



Growthpoint  
Investor  
Showcase

2024

November 2024



# AGENDA



01

Growthpoint  
Investment Partners



02

Retail



03

Office



04

Logistics  
and industrial



05

Sustainability  
and CSR



06

Treasury





# 01

## GROWTHPOINT INVESTMENT PARTNERS

GROWTHPOINT  
INVESTMENT PARTNERS



- Growthpoint Investment Partners
- Healthcare REIT
- Student Accommodation REIT
- Positive characteristics
- Why invest in us



Fountains View, Pretoria



# WHO WE ARE

Growthpoint Investment Partners (GIP) is part of Growthpoint

**Growthpoint will remain as one of the cornerstone investors alongside other investors**

## GIP

- Groundwork for GIP began in 2016
- GIP is a ring-fenced, fully resourced, division within Growthpoint Properties Limited

## Differentiated from Growthpoint

- GIP aims to create new, scalable platforms that are differentiated from Growthpoint's core SA portfolio
- The intention is to expand into niche, growth sectors like, data centres, affordable housing, retirement villages etc
- Upon reaching scale, GIP will IPO each platform separately on the JSE
- Each investment platform within GIP is separate and independent and has a dedicated portfolio manager

## What we do

- We provide additional depth to the property asset class by creating access to unique, themed investment opportunities that complement the property asset class
- We do this by conceptualising, creating and managing unlisted property platforms in areas that have a real social impact

## Growthpoint support

- Growthpoint is the anchor sponsor and seeks to keep its shareholding at between 15%-20% in each investment platform
- GIP leverages the Growthpoint platform i.e., brand, HR, Risk Management, CSI, IT, etc
- GIP benefits from Growthpoint's on-the-ground presence in Johannesburg, Durban and Cape Town which is key for deal origination and property management



# GIP HISTORY

Leading unlisted real estate fund manager in South Africa established in 2016

## 2016

- Growthpoint Properties establishes Fund Management business
- Launches Growthpoint Investec Africa Properties (“GIAP”)

## 2018

- Reaches first close for GIAP
- Launches Growthpoint Healthcare Property Holdings (“GHPH”)

## 2020

- GIAP rebrands to Lango Real Estate

## 2021

- Launches Growthpoint Student Accommodation Holdings (“GSAH”)
- Reaches first close for GSAH

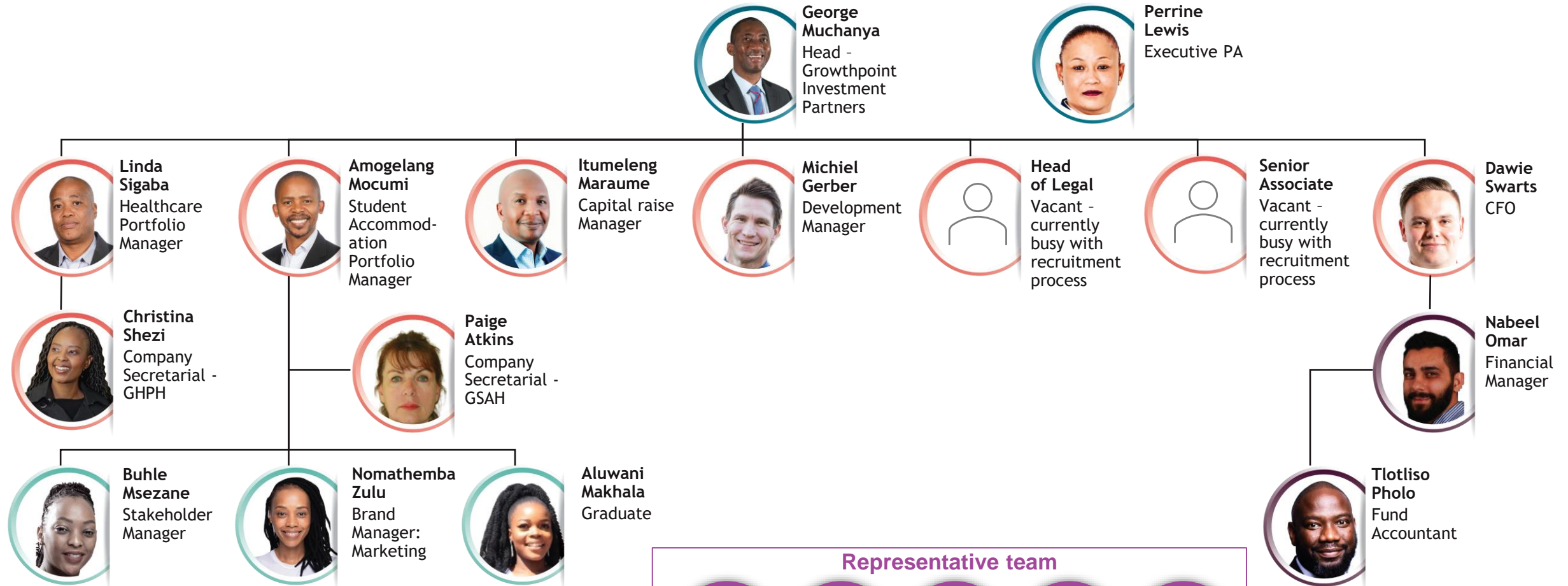
## 2022

- Formally rebrands the fund management business as Growthpoint Investment Partners (“GIP”)
- Sets up dedicated team to exclusively manage GIP, e.g., finance, company sec



# FULLY RESOURCED TEAM OF 14 PROFESSIONALS

GIP has a dedicated and diverse team of 14 highly qualified professionals + access to the wider Growthpoint Group for key support skills i.e., HR, Risk, Treasury, IT, CSI



## Representative team

Total Staff  
14

Black Staff  
71%

Women  
43%

Black Portfolio Managers  
100%

Black Management  
43%





# HEALTHCARE REIT - INVESTMENT MANDATE

The investment mandate of the Company allows it to only invest in:

- South Africa
- Facilities that require a licence to operate such as:



- Acute Multidisciplinary Hospitals



- Day Hospitals



- Specialist Hospitals/ Clinics e.g., Sub-Acute, Mental Health, Primary Healthcare



- Laboratories/ Pathology



- Biotechnology warehousing, logistics and manufacturing facilities

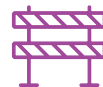


# STRONG SECTOR FUNDAMENTALS



## Structural demand/supply imbalance

- SA has a low number of beds per capita and the failure of public sector healthcare facilities is increasing demand
- Increased instances of diseases and sustained birth rates will ensure continued future utilisation



## High barrier to entry

- The development of hospitals or high-tech healthcare facilities needs a licensing from the Department of Health and the fit out of the facility requires large capital injection



## Low risk of above inflation administered cost escalations

- Most of the leases are triple net leases and the tenants carry the risk of the municipal cost escalations



## SA is a medical tourist destination

- SA hospitals attract patients from other African countries and SA expats living in countries with universal healthcare



## Less susceptible to online disruptions

- Patients prefer face to face consultations over telephonic or online consultations





# OPTIMAL STRUCTURE



- Guaranteed investor liquidity through a JSE listing, after R10bn in assets or after 7th anniversary



- Dividends paid 6 monthly and underpinned by long, escalating leases



- REIT status, thus ensuring income pass-through for pension funds



- Capital deployed into income producing assets, thus avoiding J-Curve



- Investment into “real assets” and reducing volatility in returns



- Strong governance oversight framework



# PORTFOLIO SUMMARY

Launched in May 2018 - focuses on healthcare assets that require a license to operate, thus, increasing the barriers to entry

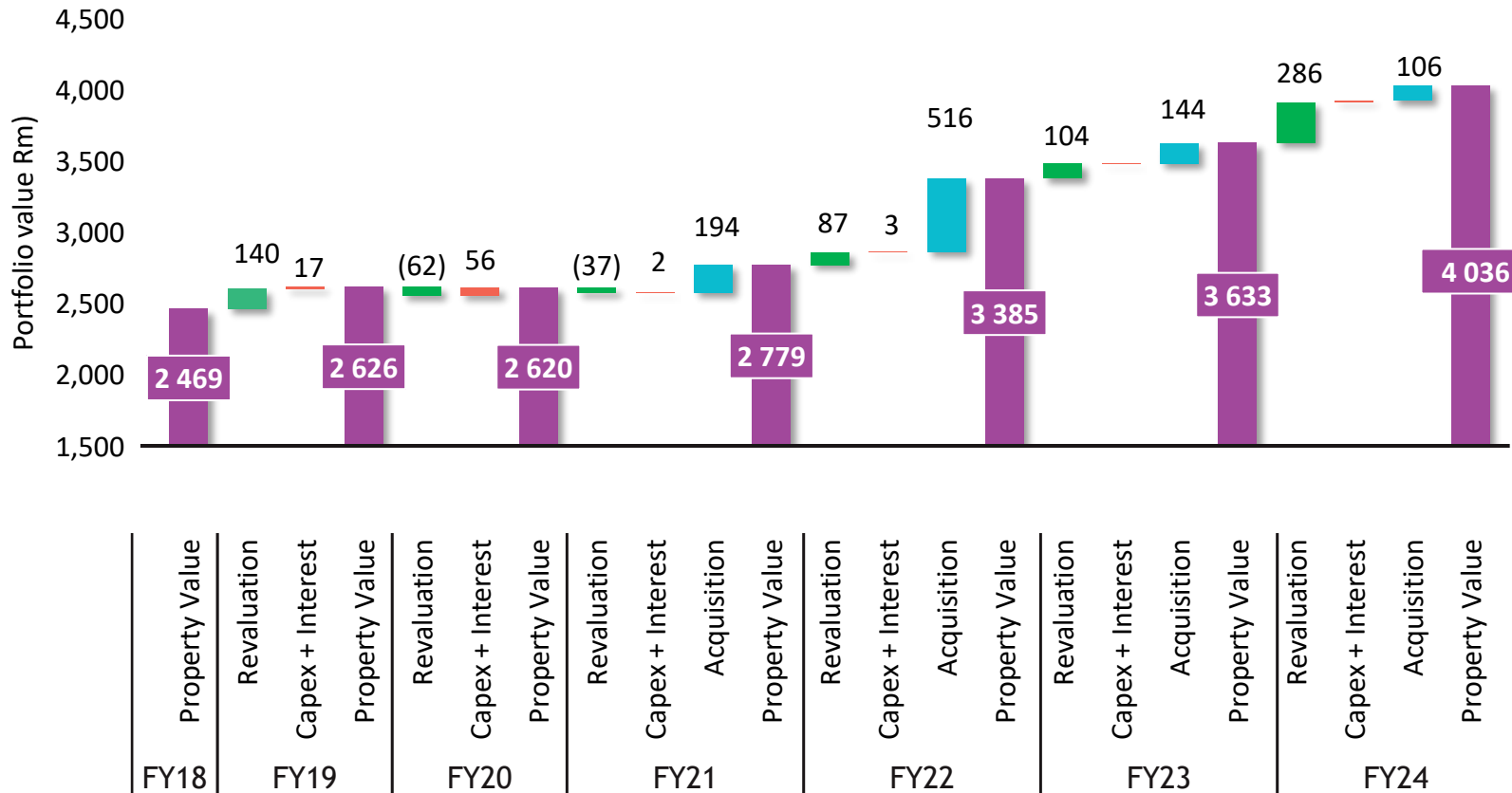
Properties	Beds	GLA (m <sup>2</sup> )	Esc (%)	Yield (%)	Lease (years)	Rent (m <sup>2</sup> )	Valuation (Rm)
N1 City Hospital	214	14 636	5.2	9.4	18.9	275	552.0
N1 City Medical Chambers	n/a	4 659	5.4	10.7	18.9	211	129.0
Busamed Hillcrest Hospital	252	20 445	6.5	8.9	14.7	382	879.5
Busamed Gateway Hospital	165	22 609	6.5	8.9	14.7	315	882.3
Mediclinic Louis Leipoldt Hospital	188	15 075	7.5	10.5	0.9	283	504.9
Busamed Paardevlei Hospital	100	12 417	7.0	13.3	11.8	145	231.5
Cintocare Hospital	100	17 927	8.0	10.5	26.4	271	598.3
Adcock Ingram Facility	n/a	11 228	7.3	11.2	7.0	117	152.5
Johannesburg Eye Hospital	69	4 665	5.5	11.2	9.3	211	106.4
<b>Total/Weighted Average</b>	<b>1 090</b>	<b>123 660</b>	<b>6.7</b>	<b>9.7</b>	<b>14.8</b>	<b>282</b>	<b>4 036.4</b>



# PORTFOLIO GROWTH TRAJECTORY



GPH's target was to grow to c.R10bn within 7 years, but where are we now?



- GAV at 30 Jun 2024 is R4.03bn
- Growth achieved through:
  - Capex spend (Hillcrest expansion)
  - Revaluations
  - Acquisitions (Paardevelei, Cintocare, Adcock Ingram & Johannesburg Eye)
- Growth slower than originally anticipated due to:
  - Healthcare is a mature sector
  - Adopted a cautious approach to growth
  - Covid-19 had an impact on timing of investment decisions
  - Medical Funders' policies impacting new projects
  - Sale and leaseback strategy has not yet materialised

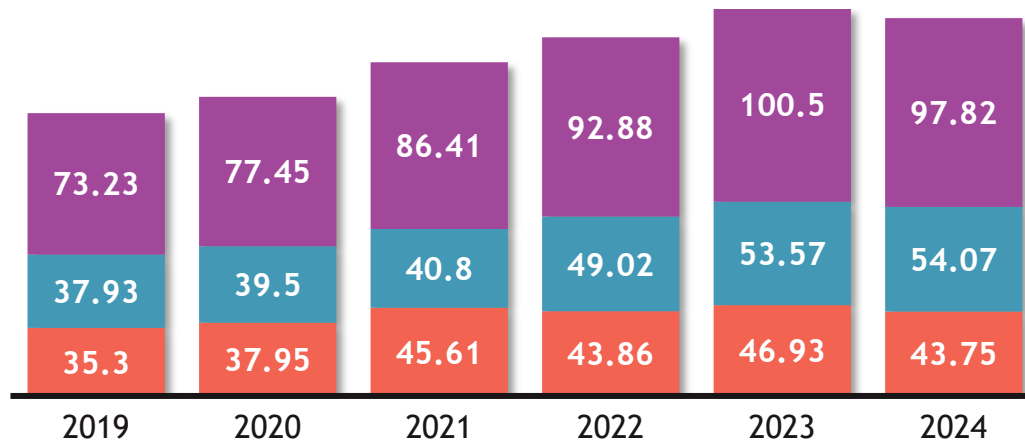
# PORTFOLIO PERFORMANCE

GROWTHPOINT  
HEALTHCARE REIT

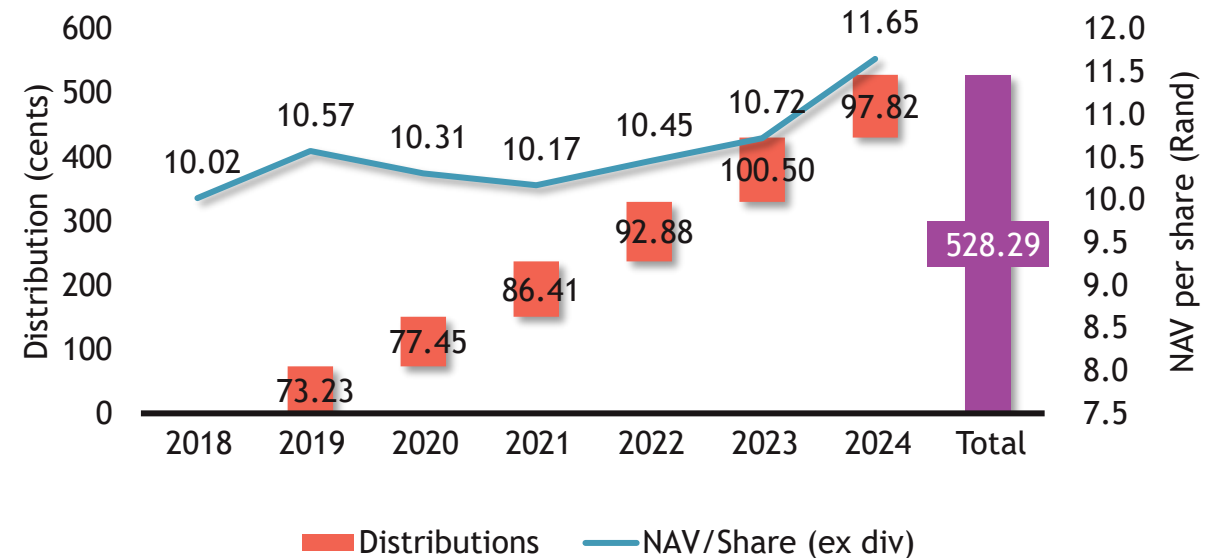


- GPH has been able to grow distributions per share through the COVID-19 pandemic
- Delivered 69% total return in 6 years since inception
  - 53% in cash through distributions
  - 16% in capital growth
- The Company has also been able to outperform inflation, and Growthpoint's traditional asset classes of retail, industrial and office over the period, highlighting the resilience, and defensive nature of the asset class

Distribution Per Share (DPS)



■ Interim dividend   ■ Final dividend   ■ Total dividend



■ Distributions   ■ NAV/Share (ex div)



# ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)



## Strong focus on ESG since IFC investment

### Strong monitoring and reporting

- Annual E&S performance reporting to IFC on facilities and operations based on globally recognised standards
- Establishment of environmental and social due diligence procedures for future acquisitions and developments

### Strong social impact

- Creating a platform for new entrants to enter into the market (e.g., Cintocare) thereby increasing competition in the healthcare sector
- Incubating credible BBEEE operators (e.g., Busamed)
- New development have huge impact on local economy (e.g. job creation, supplier development, SMME support and improvement of local infrastructure)

### Strong sustainability measures

- Cintocare was designed to achieve a 5 Star Green Star Rating from the Green Building Council South Africa
- All future healthcare developments to have at least 4-Star rating

### Strong governance framework

- Audit & risk committee
- Advisory board
- Assets independently valued 6-monthly
- Conflicts policy in place

# STUDENT ACCOMMODATION REIT - WHY INVEST IN THE SECTOR?



## Strong sector fundamentals



### Strong demand

- Supportive structural demand & supply dynamics
- According to a 2020 (“IFC”) study, there are more than 500k students in need of dedicated beds located close to their respective institutions of higher learning



### Universities not investing in new beds

- Student accommodation provision no longer sits within the control of universities



### Supportive demographics

- Supportive demographics with yearly increases in high school intakes thus proving the future relevance of the asset class



### Share of wallet

- Education will continue to account for a significant share of both public and private budgets



### Resilient sector

- Resilient sector sustaining demand even during periods of economic shocks



### Yearly rental rebasing

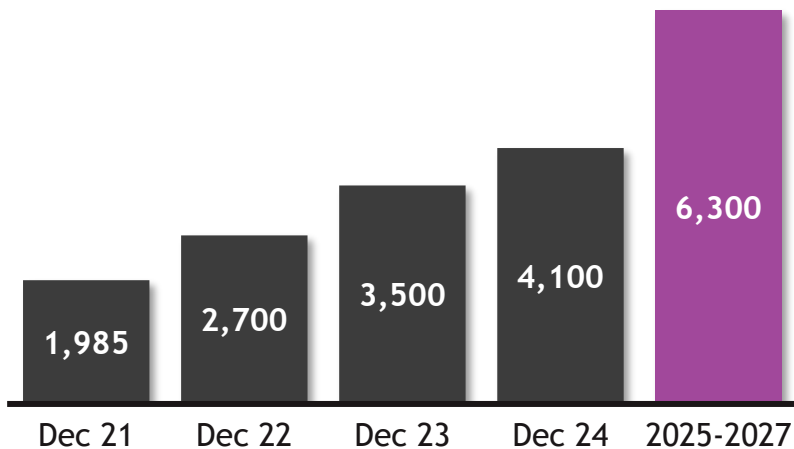
- Yearly rebasing of rentals reduces volatility of income and capital values



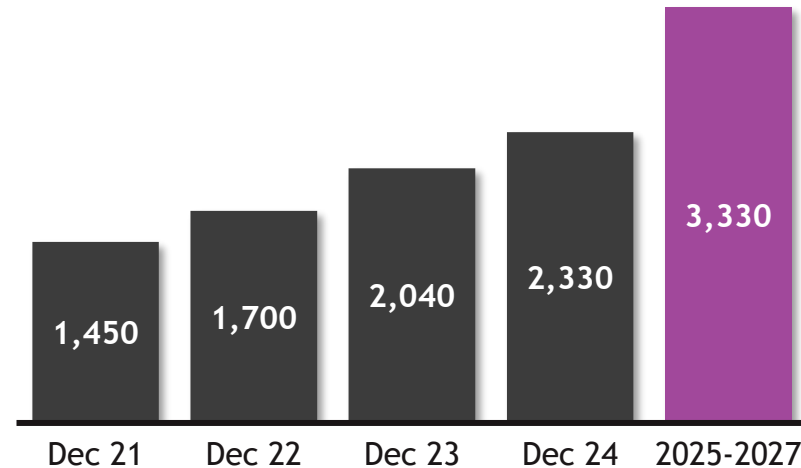
# STRONG GROWTH TRAJECTORY

- Added R2.1bn (5 200 beds) to the portfolio since inception & raised R880m in equity post the first close
- Growth funded by debt given the length of time it takes to raise equity from institutional investors
- On course to raise at least R1 billion in equity which will be utilised to fund the pipeline between 2025 & 2027

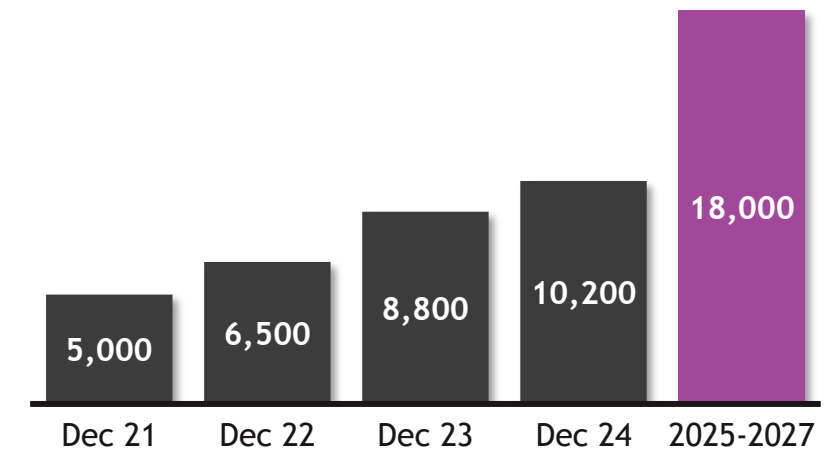
### GROSS ASSET VALUE (Rm)



### EQUITY RAISE (Rm)



### NUMBER OF BEDS



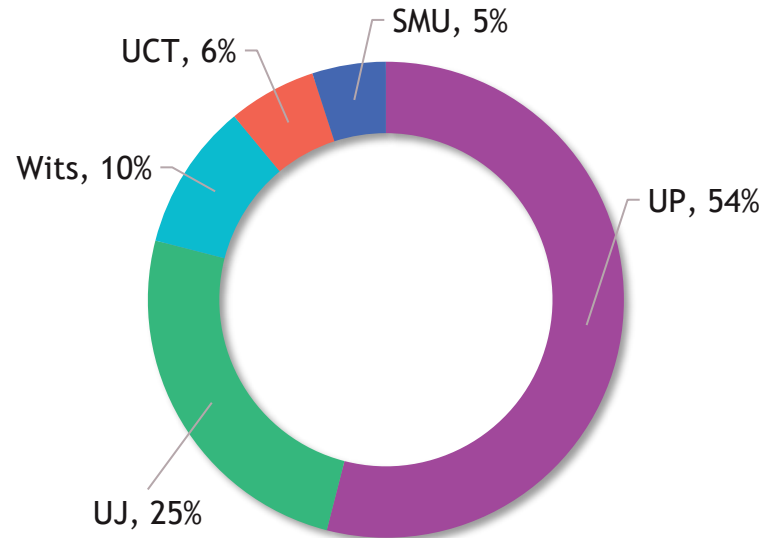
# DIVERSIFIED PORTFOLIO

GROWTHPOINT  
STUDENT ACCOMMODATION REIT

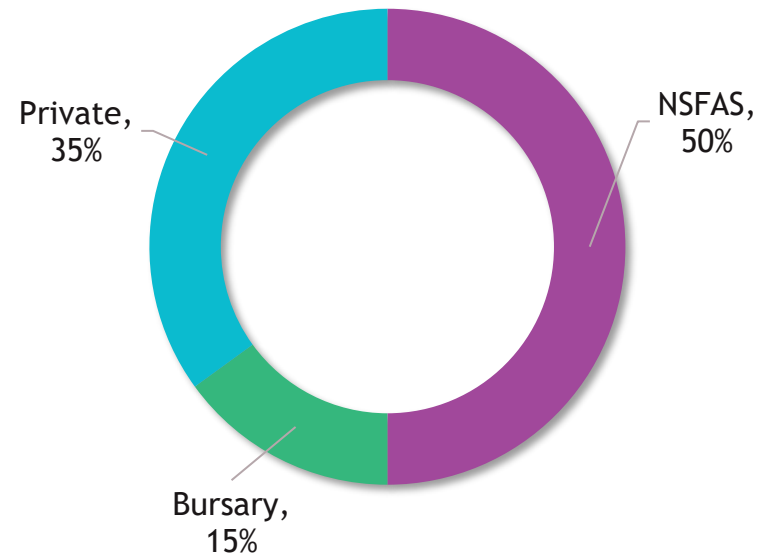


- The diversification of the portfolio has improved, and this will continue as the business grows
- We now accommodate students from 5 universities, versus 2 at inception, and across all years of study

