

**Interim results**  
for the six months ended 28 February 2018



Agenda



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Business overview



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Financial overview



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Looking ahead



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Notes:





**Business overview**

Izak Petersen (CEO)

Highlights

Trading environment

Strategy

Portfolio

Notes:

**Highlights**

<p>Acquisitions <b>R1.5 billion</b> (including post-period)</p>	<p>Post-period capital raised Equity <b>R790 million</b> Debt <b>R480 million</b></p>	<p>Post-period portfolio value exceeds <b>R8.5 billion</b></p>
<p>Distributable earnings up <b>11.5% to R216.4 million</b></p>	<p><b>A-share</b> dividend up <b>4.0%</b> to 52.67488 cents per share</p>	<p><b>B-share</b> dividend up <b>5.3%</b> to 44.07594 cents per share</p>



Notes:



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## Trading environment

- Domestic trading conditions remain tough resulting in increased vacancies and corporate failures
- Ongoing social unrest coupled with high crime rate
- Oversupplied competitive market putting downward pressure on rentals across sectors
- General Motors exited SA in late 2017
- Lifestyle Furnitures filed for business rescue
- Fair Price reducing trading space
- Edcon reducing trading space and negotiating for lower rentals
- Smaller pool of franchisees and a limited new tenant pool
- A switch from credit to cash sales by some retailers
- Recent return of high business and consumer confidence yet to be converted into economic growth
- High hopes placed on President Ramaphosa



Notes:



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## Strategy

- SA Focused
- Diversified with a retail bias
- Tenant quality centered
- Capital allocation towards the improvement of our portfolio to ensure sustainability
- Acquire assets that enhance the quality of our portfolio whilst making disposals of non-core assets
- Invest in retail centres in urban, township and rural markets
- Improve office portfolio through the acquisition of high grade urban offices and the disposal, conversion or upgrading of lower grade stock
- Invest in multi-use industrial parks as well as logistics warehouses in urban areas
- Selectively invest in urban affordable rental residential stock primarily through own stock conversions
- Form strategic relationships & partnerships



Notes:

## Strategy in progress

### Growth

- Acquisitions of R1.5 billion
- Non-core disposals of R53 million
- Raised R790 million equity capital
- Raised new debt of R480 million
- Second successful solar project completed
- Redevelopments, extensions & revamps of R226 million
- Planned non-core disposals of R300 million



11 Interim results – for six months ended 28 February 2018

Notes:

## Strategy in progress - Continued

### Impact of acquisitions

Portfolio size increases to <b>R8.5 billion</b> (up 21% from R7 billion)	WALE increases to <b>4 years</b> (up 33% from 3 years)	A-grade tenants increase to <b>72%</b> (from 66%)
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- Opportunity to re-tenant and develop additional bulk
- Acquired defensive community retail centres in growth nodes
- DPW space exposure drops to 5% of GLA
- Top 10 Industrial tenants account for more than 63% of Industrial GLA from 36%

Increase in A & P-grade offices to  
**70%**  
(from 54%)



12 Interim results – for six months ended 28 February 2018

Notes:

## Strategy in progress - Continued

### Developments: Residential conversions

- Positive market research
- Brilliant locations for residential
- Midrand and Bruma projects in progress for 273 units
- Expected capex spend of R70 million
- Completion date September 2018 and January 2019 respectively
- Development yields in excess of 16% on capex outlay



13 Interim results – for six months ended 28 February 2018

Notes:

## Strategy in progress - Continued

### Upgrade: Palm Court Shopping Centre

- Virtually fully let
- Spar upsizing by 320m<sup>2</sup> to Super Spar
- New lease signed with The Met Grill
- Development yield of 10%



14 Interim results – for six months ended 28 February 2018

Notes:

Strategy in progress - Continued  
Extension: Meadowpoint Shopping Centre

- Additional space let to P&L Hardware (Cashbuild) & Roots Butchery
- Additional GLA of 1 360m<sup>2</sup>
- Increasing fashion component
- Development yield of 10%



