



# NOTICE OF AND PROXY FOR ANNUAL GENERAL MEETING AND SUMMARISED AUDITED FINANCIAL STATEMENTS

30 JUNE 2014

SPACE TO THRIVE

**GROWTHPOINT**  
PROPERTIES

## HIGHLIGHTS

8.3%

distribution growth to 161,3 cents per share

R7,0 BILLION

acquisition of two property portfolios

14.0%

increase in NAV to 2215 cents per share

REIT

successful conversion

R2,6 BILLION

development pipeline

R4,5 BILLION

investment in Acucap and Sycom

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## LETTER TO SHAREHOLDERS

Dear Shareholder

I invite you to attend the 26th annual general meeting (AGM) of Growthpoint Properties Limited (Growthpoint) which will be held at The Place, 1 Sandton Drive, Sandown, Sandton, 2196, on Tuesday, 18 November 2014 at 09:00.

I encourage you to attend and vote at the AGM, as this is your opportunity to participate in the review of the Company's financial performance for the year ended 30 June 2014 to engage with the directors and executive management on strategic and financial matters, future direction, goals and objectives of the Company, and to raise any matters pertaining thereto.

The integrated annual report will not be mailed to all shareholders as part of our strategy to contain costs. However, all the information that you need to make an informed decision on how to vote at the AGM is included in this booklet, including the detailed notice of the AGM, the summarised audited financial statements and other supporting documentation. The notice is accompanied by explanatory notes setting out the reasons for and the effects of all the proposed special resolutions.

The date on which you must be registered as a shareholder in the Company's register for the purposes of being entitled to attend and vote at the meeting is Friday, 7 November 2014 (the Record Date). The last day to trade in Growthpoint shares in order to be entitled to attend and vote at the meeting is therefore Friday, 31 October 2014. Only shareholders physically present at the meeting or represented by a valid proxy or letter of representation will be entitled to vote on any matter put to a vote of shareholders.

If you are not able to attend the AGM, you may vote by proxy according to the instructions in the AGM notice and form of proxy.

Yours sincerely



JF Marais  
*Chairman*

9 September 2014

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of Growthpoint Properties Limited will be held at The Place, 1 Sandton Drive, Sandown, Sandton 2196, Tuesday, 18 November 2014 at 09:00 to consider and if deemed fit, to pass with or without modification, the ordinary and special resolutions set out in this notice, subject at all times to the Companies Act, 2008 (as amended) and the Listings Requirements of the JSE Ltd.

Participation in this Annual General Meeting by telephone conference will be facilitated as detailed in Note 10 at the end of this notice.

### 1. ORDINARY RESOLUTIONS

Each of the ordinary resolutions 1.1 to 1.9 requires the support of a simple majority (that is, 50% + 1) of the votes exercised in respect of each resolution in order to be adopted, save for ordinary resolution 1.8 which, in terms of the JSE Listings Requirements, requires the support of at least 75% of shareholders of the Company.

#### 1.1 Adoption of annual financial statements

To receive, consider and adopt the annual financial statements of the Company and the Group for the year ended 30 June 2014, together with the reports of the directors and auditors thereon, and the report of the Audit Committee.

##### *Additional information*

The full annual financial statements which are the subject matter of ordinary resolution 1.1 have been published on the Company's website at <http://www.growthpoint.co.za> and are also available on request from the Company Secretary or via the Company's Share Transfer Secretary.

#### 1.2 Re-election of non-executive directors who are to retire at the meeting and hold themselves available for re-election

To re-elect, by individual resolutions, the following non-executive directors who are to retire but, being eligible, offer themselves for re-election:

– Messrs HS Herman, JF Marais, R Moonsamy and FJ Visser, who are to retire by rotation.

Note: Mr CG Steyn, who is not retiring by rotation at this meeting, is retiring as a non-executive director and will do so with effect from the close of business on 18 November 2014.

##### *Additional information relative to item 1.2*

The Memorandum of Incorporation of the Company requires one-third of the non-executive directors to retire by rotation at an AGM. Directors retiring in that manner and any standing for election pursuant to appointment by the Board to fill a causal vacancy, remain eligible and may hold themselves for election or re-election as directors.

Through its Nomination Committee, the Board, with due regard to its composition and that of its respective committees, also having reviewed the independence of the independent non-executive directors including those with nine years' service or longer, during the course of the financial year ended 30 June 2014, recommends the re-election of the directors mentioned in 1.2 above who hold themselves available for election/re-election, on the basis of their respective fields of expertise, qualifications, past performance as well as their contribution to both the Board and the committees on which they serve and to the Company as a whole.

Brief CVs of the directors standing for election and re-election appear in Annexure 3 of the booklet containing this notice.

#### 1.3 Election of Audit Committee members

To elect, on the Board's recommendation, by individual resolutions, the following non-executive directors as members of the Audit Committee of the Company and the Group:

- Mrs LA Finlay, as Committee Chairman
- Mr PH Fechter
- Mr JC Hayward

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### *Additional information*

The Audit Committee, collectively, should be adequately skilled to perform its role having regard to the size and circumstances of the Company. Individual committee members therefore ought to possess appropriate qualifications, skills and experience in order to discharge their responsibilities. However, it is not expected that each committee member possesses all the required qualifications, skills and experience. The committee's collective skills set includes an understanding of financial and sustainable reporting practices, internal audit controls, external audit processes, corporate law, risk management, IT governance as it relates to integrated reporting and the governance processes of the Company.

The Board, having considered the above, recommends the non-executive directors named above for appointment as the Audit Committee.

Brief CVs of the Audit Committee members proposed for election appear in Annexure 3 of the booklet containing this notice.

### **1.4 Appointment of auditor**

To reappoint KPMG Inc. as auditor of the Company on the recommendation of the Audit Committee, for the period until the Company's next annual general meeting.

### *Additional information*

The Audit Committee recommends KPMG for reappointment as the registered external auditor of the Company. The Audit Committee is satisfied that, in all material respects, KPMG is independent of the Company as required by section 90 of the Companies Act.

### **1.5 Advisory, non-binding approval of remuneration policy**

To approve, on the Board's recommendation and on an advisory, non-binding basis, the Company's remuneration policy on base salary, benefits, short-term incentives and long-term incentives, including executive and non-executive directors, as set out on pages 61 to 63 of the 2014 annual financial statements and in Annexure 5 of the booklet containing this notice.

### *Additional information*

The King Code of Governance Principles for South Africa, 2009 (King III) recommends that the remuneration policy of a company be submitted for a non-binding advisory vote by shareholders at each AGM. The objective of a remuneration policy is to guide the Board in its decision making process, in particular also in the determination of remuneration of executive and non-executive directors.

### **1.6 To place the unissued authorised ordinary shares of the Company under the control of the directors**

"Resolved that, the unissued authorised ordinary shares of no par value in the Company be and they are hereby placed under the control of the directors of the Company who are authorised to allot and issue any such shares at their discretion, subject at all times to the provisions of the Companies Act, 2008, as amended, the Company's Memorandum of Incorporation and the JSE Listings Requirements, provided that the number of shares issued hereunder in aggregate in any one financial year, including instruments which are or may be compulsorily convertible into shares of any class, will not exceed 228 490 826 ordinary shares which number represents 10% of the number of shares in issue (excluding treasury shares) as at the date of the notice of this annual general meeting, being 2 284 908 257 ordinary shares.

**Note:** *No issue will be made that could effectively transfer control of the Company without the prior approval of shareholders in general meeting."*

### *Additional information*

In terms of the Company's Memorandum of Incorporation (MOI), shareholders must approve the placement of the unissued authorised ordinary shares under the control of the directors. The existing authority renewed at the annual general meeting held on 12 November 2013 expires at this annual general meeting. The renewed authority will be

subject at all times to the Companies Act, 2008, the Listings Requirements and the restrictions imposed by the Company's MOI as stated above. In line with best practice, the directors of the Company have elected to seek renewal of this authority to issue ordinary unissued shares. This is to ensure that the Company has maximum flexibility in managing capital resources.

#### **1.7 Specific authority to issue shares to afford shareholders distribution reinvestment alternatives**

"Resolved that, subject to the provisions of the Companies Act, 2008, as amended and the Listings Requirements of the JSE Limited, the Directors be and they are hereby authorised by way of a specific standing authority to issue ordinary shares of no par value (ordinary shares) as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their distributions in new ordinary shares of the Company, for which purpose such ordinary shares are hereby placed under the control of the Directors."

#### **1.8 General but restricted authority to issue shares for cash**

"Resolved that, subject to the provisions of the Companies Act, 2008, as amended and the Listings Requirements of the JSE Limited, the directors be and they are hereby authorised by way of a general authority, to issue ordinary shares of no par value (ordinary shares) for cash as and when suitable situations arise, for which purpose such ordinary shares are hereby placed under the control of the Directors, subject to the following limitations:

- this authority shall not extend beyond 15 months from the date of this annual general meeting;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of an issue representing, on a cumulative basis within one year, 5% or more of the number of ordinary shares in issue prior to such issues;
- that issues in aggregate in any one financial year, including instruments which are or may be compulsorily convertible into shares of any class, will not exceed 114 245 413 ordinary shares which number represents 5% of the number of shares in issue (excluding treasury shares) as at the date of the notice of this annual general meeting, being 2 284 908 257 ordinary shares;
- that, in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 5% of the weighted average traded price, adjusted for any cum distribution portion, if applicable, attributable to the ordinary shares in question, measured over the 30 business days prior to the date on which the price of such issue is agreed between the Company and the subscribers for the shares to be issued;
- that issues of shares in the Company shall be made to public subscribers only and not to related parties; and
- that this authority shall be restricted to the issue of shares to finance the acquisition of property assets or at any time to settle debt in respect of any of the Company's property assets; and further, provided that any such issues for cash may be made prior to the registration of transfer of any property assets to be acquired."

**In terms of the Listings Requirements of the JSE Limited, at least 75% of the votes held by shareholders present or represented by proxy at the meeting need to be cast in favour of this resolution in order to give effect thereto.**

#### **1.9 To receive and accept the report of the Chairman of the Social, Ethics and Transformation Committee**

To receive and accept the report of the Chairman of the Social, Ethics and Transformation Committee in respect of the financial year ended 30 June 2014 in Annexure 8 of the booklet containing this notice.

## **2. SPECIAL RESOLUTIONS**

Each of the special resolutions 2.1 to 2.3 requires a minimum 75% majority of the votes exercised in its favour in order for the resolution to be adopted.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### 2.1 Non-executive directors' fees for the financial year ending 30 June 2015.

To pass the following resolution as a special resolution:

"Resolved that the payment of non-executive directors' fees in respect of the financial year ending 30 June 2015 be and it is hereby approved on the following basis:

	2015	2014
<b>Basic fees: (to be decided at Board meeting on 26/8/14)</b>		
Chairman	R1 033 000	R965 000
Deputy Chairman	R123 000	R115 000
Non-executive director	R49 500	R46 000
<b>Attendance fees per meeting:</b>		
Board Chairman	R173 400	R162 000
Board Deputy Chairman	R83 500	R78 000
Board non-executive director	R55 700	R52 000
Audit Committee chairman	R52 000	R48 500
Audit Committee member	R37 000	R34 500
Risk Management Committee chairman	R46 000	R43 000
Risk Management Committee member	R31 000	R29 000
Property Committee chairman	R46 000	R43 000
Property Committee member	R31 000	R29 000
Social, Ethics and Transformation Committee chairman	R40 250	R37 500
Social, Ethics and Transformation Committee member	R25 750	R24 000
Remuneration Committee chairman	R46 000	R43 000
Remuneration Committee member	R31 000	R29 000
Nomination Committee chairman	R40 250	R37 500
Nomination Committee member	R25 750	R24 000"

*Reason for and effect of this special resolution:* To approve the basis and authorise the payment of non-executive directors' fees for the financial year ending 30 June 2015 in terms of the requirement of section 66(9) of the Companies Act, 2008 (as amended).

### 2.2 Financial assistance to related or inter-related companies

To pass the following resolution as a special resolution:

"Resolved that the Company's provision of financial assistance to related or inter-related companies as defined in the Companies Act, 2008 (as amended), by way of loans, as set out on page 9 of the annual financial statements of the Company for the year ended 30 June 2014 and in Annexure 2 of this booklet, be and it is hereby noted; and further, that any direct or indirect provision of financial assistance granted by the Company by way of inter-Company loans or in any other form, during the two-year period ending 17 November 2016, be and it is hereby approved and that the Board of the Company be and it is hereby authorised and empowered to give effect to any such financial assistance."

*Reason for and effect of this special resolution:* To the extent necessary under Section 45 of the Companies Act, 2008 (as amended), to ratify financial assistance to related or inter-related companies granted during the financial year ended 30 June 2014 and to approve, as also to authorise the Board to give effect to any financial assistance deemed appropriate to implement during the two-year period ending 17 November 2016.

The Board will not authorise any financial assistance in terms of the above unless it has satisfied itself that:

- considering all reasonably foreseeable financial circumstances of the Company at that time, the Company will, immediately after providing the financial assistance to related or inter-related companies, satisfy the solvency and liquidity test as required in terms of the Companies Act 2008, as amended;



- the terms under which any financial assistance is proposed to be given are fair and reasonable to the Company; and
- any conditions or restrictions in respect of the granting of any financial assistance as set out in the Company's Memorandum of Incorporation have been met.

### 2.3 Repurchase of ordinary shares

To pass the following resolution as a special resolution:

"Resolved that the Company or any of its subsidiaries be and are hereby authorised, by way of a general approval, to acquire ordinary shares issued by the Company, in terms of the Companies Act, 2008, as amended, the Company's Memorandum of Incorporation and the rules and requirements of the JSE Limited (the JSE), being that:

- any such acquisition of ordinary shares shall be implemented on the open order book of the JSE and without any prior arrangement;
- this general authority shall be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of registration of this special resolution;
- an announcement will be published as soon as the Company or any of its subsidiaries has acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue prior to the acquisition pursuant to which the aforesaid 3% threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions;
- acquisitions of ordinary shares in aggregate in any one financial year may not exceed 20% of the Company's issued ordinary shares in issue as at the date of passing of this special resolution;
- in determining the price at which ordinary shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE over the five business days immediately preceding the date of repurchase of such ordinary shares;
- the Company is duly authorised by its Memorandum of Incorporation to acquire shares it has issued;
- at any point in time, the Company may only appoint one agent to effect any repurchase of shares on the Company's behalf;
- the Board authorises the acquisition, the Company passes the solvency and liquidity test and that, from the time that test is done, there are no material changes to the financial position of the Company;
- the Company's sponsor must confirm the adequacy of the Company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE before entering the market to proceed with the repurchase;
- the Company shall remain in compliance with the minimum shareholder spread requirements of the JSE; and
- the Company and/or its subsidiaries do not repurchase any shares during a prohibited period in accordance with the JSE Listings Requirements, unless they have in place a repurchase programme in terms of which the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement on the JSE's Securities Exchange News Service (SENS) prior to the commencement of the prohibited period."

*Reason for and effect of this special resolution:* To permit the Company or any of its subsidiaries, by way of a general approval, to acquire ordinary shares by the Company as and when suitable opportunities to do so arise.

**Note:** Although no repurchase of ordinary shares is contemplated at the time of this notice, the directors, having considered the effects of a repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of this annual general meeting:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group; and
- the Company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

The following additional information, some of which may appear elsewhere in the 2014 annual financial statements, is provided in terms of section 11.26 of the JSE Listings Requirements, for purposes of the general authority:

Directors and management – pages 67 and 68;

Major beneficial shareholders – page 49;

Directors' interests in ordinary shares – page 36; and

Share capital of the Company – page 63.

### *Litigation statement*

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear in Annexure 3 of this booklet, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Company's or Group's financial position.

### *Directors' responsibility statement*

The directors, whose names appear in Annexure 3, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

### *Material changes*

Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

### *Intentions*

The directors have no specific intention, as at the date of this notice, for the Company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the period until the next annual general meeting which is in the best interests of the Company and its shareholders.

### **Notes:**

1. The Company has elected not to set a Notice Record Date (STRATE special Gazette S12-2012) but this notice shall have been posted to shareholders by not later than 30 September 2014.
2. A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company. Notwithstanding the appointment of a proxy by a shareholder who is a natural person, such member may attend the annual general meeting in person and vote thereat, to the exclusion of the appointed proxy.
3. A proxy form is provided with the annual financial statements containing this notice. Additional proxy forms are obtainable from the Company's share transfer secretaries or may be reproduced by photo-copying the proxy form provided in the annual financial statements.
4. The "record date" for the meeting in terms of Section 62(3)(a) of the Companies Act, 2008 (as amended) and STRATE special Gazette S12-2012 shall be Friday, 7 November 2014.
5. All proxy forms or other instruments of authority must be deposited with the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) so as to be received not less than 24 hours before the appointed time for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

6. If you are a certificated Growthpoint shareholder or an own name dematerialised Growthpoint shareholder and are unable to attend the annual general meeting of Growthpoint shareholders to be held at 09:00 on Tuesday, 18 November 2014 (the Growthpoint annual general meeting), but wish to be represented thereat, you are required to complete the form of proxy attached hereto in accordance with the instructions therein and return it to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) so as to be received by no later than 09:00 on Monday, 17 November 2014.
7. If you are a beneficial owner of dematerialised Growthpoint ordinary shares and are not an own name dematerialised Growthpoint shareholder, then you may instruct your CSDP or broker as to how you wish to cast your vote at the Growthpoint annual general meeting in order for them to vote in accordance with your instructions. If you wish to attend the Growthpoint annual general meeting in person, please request your CSDP or broker to issue the necessary letter of representation to you. This must be done in terms of the agreement entered into between the dematerialised Growthpoint shareholder (who is not an own name dematerialised Growthpoint shareholder) and the CSDP or broker.
8. The complete annual financial statements of the Company and Group for the financial years ended 30 June 2013 and 2014 may be obtained from:
  - the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg 2001;
  - the Company on request; or
  - the Company's website at: <http://www.growthpoint.co.za>
9. It is a requirement in terms of section 62(3)(e)(iii) of the Companies Act, 2008 (as amended) that attendees and/or participants at shareholders' meetings must provide satisfactory identification. Production of a valid South African ID Document or current passport or driver's licence upon arrival at the meeting and before signing of the attendance register shall be acceptable.
10. Participation in this annual general meeting by telephone conference call:  
Shareholders or their proxies may participate in (but not vote at) the general meeting of shareholders by way of a teleconference call. If they wish to do so, they must contact Bennie Janse van Vuuren at Computershare on 011 370 7873 or email [bennie.vanvuuren@computershare.co.za](mailto:bennie.vanvuuren@computershare.co.za) (for the attention of B Janse van Vuuren) by no later than 09:30 on Monday, 17 November 2014 and identify themselves to the satisfaction of Mr Janse van Vuuren to obtain the dialing code and pin number. Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the general meeting of shareholders. Access by this means of communication will be at the expense of the shareholder.

