

The background is a dark blue gradient. It features several large, overlapping red circles of varying sizes. The largest circle is centered in the upper half of the frame. Another large circle is partially visible on the right side, and a smaller one is in the bottom left corner. The text is white and positioned on the left side of the image.

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SA listed property update

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29 July 2021

FTSE/JSE SA Listed Property (SAPY) Index



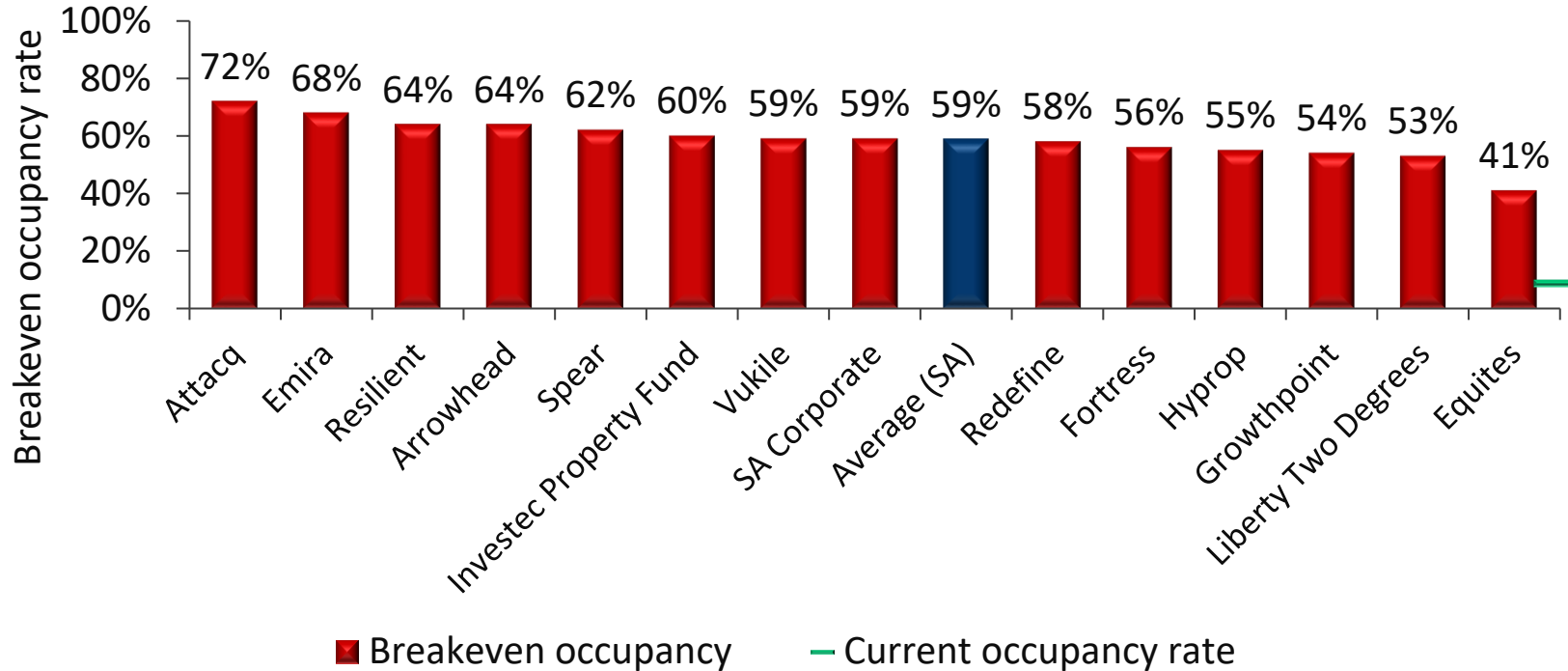
The anticipated effect of the pandemic on the real estate sector drove the sell off of SA REITs



Sources: IRESS, Momentum Investments

SA REITs breakeven occupancy vs occupancy ratestm

Occupancies maintained at theoretically profitable levels throughout the pandemic

