

# Investor Showcase

## Retail Sector

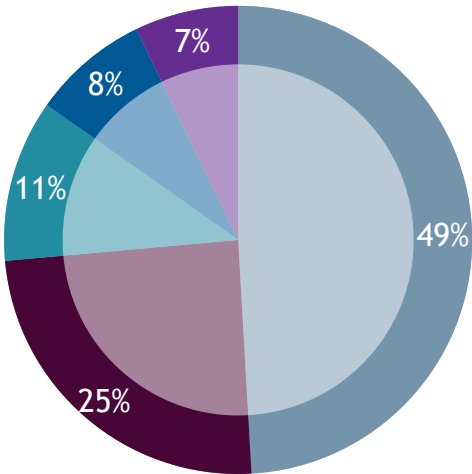


# Portfolio composition - 30 June 2022



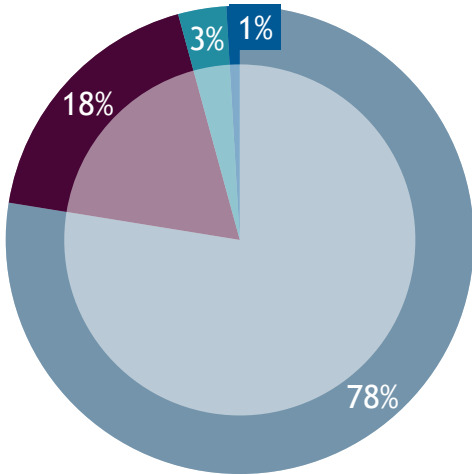
	June 2022
Number of properties	42
GLA (m <sup>2</sup> )	1 283 698
Vacancy (m <sup>2</sup> )	70 188
Valuation (R million)	24 573
Value per m <sup>2</sup> (R)	19 006

Geographic split by value



■ Gauteng ■ Western Cape ■ Eastern Cape  
■ KwaZulu-Natal ■ North-West

Segmental split by value



■ Regional Shopping Centre ■ Community Shopping Centre  
■ Speciality Centre ■ Neighbourhood Shopping Centre





## KPI's - 30 June 2022



	June 2022	June 2021	June 2020
Vacancy	5.5%	6.2%	5.1%
Renewal success rate	85.0%	84.6%	78.8%
Weighted average renewal growth (by gross rental)	-13.6%	-15.6%	-6.2%
Weighted average renewal lease period (years)	3.5	3.8	4.0
Weighted average future escalations on renewals	6.0%	6.3%	6.3%
Letting success rate	80.5%	78.6%	75.4%



# Retail revaluation - 30 June 2022





# Valuations



Like on like valuation increased marginally by 0.1% (+R28m) as a result of:

- Decrease in weighted average cap rate, from 8.15% to 8.09%
- Decrease in weighted average exit cap rate, from 8.46% to 8.38%
- A 30bps improvement in market growth rate from 4.11% to 4.41%
- Vacancies in the sector decreased by 0.7% to 5.5%
- Shorter vacancy gaps assumed on existing vacancies, with market lease assumptions left unchanged



# Retail trends



- Footcount recovering but still below pre-COVID-19 levels
- Turnovers have mostly recovered
- Cost of occupation has improved, driven by sales rebound and rebased rentals
- Community centres remain robust but regional centres continue to recover
- Performance of retailers selling essentials remains strong and consistent
- While the recovery in apparel was led by value fashion, we have seen a recovery across all fashion categories
- No growth in Home Electronics and Home & Décor
- Load shedding remains a threat to retailer performance



- Tenant retention remains a key focus
- Letting activity has increased although there are still some reversions as leases expire
  - Increased activity is driven by recent M&A activity of retailers, store optimization, right-sizing and introduction of new brands
  - Seeing increased number of retailers upgrading and investing in their stores
- Steady improvement in arrears in line with improved KPIs
- Omnichannel is the focus. Ecommerce extends the retail experience
- On demand remains strong as evidenced by growth of Checkers Sixty 60, Woolworths Dash, Pick n Pay Asap and performance of Uber Eats and Mr D
- Valuations have declined for 3 years but were flat in year to June 2022





