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
JSE Bond issuer code: GRTI
("Growthpoint" or "the Company" or "the Group")

GROUP AUDITED ANNUAL RESULTS AND CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 30 JUNE 2024

The Group audited annual results for the year ended 30 June 2024 (FY24), as compared to the year ended 30 June 2023 (FY23), are set out below:

Group salient features

- The majority of the South African (SA) key performance indicators improved across the three sectors, including arrears, rental reversion rates, valuations and vacancies in office and retail
- The V&A Waterfront was a standout performer driven by the positive impact of increased tourism with distributable income increasing by 12.6% to R775.0m (FY23: R688.4m)
- High interest rates across the Group continue to negatively impact distributable income with total cost of funding increasing by 16.2% to R4 394.0m (FY23: R3 781.5m)
    - SA increased to R3 037.5m in FY24 (17.2%) (FY23: R2 592.9m) due to a higher weighted average cost of debt in FY24
    - Growthpoint Properties Australia Limited (GOZ) increased to R1 125.8m in FY24 (14.1%) (FY23: R986.1m), driven by higher interest rates throughout FY24
    - Capital & Regional plc (C&R) increased to R230.7m in FY24 (13.8%) (FY23: R202.5m) as a result of the debt incurred for the acquisition of Gyle Shopping Centre
    - As a result of Globalworth Real Estate Investments Limited (GWI's) Eurobond refinance, their interest rate more than doubled from 3.0% to 6.3%
- Access to liquidity was confirmed with R6.5bn new senior unsecured bonds issued
- In terms of achieving our ESG objectives we entered into a milestone Power Purchase Agreement for the annual purchase of 195GWh renewable energy, representing 32.0% of FY23's annual electricity consumption, effective from July 2025
- Net asset value per share, based on the SA REIT definition, decreased by 6.1% to 2 020 cents per share (cps) (FY23: 2 151 cps), mainly due to negative property valuations in GOZ
- Distributable income per share (DIPS) decreased by 10.0% to 141.9 cps (FY23: 157.6 cps), which is within the 10% to 12% guidance range provided for FY24
- Dividend per share decreased by 10.0% to 117.1 cps (FY23: 130.1 cps).

Strategy

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

1. **Improving the quality of the SA portfolio**

- Disposed of 17 SA properties, including three office properties, for R907.7m (FY23: R1.2bn)
- Disposed of two Trading and Development properties, The Kent in La Lucia for R141.0m and Woodburn Square, Pietermaritzburg for R153.3m, generating profit of R38.0m (FY23: One property sold for R340.0m with a profit of R83.0m)
- There are six properties (FY23: one) with a value of R580.3m held for sale at FY24 (FY23: R18.0m)
- R2.1bn of capex and development costs spent, including the redevelopment of Arterial Industrial, Blackheath, Bellville; Bayside Mall, Tableview and Longkloof Studios (Hilton Canopy Hotel), Cape Town (FY23: R1.5bn).

2. **International optimisation**

- Offshore investments contributed 32.4% (FY23: 29.1%) to Growthpoint's DIPS and comprise 42.1% (FY23: 45.8%) of Group property assets
- Offshore income decreased by 1.1% in Rand terms to R1 561.0m (FY23: R1 579.2m)
- GOZ, of which we own 63.7% (FY23: 63.7%), saw their Loan-to-Value (LTV) increase to 39.8% (FY23: 36.1%) due to decreased property valuations of 11.2% and 1.8% for the office and industrial portfolio respectively. GOZ declared a distribution of A$19.3 cps (FY23: A$21.4 cps) translating into a distribution of R1 059.4m for Growthpoint (FY23: R1 056.0m), net of dividend withholding tax
- C&R, of which we own 68.9% (FY23: 62.4%), saw their LTV increase marginally to 39.1% (FY23: 37.0%), as a result of a 2.6% decline in property valuations. C&R declared a dividend of £5.80 pence per share (FY23: £5.50 pence per share) translating into a dividend of R173.9m for Growthpoint (FY23: R103.6m). Growthpoint invested an additional £21.8m (R527.6m) in September 2023 for the acquisition of Gyle Shopping Centre in Edinburgh
- Shareholders are referred to the announcements published by C&R regarding possible offers for the purchase of the company
- GWI, of which we own 29.5% (FY23: 29.5%), improved their LTV to 39.9% at 30 June 2024 (30 June 2023: 42.7%) following divestments aimed at deleveraging and enhancing liquidity. GWI declared a dividend of €21.0 cps (FY23: €29.0 cps) translating into a dividend of R304.0m for Growthpoint (FY23: R395.4m)
- In April 2024, GWI successfully refinanced and partially repaid the €450m 2025 bonds and €400m 2026 bonds with new 6.3% bonds due in 2029 (€307 million) and 2030 (€333 million)
- Growthpoint elected to receive the scrip dividend alternative for the June 2023 and December 2023 dividends for both C&R and GWI.