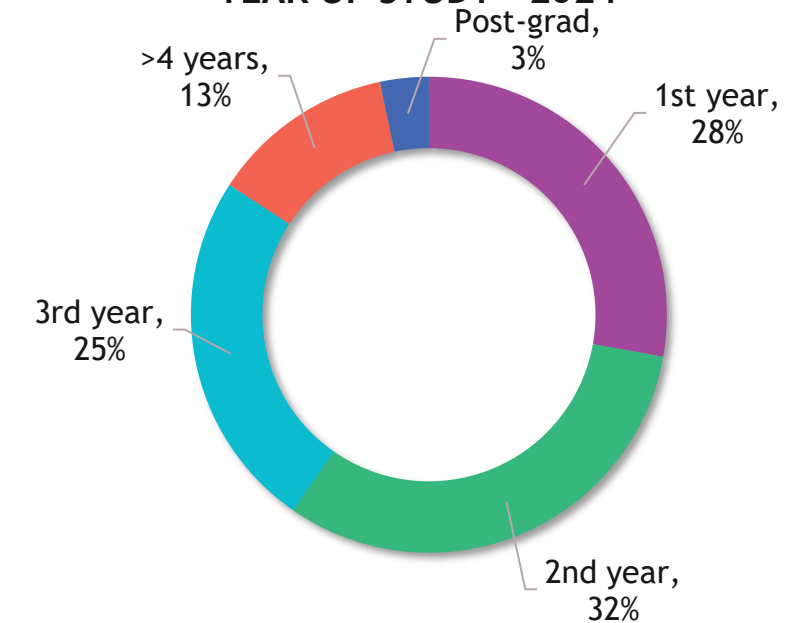
### UNIVERSITY EXPOSURE - 2024



### TENANT MIX - 2024



### YEAR OF STUDY - 2024



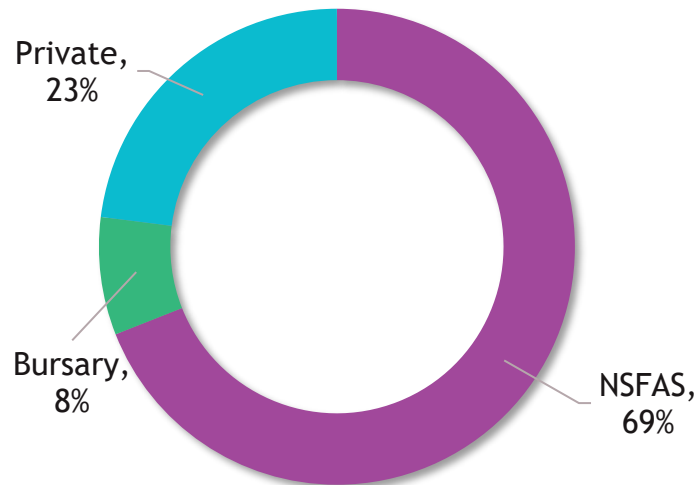




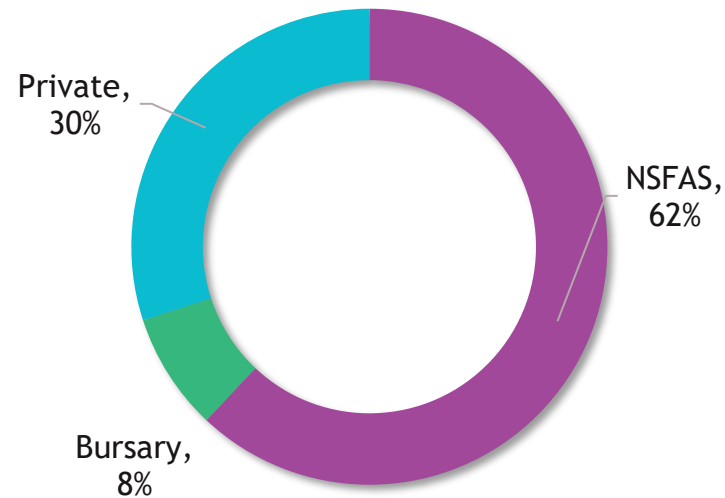
# TENANT PROFILE BY NUMBER OF BEDS

- Active market positioning and building of the “Thrive Student Living” brand leading to tenant diversification
- NSFAS exposure has decreased from 69% at inception to 50% currently
- We are actively working on improving tenant diversification to avoid single counter party risk

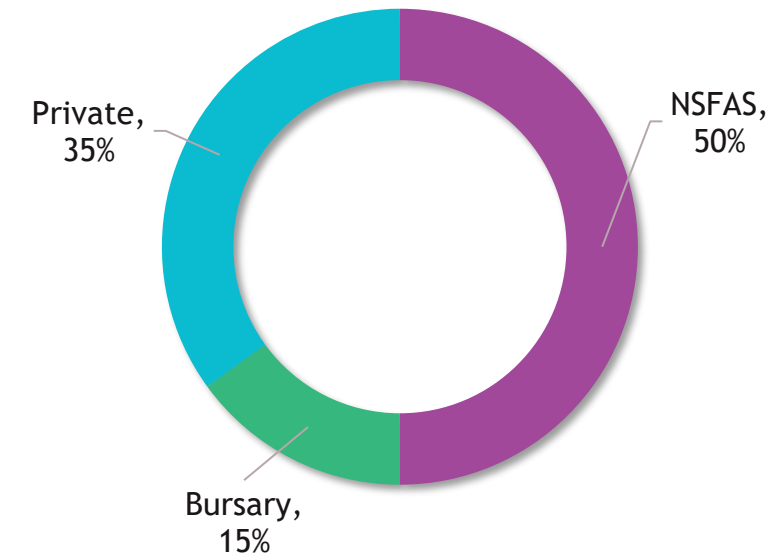
2022



2023



2024

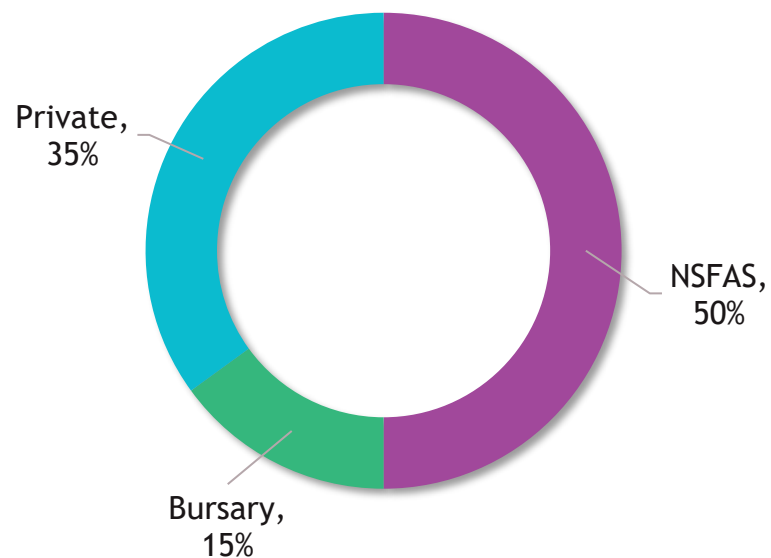


# TENANT PROFILE BY REVENUE

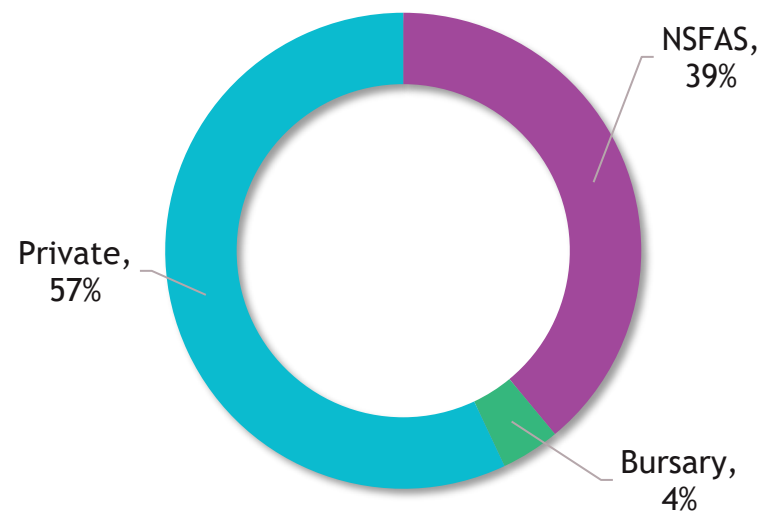


- NSFAS exposure currently makes up 39% of revenue

### TENANT MIX BY NUMBER OF BEDS - 2024



### TENANT PROFILE BY REVENUE - 2024

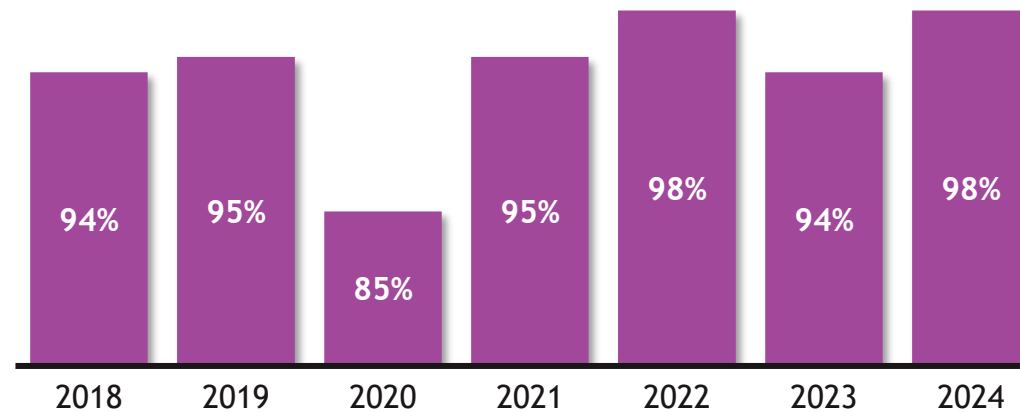




# OCCUPANCIES

- Occupancies have rebounded following the NSFAS student accommodation allowance cap in 2023
- Occupancies of the new developments are also performing well which is encouraging

## PORTFOLIO OCCUPANCIES

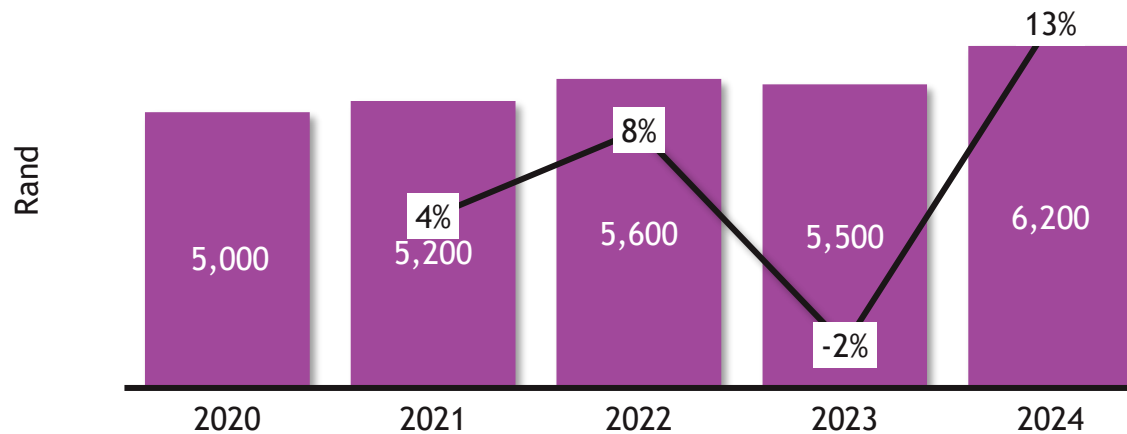


# RENTAL GROWTH



- Newly developed properties and active asset management initiatives resulting in tremendous rental growth

RENT/BED/MONTH (SIGNED LEASES)





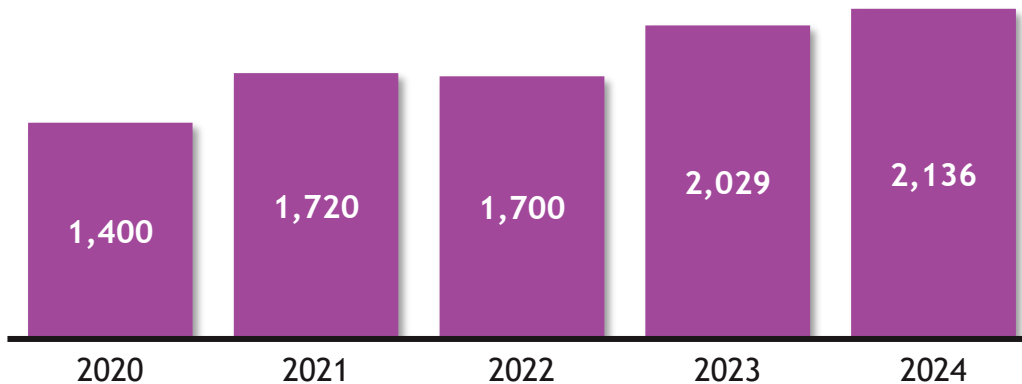
# PORTFOLIO PERFORMANCE METRICS

GROWTHPOINT  
STUDENT ACCOMMODATION REIT

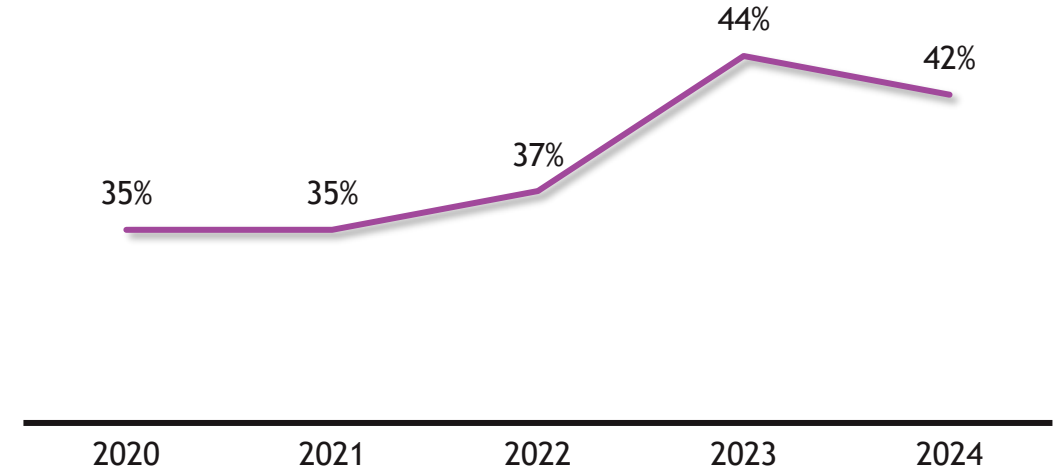


- Operating cost/bed increasing due to administered costs and investment in building the Thrive Student Living brand and capital expenditure, e.g. replacing FF&E and upgrading biometrics
- The rental growth and quality of income is off-setting higher costs, and we are seeing stabilisation in the cost to income ratio

OPERATING EXPENSE/BED/MONTH (R)



COST TO INCOME RATIO

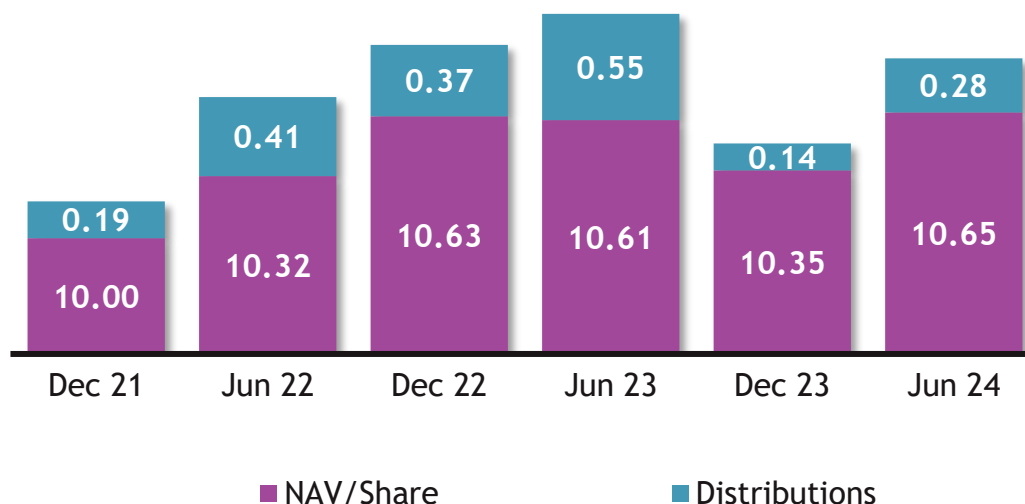


# INVESTMENT RETURNS

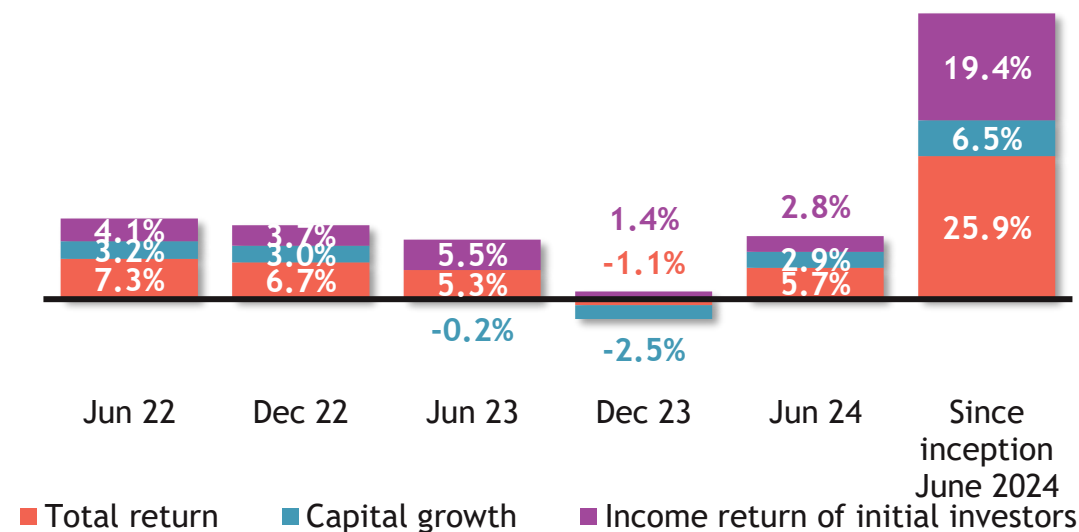


- The decline in the distribution in Dec 2023 was due to:
  - Lower occupancies in Pretoria
  - Higher operating costs due to administered costs and diesel costs because of extreme loadshedding
  - Expiry of the rental guarantee from the sellers of the initial portfolio
- We expect an improvement in distributions following our asset management interventions

### INVESTOR RETURNS (R)



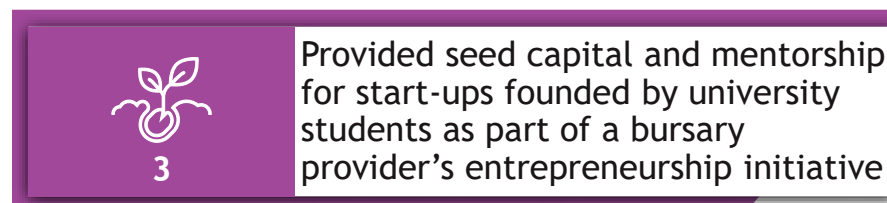
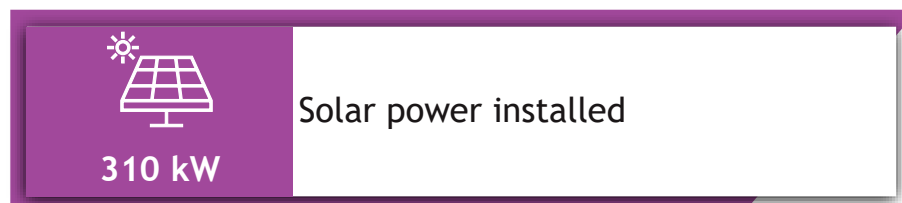
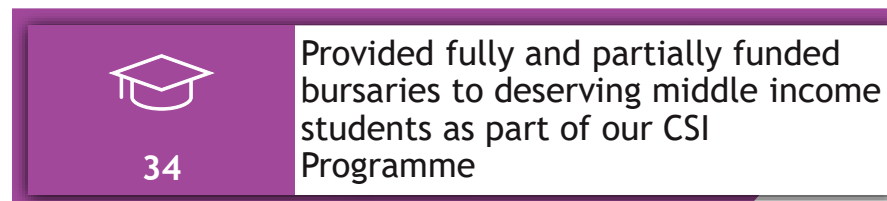
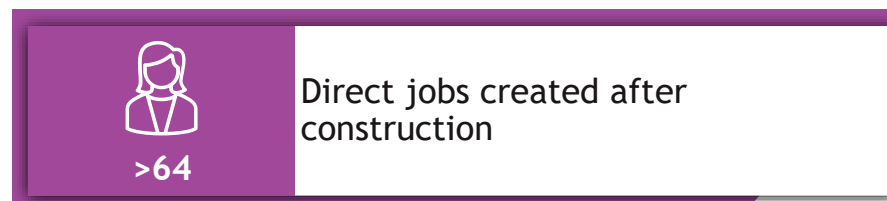
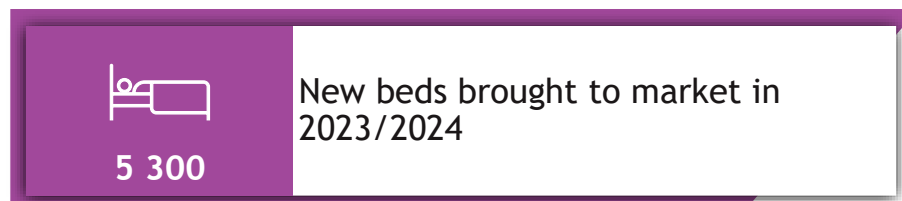
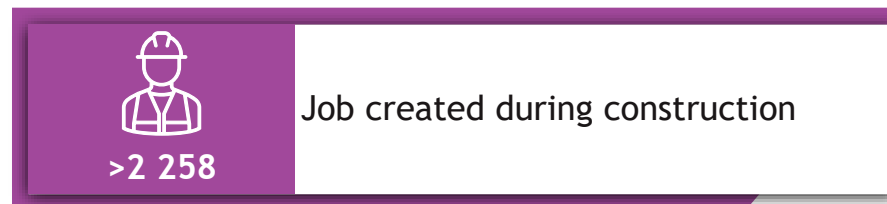
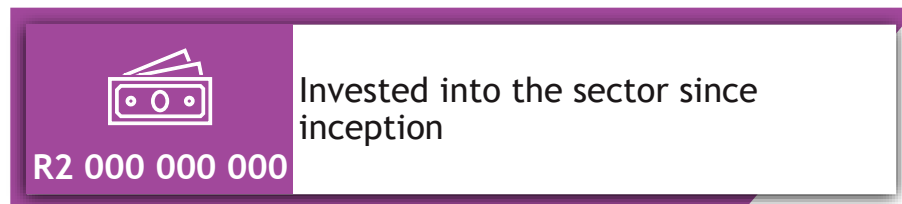
### TOTAL RETURNS (%)



# IMPACTFUL SOCIAL GOOD



In addition to a financial return, GSAH also delivered a social return



- What we provide goes beyond merely offering a bed
- We have achieved remarkable outcomes that:
  - Contribute to the holistic development and well-being of students
  - Positively impact communities
- We support the objectives of the UN's 17 SDGs
- While all the SDGs support global goals, we focus on 5 of them

1  
Level 1

Main contractor B-BBEE status

3  
Level 2





# POSITIVE CHARACTERISTICS

Our specialist, unlisted property portfolios are worthy of inclusion in a multi-asset portfolio due to the following positive characteristics



- Predictable cash flows - meaning improved ability to match long-term liabilities



- Indexing linked cash flows that provide an inflation hedge



- Less volatile with performance linked to performance of the underlying property assets



- Return profile uncorrelated to traditional fixed-income returns, listed equity returns as well as other illiquid investments such as private equity



- Increased opportunity - access to opportunities that are not available in the traditional investment space



- The ability to invest in projects that benefit society as well as the economy



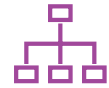
- Guaranteed investor liquidity through an IPO



# WHY INVEST IN US



**Strong investor alignment with Growthpoint, an anchor investor in each underlying platform**



**Backing a proven management team that has already launched 3 platforms**



**Access to the Growthpoint platform - brand, C-Suite Execs, policies, governance etc.**



**Unique opportunity to access REIT income from an unlisted investment**



# SUPPORT BY LOCAL AND INTERNATIONAL INVESTORS

Strong alignment of interest between promoters, partners and Growthpoint Properties





THANK YOU

QUESTIONS

Fountains View, Pretoria



# 02

## RETAIL

GROWTHPOINT  
PROPERTIES



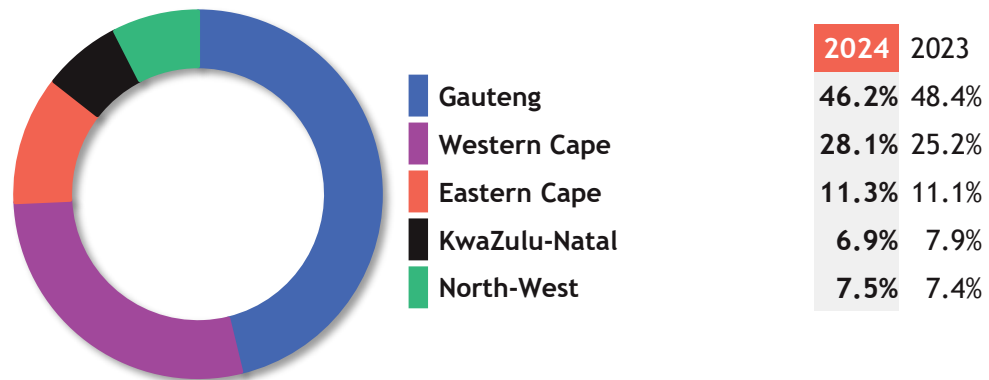
N1 City Mall, Cape Town

# PORTFOLIO COMPOSITION - FY24



	FY24
Number of properties	37
GLA (m <sup>2</sup> )	1 144 074
Vacancy (m <sup>2</sup> )	62 590
Valuation (R million)	25 574
Value per m <sup>2</sup> (R)	22 189

