GROWTHPOINT RETAIL UPDATE

STEPHAN LE ROUX – Director: Retail

&

NEIL SCHLOSS – Head of Asset Management: Retail

space to thrive

GROWTHPOINT PROPERTIES

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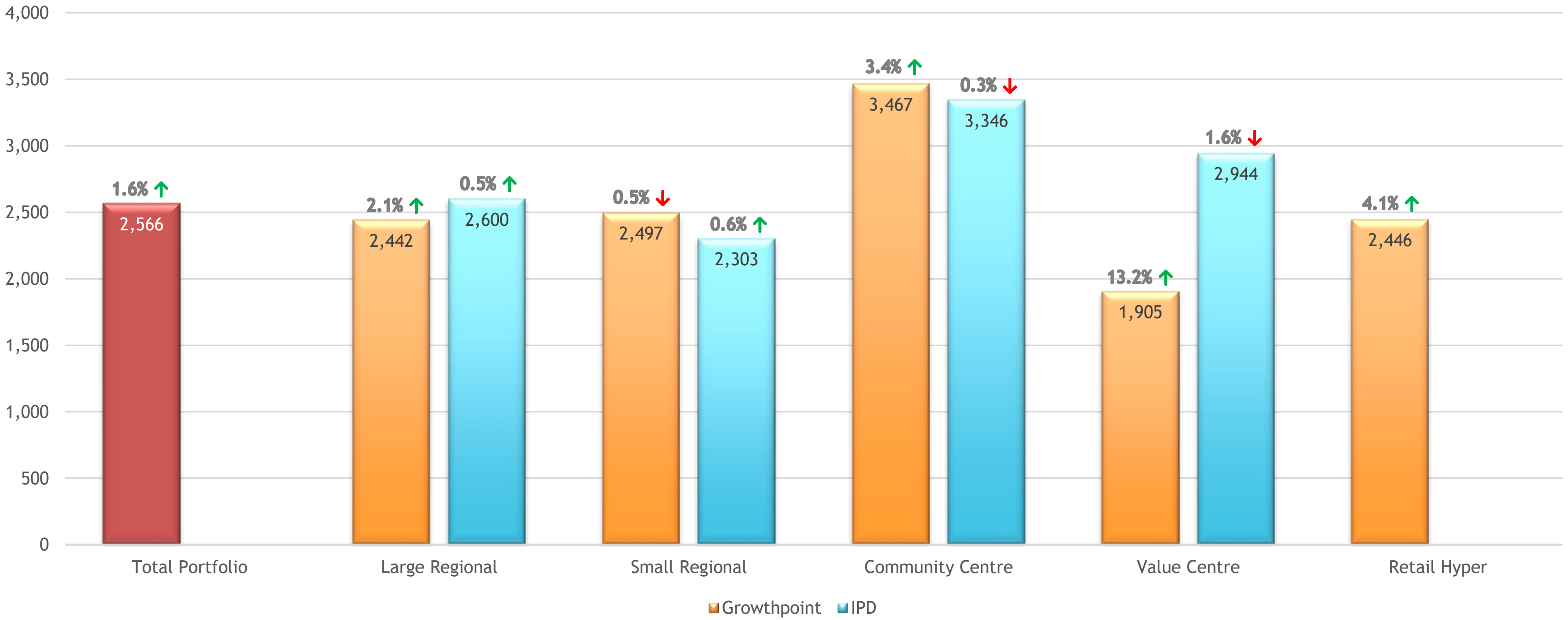
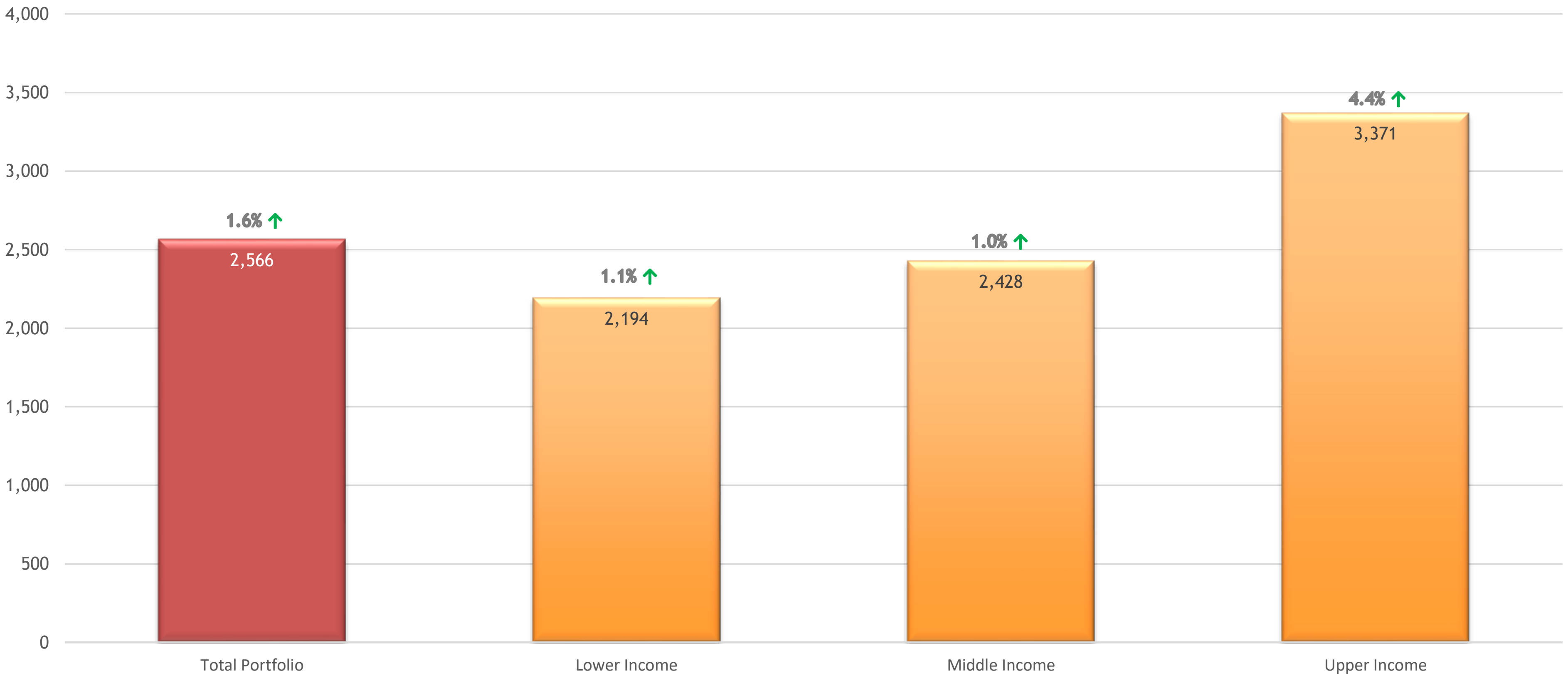
TRADING PERFORMANCE

12 MONTH ROLLING TRADING DENSITY BY CENTRE CLASSIFICATION – SEPTEMBER 2018



TRADING PERFORMANCE

12 MONTH ROLLING TRADING DENSITY BY LSM – SEPTEMBER 2018



TRADING PERFORMANCE

LIST OF CENTRES BY LSM GROUPS

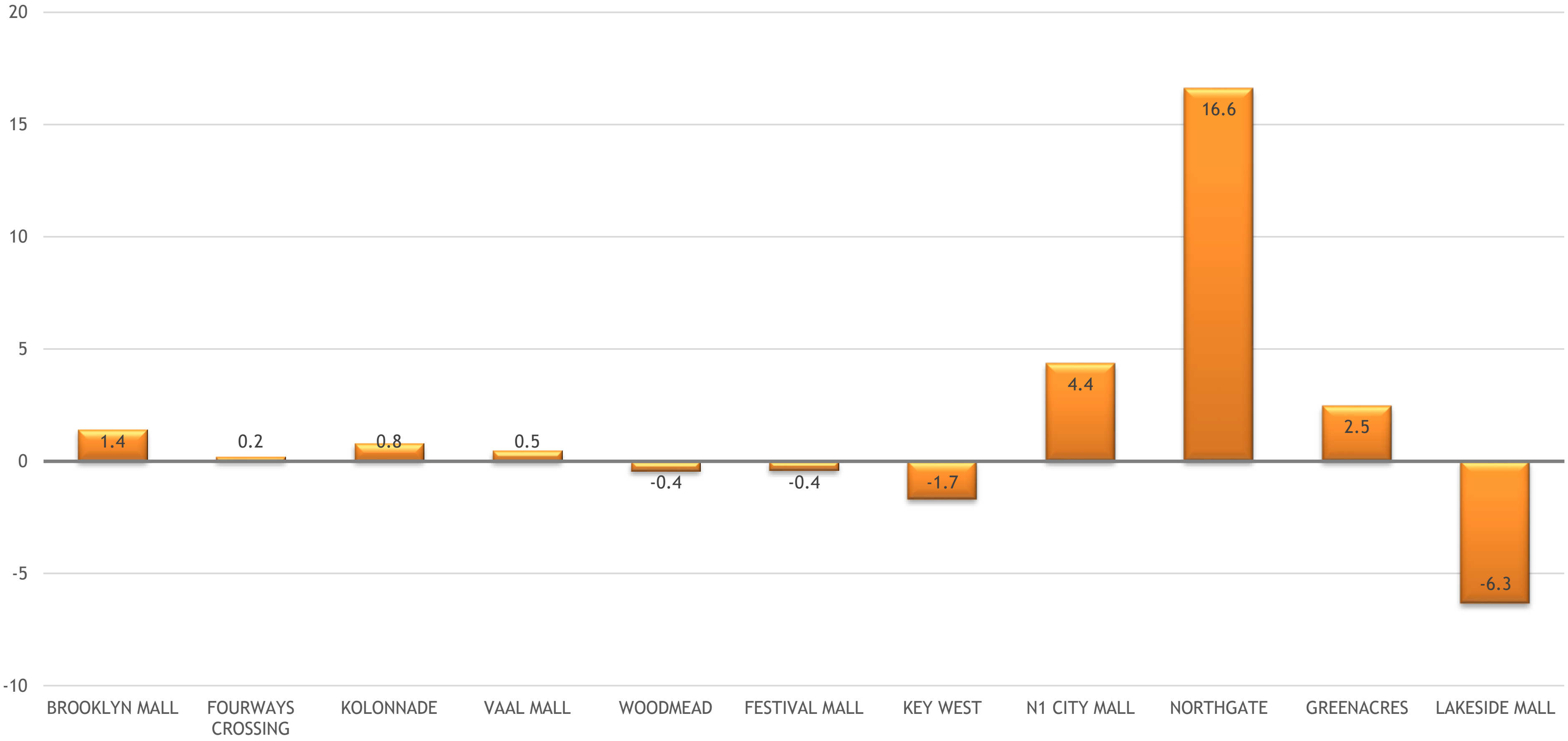
CENTRE	LSM GROUP: LOWER INCOME
CITY MALL	Lower Income
VILLAGE SQUARE	Lower Income
FESTIVAL MALL	Lower Income
GOLDEN ACRE	Lower Income