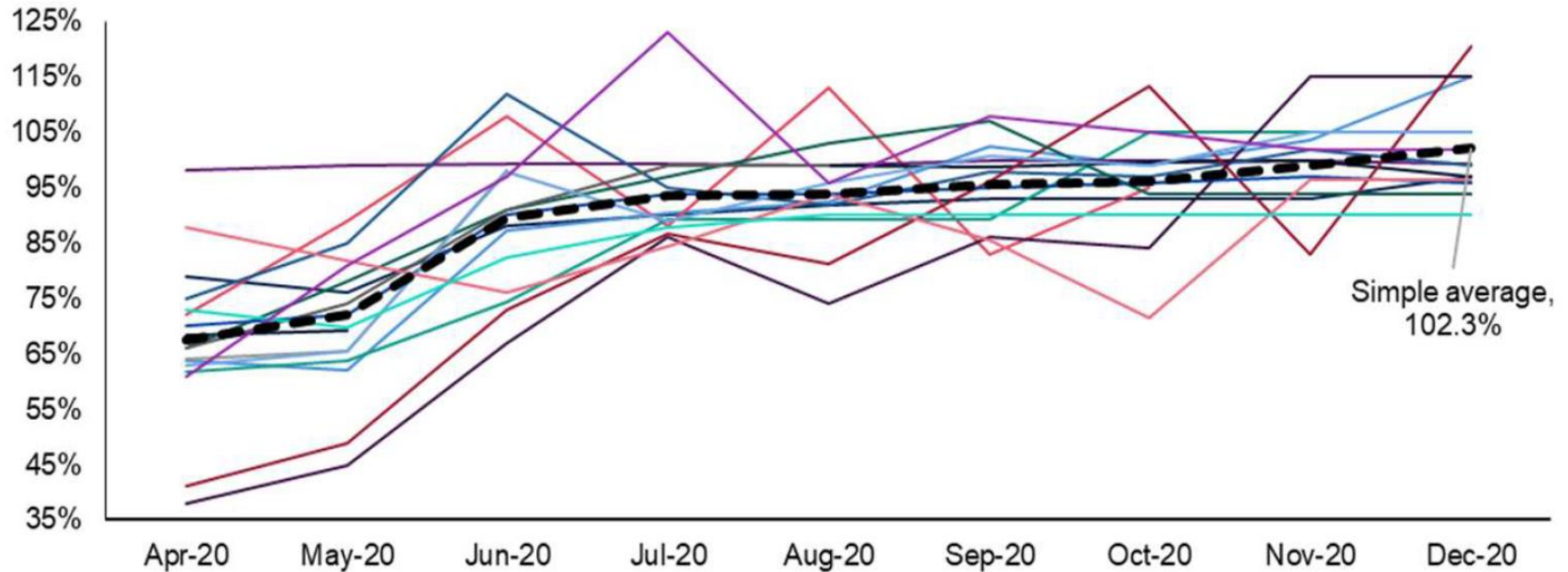


Source: Momentum Investments

Rental invoicing compared to collection

m

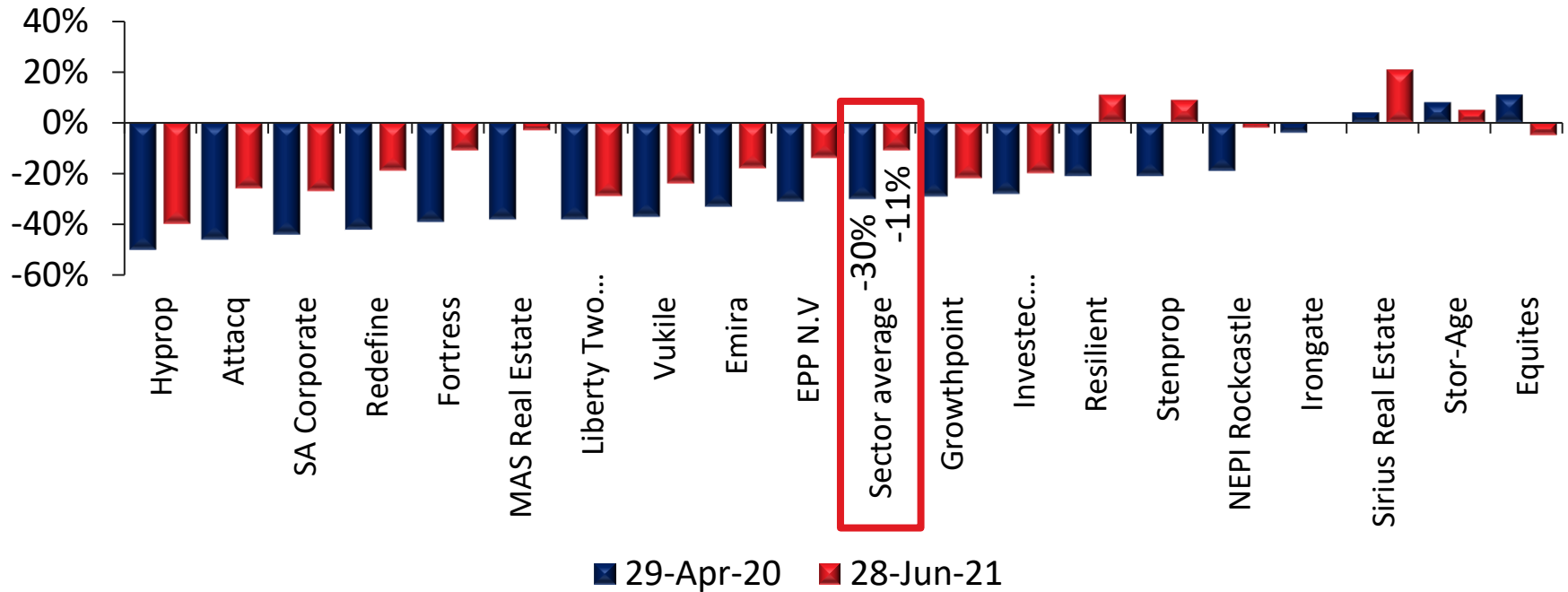
Rental collection improved on the back of improved visibility



