GROWTHPOINT PROPERTIES

Integrated annual report 2021

Contents

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At a glance

495
High quality physical property assets

R152.8bn
Group property asset value

7 089 573
Square metres of space

REIT
Largest South African primary listed on the JSE

12th year
Inclusion in the FTSE/JSE Responsible Index

Diversified

Sector – Retail, Office, Industrial, Healthcare, Trading and Development
Geography – South Africa, Australia, Poland, Romania and United Kingdom
Income streams – Property income, funds management and trading and development

Our vision

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

Our mission

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

How to navigate our report

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

Strategy

- Internationalisation
- Introducing new revenue streams
- Optimising and streamlining the RSA portfolio

Capitals

- FINANCIAL
- HUMAN
- INTELLECTUAL
- MANUFACTURED
- SOCIAL
- NATURAL

Property sectors

- Retail
- Office
- Industrial

Growthpoint United Nations, Sustainable Development Goals focus

2 ZERO HUNGER	A CSR objective
4 QUALITY EDUCATION	A CSR objective
7 AFFORDABLE AND CLEAN ENERGY	A sustainability strategy of 20:20:20:2
8 DECENT WORK AND ECONOMIC GROWTH	Property Point
11 SUSTAINABLE CITIES AND COMMUNITIES	CSR, Property Point and GBCSA
17 PARTNERSHIPS FOR THE GOALS	Various associations memberships and participation such as SA REIT, SAPOA and NBI

About these reports

In preparing these reports we have endeavoured to present a holistic and integrated representation of the Group's performance in terms of both its profitability and its long-term sustainability. This report aims to inform our stakeholders about the objectives and strategies of the Group and its performance.

Integrated annual report (IAR)

The IAR incorporates an overview of our organisation and its key strategic matters, performance and governance. The IAR should be read in conjunction with the AFS, which together provide a comprehensive account of our organisation.

ESG report

The report containing additional information relating to environmental, social and governance elements. The report was prepared in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Group annual financial statements (AFS)

The statutory AFS prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the Companies Act 2008, as amended.

Annual general meeting (AGM) notice

The booklet containing the AGM notice also includes the summarised audited AFS for FY21, relevant extracts from the IAR supporting the notice and the report to shareholders by the Social, Ethics and Transformation Committee.

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

About this report

Integrated reporting journey

Growthpoint first issued an integrated annual report (IAR) in FY10. The reports in subsequent years, as well as the current year, have evolved and have been refined to reflect developments in integrated reporting, particularly those advocated by the International Integrated Reporting Council (IIRC), the most significant being the International Integrated Reporting Framework.

While the IAR is not audited, it contains information from the annual financial statements (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 with regard thereto by reviewing information from first line providers of assurance that have 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.

The following lines of assurance have been identified:

First line of assurance
Line functions that own and manage risk and opportunity.

Second line of assurance
Specialist functions that facilitate and oversee risk and opportunity.

Third line of assurance
Internal assurance providers that provide objective assurance.

Fourth line of assurance
External assurance providers.

Fifth line of assurance
Board committees and Board.

Guiding principles

- Strategy
- Governance
- Stakeholder responsiveness
- Performance
- Prospects.

Assurance

Growthpoint has a combined assurance model to enable its Audit Committee to express the view that it is satisfied that suitable assurance has been obtained for all material statements made in the IAR.

Responsibility statement

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

This report was approved by the Audit Committee on 1 October 2021 and is signed on its behalf by:

R Gasant
Chairman of the Audit Committee

LN Sasse
Group Chief Executive Officer

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.

Ethics

The Growthpoint code of ethics has been approved by the Board of Directors (the Board) and 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 which is constantly evolving as we strive for even higher standards. We at Growthpoint are 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, director and officer 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 office on the basis set out in the disciplinary codes. These procedures are available upon request.

Report scope and boundary

This report covers the period from 1 July 2020 to 30 June 2021 (FY21) for the financial reporting entity Growthpoint Properties Limited.

The report provides an overview of the operations and performance of all businesses, which encompass the South African businesses, including its share in the V&A Waterfront (V&A), Growthpoint Healthcare Property Holdings (GHPH), trading and development, as well as its non-South African interests, which include its share in Growthpoint Properties Australia (GOZ), Globalworth Real Estate Investments (GWI), Lango Real Estate Limited (previously known as Growthpoint Investec Africa Properties (GIAP)) and Capital & Regional (C&R). These businesses have been depicted in a simplified ownership and legal structure on page 21.

Through "Integrated Thinking", information represented in the report is determined by an analysis of our business context, our operating environment and the six integrated reporting capitals that influence our business operations. This provides a holistic view of the business strategy, the drivers thereof and the various elements influencing the sustainability of our business and our ability to create value.

Given the nature of the business and its strategic aspirations, the report has identified elements that are pertinent to the organisation and its stakeholders. Materiality determination and the reporting boundary were informed through ongoing stakeholder engagement, which ensured that the business strategy considers significant social, economic, environmental, and governance issues that could have a material impact on the long-term success of the business. Material issues considered at Growthpoint:

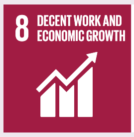
We remain cognisant of external elements that influence our business context such as climate change.

The report was prepared with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Core elements of the recommended climate-related financial disclosures include Governance, Strategy, Risk Management, and Metrics and Targets.

Forward looking statements

The IAR contains certain statements that are forward looking. By their very nature, such statements cannot be considered guarantees of future outcomes as they are dependent on events and circumstances, the predictability of which is uncertain and not necessarily within the organisation's control.

We have identified the United Nations Sustainable Development Goals (SDGs) that we prioritise, based on our positive impacts in these spheres, and believe they will remain aligned to our business strategy and values.

	**A CSR objective**
	**A CSR objective**
	**A sustainability strategy of 20:20:20:2**
	**Property Point**
	**CSR, Property Point and GBCSA**
	**Various associations memberships and participation such as SA REIT, SAPOA and NBI**

We have also identified key risks and opportunities considered material and pertinent to the organisation that could provide the organisation with the ability to create and sustain value over time or alternatively impedes the business strategy. This further influences our approach in dealing with factors within the different capitals.

The report focuses primarily on meeting the needs of shareholders, analysts and investors who wish to make an informed assessment of Growthpoint's ability to achieve its mission to create value for all our stakeholders through innovation and sustainable property solutions.

This report is part of a suite of reports issued for the financial year end and should be read in conjunction with the annual financial statements, AGM notice and the ESG report.

How we performed in FY21

Group salient features

REVENUE
R13.1bn
6.2% increase from R12.4bn at FY20

DISTRIBUTABLE INCOME
R5.1bn
7.8% decrease from R5.5bn at FY20

DISTRIBUTABLE INCOME PER SHARE
148.1 cents
19.1% decrease from 183.1 cents at FY20

SA REIT NAV CENTS PER SHARE
2 023 cents
12.3% decrease from 2 307 cents in FY20

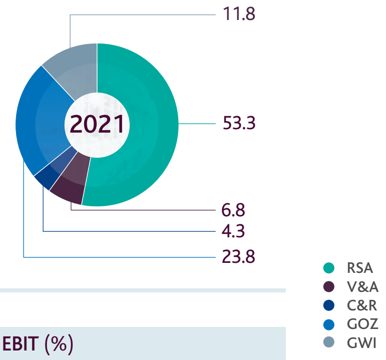
TOTAL PROPERTY ASSETS
R152.8bn
8.4% decrease from R166.7bn at FY20

DIVIDEND PER SHARE
118.5 cents
18.8% decrease from 146.0 cents at FY20 (based on an 80% pay-out ratio)

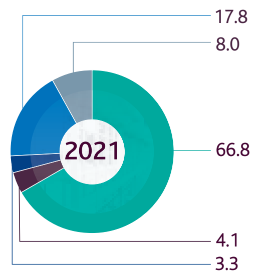
Our footprint

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 (V&A) in Cape Town. We have an interest in 55 properties in Australia through our 62.2% investment in Growthpoint Properties Australia Ltd (GOZ), 66 properties in Central and Eastern Europe through our 29.3% investment in Globalworth Real Estate Limited Investments (GWI) and seven community shopping centres in the UK through our 52.1% investment in Capital & Regional plc (C&R).

Property portfolio by value (%)



EBIT (%)



39.9%
of property assets offshore

5 473 034m²
of GLA in our South African portfolio (excluding V&A)

What differentiates Growthpoint

LARGEST SOUTH AFRICAN PRIMARY JSE-LISTED REIT

EXPERIENCED IN-HOUSE DEVELOPMENT CAPABILITY

UNINTERRUPTED TRACK RECORD OF PAYING DIVIDENDS

LARGEST SOUTH AFRICAN PORTFOLIO OF GREEN STAR RATED BUILDINGS

A FAST GROWING FUNDS MANAGEMENT BUSINESS

B-BBEE RATING LEVEL 1

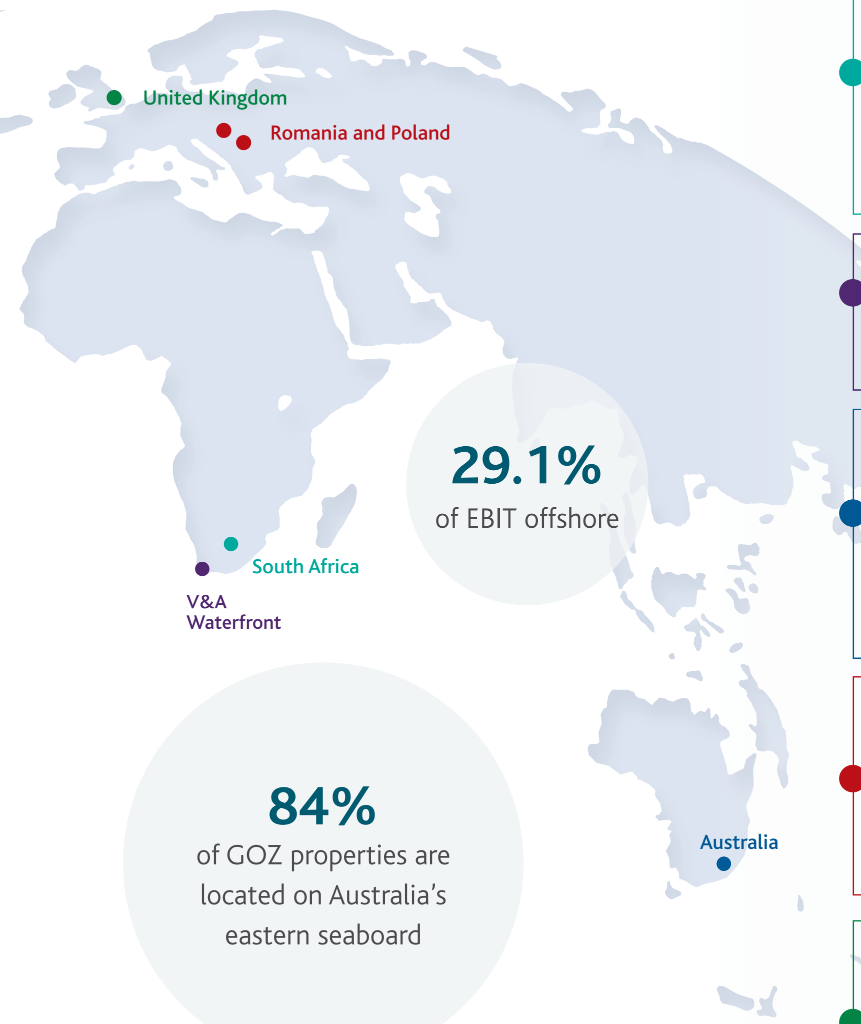
DIVERSIFIED PORTFOLIO OF OWNED PROPERTIES WHICH ARE INTERNALLY MANAGED

LOAN-TO-VALUE

40.0%
improved from 43.9% at FY20

RSA INTEREST COVER

3.2x
2020: 3.4x



29.1%
of EBIT offshore

84%
of GOZ properties are located on Australia's eastern seaboard

South Africa

R37m increase in contribution to distributable income driven mainly by decreased property expenses due to the reversal of bad debts previously provided and less Covid-19 discounts for FY21 vs FY20, impacting revenue positively. Key property indicators remain under pressure with a further deterioration in vacancies to 11.6%, negative rental reversions of 14.9% and a 65.4% renewal success rate. Continued income uncertainty placing pressure on valuations which declined R5.4bn/7.4% for FY21.

Solid contribution from trading and development and funds management.

V&A Waterfront

Significantly impacted by Covid-19 with R365m investment income received in FY21 vs R606m in FY20.

Its recovery is dependent upon the return of international tourism.

GOZ

Defensive and well-positioned, suburban office and industrial portfolio, with 97% of the tenant base weighted to large corporates and government. Strong capital position with conservative gearing and significant liquidity. R987m dividend income received for FY21 vs R1bn for FY20 mainly as a result of a lower pay-out ratio of 78% for FY21 vs 85% for FY20 and marginally higher dividend withholding tax. Dividend of AUD20.0 cents for FY21 vs AUD21.8 cents for FY20.

GWI

GWI has a defensive office and industrial portfolio with large multinational tenants and limited exposure to retail assets. Strong capital position with conservative gearing and significant liquidity. R370m dividend income received for FY21 vs R571m for FY20 as a result of a lower EUR dividend of EUR30.0 cents for FY21 vs EUR49.0 cents for FY20 due to the cash drag of EUR459.9m of cash on the balance sheet.

C&R

With its exposure to UK retail assets only, all aspects of the company's operations were materially negatively affected by government measures to manage the pandemic putting significant pressure on income, valuations and leverage.

No dividend income received in FY21 vs R107m in FY20.

Our values

Growthpoint has operated as a Real Estate Investment Trust (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 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.

REIT distribution

In terms of the dividend and dividend withholding tax provisions of the Income Tax Act, read in conjunction with section 25BB of the Income Tax Act, distributions received from a REIT will be taxed in the hands of the shareholder as follows:

Resident shareholders

Dividends received by resident shareholders are taxed as income in the hands of the recipient, but are exempt from dividend withholding tax.

Non-resident shareholders

Dividends received by non-resident shareholders are not taxed as a dividend for income tax purposes as the dividends are exempt in terms of the usual dividend exemptions, but are, however, subject to dividend withholding tax.

Shareholders are encouraged to consult their professional tax advisers if they are in any doubt about the tax implications for distributions received from Growthpoint.

Woodlands Office Park, Woodmead, Johannesburg, South Africa

Organisational overview

We are concentrating on reinforcing our strong balance sheet to enhance our ability to achieve our strategic objectives.

Strategy

We remain focused on our three strategic thrusts, which are aligned with our vision "to be a leading international property company providing space to thrive".

In the short term, however, we are concentrating on reinforcing our strong balance sheet to enhance our ability to achieve our strategic objectives.

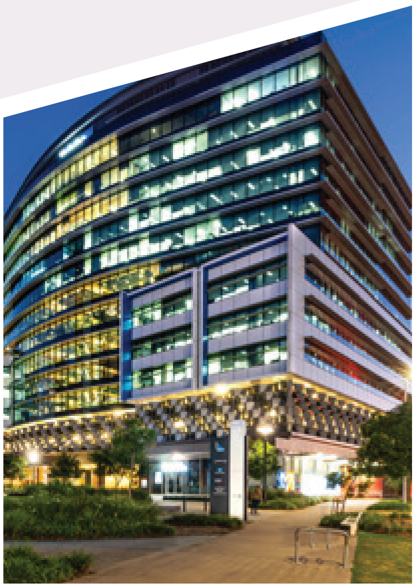
The R4.3bn equity raised in November 2020, together with the R577m proceeds from the December 2020 Distribution Re-investment Plan (DRIP) and the R865m (after income tax of R149m) cash retained as a result of reducing the distribution payout ratio to 80% have all contributed to bolstering our balance sheet and decreasing our Group SA REIT loan-to-value ratio (LTV) to 40% as at 30 June 2021. Property development activity has also been scaled back in the current environment with capital and development expenditure of R1.0bn in FY21 and asset sales of R559m in FY21, thereby reducing the need for further debt.

Internationalisation

Given the weakening macro-economic environment in South Africa, the growth of our offshore business remains a key driver and priority for Growthpoint. We pursue this strategy while preserving our balance sheet strength and ensuring that our LTV ratio remains at an acceptable level. Our internal threshold is 40%, in line with ratings agency Moody's maximum LTV ratio requirement of 40% to maintain our Aa1.za. domestic rating.

Strategy in action

We remain committed to supporting Growthpoint Properties Australia (GOZ) and expect Australia to remain a key component for internationalisation given our experience in this market.



Skyring Terrace, Newstead, Queensland, Australia

Asset allocation

	GOZ	C&R	GWI
	Australia	UK	Eastern Europe
Growthpoint's shareholding	62.2%	52.1%	29.3%
Cost of investment	R9.6bn	R3.0bn	R8.4bn
Market value of investment	R20.9bn	R833.3m	R7.6bn
Dividend income earned in FY21	R987m	–	R370m

39.9% of the book value of our assets and 29.1% of EBIT is derived from our international investments. Growthpoint continues to offer investors a defensive property investment, diversified by both geography and sector.

Our international footprint has been growing since 2009 and now spans five countries: South Africa, Australia, Poland, Romania and the UK.

Capital & Regional (C&R), our pure retail investment in the United Kingdom, has been severely impacted by Covid-19 and the extensive lockdown measures in the UK. While the C&R balance sheet is under pressure as a result of extensive asset write downs of its portfolio, the Growthpoint Board is considering a range of options for this investment.

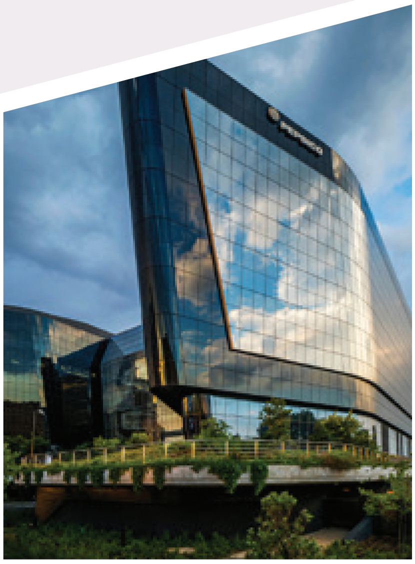
C&R signed extensions of loan covenant waivers on The Mall and Ilford to January 2022 and April 2022 respectively, and agreed terms on an extension to the Luton waiver until January 2022.

Streamlining and optimising our RSA portfolio

Growthpoint's domestic property portfolio has grown through mergers and acquisitions, each adding a different portfolio of individual property assets which meet the acquisition criteria, as well as some that don't. We currently have several non-core assets for disposal, which either don't align with our criteria or are inappropriately located to facilitate efficiency and management excellence.

Strategy in action

Disposing of assets has been challenging for the past few years and this situation has been exacerbated by the Covid-19 pandemic, which has led to a further reduction in demand by buyers in the market. We continue to manage assets to optimise their value over the long term, but remain committed to selling non-core assets either by individual sales or in small portfolios, where the appropriate value can be realised.



144 Oxford Road, Rosebank, South Africa

Eight individual assets with a combined value of more than R0.6bn were sold in FY21, or are in various stages of the sales being concluded.

Since FY17 we have sold R7.6bn worth of assets:

Disposals

FY17	R2.0bn
FY18	R1.5bn
FY19	R2.9bn
FY20	R0.6bn
FY21	R0.6bn
Total FY17 – FY21	R7.6bn
Held for sale at FY21	R0.2bn
Total	R7.8bn

New income streams from:

- Funds management
- Third-party trading and development

Strategy in action

Growth of existing funds and exploration of new funds opportunities.

Diversification by income streams.

Wings Office Complex, Lagos, Nigeria

Funds management

The capital-light nature of this strategic thrust makes it particularly attractive in the current environment where we are focused on the strength of our balance sheet. The intention is to build a R15bn funds management business by 2023. For each fund, our intention is to raise third-party funding of up to 80% and introduce gearing of around 40%. Growthpoint will aim to retain at least 20% of each fund and earn asset management fees. These funds are different from the existing asset types and geographies in Growthpoint's RSA portfolio.

Our funds management business contributed revenue of R185.6m to Growthpoint in FY21.

Our first two funds, Lango (previously Growthpoint Investec Africa Properties) and Growthpoint Healthcare Property Holdings (GHPH), were launched in 2018. Growthpoint's Funds Management platform has gained strong momentum over the past year and now has R11.7bn worth of assets under management. It is on track to meet its goal of having R15bn of assets by 2023.

Lango now has assets under management of USD600.9m and a net asset value of USD320.1m. It has built a quality portfolio of nine income-producing assets in prime locations in major gateway cities in Ghana, Zambia and Nigeria. It has attained meaningful scale and relevance to emerge as a leader in the African real estate market. It diversified its investment base from six to 30 shareholders. Further growth and diversification are planned for the fund, which paid its maiden dividend in December 2020 and distributed a total of USD2.9m to its shareholders in FY21 translating into a total distribution of R6.6m for Growthpoint.

GHPH has grown its portfolio to R2.8bn and has six healthcare assets, including five hospitals and one medical chambers, managed by three leading operators. The fund acquired one new hospital, Paardevlei in Somerset West, and has a pipeline of acquisitions and developments to drive its growth. GHPH distributed 86.41 cents a share to its shareholders in FY21 versus 77.45 cents in FY20 translating into a distribution of R132.1m for Growthpoint.

Trading and development

Growthpoint develops assets for its own balance sheet, with this investment capped at 5% of the RSA portfolio value. As an agile partner for our clients, we also leverage our skills to develop assets for third parties and take short-term, active positions in these assets with the intention of trading them. These projects are pre-identified and don't exceed 3% of the value of the RSA portfolio.

Development activity has been scaled back significantly in the current environment and we did not have any speculative developments in the financial year. In FY21, Growthpoint completed R1bn worth of developments, which added R71m of rental revenue.

In addition, Growthpoint earned R122m from trading profits and development fees.

Business model and value creation

Capitals

FINANCIAL HUMAN INTELLECTUAL MANUFACTURED SOCIAL NATURAL

SHORT TERM MEDIUM TERM LONG TERM

Property sectors

RETAIL OFFICE INDUSTRIAL

Invest

Make strategic investments which improve the overall quality and diversification of the portfolio and ensures long-term sustainability and capital appreciation

Objectives

- Seek suitable acquisition opportunities, both locally and internationally, which fit our business strategy
- Maintain a limited trading and development programme tailored to market risks and opportunities

Capitals impacted

Opportunities	Risks
South Africa • Non-core properties identified for sale • Potential merger and acquisition opportunities • Low asset prices • Development capabilities and experience to deliver occupancy that is relevant to tenant needs on a turnkey basis • "Capital light" investments and expansion of funds management business • Continued demand for office space at the V&A • Grow healthcare funds management business • Purpose-built student accommodation funds management	• Macro-economic fundamentals • Low economic growth • Economic recession • Poor business confidence • Sovereign credit rating downgrade and political risks • Weak property fundamentals • Over supply of properties • Cost of occupancy impacting rentals across all sectors as a result of increased administered costs • Reduced valuations due to lower revenue and increased risk-free rates • Weak demand for retail and residential space at the V&A • Prolonged effects of Covid-19

KPIs	Target	Timing	Performance
• RSA property assets as a % of total portfolio	50%	Short term	60.1%
• Sector diversification	Retail 40% Office 35% Industrial 25%	Medium term	Retail 36% Office 40% Industrial 18% Healthcare – 4% Trading and development – 2%
Geographic diversification	Gauteng – 50% Cape Town – 35% KwaZulu-Natal – 15%		Gauteng – 60% Cape Town – 29% KwaZulu-Natal – 11%

Opportunities	Risks
Australia • Low interest rates and inflation • Positive yield spreads • Stable property fundamentals • Experience in and understanding of the market • "Capital light" investments and expansion of the funds management business	• Global recession • Availability of excess capital driving yields lower • Inflated asset prices • Competitive market with limited opportunities
United Kingdom • Asset values declining to record lows • Yields and discount rates at highs • Positive yield spreads	• Global recession as well as uncertainty of implications of Brexit • Prolonged effects of Covid-19 • Retail rentals declining • Breaching of loan covenants
Central and Eastern Europe • Better growth than Western Europe • High and positive yield spreads • Attractive to global corporates due to lower costs	• Global recession • The breakdown of the European Union • Political uncertainty • Regulatory environment • Controlling shareholder and only minority stake and protection
Africa • Grow an African fund to an optimal size for a possible major stock exchange listing • Joint participation with third-party institutional investors • East, west and southern Africa • Pricing of assets attractive • Development of financial institutions' appetite for investment	• Economies that are highly reliant on commodities like oil • Lack of Dollar liquidity • Raising of capital challenging • Political uncertainty • Regulatory environment • Country concentration

KPIs	Target	Timing	Performance
International • Off-shore property assets as a % of total portfolio • Sector diversification	50%	Medium term	39.9%

Opportunities	Risks
Trading and development • External trading and development • Internal development and redevelopment • Custom designed assets to retain and attract quality clients • Property developments for the funds management business • Repurpose assets for Growthpoint	• Projects not meeting financial feasibility • Break-even letting of developments not attained • Financial loss on external trading and development • Speculative developments and overexposure thereto

KPIs	Target	Timing	Performance
• Return >than comparable completed let building yield	• Internal <5% of RSA property portfolio • External <3% of RSA property portfolio • <R500m per project • >90% pre-let unless turnkey project	Short term	• 0.9% (R622m) (Approved, not committed) • 0.5% (R311m) (Approved and committed) • 0.0% (Nil) (Third party) • 0.0% (Nil) (Speculative)

Finance

Optimise sources of funding in order to minimise the cost of capital while maintaining gearing levels

Objectives

- Sustain a strong balance sheet through conservative gearing and credit metrics that are well within covenants
- Optimise the cost of capital by having access to all available forms of funding
- Limit exposure to interest rate fluctuations by fixing rates over periods matching loan expiry profiles

Capital impacted

Opportunities	Risks
• Disposing of assets in pursuance of fund management "capital light" model	• Lower property valuations resulting in higher loan-to-value ratios • Breaching of loan covenants
• Local and international debt capital markets including green bonds • Equity raising including the distribution reinvestment plan • Cross-currency interest rate swaps • Optimising the cost of capital • Unsecured long-term funding • Match funding of developments and capital expenditure with asset disposals	• Size of loan book reaching bank limits • Considerable constraints in debt capital market • Illiquid bond markets • Equity investments trading at discounts to net asset value • Capital not deployed optimally • Refinancing of Euro bonds in May 2023 • Liquidity risk
• Global and local interest rates at record lows • Limiting the extent of interest rate increases on the cost of finance • Keeping finance costs predictable with high level of certainty • Reducing earnings volatility	• Interest rates rising • Global yield curve rising and impact on property valuations

KPIs	Target	Timing	Performance
RSA • Loan-to-value ratio • Moody's rating	• <40% loan-to-value • Investment grade rating		• 35.1% • Ba2
• Debt expiry profile • Secured debt as a % of total debt	• >3 years • <70%		• 3.1 years • 43.0%
• Interest rate hedging	• A minimum rolling 12-month fixed to floating ratio on debt of 75% • >2.0x interest cover		• 85.1% • 3.2x

Own

Own well-located investments comprising a quality portfolio of retail office and industrial properties

Objective

- Maintain a sectorally and geographically diversified portfolio of quality properties to take advantage of opportunities, market conditions and user demand

Capital impacted

Opportunities	Risks
• Custom designed assets to retain and attract quality clients • Refurbishment and redevelopment of assets • The design of new and refurbished buildings to achieve a minimum Green Building Council of South Africa "4-Star Green Star" rating	• Uncertainty regarding land ownership rights • Deteriorating infrastructure and service delivery • Increasing administered costs

KPIs	Target	Timing	Performance
• RSA property assets as percentage of total portfolio • Sector diversification	50% 40% 35% 25%		60.1% 36% 40% Healthcare – 4% Trading and development – 2% 18%

Business model and value creation *continued*

Capitals

FINANCIAL · HUMAN · INTELLECTUAL · MANUFACTURED · SOCIAL · NATURAL

SHORT TERM · MEDIUM TERM · LONG TERM

Property sectors

RETAIL · OFFICE · INDUSTRIAL

Earn rental

Earn sustainable rentals by providing quality accommodation to a large and diverse base of financially sound tenants secured by long leases

Objective

- Optimise the letting of available space to financially sound tenants with long leases

Capitals impacted

Opportunities	Risks
• Innovative and sustainable property solutions (e.g. SmartMove, UNdeposit, Green Lease Addendum and SmartFlex) • Providing more flexible rental solutions • Generate additional revenue through value-added services or products • Facilitate an online business-to-business network for clients • Online retail a growing alternative necessitating more warehousing and logistics • Social distancing to increase the need for space • Repurpose space in shopping centres	• Continued Covid-19 impact • Major tenant failure • Increase in vacancies • Increase in arrears • Downward pressure on rentals and negative rental reversions • Increase in administered costs • Constrained consumers will be more needs focused • Retail centres focused largely on discretionary spend • Downsizing of national retailers' footprints • Increased work-from-home dynamic and work flexibility • Tenants in business rescue

KPIs	Target	Timing	Performance
RSA			
Relief discounts	Reducing month on month	Short term	R197.6m (FY20: R277m)
Relief deferments	Reducing month on month		R32.8m (FY20: R159m)
Gross revenue growth	>5%		(1.3%)
Overall vacancies	<9%		11.6%
Total monthly arrears (as a % of collectables)	<10%		22.9%
Renewal success rates	>70%		65.4%
Renewal reversions	Positive reversions		(14.9%)

Distributable income

Grow income and distribute this as dividends to shareholders

Objective

- Balance the need to provide investors with growing distributions annually with the objective of delivering sustainable earnings in the long term, we will continue to invest in our properties, in our employees and the communities in which we operate

Capitals impacted

Opportunities	Risks
• Diversify geographical contribution to distributable income • Seek balance between growing dividends and retaining capital by reducing pay-out ratio • Identifying strategic thrusts and enablers to create sustainable value • Funds management – Africa and healthcare funds • Create sustainable profits from trading and development income	• Failure to implement strategy • Lack of sustained economic growth • Weak RSA property fundamentals • Defensive nature of portfolio limits the extent of out-performance • Technology innovation by market disruptor • Sustainability of REIT business model • Taxation on portion of distributable income given to shareholders

KPIs	Target	Timing	Performance
Dividend growth in absolute terms	CPI + 1%	Long term	(18.8%)
SA property EBIT as a % of total portfolio	50%	Medium term	70.9%
Off-shore property EBIT as a % of total portfolio	50%	Medium term	29.1%

Manage

Manage assets and invest the capital necessary to ensure properties are well maintained and operate at optimum efficiency

Objectives

- Preserve and enhance the value of properties through ongoing maintenance, upgrading, refurbishment and enhancement
- Use and grow our skills and understanding of our operating environment by attracting and retaining the best people through creating a working environment that is conducive to productivity and performance
- Provide the highest level of services to stakeholders
- Increasingly manage third-party assets

Capitals impacted

Opportunities	Risks
• Preservation of property asset values • Improve sustainability performance	• Margin pressure on net property income • Over capitalisation of properties • Administered costs escalating at rates in excess of inflation • Increased costs to secure additional energy supply and storage • Increased energy tariffs due to increased temperatures and the passing on of a carbon tax • Social pressures to decarbonise resulting in increased costs of building materials • Increased water tariffs due to scarcity
• Creating and driving a culture of performance • Foster entrepreneurial spirit • Transformation through diversity and inclusion	• The loss of skills and corporate memory, particularly at a senior management level • B-BBEE and Property Sector Charter uncertainty and targets
• Improved customer retention • Efficiencies in property management processes • Vertical integration of key suppliers of business services	• Inefficient property management processes • Resistance to change
• Sell down assets and raise equity • Earn asset and property management fees • Identification of asset classes that attract institutional investors	• Maintaining REIT status • Difficulty in attracting investors • Difficulty in exiting investments • Sustainability of managing third-party assets

KPIs	Target	Timing	Performance
RSA • Property expense-to-income ratio • Operating expense-to-income ratio	• <30% • <5%		• 26.9% • 4.3%
• Development of people, culture and values • Overall management review • Compliance • Industry participation	• B-BBEE level = or >4		• Level 1
• Property expense-to-income ratio • Operating expense-to-income ratio	• <30% • <5%		• 26.9% • 4.3%
• Assets under management • Fees earned	• R15bn by 2025 • Increase in fees earned		• R11.7bn • 1.2%

Stakeholder engagement

Our stakeholders' engagement approach is driven by the identification of key groups impacted by our business. We have applied a multi-pronged approach on how we engage, trying to provide relevant engagement options depending on the type of stakeholder. The nature and degree of engagement varies and is informed by our stakeholder and engagement policy.

Investors and analysts

The provision of financial capital to grow the business

Initiatives

- Providing regular updates to the market on the impact of Covid-19 on the business
- AGM roadshow addressing, among others, Non-executive Directors' tenure and refreshing of the Board
- Engagement with various rating agencies, particularly in terms of ESG performance
- Engagement with bondholders.

Meeting of stakeholders' expectation

- Providing investors with a secure investment underpinned by high quality physical property assets diversified by sector, geography and income streams
- Delivering sustainable, quality earnings that can be projected with a high degree of accuracy
- Providing investors with an investment with an increasing proportion of assets and EBIT from offshore
- Offering investors an investment opportunity with a strong management team that has a proven track record, adheres to high levels of corporate governance and transparent reporting
- Paying bi-annual dividends of at least 75% of distributable income, thereby retaining our REIT status.

Engagement with stakeholders

- Presentations including bi-annual results presentations
- Pre-close updates
- Covid-19 and riot business impact updates
- Non-deal roadshows
- ESG/AGM roadshows
- Remuneration roadshows
- Investor conferences
- Site visits.
- JSE SENS announcements
- Media announcements
- Webcasts
- One-on-one meetings
- Email correspondence/answering investor queries
- Integrated annual report
- ESG report
- Annual financial statements.

Employees

Making sure that our employees' deliverables are aligned to the business strategy and they are equipped to meet their deliverables is an important element of our talent optimisation. This ensures engaged employees who contribute to the business meeting its strategic objectives

Initiatives

- Integrated talent management
- Succession management
- Transformation
- Employee engagement
- Assessment of Covid-19 impact on employees and resultant support.

Meeting of stakeholders' expectations

- Managing our talent through our HR processes of recruiting the right talent, rewarding them and retaining them to ensure that we meet stakeholder expectations.

Engagement with stakeholders

- Electronic communication
- Employee updates
- Training and development
- Wellness information sessions
- One-on-one employee check-ins.

Business partners – tenants

Retaining tenants and attracting new clients to sustain and grow Growthpoint's business

Meeting of stakeholders' expectations

- Providing tenants with space to thrive with high quality, environmentally sustainable, prominently located properties and providing the associated property management services.

Initiatives

- Key accounts engagement
- Discussions and interactions with tenants to sustain their business as a result of Covid-19
- Assistance in the form of rental deferments and discounts.

Engagement with stakeholders

- Personal interaction and meetings
- Print and email communication
- Growthpoint website
- On-site property teams.
- Operational notices
- Safety notices and practice drills
- Maintenance call centre.

Business partners – suppliers

The provision of services which preserves and enhances our properties

Meeting of stakeholders' expectations

- Providing sustainable business and growth opportunities which are mutually beneficial in a manner that is transparent and equitable.

Initiatives

- New RFP initiatives with cost and service as the focus
- Working with suppliers to ensure compliance, especially considering Covid-19
- Working with Property Point in bringing localised business from communities on board.

Engagement with stakeholders

- Request for proposals (RFPs)
- Property Point's enterprise development programme
- B-BBEE preferential procurement
- Extension of contracts due to the pandemic.

Providers of finance

The provision of funding to support and grow the business

Meeting of stakeholders' expectations

- Ensuring the timeous payment of interest and capital
- Maintaining a strong balance sheet and credit metrics that are well within covenants
- Managing the security pools.

Initiatives

- Re-financing of existing loans and bonds
- Proactive re-financing of loans with maturity dates post year end
- Updating of information statement and other items to bring the Domestic Medium Term Note (DMTN) Programme in line with the debt listing requirements.

Engagement with stakeholders

- Bi-annual results presentations
- Roadshows
- One-on-one meetings and calls
- JSE SENS announcements
- Media announcements
- Website.

Stakeholder engagement *continued*

Government and regulatory bodies

The provision of regulatory frameworks which will enable Growthpoint to operate in an environment which provides reasonable certainty and is fair and transparent to all competing participants

Meeting of stakeholders' expectations

- Growthpoint acts in a responsible, ethical and transparent manner.

Initiatives

- Ongoing engagement through SA REIT Association with National Treasury on tax-related matters
- SAPOA initiative in addressing levels of rates and taxes
- Best practice recommendations for accounting and disclosure for SA REITs
- Commencement on a best practice recommendation for ESG reporting for SA REITs
- Ongoing discussions with the JSE and National Treasury on relevant regulations for SA REITs and regarding minimum dividends.

Engagement with stakeholders

- Formal responses on policy and regulation
- Joint initiatives for industry solutions
- B-BBEE scorecards
- Employment equity reports
- Tax legislation
- Workplace skills development plan
- Municipal matters.

Property brokers

The letting of available space which enables Growthpoint to sustain and grow its business

Meeting of stakeholders' expectations

- The provision of quality properties to take advantage of opportunities, market conditions and user demand.

Initiatives

- Increased one-on-one interaction
- SmartFlex campaign for tenants seeking flexibility
- SmartStay initiative to reward clients for renewing their leases
- SmartMove to entice prospective clients which includes financial benefits
- UNdeposit to minimise the effect on cash flow when a deposit is required.

Engagement with stakeholders

- Website
- Incentive programmes
- Twitter, Facebook and Instagram
- One-on-one presentations and engagement.

Industry and business organisations

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

Meeting of stakeholders' expectations

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

Initiatives

- Ongoing engagement through SA REIT Association with National Treasury on tax-related matters
- SAPOA initiative in addressing levels of rates and taxes
- Best practice recommendations for accounting and disclosure for SA REITs
- Working with the DIA and engaging with the JSE
- Debt-listing requirements
- Working with NBI to promote social transformation
- Working with the PI Group to collectively address the challenges faced by landlords and tenants due to Covid-19.

Engagement with stakeholders

- Active involvement on boards and committees
- Presentations at conferences and congresses
- Involvement in South African Real Estate Investment Trust Association (SA REIT), South African Property Owners Association (SAPOA), Property Industry (PI) Group, and Green Building Council of South Africa (GBCSA)
- Member of European Public Real Estate Association (EPRA)
- A member of the National Business Initiative (NBI)
- Women's Property Network (WPN)
- South African Institute of Black Property Practitioners (SAIBPP).
- South African Facilities Managers Association (SAFMA)
- Estate Agency Affairs Board (EAAB)
- Investor Relations Association
- Association of Corporate Treasurers of Southern Africa (ACTSA)
- Debt Issuers Association (DIA)
- Johannesburg Chamber of Commerce and Industry (JCCI)
- Business Leadership South Africa (BLSA).

Communities

A social impact study on the CSI projects to evaluate sustainability

Meeting of stakeholders' expectations

- Creating long-term relationships with our stakeholders and communities.

Initiatives

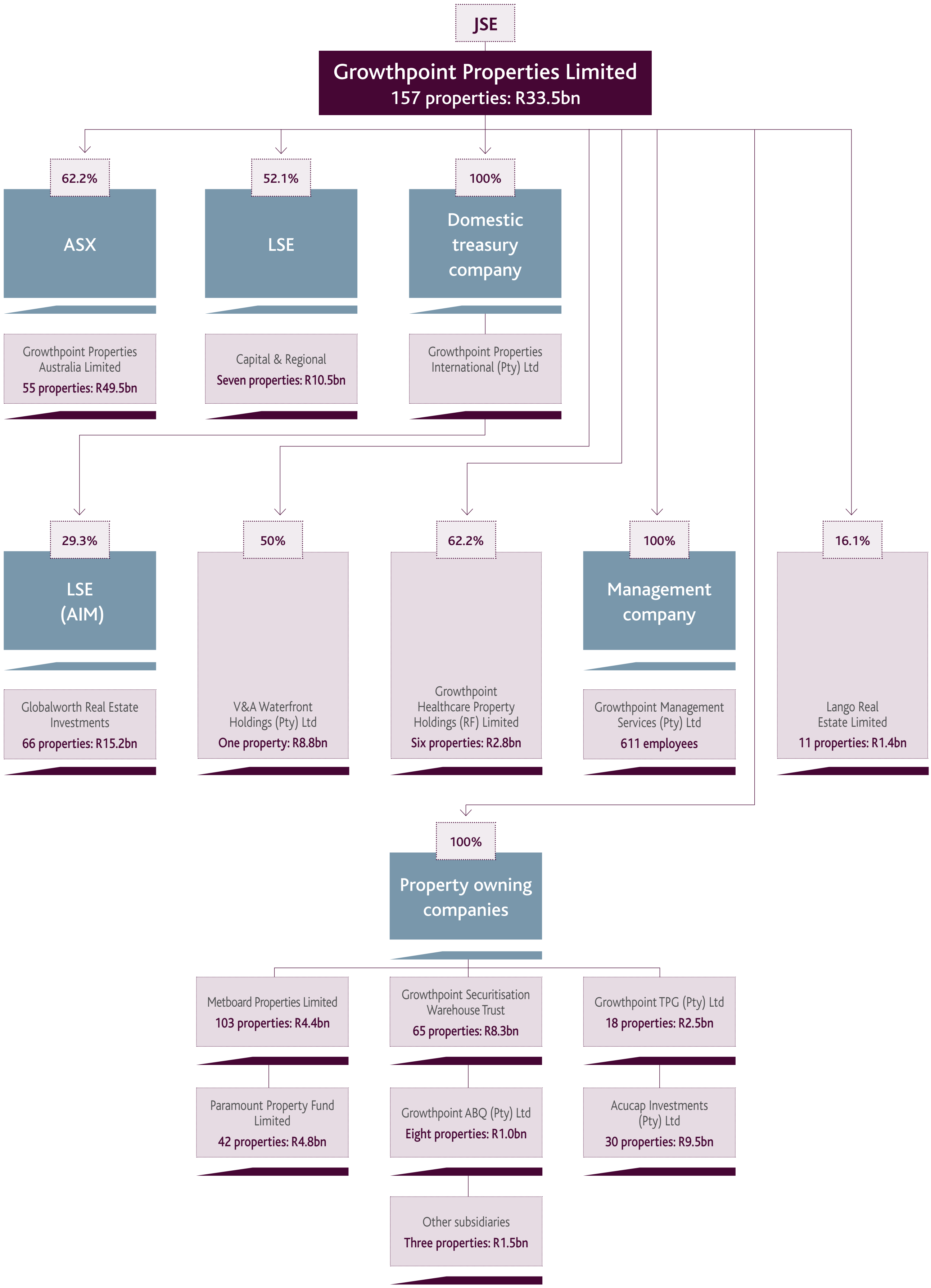
- Increasing Growthpoint GEMS intake numbers
- Growsmart extension to Limpopo in partnership with another corporate
- Ongoing stakeholder engagements
- Training for persons with disabilities
- R47.9m invested with 9 749 beneficiaries
- Redirected resources to address the consequences of Covid-19
- Increased efforts to support communities in response to disaster management
- Targeted efforts towards property sector skills development
- Key drive towards technology driven solutions.

Engagement with stakeholders

- CSI initiatives
- CSI initiatives in our shopping centres
- Graduate programme and internships
- Environmental initiatives
- Skills development.

Governance and management structure

Simplified ownership and legal structure



Board of Directors and governance






1. **Francois Marais** (66) Chairman, Non-executive
BCom, LLB, H Dip (Company Law)
Joined the Board in 2003
Career: A founding member and partner of Glyn Marais Inc., although no longer responsible for directing the firm, a Chambers and Global 500 rated corporate lawyer, Director of Growthpoint Properties Australia Limited and V&A Waterfront Holdings (Pty) Ltd
Skills and expertise: Legal as applies to corporate finance in general and dispute resolution, particularly alternative dispute resolution, specialising in mergers and acquisitions and transaction funding
Professional membership: Law Society
B HR GN RM

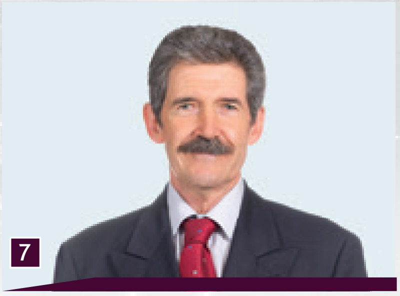
2. **Norbert Sasse** (56) Group Chief Executive Officer
BCom (Hons) (Accounting), CA(SA)
Joined the Board in 2003
Career: More than 25 years' experience in corporate finance dealing with listings, delistings, mergers, acquisitions and capital raising in the debt and equity capital markets focusing on the Real Estate sector. One of the founding members of the SA REIT Association. Director of major Group subsidiaries Growthpoint Properties Australia Limited, V&A Waterfront Holdings (Pty) Ltd and Capital & Regional PLC as well as one of the Group's major investments, Globalworth Real Estate Investments Limited. Inaugural recipient of the SAPOA Lifetime Achievement Awards
Skills and expertise: Experience in corporate finance, capital markets, property and general management
Professional membership: SAICA, EAAB (Master Practitioner in Real Estate)
B PI RM HR GN

3. **Gerald Völkel** (61) Group Financial Director
BAcc, CA(SA)
Joined the Board in 2013
Career: Ended 15 years in the auditing profession as an audit partner with the former Ernst & Young before joining JD Group Limited in November 1995, where he was appointed to its Board in April 2001 as the Chief Financial Officer and fulfilled that role for 12 years. Director of major Group subsidiaries
Skills and expertise: Financial, tax and general management
Professional membership: SAICA
B PI RM SET HR A

4. **Estienne de Klerk** (52) CEO: RSA
BCom (Industrial Psychology), BCom (Hons) (Marketing), BCom (Hons) (Accounting), CA(SA)
Joined the Board in 2008
Career: Extensive experience in listed property, involved in BEE transactions, takeovers, mergers and acquisitions. Represented the SA REIT Association as lead negotiator and signatory to the Property Sector Transformation Charter and chaired its REIT Committee, which negotiated and finalised the South African REIT tax and regulatory legislation with the SA National Treasury, SA Revenue Service, Financial Services Board and the JSE. Director of major Group subsidiaries, Growthpoint Properties Australia Limited and V&A Waterfront Holdings (Pty) Ltd and subsidiaries. Past President of SAPOA and Chairman of SA REIT Association
Skills and expertise: Financial, general management and property
Professional membership: SAICA, EAAB (Master Practitioner in Real Estate)
B PI RM HR A GN

5. **Olive Chauke** (50) Director of Human Resources
Bachelor of Social Science, Advanced Programme in Strategic Management from Henley Business School
Joined the Board in 2018
Career: More than 20 years' HR experience gained in both private and public companies in retail, petroleum, financial services, healthcare and hospitality
Skills and expertise: Strategic and operational, regional Africa and international human resource experience, including practical experience in transformational human resources
Professional membership: South African Board of People Practices
B RM SET HR

6. **Frank Berkeley** (65) Independent Non-executive
BCom, BAcc, CA(SA)
Joined the Board in 2019
Career: Former Managing Executive of Nedbank Corporate Property Finance. Previously Non-executive Director of Sycom Property Fund, Acucap Properties and Hospitality Property Fund. Over 35 years' experience in many aspects of the property industry, including greenfields development, redevelopment of properties, student accommodation, property banking and property equity investment
Skills and expertise: Extensive experience and expertise in strategy development and implementation, successful implementation of mergers, and leadership and management of large complex organisations. Frank's particular passion for many years has been the professional and personal development of people
Professional membership: SAICA
B PI HR A GN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7. John Hayward (70) Lead Independent Director

BSc (Hons)

Joined the Board in 2001

Career: Actuary and consultant, mainly in the investment and retirement fund fields

Skills and expertise: Finance, analytical and risk

B | RM | HR | GN

8. Mpume Nkabinde (61) Independent Non-executive

MBA, Honours in HRD, Bachelor of Social Science, Diploma in Adult Education, Postgraduate Diploma in Property Development and Management

Joined the Board in 2009

Career: Co-founder and Managing Director of Sigma Lifts and Escalators (Pty) Ltd and founder of the Engineering Partners' Group. Held senior management positions in the field of business development, human resources, communication, as well as training and development with reputable organisations including PG Bison and Otis (Pty) Ltd

Skills and expertise: Expertise in human resources, business development and general management, which have been acquired over a 20-year period in local and international companies

Professional membership: SAIBPP

B | HR | SET

9. Patrick Mngconkola (59) Independent Non-executive

BTech (Business Admin), BA (HR Management), National Diploma Police Admin, Certificate: Forensic Investigative Auditing (Unisa), Certificate: Property Development and Investment (UCT), Certificate: Advanced Risk Business Management (UCT), Certificate: Investment Management (UCT)

Joined the Board in 2012

Career: Former Non-executive Director of the PIC and former Trustee of the Government Employees' Pension Fund, Director of V&A Waterfront Holdings (Pty) Ltd and its subsidiaries

Skills and expertise: Broad experience with numerous years of studies in business oversight and as a public servant, particularly in finance, supply chain management and people management skills

Professional membership: The Institute of Directors South Africa

B | PI | SET

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
- Regional Africa and international human resource experience
- Transformational human resources
- Strategy development and implementation
- Implementation of mergers
- Leadership and management of large complex organisations
- Analytics and risk
- 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

Tenure

- 9 + years – 5 directors
- 5 – 9 year – 2 directors
- 1 – 4 years – 7 directors

Demographics

- African, Coloured and Indian (ACI) females – 3
- ACI males – 3
- White males – 8

Gender

- Females – 21.4%
- Males – 78.6%

Age

- ≥ 60 years – 6
- 50 – 59 years – 7
- 30 – 49 years – 1

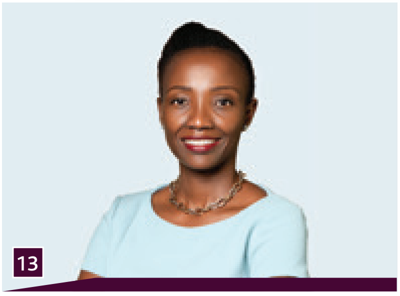
Independence

- Executive Directors – 4
- Non-executive Directors – 2
- Independent Non-executive Director – 8

Key: Committee

B	PI	RM	SET	HR	A	GN			
Board	Property and Investment Committee	Risk Management Committee	Social, Ethics and Transformation Committee	Human Resources and Remuneration Committee	Audit Committee	Governance and Nomination Committee	Chairman of the committee	Standing invitation	By invitation

Board of Directors and governance *continued*



10. Rhidwaan Gasant (61) Independent Non-executive

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

Joined the Board in 2020

Career: Rhidwaan was previously the Chief Executive Officer of Energy Africa Limited and Financial Director of Engen Limited. He serves as an Independent Non-executive Director and chairs the Audit and Risk Committees of international companies in the MTN Group. He is Lead Independent Director of AngloGold Ashanti Limited

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

Professional membership: SAICA and CIMA

B RM A GN

11. John van Wyk (57) Independent Non-executive

BCom, BAcc CA(SA)

Joined the Board in 2019

Career: John is an experienced private equity investor with a career spanning 29 years. Based in London, he is well known in the South African market. John was a partner at Actis, a prominent emerging market investor where he was responsible for managing Actis' private equity business in Africa and prior to that was a founding partner of Ethos Private Equity, a leading South African investor. John chairs the Board of Comcorp Holdings (Pty) Ltd and is an independent Investment Committee member of Nedbank's CIB. He also represents Nedbank on the Boards of certain of their investments

Skills and expertise: Experience in private equity and investments

Professional membership: SAICA

B PI RM A GN

12. Andile Sangqu (54) Independent Non-executive

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

Joined the Board in 2020

Career: Executive in Residence at the Gordon Institute of Business Science, served as Executive Head and Executive Director at Anglo American South Africa

Skills and expertise: A well-known businessman and thought leader, with expertise including business financial restructuring, financial systems development, implementation, strategic planning and organisational transformation in many businesses including Anglo American Platinum, Kumba Iron Ore, Pioneer Foods and Iliad Africa

B SET A GN

13. Prudence Lebina (40) Independent Non-executive

BCom, HDip (Acc), CA(SA)

Joined the Board in 2020

Career: A chartered accountant with over 19 years' working experience in corporate finance, business development, financial reporting and stakeholder management in the financial services and mining sectors. Currently Chief Executive Officer of TriAlpha Investment Management, a fixed income investment house with more than R25bn assets under management

Skills and expertise: Business development, corporate finance, accounting and financial reporting, board and committee experience

Professional membership: SAICA and the Institute of Directors of South Africa

B RM A

New Non-executive Director appointed by the Board

14. Melt Hamman (50) Independent Non-executive

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

Joined the Board in 2021

Career: Melt served as CEO at Attacq Limited (Attacq) for three years and had occupied the position of CFO at Attacq for five years. He was instrumental in the listing of Attacq on the JSE in 2013 and the company's conversion to a REIT in 2018. He was the Chief Risk Officer at WesBank serving on the Executive Management team. Melt had several credit-related roles at FirstRand Limited and Nedbank Group Limited. He is currently an Independent Non-executive Director on the Board of MAS Real Estate Inc and privately owned agriculture businesses. Melt is an independent adviser to FNB Commercial on credit-related matters for their real estate portfolio and distressed clients

Skills and expertise: Experience in financial reporting, risk, banking, real estate and leadership development

Professional membership: SAICA

B PI A GN

Group executive management forum

Group CEO
Norbert Sasse* (56)
BCom (Hons) (Acc), CA(SA)
Twenty-two years' experience in listed property

CEO: RSA
Estienne de Klerk* (52)
BCom (Industrial Psych), BCom (Hons) (Marketing), BCom (Hons) (Acc), CA(SA)
Twenty-two years' experience in listed property

Group FD
Gerald Völkel* (61)
BAcc, CA(SA)
Thirty-seven years' experience in finance management

Human Resources Director
Olive Chauke* (50)
Bachelor of Social Sciences, Advanced Programme in Management from Henley Business School
Twenty-four years' HR experience gained in both private and public companies

Chief Operating Officer: COO
Engelbert Binedell (51)
BA(Ed), MBL
Twenty-four years' experience in listed property

Group Treasurer
Dirkje Bouma (49)
MSc Finance, CFA
Twenty-six years' financial and treasury experience

Group Legal Counsel
Xolani Hlatshwayo (39)
LLB, LLM
Seventeen years' experience in a range of corporate transactions across various sectors

Head of Corporate Finance
George Muchanya (50)
BSc Eng, MBA, ACFP
Twenty-six years' experience spanning engineering, management consulting and the property industry

Head of Investor Relations and Key Accounts
Lauren Turner (45)
BCompt (Hons)
Twenty years' financial markets experience

* *Executive Director.*

Performance review

Irrespective of geographic jurisdiction, future performance will be premised on the extent of vaccinations and economic recovery.

