

# Listed Property Report

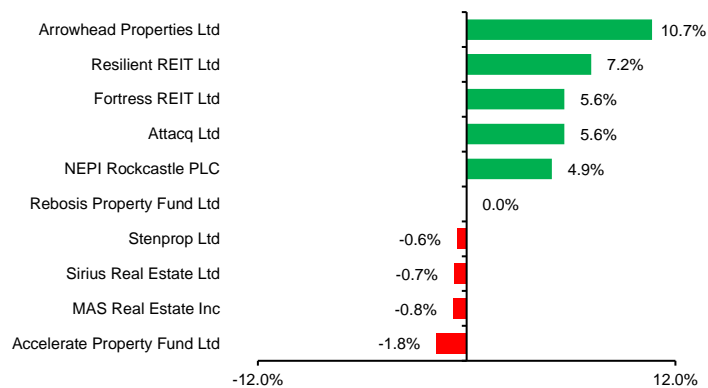
04 February 2019

## Asset Class

	Yield (in %)		Total Return (% chg)	
	04 Feb	1 Week	YTD	
SA Listed Property	8.3%	2.0%	8.7%	
SA Bonds	9.4%	1.4%	2.8%	
SA Cash	9.5%	0.6%	0.6%	
UK Listed Property	4.7%	0.0%	9.6%	
US Listed Property	3.8%	1.7%	10.1%	
W. Europe (ex. UK) Listed Property	5.6%	1.6%	12.5%	
Australia Listed Property	4.5%	-1.2%	5.4%	

Source: Reuters, Afrifocus Securities

## JSE SA Listed Property Index - Weekly Gainers & Losers



Source: Bloomberg, Afrifocus Securities

## 52 Week Highs

Name	52WK High
Fortress Reit Ltd-A	20.33

Source: Bloomberg, Afrifocus Securities

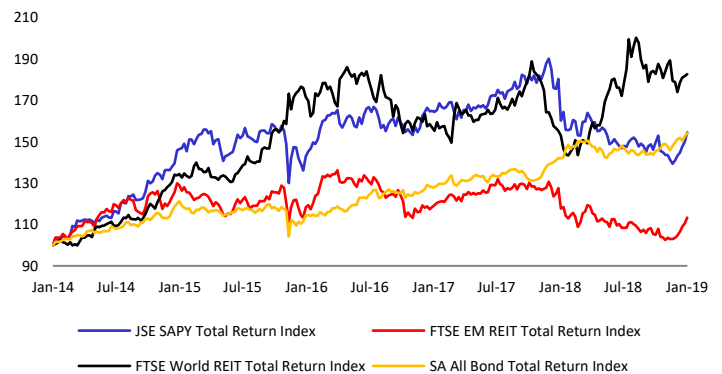
Analyst  
**Malcolm Riley**  
+27(0)11 290 7816  
MalcolmR@afrifocus.co.za

## South African Listed Property

South African property markets ended higher as it closed at 519.83 for the week ended February 01, 2018, up 3.0%. Total return for SA Listed Property rose 2.0% and 8.7% over 1 week and YTD, respectively. Arrowhead Properties Ltd rose 10.7%, followed by Resilient REIT Ltd's gain of 7.2% and Fortress REIT Ltd, which rose 5.6%. On the other hand, Accelerate Property Fund Ltd and MAS Real Estate Inc fell 1.8% and 0.8%, respectively. The JSAPY is currently trading at a significant discount to NAV suggesting that the challenging conditions for South African real estate are already captured in the price. The last time there was a discount to this extent was seen after the 2008 recession, thereafter there was a significant recovery in price performance and property fundamentals.