CENTRE	LSM GROUP: MIDDLE INCOME
THE BRIDGE	Middle Income
FOURWAYS CROSSING	Middle Income
KOLONNADE	Middle Income
VAAL MALL	Middle Income
WOODMEAD	Middle Income
KEY WEST	Middle Income
N1 CITY MALL	Middle Income
NORTHGATE	Middle Income
GREENACRES	Middle Income
LAKESIDE MALL	Middle Income
14TH AVENUE	Middle Income
HELDERBERG HYPER	Middle Income

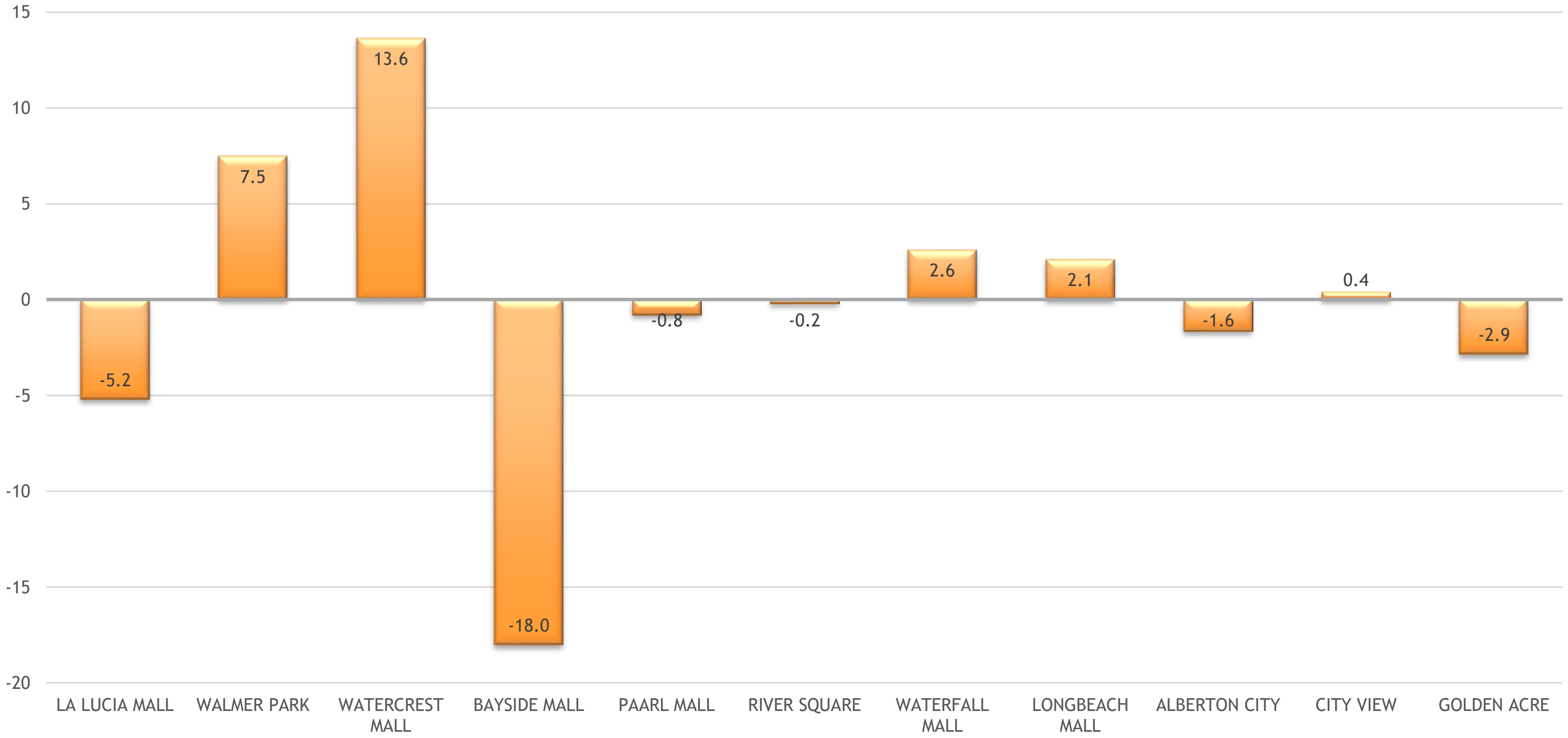
CENTRE	LSM GROUP: MIDDLE INCOME
HILLCREST CORNER	Middle Income
HOWARD CENTRE	Middle Income
BAYSIDE MALL	Middle Income
PAARL MALL	Middle Income
RIVER SQUARE	Middle Income
WATERFALL MALL	Middle Income
LONGBEACH MALL	Middle Income
ALBERTON CITY	Middle Income
CITY VIEW	Middle Income
EAST RAND VALUE	Middle Income

CENTRE	LSM GROUP: UPPER INCOME
CONSTANTIA VILLAGE	Upper Income
GARDENS CENTRE	Upper Income
BROOKLYN MALL	Upper Income
LA LUCIA MALL	Upper Income
WALMER PARK	Upper Income
WATERCREST MALL	Upper Income