Independent economic overview

South Africa

The South African economy contracted by 7% in 2020, which was one of the larger economic contractions globally. This outcome was, however, better than consensus expectations, aided by a faster-than-expected recovery in the second half of 2020. Despite the fact that the peak of the second wave of Covid-19 infections occurred in January 2021, South Africa's real GDP then expanded by 4.6% quarter-on-quarter in 1Q21 – although it remained below the 4Q19 pre-pandemic base – implying that recovery was still far from complete. The pace of recovery thus far has also been very uneven, highlighting the pandemic's unequal impact on activity in different economic sectors.

Household consumption has been surprisingly strong in FY21, increasing by 7.5% in 4Q20 and 4.6% quarter-on-quarter in 1Q21, to just 1.3% below its 4Q19 pre-pandemic base. We attribute the resilience to policy support measures, increased savings by individuals and the fact that job losses induced by Covid-19 were concentrated in lower-skilled occupations as opposed to occupations where income levels are higher.

That said, consumers appear to be pessimistic about current conditions, with the Consumer Confidence Index (CCI) compiled by the Bureau for Economic Research (BER) deteriorating to -13 index points in 2Q21 from -9 in 1Q21. By contrast, the RMB/BER Business Confidence Index (BCI), increased by 15 points to 50 in 2Q21. This was the BCI's first reading in "positive" territory since 4Q14 and implies a significant improvement in sentiment, although gross fixed capital formation in 2Q21 was 17.8% lower than in 4Q19.

Consumer and business sentiment levels are likely to be adversely affected by the negative economic effects of the restrictive measures once again enforced during the Covid-19 third wave, as well as the recent incidents of unrest. The third wave accelerated sharply from early June, exceeding the severity of the first and second waves, with new daily infections peaking at 26 485 on 3 July 2021. To counter this, the government progressively tightened lockdown restrictions, from Level 1 on 31 May to Level 4 on 28 June and although it strived to keep much of the economy open, the adverse effects of the restrictive measures on growth are likely unavoidable.

Meanwhile, the violent protests and looting that took place in July 2021, after year end, were a further serious setback, given the business interruptions, damage to economic infrastructure and disruptions to supply chains they caused. The spending directed towards cleaning up and supporting affected businesses (to combat the increased risk of insolvencies), and the potential need to recapitalise the state-owned South African Special Risks Insurance Association (SASRIA) will add to the government's fiscal burden. SASRIA has said that it will be able to settle claims of up to R10bn from its own balance sheet, But the South African Property Owners Association (SAPOA) has estimated that the unrest will cost the economy at least R50bn.

As in other countries, the combination of supply-side price shocks, improving economic activity and fears of contagion from a global bond market shock has raised concerns in South Africa about the future path of inflation. While there are several cost-push factors (including fuel and food prices and shortages of raw and intermediate inputs) exerting upside pressure, our economists are of the view that the ongoing weakness in the labour market (unemployment rate of 32.6%), evident in both subdued wage inflation and the slow recovery in employment levels, will keep demand-pull pressure inflation muted, and that any near-term shocks will be transitory. They believe that headline CPI inflation in the current cycle has peaked and is set to remain broadly anchored close to the mid-point of the South African Reserve Bank's 3% to 6% target range.

As economic activity gradually improves, the market will increasingly focus on understanding when the SARB will start to withdraw the exceptional economic support measures introduced in response to Covid-19 – and how fast and how far it will go in doing so. These measures include the reduction of the repo rate to a record low of 3.5% in May last year, but Absa economists expect the SARB Monetary Policy Committee to keep this rate on hold for the remainder of 2021, before increasing it by a cumulative 75 basis points during 2022 and a further 50 basis points in 2023.

South Africa's external balances are currently strong, with record trade and current account surpluses reflecting the surge in export commodity prices and to some extent these surpluses mitigate the risk of a global inflation surge and a bond market dislocation spreading into the economy via the capital account. Meanwhile Absa economists forecast a national budget deficit of 7.9% of GDP in the current fiscal year and 6.6% in FY22/23, and a rising debt ratio over the next few years that will peak in FY25/26 at 84.5%.

Although there has been some structural reform progress, the to-do list remains long. The most notable reforms to date are the increase in the licensing threshold for embedded electricity generation projects from 1MW to 100MW, and the decision to corporatise and unbundle Transnet's port operations. The sale of 51% of the perennially loss-making SAA is symbolically important, but due diligence is pending, among other suspensive conditions. The implementation of further necessary reforms could also take time, due to the weak implementation capacity of the state as well as ideological contestation within the governing alliance. Without a much more aggressive structural reform programme, Absa economists are of the view that further credit rating downgrades are more likely than not.

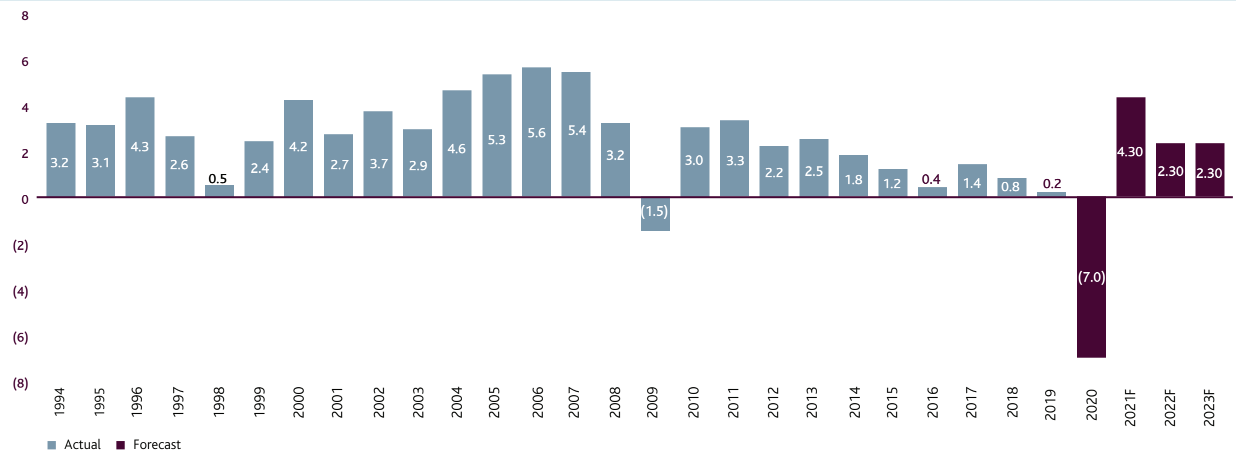
Independent economic overview *continued*

Absa economists forecast GDP growth of 4% for 2021, following a stronger-than-expected 1Q21 outcome. In 2022, widespread vaccination should deliver a further boost in confidence and will likely lead to a stronger improvement in tourism-related activity. However, beyond this, real GDP growth is forecast to settle at just below 2% per annum, reflecting the ongoing difficulty of undertaking reforms, some lasting damage from the pandemic and the recent political unrest, which may well dampen investor sentiment.

The outlook for the property sector, much like that for the economy as a whole, is clouded by uncertainty as South Africa – and the rest of the world – navigate the Covid-19 pandemic. As is evident in other countries, the path to normalisation is dependent on the pace of vaccine roll-out. With only 7% of the South African population vaccinated as of 13 August 2021, the risk of recurring waves of infection remains a reality, and a likely headwind to economic recovery. Given the slow pace of the vaccine rollout, combined with an absence of catalysts for meaningful economic growth, property fundamentals are likely to remain under pressure.

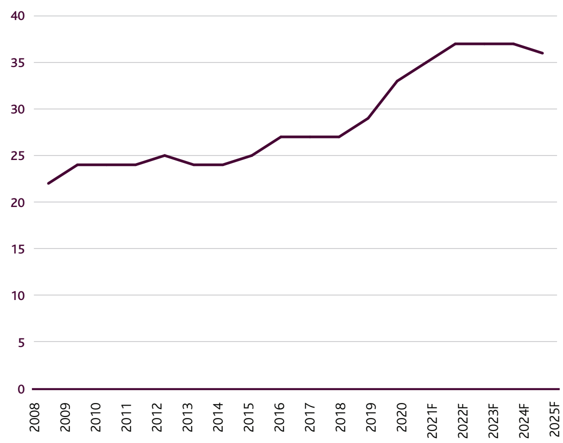
Sources: Absa Research, IMF, Bloomberg

SA real GDP (%)



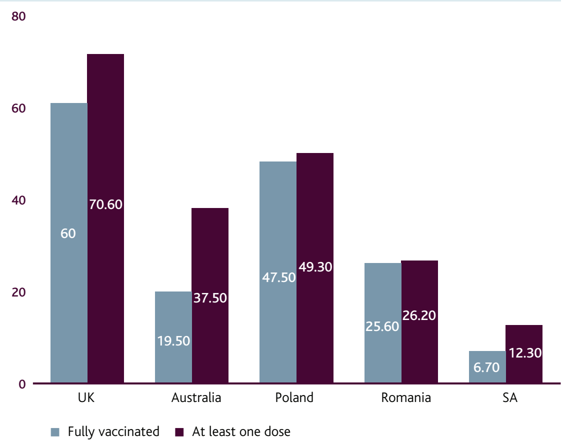
Sources: SARB, National Treasury, Stats SA, Refinitiv, Absa Research

SA unemployment (%)



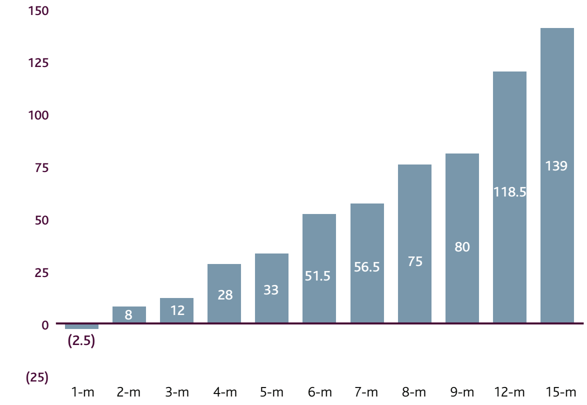
Sources: SARB, National Treasury, Stats SA, Refinitiv, Absa Research

Vaccine roll-out (% of population) as at 13 August 2021



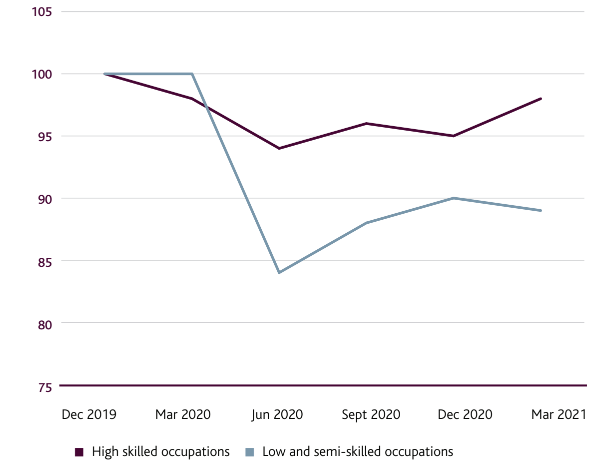
Sources: Bloomberg, Absa Research

SA FRA pricing (basis points)



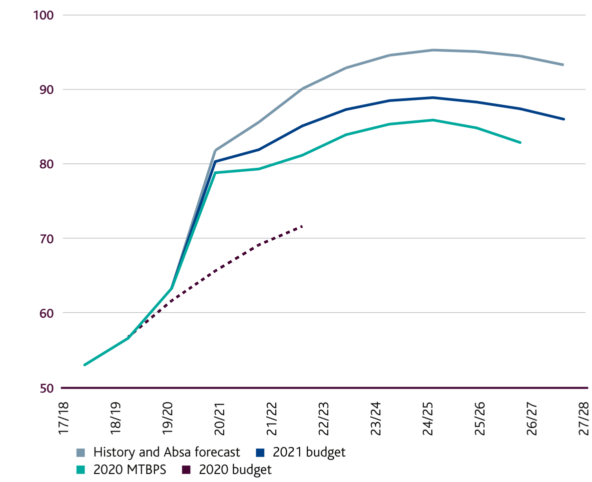
Sources: Refinitiv, Absa Research

SA high vs low skilled occupations (Index Q4 19 = 100) **Covid-19**



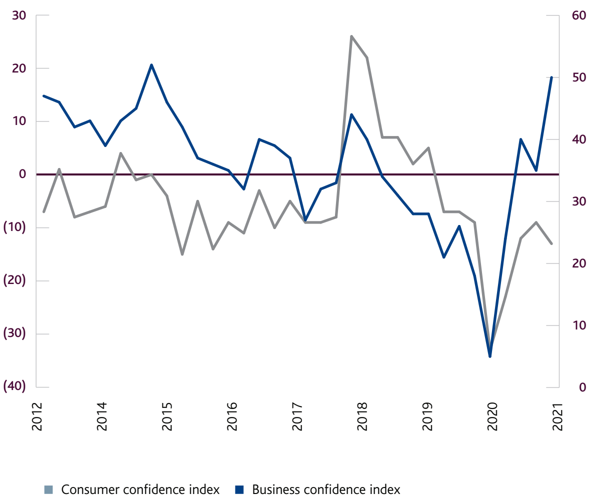
Sources: Stats SA, Absa Research

SA debt to GDP (%)



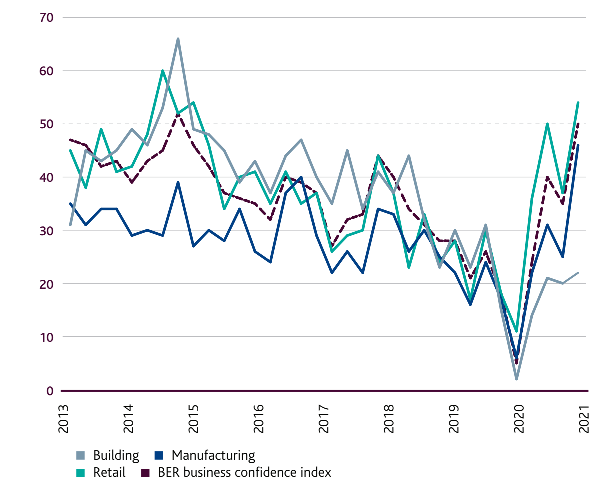
Sources: National Treasury, Absa Research

BCI: 50 = Neutral (CCI: 0 = Neutral)



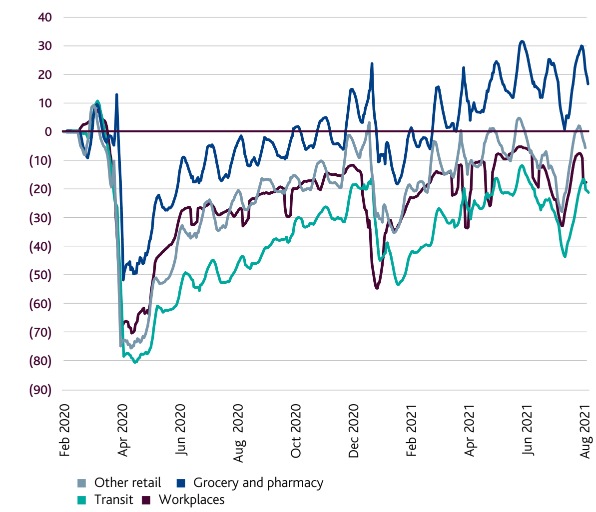
Sources: BER, Absa Research

SA business confidence index (50 = neutral)



Sources: BER, Absa Research

SA Google mobility data (7 day rolling % change from baseline)



Sources: Google Mobility, Absa Research

Independent economic overview *continued*

Australia

So far, Australia seems to have weathered the pandemic better than many other countries. It has been able to avoid wide-spread infection of its population through a combination of health management initiatives and the implementation of stringent travel restrictions. Australia effectively closed its borders to non-residents from mid-March 2020 and these restrictions remain in place to date. Swift, localised lockdowns in cities where infections threaten to spread have aided in the containment of community spread. Nevertheless, the effects of Covid-19 meant that Australia was unable to avoid its first recession in 30 years and ended 2020 with GDP growth down by 2.4%. This was primarily due to changes in consumer spending patterns that were driven by the limited access to certain goods and services as well as personal financial uncertainties.

Australia's economy rebounded rapidly in 1Q21 as Covid-19 cases declined and restrictions were eased. GDP growth was 1.8% quarter-on-quarter and surpassed its pre-pandemic level in nominal terms. This swift recovery was driven by rising consumer spending that was due to pent up demand, increasing business investment and the higher prices of commodity exports. The recovery was also fuelled by strong fiscal and monetary policy responses implemented by the government. The JobKeeper wage subsidy programme has kept the unemployment rate low, with unemployment falling to 5.2% in June 2021 from 6.5% in December 2020.

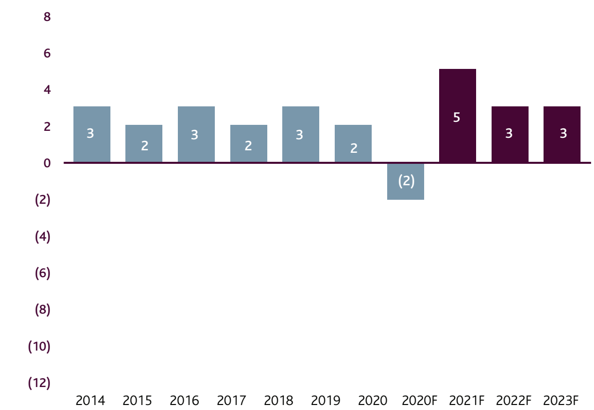
The Reserve Bank of Australia (RBA) Cash Rate, the country's benchmark interest rate, was cut to 0.1% in November 2020 and has remained at this level since. Headline inflation rose to 3.8% y-o-y in 2Q21, which is above the RBA's medium-term target range of 2% to 3% thanks to base effects that are considered transitory in nature. Market expectations are for the monetary policy to remain accommodative.

Bloomberg consensus forecasts expect the Australian economy to grow by 4.8% in 2021 on the back of the strong recovery seen in the first half of the year. However, a slower than anticipated vaccine roll-out, combined with a surge in Covid-19 cases driven by the Delta variant, presents downside risks to this forecast. Australia's two most populous cities, Sydney and Melbourne, have been under lockdown since June 2021 in response to a rise in infections, and early macro-economic indications are that this will dampen economic recovery in the third quarter. Australia is lagging developed market peers, with only 19% of the population fully vaccinated due to a delayed start to the programme plus some population complacency. The government is aiming to have 80% of the adult population vaccinated by year end and claims to have secured sufficient vaccine supply to achieve this.

Transaction volumes in the office sector were negatively impacted by the pandemic in 2020 as investors adopted a cautious approach on reduced demand for office space, highlighting the structural demand uncertainties associated with potentially broader adoption of work from home. By contrast, the industrial and logistics sector showed sturdy resilience due to high quality covenants and confidence in the ability to collect income. This trend continued through the first half of 2021 as the industrial and logistics sector experienced a period of sustained elevated activity among both the occupiers and investors.

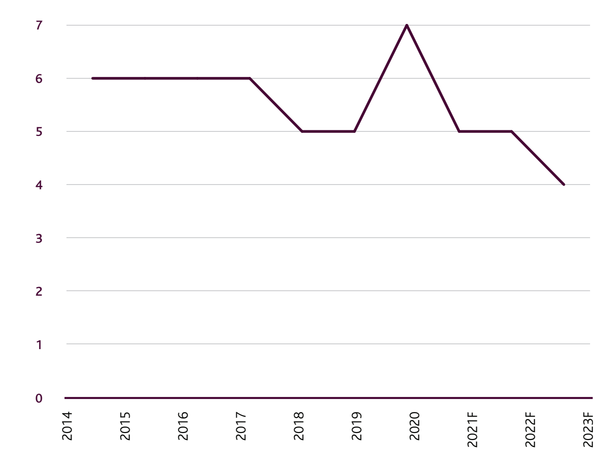
Sources: Absa Research, Bloomberg, KPMG Australia, Reuters, JLL

Australia real GDP (%)



Sources: Absa Research, Bloomberg

Australia unemployment (%)



Sources: Absa Research, Bloomberg

Central and Eastern Europe: Poland and Romania

The CEE-6 region, consisting of Poland, Romania, Hungary, Czech Republic, Bulgaria and Slovakia, outperformed the EU in 2020 despite the impact of Covid-19. The region averaged a 4.3% GDP contraction for the year, compared to the EU average of -5.9%.

The Polish economy has managed to navigate the pandemic relatively well to date. Poland's GDP contraction of 2.7% in 2020 was significantly better than the 4.6% average contraction of its CEE peers. GDP growth rebounded to 1.1% quarter-on-quarter in 1Q21, and the unemployment rate of 5.9% in 2Q21 was only marginally weaker than the pre-pandemic rate of 5.2% in December 2019.

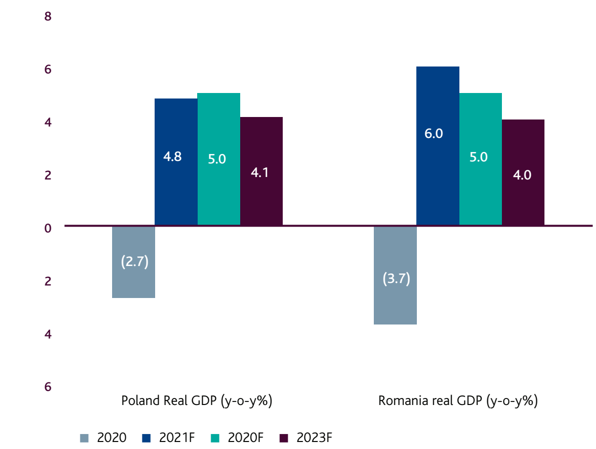
This relative economic outperformance can largely be attributed to two key factors, the first being Poland's geographic location, which meant that it was affected by the coronavirus relatively late, allowing the Polish government adequate time to prepare and implement a lockdown strategy that limited the impact of the first wave of infections, and allowed restrictions to be relaxed over the summer period. Secondly, the composition of the Polish economy, which is less service-based and more manufacturing focused, made it more resilient to lockdown measures.

The relaxation of lockdown restrictions combined with a successful vaccination campaign (47% of the population fully vaccinated) is expected to positively contribute to a sustained recovery for the remainder of 2021. Bloomberg consensus forecasts expect GDP to grow by 4.8% in 2021, primarily driven by pent-up demand.

Polish real estate investment volumes declined by 30% in 2020, but still achieved the third best result on record. Investor focus shifted significantly towards industrial and office assets, which made up 48% and 35%, respectively, of total investment volumes in 2020. This sectoral shift in focus continued through to 2021, and growing confidence combined with pent up demand boosted investment activity during the first half of the year. Leasing activity in the office sector also accelerated in 2Q21 as restrictions eased, but tenants are increasingly looking for shorter-term leases and flexibility as they assess their changing working model and space requirements.

Sources: Absa Research, Bloomberg, Polish National Statistics Office, LSE, JLL

Poland real GDP (%)



Sources: Absa Research, Bloomberg

Romania managed to avoid a technical recession in 2020 as it recorded only one period of negative growth in 2Q20 (-12.8% quarter-on-quarter). The Romanian economy contracted by 3.7% in 2020 as strict lockdown measures in the first half of the year dampened consumer spending, the main driver of economic growth in recent years. In contrast, strong construction activity and a boost in public investment to the highest level in a decade limited the economic fallout induced by Covid-19. Output rebounded sharply with quarter-on-quarter growth of 4.8% recorded in 4Q20 as restrictions were eased and economic activity resumed. This strong performance is expected to continue through 2021, with quarter-on-quarter GDP growth of 2.8% recorded in 1Q21 and Bloomberg consensus forecasts estimating 6% growth for 2021 and a return to pre-pandemic levels. Unemployment is expected to settle at 6% by the end of 2021, compared to 3.9% in December 2019.

However, a slow vaccination campaign threatens to dampen the positive growth outlook with only 25% of the Romanian population fully vaccinated, well below the EU average of 54%, leaving the country vulnerable to further waves of infection and accompanying lockdowns. The pace of the vaccination rollout has been negatively affected by population hesitancy and infrastructure difficulties, given the country's large rural component.

Romanian property investment volumes rose by almost 30% in 2020, driven primarily by transactions initiated before the onset of the pandemic. Offices were the most liquid asset class and accounted for 85% of total market volume. The impact of the pandemic on the real estate market has been lower than expected, with investors being encouraged by the swift macro-economic recovery, so transaction volumes remained robust through the first half of 2021.

Sources: Absa Research, Romania National Institute of Statistics, European Commission, JLL

Poland and Romania unemployment (%)

Source: Absa Research

United Kingdom

The UK economy contracted by 10% in 2020 as Covid-19 severely impacted economic activity and brought the country to a near standstill. The UK was relatively badly affected when compared to its developed country peers; the US and EU, for example, recorded GDP contractions of 3.4% and 5.9%, respectively in 2020. This relative underperformance can partially be attributed to the largely service-driven nature of the UK economy, as well as the severity of the lockdown restrictions imposed throughout much of the year. Following an easing of restrictions in 3Q20, which saw quarter-on-quarter GDP growth of 16.9%, the UK entered into a second hard lockdown in November 2020 in response to a rapid rise in infections and some level of restrictions remained in place throughout much of the first half of 2021.

Initial fears about a sharp rise in unemployment were proved unfounded as the government furlough scheme successfully supported the labour market and kept unemployment relatively low at just 4.4% in December, compared to 3.8% a year earlier. At its peak, the Coronavirus Job Retention Scheme supported around a third of private sector employees.

A successful vaccination campaign has seen 71% of the population receiving at least one dose of a Covid-19 vaccine and 60% being fully vaccinated. This has enabled a phased reopening of the economy, with the majority of domestic Covid-19 restrictions having been removed by mid-July. Bloomberg consensus forecasts expect GDP to grow by 6.8% in 2021, driven by a combination of pent-up demand, excess household savings and an increase in business investment. A return to pre-pandemic growth levels is expected by 2022, with consensus forecast growth of 5.5% for 2022.

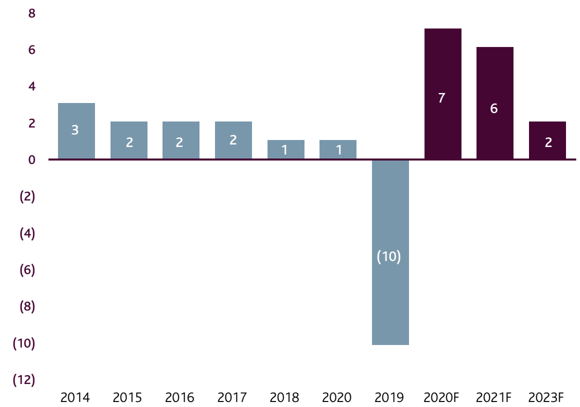
UK inflation rose to 2.5% year-on-year in June 2021, which is above the Bank of England's 2% target level and mostly due to a sharp rise in demand combined with rising cost pressures and increased import costs from the EU. These factors are, however, expected to be transitory and expectations are for monetary policy measures to remain accommodative to limit the impact of potential downside risks.

These risks include a rise in business insolvencies and unemployment as government support schemes are tapered off. The unemployment rate is forecast to settle at 5.1% at the end of 2021, according to Bloomberg consensus. Further headwinds could arise as the impact of Brexit on EU trade becomes apparent. Initial data indicates that UK trade with EU countries was 27% lower in the first four months of 2021 than in the same period in 2019, while trade with non-EU countries only showed a 13% decline. However, it is still too soon to draw conclusions on the long-term impact of Brexit as key negotiations remain ongoing. Another downside risk is that there will be a rapid rise in Covid-19 cases again as restrictions are lifted and possible new variants emerge, and a return to stricter lockdown measures in response.

Recovery is expected to differ across sectors following the reopening of the economy as certain trends take longer to reverse and others potentially do not ever revert to pre-pandemic norms. Food and drink activities, hotels and air travel, which were the most severely impacted sectors in 2020 and much of the second lockdown, are likely to rebound sharply following the relaxation of a majority of domestic Covid-19 restrictions. In the retail sector, the permanency of the accelerated adoption of online retail remains to be seen. Online sales as a proportion of total sales peaked at 36% during the pandemic, but declined as restrictions were eased, which indicates a significant return to bricks and mortar trade.

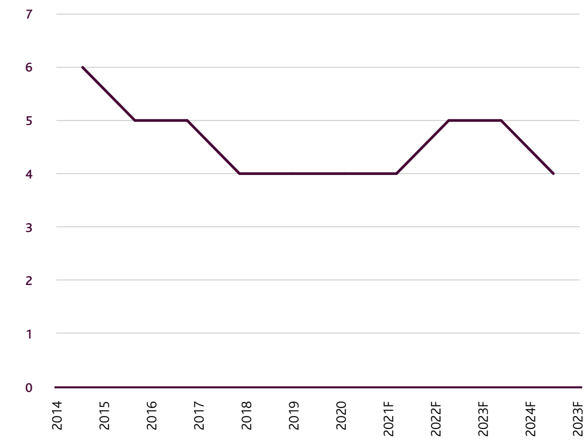
Sources: Absa Research, Bloomberg, KPMG UK, PwC UK

UK real GDP (%)



Source: Absa Research

UK unemployment (%)



Source : Absa Research

Mahir Hamdulay
Equity Analyst
Absa Capital

Chairman's review

Francois Marais
Chairman

> Our conservative approach to business stood us in good stead and, together with the strength of our skilled management and staff, has laid a solid foundation for this unprecedented time.

Growthpoint performed as well as could have been expected in turbulent times. The South African business performed in line with budget and our offshore investments bolstered our performance. Diversification by both geography and sector stood Growthpoint in good stead.

The early impact of the Covid-19 pandemic emphasised the need to maximise liquidity. The capital we raised in November 2020 significantly increased liquidity and enhanced balance sheet strength.

Offshore assets	B-BBEE rating
39.9%	**Level 1**

We received criticism at the time about the significant discount to the net asset value at which the capital raise was priced. However, a greater understanding of the property industry's challenges crystalised an acceptance that it was the right thing

Growthpoint's *journey*

1987
Incorporated as a public company
Listed as public company on the "Financial – real estate" sector of the JSE – with 17 properties valued at R90.1m

2001
Growthpoint had a market capitalisation of R30m and assets worth R120m.
Mines Pension Fund (MPF) reversed their listed property assets into Growthpoint for a total purchase price of R1.5bn

2002
Growthpoint acquired R650m worth of listed property stock from MPF
Growthpoint merged with Primegro Properties Limited (Primegro) by acquiring all Primegro's assets to the value of R2.5bn

2005
Acquisition of a portfolio of 48 office, industrial and retail properties and one hospital from Tresso Trading 119 (Pty) Ltd for a total of R1.2bn.
Announced R900m BEE deal.
Launched a R5bn securitisation programme

2006
Acquisition of a further 23 office, industrial and retail properties from Tresso for a total of R1.4bn.
Acquisition of R2.4bn industrial property fund Metboard Properties Limited
BEE Partner (Phatsima) acquires 22m Growthpoint linked units (R280m)

2007
Acquisition of R3.4bn Paramount portfolio.
Growthpoint acquired property asset management and property administration business of IPG for R1.6bn

2008
Launch of enterprise development initiative – Property Point.
Acquired R3.4bn worth of properties.
Inclusion in the EPRA/NAREIT Emerging Market Index, MSCI Emerging Market Index, and JSE Top 40 Index

2009
Successful rights offer of R1.7bn.
Acquired 50.1% in Australian listed Orchard industrial property fund, now Growthpoint Properties Australia Limited (GOZ). Thereafter, increased investment in GOZ to 76.2% – total investment R1.3bn.
Inclusion in the JSE Socially Responsible Index

2010
First issue of long-term Corporate Bond – R500m

For management, tenant attraction and retention have become even more critical than in the past and increased attention is being given to customers' experiences.

to do. It was a prudent move in line with the conservatism with which we manage our business and Growthpoint now finds itself in a financially sound position that enables positive business decisions in line with our strategic initiatives. It allows Growthpoint to support its investments and pursue opportunities as and when they arise.

The economic environment in which the property industry operates has changed over the last few years and necessitates a re-evaluation of the REIT model as we have traditionally known it. Covid-19 has, in addition, challenged Growthpoint to think differently about its business. Capital allocation, our strategic focus, and our international investment model are the important aspects at the centre of our deliberations. Growthpoint is fortunate to be able to reset from a position of financial strength and with a sound business at its core, notwithstanding the operational challenges we face. In the medium term, our growth focus is international and in respect of the South African business, asset management is paramount to ensure an optimal portfolio composition.

In FY21, the prevalence of Covid-19 required a sustained operational focus and Growthpoint with its capable staff handled the operational challenges commendably. We kept

2011
Acquisition of 50% interest in the V&A Waterfront for R5bn

2013
General capital raising of R2.5bn from local and foreign investors.
Real Estate Investment Trust (REIT) status granted by the JSE (previously Property Loan Stock)

2014
Acquisition of 100% of the issued shares in Abseq Properties (Pty) Ltd, owning 17 properties for R360m.
Acquisition of 100% of the issued shares in Tiber Property Group (Pty) Ltd, owning 38 properties.
Acquisition of an interest of 34.9% in Acucap Properties Limited and 31.5% in Sycom Property Fund.

2015
Acquisition of the remaining shares in Acucap and Sycom Property Fund Managers

2016
Acquired 26.9% of AIM-listed Globalworth Real Estate Investments (GWI) for EUR186.4m
Included in the FTSE4Good Emerging Index

2017
Established R2.3bn Healthcare Fund. Four hospitals and one medical chambers

2018
Invested a further EUR110m in GWI and EUR150m in Globalworth Poland Real Estate (GPRE)

2019
GWI acquired more than 99% of GPRE putting Growthpoint's ownership of GWI at 29.8%
Invested USD50m into Growthpoint Investec Africa Properties (GIAP), now Lango.
Acquisition of 51.1% of C&R for R2.9bn. Currently own 52.1%

2020
R4.3bn equity raise

our staff safe and our businesses operating, endeavoured to provide the best possible experience to our clients and found ways to support the South African economy through the rental discounts and deferrals we gave our tenants. We also played a leading role in the industry initiatives around the Covid-19 pandemic. Special recognition and words of gratitude are due to our staff who performed admirably during this challenging period. To those who suffered bereavement, we express our heartfelt condolences. To those still recovering from the effects of the virus, we wish a speedy and complete recovery.

During the July 2021 riots, Growthpoint was able to minimise damage and protect its assets. Recognition must be given to the staff who worked so diligently throughout the riots to help to protect our assets and the assets of our tenants. Through the hard work of our staff, our tenants have almost all been able to recommence trading.

The South African operating environment remains challenging. The challenges are most aptly illustrated by the V&A Waterfront, where the FY21 contribution to Growthpoint's revenue was down 39.8% on FY20. In addition, our Sandton-centric office portfolio is seeing vacancies increase amid chronic oversupply and continued economic uncertainty.

For management, tenant attraction and retention has become even more critical than in the past and increased attention is being given to customers' experiences. Greater tenant engagement is taking place at all levels to ensure that we remain close to our tenants. However, deteriorating public sector service delivery and political uncertainty continue to make things difficult at all levels of South African society and lead to concerns among our tenants about the sustainability of their rental commitments. These concerns are exacerbated by considerable increases in administered costs, which affect our top line and the bottom line of our tenants. Particularly concerning for the property sector and ourselves are the excessive increases in municipal rates and taxes over the past few years, combined with the deterioration of municipal service delivery. The impact of these increases has reached the stage where it poses a threat to the future profitability of our South African business.

As a leading employer, Growthpoint continues to face the challenge of skills retention and has seen increased levels of resignations from staff. Some staff are leaving the property industry entirely, and several skilled employees are emigrating. Skills are in short supply in South Africa and even more lacking in our industry. The skills of our employees are transferrable from the property sector, which has undoubtedly lost some of its attraction to other, better-perceived industries that are considered safer and more successful.

We continue to work with our industry associations to address these and other concerns, share crucial messages and play a positive role in difficult conversations. However, in the final analysis, what is required is a reset of the political and business environment. The government will have to become more responsive to business needs, including the need for a stable, business-friendly environment.

Notwithstanding our concerns, Growthpoint is a South African business with an extensive portfolio of real estate investments in South Africa. We started here, and we are staying here. However, in the context of the challenges we face, we are seeking ways to future-proof our South African business. This entails more aggressive asset management and a keener focus on sustainability and the elements that make up sustainability and governance. Linked to this, we are enhancing our ability to self-help.

Building a more capital-light business in South Africa has become a primary focus. In the light of this, more activity can be expected in our funds management business, which is already making positive social contributions by investing in asset classes such as healthcare and, in the case of our newest fund scheduled to launch in FY22, student residential accommodation. Growthpoint's internationally controlled businesses also recognise the appeal of capital-light strategies and further possibilities are actively being explored in Australia.

Over the past two years, we have been reconstituting our Board as long-serving Directors retire. The emphasis throughout the process has been on enhancing the board's skill set and we hope to complete this in the next year. The board appointment process is structured and specific. In the first instance, we consider candidates who can fulfil the holistic role of a Director and perform particular functions on the Board's sub-committees. We focus on strong, relevant pre-identified skills and expect our Directors to contribute to Board discussions with insight and understanding of the underlying businesses and their imperatives. I take this opportunity to welcome our new Chairman, Rhidwaan Gasant, who is active in this process and has worked closely with me on all Board-related matters for the past year.

Environmental, social and governance (ESG) responsibilities are essential considerations. Growthpoint has always been known for its good governance, as well as industry leadership in the field of sustainability. However, investor attention is driving a renewed focus on our ESG practices. As a result, we took an even deeper look in FY21 at what we do in these areas, and how we measure ESG and report on it.

As alluded to earlier, we are having a critical look at our business model. Part of this is a reduction in the pay-out ratio and the basis of income recognition – seeking a more sustainable model. We are aware that this change has proven difficult for some longstanding, loyal investors who initially invested in Growthpoint because of our predictable distribution policy and have become reliant on their listed-property income. These stakeholders have been affected by the decrease in the pay-out ratio and without compromising long-term sustainability, we keep them in mind during our deliberations. We are committed to retaining our REIT status and intend to continue to pay dividends twice a year, of at least 75% of distributable income.

Appreciation

As I will be retiring at the upcoming annual general meeting, I would like to take this opportunity to extend my thanks to the Directors of Growthpoint, past and present. They have given their time, knowledge and commitment during my tenure on the Growthpoint Board. In addition, I use this opportunity to recognise the role of my predecessor, Sam Hackner, who sadly passed away earlier this year. Sam was my counterpart in negotiating the internalisation of the management of Growthpoint, a process which brought into being Growthpoint as we know it. In addition, Sam steered Growthpoint through the complex internalisation process. Our thoughts and best wishes are with Sam's family.

I am also grateful for the wisdom and generosity of the people and partners who have contributed to Growthpoint's tremendous success and growth during my tenure on the Board. In addition, the support of our investors, funders and many stakeholders has been valued and appreciated.

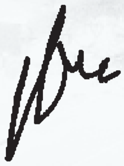
My gratitude also goes to the Growthpoint Executives for ably executing the agreed strategies with dedication and passion and embracing the goals and challenges set for them.

Growthpoint is a property company, but our business is about the people who build and manage buildings and those that occupy the buildings. It has been a pleasure to serve the Growthpoint family, direct and extended.

Over the past 20 years, Growthpoint has built a world-class sustainable and conservatively managed business that successfully competes in the jurisdictions in which it does business. In doing so, Growthpoint has always acted:

- Deliberately and analytically
- According to the conservative financial metrics that underpin its business, avoiding dilutive transactions, barring exceptional circumstances that dictated otherwise, and not entering into a transaction that puts its balance sheet under unnecessary pressure or at risk
- In a nimble enough manner to take advantage of the unexpected opportunities that so characterise the property industry.

I would encourage Growthpoint to face the future with the same blend of rigour and entrepreneurial flair that has stood it in such good stead over the past 20 years. Now is the time to protect the scarce skills that have helped build the business and do everything commercially reasonable to retain our human capital. It is also the time to seek growth opportunities that enhance the Growthpoint value proposition for all our stakeholders.



Francois Marais
Chairman

Group CEO's review

Norbert Sasse
Group CEO

Refining our strategies and implementing them in a capital-constrained environment is a noteworthy achievement.

Group LTV ratio	New liquidity
40%	**R6.3bn**

Growthpoint performed admirably during FY21 under inconceivably harsh circumstances that were unlike any previously experienced.

We continued to operate successfully in these circumstances and, in line with our responsibilities to our staff and clients, adapted our business processes, both internally and externally. Some of these changes will be permanent.

Notwithstanding the challenges, we generated R5bn of distributable income, successfully improved our loan-to-value (LTV) ratio, secured a strong liquidity position and limited arrears despite significantly weakening property trends.

Refining our strategies and implementing them in a capital-constrained environment is a noteworthy achievement. We also did exceptionally well in retaining jobs and awarding increases to all our staff, save for 20% of our highest-earning staff who did not receive any increases in July 2020.

Balance sheet strength was the overriding theme for the year and accordingly, we spent much of our efforts in the first half of the financial year working on this.

The economic climate we are in, and have been in for a few years now, has left us with negative property fundamentals and rising yields, leading to the likelihood of property values decreasing. In May 2020 we estimated that commercial property values in South Africa would fall by between 10% and 20% in the following 18 to 24 months, and our property values have fallen by 16.2% since, although the rate of decline is now slowing, with valuations decreasing 8.8% at end-June 2020, 5% at end-December 2020, and 2.4% at year end. Since June 2019, the value of Growthpoint's South African portfolio has been written down by more than R12.5bn.

In the absence of a meaningful economic accelerator to improve property fundamentals, continued downward pressure on valuations is likely, and should bond yields trend upwards, they will increase this pressure. However, assuming no further deterioration in the South African economy, stabilisation of the operating environment and a return to growth – albeit off the low base following a 7% decline in 2020 – we expect a further moderation of valuation write-downs to flat or only marginally negative over the next 12 to 18 months.

A consequence of falling property values is rising LTV ratios. When these exceed a certain threshold, funders become concerned, which affects both the cost and availability of funding and can lead to a liquidity crunch. To avoid this possibility and given our conservative and prudent business management approach, we strengthened our balance sheet in FY21 with an equity raise, a dividend re-investment plan (DRIP), asset sales and the retention of funds as a result of the 80% dividend pay-out ratio, creating R6.3bn worth of liquidity that was used primarily to reduce debt.

By adjusting our pay-out ratio to retain capital, we restructured our business towards a more sustainable funding model which is further supported by asset sales and DRIPs, and we will be managing our capital spend within that framework because we feel it is essential to contain the business within these parameters at this time.

Growthpoint's global credit rating from Moody's is linked to the sovereign rating and although it was again downgraded during the year (from Ba1 to Ba), this has had no impact on our ability to borrow or on our cost of borrowing. The national credit scale rating was maintained at Aa1.za.

The sustainability of the REIT model has never been more challenged than during this period under Covid-19, and while the SA REIT structure has proven to be resilient, 100% pay-out ratios are not. Rather, pay-out ratios closer to the 75%

We are reluctant in the current environment to consider markets other than those we already know well, so we remain committed to our existing international investments.

minimum are to be expected going forward, based on the sector's outlook. Even if the market should normalise, the return to 100% pay-out ratios is unlikely – and imprudent, because it leads to a constant cycle of capital raising and debt funding. Investors within the sector seem to have shifted their focus from income to total return expectations – which highlight capital growth as well as income – and this is healthier for all. Retained earnings should reflect in net asset value (NAV). All of this will serve to enhance the sustainability of the SA REIT model and our own business model.

It would be fair to say that during the course of FY21, the executive spent more time analysing and communicating our strategy than in any other year to date. We remained faithful to the way we operate within existing, approved strategies.

With the support of the Board, Growthpoint has grown its funds management business, and by doing so, has adopted an increasingly equity-light strategy. We have always preferred to own 100% of the assets on our balance sheet but in the current capital-constrained environment, which is set to persist for some time, raising equity is unfavourable when our shares are trading at a discount to NAV, and debt funding is equally unappealing in the light of its impact on our LTV ratio, which we aim to keep below 40%. Co-investing with third-party investors requires some additional capital, but the amounts are relatively modest compared to the sole-ownership model.

This growth strategy aims to increase assets under management rather than the assets on our balance sheet, and creates new income streams by raising asset management and property management fees.

Managing assets for others leverages Growthpoint's multi-skilled South African-based platform, which consists of a strong team with expertise across the entire real estate field – funds management, financial, asset, development property management, leasing, marketing and facilities management.

Using in-house resources, we continued to build our successful funds management business in FY21. This business started with the African fund, Lango Real Estate, followed by our healthcare fund, and will soon be further expanded by our purpose-built student accommodation fund. Our successes have already enabled us to grow critical mass and earn further credibility as property fund managers.

The funds management strategy is one we are supporting across all the investment entities that we control. Growthpoint Properties Australia (GOZ) has already expressed interest in incorporating funds management into its model. This strategy also makes sense for the Capital & Regional platform in the UK once its financial position has been stabilised, especially given the market opportunities there.

A large amount of strategic work has been completed with the Board in order to optimise our South African portfolio by striking the right balance and degree of diversity. This is an ongoing exercise. We have always been opportunistic and will continue to optimise our portfolio with a fine-tuned refocus on the locations, sectors, and even subsectors that provide good growth opportunities.

South Africa's property industry has been one of the most negatively affected by the economic impact of Covid-19, yet it has also been the most accommodating of other businesses, through rent concessions and deferments, in recognition of the fact that its performance is closely linked to the sustainability of tenants' businesses. The relief given by the real estate sector – and Growthpoint – since the onset of the pandemic is unprecedented. In the absence of other avenues, we did what was expected of us and more, certainly shouldering more than our fair share of the burden.

From a strategic perspective, new dimensions such as work-from-home structures and changes to online retailing are unfolding and need to be considered. Although these dynamics are not entirely new, both have been amplified by the tailwinds of Covid-19 and, no matter how one looks at it, work-from-home will result in less demand for office space. Only time will reveal the extent of this, but while there are likely to be some counterbalancing factors, such as greater distancing within workspaces, the overall effect will be negative.

Group CEO's review *continued*

More concerning, however, is the general state of the no-growth South African economy and its significance for property fundamentals. Stagnant demand and a growing oversupply of space, especially within the office and retail sectors, were evident even before the pandemic. Without significant economic growth to change this, the outlook for real estate will remain muted. As we are the biggest accommodator of other businesses in South Africa, with tenants across all economic sectors, Growthpoint is a barometer for the economy, and there are limits to how much we can defy this.

Although we had hoped to do better in South Africa in FY21, we were hindered by the significant disruption in economic and social activity due to Covid-19 – long months of lockdowns, changing restrictions, and forced work-from-home. These anomalies resulted in the inability to enact even basic operations sometimes, and further highlighted non-delivery from municipalities and state-owned enterprises.

The Board has reconfirmed its desire to increase Growthpoint's offshore exposure, even though it is acutely aware of current capital limitations. The progress we can make in the short to medium term may be limited, but we still intend to focus more deliberately on our international investment model and asset allocation.

Having said that we are reluctant in the current environment to consider markets other than those we already know well, we remain committed to our existing international investments.

Considering Australia is the market we have invested in the longest – and where we have significant knowledge, expertise and relationships – GOZ remains a natural focus for expansion. It is our biggest international platform, so it makes operational sense. In addition, while investment into Australia is expensive relative to South Africa, it is a growth market receiving more international interest than ever before.

Because there was little impact from pandemic lockdowns in Australia during FY21, GOZ continued to perform well, and all the business and portfolio metrics are in great shape. The office sector was affected more negatively than the industrial sector in GOZ's portfolio, with higher incentives being needed to attract good quality tenants for long leases. Growthpoint earned less dividend income from GOZ, as the GOZ Board also decided to reduce the distribution payment ratio to below 80% to ensure liquidity and bolster balance sheet strength. However, the underlying currency performance and the re-valuation of assets benefited us and reflected positively on our balance sheet.

GWI also delivered a solid performance overall, notwithstanding the significant reduction in distribution to Growthpoint. We received an offer for all our shares in this business at EUR7 per share, but neither the Independent Committee of the GWI Board, nor the Growthpoint Board, was of the opinion that the price offered reflected the underlying value and future prospects of the GWI business, so we decided not to accept the offer.

