GROWTHPOINT
PROPERTIES

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

30 JUNE 2012

HIGHLIGHTS

- **6.1%** distribution growth to **139,0 cents** per linked unit
- **33.2%** return to investors for the year
- **37.1%** return on **R3,1 billion** Australian investment
- **R1,0 billion** raised through Distribution Re-Investment Plan, supported by **42.0%** of linked unitholders
- Increased corporate bond programme by **R1,5 billion**, increasing unsecured debt to **39.0%** of total RSA debt

CONTENTS

The summarised audited consolidated annual financial statements set out in Annexure 1 is a summary of the consolidated financial statements approved on 28 August 2012 and issued on 28 September 2012. The Group annual financial statements have been audited by KPMG Inc.

Messrs LN Sasse, (CA(SA)) and EK de Klerk, (CA(SA)), Growthpoint Properties Limited's executive directors were responsible for supervising the preparation of the Group annual financial statements and these summarised financial statements.

A copy of the complete Group annual financial statements that have been summarised in this report and the integrated annual review of the Group, as well as the annual financial statements of the company for the financial years ended 30 June 2011 and 2012 may be obtained from:

- The Transfer Secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, or
- By request from the company, or
- From the company's website at: www.growthpoint.co.za

The consolidated financial statements include the financial statements of Growthpoint Properties Limited (Growthpoint or the company), its subsidiary companies and controlled trusts (together referred to as the Group and individually as group companies), the share of the profit or loss and other comprehensive income of equity-accounted investees and the Group's share of the assets, liabilities, income, expenses and cash flows of jointly controlled operations.

LETTER TO LINKED UNITHOLDERS

Dear linked unitholder

I invite you to attend the 24th annual general meeting (AGM) of Growthpoint Properties Limited (Growthpoint) which will be held at The Place, 1 Sandton Drive, Sandown, Sandton 2196, on Tuesday, 13 November 2012 at 09:00.

I encourage you to attend and vote at the AGM, as this is your opportunity to participate in the review of the company's financial performance for the year ended 30 June 2012, to engage with the directors, raise issues on strategic and financial management, participate in decisions on future direction, goals and objectives and to raise any matters pertaining thereto.

The integrated annual report will not be mailed to all linked unitholders 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 and the effects of all the proposed ordinary and 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, 2 November 2012 (the "Record Date"). The last day to trade to be entitled to attend and vote at the meeting is therefore Friday, 26 October 2012. Only linked unitholders physically present at the meeting or represented by a valid proxy or letter of representation will be entitled to cast a vote on any matter put to a vote of linked unitholders.

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

Francois Marais
Chairman
18 September 2012

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th annual general meeting (AGM) of Growthpoint Properties Limited will be held at The Place, 1 Sandton Drive, Sandown, Sandton 2196, Tuesday, 13 November 2012 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 (JSE).

Alternative venues will be available for participation in this annual general meeting by video conference as detailed in Note 10 at the end of this notice.

For the avoidance of doubt, the Memorandum and Articles of Association (MOI) of the company are referred to as the MOI in accordance with the terminology used in the new Companies Act 2008, as amended, which became effective on 1 May 2011.

1. ORDINARY RESOLUTIONS

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

1.1 ADOPTION OF ANNUAL FINANCIAL STATEMENTS

To receive, consider and adopt the annual financial statements of the company and the Group for the year ended 30 June 2012, together with the reports of the Directors and Auditors thereon, and the report of the Audit Committee.

Additional information

The Group annual financial statements referred to in Ordinary Resolution 1.1 have been published on the company's website at www.growthpoint.co.za or are available on request from the company secretary.

1.2 RE-ELECTION OF NON-EXECUTIVE DIRECTORS WHO ARE TO RETIRE AT THE MEETING

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

Messrs MG Diliza, JC Hayward, HSP Mashaba and CG Steyn, who are to retire by rotation.

Additional information

The MOI of the company requires that one third of the non-executive directors retire by rotation at the AGM but, being eligible, may offer themselves for re-election as directors.

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, recommends the re-election of the directors listed above.

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

1.3 ELECTION OF AUDIT COMMITTEE MEMBERS

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

Mr CG Steyn (Committee Chairman)
Mr PH Fechter
Mrs LA Finlay
Mr JC Hayward
Mr JHN Strydom

Additional information

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

Brief CVs of the eligible Audit Committee members appear in Annexure 3 of this booklet.

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 reappointment as the registered auditor of the company. The Audit Committee is satisfied that, in all material respects, KPMG Inc. is independent of the company as required by s90 of the Companies Act 2008, as amended.

1.5 ADVISORY, NON-BINDING APPROVAL OF REMUNERATION POLICY

To approve, on the Board's recommendation and on an advisory, non-binding basis, the company's remuneration policy on base salary, benefits, short-term incentives and long-term incentives, including executive and non-executive directors, as set out in Annexure 5 of this booklet.

Additional information

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

1.6 TO PLACE THE UNISSUED ORDINARY SHARES IN THE AUTHORISED CAPITAL UNDER THE CONTROL OF THE DIRECTORS

"Resolved that the unissued shares in the company's authorised capital be and are hereby placed under the control of the directors of the company who are authorised to allot or issue any such shares at their discretion, subject at all times to the provisions of the Companies Act 2008, as amended, or successive legislation, the company's MOI and the JSE Listings Requirements, provided that each ordinary share of five cents be issued together with 10 (ten) unsecured variable-rate subordinated debentures of 250 cents each as a linked unit and provided further that the number of shares issued at any time may not exceed 10% of the total number of shares in issue determined immediately prior to each issue of new shares."

Note: No issue will be made that could effectively transfer control of the company without the prior approval of linked unitholders in a general meeting.

Additional information

In terms of the company's MOI, linked unitholders have to approve the placement of the unissued ordinary shares under the control of the directors. Unless renewed, the existing authority granted by the members at the previous AGM on 8 November 2011 expires at the forthcoming AGM. The authority will be subject to the Companies Act 2008, as amended, the JSE 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 its 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 LINKED UNITHOLDERS DISTRIBUTION RE-INVESTEMENT ALTERNATIVES

To pass the following resolution, with or without modification:

"Resolved that, subject to the provisions of the Companies Act 2008, as amended, and the Listings Requirements of the JSE Limited, the directors be and they are hereby authorised by way of a specific standing authority to issue ordinary shares of five cents each ("ordinary shares") together with unsecured variable-rate subordinated debentures of 250 cents each ("debentures"), as and when they deem appropriate, for the exclusive purpose of affording linked unitholders opportunities from time to time to elect to reinvest their distributions in new linked units of the company."

1.8 SPECIFIC BUT RESTRICTED AUTHORITY TO ISSUE LINKED UNITS FOR CASH

To pass the following resolution, with or without modification:

"Resolved that, subject to the provisions of the Companies Act 2008, as amended, and the JSE Listings Requirements, the directors be and they are hereby authorised by way of a general authority, to issue ordinary shares of five cents each ("ordinary shares") together with unsecured variable-rate subordinated debentures of 250 cents each ("debentures") for cash as and when suitable situations arise, subject to the following limitations:

- that each ordinary share be linked to 10 debentures to form linked units ("the linked units");
- this authority shall not extend beyond 15 months from the date of this general meeting;
- a paid press announcement giving full details, including the impact on net asset value and earnings per linked unit, will be published at the time of an issue representing, on a cumulative basis within one year, 5% or more of the number of linked units in issue prior to such issues;
- that issues in aggregate in any one financial year will not exceed 10% of the number of securities of any class in issue, including instruments which are compulsorily convertible into securities of that class;
- that, in determining the price at which an issue of linked units 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, of the linked units in question, measured over the 30 business days prior to the date on which the price of such issue is determined or agreed by the directors;
- that issues of linked units shall be made to public subscribers only and not to related parties; and
- that this authority shall be restricted to the issue of linked units 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 linked unitholders present or represented by proxy at the meeting need to be cast in favour of this resolution in order to give effect hereto.

1.9 TO RECEIVE AND ACCEPT THE REPORT 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 2012, as set out in Annexure 8 of this booklet.

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 2013

To pass the following resolution as a special resolution, with or without modification:

"Resolved that the payment of non-executive directors' fees in respect of the financial year ending 30 June 2013 be and it is hereby approved on the following basis:

	2013	**2012**
Basic fees:		
Chairman	R900 000	R500 000
Deputy chairman	R106 500	R100 000
Non-executive director	R42 500	R40 000
Attendance fees per meeting:		
Board chairman	R150 000	R90 000
Board Deputy chairman	R72 000	R67 500
Board Non-executive director	R48 000	R45 000
Audit Committee chairman	R45 000	R40 000
Audit Committee member	R32 000	R30 000
Risk Management Committee chairman	R40 000	R35 000
Risk Management Committee member	R27 000	R25 000
Property Committee chairman	R40 000	R35 000
Property Committee member	R27 000	R25 000
Social, Ethics and Transformation Committee chairman	R35 000	R30 000
Social, Ethics and Transformation Committee member	R22 500	R20 000
Remuneration Committee chairman	R40 000	R30 000
Remuneration Committee member	R27 000	R20 000
Nomination Committee chairman	R35 000	R30 000
Nomination Committee member	R22 500	R20 000"

Reason for and the 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 2013 in terms of the requirement of s66(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, with or without modification:

"Resolved that the company's provision of financial assistance to related or interrelated companies as defined in the Companies Act 2008, as amended, by way of loans, as set out in Annexure 2 of this booklet, be and it is hereby ratified; and further:

that any direct or indirect provision of financial assistance granted by the company by way of intercompany loans or in any other form, during the two-year period ending 12 November 2014, 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 the effect of this special resolution: To the extent necessary under s45 of the Companies Act 2008, as amended, to ratify financial assistance to related or interrelated companies granted during the financial year ended 30 June 2012 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 12 November 2014.

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 interrelated 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 MOI have been met.

2.3 REPURCHASE OF LINKED UNITS

To pass the following resolution as a special resolution, with or without modification:

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

- any such acquisition of linked units 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 linked units constituting, on a cumulative basis, 3% of the number of linked units 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 linked units in aggregate in any one financial year may not exceed 20% of the company's issued ordinary share capital as at the date of passing of this special resolution;
- in determining the price at which ordinary linked units 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 linked units may be acquired will be 10% of the weighted average of the market value at which such linked units are traded on the JSE over the five business days immediately preceding the date of repurchase of such linked units;
- the company is duly authorised by its Articles of Association to acquire linked units issued by it;
- at any point in time, the company may only appoint one agent to effect any repurchase on the company's behalf;
- the board of directors authorises the acquisition, the company passes the solvency and liquidity test and that from the time that test is done, there are no material changes to the financial position of the company;
- the company's sponsor must confirm the adequacy of the company's working capital for purposes of undertaking the repurchase of linked units in writing to the JSE before entering the market to proceed with the repurchase;
- the company shall remain in compliance with the minimum shareholder spread requirements of the JSE; and
- the company and/or its subsidiaries do not repurchase any shares during a prohibited period in accordance with the JSE Listings Requirements, unless they have in place a repurchase programme in terms of which the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement on the JSE's Securities Exchange News Service (SENS) prior to the commencement of the prohibited period."

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

Note: Although no repurchase of linked units is contemplated at the present time, the directors, having considered the effects of a repurchase of the maximum number of ordinary shares and debentures issued as linked units in terms of the aforegoing general authority, are of the opinion that for a period of twelve months after the date of the notice of 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 this booklet, is provided in terms s11.26 of the JSE Listings Requirements, for purposes of the general authority:
Directors and management – page 48;
Major beneficial shareholders – Annexure 4;
Directors' interests in linked units – Annexure 2; and
Share capital of the company – Annexure 7.

Litigation statement
In terms of s11.26 of the JSE Listings Requirements, the directors, whose names appear in Annexure 3 of this booklet, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the company's or Group's financial position.

Directors' responsibility statement
The directors, whose names appear in Annexure 3 of this booklet, 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 Group annual financial statements and up to the date of this notice.

Intentions
The directors have no specific intention, at present, 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 year 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 linked unitholders not later than 30 September 2012.

2. A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company. Notwithstanding the appointment of a proxy by a member 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 photocopying the proxy form provided in the annual financial statements.

4. The "record date" for the meeting, in terms of s62(3)(a) of the Companies Act 2008, as amended, and STRATE special Gazette S12-2012, shall be Friday, 2 November 2012.