By order of the Board



**RA Krabbenhöft**  
Company Secretary

9 September 2014

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	30 June 2014 Rm	30 June 2013 Rm
Revenue, excluding straight-line lease income adjustment		6 412	5 773
Straight-line lease income adjustment		193	9
Revenue		6 605	5 782
Property expenses		(1 384)	(1 237)
Net property income		5 221	4 545
Other operating expenses and income		(267)	(236)
Operating profit		4 954	4 309
Fair value adjustments	1	2 396	(816)
Equity-accounted investment profit		91	326
Finance costs		(1 748)	(1 782)
Non-cash charges		(78)	(102)
Capital items		(23)	(25)
Finance and other investment income		545	566
<b>Profit before debenture interest</b>		<b>6 137</b>	<b>2 476</b>
Debenture interest	2	-	(2 725)
<b>Profit/(loss) before taxation</b>		<b>6 137</b>	<b>(249)</b>
Taxation		(160)	(460)
Normal taxation (including withholding tax on GOZ distribution)		(28)	(19)
Capital gains taxation (CGT)		-	(2)
Deferred taxation		(132)	(439)
<b>Profit/(loss) after taxation</b>		<b>5 977</b>	<b>(709)</b>
<b>Profit/(loss) attributable to:</b>			
Equity holders		5 579	(1 006)
Non-controlling interest (NCI)		398	297
<b>Other comprehensive income:</b>			
Items that are or may be reclassified to profit or loss – translation of foreign operations		888	498
Items that are or may be reclassified to profit or loss – fair value of listed investments		(46)	-
<b>Total comprehensive income</b>		<b>6 819</b>	<b>(211)</b>
<b>Attributable to:</b>			
Equity holders		6 110	(665)
Non-controlling interest		709	454

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014 CONTINUED

		30 June 2014 Rm	30 June 2013 Rm
	Note		
<b>Calculation of distributable earnings</b>			
Operating profit		4 954	4 309
Less: Straight-line lease income adjustment		(193)	(9)
Finance costs		(1 748)	(1 782)
Finance income		545	566
Cash adjustment on business acquisitions (accounted for in statement of changes in equity)		110	–
Dividends received on treasury shares (accounted for in statement of changes in equity)		25	–
Distribution received on listed investments		165	–
Interest received exceeding distributable income – V&A Waterfront		–	(55)
Distributable income from GOZ retained (including NCI)		(40)	(35)
Non-controlling interest's share of distribution from GOZ (excluding fair value adjustments)		(295)	(228)
Realised foreign exchange gain/(loss)		2	(19)
Taxation (excluding deferred tax and CGT)		(28)	(19)
<b>Distributable earnings</b>		<b>3 497</b>	<b>2 728</b>
<b>Total distribution</b>	7	<b>3 497</b>	<b>2 728</b>
Taxable dividend (declared on 26 August 2014)	2	1 892	–
Taxable dividend (declared on 3 March 2014)	7	1 605	–
Debenture interest on linked units		–	2 725
Ordinary dividend on linked units		–	3
		<b>Shares</b>	Linked units
Total shares/linked units in issue at the end of the year (excluding treasury shares)		2 252 501 622	1 891 558 328
Weighted number of shares/linked units in issue		1 996 917 123	1 891 558 328
		<b>Cents</b>	Cents
Distribution per share/linked unit		161,3	149,0
Six months ended 31 December		78,5	72,7
Six months ended 30 June		82,8	76,3
Basic profit per share/(loss) per linked unit	3	279,38	(53,18)
Diluted profit per share/(loss) per linked unit		277,53	(53,18)
Headline earnings per share/linked unit	4	154,24	138,67
Diluted headline earnings per share/linked unit		153,22	138,67

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	30 June 2014 Rm	30 June 2013 Rm
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>81 573</b>	<b>61 120</b>
Fair value of investment property for accounting purposes		67 627	51 908
Straight-line lease income adjustment		2 021	1 778
Fair value of long-term property assets		69 648	53 686
Equity-accounted investments		5 722	5 444
Listed investments		4 457	–
Intangible assets		1 258	1 354
Equipment		10	8
Long-term loans granted		466	624
Derivative assets		12	4
<b>Current assets</b>		<b>1 671</b>	<b>3 034</b>
Investment property reclassified as held for sale		265	545
Trade and other receivables		1 031	577
Cash and cash equivalents		375	1 912
<b>Total assets</b>		<b>83 244</b>	<b>64 154</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' interest</b>		<b>49 895</b>	<b>208</b>
Share capital		29 436	95
Treasury shares		(682)	–
Foreign currency translation reserve		1 506	962
Non-distributable reserve		17 743	(849)
Retained earnings		1 892	–
Debentures		–	36 537
Shareholders'/Linked unitholders' interest		49 895	36 745
Non-controlling interest		4 180	2 485
<b>Total equity/unitholders' interest</b>		<b>54 075</b>	<b>39 230</b>
<b>Non-current liabilities</b>		<b>23 016</b>	<b>20 160</b>
Non-current financial liabilities		21 591	18 805
Other long-term employee benefits		–	101
Deferred tax liability		1 425	1 254
<b>Current liabilities</b>		<b>6 153</b>	<b>4 764</b>
Trade and other payables		1 426	1 196
Current portion of non-current financial liabilities		4 543	2 000
Taxation payable		13	5
Linked unitholders for distribution		171	1 563
<b>Total equity and liabilities</b>		<b>83 244</b>	<b>64 154</b>
		<b>Cents</b>	<b>Cents</b>
Net asset value per share/linked unit		2215	1943
Tangible net asset value per share/linked unit which excludes intangible assets and deferred tax		2223	1937

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2014

	30 June 2014 Rm	30 June 2013 Rm
Cash generated from operations	4 760	3 903
Finance income	274	524
Finance costs	(1 732)	(1 795)
Taxation paid	(20)	(16)
Capital items	(51)	(25)
Distribution to shareholders/unitholders	(3 265)	(2 757)
Net cash outflow from operating activities	(34)	(166)
Net cash outflow from investing activities	(14 348)	(1 550)
Net cash inflow from financing activities	12 837	3 228
Net (decrease)/increase in cash and cash equivalents	(1 545)	1 512
Translation effects on cash and cash equivalents of foreign operation	8	5
Cash and cash equivalents at beginning of the year	1 912	395
<b>Cash and cash equivalents at end of the year</b>	<b>375</b>	<b>1 912</b>

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Share capital Rm	Treasury shares Rm
Balance at 30 June 2012		87	–
Shares issued		8	–
Total comprehensive income – (loss)/profit after taxation		–	–
Total comprehensive income – other comprehensive income		–	–
Transfer amortisation net of deferred taxation to NDR		–	–
Rights issue and acquisition – GOZ		–	–
Transfer to NDR reserves with NCI		–	–
Transfer fair value adjustment on GOZ to NDR		–	–
Dividends declared – NCI		–	–
Dividends declared	2	–	–
<b>Balance at 30 June 2013</b>		<b>95</b>	<b>–</b>
Total comprehensive income – profit after taxation		–	–
Total comprehensive income – other comprehensive income		–	–
<b>Transactions with owners recognised directly in equity</b>			
Conversion of debentures to ordinary share capital and NDR	6	20 257	–
Shares issued		9 084	–
Cash adjustment on business acquisitions		–	–
Acquisition of treasury shares		–	(728)
Dividends received on treasury shares	7	–	–
Transfer non-distributable items to NDR		–	–
Share-based payment transactions		–	46
Rights issue and acquisitions – GOZ		–	–
Transfer to NDR reserves with NCI		–	–
Dividends declared – NCI		–	–
Dividends declared	7	–	–
<b>Balance at 30 June 2014</b>		<b>29 436</b>	<b>(682)</b>



Foreign currency translation reserve (FCTR) Rm	Non-distributable reserve (NDR) Rm	Retained earnings (RE) Rm	Shareholders' interest Rm	Non-controlling interest (NCI) Rm	Total equity Rm
621	185	-	893	2 181	3 074
-	-	-	8	-	8
-	-	(1 006)	(1 006)	297	(709)
323	-	-	323	175	498
-	(71)	71	-	-	-
18	-	(25)	(7)	60	53
-	(25)	25	-	-	-
-	(938)	938	-	-	-
-	-	-	-	(228)	(228)
-	-	(3)	(3)	-	(3)
<b>962</b>	<b>(849)</b>	-	<b>208</b>	<b>2 485</b>	<b>2 693</b>
-	-	5 579	5 579	398	5 977
577	(46)	-	531	311	842
-	16 280	-	36 537	-	36 537
-	-	-	9 084	-	9 084
-	-	110	110	-	110
-	-	-	(728)	-	(728)
-	-	25	25	-	25
-	2 217	(2 217)	-	-	-
-	88	-	134	-	134
(33)	-	53	20	1 281	1 301
-	53	(53)	-	-	-
-	-	-	-	(295)	(295)
-	-	(1 605)	(1 605)	-	(1 605)
<b>1 506</b>	<b>17 743</b>	<b>1 892</b>	<b>49 895</b>	<b>4 180</b>	<b>54 075</b>

## SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2014

	South Africa				Total as reported Rm	V&A Waterfront Rm	Other joint ventures Rm	Total Rm
	Retail Rm	Office Rm	Industrial Rm	Australia Rm				
<b>Statement of profit or loss and other comprehensive income extracts – 30 June 2014</b>								
Revenue, excluding straight-line lease income adjustment	1 645	2 076	1 074	1 617	6 412	485	10	6 907
Property expenses	(459)	(494)	(235)	(196)	(1 384)	(129)	(2)	(1 515)
<b>Segment results</b>	<b>1 186</b>	<b>1 582</b>	<b>839</b>	<b>1 421</b>	<b>5 028</b>	<b>356</b>	<b>8</b>	<b>5 392</b>
<b>Fair value adjustment:</b>								
Investment property	866	847	565	187	2 465	122	–	2 587
Investment property – non-controlling interest	–	–	–	101	101	–	–	101
<b>Total fair value adjustment on total investment property</b>	<b>866</b>	<b>847</b>	<b>565</b>	<b>288</b>	<b>2 566</b>	<b>122</b>	<b>–</b>	<b>2 688</b>
			South Africa Rm	Australia Rm	Total as reported Rm	V&A Waterfront Rm	Other joint ventures Rm	Total Rm
<b>Further extracts of statement of profit or loss and other comprehensive income</b>								
Other operating expenses and income			(182)	(85)	(267)	(16)	–	(283)
Finance costs			(1 281)	(467)	(1 748)	(18)	(4)	(1 770)
Finance income			540	5	545	4	–	549

	South Africa				Australia Rm	Total as reported Rm	V&A Waterfront Rm	Other joint ventures Rm	Total Rm
	Retail Rm	Office Rm	Industrial Rm						
<b>Statement of financial position extracts at 30 June 2014</b>									
<b>Investment property</b>									
Opening balance 1 July 2013	14 915	16 211	8 042	15 063	54 231	5 549	–	–	59 780
Acquisition – Tiber	90	4 942	347	–	5 379	–	315	–	5 694
Acquisition – Abseq	–	1 343	–	–	1 343	–	–	–	1 343
Acquisition – Other	1	284	205	3 452	3 942	–	–	–	3 942
Developments and capital expenditure	270	543	234	416	1 463	276	–	–	1 739
Disposals	(386)	(158)	(107)	–	(651)	–	–	–	(651)
Foreign exchange gain	–	–	–	1 640	1 640	–	–	–	1 640
Fair value adjustments	866	847	565	288	2 566	122	–	–	2 688
<b>Fair value of total property assets – 30 June 2014</b>	<b>15 756</b>	<b>24 012</b>	<b>9 286</b>	<b>20 859</b>	<b>69 913</b>	<b>5 947</b>	<b>315</b>	<b>–</b>	<b>76 175</b>
Fair value of long-term property assets	15 597	23 942	9 250	20 859	69 648	5 947	315	–	75 910
Investment property reclassified as held for sale	159	70	36	–	265	–	–	–	265
				South Africa Rm	Australia Rm	Total as reported Rm	V&A Waterfront Rm	Other joint ventures Rm	Total Rm
<b>Further extracts of statement of financial position</b>									
Listed investments				4 457	–	4 457	–	–	4 457
Intangible assets				1 258	–	1 258	–	–	1 258
Trade and other receivables				874	157	1 031	32	5	1 068
Cash and cash equivalents				163	212	375	97	13	485
Trade and other payables				(1 161)	(265)	(1 426)	(81)	(5)	(1 512)
Financial liabilities				(17 239)	(8 895)	(26 134)	(196)	(131)	(26 461)
Nominal value – interest-bearing liabilities				(16 368)	(8 677)	(25 045)	(196)	(131)	(25 372)
Fair value adjustments				(871)	(149)	(1 020)	–	–	(1 020)
Foreign translation differences				–	(69)	(69)	–	–	(69)

## SEGMENTAL ANALYSIS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2014

	South Africa				Total as reported Rm	V&A Waterfront Rm	Total Rm
	Retail Rm	Office Rm	Industrial Rm	Australia Rm			
<b>Statement of profit or loss and other comprehensive income extracts – 30 June 2013</b>							
Revenue, excluding straight-line lease income adjustment	1 576	1 776	1 002	1 419	5 773	447	6 220
Property expenses	(439)	(423)	(216)	(159)	(1 237)	(119)	(1 356)
<b>Segment results</b>	<b>1 137</b>	<b>1 353</b>	<b>786</b>	<b>1 260</b>	<b>4 536</b>	<b>328</b>	<b>4 864</b>
<b>Fair value adjustment:</b>							
Investment property	1 740	1 297	616	73	3 726	372	4 098
Investment property – non-controlling interest	–	–	–	39	39	–	39
<b>Total fair value adjustment on total investment property</b>	<b>1 740</b>	<b>1 297</b>	<b>616</b>	<b>112</b>	<b>3 765</b>	<b>372</b>	<b>4 137</b>
			<b>South Africa Rm</b>	<b>Australia Rm</b>	<b>Total as reported Rm</b>	<b>V&amp;A Waterfront Rm</b>	<b>Total Rm</b>
<b>Further extracts of statement of profit or loss and other comprehensive income</b>							
Other operating expenses			(175)	(61)	(236)	(13)	(249)
Finance costs			(1 272)	(510)	(1 782)	(4)	(1 786)
Finance income			561	5	566	2	568

	South Africa				Total as reported Rm	V&A Waterfront Rm	Total Rm	
	Retail Rm	Office Rm	Industrial Rm	Australia Rm				
<b>Statement of financial position extracts at 30 June 2013</b>								
<b>Investment property</b>								
Opening balance 1 July 2012	13 145	14 592	7 251	13 118	48 106	4 950	53 056	
Acquisitions	13	435	44	748	1 240	–	1 240	
Developments and capital expenditure	197	432	275	681	1 585	227	1 812	
Disposals	(180)	(545)	(144)	(688)	(1 557)	–	(1 557)	
Foreign exchange gain	–	–	–	1 092	1 092	–	1 092	
Fair value adjustments	1 740	1 297	616	112	3 765	372	4 137	
<b>Fair value of total property assets – 30 June 2013</b>								
	14 915	16 211	8 042	15 063	54 231	5 549	59 780	
Fair value of long-term property assets	14 565	16 086	7 972	15 063	53 686	5 549	59 235	
Investment property reclassified as held for sale	350	125	70	–	545	–	545	
				<b>South Africa Rm</b>	<b>Australia Rm</b>	<b>Total as reported Rm</b>	<b>V&amp;A Waterfront Rm</b>	<b>Total Rm</b>
<b>Further extracts of statement of financial position</b>								
Intangible assets			1 354	–	1 354	–	1 354	
Trade and other receivables			540	37	577	66	643	
Cash and cash equivalents			1 827	85	1 912	90	2 002	
Trade and other payables			(1 021)	(175)	(1 196)	(200)	(1 396)	
Financial liabilities			(13 388)	(7 417)	(20 805)	(194)	(20 999)	
Nominal value – interest-bearing liabilities			(12 468)	(7 103)	(19 571)	(194)	(19 765)	
Fair value adjustments			(920)	(264)	(1 184)	–	(1 184)	
Foreign translation differences			–	(50)	(50)	–	(50)	

## NOTES

FOR THE YEAR ENDED 30 JUNE 2014

	30 June 2014 Rm	30 June 2013 Rm
<b>Note 1: Fair value adjustments</b>	<b>2 396</b>	(816)
Gross investment property fair value adjustment	2 566	3 765
Less: Straight-line lease income adjustment	(193)	(9)
Net investment property revaluation	2 373	3 756
Borrowings and derivatives – gain	53	401
Long-term loans granted – (loss)/gain	(45)	8
Other payables – realised profit	15	–
Debentures*	–	(4 981)

\* After the conversion of debentures to equity, fair value adjustments are transferred to the NDR (Note 6).

**Note 2: Declaration of dividend after reporting date**

In line with IAS 10, *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. In prior periods, the distribution consisted mainly of debenture interest which accrued on a daily basis, as well as a dividend. The R171 million of linked unitholders for distribution in the statement of financial position (FY14) relates to the NCI's portion of the GOZ distribution.

**Note 3: Basic and diluted profit/(loss) per share/linked unit**

The directors are of the view that the disclosure of earnings per share, while obligatory in terms of IAS 33, *Earnings per Share*, and the JSE Limited Listings Requirements, is not meaningful to investors as the basic profit includes fair value adjustments, as well as other non-distributable items.

Basic and diluted profit per share/(loss) per linked unit are not comparable year-on-year, due to the change to an all-equity capital structure, in order to align the capital structure with the capital structures of international REITs. The calculation of distributable earnings and the distribution per share/linked unit is more meaningful.

**Note 4: Headline earnings per share/linked unit**

In terms of Circular 2/2013, issued by SAICA, the fair value adjustment on investment property is added back in the calculation of headline earnings per share. The Circular does not make provision for the fair value adjustment on non-current financial liabilities, accounting adjustments required to account for lease income on a straight-line basis, as well as other non-cash accounting adjustments that do not affect distributable earnings, to be added back.