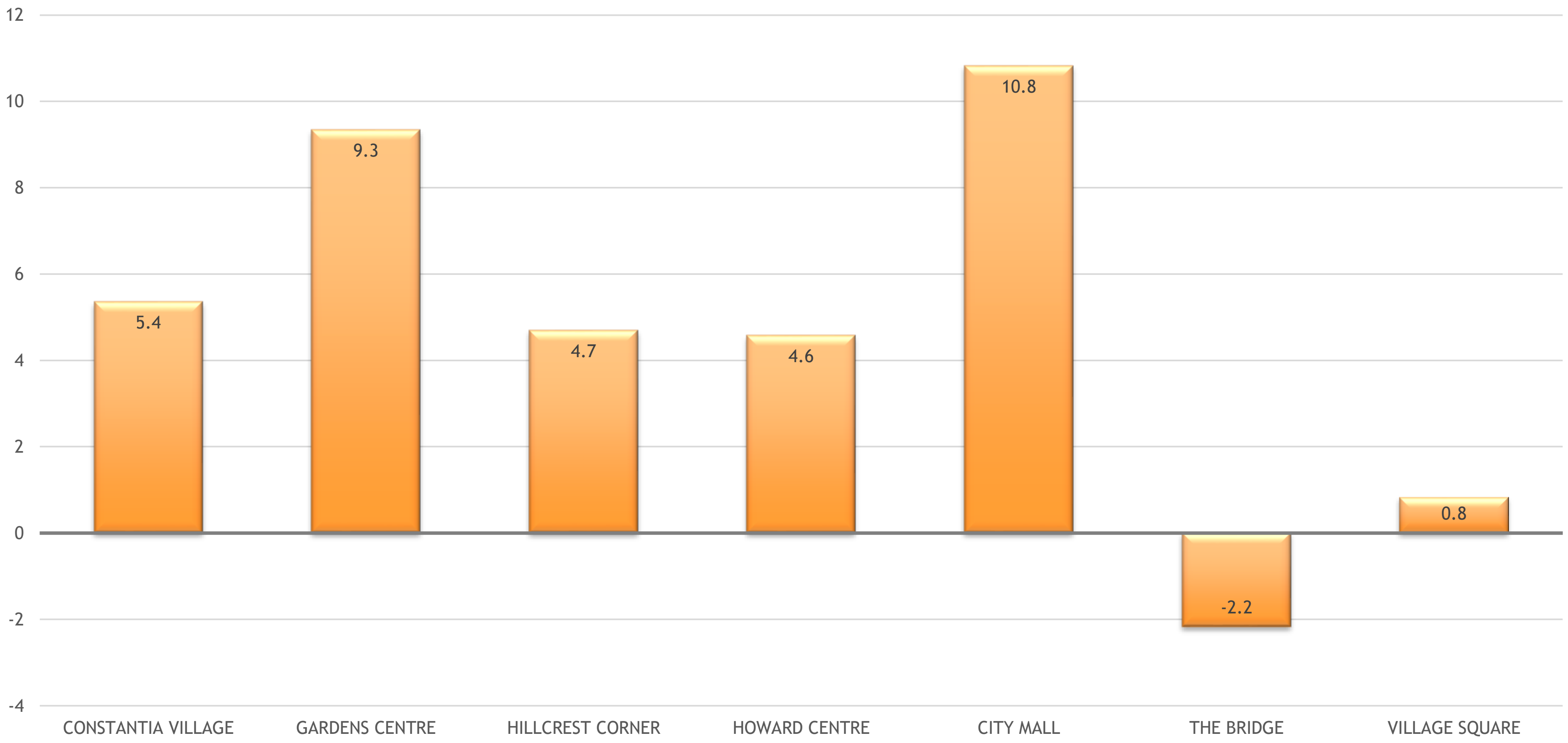
TRADING DENSITY GROWTH – LARGE REGIONAL



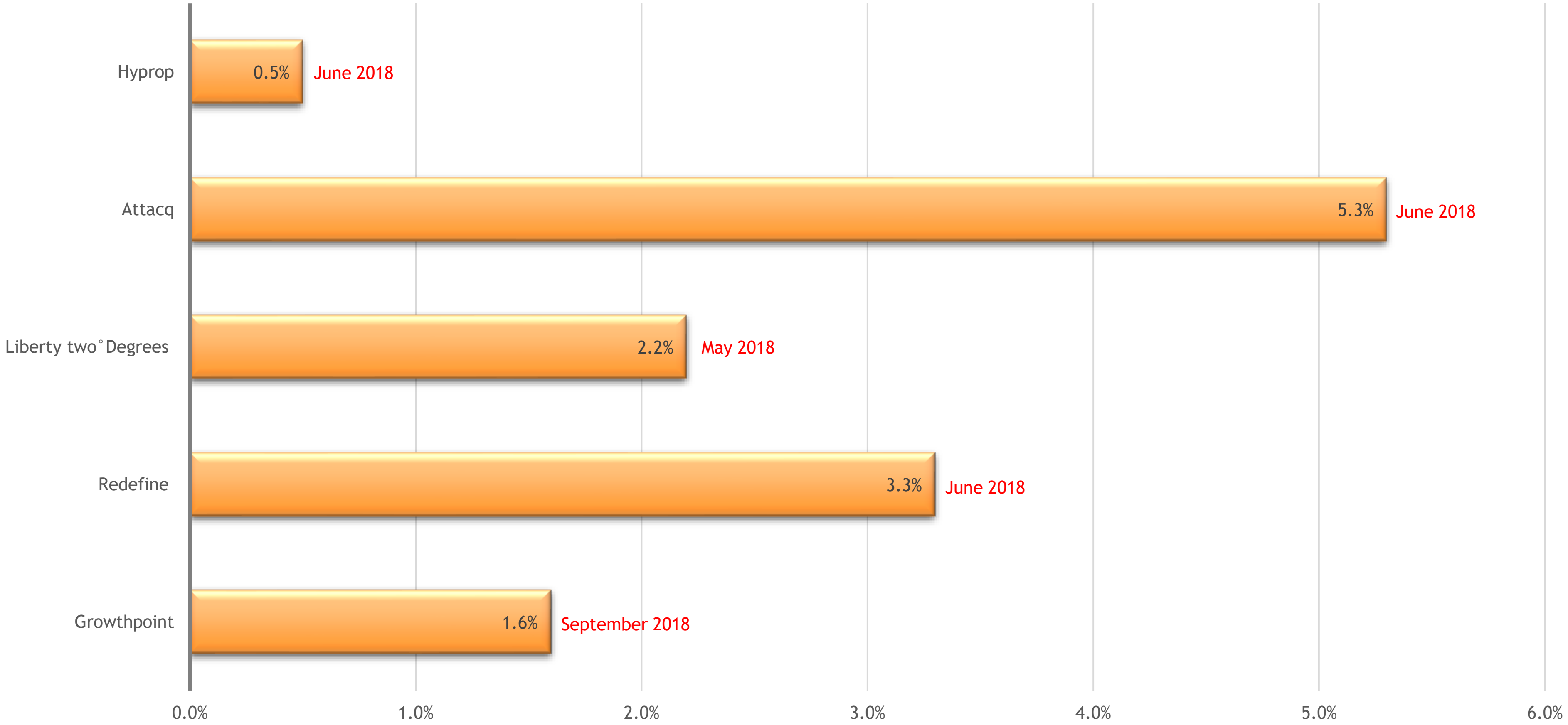
TRADING DENSITY GROWTH – SMALL REGIONAL



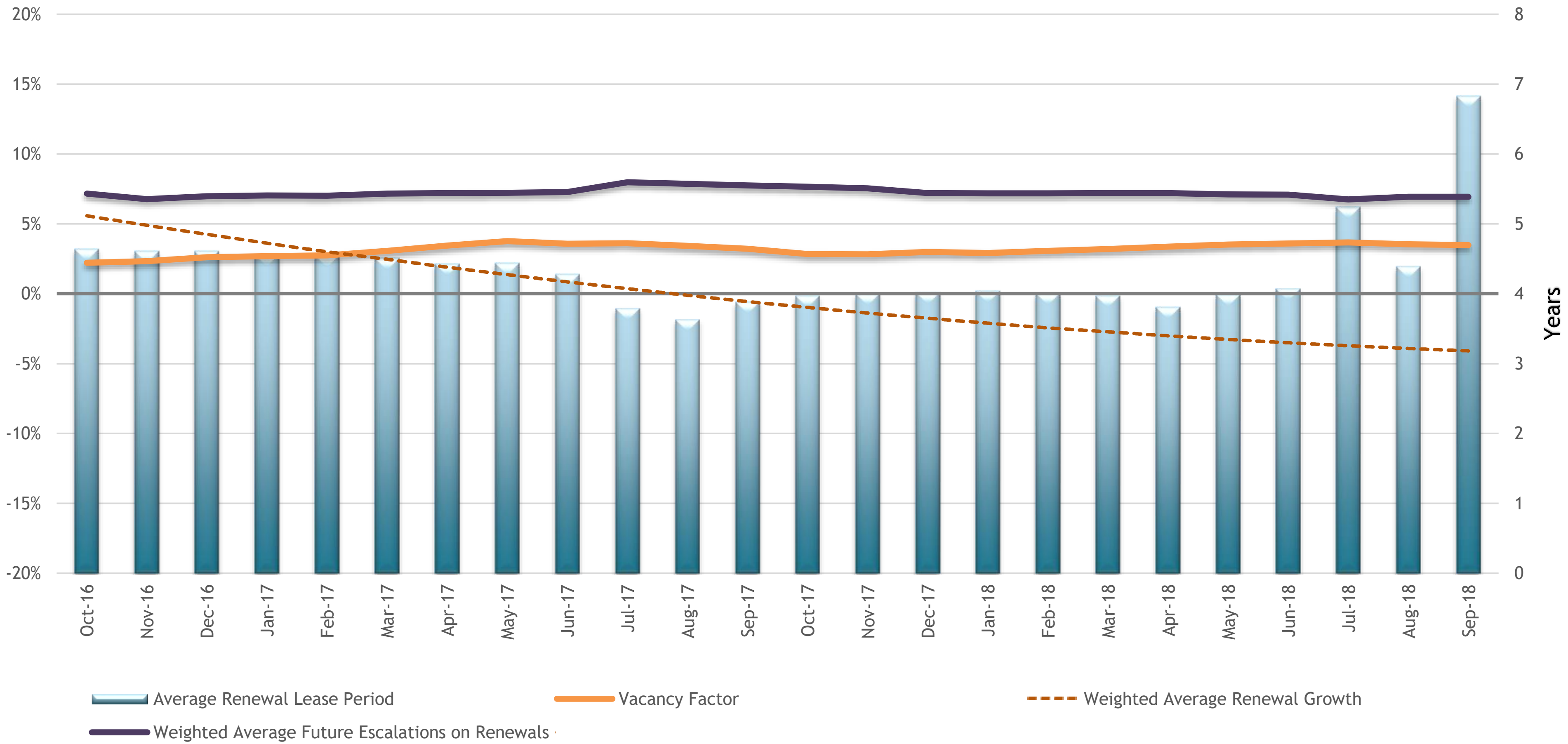
TRADING DENSITY GROWTH – COMMUNITY CENTRES