# Sales, acquisitions & developments



## Sales & acquisitions

- No acquisitions during the period
- 4 disposals totaling R626.5m during the period:
  - Amrel Alberton
  - Helderberg
  - Meadowdale
  - 14th Ave Hyper
- Further 6 disposals totaling R1.2bn in the pipeline





# Sales, acquisitions & developments



## Developments & extensions

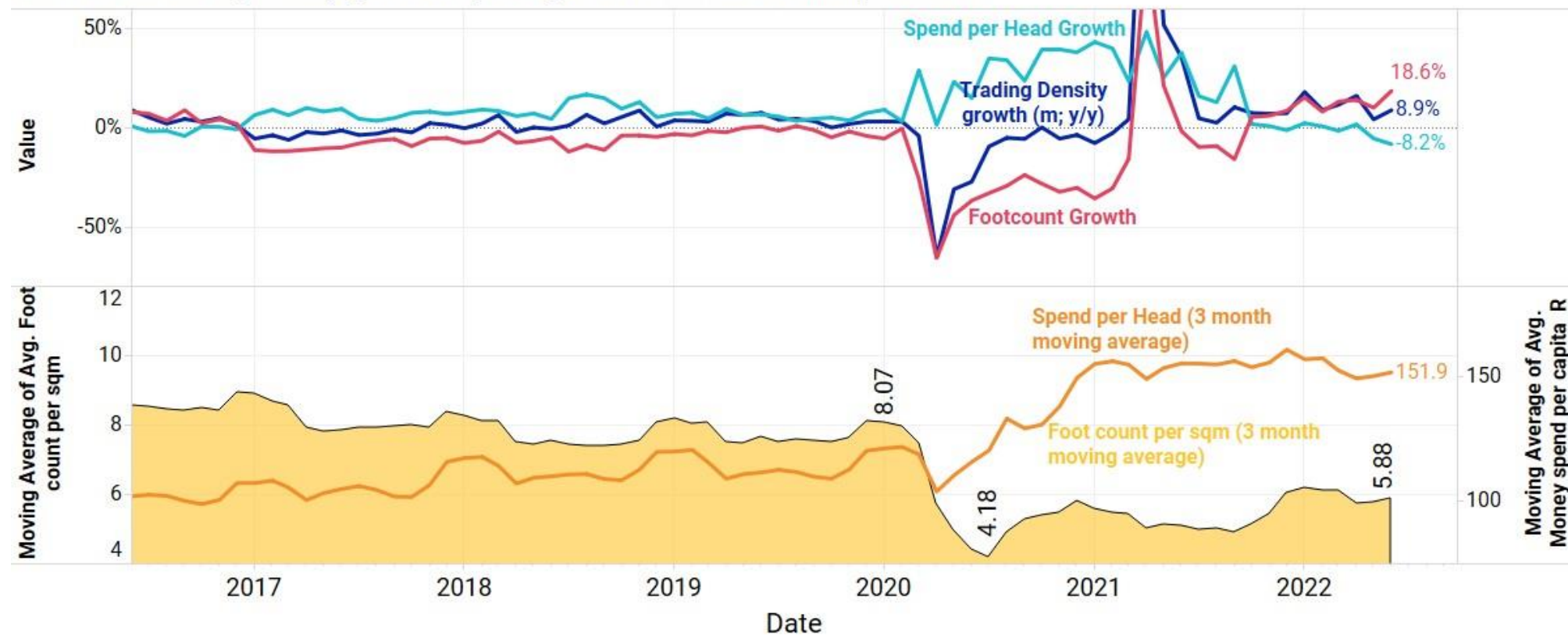
- Paarl Mall Extension
  - December 2022
  - Development cost - R89.8m
- Paarl Mall Battery and Solar
  - January 2023
  - Development cost R48m
- River Square Game Redevelopment
  - July 2023
  - Development cost R55.7m
- Vaal Mall Phase 1 - 2 MW Solar and Link Road - June 2023
- Vaal Mall Phase 2 - Intersection upgrade, filling station plus 1MW solar. ±Sept 2023
  - Total Development cost R106m (GPT 66,67% share)



