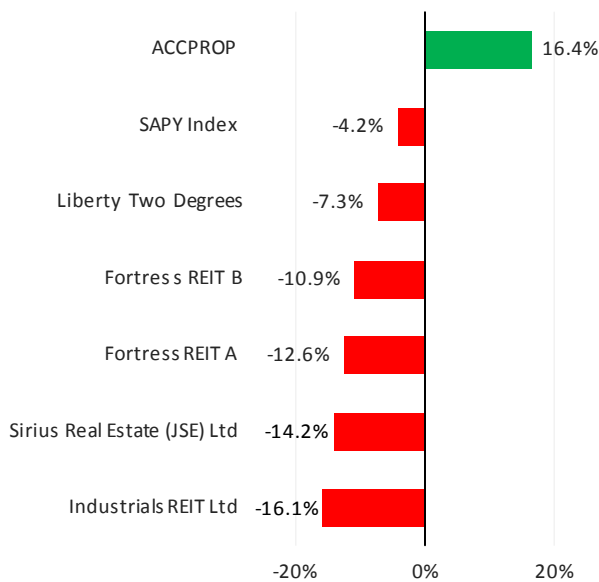


Listed Property Report

12 July 2022

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 9

JSE SA Listed Property Index Movers (1- month return)



Source: Bloomberg, Afrifocus Securities

South African Listed Property

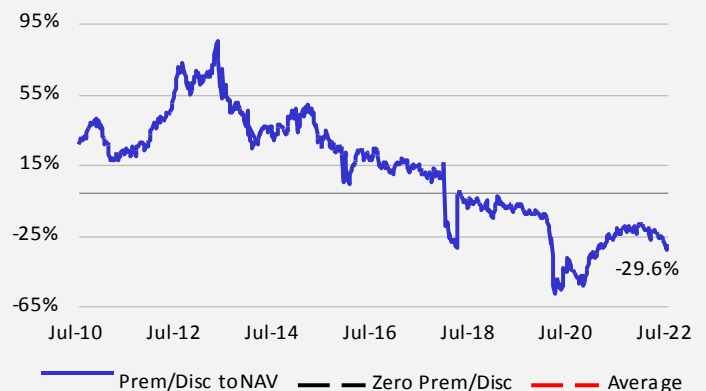
The South African listed property sector declined in the month of June, as global inflationary pressures and rising interest rates due to Russia's invasion of Ukraine dampened investor sentiment. The SA Listed Property index declined by 4.2% over the month, with the YTD recording a decline of 8.8% while the rolling 12-month recorded a gain of 1.0%. On the data front, Industrials REIT Ltd (JSE: MLI) declined by 16.1%, while Sirius Real Estate Ltd (JSE: SRE) saw a decrease of 14.2%, despite reporting a robust operating and financial performance for the year ended March 2022. Fortress REIT A Ltd (JSE: FFA) dropped 12.6%, as the commercial property group indicated that vacancies in its logistics portfolio reduced to 1.8% as at 31 May 2022 from 2.6% as at 31 December 2021. Additionally, Fortress REIT B Ltd (JSE: FFB) and Liberty Two Degrees (JSE: L2D) fell 10.9% and 7.3%, respectively. On the flipside, ACCPROP (JSE: APF) gained 16.4%, as the company reduced its debt to ZAR4.60 billion from ZAR6.00 billion resulting in the improvement to the company's loan to value (LTV) ratio of 42.8% from 48.5% in the year ended March 2022.

Asset Class

Asset Class	NTM Yield/ YTM	Total Return (% change)		
		1 month	12 month	YTD
SA Listed Property	9.7%	-2.1%	1.0%	-8.8%
SA All Bonds Index	11.4%	-2.6%	0.9%	-2.1%
SA Cash	5.1%	0.4%	4.1%	2.1%
UK Listed Property	3.7%	-5.2%	-8.9%	-21.4%
US Listed Property	3.4%	-2.4%	-9.9%	-18.6%
W. Europe (ex. UK) Listed Property	5.8%	-10.7%	-21.8%	-16.8%
Australia Listed Property	4.4%	0.2%	-6.9%	-20.2%