Similar dynamics to those in the Australian market are evident in the office and industrial sectors in Eastern Europe, even though the region was subjected to heavier Covid-19 lockdowns. These had less impact than those in the South African market because the economies of Poland and Romania are still growing and they were thus ready to recover faster. Market forces have had a bearing on office demand and rental dynamics for GWI, and will create some pressure going forward. Another challenge is the opportunity cost associated with the EUR460m of cash on GWI's balance sheet. Given the uncertain economic backdrop, it has been a deliberate strategy not to invest capital, but with a new controlling shareholder in place, we expect a strategy reset that will see the money being used – at the very least to settle debt.

C&R in the UK faced the most prolonged lockdown period of any of our investments during the 12 months covered by this report. The UK's extreme lockdowns, accompanied by regulations that limited landlords' ability to collect rent, led to equally extreme asset value write-downs and excessive gearing levels. This resulted in the company breaching some of its covenants and declaring no dividends. Its Board is considering various options to reduce debt and achieve more sustainable outcomes. Although it disappointed in FY21, we still believe that C&R is well-positioned to benefit from the UK turnaround.

Overall, the income we received from our overseas investments was materially lower this year. In the year ahead, we expect consistent good performance from GOZ, better performance from GWI with the prudent deployment of its capital being a major contributing factor, and an improved contribution from C&R, driven by the rapid re-igniting of one of the world's biggest economies. Each of these investments remains strategically attractive and we will continue to support them.

While write-downs associated with the C&R portfolio as well as the South African portfolio had the biggest impact on Growthpoint's valuations, our budgeted income was most impacted by the reduction of revenue from the V&A Waterfront, which has been hard hit by the lockdowns and international travel restrictions.

The recovery of the V&A is directly linked to a rebound in international tourism and also subject to the dynamics of the local economy. Though there may well be pent-up demand for leisure and sports tourism, the return of business travel and conferencing in the wake of Covid-19 is likely to take longer, perhaps even several years. Nonetheless, just as the V&A fell further than the rest of the South African portfolio, we expect to see it recover much faster off a low base, once there is a rebound in international tourism. This will of course depend on the progress of vaccination programmes and relaxed travel restrictions.

Changes to the Board have ignited discussions on our strategy, and encouraged exploration, questioning and confirmation of our priorities. Just as it has been a priority to ensure we have the right people on our Board with relevant skillsets and the necessary time to commit to meeting our unique requirements – while also achieving diversity and transformation – our management must also be optimised to deliver on our strategy. A review of our management structure was carried out in consultation with, and approved by, the Remuneration Committee and the Board. The new structure includes appropriate resources to advance our internationalisation and funds management strategies, and strengthen our corporate finance function. It also provides for a dedicated head of development and a focus on key accounts.

A key and emerging line of questions from our investors, funders and many other stakeholders revolves around our ESG impacts. Growthpoint is committed to doing the right thing. We are also realistic about what we can achieve, both alone and in joint efforts with peers and partners. All our international investments provide reporting on their ESG efforts and impacts, some of which we have included in this report. We have originated our new funds under management with responsible sustainability priorities in their DNA. Although only three years' old, Lango is already providing reporting on its ESG responsibility and impacts. In addition, the healthcare fund has satisfied the ESG requirements for International Finance Corporation (IFC) funding, setting a high bar indeed. In our various geographies there is a move to report in accordance with the Task Force on Climate-related Financial Disclosure (TCFD) and align our efforts to having an impact on the United Nations Sustainable Goals most material to our business.

The Group made great strides in this area in FY21 by introducing a Board-approved ESG strategy for South Africa and adopting a new ESG position statement: With integrity, ethics and our values guiding our governance, we provide space to thrive in environmentally friendly buildings, while improving the social and material wellbeing of individuals and communities.

We are committed to ESG best practices and have a long track record of positive performance, impacts and reporting in this regard. Our efforts in these areas have been externally recognised by, for instance, our ability to raise funding through "green" bonds.

Our governance and our environmental and social commitments are areas of continuous advancement and improvement, especially as measurement and reporting in these fields is evolving. By today's standards, we can see how some of our past efforts could have been more strategically directed. These were, however, well-intended and our new strategy aligns with the latest best practices globally while providing a clear roadmap for the next stage of our ESG actions.

The past year and a half, and the past couple of months in particular, have been exceptionally difficult, but there is cause for optimism, with FY22 presenting the prospect of stability for all our investments. It is likely to set a new base level from which we can start building again.

That said, we have entered the new financial year in South Africa with uncertainty prevailing in the health, political, social and economic spheres, which is being exacerbated by the inability to access property infrastructure due to failed municipalities and state-owned enterprises.

The consequences of the pandemic will remain the biggest challenge for businesses in the year ahead. At the moment, vaccinations are the best way to get through it, and the pace and success of the vaccination rollouts in each of our investment territories, but especially South Africa, will be significant drivers of our success. They will have a material impact on confidence levels and the desire to go shopping, to the office, to travel, and other behaviours.

Equally, a stable socio-political environment will be crucial for economic recovery and the success of our business and our tenants' businesses. The July 2021 unrest in KwaZulu-Natal and Gauteng further devastated the economy, investment, jobs, households and families.

Whereas South Africa Inc will need to focus all its efforts on growing the economy and job creation, our ongoing priorities will be balance sheet strength and running the business sustainably. In the current environment this inhibits debt and equity raises, supports the growth of our capital-light funds management strategy and necessitates cost containment and customer acquisition and retention.

It is not going to be an easy year, but Growthpoint is strong with a robust business platform supported by the abilities of our people, who remain our greatest strength. Growthpoint will continue to be defined by our optimal and efficient use of capital, our liquidity to advance our clearly stated strategies to the fullest extent possible and the delivery of superior returns. At the same time, we will continue to use our signature conservative financial management approach to protect our balance sheet and to leverage our multi-skilled business platform to grow our business.

Financial Director's review

Gerald Völkel
Group Financial Director

Falling asset values over the past three reporting periods led to LTV's initially going up, but this situation has now stabilised as a result of conservative debt management.

Distributable income per share	Group EBIT from offshore
148.1 cents	**29.1%**

Under the circumstances, Growthpoint has performed very well. Even though it was initially difficult to get to grips with operating in the unexpected conditions of Covid-19, we delivered a FY21 performance in line with that of our expectations.

Prudent financial management enabled us to continue to pay dividends to our shareholders, meet our contractual obligations to suppliers and customers and avoid the need to retrench employees. These achievements and our overall financial performance demonstrate the sustainability of our business. They were also only possible because our people are passionate about our business, assets and tenants. I am inspired by our team's performance this year.

We entered the year awaiting clarification from the JSE, National Treasury and SARS about assistance and relief for the REIT sector. The wait delayed our AGM and dividend pay-out. The JSE allowed REITs that failed their liquidity test to retain REIT status without paying a dividend. However, this had no impact on Growthpoint as we met liquidity test requirements.

Growthpoint moved quickly to strengthen its balance sheet, and achieved this with a capital raise in November 2020 and by offering a DRIP in December 2020. This put us in a solid position to sustain operations, although it added more shares to our base.

The business has numerous components and their achievements and contributions to our performance are detailed separately. With Covid-19 as a backdrop for FY21, we continued our detailed disclosure and reporting on discounts, deferments, arrears and bad debts, as well as the influence of higher vacancy levels in South Africa on our rental income. We provided rental relief in the form of discounts and deferments and incurred R10m in expenses related to Covid-19. The impact of the pandemic on our tenants is clearly evident in our operational metrics.

Property values and loan-to-value ratios were also very much in the spotlight. Falling asset values over the past three reporting periods led to LTV's initially going up, but this situation has now stabilised as a result of conservative debt management.

We responded to an increased number of requests to disclose the inputs that determine our fair values for both properties and debt, and provided the market with the information required.

Reporting and communication

Growthpoint won the property sector category of the Investment Analysts Society of South Africa (IAS) Excellence in Financial Reporting and Communication Awards for the 2020 financial year. We have been acknowledged by the IAS for our excellent and extensive reporting every year since 2011, an achievement which demonstrates our consistency in best-practice reporting and sets a commendable benchmark.

This award was all the more meaningful in a year when excellence and transparency in financial disclosure and communication became more relevant than ever before due to the impact of Covid-19 on the financial performance and results of so many companies. Since March 2020, the pandemic has had a major influence on investor communication and disclosure. In Growthpoint's case, this included providing detailed updates and insights into our South African portfolio, 50% stake in the V&A Waterfront, and international investments in Australia, Poland, Romania and the UK.

We provided updates on a wide range of actions and outcomes across the business in our six-monthly reporting and pre-close calls. Frequency and depth of reporting are needed in such times, and this has served to improve our already good stakeholder relationships.

Due to the pandemic, some traditional channels for financial communication were restricted, so we also had to find alternative ways of presenting our financial reporting to the broader investment community as well as our key stakeholders.

The past year has highlighted the fact that good relationships with funders, investors, suppliers and customers are the key to our sustainability, access to capital and income streams.

The IAS award was welcome confirmation that we successfully adapted to the changed circumstances, and is something that everyone at Growthpoint can be proud of.

ESG and collaborating for sustainability

Our reporting goes beyond amalgamating the figures for the financial disclosures required of us and includes our integrated thinking, investor relations and ESG communications. Capital providers such as the IFC are providing valuable input for our ESG disclosure. Consequently, our ESG strategy and its implementation, benchmarking and communication impacts our access to funding.

The past year has highlighted the fact that good relationships with funders, investors, suppliers and customers are the key to our sustainability, access to capital and income streams. Our finance function plays a vital role in building and maintaining these relationships. The discounts and deferrals for tenants in all the South African sectors required greater engagement with our different teams and tenants. Growthpoint's immediate response to the financial needs of our tenants has ensured their sustainability and will have long-lasting benefits for our own sustainability.

Our good relationships with the South African Property Owners Association, SA REIT Association, South African Council of Shopping Centres and other industry organisations also proved particularly valuable this year. The collaboration of these organisations culminated in the formation of The Property Industry Group, which assisted in lobbying government on behalf of our sector, and smoothed the road for positive negotiations by creating a consensus framework for rental relief for retail tenants and small businesses.

Audit

FY21 is the second financial year that EY has been Growthpoint's appointed auditor. Notwithstanding the limited physical interaction because of the pandemic, we have worked well together to produce timely, accurate and relevant reporting. We did not need to access any of the exceptional extensions available for reporting our results.

Automation and business intelligence

The migration to MRI, our new property and financial management system, helped us to unlock more business intelligence, add more value to our customers and keep us ahead in a competitive market. We have fully automated our group results consolidation process in the current year.

Tax and regulatory updates

By opting for an 80% pay-out ratio and continuing enjoying the benefits of being a REIT, Growthpoint was able to retain a reliable source of capital in our business to deliver on our strategic objectives. This decision was necessary because our DRIP, which has previously helped us to retain capital in the business, has decreased from over 60% participation to below 30%. However, retaining 20% of distributable income in our business means that we now have to pay tax, which we will do with due care and consideration.

Tax legislation changes in FY22 that will have the most significant impact on Growthpoint include the taxation of foreign dividends. This impacts all REITs and we will consider our response to it through our industry sub-committees.

Regarding South Africa's carbon tax, Growthpoint does partake in listed activities (energy production from fossil fuels in generators), and cumulatively this crosses a threshold. However, all diesel and petrol emissions are not subject to direct tax as this is already paid at the pump by all consumers. Although we need to register for the tax, we will not be liable to pay at this stage. We expect to be affected by 2023.

As detailed in the treasury management report, changes in the debt-listing requirements required us to appoint a debt-listing officer, which we duly did.

Best practice

Growthpoint was an early adopter of the SA REIT Association Best Practice Recommendations version 2, and we continue to report in the recommended manner.

Simplified distribution income statement

For the year ended 30 June 2021

	Notes	Total Group FY21 Rm	FY20 Rm
Revenue	1	**12 804**	12 008
Property expenses		**(3 436)**	(3 234)
Net property income		**9 368**	8 774
Other operating expenses		**(613)**	(580)
Finance and other investment income	6	**906**	1 310
Interest paid		**(3 107)**	(3 569)
Profit before taxation		**6 554**	5 935
Taxation	7	**(450)**	(180)
Profit before dividends and debenture interest		**6 104**	5 755
Minorities' share of profit and realised foreign exchange loss		**(1 052)**	(740)
Distributable income		**5 052**	5 478
Number of shares in issue (net of treasury shares)		**3 402 889 319**	2 989 240 606
Distributable income per share (cents)		**148.1**	183.1

Simplified balance sheet

At 30 June 2021

	Notes	Total Group FY21 Rm	FY20 Rm
ASSETS			
Property assets	8	**128 790**	140 013
Equity-accounted investments		**15 003**	17 537
Intangible assets	9	**538**	641
Derivative assets		**814**	1 607
Long-term loans granted		**2 534**	2 338
Listed investments		**1 122**	837
Unlisted investments		**808**	922
Equipment		**57**	63
Deferred tax		**12**	–
Current assets		**4 718**	4 482
Cash and cash equivalents		**2 622**	2 420
Taxation receivable		**9**	–
Other current assets		**2 087**	2 062
Total assets		**154 396**	168 440
EQUITY AND LIABILITIES			
Shareholders' interest		**66 410**	67 877
Non-controlling interest		**14 192**	15 168
Interest-bearing borrowings		**61 947**	70 766
Derivative liabilities		**1 995**	4 762
Lease liability		**2 235**	2 947
Deferred taxation	10	**4 224**	3 820
Current liabilities		**3 393**	3 100
Trade and other payables		**3 204**	2 999
Taxation payable		**189**	101
Total equity and liabilities		**154 396**	168 440

Reconciliation between Statutory and Simplified financial statements

For the year ended 30 June 2021

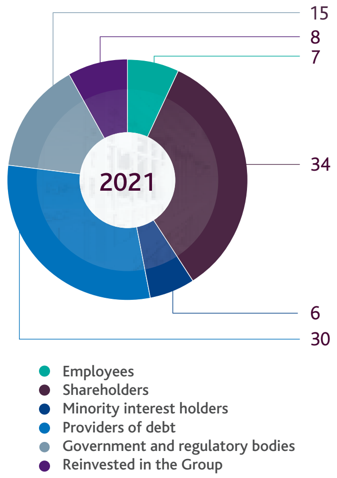
		FY21 Rm	FY20 Rm
1	**Revenue as stated**	**13 126**	12 361
	Less: straight-line lease income adjustment	**(322)**	(353)
		12 804	12 008
2	**Fair value adjustments as stated**	**(4 163)**	(10 196)
	Less: fair value adjustments reversed	**4 163**	10 196
		–	–
3	**Equity-accounted investment profit/loss**	**(1 206)**	(923)
	Less: equity-accounted investment profit reversed	**1 206**	923
		–	–
4	**Non-cash charges as stated**	**(166)**	(1 293)
	Less: non-cash charges reversed	**166**	1 293
		–	–
5	**Capital items as stated**	**(52)**	396
	Less: capital items reversed	**52**	(396)
		–	–
6	**Finance and other investment income as stated**	**933**	1 323
	Less: Globalworth/GPRE dividend declared after year end, based on FY20 earnings	**(239)**	(282)
	Add: Globalworth/GPRE dividend declared after year end, based on FY21 earnings	**195**	239
	Add: antecedent dividend received	**17**	30
		906	1 310
7	**Taxation as stated**	**(850)**	(1 180)
	Add: deferred taxation	**400**	1 000
		(450)	(180)
8	**Property assets as stated**	**128 061**	139 029
	Add: investment property reclassified as held for sale/trading and development	**729**	984
		128 790	140 013
9	**Intangible assets as stated**	**597**	700
	Reversal of additional goodwill raised on deferred taxation liability*	**(59)**	(59)
		538	641
10	**Deferred taxation as stated**	**4 283**	3 879
	Reversal of additional deferred tax liability on intangible asset	**(59)**	(59)
		4 224	3 820

* *In terms of IFRS 3* Business Combinations, *goodwill was created as a result of the deferred tax liability that was raised on initial recognition of the intangible asset acquired in terms of the acquisition of the property services businesses.*

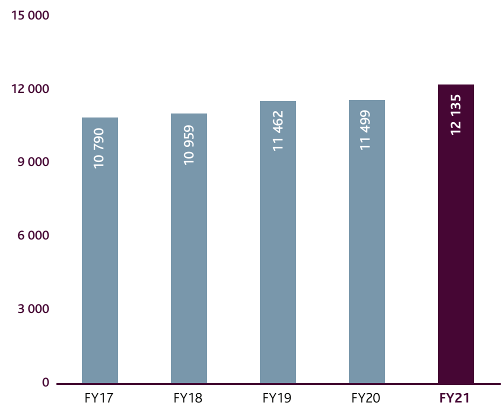
Value added statement

	FY21 Rm	FY20 Rm	FY19 Rm	FY18 Rm	FY17 Rm
Turnover	**14 707**	12 935	12 313	11 817	11 565
Property and other operating expenses	**(2 245)**	(2 124)	(1 554)	(1 426)	(1 340)
Value added	**12 462**	10 811	10 759	10 391	10 225
Finance, investment income and other adjustments	**327**	688	703	568	565
Wealth created	**12 135**	11 499	11 462	10 959	10 790
Attributed to:					
Shareholders	**4 068**	4 495	6 430	6 108	5 548
Providers of debt	**3 640**	3 138	2 627	2 597	2 922
Government and regulatory bodies	**1 810**	1 447	1 042	1 176	1 016
Employees	**852**	707	643	623	669
Minority interest holders	**748**	729	720	455	471
Reinvested in the Group	**1 017**	983	–	–	164
Wealth allocation	**12 135**	11 499	11 462	10 959	10 790

FY21 (%)



Wealth created and allocated (Rm)



Treasury management

This report pertains to the treasury activities managed in South Africa.

Capital flows

Growthpoint sought to place a greater emphasis on proactive and prudent balance sheet and liquidity management this year, and we undertook various initiatives to accomplish this. These included a R4.3bn equity raise, R577m in proceeds received from the DRIP in December 2020, and R559m from asset sales. It is expected that around R865m (after income tax) is retained with the consistent application of the 80% dividend pay-out ratio for FY21.

In addition, we were able to pay R456.8m to the capex programme and a more muted R556.1m to the development programme. Direct property acquisitions were also muted at R309.0m. During FY21, Growthpoint invested very little in its foreign subsidiaries – only reinvesting Lango dividends of R6.6m – as the bulk of the funds were used to repay debt. This resulted in the nominal debt balance reducing from R43.4bn in FY20 to R37.8bn in FY21.

Liquidity position

Bolstering our liquidity position was an objective for FY21. In this respect, we managed to increase our unutilised committed facilities to R6.4bn as at June 2021 (from R3.1bn at the end of FY20) with a surplus cash balance of R709m. The undrawn facilities are spread across several financiers at different terms. At year end, loans due in the next 12 months amounted to R2.3bn. During the year, capital expenditure projects were curtailed to include only those that were critical or offered an opportunity to earn a development profit at acceptable risk. The Board continues to assess the impact of investment decisions on Growthpoint's balance sheet and liquidity position.

Interest-bearing liabilities

The SA debt capital market normalised during FY21, although investors continue to favour better credit quality issuers.

Growthpoint only undertook a public issue in April 2021, when we sought to re-finance R694m of maturing debt. The book was 4.1 times over-subscribed. We issued a three-year note for R249m at 155 basis points over Johannesburg interbank average rate (JIBAR) and a five-year note for R498m at 199 basis points over JIBAR.

Given the muted bond supply into the SA debt capital market, together with a subdued macro-economic outlook, it seems that the peak of the widening of the credit spreads has passed. The Covid-19 shock increased pricing on a three-year Growthpoint note from 125 basis points in November 2019 to 210 basis points in June 2020. Fortunately, it reduced to 155 basis points in April 2021.

On a net basis, Growthpoint redeemed R929m in the domestic debt capital market during FY21.

We believe that the quality of our credit rating will see the bond market continuing to support us in our bond issues. It is, however, concerning that the debt capital market seems to bifurcate the credit margins between corporates and REITs, with REIT issuance priced higher. Since the pandemic, the bond market interprets the credit risk of REITs as being higher than that of non-REIT corporates, due to the impact that the Covid-19 crisis has had on the real estate sector.

Growthpoint's Information Statement and other items relating to the DMTN Programme were updated and brought in line with the amended JSE Debt Listings Requirements.

The solid relationships we have with our banks proved invaluable during the Covid-19 crisis. The banks supported Growthpoint through the pandemic, and the capital raise provided an opportunity to convert existing debt to unutilised revolving credit facilities.

Interest-bearing liabilities

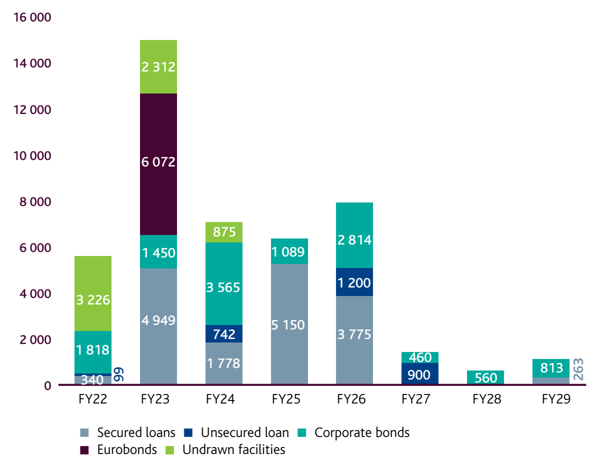
	FY21 Rm	**% of total debt**	FY20 Rm	% of total debt
South Africa				
Secured debt	**16 255**	**43.0**	18 872	43.5
Bank debt	**13 702**	**36.2**	16 319	37.6
Institutional financiers	**2 553**	**6.8**	2 553	5.9
Unsecured debt	**21 581**	**57.0**	24 501	56.5
Bank debt/institutional financiers	**2 941**	**7.8**	3 629	8.4
Corporate bonds	**12 569**	**33.2**	13 498	31.1
Eurobonds	**6 071**	**16.0**	7 374	17.0
Total South African debt	**37 836**	**100.0**	43 373	100.0
Accrued interest	**257**		290	
Fair value on debt	**398**		388	
Australia and UK				
Secured debt – bank debt and loan note	**23 456**		27 491	
Consolidated debt	**61 947**		70 766	

Post 30 June 2021, we signed a four-year, USD60m convertible loan facility from the IFC, with the IFC having the option to convert the loan to equity in the GHPH.

There is currently a great interest in ESG-related and sustainability-linked debt, and we are exploring various funding opportunities on the back of our recently approved ESG strategy.

Liabilities of R2.4bn matured during FY21 and were repaid, while facilities to the tune of R4.6bn (with a maturity date post 30 June 2021) were either redeemed or re-financed.

FY21 debt expiry profile – RSA (Rm)



The weighted average term of the liabilities reduced to 3.1 years for FY21 from 3.6 years in FY20 because a number of liabilities were re-financed with shorter dated maturities given the economic climate and the view on real estate. The maturity of the USD425m bond in May 2023 is also starting to weigh in heavily and is skewing the weighted average term towards the shorter side. Management is currently considering various options in respect of the redemption of this bond.

Of the total outstanding liabilities as at 30 June 2021, 57.0% were unsecured, which is in line with the percentage in FY20 (56.5%). Most of the unutilised facilities are secured facilities, so should these facilities be utilised, this percentage will increase.

The ratio of secured loans to total property value for the South African operations was 23.8% as at 30 June 2021. The unencumbered direct property pool at year end amounted to R29.3bn and our shares in V&A, GOZ, GWI, C&R and Lango are all unencumbered (the equity listed investments plus the market value of the shareholdings in GOZ and C&R total R36.4bn).

Foreign exchange denominated liabilities

We apply the principle of not using hard-currency denominated debt to fund the ZAR-denominated South African operations. We only take out hard currency-denominated debt for hard-currency-denominated investments. In this respect, we view cross-currency interest rate swaps as synthetic foreign-denominated debt. These swaps are utilised to fund foreign investments because, from a pricing point of view, they are typically more efficient instruments than vanilla loans.

Balance sheet hedge table

Investment	Currency	Assets at NAV in millions	Cost in millions	Market value in millions	FX debt in millions	CCIRS in millions	FX debt + CCIRS in ZAR millions	Debt as a % of assets at NAV
GOZ	AUD	$1 964	$1 087	$1 954	$0	$970	R10 384	49
GWI	EUR	€509	€543	€451	€0	€326	R5 527	64
C&R	GBP	£72	£155	£42	£0	£0	R0	NA
Lango	USD	$53	$50	Unlisted	$30	$14	R633	83

During the year under review, Growthpoint repaid the GBP78m facility that was used to fund the investment into C&R. We also re-financed a EUR50m facility into a ZAR facility. The table above reflects a number of metrics relating to our foreign-denominated investments and debt. The "Debt as a % of assets at NAV" (the LTV calculated as foreign-denominated liabilities over foreign-denominated assets at NAV) has declined since 30 June 2020 and reduced the valuation and foreign-exchange-rate risks related to our foreign investments.

Cost of funding

The weighted average cost of funding as per the SA REIT best practice recommendations is set out in the table:

SA REIT BPR – cost of debt

Basis	ZAR Quarterly %	AUD Semi-annually %	EUR Semi-annually %	USD Semi-annually %
Floating reference rate plus weighted average margin	5.4	0.0	0.0	0.0
Weighted average fixed rate	9.9	0.0	0.0	5.9
Pre-adjusted weighted average cost of debt	5.5	0.0	0.0	5.9
Adjustments				
Impact of interest-rate derivatives	2.0	0.0	1.4	0.0
Impact of cross-currency interest-rate swaps	0.3	3.6	2.4	(0.9)
Amortised transaction costs imputed into the effective interest rate	0.0	0.0	0.0	0.2
All-in weighted average cost of debt	7.8	3.6	3.8	5.2

Treasury management *continued*

Growthpoint's weighted average cost of SA-denominated debt has decreased since the end of FY20 due to a further interest rate cut of 25 basis points by the Reserve Bank (SARB). However, Growthpoint's weighted average margin on the debt increased slightly, due to the impact of the higher margins on the book.

Credit ratings and covenants

After the April 2020 downgrade, Moody's again downgraded the credit rating of the government of SA, this time from Ba1 to Ba2 in anticipation of a weakening in SA's fiscal strength over the medium term. The downgrade reflected Moody's assessment of the impact the pandemic would have both directly on the government's debt burden and indirectly on the country's economic challenges, as well as the social obstacles to reform. The negative outlook was maintained to reflect the risk of the government's debt burden and debt affordability showing significant further deterioration.

In line with this, Growthpoint's global scale credit rating was also downgraded from Ba1 to Ba2, although the national scale rating was maintained at Aa1.za. The negative outlook was also maintained. Moody's does not consider our international exposure to be sufficient to warrant a delinking from the sovereign rating.

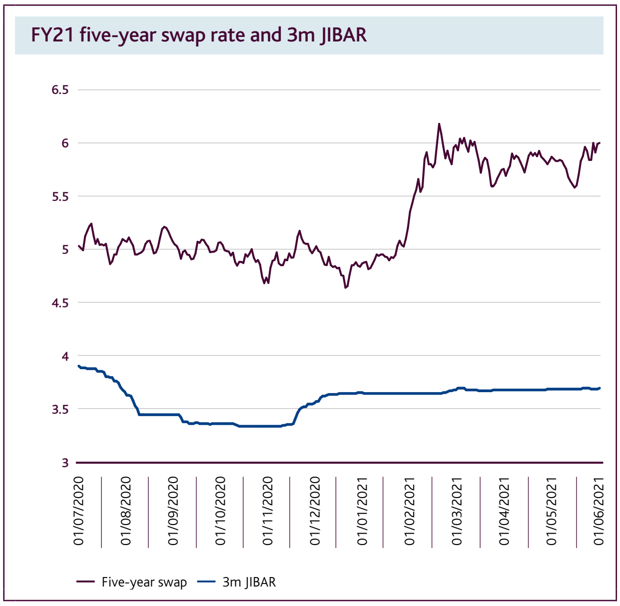
While the capital raise has provided some additional headroom in Growthpoint's loan covenants, the challenging operational environment and the resultant reduction in valuations remain a concern. As at the end of FY21, we were compliant with our covenants. Growthpoint's strictest corporate loan covenants are set out in the table below.

Covenants	Limit	FY21 including GOZ and C&R	FY21 excluding GOZ and C&R	FY20 including GOZ and C&R	FY20 excluding GOZ and C&R
Loan-to-value ratio (as per SA REIT BPR)	≤55%	40.0%	35.1%	43.9%	39.8%
Interest-cover ratio (operating profit plus investment income/net interest expense)	≥2.0x	2.9x	3.2x	3.1x	3.4x

Given Growthpoint's targeted loan-to-value ratio of below 40%, the Board is carefully weighing the impact of each investment decision.

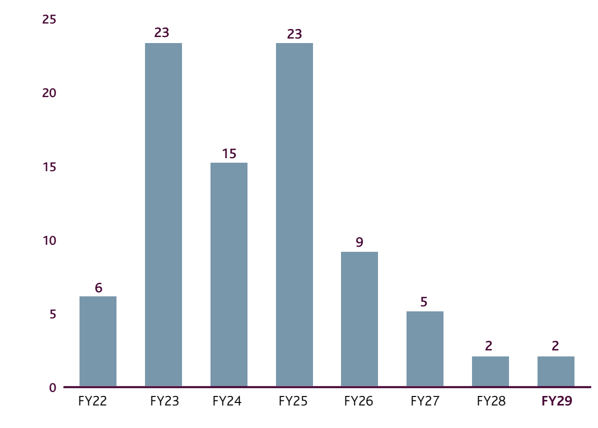
Interest rate risk management

Swap rates have consistently stayed above the three-month JIBAR rates as short-term interest rates are expected to increase.



As Growthpoint has a large debt portfolio, our earnings are exposed to interest rate changes. We have a policy of hedging at least 75% of our borrowings at a fixed interest rate to reduce volatility in earnings, and as at 30 June 2021, 85.1% of Growthpoint's borrowings were hedged at a fixed interest rate. This is in comparison to 80.6% in FY20. Should interest rates increase by a full 1%, Growthpoint would pay an additional R56.5m worth of interest, which translates to 1.6c in distribution per share. Growthpoint therefore believes that the interest rate risk is appropriately mitigated.

RSA fixed interest rate expiry profile (%)

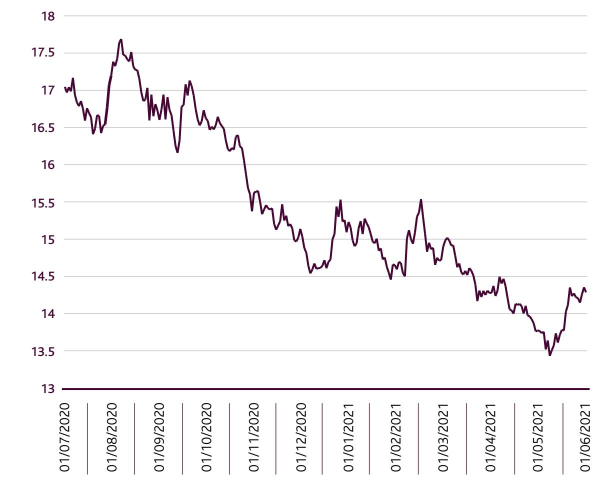


The weighted average term of the fixed interest rate profile remained at 3.1 years (FY20: 3.1 years). Growthpoint has taken advantage of the lower swap curve and extended a number of the existing swaps with a shorter maturity.

Exchange rate risk management

The Rand is a volatile currency as reflected in the graph. Although the Rand weakened significantly due to the shock of the pandemic, it recovered during FY21 and, towards the end of the financial year, was stronger than before the onset of the pandemic.

FY21 USD/ZAR exchange rate



From a balance sheet point of view, some of the foreign denominated investments are hedged via foreign denominated liabilities, either in the form of direct foreign denominated debt or via cross-currency interest rate swaps. The foreign exchange denominated liabilities section of the balance sheet hedge table reflects the percentage of hedging in Growthpoint's balance sheet.

As the dividends from the foreign investments are earned in foreign currency, our earnings are subject to exchange rate movements. Growthpoint mitigates this foreign exchange rate risk by matching the interest expense in the same currency as the dividend receipt, and by fixing the balance of the receipts via forward exchange contracts (FECs).

FY22 FX dividend hedge table

Investment	Currency	% of dividends to be used for servicing FX interest	% dividends hedged to ZAR via FECs	Weighted average FX rate on FECs	Impact of ZAR1 change in FX rate on DPS (in cents)
GOZ	AUD	20	20	12.15	1.5
GWI	EUR	57	25	20.15	0.1
C&R	GBP	N/A	N/A	N/A	N/A
Lango	USD	46	0	N/A	0.1

The table is based on the expected dividends from the foreign denominated investments in FY22. These are able to cover the expected interest payments in respect of the debt taken out for the GOZ, GWI and Lango investments. The dividend for Lango includes an expected dividend from Lango Real Estate Management Limited. Currently, no dividend is expected from C&R and no foreign denominated liabilities are outstanding in this regard.

RSA performance

Social need in South Africa has increased exponentially. We were nimble enough to adjust to the pressures that came with Covid-19 and continued with all our social initiatives in FY21, building on them where appropriate. We are an organisation with a heart.

CEO: RSA review

Estienne de Klerk
CEO: RSA

> As a company, we stepped up to the plate where Covid-19 relief was required and our staff have worked extremely hard to assist tenants where we can.

Total rental discounts given to tenants	Total rental deferrals granted
R475m	**R191m** **(90% collection rate)**

Due to the Covid-19 pandemic and macro-economic environment in South Africa, FY21 was a difficult period that created the most arduous operating environment that Growthpoint has ever faced. However, the company performed well and confirmed its sustainability even in these highly challenging circumstances.

The quality of certain parts of our South African portfolio has been highlighted by the pandemic, but the tough trading environment created by Covid-19 is nevertheless reflected in all key metrics for FY21: vacancies, arrears, trading densities, rental reversions and the number of business rescues in our tenant base. We have had to work hard to retain tenants – and not just by enticing them to stay, but also by helping to keep them in business.

Our business has been resilient operationally. The tenacity of our team is incredible. It has been goal-driven and laser-focused on doing the best for our clients and our business, throughout the pandemic.

From a general perspective, our in-office safety and staff rotation procedures worked well in keeping our staff safe during the pandemic, and we therefore did not experience any disruptions to our business operations.

In terms of staff health, a number of employees contracted Covid-19, and we supported them well. Sadly, one of our colleagues passed away during the year, and we extend our heartfelt condolences to his family, colleagues and friends.

As a company, we stepped up to the plate where Covid-19 relief was required, and our staff has worked extremely hard to assist tenants where we can, especially those in the restaurant and tourism industries. The negative impacts on income streams have put our top line under considerable pressure.

Our retail assets have experienced weaker trade, and the complexity of the various lockdowns have placed added pressure on rental levels. There was a noticeable improvement in this sector from January to April, after the country emerged from its second hard lockdown, but the rapid rise in Covid-19 cases and the re-imposition of lockdown at alert level 2 from 31 May, then adjusted alert level 3 from 16 June and adjusted alert level 4 from 28 June set us back again.

While the office portfolio was impacted by the pandemic-induced increase in work-from-home, the most significant influence on this sector in FY21 was the earlier contraction of the South African economy. Gauteng's economic activity tapered off by 17.5% in 2020, for example, and despite our best efforts to buck this trend, office vacancies and rentals contracted in tandem. It is in this region that our office portfolio faces the biggest threat. Our office exposure in Sandton, which previously served us well, has been hard hit. The decrease in Gauteng's economic activity has left this market significantly oversupplied, and this has put pressure on rentals and escalated the cost of retention and incentives. The Western Cape and KwaZulu-Natal (KZN) did not experience nearly the same levels of decline, although the unrest after year end in KZN may well impact business confidence in the province.

Our response to contextual challenges has been multifaceted. It includes considering alternative uses for some office buildings, disposing of others, and improving our ability to retain existing clients and attract new clients to our portfolio. We made good strides in all these areas, and this will serve us well now and in the longer term.

Assets in our industrial portfolio have been the most resilient, although the impact of business rescues and liquidations, specifically in the construction, tourism, eventing and steel industries can be seen most clearly in this portfolio. As there is still demand for quality new logistics properties, our development team has been busy on projects in this sector. When embarking on these developments, we are careful to ensure that our clients are not only creditworthy but also understand their own requirements.

Our development team continued to complete projects successfully and generate profits for the business in FY21, notwithstanding the complex environment. It also won several awards for exceptional projects during the year. We remain nimble in seeking and identifying opportunities to deploy our trading and development skillsets in order to generate profits. To some extent, these skills also support our disposal strategy by recognising the best value for our non-strategic assets. Here, we are not limited to the three traditional commercial property sectors of our core business but are able to respond to diverse demand and opportunities, including those in healthcare and residential property. In line with this, we completed the development of the specialist surgical Cintocare Hospital in FY21 and commenced the development of a sectional title residential development, the Kent La Lucia with in excess of 75% pre-sales.

CEO: RSA review *continued*

Development work in our office and retail portfolios has focused on reconfigurations, tenant installations, and the steady implementation of our green agenda. In keeping with our environmental sustainability drive, we approved several solar power projects and expanded existing PV installations in line with the new electricity generation regulations.

We also forged ahead with our strategic initiatives, including the optimisation of our RSA portfolio. Growthpoint continues to analyse its portfolio carefully and focus on investing in strong industries, regions and communities. Our balance sheet is in an excellent position to support this because we pre-emptively raised sufficient capital to bolster our business's strength and resilience.

During the year we sold R560m worth of assets that did not align with our strategic objectives and held R181m for sale at year end.

We remain open to opportunities and acquisitions, and especially value those that will ensure sustainable income, which is not easily achieved in this uncertain and challenging market.

The V&A Waterfront's contribution to Growthpoint has more than halved as a result of the pandemic's substantial and prolonged disruption. This is concerning, but we still believe the asset is a good investment. During FY21 we worked on the strategic objectives set out by the V&A and they completed the developments that were already underway.

We have made good progress in establishing our funds management business, and we are now building it with greater confidence. Growthpoint is also in the process of launching and raising capital for a purpose-built student accommodation unlisted REIT. This new fund will give institutions and other investors access to an auspicious real estate space that has previously been inaccessible to them. The response has been good and we are confident we will raise the target amount.

The Africa fund, Lango, has grown enormously and performed well. The healthcare fund, GHPH, delivered a good performance of double-digit growth – in stark contrast to the rest of the property industry. Attracting International Finance Corporation funding is a tremendous vote of confidence for the healthcare fund and an endorsement of its excellent ESG credentials for other development finance institutions. We have many opportunities to grow the fund to the extent that we can raise capital.

We scaled back on our collaborative workspace initiatives with Workshop 17 by disposing of our shares in the venture. In the future, Workshop 17 will only operate specific sites on a management contract basis. However, our initiative with the concierge shopping and delivery service OneCart has grown phenomenally, given the pandemic environment. The company is currently under offer from Massmart Limited, and should all conditions be met, we will dispose of our shares at a profit. We will continue to explore other initiatives and innovations that support the growth and performance of the business.

Growthpoint has played a pivotal role in helping the property sector to navigate and find solutions to the challenges created by Covid-19 by collaborating with key stakeholders since the onset of the pandemic. This co-operation has taken place with the permission of the Competition Commission and in addition to building strong relationships in the industry, it has enabled a cohesive response to large tenants and helped them and landlords to avoid time-consuming and expensive litigation. It has also created a benchmark for efficient and productive negotiations with smaller tenants that were the hardest-hit by the lockdowns, including restaurants, cinemas, and gyms, and helped us to preserve relationships with them.

This collaboration continued to assist us operationally when the country returned to stricter lockdown levels in December and January and is still serving us well as the third wave's most serious lockdowns extend into the next financial year. We continue to communicate well with our tenants, and to build valuable relationships with and improved access to the leadership of many retail groups and more prominent clients. Together with our tenants, we are navigating this tricky environment positively and efficiently.

We are pleased that SAPOA has initiated an economic impact study of inflated municipal rates increases and poor service delivery to the property sector. The results will provide a platform on which we can work with the government to reduce the disproportionate financial strain on the sector and the lack of support in basic service delivery. This year we completed a R56m public roads infrastructure investment programme in Woodmead to improve the M1 Highway Woodmead interchange and the nearby Woodmead Drive and Woodlands Drive intersection. This project was vital to ensure that our assets in the area remain accessible to clients, and it is an excellent example of our commitment to ensuring that their requirements are met. The Gauteng provincial government, which is actually responsible for these roads, simply had no funds for the project.

Transformation is a crucial consideration for Growthpoint and we continue to drive transformation towards our key B-BBEE targets. Processes are embedded in the DNA of the organisation, meaning that everyone at Growthpoint is working towards these shared objectives and that we measure our progress.

As a responsible corporate citizen committed to genuine transformation in South Africa, we are now a level 1 contributor which is an incredible achievement for a company the size of Growthpoint. However, maintaining this level may be challenging, given the limitations on conducting training and other activities under Covid-19 restrictions. Furthermore, raising capital to reinforce our balance sheet in FY21 has diluted our BEE shareholding. In other areas, including the composition of our Board and senior management, we are making progress by appointing and promoting more people from designated groups.

While our rating will come under pressure in the short term, given the continuously changing Property Sector Charter rules and the challenges mentioned, we remain committed to transformation.

Growthpoint is committed to improving the quality of education in the country and has therefore funded the training of early childhood centre practitioners for the past five financial years. We have longstanding partnerships providing educational scholarships, bursaries in association with SAPOA and more recently a teacher maths and science development programme. We have a well-developed graduate programme with 12 graduates in the 2021 programme. Our flagship project, Growsmart which has run for several years has released more than 100 online tutorials. Our youth development programme, Growthpoint GEMS, established several interventions to assist with the migration to online learning and establish an ecosystem of support during the Covid-19 pandemic.

ESG considerations have taken on even more significance this year, with Growthpoint now having a Board-approved ESG strategy with set objectives. We have made great progress in some areas but need to catch up in others. It is essential that we improve in this area, from our Board into every part of our business, especially as we are operating in an environment of deteriorating ethics outside the company. We took our first tentative steps in this area two years ago by carrying out an ethics survey, the results of which prompted us to take a more scientific approach to monitoring and measuring ethics for our business. To make sure our response is relevant in a changing context, we also conducted a new survey in August 2021 and are awaiting the results. Our new MRI operating system has meanwhile strengthened governance in the organisation. Delegation of authority, for instance, is institutionalised into the system's processes.

The South African REIT sector is known for its proactivity in embracing and adhering to best practices. Via our association with SA REIT, we are pleased to be part of exploring the development of best-practice recommendations for ESG reporting among REITs.

Social need in South Africa has increased exponentially. We were nimble enough to adjust to the pressures that came with Covid-19 and continued with all our social initiatives in FY21, building on them where appropriate. We are an organisation with a heart.

The positive impacts that our Property Point enterprise development initiative stands to have on the sector have been recognised by other industry players, who have now partnered with the programme.

Lawless vigilante groups that have tried to hijack construction sites have impeded the industry's property development endeavours. Therefore Growthpoint, together with our contractors, has worked on a process where, before development proceeds, we go into communities to find local suppliers and bring them into the project. This has weakened the ability of these vigilante groups to disrupt our developments.

It was disappointing and saddening to see lawlessness being given free rein for days during the KwaZulu-Natal and Gauteng unrest which began on 9 July 2021, shortly after year end. We were left without the support of law enforcement authorities and had to rely on the tireless efforts from our staff, security providers and communities to deter looters and assist clients. Our community involvement has always been high and the strong connection these communities have with our shopping centres became apparent as they intervened to protect them. Their efforts resulted in significantly less damage to our properties. We managed to get all our properties operational within a week of the unrest but several of our tenants have still to re-open their operations. The financial impact of the unrest will be limited as most of the damage and business interruption was covered by relevant insurance.

Future focus

An improvement in the South African economy is key for our strong future performance. The only effective driver for this is an aggressive roll out of vaccines so that the economically active population can resume more normal habits.

Assuming this can happen, there will likely be improvements for Growthpoint in all three of our property sectors, albeit at varying rates. The big question is around the level of improvement that will come from the office sector. While we still believe that offices are crucial for big corporates, we are also aware that we may have to repurpose some of our offices to ensure greater flexibility for post-Covid-19 work habits.

However, we intend to remain conservative in our new development activity, both for our balance sheet and third-party clients.

Our priorities will still be driving stakeholder value, optimising occupancies and retaining tenants. It is also going to be interesting to tackle the challenges of the office sector by better understanding the needs of our clients' businesses and innovating and improving to accommodate these.

The growth of our funds management business promises to be exciting. Further improvement at the V&A is also likely to the extent that tourism improves.

The socio-economic environment in South Africa is worrying, however, we are optimistic that things will keep improving and hopeful that the civil unrest in July was our darkest hour and that we can move forward from it. Realistically though, the road to recovery is not going to be an easy one, especially as many young professionals are choosing to leave South Africa for better opportunities elsewhere. However, these are all factors that are outside of our control. We continue to improve all the touchpoints with clients and communities in the areas that are within our control, and will strategically focus on these factors to continuously improve Growthpoint's position within the capricious South African environment.

Fundamentally, we expect to see improvement in the medium term, but this is dependent on factors in the macro-environment as well as the fact that the real estate sector lags the economy and thus is slower to follow economic upturns.

Corporate marketing and communication

Growthpoint Properties is an established brand, and our leading position in the property industry ensures that we attract and retain clients while also maintaining loyal relationships with our stakeholders.

Our corporate marketing and communications team, which handles events, design, content and digital marketing as well as brand and project management, is responsible for establishing and increasing positive engagement with the Growthpoint brand.

Marketing's objectives are aligned with our overall business strategy. As we continued to operate under the challenging conditions brought on by the pandemic and various levels of a national lockdown, we kept up-to-date in FY21 with the shifts in audience behaviour and preferences regarding their media consumption.

ESG position statement for Growthpoint

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

ESG strategy

Value proposition

- Corporate responsibility
- Future proof assets and tenant benefit
- Value beyond compliance
- Investor requirements
- Legal compliance
- Risk management

ESG

Environmental
All buildings within direct control of the organisation to operate at net zero carbon by 2030 and all buildings by 2050.

Social

Labour
Endeavour to create a positive work experience for each of our employees while protecting the interests of the organisation and ensuring that it meets its objectives.

Community
Driving sustainable impact for the communities in which we operate. Our core-focus areas have been supporting education initiatives, entrepreneurship development and staff engagement.

Governance
To give all stakeholders confidence that Growthpoint is a well-governed and well-conducted business.

Growthpoint UN SDG focus

2 ZERO HUNGER	A CSR objective
4 QUALITY EDUCATION	A CSR objective
7 AFFORDABLE AND CLEAN ENERGY	A sustainability strategy of 20:20:20:2
8 DECENT WORK AND ECONOMIC GROWTH	Property Point
11 SUSTAINABLE CITIES AND COMMUNITIES	CSR, Property Point and GBCSA
17 PARTNERSHIPS FOR THE GOALS	Various associations memberships and participation such as SA REIT, SAPOA and NBI

What and how

Environmental

- 20:20:20:2 targets
- Energy efficiency and green building certification
- Renewable energy investment
- Water efficiency
- Audit on waste service providers
- Waste: Zero organic waste to landfill
- Good indoor environmental quality
- Biodiversity: a focus in the next two years
- Green building guidelines for Growthpoint and property sector.

Social

- Employee health and safety
- Employment equity targets for the next three years
- Living wage review
- Review of benefits for contractors vs full-time employees
- Diversity and inclusion committee
- Review of staff fit for the corporate strategy
- Focus on succession planning
- Meeting B-BBEE requirements
- Policy review and development
- Business partners to engage at least 60% of their designated employees to establish a trend analysis
- Conducting employee engagement surveys
- Accentuated wellness report to drive strategy EAP offering
- Revised wellness offering especially emotional wellness
- Prioritise mental wellness and enable managers to manage issues leading to deeper understanding of these issues
- Employee training and development.

Education

Inclusion of technology in projects and proposals.

Early childhood development

- Training early childhood caregivers and practitioners.

Primary

- GEMS – Providing financial support for educating the children of low income earning staff at Growthpoint
- Growsmart – Maths and literacy programme for schools in underprivileged areas
- Introducing virtual access to the programme.

Tertiary

- Bursaries
- GEMS.

Skills development

- Graduate programme
- External learnerships (disability and work readiness focus).

Enterprise and supplier development

- Property Point enterprise and supplier development programmes
- Collaboration within the property industry
- To the Point sessions
- Local economic development.

Pertinent societal issues

- Staff engagement projects
- Gender-based violence
- Assisting vulnerable groups
- Urgent disaster relief challenges.

Governance

- Integrated thinking approach to governance
- Compliance with King IV
- JSE Listings Requirements
- Annual review of the Board charter and each committee's terms of reference
- Disclose Board responsibilities and accountability
- Annual Board independence assessment
- Appropriate skills and experience on the Board
- Board rejuvenation
- Limited number of boards the non-executives can serve on
- Optimal meeting attendance
- Updated social and ethics committee terms of reference now include ESG
- Increased focus on cyber and information security
- Review of structure and skills to implement strategy
- Succession plan in line with updated structure
- Development of a clear ethics-framework and policy
- Develop and update ethics related policies
- Create awareness throughout Growthpoint
- Regular review and development of policies.

Impact

Environmental

- Reduced GHG emissions
- Utility efficiencies
- Cost savings
- Asset future proofing
- Tenant lower cost of rental
- Reduced impact on natural resources.

Social

- Benefits of continual staff learning
- Business sustainability
- Employer of preference
- Employee wellbeing
- A safe work environment for employees
- Minimise health and injury-related risk within the workplace
- Talent management
- Meet employment equity objectives
- Conducive working environment
- Provides assurance to stakeholders that there are clear processes and procedures to guide and address issues.

- Supporting parents so they can support their children during online learning
- Address inequality and inequity
- Development of sustainable small businesses
- Diversifying our supply chain
- Stimulating job creation
- Address skills shortage
- Provides a safe place for vulnerable groups to seek help from domestic abuse
- Provided water and food parcels during Covid-19 and domestic riots alleviating hunger.

Governance

- Provide assurance to stakeholders that Growthpoint is a responsible company with sound leadership
- Adhering to regulatory compliance.

Growthpoint has achieved a B-BBEE level 1 rating. We are currently anticipating changes to the property sector charter and, as a result, will be doing a transformation strategy refresh at that point in time.