# Footcount trends - MSCI

## Footcount stabilised but below pre-pandemic mark

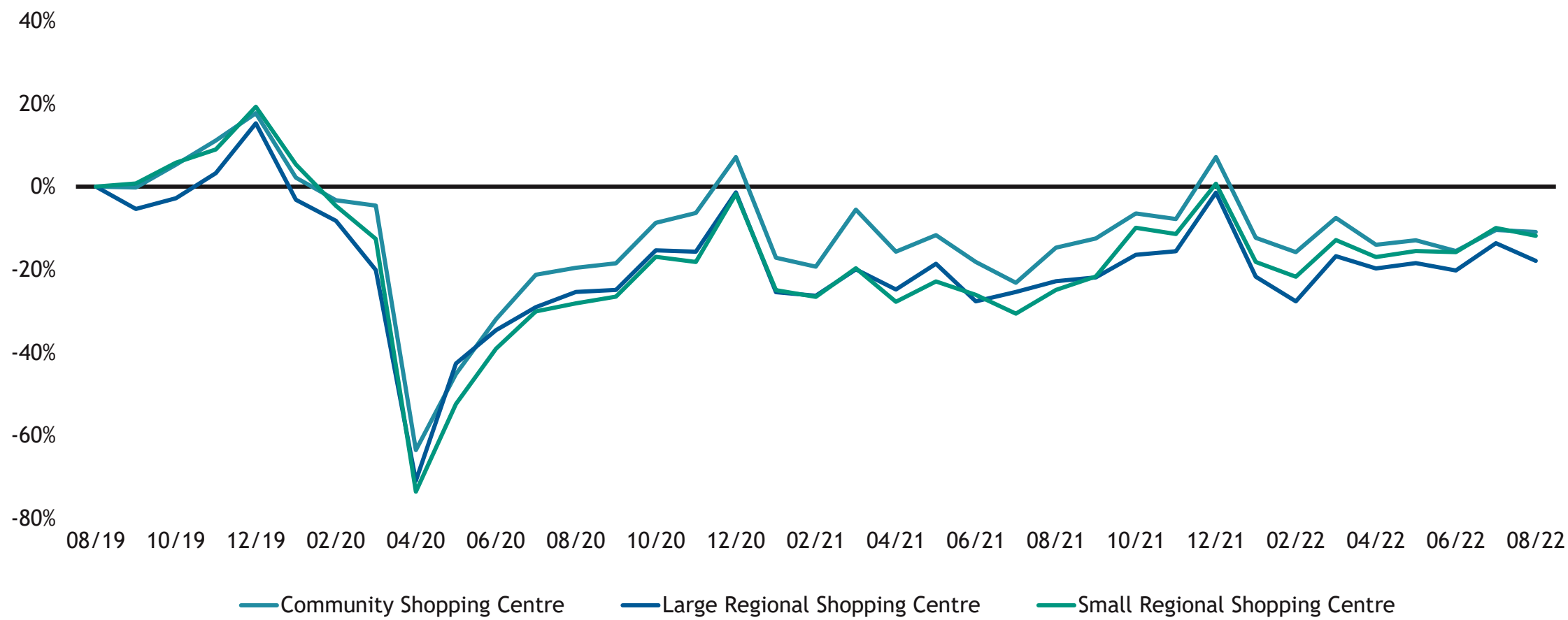
Sustainable trading density growth requires growth in footcount and spend/head