	30 June 2014 Rm	30 June 2013 Rm
Basic profit/(loss) is reconciled to headline earnings as follows:		
Profit/(loss) after taxation – attributable to equity holders	5 579	(1 006)
Bargain purchase	(28)	–
Add back: Net fair value adjustment – investment property	(2 471)	(4 077)
Fair value adjustment, net of straight-line lease income adjustment	(2 272)	(3 717)
Fair value adjustment (V&A Waterfront, included in equity-accounted investments)	(98)	(321)
NCI portion of fair value adjustment	(101)	(39)
Headline earnings/(loss) attributable to shareholders	3 080	(5 083)
Add back: Net fair value adjustment – debentures	–	4 981
Add back: Debenture interest paid	–	2 725
<b>Headline earnings attributable to shareholders/linked unitholders</b>	<b>3 080</b>	<b>2 623</b>

	V&A Waterfront Rm	Other Rm	Total Rm
<b>Note 5: Equity-accounted investments</b>			
Initial investment in equity	156	187	343
Share in equity-accounted results – prior years	288	–	288
Share in equity-accounted results – current year	130	(39)	91
Equity-accounted investments	574	148	722
Debenture holding in joint venture	5 000	–	5 000
	5 574	148	5 722
	Share capital Rm	NDR Rm	Debentures Rm
<b>Note 6: Conversion to an all-equity capital structure</b>			
Opening balance – 1 July 2013	95	(849)	36 537
Real Estate Investment Trust (REIT) conversion	20 257	16 280	(36 537)
Other transactions in statement of changes in equity	9 084	2 312	–
<b>Closing balance – 30 June 2014</b>	<b>29 436</b>	<b>17 743</b>	<b>–</b>

**Note 7: Dividends on treasury shares**

The interim dividend of R1 605 million included dividends on treasury shares of R25 million. The net interim dividend paid by Growthpoint for accounting purposes was R1 580 million.

The total dividend of R3 497 million includes dividends on treasury shares of R52 million. The net total dividend paid and payable is therefore R3 445 million for accounting purposes.

## CONVERSION TO REIT

The implications of the conversion to a REIT on financial reporting are summarised below:

	<b>Before conversion</b>	<b>After conversion</b>
Status	Property Loan Stock Company (PLS)	Real Estate Investment Trust (REIT)
Applicable date	Up to 30 June 2013, incl. distribution paid September 2013	From 1 July 2013, first REIT distribution paid March 2014
Capital structure	10 debentures, linked to 1 share	Ordinary shares with no par value
Distribution	Debenture interest and dividend: 1 000 to 1	Dividend
Declaration of distribution	Statement of profit or loss and other comprehensive income: Debenture interest Statement of changes in equity: Dividend	Statement of changes in equity: Interim and prior period dividends
	Statement of financial position: Liability for interest and dividend	Final dividend declared 26 August 2014: Event after reporting period
Deductibility of distribution for tax by Growthpoint	Debenture interest – deductible (\$24) of Income Tax Act Dividend – not deductible	Dividend – deductible (\$25BB of the Income Tax Act)
Fair value adjustments on assets and liabilities	Transfer to debentures	Transfer to non-distributable reserve
Capital gains tax	Applicable	Not applicable



## COMMENTARY

### INTRODUCTION

Growthpoint is the largest South African listed REIT with a quality portfolio of 434 directly owned properties in South Africa valued at R49,1 billion, as well as three equity-accounted investments, with our 50% share of properties valued at R6,3 billion of which the V&A Waterfront is by far the largest. In addition, Growthpoint has a 64.0% interest in Growthpoint Properties Australia (GOZ) which owns 51 properties in Australia valued at R20,9 billion. Listed investments with a value of R4,5 billion relate to a 34.9% investment in Acucap Properties Ltd (Acucap) and a 23.2% investment in Sycom Property Fund (Sycom).

The company's objective is to grow and nurture a diversified portfolio of quality investment properties, providing accommodation to a wide spectrum of users and delivering sustainable income distributions and capital appreciation to investors, while optimising effective financial structures. Effectively, net property income received by the property portfolios of South Africa (RSA) and GOZ, including interest received, the distributable income received from the equity-accounted and listed investments, less operating costs, interest on debt and normal taxation, is distributed to shareholders bi-annually. Growthpoint's distributions are based on sustainable income generated from rentals. The company does not distribute capital profits.

Growthpoint is included in the JSE ALSI Top 40 Companies Index, with a market capitalisation of R56,5 billion at 30 June 2014 (FY14). Over the last year, on average, more than 72,1 million shares traded per month (FY13: 77,9 million). The monthly average value traded was R1,8 billion (FY13: R2,0 billion). This makes Growthpoint the most liquid and tradable way to own commercial property in South Africa.

Excluding the equity-accounted investments, the South African portfolio represents 70.2% of the property portfolio by value and 81.4% by gross lettable area (GLA), and is well diversified in the three major sectors of commercial property, being retail, office and industrial. The bulk of the value of the South African properties is situated in strong economic nodes within the major metropolitan areas.

### GROWTH IN DISTRIBUTIONS

Growthpoint delivered growth in distributions per share for FY14 of 8.3%. This growth exceeds the guidance given to the market in the FY13 results of around 7.2%.

The business acquisitions of Abseq Properties (Pty) Ltd (Abseq) and the Tiber Group of Companies (Tiber), as well as the listed investments in Acucap and Sycom had a positive impact on the results for the year.

The increase in distributions was further enhanced by the investment in GOZ, where a weaker Rand against the Australian Dollar (AUD) was in Growthpoint's favour and distribution per unit from GOZ grew by 13.5% in Rand terms on a like-for-like basis. For FY14, Growthpoint entered into foreign exchange contracts to hedge the distributions received at an average rate of R9.57:AUD1, compared to R8.65:AUD1 for FY13.

### BASIS OF PREPARATION

The summarised consolidated financial statements are prepared in accordance with the JSE Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34, *Interim Financial Reporting*. Except for the new standards adopted as set out below, all accounting policies applied in the preparation of these summarised consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements.

Growthpoint adopted the following new standards:

- IFRS 10, *Consolidated Financial Statements*
- IFRS 11, *Joint Arrangements*
- IFRS 13, *Fair Value Measurement*
- *Annual Improvements to IFRS 2009 – 2011*

## COMMENTARY CONTINUED

There was no material impact on the financial statements identified based on management's assessment of these standards. Whilst this report is itself not audited, the consolidated financial statements, from which the summary consolidated financial statements were derived, were audited by KPMG Inc., who expressed an unmodified opinion thereon. That audit report does not necessarily report on all the information contained in this report.

Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement and, more specifically, the nature of the information that has been audited, 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. The directors of Growthpoint Properties Limited take full responsibility for the preparation of this report and that the selected financial information has been correctly extracted from the underlying consolidated financial statements.

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

### ACQUISITION OF ABSEQ AND TIBER PORTFOLIOS

Growthpoint acquired the entire issued share capital of Abseq from Equity Estates (Pty) Ltd. As part of the transaction, the property administration business was also acquired. The acquisition presented an opportunity to acquire a sizable portfolio of quality office properties in locations which are potentially strategic and complement Growthpoint's existing portfolio, specifically increasing Growthpoint's exposure to the Woodmead office node. Revenue of R77 million was earned since the effective date (R210 million for Abseq's financial year that commenced 1 April 2013) and profit after tax amounted to R94 million since the effective date (R144 million for Abseq's financial year that commenced 1 April 2013).

Furthermore, Growthpoint acquired the entire issued share capital of Tiber Property Group (Pty) Ltd (TPG), certain immovable properties and letting enterprise businesses, shares in joint ventures and share block companies, a property asset that is currently under development, and undeveloped bulk associated with certain immovable properties from Tiber. As part of the transaction, Growthpoint, through its wholly owned subsidiary Growthpoint Management Services (Pty) Ltd (GMS), entered into an agreement with the executive management team of Tiber Projects (Pty) Ltd (Tiber Projects) to procure certain services for a period of three years, and an agreement to acquire the asset and property management business of Tiber Projects. The property portfolio owned by the Tiber Group is predominantly P- and A-grade office properties located in the northern suburbs of Johannesburg. Revenue for the group, excluding the joint ventures, of R187 million was earned since the effective date (R420 million for Tiber's financial year that commenced 1 July 2013) and profit after tax amounted to R100 million since the effective date (R641 million for Tiber's financial year). The joint ventures earned revenue of R10 million since acquisition (R59 million for the financial year) and the loss after tax amounted to R39 million since acquisition (a profit before tax of R58 million for the financial year).

The distributions received and accrued to the sellers amounting to R110 million, relating to the accounting period before the sellers obtained Growthpoint shares, were reimbursed to Growthpoint per the acquisition agreements. This amount is included in distributable earnings.

	Abseq	Tiber*	Tiber equity- accounted investments	Total
Effective date	1 Jan 2014	1 Mar 2014	1 Mar 2014	
Number of properties (100%)	13	27	–	40
Number of properties (50% owned Abseq, 50% owned Tiber)	4	4	–	4
Number of properties (50% owned)	–	5	2	7
Fair value of properties (R'million)	1 343	5 379	315	7 037
Net working capital (R'million)	(32)	(135)	6	(161)
External debt (R'million)	(923)	(1 273)	(134)	(2 330)
Net asset value (R'million)	388	3 971	187	4 546
Funded by	(360)	(3 971)	(187)	(4 518)
Issue of share capital (R'million)	(369)	(1 971)	(98)	(2 438)
Debt/cash utilised (R'million)	–	(2 000)	(89)	(2 089)
Refunded by cash (R'million)	9	–	–	9
Bargain purchase (R'million)	(28)	–	–	(28)
GLA of portfolios (m <sup>2</sup> )	82 818	275 750	13 982	372 550
Office	82 818	236 113	13 982	332 913
Retail	–	4 335	–	4 335
Industrial	–	35 302	–	35 302
Vacancy at 30 June 2014 (%)	8.7	7.3	–	7.3
Office	8.7	7.1	–	7.2
Industrial	–	9.4	–	9.4

\* This includes the stand alone properties acquired, as well as the 50% of the share block companies

## ACQUISITION OF INTERESTS IN ACUCAP AND SYCOM

Growthpoint concluded agreements with various institutional unitholders of Acucap and Sycom to acquire 64 million Acucap linked units at a switch ratio of 1.9 Growthpoint ordinary shares for each Acucap linked unit, and 63 million Sycom participatory units at a switch ratio of 1.102 Growthpoint ordinary shares for each Sycom participatory unit acquired. This represented a 34.9% interest in Acucap and a 31.5% interest in Sycom. These investments provide Growthpoint with indirect exposure to Acucap and Sycom's combined R18,4 billion retail and office portfolios. In June 2014, Acucap made an offer to Sycom unitholders to exchange their Sycom units at a switch ratio of 1 Sycom unit for every 0.58 Acucap units. Growthpoint exchanged 17,0 million Sycom units for 9,9 million Acucap units, resulting in a 34.9% interest in Acucap and a 23.2% interest in Sycom.

On 30 June 2014, Growthpoint received distributions amounting to R165 million from these listed investments and these have been included in distributable earnings.

These listed investments have been accounted for in terms of IAS 39, *Financial Instruments: Recognition and Measurement*, as available for sale investments and are reflected at fair value in the statement of financial position.

## GROWTHPOINT PROPERTIES AUSTRALIA (GOZ)

The investment in GOZ has been accounted for in terms of IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The consolidated statement of financial position includes 100% of the assets and liabilities of GOZ, converted at the closing exchange rate at FY14 of R9.96:AUD1 (FY13: R9.03:AUD1). The consolidated statement of profit or loss and other comprehensive income also includes 100% of the revenue and expenses of GOZ, which was translated at an average exchange rate of R9.53:AUD1 (FY13: R9.07:AUD1) for FY14. The resulting foreign currency translation difference is

## COMMENTARY CONTINUED

recognised in other comprehensive income. A non-controlling interest was raised for the 36.0% (FY13: 34.2%) not owned by Growthpoint.

Growthpoint increased its investment in GOZ from R3,4 billion at FY13 to R5,3 billion at FY14. R1,4 billion of the investment was due to rights issues in December 2013 and June 2014 respectively, and the balance of R449 million related to Distribution Re-investment Plans (DRIPs), where Growthpoint elected not to receive the distributions in August 2013 and February 2014, but to reinvest the amounts into GOZ.

A deferred tax liability of R1,0 billion is included in the statement of financial position. This relates to the capital gains tax that will be payable in Australia if Growthpoint sells its investment in GOZ. Included in normal tax in the statement of profit or loss and other comprehensive income, is R24 million that relates to withholding tax paid on the distributions received from GOZ.

### V&A WATERFRONT AND OTHER EQUITY-ACCOUNTED INVESTMENTS

The investments in the V&A Waterfront and the two other joint ventures have been accounted for in terms of IAS 11, *Joint Arrangements*. The equity accounting method was used, whereby the Group's share of the profit or loss and other comprehensive income of these investments were accounted for.

Included in the FY14 finance income is R332 million of distributable income from the V&A Waterfront, compared to distributable income for FY13 of R312 million. Post the acquisition of Tiber, R4 million was received from Tiber's equity-accounted investments.

The investment in the V&A Waterfront and the other joint ventures has been accounted for in the statement of financial position as the fair value of Growthpoint's 50% interest in the net asset value amounting to R5,6 billion (FY13: R5,4 billion) for the V&A Waterfront and R148 million for the other joint ventures. Non-distributable adjustments, amounting to R91 million relate mainly to fair value adjustments on investment property and deferred tax (FY13: R326 million).

### NET PROPERTY INCOME

The increase in revenue (11.1%) for the FY14, compared to FY13 was due to the acquisitions of Abseq and Tiber, as well as the revenue from GOZ (13.9%), resulting from property acquisitions made and a favourable increase in the average exchange rate applied. Disposals amounting to R869 million were made in the RSA portfolio in FY13 and impacted negatively on revenue growth in the current period.

The ratio of property expenses to revenue for the Group has increased slightly from 21.4% to 21.6% at FY14. For RSA the ratio remained stable at 24.8%.

### FAIR VALUE ADJUSTMENTS

The revaluation of properties resulted in an upward revision of R2,4 billion (3.5%) to R69,9 billion for investment property (including investment properties reclassified as held for sale). This was mainly due to an increase in future contractual rental. Interest-bearing borrowings and derivatives were fair valued using the swap curve at FY14, resulting in a decrease of R203 million (0.8%) in the overall liability. In addition, a loss of R150 million was realised on the settlement of an interest rate swap by GOZ.

These fair value adjustments, together with the other non-distributable items such as capital items, non-cash charges, deferred taxation and the net effect of the non-controlling interest's portion of the non-distributable items were transferred to the non-distributable reserve.

### FINANCE COSTS

Finance costs decreased by 1.9% to R1 748 million (FY13: R1 782 million) as a result of the capital raising in May 2013, where R1,1 billion was utilised to settle debt. The weighted average interest rate for RSA borrowings was 9.4% (FY13: 9.7%). The weighted average maturity of debt remained at 3.5 years (FY13: 3.5 years). Finance costs for GOZ decreased marginally from R510 million in FY13 to R467 million in FY14. The additional equity raised by GOZ was used for the acquisition of properties and to settle debt, resulting in the decrease. The interest cover ratio, whereby the income from the equity-accounted investments is included in the operating profit, increased from 2.9 at FY13 to 3.3 at FY14.

## FINANCE INCOME

Finance income decreased by 3.7% to R545 million (FY13: R566 million).

## ACQUISITIONS AND COMMITMENTS

Apart from the acquisitions of the Abseq and Tiber portfolios, Growthpoint acquired eight portions of land, one industrial property and one office property in the RSA portfolio, amounting to R490 million during the year. Development and capital expenditure for RSA amounting to R1,0 billion (FY13: R904 million) relates to various projects undertaken during the period, of which the Discovery Head Office (owned 55%) and Walmer Park Shopping Centre accounted for R106 million and R70 million respectively.

GOZ acquired an office property in New South Wales for R2,5 billion (AUD255 million), and six industrial properties in Victoria for a total purchase price of R913 million (AUD98 million). The development and capital expenditure of R416 million (AUD43 million) relates mainly to an industrial development, 27-49 Lenore Lane in New South Wales, that was completed during the year.

Growthpoint RSA has commitments outstanding in respect of developments amounting to R2,1 billion (FY13: R303 million) of which the Discovery Head Office (55% share) for R1,4 billion is the largest. Further commitments in respect of property acquisitions amount to R47 million (FY13: R99 million) and R225 million for the acquisition of 50% of two properties, where the other 50% is owned by Zenprop Property Holdings (Pty) Ltd (Zenprop). Refer to commentary on events after the reporting period.

Development and capital expenditure at the V&A Waterfront amounted to R276 million (FY13: R227 million) for the year. Growthpoint's share of the V&A Waterfront's commitments outstanding at FY14 amounted to R496 million (FY13: R226 million), which relates to the residential developments, the museum development of the grain silo and a car park.

## DISPOSALS AND HELD FOR SALE ASSETS

Growthpoint RSA disposed of 14 properties in the current year (FY13: 23) for R651 million (FY13: R869 million) with a collective R132 million (FY13: R292 million) profit on cost achieved.

At 30 June 2014, eight RSA properties (FY13: nine) valued at R265 million (FY13: R545 million) were classified as held for sale assets.

## SHARE BUY-BACK TRANSACTION

In October 2013, Growthpoint's BEE transaction with Phatsima Properties Ltd was refinanced. The settlement of the loan amounted to R157 million. As part of the refinancing, the Growthpoint Staff Incentive Scheme Trust and GMS repurchased 16,5 million of the shares for R355 million. The shares acquired will be used as a hedge against options granted to employees in terms of current and future share incentive schemes.

In March 2014, Growthpoint entered into agreements with Unipalm Investment Holdings Ltd (Unipalm) and Desert Wind Properties 84 (Pty) Ltd (Desert Wind). Unipalm and Desert Wind are both beneficiaries of the AMU Trust (AMU). Quickleap Investments 429 (Pty) Ltd (100% owned by AMU) owns 100 million Growthpoint shares. In terms of the agreements, Unipalm and Desert Wind agreed to sell 17,0 million Growthpoint shares to GMS for R365 million. Following the transaction, Unipalm and Desert Wind own no Growthpoint shares and AMU owns 80,2 million shares.

## ARREARS

Total RSA arrears at FY14 amounted to R34,7 million (FY13: R29,9 million) with a provision for bad debts of R14,1 million (FY13: R14,6 million). Total RSA bad debt expenses amounted to R6,6 million (FY13: R10,9 million). Growthpoint's exposure to the African Bank Ltd Group comprises approximately 0.7% of the total gross rental income of Growthpoint's RSA portfolio, with no provision raised in this respect.