Source: Afrifocus Securities

## JSE SAPY, EM REIT, World REIT and SA All Bond TR Index



Source: Reuters, Afrifocus Securities

## 52 Week Lows

Name	52WK Low
Rebosis Property Fund Ltd	2.31
Hyprop Investments Ltd	79.46

Source: Bloomberg, Afrifocus Securities

## Ranking Table

INDEX	NAME	INDEX WEIGHT	PRICE			DPS NTM	FORECAST DPS CAGR	TOTAL RETURN ESTIMATE			AFFSEC CALL
			DIRTY	CLEAN	TARGET			YIELD	CAPITAL	TOTAL	
JSE SAPHY			520	519	562		6.2%	8.8%	8.1%	16.9%	
REB	Rebosis Property Fund	0.4%	2.6	2.4	6.5	0.7	1.7%	28.0%	168.1%	196.1%	
ITU	Intu Properties	0.0%	20.4	20.3	33.5	2.1	-4.1%	10.2%	64.5%	74.7%	
DLT	Delta Property Fund	0.0%	4.3	4.3	6.5	0.9	0.0%	20.4%	52.2%	72.6%	
AWA	Arrowhead Props.	0.0%	4.7	4.4	6.3	0.8	2.7%	18.0%	41.2%	49.2%	
EPP	Epp N V	1.8%	18.9	19.0	24.0	2.0	5.8%	10.5%	26.3%	36.8%	
SAC	Sa Corporate Rl.Est.Fund	2.7%	3.7	3.7	4.6	0.5	5.3%	12.5%	24.0%	36.5%	
APF	Accprop	0.8%	3.9	3.9	4.7	0.5	2.7%	13.6%	21.3%	34.9%	
FFB	Fortress Reit B	3.8%	15.8	15.2	18.5	1.9	12.1%	12.8%	21.8%	34.7%	
RPL	Rdi Reit (Jse)	0.0%	5.5	5.3	6.1	0.5	3.8%	9.5%	16.0%	25.5%	
ATT	Attacq Ord	3.2%	16.0	15.7	18.8	0.9	13.2%	5.6%	19.7%	25.4%	
NRP	Nepi Rockcastle	12.3%	125.4	125.4	147.3	9.3	4.1%	7.4%	17.4%	24.9%	
HYP	Hyprop Investments	6.8%	90.0	87.3	99.5	8.5	9.1%	9.7%	14.0%	23.7%	
SRE	Sirius Real Estate (Jse)	1.3%	10.7	10.7	12.5	0.5	4.0%	5.1%	17.4%	22.6%	
HMN	Hammerson (Jse)	0.0%	65.3	65.5	75.1	4.7	6.3%	7.1%	14.6%	21.7%	
VKE	Vukile Property Reit	4.9%	21.0	20.8	22.9	2.0	7.4%	9.5%	10.2%	19.7%	BUY
OCT	Octodec Investments	0.0%	20.0	19.5	21.0	2.1	2.5%	10.7%	7.6%	18.3%	
L2D	Liberty Two Degrees	0.7%	7.4	7.3	7.9	0.6	3.0%	8.3%	8.5%	16.8%	
IPF	Investec Property	2.2%	15.3	15.2	16.2	1.5	5.0%	9.8%	6.8%	16.6%	
RES	Resilient Pr.Inc.Fd.	5.2%	64.8	63.0	67.0	5.9	6.8%	9.3%	6.3%	15.6%	
CCO	Capital & Cnts. (Jse) Props.	0.0%	43.8	43.8	50.1	0.3	0.5%	0.6%	14.5%	15.1%	
RDF	Redefine Properties	16.1%	10.4	10.2	10.4	1.0	5.7%	10.0%	2.4%	12.4%	
GRT	Growthpoint Prop	21.9%	25.7	24.9	25.5	2.3	6.2%	9.1%	2.4%	11.5%	
EMI	Emira Property Fund	2.3%	15.8	15.3	15.2	1.6	6.3%	10.5%	-0.6%	9.8%	
EQU	Equites	2.3%	20.3	20.3	20.5	1.5	9.0%	7.3%	1.1%	8.4%	
FFA	Fortress Reit A	6.7%	19.4	18.9	17.1	1.5	5.1%	8.1%	-9.6%	-1.4%	