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 48 hours before the appointed time for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

6. If you are a *certificated* Growthpoint linked unitholder or an *own name dematerialised* Growthpoint linked unitholder and are unable to attend the annual general meeting of Growthpoint linked unitholders to be held at 09:00 on Tuesday, 13 November 2012 ("the Growthpoint annual general meeting"), but wish to be represented thereat, you must complete the form of proxy attached hereto in accordance with the instructions therein and return it to 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 by no later than 09:00 on Monday, 12 November 2012.

7. If you are a beneficial owner of *dematerialised* Growthpoint linked units and are not an *own name dematerialised* Growthpoint linked unitholder, then you may instruct your Central Securities Depository Participant (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 linked unitholder (who is not an *own name dematerialised* Growthpoint linked unitholder) and the CSDP or broker.

8. The annual financial statements of the company and Group for the financial years ended 30 June 2011 and 2012 may be obtained from:
   - the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001,
   - the company on request,
   - the company's web-site at: www.growthpoint.co.za

9. It is a requirement in terms of s62(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 ID document, valid passport or driver's licence upon arrival for the meeting and before signing of the attendance register at the meeting shall be acceptable.

10. Alternative venues for participation in this annual general meeting by video conference:
    - *Durban region:*
      Board Room, 4th Floor, Lincoln on the Lake, 2 The High Street, Parkside, Umhlanga Ridge, KwaZulu-Natal, 4319
    - *Cape region:*
      Board Room, 2nd Floor, MontClare Place, Corner of Main and Campground Roads, Claremont, Cape Town, Western Cape, 7708

By order of the Board

RA Krabbenhöft
Company Secretary

18 September 2012

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	Notes	**30 June 2012 Rm**	Restated 30 June 2011 Rm
Revenue, excluding straight-line lease income adjustment		**5 107**	4 410
Straight-line lease income adjustment		**183**	205
Revenue		**5 290**	4 615
Property expenses		**(1 102)**	(1 001)
Net property income		**4 188**	3 614
Other operating expenses		**(176)**	(135)
Operating profit		**4 012**	3 479
Fair value adjustments	1	**(756)**	(282)
Equity-accounted investment loss – V&A Waterfront (net of tax)	2	**(38)**	–
Finance costs		**(1 677)**	(1 237)
Non-cash charges	3	**(108)**	(111)
Capital items		**(17)**	–
Finance income	4	**501**	107
Profit before debenture interest		**1 917**	1 956
Debenture interest		**(2 392)**	(2 070)
Loss before taxation		**(475)**	(114)
Taxation		**(298)**	(121)
– normal taxation		**(1)**	(1)
– capital gains taxation (CGT)		**(2)**	(7)
– deferred taxation charge		**(323)**	(141)
– deferred taxation credit		**28**	28
Loss for the year		**(773)**	(235)
Loss attributable to:			
Equity holders		**(921)**	(323)
Non-controlling interest		**148**	88
Other comprehensive income:			
Foreign currency translation gain		**646**	325
Total comprehensive income		**(127)**	90
Attributable to:			
Equity holders		**(492)**	(97)
Non-controlling interest		**365**	187
Calculation of distributable earnings			
Operating profit		**4 012**	3 479
Less: Straight-line lease income adjustment		**(183)**	(205)
Finance costs		**(1 677)**	(1 237)
Finance income	4	**501**	107
Interest received exceeding distributable income	2	**(76)**	–
Non-controlling interest's share of distribution from GOZ (excluding fair value adjustments)		**(171)**	(71)
Realised foreign exchange loss		**(10)**	–
Taxation (excluding deferred tax and CGT)		**(1)**	(1)
Distributable earnings		**2 395**	2 072

	Notes	30 June 2012 Rm	Restated 30 June 2011 Rm
Total distribution		**2 395**	2 072
Debenture interest		**2 392**	2 070
Ordinary dividend		**3**	2
		Linked units	Linked units
Linked units in issue at the end of the year		**1 743 080 918**	1 591 971 441
Weighted number of linked units in issue		**1 743 080 918**	1 591 971 441
		cents	cents
Distribution per linked unit		**139,00**	131,00
Six months ended 31 December		**67,80**	63,90
Six months ended 30 June		**71,20**	67,10
Basic and diluted loss per share	5	**(52,84)**	(20,29)
Headline earnings per linked unit	6	**72,69**	104,52

STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	Notes	30 June 2012 Rm	Restated 30 June 2011 Rm
ASSETS			
Non-current assets		**54 288**	47 467
Fair value of investment property for accounting purposes		**45 056**	38 870
Straight-line lease income adjustment		**1 693**	1 510
Payments made to acquire investment property		**842**	–
Fair value of long-term property related assets		**47 591**	40 380
Equity-accounted investment – V&A Waterfront	7	**4 912**	4 950
Intangible assets		**1 447**	1 535
Other long-term employee benefits		**–**	5
Equipment		**2**	1
Long-term loans granted to BEE consortia		**336**	594
Derivative assets		**–**	2
Current assets		**1 498**	1 197
Investment property reclassified as held for sale		**515**	539
Trade and other receivables		**588**	407
Cash and cash equivalents		**395**	251
Total assets		**55 786**	48 664
EQUITY AND LIABILITIES			
Shareholders' interest		**893**	1 421
Ordinary share capital		**87**	79
Foreign currency translation reserve		**621**	192
Non-distributable reserve		**185**	1 150
Non-current liabilities – debentures	8	**27 650**	23 463
Linked unitholders' interest		**28 543**	24 884
Non-controlling interest		**2 181**	1 372
Total unitholders' interest		**30 724**	26 256
Other non-current liabilities		**20 744**	16 502
Other non-current financial liabilities		**19 894**	15 983
Other long-term employee benefits		**35**	–
Deferred tax liability		**815**	519
Current liabilities		**4 318**	5 906
Trade and other payables		**1 478**	802
Current portion of other non-current liabilities		**1 495**	3 969
Taxation payable		**–**	3
Linked unitholders for interest and dividends		**1 345**	1 132
Total equity and liabilities		**55 786**	48 664
		cents	cents
Net asset value per linked unit		**1 638**	1 563
Tangible net asset value per linked unit which excludes intangible assets and deferred tax		**1 601**	1 499

STATEMENT OF CASH FLOWS

for the year ended 30 June 2012

	30 June 2012 Rm	Restated 30 June 2011 Rm
Cash generated from operations	**4 130**	3 136
Finance income	**451**	63
Finance costs	**(1 663)**	(1 233)
Taxation paid	**(6)**	(7)
Capital items	**(17)**	–
Distribution to unitholders	**(2 366)**	(1 995)
Net cash inflow/(outflow) from operating activities	**529**	(36)
Net cash outflow from investing activities	**(2 994)**	(7 531)
Net cash inflow from financing activities	**2 592**	7 493
Net increase/(decrease) in cash and cash equivalents	**127**	(74)
Translation effects on cash and cash equivalents of foreign operation	**17**	15
Cash and cash equivalents at the beginning of the year	**251**	310
Cash and cash equivalents at the end of the year	**395**	251

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

	Ordinary share capital Rm	Non-distributable reserve (NDR) Rm
Balance at 30 June 2010	77	1 479
Shares issued	2	–
Total comprehensive income – (loss)/profit after taxation	–	–
Total comprehensive income – other comprehensive income	–	–
Transfer amortisation net of deferred taxation to NDR	–	(71)
Rights issue and acquisition – GOZ	–	–
Transfer to NDR reserves with NCI	–	(4)
Transfer fair value adjustment on GOZ to NDR	–	(254)
Foreign translation on NCI	–	–
Dividends declared – NCI	–	–
Dividends declared	–	–
Restated balance at 30 June 2011	79	1 150
Shares issued	**8**	**–**
Total comprehensive income – (loss)/profit after taxation	**–**	**–**
Total comprehensive income – other comprehensive income	**–**	**–**
Transfer amortisation net of deferred taxation to NDR	**–**	**(71)**
Rights issue and acquisition – GOZ	**–**	**–**
Transfer to NDR reserves with NCI	**–**	**(41)**
Transfer fair value adjustment on GOZ to NDR	**–**	**(853)**
Dividends declared – NCI	**–**	**–**
Dividends declared	**–**	**–**
Balance at 30 June 2012	**87**	**185**

Foreign currency translation reserve (FCTR) Rm	Retained earnings Rm	Total shareholders' interest Rm	Non-controlling interest (NCI) Rm	Total equity Rm
(6)	–	1 550	496	2 046
–	–	2	–	2
–	(323)	(323)	88	(235)
226	–	226	99	325
–	71	–	–	–
(28)	(4)	(32)	756	724
–	4	–	–	–
–	254	–	–	–
–	–	–	4	4
–	–	–	(71)	(71)
–	(2)	(2)	–	(2)
192	–	1 421	1 372	2 793
–	**–**	**8**	**–**	**8**
–	**(921)**	**(921)**	**148**	**(773)**
397	**–**	**397**	**249**	**646**
–	**71**	**–**	**–**	**–**
32	**(41)**	**(9)**	**583**	**574**
–	**41**	**–**	**–**	**–**
–	**853**	**–**	**–**	**–**
–	**–**	**–**	**(171)**	**(171)**
–	**(3)**	**(3)**	**–**	**(3)**
621	**–**	**893**	**2 181**	**3 074**

NOTES

for the year ended 30 June 2012

	30 June 2012 Rm	Restated 30 June 2012 Rm
Note 1:		
Fair value adjustments	**(756)**	(282)
Gross investment property fair value adjustment	**1 953**	1 960
Less: Straight-line lease income adjustment	**(183)**	(205)
Net investment property revaluation	**1 770**	1 755
Borrowings and derivatives – loss	**(892)**	(128)
Foreign exchange (loss)/gain	**(6)**	2
Long-term loans granted to BEE consortia – (loss)/profit	**(103)**	59
Debentures	**(1 525)**	(1 970)
Debentures are adjusted to fair value which represents the net asset value attributable to Growthpoint's debenture holders, excluding the intangible assets.		
Fair value adjustments		
The debentures fair value adjustment consists of:		
Fair value adjustments on other assets and liabilities, excluding fair value adjustment on debentures	**(769)**	(1 688)
Straight-line lease income adjustment	**(183)**	(205)
Capital gains taxation	**2**	7
Deferred taxation – GOZ	**323**	141
Fair value adjustment on GOZ	**(853)**	(254)
Equity-accounted investment loss – V&A Waterfront	**(38)**	–
Foreign losses and retained income	**(10)**	–
Non-controlling interest's portion of fair value adjustments	**(23)**	17
Other long-term employee benefits	**9**	12
Capital items	**17**	–
Debenture fair value adjustment	**(1 525)**	(1 970)
Note 2:		
Equity-accounted investment loss – V&A Waterfront (net of tax)	**(38)**	–
Non-distributable income from investment (fair value adjustments, capital items and deferred taxation)	**38**	–
Interest received exceeding distributable income*	**(76)**	–
Interest received from investment	**(369)**	(18)
Distributable income	**293**	18
* *The distribution of the finance income of R368,8 million is limited to the distributable income earned by the V&A Waterfront, which amounted to R293,4 million.*		
Note 3:		
Non-cash charges	**(108)**	(111)
Amortisation of intangible asset	**(99)**	(99)
Decrease in other long-term employee benefits	**(9)**	(12)

	30 June 2012 Rm	Restated 30 June 2011 Rm
Note 4:		
Finance income	**501**	107
Banks	**25**	28
Joint venture – V&A Waterfront	**369**	18
Antecedent divestiture of distribution	**23**	13
Long-term loans (BEE loans)	**43**	44
Long-term loans (additional interest on refinanced BEE loan)	**34**	–
Others	**7**	4

Note 5:
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, it is not meaningful to investors as the shares are traded as part of a linked unit and practically all the revenue earnings are distributed in the form of debenture interest plus dividends in the ratio of 1 000 to 1. In addition, headline earnings include fair value adjustments for financial liabilities and accounting adjustments required to account for lease income on a straight-line basis, as well as other non-cash accounting adjustments that do not affect distributable earnings. The calculation of distributable earnings and the distribution per linked unit as set out on page 10 is more meaningful.

Note 6:
In terms of Circular 3/2012, issued by SAICA, which has been early adopted, both the fair value adjustment on investment property and debentures are added back in the calculation of headline earnings per linked unit. The Circular does not make provision for the fair value adjustment on other non-current financial liabilities to be added back.

