SEPARATE ANNUAL FINANCIAL STATEMENTS 2022

GROWTHPOINT PROPERTIES

COMPANY ANNUAL FINANCIAL STATEMENTS

Included herein are the audited annual financial statements of Growthpoint Properties Limited (the company) for the year ended 30 June 2022.

CONTENTS

Separate annual financial statements

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PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The preparation of the company's annual financial statements has been supervised by Gerald Völkel CA(SA), Growthpoint's Group Financial Director, and have been audited by Ernst & Young Inc. in compliance with section 30 of the Companies Act 2008, as amended. These annual financial statements are published on 14 September 2022.

The complete audited annual financial statements of the company for the financial years ended 30 June 2021 and 2022 may be obtained:

- from the transfer secretaries, JSE Investor Services (Pty) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, PO Box 4844, Johannesburg, 2000, telephone: 011 713 0800
- from the company's website at: **www.growthpoint.co.za**, or
- by request from the company.

G Völkel CA(SA)
Group Financial Director

13 September 2022
Sandton

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act 2008, as amended (the Act), I hereby certify that the company has filed the required returns and notices in terms of the Act in respect of the financial year ended 30 June 2022 and that, to the best of my knowledge and belief, all such returns and notices are true, correct and up to date.

WJH de Koker
Company Secretary

13 September 2022
Sandton

REPORT OF THE AUDIT COMMITTEE

The activities of the Audit Committee (the committee) are determined by its terms of reference. The committee considers that it has adequately performed its functions in terms of its mandate, the King IV Report on Corporate Governance™* for South Africa 2016, and the Companies Act, No 71 of 2008, as amended.

The committee carried out its duties by reviewing the following:
- Internal audit reports
- Financial management reports
- Dashboard reflecting key financial, property and operational information
- Financial management reports from subsidiaries and associate companies
- Annual returns and tax status reports
- External audit reports
- Risk Management Committee minutes
- Tax risk report
- Off-balance sheet items
- IT risk related to financial reporting.

Key focus areas considered by the committee in the current financial year included:
- The committee's composition and skillset
- The processes relating to integrated reporting.

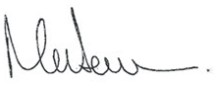
Nothing has come to the committee's attention indicating that the company's system of internal financial controls is not effective and does not provide reasonable assurance that the financial records may be relied upon for the preparation of the company annual financial statements.

Furthermore, the committee is satisfied:
- with the independence of the external auditor, including the provision of non-audit services and compliance with the company policy in this regard. The external auditor attended all meetings of the committee
- with the terms, nature, scope, quality and proposed fee of the external auditor for the financial year ended 30 June 2022
- with the annual financial statements and the accounting practices utilised, as well as the significant matters considered in the preparation thereof and have recommended the annual financial statements for approval to the Board
- with the company's continuing viability as a going concern, which it has reported to the Board for its deliberation
- that it has considered the findings of the JSE's report on proactive monitoring of financial statements
- that the company's Financial Director was appropriately qualified and had the necessary expertise and experience to carry out his duties
- with the independence and effectiveness of the Head of Internal Audit and the arrangements for internal audit
- with the independence and effectiveness of the Head of Risk Management
- with the effectiveness of collaboration between the external auditor and internal audit
- that it has afforded both external and internal audit access to the committee without other invitees being present
- with the integrity of the integrated annual report and that it addresses all material issues and presents fairly the integrated performance of the organisation.

No concerns or complaints were received from within or outside the company relating to accounting practices and internal financial controls, and the content or auditing of the company's annual financial statements.

The committee assesses its performance on an annual basis to determine whether it had delivered on its mandate and continuously enhanced its contribution to the Board. The assessment takes the form of a questionnaire, which is independently completed by each member of the committee.

The composition of the self-assessment questionnaire was the responsibility of the Company Secretary.



M Hamman
Audit Committee Chairman

13 September 2022
Sandton

DIRECTORS' REPORT

The directors are pleased to present the annual financial statements for the year ended 30 June 2022.

Main business and operations

Growthpoint is a Real Estate Investment Trust (REIT) and is the largest South African listed property company which owns a property portfolio of 408 directly owned properties in South Africa valued at R68.8bn (FY21: R68.8bn), 58 (FY21: 55) properties valued at R58.8bn (FY21: R49.5bn) through its 62.2% (FY21: 62.2%) investment in Growthpoint Properties Australia Limited (GOZ), six (FY21: seven) properties valued at R8.5bn (FY21: R10.5bn) through a 60.8% (FY21: 52.1%) investment in Capital & Regional Plc (C&R), a 50% interest in the properties of the V&A Waterfront Holdings (Pty) Limited (V&A Waterfront), valued at R9.0bn (FY21: R8.8bn), a 29.4% (FY21: 29.3%) interest in the properties of Globalworth Real Estate Investment Limited (GWI), valued at R15.1bn (FY21: R15.2bn), a 55.9% (FY21: 62.2%) interest in the seven (FY21: six) properties of Growthpoint Healthcare Property Holdings (RF) Limited (GHPH) valued at R3.4bn (FY21: R2.8bn), a 16.6% interest in the nine properties of Growthpoint Student Accommodation Holdings (RF) Limited (GSAH) valued at R2.2bn and a 16.3% (FY21: 16.1%) interest in the properties of Lango Real Estate Limited (Lango) valued at R1.6bn (FY21: R1.4bn).

Board composition

As at the date of issue of this report, Growthpoint had a unitary Board comprising 14 directors in total, four Executive Directors and 10 Non-executive Directors, nine of whom are regarded by the Board as independent. Notwithstanding the finding that one Non-executive Director is considered to be non-independent, the Board's conclusion is that he nonetheless acts and exercises his mind independently in his roles on the Board and respective committees.

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 of the Property and Investment and the Nomination and Governance Committees.

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 of the Risk Management and the Nomination and Governance Committees.

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

Andile Sangqu was appointed as the Lead Independent Director on 1 July 2022.

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.

Mpume Nkabinde and Patrick Mngconkola will be retiring at the upcoming AGM scheduled for 29 November 2022 after serving 13 and 10 years on the Board respectively.

The Board has carried out a formal skills profiling and assessment of the Non-executive and Executive Directors on the Board and considers its current composition to be suited to the business.

The Board has a Board-level gender diversification policy with a voluntary 30% target for female representation. Currently, the four female directors represent 28.6% of the total number of directors.

The Board Charter includes a policy statement on racial diversification, in terms of which the Board strives to meet legislated and/or regulated employment equity targets applicable from time to time at Board level.

Financial results and year under review

Figures in Rand	2022	2021	Year-on-year movement	% change year on year
Net property income (excluding straight-line lease income adjustment)	**2 799 213 649**	2 707 634 171	91 579 478	3.4
Dividends per share (cents)	**128.4**	118.5	9.9	8.4
Interim dividend per share (six months ended 31 December)	**61.5**	58.5	3.0	5.1
Final dividend per share (six months ended 30 June)	**66.9**	60.0	6.9	11.5
The interim dividend has been declared from distributable earnings. In line with IAS 10 Events after the Reporting Period, *the declaration of the final dividend will occur after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the annual financial statements. The dividends meet the requirements of a REIT's "qualifying distribution" for purposes of section 25BB of the Income Tax Act, No 58 of 1962, as amended.*				
Investment property at fair value	**31 707 258 294**	32 505 301 159	(798 042 865)	(2.5)
Property held for trading and development	**451 934 879**	1 005 238 200	(553 303 321)	(55.0)

Directors and secretary

Brief curricula vitae of the newly appointed directors have been included in the FY22 integrated annual report.

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

The Board recommends Messrs M Hamman, FM Berkeley, CD Raphiri, AH Sangqu and Mrs KP Lebina as members of the Audit Committee on the basis that they are the Board members who possess the requisite qualifications and appropriate expertise for this committee.

The directors appointed by the Board, who are to retire at the AGM to be held on 29 November 2022, but hold themselves available for election as directors, as designated, are:

- Mrs EA Wilton – Independent Non-executive Director (appointed 9 February 2022)
- Mr CD Raphiri – Independent Non-executive Director (appointed 1 March 2022).

Going concern

The annual financial statements of the company were prepared on a going concern basis. The Board is satisfied that the company has adequate resources and debt facilities to continue trading for the foreseeable future based on a formal review of the results, forecasts and assessing available resources.

Refer to note 22 for further information.

Approval of annual financial statements

The annual financial statements of the company, as described in the first paragraph of this statement, were approved by the Board of Directors on 13 September 2022 and are signed by:

LN Sasse
Group Chief Executive Officer

13 September 2022
Sandton

R Gasant
Chairman

13 September 2022
Sandton

CEO AND FD RESPONSIBILITY STATEMENT

CEO and FD responsibility statement pursuant to paragraph 3.84(k) of the JSE Listings Requirements

Each of the directors, whose names are stated below, hereby confirm that –

(a) the annual financial statements set out on pages 10 to 56, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies; and

(f) we are not aware of any fraud involving directors.

LN Sasse
Group Chief Executive Officer

13 September 2022
Sandton

G Völkel
Group Financial Director

13 September 2022
Sandton

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Growthpoint Properties Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Growthpoint Properties Limited ('the company') set out on pages 10 to 56, which comprise the separate statement of financial position as at 30 June 2022, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the company as at 30 June 2022, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current financial period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of investment properties Investment property (including investment property classified as held for sale) are measured at fair value in accordance with IAS 40, Investment Property, and IFRS 13, Fair Value Measurement, and the disclosure associated with the valuation of investment properties is set out in the Separate Annual Financial Statements in Note 5 – Fair value adjustments and capital items, Note 7 – Fair value of property assets and Note 20.4 – Valuation techniques and significant unobservable inputs. The portfolio consists of retail, office, industrial, healthcare and student accommodation properties. We have identified the valuation of investment property to be a key audit matter due to the considerable number of investment properties for which the assumptions of the valuation methods are inherently judgmental. Evaluating the application of judgement of the valuation methodologies and assumptions applied by management with reference to the numerous investment properties required significant audit effort and the support of our EY valuation specialists given the number of properties of different category, location and grade with different lease agreements which we needed to consider. In the current year, the inputs into the valuations are more susceptible to change as a result of the current market conditions, particularly due to the impact of the recovery from COVID-19 on certain sectors. As such the judgements required significant auditor attention. The specific areas of judgement requiring auditor attention and support from our EY valuation specialists included the following market related assumptions: • the capitalisation rates and discount rates which are derived from widely available market related data and which require management to exercise judgement in the selection of these factors based on the category, location and grade of a property; • vacancy rates and estimated rental value (ERV) which are judgemental and determined by management based on unique property specific information including forecast cash flows as well as market related assumptions. Given the significant size and diversity of the property portfolio, events relevant to particular property types or tenants do not have a significant impact on the portfolio. Our focus therefore was on the assumptions more broadly applicable across the portfolio. These related to the assumptions noted above. • The ERV and the impact of rental reversions required significant attention with increased focus on the most recent outcomes from new leases entered into/renewed, discussions with management and use of our valuation specialists to assess the reasonableness of the ERV in the cash flow forecast. • Vacancy rates required attention in respect of the possible changes in the assumptions related to the time elapsed before new leases are signed.	Our audit procedures included, amongst others, the following: We engaged with management to obtain a detailed understanding of their property valuation systems and processes. We evaluated the competence, independence and experience of management's external independent appraisers with reference to their qualifications and industry experience. We evaluated the competence and experience of management's internal independent appraisers with reference to their qualifications and industry experience. We assessed that the valuation techniques and methodologies applied by management and their external and internal appraisers are consistent with generally accepted property valuation techniques in the real estate market. For a sample of investment properties, with the support of our EY valuation specialists, we assessed the methodologies and assumptions applied in determining the fair value of investment properties by management and the external and internal appraisers. This included: • Assessed the category, location and grade of a property by comparing the data to corroborating evidence, with the support of our valuation specialists. These inform the selection of the appropriate capitalisation rates and discount rates to apply from the latest Rode and/or South African Property Owners Association ("SAPOA") reports, against the outcome of current valuations; • Agreed the capitalisation rates, discount rates and the vacancy applied by management in the valuations to the latest Rode and/or SAPOA reports; • Evaluated the assumptions used in arriving at the budget that forms the basis of the forecasted ERV per property against market related rental data. For vacancy rates, we considered the reasonability of management's estimate in relation to market vacancy data. We also considered market information from lease renewals, the extent of rental reversions observed and time elapsed before new or renewed leases come into effect. • Assessed the reasonability of the fair value of investment properties at year end by performing independent recalculations, using independent data, and comparing the outcome to the values determined by management. We assessed the disclosure of the investment property and the fair value thereof against the requirements of IAS 40, Investment Property and IFRS 13, Fair Value Measurement.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 62 page document titled "Growthpoint Separate Annual Financial Statements 2022", which includes the Certificate by Company Secretary, Report of the Audit Committee and the Directors' Report, as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Growthpoint Properties Limited for 3 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Jane Fitton CA (SA)
Registered Auditor

