

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

30 JUNE 2015



**GROWTHPOINT**  
PROPERTIES





THE TOWERS, SANDTON





## CONTENTS

LETTER TO SHAREHOLDERS	2
NOTICE OF ANNUAL GENERAL MEETING	3
ANNEXURE 1: SUMMARY OF AUDITED RESULTS	10
ANNEXURE 2: DIRECTORS' REPORT	31
ANNEXURE 3: BOARD OF DIRECTORS	38
ANNEXURE 4: SHAREHOLDERS' ANALYSIS	40
ANNEXURE 5: REMUNERATION REPORT	43
ANNEXURE 6: MATERIAL CHANGE STATEMENT	55
ANNEXURE 7: ORDINARY SHARE CAPITAL AND DEBENTURES	56
ANNEXURE 8: SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE	57
ANNEXURE 9: INTEREST IN SUBSIDIARIES	61
DIRECTORATE AND ADMINISTRATION	62
CONTACT DETAILS	64
FORM OF PROXY	INSERT

## HIGHLIGHTS

7.5% distribution growth to 173.4 cents per share

R4,2 billion of annual income distributed

31.9% total return on GOZ investment

R4,2 billion development and acquisition pipeline

R100,4 billion property assets

20.7% growth in gross revenue

---

## LETTER TO STAKEHOLDERS

Dear Shareholder

I invite you to attend the 27th annual general meeting (AGM) of Growthpoint Properties Limited (Growthpoint) which will be held at The Place, 1 Sandton Drive, Sandown, Sandton, 2196, on Tuesday, 17 November 2015 at 09:00.

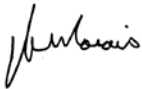
I encourage you to attend and vote at the AGM. It is an ideal opportunity for our shareholders to participate in the review of the company's financial performance for the year ended 30 June 2015 and to engage with the directors and executive management on strategic and financial matters, future direction, 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, 6 November 2015 (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, 30 October 2015. 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*



## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE TO MEMBERS

Notice is hereby given that the 27th annual general meeting of Growthpoint Properties Limited will be held at The Place, 1 Sandton Drive, Sandown, Sandton 2196, Tuesday, 17 November 2015 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 following ordinary resolutions requires the support of at least 50% plus 1 vote of the votes exercised in order to be adopted, save for ordinary resolutions 1.8 and 1.9 which, in terms of the JSE Listings Requirements, require the support of at least 75% of the shares of the Company represented at the meeting.

##### 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 2015, together with the reports of the directors and auditors thereon, and the report of the Audit Committee.

###### *Additional information relative to item 1.1*

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 by rotation but, being eligible, offer themselves for re-election:

- Messrs MG Diliza, PH Fechter, JC Hayward and HSP Mashaba.

###### *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 casual 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 2015, recommends the re-election of the directors mentioned in 1.2 above who hold themselves available for 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 its South African subsidiaries:

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

#### *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 possess 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 financial and integrated reporting, and the overall 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 re-appoint 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 Inc. for re-appointment as the registered external auditor of the Company. The Audit Committee is satisfied that, in all material respects, KPMG Inc. 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 for executive directors and on fees for non-executive directors, as set out 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 268 148 575 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 2 681 485 749 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 18 November 2014 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 (which is separate from and in addition to the authority referred to in item 1.6 of the notice of this annual general meeting) 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 distributions received by them 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 SENS 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 134 074 287 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 2 681 485 749 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 2015 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.

### 2.1 Non-executive directors' fees for the financial year ending 30 June 2016.

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 2016 be and it is hereby approved on the following basis:

	2016	2015
<b>Basic fees:</b>		
Chairman	R1 105 000	R1 033 000
Deputy Chairman	R131 500	R123 000
Non-executive director	R53 000	R49 500
<b>Attendance fees per meeting:</b>		
Board Chairman	R185 500	R173 400
Board Deputy Chairman	R89 200	R83 500
Board non-executive director	R59 600	R55 700
Audit Committee Chairman	R55 600	R52 000
Audit Committee Member	R39 500	R37 000
Risk Management Committee Chairman	R49 200	R46 000
Risk Management Committee Member	R33 200	R31 000
Property Committee Chairman	R55 600	R46 000
Property Committee Member	R39 500	R31 000
Social, Ethics and Transformation Committee Chairman	R43 000	R40 250
Social, Ethics and Transformation Committee Member	R27 500	R25 750
Remuneration Committee Chairman	R49 200	R46 000
Remuneration Committee Member	R33 200	R31 000
Nomination Committee Chairman	R43 000	R40 250
Nomination Committee Member	R27 500	R25 750

*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 2016 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 in Annexure 9 of the booklet containing this notice, 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 16 November 2017, 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 confirm financial assistance to related or inter-related companies granted during the financial year ended 30 June 2015 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 16 November 2017.

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 No. 71 of 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 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 to the JSE in writing, 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.

The following additional information, some of which may appear elsewhere in the 2015 annual financial statements, is provided in terms of Section 11.26 of the JSE Listings Requirements, for purposes of the general authority:

Major beneficial shareholders – page 40; and

Share capital of the Company – page 56.

*Directors' responsibility statement*

The directors, whose names appear on pages 38 and 39 of the annual financial statements which form part of this notice, 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 2015.
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, 6 November 2015.
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 shareholder to be held at 09:00 on Tuesday, 17 November 2015 ("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, 16 November 2015.
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 2014 and 2015 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 web-site 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 drivers' 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 need to contact Mr B Janse van Vuuren at Computershare on (011) 370-7873 or email [bennie.vanvuuren@computershare.co.za](mailto:bennie.vanvuuren@computershare.co.za) by no later than 09:30 on Monday, 17 November 2015 and identify themselves to the satisfaction of Mr B Janse van Vuuren to obtain the dialling 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*

Date: 8 September 2015

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 Rm	30 June 2014 Rm
Revenue, excluding straight-line lease income adjustment		7 740	6 412
Straight-line lease income adjustment		130	193
Revenue		7 870	6 605
Property expenses		(1 630)	(1 384)
Net property income		6 240	5 221
Other operating expenses and income		(303)	(267)
Operating profit		5 937	4 954
Fair value adjustments		3 562	2 396
Equity-accounted investment profit		484	91
Finance costs		(2 086)	(1 748)
Non-cash charges		(1 723)	(78)
Capital items		1 078	(23)
Finance and other investment income	1	916	545
<b>Profit before taxation</b>		<b>8 168</b>	<b>6 137</b>
Taxation		(264)	(160)
Normal taxation (including withholding tax on GOZ distribution)		(72)	(28)
Deferred taxation		(192)	(132)
<b>Profit after taxation</b>		<b>7 904</b>	<b>5 977</b>
<b>Profit attributable to:</b>			
Equity holders		6 955	5 579
Non-controlling interest (NCI)		949	398
<b>Other Comprehensive Income:</b>			
Items that are or may be reclassified to Profit or Loss:			
Translation of foreign operations		(703)	888
Fair value of listed investments		1 143	(46)
Fair value of listed investments – reclassified to profit or loss		(1 097)	–
<b>Total Comprehensive Income</b>		<b>7 247</b>	<b>6 819</b>
<b>Attributable to:</b>			
Equity holders		6 548	6 110
Non-controlling interest		699	709



	Note	30 June 2015 Rm	30 June 2014 Rm
<b>Calculation of distributable earnings</b>			
Operating profit		5 937	4 954
Less: Straight-line lease income adjustment		(130)	(193)
Finance costs		(2 086)	(1 748)
Finance and other investment income		916	545
Cash adjustment on business acquisitions (accounted for in Statement of Changes in Equity)		4	110
Dividends received on treasury shares (accounted for in Statement of Changes in Equity)		66	25
Distribution received on listed investments		–	165
Distributable income from GOZ retained (including NCI)		(74)	(40)
Non-controlling interest's share of distribution (excluding fair value adjustments)		(374)	(295)
Realised foreign exchange gain		45	2
Taxation (excluding deferred tax)		(72)	(28)
<b>Distributable earnings</b>		<b>4 232</b>	<b>3 497</b>
<b>Total dividend</b>	2	<b>4 232</b>	<b>3 497</b>
Taxable dividend (interim)		1 967	1 605
Taxable dividend (special interim)		1 058	–
Taxable dividend (final)		1 207	1 892
		<b>Shares</b>	<b>Shares</b>
Total shares in issue at the end of the year		2 711 056 264	2 284 908 257
Treasury shares		(30 631 827)	(32 406 635)
Total shares in issue at the end of the year (excluding treasury shares)		<b>2 680 424 437</b>	<b>2 252 501 622</b>
Weighted number of shares in issue		<b>2 359 724 314</b>	<b>1 996 917 123</b>
		<b>Cents</b>	<b>Cents</b>
<b>Dividend per share</b>		<b>173,4</b>	<b>161,3</b>
Six months ended 31 December		84,4	78,5
Three months ended 31 March		44,5	–
Three months (FY14: six months) ended 30 June		44,5	82,8
Basic earnings per share	3	294,74	279,38
Diluted earnings per share		292,68	277,53
Headline earnings per share	4	149,42	154,24
Diluted headline earnings per share		148,38	153,22

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	30 June 2015 Rm	30 June 2014 Rm
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>103 187</b>	81 573
Fair value of investment property for accounting purposes	90 917	67 627
Straight-line lease income adjustment	2 118	2 021
Fair value of long-term property assets	<b>93 035</b>	69 648
Equity-accounted investments	6 464	5 722
Listed investments	380	4 457
Intangible assets	2 580	1 258
Equipment	9	10
Long-term loans granted	614	466
Derivative assets	105	12
<b>Current assets</b>	<b>3 216</b>	1 671
Investment property reclassified as held for sale	539	265
Current portion of long-term loans granted	467	–
Trade and other receivables	1 705	1 031
Cash and cash equivalents	505	375
<b>Total assets</b>	<b>106 403</b>	83 244
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' interest</b>	<b>63 369</b>	49 895
Share capital	41 132	29 436
Treasury shares	(646)	(682)
Foreign currency translation reserve	1 072	1 506
Non-distributable reserve	20 604	17 743
Retained earnings	1 207	1 892
Non-controlling interest	4 713	4 180
<b>Total equity</b>	<b>68 082</b>	54 075
<b>Non-current liabilities</b>	<b>30 372</b>	23 016
Non-current financial liabilities	28 755	21 591
Deferred tax liability	1 617	1 425
<b>Current liabilities</b>	<b>7 949</b>	6 153
Trade and other payables	1 802	1 426
Current portion of non-current financial liabilities	5 930	4 543
Taxation payable	31	13
Linked unitholders for distribution	186	171
<b>Total equity and liabilities</b>	<b>106 403</b>	83 244
	<b>Cents</b>	Cents
Net asset value per share	2 364	2 215
Tangible net asset value per share which excludes intangible assets and deferred tax	2 328	2 223





## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 Rm	30 June 2014 Rm
Cash generated from operations		5 911	4 760
Finance and other investment income		497	274
Finance costs		(2 055)	(1 732)
Taxation paid		(54)	(20)
Capital items		(38)	(51)
Distribution to shareholders		(5 618)	(3 265)
Net cash outflow from operating activities		(1 357)	(34)
Net cash outflow from investing activities	5	(2 283)	(7 253)
Net cash inflow from financing activities	5	3 781	5 742
Net increase/(decrease) in cash and cash equivalents		141	(1 545)
Translation effects on cash and cash equivalents of foreign operation		(11)	8
Cash and cash equivalents at beginning of the year		375	1 912
<b>Cash and cash equivalents at end of the year</b>		<b>505</b>	<b>375</b>

