



Independent Assurance Provider's Limited Assurance Report

To: The Directors of Growthpoint Properties Ltd

Introduction

We have undertaken a limited assurance engagement for Growthpoint Properties Ltd (Growthpoint) on five (5) green star properties for green bond verification against Growthpoint's 'Appendix A: Growthpoint Properties Green Bond Framework'. Our engagement was performed given our appointment as independent advisor to Growthpoint in terms of the JSE Debt Listing Requirements, of the proposed Growthpoint green instrument, for the purpose of listing a green bond on the green segment of the Johannesburg Stock Exchange.

Our limited assurance conclusion

We have undertaken a limited assurance engagement at pre-issuance stage on the proposed Growthpoint green bond to provide an independent limited assurance conclusion whether:

- The properties listed in Appendix A1, comply to the requirements of 'Appendix A: Growthpoint Properties Green Bond Framework.'
- Growthpoint's internal processes which will be used to track and report on the use of proceeds from the raised bond are suitable.

This engagement was performed to enable Growthpoint to obtain limited assurance on Growthpoint's compliance with 'Appendix A: Growthpoint Properties Green Bond Framework.'

Based on the procedures we have performed and the evidence that we have obtained, we conclude that:

1. Nothing has come to our attention to indicate that the Growthpoint properties listed in Appendix A1 are not in compliance with its 'Appendix A: Growthpoint Properties Green Bond Framework.'
2. Nothing has come to our attention to indicate that Growthpoint's internal processes which will be used to track and report on the use of proceeds from the raised bond are not suitable.

Basis for our conclusion

We conducted our engagement in accordance with 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.

Our responsibilities under ISAE 3000 (Revised) and the procedures we performed have been further specified in the paragraph titled "Our responsibility".

Responsibilities of the Directors of Growthpoint Properties Ltd

The Directors of Growthpoint are responsible for the:

- preparation of the bond term sheet, including the identification and assessment of eligibility of the properties listed in Appendix A1, to be financed by the bond proceeds;
- preparation and presentation of the fixed Income Investor Presentation and Green Bond Roadshow;
- design, implementation and maintenance of such internal processes and controls as management determine are necessary to enable compliance to the pre-issuance requirements of the 'Appendix



- A: Growthpoint Properties Green Bond Framework' of the proposed Growthpoint Properties Green Bond and to ensure information associated with the proposed Growthpoint Properties Green Bond is free from material misstatements, whether due to fraud or error;
- prevention and detection of fraud and for identifying and ensuring that the Growthpoint properties complies with laws and regulations applicable to its activities;
 - implementation of procedures designed to ensure that personnel involved with the preparation and presentation of information associated with the proposed Growthpoint Properties Green Bond are properly trained, systems are properly updated and that any changes in reporting relevant to the pre-issuance requirements of the 'Appendix A: Growthpoint Properties Green Bond Framework' or the proposed Growthpoint Green Bond encompass all significant business units; and
 - The data accuracy and integrity of ongoing investor disclosures.

Our independence and quality control

We have complied with the independence and all other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors that is consistent with the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (Part A and B), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, KPMG Services Proprietary Limited maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to perform our limited assurance engagement so that we are able to express our limited assurance conclusion on whether anything has come to our attention that causes us to believe that, in any material respects, the proposed Growthpoint Green Bond has not complied to the requirements of the 'Appendix A: Growthpoint Properties Green Bond Framework.'

Our engagement has been performed to provide a limited level of assurance. Procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance we will obtain in our limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

A limited assurance engagement undertaken in accordance with *ISAE 3000 (Revised)* involves assessing the suitability in the circumstances of Growthpoint's use of 'Appendix A: Growthpoint Properties Green Bond Framework' as the basis of preparation of the proposed Growthpoint Green Bond, assessing the risks of material misstatement of information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected information.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

KPMG acts as an independent advisor, namely an entity, removed or independent of the issuer, its directors, senior management and advisers, who has been appointed by Growthpoint.

Given the circumstances of the engagement in performing the procedures listed, we:

- Conducted interviews with management and key staff responsible for the proposed Growthpoint Green Bond to obtain an understanding of the processes, systems and controls in place in respect



- of the project evaluation and selection, use of proceeds , management of proceeds and reporting on the proposed Growthpoint Green Bond;
- Inspected documentation which supports processes, systems and controls in place for the project evaluation and selection, allocation of cost of buildings, use of proceeds, management of proceeds and reporting on the proposed Growthpoint Green Bond in terms of 'Appendix A: Growthpoint Properties Green Bond Framework';
 - Reviewed 'Appendix A: Growthpoint Properties Green Bond Framework' and compared this with the requirements of the Green Bond Principles, including the Real Estate Sector (prepared by the Global ESG Benchmark for Real Assets or "GRESB")
 - Inspected supporting documentation relating to the Green Star rating of the five (5) properties, title deeds confirming ownership and inspected the title deeds to determine if the properties were unencumbered.

