

Interim results presentation

Six month period ending
31 March 2017



GEMGROW
PROPERTIES

Gemgrow's proud heritage



Gerald Leissner (CEO)

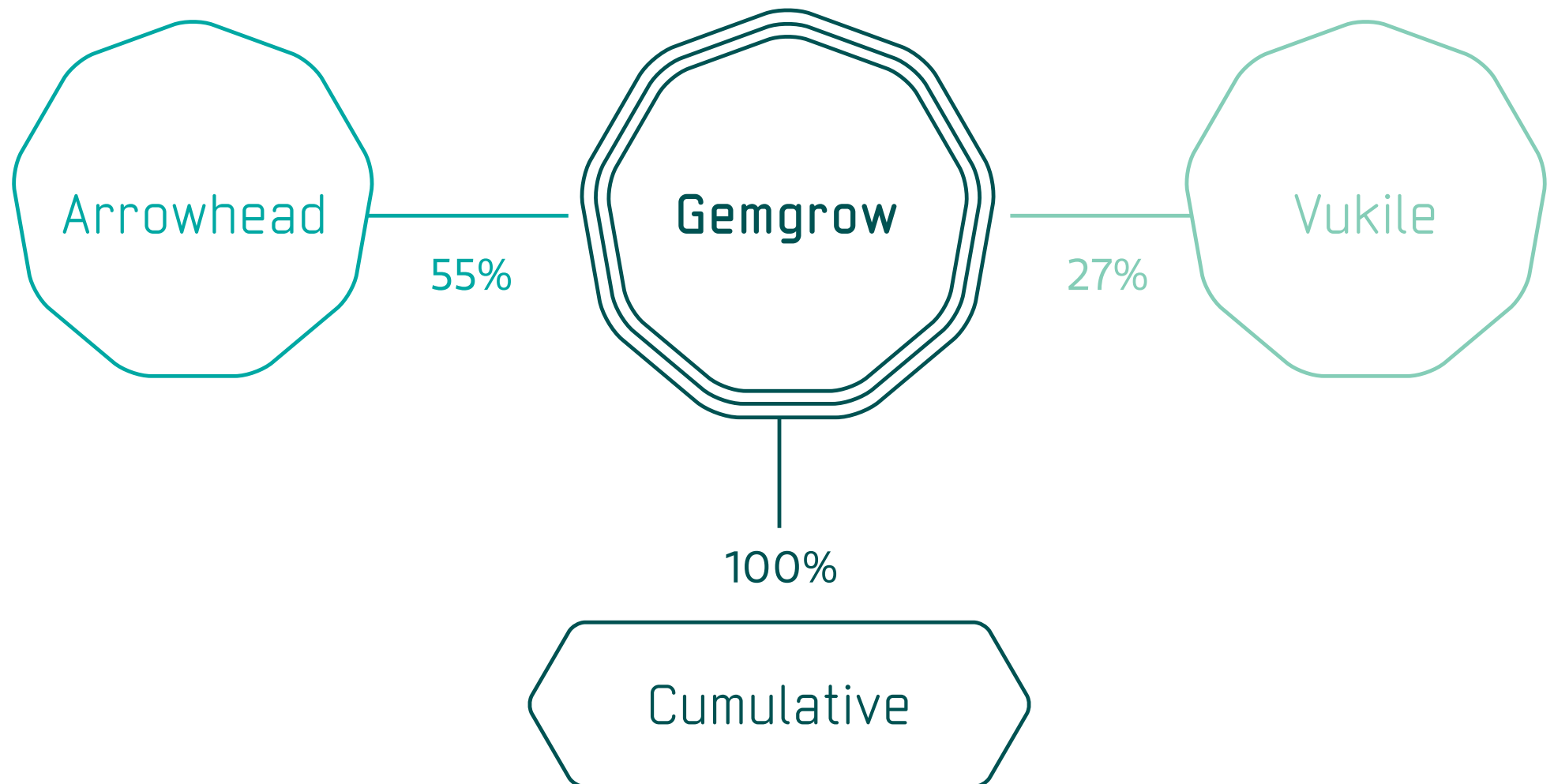


Gerald Leissner (CEO)
Mark Kaplan (COO)
Imraan Suleman (CFO)