Source: Investec Securities

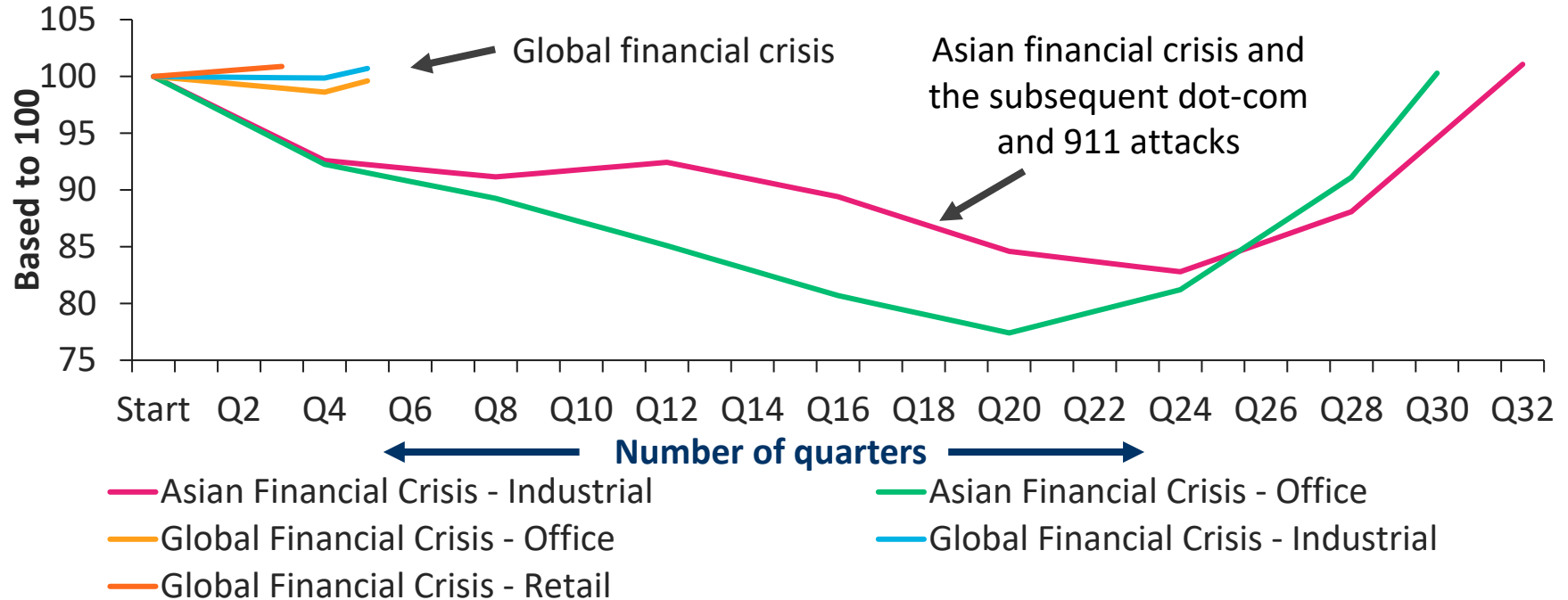
Expected property value decline implied by spot prices m

The vaccine rally has resulted in the markets' property value decline expectations improving



Recovery in SA commercial real estate valuations TM

Property values do recover when economic activity improves – but length of time to recovery varies



Office sector trends



Development activity at all time lows. Positive for absorption and rental growth when demand picks-up