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
Ownership						
B-BBEE ownership	• Broad-based black economic empowerment (B-BBEE) deal with 10% of Growthpoint shares	June 2018	No B-BBEE deals have been concluded at this stage. We have increased ownership with 50.31% black exercisable voting rights in the hands of black people and 27.94% economic interest of black people in Growthpoint	No B-BBEE deals have been concluded at this stage. We have a slight decline in ownership with 29.02% voting rights in the hands of black people and 17.53% economic interests of black people in Growthpoint	No B-BBEE deals have been concluded at this stage. We have, however, achieved 33.84% voting rights in the hands of black people and 21.06% economic interests of black people in Growthpoint	Growthpoint is exploring opportunities to set up a broad-based structure which can include a staff scheme, current corporate social investment (CSI) initiatives and strategic partners
Structure net equity value	• Realise a minimum of 40% of the annual targets	June 2020	27.94%	19.36%	20.59%	18.41%
Disposal of assets to black-owned entities	• 35% disposal to: – 50% black-owned entities over a five-year period – A minimum of 20% of the 35% must be achieved in each year	June 2018	10.56% through the sale of the old Exxaro building to a 100% black-owned entity	Not achieved during the period. There has been no disposal to >50% black-owned entities	Not achieved during the period. There has been no disposal to >50% black-owned entities	11% disposals to >50% black-owned entities

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
Management control						
Diversify the Growthpoint Properties Board	• 40% black Board members • At least 25% black female appointees	June 2019	Achieved 46.15% black Board members 23.08% black female Board members	Achieved 42.86% black Board members 14.28% black female Board members	45% black Board members 21% black female Board members	43% black Board members 21% black female Board appointees
Diversify Executive Directors	• 25% black Executive Directors	June 2019	Achieved 25% black Executive Directors	Achieved 25% black Executive Directors	Achieved 25% black Executive Directors	Achieved 25% black Executive Directors
Diversify executive management	• 27% black executive management with at least 50% being black female	June 2019	Achieved 21.43% black executive management 10% black female executives	Achieved 25% black executive management 10% black female executives	25% black executive management 10% black female executives	20% black executive management 10% being black female executive management

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
Employment equity						
Diversify senior management	• Increase black senior management from 15% to 28%	June 2020	20%	35%	34%	32%
Diversify middle management	• Increase black middle management from 32% to 45%	June 2020	77%	67%	67%	67%
Diversify junior management	• Increase black junior management from 69% to 77%	June 2020	80%	91%	90%	86%

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
Skills development						
Alignment of skills programmes with business needs	• 80% of training offerings within category B, C, D of the skills matrix	June 2018	Achieved 49% of training on B, C, D category	Achieved 47% of training on B, C, D category	Achieved	A training committee has been established to align our skills development programmes to our business needs
Training plan aligned to succession plan	• 5% of leviable amount spent on black people (targets based on employee assistance programme (EAP) stats) • 40% minimum to be achieved	June 2018	Achieved 3.04%	Achieved 3.08%	Achieved	Achieved
Implement a disability learnership programme	• 0.3% of leviable amount is spent on disabled people • A minimum of 40% must be achieved	June 2018	Achieved 0.34%	Achieved 0.51%	Achieved	Disability learnership implemented with Sparrow FET College

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
Preferential procurement						
Segmentation of procurement spend	• 40% procurement spent with companies who are at least 51% black-owned	Ongoing	46.37%	37.82%	22.61%	25%
	• 100% of all suppliers must be B-BBEE rated with 80% of suppliers on a minimum of a level 4	Ongoing	88% with 58% of suppliers on a minimum of level 4	66.75% with 45.38% of suppliers on a minimum of level 4 B-BBEE rating	48.47%	96%
	• 12% procurement spend on companies who are at least 30% black women-owned	Ongoing	32.86%	11.93%	10.34%	9.7%
Continued support and funding of Property Point	• 1% net profit after tax (NPAT) towards enterprise development	Ongoing	2.28%	1.89%	5.62%	1.8%
	• 2% NPAT towards supplier development	Ongoing	3.79%	3.79%	11.5%	3.3%

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
Socio-economic development						
Annual value of all SED contributions of Growthpoint	• 1% NPAT towards beneficiaries that are black*	Ongoing	1.24%	4.69%	9.63%	3.3%

* *Black refers to African, Coloured and Indian.*

RSA executive management forum

CEO: RSA
Estienne de Klerk* (52)
BCom (Industrial Psych),
BCom (Hons) (Marketing),
BCom (Hons) (Acc), CA(SA)
Twenty-two years' experience
in listed property

HR Director
Olive Chauke* (50)
Bachelor of Social Sciences, Advanced Programme in Management from Henley Business School
Twenty-four years' HR experience gained in both private and public companies

COO: RSA
Engelbert Binedell (51)
BA (Ed), MBL
Twenty-four years' experience in listed property

Head of Asset Management: Office
Paul Kollenberg (59)
BCom Architecture, MBA (Wits)

Marketing
Nadine Briers (50)
Thirty years' marketing and communication experience

CFO: RSA
Francois Schindehütte (56)
BCompt (Hons)
CA(SA)

Head of Asset Management: Retail
Neil Schloss (50)
BSc Town and Regional Planning (Wits)

Healthcare Fund Manager
Linda Sigaba (44)
MD (USA), PGD MP (UCT)
MBA (UCT)

Regional Head: Cape
David Stoll (62)
CA(SA)

Head of Asset Management: Industrial
Errol Taylor (60)
National Diploma Building Surveying
National Diploma Property Development and Management

Corporate Social Responsibility
Shawn Theunissen (42)
BCom (Industrial Psychology), University of Johannesburg, SA Masters Programme in People Centric Innovation, 180° Academy, Denmark
Senior Executive Programme Africa, Harvard Business School

Regional Head: KZN
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BCompt (Unisa)
Bachelor of Accounting Science

* *Executive Director.*

Operations

It was an unprecedented year for Growthpoint, the property sector, and the country at large, and operating in this new environment did not come without its challenges. We are therefore incredibly proud of our employees who continued to live our values during this time.

For many businesses, the Covid-19 pandemic was simply the last straw, and for a time, the virus brought our already ailing economy to a halt. For us, this meant an increase in vacancies and arrears and a decline in lease renewals, particularly in the retail and office sectors. Industrial properties were less affected. FY21 was a challenging year for our clients, and maintaining close relationships was pivotal during this period. We continued to be proactive in making regular contact and easing pressure where we could.

There is no property management system or software programme available that can handle the nuances of each tenant's unique requirements, as we discovered when we engaged with tenants regarding Covid-19 discounts and deferrals. However, our staff stepped in and did an outstanding job of accomplishing what our regular systems and processes could not, from managing individual client relationships to agreeing to new terms, passing on discounts and adjusting rentals.

Many of our employees continued to work from home through the various levels of lockdown in FY21, and thanks to the efforts of our IT department, they were well equipped to do so. There were also many staff members who continued to operate at the coalface, and our retail teams excelled in implementing Covid-19 protocols while working tirelessly to keep the communities they serve safe.

Facilities management also continued to play an essential role across all Growthpoint sites. Last year, at the start of the pandemic, the facilities management team implemented a standard operating procedure (SOP) and the protocols to be followed by staff members, tenants, contractors and all visitors to our properties. In FY21, they continued to monitor and update these with changing regulations to ensure safe and healthy workspaces for all.

Our operations are guided by our health and safety policy, and to ensure that safety and compliance requirements are met, we have a number of initiatives in place. These include staff awareness of health and safety measures and operational staff training. Contractors are assessed regularly to ensure adherence to the necessary occupational health and safety regulatory and legislative requirements.

Our business operations are supported by a highly effective legal team. With the Protection of Personal Information Act (POPIA) coming into full effect on 1 July 2021, this team has been instrumental in the preparations for ensuring the business is compliant and staff members are well informed.

Although lockdown regulations in effect during the year hampered their ability to provide some services, we continued to pay our suppliers. Requests for proposals (RFPs) were sent out for security and cleaning contracts, and our procurement team worked quickly to contract these services at predetermined rates for a period of time. The team also procured essential items on behalf of our staff and handled the logistics around remote delivery.

Despite the pandemic, the launch of our new MRI IT system went ahead as planned on 1 July 2020, and the business adapted well to the move. There were teething issues of course, but we continued to work together to resolve these while providing regular updates on changes and training. Our credit controllers, in particular, had to navigate some unfamiliar territory, but took these challenges in their stride.

Our IT department continued to support the business well in FY21, including those staff working from home while getting the company ready to implement POPIA. We also developed new IT policies and procedures with new SOPs in place. Cybersecurity remains a key focus.

Sustainability is becoming a hot topic globally, and we want to remain a leader in that space. Green buildings are also very relevant to our client base, and we are working tirelessly to provide the market with properties that satisfy this need. In addition, changes in government regulations have allowed us to accelerate solar production, taking us one step closer to our Net Zero 2050 strategy.

Utilities remain a highly complex area of the business. Ensuring the accuracy of billing, minimising usage, and working with the different local municipalities are key focus areas. Our team has good relationships with the municipalities and has successfully chipped away at resolving our queries while enhancing our capabilities with technology for early detection and governance.

In everything we do, flexibility and client centricity are vital in meeting our clients' needs. We have balanced the sustainability of their businesses alongside our own, and where we have succeeded, we have been able to solidify these relationships and retain tenancies.

The broking community also plays a vital role in our business, however, the lockdown severely impacted the ability of brokers to work and it was essential for us to maintain regular contact with them to support their efforts and maintain our reputation as a responsive business partner. Unfortunately, our Operation Destination Russia trip has been postponed to 2022 due to travel restrictions, but we are looking forward to socialising with the 2020/21 winning brokers on a local trip later this year.

Our people are the engine room of our business, and they continued to live our values in FY21, despite the additional workload. Similarly, we continued to prioritise their wellbeing throughout the year with various programmes and workshops. Our Employee Assistance Programme proved well-placed to provide the necessary support, particularly during a time when mental health was affected.

The ability to engage with colleagues socially and collaborate in person plays a vital role in the creativity and motivation of our people and our clients. As a result, workspaces continue to be a valuable tool for successful businesses, and we are confident that more people will return to their offices once it is safe to do so.

Despite the difficulties we faced over the past year, there are green shoots for the commercial real estate industry. In particular, the industrial sector is showing some promise, and there is a demand for this type of property. The events of the past 18 months were unprecedented, and we did not have the luxury of looking to the history books for guidance on how to move forward. We had to learn on the go, but the knowledge we gained and the relationships we forged as a result will, we believe, only serve to improve our business and operations in years to come.

Environmental

The financial year 2021 has been a year for reviewing and planning our efforts to reduce our environmental footprint and impact. The refinement of our environmental approach as part of the ESG strategy fullfilled our commitment to review these issues. We believe its integration into the business ensures that what we do at our properties is embedded better. Our carbon-neutral strategy is being rolled out and applied throughout all levels of the business, and there are high expectations for implementation going forward. We will strive to meet these objectives.

An extensive climate risk assessment was completed for the business. This is a complex subject. The findings have proven to be fundamental in refining our carbon strategy. Although we had decided to base this strategy on Science Based Targets initiative (SBTi) methodology, we will be withdrawing our formal commitment to the SBTi as it is proving to be onerous and inflexible for our specific business needs. We believe our approach and the annual tracking of our progress will provide our stakeholders with a sense of comfort of our progress. Furthermore, our GHG emissions are verified by a third party and will thus provide additional assurance of our process.

GHG emissions for 1 July 2020 to 30 June 2021

Source	FY21 total metric tCO_2e	FY20 total metric tCO_2e
Scope 1	**2 112**	3 869
Mobile fuels (company cars)	**30**	19
Stationary fuels (generators)	**1 255***	869
Product use: refrigerant gas (Kyoto Protocol)	**827****	2 981
Scope 2	**76 546**	42 708
Purchased electricity (location based)	**76 546*****	42 708
Scope 1 and 2 total	**78 658**	46 577
Scope 3	**592 278**	653 579
Category 1 – Purchased goods and services: water	**2 763**	3 079
Category 1 – Purchased goods and services: paper	**13**	43
Category 4 – Upstream transportation and distribution: courier	**6**	10
Category 5 – Waste generated in operations	**7 144**	7 987
Category 6 – Business travel	**118**	742
Category 7 – Employee commuting	**627**	1 033
Category 13 – Downstream leased assets: purchased electricity	**581 608**	640 685
Total Scope 1, 2 and 3	**670 937**	700 156
Out of scope – non-Kyoto refrigerants (R-22)	**1 611**	1 869

* *Increase due to better data availability.*
** *Less refrigerant gas was used in FY21.*
*** *For FY21 all common area electricity was moved from scope 3 to scope 2.*

Our environmental policy was updated in line with these efforts and guides our actions on the critical issues of climate change, carbon emissions, biodiversity and energy, water, waste and renewable energy investment.

There is a clear link between the environment, society and the economy. The negative impact of Covid-19 on our ability to deliver on our objectives has revealed how these elements are intertwined.

Procurement

Growthpoint values the role that suppliers and other stakeholders play in our ability to provide "space to thrive". Continuous engagement with our stakeholders is vital in ensuring that our standards are maintained while meeting our clients' expectations.

Collaboration with our internal and external stakeholders has resulted in several positive outcomes, including risk mitigation, costs efficiencies, elevated service delivery and enhanced commitment. Additionally, establishing national contracts and engaging directly with supply manufacturers has maximised our countrywide spending power.

We continue to focus on cost efficiencies, RFPs, supplier negotiations and measuring supplier development.

Due to the Covid-19 pandemic, we extended contracts for an additional year before opening them up for RFPs. This extension guaranteed another year of work for our suppliers, many of whom also faced a challenging year, and our commitment to them not only strengthened relationships but also helped to streamline negotiations on annual cost increases.

Growthpoint's policies came into sharp focus during FY21, and our procurement policy was updated. We also worked with other departments to develop a Local Economic Development and Transformation Policy, which outlines the principles and procedures for engaging with businesses in local communities where we operate. The purpose of this policy is to accelerate the empowerment of companies owned by previously disadvantaged individuals operating in communities near our assets and developments, and to foster community partnerships to maintain our reputation in local communities. The document aligns with the King Code IV principles of good corporate governance.

We work closely with Property Point to establish good relationships with community leaders and forums and recommend suppliers that are procurement ready. We also assist managers and together help these suppliers perform at acceptable levels. Contracts are often extended because of these efforts. We have seen this in the case of security and pest control offerings. Our process of issuing a national small works RFP is underway, and we hope this will be sourced in the same way.

Growthpoint's B-BBEE efforts continue, and we aim to engage with organisations with a minimum of a level 4 B-BBEE rating. There has been additional engagement with various departments to understand all the dynamics that require consideration. Particular attention has been placed on the practice of fronting and how to identify it. We have communicated extensively to internal and external stakeholders that any supplier guilty of fronting will face contract termination.

Information Technology (IT)

Our IT service supports the South African sectors of the business across all geographic regions by providing information technology services and support. We have robust governance frameworks and policies guiding our IT activities and processes. Our policies and governance are managed within the IT (COBIT) good practice framework. More detail on our policies can be found in the Policies and Documents section of our ESG report.

In FY21, Growthpoint continued to play a pivotal role in our employees' ability to work from remote locations with the appropriate security.

We consider cybersecurity to be the primary risk for IT. This is a huge challenge that requires a combination of disciplines and commitment as well as personal and financial resources. The landscape is ever-changing, and this further complicates the task. We believe in doing the basics correctly, and this includes monitoring and being proactive. Our environment is scanned regularly, and we act timeously on the outcomes of these scans. Regular patching occurs while updating and new fixes are continuously installed across our environment. Measuring and monitoring happen constantly, and findings are regularly reported to the relevant committees.

We have access to both intelligence through relevant partnerships, and implementable solutions for our environment. There are various levels of protection with clear steps on how to deal with breaches. Awareness training programmes allow staff to become more familiar with cybercrime and teach them how to protect both the company and themselves from various threats.

A material consideration for IT is having access to underlying data and making this available and relevant to Growthpoint. Using data analytics and business intelligence to extract information from the data enables us to make meaningful decisions. Data must therefore be securely available to the business to provide consistent information.

Consistent business logic also needs to be built into the data across all the sectors. This can be challenging because of how the data is stored in different environments and because we sometimes do not have access to the raw, underlying data. A new IT challenge is working with a global business partner that currently does not give us access to its server in the "cloud". We are, however, working to find a solution. The situation is complex due to various security considerations, and we have found ourselves pioneering an approach that could become a standard. We are also looking at new types of replication and virtual networks.

In the year under review, we focused on embedding the MRI system, although there were many hurdles in implementing a new design and business process in an organisation such as Growthpoint. However, it is now well-embedded, and the business process is well-established. We are starting to see the benefits of MRI as a real-time online system, and this will aid us in achieving consistent business logic.

When procuring IT systems and equipment, Growthpoint likes to buy "tier 1" products with strong reputations, build consistency and good support. Better quality equipment has served us well over extended periods, and we are also careful to buy appropriate infrastructure that is well-suited to the business.

Growthpoint keeps up to date on new technology to assess whether we may want to adopt it. In FY21, we also decommissioned our Sandton data centre and moved to a hosted data centre that provides the appropriate energy efficiencies and power supply protection, cooling and fire protection. This move offers greater efficiencies and cost savings compared to maintaining our own data centre. We are not using the data centre to its full capacity and this is a big drive going forward, although we have to be very careful in moving our data to ensure it is safe, secure and replicable.

Legal

Our legal team supports the South African sectors of the business across all geographic regions and the service divisions by providing legal services and support.

In FY21 the department played an active role in ensuring that the company would be fully compliant with POPIA when it came into effect on 1 July 2021. A compliance framework was developed, an impact assessment was done, a manual was compiled and staff members were trained. In addition, data processing agreements were concluded with all third-party suppliers that process information for which we are responsible, and our standard contracts were amended to include the requisite consent to process personal information clauses.

We are actively involved in discussions with the Competition Commission, together with SAPOA and SA REIT, regarding an agreed code of conduct which the Competition Commission has requested be concluded by retail landlords.

The team also continues to assist the business with the structuring and implementation of trading and development deals; the drafting and implementation of acquisition and disposal transactions; negotiations with potential tenants to ensure the legal terms of the transaction are suitably agreed and recorded; reviewing and drafting various service level agreements (SLAs), including our CSR transactions; and managing legal disputes with local authorities.

Facilities management

Facilities management is responsible for fostering a culture of collaboration that enhances the performance of our assets. The department achieves this by delivering maintenance solutions, value-added client experiences and quality facilities for the whole lifecycle of each asset, guided by best practice and legislation. By tracking and managing the capital and operational budgets, the team continued in FY21 to keep the physical assets safe and functional within the prescribed budgets. It also focused on driving down costs without compromising service levels.

In response to the Covid-19 pandemic, Growthpoint compiled an SOP that detailed the required protocols for staff members, tenants, contractors and visitors to our sites.

The facilities management team also concentrated on managing and implementing the ongoing changes to the regulations and directives from the World Health Organisation (WHO) to create a safe and healthy workplace for staff, service providers and our clients.

New technology continues to change the built environment and our team also made great strides in this regard, in line with the company's goals.

We drive a professional client and customer-service culture throughout the business, and extract maximum value from our assets through optimum pricing models. This is achieved by ensuring that the appropriate technical organisations and professionals are appointed to improve customer service and asset performance.

Growthpoint undertook and completed a successful project to future-proof our buildings against further water shortages in South Africa. We installed additional storage tanks, introduced water-saving initiatives, and provided buildings with treated water to potable standards for non-potable use and sanitary flushing purposes. We have also applied for a water user licence (WULA) to secure water stability and register and license all boreholes in the portfolio.

Due to disruptions in electrical supply and specifically load shedding, Growthpoint established an integrated process to support and ensure the continuity of power to our clients by securing bulk diesel storage facilities and introducing a dedicated diesel replenishment team. This was expanded by contracting a third-party supplier to improve the bulk storage and assist with diesel deliveries across the country.

We undertook multiple roofing replacement projects, many in support of PV panel installations. In addition, there was a continuous drive to ensure Automatic Sprinkler Insurance Bureau (ASIB) compliance throughout the Growthpoint portfolio.

Articulating our strong emphasis on safety and compliance, we initiated several measures to improve our risk information management system (RIMS) and raised awareness about safety among our employees and service providers.

Growthpoint's health and safety activities are based on identified risks and legal requirements linked to the physical work environment. These issues are handled by the Health and Safety Committee, as well as our team, and are addressed on an ongoing basis. Besides the minimum requirements, we have a clear vision to achieve a zero rate of workplace-related accidents.

Health and safety

Growthpoint undertakes all its activities in accordance with our Health and Safety Policy, which aligns with the Occupational Health and Safety Act (OHSA) No 85 of 1993. This policy is for the health and safety of employees at work.

Additionally, quarterly Occupational Health and Safety Forum meetings are held and minuted, providing feedback to the SET Committee.

Growthpoint makes use of risk assessment companies, particularly for development projects, to ensure that all contractors adhere to the necessary occupational health and safety regulatory and legislative requirements. We comply with all safety and compliance requirements and consistently have initiatives to drive staff awareness of health and safety measures, as well as operational staff training. During the financial year under review, no fines were imposed.

We engage with a system called "Worktrainer" that requires quarterly reporting and reviews of documentation pertinent to the management of our buildings. It is used as a key performance indicator (KPI) for operational staff. In addition, user engagement is tracked and managed to ensure all necessary data is updated. This method ensures that we meet the criteria specified in our RIMS process for building inspections and regulations.

Other avenues used to facilitate health and safety include vendor vetting management. The system provides KPIs for contractors, which are assessed quarterly. Any issues are discussed with the vendor to ensure swift resolution of any concerns. The continuous fostering of relationships between tenants and operational staff is vital to ensure good communication and compliance with building regulations.

All contracted suppliers sign SLAs and are obliged to adhere to these agreements or risk termination of their services after a consultative process. As per the mandatory signing of a Section 37 (2) agreement, vendors are liable for all health and safety on their contracted projects. Quarterly meetings are held with contractual service providers, with monthly meetings held for larger contracts. Any concerns are addressed at these meetings.

Health and Safety is a key objective for ESG compliance and is assessed in the RFP process before allocating contracts to vendors. If the minimum standards are not met, the company is considered risky, and we will not engage with that supplier.

A dedicated Risk Officer ensures compliance with building and fire regulations and the OHSA by performing independent building inspections and liaising with tenants when conducting building inspections, as well as facilities and property management personnel and insurers. Growthpoint's insurers undertake inspections of some buildings each year to ensure that the insured cover corresponds with the insurable risk underwritten.

144 Oxford Road, Rosebank, South Africa

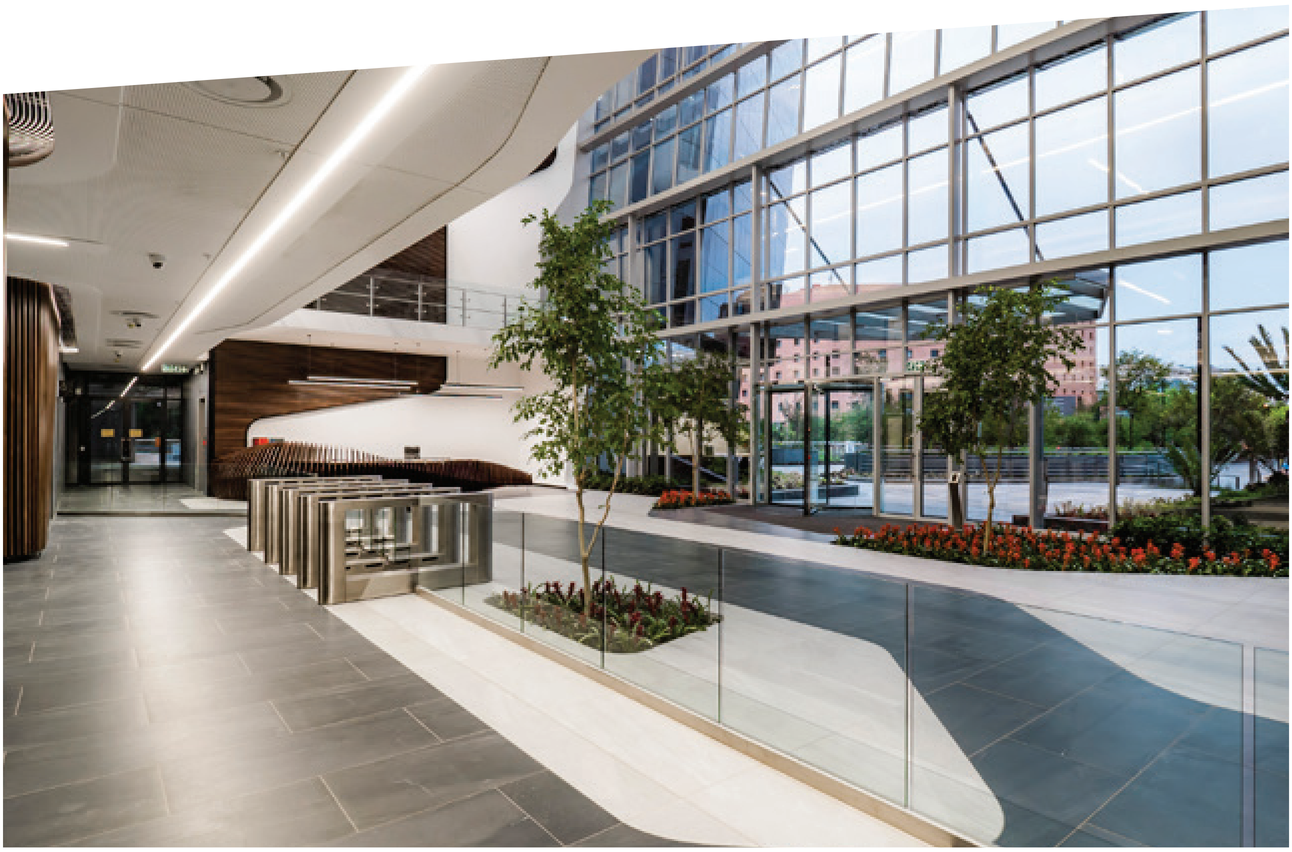
Asset management

Overview of RSA property portfolio

	Retail		Office		Industrial	
	2021	2020	**2021**	2020	**2021**	2020
Asset value (Rm)	**24 915**	26 759	**27 672**	29 793	**12 373**	13 307
Number of properties	**46**	47	**166**	168	**208**	215
Gross lettable area (GLA)(m^2)	**1 356 981**	1 365 391	**1 708 285**	1 672 090	**2 262 728**	2 308 913
GLA as a % of RSA portfolio	**24.8**	24.9	**31.2**	30.4	**41.4**	42.0
Value per m^2 (excluding bulk) (R)	**18 254.0**	19 479	**15 721.0**	17 201	**5 165.0**	5 475
Capital expenditure (Rm)	**180.0**	393.6	**512.0**	706.7	**144.0**	380.2
Gross property revenue (Rm)	**3 116.0**	3 108	**3 193.0**	3 342	**1 550.0**	1 515
Property expenses (Rm)	**(923.0)**	(994.0)	**(892.0)**	(965.0)	**(389.0)**	(401.0)
Property expense ratio (%)	**29.6**	32.0	**27.9**	28.9	**25.1**	26.5
Net property income (Rm)	**2 193.0**	2 114	**2 301.0**	2 377	**1 161.0**	1 114
Net property income as a % of RSA portfolio	**36.0**	36.1	**37.7**	40.6	**19.0**	19.0
Vacancies (%)	**6.2**	5.1	**19.9**	15.4	**9.4**	7.1
Arrears (Rm)	**148.2**	207.6	**91.4**	161.2	**59.0**	116.3
Bad debt (I/S) (Rm)	**22.9**	96.0	**(14.0)**	88.0	**25.9**	64.0
Average gross rental (per m^2/month)	**203.1**	204.0	**166.2**	163.0	**60.4**	58.0
Average annualised yield (%)	**8.9**	8.5	**7.9**	8.4	**9.9**	9.4
Average in-force escalations (%)	**6.4**	6.8	**7.4**	7.7	**8.1**	8.1
Weighted average renewal lease period (years)	**3.8**	4.0	**4.4**	3.8	**3.0**	3.5
Weighted average lease period (years)	**3.0**	3.0	**3.7**	3.7	**3.2**	3.5
Renewal success rate (%)	**84.6**	78.8	**52.5**	51.5	**62.2**	69.4
Weighted average renewal growth (%)	**(15.6)**	(6.2)	**(16.1)**	(8.9)	**(10.9)**	(4.7)
Weighted average future escalations on renewals (%)	**6.3**	6.3	**7.3**	7.6	**7.4**	7.5
Number of employees						


29 Richfont, Umhlanga, South Africa

Healthcare		Trading and development		Total		V&A	
2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
2 802	2 645	**1 064**	900	**68 826**	73 404	**8 801**	9 447
6	5	**6**	5	**432**	440	**1**	1
89 637	77 219	**55 403**	70 200	**5 473 034**	5 493 733	**232 531**	227 415
1.6	1.4	**1.0**	1.3	**100**	100.0	**–**	–
30 648.0	33 512	**24 063**	12 821	**12 266.0**	12 871	**36 053.3**	39 568
2.0	56.2	**175.0**	444.7	**1 013.0**	1 981.4	**227.0**	251.7
289.0	263.0	**193.0**	41.0	**8 341.0**	8 269	**661.0**	920.0
(33.0)	(41.0)	**(5.0)**	(11.0)	**(2 242.0)**	(2 412)	**(259.0)**	(326.0)
11.4	15.6	**2.6**	26.8	**26.9**	29.2	**39.2**	35.4
256.0	222.0	**188.0**	30.0	**6 099.0**	5 857	**402.0**	594.0
4.2%	3.8	**3.1%**	0.5	**100**	100	**–**	–
–	–	**–**	46.8	**11.6**	9.5	**3.0**	1.5
5.1	25.1	**4.5**	0.8	**308.2**	511.0	**85.0**	120.5
(5.9)	6.0	**1.0**	–	**29.9**	254.0	**18.4**	67.4
295.0	296.0	**–**	–	**132.0**	130.0	**213.1**	190.0
9.1	9.6	**–**	–	**8.6**	8.6	**8.6**	8.5
7.6	7.9	**–**	–	**7.3**	7.5	**6.4**	7.5
–	5.0	**–**	–	**3.6**	3.7	**2.5**	5.0
7.6	7.3	**–**	–	**3.5**	3.5	**5.7**	5.8
–	100.0	**–**	–	**65.4**	66.4	**85.5**	85.3
–	5.3	**–**	–	**(14.9)**	(6.7)	**(5.2)**	7.6
–	8.0	**–**	–	**6.8**	7.0	**6.7**	7.5
				611	623	**209**	213



144 Oxford Road, Rosebank, South Africa

Retail: Our extensive and diverse portfolio of retail assets consists of quality, well-supported malls in major metropolitan areas.

These assets, which range in size from neighbourhood shopping centres to large regional malls, have a strong and positive impact on local economies and contribute to society through community outreach and the connections built between retailers and shoppers.

Job losses, lower consumer confidence and high debt-to disposable-income ratios have placed consumers under pressure and this has directly impacted the performance of various shopping centres.

Community centres have outpaced other retail centres in terms of trading density growth, but their overall foot count is still below pre-Covid-19 levels. Shoppers are spending less time in centres and their trips are more focused. This means that while basket size has increased in some instances, the frequency of their visits is less.

Economic pressures and consumers' reduced disposable incomes have driven greater demand for value, including affordable fashion and value-focused general dealers. Supermarkets, pharmaceutical and homeware retailers are recovering faster than others. Fast food outlets have also been able to recover significantly thanks to the growth of services like Mr D and Uber Eats. However, most of our tenants are still trading at below pre-Covid-19 levels.

Although online shopping makes up a relatively small percentage of turnover, we have undoubtedly seen an escalation of such purchasing. On-demand services like OneCart and Checkers Sixty60 have also contributed to overall sales.

Pressure mounted again at the beginning of 2021 following the increased restrictions that were introduced during the second wave of Covid-19 infections in December 2020 and when the third wave hit the country in June 2021, many tenants requested further relief.

Rental escalations have outpaced turnover growth for many years, as have administration costs recovered from tenants. This has led to an increase in retailers' occupation costs and affordability levels. We therefore continue to assist retailers in the restaurant, fast food, entertainment, travel, and personal care categories through discounts, deferrals, or restructuring leases to more sustainable rentals.

Performance

A big focus for FY21 was tenant retention, and while our renewal success rate is acceptable, it has come at a cost. In a highly competitive and challenging market that was clouded by uncertainty, renewals were concluded at a weighted average renewal growth of -15.6%.

We were able to fill several significant vacancies during the year under review, including one of 4 700m^2 at the City View shopping centre. This was one of three stores that Massmart gave notice on. A lease for this vacancy was concluded with Value Co and the new store is due to open in the spring.

Deals were also concluded with Value Co for the vacant Edgars stores at Longbeach Mall and Watercrest. In addition, more than 3 000m^2 of vacant space at the Waterfall Value Mart in Rustenburg was successfully let, as was the former Zara space at Walmer Park.

Retailers are trying to keep their operating costs down and are thus negotiating reduced rentals and escalations. Consequently, the weighted average rental renewal growth on expiry has continued to regress. In a few extreme cases, such rental restructuring has occurred mid-lease.

Arrears are higher than usual and Edcon's arrears have been written off. Ster-Kinekor and CNA, which are both in business rescue and each hold nine leases with us, are our most significant defaulters, and together account for 10.6% of total arrears. Their leases cover 21 020m^2 and 3 491m^2 of space respectively.

Vacancies have undoubtedly crept up, but if we assess our core assets and exclude the particularly stubborn vacancies at centres on our disposal list, it is evident that we are actually performing better than expected.

While the pandemic has undeniably shaped the past year, it has encouraged meaningful conversations between ourselves and our retailers. These conversations have given us essential insights into their businesses and helped us ensure sustainability for both parties.

Portfolio highlights

Six non-core shopping centres for a total of approximately R500m were considered for sale. Of these, Edgars Bloemfontein transferred in FY21. Edgars Bloemfontein was our only property in the Free State and this made it an outlier and inefficient to manage.

While there have been several opportunities for acquisitions, none aligned with our portfolio strategy. Therefore, no retail properties were acquired in FY21.

To protect the value and appeal of our retail buildings and despite the challenging year, we have continued with regular maintenance to our shopping centres to ensure that they remain relevant and continue to appeal to our shoppers and tenants.

Covid-19

The Covid-19 pandemic has impacted the retail sector in many ways and our staff has been at the coal face for the past year. Unfortunately, this resulted in many of our retail employees testing positive for the virus and even the sad loss of one of our team members. Despite being under this immense strain, the team has gone the extra mile to ensure our shoppers' safety and the continued success of our centres.

The pandemic and subsequent lockdowns appear to have impacted large regional malls more than the smaller community centres. This is possibly because a trip to a large mall is often considered more of an outing than a convenient and quick stop for essential shopping. There are, however, a few centres located on the outskirts of some CBDs that have been able to buck this trend.

Smaller, independently owned retailers – particularly those in the luggage, personal care, formal wear, workwear, travel and restaurant categories – have been the hardest hit by the pandemic. However, we are seeing a growing trend of larger, listed retailers acquiring smaller independents.

Environmental and social

In addition, the knowledge we gained from our experience with the water shortages in the Western Cape has been shared with the rest of our portfolio. In order to reduce our reliance on municipal infrastructure and ensure our water security, boreholes have been drilled at most of our centres.

Although we have also been quite aggressive with solar installations, rollouts of some projects were paused in July 2020. Recent policy changes, such as the increased cap on the Megawatts that may be produced by private power plants, have made us reassess some of these projects. Due to the significant generating capabilities that shopping centres offer, we are also looking into battery installations that would allow us to store additional energy.

More than ever, our shopping centres remain integral to the communities they serve. We also understand that the effects of the pandemic reach far beyond our retailers. Our centres' marketing and social investment programmes have therefore been tailored and targeted to the current needs of their local communities.

From "Back to School" campaigns, to food drives and collections for senior citizens, our shopping centres have aligned their campaigns to complement local initiatives and programmes. We have also continued with collections for the retail support staff that have been most severely impacted by the pandemic, including cleaning staff, security guards and car guards.

Developments and refurbishments

Building	Location	Description	m² actual floor area affected – not centre's GLA	Completion date
Completed				
La Lucia	La Lucia, Durban	Refurbishment	1 138	September 2020
In progress				
Festival Mall	Kempton Park	Taxi holding facility and extension canopies	1 000	Awaiting municipal approval
Lakeside Mall	Benoni	Solar project	NA	September 2021

It is crucial for us to maintain a connection with our shoppers, so how we do business is important. We constantly review the way in which we source our labour and supplies and have worked closely with Property Point to develop local enterprises and entrepreneurs in the various communities where we own shopping centres. A local community engagement policy has now been drafted for review to provide further guidance.

Outlook for FY22

The third wave of infections has prompted another round of rent relief requests and these will be managed on a case-by-case basis. Tenant retention will, however, continue to be a key focus for the year ahead.

We will also seek to introduce a second grocery anchor to some of our centres, which we believe will positively impact centres operating in markets that support additional anchors.

It is hoped that the coming financial year will bring with it real economic recovery and there may already be a few green shoots. For us to see real growth, however, we need to look further than merely bettering our pre-Covid-19 performance.

While the sale of Edgars and Jet to Retailability and the TFG Group respectively was a big win for the industry, we will continue to monitor their progress and work with the retailers to grow these businesses.

We will also continue prioritising non-GLA income, which is any income derived from sources outside of long-term retailer leases. Unfortunately, our drive to unlock added value from non-GLA revenue, inside and outside our properties and through their digital assets, was halted by the pandemic. However, we believe that such opportunities will again arise once the worst of the pandemic is over.

Increased flexibility is required in uncertain times and we support the concept of the "pop-up shop", which allows the landlord to offer infrastructure and space to new businesses and brands coming into the retail space as well as established brands looking to test ideas or locations. These shops also add excitement to traditional tenant mixes.

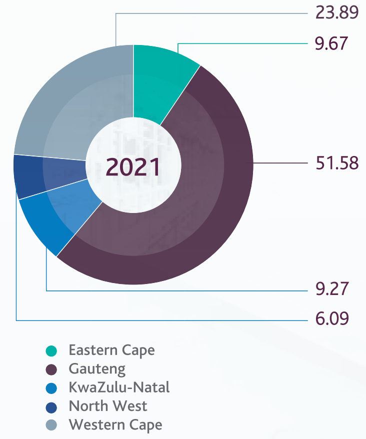
With the growth of online shopping, click-and-collect services have become a popular and convenient option for retailers and consumers and a number of our centres have facilitated the growth of this service through dedicated parking bays and signage. We are also looking at piloting collection lockers at some of our malls that will double up as a potential non-GLA income stream.

We anticipate negative rental reversions to continue into the coming year but are optimistic that retailers will recover – some categories faster than others. We also see new opportunities in certain categories and will continue to engage with retailers to ensure a sustainable future for our industry.

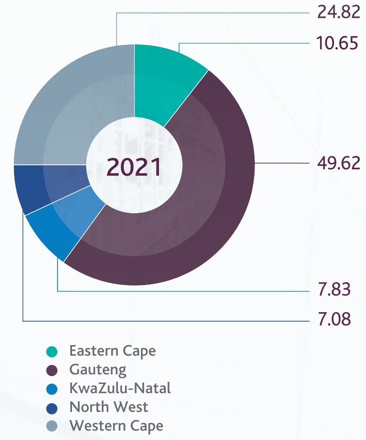
Top 10 retail tenants by gross rental contribution as at 30 June 2021

	Tenants	GLA m²
1	The Foschini Group Limited	**77 673**
2	Pepkor Holdings Limited	**72 883**
3	Shoprite Holdings Limited	**132 226**
4	Pick n Pay Stores Limited	**110 387**
5	Mr Price Group Limited	**55 221**
6	Retailability (Proprietary) Limited	**63 315**
7	Woolworths Holdings Limited	**87 268**
8	Truworths International Limited	**31 704**
9	Massmart Holdings Limited	**53 329**
10	Clicks Group Limited	**25 661**
Sub-total		**709 667**
Balance of the sector		**562 871**
Total for the retail sector (excluding vacancies)		**1 272 538**

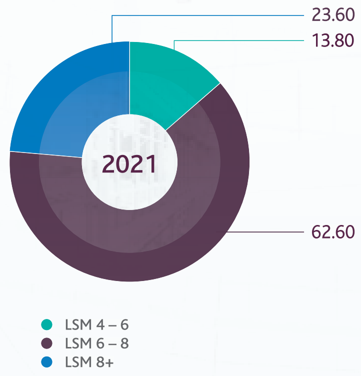
Geographical split by GLA (%)



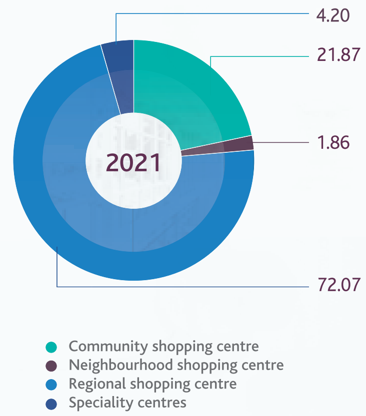
Geographical split by value (%)



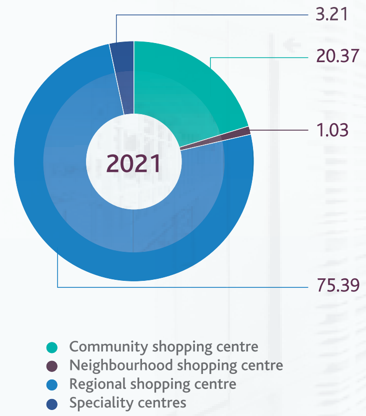
Retail LSM by value (%)



Segmental split by GLA (%)



Segmental split by value (%)



Retail: *continued*

Retail properties top five by value

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.

1

Pretoria | Rm 1 788 | 7.17% | m² 56 266m² | 4.15%

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.

2

Kempton Park | Rm 1 687 | 6.77% | m² 82 826m² | 6.10%

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.

3

Rustenburg | Rm 1 431 | 5.74% | m² 51 056m² | 3.76%

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 5 to LSM 10.

4

Cape Town | Rm 1 382 | 5.57% | m² 63 394m² | 4.67%

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.

5

Vanderbijlpark | Rm 1 277 | 5.12% | m² 44 021m² | 3.24%

Location | Rm Value | % of total retail portfolio | m² GLA m² | % of total retail GLA

Office: Growthpoint's retention achievements were supported by our new incentive programme that rightly rewards the loyalty of existing tenants.

Growthpoint invests in prime office buildings with quality tenants and our office portfolio is concentrated in the major metropolitan centres in Gauteng, KwaZulu-Natal and the Western Cape. We strive to give our tenants great experiences in buildings that are environmentally considerate and efficiently run. Working closely with our clients and tenants enables us to anticipate and accommodate their needs and this, in turn, enables us to keep our office buildings well-occupied and to extract market-related rentals.

Office occupancies and rentals were greatly challenged by the state of the economy and the structural changes in the sector during FY21. Businesses sought to use less space to save costs, and forced work-from-home protocols led companies to reconsider their current – and possibly future – space requirements. However, the strong consensus is that office culture is essential for building business leadership and that corporate culture cannot be conveyed effectively in a purely online environment. This indicates that office space usage is changing to better accommodate tasks that cannot be done well from home, such as meetings and collaborations.

We have seen the rise of strong decentralised and secondary nodes and of access to the amenities of coffee shops and convenient retail and services – either in-building or nearby – playing a greater role in office leasing decisions. While traffic patterns are likely to remain off their pre-pandemic peaks as more people work from home, easy accessibility also remains crucial.

Performance

While we would have liked to have leased more space this year, we were still able to attract and retain tenants and conclude numerous deals, in line with our focus on tenant retention and leasing. Growthpoint's retention achievements were supported by our new incentive programme that rightly rewards the loyalty of existing tenants. The SmartStay and SmartMove initiatives are helpful tools to retain and attract tenants, respectively.

It was challenging to perform in an adverse market and although leasing enquiries were picking up before the third wave of the pandemic in June 2021, it was difficult to close deals. This was due to an oversupply of space and some areas offering prospective tenants a wide range of options, including fully furnished sub-letting. Given the uncertainties around their future office requirements, businesses remained cautious about committing and this resulted in low new letting levels. Although tenants generally seek to save costs, they are willing to make longer lease commitments in return for early renewals, and are also prepared to pay lease cancellation fees. However, while both are welcome solutions, they invariably contribute to increased vacancies because early renewals currently are often in respect of less space. Thus longer lease periods are being attained at the expense of renewal rental growth.

Growthpoint's office vacancies are at the highest levels we have seen in a long time, but are very nodally driven. Regionally, Gauteng was under significantly more pressure in FY21 than KwaZulu-Natal and the Western Cape, where vacancies are concentrated in specific buildings. There are still some nodes of good demand in Gauteng, such as Rosebank, but our most significant concentration of offices is in Sandton, where 21.1% of the total office gross lettable area is located. It is also here that we have our biggest vacancy exposure with a vacancy factor of 23.4%. Within Sandton, there are several distinct nodes with very different dynamics and some – such as the one near the Gautrain station – are doing better than others. Micro-location and node selection are therefore playing an increasingly important role in our portfolio composition.

We are still receiving requests for relief from tenants whose businesses are under pressure, although the number of such requests has reduced significantly. Furthermore, our collection of rental deferrals previously provided has been better than expected. Arrears decreased over FY21 and were well managed, with many of the persistent and larger arrears budgeted for.

Portfolio highlights

Growthpoint achieved several significant leasing deals in FY21, including a lease renewal with Absa at Alice Lane in Sandton and a new lease with Anglo American at 144 Oxford in Rosebank.

We adopted a more active asset management strategy, disposing of assets in non-key nodes and taking advantage of the buyers' market by making small, but very strategic, investments in targeted areas.

We are in the process of disposing of three non-core assets for a total of R94m, and these were in various stages of transfer at year end. It has been difficult to sell stock in business nodes we consider non-core, with the buyers in most transactions being owner-occupiers. We have also been more selective in the composition of our office portfolio. The results may not be immediately apparent, but the cumulative impact of each improvement will become evident over time.

To extract greater value and leverage our development expertise, every office asset that we identify for recycling is also considered for repurposing, such as residential conversion. Deciding factors include location, cost, and in rare cases, the realisation of our vision for a particular node.

Growthpoint's new Altron campus redevelopment at Woodmead Office Park in Sandton was completed in February 2021, and rental commenced on a long-term lease in March. We also completed a R56m public infrastructure investment programme in Woodmead to protect our strategic assets in the area, where we now own and operate about 250 000m^2 of office and retail space. This has a combined value of more than R4bn, and includes the offices at Woodmead Office Park, Woodmead Estate, Healthcare Park and Country Club Estate, as well as the popular Woodmead Retail Park shopping centre. Growthpoint was responsible for the design, development, construction and funding of improvements to both the M1 Highway Woodmead Interchange and the Woodmead Drive and Woodlands Drive intersection. These improvements to the public road infrastructure had become crucial to provide improved access to businesses in the area.

Covid-19

While Growthpoint and the property industry made significant efforts to sustain hard-hit small business throughout the Covid-19 lockdowns, it is clear that the situation has been most harrowing for our smaller tenants. We have very few buildings that cater for this size of business, yet the loss of start-up and creative businesses in these multi-tenanted buildings has still been a blow. Fortunately, most of our properties accommodate larger corporate tenants, financial institutions, mining houses and multinationals.

Our team has faced a barrage of relief requests from tenants and has carefully considered each case. These additional pressures have been tough and tiring.

Unfortunately, the third wave of Covid-19 infections halted the tangible increase in confidence that was evident from February to June, but we do believe it will resume when the wave subsides. Most tenants want to return to their offices but have yet to do so in the light of South Africa's delayed vaccine rollout and the arrival of the third wave.

The pandemic has emphasised the importance of outdoor spaces associated with office buildings. These don't need to be overly formal or fancy, but those that provide places of refreshment add massive value to building users.

Environmental

Growthpoint owns the biggest portfolio of Green Star-rated buildings in South Africa and we continue to identify opportunities to improve our existing buildings to achieve green certification. We also have a programme in place to ensure that our current certificates are renewed whenever necessary.

The number of enquiries we receive for efficient, sustainable green buildings informs us that such buildings are vital for many businesses, and we are continuously updating and reconfiguring our existing properties to accommodate this demand.

We have found that disclosing the environmental performance of each of our buildings puts us at an advantage in the market. It also helps us identify underperforming buildings which we earmark to adapt – or dispose of if we are not able to lighten their environmental impact. Green energy, resource efficiency, existing buildings certification and fair billing remain our focus areas. In addition, we are considering pursuing our first net carbon neutral certification for 144 Oxford in Rosebank.

The Growthpoint-owned and developed ConneXXion – Exxaro's new headquarters in Centurion – was the overall winner of the SAPOA Awards this year, taking the sustainability award and the best corporate office development award. The 21 708m^2 head office building has a range of features to connect occupants and enhance their health and wellbeing while also minimising its environmental footprint. ConneXXion is the first building in Africa to be rated according to the International WELL Building Institute's Core and Shell Building Standards. This rating system is the first to focus exclusively on the impact of buildings on human health and wellness. The property has also received the highest possible 6-Star Green Star rating from the GBCSA.

In Cape Town, 32 on Kloof, which was originally constructed in 1922, also delivered an outstanding performance, winning the SAPOA heritage and best refurbishment awards. Owned by Growthpoint, it was redeveloped in line with our vision of making it the attractive Kloof Street façade of the Longkloof precinct. This exciting precinct retains all its old charm but has been adapted and modernised to provide around 11 000m^2 of renovated office space. This architectural response marries historical and contemporary influences, conserves South Africa's heritage resources, and extends the lifecycle of the building. Growthpoint previously applied a similar approach to the refurbishment of Draper Street in Cape Town.

The property industry and its tenants are becoming increasingly aware of the carbon savings that can be made by adapting existing buildings. Buildings like 32 on Kloof represent a shift in the way we think about the assets in our portfolio, and we intend to be more astute about offering the best type of building for each node by looking at an area more holistically. This requires us to be even more sensitive to what already exists, as well as business needs, market demand and how a building relates to the street, the public and surrounding amenities.

Outlook for FY22

Growthpoint will continue to focus on owning suitable properties in the right nodes for our portfolio and ensuring that we have the best people and skills on our team.

We are ready to adapt to the changing ways of working which we believe will include offices designed to foster interaction and collaboration.

Our agility and client-centric approach means we are already well-positioned to address the needs of the market but to enhance this, we are introducing a new role to the business – that of a community manager. The role will focus on the experience in our buildings and help us to offer our tenants the services and amenities that make a difference to their specific businesses and their employees. This includes leveraging our relationship with OneCart for on-demand shopping delivery to selected office buildings.

With an oversupply of space in the market and pressure on occupancy levels, rental renewal growth will inevitably face continued downward pressure across the entire sector. For this reason, we are unlikely to pursue any new office developments unless suitable leases underpin them.

Although it has been planned for a decade, we are optimistic that the development of the Sandton bridge, linking 1 Sandton Drive and Sandton City, will go ahead soon. This will contribute positively to all who live and work in Sandton Central, as well as visitors.