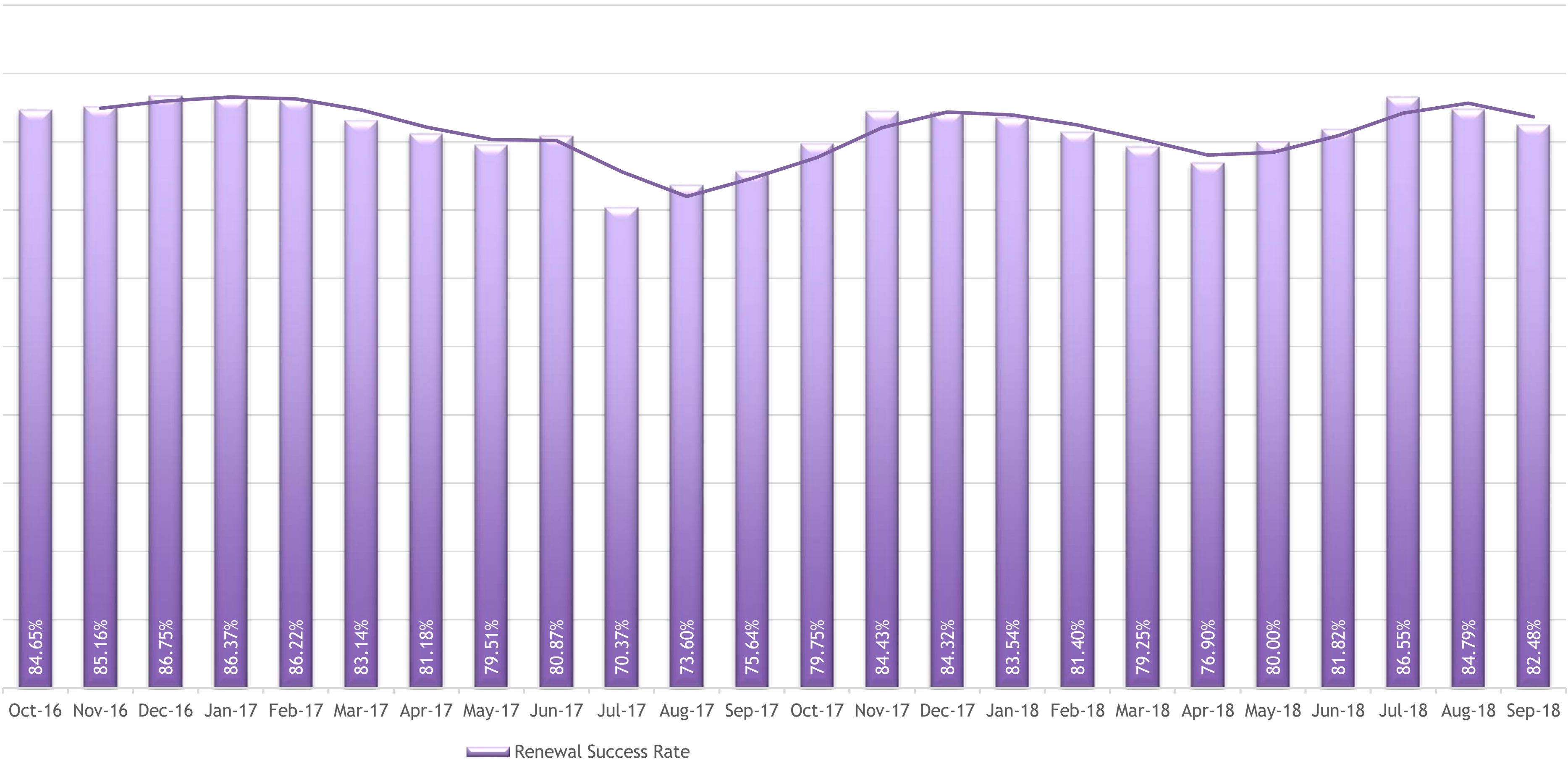
GROWTHPOINT TRADING DENSITY GROWTH VS BENCHMARK



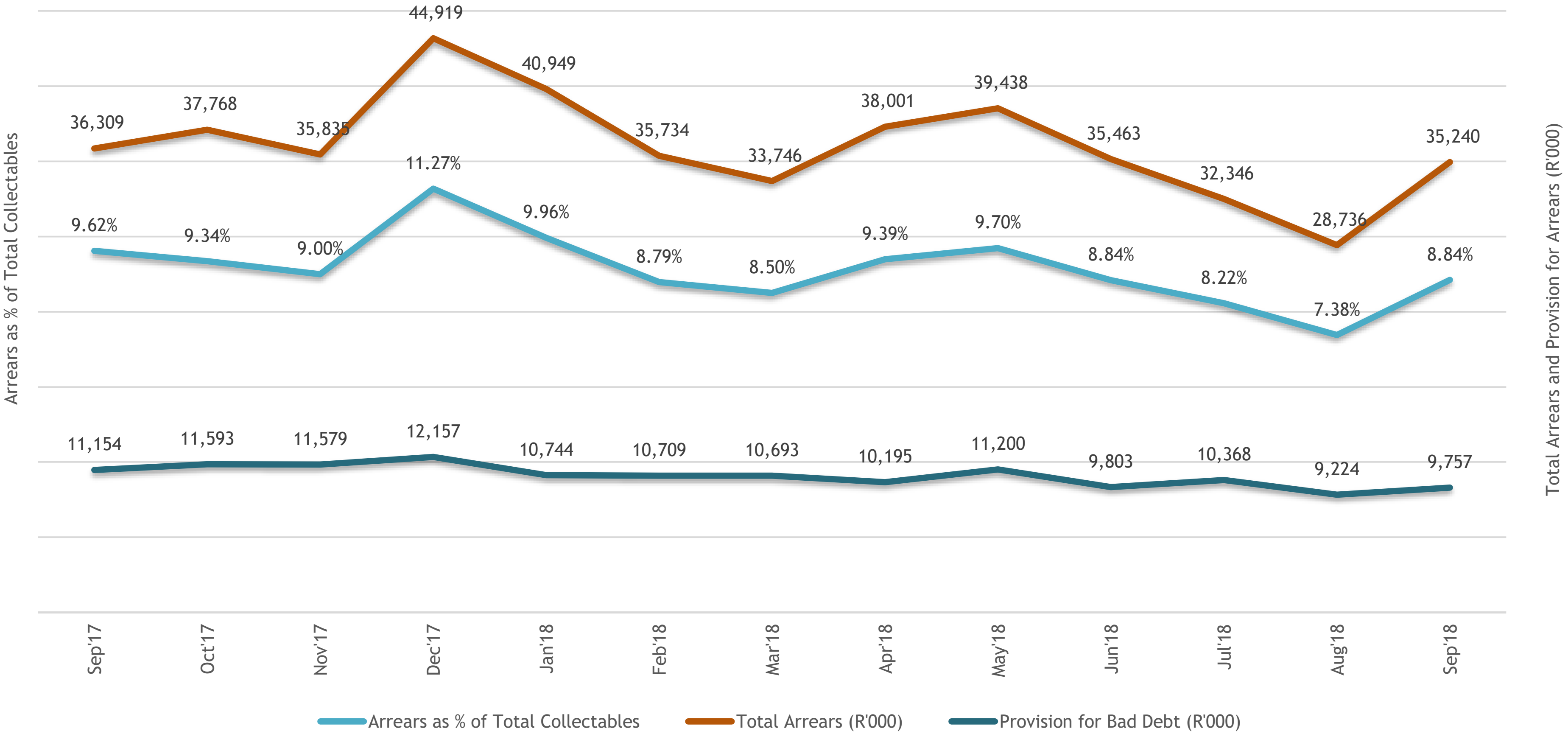
VACANCY, RENEWAL TRENDS AND LEASING UPDATE



