

CINTOCARE

GROWTHPOINT
PROPERTIES



Summary of audited results
for the year ended 30 June 2021



Group salient features

EBIT FROM OFFSHORE

29.1%

*Increase from
28.2% at FY20*

SA REIT NAV 2 023 CENTS PER SHARE

(12.3%)

*Decrease
from FY20*

OFFSHORE ASSETS

39.9%

*Decrease from
40.8% at FY20*

TOTAL PROPERTY ASSETS

R152.8bn

*8.4% decrease from
R166.7bn at FY20*

SA REIT LTV LEVELS

40.0% LTV

*Decrease from
43.9% at FY20*

INCLUDED IN MAJOR SUSTAINABILITY INDICES

*FTSE/JSE Responsible
Investment Index, Dow Jones
FTSE4Good Emerging Index*

GLOBAL SCALE MOODY'S RATING

Ba2

NATIONAL SCALE MOODY'S RATING

Aa1.za

ASSETS UNDER MANAGEMENT (FUNDS MANAGEMENT)

R11.7bn

Increase from R10.0bn at FY20

Participant of:



Commentary

Growthpoint is an international property company that provides space to thrive with innovative and sustainable property solutions.

Introduction

Growthpoint is the largest South African primary JSE-listed REIT with a quality portfolio of 432 directly owned properties in South Africa (RSA) valued at R68.8bn, including five hospitals and one medical chambers valued at R2.8bn owned by Growthpoint Healthcare Property Holdings (RF) Limited (GHPH). Growthpoint has a 62.2% shareholding in GHPH.

Growthpoint has a 62.2% interest in ASX-listed Growthpoint Properties Australia Limited (GOZ), which owns 55 properties in Australia valued at R49.5bn and a 52.1% interest in LSE-listed Capital & Regional Plc (C&R), which owns seven properties in the United Kingdom valued at R10.5bn.

Growthpoint has three equity-accounted investments valued at R15.0bn. Our 50.0% share of the V&A Waterfront (V&A) (R6.3bn) and 29.3% stake in London Stock Exchange AIM-listed Globalworth Real Estate Investments (GWI) (R8.6bn) are the largest of these investments.

Growthpoint has five unlisted investments, valued at R808.1m of which our 16.1% stake in Lango Real Estate Limited (Lango), formerly Growthpoint Investec African Properties Limited (GIAP) (R758.2m) is the largest.

GOZ owns a 15.0% stake in ASX-listed APN Industria REIT (ADI), valued at R1.1bn.

Growthpoint has a trading and development sector which develops commercial property internally and for third parties. Growthpoint also has a funds management sector with assets under management of R11.7bn (FY20: R10.0bn).

Growthpoint is included in the FTSE/JSE Top 40 Index (J200) with a market capitalisation of R51.1bn at 30 June 2021 (FY21). On average, 244.8m shares (FY20: 218.5m) with a value of R3.2bn (FY20: R3.9bn) were traded per month during the period. This makes Growthpoint a liquid and tradable way to own commercial property in South Africa. The value of Growthpoint's property portfolio is split between South African (inclusive of the V&A) (60.1%) and international (39.9%) assets. It is well diversified in the three major sectors of commercial property, being retail, office and industrial. Most of the RSA portfolio is in economic nodes within major metropolitan areas.

For FY21 the SA REIT net asset value (SA REIT NAV) of the Group decreased by 12.3% to 2 023 (FY20: 2 307) cents per share.

Impact of Covid-19 on the business

Our tenants have continued to be impacted as South Africa has moved through the various lockdown levels and in particular by the restrictions on alcohol sales and curfews imposed as a result of both the second and third waves. Our retail tenants, particularly restaurants, gyms and cinemas are the worst affected. For the financial period we provided rental relief of R230.4m (FY20: R436.3m) to our tenants with R32.8m (FY20: R141.4m) in deferred rent and R197.6m (FY20: R277.5m) of rental discounts. We recovered R156.0m (FY20: R17.4m) of

deferred rent in the period and incurred R6.0m (FY20: R6.8m) of Covid-19-related expenses. 90.1% of the total deferrals granted since the onset of Covid-19 have been recovered.

Historically the V&A has been a standout performer for Growthpoint. However, given its strong reliance on international and local tourism and heavy weighting to the hotel, retail and restaurant trade, it has suffered disproportionately to the rest of the South African portfolio with its contribution to distributable income dropping by 39.8% to R364.9m (FY20: R606.5m).

Our international investments in GOZ and GWI were less affected by Covid-19 at an operational level as a result of their focus on office and industrial properties with strong customer bases weighted toward listed corporates and government in Australia, and large multinational tenants in Poland and Romania. Dividends received from GWI decreased by 35.2% linked to the opportunity cost of holding significant cash balances which at 30 June 2021 amounted to EUR460m.

C&R with its 100% retail focus has faced extreme challenges with the UK experiencing its third full lockdown (6 January to 12 April 2021) since the first was imposed in March 2020.

While encouraging progress is being made in relation to vaccination of the population in the markets we operate in, the outlook remains unclear.

Growthpoint supports the respective national vaccination drives and has actively encouraged all its stakeholders and their staff to be vaccinated.

Notwithstanding all of the above, our geographic and sectoral diversity has placed us in a position of strength to weather the Covid-19 storm.

Strategy

In line with Growthpoint's vision "to be a leading international property company providing space to thrive", the company's strategy incorporates: the optimisation and streamlining of our RSA portfolio; the introduction of new revenue streams via the funds management business and trading and development for third parties and further international diversification, with a focus on markets where we have a competitive edge and direct access to capital.

While our strategic pillars remain intact, in the short to medium term our priority remains the protection of our balance sheet and liquidity position.

The Board is satisfied with the progress made in bolstering the balance sheet in FY21 through various initiatives, including the R4.3bn equity raise (excluding costs), the R577.0m proceeds received from the Distribution Re-investment Plan (DRIP),

R559.0m of asset sales and R864.8m (after income tax of R149.0m) cash retained as a result of lowering the dividend pay-out ratio to 80%.

Reduction in funds from operations (FFO) and distributable income per share (DIPS)

Group SA REIT FFO for FY21 decreased by R532m from R5 185m for FY20 to R4 653m or 10.3%. On a per share basis it decreased by 19.9% from 170.7c to 136.8c. Group distributable income decreased by R426m from R5 478m to R5 052m, or 7.8%. Distributable income per share (DIPS) decreased by 19.1% from 183.1c to 148.1c.

Basis of preparation

The summarised consolidated financial statements are prepared in accordance with International Financial Reporting Standards, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in preparing these financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

These summarised consolidated financial statements are extracted from the audited information but are not themselves audited. The annual financial statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The auditor's report does not report on all the information contained in these summarised consolidated financial statements.

Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the accompanying audited consolidated financial statements, both of which are available for inspection at the company's registered office or on the company's website. The directors of Growthpoint Properties Limited take full responsibility for the preparation of this report and confirm that the selected financial information has been correctly extracted from the underlying consolidated financial statements.

Mr G Völkel (CA(SA)), Growthpoint's Group Financial Director, was responsible for supervising the preparation of these condensed consolidated financial statements.

GOZ

The investment in GOZ was accounted for in terms of IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The statement of financial position includes 100% of the assets and liabilities of GOZ, converted at the closing exchange rate at FY21 of R10.70:AUD1 (FY20: R11.98:AUD1).

A deferred tax liability of R4.2bn (FY20: R3.8bn) is included in the statement of financial position. This relates to capital gains tax payable in Australia if Growthpoint were to sell its investment in GOZ.

The statement of profit or loss and other comprehensive income also includes 100% of the revenue and expenses of GOZ, which were translated at an average exchange rate of R11.49:AUD1 for FY21 (FY20: R10.49:AUD1). The resulting foreign currency translation difference is recognised in other comprehensive income. A non-controlling interest was raised for the 37.8% (FY20: 37.8%) not owned by Growthpoint.

Included in the FY21 distributable income is a R987.0m dividend received from GOZ, compared to R1 010.1m for FY20. This is accounted for by the GOZ dividend per share for FY21 of AUD20.0c compared to AUD21.8c in FY20. Included in normal tax in the statement of profit or loss and other comprehensive income is R110.3m (FY20: R125.3m) which relates to withholding tax paid on the distributions received from GOZ.

C&R

The investment in C&R was accounted for in terms of IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The statement of financial position includes 100% of the assets and liabilities of C&R, converted at the closing exchange rate at FY21 of R19.75:GBP1 (FY20: R21.52:GBP1).

