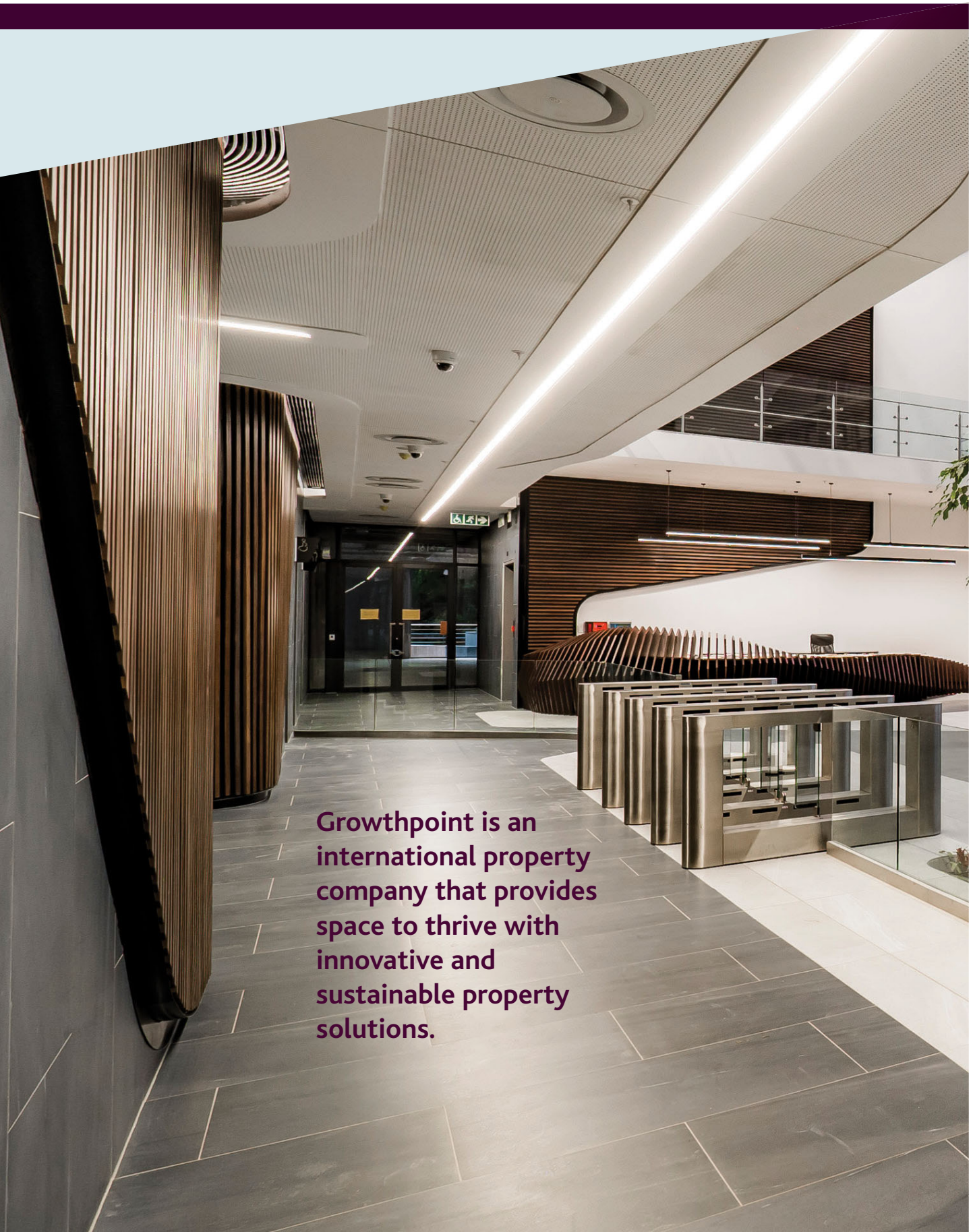




GROWTH-POINT
PROPERTIES



**Group condensed reviewed
interim results**
for the six months ended
31 December 2021



Growthpoint is an international property company that provides space to thrive with innovative and sustainable property solutions.

Group salient features



TOTAL PROPERTY ASSETS

R164.6bn

7.7% increase from
R152.8bn at FY21

DIPS

76.9cps

5.2% increase
from HY21

DPS

61.5cps

5.1% increase
from HY21

SA REIT NAV

2 148cps

6.2% increase
from FY21

GROUP SA REIT LTV

39.2% LTV

Decrease from 40.0%
at FY21

OFFSHORE EBIT AND ASSETS

**43.1% offshore
assets**

Increase from 39.9% at FY21

**28.0% offshore
EBIT**

Decrease from 29.1% at FY21

INTEREST COVER RATIO

3.0 times

Increase from 2.9 times
at FY21

ASSETS UNDER MANAGEMENT (GROWTHPOINT INVESTMENT PARTNERS)

R15.0bn

Increase from R11.7bn
at FY21

MOODY'S RATINGS

Global scale: **Ba2**

National scale: **Aa1.za**

Investment proposition

- Diversified across international geographies, sectors and income streams
- Quality of earnings, underpinned by high-quality physical property assets
- Dynamic and proven management track record
- Best practice corporate governance
- Transparent reporting
- Level 1 B-BBEE contributor
- Attractive ESG investment

SUSTAINABILITY RATINGS AND INDICES

FTSE/JSE Responsible
Investment Index,
FTSE4Good Emerging Index,
CDP, GRESB, MSCI ESG,
Sustainalytics

Participant of:



FTSE4Good



G R E S B
REAL ESTATE
Member



SAPOA
PROPERTY DEVELOPMENT
AWARDS FOR INNOVATIVE
EXCELLENCE

Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

SAREIT
ASSOCIATION

CDP
DRIVING SUSTAINABLE ECONOMIES

JSE

A2X
MARKETS

GREEN
BUILDING
COUNCIL

FTSE
Russell

Introduction

Growthpoint is the largest South African primary JSE-listed REIT with a quality portfolio of 421 (FY21: 432) directly owned properties in South Africa (RSA) valued at R70.1bn (FY21: R68.8bn). Growthpoint has a 55.9% (FY21: 62.2%) shareholding in Growthpoint Healthcare Property Holdings (RF) Limited (GHPH) which owns six hospitals (FY21: five) and one medical chambers valued at R3.4bn (FY21: R2.8bn). Growthpoint acquired a 16.8% shareholding in the newly launched Growthpoint Student Accommodation Holdings (RF) Limited (GSAH) as part of Growthpoint Investment Partners, its funds management business, during the period. GSAH owns seven student accommodation properties with 4 979 beds valued at R2.0bn.

Growthpoint has a 62.2% (FY21: 62.2%) interest in ASX-listed Growthpoint Properties Australia Limited (GOZ), which owns 57 (FY21: 55) properties in Australia valued at R58.5bn (FY21: R49.5bn) and a 60.8% (FY21: 52.1%) interest in LSE and JSE-listed Capital & Regional Plc (C&R), which owns seven (FY21: seven) shopping centres in the United Kingdom valued at R11.2bn (FY21: R10.5bn). GOZ owns a 15.0% (FY21: 15.0%) stake in ASX-listed Dexis Industria REIT (DXI), valued at R2.0bn (FY21: R1.1bn).

Growthpoint has three (FY21: three) equity-accounted investments valued at R15.2bn (FY21: R15.0bn). Our 50.0% (FY21: 50.0%) share of the V&A Waterfront (V&A) ((R5.9bn) (FY21: R6.3bn)) and 29.4% (FY21: 29.3%) stake in London Stock Exchange AIM-listed Globalworth Real Estate Investments Limited (GWI) ((R9.3bn) (FY21: R8.6bn)) are the largest of these investments.

Growthpoint has four (FY21: five) unlisted investments, valued at R914.9m (FY21: R808.1m) of which our 16.3% (FY21: 16.1%) stake in Lango Real Estate Limited (Lango) ((R851.9m) (FY21: R758.2m)) is the largest.

Growthpoint has a trading and development division which develops commercial property internally and for third parties and has properties valued at R423.7m (FY21: R548.0m). Growthpoint, through its funds management business, Growthpoint Investment Partners, has assets under management of R15.0bn (FY21: R11.7bn) reaching its initial goal a year ahead of time.

Growthpoint is included in the FTSE/JSE Top 40 Index (J200) with a market capitalisation of R52.7bn at 31 December 2021 (HY22). On average, 244.8m shares (FY21: 244.8m) with a value of R3.1bn (FY21: R3.2bn) were traded per month during the period. This makes Growthpoint a liquid and tradable way to own commercial property in RSA. Growthpoint's property portfolio comprises South African assets (inclusive of the V&A) (56.9%) and international (43.1%) assets. It is well diversified in the three major sectors of commercial property, being retail, office and industrial. Most of the portfolio is in economic nodes within major metropolitan areas.

For HY22 the SA REIT net asset value (SA REIT NAV) of the Group increased by 6.2% to 2 148 (FY21: 2 023) cents per share.

Continued impact of Covid-19 on the business

For the financial period we provided rental relief of R17.3m (HY21: R116.0m) to our tenants with R5.2m (HY21: R25.0m) in deferred rent and R12.1m (HY21: R91.0m) of rental discounts. We recovered R8.4m (HY21: R107.5m) of deferred rent in the period and incurred R1.2m (HY21: R3.0m) of Covid-19-related expenses. 92.4% (FY21: 90.1%) of the Rand amount of total deferrals granted since the onset of Covid-19 have been recovered.

Historically the V&A has been a standout performer for Growthpoint. However, given its strong reliance on international and local tourism and heavy weighting to the hotel, retail and restaurant trade, it suffered disproportionately to the rest of the South African portfolio with its contribution to distributable income dropping to R172.8m in HY21. It has since improved by 54.8% to R267.5m for HY22 as lockdown restrictions were lifted and tourism resumed.

Our international investments in GOZ and GWI were less affected by Covid-19 at an operational level as a result of their portfolios comprising office and industrial properties with strong customer bases weighted toward listed corporates and government in Australia and large multinational tenants in Poland and Romania.

C&R's strategic shift to focus on providing non-discretionary goods and services ensured that all seven of the company's community shopping centres remained open to some degree throughout the entirety of 2021 calendar year, which included a full national lockdown from 6 January 2021 to 12 April 2021.

Growthpoint supports the respective national vaccination drives and has actively encouraged all its stakeholders and their staff to be vaccinated.

Our geographic and sectoral diversity has placed us in a position of strength to weather the Covid-19 storm.

Strategy

In line with Growthpoint's vision "to be a leading international property company providing space to thrive", the company's strategy incorporates:

- the optimisation and streamlining of our RSA portfolio
- the introduction of new revenue streams via Growthpoint Investment Partners and trading and development for third parties
- further international diversification, with a focus on markets where we have a competitive edge and direct access to capital.

While our strategic pillars remain intact, our priority remains the protection of our balance sheet and liquidity position.

