Growthpoint Properties Limited
Approved as a REIT by the JSE
(Incorporated in the Republic of South Africa)
Registration number 1987/004988/06
ISIN: ZAE000179420
JSE Share code: GRT
("Growthpoint” or "the Company" or “the Group”)

GROUP UNAUDITED INTERIM RESULTS AND CASH DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

The Group unaudited interim results for the six months ended 31 December 2023 (HY24), as compared to the six months ended 31 December 2022 (HY23), are set out below:

Group salient features

- Key performance indicators improved for all three South African (SA) sectors
- The V&A Waterfront was a standout performer driven by the positive impact of increased tourism with distributable income increasing by 13.7% to R380.7m (HY23: R334.7m)
- Access to liquidity was proven with R2.8bn of new bonds issued during HY24 with an additional R1.0bn post HY24
- In terms of achieving our ESG objectives, specifically our 2050 carbon neutral pathway, we entered into a milestone Power Purchase Agreement with Etana Energy for the annual purchase of 195GWh renewable energy, representing 32.0% of total current annual electricity consumption, effective 1 July 2025
- High interest rates continue to negatively impact distributable income of the Group with total cost of funding increasing by 16.9% to R2 127m (HY23: R1 819m)
- Net asset value per share, based on the SA REIT definition, decreased by 3.9% to 2 067 cents per share (cps) (30 June 2023 (FY23): 2 151 cps)
- Distributable income per share (DIPS) decreased by 8.6% to 71.2 cps (HY23: 77.9 cps)
- Dividend per share decreased by 8.6% to 58.8 cps (HY23: 64.3 cps).

Strategy

In line with Growthpoint’s vision “to be a leading international property company providing space to thrive”, the strategy incorporates:

The streamlining and optimisation of the SA portfolio

- Disposed of nine SA properties, including two office properties, for R635.4m (HY23: R756.3m)
- R141.0m proceeds generated on the disposal of completed residential units of The Kent development, La Lucia
- Three properties (FY23: one) with a value of R76.3m held for sale at HY24 (FY23: R18.0m)
- R1.0bn of capex and development costs spent, including the redevelopment of Longkloof Studios, Gardens, Cape Town and Bayside Mall in the Western Cape.

Growthpoint Investment Partners (GIP)

- GIP assets under management of R17.9bn (FY23: R17.9bn)
- R340.0m capital was raised from new investors for Growthpoint Student Accommodation Holdings (RF) Limited (GSAH), demonstrating appetite for this niche investment asset class
- Growthpoint received R52.0m (HY23: R48.1m) of management fees from the three funds: GSAH, Growthpoint Healthcare Property Holdings (RF) Limited (GHPH) and Lango Real Estate Limited (Lango)
- Dividends received reduced to R48.6m (HY23: R79.0m), due to a lower proposed dividend, taking into account elevated arrears, with negotiations underway to settle arrears before FY24 and a lower shareholding in GHPH, and the negative impact on rentals by the introduction of the National Student Financial Aid Scheme (NSFAS) rental cap, higher interest rates and the expiry of the rental guarantees from the original vendors on the GSAH portfolio.

International

- Offshore income grew by 4.3% in Rand terms to R796.0m (HY23: R763.0m)
- Offshore investments contributed 32.5% to Growthpoint's DIPS and comprise 43.5% of Group property assets
- Growthpoint Properties Australia Limited (GOZ), of which we own 63.7% (FY23: 63.7%), saw its Loan-to-Value (LTV) increase to 37.6% (FY23: 36.1%) due to a 3.8% decline in property valuations. GOZ declared a distribution of A$9.65 cps (HY23: A$10.7 cps) translating into a distribution of R551.2m for Growthpoint (HY23: R533.6m), including R31.9m (A$2.8m) relating to dividend withholding tax over accrual in FY23
- Capital & Regional plc (C&R), of which we own 68.1% (FY23: 62.4%), remains focused on needs-based retail shopping centres. LTV increased to 39.8% (FY23: 37.0%), as a result of a 2.1% decline in property valuations. C&R declared a dividend of £2.95 pence per share (HY23: £2.75 pence per share) translating into a dividend of R88.5m for Growthpoint (HY23: R50.4m). Growthpoint invested an additional £21.8m (R527.6m) as part of an open offer for the acquisition of Gyle Shopping Centre in Edinburgh
- Globalworth Real Estate Investments Limited (GWI), of which we own 29.5% (FY23: 29.5%), owns a diversified office and industrial portfolio in Poland and Romania. GWI declared a dividend of €11.0 cps (HY23: €15.0 cps) translating into a dividend of R146.1m for Growthpoint (HY23:R166.6m)
- Growthpoint elected to receive the scrip dividend alternative for the June 2023 dividends for both C&R and GWI, which were reinvested in the current period.