### GEOGRAPHICAL SPLIT BY VALUE - JUNE (%)



### SEGMENTAL SPLIT BY VALUE - JUNE (%)





# KEY PERFORMANCE INDICATORS (KPI'S)

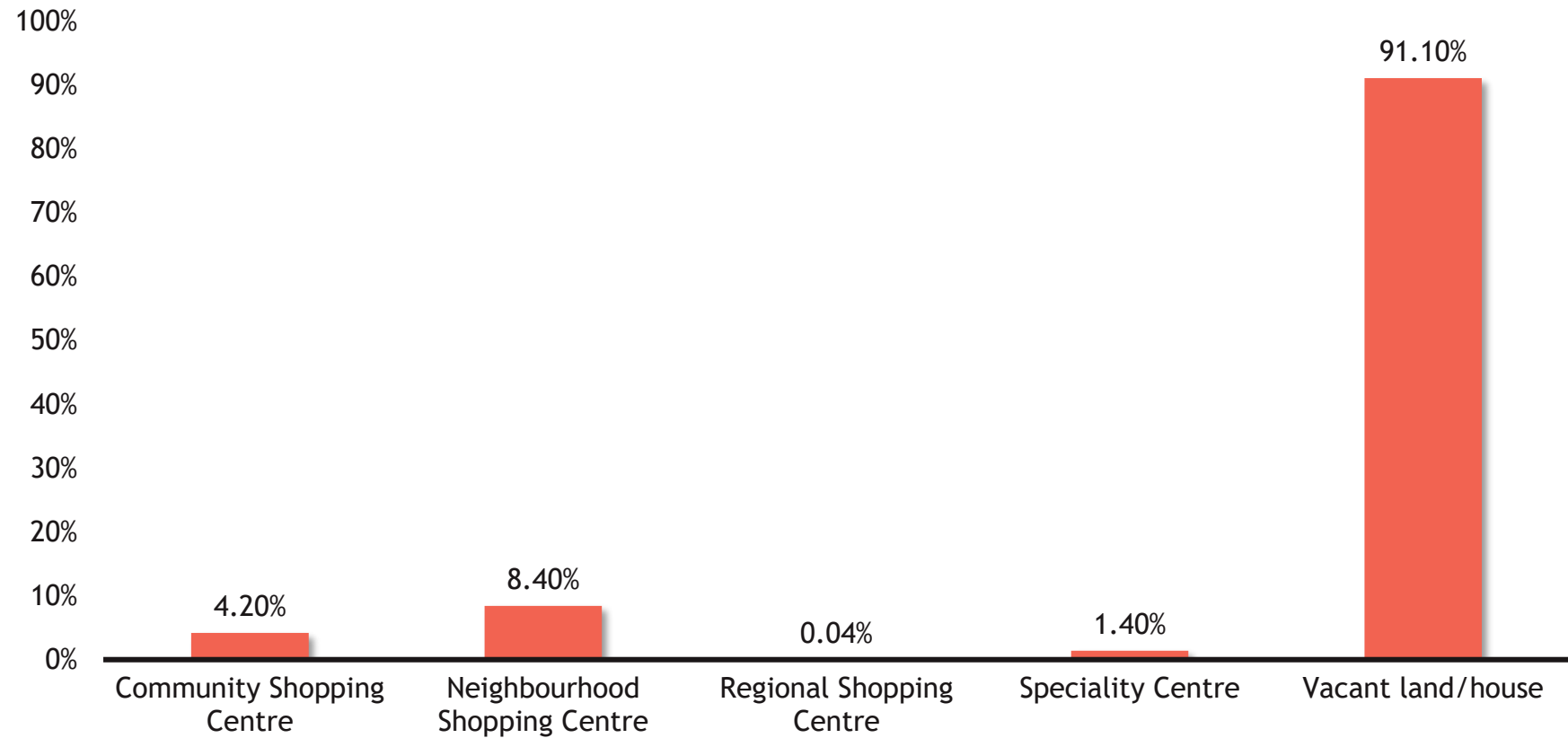


Greenacres, Port Elizabeth

	FY24	FY23	FY22
Vacancy	5.5%	6.3%	5.5%
Renewal success rate	86.4%	83.3%	85.0%
Weighted average renewal growth (by gross rental)	-2.1%	-9.1%	-13.6%
Weighted average renewal lease period (years)	4.0	3.8	3.5
Weighted average future escalations on renewals	6.4%	6.2%	6.0%
Letting success rate	81.9%	75.9%	80.5%



# RETAIL REVALUATION - FY24



# VALUATIONS



Waterfall Mall, Rustenberg

**Like on like valuation increased by 0.89% (+R224m)**

**Factors influencing value were:**

- Marginal decrease in weighted average cap rate, from 8.03% to 7.99%
- Marginal increase in weighted average exit cap rate, from 8.4% to 8.46%
- A marginal decrease in market rental growth rate from 4.8% to 4.7%
- The weighted average expense growth rate remains high at 6.41% (FY23: 6.39%)
- The assumed lag period required to re-let space has shortened

# RETAIL TRENDS



Waterfall Mall, Rustenberg

- Low consumer confidence due to high interest rates and unemployment, low GDP growth and political uncertainty has put a high strain on the retail sector during the period
- Valuations should show growth given reduced interest rates, lower vacancy levels, growth in turnover and an improved renewal environment
- Growth of e-commerce and on-demand continues to impact traditional retail - retailers adapting by integrating an omnichannel strategy including 'click & collect'
- Trading densities are however still improving well beyond pre-Covid era
- Footcount is still trending upwards since Dec 2021, but shopper behaviour has been modified
- Vacancies are still trending downwards, compared to its peak early 2021
- Cost of occupation has been trending down continuously and seems to be averaging at levels slightly below those experienced in 2015 - renewal levels are now largely stagnant with positive renewal levels anticipated in 2025
- Growth categories include Food and Health (non-discretionary), Food Services and Value Fashion

# RETAIL TRENDS CONTINUED



Waterfall Mall, Rustenberg

- More than 150 days of no load shedding and reduced diesel expenditure has had a positive effect on the sector and hopefully bodes well for the future
- Water scarcity issues are definite risks in Gauteng and KZN and water backup solutions is a focus
- Arrears levels have improved substantially
- Community centres remain robust but both large and small regional centres continue to recover
- Portfolio derisking and optimisation is a focus through:
  - A targeted disposal and acquisition program, maintaining core properties, exiting CBD areas and acquiring dominant assets in defined primary markets
  - Enhancing core properties through upgrades, which would include Solar PV and Water Backup projects
  - The right sizing, optimisation and re-tenanting of certain national traders in response to changes in consumer and retailer needs - there is a decline in the required banking space - cinemas are generally trading poorly and there are indications of closures - declining performance, and loss of market share with some of the bigger retailers such as Game, Edgars and Pick 'n Pay which will, likely, continue into 2024/25 financial year



# SALES, ACQUISITIONS & DEVELOPMENTS



La Lucia Mall, Durban

## Sales & acquisitions

- No acquisitions during the period
- 3 disposals totaling R490.5m during the period:
  - City View
  - City Mall
  - Sedgars, Woodmead
- Further 6 disposals totaling R1 491m in the pipeline
  - Golden Acre and Grand Parade - R497m
  - Nissan and Toyota Dealerships, Woodmead - R126m
  - Mark Park Vereeniging - sold R253m
  - Village Square, Randfontein - R455m
  - Virgin Gym Three Rivers, Vereeniging - R28m
  - Waterfall Value Centre, Rustenberg - R132m

# DEVELOPMENTS, SOLAR AND EXTENSIONS



La Lucia Mall, Durban

## Developments & extensions

- River Square Extension
  - Completed (FY24)
  - Development cost - R49.8m
- Vaal Mall Phase 6 (Access Road and Solar)
  - Completed (FY24)
  - Development Cost - R37.9m
- Solar Installations in 5 Regionals
  - 11.4MW Completed (FY24)
  - Development cost R146m
- Bayside Mall Redevelopment
  - Dec 2024 Completion
  - Development cost R415m (FY24: R208.3m)



# DEVELOPMENTS, SOLAR AND EXTENSIONS CONTINUED



La Lucia Mall, Durban

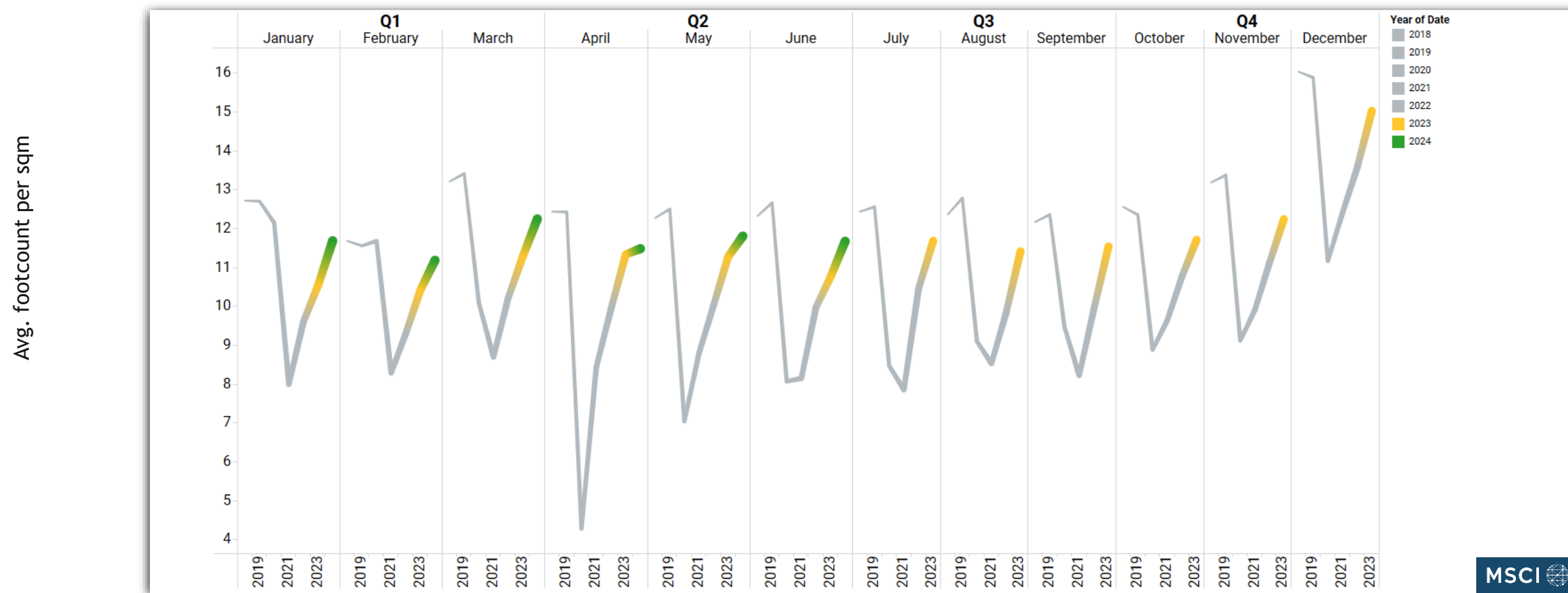
## Developments & extensions

- Beacon Bay Drive-thru extension
  - Completed (FY24)
  - Development Cost R8.9m
- Watercrest Mall Shoprite and Checkers
  - Nov 2024
  - Development cost - R27.5m
- Beacon Bay Builders Express and Upgrade
  - Jun 2025
  - Development Cost - R113.4m
- Solar in Progress (11.96MW), excluding Bayside
  - Mar 2025
  - Development Cost - R207.6m

# FOOTCOUNT TRENDS - MSCI

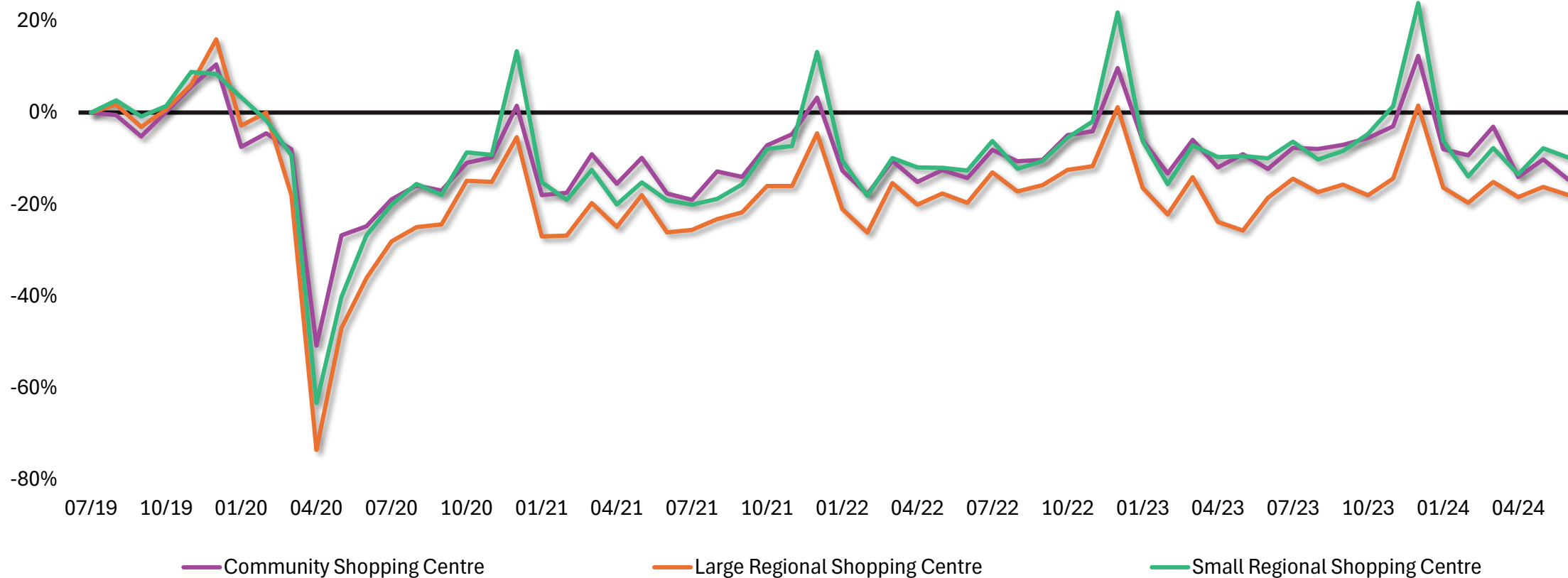
Monthly footcount improved in Q2 but remained below pre-pandemic level

FOOTCOUNT PSQM PER MONTH (2018-2024), ALL CENTRES



# FOOTCOUNT TRENDS - GROWTHPOINT

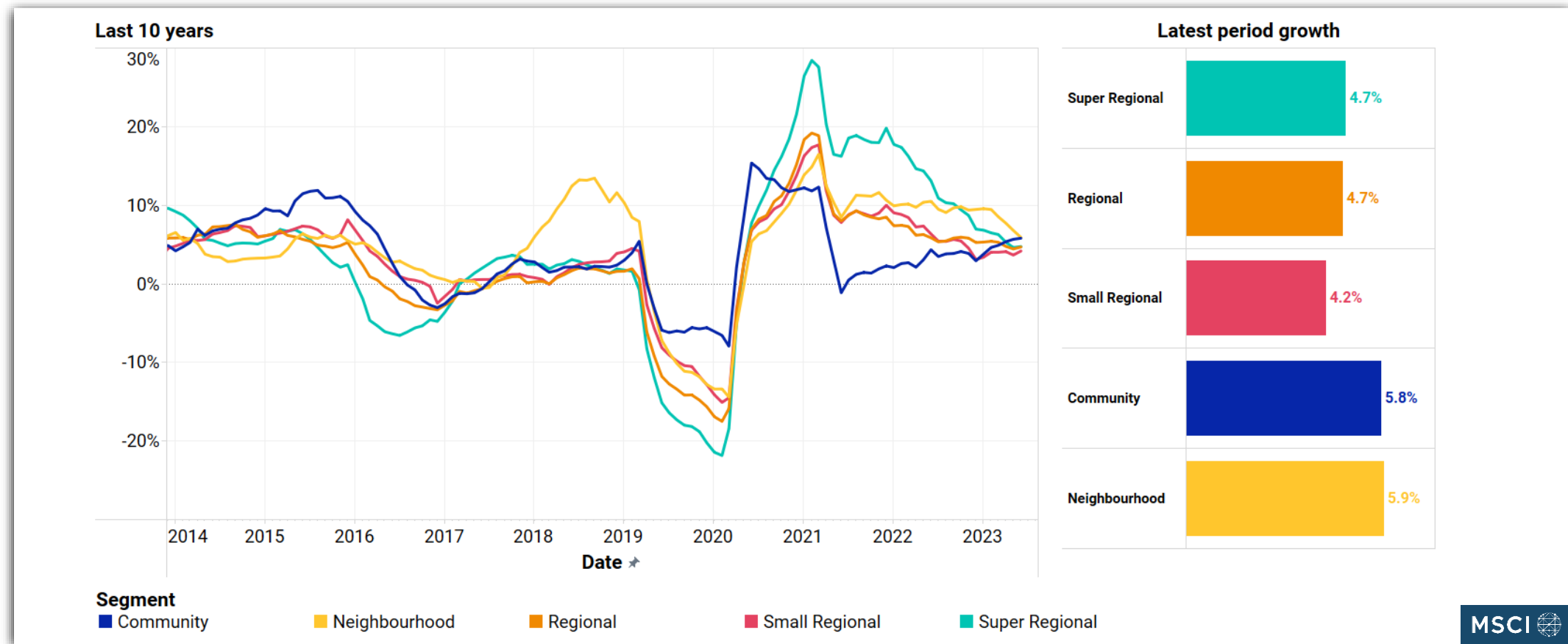
## FOOTCOUNT TRENDS - INDEXED JULY 2019



# TRADING DENSITY BY CENTRE TYPE - MSCI

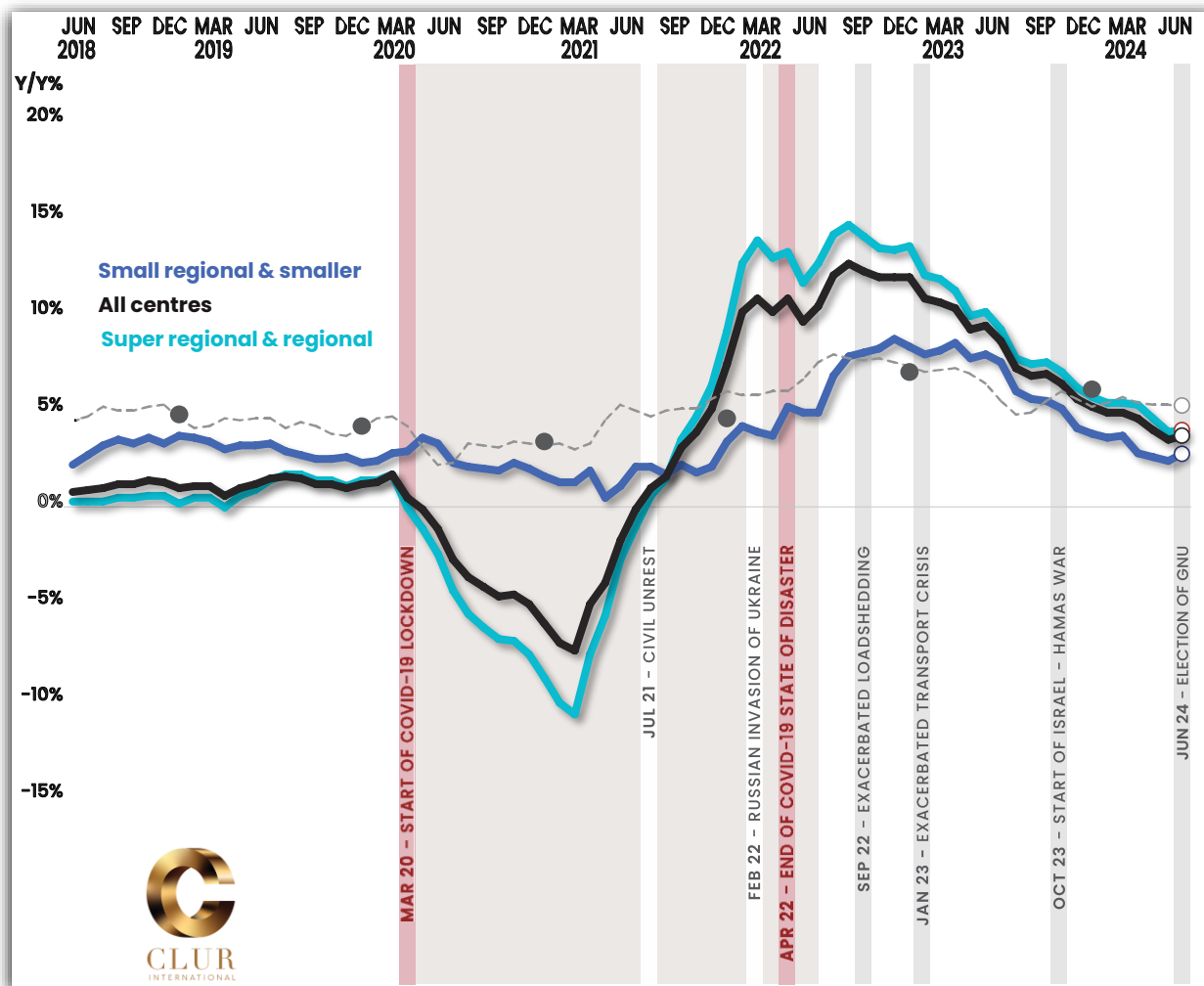
## Annualised trading density growth by segment

ANNUALISED SALES/SQM GROWTH; CURRENT PRICE TERMS; Y/Y



# RENT TO SALES RATIO - CLUR INDEX

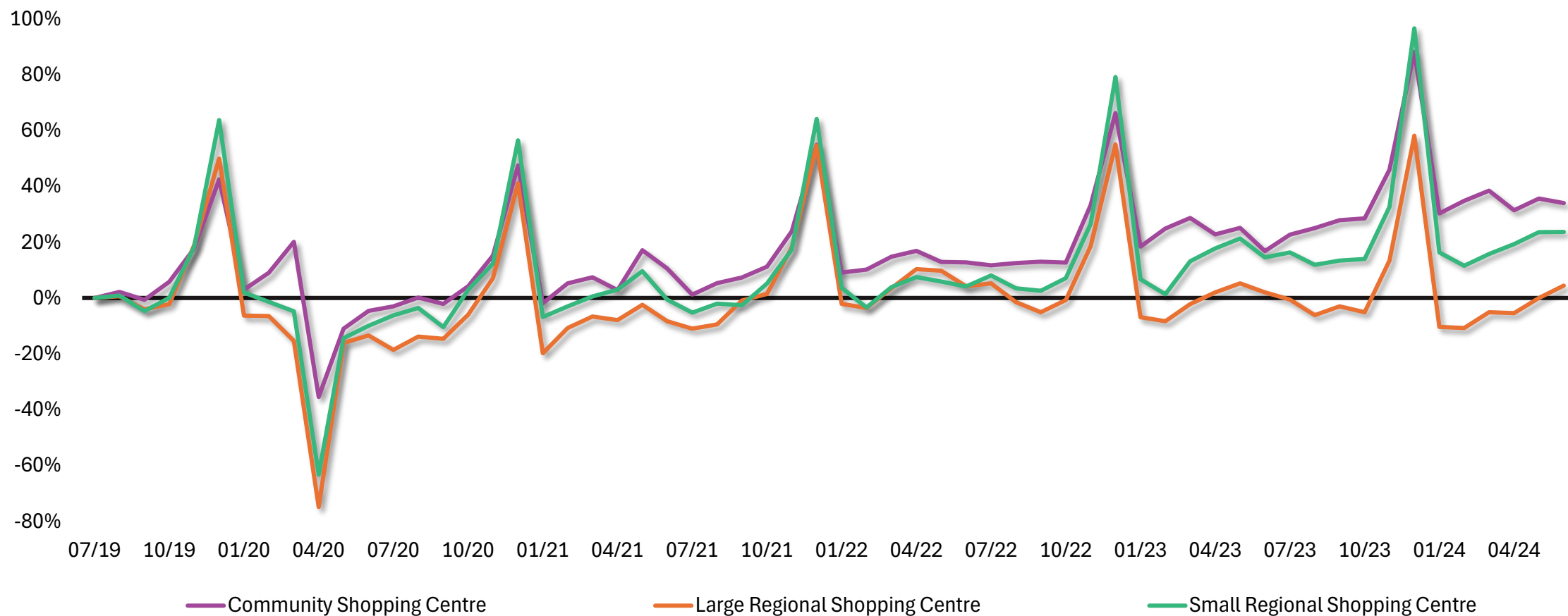
Dominant indices - Annualised trading density (lower) & Y/Y% Growth (upper)