The Board is satisfied with the progress made in further bolstering the balance sheet in HY22 through various initiatives, including R1.0bn of asset sales and R524.6m (before income tax) cash retained as a result of lowering the dividend payout ratio to 80%.

SA REIT funds from operations (FFO) and distributable income per share (DIPS)

Group SA REIT FFO for HY22 increased by R394.0m (17.6%) from R2 241m for HY21 to R2 635m. On a per share basis it increased by 17.4% from 65.9c to 77.4c. Group distributable income increased by R128.0m (5.1%) from R2 495m to R2 623m. DIPS increased by 5.2% from 73.1c to 76.9c.

Basis of preparation

The condensed reviewed consolidated financial statements are prepared in accordance with International Financial Reporting Standards, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in preparing these financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements, except for the amendment to IFRS 3 *Business Combinations – Definition of a Business* which became effective for the first time for the financial year starting 1 July 2021.

Ernst & Young Inc., the company's independent auditor, has reviewed the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, consolidated segmental information and notes to the condensed consolidated financial statements for the six months ended 31 December 2021, as set out on pages 13 to 33 of the group condensed reviewed interim financial results and have expressed an unmodified review conclusion. A copy of their review conclusion is available for inspection at the company's registered office.

The condensed consolidated financial results for the six months ended 31 December 2020 are unaudited.

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

GOZ

The investment in GOZ was accounted for in terms of IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The statement of financial position includes 100% of the assets and liabilities of GOZ, converted at the closing exchange rate at HY22 of R11.57:AUD1 (FY21: R10.70:AUD1).

A deferred tax liability of R5.2bn (FY21: R4.2bn) is included in the statement of financial position. This relates to capital gains tax payable at a rate of 30% in Australia if Growthpoint were to sell its investment in GOZ.

The statement of profit or loss and other comprehensive income also includes 100% of the revenue and expenses of GOZ, which were translated at an average exchange rate of R11.0:AUD1 for HY22 (HY21: R11.75:AUD1). The resulting foreign currency translation difference is recognised in other comprehensive income. A non-controlling interest was raised for the 37.8% (FY21: 37.8%) not owned by Growthpoint.

Included in the HY22 distributable income is a R527.0m dividend received from GOZ, compared to R494.7m for HY21. This is accounted for by the GOZ dividend per share for HY22 of AUD10.4c compared to AUD10.0c in HY21. Included in normal tax in the statement of profit or loss and other comprehensive income is R57.8m (HY21: R55.0m) which relates to withholding tax paid on the distributions received from GOZ.

C&R

The investment in C&R was accounted for in terms of IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The statement of financial position includes 100% of the assets and liabilities of C&R, converted at the closing exchange rate at HY22 of R21.58:GBP1 (FY21: R19.75:GBP1).

The statement of profit or loss and other comprehensive income also includes 100% of the revenue and expenses of C&R, which were translated at an average exchange rate of R20.49:GBP1 for HY22 (HY21: R21.23:GBP1). The resulting foreign currency translation difference is recognised in other comprehensive income. A non-controlling interest was raised for the 39.2% (FY21: 47.9%) not owned by Growthpoint. C&R did not declare a dividend for HY22 (HY21: Rnil).

C&R undertook a GBP30m equity raise during the period which was fully underwritten by Growthpoint. This transaction resulted in an additional investment by Growthpoint of R480.0m (GBP23.7m) and increased our shareholding from 52.1% to 60.8%.

V&A, GWI and other equity-accounted investments

The investments in the V&A (joint venture), GWI and the third equity-accounted investment were accounted for in terms of IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates*. The equity-accounting method was used – the Group's share of the profit or loss and other comprehensive income of these investments were accounted for.

Included in the HY22 distributable income is R267.5m from the V&A (HY21: R172.8m) and R149.8m from GWI (HY21: R186.8m).

Revenue and cost-to-income ratio

Revenue decreased by 4.8% for HY22 compared to HY21. RSA revenue decreased by 2.3%, and GOZ revenue decreased by 9.4% compared to HY21. C&R revenue decreased by 9.5% compared to HY21. The SA REIT cost-to-income ratio for the Group decreased to 41.2% at HY22 from 41.4% at HY21. For RSA the ratio increased to 44.2% from 42.5% at HY21 and GOZ increased to 24.0% from 22.3% at HY21. For C&R the ratio decreased to 59.3% from 82.9% at HY21.

Fair value adjustments

The revaluation of properties in RSA, GOZ and C&R resulted in an overall increase of R2.7bn (2.0%) (FY21: R4.4bn or 3.3%) to R139.4bn (FY21: R128.2bn) for investment property (including investment properties classified as held for sale). The revaluation of properties resulted in a decrease in values of R282.0m (0.4%) (FY21: R5.4bn or 7.4%) for RSA, an increase of R3.2bn (5.7%) (FY21: R3.9bn or 8.7%) for GOZ and a decrease of R139.0m (1.2%) (FY21: R2.9bn or 21.7%) for C&R.

The RSA valuation decrease was driven mainly by negative reversions and increased vacancies in office, offset by decreased vacancies in retail and industrial. Property assets held for trading and development are held at the lower of cost or net realisable value. No impairment loss was recognised on property assets held for trading and development (FY21: R30.0m or 5.2%).

Interest-bearing borrowings and derivatives were fair valued using the RSA or foreign denominated swap curves at HY22, decreasing the overall liability by R947.4m (HY21: increase of R127.9m). These fair value adjustments and other non-distributable items, such as capital items, non-cash charges, deferred taxation and the net effect of the non-controlling interests' portion of the non-distributable items, was transferred to the non-distributable reserve.

Finance costs

Finance costs, including finance costs and income received on interest rate swaps, increased by 0.7% to R1 640m (HY21: R1 629m). The interest cover ratio increased to 3.0 times for HY22 (FY21: 2.9 times). The weighted average interest rate for RSA borrowings was 7.6% (HY21: 8.1%) (5.8% including foreign-denominated loans and cross-currency interest rate swaps (CCIRS) (HY21: 5.8%)). The weighted average maturity of debt for RSA borrowings decreased to 2.7 years (FY21: 3.1 years). Finance costs for GOZ decreased by 11.4% from R307.6m in HY21 to R272.4m in HY22 mainly due to a decrease in the AUD/ZAR exchange rate. Finance costs for C&R increased from R175.9m in HY21 to R213.3m in HY22.

Finance and other investment income

Finance and other investment income increased to R97.4m (HY21: R22.7m). This is mainly due to an increase in dividends received on investments and increased interest received from banks.

Acquisitions and commitments

Through GSAH, Growthpoint acquired seven purpose built student accommodation properties for R2.0bn. It also acquired four telecommunications assets in RSA for R5.2m (included in Industrial) during the period. The development and capital expenditure for RSA of R480.5m (HY21: R510.3m) was for various projects in the period, including the development at Samrand, Midrand and NTT Data Centre for R172.4m collectively. Growthpoint has commitments outstanding for RSA developments totalling R425.8m at HY22 (FY21: R310.8m) of which The Groove, Braamfontein, Johannesburg (R125.2m) and The Peak, Observatory, Cape Town (R104.2m), two student accommodation developments, are the largest.

GOZ acquired two office properties for R1.6bn (AUD143.9m) during the period and incurred development and capital expenditure totalling R153.0m (AUD14.2m), the largest relating to 75 Dorcas Street for R59.3m (AUD5.5m) and 12-16 Butler Boulevard for R18.3m (AUD1.7m).

GOZ has commitments outstanding totalling R2.0bn (AUD174.2m) at HY22 (FY21: R1.0bn (AUD97.1m)). These commitments relate to the acquisition of 141 Camberwell Road, Hawthorn East, VIC and tenant installation costs at 1 Charles Street, Parramatta, NSW.

C&R incurred capital expenditure of R95.0m (GBP4.9m) in HY22 (FY21: R83.1m (GBP4.0m)) and has outstanding commitments of R81.6m (GBP3.8m) at HY22 (FY21: R53.5m (GBP2.7m)).

Growthpoint Investment Partners

Part of Growthpoint's strategy is to build a funds management business with diversified assets. To this end we have achieved our initial goal by establishing three separately identifiable funds with total assets under management of R15.0bn (FY21: R11.7bn).

- **Lango Real Estate Limited (Lango). Growthpoint's stake is 16.3%**

Lango, a joint venture with Ninety One Limited, owns eight quality office and retail assets and three plots of land valued at USD601.0m (FY21: USD600.9m) and has a NAV of USD327.9m at HY22 (FY21: USD330.2m). Growthpoint invested a further R11.2m (USD0.7m) into Lango and received a R16.6m (USD1.0m) dividend during the period.

- **Growthpoint Healthcare Property Holdings (RF) Limited (GHPH). Growthpoint's stake is 55.9%**

During the period, the International Finance Corporation invested equity of USD20.0m into GHPH. GHPH has to date attracted approximately R1.3bn in investments from third-party investors. There is a significant pipeline of both acquisitions and greenfield developments.

Growthpoint's interest in GHPH consists of R358.4m equity (FY21: R358.4m) and a convertible loan of R886.0m (FY21: R887.0m).

Growthpoint received a R67.3m (HY21: R62.2m) dividend and management fees of R19.4m (HY21: R15.7m) from GHPH during the period.

- **Growthpoint Student Accommodation Holdings (RF) Limited (GSAH). Growthpoint's stake is 16.8%**

GSAH was launched during the period and attracted R1.2bn in investments from third-party investors. In addition, Growthpoint invested R240.0m into the fund. There is a significant pipeline of both acquisitions and greenfield developments.

Growthpoint received a R11.3m (HY21: Rnil) dividend and asset management fees of R2.1m (HY21: Rnil) from GSAH during the period.

Trading and development

Adhering to the limits previously communicated, the value of projects pre-identified as opportunities for trading and

development for third parties in RSA will not exceed 3.0% of the value of the South African portfolio and assets developed for our own balance sheet will not exceed 5.0%. In the present environment we have scaled back all non-essential capital and development spend and will only proceed with opportunities which are client-driven or substantially pre-let.

Disposals and held-for-sale assets

Growthpoint disposed of 19 properties in the period (HY21: five) for R1.0bn (HY21: R497.7m), including the Helderberg Centre at R200.0m. GOZ did not dispose of any properties during the period. C&R disposed of an office block at Maidstone for R153.2m (GBP7.1m). At HY22, three RSA properties (FY21: eight) valued at R30.8m (FY21: R181.2m) were classified as held for sale. Two United Kingdom properties (FY21:0) valued at R2.3bn (GBP107.7m) were classified as held for sale at HY22. No Australian properties were classified as held for sale.

Arrears

Total RSA arrears at HY22 were R295.8m (FY21: R308.2m) with a loss allowance of R164.8m (FY21: R174.5m). This includes rental deferments granted to tenants as a result of Covid-19 of R15.0m (FY21: R18.2m). Total net RSA bad debt write-offs and provisions were R10.1m (FY21: R29.9m).