14 September 2022

102 Rivonia Road
Sandton

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

Figures in Rand	Notes	2022	2021
Revenue, excluding straight-line lease income adjustment	2	**3 984 733 062**	3 839 790 548
Straight-line lease income adjustment	7.2	**(3 046 077)**	120 776 614
Total revenue		**3 981 686 985**	3 960 567 162
Property-related expenses	3	**(1 213 360 901)**	(1 159 951 745)
Expected credit losses on trade receivables		**27 841 488**	27 795 368
Net property income		**2 796 167 572**	2 828 410 785
Other administrative and operating overheads	4	**(217 703 521)**	(151 036 355)
Operating profit		**2 578 464 051**	2 677 374 430
Fair value adjustments and capital items	5	**(5 550 440 430)**	(5 154 065 364)
Finance and other investment income	6.2, 6.3	**4 484 536 925**	4 553 793 261
Finance expense	6.1	**(1 864 996 126)**	(1 768 998 549)
(Loss)/profit before taxation		**(352 435 580)**	308 103 778
Taxation	17.1	**618 015 920**	(1 336 137 400)
Profit/(loss) for the year		**265 580 340**	(1 028 033 622)
Other comprehensive income		**–**	–
Total comprehensive profit/(loss) for the year		**265 580 340**	(1 028 033 622)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Figures in Rand	Notes	2022	2021
Assets			
Cash and cash equivalents		**1 293 848 284**	675 206 410
Trade and other receivables	12	**896 024 750**	857 088 640
Taxation receivable		**138 714 287**	–
Investment property classified as held for sale	7.5	**–**	93 500 000
Property held for trading and development	7.6	**451 934 879**	1 005 238 200
Derivative assets	14.2	**719 044 634**	374 482 671
Fair value of property assets		**31 707 258 294**	32 411 801 159
Fair value of investment property for accounting purposes	7.1	**30 135 396 894**	30 873 669 444
Straight-line lease income adjustment	7.2	**1 323 103 106**	1 326 149 183
Tenant incentives	7.3	**225 498 914**	185 826 850
Right-of-use assets	7.4	**23 259 380**	26 155 682
Long-term loans granted	8	**3 305 613 399**	2 519 219 000
Investments in joint ventures	11	**6 554 593 762**	7 112 134 187
Investment in subsidiaries	10	**41 236 480 772**	44 005 338 945
Unlisted investments	9	**920 154 630**	794 367 718
Equipment		**501 428**	395 753
Intercompany assets	10	**14 897 143 907**	17 743 417 458
Total assets		**102 121 313 026**	107 592 190 141
Equity and liabilities			
Liabilities			
Trade and other payables	16	**1 503 003 899**	1 061 969 722
Derivative liabilities	14.3	**814 762 080**	1 573 140 113
Taxation payable		**–**	5 858 097
Interest-bearing borrowings	14.1	**30 916 412 775**	31 417 028 817
Lease liability	15	**23 259 380**	26 155 682
Deferred tax liability	17.2	**3 413 460 702**	4 141 608 288
Total liabilities		**36 670 898 836**	38 225 760 719
Equity			
Shareholders' interests		**65 450 414 190**	69 366 429 422
Ordinary share capital, net of treasury shares	13	**53 542 963 648**	53 541 318 944
Retained income		**5 566 764 642**	4 776 940 162
Total other reserves		**6 340 685 900**	11 048 170 316
Total equity and liabilities		**102 121 313 026**	107 592 190 141

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

Figures in Rand	Share capital	Non-distributable reserve (NDR) Fair value adjustment on investment property	Non-distributable reserve (NDR) Other fair value adjustments and non-distributable items
Balance at 30 June 2020	48 735 584 849	9 803 599 560	(4 770 632 366)
Loss after taxation	–	–	–
Other comprehensive income	–	–	–
Shares issued	4 805 581 135	–	–
Transfer non-distributable items to NDR	–	(2 900 991 052)	(2 857 414 266)
Share-based payment transactions	152 960	–	–
Dividends declared	–	–	–
Balance at 30 June 2021	53 541 318 944	6 902 608 508	(7 628 046 632)
Profit after taxation	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**
Transfer non-distributable items to NDR	**–**	**(565 993 736)**	**(185 298 816)**
Share-based payment transactions	**1 644 704**	**–**	**–**
Dividends declared	**–**	**–**	**–**
Balance at 30 June 2022	**53 542 963 648**	**6 336 614 772**	**(7 813 345 448)**

	2022 Cents	2021 Cents
Dividend per share	**128.4**	118.5

Non-distributable reserve (NDR)					
Share-based payments reserve	Amortisation of intangible asset	Fair value adjustment on subsidiaries	Total other reserves	Retained earnings (RE)	Total equity
(13 776 749)	1 536 429 000	12 312 644 090	18 868 263 535	1 359 609 520	68 963 457 904
–	–	–	–	(1 028 033 622)	(1 028 033 622)
–	–	–	–	–	–
–	–	–	–	–	4 805 581 135
–	–	(2 046 329 297)	(7 804 734 615)	7 804 734 615	–
(15 358 604)	–	–	(15 358 604)	–	(15 205 644)
–	–	–	–	(3 359 370 351)	(3 359 370 351)
(29 135 353)	1 536 429 000	10 266 314 793	11 048 170 316	4 776 940 162	69 366 429 422
–	**–**	**–**	**–**	**265 580 340**	**265 580 340**
–	**–**	**–**	**–**	**–**	**–**
43 969 341	**–**	**(3 985 327 217)**	**(4 692 650 428)**	**4 692 650 428**	**–**
(14 833 988)	**–**	**–**	**(14 833 988)**	**–**	**(13 189 284)**
–	**–**	**–**	**–**	**(4 168 406 288)**	**(4 168 406 288)**
–	**1 536 429 000**	**6 280 987 576**	**6 340 685 900**	**5 566 764 642**	**65 450 414 190**

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

Figures in Rand	Notes	2022	2021
Cash flows from operating activities			
Cash received from tenants		**4 016 513 639**	3 985 746 138
Cash paid to suppliers and employees		**(1 087 526 951)**	(1 527 992 423)
Cash generated from operating activities		**2 928 986 688**	2 457 753 715
Interest paid		**(2 041 595 946)**	(2 165 256 246)
Dividends and REIT distributions received	6.3	**3 637 173 721**	3 844 406 320
Interest received		**204 115 340**	360 975 929
Taxation paid		**(254 704 048)**	(257 251 547)
Investment in property held for trading and development		**(197 621 257)**	(230 371 029)
Disposal of property held for trading and development		**855 380 138**	–
Dividends paid		**(4 168 406 288)**	(3 359 370 351)
Net cash generated from operating activities		**963 328 348**	650 886 791
Cash flows from investing activities			
Investments in:		**(1 143 620 538)**	(2 136 114 632)
Investment property	7.1	**(384 165 259)**	(513 537 413)
Equipment		**(301 341)**	–
Unlisted investments	9	**(12 089 260)**	(6 200 000)
Subsidiaries	10	**(744 926 270)**	(1 605 077 658)
Long-term loans granted	8	**(2 138 408)**	(11 299 561)
Advances to group companies		**–**	(1 158 460 082)
Loan repayments by group companies		**820 807 538**	–
Proceeds from:		**705 417 288**	63 562 163
Disposal of investment property	7.1	**635 501 779**	61 010 754
Disposal of equipment		**–**	120 168
Disposal of unlisted investments		**63 087 865**	–
Repayment of long-term loans granted	8	**6 827 644**	2 431 241
Net cash generated from/(used by) investing activities		**382 604 288**	(3 231 012 551)
Cash flows from financing activities			
Proceeds from borrowings raised	14.1	**1 261 962 226**	2 943 914 855
Repayments of borrowings	14.1	**(1 986 887 368)**	(4 586 198 600)
Proceeds from distribution re-investment		**–**	4 805 581 135
Repayment of lease liability	15	**(2 365 620)**	(2 189 983)
Net (cash used)/generated from by financing activities		**(727 290 762)**	3 161 107 407
Increase in cash and cash equivalents		**618 641 874**	580 981 647
Cash and cash equivalents at the beginning of year		**675 206 410**	94 224 763
Cash and cash equivalents at the end of year		**1 293 848 284**	675 206 410

NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. Significant accounting policies

Included below is a summary of the significant accounting policies applicable to the company financial statements. These accounting policies include only the areas in IFRS where elections have been made or policy choices exercised (including the choice or election made) as well as measurement criteria applied. The accounting policies also include information where it will assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position and was included based on the materiality as determined by management.

Corporate information

Reporting entity	Growthpoint Properties Limited is a company domiciled in South Africa. The physical address of the company's registered office is The Place, 1 Sandton Drive, Sandton
Reporting period end	Financial year ended 30 June

Basis of preparation

These separate annual financial statements have been prepared on the historical cost basis except for investment property and financial instruments which are stated at fair value.

Materiality

IFRS is only applicable to material items. Management applies judgement and considers both qualitative and quantitative factors in determining materiality applied in preparing these annual financial statements.

Prepared in accordance with:

- International Financial Reporting Standards (IFRS) and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council
- The JSE Listings Requirements and the Companies Act, No.71 of 2008, as amended
- The principle of going concern
- The historical cost and fair value basis of accounting, where applicable
- These financial statements have been prepared on a basis consistent with that of the prior year.

Functional and presentation currency

South African Rand.

Accounting policies

The accounting policies are consistent with those of the Group, except for equity-accounted investments that are stated at fair value in the separate annual financial statements, whereas the Group applies the equity method.

Critical accounting estimates, assumptions and judgements

The preparation of the separate annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations and future events and are believed to be reasonable under the circumstances. Actual results may differ from the estimates made by management from time to time.

In the process of applying the company's accounting policies, the directors have made the following estimates and judgements that have the most significant affects on the amounts recognised and disclosed in the separate annual financial statements.

Estimates and judgements

Fair value accounting of property assets

The following key metrics were applied in the valuation of the SA property assets:

Discount rates

Each property's risk profile is evaluated in determining the appropriate capitalisation and discount rates to be used. In determining discount rates, valuers apply a level of risk to the risk-free South African 10-year bond yield, which stood at 11.01% at 30 June 2022. The rate proposed is matched against the sum of the market rental growth rate and capitalisation rates to ensure reasonableness. With the sharp drop in market rental growth rates and marginally lower capitalisation rates, discount rates have eased slightly by 0.04%. At 13.12% the weighted average discount rate is at a premium of 2.11% to the long bond yield.

Capitalisation rates

Capitalisation rates are determined from yields of comparable sales and influenced by many factors including location, quality of finishes of the building and the strength of the tenants and their underlying leases. With vacancies on the rise across all sectors and with the uncertainty created by the effects of Covid-19 on the property industry still evident, valuers retained their conservative view held in June 2021 on capitalisation rates, with a slight change of -0.01% to 8.61% from 8.62% in June 2022.

1. Significant accounting policies continued

Estimates and judgements continued

Fair value accounting of property assets continued

Reversionary capitalisation rates

Reversionary capitalisation rates are utilised to determine the terminal value of a property asset after the end of the 10-year cash flow period. In the past, capitalisation rates and reversionary capitalisation rates were more aligned but as the risk profile over the longer term has worsened, this spread has widened and is in a range of 0.3% to 0.5% more than the capitalisation rate. As the capitalisation rates have moved out, reversionary capitalisation rates have followed this trend.

Market rental growth rate

One of the key drivers in determining valuation outcomes is the market rental growth rate as this affects the rate of growth of income streams utilised in the 10-year cash flows and is a large influencer on the terminal value (up to 50% of the final valuation) when the adjusted rental is capitalised after year 10. The improvement in the weighted average market rental growth rate of 0.66% from 0.27% in FY21 had a slightly positive impact on the values. Whilst market rental growth is largely market node specific, we are of the view that the resultant average rate of growth in market rentals applied for the 10-year period errs on the conservative side given the current level of uncertainty. Refer to note 20.4, Investment Property for market rental growth rate ranges applied.

Independent valuations are obtained on a rotational basis, ensuring that at least 75% of the fair value of investment properties are valued by an external independent valuer. The directors value the remaining properties annually on an open-market basis. The calculations are prepared by considering the aggregate of the net annual rent receivable from the properties and, where relevant, associated costs, using the discounted cash flow method. This method takes projected cash flows and discounts them at a rate which is consistent with comparable market transactions. The discount rates reflect the risks inherent in the net cash flows and are constantly monitored by reference to comparable market transactions. Undeveloped land is valued in terms of the internationally accepted and preferred method of comparison. 94.3% of the portfolio has been externally valued by valuers registered in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000.

For the valuation policy, refer to note 20.4, Investment property, Valuation techniques and significant unobservable inputs.

Acquisition of property subsidiaries

When the company obtains control of entities that own investment properties, or when the company acquires property or a group of properties collectively, an evaluation is performed as to whether such acquisitions should be accounted for as business combinations or acquisitions in terms of IAS 40 *Investment Properties*. An acquisition is not considered to be a business combination if at the date of the acquisition of the entity the integrated activities deemed necessary to generate a business are not present.

In terms of the company's accounting policy, independent valuations are obtained on a rotational basis, ensuring that every property is valued at least once every three years by an external independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The balance of the South African portfolio was valued by the company's qualified internal valuers.

The South African properties were valued at FY22 using the discounted cash flow 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:

Entity	Valuer	Qualifications
Mills Fitchet KZN (Pty) Ltd	T Bate	MSc, BSc Land Econ (UK), MRICS, MIV (SA), professional valuer
Eris Property Group (Pty) Ltd	C Everatt	BSc (Hons) Estate Management, MRICS, MIV (SA), professional valuer
Mills Fitchet Cape (Pty) Ltd	S Wolffs	NDip (Prop Val), professional associate valuer
Jones Lang LaSalle (Pty) Ltd	R Williams	CA(SA), ACMA, CGMA, MRICS
Broll Valuation and Advisory Services (Pty) Ltd	R Long	BSc, MBA, MRICS, professional valuer
Knight Frank (Pty) Ltd	A Arbee	NDip (Real Estate in Prop Val), associate professional valuer
Rode & Associates (Pty) Ltd	M Tighy	BSc Pr Sci Nat, MBL, MRICS, MIV (SA), professional valuer
Spectrum valuations & Asset Solutions (Pty) Ltd	AS Greybe-Smith	BSc (Hons), MIV (SA), professional associate valuer
Premium Valuation and Advisory Services (Pty) Ltd	Y Vahed	NDip (Real Estate in Prop Val), MIV (SA), professional valuer
Sterling Valuation Specialists CC	AS Greybe-Smith	BSc (Hons), MIV (SA), professional valuer

1. Significant accounting policies continued

Estimates and judgements continued

IFRS 16 – Lease term

Where the company recognises a lease liability and corresponding right-of-use asset, consideration is given around the extension options of the lease, in terms of IFRS 16. An evaluation of the facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option on the remaining lease term, is performed. These included an assessment of the likelihood of renewal by the tenant situated on the leasehold land, the potential business disruption by not extending and the unrecoverable costs or penalties incurred to extend or terminate the contract. The company concluded that all lease liabilities and right-of-use assets are appropriately accounted for based on the lease term and that any significant changes or circumstances in the current year to this assessment have been accounted for.

Operating assets

Investment property

Classification	Investment property consists of land and buildings, installed equipment and undeveloped land held to earn rental income for the long term and subsequent capital appreciation. When properties comprise a portion that is held to earn rental or for capital appreciation, and another portion that is held for use in the production or supply of goods or services or for administrative purposes, then these portions are accounted for separately only if these portions could be sold separately. If they cannot be sold separately, the entire property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Investment property held under an operating lease relates to long-term land leases and is recognised in the company's statement of financial position at its fair value. This accounting treatment is consistently applied for all such long-term land leases.
Measurement	
Initial measurement	Properties are initially recognised at cost on acquisition, including all costs directly attributable to the acquisition. Subsequent additions that will result in future economic benefits of which the cost can be measured reliably are capitalised. Undeveloped land is valued at fair value. Investment property under construction is held at cost, including capex. Direct costs relating to major capital projects are capitalised until the properties are brought into commercial operation.
Subsequent measurement	Subsequent to initial recognition, investment properties are measured at their fair value. Investment property is maintained, upgraded and refurbished where necessary in order to preserve or improve the capital value as far as it is possible to do so. Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives are charged against profit or loss. Gains or losses on subsequent measurement or disposals of investment properties are recognised in profit or loss. Such gains or losses are excluded from the calculation of distributable earnings.
Valuation of investment property	
Valuation frequency	At least 75% of the fair value of investment properties should be determined by an external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The directors value the remaining properties annually on an open-market basis.
Valuation method	The calculations are prepared by considering the aggregate of the net annual rent receivable from the properties and, where relevant, associated costs, using the discounted cash flow method. This method takes projected cash flows and discounts them at a rate which is consistent with comparable market transactions. The discount rates reflect the risks inherent in the net cash flows and are constantly monitored by reference to comparable market transactions. Undeveloped land is valued in terms of the internationally accepted and preferred method of comparison.