15 Interim results – for six months ended 28 February 2018

Notes:



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Notes:

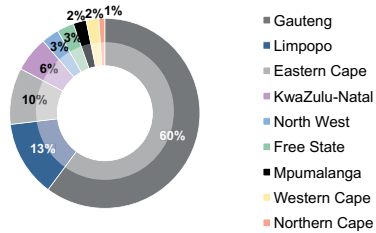


## Our portfolio At 28 February 2018

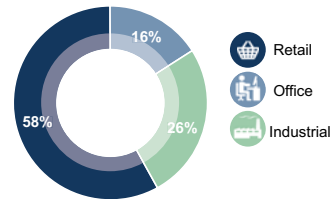


Portfolio value <b>R7 bn</b> 174 properties	Total GLA <b>748 978m<sup>2</sup></b>	Average property size <b>4 304m<sup>2</sup></b>	Average property value <b>R40m</b>	Average value per m <sup>2</sup> by GLA <b>R9 210</b>	Average escalation by GLA <b>7,6%</b>
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### Geographic split by GLA



### Sectoral split by GLA

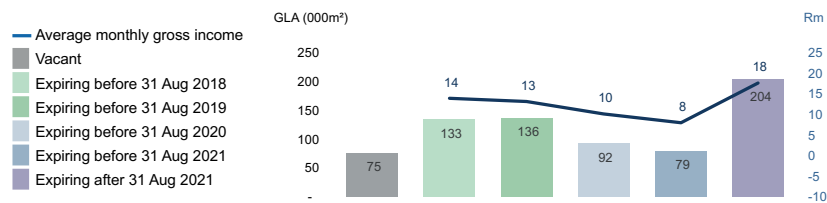


17 Interim results – for six months ended 28 February 2018

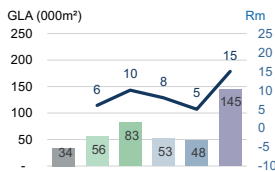
Notes:

## Lease expiry profile

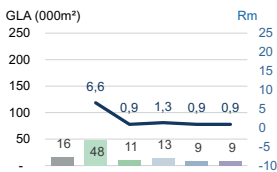
### Total portfolio



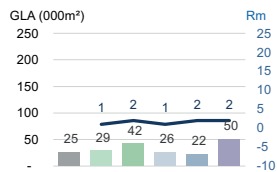
### Retail



### Office



### Industrial



18 Interim results – for six months ended 28 February 2018

Notes:

## Lease activity - 1 Sep 2017 to 28 Feb 2018

### New leases

	Retail	Office	Industrial	Total
Number of leases	57	19	12	88
Value of leases	50 334 990	15 761 657	57 081 340	123 177 987
Weighted average gross rental (R/m <sup>2</sup> )	101,23	70,79	46,68	65,09
Total GLA let (m <sup>2</sup> )	9 246	4 547	22 719	36 512
Weighted average escalations	8,1%	8,2%	7,3%	7,6%

### Renewals

	Retail	Office	Industrial	Total
Number of leases	96	15	11	122
Value of leases	154 400 144	34 270 334	26 870 682	215 541 160
Average gross rental expiry (R/m <sup>2</sup> )	111,11	131,45	46,81	89,99
Average gross rental new (R/m <sup>2</sup> )	115,77	131,53	49,03	93,21
Total GLA renewed (m <sup>2</sup> )	22 679	5 294	15 988	43 961
Weighted average escalations	7,3%	7,9%	7,2%	7,3%
Average increase in renewal rate	4,2%	0,1%	4,7%	3,6%

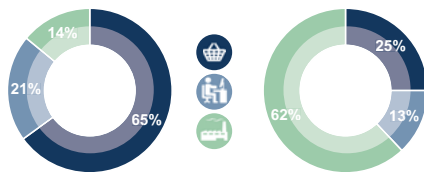
19 Interim results – for six months ended 28 February 2018