## COMMENTARY CONTINUED

## VACANCY LEVELS

At 30 June 2014, the total m<sup>2</sup> of Growthpoint's portfolio and vacancy levels expressed as a percentage of GLA were:

	GLA m <sup>2</sup> FY14	GLA m <sup>2</sup> FY13	Vacancy % FY14	Vacancy % FY13
Retail	907 746	942 501	4.5	3.7
Office	1 460 741	1 151 079	8.0	7.8
Industrial	2 194 459	2 176 887	3.0	3.0
RSA total	4 562 946	4 270 467	4.9	4.4
V&A Waterfront	195 700	193 873	1.5	0.6
GOZ	1 036 740	886 975	1.5	0.4
<b>Total</b>	<b>5 795 386</b>	<b>5 351 315</b>	<b>4.2</b>	<b>3.6</b>

Vacancies in the retail sector have increased during FY14 mainly due to an increase in office and storage vacancies within shopping centres which represent 27% (1.2%) of the overall retail vacancy factor. The on-going challenging economic conditions resulted in the loss of several major tenants in the office sector during the year under review. The vacancies were further impacted by developments that were not fully let. This is being addressed through various initiatives including the UNdeposit campaign, which to date has received significant traction.

## EQUITY RESTRUCTURED AND EQUITY RAISED

As part of the REIT conversion, Growthpoint converted the linked unit capital structure to an all-equity capital structure, in order to align the capital structure with the capital structures of international REITs. The restructuring resulted in an increase in share capital of R20,3 billion and an increase in the non-distributable reserve of R16,3 billion. The non-distributable reserve mainly relates to cumulative fair value adjustments on investment property that were previously accounted for as debenture fair value adjustments.

During the year, Growthpoint raised R976 million in September 2013 and R1 047 million in March 2014, through the DRIPs, where 44,4 million and 48,7 million shares were issued at R22.00 and R21.50 per share respectively. The equity raised from the DRIPs was utilised to finance Growthpoint's investment activities.

Growthpoint issued 15,9 million shares for the acquisition of Abseq in January 2014 and 93,3 million shares for the acquisition of Tiber in March 2014. A further 148,9 million shares were issued in April 2014 and 42,3 million shares were issued in May 2014 for the acquisition of the interests in Acucap and Sycom.

The company has 2,3 billion shares in issue at FY14 and the authorised share capital is 4,0 billion shares. Subsequent to the reporting period, Growthpoint will issue 3,7 million shares for the purchase consideration of the remaining 50% interest in Truzen 75 Trust, as well as the remaining 50% share in Erven 99 and 100 Parktown Township Share Block Company (Pty) Ltd. Refer to the commentary on events after the reporting period.

## BORROWINGS

At FY14, the consolidated loan to value ratio (LTV) measured by dividing the nominal value of interest-bearing borrowings (net of cash) by the fair value of property assets, including investment property held for sale, plus the equity-accounted investments and the listed investments, was 30.8% (FY13: 29.6%). The additional debt for the Tiber transaction contributed to the increase.

Growthpoint RSA's available unutilised credit facilities amounted to R3,8 billion at FY14.

## CHANGE IN DIRECTORS

Mr JHN (Jan) Strydom retired with effect from 12 November 2013 as a non-executive director of Growthpoint. The Board thanks Mr Strydom for his ten years of distinguished service and contribution to the Group.

## EVENTS AFTER THE REPORTING PERIOD

On 1 September 2014, Growthpoint will acquire the remaining 50% interest in the properties owned by Truzen 75 Trust from the remaining beneficiaries of the Truzen 75 Trust, as well as remaining shares in Erven 99 and 100 Parktown Township Share Block Company (Pty) Ltd from Zenprop. The GLA of the acquired share of these office properties amounts to 16 799m<sup>2</sup>.

	2014 Rm
Fair value of properties	388
External debt	(176)
Net working capital	13
Net asset value	225
Funded by	(225)
Issue of share capital	(95)
Debt/cash that will be utilised	(130)

In July 2014, Acucap made an offer to Sycom unitholders to exchange their Sycom units at a switch ratio of 1 Sycom unit for 0.58 Acucap units. Growthpoint exchanged 16,5 million Sycom units for 9,6 million Acucap units, changing their investment in Acucap to 34.7% and their investment in Sycom to 15.00%.

Growthpoint's shareholders are referred to the joint cautionary announcement published on SENS on 27 August 2014, confirming that Growthpoint and Acucap are in discussions which, if successfully concluded, may have a material effect on the price at which Growthpoint's and Acucap's securities trade on the JSE.

## PROSPECTS

Due to the challenging, low growth domestic macro-economic environment and rising interest rate cycle which is currently having a negative impact on consumers and the overall retail environment, as well as demand for rental space across the retail, office and industrial property sectors, the Board of Growthpoint is of the view that the distribution growth rate for FY15 will be between 7.0% and 7.5% which is in line with the average growth rate achieved over the past five years.

This forecast has been based on the company's budgets for FY15, taking into account that the majority of the company's income is contractual rental income, as well as the fact that the interest expense in respect of 78.4% of the South African debt has been fixed as at FY14.

This forecast has not been subject to audit or review by the company's independent external auditors.

## FINAL DIVIDEND WITH THE ELECTION TO REINVEST THE CASH DIVIDEND IN RETURN FOR GROWTHPOINT SHARES

A final dividend (number 56) of 82,80000 cents per share in respect of the six months ended 30 June 2014 was declared on 26 August 2014, bringing the total dividend for the year ended 30 June 2014 to 161,30000 cents per share.

Shareholders will be entitled to elect to reinvest the net Cash Dividend, in return for Growthpoint shares (Share Alternative), failing which they will receive the net Cash Dividend in respect of all or part of their shareholdings.

Other information:

- Issued shares at 26 August 2014: 2 284 908 257 ordinary shares of no par value.
- Issued shares at record date 19 September 2014: 2 288 700 377.
- Income Tax Reference Number of Growthpoint: 9375/077/71/7.
- There are no Secondary Tax on Company (STC) credits available for utilisation against the dividend tax.

In accordance with Growthpoint's status as a Real Estate Investment Trust (REIT) with effect from 1 July 2013, 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.

## COMMENTARY CONTINUED

### 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) form to prove their status as South African residents.

If resident shareholders have not submitted the abovementioned 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. It should be noted that up to 31 December 2013, dividends received by non-residents from a REIT were not subject to Dividend Tax. With effect from 1 January 2014, any dividend received by a non-resident from a REIT will be subject to Dividend Tax at 15%, 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 15%, the net amount due to non-resident shareholders is 70,38000 cents 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 Services.

If applicable, non-resident shareholders are advised to contact the CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted.



Summary of the salient dates relating to the Cash Dividend and Share Alternative are as follows:

2014

Circular and form of election posted to shareholders	Friday, 29 August
Announcement of Share Alternative issue price and finalisation information	Friday, 5 September
Last day to trade (LDT) cum dividend	Friday, 12 September
Shares to trade ex dividend	Monday, 15 September
Listing of maximum possible number of Share Alternative shares commences on the JSE	Tuesday, 16 September
Last day to elect to receive the Share Alternative (no late forms of election will be accepted after 12:00 South African time)	Friday, 19 September
Record date	Friday, 19 September
Announcement of results of Cash Dividend and Share Alternative released on SENS	Monday, 22 September
Cheques posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the Cash Alternative, on or about	Monday, 22 September
Share certificates posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the Share Alternative, on or about	Tuesday, 23 September
Announcement of results of Cash Dividend and Share Alternative published in the press	Tuesday, 23 September
Adjustment to shares listed, on or about	Thursday, 25 September

**Notes:**

- Shareholders electing the Share Alternative are alerted to the fact that the new shares will be listed on LDT + 2 and that these new shares can only be traded on LDT + 2, due to the fact that settlement of the shares will be two days after record date, which differs from the conventional one day after record date settlement process.
- Shares may not be dematerialised or rematerialised between Monday, 15 September 2014 and close of trade on Friday, 19 September 2014.
- The above dates and times are subject to change. Any changes will be released on SENS and published in the press.
- The Cash Dividend or Share Alternative may have tax implications for resident and non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

By order of the Board

**Growthpoint Properties Limited**

26 August 2014

**DIRECTORS**

JF Marais (Chairman), HSP Mashaba (Deputy Chairman), LN Sasse\* (Chief Executive Officer), EK de Klerk\*, G Völkel\*, MG Diliza, PH Fechter, LA Finlay, JC Hayward, HS Herman, SP Mngconkola, R Moonsamy, NBP Nkabinde, CG Steyn, FJ Visser \* *Executive*

**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, Sandton, 2196  
PO Box 78949, Sandton, 2146

**SPONSOR**

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

27 August 2014

**COMPANY SECRETARY**

RA Krabbenhöft

**TRANSFER SECRETARY**

Computershare Investor Services (Pty) Ltd  
(Registration number 2004/003647/07)  
Ground Floor, 70 Marshall Street, Johannesburg, 2001  
PO Box 61051, Marshalltown, 2107

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2014**

The directors are pleased to present their 26th annual report which forms part of the annual financial statements for the year ended 30 June 2014.

#### **NATURE OF BUSINESS**

On 1 July 2013, Growthpoint converted from a Property Loan Stock company to a Real Estate Investment Trust (REIT), which status was granted by the JSE in accordance with the REIT provisions contained in section 13 of the JSE Listings Requirements. Growthpoint's listing on the JSE (ISIN code: ZAE000179420) is in the Sector: Financial Services – Real Estate Investment Trusts (Diversified REITs).

The primary business of Growthpoint is long-term investment in quality, rental-generating properties which are maintained and upgraded or refurbished as necessary, so as to increase the long-term value of the property assets.

As at 30 June 2014, Growthpoint's property portfolio comprised 436 owned and managed properties in the South African Industrial, Office and Retail sectors valued at R49,4 billion (2013: R39,1 billion). More information on the nature of the business of these sectors is reported on separately in the IAR as at 30 June 2014.

In addition, Growthpoint has a 50% shareholding in properties owned by V&A Waterfront Holdings (Pty) Ltd in Cape Town, with property assets totalling R11,9 billion (2013: R11,1 billion) as part of a joint arrangement with the Government Employees' Pension Fund (GEPF) represented by the Public Investment Corporation Limited (SOC) (PIC), and holds a majority stake of 64.0% (2013: 65.8%) in Growthpoint Properties Australia, listed on the Australian Securities Exchange (ASX) as an A-REIT (Code: GOZ), which owns 51 properties valued at AUD2,1 billion (ZAR20,9 billion) as at 30 June 2014.

#### **REGULATION**

As a REIT, the company is regulated by the JSE.

#### **SHARE CAPITAL**

The number of authorised ordinary shares of no par value is 4 000 000 000. As at 30 June 2014 there were 2 284 908 257 ordinary shares of no par value in issue.

The following share issues were effected during the financial year ended 30 June 2014:

- 25 September 2013: 44 407 161 shares pursuant to elections of the dividend re-investment alternative offered in respect of the final 2013 dividend of 76.30 cents per share, issued at a price of R22.00 per share, at a 4.4% discount to the five-day volume weighted average price (ex-distribution) as at the close of business on Thursday, 5 September 2013.
- 2 January 2014: 15 855 821 shares at R25.00 per share as part-consideration for the acquisition of 100% of the issued shares of Abseq Properties (Pty) Ltd, with effect from 1 January 2014.
- On 3 and 19 March 2014, respectively, 87 593 241 shares and 5 683 415 shares at R27.00 per share as part-consideration for the acquisition of 100% of the issued shares of Tiber Property Group (Pty) Ltd with effect from 1 March 2014.
- 1 April 2014: 48 664 034 shares, pursuant to elections of the dividend re-investment alternative offered in respect of the interim 2014 dividend of 78.50 cents per share for the six-month period ended 31 December 2013. These shares were issued at a price of R21.50 per share, at a 3.8% discount to the five-day volume weighted average price (ex-distribution) as at the close of business on Wednesday, 12 March 2014.
- From 23 April 2014, up to and including 19 May 2014, a total of 191 146 257 shares in vendor placings at R24.36 per share, for the acquisition of interests of 34.9% in Acucap Properties Limited and 31.50% in Sycom Property Fund, which interests at 30 June 2014 stood at 34.9% (Acucap) and 31.5% (Sycom). As at the date of this report: 34.75% (Acucap) and 15.0% (Sycom).

On 1 September 2014, Growthpoint issued 3 792 120 shares at R25.00 per share as part consideration for its acquisition of the remaining 50% interest in properties owned by the Truzen 75 Trust plus the remaining 50% of the issued shares of Erven 99 and 100 Parktown Township Share Block Company (Pty) Ltd.

#### **DIVIDEND POLICY**

The company declares and pays an interim and a final dividend in respect of each financial year (see shareholders' information on page 98 of the 2014 annual financial statements).

In considering the payment of dividends, the Board, with the Audit Committee's assurance, takes the following into account:

- The financial status of the company as at the end of the first and second six months of the financial year, subject to solvency and liquidity testing as required by the Act; and
- The capital commitments of the company and its funding requirements.

## FINAL AND INTERIM DIVIDENDS

The Board has declared final and interim dividends in respect of the financial year ended 30 June 2014, as follows:

Dividend	Gross amount per share cents
Interim (3 March 2014)	78.50
Final (26 August 2014)	82.80
Total	161.30

These dividends have been declared from distributable earnings and meet the requirements of a REIT "qualifying distribution" for purposes of section 25BB of the Income Tax Act, No 58 of 1962 (as amended).

## INTEREST IN SUBSIDIARIES

	Investment – 2014			Investment – 2013	
	Issued capital Rm	Shares Rm	Loan Rm	Shares Rm	Loan Rm
<b>Subsidiaries</b>					
Abseq Properties (Pty) Ltd	–	425	912	–	–
Changing Tides 5 (Pty) Ltd	–	–	–	–	–
Complex Investments (Pty) Ltd	–	–	–	–	–
Erf 4 of 8 Sandown (Pty) Ltd	–	–	–	–	–
Ferns Investments (Pty) Ltd	–	–	–	–	–
Growthpoint Building Managers (Pty) Ltd	–	–	–	–	–
Growthpoint Management Services (Pty) Ltd	–	21	2 044	–	1 404
Growthpoint Properties Australia*	10 017	8 269	281	5 744	208
Growthpoint Security SPV Number 1 (Pty) Ltd	–	–	–	–	–
Growthpoint Security SPV Number 2 (Pty) Ltd	–	–	–	–	–
Growthpoint Security SPV Number 3 (Pty) Ltd	–	–	–	–	–
Highway Properties Houghton (Pty) Ltd	–	–	–	–	–
Inclub Properties (Pty) Ltd	–	202	406	–	–
Kilkishen Investments (Pty) Ltd	–	–	–	–	–
Majorshelf 184 (Pty) Ltd	–	–	–	–	(120)
Metboard Properties Limited	849	3 048	946	2 763	1 067
New Heights 344 (Pty) Ltd	–	–	–	–	–
Paramount Property Fund Limited	240	2 723	296	2 399	544
Scopefull 157 (Pty) Ltd	–	–	–	–	(13)
Skillfull 82 (Pty) Ltd	–	4	3	23	–
Skillfull 115 (Pty) Ltd	–	–	–	–	–
Stand 1135 Houghton (Pty) Ltd	–	2 927	356	–	–
Tiber Property Group (Pty) Ltd	–	–	–	–	–
Tuinweg Property Investments (Pty) Ltd (Namibia)**	–	–	–	13	203
Witkopp Corner (Pty) Ltd	–	–	–	–	–
<b>Total</b>	<b>11 106</b>	<b>17 619</b>	<b>5 244</b>	<b>10 942</b>	<b>3 293</b>

\* This includes Growthpoint Properties Australia Limited and Growthpoint Properties Australia Trust, together being a stapled group. Growthpoint Properties Australia Limited is the responsible entity for Growthpoint Properties Australia Trust.

\*\* Sold 1 November 2013.

## DIRECTORS' REPORT CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2014

#### INTEREST AS VESTED BENEFICIARY OF A TRUST

The Growthpoint Securitisation Warehouse Trust (the Trust) holds a portfolio of properties, which serves as security for funds raised by Growthpoint from time to time. In terms of the Trust Deed, Growthpoint is the sole beneficiary of income and capital gains held by the Trust.

Accordingly, the statement of financial position and statement of profit or loss and other comprehensive income of the Trust are consolidated in the Group financial statements.

The table below shows the salient financial results and position of the Trust for the year ended 30 June 2014.

	2014 Rm	2013 Rm
Profit before taxation	1 228	1 763
Fair value adjustments included in profit before taxation	468	1 020
Investment property at fair value	9 727	9 106

#### ACQUISITIONS AND INVESTMENTS

Growthpoint acquired 100% of the issued shares in Abseq Properties (Pty) Ltd from Equity Estates (Pty) Ltd, with effect from 1 January 2014, for a total net consideration of R360 million, settled by new Growthpoint shares issued. Growthpoint also acquired 100% of the issued shares in Tiber Property Group (Pty) Ltd from the Tiber Group, with effect from 1 March 2014, for a total net consideration of R4,2 billion, partly settled by new Growthpoint shares issued.

In the Tiber acquisition, Growthpoint acquired 38 properties and letting enterprises, the management business of the Tiber Group, as well as some undeveloped bulk and shares and claims in certain joint venture companies and share block companies.

In the Abseq acquisition, Growthpoint acquired 17 properties and letting enterprises, and the property administration business from Equity Estates (Pty) Ltd.

Growthpoint made further investments in its subsidiary Growthpoint Properties Australia Ltd as follows:

Date	Nature	Shares	Rm
30 August 2013	DRIP	9 997 839	215
11 December 2013	Rights offer	27 094 881	617
28 February 2014	DRIP	10 399 920	234
30 June 2014	Rights offer	33 351 932	805

The company acquired a strategic holding in Acucap/Sycom, as detailed under "share capital" in the Directors' Report.

#### MANAGEMENT AND ADMINISTRATION

Growthpoint Management Services (Pty) Ltd (GMS) is a wholly owned subsidiary of Growthpoint and has been responsible, in terms of a management agreement, for Growthpoint's property, fund management and administration services since 1 July 2007. GMS employed 528 (2013: 457) employees nationally as at 30 June 2014. This included 69 employees taken on from Abseq and Tiber.

#### SUBSEQUENT EVENTS

Information on material events which occurred after 30 June 2014 is included on page 29 of this booklet.