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2015

	Note	Share capital Rm	Treasury shares Rm
Balance at 30 June 2013		95	–
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		20 257	–
Shares issued		9 084	–
Cash adjustment on business acquisitions		–	–
Acquisition of treasury shares		–	(728)
Dividends received on treasury shares		–	–
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		–	–
<b>Balance at 30 June 2014</b>		<b>29 436</b>	<b>(682)</b>
Total comprehensive income – profit after taxation		–	–
Total comprehensive income – other comprehensive income		–	–
<b>Transactions with owners recognised directly in equity</b>			
Shares issued		11 696	–
Acquisition of subsidiary with NCI		–	–
Cash adjustment on business acquisitions		–	–
Dividends received on treasury shares	2	–	–
Transfer non-distributable items to NDR		–	–
Share-based payment transactions		–	36
Acquisitions – GOZ		–	–
Transfer to NDR reserves with NCI		–	–
Dividends declared – NCI		–	–
Dividends declared	2	–	–
<b>Balance at 30 June 2015</b>		<b>41 132</b>	<b>(646)</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
962	(849)	–	208	2 485	2 693
–	–	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>
–	–	6 955	6 955	949	7 904
(453)	46	–	(407)	(250)	(657)
–	–	–	11 696	–	11 696
–	–	–	–	64	64
–	–	4	4	–	4
–	–	66	66	–	66
–	2 790	(2 790)	–	–	–
–	72	–	108	–	108
19	–	(47)	(28)	144	116
–	(47)	47	–	–	–
–	–	–	–	(374)	(374)
–	–	(4 920)	(4 920)	–	(4 920)
<b>1 072</b>	<b>20 604</b>	<b>1 207</b>	<b>63 369</b>	<b>4 713</b>	<b>68 082</b>

## SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2015

	South Africa				Total as reported Rm	V&A Water-front 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 2015</b>								
Revenue, excluding straight-line lease income adjustment	1 995	2 752	1 149	1 844	7 740	553	19	8 312
Property expenses	(525)	(635)	(257)	(213)	(1 630)	(154)	(5)	(1 789)
<b>Segment results</b>	<b>1 470</b>	<b>2 117</b>	<b>892</b>	<b>1 631</b>	<b>6 110</b>	<b>399</b>	<b>14</b>	<b>6 523</b>
<b>Material non-cash items:</b>								
Fair value adjustment on Investment property	896	772	202	1 077	2 947	480	19	3 446
Fair value adjustment on Investment property – NCI	–	–	–	587	587	–	–	587
Impairment of goodwill	(949)	(569)	(40)	–	(1 558)	–	–	(1 558)
			South Africa Rm	Australia Rm	Total as reported Rm	V&A Water-front 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			(222)	(81)	(303)	(16)	(3)	(322)
Finance costs			(1 663)	(423)	(2 086)	(28)	(11)	(2 125)
Finance and other investment income			909	7	916	8	–	924



	South Africa				Total as reported Rm	V&A Water- front Rm	Other joint ventures Rm	Total Rm	
	Retail Rm	Office Rm	Industrial Rm	Australia Rm					
<b>Statement of Financial Position extracts at 30 June 2015</b>									
<b>Investment property</b>									
Opening balance 1 July 2014	15 756	24 012	9 286	20 859	69 913	5 947	315	76 175	
Acquisitions – Acucap & Sycam	11 324	6 789	473	–	18 586	–	569	19 155	
Acquisitions – Other	–	755	21	637	1 413	25	–	1 438	
Developments and capital expenditure	352	1 003	530	306	2 191	309	–	2 500	
Disposals	(115)	(430)	(76)	(237)	(858)	–	(272)	(1 130)	
Foreign exchange loss	–	–	–	(1 205)	(1 205)	–	–	(1 205)	
Fair value adjustments	896	772	202	1 664	3 534	480	19	4 033	
<b>Fair value of total property assets – 30 June 2015</b>	<b>28 213</b>	<b>32 901</b>	<b>10 436</b>	<b>22 024</b>	<b>93 574</b>	<b>6 761</b>	<b>631</b>	<b>100 966</b>	
Fair value of long-term property assets	28 213	32 432	10 366	22 024	93 035	6 761	631	100 427	
Investment property reclassified as held for sale	–	469	70	–	539	–	–	539	
				South Africa Rm	Australia Rm	Total as reported Rm	V&A Water- front Rm	Other joint ventures Rm	Total Rm
<b>Further extracts of Statement of Financial Position</b>									
Intangible assets				2 580	–	2 580	–	–	2 580
Opening balance 1 July 2014				1 258	–	1 258	–	–	1 258
Acquisition through business combination				2 978	–	2 978	–	–	2 978
Impairment of goodwill				(1 558)	–	(1 558)	–	–	(1 558)
Additions during the year				4	–	4	–	–	4
Amortisation for the year				(102)	–	(102)	–	–	(102)
Listed investments				380	–	380	–	–	380
Trade and other receivables				1 353	352	1 705	23	–	1 728
Cash and cash equivalents				253	252	505	129	3	637
Trade and other payables				(1 514)	(288)	(1 802)	(102)	(10)	(1 914)
Financial liabilities				(26 130)	(8 555)	(34 685)	(197)	(502)	(35 384)
Nominal value – interest-bearing liabilities				(25 444)	(8 367)	(33 811)	(197)	(502)	(34 510)
Fair value adjustment				(686)	(131)	(817)	–	–	(817)
Foreign translation differences				–	(57)	(57)	–	–	(57)

## SEGMENTAL ANALYSIS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

	South Africa				Total as reported Rm	V&A Water-front 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 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>Material non-cash items:</b>								
Fair value adjustment on investment property	866	847	565	187	2 465	122	–	2 587
Fair value adjustment on investment property – NCI	–	–	–	101	101	–	–	101
			South Africa Rm	Australia Rm	Total as reported Rm	V&A Water-front 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 and other investment income			540	5	545	4	–	549





South Africa									
	Retail Rm	Office Rm	Industrial Rm	Australia Rm	Total as reported Rm	V&A Water- front Rm	Other joint ventures Rm	Total 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	
Acquisitions – Tiber	90	4 942	347	–	5 379	–	315	5 694	
Acquisitions – Abseq	–	1 343	–	–	1 343	–	–	1 343	
Acquisitions – 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>	15 756	24 012	9 286	20 859	69 913	5 947	315	76 175	
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 Water- front Rm	Other joint ventures Rm	Total Rm
<b>Further extracts of Statement of Financial Position</b>									
Intangible assets					1 258	–	–	–	1 258
Opening balance 1 July 2013					1 354	–	–	–	1 354
Additions during the year					6	–	–	–	6
Amortisation for the year					(102)	–	–	–	(102)
Listed investments					4 457	–	–	–	4 457
Trade and other receivables					874	157	32	5	1 068
Cash and cash equivalents					163	212	97	13	485
Trade and other payables					(1 161)	(265)	(81)	(5)	(1 512)
Financial liabilities					(17 239)	(8 895)	(26 134)	(196)	(26 461)
Nominal value – interest-bearing liabilities					(16 368)	(8 677)	(25 045)	(196)	(25 372)
Fair value adjustment					(871)	(149)	(1 020)	–	(1 020)
Foreign translation differences					–	(69)	(69)	–	(69)

## NOTES

FOR THE YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	Rm	Rm
<b>Note 1: Finance and other investment income</b>	<b>916</b>	545
Other finance income	203	213
Distribution from V&A Waterfront	368	332
Distribution from Acucap & Sycom	345	–

### Note 2: Dividends on treasury shares

The interim dividend of R1 967 million (HY14: R1 605 million) included dividends on treasury shares of R26 million (HY14: R25 million). The net interim dividend paid by Growthpoint for accounting purposes was R1 941 million (HY14: R1 580 million).

The special interim dividend of R1 058 million (FY14: Rnil) included dividends on treasury shares of R14 million (FY14: Rnil). The net special interim dividend paid by Growthpoint for accounting purposes was R1 044 million.

The total dividend of R4 232 million (FY14: R3 497 million) includes dividends on treasury shares of R53 million (FY14: R52 million). The net total dividend paid and payable is therefore R4 179 million (FY14: R3 445 million).

### Note 3: Basic and diluted earnings per share

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.

The calculation of distributable earnings and the dividend per share is more meaningful.

### Note 4: Headline earnings per share

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 fair value accounting adjustments that do not affect distributable earnings, to be added back.

	30 June 2015	30 June 2014
	Rm	Rm
<b>Basic profit is reconciled to headline earnings as follows:</b>		
Profit after taxation – attributable to equity holders	6 955	5 579
Impairment of goodwill/(bargain purchase)	1 558	(28)
Realised profit on sale of listed investments	(1 097)	–
Add back: Net fair value adjustment – investment property	(3 890)	(2 471)
Fair value adjustment, net of straight-line lease income adjustment	(2 817)	(2 272)
Fair value adjustment (equity-accounted investments)	(486)	(98)
NCI portion of fair value adjustment	(587)	(101)
Headline earnings attributable to shareholders	<b>3 526</b>	3 080



**Note 5: Restatement of Statement of Cash Flows**

In 2014, the Statement of Cash Flows reflected the acquisitions of Abseq and Tiber as a cash outflow as part of investing activities, with the related issue of shares for these acquisitions as a cash inflow as part of financing activities. The acquisitions were financed in part by the issue of shares and therefore no cash flows should have been reflected for this. The Statement of Cash Flows has been restated to reflect the relevant cash movements for these transactions.

	Previously reported Rm	Effect of change Rm	Restated Rm
<b>The line items affected are:</b>			
Net cash outflow from investing activities	(14 348)	7 095	(7 253)
Net cash inflow from financing activities	12 837	(7 095)	5 742

*This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The full preliminary report is available at the issuer's registered office and upon request.*

## COMMENTARY

### FOR THE YEAR ENDED 30 JUNE 2015

#### INTRODUCTION

Growthpoint is the largest South African listed REIT with a quality portfolio of 471 directly owned properties in South Africa valued at R71,6 billion, as well as six equity-accounted investments, with our share of properties valued at R7,4 billion of which the V&A Waterfront is by far the largest. In addition, Growthpoint has a 65.0% interest in Growthpoint Properties Australia (GOZ), which owns 53 properties in Australia valued at R22,0 billion. Through the acquisition of the shares not already owned in the listed investments Acucap Properties Limited (Acucap) and Sycom Property Fund (Sycom), these entities became subsidiaries of the Group on 1 April 2015. The remaining listed investment with a value of R380 million relates to a 22.9% investment in the Stenham European Shopping Centre Fund (SESCF), a company listed on the Channel Island Stock Exchange as a closed fund and was acquired as part of the Acucap and Sycom business combination. Refer to further detailed commentary on the transaction below.

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 R71,7 billion at 30 June 2015 (FY15). Over the last year, on average, more than 119,7 million shares traded per month (FY14: 72,1 million). The monthly average value traded was R3,2 billion (FY14: R1,8 billion). This makes Growthpoint the most liquid and tradeable way to own commercial property in South Africa.

Excluding the equity-accounted investments, the South African portfolio represents 76.5% of the property portfolio by value and 83.8% 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.

For the period under review net asset value of the Group increased by 6.7% to 2 364 (FY14: 2 215) cents per share.

#### GROWTH IN DISTRIBUTIONS

Growthpoint delivered growth in distributions per share for FY15 of 7.5% and has declared a final dividend of 44.5 cents per share for the three months ended 30 June 2015, taking the total dividends for the year to 173.4 cents per share. This growth is at the upper end of the guidance given to the market in the FY14 results of between 7.0% and 7.5%.

Distribution growth was impacted by the payment of the special interim dividend of 44.5 cents per share (R1 058 million in aggregate) which was paid to shareholders five months earlier than it would have in the normal course. Taking the interest benefit of this early payment, of approximately 1.4 cents per share, into account, shareholders effectively received growth in distributions per share equal to 8.4%.

Distribution growth has been impacted by a solid performance from the South African portfolio, especially the V&A Waterfront, and also includes the results of Acucap and Sycom for nine months as an investment and three months, being April to June, as a subsidiary.