# Footcount trends - Growthpoint

Indexed August 2019



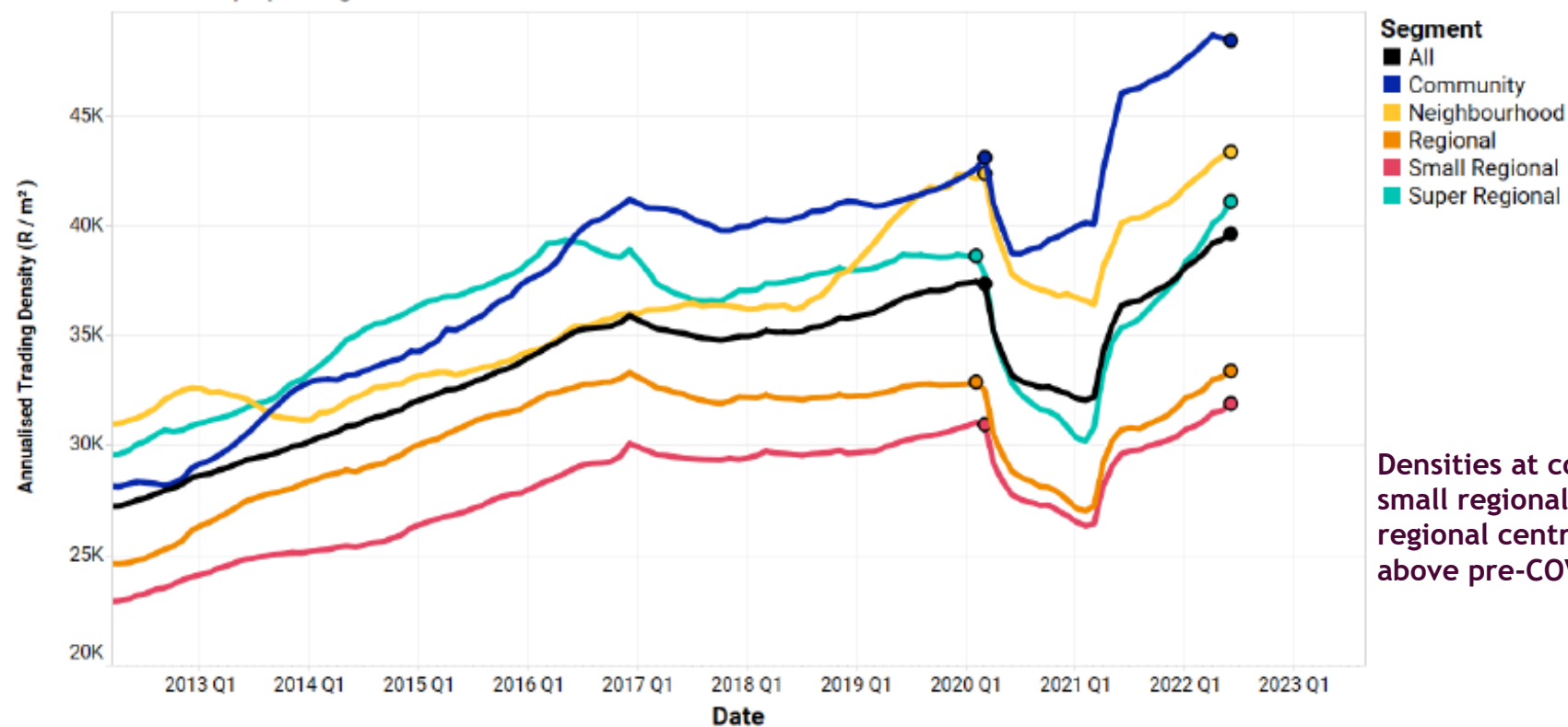




# Trading density by centre type - MSCI

## Annualised Trading Density

