Growthpoint distributes 161.3 cents per share

By Fifi Peters

29 Aug 2014

South Africa's largest listed property group Growthpoint exceeded its distribution forecast for the current financial year, helped by new acquisitions and a weaker rand.

Growthpoint's flagship property, the V&A Waterfront in Cape Town. Image: SA Venues

However, the company warned that growth was likely to slow down as ailing economic growth and rising interest rates affected demand for rental property.

The property company, whose portfolio includes Cape Town's popular V&A Waterfront, reported growth in distribution per share of 8.3% to 161.3c for the year ended June, exceeding the group's initial forecasts of 7.2%. Its Australian operations also boosted distribution growth, buoyed by the rand's depreciation against the Australian dollar.

Major purchases included office properties in the northern suburbs of Johannesburg from Abseq Properties and Tiber Property Group.

Growthpoint also bought eight portions of land, one industrial property and one office property in the domestic portfolio, amounting to R490m during the year.

But the group said weak domestic growth and the fact that South Africa was in a rising interest rate cycle was taking its toll on consumers and negatively effecting demand for rental space across the retail, office and industrial property sectors.

"(We) are of the view that the distribution growth rate for 2015 will be between 7% and 7.5%," the company said, adding that this was in line with the average growth rate achieved over the past five years.