- The Q224 national Clur Index for All Centres closed with annualised trading density y/y% growth of 3.6%
- Highest y/y% growth was shown by Super-Regional and Regional Centres, at 3.9%
- Community and Smaller Centres showed the lowest growth rate of the pack at 1.7%
- Super-Regional Centres showed the greatest contraction of -1.5% versus the first quarter
- All Centres Index contracting by -0.9% for the same period

# TRADING DENSITY BY CENTRE TYPE - GROWTHPOINT

## TRADING DENSITY TREND - INDEXED JULY 2019



# TRADING DENSITY BY CATEGORY - MSCI

## MSCI South Africa Retail Trading Index

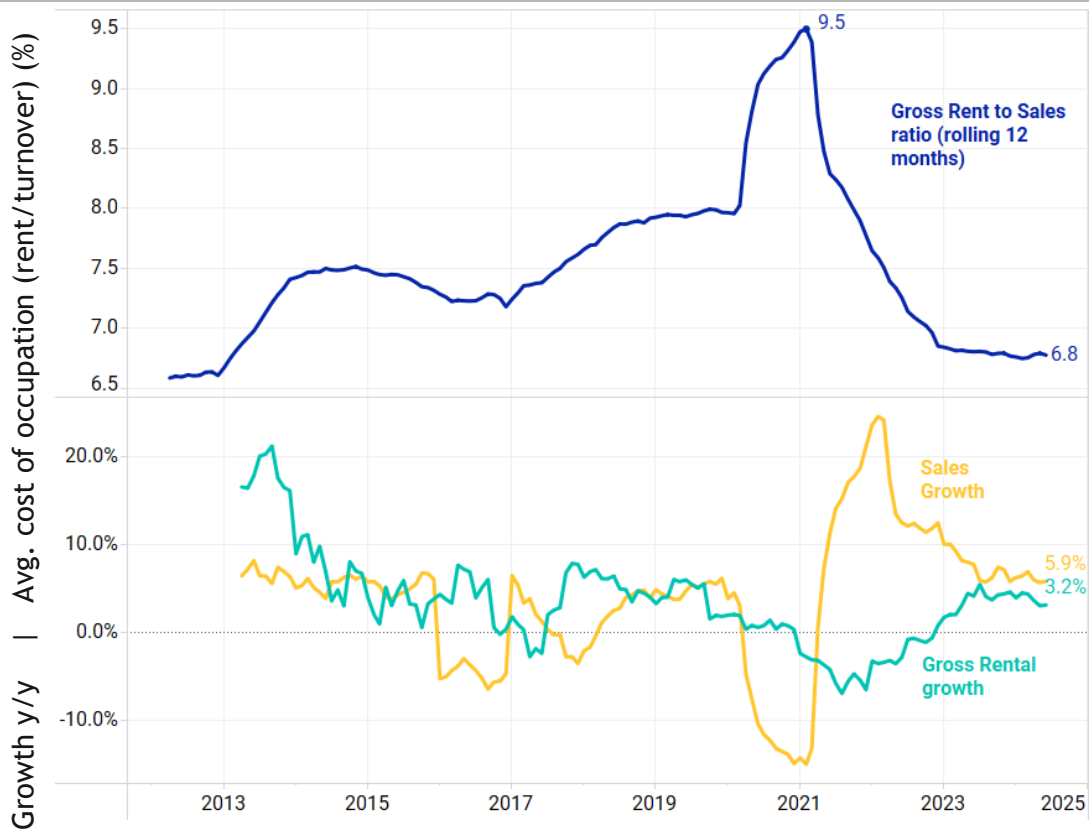
Merchandise Category	Annualised Trading Density (avg)	% of Let Floorspace	June 2024 vs June 2023	June 2024 vs June 2019	year-on-year % change					Merchandise Category	Annualised Trading Density (avg)	% of Let Floorspace	June 2024 vs June 2023	June 2024 vs June 2019	year-on-year % change				
					2019	2020	2021	2022	2023						2019	2020	2021	2022	2023
Accessories, Jewellery & Watches	100,831	0.6	4.4%	26.5%	5.2%	-13.0%	6.1%	21.2%	8.3%	Health and Beauty	71,473	5.0	6.1%	7.6%	4.4%	-3.6%	-0.6%	5.0%	1.4%
Apparel	33,958	20.1	4.0%	16.8%	1.3%	-10.2%	3.1%	15.9%	5.8%	Homeware, Furniture & Interior	22,004	6.6	1.9%	6.6%	7.4%	-4.4%	7.5%	1.8%	-0.5%
Barrows/Kiosks	64,422	0.0	6.0%	8.3%	-4.0%	-22.1%	2.9%	15.8%	9.8%	Luggage	50,648	0.1	-3.8%	89.1%	4.8%	-19.0%	0.3%	65.6%	32.8%
Books/Cards/Stationery	33,622	0.9	13.2%	10.9%	3.3%	-13.4%	-15.3%	16.0%	16.5%	Motor Related	28,696	1.5	1.5%	1.0%	-2.7%	-46.2%	1.1%	43.1%	27.8%
Department Stores	35,554	13.7	7.9%	0.7%	4.7%	-5.4%	-6.1%	1.1%	4.5%	Services	34,393	0.6	8.4%	15.2%	6.8%	-23.6%	6.7%	22.5%	6.9%
Electronics	76,925	2.1	4.6%	49.0%	6.3%	-7.2%	17.8%	18.6%	9.5%	Speciality	34,249	4.5	6.3%	11.0%	-0.9%	-11.4%	8.8%	2.3%	5.8%
Entertainment	3,694	2.4	1.7%	-12.1%	2.9%	-25.6%	-56.0%	98.3%	33.3%	Sportswear and Outdoor	42,717	3.2	-2.8%	40.4%	6.1%	-11.0%	6.0%	32.4%	16.4%
Eyewear & Optometrists	65,894	0.5	3.8%	16.0%	3.4%	-11.2%	4.8%	10.6%	8.1%										
Food	51,061	19.0	4.7%	25.2%	4.1%	1.1%	2.1%	6.9%	8.5%										
Food Service	53,014	5.7	7.7%	37.0%	4.6%	-17.5%	1.2%	29.3%	18.2%										



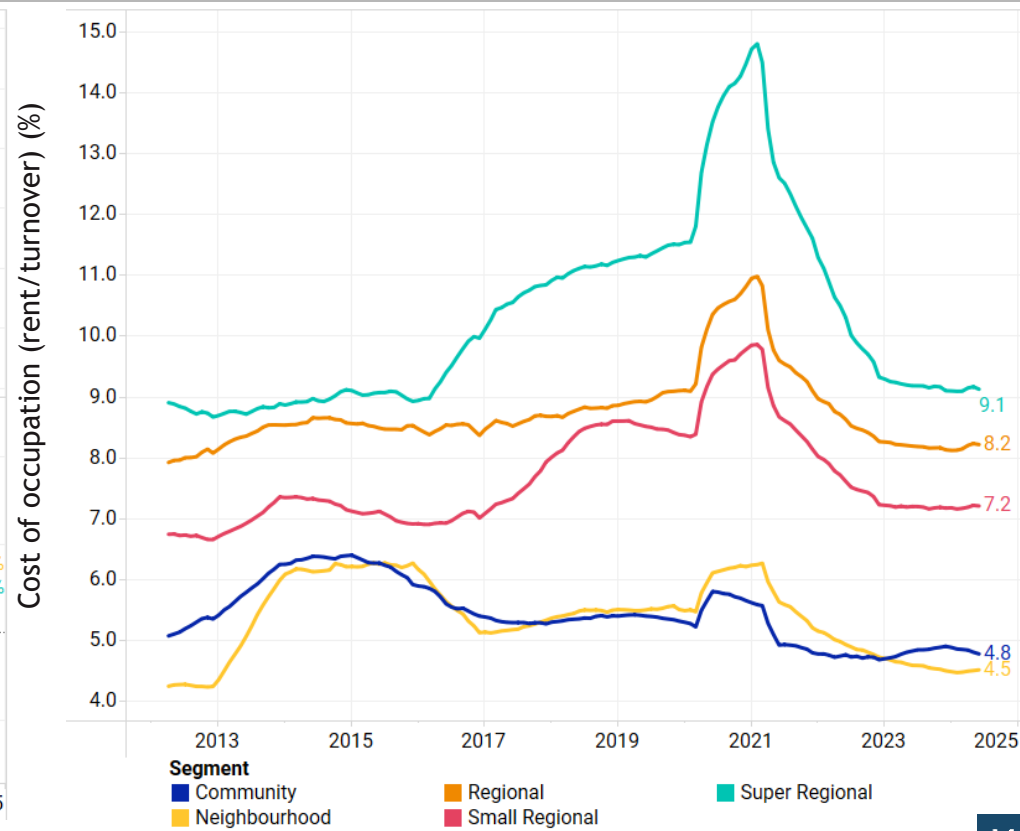
# RENT TO SALES RATIO - MSCI

Cost of occupancy the lowest in more than a decade - sales growth has slowed but still much faster than gross rent growth

**GROSS RENT TO SALES**  
GROSS RENTAL GROWTH VS. SALES GROWTH



**GROSS RENT TO SALES RATIO PER SEGMENT**  
ROLLING 12 MONTH RENT/SALES



Source: MSCI Real Estate

# RENT TO SALES RATIO - GROWTHPOINT

Typology	TD	Effort ratio	Turnover	TD	Turnover contribution
Gauteng	2 528	8.7%	12 890 613 633	2.5%	38.7%
Western Cape	3 590	6.6%	10 283 770 636	11.3%	30.8%
KwaZulu-Natal	3 596	5.9%	4 485 676 792	1.1%	13.5%
Eastern Cape	3 019	8.3%	3 749 470 504	7.8%	11.2%
North-West Province	2 874	9.0%	1 927 300 090	-1.6%	5.8%
<b>Total</b>	<b>2 991</b>	<b>7.6%</b>	<b>33 336 831 656</b>	<b>5.3%</b>	<b>100.0%</b>



THANK YOU

QUESTIONS



03

OFFICE

GROWTHPOINT  
PROPERTIES



144 Oxford, Rosebank



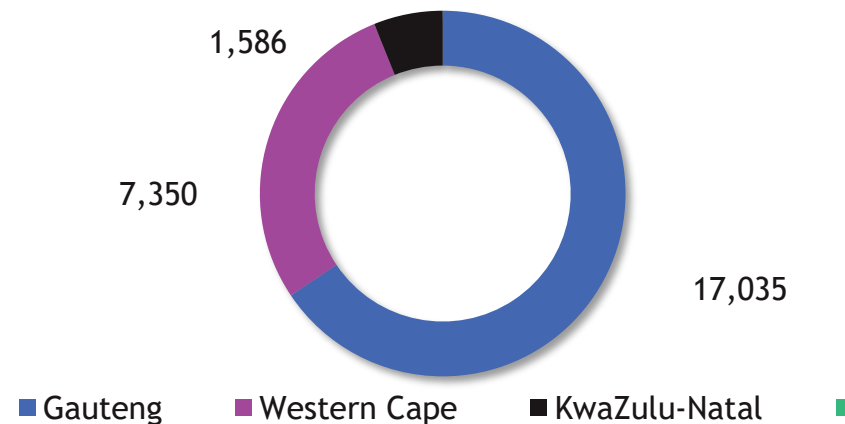
# PORTFOLIO COMPOSITION



Discovery, Sandton

	FY24	FY23	FY22	FY21	FY20
Number of properties	151	155	158	165	168
GLA (m <sup>2</sup> )	1 613 572	1 650 192	1 669 867	1 705 846	1 672 009
Vacancy (m <sup>2</sup> )	244 450	316 486	346 246	339 933	258 295
Valuation (R million)	26 502	25 868	25 999	27 642	29 793
Value per m <sup>2</sup> (R)	15 796	15 140	15 073	15 721	17 201

### Geographical split by value (R'm)



# ASSET MANAGEMENT STRATEGY



## Strategic imperatives for the 2025 financial year:

- Address the overweight investment in the office sector
- To optimise the performance of the Office Sector
- More active disposal strategy. Identification of likely purchasers and investors
- Rebalancing of nodal weighting, with a separate strategy per node and sub-node
- Core properties to be redeveloped, upgraded and repositioned
- Conversion of properties to alternate uses (residential, medical, education)
- Bring land to account
- Ongoing focus on sustainability

Constantia Office Park, Roodepoort

# MARKET

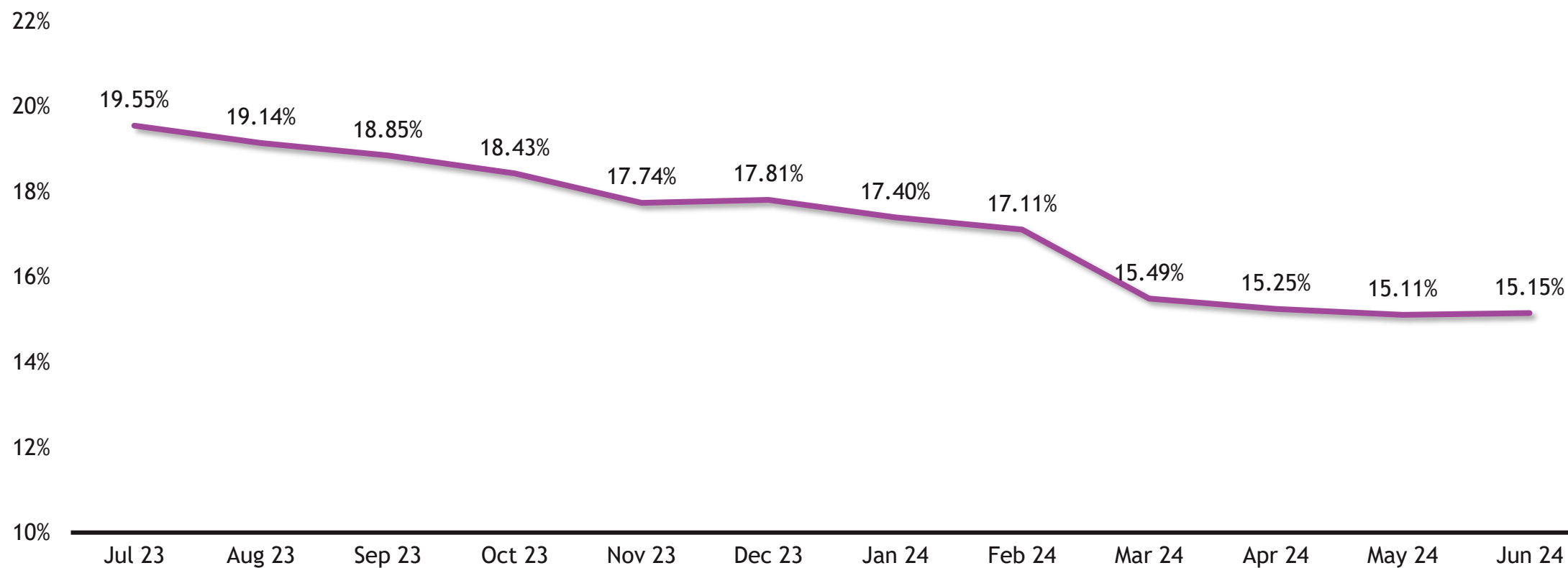


- Recognition of the role of Offices in for improving productivity, collaborative working, mentoring and the attraction of skills
- Tenants are returning to offices, but most are working on a hybrid basis, coming in 3 or 4 times a week - employers want staff to return, but staff want to retain some flexibility - staff do not want to “HotDesk”
- This has resulted in many smaller tenants coming back into the market
- Tenants are looking for buildings with amenities, to encourage staff to return
- Tenants are also looking for flexibility, as they are not all sure how they will use office space in the future
- Sentiment in the sector has improved, with many more enquiries being fielded

**The trend back to work is tempered by the slow economic growth, high interest rates, and high utility costs, constraining a rapid reduction in vacancies**

# VACANCIES

## ACTUAL VACANCIES - FY24





# LETTING



Inanda Greens, Wierda Valley, Johannesburg

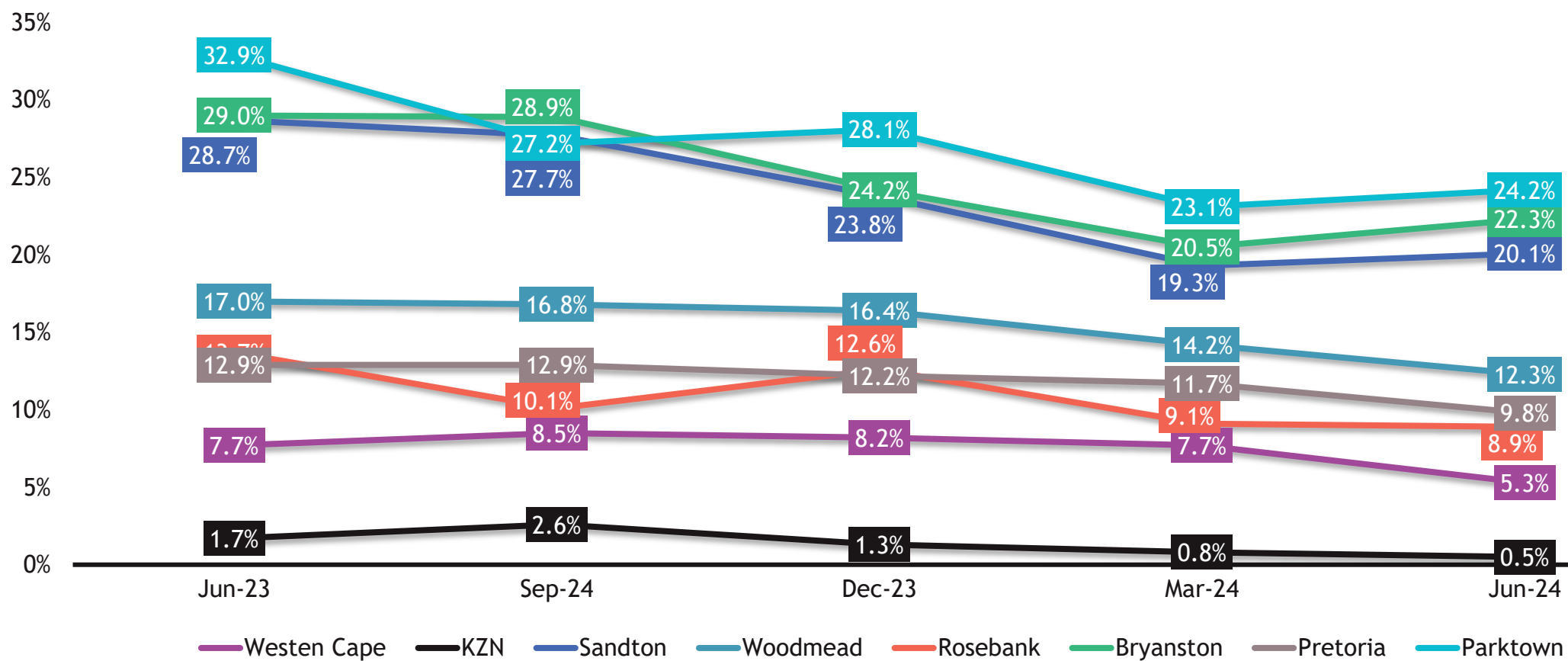
During FY24, vacancies reduced from 316 000m<sup>2</sup> to 244 000m<sup>2</sup>, a reduction of more than 72 000m<sup>2</sup>

This was primarily achieved as follows:

- Of the 263 000m<sup>2</sup> of space that expired, we renewed 163 000m<sup>2</sup> (62.0%)
- A further 183 000m<sup>2</sup> of space was let
- Disposals and adjustments reduced the vacancy by 33 000m<sup>2</sup>
- 44 000m<sup>2</sup> of occupancy (2.6% of the portfolio) was lost to terminations
- Weighted Average Renewal period - 3.5 years
- Weighted Ave Future Escalations - 7.22%

# NODAL VACANCIES

## ACTUAL VACANCIES - FY24



# LETTING STRATEGY



V&A, Cape Town

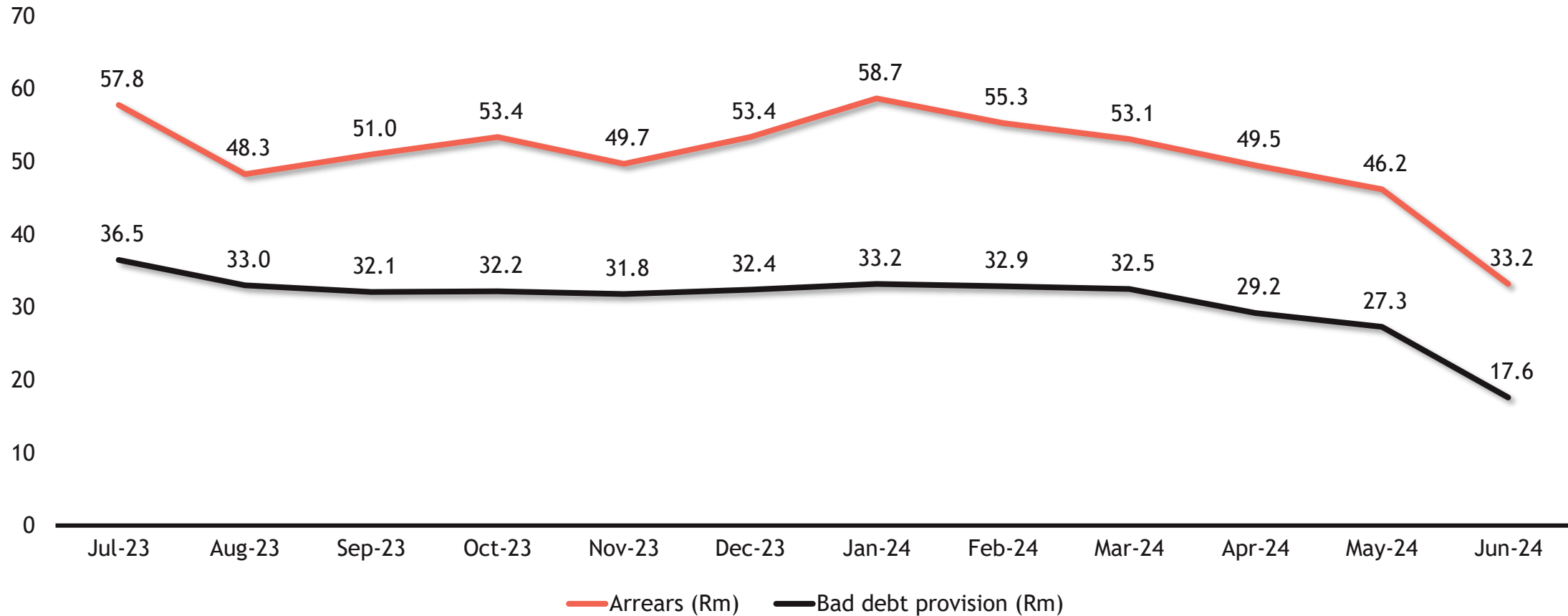
## Reduction of vacancy through:

- Continued provision of sustainable, efficient well-maintained buildings with backup services
- Targeted letting (BPO's and growth industries)
- Incentives
- Provision of amenities
- Innovative products (Workagility)
- Customising each deal

# ARREARS

Arrears is 8.81% of collectables

## ARREARS & BAD DEBT PROVISION



# SALES TO DATE, AND FUTURE SALES

Sales of a further R102m have transferred since year end, with agreements signed for a further R592m, subject to various suspensive conditions

Purchaser	Building name	Location	Cost plus capex	Book value	Selling price	Transferred
	103 Central Park	Houghton	17 063 888	18 085 887	18 000 000	07/08/2023
Owner occupier	15 Georgean Crescent	Bryanston	98 948 119	39 011 639	40 000 000	19/12/2023
	257 Oxford	Illovo	21 216 024	32 502 763	32 500 000	30/05/2023
	Total		137 228 030	89 600 288	90 500 000	

# VALUATIONS

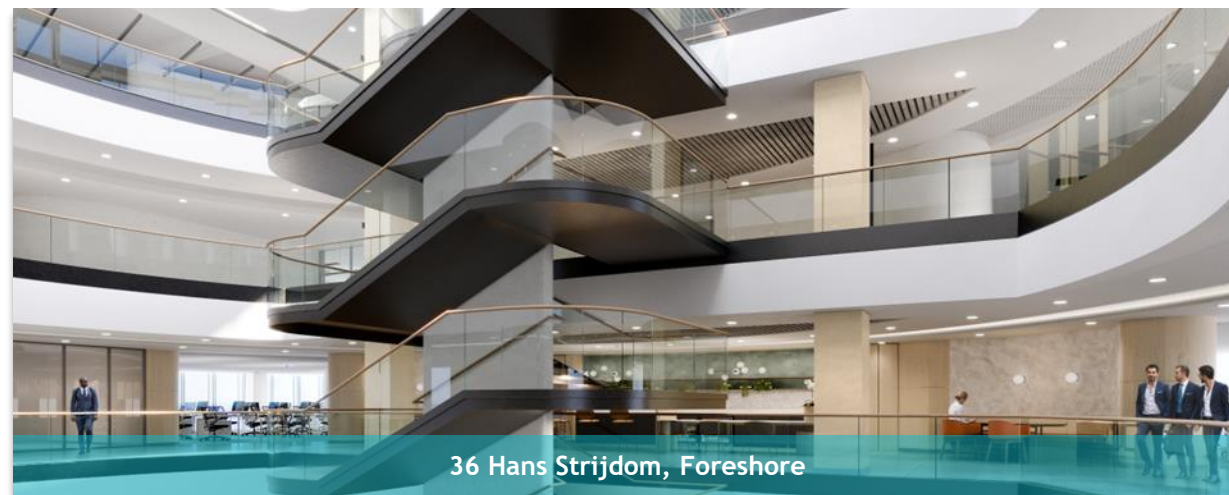


V&A Waterfront, Cape Town

- Like on like valuation as at June 2024 increased by 1.2% (R318 million) to R25 992 million
- The devaluation to June 23 was 0.9%, with the portfolio having lost over 20% in value since 2019
- This increase in value is despite small increases in Discount Rate, Cap Rate and Reversionary Cap Rate
- The increase in value is the result of the decreasing vacancies, and a reduction in the assumptions on the lag to rent vacant space
- Nodal valuation changes are as follows:
  - KZN up 3.61%
  - Western Cape down 0.63%
  - Gauteng up 0.09%



