

Independent Pre-Issuance Second Party Opinion to the Directors of Growthpoint Properties Limited for its Green Bond Framework 2022



Introduction

IBIS ESG Consulting Africa (Pty) Ltd (IBIS) has been engaged by Growthpoint Properties Limited (“Growthpoint” or “the Issuer”) to perform a pre-issuance Second Party Opinion (SPO) assurance engagement to determine the alignment of Growthpoint’s Green Bond Framework 2022 (referenced to as the Green Bond Framework) with the South African Green Finance Taxonomy and International Capital Markets Association Green Bond Principles of June 2021 (the Green Bond Principles or GBPs). This report is produced in accordance with the terms of our engagement letter dated 27 October 2022.

Growthpoint is an international property company and a South African primary Real Estate Investment Trust (“REIT”) listed on the JSE, with assets in South Africa, Poland, Romania, Australia, and the UK. Based on its ESG strategy, Growthpoint is committed to delivering spaces that positively impact the environment through sustainable buildings, as well as the physical and mental well-being of the people who occupy them. Its innovative and sustainable property offerings are designed around providing spaces for its tenants to thrive.

The Issuer is committed to creating space to thrive, through owning and managing a diversified portfolio of over 470 high-quality physical property assets, measuring over 6 725 000m² of space, and with a R164.7bn Group total asset value. Income streams include property income, funds management fees, and trading and development fees, across the Retail, Office, Industrial, Healthcare, Student Residential, and Trading and Development sectors.

IBIS Independence And Quality Control

IBIS is an independent provider of non-financial assurance services. This engagement was conducted by a multidisciplinary team of non-financial assurance specialists led by Petrus Gildenhuis, who has more than 25 years of experience in non-financial performance measurement involving both advisory and assurance work and supported by assurance consultants, Seko Mbatha and Liaan Van der Spuy. IBIS conducted the engagement based on the *International Standard on Assurance Engagements (ISAE) 3000 (Revised)*, *Assurance engagements other than audits or reviews of historical financial information* issued by the International Auditing and Assurance Standards Board, which Standard inter alia requires that the assurance practitioner follows due process and comply with ethical requirements.

Scope and Objectives

The objective of this assurance engagement is to verify the Growthpoint Green Bond Framework’s alignment with the SA Green Finance Taxonomy and the ICMA GBPs core component requirements in terms of:

- Use of Proceeds;
- Process for the Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.

IBIS’ responsibilities do not extend to any other disclosures or assertions.

Growthpoint's and IBIS' Responsibilities

The management of Growthpoint is responsible for generating and maintaining accurate and reliable information provided to IBIS for this assessment. IBIS shall not be held liable if any of the information provided by Growthpoint management were not accurate or complete.

IBIS' responsibilities are to conduct an assurance engagement and to report its conclusions to the Directors of Growthpoint in accordance with the assurance procedures followed.

Inherent limitations

The evidence-gathering procedures performed in a Limited Assurance engagement vary in nature, form, and are less in extent, than for a Reasonable Assurance engagement. As a result, the level of assurance obtained in a Limited Assurance engagement is lower than the assurance that would have been obtained had we performed a Reasonable Assurance engagement.

Restriction of liability

Our work has been undertaken to enable us to express the conclusion on the specified scope and objectives of the engagement to the Directors of Growthpoint in accordance with the terms of our engagement, which include the publication of this assurance statement, and for no other purpose. We do not accept or assume responsibility to any third parties i.e., other than to the Directors of Growthpoint, for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

Summary of work performed

Growthpoint provided IBIS with the Green Bond Framework document and other supplementary information to support the independent assurance process. IBIS' Limited Assurance procedures were based on our professional judgement and consisted of:

Management enquiry;

Inspection and corroboration of the publicly available market documentation and information;

Confirmation that the Green Bond Framework aligns with the SA Green Finance Taxonomy;

Evaluation of the Green Bond Framework characteristics against the ICMA GBP requirements related to the Use of Proceeds, Process for the Project Evaluation and Selection, Management of Proceeds and Reporting.

Summary of Findings

The Green Bond Framework aims to support the Growthpoint strategy, the 20:20:20:2 short-term sustainability targets and the international and local transition to a low-carbon economy. By issuing Green Finance Instruments in the Real Estate industry, Growthpoint aspires to make a contribution to mitigating climate change and its impact. These instruments are to be applied in the financing or refinancing of projects that generate environmental benefit, through their alignment with local and international green building certification systems and the resulting energy efficiency achieved with such buildings. The Green Bond Framework aligns with the SA Green Finance Taxonomy and articulates Growthpoint's rationale for issuing Green Bonds, and is consistent with its sustainability strategy and material ESG topics for its industry.

Use of proceeds: IBIS has assessed the Green Bond Framework and confirms that the issuer has defined clear and in-depth eligibility criteria for its use of proceeds that align with the ICMA

GBPs. The Green Project categories, selected by the Issuer, namely Green Buildings, Energy Efficiency, Renewable Energy, and Sustainable Water and Wastewater Management are in line with the ICMA GBPs. Environmental and social benefits are articulated and quantified, and exclusion criteria are provided to ensure that the use of proceeds aligns with the GBPs and reflects best market practices.

Process for Evaluation and Selection of Projects and Assets: The Process for Project Evaluation and Selection as presented by Growthpoint's Green Bond Framework as assessed, is aligned with the ICMA GBPs and the projects selected align with the sustainability strategy of the issuer.

Management of Proceeds: The Management of Proceeds proposed by Growthpoint is aligned with the GBPs. Growthpoint commits to tracking the net proceeds in an appropriate manner and has disclosed the intended types of temporary investment instruments for unallocated proceeds.

Reporting: Growthpoint's reporting on bond performance is aligned with the GBPs. Growthpoint has established a transparent process on the level of expected reporting in terms of allocation and impact. Selected indicators reflecting best market practices for each use of proceeds category have been defined.

Assurance Conclusion

We believe that the information provided by Growthpoint, and the assessment performed by IBIS are sufficient and appropriate to form a basis for our Limited Assurance conclusion.

In our opinion, and based on our Limited assurance procedures conducted, nothing has come to our attention that causes us to believe that Growthpoint's Green Bond Framework does not conform in all material respects to the SA Green Finance Taxonomy and ICMA GBPs of June 2021, with regard to:

- Use of Proceeds;
- Process for the Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.



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Johannesburg

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