Developments and refurbishments

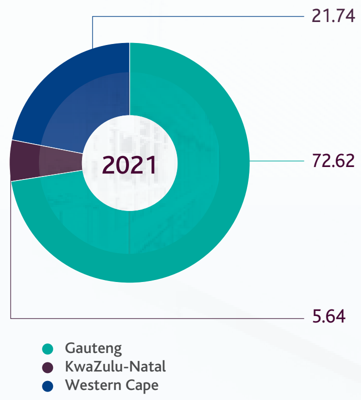
Building	Location	Description	Tenancy	GLA (m^2)	Completion date
Completed					
The Woodlands	Woodmead, Johannesburg	Redevelopment of buildings 1 to 8	Altron	27 469	April 2021
The Woodlands	Woodmead, Johannesburg	Redevelopment of building 33	DRA	12 393	April 2021
Various	Woodmead, Johannesburg	Upgrade of interchange	N/A	N/A	September 2020
Longkloof – Canopy	Longkloof, CT	Parking basement for hotel	Hilton	N/A	May 2021
Longkloof Studios	Longkloof, CT	Refurbishment and extension	Various	11 322	March 2021
Microsoft	Bryanston, Johannesburg	Refurbishment	Microsoft	9 484	March 2021
In progress					
Longkloof	Longkloof, CT	Restoration of historic building	TBC	2 036	July 2021
144 Oxford	Rosebank, Johannesburg	Tenant installation	Anglo American	36 696	August 2021

Top 10 office tenants by gross rental contribution as at 30 June 2021

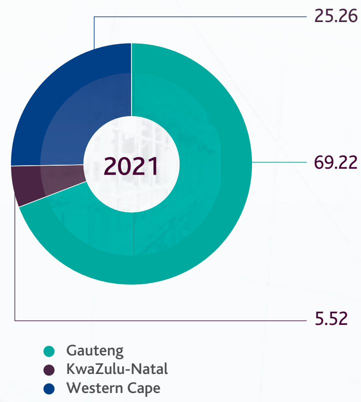
	Tenants	GLA m^2
1	Discovery Holdings Limited	**66 714**
2	Anglo Corporate Services South Africa (Proprietary) Limited	**30 216**
3	Transnet Limited	**27 495**
4	Allied Electronics Corporation Limited	**39 778**
5	Absa Bank Limited	**28 330**
6	Exxaro Resources Limited	**21 708**
7	Investec Bank Limited	**13 785**
8	EOH Holdings Limited	**20 616**
9	The Western Cape Government	**17 800**
10	MTN Limited	**13 317**
Sub-total		**279 759**
Balance of the sector		**1 088 595**
Total for the office sector (excluding vacancies)		**1 368 353**

Office: *continued*

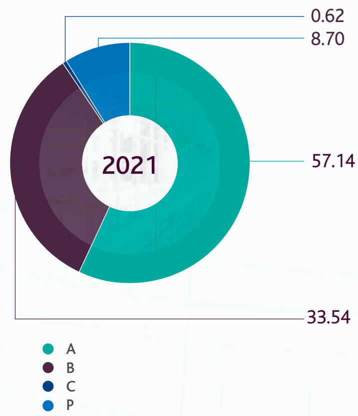
Geographical split by GLA (%)



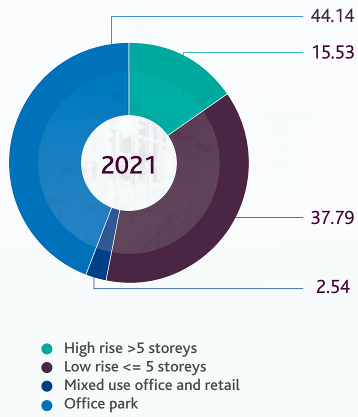
Geographical split by value (%)



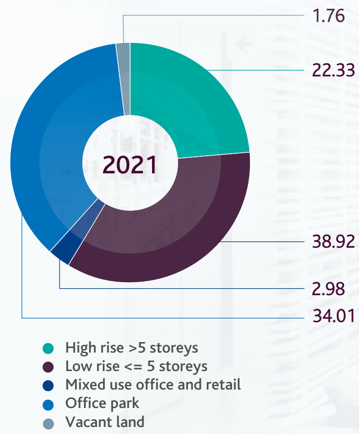
Diversification by grade (%)



Segmental split by GLA (%)



Segmental split by value (%)



Office properties top five by value

Discovery 1 & 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.

1

Sandton | Rm 2 463 | 8.90% | m² 64 127m² | 3.75%

Woodlands Office Park

This office park consists of a number of buildings. The buildings are situated in a low density, game park environment with free roaming blesbok, impala, springbok, and other smaller animals and bird life. The Woodlands boasts amenities such as a restaurant, a gym, a nursery school and dry cleaner. The park is on a Gautrain shuttle route and is known in the area for hosting the park run.

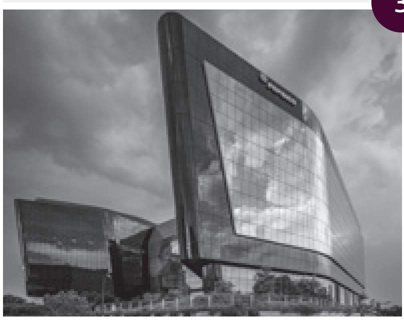
2

Woodmead | Rm 1 650 | 5.96% | m² 113 703m² | 6.65%

144 Oxford Road

Located in a prime position at the gateway to Rosebank, this nine story office development with uniquely elastic design features of flexible spaces that can be adapted to the specific needs of businesses.

3



Rosebank | Rm 1 066 | 3.85% | m² 37 447m² | 2.19%

Constantia Office Park

With a superb location benefiting from excellent N1 highway visibility and accessibility, together with amenities including a Virgin Active Gym and a Protea Express Hotel, it offers a combination of A and B-grade office space to 90 tenants, set in a lush park environment. It is let to major tenants like MTN, Afrisam and Primedia.

4

Roodepoort | Rm 923 | 3.33% | m² 74 767m² | 4.37%

Inanda Greens

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.

5

Sandton | Rm 906 | 3.27% | m² 40 546m² | 2.37%

Location | Rm Value | % of total office portfolio | m² GLA m² | % of total office GLA

Industrial: One of the major drivers of positive performance in the sector was the ongoing trade of essential goods and services.

The first half of the financial year was incredibly challenging, specifically due to the impacts of the second wave of Covid-19 infections and the stricter lockdown measures that were introduced in response. After it subsided, and not withstanding ongoing volatility, there was a period of stability and a growing climate of positivity, until government once again introduced tighter restrictions in response to a third wave of Covid-19 cases at the end of FY21.

The declining economy, which was already weakened before Covid-19, had the most influence on the sector during FY21. However, business activity increased as the financial year drew to a close. One of the major drivers of positive performance in the sector was the ongoing trade of essential goods and services. Additionally, the growth in demand for online shopping played in favour of logistics, especially among those companies that service e-commerce.

Performance

The industrial sector proved to be the most resilient sector in FY21, outperforming office and retail. It has not, however, delivered a stellar performance. Businesses failures nudged up vacancies and elevated arrears creating a downward cycle that could lead to further business failures and result, in turn, in greater unemployment, less money spent, depression in consumer and business confidence and a slump in industrial activity.

Within the sector, logistics and warehousing property sub-types performed better than the manufacturing and assembly types, which are experiencing a slower recovery. Eskom's constrained ability to provide stable power to business has contributed to the impact on manufacturers and smelters causing a backlog in structural steel and metal components. As a result, manufacturers were forced to look to overseas markets for materials, their costs increased and they have subsequently found themselves squeezed between the negative impacts of lower demand and higher prices.

The increase in vacancies can be attributed to a spike in liquidations and mothballed businesses. We worked very hard to minimise voids, making diligent efforts to retain our existing clients and to attract new tenants. We managed arrears over an extended period as effectively as possible, considering the constraints on liquidity in the business sector, but the marked increase reflects the tough and uncertain times we are in – including the impact of the various and changing lockdown rules that have hurt most businesses. While retaining tenants in this environment is less costly than having vacancies, there is a trade-off. We have had to restructure leases, ultimately sacrificing revenue in the short term for occupation in the longer term. With many businesses failing or downsizing, market supply outstripped demand and this led to decreasing rentals and escalations.

We have worked closely with our marketing team to create leasing and retention initiatives and adapted tactics to heighten our ability to attract tenants in a competitive market.

Portfolio highlights

Structural trends within the sector and its performance relative to the other sectors resulted in opportunities for smaller investors to acquire industrial assets. This created demand for non-core assets we wished to dispose of and we have capitalised on this. We identified about 40 non-core properties for disposal and of those, we have sold six, which were in various stages of transfer at year end. The disposal aspect of our asset management rebalancing strategy has, however, faced challenges, especially as potential investors find it difficult to access funding.

Developments

Preserving liquidity in the business also meant putting a pin in several planned developments until the final quarter of FY21. Our developments are strictly demand-driven in this environment. However, development highlights include commencing the construction of a bigger facility of 5 700m² for our existing client Beckman Coulter at Centralpoint Innovation District, which will be completed by December 2021. We also completed several value-adding projects, such as refurbishing a unit in Growthpoint Business Park in Midrand, where Penguin Books has consolidated its warehouse and office operations in a single 3 650m² facility.

Developments and refurbishments

Building	Location	Tenancy	m² actual floor area affected – not total GLA	Completion date
Completed				
Highway	Johannesburg	Rebel Safety Gear	1 235	November 2020
Wadestone Industrial Park	Johannesburg	Naturecel	5 383	July 2020
In progress				
Centralpoint	Johannesburg	Beckman Coulter	5 742	December 2021
Bulk earthworks	Various sites	–	–	June 2022
Centralpoint infrastructure	Johannesburg	N/A	–	June 2022

Environmental

Restraints on liquidity temporarily constrained our greening initiatives during FY21, but we will invest some R30m on installing solar PV at several of our properties in the coming year. Installing solar systems at multi-user facilities is our current focus as it is a financially feasible way to reduce reliance on South Africa's electricity grid, thus reducing our dependency on fossil fuel energy-producing systems. Solar energy also appeals to our environmentally conscious tenants and aligns with Growthpoint's sustainability strategy. In addition, we have associated strategies such as introducing more energy-efficient lighting and making use of greener materials during construction.

Triple-net leases have long been the order of the day in the industrial sector, but we have moved away from this hands-off approach to ensure our building structures are better maintained by our own skilled property management teams. Growthpoint has high standards for the quality of our assets and their environmental impact and with our in-house expertise and resources, we are usually best positioned to protect and extend our buildings' lifecycles and ensure their efficient operation.

There is increasing demand from tenants, especially international businesses, for green buildings with net-zero carbon impact and we work closely with them to achieve their environmental objectives.

Outlook for FY22

Portfolio metrics are likely to improve and our performance is expected to hold steady in FY22. Among the challenges ahead are the aftershocks of the severe lockdown restrictions on the food and beverage sector, including the alcohol trade, which impacts both manufacturing and logistics tenancies.

Vehicle sales and services have taken a huge knock, and this creates a challenge for our motor industry and occupiers of dealership and workshop properties. On the upside, when businesses can start growing again, we foresee improved confidence and increased employment, which will lead to more people being able to spend more money.

Tenant retention remains our top priority. We will also continue the excellent progress made on our disposal strategy and use it as a critical tool to rebalance our portfolio towards long-term sustainable income. The focus will, however, be more on warehouse and logistics type properties than on assembly and manufacturing plants. Even with the immediate disposals and the shift of our portfolio composition towards modern logistics warehousing, we will still seek to grow the portfolio to the extent that liquidity allows in the current market. We will also continue to roll out solar PV, greening and sustainability initiatives at our properties.

Covid-19

Despite this altered environment being less suited to collaboration, more demanding and more stressful, the team has performed well. The first half of the year was particularly challenging as we had to navigate our way through a new and convoluted process to manage the influx of rental relief requests from tenants. This included engaging in difficult discussions and motivating our recommendations to our clients.

The business has been sensitive to the impact of Covid-19 making it necessary for individuals in our teams to work remotely, although most are now looking forward to getting back to a more familiar work environment.

Having no blueprint for the challenging operating environment resulting from the pandemic, we had to devise new structures and responses on the run. However, we did come to understand our tenants' businesses a lot better and additionally had the opportunity to communicate with the vast majority of our tenants more frequently. Our client-centric way of doing business was thereby enhanced.

We respected the lease agreements that were in place and weighed the necessity of retaining income against our priority of retaining tenants. In spite of the impact that Covid-19 had on our business, we were able to help sustain many of our tenants' businesses with interest-free rental deferments and discounts. Our assessments of these requests were, nonetheless, meticulous, in line with the responsibilities we have to our shareholders and other stakeholders.

Through this experience we have learned important lessons about understanding our tenants well – the size, risk and creditworthiness of each business – and we will take these lessons with us. Furthermore, the electronic documentation system that was implemented has added speed and efficiency to our service, and we will continue to use this and other helpful electronic ways of doing business.

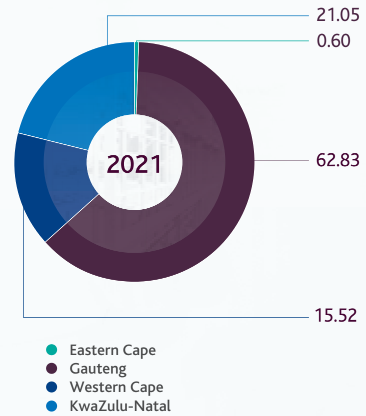
Still, with the third wave of Covid-19 swelling as FY21 closed, it was clear that the negative effects of the pandemic, and its impact on the already ailing South African economy, would be felt for years to come. Now only a swift and successful vaccination rollout will improve sentiment and confidence so that we can pick ourselves up and start running again.

Industrial *continued*

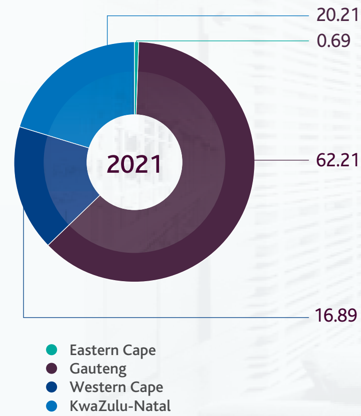
Top 10 industrial tenants by gross rental contribution as at 30 June 2021

	Tenants	GLA m²
1	The Bidvest Group Limited	**52 571**
2	Adcock Ingram Holdings Limited	**28 805**
3	Consolidated Steel Industries (Proprietary) Limited	**28 155**
4	Anchor Logistics (Proprietary) Limited	**33 538**
5	Scania South Africa (Proprietary) Limited	**23 717**
6	MPact Limited	**13 465**
7	Distell Limited	**45 636**
8	GZ Industries SA (Proprietary) Limited	**21 543**
9	Heneways Freight Services (Proprietary) Limited	**25 573**
10	Nestlé South Africa (Proprietary) Limited	**16 255**
Sub-total		**289 258**
Balance of the sector		**1 760 932**
Total for the industrial sector (excluding vacancies)		**2 050 190**

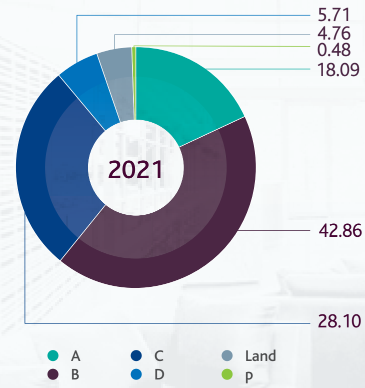
Geographical split by GLA (%)



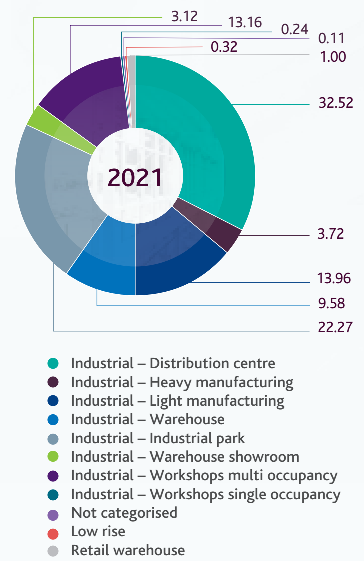
Geographical split by value (%)



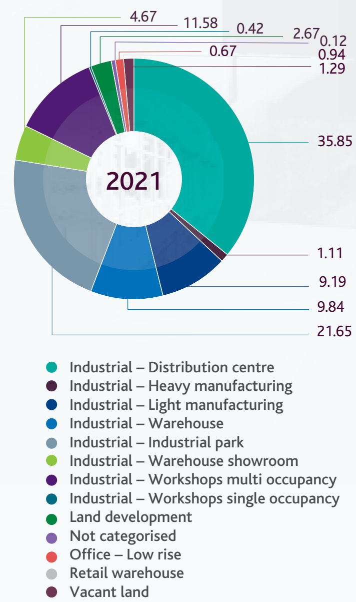
Diversification by grade (%)



Segmental split by GLA (%)



Segmental split by value (%)



Industrial properties top five by value

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.

1

Midrand Rm 416 3.36% m² 68 261m² 3.02%

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.

2

Germiston Rm 393 3.18% m² 76 283m² 3.37%

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 18 businesses, which include leading brands such as Takealot.com, Supergroup, ABB SA and The Radiant Group. There is high demand for further development of the park's available bulk.

3

Cape Town Rm 393 3.18% m² 44 810m² 1.98%

Adcock Ingram – Midrand

A single pharmaceutical temperature-controlled warehouse with office facilities and within easy access to the N1.

4

Midrand Rm 292 2.35% m² 22 455m² 0.99%

Wadestone Industrial Park

Wadestone Industrial Park is in a manufacturing node offering easy access to rail and road. The warehouse component has natural light and height. The property has large privately fenced yards and there are numerous gantry options. The park is currently about 50% developed with the potential to further develop another 25 000m².

5

Germiston Rm 237 1.92% m² 26 929m² 1.19%

Location Rm Value % of total industrial portfolio m² GLA m² % of total industrial GLA

V&A Waterfront (V&A)

The V&A strives to create the world's most inspirational waterfront neighbourhood – a collective space where 28 000 people live and work in a shared-value ecosystem. This includes the V&A's broader stakeholder base beyond the actual precinct. The business spans five traditional property areas: office, retail, industrial and marine, hospitality (hotels) and residential (rental accommodation and development).

For almost a decade, the V&A's growth was double that of the national economy, based on international tourism, events and business travel. The overnight loss of these drivers in the wake of the Covid-19 pandemic has therefore severely impacted the precinct and especially the restaurants, jewellers and curio shops which account for 41% of retail turnover under normal circumstances. Hotels have suffered significant losses, with occupancies reduced to approximately 30%, and the pandemic and resultant lockdowns have had a negative effect on other areas too.

As a result, revenue decreased by 28% and distributable income decreased by 40% from FY20. On a like-for-like basis, distributable income increased by 5.1% from FY20. However, vacancy levels in the precinct remained at approximately 3% in FY21, which was well below the industry average.

While the year was challenging, it also came with many highlights, including the resilience of tenants, low vacancies across all five categories of the business, very few business failures even in the small business space and our increasingly positive impacts on the environment and society.

We are particularly proud of our efforts to protect and retain our existing tenants, all of whom are invaluable to our ecosystem. For instance, when the government required our aquarium, arts and culture attractions to shut, we supported them at high cost and by doing so have sustained them. Actions like these have ensured that the Waterfront is ready not only to rebound when tourism returns, but to do so ahead of the general market.

Offices

This robust sector of the business continued to deliver a solid performance and vacancies remained low at approximately 3%. The advantageously high percentage of blue-chip tenants are retaining space and paying rentals, even though most have only returned about 20% of staff to their offices. This slow return to the office does, however, mean lower footfalls in the precinct during the week and this has knock-on effects for retail.

Co-working and flexible office spaces have recovered and are enjoying good demand, operating at capacity within the restriction guidelines.

The priority in this sector is managing the pressure on occupancy and rental levels and mitigating the impact of office space rationalisation. We are constantly talking to our office tenants about new ways of working and how we can help meet their needs.

Retail

Despite the absence of international visitors and the impact of that on 41% of our retail tenants, this sector has shown improvement in FY21. The domestic retail market has recovered as consumers and retailers adapted to the new circumstances and by May 2021, the precinct's retailers were again showing trading growth, albeit marginal, compared to 2020.

Protecting the tenant infrastructure was a key objective for FY21 and we have been agile in our management of this. We succeeded in avoiding the pitfalls of large liquidations in the market and keeping voids low. For example, the vacancies left by CNA and Musica were quickly re-let and careful consideration saw us replace Edgars with an extension of Zara and a desirable selection of premium beauty brands.

National retailers are no longer receiving relief, but we are still providing strong support, high levels of assistance and even working capital in a few cases to assist the 400-plus small and micro-businesses in the precinct to survive.

Unlike most property portfolio owners with assets in different locations, we do not sell non-core or under-performing assets. We are committed to holding all the properties in the precinct for the long term, regardless of market forces and lifecycle phases. However, we do repurpose or re-tenant buildings for best use and this year it was unfortunately necessary to provisionally mothball some restaurants that used to rely almost entirely on international guests. Restaurant fit-outs are specialised and costly and so it is of mutual benefit to both the V&A and the restaurateurs to preserve these businesses and enable a quick recovery when tourists return.

Given the current situation, it is highly unlikely we will add retail capacity to the precinct in this market. Our priority is to allocate the existing capacity to the retail categories that best serve customer demand. Luxury retail is one such segment that is showing strength, thanks to resident high-end consumers opting to spend locally instead of internationally as well as some African tourism. Online retailers that see advantage in a physical presence and those pursuing strategies like click-and-collect fulfilment are well suited to the V&A. The precinct is actively enabling these next-generation retailers with an on-site collection centre and other new and innovative supporting amenities.

Marine and industrial

Apart from its cruise line, boat and helicopter charter components, this business area consists of essential services and therefore remained resilient and virtually fully let in FY21. Opportunities to allocate some existing capacity to distribution and logistics clients such as Takealot, which has identified the Waterfront as the site of a sub-distribution centre, are also emerging.

Hospitality

There is no doubt that tourism will return, along with business travel, major sporting events and conferences, but it is unclear when, or how, this will occur. Globally, around 60% of the world's cruise ships are back on the water and although we hope to start welcoming them again from November 2021, we do not believe that tourism will make any meaningful return in the next 12 months. We foresee the substantial recovery of tourism to Cape Town only in the summer of 2022 and this means continued uncertainty for the hotel sector.

The oversupply of residential space to let in Cape Town, particularly at the high end of the market, is causing high rental variances and pushing down pricing, with the result that there are no residential developments planned for the precinct.

Development

While development within the V&A was greatly reduced in FY21, December 2020 did see the completion of Deloitte's new 9 350m² office. The building received a 6-Star Green Star design rating which signifies world-leading sustainability performance.

The Canal District is the current focal point of our development master plan, with the City of Cape Town having granted approval for approximately 105 000m² of our existing bulk rights to be developed to expand this 10.5ha district. The estimated R3.9bn pipeline of developments will include projects on both sides of Dock Road and around Battery Park with the first being the new Investec head office that is currently under construction. The Canal District is the first point of contact for visitors entering the V&A from the city and creates a seamless link from the CBD to Dock Road in the precinct. The Caltex service station relocation also forms part of the expansion plans.

While still in the early stages, plans for the development of Granger Bay are also underway. In the past, the V&A has opportunistically acquired parcels of adjacent land and remains open to similar value-adding acquisitions. Opportunities also exist to develop lifestyle elements not yet represented at the Waterfront and we are exploring these.

In the current circumstances, however, our existing tenants and the buildings that already make up the precinct are our priorities, and our focus is on keeping occupancies high, managing our debtors' book carefully and handling development appropriately so as not to contribute to oversupply.

Covid-19

The V&A strives to be one of the safest destinations for tourists and locals alike. As such, it has put much effort into becoming the first destination in Africa to obtain the World Travel and Tourism Council's (WTTC) Safe Travels stamp – the first-ever global safety and hygiene stamp for Travel and Tourism, designed to address Covid-19 and similar outbreaks. We have installed 80 digitally monitored sanitiser dispensers at the Waterfront, appointed dedicated Covid-19 safety marshals and provided other meticulous protection measures.

During the pandemic, the V&A spent R1.3m on food security initiatives, ensuring that many communities across the peninsula received meals. By partnering with four restaurants, 40 small scale farmers, Ladles of Love and the Oranjezicht Farm Market, the Waterfront was able to equip 12 kitchens which, together with our own restaurant kitchens, prepared 130 000 meals throughout the winter of 2020. By adding commercial use through restaurants and markets, these initiatives have continued, and the Waterfront has pioneered and prototyped urban farm-to-kitchen sustainability.

Makers Landing, a 3 300m² food emporium which includes a kitchen incubator that supports early-stage businesses and food entrepreneurs, was opened in December 2020 with R20m in funding received from the Jobs Fund and has created 106 jobs to date. The vision is similar to that of the Watershed incubator for art, craft and design in that it is closing the gap between entrepreneurial food concepts and retailers and consumers and we hope it will ultimately incubate the growth of these businesses into future tenants.

Environmental and social impact

We celebrate heritage and diversity, champion art and design, support entrepreneurship and innovation and drive positive social, economic and environmental change.

This year, our focus was mainly on supporting small business sustainability, providing food to alleviate hunger, sheltering the homeless and preserving the ocean economy, as well as greening initiatives such as energy efficiency, water savings and waste recycling. The Waterfront now has 17 Green Star-rated buildings, making it the greenest precinct in Africa.

With the advantage of its 123ha site, the V&A can offer central, large-scale environmental solutions and leverage them for tenant businesses. For example, a proposed new 3.2Ml desalination plant will support water security for all in the precinct, take it off-grid and power it with green energy.

V&A Waterfront (V&A) *continued*

The V&A is committed to applying best practice in environmental management and has set out several clear objectives and goals.

- Energy: carbon neutral by 2025
  Growing solar power-generation capacity, which currently stands at 4MW. The latest project includes re-roofing the Victoria Wharf to support a solar PV installation
- Water: off the grid
  Besides desalination, a central black water treatment plant is planned to produce irrigation water for the precinct
- Waste: 80% waste recycling
  A combination of different measures will achieve this, from pyrolysis, where heat is used to incinerate waste and, in turn, generate electricity, to taking organic food waste to a fly farm
- Biodiversity: preserve the ocean economy
  The Waterfront is at the interface of marine life and man. We work with scientists on a marine wildlife programme to manage conflict between man and marine wildlife. Being on the Cape of Storms drives our commitment to coastal protection.

By consistently addressing environmental and social concerns in the built environment and society, the V&A has built a reputation as a leader in these areas. It attracts like-minded people and organisations and is regularly invited to collaborate and work on innovative pilot and prototype projects. Moreover, environmentally and socially sensitive employees are asking their employers to operate from our sustainable base.

Our efforts to address social issues are primarily put into action through initiatives and small businesses that facilitate job creation because we believe that by providing and creating jobs, we make the most positive social, community and economic impacts. While unemployment increased nationwide during 2020, independent research shows that the number of direct jobs at the V&A grew by 4.2%.

The V&A also extends its good work to previously disadvantaged areas, where 80% of its workforce lives and because homelessness is a big issue in the city, we support The Haven Night Shelter for adults and The Homestead for street children.

In addition, the V&A is committed to addressing historic imbalances through inclusive and sustainable development and has made good progress in applying the 23 measures it uses to track its B-BBEE journey.

Outlook for FY22

The V&A's five property areas have different operational risk levels, with offices proving to be the most resilient and hospitality the least. We are carefully managing the precinct through this period and will continue to optimise our strengths and improve on areas of weakness to ensure we are in an excellent and agile position to recover rapidly.

The V&A has always been unique, and this has remained the case during the pandemic. For years its positive performance contradicted the country's weakening economy, and while this has been reversed during the pandemic by the cessation of international tourism, events and business travel, the situation is not permanent. The temporary disruption to some areas of business has continued longer than we initially expected and it remains unclear when the foreign cohort of visitors will be able to return. However, we are confident that they will return.

Until then, the V&A's core markets remain strong with growth potential and we have all the fundamentals in place to resume our pre-pandemic position.

Top 10 tenants by gross monthly rental (100%) as at 30 June 2021

	Tenants	GLA m²
1	Allan Gray (Pty) Ltd	**20 905**
2	Nedbank Group Limited	**25 433**
3	The Foschini Group Limited	**3 632**
4	Woolworths	**10 527**
5	PwC	**9 650**
6	Legacy Hotels	**16 226**
7	Department of Public Works	**17 323**
8	Sun International Hotels	**17 100**
9	The Surtee Group	**1 606**
10	Tourvest Holdings Limited	**4 464**
Sub-total		**126 866**
Balance of V&A		**324 406**
Total for V&A Waterfront (excluding vacancies) (100%)		**451 272**

Our people

Growthpoint is an organisation which embodies family values at its heart: our remuneration is competitive, based on a philosophy of rewarding and supporting good performance, encouraging innovation, developing employees and their careers, tackling issues which impact our employees, encouraging meaningful conversations and giving our people voices.

Human Resources (HR)

Managing the organisation's talent and ensuring Growthpoint's sustainability through employee development, succession management and transformation are key focuses of the HR team. We aim to create a positive work experience for each of our employees while protecting the organisation's interests and meeting its objectives. We continually endeavour to make Growthpoint an employer of choice.

This year, we elevated our role of protecting employees' safety and wellbeing during the Covid-19 pandemic and maintaining business continuity at an unprecedented time of disruption. Our focus shifted and the genuinely meaningful nature of the HR team's work was amplified. Our HR team stepped forward with passion and compassion at a time when its role in the business was critical. Many of our employees came under increased pressure on multiple fronts and our HR team actively engaged and supported them.

Employment Equity (EE) and transformation

Growthpoint strives to offer a diverse, transformed and inclusive work environment. We provide equal opportunities for all employees while giving special consideration to employees from designated groups. Eradicating discrimination in all our employment policies and practices ensures that we promote equal opportunities in the workplace. Our affirmative action (AA) measures enable us to redress employment imbalances experienced by designated groups and ensure their equitable representation in the workplace.

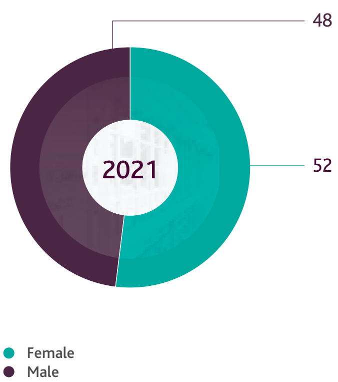
Growthpoint's transformation strategy, which is managed internally by our HR department, has fared well in achieving its objectives. Transformation targets demonstrate the diversity and integration of our organisation and remain imperative for Growthpoint as a good corporate citizen. We have a track record of setting and achieving numerical goals at middle management and below. Our progress in achieving transformation objectives is monitored and evaluated by our dedicated Diversity and Inclusion Forum, and our EE plan forms part of our transformation strategy, which is reported on each calendar year.

With our three-year EE plan having been concluded at the end of 2020, we have set new targets and strategies to take us forward and these also feature a greater focus on employee health and safety. Our new plan, which was recently approved, will determine the basis of our future work and communication.

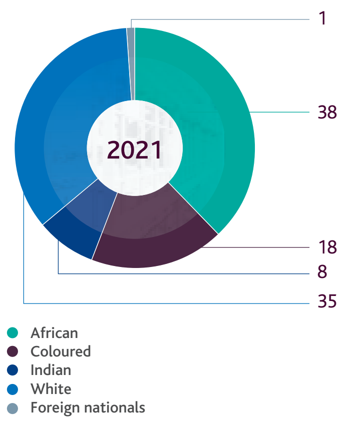
Other diversity indicators

There is increased pressure on organisations to disclose various diversity indicators, among them information on LGBTQ+. We do not require employees to disclose their sexual orientation but welcome voluntary disclosure of gender identity to confirm our inclusivity philosophy. All employees are treated with respect and receive the same benefits regardless of their sexual orientation and we therefore do not collect data on this indicator.

Employee per gender (%)



Employee race profile (%)



Our people *continued*

Living wage and pay gaps

Growthpoint's remuneration is competitive and we strive to uphold this position, notwithstanding a very challenging year for our business. Remuneration plays an essential part in our employee value proposition as well as attracting and retaining valuable skills.

There is no unilateral definition of a living wage but we believe people should be paid a salary that enables them to afford accommodation, transport, healthcare, food and educational opportunities for their dependants. We have analysed our remuneration indicators and are comfortable that our employees are remunerated in line with the living wage definition.

Reducing the gap between our lower and higher earners remains one of our goals. Granting increases to only 80% of employees at 1 July 2020, which fell in lower-earning grades was one of the strategies we adopted to help narrow the gap, and we plan to continue reducing the gap.

This year, Growthpoint participated in a gender pay gap research project and we fared well overall. The results were positive on all levels except for top management. The discrepancy in pay at this level could stem from a difference in experience and expertise rather than gender, but it nonetheless flags an area of improvement which we will continue to monitor.

Our new job grading system has moved us beyond the non-formulaic approach to remuneration of the past and ensures that remuneration is equitable, with internal and external parity. The confirmation that Growthpoint doesn't remunerate based on gender validates our use of a grading system.

Employee value proposition (EVP)

Our employee value proposition is based on total rewards and development opportunities, which include some of the following:

- Career and personal advancement opportunities
- Retirement benefits
- Medical aid
- Gap cover to ensure that employees are not out of pocket should their medical costs not be fully covered by their medical aid
- Group risk cover
- Accidental death cover
- Educational assistance for qualifying employees' children (GEMS)
- Work/life balance, which is crucial and supported by our flexible work hours and conditions of work
- Employee wellness programme
- Share options for all our employees
- Disability cover.

Health and safety

Our dedicated Health and Safety Forum proactively monitors and reports concerns to ensure that our work environment remains incident-free as far as possible.

Naturally, the primary focus this past year was limiting the spread of Covid-19, and much was done to protect our employees. We also evolved these efforts as more information about the pandemic unfolded, best practices advanced and regulations were updated. Although not always easy to access, we took advice from NCID. Our partners Discovery Health and Fedhealth also became valued sources of good guidance for the wellbeing of all those in our workplace.

While infectious disease prevention and protective protocols and measures were a priority, we also kept the Occupational Health and Safety Act (OHSA) in mind and our compliance with all elements of the national health and safety regulations and requirements remains non-negotiable.

Employee wellness

Our wellness programme highlights the main health concerns that guide our employee wellness initiatives. Growthpoint is a high-performance environment under "normal" circumstances, and the attendant stress was amplified during FY21 by the health crisis. Accordingly, we pivoted and made the necessary adjustments to make positive impacts in the new operating environment and address the increased stress and mental health issues created by the pandemic. With this in mind, the mental health of our employees will also be one of our primary focus areas in FY22. The wellness programme moved online and its initiatives and effectiveness continue to be assessed frequently.

Despite their increased Covid-19 risk, several employees with comorbidities were among the many that were eager to return to the office, and prior to returning, they were required to provide consent (in some instances from their medical practitioners) to ensure that they were not putting their lives at risk. We boarded three employees as a result of poor health in FY21, a decrease when compared to the four who were boarded in FY20.

The past year has emphasised the critical need for good healthcare in our society, and as we do not want our employees to worry about their physical, mental or emotional health, we believe they must be on medical aid. To confirm mandatory medical aid memberships, we are in the process of establishing the cover of those on a spouse's medical aid.

Employee surveys

Employee feedback matters to us and so, in order to gauge how employees were impacted during this time and assess their engagement with our business, we conducted two staff surveys.

The first focused on preferred methods of working and it revealed that our employees favour a hybrid working model and would prefer to spend a few days in the office each week, mainly for collaborative processes, and work remotely for focus-driven tasks. We are reviewing this feedback in tandem with experience gained from the staff rotation system applied over the past year.

The second was a broader survey addressing issues such as management, policy and communications, among others. The results of this survey are being reviewed.

Industrial relations

Good industrial relations improve employee morale. Productivity increases and employees work with passion when they feel that their interests and those of their employer are aligned.

Therefore, many of our actions revolve around industrial relations issues, performance management, and fair disciplinary procedures.

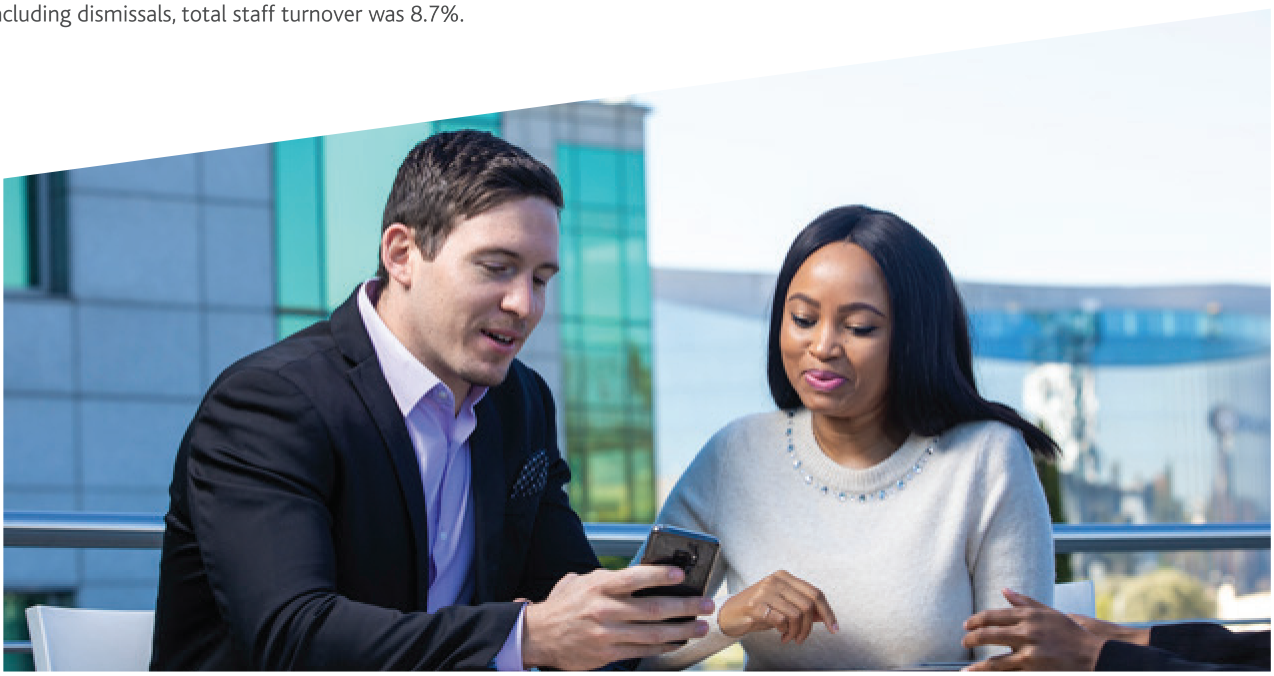
In FY21, there were 21 industrial relations matters relating to misconduct and performance management, compared to 38 in FY20. These included seven dismissals for misconduct and poor performance, in line with the policies we have implemented to ensure good governance and our philosophy of driving high-performance teams.

Staff turnover

While our focus was on preserving employment for our people this year, we did have some natural attrition of staff. This went a long way towards solving certain job fragmentation and culture challenges which had arisen due to the growth of our business through the acquisition of various property enterprises.

We monitor our voluntary staff turnover, which this year was 6.9%. This is an acceptable level that is on par with the market. Including dismissals, total staff turnover was 8.7%.

Employee statistics	FY21	FY20
Number of employees		
• full-time employees	**611**	623
• contractors	**32**	36
Net property income per full time employee (South Africa) (R)	**9 981 997**	9 401 284
Average tenure of employees (years)	**8**	8
Annual attrition rate of all employees (%)	**11.6**	15.2
Annualised attrition rate of full time employees (%)	**8.7% of which 6.9% was voluntary 1.8% was involuntary**	7.0% of which 4.0% was voluntary
Number of industrial relations cases	**21**	38
Average age of employees (years)	**45**	45
Minimum CTC – lowest level of employee (R pa)	**143 100**	112 590
Direct investment in employee training (Rm)	**3.8**	4.5
Total cost of employee training (Rm)	**4.7**	5.5
Number of employees trained	**539**	1 103
Hours of training per employee	**4.3**	8.0
Total number of sick days	**1 470**	1 926
Weighted average number of sick days per employee	**2.4**	3.1
Number of physical injuries	**2**	–
Days lost to incidents for serious occupational injuries	**29**	–
Workplace fatalities		
• full-time employees	**–**	–
• contractors hired by HR	**–**	–
• third-party contractors	**–**	–



Our people *continued*

Policies and procedures

A few employees adapted extremely well to forced remote working and a few did not adapt at all, but it was a mixed experience for most. We do not doubt that our offices will always be the heartbeat of our business activities and operations. Given that we seek to enable our diverse staff contingent to perform at its best and benefit from balance, we are in the process of formalising our flexible working policy.

Last year, we committed to providing staff training and communication on new and updated policies via an e-platform, I–Thrive, and we are pleased that we were able to achieve this objective.

We still intend to implement ESG objectives as a KPI for senior management. This will be linked to remuneration in the same way it affects executives. We were unable to finalise the numerical measures that would define this KPI this year and will prioritise doing so in FY22.

Executive contracts have also been updated to ensure greater uniformity.

Grievance procedure

Our updated grievance procedure was approved this year. This includes a schedule of offences and their related consequences and we conducted a communication and awareness drive about this. While employees with grievances can raise their concerns directly with our HR team and receive advice on how best to address the matter, labour and human rights issues can also be addressed through our independently monitored whistle-blowing hotline. We encourage employees to raise concerns about workplace malpractices without fear of victimisation or reprisal.

Talent and succession management

Given its importance, our succession plan is a living document and is currently receiving even greater focus.

The plan aims to ensure that our work environment and conditions are attractive and conducive to optimising employee potential. Ensuring that new employees are aligned to our culture and values is key to this success, as is career development for existing employees.

To further career advancement within Growthpoint, we matched people with different positions in the light of changing business needs and were able to promote eight existing employees in FY21.

Training and leadership development

We invest considerable time, effort, and resources in training and development to support and advance our employees' careers, because we want to develop the best, brightest, and most innovative teams.

This year, a seamless transition to the new MRI software and system was paramount and our training efforts were directed towards ensuring that our people became adept at using the system.

While a few traditional training avenues were able to adapt, many could not due to Covid-19-related restrictions which limited the number for this year. Unfortunately, the limitations to training have knock-on implications for skills development and impacts the B-BBEE scorecard. Being hampered in such an important focus area is disappointing for us but our staff members were still able to advance their skills and expand their knowledge.

Labour and employment practices

Growthpoint is not a unionised environment but does not restrict employees' freedom of association. We intend to formalise this into policy. We comply with various labour laws, including the Basic Conditions of Employment Act, the Labour Relations Act, the Employment Equity Act, the Skills Development Act and the OHSA. Over and above legislation, we strive to be a good corporate citizen and have policies and processes in place to ensure that we offer equal or more favourable employment conditions than those required by law.

UNICEF's 2020 report on child labour points to a significant global increase of children working between the ages of five and 11. Growthpoint stands firmly against child labour, forced labour, slave labour and bonded labour. Indicators of forced labour can also include withholding identity papers, requiring compulsory deposits and compelling workers, with the threat of being fired, to work extra hours that they have not agreed to.

We are aware of the prevalence of these issues globally and will take the necessary steps to prevent such abuse within our organisation. All our employees are aged 18 years or above with an average age of 45.

HIV/Aids

Growthpoint does not discriminate based on HIV/Aids status, nor do we test employees. We respect the confidentiality of every employee. Nevertheless, the conditions of affected and infected employees are managed and supported by our extensive employee wellness programme. Based on the information provided by our largest medical aid provider, the HIV prevalence rate within our organisation is estimated to be between 4% and 6%.

Human rights

Growthpoint believes human rights are sacrosanct and is committed to upholding them, including the right to freedom from discrimination of any kind. Consequently, we introduced a human rights policy in FY21. In line with the country's constitution, we do not tolerate any form of hate speech and we believe every individual has the right to live the way they choose.

Furthermore, our commitment to human rights includes indigenous rights.

Society's recent powerful movement against systemic racism highlighted the need for all individuals, colleagues, friends and businesses to take a stand.

This has reinforced our commitment to creating a diverse and inclusive workspace, where every employee feels safe, and heard, and has equal opportunity to succeed. Racist conduct is a dismissible offence, and there were no related dismissals this year.

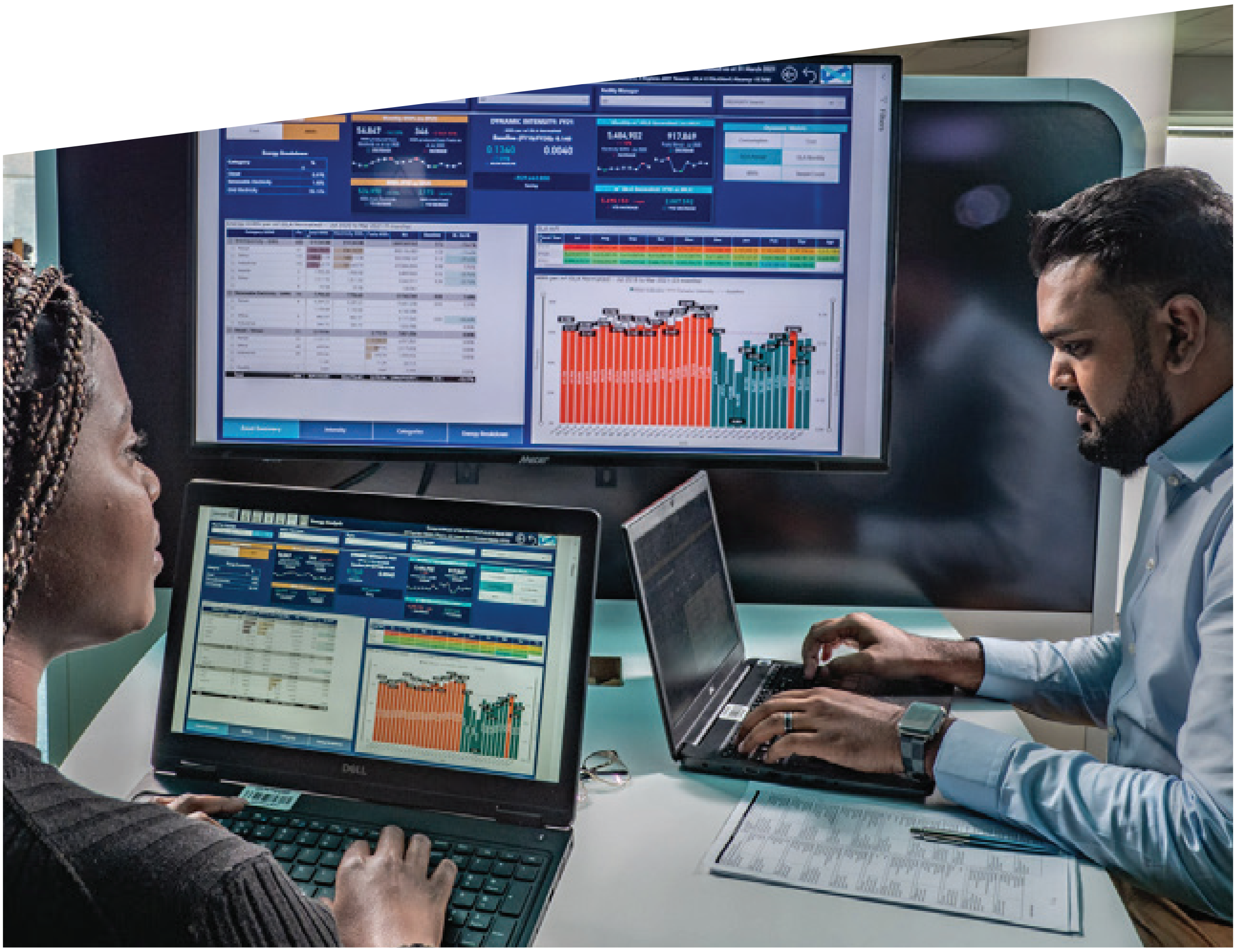
Employee assistance programme (EAP)

This voluntary, confidential programme helps our employees and their families work through various life challenges that may adversely affect their work performance and/or their health and personal wellbeing. Employee challenges include stress, financial issues, legal issues, family problems, office conflicts, alcohol and substance abuse.

Our EAP offers employees with personal and/or work-related concerns the opportunity to be assessed, counselled and referred for additional services. The programme also often works with management and supervisors to prepare employees for organisational change, legal contingencies and emergency planning and to help them respond to unique traumatic events.

The demand for the services provided through our EAP increased this year, signalling its value to our employees and we have made adjustments to suit the new operating environment we find ourselves in. The themes of counselling assistance provided include personal, interpersonal, work related, financial, primary healthcare and legal to mention a few.

We value our employees and are proud to offer a programme that not only supports them but optimises our success.



Corporate social responsibility

As responsible corporate citizens, we at Growthpoint align our actions with the objectives and needs of the communities in which we operate and have, during the pandemic, extended this outreach even further.

At Growthpoint we see our business as a force for good and know that, to be sustainable, our clients' businesses also need to be. The programmes and initiatives we have built over the years continue to significantly impact our clients and communities. Even through the pandemic we have helped to sustain small enterprises through rental relief and our support toward educational programmes which has delivered exceptional results. We have been faced with challenges with a changed environment but we have been able to quickly adapt.

Our core focus area for the year under review included educational initiatives, entrepreneurship development and staff engagement. We have extended our ECD practitioners training programme into KZN, continued to support bursary recipients at Christel House and funded the Protec programme in Limpopo for another three years. Furthermore, both the Growsmart and Growthpoint GEMS initiatives have accommodated and assisted learners with the digital shift in the education landscape.

Local community engagement has also been a priority for our enterprise development initiative, Property Point, and an engagement policy has been submitted for review. The businesses that are part of the Property Point incubation programme, as well as its alumni network, survived the difficult times, proving that the programme is effective in growing sustainable small businesses.

Corporate Social Investment projects

Early Childhood Development (ECD)

Growthpoint is committed to improving the quality of education in the country and has therefore funded the training of early childhood development centre practitioners for the past five financial years. In FY21, these initiatives were extended to provinces outside of Gauteng, with an additional programme initiated in Pietermaritzburg's Edendale township.

Christel House

Since 2018 Growthpoint has provided an educational scholarships for 30 learners at Christel House. The programme not only teaches leadership, but helps these learners develop positive values and embrace strong work ethics. More importantly, it aims to produce young people who are well equipped to make meaningful contributions to our country.

Our partnership with Christel House has yielded excellent results and we have committed to funding an additional 20 learners in the coming financial year.

Growthpoint's outlook towards corporate social responsibility has always been to focus on **driving sustainable impact for the communities** in which we operate. Our core focus areas have consistently been **supporting education initiatives, entrepreneurship development and staff engagement.**

Our societal purpose is intrinsically linked to our long-term sustainable impact within the business and community engagement. Our purpose is to ensure that our corporate responsibility is based on:

Protec success story – Lishivha Shothodzo

The programme's top achieving learner was Lishivha Shothodzo who was also the seventh highest matric achiever in the Limpopo province in 2020. Growthpoint subsequently awarded her a bursary to study Actuarial Science at the University of Cape Town. She says the Protec programme was "incredible" and helped her through her Grade 10 to Grade 12 school journey.

"In my final year we faced challenges like Covid-19 but the programme supported me and made sure I had everything I needed to overcome these challenges. I also received guidance when choosing my career and this motivated me to do my best in everything. That's why today I'm considered the best.

I also received the Growthpoint bursary when I had no hope and this has changed my life. It has given me a chance to follow my dream and passion of becoming an actuary. I appreciate the support I have been given to make sure I keep doing my best."

National education programmes	
Eastern Cape	Growsmart iSchool Africa (Gqeberha)
KwaZulu-Natal	Midlands Community College (Nottingham Road) Alladin ECD (Pietermaritzburg)
Limpopo	Protec teacher development
Mpumalanga	Ntataise Lowveld Trust ECD
Gauteng	Botshabelo ECD
Western Cape	Growsmart
	Christel House
	React24
	NBI
National	GEMS, Growthpoint bursaries

Protec

In 2018 Growthpoint and Protec partnered in the initiation of its maths and science programme in Limpopo's Vhembe District. Previously we supported 40 learners from four schools which generated very positive results. Even though the area experienced challenges at the start of the Covid-19 pandemic, learners were able to overcome them. For the current financial year, we have supported a teacher maths and science development programme for the Vhembe District.

Growsmart

Since 2009 the Growsmart Educational Programme has been at the forefront of advancing learning experiences and behaviours for previously disadvantaged learners in Grades 4, 5 and 6. The programme is delivered in a fun and competitive format and the pandemic has not changed this.

While technology has always had a transformative impact on education, the rapid changes brought about by the Covid-19 lockdown significantly accelerated the process. Educators and learners were forced to step out of their comfort zones to continue teaching and learning and in doing so, they discovered new and innovative methods. Some learners – particularly those from well-resourced schools – did, however, adapt to the change better than others.

The programme's impact is far-reaching and it has, to date, helped more than 24 000 learners to achieve educational goals that might otherwise have not been possible.

In 2022, Growsmart will welcome two new learners to the *alumni* programme, both of whom received bursaries from the MAD Leadership Foundation and the Kay Mason Foundation.

Growthpoint GEMS

Our flagship youth development programme, Growthpoint GEMS, is designed to assist employees who could be classified as the "missing middle", in terms of their income.