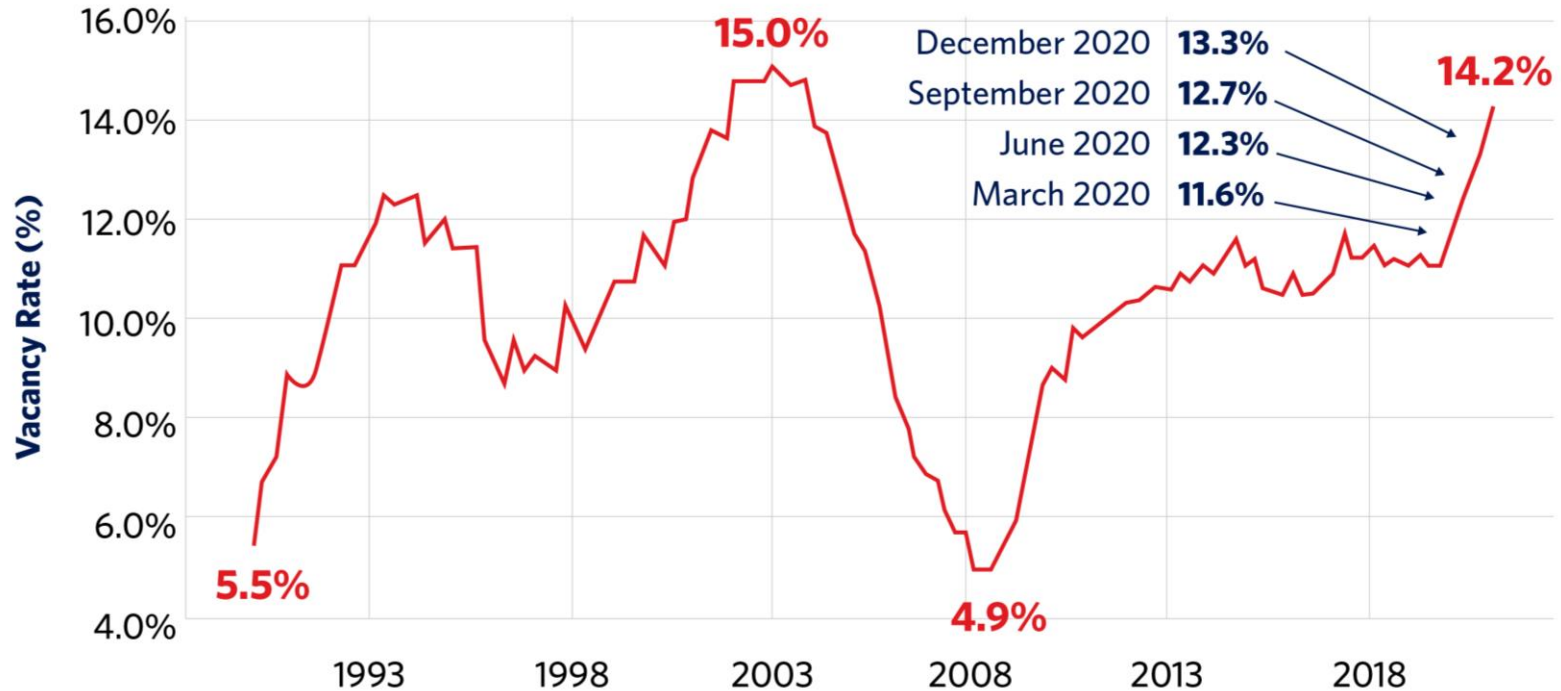


Sources: SAPOA, Q1'21

Office sector trends



Office sector vacancy rates approaching 18-year highs

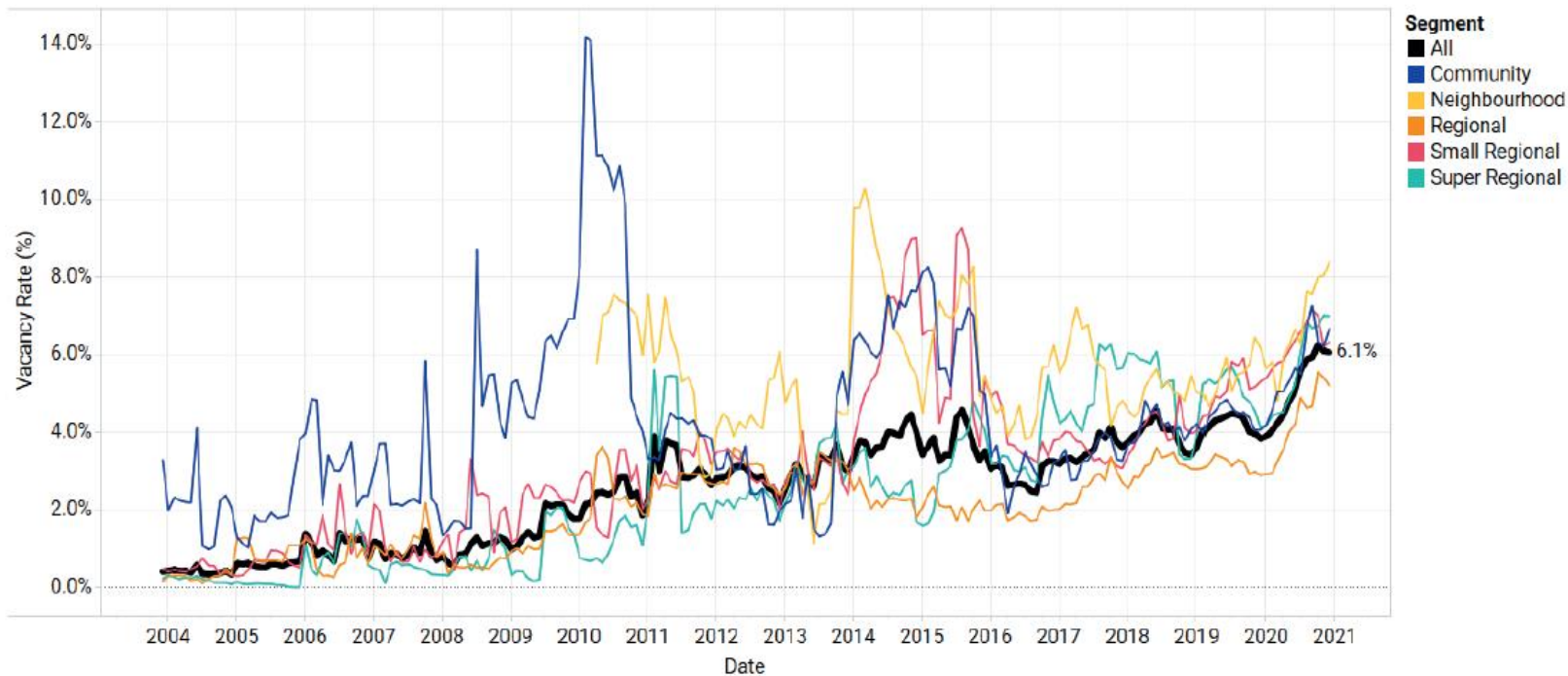


Sources: SAPOA, Q1'21

Retail sector vacancy trends



Weakening trend but vacancies remain contained relative to office vacancies



Source: MSCI

Portfolio positioning



A focus on sustainable earnings with growth anchored by favourable real estate fundamentals

	Reporting currency	Balance sheet strength		Return drivers	
		Loan-to-value	Interest Cover	Dividend yield	Three-year cum. e-growth
Top 5 overweights					
Equites Prop Fund Ltd	ZAR	31,2%	8,7x	8,8%	5,0%
Sirius Real Estate Ltd	EUR	31,4%	11,0x	3,2%	5,7%
Resilient Reit Ltd	ZAR	32,9%	3,0x	8,0%	5,9%
Nepi Rockcastle Plc	EUR	33,0%	6,3x	7,2%	13,0%
Stor-Age Property Reit Lt	ZAR	26,7%	5,6x	9,0%	3,0%
Average		31,0%	6,9x	7,24%	6,51%
Top 5 underweights					
Fortress B	ZAR	38%	3,1x	0,0%	4,0%
Growthpoint Props Ltd	ZAR	39%	3,2x	8,6%	-4,7%
Investec Prop Fund L U	ZAR	39%	2,2x	9,3%	-9,0%
Irongate Group	AUD	28%	5,1x	6,4%	-0,2%
Hyprop Inv Ltd	ZAR	39%	3,8x	0,0%	-6,0%
Average		36,5%	3,5x	4,86%	-3,19%

Source: Momentum Investments

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All investment fund returns are calculated for a class. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment of income and withholding tax. All investment fund returns shown are after the deduction of the total investment charges (TIC) but exclude any initial or ongoing advisory fees that may, if applicable, be charged separately. Annualised returns, also known as compound annualised growth rates, are calculated from cumulative returns and provide an indication of the average annual return achieved from an investment that was held for the stated period. Actual annual figures are available from the management company on request. All investment fund return figures quoted (tables and charts where present) are based on a lump sum investment, using net asset value (NAV) to NAV prices with income distributions reinvested on the ex-dividend date. Inflation figures, where present, are lagged by one month. Cash figures, where present, are Short-term Fixed Interest Composite Index returns. All figures quoted in are in rand terms.

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