
Results Presentation

for the year ended
30 September 2018



GEMGROW
PROPERTIES

OUR HIGHLIGHTS

106,91 cents

dividend per **A share** for
the year

78,70 cents

dividend per **B share**
for the year.

R728,5m

of property acquisitions
concluded during
the year

26,81%
loan to
value

strong balance sheet

Vacancies

2018: 7,6%

2017: 7,7%

R549m

of acquisitions that
were transferred in
the current year

COMPANY CAPITAL STRUCTURE

R4,84bn

in assets

R3,3bn

market cap

Dual class

share structure

**B share
trading at**

17% discount to NAV

A SHARE

47m in issue

Preferential dividend

7 times cash cover

Growth capped at 5%

B SHARE

405m in issue

Enhanced when
growth exceeds 5%

**Scarce A and B
share structure**

Pure property fund

**Focused on
repositioning
the portfolio**

**Creating long-term
shareholder value**

**Yield-accretive
acquisitions on a
sustainable basis**

**Focused on balance
sheet strength**

GEMGROW AT A GLANCE

135

properties

R4,84bn

portfolio value

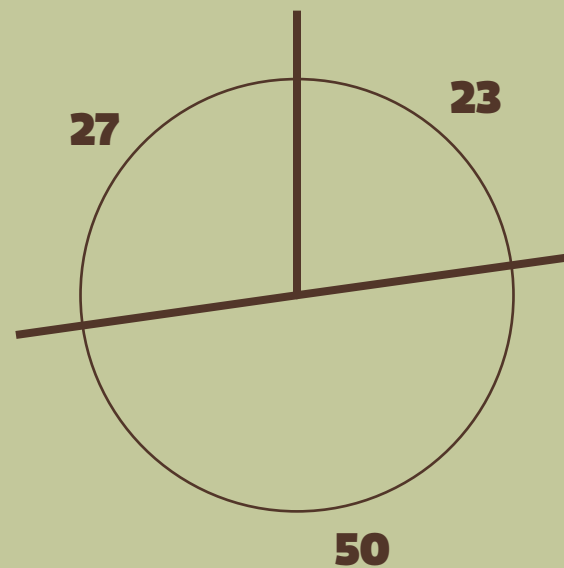
751 981m²

total GLA

Diversified

across the country

SECTORAL SPLIT BY REVENUE (%)

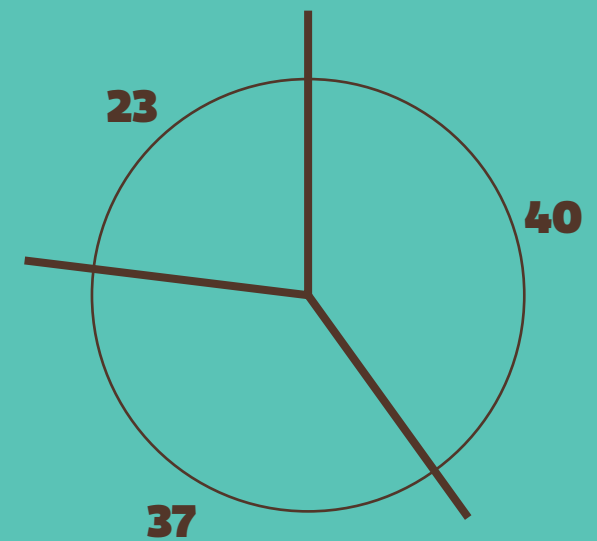


23 Retail

50 Office

27 Industrial

POST ACQUISITIONS AND DISPOSALS BY REVENUE (%)



40 Retail

37 Office

23 Industrial

STRATEGY

- 1 Reduce vacancies and focus on tenant retention
- 2 Build strong relationships with national tenants
- 3 LTV reduction and balance sheet strengthening
- 4 Explore initiatives to enhance liquidity of A and B shares

REPOSITIONING GEMGROW

Disposal programme totalling R1bn of majority outlying CBD office and government stock:

- Gemgrow's smaller assets have demonstrated demand and are reasonably liquid
- R324m sold to date
- Additional R660m earmarked for disposal

REPOSITIONING GEMGROW CONTINUED

Focusing on:

- Income sustainability
- Tenant demand
- Pure property fundamentals
- Improved leasing profile
- Maintain/improve cost to income ratio
- Balance sheet management