Mark Kaplan (CEO)
Alon Kirkel (COO)
Junaid Limalia (CFO)

Gemgrow group structure



Major shareholders

A SHAREHOLDERS (MARCH 2017)

Rank	Fund manager	%
1	Coronation Fund Managers	62,7
2	Vukile Property Fund Limited	9,9
3	Visio Capital Management	9,7
4	Old Mutual Investment Group	7,4
5	Namibia Asset Management	2,5

Major shareholders

B SHAREHOLDERS (MARCH 2017)

Rank	Fund manager	%
1	Vukile Property Fund Limited	29,5
2	Coronation Fund Managers	1,8
3	Prescient Investment Managers	0,3
4	Catalyst Fund Managers	0,2
5	Eskom Pensions and Provident Investment Management	0,04

Management and Board

Executive

Mark Kaplan (CEO)

Alon Kirkel (COO)

Junaid Limalia (CFO)

Non-executive

Gregory Kinross (Chairman)

Clifford Abrams

Ayesha Rehman

Arnold Basserabie

Gemgrow strategy

- › **Quarterly** distributions
 - › **Sustainable** yield-enhancing acquisitions
 - › **Diversify risk**
 - › **Buy properties** from R20m
 - › **South African focused**
 - › Maintain **low gearing**
-

Competitive advantage

- › **Niche market** for acquisitions
- › Low **LTV of 23%**
- › **Cash cover** of 6x on A shares
- › Arrowhead strategic and operational **support and guidance**
- › **Dual class A and B structure**

Risk management

- › No **single tenant** material exposure to income
- › **Diversified by sector**, geographical location and grading
- › **Low gearing** and fixed borrowings
- › **Realistic forecasting**
- › **Sound corporate governance**

Company

CAPITAL STRUCTURE

R4,3bn

in assets

R3,3bn

market cap

Dual class

share structure

A share

R47m in issue

Preferential dividend

6x cash cover ratio

Growth capped at 5%

B share

R400m in issue

Enhanced when
growth exceeds 5%

Benefit from acquisitions

Six months actuals versus six months circular (unaudited)

R'000	Actuals six months ended 31 March 2017	Circular six months ended 31 March 2017
Revenue (excluding straight line rental income)	335 950	343 697
Contractual rental	262 182	262 094
Municipal recoveries	73 768	81 603
Property expenses	(127 546)	(133 534)
Administration and corporate costs	(5 215)	(4 859)
Finance expenses	(46 407)	(46 853)
Finance income	10 967	9 074
Total dividend	167 749	167 525
Property expenses as a percentage of revenue – gross (%)	38,0	38,9
Property expenses as a percentage of revenue – net (%)	16,8	16,4
Dividend for the quarter ended 31 December – A share	11 765	11 765
Dividend for the quarter ended 31 March – A share	11 765	11 765
Total dividend per share – A share	23 530	23 530
Dividend for the quarter ended 31 December – B share	71 495	71 419
Dividend for the quarter ended 31 March – B share	72 724	72 576
Total dividend per share – B share	144 219	143 995
Total consolidated dividend	167 749	167 525
Dividend per share (cents) for the quarter ended 31 December 2016 – A share	24,85	24,85
Dividend per share (cents) for the quarter ended 31 March 2016 – A share	24,85	24,85
Total dividend per share (cents) – A share	49,70	49,70
Dividend per share (cents) for the quarter ended 31 December 2016 – B share	17,84	17,82
Dividend per share (cents) for the quarter ended 31 March 2016 – B share	18,15	18,13
Total dividend per share (cents) – B share	35,99	35,95
Consolidated dividend per share	85,69	85,65