Restriction of liability

Our work has been undertaken to enable us to express the conclusions set out above and for no other purpose. In accordance with the terms of our engagement, we do not accept or assume liability to another party other than the Directors of Growthpoint, for our work, for this report, or for the conclusions we have reached.

KPMG Services Proprietary Limited

Per Neil Morris,
Chartered Accountant (SA)
Director

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Appendices

A.1

Properties included in the scope

- 1 Discovery Place Phase 2
- Anslow Phase 2
- Bridge Park (50%)
- Ridgeview
- The Boulevard (Umhlanga)

A.2 Growthpoint Green Bond Framework



Appendix A Growthpoint Properties Green Bond Framework

1. Introduction

Growthpoint Properties Limited (**Growthpoint** or the **Issuer**) is committed to responsible environmental conduct that goes well beyond its legal and regulatory requirements. The Board, management and staff of Growthpoint are dedicated to reducing the company's environmental impact and continually improving its environmental performance as an integral part of its business strategy.

Growthpoint constantly monitors and advances environmental performance as its business grows and evolves. Its environmental policy focuses on climate change, carbon emissions, energy, water, waste and biodiversity. It strives to reduce its consumption and have a greater positive impact on these and other environmental considerations, wherever possible. It does this through effective environmental management, stakeholder engagement and education.

Growthpoint wants to make a constructive contribution to national environmental objectives and carry out local and international best practices for its business, where they are suitable. Growthpoint actively addresses environmental issues as part of various national, local and international platforms as a representative of the property sector and a responsible business. It is recognised as a leader and a catalyst for a more sustainable property sector.

Growthpoint remains aware of and is proactive about environmental considerations. Awareness of and constant improvements to business operations in relation to the natural environment and its use of natural resources remains top of mind.

Its sustainable development journey and the increasing inclusion of environmental considerations in its operations helps Growthpoint to do business better. It has developed a specific strategy for "value creation through sustainability" and has a "six-step sustainable change governance framework", specific to its business. As a prominent owner and manager of properties in South Africa, it is unrelenting in its efforts to provide leadership for green property development because it better accommodates its clients' needs and ensures the long-term sustainability of its business. This is in line with its strategy "to be a leading international property company providing space to thrive".

Growthpoint has reached and surpassed its goal of 50 Green Star certifications using various Green Building Council South Africa (GBCSA) rating tools. Many are for existing



office buildings. As at January 2018, Growthpoint has 85 GBCSA-rated buildings with predominantly Four-Star Green Star ratings and with a certified property value of R16.1bn. Growthpoint has committed to certify all its long-term office investments by 2020 with a minimum Four-Star Green Star rating. This highlights the quality of its portfolio and increases the marketability of its buildings.

In September 2017, Growthpoint launched its THRIVE Portfolio which incorporates the South African Property Owners Association (SAPOA) gradings for office buildings and the sustainability benchmarks of the GBCSA. The THRIVE Platinum Portfolio buildings have a SAPOA Premium- or A-grade rating, as well as Four-Star or higher GBCSA rating for design, as-built or existing building performance, or an Energy and Water Performance (EWP) certification that scores at least 5 out of 10. The THRIVE Gold Portfolio buildings are SAPOA Premium-, A- or B-grade rated, and have a GBCSA EWP certification with a score of 5 out of 10, or at least a Three-Star Existing Building Performance certification.

The benefits of both Platinum and Gold THRIVE certified buildings include electricity and water saving per square meter as well as having both standby electricity and water. Therefore, they are resource efficient and sustainable.

Growthpoint's sustainability objectives include:

- a signed commitment to set science-based targets for carbon emissions;
- all Growthpoint office buildings to use less than the internally set benchmark of 200kWh/m² a year by 2020;
- all Growthpoint office buildings to consume less water than the internally set benchmark of 0.88kl/m² a year by 2020;
- piloting a water harvesting project; and
- piloting a waste to compost project.

2. Framework overview

This Growthpoint Green Bond Framework document sets out how Growthpoint proposes to raise green bond finance and select the properties and projects to which proceeds will be allocated. The framework is compliant with the International Capital Market Association (ICMA) Green Bond Principles (GBP). The Growthpoint Green Bond falls into the GBP category of "green buildings which meet regional, national or internationally recognised standards or certifications".

The administration, issuance, allocation and reporting of the Growthpoint Green Bond complies with the Green Segment of the JSE Debt Listing Requirements.

3. Raising and listing the Green Bond

The Green Bond will be raised as part of Growthpoint's R20 billion Domestic Medium Term Note Programme (DMTN) and will be listed on the JSE Limited (JSE). Growthpoint will use an arranger appointed under its DMTN programme to market the bond and register it with the JSE.