R1,3bn acquisitions
of outlying lower LSM
retail – strong tenant
demand and high-traffic
commuter nodes

ACQUISITIONS

- ✓ **R1,3bn to date:** lower-LSM, high-growth nodes, commuter networks
- ✓ **Retail assets**
- ✓ **Mostly national retailers**
- ✓ **Strong lease length profile**
- ✓ **Strong tenant demand**

WHERE WE ARE IMPROVING

**Actively implementing
asset management interventions**

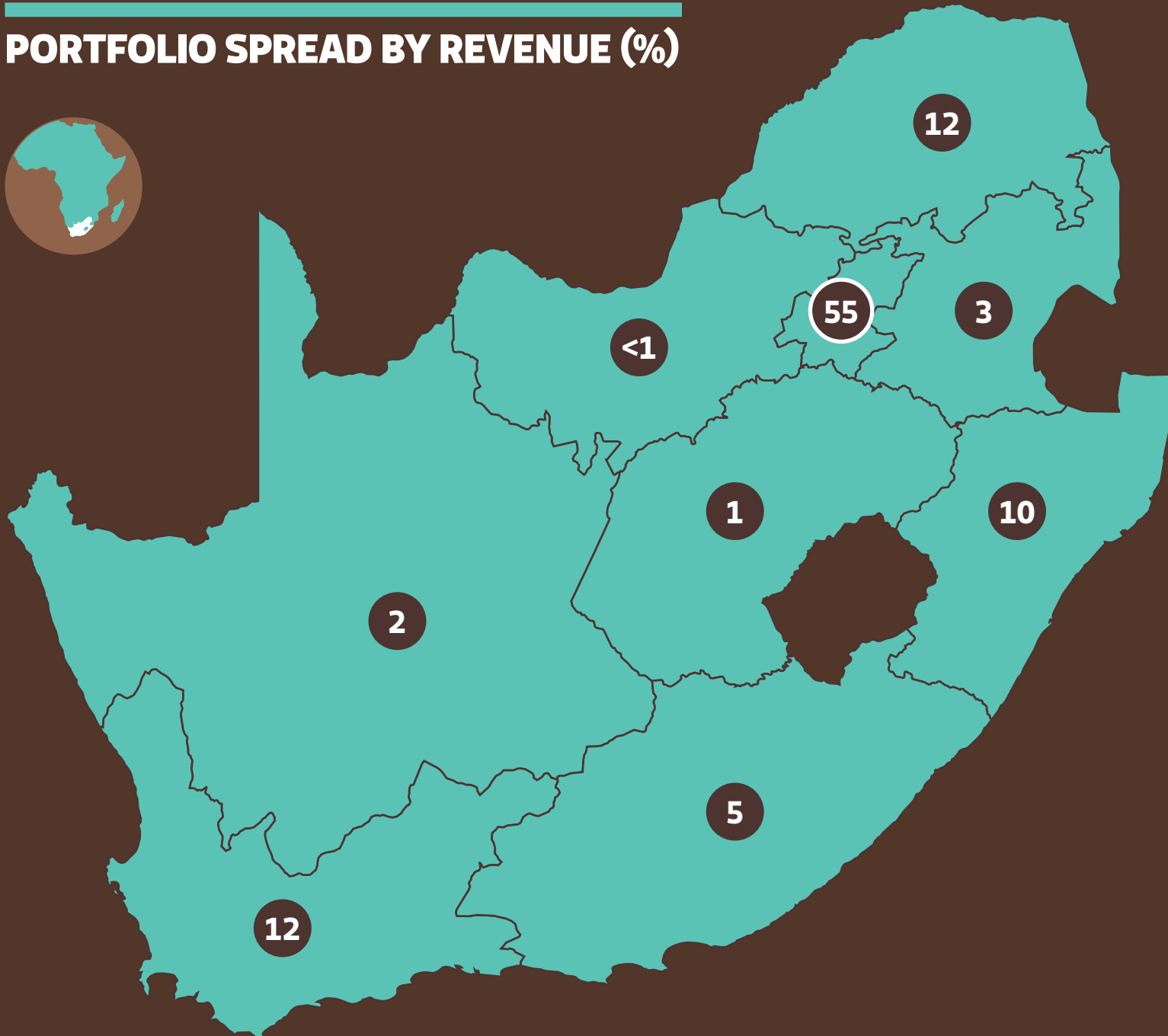
**New broker
division**

**Improved
tenant service**

**Faster deal flow
and execution**

Building relationships

PORTFOLIO SPREAD BY REVENUE (%)