## REMUNERATION POLICY

Growthpoint's remuneration policy is incorporated in the 2014 IAR, which will be tabled at the annual general meeting on 18 November 2014. It includes the policy on non-executive directors' fees.

## CAPITAL COMMITMENTS

Details are included on page 27 of this booklet.

## DIRECTORS AND COMPANY SECRETARY

Brief *curricula vitae* of the directors and the Company Secretary have been included in the IAR for the year ended 30 June 2014.

Growthpoint's Financial Director was assessed by the Audit Committee (as is done annually) to be appropriately qualified and experienced for the position.

The appointments of Messrs Völkel and Mngconkola on 1 February 2013 and 13 November 2012 respectively, were confirmed at the annual general meeting on 12 November 2013.

Mr Strydom retired from the Board after the annual general meeting with effect from the close of business on 12 November 2013.

Mr Steyn will retire from the Board at the annual general meeting to be held on 18 November 2014, with effect from the close of business on that day.

The directors to retire by rotation and, being eligible, hold themselves available for re-election at the annual general meeting on 18 November 2014, are as follows:

- Mr HS Herman
- Mr JF Marais
- Mr R Moonsamy
- Mr FJ Visser

The Board recommends Ms LA Finlay for re-election as Chairman of the Audit Committee.

**DIRECTORS' REPORT CONTINUED**  
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' INTERESTS IN ORDINARY SHARES AS AT 30 JUNE 2014

Director	Beneficial		Non-beneficial	Total
	Direct	Indirect		
EK de Klerk	–	1 126 333	–	1 126 333
EK de Klerk: Staff Incentive Scheme options 2009	31 985	–	–	31 985
EK de Klerk: Staff Incentive Scheme options 2010	55 864	–	–	55 864
EK de Klerk: Staff Incentive Scheme options 2011	86 065	–	–	86 065
EK de Klerk: Staff Incentive Scheme options 2012	238 126	–	–	238 126
EK de Klerk: Staff Incentive Scheme options 2012	51 920	–	–	51 920
EK de Klerk: Deferred Staff Incentive Scheme options 2013	145 047	–	–	145 047
MG Diliza	–	–	36 999 547	36 999 547
MG Diliza	–	–	34 363 333 <sup>#</sup>	34 363 333
MG Diliza	–	–	2 636 214	2 636 214
PH Fechter	–	1 338 504	3 109 535 <sup>*</sup>	4 448 039
LA Finlay	79 636	–	–	79 636
JC Hayward	72 967	–	–	72 967
HS Herman	150 000	–	–	150 000
JF Marais	–	100 279 <sup>*</sup>	–	100 279
HSP Mashaba	–	2 475 000 <sup>#</sup>	–	2 475 000
R Moonsamy	–	–	–	–
LN Sasse	1 568 625	–	–	1 568 625
LN Sasse: Staff Incentive Scheme options 2009	70 322	–	–	70 322
LN Sasse: Staff Incentive Scheme options 2010	122 727	–	–	122 727
LN Sasse: Staff Incentive Scheme options 2011	188 524	–	–	188 524
LN Sasse: Staff Incentive Scheme options 2012	449 208	–	–	449 208
LN Sasse: Staff Incentive Scheme options 2012	64 902	–	–	64 902
LN Sasse: Deferred Staff Incentive Scheme options 2013	215 499	–	–	215 499
G Völkel: Deferred Staff Incentive Scheme options 2013	20 721	–	–	20 721

## DIRECTORS' INTERESTS IN ORDINARY SHARES AS AT 30 JUNE 2013

Director	Beneficial		Non-beneficial	Total
	Direct	Indirect		
EK de Klerk	–	812 764	–	812 764
EK de Klerk: Staff Incentive Scheme options 2009	63 033	–	–	63 033
EK de Klerk: Staff Incentive Scheme options 2010	95 955	–	–	95 955
EK de Klerk: Staff Incentive Scheme options 2011	111 730	–	–	111 730
EK de Klerk: Staff Incentive Scheme options 2012	114 754	–	–	114 754
EK de Klerk: Staff Incentive Scheme options 2012	476 246	–	–	476 246
EK de Klerk: Deferred Staff Incentive Scheme options 2013	77 882	–	–	77 882
MG Diliza	–	–	24 158 700	24 158 700
MG Diliza	–	–	21 900 000 <sup>#</sup>	21 900 000
MG Diliza	–	–	2 258 700	2 258 700
PH Fechter	–	1 291 355	3 000 000 <sup>*</sup>	4 291 355
LA Finlay	74 256	–	–	74 256
JC Hayward	68 038	–	–	68 038
HS Herman	–	126 970	–	126 970
JF Marais	–	77 451 <sup>*</sup>	–	77 451
HSP Mashaba	–	9 900 000 <sup>#</sup>	–	9 900 000
R Moonsamy	–	13 333 333 <sup>#</sup>	–	13 333 333
LN Sasse	914 625	–	–	914 625
LN Sasse: Staff Incentive Scheme options 2009	137 172	–	–	137 172
LN Sasse: Staff Incentive Scheme options 2010	210 965	–	–	210 965
LN Sasse: Staff Incentive Scheme options 2011	245 454	–	–	245 454
LN Sasse: Staff Incentive Scheme options 2012	251 366	–	–	251 366
LN Sasse: Staff Incentive Scheme options 2012	898 416	–	–	898 416
LN Sasse: Deferred Staff Incentive Scheme options 2013	97 352	–	–	97 352
G Völkel: Deferred Staff Incentive Scheme options 2013	–	–	–	–

<sup>#</sup> BEE interests

<sup>\*</sup> Associate: Family Trust

## DIRECTORS' REPORT CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2014

#### DIRECTORS' TRANSACTIONS DURING THE FINANCIAL YEAR ENDED 30 JUNE 2014

Director	Date	Number of shares	Purchase/sale	Price per share (R)
EK de Klerk	25 September 2013	28 184	Distribution re-investment	22.00
	1 October 2013	145 047	Deferred Staff Incentive Scheme options	24.13
	4 December 2013	(190 227)	On-market sale of securities	23.45
	4 December 2013	285 383	Off-market acquisition of securities	23.41
	1 April 2014	2 400 000	Retention Scheme Award (reducing strike price option)	11.43
MG Diliza	1 July 2013	4 903 603 <sup>#</sup>	Increase in interest in Miganu	nil
	25 September 2013	3 467	Distribution re-investment	22.00
	1 April 2014	3 777	Distribution re-investment	21.50
	3 March 2014	7 930 000 <sup>#</sup>	Increase in interest in Miganu (BEE 1 rationalisation)	21.50
LA Finlay	25 September 2013	2 575	Distribution re-investment	22.00
	1 April 2014	2 805	Distribution re-investment	21.50
PH Fechter	1 April 2014	109 535 <sup>#</sup>	Distribution re-investment	21.50
	1 April 2014	47 149	Distribution re-investment (CFDs)	21.50
JC Hayward	25 September 2013	2 359	Distribution re-investment	22.00
	1 April 2014	2 570	Distribution re-investment	21.50
HS Herman	25 September 2013	4 403	Distribution re-investment	22.00
	19 November 2013	8 627	On-market acquisition of securities	24.75
	1 April 2014	4 888	On-market acquisition of securities	24.47
	1 April 2014	5 112	Distribution re-investment	21.50
JF Marais	1 April 2014	2 828*	Distribution re-investment	21.50
	14 May 2014	20 000*	On-market acquisition of securities	24.62
HSP Mashaba	1 July 2013	(7 425 000)	Off-market sale of securities	21.50
R Moonsamy	28 June 2013	(13 333 333)	Off-market sale by associate (Unipalm)	21.50
LN Sasse	25 September 2013	31 716	Distribution re-investment	22.00
	1 October 2013	215 499	Deferred Staff Incentive Scheme options	24.13
	10 December 2013	(378 017)	On-market sale of securities	23.19
	10 December 2013	567 026	Off-market acquisition of securities	23.37
	1 April 2014	55 256	Distribution re-investment	21.50
	1 April 2014	4 000 000	Retention Scheme Award (reducing strike price option)	11.43
G Völkel	1 October 2013	20 721	Deferred Staff Incentive Scheme options	24.13



## UNVESTED OPTIONS GRANTED TO EXECUTIVE DIRECTORS

Vesting dates	Balance	1 Sep 14	1 Sep 15	1 Sep 16
<b>2009 options</b>				
LN Sasse	70 322	70 322	–	–
EK de Klerk	31 985	31 985	–	–
<b>2010 options</b>				
LN Sasse	122 727	61 364	61 363	–
EK de Klerk	55 864	27 933	27 932	–
<b>2011 options</b>				
LN Sasse	188 524	62 842	62 841	62 842
EK de Klerk	86 065	28 688	28 689	28 688
<b>2012 options</b>				
LN Sasse	449 208	224 604	224 604	–
EK de Klerk	238 126	119 062	119 061	–
<b>2012 options</b>				
LN Sasse	64 902	32 450	32 451	–
EK de Klerk	51 920	25 960	25 962	–
<b>2013 options</b>				
LN Sasse	215 499	71 832	71 832	71 835
EK de Klerk	145 047	48 349	48 349	48 349
G Völkel	20 721	6 907	6 907	6 907

## RETENTION SCHEME UNVESTED OPTIONS GRANTED TO EXECUTIVE DIRECTORS

Vesting dates	Balance	1 Apr 16	1 Apr 17	1 Apr 18	1 Apr 19	1 Apr 20	1 Apr 21	1 Apr 22
LN Sasse	4 000 000	400 000	400 000	800 000	800 000	800 000	400 000	400 000
EK de Klerk	2 400 000	240 000	240 000	480 000	480 000	480 000	240 000	240 000

## SPECIAL RESOLUTION

The following special resolutions were passed by Growthpoint and its subsidiaries during the financial year ended 30 June 2014 and have been filed with the Companies and Intellectual Property Commission (CIPC), where required:

Company	Nature of special resolutions	Date filed
Growthpoint Properties Limited	<p><b>10 OCTOBER 2013</b>  <b>Special resolution 1</b>            Approval for the company or Growthpoint Management Services (Pty) Ltd (GMS), by way of a specific authority, in terms of the Companies Act, 71 of 2008, as amended (hereinafter referred to as the Companies Act), the JSE Limited Listings Requirements and paragraph 38 of the company's Memorandum of Incorporation, to acquire 16 983 333 Growthpoint shares from Unipalm Investment Holdings Limited (Unipalm), through Quick Leap Investments 429 (Pty) Ltd, at R21.50 per Growthpoint share, including an agterskot of R1.00 per Growthpoint share if the 15-day volume-weighted average price (VWAP) reaches or exceeds R30.00 within 18 months after the closing date, being two business days after the fulfilment of the suspensive conditions, and the underwriting of costs to ensure the proceeds distributed to Unipalm are no less than R241 425 000 (before taking into account dividend withholding tax, if any) upon the binding legal agreement entered into with Unipalm, and any amendments thereto.</p> <p><b>Special resolution 2</b>            Specific authority for the company or GMS, in terms of the Companies Act as amended, the JSE Listings Requirements and paragraph 38 of the company's Memorandum of Incorporation, to acquire 8 500 000 Growthpoint shares at R21.50 per Growthpoint share, from Phatsima Properties (Pty) Ltd (Phatsima) on the terms and conditions as set out in the Phatsima share repurchase agreement.</p>	n/a
	<p><b>12 NOVEMBER 2013</b>  <b>Special resolution 1</b>            In terms of section 66(9) of the Companies Act, approval of the remuneration for the non-executive directors for the financial year ending 30 June 2014.</p> <p><b>Special resolution 2</b>            The approval of loans and/or the provision of financial assistance to related or inter-related companies as defined in the Companies Act and approval of any direct or indirect provision of financial assistance by the company by way of inter-company loans or in any other form, during the two-year period ending 11 November 2015 be approved and that the Board of the company be and is hereby authorised and empowered to give effect to any such financial assistance.</p> <p><b>Special resolution 3</b>            Authorisation of the company or any of its subsidiaries, by way of general approval, to acquire ordinary shares issued by the company, in terms of the Companies Act, the company's Memorandum of Incorporation and the rules and requirements of the JSE Ltd.</p>	n/a
Metboard Properties Limited	<p><b>2 SEPTEMBER 2013</b>            Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a

Company	Nature of special resolutions	Date filed
Paramount Property Fund Limited	<p><b>2 SEPTEMBER 2013</b></p> <p>Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a
Changing Tides 5 (Pty) Ltd	<p><b>1 NOVEMBER 2013</b></p> <p>Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a
Complex Investments (Pty) Ltd	<p><b>5 DECEMBER 2013</b></p> <p><b>Special resolution 1</b></p> <p>Approval of non-executive directors' fees in respect of the financial year ended 30 June 2014.</p> <p><b>Special resolution 2</b></p> <p>Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any related or inter-related company.</p>	n/a
Down House Investments (Pty) Ltd (50:50 JV)	<p><b>3 MARCH 2014</b></p> <p>The issue of 100 (one hundred) new ordinary shares, representing 50% of the issued shares in the company, to Growthpoint Management Services (Pty) Ltd.</p>	n/a
Growthpoint Building Managers (Pty) Ltd	<p><b>1 NOVEMBER 2013</b></p> <p>The approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a
Growthpoint Management Services (Pty) Ltd	<p><b>30 SEPTEMBER 2013</b></p> <p>The approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a
Growthpoint Security SPV Number 1 (Pty) Ltd	<p><b>1 NOVEMBER 2013</b></p> <p>Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a

## SPECIAL RESOLUTION CONTINUED

Company	Nature of special resolutions	Date filed
Growthpoint Security SPV Number 2 (Pty) Ltd	<p><b>1 NOVEMBER 2013</b> Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a
Growthpoint Security SPV Number 3 (Pty) Ltd	<p><b>1 NOVEMBER 2013</b> Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a
Kilkishen Investments (Pty) Ltd	<p><b>5 DECEMBER 2013</b> <b>Special resolution 1</b> Approval of non-executive directors' fees in respect of the financial year ended 30 June 2014.</p> <p><b>Special resolution 2</b> Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any related or inter-related company.</p>	n/a
Majorshelf 184 (Pty) Ltd	<p><b>1 NOVEMBER 2013</b> Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a
New Heights 344 (Pty) Ltd	<p><b>1 NOVEMBER 2013</b> Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a

Company	Nature of special resolutions	Date filed
Remaining Extent of Erf 241 Sandown Share Block (Pty) Ltd (50:50 JV)	<p><b>23 OCTOBER 2013</b>  <b>Special resolution 1</b>            Authorisation for the company, in terms of section 14 of the Share Blocks Control Act, No. 59 of 1980, to enter into a loan agreement, borrower cession, first covering mortgage bond, second covering mortgage bond, Truzen addendum and Tiber addendum in respect of funding provided by Investec Bank Limited for the completion of the construction of offices on the Remainder of Erf 241 Sandhurst, Extension 3 Township, Province of Gauteng (the property).</p> <p><b>Special resolution 2</b>            In terms of sections 8(c) and 14 of the Share Blocks Control Act, No. 59 of 1980, and as security for the obligations of the company to Investec Bank Limited under the loan agreement referred to in special resolution number 1, that the company register a second covering mortgage bond in an amount of R150 million over section 3 of the property owned by the company, together with a further amount of R30 million as contingent cover for costs.</p> <p><b>17 JUNE 2014</b>            That the company enter into an amended agreement, amended and restated loan agreement, second addendum to use the agreement entered into between the company and Truzen 35 Trust, in respect of share block 2B and the second addendum use agreement entered into between the company and Tiber Property Group (Pty) Ltd, in respect of share block 2A, together with any other documents and/or agreements which may be required, desirable or incidental to increase the development capital amount by an amount of approximately R60 million.</p>	n/a
Scopefull 157 (Pty) Ltd	<p><b>1 NOVEMBER 2013</b>            Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a
Skillfull 82 (Pty) Ltd	<p><b>1 NOVEMBER 2013</b>            Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a
Skillfull 115 (Pty) Ltd	<p><b>1 NOVEMBER 2013</b>            Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any holding company, subsidiary/fellow subsidiary, associated company or other entity within the Growthpoint Group, including joint venture companies and related trusts, together with employee share trusts established for Growthpoint employees.</p>	n/a

## SPECIAL RESOLUTION CONTINUED

Company	Nature of special resolutions	Date filed
Stand 1135 Houghton (Pty) Ltd	<p><b>5 DECEMBER 2013</b>  <b>Special resolution 1</b>            Approval of non-executive directors' fees in respect of the financial year ended 30 June 2014.</p> <p><b>Special resolution 2</b>            Approval of loans and/or the provision of financial assistance as contemplated in terms of sections 44 and 45(3)(a)(ii) of the Companies Act to any related or inter-related company.</p>	n/a
Tiber Property Group (Pty) Ltd	<p><b>1 JULY 2013</b>  <b>Special resolution 1</b>            Amendment and extension of a suretyship entered into with Nedbank for no more than R6 750 000 (six million seven hundred and fifty thousand Rand) on 16 July 2010 (surety), the company's acceptance by surety in terms of which Rodney Wolmer will be released from his responsibilities in respect of the surety, and the extension of the tenure of the surety to 1 April 2015.</p>	n/a
	<p><b>25 JULY 2013</b>            The amendment of non-executive directors' fees in respect of the financial year ended 30 June 2014.</p>	n/a
	<p><b>25 SEPTEMBER 2013</b>            The entering into of a guarantee and cession, limited to R200 million plus costs, in favour of Investec Bank Limited in respect of a loan agreement entered into with Investec for Section 2 of Remainder of Erf 241, Sandhurst, Extension 3 Township.</p>	n/a
	<p><b>17 JUNE 2014</b>            That the company enter into an amended agreement, an amended and restated loan agreement, second addendum use agreement (Truzen Addendum) in respect of share block 2B and the second addendum use agreement (Tiber Addendum) in respect of share block 2A, together with any other documents and/or agreements which may be required, desirable or incidental to increase the development capital amount by approximately R60 million.</p>	n/a

## **BOARD OF DIRECTORS** FOR THE YEAR ENDED 30 JUNE 2014

### **FRANCOIS MARAIS (59)**

Chairman

Independent non-executive

*BCom, LLB, H Dip (Company Law)*

Appointed to the Board in 2003

**COMMITTEES:** Nomination (Chairman), Remuneration, standing invitation to Risk meetings

**CAREER:** A founding member of Glyn Marais Inc., a legal firm, a director of Growthpoint Properties Australia Limited and V&A Waterfront Holdings Proprietary Limited