RENEWAL SUCCESS RATE



ARREARS

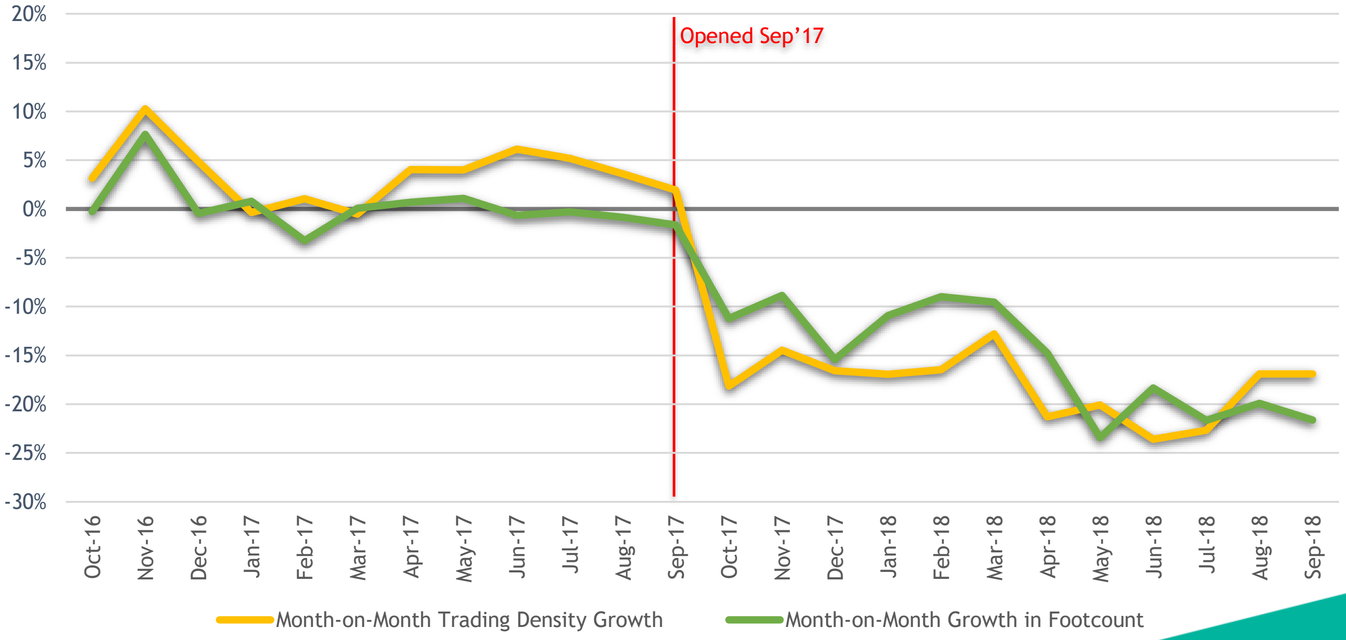


44,919
40,949
36,309
37,768
35,835
35,734
33,746
38,001
39,438
35,463
32,346
28,736
35,240
11.27%
9.62%
9.34%
9.00%
9.96%
8.79%
8.50%
9.39%
9.70%
8.84%
8.22%
7.38%
8.84%
11,154
11,593
11,579
12,157
10,744
10,709
10,693
10,195
11,200
9,803
10,368
9,224
9,757
Arrears as % of Total Collectables
Total Arrears and Provision for Arrears (R'000)
Sep'17
Oct'17
Nov'17
Dec'17
Jan'18
Feb'18
Mar'18
Apr'18
May'18
Jun'18
Jul'18
Aug'18
Sep'18
Arrears as % of Total Collectables
Total Arrears (R'000)
Provision for Bad Debt (R'000)

IMPACT OF COMPETITION

1. Bayside Mall

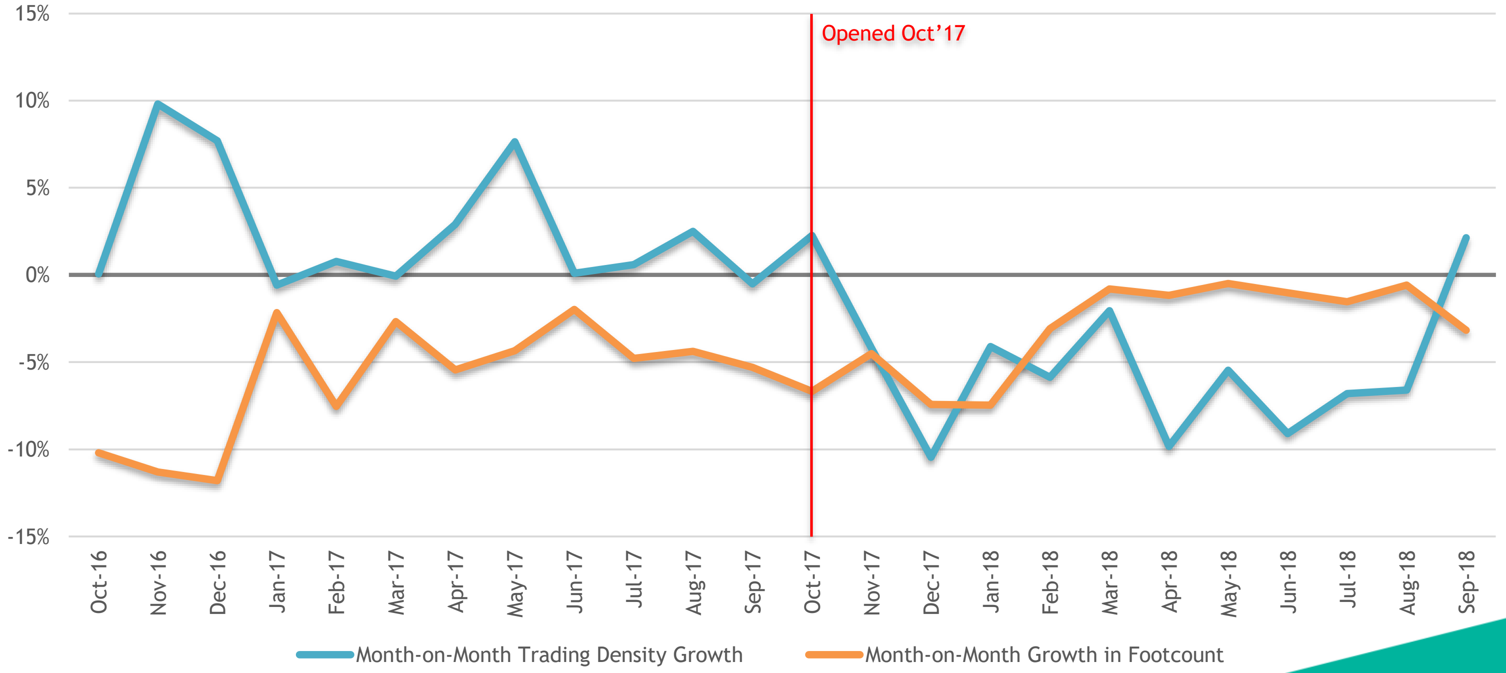
- Competition – Table Bay Mall – Opened September 2017
- Full Competition in Primary Catchment Area



IMPACT OF COMPETITION

2. La Lucia

- Competition – Cornubia Mall – Opened October 2017



DEVELOPMENTS

	Development/ Redevelopment	Tenancy	Estimated Completion Date	Capex Approval (Rmil)
COMPLETED PAST 3 YEARS	VAAL Mall	Extension	12/2016	294.00
	Greenacres	Extension	07/2017	290.00
	Fourways Crossing	Refurbishment and Extension	06/2017	57.50
	Northgate (50%)	Downsizing of the 22 000m² Pick n Pay Hypermarket to accommodate a new flagship Pick n Pay	10/2017	43.5
	Kolonnade (50%)	Development of outdoor piazza accommodating casual dining	12/2017	16.00
APPROVED	River Square	Revamp and relocation of Tenants	12/2018	65.00
	Festival Mall	Refurbishment	04/2019	58.15
	Lakeside Mall	Refurbishment	04/2019	55.00
	Walmer Park	Redevelopment	06/2019	148.64
	La Lucia	Refurbishment	11/2019	55.00
	Waterfall Mall	Dischem Redevelopment	04/2021	19.00
PLANNED	Paarl Mall	Extension		
	Longbeach Mall	Extension		
	Lakeside Mall	Cinema Redevelopment		

ACQUISITIONS AND DISPOSALS

AQUISITIONS – PAST 3 YEARS

No	BUILDING	AREA	DATE OF AQUISITION	GLA m^2	PURCHASE PRICE Rm
1	N1 CITY MALL – 58%	Goodwood, CT	03/10/2017	36,794	922.1

DISPOSALS – PAST 3 YEARS

No	BUILDING	AREA	DATE OF DISPOSAL	GLA m^2	SELLING PRICE Rm
1	Picbel Parkade	KZN	02/03/2017	13,818	271.3
2	Grayston Shopping Centre	Sandton, JHB	22/05/2014	4,346	138.0
3	Jet Bloemfontein	Bloemfontein	26/09/2017	5,516	38.3
4	OK Bazaars Empangeni	Empangeni, KZN	18/07/2017	13,660	172.5
5	Hatfield Plaza	Hatfield, PTA	19/03/2018	19,332	285.3
6	Hatfield Mall	Hatfield, PTA	19/03/2018	6,332	61.4
7	Campus Building	Hatfield, PTA	19/03/2018	3,179	39.0
8	Standard Plaza	Hatfield, PTA	19/03/2018	2,733	32.0
9	VAAL Mall – 11.19%	Vanderbijl Park	11/04/2017	7,387	209.3

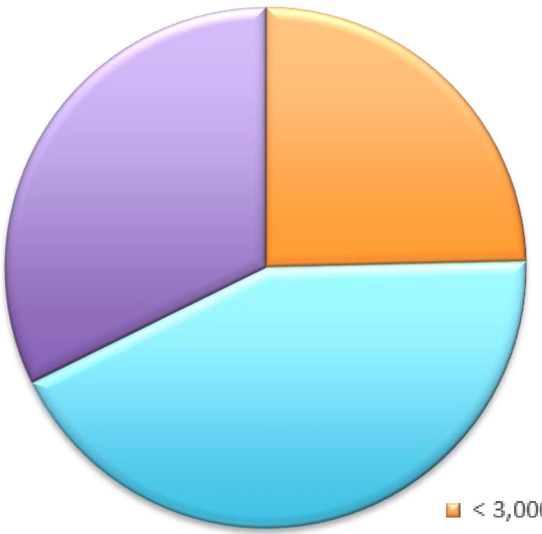
EDCON EXPOSURE – BY BRAND

BRAND	EXPOSURE AS AT 30 JUNE 2018
	GLA (m^2)
Active	1,515
Boardmans	3,764
CNA	9,198
Connect	188
Edgars	76,965
Jet and Jetmart	19,722
Jetmart	4,315
MAC	46
Red Square	923
	116,636