Anchored on three pillars, the programme provides funding for tuition fees, stationery and uniforms. It also focuses on the development of students at both personal and leadership levels and offers psychosocial support to ensure a holistic approach to their development. This includes access to a wellness offering and financial advisers.

In FY21, the programme established a number of interventions to assist with the migration to online learning and establish an ecosystem of support. Both learners and their parents have access to mental health support and GEMS webinars that aim to empower parents who are raising "Generation Z" children.

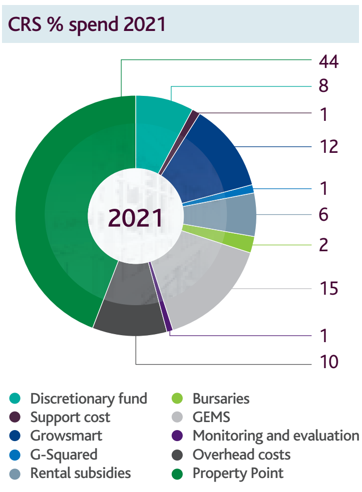
Corporate social responsibility *continued*

For the period under review, we allocated R7 030 481 to scholarships and development programmes for 96 learners from primary school to tertiary level. For the 2021 academic year, the annual qualifying cost-to-company (CTC) limit for the parents and guardians of Growthpoint GEMS recipients has been increased from R370 000 to R400 000. When the programme initially commenced in 2016, the qualifying CTC limit was R300 000 a year.

G-Squared

G-Squared (G^2) increases staff awareness of Growthpoint's involvement in community development and encourages and enables them to volunteer. Every staff member is allocated eight hours a year to take part in volunteer initiatives. During the period under review, our volunteered hours reached 329, with executive management actively participating. Due to the Covid-19 pandemic, interactive sessions were halted. However, in the spirit of active citizenry and in keeping with our values, many of our staff were inspired to make a difference in their own communities in various ways including online participation.

CSI beneficiary breakdown 2021



Enterprise and supplier development

Property Point is a small business development programme aimed at building South Africa's economy while addressing the many social issues affecting the country. It provides entrepreneurs with the business skills, training and personal development support they need to develop their enterprises into fully independent companies that can compete for opportunities in the market. Through this programme we have successfully carried out entrepreneurship development and focused on economic inclusion, with our overall goal being to contribute to economic and social change through independent, viable and sustainable businesses.

Over the past few years, we have also made a concerted effort to promote gender equality and advance women-owned businesses. In January 2021, we launched an all-women programme to move us closer to achieving our 2023 goal of having 70% of the businesses in our programme being women-owned.

Our current representation of women-owned businesses is 51%. Furthermore, we have adopted a talent management approach to ensure that business owners and their senior management teams are adequately capacitated to drive the operational aspects of the business.

Local Economic Development (LED) – is an enterprise development programme for SMMEs that assists us in developing small businesses in the communities where Growthpoint have invested in retail assets.

While this approach is not a departure from what Growthpoint has done in the past, much of it centres on localisation. An LED policy has been developed and will be submitted to the Board for approval. The Property Point team has also been involved in the following community engagement projects on behalf of Growthpoint Properties.

- The Dis-Chem extension project at Waterfall Mall, Rustenburg
- Festival Mall, Kempton Park
- Vaal Mall, Vanderbijlpark
- Property development, KZN

Outcomes

Mapping the green value chain in RSA and on the continent, we assist businesses to define their green value propositions. Potential clients may then buy services and products from these SMEs according to their own social and environmental values.

We also assist with possible certification for those who want to pursue further training and provide access to markets for green opportunities. Developing a pool of green specialists with specialist competencies, Property Point also utilises a customised in-house results chain framework that is benchmarked against the Donor Committee for Enterprise Development (DCED) standards for best practice.

July 2020 to June 2021:	
Number of SMEs supported	108
Number of SMEs graduated	46
Number of SMEs linked to market	48
Full-time jobs created	24
Jobs sustained	1 066
Total revenue generated	R190m
Women-owned SMEs	48.8%
Youth-owned SMEs	20.1%
Number of applications received	128
Growthpoint spend	R141m
Value of contracts outside Growthpoint	R10m
Total value of contracts	R151m

Internal audit

Growthpoint's policy is to provide and support an internal audit function that operates independently, objectively and in consultation with all necessary stakeholders.

A systematic, disciplined approach to evaluating and improving the effectiveness of our risk management, control and governance processes enables us to accomplish our objectives.

The Board has assumed responsibility for the internal audit function, and in doing so has set the direction for the internal audit arrangements and delegated oversight of internal audit to the Audit Committee.

Our Head of Internal Audit and Risk Management is responsible for the internal audit function. His appointment, remuneration and removal are agreed upon in consultation with the chairmen of both the Audit and Risk Management committees. The Head of Internal Audit and Risk Management is a member of The Institute of Internal Auditors and an associate member of the South African Institute of Chartered Accountants and subject to the code of ethics of both professional bodies.

Authority

The internal audit function derives its authority from the Audit Committee, to which it reports every quarter. Terms of reference guide this committee while the objectives, authority and responsibility of the internal audit function are governed by a formal charter. Internal audit personnel have authority to review all areas of operation and have complete and unrestricted access to all activities, records, property and employees. Additionally, the Head of Internal Audit and Risk Management has unrestricted access to the chairman of the Audit Committee, as well as committee members in the absence of management, at quarterly meetings, if required.

Responsibilities

The responsibilities of the internal audit function include:

- Submitting an annual internal audit plan to the Audit Committee to indicate the extent and frequency of the work to be conducted and enable the committee to establish whether internal audit resources are sufficient and if so, how these should be allocated
- Conducting reviews of the key business processes to ensure the:
  - adherence to policies, plans, procedures, laws, regulations and contracts
  - achievement of established objectives and goals
  - reliability and integrity of financial and operational information
  - economical and efficient employment of resources
  - safeguarding of assets
- Reporting the results of reviews, together with opinions and recommendations, to management of sufficient authority to ensure appropriate action is taken when required
- Quarterly reporting to the Audit Committee on:
  - the adequacy or design effectiveness and the operating effectiveness of the systems of internal control
  - internal audit findings, recommendations and management's action plans
  - progress measured against the internal audit plan and the reasons for any deviations
- Co-ordinating audit efforts with those of the external auditor
- Addressing matters brought to the attention of the organisation through the Tip-offs Anonymous Helpline, operated by Deloitte, and reporting to the Audit Committee the nature of the incidents and any remedial actions taken by executive management.

Internal audit processes

The scope of the internal audit function and the assignments planned for the following financial year are presented, discussed and approved at the final Audit Committee meeting each financial year. The internal audit plan is based on an assessment of Growthpoint's key risk areas which are determined through the risk management process and its stated objectives.

The internal audit plan is, however, subject to change during the financial year depending on:

- Unforeseen circumstances within the organisation
- Any specific changes agreed with executive management
- Any specific requirements of the Audit Committee.

Both executive and operational management are responsible for establishing and maintaining internal control systems to provide the Directors of Growthpoint with reasonable assurance that business objectives will be attained. The work of internal audit enables the Board and management to assess whether systems of internal control are both adequate and effective.

Adequacy is defined as being the situation when the key controls address the related significant inherent risks. Effectiveness is defined as being the situation when the key controls are operating as intended.

The Head of Internal Audit and Risk Management reports quarterly to the Audit Committee regarding the adequacy of the internal control environment and any significant breakdown in internal control. The Head also reports to the Risk Management Committee in respect of both the adequacy and effectiveness of risk management processes.

Group investment performance

The Board has reconfirmed its desire to increase Growthpoint's offshore exposure but remains aware of current capital limitations. The progress we can make in the short to medium term may be limited but we still intend to be more deliberate in our focus on our international investment model and asset allocation.

Overview of offshore property portfolio

	GOZ		C&R		GWI	
	30 June 2021	30 June 2020	**30 June 2021**	30 June 2020	**31 December 2020**	31 December 2019
Asset value (Rm)	**49 462**	51 845	**10 532**	14 764	**51 736**	58 553
Number of properties	**55**	58	**7**	7	**66**	62
Gross lettable area (GLA) (m^2)	**1 033 028**	1 042 929	**350 980**	328 512	**1 271 300**	1 213 700
Value per m^2	**AUD4 376**	AUD4 049	**GBP1 375**	GBP1 861	**EUR2 402**	EUR2 474
Capital expenditure (Rm)	**126**	1 057	**80**	1 714	**1 369**	2 725
Gross property revenue (Rm)	**3 229**	3 024	**1 234**	715	**4 005**	4 027
Property expenses (Rm)	**(565)**	(487)	**(629)**	(335)	**(1 276)**	(1 267)
Property expense ratio (%)	**17.5**	16.1	**51.0**	46.9	**31.9**	31.5
Net property income (Rm)	**2 664**	2 537	**605**	380	**2 729**	2 760
Vacancies (%) (EVR)	**2.9**	6.8	**10.3**	5.0	**9.1**	5.3
Arrears (Rm)	**5.7**	20.5	**471.9**	300.0	**182.7**	280.8
Bad debt (I/S) (Rm)	**–**	3.0	**50.4**	93.5	**83.0**	92.7
Average gross rental (per m^2/annum)	**AUD270**	AUD290	**GBP123**	GBP177	**–***	–*
Average annualised yield (%)	**5.8**	5.7	**7.9**	7.2	**–***	–*
Average in-force escalations (%)	**3.4**	3.3	**–***	–*	**–***	–*
Weighted average lease period (years)	**6.2**	6.2	**6.2**	5.9	**4.5**	4.6
Letting success rate (%)	**72.0**	83.2	**–***	–*	**–***	–*
Weighted average renewal growth (%)	**(7.3)**	(4.0)	**–***	(27.7)	**–***	–*
Weighted average future escalations on renewals (%)	**3.4**	3.4	**–***	–*	**–***	–*
Weighted average renewal lease period (years)	**7.1**	13.9	**4.4**	4.9	**–***	–*
Number of employees	**33**	28	**72**	100	**–***	240

** C&R/GWI do not report on these indicators.*

Growthpoint Australia (GOZ)

Growthpoint Australia is a publicly traded ASX-listed A-REIT (ASX: GOZ) that owns and manages a diversified portfolio of quality investment properties.

It is mandated to invest in the office, industrial and retail property sectors, and its 55 office and industrial properties are primarily located in growth states on Australia's eastern seaboard.

This portfolio is currently valued at approximately AUD4.5bn and comprises two-thirds office and one-third industrial properties. GOZ is included in the S&P/ASX 200 Index and has a Moody's investment grade rating of Baa2 for domestic senior secured debt. The company is actively looking for opportunities to grow the business, including the acquisition of high-quality properties and entry into fund management.

Just as the Covid-19 pandemic continued to have a profound impact on businesses and individuals around the world in FY21, it also created challenges in GOZ's operating environment, disrupting the way its team worked together and delaying some of its planned initiatives.

However, GOZ entered this period on a solid footing and took action at the beginning of the pandemic to protect its business. This ensured that it was able to meet the challenges head-on and resulted in the pandemic not having a material direct financial impact on the business.

Performance

There was a great deal of uncertainty regarding the longer-term impact of the Covid-19 pandemic at the start of FY21 and as a result GOZ did not initially provide earnings guidance. However, as the year progressed and confidence grew following its leasing success, FFO guidance of AUD25.2c – 25.5c per security was issued in February. This guidance was increased to AUD25.4c – 25.7c per security in April.

GOZ started the year with reduced earnings of AUD10.4m due to Woolworths vacating a sizeable industrial asset during FY20. This loss was, however, offset by increased income from the distribution centre in Gepps Cross, following the completion of a significant expansion in partnership with Woolworths. GOZ also began collecting revenue from Botanicca 3, its new A-grade office building in Richmond, Victoria, which has been progressively leased over FY21 and is expected to be fully occupied by the end of the calendar year.

The Board provided FY21 distribution guidance of AUD20.0c per security, and although GOZ's financial performance exceeded initial expectations, the Board thought it prudent to maintain a lower pay-out of between 75% and 85%, with the expectation that leasing incentives will remain elevated in the near term. Maintaining a more conservative pay-out ratio will assist the Board in providing shareholders with growing distributions in the future.

In February, GOZ initiated an on-market buy-back programme for up to 2.5% of its issued capital in response to market volatility and this remains in place. At the time, its security price was trading at a significant discount to net tangible assets (NTA), despite the business continuing to deliver a strong performance with no significant direct financial impact from the Covid-19 pandemic and substantial valuation gains across both the office and industrial sections of the portfolio.

As of 30 June 2021, GOZ had purchased 416 643 securities (0.05% of issued capital) at an average price of AUD3.27.

GOZ's security price has significantly appreciated over the second half of the financial year and it has made up the majority of the ground lost at the onset of the pandemic. This drove the substantial increase in total securityholder return over the year and once again, it outperformed the ASX/S&P 200 REIT Accumulation Index. GOZ has now outperformed the index over the past one, three, five and 10-year periods.

Portfolio highlights

To ensure its portfolio is aligned with its overall strategy, GOZ regularly reviews its assets. During FY21, three assets were identified for disposal and successfully sold.

Opting not to pursue a lengthy development project in an uncertain operating environment, it sold a vacant industrial property at 120 Northcorp Boulevard, Broadmeadows, Victoria, early in FY21. The cost of holding this non-income producing asset was factored into this decision.

In May 2021, GOZ also announced the sale of its leasehold interest in Quad 2 and Quad 3, Sydney Olympic Park, New South Wales, as these properties no longer fitted in with its portfolio of defensive assets. The weighted average lease expiry (WALE) of these assets was approximately 1.6 years as of March 2021, significantly below GOZ's office portfolio's WALE. In addition, around 17% of its tenants were based at the Quads, despite these assets representing only 1.5% of the portfolio by value which was very management-intense.

Even though GOZ divested from the Quads, it remained confident in the long-term outlook for Sydney Olympic Park and was able to re-invest the sale proceeds relatively quickly into a nearby A-grade, modern office asset. The new property, situated at 11 Murray Rose Avenue, is fully leased to high-quality tenants with an average 4.8-year WALE as of 30 June 2021.

During FY21, the portfolio's occupancy increased to 97% and GOZ maintained its long average WALE of 6.2 years due to substantial leasing success. Most notably, in October a 10-year and seven-month lease was signed with Bunnings for 71% of Botanicca 3. The lease was executed in the middle of Melbourne's extended Covid-19 lockdown and was one of the most significant office leasing transactions in FY21. Upon commencement of the lease, Bunnings became one of GOZ's top 10 largest tenants by income.

Several long leases were also signed with other key tenants, including Monash University, the South Australian Government, Australia Post and Autosports Group. The business did not experience any significant changes to tenants' space requirements for lease renewals and tenants continued to seek long leases, with the average lease term being 8.2 years.

Driven by its leasing success and proactive asset management over a number of years, the value of the GOZ's portfolio over FY21 on a like-for-like basis increased by 10.2%, or AUD417m. This was the largest 12-month like-for-like increase in its history.

ESG

GOZ is committed to sustainable operations and reducing its environmental footprint. During FY21, it significantly accelerated its efforts to achieve net-zero carbon emission across its operationally controlled office assets and corporate activities. It is now aiming to achieve this by 2025 – or 25 years sooner than its initial target, which was set in 2017 to align with the Paris Agreement.

Reducing energy usage, meeting energy needs with carbon-free energy, and offsetting residual emissions with high-quality carbon offsets are the three key focus areas for the business. The net zero target will be achieved through energy efficiency measures and onsite solar installations, as well as investment in offsite renewable energy for its residual energy needs. In addition, high-quality carbon offsets will be used for emissions it cannot avoid or reduce, such as natural gas use and emissions from corporate activities.

To further align with the recommendations made by the TCFD, GOZ made significant progress in its sustainability reporting. This includes publishing the results of a high-level scenario analysis that considers the likely impact of an increase in global temperature on its portfolio (physical risks) and stress-tests its resilience to a rapid transition to a low-carbon economy (transition risks). Pleasingly, the analysis did not identify any material downside financial risk in either scenario. The research found that by focusing on building a resilient portfolio with strong green credentials, GOZ was in a solid position to respond to the potential physical and transitional impacts of climate change in the medium and long term.

Overall, the business has continued to do well in external ESG benchmarks. Its global real estate sustainability benchmark (GRESB) score increased 3% to 74/100, which was 6% higher than the GRESB average score.

Growthpoint Australia (GOZ) *continued*

It also maintained an above-average Carbon Disclosure Project (CDP) score of B. In addition, the average NABERS energy rating across GOZ's modern, efficient portfolio is 5.1 stars.

GOZ's community engagement focused on charitable drives and donations in collaboration with its tenant communities. For example, the business participated in the "Dignity Drive", an initiative run by Share the Dignity and supported by major tenants Bunnings and Woolworths.

During FY21, it also continued its support of the Property Industry Foundation (PIF), which works closely with the property and construction industries to provide housing for homeless youth. GOZ supports PIF with an annual donation. Additionally, GOZ became a sponsor of Healthy Heads in Trucks and Sheds (HHTS). The foundation, which is focused on mental health and wellbeing for workers in the road transport and logistics industries, is supported by key GOZ tenants Linfox, Woolworths, Australia Post and Toll.

Recognising that its people are integral to its success, GOZ supported all permanent employees through this challenging period by not reducing working hours or fixed remuneration. While the Covid-19 pandemic continued to affect the ability of staff to collaborate as a team in its Melbourne head office, the business ensured that its people stayed connected and motivated while working from home for an extended period. Regular virtual social events were organised, with additional sessions focusing on mental health and building resilience.

GOZ also mandated an external provider to undertake its annual employee survey, and its engagement and alignment scores were in line with FY20. Furthermore, it maintained its position in the top quartile of its benchmark group. This was considered an excellent result, considering that not all companies within its benchmark group faced the same extended work-from-home government directives that GOZ did.

Prospects

The position for GOZ remains promising. The business has successfully navigated the challenges presented by the Covid-19 pandemic and it is firmly focused on the future.

As we look ahead, the future of our operating environment and the broader Australian economy is less clear when compared with just a few months ago, as many parts of Australia are now under lockdown due to the threat of the Delta-variant of Covid-19.

Industrial property, which makes up a third of GOZ's portfolio, has continued its global popularity. Demand for well-located industrial assets continues to grow, fuelled by increasing online shopping and changing consumer expectations with regard to delivery times. These trends are expected to support ongoing investor appetite for this sector. While GOZ's portfolio has benefited from this strong demand, it is making it difficult to acquire additional properties for the portfolio.

While retail is part of GOZ's mandate, it does not have any retail assets. Two-thirds of GOZ's portfolio comprises office buildings. Most of these properties are in suburban locations and are expected to perform reasonably well relative to the market overall. The vast majority of its office tenants have returned to working in their offices regularly. While it is too early to say there is a definite trend of organisations adopting a hub and spoke model, there are some encouraging signs. There is also a strong demand for GOZ's metropolitan offices from both existing and potential tenants.

GOZ's gearing and pay-out ratio are at record lows. This places it in a solid position to pursue growth opportunities, including acquiring high-quality properties and entering funds management.

Top 10 GOZ tenants by gross rental contribution as at 30 June 2021

	Tenants	GLA m²
1	Woolworths	**248 169**
2	NSW Police Force	**32 356**
3	Commonwealth of Australia	**36 343**
4	Country Road Group	**23 156**
5	Linfox	**58 077**
6	Bank of Queensland	**13 237**
7	Australia and New Zealand Banking Group	**13 744**
8	Bunnings Warehouse	**13 886**
9	Samsung Electronics	**13 423**
10	Lion	**12 317**
Sub-total		**464 708**
Balance of the sector		**544 920**
Total for the industrial sector (excluding vacancies)		**1 009 628**

Capital & Regional (C&R)

C&R is a UK-focused pure retail property REIT invested in seven community shopping centres dominant in their catchment areas.

While its community-centre strategy has provided a sound platform for navigating these unprecedented times, performance over the past 12 months was severely impacted by Covid-19 and the UK's extensive lockdown measures. As a result, it made no contribution to Growthpoint's distributable income for the period. However, the gradual easing of lockdown restrictions has led to a strong rebound in retail and there is more room for improvement ahead.

Performance

As a backdrop to our current performance, it is worth noting that C&R adopted a new strategy in 2017 to best position our assets to deal with the structural changes that were having an impact on the retail sector before Covid-19. Through our asset management and leasing activities, we began remixing our centres to serve their communities better by focusing on non-discretionary or needs-based retail and services, such as grocers and gyms, for instance, instead of department stores.

The pandemic accelerated the structural shift in retail and has been an excellent stress test of our strategy. Our portfolio has proved to be robust, while our assets have been shown to play a fundamental role in serving their local communities. The shopping centres that are further advanced with re-tenanting in line with our new community strategy and have more grocery and essential retail have fared better in their operational performance and softened the fall in valuations witnessed across the retail market. While we have not been immune to the impacts of Covid-19, we are in a better position than we would have been had we not already started on this journey. With hindsight, we would have liked to have moved even faster.

Our commitment to our business strategy of increasing community services in our centres and unlocking the potential for more income streams – including mixed-use through added density like our residential plans at Walthamstow – has really been reinforced by our experience during the pandemic.

After its first lockdown, the UK implemented two further national lockdowns and frequently changed regional tier restrictions between July 2020 and June 2021. During much of this time, only around a third of our tenant space was open and this had a significant impact on trading and footfall. However, our strategic shift to providing non-discretionary goods and services ensured that all our centres remained open throughout the financial year.

On another positive note, each time restrictions eased between the lockdowns, our portfolio recovered quickly. The third and longest lockdown was in place from 26 December until 12 April, with non-essential retail permitted to reopen thereafter, albeit still with capacity restrictions to manage social distancing. By the end of June, 99% of leased units across the portfolio were trading and footfall had increased from 30% of the numbers seen in 2019 to 72%. Retailers reported strong sales and consumer engagement.

The challenging environment during many long months of lockdown is reflected in our metrics, but while we have suffered, the impact on community centres has been much less than on "prime regional malls" and "city" centres. Our centres' incomes and values have also been made more resilient by more affordable rents of around 12GBP – 15GBP per square foot per year. Our assets are in popular dormitory towns and suburbs with a focus on London and the South East of the UK and our retailers are outperforming in suburban and community centres.

The government's extension of its moratorium on normal landlord-tenant legal remedies for collecting rentals to March 2022 has had a substantial impact on rental collections. Many retailers have acted responsibly, with most agreeing to temporary deferments. We also have a good core of tenants who have paid in full. From January to June 2021, we collected around 70% of rental billed and an increase is anticipated over the coming months as the economy and retail trade recover.

During FY21, we continued to support both our small and independent retailers and tried to ensure that larger, well-capitalised retailers honoured their commitments. All the same, arrears increased and we needed to provide more for bad debt. There was an increase in company voluntary agreements (CVA) and liquidations as the impacts of the pandemic challenged retailers' balance sheets, some of which were already under pressure before the health crisis. This included Debenhams, which closed its three stores in our portfolio. Our efforts to re-let these spaces are progressing well. The portfolio occupancy remains a robust 90% and fortunately, we are seeing fewer liquidations and CVAs in 2021 and encouraging levels of leasing interest and transactions.

Our top 20 tenants are robust and do not represent an area of significant risk. A further positive is that the retailers which represent our most significant current and future tenant base are resilient and growing. Grocery and pharmacy retailers are expanding their physical footprints, as are service businesses and retailers in the value apparel and general merchandise category. We continue to benefit from our strategic focus on independent retailers. In the period between the reopening of non-essential retail in mid-April and the end of June 2021, some 75 new lettings or renewals were either finalised or are in the process of being finalised.

Our relationships with retailers are paramount and our retailer support liaison team has increased its efforts to nurture strong partnerships. Coming out of the Covid-19 environment, we have noted the rise of the "retailpreneur" and have actively been attracting and accommodating smaller independent retailers in pop-up stores and smaller kiosks. Some of these retailers are now growing in our portfolio following their initial success, showing that providing a fertile environment for start-ups can create new sources of income for us and maximise revenue. We have started leveraging underutilised space within our centres' car parks as neighbourhood hubs for providing a range of innovative, tech-enabled retail and services. Opportunities exist in last-mile logistics, dark kitchens, e-bike and e-scooter rental stations, electric vehicle charging stations and self-storage solutions.

Capital & Regional (C&R) *continued*

An emphasis on "staying local" has led to more discovery and focus within local neighbourhoods. The concept of the 15-minute neighbourhood – where consumers can easily access all their day-to-day needs including food, education and outdoor space within a 15-minute walk from their homes – is increasingly coming to the fore in the UK, and our centres are benefiting because they revolve around communities and promote walkability, in alignment with our environmental, social and governance (ESG) strategy of being more sustainable and lowering our environmental impact.

The shift towards localism in the UK is especially noticeable in London, which is essentially a vast city made up of many small towns and our assets there have shown the most resilience over the past 18 months, during which our assets have lost approximately a third of their value. The rate of value decline in the first six months of 2021 slowed to half the pro rata rate experienced in 2020 and expectations are that it will slow again in the final six months of 2021. Considering that this trend would usually indicate the approach of the bottom of a valuation cycle, and keeping in mind that community centres are expected to perform better than others, we are optimistic that the decline in our property values will not continue in 2022.

We entered the financial year with new equity funds from the Growthpoint transaction and we intended to use these, in part, to pay-down debt. However, in the uncertain landscape of Covid-19, we have held off to create a buffer of cash and flexibility in the business. We will maintain this position until there is a clearer path forward and have also remained in close discussions with our banks regarding covenant waivers as a result of our decreased property values. Waivers on all our assets have been agreed until October 2021. Holding on to the funds has given us great security, but it is not the best financial option. We have carefully categorised our debt, and analysed various options and structures so that we can move forward purposefully and strategically, and we are working with the banks to find a more permanent solution as our operational environment stabilises.

Portfolio highlights

Although we have continued to realign our centres with their communities through proactive asset management and leasing, we have also slowed our capital spending to about a third of normal levels to protect our cash flow and balance sheet. We remain cautious about committing central cash until we have a better line of sight as to any additional Covid-19-related restrictions that could further impact the trajectory of capital values. Our capital spending in FY21 has been heavily focused on three priority projects: planning for the Walthamstow residential project, adding the grocery offering of Lidl to Luton, and undertaking the groundwork to repurpose our Debenhams stores for best use.

ESG

The past 12 months have accelerated stakeholder expectations regarding ESG issues. As part of our agenda to ensure that our assets are fit for the future, we have renewed our long-standing commitment to ESG best practice, ensuring that it will continue to serve our communities and strengthen our position, performance and perspectives. We have developed a new overarching, integrated ESG strategy for 2021 and our reporting is guided by recommendations from the TCFD.

We want our centres to be leaders in sustainable practice – underpinned by our commitment to net-zero operations – and have a positive impact on our communities. We will partner with local authorities and community groups and support local initiatives for sustainable solutions to environmental and social issues. Our ESG strategy will build on the following key areas:

- Progress on our future aspirations regarding carbon reductions
- Waste and water management
- Risk management associated with climate change and the potential impact of extreme weather events on our centres
- Defining our short, medium and long-term targets in-line with the Paris Agreement.

To assist with our target setting, we will adhere to the United Nations' Sustainable Development Goals (SDGs) that are relevant to our business. This will define our priorities and the core activities needed to reach our targets for 2030 and help us to communicate more consistently and effectively with stakeholders about our impact and performance.

We have completed a disclosure to GRESB and plan to include our CDP performance for 2021. Using a straight-line trajectory, and a baseline of 2015, a 4% annual decrease in baseline carbon emissions is required each year to achieve carbon neutrality for scope 1 and 2 emissions by 2040. From 2015 to 2019, we invested more than GBP1m in energy efficiency projects and these have achieved 90% energy savings to date. Our focus was on scope 1 and 2 for areas that were directly under our control. In 2020, we added a focus on scope 3, which includes usage by retailers, occupiers and staff.

To support community living, our shopping centres partner with the communities we serve. Key stakeholders include:

- Local authorities
- Educational establishments
- Local charities
- Community/voluntary support groups
- Community sustainability groups
- Local cultural groups and celebrations
- Local residents who need to obtain employment, especially with the increase in unemployment due to the pandemic.

Our FY21 community support in numbers:

- We supported more than 80 charities
- We provided employment for more than 8 000 people across the portfolio
- We supported more than 78 community groups
- Our employees volunteered 1 758 hours in support of local community groups
- We donated more than GBP83 000 to local charities between April 2020 and March 2021.

C&R's diversity and inclusion programme was also launched in FY21 to ensure that we can continue our commitment to inclusion and drive innovation within the business that we believe will have a material impact on our performance.

Covid-19

The UK government's response to the pandemic was twofold: protecting lives by ensuring that the healthcare system and hospitals could cope and protecting livelihoods by trying to preserve jobs. At C&R, we view this as a humanitarian crisis first and then an economic one and believe that every link of the retail value chain should shoulder the burden.

The nature of our business has seen us providing a lifeline to the communities we serve by giving them access to groceries and essentials in safe environments. The importance of this has resulted in all our centres remaining open throughout the pandemic. However, a percentage of retailers were not authorised to open. Our in-house management team provided guidance and direction to all our retail customers and occupiers throughout the pandemic. We safeguarded against empty properties and supported the "Covid secure" plans of those who were able to trade. To assist the many small and independent businesses whose shops are their only source of income, we also carefully managed our capacity to shoulder a share of the burden throughout the entire period.

We worked hard to keep our shopping centres safe and remained connected to our customers by actively engaging with the local community digitally. Our detailed safety assessments and adherence to protocols and restrictions meant that none of our assets suffered forced closures or fines. In addition, our established working relationships with the local authorities and environmental health officers (EHOs) allowed us to collaborate with other stakeholders in the community and through this we were able to maintain operations and protect both our business performance and our local communities.

The Covid-19 pandemic has undoubtedly affected our work practices at our properties and our support office, but with some reconfiguration we were able to create "work bubbles" to allow those staff who wanted to return to the office to do so. We also applied measures to protect and support our centre-based teams during the pandemic and developed "management bubbles" to keep them safe.

To assist with all staff members' mental health and well-being, our "All About You" committee' focuses on ensuring that employees feel connected, engaged and supported. We also launched our Employee Voice 24/7 tool which allows employees to anonymously provide feedback to the business on any issue or topic that is important to them. All feedback submitted is reviewed and acted on by the senior leadership team.

In June 2021, we undertook an Employee Engagement Survey to understand how our employees have managed through Covid-19 and how we can support them in returning to the office. Overall, our response rate was 97%, and the overall score was 7.8 out of 10.

Prospects

Although we have learnt to be cautious when speaking about recovery, all indications are that we are moving on to surer footing. This environment is enabling more longer-term planning and a return to "more normal" business.

There is good reason to be optimistic within the UK. The advancement of our vaccination programme has put us ahead of the pack. After the pandemic pushed customers towards online shopping last year, the tide has now turned and e-commerce is not dominating retail spend. Shoppers are demonstrating that they still enjoy the physical retail experience.

We have already seen an increase in activity in the real estate capital market, shopping centre footfalls are recovering, retail sales are trending higher, retailer performance is improving and property valuations are showing real signs of stabilising. The UK economy is set to reopen almost entirely in July 2021, when capacity limits will fall away and this will create more room for improvement.

We are increasingly confident that both consumers and retailers share the need for well-located, accessible community retail and service centres with affordable occupancy costs and we have a good leasing pipeline in place.

C&R will seek to build on our strengths going forward by incorporating more independent retailers and alternative space usages in our centres, with a focus on services that are critical to our communities.

Globalworth Real Estate Investments (GWI)

Globalworth Real Estate Investments (GWI) is a real estate company active in Central and Eastern Europe (CEE), which is listed on the AIM-segment of the London Stock Exchange. Through its market-leading positions in Poland and Romania, it has become the pre-eminent office investor in the CEE real estate market. GWI acquires, develops and directly manages high-quality office and industrial real estate assets in prime locations that attract tenants from around the world and generate rental income.

Managed by over 230 professionals in Cyprus, Guernsey, Poland and Romania, 95.1% of the GWI portfolio consists of income-producing assets, predominately in the office sector, that are leased to a diverse array of more than 650 national and multinational corporates. In Poland, GWI has a presence in Warsaw, Wroclaw, Lodz, Krakow, Gdansk and Katowice, while in Romania it has assets in Bucharest, Timisoara, Constanta and Pitesti.

Shareholding and executive changes

In December 2020, the founder and co-CEO of GWI, Ioannis Papalekas, stepped down from his role, leaving Dimitris Raptis as the sole CEO.

After becoming the biggest shareholder in GWI in February 2020, CPI Property Group joined with Aroundtown to form a consortium that now holds 60.6% of the share capital, via Zakiono Enterprises Limited. This followed the completion of a cash acquisition of GWI shares at EUR7.00 per share, which was initiated by way of a formal offer announced in May 2021.

Growthpoint received an offer from Aroundtown S.A. and CPI Property Group S.A. for its shares in GWI in April 2021. However, the Independent Committee of the Board of GWI, which was appointed to consider the formal offer, concluded that it significantly undervalued the company, its assets and its prospects. The Board of Growthpoint agreed with this view and consequently did not accept the offer, which means that we continue to hold a 29.3% stake in GWI.

Performance

For its six-month financial period ended 31 December 2020, Growthpoint received dividends of EUR 0.15 per share from GWI, totalling R186.8m. It also received dividends in respect of the six-month financial period ended 30 June 2021 of EUR 0.15 per ordinary share, amounting to R183.5m.

Revaluation losses mainly caused by Covid-19 were counterbalanced by the acquisition of two high-quality logistics and light industrial properties in Romania and the net positive impact from developments completed, in progress or under refurbishment, meaning that GWI's overall gross asset value increased by 2.0% to EUR3.07bn at 30 June 2021 compared to 30 June 2020. The portfolio now consists of 66 standing properties with a gross lettable area (GLA) of 1.3m square metres.

In the six months to end-June 2021, the like-for-like appraised value of GWI's standing commercial properties was stable and remained effectively unchanged – moving only 0.1% lower in the half-year – to EUR2.7bn.

As a result of the negative impact of revaluations, GWI reported an IFRS earnings per share of EUR-21 cents for its financial year ending 31 December 2020 (2019: EUR93 cents). It reported IFRS earnings per share of EUR6 cents in the six months ending 30 June 2021, which was a significant improvement on the same six months for 2020, where earnings per share were EUR-22 cents as a result of negative revaluations.

GWI's preliminary EPRA net reinstatement value (NRV) as at 30 June 2021 of EUR1 903m, or EUR8.61 per share, represented a marginal decrease compared to EUR8.68 at 31 December 2020. This was mainly due to the payment of an interim dividend and the negative impact of the IFRS valuation losses.

GWI maintained its investment-grade rating by all three major rating agencies post the 31 December 2020 year-end review of the company. Its loan-to-value ratio (LTV) of 39.2% at 30 June 2021 is consistent with its long-term strategy of keeping its LTV at below 40%. Its liquidity position remained extremely high, with EUR459.9m of cash available as of 30 June 2021, and an additional undrawn EUR215m revolving credit facility.

Further improvement in its debt maturity profile was achieved through the repurchase of approximately 41% of notes maturing in 2022 at a 2.0% premium to their par value. This effectively extended their maturity through the July 2020 issuance of its inaugural "green" bond, which raised EUR400m with a six-year term and was more than two-times oversubscribed. This further formalised GWI's commitment to green financing initiatives.

GWI's weighted average interest rate at 30 June 2021 was 2.7%.

Leasing transactions for 194 400m^2 – comprising new lets, renegotiations and extensions – were concluded in the six months from January to June 2021. Leasing activity in these six months equates to nearly two-thirds of the total achieved in FY20, and increased 68.2% for the comparable period in 2020 to deliver GWI's best six months. The overall leasing activity – comprising new lets, renegotiations and extensions – for the July 2020 to June 2021 period covered more than 380 000m^2.

However, the like-for-like vacancy rate increased to 10.3%, due to the challenging market and the addition of three new properties to the portfolio during a period with slower take-up than usual because of Covid-19. GWI's weighed average lease length at end-June 21 was 4.7 years.

GWI's total annualised contracted rent is EUR185.2m. The rate of collections for rents invoiced and due remains high at just below 99%.

In 2020, GWI maintained its operational profitability growth trend despite the global impact of Covid-19 and the resulting higher uncertainty in the market. However, in the 12 months from 1 July 2020 to 30 June 2021, net operating income declined by 9.4% with administrative expenses increasing by 5.7% compared to the previous 12 months.

The company continued to internalise property management, with more than 90% of its portfolio now being internally managed. This drives an enhanced customer focus. In an effort to improve efficiency and achieve significant savings, GWI also conducted an extensive review of its cost base and reduced administrative expenses by about 7% during 2020. This will have ongoing benefits, especially for tenants, who will experience lower occupational costs in GWI's properties.

Portfolio highlights

GWI acquired two high-quality logistics and light-industrial facilities with a total area of 27 000m² in the western part of Romania for EUR17.9m. These facilities – IPW Arad (Industrial Park West Arad) and IPW Oradea (Industrial Park West Oradea) – are 100% let to two multinational tenants with 15-year lease agreements. The acquisitions expanded GWI's footprint into two more cities in western Romania, where it already owns the Timişoara Industrial Park. It has now invested in six cities in the country. These acquisitions plus the two new facilities constructed in Romania during the year, also grew the GWI Industrial portfolio to more than 260 400m².

GWI prioritised the development of new high-quality logistics/light-industrial facilities and between 1 July 2020 and 30 June 2021, it also delivered two such facilities in Poland, where it is also refurbishing and repositioning two mixed-use properties, Renoma and Supersam.

The aim of the latter two projects is to add value by responding to the market changes brought about by Covid-19. Selected retail and commercial spaces are being converted to increase the amount of class "A" office space available in these buildings, while other commercial spaces are being reconfigured along the lines of GWI's successful Hala Koszyki redevelopment in Warsaw.

GWI, as at 30 June 2021, has a future pipeline of mainly office and industrial projects in Bucharest and other principal regional cities in Romania and Poland, with a potential blended yield on investment cost of 10.4%. These development projects will be pursued depending on market conditions and tenant demand. Currently, the company has prioritised the development of 99 700m² in four projects in Romania, and the refurbishment and repositioning of two more mixed-use properties in Poland.

ESG

GWI received two EPRA Sustainability Best Practices Recommendations (SBPR) awards, which are given to companies that help to raise the standard and consistency of sustainability reporting in the listed real estate sector.

In June 2021, GWI issued its sustainable development report and The Globalworth Foundation issued its first annual report, titled "Better Together". Then, in July, GWI published its inaugural Green Bond report.

Of the 66 properties in the GWI portfolio, 55 are green certified and valued at a total of EUR2.6bn. In addition, the Renoma and Supersam mixed-use properties in Poland, which are currently being refurbished and repositioned, have maintained their BREEAM Excellent accreditations, which will bring the total number of GWI's green certified properties to 57, with a total value to EUR2.7bn.

GWI has also maintained its low-risk rating by Sustainalytics and BBB rating by MSCI, and sustained a strong focus on giving back to its communities, with the company and the Globalworth Foundation contributing approximately EUR445 000 to more than 10 initiatives in Romania and Poland during the first six months of 2021. This followed contributions of around EUR2m in FY20 to 27 initiatives that were primarily aimed at fighting Covid-19 and its impact in the two countries.

Globalworth Real Estate Investments (GWI) *continued*

Covid-19

During the 12 months under review, GWI continued to actively manage its portfolio of high-quality standing and development properties in Poland and Romania, while respecting restrictions in response to the pandemic. It successfully safeguarded its business, protected its assets, and minimised its exposure to the impact of Covid-19 during this period of uncertainty. At the same time, its robust liquidity and ample financial resources allowed it to act quickly in taking advantage of attractive new opportunities.

GWI invests in prime locations in key cities, selecting modern assets with excellent environmental credentials. As a result, it has a significant base of established, blue chip, and mostly international tenants with primarily long-term, Euro-denominated, triple-net and inflation-linked leases. This helped to cushion it against the impacts of Covid-19, and it was also protected by management's keen focus on safeguarding the business, protecting its assets, and minimising its exposure to the effects of the pandemic. Furthermore, no pandemic prevention measures adopted in Poland and Romania resulted in any forced closure of offices, industrial premises or essential retail businesses – spaces that represent more than 95% of GWI's contracted rent.

As the leading office investor in the CEE region, GWI has actively promoted the return of tenants to their office spaces. By prioritising the health, safety and wellbeing of the people working in and visiting its properties, and regularly communicating with tenants, it is providing the necessary assurance for them to actively start implementing their return to the office.

Prospects

GWI continues to focus on the active management of its portfolio of high-quality properties, and on being ready to respond to attractive market opportunities. Although the office of the future may need to be reconfigured to potentially offer greater flexibility or alterative space planning arrangements, GWI believes that its importance will not diminish. Corporates and occupiers believe that the office environment increases productivity and promotes creativity, innovation and consistency, while also fostering relationships and corporate culture, all of which are essential for the long-term sustainability and growth of their businesses.

In addition, Poland and Romania are poised to emerge as winners from the pandemic crisis as corporates continue to focus on containing costs. This will result in them nearshoring additional operations in GWI's two home markets.

GWI is very well-placed to continue to successfully address ongoing challenges and achieve new levels of success.

Globalworth Tower, Bucharest, Romania

Funds management

Growthpoint is committed to adding depth to the real estate market for the broader investment community and we are striving to achieve this through our funds management strategy.

This strategy aims to create opportunities for alternative real estate investment beyond the three traditional property asset classes of office, retail and industrial. By creating these new investment opportunities, we are enabling investors to diversify into sectors to which they currently have limited access.

Our funds management model

Our funds management model introduces three possible sources of income for Growthpoint – equity investment returns, asset management fees and property management fees.

Growthpoint aims to invest between 15% and 20% of the equity in each of the funds, on which it earns investment returns. The balance of the equity is raised from third-party investors and gearing of approximately 40% is introduced to each fund.

As a significant stakeholder in the management of each fund, Growthpoint also earns management fees on all assets. The fees are based on either gross or net asset value. In addition, and to the extent that it is appointed as property manager, Growthpoint earns property management fees.

Key considerations before establishing a specific fund are whether there is potential to scale the opportunity, the level of investor appetite and whether the funds' assets would differ from our core South African portfolio investments in the office, retail and industrial property sectors.

Each fund will remain unlisted until achieving R10bn in assets or within seven to 10 years after launching, when it may pursue a public listing.

Overview

The capital-light nature of our funds management platform makes it particularly attractive in the current environment. In a fortuitous and well-timed move in 2015, Growthpoint introduced new income streams to its business by managing funds in niche real estate investment areas that differ from the company's core business.

This model gives Growthpoint access to alternative investment opportunities and leverages its management strength in the unlisted and co-invested environment. Of course, these portfolios of niche assets need to be compelling investments that are scalable enough to attract institutional investor support.

Our intention is to build a R15bn funds management business by 2023 and we have already achieved much in this area over the past five years. This includes establishing two successful and growing alternative asset class funds – Lango Real Estate, the Africa Fund, which launched in March 2018 and Growthpoint Healthcare Property Holdings (GHPH) which launched in August 2018.

Growthpoint's funds management platform has gained strong momentum over the past two years, and despite the global challenges brought about by the Covid-19 pandemic, its assets under management have grown to circa R11.7bn.

Our funds are on track to meet our growth goals and we are also well into the process of launching another specialist fund focusing on purpose-built student accommodation. We will continue to explore further niche fund opportunities. Like GHPH and the proposed investment in student accommodation, several of these opportunities represent investments in social infrastructure, which will allow Growthpoint and its co-investors to make a greater social impact through real estate investment while at the same time achieving sustainable returns.

Our funds management strategy has therefore already added depth to the real estate market for the broader investment community. The undertaking has also allowed Growthpoint to further diversify its assets, drive social impact and create sustainable value for our stakeholders.

Funds management *continued*

Performance

This strategic focus over the year earned Growthpoint asset management fees of R32.9m and distributions of R132.1m from GHPH. We also received maiden dividends of USD1.6m from Lango, which we elected to reinvest, and a R6.6m distribution from the Africa Fund's Management company.

Backed by a management team with entrepreneurial vision and skills, our endeavours to initiate and grow new funds are gaining momentum. We will continue to pursue innovative partnerships and ways of investing.

Prospects

Our funds management model is a core strategy and our co-investment and co-management model is effective, and particularly attractive, in the prevailing market.

Growthpoint remains committed to initiating other funds and we expect to launch our purpose-built student residential accommodation venture in FY22. Furthermore, we believe there are opportunities to be found in property classes such as education, ICT, alternative energy and retirement living. The launch of any new fund will be opportunity driven and aptly timed.

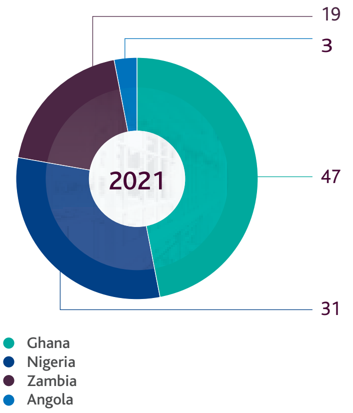
Gateway Private Hospital, Umhlanga, South Africa

Lango Real Estate (Lango)
as at 31 March 2021

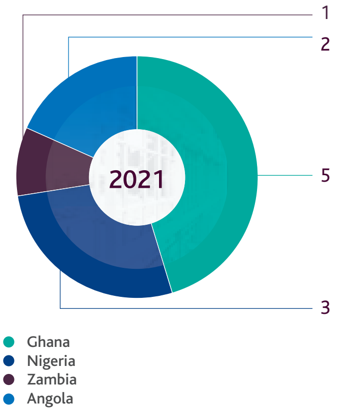
85%	3.5 years	95%
Global and multinational tenants	Average lease expiry period	USD-denominated leases

Property assets	
Differentiator	Geography
Fund Manager	Lango Real Estate Management Limited (42.5% Growthpoint co-owned)
Managing Director	Thomas Reilly
Assets under management	USD600.9m
Net asset value	USD320.1m
Growthpoint shareholding	16.1%
Gearing	46.9% LTV
Major co-investors	South African and foreign pension funds
Asset management fees	2% of NAV
Number of properties	11

Geographical split by value (%)



Geographical split by number



Income streams for Growthpoint

- Property investment returns
- Management company distributions.

This year, Growthpoint Investec Africa Properties rebranded as Lango Real Estate and continued to emerge as a leading landlord in the African real estate market.

It gained ground on numerous fronts and built on its demonstrated track record of growth, with three minority-stake acquisitions during its financial year and a fourth in April 2021. These accretive acquisitions have substantially offset the adverse financial impact, in part due to the pandemic, on asset valuations.

Lango has complete management control of a portfolio of 11 underlying assets, which includes prime office and retail properties across four countries. It has now reached a degree of critical mass and, with a high-quality asset portfolio and strong stakeholder base, is well-positioned for a potentially exciting period of growth.

Lango has established a reputation as a credible player in the African real estate market and has strategically positioned itself as a platform for attracting sophisticated international investor capital into the asset class. It also strives to act as a catalyst for impact across the continent, with associated long-term socio-economic benefits.

One of the company's primary strategies during the year was to refine its capital structure, and these efforts resulted in a portfolio refinancing transaction worth more than USD300m that fully restructured its underlying property debt.

The transaction, jointly financed by Standard Bank and RMB, has been touted as the largest real estate debt transaction in sub-Saharan Africa (excluding South Africa) and the first cross-collateralised and multi-jurisdictional portfolio real estate financing deal on the continent. The agreement has also simplified Lango's debt management activities and has been accretive to performance. It not only significantly reduced Lango's cost of debt, but substantially extended its debt maturity profile and harmonised various covenants across its portfolio. Lango achieved this through an innovative funding structure that saw individual asset-based debt packages effectively being converted into broad portfolio-based debt structures on far more competitive terms.

This debt restructuring initiative will lead to significant operational efficiencies for the business and is ultimately aimed at enhancing Lango's distributable income.

The past financial year will undoubtedly be remembered for the challenges brought about by Covid-19, but the pandemic also highlighted the invaluable benefits of Lango's diversified portfolio. While the situation further induced macro-economic headwinds and resulted in a challenging operating environment, particularly in the retail sector, the company's strategic portfolio composition – with assets located across several jurisdictions, key cities, and property sectors – enabled it to absorb the impact, which manifested in different countries at different times, and was met with varying regulations. Furthermore, the countries in which Lango invests were fortunate to have been less severely impacted than many others.

Lango's majority exposure to quality office assets – in many cases with large international tenants – and a minority exposure to retail also contributed to its reduced risk.

One silver lining to the pandemic was that it presented opportunities for more direct tenant interaction and highlighted the value of partnerships. Having Lango people on the ground also made a significant difference. Cash collections for the financial year were robust, with 95% of billable income collected.

Management continues to focus on detailed expense and arrears management and the company remains proactive in leasing and tenant management, with several such initiatives being undertaken. Encouragingly, Lango has received numerous new leasing enquiries – including several from blue-chip business tenants – particularly within Ghana's office sector.

The liquidity and convertibility of local currency into USD in Nigeria has become difficult to execute in the wake of Covid-19 and the drastic reduction in the oil price. However, current indications are that this will improve as the oil price rises again. Liquidity is also less of an issue in the other countries where Lango is invested.

Looting and property damage following widespread social unrest in Lagos, Nigeria, in late October 2020 saw many assets affected, including Circle Mall. A full re-instatement process is currently underway.

Despite the challenges resulting from the global pandemic, one cannot ignore the favourable long-term demographics and projected economic growth of the region.

A second fundraising period post Lango's FY21 commenced in May 2021. Proceeds raised in this drive are expected to be allocated to marginally reducing Lango's underlying quantum of debt, and to a potential new asset pipeline that aims to further diversify and enhance the company's overall portfolio of assets.

Asset allocation

Lango is focused on investing in prime, income-producing commercial real estate assets in key nodes and cities across Africa, with the aim of generating compelling and sustainable investor returns. Exposure across the retail, office and industrial sectors is underpinned by rental growth from top-tier tenants. This diversified exposure creates a more balanced and risk-enhanced portfolio and allows for the potential extraction of long-term diversification benefits that are supported by the continued rapid urbanisation rates and economic growth across the continent.

Deal flow

An extensive network of partner relationships and proprietary deal access from property developers across Africa contribute to Lango's deal flow and gives the company access to a significant asset pipeline that is diversified across countries and sectors.

Furthermore, the restructuring of the company's debt finance, supported by its funding partners and a planned second fundraising initiative in FY22, enhances Lango's ability to continue its growth trajectory and further entrench itself as a leading player in the African real estate market. This restructuring also creates a funding platform that is expected to increase future distributions and stakeholder value.

Target

Liquidity for investors will be catalysed through a stock exchange listing, most likely on the London Stock Exchange with a secondary listing on the Johannesburg Stock Exchange. This will be achieved once the fund has attained a NAV of USD750m, and by no later than March 2026.

FY21 contribution to Growthpoint

Lango's maiden USD1.6m distribution to shareholders was made in December 2020, and a final USD1.3m dividend in respect of FY21 (to end-March 2021), in June 2021. From distributable income of US17.92c per share, Growthpoint received USD457 853.

Prioritising Lango's distributions to shareholders remains central to it building a sound track record, and doing so well-ahead of its planned listing and IPO process. It is Lango's intention to continue to declare six-monthly dividends and it estimates an annual 5% to 8% dividend yield.

Growthpoint Healthcare Property Holdings (GHPH)

GHPH has continued to demonstrate pleasing growth and good demand over the past financial year, thanks to the defensive nature of the healthcare sector and its agile response to the pandemic.

Growthpoint Healthcare Property Holdings (GHPH)

Manager	Growthpoint Management Services
Fund Manager	Dr Linda Sigaba
Assets under management	R2.8bn
Net asset value	R1.8bn
Growthpoint holding	62.2%
Gearing	1.7%
Major co-investors	Pension funds
Asset management fees	1.25% of GAV
Property management fees	1.5% of gross collections
Number of properties	6

The fund's property portfolio also continues to grow, with a diversity of healthcare properties and two accretive acquisitions added over this period.