The increase in distributions was further enhanced by the investment in GOZ, where an effective hedging strategy led to distributions from GOZ being received at an average rate of R9.92:AUD1 compared to R9.57:AUD1 for FY14. Distribution per unit from GOZ grew by 5.3% in Rand terms on a like-for-like basis.

#### BASIS OF PREPARATION

The summarised consolidated financial statements are prepared in accordance with the JSE Limited 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:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Recoverable Amount Disclosure for Non-Financial Assets (Amendments to IAS 36)
- Novation of Derivative and Continuation of Hedge Accounting (Amendments to IAS 39)
- Annual improvements to IFRS 2010 – 2012
- Annual improvements to IFRS 2011 – 2013

There was no material impact on the financial statements based on management's assessment of these standards. Whilst this report is itself not audited, the consolidated financial statements, from which the summarised 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 ACUCAP AND SYCOM

In April 2014, Growthpoint acquired a strategic stake in Acucap of 34.9% and a stake in Sycom of 31.5%. Growthpoint acquired these units in exchange for new Growthpoint shares from a selected pool of institutional investors. Subsequent to Growthpoint's investment, Acucap made an offer for Sycom in which Growthpoint tendered a portion of its Sycom investment in exchange for new Acucap shares. At the announcement of Growthpoint's 2014 results, on 27 August 2014, Growthpoint held 34.7% of Acucap and retained 15.0% of Sycom. Acucap had acquired 82.7% of Sycom. This left approximately 2.3% of Sycom in free float, which Acucap advised it was attempting to acquire. Acucap successfully acquired a further 1.3% in Sycom. On 1 April 2015, Growthpoint acquired the remaining shares and voting interests in Acucap by issuing 317 370 060 Growthpoint shares. The fair value of the ordinary shares issued was based on the ex-div listed price of the company at 1 April 2015 of R28.22 per share.

The acquisition represented a unique opportunity for Growthpoint to increase the size of its South African property portfolio to R71,6 billion, a major milestone for the company in achieving its stated objective of defensively growing its property portfolio through the acquisition of complementary and quality enhancing assets. Growthpoint will benefit from greater sector diversification by increasing the relative weighting of Growthpoint's retail portfolio to levels preceding the acquisitions of the primarily office portfolios of the Tiber Group and Abseq Properties Proprietary Limited during the 2014 financial year. The acquisition is consistent with Growthpoint's growth and investment strategy to build a diversified property portfolio and offer long-term distribution and capital growth underpinned by strong underlying contractual cash flows.

In the three months to 30 June 2015, Acucap contributed revenue of R458 million and a profit of R258 million to the Group's results. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue for the year would have been R1 035 million higher, and consolidated profit for the year would have been R641 million higher. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of

## COMMENTARY CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2015

acquisition would have been the same if the acquisition had occurred on 1 July 2014. The acquisition date fair value of the equity interest in Acucap held by Growthpoint was R5 631 million after taking into account the amount of R369 million gain recognised in the fair value of listed investments line item on the Statement of Profit or Loss and Other Comprehensive Income as a result of remeasuring to fair value the interest in Acucap before the business combination.

The fair value of the assets and liabilities of Acucap acquired were as follows:

	Rm
Fair value of properties	18 586
Net working capital*	(390)
Other assets	1 212
Fair value of borrowings	(7 736)
Net asset value	11 672
Funded by issue of share capital	(8 955)
Fair value of previously held investment in Acucap	(5 631)
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities	(64)
Goodwill	(2 978)

\* The trade receivables comprise gross contractual amounts due of R282 million of which R8 million was expected to be uncollectable at the date of acquisition.

The consideration for the business acquisition was based on a fixed share exchange between Acucap shareholders and Growthpoint at an exchange ratio of 1.97 Growthpoint shares per Acucap share. The goodwill is attributable mainly to the difference between the fair value of the Growthpoint shares issued as consideration and the fair value of the identifiable assets and liabilities received, as the share price increased since the negotiations of the takeover. A material amount of goodwill also originated as Growthpoint paid a premium over the net asset value (NAV) for the Acucap shares. None of the goodwill recognised is expected to be deductible for tax purposes.

The Group incurred acquisition-related costs of R26 million. These costs have been included in Capital items.

For the purposes of impairment testing, goodwill has been allocated to the Group's cash-generating units (CGUs) by sector. The recoverable amounts of all these CGUs were based on fair value less costs of disposal, estimated using the average difference between the NAV and the market capitalisation of Acucap over a period of five years. This indicates that a third party will be prepared to pay a premium over the NAV for Acucap shares. The future expectations of the CGUs were considered by estimating the premium a third party is prepared to pay for Growthpoint's own shares as the properties will now form part of the Growthpoint portfolio. Growthpoint's NAV and share price, together with Acucap's historical NAV and share price difference, has been considered to provide an indication of how the portfolios are expected to perform in the future. The fair value measurement was categorised as level 3 fair value based on the inputs in the valuation techniques used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent the quoted share price of Acucap at 31 March (representing the Group's year-end before the business combination) from 2011 until 2015, as well as the NAV per unit per the published results of the Acucap group.

	2011	2012	2013	2014	2015
Acucap (Unit price in cents)	3 440	4 070	4 995	4 000	5 551
Acucap (Net asset value per unit in cents)	3 272	3 675	4 048	4 095	4 480
<b>Acucap (Market capitalisation versus net asset value)</b>	<b>5.13%</b>	<b>10.75%</b>	<b>23.39%</b>	<b>(2.32%)</b>	<b>23.90%</b>

As a material percentage of the goodwill arose as a result of the increase in the Growthpoint share price from the date on which the Acucap agreement was concluded (12 November 2014) and the date of acquisition (1 April 2015), management is of the opinion that an impairment loss exists for the year ended 30 June 2015. To be conservative, the average NAV versus market capitalisation for the Acucap group for the previous five years (i.e. 12.17%) was used in the calculation of the fair value, less costs of disposal, of the Acucap CGUs.





An impairment loss of R1 558 million has therefore been recognised during the current year.

	Goodwill 1 April 2015	Impairment loss recognised	Carrying value 30 June 2015
Retail sector	1 815	(949)	<b>866</b>
Office sector	1 087	(569)	<b>518</b>
Industrial sector	76	(40)	<b>36</b>
<b>Total (Rm)</b>	<b>2 978</b>	<b>(1 558)</b>	<b>1 420</b>

Following the impairment losses recognised in the retail, office and industrial CGUs, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairments.

### 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 Statement of Financial Position includes 100% of the assets and liabilities of GOZ, converted at the closing exchange rate at FY15 of R9.40:AUD1 (FY14: R9.96:AUD1). The Statement of Profit or Loss and Other Comprehensive Income also includes 100% of the revenue and expenses of GOZ, which were translated at an average exchange rate of R9.55:AUD1 (FY14: R9.53:AUD1) for FY15. The resulting foreign currency translation difference is recognised in other comprehensive income. A non-controlling interest was raised for the 35.0% (FY14: 36.0%) not owned by Growthpoint.

Growthpoint increased its investment in GOZ from R5,3 billion at FY14 to R5,9 billion at FY15. This further investment of R607 million related to Distribution Re-investment Plans (DRIPs), where Growthpoint elected not to receive the distributions in August 2014 and February 2015, but to reinvest the distributions in GOZ.

A deferred tax liability of R1,3 billion (FY14: 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 R73 million (FY14: 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 other joint venture, have been accounted for in terms of IFRS 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.

Despite the slowdown in tourism, retail operations at the V&A Waterfront performed well where 11% growth in sales was recorded which exceeds the national retail and Investment Property Databank (IPD) benchmarks. Included in the FY15 finance income, is R368 million of distributable income from the V&A Waterfront, compared to distributable income for FY14 of R332 million.

### NET PROPERTY INCOME

Gross revenue increased by 20.7% for FY15 compared to FY14. The South African operations increased revenues by 23.0% compared to FY14, as a result of the acquisition of Acucap and Sycom which have been included in the Group results from 1 April 2015. Revenue was further increased by the inclusion of the Abseq and Tiber property portfolios for the full year compared to six and four months respectively in FY14. The GOZ operations increased its revenues by 14.0% mostly as a result of the first rentals earned on a newly acquired property (acquired on 30 June 2014) as well as three further industrial properties acquired during the year. Disposals amounting to R651 million were made in the RSA portfolio in FY14 and impacted negatively on revenue growth in the current period. Whilst immaterial to total revenues, the vacating of distribution centres by Ellerines had an adverse impact on revenue.

The ratio of property expenses to revenue for the Group improved to 21.1% at FY15 from 21.6% at FY14. For RSA the ratio also improved to 24.0% from 24.8% at FY14.

## COMMENTARY CONTINUED FOR THE YEAR ENDED 30 JUNE 2015

### FAIR VALUE ADJUSTMENTS

The revaluation of properties in South Africa and GOZ resulted in an upward revision of R3,4 billion (3.8%) to R93,6 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 FY15, resulting in a decrease of R272 million in the overall liability. In addition a loss of R116 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 increased by 19.3% to R2 086 million (FY14: R1 748 million) as a result of the further investments made in GOZ, loans advanced to the V&A Waterfront as well as the special dividend paid in April relating to the Acucap and Sycom business combination. These outflows were somewhat negated by the proceeds from the DRIPs offered by Growthpoint. The weighted average interest rate for RSA borrowings was 8.9% (FY14: 9.4%). The weighted average maturity of debt reduced to 2.9 years (FY14: 3.5 years). Finance costs for GOZ decreased by 9.4% from R467 million in FY14 to R423 million in FY15. 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 and listed investments are included in the operating profit, increased from 3.3 at FY14 to 3.4 at FY15.

### FINANCE INCOME

Finance income increased by 68.1% to R916 million (FY14: R545 million). The increase resulted mainly from distributions received from the listed investment in Acucap and Sycom amounting to R345 million (FY14: nil) for the period up to 31 March 2015.

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.

### ACQUISITIONS AND COMMITMENTS

In addition to the acquisition of the Acucap and Sycom portfolios, on 1 September 2014 Growthpoint acquired the remaining 50% interest in the properties owned by Truzen 75 Trust from the remaining beneficiaries, as well as the remaining shares in Erven 99 and 100 Parktown Township Share Block Company (Pty) Ltd from Zenprop (this business combination was reported on in full in the condensed unaudited results for the six months ended 31 December 2014). Growthpoint also acquired one industrial property for R21 million and two other office properties for R95 million during the year. Development and capital expenditure for RSA amounting to R1,9 billion (FY14: R1,0 billion) relates to various projects undertaken during the year, of which the Discovery Head Office (owned 55%) and Bridgeway Park Office Block accounted for R420 million and R83 million, respectively.

GOZ acquired land for an office property development situated at 211 Wellington Road, Mulgrave, Victoria for R67,0 million (AUD 7,0 million) and incurred development expenditure in respect of this land amounting to R252 million (AUD 27,2 million) during the year. Three industrial properties were acquired by GOZ for R571 million (AUD 60,4 million). GOZ has a further outstanding commitment to fund through the development of 12 718 m<sup>2</sup> office space for an amount of R268,7 million (AUD 28,6 million). The building will yield 7.6% on completion. In addition GOZ has commitments amounting to R197 million (AUD 21,0 million).

Growthpoint RSA has commitments outstanding in respect of developments amounting to R2,7 billion (FY14: R2,1 billion) of which the Discovery Head Office (55% share) of R1,2 billion is the largest. Further commitments in respect of property acquisitions amount to R531 million (FY14: R272 million) and includes development land in Samrand, Midrand for R360 million.



Development and capital expenditure at the V&A Waterfront amounted to R309 million (FY14: R276 million) for the year. Growthpoint's share of the V&A Waterfront's commitments outstanding at FY15 amounted to R475 million (FY14: R496 million), which relates to the PwC and Werksmans Office development, the Grain Silo development, phase 2 of the car park, Virgin Active club and number 3 Silo consisting of residential units for sale.