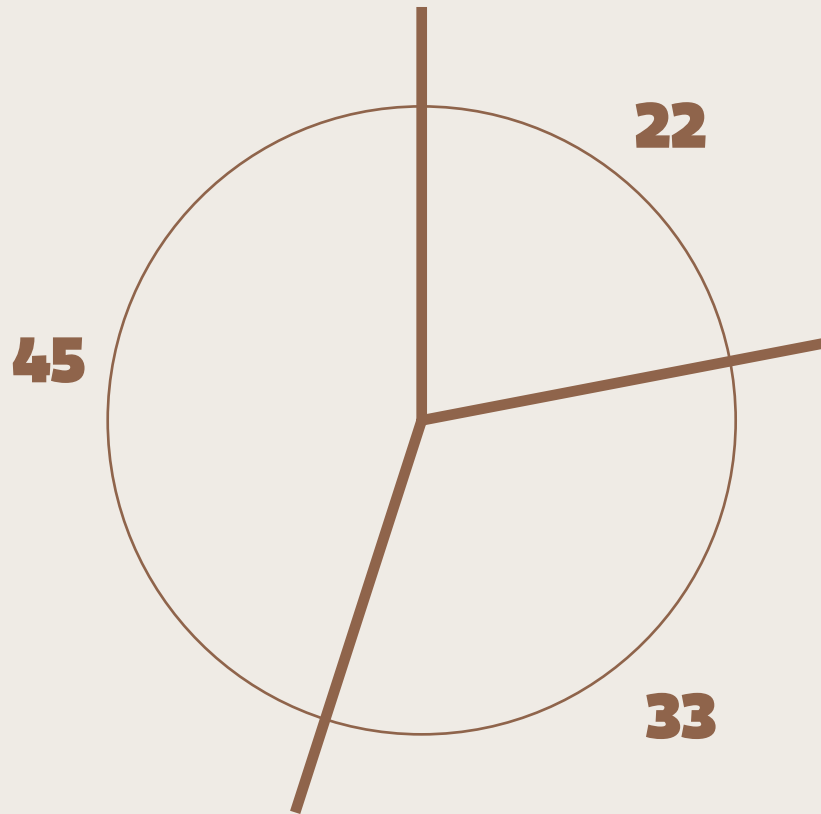
PROVINCES

- 55 Gauteng
- 1 Free State
- <1 North West
- 3 Mpumalanga
- 12 Limpopo
- 5 Eastern Cape
- 10 KwaZulu-Natal
- 12 Western Cape
- 2 Northern Cape

PROPERTY PORTFOLIO OVERVIEW

AS AT 30 SEPTEMBER 2018

SECTORAL PROFILE BY m² (%)