Annualised sales/sqm per Segment

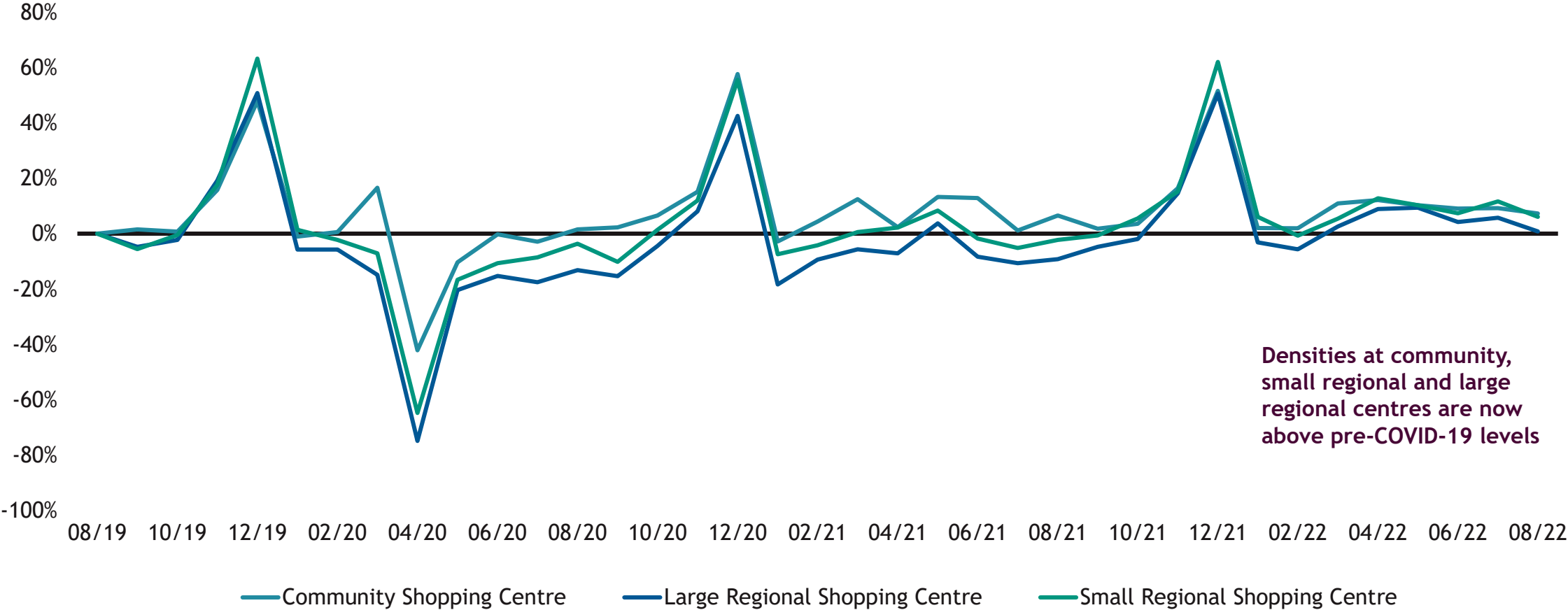


Densities at community, small regional and large regional centres are now above pre-COVID-19 levels