### **HERMAN MASHABA (55)**

Deputy Chairman

Non-executive, BEE structure stakeholder

Appointed to the Board in 2006

**COMMITTEES:** Nomination, Remuneration

**CAREER:** Founder of Black Like Me Products. Executive Chairman of Lephasi Investments Proprietary Limited, non-executive director of Black Like Me Proprietary Limited and Anka Products Proprietary Limited, past Chairman of the Free Market Foundation and past Chairman of the Institute of Directors in Southern Africa

### **NORBERT SASSE (49)**

Chief Executive Officer

*BCom (Hons) (Acc), CA (SA)*

Appointed to the Board in 2003

**COMMITTEES:** Participates in all committee meetings by standing invitation

**CAREER:** Experience in corporate finance dealing with listings, de-listings, mergers, acquisitions and capital raising. Director of major subsidiaries, Metboard Properties Limited, Paramount Property Fund Limited, Abseq Properties Proprietary Limited, Tiber Property Group Proprietary Limited, Growthpoint Properties Australia Limited and Growthpoint Management Services Proprietary Limited. Director of V&A Waterfront Holdings Proprietary Limited and its subsidiaries

### **ESTIENNE DE KLERK (45)**

Executive Director

*BCom (Industrial Psych), BCom (Hons) (Marketing), BCom (Hons) (Acc), CA (SA)*

Appointed to the Board in 2008

**COMMITTEES:** Participates in all committee meetings by standing invitation

**CAREER:** Extensive experience in listed property, involved in BEE transactions, mergers and acquisitions. Director of major subsidiaries, Metboard Properties Limited, Paramount Property Fund Limited, Abseq Properties Proprietary Limited, Tiber Property Group Proprietary Limited, Growthpoint Properties Australia Limited and Growthpoint Management Services Proprietary Limited. Director of V&A Waterfront Holdings Proprietary Limited and its subsidiaries

### **MZOLISI DILIZA (65)**

Non-executive, BEE structure stakeholder

*BCom, BBA in Management (Hons)*

Appointed to the Board in 2001

**COMMITTEES:** Property and Social, Ethics and Transformation (Chairman)

**CAREER:** Executive Chairman of Strategic Partnership Group Proprietary Limited, Director of Bombela Concession Company, Chairman of Mega Express Proprietary Limited, Chairman of Teba Fund Trust, Board member of NWU-Potchefstroom Business School, former Chief Executive of the Chamber of Mines of South Africa

## **BOARD OF DIRECTORS CONTINUED** FOR THE YEAR ENDED 30 JUNE 2014

### **PETER FECHTER (68)**

**Independent non-executive**

*BSc (Eng)*

Appointed to the Board in 2003

**COMMITTEES:** Audit, Property (Chairman)

**CAREER:** More than 45 years' experience in construction, property development, management and investment

### **LYNETTE FINLAY (54)**

**Independent non-executive**

*BCompt (Hons), CA (SA)*

Appointed to the Board in 2009

**COMMITTEES:** Audit (Chairman) and Social, Ethics and Transformation

**CAREER:** Chief Executive Officer of Finlay and Associates, first female President of South African Property Owners Association (SAPOA), co-founding member of Noah and trustee of the Noah Sustainability Trust

### **JOHN HAYWARD (63)**

**Independent non-executive**

*BSc (Hons)*

Appointed to the Board in 2001

**COMMITTEES:** Audit, Risk (Chairman)

**CAREER:** Fellow of Institute of Actuaries, extensive experience of investment and investment-related activities

### **HUGH HERMAN (73)**

**Independent non-executive**

*BA LLB*

Appointed to the Board in 1995

**COMMITTEES:** Property, Remuneration (Chairman)

**CAREER:** Chairman of Investec Asset Management Limited, Chairman of Investec Asset Management Holdings Limited, former Chairman of Investec Bank (UK) Limited, Investec plc and Investec Limited. Director of Pick n Pay Holdings Limited, Pick n Pay Stores Limited, Freddy Hirsch Group Proprietary Limited and Melbro Wholesale Proprietary Limited

### **PATRICK MNGCONKOLA (52)**

**Non-executive**

*BTech (Business Administration), BA (Human Resources Management), National Diploma Police Administration, Certificate: Forensic Investigative Auditing (Unisa)*

Appointed to the Board in 2012

**COMMITTEES:** Risk and Social, Ethics and Transformation

**CAREER:** Non-executive director of the Public Investment Corporation (SOC) Limited and former trustee of the Government Employees Pension Fund

### **RAGAVAN MOONSAMY (50)**

**Non-executive, former BEE structure stakeholder**

Appointed to the Board in 2005

**COMMITTEES:** Property and Social, Ethics and Transformation

**CAREER:** Founder of Kascara Financial Services Proprietary Limited, Managing Director of UniPalm Investment Holdings Proprietary Limited and Director of Qmuzik Technologies Proprietary Limited



## MPUME NKABINDE (54)

### Independent non-executive

*MBA, Honours in HRD, Diploma in Adult Education, Postgraduate Diploma in Property Development and Management*

Appointed to the Board in 2009

**COMMITTEES:** Risk and Social, Ethics and Transformation

**CAREER:** Co-founder and Managing Director of Sigma Lifts and Escalators Proprietary Limited. Director of Finlay and Associates and Cities Hub Africa. Trustee of the Otis Pension and Provident Fund Proprietary Limited

## COLIN STEYN (73)

### Independent non-executive

*FCIS, Senior Management Programme Harvard University*

Appointed to the Board in 2001

**COMMITTEES:** Audit, Property

**CAREER:** Formerly Chairman of Barprop Limited. Former President of the South African Property Owners Association (SAPOA)

## ERIC VISSER (62)

### Independent non-executive

*BCom (Hons)*

Appointed to the Board in 2001

**COMMITTEES:** Risk, Remuneration

**CAREER:** Chief Executive Officer of the Sentinel Retirement Fund

## GERALD VÖLKE (53)

### Financial Director

*BAcc, CA (SA)*

Appointed to the Board in 2013

**COMMITTEES:** Participates in committee meetings other than Remuneration by standing invitation

**CAREER:** Ended 15 years in the auditing profession as an audit partner with the former Ernst & Young before joining the JD Group Limited in November 1995, where he was appointed to its Board in April 2001 as the Chief Financial Officer having fulfilled that role for 12 years. Director of major subsidiaries, Metboard Properties Limited, Paramount Property Fund Limited, Abseq Properties Proprietary Limited, Tiber Property Group Proprietary Limited and Growthpoint Management Services Proprietary Limited

## SHAREHOLDERS' ANALYSIS

AS AT 30 JUNE 2014

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000 shares	5 434	25.56	816 606	0.04
1 001 – 5 000 shares	8 153	38.35	21 449 401	0.94
5 001 – 10 000 shares	2 977	14.00	21 645 324	0.95
10 001 – 20 000 shares	1 920	9.03	26 912 569	1.18
20 001 – 50 000 shares	1 314	6.18	40 909 303	1.79
50 001 – 100 000 shares	482	2.27	33 408 074	1.46
100 001 – 200 000 shares	322	1.51	45 307 703	1.98
200 001 – 500 000 shares	266	1.25	85 330 888	3.73
500 001 – 1 000 000 shares	144	0.68	100 343 777	4.39
1 000 001 – 10 000 000 shares	210	0.99	645 730 060	28.26
10 000 001 shares and over	38	0.18	1 263 054 552	55.28
<b>Total</b>	<b>21 260</b>	<b>100.00</b>	<b>2 284 908 257</b>	<b>100.00</b>
<b>Distribution of shareholders</b>				
Collective investment schemes	550	2.59	866 790 665	37.94
Retirement benefit funds	424	1.99	726 480 524	31.80
Retail shareholders	15 676	73.73	96 636 888	4.23
Empowerment companies	2	0.01	85 615 467	3.75
Trusts	3 221	15.15	79 363 169	3.47
Private companies	414	1.95	76 174 673	3.33
Assurance companies	46	0.22	72 752 407	3.18
Sovereign funds	34	0.16	51 116 054	2.24
Custodians	64	0.30	36 941 058	1.62
Foundations and charitable funds	299	1.41	30 852 039	1.35
Stockbrokers and nominees	54	0.25	28 450 119	1.25
Organs of state	2	0.01	27 828 025	1.22
Managed funds	63	0.30	26 478 462	1.16
Treasury	1	0.00	26 413 772	1.16
Investment partnerships	76	0.36	21 883 938	0.96
Scrip lending	32	0.15	10 704 955	0.47
Share schemes	2	0.01	5 992 864	0.26
Hedge funds	25	0.12	3 554 926	0.16
Close corporations	187	0.88	3 087 445	0.13
Medical aid funds	27	0.13	2 754 597	0.12
Insurance companies	19	0.09	2 552 168	0.11
Public companies	22	0.10	2 358 138	0.10
Public entities	3	0.01	100 632	0.00
Unclaimed scrip and control accounts	17	0.08	25 272	0.00
<b>Total</b>	<b>21 260</b>	<b>100.00</b>	<b>2 284 908 257</b>	<b>100.00</b>
<b>Shareholder type</b>				
Non-public shareholders	14	0.06	513 058 327	22.45
Directors and associates (excluding Staff Incentive Scheme)	9	0.04	48 669 719	2.13
Government Employees Pension Fund	2	0.01	431 981 972	18.90
Shares held in Treasury	1	0.00	26 413 772	1.16
Growthpoint Staff Incentive Scheme	2	0.01	5 992 864	0.26
Public shareholders	21 246	99.94	1 771 849 930	77.55
<b>Total</b>	<b>21 260</b>	<b>100.00</b>	<b>2 284 908 257</b>	<b>100.00</b>

<b>Beneficial shareholders with a holding greater than 1% of the issued shares</b>	<b>Total shareholding</b>	<b>% of issued capital</b>
Government Employees Pension Fund	431 981 972	18.91
Stanlib	122 128 043	5.34
BEE Consortium (Quick Leap)	80 166 667	3.51
Old Mutual Group	79 684 414	3.49
Investment Solutions	75 543 252	3.30
Investec	70 980 930	3.11
Eskom Pension and Provident Fund	62 253 250	2.72
Vanguard	60 068 020	2.63
Momentum	53 121 522	2.32
Sanlam Group	47 324 375	2.07
Allan Gray	47 255 549	2.07
Prudential	44 355 890	1.94
Nedbank Group	35 884 283	1.57
Government of Singapore	33 489 543	1.47
ABSA Group	32 937 739	1.44
I Shares	31 818 760	1.39
State Street	31 656 554	1.39
Public Investment Corporation	27 828 025	1.22
Growthpoint Management Services (Pty) Ltd	26 413 772	1.16
Transnet Retirement Funds	23 141 812	1.01
	<b>1 418 034 372</b>	<b>62.06</b>
<b>Fund managers holding greater than 1% of the issued shares</b>		
Public Investment Corporation*	434 841 543	19.03
Stanlib Asset Management	187 171 228	8.19
Investec Asset Management	128 588 311	5.63
Old Mutual Investment Group	84 379 610	3.69
Prudential Portfolio Management	82 137 805	3.59
Vanguard Investment Management	65 677 593	2.87
Allan Gray	62 458 546	2.73
BlackRock	58 012 988	2.54
Meago Asset Management	50 184 927	2.20
Sanlam Investment Management	48 124 238	2.11
Momentum Investments	45 630 309	2.00
Eskom Pension and Provident Investment Management Unit	43 471 178	1.90
State Street Global Advisors	42 136 772	1.84
Sesfikile Capital	39 420 160	1.73
Catalyst Fund Managers	33 635 868	1.47
Government of Singapore Investment Corporation	33 489 543	1.47
Abax Investments	32 421 756	1.42
ABSA Asset Management	28 749 500	1.26
	<b>1 500 531 875</b>	<b>65.67</b>

## SHAREHOLDERS' ANALYSIS CONTINUED

### AS AT 30 JUNE 2014

Share performance – 12 months ended	2014	2013
Shares traded (2013: linked units)	1 158 770 078	934 533 217
Monthly average	96 564 173	77 879 435
Shares in issue	2 284 908 257	1 891 558 328
Shares traded as % of number of shares in issue	50.71%	49.40%
Value traded	R27 925 063 037	R27 951 449 966
Monthly average	R2 327 088 586	R2 000 077 522
Opening price 1 July	R25.98	R23.19
Closing price 30 June	R24.73	R26.39
Intraday high for the period (18 July 2013)	R27.28	R30.94
Intraday low for the period (30 January 2014)	R21.24	R22.60

\* On 30 July 2014, Southern Palace Properties (Pty) Ltd acquired 7.95% of Growthpoint's shares in issue from the Government Employees' Pension Fund (managed by the Public Investment Corporation).

## REMUNERATION PHILOSOPHY AND STRATEGY

### 2014 REMUNERATION REPORT

*The Board of Growthpoint Properties Limited (the Company) and the Remuneration Committee (the Committee) have pleasure in submitting the Remuneration Report for the financial year ended 30 June 2014. This report sets out the Company's remuneration policy and strategy for all employees and sets out the detailed implementation and disclosure of remuneration for executive directors, prescribed officers and non-executive directors. The information provided in this report has been approved by the Board on the recommendation of the Committee.*

*The Company has worked with its independent advisors, PwC, for guidance on responsible and appropriate remuneration principles for decisions that are adopted and implemented by the Committee. The Committee has also taken cognisance of the performance of the Company and the value creation for shareholders during the year and believe that its remuneration policy and the implementation thereof reflects alignment of the Group's business strategy of long-term goals with the interests of shareholders.*

*The Committee is satisfied that the overall principles laid down by the King code of Governance for South Africa (King III) and the Companies Act, 2008 (the Act) have been adhered to unless specifically stated.*

*This year has been characterised by a number of new listings in the property industry, leading to an increase in demand for industry specific talent in a limited pool. This has led to a necessary review of the strategy of the Company to retain staff and, as a result the introduction of the Executive Retention Scheme (ERS), in terms of which variable reducing strike options were issued under the existing Growthpoint Staff Share Incentive Scheme (GSSIS) rules. We believe that this will address our retention concerns, as well as align participants with shareholders in terms of focusing on growth in share price and distributions. We consulted with our major shareholders seeking their approval for the ERS before implementing it.*

*We are determined to ensure that our staff members are engaged and motivated to perform. To ensure that this happens, we continue to make awards of zero cost options to all staff (excluding the executive directors and prescribed officers) under the GSSIS, and have undertaken significant work during the year on the remuneration levels of junior workers. This work has led to an improvement of 24.7% in the Growthpoint minimum wage to R81 100 Guaranteed Cost to Company per annum before any short-term incentives and/or long-term incentive awards. Internal parity on junior levels was achieved through special top-up increase awards to all staff below the minimum threshold. Further, as is detailed in Part 2, on average, larger increases were given to the most junior staff level than were given to executive employees. We will continue to reduce income disparity in years to come, in line with global efforts to reduce the wage gap.*

*This year, we have strived to increase transparency by including increased disclosure relating to the short-term incentive, and include in this year's report full disclosure surrounding the Key Performance Areas (KPA's), the weighting of each KPA, the target for each KPA, and the actual performance against the targets. We also include in this year's report the actual bonus percentage per executive director.*

*We have also set out the revised comparator group which was used to determine the annual pay adjustments for the Executive Directors and Non-executive Directors. We believe that this revised group of companies provides fair and appropriate benchmarks for the determination of remuneration.*

**Hugh Herman, Remuneration Committee Chairman**

The report this year is again segmented into two parts, separating the disclosure of policy (Part 1) and its implementation (Part 2).

## REMUNERATION PHILOSOPHY AND STRATEGY CONTINUED

### PART 1: REMUNERATION PHILOSOPHY AND POLICY

#### **The Committee**

##### *Role of the Committee*

The Committee assists the Board in setting the Company's remuneration policy and directors' and prescribed officers' remuneration. The Committee's Terms of Reference are set out in the Integrated Annual Report.

##### *Members of the Committee*

Details of the members of the Committee can be found in the Corporate Governance section of the Integrated Report.

The majority of the current members of the Committee are independent non-executive directors. The Committee met eight times during FY14. The Chief Executive Officer, Executive Director and Head of Human Resources attended the Committee meetings by invitation and assisted the Committee in its deliberations, except when issues relating to their own remuneration were discussed. PwC attended the meetings in their capacity as independent advisors to the Committee.

##### *Summary of remuneration activities/decisions undertaken during the year*

The main issues considered and approved by the Committee during FY14 were as follows:

- Approval of the remuneration report
- Short-term incentives for executive directors and prescribed officers
- 2013 share incentive plan awards to all eligible employees and approval of vesting of awards
- Annual salary review for executive directors and prescribed officers
- Mandate for salary increases for all other employees
- Review of Executive Directors' service contracts
- Review of fees to Non-executive Directors
- Review and approval of remuneration policy
- Interaction with major shareholders regarding the approval and the implementation of the ERS.

#### **Remuneration policy summary**

##### *Remuneration of Executive Directors, Prescribed Officers and Executive Management*

The table below summarises the individual elements of the total remuneration package offered to executive directors, prescribed officers and executive management during FY14.

	Element	Purpose and link to strategy	Detail
Fixed	Guaranteed Cost to Company (GCTC) Total fixed remuneration – cash	Ensures that each individual's role is compensated at market-related levels which recognise the individual's skill and experience	GCTC is set to be competitive and is set at the median of the comparator group. For key employees, GCTC may be set at the upper quartile.  GCTC is reviewed annually, and the Committee considers the following in its review: <ul style="list-style-type: none"> <li>• company and individual performance</li> <li>• affordability</li> <li>• changes in responsibilities</li> <li>• internal and external benchmarks</li> <li>• average salary increases for the entire Growthpoint workforce.</li> </ul>
	Benefits		Benefits include: <ul style="list-style-type: none"> <li>• included in GCTC: <ul style="list-style-type: none"> <li>– contributions to a defined contribution retirement plan</li> <li>– contributions to a medical aid scheme</li> </ul> </li> <li>• company paid: <ul style="list-style-type: none"> <li>– personal accident, dreaded disease and AdmedGap (hospitalisation gap cover) insurance policies.</li> </ul> </li> </ul>
Variable	Short-term incentive (STI) including a cash payment and a deferred incentive	Drives and rewards the achievement of the Company's short- and medium-term goals, with payment levels based on five Key Performance Areas (KPA's).  Through the KPAs, employees are aligned with the key short- and long-term strategic priorities of Growthpoint. This, in turn, helps to generate long-term returns to shareholders	The STI is determined by the Committee on a discretionary basis, with the maximum STI for executives being 200% of the Total Fixed Remuneration (TFR) at the time of making the STI award, which reflects the TFR in September in any given year.  Executives will be eligible to receive a maximum of 200% of their TFR on the basis that actual performance for all KPAs exceeds the target performance. A maximum of 100% is payable in cash and the balance of a further 100% maximum will be deferred into zero cost options which vest over three years at the end of each year following the award.  Actual Company performance is measured against a scorecard of KPAs, as set out in Part 2. The targets set out in the KPA scorecard translate to a maximum STI achievable, and the Committee then applies its discretion to determine an appropriate STI for each executive director, member of the Executive Committee, and prescribed officer. A portion of the STI is paid in cash, and a portion of the STI is deferred into zero cost options which vest in equal tranches, over three years to provide a deferred element, and assist with retention.  For executive directors, 50% of the STI is paid upfront in cash, and the remaining 50% is delivered on a deferred basis in zero cost options. For executive management and prescribed officers, the annual short-term incentive is paid as follows: <ul style="list-style-type: none"> <li>• approximately 50% – 70% in cash</li> <li>• approximately 30% – 50% deferred into zero cost options.</li> </ul> Performance against the KPAs for the 2014 financial year is disclosed in Part 2 of this report.  Performance achievement against the KPAs and Key Performance Indicators (KPIs) is benchmarked against a peer group of companies in the property sector, namely Redefine, Capital, Acucap, Fountainhead, Emira, Hyprop, Sycam and SA Corporate. In exceptional cases, the Committee has the discretion to make ex <i>gratia</i> payments, where considerable value has been added to shareholders.