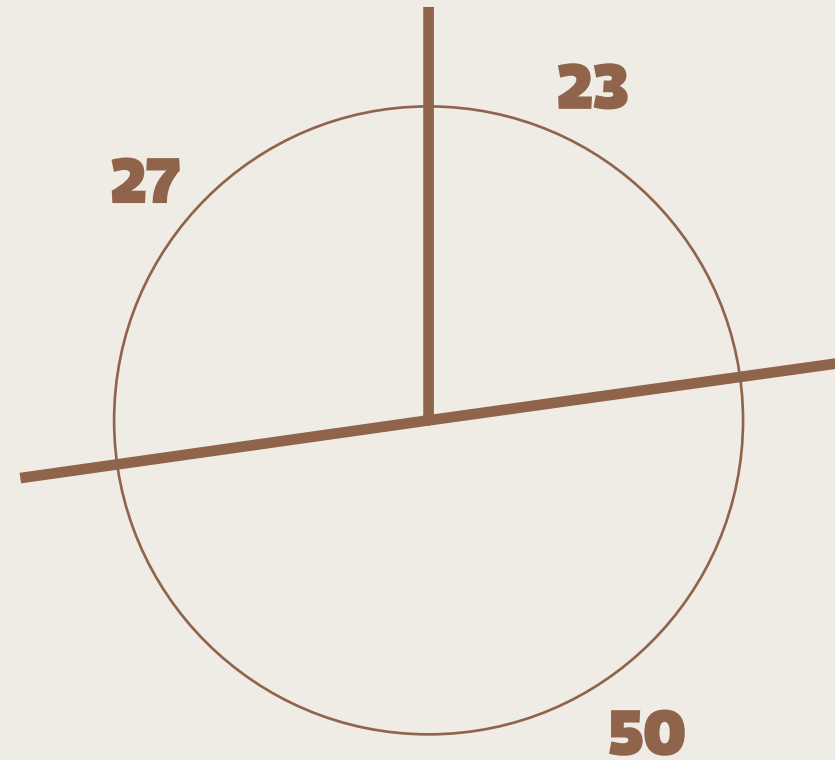


22 Retail

33 Office

45 Industrial

SECTORAL PROFILE BY REVENUE (%)



23 Retail

50 Office

27 Industrial

**AVERAGE GROSS RENTAL PER SECTOR
AS AT 30 SEPTEMBER 2018**

**PROVIDING VALUE FOR TENANTS
WITH ATTRACTIVE RENTAL RATES**

R92/m²

R118/m²

R44/m²

- Retail
- Office