## DISPOSALS AND HELD FOR SALE ASSETS

Growthpoint RSA disposed of 18 properties in the current year (FY14: 14) for R621 million (FY14: R651 million) with a collective R205 million (FY14: R132 million) profit on cost achieved.

At FY15, five RSA properties (FY14: eight) valued at R539 million (FY14: R265 million) were classified as held for sale assets.

## ARREARS

Total RSA arrears at FY15 amounted to R63,7 million (FY14: R34,7 million) with a provision for bad debts of R25,9 million (FY14: R14,1 million). Total RSA bad debt expenses amounted to R15,1 million (FY14: R6,6 million). Growthpoint has provided in full for its total exposure to Ellerines.

## VACANCY LEVELS

At FY15, the total m<sup>2</sup> of Growthpoint's portfolio and vacancy levels expressed as a percentage of GLA were:

	GLA		Vacancy	
	m <sup>2</sup> FY15	m <sup>2</sup> FY14	% FY15	% FY14
Retail	<b>1 410 461</b>	907 746	<b>3.3</b>	4.5
Office	<b>1 790 428</b>	1 460 741	<b>8.0</b>	8.0
Industrial	<b>2 225 075</b>	2 194 459	<b>5.3</b>	3.0
RSA total	<b>5 425 964</b>	4 562 946	<b>5.7</b>	4.9
V&A Waterfront (50%)	<b>202 658</b>	195 700	<b>2.6</b>	1.5
GOZ	<b>1 050 611</b>	1 036 740	<b>1.0</b>	1.5
<b>Total</b>	<b>6 679 233</b>	5 795 386	<b>4.8</b>	4.2

Vacancies in the industrial sector have increased during FY15, mainly due to the loss of Ellerines as a tenant in three distribution centres. 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 RAISED

During the year, Growthpoint issued 426,1 million shares and raised R11,7 billion. Details thereof are as follows. In September 2014 R1 006 million, in March 2015 R1 199 million and in April 2015 R442 million was raised through DRIP programs, where 42,2 million, 46,4 million and 16,3 million shares were issued at R24.20, R26.25 and R27.25 per share respectively. The equity raised from the DRIPs was utilised to finance Growthpoint's investment activities.

Growthpoint issued 3,8 million shares for the acquisition 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.

Growthpoint issued 317,4 million shares in April 2015 for the purchase of the Acucap shares it did not already own.

The company has 2,7 billion shares in issue at FY15 and the authorised capital is 4,0 billion shares. Growthpoint held 30 631 827 treasury shares at FY15 (FY14: 32 406 635).

## COMMENTARY CONTINUED FOR THE YEAR ENDED 30 JUNE 2015

### BORROWINGS AND NET WORKING CAPITAL

At FY15, 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 33.2% (FY14: 30.8%). The higher LTV relates directly to the higher LTV of the Acucap and Sycom portfolios. Growthpoint has consistently applied its policy on fair value measurement in respect of long-term interest-bearing loans and derivatives and there has been no change in valuation techniques, nor have there been any transfers between level 1, level 2 and level 3 during the period under review.

Growthpoint has unutilised committed bank facilities in RSA amounting to R4,1 billion and in Australia R2,1 billion (AUD 228 million) at FY15 which provides assurance that it will be able to meet its short-term commitments which exceeded current assets by R4,7 billion at FY15 (FY14: R4,5 billion).

### CHANGE IN DIRECTORATE

Mr Colin Steyn retired on 18 November 2014 as a non-executive director of Growthpoint. Mr Estienne de Klerk was appointed as Managing Director of Growthpoint with effect from 3 March 2015.

### EVENTS AFTER THE REPORTING PERIOD

There have been no facts or circumstances of a material nature that have occurred between the reporting date and the date of this report.

### PROSPECTS

Considering the weak domestic economy and rising interest rate environment in South Africa, the integration of the Acucap and Sycom acquisition, the budgeted impact of the relatively stable rand against the Australian Dollar, as well as increased withholding tax on distributions received from GOZ, the Growthpoint Board are of the view that dividends per share for FY16 will grow between 5% and 6% over that achieved in FY15.

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

Notice is hereby given of the declaration of the final dividend number 59 of 44.50000 cents per share for the year ended 30 June 2015.

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. The entitlement of shareholders to elect to participate in the share re-investment alternative is subject to the Board, either itself or through a Board sub-committee appointed to set the pricing and terms of the share re-investment alternative, having the discretion to withdraw the entitlement to elect the share re-investment alternative should market conditions warrant such action. The withdrawal of the entitlement to elect the share re-investment alternative will be communicated to shareholders before the publication of the finalisation announcement on Friday, 4 September 2015.

Other information:

- issued shares at 30 June 2015: 2 711 056 264 ordinary shares of no par value.
- 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.



## 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. With effect from 1 January 2014, any dividend received by a non-resident from a REIT is 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 37.82500 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:

	2015
Circular and form of election posted to shareholders	Friday, 28 August
Last date for Growthpoint to withdraw the entitlement for shareholders to elect to participate in the share re-investment alternative before the publication of the announcement of the share alternative issue price and finalisation information on SENS	Friday, 4 September
Announcement of Share Alternative issue price and finalisation information	Friday, 4 September
Last day to trade (LDT) <i>cum</i> dividend	Friday, 11 September
Shares to trade <i>ex</i> dividend	Monday, 14 September
Listing of maximum possible number of Share Alternative shares commences on the JSE	Wednesday, 16 September
Last day to elect to receive the Share Alternative (forms of election will not be accepted after 12:00 South African time)	Friday, 18 September
Record date	Friday, 18 September
Announcement of results of Cash Dividend and Share Alternative released on SENS	Monday, 21 September
Cheques posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the Cash Alternative, on or about	Monday, 21 September
Share certificates posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the Share Alternative, on or about	Wednesday, 23 September
Adjustment to shares listed, on or about	Friday, 25 September

## COMMENTARY CONTINUED FOR THE YEAR ENDED 30 JUNE 2015

### Notes:

1. Shareholders electing the Share Alternative are alerted to the fact that the new shares will be listed on LDT + 3 and that these new shares can only be traded on LDT + 3, due to the fact that settlement of the shares will be three days after record date, which differs from the conventional one day after record date settlement process.
2. Shares may not be dematerialised or rematerialised between Monday, 14 September 2015 and close of trade on Friday, 18 September 2015.
3. The above dates and times are subject to change. Any changes will be released on SENS and published in the press.
4. 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

25 August 2015

### DIRECTORS

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

### COMPANY SECRETARY

RA Krabbenhöft

### REGISTERED OFFICE

The Place, 1 Sandton Drive, Sandton, 2196  
PO Box 78949, Sandton, 2146

### TRANSFER SECRETARY

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

### SPONSOR

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



## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2015

The directors are pleased to present their 27th annual report that forms part of the annual financial statements for the year ended 30 June 2015.

#### 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 2015, Growthpoint's property portfolio comprised 471 owned and managed properties in the South African Industrial, Office and Retail Sectors valued at R71,6 billion (2014: R49,4 billion). More information on the nature of the business of these sectors is reported on separately in the FY15 integrated annual report.

In addition, Growthpoint has a 50% shareholding in properties owned by V&A Waterfront Holdings (Pty) Ltd in Cape Town, with property assets totalling R13,5 billion (2014: R11,9 billion) as part of a joint arrangement with the Government Employees' Pension Fund (GEPF) represented by the Public Investment Corporation (SOC) Limited (PIC), and holds a majority stake of 65.0% (2014: 64.0%) in Growthpoint Properties Australia, listed on the Australian Securities exchange (ASX) as an A-REIT (Code: GOZ), which owns 53 properties valued at AUD2,3 billion (R22,0 billion) as at 30 June 2015.

#### 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 2015, there were 2 711 056 264 ordinary shares of no par value in issue.

The following share issues took place during the financial year ended 30 June 2015:

- On 1 September 2014: 3 792 120 shares at R25.00 per share, as consideration for the remaining 50% interest in the properties owned by Truzen 75 Trust from its remaining beneficiaries and the remaining 50% shares in Erf 99 and 100 Parktown Township Share Block (Pty) Ltd from its remaining shareholder.
- On 23 September 2014: 42 221 311 shares, pursuant to elections of the dividend re-investment alternative offered in respect of the final 2014 dividend of 82.80 cents per share, issued at a price of R24.20 per share (which equated to a 1.71% discount to the five-day volume weighted average price of R25.45 less the dividend, as at the close of business on Thursday, 4 September 2014).
- On 1 April 2015: 46 472 377 shares, pursuant to elections of the dividend re-investment alternative offered in respect of the interim 2015 dividend of 84.40 cents per share for the six-month period ended 31 December 2014, issued at a price of R26.25 per share (which equated to a discount of 3.94% to the five-day volume weighted average price of R28.17 less the dividend, as at the close of business on Thursday, 12 March 2015).
- On 28 April 2015: 317 370 060 shares at R28.66 per share, being the clean spot price of a Growthpoint ordinary share on 1 April 2015, as consideration for Growthpoint's acquisition by scheme of arrangement (the scheme) of all of the remaining issued shares in Acucap Properties Ltd (Acucap) that it did not already own, the effective date and implementation date of the scheme being 1 April and 28 April 2015, respectively.
- On 30 April 2015: 16 292 139 shares, pursuant to elections of the dividend re-investment alternative offered in respect of a special cash dividend of 44.50 cents per share for the three months ended 31 March 2015, issued at a price of R27.25 per share (which equated to a 2.97% discount to the five-day volume weighted average price of R28.53 less the special dividend, as at the close of business on Thursday, 9 April 2015).

## DIRECTORS' REPORT CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2015

#### DIVIDEND POLICY

The company declares and pays an interim and a final dividend in respect of each financial year (see shareholders' information on page 106 of the 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 declared the following dividends in respect of the financial year ended 30 June 2015:

Dividend	Gross amount (cents per share)
Interim (6 months ended 31 December 2014)	84.40
Special (3 months ended 31 March 2015)	44.50
Final (3 months ended 30 June 2015)	44.50
<b>Total</b>	<b>173.40</b>

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).

#### INTERESTS IN SUBSIDIARIES

Interests in subsidiaries and joint ventures are reflected in the notes to the financial statements, notes 44.1 and 15.

#### 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 2015.

	2015 Rm	2014 Rm
Profit before taxation	1 173	1 228
Fair value adjustments included in profit before taxation	397	468
Net fair value adjustment of investment property	397	468
Investment property at fair value	10 238	9 727

#### ACQUISITIONS AND INVESTMENTS

On 1 April 2015, Growthpoint acquired the remaining shares in Acucap Properties Ltd (Acucap) for a total net consideration of R8,96 billion settled by new Growthpoint shares issued.

In the Acucap acquisition, Growthpoint acquired 46 properties and letting enterprises, the management business of the Acucap Group, Sycom Property Fund Managers Limited, being the management company of Sycom Property Fund, a JSE-listed collective investment scheme in property, as well as some undeveloped bulk and shares in certain joint venture operations.





Growthpoint made further investments in its subsidiary Growthpoint Properties Australia during FY15 as follows:

<b>Date</b>	<b>Nature</b>	<b>Shares</b>	<b>ZAR (Rm)</b>
29 August 2014	DRIP	12 052 214	281
27 February 2015	DRIP	11 791 430	326

## 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 700 (2014: 528) employees nationally as at 30 June 2015. This included 158 former Acucap and Sycorn employees.

## SUBSEQUENT EVENTS

Information on material events that occurred after 30 June 2015 is included in note 42 of the annual financial statements.

## REMUNERATION POLICY

Growthpoint's Remuneration Policy and Philosophy is contained in its FY15 integrated annual report and will be proposed for approval at the company's annual general meeting to be held on 17 November 2015. It includes the policy on non-executive directors' fees.

## CAPITAL COMMITMENTS

Details are included in note 40 of the annual financial statements.