## REMUNERATION PHILOSOPHY AND STRATEGY CONTINUED

	Element	Purpose and link to strategy	Detail								
Variable (continued)	<p><b>Long-term incentives (LTI)</b></p> <ul style="list-style-type: none"> <li>Growthpoint Staff Share Incentive Scheme (GSSIS), including:</li> </ul> <p>For the Executive Directors, Executive Management and Prescribed Officers (Executives):</p> <ul style="list-style-type: none"> <li>the Executive Retention Scheme</li> </ul> <p>For other staff:</p> <ul style="list-style-type: none"> <li>zero cost options</li> </ul>	<p>The LTIs drive and reward long-term, sustained performance measured against metrics which are strongly aligned with the interests of shareholders</p>	<p><b>The Growthpoint Staff Share Incentive Scheme</b></p> <p>One of Growthpoint's core values is that "we own and manage" our property portfolio. Through the GSSIS we achieve the ownership component of this value, in that all of Growthpoint's staff members (excluding executives) are awarded zero cost options which vests over a five-year period.</p> <p>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 year five.</p> <p>The GSSIS currently provides for regular annual awards of zero cost options to Growthpoint staff (excluding executive directors, executive management and prescribed officers) and the award of reducing strike options as part of the Executive Retention Scheme. The components, as applicable to executive directors, executive management and prescribed officers, are set out in more detail below.</p> <p>The GSSIS, in the form of zero cost options, is also used as a mechanism for the deferred component of the STI for executives.</p> <p>The limit for the GSSIS is 50 million shares, representing around 2.2% of the issued capital of the Company.</p> <p>In the case of termination of employment, the GSSIS provides for forfeiture of all unvested options, except for certain instances where, at the discretion of the Committee, pro-rata future vesting may be allowed (for instance in the case of 'good leavers') or death in service.</p> <p><b>Zero cost options (all staff excluding the executives)</b></p> <p>Zero cost options are awarded annually where the quantum of options awarded to each eligible employee is based on a target multiple of their respective annual GCTC. Target multiples are linked to market benchmarks and can be increased by approval of the Committee for critical skills and individual retention.</p> <p><b>The Executive Retention Scheme (ERS – part of the GSSIS)</b></p> <p>The ERS is a notional share purchase scheme and is designed to retain executive directors and management over the longer term. The option simulates a share purchase scheme that is half funded with debt.</p> <p>The ERS is not awarded on a regular basis, with a significant initial award having been made this year. Further awards will be made only if considered necessary by the Remuneration Committee, as merited by specific retention risks.</p> <p>The 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 price as traded on the JSE.</p> <p>Each option's strike price will be adjusted on a notional basis by:</p> <ul style="list-style-type: none"> <li>increasing the strike price by 8.25% per annum compounding on the distribution payment date representing interest of the notional debt; and</li> <li>decreasing the strike price by the actual distribution per share, declared and paid by the company.</li> </ul> <p>These options will vest on 1 April each year over the next eight years as follows, and give the option holder the right to acquire one Growthpoint share at the variable strike price at the vesting date:</p> <table border="1" data-bbox="565 1388 778 1469"> <tr> <td>2015</td> <td>0%</td> </tr> <tr> <td>2016 – 2017</td> <td>10% pa</td> </tr> <tr> <td>2018 – 2020</td> <td>20% pa</td> </tr> <tr> <td>2021 – 2022</td> <td>10% pa</td> </tr> </table>	2015	0%	2016 – 2017	10% pa	2018 – 2020	20% pa	2021 – 2022	10% pa
2015	0%										
2016 – 2017	10% pa										
2018 – 2020	20% pa										
2021 – 2022	10% pa										



### General staff remuneration philosophy and strategy

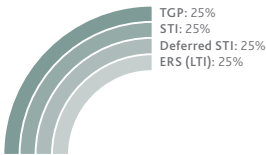
Growthpoint values all staff, and strives to ensure that remuneration below executive level is structured fairly, and all staff members are rewarded for exceptional performance. We recognise that remuneration forms an integral part of the employment offering that enables us to attract, reward and retain the staff we require to manage the Company effectively and efficiently. We are particularly proud of our Growthpoint Staff Share Incentive Scheme (GSSIS), and believe that the participation of all employees in the GSSIS helps us to create a culture of ownership, which contributes towards employees that are satisfied and engaged, and motivated to perform to the best of their ability.



### Package design for Executives

Packages are designed to provide the appropriate balance between fixed remuneration and variable "at risk" remuneration. Variable pay will, depending on the role, function and responsibility of the Executive Director, Prescribed Officer or manager, constitute between 40% and 75% of the total remuneration of that Executive Director, Prescribed Officer or manager. During this year, the pay mix includes the ERS awards as part of LTIs.

#### AVERAGE ON-TARGET PACKAGE DESIGN FOR EXECUTIVE DIRECTORS



### Service contracts

The CEO and Executive Director have service contracts with Growthpoint. The Financial Director is on a standard employment contract with a six month reciprocal notice of termination provision.

The service contracts provide for the following:

- An indefinite period of service, subject to the normal retirement age of the company, with a six month reciprocal notice of termination provision
- The termination provisions provide for paid "garden leave" for the Executives at the Company's election
- In addition to "garden leave" there are also restraints, in relation to the company's clients, staff and corporate opportunities
- KPAs and KPIs have been identified in the contracts, which the executives are measured against.

### Remuneration of Non-executive Directors

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

- Fees are structured as an annual retainer component and an attendance fee for scheduled meetings
- Fees are reviewed annually and proposed at annual general meetings for approval

## REMUNERATION PHILOSOPHY AND STRATEGY CONTINUED

- The comparator group used is the following:
  - Aspen Pharmacare Holdings Limited
  - MMI
  - Discovery Limited
  - Liberty
  - Imperial Holdings Limited
  - Tiger Brands
  - Life Healthcare Group Holdings Limited
  - Woolworths Holdings
  - Sanlam
- The group was selected on the basis of JSE companies of similar size. It is similar to that used for the Executives, but certain companies were excluded due to unusual fee arrangements with the Chairman
- The remuneration of non-executive directors is targeted between the median and the upper quartile of the comparator group. Attendance at meetings of any ad-hoc Sub-Committee, established for special purposes, shall be remunerated on the basis applicable to the established committees. It is expected that non-executive directors will attend at least two ad-hoc meetings a year without being paid. Payment for the ad-hoc Board and Committee meetings will be determined on a case by case basis by the Remuneration Committee
- Non-executive directors are compensated for travel and subsistence on official business where necessary and to attend meetings
- 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 annual general meeting of shareholders following their appointment, and thereafter at three-yearly intervals when they retire by rotation in terms of the Memorandum of Incorporation.

### External appointments

Executive Directors are not permitted to hold external directorships or offices outside of the group, without the approval of the Board. If such approval is granted, the Executive Directors will not be permitted to retain such earnings in their individual capacities. Please see paragraph 43.2 in the Annual Financial Statements (page 62) for detailed remuneration paid to Executive Directors and the Chairman in respect of services rendered to other Group Companies.

### Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote on the aforementioned Part 1 of this report.

## PART 2: DISCLOSURE OF THE IMPLEMENTATION OF THE POLICIES FOR THE FINANCIAL YEAR

### Guaranteed pay adjustments

In determining the GCTC increases for executive directors, the Committee considered relevant comparator group market data. In May 2014, the comparator group was revised and used for the benchmarking exercise requested from PwC. It was considered appropriate to update the comparator group, as the business of Growthpoint has changed significantly since the previous comparator group was established, resulting in a number of companies included in the original comparator group no longer being deemed comparable due to the significant increase in the size of the company relative to the previous group. The basis of selection of the comparator group was to consider JSE companies of a similar size to Growthpoint.

#### *Previous comparator group*

African Bank Investments Limited  
 Capitec Bank Holdings Limited  
 Discovery Holdings Limited  
 Liberty Holdings Limited  
 Nedbank Group Limited  
 Rand Merchant Insurance Holdings Limited  
 Redefine Properties Limited  
 Sanlam Limited  
 Santam Limited

#### *New comparator group*

(for executive director benchmarking)  
 Aspen Pharmacare Holdings Limited  
 Discovery Limited  
 Imperial Holdings Limited  
 Life Healthcare Group Holdings Limited  
 Mediclinic International  
 Remgro Limited  
 RMB Holdings Limited  
 Shoprite Holdings Limited  
 Tiger Brands  
 Woolworths Holdings

The average rate of increase of GCTC for Executive Directors, Prescribed Officers and Executive Management was 8.7%. On average, these increases were similar to those made to staff below executive level. The increases were effective on 1 July 2014 and are applicable for the period July 2014 to June 2015.

This compares to the following average increases for the previous financial year:

- For Executive Directors, Executive Management and Prescribed Officers: 10.6%
- For managers and general staff: 7.7%

It is clear therefore that the Company continues to make strides in raising the lower pay levels of staff.

#### 2014 STI outcomes (cash and deferred STI into zero cost options)

Growthpoint experienced strong corporate performance during FY14, and met all KPA targets, as displayed in the table which follows. The target performance set out in the table below indicates the maximum possible STI pay-out, and Remuneration Committee discretion is then applied to determine the final STI amounts paid.

#### Performance outcomes

Actual performance in respect of the five key performance indicators (KPIs), compared to the target performance, is set out and illustrated in the table below. Growthpoint aims to set targets which include stretch within the targets, and accordingly does not have a concept of "stretch" performance, as strong performance is required to meet the targets set:

	KPI	Weighting	Actual	Target
(a)	<b>Growth in dividend per share:</b>	60%		
	<b>Internal benchmark (budget)</b>		8.3%	7.2%
	<b>Peer group benchmark</b>		8.3%	8%
(b)	<b>Business growth:</b>	10%		
	• Gross Asset Base (R75,802 million vs R59,675 million)		27.0%	>5%
	• Gross Revenue Growth (R6,422 million vs R5,773 million)		11.2%	>7%
	• Dividend growth in absolute terms (R3,497 million vs R2,728 million)		28.2%	>5%
(c)	<b>Operational metrics:</b>	15%		
	• Property cost to income ratio		24.8%	<27%
	• Operating expense ratio		3.8%	<5%
	• Overall vacancies		4.9%	<7%
	• Total arrears (as % of collectables)		5.5%	<10%
(d)	<b>Qualitative factors:</b>	5%		
	• Compliance		√	
	• Development of people/culture/values		√	
	• Overall management review		√	
	• Industry participation		√	
(e)	<b>Financial management:</b>	10%		
	• Loan to value ratio		27.4%	<45%
	• Debt expiry profile		3.5 years	>3 years
	• Interest rate hedging		78.4%	>75%
	• Secured vs unsecured debt (longer term 50/50)		63/37	70/30
	• Moody's rating		YES	Investment Grade

Notwithstanding the achievement, or otherwise, of these KPIs, ultimate discretion in respect of the payment of cash STI, or award of deferred STI, remains with the Committee and the Board of Directors.

## REMUNERATION PHILOSOPHY AND STRATEGY CONTINUED

*Actual STI payments for Executive Directors, Prescribed Officers and Executive Management*

The Executive Directors and Prescribed Officers received the following STI awards in respect of performance for FY14:

Name	Title	STI – cash R	Deferred STI R	STI as % of GCTC %
Norbert Sasse	CEO	5 550 000	5 550 000	213%
Estienne de Klerk	Executive Director	3 850 000	3 850 000	220%
Gerald Völkel	Financial Director	500 000	500 000	45%
Prescribed Officers Aggregate		6 200 000	6 200 000	153%

### Executive retention scheme (ERS) awards granted in the 2014 year

During the year under review, allocations of reducing strike share options were made as part of the ERS under the GSSIS to Executive Directors, Executive Committee members and other senior staff who the Board and the Committee identified as being key to the Group, and who they wished to retain as they perceived them to be a retention risk. The ERS is a living scheme in terms of which new entrants can be added and/or additional awards be made to initial participants.

ERS Awards vest over eight years, are subject to market risk and the ultimate value to the participant is dependent on growth in share price and distributions over the period, which creates a strong alignment of interest with shareholders.

Name	Title	Value of award on date of grant over eight year period R	Number of shares awarded
Norbert Sasse	CEO	45 720 000	4 000 000
Estienne de Klerk	Executive Director	27 432 000	2 400 000
Prescribed Officers Aggregate		48 875 000	4 276 028

Following the adoption of the principle of deferral of STI into zero cost options in terms of the GSSIS, which was introduced in September 2012, no further awards of zero cost options were made in the 2014 financial year to Executive Directors and Prescribed Officers.

### Disclosure of the vesting outcomes in respect of GSSIS awards vesting in 2014

The value attributable to long-term incentives that vested in FY14 in terms of the GSSIS (including deferred STIs) is disclosed in the AFS.

### Total remuneration outcomes for FY14

The composition of remuneration outcomes in FY14 for Executive Directors and the Prescribed Officers is represented graphically below:

#### *Executive Directors' and Prescribed Officers' remuneration*

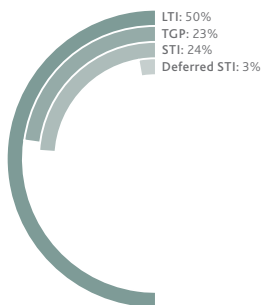
Name	Cash salary R	Benefits (contribution to defined contribution plan) R	Cash bonus (1) R	Deferred STI (2) R	GSSIS vesting 2014 (3) R	Total remuneration 2014 R	Total remuneration 2013 R
Norbert Sasse	4 238 000	962 000	5 550 000	755 277	11 351 312	22 856 590	19 888 685
Estienne de Klerk	3 062 500	437 500	3 850 000	607 479	5 596 882	13 554 361	11 525 536
Gerald Völkel	1 859 000	341 000	500 000			2 700 000	1 416 666
Prescribed Officers Aggregate	6 673 749	1 326 250	6 200 000	1 040 844	4 404 132	19 644 975	15 016 064

#### Notes

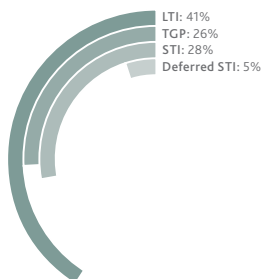
- (1) Based on the FY14 performance and paid in cash in FY15.
- (2) Deferred STI earned in previous years and vesting in FY14.
- (3) GSSIS awarded in prior years and vesting in FY14.

The packages paid to Executives Directors and Prescribed Officers are graphically illustrated as follows:

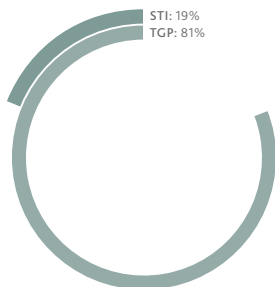
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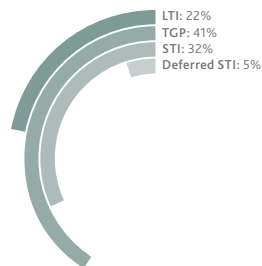
E DE KLERK



G VÖKEL\*



PRESCRIBED OFFICERS AGGREGATE



\* Mr. Gerald Völkel does not have GSSIS or deferred STI vesting in the year as he was only employed in February 2013.

#### Non-executive Directors' fees for FY14

The fees paid to Non-executive Directors for FY14 were paid on the basis presented in the tables in the AFS, approved as recommendations by the Committee and by the Board, and approved by shareholders at the annual general meeting held on 12 November 2013.

#### Non-executive Directors' remuneration FY14

Schedule of retainer fees and fees payable per meeting:

	Chairman R	Deputy Chairman R	Director/Committee member R
<b>Basic annual fee</b>	<b>965 000</b>	<b>115 000</b>	<b>46 000</b>
<b>Fees per meeting attended</b>			
Board	162 000	78 000	52 000
Audit Committee	48 500		34 500
Risk Management Committee	43 000		29 000
Property Committee	43 000		29 000
Social, Ethics and Transformation Committee	37 500		24 000
Remuneration Committee	43 000		29 000
Nomination Committee	37 500		24 000

## REMUNERATION PHILOSOPHY AND STRATEGY CONTINUED

Actual fees paid to Non-executive Directors for FY14:

	Directors' fees 2014 R	Directors' fees 2013 R
MG Diliza	511 500	551 500
PH Fechter	733 500	730 500
LA Finlay	602 500	660 500
JC Hayward	622 500	630 500
HS Herman	681 000	594 500
JF Marais	1 978 000	2 058 000
HSP Mashaba	607 000	770 500
PS Mngconkola*	337 000	175 875
R Moonsamy	574 000	576 500
NBP Nkabinde	531 500	576 500
ZJ Sithole**	–	10 625
CG Steyn	692 500	756 500
JHN Strydom***	325 300	682 500
FJ Visser	573 000	594 500

\* Appointed 12 November 2013

\*\* Deceased 18 August 2012

\*\*\* Retired 12 November 2013

*Proposed Non-executive Directors' fees for FY15*

The Committee has reviewed the proposed increases to Non-executive Directors' fees for FY15, and these have been recommended and approved by the Board, subject to shareholder approval at the forthcoming AGM. Refer to special resolution set out in the separate booklet contained in the Notice of Annual General Meeting for approval by shareholders in terms of section 66 of the Companies Act.