Source: Refinitiv, Afrifocus Securities

Sector Premium/Discount to NAV



Source: Bloomberg, Afrifocus Securities


Ranking Table

	NAME	INDEX	PRICE			FORECAST 3- YEAR		TOTAL RETURN ESTIMATE			AFFSEC
		WEIGHT	MARKET	CLEAN	TARGET	DPS NTM	DPS CAGR	YIELD	CAPITAL	TOTAL	
INDEX	JSE SAPPY		303	302	356		4.8%	8.0%	17.6%	25.6%	
HMN	Hammerson (Jse)	0.0%	4.06	4.00	6.13	0.22	13.1%	5.4%	53.1%	58	
ATT	Attacq Ord	1.6%	6.11	5.76	8.17	0.50	15.8%	8.7%	41.7%	50	ACCUMULATE
SRE	Sirius Real Estate (Jse) Ld	2.1%	18.77	18.74	26.64	0.89	12.5%	4.7%	42.2%	46	
RDF	Redefine Properties	10.6%	3.63	3.44	4.62	0.33	1.6%	9.6%	34.1%	43.7%	ACCUMULATE
FFA	Fortress Reit A	5.5%	11.03	10.52	14.07	0.66	25.6%	6.3%	33.7%	40.0%	
GRT	Growthpoint Prop	18.6%	13.10	12.07	15.38	1.37	3.4%	11.4%	27.4%	38.8%	
L2D	Liberty Two Degrees	0.0%	3.86	3.76	4.75	0.37	5.9%	9.9%	26.4%	36.2%	
EMI	Emira Property Fund	1.2%	9.78	8.90	10.80	1.16	3.4%	13.1%	21.4%	34.4%	
SAC	Sa Corporate Rl.Est.Fund	2.1%	2.10	2.03	2.45	0.25	2.8%	12.5%	20.8%	33.3%	
NRP	Nepi Rockcastle	17.8%	91.87	89.81	105.02	7.49	7.1%	8.3%	16.9%	25.3%	
EQU*	Equites	5.5%	18.44	18.25	21.10	1.57	2.0%	8.6%	15.6%	24.2%	ACCUMULATE
IPF	Investec Property	2.5%	11.18	11.14	12.50	1.08	-1.8%	9.7%	12.2%	21.9%	ACCUMULATE
RES	Resilient Pr.Inc.Fd.	7.4%	55.43	54.17	58.98	4.49	5.2%	8.3%	8.9%	17.2%	ACCUMULATE
VKE*	Vukile Property Reit	5.3%	13.47	13.43	13.41	1.17	6.5%	8.7%	-0.2%	8.5%	BUY
HYP*	Hyprop Investments	5.1%	35.30	33.38	33.55	2.23	4.6%	6.7%	0.5%	7.2%	ACCUMULATE
FFB	Fortress Reit B	1.4%	3.68	3.37	2.80	0.48	-26.7%	14.2%	-17.0%	-2.7%	

Source: Refinitiv, Afrifocus Securities

Note: *Estimates under revision


52 Week Highs

Name	52WK High	52 Week %chg
Accprop	1.36	82.9%
Hyprop Investments	39.03	31.4%
Fortress Reit B	4.26	21.1%
Mas	1.229	12.6%
Vukile Property Reit	15.7	10.8%
Resilient Pr.Inc.Fd.	62.18	7.4%
Investec Property	13	0.9%
Equites	23.92	-1.6%

Source: Refinitiv, Afrifocus Securities


52 Week Lows

Name	52WK Low	52 Week %chg
Rebosis Property Fund	0.12	-41.4%
Liberty Two Degrees	3.7	-21.6%
Fortress Reit A	2.26	-20.6%
Sirius Real Estate (Jse) Ld	0.86	-20.5%
Attacq Ord	5.25	-17.8%
Growthpoint Prop	12.07	-16.4%
Redefine Properties	3.45	-15.7%
Nepi Rockcastle	84.5	-12.8%

Source: Refinitiv, Afrifocus Securities

 **Overview of the Office Property Sector - Local & International**

South Africa's offices and parking lots are much emptier than they were before the pandemic. There is no accurate data yet in South Africa to show what proportion of the workforce has returned to the office, while more people are working from home. Compared to the industrial property market activity and the retail property activity, the office property market activity rating remained the weakest declining to 3.72 from 4.26.

