



MEDIA STATEMENT FROM GROWTHPOINT PROPERTIES REGARDING SITE B - 14 December 2018

Media to quote: Timothy Irvine, Growthpoint Regional Office - Cape Town

Growthpoint's acquisition of Site B from the City of Cape Town continues to be widely reported. We take this opportunity to confirm our position on the acquisition and to set the record straight with regards two inaccurate, unchecked pieces of information that have been extensively reported as facts - but are completely untrue.

The untrue statements are:

- that we knew the land had more bulk than advertised when we bought it
- that had the bulk been correctly advertised, the sale price would have been R227 million and not R86.5 million, or that the site was undervalued.

The constant repetition of this false information without proper verification is grossly irresponsible and misleading.

With regards the price:

In South Africa, the government (at all levels) sells land. Only some private property developers sell bulk. The only places that sell bulk in Cape Town are the V&A Waterfront and Century City, which have particular legislation in place and where a 'package-of-plans' process is followed.

Accordingly, we bought the land; not the bulk.

When we decided what to pay for the land, we did so based on its residual valuation, we do not simply work on a bulk rate as this is not the market norm.

The residual valuation is based on the risk associated with the perceived build, the cost to build, the market rental that could be achieved, and a reasonable yield. This indicates what could be paid for the land.

At the public auction, we understand that there were approximately 20 other registered bidders. They were all serious bidders as they had paid deposits - who would have done a similar exercise and understood the **true value of the site**. Growthpoint's bid was the highest. We were prepared to pay well for the site because it is adjacent to several other buildings we own.

A purchase price of R227-million as suggested isn't remotely feasible for any successful development of this property and is materially in excess of the going market rates for a property of this nature in this area. Interest on the land would run at over R2-million a month and any development would require a rental far more than what could be achieved in the market, meaning any form of development would be impossible.

The latest professional external valuation of the site is R92-million at 1 December 2018. Taking our purchase price, and the related interest, Growthpoint has paid more.

With regards the bulk:

We did not buy the bulk; we bought the land. No one is required to buy bulk.

Growthpoint had no prior knowledge of anything different to the city's advertised 17,500m² rights for Site B. When we bought the land, we were aware site B had a base zoning scheme and the tall building policy made the possibility of more bulk a real reality. All other bidders had access to this information.



With regards what Growthpoint's planned development means for Cape Town and its people:

Our development of retail, commercial and hotel will be an approximately R2.2 billion Rand investment in the City. We currently have several tenders out for the development, designed to encourage significant investment in South Africa. We are committed to bring more investment to Cape Town. Naturally, these efforts will also rely on these businesses being welcome in the city.

The developed site would contribute an additional R16 million in rates to the city each year, supporting the city's ability to deliver on its mandates.

It will be an asset to the City with ongoing economic benefits.

Approximately 1 000 jobs will be created during construction.

The hotel will be a long-term employer. It will be an international brand hotel (not yet invested in South Africa) and will attract more tourists to the City.

Our approach to social challenges

When it comes to social challenges, we believe that if the City thrives, we all thrive. Growthpoint has a number of social initiatives including education, fostering new business and supporting efforts to give long-term home occupiers title to their properties. One business cannot solve all the city's problems, and specifically its housing problem. Growthpoint is not a housing developer but we strive to be part of the solutions in the communities in which we are invested.

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Statement is issued by:

Growthpoint Properties Limited

Nadine Kuzmanich

Head, Marketing and Communication

Tel: 011 944 6251

NKuzmanich@growthpoint.co.za

For more information, or to book an interview, please contact Mahlatse Bojanyane on 011 783 0700 or on 083 453 6668 or email Mahlatse@marketingconcepts.co.za.