Total GOZ arrears at HY22 were R9.7m (FY21: R5.7m) with a loss allowance of R1.2m (FY21: R1.1m). Total C&R arrears at HY22 were R294.5m (FY21: R471.9m) with a loss allowance of R125.4m (FY21: R164.0m).

Vacancy levels

At HY22, Growthpoint's GLA and vacancy levels as a percentage of its total portfolio GLA were:

	GLA		Vacancy	
	HY22 m ²	FY21 m ²	HY22 %	FY21 %
Retail	1 306 236	1 356 981	4.7	6.2
Office	1 699 669	1 708 285	21.2	19.9
Industrial	2 214 797	2 262 728	6.5	9.4
Healthcare	107 564	89 637	0.1	–
Trading and development	37 476	55 403	–	–
RSA total	5 365 742	5 473 034	10.5	11.6
V&A	232 198	232 531	2.3	3.0
GOZ	1 050 877	1 033 028	1.2	2.3
C&R	323 302	350 980	8.0	18.2
Total/average %	6 972 119	7 089 573	8.7	10.3

Vacancies increased in the RSA office and healthcare sectors, but decreased in the retail and industrial sectors. Vacancies at the V&A, GOZ and C&R also decreased. Tenant retention remains a priority and we are driving it through various initiatives including the UNdeposit, SmartMove and Growthpoint's resource efficient, sustainable Thrive portfolio.

Borrowings and net working capital

The SA REIT loan-to-value ratio for the Group (SA REIT LTV) was 39.2% for HY22 (FY21: 40.0%). The RSA LTV decreased to 33.8% (FY21: 35.1%), the GOZ SA REIT LTV increased to 28.8% (FY21: 27.6%) and the C&R SA REIT LTV decreased to 55.1% (FY21: 65.5%).

Growthpoint has consistently applied its policy for measuring the fair value of interest-bearing borrowings and derivatives. The Group has unsecured interest-bearing borrowings of R21.0bn at HY22 (FY21: R21.6bn). All other interest-bearing borrowings across the Group are secured. Growthpoint has unused committed bank facilities of R6.2bn (FY21: R6.5bn) in RSA and separately R3.6bn (AUD315.5m) (FY21: R4.1bn or AUD387.5m) in GOZ. Growthpoint also has cash of R515.8m (FY21: R709.8m) in RSA, R453.7m (AUD39.2m) (FY21: R358.1m or AUD33.5m) in GOZ and R1.3bn (GBP58.5m) (FY21: R1.6bn or GBP78.7m) in C&R at HY22. The cash balance in C&R excludes cash of R253.0m (GBP12.0m) classified as part of assets held for sale. These bank facilities and cash balances assure Growthpoint's ability to meet its short-term commitments.

Change in directorate

Melt Hamman was appointed as an Independent Non-executive Director on 14 September 2021. Melt is Chairman of the Audit Committee and serves as a member on the Property and Investment Committee.

Eileen Wilton was appointed as an Independent Non-executive Director on 9 February 2022. Eileen is Chairman of the HR and Remuneration committee and serves as a member on the Risk Management Committee.

Clifford Raphiri was appointed as an Independent Non-executive Director on 1 March 2022. Clifford will serve as a member of the Audit and Social, Ethics and Transformation Committees.

Francois Marais and John Hayward retired at the AGM on 16 November 2021 after 18 and 20 years of service, respectively. Rhidwaan Gasant assumed the Chairmanship of the Board on the retirement of Francois Marais.

We thank the retiring directors, Francois and John, for their leadership and dedicated service to Growthpoint.

Going concern

The directors have assessed the Group's ability to continue as a going concern. As at HY22, the Group had a substantial positive net asset value and a robust liquidity position with access to R6.2bn (FY21: 6.5bn) in RSA and separately R3.6bn (FY21: R4.1bn) in GOZ of committed undrawn credit facilities. The following uncertainties were considered as part of the going concern assessment:

Access to liquidity

Stressed market conditions may impact debt funders' risk appetite and limit access to liquidity.

The company continuously reviews its funding and maturity profile and monitors the debt capital markets to ensure that it is well positioned for any refinancing opportunities, including the USD bond maturing in 2023.

Covenants

Loan-to-value and interest cover ratio covenants may come under pressure due to decreasing property valuations and rental income because of the expected economic downturn related to the pandemic. The maximum loan-to-value covenants the Group is exposed to is 55.0%, which is well above the current Group SA REIT LTV of 39.2% (FY21: 40.0%).

Provision for credit losses

The provision for credit losses and write-off of unrecoverable amounts may increase as tenants' businesses may continue to be impacted by the pandemic globally.

Conclusion

After due consideration, the directors have concluded that the Group has adequate resources and debt facilities to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Events after the reporting period

In line with IAS 10 *Events after the Reporting Period*, the declaration of the dividend occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

On 23 December 2021, GOZ entered into a contract to purchase a modern A-grade office asset, 141 Camberwell Road Hawthorn East, Victoria, for R1.4bn (AUD125.0m) (excluding transaction costs). The building was completed in 2020 and has a GLA of 10,249m² of office and ground floor retail accommodation with 304 undercover parking bays. At HY22, the property is 99% occupied. Settlement occurred on 22 February 2022.

Growthpoint has exposure to Eastern Europe through its 29.4% investment in GWI. GWI is a real estate company whose investment properties are situated in Poland and Romania and generate rental income from predominantly high-quality offices in numerous prime locations. The recent events and circumstances in the Ukraine could influence these properties in a manner which is not necessarily in GWI's control. The situation in the Polish and Romanian commercial property markets will be closely monitored.

Prospects

The majority of the Group's assets are in RSA, both by EBIT (72.0%) and by market value of property assets (56.9%), where the macro-economic environment, coupled with last year's domestic unrest, remains deeply concerning. The effects of the pandemic, on top of a depressed economy, have negatively impacted all three of our domestic sectors where property fundamentals are expected to remain under pressure, notwithstanding the emergence of some positive indicators in the retail and industrial sectors. The recovery of the V&A is dependent on the resumption of international tourism. GOZ and GWI have been relatively unaffected by the pandemic and have robust balance sheets, liquidity positions and strong tenancies. C&R has been severely impacted by the pandemic, however we believe that the UK retail industry has reached the bottom of the downward cycle, with property valuations stable in the last six months.

Our prospects are inextricably linked to our operating environment. As the world and the RSA economies recover gradually, we will benefit from this. We are a strong and diversified business and our conservative approach to managing the business together with our robust balance sheet and liquidity position will stand us in good stead.

We are committed to retaining our REIT status and intend to continue to pay dividends twice a year, of at least 75% of distributable income.

Interim dividend

Notice is hereby given of the declaration of the interim dividend number 72 of 61.5 cents per share for the period ended 31 December 2021.

Other information

- Issued shares at 31 December 2021: 3 430 787 066 ordinary shares of no par value
- Income tax reference number of Growthpoint: 9375/077/71/7.

Shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No 58 of 1962 (Income Tax Act). The dividends on the shares will be taxable dividends for South African tax purposes in terms of section 25BB of the Income Tax Act.

Tax implications for South African resident shareholders

Dividends received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i)(aa) of the Income Tax Act, because they are dividends distributed by a REIT. These dividends are, however, exempt from dividend withholding tax (dividend tax) in the hands of South African resident shareholders provided that the South African resident shareholders have provided to the Central Securities Depository Participant (CSDP) or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares, a DTD(EX) (dividend tax: declaration and undertaking to be made by the beneficial owner of a share) form to prove their status as South African residents.

If resident shareholders have not submitted the above mentioned documentation to confirm their status as South African residents, they are advised to contact their CSDP or broker, as the case may be, to arrange for the documents to be submitted prior to the payment of the dividend.

Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption section 10(1)(k) of the Income Tax Act. Any dividend received by a non-resident from a REIT is subject to dividend tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between RSA and the country of residence of the non-resident shareholder. Assuming dividend tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders is 49.2c per share. A reduced dividend withholding tax rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- A declaration that the dividend is subject to a reduced rate as a result of the application of the DTA; and
- A written undertaking to inform the CSDP broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner of the South African Revenue Service.

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

Salient dates and times

	2022
Last day to trade (LDT) cum dividend	Tuesday, 5 April
Shares to trade ex dividend	Wednesday, 6 April
Record date	Friday, 8 April
Payment date	Monday, 11 April

Notes:

1. Shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 6 April 2022 and the close of trade on Friday, 8 April 2022, both days inclusive.
2. The above dates and times are subject to change. Any changes will be released on SENS.

By order of the Board

Growthpoint Properties Limited

15 March 2022

Directors

R Gasant (Chairman), FM Berkeley, NO Chauke* (Human Resources Director), EK de Klerk* (Chief Executive Officer South Africa), M Hamman, KP Lebina, SP Mngconkola, NBP Nkabinde, CD Raphiri, AH Sangqu, LN Sasse* (Group Chief Executive Officer), JA van Wyk#, G Völkel* (Group Financial Director), E Wilton

* Executive #British

Growthpoint Properties Limited

(Incorporated in the Republic of South Africa)

(Registration number 1987/004988/06)

A Real Estate Investment Trust, listed on the JSE

Share code: GRT ISIN: ZAE000179420

Registered office

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

Company Secretary

Johan de Koker

Transfer Secretary

Computershare Investor Services (Pty) Ltd

(Registration number 2004/003647/07)

Rosebank Towers, 15 Biermann Avenue

Rosebank, Johannesburg, 2196

Private Bag X9000, Saxonwold, 2132

Sponsor

Investec Bank Limited

(Registration number 1969/004763/06)

100 Grayston Drive, Sandown, Sandton, 2196

PO Box 785700, Sandown, Sandton, 2146

REIT ratios

for the six months ended and at 31 December 2021

The second edition of the SA REIT Association's best practice recommendations (SA REIT BPR) was issued in November 2019, outlining the need to provide consistent presentation and disclosure of relevant ratios in the SA REIT sector. This will ensure information and definitions are clearly presented, enhancing comparability and consistency across the sector. The SA REIT BPR ratios are provided below.