1. Significant accounting policies continued

Operating assets continued

Investment property continued

Non-current assets held for sale

Classification and measurement	Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the measurement of assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of the carrying amount and fair value less costs to sell. Investment properties classified as held for sale are measured in accordance with IAS 40 *Investment Property* at fair value with gains and losses on subsequent measurement being recognised in profit or loss.

Assets held for trading and development

Classification and measurement	The investment property classified as held for trading and development are properties that the directors have acquired to be sold as part of the trading and development strategy. It is held in accordance with IAS 2 *Inventories* at the lower of its cost or net realisable value.

Leases

	Company is the lessor	**Company is the lessee**
Operating leases	The company is party to numerous leasing contracts as the lessor of property. All leases are operating leases, which are those leases where the company retains a significant portion of the risks and rewards of ownership. Rental income is recognised on a straight-line basis over the period of the lease term. The company provides certain incentives for the lessee to enter into lease agreements. Initial periods of the lease term may be agreed to be rent free or at a reduced rent. All incentives are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments. The company recognises the aggregate cost of incentives as a reduction of rental income over the lease term, on a straight-line basis.	The company is party to leasing contracts as the lessee of some property and equipment. Printing rentals for office printers are recognised in other administrative and operating overheads. Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the consolidated entity's incremental borrowing rate is used. Investment property held under an operating lease relates to long-term land leases and is recognised in the company's statement of financial position at its fair value. This accounting treatment is consistently applied for all such long-term land leases.

Measurement

Initial measurement	The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at the initial amount of the lease liability adjusted for any lease payments made in advance, plus any initial direct costs incurred less any lease incentives received. A right-of-use asset in relation to leased land is recognised as investment property. The lease liability is initially measured at the present value of the future lease payments discounted using the company's incremental borrowing rate. Lease payments included in the measurement of the finance lease liability comprise: • fixed payments; and • variable lease payments dependent on an index or a rate, initially measured using the index or rate as at the lease commencement date.
Subsequent measurement	A right-of-use asset recognised as investment property is subsequently measured at fair value. The lease liability is subsequently measured at amortised cost using the effective interest method. A remeasurement occurs when there is a change in the future lease cash flows arising from a change in the company's assessment of whether it will exercise an extension or termination option or where variable payments become fixed. Where the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the underlying right-of-use asset.

1. Significant accounting policies continued

Operating assets continued

Property letting commissions

Measurement

Initial measurement	When considered material, letting commissions incurred are capitalised and recognised in trade and other receivables.
Subsequent measurement	Letting commissions incurred are measured at cost minus amortisation written off over the period of the lease.

Tenant incentives

Measurement

Initial measurement	Tenant incentives costs are capitalised and recognised as investment property.
Subsequent measurement	Tenant incentives costs are measured at cost minus amortisation written off over the period of the lease.

Deferred tax

Classification and measurement

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit
- Goodwill that arises on initial recognition
- Differences relating to investments in subsidiaries and jointly controlled entities to the extent that the company is able to control the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

No deferred tax was recognised on the fair value of investment property as capital gains tax on investment property is not applicable to REITs in terms of section 25BB of the Income Tax Act.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates expected to be applied to temporary differences when they reverse, based on tax laws enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to either settle current tax liabilities and assets on a net basis or realise the assets and settle the liabilities simultaneously.

A deferred tax asset is recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The South African deferred tax rate applied changed from 28% in FY21 to 27% in FY22.

Financial instruments

Classification

Financial assets are classified into the following categories: amortised cost or financial assets at fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics and is determined at the time of initial recognition.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss, financial liabilities at fair value through other comprehensive income or other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Financial assets are held at amortised cost if the cash flows are solely payments of principal and interest, and interest is a consideration for the time value of money and credit risk only. Financial instruments with cash flows that are not solely payments of principal and interest are mandatorily classified at fair value through profit or loss. All equity instruments of the company, within the scope of IFRS 9, are measured at fair value through profit or loss.

The company applies the amortised cost model as the default for financial liabilities, except for instances where an accounting mismatch exists and it is more appropriate to designate it at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the changes in the business model.

1. Significant accounting policies continued

Financial instruments continued

Unlisted investments

Unlisted investments are classified as fair value through profit or loss.

Long-term loans granted

The long-term loans granted are designated as at fair value through profit or loss upon initial recognition as such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise. The underlying investments are property and therefore are treated in the same way as the other property investments, i.e. at fair value through profit or loss. Financial assets at fair value through profit or loss are measured at fair value, with any resultant gain or loss recognised in profit or loss.

Interest-bearing borrowings

Interest-bearing borrowings are classified as financial liabilities at fair value through profit or loss.

Accrued interest and fair value adjustments are presented separately in the notes to the financial statements. Accrued interest is calculated based on the interest rate applicable to the loan and the fair value adjustment as the difference between the fair value and the nominal amount of the loan and accrued interest.

Derivative financial instruments

Derivative assets and liabilities comprising interest rate swaps, forward exchange contracts and cross-currency swaps are classified at fair value through profit or loss.

Non-derivative financial liabilities

Non-derivative financial liabilities comprising interest-bearing borrowings are designated as at fair value through profit or loss as such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise. The interest-bearing borrowings are used to fund property and/or property fund acquisitions. Investment properties are recognised as fair value through profit or loss and therefore interest-bearing borrowings are treated in the same way.

Trade and other receivables

Trade and other receivables are classified at amortised cost.

Trade and other payables

Trade and other payables are classified as other financial liabilities.

Intercompany assets and liabilities

Intercompany assets and liabilities are classified at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date and are classified at amortised cost.

Measurement

Initial measurement	Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provision of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.
Subsequent measurement	Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Financial assets at amortised cost and other financial liabilities are subsequently measured at amortised cost using the effective interest method, less accumulated impairments.

Impairment

At each reporting date the company reviews the carrying values of financial assets carried at amortised cost for an indication of impairment, based on either the 12-month expected credit losses or lifetime expected credit losses. For trade and other receivables, the company applies the simplified impairment approach, and therefore assesses impairment using a lifetime approach for these assets.

Changes in the loss allowance are recognised in profit or loss as an impairment gain or loss.

In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data, based on past behaviour as well as forward-looking information, indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

1. Significant accounting policies continued

Financial instruments continued

Derecognition

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the entity is recognised as a separate asset or liability.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Investment in subsidiaries and joint ventures

Classification and measurement	Investment in subsidiaries and joint ventures is stated at fair value, with changes in fair value recognised in profit and loss. The principal place of business of all the entities listed in notes 10 and 11 is in the Republic of South Africa, except for Growthpoint Properties Australia Limited which is located in Australia. Growthpoint Properties UK HoldCo 1 – 10 Limited are incorporated in the United Kingdom, but the principle place of business is in the Republic of South Africa.

Equity

Capital and reserves

Type	Description of reserve
Share capital	Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.
Treasury shares	Unvested restricted shares held for employee participants in the Staff Incentive Scheme Trust are classified as treasury shares. The cost price of these shares, together with related transaction costs, is deducted from equity, but disclosed separately in the statement of changes in equity. The issued and weighted average number of shares is reduced by the treasury shares for the purposes of the basic and headline earnings per share calculations. The issued number of shares is reduced by the treasury shares for the purpose of the dividend per share calculations. When treasury shares held for employee participants vest in such participants, the shares will no longer be classified as treasury shares, but included as part of issued share capital and will be taken into account for the purposes of basic and headline earnings per share calculations.

Non-distributable reserve

Type	Description of reserve
Overall description of non-distributable reserves	The non-distributable reserves relate to items that are not distributable to shareholders, such as fair value adjustments on the revaluation of investment property, long-term loans, borrowings and derivatives, the amortisation of intangible assets, share-based payment transactions, the straight-line lease income adjustment, non-cash charges, capital items and deferred taxation.
Fair value adjustments on investment properties	The fair value adjustments on investment properties reserve relate to the fair value movement on the investment properties.
Other fair value adjustments and non-distributable reserves	The other fair value adjustments on non-distributable reserves relate to all non-distributable items accounted for in profit or loss, such as the fair value adjustments, straight-line lease income adjustments, non-cash charges, capital items and deferred taxation were transferred to the non-distributable reserve in the current year.
Fair value adjustments on listed investments	The movement in fair value of the unlisted investment is accounted for in profit or loss and transferred to the non-distributable reserve. The movement relates to the increase in the fair value of the listed investments.

Dividends

Type and description	Classification and measurement
Dividends	Dividends or other distributions to the holders of equity instruments, in their capacity as owners, are recognised directly in equity on the date of declaration.

1. Significant accounting policies continued

Income

Type and description	Classification and measurement
Revenue recognition	Revenue from the letting of investment property comprises gross rental income and recoveries of fixed operating costs, net of value added tax. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Recoveries of costs from lessees, where the entity merely acts as an agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs. The company recognises the aggregate cost of incentives as a reduction of rental income over the lease term, on a straight-line basis.
Finance and other investment income	Interest earned on amounts invested is recognised on an accrual basis using the effective interest method. Dividends are recognised in profit or loss when declared.

Expenses

Type and description	Classification and measurement
Capital items and other charges	Costs incurred on business acquisitions and items reclassified from other comprehensive income to profit or loss are classified as capital items. Expenses relating to the Staff Incentive Scheme are recurring expenses and are classified as other charges.
Finance costs	Finance costs incurred on qualifying investment property assets are capitalised until such time as the assets are substantially ready for their intended use. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use. Capitalisation is suspended during extended periods in which active development is interrupted. All other finance costs are expensed in profit or loss in the period in which they are incurred using the effective interest method.

Taxation

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income, after deducting the qualifying distribution for that year of assessment, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. In accordance with the status as a REIT, dividends declared meet the requirements of a qualifying distribution for the purposes of section 25BB of the Income Tax Act, No 58 of 1962, as amended (Income Tax Act).

Withholding tax relating to foreign distributions received is recognised as part of the distributions received.

Estimates and judgements involved for taxation

The company is subject to income taxes in numerous jurisdictions and the calculation of the company's tax charge and provision for income taxes necessarily involves a degree of estimation and judgement. There are transactions and tax computations for which the ultimate tax treatment or result is uncertain, or in respect of which the relevant tax authorities may or could indicate disagreement with the company's treatment and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority.

Operating profit

Operating profit included in profit or loss represents the net property income earned from investment property, adjusted for other operating expenses and income.

1. Significant accounting policies continued

Standards, amendments and interpretations effective for the first time at 30 June 2022

The below table summarises the standards, amendments and interpretations that became effective for the first time in the current financial year. The impact of the adoption of these standards and amendments has been considered and is deemed immaterial.

International Financial Reporting Standards, amendments and interpretations	Effective for the financial reporting period ending
Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* – interest rate benchmark (IBOR) reform (Phase 2)	**30 June 2022**
Amendment to IFRS 3 *Business Combinations*	**30 June 2022**
Amendments to IAS 16 *Property, Plant and Equipment* on Proceeds before Intended Use	**30 June 2022**
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* on Onerous Contracts – Cost of Fulfilling a Contract	**30 June 2022**
Definition of Accounting Estimates – Amendments to IAS 8	**30 June 2022**
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	**30 June 2022**
AIP IFRS 9 *Financial Instruments* – Fees in the "10 percent" test for derecognition of financial liabilities	**30 June 2022**
Annual improvements cycle 2018 – 2020	**30 June 2022**

Standards and interpretations issued and not yet effective

The below table summarises the standards, amendments and interpretations that have been published, but that are not yet effective in the current financial year. None of these standards, amendments and interpretations are expected to have a material impact on the results of the company. The company has elected not to early adopt any of the new standards.