# DEVELOPMENTS







THANK YOU

QUESTIONS





NULEAF BRANDS

Nu Leaf, Saligna, Boksburg

# STRATEGY



- Grow Industrial to 25% of GRT-SA in the medium term
- Rebalance regional allocation with ~50% Gauteng, ~25% Western Cape and ~25% KZN
- Improve the quality of the fund by disposing of non-core assets and developing new core properties
- Strong bias towards modern warehouse and logistics type assets with a healthy offering of multi tenanted parks
- Sweet spot of 5 000m<sup>2</sup> to 20 000m<sup>2</sup> located in established nodes
- Focus on greening and sustainability such as solar & water security
- Tenant retention



# SALIENT FEATURES - JUNE 2024

The Industrial sector makes up approximately 20% of the GRT SA portfolio by value and 41% of total GLA, with almost 58% of the Industrial portfolio by value located in Gauteng, 22% in the Western Cape and 20% in KZN



Saligna, Wadeville

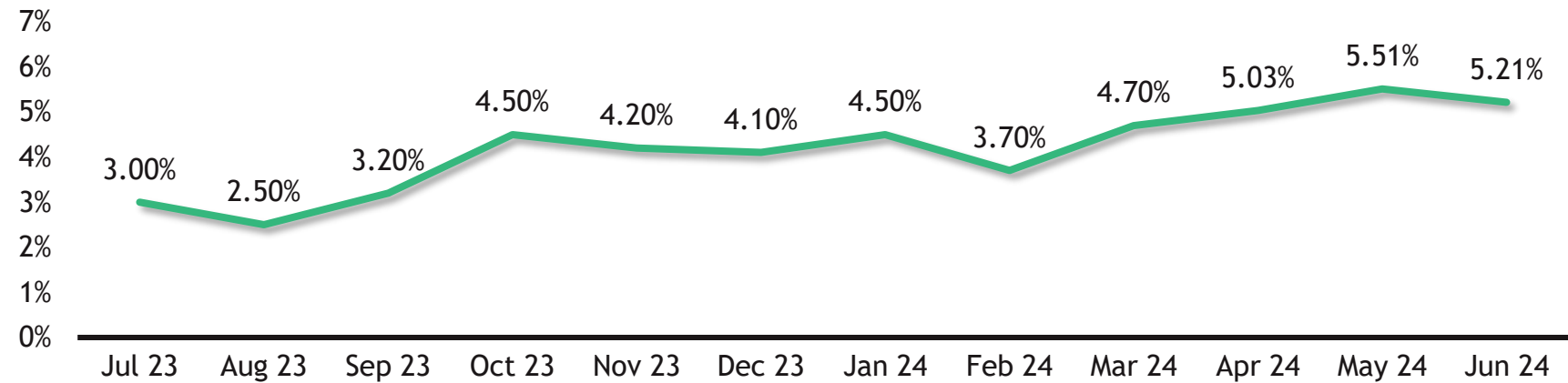
	FY24	FY23	FY22
Number of properties	157	168	187
GLA (m <sup>2</sup> )	1 948 706	1 940 293	2 093 262
Valuation (Rm)	13 477	12 602	12 092
Value per m <sup>2</sup> (R) (excl. bulk)	6 760	6 023	5 432
Ave annualised yield (%)	9.3	10.1	10.2
Ave gross rent/m <sup>2</sup> pm (R)	69	66	63
Weighted Ave renewal lease period (years)	3.5	3.3	3.2
Vacancy %	5.2 *	3.7	5.7
Total arrears (Rm)	21.8	34.7	45.1
Installed solar (Mwp)	5.2	7.6	1.3

\* Vacancy 3.9% excluding new speculative developments

# LETTING KPI'S



	FY24	FY23	FY22
Renewal success rate (%)	78.3	59.1	79.1
Renewal growth (%)	-3.3	-10.4	-6.3
Weighted Ave renewal lease period (years)	3.5	3.2	3.1
Weighted Ave future escalations (%)	7.4	7.4	6.8
Total letting success rate (%)	84.9	89.6	86.3



\* Vacancy 3.9% excluding new speculative developments



# MARKET CONDITIONS



- Industrial market hype starting to cool despite limited speculative developments adding new stock to the market
- Robust demand for industrial space in CPT and DBN resulting in very low coastal vacancies
- DBN rentals subject to un-sustainable hyper assessment rates
- Net rental growth remains under pressure as market rentals increase slower than increasing administrative costs
- Above inflationary increases in Eskom tariffs continue to exacerbate cost of occupancy for tenants
- Load-shedding less of an impact
- Logistics & distribution segment continue to perform well
- Strong appetite for industrial acquisitions persist with non-institutional investors searching for “bargain-buy” discounted assets, capitalising on REITS disposing of non-core assets
- Green shoots of economic growth starting to sprout supported by GNU, anticipated lower inflation and anticipated lower interest rates resulting in increased business confidence
- RFP’s for new developments starting to increase again
- Tenant arrears on the decrease as are Business Rescue cases & liquidations

# VALUATIONS



Wadestone Industrial Park, Germiston

## Valuations increased by 3.5% (R458m) to R13.5bn:

- Weighted average cap rate, from 9.39% to 9.18% improving by 0.21%
- Weighted average reversionary cap rate, from 9.87% to 9.77% improving by 0.10%
- 0.15% increase in market rental growth rate from 4.48% to 4.63%
- 4.7% increase in gross rentals
- 1.3% increase in the sector's vacancy to 5.2% spiked by speculative new development vacancies of 26 139m<sup>2</sup>

# ACQUISITIONS & DISPOSALS



## Acquisitions

- Strategic ~2Ha land acquisition R4.8m

## Disposals

- An active Industrial market has facilitated the disposal of 11 non-core assets for R327m with 3 properties held for sale at R228m (not yet transferred by year-end) to owner occupier and non-institutional purchasers seeking to create investment portfolios
- Interest remains strong with 5 assets non-core assets circa R633m in various stages of the disposal process
- We continue to optimise the portfolio by improving the overall quality of the fund by adding new developments and disposing of non-core industrial assets in keeping with our strategy to re-balance the Industrial fund by type, size and regional location

Greenfield Industrial Park, Cape Town

# DEVELOPMENTS & REDEVELOPMENTS



Sterling Samrand, Midrand

- Nine new developments were successfully completed in FY24 adding R814m and 94 528m<sup>2</sup> of GLA to the portfolio
- Five in JHB (3 in CentralPoint Samrand, 1 Boksburg & 1 Isando) at 46 197m<sup>2</sup> GLA
- Three in CPT (Arterial Industrial Park, Chain Ave & Mill Road Industrial Park), at 27 315m<sup>2</sup>
- One in DBN (Mt Edgecombe) at 21 016m<sup>2</sup>
- We commenced with one new development in CPT within the last quarter FY24 at Arterial Industrial Park in Blackheath at 21 703m<sup>2</sup> with planned completion Mar 2025
- Letting of our recently completed new speculative developments has improved



# DEVELOPMENTS & REDEVELOPMENTS





# DEVELOPMENTS & REDEVELOPMENTS



Monteer, Isando - 28 539m<sup>2</sup> - Edward Snell



Monteer, Isando - 28 539m<sup>2</sup> - Edward Snell





THANK YOU

QUESTIONS



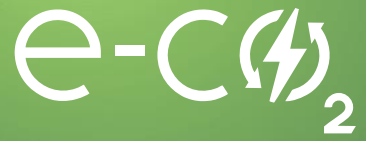
05

SUSTAINABILITY  
& CSR

GROWTHPOINT  
PROPERTIES



Inanda Greens, Wierda Valley, Johannesburg



GROWTHPOINT  
PROPERTIES



# WHEELING GROWTHPOINT'S NEXT STEP IN THE SUSTAINABILITY JOURNEY





# GROWTHPOINT'S COMMITMENT TOWARDS SUSTAINABILITY

Solar alone can't take Growthpoint towards their 2050 goal



Growthpoint set a goal to become carbon neutral by 2050 (COP21)



Growthpoint's electricity consumption in SA for FY24  
**628 449 MWh**  
 at a cost of R1.5bn per annum



If Growthpoint's electricity consumption in SA for FY24 could have been obtained from rooftop SOLAR  
**450 MWp\***  
 at an estimated cost of R5.4bn was needed

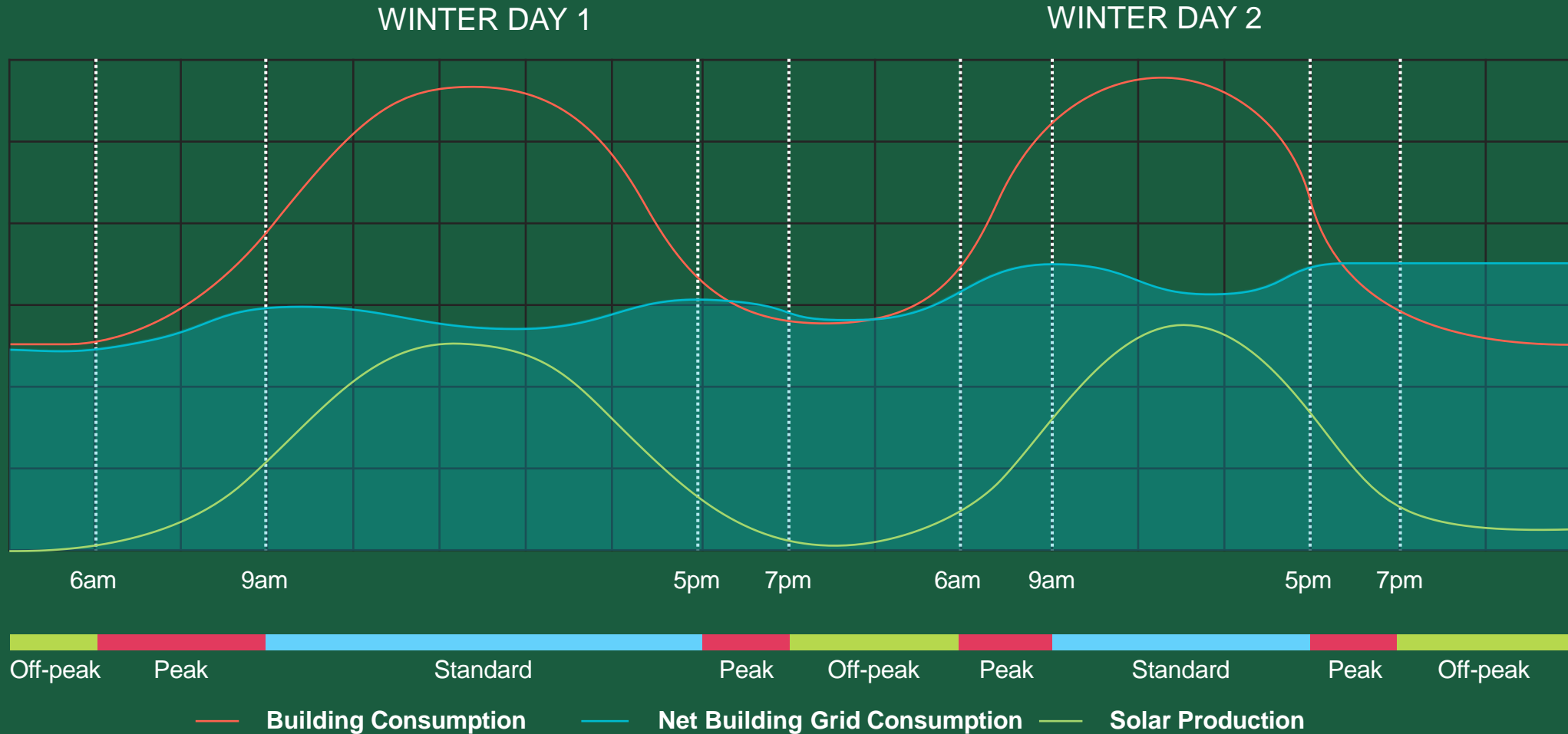


Installed rooftop SOLAR capacity is  
**40.7 MWp**  
 with a goal to be at  
**60 MWp**  
 by FY26

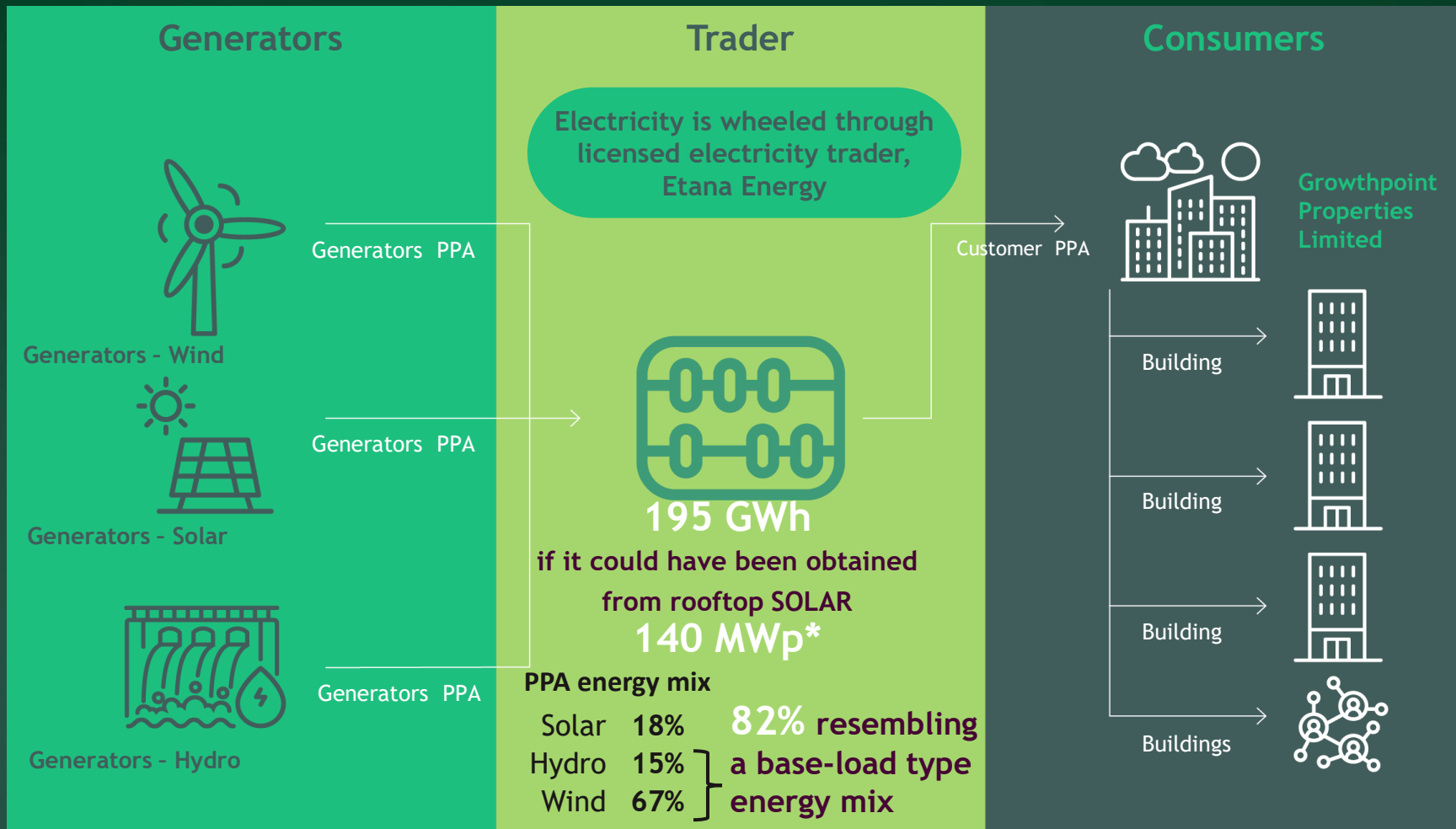
\* Specific Yield used of 1400kWh/kWp per annum - Scientifically not possible

# THE PROCURED ENERGY MIX IS EXTREMELY IMPORTANT

Solar alone can at maximum contribute between 15% - 20% of a building's consumption



# GROWTHPOINT SECURING A SPECIFIC ENERGY MIX

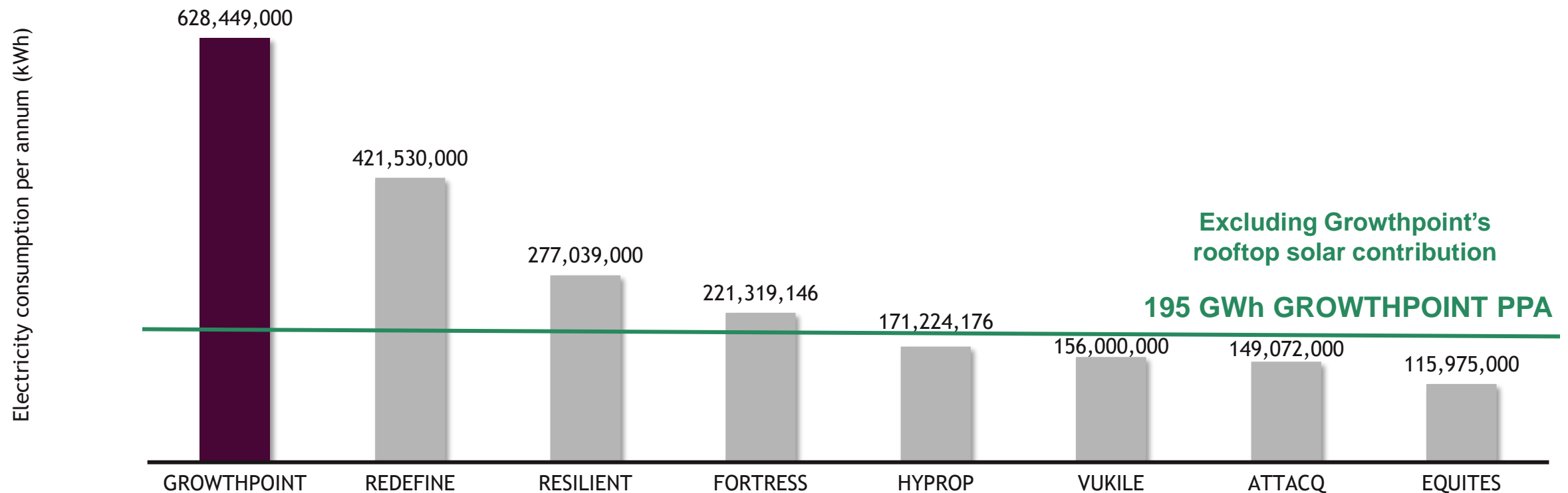


\* Specific Yield used of 1400kWh/kWp per annum



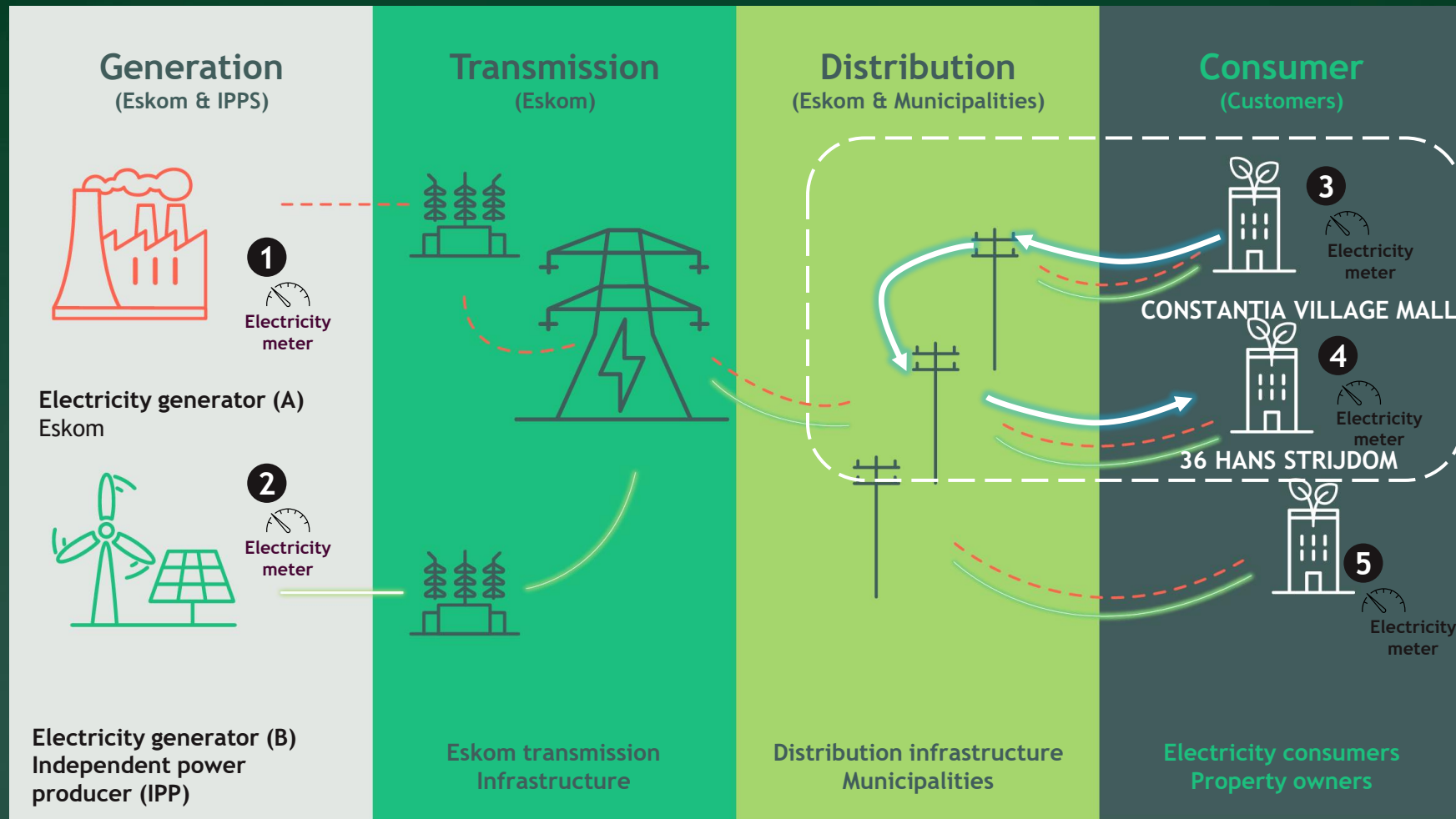
# LATEST SA ELECTRICITY CONSUMPTION COMPARISON TO OTHER REITS

Solar production added back (kWh)



Information obtained from various public sources and assumed solar production was added back to grid consumption, where uncertain. Where information was not available estimates was made on other information obtained.