By introducing the first specialist surgical hospital into its portfolio, the fund expanded its base of tenant operators to include Cintocare, Netcare, Busamed and Mediclinic. The Cintocare specialist hospital in Pretoria, custom developed by Growthpoint and transferred to the fund post year end, is the first hospital in Africa with a 5-Star Green Star environmental rating. It is also only the fifth globally with its particular clinical business model and specialised surgical mix – focused exclusively on head, neck, spinal and vascular surgery.

The Healthcare Fund furthermore acquired 51% of the Busamed Paardevlei Private Hospital property in Somerset West, extending the excellent relationship it has with this innovative operator.

The IFC is finalising its investment of USD80m in a combined equity and convertible debt package to finance the development and acquisition of properties for GHPH. This investment is an endorsement of the fund's robust ESG credentials, which are key considerations for investment by development finance institutions (DFIs) and other local and international institutional investors.

In FY20, Kagiso Capital increased its holding in the fund to 15% of the issued share capital. It intends to match this with a 15% investment in the fund's management company and this arrangement is in progress.

Healthcare properties are generally resilient and tend to maintain their performance in downturns and rebound quickly in upturns. Even though Covid-19 did not spare any economic sector, including healthcare, this resilience proved to be true in the GHPH portfolio. Hospitals were unprepared for the first wave, during which elective procedures – which can make up anywhere from 40% to 80% of revenue – were prohibited for a few months. But they quickly learned to manage staffing, PPE and ways of treating those with and without Covid-19 in the same facility. The fund's hospitals made a quick recovery and were relatively unscathed by the second wave. They are also confident they will cope equally well through the third wave, which swelled towards the end of FY21 and any similar future scenarios. All rental deferments given to assist tenant hospitals during the first wave, barring three months from one facility, had been recovered by end-June.

The pandemic has crystalised gaps and opportunities in South Africa's healthcare sector and this paints a positive picture for the fund's growth. There remains a great need for more private sector hospital beds and healthcare facilities in some provinces. These include acute and day hospitals, laboratory facilities and biotechnology manufacturing, warehousing and logistics properties. GHPH is ideally positioned to play a role in meeting these needs.

The fund's promising R3.5bn growth pipeline includes both acquisition and development projects, and it intends to execute transactions corresponding to capital capacity. In FY22 it expects to finalise at least two further acquisitions for a combined R750m.

Furthermore, in a market with liquidity constraints, GHPH continues to attract capital. This was seen recently with RMB clients introducing additional equity to support the fund's growth pipeline.

Growthpoint Healthcare Property Holdings (GHPH) *continued*

While the fund still enjoys the benefit of having essentially no debt on its balance sheet, debt is both limited and expensive in the current market. Thus GHPH remains on a capital raising trail and is in discussions with local and international DFIs, institutional investors, asset consultants and pension funds to attract more investors.

Asset allocation

GHPH is the first unlisted healthcare fund to invest exclusively in healthcare property assets in South Africa. The investment mandate remains to acquire and develop acute, day and specialist hospitals, as well as laboratories and biotechnology manufacturing and warehousing facilities.

Portfolio

GHPH has grown a portfolio of seven healthcare assets, including six hospitals and one medical chambers building. The fund's assets are characterised by long leases, because hospitals and clinics are most often enduring elements of their communities. Four of the hospitals have consistently been on Discovery Health's annual list of top South African hospitals, as rated by patients.

The GHPH healthcare assets are:

- Netcare N1 City Hospital and Medical Chambers
- Mediclinic Louis Leipoldt Hospital
- Busamed Gateway Private Hospital
- Busamed Hillcrest Private Hospital
- Busamed Paardevlei Private Hospital
- Cintocare Hospital.

Deal flow

Enabling the growth of healthcare operators, particularly newer or smaller ones, is expected to provide deal flow for the GHPH specialised investment vehicle. Strong regional healthcare operators continue to express interest and we have lined-up several such opportunities. In the medium to long term, this healthcare-focused property company will give established hospital operators a credible platform to sell and lease back some of their property assets in order to manage their balance sheets more efficiently. This is consistent with models followed by hospital groups globally. We continue to engage with the big three national operators to unlock long-term opportunities.

Target

Liquidity for investors will be through an IPO and stock exchange listing which is anticipated once the fund has R10bn in assets. The fund has achieved a third of this scale.

FY21 contribution to Growthpoint

Since pioneering healthcare property fund investment in South Africa in 2018, GHPH has delivered good growth to its investors, including good returns in FY21. GHPH was one of only a few funds showing DPS growth of 11.6% and DPS of 86.41 cents (FY20: 77.45 cents), which is an excellent result in this market. Yet, while income returns remained strong, capital returns edged down -1.3%. This decrease relates to the impact of the Covid-19 pandemic and the shortening of the leases at Netcare N1 City and Mediclinic Louis Leipoldt which expire in 2023 and 2025 respectively. Both are being negotiated.

Top healthcare tenants by gross rental contribution as at 30 June 2021

	Tenants	GLA m²
1	Busamed Limited	**55 471**
2	Netcare Limited	**18 480**
3	MediClinic Limited	**15 075**
Sub-total		**89 026**
Balance of the sector		**611**
Total for the healthcare sector (excluding vacancies)		**89 637**

Cintocare Hospital, Menlyn Main, Pretoria, South Africa

Governance

As Covid-19 continues to stress test the business, effective governance has become even more important in preserving stakeholder value. Our governance framework ensures that all aspects of our business are managed to achieve the desired outcomes.

This governance philosophy is based on, and aligned to, the King IV Report on Corporate Governance for South Africa (King IV™*) as well as a sturdy foundation of ethical leadership, corporate citizenship, sustainable development, stakeholder inclusivity and integrated thinking and reporting.

Corporate governance

The Growthpoint Properties Limited Board of Directors (the Board) is responsible for leading the company with integrity.

The Board is the focal point and custodian of the governance framework including through its committee structures. Good governance at Growthpoint contributes to living our values through enhanced accountability, a transparent and ethical culture, sound risk management, a focus on effective control and robust performance of the business. We optimise the use of our capitals and address our key risks while taking advantage of existing opportunities.

In a very uncertain and unstable operating environment, with increased regulatory and financial pressures due to business failures, the company acknowledges the need to carefully maintain a balance between delivering on the expectations of shareholders, regulators and other stakeholders and ensuring a sustainable business. Tough decisions had to be made during the financial year to achieve the latter amid the continuing pandemic.

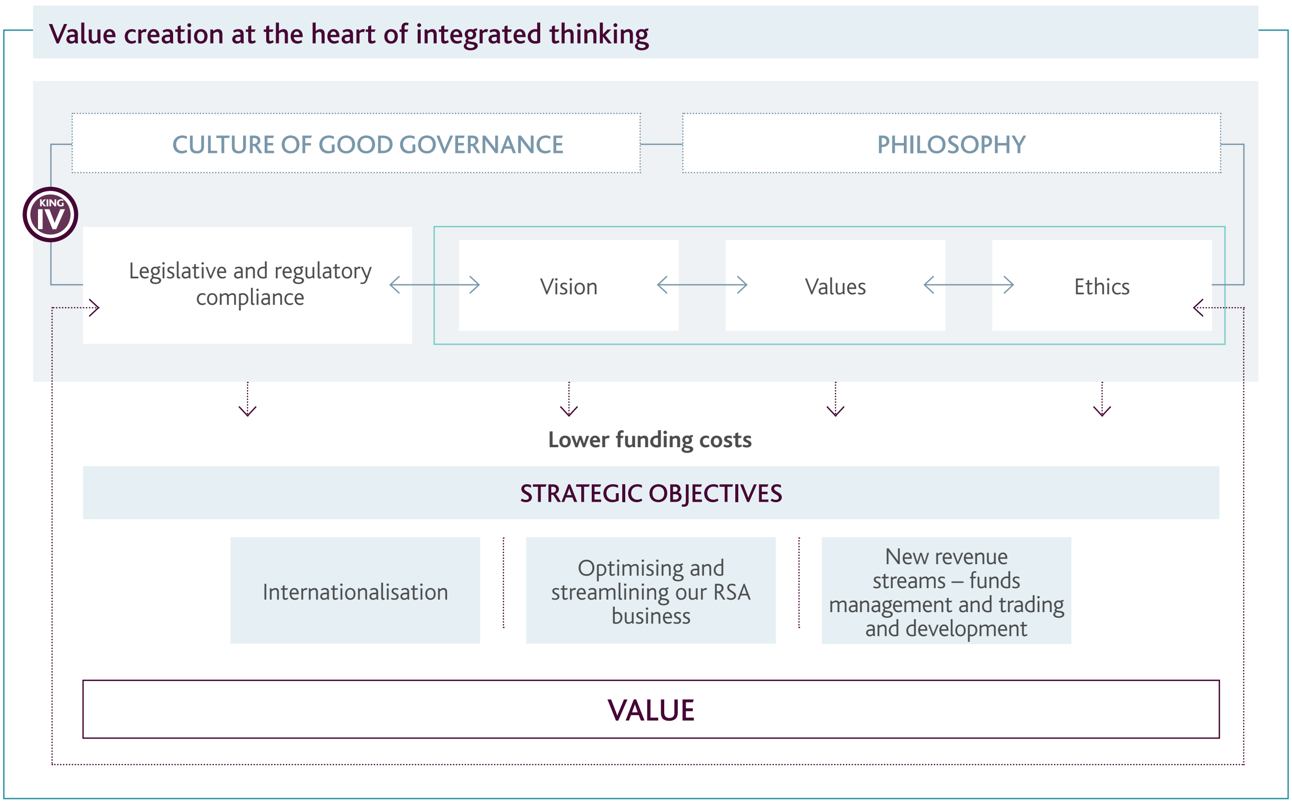
Creating value with good corporate governance

By upholding the highest possible corporate governance standards, Growthpoint provides all its stakeholders with the assurance that it is a well-governed and well-conducted business.

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 governance frameworks are firmly 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 that are in the company's best interests.

Our good governance standards are reflected in Growthpoint's track record of consistent performance over the years, which assures our stakeholders of our predictability, accountability, transparency and sustainability.

Growthpoint has the advantage of a stable management team. Although the Board has seen some significant changes over the past 24 months due to the rejuvenation process. We are confident that the Board has the appropriate balance of knowledge, skills and experience and the independence required for objective and effective governance. These criteria are assessed separately and addressed in more detail in the report.



Corporate governance *continued*

Philosophy

The creation of value is at the heart of integrated thinking and governance in Growthpoint and therefore extends beyond legislative and regulatory compliance. Management strives to foster an enterprise-wide culture of good governance linked to the company's business philosophy, which incorporates our vision, values and ethics. The Board and management subscribe to the philosophy that corporate governance, built on an ethical and values-based foundation, permeates through all business activities and enables the company to achieve its strategic objectives.

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, MOI, the Board Charter and the terms of reference of Board committees are aligned with relevant provisions of the Act and King IV.

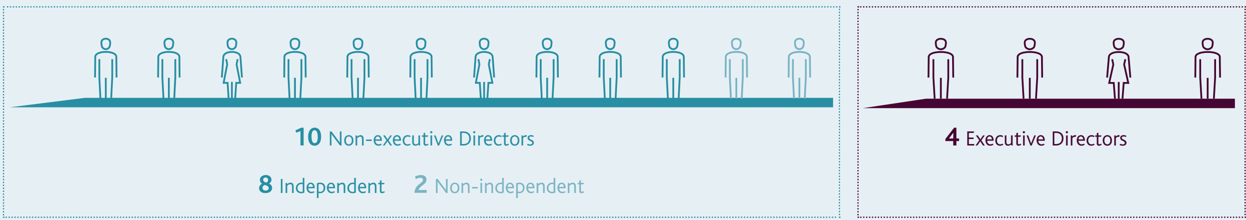
Compliance framework

STATUTORY AND REGULATORY	ACCOUNTING STANDARDS AND FINANCIAL REPORTING REQUIREMENTS	COMPANIES ACT AND JSE LISTINGS REQUIREMENTS
A standing item on every agenda for the **Risk Management Committee**	Overseen by the **Audit Committee**	Responsibility of the **Company Secretary**
The Board receives feedback quarterly from the chairs of all Board committees, in addition to the minutes of all the committee meetings.	Compliance with accounting standards and financial reporting requirements.	During FY21, Growthpoint had no incidents of major non-compliance, or fines or prosecutions linked, for example, to anti-competitive practices or other governance and economic issues. However, Growthpoint received an administrative fine of R10 000 for not timeously submitting an audited report to the Estates Agency Affairs Board.

The Board of Directors

As at the date of issue of this report, Growthpoint had a unitary Board comprising 14 directors in total: four Executive Directors and 10 Non-executive Directors, 8 of whom are regarded by the Board as independent.

Board composition



The expertise and business experience of each of the Executive and Non-executive Directors enable them individually and collectively to evaluate strategy, assess the company's performance and act in Growthpoint's best interests.

Independence of the Board

In FY20, the Board conducted its annual independence assessment of the Non-executive Directors using an independent consultant, who oversaw the process and confirmed its integrity. As there were no changes to the Board in FY21 this independence assessment was confirmed.

Despite the fact that two Non-executive Directors are considered to be non-independent, the Board has concluded that they act and exercise their minds independently in their roles on the Board and respective committees.

Independent skills profiling and assessment process

1	DIRECTOR TENURE	Maximum tenure of **12 years.**
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 • Not allowed 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.
4	INDEPENDENCE ASSESSMENT OF NON-EXECUTIVE DIRECTORS	Independent consultant oversees the process and confirms its integrity.
5	SKILLS AND EXPERIENCE	**Longer-serving Directors:** • Make a robust contribution to management accountability with their experience and insight • Offer depth of skill and knowledge.
6	SUCCESSION	Ensure complementary skills set.

Governance structures

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

Skill and experience

The process to rejuvenate the Board commenced during 2019 with an independent skills profiling and assessment to enable proper succession planning. This assisted Growthpoint to ensure that the skillsets of newly appointed Directors are complementary to those of the current Directors. Skills gaps identified during the assessment have now, to a large extent, been addressed.

As a result of the rejuvenation process, in 2019 Mr FM Berkeley and Mr JA van Wyk were appointed by the Board and in 2020 the board appointed Mr R Gasant, Mrs KP Lebina and Mr AH Sangqu. On 14 September 2021 Mr M Hamman was appointed. The above appointments are all in the capacity of Independent Non-executive Directors.

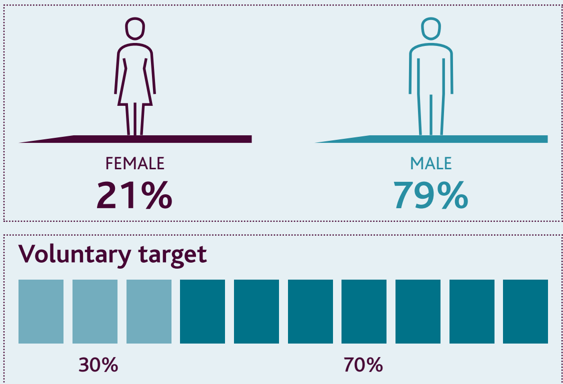
Succession

Succession planning to ensure complementary skill sets and experience is an ongoing exercise. We believe in fostering diversity across the organisation. The Board considers candidates who represent a diverse spectrum of skills, age, race, gender and culture. It is committed to women holding Board positions. There are Board policies for gender and racial diversification.

Diversity and inclusion

The Board has adopted a Board-level gender diversification policy with a voluntary 30% target for female representation, including black women. (Currently, the three female Directors represent 21% of the total number of Directors.)

Gender diversification



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 from time to time, at Board level.

Tenure

We have several longer-serving Directors who, because of their experience and insight, have made a particularly robust contribution to the company.

The Board has resolved that a tenure policy will enhance independence. Non-executive Directors have a fixed 12-year term, irrespective of whether their elected term has run its course. If requested by shareholders, a Non-executive Director's tenure could be extended beyond this. However, they would be required to resign at each subsequent annual general meeting (AGM) and be re-appointed.

Directors with tenures of 12 or more years as at 30 June 2021

Name of director:	JC Hayward	JF Marais**	NBP Nkabinde
Year of appointment:	2001	2003	2009
Status:	Independent	Non-independent	Independent
Number of years in service	20 years	18 years	12 years
	Retiring at the AGM on 16 November 2021	Retiring at the AGM on 16 November 2021	

** *Partner at Glyn Marais Inc. which provides legal services to the Group.*

Limits to additional directorships for Non-executive Directors

The Board has further resolved that the Non-executive Directors on the Board should not hold more than four directorships, including Growthpoint, or one chairman position outside Growthpoint and two Non-executive Director positions including Growthpoint. These positions may not be on a competitor company's Board.

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

The reason for these restrictions is that the individual directors need to ensure that they have the necessary capacity to prepare adequately for meetings and attend all Board and committee meetings.

With regard to Non-executive Directors on the Growthpoint Board, 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 Lead Independent Director.

The Chairman of the Board may, at his/her discretion, approve directorships outside of the set criteria or decline to approve additional directorships within the set criteria, if the Chairman considers this to be in the best interests of the company. In exercising this discretion, the Chairman should inform the Board and should not exercise the discretion in respect of himself/herself without Board approval.

Limits to external board positions for Executive Directors

Growthpoint Executives are not permitted to serve on external boards. Any exceptions are subject to the discretion of the Board. 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.

Directorships in Growthpoint subsidiaries

GOZ

GOZ reports to Growthpoint's Risk Management Committee annually on the application of the King IV principles to its governance policies, as well as additional provisions required by Australian law. GOZ's governance policies conforms to or exceeds the principles of King IV.

Growthpoint Directors hold positions on GOZ's Board and committees as follows:

- Board: LN Sasse, EK de Klerk and JF Marais
- Audit, Risk and Compliance Committee: EK de Klerk
- Nomination, Remuneration and HR Committee: LN Sasse (Chairman) and JF Marais.

C&R

C&R is listed in the United Kingdom and complies with related legal prescripts. Growthpoint Directors and officers hold positions on the C&R Board and committees, as follows:

- Board: LN Sasse and G Muchanya
- Audit Committee: G Muchanya. Attendance by LN Sasse as an observer.

Re-election of Directors and new appointments

One-third or nearest that number of the Non-executive Directors are subject to retirement by rotation and possible re-election by shareholders at the AGM each year.

Through the Governance and Nomination Committee, the Board recommends (or not, as the case may be) retiring Non-executive Directors for re-election or election at the AGM. Directors who retire by rotation or otherwise at AGMs are those who have been in office the longest since their last re-election and those appointed by the Board since the previous AGM. Retiring Directors are named in the Directors' report and AGM notice included with the notice and proxy of AGM and summarised AFS.

The Board considers appointments of new Directors on the recommendation of the Governance and Nomination Committee. New Directors are adequately informed about Growthpoint's business, policies, meeting dates and procedures 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 Memorandum of Incorporation (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 where applicable as well as annually, as per the Act. Directors' interests in the company's shares as at 30 June 2021 are set out in the AFS note 23 (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 the company and its major subsidiaries, as well as Directors' associates, Exco members and the Company Secretary, must obtain prior written clearance from the Group CEO 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 other 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.

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. 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 FY21 are set out below. Board members are encouraged to serve on at least two Board committees.

Four scheduled and four special Board meetings were held during FY21. Two of the special meetings were dedicated to strategy (held over three days in total). In all cases where Directors or committee members were unable to attend a meeting, the Board or respective committee granted their leave of absence.

	Board	Governance and Nomination Committee	Audit Committee	Risk Management Committee	Property and Investment Committee	Social, Ethics and Transformation Committee	Human Resources and Remuneration Committee
JF Marais	8/8	2/2		4/4**			6/6
FM Berkeley	8/8	2/2**	7/7**		4/4		6/6
NO Chauke	7/8			4/4*		4/4*	5/5*
EK de Klerk	8/8	2/2*	4/7*	4/4*	4/4*	3/3*	5/5*
MG Diliza[(1)]	6/6	1/1			2/2	2/2	
LA Finlay[(2)]	1/1						
R Gasant	8/8	2/2	7/7	4/4			
JC Hayward	7/8	2/2	3/3	4/4			6/6
KP Lebina[(3)]	5/5		4/4	2/2			
SP Mngconkola	8/8			2/2	2/2	4/4	
R Moonsamy[(1)]	5/6				3/4	2/2	
NBP Nkabinde	8/8			2/2		4/4	2/2
LN Sasse	8/8	2/2*		4/4*	4/4*		4/5*
AH Sangqu[(3)]	5/5	1/1	2/2			3/3	
JA van Wyk	8/8	1/1	7/7	4/4	4/4		
FJ Visser[(1)]	6/6	1/1		2/2			4/4
G Völkel	8/8		7/7*	4/4*	4/4*	4/4*	1/1

(1) *Mr MG Diliza, Mr R Moonsamy and Mr FJ Visser retired at the AGM of 8 December 2020.*
(2) *Ms LA Finlay resigned on 7 July 2020.*
(3) *Mrs KP Lebina and AH Sangqu were appointed on 21 September 2020.*
* *Executive – permanent invitee.*
** *By invitation.*
Human Resources and Remuneration Committee held two special meetings in addition to the four normal scheduled meetings during the period.

Directors' remuneration

Directors' remuneration is subject to annual review by the Human Resources and Remuneration Committee (Remco) and recommended to the Board and submitted for approval at the AGM. The fees for FY21 were approved at the AGM held on 8 December 2020.

At its meeting on 31 May 2021, Remco recommended a 4% increase (FY20: Nil) in Non-executive Directors' remuneration for FY22 and this recommendation was approved by the Board on 14 September 2021.

Shareholders will be asked to approve, by way of non-binding votes, the company's overall remuneration policy and implementation for FY22. The remuneration report containing this information is included in this section of this report.

Directors' remuneration is disclosed in the AFS in line with the Listings Requirements of the JSE Limited. The key performance aspects linked to the remuneration of Executive Directors are described in the remuneration report.

The Chairman

Mr Francois Marais

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 JF Marais, is a Non-executive Director. His responsibilities are contained in, but are 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
- With Remco, assessing the performance of the Group CEO
- With the Group CEO, evaluating the performance of the other Executive Directors at least annually.

The Lead Independent Director

Mr John Hayward

Independent Non-executive Director

The role of Lead Independent Director is to:

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

Board responsibilities and accountability

The Board provides strategic direction and leadership, promotes shareholder value and enhances the sustainability of the business, to the benefit of the company and all its stakeholders. Directors are required to abide by Growthpoint's Code of Ethics and policies promoting ethical behaviour to ensure that they act with independence of mind and integrity.

The Board is guided in all matters 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 to the business, mainly through the Risk Management and Audit committees
- Providing direction to and evaluating the performance of management.

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

The Non-executive Directors are independent of management and are free from relationships that could affect their judgement as Directors. The Board is accountable to the company but is also always cognisant of stakeholder expectations and interests. In its decision making, the Board adopts a collaborative approach to governance.

Access to information

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

Formal Board and committee self-assessment

In July 2021, the Board, along with the HR and Remuneration, Audit, Property and Investment, Risk Management and Social, Ethics and Transformation committees, conducted a formal self-assessment process. The overall outcome was positive. Feedback was provided to the Board and the respective committees at their meetings held in August/September 2021.

Code of Ethics and business conduct

The Code of Ethics statement aims to ensure that Growthpoint conducts its business in line with the highest ethical standards.

The statement seeks, in particular, to ensure compliance with relevant legislation and regulations in a manner that is beyond reproach.

Governance structures

1 Policies promoting ethical conduct

Refer to page 120 for more information

2 Compliance framework

Refer to page 114 for more information

3 Internal audit

Refer to page 93 for more information

4 Executive management committees

Refer to page 20 and 128 for more information

5 Board committees

Refer to page 20,121 to 127 for more information

1 Governance of organisational ethics*

1 Leadership commitment

2 Governance structures

5 Independent assessment and external reporting

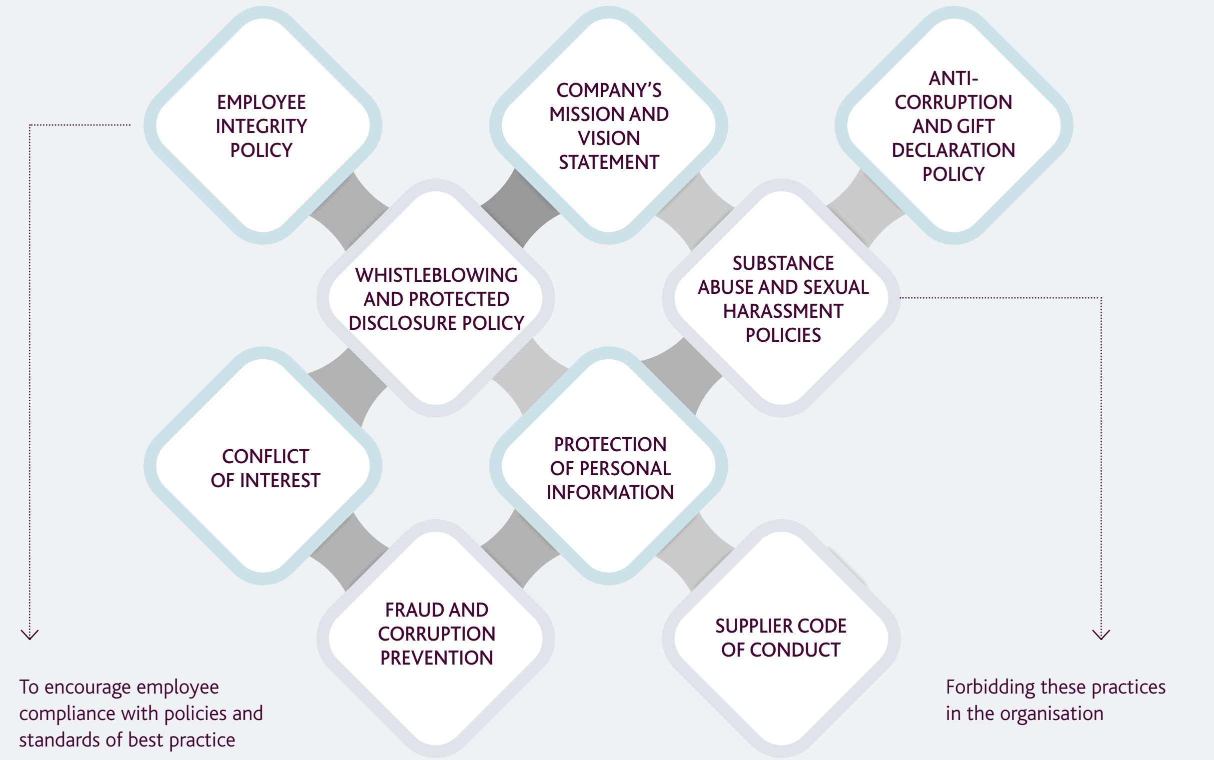
* *Framework adopted and developed in association with the Ethics Institute.*

Growthpoint has engaged the Gordon Institute of Business Science to conduct an ethics risk assessment and, based on the results, will formulate an ethics strategy. Several policies must be read in conjunction with the Code of Ethics, for example the policies dealing with conflicts of interest, fraud and corruption prevention, anti-corruption and gift declaration policy, protection of personal information and supplier code of conduct.

An essential feature of the strategy is creating awareness of these codes and policies among employees and new entrants via various platforms. Monitoring and reporting to the Board will be via the Social, Ethics and Transformation Committee with Internal Audit providing assurance to the Audit Committee on the effectiveness of the ethics function.

2 Policies promoting ethical conduct

Growthpoint has various policies in place to promote and instil ethical behaviour and integrity among management and employees.



Growthpoint has a **whistleblowing policy** that allows one to raise concerns about malpractice without fear of victimisation or reprisal.
(If you suspect underhanded deals, theft, sexism, racism or ageism, report it!)

Any whistleblower will remain anonymous!

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GROWTHPOINT PROPERTIES

3 Internal audit

The internal audit function, excluding the Internal Audit of IT, is provided in-house by the Head of Internal Audit. The scope and functions of Internal Audit are covered in the related section of this report.

4 External audit

EY acted as the external auditor for Growthpoint SA and its subsidiaries. The independence of the external auditor is reviewed every year by the Audit Committee with the auditor. The external auditor attends all Audit Committee and Risk Management Committee meetings and has unrestricted access to the Chairmen of both committees.

5 Board committees

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

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 executives 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 help them 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 have satisfied themselves that they have fulfilled their responsibilities according with their Terms of Reference during FY21.

Corporate governance *continued*

Rhidwaan Gasant
Chairman

Five independent Non-executive Directors

Meetings

The committee has five scheduled meetings a year with one session dedicated to reviewing the company's IAR.

Present at meetings by standing invitation:
- CEO: RSA
- Group FD
- COO: RSA
- CFO: RSA
- Head of Internal Audit and Risk Management
- External auditor

The expertise of the members of the Audit Committee is reflected on pages 22 to 24 of this report.

A

Audit Committee

This committee maintains an effective working relationship with management and other Board committees, notably the Risk Management Committee, whose minutes are noted at Audit Committee meetings. This ensures that risk mitigation and the status of specific risk issues dealt with by the Risk Management Committee are noted.

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
- Proper accounting records are maintained
- The design effectiveness of internal controls is 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 auditor
- Financial information is reviewed at least quarterly
- The AFS are reviewed before they are recommended to the Board for approval
- An external auditor is appointed at all times
- The scope for each external audit is determined.

This committee also reviews and sets the annual external auditor's fees.

The Audit Committee is satisfied that the external auditor is independent and that the FY21 audit has been carried out without restricting the audit's scope.

Key focus areas for this committee during FY21 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
- Controls around the valuation of investment property
- The compilation of "tax risk and compliance" reports on local and foreign companies in which Growthpoint has invested
- Obtaining more detail on financial reporting by subsidiaries
- The consideration of the committee's composition and skillset, the independence of its members or their ability to act independently, and the succession of those facing retirement in the foreseeable future
- JSE Listing Regulations 3.84(k), which requires an attestation statement to be made by the Chief Executive Officer and Financial Director in the integrated report of all equity issuers listed on the JSE. This requirement is effective for the Growthpoint financial year ending 30 June 2021.

This committee satisfies itself annually as to the expertise, resources and experience of the company's finance function and the suitability of the Group Financial Director.

The Audit Committee report to shareholders on how it carried out its obligations is presented in the AFS.

John van Wyk
Chairman

Four independent Non-executive Directors

Meetings

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

Present at meetings by standing invitation:

- Chairman of the Board
- Group CEO
- CEO: RSA
- Group FD
- COO: RSA
- CFO: RSA
- Group Treasurer
- Head of Internal Audit and Risk Management
- Human Resources Director
- Group Legal Counsel
- Chief Information Officer
- External auditor

The expertise of the members of the Risk Management Committee is reflected on pages 22 to 24 of this report.

RM

Risk Management Committee

Internal Audit and Risk Management assist the Risk Management Committee with its reviews of risk management controls and procedures.

The main objective of this committee is to protect the quality, integrity and reliability of the Group's risk management by:

- Assisting the Board in matters of corporate accountability and associated risks
- Ensuring that risk policies and strategies are effectively managed
- Monitoring external developments that could affect corporate accountability
- Reviewing and assessing the integrity of risk control systems
- Defining risk management policies and the risk management function, as well as the scope of enterprise risk management (ERM)
- Ensuring the independent and objective oversight and review of information provided by management on corporate accountability and associated risks.

Key focus areas for this committee during FY21 have been:

- Monitoring finalisation of the IT operating system that was implemented for the business, as reported by the independent Chairman of the IT Steering Committee. The IT Steering Committee forms part of a formal governance framework set up to ensure that there is equitable oversight in place for ITC-related matters
- Monitoring and reporting on Protection of Personal Information Act (POPIA) implementation
- Ongoing monitoring of liquidity and the sustainability of the business
- Monitoring actions taken to ensure compliance with environmental legislation including review and update of leases
- Monitoring structures and funding of the funds management business.

Risk management is further covered in the risk management section of this report.

Frank Berkeley
Chairman

Three Non-executive Directors

Meetings

This committee meets at least quarterly.

Present at meetings by standing invitation:

- Group CEO
- Group FD
- CEO: RSA
- Group FD
- COO: RSA
- CFO: RSA
- Heads of Asset Management
- Management Accountant

The expertise of the members of the Property and Investment Committee is reflected on pages 22 to 24 of this report.

PI

Property and Investment Committee

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

Its role is to:

- Consider and decide on proposed acquisitions and disposals in terms of the levels of authority
- Discuss and decide on proposed capital expenditure
- Periodically review due diligence processes for acquisitions
- Review and make recommendations to the Board regarding Growthpoint's annual budgets, including capital expenditure budgets
- Provide a high-level review of bi-annual property valuations before their submission to the Board and the Audit Committee
- Periodically review and assess the company's approach to investment in physical property assets and letting enterprises.

Key focus areas for this committee during FY21 have been:

- The company's investment and development guidelines for property trading and development
- Internationalisation and potential new acquisitions off-shore
- Challenges facing the property industry in the current economic climate
- Robustness of the property valuation process

John Hayward
Chairman

Board Chairman and three independent Non-executive Directors

Meetings

This committee meets at least quarterly.

Present at meetings by standing invitation:

- Group CEO
- Group FD
- CEO: RSA
- Human Resources Director
- Head Investor Relations

The expertise of the members of the Human Resources and Remuneration Committee is reflected on pages 22 to 24 of this report.

HR

Human Resources and Remuneration Committee

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 calibre.

Furthermore, this committee helps determine the key components of remuneration and performance review criteria for Executive Directors and senior management. To this end, the committee:

- Determines specific remuneration packages for Executive Directors of the company, taking into account relevant benchmarking
- Periodically reviews the terms and conditions of the Executive Directors' service agreements
- Determines the criteria for measuring the performance of Executive Directors and linking this to remuneration
- Approves proposed allocations to eligible participants in the company's staff incentive scheme
- Establishes and preserves remuneration credibility with shareholders and other stakeholders
- Make recommendations to the Board regarding the remuneration of Non-executive Directors, which is benchmarked periodically
- Coordinates its activities with those of the Chairman of the Board and the Group CEO, and consults them both when formulating remuneration policy and when determining specific remuneration packages
- Reviews and approves the succession plan for Executive Directors and executive management.

Key focus areas for this committee during FY21 have been:

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

Francois Marais
Chairman

All the committee chairs and the Chairman of the Board

Meetings

Present at meetings by standing invitation:

- Group CEO
- CEO: RSA

The expertise of the members of the Governance and Nomination Committee is reflected on pages 22 to 24 of this report.

GN

Governance and Nomination Committee

The committee was established to review and monitor the adequacy, efficiency and appropriateness of the corporate governance structure and practices ensuring compliance with relevant legislation. The committee also independently reviews and monitors the integrity of the company's Non-executive Director nomination and appointment processes.

This committee is responsible for:

- Reviewing and making recommendations on the Board's composition, structure and size as well as the balance between executive and Non-executive Directors
- Making recommendations to the Board on Non-executive and Executive Director appointments after identifying and screening candidates for Board approval and appointment
- Succession planning for the Chairman
- Alerting the Board to governance matters which the committee chairmen or their committees feel the need to be raised with the Board
- Alerting the Group CEO to any important governance matters or emerging issues
- Discussion of aspects of governance that might require attention from time to time.

Key focus area for this committee during FY21 has been:

- To discuss the composition of the Board and Board committees as well as the appointment of new Non-executive Directors.

Andile Sangqu
Chairman

Three Non-executive Directors, two of whom are independent.

Meetings

This committee meets four times a year.

Present at meetings by standing invitation:

- Chairman of the Board
- Group FD
- COO: RSA
- CFO: RSA
- Human Resources Director
- Head of Corporate Social Responsibility
- National Procurement Manager
- Office Development Head
- Integrated Reporting and Sustainability Officer
- Head of Sustainability and Utilities

The expertise of the members of the Social, Ethics and Transformation Committee is reflected on pages 22 to 24 of this report.

SET

Social, Ethics and Transformation Committee

This committee's scope includes the statutory duties of a Social and Ethics Committee in accordance with the Act. Besides its statutory duties, it evaluates, monitors and makes recommendations to the Board regarding:

- Broad-based black economic empowerment (B-BBEE) initiatives and opportunities under the Property Sector Transformation Charter
- Enterprise development and related training initiatives
- The company's B-BBEE equity ownership arrangements, funding structures and, from time to time, potential new B-BBEE equity ownership participants
- Corporate social responsibility initiatives and investments and their respective annual budgets
- The company's preferential procurement spend
- Employment equity
- Periodic reviews of Growthpoint's transformation philosophy and strategy
- Environmental, social and governance matters, including carbon emissions and climate change.

Key focus areas for this committee during FY21 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
- Environmental, Social and Governance (ESG) strategy, implementation and monitoring.

Executive Management committees

Group executive management forum (Group Exco)

Group Exco comprises the four Executive Directors, the COO: RSA, the Group Treasurer, the Head of Corporate Finance, the Head of Investor Relations and Group Legal Counsel. The Group CEO chairs the committee. This committee meets as required, but at least quarterly, to consider Group results and operations, strategic issues and initiatives and monitor capital requirements and market trends.

RSA executive forum (RSA Exco)

The RSA Exco comprises the CEO: RSA, the Human Resources Director, the COO: RSA, the CFO: RSA, the Heads of Asset Management, the Head of Marketing, the Treasury Manager (representing the Group Treasurer), and the Head of Corporate Social Responsibility. The Heads of the company's regional offices also attend all meetings. The CEO: RSA chairs the committee. The Group Exco members have a standing invitation to all meetings of the RSA Exco. This committee meets monthly and reviews operations, quarterly results (actual versus budget and projections) and company policy.

Since the arrival of the pandemic in South Africa from March 2020 (lockdown level 5) and throughout this financial year, the Excos held combined meetings as and when required, to enable more agile decision making and to support the more regular engagement.

Deal Forum

The Deal Forum comprises the Group CEO, the Group FD, the CEO: RSA, the CFO: RSA, the COO: RSA and the Heads of Asset Management. It is chaired by the CEO: RSA. 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.

The Deal Forum also deals with strategic, non-property related transactions.

Stakeholder relations and access to information

The Board is committed to transparency and the disclosure of relevant information to all stakeholders.

Such disclosure includes communicating information on:

- Company strategy and performance
- Board practice
- Growthpoint's indirect impacts
- Business value and risk management.

Remuneration report

While remuneration is a complex and sensitive matter, the committee believes that the company's remuneration policy is fair, responsible and aligned with best practice. Its consistent application will ensure the attraction and retention of requisite talent and skills, sustain the performance culture in the company and lead to sustained value creation for all our stakeholders.

The Growthpoint remuneration report comprises four sections:

Part 1: Background statement
Part 2: Remuneration policy
Part 3: Implementation of remuneration policy
Part 4: Non-executive remuneration

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 16 November 2021.

In terms of the Companies Act, shareholders will also have the opportunity to approve the FY22 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 2021 AGM on any concerns or issues they may have regarding our remuneration policy or the implementation thereof. The company's Chairman, Deputy Chairman and the Chairman of the Human Resources and Remuneration Committee will be doing a remuneration roadshow to all major shareholders before the AGM. Shareholders can also engage with the company's Head of Investor Relations: Lauren Turner, directly: lturner@growthpoint.co.za or +27 11 944 6346.

PART 1: BACKGROUND STATEMENT

The Board of Growthpoint Properties Limited (the company) and the Chairman of the Human Resources and Remuneration Committee (the committee) have pleasure in presenting the company's remuneration report for the financial year ended 30 June 2021. Being the biggest South African, JSE primary listed REIT, Growthpoint is regarded as the domestic industry leader which sets the local benchmark. We are proud of our remuneration practices. The report sets out the company's current remuneration policy and the detailed implementation and disclosure of remuneration for Executive Directors and Non-executive Directors.

The committee considered King IV when compiling this report. We also worked with our independent adviser, PwC, to obtain guidance on the adoption and implementation of appropriate remuneration-related decisions.

The committee endeavoured to ensure, to the extent appropriate, consistent application of the company's remuneration policy, which was approved by our shareholders at the 2020 AGM. We incorporate the principles of fairness, transparency and consistency when it comes to the company's remuneration practices.

Deviations from the policy

The LTI scheme vested for the first time in FY21, with only 37.62% of the FY19 awards vesting as per the scorecard on page 142. To make way for the first LTI vestings, the STI awards for FY21 were to be reduced to 75% for the cash element and 50% for the deferred bonus element. However, this would have produced a result where STI for executives decreased 38% on average for FY21 versus FY20 which is not aligned with what shareholders experienced in the period.

As a result, the committee resolved to issue the FY21 awards at 100% for the cash element and 75% for the deferred bonus element per the scorecard on page 141, showing alignment between shareholders' returns and Executive Directors' compensation, with both parties seeing a similar deterioration in returns for the FY21 reporting period. Shareholders' distribution per share (DPS) for FY21 was down 18.8% on FY20, and distributable income per share (DIPS) was down 19.1%. In turn, Executive Directors' Short-Term Incentive (STI) rewards at 100% for the cash element and 75% for the deferred bonus element have decreased by 12.3% on average, compared to FY20, based on the STI scorecard on page 141:

	Total STI FY21	Total STI FY20	Decrease FY21 – FY20
Norbert Sasse	**9 968 100**	12 128 000	(17.8%)
Estienne de Klerk	**7 742 209**	9 336 000	(17.1%)
Gerald Völkel[(1)]	**4 210 608**	4 504 000	(6.5%)
Olive Chauke[(2)]	**1 277 411**	1 388 000	(8.0%)

(1) *Participation ratio of 75% for FY21 versus, 65% for FY20.*
(2) *Participation ratio of 40% for FY21 versus, 35% for FY20.*

In contrast, the share price increased 11.6% over the period, resulting in a total shareholder return of 20.5%.

Shareholder engagement and feedback

During November 2020, Growthpoint's Chairman and the Chairman of the committee conducted the annual remuneration roadshow to all major shareholders. We delivered the remuneration structure that was promised the year before and the 2020 remuneration report was well received. Shareholders supported our move to include DIPS as a performance measure, in view of the reduction in the pay-out ratio from 100% to 80%. Investors were generally concerned about the issuing of new and additional Covid-19-related awards during that time and were pleased to see that we did not issue any in FY20.

The total votes for the remuneration policy by our shareholders at our December 2020 AGM were lower than expected, given historic voting outcomes and the positive engagement during the roadshow, as well as our consistent approach to remuneration which supports 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
8 December 2020	85.17% for (14.83% against)	75.98% for (24.02% against)
12 November 2019	97.41% for (2.59% against)	97.02% for (2.98% against)
13 November 2018	96.09% for (3.91% against)	93.85% for (6.15% against)

The committee considered all shareholder suggestions on our remuneration structure and implementation. However, in its efforts to remain consistent and appropriate, not all have been incorporated into the FY21 remuneration structure. Feedback received and the response thereto, is set out below:

Key themes from the November 2020 remuneration roadshow	
Feedback received	**Response/action undertaken**
Given the risk-averse environment, risk measures should have a higher weighting	✓ Risk measures have been increased from 5% to 15% for FY21.
A net asset value (NAV) measure should be incorporated in the STI scorecard	✗ NAV measures are included in the LTI scorecard which vests for the first time this year. In line with the committee's focus on consistency, we have decided not to change the STI measures.
Group LTV versus SA LTV under risk measures	✓ Given that Executive Directors are responsible for capital management and driving the internationalisation strategy, the committee has retained Group LTV as the relevant LTV measure.
Adjustment to the STI LTV KPI in the light of the November 2020 equity raise	✗ The committee considered making changes to the STI LTV KPI as a result of the equity raise but decided not to, albeit that it was funded by investors. Executive Directors continue to steer the business in uncertain times. Bolstering our balance sheet was necessary and has placed the business in a stronger financial position, from which all stakeholders have benefited.
Use of additional awards to motivate and retain executives not supported	✓ No additional awards have been issued in FY21.
More disclosure required for ERS awards	✓ No ERS awards were issued in FY21. The committee will engage with shareholders should future awards be made.

Market capitalisation benchmark

The committee's policy is to change the market capitalisation comparator group every three years. This benchmark is used for benchmarking Executive Directors' total remuneration, as well as Non-executive Directors' fees. In line with this policy, and given that the comparator group was last updated in FY18, the FY21 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 obviously non-comparable companies. This comparator group will remain in place for FY21, FY22 and FY23 (subject to e.g. mergers) and consists of the following companies:

- Bidvest Limited
- Mediclinic Int Plc
- Mr Price Group Limited
- Multichoice Limited
- Nedbank Group Limited
- Pepkor Holdings Limited
- PSG Group Limited
- Rand Merchant Inv Holdings Limited
- Santam Limited
- The Spar Group Limited
- Tiger Brands Limited
- Woolworths Holdings Limited.

Short-term incentive (STI)

Peer group for relative performance measures

STI relative performance measures have historically been benchmarked against companies in the FTSE/JSE SA REIT Index. Last year, however, to ensure the relevance and comparability of the peer group data, we decided to only include companies from the FTSE/JSE SA REIT Index whose results spanned the period 27 March 2020 to 30 June 2020, encompassing the impact from the Covid-19 pandemic. On this basis, Attacq, Emira Property Fund, Fortress REIT, Hyprop Investments, Liberty Two Degrees, Resilient REIT and SA Corporate Real Estate were included in the peer group benchmark. To ensure fairness and consistency, and in line with what we communicated last year, the committee confirms that the same companies that were excluded last year remain excluded for the FY21 STI calculations. These companies have year ends later than Growthpoint and, as such, will potentially show a different Covid-19 impact in their numbers.

For FY22, it is intended to use the larger peer group for relative performance, including all companies in the FTSE/JSE SA REIT Index.

To ensure the independence of the peer group calculations, the committee once again utilised the services of Investec Corporate Finance to perform this work.

Financial measures

The company's performance for the financial year was below budget. Unfortunately, the ongoing impact of the Covid-19 pandemic on the business, the weak domestic macro-economic environment and less dividends being received from our international investments, have had a negative impact on the absolute financial performance measure – where a 0% score was achieved. This KPI is based on budgeted DIPS of 162.6 cents (-11.2% decline from FY20 DIPS of 183.1 cents) versus the 148.1 cents that we delivered for FY21, which was 19.1% down on FY20. This was further impacted by the November equity raise which was not included in the budget of 162.6 cents and had a dilutionary effect on a per share basis. Our DIPS declined 2.9% on a weighted basis with Growthpoint's weighting capped at 15%, which was at the median of where the peer group performed, placing Growthpoint on target at the median, producing a total score for financial measures of 27.5% out of 55%.

Risk measures

Feedback received from shareholders on our 2019 and 2020 remuneration roadshows was that we should increase the weighting of our risk measures for the STI, due to the risk-averse environment. Despite this recommendation from shareholders, the committee decided not to increase the weighting for FY20 as it would have benefited executives, which the committee felt was inappropriate at the time. However, as a result of a sharpened focus on balance sheet strength due to Covid-19, the committee has decided to increase the weighting for risk measures from 5% to 15% for FY21 and going forward. Both the interest rate hedging and ratio of secured to unsecured debt measures achieved a stretch score of 150%. The Group LTV measure was on target at 100% and the debt expiry profile measure was between threshold and target at 80%. A total score of 17.40% out of 15.00% was achieved for risk measures.

Non-financial measures

Non-financial measures, including environmental, social and governance (ESG) related measures have gained prominence among investors. ESG is a golden thread that runs through Growthpoint's operations and strategy. To link ESG measures to the total remuneration outcome for Executive Directors, KPIs incorporate customer satisfaction, transformation and sustainability in both the STI and the LTI schemes. A total score of 16.82% out of 15% was achieved as a result of achieving stretch on the transformation measure, target on sustainability and between threshold and target for client satisfaction.

Given the volatile environment as a result of the second and third Covid-19 waves and the domestic unrest which had a significant impact on the KwaZulu-Natal region, it was once again inappropriate to perform the client satisfaction survey. However, the unprecedented environment since March 2020 has paved the way for increased client engagement, with rental relief having been offered to many. We believe that this has been advantageous in further solidifying relationships. As a result, this KPI was measured based on the results of the previous survey conducted.

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. Growthpoint's target is a minimum level 4 B-BBEE score.

ESG at Growthpoint is important and increasingly embedded into the operations of the business. We are pleased to be included, for the 12th year, in the FTSE/JSE Responsible Investment Index. We scored 2.8 out of 5, which was above the industry average of 2.5. Inclusion in the index is necessary to achieve on-target performance. In order to achieve stretch, Growthpoint would need to be a top 30 constituent, which it was not in this assessment period.

Personal measures

Due to commercial sensitivities and confidentiality, the committee has decided not to provide further details on these measures in this report. We can, however, assure stakeholders that targets are robust and that Executive Directors have done well to steer and manage the business in unprecedented and difficult times, creating value for all stakeholders.

Long-term incentive (LTI)

The first LTI awards issued in October 2018 which were based on a three-year forward measurement period including FY19, FY20 and FY21, vest in October 2021. These awards were based on 75% of FY19's TFR and issued at a 90-day VWAP of R24.93 at the date of issue. The share price as of 30 June 2021 was R14.90, which represents a decline of 40.23% in the value of the awards since issue date. Given the 90% weighting of financial measures for LTI performance, and with the share price and NAV per share having declined 44.2% and 20.8% respectively, over the three-year measurement period, impacting both the total return and total shareholder return measures, only 37.62% of the awards vested, based on the LTI scorecard on page 142. The financial outcome of the new LTI scheme for management has therefore been negatively impacted by both the share price decline over the three-year period and the reduced vesting percentage.

Retention

The impact of Covid-19 and the deteriorating macro-economic environment have had a significant effect on remuneration, and the committee is concerned about meaningful retention. Executive Directors are earning significantly less than they were earning two years ago:

	Total remuneration FY19 R	Total remuneration FY20 R	**Total remuneration FY21 R**	Decline FY19 to FY20	**Decline FY19 to FY21**
Norbert Sasse	37 907 734	27 215 392	**22 337 461**	(28.2%)	**(41.1%)**
Estienne de Klerk	28 325 095	20 490 713	**16 657 725**	(27.7%)	**(41.2%)**
Gerald Völkel(1)	10 328 127	9 563 278	**9 064 593**	(7.4%)	**(12.2%)**
Olive Chauke(2)	3 843 008	3 671 831	**3 689 501**	(4.5%)	**(4.0%)**

* *Calculated based on actual value of ERS vestings in the period and October 2021 LTI vesting based on a share price of R14.90 (closing price on 30 June 2021).*
(1) *Participation ratio increased to 75% for FY21 versus 65% FY20.*
(2) *Participation ratio increased to 40% for FY21 versus 35% FY20.*

The 44.2% decline in the share price since 30 June 2019 has affected the value of vestings for the LTI scheme, executive retention scheme and STI deferred bonus scheme, as well as shares owned directly in terms of the minimum shareholding requirements applicable to Executive Directors.

We are acutely aware of our commitments to consistency and alignment, but somehow a balance needs to be struck to provide for the retention and motivation of Executive Directors and key talent to deliver on the Growthpoint business strategy.

Given the unintended consequences of the outcomes of the above mentioned schemes on fair and reasonable remuneration and retention. We have decided that STI award percentages for FY22 will be offered to Executive Directors at a maximum STI opportunity of 200% of TFR, of which 100% can be earned in cash and 100% would be deferred into shares that vest in equal tranches over three years. In addition the FY22 LTI awards will be issued at 100% of TFR. This approach was deemed appropriate, given that there remains a strong link to pay-for-performance and it provides an additional retention leg, that is still anchored on the delivery of Growthpoint's short-term objectives.