	Six months 31 December 2021 Rm	Six months 31 December 2020 Rm	12 months 30 June 2021 Rm
SA REIT funds from operations (SA REIT FFO)			
Profit/(loss) attributable to the owners of the company	3 650	(1 307)	(497)
Adjusted for:			
Accounting/specific adjustments:	(2 755)	4 476	5 824
Fair value adjustments to:			
Investment property	(2 745)	3 385	4 745
Debt and equity instruments held at fair value through profit or loss	(1 178)	1 285	584
Depreciation and amortisation of intangible assets	50	49	108
Impairment of goodwill or the recognition of a bargain purchase gain	–	–	30
Asset impairments (excluding goodwill) and reversals of impairment	9	5	–
(Gains)/losses on the modification of financial instruments	(43)	45	295
Deferred tax movement recognised in profit or loss	1 087	(128)	400
Straight-lining operating lease adjustment	45	(119)	(322)
Transaction costs expensed in accounting for a business combination	39	8	28
Adjustments to dividends from equity interests held	(19)	(54)	(44)
Adjustments arising from investing activities:	(62)	(106)	(98)
(Gains)/losses on disposal of equipment	(19)	–	24
Development fees and profit earned	(43)	(106)	(122)
Foreign exchange and hedging items:	(298)	(1 275)	(2 014)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(380)	(1 145)	(1 681)
Foreign exchange losses/(gains) relating to capital items – realised and unrealised	82	(130)	(333)
Other adjustments:	2 100	453	1 438
Adjustments made for equity-accounted entities	420	714	1 206
Non-controlling interests in respect of the above adjustments	(409)	(367)	(748)
Non-controlling interests in respect of the above adjustments – plus not distributable	2 089	89	963
Antecedent earnings adjustment	–	17	17
SA REIT FFO (Rm)	2 635	2 241	4 653
Number of shares outstanding at end of period (net of treasury shares)	3 406 439 781	3 398 244 371	3 402 889 319
SA REIT FFO per share (cents)	77.4	65.9	136.8
Interim SA REIT FFO per share	77.4	65.9	65.9
Final SA REIT FFO per share			70.9
Company-specific adjustments to SA REIT FFO (Rm)	(12)	254	399
(Increase)/decrease in staff incentive scheme cost	(13)	29	28
Trading profits and development fees earned	47	106	122
Pre-acquisition profits (GSAH)	9	–	–
Amortisation of tenant incentive add back (GOZ FFO)	170	141	288
Distributable income from GOZ retained (including NCI portion)	(269)	(240)	(157)
Distributable (income)/loss from C&R retained (including NCI portion)	(67)	64	(139)
Distributable income from GHPH retained (including NCI portion)	(8)	–	(8)
Taxation paid on distributable income retained	119	154	265
Distributable income (Rm)	2 623	2 495	5 052
Distributable income per share (DIPS) (cents)	76.9	73.1	148.1
First half year	76.9	73.1	73.1
Second half year			75.0

REIT ratios continued

for the six months ended and at 31 December 2021

	31 December 2021 Rm	31 December 2020 Rm	30 June 2021 Rm
SA REIT net asset value (SA REIT NAV)			
Reported NAV attributable to the parent	69 801	68 298	66 410
Adjustments:	3 652	4 458	2 700
Dividend to be declared	(2 095)	(1 988)	(2 042)
Fair value of certain derivative financial instruments	849	3 271	1 068
Goodwill and intangible assets	(548)	(664)	(597)
Deferred tax	5 446	3 839	4 271
SA REIT NAV	73 453	72 756	69 110
	Number of shares	Number of shares	Number of shares
Shares outstanding			
Number of shares in issue at period end (net of treasury shares)	3 406 439 781	3 398 244 371	3 402 889 319
Dilutive effect of share options granted to employees	12 497 449	14 047 198	12 699 001
Dilutive number of shares in issue	3 418 937 230	3 412 291 569	3 415 588 320
SA REIT NAV per share (R)	21.48	21.32	20.23
	Rm	Rm	Rm
SA REIT cost-to-income ratio			
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)	2 609	2 739	4 946
Administrative expenses per IFRS income statement	397	311	613
<i>Excluding: Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets</i>			
Operating costs	3 006	3 050	5 559
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	6 421	6 580	12 804
Utility and operating recoveries per IFRS income statement	872	783	1 510
Gross rental income	7 293	7 363	14 314
SA REIT cost-to-income ratio	41.2%	41.4%	38.8%
	Rm	Rm	Rm
SA REIT administrative cost-to-income ratio			
Expenses			
Administrative expenses as per IFRS income statement	397	311	613
Administrative costs	397	311	613
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	6 421	6 580	12 804
Utility and operating recoveries per IFRS income statement	872	783	1 510
Gross rental income	7 293	7 363	14 314
SA REIT administrative cost-to-income ratio	5.4%	4.2%	4.3%
	GLA m²	GLA m²	GLA m²
SA REIT GLA vacancy rate			
Gross lettable area of vacant space	606 219	643 035	731 045
Gross lettable area of total property portfolio	6 972 119	7 004 826	7 089 573
SA REIT GLA vacancy rate	8.7%	9.2%	10.3%

	ZAR %	AUD %	EUR %	USD %
SA REIT cost of debt				
31 December 2021				
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	5.5	0.0	0.0	2.0
Fixed interest-rate borrowings				
Weighted average fixed rate	9.9	0.0	0.0	5.9
Pre-adjusted weighted average cost of debt	5.6	0.0	0.0	5.4
Adjustments:				
Impact of interest rate derivatives	1.7	0.0	1.0	0.0
Impact of cross-currency interest rate swaps	0.3	3.5	2.9	(0.4)
Amortised transaction costs imputed in the effective interest rate	0.0	0.0	0.0	0.2
All-in weighted average cost of debt	7.6	3.5	3.9	5.2
SA REIT cost of debt				
31 December 2020				
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	5.1	0.0	1.4	0.0
Fixed interest-rate borrowings				
Weighted average fixed rate	9.9	0.0	0.0	5.9
Pre-adjusted weighted average cost of debt	5.2	0.0	1.4	5.9
Adjustments:				
Impact of interest rate derivatives	2.5	0.0	5.7	0.0
Impact of cross-currency interest rate swaps	0.4	3.9	(4.0)	(0.9)
Amortised transaction costs imputed in the effective interest rate	0.0	0.0	0.0	0.2
All-in weighted average cost of debt	8.1	3.9	3.1	5.2
SA REIT cost of debt				
30 June 2021				
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	5.4	0.0	0.0	0.0
Fixed interest-rate borrowings				
Weighted average fixed rate	9.9	0.0	0.0	5.9
Pre-adjusted weighted average cost of debt	5.5	0.0	0.0	5.9
Adjustments:				
Impact of interest rate derivatives	2.0	0.0	1.4	0.0
Impact of cross-currency interest rate swaps	0.3	3.6	2.4	(0.9)
Amortised transaction costs imputed in the effective interest rate	0.0	0.0	0.0	0.2
All-in weighted average cost of debt	7.8	3.6	3.8	5.2

REIT ratios continued

for the six months ended and at 31 December 2021

	Six months 31 December 2021 Rm	Six months 31 December 2020 Rm	12 months 30 June 2021 Rm
SA REIT loan-to-value (Group)			
Gross debt	64 861	62 131	60 793
Less:			
Cash and cash equivalents*	(2 485)	(3 158)	(2 622)
Add:			
Derivative financial instruments*	849	3 271	1 181
Net debt	63 225	62 244	59 352
Total assets per statement of financial position	168 177	158 599	154 455
Less:			
Cash and cash equivalents*	(2 485)	(3 158)	(2 622)
Derivative financial assets	(1 177)	(493)	(814)
Goodwill and intangible assets	(548)	(664)	(597)
Trade and other receivables*	(2 710)	(1 447)	(2 087)
Carrying amount of property-related assets	161 257	152 837	148 335
SA REIT loan-to-value (SA REIT LTV)	39.2%	40.7%	40.0%
SA REIT net initial yield			
Investment property	139 517	131 344	128 242
Less:			
Properties under development	(1 434)	(1 346)	(697)
Grossed up property value	138 083	129 998	127 545
Property income			
Contractual cash rentals	11 058	11 669	10 808
Less:			
Notional rental for rent-free periods, discounted rentals, stepped rentals and lease incentives	(1 653)	(2 318)	(1 562)
Less:			
Non-recoverable property expenses	(83)	(79)	(262)
Annualised net rental	9 322	9 272	8 984
Net initial yield	6.8%	7.1%	7.0%

* Includes C&R assets and liabilities classified as held for sale on a line by line basis. Refer to note 1.

Statement of profit or loss and other comprehensive income

for the six months ended 31 December 2021

Growthpoint Properties Limited GROUP CONDENSED REVIEWED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Note	Reviewed six months 31 December 2021 Rm	Unaudited six months 31 December 2020 Rm	Audited 12 months 30 June 2021 Rm
Revenue, excluding straight-line lease income adjustment		6 421	6 580	12 804
Straight-line lease income adjustment		(45)	119	322
Total revenue		6 376	6 699	13 126
Property-related expenses		(1 743)	(1 861)	(3 513)
Expected credit losses on trade receivables		6	(95)	77
Net property income		4 639	4 743	9 690
Other administrative and operating overheads		(397)	(311)	(613)
Operating profit		4 242	4 432	9 077
Equity-accounted investment profit/(loss) – net of tax		20	(301)	(411)
Non-distributable loss		(420)	(714)	(1 206)
Dividends and interest received		440	413	795
Fair value adjustments, capital items and other charges		4 213	(3 659)	(4 381)
Finance and other investment income		97	23	138
Finance expense		(1 573)	(1 631)	(3 107)
Profit/(loss) before taxation		6 999	(1 136)	1 316
Taxation		(1 260)	(82)	(850)
Profit/(loss) for the period		5 739	(1 218)	466
Other comprehensive income – net of tax				
Items that may subsequently be reclassified to profit or loss				
Translation of foreign operations		3 132	(2 541)	(3 780)
Total comprehensive income/(loss) for the year		8 871	(3 759)	(3 314)
Profit/(loss) attributable to:		5 739	(1 218)	466
Owners of the company		3 650	(1 307)	(497)
Non-controlling interests		2 089	89	963
Total comprehensive income/(loss) attributable to:		8 871	(3 759)	(3 314)
Owners of the company		5 551	(3 257)	(3 009)
Non-controlling interests		3 320	(502)	(305)
		Cents	Cents	Cents
Basic earnings/(loss) per share	3.1	107.23	(42.24)	(15.31)
Diluted earnings/(loss) per share	3.1	106.84	(42.05)	(15.25)