International Financial Reporting Standards, amendments and interpretations issued but not yet effective for 30 June 2022 year end	Effective for the financial reporting period ending
Reference to the Conceptual Framework – Amendments to IFRS 3	**30 June 2023**
Onerous Contracts – Costs of fulfilling a contract – Amendments to IAS 37	**30 June 2023**
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	**30 June 2023**
AIP IFRS 9 Financial Instruments – Fees in the "10 percent" test for derecognition of financial liabilities	**30 June 2023**
Classification of liabilities as current or non-current – Amendment to IAS 1*	*
Amendment to IAS 1 *Presentation of Financial Statements* on Classification of Liabilities as Current or Non-current	**30 June 2023**
Definition of accounting estimates – Amendments to IAS 8	**30 June 2023**
Disclosure of accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2	**30 June 2023**
Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12	**30 June 2023**
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28**	**

* *This 2020 amendment was deferred to no earlier than 1 January 2024.*
** *Postponed indefinitely pending the outcome of the International Accounting Standards Board research project.*

2. Revenue, excluding straight-line lease income adjustment

Figures in Rand	2022	2021
Revenue from contracts with tenants		
Total contracted rental income	**3 158 344 639**	3 185 953 288
Contracted rental income	**3 161 512 725**	3 235 789 213
Covid-19 contracted rental income deferred	**4 278 220**	55 980 053
Covid-19 contracted rental income discounts	**(7 446 306)**	(105 815 978)
Assessment rates recovered	**392 331 442**	386 728 961
Contracted operating cost recoveries	**263 315 155**	249 196 552
Turnover rental	**24 035 493**	17 104 003
Non-contractual revenue		
Casual parking	**19 274 460**	17 174 154
Development fees earned	**81 369 897**	–
Tenant incentive costs^	**–**	(57 984 731)
Other income*	**46 061 976**	41 618 321
	3 984 733 062	3 839 790 548

^ *Tenant incentive costs for FY22 included in contracted rental income.*
* *Other income includes court space rentals, air conditioning recoveries and insurance recoveries.*

3. Property-related expenses

Figures in Rand	2022	2021
Electricity, water and other recoverable charges	**(29 017 066)**	(18 093 647)
Cost	**762 796 662**	677 917 301
Recovery	**(791 813 728)**	(696 010 948)
Assessment rates	**540 883 478**	518 530 517
Bad debts written off	**45 508 756**	46 167 143
Cleaning	**67 622 813**	64 816 006
Consulting fees	**45 317 824**	37 954 646
Insurance	**26 803 875**	26 155 874
Letting commissions	**66 788 985**	77 725 552
Other property expenses	**79 140 532**	62 012 879
Property management expenses	**140 451 190**	132 335 328
Repairs and maintenance	**97 719 478**	87 651 941
Security	**132 141 036**	124 695 506
	1 213 360 901	1 159 951 745

4. Other administrative and operating overheads

Administration costs	**55 032 160**	24 761 225
Management fee	**121 215 815**	96 696 745
Auditor's remuneration	**12 778 526**	5 331 119
Directors' fees	**14 808 188**	13 682 900
Legal fees	**2 514 639**	6 157 996
Other fund expenses	**11 354 193**	4 406 370
	217 703 521	151 036 355

5. Fair value adjustments and capital items

5.1 Fair value adjustments

Figures in Rand	2022	2021
Net investment property revaluation	**(565 313 278)**	(2 993 957 649)
Fair value adjustment on gross investment property	**(565 993 736)**	(2 873 181 035)
Fair value on the right-of-use assets	**(2 365 619)**	–
Straight-line lease income adjustment	**3 046 077**	(120 776 614)
Investment in subsidiaries*	**(3 513 784 443)**	(1 136 732 072)
Investment in joint ventures*	**(557 540 425)**	(787 404 313)
Unlisted investments*	**85 997 651**	(122 192 912)
Other gains or losses	**1 093 086 491**	1 297 097 894
Unrealised losses on interest-bearing borrowings	**(214 846 288)**	(293 871 250)
Foreign exchange (losses)/gains on non-derivative items	**(64 220 838)**	98 493 096
Realised and unrealised gains on derivatives*	**962 606 591**	1 862 275 385
Derivatives interest paid	**(178 676 361)**	(358 498 155)
Fair value of long-term loans granted	**588 223 387**	(11 301 182)
	(3 457 554 004)	(3 743 189 052)

* *The previous year has been re-presented for comparability.*

5.2 Capital items

Impairment of intercompany asset	**(2 102 035 737)**	(1 369 769 837)
Capital costs incurred	**(36 838 554)**	(11 106 475)
Impairment of assets	**–**	(30 000 000)
Profit on disposal of OneCart (Pty) Ltd	**45 987 865**	–
	(2 092 886 426)	(1 410 876 312)
Total fair value adjustments and capital items	**(5 550 440 430)**	(5 154 065 364)

6. Net finance expense and other investment income

6.1 Finance expense

Effective interest method		
Interest paid on lease liabilities	**2 281 168**	2 607 801
Bank	**155 758**	540 831
Designated at FVTPL on initial recognition		
Interest paid on financial liabilities	**1 870 839 773**	1 784 846 075
Less: Borrowing cost capitalised to investment property developments (at prime less 1%)	**(8 280 573)**	(18 996 158)
	1 864 996 126	1 768 998 549

6.2 Finance income

Effective interest method		
Banks	**50 231 041**	45 887 057
Subsidiaries and controlled trust	**153 884 299**	157 875 997
Designated at FVTPL on initial recognition		
Joint ventures investment – V&A Waterfront	**566 678 140**	364 942 956
Other	**–**	140 680 931
	770 793 480	709 386 941

6.3 Other investment income

Local dividends	**2 671 651 151**	2 892 206 768
Foreign REIT distributions	**1 042 092 294**	952 199 552
	3 713 743 445	3 844 406 320

7. Fair value of property assets

7.1 Fair value of property assets

Figures in Rand	2022	2021
Opening balance	**32 199 818 627**	33 228 900 000
Additions at cost		
Acquisitions	**–**	1 595 412 596
Interest capitalised	**1 453 996**	2 607 979
Capital and development expenditure	**380 578 262**	398 422 222
Disposal at fair value	**(542 001 779)**	(61 010 754)
Transferred to investment property classified as held for sale	**–**	(93 500 000)
Transferred to property held for trading and development	**(17 884 342)**	–
Gross fair value adjustments	**(563 464 764)**	(2 871 013 416)
Straight-line income adjustment	**(1 323 103 106)**	(1 326 149 183)
Fair value of investment property for accounting purposes	**30 135 396 894**	30 873 669 444
Straight-line income adjustment	**1 323 103 106**	1 326 149 183
Closing balance	**31 458 500 000**	32 199 818 627
Cost	**26 106 537 182**	26 284 391 044
Cumulative fair value surplus	**5 351 962 818**	5 915 427 583

7.2 Straight-line lease income adjustment

Opening balance	**1 326 149 183**	1 205 372 569
Arising during the year	**(3 046 077)**	120 776 614
Closing balance	**1 323 103 106**	1 326 149 183

7.3 Tenant incentives

Opening balance	**185 826 850**	150 196 390
Acquisitions	**110 388 751**	93 615 191
Amortisation of tenant incentives	**(70 716 687)**	(57 984 731)
Closing balance	**225 498 914**	185 826 850

7.4 Right-of-use assets

Opening balance	**26 155 682**	28 345 665
Fair value adjustments	**(2 365 619)**	(2 189 983)
Adjustment for re-assessment of the lease liability	**(530 683)**	–
Closing balance	**23 259 380**	26 155 682

7.5 Investment property classified as held for sale

Opening balance	**93 500 000**	–
Transferred from investment property	**–**	93 500 000
Capital expenditure	**2 133 001**	–
Gross fair value adjustment on investment property classified as held for sale	**(2 133 001)**	–
Disposal at fair value	**(93 500 000)**	–
Closing balance	**–**	93 500 000
Cost	**–**	72 535 142
Cumulative fair value surplus	**–**	20 964 858

7. Fair value of property assets continued

7.6 Property held for trading and development

Figures in Rand	2022	2021
Opening balance	**1 005 238 200**	769 111 041
Acquisitions	**–**	91 832 167
Transferred from investment property	**17 884 342**	–
Development expenditure	**195 856 407**	160 371 029
Interest capitalised	**1 764 850**	13 901 600
Impairment	**–**	(29 977 637)
Profit on sale of property held for trading and development	**86 571 218**	–
Disposal	**(855 380 138)**	–
Closing balance	**451 934 879**	1 005 238 200

The property classified as held for trading and development is property that the directors have acquired or developed to be sold as part of the trading and development strategy.

7.7 Capital commitments and guarantees

	2022			2021		
Figures in Rand	**Within 12 months**	**More than 12 months**	**Total**	Within 12 months	More than 12 months	Total
Capital commitments	**477 480 000**	**–**	**477 480 000**	105 856 134	203 559 310	309 415 444

7.8 Minimum contracted rental

Minimum contracted rental income

The company leases a number of retail, office and industrial properties under operating leases. Leases typically run for a period of three to five years.

	Less than one year	**Between one and five years**	**More than five years**
2022			
Contracted rental amounts receivable at year end			
South Africa	**2 743 487 936**	**5 357 864 300**	**2 842 201 045**
	2 743 487 936	**5 357 864 300**	**2 842 201 045**

	Less than one year	Between one and five years	More than five years
2021			
Contracted rental amounts receivable at year end			
South Africa	3 545 946 969	7 991 474 379	6 929 330 998
	3 545 946 969	7 991 474 379	6 929 330 998

8. Long-term loans granted

Summary of loan balances

Figures in Rand	2022	2021
Opening balance	**2 519 219 000**	2 337 740 302
Advanced during the year	**2 138 408**	11 299 561
Reclassified to unlisted investments*	**(42 000 000)**	–
Reclassified from intercompany assets	**5 768 225**	–
Repaid during the year	**(6 827 644)**	(2 431 241)
Accrued interest	**238 207 458**	183 911 560
Foreign exchange gain	**884 565**	–
Fair value adjustments	**588 223 387**	(11 301 182)
Fair value of long-term loans	**3 305 613 399**	2 519 219 000
Portion repayable within the next 12 months	**–**	–
Portion repayable after the next 12 months	**3 305 613 399**	2 519 219 000

The long-term loans granted were advanced to the following entities:

Entity	Interest rate	Latest repayment date	2022	2021
V&A Waterfront	Prime + 2%	30 September 2026	**3 300 421 914**	2 516 232 672
Lango Real Estate Management Limited (Lango Manco)	Bank of England (BoE) base rate + 2.5%	No fixed repayment date	**5 191 485**	–
Immaterial loans advanced	Prime to prime plus 2%	Repaid during the year	**–**	2 986 328
			3 305 613 399	2 519 219 000

Significant terms and conditions

V&A Waterfront
- The loan is used for the development and construction at the V&A Waterfront.

Lango Manco
- Lango Manco purchased 12 000 of its own shares from the company at USD43.75 per share on loan account which are held as treasury shares in Lango Manco. The loan is repayable as and when dividends or distributions are paid by Lango Manco.

* *Refer to note 9.*

9. Unlisted investments

The unlisted investments consist of investments in Refuel Properties (Pty) Ltd (Workshop 17), Lango Real Estate Limited and the SA SME Fund Limited. The investment in OneCart (Pty) Ltd was sold during the period for R63.1m, resulting in a profit on disposal of R46.0m. The loans previously granted to Workshop 17 were converted into preference shares during the year.

Figures in Rand	2022	2021
Opening balance	**794 367 718**	903 737 175
Reclassified from long-term loans granted	**42 000 000**	–
Acquisitions	**14 889 260**	12 823 455
Disposal	**(17 100 000)**	–
Fair value adjustments	**85 997 652**	(122 192 912)
Closing balance	**920 154 630**	794 367 718
The unlisted investments relate to the following entities:		
Lango Real Estate Limited	**858 154 630**	758 167 719
OneCart (Pty) Ltd	**–**	16 200 000
Workshop 17	**42 000 000**	–
The SA SME Fund Limited	**20 000 000**	20 000 000
	920 154 630	794 367 719

10. Investment in subsidiaries

Figures in Rand	2022	2021
Shares and interest in ordinary shares at initial recognition	**35 573 235 793**	33 968 158 135
Acquisitions of subsidiaries	**240 000 000**	1 605 077 658
Investments into subsidiaries	**504 926 270**	–
Cumulative subsequent fair value adjustments	**4 918 318 709**	8 432 103 152
	41 236 480 772	44 005 338 945
Amounts due by subsidiaries at amortised cost	**14 897 143 907**	17 743 417 458
	56 133 624 679	61 748 756 403

Refer to note 18.1 for the terms of the amounts due by subsidiaries.

The company owns 100% of the shares in:

1 Roger Dyason (Pty) Ltd
Acucap Properties Limited
Burg Brother Investments (Pty) Ltd
Changing Tides 5 (Pty) Ltd
Fairy Glen Properties (Pty) Ltd
Fourways Crossing Retail Centre (Pty) Ltd
G Properties One (Pty) Ltd
G Properties Two (Pty) Ltd
Growthpoint ABQ (Pty) Ltd
Growthpoint Healthcare Property Management Company (Pty) Ltd
Growthpoint Management Services (Pty) Ltd
Growthpoint Properties International (Pty) Ltd
Growthpoint Properties UK HoldCo 1 Limited
Growthpoint Properties UK HoldCo 2 Limited
Growthpoint Properties UK HoldCo 3 Limited
Growthpoint Properties UK HoldCo 4 Limited
Growthpoint Properties UK HoldCo 5 Limited
Growthpoint Properties UK HoldCo 6 Limited
Growthpoint Properties UK HoldCo 7 Limited
Growthpoint Properties UK HoldCo 8 Limited
Growthpoint Properties UK HoldCo 9 Limited
Growthpoint Properties UK HoldCo 10 Limited
Growthpoint TPG (Pty) Ltd
GRT Bloekom (Pty) Ltd
Metboard Properties Limited
New Heights 344 (Pty) Ltd
Okahao Properties (Pty) Ltd
Oxford 144 Property Investments (Pty) Ltd
Paramount Property Fund Limited
Pin Mill (Pty) Ltd
Silverhorn Properties (Pty) Ltd
Skilfull 82 (Pty) Ltd
Tyger Hills Office Park (Pty) Ltd

10. Investment in subsidiaries continued

All the subsidiaries are incorporated in South Africa, except for Growthpoint Properties Australia which is incorporated in Australia and Growthpoint Properties UK HoldCo 1 – 10 Limited which is incorporated in the United Kingdom.

Growthpoint Properties Limited is the beneficial owner of Growthpoint Securitisation Warehouse Trust.

The company owns 62.2% (FY21: 62.2%) of the shares in Growthpoint Properties Australia, which includes both Growthpoint Properties Australia Limited and Growthpoint Properties Australia Trust, together being a stapled group.

The company owns 55.9% (FY21: 62.2%) of Growthpoint Healthcare Property Holdings (RF) Limited.

The company owns 80% (FY21: 80%) of Growthpoint Telecommunications Infrastructure (Pty) Ltd.

The company acquired a 16.8% shareholding in Growthpoint Student Accommodation Holdings (RF) Limited (GSAH) as part of Growthpoint Investment Partners, its funds management business. It diluted to 16.6% at FY22 due to new shares issued.

All the investments in subsidiaries are recorded at fair value.

Consolidated annual financial statements

Growthpoint Properties Limited Group incorporated in South Africa produces consolidated annual financial statements that comply with International Financial Reporting Standards and are available for public use.

11. Investments in joint ventures

	% holding		Fair value	
Figures in Rand	**2022**	2021	**2022**	2021
Contribution at initial recognition	**50%**	50%	**155 729 634**	155 729 634
Cumulative subsequent fair value adjustments	**50%**	50%	**1 398 864 128**	1 956 404 553
Amount due by the joint venture at fair value	**50%**	50%	**5 000 000 000**	5 000 000 000
			6 554 593 762	7 112 134 187

Growthpoint Properties Limited, as part of a joint venture with the Public Investment Corporation (PIC), holds 50% of the issued shares in the holding company of the V&A Waterfront in Cape Town, V&A Waterfront Holdings (Pty) Ltd, and 37.5% of Lango Manco.

On 1 October 2012, R5bn of the outstanding shareholder's loan was converted into linked debentures per the Shareholders' Agreement and Debenture Trust Deed. The remaining portion of the loan was renegotiated into an interest-bearing loan (at a rate of prime plus 2%).