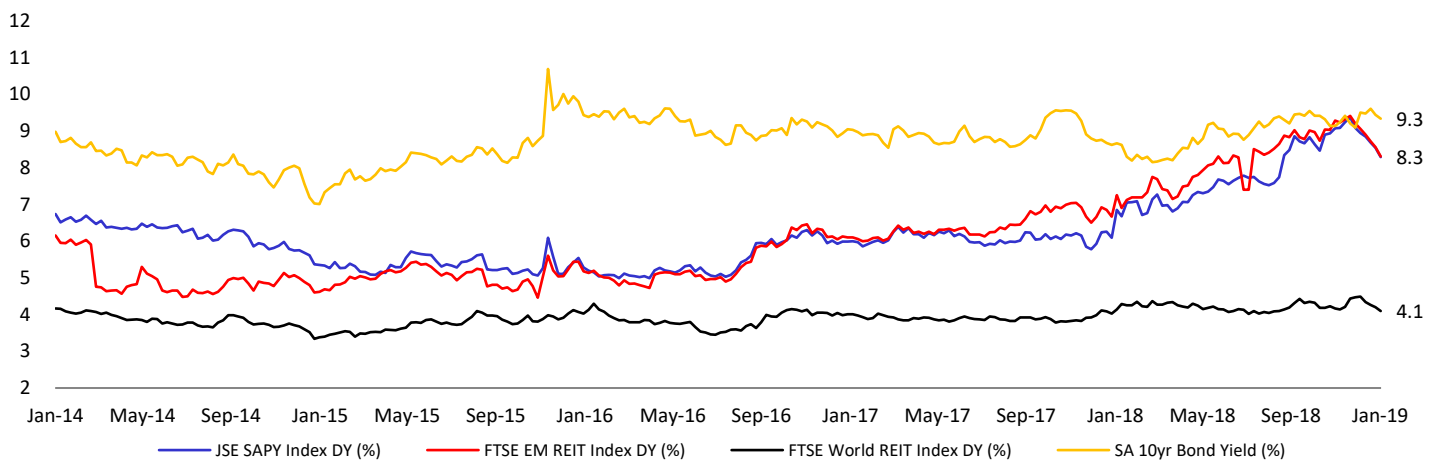
Source: Reuters, Afrifocus Securities

## Dividend Revision Table

Upgrades	3m Rev	1mRev	Downgrades	3m Rev	1mRev
Fortress Reit B	2.8%	0.9%	Rebosis Property Fund	-36.7%	-23.1%
Equites	2.7%	0.7%	Intu Properties	-16.0%	-8.0%
Resilient Pr.Inc.Fd.	2.2%	0.7%	Delta Property Fund	-12.0%	0.1%
Vukile Property Reit	2.0%	0.4%	Attacq Ord	-6.5%	1.0%
Nepi Rockcastle	1.9%	0.7%	Epp NV	-2.9%	0.3%
Hyprop Investments	1.4%	0.4%	Liberty Two Degrees	-1.7%	0.4%
Arrowhead Props.	1.4%	0.5%	Investec Property	-1.5%	0.4%
Growthpoint Prop	1.3%	0.4%	Accprop	-0.9%	-0.3%
Emira Property Fund	1.3%	0.4%			
Fortress Reit A	1.3%	0.4%			

Source: Reuters, Afrifocus Securities

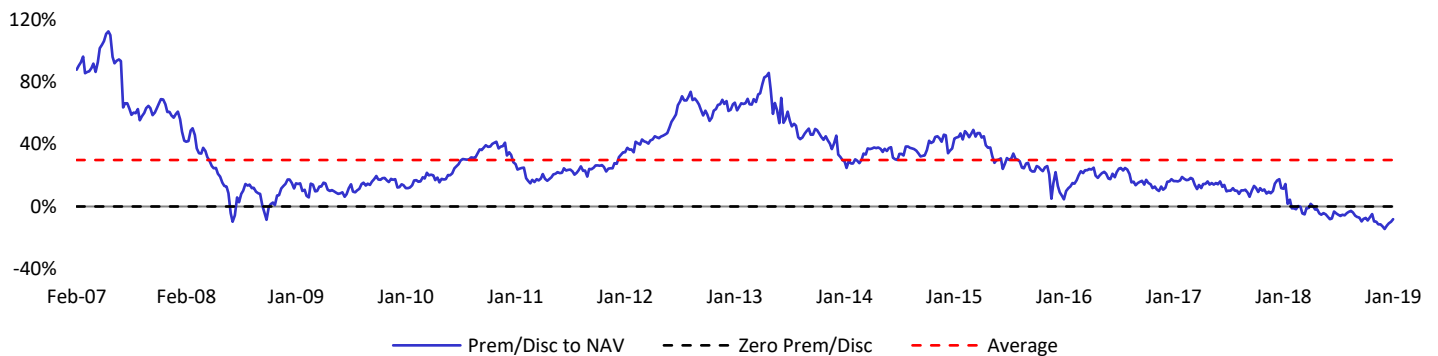
## JSE SAPY DY, FTSE EM REIT DY, FTSE World REIT DY and SA 10yr Bond Yield