## DIRECTORS AND SECRETARY

Brief *curricula vitae* of the directors and the Company Secretary have been included in the FY15 integrated annual report.

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

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

Mr CG Steyn retired from the Board with effect from the close of business on 18 November 2014, as announced at the annual general meeting earlier that day.

The directors to retire by rotation and, being eligible, hold themselves available for re-election at the annual general meeting to be held on 17 November 2015, are as follows:

- Mr MG Diliza
- Mr PH Fechter
- Mr JC Hayward
- Mr HSP Mashaba

## DIRECTORS' REPORT CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2015

#### DIRECTORS' INTERESTS IN ORDINARY SHARES AS AT 30 JUNE 2015

Director	Beneficial		Non-beneficial	Total
	Direct	Indirect		
EK de Klerk		1 170 659*		1 170 659
EK de Klerk: Staff Incentive Scheme Options 2010	27 931			27 931
EK de Klerk: Staff Incentive Scheme Options 2011	57 377			57 377
EK de Klerk: Staff Incentive Scheme Options 2012	119 061			119 061
EK de Klerk: Staff Incentive Scheme Options 2012	25 961			25 961
EK de Klerk: Staff Incentive Scheme Options 2013	96 698			96 698
EK de Klerk: Retention Scheme Award 2014	2 400 000			2 400 000
EK de Klerk: Staff Incentive Scheme Options 2014	153 225			153 225
MG Diliza			38 648 707	38 648 707
MG Diliza			36 100 637 <sup>#</sup>	36 100 637
MG Diliza			2 548 070*	2 548 070
PH Fechter		1 338 504	3 109 535*	4 448 039
LA Finlay	86 397			86 397
JC Hayward	79 162			79 162
HS Herman		170 000*		170 000
JF Marais		108 793*		108 793
HSP Mashaba		2 475 000		2 475 000
R Moonsamy		1 287 347		1 287 347
NBP Nkabinde		4 000 <sup>^</sup>		4 000
LN Sasse	1 568 625			1 568 625
LN Sasse: Staff Incentive Scheme Options 2010	61 363			61 363
LN Sasse: Staff Incentive Scheme Options 2011	125 682			125 682
LN Sasse: Staff Incentive Scheme Options 2012	224 604			224 604
LN Sasse: Staff Incentive Scheme Options 2012	32 452			32 452
LN Sasse: Staff Incentive Scheme Options 2013	143 667			143 667
LN Sasse: Retention Scheme Award 2014	4 000 000			4 000 000
LN Sasse: Staff Incentive Scheme Options 2014	220 882			220 882
G Völkel: Staff Incentive Scheme Options 2013	13 814			13 814
G Völkel: Staff Incentive Scheme Options 2014	19 899			19 899

<sup>#</sup> BEE interest

\* Associate: Family Trust

<sup>^</sup> Associate spouse



## 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: Staff Incentive Scheme Options 2013	145 047			145 047
EK de Klerk: Retention Scheme Award 2014	2 400 000			2 400 000
MG Diliza			36 999 547	36 999 547
MG Diliza			34 363 333#	34 363 333
MG Diliza			2 636 214*	2 636 214
PH Fechter		1 338 504	3 109 535*	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*		100 279
HSP Mashaba		2 475 000#		2 475 000
R Moonsamy		1 287 347		1 287 347
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: Staff Incentive Scheme Options 2013	215 499			215 499
LN Sasse: Retention Scheme Award 2014	4 000 000			4 000 000
G Völkel: Staff Incentive Scheme Options 2013	20 721			20 721

# BEE interest

\* Associate: Family Trust

^ Associate spouse

## DIRECTORS' REPORT CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2015

#### DIRECTORS' TRANSACTIONS DURING THE FINANCIAL YEAR ENDED 30 JUNE 2015

Director	Date	Number of shares	Purchase/Sale	Price per share (R)
EK de Klerk	1 September 2014	153 225	Staff Incentive Scheme Deferred Options 2014	25.13
	23 September 2014	38 537	Distribution re-investment option	24.20
	23 September 2014	5 789	Distribution re-investment option	24.20
	9 December 2014	(31 985)	On-market sale of securities	26.03
	9 December 2014	(27 933)	On-market sale of securities	26.03
	9 December 2014	(28 689)	On-market sale of securities	26.03
	9 December 2014	(119 062)	On-market sale of securities	26.03
	9 December 2014	(25 960)	On-market sale of securities	26.03
	9 December 2014	(48 349)	On-market sale of securities	26.03
MG Diliza	23 September 2014	7	Distribution re-investment option	24.20
	1 April 2015	4	Distribution re-investment option	26.25
	30 June 2015	1 737 304	Change in shareholding in B-BBEE entity	-
	30 June 2015	(88 155)	Correction of overstatement in associate holding	-
LA Finlay	23 September 2014	2 725	Distribution re-investment option	24.20
	1 April 2015	2 648	Distribution re-investment option	26.25
	30 April 2015	1 388	Distribution re-investment option	27.25
JC Hayward	23 September 2014	2 497	Distribution re-investment option	24.20
	1 April 2015	2 426	Distribution re-investment option	26.25
	30 April 2015	1 272	Distribution re-investment option	27.25
HS Herman	23 September 2014	5 132	Distribution re-investment option	24.20
	1 December 2014	4 868	On-market acquisition of securities	27.03
	1 April 2015	5 144	Distribution re-investment option	26.25
	30 April 2015	2 697	Distribution re-investment option	27.25
	12 June 2015	2 159	On-market acquisition of securities	25.32
JF Marais	23 September 2014	3 431	Distribution re-investment option	24.20
	1 April 2015	3 335	Distribution re-investment option	26.25
	30 April 2015	1 748	Distribution re-investment option	27.25
NBP Nkabinde	4 August 2014	4 000	On-market acquisition of securities	29.56
LN Sasse			Staff Incentive Scheme Deferred Options 2014	
	1 September 2014	220 882		25.13
	10 December 2014	(70 322)	On-market sale of securities	25.77
	10 December 2014	(61 364)	On-market sale of securities	25.77
	10 December 2014	(62 842)	On-market sale of securities	25.77
	10 December 2014	(224 604)	On-market sale of securities	25.77
	10 December 2014	(32 450)	On-market sale of securities	25.77
	10 December 2014	(71 832)	On-market sale of securities	25.77
G Völkel			Staff Incentive Scheme Deferred Options 2014	
	1 September 2014	19 899		25.13
	23 September 2014	142	Distribution re-investment option	24.20
	1 December 2014	4 144	Off-market acquisition of securities	27.16
	2 December 2014	(4 144)	On-market sale of securities	26.86
	2 December 2014	(2 763)	On-market sale of securities	26.86
	18 December 2014	(4 286)	On-market sale of securities	26.55

There have been no changes since year end as the directors are in a closed period until the publication of the results.



## UNVESTED OPTIONS FOR EXECUTIVE DIRECTORS AS AT 30 JUNE 2015

	Total	30 June 2015	30 June 2016	30 June 2017
<b>2010 options</b>				
LN Sasse	61 363	61 363	–	–
EK de Klerk	27 932	27 932	–	–
<b>2011 options</b>				
LN Sasse	125 683	62 842	62 841	–
EK de Klerk	57 377	28 688	28 689	–
<b>2012 options</b>				
LN Sasse	224 604	224 604	–	–
EK de Klerk	119 061	119 061	–	–
<b>2012 options</b>				
LN Sasse	32 451	32 451	–	–
EK de Klerk	25 961	25 961	–	–
<b>2013 options</b>				
LN Sasse	143 667	71 832	71 835	–
EK de Klerk	96 698	48 349	48 349	–
G Völkel	13 814	6 907	6 907	–
<b>2014 options</b>				
LN Sasse	220 882	73 626	73 626	73 630
EK de Klerk	153 225	51 074	51 074	51 077
G Völkel	19 899	6 632	6 632	6 635

## KEY STAFF RETENTION SCHEME AWARDS

2014 options	Total	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
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

## BOARD OF DIRECTORS

### FOR THE YEAR ENDED 30 JUNE 2015

#### FRANCOIS MARAIS (60)

##### 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 (56)

##### Deputy Chairman

##### Independent non-executive

Appointed to the Board in 2006

**COMMITTEES:** Remuneration

**CAREER:** Founder of Black Like Me Products. Executive Chairman of Lephatsi 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 (50)

##### 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, Growthpoint Management Services Proprietary Limited and Acucap Properties Limited. Director of V&A Waterfront Holdings Proprietary Limited and its subsidiaries

#### ESTIENNE DE KLERK (46)

##### Managing 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, Growthpoint Management Services Proprietary Limited, Acucap Properties Limited and Sycom Property Fund Managers Limited. Director of V&A Waterfront Holdings Proprietary Limited and its subsidiaries

#### GERALD VÖLKEL (54)

##### 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, Growthpoint Management Services Proprietary Limited and Sycom Property Fund Managers

#### MZOLISI DILIZA (66)

##### Non-executive, BEE structure stakeholder

*BCom, BBA in Management (Hons)*

Appointed to the Board in 2001

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

**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



### PETER FECHTER (69)

#### Independent non-executive

*BSc (Eng)*

Appointed to the Board in 2003

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

**CAREER:** More than 46 years' experience in construction, property development, management and investment

### LYNETTE FINLAY (55)

#### Independent non-executive

*BCompt (Hons), CA (SA)*

Appointed to the Board in 2009

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

**CAREER:** Chief Executive Officer of Finlay Mall Leasing Proprietary Limited, first female President of South African Property Owners Association (SAPOA), co-founding member of Noah

### JOHN HAYWARD (64)

#### Independent non-executive

*BSc (Hons), Fellow of the Institute of Actuaries and Actuarial Society of South Africa*

Appointed to the Board in 2001

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

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

### HUGH HERMAN (74)

#### Independent non-executive

*BA, LLB*

Appointed to the Board in 1995

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

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

### PATRICK MNGCONKOLA (53)

#### 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, Director of V&A Waterfront Holdings Proprietary Limited and its subsidiaries

### RAGAVAN MOONSAMY (51)

#### Independent non-executive

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 (55)

#### 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 and Cities Africa. Trustee of the Otis Pension and Provident Fund Proprietary Limited

