Investor Showcase

Industrial Sector

KPI’s – 30 June 2022

Sterling Samrand, Midrand

		June 2022
Renewal Success Rate - up 27%	▲	79%
Weighted Average Renewal Growth (Gross rental) - up 42%	▲	-6%
Weighted Average Renewal Lease Period (Years) – up 5%	▲	3.2yrs
Weighted Average Future Escalation on Renewals – down 8%	▼	6.8%
Average in force escalations (%) – down 6%	▼	7.6%
Letting Success Rate – up 19%	▲	86%
New Letting Success Rate – up 30%	▲	71%
Renewal Success Rate - up 27%	▲	79%

- All KPI’s except for weighted average future escalation on renewals and average in force escalations have shown marked improvements from FY21
- Regionally the WC outperformed the other Regions with 5 out of 6 metrics
- Future escalations declined form a weighted average growth of 7.4% in FY21 to 6.8% for FY22 – Gauteng Region underperforming at 6.6%, WC at 6.9% & KZN outperforming at 7.2%

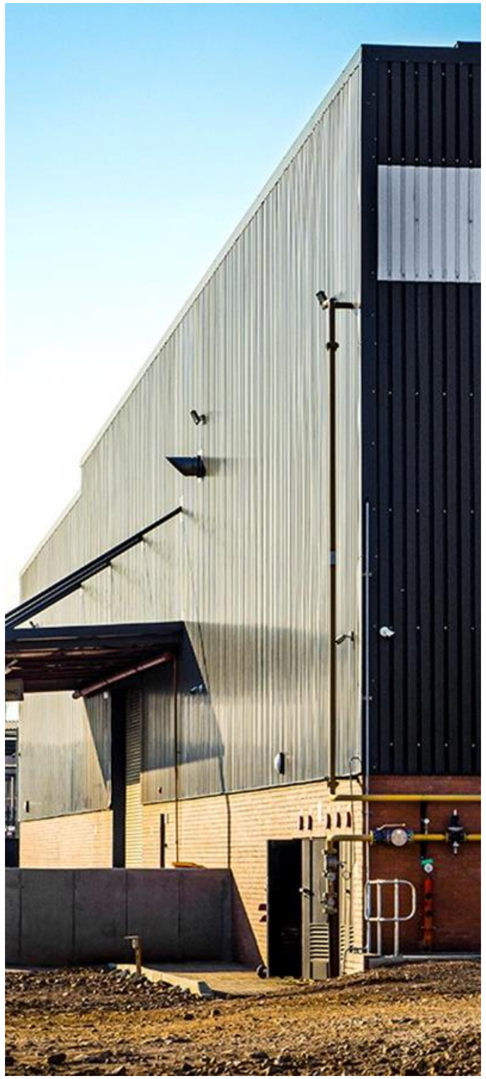
Salient features – 30 June 2022

Saligna, Boksburg

		FY22	FY21
Number of Properties	▼	187	208
GLA (m^2)	▼	2 093 262m^2	2 262 728m^2
Value (R billion)	▼	R12.092	R12.373
Value/m2 (excl. bulk) (R)	▲	R5 432	R5 165
Vacancy %	▼	5.7%	9.4%
Ave Gross Rental/m^2 pm (R)	▲	63	60
Ave annualised yield (%)	▲	10.2%	9.9%
Total Arrears (R million)	▼	R45.1	R59.0

- The Industrial sector makes up approximately 18% of the GRT-SA portfolio by value and contributes 20% of the net property income with almost 61% of the Industrial portfolio by value located in Gauteng, 21% in the Western Cape and 18% in KZN
- Of all three sectors the Industrial GLA makes up about 40% of the total GRT-SA GLA and 46% by number of properties providing space to 931 tenants