\*Both JSE SAPY Index DY and FTSE EM REIT Index DY value stands at 8.6 as of 1<sup>st</sup> Feb 2019

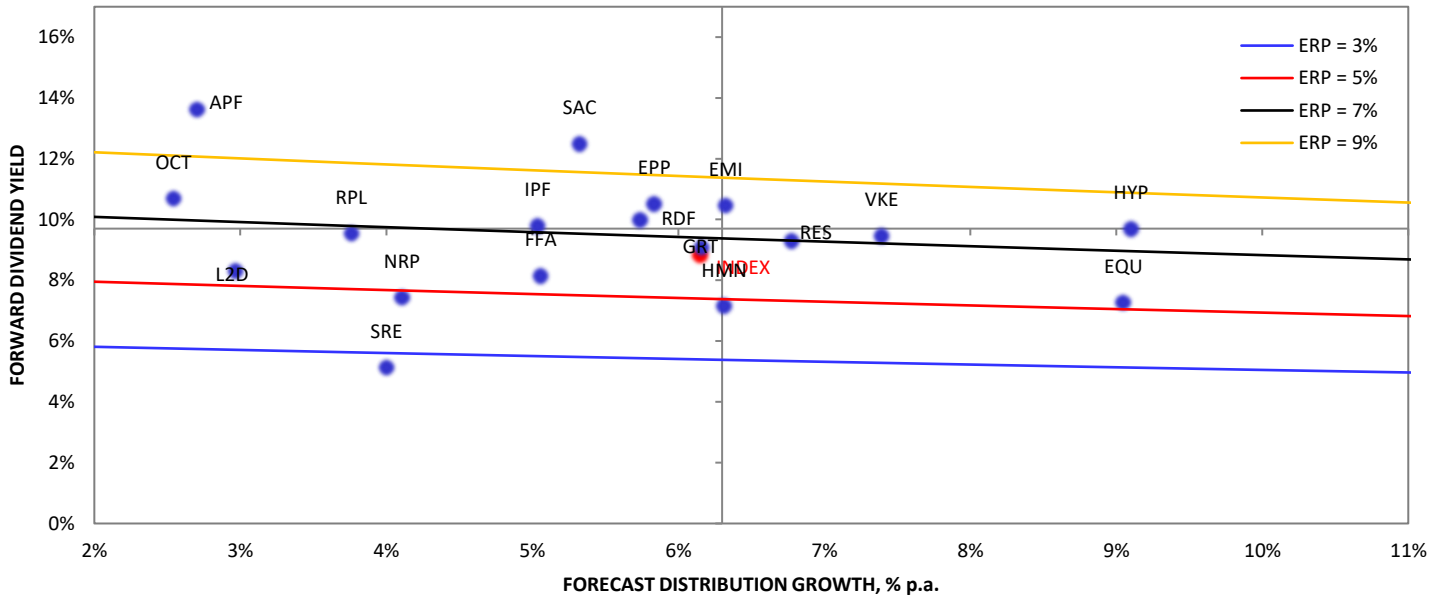
Source: Reuters, Afrifocus Securities

## Sector Premium/Discount to NAV



Source: Reuters, Afrifocus Securities

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

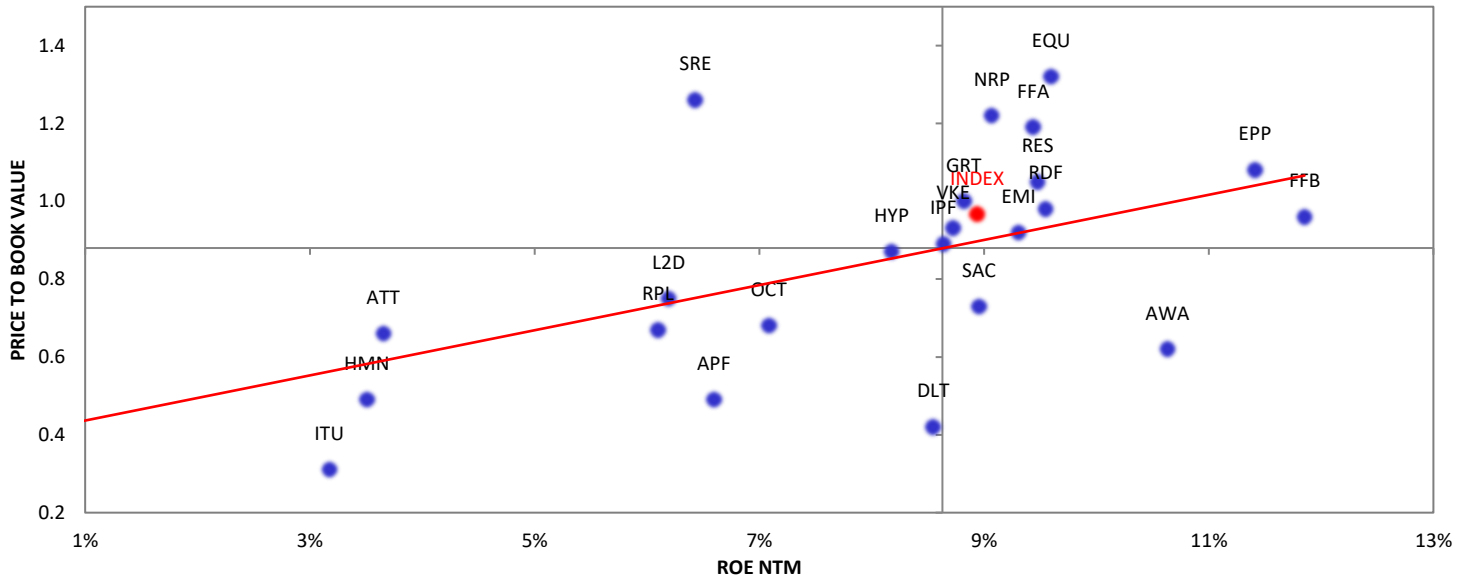


Source: Reuters, Afrifocus Securities

### OFF Scale Stocks

CCO (Capital & Counties Properties PLC), AWA (Arrowhead Properties Ltd), ATT (Attacq Ltd) and FFB (Fortress REIT Ltd B)

## Price to Book vs ROE NTM



Source: Reuters, Afrifocus Securities

### OFF Scale Stocks

CCO (Capital & Counties Properties PLC) and REB (Rebosis Property Fund)

## Key Corporate Events

Date	Company Name	Events
Tuesday, 05 February 2019	Arrowhead Properties Ltd	Annual General Meeting
Thursday, 14 February 2019	Redefine Properties Ltd	Annual General Meeting
Friday, 15 February 2019	Resilient REIT Ltd	1H Interim Results
Thursday, 21 February 2019	Liberty Two Degrees	Annual Financial Results
Wednesday, 27 February 2019	NEPI Rockcastle PLC	Annual Financial Results
Monday, 04 March 2019	MAS Real Estate Inc	1H Interim Results
Tuesday, 05 March 2019	Attacq Ltd	1H Interim Results and Dividend Declaration
Wednesday, 06 March 2019	Fortress Income Fund Ltd	1H Interim Results
Wednesday, 06 March 2019	Fortress REIT Ltd	1H Interim Results
Wednesday, 06 March 2019	SA Corporate Real Estate Ltd	Annual Financial Results
Thursday, 07 March 2019	EPP NV	Annual Financial Results
Wednesday, 13 March 2019	Growthpoint Properties Ltd	1H Interim Results, Dividends Declaration and Press briefing & Interviews
Thursday, 09 May 2019	Equites Property Fund Ltd	Annual Financial Results