Basic loss is reconciled to headline earnings as follows:	2012 Rm	Restated 2011 Rm
Loss after taxation – attributable to equity holders*	**(921)**	(323)
Add back: Net fair value adjustment – investment property	**(1 302)**	(1 501)
Fair value adjustment (including V&A Waterfront)	**(1 809)**	(1 755)
Applicable taxation	**507**	254
Headline loss attributable to shareholders	**(2 223)**	(1 824)
Add back: Net fair value adjustment – debentures	**1 098**	1 418
Fair value adjustment	**1 525**	1 970
Applicable taxation	**(427)**	(552)
Add back: Debenture interest paid	**2 392**	2 070
Headline earnings attributable to linked unitholders*	**1 267**	1 664

** Refer to page 11 for the number of linked units in issue, in order to determine the basic and diluted loss and headline earnings per linked unit.*

	2012 Rm	Restated 2011 Rm
Note 7:		
Equity-accounted investment – V&A Waterfront	**4 912**	4 950
Investment in joint venture	**156**	156
Loan to joint venture	**4 794**	4 794
Share in equity-accounted earnings	**(38)**	–
Note 8:		
Non-current liabilities – debentures		
Fair value at the beginning of the year	**23 463**	20 795
Issued during the year	**2 662**	698
Fair value adjustment (Note 1)	**1 525**	1 970
Fair value at the end of the year	**27 650**	23 463

SEGMENTAL ANALYSIS

for the year ended 30 June 2012

	South Africa						
	Retail Rm	Office Rm	Industrial Rm	Australia Rm	Total as reported per financial statements Rm	V&A Waterfront Rm	Total Rm
Statement of comprehensive income							
2012							
Revenue, excluding straight-line lease income adjustment	1 441	1 712	943	1 011	5 107	412	5 519
Property expenses	(401)	(390)	(206)	(105)	(1 102)	(107)	(1 209)
Segment results	1 040	1 322	737	906	4 005	305	4 310
Fair value adjustment:							
– Investment property	850	618	211	170	1 849	39	1 888
– Investment property – non-controlling interest	–	–	–	104	104	–	104
Total fair value adjustment on total investment property	850	618	211	274	1 953	39	1 992

	South Africa Rm	Australia Rm	Total as reported per financial statements Rm	V&A Waterfront Rm	Total Rm
Further extracts of statement of comprehensive income					
Other operating expenses	(128)	(48)	(176)	(25)	(201)
Finance costs	(1 276)	(401)	(1 677)	(372)	(2 049)
Finance income	492	9	501	17	518

	South Africa						
	Retail Rm	Office Rm	Industrial Rm	Australia Rm	Total as reported per financial statements Rm	V&A Waterfront Rm	Total Rm
Statement of financial position extracts at 30 June 2012							
Investment property							
Opening balance 1 July 2011	11 985	13 669	6 841	8 424	40 919	4 783	45 702
Acquisitions	424	146	5	1 441	2 016	–	2 016
Payments made to acquire investment property	–	–	–	842	842	–	842
Developments and capital expenditure	174	350	359	831	1 714	128	1 842
Disposals	(288)	(191)	(165)	(43)	(687)	–	(687)
Foreign exchange gain	–	–	–	1 349	1 349	–	1 349
Fair value adjustments	850	618	211	274	1 953	39	1 992
Fair value of total property related assets – 30 June 2012	13 145	14 592	7 251	13 118	48 106	4 950	53 056
Fair value of long-term property assets	13 105	14 187	7 181	13 118	47 591	4 950	52 541
Investment property reclassified as held for sale	40	405	70	–	515	–	515

	South Africa Rm	Australia Rm	Total as reported per financial statements Rm	V&A Waterfront Rm	Total Rm
Further extracts of statement of financial position					
Intangible assets	1 447	–	1 447	–	1 447
Trade and other receivables	560	28	588	29	617
Cash and cash equivalents	100	295	395	14	409
Trade and other payables	(890)	(588)	(1 478)	(94)	(1 572)
Other financial liabilities	(14 933)	(6 456)	(21 389)	–	(21 389)
Nominal value – interest-bearing liabilities	(13 613)	(6 118)	(19 731)	–	(19 731)
Fair value adjustment	(1 320)	(318)	(1 638)	–	(1 638)
Foreign translation differences	–	(20)	(20)	–	(20)

SEGMENTAL ANALYSIS | CONTINUED

for the year ended 30 June 2012

	South Africa						
	Retail Rm	Office Rm	Industrial Rm	Australia Rm	Total as reported per financial statements Rm	V&A Waterfront Rm	Total Rm
Statement of comprehensive income 2011							
Revenue, excluding straight-line lease income adjustment	1 374	1 555	874	607	4 410	25	4 435
Property expenses	(390)	(367)	(191)	(53)	(1 001)	(8)	(1 009)
Segment results	984	1 188	683	554	3 409	17	3 426
Fair value adjustment:							
– Investment property	1 149	686	100	15	1 950	–	1 950
– Investment property – non-controlling interest	–	–	–	10	10	–	10
Total fair value adjustment on total investment property	1 149	686	100	25	1 960	–	1 960

	South Africa Rm	Australia Rm	Total as reported per financial statements Rm	V&A Waterfront Rm	Total Rm
Further extracts of statement of comprehensive income					
Other operating expenses	(101)	(34)	(135)	–	(135)
Finance costs	(950)	(287)	(1 237)	–	(1 237)
Finance income	101	6	107	1	108

	South Africa						
	Retail Rm	Office Rm	Industrial Rm	Australia Rm	Total as reported per financial statements Rm	V&A Waterfront Rm	Total Rm
Statement of financial position extracts at 30 June 2011							
Investment property							
Opening balance 1 July 2010	10 669	12 686	6 667	4 877	34 899	–	34 899
Acquisitions – V&A Waterfront income-producing assets	–	–	–	–	–	4 179	4 179
Acquisitions – V&A Waterfront undeveloped bulk	–	–	–	–	–	600	600
Acquisitions – other	253	122	82	2 881	3 338	–	3 338
Developments and capital expenditure	167	265	144	20	596	4	600
Disposals	(253)	(90)	(152)	(129)	(624)	–	(624)
Foreign exchange gain	–	–	–	750	750	–	750
Fair value adjustments	1 149	686	100	25	1 960	–	1 960
Fair value of total property related assets – 30 June 2011	11 985	13 669	6 841	8 424	40 919	4 783	45 702
Fair value of long-term property assets	11 842	13 442	6 710	8 386	40 380	4 783	45 163
Investment property reclassified as held for sale	143	227	131	38	539	–	539

	South Africa Rm	Australia Rm	Total as reported per financial statements Rm	V&A Waterfront Rm	Total Rm
Further extracts of statement of financial position					
Intangible assets	1 535	–	1 535	–	1 535
Trade and other receivables	376	31	407	22	429
Cash and cash equivalents	76	175	251	88	339
Trade and other payables	(718)	(84)	(802)	(56)	(858)
Other financial liabilities	(15 022)	(4 930)	(19 952)	–	(19 952)
Nominal value – interest-bearing liabilities	(14 249)	(4 844)	(19 093)	–	(19 093)
Fair value adjustment	(773)	(75)	(848)	–	(848)
Foreign translation differences	–	(11)	(11)	–	(11)

COMMENTARY

for the year ended 30 June 2012

INTRODUCTION

Growthpoint is the largest South African listed property company with a quality portfolio of 403 directly owned properties in South Africa valued at R35,0 billion, a 64.5% interest in Growthpoint Properties Australia (GOZ) which owns 41 properties in Australia valued at R13,1 billion and a 50.0% interest in the V&A Waterfront with properties valued at R5,0 billion.

The company's objective is to grow and nurture a diversified portfolio of quality investment properties, providing accommodation to a wide spectrum of tenants and delivering sustainable income distributions and capital appreciation, optimised by effective financial structures. Effectively, all rental income received by the company, less operating costs and interest on debt, including interest received are distributed to unitholders bi-annually, so that the company is very similar to the Real Estate Investment Trust (REIT) models that are well-established internationally. 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 R40,1 billion at 30 June 2012. Over the last year, on average, more than 62,8 million linked units traded per month (2011: 59,4 million). The monthly average value traded was R1,2 billion (2011: R1,0 billion).

The South African portfolio (excluding V&A Waterfront) represents 65.9% of the total portfolio by value, and 79.4% by 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 the major metropolitan areas in strong economic nodes.

BASIS OF PREPARATION

The consolidated financial statements are summarised from a complete set of the Group annual financial statements on which the independent auditors, KPMG Inc, has expressed an unmodified audit opinion. The unmodified audit opinion is available for inspection at the company's registered office. KPMG has also issued an unmodified audit opinion on these summarised financial statements stating that these summarised results presented in Annexure 1 of this booklet, are consistent in all material respects with the complete financial statements. A copy of the auditor's report is available for inspection at the company's registered office.

These summarised consolidated financial statements have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards (IFRS), and the presentation and disclosure requirements of IAS 34, *Interim financial reporting*, the AC 500 standards as issued by the Accounting Standards Board, the Companies Act 2008, as amended, and the JSE Listings Requirements.

The company's accounting policies as set out in the audited financial statements for the year ended 30 June 2011, have been consistently applied in the current period compared to the prior period, except for a change in the accounting policy with respect to jointly controlled entities as allowed per IAS 31, *Interests in joint ventures*. The Group changed from the proportional consolidation method whereby the Group's share of the jointly controlled assets, liabilities, income, expenses and cash flows from the V&A Waterfront are consolidated on a line-by-line basis to, using the equity accounting method, whereby the Group's share of the profit or loss and other comprehensive income of equity-accounted investees are accounted for in the financial statements. The Group believes this change in accounting policy is consistent with industry practice in relation to these types of investments and is a proactive approach to the new IFRS 11, *Joint arrangements*, that will come into effect in the 2014 financial year.

HIGHLIGHTS FOR THE YEAR

ADDITIONAL INVESTMENTS BY GOZ

In July 2011, following the acquisition of six properties held in the Rabinov Property Trust, GOZ undertook a renounceable rights issue underwritten by Growthpoint to raise AUD102,6 million at an issue price of AUD1,90. The proceeds from the rights offer were utilised to reduce bank debt and to provide additional capital for the investment into the Energex office development in Nundah, Brisbane. Growthpoint paid a total of AUD65,4 million (R468,9 million) to follow its rights and the rights that were not taken up by security holders at the time.

In December 2011, GOZ announced the acquisition of three office properties as well as a 100% pre-committed office development for an aggregate purchase consideration of AUD289,5 million. The acquisition was partly funded by a rights offer which raised AUD166,4 million (R1,4 billion) at an issue price of AUD1.90 per stapled security, and the balance with debt. Growthpoint paid AUD126,3 million (R1,1 billion) to follow its rights and the rights that were not taken up by security holders at the time.

Taking into account the above-mentioned new investment of R1,5 billion, the total amount invested at year-end by Growthpoint for its 64.5% interest amounts to R3,1 billion. The market value of the investment at 30 June 2012, was R4,3 billion, realising a 37.1% return on investment for the year.

These new properties are fully let and together represent an initial property income yield of 8.7% at a 4.6 year weighted average lease expiry. The portfolio has also diversified from a purely industrial property fund in 2010 to a spread of 46.9% offices and 53.1% industrial properties, by value, after the acquisition, prior to the completion of the developments.

EQUITY RAISED AND REPAYMENT OF CMBS NOTES

The following raising took place during the year:

- July 2011, R1,8 billion raised through the issue of 100 000 000 linked units at R18,00 per linked unit
- September 2011, R167,3 million (15%) Distribution Re-investment Plan (DRIP), 9 395 001 linked units issued at R17,80 per linked unit
- March 2012, R792,6 million (69%) DRIP, 41 714 476 linked units issued at R19,00 per linked unit

In August 2011 and September 2011, two CMBS notes of R969,0 million and R1,0 billion, respectively, were repaid.

FINANCIAL RESULTS

Growthpoint delivered growth in distributions per linked unit for the year ended 30 June 2012, of 6.1%. The 6.1% growth is in the upper end of the guidance previously given to the market. This was achieved despite the fact that Growthpoint expensed, rather than capitalised, the R46,8 million of interest relating to the undeveloped bulk at the V&A Waterfront.

The growth in the unit price from R18,31 to R23,00 at 30 June 2012, gave investors a capital growth of 25.6% for the year. The distribution of 139.0 cents per linked unit accounts for an income yield of 7.6%, a total return of 33.2% for the year.

The economic conditions during the year of review continued to improve, albeit at a slow pace. This was evidenced by a decrease in vacancies in the industrial and office sectors.

The receipt of income from the cancellation of two bare dominium properties, a saving of interest on borrowings not incurred due to the capital raising of R1,8 billion in July 2011, and an increase in earnings received from GOZ driven by the acquisition of additional properties, as well as the fact that the V&A Waterfront was included for a full year for the first time, were factors contributing towards this performance.