Liquidity and capital management

Whilst the LTV trajectory is upwards in the short to medium term, we remain focused on strategic initiatives that will preserve our liquidity and balance sheet in the long term:

- R6.2bn unutilised committed facilities for SA (FY23: R6.6bn)
- R1.0bn cash balances on the SA balance sheet (FY23: R1.7bn)
- R422.5m (before income tax) cash retained (HY23: R465.9m) as a result of the 82.5% dividend pay-out ratio
- The SA LTV, including GHPH and GSAH, based on the SA REIT LTV definition, remained conservative at 34.8% (FY23: 32.9%)

- Group LTV, based on the SA REIT LTV definition, increased to 42.0% (FY23: 40.1%), due to negative property valuations in GOZ and increased interest-bearing borrowings in SA
- Interest cover ratio decreased from 2.9 times at FY23 to 2.5 times at HY24
- 76.7% of the SA long-term interest-bearing borrowings are hedged (FY23: 77.7%).

Performance

- During the period 644 308m² of SA space was let and all key property metrics showed an improvement despite the challenging domestic economy
- SA renewal success rate of expiring leases increased to 79.0% (HY23: 61.2%)
- Negative rent reversions on renewal in SA has improved significantly to -7.1% (HY23: -16.1%)
- SA and Group vacancies improved to 9.2% (FY23: 9.7%) and 8.5% (HY23: 9.4%) respectively
- Total revenue increased by 4.0% to R7.1bn (HY23: R6.8bn)
- Operating profit increased by 0.2% to R4.5bn (HY23: R4.4bn)
- Finance costs increased by 16.9% to R2 127m (HY23: R1 819m), mainly as a result of higher interest rates impacting the unhedged portion of borrowings for SA and GOZ as well as the refinancing of interest rate swaps and cross-currency interest rate swaps
- Funds From Operations (FFO) per share, based on the SA REIT FFO definition, decreased by 18.0% to 64.8 cps (HY23: 79.0 cps)
- Distributable income decreased by 9.3% to R2 414m (HY23: R2 662m)
- Basic earnings per share decreased by 91.5% to 4.64 cps (HY23: 54.73 cps), mainly due to negative fair value adjustments on investment property, interest-bearing borrowings and derivatives
- Basic headline earnings per share decreased by 34.2% to 56.59 cps (HY23: 85.99 cps).

Prospects

While our diversified portfolio and income streams position us defensively for FY24, the LTV trajectory is upwards in the short to medium term. As such we will focus on strategic initiatives to preserve liquidity and balance sheet strength in the long term.

Given the impact of high interest rates across our local and international businesses, which will be greater in the second half of FY24, we expect DIPS to decline by 10% – 12% for FY24.We endeavour to maintain a payout ratio of 82.5%.

The above forecast has not been reviewed or reported on by the Company’s auditors and is the responsibility of the Board of Directors.

Regulatory requirements

The condensed results for the period ended 31 December 2023 are unaudited.

This short form announcement is the responsibility of the Board of Directors and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be

based as a whole on consideration of the Group consolidated interim financial statements which may be downloaded from the Company's website.
https://growthpoint.co.za/investor-relations/financial-reports/ and
https://senspdf.jse.co.za/documents/2024/jse/isse/GRTE/Interim24.pdf

Interim dividend

Notice is hereby given of the declaration of the interim dividend number 76 of 58.80000 cps for the period ended 31 December 2023. The dividend has been declared from income reserves.

Other information:

- Issued shares as at declaration date: 3 430 787 066 ordinary shares of no par value
- Income Tax Reference Number of Growthpoint: 9375077717

Shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No 58 of 1962 (Income Tax Act). The dividends on the shares will be taxable dividends for South African tax purposes in terms of section 25BB of the Income Tax Act.

Tax implications for South African resident shareholders

Dividends received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i)(aa) of the Income Tax Act because they are dividends distributed by a REIT. These dividends are, however, exempt from dividend withholding tax (dividend tax) in the hands of South African resident shareholders provided that the South African resident shareholders have provided to the Central Securities Depository Participant (CSDP) or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares, a DTD(EX) form (dividend tax: declaration and undertaking to be made by the beneficial owner of a share) to prove their status as South African residents. If resident shareholders have not submitted the above mentioned documentation to confirm their status as South African residents, they are advised to contact their CSDP or broker, as the case may be, to arrange for the documents to be submitted before the dividend payment.

Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption section 10(1)(k) of the Income Tax Act. Any dividend received by a non-resident from a REIT is subject to dividend tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between RSA and the country of residence of the non-resident shareholder. Assuming dividend tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders is 47.04000 cps. A reduced dividend withholding tax rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- A declaration that the dividend is subject to a reduced rate as a result of the application of the DTA
- A written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner of the South African Revenue Service. If applicable, non-resident shareholders are advised to contact the CSDP, broker or the company to arrange for the above mentioned documents to be submitted before dividend payment, if such documents have not already been submitted.

Salient dates and times

	2024
Last day to trade (LDT) cum dividend	Tuesday, 9 April
Shares to trade ex dividend	Wednesday, 10 April
Record date	Friday, 12 April
Payment date	Monday, 15 April

Notes:

1. *Shares may not be dematerialised or rematerialised between the commencement of trade on Wednesday, 10 April 2024 and the close of trade on Friday, 12 April 2024, both days inclusive.*
2. *The above dates and times are subject to change. Any changes will be released on SENS.*

Sandton
13 March 2024
Equity sponsor: Investec Bank Limited
Debt sponsor: ABSA Bank Limited