- Industrial

RENEWALS AND EXPIRIES AS AT 30 SEPTEMBER 2018

72%

of all lease expiries
were renewed

9%

of the balance
was re-tenanted

81%

tenant retention
or re-let

CONTRACTUAL LEASE ESCALATIONS (%)

Retail:	8,1
Office:	8,1
Industrial:	8,2

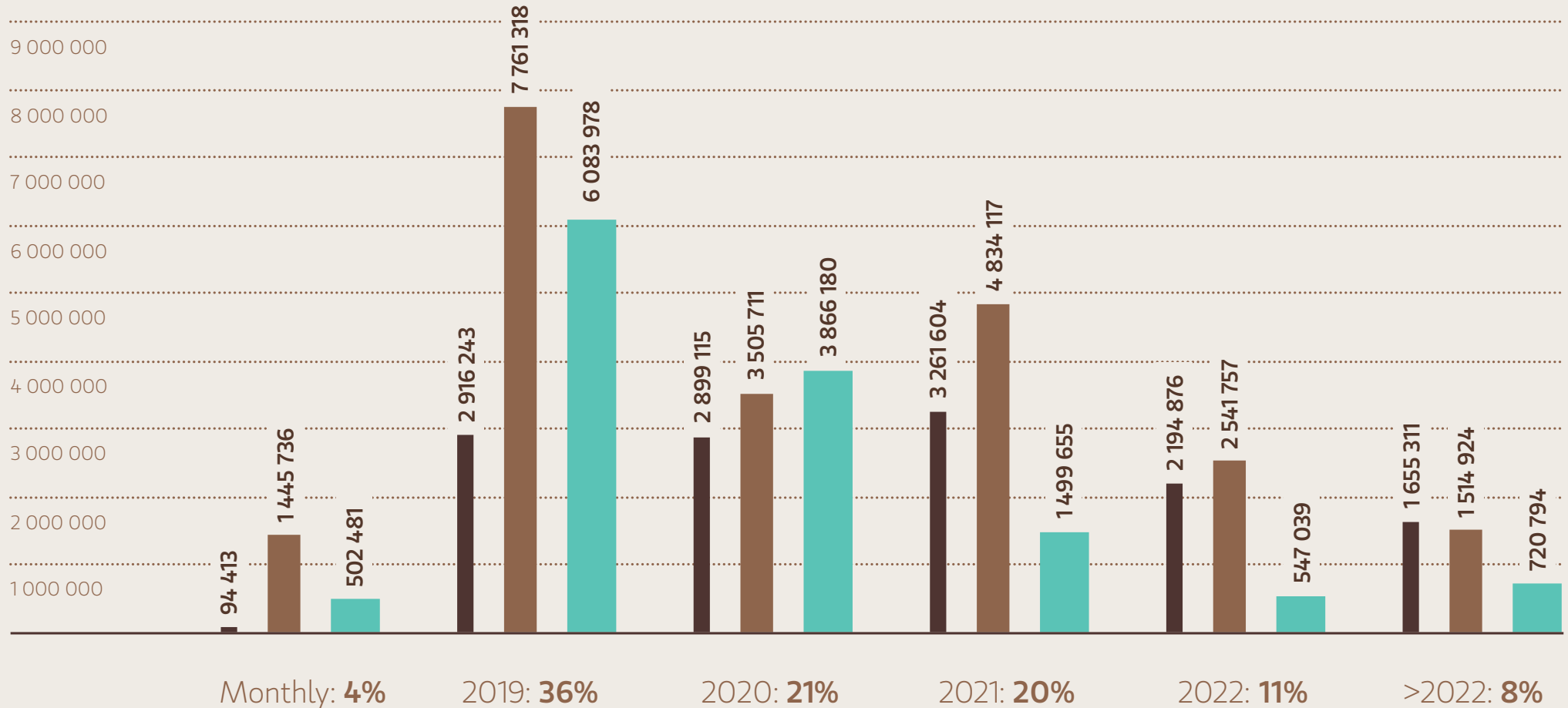
LEASE RENEWAL STEP UP ESCALATIONS (%)