12. Trade and other receivables

Figures in Rand	2022	2021
Rental debtors	**67 575 291**	113 638 000
Loss allowance	**(58 192 526)**	(86 034 014)
Property management debtor	**–**	124 294 785
Prepaid expenses	**12 698 098**	25 793 115
Deferred expenditure (including letting commissions)	**31 230 719**	47 203 781
Sundry debtors*	**520 039 440**	391 947 715
Loan to joint venture – V&A Waterfront*	**322 673 728**	186 216 261
Construction	**–**	54 028 997
	896 024 750	857 088 640

* *The previous year has been re-presented for comparability.*

Movements in the loss allowance for rental debtors

The movement in the loss allowance in respect of the rental debtors during the year was as follows:

Opening balance	**(86 034 014)**	(115 460 122)
Amounts written off	**45 508 756**	46 167 143
Net remeasurement of loss allowance	**(17 667 268)**	(16 741 035)
Closing balance	**(58 192 526)**	(86 034 014)

Credit and market risks, and impairment losses

Information about the company's exposure to credit and market risks, and impairment losses for trade receivables is included in note 21.

13. Ordinary share capital

	Number of shares		Amount	
	2022	2021	**2022 R**	2021 R
Authorised				
Ordinary shares with no par value	**5 000 000 000**	5 000 000 000		
Issued and fully paid up				
Ordinary shares				
Issued at the beginning of the year	**3 430 787 066**	3 022 496 382	**53 543 001 162**	48 737 420 027
Issued during the year	**–**	408 290 684	**–**	4 805 581 135
In issue at the end of the year	**3 430 787 066**	3 430 787 066	**53 543 001 162**	53 543 001 162
Treasury shares				
Opening balance	**97 966**	84 104	**1 682 218**	1 840 178
Acquired during the year	**3 250 000**	2 912 054	**57 642 755**	50 338 109
Vested/exercised/transferred during the year	**(3 345 849)**	(2 898 192)	**(59 287 459)**	(50 496 068)
Closing balance	**2 117**	97 966	**37 514**	1 682 218
Net share capital	**3 430 784 949**	3 430 689 100	**53 542 963 648**	53 541 318 944

14. Financial liabilities

Figures in Rand	2022	2021
Summary of financial liabilities		
Interest-bearing borrowings nominal amount	**30 600 888 087**	31 325 813 229
Accrued interest on interest-bearing borrowings	**166 746 210**	162 388 501
Fair value adjustments on long-term borrowings	**148 778 478**	(71 172 913)
Total interest-bearing borrowings	**30 916 412 775**	31 417 028 817
Derivative liabilities	**814 762 080**	1 573 140 113
	31 731 174 855	32 990 168 930

14.1 Interest-bearing borrowings

The company has the following long-term borrowings outstanding at year end:

Figures in Rand	2022	2021
Secured variable rate borrowings	**16 170 000 000**	15 914 174 096
Unsecured variable rate borrowings	**13 960 888 087**	14 941 639 133
Unsecured fixed rate borrowings	**470 000 000**	470 000 000
Accrued interest	**166 746 210**	162 388 501
Fair value adjustments	**148 778 478**	(71 172 913)
	30 916 412 775	31 417 028 817
Reconciliation of long-term borrowings		
Opening balance	**31 417 028 817**	32 804 659 355
Proceeds from borrowings raised	**1 261 962 226**	2 943 914 855
Repayment of borrowings	**(1 986 887 368)**	(4 586 198 600)
Accrued interest	**1 870 839 773**	1 784 846 074
Interest paid	**(1 866 482 064)**	(1 824 064 117)
Fair value adjustments	**219 951 391**	293 871 250
Closing balance	**30 916 412 775**	31 417 028 817
Portion repayable within the next 12 months	**1 629 414 530**	1 818 000 000
Portion repayable after the next 12 months	**29 286 998 245**	29 599 028 817

	Interest rate	Latest repayment date	Significant terms and conditions
Secured variable rate borrowings	Jibar+1.45% to Jibar+2.25%	Jul-29	• All the above borrowings were utilised to purchase properties or to invest in shares of property-owning entities • Nearly all borrowings have a bullet repayment profile • Due to the nature of a REIT, the borrowings will typically be re-financed with new funding at expiry • The secured borrowings are secured with mortgage bonds registered over properties. Refer to note 21.4.
Unsecured variable rate borrowings	Jibar+1.25% to Jibar+2.10%; CPI linked 4.15%	Jun-29	
Unsecured fixed rate borrowings	9.78% – 10.15%	Apr-24	

14. Financial liabilities continued

14.2 Derivative assets

Figures in Rand	2022	2021
Forward exchange derivatives	**24 565 773**	72 778 556
Interest rate derivatives	**403 396 589**	109 522 580
Cross-currency interest rate derivatives	**291 082 272**	192 181 535
	719 044 634	374 482 671

14.3 Derivative liabilities

Forward exchange derivatives	**–**	8 554 758
Interest rate derivatives	**121 862 202**	854 862 862
Cross-currency interest rate derivatives	**692 899 878**	709 722 493
	814 762 080	1 573 140 113

Derivative	Risk mitigation
Forward exchange derivative	The company enters into forward exchange derivatives to manage its exposure to foreign exchange risk by forward selling foreign currency at predetermined prices.
Interest rate derivative	The company enters into derivative financial instruments to manage its exposure to interest rates by fixing floating interest rates on borrowings.
Cross-currency interest rate derivative	Rand/USD denominated borrowings are obtained for certain foreign acquisitions and the company then enters into cross-currency interest rate derivatives to swap the Rand/USD loan for a foreign currency.

15. Lease liabilities

The company as the lessor

The company acts as a lessor over all its leases over its investment property. These leases are classified as operating leases at the inception of the lease. The company recognises lease payments received under an operating lease as income on a straight-line basis over the term as part of revenue.

The company as the lessee

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the consolidated entity's incremental borrowing rate is used.

On that basis, the weighted average incremental borrowing rate applied to lease liabilities was 7.8% (FY21: 8.9%).

Subsequent measurements for a lease liability are by:

- Increasing the carrying amount to reflect interest on the lease liabilities
- Reducing the carrying amount to reflect the lease payments made
- Remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liabilities and any variable lease payments not included in the measurement of the lease liabilities are recognised in the statement of profit and loss and comprehensive income in the period to which they relate.

The present values of the payments are as follows:

Figures in Rand	2022	2021
South Africa	**23 259 380**	26 155 682
	23 259 380	26 155 682
The lease liabilities can be reconciled as follows:		
Opening balance	**26 155 682**	28 345 665
Additions	**4 282 246**	–
Increase reflecting the interest on the lease liability	**2 281 168**	2 607 801
Reduction reflecting the lease payments made	**(4 646 788)**	(4 797 784)
Adjustment for reassessment of the lease liability	**(4 812 928)**	–
Closing balance	**23 259 380**	26 155 682

16. Trade and other payables

Figures in Rand	2022	2021
Accrued expenses	**450 871 945**	512 827 637
Property management creditor	**325 513 555**	–
Tenant deposits	**130 682 016**	126 338 805
Trade creditors	**571 069 479**	415 390 464
Value added tax	**21 984 812**	825 747
Income received in advance	**682 463**	3 137 642
Unclaimed dividends	**2 199 629**	3 449 427
	1 503 003 899	1 061 969 722

17. Taxation and deferred taxation

17.1 Taxation

17.1.1 Taxation expense

Figures in Rand	2022	2021
Current tax expense	**110 131 666**	265 342 490
Current year	**116 094 412**	119 242 831
(Over)/under provision of previous years	**(5 962 746)**	146 099 659
Deferred tax expense	**(728 147 586)**	1 070 794 910
Current year		
Capital gains tax on the sale of GOZ shares	**(737 511 903)**	1 042 891 428
Other	**9 364 317**	27 903 482
Total income tax expense	**(618 015 920)**	1 336 137 400

17.1.2 Reconciliation of effective taxation charge

Figures in Rand	2022	2021
Net profit before tax	**(352 435 580)**	308 103 778
Statutory taxation charge at 28%	**(98 681 962)**	86 269 058
Disallowed expenses	**(75 329 120)**	376 485 279
Income not taxable	**(499 067 607)**	–
Accrued income	**–**	364 093
Deductible expenditure	**39 590 610**	(5 003 307)
Fair value adjustments not taxable due to REIT status	**2 046 564 750**	838 441 564
Prior year (over)/under provision – current taxation	**(5 962 746)**	140 574 463
Capital gains not taxable	**(12 876 602)**	–
Tax rate difference and withholding tax on GOZ	**(773 967 071)**	1 029 656 436
Change in tax rate	**(4 849 606)**	–
Qualifying distribution	**(1 233 436 566)**	(1 130 650 185)
Effective taxation charge	**(618 015 920)**	1 336 137 400
Effective taxation rate	**175.4%**	433.7%

17. Taxation and deferred taxation continued

17.2 Deferred taxation

Figures in Rand	2022	2021
17.2.1 Reconciliation of net deferred tax liability		
Opening balance	**4 141 608 288**	3 070 813 378
Current year charge through profit or loss	**(728 147 586)**	1 070 794 910
Closing balance	**3 413 460 702**	4 141 608 288
17.2.2 Deferred taxation liability		
Tax effect of temporary differences between tax and book value for:		
Deferred taxation liability	**3 413 460 702**	4 141 608 288
Investment in GOZ	**3 282 521 337**	4 020 033 241
Investment property – allowances	**130 939 365**	121 575 047
Net deferred taxation liability	**3 413 460 702**	4 141 608 288

Section 25BB of the Income Tax Act allows for the deduction of the qualifying distribution paid to shareholders, but the deduction is limited to taxable income. To the extent that no tax will be payable in future as a result of the qualifying distribution, no deferred tax was raised on items such as the straight-line lease income adjustment and the fair valuation of non-current financial liabilities.

IAS 12 *Income Taxes* (amended) requires the sale rate to be applied, unless rebutted, when calculating deferred taxation on the fair value adjustments on investment property. Capital gains taxation is not applicable on the sale of investment property in terms of section 25BB of the Income Tax Act. The deferred taxation rate applied to investment property at the sale rate is therefore 0%. Consequently, no deferred taxation was raised on the fair value adjustments on investment property.

The South African deferred tax rate applied changed from 28% in FY21 to 27% in FY22.

Allowances relating to immovable property can no longer be claimed and if a controlled property company sells immovable property, the allowances claimed in previous years will be recouped. A deferred taxation liability was raised in this respect.

The deferred taxation on the investment in GOZ is based on the presumption that the investment will be realised through sale and capital gains tax will be payable in Australia.

18. Related-party transactions

18.1 Related-party transactions

Various transactions were entered into between related parties.

	2022			
Figures in Rand	Income	Receivables	Expenses	Payables
Intercompany assets with subsidiaries				
Growthpoint Securitisation Warehouse Trust	–	3 868 141 509	–	–
Growthpoint Properties Australia	–	506 823 447	–	–
Acucap Properties Limited	–	226 316 004	–	16 220 324
Growthpoint ABQ (Pty) Ltd	–	789 463 006	–	–
Growthpoint Healthcare Property Holdings (RF) Limited	–	889 865 244	–	–
Growthpoint Healthcare Property Management Company (Pty) Ltd	–	–	–	750
G Properties Two (Pty) Ltd	–	–	–	487 467 272
Erf 99&100 Parktown Township Share Block (Pty) Ltd	–	–	–	–
Silverhorn Properties (Pty) Ltd	–	–	–	9 165 764
Basfour 2721 (Pty) Ltd	–	166 445 864	–	–
Metboard Properties Limited	–	979 643 793	–	–
Paramount Properties Limited	–	2 168 820 566	–	–
Growthpoint TPG (Pty) Ltd	–	1 487 471 436	–	–
G Properties Two (Pty) Ltd	–	–	–	12 466 531
Growthpoint Properties International (Pty) Ltd (GPI)	–	3 218 202 345	–	584 248 990
Inclub Properties (Pty) Ltd	–	–	–	440 618 719
Okahao Properties (Pty) Ltd	–	–	–	129 751 920
1 Roger Dyason (Pty) Ltd	–	451 441	–	–
GRT Bloekom (Pty) Ltd	–	–	–	108 779 029
Growthpoint Student Accommodation Holdings (RF) Ltd	–	45 115 527	–	–
Stand 1135 Houghton (Pty) Ltd	–	103 680	–	–
Investment in joint venture				
V&A Waterfront Holdings (Pty) Ltd	–	5 000 000 000	–	–
Other related parties				
Oxford 144 (Pty) Ltd	–	378 668 843	–	–
Burg Brother Properties (Pty) Ltd	–	–	–	14 394 359
Kilkishen Investments (Pty) Ltd	–	17 979	–	–
Scopeful 157 (Pty) Ltd	–	–	–	13 581 386
Growthpoint Telecommunications Infrastructure (Pty) Ltd	–	35 866 283	–	–
Sycom Property Fund Managers (Pty) Ltd	–	–	–	–
Majorshelf 184 (Pty) Ltd	–	–	–	119 673 063
Skillfull 115 (Pty) Ltd	–	–	–	21 251 899
Ferns Investments (Pty) Ltd	–	–	–	33 155 140
Management company				–
Growthpoint Management Services Proprietary Limited (GMS)	–	2 126 092 413	–	–
Letting commissions GMS	–	–	51 415 774	–
Asset management fees paid GMS	–	–	121 215 815	–
Collection commission GMS	–	–	137 205 558	–
Building staff costs GMS	–	–	40 805 798	–
Rent received GMS	5 457 925	–	–	–
	5 457 925	21 887 509 380	350 642 945	1 990 775 146

The loans with G Properties Two (Pty) Ltd are unsecured. Interest of between 8.86% and 9.12% is charged on the fixed rate loans (R365 679 000) and interest of between Jibar+2.97% and Jibar+2.99% on the variable rate loans (R121 893 000). These loans are repayable on 10 August 2025.

The loan payable to Growthpoint Properties International (Pty) Ltd is unsecured. Interest is charged at prime rate and has no fixed repayment date.

The loan receivable from Growthpoint Properties International (Pty) Ltd is unsecured. Interest is received at 5.9% and is repayable on 2 May 2023.

All other loans are unsecured, interest free and have no fixed terms of repayment. The directors believe that the carrying amount fairly reflects the fair value.

The loan receivable from Growthpoint Healthcare Property Holdings (RF) Limited is unsecured. Interest is received at a variable rate of 9.29% (FY21: 8.64%) based on the actual annualised dividend yield of GHPH.