# Trading density by centre type - Growthpoint

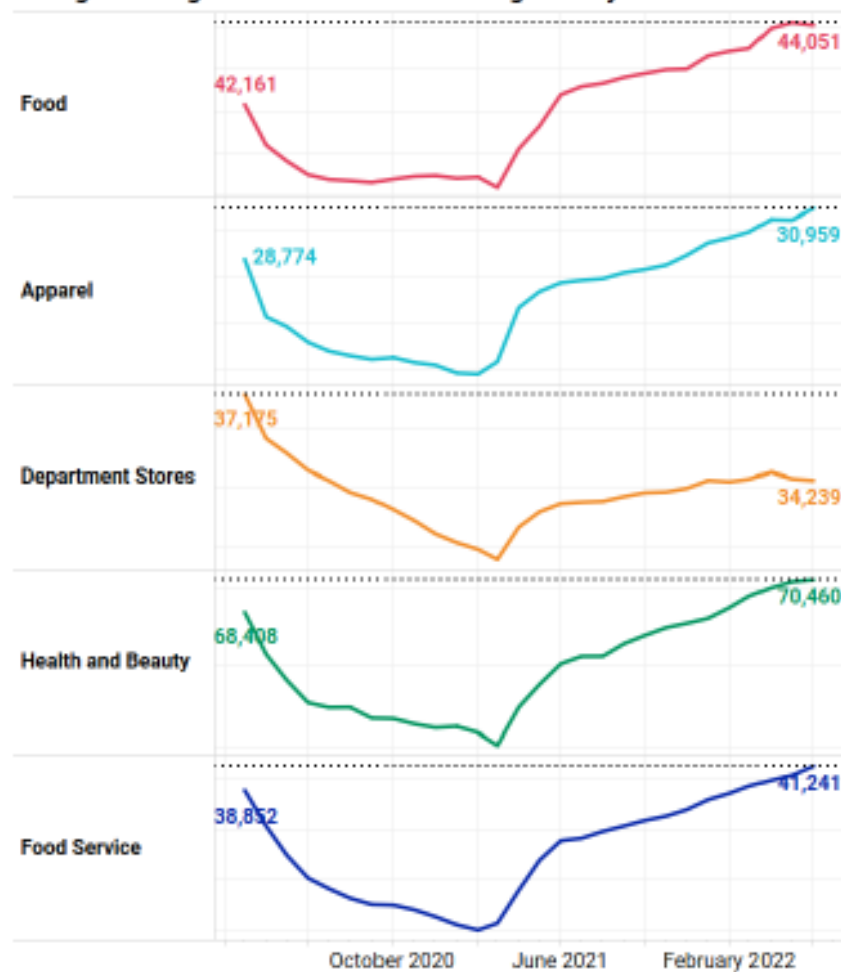
Indexed August 2019



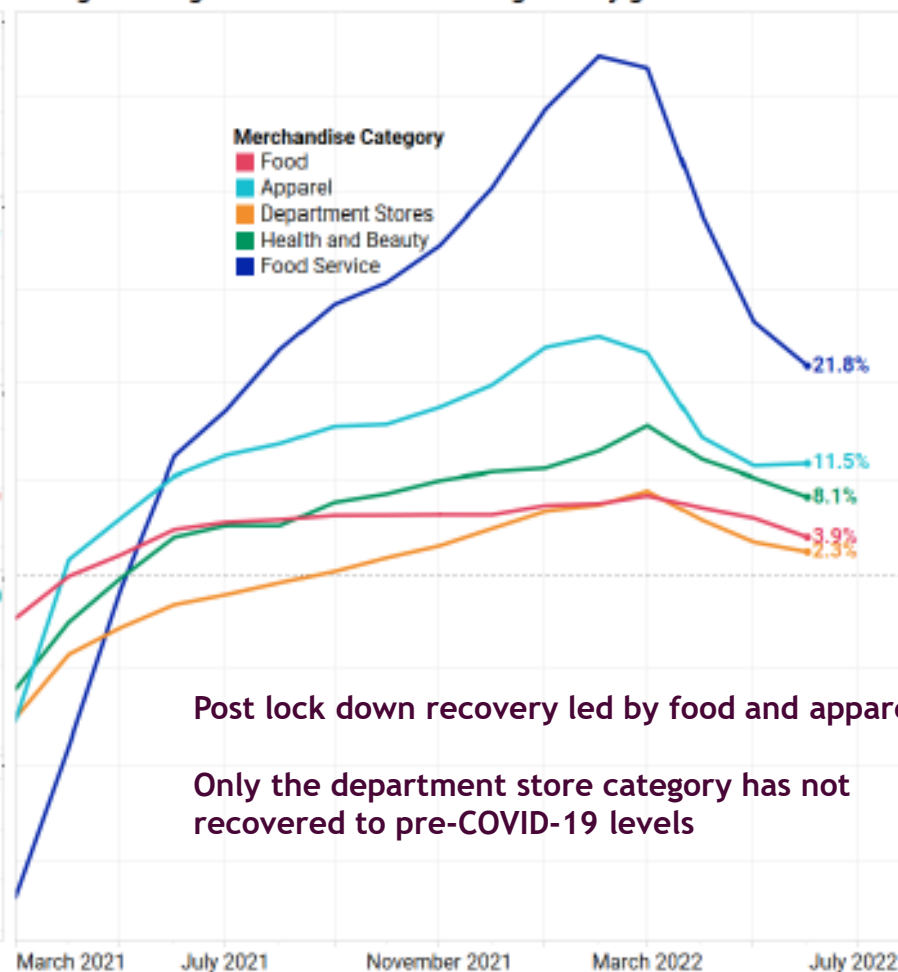


# Trading density by category - MSCI

5 