Liquidity and capital management

In light of a challenging macro-economic environment, we remain focused on liquidity and balance sheet strength to enable us to pursue our strategic initiatives:

- R6.3bn unutilised committed facilities for SA (FY23: R6.6bn)
- R465.9m cash balances on the SA balance sheet (FY23: R1.7bn)
- R842.3m (before income tax) cash retained (FY23: R938.5m) as a result of the 82.5% dividend pay-out ratio
- The SA LTV, including Growthpoint Healthcare Property Holdings (RF) Limited (GHPH) and Growthpoint Student Accommodation Management (GSAH), based on the SA REIT LTV definition, remained conservative at 34.6% (FY23: 32.9%)
- Group LTV, based on the SA REIT LTV definition, increased to 42.3% (FY23: 40.1%), due to negative property valuations in GOZ and increased interest-bearing borrowings in SA
- Group interest cover ratio remains prudent at 2.4 times (FY23: 2.9 times)
- 79.0% of the SA long-term interest-bearing borrowings are hedged (FY23: 77.7%).

SA performance

- In SA we let gross lettable area of 1 202 259m² resulting in improved vacancies to 8.7% (FY23: 9.7%)
- SA renewal success rate of expiring leases increased to 76.3% (FY23: 64.9%)
- Negative rent reversions on renewal in SA has improved significantly to -6.0% (FY23: -12.9%)

Growthpoint Investment Partners (GIP) performance

- GIP assets under management (AUM) of R18.0bn (FY23: R17.9bn)
    - GHPH AUM increased to R4.0bn (FY23: R3.7bn)
    - GSAH AUM increased to R3.6bn (FY23: R2.7bn)
    - Lango Real Estate Limited (Lango) AUM decreased to R10.4bn (FY23: R11.5bn)
- R630.0m capital was raised from investors for GSAH, including R250.0m from Growthpoint, demonstrating appetite for this niche investment asset class
- Growthpoint received management fees of R108.0m (FY23: R98.0m) from the three funds: GHPH, GSAH and Lango
- Dividends received reduced to R122.7m (FY23: R146.1m), due to rent reversions in GPHP, the National Student Financial Aid Scheme (NSFAS) rental cap, higher interest rates, and the expiry of the rental guarantees from the original vendors of a portfolio of properties to GSAH.

Group salient features

- Total group revenue increased by 4.8% to R14.4bn (FY23: R13.7bn)
- Group operating profit decreased by 2.0% to R8.7bn (FY23: R8.9bn)
- Distributable income decreased by 10.3% to R4 813m (FY23: R5 363m)

- Funds From Operations (FFO) per share, based on the SA REIT FFO definition, decreased by 11.5% to 131.5 cps (FY23: 148.6 cps)
- Basic earnings per share decreased by 45.9% to 37.49 cps (FY23: 69.24 cps), mainly due to negative fair value adjustments on investment property, interest-bearing borrowings and derivatives
- Basic headline earnings per share decreased by 32.3% to 101.26 cps (FY23: 149.61 cps).

Prospects

High interest rates will continue to impact the real estate sector and our domestic operations and offshore investments. While global political uncertainty remains a concern, the political landscape in South Africa is showing signs of improvement after the May elections.

Our strategic approach will be guided by our priorities: safeguarding the strength of our balance sheet and fulfilling our commitments towards environmental, social and governance (ESG) objectives. To this end, our focus will remain on improving the quality of our SA portfolio, with emphasis placed on capital allocation, proactive tenant retention strategies, strategic repositioning efforts, fostering green building initiatives, leveraging renewable energy solutions and focusing on higher growth sectors.