Meanwhile, there is a lot of downsizing of office space to come, and that owners of buildings may consider renting excess space out to tenants, as firms adopt a hybrid approach to remote working and adjusted lockdown regulations boost a return to the office. In fact, various companies are repurposing their spaces or have added new amenities to accommodate the new workplace norms. Offices will now be smaller, with social distancing in place.

The office market sees challenges from weak levels of services sector employment as well as greater levels of remote work compared with the pre-lockdown era. In the future, hot-desk type services and systems will allow workers to book a desk for a day will also play an increasingly vital role in commercial properties.

Whilst the commercial office has a role to play for team meetings and other collaborative endeavours. The market is telling us that while many folks will still work from home, office space is also helpful for colleagues to interact and enhance teamwork, innovation, and productivity.

In addition to a number of office spaces being converted into residential apartments, there is also the belief that some offices can be redeveloped into industrial spaces, such as warehouses and last-mile distribution centres to meet the growth of online shopping.

 **Overview of the Industrial Property Sector - Local & International**

While office and retail saw declines in perceived market sales activity, the industrial property market's activity rating rose further. In the second quarter, the industrial property market's activity rating rose to 6.35 from 6.20 in the previous quarter and recorded its highest reading since the survey started in 2019.

High demand for warehouse and logistics space has kept the industrial property market stronger than its retail, hotel, and office counterparts. One of the drivers of this is the strong growth of online retail sales. Online retail sales made up 2.8% of total retail sales in 2020, doubling from 1.4% in 2018, according to the World Wide Worx's Online Retail in South Africa 2021 study. This comes after growth of 66% in 2020 as consumers preferred online shopping due to the Coronavirus pandemic.

This sector is benefiting from being the most affordable and adaptable property class in tough financial times, as well as from an increasing need for logistics and warehousing due to greater levels of online retail emerging. The industrial market has witnessed ever-growing demand for new-generation warehouse or distribution space, amid strong growth of online retail sales.

In South Africa, the key drivers for prime warehousing demand like e-commerce were already rising to a pre-pandemic level, while online sales revenue increased by over 28.0% to \$27.00 billion in 2020 compared to 2019 across Africa. This uptake in online retail sales continues, with e-commerce revenue forecasted to be double to \$46.00 million by 2025.

Additionally, investors are attracted to the sector's strong income profile and positive market fundamentals such as rising urbanisation levels which are driving demand for urban logistics facilities. In addition, industrial assets command attractive yields of around 12% on average compared to 9% for retail and offices, and 6% for residential.

 **Overview of the Retail Property Sector - Local & International**

With shopper activity returning to pre-pandemic levels, the South African retail sector experienced strong signs of recovery. South African shopping centres continued to recover during 1Q-2022 with the MSCI South Africa Quarterly Retail Trading Density Index recording a 21.1% year-on-year growth in annualised trading density.

As majority of lockdown restrictions were lifted in year 2021, the retail property portfolio began a steady path to recovery. A major trend that retail property experts have observed since the onset of the pandemic is that people are choosing to frequent smaller neighbourhood strip malls and convenience stores rather than larger regional malls.

More than 300,000 square meters of new leasable retail space are set to be completed across the country this year, compared with about 367,000 square meters over the previous two years combined. The new spaces include a string of malls that are due to open in 2022, including Oceans Mall in the coastal city of Durban, kwaBhaca Mall in the Eastern Cape and Mamelodi Square in Pretoria.

Additionally, in Gqeberha, the development of Boardwalk Mall is on track for its official opening in September 2022. The construction of the 24 000m² single-level mall is 80% complete. More local and independent retail highlights are coming in the mall's main phase, including home-grown labels MaXhosa with their South African branded high-end fashion, BohoGirl and Obriani. The mall is 98% let, with only five shops available to lease, earmarked for retailers in categories including camping/outdoor, kids accessories, high-end dining, toys, and electronics/tech.

However, strategy should be made to ensure that recovery continues. Landlords need to pay attention to what consumers are looking for in a shopping experience and ensure that their retail properties should provide enough facilities such as free parking, free items at certain stores, hosting pop-up events or installing children's entertainment centres, they need to be prepared to do whatever it takes to keep feet walking through their tenant's stores.