Statement of financial position

as at 31 December 2021

	Note	Reviewed 31 December 2021 Rm	Unaudited 31 December 2020 Rm	Audited 30 June 2021 Rm
Assets				
Cash and cash equivalents		2 232	3 158	2 622
Trade and other receivables		2 231	1 447	2 087
Assets classified as held for sale	1	3 193	56	181
Property held for trading and development		424	850	548
Derivative assets		1 177	493	814
Taxation receivable		48	–	9
Listed investments		1 992	1 021	1 122
Fair value of property assets		137 056	131 288	128 061
Fair value of investment property		130 310	125 379	121 691
Straight-line lease income adjustment		3 496	2 995	3 359
Tenant incentives		1 555	1 477	1 402
Right-of-use assets		1 695	1 437	1 609
Long-term loans granted		3 105	2 624	2 534
Equity-accounted investments		15 193	16 027	15 003
Unlisted investments		915	825	808
Equipment		48	59	57
Intangible assets		548	664	597
Deferred tax assets		15	87	12
Total assets		168 177	158 599	154 455
Liabilities and equity				
Liabilities				
Trade and other payables		3 462	2 709	3 204
Liabilities associated with assets classified as held for sale	1	3 566	–	–
Derivative liabilities		2 026	3 764	1 995
Taxation payable		86	266	189
Interest-bearing borrowings		62 996	63 256	61 947
Lease liability		1 977	2 160	2 235
Deferred tax liability		5 461	3 839	4 283
Total liabilities		79 574	75 994	73 853
Shareholders' interest		69 801	68 298	66 410
Share capital		53 177	53 120	53 117
Retained income		4 199	3 284	3 739
Other reserves		12 425	11 894	9 554
Non-controlling interest		18 802	14 307	14 192
Total liabilities and equity		168 177	158 599	154 455

Statement of changes in equity

for the six months ended 31 December 2021

Growthpoint Properties Limited GROUP CONDENSED REVIEWED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Attributable to owners of the company			Retained earnings (RE) Rm	Share-holders' interest Rm	Non-controlling interest (NCI) Rm	Total equity Rm
	Share capital net of treasury shares Rm	Non-distributable reserves (NDR) Foreign currency translation reserve (FCTR) Rm	Non-distributable reserve (NDR) Rm				
Balance at 30 June 2020	48 218	6 639	10 725	2 295	67 877	15 168	83 045
Total comprehensive income							
Profit after taxation	–	–	–	(1 307)	(1 307)	89	(1 218)
Other comprehensive income	–	(1 950)	–	–	(1 950)	(591)	(2 541)
Transactions with owners recognised directly in equity:							
Contributions by and distributions to owners:							
Shares issued	4 806	–	–	–	4 806	–	4 806
Transfer non-distributable items to NDR	–	–	(3 648)	3 648	–	–	–
Share-based payment transactions	96	–	128	–	224	–	224
Dividends declared	–	–	–	(1 352)	(1 352)	(367)	(1 719)
Changes in ownership interest:							
Rights issue and acquisitions – GOZ	–	–	–	–	–	8	8
Balance at 31 December 2020	53 120	4 689	7 205	3 284	68 298	14 307	82 605
Total comprehensive income:							
Profit after taxation	–	–	–	810	810	874	1 684
Other comprehensive income	–	(562)	–	–	(562)	(677)	(1 239)
Transactions with owners recognised directly in equity:							
Contributions by and distributions to owners:							
Shares issued	7	–	–	–	7	–	7
Transfer non-distributable items to NDR	–	–	(1 636)	1 636	–	–	–
Share-based payment transactions	(10)	–	(145)	–	(155)	–	(155)
Dividends declared	–	–	–	(1 991)	(1 991)	(381)	(2 372)
Changes in ownership interest:							
Acquisition of subsidiary with NCI	–	–	–	–	–	95	95
Change of ownership – GPHH	–	–	3	–	3	(12)	(9)
Rights issue and acquisitions – GOZ	–	–	–	–	–	(14)	(14)
Balance at 30 June 2021	53 117	4 127	5 427	3 739	66 410	14 192	80 602
Total comprehensive income:							
Profit after taxation	–	–	–	3 650	3 650	2 089	5 739
Other comprehensive income	–	1 901	–	–	1 901	1 231	3 132
Transactions with owners recognised directly in equity:							
Contributions by and distributions to owners:							
Transfer non-distributable items to NDR	–	–	1 146	(1 146)	–	–	–
Share-based payment transactions	60	–	(19)	–	41	–	41
Dividends declared	–	–	–	(2 044)	(2 044)	(398)	(2 442)
Changes in ownership interest:							
New shares issued to NCI – GPHH	–	–	6	–	6	284	290
Acquisition of subsidiary with NCI – GSAH	–	–	–	–	–	1 190	1 190
New shares issued to NCI – GOZ	–	–	–	–	–	11	11
Rights issue and acquisitions – C&R	–	–	(163)	–	(163)	203	40
Balance at 31 December 2021	53 177	6 028	6 397	4 199	69 801	18 802	88 603
				Reviewed six months 31 December 2021 Cents	Unaudited six months 31 December 2020 Cents	Audited 12 months 30 June 2021 Cents	
Dividend per share				61.5	58.5	118.5	

Statement of cash flows

for the six months ended 31 December 2021

	Reviewed six months 31 December 2021 Rm	Restated unaudited six months 31 December 2020* Rm	Audited 12 months 30 June 2021 Rm
Cash flows from operating activities			
Cash generated from operating activities	4 787	3 862	8 034
Interest paid	(1 622)	(1 631)	(3 327)
Interest received	32	–	61
Dividends received	238	241	507
Taxation paid	(318)	(55)	(369)
Capital costs incurred on acquisition	–	–	(28)
Investment in property held for trading and development	(160)	(33)	(245)
Disposal of property held for trading and development	340	243	243
Distribution to shareholders	(2 442)	(1 719)	(4 091)
Net cash generated from operating activities	855	908	785
Cash flows from investing activities			
Investments in:	(3 319)	(962)	(1 331)
Investment property	(2 615)	(936)	(1 188)
Intangible assets	–	(15)	(5)
Equipment	(7)	(5)	(41)
Listed investment	(664)	–	(60)
Unlisted investment	(11)	(1)	(13)
Long-term loans	(22)	(5)	(15)
Change of ownership – GHPH	–	–	(9)
Proceeds from:	1 023	1 008	1 710
Disposal of investment property	836	904	1 623
Disposal of investment property held for sale	181	84	84
Repayment of long-term loans granted	6	20	3
Assets classified as held for sale	(240)	–	–
Net cash (used by)/generated from investing activities	(2 536)	46	379
Cash flows from financing activities			
Proceeds from:	6 191	5 320	8 529
Borrowings raised	5 867	506	4 236
Share capital issued	–	4 229	577
Distribution re-investment	–	577	3 722
Rights issues to non-controlling interest – GOZ	–	8	(6)
Rights issues to non-controlling interest – C&R	40	–	–
Share capital issued to NCI – GHPH	284	–	–
Repayments of borrowings	(4 970)	(5 342)	(8 983)
Settlement of derivatives	(43)	–	(295)
Repayments of lease liability	(41)	(70)	(37)
Net cash generated from/(used by) financing activities	1 137	(92)	(786)
Effect of exchange rate changes on cash and cash equivalents	154	(124)	(176)
(Decrease)/increase in cash and cash equivalents	(390)	738	202
Cash and cash equivalents at beginning of period	2 622	2 420	2 420
Cash and cash equivalents at end of reporting period	2 232	3 158	2 622

* Refer to note 2.

Segmental analysis

for the six months ended 31 December 2021

The Group determines and presents operating segments based on the information that is provided internally to the Executive Management Committee (Exco), the Group's operating decision-making forum. The Group comprises 10 segments, namely Retail, Office, Industrial, Healthcare (GHPH), Student Accommodation (GSAH), Trading and Development, Growthpoint Australia, V&A Waterfront, Central and Eastern Europe and the United Kingdom. GSAH is a new segment as it was launched during the period. In accordance with the new definition of a business contained in IFRS 3, the transaction was accounted for as an asset acquisition rather than a business combination as substantially all the fair value of the gross assets acquired was concentrated in the seven student accommodation properties. All operating segments' operating results are reviewed regularly by Exco to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

Segment	Brief description of segment
Retail	The Growthpoint retail portfolio consists of 43 (FY21: 46) properties, comprising shopping centres with the balance being vacant land or standalone single-tenanted properties. It includes regional, community, neighbourhood, retail warehouses and speciality centres.
Office	The Growthpoint office portfolio consists of 161 (FY21: 166) properties which includes high-rise and low-rise offices, office parks, office warehouses, as well as mixed-use properties comprising both office and retail.
Industrial	The Growthpoint industrial portfolio consists of 199 (FY21: 208) properties which includes warehousing, industrial parks, motor-related outlets, low and high-grade industrial, high-tech industrial, telecommunication assets, land zoned for developments as well as mini, midi and maxi units.
GHPH	The Growthpoint healthcare portfolio consists of six (FY21: five) hospitals and one (FY21: one) medical chambers building.
GSAH	The Growthpoint student accommodation portfolio consists of seven purpose-built student accommodation properties situated in Johannesburg and Pretoria.
Trading and Development	The Growthpoint trading and development portfolio consists of four (FY21: six) properties being developed for third parties and will not exceed 5.0% of the value of the South African portfolio.
Growthpoint Australia	The GOZ portfolio consists of 57 (FY21: 55) properties which includes both industrial and office properties, all situated in Australia.
United Kingdom	The United Kingdom portfolio consists of seven community-based shopping centres.
V&A Waterfront	The V&A Waterfront is a 123 hectare mixed-use property development situated in and around the historic Victoria and Alfred Basin, which formed Cape Town's original harbour. Its properties include retail, office, fishing and industrial, hotel and residential as well as undeveloped bulk.
Central and Eastern Europe	The Central and Eastern Europe portfolio consists of 66 (FY21: 66) standing properties in Poland and Romania, mostly modern A-grade office properties, industrial properties as well as a residential property complex.

Geographic segments

In addition to the main reportable segments, the Group also includes a geographical analysis of net property income, excluding straight-line lease income adjustment and investment property.

The following geographic segments have been identified:

- South Africa
- Australia
- United Kingdom
- V&A Waterfront
- Central and Eastern Europe.

Segmental analysis continued

for the six months ended 31 December 2021

Reviewed 31 December 2021

	Retail Rm	Office Rm	Industrial Rm	GHPH Rm	GSAH Rm	Trading and Development Rm
Profit or loss disclosures						
Revenue excluding straight-line lease adjustment	1 591	1 552	792	185	24	73
Property-related expenses (including expected credit losses)	(472)	(473)	(190)	(26)	(5)	(1)
Net property income	1 119	1 079	602	159	19	72
Other administrative and operating overheads						
Equity-accounted investment profit, net of tax						
Fair value adjustment on investment property	117	(242)	(135)	33	(62)	7
Fair value adjustments (other than investment property)						
Capital items and non-cash charges						
Finance and other investment income						
Finance expense						
Consolidated profit before taxation						
Assets						
Cash and cash equivalents						
Trade and other receivables						
Assets classified as held for sale	–	11	20	–	–	–
Investment property held for trading and development	–	–	–	–	–	424
Derivative assets						
Taxation receivable						
Listed investments						
Fair value of property assets	24 753	27 404	12 119	3 411	1 989	–
Fair value of investment property	24 644	27 076	12 098	3 389	1 989	–
Tenant incentives	74	328	21	22	–	–
Right-of-use assets	35	–	–	–	–	–
Long-term loans granted						
Equity-accounted investments						
Unlisted investments						
Equipment						
Intangible assets						
Deferred tax assets						
Total assets						
Liabilities						
Trade and other payables						
Liabilities associated with assets classified as held for sale						
Derivative liabilities						
Taxation payable						
Interest-bearing borrowings						
Lease liability						
Deferred tax liability						
Total liabilities						
Other disclosure						
Transfers between segments	–	–	(18)	–	–	18
Acquisitions	–	–	7	–	2 051	–
Development and capital expenditure	82	102	136	1	–	333

* Having included our proportionate share of the V&A and GWI profit and assets to the left, we exclude their inclusion in the reported numbers.