Company

DEBT FUNDING

- > **R974m** in debt
 - > LTV of **22,6%**
 - > **66,4%** of debt fixed
 - > Effective interest rate of **9,39%**
 - > Refinancing of all 2017 **expiries on track**
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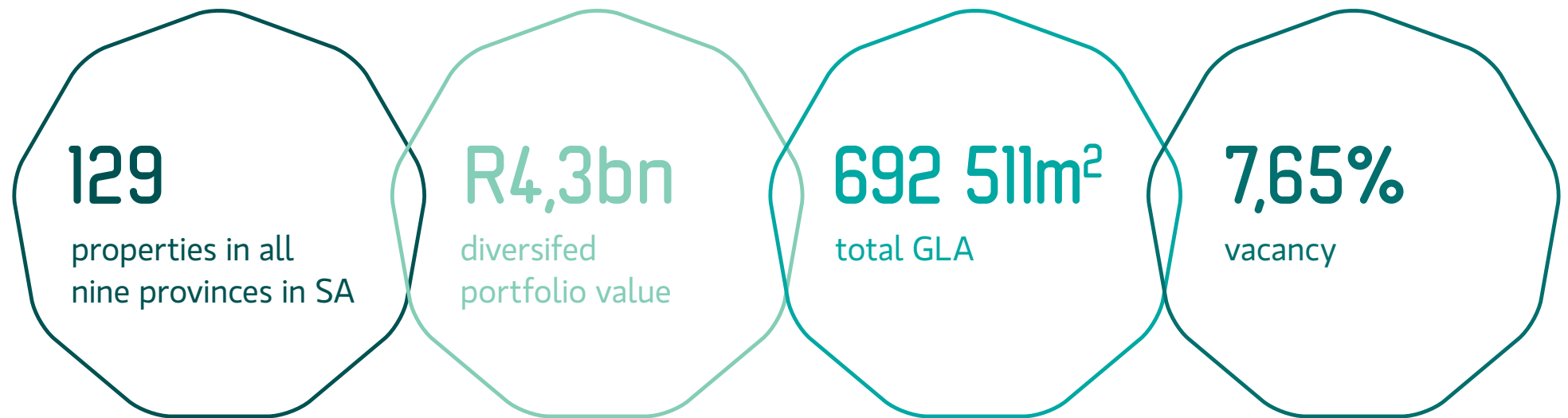
Debt expiry

2017	R575m
2018	R201m
2019	R198m
Total	R974m

Internalised asset management

- › Extract **maximum value** from core portfolio
- › **Micromanage**
- › **Reduce** vacancies
- › Ensure lease expiries, re-letting and renewals are managed with **efficiency**
- › Cost centres **tightly managed**
- › **Aggressive letting strategies**