Portfolio:	3
Retail:	2
Office:	3
Industrial:	2

NEW DEALS IN RELATION TO EXIT RENTAL ESCALATIONS AND REVERSIONS (%)

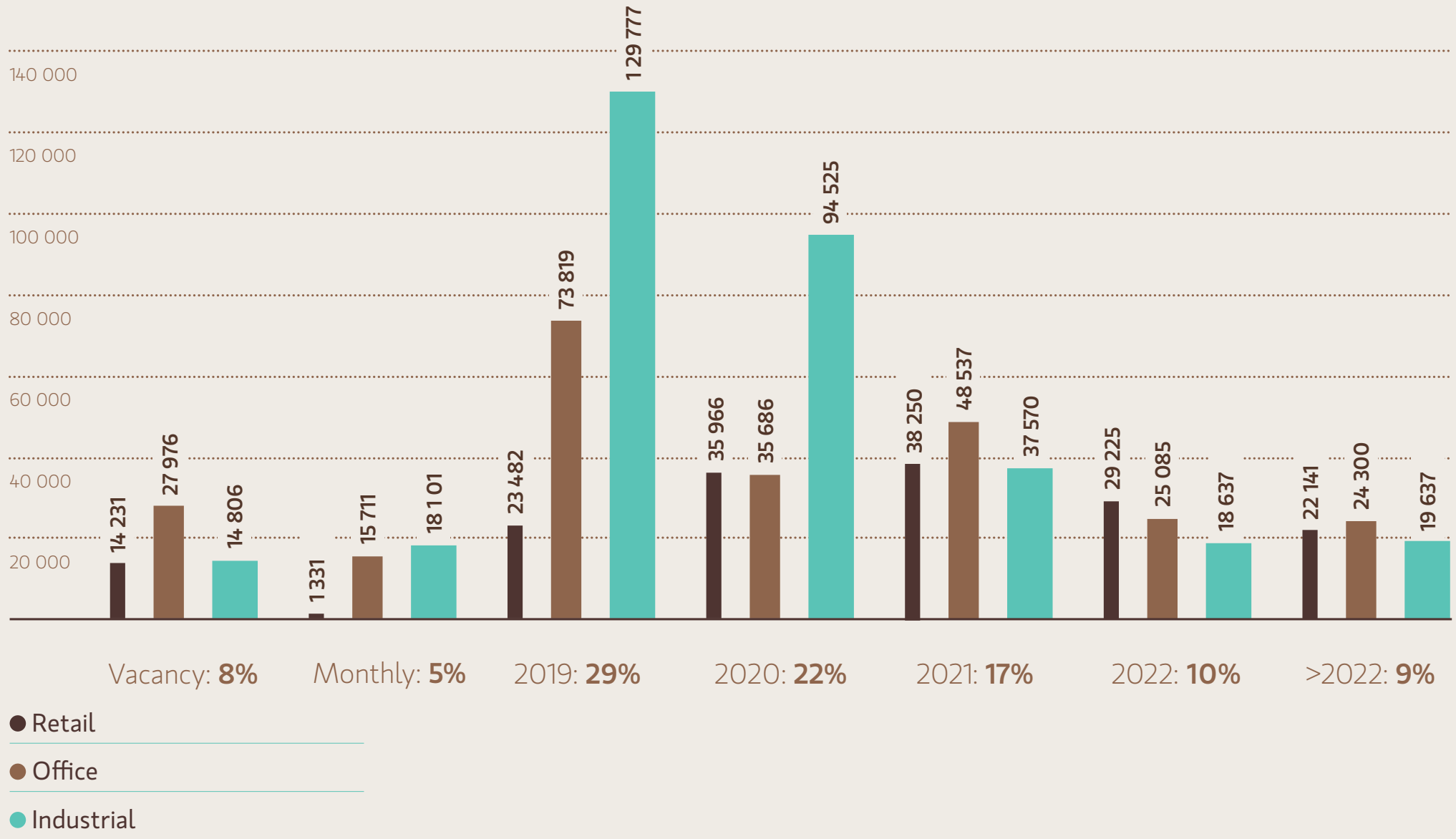
Retail:	10
Office:	-17
Industrial:	-21

COMBINED LEASE EXPIRY PROFILE BY REVENUE (R) AS AT 30 SEPTEMBER 2018



- Retail
- Office
- Industrial

COMBINED LEASE EXPIRY PROFILE BY GLA (m²) AS AT 30 SEPTEMBER 2018



LETTING AND VACANCIES AS AT 30 SEPTEMBER 2018

Sector	Total (m ²)	Let (m ²)	Let (%)	SEPTEMBER 2018	
				Vacant (m ²)	Vacant (%)
Retail	164 471	150 241	91,3	14 231	8,7
Office	248 693	220 717	88,7	27 976	11,3
Industrial	338 816	324 011	95,6	14 806	4,4
Total	751 980	694 968	92,4	57 012	7,6

OUR FINANCIAL PERFORMANCE

CONDENSED CONSOLIDATED FINANCIAL RESULTS

R'000	2018	2017
Revenue (excluding straight line rental income)	768 916	687 109
Property expenses	(286 703)	(264 669)
Net property income	482 213	422 440
Administration and corporate costs	(13 361)	(8 531)
Finance charges	(122 827)	(91 578)
Finance income	23 369	20 471
Distributable income	369 394	342 802
Property expenses as a percentage of revenue – gross (%)	37,3	38,5
Property expenses as a percentage of revenue – net (%)	14,3	16,6
Annual dividend per share – A share (cents)	106,91	101,87
Annual dividend per share – B share (cents)	78,70	73,51
Property by property income growth (%)	4	N/A