Largest categories - Annualised Trading density



5 Largest categories - Annualised Trading density growth



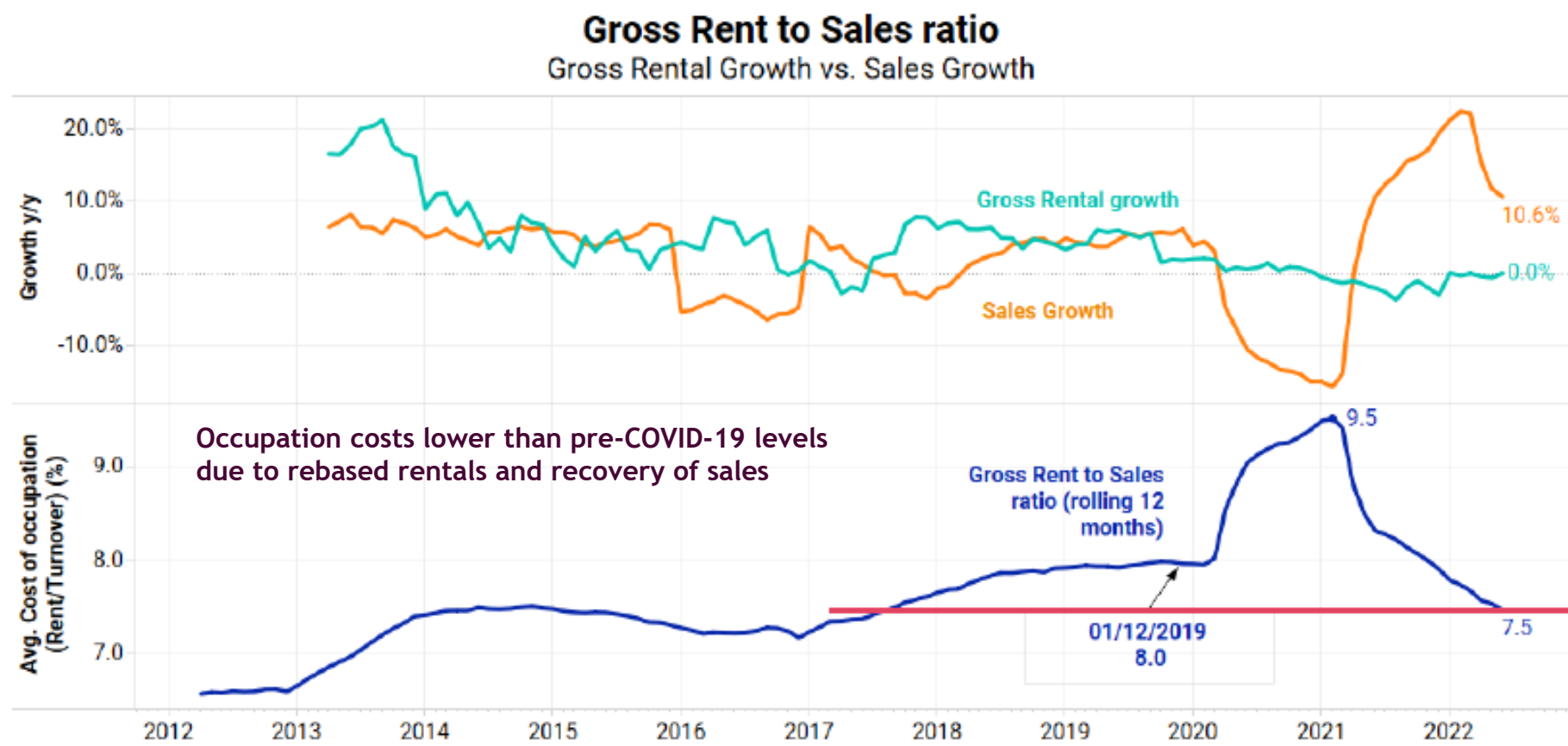
Post lock down recovery led by food and apparel