### ERIC VISSER (63)

#### Independent non-executive

*BCom (Hons)*

Appointed to the Board in 2001

**COMMITTEES:** Risk, Remuneration

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

## SHAREHOLDERS' ANALYSIS

AS AT 30 JUNE 2015

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	7 057	28.42	2 095 337	0.08
1 001 – 5 000 shares	8 261	33.27	21 738 420	0.80
5 001 – 10 000 shares	3 401	13.70	24 738 669	0.91
10 001 – 20 000 shares	2 358	9.49	33 300 154	1.23
20 001 – 50 000 shares	1 710	6.89	53 372 868	1.97
50 001 – 100 000 shares	712	2.87	50 884 158	1.87
100 001 – 200 000 shares	426	1.71	58 805 389	2.17
200 001 – 500 000 shares	407	1.64	130 866 903	4.83
500 001 – 1 000 000 shares	196	0.79	136 318 644	5.03
1 000 001 – 10 000 000 shares	258	1.04	755 262 755	27.86
10 000 001 shares and over	45	0.18	1 443 672 967	53.25
<b>Total</b>	<b>24 831</b>	<b>100.00</b>	<b>2 711 056 264</b>	<b>100.00</b>
<b>Distribution of shareholders</b>				
Collective investment schemes	719	2.90	1 099 248 526	40.55
Retirement benefit funds	625	2.52	693 190 493	25.57
Empowerment companies	5	0.02	246 151 870	9.08
Retail shareholders	17 895	72.07	131 237 385	4.84
Trusts	3 875	15.60	109 877 322	4.05
Assurance companies	67	0.27	86 199 111	3.18
Custodians	71	0.29	56 462 047	2.08
Sovereign funds	35	0.14	53 515 396	1.97
Organs of state	2	0.01	43 959 538	1.62
Foundations and charitable funds	382	1.54	37 106 793	1.37
Managed funds	116	0.47	35 583 144	1.31
Private companies	513	2.07	35 118 889	1.30
Treasury	2	0.01	26 417 511	0.97
Scrip lending	30	0.12	16 527 880	0.61
Stockbrokers and nominees	60	0.24	15 359 862	0.57
Medical aid funds	42	0.17	4 520 448	0.17
Share schemes	1	0.00	4 218 056	0.16
Close corporations	196	0.79	4 186 437	0.15
Insurance companies	26	0.10	3 790 300	0.14
Hedge funds	26	0.10	3 161 315	0.12
Investment partnerships	90	0.36	2 469 858	0.09
Public companies	28	0.11	1 882 145	0.07
Public entities	6	0.02	854 260	0.03
Unclaimed scrip and control accounts	19	0.08	17 678	0.00
<b>Total</b>	<b>24 831</b>	<b>100.00</b>	<b>2 711 056 264</b>	<b>100.00</b>
<b>Shareholder type</b>				
Non-public shareholders	13	0.05	380 397 873	14.02
Directors and associates (excluding Staff Incentive Scheme)	9	0.04	22 360 849	0.82
Government Employees Pension Fund	2	0.01	325 653 196	12.01
Shares held in Treasury	1	0.00	26 417 511	0.97
Growthpoint Staff Incentive Scheme	1	0.00	5 966 317	0.22
Public shareholders	24 818	99.95	2 330 658 391	85.98
<b>Total</b>	<b>24 831</b>	<b>100.00</b>	<b>2 711 056 264</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	325 653 196	12.01
Southern Palace Properties (Pty) Ltd	165 985 203	6.12
Stanlib	134 760 498	4.97
Investec	91 565 956	3.38
Old Mutual Group	88 992 652	3.28
Vanguard	82 511 911	3.04
BEE Consortium (Quick Leap)	80 166 667	2.96
MMI	77 811 726	2.87
Investment Solutions	64 528 014	2.38
Coronation Fund Managers	63 921 521	2.36
Sanlam Group	59 916 744	2.21
Eskom Pension & Provident Fund	59 647 476	2.20
State Street	51 656 339	1.91
Prudential	49 000 822	1.81
Public Investment Corporation	43 959 538	1.62
Government of Singapore	37 032 446	1.37
Nedbank Group	33 720 263	1.24
Allan Gray	29 951 164	1.10
Ishares	28 381 097	1.05
Sentinel Mining Industry Retirement Funds	27 770 850	1.02
	<b>1 596 934 083</b>	<b>58.90</b>
<b>Fund managers holding greater than 1% of the issued shares</b>		
Public Investment Corporation	341 861 361	12.61
Stanlib Asset Management	176 546 960	6.51
Investec Asset Management	156 285 017	5.76
Old Mutual Investment Group	93 907 551	3.46
Vanguard Investment Management	88 302 052	3.26
Coronation Fund Managers	83 456 250	3.08
Sesfikile Capital	75 450 685	2.78
Prudential Portfolio Management	69 375 169	2.56
State Street Global Advisors	69 205 149	2.55
Momentum Investments	63 442 877	2.34
Sanlam Investment Management	58 037 044	2.14
BlackRock	57 869 580	2.13
Meago Asset Management	54 068 026	1.99
Eskom Pension and Provident Investment Management	43 017 864	1.59
Catalyst Fund Managers	37 602 894	1.39
Government of Singapore Investment Corporation	37 032 446	1.37
Allan Gray	35 889 340	1.32
Ashburton Investments	35 234 842	1.30
Abax Investments	33 685 569	1.24
	<b>1 610 270 676</b>	<b>59.38</b>
<b>Total number of shareholders</b>	<b>24 831</b>	
<b>Total number of shares in issue</b>	<b>2 711 056 264</b>	

## SHAREHOLDERS' ANALYSIS CONTINUED

AS AT 30 JUNE 2015

<b>Share performance – 12 months ended</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
Shares traded	<b>1 437 118 245</b>	1 158 770 078
Monthly average	<b>119 759 854</b>	96 564 173
Shares in issue	<b>2 711 056 264</b>	2 284 908 257
Shares traded as % of number of shares in issue	<b>53.01%</b>	50.71%
Value traded	<b>R38 163 257 248</b>	R27 925 063 037
Monthly average	<b>R3 180 271 437</b>	R2 327 088 586
Opening price 1 July	<b>R24.70</b>	R25.98
Closing price 30 June	<b>R26.46</b>	R24.73
Intraday high for the period (26 January 2015)	<b>R30.50</b>	R27.28
Intraday low for the period (16 October 2014)	<b>R23.51</b>	R21.24



## 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 2015. 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, Executive Committee members and non-executive directors. The information provided in this report has been approved by the Board on the recommendation of the committee.*

*The Remuneration Committee has worked with its independent advisors, PwC, for guidance on responsible and appropriate remuneration principles in respect of 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 believes that our remuneration policy and the implementation thereof reflects alignment of the Group's business strategy and 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 and explained. The SA property industry continues to be active, characterised by a number of new listings and significant corporate activity, including consolidations. The demand for industry specific skills within our limited pool of talent remains high, and therefore also the risk of retention. Our Executive Retention Scheme (ERS), launched during the 2014 financial year to address these serious retention risks, has been an integral part of our remuneration mix, and has assisted us in retaining the talent which is so vital to our organisation.*

*Whilst we continually work towards increasing and diversifying our property portfolio, we are focused on ensuring that we invest in quality properties that will deliver superior value and long-term benefits for our stakeholders. We take a long-term view on growth and success, and are committed to being the leading South African property company. The retention of our key employees is vital, and skills retention and attraction has been identified as a key risk area for our business – without these employees, we could face a lack of experience, decision-making ability, competence, capability and quality of staff, as well as a loss of "corporate memory" – all areas which are vital to our success, and to enable us to deliver value to you, our stakeholders. Whilst we believe in pay for performance, we remain acutely aware of the fierce war for talent within our industry.*

*With this in mind, we take great care to ensure that our remuneration mix is appropriate – that each executive and member of senior management has enough outstanding value to ensure that he or she is retained, and that there is a reasonable level of confidence that the value in terms of our various share schemes will be realised. Our ERS went a long way to address concerns we had surrounding retention risks, and whilst no further awards are contemplated at present, we will retain this tool to use where appropriate, for instance in the attraction of key talent which will help us in unlocking value for all of our stakeholders. The first vesting of ERS awards will be in April 2016. We will continue to monitor the outstanding award levels of our key employees, to ensure that we are able to address any retention risks.*

*We believe our key performance indicators which are used for the measurement and determination of short-term incentive awards are aligned with company goals and strategies, whilst the targets set provide sufficient stretch to challenge executive management but at the same time are not completely unachievable resulting in management being demoralised. Given the rapidly changing environment in the listed property sector and emergence of a two-tier market characterised by property hedge funds on the one hand and more traditional rent collecting property companies on the other hand, the committee is of the opinion that the peer group and the peer groups benchmark which is used for determining short-term incentive awards might need to be reviewed to ensure its relevance when considering the company's long-term strategies and focus on owning a lower yielding quality property portfolio.*

*We are determined to ensure that all 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 Executive Committee members) under the Growthpoint Staff Incentive Scheme (GSIS), and have undertaken significant work during the year on the remuneration levels of junior workers.*

*Being conscious of increasing social issues in the country and negative perceptions of the significant gaps between what the lowest paid employees earn and what executive management earn, the committee sought advice from PwC as to what level of remuneration constituted a "living wage" and as a result are in the process of adjusting the remuneration of 83 of the lowest paid employees to a minimum of R120 000 (which amount does not include any STI payments or value realised from participation in the GSIS). These adjustments will be made over the next two years and are a continuation of the company's efforts to reduce income disparity by reducing the wage gap whilst "doing the right thing" in terms of paying the lowest earners a living wage.*

**HS Herman**  
Remuneration Committee Chairman

25 August 2015

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

## REMUNERATION REPORT 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 executive as well as non-executive directors' and executive management's remuneration. The committee's Terms of Reference are set out in the Corporate Governance section of 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 Annual Report.

All the current members of the committee are independent non-executive directors. The committee met five times during the financial year ended 30 June 2015. The Chief Executive Officer, Managing 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 FY15

The main issues considered and approved by the committee during FY15 were as follows:

- Approval of the remuneration report
- Short-term incentives for executive directors and Executive Committee members
- Share incentive plan awards to all eligible employees and approval of vesting of awards
- Annual salary review for executive directors and Executive Committee members
- 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.

#### REMUNERATION POLICY SUMMARY

##### Remuneration of executive directors and Executive Committee members

The table below summarises the individual elements of the total remuneration package offered to executive directors and Executive Committee members during FY15.

Element	Purpose and link to strategy	Detail
Fixed		
	<b>Guaranteed Cost to Company (GCTC)</b>	Ensures that each individual's role is compensated at market-related levels which recognises the individual's skill and experience
	Total fixed remuneration paid in cash	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>



Element		Purpose and link to strategy	Detail
Variable	<p>Short-term incentive (STI) including a cash payment and a Deferred Incentive</p>	<p>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)</p> <p>Through the KPAs, employees are aligned with the key short- and long-term strategic priorities of Growthpoint and the interest of shareholders. This in turn helps to generate long-term returns to shareholders</p>	<p>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.</p> <p>Actual company performance is measured against a scorecard of KPAs, as set out 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, Emira, Hyprop, and SA Corporate. The peer group changed as four companies have been taken over and delisted. In exceptional cases, the committee has the discretion to make <i>ex gratia</i> payments, where considerable value has been added to shareholders. 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, and member of the Executive committee. 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.</p> <p>For executive directors and executive management, 50% of the STI is paid upfront in cash, and the remaining 50% is delivered on a deferred basis in zero cost options, vesting over a three-year period of one third each, following the award date.</p>
	<p>Long-term incentives (LTI)</p> <ul style="list-style-type: none"> <li>• Growthpoint Staff Incentive Scheme (GSIS), comprising:               <ul style="list-style-type: none"> <li>For the executive directors, and executive management ("Executives"):                   <ul style="list-style-type: none"> <li>– the Executive Retention Scheme</li> </ul> </li> <li>For other staff:                   <ul style="list-style-type: none"> <li>– Zero cost options</li> </ul> </li> </ul> </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><i>The Growthpoint Staff Incentive Scheme</i></p> <p>One of Growthpoint's core values is that "we own and manage" our property portfolio. Through the GSIS we achieve the ownership component of this value, in that all of Growthpoint's staff members (excluding executives) are awarded zero cost options which vest 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 after year two with the last vesting of each award taking place after year five.</p>

## REMUNERATION REPORT CONTINUED

Element	Purpose and link to strategy	Detail
Variable continued		<p>The GSIS currently provides for regular annual awards of zero cost options to Growthpoint staff and the award of reducing strike options as part of the Executive Retention Scheme. The components, as applicable to executives, are set out in more detail below.</p> <p>The GSIS, 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 GSIS is 50 million shares, representing around 1.8% of the issued capital of the company.</p> <p>In the case of termination of employment, the GSIS 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><i>Zero cost options (All staff excluding the executives)</i></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>



Element	Purpose and link to strategy	Detail								
<p>Variable continued</p>		<p><i>The Executive Retention Scheme (ERS – part of the GSIS)</i></p> <p>The ERS is a notional share purchase scheme and is designed to retain executive directors and senior 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 in 2014. Further awards will be made only if considered necessary by the 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 data-bbox="613 1114 868 1252"> <tbody> <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> </tbody> </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									

## REMUNERATION REPORT CONTINUED

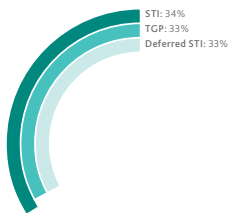
### General staff remuneration philosophy and strategy

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 GSIS, and believe that the participation of all employees in the GSIS 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. Fixed remuneration is benchmarked against the same comparator groups used to benchmark remuneration for non-executive directors as set out in the table below. Variable pay will, depending on the role, function and responsibility of the executive director, or Executive Committee member, constitute between 40% and 75% of the total remuneration of that executive director or Executive Committee member. The average on-target package for the executive directors is depicted below (no LTI awards were made during the year under review).