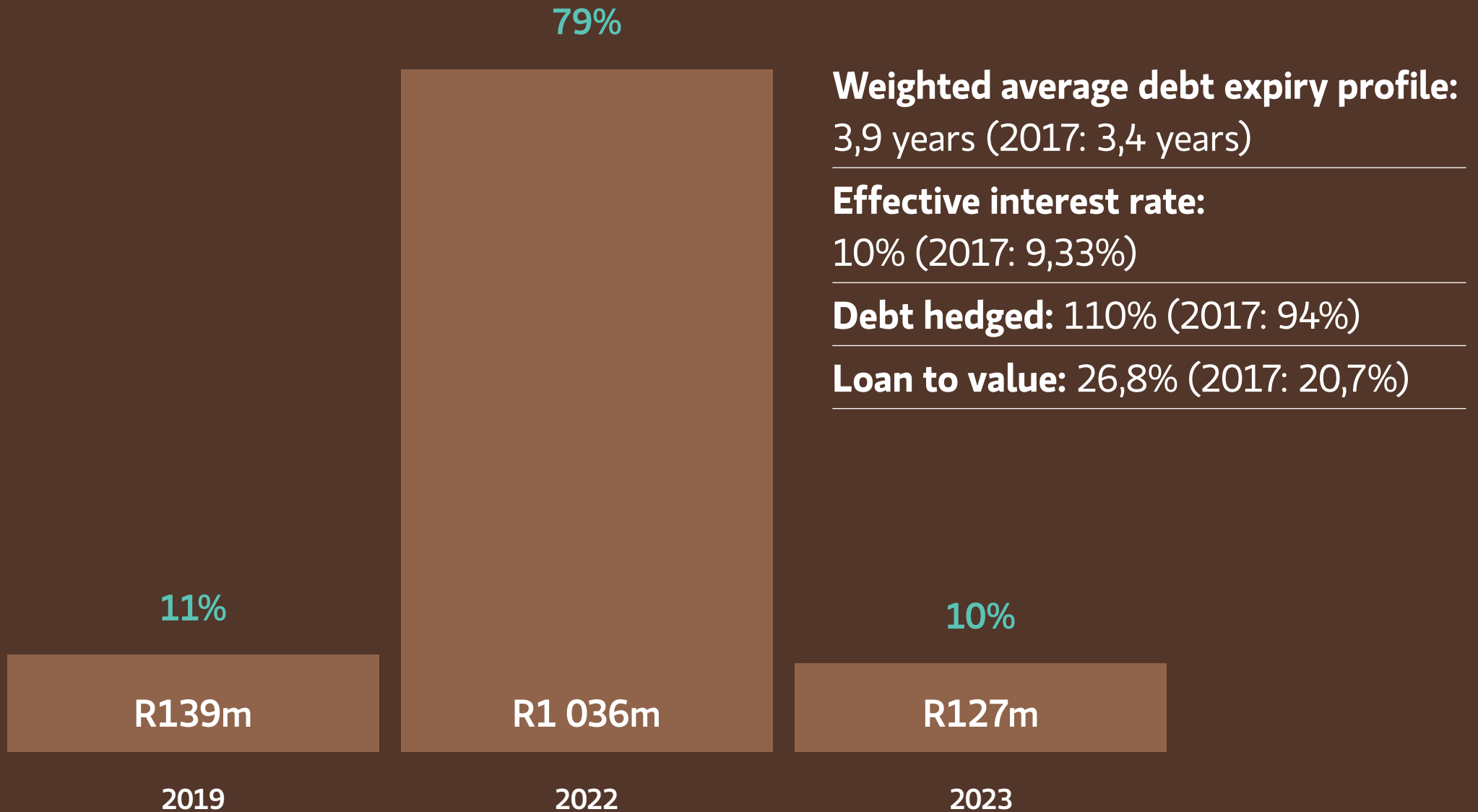
OUR FINANCIAL POSITION

	Unaudited at 31 March	At 30 September
R'000/unaudited	2018	2017
Assets		
Non-current assets	4 938 077	4 723 204
Investment property	4 772 341	4 438 238
Other non-current assets	165 736	284 966
Current assets	208 039	220 466
Total assets	5 146 116	4 943 670
Equity and liabilities		
Shareholders interest	3 714 528	3 846 010
Other non-current liabilities	1 034 565	350 831
Current liabilities	397 023	746 829
Total equity and liabilities	5 146 116	4 943 670
Number of Gemgrow ordinary shares in issue		
– Gemgrow A shares*	47 352 203	47 352 203
– Gemgrow B shares	405 042 105	400 710 459
Net asset value per share (R)	821	858
– Gemgrow A shares	962	972
– Gemgrow B shares	805	845
Gearing ratio (%)*	26,8	21,9

* 5 102 021 A shares were issued on 28 September 2018 to fund an acquisition that transferred post year-end.

As these shares were not beneficially allocated there is a difference between the issued capital and the stated capital per the AFS of 5 102 021 shares.

HOW WE STRUCTURED OUR DEBT



Note: Post the Moolman transaction and the disposals concluded for R330m, the LTV will be at 33%.

PROSPECTS

- ✓ **Negative growth forecast of 10%**
- ✓ **Aggressively repositioning the portfolio to produce future sustainable earnings**
- ✓ **Balance sheet strength**

THANK YOU

Gemgrow Properties Ltd

Registration number:

2007/032604/06

JSE Share code:

GPA ISIN: ZAE0000223269

GPB ISIN: ZAE0000223227

Directors

Mark Kaplan (CEO)

Junaid Limalia (CFO)

Alon Kirkel (COO)

Gregory Kinross* (Chairman)

Clifford Abrams*

Arnold Basserabie*

Ayesha Rehman*

*Independent non-executive

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Link Market Services South

Africa Proprietary Limited

Sponsor

Java Capital Trustees and

Sponsors Proprietary Limited

Company Secretary

Gillian Prestwich

CIS Company Secretaries

Proprietary Limited

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