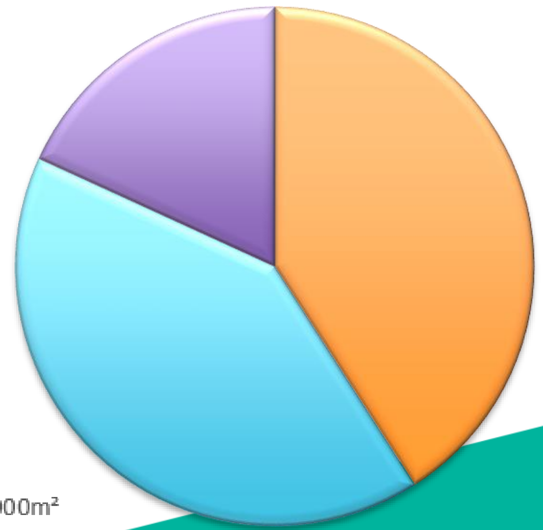
EDCON EXPOSURE – EDGARS BY SIZE

EDGARS	EXPOSURE AS AT 30 JUNE 2018	
	GLA (m^2)	NUMBER OF STORES
< 3,000m^2	18,955	9
3,000m^2 - 5,000m^2	33,155	9
> 5,000m^2	24,855	4
	76,965	22

BY GLA



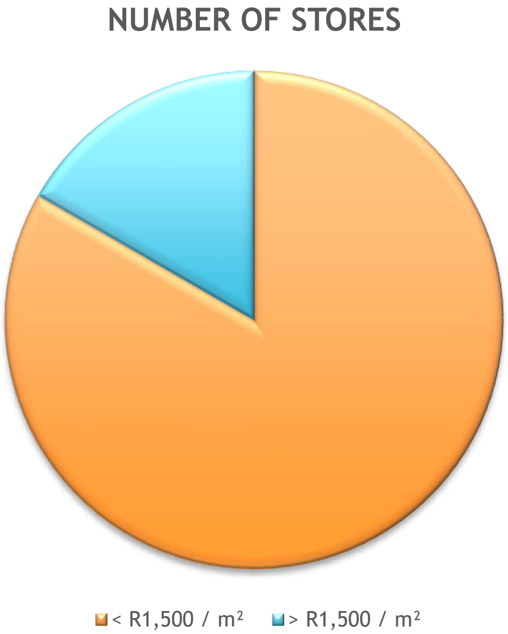
NUMBER OF STORES



< 3,000m² 3,000m² - 5,000m² > 5,000m²

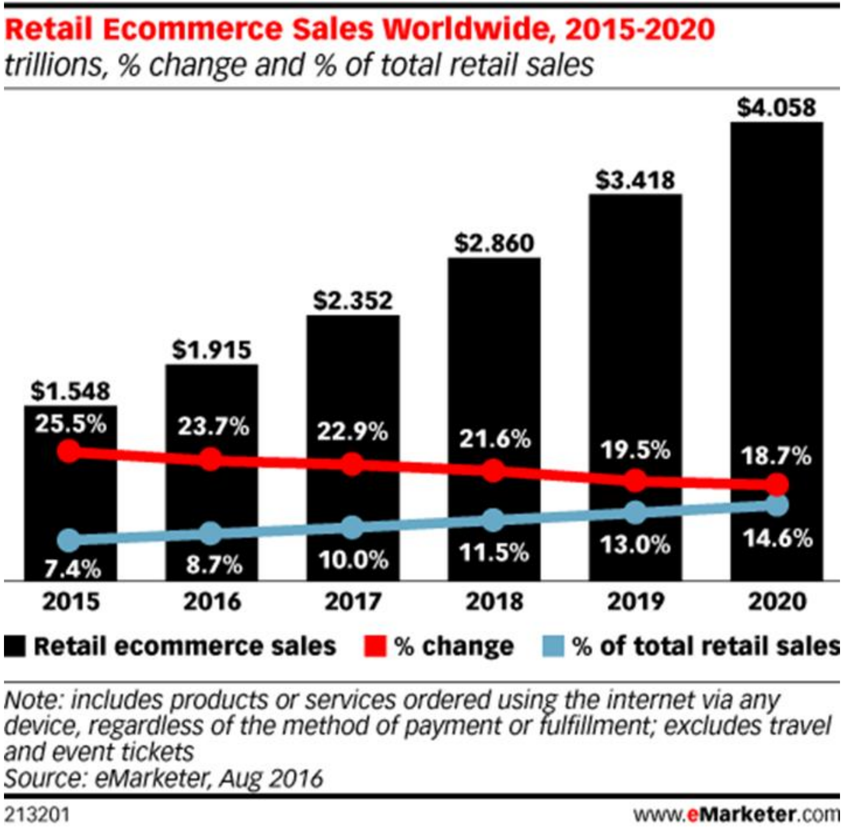
EDCON EXPOSURE – EDGARS BY TRADING DENSITY

EDGARS	EXPOSURE AS AT 30 JUNE 2018		
	AVERAGE TRADING DENSITY	NUMBER OF STORES	
< R1,500 / m²	1,091	15	
> R1,500 / m²	1,783	3	
	1,214	18	Excludes Edgars Bloem, Stanger, Watercrest Mall (50%) and The Avenues



ONLINE RETAIL: SOUTH AFRICAN PERSPECTIVE

Globally online retail represents 11% of total sales with China at 20%



SOUTH AFRICA

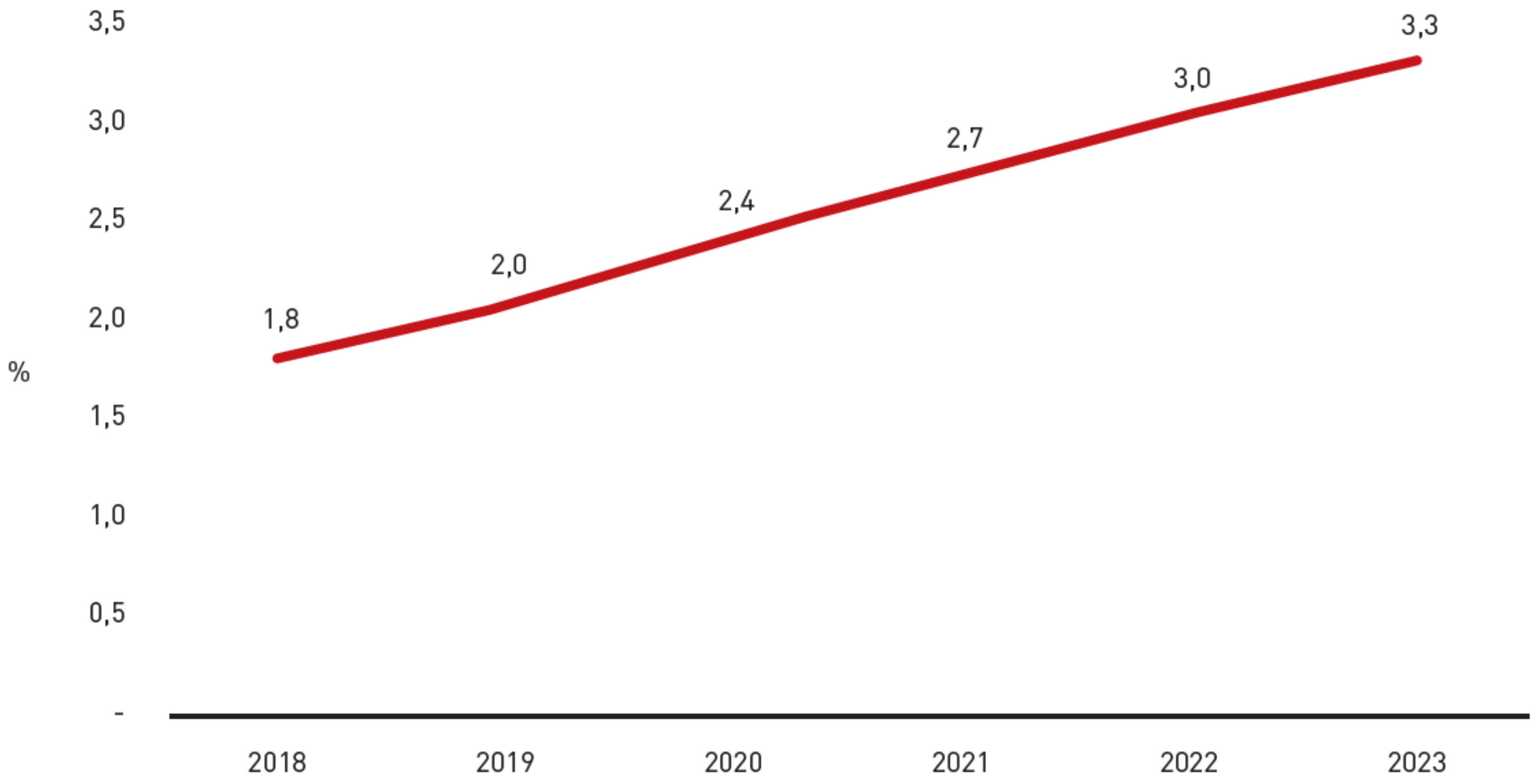
R10bil 2017 (R15bil incl travel)

Amarex Global Shopper (cross border) 57% customer growth 2017

Crossborder purchases (46% apparel, 24% electronics, rest lower)