Reviewed 31 December 2021

	Total South Africa Rm	Australia 100% Rm	United Kingdom 100% Rm	Total as reported Rm	V&A Waterfront 50% Rm	Central and Eastern Europe 29.4% Rm	Consolidation* Rm	Total Rm
	4 217	1 560	644	6 421	421	571	–	7 413
	(1 167)	(262)	(308)	(1 737)	(118)	(201)	–	(2 056)
	3 050	1 298	336	4 684	303	370	–	5 357
	(211)	(112)	(74)	(397)	(41)	(91)	–	(529)
	20	–	–	20	–	32	(19)	33
	(282)	3 166	(139)	2 745	–	46	–	2 791
	487	665	337	1 489	–	–	–	1 489
	(31)	1	(36)	(66)	(13)	–	–	(79)
	49	38	10	97	5	8	–	110
	(1 087)	(273)	(213)	(1 573)	(5)	(144)	–	(1 722)
	1 995	4 783	221	6 999	249	221	(19)	7 450
	516	453	1 263	2 232	306	2 235	–	4 773
	1 531	313	387	2 231	76	149	–	2 456
	31	–	3 162	3 193	–	697	–	3 890
	424	–	–	424	–	–	–	424
	894	282	1	1 177	–	39	–	1 216
	48	–	–	48	–	–	–	48
	–	1 992	–	1 992	–	–	–	1 992
	69 676	58 518	8 862	137 056	8 902	15 849	–	161 807
	69 196	56 332	8 278	133 806	8 865	15 831	–	158 502
	445	1 055	55	1 555	–	18	–	1 573
	35	1 131	529	1 695	37	–	–	1 732
	3 105	–	–	3 105	74	–	–	3 179
	15 193	–	–	15 193	–	326	(15 151)	368
	914	–	1	915	–	–	–	915
	4	6	38	48	232	–	–	280
	548	–	–	548	–	66	–	614
	–	–	15	15	–	1	–	16
	92 884	61 564	13 729	168 177	9 590	19 362	(15 151)	181 978
	2 057	839	566	3 462	182	370	–	4 014
	–	–	3 566	3 566	–	–	–	3 566
	2 025	1	–	2 026	–	–	–	2 026
	–	61	25	86	–	3	–	89
	39 184	18 787	5 025	62 996	161	8 799	–	71 956
	37	1 231	709	1 977	57	107	–	2 141
	5 432	29	–	5 461	–	804	–	6 265
	48 735	20 948	9 891	79 574	400	10 083	–	90 057
	–	–	–	–				
	2 058	1 608	–	3 666				
	654	153	95	902				

Segmental analysis continued

for the six months ended 31 December 2021

Unaudited 31 December 2020

	Retail Rm	Office Rm	Industrial Rm	GHPH Rm	Trading and Development Rm
Profit or loss disclosures					
Revenue excluding straight-line lease adjustment	1 588	1 639	771	140	132
Property-related expenses (including expected credit losses)	(490)	(462)	(219)	(19)	(4)
Net property income	1 098	1 177	552	121	128
Other administrative and operating overheads					
Equity-accounted investment profit/(loss), net of tax					
Fair value adjustment on investment property	(814)	(1 290)	(370)	18	–
Fair value adjustments (other than investment property)					
Capital items and non-cash charges					
Finance and other investment income					
Finance expense					
Consolidated profit before taxation					
Assets					
Cash and cash equivalents					
Trade and other receivables					
Assets classified as held for sale	–	40	16	–	–
Investment property held for trading and development	–	–	–	–	850
Derivative assets					
Taxation receivable					
Listed investments					
Fair value of property assets	25 972	28 748	12 746	2 664	–
Fair value of investment property	25 867	28 472	12 724	2 640	–
Tenant incentives	65	276	22	24	–
Right-of-use assets	40	–	–	–	–
Long-term loans granted					
Equity-accounted investments					
Unlisted investments					
Equipment					
Intangible assets					
Deferred tax assets					
Total assets					
Liabilities					
Trade and other payables					
Liabilities associated with assets classified as held for sale					
Derivative liabilities					
Taxation payable					
Interest-bearing borrowings					
Lease liability					
Deferred tax liability					
Total liabilities					
Other disclosure					
Transfers between segments	–	–	–	–	–
Acquisitions	–	70	24	–	–
Development and capital expenditure	55	313	63	2	83

The previous year has been re-presented for comparability.

* Having included our proportionate share of the V&A and GWI profit/(loss) and assets to the left, we exclude their inclusion in the reported numbers.

Unaudited 31 December 2020								
	Total South Africa Rm	Australia 100% Rm	United Kingdom 100% Rm	Total as reported Rm	V&A Waterfront 50% Rm	Central and Eastern Europe 29.3% Rm	Consolidation* Rm	Total Rm
	4 270 (1 194)	1 671 (288)	639 (474)	6 580 (1 956)	325 (146)	615 (178)	– –	7 520 (2 280)
	3 076 (170) 188 (2 456) (247) (88) 23 (1 147)	1 383 (85) (488) 1 127 16 (3) – (308)	165 (56) (1) (1 923) (87) 121 – (176)	4 624 (311) (301) (3 252) (318) 30 23 (1 631)	179 (14) – (549) – (19) 7 (11)	437 (57) 4 (136) (1) (9) 7 (155)	– – 303 – – – – –	5 240 (382) 6 (3 937) (319) 2 37 (1 797)
	(821)	1 642	(1 957)	(1 136)	(407)	90	303	(1 150)
	1 092 1 171 56 850 391 – – 70 130	383 202 – – 102 – 1 021 49 823	1 683 74 – – – – – 11 335	3 158 1 447 56 850 493 – 1 021 131 288	190 190 – – – – – 9 049	2 779 179 – – – – – 15 889	– – – – – – – –	6 127 1 816 56 850 493 – 1 021 156 226
	69 703 387 40	47 906 765 1 152	10 765 325 245	128 374 1 477 1 437	9 049 – –	15 889 – –	– – –	153 312 1 477 1 437
	2 624 16 027 808 2 664 –	– – – 7 – 83	– – 17 50 – 4	2 624 16 027 825 59 664 87	– – – 241 – –	– 149 55 – 65 –	– (15 968) – – – – –	2 624 208 880 300 729 87
	93 815	51 621	13 163	158 599	9 670	19 116	(15 968)	171 417
	1 716 – 3 360 – 38 256 40 3 839	531 – 226 266 16 660 1 212 –	462 – 178 – 8 340 908 –	2 709 – 3 764 266 63 256 2 160 3 839	156 – – – 172 57 – [#]	368 – – 4 8 584 153 763	– – – – – – –	3 233 – 3 764 270 72 012 2 370 4 602
	47 211	18 895	9 888	75 994	385	9 872	–	86 251
	– 94 516	– – 153	– – 145	– 94 814				

Segmental analysis continued

for the six months ended 31 December 2021

Audited 30 June 2021

	Retail Rm	Office Rm	Industrial Rm	GHPH Rm	Trading and Development Rm
Profit or loss disclosures					
Revenue excluding straight-line lease adjustment	3 116	3 193	1 550	289	193
Property-related expenses (including expected credit losses)	(923)	(892)	(389)	(33)	(5)
Net property income	2 193	2 301	1 161	256	188
Other administrative and operating overheads					
Equity-accounted investment (loss)/profit, net of tax					
Fair value adjustment on investment property	(2 005)	(2 670)	(782)	(37)	54
Fair value adjustments (other than investment property)					
Capital items and non-cash charges					
Finance and other investment income					
Finance expense					
Consolidated profit before taxation					
Assets					
Cash and cash equivalents					
Trade and other receivables					
Investment property classified as held for sale	–	94	87	–	–
Investment property held for trading and development	–	–	–	–	548
Derivative assets					
Taxation receivable					
Listed investments					
Fair value of property assets	24 915	27 548	12 286	2 802	516
Fair value of investment property	24 811	27 241	12 264	2 778	516
Tenant incentives	64	307	22	24	–
Right-of-use assets	40	–	–	–	–
Long-term loans granted					
Equity-accounted investments					
Unlisted investments					
Equipment					
Intangible assets					
Deferred tax assets					
Total assets					
Liabilities					
Trade and other payables					
Liabilities associated with assets classified as held for sale					
Derivative liabilities					
Taxation payable					
Interest-bearing borrowings					
Lease liability					
Deferred tax liability					
Total liabilities					
Other disclosure					
Transfers between segments	–	–	(22)	–	22
Acquisitions	–	22	23	194	70
Development and capital expenditure	180	512	144	2	175

* Having included our proportionate share of the V&A and GWI (loss)/profit and assets to the left, we exclude their inclusion in the reported numbers.

Audited 30 June 2021								
	Total South Africa Rm	Australia 100% Rm	United Kingdom 100% Rm	Total as reported Rm	V&A Waterfront 50% Rm	Central and Eastern Europe 29.3% Rm	Consolidation* Rm	Total Rm
	8 341 (2 242)	3 229 (565)	1 234 (629)	12 804 (3 436)	728 (298)	1 175 (374)	– –	14 707 (4 108)
	6 099 (361) (411) (5 440)	2 664 (195) – 3 944	605 (57) – (2 923)	9 368 (613) (411) (4 419)	430 (78) – (886)	801 (109) 3 (210)	– – 402 –	10 599 (800) (6) (5 515)
	565 (178) 62 (2 190)	(124) (16) 62 (565)	137 (24) 14 (352)	578 (218) 138 (3 107)	– (18) 19 (17)	(10) (2) 11 (297)	– – – –	568 (238) 168 (3 421)
	(1 854)	5 770	(2 600)	1 316	(550)	187	402	1 355
	709 1 350 181 548 736 9 – 68 067	358 164 – – 78 – 1 122 49 462	1 555 573 – – – – – 10 532	2 622 2 087 181 548 814 9 1 122 128 061	257 118 – – – – – 8 801	2 285 144 – – 37 – – 15 174	– – – – – – – –	5 164 2 349 181 548 851 9 1 122 152 036
	67 610 417 40	47 492 902 1 068	9 948 83 501	125 050 1 402 1 609	8 764 – 37	15 174 – –	– – –	148 988 1 402 1 646
	2 534 15 003 797 1 597 –	– – – 6 – 5	– – 11 50 – 7	2 534 15 003 808 57 597 12	55 – – 243 – –	– 165 53 – 61 1	– (15 126) – – – –	2 589 42 861 300 658 13
	90 532	51 195	12 728	154 455	9 474	17 920	(15 126)	166 723
	1 858 – 1 797 – 38 491 39 4 283	686 – 102 115 15 357 1 144 –	660 – 96 74 8 099 1 052 –	3 204 – 1 995 189 61 947 2 235 4 283	358 – – – 177 54 –	333 – – 1 8 075 144 744	– – – – – – –	3 895 – 1 995 190 70 199 2 433 5 027
	46 468	17 404	9 981	73 853	589	9 297	–	83 739
	– 309 1 013	– – 126	– – 80	– 309 1 219				

Notes

for the six months ended 31 December 2021

1. Assets classified as held for sale

As at HY22, it was concluded that the two C&R "Managed Assets", Hemel Hempstead and Luton, met the criteria to be reclassified as assets held for sale. This conclusion was reached as C&R, in conjunction with the respective lenders who have effective ultimate control of the entities, had decided to seek to dispose of whole or part of the investments as at that date. While no transaction has been agreed as at the time of the results, it is viewed as highly probable that it will be concluded within 12 months of the balance sheet date.