Notes:

## Lease activity (Continued)

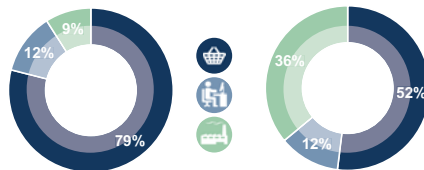
### New leases

Number of new leases: 88 Total new GLA let: 36 512m<sup>2</sup>



### Renewals

Number of leases renewed: 122 Total GLA renewed: 43 961m<sup>2</sup>



20 Interim results – for six months ended 28 February 2018

### Tenant retention rate

- Overall **80%**
- Retail **85%**
- Offices **41%**
- Industrial **100%**



Notes:

## Weighted average escalations & rentals



### Portfolio escalations

	Retail	Office	Industrial	Portfolio
By income	7.4%	8.6%	7.8%	7.7%
By GLA	7.4%	8.5%	7.9%	7.6%

### Portfolio gross rentals (R/m<sup>2</sup>)

	Retail	Office	Industrial	Portfolio
By income	125.90	134.55	56.08	118.07
By GLA	114.35	119.15	50.06	98.29

21 Interim results – for six months ended 28 February 2018

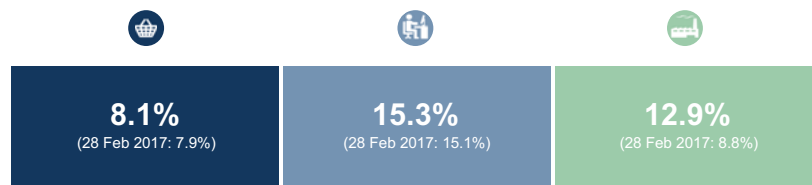
Notes:

## Vacancies



**10.4%**

(28 Feb 2017: 9.2%)



Note: 20 000m<sup>2</sup> under redevelopment

22 Interim results – for six months ended 28 February 2018

Notes:



**C2**

**Financial review**

Ridwaan Asmal (CFO)

Notes:

**Financial highlights**

Distribution growth per share

Combined  
↑ 4,6%

DIA  
↑ 4,0%

DIB  
↑ 5,3%

Property operating margin (net)

**79,1%**

Debt refinanced

**R557m**

Net asset value per share

**R10,12**

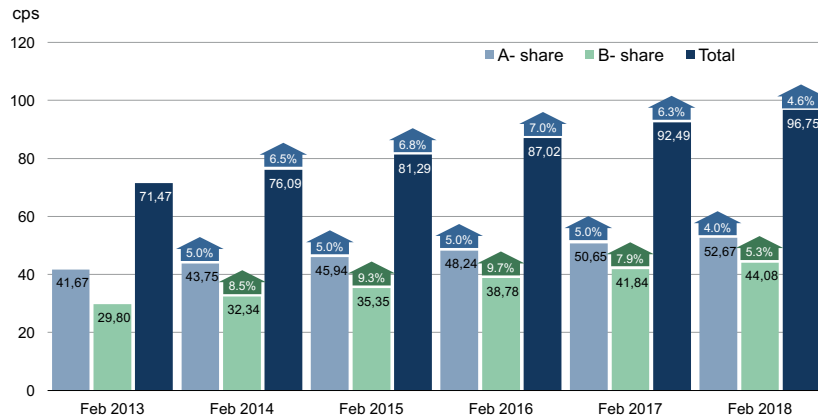
Loan to value

**39%**



Notes:

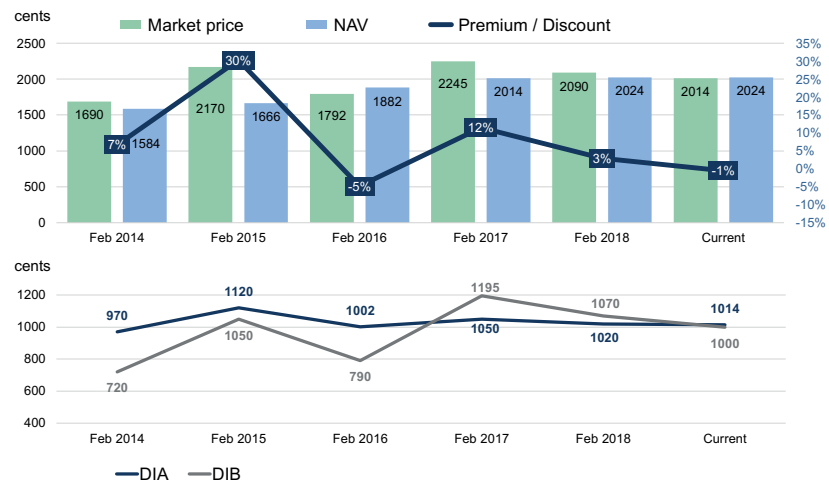
## Distribution growth



25 Interim results – for six months ended 28 February 2018

Notes:

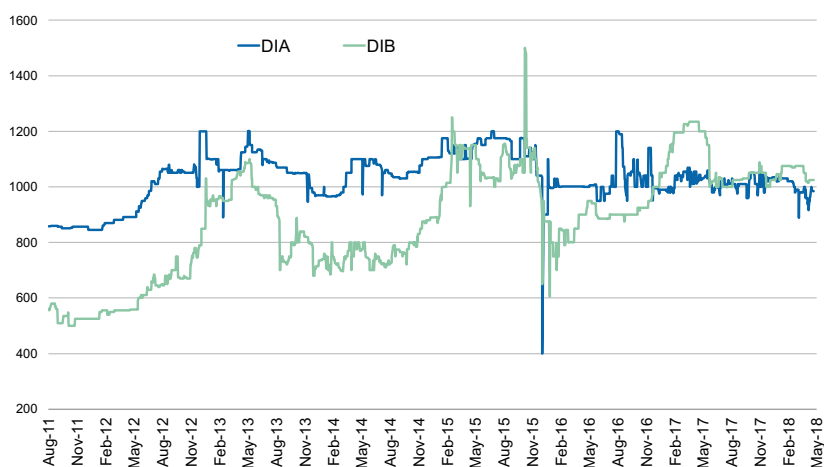
## Combined market price to NAV



26 Interim results – for six months ended 28 February 2018

Notes:

## Share price appreciation (Cents)



27 Interim results – for six months ended 28 February 2018

Notes:

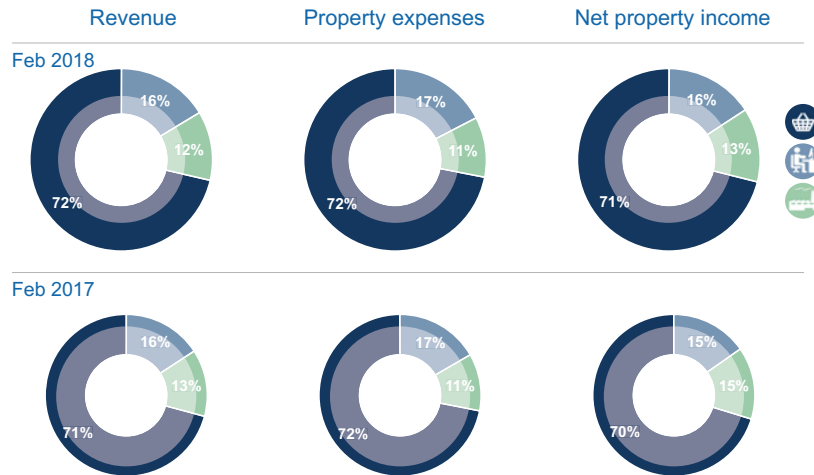
## Statement of comprehensive income (extracts)