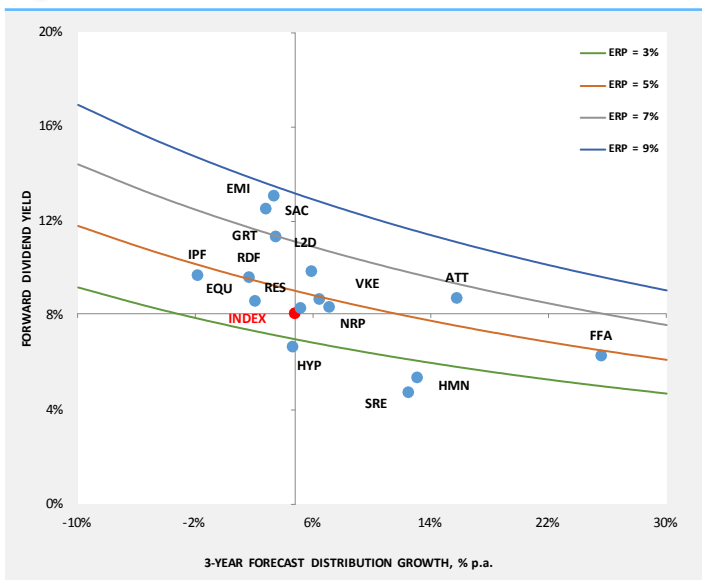
Dividend Revisions of DPS NTM & TP Revisions

Upgrade	3m Rev	3mTPRev	Downgrade	3m Rev	3mTPRev
Fortres s Reit B	12.8%	13.5%	Fortres s Reit A	-46.5%	-4.1%
Vukile Property Reit	12.4%	5.9%	Attacq Ord	-4.5%	-1.6%
Capital & Cnts. (Jse) Props.	5.2%	0.0%	Resilient Pr.Inc.Fd.	-3.9%	7.4%
Redefi ne Properti es	5.0%	1.2%	Hammers on (Jse)	-3.3%	-6.7%
Hyprop Investments	4.9%	6.8%	Irongate Group Stapled Units	-3.2%	0.0%
Mas	4.7%	-1.3%	Investec Property	-0.7%	2.1%
Nepi Rockcastle	4.1%	-4.2%			
Sirius Real Estate (Jse) Ld	4.1%	-10.7%			
Sa Corporate Rl.Est.Fund	3.9%	3.4%			
Emira Property Fund	3.5%	3.2%			

Source: Refinitiv, Afrifocus Securities

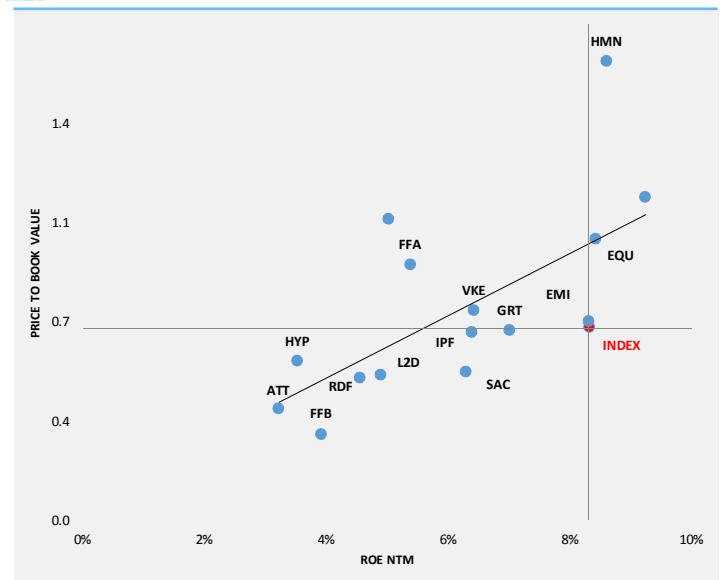
Source: Refinitiv, Afrifocus Securities

REIT Forward DY vs Forecast Distribution Growth & Implied Equity Risk Premium (ERP)