This has resulted in all of the assets and liabilities associated with the respective investments being reclassified to separate lines on the face of the statement of financial position of *Assets Classified as Held for Sale* and *Liabilities Classified as Held for Sale*. The reclassification has been measured at the lower of carrying amount and fair value less costs to sell. Given each of the investments is in a net liability position and that the Group would not expect to realise any proceeds from a disposal (nor be obligated to clear the net liabilities) the reclassification has been made at the reporting date carrying value.

In addition to the C&R assets classified as held for sale, three South African properties valued at R30.8m (HY21: R55.5m) (FY21: R181.2m) were classified as held for sale. No direct liabilities were associated with the South African properties held for sale.

The following are the amounts as at HY22:

	Reviewed six months 31 December 2021 Rm	Unaudited six months 31 December 2020 Rm	Audited 12 months 30 June 2021 Rm
Assets classified as held for sale			
C&R assets classified as held for sale			
Investment property	2 430	—	—
Cash and cash equivalents	253	—	—
Trade and other receivables	479	—	—
South African investment properties classified as held for sale	31	56	181
Total assets classified as held for sale	3 193	56	181
C&R liabilities associated with assets classified as held for sale			
Interest-bearing borrowings	2 546	—	—
Lease liability	446	—	—
Trade and other payables	574	—	—
Total liabilities associated with assets classified as held for sale	3 566	—	—

2. Restatement of statement of cash flows

In December 2020, the statement of cash flows reflected an unrealised foreign exchange movement in borrowings as a cash outflow as part of financing activities with a corresponding cash inflow as part of operating activities. In addition, a cash outflow for the repayment of borrowings and a corresponding cash inflow from borrowings raised were reflected under financing activities as a result of GOZ cash flows being incorrectly reported. The statement of cash flows has been restated to correct the disclosure. The restatement does not affect the statement of profit or loss and other comprehensive income, statement of financial position or the statement of changes in equity. We confirm that the statement of cash flows included in the published audited results for the 12 months ended 30 June 2021 is correct and will not require any restatement.

	Previously reported Unaudited six months 31 December 2020 Rm	Restated Unaudited six months 31 December 2020 Rm	Adjustment Rm
The line items affected are:			
Statement of cash flows			
Cash generated from operating activities	5 126	3 862	(1 264)
Net cash generated from operating activities	2 172	908	(1 264)
Cash flows from financing activities			
Proceeds from:	6 275	5 320	(955)
Borrowings raised	1 461	506	(955)
Repayments of borrowings	(7 561)	(5 342)	2 219
Net cash generated from/(used by) financing activities	(1 356)	(92)	1 264

3. Basic and headline earnings per share

3.1 Summary of earnings per share (EPS), headline earnings per share (HEPS) and distributable income per share (DIPS)

	Earnings attributable			Weighted average number of shares			Cents per share		
	Reviewed six months 31 December 2021 Rm	Unaudited six months 31 December 2020 Rm	Audited 12 months 30 June 2021 Rm	Reviewed six months 31 December 2021	Unaudited six months 31 December 2020	Audited 12 months 30 June 2021	Reviewed six months 31 December 2021	Unaudited six months 31 December 2020	Audited 12 months 30 June 2021
Total operations									
EPS Basic	3 650	(1 307)	(497)	3 403 805 472	3 093 862 601	3 246 192 089	107.23	(42.24)	(15.31)
EPS Diluted	3 650	(1 307)	(497)	3 416 302 921	3 107 909 799	3 258 891 090	106.84	(42.05)	(15.25)
HEPS Basic	1 925	2 284	5 518	3 403 805 472	3 093 862 601	3 246 192 089	56.55	73.84	169.98
HEPS Diluted	1 925	2 284	5 518	3 416 302 921	3 107 909 799	3 258 891 090	56.35	73.50	169.32

	Distributable income			Actual number of shares			Cents per share (DIPS)		
	Reviewed six months 31 December 2021 Rm	Unaudited six months 31 December 2020 Rm	Audited 12 months 30 June 2021 Rm	Reviewed six months 31 December 2021	Unaudited six months 31 December 2020	Audited 12 months 30 June 2021	Reviewed six months 31 December 2021	Unaudited six months 31 December 2020	Audited 12 months 30 June 2021
DIPS	2 623	2 495	5 052	3 406 439 781	3 398 244 371	3 402 889 319	76.9	73.1	148.1

3.2 Reconciliation between basic earnings, diluted earnings and headline earnings

	Reviewed six months 31 December 2021 Rm	Total Unaudited six months 31 December 2020 Rm	Audited 12 months 30 June 2021 Rm
Profit/(loss) for the year	3 650	(1 307)	(497)
Fair value adjustments on investment property:	(1 725)	3 591	6 015
Net investment property valuation	(2 745)	3 385	4 745
Fair value adjustments: equity accounted investments	(46)	685	1 239
NCI portion of fair value adjustments	1 066	(479)	31
Headline basic and diluted earnings	1 925	2 284	5 518

Notes continued

for the six months ended 31 December 2021

3. Basic and headline earnings per share *continued*

3.3 Reconciliation of weighted average number of shares

	Weighted number of shares		
	Reviewed six months 31 December 2021	Unaudited six months 31 December 2020	Audited 12 months 30 June 2021
Weighted average number of shares	3 403 805 472	3 093 862 601	3 246 192 089
Number of shares as at 1 July	3 430 787 066	3 022 496 382	3 022 496 382
Shares issued during the year	–	104 160 872	254 975 929
Effect of treasury shares held	(26 981 594)	(32 794 653)	(31 280 222)
Dilutive effect of share options granted to employees	12 497 449	14 047 198	12 699 001
Diluted average number of shares	3 416 302 921	3 107 909 799	3 258 891 090

4. Classification of financial assets and liabilities

	Designated at fair value through profit or loss* Rm	Fair value through profit or loss Rm	Financial assets at amortised cost Rm	Outside scope of IFRS 9 Rm	Total Rm
Assets					
Reviewed					
31 December 2021					
Cash and cash equivalents	–	–	2 232	–	2 232
Trade and other receivables	–	–	1 915	316	2 231
Assets classified as held for sale	–	–	732	2 461	3 193
Derivative assets	–	1 177	–	–	1 177
Listed investments	–	1 992	–	–	1 992
Unlisted investments	–	915	–	–	915
Long-term loans granted	3 105	–	–	–	3 105
Unaudited					
31 December 2020					
Cash and cash equivalents	–	–	3 158	–	3 158
Trade and other receivables	–	–	1 210	237	1 447
Derivative assets	–	493	–	–	493
Listed investments	–	1 021	–	–	1 021
Unlisted investments	–	825	–	–	825
Long-term loans granted	2 624	–	–	–	2 624
Audited					
30 June 2021					
Cash and cash equivalents	–	–	2 622	–	2 622
Trade and other receivables	–	–	1 841	246	2 087
Derivative assets	–	814	–	–	814
Listed investments	–	1 122	–	–	1 122
Unlisted investments	–	808	–	–	808
Long-term loans granted	2 534	–	–	–	2 534

* An additional column has been added to distinguish between financial assets and liabilities designated at fair value through profit or loss and those mandatory through profit or loss.

4. Classification of financial assets and liabilities *continued*

	Designated at fair value through profit or loss* Rm	Fair value through profit or loss Rm	Financial liabilities at amortised cost Rm	Outside scope of IFRS 9 Rm	Total Rm
Liabilities					
Reviewed					
31 December 2021					
Trade payables	–	–	3 092	370	3 462
Derivative liabilities	–	2 026	–	–	2 026
Liabilities associated with assets classified as held for sale	2 546	–	1 020	–	3 566
Interest-bearing borrowings	62 996	–	–	–	62 996
Lease liability	–	–	1 977	–	1 977
Unaudited					
31 December 2020					
Trade payables	–	–	2 347	362	2 709
Derivative liabilities	–	3 764	–	–	3 764
Interest-bearing borrowings	63 256	–	–	–	63 256
Lease liability	–	–	2 160	–	2 160
Audited					
30 June 2021					
Trade payables	–	–	2 974	230	3 204
Derivative liabilities	–	1 995	–	–	1 995
Interest-bearing borrowings	61 947	–	–	–	61 947
Lease liability	–	–	2 235	–	2 235

* An additional column has been added to distinguish between financial assets and liabilities designated at fair value through profit or loss and those mandatory through profit or loss.

Notes continued

for the six months ended 31 December 2021

5. Fair value estimation

5.1 Fair value measurement of assets and liabilities

The below table includes only those assets and liabilities that are measured at fair value including non-recurring items measured at fair value:

Reviewed six months 31 December 2021				
	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Assets				
Recurring fair value measurement				
Fair value of investment property assets	137 056	–	–	137 056
Listed investments	1 992	1 992	–	–
Unlisted investments	915	–	–	915
Long-term loans granted	3 105	–	–	3 105
Derivative assets	1 177	–	1 177	–
Non-recurring fair value measurement				
Investment property classified as held for sale [#]	2 461	–	–	2 461
Total assets measured at fair value	146 706	1 992	1 177	143 537
Liabilities				
Recurring fair value measurement				
Interest-bearing borrowings [*]	62 996	7 119	55 877	–
Interest-bearing borrowings associated with assets held for sale [@]	2 546	–	2 546	–
Derivative liabilities	2 026	–	2 026	–
Total liabilities measured at fair value	67 568	7 119	60 449	–

[#] Assets classified as held for sale on the statement of financial position include investment property at fair value of R2 461m and other assets at amortised cost of R732m.

^{*} Listed USD-denominated Eurobonds are level 1. 31 December 2020 has been re-presented for comparability.