	28 Feb 2018 R 000	28 Feb 2017 R 000	Variance
Revenue	530 502	526 620	0,7%
Property expenses	(183 082)	(184 434)	(0,7%)
Net property income	347 420	342 186	1,5%
Administration and corporate costs	(11 519)	(17 559)	(34,4%)
Net operating profit	335 901	324 627	3,5%
Net finance cost	(120 723)	(125 713)	(4,0%)
Antecedent dividend	2 538	1 642	54,6%
Non-controlling interests	(1 288)	(6 366)	(79,8%)
Distribution	216 428	194 190	11,5%
Distribution per A-share	52,67488	50,64892	4,0%
Distribution per B-share	44,07594	41,83993	5,3%
Combined distribution	96,75082	92,48885	4,6%
Gross property cost to income ratio	34,5%	35,0%	
Net property cost to income ratio	20,9%	18,0%	
Total cost to income ratio	23,5%	22,2%	

28 Interim results – for six months ended 28 February 2018

Notes:

## Sectoral performance



29 Interim results – for six months ended 28 February 2018

Notes:

## Statement of financial position (extracts)

	28 Feb 2018 (R 000's)	28 Feb 2017 (R 000's)	Variance (%)
Non-current assets	7 149 994	6 742 881	6%
Current assets	205 775	275 398	(25%)
Non-current assets held for sale	164 446	336 722	(51%)
<b>Total assets</b>	<b>7 520 215</b>	<b>7 355 001</b>	<b>2%</b>
Interest-bearing liabilities	2 790 997	2 861 162	(2%)
Other liabilities	191 623	137 047	40%
<b>Total liabilities</b>	<b>2 982 620</b>	<b>2 998 209</b>	<b>(1%)</b>
<b>Net assets</b>	<b>4 537 595</b>	<b>4 356 792</b>	<b>4%</b>
Loan to Value (LTV)	39,0%	39,2%	
Net asset value per A-share	R10,12	R10,07	0.5%
Net asset value per B-share	R10,12	R10,07	0.5%

30 Interim results – for six months ended 28 February 2018

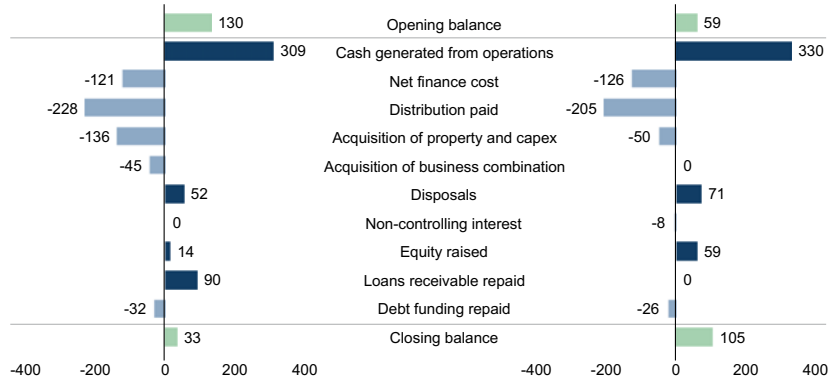
Notes:

## Cash flow - Rm



1 Sep 2017 to 28 Feb 2018

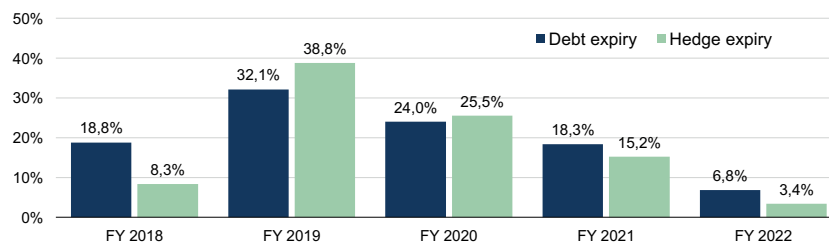
1 Sep 2016 to 28 Feb 2017



31 Interim results – for six months ended 28 February 2018

Notes:

## Debt profile



Debt hedged for average 1.7 years <b>91%</b> (71% at 28 Feb 2017)	Weighted average cost of debt <b>9.2%</b>
Debt renewed post year end <b>R557 million</b>	Additional debt Setso acquisition <b>R480 million</b>

32 Interim results – for six months ended 28 February 2018

Notes:





## Looking Ahead

Izak Petersen (CEO)

Notes:

## Looking ahead – 2018 priorities

- Take on all acquisitions
- Take on more properties for in-house management
- Reduce vacancies, R8m to R12m opportunity loss p.m.
- Consolidate teams into one location
- Guidance 4% - 5%



Notes:



## Questions & Answers

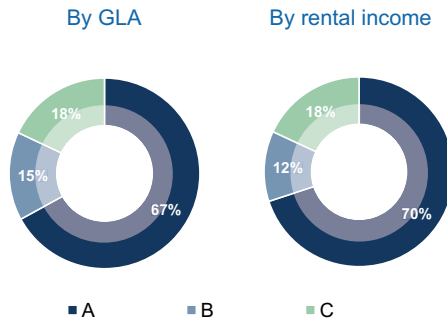
Notes:



## Annexures

Notes:

## Tenant profile



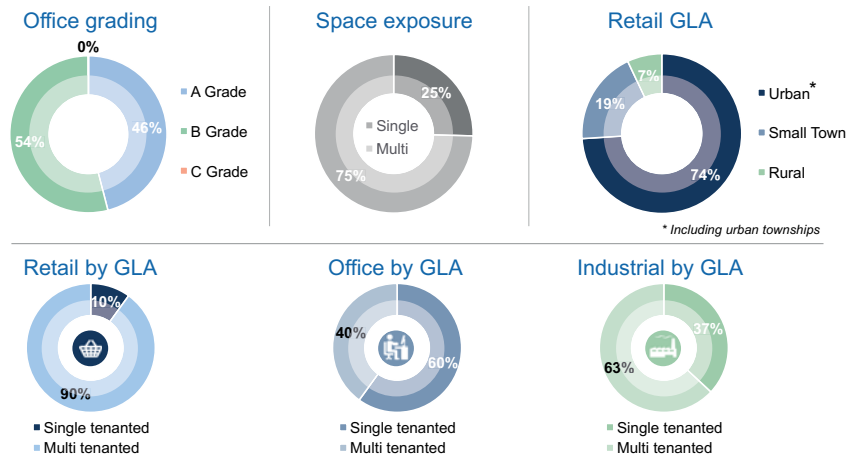
### Top 10 tenants by let GLA

Shoprite Group	9%
Department of Public Works	7%
Pick 'n Pay Group	5%
Pepkor Group	3%
Local Government	3%
Masscash	3%
Cashbuild	2%
Edcon Group	2%
Spar Group	2%
Electro Inductor Industries	2%

37 Interim results – for six months ended 28 February 2018

Notes:

## Building and tenant profile



38 Interim results – for six months ended 28 February 2018

Notes:

## Top ten properties

29.2% of total portfolio by value (R 2 billion)



	Building Name	Region	Aug 2017 GLA m <sup>2</sup>
1	Gillwell Taxi Retail Park	Eastern Cape	22 090
2	SAPS VIP	Gauteng	21 478
3	Umzimkhulu Mall	KwaZulu-Natal	15 741
4	Nquthu Plaza	KwaZulu-Natal	14 912
5	Gezina Galleries	Gauteng	16 670
6	Kopanong Kudube Shopping Centre	Gauteng	10 755
7	Corporate Park II	Limpopo	28 058
8	Bochum Plaza	Limpopo	12 081
9	Tower Mall	North West	15 436
10	Seshego (50% share)	Limpopo	15 168
<b>Total top ten properties</b>			<b>172 388</b>