2021			
Income	Receivables	Expenses	Payables
–	4 089 189 886	–	–
–	430 253 723	–	–
–	2 712 901 197	–	–
–	984 352 871	–	–
–	886 972 626	–	–
–	–	–	750
–	4 728	–	–
–	–	–	80 633 116
–	–	–	9 201 543
–	–	–	8 678 376
–	1 225 334 961	–	–
–	1 849 416 606	–	–
–	1 503 828 392	–	–
–	2 234 153 127	–	–
–	–	–	440 618 719
–	–	–	128 966 227
–	1 179 078	–	–
–	–	–	108 779 029
–	–	–	–
–	103 680	–	–
–	5 000 000 000	–	–
–	–	–	–
–	–	–	11 284 291
–	–	–	–
–	–	–	13 581 386
–	5 768 225	–	–
–	4 568 545	–	–
–	–	–	119 673 063
–	–	–	21 251 899
			–
–	2 450 464 231	–	–
–	–	63 932 771	–
–	–	96 696 745	–
–	–	130 759 713	–
–	–	33 586 829	–
5 125 160	–	–	–
5 125 160	23 378 491 876	324 976 058	942 668 399

18. Related-party transactions continued

18.2 Key management personnel

The key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Growthpoint Properties Limited (directly or indirectly) and comprise the Board of Directors and the heads of the major business units and functions.

Figures in Rand	2022	2021
Key management personnel compensation		
Short-term employee benefits	**41 694 572**	32 683 657
Share-based payments	**22 402 001**	26 962 860
	64 096 573	59 646 517

18.3 Directors' remuneration

Figures in Rand	Basic salary	Contribution to defined contribution plan	Annual bonus	Total	Accounting IFRS charge in respect of staff incentive scheme awards	Total IFRS remuneration
2022						
Executive Directors						
LN Sasse	**6 653 503**	**1 017 287**	**9 215 754**	**16 886 544**	**9 224 334**	**26 110 878**
EK de Klerk	**5 317 436**	**641 045**	**7 171 810**	**13 130 291**	**7 308 179**	**20 438 470**
G Völkel	**3 356 957**	**964 297**	**3 922 696**	**8 243 950**	**4 106 959**	**12 350 909**
NO Chauke	**2 167 146**	**232 496**	**1 034 145**	**3 433 787**	**1 762 529**	**5 196 316**
	17 495 042	**2 855 125**	**21 344 405**	**41 694 572**	**22 402 001**	**64 096 573**
2021						
Executive Directors						
LN Sasse	6 370 285	958 691	5 696 000	13 024 976	11 225 636	24 250 612
EK de Klerk	5 080 704	612 262	4 424 000	10 116 966	8 961 167	19 078 133
G Völkel	3 166 191	946 796	2 406 000	6 518 987	4 790 967	11 309 954
NO Chauke	2 076 172	216 556	730 000	3 022 728	1 985 090	5 007 818
	16 693 352	2 734 305	13 256 000	32 683 657	26 962 860	59 646 517

The table above reflects the total cost to company remuneration of the Executive Directors which was paid by Growthpoint Management Services. The IFRS accounting charge reflects the cost that has been expensed by the company in profit or loss in the relevant year in relation to long-term incentive awards that have been granted to Executive Directors.

The IFRS charge is a calculation based on the fair value of the awards made to employees, measured at the grant date, compared to the amount calculated in the prior year, arriving at the expense accounted for in profit or loss. It should be noted that the amount estimated here will differ from the actual expense in the current and future years, which is based on the number of shares that vested, calculated at the price which they were exercised. Attrition is taken into account and the calculation is based on the principal assumptions as set out in the employee benefits note.

Service contracts are in place between Growthpoint Management Services (Pty) Ltd and LN Sasse, EK de Klerk, G Völkel and NO Chauke, all of which provide for a six-month reciprocal notice period.

Following a review of the definition of a "prescribed officer" in terms of the Companies Act, in the context of decision-making processes within the Group, executive management and the Board have concluded that no member of the Executive Committee can be regarded as a "prescribed officer".

Detailed disclosure around the share-based payments can be found in the Growthpoint Group annual financial statements in note 19.

18. Related-party transactions continued

18.3 Directors' remuneration continued

	GOZ			
	2022 AUD	**2022 ZAR**	2021 AUD	2021 ZAR
Fees paid for services as directors				
LN Sasse	**135 288**	**1 492 954**	128 400	1 474 738
EK de Klerk	**122 600**	**1 352 937**	122 600	1 408 122
JF Marais	**50 541**	**557 739**	121 300	1 393 191
	308 429	**3 403 630**	372 300	4 276 052

LN Sasse and EK de Klerk are directors of Growthpoint Properties Limited, the ultimate controlling entity of GOZ.
Francois Marais, the previous Chairman and Non-executive Director of Growthpoint Properties Limited, retired at the AGM on 16 November 2021 after 18 years of service and therefore the fees paid to him are disclosed up until that date.

	Directors' fees	
Figures in Rand	**2022**	2021
Non-executive Directors		
FM Berkeley	**1 670 500**	1 627 700
MG Diliza	**–**	497 700
R Gasant*	**2 768 550**	1 359 700
M Hamman	**869 550**	–
JC Hayward*	**697 600**	1 148 900
KP Lebina	**937 100**	777 600
JF Marais*	**2 014 946**	3 746 000
SP Mngconkola	**941 900**	1 005 800
R Moonsamy	**–**	498 400
NBP Nkabinde	**892 100**	890 800
CD Raphiri	**317 800**	–
AH Sangqu	**1 258 000**	771 500
JA van Wyk	**1 389 700**	1 472 300
FJ Visser*	**–**	757 500
EA Wilton	**616 800**	–
	14 374 546	14 553 900

* *R Gasant, JC Hayward, JF Marais and FJ Visser received additional fees of R324 800 (FY21: Rnil), R64 200 (FY21: Rnil), R624 821 (FY21: R372 000) and Rnil (FY21: R123 600) respectively for their participation in Growthpoint roadshows which are included in the above table.*

18. Related-party transactions continued

18.4 Directors' interests in ordinary shares

	2022 Number of shares			2021* Number of shares		
	Direct beneficial	**Indirect beneficial**	**Total**	Direct beneficial	Indirect beneficial	Total
Executive Directors						
LN Sasse	**2 880 644**	**–**	**2 880 644**	2 627 413	–	2 627 413
EK de Klerk	**–**	**3 344 187#**	**3 344 187**	–	2 975 389#	2 975 389
G Völkel	**271 232**	**–**	**271 232**	124 297	–	124 297
NO Chauke	**–**	**–**	**–**	–	–	–
Non-executive Directors						
M Hamman	**–**	**5 500**	**5 500**	–	–	–
JC Hayward@	**–**	**–**	**–**	105 845	–	105 845
JF Marais@	**–**	**–**	**–**	–	185 103#	185 103
NBP Nkabinde	**–**	**4 000^**	**4 000**	–	4 000^	4 000
JA van Wyk	**70 000**	**–**	**70 000**	70 000	–	70 000

 # Associate: Family trust.
@ JC Hayward and JF Marais resigned as Non-Executive Directors during the year.
^ Associate: Spouse.
** The prior year figures for Executive Directors have been represented to exclude zero strike price share scheme options not yet vested.*

There have been no other changes to the directors' interest between 1 July 2022 and the date on which these separate annual financial statements were approved.

18.5 Unvested options for executive directors

	Number of unvested options			
	Total	**30 June 2023**	**30 June 2024**	**30 June 2025**
2020 options				
LN Sasse	**121 249**	**121 249**	**–**	**–**
EK de Klerk	**93 123**	**93 123**	**–**	**–**
G Völkel	**42 213**	**42 213**	**–**	**–**
NO Chauke	**12 356**	**12 356**	**–**	**–**
2021 options				
LN Sasse	**337 172**	**168 583**	**168 589**	**–**
EK de Klerk	**259 551**	**129 773**	**129 778**	**–**
G Völkel	**125 216**	**62 607**	**62 609**	**–**
NO Chauke	**38 589**	**19 293**	**19 296**	**–**
2022 options				
LN Sasse	**305 587**	**101 861**	**101 861**	**101 865**
EK de Klerk	**237 354**	**79 117**	**79 117**	**79 120**
G Völkel	**129 085**	**43 027**	**43 027**	**43 031**
NO Chauke	**39 157**	**13 052**	**13 052**	**13 053**

18. Related-party transactions continued

18.6 Key staff retention scheme notional awards

	Opening balance	New awards granted	Vested options	Closing balance	Strike price
Key staff retention scheme award 2014					
LN Sasse	400 000	–	(400 000)	–	11.43
EK de Klerk	240 000	–	(240 000)	–	11.43
Key staff retention scheme award 2016					
EK de Klerk	360 000	–	(240 000)	120 000	13.56
Key staff retention scheme award 2017					
G Völkel	490 000	–	(210 000)	280 000	12.72
Key staff retention scheme award 2020					
NO Chauke	305 600	–	(30 560)	275 040	11.21

Unvested options for Executive Directors – Retention scheme

	Total	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028
Key staff retention scheme award 2016							
EK de Klerk	120 000	60 000	60 000	–	–	–	–
Key staff retention scheme award 2017							
G Völkel	280 000	140 000	70 000	70 000	–	–	–
Key staff retention scheme award 2020							
NO Chauke	275 040	30 560	61 120	61 120	61 120	30 560	30 560

18.7 LTI scheme

	Opening balance 2021	Additional awards	Options vested	Closing balance 2022	Actual shares vested	Vesting % based on LTI scorecard	Strike price
LTI share scheme notional awards							
LN Sasse	857 570	526 734	(209 296)	1 175 008	78 737	37.62	13.83
EK de Klerk	665 318	409 123	(161 793)	912 648	60 867	37.62	13.77
G Völkel	332 366	222 502	(72 861)	482 007	27 410	37.62	13.96
NO Chauke	93 819	65 872	(22 881)	136 810	8 608	37.62	13.84

	Total	30 June 2023	30 June 2024	30 June 2025
Number of unvested options				
LN Sasse	1 175 008	236 965	411 309	526 734
EK de Klerk	912 648	184 055	319 470	409 123
G Völkel	482 007	86 422	173 083	222 502
NO Chauke	136 810	25 930	45 008	65 872

18. Related-party transactions continued

18.8 Other related-party transactions

The Group uses various legal services provided by Glyn Marais Inc. Glyn Marais Inc. is a tenant in one of the Growthpoint buildings, and pays rent accordingly. The founding partner, JF Marais, who is no longer responsible for directing the firm, was the Chairman and Non-executive Director of Growthpoint Properties Limited. Francois Marais retired at the AGM on 16 November 2021 after 18 years of service and therefore the legal fees paid and rent received from Glyn Marais Inc. is disclosed up until that date.

Figures in Rand million	**2022**	2021
Glyn Marais legal fees paid	**3 472 236**	14 000 000
Glyn Marais rent received	**(1 362 755)**	(2 000 000)

19. Classification of financial assets and liabilities

19.1 Assets

Figures in Rand	**Designated at fair value through profit or loss***	**Fair value through profit or loss**	**Financial assets at amortised cost**	**Outside scope of IFRS 9**	**Total**
2022					
Cash and cash equivalents	**–**	**–**	**1 293 848 284**	**–**	**1 293 848 284**
Trade and other receivables	**–**	**–**	**852 095 933**	**43 928 817**	**896 024 750**
Derivative assets	**–**	**719 044 634**	**–**	**–**	**719 044 634**
Long-term loans granted	**3 305 613 399**	**–**	**–**	**–**	**3 305 613 399**
Investment in subsidiaries	**41 236 480 772**	**–**	**–**	**–**	**41 236 480 772**
Investments in joint ventures	**–**	**6 554 593 762**	**–**	**–**	**6 554 593 762**
Unlisted investments	**–**	**920 154 630**	**–**	**–**	**920 154 630**
Intercompany assets	**–**	**–**	**14 897 143 907**	**–**	**14 897 143 907**
2021					
Cash and cash equivalents	–	–	675 206 410	–	675 206 410
Trade and other receivables	–	–	784 091 744	72 996 896	857 088 640
Derivative assets	–	374 482 671	–	–	374 482 671
Long-term loans granted	2 519 219 000	–	–	–	2 519 219 000
Investment in subsidiaries	44 005 338 945	–	–	–	44 005 338 945
Investments in joint ventures	–	7 112 134 187	–	–	7 112 134 187
Unlisted investments	–	794 367 718	–	–	794 367 718
Intercompany assets	–	–	17 743 417 458	–	17 743 417 458

* *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.*

19. Classification of financial assets and liabilities continued

19.2 Liabilities

Figures in Rand	Designated at fair value through profit or loss*	Fair value through profit or loss	Financial liabilities at amortised cost	Outside scope of IFRS 9	Total
2022					
Trade and other payables	–	–	**1 480 336 624**	**22 667 275**	**1 503 003 899**
Derivative liabilities	–	**814 762 080**	–	–	**814 762 080**
Interest-bearing borrowings	**30 916 412 775**	–	–	–	**30 916 412 775**
Lease liability	–	–	**23 259 380**	–	**23 259 380**
2021					
Trade and other payables	–	–	1 058 006 333	3 963 389	1 061 969 722
Derivative liabilities	–	1 573 140 113	–	–	1 573 140 113
Interest-bearing borrowings	31 417 028 817	–	–	–	31 417 028 817
Lease liability	–	–	26 155 682	–	26 155 682

* *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.*

20. Fair value estimation

20.1 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:

	2022			2021		
Figures in Rand	**Fair value**	**Level 2**	**Level 3**	Fair value	Level 2	Level 3
Assets						
Recurring fair value measurement						
Derivative assets	**719 044 634**	**719 044 634**	**–**	374 482 671	374 482 671	–
Fair value of property assets	**31 707 258 294**	**–**	**31 707 258 294**	32 411 801 159	–	32 411 801 159
Long-term loans granted	**3 305 613 399**	**–**	**3 305 613 399**	2 519 219 000	–	2 519 219 000
Investment in subsidiaries	**41 236 480 772**	**–**	**41 236 480 772**	44 005 338 945	–	44 005 338 945
Investment in joint ventures	**6 554 593 762**	**–**	**6 554 593 762**	7 112 134 187	–	7 112 134 187
Unlisted investments	**920 154 630**	**–**	**920 154 630**	794 367 718	–	794 367 718
Non-recurring fair value measurement						–
Non-current assets held for sale	**–**	**–**	**–**	93 500 000	–	93 500 000
Total assets measured at fair value	**84 443 145 491**	**719 044 634**	**83 724 100 857**	87 310 843 680	374 482 671	86 936 361 009
Liabilities						
Recurring fair value measurement						
Interest-bearing borrowings	**30 916 412 775**	**30 916 412 775**	**–**	31 417 028 817	31 417 028 817	–
Derivative liabilities	**814 762 080**	**814 762 080**	**–**	1 573 140 113	1 573 140 113	–
Total liabilities measured at fair value	**31 731 174 855**	**31 731 174 855**	**–**	32 990 168 930	32 990 168 930	–