V&A WATERFRONT

The change in accounting policy relating to the 50.0% interest in the V&A Waterfront was applied retrospectively in accordance with IAS 8, *Accounting policies, changes in estimates and errors* and only had an impact on the comparative amounts as the jointly controlled entity was acquired in the prior financial year.

The effect of the change in policy is summarised as follows:

	2012			2011		
	Balance before change in accounting policy at 30 June 2012 Rm	**Effect of change in accounting policy Rm**	**Balance at 30 June 2012 Rm**	Balance as reported before change in accounting policy at 30 June 2011 Rm	Effect of change in accounting policy Rm	Restated balance at 30 June 2011 Rm
Statement of financial position						
Non-current assets						
Fair value of investment property for accounting purposes	**50 848**	**(4 950)**	**45 898**	43 653	(4 783)	38 870
Equity-accounted investment – V&A Waterfront	**–**	**4 912**	**4 912**	–	4 950	4 950
Other non-current assets	**144**	**(142)**	**2**	143	(142)	1
Current assets						
Trade and other receivables	**617**	**(29)**	**588**	411	(4)	407
Cash and cash equivalents	**409**	**(14)**	**395**	339	(88)	251
Non-controlling interest	**2 187**	**(6)**	**2 181**	1 377	(5)	1 372
Other non-current liabilities						
Deferred taxation liability	**823**	**(8)**	**815**	–	–	–
Current liabilities						
Trade and other payables	**1 572**	**(94)**	**1 478**	858	(56)	802
Taxation payable	**5**	**(5)**	**–**	9	(6)	3

	2012			2011		
	Balance before change in accounting policy at 30 June 2012 Rm	**Effect of change in accounting policy Rm**	**Balance at 30 June 2012 Rm**	Balance as reported before change in accounting policy at 30 June 2011 Rm	Effect of change in accounting policy Rm	Restated balance at 30 June 2011 Rm
Statement of comprehensive income						
Revenue, excluding straight-line lease income adjustment	**5 519**	**(412)**	**5 107**	4 435	(25)	4 410
Straight-line lease income adjustment	**122**	**61**	**183**	–	–	–
Property expenses	**(1 209)**	**107**	**(1 102)**	(1 009)	8	(1 001)
Other operating expenses and fair value adjustments	**(201)**	**25**	**(176)**	–	–	–
Equity-accounted investment loss – V&A Waterfront (net of tax)	**–**	**(38)**	**(38)**	–	–	–
Finance costs	**(1 680)**	**3**	**(1 677)**	–	–	–
Non-cash charges and other capital items	**(118)**	**(7)**	**(125)**	–	–	–
Finance income	**149**	**352**	**501**	90	17	107
Taxation	**(307)**	**9**	**(298)**	–	–	–
Statement of cash flows						
Net cash inflow/(outflow) from operating activities	**848**	**(319)**	**529**	(21)	(15)	(36)
Net cash outflow from investing activities	**(3 110)**	**116**	**(2 994)**	(7 458)	(73)	(7 531)
Net cash inflow from financing activities	**2 315**	**277**	**2 592**	7 493	–	7 493
Net movement in cash and cash equivalents	**53**	**74**	**127**	14	(88)	(74)

GOZ

The investment in GOZ has been accounted for in terms of IAS 21, *The effects of changes in foreign exchange rates*. The consolidated statement of financial position includes 100% of the assets and liabilities of GOZ, converted at the closing exchange rate at 30 June 2012, of R8.35:AUD1 (2011: R7.24:AUD1). The consolidated statement of comprehensive income also includes 100% of the revenue and expenses of GOZ, which was translated at an average exchange rate of R8.01:AUD1 (2011: R6.91:AUD1) for the year ended 30 June 2012. The resulting foreign currency translation difference is recognised in other comprehensive income. A non-controlling interest was raised for the 35.5% (2011: 39.4%) not owned by Growthpoint.

Investment property comprises land and buildings held to generate rental income over the long-term. Should any properties no longer meet the company's investment criteria and be sold, any profits or losses will be of a capital nature and will be taxed at rates applicable to capital gains. Deferred taxation on the revaluation of investment property is offset against the deferred taxation asset that arises on the revaluation of the company's issued debentures (excluding deferred taxation on intangible assets and deferred taxation on the investment in GOZ).

NET PROPERTY INCOME (NPI)

The increase in revenue (15.8%) from the prior year was largely due to contractual rental escalations and higher revenue from GOZ (66.6%) resulting from property acquisitions made.

The ratio of property expenses to revenue for the Group has improved from 22.7% to 21.6% in the current year.

FAIR VALUE ADJUSTMENTS

The revaluation of properties resulted in an upward revision of R1 953,0 million (4.2%) to R48,1 billion for investment property (including investment properties reclassified as held for sale). This was mainly due to an increase in future contractual rentals. Interest-bearing borrowings and derivatives were fair valued upwards by R892,1 million (4.5%), using the yield curve at 30 June 2012.

The trading market value of the investment in GOZ, based on a stapled security price of AUD2,10 (2011: AUD1,90), translated at the closing rate of R8,35:AUD1 (2011: R7,24:AUD1) at the financial year-end, resulted in a positive fair value adjustment of R853,5 million (2011: R254,0 million).

EQUITY-ACCOUNTED RESULTS IN THE V&A WATERFRONT

The fair value of investment property in the V&A Waterfront has been adjusted upwards by a revaluation of R38,4 million.

Growthpoint earned interest on the loan of R4 794,6 million advanced to the V&A Waterfront at the prime overdraft rate less 1%. The distribution of the finance income of R368,8 million (Note 2) is however limited to the distributable income earned by the V&A Waterfront, which amounted to R293,4 million.

The distributable income earned has been slightly lower than our expectation at the time of concluding the transaction. The on-going difficult economic conditions impacting negatively on the hotel and leisure industries have reduced the turnover rentals earned from the V&A Waterfront. Due to only 12.3% of NPI being hotel turnover related, the impact thereof was not significant.

Construction has commenced on a state-of-the-art 4-Star Green Star design rated, 18 100m^2 head office for Allan Gray with related retail and parking facilities, with completion anticipated in September 2013.

FINANCE COSTS

Finance costs increased by 35.6% to R1 677,4 million (2011: R1 237,4 million). This was as a result of an increase in borrowings for the acquisition of the 50.0% interest in the V&A Waterfront of R5,0 billion in June 2011, as well as the higher debt of GOZ as a result of property acquisitions. The weighted average interest rate for RSA borrowings was 9.5% (2011: 9.2%). Debt is fixed for a weighted average of 4.9 years (2011: 5.3 years).

FINANCE INCOME

The increase in finance income is mainly attributable to a full year's interest earned from the loan advanced to the V&A Waterfront of R368,8 million (2011: R17,9 million for 23 days), as well as the additional interest earned on the BEE loan that was refinanced during the current year of R34,4 million and the antecedent divestiture of distributions of R22,7 million (2011: R12,5 million).

ACQUISITIONS AND COMMITMENTS

Growthpoint acquired the remaining 64.3% of Alberton City for R423,8 million during the year.

Growthpoint acquired a 50.0% interest in vacant land in Rosebank, with Growthpoint's share amounting to R43,3 million. This land is close to the Rosebank Gautrain Station and a development for 35 000m^2 is intended for office space.

In addition, Growthpoint South Africa has commitments outstanding in respect of developments amounting to R910,6 million and acquisitions amounting to R401,3 million.

Apart from the five properties acquired by GOZ, GOZ entered into development agreements. In terms of these agreements, GOZ has made payments to acquire investment properties (Energex office at Nundah, Brisbane and the Fox Sport office at 219-247 Pacific Highway in Sydney) to the value of AUD100,8 million (R842,0 million). These financial assets will be transferred to investment property upon completion of these developments, which is expected to be December 2012. GOZ also has a capital commitment to the value of AUD61,7 million in respect of these development agreements. Included in trade and other payables is an amount of AUD54,0 million for the acquisition liability of a further two properties, that have been included in investment property at year-end. Subsequent to year-end, this acquisition liability was settled through the use of debt facilities.

The development at the V&A Waterfront for Allan Gray commenced in the current year. The commitment outstanding at 30 June 2012 amounts to R207,6 million. A further R15,2 million has been committed to other V&A Waterfront projects.

DISPOSALS AND HELD FOR SALE ASSETS

Growthpoint South Africa disposed of 23 properties in the current year (2011: 11) for R518,2 million (2011: R232,6 million) with a collective R183,6 million profit on cost.

In the prior year Growthpoint swapped 18.0% of its interest in Brooklyn Mall for 82.0% interest in Design Square in Pretoria. During the current year an additional 7.0% interest in Brooklyn Mall/Design Square was disposed of for R120,3 million, realising a profit on cost of R54,9 million. Growthpoint's interest in Brooklyn Mall/Design Square is now 75.0%.

GOZ disposed of one property during the year for AUD5,2 million (R42,8 million).

Held for sale assets decreased to 14 properties, valued at R515,3 million (2011: 17 properties, valued at R538,5 million).

LONG-TERM LOANS GRANTED TO BEE CONSORTIA

In November 2011, Growthpoint's first BEE transaction was refinanced and Growthpoint received R306,4 million as partial repayment of the loan. Interest accrues at 15.0% per annum on the remaining balance of R200,0 million and is payable bi-annually.

EQUITY-ACCOUNTED INVESTMENT – V&A WATERFRONT

In terms of the change in accounting policy, the investment in the V&A Waterfront has been accounted for separately at the fair value of Growthpoint's 50% interest in the V&A Waterfront amounting to R4 912,0 million (2011: R4 950,3 million).

ARREARS

Total RSA arrears at 30 June 2012, amounted to R32,6 million (2011: R34,8 million) with a provision for bad debts of R14,6 million (2011: R16,2 million). Total bad debt expenses amounted to R7,8 million (2011: R9,6 million).

VACANCY LEVELS

At 30 June 2012, Growthpoint's Group vacancy levels, as a percentage of gross lettable area (GLA) were:

	Vacancy	
	2012	2011
Retail	**3.1%**	2.9%
Office	**5.8%**	8.1%
Industrial	**3.4%**	4.3%
Total	**4.0%**	5.0%
V&A Waterfront	**1.6%**	3.5%
GOZ	**0.3%**	–
Total	**3.3%**	4.2%

Improvement in vacancies is evident in the RSA office and industrial sectors. The slight increase in vacancies in the retail sector can be ascribed to the redevelopment of various shopping centres.

BORROWINGS

At 30 June 2012, 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 investment of the V&A Waterfront was 36.5% (2011: 41.1%).

The decrease in debt mainly results from:

- The issue of new linked units in July 2011 for R1,8 billion
- DRIP in September 2011, R167,3 million
- DRIP in March 2012, R792,6 million.

Growthpoint also managed to increase the percentage of unsecured debt to total debt from 21.1% at 30 June 2011, to 39,0% at 30 June 2012. The increase in unsecured debt was aided by three further issues of R500,0 million (4,25 years), R260,0 million (5 years) and R750,0 million (3 years), respectively, into the bond market, as well as two commercial paper issues of R400,0 million each.

SHARE AND DEBENTURE CAPITAL

The authorised share capital is R100 000 000, divided into two billion ordinary shares of five cents each. Each ordinary share is linked to ten variable-rate debentures of 250 cents each.

The ordinary shares and debentures trade as linked units on the JSE. In terms of the debenture trust deed, the interest payable on the debenture component of the linked unit is always 1 000 times greater than the dividend payable per ordinary share.

SUBSEQUENT EVENTS

There were no material transactions from 30 June 2012, until the date of this report.

CHANGE IN DIRECTORS

It is with great sadness that we note the deaths of Stuart Snowball on 3 August 2012, our Financial Director and Zakhele Sithole, on 18 August 2012 a Non-executive director. Stuart a friend and colleague joined Growthpoint in 2003 and was a valuable member of the team. Our thoughts go out to their families in this difficult time.

The executives are currently interviewing candidates to fill the position and an announcement will be made as soon as the appointment is finalised.

Zakhele Sithole was a member of both the Audit Committee and Risk Management Committee.

PROSPECTS

Should economic conditions prevail, growth in distributions per linked unit for the year to 30 June 2013, is expected to be in line with that achieved in the current year.

The forecast has been based on the company's budgets for the year ended 30 June 2013, taking into account that the majority of the company's income is contractual rental income, as well as the fact that 83.1% of the South Africa debt has been fixed for the next year.