The statement of profit or loss and other comprehensive income also includes 100% of the revenue and expenses of C&R, which were translated at an average exchange rate of R20.71:GBP1 for FY21 (FY20: R20.75:GBP1). The resulting foreign currency translation difference is recognised in other comprehensive income. A non-controlling interest was raised for the 47.9% (FY20: 47.9%) not owned by Growthpoint.

C&R did not declare a dividend for FY21.

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.

V&A, GWI and other equity-accounted investments

The investments in the V&A (joint venture), GWI and the other equity-accounted investments were accounted for in terms of IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates*. The equity-accounting method was used – the Group's share of the profit or loss and other comprehensive income of these investments were accounted for.

Included in the FY21 distributable income is R364.9m from the V&A (FY20: R606.5m) and R370.3m from GWI (FY20: R569.7m).

Commentary *continued*

Revenue and cost-to-income

Revenue increased by 6.2% for FY21 compared to FY20. RSA revenue increased by 4.0%, and GOZ revenue decreased by 0.4% compared to FY20. C&R is not comparable as revenue was only included for six months in FY20. The SA REIT cost-to-income ratio for the Group decreased to 38.8% at FY21 from 40.1% at FY20. For RSA the ratio decreased to 41.8% from 44.5% at FY20 and GOZ increased to 23.5% from 22.1% at FY20. For C&R the ratio increased to 55.6% from 54.8% at FY20.

Fair value adjustments

The revaluation of properties in RSA, GOZ and C&R resulted in an overall decrease of R4.4bn (3.3%) (FY20: R8.4bn or 5.7%) to R128.2bn (FY20: R139.1bn) for investment property (including investment properties classified as held for sale).

The revaluation of properties resulted in a decrease of R5.4bn (7.4%) (FY20: R7.1bn or 8.8%) for RSA, an increase of R3.9bn (8.7%) (FY20: R1.1bn or 2.2%) for GOZ and a decrease of R2.9bn (FY20: 21.7%) (FY20: R2.4bn or 14.1%) for C&R.

Property assets held for trading and development are held at the lower of cost or net realisable value. The RSA valuation decrease was driven mainly by lower market rental growth assumptions on the back of a weak macro-economic environment and the impact of Covid-19. An impairment loss of R30.0m (5.2%) (FY20: Rnil) was recognised on property assets held for trading and development.

Interest-bearing borrowings and derivatives were fair valued using the RSA or foreign exchange denominated swap curves at FY21, decreasing the overall liability by R615.1m (FY20: increase of R1.7bn). These fair value adjustments and other non-distributable items, such as capital items, non-cash charges, deferred taxation and the net effect of the non-controlling interests' portion of the non-distributable items, were transferred to the non-distributable reserve.

Finance costs

Finance costs, including finance costs and income received on interest rate swaps, increased by 7.1% to R3.3bn (FY20: R3.1bn). The interest cover ratio decreased to 2.9 times for FY21 (FY20: 3.1 times). The weighted average interest rate for RSA borrowings was 7.8% (FY20: 8.2%) (6.0% including foreign-denominated loans and cross-currency interest rate swaps (CCIRS) (FY20: 5.9%)). The weighted average maturity of debt for RSA borrowings decreased to 3.1 years (FY20: 3.6 years). Finance costs for GOZ increased by 3.3% from R547.6m in FY20 to R564.4m in FY21 mainly due to interest that is no longer capitalised on development projects, partially offset by reduced cost of debt and lowering borrowings. Finance costs for C&R were R352.5m in FY21.

Finance and other investment income

Finance and other investment income increased by 34.0% to R138.5m (FY20: R103.4m). This is mainly due to an increase in dividends received on investments partially offset by a decrease in interest from Workshop 17 loans converted into preference shares.

Acquisitions and commitments

Growthpoint acquired one office property for R21.5m, one healthcare property for R193.5m, one trading and development property for R70.0m and 20 telecommunications assets in South Africa for R23.6m (included in Industrial) during the period. The development and capital expenditure for RSA of R1.0bn (FY20: R2.0bn) was for various developments and capital expenditure in the period, including the refurbishment of the Altron office in Woodlands Office Park, for R177.5m and Longkloof Studios for R111.6m. Growthpoint has commitments outstanding for RSA developments totalling R310.8m at FY21 (FY20: R634.0m) of which E-shelter, Samrand (R141.7m) and the Kent sectional title residential at La Lucia Mall (R105.8m) are the largest.

GOZ made no further acquisitions during the period but incurred capital costs of R125.9m (AUD9.6m). The largest are the refurbishment of 75 Dorcas Street, South Melbourne, VIC for R71.0m (AUD6.2m) and 1 Charles Street, Parramatta, NSW for R41.2m (AUD3.6m).

GOZ has commitments outstanding totalling R1.0bn (AUD97.1m) at FY21 (FY20: R608.5m (AUD50.8m)). These commitments relate to ongoing capital expenditure at 1 Charles Street, Parramatta, NSW of R482.8m (AUD45.1m) and the acquisition of 11 Murray Rose Avenue, Sydney Olympic Park, NSW for R556.6m (AUD52.0m).

C&R incurred development costs of R83.1m (GBP4.0m) (FY20: R130.0m or GBP6.7m) and has commitments outstanding of R53.3m (GBP2.7m) at FY21 (FY20: R86.1m or GBP4.0m).

Funds management

Part of Growthpoint's strategy is to build a funds management business with assets of R15.0bn under management over the next three to five years. To this end we have already established two separately identifiable funds with total assets under management of R11.7bn.

- Lango Real Estate Limited (Lango). Growthpoint's stake is 16.1%.

Lango, a joint venture with Ninety One Limited, owns eight quality office and retail assets and three plots of land valued at USD600.9m (FY20: USD601.0) and has a NAV of USD330.2m at FY21 (FY20: USD329.6m). Lango paid its maiden distribution of USD1.6m to shareholders in December 2020 followed by a final distribution of USD1.3m in June 2021 translating into a total distribution of R6.6m for Growthpoint for the year.

Growthpoint followed a DRIP for both distributions. Growthpoint furthermore received R14.0m (USD1.0m) from the Lango Manco (Lango Real Estate Management Limited) during the year.

- Growthpoint Healthcare Property Holdings (RF) Limited (GHPH). Growthpoint's stake is 62.2%.

GHPH has to date attracted approximately R1.0bn in investments from third-party investors. There is a significant pipeline of both acquisitions and greenfield developments.

Growthpoint has an effective 62.2% interest in GHPH (R358.4m equity (FY20: R348.6m) and a convertible loan of R887.0m (FY20: R881.8m)).

Trading and development

Adhering to the limits previously communicated, the value of projects pre-identified as opportunities for trading and development for third parties in South Africa will not exceed 3.0% of the value of the South African portfolio and assets developed for our own balance sheet will not exceed 5.0%. In the present environment we have, however, scaled back all non-essential capital and development spend and will only proceed with opportunities which are client-driven or substantially pre-let.

Disposals and held-for-sale assets

Growthpoint disposed of eight properties in the period (FY20: 13) for R559.0m (FY20: R581.8m), the largest being the Exxaro Corporate Centre at R243.0m. GOZ disposed of three properties, 120 Northcorp Boulevard, Broadmeadows, VIC for R604.0m (AUD50.2m), Quad 2, 6 Parkview Drive for R338.5m (AUD33.1m) and Quad 3, 102 Bennelong Parkway for R338.5m (AUD33.1m). At FY21, eight RSA properties (FY20: two) valued at R181.2m (FY20: R84.4m) were classified as held for sale. No Australian or United Kingdom properties were classified as held for sale.

Arrears

Total RSA arrears at FY21 were R308.2m (FY20: R511.0m) with a loss allowance of R174.5m (FY20: R254.0m). This includes rental deferrals granted to tenants as a result of Covid-19 of R18.2m (FY20: R141.4m). Total net RSA bad debt write-offs and provisions were R29.9m (FY20: R236.5m).

Total GOZ arrears at FY21 were R5.7m (FY20: R9.7m) with a loss allowance of R1.1m (FY20: R2.8m). Total C&R arrears at FY21 were R471.9m (FY20: R300.0m) with a loss allowance of R164.0m (FY20: R13.2m).