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

20. Fair value estimation continued

20.2 Movement in level 3 instruments

Figures in Rand	Property assets	Long-term loans granted	Investments in subsidiaries	Investments in joint ventures	Unlisted investments
2022					
Opening balance	**32 411 801 159**	**2 519 219 000**	**44 005 338 945**	**7 112 134 187**	**794 367 718**
(Losses)/gains from fair value adjustments	**(565 830 383)**	**589 107 952**	**(3 513 784 443)**	**(557 540 425)**	**85 997 652**
Interest capitalised	**1 453 996**	**238 207 458**	**–**	**–**	**–**
Acquisitions	**420 250 326**	**–**	**744 926 270**	**–**	**14 889 260**
Disposals	**(542 001 779)**	**–**	**–**	**–**	**(17 100 000)**
Advances	**–**	**2 138 408**	**–**	**–**	**–**
Settlements/transfers	**(18 415 025)**	**(43 059 419)**	**–**	**–**	**42 000 000**
Closing balance	**31 707 258 294**	**3 305 613 399**	**41 236 480 772**	**6 554 593 762**	**920 154 630**
2021					
Opening balance	33 407 442 055	2 337 740 302	43 536 993 359	7 899 538 500	903 737 175
(Losses)/gains from fair value adjustments	(2 873 203 399)	(11 301 182)	(1 136 732 072)	(787 404 313)	(122 192 912)
Held for sale	(93 500 000)	–	–	–	–
Interest capitalised	2 607 979	183 911 560	–	–	–
Acquisitions	2 029 465 277	–	1 605 077 658	–	12 823 455
Disposals	(61 010 754)	–	–	–	–
Advancements	–	11 299 561	–	–	–
Settlements	–	(2 431 241)	–	–	–
Closing balance	32 411 801 158	2 519 219 000*	44 005 338 945	7 112 134 187	794 367 718

* *Amount has been restated.*

20.3 Valuation process

A number of the company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The company 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 company 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 transfers between levels during the year.

20. Fair value estimation continued

20.4 Valuation techniques and significant unobservable inputs

20.4.1 Level 2 instruments

Interest-bearing borrowings

Description	Valuation technique and inputs used	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 2.0% 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 and inputs used	Significant unobservable inputs
Forward exchange contracts	Valued by discounting the forward rates applied at year end 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 South African swap curve 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

20. Fair value estimation continued

20.4 Valuation techniques and significant unobservable inputs continued

20.4.2 Level 3 instruments

Investment property

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

			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 sector	Discounted cash flow model	**14 257**	**12.91**	**8.32**	**8.03**	**4.33**
		7 339	12.50 – 12.75	7.75 – 8.75	7.50 – 8.75	3.99 – 5.00
		4 450	13.00 – 13.25	8.00 – 9.25	7.75 – 8.75	3.50 – 4.70
		2 468	13.50 – 14.00	8.50 – 10.00	8.00 – 9.75	3.49 – 5.00
Office sector		**11 721**	**13.21**	**9.14**	**8.70**	**3.89**
		1 305	11.00 – 12.25	8.50 – 9.00	8.00 – 9.00	2.50 – 2.50
		3 972	12.50 – 13.00	8.25 – 9.25	8.00 – 9.00	3.50 – 5.00
		2 612	13.25 – 13.75	8.25 – 9.75	8.25 – 9.50	2.50 – 4.70
		3 832	14.00 – 14.50	9.25 – 10.50	9.00 – 10.00	2.99 – 4.70
Industrial sector		**4 191**	**13.57**	**9.73**	**9.31**	**4.17**
		1 522	12.75 – 13.25	9.00 – 10.50	8.75 – 9.75	3.55 – 4.50
		1 162	13.50 – 13.75	9.00 – 10.75	8.50 – 10.25	4.00 – 5.00
		1 507	14.00 – 14.50	9.50 – 10.75	9.25 – 10.25	3.55 – 5.00
Total		**30 169**				

Description	**Valuation technique**	**Fair value Rm**	**Value/m²**
Retail	Market comparable approach	**154**	**3 005**
		154	1 117 – 6 807
Office		**567**	**2 525**
		549	1 532 – 6 734
		18	13 453 – 13 453
Industrial		**568**	**1 221**
		512	521 – 3 435
		56	9 875 – 9 875
Total		**1 289**	

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).

20. Fair value estimation continued

20.4 Valuation techniques and significant unobservable inputs continued

20.4.2 Level 3 instruments continued

Long-term loans granted and intercompany loans

Description	Valuation technique	Significant unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
V&A Waterfront	Valued by discounting future cash flows using the South African swap curve plus an appropriate credit margin at the dates when the cash flows will take place.	Counterparty credit risk impacting the interest rate	Discount rate at prime to prime + 2.0%	A change in the discount rate by 50bps would increase/(decrease) the fair value by R68.7m/(R70.1m).

Unlisted investment

Description	Valuation technique	Significant unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Lango	Valued by calculating the company's percentage of investment in the fund by the net asset value.	Discount rate (%)	13.25% – 16.75% (14.16% average)	A change in the discount rate by 50bps would increase/(decrease) the fair value by R160.9m/(R155.5m).
		Exit capitalisation rate (%)	8.25% – 12.0% (8.86% average)	A change in the discount rate by 50bps would increase/(decrease) the fair value by R148.4m/(R137.8m).

20. Fair value estimation continued

20.4 Valuation techniques and significant unobservable inputs continued

20.4.2 Level 3 instruments continued

Investments in subsidiaries and joint ventures

Description	Valuation technique	Fair value Rm	Significant unobservable inputs and range of estimates used: Discount rate %	Exit capitalisation rate %	Capitalisation rate %	Rental growth rate %
Retail sector	Discounted cash flow model	**9 833**	**12.84**	**8.46**	**8.19**	**4.53**
		4 558	12.25 – 12.50	7.50 – 8.25	7.50 – 8.00	3.99 – 5.00
		2 063	13.00 – 13.00	8.25 – 9.00	8.00 – 9.00	3.99 – 5.00
		2 540	13.25 – 13.50	8.75 – 9.25	8.50 – 9.00	4.50 – 4.70
		672	13.75 – 14.00	9.50 – 10.00	9.00 – 9.75	4.00 – 4.70
Office sector		**12 769**	**13.11**	**9.25**	**8.81**	**3.70**
		1 908	11.75 – 12.00	8.50 – 9.25	8.25 – 9.25	2.50 – 3.50
		2 637	12.50 – 12.75	8.50 – 9.75	8.00 – 9.25	2.79 – 5.00
		4 545	13.00 – 13.50	8.50 – 11.00	8.00 – 10.50	2.50 – 5.00
		3 679	13.75 – 14.50	9.00 – 10.50	8.50 – 9.75	2.99 – 5.00
Industrial sector		**6 786**	**13.62**	**9.90**	**9.48**	**4.06**
		627	11.50 – 12.50	9.00 – 10.00	9.00 – 10.00	3.55 – 3.55
		3 343	13.00 – 13.75	8.75 – 10.50	8.50 – 10.25	3.55 – 5.00
		2 578	14.00 – 14.75	9.50 – 11.25	9.00 – 10.75	3.49 – 5.00
		238	15.00 – 16.00	10.75 – 13.00	10.00 – 12.00	3.50 – 4.70
GHPH sector		**3 385**	**14.38**	**9.38**	**9.42**	**5.00**
		2 664	13.50 – 14.50	8.50 – 9.50	8.50 – 9.50	5.00 – 5.00
		721	15.25 – 15.50	10.25 – 10.50	10.25 – 10.75	5.00 – 5.00
GSAH sector		**2 032**	**15.39**	**10.19**	**9.94**	**5.11**
		2 032	15.00 – 15.50	10.00 – 10.25	9.75 – 10.00	5.00 – 5.50
Total		**34 805**				

	Valuation technique	Fair value Rm	Value/m²
Retail	Market comparable approach	**206**	**14 572.67**
		206	14 572.67 – 14 572.67
Office		**631**	**18 555.26**
		75	9 279.76 – 9 279.76
		141	11 438.87 – 15 656.39
		415	25 954.63 – 25 954.63
Industrial		**526**	**3 499.22**
		311	540.72 – 7 175.56
		215	6 540.22 – 12 807.84
GSAH		**201**	**10 628.28**
		201	10 360.36 – 10 928.90
		1 564	**7 192.76**

21. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Risk Management Committee is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Risk Management Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to both the Audit Committee and the Risk Management Committee.

The financial instruments of the Group consist mainly of cash and cash equivalents, including deposits with banks, long-term borrowings, derivative instruments, trade and other receivables, trade and other payables and long-term loans granted. The Group purchases or issues financial instruments in order to finance operations and to manage the interest rate risks that arise from these operations and the source of funding.

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (interest rate risk, foreign currency risk and market price risk).

21.1 Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the asset identified below. Credit risk is managed on a Group basis.

The carrying amounts of financial assets represent the maximum credit exposure:

Figures in Rand	**2022**	2021
Intercompany assets	**14 897 143 907**	17 743 417 458
Long-term loans granted	**3 305 613 399**	2 519 219 000
Derivative assets	**719 044 634**	374 482 671
Cash and cash equivalents	**1 293 848 284**	675 206 410
Rental debtors (after loss allowances)	**9 382 765**	27 603 986
Loan to joint venture – V&A Waterfront	**5 000 000 000**	5 000 000 000
Sundry debtors*	**520 039 440**	391 947 715
V&A Waterfront*	**322 673 728**	186 216 261
	26 067 746 157	26 918 093 501

* *Re-presented for comparability.*

21. Financial risk management continued

21.1 Credit risk continued

Intercompany assets

The company is a holding company and has loans with its subsidiaries. In the event where there is a material credit risk exposure the company will provide a subordination agreement for the subsidiary. Going concern risk at a Group level is limited.

Long-term loans granted

The loans provided to the V&A Waterfront and Lango Manco are unsecured.

Derivative assets

Exposure to credit risk is limited by entering into derivative financial instruments with counterparties that have a high percentage tier-one capital and strong credit ratings assigned by international credit rating agencies.

Cash and cash equivalents

Exposure to credit risk is limited by investing in liquid currencies with counterparties that have a high percentage tier-one capital and strong credit ratings assigned by international credit rating agencies. Cash and cash equivalents include R9.1m (FY21: R8.9m) cash held on call account as security for municipal guarantees whose amounts are not available for use by the company.

The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement.

Rental debtors

Rental income in respect of deferments has been recognised as per the lease agreement resulting in a debtor. Rental discounts provided to tenants, including rental discounts that are highly likely to occur, were not recognised.

The company's exposure to credit risk is mainly in respect of tenants and is influenced by the individual characteristics of each tenant. The company's widespread tenant base reduces credit risk. The company's trade debtors are mainly listed and multinational companies which reduces the credit risk. The company is not materially exposed to credit risk.

Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before the company's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, the Group's credit review includes external ratings.

The UNdeposit campaign is a campaign whereby tenants pay a non-refundable fee at the inception of a lease period instead of the normal tenant deposit. Tenants are analysed individually for creditworthiness to determine if they are eligible for the UNdeposit facility fee and this also determines the exact extent of the non-refundable fee payable by them.

21. Financial risk management continued

21.1 Credit risk continued

Rental debtors continued

The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement.

An ECL rate is calculated for each category of rental debtors, as indicated in the table below, which is based on delinquency status and actual credit losses experienced in the past. The Group uses an allowance matrix to measure the ECLs of rental debtors from individual customers, which comprises a large number of small balances. Current debtors are classified into two buckets, current debtors under 90 days past due and current debtors that have a significant increase in risk of default (more than 90 days past due). Current debtors in South Africa over 90 days are typically written off. The weighted average loss rate percentage for rental debtors classified as level 1, increased from 62.1% in FY21 to 66.5% in FY22, due to an increase in the loss allowance directly attributable to rental debtors less than 90 days past due.

A summary of the company's exposure to credit risk and ECLs for rental debtors for FY22 is as follows:

Figures in Rand	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
2022				
Rental debtors:				
Current – 90 days past due	**66.5**	**28 039 631**	**(18 656 866)**	**No**
More than 90 days past due	**100.0**	**39 535 660**	**(39 535 660)**	**Yes**
Total gross carrying amount	**86.1**	**67 575 291**	**(58 192 526)**	
2021				
Rental debtors:				
Current – 90 days past due	62.1	72 749 503	(45 145 517)	No
More than 90 days past due	100.0	40 888 497	(40 888 497)	Yes
Total gross carrying amount	75.7	113 638 000	(86 034 014)	

Sundry debtors

Sundry debtors include electricity, municipal and water deposits and corporate accounts receivable from third parties.

Electricity, municipal and water deposits

- These deposits are held with reputable counterparties.

Corporate accounts receivable from third parties

- These accounts receivable relate to tenant incentives paid on behalf of reputable third parties with whom the company is in a joint operation. The company manages all income received on behalf of the third party buildings and credit risk is therefore considered low.

Loan to joint venture – V&A Waterfront

The company provided an unsecured loan to the V&A Waterfront. This loan has been disclosed under trade and other receivables.

21. Financial risk management continued

21.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The tables below set out the maturity analysis of the company's financial liabilities and guarantees based on the undiscounted contractual cash flows.

	2022					
Figures in Rand	Carrying amount	Within 1 year	1 – 2 years	2 – 5 years	>5 years	Total
Interest-bearing borrowings	**30 767 634 297**	**3 789 658 542**	**8 723 610 197**	**21 770 322 884**	**6 816 674 422**	**41 100 266 045**
Derivative liabilities	**814 762 080**	**229 015 784**	**165 139 156**	**10 282 119**	**–**	**404 437 059**
GPI guarantee	**–**	**7 360 583 871**	**–**	**–**	**–**	**7 360 583 871**
G Properties Two guarantee	**–**	**1 136 694 463**	**–**	**–**	**–**	**1 136 694 463**
Trade and other payables	**1 480 336 624**	**1 480 336 624**	**–**	**–**	**–**	**1 480 336 624**
Lease liability	**23 259 380**	**4 980 539**	**4 027 043**	**7 291 247**	**47 862 324**	**64 161 154**

	2021					
Figures in Rand	Carrying amount	Within 1 year	1 – 2 years	2 – 5 years	>5 years	Total
Interest-bearing borrowings	31 488 201 730	3 573 845 129	8 339 330 293	23 848 786 473	3 720 889 647	39 482 851 542
Derivative financial liabilities	1 573 140 113	369 220 777	292 800 345	129 852 658	(3 288 266)	788 585 515
GPI guarantee	–	6 815 997 346	–	–	–	6 815 997 346
Trade and other payables	1 058 006 333	1 058 006 333	–	–	–	1 058 006 333
Lease liability	26 155 682	5 341 449	5 451 801	11 149 335	48 698 948	70 641 533

Growthpoint Properties Limited has provided a guarantee in respect of obligations of GPI under a USD425m bond at an interest rate of 5.872%. The unsecured guaranteed notes of the bond are maturing in May 2023.

21. Financial risk management continued

21.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income, cash flows or the value of its holdings of investments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

The company is exposed to interest rate risk and adopts a policy of ensuring that at least 75% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into "pay fixed and receive variable" interest rate swaps. All such transactions are carried out within the guidelines set by the Risk Management Committee. As a consequence, the company is exposed to fair value interest rate risk in respect of the fair value of its fixed rate financial instruments, which will not have an impact on distributions. Short-term receivables and payables and investments are not directly exposed to interest rate risk.

The below table depicts the percentage and term of long-term interest-bearing borrowings that were fixed.

	2022		2021	
	% fixed	**Weighted average period (years)**	% fixed	Weighted average period (years)
South African operations	**77.3**	**2.9 years**	77.6	3.4 years

Sensitivity analysis

The following table demonstrates the sensitivity to an increase in interest rate, on interest expense, profit and equity, with all other variables held constant. A decrease of interest rate will have the opposite impact:

	2022 Increase/decrease			2021 Increase/decrease		
Figures in Rand	**Change in basis points**	**Interest expense**	**Profit and equity**	Change in basis points	Interest expense	Profit and equity
South African operations	**100**	**69 325 335**	**(69 325 335)**	100	70 000 000	(70 000 000)

The variable/fixed interest rate profile of interest-bearing financial instruments is as follows:

	Variable rate instruments		**Fixed rate instruments**	
Figures in Rand	**2022**	2021	**2022**	2021
Financial assets	**4 599 461 683**	3 194 425 410	**719 044 634**	374 482 671
Cash and cash equivalents	**1 293 848 284**	675 206 410	**–**	–
Long-term loans granted	**3 305 613 399**	2 519 219 000	**–**	–
Derivative assets	**–**	–	**719 044 634**	374 482 671
Financial liabilities	**30 130 888 087**	30 855 813 229	**1 284 762 080**	2 043 140 113
Derivative liabilities	**–**	–	**814 762 080**	1 573 140 113
Interest-bearing borrowings	**30 130 888 087**	30 855 813 229	**470 000 000**	470 000 000

21. Financial risk management continued

21.3 Market risk continued

The below table depicts the expiry dates of the fixed rate borrowings and the expiry of the interest rate swaps (at the nominal amounts) on them.

Figures in Rand	Expiry of fixed rate borrowings	Expiry of interest rate swaps
2023	–	2 900 000 000
2024	470 000 000	3 191 579 743
2025	–	5 266 000 000
2026	–	3 500 000 000
2027	–	2 100 000 000

(ii) Foreign currency risk

The company's exposure to foreign currency risk relates to the investments in GOZ, the company's Australian subsidiary, and Lango. The investment in GOZ is denominated in Australian Dollar (AUD) and Lango is denominated in Dollar (USD). Forward exchange contracts derivatives are acquired to limit the volatility in Rand earnings due to exposure to currency fluctuations.

Growthpoint held the following open forward exchange contracts at year end:

Amount sold	Average exchange rate	Maturity date	Purpose
AUD30m	R11.69/AUD1	September 2022	GOZ final FY22 distribution
AUD16m	R11.96/AUD1	March 2023	GOZ interim FY23 distribution
AUD8m	R12.19/AUD1	September 2023	GOZ final FY23 distribution
AUD4m	R12.06/AUD1	March 2024	GOZ interim FY24 distribution

Growthpoint has entered into cross-currency interest rate swaps where Growthpoint pays AUD fixed under the one leg and receives ZAR fixed or floating under the other leg. These swaps are effectively AUD loans with a ZAR deposit and partially fund the investment in GOZ. It means that Growthpoint's investment in GOZ in the balance is partially immunised against the AUD-ZAR currency risk movements. Furthermore there is a positive yield spread between the investment in GOZ and the implied interest cost on the AUD funding. The cross-currency interest rate swaps total AUD970.0m and mature between September 2022 and July 2026.

Growthpoint has entered into a cross-currency interest rate swap of USD14.0m (maturing between December 2023 and June 2024) for investment in Lango.

Sensitivity analysis

The impact of a change in the respective spot rates on the profit before tax and the percentage of distributions receivable hedged is as follows:

	2022			2021		
	Change in spot rate ZAR/AUD	Profit before tax increase/ decrease Rm	% of anticipated distribution that is hedged	Change in spot rate ZAR/AUD	Profit before tax increase/ decrease Rm	% of anticipated distribution that is hedged
Final annual distribution from GOZ	1	6 492 282	85.6	1	10 291 000	76.2
Annual distribution from GOZ	1	55 994 680	39.3	1	55 297 000	37.9

21. Financial risk management continued

21.4 Capital risk

In terms of its Memorandum of Incorporation, Growthpoint has unlimited borrowing capacity. Growthpoint is funded partly by owners' capital and partly by external borrowings. In terms of various covenants that Growthpoint is committed to in terms of its external borrowings, the maximum value of external borrowings as a percentage of the value of property assets is 55%. This percentage includes the investment in the V&A Waterfront, other equity-accounted investments and listed and unlisted investments. In practice, Growthpoint aims to keep gearing levels between 30% and 40% over the long term.

The company complied fully with the covenants in respect of all loan facilities during the year.

The Board's policy is to maintain a strong capital base, comprising its shareholders' interest, so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is the company's stated purpose to deliver long-term sustainable growth in dividends per share. The Board monitors the level of dividends to shareholders and ensures compliance with the Income Tax Act and the JSE Listings Requirements. There were no changes in the company's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

The table below provides a summary of the growth in dividends.

Dividend growth

	Interim dividend		Final dividend	
	2022 %	2021 %	**2022 %**	2021 %
Year-on-year growth	**5.1**	(44.8)	**11.5**	50.0

Security on property assets

Mortgage bonds have been registered over South African investment property, including investment property classified as held for sale, with a fair value of R42 123m (FY21: R38 814m) as security for long-term interest-bearing borrowings and facilities at a nominal value of R27 651m (FY21: R21 576m).

Refer to note 14 for details of the borrowings.

Security on long-term loans granted

V&A Waterfront	Lango Manco
This loan is unsecured	This loan is unsecured

Covenants*

In terms of covenants with certain banks, the nominal value of long-term interest-bearing borrowings may not exceed 55% of the value of investment property. This includes investment property reclassified as held for sale, joint ventures and unlisted investments.

Figures in Rand	**2022**	2021
Value of investment property	**31 707 258 294**	32 411 801 159
Property held for trading and development	**451 934 879**	1 005 238 200
Investment property classified as held for sale	**–**	93 500 000
Total investment property	**32 159 193 173**	33 510 539 359
Investment in subsidiaries	**56 133 624 679**	61 748 756 403
Investments in joint ventures	**6 554 593 762**	7 112 134 187
Unlisted investment	**920 154 630**	794 367 718
Total	**95 767 566 244**	103 165 797 667
55% (FY21: 55%) of total	**52 672 161 434**	56 741 188 717
Nominal value of long-term interest-bearing borrowings utilised at year end	**30 916 412 775**	31 417 028 817
Percentage of nominal value long-term interest-bearing borrowings to total investment property	**32.3%**	30.2%

* *This covenant calculation is based on a different methodology to the SA REIT BPR.*

22. Going concern

The directors have assessed the company's ability to continue as a going concern. As at 30 June 2022, the company had a substantial positive net asset value and a robust liquidity position with access to R10.3bn (FY21: R6.5bn) in 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-denominated Eurobond maturing in May 2023 for which the company has provided a guarantee.

Breach of covenants: The current Group SA REIT LTV of 37.9% (FY21: 40.0%) is well below the maximum loan-to-value covenants the Group is exposed to, of 55.0%. 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 increase in interest rates and inflation.

Maturity of USD-denominated Eurobond: The USD425.0m Eurobond which is guaranteed by the company is maturing in May 2023. In preparation for the maturity, the Group has secured EUR200.0m in standby facilities and EUR60.m revolving credit facilities should the Group not be in a position to refinance the bond before the maturity date. These standby facilities and revolving credit facility are excluded in the total facilities available disclosed.

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

23. Events after reporting period

Declaration of dividend after reporting period

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

DIRECTORS AND CORPORATE INFORMATION

Directors
R Gasant^ (Chairperson)
FM Berkeley^
NO Chauke (Human Resource Director)*
EK de Klerk (Chief Executive Officer South Africa)*
M Hamman^
KP Lebina^
SP Mngconkola
NBP Nkabinde^
CD Raphiri^
AH Sangqu^ (Lead Independent Director)
LN Sasse (Group Chief Executive Officer)*
JA van Wyk^#
G Völkel (Group Financial Director)*
EA Wilton^

^ *Independent*
* *Executive directors*
\# *British*

Registered office address
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PO Box 78949, Sandton, 2146

Auditor
Ernst & Young Inc.
Registered Auditor
102 Rivonia Road, Sandton, 2196

Transfer secretaries
JSE Investor Services (Pty) Limited
13th Floor, 19 Ameshoff Street
Braamfontein, Johannesburg, 2000
PO Box 4844 , Braamfontein, Johannesburg, 2000

Sponsor
Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196
PO Box 785700, Sandton, 2146

Company secretary
WJH de Koker
The Place, 1 Sandton Drive, Sandown, Sandton, 2196
PO Box 78949, Sandton, 2146

Management company
Growthpoint Management Services (Pty) Limited
The Place, 1 Sandton Drive, Sandton, 2196
PO Box 78949, Sandton, 2146

Public officer
G Völkel

Audit Committee
M Hamman (Chairperson)
FM Berkeley
KP Lebina
CD Raphiri
AH Sangqu

Standing attendees
The following parties attend or are represented at Audit Committee meetings:
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
C de Wet (Group Financial Manager)
Z Dziba (Head of Risk and Compliance)
N Moolman (Financial Manager)
SA Nizetich (Head of Internal Audit)
FJ Schindehütte (Chief Financial Officer South Africa)
C Shezi (Senior Assistant Company Secretary)
D Swarts (Group Financial Manager)
G Völkel (Group Financial Director)

Risk Management Committee
JA van Wyk (Chairperson)
R Gasant
KP Lebina
EA Wilton

Standing attendees
The following parties attend or are represented at Risk Management Committee meetings:
E Binedell (Chief Operating Officer South Africa)
D Bouma (Corporate Treasurer)
NO Chauke (Human Resource Director)
AL Davis (Chief Information Officer)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
Z Dziba (Head Risk and Compliance)
N Moolman (Financial Manager)
SA Nizetich (Head of Internal Audit)
LN Sasse (Group Chief Executive Officer)
FJ Schindehütte (Chief Financial Officer South Africa)
C Shezi (Senior Assistant Company Secretary)
D Swarts (Group Financial Manager)
G Völkel (Group Financial Director)

By invitation
The external auditor, Ernst & Young Inc., attended or is represented at all regular meetings and *ad hoc* meetings as required of the Audit Committee, as well as the Risk Management Committee.

Property and Investment Committee

FM Berkeley (Chairperson)
M Hamman
SP Mngconkola
JA van Wyk

Standing attendees

E Binedell (Chief Operating Officer South Africa)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
P Kollenberg (Head of Asset Management: Office)
S Mills (Management Accountant)
LN Sasse (Group Chief Executive Officer)
FJ Schindehütte (Chief Financial Officer South Africa)
N Schloss (Head of Asset Management: Retail)
L Phetlho (Valuations Manager)
C Shezi (Senior Assistant Company Secretary)
E Taylor (Head of Asset Management: Industrial)
G Völkel (Group Financial Director)

Social, Ethics and Transformation Committee

AH Sangqu (Chairperson)
SP Mngconkola
NBP Nkabinde
CD Raphiri

Standing attendees

NO Chauke (Human Resource Director)
G Cruickshanks (Head of Sustainability and Utilities)
WJH de Koker (Company Secretary)
P Engelbrecht (National Development Head)
C Rennison (Head of Procurement)
C Shezi (Senior Assistant Company Secretary)
SD Theunissen (Head of CSR)
N van der Bijl (ESG Manager)
G Völkel (Group Financial Director)

Nomination and Governance Committee

R Gasant (Chairperson)
FM Berkeley
M Hamman
AH Sangqu
JA van Wyk
EA Wilton

Standing attendees

LN Sasse (Group Chief Executive Officer)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)

Human Resources and Remuneration Committee

EA Wilton (Chairperson)
FM Berkeley
R Gasant
NBP Nkabinde

Standing attendees

NO Chauke (Human Resource Director)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
L Turner (Head of Investor Relations)
LN Sasse (Group Chief Executive Officer)
C Shezi (Senior Assistant Company Secretary)
G Völkel (Group Financial Director)
PwC (independent adviser to the committee)

Group Executive Committee of Management (Group Exco)

LN Sasse (Group Chief Executive Officer) (Chairperson)
E Binedell (Chief Operating Officer South Africa)
D Bouma (Group Treasurer)
NO Chauke (Human Resource Director)
EK de Klerk (Chief Executive Officer South Africa)
WJH de Koker (Company Secretary)
X Hlatshwayo (Group Legal Counsel)
G Muchanya (Head of Corporate Finance)
L Turner (Head of Investor Relations)
G Völkel (Group Financial Director)

SA Executive Committee of Management (SA Exco)

EK de Klerk (Chief Executive Officer South Africa) (Chairperson)
E Binedell (Chief Operating Officer South Africa)
N Briers (Head of Marketing)
NO Chauke (Human Resource Director)
P Kollenberg (Head of Asset Management: Office)
FJ Schindehutte (Chief Financial Officer South Africa)
N Schloss (Head of Asset Management: Retail)
L Sigaba (Healthcare Fund Manager)
E Taylor (Head of Asset Management: Industrial)
SD Theunissen (Head of CSR)

Standing attendees

AL Davis (Chief Information Officer)
WJH de Koker (Company Secretary)
DS Stoll (Regional Head – Cape Town)
G Worst (Regional Head – Durban)

Standing invitees

All Group Exco members have a standing invitation to attend meetings of the SA Exco.

CONTACT DETAILS

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