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

Annexure 2

DIRECTORS' REPORT

for the year ended 30 June 2012

The directors have pleasure in submitting their 24th annual report, on the company and Group, which forms part of the financial statements for the year ended 30 June 2012.

NATURE OF BUSINESS

Growthpoint Properties Limited (Growthpoint) is a variable-rate property loan stock company and is the largest South African listed property company which owns a quality portfolio of 403 directly owned properties in South Africa valued at R35,0 billion (2011: R32,5 billion).

The primary business of Growthpoint is long-term investment in quality, rental-generating properties. Properties are maintained, upgraded and refurbished, where necessary, so as to increase their long-term value.

Growthpoint's subsidiary, Growthpoint Properties Australia (GOZ), an Australian Real Estate Investment Trust (A-REIT) listed on the Australian Securities Exchange, owns 41 properties in Australia, valued at R13,1 billion (2011: R8,4 billion).

As at 30 June 2012, Growthpoint's interest in GOZ stood at 64.5% (2011: 60.6%).

Growthpoint and the Public Investment Corporation Limited (SOC) (PIC) each owns 50% in the V&A Waterfront, with property assets totalling R9,9 billion (2011: R9,6 billion).

Growthpoint is listed on the JSE Limited (JSE) under the Financial – Real Estate sector.
Share code: GRT
ISIN: ZAE000037669 (Growthpoint)

SHARE AND DEBENTURE CAPITAL

The authorised share capital of Growthpoint is R100 000 000 divided into two billion ordinary shares of five cents each. Each ordinary share is linked to 10 variable-rate debentures of 250 cents each.

The company's ordinary shares and debentures trade as linked units on the JSE. In terms of the debenture trust deed, the interest payable on the debenture component of the linked unit is always 1 000 times greater than the dividend payable per ordinary share.

During the year to 30 June 2012, the company issued a total of 151 109 477 new linked units as follows:

- 10 825 000 on 19 July 2011, and 89 175 000 on 22 July 2011, to local and international investors, for cash, under the general authority obtained at the annual general meeting on 3 November 2010. These new linked units were issued at a price of R18.00 per unit, at a 1.4% discount to the 30-day volume weighted average price on 12 July 2011. The R1,8 billion of capital thus raised has been applied in funding property acquisitions, including Growthpoint's 50% stake in the V&A Waterfront, and to reduce debt, in line with the general authority referred to. The issue price comprised R17.25 of linked unit capital and 75 cents antecedent divestiture distribution for the six-month period to 30 June 2011, and the *pro rata* distribution for the period ending 31 December 2011.
- 9 395 001 on 19 September 2011, pursuant to elections of the distribution re-investment alternative offered in respect of the final 2011 cash distribution of 67.1 cents per linked unit for the year ended 30 June 2011, in the ratio of 3,7697 new Growthpoint linked units for every 100 Growthpoint linked units held. The ratio was based on a price of R17.80 (the five-day volume weighted average price, ex distribution, as at Thursday, 1 September 2011, discounted by 2.6%).
- 41 714 476 on 19 March 2012, pursuant to elections of the distribution re-investment alternative offered in respect of the interim 2012 cash distribution of 67.8 cents per linked unit for the half year ended 31 December 2011, in the ratio of 3.5685 new Growthpoint linked units for every 100 Growthpoint linked units held. The ratio was based on a price of R19.00 (the five-day volume weighted average price, ex distribution, as at Thursday, 1 March 2012, discounted by 4.4%).

INTEREST IN SUBSIDIARIES

	Investment – 2012				Investment – 2011	
	Issued capital Rm	Interest in net profit Rm	Shares and debentures Rm	Loan Rm	Shares Rm	Loan Rm
323 Festival Street (Pty) Limited	–	–	–	–	–	29
Changing Tides 5 (Pty) Limited	–	–	–	–	–	–
Growthpoint Building Managers (Pty) Limited	–	–	–	–	–	–
Growthpoint Management Services (Pty) Limited	–	–	–	1 488	–	1 434
Growthpoint Properties Australia* (Australia)	6 411	291	4 290	169	1 975	91
Majorshelf 184 (Pty) Limited	–	–	–	(120)	120	16
Growthpoint Security SPV Number 1 (Pty) Limited	–	–	–	–	–	–
Growthpoint Security SPV Number 2 (Pty) Limited	–	–	–	–	–	–
Growthpoint Security SPV Number 3 (Pty) Limited	–	–	–	–	–	–
Metboard Properties Limited	3	–	2 480	1 001	2 373	(39)
New Heights 344 (Pty) Limited	–	–	–	–	–	–
Paramount Property Fund Limited	25	–	2 088	691	1 912	847
Scopeful 157 (Pty) Limited	–	–	–	(13)	14	3
Skilfull 82 (Pty) Limited	–	–	–	–	–	–
Skilfull 115 (Pty) Limited	–	–	21	–	14	4
Tuinweg Property Investments (Pty) Limited (Namibia)	–	–	9	204	22	215
Total	**6 439**	**291**	**8 888**	**3 420**	6 430	2 600

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

Growthpoint Properties Limited, as part of a joint arrangement with the Government Employees Pension Fund (GEPF), represented by the Public Investment Corporation Limited (SOC) (PIC), also holds 50% of the issued shares in the holding company of the V&A Waterfront in Cape Town, V&A Waterfront Holdings (Pty) Ltd.

INTEREST AS VESTED BENEFICIARY OF A TRUST

The Growthpoint Securitisation Warehouse Trust (the Trust), established in 2005, holds a portfolio of properties for the purposes of providing security relative to potential funds that could be raised by the company from time to time. In terms of the Trust Deed, Growthpoint is the sole, vested beneficiary of the Trust in respect of income and capital gains. Accordingly, the statement of financial position and statement of 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 2012:

	2012 Rm	2011 Rm
Profit before taxation	**1 190**	1 002
Fair value adjustments included in profit before taxation:	**491**	382
– Net fair value adjustment of investment property	**489**	376
– Fair value adjustment of interest-bearing borrowings	**2**	6
Investment property at fair value	**8 032**	7 640

DIRECTORS AND SECRETARY

Details of the directors and secretary can be found on page 48 of this booklet.

Mr SM Snowball, the company's Financial Director, passed away after a period of illness on Friday, 3 August 2012.

Mr ZJ Sithole, a Non-executive Director and a member of both the Audit Committee and Risk Management Committee, passed away after a period of illness on 18 August 2012.

Messrs MG Diliza, JC Hayward, HSP Mashaba and CG Steyn are to retire by rotation at the forthcoming annual general meeting in terms of article 13.1 of the company's Articles of Association. These directors, being eligible, shall offer themselves for re-election at the forthcoming annual general meeting.

MANAGEMENT AND ADMINISTRATION

With effect from 1 July 2007, Growthpoint Management Services (Pty) Limited (GMS), a wholly owned subsidiary of Growthpoint, has been undertaking, in terms of a management agreement, Growthpoint's property fund management business, property administration business and all related activities. As at 30 June 2012, GMS had 457 (2011: 456) people in employment to manage those businesses.

CAPITAL COMMITMENTS

	2012 Rm	Restated 2011 Rm
Capital commitments in respect of building projects authorised and contracted for but not yet paid, at 30 June 2012, amounted to:		
South Africa	**911**	478
GOZ	**516**	503
V&A Waterfront	**223**	320
Capital commitments of GOZ in respect of obligations to build additional space for certain tenants at a predetermined yield if called upon to do so, at 30 June 2012, amounted to:	**–**	275
The Group has entered into agreements to purchase properties to the value of:		
South Africa	**401**	299
GOZ	**–**	61
In addition, capital commitments authorised not yet contracted, at 30 June 2012, amounted to:		
South Africa	**79**	275
V&A Waterfront	**6**	–
The capital expenditure will be financed from existing funding facilities.		

SUBSEQUENT EVENTS

There were no material transactions from 30 June 2012, until the date of this report.

DIRECTORS' INTERESTS IN LINKED UNITS

At 30 June 2012, the directors' interests in linked units were:

		Beneficial			
Director	**Notes**	**Direct**	**Indirect**	**Non-beneficial**	**Total**
2012					
EK de Klerk		–	768 148	–	768 148
EK de Klerk: Staff Incentive Scheme Options 2008		63 033	–	–	63 033
EK de Klerk: Staff Incentive Scheme Options 2009		95 955	–	–	95 955
EK de Klerk: Staff Incentive Scheme Options 2010		111 730	–	–	111 730
EK de Klerk: Staff Incentive Scheme Options 2011		114 754	–	–	114 754
EK de Klerk: Staff Incentive Scheme Options 2012		476 246	–	–	476 246
MG Diliza	1	–	–	24 608 153	24 608 153
PH Fechter		–	–	3 000 000	3 000 000
LA Finlay		70 180	–	–	70 180
JC Hayward		64 303	–	–	64 303
HS Herman		–	120 000	–	120 000
HSP Mashaba	2	–	9 460 000	–	9 460 000
R Moonsamy	1	–	13 333 333	–	13 333 333
LN Sasse		864 417	–	–	864 417
LN Sasse: Staff Incentive Scheme Options 2008		137 172	–	–	137 172
LN Sasse: Staff Incentive Scheme Options 2009		210 965	–	–	210 965
LN Sasse: Staff Incentive Scheme Options 2010		245 454	–	–	245 454
LN Sasse: Staff Incentive Scheme Options 2011		251 366	–	–	251 366
LN Sasse: Staff Incentive Scheme Options 2012		898 416	–	–	898 416
SM Snowball		92 810	333 258	–	426 068
SM Snowball		–	–	11 633	11 633
SM Snowball (Certificated Holdings)		47 916	–	–	47 916
SM Snowball: Staff Incentive Scheme Options 2009		67 500	–	–	67 500
SM Snowball: Staff Incentive Scheme Options 2010		133 791	–	–	133 791
SM Snowball: Staff Incentive Scheme Options 2011		170 977	–	–	170 977
JHN Strydom		–	–	153 057	153 057
		4 116 985	**24 014 739**	**27 772 843**	**55 904 567**

No changes have taken place in the interests reflected above between 30 June 2012 and the date of approval of the Group annual financial statements.

At 30 June 2011, the directors' interests in linked units were:

Director	Notes	Beneficial Direct	Beneficial Indirect	Non-beneficial	Total
2011					
EK de Klerk		–	539 820	–	539 820
EK de Klerk: Staff Incentive Scheme Options 2007		133 334	–	–	133 334
EK de Klerk: Staff Incentive Scheme Options 2008		94 547	–	–	94 547
EK de Klerk: Staff Incentive Scheme Options 2009		127 940	–	–	127 940
EK de Klerk: Staff Incentive Scheme Options 2010		111 730	–	–	111 730
MG Diliza	1	–	–	23 367 070	23 367 070
PH Fechter		–	–	3 000 000	3 000 000
LA Finlay		60 000	–	–	60 000
JC Hayward		62 087	–	–	62 087
HS Herman		–	101 074	–	101 074
HSP Mashaba	2	–	9 240 000	–	9 240 000
R Moonsamy	1	–	9 666 667	–	9 666 667
LN Sasse		586 550	–	–	586 550
LN Sasse: Staff Incentive Scheme Options 2007		258 334	–	–	258 334
LN Sasse: Staff Incentive Scheme Options 2008		205 758	–	–	205 758
LN Sasse: Staff Incentive Scheme Options 2009		281 286	–	–	281 286
LN Sasse: Staff Incentive Scheme Options 2010		245 454	–	–	245 454
SM Snowball		12 572	328 234	–	340 806
SM Snowball		–	–	3 938	3 938
SM Snowball (Certificated Holdings)		49 788	–	–	49 788
SM Snowball: Staff Incentive Scheme Options 2007		60 000	–	–	60 000
SM Snowball: Staff Incentive Scheme Options 2007 (Incremental allocation in January 2010)		15 000	–	–	15 000
SM Snowball: Staff Incentive Scheme Options 2009		90 000	–	–	90 000
SM Snowball: Staff Incentive Scheme Options 2010		133 791	–	–	133 791
JHN Strydom		–	–	152 997	152 997
		2 528 171	19 875 795	26 524 005	48 927 971

DIRECTORS' REPORT | CONTINUED

for the year ended 30 June 2012

During the year ended 30 June 2012, directors carried out the following transactions:

Director	Date	Number of units	Purchase/sale	Price per unit
2012				
EK de Klerk	8 Sep 2011	63 500	Scheme options exercised	R18.41
EK de Klerk	8 Sep 2011	(31 985)	Scheme options exercised – Sale	nil
EK de Klerk	8 Sep 2011	(31 515)	Scheme options exercised – Sale	nil
EK de Klerk	19 Sep 2011	5 026	Reinvestment alternative acquisition	R17.80
EK de Klerk	23 Sep 2011	133 334	Exercise of Scheme options (nil cost) and acquisition of linked units	R17.32
EK de Klerk	23 Sep 2011	(133 334)	Scheme options exercised – Sale	nil
EK de Klerk	1 Oct 2011	114 754	Award of Scheme options 2011	nil
EK de Klerk	19 Mar 2012	26 467	Reinvestment alternative acquisition	R19.00
EK de Klerk	3 April 2012	476 246	Award of Scheme options 2012	nil
MG Diliza	19 Sep 2011	1 066 667	Change of interest in BEE holding company (62.50% to 65.70%)	nil
MG Diliza	19 Sep 2011	39 026	Reinvestment alternative acquisition	R17.80
MG Diliza	19 Sep 2011	2 390	Reinvestment alternative acquisition	R17.80
MG Diliza	19 Sep 2011	92 760	Change of interest in BEE holding company (62.50% to 65.70%)	nil
MG Diliza	19 Mar 2012	2 322	Reinvestment alternative acquisition	R19.00
MG Diliza	19 Mar 2012	37 918	Reinvestment alternative acquisition	R19.00
LA Finlay	19 Sep 2011	2 262	Reinvestment alternative acquisition	R17.80
LA Finlay	2 Mar 2012	5 500	On-market purchase	R20.62
LA Finlay	19 Mar 2012	2 418	Reinvestment alternative acquisition	R19.00
JC Hayward	19 Mar 2012	2 216	Reinvestment alternative acquisition	R19.00
HS Herman	19 Sep 2011	3 810	Reinvestment alternative acquisition	R17.80
HS Herman	20 Sep 2011	5 116	On-market purchase of securities	R18.01
HS Herman	19 Mar 2012	3 925	Reinvestment alternative acquisition	R19.00
HS Herman	26 Mar 2012	6 075	On-market purchase	R20.44
HSP Mashaba	4 Apr 2012	220 000	Change of interest in BEE holding company (42.00% to 43.00%)	n/a
R Moonsamy	20 Oct 2011	3 666 666	Change of interest in BEE holding company (29.00% to 40.00%)	n/a
LN Sasse	19 Sep 2011	9 738	Reinvestment alternative acquisition	R17.80
LN Sasse	1 Oct 2011	251 366	Award of Scheme options 2011	nil
LN Sasse	7 Nov 2011	397 241	Scheme options exercised	R18.25
LN Sasse	7 Nov 2011	(158 896)	Scheme options exercised – Sale	R18.25
LN Sasse	7 Nov 2011	(258 334)	Scheme options exercised – Sale	R18.25
LN Sasse	7 Nov 2011	(68 586)	Scheme options exercised – Sale	R18.25
LN Sasse	7 Nov 2011	(70 321)	Scheme options exercised – Sale	R18.25
LN Sasse	19 Mar 2012	29 784	Reinvestment alternative acquisition	R19.00
LN Sasse	3 April 2012	898 416	Award of Scheme options 2012	nil
SM Snowball	9 Sep 2011	(75 000)	Scheme options exercised – Sale	nil
SM Snowball	9 Sep 2011	(22 500)	Scheme options exercised – Sale	nil
SM Snowball	9 Sep 2011	97 500	Scheme options exercised	R18.42
SM Snowball	19 Sep 2011	5 195	Reinvestment alternative acquisition	R17.80
SM Snowball	1 Oct 2011	170 977	Award of Scheme options 2011	nil
SM Snowball	19 Mar 2012	8 814	Reinvestment alternative acquisition	R19.00
SM Snowball	19 Mar 2012	1 420	Reinvestment alternative acquisition	R19.00
SM Snowball	19 Mar 2012	7 695	Reinvestment alternative acquisition	R19.00
SM Snowball	19 Jun 2012	(15 529)	On-market sale of securities	R22.25
SM Snowball	19 Jun 2012	(14 009)	On-market sale of securities	R22.28

1. Through phase 1 of the BEE ownership in Growthpoint effective 31 August 2005, Messrs Moonsamy and Diliza, respectively, have an indirect beneficial and non-beneficial interest in 13 333 333 and 24 142 872 linked units.
2. Through phase 2 of the BEE ownership in Growthpoint effective 8 December 2006, Mr Mashaba has an indirect and beneficial interest in 9 460 000 linked units.

Following is the number of unvested Growthpoint options granted to executive directors and the dates when these options vest.

	Total	1 Sep 12	1 Sep 13	1 Sep 14	1 Sep 15	1 Sep 16
2008 options						
LN Sasse	137 172	68 586	68 586	–	–	–
EK de Klerk	63 032	31 516	31 516	–	–	–
2009 options						
LN Sasse	210 965	70 321	70 322	70 322	–	–
EK de Klerk	95 955	31 985	31 985	31 985	–	–
SM Snowball	67 500	22 500	22 500	22 500	–	–
2010 options						
LN Sasse	245 454	61 364	61 363	61 364	61 363	–
EK de Klerk	111 730	27 933	27 932	27 933	27 932	–
SM Snowball	133 791	33 448	33 448	33 448	33 447	–
2011 options						
LN Sasse	251 366	–	62 841	62 842	62 841	62 842
EK de Klerk	114 754	–	28 689	28 688	28 689	28 688
SM Snowball	170 977	–	42 744	42 744	42 744	42 745
2012 options						
LN Sasse	898 416	224 604	224 604	224 604	224 604	–
EK de Klerk	476 246	119 062	119 061	119 062	119 061	–

REMUNERATION POLICY

The company's Remuneration Policy is contained in the 2012 annual integrated review and will be put to linked unitholders for a non-binding vote at the annual general meeting to be held on 13 November 2012.

Non-executive directors' fees

Independent external consultants are employed from time to time to conduct benchmarking comparisons with companies of similar size in the financial services sector, including other listed property companies. The aim is to be in the upper quartile of the comparator group.

Annexure 3

BOARD OF DIRECTORS

for the year ended 30 June 2012

JF (FRANCOIS) MARAIS (57)
Chairman
Appointed to the Board in 2003
Independent non-executive
Committees: Nomination, Remuneration, standing invitation to Risk Management Committee meetings
BCom, LLB, H Dip (Company Law)
A founding member of Glyn Marais Inc.

HSP (HERMAN) MASHABA (53) *
Deputy Chairman, Non-executive, BEE structure stakeholder
Appointed to the Board in 2006
Committees: Nomination, Remuneration
Founder of Black Like Me products.
Executive chairman of Lephatsi Investments (Pty) Ltd and non-executive director of Black Like Me (Pty) Ltd, Steffanutti Stocks Holdings Ltd and PG Group (Pty) Ltd. Chairman of the Free Market Foundation and past chairman of the Institute of Directors in Southern Africa.

LN (NORBERT) SASSE (47)
Chief Executive Officer
Appointed to the Board in 2003
Committees: Participates in all committee meetings by invitation
BCom (Hons) (Acc), CA (SA)
Experience in corporate finance dealing with listings, de-listings, mergers, acquisitions and capital raising. Director of Metboard Properties Ltd, Paramount Property Fund Ltd, Growthpoint Properties Australia, Growthpoint Management Services (Pty) Ltd

EK (ESTIENNE) DE KLERK (43)
Executive Director
Appointed to the Board in 2008
Committees: Participates in all committee meetings by invitation
BCom (Industrial Psych), BCom (Hons) (Marketing), BCom (Hons) (Acc), CA (SA)
Extensive experience in listed property, involved in BEE transactions, mergers and acquisitions
Director of Metboard Properties Ltd, Paramount Property Fund Ltd, Growthpoint Properties Australia, Growthpoint Management Services (Pty) Ltd

HS (HUGH) HERMAN (71)
Independent non-executive
Appointed to the Board in 1995
Committees: Property, Remuneration
BA LLB
Former Chairman of Investec Bank (UK) Ltd, Investec plc and Investec Ltd. Non-executive director of Pick 'n Pay Holdings Ltd and Pick 'n Pay Stores Ltd

R (RAGAVAN) MOONSAMY (48)
Non-executive, BEE structure stakeholder
Appointed to the Board in 2005
Committees: Property, Social, Ethics and Transformation
Founder of Kascara Financial Services (Pty) Ltd. Chief Executive of UniPalm Investments (Pty) Ltd. Director of Afripalm (Pty) Ltd

MBP (MPUME) NKABINDE (52)
Independent non-executive
Appointed to the Board in 2009
Committees: Risk, Social, Ethics and Transformation
MBA, Honour in HRD, Diploma in Adult Education, Diploma in Property Development and Management
Co-founder and Managing Director of Sigma Lifts and Escalators (Pty) Ltd. Director of Finlay and Associates and Cities Hub Africa. Trustee of the Otis Pension Fund and Providend Fund (Pty) Ltd.

ZJ (ZAKHELE) SITHOLE (57) (Deceased 18 August 2012)
Non-executive
Appointed to the Board in 2010
Committees: Audit, Risk
BCom (Acc), CA (SA), H Dip Tax Law, H Dip Company Law
Executive Chairman of Sithole Inc and non-executive Chairman of Command Holdings Ltd. Non-executive director of the Public Investment Corporation Limited (SOC) (PIC), Allied Technologies Ltd, South African Airways. Non-executive trustee of the Government Employees Pension Fund and member of the Board of Governors of the University of Zululand Foundation. Non-executive director and chairman of Afrisam Ltd.

MG (MZOLI) DILIZA (63) *
Non-executive, BEE structure stakeholder
Appointed to the Board in 2001
Committees: Social, Ethics and Transformation, Property
BCom, Bachelor of Business Management and Administration (Hons)
Executive Chairman of Strategic Partnership Group (Pty) Ltd, Chairman Black Management Forum (Border Branch), former Chief Executive of the Chamber of Mines of South Africa

PH (PETER) FECHTER (66) #
Independent non-executive
Appointed to the Board in 2003
Committees: Audit, Property
BSc (Eng)
More than 40 years' experience in construction, property development, management and investment

LA (LYNETTE) FINLAY (52) #
Independent non-executive
Appointed to the Board in 2009
Committees: Audit, Social, Ethics and Transformation
B Compt (Hons), CA (SA)
Chief Executive Officer of Finlay and Associates, first woman president of SAPOA, a co-founding member of Noah (Nurturing Orphans of Aids for Humanity) and Woman's Property Network and trustee of the Noah Sustainability Trust. Former Board member of the Property Services SETA, Winner of the Inyathelo award for women in Philanthropy and winner of the "5-Star Woman" award for women in the Property Industry.

BOARD OF DIRECTORS | CONTINUED

for the year ended 30 June 2012

JC (JOHN) HAYWARD (61) *#
Independent non-executive
Appointed to the Board in 2001
Committees: Audit, Risk
BSc (Hons)
Fellow of Institute of Actuaries, 25 years' experience of investment and investment related activities

SM (STUART) SNOWBALL (56) (Deceased 3 August 2012)
Financial Director
Appointed to the Board in 2008
Committees: Participates in all committee meetings (excluding Remuneration) by invitation
BCom (Hons) (Acc) CA (SA)
28 year's post qualifying working experience in commerce, including 19 years property experience. Formerly Chief Financial Officer of Barprop Ltd and Primegro Properties Ltd. Director of Metboard Properties Ltd, Paramount Property Fund Ltd, Growthpoint Management Services (Pty) Ltd

CG (COLIN) STEYN (71) *#
Independent non-executive
Appointed to the Board in 2001
Committees: Audit, Property
FCIS, Senior Management Programme Harvard University
Formerly Chairman of Barprop Ltd. Former President of SAPOA

JHN (JAN) STRYDOM (73) #
Independent non-executive
Appointed to the Board in 2003
Committees: Audit, Risk
MCom (Acc), CA (SA)
Co-founder of Strydom's Incorporated, a firm of Chartered Accountants specialising in business valuations, forensic investigations, litigation support and arbitrations. Non-executive director of MTN Group Ltd, Director of the Public Investment Corporation Limited (SOC) (PIC) and senior member of the Special Income Tax Court. Non-executive director of Afrisam Ltd.

FJ (ERIC) VISSER (60)
Independent non-executive
Appointed to the Board in 2003
Committees: Risk, Remuneration
BCom (Hons)
Chief Executive Officer of Mine Pension Funds

** Nominated for re-election as directors, upon retirement by rotation at the annual general meeting on 13 November 2012.*

 # Nominated for re-appointment as members comprising the Audit Committee, at the annual general meeting on 13 November 2012.