Source: Sharenet, Company Website, Afrifocus Securities

## SA Listed Property Corporate News

Company Name	News
Resilient REIT Ltd	The company announced that Mr. Bryan Hopkins, a non-executive independent director will be retiring effective from February 15, 2019.
Equities Property Fund Ltd	The company announced that the resolutions tabled at the general meeting held on January 30, 2019 to authorise the company to provide financial assistance were passed by required majority.
Attacq Ltd	The company announced that Investec Asset Management Holdings Proprietary Ltd (IAM) has acquired shares in the company, taking IAM's total beneficial interest to 5.09% of Attacq's issued shares.
Investec Property Fund Ltd	The company announced that Director Nicholas P Riley had engaged in an off-market dealing of securities in compliance with Rules 3.63–3.74 of the JSE Listing Requirements. The total value of the transaction was about R1.5 mn.
Growthpoint Properties Ltd	The company announced that following his retirement, Mr. R A Krabbenh stepped down as Company Secretary with effect from December 31, 2018. In the meantime, Deputy Company Secretary will take over the office until the Board's next meeting, which is scheduled on March 12, 2019.
NEPI Rockcastle Plc	The company announced that the deal regarding the sale of the Serenada and Krokus shopping centers, located in Krakow, Poland, to its wholly-owned subsidiary Tuvalu sp.z.o.o had to be terminated due to the buyer's non-compliance with conditions precedent to the acquisition. The company also reconfirmed its earnings guidance.
Echo Polska Prop N.V.	The company announced that its associate directors are engaging in an on-market dealing of securities in compliance with the Rule 3.63 of the JSE Listing Requirements. The total value of the transaction was about R90.6 mn.
Sirius Real Estate Ltd	The company announced that it had confirmed the allotment and issue of about 9.5 mn ordinary shares to its shareholders who are elected to receive ordinary shares under the scrip dividend program as an alternative to receiving in cash the interim dividend declared with regard to the period ended September 30, 2018, payable on January 18, 2019.
Stenprop Ltd	The company announced that it had reached an agreement to dispose of its London office building Euston House (the property) via the sale of all shares of a special purpose vehicle (the "Property Company") owned by Stenprop to Erel 4 S.a.r.l (the buyer). The value of the property stands at GBP95 mn.

Source: Sharenet, SENS, Afrifocus Securities

## Research Disclosure

### NOTICE TO US INVESTORS

This report was prepared, approved, published and distributed by Afrifocus Securities (Pty) Ltd located outside of the United States (a “non-US Group Company”). This report is distributed in the U.S. by LXM LLP USA, a U.S. registered broker dealer, on behalf of Afrifocus Securities (Pty) Ltd only to major U.S. institutional investors (as defined in Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) pursuant to the exemption in Rule 15a-6 and any transaction effected by a U.S. customer in the securities described in this report must be effected through LXM LLP USA.

Neither the report nor any analyst who prepared or approved the report is subject to U.S. legal requirements or the Financial Industry Regulatory Authority, Inc. (“FINRA”) or other regulatory requirements pertaining to research reports or research analysts. No non-US Group Company is registered as a broker-dealer under the Exchange Act or is a member of the Financial Industry Regulatory Authority, Inc. or any other U.S. self-regulatory organization.

**Analyst Certification.** Each of the analysts identified in this report certifies, with respect to the companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report. Please bear in mind that (i) Afrifocus Securities (Pty) Ltd is the employer of the research analyst(s) responsible for the content of this report and (ii) research analysts preparing this report are resident outside the United States and are not associated persons of any US regulated broker-dealer and that therefore the analyst(s) is/are not subject to supervision by a US broker-dealer, and are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with US rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

**Important US Regulatory Disclosures on Subject Companies.** This material was produced by Analysis Afrifocus Securities (Pty) Ltd solely for information purposes and for the use of the recipient. It is not to be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient. It is distributed in the United States of America by LXM LLP USA and elsewhere in the world by Afrifocus Securities (Pty) Ltd or an authorized affiliate of Afrifocus Securities (Pty) Ltd. This document does not constitute an offer of, or an invitation by or on behalf of Afrifocus Securities (Pty) Ltd or its affiliates or any other company to any person, to buy or sell any security. The information contained herein has been obtained from published information and other sources, which Afrifocus Securities (Pty) Ltd or its Affiliates consider to be reliable. None of Afrifocus Securities (Pty) Ltd accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document. Emerging securities markets may be subject to risks significantly higher than more established markets. In particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. By accepting this document, you agree to be bound by all the foregoing provisions.

LXM LLP USA assumes responsibility for the research reports content in regards to research distributed in the U.S. LXM LLP USA or its affiliates has not managed or co-managed a public offering of securities for the subject company in the past 12 months, has not received compensation for investment banking services from the subject company in the past 12 months, does not expect to receive and does not intend to seek compensation for investment banking services from the subject company in the next 3 months. LXM LLP USA has never owned any class of equity securities of the subject company. There are not any other actual, material conflicts of interest of LXM LLP USA at the time of the publication of this research report. As of the publication of this report LXM LLP USA, does not make a market in the subject securities.