AVERAGE ON-TARGET PACKAGE FOR EXECUTIVE DIRECTORS



### SERVICE CONTRACTS

The CEO and Managing Director have service contracts with Growthpoint with reciprocal six-month notice of termination provisions. 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
- The comparator group changed from the previous year and now includes the following companies:

Tiger Brands Limited	Redefine Properties Limited
MMI Holdings Limited	Sanlam Group Limited
Netcare Limited	The Bidvest Group Limited
Mr Price Group Limited	Aspen Pharmacare Holdings Limited
Discovery Limited	Vodacom Group Limited
Woolworths Holdings Limited	

- The group was selected on the basis of JSE companies of similar size. It is the same as that used for the executive directors
- 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 sub-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 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 the AFS 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

An executive benchmarking of remuneration for executives and non-executive directors was conducted in May 2015 to ensure that total reward packages were in line with market benchmarks.

In determining the GCTC increases for executive directors, the committee considered relevant comparator group market data, using a new comparator group listed below. The average rate of GCTC increase for executive directors was 9.2% taking into account the outcome of the benchmarking exercise, as well as the changed role of the Managing Director, whilst the average rate of increase of GCTC for the Executive Committee members including the Executive Directors was 7.3%. On average, these increases were similar to those made to staff below executive level which averaged out at 7.5%. The increases were effective on 1 July 2015 and are applicable for the period July 2015 to June 2016.

## REMUNERATION REPORT CONTINUED

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

- For executive directors and executive committee members: 10.6%
- For managers and general staff: 7.7%

Previous comparator group	New comparator group
Aspen Pharmacare Holdings Limited	Aspen Pharmacare Holdings Limited
Discovery Limited	Discovery Limited
Imperial Holdings Limited	MMI Holdings Limited
Life Healthcare Group Holdings Limited	Mr Price Group Limited
Mediclinic International	Netcare Limited
Remgro Limited	Redefine Properties Limited
RMB Holdings Limited	Sanlam Group Limited
Shoprite Holdings Limited	The Bidvest Group Limited
Tiger Brands Limited	Tiger Brands Limited
Woolworths Holdings Limited	Vodacom Group Limited
	Woolworths Holdings Limited

### 2015 STI OUTCOMES (CASH AND DEFERRED STI INTO ZERO COST OPTIONS)

FY15 was one of the busiest years in Growthpoint's history which saw it complete the effective takeover of Acucap/Sycom, its largest property transaction to date and one of the largest, if not the largest corporate takeover in the history of the property industry in South Africa, with property assets valued at more than R18 billion being acquired and over 160 employees needing to be transferred and integrated into the business.

The year was further characterised by the successful integration of the Abseq and Tiber businesses and employees. Combined, the above transactions have seen Growthpoint's total staff complement grow to approximately 700, an increase of over 50% in just over two years, whilst the consolidated gross asset value has grown to just over R100 billion.

Given a particularly weak overall economic backdrop, with GDP growth in South Africa below 2.0%, heavily impacted by the energy crisis and labour unrest resulting in an increase in overall unemployment, the South African property portfolio (excluding V&A) performed admirably with "like for like" net property income growing at 6.2% and overall vacancies remaining relatively stable.

Costs were also well controlled with the property cost-to-income ratio reducing to 24.0% (FY14: 24.8%) and the operating expense ratio at 3.8% (FY14: 3.8%). Notwithstanding the subdued economic climate and outlook, acquisition, disposal and development activity (in addition to the Acucap/Sycom transaction) remained robust with five properties being acquired for R504 million in total and 18 properties being sold for R621 million at an aggregate profit above historical cost plus capex of R205 million.

The V&A continued to perform strongly with total distributable income growing at 10.8% (also on a "like for like" basis). Annual growth in turnover at the V&A has slowed to 11%, however off a much higher base which has been set over the past two years. Overall vacancies at the V&A remain very low at 2.6% whilst the cost-to-income ratio at 27.8% remains under control. Momentum at the V&A in respect of development continues to improve with the capital value of developments in progress and in the process of being approved exceeding R3 billion.

GOZ as a stand-alone investment had one of its best years ever achieving a total shareholder return for the 12 months to 30 June 2015 of 36% which placed it second overall in terms of the performance of Australian REITs. On a consolidated basis, however, the performance of GOZ was more modest, with 3.7% growth in distributions per share which was in line with budget and growth in net asset value per share of 14.8%. GOZ had another active year in terms of investment with the acquisition of properties for an aggregate value of AUD119.5 million.

The target performance set out in the table below indicates the maximum possible STI pay-out and 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	Performance achievement
(a)	Growth in dividend per share:	60%			
	Internal benchmark (budget)	30%	7.5%	6.8%	30%
	Peer group benchmark	30%	7.5%	9.4%	24%
(b)	Business growth:	10%			10%
	– Gross asset base (R100,397 million vs R76,175 million)		31.8%	>5%	
	– Gross revenue growth (R7,740 million vs R6,442 million)		20.5%	>7%	
	– Dividend growth in absolute terms (R4,232 million vs R3,497 million)		21.0%	>5%	
(c)	Operational metrics:	15%			15%
	– Property cost to Income ratio		24%	<27%	
	– Operating expense ratio		3.8%	<5%	
	– Overall vacancies		5.7%	<7%	
	– Total arrears (as % of collectables)		7.4%	<10%	
(d)	Qualitative factors:	5%			5%
	– Compliance		√		
	– Development of people/culture/values		√		
	– Overall management review		√		
	– Industry participation		√		
(e)	Financial management:	10%			10%
	– Loan to value ratio		33.2%	<45%	
	– Debt expiry profile		2.9 years	>3 years	
	– Interest rate hedging		76.0%	>75%	
	– Secured vs unsecured debt (longer-term 50/50)		70/30	70/30	
	– Moody's rating		Yes	Investment grade	
				<b>Total</b>	<b>94%</b>

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 REPORT CONTINUED

### Actual STI payments for executive directors

The executive directors received the following STI awards in respect of performance in FY15:

Name	Title	STI – cash R	Deferred STI R	STI as % of GCTC* %
LN Sasse	CEO	5 527 200	5 527 200	188
EK de Klerk	Managing Director	3 995 000	3 995 000	188
G Völkel	Financial Director	1 269 000	1 269 000	94

\* Expressed as a percentage of the GCTC for FY16, being the GCTC applicable at the time the STI awards were approved by the Board.

### EXECUTIVE RETENTION SCHEME (ERS) AWARDS GRANTED IN FY15

In line with our communication within our previous remuneration report, no awards were made under the ERS during the year under review.

### DISCLOSURE OF THE VESTING OUTCOMES IN RESPECT OF GSIS AWARDS VESTING IN FY15

The value attributable to long-term incentives that vested in FY15 in terms of the GSIS (excluding deferred STIs) is disclosed in the table below.

### TOTAL REMUNERATION OUTCOMES FOR FY15

The composition of remuneration outcomes in FY15 for the CEO, Managing Director and Financial Director is represented in the table below:

### EXECUTIVE DIRECTORS' REMUNERATION

Previously, the deferred STI vesting in the year under review was disclosed. In line with best practice we have changed our disclosure to reflect the deferred STI earned in the year under review, which will be paid in 2016, 2017 and 2018. For ease of comparison, the total remuneration for FY14 is depicted in a similar fashion.

Name	GCTC	Cash bonus <sup>(1)</sup> R	Deferred STI <sup>(2)</sup> R	GSIS vesting 2015 <sup>(3)</sup> R	Total remuneration FY15 R	Total remuneration FY14 R
LN Sasse	5 550 000	5 527 200	5 527 200	10 801 032	<b>27 405 432</b>	27 651 312
EK de Klerk	3 850 000	3 995 000	3 995 000	5 406 060	<b>17 246 060</b>	16 796 882
G Völkel	2 350 000	1 269 000	1 269 000	–	<b>4 888 000</b>	3 200 000

#### Notes:

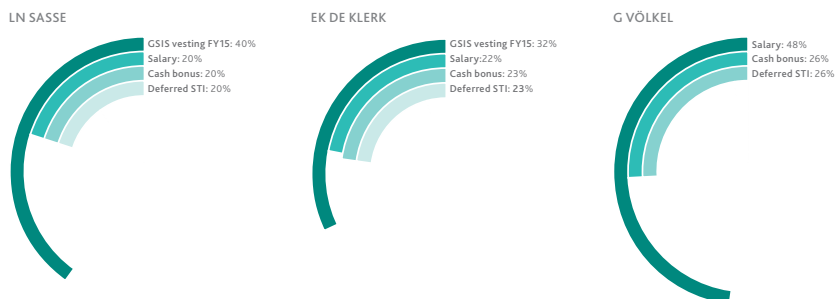
<sup>(1)</sup> Based on the FY15 performance and paid in cash in FY16.

<sup>(2)</sup> Deferred STI earned in 2015 year, payable in 2016, 2017 and 2018.

<sup>(3)</sup> GSIS awarded in prior years and vesting in the 2015 financial year, excluding deferred STI.



The actual remuneration outcomes paid to executive directors are graphically illustrated as follows:



## NON-EXECUTIVE DIRECTORS' FEES

### Proposed non-executive directors' fees for FY16

The following fees are proposed for FY16. The increase in the proposed non-executive directors' fees for FY16 is based on the outcome of the benchmarking exercise concluded in May 2015.

Schedule of retainer fees and fees payable per meeting:

	FY15	Increase %	FY16
<b>Basic fee (pa)</b>			
Chairman	1 033 000	6.96	1 105 000
Deputy Chairman	123 000	6.91	131 500
Director	49 500	7.07	53 000
<b>Attendance fees – per meeting (x5)</b>			
Chairman	173 400	6.97	185 500
Deputy Chairman	83 500	6.83	89 200
Director	55 700	7.00	59 600
<b>Audit Committee (x5)</b>			
Chairman	52 000	6.92	55 600
Members	37 000	6.76	39 500
<b>Risk Committee</b>			
Chairman	46 000	6.96	49 200
Members	31 000	7.09	33 200
<b>Property Committee*</b>			
Chairman	46 000	20.9	55 600
Members	31 000	27.4	39 500
<b>Social, Ethics and Transformation Committee</b>			
Chairman	40 250	6.83	43 000
Members	25 750	6.80	27 500
<b>Remuneration Committee</b>			
Chairman	46 000	6.96	49 200
Members	31 000	7.09	33 200
<b>Nomination Committee</b>			
Chairman	40 250	6.83	43 000
Members	25 750	6.80	27 500

\* The committee decided that, in order to recognise the importance of work done by the Property Committee, it should be proposed that the fees paid to this committee be increased to the same level as that of the Audit Committee. Refer to special resolution in the notice of annual general meeting for approval of the fees by shareholders in terms of section 66 of the Companies Act.