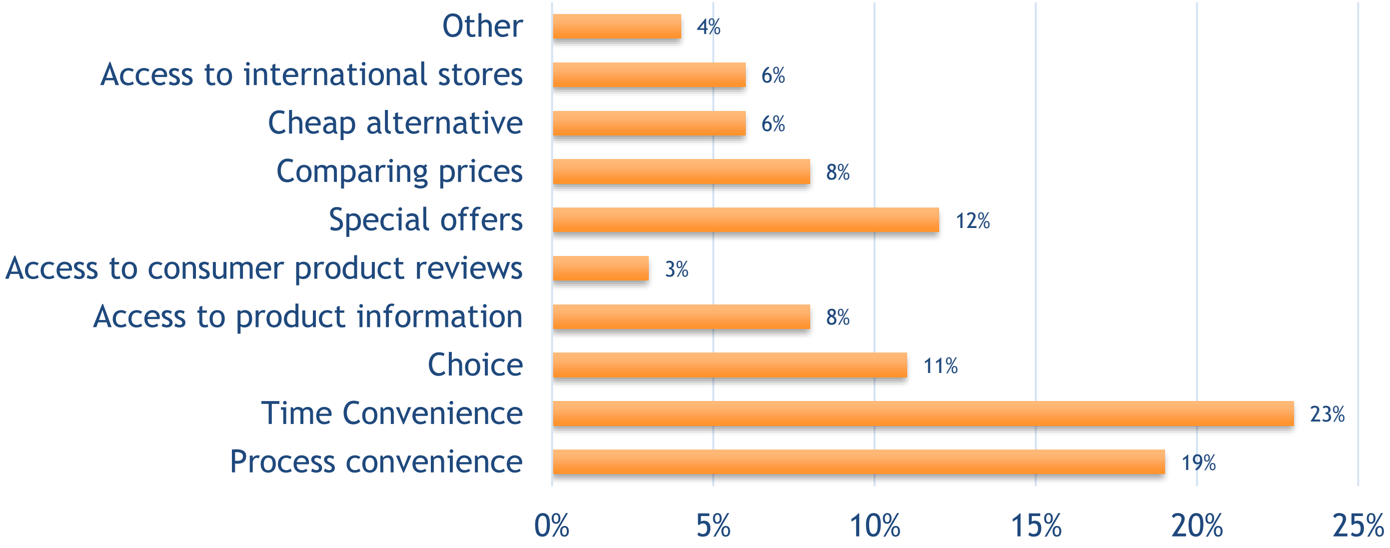
BIGGEST NON-SERVICE ONLINE SHOPS IN RSA		
	%	Type
Takealot	12.5	General
Apple App Store	5.5	Electronics
Pick n Pay	5.1	Food
Woolworths	2.7	Food
Sportsmans Warehouse	2.2	Specialist
Incredible Connection	2.0	Electronics
Exclusive Books	1.8	Specialist
HomeChoice	1.6	General
Amazon	1.5	General
MRP	1.5	Fashion
Netflorist	1.5	Specialist
Spree	1.4	Fashion
Total	39.3	

Graph 17 - PROJECTED ONLINE SPEND AS % OF TOTAL RETAIL SPEND



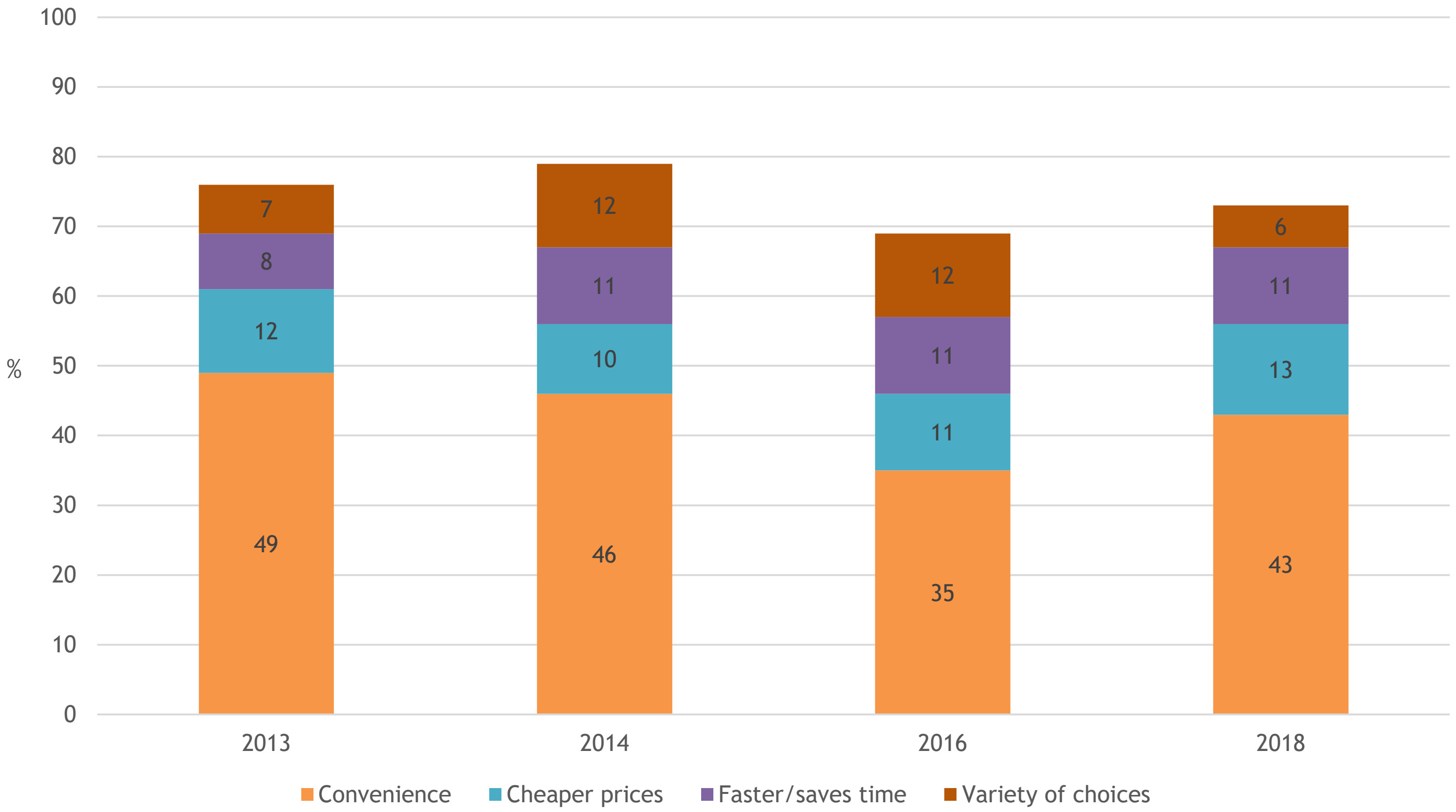
Effective Measure Survey“ E-Commerce Industry report 2017” (8751 respondents in RSA between July and August 2017)

ONLINE SHOPPING / Motivations



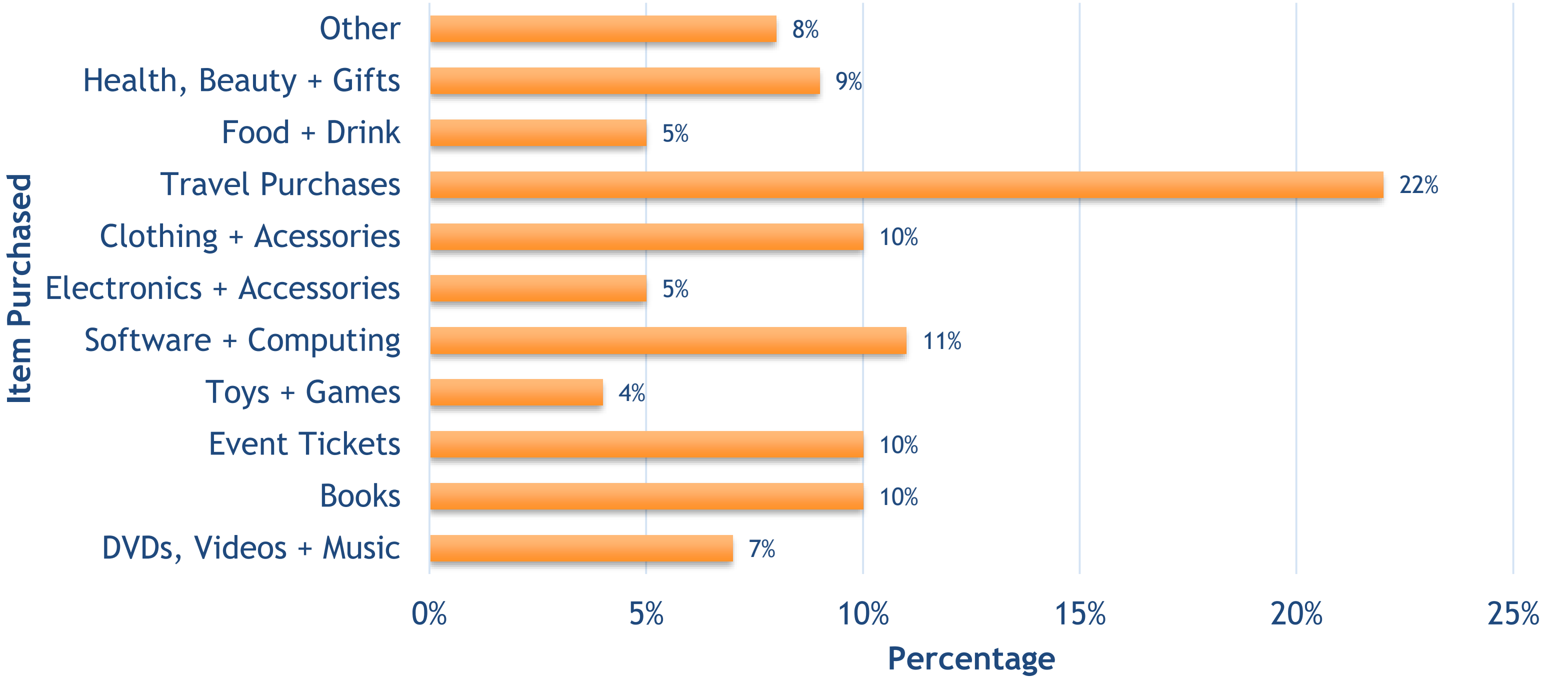
Convenience and price are the primary reasons why respondents shop online. 42% stated convenience as a major benefit as it saves them time and hassle of shopping in-store, including travel time and parking

MAIN REASONS FOR SHOPPING ONLINE?