Growthpoint's GLA and vacancy levels as a percentage of its total portfolio GLA were:

	GLA		Vacancy	
	FY21 m ²	FY20 m ²	FY21 %	FY20 %
Retail	1 356 981	1 365 391	6.2	5.1
Office	1 708 285	1 672 010	19.9	15.4
Industrial	2 262 728	2 308 913	9.4	7.1
Healthcare	89 637	77 219	–	–
Trading and development	55 403	70 200	–	46.8
RSA total	5 473 034	5 493 733	11.6	9.5
V&A	232 531	227 415	3.0	1.5
GOZ	1 033 028	1 042 929	2.3	5.5
C&R	350 980	328 512	18.2	5.5
Total/average %	7 089 573	7 092 589	10.3	7.6

Vacancies increased across all the RSA sectors, except healthcare and trading and development. Tenant retention remains a priority and we are driving it through various initiatives including the UNdeposit, SmartMove and Growthpoint's resource efficient, sustainable Thrive Portfolio.

Borrowings, net working capital and liquidity

The SA REIT loan-to-value ratio for the Group (SA REIT LTV) was 40.0% for FY21 (FY20: 43.9%). The RSA LTV decreased to 35.1% (FY20: 39.8%), the GOZ SA REIT LTV decreased to 27.6% (FY20: 31.2%) and the C&R SA REIT LTV increased to 65.5% (FY20: 51.4%).

Growthpoint has consistently applied its policy for measuring the fair value of long-term interest-bearing loans and derivatives. There were no changes in valuation techniques, nor were there any transfers between level 1, level 2 and level 3 during the period. The Group has unsecured interest-bearing borrowings of R21.6bn (FY20: R24.5bn). All other interest-bearing borrowings across the Group are secured. Growthpoint has

unused committed bank facilities of R6.5bn (FY20: R3.1bn) in RSA and separately R4.1bn (AUD387.5m) (FY20: R4.3bn or AUD360.0m) in GOZ and cash of R709.8m (FY20: R140.8m) in RSA, R358.1m (AUD33.5m) (FY20: R476.8m or AUD42.7m) in GOZ and R1.6bn (GBP78.7m) (FY20: R1.8bn or GBP82.1m) in C&R at FY21, which assures their ability to meet their short-term commitments.

Change in directorate

Andile Sangqu and Prudence Lebina were both appointed as Independent Non-executive Directors on 21 September 2020. Andile is Chairman of the Social, Ethics and Transformation Committee and also serves as a member of the Audit Committee and the Governance and Nomination Committee.

Commentary *continued*

Prudence serves as a member of the Risk Management and Audit Committees. Mzolisi Diliza, Ragavan Moonsamy and Eric Visser all retired from the Board at the AGM on 8 December 2020 after 19, 15 and 18 years, respectively.

Rhidwaan Gasant was appointed as Deputy Chairman on 16 March 2021 and will take over from Francois Marais as Chairman when he retires at the AGM on 16 November 2021.

John Hayward will also retire at the AGM on 16 November 2021 after 19 years of service.

Melt Hamman was appointed as an Independent Non-executive Director on 14 September 2021.

We thank all the retiring directors for their dedicated service to Growthpoint.

Going concern

The directors have assessed the Group's ability to continue as a going concern. As at 30 June 2021, the Group had a substantial positive net asset value and a robust liquidity position with access to R6.5bn in RSA and separately R4.1bn in GOZ of committed undrawn credit facilities. The following uncertainties were considered as part of the going concern assessment.

Access to liquidity

Stressed market conditions may impact debt funders' risk appetite and limit access to liquidity.

Covenants

Loan-to-value and interest cover ratio covenants may come under pressure due to decreasing property valuations and rental income because of the expected economic downturn related to the pandemic. The maximum loan-to-value covenants the Group is exposed to is 55.0%, which is well above the current Group SA REIT LTV of 40.0%.

Provision for credit losses

The provision for credit losses and write-off of unrecoverable amounts may increase as tenants' businesses may continue to be impacted by the pandemic globally.

Conclusion

After due consideration, the directors have concluded that the Group has adequate resources and debt facilities to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Events after the reporting period

Declaration of dividend after reporting period

In line with IAS10 *Events after the Reporting Period*, the declaration of the dividend occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

Political unrest

In July 2021, the KwaZulu-Natal and Gauteng provinces of South Africa experienced significant protest action. These protests were accompanied by violence, theft and destruction of property.

Regrettably, these actions have been disruptive to the broader South African society and to the country's struggling economy. The company had two retail and five industrial assets impacted, none of which suffered material damage. We continue to work with our business partners to safeguard our assets.

IFC loan

On 31 August 2021 the International Finance Corporation (IFC) invested USD20 million into GHPH. The Group signed a four-year USD60 million convertible loan facility from the IFC, with the IFC having the option to convert the loan into GHPH equity.

Long-term loan granted – V&A Waterfront

On 7 September 2021 the Group signed an extension of the long-term loan granted to the V&A Waterfront. The loan is now payable on 30 September 2026.

Prospects

The majority of the Group's assets are in South Africa, both by EBIT (70.9%) and by market value of property assets (60.1%), where the macro-economic environment coupled with the recent domestic unrest remains deeply concerning. The effects of the pandemic, on top of a depressed economy, have negatively impacted all three of our domestic sectors where property fundamentals are expected to remain under pressure, notwithstanding the emergence of some green shoots, in particularly retail sales. The recovery of the V&A is dependent on the resumption of international tourism. GOZ and GWI have been relatively unaffected by the pandemic and have robust balance sheets, liquidity positions and strong tenancies. C&R has been severely impacted by the pandemic which has accelerated the structural trends that were already underway in the UK retail industry with the downturn being faster and more profound than expected. However, we believe that UK retail is close to the bottom of the downward cycle.

Our prospects are inextricably linked to our operating environment. As the world and the RSA economies recover gradually, we will benefit from this. We are a strong and diversified business and our conservative approach to managing the business together with our robust balance sheet and liquidity position will stand us in good stead.

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.

Final dividend

Notice is hereby given of the declaration of the final dividend number 71 of 60.0c per share (80% of DIPS) for the period ended 30 June 2021.

Other information

- Issued shares at 30 June 2021: 3 430 787 066 ordinary shares of no par value
- Income tax reference number of Growthpoint: 9375/077/71/7.

Shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No 58 of 1962 (Income Tax Act). The dividends on the shares will be deemed to be taxable dividends for South African tax purposes in terms of section 25BB of the Income Tax Act.

Tax implications for South African resident shareholders

Dividends received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from the income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i)(aa) of the Income Tax Act, because they are dividends distributed by a REIT. These dividends are, however, exempt from dividend withholding tax (dividend tax) in the hands of South African resident shareholders provided that the South African resident shareholders have provided to the Central Securities Depository Participant (CSDP) or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares, a DTD(EX) (dividend tax: declaration and undertaking to be made by the beneficial owner of a share) their form to prove their status as South African residents.

If resident shareholders have not submitted the above mentioned documentation to confirm their status as South African residents, they are advised to contact their CSDP or broker, as the case may be, to arrange for the documents to be submitted prior to the payment of the dividend.

Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption section 10(1)(k) of the Income Tax Act. Any dividend received by a non-resident from a REIT is subject to dividend tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the non-resident shareholder. Assuming dividend tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders is 48.0c per share. A reduced dividend withholding tax rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- A declaration that the dividend is subject to a reduced rate as a result of the application of the DTA; and
- A written undertaking to inform the CSDP broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner of the South African Revenue Service.

If applicable, non-resident shareholders are advised to contact the CSDP, broker or the company to arrange for the above mentioned documents to be submitted prior

to payment of the dividend if such documents have not already been submitted.

Salient dates and times

	2021
Last day to trade (LDT) cum dividend	Tuesday, 19 October
Shares to trade ex dividend	Wednesday, 20 October
Record date	Friday, 22 October
Payment date	Monday, 25 October

Shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 20 October 2021 and the close of trade on Friday, 22 October 2021. The above dates and times are subject to change. Any changes will be released on SENS.

By order of the Board

Growthpoint Properties Limited

14 September 2021

Directors

JF Marais (Chairman), FM Berkeley, NO Chauke* (Human Resources Director), EK de Klerk* (Chief Executive Officer South Africa), R Gasant (Chairman Elect), M Hamman, JC Hayward* (Lead Independent Director), KP Lebina, SP Mngconkola, NBP Nkabinde, AH Sangqu, LN Sasse* (Group Chief Executive Officer), JA van Wyk*, G Völkel* (Group Financial Director)

* Executive *British

Growthpoint Properties Limited

(Incorporated in the Republic of South Africa)
(Registration number 1987/004988/06)
A Real Estate Investment Trust, listed on the JSE
Share code: GRT ISIN: ZAE000179420

Registered office

The Place, 1 Sandton Drive, Sandown, Sandton, 2196
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Company Secretary

Johan de Koker

Transfer Secretary

Computershare Investor Services (Pty) Ltd
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196
Private Bag X9000, Saxonwold, 2132

Sponsor

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive, Sandown, Sandton, 2196
PO Box 785700, Sandown, Sandton, 2146

REIT ratios

for the year ended 30 June 2021

The second edition of the SA REIT Association's best practice recommendations was issued in November 2019, outlining the need to provide consistent presentation and disclosure of relevant ratios in the SA REIT sector. This will ensure information and definitions are clearly presented, enhancing comparability and consistency across the sector.

	2021 Rm	2020 Rm
SA REIT funds from operations (SA REIT FFO) per share		
Loss attributable to the owners of the company	(497)	(6 865)
Adjusted for:		
Accounting/specific adjustments:	5 824	8 638
Fair value adjustments to:		
Investment property	4 745	8 723
Debt and equity instruments held at fair value through profit or loss	584	(1 723)
Depreciation and amortisation of intangible assets	108	99
Impairment of goodwill or the recognition of a bargain purchase gain	30	624
Gains or losses on the modification of financial instruments	295	152
Deferred tax movement recognised in profit or loss	400	1 000
Straight-lining operating lease adjustment	(322)	(353)
Transaction costs expensed in accounting for a business combination	28	184
Adjustments to dividends from equity interests held	(44)	(68)
Adjustments arising from investing activities:	(98)	(13)
Gains or losses on disposal of equipment	24	(2)
Development fees and profit earned	(122)	(11)
Foreign exchange and hedging items:	(2 014)	3 533
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(1 681)	3 619
Foreign exchange gains or losses relating to capital items – realised and unrealised	(333)	(86)
Other adjustments:	1 438	(108)
Adjustments made for equity-accounted entities	1 206	811
Non-controlling interests in respect of the above adjustments	(748)	(919)
Non-controlling interests in respect of the above adjustments – plus not distributable	963	(30)
Antecedent earnings adjustment	17	30
SA REIT FFO	4 653	5 185
Number of shares outstanding at end of period (net of treasury shares)	3 402 889 319	2 989 240 606
SA REIT FFO per share (cents)	136.8	170.7
Interim SA REIT FFO per share	65.9	103.7
Final SA REIT FFO per share	70.9	67.0
Company-specific adjustments (Rm)	399	293
(Increase)/decrease in staff incentive scheme cost	28	(8)
GWl additional investment – cum dividend	–	25
Development fees and profit earned	122	11
Amortisation of tenant incentive add back (GOZ FFO)	288	218
Distributable income from GOZ retained (including NCI portion)	(157)	(66)
Distributable income from C&R (including NCI portion)	(139)	113
Distributable income from Healthcare retained (including NCI portion)	(8)	–
Taxation paid on FY20 distributable income retained and provisional taxation paid for FY21	265	–
Distributable income	5 052	5 478
Distributable income per share (DIPS) (cents)	148.1	183.1
First half year	73.1	106.0
Second half year	75.0	77.1

	2021 Rm	2020 Rm
SA REIT net asset value (SA REIT NAV)		
Reported NAV attributable to the parent	66 410	67 877
Adjustments:	2 700	1 348
Dividend to be declared	(2 042)	–
Final dividend under consideration	–	(2 295)
Fair value of certain derivative financial instruments	1 068	464
Goodwill and intangible assets	(597)	(700)
Deferred tax	4 271	3 879
SA REIT NAV	69 110	69 225
	Number of shares	Number of shares
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	3 402 889 319	2 989 240 606
Dilutive effect of share options granted to employees	12 699 001	10 811 495
Dilutive number of shares in issue	3 415 588 320	3 000 052 101
SA REIT NAV per share (R)	20.23	23.07
	Rm	Rm
SA REIT cost-to-income ratio		
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	4 946	4 896
Administrative expenses per IFRS income statement	613	580
<i>Excluding: Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets</i>		
Operating costs	5 559	5 476
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	12 804	12 008
Utility and operating recoveries per IFRS income statement	1 510	1 662
Gross rental income	14 314	13 670
SA REIT cost-to-income ratio	38.8%	40.1%
	Rm	Rm
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses as per IFRS income statement	613	580
Administrative costs	613	580
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	12 804	12 008
Utility and operating recoveries per IFRS income statement	1 510	1 662
Gross rental income	14 314	13 670
SA REIT administrative cost-to-income ratio	4.3%	4.2%
	GLA m ²	GLA m ²
SA REIT GLA vacancy rate		
Gross lettable area of vacant space	731 045	539 037
Gross lettable area of total property portfolio	7 089 573	7 092 589
SA REIT GLA vacancy rate	10.3%	7.6%

REIT ratios *continued*

for the year ended 30 June 2021

SA REIT cost of debt	ZAR %	AUD %	EUR %	USD %	GBP %
2021					
Variable interest-rate borrowings					
Floating reference rate plus weighted average margin	5.4	0.0	0.0	0.0	0.0
Fixed interest-rate borrowings					
Weighted average fixed rate	9.9	0.0	0.0	5.9	0.0
Pre-adjusted weighted average cost of debt	5.5	0.0	0.0	5.9	0.0
Adjustments:					
Impact of interest rate derivatives	2.0	0.0	1.4	0.0	0.0
Impact of cross-currency interest rate swaps	0.3	3.6	2.4	(0.9)	0.0
Amortised transaction costs imputed in the effective interest rate	0.0	0.0	0.0	0.2	0.0
All-in weighted average cost of debt	7.8	3.6	3.8	5.2	0.0

SA REIT cost of debt	ZAR %	AUD %	EUR %	USD %	GBP %
2020					
Variable interest-rate borrowings					
Floating reference rate plus weighted average margin	6.1	0.0	1.6	0.0	2.0
Fixed interest-rate borrowings					
Weighted average fixed rate	10.0	0.0	0.0	5.9	0.0
Pre-adjusted weighted average cost of debt	6.2	0.0	1.6	5.9	2.0
Adjustments:					
Impact of interest rate derivatives	1.8	0.0	4.9	0.0	0.3
Impact of cross-currency interest rate swaps	0.2	4.1	(3.4)	(0.9)	0.0
Amortised transaction costs imputed in the effective interest rate	0.0	0.0	0.0	0.2	0.4
All-in weighted average cost of debt	8.2	4.1	3.1	5.2	2.7

	2021 Rm	2020 Rm
SA REIT loan-to-value (Group)		
Gross debt	60 793	70 302
<i>Less:</i>		
Cash and cash equivalents	(2 622)	(2 420)
<i>Add:</i>		
Derivative financial instruments	1 181	3 155
Net debt	59 352	71 037
Total assets per statement of financial position	154 455	168 499
<i>Less:</i>		
Cash and cash equivalents	(2 622)	(2 420)
Derivative financial assets	(814)	(1 607)
Goodwill and intangible assets	(597)	(700)
Trade and other receivables	(2 087)	(2 062)
Carrying amount of property-related assets	148 335	161 710
SA REIT loan-to-value (SA REIT LTV)	40.0%	43.9%
	Rm	Rm
SA REIT net initial yield		
Investment property	128 242	139 113
<i>Less:</i>		
Properties under development	(697)	(792)
Grossed up property value	127 545	138 321
Property income		
Contractual cash rentals	10 808	10 360
<i>Add:</i>		
Notional rental for rent-free periods, discounted rentals, stepped rentals and lease incentives	(1 562)	749
<i>Less:</i>		
Non-recoverable property expenses	(262)	(24)
Annualised net rental	8 984	11 085
Net initial yield	7.0%	8.0%

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

	Note	2021 Rm	2020 Rm
Revenue, excluding straight-line lease income adjustment		12 804	12 008
Straight-line lease income adjustment		322	353
Total revenue		13 126	12 361
Property-related expenses		(3 513)	(3 008)
Expected credit losses on trade receivables		77	(226)
Net property income		9 690	9 127
Other administrative and operating overheads		(613)	(580)
Operating profit		9 077	8 547
Equity-accounted investment profit – net of tax		(411)	297
Non-distributable income		(1 206)	(923)
Dividends/interest received from equity-accounted investments		795	1 220
Fair value adjustments, capital items and other charges		(4 381)	(11 093)
Finance and other investment income		138	103
Finance expense		(3 107)	(3 569)
Profit/(loss) before taxation		1 316	(5 715)
Taxation		(850)	(1 180)
Profit/(loss) for the year		466	(6 895)
Other comprehensive income – net of tax			
Items that may subsequently be reclassified to profit or loss			
Translation of foreign operations		(3 780)	7 089
Total comprehensive (loss)/profit for the year		(3 314)	194
Profit/(loss) attributable to:		466	(6 895)
Owners of the company		(497)	(6 865)
Non-controlling interests		963	(30)
Total comprehensive (loss)/profit attributable to:		(3 314)	194
Owners of the company		(3 009)	(1 578)
Non-controlling interests		(305)	1 772
		Cents	Cents
Basic loss per share	1.1	(15.31)	(229.94)
Diluted loss per share	1.1	(15.25)	(229.11)

Statement of financial position

as at 30 June 2021

	2021 Rm	2020 Rm
Assets		
Cash and cash equivalents	2 622	2 420
Trade and other receivables	2 087	2 062
Taxation receivable	9	–
Investment property classified as held for sale	181	84
Property held for trading and development	548	900
Derivative assets	814	1 607
Listed investments	1 122	837
Fair value of property assets	128 061	139 029
Fair value of investment property for accounting purposes	121 691	133 275
Straight-line lease income adjustment	3 359	3 053
Tenant incentives	1 402	1 129
Right-of-use assets	1 609	1 572
Long-term loans granted	2 534	2 338
Equity-accounted investments	15 003	17 537
Unlisted investments	808	922
Equipment	57	63
Intangible assets	597	700
Deferred taxation asset	12	–
Total assets	154 455	168 499
Liabilities and equity		
Liabilities		
Trade and other payables	3 204	2 999
Derivative liabilities	1 995	4 762
Taxation payable	189	101
Interest-bearing borrowings	61 947	70 766
Lease liability	2 235	2 947
Deferred taxation liability	4 283	3 879
Total liabilities	73 853	85 454
Shareholders' interests	66 410	67 877
Share capital	53 117	48 218
Retained income	3 739	2 295
Other reserves	9 554	17 364
Non-controlling interest	14 192	15 168
Total liabilities and equity	154 455	168 499

Growthpoint Properties Limited SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2021

Statement of changes in equity

for the year ended 30 June 2021

	Attributable to owners of the company					
	Share capital net of treasury shares Rm	Non-distributable reserve (NDR)				Other fair value adjustments and non-distributable items Rm
		Foreign currency translation reserve (FCTR) Rm	Amortisation of intangible assets Rm	Bargain purchase Rm	Fair value adjustment on investment property Rm	
Balance at 30 June 2019	47 217	1 352	640	314	26 071	(4 115)
Total comprehensive income						
Loss after taxation	–	–	–	–	–	–
Other comprehensive income	–	5 287	–	–	–	–
Transactions with owners recognised directly in equity:						
Contributions by and distributions to owners:						
Shares issued	1 120	–	–	–	–	–
Transfer non-distributable items to NDR	–	–	(88)	578	(8 793)	(4 139)
Share-based payment transactions	(119)	–	–	–	–	–
Dividends declared	–	–	–	–	–	–
Changes in ownership interest:						
Non-controlling interest – C&R	–	–	–	–	–	–
Change of ownership – Healthcare	–	–	–	–	–	–
Rights issue and acquisitions – GOZ	–	–	–	–	–	–
Balance at 30 June 2020	48 218	6 639	552	892	17 278	(8 254)
Total comprehensive income						
(Loss)/profit after taxation	–	–	–	–	–	–
Other comprehensive loss	–	(2 512)	–	–	–	–
Transactions with owners recognised directly in equity:						
Contributions by and distributions to owners:						
Shares issued	4 813	–	–	–	–	–
Transfer non-distributable items to NDR	–	–	(78)	–	(6 162)	600
Share-based payment transactions	86	–	–	–	–	–
Dividends declared	–	–	–	–	–	–
Changes in ownership interest:						
Acquisition of subsidiary with NCI	–	–	–	–	–	–
Change of ownership – Healthcare	–	–	–	–	–	3
Rights issue and acquisitions – GOZ	–	–	–	–	–	–
Balance at 30 June 2021	53 117	4 127	474	892	11 116	(7 651)

	2021 Cents	2020 Cents
Dividend per share	118.5	146.0

Attributable to owners of the company								
Non-distributable reserve (NDR)			Total other reserves Rm	Retained earnings (RE) Rm	Shareholders' interest Rm	Non-controlling interest (NCI) Rm	Total equity Rm	
Share-based payments reserve Rm	Reserves with NCI Rm	Fair value adjustment on listed investments Rm						
147	(12)	(42)	24 355	3 336	74 908	9 004	83 912	
–	–	–	–	(6 865)	(6 865)	(30)	(6 895)	
–	–	–	5 287	–	5 287	1 802	7 089	
–	–	–	–	–	1 120	–	1 120	
(44)	–	178	(12 308)	12 308	–	–	–	
30	–	–	30	–	(89)	–	(89)	
–	–	–	–	(6 484)	(6 484)	(919)	(7 403)	
–	–	–	–	–	–	3 331	3 331	
–	–	–	–	–	–	288	288	
–	–	–	–	–	–	1 692	1 692	
133	(12)	136	17 364	2 295	67 877	15 168	83 045	
–	–	–	–	(497)	(497)	963	466	
–	–	–	(2 512)	–	(2 512)	(1 268)	(3 780)	
–	–	–	–	–	4 813	–	4 813	
36	–	320	(5 284)	5 284	–	–	–	
(17)	–	–	(17)	–	69	–	69	
–	–	–	–	(3 343)	(3 343)	(748)	(4 091)	
–	–	–	–	–	–	95	95	
–	–	–	3	–	3	(12)	(9)	
–	–	–	–	–	–	(6)	(6)	
152	(12)	456	9 554	3 739	66 410	14 192	80 602	

Statement of cash flows

for the year ended 30 June 2021

	2021 Rm	2020 Rm
Cash flows from operating activities		
Cash received from tenants	12 057	11 419
Cash paid to suppliers and employees	(4 023)	(2 928)
Cash generated from operating activities	8 034	8 491
Interest paid	(3 327)	(3 100)
Interest received	61	–
Dividends received	507	717
Taxation paid	(369)	(106)
Capital costs incurred on acquisitions	(28)	–
Investment in property held for trading and development	(245)	(445)
Disposal of property held for trading and development	243	–
Distribution to shareholders	(4 091)	(7 403)
Net cash generated from/(used by) operating activities	785	(1 846)
Cash flows from investing activities		
Investments in:	(1 331)	(6 954)
Investment property	(1 188)	(3 439)
Subsidiary – C&R	–	(1 385)
Intangible assets	(5)	(18)
Equity-accounted investments	–	(1 112)
Equipment	(41)	(7)
Listed investment	(60)	–
Unlisted investment	(13)	(792)
Long-term loans	(15)	(17)
Change of ownership – Healthcare	(9)	–
Capital costs incurred on business acquisitions	–	(184)
Proceeds from:	1 710	596
Disposal of investment property	1 623	257
Disposal of investment property held for sale	84	326
Repayment of long term loans granted	3	13
Net cash generated from/(used by) investing activities	379	(6 358)
Cash flows from financing activities		
Proceeds from:	8 529	14 264
Shares issued	4 236	–
Distribution reinvestment	577	1 120
Borrowings raised	3 722	11 164
Rights issues to non-controlling interest of GOZ	(6)	1 692
Change of ownership – Healthcare	–	288
Repayments of borrowings	(8 983)	(4 459)
Settlement of derivatives	(295)	–
Repayment of lease liability	(37)	(62)
Net cash (used by)/generated from financing activities	(786)	9 743
Effect of exchange rate changes on cash and cash equivalents	(176)	(1)
Increase in cash and cash equivalents	202	1 538
Cash and cash equivalents at beginning of period	2 420	882
Cash and cash equivalents at end of reporting period	2 622	2 420

Segmental analysis

for the year ended 30 June 2021

Segments

The Group determines and presents operating segments based on the information that is provided internally to the Executive Management Committee (Exco), the Group's operating decision-making forum. The Group comprises nine segments, namely Retail, Office, Industrial, Healthcare, Trading and Development, Growthpoint Australia, V&A Waterfront, Central and Eastern Europe and the United Kingdom. An operating segment's operating results are reviewed regularly by Exco to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment	Brief description of segment
Retail	The Growthpoint retail portfolio consists of 46 properties, comprising shopping centres with the balance being vacant land or standalone single-tenanted properties. It includes regional, community, neighbourhood, retail warehouses and speciality centres.
Office	The Growthpoint office portfolio consists of 166 properties which includes high rise and low rise offices, office parks, office warehouses, as well as mixed-use properties comprising both office and retail.
Industrial	The Growthpoint industrial portfolio consists of 208 properties which includes warehousing, industrial parks, motor-related outlets, low and high grade industrial, high-tech industrial telecommunication assets, land zoned for developments as well as mini, midi and maxi units.
Healthcare	The Growthpoint healthcare portfolio consists of five hospitals and one medical chambers building.
Trading and Development	The Growthpoint trading and development portfolio consists of six properties being developed for third parties and will not exceed 5.0% of the value of the South African portfolio.
Growthpoint Australia	The GOZ portfolio consists of 55 properties which includes both industrial and office properties, all situated in Australia.
V&A Waterfront	The V&A Waterfront is a 123 hectare mixed-use property development situated in and around the historic Victoria and Alfred Basin, which formed Cape Town's original harbour. Its properties includes retail, office, fishing and industrial, hotel and residential as well as undeveloped bulk.
Central and Eastern Europe	The Central and Eastern Europe portfolio consists of 66 standing properties in Poland and Romania, mostly modern A-grade office properties, industrial properties as well as a residential property complex.
United Kingdom	The United Kingdom portfolio consists of seven properties that are community-based shopping centres.

Geographic segments

In addition to the main reportable segments, the Group also includes a geographical analysis of net property income, excluding straight-line lease income adjustment and investment property. The following geographic segments have been identified:

- South Africa
- Australia
- V&A Waterfront
- Central and Eastern Europe
- United Kingdom.

Segmental analysis *continued*

for the year ended 30 June 2021

2021

	Retail Rm	Office Rm	Industrial Rm	Health- care Rm	Trading and Develop- ment Rm	Total South Africa Rm	Australia 100% Rm	United Kingdom 100% Rm	Total as reported Rm	V&A Water- front 50% Rm	Central and Eastern Europe 29.3% Rm	Total Rm
Material profit or loss disclosures												
Revenue excluding straight-line lease adjustment	3 116	3 193	1 550	289	193	8 341	3 229	1 234	12 804	728	1 175	14 707
Property-related expenses (including expected credit losses)	(923)	(892)	(389)	(33)	(5)	(2 242)	(565)	(629)	(3 436)	(298)	(374)	(4 108)
Net property income	2 193	2 301	1 161	256	188	6 099	2 664	605	9 368	430	801	10 599
Other administrative and operating overheads						(361)	(195)	(57)	(613)	(78)	(109)	(800)
Equity-accounted investment profit, net of tax						(411)	–	–	(411)	–	3	(6) [#]
Fair value adjustment on investment property	(2 005)	(2 670)	(782)	(37)	54	(5 440)	3 944	(2 923)	(4 419)	(886)	(210)	(5 515)
Fair value adjustments (other than investment property)						565	(124)	137	578	–	(10)	568
Capital items and other charges						(178)	(16)	(24)	(218)	(18)	(2)	(238)
Finance and investment income						62	62	14	138	19	11	168
Finance expense						(2 190)	(565)	(352)	(3 107)	(17)	(297)	(3 421)
Consolidated (loss)/profit before taxation						(1 854)	5 770	(2 600)	1 316	(550)	187	1 355
Assets												
Cash and cash equivalents						709	358	1 555	2 622	257	2 285	5 164
Trade and other receivables						1 350	164	573	2 087	118	144	2 349
Taxation receivable						9	–	–	9	–	–	9
Investment property classified as held for sale	–	94	87	–	–	181	–	–	181	–	–	181
Property held for trading and development	–	–	–	–	548	548	–	–	548	–	–	548
Derivative assets						736	78	–	814	–	37	851
Listed investments						–	1 122	–	1 122	–	–	1 122
Fair value of property assets	24 915	27 548	12 286	2 802	516	68 067	49 462	10 532	128 061	8 801	15 174	152 036
Fair value of investment property	24 811	27 241	12 264	2 778	516*	67 610	47 492	9 948	125 050	8 764	15 174	148 988
Tenant incentives	64	307	22	24	–	417	902	83	1 402	–	–	1 402
Right-of-use assets	40	–	–	–	–	40	1 068	501	1 609	37	–	1 646
Long-term loans granted						2 534	–	–	2 534	55	–	2 589
Equity-accounted investments						15 003	–	–	15 003	–	165	42 [#]
Unlisted investments						797	–	11	808	–	53	861
Equipment						1	6	50	57	243	–	300
Intangible assets						597	–	–	597	–	61	658
Deferred tax						–	5	7	12	–	1	13
Total assets						90 532	51 195	12 728	154 455	9 474	17 920	166 723
Liabilities												
Trade and other payables						1 858	686	660	3 204	358	333	3 895
Derivative liabilities						1 797	102	96	1 995	–	–	1 995
Taxation payable						–	115	74	189	–	1	190
Interest-bearing borrowings						38 491	15 357	8 099	61 947	177	8 075	70 199
Lease liability						39	1 144	1 052	2 235	54	144	2 433
Deferred tax liability						4 283	–	–	4 283	–	744	5 027
Total liabilities						46 468	17 404	9 981	73 853	589	9 297	83 759
Other disclosures												
Transfers between segments	–	–	(22)	–	22	–	–	–	–	–	–	–
Acquisitions	–	22	23	194	70	309	–	–	309	–	–	–
Development and capital expenditure	180	512	144	2	175	1 013	126	80	1 219	–	–	–

* The Pretoria Head and Neck Private Hospital is classified as Investment Property for the Group. This property is currently managed as part of the Trading and Development segment.

[#] Having included our proportionate share of the V&A and GWI (loss)/income and assets to the left, we exclude their inclusion in the reported numbers. Refer to note 8 of the Group annual financial statements.

2020											
Retail Rm	Office Rm	Industrial Rm	Health-care Rm	Trading and development Rm	Total South Africa Rm	Australia 100% Rm	United Kingdom 100% Rm	Total as reported Rm	V&A Water-front 50% Rm	Central and Eastern Europe 29.4% Rm	Total Rm
3 108	3 342	1 515	263	41	8 269	3 024	715	12 008	920	1 185	14 113
(994)	(965)	(401)	(41)	(11)	(2 412)	(487)	(335)	(3 234)	(326)	(373)	(3 933)
2 114	2 377	1 114	222	30	5 857	2 537	380	8 774	594	812	10 180
					(370)	(153)	(57)	(580)	(28)	(86)	(693)
					409	–	–	409	–	–	20 [#]
(3 410)	(2 736)	(872)	(17)	–	(7 035)	1 436	(2 422)	(8 021)	(406)	(336)	(8 763)
					(1 869)	(293)	228	(1 934)	–	–	(1 934)
					(904)	–	7	(897)	(38)	–	(935)
					100	3	–	103	28	32	163
					(2 801)	(547)	(221)	(3 569)	(23)	(234)	(3 826)
					(6 613)	2 983	(2 085)	(5 715)	128	188	(5 788)
					142	512	1 766	2 420	205	3 252	5 877
					1 349	163	550	2 062	104	351	2 517
					–	–	–	–	–	–	–
–	–	84	–	–	84	–	–	84	–	–	84
–	–	–	–	900	900	–	–	900	–	–	900
					985	622	–	1 607	–	18	1 625
					–	837	–	837	–	–	837
26 759	29 793	13 223	2 645	–	72 420	51 845	14 764	139 029	9 447	17 226	165 702
26 656	29 471	13 201	2 620	–	71 948	49 995	14 385	136 328	9 412	17 226	162 966
69	322	22	25	–	438	598	93	1 129	–	–	1 129
34	–	–	–	–	34	1 252	286	1 572	35	–	1 607
					2 338	–	–	2 338	108	–	2 446
					17 537	–	–	17 537	–	189	56 [#]
					900	–	22	922	–	57	979
					2	8	53	63	232	–	295
					700	–	–	700	–	71	771
					–	–	–	–	–	–	–
					97 357	53 987	17 155	168 499	10 096	21 164	182 089
					1 888	384	727	2 999	248	406	3 653
					4 446	124	192	4 762	–	57	4 819
					–	101	–	101	–	–	101
					43 275	18 643	8 848	70 766	260	9 622	80 648
					34	1 297	1 616	2 947	–	–	2 947
					3 879	–	–	3 879	100	762	4 741
					53 522	20 549	11 383	85 454	608	10 847	96 909
–	–	–	–	–	–	–	–	–	–	–	–
–	134	140	–	–	274	429	15 160	15 863	–	–	–
394	707	380	56	445	1 982	1 058	130	3 170	–	–	–

[#] The previous year has been re-presented for comparability.

Segmental analysis *continued*

for the year ended 30 June 2021

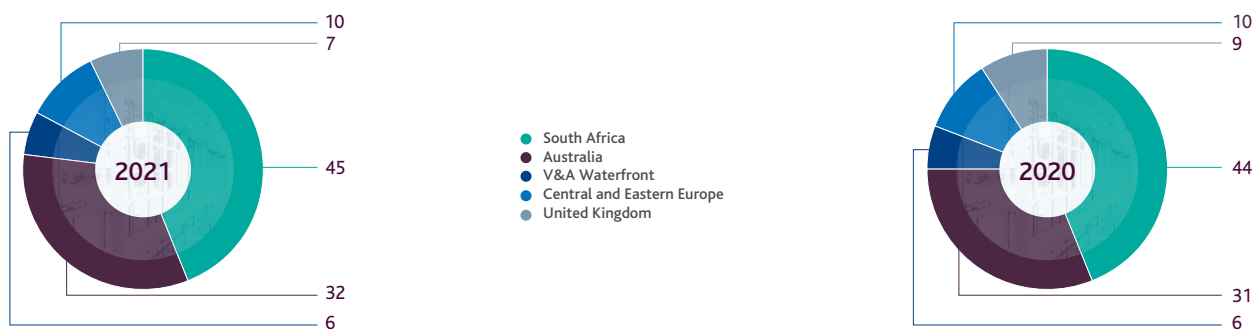
Geographical split by revenue (%)



Geographical split by net property income (%)



Geographical split by fair value of property assets (%)



Notes

for the year ended 30 June 2021

1. Basic and headline earnings per share

1.1 Summary of earnings per share (EPS), headline earnings per share (HEPS) and distributable income per share (DIPS)

		Earnings attributable		Weighted average number of shares		Cents per share	
		2021 Rm	2020 Rm	2021	2020	2021	2020
Total operations							
EPS	Basic	(497)	(6 865)	3 246 192 089	2 985 603 538	(15.31)	(229.94)
EPS	Diluted	(497)	(6 865)	3 258 891 090	2 996 415 033	(15.25)	(229.11)
HEPS	Basic	5 518	2 386	3 246 192 089	2 985 603 538	169.98	79.93
HEPS	Diluted	5 518	2 386	3 258 891 090	2 996 415 033	169.32	79.64

		Earnings attributable		Actual number of shares		Cents per share	
		2021 Rm	2020 Rm	2021	2020	2021	2020
DIPS							
		5 052	5 478	3 402 889 319	2 989 240 606	148.1	183.1

1.2 Reconciliation between basic earnings, diluted earnings and headline earnings

		Gross		Total	
		2021 Rm	2020 Rm	2021 Rm	2020 Rm
Loss for the year				(497)	(6 865)
Impairment of goodwill		(4 381)*	(11 093)*	–	1 202
Bargain purchase		(4 381)*	(11 093)*	–	(578)
Fair value adjustments on investment property		(4 381)*	(11 093)*	6 015	8 627
Net investment property revaluation				4 745	8 723
Fair value adjustments: equity-accounting investments				1 239	808
NCI portion of fair value adjustments				31	(904)
Headline basic and diluted earnings				5 518	2 386

1.3 Reconciliation of weighted average number of shares

		Weighted number of shares	
		2021	2020
Weighted average number of shares		3 246 192 089	2 985 603 538
Number of shares as at 1 July		3 022 496 382	2 970 981 288
Shares issued during the year		254 975 929	38 143 690
Effect of treasury shares held		(31 280 222)	(23 521 440)
Dilutive effect of share options granted to employees		12 699 001	10 811 495
Diluted average number of shares		3 258 891 090	2 996 415 033

* The impairment of goodwill, bargain purchase and fair value adjustment on investment property are included in the "fair value adjustment, capital items and other charges" line item on the face of the statement of profit or loss and other comprehensive income, which total R4 381m (FY20: R11 093m).

Notes *continued*

for the year ended 30 June 2021

2. Classification of financial assets and liabilities

2.1

	Fair value through profit or loss Rm	Financial assets at amortised cost Rm	Outside scope of IFRS 9 Rm	Total Rm
Assets				
2021				
Cash and cash equivalents	–	2 622	–	2 622
Trade and other receivables	–	1 841	246	2 087
Derivative assets	814	–	–	814
Listed investments	1 122	–	–	1 122
Unlisted investments	808	–	–	808
Long-term loans granted	2 534	–	–	2 534
2020				
Cash and cash equivalents	–	2 420	–	2 420
Trade and other receivables	–	1 716	346	2 062
Derivative assets	1 607	–	–	1 607
Listed investments	837	–	–	837
Unlisted investments	922	–	–	922
Long-term loans granted	2 338	–	–	2 338

2.2

	Fair value through profit or loss Rm	Financial liabilities at amortised cost Rm	Outside scope of IFRS 9 Rm	Total Rm
Liabilities				
2021				
Trade payables	–	2 974	230	3 204
Derivative liabilities	1 995	–	–	1 995
Interest-bearing borrowings	61 947	–	–	61 947
Lease liability	–	2 235	–	2 235
2020				
Trade payables	–	2 601	398	2 999
Derivative liabilities	4 762	–	–	4 762
Interest-bearing borrowings	70 766	–	–	70 766
Lease liability	–	2 947	–	2 947

3. Fair value estimation

3.1 Fair value measurement of assets and liabilities

The below table includes only those assets and liabilities that are measured at fair value including non-recurring items measured at fair value:

	2021				2020			
	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Assets								
Recurring fair value measurement								
Fair value of property assets	128 061	–	–	128 061	139 029	–	–	139 029
Listed investments	1 122	1 122	–	–	837	837	–	–
Unlisted investments	808	–	–	808	922	–	–	922
Long-term loans granted	2 534	–	–	2 534	2 338	–	–	2 338
Derivative assets	814	–	814	–	1 607	–	1 607	–
Non-recurring fair value measurement								
Non-current assets held for sale	181	–	–	181	84	–	–	84
Total assets measured at fair value	133 520	1 122	814	131 584	144 817	837	1 607	142 373
Liabilities								
Recurring fair value measurement								
Interest-bearing borrowings	61 947	6 621*	55 326	–	70 766	7 446*	63 320	–
Derivative liabilities	1 995	–	1 995	–	4 762	–	4 762	–
Total liabilities measured at fair value	63 942	6 621	57 321	–	75 528	7 446	68 082	–

* Listed USD-denominated Eurobonds are level 1. The previous year has been re-presented for comparability.

The carrying amount of assets and liabilities that are not measured at fair value reasonably approximate their fair value due to their short-term nature. These include trade and other receivables, cash and cash equivalents and trade and other payables.

3.2 Movement in level 3 instruments

	2021			2020				
	Property assets Rm	Unlisted investments Rm	Long-term loans granted Rm	Property assets Rm	Unlisted investments Rm	Long-term loans granted Rm	Derivative assets Rm	Derivative liabilities Rm
Opening balance	139 113	922	2 338	117 637	96	76	607	(281)
(Loss)/gain from fair value adjustments and translation of foreign operations	(10 672)	(127)	(11)	1 842	12	(89)	(607)	281
Depreciation	(96)	–	–	–	–	–	–	–
Accrued interest	–	–	185	–	–	228	–	–
Reclassified from trade and other receivables	–	–	–	–	–	2 119	–	–
Acquisitions	1 348	13	–	3 439	814	–	–	–
Acquisitions through the C&R business combination	–	–	–	15 160	–	–	–	–
Tenant incentives	357	–	–	46	–	–	–	–
Right-of-use assets	(539)	–	–	1 572	–	–	–	–
Disposals	(1 707)	–	–	(583)	–	–	–	–
Transferred to investment property held for trading and development	(22)	–	–	–	–	–	–	–
Transferred from investment property held for trading and development	460	–	–	–	–	–	–	–
Advance	–	–	25	–	–	17	–	–
Settlements	–	–	(3)	–	–	(13)	–	–
Closing balance	128 242	808	2 534	139 113	922	2 338	–	–

Notes *continued*

for the year ended 30 June 2021

3. Fair value estimation *continued*

3.3 Valuation process

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the Group Financial Director.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3.4 Valuation techniques and significant unobservable inputs

Level 2 instruments

Interest-bearing borrowings

Description	Valuation technique and inputs used	Significant unobservable inputs
Interest-bearing borrowings	Valued by discounting future cash flows using the applicable swap curve plus an appropriate credit margin of between 1.0% and 3.6% at the dates when the cash flow will take place (FY20: 1.5% to 3.6%).	Not applicable

The estimated fair value would increase/(decrease) if the credit margin were lower/(higher).

Derivative instruments

Description	Valuation technique and inputs used	Significant unobservable inputs
Forward exchange contracts	Valued by discounting the forward rates applied at year end to the open hedged positions using the swap curve of the respective currencies.	Not applicable
Interest rate swaps	Valued by discounting the future cash flows using the basis swap curve of the respective currencies at the dates when the cash flows will take place.	Not applicable
Cross-currency interest rate swaps	Valued by discounting the future cash flows using the basis swap curve of the respective currencies at the dates when the cash flows will take place.	Not applicable

3. Fair value estimation continued

3.4 Valuation techniques and significant unobservable inputs continued

Level 3 instruments

In terms of the Group's policy, at least 75% of the fair value of investment properties should be determined by an external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

92.8% of the South African portfolio was externally valued at FY21. The balance of the South African portfolio was valued by Growthpoint's qualified internal valuers.

The majority of the South African properties were valued at FY21 using the discounted cash flow (DCF) of future income streams method by the following valuers who are all registered valuers in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000:

Valuer company	Valuer	Qualification of the valuer
Mills Fitchet KZN	T Bate	MSc, BSc Land Econ (UK), MRICS, MIV (SA), professional valuer
Eris Property Group (Pty) Ltd	C Everatt	BSc (Hons) Estate Management, MRICS, MIV (SA), professional valuer
Mills Fitchet PWV	PG Mitchell	NDip (Prop Val), MIV (SA), CIEA, professional valuer
Jones Lang LaSalle	S Crous	MRICS, MIV (SA), professional valuer
Broll Valuation and Advisory Services	R Long	BSc, MBA, MRICS, professional valuer
Knight Frank	A Arbee	NDip (Real Estate in Prop Val), professional associate valuer
Rode & Associates	M Tighy	BSc, Pr Sci Nat, MBL, MRICS, MIV (SA), professional valuer
Spectrum valuations & Asset Solutions	PL O'Connell	NDip (Prop Val), MRICS, professional valuer
Premium Valuation and Advisory Services	Y Vahed	NDip (Real Estate in Prop Val), MIV (SA), professional valuer
Sterling Valuation Specialists	AS Greybe-Smith	BSc (Hons), MIV (SA), professional associate valuer
Mills Fitchet Cape (Pty) Ltd	S Wolffs	NDip (Prop Val), professional associate valuer

The Australian properties were valued at FY21 using the discounted cash flow of future income streams method by JLL, Savills, Urbis, CBRE, Knight Frank, Colliers, m3property and Cushman and Wakefield that are all members of the Australian Property Institute and certified practising valuers.

The United Kingdom properties were valued at FY21 by independent qualified professional valuers from CBRE Limited and Knight Frank LLP in accordance with RICS (Royal Institution of Chartered Surveyors) standards. The yield of the seven retail properties ranged from 4.6% to 11.6%.

Notes *continued*

for the year ended 30 June 2021

3. Fair value estimation *continued*

3.4 Valuation techniques and significant unobservable inputs *continued*

Investment property

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

Description	Valuation technique	Significant unobservable inputs and range of estimates used				
		Fair value Rm	Discount rate (%)	Exit capitalisation rate (%)	Capitalisation rate (%)	Rental growth rate (%)
Retail sector	Discounted cash flow model	24 497	14.25	10.75	10.38	4.13
		8 768	12.25 – 12.50	7.50 – 8.75	7.50 – 8.75	3.50 – 4.80
		6 613	12.75 – 13.00	8.00 – 9.00	7.75 – 8.50	3.62 – 4.80
		7 796	13.25 – 13.75	8.50 – 10.00	8.00 – 9.75	3.58 – 4.80
		1 320	14.00 – 16.25	9.50 – 14.00	9.00 – 13.25	3.00 – 4.75
Office sector	Discounted cash flow model	26 674	13.25	9.50	9.00	3.45
		7 793	11.50 – 12.50	8.00 – 9.75	8.00 – 9.50	2.39 – 4.50
		11 840	12.75 – 13.75	8.25 – 10.50	7.91 – 10.00	2.35 – 4.75
		7 041	14.00 – 15.00	8.25 – 11.00	7.73 – 10.00	2.10 – 4.50
Industrial sector	Discounted cash flow model	11 326	14.13	11.00	10.38	3.80
		3 093	12.00 – 13.00	8.50 – 10.25	8.00 – 9.50	3.24 – 4.00
		6 339	13.25 – 14.25	8.75 – 11.25	8.52 – 10.50	3.08 – 5.00
		1 824	14.50 – 15.25	9.75 – 12.50	9.25 – 11.75	3.24 – 4.19
		70	15.75 – 16.25	11.75 – 13.50	11.25 – 12.75	3.75 – 4.19
Healthcare sector	Discounted cash flow model	2 778	13.00	9.00	9.00	4.00
Trading and development	Discounted cash flow model	516	15.00	10.00	10.00	4.00
GOZ office	Discounted cash flow model	32 386	6.13	5.64	5.26	2.90
		22 765	5.50 – 6.25	4.38 – 6.00	3.75 – 5.88	2.20 – 3.60
		1 249	5.50 – 6.25	4.38 – 5.38	3.75 – 5.13	2.20 – 3.60
		8 372	6.38 – 6.75	5.75 – 6.89	5.50 – 6.76	2.20 – 3.60
GOZ industrial	Discounted cash flow model	16 008	6.25	7.39	5.75	2.95
		13 091	5.25 – 6.25	4.25 – 6.41	4.00 – 5.89	2.40 – 3.50
		1 249	6.50 – 6.75	9.25 – 10.25	6.50 – 7.50	2.40 – 3.50
		1 668	6.50 – 7.25	5.91 – 7.56	5.25 – 7.34	2.40 – 3.50
Total		114 185				

Description	Valuation technique	Fair value Rm	Value/m ² range
Retail sector	Market comparable approach	314	1 686.75 – 9 430.40
		114	1 686.75 – 5 327.41
		200	9 430.40 – 9 430.40
Office sector	Market comparable approach	661	1 233.56 – 19 759.45
		556	1 233.56 – 6 989.04
		105	13 736.26 – 19 759.45
Industrial sector	Market comparable approach	1 025	722.14 – 6 404.10
		617	722.14 – 3 299.60
		408	3 319.85 – 6 404.10
Total		2 000	

Further assumptions are used in the valuation of investment property. The estimated fair value would increase/(decrease) if the expected market rental growth was higher/(lower), expected expense growth was lower/(higher), the vacant periods were shorter/(longer), the occupancy rate was higher/(lower), the rent-free periods were shorter/(longer), the discount rate was lower/(higher) and/or the reversionary capitalisation rate was lower/(higher).

The property portfolio on page 77 to 99 of the Group annual financial statements provides further detail on each of the Group's investment properties.

3. Fair value estimation continued

3.4 Valuation techniques and significant unobservable inputs continued

Long-term loans granted

Description	Valuation technique	Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
V&A Waterfront	Valued by discounting future cash flows using the South African prime rate curve at the dates when the cash flows will take place.	Counterparty credit risk impacting the discount rate	Discount rate at prime + 0.50%	A change in the discount rate by 50 bps would increase/ (decrease) the fair value by R56.9m/(R55.6m).
Acucap Unit Purchase scheme	Valued by discounting future cash flows using the South African swap curve at the dates when the cash flows will take place, capped at the Growthpoint share price at FY21.	Counterparty credit risk impacting the interest rate	6.55% – 8.36%	A change in the interest rate would not have an impact on the valuation as the loans were fair valued to the Growthpoint share price at FY21. The Growthpoint share are held as security for the loans.

Unlisted investments

Description	Valuation technique	Significant unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Lango Real Estate Limited	Valued by calculating the company's percentage of investment in the fund by the net asset value.	Discount rate (%)	13.3% – 16.8% (14.3% average)	A change in the discount rate by 50 bps would increase/(decrease) the fair value by R140.5m/ (R135.2m).
		Exit capitalisation rate (%)	8.5% – 12.0% (9.0% average)	A change in the exit capitalisation rate by 50 bps would increase/(decrease) the fair value by R130.2m/ (R120.2m).

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