*Proposed retainer fees and fees payable per meeting for FY15*

	Chairman R	Deputy Chairman R	Director/ Committee member R
<b>Basic annual fee</b>	1 033 000	123 000	49 500
<b>Fees per meeting attended</b>			
Board	173 400	83 500	55 700
Audit Committee	52 000		37 000
Risk Management Committee	46 000		31 000
Property Committee	46 000		31 000
Social, Ethics and Transformation Committee	40 250		25 750
Remuneration Committee	46 000		31 000
Nomination Committee	40 250		25 750

#### *Policy statements on Non-executive Directors' fees*

1. The attendance fees for scheduled meeting shall be as agreed by shareholders on the Board's recommendation, at annual general meetings (November each year).
2. Each Director will be obliged to attend, without compensation, the first 2 (two) unscheduled meetings in any financial year, whether Board meetings or Committee meetings.
3. The Board's annual strategy off-site conference, whether spanning 1 (one) or more days, will be regarded as 1 (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, whether scheduled or not, 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 Committee for more than 1 (one) consecutive day, the respective attendance fees shall be paid for each day.
6. Subject to points 2 and 5 hereof, attendance at meeting 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 assignment of 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 up-front 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.

#### **Shareholder engagement**

We strive to maintain transparent and active communication channels with our shareholders. During the year, the following shareholder queries were raised, and we responded with the actions outlined.

<b>Shareholder query</b>	<b>Response</b>
It was noted that the interest rate applicable to the ERS notional loans was too low as it only reflected the official SARS rate.	The interest rate was increased to 8.25% to reflect the current cost of borrowing.
The vesting period of five years, applicable to the GSSIS awards, was considered to be too low in light of current retention concerns and risks. The concern that employees who received awards were selling the shares as soon as vesting/exercise had taken place was also noted.	The vesting period for the ERS was changed to eight years to mitigate possible retention risks.

#### **Approval**

This remuneration report was recommended by the Committee for approval by the Board of Directors of Growthpoint Properties Limited on 26 August 2014.

Signed on behalf of the Board of Directors



**HS Herman**

*Remuneration Committee Chairman*

26 August 2014

## **MATERIAL CHANGE STATEMENT**

The directors report that there have been no material changes in the affairs, financial or trading position of the Group between 30 June 2014 and 26 August 2014, the date on which the financial results were approved by the Board.



## ORDINARY SHARE CAPITAL AND DEBENTURES

	2014 Rm	2013 Rm
<b>ORDINARY SHARE CAPITAL</b>		
<b>Authorised</b>		
4 000 000 000 (2013: 2 000 000 000) ordinary shares with no par value		
<b>Issued</b>		
Ordinary shares		
In issue at beginning of the year – 1 891 558 328 (2013: 1 743 080 918)	95	87
REIT conversion	20 257	–
Issued during the year – 393 349 929 (2013: 148 477 410)	9 084	8
<b>In issue at end of the year – 2 284 908 257 (2013: 1 891 558 328)</b>	<b>29 436</b>	<b>95</b>

As part of the REIT conversion, Growthpoint converted the linked unit capital structure to an all-equity capital structure, in order to align the capital structure with the capital structures of international REITs. The restructuring resulted in an increase in share capital of R20,3 billion, and an increase in the non-distributable reserve of R16,3 billion. The non-distributable reserve mainly relates to cumulative fair value adjustments on investment property that were previously accounted for as a debenture fair value adjustment.

The unissued shares are under the control of the directors of the company subject to the provisions of the Companies Act 2008, as amended, and the Listings Requirements of the JSE Limited.

	2014 Rm	2013 Rm
<b>DEBENTURES</b>		
Unsecured, subordinated, variable-rate debentures		
Fair value at beginning of the year – 18 915 583 280 (2013: 17 430 809 180)	36 537	27 650
Issued during the year – nil (2013: 1 484 744 100)	–	3 906
Converted during the year	(36 537)	–
Fair value adjustment	–	31 556
Fair value adjustment	–	4 981
<b>Fair value at end of the year – nil (2013: 18 915 583 280)</b>	<b>–</b>	<b>36 537</b>
<b>Fair value</b>	<b>–</b>	<b>36 537</b>
Nominal value	–	47 289
Net discount on issue	–	(27 031)
Issue value	–	20 258
Fair value adjustment – previous years	–	11 298
Fair value adjustment – current year	–	4 981

The interest payable on 10 debentures in each linked unit was a multiple of 1 000 times the dividend payable on each share.

## SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The Board of Growthpoint and the Social, Ethics and Transformation Committee have pleasure in submitting the Committee's report for the financial year ended 30 June 2014.

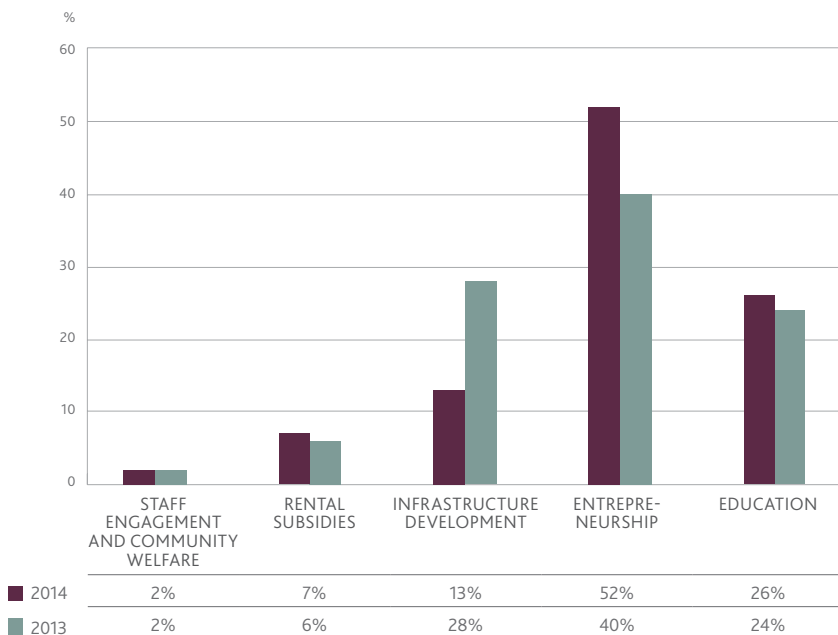
The purpose of this report is to outline how the Social, Ethics and Transformation Committee has satisfied its responsibilities as set out in section 72 of the South African Companies Act No 71 of 2008, as amended and regulation 43 of the Companies Regulations, 2011, issued in terms of the Act.

### 1. COMMITTEE INITIATIVES

During the year under review, Growthpoint invested R13,0 million (FY13: R11,6 million) in corporate social initiatives.

The Committee's budget allocation was as follows:

CSI SPEND FY14 vs FY13



## 1.1 Social and economic development

The Committee selected the following beneficiaries for the period under review:

	<b>Name of beneficiary organisation</b>	<b>Project name</b>	<b>Objective</b>	<b>Output</b>
Entrepreneurship Development	Small black-owned businesses within the property industry	Property Point	To provide businesses with development support and market linkages into supply chains	113 sustainable jobs created R52,1 million market linkages facilitated
Social Infrastructure	Genesis Trust	Genesis Youth Centre	To support youth development in Marburg, KwaZulu-Natal	4 000 m <sup>2</sup> youth centre accommodating 472 youth for various skills development programmes
	Loaves and Fishes Network	Early Childhood Development (ECD) Centres	To contribute to the development of effective ECD educational structures in the Eastern Cape	2x 120m <sup>2</sup> ECD centres to accommodate 57 children
Education	Thandulwazi Trust	Maths and Science Academy	To provide access to quality education	260 Maths workbooks 1x Internship bursary 10x teachers funded for teachers development programme
		Growsmart	To create awareness and increase the standard of literacy and numeracy in Western Cape primary schools and to provide learners with opportunities for better quality education	200 schools and over 70 000 learners have been exposed to the Growsmart programme
Staff Engagement	Home of Hope, Hospice Wits, Banakekeleni Hospice, In Touch Community Support, Guide Dog South Africa, Egoli Squash, Association for the Physically Disabled, CAGC Youth Development	HALO	To care for local communities	Beneficiaries received subsistence support
Rental Subsidies	Opera Africa, Field Band Foundation, Stop Hunger South Africa, Education Africa, Tomorrow Trust	Rental subsidies	To provide office space to NGOs implementing various education and youth development programmes	Field Band Foundation has a membership of 5 500 youth that are exposed to essential life skills training. Stop Hunger distributes meal packs to 11 ECD centres for 5 504 learners.

## **SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE CONTINUED**

### **1.2 Consumer relations**

Growthpoint complies with the Consumer Protection Act and all the requirements of the Code of Advertising Practice of the Advertising Standards Authority of South Africa, when embarking on advertising campaigns and public relations activities.

### **1.3 Transformation**

We continue to align ourselves to the Property Sector Charter and the broader objectives of the Broad-based Black Economic Empowerment (BBBEE) Act of 2003. In July 2013 Growthpoint converted to a Real Estate Investment Trust (REIT) and this has led to a misalignment with certain definitions of the BBBEE Act of 2003. We are currently in consultation with the Property Sector Charter Council to resolve this matter. Our BBBEE rating is therefore still under review and will be made available on our website upon the conclusion of our verification process.

### **1.4 Human resource development**

Growthpoint allocated R410 000 towards bursaries for property-related studies. A portion of this allocation is contributed directly to the SAPOA Bursary Trust.

As part of Growthpoint's efforts towards transformation, a total of R5,8 million was spent on training and developing over 260 employees, with 54.7% being on historically disadvantaged individuals.

### **1.5 Environment, health and public safety**

Growthpoint was awarded several accolades during the 2014 financial year, namely:

- Continued inclusion in the JSE SRI (Socially Responsible Investment) Index, achieving best performance scores in Climate Change practices, is an indication of low environmental impact
- A debut inclusion in the Dow Jones Sustainability Index
- Excelling at the Carbon Disclosure Leadership Index by achieving a Platinum status and an 'A performance' band

Through diverse energy efficiency investment projects we have realised annual energy saving of over 37,0 million kWh of energy which is equivalent to providing power to 10 142 homes with an average 304 kWh per month.

Health and public safety compliance monitoring, including the impact of the company's activities, products and services is a function of the company's Risk Management Committee.

## **2. Growthpoint remains committed to operate in a manner consistent with the following international guidelines and best practices:**

- The 10 principles set out in the United Nations Global Compact
- The Organisational for Economic Co-operation and Development's (OECD) Anti-corruption guidelines
- International Labour Organisation Protocol on decent work and working conditions
- The Employment Equity Act, No 55 of 1998; and
- The Broad Based Black Economic Empowerment Act, No 53 of 2003

During the reporting period there has been no violation of the aforementioned international guidelines and best practices. The Committee is satisfied that the overall principles laid down by the King Code of Governance for South Africa (King III) and the Companies Act 2008, as amended, have been adhered to.

### **MG Diliza**

*Social, Ethics and Transformation Committee Chairman*

9 September 2014

## DIRECTORATE AND ADMINISTRATION

### Directors

JF Marais (Chairman)<sup>o</sup>  
HSP Mashaba (Deputy Chairman)<sup>o</sup>  
EK de Klerk (Executive Director)\*  
MG Diliza <sup>o</sup>  
PH Fechter<sup>o</sup>  
LA Finlay<sup>o</sup>  
JC Hayward<sup>o</sup>  
HS Herman<sup>o</sup>  
SP Mngconkola<sup>o</sup>  
R Moonsamy<sup>o</sup>  
NBP Nkabinde<sup>o</sup>  
LN Sasse (Chief Executive Officer)\*  
CG Steyn<sup>o</sup>  
FJ Visser<sup>o</sup>  
G Völkel (Financial Director) \*  
<sup>o</sup> *Independent*  
<sup>o</sup> *BEE structure stakeholder*  
<sup>o</sup> *Related party and major shareholder's nominee*  
\* *Executive directors*

### Auditors

KPMG Inc  
(Registration No 1999/021543/21)  
KPMG Crescent  
85 Empire Road, Parktown, 2193  
Private Bag 9, Parkview, 2122

### Transfer secretaries

Computershare Investor Services (Pty) Ltd  
(Registration No 2004/003647/07)  
70 Marshall Street, Johannesburg, 2001  
PO Box 61051, Marshalltown, 2107

### Sponsor

Investec Bank Limited  
(Registration No 1969/004763/06)  
100 Grayston Drive, Sandown, Sandton, 2196  
PO Box 785700, Sandton, 2146

### Registered office

Growthpoint Properties Limited  
(Registration No 1987/004988/06)  
The Place, 1 Sandton Drive, Sandown, Sandton, 2196  
PO Box 78949, Sandton, 2146

### Company Secretary

RA Krabbenhöft  
The Place, 1 Sandton Drive, Sandown, Sandton, 2196  
PO Box 78949, Sandton, 2146

### Management company

Growthpoint Management Services (Pty) Ltd  
(Registration No 2004/015933/07)  
The Place, 1 Sandton Drive, Sandown, Sandton, 2196  
PO Box 78949, Sandton, 2146

### Audit Committee

LA Finlay (Chairman)  
PH Fechter  
JC Hayward  
CG Steyn

The Audit Committee members are all independent non-executive directors.

### Risk Management Committee

JC Hayward (Chairman)  
SP Mngconkola  
NBP Nkabinde  
FJ Visser

By standing invitation: JF Marais (Chairman)

The following parties attend or are represented at Audit Committee and/or Risk Management Committee meetings:

AL Davis (Chief Information Officer)  
EK de Klerk (Executive Director)  
RA Krabbenhöft (Company Secretary)  
SA Nizetich (Head of Internal Audit and Risk Management)  
JB Phakathi (Head of Human Resources)  
LN Sasse (Chief Executive Officer)  
ME Steinau (Financial Manager)  
G Völkel (Financial Director)

By invitation:

E Binedell (Fund Director – Industrial)  
SA le Roux (Fund Director – Retail)  
RG Pienaar (Fund Director – Office)

The external auditors, KPMG Inc, attend all regular meetings of the Audit Committee and *ad hoc* meetings as required, as well as Risk Management Committee meetings.

## DIRECTORATE AND ADMINISTRATION CONTINUED

### Property Committee

PH Fechter (Chairman)  
MG Diliza  
HS Herman  
R Moonsamy  
CG Steyn

The following members of management attend Property Committee meetings:

LN Sasse (Chief Executive Officer)  
E Binedell (Fund Director – Industrial)  
K Bourhill (Valuer)  
EK de Klerk (Executive Director)  
RA Krabbenhöft (Company Secretary)  
SA le Roux (Fund Director – Retail)  
S Mills (Management Accountant)  
S Paul (Assistant Company Secretary)  
RG Pienaar (Fund Director – Office)  
G Völkel (Financial Director)

### Social, Ethics and Transformation Committee

MG Diliza (Chairman)  
LA Finlay  
SP Mngconkola  
R Moonsamy  
NBP Nkabinde

The following members of management attend Transformation Committee meetings:

EK de Klerk (Executive Director)  
P Engelbrecht (Development Head)  
RA Krabbenhöft (Company Secretary)  
S Paul (Assistant Company Secretary)  
JB Phakathi (Head of Human Resources)  
F Sibanyoni (National Facilities Head)  
S Theunissen (Head of Corporate Social Responsibility)  
G Völkel (Financial Director)

### Nomination Committee

JF Marais (Chairman)  
HSP Mashaba  
(with involvement of the remainder of the Board)

### Remuneration Committee

HS Herman (Chairman)  
JF Marais  
HSP Mashaba  
FJ Visser

Standing attendees:

LN Sasse (Chief Executive Officer)  
EK de Klerk (Executive Director)  
RA Krabbenhöft (Company Secretary)  
JB Phakathi (Head of Human Resources)  
PricewaterhouseCoopers Inc. (independent advisor to the Committee)

### Executive Committee of Management (Exco)

LN Sasse (Chief Executive Officer) (Committee Chairman)  
EK de Klerk (Executive Director)  
E Binedell (Fund Director – Industrial)  
AL Davis (Chief Information Officer)  
G de Klerk (Regional Head – Durban)  
N Kuzmanich (Head of Marketing)  
SA le Roux (Fund Director – Retail)  
G Muchanya (Deal Manager)  
JB Phakathi (Head of Human Resources)  
RG Pienaar (Fund Director – Office)  
DS Stoll (Regional Head – Cape Town)  
G Völkel (Financial Director)

Standing attendees:

RA Krabbenhöft (Company Secretary)  
S Paul (Assistant Company Secretary)

## CONTACT DETAILS

info@growthpoint.co.za  [twitter.com/growthpoint](https://twitter.com/growthpoint)  
www.growthpoint.co.za  [facebook.com/growthpoint](https://facebook.com/growthpoint)

### Johannesburg office

Physical address: The Place, 1 Sandton Drive, Sandton, 2196  
Postal address: PO Box 78949, Sandton, 2146  
Switchboard tel: +27 (0) 11 944 6000  
General fax: +27 (0) 11 944 6005

### Durban office

Physical address: 4th Floor, Lincoln On The Lake, 2 The High Street, Parkside, Umhlanga Ridge, KwaZulu-Natal, 4319  
Postal address: PO Box 1330, Umhlanga Rocks, 4320  
Switchboard tel: +27 (0) 31 584 5100  
General fax: +27 (0) 31 584 5110

### Cape Town office

Physical address: 2nd Floor MontClare Place, Main Road, Claremont, 7700  
Postal address: PO Box 44392, Claremont, 7735  
Switchboard tel: +27 (0) 21 673 8400  
General fax: +27 (0) 21 679 8405/06

### Growthpoint Australia office

Physical address: Level 22, 357 Collins Street, Melbourne, Victoria 3000, Australia  
Switchboard tel: +61 (0) 3 8681 2900  
General fax: +61 (0) 3 8681 2910  
Email: [info@growthpoint.com.au](mailto:info@growthpoint.com.au)

**GROWTHPOINT**  
PROPERTIES

The Place, 1 Sandton Drive, Sandton,  
Gauteng, 2196, South Africa  
Tel: +27 (0) 11 944 6000, Fax: +27 (0) 11 944 6005  
PO Box 78949, Sandton, 2146, South Africa  
Docex: 48 Sandton Square  
info@growthpoint.co.za

[WWW.GROWTHPOINT.CO.ZA](http://WWW.GROWTHPOINT.CO.ZA)