[@] Liabilities associated with assets classified as held for sale on the statement of financial position include interest-bearing borrowings of R2 546m and other liabilities at amortised cost of R1 020m.

The carrying amount of assets and liabilities that are not measured at fair value reasonably approximate their fair value due to their short-term nature. These include trade and other receivables, cash and cash equivalents and trade and other payables.

5.2 Movement in level 3 instruments

Reviewed six months 31 December 2021				
	Investment property Rm	Unlisted investments Rm	Long-term loans granted Rm	Investment property classified as held for sale Rm
Opening balance	128 061	808	2 534	181
Gain/(loss) from fair value adjustments and translation of foreign operations	7 795	107	447	–
Depreciation and amortisation	(126)	–	–	–
Accrued interest	–	–	107	–
Acquisitions	4 408	–	–	–
Tenant incentives	233	–	–	–
Adjustment to right-of-use assets	–	–	–	–
Disposals	(836)	–	–	(181)
Transfer from investment property to investment property classified as held for sale	(2 461)	–	–	2 461
Transfer to investment property held for trading and development	(18)	–	–	–
Transferred from investment property held for trading and development	–	–	–	–
Advancements	–	–	22	–
Settlements	–	–	(5)	–
Closing balance	137 056	915	3 105	2 461

Unaudited six months 31 December 2020				Audited 12 months 30 June 2021			
Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
131 288	–	–	131 288	128 061	–	–	128 061
1 021	1 021	–	–	1 122	1 122	–	–
825	–	–	825	808	–	–	808
2 624	–	–	2 624	2 534	–	–	2 534
493	–	493	–	814	–	814	–
56	–	–	56	181	–	–	181
136 307	1 021	493	134 793	133 520	1 122	814	131 584
63 256	6 699*	56 557	–	61 947	6 621	55 326	–
–	–	–	–	–	–	–	–
3 764	–	3 764	–	1 995	–	1 995	–
67 020	6 699	60 321	–	63 942	6 621	57 321	–

Unaudited six months 31 December 2020			Audited 12 months 30 June 2021		
Property assets Rm	Unlisted investments Rm	Long-term loans granted Rm	Property assets Rm	Unlisted investments Rm	Long-term loans granted Rm
139 113	922	2 338	139 113	922	2 338
(7 840)	(97)	23	(10 672)	(127)	(11)
–	–	–	(96)	–	–
–	–	278	–	–	185
905	–	–	1 348	13	–
289	–	–	357	–	–
(135)	–	–	(539)	–	–
(988)	–	–	(1 707)	–	–
–	–	–	–	–	–
–	–	–	(22)	–	–
–	–	–	460	–	–
–	–	5	–	–	25
–	–	(20)	–	–	(3)
131 344	825	2 624	128 242	808	2 534

Notes continued

for the six months ended 31 December 2021

5. Fair value estimation *continued*

5.3 Valuation process

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the Group Financial Director.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no changes in valuation techniques, nor were there any transfers between level 1, level 2 and level 3 during the period.

5.4 Valuation techniques and significant unobservable inputs

Level 2 instruments

Interest-bearing borrowings

Description	Valuation technique	Significant unobservable inputs
Interest-bearing borrowings	Valued by discounting future cash flows using the applicable swap curve plus an appropriate credit margin of between 1.0% and 3.6% at the dates when the cash flow will take place (FY21: 1.0% to 3.6%).	Not applicable

The estimated fair value would increase/(decrease) if the credit margin were lower/(higher).

Derivative instruments

Description	Valuation technique	Significant unobservable inputs
Forward exchange contracts	Valued by discounting the forward rates applied at the reporting date to the open hedged positions using the swap curve of the respective currencies.	Not applicable
Interest rate swaps	Valued by discounting the future cash flows using the basis swap curve of the respective currencies at the dates when the cash flows will take place.	Not applicable
Cross-currency interest rate swaps	Valued by discounting the future cash flows using the basis swap curve of the respective currencies at the dates when the cash flows will take place.	Not applicable

5. Fair value estimation *continued*

5.4 Valuation techniques and significant unobservable inputs *continued*

Level 3 instruments

In terms of the Group's policy, at least 75% of the fair value of investment properties should be determined annually by an external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The majority of the South African properties were valued at HY22 using the discounted cash flow (DCF) of future income streams method by the following valuers who are all registered valuers in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000:

Valuer company	Valuer	Qualification of the valuer
Mills Fitchet KZN	T Bate	MSc, BSc Land Econ (UK), MRICS, MIV (SA), professional valuer
Premium Valuation Services	Y Vahed	NDip (Real Estate in Prop Val), MIV (SA), professional valuer
Jones Lang LaSalle	S Crous	MRICS, MIV (SA), professional valuer

The Australian properties were valued at HY22 using the discounted cash flow of future income streams method by CBRE, Colliers, Cushman and Wakefield, JLL, Knight Frank, m3property, Savills and Urbis who are all members of the Australian Property Institute and certified practising valuers.

The United Kingdom properties were valued at HY22 by independent qualified professional valuers from CBRE Limited and Knight Frank LLP in accordance with RICS (Royal Institution of Chartered Surveyors) standards.

At the reporting date, the key assumptions and unobservable inputs used by the Group in determining fair value were in the following ranges for the Group's portfolio of properties:

Investment property

Significant unobservable inputs and range of estimates used

Description	Valuation technique	Fair value Rm	Discount rate %	Exit capitalisation rate %	Capitalisation rate %	Rental growth rate %
Retail	Discounted cash flow model	24 636	12.95	8.50	8.19	4.11
		8 842	12.25 – 12.50	7.50 – 8.75	7.50 – 8.75	3.50 – 4.80
		6 624	12.75 – 13.00	8.00 – 9.00	7.75 – 8.50	3.62 – 4.80
		7 823	13.25 – 13.75	8.50 – 10.00	8.00 – 9.75	3.58 – 4.80
		1 347	14.00 – 16.25	9.50 – 14.00	9.00 – 13.25	3.00 – 4.75
Office		26 512	13.27	9.27	8.80	3.50
		7 903	11.50 – 12.50	8.00 – 9.75	8.00 – 9.50	2.39 – 4.50
		11 645	12.75 – 13.75	8.25 – 10.50	7.91 – 10.00	2.35 – 4.75
		6 964	14.00 – 15.00	8.25 – 11.00	8.10 – 10.00	2.10 – 4.50
Industrial		11 215	13.64	9.89	9.44	3.77
		3 123	12.00 – 13.00	8.50 – 10.25	8.00 – 9.50	3.24 – 4.00
		6 260	13.25 – 14.25	8.75 – 10.75	8.50 – 10.50	3.08 – 5.00
		1 759	14.50 – 15.25	9.75 – 12.50	9.25 – 11.75	3.24 – 4.19
		73	15.75 – 16.25	11.75 – 13.50	11.25 – 12.75	3.75 – 4.19
GHPH		3 389	13.32	9.39	9.39	4.00
GOZ office		38 454	5.94	5.34	5.06	2.90
		13 806	5.38 – 5.88	4.00 – 5.75	3.63 – 5.50	2.20 – 3.60
		20 857	6.00 – 6.25	5.00 – 6.00	4.75 – 5.88	2.20 – 3.60
		3 791	6.38 – 6.50	6.00 – 6.50	5.75 – 6.75	2.20 – 3.60
GOZ industrial		18 933	5.72	5.41	4.84	2.95
		7 479	5.25 – 5.50	4.00 – 4.75	3.75 – 6.25	2.50 – 3.40
		758	5.50 – 5.50	6.39 – 9.25	5.41 – 6.25	2.50 – 3.40
		2 857	5.75 – 6.00	4.38 – 5.68	4.25 – 5.25	2.50 – 3.40
		3 851	5.75 – 6.00	5.75 – 6.64	5.00 – 6.16	2.50 – 3.40
		955	5.75 – 6.00	9.57 – 9.80	7.00 – 7.25	2.50 – 3.40
		3 033	6.25 – 6.38	5.45 – 6.61	5.14 – 6.08	2.50 – 3.40
Total		123 139				

Notes continued

for the six months ended 31 December 2021

5. Fair value estimation *continued*

5.4 Valuation techniques and significant unobservable inputs *continued*

Investment property *continued*

Description	Valuation technique	Fair value Rm	Value/m ² range (R)
Retail	Market comparable approach	8	762
Office		575	2 588
		482	1 234 – 3 818
		93	6 734 – 18 001
Industrial		903	2 345
		360	768 – 1 791
		357	2 515 – 4 024
		186	5 215 – 7 790
		1 486	

Description	Valuation technique	Fair value Rm	Value/bed range (R)
GSAH	Market comparable approach	1 989	399 478
		292	288 926 – 301 289
		682	302 835 – 364 962
		1 015	429 100 – 597 857
		1 989	
Total		3 475	

Capital and Regional

Description	Valuation technique	Fair value Rm	Significant unobservable inputs and range of estimates used	
			Income capitalisation rate %	Exit capitalisation rate %
Retail sector	Income capitalisation approach	10 763	12.17	11.41
		6 727	5.84 – 7.33	6.88 – 7.99
		3 809	10.44 – 12.10	11.05 – 13.24
		227	12.49	18.20
Total		10 763		

Further assumptions are used in the valuation of investment property. The estimated fair value would increase/(decrease) if the expected market rental growth was higher/(lower), expected expense growth was lower/(higher), the vacant periods were shorter/(longer), the occupancy rate was higher/(lower), the rent-free periods were shorter/(longer), the discount rate was lower/(higher) and/or the reversionary capitalisation rate was lower/(higher).

5. Fair value estimation *continued*

5.4 Valuation techniques and significant unobservable inputs *continued* Long-term loans granted

Description	Valuation technique	Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
V&A Waterfront	Valued by discounting future cash flows using the South African prime rate curve at the dates when the cash flows will take place.	Counterparty credit risk impacting the discount rate	Discount rate at prime + 2.0%	A change in the discount rate by 50 bps would increase/(decrease) the fair value by R73.1m/(R71.4m).
Acucap Unit Purchase scheme	Valued by discounting future cash flows using the South African swap curve at the dates when the cash flows will take place, capped at the Growthpoint share price at HY22.	Counterparty credit risk impacting the interest rate	6.55% – 8.36%	A change in the interest rate would not have an impact on the valuation as the loans were fair valued to the Growthpoint share price at HY22. Growthpoint shares are held as security for the loans.

Unlisted investments

Description	Valuation technique	Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Lango Real Estate Limited	Valued by calculating Growthpoint's percentage of its investment in the fund multiplied by the net asset value.	Discount rate	13.3% – 16.8%	A change in the discount rate by 50 bps would increase/(decrease) the fair value by R159.0m/(R153.0m).
		Exit capitalisation rate	8.5% – 12.0%	A change in the exit capitalisation rate by 50 bps would increase/(decrease) the fair value by R147.4m/(R136.0m).

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

www.growthpoint.co.za

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