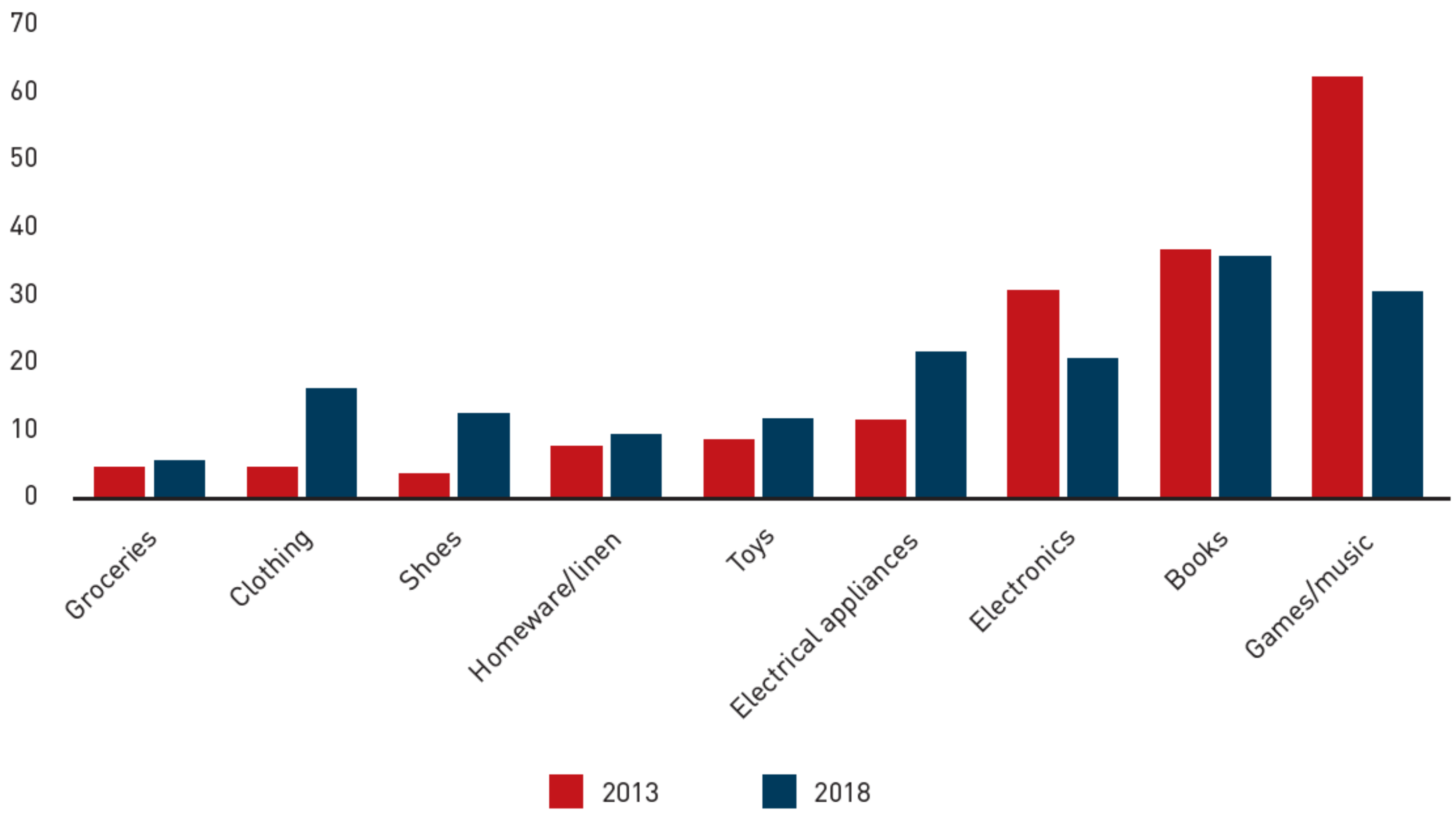
Effective Measure Survey“ E-Commerce Industry report 2017” (8751 respondents in RSA between July and August 2017)

ONLINE SHOPPING / Recent Purchases



The most popular items bought online don’t require delivery and are available almost instantly after purchase. These include travel tickets, books, shows/sporting event tickets and hotel reservations

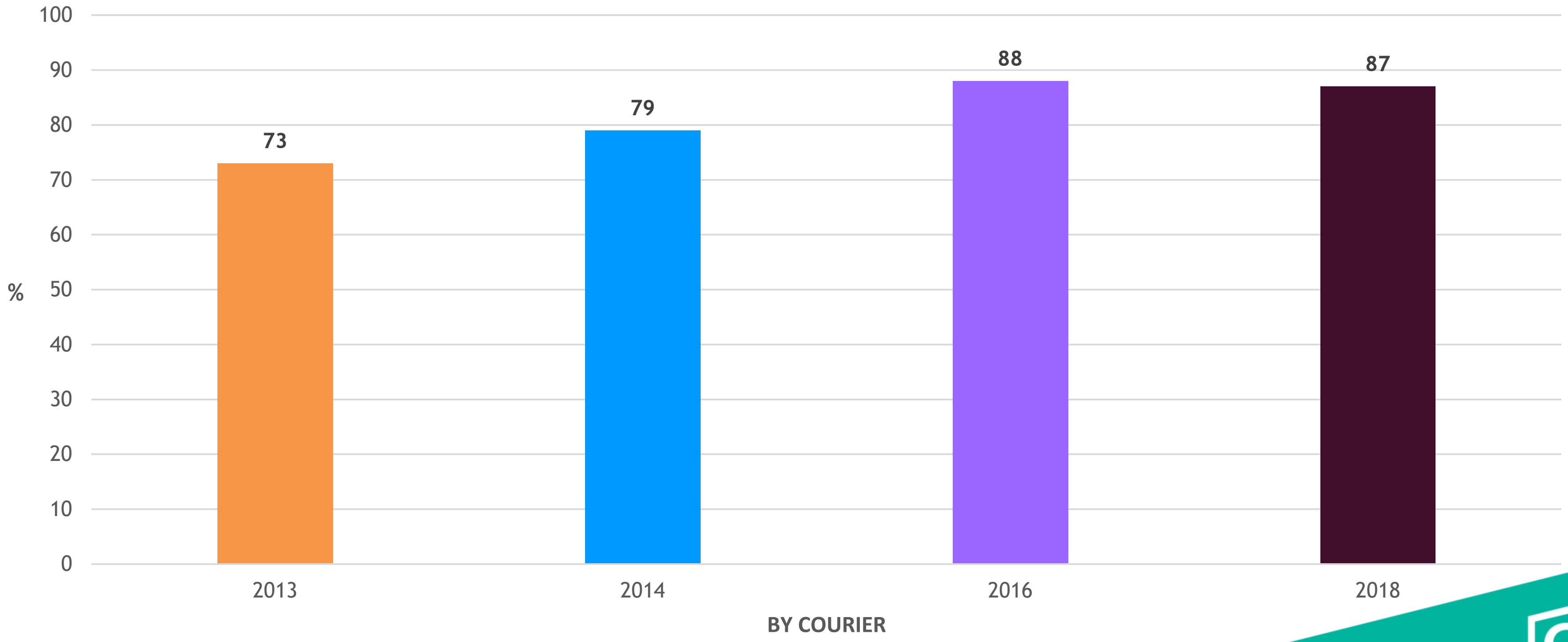
Graph 9 - PRODUCTS BOUGHT ONLINE 2013 VS 2018



Effective Measure Survey" E-Commerce Industry report 2017" (8751 respondents in RSA between July and August 2017)

ONLINE SHOPPING Improvements

HOW DO YOU NORMALL RECEIVE THE PRODUCTS BOUGHT ONLINE?



CONCLUSION

- Main criteria for on-line shopping: Price and Convenience
- Fast and free delivery is biggest motivator for concluding sale
- Internationally, on-line clothing/fashion sales are expected to level out at 25% but expected to be significantly lower in RSA
- Grocery purchases on-line showing slow uptake
- Cross-border sales are greater in developing countries as connected consumers purchase products not locally available. In RSA Amazon's support declined from 53% to 13% since 2016 due to exchange rate, import duties and delivery costs (SACSC Research 2018)
- Internationally, 45% of on-line customers returned at least one item resulting in transactional loss for retailer. In RSA, lower due to costs and inconvenience in returning
- In-store shopping increasing internationally - 2015 36% of respondents shopped instore weekly, increasing to 40% (2016) and 44% (2017) (PWC 2018 Global Consumer Insights Survey)

THANK YOU