39 Interim results – for six months ended 28 February 2018

Notes:

## Top ten retail properties

38.5% of retail portfolio by value (R1.8 billion)



	Building Name	Region	Aug 2017 GLA m <sup>2</sup>
1	Gillwell Taxi Retail Park	Eastern Cape	22 090
2	Umzimkhulu Mall	KwaZulu-Natal	15 741
3	Nquthu Plaza	KwaZulu-Natal	14 912
4	Gezina Galleries	Gauteng	16 670
5	Kopanong Kudube Shopping Centre	Gauteng	10 755
6	Bochum Plaza	Limpopo	12 081
7	Tower Mall	North West	15 436
8	Seshego (50% share)	Limpopo	15 168
9	EOFM	Gauteng	7 448
10	Woodmead Super Value Mall	Gauteng	7 169
<b>Total top ten retail properties</b>			<b>137 469</b>

40 Interim results – for six months ended 28 February 2018

Notes:

## Top ten office properties

70% of office portfolio by value (R860 million)



	Building Name	Region	Aug 2017 GLA m <sup>2</sup>
1	SAPS VIP	Gauteng	21 478
2	SAPS IJS	Gauteng	7 874
3	Nemisa Office Building	Gauteng	4 762
4	Boardwalk Place	Gauteng	6 455
5	Steve Biko Corner	Gauteng	5 048
6	50 Hamiton Street	Gauteng	4 500
7	Finance House	Gauteng	8 451
8	Sanburn Building	Gauteng	6 757
9	Montrose Place	Gauteng	3 922
10	Bruma Boulevard	Gauteng	4 623
<b>Total top ten office properties</b>			<b>73 870</b>

41 Interim results – for six months ended 28 February 2018

Notes:

## Top ten industrial properties

69.5% of industrial portfolio by value (R696 million)



	Building Name	Region	Aug 2017 GLA m <sup>2</sup>
1	Corporate Park II	Limpopo	28 058
2	New Brighton	Eastern Cape	23 099
3	Renaissance Park	Gauteng	10 680
4	Sterkolite Building	Gauteng	12 782
5	Range Road Blackheath	Western Cape	10 980
6	Tedstone Park	Gauteng	6 940
7	Vana Road	Gauteng	8 195
8	SIFON Park	Gauteng	9 300
9	Bernie Street	Gauteng	6 342
10	Jasco Building	Gauteng	5 014
<b>Total top ten industrial properties</b>			<b>121 390</b>




42 Interim results – for six months ended 28 February 2018

Notes:

## Redevelopments & revamps



Property	Description	Capex Amount (R)	Original GLA	New GLA/ Units
<b>Completion 2018 FY</b>				
Hammanskraal	Additional parking and general centre upliftment	13 000 000	11 286	11 286
Meadowpoint	P&L Hardware, Roots butchery and façade upgrade	26 402 000	4 559	5 919
Pimville Square	General upgrade	3 000 000	4 291	4 291
Palm Court	Centre refurbishment including Super Spar	11 500 000	6 201	6 201
Boardwalk Place Midrand	Residential conversion of existing vacant offices	27 065 600	6 455	173
<b>Completion 2019 FY</b>				
Range Road, Blackheath	Development of additional GLA	21 000 000	10 980	12 905
Finance House Bruma	Residential conversion of existing vacant offices	37 136 000	8 451	269
Gezina Galleries	Additional retail added and general upgrade	18 097 000	16 670	18 435
Proteapoint Retail	Upgrade and extension	33 276 235	3 866	7 079
Proteapoint Residential	Development of 111 residential units	35 744 765	-	111
<b>Total</b>		<b>226 221 600</b>		

 Retail
  Residential
  Industrial

43 Interim results – for six months ended 28 February 2018

Notes: