- Intellectual
- Financial
- Natural
- Social

Revenue streams

- Capital appreciation of property assets and investments
- Net rental income – (including GHPH and GSAH at 100%)
- Foreign currency dividend income from foreign investments
- Fund management fees
- Trading and development

Capital outcomes

- Increase of 5.3% from FY23 in total property assets to R179.8bn (FY22: R170.8bn)
- R6.0bn (FY22: R6.0bn)
- R1.6bn (FY22: 1.5bn)
- R98.0m (FY22: R67.2m)
- R117.2m (FY22: R146.2m)

Capitals impacted

- Financial
- Manufactured

Key costs

- Portfolio operational costs: Municipal charges (rates, water, electricity); contractual services, repairs and maintenance
- Portfolio capital costs: Green energy conversions, refurbishments
- Debt cost of capital
- Employees

Capital outcomes

- SA property expense ratio of 30.7% (FY22: 28.3%)
- SA developments and capital expenditure of R1.9bn (FY22: R1.2bn)
- SA weighted average interest rate of 9.1% (FY22: 7.9%)
- NPI per employee of R9.6m (FY22: R10.0m)

Capitals impacted

- Financial
- Manufactured
- Natural
- Human

Capital differentiators

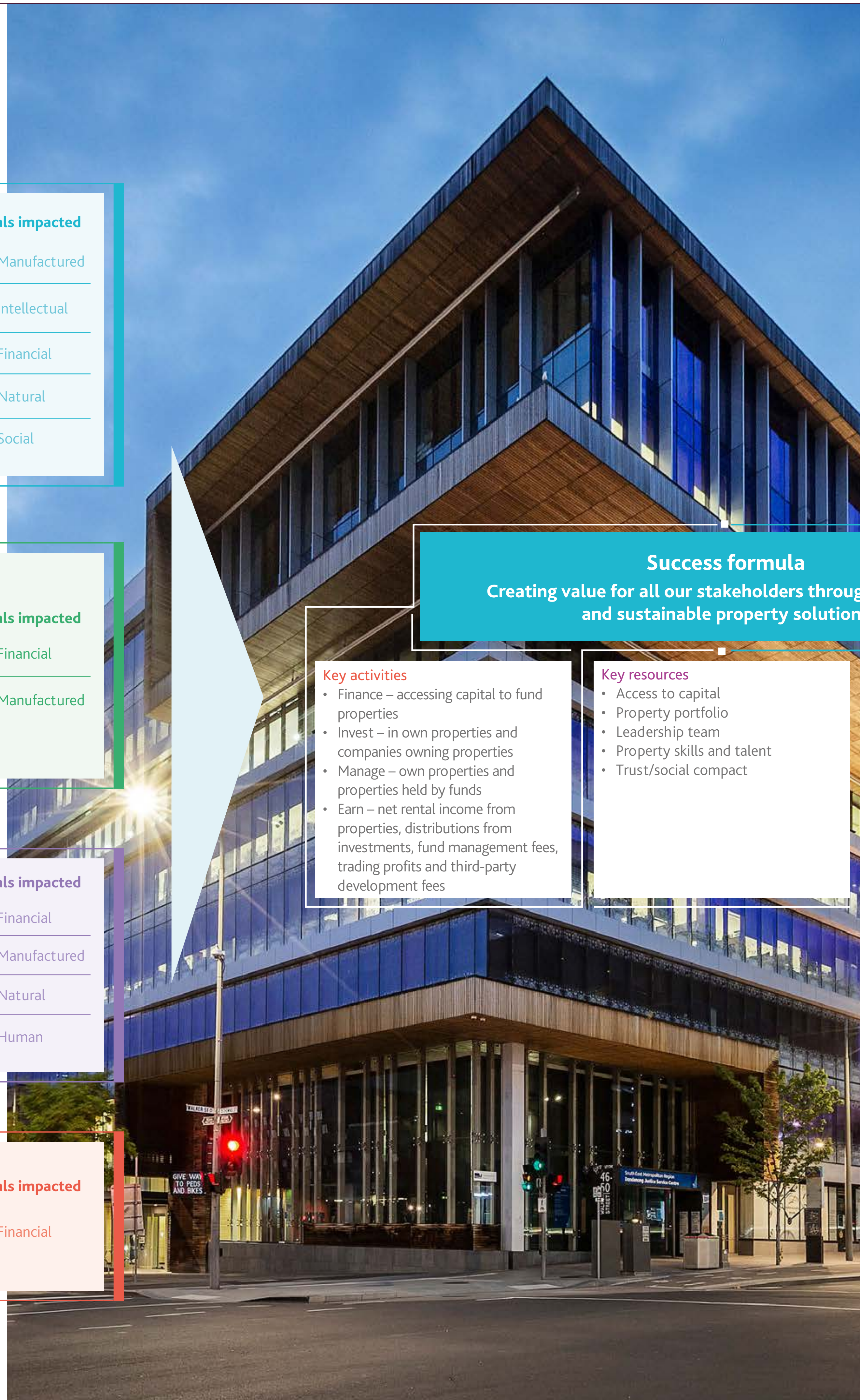
- Rigorous focus on balance sheet management
- Largely fixed cost of debt

Capital outcomes

- Group LTV of 40.1% (FY22: 37.9%) and ICR ratio of 2.9 times (FY22: 3.1 times)
- R6.6bn (FY22: R10.3bn) of unutilised committed SA facilities and R1.7bn (FY22: R1.5bn) of SA cash
- 77.7% of SA debt cost was fixed (FY22: 83.9%)

Capitals impacted

- Financial



Success formula

Creating value for all our stakeholders through innovative and sustainable property solutions

Key activities

- Finance – accessing capital to fund properties
- Invest – in own properties and companies owning properties
- Manage – own properties and properties held by funds
- Earn – net rental income from properties, distributions from investments, fund management fees, trading profits and third-party development fees

Key resources

- Access to capital
- Property portfolio
- Leadership team
- Property skills and talent
- Trust/social compact

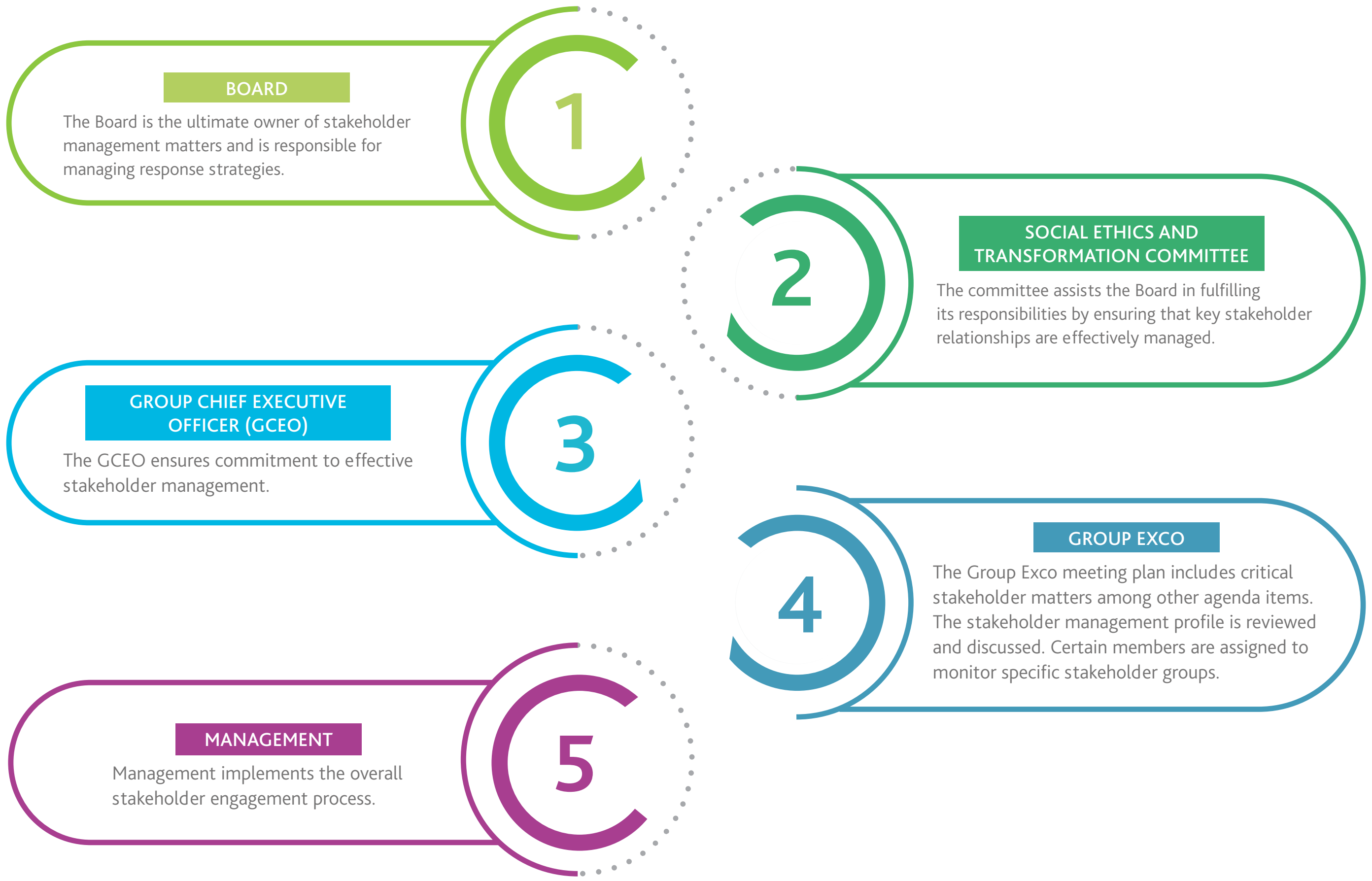
Key relationships

- Employees
- Tenants
- Suppliers
- Providers of finance
- Investors/analysts
- Communities
- Government and regulators
- Property brokers
- Industry and business organisations
- Media

KEY STAKEHOLDER RELATIONSHIPS

Our stakeholder engagement approach is driven by the identification of key groups that we impact and that have an impact on our business. It is a multi-faceted approach, in that the nature and degree of engagement varies to meet each specific stakeholder group's needs.

Stakeholder governance structure



Monitoring and reporting

Properly assessing stakeholder relationships is critical to Growthpoint.

Our focus in FY22 was to strengthen stakeholder engagement externally and internally. Extensive engagement was undertaken with internal stakeholders. In addition, 532 tenants participated in a satisfaction survey. An ethics survey was also conducted with staff and suppliers. In FY23 we continued to focus on service delivery and promote fair and ethical practices with all our stakeholders.

Growthpoint is committed to transparency with all its stakeholders. We strive to engage with and respond to stakeholder concerns appropriately and in a timely manner.

Growthpoint is committed to transparency with all its stakeholders. We strive to engage with and respond to stakeholder concerns appropriately and in a timely manner.

These are our key stakeholder groups:

Employees	Tenants	Suppliers
Our employees contribute to the sustainability of our business and enable the achievement of its strategic objectives.	*Our tenants create sustained value for all other stakeholders.*	*Our suppliers provide products and services that preserve and enhance our properties and support our business.*
Desired outcome for Growthpoint: • Managing our talent through our HR processes of recruiting the right people, rewarding them and retaining them to ensure that we meet stakeholder expectations • Productive and competent workforce • Retention of key staff • Ethical leadership	**Desired outcome for Growthpoint:** • Retaining existing tenants and attracting new ones to sustain and grow Growthpoint's business • Creating long-term business partnerships • Attraction of diverse tenants through GIP	**Desired outcome for Growthpoint:** • Creating long-term business partnerships • Providing sustainable business and growth opportunities that are mutually beneficial in a manner that is transparent and equitable • Supporting local procurement, thereby creating employment and upliftment of small and medium businesses • Leading B-BBEE status • Joint market opportunities • Supplier sustainability
Employees' interests, needs and expectations: • Trust and transparency • Job security • Fair remuneration, recognition and reward for performance • Learning, development and career progression • A non-discriminatory and safe work environment • Flexible work environment	**Tenants' interests, needs and expectations:** • High-quality, prominently located properties • Environmentally sustainable buildings which lower their cost of occupancy and enable them to meet their ESG targets • Superior property management services • Bespoke alternative real estate properties for GIP	**Suppliers' interests, needs and expectations:** • Open channels of communication • Joint contractual obligation management • Performance visibility and feedback • Adherence to payment terms • Effortless transactions • Training
The value that Growthpoint creates for its employees: • Fair remuneration • Non-discriminatory workplace • Employment and career development opportunities • Learning and development programmes are aimed at fostering employee engagement, broadening our employees' skill base and developing skills for future leadership • Accessible and flexible Employee Wellness Programme that extends to employees' families • Providing qualifying employees with funding for their children's tuition fees, stationery, uniforms through our GEMS programme (refer to ESG report)	**The value that Growthpoint creates for tenants:** • Well located, quality properties • Well serviced properties • Ability to grow or shrink their space requirements • Ability to expand nationally within our footprint • Ability to provide space to tenants across the retail, office, industrial, healthcare and student accommodation sectors • Development of bespoke properties • Resource-efficient spaces that remain relevant to their evolving needs • Long-term partnership	**The value that Growthpoint creates for its suppliers:** • Suppliers generate revenue through supplying their products and services to Growthpoint at fair terms • Our Enterprise and Supplier Development (ESD) and Transformation programmes support local procurement as far as possible. We also support local employment through supporting and developing local contractors • Ongoing training through Property Point (refer to ESG report) • Adherence to our supplier code of conduct • Prompt payment policy improves cash flow for SMMEs

KEY STAKEHOLDER RELATIONSHIPS (CONTINUED)

Finance providers

Our funders provide finance that supports and grows our business.

Desired outcome for Growthpoint:

- Access to funding
- Diversification
- Funder confidence
- Sustainable relationships
- Open channels of communication

Finance providers' interests, needs and expectations:

- Transparent reporting
- Timeous payment of interest and capital
- Strong balance sheet
- Credit metrics that are within covenants
- Managing the security pools
- Maintain investment grade domestic credit rating

The value that Growthpoint creates for finance providers:

- Secure source of returns by ensuring prudent balance sheet management, healthy credit risk metrics, and proactive risk management
- Diversified risk

Government and regulatory bodies

Regulatory frameworks enable Growthpoint to operate in an environment that provides reasonable certainty and is fair and transparent to all competing participants.

Desired outcome for Growthpoint:

- Fair regulations and policies that encourage investment

Government and regulators' interests, needs and expectations:

- Growthpoint acts in a responsible, ethical and transparent manner
- A relationship of trust and transparency
- Compliance
- Social impact

The value that Growthpoint creates for government and regulatory bodies:

- Contributing to the fiscus through financial contributions such as tax payments, licence fees and contributions to the Universal Service and Access Agency of South Africa
- Enabling government's social and economic development mandate through investment in networks and infrastructure
- Shaping government policies through robust engagement with government, regulators and competition authorities, and participating in industry forums
- Supporting local procurement and employment and value-adding corporate social initiatives

Property brokers

Our brokers assist us to let our space.

Desired outcome for Growthpoint:

- The letting of available space which enables Growthpoint to sustain and grow its business
- Introduction of development opportunities
- Tenant retention
- Partnerships with tenants

Property brokers' interests, needs and expectations:

- High-quality, prominently located properties
- Environmentally sustainable buildings which lower the cost of occupancy for tenants and enable them to meet their ESG targets
- National footprint
- Diversification by sector
- Tenant partnership opportunities
- Timely payment of commissions

The value that Growthpoint creates for property brokers:

- High-quality, prominently located properties
- Environmentally sustainable buildings
- National footprint
- Diversification by sector
- Tenant partnership opportunities
- Timely payment of commissions enabling the growth of their business

Industry and business organisations

The consensus opinion of the participants enables industry and business organisations to influence and impact matters that affect them and their operations.

Desired outcome for Growthpoint:

- Strong SA REIT sector
- Collaboration
- Alignment across companies

Industry and business interests, needs and expectations:

- The sharing of experience and expertise that will mutually benefit the property industry and related organisations

The value that Growthpoint creates for its industry and business organisations:

- Leader in the SA REIT Sector
- Sets benchmarks domestically and internationally

Communities

Our communities drive our social licence to operate. We have a responsibility to contribute to the socio-economic environment we operate in.

Desired outcome for Growthpoint:

- Creating long-term relationships with our communities
- Good corporate citizen status
- Positive impact
- Meeting our ESG objectives

Community interests, needs and expectations:

- Financial support
- Local job creation
- Local business development
- Education and skills development

The value that Growthpoint creates for its communities:

- Our corporate social responsibility in (CSR) and corporate social initiative (CSI) initiatives support communities, with a focus on education and social development
- Partnerships with communities
- Good corporate citizen status
- Enabling Small Medium Micro Enterprises (SMMEs)

Investors and analysts

Our investors create access to equity and debt markets.

The provision of financial capital to grow the business.

Desired outcome for Growthpoint:

- Investor confidence
- Access to equity and debt markets
- Attraction of diverse shareholder base including impact investors through GIP
- Fair valuation of share price
- Positive credit rating
- Liquid shares
- Share price that reflects the value of the business

Investor and analyst's interests, needs and expectations:

- Long-term sustainable return on investment
- Stabilisation of debt levels
- Trust and transparency
- Access to management
- Clearly articulated investment case
- Improved ESG disclosures

The value that Growthpoint creates for its investors and analysts:

- Providing investors with a secure investment underpinned by high-quality physical property assets diversified by sector, geography and income streams
- Delivering sustainable, quality distributable income that can be projected with a high degree of accuracy
- Providing investors with investments in alternative asset classes including healthcare and student accommodation through GIP
- Providing investors with an investment with an increasing proportion of assets and DIPS from offshore
- Strong management team that has a proven track record
- Adherence to high levels of corporate governance
- Transparent reporting
- Payment of bi-annual dividends of at least 75% of distributable income, thereby retaining our REIT status
- Strong ESG criteria
- Effective internal control environment

KEY STAKEHOLDER RELATIONSHIPS (CONTINUED)

How we engage with our stakeholders:

We engage with stakeholders regularly through appropriate channels.

- Annual and bi-annual results presentations
- Pre-close updates
- Non-deal, ESG, AGM and remuneration roadshows
- Investor conferences
- Site visits
- JSE Stock Exchange News Service (SENS) announcements
- IAR, ESG report and AFS
- Electronic communication
- Training and development
- Wellness and information sessions
- One-on-one employee check-ins and on-site presentations and engagements
- Growthpoint's website
- Press releases and media interviews
- Operational notices
- Safety notices and safety drills
- Maintenance call centre
- On-site property teams
- Request for proposals (RFPs)
- Property Point's enterprise development programme
- B-BBEE preferential procurement
- Social media announcements (X, Facebook, LinkedIn and Instagram)
- Formal responses on policy and regulation
- Joint initiatives for industry solutions
- B-BBEE scorecards
- Employee equity reports
- Tax legislation
- Workplace skills development plan
- Municipal matters
- Incentive programmes
- Active involvement on boards and committees
- CSI and environmental initiatives
- Graduate programme and internships

Through memberships:
- SA REIT
- South African Property Owners Association (SAPOA)
- PI Group
- Green Building Council of South Africa (GBCSA)
- European Public Real Estate Association (EPRA)
- Women's Property Network (WPN)
- South African Institute of Black Property Practitioners (SAIBPP)
- South African Facilities Management Association (SAFMA)
- Property Practitioners Regulatory Authority (PPRA) (previously Estate Agency Affairs Board)
- Investor Relations Agency, Association of Corporate Treasurers of Southern Africa (ACTSA)
- Debts Issuers Association (DIA)
- Johannesburg Chamber of Commerce and Industry (JCCI)
- Business Leadership South Africa (BLSA)

ESG STRATEGY

During the reporting period, Growthpoint embarked on a process to refine and optimise its environmental, social and governance (ESG) strategy to make a meaningful impact and create shared value for all our stakeholders.

The process and outcomes of the revised ESG strategy took place during an externally facilitated ESG Materiality Workshop held on Friday, 11 August 2023. The workshop was attended by key Growthpoint personnel across the business. The revised ESG strategy has been approved by the Executive Committee (Exco). ESG Impact Council and the Social, Ethics and Transformation (SET) Committee.

We acknowledge that socio-economic value is created, preserved, and eroded throughout the business.

Growthpoint has set out a purpose-led ESG strategy with seven focus areas under our three pillars – **Thriving Business**, **Thriving People and Communities** and **Thriving Environment** – that seek to enable the long-term success of the organisation, our country and its people.

Our three pillars are aligned with our business purpose: to create value for all stakeholders by providing space to thrive in sustainable buildings while improving the social and material wellbeing of individuals and communities.

We have further aligned our ESG strategy and objectives to the United Nations Sustainable Development Goals (SDGs). See our commitment to SDGs on page 26 of this report.

Our ESG vision is to create sustainable economic, environmental, and social value for all. The SET Committee approved the revised ESG strategy on 26 September 2023.

OUR ESG STRATEGIC FRAMEWORK

ESG position statement

With integrity, ethics and our values guiding our governance, we aim to provide space to thrive in environmentally sustainable buildings, while improving the social and material wellbeing of individuals and communities.

ESG pillar	Thriving Business	Thriving People and Communities	Thriving Environment
Our commitment	To give stakeholders confidence that Growthpoint is a well-governed and well-conducted business. We endeavour to create a positive work experience for each of our employees, while protecting the long-term interests of the organisation.	Driving sustainable impact for our host communities. Our core focus areas have been supporting education initiatives, entrepreneurship development and staff engagement.	All buildings within direct control of the organisation to operate at net zero carbon by 2030 and all other buildings by 2050.
Linked SDG	10 Reduced inequalities	4 Quality education; 5 Gender equality; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 11 Sustainable cities and communities	6 Clean water and sanitation; 7 Affordable and clean energy; 12 Responsible consumption and production
Focus areas	• Appropriate **skills, experience** and diversity on the Board • **Succession plan** in line with updated structure • **Gender** diversification	• Meeting **B-BBEE** requirements • **Quality education** • **Property Point** enterprise and supplier development programmes • **Early childhood development** • Training early childhood caregivers and practitioners • Employee **training and development** • Employee **health and safety**	• **Energy** and **water efficiency** • **Climate change** • **Green building certification** • **Biodiversity** • **Circular economy**

For more information on our performance of our ESG pillars (Thriving Business, Thriving People and Communities and Thriving Environment) please refer to our ESG report.

GROWTHPOINT'S COMMITMENT TO THE UNITED NATIONS SDGs

In an externally facilitated senior management workshop held in August 2023, Growthpoint formalised and articulated its commitment to the SDGs.

Following a considered review of each of the 17 goals, 169 targets and 247 indicators, we have prioritised nine SDGs (with relevant underlying targets and indicators) that present the most material opportunities for Growthpoint to enhance its positive impact and decrease its negative impact in support of the SDGs.

This table provides an overview of Growthpoint's contribution to the SDGs, with further details provided elsewhere in the report.

4 Quality education

Sub-targets	Our contribution	Growthpoint KPI	Linked ESG pillar
4.3 – By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	We can materially impact this target through the Growthpoint GEMS programme. There are dedicated programmes in place that focus on the development of young learners. We are using these existing platforms to increase our positive impact.	(Refer to the ESG report) • Number of learners impacted • Number of teachers impacted • Number of enterprise supplier development (ESD) practitioners impacted • Investment in education	**Thriving People and Communities**
4.4 – By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	We have various internships, learnerships and other programmes to develop critical skills.	(Refer to the ESG report) • Number of learnerships and internships • Investment in training and development • Number of graduates • Number of learners	**Thriving People and Communities**
4.7 – By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.	We can materially impact this target through the Growthpoint Growsmart and GEMS programmes. There are dedicated programmes in place that focus on the development of young learners. We are using these existing platforms to increase our positive impact. We encourage positive male behaviour for young men through our Build our Boys programme that encourages leadership development through interaction with positive male mentors.	(Refer to the ESG report) • Number of learners impacted • Number of teachers impacted • Number of ESD practitioners impacted • Investment in education	**Thriving People and Communities**

5 Gender equality

Sub-targets	Our contribution	Growthpoint KPI	Linked ESG pillar
5.2 – By 2030 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.	We can materially impact this target through our Build our Boys programme and Genesis SafePlace that officers' immediate places of safety for vulnerable people, including victims of abuse, gender-based violence, rape and sexual assault.	(Refer to the ESG report) • Financial contribution towards gender based violence (GBV) support initiatives • Provinces supported and communities supported	**Thriving People and Communities**
5.5 – By 2030 ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic, and public life Indicator.	Growthpoint continues to monitor the gender pay gap. Growthpoint continues to participate in an external gender pay-gap study to identify any potential gaps.	(Refer to the ESG report) • An increase in women representation at Exco and Senior management levels	**Thriving People and Communities**

6 Clean water and sanitation

Sub-targets	Our contribution	Growthpoint KPI	Linked ESG pillar
6.4 – By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	We are prioritising the conservation of water by evaluating and realising opportunities for supply management and water harvesting.	(Refer to the ESG report) • Total water supply • Water intensity	**Thriving Environment**

7 Affordable clean energy

Sub-targets	Our contribution	Growthpoint KPI	Linked ESG pillar
7.2 – By 2030, increase substantially the share of renewable energy in the global energy mix.	Investment in solar and utility management, supporting innovation and identifying opportunities for green financing.	(Refer to the ESG report) • Solar investment • Solar generation capacity	**Thriving Environment**
7.3 – By 2030, double the global rate of improvement in energy efficiency.	Investment in energy efficiency initiatives to mitigate the impacts of loadshedding and reduce our carbon emissions keeping us on track with our carbon neutral strategy.	(Refer to the ESG report) • Total purchased electricity (MWh) GHG emissions from energy • Energy intensity	**Thriving Environment**

8 Decent work and economic growth

Sub-targets	Our contribution	Growthpoint KPI	Linked ESG pillar
8.5 – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	Growthpoint's positive impact regarding quality education (refer to SDG 4), skills development programmes, our remuneration policies, workforce breakdown and investment into ESD are material. Support of Property Point, local economic development policy implementation.	(Refer to the ESG report) • New employee hires (by gender) • Employee voluntary turnover • Employee diversity statistics • Number of differently-abled learners CSR section • Number of small, medium micro enterprises (SMMEs) and local economic development (LED) beneficiaries on early childhood development (ECD) programme • Procurement spend on LED and enterprise supplier development (ESD) beneficiaries • Number of full time jobs created • Number of jobs sustained • Total value of contracts accessed through Growthpoint • The median annual revenue growth rate of Property Point SMMEs from baseline • % of females employed from jobs created • Number of female-owned businesses on the programme • Number of entrepreneurs who attended training, networking sessions and workshops	**Thriving People and Communities**
8.6 – By 2030, substantially reduce the proportion of youth not in employment.	We directly employ people and support a greater number of indirect jobs by providing business to local organisations and through our ESD programmes.	(Refer to the ESG report) • Number of graduates • SMMEs • Investment in Property Point • LED companies awarded contracts by Growthpoint • Total LED procurement spend	**Thriving People and Communities**

GROWTHPOINT'S COMMITMENT TO THE UNITED NATIONS SDGs (CONTINUED)

Industry innovation and infrastructure

Sub-targets	Our contribution	Growthpoint KPI	Linked ESG pillar
9.3 – Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.	Innovation through the Greenovate programme, focusing on green financing and green building certifications. Social empowerment and support of Property Point.	(Refer to the ESG report) • Green building certificates • Two commercially implemented Greenovate Award innovations	Thriving People and Communities Thriving Environment

Reduced inequalities

Sub-targets	Our contribution	Growthpoint KPI	Linked ESG pillar
10.1 – By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average.	Our remuneration is fair and competitive. A living wage of R12 500pm is set which is higher than the South African national minimum wage. We continue to monitor and analyse the gender pay gap in line with guidelines from the Department of Labour.	(Refer to page 57) • Remuneration and benefit disclosure	Thriving Business Thriving People and Communities
10.2 – By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	Growthpoint is committed to diversifying its workforce in terms of age, gender and race. Supported by the Diversity and Inclusion forum, Ethics Forum, Exco and SET Committee.	(Refer to the ESG report) • New employee hires (by gender) • Employee voluntary turnover • Employee diversity statistics • Number of differently-abled employees	Thriving Business Thriving People and Communities
10.3 – Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	Growthpoint is committed to diversifying its workforce in terms of age, gender and race. Supported by the Diversity and Inclusion forum, Ethics Forum, Exco and SET Committee. We fully comply with the Employment Equity Act and other related legislations.	(Refer to the ESG report) • New employee hires (by gender) • Employee voluntary turnover • Employee diversity statistics • Number of differently-abled learners	Thriving Business Thriving People and Communities

Sustainable cities and communities

Sub-targets	Our contribution	Growthpoint KPI	Linked ESG pillar
11.3 – By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	Local economic development policy and local community engagement. Social empowerment, and support of Property Point.	(Refer to the ESG report) • LED companies awarded contracts by Growthpoint • Total LED procurement spend	Thriving People and Communities
11.6 – By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	A focus on energy, water and waste management and climate change risk mitigation. Focusing on green financing, green building certifications.	(Refer to the ESG report) • Green building certificates • GHG Emissions • Waste diverted from landfill	Thriving Environment

Responsible consumption and production

Sub-targets	Our contribution	Growthpoint KPI	Linked ESG pillar
12.2 – By 2030, achieve the sustainable management and efficient use of natural resources.	There are significant opportunities for Growthpoint to decrease its negative impact through, among others the recycling of end-of -life products. Our goal is for all buildings privately contracted waste services in FY22 to achieve zero organic waste to landfill by FY26.	(Refer to the ESG report) • Waste generated in operations • Waste diverted from landfill	Thriving Environment
12.5 – By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	There are significant opportunities for Growthpoint to decrease its negative impact through partnering with service providers who are able to help us achieve our goal. Our goal is for all buildings with privately contracted waste services in FY22 to achieve zero organic waste to landfill by FY26.	(Refer to the ESG report) • Waste generated in operations • Waste diverted from landfill	Thriving Environment

GOVERNANCE

Sound corporate governance is paramount to Growthpoint. The Board delivers sustainable, meaningful value through our approach and adherence to good governance. The result of good corporate governance ensures an ethical and cohesive culture, effective control, transparency, compliance and accountability.

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CHAIRMAN'S REVIEW

I am pleased to report that Growthpoint continued to make steady progress in implementing its strategies this year in the face of volatile international macro-economic conditions, further exacerbated in South Africa by ongoing challenges in the form of loadshedding, government policy uncertainty, and inadequate local service delivery accompanied by ever rising administered costs.

OUR COMMITMENT TO RENEWABLE **energy** HAS ADVANCED SUBSTANTIALLY WITH THE INCREASE OF SOLAR INSTALLATIONS AT OUR BUILDINGS.

THE COMPANY HAS STRENGTHENED ITS **funds management** AND CORPORATE FINANCE CAPABILITY, WHICH WILL STAND US IN GOOD STEAD FOR THE FUTURE.

Persistently high interest rates accompanied by low levels of economic growth have had a significant impact on the global real estate sector. The above factors are reflected in Growthpoint's current year results.

Our conservative financial management, including our interest rate hedging policy, has served us well and has cushioned the adverse impact of high interest rates on our financial results. This, along with our strong relationships with lenders and strong credit rating stood us in good stead in successfully refinancing the expiring USD425m Eurobond during the year. In response to market conditions, we prioritised tenant retention and letting, exercising discipline in capital allocation and focusing on cost efficiencies. We have also continued our efforts to optimise our South African asset portfolio and our international investments.

The V&A Waterfront continued its post-Covid-19 recovery, driven by increased international and domestic tourism, achieving results better than pre-Covid-19 levels. We have also made great strides in growing Growthpoint Investment Partners funds under management, surpassing our initial targets ahead of time. Ambitious growth objectives have been set for the next five years.

Our commitment to renewable energy has advanced substantially with the increase of solar installations at our buildings. Growthpoint continues to lead the sector in relation to green-certified buildings. I am particularly proud that Growthpoint's corporate social responsibility programmes, focused on education and entrepreneurship in the form of our Growsmart and Property Point initiatives, are proceeding apace in this challenging economic environment. We were pleased to receive shareholder approval for our innovative R250m broad-based black economic empowerment ownership scheme that will ensure sustained social investment into the future.

As reported last year, the non-executive component of the Growthpoint Board has been refreshed, resulting in an enhanced skillset along with racial and gender balance, and is working effectively to oversee the continued enhancement and implementation of Growthpoint's strategies.

The company has strengthened its funds management and corporate finance capability, which will stand us in good stead for the future. In the process, we have strengthened the bench in relation to our diversity and inclusion objectives.

We have implemented our ethics policy and strategy, both of which align with our robust value set and which are central to how we conduct our business.

Looking ahead, a marked improvement in both global and South African macro-economic conditions is required for meaningful recovery in the industry and by extension, our business. In the meantime, we will stay the course of maintaining balance sheet strength while implementing Growthpoint's strategy and evaluating opportunities that will inevitably arise during these tough times.

We have great confidence in the ability of our leadership to steer Growthpoint through these challenging times and to execute our growth strategies, and I am pleased to advise that Norbert Sasse has agreed to continue in his capacity as Group CEO until 31 December 2026, thereby providing continuity in progressing the company's strategic initiatives.

In FY23 we bid farewell to two Non-executive Directors. Mpume Nkabinde and Patrick Mngconkola retired at the AGM on 29 November 2022 after serving 13 and 10 years on the Board, respectively.

We thank Mpume and Patrick for their contributions and dedicated service to Growthpoint.

Andile Sangqu was appointed as the Lead Independent Director on 1 July 2022.

I would like to express my gratitude to my fellow Board members, our executive management team and our employees for their dedication and diligence during a challenging year. I also extend my thanks to our stakeholders for their continued support of Growthpoint. We highly value the constructive interactions with our shareholders and look forward to continuing such engagement.

I would also like to express my gratitude to Olive Chauke, Executive Director Human Resources, who tendered her resignation on 10 October 2023 and will serve her notice period until 31 March 2024. I would like to thank Olive for her dedicated service to the company during the past six years and I wish her well in her future endeavours.

Rhidwaan Gasant
Chairman

We have great confidence in the ability of our leadership to steer Growthpoint through these challenging times and to execute our growth strategies.

OUR LEADERSHIP

Independent Non-executive Directors (NEDs)

Rhidwaan Gasant (64)
Chairman, Non-executive
Joined the Board in 2020

BCompt (Hons), CA(SA), ACMA, CGMA, Executive Development Programme

Skills and expertise: Corporate leadership, strategy development and execution, mergers and acquisitions, corporate finance and risk management

Professional membership: SAICA, CIMA and CGMA

Major directorships: AngloGold Ashanti Plc, Victoria and Alfred Waterfront, MTN Nigeria Communication PLC

Andile Sangqu (57)
Lead Independent Non-executive
Joined the Board in 2020

BCom (Acc), BCompt (Hons) CTA, HDip Tax Law, EDP, MBL, AMP (INSEAD), Higher Certificate in Christian Ministry

Skills and expertise: Business financial restructuring, financial systems development, implementation, strategic planning and organisational transformation

Major directorships: PSG Konsult Limited, Transnet SOC Limited

Frank Berkeley (67)
Joined the Board in 2019

BCom, BAcc, CA(SA)

Skills and expertise: Strategy development and implementation, implementation of mergers and leadership and management of large complex organisations

Professional membership: SAICA

Major directorships: Exemplar REITail Limited

Melt Hamman (52)
Joined the Board in 2021

BCom (Hons) Investment Management, BCompt (Hons), CA(SA)

Skills and expertise: Financial reporting, risk management, real estate investment and leadership development

Professional membership: SAICA

Major directorships: Nexus AG (Pty) Ltd, Freshgold SA Exports (Pty) Ltd

John van Wyk (59)
Joined the Board in 2019

BCom, BAcc, CA(SA)

Skills and expertise: Private equity and investments

Professional membership: SAICA

Major directorships: Comcorp Holdings (Pty) Ltd, Tracker Connect (Pty) Ltd, Tracker Technology Holdings (Pty) Ltd

Eileen Wilton (64)
Joined the Board in 2022

BCom Economics and Industrial Psychology, Postgraduate Diploma in Digital Business, Charter Director (CD-SA)

Skills and expertise: Financial reporting, risk, IT and leadership development

Major directorships: Education Learning South Africa (Pty) Ltd, Shoprite Holding Limited, Sasfin Bank, The Institute of Directors in South Africa, The International Women's Forum South Africa, Sasfin Holdings

Prudence Lebina (42)
Joined the Board in 2020

BCom, HDip (Acc), CA(SA)

Skills and expertise: Business development, corporate finance, financial reporting, governance and investor relations

Professional membership: SAICA and IoDSA

Major directorships: DRDGOLD Limited, Trialpha Investment Management (Pty) Ltd, Telkom SA SOC Limited

Clifford Raphiri (60)
Joined the Board in 2022

BSc Eng (Hons) Mechanical Engineering, Postgraduate Diploma in Mechanical Engineering, MBA

Skills and expertise: Financial reporting, risk, process management and leadership development

Professional memberships: Engineering Council of South Africa, IoDSA

Major directorships: Murray and Roberts Holdings Limited, Nampak Limited, Energy Partners Holdings, University of Johannesburg – Advancement Advisory Board

Executive Directors

Norbert Sasse (58)
Group CEO
Joined the Board in 2003

BCom (Hons) (Accounting), CA(SA)

Skills and expertise: Corporate finance, capital markets, property and general management

Professional membership: SAICA, PPRA (Master Practitioner in Real Estate)

Estienne de Klerk (54)
CEO: SA
Joined the Board in 2008

BCom (Industrial Psychology), BCom (Hons) (Marketing), BCom (Hons) (Accounting), CA(SA)

Skills and expertise: Financial, general management, property and capital markets

Professional membership: SAICA, PPRA (Master Practitioner in Real Estate)

Industry body representation: Chairman of SAREIT Association

Olive Chauke (52)
Human Resources Director
Joined the Board in 2018 and resigned from the Board on 10 October 2023 and will serve her notice as an executive until 31 March 2024

BSoc Science, Advanced Programme in Strategic Management

Skills and expertise: Strategic and operational, human resources management and transformational leadership

Professional membership: Master Practitioner South African Board of People Practices

Gerald Völkel (63)
Group Financial Director
Joined the Board in 2013

BAcc, CA(SA)

Skills and expertise: Financial, tax and general management

Professional membership: SAICA

Demographics
- African, Coloured and Indian (ACI) females – 2
- ACI males – 3
- White females – 1
- White males – 6

Age
- ≥ 60 years – 5
- 50 – 59 years – 6
- 30 – 49 years – 1

Average age
57.67 years

Independence
- Executive Directors – 4
- Independent Non-executive Directors – 8

Gender
- Females – 3
- Males – 9

Board skills, experience and diversity

Skills and expertise
- Legal as applicable to corporate finance in general and dispute resolution
- Mergers and acquisitions
- Transaction funding
- Property and general management
- Financial and tax management
- Transformation
- Strategy development and implementation
- Leadership and management of large complex organisations
- Analytics and risk assessment
- Human resources
- Business development in local and international companies
- Supply chain management
- Business financial restructuring
- Financial systems development
- Strategic planning and organisational transformation
- Private equity and investments
- Corporate finance
- Accounting and financial reporting
- Strategic leadership
- IT, ICT and related risks
- Leadership development

Tenure
5 years +

1 – 5 years

Average tenure
5.92 years

Average tenure (excluding executive)
2.63 years

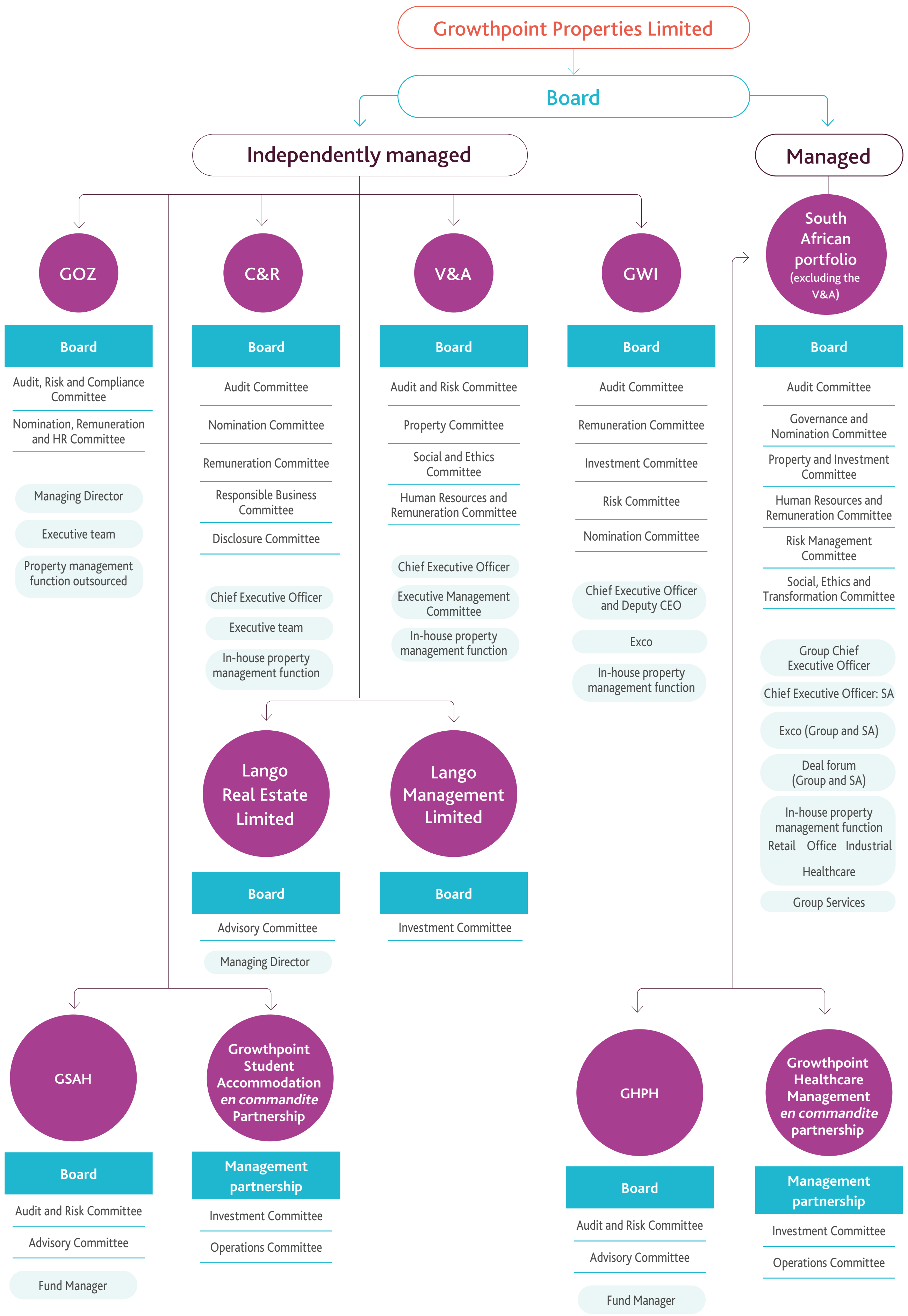
The Board
As at the date of issue of this report, Growthpoint had a unitary Board comprising 12 directors, including four Executive Directors.

Board composition
8 Independent Non-executive Directors

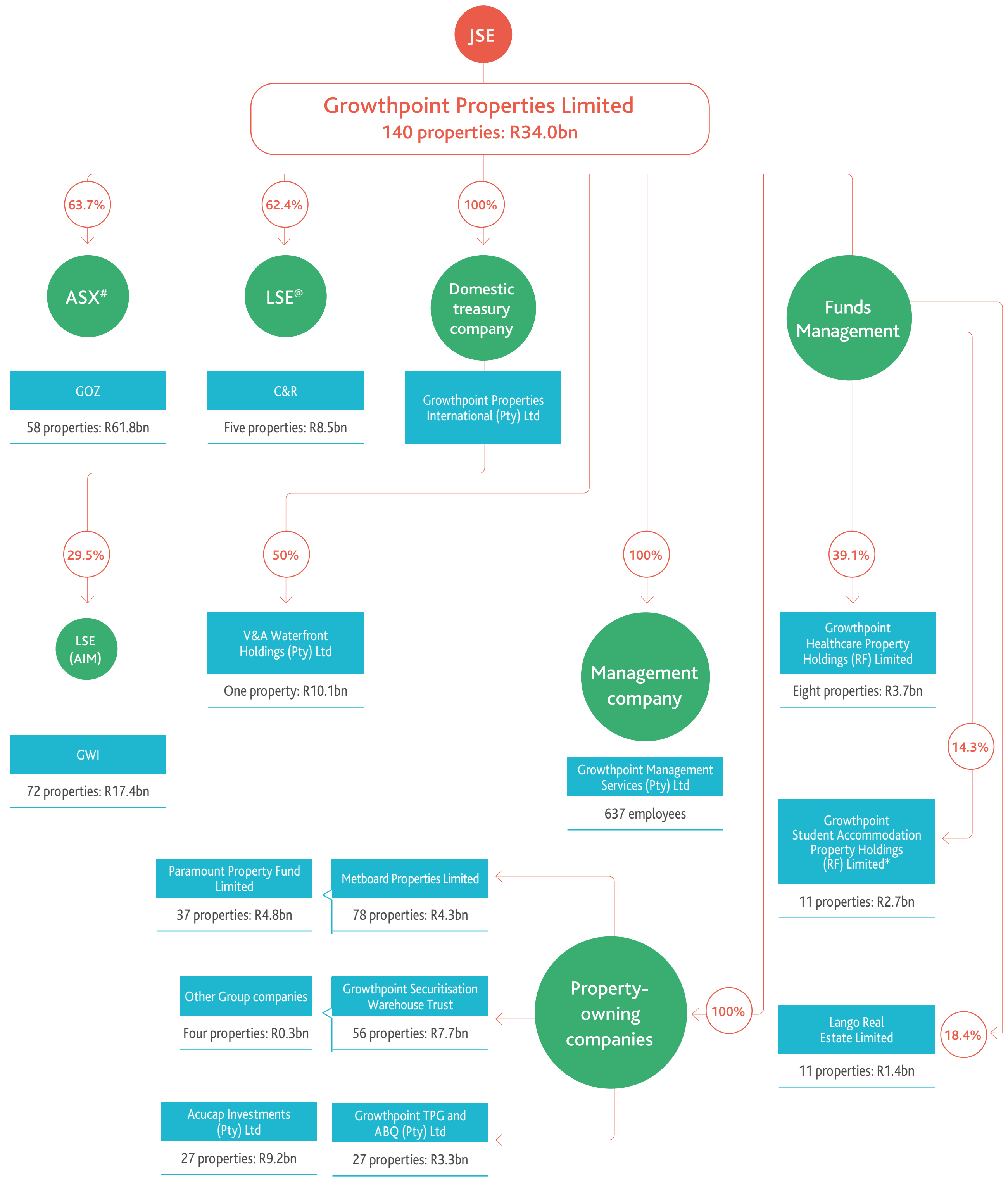
4 Executive Directors

The skills and expertise of each director enable them to individually and collectively evaluate strategy, assess the company's performance and act in Growthpoint's and shareholders' best interests

GOVERNANCE AND MANAGEMENT STRUCTURE



SIMPLIFIED OWNERSHIP AND LEGAL STRUCTURE



* *Although the Group owns less than 50% of shares in GHPH and GSAH and has less than half of their voting power on a GSAH Board level, management has determined that the Group controls the entities by virtue of an agreement with its other shareholders.*

\# *ASX-Australian Stock Exchange.*

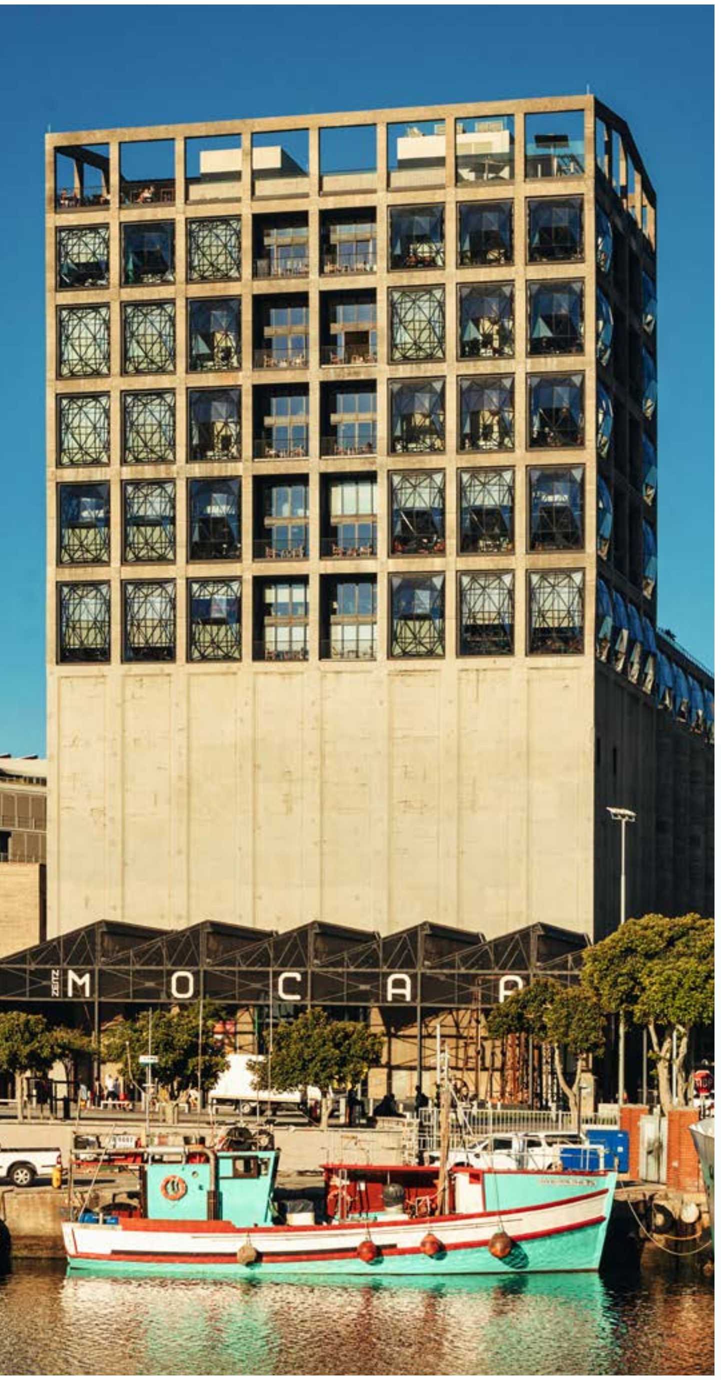
@ *LSE - London Stock Exchange.*

CORPORATE GOVERNANCE

The Growthpoint Properties Limited Board is responsible for providing strategic leadership to the company. The Board is the custodian of Growthpoint's governance framework. Our Board-approved strategies, policies, standards, practices and procedures are designed to deliver the highest standard of corporate governance.

Our Board recognises that good corporate governance is about effective and responsible leadership that is based on a foundation of ethical values.

Good governance allows us to exemplify our values through enhanced accountability, a transparent and ethical culture, sound risk management and a focus on effective control.



Our approach to corporate governance

Our approach to corporate governance is an essential part of our value creation process, which benefits all our stakeholders by ensuring the sustainability of the business and enhancing long-term performance.

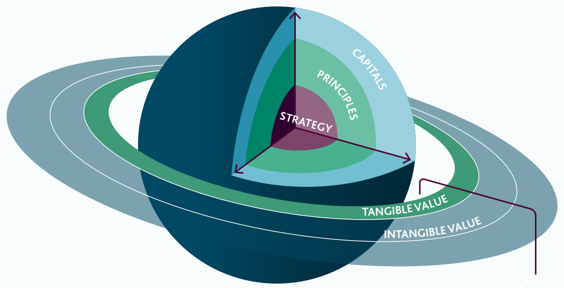
By maintaining the highest corporate governance standards, we assure Growthpoint's stakeholders of a well-conducted and well-managed business based on reliability, accountability, transparency and sustainability.

Sound corporate governance practices are implicit in our values, culture and processes, and our internal controls promote an awareness of risk, compliance and good governance in every area of the business. By ensuring that our structured operational frameworks are in place and that the various governance processes are incorporated in all our activities the Board can focus on the business and make well-informed decisions in the best interests of the company and all stakeholders.

As a result of the Board rejuvenation process, the Board comprises of Independent Non-executive Directors only and we are confident that the appropriate balance of knowledge, skills and experience, and the independence required for objective and effective governance, has been achieved. No one Director has unfettered powers of decision making. These criteria are assessed separately and addressed in more detail in this report.

EXTERNAL ENVIRONMENT

Value creation at the heart of integrated thinking



VALUE CREATION

Capitals
- Financial
- Social and relationship
- Manufactured
- Intellectual
- Human
- Natural

Principles
- Purpose
- Governance
- Ethics
- Culture
- Strategy
- Risks and opportunities
- Performance

Strategy
- Streamlining and optimising our SA portfolio
- Growing income streams from GIP
- International expansion

Philosophy

Our Board and management philosophy is that good corporate governance provides the ethical, values-based platform upon which we achieve our strategic objectives. Protecting and creating value are at the core of Growthpoint's governance and integrated thinking.

This extends beyond legislative and regulatory compliance. Management strives to foster an enterprise-wide culture of good management that is linked to the company's business philosophy. This philosophy incorporates our vision, values and ethics.

Legislative and regulatory compliance

The company has remained compliant with the Companies Act, No 71 of 2008, as amended (the Act), JSE Listings Requirements (debt and equity), company statutes, its Memorandum of Incorporation (MOI) and the Board Charter, while the terms of reference of Board committees are aligned with relevant provisions of the Act and King IV.

Governance compliance framework

Statutory and regulatory → A standing item on agenda for the **Risk Management Committee**

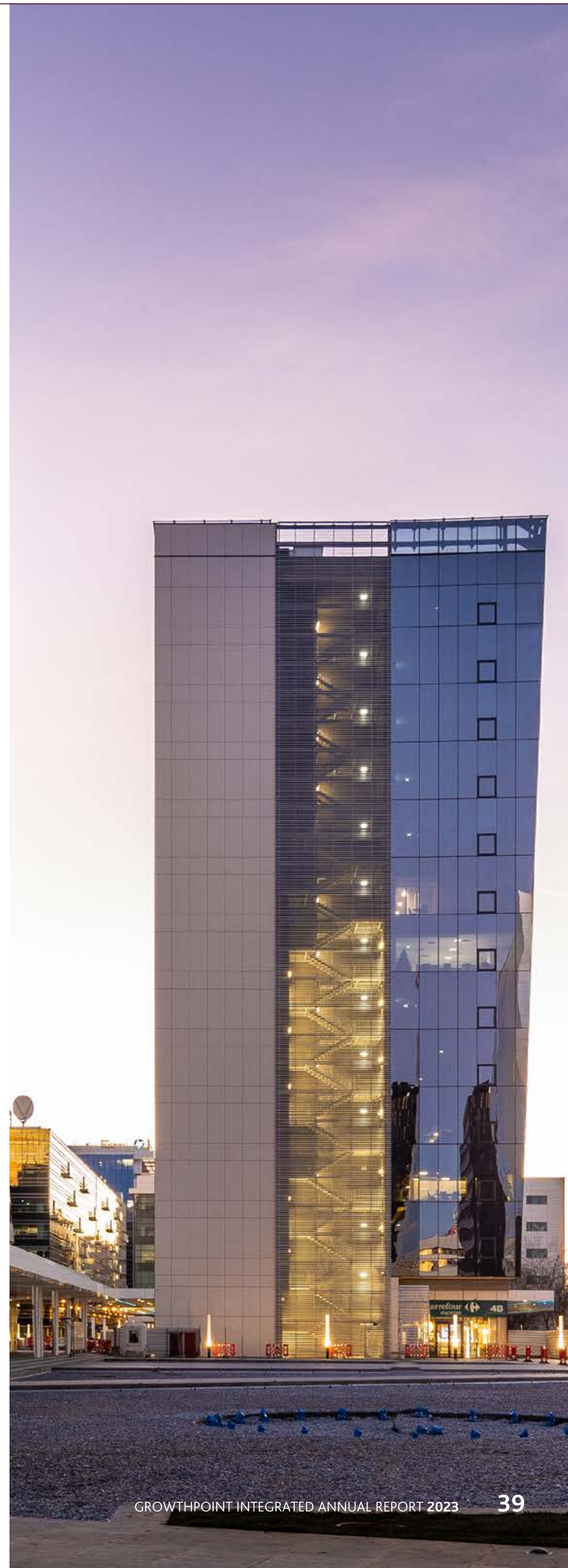
The Board receives feedback quarterly from the chairs of all Board committees, in addition to the minutes of all the committee meetings.

Accounting standards and financial reporting requirements → Overseen by the **Audit Committee**

Compliance with accounting standards and financial reporting requirements.

Companies Act, JSE Listings Requirements and King IV → Responsibility of the **Company Secretary**

During FY23, Growthpoint had no incidents of non-compliance, nor fines or prosecutions linked to governance and economic issues.



CORPORATE GOVERNANCE (CONTINUED)

Independence of the Board

In terms of the King IV definition of independence, the Board conducted its annual independence assessment of the Non-executive Directors and is satisfied that all directors meet the independence criteria.

INDEPENDENT SKILLS PROFILING AND ASSESSMENT PROCESS

1 → Director tenure

- Maximum tenure of 12 years
- Mandatory retirement at 70 years of age.

2 → Non-executive Directorship and Chairman positions

Non-executive Directors are:

- Allowed up to four directorships, including Growthpoint
- Allowed one Chairman position outside Growthpoint and two Non-executive Director positions including Growthpoint
- Prohibited to sit on boards of competitor companies.

Chairman is:

- Limited to one additional Chairman position or two Non-executive Director positions outside Growthpoint.

3 → External boards

Executives are not to serve on external boards, except for industry bodies where they are allowed to serve outside Growthpoint's investments.

4 → Independence assessment of Non-executive Directors

Independence assessment was conducted and all Non-executive Directors (NEDs) were deemed independent as per the King IV definition.

5 → Skills and experience

- The Board has the required skills and experience.
- Offer depth of knowledge and skills.

6 → Succession

Ensures continuity.

Governance structures

Effective governance structures and processes ensure that proper supervisory oversight is exercised at all levels of the organisation.

Skills and experience

The process of rejuvenating the Board started in 2019 with an independent skills profiling and assessment to enable proper succession planning. This ensures that the skill sets of newly appointed Directors are complementary to those of the current Directors. Skills gaps identified during the assessment have now been addressed and the rejuvenation is concluded.

Succession

Succession planning to ensure continuity is an ongoing priority. We believe in fostering diversity throughout the organisation and Growthpoint therefore considers candidates with diverse skills, age, race, gender and culture. There are targets in place for gender and racial diversification, and we are committed to women holding Board positions.

Diversity and inclusion

The Board has adopted a Board-level gender diversification policy with an internal target of 30% female representation, including black women. The three female Directors currently represent 25% of the total number of Directors.

Gender diversification

FEMALE 25%

MALE 75%

The Board Charter includes a policy statement on racial diversification, in terms of which the Board will strive to meet legislated and/or regulated employment equity targets applicable to the Board.

Independence and tenure

The Board implemented a tenure policy to enhance independence, as such Non-executive Directors have a fixed 12-year term. A Non-executive Director's tenure may be extended, but he/she would be required to resign at each subsequent AGM and be re-appointed.

Limits to additional directorships for Non-executive Directors

The Board has resolved that the Non-executive Directors may not hold more than four directorships, including Growthpoint or alternatively one Chairman position outside Growthpoint or two Non-executive Director positions, including Growthpoint. They may not be directors of competitor companies.

The Chairman of the Board is limited to one additional Chairman position or two Non-executive Director positions outside Growthpoint.

These limitations are in place to ensure that directors have the necessary capacity to attend all Board and committee meetings and prepare adequately.

Additional non-executive directorships are subject to approval by the Chairman of the Board. Additional directorships for the Chairman are subject to approval by the Board.

The Chairman of the Board is required to approve or decline additional directorships outside of the set criteria if he considers this to be in the best interests of the company.

Limits to external Board positions for Executive Directors

Growthpoint Executive Directors may only hold other directorships in Growthpoint subsidiaries and associated companies, or in companies set up for personal and/or family purposes that are not in competition with Growthpoint. Any exceptions are subject to the discretion of the Board.

Directorships in Growthpoint's subsidiaries

1. GOZ

GOZ submits for noting to Growthpoint's Risk Management Committee annually on the application of the King IV principles to its governance policies. GOZ's governance policies conform to, or exceed, the principles of King IV.

Growthpoint Executives hold positions on GOZ's Board and committees as follows:
Board: LN Sasse, EK de Klerk and P Theocharides
Audit, Risk and Compliance Committee: P Theocharides
Remuneration and HR Committee, Nomination Committee: LN Sasse
Investment Committee: EK de Klerk

2. C&R

C&R is listed on the London Stock Exchange and complies with related legal prescripts.

Growthpoint Executives hold positions on the C&R Board and committees as follows:
Board: LN Sasse and P Theocharides
Audit Committee: LN Sasse and P Theocharides
Remuneration Committee: LN Sasse and P Theocharides

3. Growthpoint Healthcare Property Holdings (RF) Limited (GHPH)

Growthpoint Executives hold positions on the GHPH Board and committees as follows:

Board

EK de Klerk
L Sigaba
G Muchanya
G Völkel

Audit and Risk Committee

All members Independent non-executive

Advisory Committee

P Theocharides

CORPORATE GOVERNANCE (CONTINUED)

4. Growthpoint Healthcare Management *en commandite* Partnership

Investment Committee

LN Sasse (Chairman)
EK de Klerk
G Völkel
G Muchanya
E Binedell

Observer – Kagiso Capital Nominee

Operations Committee

LN Sasse (Chairman)
EK de Klerk
G Muchanya
A Patel
D Swarts
L Sigaba

Observer – Kagiso Capital Nominee

5. Growthpoint Student Accommodation Holdings (RF) Limited (GSAH)

Growthpoint Executives hold positions on the GSAH Board and committees as follows:

Board

EK de Klerk
G Muchanya

Audit and Risk Committee

All members are non-executives

Advisory Committee

P Theocharides

6. Growthpoint Student Accommodation Management *en commandite* Partnership

Investment Committee

LN Sasse (Chairman)
EK de Klerk
G Muchanya

Operations Committee

G Muchanya (Chairman)
M Gerber
I Maraume
A Mocumi
A Patel
D Swarts

Property Management Exco

G Muchanya (Chairman)

Directorships in Growthpoint's investments

1. V&A Waterfront

Growthpoint Directors hold positions on the V&A Board and committees as follows:
Board: LN Sasse, EK de Klerk and R Gasant
Property Committee: LN Sasse and EK de Klerk
Social, Ethics and Transformation Committee: EK de Klerk
Remuneration Committee: LN Sasse
Audit Committee: EK de Klerk and R Gasant

2. GWI

GWI is listed on the AIM-segment of the London Stock Exchange and complies with related legal prescripts.

Growthpoint Executives hold positions on the GWI Board and committees as follows:
Board: LN Sasse, P Theocharides and Growthpoint appointed, Guernsey based, NED R van Vliet
Audit and Risk Committee: R van Vliet
Remuneration Committee: R van Vliet
Investment Committee: LN Sasse
Nominations Committee: P Theocharides

3. Lango Real Estate Management Limited (Lango Manco)

Growthpoint Executives hold positions on the Lango Board and committees as follows:
Board: EK de Klerk
Manco: LN Sasse
Advisory Committee: P Theocharides

Re-election of Directors and new appointments

Through the Governance and Nomination Committee, the Board chooses whether to recommend retiring Non-executive Directors for re-election at the AGM. Directors who retire by rotation, or otherwise, at AGMs are those who have either been in office the longest since their last re-election, or appointed by the Board since the previous AGM. Retiring Directors are named in the directors' report and AGM notice, including the notice and proxy of AGM.

The Board considers the appointment of new directors on the recommendation of the Governance and Nomination Committee. New directors are adequately informed about Growthpoint's business, policies and meeting dates during their induction sessions. All directors receive the Board Charter as part of this induction and once a year the Charter is reviewed at the relevant Board meeting.

In terms of Growthpoint's MOI, Executive Directors are not subject to retirement by rotation at the AGM. This aligns with the recommended best practice for South African-listed companies and is supported by the JSE.

Directors' interests

The Directors declare their financial interests at each Board meeting as well as annually, as required by the Companies Act, 71 of 2008 ("the Act"). Directors' interests in the company's shares as at FY23 are disclosed in the AFS, refer related-party transactions.

Dealings in the company's shares

In terms of both company policy and the Listings Requirements of the JSE Limited, Directors of Growthpoint and its major subsidiaries and their associates, Exco members and the Company Secretary, must obtain prior written clearance from the Group CEO, CEO:SA and/or Chairman of the Board if they intend to deal in Growthpoint shares, whether directly or indirectly. All the Directors have signed a letter of undertaking in this regard. This policy also applies to certain members of senior management who are, from time-to-time, privy to price-sensitive information.

Closed periods are imposed on Directors and staff prior to publishing interim and annual financial results, and as and when required in respect of specific corporate actions.

Voting rights

Each share entitles the shareholder to one vote. There are no non-voting shares.

Attendance at meetings

The Board meets quarterly and on an *ad hoc* basis if required. The quorum requirements of Growthpoint's MOI are always considered when scheduled or special meetings are convened and due regard is given to recusal of Directors where conflicts of interest or related-party situations exist or could arise.

Details of attendance at Board and committee meetings in FY23 are set out below.

One special and four scheduled Board meetings were held during FY23, and a strategy session was held from 28 to 30 March 2023.

	Board	Governance and Nomination Committee	Audit Committee	Risk Management Committee	Property and Investment Committee	Social, Ethics and Transformation Committee	Human Resources and Remuneration Committee	Total meetings	Average meeting attendance per Director
Non-executive Directors									
R Gasant	6/6	4/4	–	4/4	3/3*	4/4	6/6	27/27	100%
AH Sangqu	6/6	4/4	6/6	–	1/1*	5/5	–	22/22	100%
FM Berkeley	6/6	4/4	6/6	–	5/5	–	6/6	27/27	100%
M Hamman	6/6	4/4	6/6	–	5/5	–	3/3	24/24	100%
JA van Wyk	6/6	4/4	–	4/4	4/5	–	–	18/19	95%
EA Wilton[(2)]	6/6	4/4	–	2/4	–	1/2	6/6	19/22	86%
KP Lebina	6/6	–	6/6	4/4	1/1*	2/2	–	19/19	100%
CD Raphiri	6/6	–	6/6	–	3/3	5/5	–	20/20	100%
SP Mngconkola[(1)]	2/2	–	–	–	2/2	2/3	–	6/7	86%
NBP Nkabinde[(1)]	2/2	–	–	–	–	3/3	3/3	8/8	100%
Executive Directors									
LN Sasse	6/6	4/4^	–	3/4^	5/5	–	5/5^	23/24	96%
EK de Klerk	6/6	4/4^	4/6^	3/4^	5/5^	–	5/5^	27/30	90%
G Völkel	6/6	–	6/6	4/4^	5/5	5/5^	5/5^	31/31	100%
NO Chauke	6/6	–	–	4/4*	–	4/5^	5/5^	19/20	95%
Total meetings	76/76	32/32	40/42	28/32	39/40	31/34	44/44	300	97%
Average meeting attendance including meetings by invitation	100%	100%	95%	97%	98%	91%	100%	97%	97%

(1) Retired at the AGM held on 29 November 2022.

(2 Appointed 9 February 2022. When Mrs Wilton was appointed, she indicated diary clashes with certain Growthpoint meetings. It was accepted at the time that she would tender her apology for the two meetings.

** By invitation.*

^ Executive permanent invitee. (Executive Directors are recused from Executive Directors' remuneration discussions.)

During FY23 the Board held four meetings, one special meeting and an offsite strategy session.

During FY23 the Property and Investment Committee held four meetings and one special meeting.

During FY23 the Social, Ethics and Transformation Committee held four meetings and one special meeting.

During FY23 the Audit Committee held four meetings and two special meetings.

During FY23 the Human Resources and Remuneration Committee held four meetings and two special meetings.

During FY23 the Risk Management Committee held four meetings.

During FY23 the Governance and Nomination Committee held four meetings.

CORPORATE GOVERNANCE (CONTINUED)

Directors' remuneration

Directors' remuneration is subject to annual review by the Board and submitted for approval at the AGM. The fees for FY23 were approved at the AGM held on 29 November 2022.

At its meeting on 13 June 2023 , the Board recommended a 5.2% increase (FY22: 5.5%) in Non-executive Directors' remuneration for FY24 for submission and approval at the AGM.

Shareholders will be asked to approve, by way of non-binding votes, Growthpoint's overall remuneration policy and its implementation for FY24 . The remuneration report containing this information is on pages 57 to 79.

Directors' remuneration is also disclosed in the AFS in line with the Listings Requirements of the JSE Limited on pages 70 and 76.

The Chairman

Rhidwaan Gasant

Independent Non-executive Director

The roles of the Chairman of the Board and the Growthpoint Group CEO are separate, and they operate independently of one another. The Chairman, Mr R Gasant, is an Independent Non-executive Director. His responsibilities are contained in, but not limited to, the Chairman's Charter. They include:

- Providing overall leadership to the Board and its committees
- Leading and managing the business of the Board, without limiting the Board's collective responsibility
- Serving as the link between the Board and the management of Growthpoint
- Together with Remco, assessing the performance of the Group CEO
- Together with the Group CEO, evaluating the performance of the other Executive Directors at least annually

The Lead Independent Director

Andile Sangqu

Independent Non-executive Director

The role of the Lead Independent Director is *inter alia* to:

- Strengthen the independence of the governing body if the Chairman is not independent
- Lead in the absence of the Chairman or in any instance where the Chairman is conflicted
- Act as an intermediary between the Chairman and other members of the governing body
- Deal with shareholder concerns if normal channels have failed
- Lead the performance appraisal of the Chairman

Board responsibilities and accountability

The Board provides strategic direction and leadership to benefit the company and all its stakeholders. Directors are required to adhere to Growthpoint's Code of Ethics and policies that promote ethical behaviour to ensure that they act with integrity.

The Board is guided by the Board Charter, which sets out its responsibilities. These include:

- Governing, directing and monitoring the performance of the business as a going concern and presiding over material business decisions
- Approving the company's strategic plans and objectives
- Managing risks through the Risk Management and Audit committees
- Providing direction to and evaluating the performance of management

The Board through the Governance and Nomination Committee periodically reviews its composition relative to the skills, knowledge and experience needed to provide strategic direction, leadership and equitable representation in terms of gender, race and composition.

The Non-executive Directors are independent of management and not compromised in such a way that could affect their judgement as Directors. The Board has a fiduciary duty to the company considering all stakeholders in its approach to governance in its decision making.

Access to information

Non-executive Directors have unrestricted access to company information as well as members of management and Executive Directors. To assist them to execute their responsibilities effectively, Non-executive Directors may also seek independent professional advice, at the company's expense. As a standing item on the agenda, the Audit Committee provides for combined or separate closed sessions with management, the external auditor and the internal auditor.

Formal Board and committee self-assessment

During July 2023, the Board and its committees conducted a formal self-assessment process. There were no significant concerns raised. Feedback was provided to the Board and the respective committees at their meetings held in August/September 2023.

Competence, qualifications and experience of Company Secretary

The Board must consider and satisfy itself on the competence, qualifications and experience of the Company Secretary. The Board remains satisfied with the adequacy and effectiveness of the performance of the Company Secretary in assisting the Board to discharge its duties. The Board believes that Johan de Koker is competently qualified for the role. The Company Secretary maintains an arm's-length relationship with the Directors and oversees governance in Growthpoint Properties Limited. The Board evaluated the Company Secretary on 12 September 2023 and indicated satisfaction with his performance and delivery of targets. The evaluation covered the individual performance of the Company Secretary and the effectiveness of the Company Secretariat function.

Code of Ethics and business conduct

The Code of Ethics aims to ensure that Growthpoint conducts its business in line with the highest ethical standards. The objective of the code is to set the standards for ethical behaviour.

Ethics strategy

A comprehensive ethics strategy is vital in ensuring we achieve our ethical goals.

The feedback we received from the Ethics Barometer highlighted several areas of focus, which have played a crucial role in developing our ethics strategy.

Growthpoint has an Ethics Committee, which includes senior and middle management as well as representatives from the regions.

In addition to reviewing all policies and codes in place, the Ethics Committee will interrogate any ethics matters relating to the business.

We have created an ethics portal for communication and awareness relating to ethical matters in the business.

Board committees and key focus areas

The committees established by the Board assist in the discharge of its duties and the overall governance of the organisation.

Board committees

- A – *Audit Committee*
- RM – *Risk Management Committee*
- PI – *Property and Investment Committee*
- HR – *Human Resources and Remuneration Committee*
- GN – *Governance and Nomination Committee*
- SET – *Social, Ethics and Transformation Committee*

To promote sound corporate governance and optimise the sharing of information, the Executive Directors and other senior management are present at Board committee meetings whether *ad hoc* or by standing invitation.

The Board committees have unrestricted access to company information and any resources required to assist them to fulfil their responsibilities, including professional advice paid for by the company.

Every Board committee has Board-approved terms of reference which are reviewed annually and aligned, as far as applicable and possible, with King IV, the Listings Requirements of the JSE Limited and the Companies Act.

The Board determines and amends, as necessary, the scope and responsibilities of the committees, as well as the appointment of new committee members.

All the committees are satisfied that they have fulfilled their responsibilities as per their terms of reference during FY23.

CORPORATE GOVERNANCE (CONTINUED)

Melt Hamman
Chairman

Audit Committee

This committee maintains an effective working relationship with management and other Board committees.

To assist the Board in its supervisory and governance responsibilities, this committee ensures that:

- Adequate processes are in place to safeguard the company's assets
- Appropriate accounting records are maintained
- The design effectiveness of internal controls are reviewed and effective systems of internal control are maintained
- An open channel of communication is maintained between Directors, management and accounting staff, as well as both internal and external auditors
- The financial position and performance of the business are reviewed quarterly
- The company is compliant with accepted corporate governance practices and codes as well as with international reporting standards
- The AFS are reviewed prior to recommendation to the Board for approval
- An external auditor is nominated for appointment by the Board and subsequent approval at the next AGM
- Approval of the external auditor's fees as well as the scope of the external audit
- The external auditor is independent and that the FY23 audit has been carried out without restricting the audit's scope
- Controls in relation to the valuation of investment property

Five Independent Non-executive Directors

M Hamman	CD Raphiri
FM Berkeley	AH Sangqu
KP Lebina	

Meetings
The Audit Committee has five scheduled meetings a year with one session dedicated to reviewing the Group's integrated annual report.

Present at meetings by standing invitation are:
- CEO: SA
- Group FD
- COO: SA
- CFO: SA
- Head of Internal Audit
- External auditor
- Head of Risk Management and Compliance
- Group Financial Managers
- Financial Manager

Key focus areas for the committee during FY23 have been:

The consideration of information detailed in paragraph 22.15(h) of the Listings Requirements of the JSE Limited with regard to the audit firm in its assessment of the suitability of appointment

The treatment of maintenance expenditure and review of the capital expenditure accounting policy

Review of tax risk and compliance reports for local and foreign companies in which Growthpoint has invested

The consideration of the committee's composition and skills sets, the independence of its members or their ability to act independently and the succession of those facing retirement

This committee report includes the committee's assessment of the financial knowledge, expertise and experience of the Group FD as well as the appropriateness, expertise and adequacy of the resources of the finance function

The committee reports to shareholders on how it carried out its obligations in the AFS (pages 4 and 5)

John van Wyk
Chairman

Risk Management Committee

The Internal Audit and Risk Management function assists the Risk Management Committee with its review of risk management controls and procedures.

The main focus of this committee is to:

- Assist the Board in matters of corporate accountability and associated risks
- Ensure that risk policies and strategies are effectively managed
- Monitor external variables that could affect corporate accountability
- Review and assess the integrity of risk control systems
- Define risk management policies and the risk management function, as well as the scope of enterprise risk management (ERM)
- Ensure the independent and objective oversight and review of information provided by management on corporate accountability and associated risks

Four Independent Non-executive Directors

JA van Wyk	KP Lebina
R Gasant	EA Wilton

Meetings
This committee, which meets at a minimum quarterly, oversees the management of compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework relative to whatever risks and opportunities that have been identified.

Present at meetings by standing invitation are:
- Group CEO
- CEO: SA
- Group FD
- COO: SA
- CFO: SA
- Group Treasurer
- Head of Internal Audit
- Head of Risk Management and Compliance
- Head of Human Resources
- Group Legal Counsel
- Chief Information Officer
- External auditor
- Independent IT consultant
- Group Financial Managers
- Financial Manager

Key focus areas for the committee during FY23 have been:

Monitoring operating performance of IT systems including business continuity in the face of disruptions to electricity supply as well as an enhanced focus on cybersecurity

Ongoing monitoring of liquidity and funding. The committee particularly focused on the refinance of the USD bond which was refinanced during the current year as well as the impact of increasing interest rates on borrowings

Monitoring of actions taken and management's processes designed to ensure compliance with legislation, including environmental legislation

Monitoring obligations associated with the GIP business

Formalising the risk function through finalisation of the risk compliance policy and risk management strategy

Risk appetite statements and tolerance indicators for the Group

CORPORATE GOVERNANCE (CONTINUED)

Frank Berkeley
Chairman

Property and Investment Committee

The committee assists the Board with recommendations regarding Growthpoint's property and investment portfolio strategy, as well as the review and approval of property budgets and valuations.

The main focus of this committee is to:

- Consider and recommend proposed acquisitions and disposals in terms of the levels of authority
- Review and recommend proposed capital expenditure
- Periodically review the due diligence processes for acquisitions
- Review and recommend Growthpoint's annual budgets, including capital expenditure budgets to the Board
- Review and recommend the bi-annual property valuations to the Board
- Review and assess investment in physical property assets

Four Independent Non-executive Directors

FM Berkeley	CD Raphiri*
M Hamman	JA van Wyk

Meetings

The committee meets at a minimum quarterly.

Present at meetings by standing invitation are:

- Group CEO
- CEO: SA
- Group FD
- COO: SA
- CFO: SA
- Heads of Asset Management (SA)
- Heads of Business Intelligence Centre
- Valuations Manager
- Head of ESG, Strategy and Investor Relations
- Group Head of Investments
- Group Legal Counsel
- Head of Asset Management (SA)
- Property Market Analyst

Key focus areas for the committee during FY23 have been:

Review of investment strategy
The company's investment and development guidelines for the property trading and development
International expansion opportunities
Challenges facing the property industry in the current economic climate
Independence of the property valuation process

* *Joined this committee during FY23.*

Eileen Wilton
Chairman

Human Resources and Remuneration Committee

The committee assists in determining the key components of remuneration and performance review criteria for Executive Directors and senior management.

This committee assists the Board by ensuring that:

- Formal and transparent policies and procedures for executive and senior management remuneration are established and maintained
- Remuneration for Executive Directors, senior management and staff (including incentives, grants and other benefits) is set at the correct level to attract and retain people of the required competence

The focus of this committee is to:

- Determine specific remuneration packages for Executive Directors, which is benchmarked appropriately
- Review the terms and conditions of the Executive Directors' service agreements
- Determine the criteria for measuring the performance of Executive Directors and linking this to remuneration
- Approve proposed allocations to eligible participants in the company's staff incentive scheme
- Establish the remuneration policy and its implementation with shareholders
- Recommend Non-executive Directors' remuneration to the Board, which is benchmarked
- Consult with the Chairman of the Board and the Group CEO on the formulating of the remuneration policy and the determination of specific remuneration packages
- Review and approve the succession plan for Executive Directors and executive management

Four Independent Non-executive Directors

EA Wilton	R Gasant
FM Berkeley	M Hamman*

Meetings

This committee meets at a minimum quarterly.

Present at meetings by standing invitation are:

- Group CEO**
- CEO: SA**
- Group FD**
- Head of Human Resources**
- Head of ESG, Strategy and Investor Relations

Key focus areas for the committee during FY23 have been:

The structure of executive remuneration
Group structure and succession planning in line with Group strategy
Workforce transformation
Reporting on remuneration policy and implementation
Engagement with major shareholders on executive remuneration
Fair and reasonable pay

* *Joined this committee during FY23.*

** *Executive Directors recuse themselves from Executive Directors' remuneration discussions.*

CORPORATE GOVERNANCE (CONTINUED)

Andile Sangqu
Chairman

Social, Ethics and Transformation Committee

This committee's mandate includes the statutory duties of a social and ethics committee in accordance with applicable regulations. In addition, it evaluates, monitors and makes the appropriate recommendations to the Board in terms of its scope and mandate.

The main focus of this committee is to:

- Review B-BBEE initiatives under the Property Sector Transformation Charter
- Review enterprise development and related training initiatives
- Monitor the company's B-BBEE equity ownership, funding structures and potential new B-BBEE equity ownership participants
- Monitor corporate social responsibility initiatives and investments and their respective annual budgets
- Review the company's preferential procurement spend
- Ensure employment equity targets are set and monitored
- Review Growthpoint's transformation philosophy and strategy
- Review ESG matters, including carbon emissions impact and climate change
- Provide oversight of ethics strategy
- Manage stakeholder engagement
- Provide oversight of the Diversity and Inclusion Forum

Four Independent Non-executive Directors

AH Sangqu	CD Raphiri
KP Lebina	EA Wilton

Meetings
The Social, Ethics and Transformation Committee has five scheduled meetings a year with one session dedicated to reviewing the company's ESG report.

Present at meetings by standing invitation are:
- Chairman of the Board
- Group FD
- COO: SA
- Head of Human Resources
- Head of Corporate Social Responsibility
- Chairman of the Diversity and Inclusion Forum
- Chairman of the Ethics Committee
- National Procurement Manager
- Head of Development: Commercial
- Integrated Reporting and ESG Manager
- Head of Sustainability and Utilities

Key focus areas for the committee during FY23 have been:

Growthpoint GEMS, a bursary scheme for children of employees in the lower-earning categories

Corporate social investment initiatives and transformation, which are more fully reported on in the relevant sections of this report

ESG strategy, implementation and monitoring

Monitor progress on the implementation of the approved Ethics strategy

Rhidwaan Gasant
Chairman

Governance and Nomination Committee

This committee reviews and monitors the adequacy, efficiency and appropriateness of the corporate governance structures and practices, and to ensure compliance with relevant legislation. The committee independently reviews and monitors the integrity of the company's Non-executive Director nomination and appointment processes.

The main focus of this committee is to:

- Review and make recommendations on the Board's composition, structure and size, as well as the balance between Executive and Non-executive Directors
- Make recommendations to the Board on Non-executive and Executive Director appointments after identifying and screening candidates for Board approval and appointment
- Board succession planning for Executive and Non-executive Directors
- Alert the Board to governance matters which the committee chairmen or their committees require to be raised with the Board
- Advise Directors on any important governance matters

All the committee chairmen and the Chairman of the Board

R Gasant	AH Sangqu
FM Berkeley	JA van Wyk
M Hamman	EA Wilton

Meetings
The committee meets at least quarterly.

Present at meetings by standing invitation are:
- Group CEO
- CEO: SA

Key focus areas for the committee during FY23 have been:

The composition of the Board and Board committees

Process of appointment successor to Group CEO

CORPORATE GOVERNANCE (CONTINUED)

Executive management committees

Group Exco

The Group Exco comprises the:
- Three Executive Directors
- COO: SA
- Group Treasurer
- Head of Growthpoint Investment Partners
- Head of ESG, Strategy and Investor Relations
- Group Legal Counsel
- Group Head of Investments
- Head of Asset Management (SA)
- Head of Human Resources
- By invitation: Company Secretary

The Group CEO chairs the committee. This committee meets as required, but at least quarterly, to consider Group results, operations, strategic issues and initiatives, and monitor capital requirements and market trends.

SA Exco

The SA Exco comprises the:
- CEO: SA
- Head of Human Resources
- COO: SA
- CFO: SA
- Heads of Asset Management
- Group Treasurer
- Head of Corporate Social Responsibility
- Head of Corporate Advisory
- Head of Asset Management (SA)
- Fund managers
- By Invitation: Regional Heads, Chief Information Officer

The Heads of the company's regional offices also attend all meetings. The CEO: SA chairs the committee. The Group Exco members have a standing invitation to all meetings of the SA Exco. This committee meets seven times a year and reviews operations, quarterly results (actual versus budget and projections) and company policy.

The process of reviewing the Exco structures has been concluded and to ensure focused meeting and limit attendance, it was resolved to have focused operational, budget and financial meetings in future.

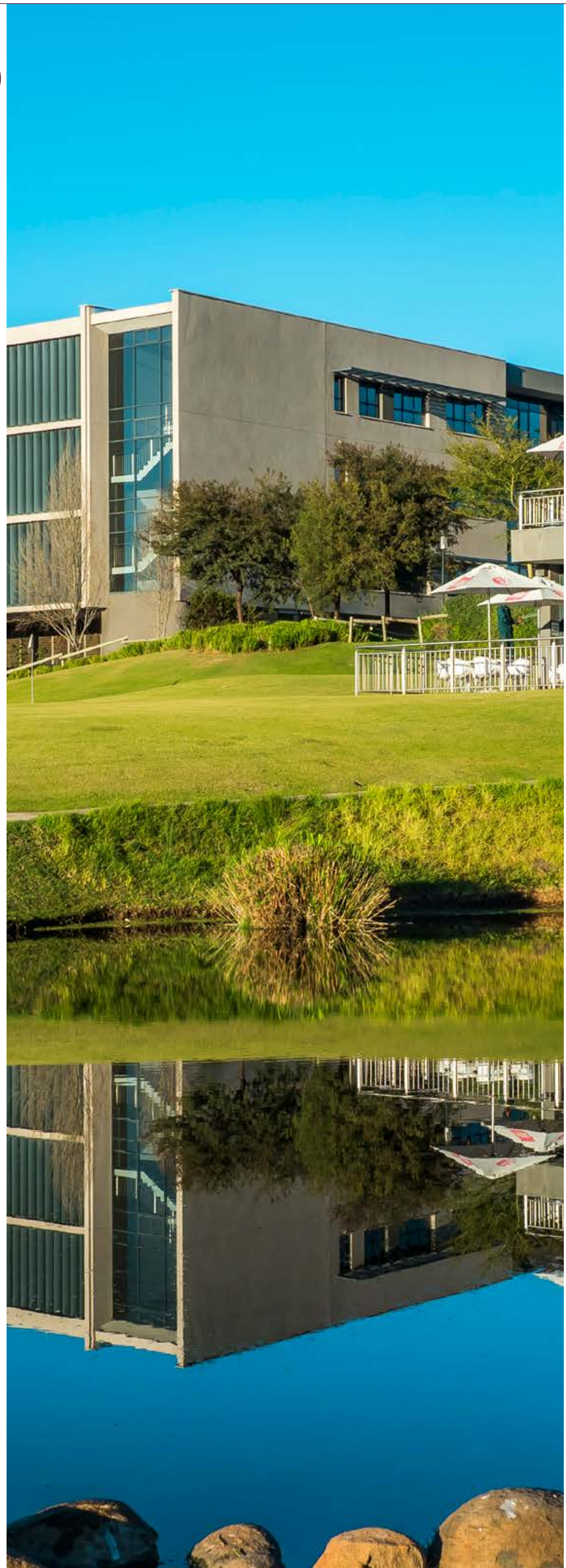
Group Deal Forum

The Deal Forum comprises the:
- Group CEO
- CEO: SA
- Group FD
- COO: SA
- CFO: SA
- Group Head of Investments
- Group Treasurer
- Head of Asset Management (SA)
- Head of Growthpoint Investment Partners
- Head of ESG, Strategy and Investor Relations

It is chaired by the CEO: SA. Its primary purpose is to discuss, consider and, if appropriate, approve:
- Potential acquisitions or disposals in terms of the Growthpoint levels of authority
- All developments or substantial redevelopments
- Due diligence reports for proposed transactions

The Deal Forum makes recommendations to the Property and Investment Committee and/or the Board regarding proposed acquisitions and disposals of physical property assets and letting enterprises that exceed its level of authority which is limited to R500m.

The Deal Forum also considers and recommends strategic, non-property-related transactions.



The Code of Ethics seeks to ensure compliance with legislation and regulations in a manner that is beyond reproach.

GOVERNANCE STRUCTURES

Policies promoting ethical conduct	Compliance framework	Internal audit	Executive management committees	Board committees
Refer to page 54 for more information	Refer to page 39 for more information	Refer to page 56 for more information	Refer to pages 86 and 116 for more information	Refer to pages 45 to 51 for more information

GOVERNANCE OF ORGANISATIONAL ETHICS*

Leadership commitment
↓
Governance structures
↓
Internal Audit reports to Audit Committee on effectiveness of the ethics function
↓
Social, Ethics and Transformation Committee is responsible for ethics

Ethics

(i) Ethics risk assessment — (ii) Ethics strategy — (iii) Code and policies — (iv) Implementation of ethics — (v) Monitoring and reporting

Independent assessment and external reporting

* *Framework adopted and developed in association with the Ethics Institute.*

CORPORATE GOVERNANCE (CONTINUED)

Growthpoint was one of the first organisations to participate in the Gordon Institute of Business Science (GIBS) Ethics Barometer, a national initiative launched in partnership with Business Leadership South Africa in 2019. The aim is to raise the ethics of South African businesses. Growthpoint participated in this barometer in 2019 and 2021, and after conducting a comprehensive and detailed analysis of the results, an ethics strategy was formulated and proposed to the Board. It was approved on 14 June 2022. An Ethics Committee made up of representatives of various business units was established, and its priorities determined. A new value "play fair" was launched specifically focusing on ethics and ethical conduct. In addition, a marketing campaign was re-launched to reinforce our values among employees. A workshop was held with all Executive members on bullying and harassment with external subject matter experts and the ethical and moral aspects focusing on the legislative side thereof. The Ethics Committee attended a similar workshop in August 2023 at Constitutional Hill.

Several policies should be read in conjunction with the Code of Ethics, for example, policies dealing with conflicts of interest, fraud and corruption prevention; the anti-corruption and gift declaration policy and the protection of personal information policy, as well as the supplier code of conduct. Our ethics strategy is to create awareness of these codes and policies among employees via various platforms. Monitoring and reporting to the Board is through the Social, Ethics and Transformation Committee, with Internal Audit providing assurance to the Audit Committee on the effectiveness of the ethics function.

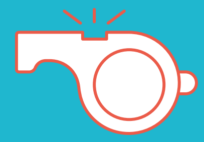
Growthpoint has appointed a certified Ethics Officer to further enhance the function.

Policies promoting ethical conduct

Growthpoint has various policies in place to create a culture of ethical behaviour which includes the following:

- Anti-corruption and gift declaration
- Code of Ethics
- Company's mission and vision statement
- Conflict of interest
- Employee integrity
- Fraud and corruption prevention
- Human rights position statement
- Protection of personal information
- Share dealings
- Social media
- Substance abuse and harassment
- Supplier code of conduct
- Whistle-blowing and protected disclosure

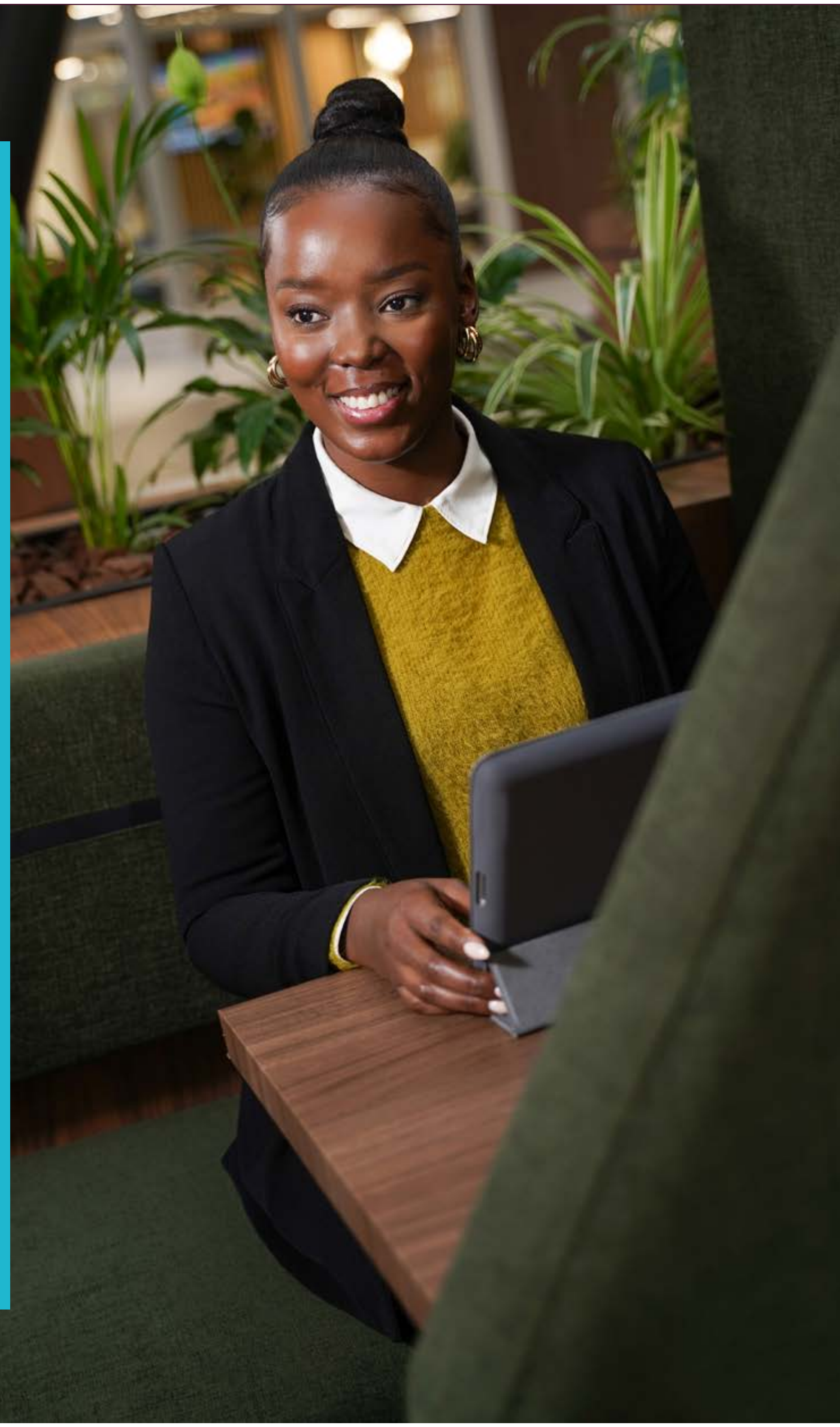
Whistle-blowing policy



Growthpoint has a whistle-blowing and protected disclosure policy that allows anyone to raise concerns about malpractice without fear of victimisation or reprisal. If you are aware of any unethical behaviour, including theft, sexism, racism or ageism, report it.

Our whistle-blowing hotline is managed by Deloitte and any whistle-blower can remain anonymous.

0800 167 463
Growthpoint@GTIP-offs.com



CORPORATE GOVERNANCE (CONTINUED)

Internal audit

The internal audit function is provided in-house by the Head of Internal Audit.

External audit

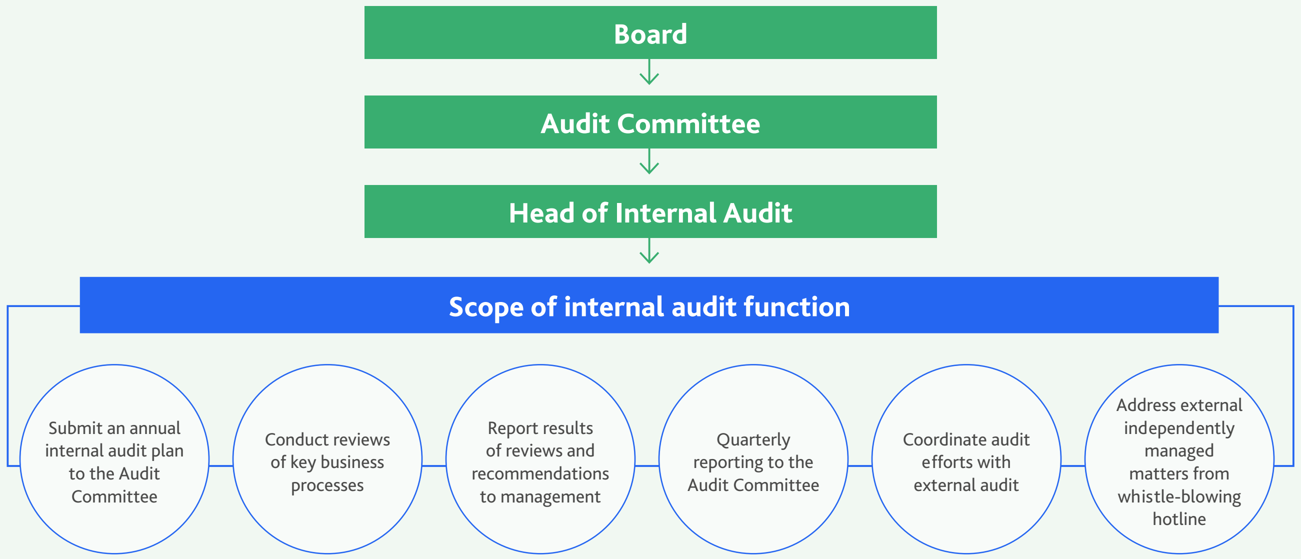
EY is the external auditor for Growthpoint Properties Limited and its SA subsidiaries. The independence of the external auditor is reviewed annually by the Audit Committee. The external auditor attends all Audit Committee and Risk Management Committee meetings and has unrestricted access to the Chairmen of both committees. The external auditor is also in attendance at the Property and Investment Committee meeting when the valuation of the portfolio is reviewed.

Board committees

The committees established by the Board assist in the discharge of its duties and the organisation's overall governance.

Scope of internal audit

Executive and operational management are responsible for establishing and maintaining internal control systems that provide the Directors of Growthpoint with reasonable assurances. The internal audit function enables the Board and management to assess whether systems of internal control are both adequate and effective.



REMUNERATION REPORT

In the current difficult business environment, attracting and retaining key talent in the competitive South African environment has become even more challenging for Growthpoint. The Human Resources and Remuneration Committee (the committee) continues to navigate these challenges through the continual assessment of our reward structures, which are underpinned by KPIs supporting the company's strategy. Simultaneously the committee seeks to achieve balance between the requirements of all our stakeholders, including our shareholders.

Leadership stability and retention along with rigorous succession planning is critical to successfully navigate the uncertain macro business environment. We continuously balance these needs with our pay-for-performance culture.

The committee has reviewed the remuneration policy and its implementation extensively with appropriate input from our advisers. We believe that the company's remuneration policy is fair, responsible and aligned with best practice and that its consistent application will ensure the attraction and retention of requisite talent and skills, sustain the performance culture of the company and lead to sustained value creation for all stakeholders.

The Growthpoint remuneration report comprises four sections:

Part 1: Background statement and Chairman's message (pages 58 to 62)

Part 2: FY24 Remuneration policy (pages 63 to 69)

Part 3: Implementation of FY23 remuneration policy (pages 70 to 76)

Part 4: Non-executive Directors' remuneration (pages 77 to 79)

In line with the King IV Report on Corporate Governance for South Africa 2016 (King IV) and the JSE Listings Requirements, shareholders will have the opportunity to exercise a non-binding advisory vote on Part 2 and Part 3 of this report at the AGM on 28 November 2023.

In terms of the Companies Act, shareholders will also have the opportunity to approve the FY24 Non-executive Directors' fees, detailed in Part 4, by way of a special resolution at this AGM.

We invite shareholders to engage with us prior to the 28 November 2023 AGM on any concerns or issues they may have regarding our remuneration policy or the implementation thereof. The company's Chairman, and the Chairman of the committee will be conducting their annual remuneration roadshow to major shareholders before the AGM. Shareholders can also engage with the company's Head of ESG, Strategy and Investor Relations: Lauren Turner, directly: lturner@growthpoint.co.za or +27 11 944 6346.

REMUNERATION REPORT (CONTINUED)

Part 1: Background statement and Chairman's message

The Board of Growthpoint Properties Limited (the company) and the Chairman of the committee have pleasure in presenting the company's remuneration report for the financial year ended 30 June 2023. Being the largest South African, JSE primary listed REIT, Growthpoint is regarded as the domestic industry leader which sets the local benchmark. This report sets out the company's current remuneration policy and the detailed implementation and disclosure of remuneration for Executive and Non-executive Directors.

The committee was guided by King IV when compiling this report. We also worked with our independent remuneration adviser, Bowmans, who replaced PwC on 1 March 2023 as well as additional specialist advisers, namely Investec Banking Corporate Finance (Investec) and ShareForce 360 Pty Ltd (ShareForce) to perform the independent calculations of the scorecard outcomes and the valuation of the share options, respectively. The committee is satisfied that their advice was independent and objective.

It is the first full year that the committee was chaired by Eileen Wilton (Chairman) and much of the work for the year built on what was put in place in prior years. Given the ever changing operating and macro-economic environment it is important for the committee to regularly review the KPIs to ensure that they remain relevant and achievable, but contain sufficient stretch to achieve a strong pay-for-performance outcome. This remains an ongoing consideration for the committee in the discharge of its duties and ensures that our remuneration principles and practices drive performance, fairness, transparency, consistency and alignment with shareholder returns.

Much work was done on the further formalisation of policies and processes, while making necessary adjustments to the share-based components of our remuneration model, which was supported by shareholders. As explained to shareholders last year, we have started a journey of a refreshed focus on KPIs and the link to company strategy. Additional focus on fair and ethical pay is planned for FY24, with biennial reviews conducted thereafter.

In recognition of the current significant challenges in relation to talent retention, we have placed increased attention on ensuring that the company's employee value proposition enables the organisation to attract and retain top talent. There remains a dichotomy in South Africa in that there is extremely high unemployment at the lesser skilled lower levels, but an ever increasing skills shortage at the senior levels. This means that the committee is required to apply its mind in a fair way to obtain the optimal outcomes for the organisation in the short, medium and long term, in relation to its reward mechanisms and KPIs.

The committee recognises that the implementation of Growthpoint's strategy will involve significant change in its skills requirements in the future, and as such we have a structured plan to obtain the necessary skills to manage change effectively. Our succession plans are in place and are regularly reviewed.

The committee has also embarked on a journey to enhance the company's high performance and ethical culture. We recognise that challenging KPIs and their strong linkage to reward underpin high performance. We regularly assess the culture and analyse leading indicators to determine how we can improve our employee value proposition. This year we introduced a new company value of Fair Play supported by an ethics strategy (see page 34).

The stress levels of our employees are of particular concern which is evidenced by higher sick leave days and more reliance on employee wellness support mechanisms. Emerging from Covid-19, our employees continue to face extreme challenges and uncertainty occasioned by the war in Ukraine, loadshedding, failure of service delivery, rising inflation and interest rates among others, which are causing further stress.

Given all the above, the committee endeavoured to ensure the consistent application of the company's remuneration policy, which was approved by our shareholders at the 2022 AGM.

Shareholder engagement and feedback

During November 2022, Growthpoint's Chairman and the committee Chairman, conducted the annual remuneration roadshow to major shareholders. We discussed the remuneration structure and the 2022 remuneration report was well received.

The total votes for the remuneration policy, and the implementation thereof, by our shareholders at our November 2022 AGM were pleasing, given the positive engagement during the roadshow, as well as our consistent approach to remuneration which demonstrates our ongoing commitment to the highest levels of corporate governance, transparency and disclosure.

Last three years' AGM voting outcomes

AGM	Remuneration policy	Implementation of the remuneration policy
29 November 2022	85.3% for (14.7% against)	84.3% for (15.7% against)
16 November 2021	83.1% for (16.9% against)	84.2% for (15.8% against)
8 December 2020	85.2% for (14.8% against)	76.0% for (24.0% against)

The committee considered shareholder suggestions on our remuneration policy and implementation and, where possible and appropriate, these have been implemented. The committee has and will continue to ensure that where changes have been made, these are properly implemented. Feedback received from shareholders during the remuneration roadshow and our response thereto, is set out below:

Key themes from the November 2022 remuneration roadshow

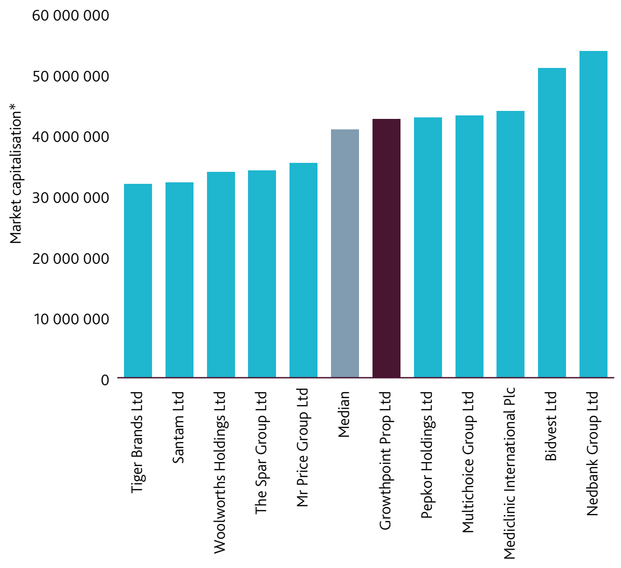
Feedback received	Response/action undertaken
Short-term incentives (STI)	
Disaggregate the DIPS measure into more measures, including property specific KPIs.	The committee considered this suggestion and has introduced vacancy and renewal growth KPIs for the FY24 scorecard, each with a 5% weighting.
Investors are not comfortable that we use our budget as the target for the absolute DIPS measure. They prefer that we provide DIPS guidance.	The committee recalibrated the targets as well as the ranges for threshold and stretch performance to ensure adequate stretch. The committee is satisfied that budgeted DIPS is the appropriate measure, in line with industry practice.
Introduction of a cost to income measure.	The committee has introduced a SA IFRS cost-to-income KPI for the FY23 and FY24 STI scorecards with a weighting of 5% and 3.5% respectively.
Holistically the non-financial measures should all be environmental, social and governance (ESG) measures.	Changes have been made to the FY23 scorecard with further changes anticipated for FY24.
The target for the transformation KPI cannot be a level 4 for our B-BBEE scorecard, given we are currently a level 1.	The committee has amended the FY23 scorecard for this KPI, level 1 is now the stretch, level 2 is the target and level 3 is threshold. For FY24 we have made subsequent changes.
Investors would like an increase in the weighting of ESG measures which are company specific.	The committee has increased the ESG weighting from 15% to 18% for the FY23 STI scorecard and from 10% to 15% for the long-term incentive (LTI) scorecard. A renewable energy KPI has been introduced with more company specific measures planned for FY25.
General	
Stretch targets need to be incentivising.	The committee has recalibrated the scorecards to ensure that stretch measures have enough challenge but are within reach of being achievable for exceptional performance and outcomes.
The market capitalisation benchmark is not comparable given the size and complexity of the peers, investors would like more property companies included, both local and international.	The committee has considered the market capitalisation benchmark together with advice from our remuneration adviser and is comfortable that it is an appropriate benchmark to use. The committee considered introducing international companies to the property comparator group and will assess this on an ongoing basis, and the timing thereof, as the company increases its international footprint in the medium to long term.
Investors would like a review of targets and KPIs.	The committee reviewed all targets and KPIs and have implemented certain amendments. This process will continue annually.

REMUNERATION REPORT (CONTINUED)

Market capitalisation benchmark

This measure is used for benchmarking Executive Directors' total remuneration, as well as Non-executive Directors' fees. The committee's policy is to change the market capitalisation comparator group every three years. This comparator group was updated in FY21 and was in place for FY23 (subject to outside factors e.g., mergers and delistings). The comparator group inclusion was based on a 30-day volume weighted average price (VWAP) as of 30 June 2020. Our methodology is to include the next six companies with a market capitalisation larger than Growthpoint and the next six companies with a market capitalisation smaller than Growthpoint, excluding mining and significantly non-comparable companies. The FY23 comparator group is consistent with the FY22 comparator group, except for PSG Group Limited and RMI Holdings Limited which have both delisted.

The comparator group consists of the following companies:



Provided by PwC who were the remuneration advisers at the time.

* *As at 30 June 2020.*

Based on the above methodology and calculated based on the 30-day VWAP as of 30 June 2023, the new comparator group for FY24 to FY26 consists of the following companies: Woolworths, Clicks, Pepkor, Old Mutual, Outsurance, Multichoice, Mr Price, Santam, Investec, Tiger Brands, Foschini Group and Life Healthcare.

Cash and deferred STI outcomes

STI awards for on-target performance were issued at a 75% participation ratio of total annual fixed remuneration (TFR). The weighting of Group to personal measures as well as the individual participation ratio differ for Executive Directors as per the table below.

STI relative performance measures are benchmarked against all companies in the FTSE/JSE SA REIT Index. Given that Emira Property Fund (Emira) changed its financial year end from 30 June to 31 March, its most recent results were for a nine-month period and as such are not comparable. The committee therefore decided to exclude Emira from the comparator group for this year.

To ensure the independence of the peer group calculations, the committee once again utilised the services of Investec Corporate Finance to perform the calculations for the relative performance measures, which were reviewed by Bowmans.

Income statement measures

Income statement measures account for 52.0% of the base scorecard. A total score of 62.47% was achieved.

Absolute DIPS growth measures Growthpoint's actual FY23 DIPS growth relative to the FY22 DIPS which was 155.6cps. Budgeted FY23 DIPS was 154.0cps, which was anticipated to be 1.03% less than FY22 DIPS. The committee recalibrated the threshold, target and stretch levels and the actual FY22 DIPS of 155.6cps was set as the target, with 0% DIPS growth over FY22. In previous years the budgeted growth of -1.03% would have been the target. The delta for threshold and stretch was also increased from 1% each to 1.5% each. Actual FY23 DIPS is 157.6cps, a 1.29% outperformance versus FY22, resulting in the achievement of performance between target and stretch at 142.8%.

	Participation ratio	Weighting of measure	Modifier	Actual weighted score	Weighting of personal measure	Actual score	Actual weighted score	Total score
Group CEO	75.00%	85.00%	119.13%	101.27%	15.00%	75.00%	11.25%	112.52%
CEO:SA	75.00%	85.00%	119.13%	101.27%	15.00%	78.00%	11.70%	112.97%
Group FD	56.25%	85.00%	119.13%	101.27%	15.00%	90.00%	13.50%	114.77%
Human Resources Director	37.50%	50.00%	119.13%	59.57%	50.00%	50.00%	25.00%	84.57%

The Group modifier of 119.13% based on the actual FY23 performance is as per the table on page 71. Due to the commercial sensitivities and confidentiality, the committee does not provide detail on the personal measures in this report. We can, however, assure stakeholders that targets are challenging, and the Executive Directors have made significant progress both in term of refreshing the company's strategy and identified focus areas, the implementation thereof and in managing the business in these unprecedented and challenging times.

Relative DIPS growth measures Growthpoint's actual DIPS growth relative to the actual DIPS growth of peers in the FTSE/JSE SA REIT Index. All constituents' DIPS growth, including Growthpoint's, is weighted by market capitalisation, with each constituent's weighting capped at 15.0% and ranked according to percentiles. Accordingly, Growthpoint's actual DIPS growth of 1.29% reduces to 0.19% when weighted, with Growthpoint ranked in the third quartile with a percentile rank of 61.5%, resulting in the achievement of performance between target and stretch at 123.0%.

A cost to income ratio measure at a targeted ratio of 33.5% and with a 5% weighting was introduced for FY23. The targeted ratio was the FY22 SA IFRS cost to income ratio, and a delta of 1% for both threshold and stretch targets were set. Growthpoint's FY23 cost to income ratio was 35.5% which is below threshold and as such a score of zero was achieved.

Balance sheet measures

Balance sheet measures account for 15.0% of the base scorecard and are focused on risk management, with a focus on balance sheet strength and liquidity. A total score of 17.61% was achieved. The ratio of secured to unsecured debt measure achieved a stretch score of 150%. The Group LTV of 40.1% was between threshold and target, the interest rate hedging and domestic credit rating measures scored between target and stretch, and the debt expiry profile measure was at target.

ESG measures

ESG-related measures continue to gain significant prominence among stakeholders and more specifically investors. ESG is a golden thread that is integrated in Growthpoint's operations and strategy, as such the ESG weighting on the base scorecard was increased from 15% in FY22 to 18% for FY23 and total score of 21.17% was achieved.

As we progress our 2050 carbon neutral strategy our focus on renewable energy is gaining momentum and the committee introduced a solar installation target for FY23. A target of 27.1MWp of installed solar power was set for FY23 with a delta of 3.7MWp for threshold and target. Growthpoint slightly exceeded the target with total installed capacity of 27.3MWp at the end of FY23.

The committee is proud of the level 1 B-BBEE score that the company achieved for the period, which is an endorsement of the company's commitment to transformation in line with its published transformation strategy. Given the mechanics of the B-BBEE scorecard, maintaining a level 1 score is not a given. The committee has recalibrated this KPI, and Growthpoint's target was adjusted from a level 4 in FY22 to a minimum level 2 B-BBEE score, thereby ensuring it has adequate stretch. In line with our transformation strategy and the importance thereof, we introduced two additional KPIs this year. One for the preferential procurement element of our B-BBEE scorecard and another for employment equity. A target of 41 was set for preferential procurement, being two points below the stretch target of 43, which is the maximum number of points a company can attain under this category, Growthpoint scored 42.16, thereby achieving between target and stretch for this element. A target of 7.0 was set for employment equity and Growthpoint scored below target with a score of 6.8.

We are once again pleased to be included, for the 14th year, in the FTSE/JSE Responsible Investment Index. Inclusion in the index is necessary to achieve on-target performance. To achieve stretch, Growthpoint would need to be a top 30 constituent, which it was not in this assessment period.

LTI outcomes

The LTI awards issued on 1 October 2020 had a three-year forward measurement period including FY21, FY22 and FY23. These awards were based on 75% of FY21's TFR and were issued at a Growthpoint share price based on 90-day VWAP of R13.32 at the date of issue. According to the scorecard on page 72, 71.34% of these awards will vest in October 2023.

Financial measures

Financial measures account for 90.0% of the scorecard. A total score of 59.94% was achieved.

Absolute total return (TR) measures Growthpoint's actual TR, net asset value (NAV) growth plus dividends over three years, relative to Growthpoint's weighted average cost of capital (WACC), calculated as the risk-free rate over three years plus 3%. Growthpoint's three-year TR was 10.7% relative to the WACC of 13.8%. As such Growthpoint was below threshold and achieved 0% for this measure.

Relative TR measures

Growthpoint's actual TR relative to the TR of peers in the SA REIT index (excluding Emira). All constituents' TR, including Growthpoint's, are weighted by market capitalisation, with each constituent's weighting capped at 15.0% and ranked according to percentiles. Growthpoint's actual TR of 10.7% (calculated on TNAV by Investec) reduced to a 1.6% weighted TR, with Growthpoint ranked in the third quartile with a percentile rank of 61.5%, resulting in performance between target and stretch at 123% for this measure.

Relative total shareholder return (TSR) measures Growthpoint's actual TSR, ie, share price movement plus dividends, over three years, relative to the TSR of peers in the SA REIT index (excluding Emira). All constituents' TSR, including Growthpoint's, is weighted by market capitalisation, with each constituent's weighting capped at 15.0% and ranked according to percentiles. Growthpoint's actual TSR of 17.9% (calculated by Investec using a 90-day VWAP) reduced to a 2.7% weighted TSR, with Growthpoint ranked in the second quartile with a percentile rank of 38.4%, resulting in performance between threshold and target at 76.8% for this measure.

ESG measures

ESG measures account for 10% of the scorecard with a score of 11.4% based on the average of the non-financial/ESG measures per the STI scorecards for FY21, FY22 and FY23. For more details refer to page 72.

REMUNERATION REPORT (CONTINUED)

Use of the executive retention scheme (ERS)

No ERS awards were granted in FY23 and the scheme will reach its end of life in 2027 when the last of the 2019 awards vest.

Annual fixed remuneration increases

In July 2023, increases were awarded to all performing employees (refer page 70).

Succession

Succession planning remains a major focus area for the committee. All Executive Directors' and Exco members' (jointly referred to as Executives) positions have been realigned and roles have been specified to ensure the execution of the company's strategy in line with the corporate structure. Employees have been placed in relevant positions for all Executive positions, and succession criteria have been identified for each position. A skills gap analysis has been conducted and development plans are being implemented where necessary. For those positions where the skills are not available internally, the position has been earmarked for external recruitment in due course. Our future focus is to improve on our EE numbers on executive and senior management positions.

Retention

We are acutely aware of our commitment to consistency and alignment with shareholder interests, as well as our responsibility to ensure that the remuneration of Executive Directors and key talent contributes to retention and motivation.

Areas of future focus

The committee will focus on the following areas:

- Fair and reasonable pay with a focus on addressing potential pay gaps, including a gender pay gap analysis
- Continued review of executive KPIs and scorecards to ensure targets obtain adequate stretch
- Company specific measures for the ESG elements of the scorecards including long term ESG measurements for the LTI scorecard that differ from those in the STI scorecard
- Retention
- Succession

Conclusion

We believe that the remuneration of Executive Directors for FY23 reflects the successful delivery of the company's strategy in a very challenging environment. The company's conservative financial risk management and business practices have proved their worth.

Despite the recalibration, as promised to shareholders, of some KPIs in terms of both their weighting and the deltas for stretch and threshold performance, there was no deviation from the policy that was approved by shareholders at the last AGM. The committee is satisfied that the remuneration policy fulfilled its objectives for FY23. The policy amendments with effect from FY24 shall further refine and improve this alignment. As such, the committee requests that shareholders support the remuneration-related resolutions at the AGM on 28 November 2023.

Signed on behalf of the Board of Directors

Eileen Wilton
Human Resources and Remuneration Committee Chairman

Part 2: FY24 Remuneration policy

Fair and reasonable pay

Growthpoint is committed to ensuring that its remuneration philosophy and policy is fair, responsible and aligned to all South African legislation as well as the "Equal Pay for Work of Equal Value" code of good practice. Central to this philosophy is the principle that overall compensation at Growthpoint is linked to performance at employee, business unit and company levels. At the beginning of each financial year, managers identify key performance objectives they want employees to achieve, and these are appropriately adjusted, if necessary, at half year to ensure alignment to the business strategy. Delivery against these objectives is assessed twice a year and the employee's TFR is reviewed annually. Based on the company and the employee's individual performance outcome, the result may lead to an increase in the employee's TFR and the award of a cash performance bonus.

Our pay for performance objectives are as follows:

- To attract, recruit, develop and retain the talent required to realise business goals
- To communicate and reinforce the values, goals and objectives of the company
- To engage employees in Growthpoint's success
- To reward employees for their achievement and their contribution to the company's performance
- To ensure that Growthpoint's remuneration is fair and competitive as measured through various remuneration surveys
- To promote our unique employee value proposition, which includes the creation of a performance-orientated and caring corporate culture, underpinned by our values

To realise our objective of being an employer of choice and to ensure that all our employees are continuously engaged, motivated and share in the company's success, we continue to make awards of zero-cost share options to all staff, excluding Executives, under the Growthpoint Staff Incentive Scheme (GSIS).

Growthpoint continues to make strides in ensuring that our total rewards contribute to making a significant improvement to the quality of life of our employees, especially those at lower-earning levels. Our goal is to ensure that all our employees are paid a living wage, defined as the minimum income necessary for a staff member to meet their basic needs. Growthpoint's philosophy on the living wage is to provide a level of income that enables our lowest paid employees to afford a modest but decent standard of living. This generally means that our employees should be able to afford food, shelter, clothing, utilities, transport, healthcare and childcare. In addition to fixed and variable pay, and awards made under the GSIS, there are benefits enjoyed by employees, which are solely paid for by the employer.

These benefits include:

- Admed Insurance gap cover, which covers employees' medical expense shortfalls
- Personal accident cover
- Dreaded disease cover
- Educational assistance for qualifying employees' dependants through our GEMS programme (refer to the ESG report)

Growthpoint values all its employees and strives to ensure that remuneration is structured fairly. Superior performance is encouraged and rewarded. We recognise that remuneration forms an integral part of our employee value proposition which enables us to attract, reward and retain the talent we need to meet the company's objectives. We are particularly proud of our GSIS and believe that the participation of all employees (excluding Executives) in the scheme, through the granting of zero-cost share options, helps us to create a culture of ownership in which employees are satisfied, engaged and motivated to perform to the best of their ability.

As a designated employer (an employer with 50 or more employees), Growthpoint is required by law, as regulated in the Employment Equity Act, to analyse the actual remuneration paid to all employees. This analysis is conducted annually to ensure that there are no disparities based on race, gender or arbitrary grounds and that differences are based on justifiable grounds as allowed for in law, for example scarce skills, experience and tenure. Growthpoint also provides a process to advise if gaps exist and how these are being or will be addressed. In terms of section 27(1) of the Employment Equity Act 55 of 1998 as amended, Growthpoint submits to the Department of Labour the income differential statement by 15 January annually.

Elements of remuneration

The organisation-wide remuneration structure provides for fixed and variable elements for Executives and all other employees.

Executive remuneration is made up as follows:

1. TFR comprising fixed remuneration and benefits.
2. Variable remuneration comprising short-term (STI) and long-term incentives (LTI):
   - STI: cash bonus which is awarded annually
   - Deferred STI (DSTI): deferred bonus, awarded in shares annually which vest equally over three years with no further performance measures
   - LTI: ERS with initial awards granted on 1 April 2014 with an eight-year vesting profile. This scheme was used for retention purposes with awards made on an *ad hoc* basis, but has now been phased out and the scheme will reach its end of life in 2027 when the last of the 2019 awards vest
   - LTI: conditional share plan, awarded annually, which has a three-year forward measurement period with 100% of the awards assessed for performance at the end of year three, with 70% of the shares vesting after year three and the remaining 30% of the shares vesting in year four with no further performance criteria since this has already been determined at the end of year three

REMUNERATION REPORT (CONTINUED)

Total fixed remuneration (TFR)

Fixed remuneration

Fixed remuneration is paid in cash.

Executive Directors' fixed remuneration is targeted at the market median of the comparator group (see page 60), while remuneration for key employees may be set at the upper quartile to ensure attraction and retention of high-performing talent.

Benefits

Competitive benefits for all employees include a defined contribution provident fund, medical aid schemes and life cover.

Company-paid benefits include personal accident, dread disease, approved medical gap cover, disability and death benefit cover.

Variable remuneration

Short-term incentive (STI) – cash bonus

For Executive Directors, performance measures for the STI include threshold, target and stretch targets, measured over a 12-month period. The performance measures apply to all Executives.

However, the weightings between Group and personal measures will vary from member to member, as well as the participation ratio.

The cash bonus under the STI scheme for Executive Directors is awarded at a maximum of 75% (FY23: 75%) of TFR for on target performance, based on the scorecard on page 71.

For all other employees, excluding executives, the annual cash bonus is determined by comparing individual performance to agreed performance objectives.

Group measure – 85% (FY23: 85%) of STI[(1)]

52% (FY23: 52%) income statement measures:

- 15.0% (FY23: 23.5%) Absolute DIPS growth relative to the budget which is set at the beginning of the financial year and is derived from a rigorous bottom-up budgeting process. A 2.0% (FY23: 1.5%) delta both up and down determines the modifier as follows:

Achievement against budget	Vesting level	Applicable modifier
More than 2% below budget	Below threshold	0%
2% below budget	Threshold	50%
Equal to budget DPS	Target	100%
More than 2% above budget	Stretch	Capped at 150%

(1) Group measures and personal measures are 50% each for the Human Resources Director.

Linear interpolation will be applied to determine the modifier between the threshold and target performance and between target and stretch performance.

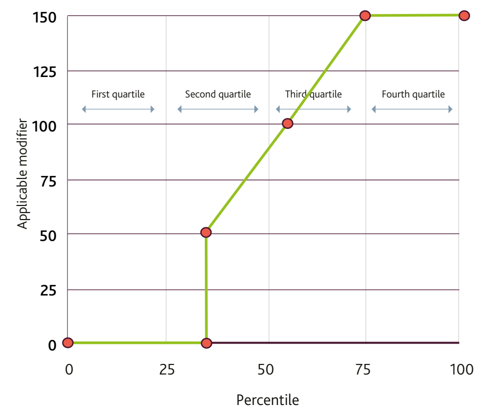
- 5.0% (FY23: n/a) RSA Vacancies with a target of 9.2% versus FY23 vacancies of 9.4% and a 1.0% delta for threshold and stretch
- 5.0% (FY23: n/a) RSA Rent renewal growth with a target of -12.5% versus FY23 rent renewal growth of -12.9% and a 2.0% delta for threshold and stretch
- 3.5% (FY23: 5.0%) SA IFRS cost to income measure with a target of the budgeted SA IFRS cost to income ratio of 36.7% with a 0.6% delta for threshold and stretch
- 23.5% (FY23: 23.5%) Relative DIPS growth, benchmarked to peers in the FTSE/JSE SA REIT Index. Constituents DIPS growth is weighted by market capitalisation, including Growthpoint, with all constituents capped at 15%, over a 12-month rolling period and is ranked according to percentiles as follows:

Percentile	Vesting level	Applicable modifier
< 35%	Below threshold	0%
35%	Threshold	50%
55% (FY23: 50%)	Target	100%
≥ 75%	Stretch	Capped at 150%

Variable remuneration continued

Short-term incentive (STI) – cash bonus continued

Short-term incentive (STI) – cash bonus (%)



Linear interpolation will be applied to the modifier between the threshold and target performance and between target and stretch performance.

15% (FY23: 15%) balance sheet measures:

Measure	Weight	Threshold	Target	Stretch	Delta
Group LTV	4.0% (FY22:3.0%)	43.0%	40.0%	37.0%	3% (FY22:5.0%)
Debt expiry profile	3.0% (FY22:3.0%)	2.5 years	3.5 years	4.5 years	1 year (FY22:1 year)
Interest rate hedging	2.0% (FY22:3.0%)	65.0%	75.0%	85.0%	10% (FY22:10%)
Secured vs. unsecured debt	3.0% (FY22:3.0%)	70% :30%	60%: 40% (FY22:70%:30%)	50%: 50%	+10%: -10%; -10% +10% (FY22:+10%:-10%; -10% +10%)
Domestic credit rating	3.0% (FY22:3.0%)	AA	AA+	AAA	n/a

REMUNERATION REPORT (CONTINUED)

Variable remuneration continued

Short-term incentive (STI) – cash bonus continued

18% (FY23: 18%[3]) ESG measures

Measure	Weight	Threshold	Target	Stretch	Delta
Environmental Renewable energy (MWp)	5.5% (FY23:5.0%)	36.30	40.00	43.70	3.7 (FY23: 3.7)
Social: Community Transformation B-BBEE score (points)	5.5% (FY23: 5.0%)	100 (level 1 minimum score)	101	102	1 (FY23: based on levels)
Social: Labour Employee engagement[1]	3.5% (FY23: n/a)	68.00%	72.00%	76.00%	4% (FY23: n/a)
Governance Ethics[2]	3.5% (FY23: n/a)	72.00%	76.00%	80.00%	4% (FY23: n/a)

[1] *Relative to the last employee engagement survey done by Deloitte in July 2021 with a platinum seal of achievement with an employee engagement score of 72.1% achieved. A survey will be conducted in FY24.*
[2] *Relative to the last ethics barometer done by GIBS in July 2021 with a 76.0% score achieved. A survey will be conducted in FY24.*
[3] *Additional 8% for FY23: 2.5% for transformation preferential procurement, 2.5% for transformation employment equity, 3% for sustainability.*

Personal measure – 15% (FY23: 15%) of STI[1]:

Delivery on strategy and specific personal targets and objectives.

[1] *Group measures and personal measures are 50% each for the Human Resources Director.*

Short-term incentive (DSTI) – deferred bonus, awarded in shares

All Executives receive a deferred bonus in the form of shares, vesting over a three-year period of one third annually, following the award date, with no further performance conditions.

The DSTI for Executive Directors is awarded at a maximum of 75% of TFR for on-target performance based on the scorecard, see page 71, and expressed as a number of Growthpoint shares with the issue price adjusted to account for expected future dividends using ShareForce's option pricing model.

The committee, in appropriate circumstances and to ensure fairness, applies its discretion to determine an appropriate cash and deferred bonus for executives, ensuring that both the quantum and the change in total STI from the previous year are not grossly misaligned with the overall performance of the company, always considering alignment with what shareholders have experienced over the same period.

Zero-cost options – under the GSIS

All Growthpoint employees, excluding Executives, are awarded zero-cost options annually under the GSIS that vest over a five-year period. The quantum is based on a target percentage of their TFR.

Target percentages are linked to market benchmarks and can be increased by approval of the committee for critical skills and individual retention.

The vesting profile allows for 0% of the awards to vest after year one, and 25% to vest in each successive year from year two, with the last vesting of each award taking place after five years.

Long-term incentive – executive retention scheme (ERS) awards under the GSIS

Executives and a limited number of key senior managers participated in the ERS as part of the GSIS. The ERS is a notional share purchase scheme which simulates a share purchase scheme that is half funded with debt. The initial options granted on 1 April 2014 have now vested and the scheme will reach its end of life in 2027 when the last of the 2019 awards vest.

No new awards will be made utilising this scheme, as retention has been catered for via the DSTI and LTI scheme.

LTI scheme awards under the GSIS

The LTI scheme gives Executives conditional rights to shares. It includes threshold, target and stretch targets and has a forward measurement period of three years with awards settled in shares. All awards prior to FY23 were subject to cliff vesting at the end of year three. From FY23, the 1 October 2022 awards, the LTI scheme became a four-year scheme as such the 1 October 2023/FY24 awards will vest as follows: 100% of the awards will be assessed for performance at the end of year three/FY26, 70% of the awards will vest in October 2026 and the remaining 30% will be deferred until October 2027, with no further performance conditions.

Variable remuneration continued

LTI scheme awards under the GSIS continued

The 1 October 2023/FY24 awards will be made based on a LTI award percentage of 75% (FY23:75%) of TFR on an at-grant expected value basis. The vesting percentage will be subject to the following three-year performance measures:

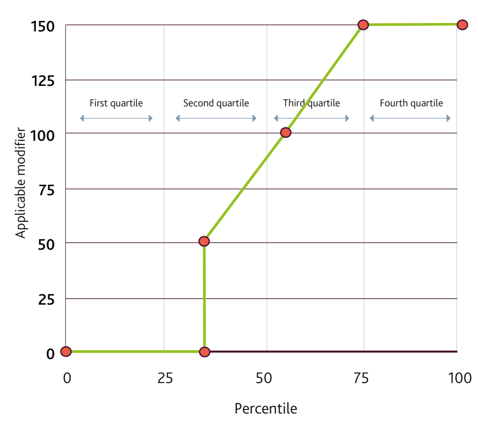
85% (FY23: 85%)[3] Financial

42.5% (FY23: 40.0%) relative TR[1] measured against peers in the FTSE/JSE SA REIT Index
42.5% (FY23: 40.0%) relative total shareholder return (TSR)[2] measured relative to peers in the FTSE/JSE SA REIT Index.

TR and TSR relative to peers in the FTSE/JSE SA REIT Index will be market capitalisation weighted, including Growthpoint, capped at 15%, over a 36-month rolling period and will be ranked according to percentiles as follows:

Percentile	Vesting level	Applicable modifier
< 35%	Below threshold	0%
35%	Threshold	50%
55% (FY23: 50%)	Target	100%
≥ 75%	Stretch	Capped at 150%

LTI scheme under the GSIS (%)



Linear interpolation will occur on the modifier between the threshold and target performance and between target and stretch performance.

15% (FY23: 15.0%) ESG

Average of ESG measures per the STI scorecards for FY24, FY25 and FY26.

The vesting percentage will be multiplied by the number of shares which constituted the award which can then be exercised.

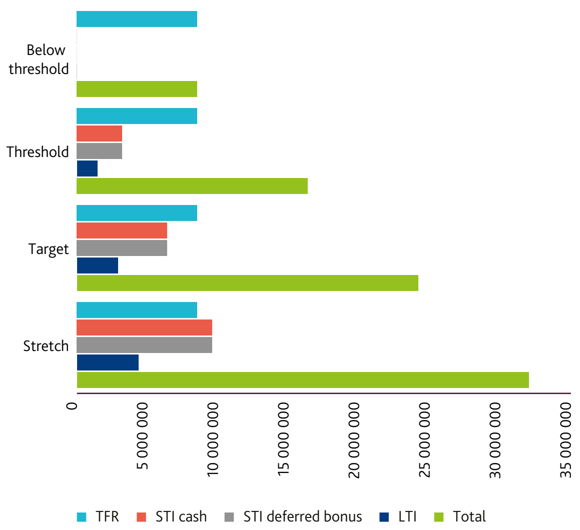
[1] *TR = (closing tangible net asset value per share (TNAVPS) – opening TNAVPS) + DPS for the period/opening TNAVPS. The TNAV is calculated by subtracting intangible assets and adding deferred tax liabilities to ordinary shareholders' equity.*
[2] *TSR = (closing 90-day VWAP – opening 90-day VWAP) + DPS for the period/opening 90-day VWAP. The VWAP is calculated with reference to the relevant company's last reporting date (whether interims or finals) and is calculated ex dividend.*
[3] *The 1 October 2023/FY23 awards had a 5% TR measure which has been removed from the 1 October 2023/FY24 scorecard.*

REMUNERATION REPORT (CONTINUED)

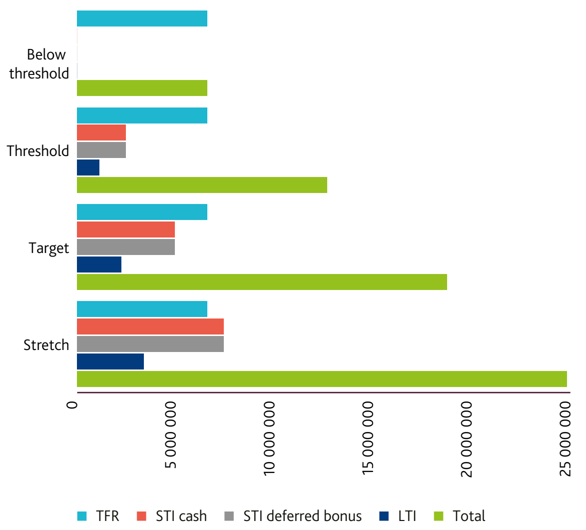
FY24 remuneration scenarios

The FY24 remuneration scenarios are depicted below using FY24 TFR and assuming the following:
- LTI vesting per the table of unvested awards on pages 74 to 76
- STI participation ratio for the cash and DSTI bonus portion of 75% each for the Group CEO and CEO:SA and 56% for the Group FD.

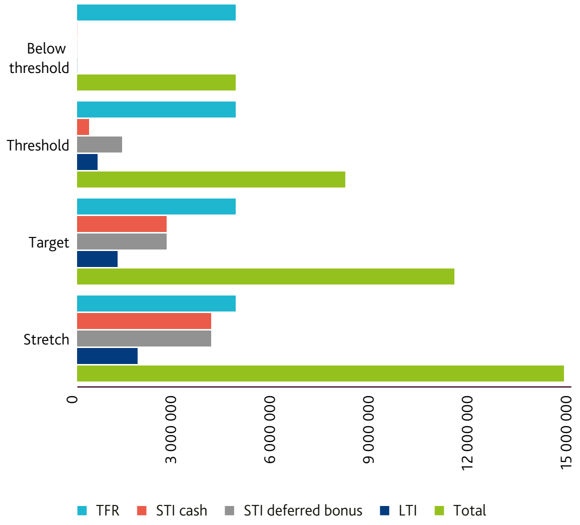
Group CEO FY24 remuneration scenarios (R)



CEO:SA FY24 remuneration scenarios (R)



Group FD FY24 remuneration scenarios (R)



GSIS

The first awards under the GSIS were made in 2008. The aggregate number of options/shares that may be awarded to participants over the duration of the GSIS is currently 75 million, representing around 2.2% of the issued shares of the company. As of 30 June 2023, 87.1 million shares had been awarded and 12.6 million forfeited by participants, leaving 0.5 million shares available for issue.

In the case of termination of employment, the GSIS provides for forfeiture of all unvested options. In certain instances, at the discretion of the committee, *pro rata* future vesting may be allowed (for instance in the case of retirement and death in service).

Service contracts

The Group CEO and CEO:SA have service contracts with Growthpoint which provide for the following:
- For the CEO:SA – an indefinite period of service, subject to the normal retirement age of 65 as per the company policy, with a reciprocal six months' notice of termination provision
- For the Group CEO – fixed term contract to 31 December 2024, which has been extended to 31 December 2026
- Paid "garden leave" for Executives at the company's discretion
- Unpaid restraints in relation to the company's clients, staff and corporate opportunities
- The KPIs against which the Executives are measured

The Group Financial Director has an employment contract which provides for paid "garden leave", restraint and reciprocal six months' notice of termination provisions.

Malus and clawback

Deferred bonus shares awarded to Executives, as well as shares awarded to Executives under the LTI scheme, are subject to malus and clawback provisions which are at the discretion of the committee. Malus will be applied to unvested or unpaid incentives and clawback will be applied to vested and settled incentives. Reasons for malus and clawback include:
- Gross misconduct of an Executive
- Material misstatement of the company's audited financial results

Earnings from independent subsidiary and associated company appointments

Executive and Non-executive Directors of Growthpoint may be, and are from time to time, appointed to serve on boards of independent companies in which Growthpoint has acquired strategic shareholdings. Such appointments are made with the approval of Growthpoint's Board. Non-executive Directors of Growthpoint who hold such Board positions are permitted to receive and retain Directors' fees paid to them by such subsidiaries or associated companies. Executives of Growthpoint so appointed shall fulfil their roles on the boards of such subsidiaries or associated companies as part of their executive responsibilities towards Growthpoint and any Directors' fees earned by them from such companies shall be payable to Growthpoint, except to the extent that the committee may from time to time decide otherwise (as is the case in respect of such fees earned from GOZ Board appointments). Fees earned from GOZ Board appointments are not included in this report. Details of the remuneration earned and/or received by Executive Directors, Non-executive Directors and other Executives for services rendered to independent subsidiaries and associated companies are reflected in note 25.4 of the FY23 AFS pages 72 and 73.

Executives are not permitted to hold external directorships in other publicly traded entities without the approval of Growthpoint's Board.

Minimum shareholding requirements

In line with shareholder feedback and to align our Executive Directors' interests with those of our shareholders and demonstrate their commitment to long-term growth, minimum shareholding requirements are in place as follows:

Executive Director	Number of shares as at 30 June 2023	Value of shareholding*	% of FY23 TFR	Minimum shareholding requirement FY23
LN Sasse	3 163 835	R36 890 316	457%	200% of TFR
EK de Klerk	3 576 862	R41 706 211	665%	150% of TFR
G Völkel	409 887	R4 779 282	105%	100% of TFR

* *Share price as at 30 June 2023: R11.66.*

REMUNERATION REPORT (CONTINUED)

Part 3: Implementation of FY23 Remuneration policy

Fixed remuneration adjustments

Salary increases were awarded with effect from 1 July 2023 and are applicable for the year ending 30 June 2024. The average rate of increases for Executive Directors was 5.38%. The average rate of increases for Exco members was 5.37% with no market adjustments for Executives. The salary increases for all other staff resulted in an overall increase in their salary costs of 7.28% or 6.15% exclusive of market adjustments.

Given there are no appropriate comparator companies in the property sector with the size and complexity of Growthpoint, benchmarking is challenging. Accordingly, in addition to the annual market capitalisation comparator group benchmarking, Bowmans prepares an annual regression analysis considering both TFR and total remuneration (TRem) earned by CEO's of property companies included in the FTSE/JSE SA REIT Index. This analysis was previously performed by PwC for the Group CEO, CEO:SA and Group FD, but for this year, only the Group CEO was included in the analysis as the most important indicator role. The analysis was done on an on-target remuneration basis by applying the FY23 policy disclosed in the FY22 remuneration report.

Based on the assessment of various regression factors which consider the size of the organisation and include aspects such as market capitalisation, distributable income, total debt and gross lettable area, a comparative ratio of a maximum of 150% was considered reasonable for TFR and TRem in the context of the complexity and international scope of Growthpoint's operations. Since Growthpoint's size is an outlier in the comparator group the regression results also have a naturally higher error margin which provides a further reason for the 150% tolerance range.

The results of the analysis are outlined below. Based on these results, the committee considered the below Compa-ratios to be acceptable.

Compa-ratio (on-target remuneration)	GROUP CEO TFR	TRem
FY23	**97%**	**137%**
FY22	117%	146%

FY23 STI outcomes (cash and DSTI)

Issued at 75% for on-target performance and in line with market practice, the issue price for the FY23 DSTI awards was adjusted to account for expected future dividends using ShareForce's option pricing model, resulting in a larger number of nil cost options being awarded than if the share price were used.

STI scorecards

Norbert Sasse/Estienne de Klerk/Gerald Völkel

KPI	Weight	Threshold 50%	Target 100%	Stretch 150%	Score	Quartile ranking	Modifier	Weighted modifier
Income statement	**52.00%**							**62.48%**
Absolute DIPS growth	**23.50%**	(1.50%)	0.00%	1.50%	1.29%	n/a	142.84%	**33.57%**
Relative DIPS growth	**23.50%**	25.00%	50.00%	75.00%	61.50%	3rd	123.00%	**28.91%**
SA IFRS total cost-to-income ratio	**5.00%**	34.50%	33.50%	32.50%	35.50%	n/a	0.00%	**0.00%**
Balance sheet	**15.00%**							**17.61%**
(1) Group LTV	**3.00%**	45.00%	40.00%	35.00%	40.10%	n/a	99.00%	**2.97%**
(2) Debt expiry profile	**3.00%**	2.5 years	3.5 years	4.5 years	3.5 years	n/a	100.00%	**3.00%**
(3) Interest rate hedging	**3.00%**	65.00%	75.00%	85.00%	77.70%	n/a	113.00%	**3.39%**
(4) Secured versus unsecured debt	**3.00%**	80:20	70:30	60:40	51:49	n/a	150.00%	**4.50%**
(5) Domestic credit rating	**3.00%**	AA	AA+	AAA	Fitch AAA Moody's Aa1	n/a	125.00%	**3.75%**
ESG	**18.00%**							**21.18%**
Solar installation	**5.00%**	23.40	27.10	30.80	27.32	n/a	102.97%	**5.15%**
Transformation B-BBEE Score	**5.00%**	Level 3	Level 2	Level 1	Level 1	n/a	150.00%	**7.50%**
Transformation preferential – procurement	**2.50%**	39	41	43	42.16	n/a	129.00%	**3.23%**
Transformation – employment equity	**2.50%**	6	7	8	6.84	n/a	92.00%	**2.30%**
Sustainability	**3.00%**	Excluded from FTSE/JSE RI Index	Included in FTSE/JSE RI Index	Top 30 constituent of FTSE/JSE RI Index	Included in FTSE/JSE RI Index	n/a	100.00%	**3.00%**
Group measure	**85.00%**						119.13%	**101.27%**
Personal measure	**15.00%**							**11.25%**
Delivery on strategy and specific personal targets*	**15.00%**						75.00%	**11.25%**
Total measure	**100.00%**							**112.52%**

Based on a 75% participation ratio for Norbert Sasse and Estienne de Klerk and 56% for Gerald Völkel.

* *Personal measures scores of 75% for Norbert Sasse, 78% for Estienne de Klerk, and 90% for Gerald Völkel.*

Olive Chauke

KPI	Weight	Modifier	Weighted modifier
Group measure	**50.00%**	119.13%	**59.57%**
Personal measure*	**50.00%**	50.00%	**25.00%**
Total measure	**100.00%**		**84.57%**

* *Based on a 38% participation.*

REMUNERATION REPORT (CONTINUED)

FY23 LTI outcomes for the 1 October 2020 awards that vested based on FY21, FY22 and FY23's performance

LTI scorecard

KPI	Weight	Threshold 50%	Target 100%	Stretch 150%	Score	Quartile ranking	Modifier	Weighted modifier
Total measure	**100.00%**							**71.34%**
Financial	**90.00%**							**59.94%**
Absolute total return	**30.00%**	12.80%	13.80%	14.80%	10.70%		0.00%	**0.00%**
Relative total return	**30.00%**	25.00%	50.00%	75.00%	61.50%	3rd	123.00%	**36.90%**
Relative total Shareholder return	**30.00%**	25.00%	50.00%	75.00%	38.40%	2nd	76.80%	**23.04%**
ESG	**10.00%**							**11.40%**
Sustainability	Average of non-financial measures per STI Scorecard for FY21 (16.82% out of 15%), FY22 (16.85% out of 15%) and FY23 (21.17% out of 18%)					n/a	114.03%	**11.40%**

Vesting outcome

	Number of LTI awards issued on 1 October 2020	Number of awards vested
Norbert Sasse	411 309	293 428
Estienne de Klerk	319 470	227 910
Gerald Völkel	173 083	123 477
Olive Chauke	45 008	32 109

FY23 LTI awards

These awards were granted 1 October 2022, based on the FY23 TFR, which was the TFR at the time of the award. 100% of the awards will be assessed for performance at FY25. 70% of the awards will vest on 1 October 2025, based on the actual performance as at 30 June 2025 and the remaining 30% will be deferred until 1 October 2026 with no further performance conditions.

Name	TFR FY23 R	LTI award R	Number of LTI shares allocated*	LTI as a % of FY23 TFR
Norbert Sasse	8 076 476	6 057 357	865 337	75.0%
Estienne de Klerk	6 267 188	4 700 391	671 484	75.0%
Gerald Völkel	4 557 471	2 563 577	366 225	56.2%
Olive Chauke	2 520 295	850 600	121 514	33.8%

* *Based on the clean 90-day VWAP at 30 September 2022 of R12.73, which was then adjusted to R7.00 to account for dividends over the period to vesting which will not accrue and expected performance outcomes.*

Executive Directors' FY23 total remuneration

In the table below, the cash STI and DSTI awards for FY23 are disclosed. The FY23 DSTI awards will vest equally in three tranches in FY25, FY26 and FY27 with no further performance measures. ERS awards which vested in FY23 are also disclosed as well as the vesting of the LTI awards, awarded on 1 October 2020, based on FY21, FY22 and FY23's performance.

Name	TFR FY23[(1)] R	TFR FY24[(1)] R	STI cash bonus[(2)] R	DSTI [(3)] R	LTI vesting[(4)] R	ERS vesting FY23 R	Cash STI and DSTI as % of TFR[(4)]	Total remun-eration FY23 R	Total remun-eration FY22 R	% change
Norbert Sasse	8 076 476	8 512 606	7 183 182	7 183 182	3 421 369	–	178	25 864 209	32 513 045	(20.45)
Estienne de Klerk	6 267 188	6 599 349	5 590 994	5 590 994	2 657 429	310 207	178	20 416 812	26 216 883	(22.12)
Gerald Völkel	4 557 471	4 812 689	3 106 725	3 106 725	1 439 747	726 617	136	12 937 285	14 307 867	(9.58)
Olive Chauke	2 520 295	2 648 830	839 994	839 994	374 388	34 227	67	4 608 898	4 733 048	(2.62)

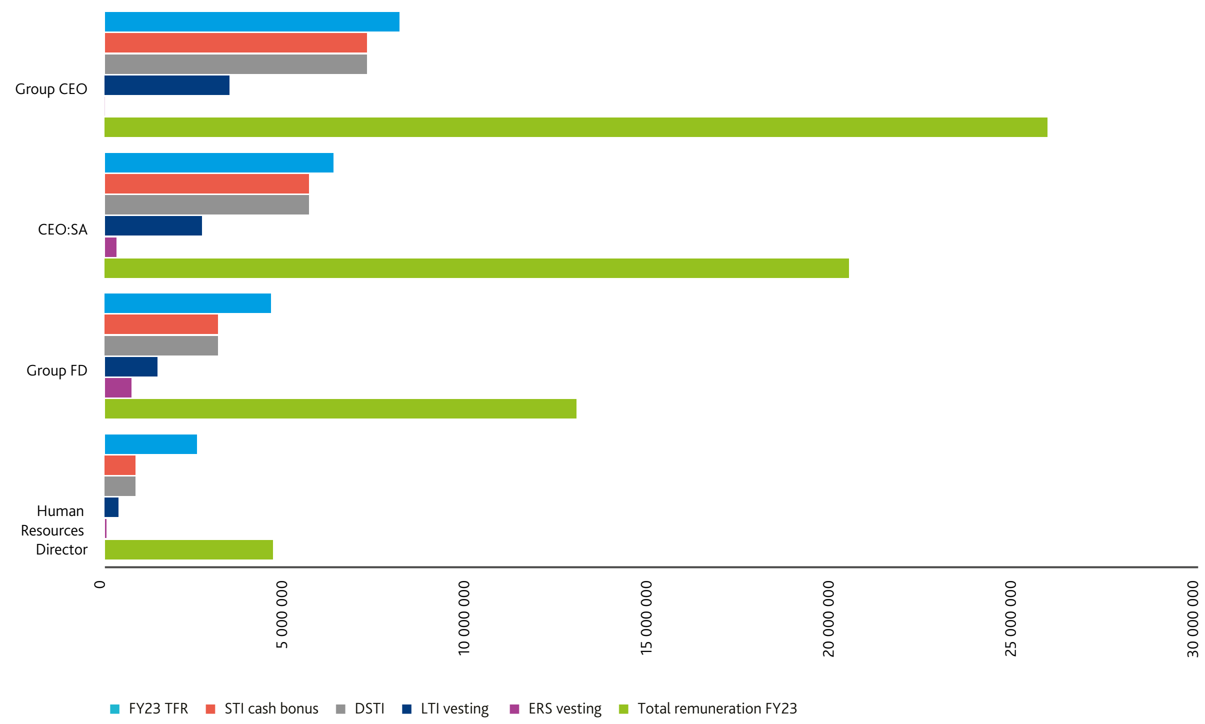
(1) *Excludes fringe benefits for dread disease, Admed gap cover and personal accident.*

(2) *Participation ratio of 75% of TFR at the time of the award for Norbert Sasse and Estienne de Klerk, 56% for Gerald Völkel and 38% for Olive Chauke with the ratio of Group to personal measures at 85%:15% for all Executive Directors except the Group Human Resources Director whose ratio is 50%:50%. Based on FY23 performance and the TFR at the time of the award and paid in cash in FY24.*

(3) *Participation ratio of 75% of TFR at the time of the award for Norbert Sasse and Estienne de Klerk, 56% for Gerald Völkel and 38% for Olive Chauke with the ratio of Group to personal measures at 85%:15% for all Executive Directors except the Group Human Resources Director whose ratio is 50%:50%. Based on FY23 performance and the TFR at the time of the award, awarded in shares in FY24 vesting equally over three years in FY25, FY26 and FY27.*

(4) *1 October 2020 LTI awards that vest at 71.34% on 1 October 2023 based on FY21, FY22 and FY23's performance valued at the closing price of R11.66 on 30 June 2023.*

FY23 total remuneration (R)



REMUNERATION REPORT (CONTINUED)

Executive Directors' single figure remuneration

The single figure remuneration is intended to enhance the transparency of Executive Director remuneration disclosure by consolidating all relevant information relating to current performance into a single table. This table provides a summary of all remuneration that was received or receivable for the FY23 reporting period with no further performance criteria, and all the remuneration elements that it comprises, where applicable, disclosed at fair value.

Name	TFR R	STI annual cash bonus R	DSTI one-third[1] R	DSTI – two-thirds[2] R	Total remuneration R
2023					
Norbert Sasse	**8 076 476**	**7 183 182**	**2 394 394**	**4 788 788**	**22 442 840**
Estienne de Klerk	**6 267 188**	**5 590 994**	**1 863 665**	**3 727 329**	**17 449 176**
Gerald Völkel	**4 557 471**	**3 106 725**	**1 035 575**	**2 071 150**	**10 770 921**
Olive Chauke	**2 520 295**	**839 994**	**279 998**	**559 996**	**4 200 283**
2022					
Norbert Sasse	7 648 178	9 215 754	3 071 918	6 143 836	26 079 686
Estienne de Klerk	5 940 463	7 171 810	2 390 603	4 781 207	20 284 083
Gerald Völkel	4 307 629	3 922 696	1 307 565	2 615 131	12 153 021
Olive Chauke	2 391 171	1 034 145	344 715	689 430	4 459 461

[1] *The DSTI comprises one-third of DSTI awarded in respect of FY23 that will vest a year after the award date with no further performance conditions.*

[2] *The DSTI comprises the remaining two-thirds of the DSTI awarded in respect of FY23 that will vest more than one year after the award date with no further performance conditions.*

Executive Directors' table of unvested awards and cash settlement

This table details all unvested and outstanding awards under the DSTI, LTI and ERS at FY23. It also details the cash value of all awards made under variable remuneration, DSTI and ERS awards that vested in FY23.

	Award date	Grant share price R	Opening number of shares on 1 July 2022	Granted during FY23	Vested and forfeited during FY23	Closing number of shares at 30 June 2023	Cash value of settlements during FY23 R	Estimated closing value at 30 June 2023 R
Norbert Sasse								
LTI								
FY20 LTI[1]	1 October 2019	23.12	236 965	–	(236 965)	–	1 457 638	–
FY21 LTI[2]	1 October 2020	13.32	411 309	–	–	411 309	–	3 421 369
FY22 LTI	1 October 2021	14.52	526 734	–	–	526 734	–	3 942 314
FY23 LTI	1 October 2022	7.00	–	865 337	–	865 337	–	6 358 149
STI								
DSTI awarded in shares								
FY19 DSTI	1 October 2019	22.53	121 249	–	(121 249)	–	1 429 526	–
FY20 DSTI	1 October 2020	12.26	337 172	–	(168 583)	168 589	1 987 594	1 965 748
FY21 DSTI	1 October 2021	13.98	305 587	–	(101 861)	203 726	1 200 941	2 375 445
FY22 DSTI	1 October 2022	9.81	–	939 424	–	939 424	–	10 953 684
Total			**1 939 016**	**1 804 761**	**(628 658)**	**3 115 119**	**6 075 699**	**29 016 709**

[1] *These awards vested on 1 October 2022 based on the FY20 LTI scorecard. Scored over FY20, FY21 and FY22.*

[2] *These awards vested post FY23 based on FY21, FY22 and FY23's performance, and as such are included in the Executive Directors FY23 total remuneration table on page 73 and valued at the closing share price as of 30 June 2023 at R11.66.*

	Award date	Grant share price R	Opening number of shares on 1 July 2022	Granted during FY23	Vested and forfeited during FY23	Closing number of shares at 30 June 2023	Cash value of settlements during FY23 R	Estimated closing value at 30 June 2023 R
Estienne de Klerk								
ERS								
FY16 ERS	1 September 2015	27.12	120 000	–	(60 000)	60 000	310 207	684 456
LTI								
FY20 LTI[1]	1 October 2019	23.12	184 055	–	(184 055)	–	1 132 177	–
FY21 LTI[2]	1 October 2020	13.32	319 470	–	–	319 470	–	2 657 429
FY22 LTI	1 October 2021	14.52	409 123	–	–	409 123	–	3 062 061
FY23 LTI	1 October 2022	7.00	–	671 484	–	671 484	–	4 933 795
STI								
DSTI awarded in shares								
FY19 DSTI	1 October 2019	22.53	93 123	–	(93 123)	–	1 097 920	–
FY20 DSTI	1 October 2020	12.26	259 551	–	(129 773)	129 778	1 530 024	1 513 211
FY21 DSTI	1 October 2021	13.98	237 354	–	(79 117)	158 237	932 789	1 845 043
FY22 DSTI	1 October 2022	9.81	–	731 071	–	731 071	–	8 524 288
Total			**1 622 676**	**1 402 555**	**(546 068)**	**2 479 163**	**5 003 117**	**23 220 283**

	Award date	Grant share price R	Opening number of shares on 1 July 2022	Granted during FY23	Vested and forfeited during FY23	Closing number of shares at 30 June 2023	Cash value of settlements during FY23 R	Estimated closing value at 30 June 2023 R
Gerald Völkel								
ERS								
FY17 ERS	1 September 2016	25.88	280 000	–	(140 000)	140 000	726 617	1 813 248
LTI								
FY20 LTI[1]	1 October 2019	23.12	86 422	–	(86 422)	–	531 603	–
FY21 LTI[2]	1 October 2020	13.32	173 083	–	–	173 083	–	1 439 747
FY22 LTI	1 October 2021	14.52	222 502	–	–	222 502	–	1 665 305
FY23 LTI	1 October 2022	7.00	–	366 225	–	366 225	–	2 690 874
STI								
DSTI awarded in shares								
FY19 DSTI	1 October 2019	22.53	42 213	–	(42 213)	–	497 691	–
FY20 DSTI	1 October 2020	12.26	125 216	–	(62 607)	62 609	738 137	730 021
FY21 DSTI	1 October 2021	13.98	129 085	–	(43 027)	86 058	507 288	1 003 436
FY22 DSTI	1 October 2022	9.81	–	399 867	–	399 867	–	4 662 449
Total			**1 058 521**	**766 092**	**(374 269)**	**1 450 344**	**3 001 336**	**14 005 080**

[1] *These awards vested on 1 October 2022 based on the FY22 LTI scorecard.*

[2] *These awards vested post FY23 based on FY21, FY22 and FY23's performance, and as such are included in the Executive Directors FY23 total remuneration table on page 73 and valued at the closing share price as of 30 June 2023 at R11.66.*

REMUNERATION REPORT (CONTINUED)

	Award date	Grant share price R	Opening number of shares on 1 July 2022	Granted during FY23	Vested and forfeited during FY23	Closing number of shares at 30 June 2023	Cash value of settlements during FY23 R	Estimated closing value at 30 June 2023 R
Olive Chauke								
ERS								
FY20 ERS	1 October 2019	22.42	275 040	–	(30 560)	244 480	34 227	2 151 539
LTI								
FY20 LTI[1]	1 October 2019	23.12	25 930	–	(25 930)	–	159 498	–
FY21 LTI[2]	1 October 2020	13.32	45 008			45 008	–	374 388
FY22 LTI	1 October 2021	14.52	65 872	–	–	65 872	–	493 016
FY23 LTI	1 October 2022	7.00	–	121 514	–	121 514	–	892 836
STI								
DSTI awarded in shares								
FY19 DSTI	1 October 2019	22.53	12 356	–	(12 356)	–	147 160	–
FY20 DSTI	1 October 2020	12.26	38 589	–	(19 293)	19 296	229 780	224 991
FY21 DSTI	1 October 2021	13.98	39 157	–	(13 052)	26 105	155 449	304 384
FY22 DSTI	1 October 2022	9.81	–	105 417	–	105 417	–	1 229 162
Total			**501 952**	**226 931**	**(101 191)**	**627 692**	**726 114**	**5 670 316**

[1] *These awards vested on 1 October 2022 based on the FY22 LTI scorecard.*

[2] *These awards vested post FY23 based on FY21, FY22 and FY23's performance, and as such are included in the Executive Directors FY23 total remuneration table on page 73 and valued at the closing share price as of 30 June 2023 at R11.66.*

Part 4: Non-executive Directors' remuneration

The following principles apply to the remuneration of Non-executive Directors:

- The fee structure is recommended to the committee by Executive Directors with input from independent remuneration specialists
- Fees are structured as an annual retainer component plus an attendance fee for scheduled meetings
- Fees are reviewed annually and changes are proposed at AGMs for approval
- Fees are benchmarked annually to the same comparator group used for Executive Directors

The FY23 comparator group is disclosed on page 60:

- The remuneration of Non-executive Directors is targeted between the median and the upper quartile of the comparator group given the level of responsibility, time and competence required, complexity of the business, Growthpoint's growing international footprint and size
- Non-executive Directors do not participate in the company's annual bonus plan or in any of its long-term incentive plans
- None of the Non-executive Directors has a contract of employment with the company. Their appointments are made in terms of the company's Memorandum of Incorporation (MOI) and are confirmed at the first AGM of shareholders following their appointment, and thereafter at three-yearly intervals when they retire by rotation in terms of the MOI
- Annual assessments of independence and performance are conducted in respect of the Non-executive Directors, details of which can be found on page 40

Policy statements on Non-executive Director fees

1. The attendance fees for scheduled meetings shall be as agreed by shareholders on the Board's recommendation, at the annual AGM.
2. Each Non-executive Director will be obliged to attend, without compensation, the first two unscheduled meetings in any financial year, whether these are Board meetings or committee meetings.
3. The Board's annual off-site strategy conference, whether spanning one or more days, will be regarded as one Board meeting, and will be remunerated on that basis.
4. The Audit Committee meeting each year to review and approve the company's IAR, shall be regarded as a scheduled meeting and committee members in attendance shall be remunerated accordingly.
5. Subject to point 2 hereof, for an unscheduled meeting involving the Board or any meeting that lasts for more than one consecutive day, the respective attendance fees shall be paid for each day.
6. Subject to points 2 and 5 above, attendance at meetings of any special-purpose committee appointed by the Board *ad hoc* shall be remunerated on the basis applicable to an existing committee whose purpose most closely relates to that of the special-purpose committee.
7. In the case of unscheduled meetings and other services rendered to the company in their capacity as a Non-executive Director outside of scheduled meetings which require less preparation and attendance time than a scheduled meeting, the fee payable shall be reduced commensurately.
8. Fees for special assignments shall be set to the meeting fee for the first day of the services rendered, and the fee for all subsequent days related to rendering the services shall be determined on the basis of the time requirements as provided for above. Travel time for long distance travel (flights in excess of four hours duration) may also be included in the aggregate time to be considered. These assignments include any shareholder engagement required or property due diligence inspections. Travel and fares and reasonable subsistence shall be in line with Growthpoint's relevant policies as they apply to Executive Directors.

REMUNERATION REPORT (CONTINUED)

The following fees are proposed for FY24 for Non-executive Directors at an average increase of 5.5%:

Schedule of retainer fees and fees payable per meeting

	FY24 R	FY23 R
Basic fee (pa)		
Chairman	**896 700**	896 700
Deputy Chairman/Lead Independent Director	**206 000**	195 800
Director	**76 500**	72 700
Attendance fee (x5)		
Board		
Chairman	**267 500**	254 300
Director	**85 700**	81 500
Audit Committee (x5)		
Chairman	**80 300**	76 300
Members	**57 000**	54 200
Risk Management Committee (x4)		
Chairman	**71 500**	68 000
Members	**48 000**	45 600
Property and Investment Committee (x4)		
Chairman	**80 300**	76 300
Members	**57 000**	54 200
Social, Ethics and Transformation Committee (x4)		
Chairman	**62 200**	59 100
Members	**39 400**	37 500
Human Resources and Remuneration Committee (x4)		
Chairman	**71 200**	67 700
Members	**47 800**	45 400
Governance and Nomination Committee (x4)		
Chairman	**62 200**	59 100
Members	**39 400**	37 500

Actual fees paid to Non-executive Directors for FY23

The fees paid to Non-executive Directors for FY23 were on the basis presented in the tables on page 73 of the AFS as approved by the committee and by the Board, on authority granted by shareholders at the AGM held on 29 November 2022.

	FY23 R	FY22 R
FM Berkeley (Property and Investment Committee Chairman, Audit Committee, Human Resources and Remuneration Committee, Governance and Nomination Committee)**	**1 646 500**	1 670 500
R Gasant (Board Chairman, Risk Management Committee, Governance and Nomination Committee Chairman, Human Resources and Remuneration Committee)**	**3 277 200**	2 768 550
M Hamman (Audit Committee Chairman, Governance and Nomination Committee, Property and Investment Committee, Human Resources and Remuneration Committee)[(2)]	**1 319 300**	869 550
SC Hayward[(5)]**	**–**	697 600
KP Lebina (Risk Management Committee, Audit Committee and Social, Ethics and Transformation Committee)[(3)]	**1 008 600**	937 100
JF Marais[(5)] **	**–**	2 014 946
PS Mngconkola (Social, Ethics and Transformation Committee, Property and Investment Committee)[(1)]	**382 750**	941 900
NBP Nkabinde (Social, Ethics and Transformation Committee, Human Resources and Remuneration Committee)[(1)]	**365 150**	892 100
CD Raphiri (Social, Ethics and Transformation Committee, Property and Investment Committee, Audit Committee)[(4)]	**1 009 600**	317 800
AH Sangqu (Lead Independent Director, Social, Ethics and Transformation Committee Chairman, Audit Committee, Governance and Nomination Committee)	**1 260 700**	1 258 000
JA van Wyk (Risk Management Committee Chairman, Property and Investment Committee, Governance and Nomination Committee)**	**1 173 200**	1 389 700
EA Wilton (Human Resources and Remuneration Committee Chairman, Governance and Nomination Committee, Risk Management Committee, Social, Ethics and Transformation Committee)[(3)] **	**1 165 100**	616 800
Total	**12 608 100**	14 374 546

[(1)] Retired from the Board at the AGM on 29 November 2022.
[(2)] Appointed to the Human Resources and Remuneration Committee on 1 December 2022.
[(3)] Appointed to the Social, Ethics and Transformation Committee on 1 December 2022.
[(4)] Appointed to the Property and Investment Committee on 1 December 2022.
[(5)] Retired from the Board at the AGM on 16 November 2021.
*** FM Berkeley, R Gasant, JC Hayward, JF Marais, JA van Wyk and EA Wilton received additional fees of R258 500 (FY22: R0), R508 600 (FY22: R324 800), R0 (FY22: R64 200), R0 (FY22: R624 821), R54 200 (FY22: R0) and R135 400 (FY22: R0) respectively for their participation in ad hoc meetings which are included in the above table.*

In addition to the above meetings, Non-executive Directors attended one special Human Resources and Remuneration Committee meeting, one special Audit Committee meeting and one special Property and Investment Committee meeting for which they were not remunerated.

OUR BUSINESS IN CONTEXT

In FY23, property fundamentals in the South African market were affected by various challenges in a tough macro- and micro-environment, and delivered mixed results based on regional location and sector.

CONTENTS

GROUP CEO'S REVIEW

Growthpoint performed well and successfully achieved our planned outcomes in a year that was tougher than expected.

THE PROGRESS MADE IN GROWTHPOINT'S CO-INVESTMENT **strategy** WAS A SIGNIFICANT HIGHLIGHT.

GIP AUM

R17.9bn

Our 1.3% increase in DIPS reflects the muted growth that we had forecast for FY23.

This solid performance was delivered against a backdrop of rapidly rising interest rates worldwide, South Africa's struggling economy and extreme levels of loadshedding that affected diesel costs and severely impacted operations.

However, our strategy with its varying elements, is designed to combat many of these challenges. Increasing our exposure to offshore markets diversifies our investment away from the low-growth South African environment, while growing GIP and simultaneously optimising our South African portfolio reduces our exposure to the country's traditional commercial property sectors. The latter action also responds to structural changes in the office and retail markets. We made incremental progress on all our strategic thrusts.

Growthpoint has clearly signalled to the market that, in the prevailing capital-constrained environment, progress on our strategies will be incremental, rather than exponential. This will remain the case for the foreseeable future.

> We expect FY24 to be a challenging year and have strategies and initiatives in place to manage and mitigate the macro and micro challenges in our markets, and to further underpin the stability of our business and the predictability of our performance.

The high interest rate environment is a global factor so even our international investment strategy to diversify our portfolio away from South Africa's weak fundamentals could not shield us. Interest rates are elevated in almost every market worldwide and this has affected all our international investments. The extent to which each was impacted varied, based on their quantum of debt, percentage of hedging and local valuation dynamics.

Our strong balance sheet reflects our conservative financial management, and we continued to focus on, and adhere to, our rigid treasury policies and balance sheet metrics. Even after refinancing our significant Eurobond with Euro-debt facilities from local and international banks, Growthpoint has good liquidity.

In the current capital-constrained environment, self-funding is a key focus. Together with our asset sales, we will continue to apply a reduced payout ratio to our dividends for the foreseeable future to fund our capex and development pipeline. We have retained our dividend payout ratio for FY23 at 82.5% of DIPS.

Property values in the South African portfolio increased by 2.4%. The Group LTV increased to 40.1% on the back of the lower GOZ property valuations. The SA Group LTV remained fairly stable. Elevated interest rates and bond rates, if persistent, will put ongoing pressure on valuations and thus LTVs.

Most listed property companies around the world find themselves trading at significant discounts to NAV, linked to their interest rate cycles. All three of our listed international investments are trading at significant discounts to their NAVs. Should the interest rates trend reverse, there will automatically be a correction that will see listed property prices rise toward NAV.

Besides interest rates, our performance in South Africa was symptomatic of weak economic fundamentals across the country. In conjunction with work-from-home trends in the office sector and online sales in retail, these fundamentals affected all the different sectors we are exposed to.

Optimising our South African portfolio

In our efforts to continue optimising our South African portfolio, we have disposed of 29 properties for R1.5bn. We also reduced our investment in GHPH by R500m (post antecedent R487m), taking our holding closer to our long-term investment target level.

Disposals continued at the same trajectory established over the past three years and, given the liquidity constraints of the market, we are pleased with this progress. We intend to focus on office disposals going forward.

As part of this optimisation strategy, we reinvested into the local portfolio, rotating capital into high-demand industrial assets and away from the oversupplied office market. We also increased our exposure to the outperforming Western Cape market and reduced our exposure to the less favourable Gauteng market.

Growthpoint furthered its aim of growing a modern, green commercial property portfolio for South Africa by increasing our investment in solar plants and electricity generation capacity.

The remarkable recovery of the V&A Waterfront continued this year, and its standout performance was a clear highlight. All signs point towards strong performance in the year ahead, albeit off a high base.

Another highlight has been the continued investments in our portfolio. We have refreshed several retail assets and selectively developed new logistics properties. While the office sector still lags the others, we are transforming these assets to ensure flexibility, and adding amenities for clients in the evolving work environment. We recognise tenants' shifting needs and understand that offices can no longer follow a one-size-fits-all approach. Our recent refurbishment of 1 Sandton Drive, as well as our own offices in the building, are blueprints for the customised products that we can provide tenants.

International expansion

Growing our offshore investment in increments, Growthpoint invested additional capital in C&R and GWI with scrip dividend alternatives. Subsequent to year end, and following our underwriting of the GBP25m equity raise for the acquisition of The Gyle shopping centre in Edinburgh, we increased our investment in C&R to 67.6%.

GROUP CEO'S REVIEW (CONTINUED)

Our international investments and subsidiaries were all exposed to the global interest rate environment, although each to an extent based on their debt levels and interest rate hedging. Increased interest rates challenged property valuations and access to debt and equity capital as well as distributable income.

GOZ had a good year and its results were boosted by once-off income items. The Australian economy remains more resilient than South Africa's, although growth is under some pressure and asset values were written down by 6.5% on a like-for-like basis over the year, primarily due to write-downs in the office portfolio. The impact of work-from-home trends on the office sector is also less pronounced in Australia than in South Africa and CEE. However, the office market, to which 65% of GOZ's portfolio is exposed, is still underperforming compared to the other two commercial property sectors. Market conditions were therefore not conducive to growing the recently acquired Fortius funds management business. GOZ anticipates lower FFO per share and dividends per share in FY24, primarily due to interest rates increasing the cost of new and unhedged debt.

GWI also has high exposure to the office sector, and while business process outsourcing (BPOs) have supported the office markets in Poland and Romania in past years, this appears to be tapering off. As a result, vacancies are rising, mainly in Poland's secondary markets, but also in the Bucharest office market. Pressure on rental renewals and incentives is evident but the portfolio is experiencing annual rent increases of between 8% and 9% in line with the Harmonised Index of Consumer Prices. Most of GWI's funding is fixed and in the debt capital markets, so interest rates have not had a profound impact on its bottom line. Only incremental new debt is at higher rates. The management team is focused on liquidity and balance sheet management and has no major refinancing risk until FY25.

C&R had a good year operationally and resumed growth post-period with its strategic asset acquisition. Its LTV stabilised at 37% and it showed modest growth in DIPS and dividends. The acquisition of The Gyle shopping centre in Edinburgh is an earnings-enhancing transaction, even though the equity raised to fund the transaction was at a discount to NAV. Building scale, while not easy in the current market, will remain a focus. C&R's exposure to rising interest rates is limited as all its debt is fixed. Thus, its interest costs remained stable. This is likely to be the case again in FY24.

Growing income streams from GIP

We strategically advanced the gradual growth of the GIP funds under management, raised additional capital and introduced a significant new investor.

GIP remains focused on achieving its target of R30bn of AUM by the end of FY27. This increase will come from growing existing funds and launching a new fund by FY25.

Over the past year GIP's AUM grew by 14.7% from R15.6bn to R17.9bn. GHPH acquired its first healthcare warehousing and distribution asset, tenanted by Adcock Ingram. We increased our investment in Lango, sold 15% of the GHPH Manco and disposed of R500m (post antecedent R487m) of our convertible loan in GHPH.

GHPH performed well, increasing its DPS by 8.2%. As an equity investor and fund manager, Growthpoint's returns from GHPH increased compared to FY22, but lowering our equity in the fund from 55.9% to 39.1% decreased its overall financial contribution. GHPH remains conservatively geared with a good growth pipeline. Opportunities are, however, taking longer to convert.

GSAH's first full financial year of operation was marked by significant growth of AUM. The development of two new properties for the 2023 academic year resulted in the number of beds increasing from 4 979 to 6 443. GSAH's acquisitions increased its AUM from R2.2bn to R2.7bn. It has a significant growth pipeline and equity raising is ongoing. While a rental guarantee over the portfolio shielded it from the funding challenges in the National Student Financial Aid Scheme (NSFAS) segment of the student market in FY23, the issue, if not resolved, will pose a challenge in FY24, primarily at some of GSAH's Pretoria properties.

Lango is performing solidly at an operational level but still below expectations. Its contribution to Growthpoint was disappointing because of structural challenges that included higher interest costs, the inability to externalise funds from Nigeria, and Mauritian regulations impacting Lango's ability to pay dividends.

Overall, GIP provides opportunities that are well-suited for social impact investors while the healthcare and student accommodation sectors inherently contribute to societal good.

Environmental, Social and Governance

Our environmental commitment and social responsibility are business imperatives for Growthpoint, and we have done well to progress these efforts.

> Growthpoint diligently implements its ESG commitments via our South African business operations and portfolio. You can find more information on this throughout this report and in our dedicated ESG report.

Our ESG and business performance are well aligned, and our executive remuneration now carries a greater emphasis on ESG achievements. For our FY23 STI scorecard, the weighting for ESG KPIs was increased from 15% to 18%, and for the LTI scorecard for awards granted in FY23, the weighting was increased from 10% to 15%.

Our fully refreshed Board adds valuable support to the business, with the talent of its members and its contribution to our transformation goals.

We remain dedicated to improving diversity at the executive level, which has been measured due to limited staff turnover. This year, we appointed two individuals from designated groups to the Group Exco.

We've made management changes to align skills with our strategic goals. These adjustments mainly focus on supporting GIP's growth and promoting employment equity, transformation and diversity. Growthpoint continuously updates its detailed succession plan, identifying key individuals for crucial roles and assessing their readiness for growth opportunities.

We established and agreed a globally aligned approach to materiality that incorporates both financial and impact materiality, or double materiality, across our reporting suite. For our FY23 reports, we reviewed these material matters for Growthpoint's integrated annual report (IAR) and ESG report at an independently facilitated workshop with management representatives from across the business. This ensures our reporting is valid and follows the latest developments in global reporting standards.

Growthpoint made a significant stride on its ESG journey by launching its ESG Impact Council in June 2023. Comprised of senior members for key functions and ESG leads from every business unit, its goal is to ensure good stewardship and to support the Exco and Board committees, specifically the SET Committee and Human Resources and Remuneration Committee, in overseeing Growthpoint's environmental sustainability, ethical practices and social responsibility.

Our company strategy for long-term value creation is clearly articulated (see page 14) in this IAR, which highlights Growthpoint's most significant risks and opportunities together with the ESG factors that may influence our future performance.

Additionally, we have made sure our ESG report covers the key ESG effects on our South African operations, both good and bad, whether direct or indirect.

Both reports align with the latest global reporting standards informed by IFRS S1 and S2, TCFD and the JSE Sustainability and Climate Disclosure Guidance.

Our Board oversees sustainability matters, risks and opportunities, which are part of our governance process and are highlighted within the SET Committee's terms of reference. Our strategy focuses on reducing business risks and targeting growth in higher-potential markets. "Thrive" is our overriding ethos and expresses our indelible commitment to making a positive impact in all that we do. Prioritising our own sustainability goals assists our stakeholders to reach theirs. Our targets are set, measured, monitored and managed effectively, showing positive results in sustainability.

Our environmental commitment strategy highlights the importance of green technology and green buildings. Solar energy is a primary driver in achieving our carbon neutral goals while reducing dependence on fossil fuel-based energy sources and the electricity grid.

We must adopt a pragmatic approach because integrating solar energy into South Africa's failing electricity grid with ongoing loadshedding yields minimal results. We cannot accomplish our objectives alone, so it is crucial to collaborate with regulators to ensure a suitable regulatory environment for a sustainable energy solution in South Africa.

Real estate strategies are critical to many businesses' ESG targets. We aim to provide eco-friendly properties for our clients and work with them to reach shared goals.

Growthpoint's focus on sustainability helps attracting and retaining clients while supporting businesses and economies. We protect clients from business interruptions, such as loadshedding, by ensuring continuous power supply. Our actions thus support sustainability well beyond our own business.

Naturally, there are times when our business purpose is at odds with our environmental purpose; it is fundamental for a REIT to own well-let properties but the higher the occupancy, the more energy and other resources they consume. Furthermore, increased loadshedding necessitates the use of more diesel to maintain electricity supply for our tenants. Growthpoint strives to balance our environmental ambitions with our operational needs. This requires looking at our different businesses through various lenses that consider their unique circumstances and operating environments.

Achieving our goals is challenging and time-consuming. It adds complexity, cost and risk to our business due to ever-changing regulations and standards. While we are property investors and managers at our core, our focus on sustainability has also led to us excelling in clean energy production and procurement, education, entrepreneur development, road infrastructure and more. Nonetheless, by addressing unique challenges and opportunities in the South African context, we are aware that our actions positively impact society.

Prospects

Growthpoint's capital allocation will continue to prioritise the incremental growth of our international investments, AUM by GIP and exposure to the better-performing industrial sector and Western Cape region.

The effect of higher interest rates for a full year will have a significant negative impact on FY24 DIPS. Across our global portfolio, we have 20.4% of our debt exposed to variable interest rates in various markets. Given the extent of the rise in interest rates, there will be a significant increase in expenses related to interest. Any global property company exposed to interest rates at this level is likely to experience impacts next year. With this in mind, we expect DIPS to decline by 10% to 15% for FY24.

Our focus remains on executing our strategy with sustainability and maintaining a strong balance sheet.

Norbert Sasse
Group CEO

GROUP EXECUTIVE MANAGEMENT

Norbert Sasse (58)

Group CEO
Joined Exco: 2017

BCom (Hons) (Accounting), CA(SA)

Skills and expertise: Corporate finance, capital markets, property and general management

Professional membership: SAICA, PPRA (Master Practitioner in Real Estate)

Estienne de Klerk (54)

CEO: SA
Joined Exco: 2017

BCom (Industrial Psychology), BCom (Hons) (Marketing), BCom (Hons) (Accounting), CA(SA)

Skills and expertise: Financial, general management, property and capital markets

Professional membership: SAICA, PPRA (Master Practitioner in Real Estate)

Industry body representation: Chairman of SAREIT Association

Gerald Völkel (63)

Group Financial Director
Joined Exco: 2017

BAcc, CA(SA)

Skills and expertise: Financial, tax and general management

Professional membership: SAICA

Olive Chauke (52)

Human Resources Director
Joined the Board in 2018 and resigned from the Board on 10 October 2023 and will serve her notice as an executive until 31 March 2024

BSoc Science, Advanced Programme in Strategic Management

Skills and expertise: Strategic and operational, human resources management and transformational leadership

Professional membership: Master Practitioner South African Board of People Practices

Engelbert Binedell (53)

COO
Joined Exco: 2018

BA(Ed), MBL

Skills and expertise: Skilled in all aspects of property management, asset management, property development

Professional membership: PPRA (Master Practitioner in Real Estate), GBCSA

Neil Schloss (52)

Head of Asset Management
Joined Exco: 2018

BSc Town and Regional Planning

Skills and expertise: 29 years' experience in the property industry with 26 years in retail property dealing with property developments, extensions, asset management, acquisitions and disposals, and disposals and due diligence

Professional membership: SACSC

Aasha Patel (51)

Group Treasurer
Joined Exco: 2023

BAcc, CA(SA)

Skills and expertise: More than 20 years' experience spanning financial services and treasury management

Professional membership: SAICA

Xolani Hlatshwayo (40)

Group Legal Counsel
Joined Exco: 2019

LLB, LLM

Skills and expertise: Mergers and acquisitions, corporate restructurings, real estate, funds management and capital raisings (debt and equity capital markets)

Professional membership: Legal Practice Council

George Muchanya (52)

Head of Growthpoint Investment Partners
Joined Exco: 2017

BSc Eng, MBA, CFEP (LBS), PLDL (Harvard)

Skills and expertise: Engineering, management consulting and the property industry.

Professional membership: SAIBPP

Lauren Turner (47)

Head of ESG, Strategy and Investor Relations
Joined Exco: 2017

BCompt (Hons), CA(SA)

Skills and expertise: Financial, financial markets experience including investor relations, stock exchange listings, depository receipts and fixed income sales and structuring, property experience, relationship management, business development, ESG and strategy

Professional membership: SAICA

Panico Theocharides (53)

Group Head of Investments
Joined Exco: 2023

B.Com (Hons), CA(SA)

Skills and expertise: More than 25 years' experience in the real estate investment and the investment banking advisory industries. Corporate finance and property advisory services.

Professional membership: SAICA

By invitation

Johan de Koker (59)

Company Secretary
Joined Exco: 2019

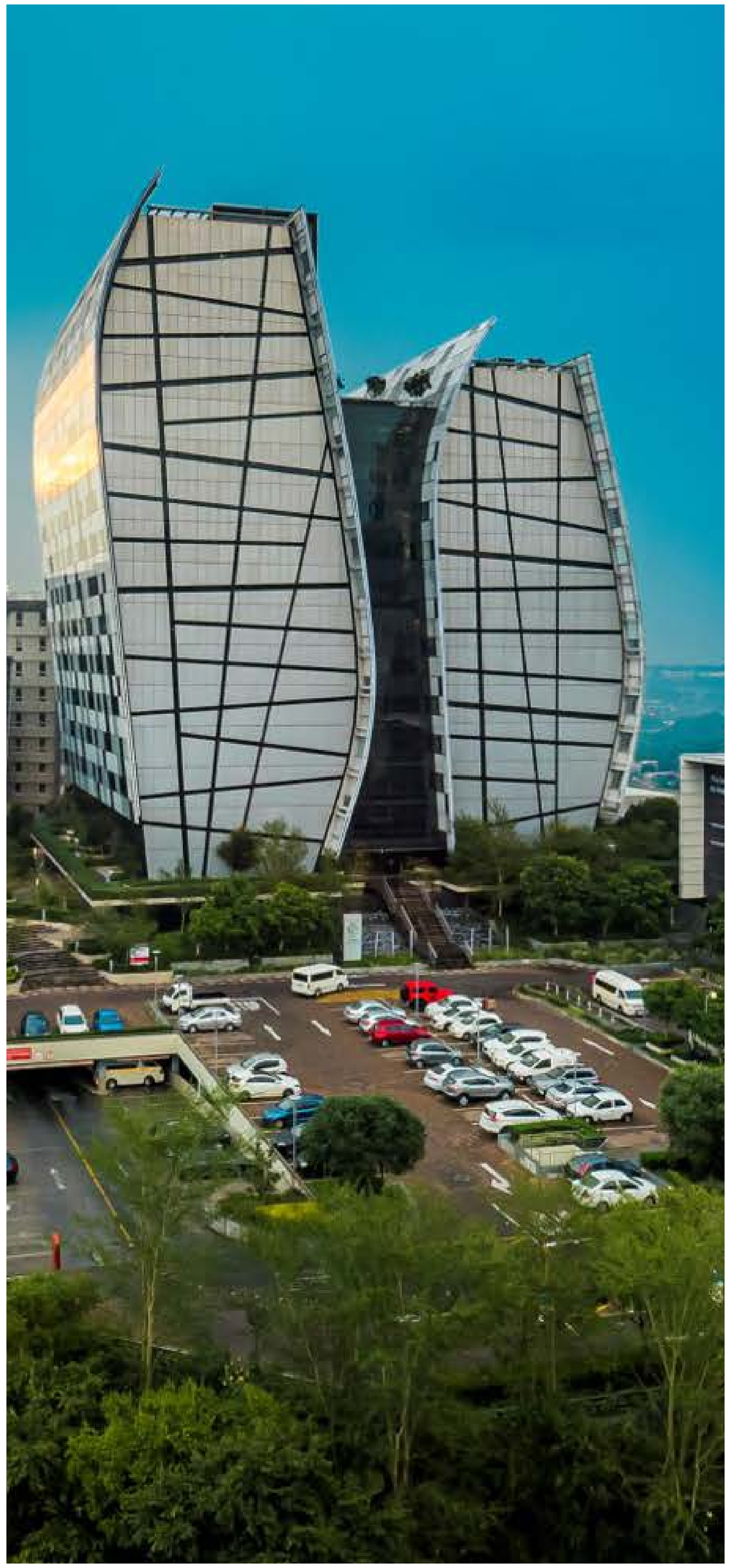
CIS, HDip Company Law

Skills and expertise: Company Secretarial

Professional membership: Chartered Governance Institute of Southern Africa

OPERATING CONTEXT

In FY23, property fundamentals in the South African market were affected by various challenges in a tough macro- and micro-environment, and delivered mixed results based on regional location and sector.



The challenges that faced the national economy included the energy crisis, higher inflation and interest rates, high unemployment, a weak currency and the global impacts of the ongoing Russia-Ukraine war.

Key economic indicators

The South African economy grew 2.0% in 2022, which was only 0.3% up on the pre-pandemic level. It expanded by 0.4% and 0.6% in Q1 and Q2 of 2023 respectively, narrowly avoiding recession. Positive mining and manufacturing data indicated that a modest gross domestic product (GDP) growth was likely, with only 0.3% growth expected for 2023 as a whole.

Interest rate increases in South Africa have been significantly lower than global hikes. In the year ended 30 June 2023, rates rose six times and by a total of 3.5%. However, the country has a history of high interest rates and corporates are used to operating in a volatile environment. Domestic bond markets have therefore remained open to quality issuers and, in certain instances, offered longer-dated paper at competitive rates. Nonetheless, the higher interest rates have increased the cost of floating and new debt resulting in reduced distributable income.

One of the challenges in capital markets has been the amendment to Regulation 28 of the Pension Funds Act, which increased the limit for offshore investment by retirement funds from 30% to 45% and resulted in an outflow of capital from the South African investment market. This will inevitably end and stabilise at a new base, introducing more opportunities to access capital. The outflows have also been somewhat abated by the weak Rand, as exchange rates have not made it attractive to externalise capital.

Growthpoint is a pioneer of alternative real estate asset classes in South Africa through our funds management business, Growthpoint Investment Partners. Given the advantages of unlisted REITs and the diversification they can add to an investment portfolio, we have seen an increase in interest in these types of investments. This is introducing new investors to the sector and our business.

Towards the end of FY23, inflation started decreasing. June 2023 saw consumer inflation fall below the South African Reserve Bank's 6% target limit for the first time since April 2022.

Despite this, retail sales data shows that sales fell for four consecutive quarters in FY23. This underscores a challenging consumer backdrop characterised by high debt, the increase in retail prices and poor consumer sentiment. Retail trade is under pressure, and retailers and shopping centres continue to innovate to find ways to attract and serve shoppers better.

OPERATING CONTEXT (CONTINUED)

Various data sources, including residential letting trends and figures from our own commercial portfolio, reveal that demand for rental space grew in Cape Town and KZN. Vacancies in Gauteng, on the other hand, remained under pressure.

Tourism grew by 152.6% in 2022 but remained 44.3% lower than 2019 levels. The improvement continued in the first six months of 2023 but there is still room for more growth. This indicates potential for further job creation and consumer spending growth in the tourism, hospitality and related retail sectors.

Signs of solutions to South Africa's energy crisis

The energy crisis continued to weigh on economic activity in FY23, with the impact of severe loadshedding leading to a deterioration in South Africa's near-term growth outlook as well as an increase in direct property costs. Water supply difficulties also continued to increase.

In the first six months of 2023, there was only one day without loadshedding and, in the 10 months from September 2022 to June 2023, there was a total of eight days without loadshedding.

The enormity of the electricity crisis is suppressing economic growth for all businesses, raising input costs and shortening business hours. The pressure this exerts on costs and contingencies in households and the public and private sectors is extreme.

In order to keep buildings and tenants' businesses powered up during power cuts, further backup solutions needed to be installed and more diesel burned to keep generators running for longer. This added a further cost burden to the property sector because not all diesel costs can be recovered from tenants. Managing diesel deliveries and generator maintenance also increased operational stress.

A positive impact of the energy crisis is the rapid increase in solar power generation capacity which is accelerating the transition to cleaner, greener energy. However, the increased demand for solar energy solutions in South Africa's property market and a surge in solar installations led to a bottleneck in the supply of materials and skills.

While still a daily occurrence in most areas, there was a reduction in rolling blackouts in the winter months of May and June 2023. This was partly due to the increase in self-generation by businesses and households in response to the energy crisis. According to Eskom data, the private sector has installed approximately 4 400MW of its own capacity. The improved availability of electricity was reflected in improved manufacturing numbers.

There are other positive signs that private sector intervention is contributing to a solution to the energy crisis too, but there is still a long way to go. Because this situation is a symptom of state capture, there is an urgent need to closely monitor and safeguard other areas of our economy and society that we know have also been affected by state capture, such as passenger and freight rail, ports and airports. In a consumer-driven economy that is a net importer of goods, and a country where tourism plays a key role and has major potential to contribute to much-needed growth, these sectors drive our economy. Further disruptions to the movement of people and goods would thus be devastating for South Africa.

The impact of inflated municipal rates increases

Municipalities continue to levy above-inflation cost increases while their service quality declines. Rates have escalated by more than 10.5% annually compounded over the past 10 years, also well above consumer price index (CPI). These factors have inflated the cost of doing business in South Africa for both landlords and their tenants, and contributed materially to the erosion of returns for property owners.

During this period, given the macro-economic environment in the country, rentals have been and continue to be under significant pressure. Objections to high municipal rate increases are disregarded and service requests go unanswered, but passing on more costs to tenants is difficult because the weak economy and loadshedding disruptions have placed businesses under financial strain. Increasing tenant costs could result in more business failures, higher vacancies and decreased investment.

The increases in utility costs and rates have coincided with a systematic deterioration in the quality of services that our municipalities provide, and the onus has been even more on property owners to ensure the sustainability of the services at their properties. All the while, municipalities have continued to levy the full costs of the services, further impacting owners' profitability. Examples of government services that property owners have had to deliver range from building highway off-ramps to providing water, electricity, refuse removal and much-needed security. These factors affect both returns and future rent levels considerably and have resulted in significant "margin squeeze" for the property sector.

The property industry continued to collaborate, lobby and engage on multiple levels to find ways to resolve the challenges of soaring municipal levies. These actions include SAPOA's latest initiative of engaging with the Minister of Co-operative Governance to limit the ability of municipalities to pass through double-digit increases in rates and taxes.

A challenging year for real estate

The operating environment has been challenging for the property sector, and this is likely to extend into FY24 and beyond.

ENTERPRISE RISK MANAGEMENT AND COMPLIANCE

2023 achievements

- Developing and establishing a risk management policy and strategy as well as a compliance policy and strategy to formalise risk management and compliance activities across the business
- Defining risk appetite statements to further embed risk management and compliance into Growthpoint's strategic priorities
- Establishing a risk management and compliance framework to standardise and mature risk management and compliance activities across the business

Risk management overview

Growthpoint has adopted the ERM approach to managing risks. ERM approach is a structured and holistic approach to identify, assess, treat and monitor risks. The aim is to reduce the likelihood and impact of all identified risks to enhance Growthpoint's ability to achieve our objectives. The ERM approach strives to achieve an appropriate balance between minimising the risks associated with any business activity and maximising the potential opportunities.

Growthpoint's ERM is designed to ensure a consistent and integrated approach to identifying, managing and mitigating risks throughout the organisation. Growthpoint uses the top-down approach to identify strategic risks at Board and Executive Management levels, while line managers and business units use a bottom-up approach to identify and monitor specific risks and report on risks to inform executive management's strategic view.

Growthpoint's ERM is supported by ISO 31000:2018 and ISO Guide 73:2002 principles

Growthpoint has a clearly defined risk management policy that demonstrates our executive management's commitment to managing risk. This policy outlines Growthpoint's intent and accountability for managing risks, and the roles, responsibilities, and reporting requirements for all stakeholders. We have a clear strategy that outlines our lines of risk reporting, risk management approach and philosophy.

Growthpoint has adopted the principles of the International Risk Management Standard ISO 31000:2018 and ISO Guide 73:2002 to establish its ERM. This framework is designed to ensure a consistent and integrated coordination of risk management processes across the business.

Embedding our ERM framework and establishing a risk culture

Growthpoint's ERM framework establishes appropriate risk information flow across the organisation on a timely basis and ensures that there are processes in place to escalate risk issues. We implement our ERM framework to embed the principles of effective risk management into day-to-day business operations. This framework further establishes a commonly understood language for risk that complements the organisation's culture and business practice.

Growthpoint identifies strategic and operational risks, as well as opportunities, through a structured internal risk process based on the ERM framework. The framework comprises six key elements: governance, context setting, risk assessment, risk treatment, risk monitoring and review and continual improvement. To operationalise and implement our risk management programme, Growthpoint follows the framework below:

Growthpoint adopted ERM framework

ENTERPRISE RISK MANAGEMENT AND COMPLIANCE (CONTINUED)

Growthpoint ERM description

Element	Description
Governance	The overall approach to directing and controlling the organisation's risk management activities through a well-defined risk management policy and strategy.
Context setting	Defining the external and internal parameters to be considered when managing risks.
Risk assessment	Identifying, analysing and evaluating risks.
Risk treatment	Selecting and implementing one or more of our mitigation strategies (treat, tolerate, transfer or terminate) to modify risk.
Risk monitoring and review	Ensuring that risks are managed effectively and reported to the relevant stakeholders.
Continuous improvement	Reviewing and enhancing risk management practices.

Risk governance

Governance describes the overall approach for directing and controlling Growthpoint's risk management activities. We have a well-defined risk governance structure with specific roles and responsibilities at various management levels.

Growthpoint's risk governance structure outlines how key ERM functions shall be organised within the organisation to ensure risk management is institutionalised and promotes a risk management culture. Growthpoint has established a risk reporting mechanism that ensures risk information flow is comprehensive and reported to the appropriate authority to manage.

The Board, which is ultimately responsible for risk management, has assigned this responsibility to the Risk Management Committee. The Board and Risk Management Committee reviews strategic risks and opportunities to ensure effective risk management oversight. The top strategic risks are tabled and deliberated at the Risk Management Committee on a quarterly basis. Operational and departmental risks are the responsibility of line management and are reported to the executive management.

Roles and responsibilities

Growthpoint risk governance structure

Risk governance structure

Board	• Retains overall responsibility and oversight of risk management and compliance • Delegates to Risk Management Committee to ensure effective management of risks	Oversight
Risk Management Committee	• Monitors risk and compliance matters and advises the Board • Receives regular assurance on the significant risks facing Growthpoint and actively ensures appropriate mitigations to address the top strategic risks have been identified by executive management	Oversight
Risk management and compliance function	• Custodian of Growthpoint's risk management programme • Drives ERM implementation throughout the organisation • Establishes the risk management tools, techniques and systems that shape our organisational risk management culture • Provides assurance that risks are being effectively managed on a quarterly basis assure to executive management and the Risk Management Committee	Assurance
Executive management	• Responsible for implementing and executing effective risk management • Identifies and assesses risks and the resulting opportunities • Reports quarterly on top strategic risks and emerging risks to the Risk Management Committee and Board	Overall risk management
Property sector heads and department heads	• Are accountable for the management of risks within their areas of responsibility • Maintain risk registers, identify mitigating controls, implement action plans, and operationalise risk management activities in their respective business unit • Table the top operational risks to the executive management quarterly	Overall risk management

Compliance overview

We are committed to ethical business practices that meet or exceed applicable laws, rules, codes and regulations, and have zero-tolerance for non-compliance. Growthpoint has developed a consistent approach to compliance and business ethics that creates loyalty and trust among its stakeholders.

Growthpoint has a clearly defined compliance policy that demonstrates the commitment of the executive management to consistently comply with and adhere to applicable laws, rules, codes and regulations. The policy outlines the roles, responsibilities and reporting requirements for all stakeholders. We also have a clearly defined compliance strategy that outlines our approach to, and philosophy of, compliance.

Growthpoint has adopted a risk-based compliance management programme that is based on the best practice standards and principles outlined in the King IV Report.

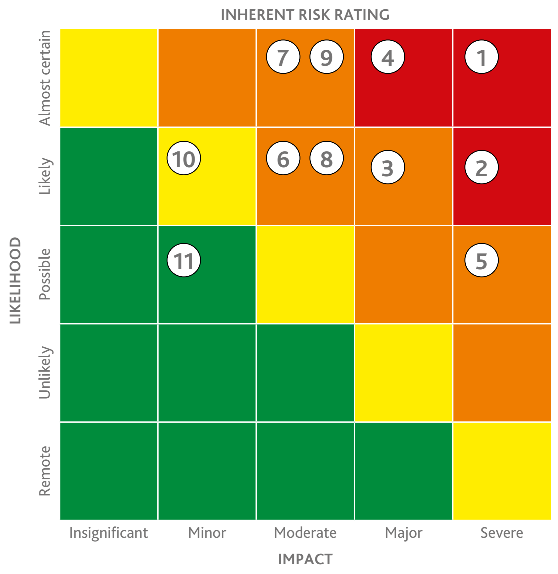
Risk appetite and risk tolerance indicators

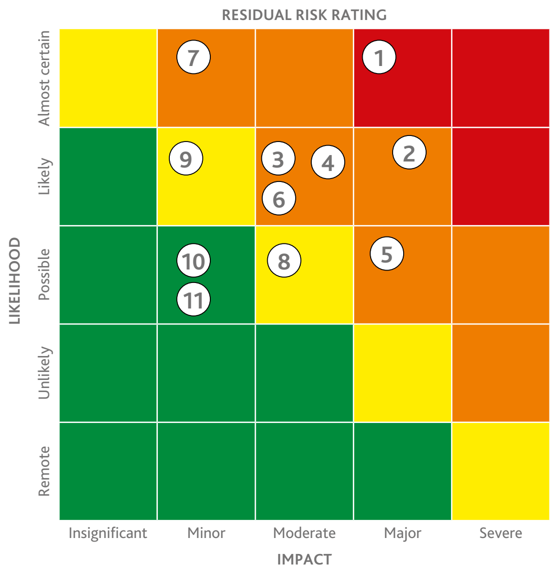
Growthpoint uses risk appetite and tolerance thresholds to evaluate the nature and extent of the risks and opportunities we are willing to take and retain while pursuing our strategic objectives. The purpose of the risk appetite review is to ensure that Growthpoint is not exposed to more risk than it is willing and able to assume. Risk appetite statements and risk tolerance indicators have been determined and defined for each risk category.

ENTERPRISE RISK MANAGEMENT AND COMPLIANCE (CONTINUED)

Risk matrix

Top strategic risks have been plotted in the risk matrix below using both the inherent and residual risk rating. A residual risk rating refers to the remaining risk exposure after all identified mitigation actions (see pages 93 to 98) have been applied. The impact of external factors beyond executive management's control plays a key role in the current residual risk ratings.





1. High interest rates
2. Poor economic growth giving rise to political and socio-economic instability in South Africa
3. Rising cost of doing business in South Africa due to deteriorating public infrastructure and poor service delivery
4. Geopolitical volatility and instability
5. Access to capital
6. Illiquidity in the direct real estate markets
7. Environmental impacts from climate change – carbon emissions and extreme weather impacts
8. Unstable and unpredictable regulatory environment in the jurisdictions we operate in
9. Cybersecurity
10. Difficult to attract and retain a suitable and resilient workforce to achieve strategic objectives
11. Reputational damage

Strategic risks and opportunities

The following table presents top strategic risks, their potential impacts, and actions taken to mitigate the likelihood and impact of identified risks. The top strategic risks have been further linked to the strategic objectives and reported in accordance with the governance requirements contained in the JSE Listings Requirements.

1. High interest rates	Inherent risk rating	Residual risk rating
	Very high	Very high

Impact	Negative impact of financial performance.
Mitigation actions	• Compliance with treasury policy • Interest rates hedging and interest rates swaps • Ensure sustainable cash flows through income-producing properties with strong fundamentals • Monitor balance sheet to ensure Growthpoint maintains a conservative LTV ratio and remains within the strictest loan covenants
Risk owner	• Group FD • Group Treasurer
Strategic objectives	• Maintain a strong balance sheet through conservative gearing, liquidity and credit metrics that are well within covenants
Opportunities	• Pursuance of capital light model • Maintaining dividend pay-out ratio • Disposal of non-strategic assets • Diversify source of funding

2. Poor economic growth giving rise to political and socio-economic instability in South Africa	Inherent risk rating	Residual risk rating
	Very high	High

Impact	Employees, tenants, the public and Growthpoint's reputation.
Mitigation actions	• Establish strong relationship with communities and industry business forums • Ensure appropriate and adequate insurance cover is in place and maintained • Maintain effective business continuity management programmes • Diversifying the portfolio across market sectors and geographic nodes thus reducing the exposure to localised incidents • Capital light investments via the funds management business model • Growing revenue streams from GIP • International expansion and diversification
Risk owner	• Group Exco • SA Exco • Heads of asset management
Strategic objectives	• Maintain a geographically diversified portfolio of quality properties to take advantage of opportunities, market conditions and user demand with the focus on the Western Cape • Responsible growth of international diversified investments, remaining open to new offshore investments that share our commitment to good governance and positive social and environmental action • Growing revenue streams from GIP
Opportunities	• Continued demand for new developments space at the V&A Waterfront to meet demand • Grow the GHPH and GSAH funds management business • Investment in renewable energy • Take advantage of positive yield spreads and low asset values in the international markets

ENTERPRISE RISK MANAGEMENT AND COMPLIANCE (CONTINUED)

3. Rising cost of doing business in South Africa due to deteriorating public infrastructure and poor service delivery	Inherent risk rating: High	Residual risk rating: High
Impact	Increased cost of occupancy impacting rentals across all sectors, administered costs escalating above inflation.	
Mitigation actions	• Disposal of less efficient buildings • Monitor demand to manage consumption and detect inefficiencies • Installing solar systems in the portfolio where possible • Secure water supply and storage • Participation in the industry lobby groups and support industry initiatives to gain transparency on how rates and taxes are determined • Having good recoveries processes in place	
Risk owner	• SA Exco • Heads of asset management (SA) • Sustainability and Utilities Manager	
Strategic objectives	• Own well-located, high-quality properties that appeal to blue chip tenants • Stemming rates and taxes increases through industry lobbying	
Opportunities	• Custom designed assets to retain and attract quality clients • All core investment office buildings to achieve a minimum GBCSA "4-Star Green Star" rating • Establishing efficiencies to reduce reliance on municipal supplied utilities through innovative solutions and green initiatives • Promote investor confidence	

4. Geopolitical volatility and instability	Inherent risk rating: Very high	Residual risk rating: High
Impact	Low economic growth, rising inflation, rising interest rates, currency volatility, loss of investor confidence, global recession and increased cost of doing business.	
Mitigation actions	• Sound balance sheet and liquidity management • Monitoring local and global conditions including economy, sector-specific, local and global political events • Focused international expansion strategy in place • Portfolio diversification • Currency hedging • Disposal of non-core property assets • Pursuance of capital-light model • Unsecured long-term funding	
Risk owner	• Group and SA: CEO • Group Exco • SA Exco	
Strategic objectives	• Our strategic international expansion responds to opportunities to recycle capital into more resilient lower risk and higher return economies and markets • Portfolio diversification	
Opportunities	• Repurposing spaces to align with changing market needs • Potential mergers and increased appetite for investment from third parties • Capital light investment via funds management business model • Hedged offshore investments	

5. Access to capital	Inherent risk rating: High	Residual risk rating: High
Impact	Inability to roll-over debt or refinance debt.	
Mitigation actions	• Monthly cash flow analysis • Managing borrowings expiry profile • Diversifying sources of capital • Maintain credit ratings • Good relationships with funders • Pay-out dividend ratio less than 100% • Disposals of non-core assets	
Risk owner	• Group CEO • CEO: SA • Group Exco • SA Exco	
Strategic objectives	• Access to all available sources of funding in order to minimise the cost of capital while maintaining gearing levels	
Opportunities	• Local and international debt capital markets • Unsecured long-term funding • Equity raising utilising distribution investment plan • Green and Social Bonds	

6. Illiquidity in the direct real estate markets	Inherent risk rating: High	Residual risk rating: High
Impact	Difficulty in disposing of non-core properties identified for sale. Difficulty in implementing long-term strategy.	
Mitigation actions	• Diversification of property portfolio – sectoral and/or geographical • Increasing focus on funds management model	
Risk owner	• Group CEO • CEO: SA • Group Exco • SA Exco	
Strategic objectives	• Maintain sectoral and geographic diversified portfolio of quality properties to take advantage of opportunities, market conditions and user demand	
Opportunities	• Capital light investments and expansion of funds management business	

ENTERPRISE RISK MANAGEMENT AND COMPLIANCE (CONTINUED)

7. Environmental impacts from climate change – carbon emissions and extreme weather impacts	Inherent risk rating	Residual risk rating
	High	High

Impact	Increased investor and societal pressures to comply, costs, fines and penalties, legal fees and reputational damage.
Mitigation actions	• Focused environmental compliance • Clearly defined environmental strategy and targets in place • Proactive stakeholder engagement, policy advocacy and tracking carbon emissions • Environmental initiatives
Risk owner	• Group Exco • SA Exco • Head of asset management (SA) • Sustainability and Utilities Manager • ESG and Integrated Reporting Manager
Strategic objectives	• Balance the need to provide investors with growing distributions annually with the objective of delivering sustainable distributable income in the long term. Growthpoint will continue to invest in the properties, employees and communities we operate
Opportunities	• Green and Social Bonds

8. Unstable and unpredictable regulatory environment in the jurisdictions we operate in	Inherent risk rating	Residual risk rating
	High	Medium

Impact	Penalties and fines, tax liabilities, Growthpoint's reputation and loss of investor confidence, increased cost of compliance.
Mitigation actions	• A dedicated legal, compliance and company secretarial teams which ensure compliance with laws and regulations • Monitor and regularly review of the compliance universe and bi-annual compliance reporting to Risk Management Committee • Engaging with legal consultants and specialists on complex matters • Participation in the industry lobby bodies such as SAPOA Legal Committee • Closely monitoring of the REIT status attributes on a quarterly basis • Adhering to the SA REIT Best Practices Recommendation (BPR)
Risk owner	• Group Legal Counsel • Company Secretarial • Head of risk management and compliance
Strategic objectives	• Delivering superior value to all stakeholders ensuring compliance with the legislative and policy environments in which we operate
Opportunities	• Promote investor confidence

9. Cybersecurity	Inherent risk rating	Residual risk rating
	High	Medium

Impact	Data loss or corruption due to information theft, cybersecurity breaches and attacks, disruption to operations will impact our ability to continue doing business, threat to our reputation and financial loss.
Mitigation actions	• All security incidents and reports are reviewed and assessed by the Information Security Forum • SIEM utilised to identify incidents and analyse all events • Training and awareness to educate all employees • Continually enhancing business continuity management programme • Enhancing data governance and privacy practices
Risk owner	• CEO:SA • SA Exco • Chief Information Officer
Strategic objectives	• Provide the highest level of service to tenants • Maintain integrity of systems and data
Opportunities	• Internally driving awareness on end-user risk • Exploring innovative technologies to enhance cybersecurity posture

10. Difficult to attract and retain a suitable and resilient workforce to achieve strategic objectives	Inherent risk rating	Residual risk rating
	Medium	Low

Impact	Business continuity, increase in employee costs, delays in achieving strategic objectives, not meeting transformation targets.
Mitigation actions	• Good corporate governance • A clear organisational design and reporting structure in place • All candidates are thoroughly assessed for appropriate skills before being appointed and subject to a six-month probation to further assess fitness for the role • Succession planning • Remuneration structure • Training and Development
Risk owner	• Group Exco • SA Exco • Head of Human Resources
Strategic objectives	• Attract and retain the best people through creating a working environment that is conducive to productivity and performance
Opportunities	• Attract high calibre staff • Create an inclusive working environment • Diversify the workforce

ENTERPRISE RISK MANAGEMENT AND COMPLIANCE (CONTINUED)

11. Reputational damage	Inherent risk rating	Residual risk rating
	Low	Low

Impact	Negative perceptions of Growthpoint.
Mitigation actions	• Reinforcing our values among our employees and service providers • Proactive stakeholder engagement • Dedicated Marketing and Investor Relations department • Ethics training and surveys • Business code of conduct and suppliers codes of conduct in place • Employee engagement surveys
Risk owner	• Group CEO and CEO: SA • Group and SA Exco • Head – Marketing and Communication
Strategic objectives	• Provide the highest level of service to tenants and stakeholders
Opportunities	• Increasing collaboration with key service providers. Create sustainable and proactive value-creation initiatives for the communities we operate in

Future priorities

- Communicate risk management policy, strategy and risk appetite statements, and conduct risk management training across the business
- Embed risk management policy, strategy and risk management framework through training and awareness across the organisation
- Implement and embed ERM framework to achieve proactive risk management and leverage on opportunities while increasing informed decision making

Growthpoint's primary objective is to generate sustainable returns for our shareholders while managing risks. We recognise that inherent risks are embedded in doing business in the property industry. The risk management policy, risk appetite statements and tolerance indicators have been defined to provide a clear framework for managing risks and making strategic business decisions.

Emerging risks

In addition to the top strategic risks, Growthpoint continuously reviews and assesses emerging risks across the value chain, in the light of rapidly changing business and economic environments. Emerging risks are those that should be monitored as they could become significant risks if not reviewed regularly. The table below indicates our identified emerging risks.

Emerging risks	Causes	Potential impacts
Economic and political	• Rising inflation and interest rates • Increased rate of unemployment • The Russia-Ukraine war conflict escalating with global socio-economic fallout and high price and cost impact • Economic and policy/regulatory uncertainty • Changing market dynamics with increasing costs of doing business in South Africa	• High cost of doing business in South Africa • Unstable governments globally • Lower operating profit margin • Competitive rentals resulting in negative reversions and lack of market rental growth
Climate and sustainability	• Extreme weather conditions on the rise due to climate change • Increase in natural disasters • Higher probability of damage to property assets • Increased compliance requirements	• Increase in insurance costs • Damage to property and/or infrastructure • Business interruption
Failing public infrastructure	• Continued loadshedding as a result of failing infrastructure and unintended pressure on mechanical equipment, including generators and water pumps	• Poor service delivery • Regions falling out of favour with tenants due to poor infrastructure • Business interruption leading to migration to regions with better services
Socio-economic impact	• Interest rate hikes causing financial pressure on businesses and individuals, widening the inequality gap • Rise of social unrest, including strikes • Increase in violent crime • Potential unrest in South Africa which could cause major business interruptions • SA National Election in 2024	• Civil unrest • Increased security and insurance cost and property damage • Inability to adequately insure properties
Data and cybersecurity	• Ransomware and other disruptive forms of cyberattacks, including phishing • Increased attacks on software to exploit vulnerabilities	• Data breaches • Business interruption
Shifting human capital trends	• Increased interest in working from home, changing the office dynamic and working environment • Inability to reskill and relearn to adapt to evolving business requirements	• Inability to adapt to evolving workplace changes • Inability to execute on business strategic priorities
Increasing and ever-changing regulatory requirements	• Local and international regulatory developments and trends • Increased scrutiny and compliance requirements	• The cost associated with compliance, and penalties and reputational damage for non-compliance • Impact of policy uncertainty

PERFORMANCE REVIEW

The performance of Growthpoint's South African business exceeded expectations, given the unexpected and inflated costs we faced. All our business units met or exceeded their targets, with standout performances coming from the coastal areas.

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GROUP FD'S REVIEW

The consolidated impact of foreign exchange rates relating to Growthpoint's international investments was beneficial to us, however, the global increased cost of funding had a negative impact on performance.

SOLD
R1.5bn
OF PROPERTIES

R8.3bn
OF UNUTILISED FACILITIES AND CASH AT FY23

Growthpoint's balance sheet strength and prudent financial management stood us in good stead during FY23. Our balance sheet was bolstered by the cash retained from our 82.5% payout ratio, the disposal of R1.5bn of properties in line with our business strategy, the GIPF Namibia's R500m investment in GHPH which reduced our shareholding, and the disposal of 15% of GHPH Manco.

Growthpoint's diversification and the high quality of our distributable income served us well in a challenging environment. The different components of the business are covered in detail throughout this report.

The rebound of the V&A Waterfront made a significant impact on our financial performance this year, as did the first full-year contribution of our investment in and management of GSAH, which only contributed for seven months in FY22.

Increased interest rates and their influence on debt costs and funding access were the major issues impacting property markets worldwide. In South Africa, six concurrent interest rate increases were announced during FY23, with a combined 3.5% increase. This affected our cost of debt in increments over the year, however, in FY24, we will experience the full effect of these higher interest rates.

With South African debt of R41bn, of which 77.7% was hedged at year end, a 1% increase in interest rates increases our annual floating debt costs by R90.8m. Without our conservative debt management though, it would be higher at around R400m per annum.

Growthpoint is not alone in being faced with the effects of high-interest rates. It is a global real estate challenge and is being felt throughout our diversified portfolio internationally and in the alternative real estate investments of GIP.

The fundamentals in a protracted high-interest rate environment add pressure to delivering better returns when compared to other asset classes and decrease the real estate sector's attractiveness for capital investment.

We continued to pursue our growth ambitions in an incremental fashion, keeping gearing down in an environment where raising equity is unfeasible. Helping us to achieve this measured growth, we continued to recycle capital with R1.5bn of property disposals during the year. Group LTV based on the SA REIT definition increased to 40.1% compared to 37.9% in FY22. The lower property valuations in Australia were the main contributor to the increased LTV.

One of our biggest achievements in FY23 was successfully refinancing the USD425m Eurobond, which matured in May 2023 with a combination of local and international bank debt. This took considerable preparation and planning in a volatile environment.

Spiralling municipal costs are a substantial contributor to expenses in South Africa. In return, fewer services are being reliably received and infrastructure maintenance is lacking. For our South African portfolio, this has required active scrutiny and management of income and expenses. The result of inflated administered costs is that the total cost of occupancy for tenants increases, but the rental portion of this total doesn't. The entire property industry, through SAPOA, is addressing these issues collectively.

Loadshedding was another major factor influencing costs, one of which was the cost of generator diesel of R140m for the year versus R15.4m in FY22. All in all, 41.7% of this was recovered. We continue to find ways to reduce diesel costs for the business, both by finding greater efficiencies and improving recoveries.

Our investment in on-site solar plants expresses our environmental commitment and our drive for cost efficiency which, in turn, delivers favourable returns for Growthpoint. Growthpoint more than doubled its installed renewable energy generation to 27.32MWp during the year with a total investment of R395m in solar plants since FY21.

ESG, reporting and communication

Growthpoint prioritises and integrates our ESG strategy into our business, and reports on this appropriately. We understand that this disclosure helps us attract equity and debt capital.

We invest in and look after our properties well. Having quality, well-maintained, green buildings not only attracts leading tenants, supports our income streams and promotes sustainability but also protects against weather-related and other environmental risks. Similarly, our LED policy, which sees us contracting local businesses around our properties, fosters positive relationships that have proven to protect our assets in the instance of social unrest.

Investors increasingly demand clear, reliable and comparable ESG reporting. This information is also growing in importance for funders.

During FY23, the IFRS Sustainability Disclosure Standards (ISSB Standards) were issued, one on general sustainability-related disclosure standards and the other on climate-related disclosure standards. Both are aligned with the most influential global initiatives on sustainability and climate change reporting. Because Growthpoint is committed to upholding international standards for sharing our South African sustainability goals, actions and results, our current reporting aligns well with the JSE's guidance. Nonetheless, we are actively discussing this guideline with the JSE to understand if there is a need to adapt our reporting accordingly.

The reporting requirements do not significantly affect Growthpoint since we are already advanced in this field. We consistently adopt best practices, as we've done with previous standards. Reporting these measures increases awareness and integration into our operations. ESG topics have gained more attention in our business this year, but there is still progress to be made.

The quality of our market disclosure is recognised. We are pleased that Growthpoint was ranked in the top three overall in the second annual Intellidex investor relations awards and placed first in the Industrials category. The awards are based on a survey of 130 institutional investors and professional analysts.

External audit

Growthpoint has a mature relationship with EY, our appointed external auditor for the past four years. We have proven processes to produce prompt, precise and relevant reporting, building on the improvements gained each year.

Automation and business intelligence

Our MRI software system has proven to be a valuable support for our skilled team. Working together with our IT team, we have had significant success in our consolidation process. Besides its intended purpose, this technology offers valuable business insights that help our business stay agile, competitive and help attract quality tenants.

Tax and regulatory updates

We have retained our dividend payout ratio at 82.5%, with tax being payable on the funds retained in the business. The R938.5m (before income tax) retained is used to protect our balance sheet, fund our development pipeline, and to maintain our properties.

Tax remained a challenging aspect for the REIT sector this year. The SA REIT Association's Tax and Regulation Committee, which I chair, is actively working with relevant parties to find solutions where needed.

Collaborating for sustainability

At Growthpoint, we recognise the value of collaboration and work to strengthen our partnerships. We actively engage with industry groups such as SAPOA, SA REIT, SACSC, and many others. In addition, we maintain good relationships with all our capital providers.

Gerald Völkel
Group FD

GROUP FD'S REVIEW (CONTINUED)

Simplified distribution income statement

For the year ended 30 June 2023	Notes	FY23 Rm	FY22 Rm
Revenue	1	**13 784**	12 884
Property expenses		**(3 926)**	(3 516)
Net property income		**9 858**	9 368
Other operating expenses		**(931)**	(832)
Finance and other investment income	6	**1 431**	1 055
Interest paid and interest on derivatives		**(3 782)**	(3 115)
Profit before taxation		**6 576**	6 476
Taxation	7	**(412)**	(263)
Profit before dividends and debenture interest		**6 164**	6 213
Minorities' share of profit and realised foreign exchange loss		**(801)**	(906)
Distributable income		**5 363**	5 307
Number of shares in issue (net of treasury shares)		**3 380 482 632**	3 407 663 028
Distributable income per share (cents)		**157.6**	155.6

Simplified balance sheet

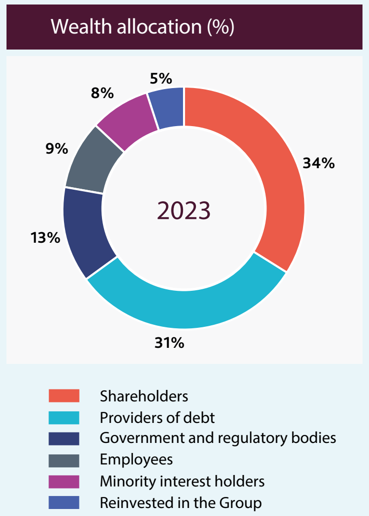
at 30 June 2023	Notes	FY23 Rm	FY22 Rm
ASSETS			
Property assets	8	**140 782**	136 031
Equity-accounted investments		**16 471**	14 585
Intangible assets		**977**	496
Derivative assets		**1 971**	2 492
Long-term loans granted		**3 235**	3 313
Listed investments		**1 576**	1 489
Unlisted investments		**1 561**	921
Equipment		**111**	49
Deferred tax		**29**	38
Current assets		**5 263**	5 315
Cash and cash equivalents		**3 519**	2 841
Taxation receivable		**163**	153
Other current assets		**1 581**	2 321
Total assets		**171 976**	164 729
EQUITY AND LIABILITIES			
Shareholders' interest		**71 911**	71 212
Non-controlling interest		**19 341**	18 934
Interest-bearing borrowings		**68 180**	62 857
Derivative liabilities		**1 450**	817
Lease liability		**2 101**	1 826
Deferred taxation		**5 281**	5 436
Liabilities associated with assets classified as held for sale		**–**	39
Current liabilities		**3 712**	3 608
Trade and other payables		**3 623**	3 541
Taxation payable		**89**	67
Total equity and liabilities		**171 976**	164 729

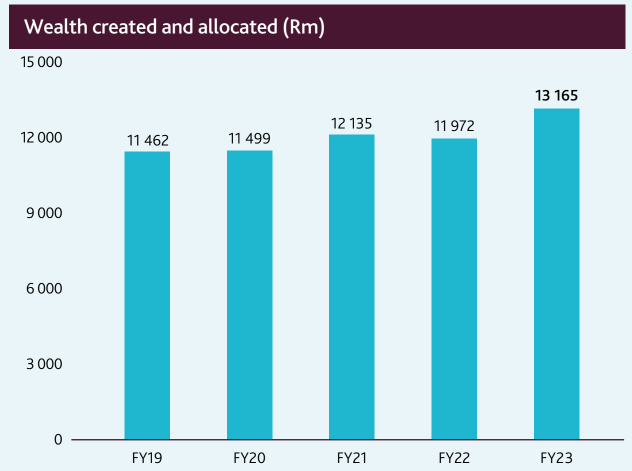
Reconciliation between statutory and simplified financial statements

		FY23 Rm	FY22 Rm
1.	**Revenue as stated**	**13 740**	13 048
	Add/(less): Straight-line lease income adjustment	**44**	(164)
		13 784	12 884
2.	**Fair value adjustments as stated**	**(3 616)**	6 268
	Add/(less): fair value adjustments reversed	**3 616**	(6 268)
		–	–
3.	**Equity-accounted investment loss**	**(13)**	(479)
	Add/(less): equity-accounted investment profit reversed	**13**	479
		–	–
4.	**Non-cash charges as stated**	**(42)**	(80)
	Add/(less): non-cash charges reversed	**42**	80
		–	–
5.	**Capital items as stated**	**(159)**	74
	Add/(less): capital items reversed	**159**	(74)
		–	–
6.	**Finance and other investment income as stated**	**1 370**	1 067
	Adjustments to dividends from equity interests held	**41**	(12)
	Add: antecedent dividend received	**20**	–
		1 431	1 055
7.	**Taxation as stated**	**(240)**	(1 293)
	(Less)/add: deferred taxation	**(172)**	1 030
		(412)	(263)
8.	**Property assets as stated**	**140 322**	134 712
	Add: investment property reclassified as held for sale/trading and development	**460**	1 319
		140 782	136 031

VALUE ADDED STATEMENT

	FY23 Rm	FY22 Rm	FY21 Rm	FY20 Rm	FY19 Rm
Turnover	**16 324**	14 963	14 707	12 935	12 313
Property and other operating expenses	**(3 561)**	(3 043)	(2 245)	(2 124)	(1 554)
Value added	**12 763**	11 920	12 462	10 811	10 759
Finance, investment income and other adjustments	**402**	52	(327)	688	703
Wealth created	**13 165**	11 972	12 135	11 499	11 462
Attributed to:					
Shareholders	**4 463**	4 404	4 068	4 495	6 430
Providers of debt	**4 091**	3 479	3 640	3 138	2 627
Government and regulatory bodies	**1 719**	1 485	1 810	1 447	1 042
Employees	**1 129**	1 030	852	707	643
Minority interest holders	**1 052**	810	748	729	720
Reinvested in the Group (after tax)	**711**	764	1 017	983	–
Wealth allocation	**13 165**	11 972	12 135	11 499	11 462





TREASURY MANAGEMENT

This report pertains to Growthpoint's treasury function, which is managed from South Africa. Our offshore subsidiaries and investments have their own treasury departments.

The year was characterised by significant market volatility due to geopolitics, local political instability, national power supply shortages and global events, specifically the ongoing Russia-Ukraine war. Interest rate increases globally and in SA also impacted corporates. Although the market stabilised by the end of FY23, with many economists predicting the peak of the interest rate hiking cycle, interest rates are likely to remain at elevated levels for the foreseeable future. This market landscape affects Growthpoint's management of liquidity, interest rates and foreign exchange risk.

Liquidity position

Growthpoint maintained its strong liquidity position in FY23, ending the year with a surplus cash balance of R1.7bn, and R6.6bn of unutilised committed facilities. The unutilised facilities are significantly lower than the previous year's R10.3bn, which included Euro-denominated facilities of EUR260m that were either termed out or largely drawn down to repay maturing cross-currency swaps linked to the repayment of the USD425m bond. The FY23 unutilised committed facilities are from five different financial institutions, with a weighted average maturity of 2.5 years.

Liquidity is proactively managed by updating forecasts and strategically planning for maturing interest-bearing liabilities, taking into account the business requirements and prevailing market conditions. Significant business requirements during FY23 included capital expenditure of R917.4m, development spend of R1 002.8m, liquidity requirements for further investments into Lango of R513.8m and the extension of cross-currency interest rate swaps (CCIRS). These were financed through the disposal of properties valued at more than R1bn and increased funding from the domestic bond market. GIP raised additional equity from the Namibian Government Pension Fund of R500m for GHPH and R250m for GSAH.

At year end, we had R3.6bn of loans maturing in the following 12 months. While we are comfortable that Growthpoint will continue to access the market for refinancing of maturing debt, we are prepared for a stress scenario. We have sufficient liquidity and available facilities to utilise on a short-medium basis in the event of significant market disruption.

Interest-bearing liabilities

	FY23 Rm	% of total debt	FY22 Rm	% of total debt
South Africa				
Secured debt	**20 811**	**51.0**	17 811	45.5
Bank debt	13 833	33.9	14 275	36.5
Secured euro denominated bank debt	3 294	8.1	–	–
Institutional financiers	3 684	9.0	3 536	9.0
Unsecured debt	**19 997**	**49.0**	21 370	54.5
Bank debt/institutional financiers	2 843	7.0	2 842	7.3
Unsecured euro denominated bank debt	3 417	8.4	–	–
Corporate bonds	13 737	33.6	11 589	29.6
Eurobonds	–	–	6 939	17.6
Total South African debt	40 808	100.0	39 180	100.0
Accrued interest	358		280	
Fair value on debt	118		155	
Australia and UK				
Secured debt				
Bank debt and loan note	26 896		23 242	
Consolidated debt	**68 180**		62 857	

Despite significant volatility in the market during the year under review, Growthpoint continues to be well supported by debt investors. We privately placed R1bn of green bonds with the IFC in December 2022. In total, R350m of this was placed for seven years at 1.7% over the Johannesburg Interbank Average Rate (JIBAR) and R650m was placed for 10 years at 2.1% over JIBAR. The placement of the green bonds with the IFC demonstrates our commitment to ESG while also providing access to a diversified pool of funding and, importantly, to increased longer-term funding.

Due to reverse enquiries from debt investors on the back of the placement of the IFC bonds, we privately placed an additional R1.2bn in February 2023, R400m for 9.2 years at JIBAR plus 2.0%, and R800m for 10 years at JIBAR plus 2.1%.

Amid the elevated market volatility in June 2023, Growthpoint issued two further bonds through a private bookbuild process. A total of R1.35bn was raised through the issuance of a R554m bond for five years at JIBAR plus 1.5%, and a R796m bond for seven years at JIBAR plus 1.65%. These bonds were placed at improved credit margins compared to the public auction in the previous year and the privately placed bonds earlier in the year. In our view, strong demand for corporate paper, especially from higher rated corporates, will continue.

Growthpoint redeemed R1.45bn in the domestic debt capital market during FY23.

During the financial year, we had a significant USD425m Eurobond maturity, and while international markets were not conducive to its refinancing, Growthpoint was able to refinance this debt with a combination of local and international banks. USD395m of the Eurobond was swapped to EUR326m and repaid on 2 May 2023. EUR110m was drawn down from short-term standby facilities and EUR216m was termed out for an average loan period of 4.8 years. The remaining term to maturity as at 30 June 2023 is 4.6 years. Once the standby facilities are termed out, taking into account hedges already in place, we expect a fixed all-in rate of 4.2%, which should increase over time as the hedges mature. The weighted average fixed all-in rate for the FY23 year was 4.8%, given the lower Euro Interbank Offered Rate (Euribor) over the period that resulted in a reduced benefit from swaps already in place.

The weighted average term of the refinanced Euro loans is expected to increase to 4.9 years once all facilities have been termed out, with the weighted average term of hedges being 3.8 years. In comparison, the original Eurobond had a 3.6% average rate over the five-year period. The remaining USD30m, which was used for our investment in Lango, was refinanced via CCIRS at an average fixed interest rate of 5.2% for an average term of 3.5 years.

Growthpoint secured the funding at higher rates than the initial bond offering, but lower than in the global bond market.

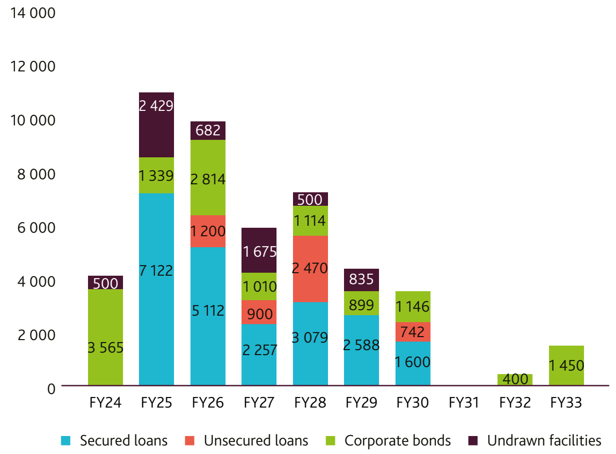
Our lenders are very supportive, and we have re-financed or extended the maturity dates of bank term loans, facilities and bonds of R5.6bn that had an original maturity date on or prior to 1 July 2024. The facilities were re-financed at similar or slightly higher margins.

GSAH drew down a further R251m from the social loan put in place with Standard Bank in FY22. This was utilised to repay the Investec bridging loan. As the Standard Bank social loan is being used for essential accommodation in the education sector and takes into account the number of students supported by the NSFAS, we believe that this will continue to support a sustainable funding model for the purpose-built student accommodation sector.

The additional equity raised by GHPH was used to repay a convertible loan from Growthpoint.

The funding activities have resulted in an improved weighted average term of the debt of 3.5 years compared to 2.9 years for the previous year.

FY23 debt expiry profile – SA (Rm)



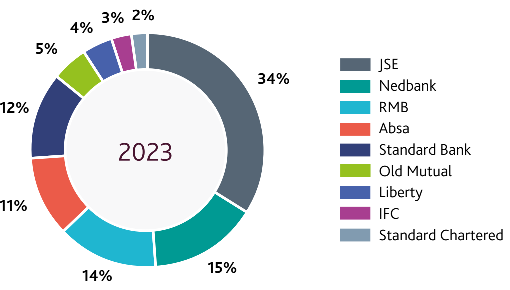
Of the total outstanding liabilities at 30 June 2023, 49.0% were unsecured. Most of the unused facilities are secured, so should these facilities be utilised, this percentage will decrease.

The ratio of secured loans to total property value for the South African operations LTV for RSA is 32.9% at 30 June 2023. The unencumbered direct property pool at year end amounted to R25.6bn All our shares in V&A, GOZ, GWI, C&R and Lango are unencumbered. The equity-listed investments plus the market value of the shareholdings in GOZ and C&R totalled R34.2bn.

Diversification of funding sources

Our strong credit rating and the size of our balance sheet allow us to access funding from a diversified group of debt investors, thereby limiting our concentration risk. The graph below reflects the diversification of funding sources and investors and excludes any undrawn facilities available to Growthpoint.

Diversification of funding sources



TREASURY MANAGEMENT (CONTINUED)

Foreign-exchange-denominated liabilities

Our treasury policy does not allow us to use foreign-currency-denominated debt to fund our ZAR-denominated South African operations. Growthpoint only uses this debt to fund hard-currency-denominated investments. We view CCIRS as synthetic foreign-denominated debt with which to fund our foreign investments. These swaps offer better pricing than vanilla loans.

An exception to the above policy is the IFC loan, where Growthpoint borrowed USD and swapped them to ZAR to be used over time for the acquisition and development of qualifying healthcare assets. These funds are intended to be a path to equity in GHPH.

Our foreign currency (FX) investments and debt metrics are set out in the table below:

Balance sheet hedge table

	Currency	Assets at NAV (m)	FX debt (m)	CCIRS (m)	FX LTV	Interest rate	FX cover	% FY23 dividends hedged	FX hedged rate
GOZ	AUD	A$2 021	–	$970	48.0%	3.8%	3.6	83%	12.75
GWI	EUR	€481	€326	–	67.8%	4.8%	1.6	n/a[3]	n/a[2]
C&R	GBP	£135	–	–	n/a[1]	n/a[1]	–	n/a[1]	n/a[1]
Lango	USD	$77	–	$74	96.1%	5.1%	0.9	117%	n/a[2]

[1] *No £ debt.*
[2] *NO FECs taken out as of 30 June 2023.*
[3] *Given the bonds maturing in GWI for FY25 and FY26, as well as the requirement to preserve liquidity in the business, we have assumed that we will take the scrip dividend alternative.*

Debt as a percentage of assets is a reflection of the LTV, calculated as foreign-denominated liabilities over such assets, and is within acceptable levels.

Cost of funding

The weighted average cost of funding as per the SA REIT BPR is set out in the table below:

2023	ZAR %	AUD %	EUR %	USD %
Cost of debt				
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	8.7	–	5.7	6.6
Fixed interest-rate borrowings				
Weighted average fixed rate	9.9	–	–	–
Pre-adjusted weighted average cost of debt	8.8	–	5.7	6.6
Adjustments				
Impact of interest rate derivatives	0.2	–	(1.0)	–
Impact of cross-currency interest rate swaps	0.1	3.8	–	0.1
Amortised transaction costs imputed into the effective interest rate	–	–	0.1	0.1
All-in weighted average cost of debt	9.1	3.8	4.8	6.8

Growthpoint's weighted average cost of SA-denominated debt has increased from 8.1% at FY22 to 9.1% for FY23. This is mainly due to floating interest rates increasing during the year under review. The methodology used to calculate the weighted average interest rate was amended for the FY23 period. The rate reflected is based on the average rate for the full FY23 financial period whereas previously the comparable FY22 rate would have been 7.9%.

Growthpoint's weighted average cost of total debt, including FX debt and derivatives, is 6.8% in comparison to 6.1% for FY22.

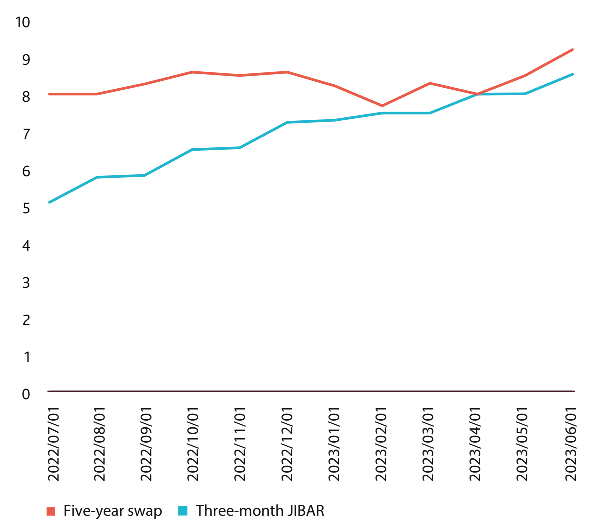
Growthpoint's strictest loan covenants are set out in the table below:

Covenants	Limit	FY23 Group LTV including GOZ and C&R	FY23 SA LTV excluding GOZ and C&R	FY22 Group LTV including GOZ and C&R	FY22 SA LTV excluding GOZ and C&R
LTV (SA REIT) (%)	≤55%	40.1%	32.9%	37.9%	32.0%
Interest-cover ratio (times)	≥2.0	2.9	3.3	3.1	3.3

Interest rate risk management

Swap rates stayed above the three-month JIBAR rates for the first half of the year as short-term interest rates were expected to continue to increase. As the South African Reserve Bank (SARB) has increased the repo rate over the last few months of FY23, the gap between these curves narrowed.

FY23 five-year swap and three-month JIBAR



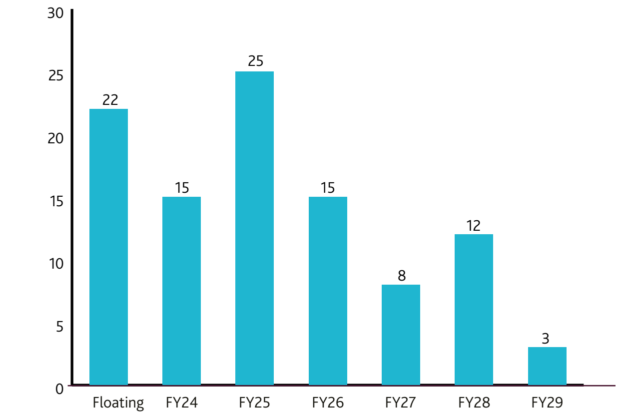
Given Growthpoint's levels of borrowings, our distributable income is exposed to interest rate changes. Higher global inflation expectations, exacerbated by the energy crisis and geopolitical tensions brought about by the Russia-Ukraine war, have contributed to interest rates increasing globally. During the year under review, the South African prime interest rate increased by 3.5% and three-month JIBAR saw a similar increase. It is believed that the SARB has largely reached the end of the rate increase cycle and that the floating exchange rates will remain stable over the short to medium term.

Growthpoint has a policy of hedging a minimum of 75% of our borrowings at a fixed interest rate to reduce volatility in distributable income, and as at 30 June 2023, 77.7% of borrowings were hedged at a fixed interest rate. While South African market interest rates have increased by 3.5% for the FY23, the increase in our cost of funding has been buffered by the conservative interest rate hedging policy. In the event that the high interest rate environment continues in the short to medium term, this will have further impacts on the cost of funding for the business, because new hedges will be executed at higher interest rates.

Should interest rates increase by 1.0% for a full year, we would incur additional interest costs of R90.8m per year, which translates to 2.7c in distributable income per share.

TREASURY MANAGEMENT (CONTINUED)

SA fixed interest expiry profile (%)

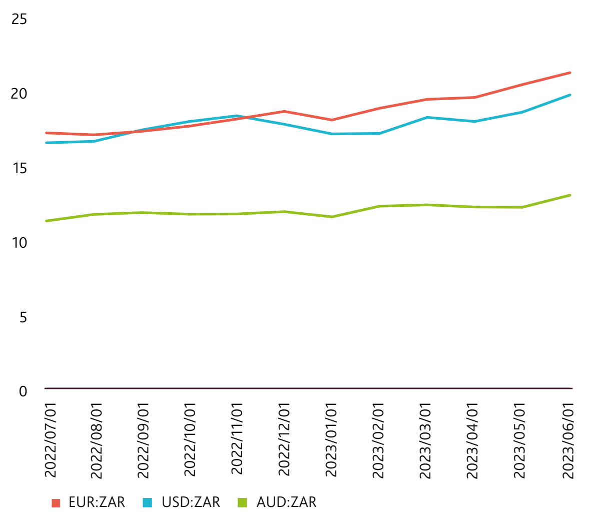


The weighted average term of the fixed interest rate profile for the ZAR exposure is 2.3 years compared to 2.1 years in FY22.

Exchange rate risk management

During the year under review, the ZAR weakened significantly against the USD and other major currencies. Given the monetary policy actions taken by the Fed in the US, the USD continued to appreciate against most currencies.

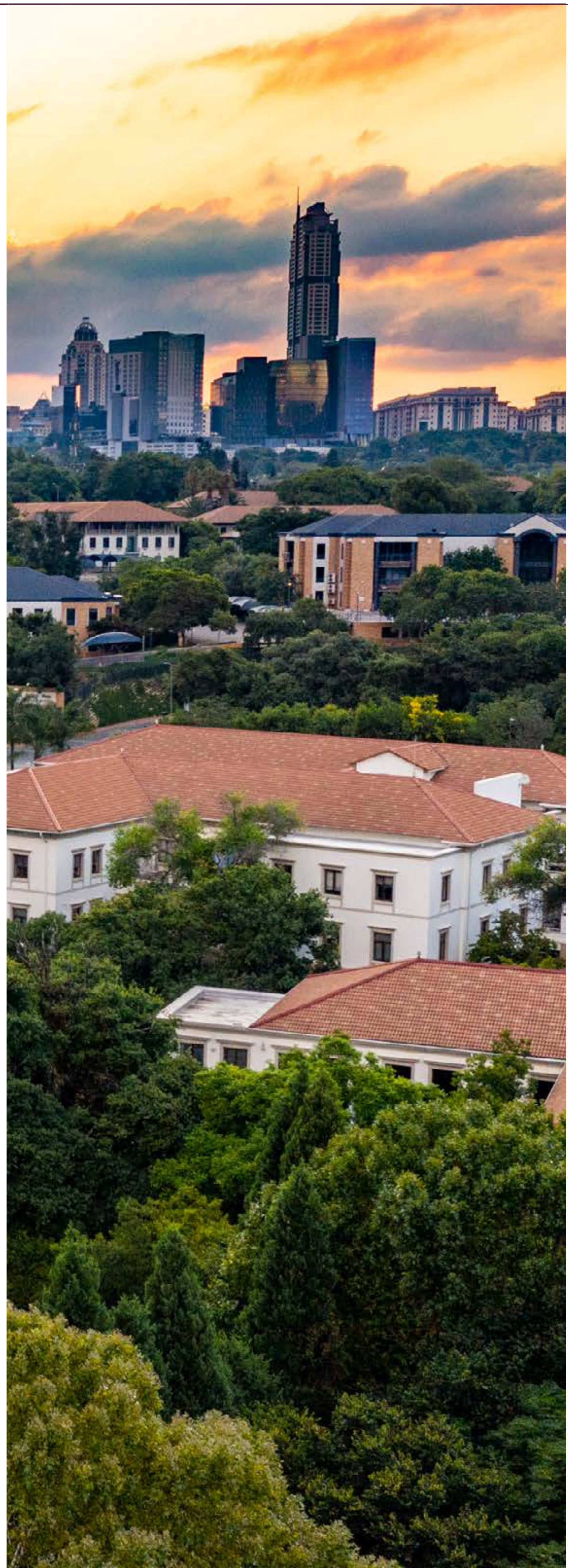
FY23 USD:ZAR, EUR:ZAR and AUD:ZAR exchange rates



From a balance sheet point of view, our foreign-denominated investments are hedged via foreign-denominated liabilities, either in the form of direct foreign-denominated debt or via CCIRS. Our balance sheet is therefore largely shielded from foreign exchange movements to the extent that the investments are hedged.

We have no GBP obligations in respect of debt or CCIRS for our investment in C&R.

As dividends from our foreign investments are earned in foreign currency, our distributable income is subject to exchange rate movements. We mitigate this foreign exchange rate risk by matching the interest expense in the same currency as the dividend receipt, and by fixing the outstanding portion of the receipts via forward exchange contracts (FECs).



Credit ratings

Fitch Ratings re-affirmed on 6 April 2023 a global scale credit rating of BB+ to Growthpoint, with a stable outlook. Due to Growthpoint's significant and stable FX earnings, which comfortably cover the projected FX interest obligations, this credit rating is two notches above the South African sovereign rating of BB-. Growthpoint's national scale rating assigned by Fitch is AAA.za.

Moody's re-affirmed on 27 April 2023 a global scale credit rating for Growthpoint is Ba2, with a national scale rating at Aa1.za with a stable outlook. Moody's does not consider our international exposure to be sufficient to warrant a delinking from the sovereign rating.

Optimising our SA portfolio

CEO: SA REVIEW

We enhanced our service quality, invested in our properties and embraced flexibility.

Our strong financial position allows us to offer quality buildings and exceptional service in a competitive market.

FOCUS ON INCOME GROWTH IN OUR

South African portfolio

IS SUPPORTED BY LEASE ESCALATIONS.

We continue to enhance our portfolio's quality and performance in the challenging South African market by developing quality assets and selling non-core ones. This approach strengthens our balance sheet and is crucial for our portfolio optimisation strategy. We invested R298.8m in new properties, we incurred R1.9bn of capital and development expenditure and sold R1.5bn worth of assets this year.

The performance of Growthpoint's South African business exceeded expectations, given the unexpected and inflated costs we faced.

This performance is a result of our well-diversified portfolio; we are not only exposed to the three traditional commercial property sectors but also have investments in alternative property sectors across South Africa.

All our business units met or exceeded their targets, with standout performances coming from the coastal areas.

Retail trading densities lost momentum in the second half of the year due to interruptions caused by loadshedding and the high inflationary environment impacting consumer spending. The growth in last-mile food delivery has boosted turnover in our shopping centres.

The performance of offices exceeded expectations, with improvements coming primarily from coastal portfolios and select Gauteng nodes, where vacancies reduced. Negative rental reversions remain a challenge. Leasing activity picked up in Sandton but was offset by the consolidation of a big financial services tenant. Knowledge-based businesses such as those in the financial, legal and accounting services have been slightly slower to return to the office when compared to other sectors.

The industrial portfolio vacancies declined, and rental growth improved, notwithstanding large reversions and the challenging operating environment coupled with increased interest rates causing business rescues and tenant failures.

The Western Cape is experiencing growth in demand for business space, with the BPO sector having a positive impact. There is strong demand for office space in Cape Town and KZN, but this differs in Gauteng, where there is still oversupply in some of the larger nodes and no growth in new demand, and where relocations account for most new leases.

High levels of leasing activity mean that we lease significantly more space on an annual basis which puts operational pressure on the business. The trend of shorter lease lengths over the past few years has also exacerbated this but will be favourable when property fundamentals improve.

Growthpoint consistently enhances operational efficiency using technology and automation. Our new enterprise management system has seen continuous improvements, and key appointments are contributing to our efficient operations. We have reorganised operations for greater focus, supplemented our management expertise and continue to focus on enhancing our clients' experiences.

We focus on income growth in our South African portfolio, which is supported by lease escalations. However, due to rising costs, rental reversions on new leases and negative renewal growth in all three sectors, margins remain under pressure.

Loadshedding came at significant cost and further intensified our operational challenges. The increase in frequency and length of loadshedding put more pressure on us to provide backup power at all our properties. Most of our office buildings have backup power, mostly from diesel generators. In our retail properties, large tenants typically have their own backup systems. We have nine shopping centres fully powered by our own backup solutions. Our industrial properties are ideally suited for solar, and several installations were completed.

As our learning progresses, we have expanded our thinking to improve backup power solutions at our buildings and achieve better efficiency. We are exploring integrated solutions that combine solar, battery, generator and gas sources for optimal results.

Our portfolio of assets was subject to municipal valuation reviews conducted in two South African regions. We assessed each affected property and are disputing the valuations we deem inaccurate or inappropriate. Continuing above-inflation increases in administered costs, linked to poor service delivery, are issues the property industry will have to address with the government.

Capital recycling and portfolio optimisation

While Growthpoint has deep access to capital markets and good access to bank finance, we are not seeking to increase our debt in nominal terms. The market is not conducive to equity-raising either. Given these market dynamics, we are self-financing by repurposing capital through asset sales and taking a capital-light approach to investment. We are also earning fees through GIP and our Trading and Development division and applying a reduced payout ratio. Our cautious funding approach has proven effective, and we will maintain it in the future.

We take a conservative approach to debt funding, with a policy to hedge our interest costs at a minimum of 75% of our debt over a term of at least three years. In the year, South Africa's interest rates rose by 3.5% through six increases. In aggregate, interest rates have now risen by 4.5% in this cycle of hikes, and this has gradually impacted the price of Growthpoint's floating debt as well as the cost of new hedges when existing hedges

CEO: SA REVIEW (CONTINUED)

mature. With interest rates expected to remain high for the foreseeable future, we anticipate a significant increase in the cost of our variable debt in the coming year.

We successfully advanced our strategy to refine our South African portfolio by recycling assets. We sold non-core assets totalling R1.5bn, thereby strengthening our balance sheet. Furthermore, we disposed of a stake in Growthpoint Healthcare REIT for R500m (after antecedent R487m), thereby moving closer to our target holding in this investment and further enhancing our balance sheet's robustness.

Our disposals included selling non-strategic retail assets. The demand for office investments is at an all-time low, and this is reflected in the low transaction activity in this sector. We sold numerous non-strategic industrial assets to owner-occupiers, private clients and investors during the year, while enhancing our portfolio with quality new developments. We will continue to optimise our domestic portfolio in line with our strategy.

We acquired a well-let industrial property in Hammarsdale, KZN, which is a hub for national distribution from the Durban Port to Johannesburg. We also acquired a strategic land parcel for a new industrial development.

Growing assets under management (AUM) and GIP

This year, our co-investment and co-management business continued to flourish. GIP gained further recognition for its high-quality, bespoke unlisted investments. Our successful and scalable business model focuses on niche areas in the South African property industry, driven by value and available investment capital. These sectors have shown strong performance.

We concentrated on growing our various investment portfolios and securing the capital needed for expansion. All three funds successfully attracted new capital from quality investors.

Earning fees from Trading and Development while growing AUM and optimising our portfolio

Our different business divisions work together to grow our co-investment strategy and AUM while also expanding our revenue sources. Our Trading and Development division develops for our own balance sheet, third parties and assets for GIP.

Our Trading and Development team concluded several significant third-party transactions, the largest being the turnkey development of the Bakers building in Cato Ridge, KZN. Two new student accommodation residences were developed for GSAH and we have a number of accretive development opportunities underway, in the student accommodation, healthcare and industrial sectors.

As part of upgrading and expanding our retail portfolio, we commenced the redevelopments of Bayside Mall and River Square and the extension to Beacon Bay The addition of c. 3000m² at Paarl Mall was completed in November 2022. We approved a redevelopment at Key West in Johannesburg, although this has unfortunately been delayed by an anti-competitive exclusivity clause.

Industrial portfolio developments in progress include five logistics units at Arterial Industrial Estate in Blackheath and two logistic units at Chain Avenue in Montague Gardens, Cape Town. In Gauteng, we are developing a state-of-the-art distribution facility for Edward Snell in Isando near the OR Tambo International Airport, and five new logistic units at Central point in Samrand. We commenced the second phase of Trade Park, our prime logistics park in the Mount Edgecombe industrial precinct of KZN.

We completed the refurbishment of The Place at 1 Sandton Drive, including the interior refurbishment of our head office and a redevelopment for AECI in The Woodlands, Woodmead. In addition we are progressing with the restoration and renovation of the historic Longkloof precinct in Cape Town which includes the development of the Canopy Hotel by Hilton. In Q1 2024, Growthpoint will be commencing a significant green renovation for Ninety-One at our 36 Hans Strijdom Cape Town Foreshore site when the current tenant, Investec, relocates to the V&A Waterfront. The refurbishment is expected to take approximately 15 months and Ninety-One will occupy the entire building once it is complete.

GSAH will increase its number of beds to 8 800 for the 2024 academic year following the acquisition of Brooklyn Studios and Fountains View in Pretoria, and the completion of the development of Horizon Heights Auckland Park. We also have a R1bn pipeline of student accommodation property development projects for the 2025 and 2026 academic years.

The combined effect of this investment activity, our capital recycling and our asset management strategies is to rebalance our portfolio towards growth markets and opportunities in South Africa.

Semigration and the return of tourism

The V&A Waterfront remains resilient even in South Africa's current macro-economic climate, due to its excellent location and international tourism. Tourist numbers have continued to increase post-Covid-19. More events hosted in the Mother City also attracted more visitors, and there was an increase in people relocating from other areas in South Africa, which also contributed to the V&A's strong rebound, with standout performance in FY23.

Deepening our positive environmental and social impacts

We implement our ESG commitments in our South African operations, aiming for global best practices. Our ongoing and evolving focus on enhancing and identifying ESG opportunities is supported by further integrating ESG strategies into our business.

To achieve our greenhouse gas reduction targets, we focus on solar projects and green building certifications. Growthpoint has a well-established track record of investing in green buildings and solar energy. Our aim is to reach carbon neutrality by 2050 and safeguard our portfolio from energy insecurity.

This year, our ambitious solar power target was doubling our solar capacity installed in the preceding 10 years. We achieved this major milestone in reducing carbon emissions and transitioning from fossil fuels to renewable energy sources with a total of 27.32MWp solar power generation for our portfolio. We aim to reach a total of 40MWp by the end of FY24.

Post year end, Growthpoint received shareholder approval for a R250m B-BBEE ownership scheme that will continue to fund the flagship CSI initiatives that Growthpoint supports, specifically Property Point and Growthpoint Gems.

Growthpoint's Property Point initiative collaborates with the industry to help entrepreneurs expand their businesses and capitalise on both existing and emerging market opportunities. This year's graduates in our programme were all female and we are pleased that this group of entrepreneurs will add to the skills and diversity in our sector.

Attaining a level 1 B-BBEE rating was a significant achievement for our business and we are pleased to have met our ambitious target of retaining our level 1 B-BBEE rating. As we make progress, we continue to review our empowerment strategy, which is now broader and more scientific than ever before.

Looking to the future

Growthpoint is entering FY24 with a cautious outlook. We have seen gradual improvements in our business conditions and expect this to continue despite market uncertainties.

There is demand for industrial space and given that inflation is leading to rising construction costs, thereby limiting new developments, we expect the stabilisation of negative rent reversions in this sector and growth in existing rentals.

We anticipate continued improvement from our retail sector. The recovery may, however, be slower than anticipated considering both the impact of rising interest costs on consumers and retailers and the associated costs of loadshedding.

In the office sector, we expect activity to continue to increase slowly, despite the surplus of space in inland markets exerting pressure on rent levels. The return to the office that we saw in FY23 is set to continue. Our new and improved office spaces accommodate flexible work arrangements, incorporating collaborative spaces and suitable meeting areas for both in-person and hybrid use, positioning them and our tenants ideally for the new world of work.

Negative rent reversions are likely to persist due to upcoming lease renewals requiring rental adjustments to market rates as a result of poor economic growth. We see rental growth in our Cape Town and KZN office portfolios where demand exceeds supply.

The fundamentals of our business position us for continuous improvement, even in what is likely to be a tough year ahead. The main challenge will be the high interest rates which impacts the entire sector. Political and policy uncertainties are set to persist into 2024, and to possibly be amplified by the upcoming South African general election.

We remain focused on our strategy of optimising our SA portfolio, improving client services, securing favourable backup and green power arrangements and generating returns through GIP's growth.

We are confident that we can deliver value for investors over the long term from our current base. Growthpoint is ready to take advantage of any opportunities that could arise that align with our strategies.

Estienne de Klerk
CEO: SA

SA EXECUTIVE MANAGEMENT

Estienne de Klerk (54)
CEO: SA
Joined Exco: 2018

BCom (Industrial Psychology), BCom (Hons) (Marketing), BCom (Hons) (Accounting), CA(SA)

Skills and expertise: Financial, general management, property and capital markets

Professional membership: SAICA, PPRA (Master Practitioner in Real Estate)

Industry body representation: Chairman of SAREIT Association

Olive Chauke (52)
Human Resources Director
Joined the Board in 2018 and resigned from the board on 10 October 2023 and will serve her notice as an executive until 31 March 2024

BSoc Science, Advanced Programme in Strategic Management

Skills and expertise: Strategic and operational, human resources management and transformational leadership

Professional membership: Master Practitioner South African Board of People Practices

Engelbert Binedell (53)
COO: SA
Joined Exco: 2018

BA(Ed), MBL

Skills and expertise: Listed property. Skilled in all aspects of property management, asset management and property development

Professional membership: PPRA (Master Practitioner in Real Estate), GBCSA

Paul Kollenberg (61)
Head of Asset Management: Office
Joined Exco: 2018

B Architecture, MBA

Skills and expertise: Property industry, encompassing property management, asset management, property development, sales and acquisitions

Professional membership: PPRA

By invitation

Alec Davis (58)
Chief Information Officer
Joined Exco: 2008

BCompt (Hons), CTA, CA(SA)

Skills and expertise: Financial and Information Technology skills relating to the property industry

Professional membership: SAICA

By invitation

David Stoll (64)
Regional Head: Cape Town
Joined Exco: 2009

BA (Acc and Economics), CA (Scot), CA(SA)

Skills and expertise: Listed property sector, primarily in financial, property and general management

Professional membership: SAICA, Institute of Chartered Accountants of Scotland (ICAS), SACSC, PPRA

Francois Schindehütte (58)
CFO: SA
Joined Exco: 2018

BCompt (Hons), CA(SA)

Skills and expertise: More than 30 years' experience in executive financial management including over 10 years' experience as the CFO of JSE-listed companies. Experience gained in media, banking and ICT sectors and has been in the real estate sector for the last eight years

Professional membership: SAICA

Neil Schloss (52)
Head of Asset Management SA
Joined Exco: 2018

BSc Town and Regional Planning

Skills and expertise: 29 years' experience in the property industry with 26 years in retail property dealing with property developments, extensions, asset management, acquisitions and disposals, and disposals and due diligence

Professional membership: SACSC

Errol Taylor (62)
Head of Asset Management: Industrial
Joined Exco: 2018

National Diploma Building Surveying, National Diploma Property Development and Management

Skills and expertise: Property management and asset management involving the retail and industrial sectors in South Africa

Professional membership: PPRA

Linda Sigaba (46)
Healthcare Fund Manager
Joined Exco: 2019

MD (USA), PGD MP, MBA

Skills and expertise: Private equity, management consulting, large infrastructure development projects and fund management

Professional membership: Medical Doctor

By invitation

Johan de Koker (59)
Company Secretary
Joined Exco: 2019

CIS, HDip Company Law

Skills and expertise: Company Secretarial

Professional membership: Chartered Governance Institute of Southern Africa

By invitation

Gregory Worst (50)
Regional Head: KZN
Joined Exco: 2019

BCompt (UNISA)

Skills and expertise: Property management

Professional membership: PPRA

Shawn Theunissen (44)
Head of CSR
Joined Exco: 2017

BCom (Industrial Psychology), Masters Programme in People Centric Innovation, Harvard Business School Senior Executive Programme

Skills and expertise: Strategy, socio-economic development, transformation and governance

Professional membership: IoDSA

Amogelang Mocumi (38)
Student Accommodation Fund Manager
Joined Exco: 2022

BSc Construction studies, Bcom (Hons) Financial Analysis and Portfolio Management, MSc Real Estate Finance and Investment

Skills and expertise: Investment banking, asset management and fund management

Gavin Jones (52)
Head of Asset Management: Retail
Joined Exco: 2023

BSc (TRP)

Skills and expertise: Retail property asset management and development

Werner van Antwerpen (41)
Head of Corporate Advisory
Joined Exco: 2023

B Eng, M Eng, Phd Eng, MBA

Skills and expertise: Engineering, management consulting, property and energy industry

OPERATIONS

Growthpoint continued to operate optimally despite the various negative factors affecting our business environment.

Gains in several areas are reflected in modest improvements with respect to certain KPIs. These improvements were, however, negatively affected by the ongoing negative rental reversions in the commercial property sector. As leases come up for renewal each year, rentals continue to be under pressure in line with the weak market, and we expect this trend to continue in the short to medium term. Rising administered costs, such as municipal rates and taxes, are increasing the cost of occupation for our tenants and restraining our net rental growth.

Tenant retention remains a challenge. Understanding the variables that affect our tenants' businesses helps us to customise our real estate offerings. Given the inflationary environment and longer void periods, retaining tenants is less costly in the long run, given the oversupply in the market, particularly in Gauteng office nodes. The 'ghost' vacancies in the market have been absorbed, resulting in increased take-up of vacant space that has been on the market for some time.

We are focused on providing our tenants with more value by enhancing office property amenities. These have helped them to create spaces that have enticed their employees back to the office.

We actively foster strong relationships with the broking community and deem these to be crucial for our business. Flexibility, various initiatives and leasing incentives are necessary in a market where there is still a high level of vacancies.

Vacancies in our Cape Town and KZN portfolios have, however, decreased significantly. We have launched several new developments in the strong industrial sector in response to high demand in these regions. Gauteng remains the node with the weakest fundamentals, and this is reflected in the level of vacancies.

In order to achieve our long-term ESG goals, our operational activities are aligned to Growthpoint's ESG strategy. These also support the Growthpoint business strategy.

A highlight this year was our successful rollout of solar power plants, meeting the ambitious target set for the year. We made noteworthy progress in increasing our on-site solar to 27.32MW. We plan to maintain a strong growth rate. However, space constraints will limit this.

Since green power is not yet available for purchase in South Africa, we need to produce our own energy to reduce our dependence on fossil fuels. We have identified the potential to install a further 12MW of solar for FY24. Despite the growing number of providers responding to the green energy opportunity, many do not meet our procurement requirements. Moreover, competition for these resources is high due to global demand. We are exploring options for hydropower and wheeling electricity to our buildings in anticipation of future regulations enabling this.

Although solar plants supplement diesel generators, office properties have limited opportunities for solar. We will have to continue relying on diesel generators at many properties during power outages.

Loadshedding is an ongoing operational challenge. Due to more frequent and longer blackouts, we have had to use diesel at unprecedented levels. This year, we spent R137m on diesel. The significant increase in this cost is due to the impact of Rand weakness on diesel prices as well as increased loadshedding. We implemented a diesel bulk purchase plan in Gauteng to reduce costs. Diesel cost recovery remains complex. This affects the retail portfolio particularly, as we made a conscious decision to support our tenants, especially in the food industry, to help them trade without disruption.

While unlikely, a national electricity grid collapse is possible. We have established a task team to deal with such an eventuality. Their scenario planning includes arrangements for the various resources necessary for business continuity.

We have implemented an increasing number of measures for sustainable, safe and compliant building operations. Due to increasing loss of water pressure and water supply incidents, we have installed water tanks and booster pumps at numerous industrial properties to supplement existing sprinkler systems.

Water is a scarce resource in South Africa and we have come a long way in supplementing the municipal water supply in our portfolio. This is in addition to reducing our own water use and advising our clients on how to reduce theirs. We want to help them manage their own water and electricity use and are considering various innovations to achieve this.

The macro environment in South Africa is affecting our employees, and we are increasingly relying on our Employee Assistance Programme (EAP) and other such initiatives to sustain their morale and emotional wellbeing.

Although we allow some flexibility to work from home, our employees are back at the office three days a week. Increased loadshedding has made working from home challenging for most of our employees and many also actually prefer the office environment.

Our priority is recruiting and retaining qualified and skilled individuals in accordance with our transformation goals. Skills shortages have not only persisted but have been exacerbated by semigration, emigration and lifestyle changes following the Covid-19 pandemic.

Growthpoint has a good reputation in the market and is an employer of choice. People approach us to collaborate with them on real estate opportunities and innovations for the industry. We have effective strategies to maintain open communication with clients and stakeholders.

Growthpoint plays a leading role in collaborative bodies for business in South Africa and our industry. These include the SA REIT Association, SAPOA, GBCSA and Business Unity South Africa. We actively participate in numerous city improvement districts (CIDs) and work with other property owners to manage, maintain and enhance the urban environment around our assets.

Growthpoint is a recognised leader in green building design and certification. Obtaining and maintaining green building certifications comes at an expense for the business, but we remain committed to this sustainability initiative.

We also strive to be a catalyst and adopter of green innovation for the built environment and property sector. This is embodied in our Greenovate Awards initiative in conjunction with the GBCSA. The Greenovate programme has been well received by our industry and the universities that participate. The 2023 competition will, for the first time, include a proptech category.

We expanded our legal team in FY23, adding capabilities such as town planning support for our trading and development division, which develops properties for both third parties and our own balance sheet. In line with our flexible approach, clients now require customised lease agreements. This also requires additional legal resources.

Utilities is a highly complex field and is prone to errors made by municipalities that are difficult to reconcile. A third party manages our utilities and we have an in-house team to oversee queries and accuracy.

We bolstered our centralised procurement department, which continues to collaborate with the Property Point team to implement our Local Economic Development (LED) policy. This policy encourages local suppliers to provide services and other functions to our shopping centres, creating jobs and opportunities in those communities. We have seen positive results and strong community relationships flourish, and plan to expand this initiative further.

Non-GLA income, which includes income other than rentals and parking revenues from our properties, has grown significantly. We are actively pursuing this revenue stream.

Growthpoint prizes ethical and professional conduct above all, and this year we added "Play Fair" to our corporate values. Due to the rising corruption and crime in our operating environment, which has the potential to permeate our business and beyond, we introduced this new value to emphasise our zero-tolerance policy towards illegal and unethical conduct.

With the introduction of the IFC as an investor in GHPH, we integrated its requirements into the entire Growthpoint operating ecosystem. We have reviewed and revised policies and procedures to align with the IFC's expectations, achieving what we believe to be the highest standard.

Despite facing obstacles, we have remained focused on the fundamentals while motivating and guiding our employees to continue to deliver positive results.

Overview of SA property portfolio

	Retail		Office		Industrial		T&D		GHPH		GSAH		Total		V&A	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Asset value (Rm)	**25 180**	24 573	**25 868**	25 999	**12 602**	12 092	**442**	453	**3 668**	3 406	**2 717**	2 233	**70 477**	68 756	**10 064**	9 001
Number of properties	**39**	42	**155**	158	**168**	187	**7**	5	**8**	7	**11**	9	**388**	408	**1**	1
Gross lettable area (GLA) (m^2)	**1 225 637**	1 283 698	**1 650 192**	1 669 867	**1 940 293**	2 093 262	**9 014**	37 512	**118 790**	107 562	**n/a**	n/a	**4 943 926**	5 191 901	**228 781**	232 041
GLA as a % of SA portfolio (%)	**24.8**	24.7	**33.4**	32.2	**39.2**	40.3	**0.2**	0.7	**2.4**	2.1	**n/a**	n/a	**100**	100	**n/a**	n/a
Value per m^2 (excluding bulk) (R)	**20 448**	19 006	**15 140**	15 073	**6 023**	5 432	**n/a**	n/a	**28 691**	31 168	**407 434**[1]	408 114	**13 143**	12 487	**43 990**	37 009
Capital expenditure (Rm)	**398**	232	**379**	303	**603**	220	**142**	188	**7**	3.8	**392**	204	**1 921**	1 150.6	**400**	194.5
Gross property revenue	**3 210**	3 165	**3 119**	3 063	**1 558**	1 591	**137**	107	**451**	378	**379**	174	**8 854**	8 478	**1 090**	855
Property expenses (Rm)	**(1 026)**	(926)	**(1 070)**	(986)	**(391)**	(378)	**(9)**	(3)	**(78)**	(56)	**(141)**	(48)	**(2 715)**	(2 397)	**(359)**	(245)
Property expense ratio (%)	**32.0**	29.3	**34.3**	32.2	**25.1**	23.8	**6.6**	2.8	**17.3**	14.8	**37.2**	27.6	**30.7**	28.3	**32.9**	28.7
Net property income (Rm)	**2 184**	2 239	**2 049**	2 077	**1 167**	1 213	**128**	104	**373**	322	**238**	126	**6 139**	6 081	**731**	610
Net property income as a % of SA portfolio	**36.0**	36.8	**33.0**	34.2	**19.0**	19.9	**2.0**	1.7	**6.0**	5.3	**4.0**	2.1	**100**	100	**n/a**	n/a
Vacancies (%)	**6.3**	5.5	**19.2**	20.7	**3.7**	5.7	**n/a**	n/a	**0.1**	0.1	**n/a**	n/a	**9.4**	10.3	**0.4**	1.6
Arrears (Rm)	**40.3**	68.3	**53.7**	59.7	**34.7**	45.1	**1.8**	2.0	**17.2**	6.7	**17.7**	13.5	**165.4**	195.3	**45.4**	103.7
Provision for bad debts (I/S) (Rm)	**(16.1)**	(35.3)	**(3.2)**	(15.3)	**(10.5)**	(9.7)	**0.5**	(0.9)	**1.6**	0.9	**–**	–	**(27.7)**	(60.3)	**(1.1)**	4.3
Bad debts written off and net of recovered (I/S) (Rm)	**15.8**	50.2	**3.3**	21.2	**22.4**	11.4	**–**	–	**–**	–	**3.5**	1.9	**45.0**	84.7	**0**	0
Average gross rental (per m^2/month)	**215.6**	205.5	**164.6**	165.1	**65.7**	63.3	**n/a**	n/a	**310.0**	290.7	**n/a**	n/a	**139.2**	133.1	**410***	250*
Average annualised yield (%)	**8.8**	9.0	**8.1**	8.2	**10.1**	10.2	**n/a**	n/a	**10.6**	10.7	**8.1**	9.9	**8.9**	9.0	**6.5**	6.0
Average in-force escalations (%)	**6.1**	6.1	**7.2**	7.2	**7.5**	7.6	**n/a**	n/a	**7.8**	7.7	**n/a**	n/a	**6.9**	6.9	**6.9**	7.4
Weighted average renewal lease period (years)	**3.8**	3.5	**3.6**	3.1	**3.3**	3.2	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**3.5**	3.2	**3.5**	3.4
Weighted average lease period (years)	**2.9**	2.9	**3.8**	3.9	**3.2**	3.1	**n/a**	n/a	**9.3**	9.5	**n/a**	n/a	**3.6**	3.6	**12.8**	5.5
Renewal success rate (%)	**83.3**	85.0	**60.4**	58.0	**59.1**	79.1	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**64.9**	75.1	**89.7**	69.1
Weighted average renewal growth (%)	**(9.1)**	(13.6)	**(20.1)**	(17.0)	**(10.4)**	(6.3)	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**(12.9)**	(12.8)	**(3.1)**	(12.7)
Weighted average future escalations on renewals (%)	**6.2**	6.0	**7.2**	6.8	**7.4**	6.8	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**6.8**	6.4	**7.2**	7.0
Number of employees													**637**	606	**227**	215

[1] *Value per bed with a total of 6 443 (FY22: 4 979) beds.*

* *The calculation methodology for average gross rental changed when compared to FY22. Previously the average rental was not weighted and the GLA included held for development and vacant. This was changed in the current year to weight the average rental and total occupied GLA was used. The comparative based on the revised methodology is R394.*

Retail

Top five retail properties by value

Festival Mall

This regional centre is close to the CBD and near the residential areas of Kempton Park. Due to the mall's close proximity to public transport, the centre also benefits from strong support from the Tembisa area. The tenant mix covers a wide range of categories, with a strong national representation.

- Kempton Park
- 7.2%
- 79 084
- 6.5%

Brooklyn Mall and Design Square (75%)

Brooklyn Mall is nestled in the affluent suburb of Pretoria's cosmopolitan area of Brooklyn, surrounded by established upmarket residential homes, corporate offices and a large number of embassies and diplomatic properties. Brooklyn Mall is the premier shopping destination in Pretoria. It offers shoppers a full complement of national retailers, specialist boutiques, restaurants and coffee bars and the best of home and décor shops.

- Pretoria
- 6.4%
- 56 439 (75%)
- 4.6%

Location | % of total retail portfolio | GLA m² | % of total retail GLA

Waterfall Mall

Waterfall Mall draws shoppers from as far afield as Botswana. Located in the upmarket suburbs of Rustenburg, the centre has easy access from the R24 and N4 highways. The size of the centre allows for an extensive representative tenant mix, which includes most national retailers as well as a variety of specialised retailers.

- Rustenburg
- 6.1%
- 50 791
- 4.1%

N1 City Mall

N1 City Mall is located in a strong, well-established business precinct with excellent visibility and access off the N1 freeway. The centre offers a comprehensive tenant mix and caters to a wide range of shoppers from LSM 6 to LSM 8.

- Cape Town
- 5.9%
- 63 380
- 5.2%

Vaal Mall (66.7%)

Vaal Mall is in the heart of Vanderbijlpark and the Vaal triangle with 150 fashion and retail stores, a food court and sit-down restaurants.

- Vanderbijlpark
- 5.9%
- 44 006 (66.7%)
- 3.6%

RETAIL

Improvements to our shopping centres ensure that they remain attractive for tenants and shoppers. Installing on-site solar plants supports our environmental commitment and enables uninterrupted trading while also helping us to manage rising electricity costs and energy security risks.

The retail sector has recovered substantially, although retailers faced added challenges from increased loadshedding in FY23, resulting in higher costs and slower trading density growth due to reduced trading hours.

Higher inflation and interest rates are worrying because they affect consumer spending. With decreased disposable income, consumers continue to prioritise value and non-discretionary purchases.

Our broad strategy is to optimise and streamline the portfolio, maintain our retail holdings, and acquire suitable assets where feasible.

> We focused on analysing retail patterns and built stronger connections with retailers. Our asset and property management flexibility allows us to partner effectively with tenants. We work hard to support joint projects with retailers and tenants that bring mutual benefits.

Performance

Trading densities grew, showing ongoing recovery further evidenced by stable vacancies. We anticipate improved occupancy levels going forward as we strategically address vacancies in the portfolio through letting strategies, property disposals and redevelopments.

We continued to right-size and optimise retail spaces with national retailers. We are also collaborating with banks to downsize where it is commercially feasible, which often provides an opportunity to enhance tenant variety and shopper experience.

Food retailers, particularly supermarkets, showed strong turnover growth. While value fashion has seen a strong recovery over the past couple of years, this year non-value fashion sales also began picking up, albeit off a very low base.

Our retail renewal success rate was pleasing overall but was negatively impacted by the non-renewal of Ster-Kinekor at Festival Mall in Kempton Park and Cinema Nouveau at Brooklyn Mall in Pretoria. Some office tenants at Golden Acre in Cape Town also chose not to renew or to downsize.

Renewals came at the expense of negative rental reversions, although reversion levels improved marginally. Escalations stabilised in line with the recovery of trading performance and higher inflation. Our tenant arrears position continued to improve.

Portfolio highlights

In line with our strategy of optimising and streamlining the RSA portfolio, East Rand Value Mall, The Avenues and Palm Springs were sold and transferred during March 2023, which contributed positively to our portfolio vacancies. Four non-core retail properties worth R1.1bn were awaiting transfer at year end, with another property valued at R50m approved for disposal.

Our non-core disposals de-risked our portfolio and were achieved at, or above, book value.

Portfolio values increased, reflecting the improvement in trading conditions for our tenants, as can be seen by the improvement in some of our key metrics.

We use technology to find out more about our shoppers and their shopping patterns. We also gain good shopper insights through retailer collaboration.

Developments and refurbishments

We undertook several major refurbishments during FY23. At year end, we completed a solar upgrade at Vaal Mall in Vanderbijlpark with a new 2.5MW rooftop solar plant, which increased the mall's total solar power capacity to 3.6MW. This aligns with our ambitious target to be carbon neutral by 2050. Simultaneously, we built a new link road into this mall for more convenient access.

At Kolonnade Shopping Centre in Pretoria North, we also extended the solar system by an additional 2.5MW, bringing the mall's total solar capacity to 2.8MW.

A major redevelopment of Bayside Mall in Cape Town was started in May 2023 to introduce new retail offerings, a revamped food court, improved customer flows, improved centre access and a refreshed, contemporary look for the mall. The project is in response to competition in this node and to improve the shopper experience.

The former Game space at River Square Shopping Centre in Vereeniging is being redeveloped for Edgars and Builders Express, while the ex-Standard Bank space at Beacon Bay Retail Park in East London is being redeveloped for Dis-Chem.

The improvements at these shopping centres will ensure that they remain attractive for retailers and shoppers, and installing on-site solar plants will help us mitigate rising electricity costs and energy insecurity.

Paarl Mall was extended in November 2022 by 3 00m² of gross lettable area accommodating Tiger Wheel & Tyre, Dial-a-Bed, Volpes and Nedbank. In addition to this extension, an extensive solar and battery backup system was installed and commissioned to generate renewable energy and to mitigate load factor variances.

Environmental and social

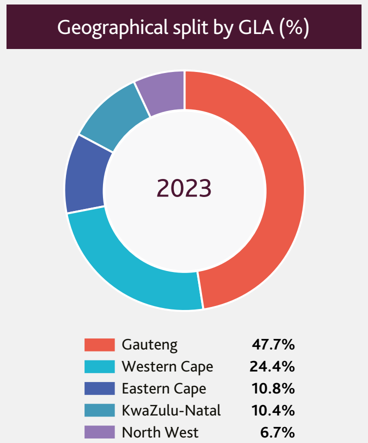
We have evaluated all our shopping centres for solar power plant suitability. Due to the age of certain centres and the roof structures not being designed for solar panels, our options are either to reinforce the roof structures, as we did at Vaal Mall, or install solar panels on parking shelters. Additionally, Vaal Mall's diesel generators were consolidated with its solar plant to create a hybrid integrated power system that makes solar power available to the mall during daytime loadshedding. This furthers our priority objective of replacing non-renewable energy with renewable energy, and we are planning to integrate generators with solar at other malls.

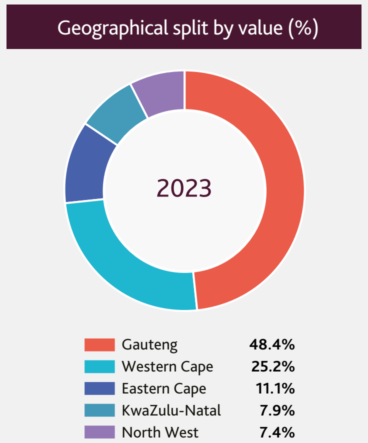
Some of our shopping centres in the Western Cape can operate independently of municipal water supply. We have licensed boreholes and backup water for ablutions, fire safety and select water-dependent retailers for most of our assets. We align with the national goal of zero organic waste and are exploring ways to achieve this, such as using suitable food waste from restaurants in Lakeside Mall, Benoni, for on-site composting.

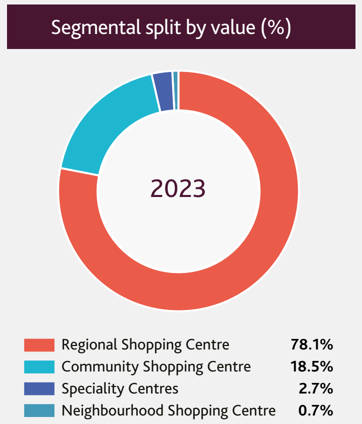
We actively address social matters by collaborating with local communities to support economic opportunities and procurement. Our strong partnerships emphasise mutual benefits. Through Property Point, we enable SMMEs to partner with our shopping centres and thereby contribute to the success of their businesses. This approach has had a positive effect on trust in the community as well as the financial feasibility of our suppliers and service providers. Our centres also participate in local civic organisations, including business, community, and crime prevention forums.

Outlook for FY24

As our redevelopments are completed and strategies advance, we anticipate a further increase in occupancies and trading densities. We will keep investing in our shopping centres to enhance their competitiveness, efficiency and positive effect on the environment and society. Our shopping centres are open for business and remain relevant for their tenants, shoppers and communities. This supports continued steady growth in tenants' trading densities and cost of occupancy, which compliments higher rentals, occupancies and property valuations, leading to higher returns for our investors.







Office

Top five office properties by value

Discovery 1 and 2 (55%)

The Discovery Campus is prominently situated in close proximity to Sandton City and the Gautrain. The interior boasts modern state-of-the-art finishes and a variety of amenities, with a triple net lease.

Sandton, Johannesburg
10.2%
64 127 (55%)
3.9%

Woodlands Office Park

This office park consists of 33 buildings. The buildings are situated in a low density, game park environment with free roaming blesbok, impala, springbok, other smaller animals and bird life. The Woodlands boasts amenities such as a restaurant, a nursery school and dry cleaner. The park is on a Gautrain shuttle route and is known in the area for hosting a park run.

Woodmead, Johannesburg
5.7%
114 739
7.0%

Location | % of total office portfolio | GLA m² | % of total office GLA

144 Oxford Road

Located in a prime position at the gateway to Rosebank, this nine storey office development offers a large floor plate to accommodate tenants. It is located a block away from the Gautrain station, within walking distance to the amenities of Rosebank.

Rosebank, Johannesburg
4%
37 474
2.3%

Constantia Office Park

With a superb location benefiting from excellent N1 highway visibility and accessibility, together with amenities including a gym and a hotel, it offers a combination of A- and B-grade office space to 90 tenants, set in a lush park environment with a river running through it.

Roodepoort, Johannesburg
3.2%
75 161
4.6%

Inanda Greens, Wierda Valley

The office park offers easy access to major public transport routes. The park is a mix of modern and contemporary buildings that allows natural light to flow through. It groups around a chip and putt golf course.

Sandton, Johannesburg
2.8%
41 025
2.5%

OFFICE

Tenants are returning to their offices or upgrading to higher-quality spaces with amenities. We are meeting their needs by offering modern, sustainable and flexible buildings in attractive locations.

The office market appears to have stabilised after several tough years for this property sector. Tenants are returning to their workspaces and adapting to hybrid working models. The trend in our portfolio indicates that both large and small tenants are returning to the office or upgrading to higher-quality space. Growthpoint is meeting their needs by offering modern, sustainable, and flexible buildings in attractive locations, close to amenities.

In line with our strategic thrust of optimising and streamlining the RSA portfolio, we are disposing of properties in underperforming nodes and deploying the proceeds in desirable nodes through acquisitions, developments or redevelopments. Our specific focus is to increase our exposure in the coastal regions of KwaZulu-Natal and Western Cape while simultaneously decreasing exposure to nodes experiencing an oversupply of rental space.

Growthpoint offers sustainable and efficient offices in prime locations. We accommodate blue-chip tenants in growth industries nationally, catering to businesses of all sizes. We assist our tenants with backup power and water solutions whenever possible to encourage better office occupancy.

Performance

Vacancies decreased marginally, despite some larger tenants reducing space. We are seeing renewed demand in particular locations and occupancies improving in certain nodes and office types. Leasing and rentals remain constrained by a challenging economic environment, resulting in an oversupply in the market.

We are particularly encouraged by vacancies in the Western Cape portfolio being contained below 10% at year end, down from a high of 16.8% in December 2021. We have also observed a growing interest in other areas, including KwaZulu-Natal and Rosebank in Gauteng. Some nodes are enjoying significantly increased leasing activity, such as our Illovo portfolio, where vacancies have nearly halved.

Demand is also returning in certain office parks as evident in the significant improvement in vacancies at Constantia Office Park and The Woodlands.

Leasing in Sandton improved, but larger users are still downsizing, leading to static vacancies. The heavy weighting of our office portfolio in the Sandton area influences our total vacancy percentage negatively but represents an opportunity for future upside, especially with companies relocating and improving their premises with adjusted rental prices. We expect a gradual recovery in Sandton's office market, starting in the centre and then spreading to the periphery.

The actual number of retained tenants is not reflected in the renewal success rate given that many tenants negotiated a smaller footprint when renewing. New lets for FY23 exceeded last year's number. Rental reversions are skewed by a large negative reversion on a 22 000m² renewal.

Rental arrears are low and stable with very few business rescue cases affecting the portfolio.

NPI continued to be affected by increased operating costs, particularly of diesel where we only recover around 60% of the cost, as well as increased administered costs such as rates and taxes, which we do not recover fully because of vacancies. The rising cost of occupancy for our tenants also erodes the net rental achievable.

Portfolio highlights

We will continue to sell underperforming buildings in low-growth nodes where rentals are under pressure.

We sold five buildings with a total value of R130m to owner occupiers and tenants, reducing the vacancy in the portfolio while furthering our strategy of reducing office exposure in non-performing nodes in Gauteng.

In addition, we realised another R130m by selling 50% of a particular building to the tenant's shareholders.

Riverwoods in Bedfordview was transferred to our Trading and Development division for a residential conversion together with our partners Setso Property Fund (Pty) Ltd and BlackBrick, which also had a positive effect on the vacancy numbers.

Office valuations stabilised with a slight upward movement reflecting better sector sentiment.

Developments and refurbishments

We invest in our properties to maintain or improve quality and relevance. This work includes projects of various sizes, from small upgrades to major renovations. We also focus on meeting the specific needs of our tenants.

In FY23, we completed the major aesthetic refurbishment of The Place at 1 Sandton Drive, which houses Growthpoint's Gauteng headquarters. The refreshed office building showcases the amenity-rich flexible space we offer to tenants.

We also completed the redevelopment of the AECI head office in The Woodlands Office Park, modernising the building and opening the facility to park views.

We decided to proceed with the final phase of the historic Longkloof precinct in Cape Town, which includes the hotel development. The hotel project was paused during the pandemic but, with increased tourism, economic growth in Cape Town and the Longkloof offices being almost fully leased, we are ready to proceed. The decision was supported by value engineering with the Growthpoint development team.

Developments and refurbishments

Building	Location	Description	Tenancy	m²	Completion date
Completed					
Woodlands Office Park	Woodmead	Redevelopment of buildings 22 and 23	AECI	5 005	December 2022
4 Pencarrow	Umhlanga Ridge	Redevelopment and multi-tenanting	Sivest and Various	2 426	July 2022
The Place	Sandton	Refurbishment of common areas	Various	35 932	December 2022
Projects to be undertaken in the new financial year					
Constantia Office Park	Roodepoort	Reconfiguration of the waterway	Various	n/a	June 2024
Longkloof	Gardens, CT	Development of the hotel	Hilton Hotels	10 958	October 2024
Honeywell	Midrand	Redevelopment and multi-tenant	Various	3 818	May 2024

Environmental and social

We are focused on owning and managing efficient and sustainable buildings that reduce operating costs for our tenants and ourselves. With an increased focus on sustainability, we aim to further our shared environmental objectives. Growthpoint has a large portfolio of green-rated buildings that provide tenants with efficient electricity, renewable energy and water consumption, and other associated benefits.

Green buildings are good investments, which attract preferential tenants and funding alike. Part of the IFC's R1 billion green bond, issued by Growthpoint in December 2022, refinanced our green office building located at 144 Oxford in Rosebank, Johannesburg. The building has a 5-Star Green Star certification from the GBCSA.

Growthpoint worked to secure energy performance certification for all qualifying South African buildings by the initial 31 December 2022 deadline. Industry constraints resulted in the deadline being shifted to December 2025. Nonetheless, most of our eligible buildings were submitted for certification during this year and will be certified well in advance of the new revised deadline.

Through Property Point, SMMEs are providing services to many of our buildings. This supports our office portfolio and aligns with our social and economic objectives.

We are active in city improvement districts (CIDs) nationwide, providing our skills, time and financial support. These organisations assist in ensuring that the urban fabric around our property investments is clean, safe and well-maintained, thereby enhancing their appeal and protecting the value of our investments.

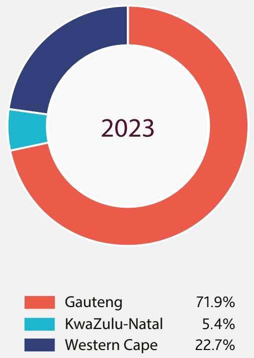
Outlook for FY24

The office sector's recovery will be slow due to the excess of available space, which will only decrease with an economic improvement that supports business growth. There are, however, pockets of demand and growth that we continue to exploit.

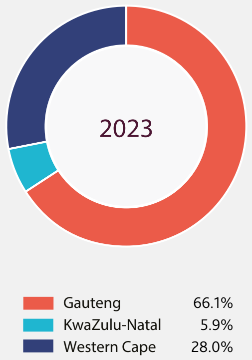
We will continue to enhance and differentiate our office buildings with targeted asset-management initiatives focusing on value, amenities, quality and efficiency.

OFFICE (CONTINUED)

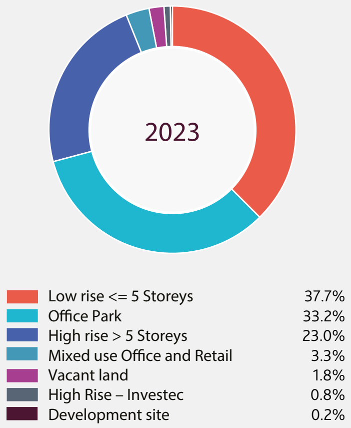
Geographical split by GLA (%)



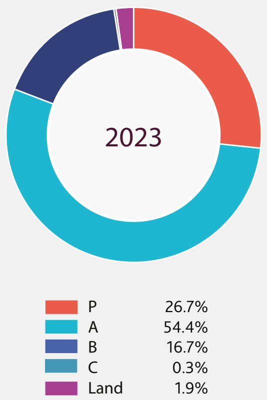
Geographical split by value (%)



Segmental split by value (%)



Diversification by grade (%)



INDUSTRIAL

Our development activity increased this year, adding bespoke premium products to our portfolio. Additionally, we began the substantial rollout of on-site solar.

The diversity of our industrial portfolio, from a nodal and product offering viewpoint as well as increased exposure to quality logistic assets, contributed to our positive FY23 performance.

In line with our strategic thrust of optimising and streamlining the RSA property portfolio to mitigate risk in the South African market, Growthpoint is adjusting the portfolio composition and rebalancing its weighting towards the industrial sector.

Our ongoing non-core asset disposal programme includes reducing our exposure to manufacturing properties while keeping specific multi-park assets and growing our warehouse/logistics offering in selected nodes.

Simultaneously, we are expanding the portfolio through tailor-made development projects and strategic acquisitions that meet our core investment strategy. We are actively investing in on-site solar power where feasible.

Rebalancing our industrial portfolio will take time, but we are progressing against clearly defined objectives.

> We continue to focus on our tenants and on rebalancing our portfolio in favour of modern logistics assets while disposing of non-core, smaller assets not aligned with our investment criteria. We focus on providing logistics solutions ranging from 5 000m² to 20 000m² in selected nodes to attract global tenants. We also aim to enhance our industrial parks and are focused on adding amenities that add value to our tenants.

Performance

With rising construction costs limiting new developments, the supply-and-demand dynamic for existing inventory was more balanced in FY23. As a result, new letting of vacant space to new tenants improved and our vacancies declined. Tenant retention remains a key priority.

Vacancies in both our Western Cape and KwaZulu-Natal portfolios have improved substantially and remain low. The inland portfolio remains under pressure and is the major contributor to the current vacancies.

Market rental growth continues to lag contractual escalations, necessitating negative rental reversions on renewals to retain tenants. Given the current higher inflationary environment, we have been successful in negotiating higher lease escalations. Tenants now generally prefer shorter lease periods because of uncertain economic conditions.

Loadshedding severely affects our tenants, especially those businesses exposed to manufacturing and production. It raises their expenses, strains occupancy affordability and contributes to more tenant failures. Portfolio arrears are stable, but we anticipate a potential increase due to the current tough macro-economic conditions. Business rescue cases and liquidations, although down from recent pandemic-driven highs, continue to add to our vacancies.

Portfolio highlights

Non-institutional investors have a strong appetite for industrial assets, creating demand for properties that no longer meet our investment criteria. We successfully sold 20 assets during FY23. Four other properties of c. R160m in various stages of disposal post FY23. This furthers our aim of rebalancing the industrial portfolio towards better-performing areas and asset types, with a preference for coastal areas where there are lower vacancies and higher demand.

Notwithstanding our successful disposal programme, our portfolio value increased due to improved market conditions including lower vacancies. We also acquired a prime logistics property in Keystone Park, Hammarsdale, KwaZulu-Natal, furthering the strategic rebalancing of our coastal industrial portfolios.

Developments and refurbishments

Responding to low levels of new supply in the market, our development activity increased in FY23 from a lower-than-usual base due to market conditions in the preceding pandemic years.

Several partially let and speculative industrial developments were initiated, including Trade Park Phase 2 in Durban and Arterial Industrial in Cape Town. We also continued the development rollout of the Centralpoint Innovation District in Gauteng. All these developments add premium-quality logistics assets to our portfolio.

Refer to table on page 134.

Industrial

Top five industrial properties by value

Montague Business Park (25%)

Growthpoint has 25% joint ownership of this A-grade industrial park in the sought-after Montague node. It is home to 27 businesses. There is high demand for further development of the park's available bulk

- Cape Town
- 3.7%
- 48 295 (25%)
- 2.5%

Growthpoint Business Park

Growthpoint Business Park is a mixed-use facility in central Midrand with highway exposure to the N1. Set in a tranquil estate with a number of national and international clients.

There is some bulk available for future development

- Midrand
- 3.5%
- 68 959
- 3.6%

Location % of total industrial portfolio GLA m² % of total industrial GLA

Hilltop Industrial Park

With superb highway frontage and access, Hilltop Industrial Park encompasses some of the most functional industrial premises in South Africa. This B-grade industrial park has undergone a major upgrade.

- Germiston
- 3.2%
- 76 283
- 3.9%

Mill Road Industrial Park

Mill Road Industrial Park is a storage, warehouse and distribution park consisting of premium-grade warehousing with associated offices in Bellville South Industria. It is ideally located with easy access to the N1, N2 and R300 highways and benefits from excellent highway visibility.

- Cape Town
- 2.4%
- 38 042
- 2.0%

Central Park, Elsiesrivier, Cape Town

A 429kWp grid-tied solar PV system currently provides for a winter average of 20% of the Parks' total electrical demand. In line with our commitment to greening our City and Planet, there are plans to increase capacity to ensure future excess clean energy available to other consumers in the area as well. This is a secure business park offering good interlink truck access and is centrally located with good access to the Cape Town airport and other relevant nodes. There are approximately 22 tenants who utilise the premises for warehousing, logistics and light manufacturing.

- Cape Town
- 1.9%
- 49 135
- 2.5%

INDUSTRIAL (CONTINUED)

Developments and refurbishments

Building	Location	Description	Tenancy	m²	Completion date
Centralpoint B21 and B22	Johannesburg	Warehouse	Speculative	11 503	Completed June 2023
Trade Park Phase 2	Durban	Warehouse	Speculative	21 061	September 2023 expected completion (±80% complete by June 2023)
Saligna – extension	Johannesburg	Warehouse	Nu Leaf	5 114	August 2023 expected completion (±90% complete by June 2023)
Monteer – redevelopment	Johannesburg	Warehouse	Edward Snell	28 375	November 2023 expected completion (±65% complete by June 2023)
Chain Avenue – extension	Cape Town	Warehouse	Speculative	6 574	March 2024 expected completion (±10% complete by June 2023)
Arterial Industrial Estate	Cape Town	Warehouse	Speculative	18 659	April 2024 expected completion (±10% complete by June 2023)
Lanseria Cargo Park	Johannesburg	Warehouse	Speculative	78 024	Only land acquired – busy with township establishment before we can commence with any construction

Environmental and social

In meeting compliance requirements for new developments, including environmental impact assessments, we undertake thorough due diligence processes at considerable cost to contribute to the wellbeing of society and local communities. We carefully select locations for our industrial assets and ensure that they are appropriately zoned.

Collaborating with our CSR and Property Point teams, we also proactively involve local communities in work creation opportunities. Our approach targets local contracting and employment, which has proved successful.

Maintaining uninterrupted power and water supplies at our buildings is an ongoing challenge and focus for the property management team. We will continue installing on-site solar plants where structural and financially feasible. Our goal is to supplement the electrical power supply to our properties with clean energy, thereby reducing their carbon footprint and supporting Growthpoint's environmental objectives.

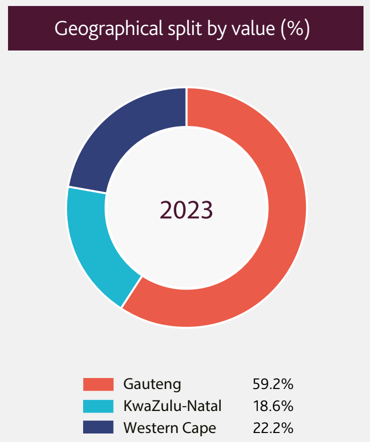
In the industrial sector, at single-occupant buildings, tenants generally use their own generators for backup power. During the course of the year, we provided backup power across three industrial parks in its portfolio, accommodating multiple tenants in 84 153m². To accelerate our solar strategy, we embarked on several projects in FY23 and, at year end, installations totalled 14, equating to 7Mwp, mostly at multi-parks. This will help to ensure that our properties are less dependent on both the national grid and fossil fuels.

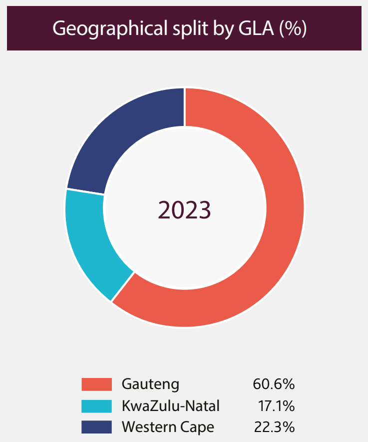
Our water backup systems, including rainwater harvesting for greywater, keep our buildings and our tenants' businesses functional during the increasing water supply disruptions and the high incidence of low water pressure being experienced.

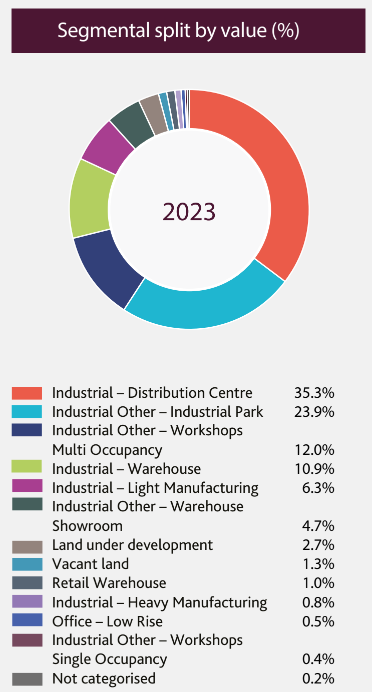
Outlook for FY24

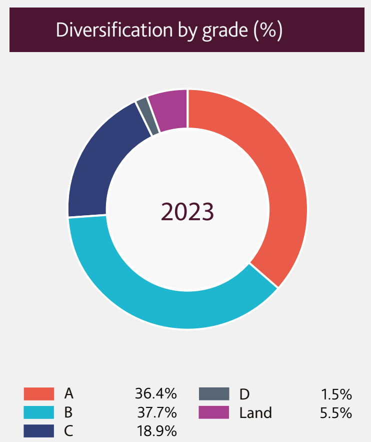
Being a consumption-based economy, South Africa relies on the logistics sector for delivering goods to consumers. As such, the logistics sector remains buoyant with growth potential to meet future consumer needs. This strengthens the investment case for the sector and aligns with our strategy.

Increased inflation, especially with regard to steel costs, is affecting the viability of new projects. This industry-wide challenge is likely to continue to limit new developments in the short to medium term, which could impact market rentals positively. Our in-house development experience and established construction industry relationships position us well to grow with sustainable, well-located, quality developments that meet our portfolio objectives.









V&A Waterfront

The V&A Waterfront delivered a strong performance in a challenging South African market. NPI was 11.2% above the June 2019 performance and 20.0% higher for the year.

The performance of the V&A was driven by several factors, notably a strong and consistent flow of tourists given an increase in direct international flights to the city. Cape Town events that benefit the V&A have returned to 2019 levels.

Semigration to Cape Town has also been positive for the precinct.

The precinct's significant investment in mitigating loadshedding meant that no trading days were lost by its hotels, retail outlets or restaurants.

Performance

The V&A achieved year-on-year NPI growth of 19.8%. Strong overall trading, driven by retail sales, surpassed the last normal levels by 31% and reached a record high of over R1bn in December 2022.

The V&A has improved its tenants mix by successfully reletting all the stores and restaurants that closed during the pandemic.

> The V&A Waterfront takes a shared approach to trading success. All its retail leases are turnover-based, and turnover rental, increased by 165%, boosted by tourism and events.

Vacancies are below 1% across the precinct, with an overall vacancy rate of 0.4%. Leases were concluded at an average annual escalation of 7%. With little to no available capacity, rental growth on renewals improved in FY23 from negative double-digit territory to -3.1%.

While hotel occupancies had already returned to pre-pandemic levels at the start of FY23, increased demand led to revenue per available room (RevPAR) being 26% higher than pre-pandemic levels. The residential segment is now only 1.1% vacant after reaching vacancy highs of 40% during the pandemic.

The industrial and marine sectors remained resilient throughout the year. The Cape Town Cruise terminal welcomed 185 898 passengers and crew on 71 vessels during the October 2022 to May 2023 cruise season.

There was significant improvement in the performance of the aquarium and museum.

The combined effect of the above resulted in double-digit growth in property-related income.

The V&A was able to recover quickly, adapt to the new normal and embrace growth despite headwinds such as above-inflationary increases in administered and insurance costs and loadshedding, resulted in a R36m diesel bill and a further R14m of capital expenditure on generators and fuel tanks. The V&A has committed to spending a further R19m on backup power solutions.

The V&A has 48 generators which have on-site diesel storage for continuous fuel supply. They are started and synchronised before power cuts, ensuring a seamless electricity supply that minimises infrastructure damage. It also has an additional 100 uninterruptible power supply (UPS) units where required.

The V&A can operate 20MWp of power on backup systems, compared to a peak usage of 30MWp. It continues to explore uninterrupted power solutions and is collaborating with leaders like Stellenbosch University to identify reliable, affordable and eco-friendly options.

Developments and upgrades

The newly refurbished Alfred Mall, which adjoins the Victoria & Alfred Hotel in the Quays District, reopened its doors in time for the December 2022 festive season and has shown growth in shopper numbers. The 1 744m^2 mall was completed for an investment of R27m, with a further R4m committed to be spent.

The R17m development of the new Astron service station replaced the old Caltex station.

An administrative oversight while transforming and re-energising the heritage Union Castle Building, the former backdrop of the Cape Wheel, and its surrounds, resulted in work being halted. This delayed the repurposing of this former bank branch into retail and restaurant space that will anchor the precinct's new Union Square. In response to public demand, the Cape Wheel will remain a feature of the precinct and has been relocated.

The 10 500m^2 new office development for Investec is scheduled for completion in November 2023, adding to the precinct's office component. This project includes the construction of the basement and access infrastructure for the future development of a neighbouring building in the Canal District.

A key focus now is planning for the expansion opportunity in Granger Bay. While this is a very consultative process that will depend on both receiving the required approvals and market demand, it would increase the bulk within the Waterfront precinct by 350 000m^2.

Environmental and social

During the period it secured a R1bn green loan from a consortium of banks, which supports its ESG strategy and improves its capital structure.

As the V&A moves towards its goal of being carbon neutral by 2035, it is increasingly taking control of its own water, energy and waste needs. By doing so it will manage its environmental impacts, reduce climate change and increase sustainability.

The V&A has the biggest concentration of green buildings in Africa. In addition to the 2MW of solar plants already installed, it has invested R23m in replacing the roof on the Victoria Wharf in order to double this capacity.

It has undertaken a small-scale wind turbine project and its new water desalination plant will go into trial in March 2024. The V&A already provides on-site black water treatment and its pyrolysis waste-to-energy plant is in the process of obtaining a licence.

Since 2009, the V&A has reduced its power consumption per square metre by 43%. Approximately 65% of the waste produced in the precinct is diverted from landfill through recycling and other initiatives.

The V&A is committed to biodiversity and its aquarium leads this strategy with a focus on marine life preservation and pollution prevention.

It undertakes a pioneering wildlife programme that seeks to find scientific ways for people to harmoniously co-exist with marine life in both public and tourist environment.

To advance opportunity, sustainability and inclusivity, the V&A is working with Harambee Youth Employment Accelerator on various platforms that saw 436 youth placed in the different businesses operating within the precinct. This included actively linking them with employers via a mobile app. Long-term, the V&A aims to add 50 000 jobs to the economy through growth and tourism. Another element of this partnership is establishing a training academy to teach general skills for the hospitality and restaurant industries, thereby increasing the employability of its trainees.

The V&A's Joy from Africa to the World festive season decor initiative substitutes imported products with locally made products. This initiative was recently expanded into other shopping malls within the larger Growthpoint retail portfolio.

Participating in and promoting the circular economy, the V&A actively converts waste into usable materials, such as eco-bricks that can be used in place of concrete. This enterprise is also a significant generator of jobs from waste collection through to manufacturing processes.

The V&A partners with selected agencies, such as Ladles of Love, to provide food security in communities that are home to many of the people employed in the precinct. It also works with the city on various programmes for people experiencing homelessness. Gender Based Violence prevention remains a strong focus for the V&A, with 96 beneficiaries being supported through The Justice Desk Programme.

Prospects

Notwithstanding challenges in the greater market, the V&A is positive about its continued growth. South Africa's appeal to international tourists, particularly as exchange rates are in their favour, further supports this.

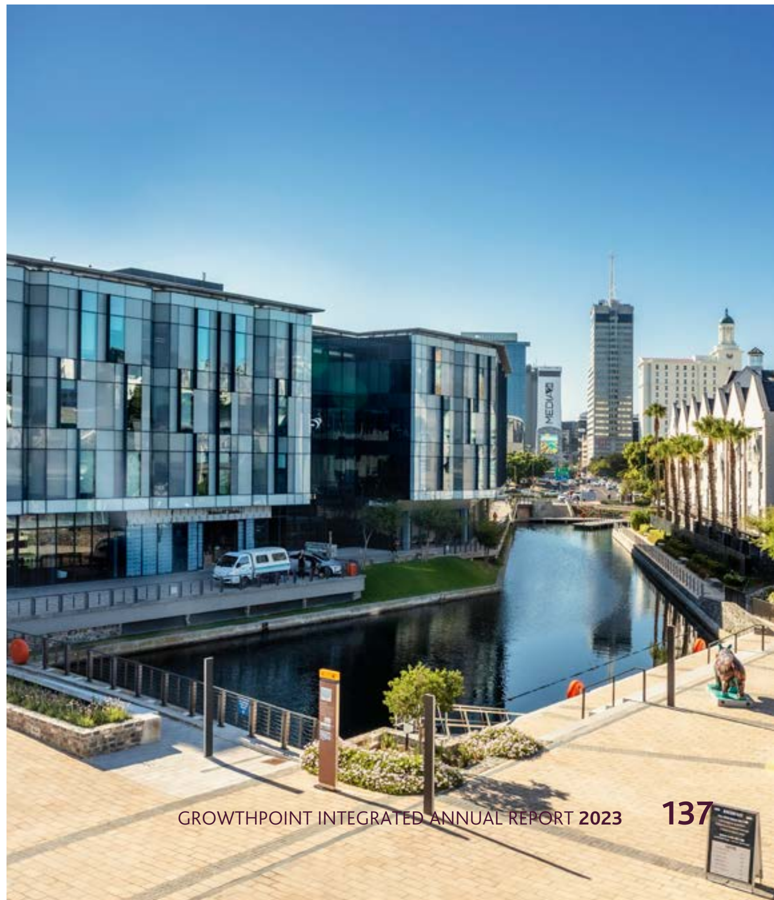
Development opportunities in the precinct are abundant. There is a need for additional international hotel brands and demand for more residential-to-let stock. Cruise is a growth area, as is the building and berthing of luxury yachts. The V&A is also enjoying extraordinarily high demand for office space. There is no shortage of opportunities for growth.

Even with higher interest rates and inflation, profitable expansion is achievable at the V&A, and in the short to medium term it will finance its development costs using external debt.

With little new office capacity coming on stream, rental renewals are likely to pass through flat territory and into positive growth in the year ahead.

The V&A's new Time Out Market is on track to open in November 2023, and will bring the best South African chefs, food and nightlife to the precinct.

The V&A Waterfront expects to achieve high single-figure growth in the year ahead.



Growing income streams

GROWTHPOINT INVESTMENT PARTNERS (GIP)

GIP's strategy is to co-invest in and co-manage specialist alternative real estate investment portfolios. Our aim is to reach R30bn of AUM by growing existing funds and launching new funds.

In 2014, Growthpoint started focusing on growing new income streams from our capital-light co-investments business, GIP. Before this, we only invested in direct property assets and other real estate listed entities. To adapt to market changes, we developed a platform to diversify our assets and income streams through co-investments. As both a capital and management partner in these portfolios, we create sustainable value for our stakeholders and investment partners.

This key strategy continues to gain traction and momentum, with GIP now managing R17.9bn of assets. We are committed to expanding our three current investments and introducing new funds as opportunities arise. This strategy is particularly attractive in South Africa's low growth, limited capital macro-economic environment.

> Unlike listed real estate which experiences short-term, sentiment-based volatility, these unlisted investments focus on direct real estate investing that is influenced by long-term fundamentals.

The GIP business model

Our partnership platform delivers on our core strategies while offering a unique investment approach that distinctly differs from that of Growthpoint Properties.

This co-investment and co-management model provides Growthpoint with four potential income sources:

- **Equity investment returns**
  Growthpoint, as a cornerstone investor, aims to own approximately 20% of the equity in each investment opportunity to gain investment returns. The balance of the equity is raised from third-party investors, with targeted LTV of between 30% and 40% in each fund
- **Asset management fees**
  As a significant stakeholder in the management of each investment, Growthpoint also earns management fees on assets we manage. Fees are based on either the gross or net asset value
- **Property management fees**
  Growthpoint earns property management fees where Growthpoint Management Services is the appointed property manager
- **Development management fees**
  When Growthpoint is appointed as the developer of greenfield or brownfield projects, it earns development fees

A focus on alternative property investments

GIP aims to create investment opportunities in alternative asset classes, with a focus on real estate sectors beyond retail, office and industrial.

Our intention is to grow our funds for future stock exchange listing.

Before making a specific investment, we consider the following factors:

- Potential to scale the asset class
- Investor appetite to invest equity capital
- Assets in sectors with strong fundamentals, particularly those that appeal to impact investors, that differ from our core South African investments in retail, office and industrial property sectors

Environmental and social impact

Our co-investments aim for long-lasting, positive socio-economic impacts. The funds benefit from Growthpoint's strong governance, as well as its dedicated environmental, corporate social investment and sustainability resources.

Performance

GIP's size and first-mover advantage make it a leading investment partner in alternative real estate markets.

Our co-investment platform gained further momentum in FY23, driven by the growth of AUM from GSAH and GHPH. The growth was achieved through new developments and acquisitions.

While GIP's asset classes are also impacted by rising operating costs and interest rates, they are proving more resilient than the traditional asset classes. We are encouraged by the increasing interest in alternative sub-sectors from existing and potential investors.

Unlike listed real estate which experiences short-term, sentiment-based volatility, these unlisted investments focus on direct real estate investing that is influenced by long-term fundamentals.

We continue to build our team and have now appointed a head of GIP, as well as fund managers for each fund and a specialist for capital raising.

We have increased the B-BBEE representation in the Growthpoint Healthcare en commandite partnership (manager), with Kagiso Capital investing 15%. This is an endorsement of the GIP model and its aim to invest with partners to create a sustainable and positive social and environmental impact. We have offered first-close BEE investors in the GSAH an opportunity to acquire a 20% interest in its assets manager by the second anniversary of its launch. This is expected to come into effect in December 2023.

GROWTHPOINT HEALTHCARE PROPERTY HOLDINGS (GHPH)

Healthcare

Growthpoint Healthcare REIT

Holding company	Growthpoint Healthcare Property Holdings (RF) Limited (GHPH)
Manager	Growthpoint Healthcare Management *en commandite* Partnership
Fund Manager	Dr Linda Sigaba
Gross asset value (GAV)	R3.7bn
Net asset value (including convertible loan)	R3.1bn
Growthpoint shareholding	39.1% economic interest including a convertible loan
SA REIT LTV	13.0%
Major investors	Growthpoint Properties, Government Institutions Pension Fund of Namibia (GIPF), Kagiso Capital, International Finance Corporation (IFC), Sentinel Retirement Fund and Vulindlela Holdings
Asset management fees	1.25% of GAV
Property management fees	1.5% of gross collections
Portfolio	Eight
Distribution policy	Twice yearly, a minimum of 90% of distributable income

GHPH delivered an excellent performance in a weak South African market. Strong operational performance, increased assets under management, successful capital allocation and the implementation of ESG initiatives enabled this performance.

During FY23, GHPH raised R500m from the Government Institutions Pension Fund of Namibia (GIPF). These funds partially repaid Growthpoint's convertible loan, reducing its stake to 39.1%. The intention is to further decrease the loan by raising capital from third parties.

Total of R2.8bn capital raised since inception, with R765.8m from Growthpoint and the balance from third parties.

In growing its asset base, GHPH purchased a 50% stake in a 22 456m² temperature-controlled Adcock Ingram tenanted pharmaceutical facility in Midrand. The remaining 50% was acquired by Bidvest Properties. This investment marked the entry into the healthcare warehousing and distribution subsector. The deal was financed through debt funding secured from the IFC and the property was transferred in September 2022.

After the R143.8m purchase of the Adcock Ingram property, GHPH had R340m of debt funding available from the IFC loan for future acquisitions and developments. These include the R110m acquisition of the Johannesburg Eye Hospital property in Northcliff.

GHPH continues to expand its portfolio and diversify its tenant base. With R554.4m of external debt and low gearing, GHPH has significant debt capacity for continued expansion.

The healthcare property asset class has proven to be resilient and the performance is expected to remain strong, despite the macro-economic headwinds.

Environmental and social

GHPH aligns capital with societal good and focuses on positive ESG outcomes. It reports annually to the IFC on the environmental and social impacts of its facilities and operations.

Cintocare Hospital, developed by Growthpoint Trading and Development, achieved a 5-Star Green Star rating from the GBCSA. All future development projects will target a minimum 4-Star Green Star rating.

GHPH and its manager are both level 1 B-BBEE certified and have advanced their strategies to add B-BBEE shareholders at both the company and management levels. Growthpoint sold 15% of its share in the Growthpoint Healthcare *en commandite* partnership to Kagiso Capital for R41.6m in February 2023.

Ensuring the highest levels of corporate governance, the Advisory Committee reviews all related party transactions to ensure transparency and fairness. The committee consists of one member from each of the largest five shareholders: Growthpoint, GIPF, Kagiso, IFC, Sentinel and Vulindlela were eligible to appoint a representative to the Advisory Committee in May 2023.

GHPH's Audit and Risk Committee comprises entirely of independent Non-executive Directors. The committee is responsible for oversight of the Growthpoint Healthcare *en commandite* partnership, appointing an external valuer, approving valuations, and approving the issue price of shares. The committee is also responsible for reviewing and recommending the financial statements to the Board for approval.

Asset allocation

GHPH is the first private healthcare REIT focusing on healthcare properties in South Africa. It aims to acquire and develop hospitals, laboratories, biotechnology facilities and allied healthcare assets.

Portfolio

The eight healthcare properties consist of six hospitals, one medical chamber and one warehouse and distribution centre.

These are:

- Netcare N1 City Hospital, Goodwood, Cape Town
- Netcare N1 City Medical Chambers, Goodwood, Cape Town
- Mediclinic Louis Leipoldt Hospital, Bellville, Cape Town
- Busamed Gateway Private Hospital, Umhlanga Ridge, Durban
- Busamed Hillcrest Private Hospital, Hillcrest, Durban
- Busamed Paardevlei Private Hospital, Somerset West, Cape Town
- Cintocare Hospital, Menlyn, Pretoria
- 50% share of the Adcock Ingram facilities, Midrand, Johannesburg

The portfolio has a weighted average lease expiry (WALE) of 10.4 years, with an average lease escalation of 7.7%.

Netcare N1 City Hospital, Netcare N1 City Medical Chambers, Mediclinic Louis Leipoldt Hospital and Busamed Gateway Private Hospital have consistently been on Discovery Health's annual list of top South African hospitals, as rated by patients.

GHPH has agreed terms with Netcare to extend the leases of the N1 City Hospital and Medical Chambers for a further 20 years. It is also in negotiations with Mediclinic to extend the Louis Leipoldt lease that expires in May 2025.

Development and acquisition pipeline

GHPH provides established hospital operators the option to sell and lease back their properties, which helps them manage their financial capital structure and expansion plans. It continues to work with national hospital operators to create long-term opportunities and is also open to public partnerships in appropriate investment structures.

Target

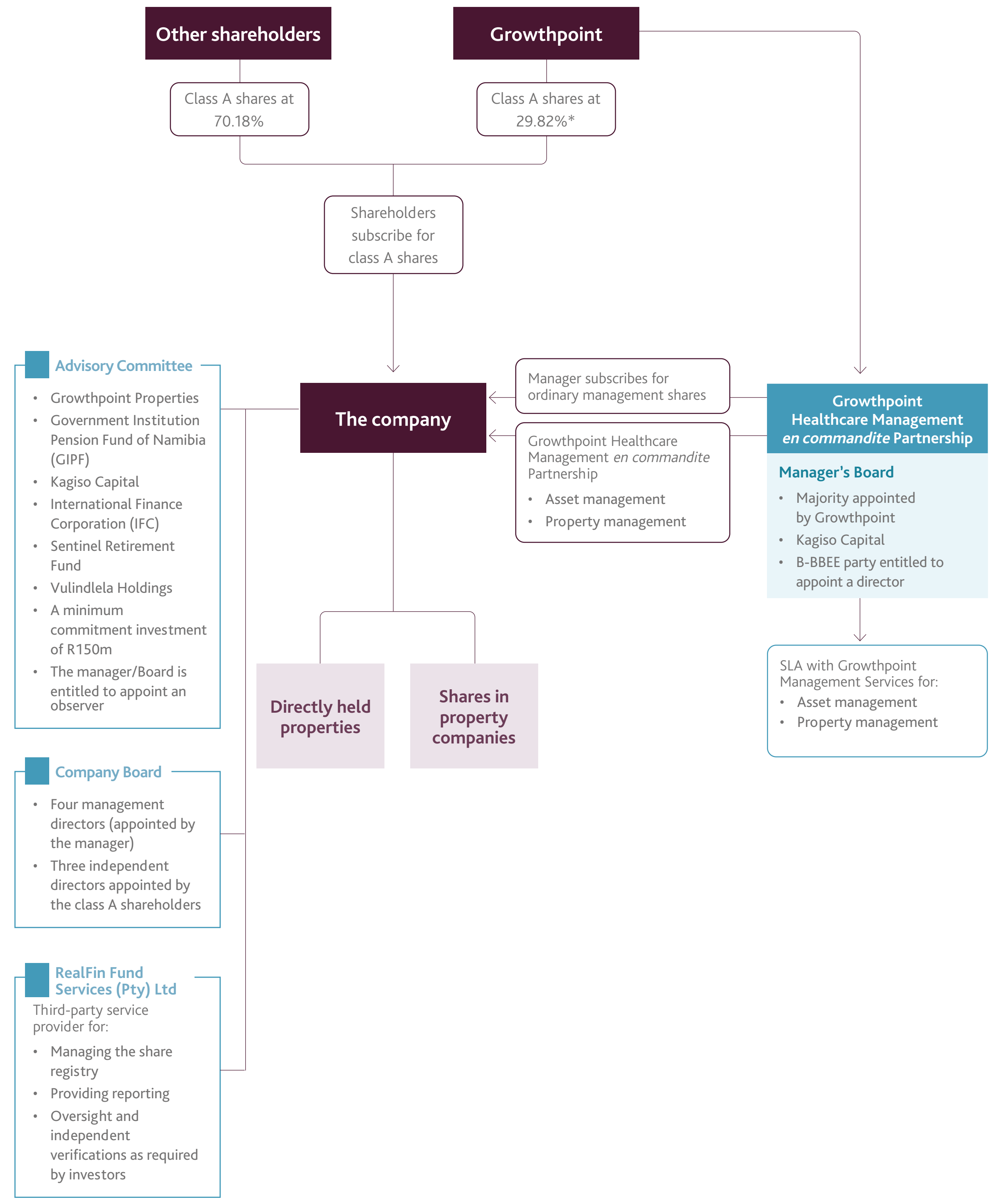
Upon reaching R10bn in assets under management, or between its seventh and 10th anniversaries, investors can expect liquidity through a stock exchange listing.

FY23 contribution to Growthpoint

Since pioneering healthcare property investment in South Africa in 2018, GHPH has consistently provided strong returns for its investors. GHPH delivered DPS growth of 8.2% and DPS of 100.50 cents per share (FY22: 92.88 cents per share) translating to distribution of R121.1m to Growthpoint.

GROWTHPOINT HEALTHCARE PROPERTY HOLDINGS (GHPH) (CONTINUED)

The company and the manager are level 1 B-BBEE rated and will seek to introduce further strategic B-BBEE shareholders at both company and manager levels.



* *Excluding convertible loan.*

GROWTHPOINT STUDENT ACCOMMODATION HOLDINGS (GSAH)

Student Accommodation

Growthpoint Student REIT

Holding company	Growthpoint Student Accommodation Holdings (RF) Limited (GSAH)
Manager	Growthpoint Student Accommodation Management *en commandite* Partnership
Fund Manager	Amogelang Mocumi
Property Manager	Feenstra Group
Gross asset value (GAV)	R2.7bn
Net asset value	R1.8bn
Growthpoint shareholding	14.3%
LTV	29.5%
Major investors	Royal Bafokeng Holdings, Kagiso Capital, Government Institutions Pension Fund of Namibia (GIPF), Growthpoint Properties, Feenstra Group, Vulindlela Holdings
Asset management fee	1.25% of GAV, reducing to 1.0% when GAV reaches R5bn
Number of properties	11
Distribution policy	Twice yearly, a minimum of 90% of distributable income

During its first 18 months, GSAH has invested or committed R1.5bn towards three developments, namely Peak Studios, Apex Studios and Horizon Heights, and two acquisitions, namely Brooklyn Studios and Fountains View.

GSAH was launched in December 2021 as South Africa's first unlisted, purpose-built student accommodation REIT, and offers investors an opportunity to participate in this alternative asset class that has strong fundamentals and proven resilience.

The three properties that opened for the 2023 academic year have surpassed expectations. Apex Studios in Braamfontein, Johannesburg, and Peak Studios in Observatory, Cape Town, have occupancy rates of 100% and 98%, respectively.

Thrive Student Living was launched as the brand name for the portfolio of properties, and this has proven to resonate with the target market. The 6 443 beds are 94% occupied.

Portfolio

In total, GSAH has 11 student accommodation properties located in Gauteng and the Western Cape and split between the universities of Pretoria (59%), Johannesburg (20%), the Witwatersrand (13%) and Cape Town (8%). All properties are short walks from their campuses and have consistently high occupancy rates and rental growth.

The assets are:
- Studios@Burnett, Hatfield, Pretoria
- Hatfield Studios, Hatfield, Pretoria
- Festival Edge, Hatfield, Pretoria
- Varsity Studios, Hatfield, Pretoria
- Kingsway Place, Auckland Park, Johannesburg
- The Richmond, Auckland Park, Johannesburg
- Richmond Central, Auckland Park, Johannesburg
- Apex Studios, Braamfontein, Johannesburg
- Peak Studios, Observatory, Cape Town
- Brooklyn Studios, Brooklyn, Pretoria
- Horizon Heights, Auckland Park, Johannesburg – under development
- Howard College, Glenwood, Durban – land

GROWTHPOINT STUDENT ACCOMMODATION HOLDINGS (GSAH) (CONTINUED)

Approximately 60% of the GSAH portfolio is exposed to National Student Financial Aid Scheme (NSFAS) students, with private students having a variety of accommodations available at different rates.

With the NSFAS unexpectedly capping the annual student accommodation allowance to R45 000 for the 2023 academic year, the student accommodation sector faced headwinds.

Both private-sector student accommodation providers and universities in Cape Town, Pretoria and Stellenbosch were impacted negatively by the cap, as rentals in these areas exceed the NSFAS maximum allowance. Apart from Brooklyn Studios, GSAH's University of Pretoria properties were affected and rental concessions had to be granted to NSFAS-funded students in some of them. Fortunately, GIP secured a rental guarantee from the original portfolio vendors, which supported the FY23 income streams.

Going forward, we are implementing strategies to reduce the impact of the NSFAS cap and mitigate future value erosion. New developments are being value engineered to cater for the lower rentals and operational efficiencies and increased density are being implemented for certain properties. The potential to mitigate the cap is, however, limited.

With industry peers, through the Private Student Housing Association, GSAH is engaging with NSFAS to adopt a higher cap from the 2024 academic year – one that more suitably reflects the costs of building new accommodation and the capital already invested in existing assets. We are also awaiting the outcome of discussions between universities and NSFAS on the grading of properties as this will alleviate the one-rate-fits-all challenge.

The NSFAS cap has, unfortunately, added some uncertainty to this property subsector. If not addressed, it is likely to deter investment capital for NSFAS-focused student accommodation. This will be detrimental to the neediest and most vulnerable portions of the student population.

The demand for specialised student accommodation in South Africa nonetheless far outstrips supply, ensuring that this sector still holds attractive investment opportunities. GSAH continues to receive strong market interest from potential investors.

Environmental and social

Investing in purpose-built student accommodation properties combines financial growth with social benefits. GSAH actively invests in making positive social and economic impacts, particularly in education where there is a critical social need in South Africa.

Approximately 60% of students in the fund's portfolio are from low-income households and are supported by NSFAS. Another 8% are funded by bursaries for students from low-income households and those from the "missing middle".

The student accommodation portfolio offers comfortable learning and living spaces as well as a student life programme that assists students with academic and psycho-social support. This combination contributes towards positive academic outcomes for the students.

GSAH's social impact expands beyond education. We undertake new accommodation developments that create jobs during and after construction and increase municipal infrastructure, which benefits local communities.

Positive social impacts are also made through our corporate social investment budget that allows for sponsorships and other initiatives that benefit students.

Capital allocation

GSAH's mandate is to invest nationwide, targeting all types of educational institutions. This includes universities, technical and vocational educational training colleges and specialised institutions like teaching or nursing colleges. To support educational institutions in outlying and underdeveloped areas, a minimum of 10% of beds will be in such areas.

Development and acquisition pipeline

GSAH plans to acquire and develop new assets for the 2024 to 2026 academic years. GSAH will increase its number of beds to 8 800 for the 2024 academic year following the acquisition of Brooklyn Studios and Fountains View in Pretoria, and the completion of the development of Horizon Heights Auckland Park.

These developments are:

- Fountains View (formerly Capitol Gate), an 810-bed facility in Pretoria for Tshwane University of Technology students
- Horizon Heights, an 800-bed property in Johannesburg for the University of Johannesburg students

Approximately R900m worth of development projects have been identified for the 2025 and 2026 academic years.

As South Africa's premier unlisted REIT investing in student accommodation, GSAH is well-positioned to become a leading investor and operator in this sector.