Source: Refinitiv, Afrifocus Securities

Price to Book vs. ROE NTM



Source: Refinitiv, Afrifocus Securities

Company	News
Resilient REIT	<p>In the Pre-close update the group announced that the portfolio continues to perform well with comparable sales growth of +9.7% for the five months ended May 2022. Resilient's pro rata share of the vacancy in the portfolio is 2.0%. This includes space held vacant to accommodate the three new grocery stores. The company acquired 9 000 000 Resilient shares from its wholly-owned subsidiary, Resilient Properties Proprietary Limited. The shares were acquired at a price of R53.60 per share on 30 June 2022.</p>
Hyprop Investments	<p>The company announced in its Pre-close update, that the disposal of Delta City Mall in Podgorica, Montenegro was successfully implemented in May 2022. The net proceeds were used to settle €70 million of the Group's Euro-denominated equity debt. The current consolidated Group LTV is circa 40%. Retail vacancies (1.4% at 31 May 2022) improved over the period and the trading of the entertainment tenants has shown a marked improvement. The increased costs of electricity and fuel may have an impact on retail spend and tenant occupancy costs in both the SA AND EE portfolio. The EE portfolio had a low vacancy rate of only 0.8% and it is evident that the centres have retained their dominance in the respective regions.</p>
Emira Property Fund	<p>Shareholders and noteholders are referred to the fund's Pre-close update where the group announced that the South African operating environment remains challenging with continuing pressure on local property fundamentals. Despite this, the portfolio has performed ahead of expectations, with total vacancies across the portfolio reducing to 5.5% (by GLA) at the end of May 2022 (December 2021: 6.1%). Total weighted average reversions for office and retail the period are -11.4% and -14.4% respectively. The fund increased its holding in Transcend to 40.69% of the shares in issue. The portfolio is performing well with high occupancy rates. The loan-to value ratio increased marginally to 42.0% as at 31 May 2022 (December 2022: 41.8%).</p>
Accelerate Property fund	<p>The company announced in its results for the year ended 31 March 2021 that its gross revenue was R993 million compared with R1.0 billion recorded in the previous year. Diluted EPS stood at 21.60c compared to a diluted loss per share of 535.40c recorded in the last year. The board of directors has resumed dividend payment for the current financial year. DPS was declared at 21.98cents. Trading at the small regional and neighbourhood retail centers is returning to Pre-COVID 19 levels. The continued above-inflation increases in municipal and utility costs remains of great concern to the fund, due to the impact on the overall cost of occupation for tenants. The loan to value ratio reduced from 48.5% at 31 March 2022 to 42.8%.</p>
Resilient	<p>Shareholders are advised that Resilient has cumulatively repurchased 12 055 757 shares, representing 3.01% of the company's issued share capital, in terms of the general authority granted by shareholders at the annual general meeting held on 16 November 2021. The repurchase was funded from the Group's available cash resources. Cash balances decreased by R665 553 856.92 as a result of the repurchase. The reduced number of shares in issue after the cancellation of the repurchased shares will result in a lower weighted average number of shares used to calculate distribution per share in future reporting periods.</p>
Stor-Age Property REIT	<p>Stor-Age has continued its track record of consistent earnings growth to deliver strong results for the year ended 31 March 2022, with a 7.5% increase in distributable income per share. Rental income and net property operating income up 15.0% and 16.7% respectively. Acquired 11 trading properties (SA – 2; UK – 9), completed three new developments in SA and increased the GLA in the portfolio⁴ by 56 500m². The group has declared a final dividend of 55.30cents.</p>

Company	News
MAS Real Estate	<p>In the Pre- close update the group announced that trading in all Central and Eastern European countries where the Group operates was exceptional for the first five months of the 2022 calendar year. All properties have had significant improvements in footfall and tenant sales after previously introduced restrictions have been removed by Romanian and Bulgarian authorities. This occurred in March 2022, when all social distancing restrictions were lifted. Monthly rental entitlements also continued to strongly grow, as is illustrated by total pre-pandemic income entitlement in May, which is 9.9% higher, on an annualized basis, than the figure for December 2021.</p>

Source: Company Websites


Key Corporate Events

Date	Company Name	Events	Last Reported DPS	Declare Date
28-Jul-22	Hammerson PLC	Interim Results	0.2 GBP	5-10-22
1-Aug-22	Liberty Two Degrees	Interim Results	18.31 ZAR cents	2-28-22
18-Aug-22	Emira Property Fund	Pre-close Investor Update	56.59 ZAR cents	2-16-22
25-Aug-22	Redefine Properties	Pre-close Investor Update	23.69 ZAR cents	5-16-22
25-Aug-22	Octodec Investment	Pre-close Investor Update	50 ZAR cents	5-10-22
13-Sep-22	Attacq	Annual Results	45 ZAR cents	3-3-20

Source: Sharenet, Company Website

Research Disclosure

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