Only the department store category has not recovered to pre-COVID-19 levels





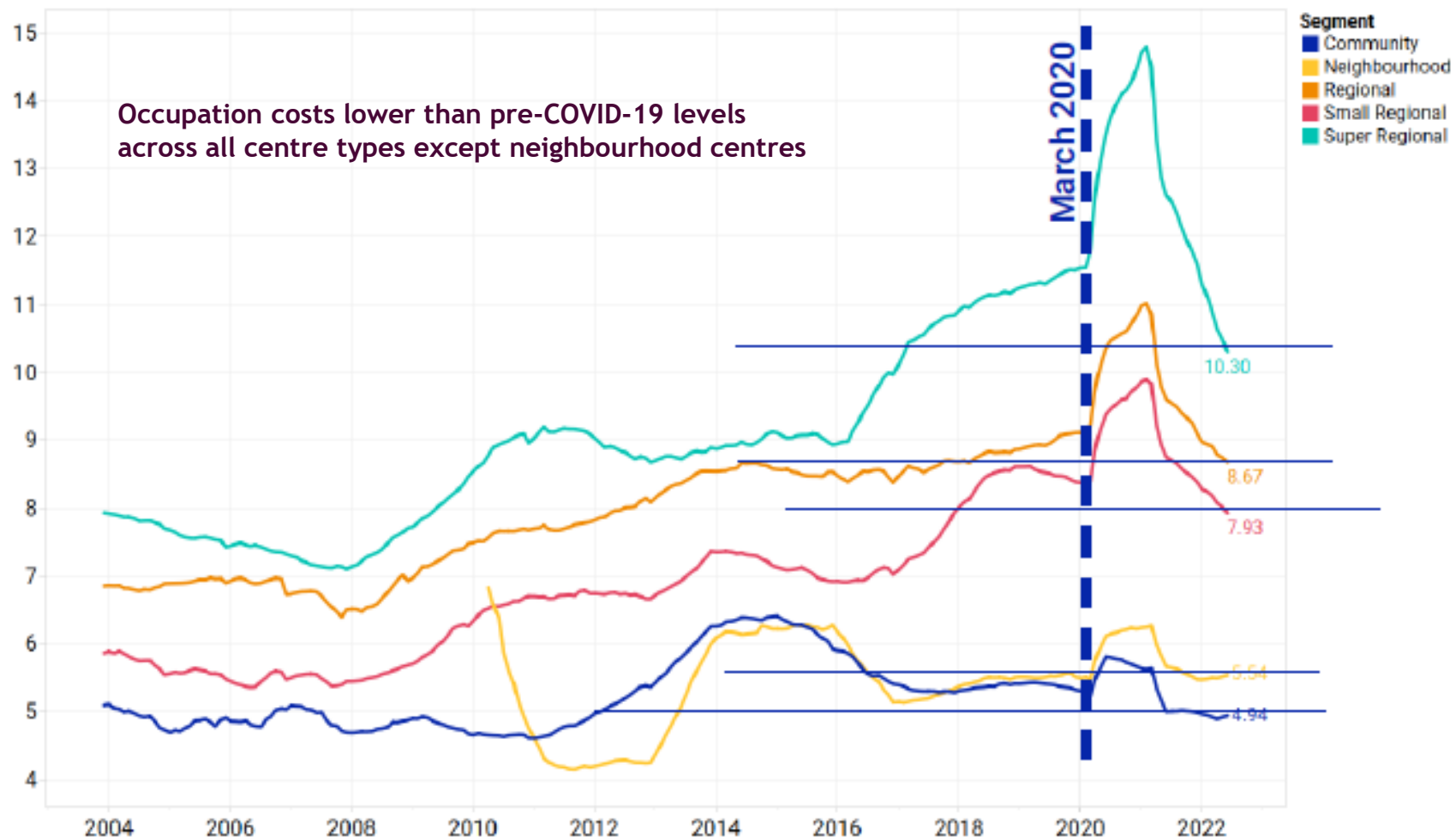
# Rent to sales ratio - MSCI





# Rent to sales ratio - MSCI

Gross Rent to Sales ratio  
2004-latest



Questions  
Thank you

GROWTHPOINT  
PROPERTIES