Annexure 4

LINKED UNITHOLDERS' ANALYSIS

for the year ended 30 June 2012

Linked unitholder spread	Number of linked unitholders	% of total linked unitholdings	Number of linked units	% of issued capital
1 – 500 linked units	2 830	17.72%	348 229	0.02%
501 – 1 000 linked units	1 030	6.45%	787 263	0.05%
1 001 – 5 000 linked units	5 868	36.74%	16 158 193	0.93%
5 001 – 10 000 linked units	2 391	14.97%	17 483 644	1.00%
10 001 – 20 000 linked units	1 565	9.80%	22 370 631	1.28%
20 001 – 50 000 linked units	1 056	6.61%	32 751 243	1.88%
50 001 – 100 000 linked units	436	2.73%	30 906 167	1.77%
100 001 – 200 000 linked units	254	1.59%	36 308 916	2.08%
200 001 – 1 000 000 linked units	376	2.35%	166 089 120	9.53%
1 000 001 – 10 000 000 linked units	145	0.91%	485 648 948	27.86%
10 000 001 linked units and over	21	0.13%	934 228 564	53.60%
Total	15 972	100.00%	1 743 080 918	100.00%
Distribution of linked unitholders				
Retirement benefit funds	307	1.92%	650 195 378	37.30%
Collective investment schemes	464	2.91%	620 083 648	35.57%
Empowerment holdings	3	0.02%	124 474 516	7.14%
Retail linked unitholders	11 745	73.53%	71 526 507	4.10%
Trusts	2 386	14.94%	58 514 514	3.36%
Assurance and insurance companies	52	0.33%	33 268 829	1.91%
Public companies	20	0.12%	29 778 338	1.71%
Sovereign funds	20	0.12%	29 408 962	1.69%
Foundations and charitable funds	242	1.52%	25 724 969	1.48%
Managed funds	39	0.24%	20 662 316	1.19%
Custodians	52	0.33%	20 672 686	1.19%
Private companies	300	1.88%	17 627 894	1.00%
Scrip lending	29	0.18%	15 335 577	0.88%
Public entities	4	0.02%	9 451 297	0.54%
Stockbrokers and nominees	54	0.34%	5 818 723	0.33%
Close corporations	138	0.86%	2 962 823	0.17%
Medical aid funds	17	0.11%	2 595 615	0.15%
Hedge funds	11	0.07%	2 368 546	0.14%
Investment partnerships	69	0.43%	1 601 007	0.09%
Staff incentive schemes	1	0.01%	996 031	0.06%
Unclaimed scrip	19	0.12%	12 742	0.00%
Total	15 972	100.00%	1 743 080 918	100.00%

	2012	2012	2011	2011
National split of linked unitholders				
South African unitholders	1 476 503 437	84.71%	1 403 984 584	88.19%
Non-South African unitholders	266 577 481	15.29%	187 986 857	11.81%
	1 743 080 918	100.00%	1 591 971 441	100.00%

Annexure 4

LINKED UNITHOLDERS' ANALYSIS

for the year ended 30 June 2012

	Number of linked unitholdings	% of total linked unitholdings	Number of linked units	% of issued capital
Linked unitholder type				
Non-public linked unitholders	17	0.11%	444 258 764	25.49%
Directors and associates (excluding staff incentive scheme)	10		25 197 912	1.45%
Public Investment Corporation	6		418 064 821	23.98%
Growthpoint Staff Incentive Scheme	1		996 031	0.06%
Public linked unitholders	15 955	99.89%	1 298 822 154	74.51%
Total	15 972	100.00%	1 743 080 918	100.00%

	Total linked unitholding	% of issued capital
Beneficial linked unitholders with a holding greater than 1% of the issued linked units		
Public Investment Corporation	418 064 821	23.98%
BEE Consortia (AMU Trust & Phatsima Consortiums)	122 000 000	7.00%
Stanlib	104 471 356	5.99%
Old Mutual Group	77 717 711	4.46%
Investec	64 324 683	3.69%
Eskom Pension & Provident Funds	52 172 282	2.99%
Investment Solutions	46 249 747	2.65%
Vanguard	43 857 190	2.52%
Prudential	30 942 900	1.78%
Momentum	30 646 140	1.76%
Sanlam Group	29 523 361	1.69%
Liberty Group	27 851 232	1.60%
Transnet Retirement Funds	25 432 109	1.46%
Coronation Fund Managers	18 177 440	1.04%
	1 091 430 972	62.61%
Balance	651 649 946	37.39%
Total number of linked units in issue	1 743 080 918	100.00%

	2012	2011
Linked unit performance – 12 months ended		
Linked units traded	905 149 630	756 957 984
Monthly average	62 836 909	59 373 706
Linked units in issue	1 743 080 918	1 591 971 441
Linked units traded as % of number of linked units in issue	51.93%	47.55%
Value traded	17 557 917 868	13 042 963 974
Monthly average	1 236 049 101	1 027 562 486
Opening price July	R18.45	R15.52
Closing price June	R23.00	R18.31
Intraday high for the period	R23.06	R18.85
Intraday low for the period	R17.03	R15.33

Annexure 5

REMUNERATION PHILOSOPHY AND STRATEGY

BACKGROUND AND CONTEXT

During the year under review, the service contracts of two of our executive directors who, up until September 2011, had been employed on fixed term contracts designed to ensure retention in the initial years following the Growthpoint buyout transaction from Investec, had to be reviewed by Growthpoint. As part of this process, Growthpoint undertook a review of its overall remuneration policy in order to ensure that the new service conditions for all the executive directors, as well as members of Growthpoint's Executive Committee (executive management), were agreed and in line with our remuneration philosophy and secondly that our philosophy had kept abreast of recent developments in the remuneration arena and remained competitive.

In order to ensure that our remuneration practices remained competitive, especially in a market where the need for the retention of skills remained a priority, a significant development in the new remuneration philosophy was to refine the comparator base against which Growthpoint is competing for skills and comparing remuneration. Added to this was the need to ensure a more performance based approach to remuneration linked to the fact that the remuneration approach adopted needed to support the retention of key staff. The process of reviewing the executive directors' remuneration packages and Growthpoint's remuneration philosophy and strategy, was supported by extensive benchmark work carried out primarily by PWC Human Capital Consulting (PWC) who were retained by the Growthpoint Remuneration Committee as its advisors.

In determining the comparator base referred to above, a number of factors were considered including, but not limited to, the size and complexity of comparable listed companies by reference to market capitalisation, turnover, profitability, number of employees and the sector in which they are listed and operate within.

This resulted in a comparator group of seven companies, listed in the "Financial Services Sector" of the JSE Limited (including one listed property company) being identified as the basis for benchmarking the overall remuneration packages of the executive directors and it is our intention to continue to use this comparator group as the reference for benchmarking for at least the next two years.

Remuneration packages for members of Growthpoint's Executive Committee were benchmarked against a different comparator base including mainly other large and medium sized listed property companies, as well as a very broad benchmark universe supplied by 21st Century Pay Solutions Group and PE Corporate Services.

The revised remuneration philosophy and policy for the executive directors as well as executive management introduces a more conscious focus on the make-up of the pay-mix between fixed and variable pay, as opposed to merely ensuring market competitiveness. The variable pay component has more clearly defined performance hurdles linked to a set of seven Key Performance Areas (KPAs) which are measured in terms of a set of key performance indicators and ratios. The variable pay component, in the form of a bonus, will have a retention element to it in that a portion of that bonus will be deferred for conversion into Growthpoint linked units for future vesting, over a three year period, creating a stronger alignment of interest between the executive directors, executive management and linked unitholders of the company.

The seven KPAs that will be taken into account in the overall performance evaluation of the executive directors and management are:

- Total shareholder returns
- Return on equity
- Distribution per linked unit compared to budget and growth in distributions per linked unit
- Business growth
- Operational metrics including property cost to income ratios, operating expense ratio, overall vacancies and total arrears
- Qualitative factors such as compliance, development of people and succession planning, industry leadership and participation, corporate social investment, transformation and sustainability
- Financial management with specific reference to loan to value ratios, debt management and debt expiry profiles, interest rate hedging, secured versus unsecured debt and an independent agency rating.

Over and above the aforementioned and in addition thereto, the Board of Directors of Growthpoint has resolved to propose an Outperformance and Long-Term Incentive (OLTI) scheme, designed to reward the executive directors and management over the long term.

It is anticipated that the OLTI scheme will provide major long-term retention benefits to the company with regard to executive directors and management and a proposal in this regard is expected to be finalised in the next six months, which will be subject to shareholder approval at a General Meeting.

Non-executive director fees are reviewed annually and proposed at annual general meetings for approval. The 2012 review process also entailed the benchmarking of remuneration for Growthpoint's non-executive directors, including the Chairman, and a decision was taken to use the same comparator group for this purpose as was used for the executive directors.

The remuneration of non-executive directors will, in future, be targeted at the median of the comparator group as opposed to the upper quartile of a broad benchmark universe, and the fees will continue to comprise an annual retainer component and attendance fee for scheduled meetings. The fees structure is reflected in the Directors' Remuneration section of the annual financial statements. Non-executive directors are compensated for travel and subsistence on official business where necessary and to attend meetings.

On an annual basis the non-executive directors' fees are reviewed and proposed at the annual general meeting for approval.

Growthpoint's philosophy on remuneration recognises that remuneration, together with other human resource policies, practices and organisational initiatives (including non-cash benefits and conditions of employment), 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. Furthermore, Growthpoint's Staff Share Incentive Scheme provides for all Growthpoint's staff to become shareholders in the company, thereby engendering and fostering a culture and mind-set of ownership in all staff and supporting one of Growthpoint's core values of being "owners and managers" of our property portfolio.

Consequently, both our remuneration and general human resource approach will have to be continually reviewed over time to ensure that Growthpoint remains competitive and relevant in the market it operates in.

EXECUTIVE DIRECTORS AND MANAGEMENT REMUNERATION STRATEGY

The objective of the Executive Directors and Management Remuneration Strategy is to ensure that Growthpoint can offer a total remuneration package that can:

- Attract qualified skilled executive directors and management with experience and good leadership/succession potential in the market place **(attraction)**, based on a market related Guaranteed Cost to Company (GCTC) salary;
- Reward short-term performance **(reward)** through the variable pay, and more specifically the short-term cash portion of variable pay;
- Ensure sustainability of performance **(sustained performance)** and retain executive directors and management for the reward pay-out period **(short-term retention)** through the variable pay, more specifically the deferred component of variable pay; and
- Through the Outperformance and Long Term Incentive Scheme (OLTI), retain executive directors and management over the longer term **(long-term retention)**.

To achieve the above objectives, Growthpoint aims to pay a GCTC salary that, on average, is at the median for the specific executive director or manager's role compared to the same or similar roles in a predetermined group of comparator companies, taking into consideration the specific sector and industry circumstances in which Growthpoint operates where appropriate.

In addition, Growthpoint aims to reward executive directors and management with performance-based variable pay that has both a short-term cash component and a deferred compensation component. The variable pay will, depending on the role, function and responsibility of the executive director or manager, constitute between 40% and 60% of the total remuneration of that executive director or manager. The variable pay for a given year would be split between a portion paid in cash as an annual performance bonus and a portion which will be deferred over the next three years, and will be converted into Growthpoint linked units which will vest in equal tranches over those three years.

It is intended that executive directors and management will no longer continue their participation in the existing Growthpoint Staff Share Incentive Scheme, once the OLTI Scheme has been implemented.

GENERAL STAFF REMUNERATION STRATEGY

In line with the broader South African market practice, Growthpoint's remuneration strategy for general staff has three components to it, namely the GCTC salary, a short-term incentive (STI) in the form of a discretionary performance based annual bonus and a long-term incentive plan (LTI) being the Staff Share Incentive Scheme.

The remuneration strategy's objective is to ensure that Growthpoint can offer a total remuneration package for general staff that can:

- Attract qualified, skilled staff with experience and/or good potential in the market place (attraction), based on a market related GCTC salary;
- Drive and reward short-term performance (reward) through the STI; and
- Retain staff over time (especially those with key skills or that have future potential) for the organisation (retention) through the LTI.

To achieve these objectives Growthpoint aims to pay GCTC salaries that on average range between the market median for general skills to the 75th percentile/upper quartile of the market for critical skills and/or key staff (i.e. high performing or high potential), taking into consideration the specific sector and industry circumstances in which Growthpoint operates where appropriate.