With the prospects of imminent interest rate cuts, the introduction of the Two Pot system for pension funds in South Africa and a reduction in fuel prices, there is some positive news for the SA consumer, which will positively impact retailers and the Retail sector. This, together with no loadshedding since March 2024, will positively influence retailers' operations and performance. The improving perception of the SA political landscape could, over time, lead to a more favourable environment for the Office sector, which continues to suffer from oversupply in Gauteng. The sector does, however, seem to have stabilised and has normalised in Cape Town and Umhlanga Ridge. The Logistics and Industrial sector, benefiting from a more balanced supply-demand dynamic, is expected to outperform other sectors. We also anticipate that KwaZulu-Natal and the Western Cape will continue to deliver superior performance.

The V&A Waterfront's performance exceeded expectations for FY24, driven by increased domestic and international tourism. The redevelopment of the Lux Mall, which commenced in July 2024, and the Table Bay Hotel, with a closure from February 2025, will have a negative impact on FY25's performance. Both redevelopments are scheduled to open towards the end of 2025. The V&A Waterfront anticipates achieving mid-single-digit growth for FY25.

International expansion is constrained by our high cost of capital, both domestically and offshore, particularly as we are committed to balance sheet strength. Consequently, we shall continue to focus on optimising our existing investments.

GOZ has a high-quality portfolio and experienced team and is positioned for long-term growth with a scalable presence in Office, Logistics and Industrial and Retail, with a focus on increasing its funds management business. GOZ FFO guidance for FY25 is between AUD22.3 cps and AUD23.1 cps, with the distribution guidance at AUD18.2 cps, assuming an average FY25 floating interest rate of 4.35%.

C&R is defensively positioned with its needs based, community retail strategy and we expect a stable performance. C&R is expected to maintain their dividend policy to pay at least 90% of profits over the full financial year.

GWI continues to maintain a prudent financial position with moderate leverage and high levels of liquidity and has a high-quality portfolio with multinational tenancies. Given the significant increase in their cost of debt as a result of their Eurobond refinance in FY24, we are expecting a decrease in dividend income for FY25.

We are committed to retaining our REIT status and intend to continue to pay dividends twice a year, maintaining our payout ratio of 82.5%.

We believe LTV ratios, linked to valuations, are stabilising, other than possibly for GOZ where interest rates are lagging. We will continue to focus on strategic initiatives to preserve liquidity and balance sheet strength in the long term.

Our diversified portfolio and income streams, position us defensively for FY25. The improvement in our domestic portfolio's property fundamentals and the strong operational fundamentals of our international investments, indicate that we may have reached the bottom of the property cycle. It is important to recognise that the ongoing impact of high interest rates, both locally and internationally, remains a challenge for DIPS growth in FY25, which is expected to decline by 2% to 5%. As we assess interest rate expectations across our investment geographies, it is evident that there are positive indicators supporting our outlook for FY26 when we expect positive DIPS growth to resume.

Regulatory requirements

This short form announcement is the responsibility of the Board of Directors and does not contain full or complete details.

The annual financial statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The auditor did not report on any of the information contained in this announcement. Any investment decisions by investors and/or shareholders should be based as a whole on consideration of the group consolidated financial statements which may be downloaded from the Company's website.

https://growthpoint.co.za/investorrelations/financial-reports/ and
https://senspdf.jse.co.za/documents/2024/jse/isse/GRTE/Final24.pdf

Final dividend

Notice is hereby given of the declaration of the final dividend number 77 of 58.30000 cps for the year ended 30 June 2024. 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 SA 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 46.64000 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

Last day to trade (LDT) cum dividend	Tuesday, 15 October 2024
Shares to trade ex dividend	Wednesday, 16 October 2024
Record date	Friday, 18 October 2024
Payment date	Monday, 21 October 2024

Notes:

1. *Shares may not be dematerialised or rematerialised between the commencement of trade on Wednesday, 16 October 2024 and the close of trade on Friday, 18 October 2024, both days inclusive.*
2. *The above dates and times are subject to change. Any changes will be released on SENS.*

Sandton
11 September 2024

Equity sponsor: Investec Bank Limited
Debt sponsor: Investec Bank Limited