# GROWTHPOINT SECURING A SPECIFIC ENERGY MIX

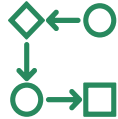


Pushing electricity (kwh) in at meter 2 and receiving a credit on account at meter 3

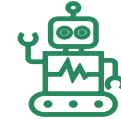
# PURPOSE OF PILOT WITHIN CITY OF CAPE TOWN



First company to wheel between buildings in the City of Cape Town



To test IT systems (Growthpoint and Municipal) before the larger PPA power comes online



Training the Growthpoint Robots (RPA) to read new municipal invoices

Roughly  
**1000 invoices**  
per month are processed using robots in Growthpoint



PPA earmarked for supply to the following areas (% of 195GWh):

**27.78%** Eskom  
**6.78%** Nelson Mandela Bay  
**27.32%** City of Cape Town  
**9.72%** City Power  
**28.40%** Ekurhuleni

e-CO<sub>2</sub>

GROWTHPOINT  
PROPERTIES



# WHAT IS ECO TWO?



# WHAT ARE THE BENEFITS?

**70%**

of a building's supply  
from renewable sources

**E-CO<sub>2</sub> Connect**

**100%**

of a building's supply from  
renewable sources\*

**E-CO<sub>2</sub> Ignite**



# WHAT % OF SUPPLY WILL BE FROM RENEWABLE SOURCES?

Growthpoint creates stickiness to retain and attract tenants



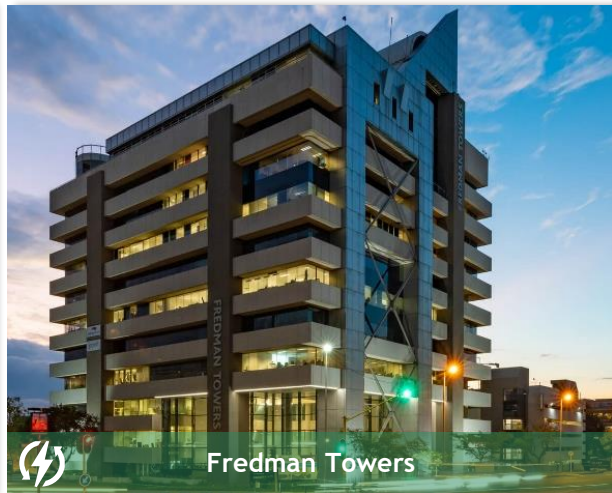
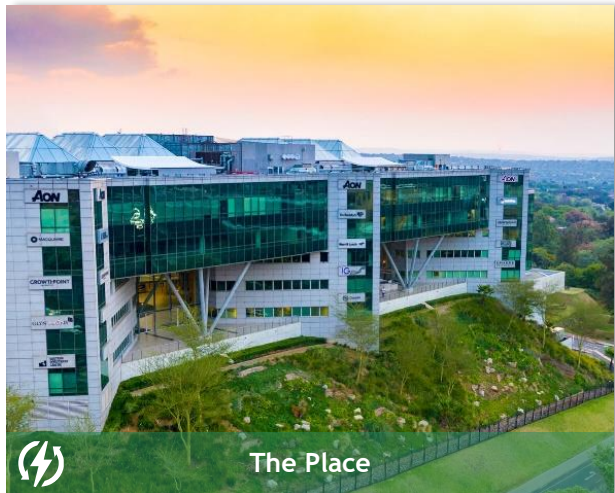
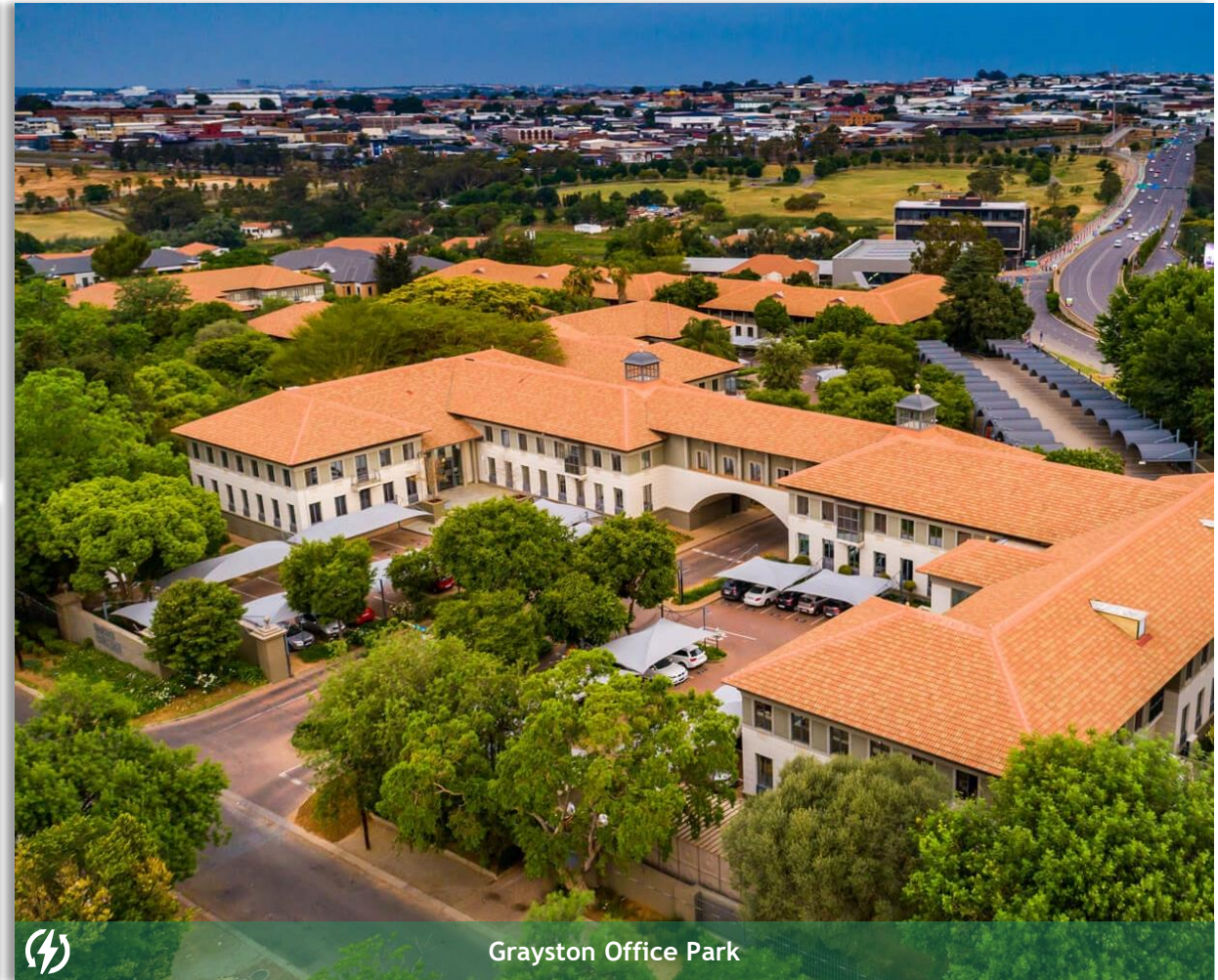
Fixed escalation of **7% per annum** of your variable Electricity cost – receives a credit on monthly invoice (**Green Benefit**)



Access to annual certified **Renewable Energy Certificates (RECs)**  
Can choose to trade or redeem to reduce Scope 2 emissions

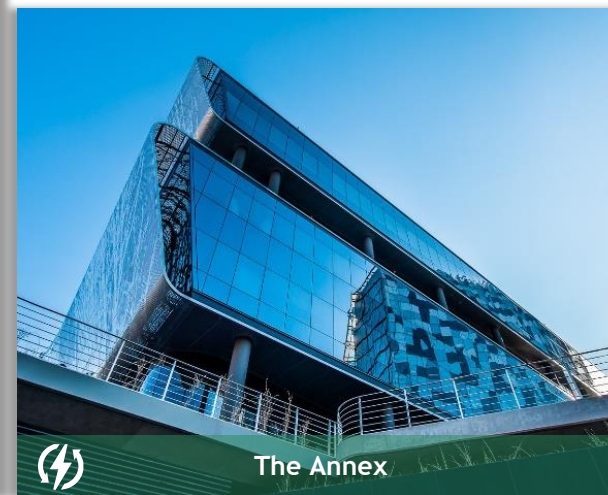


# PARTICIPATING BUILDINGS IN SANDTON





# PARTICIPATING BUILDINGS IN SANDTON







THANK YOU

QUESTIONS





Bridge Park, Century City, Cape Town

# GROWTHPOINT UN SDG FOCUS AREAS

Double materiality refers to the interconnectivity of financial, social and environmental impacts

- Of the 17 UN Sustainable Development Goals, Growthpoint has chosen to focus on the following as a priority
- Increase in the number of UNSDGs impacted from 6 to 9



How do we make an impact

<p><b>1 NO POVERTY</b></p>	<p>Through support of educational initiatives and organisations addressing hunger alleviation</p> <p>Support for social concerns, risk assessment and impact on a just transition</p>	<p><b>2 ZERO HUNGER</b></p>	<p>Through support of organisations addressing hunger alleviation. Support for social concerns, risk assessment and impact on just transition</p>	<p><b>4 QUALITY EDUCATION</b></p>	<p>Through support of educational initiatives and support</p>
<p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<p>Environmental objectives, investment in solar, focused utility management, supporting innovation, focusing on green financing</p>	<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p>Support of Property Point, local economic development policy implementation</p>	<p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>	<p>Environmental objectives, innovation through Greenovate Programme, focusing on green financing, green building certifications, support of Property Point</p>
<p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p>	<p>Local economic development policy and local community engagement, focus on energy, water and waste management, climate change risk mitigation, focusing on green financing, green building certifications, support of Property Point</p>	<p><b>13 CLIMATE ACTION</b></p>	<p>Carbon neutral objectives, innovation through Greenovate Programme, focusing on green financing, green building certifications, support of Property Point, climate change risk analysis and mitigation</p>	<p><b>17 PARTNERSHIPS FOR THE GOALS</b></p>	<p>Active role in industry bodies ensuring adherence to government requirements, strategic partnerships</p>



# CORPORATE SOCIAL RESPONSIBILITY

Social is made up of two components



## Labour Employees



## Community The public







# CORPORATE SOCIAL RESPONSIBILITY

## 2024 B-BBEE Certificate

### Level obtained: One (1) according to the Property Sector Codes

- Growthpoint Properties is committed to the principles of social and economic transformation and empowerment on all levels
- Transformation is driven by investing in people and skills that will grow our business, our sector and South Africa
- We are committed to the implementation of the Property Sector Charter codes and its implementation in our business
- Our journey of transformation supports our sustainability, and we have achieved significant milestones to attest to this
- Transformation is a non-negotiable factor, that's why we priorities Transformation beyond compliance

**Honeycomb**  
BEE Ratings  
0861 HONEYCOMB

**BROAD-BASED BEE VERIFICATION CERTIFICATE**  
We Certify that  
**Growthpoint Properties Limited**  
Refer to Annexure A for List of Consolidated Entities  
Company Address: The Place, 1 Sandton Drive, Sandton, 2196  
Registration Number: 1987/094988/06 VAT Number: 4150115972

Has been verified for compliance with the B-BBEE Act No. 53 of 2003 and the amended Property Sector Code Gazette No. 40910 of 9 June 2017 and has achieved the following:

**BEE RATING**  
**Level One (1) Contributor**  
(Generic Scorecard)

**BEE PROCUREMENT RECOGNITION LEVEL**  
**135%**

Analysis	Score	Element	Results
Black Ownership	38.85%	Ownership	20.65
Black Woman Ownership	19.62%	Management Control	1.48
Black Designated Group	0.00%	Employee Equity	9.27
Black Youth	0.00%	Skills Development	20.39
Black Disabled	0.00%	Enterprise & Supplier Development	40.78
Black Unemployed	0.00%	Socio-Economic Development	2.00
Black People Living in Rural Areas	0.00%	Economic Development	5.00
Black Military Veterans	0.00%	<b>Total</b>	<b>104.57</b>
Black New Entrants	0.00%	Y.E.S. Initiative Implemented	No
Exclusion Principle Applied	Yes	Y.E.S. Target Achieved	N/A
Modified Flow Through Principle	No	Number of Levels Promoted	N/A
Empowering Supplier	Yes	Vervoes Number	1.0
Discounting Applied	No	Issue Date	26 September 2024
Financial Period Reviewed	01 July 2023 – 30 June 2024	Expiry Date	25 September 2025
Certificate Number	HR_GEN_3545_24	Revision Date	N/A

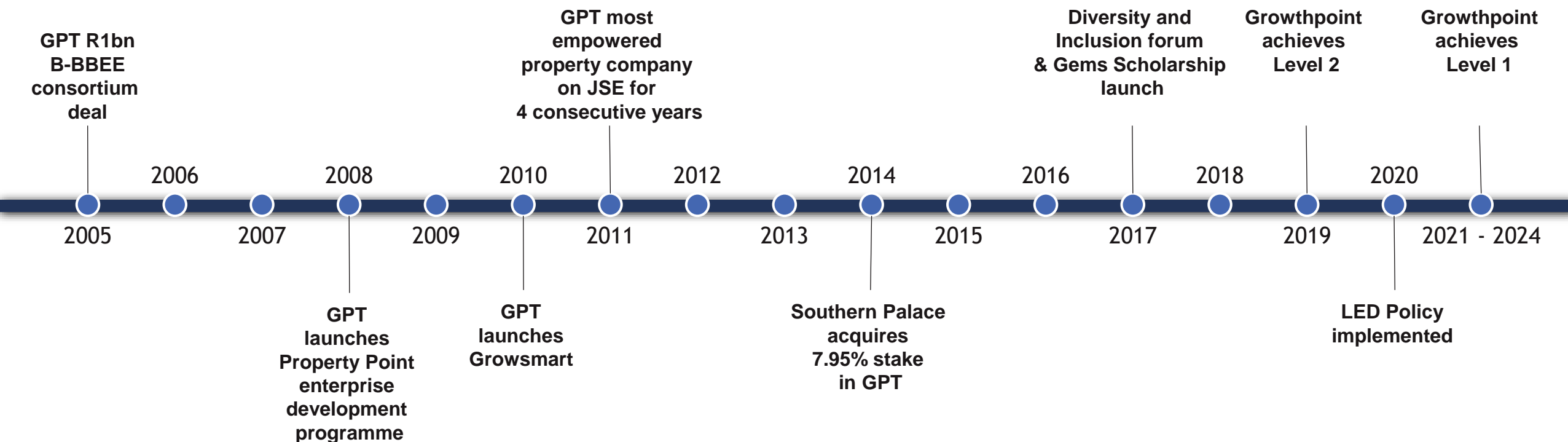
Verification Manager  
Chamonic Penny  
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BEE Rating Agency

Honeycomb BEE Ratings (Pty) Ltd Reg No. 2005/017757/07 - 27, 24th Avenue, Northwood, Benoni 1501  
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# GROWTHPOINT SOCIAL

## Our transformation journey



# CORPORATE SOCIAL RESPONSIBILITY

## Community

- Growthpoint's outlook towards corporate social responsibility has always been to focus on driving sustainable impact for the communities in which we operate
- Our core focus areas have consistently been supporting education initiatives, entrepreneurship development and staff engagement



## Community The public







# CORPORATE SOCIAL RESPONSIBILITY

## Community

Our societal purpose is intrinsically linked to our long-term sustainable impact within the business and community  
Engagement - our purpose is to ensure that our corporate responsibility is based on:



# CORPORATE SOCIAL RESPONSIBILITY

## Community - Education

Why do it	What have we done	What are we doing	What are we planning to do
<ul style="list-style-type: none"> <li>▪ Provide support and a pathway for quality education for underprivileged learners</li> <li>▪ CSI focus area</li> <li>▪ Imperative to community development</li> </ul>	<b>Early childhood development</b>	<ul style="list-style-type: none"> <li>▪ Providing NQF level 4 qualification to ECD practitioners</li> <li>▪ Incorporation of technology</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continued, targeted partnerships with NPOs to support teacher development</li> </ul>
	<b>Primary</b> GEMS	<ul style="list-style-type: none"> <li>▪ Providing holistic financial support for educating the children of low-income earning staff at Growthpoint</li> </ul>	<ul style="list-style-type: none"> <li>▪ Facilitate access to emerging educational tools for better literacy &amp; numeracy outcomes, and career guidance</li> <li>▪ Facilitate empowerment workshops for psychosocial outcomes</li> <li>▪ Enable immersive experience for learners to have better exposure to emerging careers, skills and tools while fostering inclusivity</li> </ul>
	Growsmart	<ul style="list-style-type: none"> <li>▪ Maths, Literacy &amp; Creative writing program for schools in underprivileged areas</li> <li>▪ Provide access to technology through the science labs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improve maths, literacy &amp; creative writing using interactive resources &amp; competition</li> <li>▪ Provide comprehensive mentorship including assistance with the bursary application process</li> </ul>
	<b>High school</b> <ul style="list-style-type: none"> <li>▪ Christel house</li> <li>▪ GEMS</li> <li>▪ Youth development through sport in previously disadvantaged areas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Support of learners &amp; teachers in high school to access to quality education, teacher development &amp; student support initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strengthen partnerships with schools to better serve the needs of students</li> <li>▪ Increase support into workshops, mentorship &amp; resources to enhance learning environment &amp; address educational challenges</li> </ul>
	<b>Tertiary</b> <ul style="list-style-type: none"> <li>▪ Bursaries</li> <li>▪ GEMS</li> </ul>	<ul style="list-style-type: none"> <li>▪ Providing access to university studies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Align funding to internal skills needs not only Property Studies</li> <li>▪ Continued student support through bursaries</li> </ul>

# CORPORATE SOCIAL RESPONSIBILITY

## Community - Education (continued)

Why do it	What have we done	What are we doing	What are we planning to do
<ul style="list-style-type: none"> <li>▪ Address inequality and inequity</li> <li>▪ Development of sustainable small businesses</li> </ul>	<b>Skills development</b> <ul style="list-style-type: none"> <li>▪ Graduate programme</li> <li>▪ External learnerships (disability and work readiness focus)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internship training at Growthpoint for 1 year in the field of study</li> <li>▪ Skills development of unemployed youth in the community</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employment or sourcing other opportunities to employ the youth</li> </ul>
<ul style="list-style-type: none"> <li>▪ Diversifying our supply chain</li> <li>▪ Stimulating job creation</li> </ul>	<b>Professional accreditations for property professionals</b>	<ul style="list-style-type: none"> <li>▪ PPRA accreditation, professional memberships</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure professional standards are maintained</li> </ul>
<ul style="list-style-type: none"> <li>▪ Address skills shortage</li> <li>▪ Compliance</li> </ul>	<b>Compliance training</b>	<ul style="list-style-type: none"> <li>▪ FICA, KYC, POPIA and related training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Comply with regulatory requirements and best practise</li> </ul>
	<b>Cyber training</b>	<ul style="list-style-type: none"> <li>▪ Cyber awareness</li> </ul>	<ul style="list-style-type: none"> <li>▪ Educate employees to identify and avoid potential fraud</li> </ul>
	<b>Employee development plans</b>	<ul style="list-style-type: none"> <li>▪ Per succession and talent pipeline plans</li> </ul>	<ul style="list-style-type: none"> <li>▪ Grow our own timber - attract, retain and motivate our workforce</li> </ul>



# CORPORATE SOCIAL RESPONSIBILITY

## Community - Enterprise and supplier development

Why do it	What have we done	What are we doing	What are we planning to do
<ul style="list-style-type: none"> <li>▪ Address inequality and inequity</li> <li>▪ Development of sustainable small businesses</li> <li>▪ Diversifying our supply chain</li> <li>▪ Stimulating job creation</li> <li>▪ Address skills shortage</li> <li>▪ Compliance</li> </ul>	<b>Property Point enterprise and supplier development programmes</b>	<ul style="list-style-type: none"> <li>▪ Extend collaboration in the property industry</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of employability solutions for youth job creation</li> </ul>
	<b>Collaboration within the property industry</b>	<ul style="list-style-type: none"> <li>▪ Stronger research lens</li> </ul>	<ul style="list-style-type: none"> <li>▪ Providing digital solution to support small businesses</li> </ul>
	<b>To the Point sessions</b>	<ul style="list-style-type: none"> <li>▪ Expansion of Property Point with more partnerships in the industry</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enhance community engagement</li> </ul>
	<b>Local economic development</b>	<ul style="list-style-type: none"> <li>▪ Focus on supporting woman-owned businesses</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expand focus on entrepreneurs working in the green economy.</li> </ul>

# CORPORATE SOCIAL RESPONSIBILITY

## Community - Pertinent societal issues

Why do it	What have we done	What are we doing	What are we planning to do
<ul style="list-style-type: none"> <li>▪ Growthpoint Gives (G2)</li> <li>▪ Encourage employee engagement</li> <li>▪ Alignment to employee values</li> </ul>	<p><b>Staff given 8 hours a year to volunteer</b></p> <p><b>Programme run to allow employees to choose benefactors</b></p>	<ul style="list-style-type: none"> <li>▪ Safety at all times</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bi-annual staff and Exco events to speak to South Africa's social issues and internal diversity and inclusion focuses</li> </ul>
<ul style="list-style-type: none"> <li>▪ Themes</li> <li>▪ Poverty alleviation</li> <li>▪ Social need</li> <li>▪ Gender-based violence</li> <li>▪ Vulnerable groups</li> <li>▪ Urgent disaster relief challenges</li> </ul>	<p><b>Genesis SafePlace</b></p> <p><b>Gift of the Givers</b></p> <p><b>Provides a "run to" facility</b></p> <p><b>Rise Against Hunger</b></p> <p><b>Reach for a Dream</b></p> <p><b>Christel House</b></p>	<ul style="list-style-type: none"> <li>▪ Provides a safe place for vulnerable groups to seek help from domestic abuse and other emergencies including rape</li> <li>▪ Maintaining staff engagement with NPO partners to drive transformation for previously disadvantaged communities/areas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Long term and consistency with existing partners</li> <li>▪ Increase staff involvement in outreach events</li> </ul>



THANK YOU

QUESTIONS



06

TREASURY

GROWTHPOINT  
PROPERTIES



Edward Snell, Isando



# POOLS OF FUNDING

Direct debt - all direct debt is floating rate based

ZAR

R33 309 million

- Debt Capital Market Bonds (DCM)
- Banks
- Loans from institutional investors

*DCM - unsecured*

*Banks and institutional investors -  
secured and unsecured*

EUR

€326 million

- Standard Bank
- ABSA
- RMB
- Nedbank
- StanChart

*Secured and unsecured*

USD

\$40 million

- IFC

*Secured*

# FUNDING OPTIONS FOR OFFSHORE INVESTMENTS

The various alternatives have different risk profiles

ZAR Loan - swapped at spot rates into foreign currency

Foreign Currency Loans

Foreign Currency Margin loans

Synthetic Foreign Currency Loans (CCIRS)