Individual performance is rewarded through the payment of a bonus or STI which is determined annually following an assessment of each individual's performance against pre-determined goals and objectives for such individual considering his/her role and responsibility. STI payments typically vary between amounts equivalent to one to three months' salary.

Growthpoint also offers long-term incentives through the Growthpoint Staff Share Incentive Scheme that will, in the long term, allow us to retain staff that are valuable and necessary for the long-term sustainability of the organisation.

Annexure 6

MATERIAL CHANGE STATEMENT

The directors report that there have been no material changes in the affairs, financial or trading position of the group since 30 June 2012.

Annexure 7

ORDINARY SHARE CAPITAL AND DEBENTURES

	2012 Rm	Restated 2011 Rm
ORDINARY SHARE CAPITAL		
Authorised		
2 000 000 000 (2011: 2 000 000 000) ordinary shares with a nominal value of 5 cents each	**100**	100
Issued		
1 743 080 918 (2011: 1 591 971 441) ordinary shares of 5 cents each:		
In issue at beginning of the year 1 591 971 441 shares	**79**	77
Issued during the year 151 109 477 shares	**8**	2
	87	79

In terms of the MOI and the Debenture Trust Deed, the shares are linked with unsecured, subordinated, variable-rate debentures of 250 cents (2011: 250 cents) each in the ratio of one ordinary share to 10 debentures.

This linkage means that each share may only be issued and traded together with the debentures with which it is linked, until such time as it is de-linked in accordance with the terms of the MOI and the Debenture Trust Deed.

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 requirements of the JSE Limited.

	2012 Rm	2011 Rm
DEBENTURES		
17 430 809 180 (2011: 15 919 714 410) unsecured, subordinated, variable-rate debentures		
Fair value at beginning of the year	**23 463**	20 795
Issued during the year (1 511 094 770 debentures)	**2 662**	698
	26 125	21 493
Fair value adjustment	**1 525**	1 970
	27 650	23 463
Fair value	**27 650**	23 463
Nominal value	**43 577**	39 799
Discount on issue	**(27 225)**	(26 109)
Issue value	**16 352**	13 690
Fair value adjustment – previous years	**9 773**	7 803
Fair value adjustment – current year	**1 525**	1 970

The rights of the debenture holders to repayment of capital are subordinated to the claims of all other secured and unsecured creditors. The interest payable on 10 debentures in each linked unit will be a multiple of 1 000 times the dividend payable on each share.

Subject to the subordination provisions, the debentures will be repayable if a final court order is granted or if an effective special resolution is passed for the winding up of the company or if the company, inter alia, commits a material breach of a material obligation under the trust deed. The debentures are redeemable at the instance of the debenture holders at any time after 25 years from the date of incorporation. This right must be exercised by special resolution of the debenture holders. Upon passing of the said special resolution, the debentures shall be redeemed on the last Friday in December of the fifth year after the year in which the special resolution is passed. The yield on the debentures is dependent upon the dividend paid on ordinary shares. For this reason, limitations have been placed on the company in that it may not change its share capital if such change results in a change in the equity to debenture ratio.

Annexure 8

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT TO LINKED UNITHOLDERS

The company's Transformation Committee took on the statutory duties of the Social and Ethics Committee with effect from 1 May 2012. Accordingly, with effect from that date, the Committee was renamed the Social, Ethics and Transformation Committee and its Terms of Reference were amended to incorporate the functions prescribed by the Companies Act 2008, as amended.

The committee comprises four non-executive directors. It meets on a scheduled basis four times per annum. Meetings are attended by the company's executive director and other members of the Executive Committee.

At its meetings during the financial year ended 30 June 2012, the committee dealt with the following:

- Social upliftment grants and donations to charitable institutions, as well as the quarterly monitoring of such grants on a cumulative basis, including:

  Growsmart
  Growsmart, the company's education initiative in the Western Cape, is aimed at raising awareness and levels of literacy in primary schools. The project has the support of the Western Cape Department of Education and takes the form of a literacy quiz. The number of participating schools increased from 80 in 2010 to 168 in 2012. Some 60 000 learners were exposed to the reading material distributed to participating schools and 504 learners participated in the competition.

  Afrika Tikkun
  The company contributed over R1,3 million to building and operating the Mfuleni Community Centre. The centre is the home of Afrika Tikkun's early childhood development and youth development programmes in Mfuleni, Cape Town.

  Rylands Primary School
  The company contributed R230 000 towards the building of a school hall for Rylands Primary in Cape Town.

  Hudson Park Primary School
  The company donated R100 000 to Hudson Park Primary School in the Eastern Cape for equipping its science and technology centre. The state-of-the-art equipment will improve teaching and learning at the school.

  The total corporate social investment during the financial year to 30 June 2012, amounted to R9,93 million, including Property Point.

- Monitoring of the operations and actual vs. budgeted results of one of the company's foremost CSI initiatives, namely Property Point:

  Property Point is the company's enterprise development programme, initiated in 2008 after identifying the need for small business development in the property sector. The programme's objective is to unlock procurement opportunities for businesses and create sustainable jobs.

  Since inception, Property Point has reached over 1 100 businesses through its training and networking sessions. Fifty-five businesses have been through its mentorship programme, which, in turn, have facilitated over R80 million worth of procurement opportunities and the creation of more than 420 jobs sustained by businesses on Property Point. By supporting small business in this manner, the company has enabled transformation beyond mere compliance.

- The company's bursary programme:

  Cumulative bursary-related expenditure for six graduate trainees and three candidates to date, amounted to R391 701 as at 30 June 2012. Bursary expenditure for the three candidates in respect of the financial year to 30 June 2012, amounted to R114 843.

The company is looking to recruit four candidates for 2013 from both the Property Study and Building Science disciplines. The approximate balance of R253 836 in the allocated 2012 budget will cover the annual launch of the campaign as well as full tuition, residence, prescribed text books and compulsory membership fees for the successful candidates.

- The Employment Equity Act and review of actual performance vs the EE targets imposed by the Property Sector Transformation Charter, the promotion of equality and prevention of unfair discrimination, including feedback on the activity of the company's Employment Equity Forum.
- In the context of various of the committee's statutory obligations, assessments of the implications of the following functions:
  - The ten principles set out in the United Nations Global Compact Principles
  - The OECD recommendations regarding corruption, it being noted that risk management relative to prevention of fraud and corruption is a function of the company's Risk Management Committee
  - The Broad-Based Black Economic Empowerment Act
  - Good corporate citizenship, including the company's:
    - promotion of equality, prevention of unfair discrimination, and reduction of corruption
    - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed
    - record of sponsorship, donations, and charitable giving
  - The environment, health and public safety, including the impact of the company's activities and of its products or services, it being noted that risk management relative to occupational health and safety legislation is a function of the company's Risk Management Committee
  - Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws, it being noted that risk management relative to such legislation is a function of the company's Risk Management Committee
  - Labour and employment aspects, including the company's:
  - standing in terms of the requirements of the International Labour Organisation Protocol on decent work and working conditions
  - employment relationships and its contribution toward the educational development of its employees
- The Committee's obligation to draw matters within the committee's mandate to the attention of the Board as occasion requires.
- Assurance was given by management to the committee at its meeting held on 15 May 2012, that the company met, in broad terms and in the South African context, the requirements and conditions of codes and guidelines set out in the statutorily prescribed duties of the committee.
- The committee is cognisant of its obligations to draw matters within its mandate to the attention of the Board as occasion requires. No matters were referred by the committee for the Board's specific attention during the financial year ended 30 June 2012.

The committee is satisfied with the company's standing in each of the areas concerned, also as at 30 June 2012. The company's integrated annual review elaborates more on pages 94 to 97 on the company's corporate social activity and initiatives.

The committee Chairman, as part of standard Board practice, gave feedback to the Board's satisfaction at each of its quarterly meetings, on his committee's activity and the significant matters deliberated at quarterly committee meetings. In addition thereto, the minutes of committee meetings, once approved by the committee, are submitted for noting at Board meetings.

The Committee Chairman will report at the annual general meeting on the matters within the Committee's mandate.

DIRECTORATE AND ADMINISTRATION

DIRECTORS
JF Marais (Chairman) º
HSP Mashaba (Deputy Chairman) ¤
EK de Klerk* (Executive Director)
MG Diliza ¤
PH Fechter º
LA Finlay º
JC Hayward º
HS Herman º
R Moonsamy ¤
NBP Nkabinde º
LN Sasse* (Chief Executive Officer)
CG Steyn º
JHN Strydom º
FJ Visser º
(Financial Director – Vacant)
º Independent
¤ BEE structure stakeholders
** Executive directors*

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

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Limited
(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

DEBENTURE TRUSTEE
Bell Dewar (Attorneys)
(Registration No 1995/004675/21)
Inanda Greens
54 Wierda Road West, Sandton
PO Box 652057, Benmore 2010

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

GROWTHPOINT
PROPERTIES

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Tel: +27 (0)11 944 6000, Fax: +27 (0)11 944 6005
PO Box 78949, Sandton, 2146, South Africa
Docex: 48 Sandton Square
Email: info@growthpoint.co.za
Website: www.growthpoint.co.za

FORM OF PROXY

GROWTHPOINT
PROPERTIES

TO BE COMPLETED BY ONLY CERTIFICATED AND OWN NAME DEMATERIALISED LINKED UNITHOLDERS OF GROWTHPOINT PROPERTIES LIMITED ("Growthpoint")

I/We (Name in block capitals):

of (Address in block capitals):

being the registered holder of linked units in Growthpoint, hereby appoint

of or failing him

of or failing him

of or failing him

the chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at The Place, 1 Sandton Drive, Sandown, Sandton 2196, on Tuesday, 13 November 2012, at 09:00 or at any adjournment thereof, as follows:

	Resolutions	In favour of	Against	Abstain
1.1	Adoption of annual financial statements			
1.2	Re-election of non-executive directors who are to retire at the meeting:			
1.2.1	Mr MG Diliza			
1.2.2	Mr JC Hayward			
1.2.3	Mr HSP Mashaba			
1.2.4	Mr CG Steyn			
1.3	Election of Audit Committee members			
1.3.1	Mr CG Steyn			
1.3.2	Mr PH Fechter			
1.3.3	Mr JC Hayward			
1.3.4	Mrs LA Finlay			
1.3.5	Mr JHN Strydom			
1.4	Appointment of auditor			
1.5	Advisory, non-binding approval of remuneration policy			
1.6	To place the unissued ordinary shares in the authorised capital under the control of the directors			
1.7	Specific and exclusive authority to issue shares to afford linked unitholders the opportunity to elect to reinvest distributions			
1.8	Specific but restricted authority to issue linked units for cash			
1.9	To receive and accept the report of the Social, Ethics and Transformation Committee chairman			
1.10	To approve the Long-Term Outperformance Incentive Scheme of the Company			
2.1	Special resolution: Approval of non-executive directors' fees for financial year ending 30 June 2013			
2.2	Special resolution: Financial assistance to related and interrelated companies			
2.3	Special resolution: Authority to repurchase linked units			

My/our proxy has been instructed to vote in accordance with my/our wishes as indicated by the placing of a cross in the appropriate space above.
Unless so instructed, my/our proxy may vote as he/she thinks fit.

Signed at this day of 2012

Signature/s of member/s

Telephone No. Cell No. Fax No.

NOTES

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company. Notwithstanding the appointment of a proxy by a member 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.
2. 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 photocopying the proxy form provided in the annual financial statements.
3. The "record date" for the meeting in terms of Section 62(3)(a) of the Companies Act 2008, as amended, shall be **Friday, 2 November 2012**.
4. 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 48 hours before the appointed time for the holding of the meeting** (excluding Saturdays, Sundays and public holidays).
5. If you are a *certificated* Growthpoint linked unitholder *or an own name dematerialised* Growthpoint linked unitholder and are unable to attend the annual general meeting of Growthpoint linked unitholders to be held at 09:00 on Tuesday, 13 November 2012 ("the Growthpoint annual general meeting"), but wish to be represented thereat, you must complete the form of proxy attached hereto in accordance with the instructions therein and return it to 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 by no later than 09:00 on Monday, 12 November 2012**.
6. If you are a beneficial owner of *dematerialised* Growthpoint linked unit and are not an own name dematerialised Growthpoint linked unitholder, 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 linked unitholder (who is not an own name dematerialised Growthpoint linked unitholder) and the CSDP or broker.
7. **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 ID document, valid passport or driver's licence upon arrival for the meeting and before signing of the attendance register at the meeting shall be acceptable.**