Use of the executive retention scheme (ERS)

In an environment where key skills are scarce and where there is an exit of key talent from the industry, our remuneration policy is a vital tool to ensure that key talent is attracted, motivated, engaged and retained. The ERS is designed to retain senior management over the long term and is not awarded on a regular basis. The last significant initial award was made in 2014, with 10% of these initial awards vesting in FY21 and the last 10% vesting on 1 April 2022. No ERS awards were granted in FY21.

Annual fixed remuneration increases

Last year, the committee reviewed its strategy for the awarding of the annual July increases and, for the first time in the company's history, not all employees participated in the increase-award process. Only the bottom 80% of earners that performed satisfactorily received an increase.

In July this year, however, increases were awarded to all employees who performed satisfactorily.

Succession

The committee has extensively considered succession and embarked on a project that will be completed in FY22. On this basis, all positions have been realigned and roles have been specified to ensure the execution of the company's strategy and a new corporate structure has been approved by both the committee and the Board. The final phase will be completed in FY22 and will involve placing employees in the relevant positions in the new structure and ensuring succession for each position.

Conclusion

The committee takes a long-term view on growth and success and strives to incorporate this vision into Growthpoint's remuneration policies and practices. These are designed to facilitate the delivery of the company's strategy on a sustainable basis.

We believe that the remuneration of Executive Directors for FY21 reflects the successful delivery of this strategy in a very challenging and unprecedented environment. The company's risk management and conservative practices have proved their worth. In addition, the committee believes that management has done an excellent job in leading the business through the extremely challenging and unprecedented Covid-19 environment. We are also satisfied that there is a strong pay-for-performance link with targets that contain enough stretch, KPIs and targets that remain relevant and appropriate incentives for Executive Directors who will be navigating the considerable challenges that lie ahead.

While remuneration is a complex and controversial matter, the committee believes that the company's remuneration policy is fair, responsible, and aligned with best practice. Its consistent application will sustain the performance culture in the company and lead to sustained value creation for all our stakeholders. We are therefore satisfied that the remuneration policy fulfilled its objectives for FY21 and believe that we adequately fulfilled our duties. As such, the committee trusts that shareholders will support the remuneration resolutions at the AGM on 16 November 2021.

Signed on behalf of the Board of Directors

John Hayward
Human Resources and Remuneration Committee Chairman

PART 2: REMUNERATION POLICY

Fair and reasonable pay

Growthpoint is committed to ensuring that its remuneration policy and philosophy is fair, responsible, and aligned with 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 tied to performance at both employee and company levels. At the beginning of each financial year, managers identify key performance objectives they want employees to achieve. Delivery against these objectives is assessed twice a year and the employee's annual fixed remuneration is reviewed annually. Based on the company's and the employee's individual performance outcome, the review may lead to an increase in the employee's fixed remuneration 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 the company's achievement and their contribution to this achievement
- To ensure that Growthpoint's remuneration is competitive as measured through various remuneration surveys
- To promote our employee value proposition, which includes the creation of a performance-orientated corporate culture, underpinned by our values.

To realise our objective of being an employer of choice and to ensure that all our employees stay engaged and motivated, we continue to make awards of zero-cost share options to all staff, excluding the Executive Directors and other Executive Committee members under the Growthpoint Staff Incentive Scheme (GSIS).

Growthpoint continues to make strides in ensuring that our total rewards make 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. Due to the subjective nature of the term "needs", there is no one universally accepted measure of what must be included in our definition of a living wage, and it will vary by household type. Furthermore, the living wage differs from the national minimum wage in that the latter is governed by national legislation and may fail to meet the requirements to have a basic quality of life, leaving a family to rely on various government grants for additional income. 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 include:

- Admed Insurance gap cover, which covers employees' medical cost shortfalls
- Personal accident cover
- Dread disease cover
- Educational assistance for qualifying employees' dependants through our GEMS programme (see page 91 for more information).

Growthpoint values all staff and strives to ensure that remuneration is structured fairly. Superior performance is encouraged and rewarded. We recognise that remuneration forms an integral part of the employment offering that 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 GSIS, 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.

The company participates in annual market remuneration surveys to ensure that our remuneration remains competitive.

As a designated employer (an employer with 150 or more employees), Growthpoint is also 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 its Executive Directors and Executive Committee members (jointly referred to as Executives) and all other employees.

Executive remuneration has the following elements:

1. Total fixed remuneration comprising fixed remuneration and benefits.
2. Variable remuneration comprising the following short-term and long-term incentives:
   - Short-term incentive: cash bonus which is awarded annually
   - Short-term incentive-deferred bonus: zero-cost options, awarded annually and vesting equally over three years with no further performance measures
   - Long-term incentive: executive retention scheme (ERS) with initial awards granted on 1 April 2014 with an eight-year vesting profile. This scheme is used for retention purposes with awards made on an *ad hoc* basis
   - Long-term incentive: conditional share plan with the first awards made in FY19. Awards under this scheme have a three-year forward measurement period and awards are made annually with cliff vesting after three years.

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 130), 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 executives and all other employees include a defined contribution provident or pension 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 and stretch targets, measured over a 12-month period:

Group measure – 85% of STI[1]:
55% Financial:
- 27.5% Absolute DIPS growth relative to budget
- 27.5% Relative DIPS growth to peers in the FTSE/JSE SA REIT Index.

15% Risk measures:
- 3% Group LTV ratio
- 3% debt expiry profile
- 3% interest rate hedging
- 3% secured versus unsecured debt
- 3% Moody’s rating.

15% Non-financial:
- 5% customer satisfaction survey
- 5% transformation achievements against the Board-approved transformation strategy which links to the internal target on B-BBEE scorecard
- 5% sustainability achievements relative to inclusion in the FTSE/JSE Responsible Investment Index to achieve on-target performance, and inclusion as a top-30 constituent to achieve stretch.

Personal measure – 15% of STI[1]:
Delivery on strategy and specific personal targets and objectives.

Absolute DIPS is scored relative to budget DIPS which is set at the beginning of the financial year and is derived from a rigorous bottom-up budgeting process. A 1% delta both up and down determines the modifier for absolute DIPS growth as follows:

Achievement against budget	Vesting level	Applicable modifier
More than 1% below budget	Below threshold	0%
1% below budget	Threshold	50%
Equal to budget DIPS	Target	100%
More than 1% above budget	Stretch	Capped at 150%

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

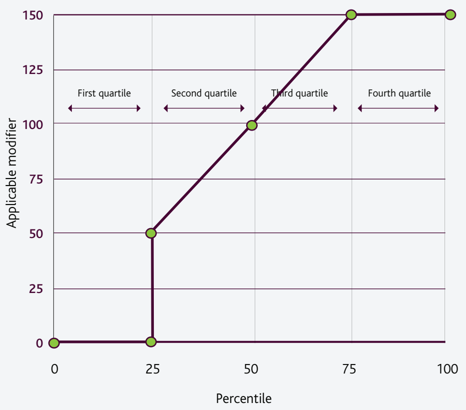
Variable remuneration (continued)

Short-term incentive (STI) – cash bonus *continued*

Relative DIPS growth is benchmarked to peers in the FTSE/JSE SA REIT Index. For FY21, the same companies that were excluded for the FY20 calculation have once again been excluded. 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 (X)	Vesting level	Applicable modifier
< 25%	Below threshold	0%
25%	Threshold	50%
50%	Target	100%
≥ 75%	Stretch	Capped at 150%

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



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

For FY21, the cash bonus under the STI scheme for Executive Directors was awarded at a maximum of 100% of TFR, which was then modified according to performance on the scorecard, see page 141.

For FY22, the cash bonus will again be awarded at a maximum of 100% of TFR, which will then be modified according to performance.

The above performance measures apply to all Executive Committee members. However, the weightings between Group and personal measures will vary from member to member, as well as the participation ratio.

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

Short-term incentive (STI) – deferred bonus under the GSIS

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

For FY21, the deferred bonus under the STI for Executive Directors was decreased and awarded at a maximum of 75%, previously 100%, of TFR which was then modified according to performance on the scorecard, see page 141.

For FY22 the deferred bonus for Executive Directors will be increased and awarded at a maximum of 100% of TFR, which will then be modified according to performance.

The only zero-cost share options awarded to executives are for the deferred bonus as part of their STI.

The committee, in appropriate circumstances and to ensure fairness, applies its discretion to determine an appropriate STI 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, at all times considering alignment with what shareholders have experienced over the same period.

Zero-cost options – under the GSIS

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

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.

Variable remuneration (continued)

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

Executives and a limited number of key senior managers participate 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 had an initial strike price of R11.43 based on a 50% discount to the Growthpoint 30-day clean VWAP as traded on the JSE on the day of granting of the initial options.

Each option's strike price is adjusted on a notional basis by:
- Increasing the strike price by 8.25% per annum, compounding on the distribution payment date and representing interest on the notional debt
- Decreasing the strike price by the actual distribution per share declared and paid by the company.

The characteristics of the ERS provide for perfect alignment between Executive Directors and shareholders, in that the eventual value that an executive will receive under the ERS is driven by the actual DPS, growth in the DPS, and the share price.

These options vest on 1 April each year over eight years and give the optionholder the right to acquire one Growthpoint share at the variable strike price at the vesting date. The vesting schedule in respect of the initial awards was as follows:

1 April 2015	0%
1 April 2016 and 1 April 2017	10% pa
1 April 2018, 1 April 2019 and 1 April 2020	20% pa
1 April 2021 and 1 April 2022	10% pa

LTI scheme under the GSIS

The LTI scheme gives executives conditional rights to shares. It includes threshold and stretch targets and has a forward measurement period of three years with awards settled in shares.

Awards are made based on the LTI award percentage, which for FY22 will be a maximum of 100% of TFR, and expressed as a number of Growthpoint shares based on a 90-day VWAP calculated on an ex-distribution basis, on the grant date.

The FY21 LTI awards will vest in FY24, and the vesting percentage will be subject to the following three-year performance measures:

Financial – 90% of LTI
- 30% absolute total return (TR)[2] where TR is measured against Growthpoint's weighted average cost of capital (WACC) calculated as the average risk-free rate over three years, plus 3%
- 30% relative TR measured against peers in the FTSE/JSE SA REIT Index
- 30% relative total shareholder return (TSR)[3] measured relative to peers in the FTSE/JSE SA REIT Index.

Non-financial – 10% of LTI
Average of non-financial measures over three years per the STI scorecard:
- 3.33% customer satisfaction survey
- 3.33% transformation achievements measured against the Board-approved transformation strategy which links to the internal target on B-BBEE scorecard
- 3.33% sustainability achievements relative to inclusion in the FTSE/JSE Responsible Investment Index to achieve on-target performance, and inclusion as a top-30 constituent to achieve stretch.

Absolute TR will be scored relative to WACC per above. A 1% delta, both up and down, will determine the modifier for absolute TR as follows:

Achievement against WACC	Vesting level	Applicable modifier
More than 1% below WACC	Below threshold	0%
1% below WACC	Threshold	50%
Equal to WACC	Target	100%
More than 1% above WACC	Stretch	Capped at 150%

Variable remuneration (continued)

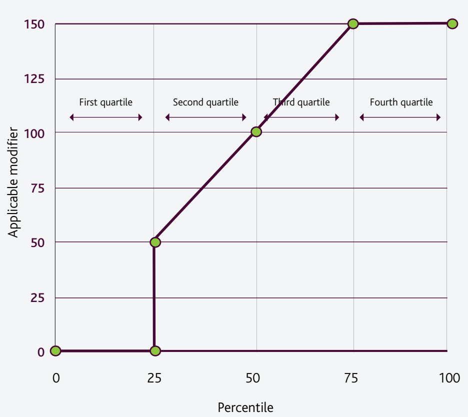
LTI scheme under the GSIS *continued*

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

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 (X)	Vesting level	Applicable modifier
<25%	Below threshold	0%
25%	Threshold	50%
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.

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

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

(2) *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.*

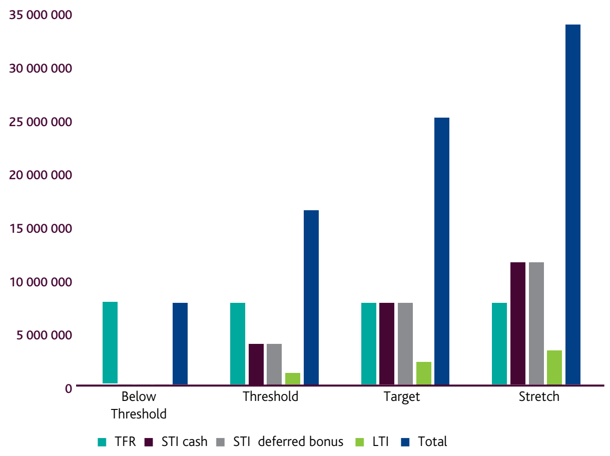
(3) *TSR = (closing 90-day VWAP – opening 90-day VWAP) + DPS for the period/opening 90-day VWAP. The VWAP is calculated with reference to the relevant company's last reporting date (whether interims or finals) and is calculated ex dividend.(*

FY22 remuneration scenarios

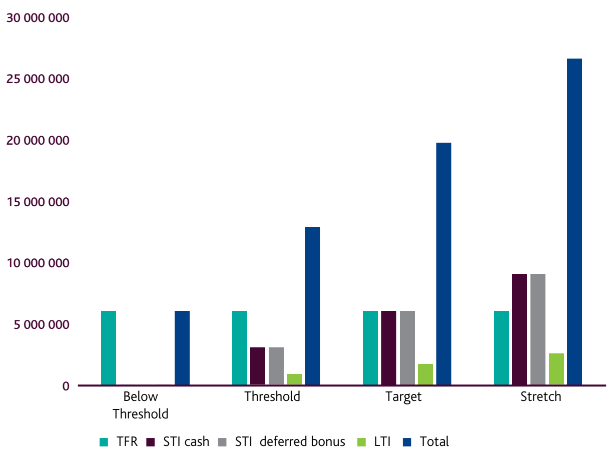
The FY22 remuneration scenarios are depicted below using FY22 TFR and assuming the following:

- LTI vestings per the table of unvested awards on pages 144 to 146
- STI participation ratio for the cash and deferred bonus portion of 100% each for both the Group CEO and SA CEO, 75% each for the Group FD and 40% each for the Human Resources Director.

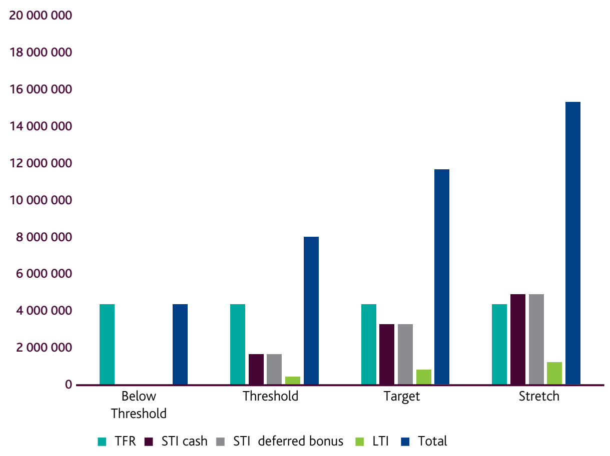
Group CEO FY22 remuneration scenarios



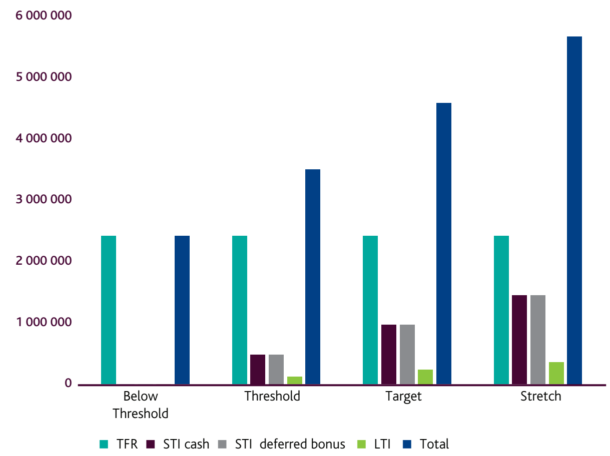
RSA CEO FY22 remuneration scenarios



Group Financial Director FY22 remuneration scenarios



Human Resources Director FY22 remuneration scenarios



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 75m, representing around 2.2% of the issued shares of the company. As of 30 June 2021, 66m shares had been awarded and 9m forfeited by participants, leaving 18m 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 RSA CEO have service contracts with Growthpoint which provide for the following:

- 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
- Paid "garden leave" for Executives at the company's discretion
- Unpaid restraints in relation to the company's clients, staff and corporate opportunities
- The KPAs and KPIs against which the executives are measured.

The Group Financial Director and the Human Resources Director have employment contracts which provide for paid garden leave, restraint and reciprocal six months' notice of termination provisions.

Malus and clawback

Deferred bonus shares awarded to Executives under the STI scheme, as well as shares awarded to executives under the new 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 controlling or 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). 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 23 of the FY21 annual financial statements (AFS) pages 47 and 48.

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 in order 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. Executive Directors have been given five years from the adoption of the policy, 1 July 2018, or from their appointment to accumulate their holdings:

Executive Director	Shareholding as at 30 June 2021	Share price as at 30 June 2021 R14.9	% of FY21 TFR	Minimum shareholding requirement Target 2024
Norbert Sasse	2 627 413	R39 148 454	536%	200% of TFR
Estienne de Klerk	2 975 389	R44 333 295	781%	150% of TFR
Gerald Völkel	124 297	R1 852 025	45%	100% of TFR
Olive Chauke	–	–	–	50% of TFR

PART 3: IMPLEMENTATION OF REMUNERATION POLICY

Fixed remuneration adjustments

Salary increases were awarded with effect from 1 July 2021 and are applicable for the period July 2021 to June 2022. The average rate of increases for Executive Directors was 4.8%, which is in line with the rest of staff and also considering that increases were not awarded to the top 20% of earners in FY20. There were no market adjustments for Executive Directors. The average rate of increases for Executive Committee members was 4.93% or 4.87% exclusive of market adjustments. The salary increases for all other staff resulted in an overall increase in their salary costs of 6.09% or 5.19% exclusive of market adjustments.

Given there are no real 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, PwC prepares an annual regression analysis on both TFR and TRem (total remuneration) earned by Executive Directors of property companies included in the FTSE/JSE SA REIT Index. Based on the assessment of various regression factors which take into account the size, performance and complexity of the organisation and include aspects such as market capitalisation, distributable income, total assets, total shareholder return, total debt and total square metres under management, a comparative ratio of a maximum of 150% was considered reasonable for TFR.

In the context of TRem, once size and relative complexity are considered in conjunction with performance (with variable pay typically comprising two-thirds of TRem), a reasonable maximum compa-ratio would range between 167% to 200%, where Growthpoint delivers stretch performance relative to industry peers who delivered a threshold to target performance. Based on the regression analysis performed for on-target performance, the committee considered the below compa-ratios to be acceptable.

	GROUP CEO		RSA CEO		GROUP FD		HR Director	
	TFR	TRem	TFR	TRem	TFR	TRem	TFR	TRem
Compa-ratio	107%	140%	93%	121%	96%	136%	n/a	n/a

FY21 STI outcomes (cash and deferred STI into zero-cost share options)

STI scorecards:

Norbert Sasse/Estienne de Klerk/Gerald Völkel

KPI	Weight	Threshold 50%	Target 100%	Stretch 150%	Score	Quartile ranking	Modifier	Weighted modifier
Group measure	**85.00%**						72.62%	**61.72%**
Financial	**55.00%**							**27.50%**
Absolute DIPS growth	**27.50%**	(12.20%)	(11.20%)	(10.20%)	(19.06%)	n/a	0.00%	**0.00%**
Relative DIPS growth	**27.50%**	25.00%	50.00%	75.00%	50.00%	3rd	100.00%	**27.50%**
Risk measures	**15.00%**							**17.40%**
(1) Group LTV	**3.00%**	45.00%	40.00%	35.00%	40.00%	n/a	100.00%	**3.00%**
(2) Debt expiry profile	**3.00%**	2.5 years	3.5 years	4.5 years	3.1 years	n/a	80.00%	**2.40%**
(3) Interest rate hedging	**3.00%**	65.00%	75.00%	85.00%	85.10%	n/a	150.00%	**4.50%**
(4) Secured versus unsecured debt	**3.00%**	80:20	70:30	60:40	57:43	n/a	150.00%	**4.50%**
(5) Domestic Moody's rating	**3.00%**	AA	AA+	AAA	AA+	n/a	100.00%	**3.00%**
Non-financial	**15.00%**							**16.82%**
Customer satisfaction survey	**5.00%**	3.80	7.50	8.9	6.5	n/a	86.49%	**4.32%**
Transformation	**5.00%**	Level 5	Level 4	Level 3	Level 2	n/a	150.00%	**7.50%**
Sustainability	**5.00%**	Excluded from FTSE/JSE RI Index	Included in FTSE JSE RI Index	Top 30 constituent of FTSE/JSE RI Index	Included but not a top 30 constituent	n/a	100.00%	**5.00%**
Personal measure	**15.00%**						85.00%	**12.75%**
Delivery on strategy and specific personal targets	**15.00%**						85.00%	**12.75%**
Total measure	**100.00%**							**74.47%**

Based on a 100% participation ratio for Norbert Sasse and Estienne de Klerk and 75% for Gerald Völkel.

Olive Chauke

KPI	Weight	Modifier	Weighted modifier
Group measure	**50.00%**	72.62%	**36.31%**
Personal measure	**50.00%**	80.00%	**40.00%**
Total measure	**100.00%**		**76.31%**

Based on a 40% participation ratio.

FY21 LTI outcomes for the 1 October 2018 awards that vested based on FY19, FY20 and FY21's performance

LTI scorecard

KPI	Weight	Threshold 50%	Target 100%	Stretch 150%	Score	Quartile ranking	Modifier	Weighted modifier
Total measure	**100.00%**							**37.62%**
Financial	**90.00%**							**26.40%**
Absolute total return	**30.00%**	11.50%	12.50%	13.50%	-1.26%	n/a	0.00%	**0.00%**
Relative total return	**30.00%**	25.00%	50.00%	75.00%	31.00%	2	62.00%	**18.60%**
Relative total shareholder return	**30.00%**	25.00%	50.00%	75.00%	13.00%	1	26.00%	**7.80%**
Non-financial	**10.00%**							**11.22%**
Customer satisfaction survey	**3.33%**	Average of non-financial measures per STI scorecard for FY19, FY20 and FY21				n/a	86.49%	**2.88%**
Transformation	**3.33%**					n/a	150%	**5.00%**
Sustainability	**3.33%**					n/a	100%	**3.33%**

Vesting outcome

	Number of LTI awards issued on 1 October 2018	Vesting % based on scorecard 37.62%
Norbert Sasse	209 296	78 737
Estienne de Klerk	161 793	60 867
Gerald Völkel	72 861	27 410
Olive Chauke	22 881	8 608

FY21 LTI awards

These awards were granted for FY21, on 1 October 2020, based on the FY21 TFR, which was the TFR at the time of the award. These awards have a forward measurement period of three years, with all FY21 awards vesting in FY23 subject to three-year performance measures.

Name	TFR FY21 R	LTI award R	Number of LTI shares allocated, based on a 90-day ex dividend VWAP at 30 September 2020 of R13.32	LTI as a % of FY21 TFR
Norbert Sasse	7 304 850	5 478 638	411 309	75%
Estienne de Klerk	5 673 794	4 255 346	319 470	75%
Gerald Völkel	4 098 600	1 998 068	150 005	49%
Olive Chauke	2 283 831	599 506	45 008	26%

Executive Directors' FY21 remuneration

In the table below, the cash STI and deferred STI awards for FY21 are disclosed. The FY21 deferred STI awards will vest equally in three tranches in FY22, FY23 and FY24 with no further performance measures. ERS awards which vested in FY21 are also disclosed as well as the first vesting of the LTI awards, awarded on 1 October 2018, based on FY19, FY20 and FY21's performance.

Name	TFR FY21	TFR FY22	STI cash bonus[(1)]	STI deferred bonus[(2)]	LTI vesting[(3)]	ERS vesting FY21[(4)]	Cash STI and deferred STI as % of TFR	Total remuneration FY21	Total remuneration FY20	% change
Norbert Sasse	7 304 850	7 648 178	5 696 000	4 272 100	1 173 181	3 891 330	136%	22 337 461	27 215 392	(17.92%)
Estienne de Klerk	5 673 794	5 940 463	4 424 000	3 318 209	906 918	2 334 803	136%	16 657 725	20 490 713	(18.71%)
Gerald Völkel	4 098 600	4 307 629	2 406 000	1 804 608	408 409	346 976	103%	9 064 593	9 563 278	(5.21%)
Olive Chauke	2 283 831	2 391 171	730 000	547 411	128 259	–	56%	3 689 501	3 671 831	0.48%

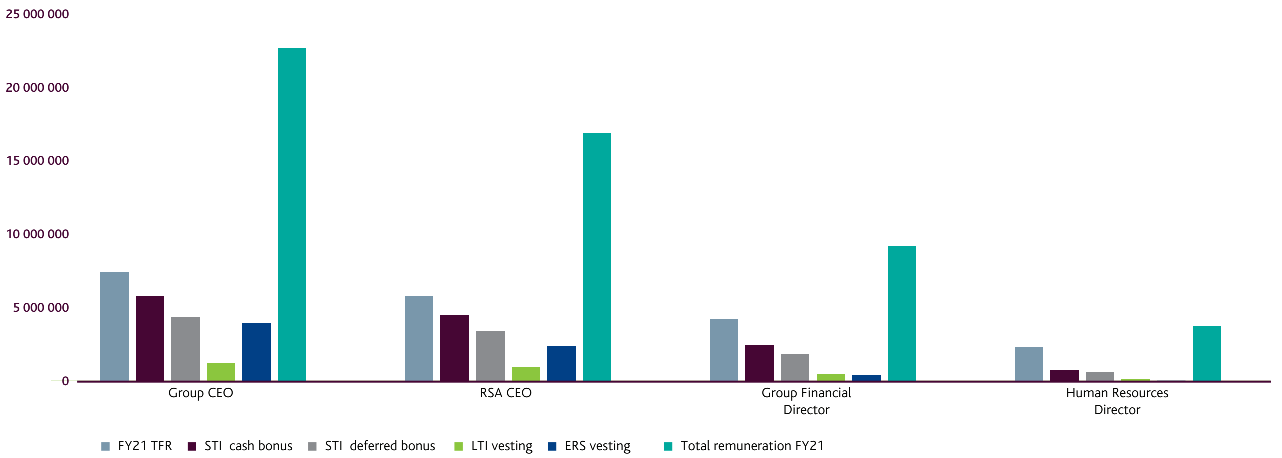
(1) *Calculated at 100% of TFR at the time of the award for Norbert Sasse and Estienne de Klerk, 75% of FY22 TFR for Gerald Völkel and 40% of FY22 TFR for Olive Chauke with the ratio of Group to personal measures at 85%:15% for all Executive Directors except the Group Human Resources Director whose ratio is 50%:50%. Based on FY21 performance and the TFR at the time of the award and paid in cash in FY22.*

(2) *Deferred STI zero-cost share options issued at 75% of the cash bonus. Based on FY21 performance and the TFR at the time of the award, and awarded in FY22, vesting equally over three years in FY23, FY24 and FY25.*

(3) *October 2018 LTI awards that vest at 37.62% on 1 October 2021 based on FY19, FY20 and FY21's performance valued at R14.90, the closing price on 30 June 2021.*

(4) *10% of the initial ERS awards granted in April 2014 vested in FY21. Due to the Covid-19 pandemic ERS participants were allowed to defer their April 2020 vesting to April 2021 which participants elected to do. This number reflects only the actual value of the FY21 vesting and not the FY20 awards which were deferred.*

FY21 remuneration



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 FY21 reporting period, and all the remuneration elements that it comprises, where applicable, disclosed at fair value.

Name	TFR[(1)] R	STI annual cash bonus	STI deferred bonus – one-third[(2)] R	STI deferred bonus – two-thirds[(3)] R	Total remuneration R
2020					
Norbert Sasse	7 304 850	6 064 000	2 021 333	4 042 667	19 432 850
Estienne de Klerk	5 673 794	4 668 000	1 556 000	3 112 000	15 009 794
Gerald Völkel	4 098 600	2 252 000	750 666	1 501 334	8 602 600
Olive Chauke	2 283 831	694 000	231 333	462 667	3 671 831
2021					
Norbert Sasse	**7 304 850**	**5 696 000**	**1 424 033**	**2 848 067**	**17 272 950**
Estienne de Klerk	**5 673 794**	**4 424 000**	**1 106 070**	**2 212 140**	**13 416 004**
Gerald Völkel	**4 098 600**	**2 406 000**	**601 536**	**1 203 074**	**8 309 210**
Olive Chauke	**2 283 831**	**730 000**	**182 470**	**364 941**	**3 561 242**

(1) *TFR is made up of basic salary plus provident and medical aid.*
(2) *The STI deferred bonus comprises one-third of deferred STI awarded in respect of FY21 that will vest a year after the award date with no further performance conditions.*
(3) *The STI deferred bonus comprises the remaining two-thirds of the deferred STI awarded in respect of FY21 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 deferred STI, LTI and ERS at FY21. It also details the cash value of all awards made under variable remuneration, deferred STI and ERS awards that vested in FY21.

	Award date	Share price on grant R	Opening number on 1 July 2020	Options deferred	Granted during FY21	Vested during FY21	Closing number at 30 June 2021	Cash value of settlements during FY21	Estimated closing value at 30 June 2021
Norbert Sasse									
ERS									
2014 ERS	1 April 2014	22.86	800 000	–	–	(400 000)	400 000	3 891 330	4 529 884
LTI									
FY19 LTI[(1)]	1 October 2018	24.93	209 296	–	–	–	209 296	–	1 173 181
FY20 LTI	1 October 2019	23.12	236 965	–	–	–	236 965	–	2 137 031
FY21 LTI	1 October 2020	13.32	–	–	411 309	–	411 309	–	824 215
STI									
Deferred bonus zero-cost share options									
FY17 Deferred STI	1 September 2017	23.99	82 946	–	–	(82 946)	–	982 946	–
FY18 Deferred STI	1 September 2018	24.74	183 710	–	–	(91 854)	91 856	1 088 470	1 368 654
FY19 Deferred STI	1 October 2019	22.53	363 737	–		(121 244)	242 493	1 436 741	3 613 146
FY20 Deferred STI	1 October 2020	12.26	–	–	505 755		505 755	–	7 535 750
Total							**2 097 674**	**7 399 487**	**21 181 861**

(1) *These awards vested post FY21 based on FY19, FY20 and FY21's performance, and as such are included in the Executive Directors FY21 total remuneration table on page 143 and valued at the closing share price as of 30 June 2021 at R14.90.*

	Award date	Share price on grant R	Opening number on 1 July 2020	Options deferred	Granted during FY21	Vested during FY21	Closing number at 30 June 2021	Cash value of settlements during FY21	Estimated closing value at 30 June 2021
Estienne de Klerk									
ERS									
2014 ERS	1 April 2014	22.86	480 000	–	–	(240 000)	240 000	2 334 803	2 999 096
2015 ERS	1 September 2015	27.12	360 000	120 000	–	(120 000)	360 000	–	2 854 198
LTI									
FY19 LTI[(1)]	1 October 2018	24.93	161 793	–	–	–	161 793	–	906 918
FY20 LTI	1 October 2019	23.12	184 055	–	–	–	184 055	–	1 659 871
FY21 LTI	1 October 2020	13.32	–	–	319 470	–	319 470	–	640 181
STI									
Deferred bonus zero-cost share options									
FY17 Deferred STI	1 September 2017	23.99	62 462	–	–	(62 462)	–	742 072	–
FY18 Deferred STI	1 September 2018	24.74	141 998	–	–	(70 999)	70 999	843 546	1 057 885
FY19 Deferred STI	1 October 2019	22.53	279 361	–	–	(93 119)	186 242	1 106 254	2 775 006
FY20 Deferred STI	1 October 2020	12.26	–	–	389 324	–	389 324	–	5 800 928
Total							**1 911 883**	**5 026 675**	**18 694 083**

	Award date	Share price on grant R	Opening number on 1 July 2020	Options deferred	Granted during FY21	Vested during FY21	Closing number at 30 June 2021	Cash value of settlements during FY21	Estimated closing value at 30 June 2021
Gerald Völkel									
ERS									
2016 ERS	1 September 2016	25.88	560 000	70 000	–	(140 000)	490 000	346 976	5 066 819
LTI									
FY19 LTI[(1)]	1 October 2018	24.93	72 861	–	–	–	72 861	–	408 409
FY20 LTI	1 October 2019	23.12	86 422	–	–	–	86 422	–	779 383
FY21 LTI	1 October 2020	13.32	–	–	150 005	–	150 005	–	300 593
STI									
Deferred bonus zero-cost share options									
FY17 Deferred STI	1 September 2017	23.99	27 944	–	–	(27 944)	–	328 912	–
FY18 Deferred STI	1 September 2018	24.74	64 020	–	–	(32 010)	32 010	376 758	476 949
FY19 Deferred STI	1 September 2019	22.53	126 631	–	–	(42 209)	84 422	496 800	1 257 888
FY20 Deferred STI	1 September 2020	12.26	–	–	187 823	–	187 823	–	2 798 563
Total							**1 103 543**	**1 549 446**	**11 088 604**

(1) *These awards vested post FY21 based on FY19, FY20 and FY21's performance, and as such are included in the Executive Directors FY21 total remuneration table on page 143 and valued at the closing share price as of 30 June 2021 at R14.90.*

	Award date	Share price on grant R	Opening number on 1 July 2020	Options deferred	Granted during FY21	Vested during FY21	Closing number at 30 June 2021	Cash value of settlements during FY21	Estimated closing value at 30 June 2021
Olive Chauke									
ERS									
2019 ERS	1 October 2019	22.42	305 600	–	–	–	305 600	–	1 574 459
LTI									
FY19 LTI[1]	1 October 2018	24.93	22 881	–	–	–	22 881	–	128 259
FY20 LTI	1 October 2019	23.12	25 930	–	–	–	25 930	–	233 846
FY21 LTI	1 October 2020	13.32	–	–	45 008	–	45 008	–	90 191
STI									
Deferred bonus zero-cost share options									
FY17 Deferred STI	1 September 2017	23.99	3 891	–	–	(3 891)	–	48 494	–
FY18 Deferred STI	1 September 2018	24.74	20 075	–	–	(10 036)	10 039	123 342	149 581
FY19 Deferred STI	1 October 2019	22.53	37 062	–	–	(12 353)	24 709	153 918	368 164
FY20 Deferred STI	1 October 2020	12.26	–	–	57 882	–	57 882	–	862 442
Total							**492 049**	**325 754**	**3 406 942**

(1) *These awards vested post FY21 based on FY19, FY20 and FY21's performance, and as such are included in the Executive Directors FY21 total remuneration table on page 143 and valued at the closing share price as of 30 June 2021 at R14.90.*

PART 4: NON-EXECUTIVE REMUNERATION

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

- The fee structure is recommended to the committee by executives and independent advice is sought if required
- Fees are structured as an annual retainer component plus an attendance fee for scheduled meetings
- Fees are reviewed annually and proposed at AGMs for approval
- Fees are benchmarked annually to the same comparator group used for Executive Directors.

The FY21 comparator group is disclosed on page 130:

- 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 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 Memorandum of Incorporation
- Annual assessments of independence and performance are conducted in respect of the Non-executive Directors, details of which can be found on page 114.

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 AGM (held in November each year)
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 annual integrated report, 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. Fees for special assignments, including any shareholder engagement required or property due diligence inspections, by one or more tasked members of the Board or of any committee, which may also include travel on business locally or abroad, are to be agreed upfront with the Chairman of the Board. Travel and fares and reasonable subsistence shall be in line with Growthpoint's relevant policies as they apply to Executive Directors.

The following fees are proposed for FY22 for Non-executive Directors at an average increase of 4%:

Schedule of retainer fees and fees payable per meeting

	FY21	FY22
Basic fee (pa)		
Chairman[(1)]	**1 385 700**	850 000
Deputy Chairman/Lead Independent Director	**178 500**	185 600
Director	**66 400**	69 000
Attendance fee (x5)		
Board		
Chairman	**231 900**	241 100
Director	**74 400**	77 300
Audit Committee (x5)		
Chairman	**69 700**	72 400
Members	**49 500**	51 400
Risk Management Committee (x4)		
Chairman	**62 100**	64 500
Members	**41 700**	43 300
Property and Investment Committee (x4)		
Chairman	**69 700**	72 400
Members	**49 500**	51 400
Social, Ethics and Transformation Committee (x4)		
Chairman	**54 000**	56 100
Members	**34 300**	35 600
Human Resources and Remuneration Committee (x4)		
Chairman	**61 800**	64 200
Members	**41 500**	43 100
Governance and Nomination Committee (x4)		
Chairman	**54 300**	56 100
Members	**34 400**	35 600

(1) *For FY21, in addition to his duties as Chairman of the Board and member of the Remuneration Committee, the Chairman, without any additional remuneration, attended the Risk Management Committee meetings. He also served as a director of the V&A Waterfront and attended the V&A Waterfront Remuneration Committee meetings for which he was not remunerated; the equivalent remuneration would have been R443 668. For FY22 when Rhidwaan Gasant replaces Francois Marais as Chairman, his remuneration will be adjusted to R850 000, he will also earn R592 723 from the V&A Waterfront where he will serve as a Board member and also Chairman of the Audit and Risk Committee.*

Actual fees paid to Non-executive Directors for FY21

The fees paid to Non-executive Directors for FY21 were paid on the basis presented in the tables on page 48 of the AFS, as approved by the committee and by the Board, on authority granted by shareholders at the AGM held on 8 December 2020.

	Directors' fees FY21 R	Directors' fees FY20 R
FM Berkeley (Property and Investment Committee Chairman, Audit Committee, Human Resources and Remuneration Committee, Governance and Nomination Committee)	**1 627 700**	1 124 600
MG Diliza[(2)] (Social, Ethics and Transformation Committee Chairman and Property and Investment Committee)	**497 700**	880 900
R Gasant (Board Deputy Chairman, Audit Committee Chairman and Risk Management Committee)	**1 359 700**	182 200
JC Hayward[(4)] (Lead Independent Director, Human Resources and Remuneration Committee Chairman, Governance and Nomination Committee and Risk Management Committee)	**1 148 900**	1 207 700
KP Lebina[(3)] (Risk Management Committee and Audit Committee)	**777 600**	–
JF Marais[(1)] (Board Chairman, Governance and Nomination Committee Chairman and Human Resources and Remuneration Committee)	**3 746 000**	3 105 100
PS Mngconkola (Social, Ethics and Transformation Committee and Property and Investment Committee)	**1 005 800**	816 900
R Moonsamy[(1)] (Social, Ethics and Transformation Committee and Property and Investment Committee)	**498 400**	798 600
NBP Nkabinde (Social, Ethics and Transformation Committee and Human Resources and Remuneration Committee)	**890 800**	816 900
AH Sangqu[(3), (4)] (Social, Ethics and Transformation Committee Chairman, Audit Committee and Governance and Nomination Committee)	**771 500**	–
FJ Visser[(2)] (Human Resources and Remuneration Committee and Risk Management Committee)	**757 500**	921 000
JA van Wyk[(4)] (Risk Management Committee Chairman, Property and Investment Committee, Audit Committee and Governance and Nomination Committee)	**1 472 300**	883 600
Total	**14 553 900**	12 972 700

(1) *In addition to his duties as Chairman and member of the Remuneration Committee, the Chairman, without any additional remuneration, attended the Risk Management Committee and the Social, Ethics and Transformation Committee, served as a Director of the V&A Waterfront, and attended the V&A Waterfront Remuneration Committee meetings in FY21.*
(2) *Retired from the Board at the AGM on 8 December 2020.*
(3) *Appointed to the Board on 21 September 2020.*
(4) *Appointed Chairman of relevant committee on 24 February 2021.*

In addition to the above meetings, Non-executive Directors attended an additional two Board meetings during the year for which they were not remunerated. One special Human Resources and Remuneration Committee meeting and one special Audit Committee meeting were held for which Non-executive Directors were also not remunerated.

Risk management

The Board has overall responsibility for the adoption, oversight and reporting of Growthpoint's risk management framework. The Risk Management Committee assists the Board in fulfilling its duties.

The framework encompasses four distinct categories of risk:

Strategic opportunities and risks	Responsibilities		Reporting risk
• Identified annually by the Group Chief Executive Officer with reference to the business model and value creation as well as the Group's objectives • Documented in terms of the recommended practices of the King IV Report on Corporate Governance for South Africa 2016 – Risk Governance section • Presented to and reviewed by the Risk Management Committee and reassessed quarterly by the committee • Quarterly reporting of key performance indicators (KPIs) to the Risk Management Committee (Refer business model and value creation).	• *Ad hoc* management • Board of Directors • Risk Management Committee • Audit Committee • Executive management	**Assurance by internal audit and risk management and Group finance**	• Responsibility of the Audit Committee • Systems of internal control provide reasonable assurance of the validity, accuracy, completeness and timely accumulation of financial data • Systems of internal control assessed by internal audit up to general ledger and management reporting level • Group Finance ensures internal financial controls are adequate and effective to compile the annual financial statements • The Group CEO and Group Financial Director responsibility statement • External auditor ensures the fair presentation of financial information at a statutory reporting level.

Operational risk	Responsibilities		Compliance risk
• Identified annually by the Group Chief Executive Officer with reference to the business model and value creation as well as the Group's objectives • Compared to the "REIT Risk Instrument" universe of risks, which is an internet-based technology risk solution explicitly developed for RSA REITs, after having assessed the probability and likelihood of the risk • Key risks documented and presented to and reviewed by the Risk Management Committee • Monthly and/or quarterly reporting of KPIs by strategic business units (SBUs), sector or group • Quarterly reporting of KPIs to the Risk Management Committee.	• Day-to-day management • Executive management • Property sectors • SBUs	**Assurance by Compliance Officers, Risk Officer and support functions**	• Primary legislation affecting organisation identified by Company Secretarial function in conjunction with in-house and external legal advisers • Where necessary, or if prescribed by legislation, compliance officers appointed to oversee adherence to the relevant Acts • Employees are expected to keep abreast of legislation and compliance requirements relevant to their area of responsibility • Risk Information Management System (RIMS) technology solution utilised by facilities management personnel every quarter to report on compliance to building regulations, OHS Act and fire regulations • Risk Officer dedicated to ensuring compliance to building regulations, OHS Act and fire regulations • Inspection of buildings by independent insurers.

Risk management *continued*

Risks on the radar

The following risks have been identified as being prevalent within the operating environment due to the reporting of related activities in the public domain during the financial period. Although not necessarily specific to Growthpoint, the risks warrant commentary on how Growthpoint has acted to mitigate such risks.

1. Environmental

Contributors	Probable impact	Mitigation
• Deteriorating infrastructure and service delivery • Increase in administered costs • Increased regulatory requirements • Increased attention by funders and investors.	• Additional costs • Reputational damage • Ability to source funding.	**Environmental policy** • Our policy focuses on climate change, carbon emissions, biodiversity and energy, water, waste management and renewable energy. **New developments** • A responsibility matrix is used which lists, among other things, the regulatory indicators to be considered when undertaking a development • New office developments to achieve a minimum 4-Star Green Star SA rating. **Development contractors** • Where required, the contractor will appoint a consultant who specialises in environmental matters • Require adherence in line with Growthpoint's environmental commitments as part of the procurement process • A social and environmental baseline survey conducted to gather all the necessary information and identify any potential gaps in information and uncertainties. **Existing buildings** • Obtaining green building certification in terms of the GBCSA for office sector properties • Identifying suitable solutions in terms of our six-step sustainable change process • Engaging and implementing energy-efficient initiatives to reduce utility spend, and sharing savings with the tenant • Using the energy and water performance tool developed by GBCSA to benchmark office buildings • Waste target of zero organic waste to landfill by 2022 • Assessing carbon footprint annually, which is externally verified by a third party. **Climate change** • Tracking of data and the various weather-related incidents to identify preventative initiatives • Detailed climate risk review undertaken, identifying scenarios and potential financial impacts • Development of carbon-neutral strategy with reduction targets for GHG emissions, energy and water. **Executive remuneration** • Measure attributable to meeting ESG targets.

2. Social-Growthpoint or greater society

Contributors	Probable impact	Mitigation
• Macro-economic fundamentals • Prolonged effects of Covid-19.	• Political risks • Social upheaval.	**Local community engagement** • Development of local economic development and transformation strategy policy • Engagement with local communities to explore business opportunities at retail centres • A social and environmental baseline survey conducted to gather all the necessary information and identify any potential gaps in information and uncertainties.

3. Insurable risks

Contributor	Probable impact	Mitigation
• Claims on underwriters and insurers excessive as a result of worldwide risk events such as cyber-attacks, climate change and the effects of Covid-19.	• Increase in insurance premiums • Lower cover limits • Increase in deductibles • Uninsurable events such as pandemics.	Proactive risk management incorporates, among other things, the following: **Day-to-day operations** *Risk Information Management System (RIMS)* • An online software program focused on property operations, which facilities management personnel complete for each building, each quarter. The results are analysed to identify issues that need management's attention. *Risk Officer* A dedicated Risk Officer ensures compliance with building and fire compliance regulations as well as the OHS Act by: • Regularly performing independent visits to buildings • Liaising with tenants when conducting building inspections • Liaising with facilities and property management personnel • Liaising with insurers. *Independent insurer reviews* • Growthpoint's insurers undertake inspections of buildings each year to ensure that the insurable cover is commensurate with the insurable risk that they have underwritten. **Annually** • The Growthpoint broker approaches the insurance market with regards to cover, limits, deductibles and premiums. The resultant decisions taken by management are relayed to the Risk Management Committee for consideration and approval.

Abbreviations

AFFO	Adjusted funds from operations
ABET	Adult basic education and training
ACTSA	Association of Corporate Treasurers of Southern Africa
Acucap	Acucap Properties Limited
AdmedGap	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
ANC	African National Congress
ADI	APN Industria Reit
A-REIT	Australian Real Estate Investment Trust
ASIB	Automatic Sprinkler Insurance Bureau
ASISA	Association for Savings and Investment South Africa
ASX	Australian Stock Exchange
AUD	Australian Dollar
B-BBEE	Broad-based black economic empowerment
BCI	RMB/BER Business Confidence Index
BER	Bureau for Economic Research
BOE	Bank of England
BPO	Business process outsourcing
BPR	Best practice recommendations
bps	Basis points
c.	circa
CAGR	Compound annual growth rate
CCI	Consumer Confidence Index
CCIRS	Cross-currency interest rate swap
CDIO	Chief Development and Investment Officer
CDP	Carbon Disclosure Project
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CGU	Cash-generating unit
CIPC	Companies and Intellectual Property Commission
COBIT	Framework for the governance and management of IT
CO_2	Carbon dioxide
COO	Chief Operating Officer
COE	Centre of Excellence
CPI	Consumer price index
CPLI	JSE 100 Carbon Performance Leadership Index

CRAR	Commercial rent arrears recovery
CRISA	Code for Responsible Investment in South Africa
CRM	Customer relations management
CSI	Corporate social investment
CSOS	Community Schemes Ombud Service Act
CSR	Corporate social responsibility
CSSA	Chartered Secretaries South Africa
C&R	Capital & Regional
CVA	Company voluntary agreements
DFI	Development finance institutions
DIA	Debts Issuers Association
DIPS	Distributable income per share
DJSI	Dow Jones Sustainability World Index
DPS	Distribution per share
DRIP	Distribution reinvestment plan
DTIC	Department of Trade, Industry and Competition
EAAB	Estate Agency Affairs Board
EAP	Employee assistance programme
EBIT	Earnings before interest and tax
EBP	Existing building performance
ECD	Early childhood development
EE	Eastern Europe
EMTN	Euro Medium-Term Note
EPRA	European Public Real Estate Association
ERM	Enterprise risk management
ERS	Executive retention scheme
ESG	Environmental, social and governance
EUR	Euro
EVP	Employer value proposition
EWP	Energy and water performance
FCTR	Foreign currency translation reserve
FECs	Forward exchange contracts
FTSE/JSE RI	FTSE/JSE Responsible Investment Index
FFO	Funds from operations
FY	Financial year
G2	Growthpoint gives
GAI	Governance assessment instrument
GAV	Gross asset value
GBCSA	Green Building Council of South Africa
GBP Sterling	Pounds sterling

Abbreviations *continued*

GCTC	Guaranteed cost to company
GDP	Gross domestic product
GEPF	Government Employees Pension Fund
GHPH	Growthpoint Healthcare Property Holdings
GIAP	Growthpoint Investec African Properties
GLA	Gross lettable area
GMF	GPT Metropolitan Office Fund
GOZ	Growthpoint Properties Australia Limited
GPRE	Globalworth Poland Real Estate N.V.
GRI	Global Reporting Initiative
GWI	Globalworth Real Estate Investments
Group Exco	Group Executive Management Committee
Growthpoint	Growthpoint Properties Limited
GRESB	Global Real Estate Sustainability Benchmark
GSIS	Growthpoint Staff Incentive Scheme
HHTS	Healthy Heads in Truck & Sheds
IAR	Integrated annual report
IAS	Investment Analysts Society
IASB	International Accounting Standards Board
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
Income Tax Act	Income Tax Act, No 58 of 1962
IoD	Institute of Directors
IoT	Internet of things
IDR	Industria REIT
ISO	International Organisation of Standards
ITO	IT outsourcing
IT	Information technology
IT&C	Information technology and communications
ITS	Integrated transformation strategy
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
KPA	Key performance area
KPI	Key performance indicator

kWh	Kilowatt hours
LEED	Leadership in Energy and Environmental Design
Lango	Lango Real Estate Limited
LTI	Long-term incentive
LTV	Loan to value ratio
Manco	Management Committee
MER	Managed expense ratio
MOCAA	Zeitz Museum of Contemporary Art Africa
MOI	Memorandum of Incorporation
Moody's	Moody's Investor Services
MSCI	Morgan Stanley Capital International
NABERS	National Australian Built Environment Rating System
NAV	Net asset value
NBI	National Business Initiative
NDR	Non-distributable reserve
NGO	Non-government organisation
NPAT	Net profit after tax
NPI	Net property income
NRV	Net reinstatement value
NTA	Net tangible assets
OCI	Other comprehensive income
OHSA	Occupational Health and Safety Act No 85 of 1993
pa	Per annum
PI	Property Investment Group
PFI	Property Industry Foundation
PIC	Public Investment Corporation (SOC) Limited
PMS	Performance Management System
POPIA	Protection of Personal Information Act
PV	Photovoltaic
QLFS	Quarterly labour force survey
RBA	Reserve Bank Australia
REIT	Real Estate Investment Trust
Remco	HR and Remuneration Committee
RFP	Request for proposal
RIMS	Risk information management system
RSA	Republic of South Africa
RSA Exco	RSA Executive Management Committee
SABS	South African Bureau of Standards
SARB	South African Reserve Bank
SA REIT	South African Real Estate Investment Trust

Abbreviations *continued*

SAFMA	South African Facilities Management Association
SAIBPP	South African Institute of Black Property Practitioners
SANS	South African National Standards
SAPOA	South African Property Owners Association
SAPY	South African listed property index
SASRIA	South African Special Risk Insurance Association
SBTs	Science-based targets
SBPR	EPRA Sustainability Best Practices Recommendations
SENS	Securities Exchange News Service
SLA	Service level agreement
SME	Small medium enterprises
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
Tiber	Tiber group of companies
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
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
WPN	Women's Property Network
WSE	Warsaw Stock Exchange
WTTC	World Travel and Tourism Council
WULA	Water user licence application

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