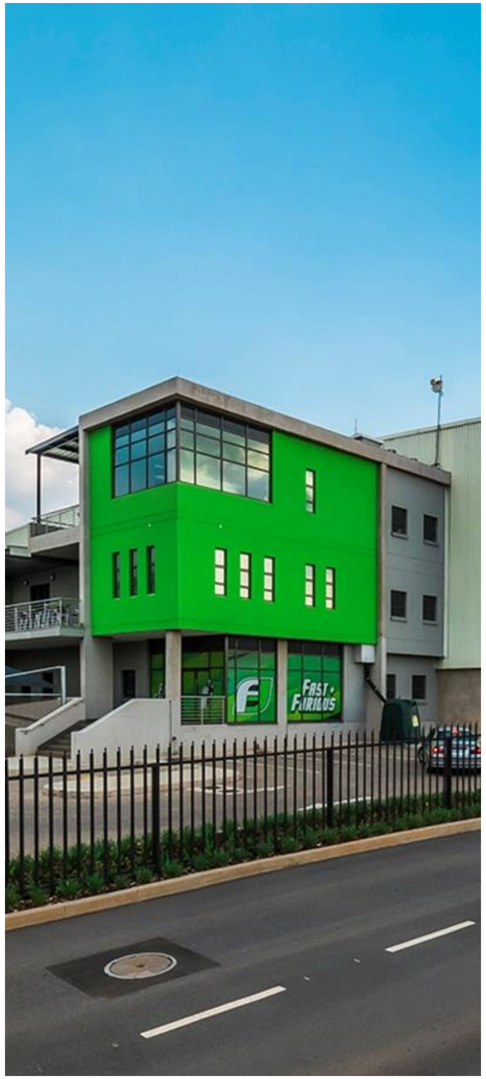
Overview



Wadestone, Wadeville

- Our focus over the past two years was to protect our income base which was and continues to be under severe threat as a direct consequence of the poor performance of the SA economy and associated lack of both business and consumer confidence
- Despite SA trading conditions improving since FY21, business continues to face severe headwinds with loadshedding becoming accumulatively more destructive
- Floods in Apr’22 wreaked havoc with the KZN economy affecting both communities and business’ alike
- We suffered damage to 12 properties which could have been more severe considering the extent of the flooding with the cost of repairs being covered by insurance
- Clients continue to remain weary of medium to long term leases which is reflected in our average lease period of 3.1 years
- Events type industries resumed trading as people feel more comfortable to socialise and mingle again
- Arrears remain at unprecedented levels despite having dropped 26%

Overview | continued



Growthpoint Industrial Estate, Meadowdale

- Direct COVID-19 rental discounts and deferments are no longer a factor
- Rental reversions albeit reducing by 42% still remain in negative territory
- Despite the above-mentioned challenges, we managed to achieve a net income growth of +3.7% with a decline in expense ratio of 2.8% to 23.8%
- Astute tenants continue to capitalise on the weak property and economic fundamentals when negotiating lease terms
- Rental growth remains under pressure - not just from reversions but also from increased administrative costs which outstrip market rental growth resulting in net-rentals absorbing the difference
- Utility cost increases and Eskom tariff hikes continue to exacerbate cashflow challenges as tenant occupation costs continue to increase at a time when the business sector is extremely fragile
- Logistics & distribution segment continue to perform well as household consumption increased compared to the COVID-19 lockdown period

Overview | continued

Heneways, Meadowdale

- Strong appetite for industrial acquisitions by non-institutional investors searching for discounted asset
- The number of business rescue / liquidation cases has reduced – but still persists
- Shoppers have returned to retail outlets however on-line purchasing continues to remain popular as it provides a convenient shopping alternative
- Die-hard defaulting tenants continue to be handed over with 87 319m^2 of GLA terminated for FY21
- WFH still remains a reality however the majority of business have returned to the office – albeit on a shortened work week with some staff still working from home two or three times per week

Valuations – 30 June 2022

Wadestone Industrial Park, Germiston

Like on like valuations increased by 1.8% (R208m) to R12.025 billion:

- Discount rates remained static at 13.6%
- Decrease in weighted average cap rate, from 9.9% to 9.4%
- Increase in weighted average exit cap rate, from 9.4% to 9.9%
- 0.34% increase in market rental growth rate from 3.8% to 4.1%
- Market expense growth rates increased from 6.0% to 6.1%

Valuations increased mainly due to improved cap rates and market rental growth rates and a decrease in vacancies with MSCI reporting a 0.9% decrease in the sector's national vacancy

Acquisitions & disposals

Greenfield Industrial Park, Cape Town

Acquisitions

- No Acquisitions for the period

Disposals - R696m

- The continued buoyant Industrial market conditions continues to facilitate the disposal of non-core assets to private buyers who see this as an opportunity to create investment portfolios
- GRT continues to list non-core industrial assets as potential disposals in keeping with our strategy to re-balance the Industrial fund by type, size and location
- Successfully disposed of 21 non-core assets circa R696m which were transferred during the financial period whilst simultaneously attending to a further 4 transactions of R38m in various stages of the disposal process
- Regional sales – JHB 11 No. at R414m (+4 No. in process at R38m), CPT 7 No. at R123m, DBN 3 No. at R158m

Developments & redevelopments

Saligna, Boksburg

We completed the 5 742m² development at our Centralpoint precinct in Samrand which was handed over in Nov'21

Letting of our prior year FY21 completed new developments improved as we were fully let by this reporting period at our recently completed new developments in:

- Midrand – Sterling Industrial Park 27 652m² comprising 8 free standing units
- Mt Edgecombe Durban – Trade Park Phase 1 at 20 287m² comprising 15 units
- Mill Road Industrial Park Phase 2 at 13 200m² comprising 4 units in Bellville South, Cape Town

Questions

Thank you