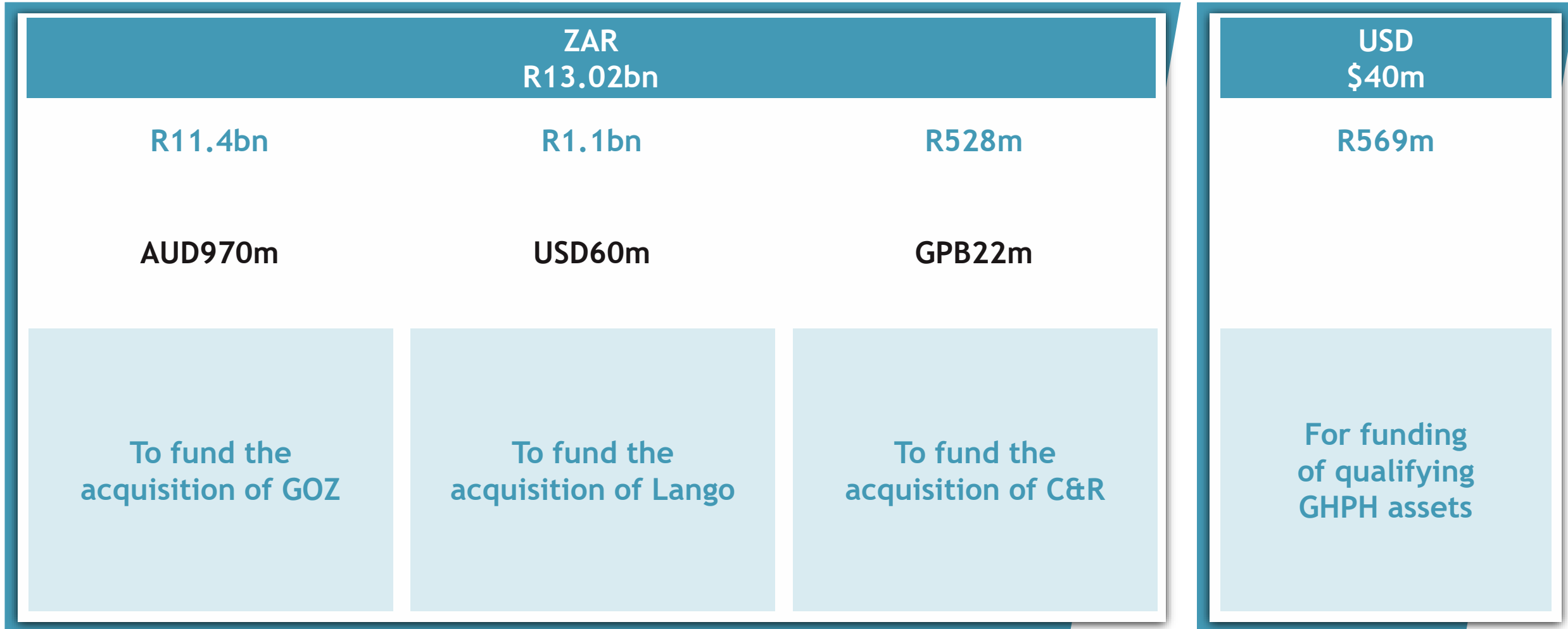
Foreign Currency Bonds



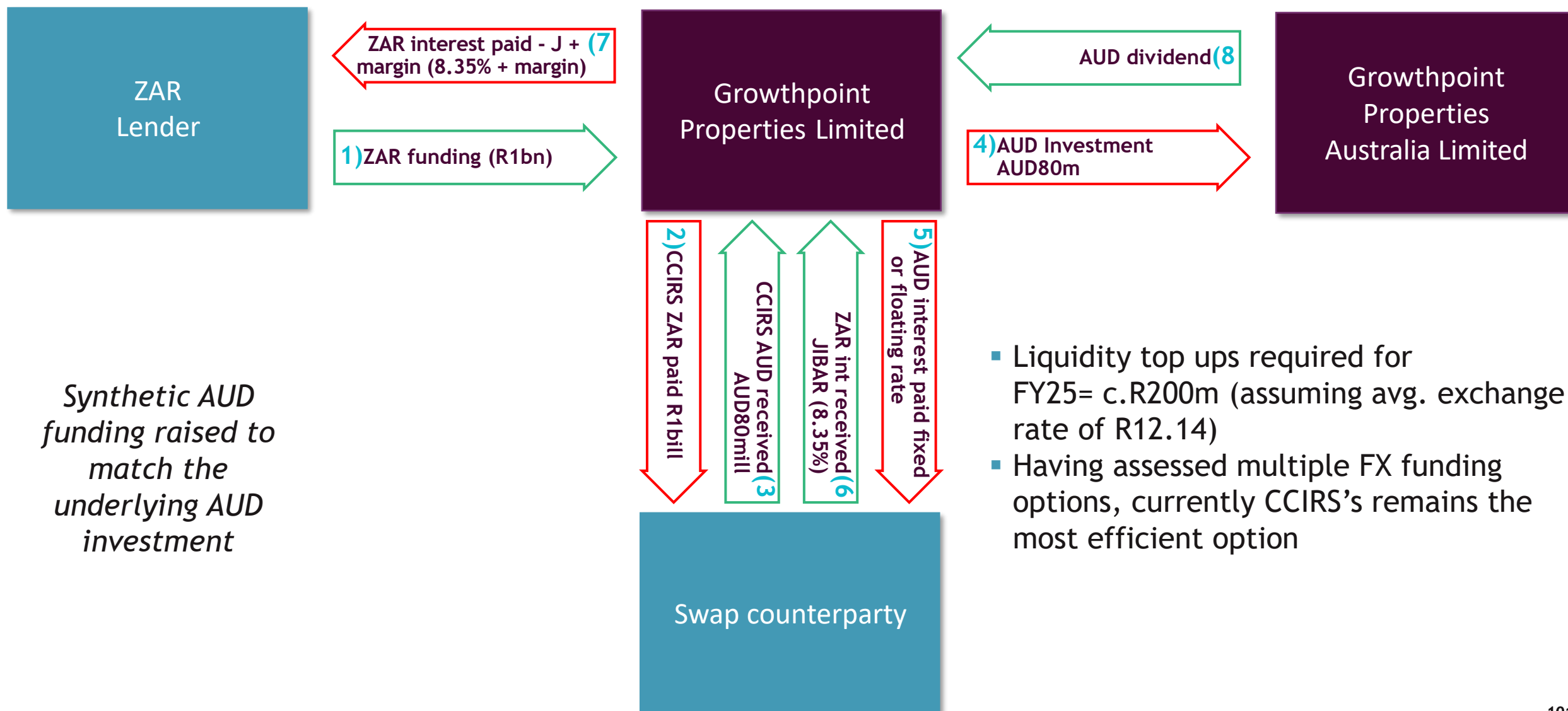


# FUNDING

## Synthetic debt



# CCIRS MECHANICS - ILLUSTRATIVE EXAMPLE



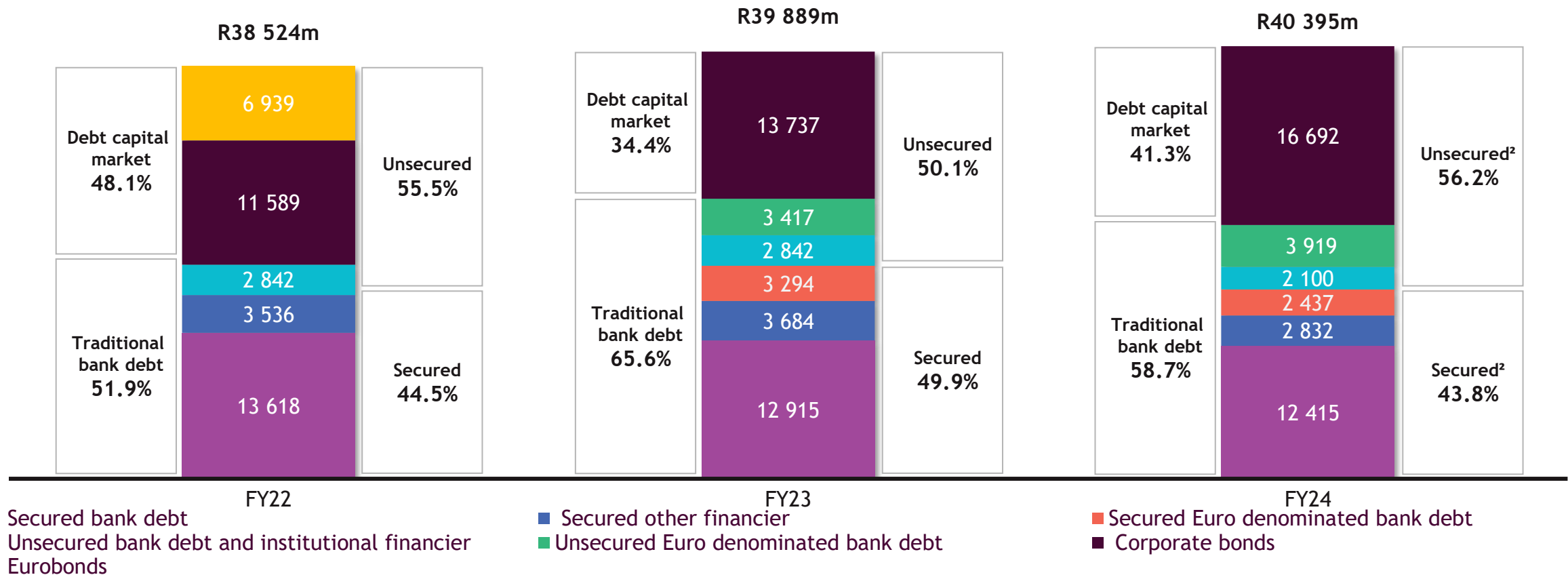
# FUNDING COMPARATIVE ANALYSIS

## Assessing the average 5-year impact of CCIRS vs ZAR funding

	Total currency millions
<b>5-year impact of CCIRS borrowings vs ZAR funding</b>	
<b>AUD CCIRS borrowings</b>	<b>AUD970</b>
Average BBSW rate (July 2018 - June 2023)	1.71%
Total AUD borrowing cost (base rates only)	<b>AUD83</b>
Average AUD/ZAR exchange rate	11.45
Total ZAR borrowing cost (Income statement impact)	<b>ZAR947</b>
<b>ZAR funded foreign investment</b>	
<b>ZAR cost of investment</b>	<b>ZAR9 639</b>
Average 3-month JIBAR over the period (July 2018 - June 2023)	5.83%
Total ZAR borrowing cost	<b>ZAR2 809</b>
<b>Total net positive distributable income impact (realised gain)</b>	<b>ZAR1 861</b>



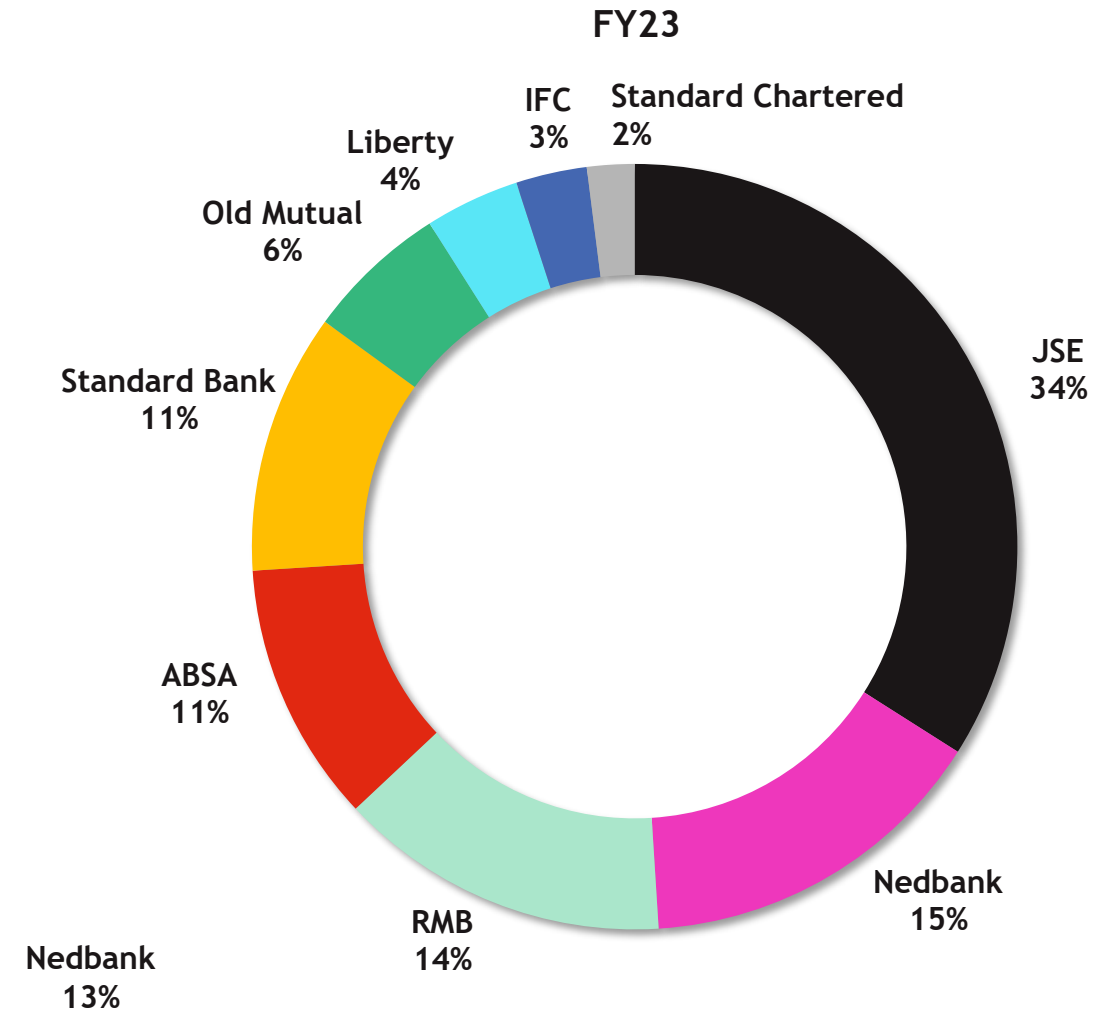
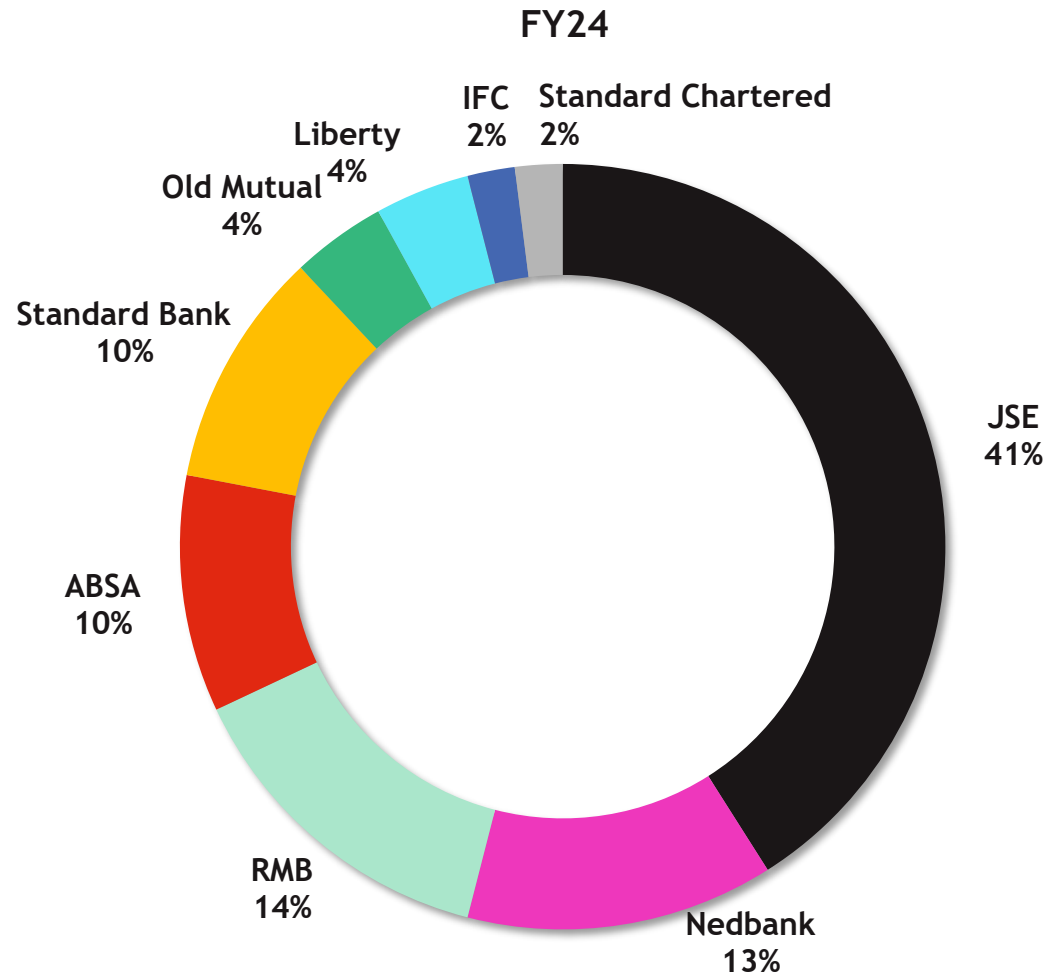
# RSA DIVERSIFIED BORROWINGS – NOMINAL VALUE<sup>1</sup>



1) Excluding GIP, including GIP RSA diversified Borrowing FY22: R39 181m, FY23:R40 808m and FY24: R41 943m.

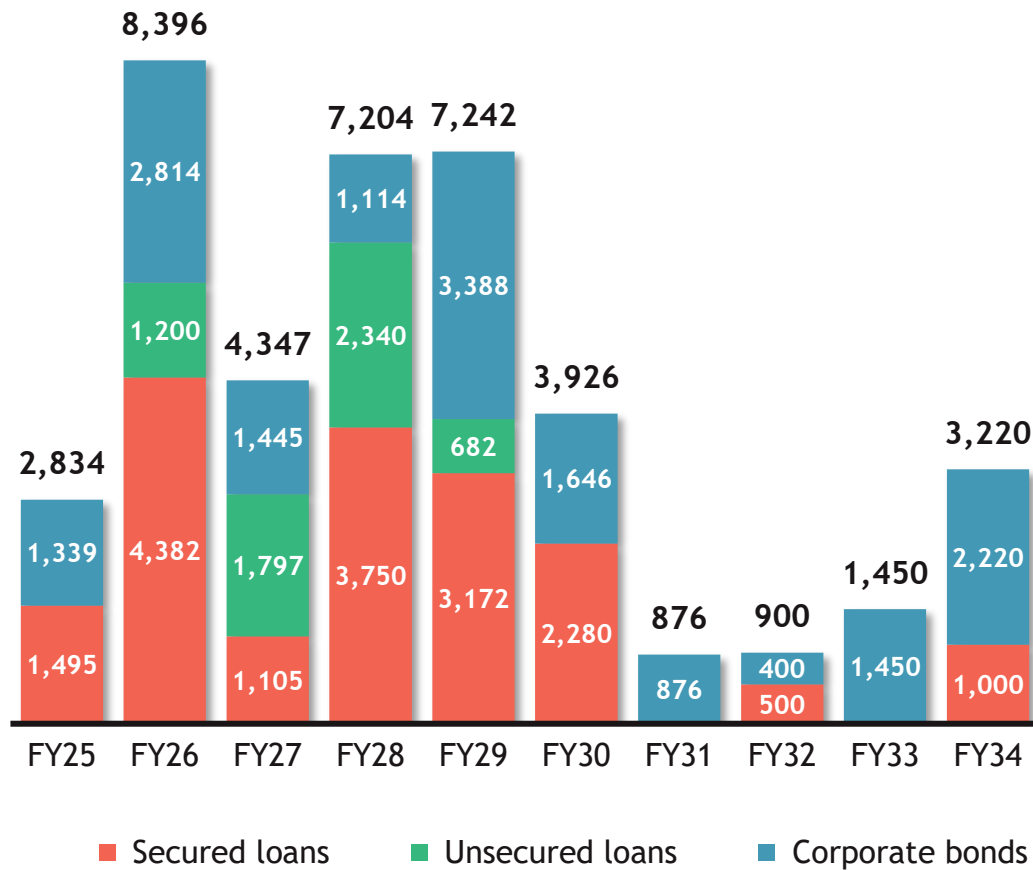
2) Including GIP, Secured vs Unsecured 55:45

# LOAN EXPOSURE PER FINANCIER RSA

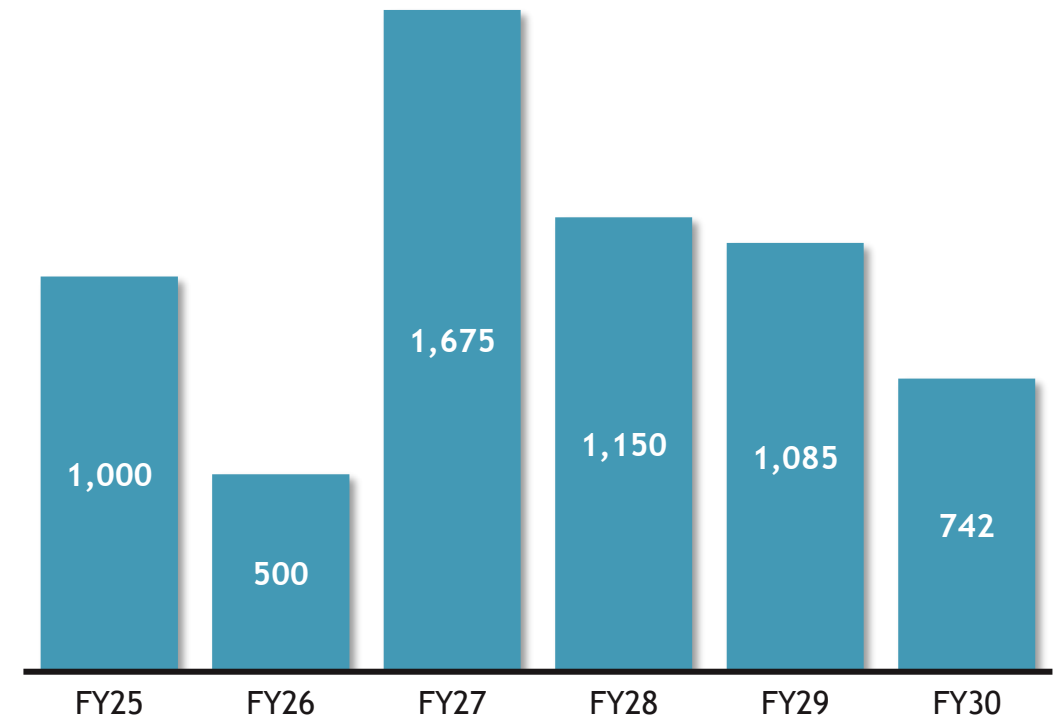


# DEBT EXPIRY PROFILE PER FINANCIER RSA

## FY24 DEBT EXPIRY PROFILE - SA (Rm)



## FY24 UNDRAWN FACILITIES EXPIRY PROFILE - SA (Rm)





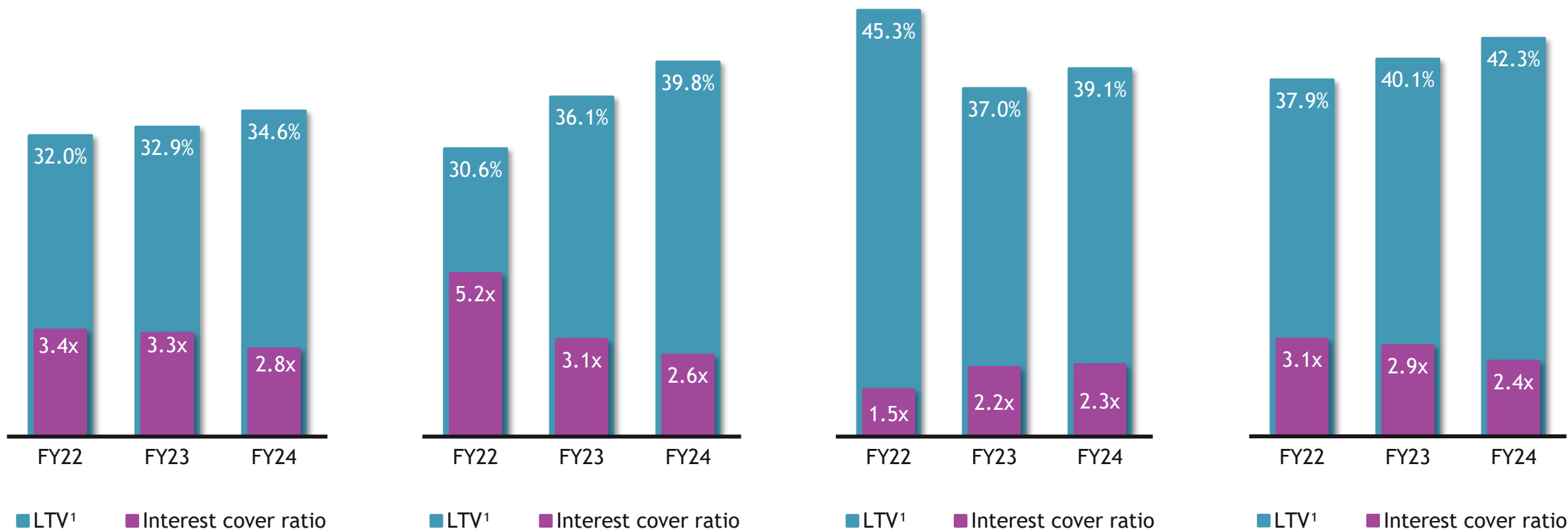
# LOAN-TO-VALUE AND INTEREST COVER RATIOS

## SOUTH AFRICA (INCL GIP)<sup>4</sup>

## GOZ<sup>2</sup>

## C&R<sup>3</sup>

## GROUP



1) All LTVs calculated according to the 2nd edition of the SA REIT BPR.

2) GOZ disclosed gearing is 40.7%.

3) C&R disclosed gearing is 43.0%.

4) South Africa excluding GIP 35.4% (FY23: 33.7%).

# HEDGING

## Exchange rate risk

Investments in foreign currency matched with liabilities in foreign currency

- **GOZ**            AUD CCIRS
- **GW**            EUR LOANS
- **LANGO**        USD CCIRS
- **C&R**            GBD CCIRS

Dividends received from investments used to cover fx interest (either on loans or pay leg of CCIRS)

Remainder of dividend is covered through FECs per the policy

Where cash dividends are not expected, we hedge the interest payments through FECs as well (12 months forward)

# FUNDING STRATEGY

## How Growthpoint currently utilises foreign currency funding

Investment	Currency	Assets at NAV (m)	Total cost of investment (m)	FX Debt (m)	CCIRS (m)	FX LTV	Interest rate	FX Interest cover	% FY24 dividends hedged	Average Income FX hedge rate
GOZ	AUD	A\$1 662	A\$1 087	-	A\$970	58%	4.6%	2.5	78.0%	12.31
GWI	EUR	€453	€571	€326	-	72%	4.5%	0.7	<sup>1</sup> n/a	<sup>2</sup> n/a
C&R	GBP	£141	£211	-	£22 <sup>4</sup>	16%	5.5%	5.7	<sup>3</sup> n/a	<sup>2</sup> n/a
Lango	USD	\$63	\$80	-	\$60	95%	6.5%	0.4	<sup>5</sup> n/a	<sup>2</sup> n/a

- Growthpoint does not trade in these instruments, they are only used as funding instruments
- Growthpoint currently utilises a combination of CCIRS funding (AUD, USD and GBP) and foreign loans (EUR)
- All funding instruments are longer dated i.e. on average 4 years
- Interest rate hedging policy is applicable to foreign funding as well
- Potential “top-ups” for refinancing of CCIRS is carefully managed and included in all liquidity forecasting and planning

1) Scrip dividend alternative.

2) No FEC's taken out as of 30 June 2024.

3) Given the potential disposal of our investment in C&R, we have not hedged any future dividends.

4) Additional investment in C&R open offer for the acquisition of Gyle Shopping Centre, funded with CCIRS (£21.8m).

5) Dividend not hedged due to uncertainty regarding timing of receipt.