## REMUNERATION REPORT CONTINUED

### ACTUAL FEES PAID TO NON-EXECUTIVE DIRECTORS FOR FY15

The fees paid to non-executive directors for FY15 were paid on the basis presented in the tables in the AFS, as approved by the committee and by the Board, on authority granted by shareholders at the annual general meeting held on 18 November 2014:

	Directors' fees FY15 R	Directors' fees FY14 R
MG Diliza (Social, Ethics and Transformation Committee Chairman, Property Committee and Nomination Committee)	527 350	511 500
PH Fechter (Property Committee Chairman, Audit Committee and Nomination Committee)	667 050	733 500
LA Finlay (Audit Committee Chairman, Social, Ethics and Transformation Committee and Nomination Committee)	635 300	602 500
JC Hayward (Risk Management Committee Chairman, Audit Committee and Nomination Committee)	667 050	622 500
HS Herman (Remuneration Committee Chairman, Property Committee and Nomination Committee)	606 050	681 000
JF Marais (Board Chairman, Remuneration Committee and Nomination Committee Chairman)	1 890 850	1 978 000
HSP Mashaba (Board Deputy Chairman and Remuneration Committee)	581 000	607 000
SP Mngconkola (Social, Ethics and Transformation Committee and Risk Management Committee)	442 550	337 000
R Moonsamy (Social, Ethics and Transformation Committee and Property Committee)	499 300	574 000
NBP Nkabinde (Social, Ethics and Transformation Committee and Risk Management Committee)	499 300	531 500
CG Steyn (Audit Committee and Property Committee)	309 150	692 500
JHN Strydom	–	325 300
FJ Visser (Remuneration Committee and Risk Management Committee)	520 300	573 000
<b>Total</b>	<b>7 845 250</b>	<b>8 769 300</b>

### SHAREHOLDER ENGAGEMENT

We strive to maintain transparent and active communication channels with our shareholders. During FY15, no queries were raised by shareholders.

### APPROVAL

This remuneration report was recommended by the Remuneration Committee on 18 August 2015 for approval by the Board of Directors of Growthpoint Properties Limited on 25 August 2015.

Signed on behalf of the Board of Directors



**HS Herman**

*Remuneration Committee Chairman*

25 August 2015



---

## 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 2015 and 25 August 2015, the date on which the financial results were approved by the Board.

## ORDINARY SHARE CAPITAL AND DEBENTURES

	2015 Rm	2014 Rm
<b>ORDINARY SHARE CAPITAL</b>		
<b>Authorised</b>		
4 000 000 000 (FY14: 4 000 000 000) ordinary shares with no par value		
<b>Issued</b>		
Ordinary shares		
In issue at beginning of year – 2 284 908 257 (FY14: 1 891 558 328)	29 436	95
REIT conversion	–	20 257
Issued during the year – 426 148 007 (FY14: 393 349 929)	11 696	9 084
<b>In issue at end of year – 2 711 056 264 (FY14: 2 284 908 257)</b>	<b>41 132</b>	<b>29 436</b>
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.		
	2015 Rm	2014 Rm
<b>DEBENTURES</b>		
Unsecured, subordinated, variable-rate debentures		
Fair value at beginning of the year – nil (FY14: 18 915 583 280)	–	36 537
Converted during the year	–	(36 537)
<b>Fair value at end of year – nil (FY14: nil)</b>	<b>–</b>	<b>–</b>





## SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Growthpoint Properties is a good corporate citizen and continues to embed strong ethical practices in its business and maintains good corporate governance structures. The Social, Ethics and Transformation Committee is responsible for providing oversight of the company's activities as they relate to social and economic development; good corporate citizenship; commitment to transformation; the environment; health and safety, as well as labour and employment. This is in line with the 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

#### 1.1 Social and economic development

During the period under review, Growthpoint invested R15 million (FY14: R13,0 million) in corporate social investment (CSI) initiatives, an increase of 15% on the previous year.

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

	Name of organisation or beneficiary	Project name	Objective	Output for period
Entrepreneurship Development	Small black-owned businesses within the property industry	Property Point	To provide businesses with development support and market linkages into supply chains	237 sustainable jobs created, bringing the total jobs created over a seven-year period to 1141 jobs  R122 million market linkages facilitated an increase of 133% from the previous period. R93,6 million were with Growthpoint  Established a collaborative partnership with Attacq to manage their enterprise development contributions
Social Infrastructure	Loaves and Fishes Network	Early Childhood Development (ECD) Centres	In the previous period we reported a R1,7 million contribution to the development of effective ECD educational structures in the Eastern Cape	We successfully completed the development of Phakamani and Khanya Educare centres in Newlands, East London  The centres provide access to quality education for children as well as support parent and community participation

## SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE CONTINUED

	Name of organisation or beneficiary	Project name	Objective	Output for period
Education	Cotlands	Early Learning Playgroups	Cotlands Early Learning Playgroups offer high impact stimulation sessions to children where new concepts are introduced, explored and discovered through play	Our contribution of R250 000 is towards the sponsorship of a playgroup in KwaZulu-Natal. The programme output will be reviewed annually
	Thandulwazi Trust	Maths and Science Academy	We continued our support of this successful programme in order to provide access to quality education	We funded an intern's bursary for the second year and look forward to his graduation and qualification as a teacher in the Early Childhood Development phase
	Grade 3, 4 and 5 learners	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	<p>For the period under review, 200 schools participated</p> <p>Winning school, Primrose Primary received an iPad learning lab to expose learners to e-learning programmes to improve literacy</p> <p>Introduced a story writing competition in partnership with Via Africa. Published a book featuring the top 20 learners' stories</p> <p>Three learners received bursaries from partner organisations</p>
Rental Subsidies	<ul style="list-style-type: none"> <li>- Opera Africa</li> <li>- Youth Development, Field Band Foundation</li> <li>- Youth Development, Stop Hunger Now</li> <li>- Food Security, Education Africa</li> <li>- Skills Development, Tomorrow Trust</li> <li>- Poverty eradication through education support</li> </ul>	Rental subsidies	Growthpoint continues to partner with NGOs, implementing various education and youth development programmes by providing them with office space	Growthpoint's subsidisation of Stop Hunger Now's rent of R162 830 for the period has allowed them to donate 59 211 meals to those in need



## 1.2 Transformation

For the reporting period Growthpoint achieved a level 3 B-BBEE rating as measured by the Property Sector Charter scorecard. This is an improvement from our previous rating of a level 6 with improvements in our scoring for Skills Development, Enterprise Development and Economic Development.

## 1.3 Human resource development

Growthpoint continues to support the development of skills in the property industry. For the period we have allocated R460 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 R6,5 million was spent on training and developing 427 employees, with 54% being on historically disadvantaged individuals.

## 1.4 Environment, health and public safety

Growthpoint was awarded several accolades during the 2015 financial year, namely:

- Continued inclusion in the JSE's SRI (Socially Responsible Investment) Index, maintaining best performance scores in Climate Change practices
- Continued inclusion in the Dow Jones Sustainability Index and recognised for our corporate sustainability leadership in our industry
- Our inaugural inclusion in the Global Real Estate Sustainability Benchmark (GRESB)
- Growthpoint continues to be a participant in the Carbon Disclosure project and for the first time we have included Scope 3 emissions for verification as part of our 2015 submission. Scope 3 largely relates to emissions by our tenants.

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. During the period under review no major health and safety incidents have been reported.

## 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 Organisation 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

All business practices are conducted in an ethical manner and in adherence with the South African legislation and the guidelines and best practices set out above. In fulfilling its functions, the committee has received and reviewed reports detailing Growthpoint's compliance with the aforementioned international guidelines and best practices.

---

## SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE CONTINUED

### 2.1 Human Rights practices

There have been no human rights violations reported against Growthpoint in the period under review.

### 2.2 Labour and employment practices

Growthpoint is not a unionised environment but places no restrictions prohibiting employees from freedom of association. On a quarterly basis the committee reviews the employee headcount with a focus on employee wellness initiatives undertaken during the year, progress against employment equity targets, skills development reporting and any relevant legislative updates.

### 2.3 Anti-corruption, ethics and compliance

We have a written Code of Ethics which guides our conduct and the Board of Directors of Growthpoint commits itself to ensure, as far as it lies within its power to do so, that the company and its agents conduct business according to the highest ethical standards. Our Risk Management function also plays an active role in mitigating fraud.

Growthpoint's whistle blowing hotline is independently administered by Deloitte. During the period under review no incidents were reported through the hotline.



---

## INTEREST IN SUBSIDIARIES

---

	2015
Metboard Properties Ltd	1 394 028 946
Paramount Property Fund Ltd	865 256 197
Growthpoint Management Services (Pty) Ltd	2 422 932 757
Australia Properties Ltd	325 217 585
Abseq Properties (Pty) Ltd	915 934 530
Tiber Property Group (Pty) Ltd	868 574 794
Inclub Properties (Pty) Ltd	360 111 817
	<hr/> 7 145 201 934 <hr/>

## DIRECTORATE AND ADMINISTRATION

### Directors

JF Marais (Chairman)<sup>o</sup>  
 HSP Mashaba (Deputy Chairman)<sup>o</sup>  
 EK de Klerk (Managing Director)\*  
 MG Diliza<sup>\*</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)\*  
 FJ Visser  
 G Völkel (Financial Director)\*

<sup>o</sup> independent

• BEE structure stakeholder

◊ Related party and major shareholder's nominee

\* Executive directors

### Auditors

KPMG Inc  
 (Registration No 19999/021543/21)  
 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

### Chairmen's Committee

JF Marais (Chairman)  
 MG Diliza  
 PH Fechter  
 LA Finlay  
 JC Hayward  
 HS Herman

### Audit Committee

LA Finlay (Chairman)  
 PH Fechter  
 JC Hayward

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

### Risk Management Committee

JC Hayward (Chairman)  
 SP Mngconkola  
 NBP Nkabinde  
 FJ Visser

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

D Bouma (Corporate Treasurer)  
 AL Davis (Chief Information Officer)  
 EK de Klerk (Managing Director)  
 RA Krabbenhöft (Company Secretary)  
 DJ Modise (Head of Human Resources)  
 SA Nizetich (Head of Internal Audit and Risk Management)  
 LN Sasse (Chief Executive Officer)  
 FJ Schindehütte (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.



### Property Committee

PH Fechter (Chairman)  
 MG Diliza  
 HS Herman  
 R Moonsamy

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 (Managing 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 (Managing Director)  
 P Engelbrecht (Development Head)  
 RA Krabbenhöft (Company Secretary)  
 DJ Modise (Head of Human Resources)  
 S Paul (Assistant Company Secretary)  
 F Sibanyoni (National Facilities Head)  
 SD Theunissen (CSR Manager)  
 G Völkel (Financial Director)

### Nomination Committee

JF Marais (Chairman)  
 MG Diliza  
 PH Fechter  
 LA Finlay  
 JC Hayward  
 HS Herman

### Remuneration Committee

HS Herman (Chairman)  
 JF Marais  
 HSP Mashaba  
 FJ Visser

Standing attendees:

LN Sasse (Chief Executive Officer)  
 EK de Klerk (Managing Director)  
 RA Krabbenhöft (Company Secretary)  
 DJ Modise (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 (Managing Director)  
 E Binedell (Fund Director – Industrial)  
 D Bouma (Corporate Treasurer)

AL Davis (Chief Information Officer)  
 G de Klerk (Regional Head – Durban)  
 N Kuzmanich (Head of Marketing)  
 SA le Roux (Fund Director – Retail)  
 DJ Modise (Head of Human Resources)  
 G Muchanya (Deal Manager)  
 RG Pienaar (Fund Director – Office)  
 DS Stoll (Regional Head – Cape Town)  
 SD Theunissen (CSR Manager)  
 L Turner (Head of Investor Relations)  
 G Völkel (Financial Director)

Standing attendees:

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

---

## CONTACT DETAILS

### 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, VIC, Australia, 3000  
Switchboard tel: +61 (0) 3 8681 2900  
General fax: +61 (0) 3 8681 2910  
Email: [info@growthpoint.com.au](mailto:info@growthpoint.com.au)



[twitter.com/growthpoint](https://twitter.com/growthpoint)

[info@growthpoint.co.za](mailto:info@growthpoint.co.za)



[facebook.com/growthpoint](https://facebook.com/growthpoint)

[www.growthpoint.co.za](http://www.growthpoint.co.za)





*space to thrive*

THE ANNEX, SANDTON



**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)