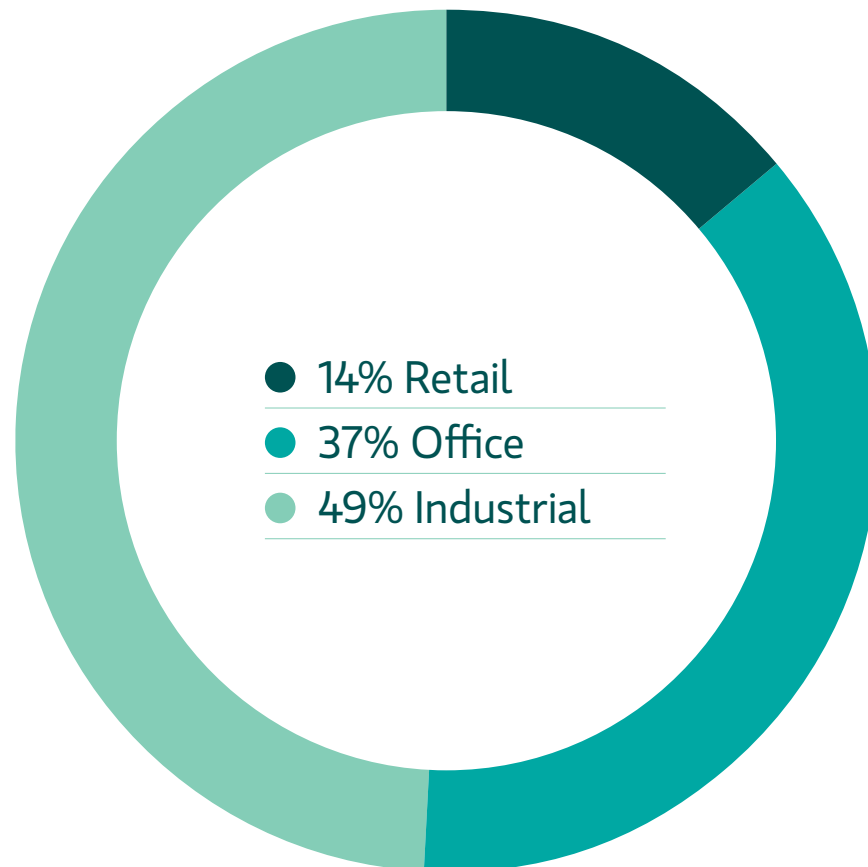
Property portfolio overview



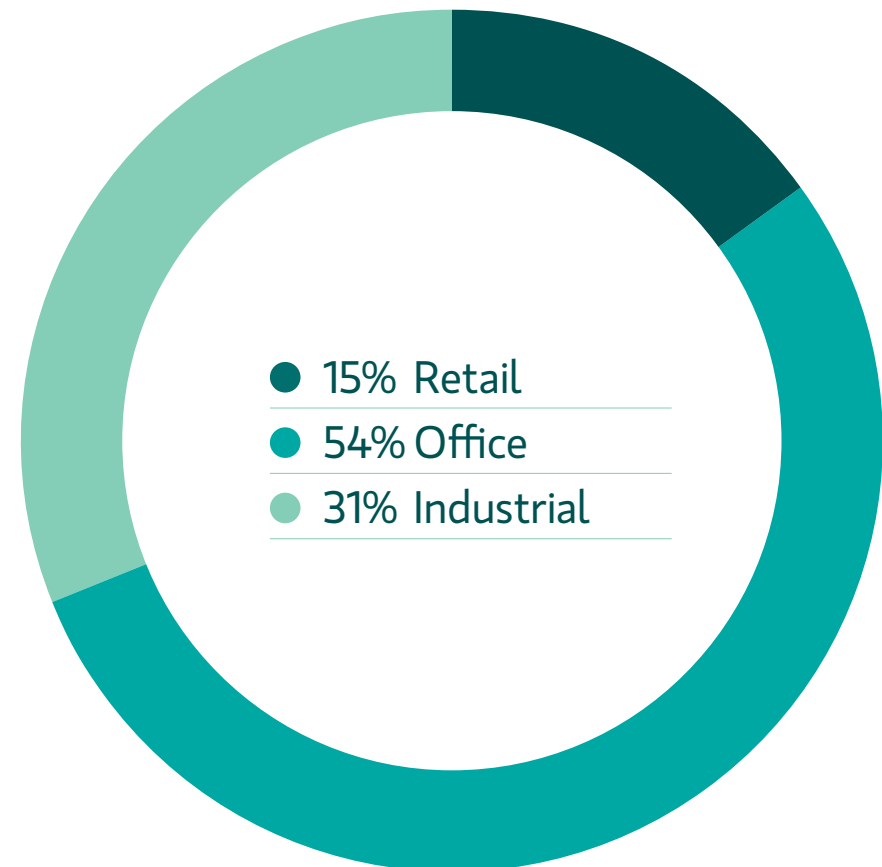
Property portfolio overview

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By GLA



By property value



Letting and vacancies

AS AT 31 MARCH 2017

Sector	Total (m ²)	Let (m ²)	Let (%)	MARCH 2017	
				Vacant (m ²)	Vacant (%)
Retail	96 433	90 864	94	5 569	5,78
Office	253 793	227 465	90	26 328	10,37
Industrial	342 285	321 218	94	21 067	6,16
Total	692 511	639 547	92	52 964	7,65

Marginal improvement on vacancies of **7,73%** as at 1 October 2016.

Average gross rental per sector

Retail

R78/m²

Office

R104/m²

Industrial

R42/m²

Renewals and expiries

SIX MONTHS ENDED 31 MARCH 2017

> **70%** of all leases expired
were renewed

> **57%** of the balance was re-tenanted

> **Contractual lease escalations:**

Retail: **8,2%**

Office: **8,1%**

Industrial: **8,4%**

> **Lease renewal** step up escalations:

Retail: **7%**

Office: **4%**

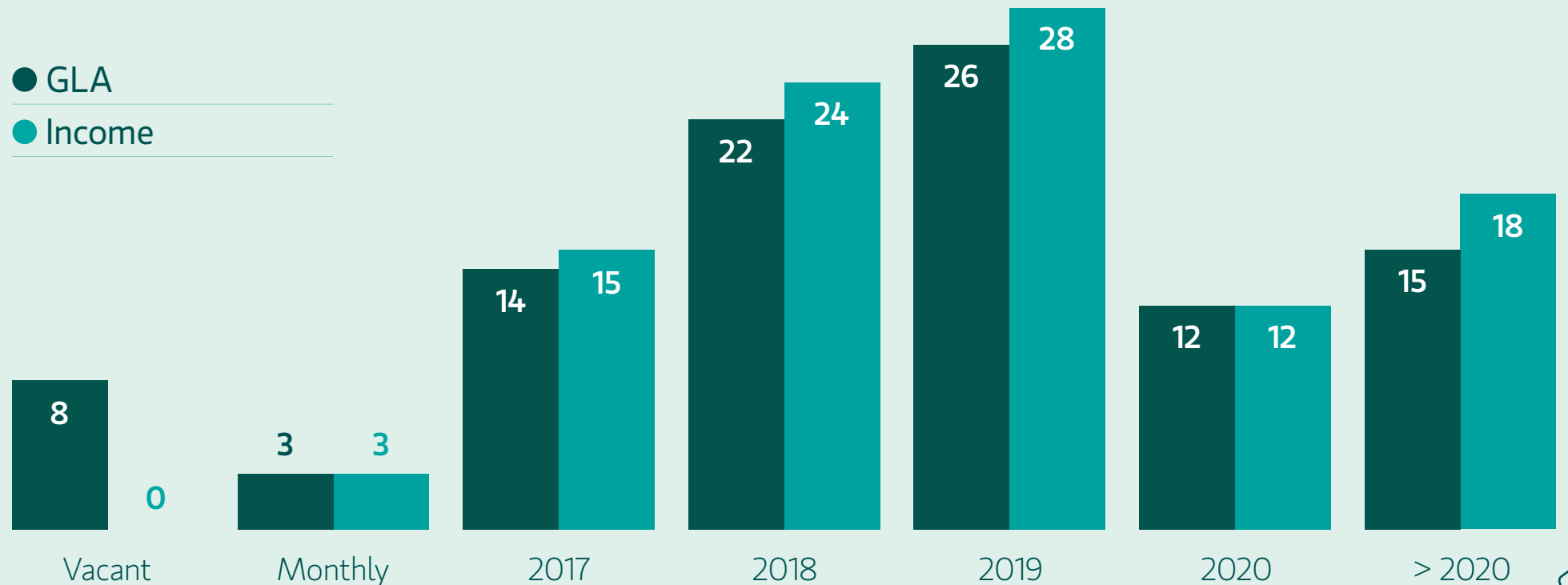
Industrial: **-1%**

Lease expiry profile

AS AT 31 MARCH 2017

Average lease expiry profile of four years as at 31 March 2017.

Lease expiry by GLA and income (%)



Acquisitions

- › Evaluated deals in excess of **R4bn**
– made offers on more than **R2bn**
of properties
- › Concluded retail portfolio of **R330m**
in Louis Trichardt at **12% net yield**
- › Concluded a diversified portfolio
of **R147m at 11,5% net yield**
- › Only buy properties that yield above
cost of funding to ensure dividend
growth to shareholders
- › Political uncertainty provides
Gemgrow with opportunity to
make acquisitions of SA assets
from sellers seeking liquidity
or higher offshore exposure

Gemgrow prospects

30 SEPTEMBER 2017

- > **Double portfolio** in three years
 - > Forecast **on track** as per circular
 - > Forecast excludes letting of vacant space and acquisitions
 - > **R477m** acquisitions concluded at 11,85% yield
-

Thank you

Gemgrow Properties Ltd

Registration number:

2007/032604/06

JSE Share code:

GPA ISIN: ZAE0000223269

Directors

Mark Kaplan (CEO)

Junaid Limalia (CFO)

Alon Kinkel (COO)

Gregory Kinross* (Chairman)

Clifford Abrams*

Arnold Basserabie*

Ayesha Rehman*

*Independent non-executive

Registered Office

Gemgrow Properties Limited

2nd Floor,

18 Melrose Boulevard,

Melrose Arch, 2196

Transfer Secretaries

Link Market Services South

Africa Proprietary Limited

Sponsor

Java Capital Trustees and

Sponsors Proprietary Limited

Company Secretary

Neville Toerien (BA LLB)

CIS Company Secretaries

Proprietary Limited

gemgrow.co.za