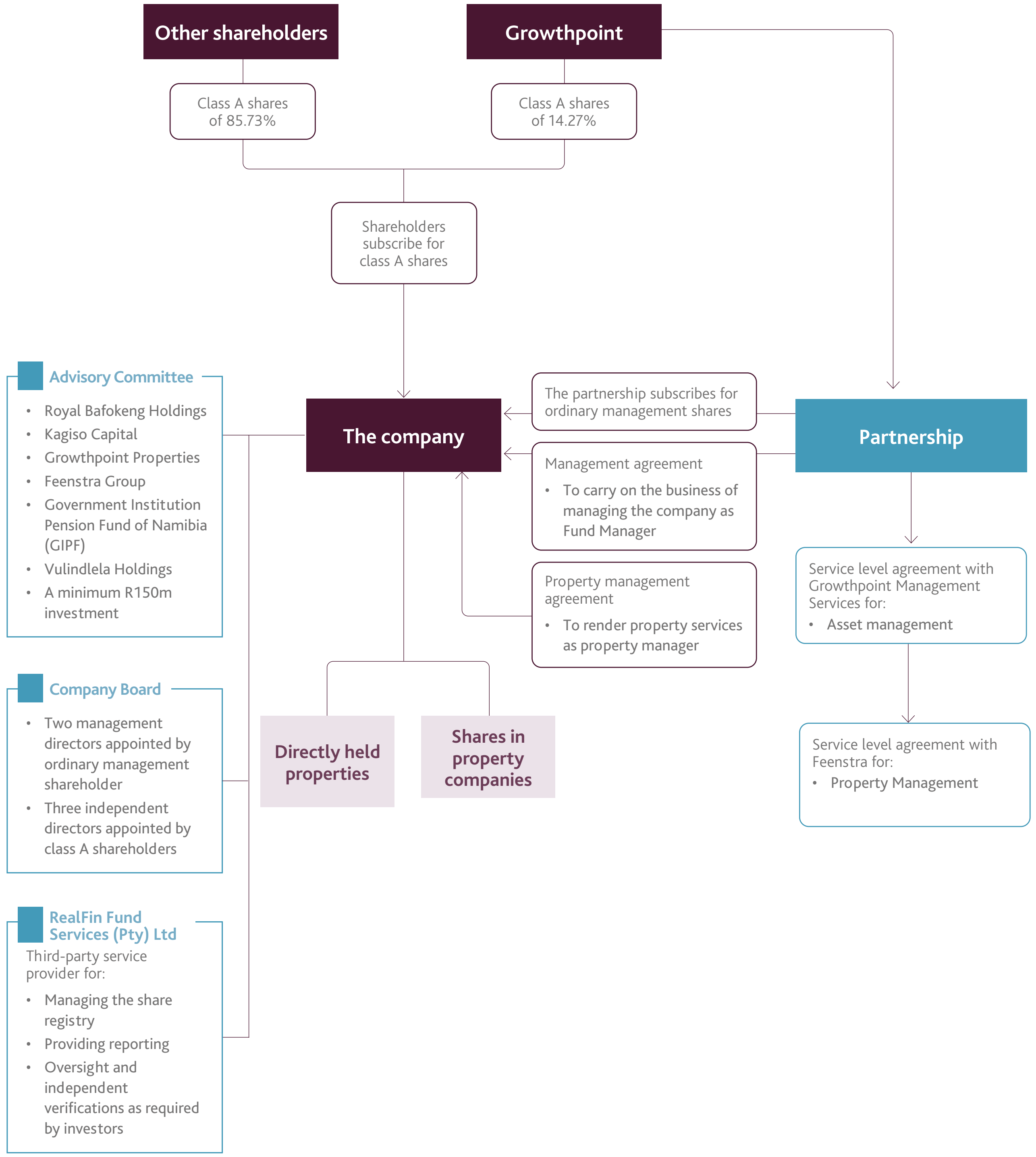
Target

GSAH's target is to grow the portfolio to R12bn assets under management and achieve a stock exchange listing within the next seven years.

FY23 contribution to Growthpoint

GSAH declared a dividend of 92.52cps for FY23 compared to 59.60cps for FY22.

GSAH is level 6 B-BBEE rated and the fund manager is level 1 B-BBEE rated and will seek to introduce further strategic B-BBEE shareholders at both company and manager levels.



LANGO REAL ESTATE LIMITED (LANGO)

Lango Real Estate

Lango		
	Holding company	Lango Real Estate Limited (Lango)
	Asset Manager	Lango Real Estate Management Limited (37.5% Growthpoint share)
	Managing director	Thomas Reilly
	Gross asset value (GAV)	USD611.2m
	Net asset value	USD333.8m
	Growthpoint shareholding	18.4%
	LTV	41.3%
	Major investors	A diversified grouping of international institutional shareholders, predominantly pension funds
	Asset management fee	2.0% of NAV
	Number of properties	11
	Distribution policy	Twice yearly, a minimum of 90% of distributable income

Executive overview

Lango owns and manages a core portfolio of prime commercial assets across four countries in sub-Saharan Africa.

Lango aims to grow its portfolio to take advantage of potential liquidity benefits and economies of scale and concluded its second fundraising in December 2022. USD125m worth of commitments were secured. Funds have since been requested for drawdown, with funding delayed from one large investor due to outstanding regulatory consent that is required to externalise funds.

Lango expects to pursue further efforts in due course to secure additional capital. The money will partly be used to reduce debt and expand its asset base, with an initial focus on Kenya, to diversify the portfolio.

Operating environment

Lango's operating environment continues to be subject to volatile markets and challenging trading conditions, largely due to high interest rates and inflation. These conditions continue to put pressure on retail markets, in particular.

Prospective leasing is improving. The financial and currency markets in Nigeria are now open which, despite extreme short-term volatility, bodes well for the property market and will enable the externalisation and distribution of income generated by Lango in the future.

The operational performance of Lango's underlying assets was robust, underpinned by its strong portfolio of high-quality properties. These properties continue to perform well, despite the challenging conditions.

Lango's operational outcomes reflect the strength and diversity of its tenant base, an effective investment strategy, proactive management and diversification across key gateway cities in various African countries.

The re-instatement of Circle Mall in Nigeria, following extensive unrest-related damage, was completed in November 2022. The result was the launch of a new and vibrant shopping centre that has enjoyed a high degree of leasing demand, with 93% of available space already leased.

The retail assets in Ghana are trading broadly in line with expectations, although Junction Mall in Accra has been affected by delays in nearby major road infrastructure upgrades that have made access difficult for shoppers. However, we believe these upgrades, once complete, will enhance traffic flow and benefit the asset in the long run.

A positive leasing trend is visible and, although large enquiries are taking longer to conclude, Lango is currently engaging with several potential new tenants with a view to finalising leases, particularly in the office sectors in Nigeria and Ghana. A key priority is filling the Wings office complex in Lagos, which has high vacancies. Following the Nigerian elections, tenant interest has increased, with major corporates including Cisco and IBM signing leases.

Lango's financial performance remains affected by:

1. **Higher interest costs:** while 83% of the company's debt was hedged at near-record low interest rates in February 2021, it faces higher interest costs on its 17% unhedged debt.
2. **Inability to externalise funds from Nigeria:** this negatively impacted shareholder distributions. This resulted in Lango holding excess funds in Nigerian currency, with currency hedges implemented to reduce risk as far as possible. The Nigerian central bank recently decided to abandon its years-long currency peg and allow the Naira to trade freely. While this has led to a sharp devaluation of the local currency and increased levels of volatility, the change in policy has, in general, been welcomed. It is expected to benefit Nigeria's economy and attract long-term foreign investment. This change should furthermore facilitate Lango's ability to externalise its income generated.
3. **Mauritian regulations regarding retained earnings:** this resulted in a lower distribution declared by Lango for its financial year ended 31 December 2022. The company is exploring a re-domicile to another jurisdiction as a longer-term solution.

Environmental and social

Lango prioritises ESG. It has environmental initiatives to support the long-term efficiency and sustainability of its assets as well as social initiatives to positively impact the communities it serves, and it ensures governance is aligned to international best practice.

These initiatives are being strategically implemented to increase the attractiveness of Lango to investors and, more specifically, to appeal to the growing pool of impact-related capital. Initiatives in this regard align with the timing and roadmap for its planned 2025 listing.

Lango has committed to having 100% of its assets accredited as green buildings through IFC Edge certifications. It has initiated a detailed roadmap to achieve portfolio-wide accreditation over time, and the Standard Chartered Building recently became Lango's first building to receive the green building rating from Edge. Lango also plans to introduce renewable energy at its shopping malls to reduce its carbon footprint by as much as 10%.

Reinforcing its commitment to good governance, Lango introduced new Board committees for Sustainability, Audit and Remuneration Committees during FY23. Currently, 40% of its Board members are independent and 40% are from under-represented ethnic groups. It is aiming for a 40% female Board representation to improve gender diversity.

Lango's social strategy focuses on education and developing future learners, along with supporting the development of local business. Lango has committed to a non-profit organisation, "Code Your Future", to assist low-income learners to find jobs in the technology sector. From a business development perspective, Lango has established a business incubator to assist aspiring entrepreneurs who may ultimately become tenants at its shopping malls.

FY23 contribution to Growthpoint

Growthpoint received dividends from Lango as well as distributions from the asset manager. For the year 1 July 2022 to 30 June 2023, a total of R24.2m (USD1.3m) was paid to Growthpoint. This comprised a dividend of R3.2m and asset manager distributions received of R21.0m.

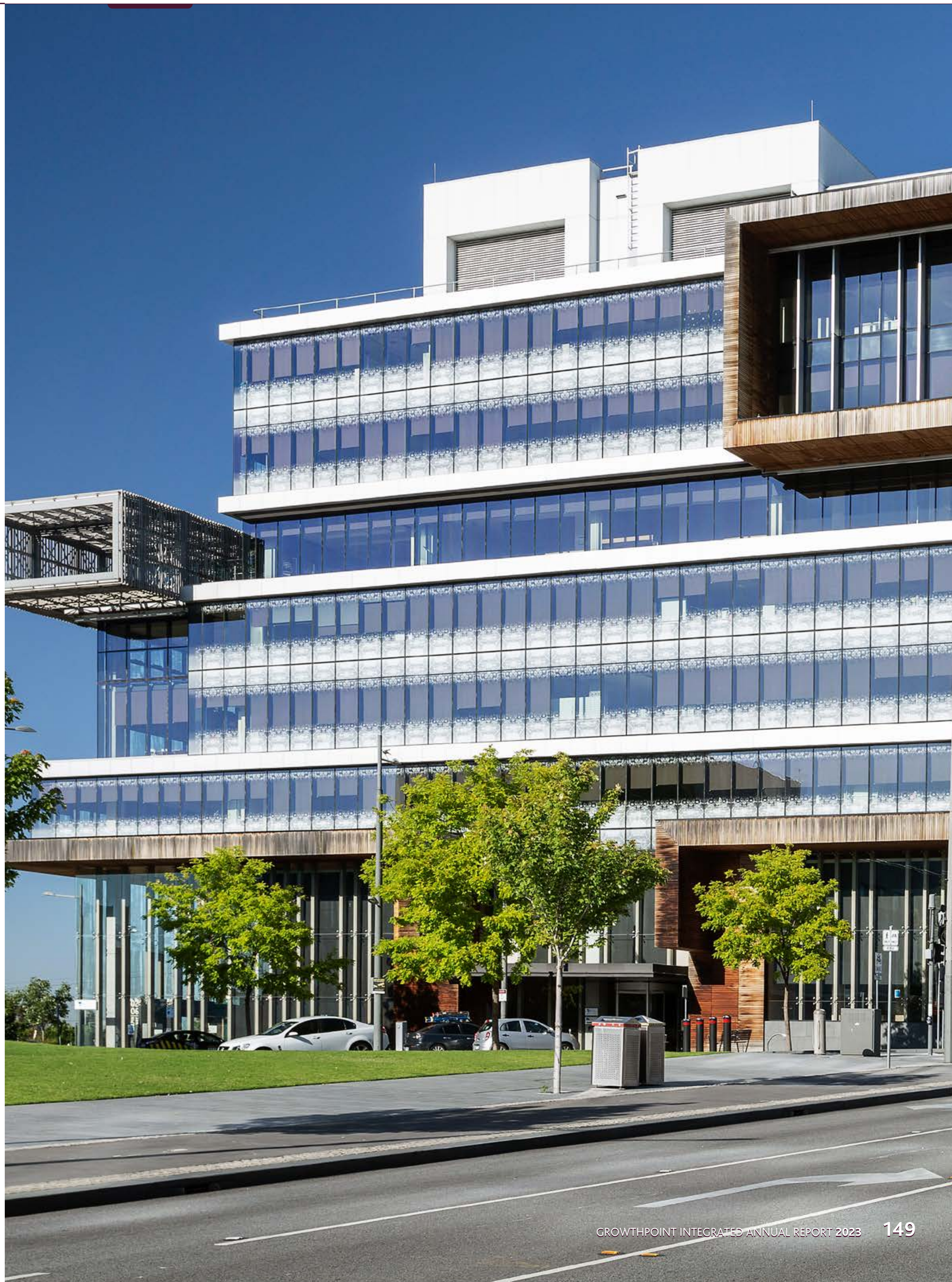
International expansion

Overview of offshore property portfolio

	GOZ		C&R		GWI*	
	30 June 2023	30 June 2022	**30 June 2023**	30 June 2022	**31 December 2022**	31 December 2021
Asset value (Rm)	**61 760**	58 820	**8 545**	8 455	**53 807**	53 771
Number of properties	**58**	58	**5**	6	**71**	66
GLA	**1 066 660**	1 061 454	**185 806**	239 690	**1 383 176**	1 302 300
Value per m² (excluding bulk)	**AUD4 525**	AUD4 841	**GBP1 774**	GBP1 660	**EUR2 188**	EUR2 457
Capital expenditure (Rm)	**336**	484	**270**	190	**864**	957
Gross property revenue	**3 840**	3 218	**1 090**	1 188	**4 112**	3 835
Property expenses (Rm)	**(661)**	(558)	**(550)**	(561)	**(1 712)**	(1 313)
Property expense ratio (%)	**17.2**	17.3	**50.5**	47.2	**41.6**	34.2
NPI (Rm)	**3 179**	2 660	**540**	627	**2 400**	2 522
Vacancies (%)	**6.7**	3.2	**3.9**	6.4	**14.4**	11.5
Arrears (Rm)	**24.1**	17.5	**149.1**	196.8	**350.2**	305.4
Bad debts (I/S) (Rm)	**0.2**	(1.8)	**3.2**	(8.4)	**0.8**	105.1
Average gross rental (per m²/month)	**AUD319**	AUD316	**GBP135**	GBP131	**n/a**	n/a
Average annualised yield (%)	**5.5**	5.2	**7.4**	7.3	**n/a**	n/a
Average in-force escalations (%)	**3.6**	3.6	**n/a**	n/a	**n/a**	n/a
Weighted average lease period (years)	**6.0**	6.3	**5.3**	6.4	**4.4**	4.6
Letting success rate (%)	**54.9**	84.2	**n/a**	n/a	**n/a**	n/a
Weighted average renewal growth (%)	**(1.0)**	(10.4)	**n/a**	n/a	**n/a**	n/a
Weighted average future escalations on renewals (%)	**4.0**	3.0	**n/a**	n/a	**n/a**	n/a
Weighted average renewal lease period (years)	**4.1**	4.4	**4.0**	3.7	**n/a**	n/a
Number of employees	**62**	39	**89**	94	**n/a**	n/a

 # Not applicable.

** In line with GWI results for the 12-month period January to December.*



Growthpoint Australia (GOZ)

GOZ is a publicly traded A-REIT (ASX: GOZ) that owns a AUD4.8bn diversified portfolio of quality investment properties. It invests in income-producing assets in office and industrial sectors while its funds management business manages a further AUD1.8bn in external funds for third-party investors, mainly in retail, office and mixed-use properties.

GOZ delivered a strong performance to extend its track record of quality asset management, ESG commitment and attractive long-term total returns. In FY23, GOZ exceeded its upgraded funds from operations (FFO) guidance to deliver 26.8AUD cps and met its distribution guidance of 21.4AUD cps. This was achieved with gearing at 37.2%, well within the target range of 35% to 45%.

Inflation and interest rate increases have impacted the global economy, including Australia, where the inflation rate at the end of FY23 was 6% and where 12 interest rate increases since May 2022 have taken the official cash rate from 0.1% to 4.1%.

This situation has affected the interest rate-sensitive property market, and REITs. The volume of property transactions has declined due to a widening spread between buyers and sellers and less liquid markets. The rapid increase in interest rates has also seen some unlisted property funds breach their interest cover and loan-to-value ratios covenants.

The REIT market is trading at a discount to net tangible assets (NTA), signalling decreasing property values. As REITs have fallen out of favour with investors, there is decreased investment demand. However, once interest rates peak and begin declining, which will be reflected in falling inflation and bond rates, the defensive cash flows that REITs offer will once again boost their investment appeal.

In the current market, security of distributable income and cash flow is a priority for REIT investors, with growth taking second place to tangible income. Interest rate hedging is another key factor as interest cost increases exceed revenue for some REITs. This is likely to lead to distributable income downgrades in the sector.

The Australian government significantly supported the economy throughout the pandemic, but that assistance has ended. The country's many homeowners face pressure from rising interest rates, which are contributing to increased household costs. This is putting pressure on consumer spending. Retail has undergone a transformation and reset. Online retail growth has decelerated while traditional stores have seen a boost in income. Learning from the impacts of Covid-19, supply chain efficiency improvements are visible as retailers aim to store more inventory nearby to prevent disruptions.

Australia's national office vacancy rate, as measured by the Property Council of Australia, is 14.1%, up from 13.3% in January 2023. There has, however, been a small increase in prime effective gross rents. The issue of returning to the office post-Covid-19 isn't yet clear and, with unemployment levels at a 50-year low, employees have had the upper hand in dictating their flexibility arrangements.

Given the global pessimism about office market investment, listed office owners performed at the bottom end of the scale over one-year returns, contributing to GOZ performing below the index.

By contrast, the industrial property market has gone from strength to strength, with robust market rental growth. Australia's national industrial vacancy rate is 0.6%, according to CBRE, and to meet demand, record levels of development are set to come to market. However, this will take time and in the interim, the market will favour existing landlords who are renegotiating rentals. Long leases are a favourable defensive feature of GOZ's industrial portfolio but limit the number of renewals that it can conclude in this market.

Australia's economic growth has boosted labour demand and wages and, coupled to inflation, there have been significant cost increases for materials. This, in addition to higher interest expenses, makes developing new properties expensive and creates conditions that favour incumbents in the market as they can offer more competitive rentals.

Operational performance

Against this difficult backdrop, there was lower transaction activity for GOZ in FY23 than in previous years. Its strategically significant acquisition of the Fortius funds management business in September 2022 introduced AUD1.9bn of additional third-party funds under management upon settlement of the transaction and the new business has been successfully integrated into GOZ. No additional funds under management have been added since the purchase. The relatively weak market conditions are likely to lead to further dislocation and increased growth opportunities, and this business has good prospects over the medium term.

GOZ's portfolio performance benefited from high-quality buildings and the good credit quality of its tenant base. It delivered excellent metrics across the Board.

Good leasing outcomes saw its portfolio 96.6% occupied by GLA, with 95% leased to quality tenants, including the government and listed and large organisations. In recent years, GOZ increased its portfolio exposure to government tenants, which are usually AAA or AA rated. Its office portfolio has a WALE of 6.3 years and its industrial portfolio has a WALE of 5.4 years.

Two one-off items contributed to GOZ's higher-than-expected FFO: the surrender of a lease payment and a bank guarantee payment for a lease termination by a tenant under voluntary administration. One of these premises was fully occupied again by year end. GOZ sold one property during the year.

Reflecting the increased cost of capital, GOZ's like-for-like portfolio valuations declined 6.5%.

GOZ's capital position is sound. It has a diverse pool of supportive lenders and added two new international lenders during the year, HSBC and Société Générale. It has no debt expiring until FY25.

Moody's reaffirmed GOZ's investment-grade credit rating of Baa2 for domestic senior secured debt. GOZ also converted AUD520m of existing debt into sustainability-linked loans and established an overarching Sustainable Finance Governance Framework.

GOZ has hedging and management strategies to mitigate increasing interest rate costs. Interest rates on approximately 70% of GOZ's debt are fixed, but debt costs on the 30% variable-rate debt increased in FY23 and will be, on average, higher in FY24.

As part of its capital management, GOZ completed its share buy-back programme, comprising 2.5% of issued capital, in May 2023.

Environmental and social

GOZ monitors the property industry and broader ESG developments to ensure that its strategy and disclosures continue to meet market expectations and information needs. It reports on key ESG indicators such as energy, water, waste diversion rate, tenant satisfaction rating, employee engagement and gender diversity at all levels. It also participates in GRESB. GOZ complies with the Modern Slavery Act and its sustainability framework is aligned with the UN SDGs.

In FY23, GOZ's National Australian Built Environment Rating System (NABERS) energy portfolio rating is 5.2 stars, and water portfolio rating is 5.1 stars, both unchanged from FY22. Its NABERS FY23 Indoor Environment rating is 4.5 stars, up from 4.2 stars.

GOZ collaborates with charity partners such as the Property Industry Foundation (PIF) and Healthy Heads in Trucks and Sheds. The asset management team implements a tenant engagement programme that fosters community through various initiatives within its properties.

Effectively managing climate risks is an integral component of GOZ's comprehensive sustainability risk management. GOZ recognises that climate change presents significant challenges and opportunities and aims to ensure the long-term resilience of its business while contributing to a more sustainable future. It has performed several climate risk assessments and will keep evaluating these risks in the future.

GOZ has a 2025 net zero carbon target and, during FY23, reduced the Greenhouse gases (GHG) emissions intensity of its operationally controlled portfolio to 28 kg CO_2 e/sqm, from 34kg CO_2 e/sqm in FY22 (unaudited). Initiatives that contributed to achieving this include on-site solar installations and chiller upgrades.

Also during FY23, GOZ executed an energy procurement strategy, including GreenPower, to secure its medium-term energy requirements and contribute to decarbonisation by moving away from fossil fuels. In FY24, it will procure approximately 50% of its GreenPower needs. This will increase to 75% in FY25 and then full coverage in FY26 and beyond.

Prospects

Given the outlook, GOZ has provided guidance for FFO of 22.5 to 23.1 AUD cps, and a distribution of 19.3 AUD cps for FY24. A key assumption to guidance is in respect of interest rates, with the Group assuming an average FY24 floating rate of 4.35%. The distribution maintains its FFO payout ratio in the target range of 75% to 85% at the mid-point of guidance.

GOZ remains committed to its growth ambitions even though conditions are currently not favourable to these. The market is entering a phase of consolidation which could present opportunities in this regard.

Capital & Regional (C&R)

C&R is a retail property focused UK REIT that owns and manages community shopping centres that dominate their catchment areas.

C&R's ongoing repositioning and re-tenanting of its centres, and its focus on operations, has led to improved footfall, rent collection, occupancy and leasing. This is despite a backdrop of economic uncertainty and inflation. As a result, the company delivered increases in adjusted profit and dividends.

Interest rates in the UK rose from an all-time low of 0.1% to 5.0% at end-June, and post-period to a 15-year high of 5.25% in August 2023, after 14 consecutive increases. While the increases had a big impact on real estate, the retail sector remained relatively stable.

UK consumers have been robust and retail sales were better than expected, especially in non-discretionary categories. The C&R portfolio is focused on such categories and is thus experiencing more resilient retail demand and performance.

The structural changes affecting physical retail have matured over the past five years, reinforcing the relevance and prospects of the C&R portfolio and platform.

C&R declared a dividend of GBP2.75 pence per share (pps) for the six months ending 31 December 2022, totalling R56.2m for Growthpoint, which was reinvested. Its dividend to end-June 2023 was also GBP2.75pps (a 10% increase on GBP2.5pps at end-June 2022), of which Growthpoint will take the scrip dividend alternative. C&R has indicated that its dividend for the half-year ending 31 December 2023 is expected to be at least at the same level.

It is C&R's policy to pay out at least 90% of EPRA profits over the full financial year.

Operational performance

C&R's focus on value-orientated, non-discretionary and needs-based retail and services led to strong operational performance.

The C&R retail portfolio sustained operational resilience, with positive movement in all operating metrics. Occupancy continued to recover, increasing to 94.5% from 94.0% a year earlier. The return to physical shopping continued and footfall increased by 5.1% over the 12 months, representing around 90% of pre-Covid-19 levels. Some centres exceeded these levels. Rent collection of 98.4% was in line with pre-pandemic levels, and bad debts were minimal.

Highlighting the ongoing demand for space in C&R's properties, new lettings and renewals achieved a combined average premium of 5.7% to previous rent.

Like-for-like net rental income (NRI) rose by 13% in the six months to 30 June 2023, primarily due to improved occupancy and rent collection, but also as the result of a strong contribution from turnover rental. This increase in NRI supported dividend growth.

Snozone enjoyed its first peak trading period unimpacted by Covid-19 since 2019. Together with the improved profitability from Snozone Madrid since its acquisition by C&R, Snozone's earnings before interest tax and depreciation (EBITD) for January to June 2023 doubled to GBP1.6m from GBP0.8m a year earlier.

Valuations continued to stabilise alongside income. Although slightly down over the 12 months, the portfolio value increased by 2.1% between 01 January and 30 June 2023 to GBP329.7m.

Portfolio highlights

C&R progressed its capex programme with GBP12.9m capex invested during the period primarily across projects at Ilford, Walthamstow and Wood Green, expected to produce a yield on cost in line with the target of 8% to 9%.

Highlights include creating a new National Health Services community healthcare centre on the top floor of The Exchange, Ilford, that will be handed over before the end of 2023 for opening in April 2024, and the delivery of two new flagship food catering environments.

The Bridge at The Mall Wood Green introduced six new food and beverage kiosks and a new dining area. The Crate food and events hall at 17&Central, Walthamstow, includes seven grab-and-go food kiosks, a bar, indoor golf and an events space. This vibrant reinstatement of the mezzanine level follows a fire there four years ago. Both these additions have opened and are performing well.

Also at 17&Central, construction for the first phase of a residential project is underway. Residential developer Long Harbour will add 495 rental apartments in two towers atop the centre, adding to the local customer base. The project is set to be finished in 2025. C&R previously sold the land to Long Harbour for GBP21.6m. The approved plan includes a residential-led mixed-use development, a new Victoria Line tube station entrance and public areas including a new park. These will optimise tube station access and shopper flow to the centre.

In addition to the new 1 858m^2 community healthcare centre at The Exchange, Ilford, C&R is converting the former Debenham's into a new store for existing anchor TK Maxx. This is due to open for trade for the 2023 festive season. The relocation will enable the current TK Maxx store to be reconfigured into a welcoming entrance directly opposite the tube station that will ultimately become the centre's flagship entrance.

These major projects not only capitalise on the unique experiential advantage of physical retail but also have the benefit of boosting the ESG profile of the centres. They replace old infrastructure and help reduce or eliminate gas usage.

Post-period, C&R took its first step towards rescaling its business with the acquisition of the Gyle shopping centre in Edinburgh for GBP40m. This centre is an established dual supermarket-anchored community centre with an excellent trading record in Scotland's capital city. The centre will be accretive to income from day one, and has a number of asset management opportunities to enhance its tenant mix, occupancy, income and appeal to its growing and affluent market. The transaction was part-funded by a GBP25m equity raise available to all existing shareholders and fully underwritten by Growthpoint with Growthpoint contributing GBP22m thereby increasing its shareholding in C&R to 67.6%.

The transaction will be part-funded by a GBP25m equity raise available to all existing shareholders and fully underwritten by Growthpoint.

Balance sheet

C&R closed FY23 with a secure long-term debt position, with a net LTV ratio of 42% and debt maturity of four years at an average cost of debt of 3.61%, with 98% of the interest rates fixed.

Having paid down GBP60m of debt during FY22, the majority of which was in the second half of the year, C&R has benefited from reduced interest costs in the current period.

Environmental and social

ESG is an enormous area of focus for C&R. It has created a robust pathway for its shopping centres in line with BBP Climate Commitment and the UK Green Building Council's (UKGBC) net-zero definition. This includes addressing embodied carbon from refurbishments and fit-outs, and operational carbon from energy use. Following industry best practice, C&R is making progress in achieving its net-zero carbon goals, and its efforts have led to increased energy efficiency. All C&R shopping centres use 100% renewable, certified electricity.

C&R established an Energy Performance Certificate (EPC) management dashboard to assist it in meeting more stringent regulations. This helps enhance performance across all centre units and provides occupiers with tools to improve their energy performance.

C&R's Community Wheels of Support actively encourages engagement with local communities, assisting shopping centre teams to focus on areas of impact.

As community hubs, delivering community support is crucial, particularly in the light of the UK cost-of-living crisis. The shopping centres have partnered with over 75 charities, held more than 70 events and devoted in excess of 400 hours to local community group interactions.

Snozone is working towards net-zero with a four-year cycle of investing in new equipment. The venues have also reduced lighting to decrease electricity use. In comparison to the base year of 2019, it cut its use of electricity by 5%, gas by 21% and water by 35%. Snozone uses 100% renewable energy from wind and solar sources.

Prospects

Many macro factors are at play in the UK market, but retail performance has been robust and the C&R portfolio continues to see good retailer demand and customer footfall. This is despite cost-of-living inflationary pressures. The fundamentals are stable and C&R continues to invest in its centres to keep delivering what retailers and customers want, and to ensure that these assets remain relevant and attractive in their markets.

C&R's markets offer several good investment prospects as well as opportunities for value-adding capital projects in its existing portfolio. However, the investment community's response to retail property is lagging the opportunities, and accessing debt is difficult given the current market dynamics.

Through efficiency improvements and selective use of outsourcing, C&R is on track to deliver 10% savings on costs by end-December 2023 and has initiatives in progress to deliver a further 10% saving in 2024, on track to grow adjusted profit by more than 20% from 1 January 2023 in the medium term with the 2022 calendar year as its base.

Globalworth Real Estate Investments (GWI)

GWI is a CEE real estate company listed on the Alternative Investment Market (AIM) segment of the London Stock Exchange. The company focuses on acquiring, developing and managing top-quality office, logistics and light industrial properties in Poland and Romania. These assets attract prestigious global tenants and generate stable rental income.

GWI achieved a resilient performance amid global challenges affecting its markets, including the ongoing Russia-Ukraine war.

The GWI portfolio comprises 72 commercial properties valued at EUR2.8bn in Romania (35 assets) and Poland (37 assets).

GWI delivered a stable performance, with increased inflation underpinning rental increases. Rental income increased due to indexation because GWI's leases are linked to consumer price inflation in terms of the Harmonised Index of Consumer Prices (HICP). Other operating metrics were weaker, but the negative effects on valuations were minor on a like-for-like basis.

GWI's logistics and light industrial portfolio is performing well due to favourable market conditions. In Romania, where GWI holds a leading market position, there is a shortage of these assets. As infrastructure improves in the country, this growth market will allow for new development opportunities. Consequently, GWI continues to focus its capital allocation on the logistics and light industrial portfolio in Romania. It developed three properties in Romania in the 12 months and has two more properties under development, all in the logistics and light industrial subsector. Romania is well positioned for logistic developments due to available land, skilled workforce and proximity to other European markets. Geopolitical trends are influencing demand, with a new generation of industrial tenants such as recycling and battery companies. In Poland, GWI continued the redevelopment of two mixed-use assets located in regional cities.

GWI showed resilience in terms of occupancy rates thanks to new leases signed, lease extensions and space expansions. Portfolio occupancy increased to 94% in Bucharest offices and 89% in Warsaw offices, adjusted for Warta Tower which was sold in July 2023. Warsaw benefits from a diverse tenant base, unlike Poland's regional cities that mainly rely on international BPOs and have an oversupply of space and higher vacancies as a result.

Due to increased building costs, new office supply is restricted in Bucharest and Warsaw, and market conditions are favourable for landlords. In addition, Bucharest has halted all new building permit approvals, which will further limit the supply of new space and boost demand for existing stock.

Employers are enticing employees back to the office by creating high-quality modern workplaces. Consequently, landlords face increased fit-out costs and other expenses. Tenant incentives increased markedly in FY23, with the market average for incentives rising from 25% to 30% of headline rent capitalised. Due to high employment rates and skills shortages, employees have strong negotiating power around work-from-home preferences.

The region's competitive remuneration and well-educated and skilled workforce continue to attract additional BPO demand, with the result that any oversupply of office space in the market is likely to decrease within the next 24 to 36 months, especially since the new supply of space is restricted.

Balance sheet

GWI continues to maintain a strong balance sheet with moderate leverage and sufficient liquidity.

Capital markets are currently inaccessible for real estate companies, mostly because pension funds and insurance companies have over-invested in real estate for the past three years. Investors are being extremely cautious and as a result, there were limited bond issues by real estate companies during the first six months of 2023. Meanwhile, banks are the sector's primary funding source. In response to increased demand, banks are being more selective in terms of both clients' credit credentials and the green credentials of all properties provided for security. Banks are also being more conservative on financing terms.

GWI continued to work towards reaching its long-term LTV target of around 40% from its current 42.7%. It plans to regain its investment grade credit rating, after one credit agency lowered its rating, while another maintained its investment grade but with a negative outlook. The improvement of its gearing is expected to take around 12 to 18 months.

> GWI's next material debt maturities are a EUR450m bond expiring in March 2025 and a EUR400m bond expiring in July 2026. GWI intends to pay back this debt by creating liquidity through recycling capital and/or with bank finance. GWI has been successful in concluding some non-core disposals.

GWI strengthened its liquidity by limiting its development and capital expenditure.

Environmental and social

The focus on ESG in GWI's markets is accelerating, and this holds significant value for GWI, as it addresses increasing market demand for environmentally sustainable buildings while also demonstrating commitment to corporate social responsibility.

GWI is committed to responding to the effects of climate change through its sustainability policy and optimising the long-term environmental performance of its properties according to current standards. GWI actively contributes to relevant UN SDGs within its business scope and tracks its impacts.

The company regularly upgrades its properties and adapts its strategies in order to stay current and quickly adopt new industry standards. The GWI portfolio is highly efficient and environmentally compliant. More than 87% of the standing commercial portfolio is green certified. It is committed to reducing its carbon footprint by more than 40% by 2030 and is well on its way to achieving this goal. In terms of its decarbonisation plan, GWI purchases only green energy for its properties and makes capital investments to improve resource consumption efficiency and reduce its carbon footprint.

GWI utilises AI-based building management to enhance efficiency and achieve optimal results for its business and its existing and potential clients.

Prospects

Challenging conditions and a more uncertain outlook have led to slower growth expectations in this market. New development is likely to be limited to the logistics sector despite demand driven by strong market fundamentals.

GWI will keep prioritising leasing and staying competitive by providing well-maintained and modern workspaces for tenants who want to welcome their employees back. It anticipates office tenants moving from older, inefficient buildings to newer, higher-quality ones with more amenities and better efficiency. In the ongoing quest for quality, however, GWI expects small and medium companies to lead the transition from B to A grade offices so that they can comply with ESG criteria.

GWI aims to extend its debt maturity wall by creating liquidity from secured bank financing by leveraging its subdued secured debt ratio and/or sale of non-core assets.

APPENDICES

We continue to manage our assets in ways that optimise its values over the long term and, in the process, ensure that we have a portfolio that is optimally balanced, fit-for-purpose and well located.

CONTENTS

ABBREVIATIONS

ACI	African, Coloured and Indian
ACTSA	Association of Corporate Treasurers of Southern Africa
Acucap	Acucap Properties Limited
Admed Gap	Hospitalisation gap cover
AFS	Annual financial statements
AGM	Annual general meeting
AI	Artificial intelligence
AIM	Alternative investment market of the London Stock Exchange
Alsi 40	JSE/Actuaries All Share Top 40 Companies Index
A-REIT	Australian Real Estate Investment Trust
ASX	Australian Stock Exchange
AUD	Australian Dollar
B-BBEE	Broad-based black economic empowerment
BER	Bureau for Economic Research
BPO	Business process outsourcing
BPR	Best practice recommendations
c.	circa
CAM	Combined assurance model
CCIRS	Cross-currency interest rate swap
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CO_2	Carbon dioxide
COO	Chief Operating Officer
CPI	Consumer price index
CRISA	Code for Responsible Investment in South Africa
CSI	Corporate social investment
CSOS	Community Schemes Ombud Service Act
CSR	Corporate social responsibility
CSSA	Chartered Secretaries South Africa
C&R	Capital & Regional plc
DFI	Development finance institutions
DIA	Debts Issuers Association
DJSI	Dow Jones Sustainability World Index
DPS	Distribution per share
EAAB	Estate Agency Affairs Board
EAP	Employee assistance programme
EBIT	Earnings before interest and tax
EBP	Existing building performance
ECD	Early childhood development
EMIRA	Emira Property Fund
EPC	Energy Performance Certificate
EPRA	European Public Real Estate Association
ERM	Enterprise risk management
ERS	Executive retention scheme
ESD	Enterprise Supplier Development
ESG	Environmental, social and governance
EUR	Euro
EVP	Employer value proposition
EXCO	Executive Committee of Management
FECs	Forward exchange contracts
FTSE/JSE RI	FTSE/JSE Responsible Investment Index
FFO	Funds from operations
FY	Financial year
FX	Foreign currency
G2	Growthpoint gives
GAV	Gross asset value
GBCSA	Green Building Council of South Africa
GBP Sterling	Pounds sterling
GDP	Gross domestic product
GHPH	Growthpoint Healthcare Property Holdings (RF) Limited
GIAP	Growthpoint Investec African Properties
GIP	Growthpoint Investment Partners
GIPF	Government Institutions Pension Fund of Namibia
GLA	Gross lettable area
GOZ	Growthpoint Properties Australia Limited
GRI	Global Reporting Initiative
GWI	Globalworth Real Estate Investments Limited
Group Exco	Group Executive Management Committee
Growthpoint	Growthpoint Properties Limited
GRESB	Global Real Estate Sustainability Benchmark
GSAH	Growthpoint Student Accommodation Holdings (RF) Limited
GSIS	Growthpoint Staff Incentive Scheme
IAR	Integrated annual report
IASB	International Accounting Standards Board
ICR	Interest cover ratio
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
Income Tax Act	Income Tax Act, No 58 of 1962
IoDSA	The Institute of Directors in SA NPC
IoT	Internet of things
ISO	International Organisation of Standards
ITO	IT outsourcing
IT	Information technology
IT&C	Information technology and communications
JCCI	Johannesburg Chamber of Commerce and Industry
JIBAR	Johannesburg Interbank average rate
JSE	Johannesburg Stock Exchange
JSE Listings Requirements	Listings Requirements of the JSE Limited
JV	Joint venture
King IV™	King IV Report on corporate Governance for South Africa 2016
KPI	Key performance indicator
kWh	Kilowatt hours
LEED	Leadership in Energy and Environmental Design
Lango	Lango Real Estate Limited
Loadshedding	Electrical power outages
LTI	Long-term incentive
LTV	Loan to value ratio
Manco	Management Committee
MOCAA	Zeitz Museum of Contemporary Art Africa
MOI	Memorandum of Incorporation
Moody's	Moody's Investor Services
MWp	Megawatt peak
NABERS	National Australian Built Environment Rating System
NAV	Net asset value
NGO	Non-government organisation
NPI	Net property income
NSFAS	National Student Financial Aid Scheme
NTA	Net tangible assets

ABBREVIATIONS (CONTINUED)

OCI	Other comprehensive income
OHSA	Occupational Health and Safety Act No 85 of 1993
pa	Per annum
PI	Property Investment Group
PIC	Public Investment Corporation (SOC) Limited
PPRA	Property Practitioners Regulatory Authority
PV	Photovoltaic
REIT	Real Estate Investment Trust
Remco	Human Resources and Remuneration Committee
SA	Republic of South Africa
SA Exco	SA Executive Management Committee
SARB	South African Reserve Bank
SA REIT	South African Real Estate Investment Trust
SAFMA	South African Facilities Management Association
SAIBPP	South African Institute of Black Property Practitioners
SAPOA	South African Property Owners Association
SASRIA	South African Special Risk Insurance Association
SBTs	Science-based targets
SENS	Securities Exchange News Service
SLA	Service level agreement
SMME	Small, Medium and Micro Enterprise
SOP	Standard operating procedure
STI	Short-term incentive
Sycom	Sycom Property Fund
tCO_2e	Tonnes of carbon dioxide emissions
The Act	Companies Act, No 71 of 2008
TCFD	Task Force Climate-related Financial Disclosure
TFR	Total fixed remuneration
TR	Total return
TRem	Total remuneration
The Board	The Board of Directors of Growthpoint Properties Limited
The company	Growthpoint Properties Limited
The Group	Growthpoint Properties Limited Group
TSR	Total shareholder return
UN SDG	United Nations Sustainable Development Goals
USD	United States Dollar
US	United States of America
V&A	V&A Waterfront
VAT	Value added tax
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WALE	Weighted average lease expiry
WAN	Wide area network
WCDE	Western Cape Department of Education
WHO	World Health Organisation
WSE	Warsaw Stock Exchange
WTTC	World Travel and Tourism Council
WULA	Water user licence application

DIRECTORATE AND ADMINISTRATION

Directors

R Gasant^ (Chairman)
FM Berkeley^
EK de Klerk (Chief Executive Officer South Africa)*
M Hamman^
KP Lebina^
CD Raphiri^
AH Sangqu^ (Lead Independent Director)
LN Sasse (Group Chief Executive Officer)*
JA van Wyk^#
G Völkel (Group Financial Director)*
EA Wilton^

^ Independent
** Executive directors*
 # British

Auditor

Ernst & Young Inc.
Registered Auditor
102 Rivonia Road
Sandton
2196

Transfer secretaries

JSE Investor Services (Pty) Ltd
13th Floor, 19 Ameshoff Street,
Braamfontein, Johannesburg, 2000
PO Box 4844, Braamfontein, 2000

Sponsor

Investec Bank Limited
(Registration number: 1969/004763/06)
100 Grayston Drive, Sandown, Sandton, 2196
PO Box 785700, Sandton, 2146

Registered office

Growthpoint Properties Limited
(Registration number: 1987/004988/06)
The Place, 1 Sandton Drive, Sandown, Sandton, 2196
PO Box 78949, Sandton, 2146

Company Secretary

WJH de Koker
The Place, 1 Sandton Drive, Sandown, Sandton, 2196
PO Box 78949, Sandton, 2146

Investor Relations

L Turner (Head of ESG, Strategy and Investor Relations)
The Place, 1 Sandton Drive, Sandown, Sandton, 2196
PO Box 78949, Sandton, 2146

Management company

Growthpoint Management Services (Pty) Ltd
(Registration number: 2004/015933/07)
The Place, 1 Sandton Drive, Sandown, Sandton, 2196
PO Box 78949, Sandton, 2146

Audit Committee

M Hamman (Chairman)
FM Berkeley
KP Lebina
CD Raphiri
AH Sangqu

Standing attendees

The following parties attend or are represented at Audit Committee meetings:
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
C de Wet (Group Financial Manager)
Z Dziba (Head of Risk and Compliance)
N Moolman (Financial Manager)
FJ Schindehütte (Chief Financial Officer South Africa)
C Shezi (Senior Assistant Company Secretary)
D Swarts (Group Financial Manager)
G Völkel (Group Financial Director)
C Zulu (Head of Internal Audit)

Risk Management Committee

JA van Wyk (Chairman)
R Gasant
KP Lebina
EA Wilton

Standing attendees

The following parties attend or are represented at Risk Management Committee meetings:
E Binedell (Chief Operating Officer South Africa)
NO Chauke (Head of Human Resources)
AL Davis (Chief Information Officer)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
Z Dziba (Head Risk and Compliance)
X Hlatshwayo (Group Legal Counsel)
N Moolman (Financial Manager)
A Patel (Group Treasurer)
LN Sasse (Group Chief Executive Officer)
FJ Schindehütte (Chief Financial Officer South Africa)
C Shezi (Senior Assistant Company Secretary)
D Swarts (Group Financial Manager)
G Völkel (Group Financial Director)
C Zulu (Head of Internal Audit)

By invitation

The external auditor, Ernst & Young Inc., attend or are represented at all regular meetings and *ad hoc* meetings as required of the Audit Committee, as well as Risk Management Committee.

Property and Investment Committee

FM Berkeley (Chairman)
M Hamman
CD Raphiri
JA van Wyk

Standing attendees

E Binedell (Chief Operating Officer South Africa)
D Boshoff (Property Market Analyst)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
C Geldenhuys (Valuations Manager)
X Hlatshwayo (Group Legal Counsel)
G Jones (Head of Asset Management: Retail)
P Kollenberg (Head of Asset Management: Office)
S Mills (Head of Business Intelligence)
LN Sasse (Group Chief Executive Officer)
FJ Schindehütte (Chief Financial Officer South Africa)
N Schloss (Head of Asset Management: South Africa)
C Shezi (Senior Assistant Company Secretary)
E Taylor (Head of Asset Management: Industrial)
P Theocharides (Group Head of Investments)
L Turner (Head of ESG, Strategy and Investor Relations)
G Völkel (Group Financial Director)

Social, Ethics and Transformation Committee

AH Sangqu (Chairman)
KP Lebina
CD Raphiri
EA Wilton

Standing attendees

NO Chauke (Head of Human Resources)
G Cruickshanks (Head of Sustainability and Utilities)
WJH de Koker (Company Secretary)
P Engelbrecht (National Development Head)
C Rennison (Head of Procurement)
C Shezi (Senior Assistant Company Secretary)
SD Theunissen (Head of CSR)
M Thipe (Integrated Reporting and ESG Manager)
G Völkel (Group Financial Director)

Nomination and Governance Committee

R Gasant (Chairman)
FM Berkeley
M Hamman
AH Sangqu
JA van Wyk
EA Wilton

Standing attendees

LN Sasse (Group Chief Executive Officer)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)

Human Resources and Remuneration Committee

EA Wilton (Chairman)
FM Berkeley
R Gasant
M Hamman

Standing attendees

NO Chauke (Head of Human Resources)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
LN Sasse (Group Chief Executive Officer)
C Shezi (Senior Assistant Company Secretary)
L Turner (Head of ESG, Strategy and Investor Relations)
G Völkel (Group Financial Director)
Bowmans (independent adviser to the committee)

Group Exco

LN Sasse (Group Chief Executive Officer) (Chairman)
E Binedell (Chief Operating Officer South Africa)
NO Chauke (Head of Human Resources)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
X Hlatshwayo (Group Legal Counsel)
G Muchanya (Head of GIP)
A Patel (Group Treasurer)
N Schloss (Head of Asset Management: South Africa)
P Theocharides (Group Head of Investments)
L Turner (Head of ESG, Strategy and Investor Relations)
G Völkel (Group Financial Director)

SA Exco

EK de Klerk (Chief Executive Officer South Africa) (Chairman)
E Binedell (Chief Operating Officer South Africa)
NO Chauke (Head of Human Resources)
G Jones (Head of Asset Management: Retail)
P Kollenberg (Head of Asset Management: Office)
A Mocumi (Student Accommodation Fund Manager)
FJ Schindehütte (Chief Financial Officer South Africa)
N Schloss (Head of Asset Management: South Africa)
Dr L Sigaba (Healthcare Fund Manager)
E Taylor (Head of Asset Management: Industrial)
SD Theunissen (Head of CSR)
Dr W van Antwerpen (Head of Corporate Advisory)

Standing attendees

AL Davis (Chief Information Officer)
WJH de Koker (Company Secretary)
DS Stoll (Regional Head – Cape Town)
G Worst (Regional Head – Durban)

Standing invitees

All Group Exco members have a standing invitation to attend meetings of the SA Exco.

CONTACT DETAILS

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Durban office

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Postal address:	PO Box 1330, Umhlanga Rocks, 4320
Switchboard tel:	+27 (0) 31 584 5100

Cape Town office

Physical address:	4th Floor, MontClare Place, Main Road, Claremont, 7700
Postal address:	PO Box 44392, Claremont, 7735
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@growthpoint

https://www.youtube.com/c/GrowthPointBroadcast