4. Purpose of the Growthpoint Green Bond



Growthpoint Green Bonds give investors a unique opportunity to participate in supporting greater environmental sustainability, climate change mitigation and many other social benefits, through an investment that provides investors with the necessary transparency and information to evaluate the environmental impact of their investment.

The purpose of the green bond is to fund properties and projects that reduce the impact on the environment and address climate change. Growthpoint intends to continue to be a catalyst for a more sustainable property sector.

5. Use of proceeds

The proceeds of the green bonds will be exclusively applied to finance or refinance new and existing green and sustainable properties and projects which reduce the impact on the environment.

A green building incorporates design, construction and operational practices that are resource efficient and environmentally responsible. Growthpoint constantly monitors and advances its environmental performance as its business grows and evolves.

The proceeds of the green bonds will mainly be used to refinance funding obtained for green office buildings that form part of the THRIVE Platinum Portfolio, which comprises Growthpoint's top green-rated properties. This will ensure the proceeds are efficiently and effectively deployed to promote positive climate change impacts. The amounts allocated to the buildings are based on the actual cost incurred for the buildings, so they are based on historical cost and not on the market value of a building.

6. Properties and projects identification procedures

Growthpoint has a large portfolio of Green Star SA rated properties in South Africa. GBCSA is the official certification body for Green Star SA projects. GBCSA was formed to lead the greening of South Africa's commercial property sector. It is one of over 95 members of the World Green Building Council alongside Australia, the United States and the United Kingdom. GBCSA has developed the Green Star SA rating system (based on the Australian system and customised for the South African context). The Green Star SA ratings are as follows:

One Star	Acknowledgement
Two Star	Acknowledgement
Three Star	Acknowledgement
Four Star	Best practice
Five Star	South African excellence
Six Star	World leadership

A certified building will be recertified every three years.

To meet its environmental sustainability objectives, office buildings with the minimum of a Four-Star Green Star rating, that are part of the Growthpoint THRIVE portfolio, will be eligible for the proceeds from the Green Bond. Appropriate industrial and retail buildings that have a minimum of a Four-Star Green Star rating will also be eligible. Growthpoint has



identified a selection of its more recently completed buildings, developed by Growthpoint, which incorporate the latest greening technologies for the use of proceeds from the green bond, as listed in Appendix A.

Should a building subsequently be recertified at a level lower than a Four-Star Green Star rating, Growthpoint will substitute it with another building that has a Four-Star Green Star rating or higher, until the relevant green bond has expired.

Environmental projects related to Growthpoint's buildings that have a positive environmental impact (such as its solar energy projects) will also be eligible for the proceeds from the Green Bond.

7. Management and tracking of the proceeds of issuance

Growthpoint's Annual Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS), the JSE Listings Requirements and the requirements of the Companies Act 2008, as amended. Growthpoint's Integrated Annual Report is prepared to reflect developments in integrated reporting, particularly those advocated by the International Integrated Reporting Council (IIRC), the most significant being the International Integrated Reporting Framework. Growthpoint's separate Environmental, Social and Governance Report addresses additional sustainability disclosure requirements as deemed material to the business. (These reports are available on Growthpoint's website: www.growthpoint.co.za under Investor Relations and Environmental Sustainability).

Growthpoint will track the use of proceeds of its green bonds via its property management system, which includes an accounting module. Reports that contain the actual cost incurred to develop/acquire each property can be extracted from its property management system.

Growthpoint intends to allocate all proceeds to eligible green buildings as soon as possible after the bond is raised to ensure the proceeds are effectively deployed. However, Growthpoint will maintain an amount within its Cash and Cash Equivalents which will at least equal the unallocated proceeds until all proceeds are allocated.

8. Assurance

As an external review, GBCSA will independently provide a Green Star rating for each building to which Growthpoint allocates the proceeds of each green bond. These ratings will be publicly available on the website of the GBCSA (www.gbcsa.org.za). Therefore, the GBCSA will act as the independent body to confirm that the buildings for which the proceeds are used are classified as green.

Growthpoint's auditors will provide assurance on the cost of each building for the use of proceeds, by verifying the internal tracking method and the allocation of funds from the green bond proceeds.

9. Reporting on use of proceeds



Growthpoint commits to report annually on the various green components of the green buildings listed in the Use of Proceeds. The intent is to provide the following quantitative environmental impact information annually for each green building:

Environmental element	Measurement
Carbon emissions	Total tonnes CO ₂ e / m ²
Energy	Electricity kWh / m ²
Water	Water m ³ / m ²
Waste	Waste tonnes / m ²

In line with Growthpoint's transparent reporting philosophy and its commitment to environmental sustainability principles, Growthpoint has developed an interactive app, which serves as an energy and water benchmarking tool. It shows the buildings' sustainability benefits. From here the energy and water consumption can be monitored online on an ongoing basis by investors.