# HEDGING

## Interest rate risk

### ZAR#

- Interest rate swaps (R15bn)
- Interest rate caps (R950m)
- Floating receipt leg of CCIRS (R10.2bn\*)

*Total fixed =*  
**R26.1bn**  
*Total floating =*  
**R7.2bn**  
*% hedged =*  
**79%**

### EUR

- Interest rate swaps (€256m)

*Total fixed =*  
**€256m**  
*Total floating =*  
**€71m**  
*% hedged =*  
**78.7%**

### AUD

- By fixing the pay leg of the CCIRS

*Total fixed =*  
**A\$810m**  
*Total floating =*  
**A\$160m**  
*% hedged =*  
**83.1%**

### USD

- By fixing the pay leg of the CCIRS

*Total fixed =*  
**\$60m**  
*Total floating =*  
**\$0m**  
*% hedged =*  
**100%**

### GBP

- By fixing the pay leg of the CCIRS

*Total fixed =*  
**£22**  
*Total floating =*  
**£0**  
*% hedged =*  
**100%**

\*This should be R13.02 billion - historically some receipt legs of AUD CCIRS's were fixed - hence the differential  
#Excluding hedging of IFC loan

# BENEFIT OF INTEREST HEDGING STRATEGY

Reduction in interest finance cost of R787m over a 2-year period



# INTEREST RATE SWAPS

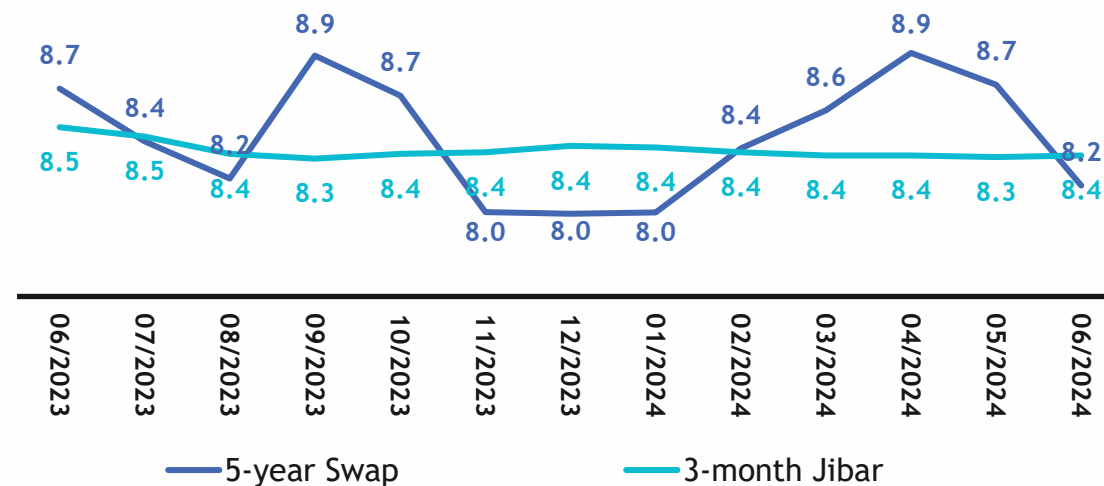


Net impact to Growthpoint = fixed interest rate

## How do we assess interest rate swaps

- Market expectations for rate reductions in the short-term don't always filter directly into the swap curve
- Swap curves have a term premium included
- E.g. currently 3-month Jibar = 8% - the market expectation is for the SARB to reduce interest rates by a further 75bpts - 100bpts
- The 3-year swap curve is currently = 7.48%
- Hence, each hedging decision requires an analysis of the overall expected impact over the term of the swap (based on our expectation of interest rates)

## 3-month Jibar & 5-year Swap rate



# INTEREST RATE SWAP VS INTEREST RATE CAP COMPARISON

## Interest rate swap

- Charged a fixed interest rate over the period of the swap regardless of the movements in the underlying index (e.g. 3-month Jibar)
- The fixed interest is based on the swap curve plus a small execution charge from the bank
- The holder of the swap has certainty of cashflows over the period of the swap

## Interest rate cap

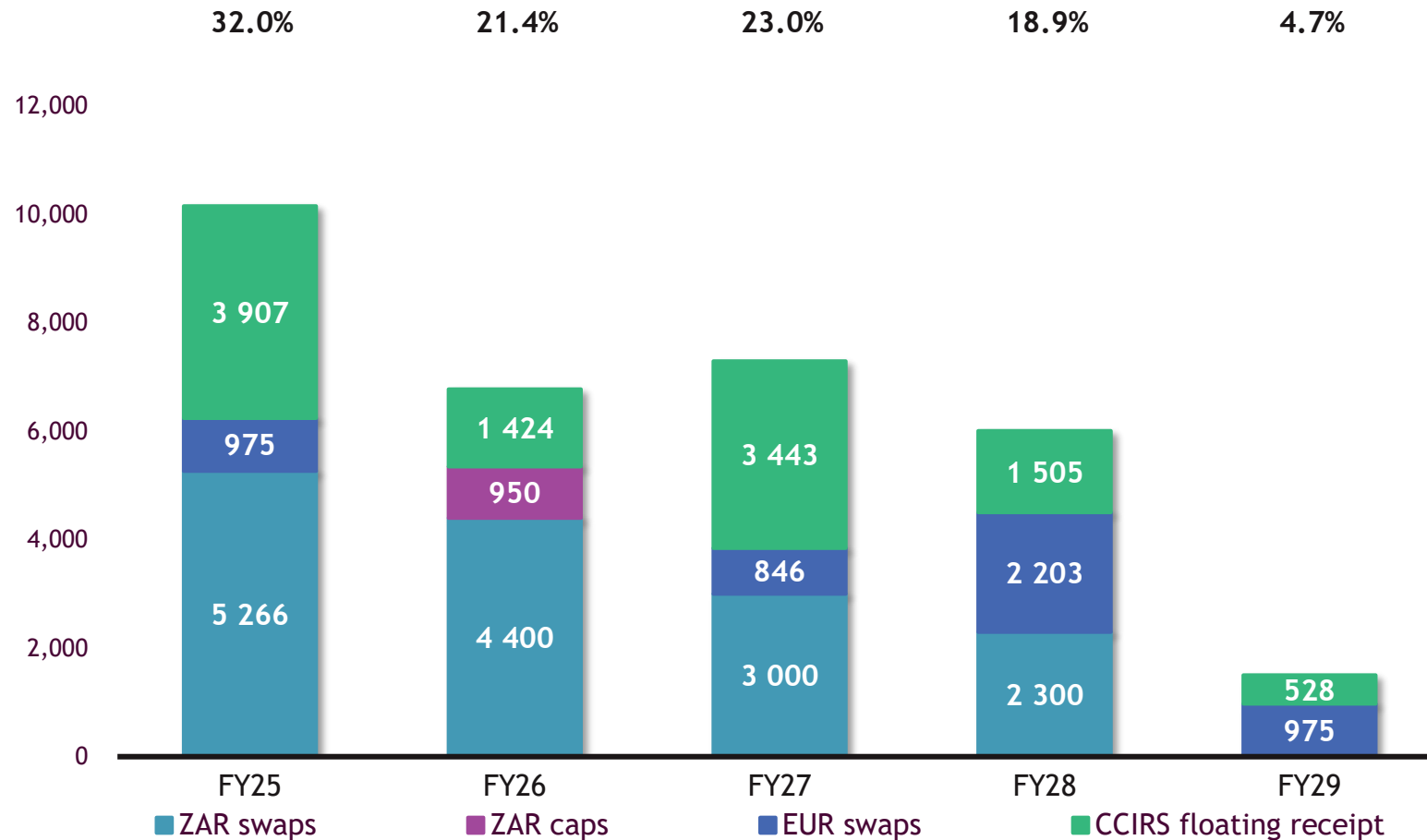
- Provides protection against rising interest rates, as the interest charged is capped at an agreed upon maximum rate
- If there are reductions in the index rate, the holder of the cap benefits from the reduced rate
- An upfront premium is paid for this instrument which is amortised over the period of the cap
- To reduce the premium payable on an interest rate cap, you can enter into out of the money caps

## Which product is best?

- Dependant on market environment - in general interest rate caps are considered to be better in either a rising interest rate environment or an uncertain environment to protect the holder against increases in interest rates
- However, it depends on the pricing of an instrument at a point in time - as an example, if our view is that interest rates will reduce more over the term of the cap to the extent that the benefit of rate reductions exceeds the premium on the cap, then an interest rate cap would be more efficient even in a rate cutting cycle
- Analysis of each hedging instrument is required prior to making a decision

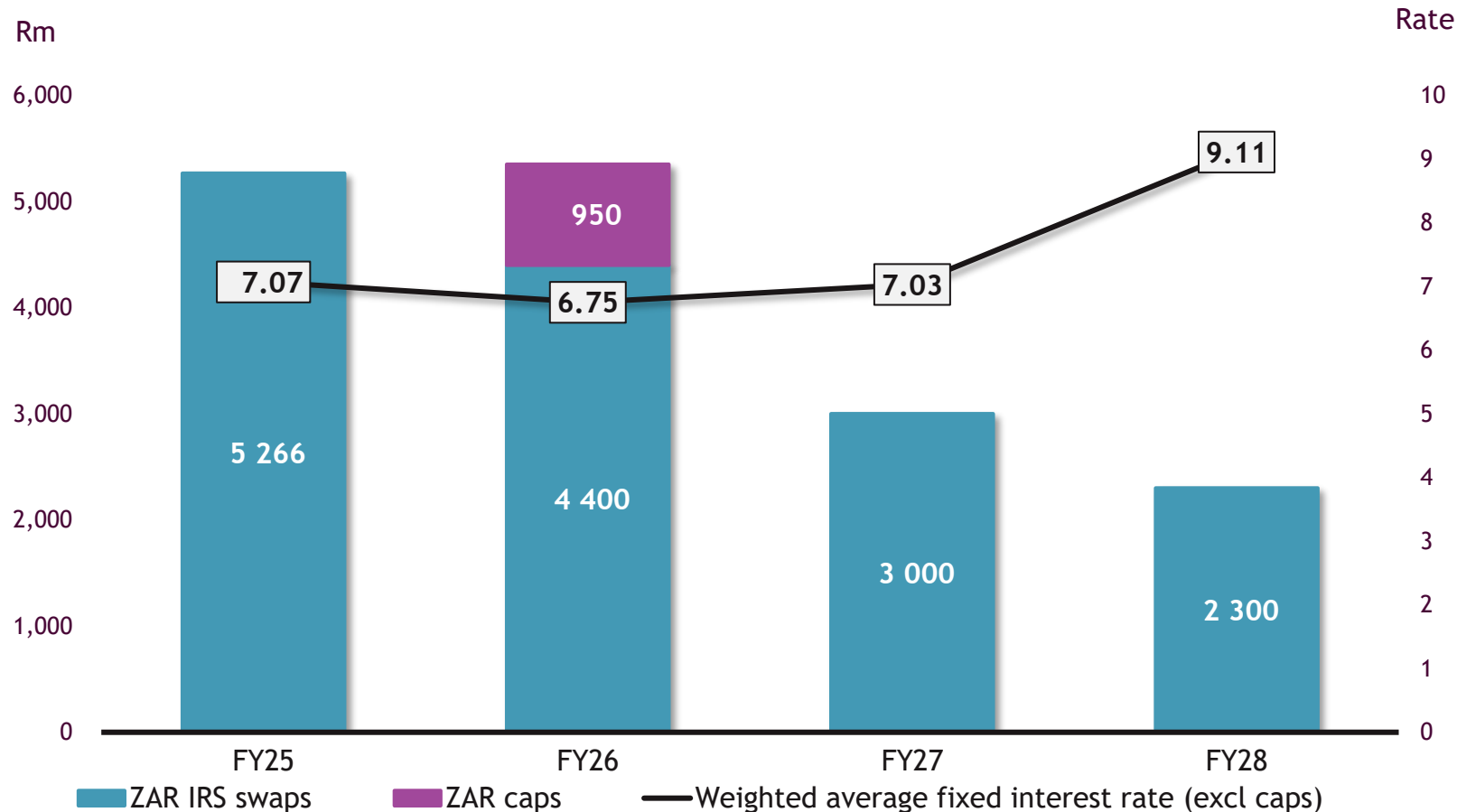


# LOAN BOOK FIXED INTEREST RATE EXPIRY PROFILE RSA



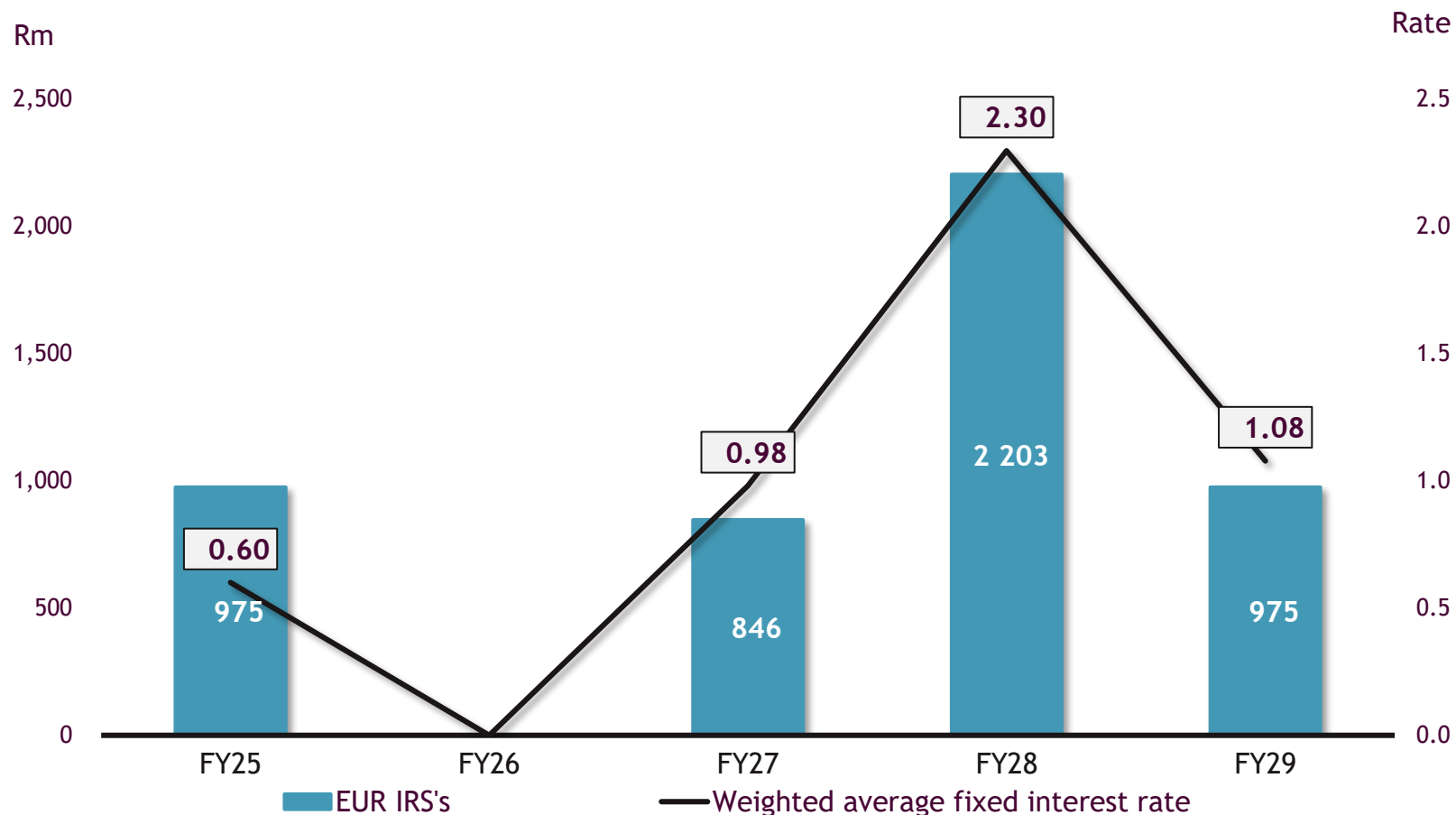
- 79% of the loan book is hedged with IRS, Caps and variable rate received on CCIRS
- 21% of the loan book is unhedged

# ZAR FIXED INTEREST RATE EXPIRY PROFILE



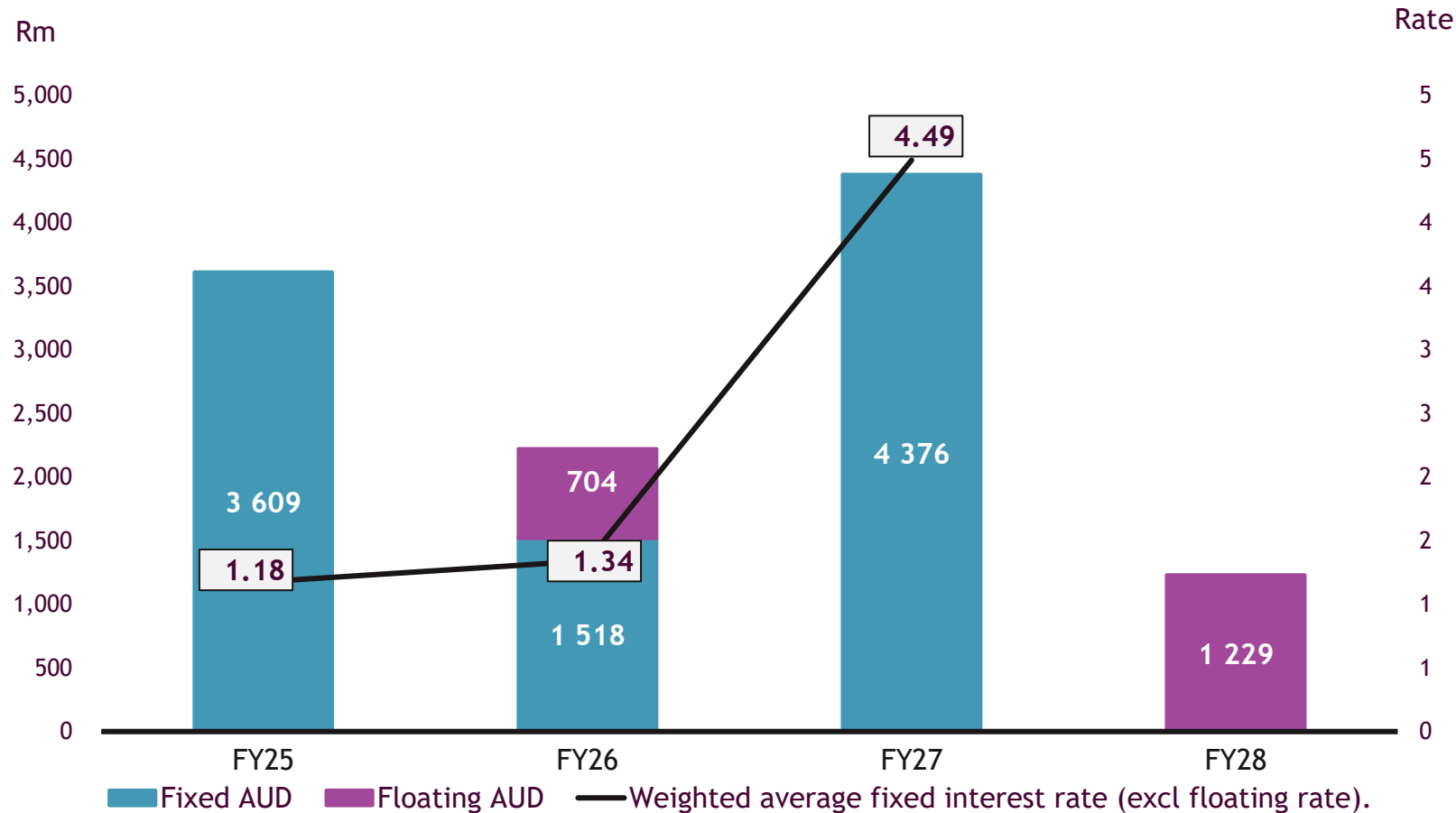
- These are ZAR fixed for floating IRS, they all exclude credit margins
- Caps have an average strike rate of 8.1%

# EUR FIXED IRS EXPIRY PROFILE



- EUR debt hedged at 78.7%
- These are EUR fixed for floating IRS's, they all exclude credit margins
- IRS's are required to hedge the floating interest rate debt raised for the investment in GWI

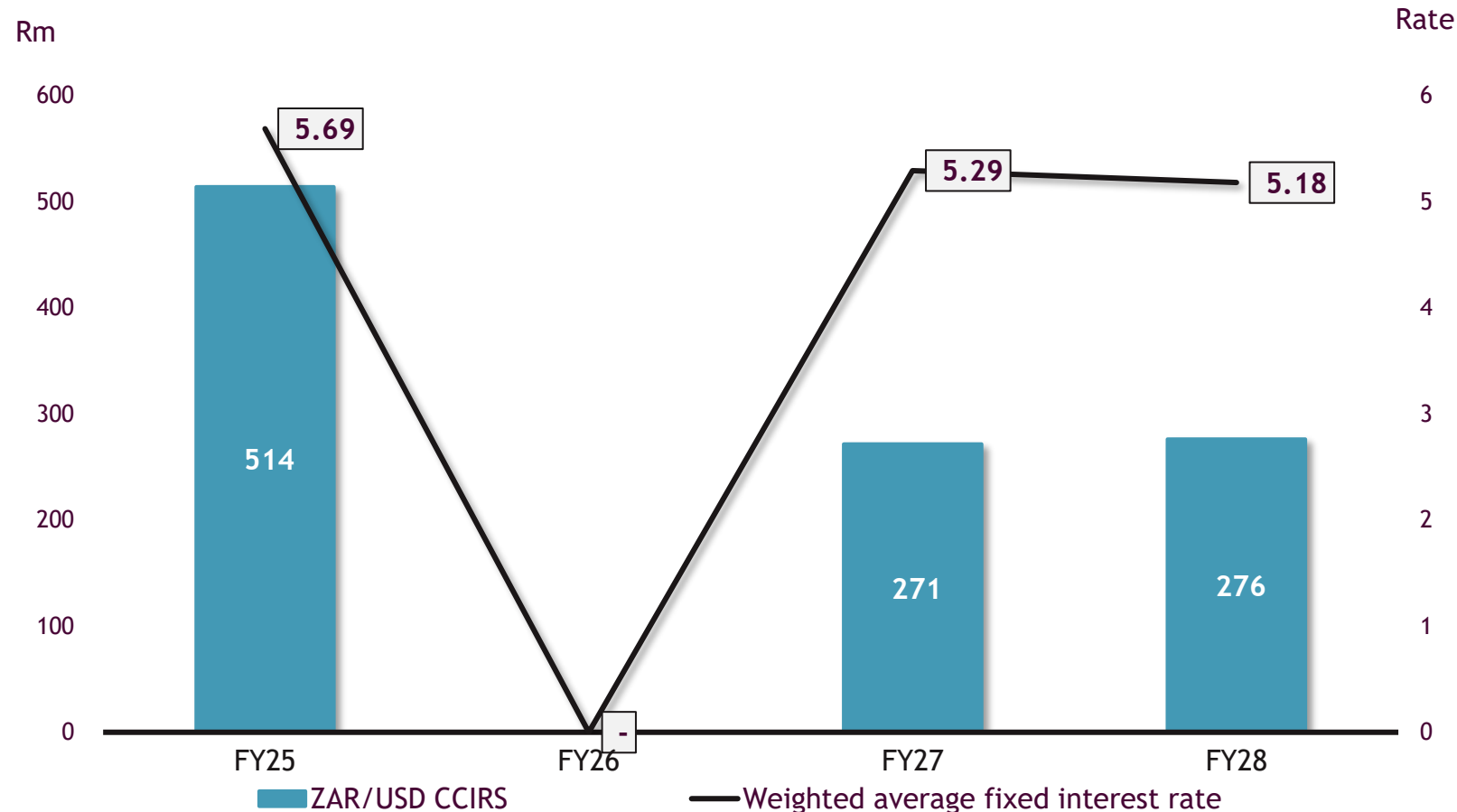
# ZAR/AUD CCIRS EXPIRY PROFILE



- Total AUD hedged at 83.1%
- These CCIRS's are used to fund our investment in GOZ
- The majority of the CCIRS's exclude a credit margin
- If all FY25 maturing AUD CCIRS's are re-hedged, approximate liquidity requirement of c. R200m (ZAR/AUD R12.14)

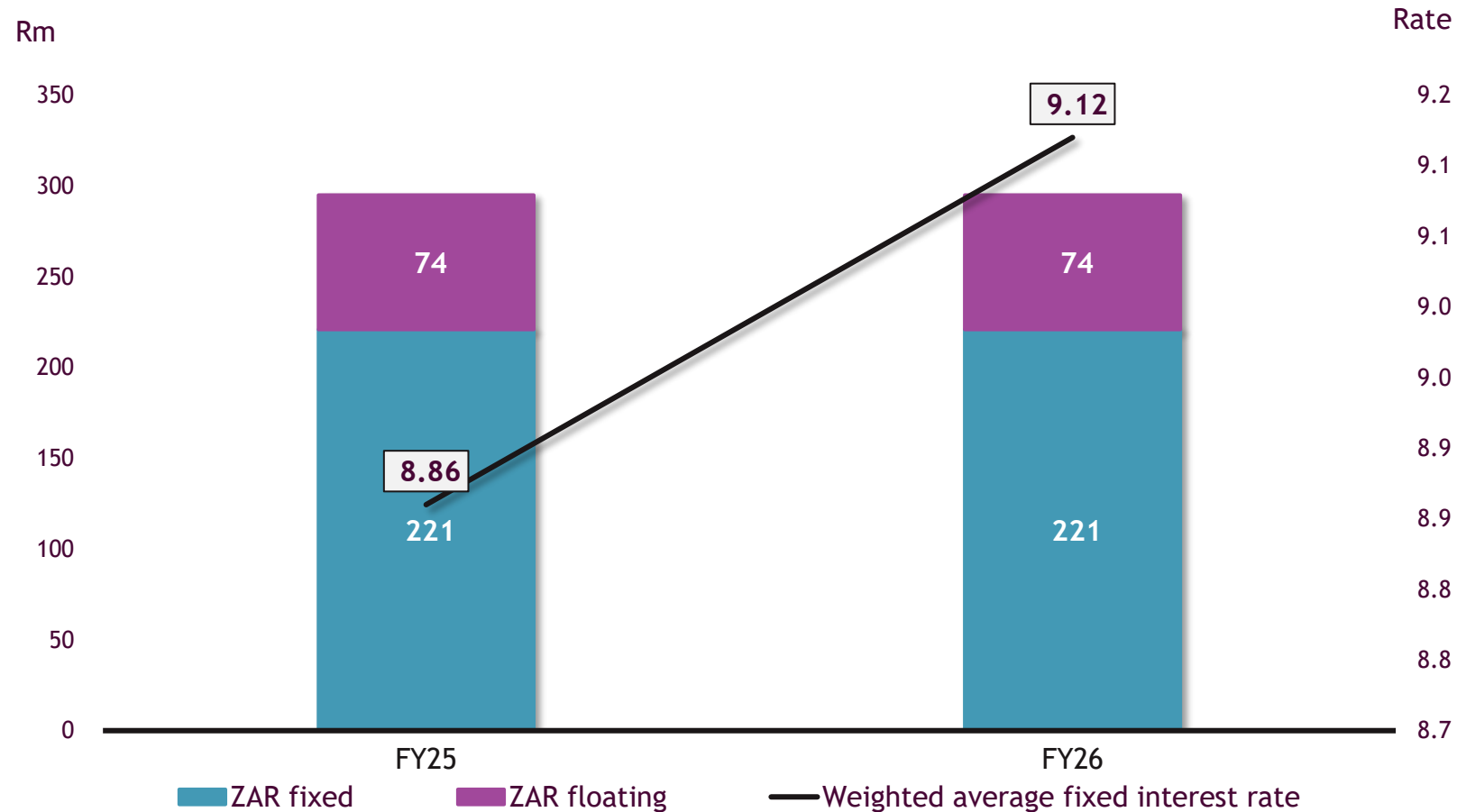


# ZAR/USD CCIRS EXPIRY PROFILE



- Total USD hedged at 100%
- These CCIRS's are used to fund our investment in Lango
- All CCIRS's include a credit margin
- If all FY25 maturing USD CCIRS's are re-hedged - approximate liquidity requirement of c. R32m (ZAR/USD R18.19)

# USD/ZAR CCIRS EXPIRY PROFILE



- These CCIRS's are used to convert the IFC USD 40m loan to ZAR
- Each of the USD receipt legs is floating to match the IFC loan floating rate





THANK YOU

QUESTIONS





Growthpoint  
Investor  
Showcase

2024

November 2024

