

# Listed Property Report

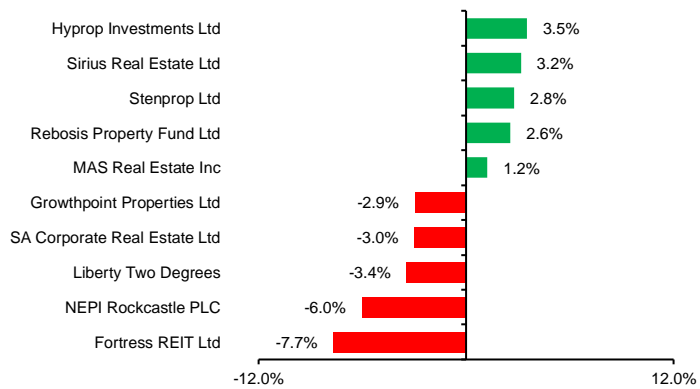
04 March 2019

## Asset Class

|                                    | Yield (in %) |        | Total Return (% chg) |  |
|------------------------------------|--------------|--------|----------------------|--|
|                                    | 01 March     | 1 Week | YTD                  |  |
| SA Listed Property                 | 8.7%         | -1.7%  | 3.5%                 |  |
| SA Bonds                           | 9.6%         | -0.1%  | 2.1%                 |  |
| SA Cash                            | 9.5%         | 0.0%   | 0.6%                 |  |
| UK Listed Property                 | 4.5%         | 0.0%   | 12.9%                |  |
| US Listed Property                 | 3.8%         | -0.2%  | 11.4%                |  |
| W. Europe (ex. UK) Listed Property | 5.8%         | 0.5%   | 8.3%                 |  |
| Australia Listed Property          | 4.3%         | 1.0%   | 10.9%                |  |

Source: Reuters, Afrifocus Securities

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



Source: Bloomberg, Afrifocus Securities

## 52 Week Highs

| Name | 52WK High |
|------|-----------|
|------|-----------|

Source: Bloomberg, Afrifocus Securities

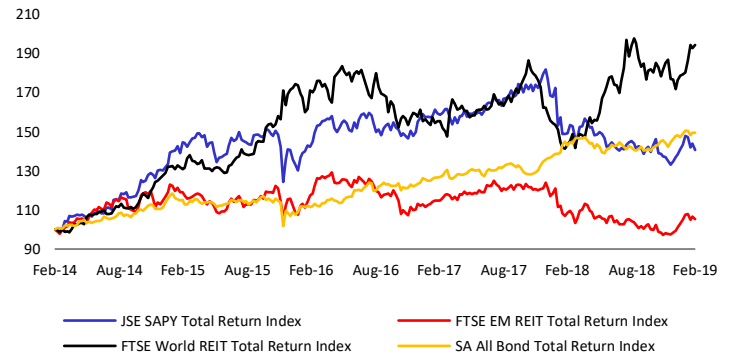
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## South African Listed Property

South African property markets ended lower as it closed at 495.02 for the week ended March 01, 2019, down 2.2%. Total return for SA Listed Property fell 1.7% over 1 week and rose 3.5% YTD. Hyprop Investments Ltd (HYP) rose 3.5%, followed by Sirius Real Estate Ltd and Stenprop Ltd which gained 3.2% and 2.8% respectively. On the other hand, Fortress REIT Ltd fell 7.7%, followed by NEPI Rockcastle Ltd and Liberty Two Degrees which fell 6.0% and 3.4%, respectively. Edcon released a statement indicating that the company has concluded a recapitalisation deal of R2.7bn (subject to regulatory approval). This recapitalisation will remove all of Edcon's interest bearing debt and introduce a new group structure as well as a new set of shareholders (existing lenders, PIC, participating landlords to Edcon and Edcon employees). HYP has the greatest exposure to Edcon of ~9% of GLA. HYP released its interim results and downward revised its distribution guidance to ~2% for FY19 from the prior guidance of 5-7%. HYP has agreed to support Edcon in its restructuring which may involve subscribing for an equity interest in Edcon. Should this transaction be implemented, it would reduce distributable earnings by ~0.8% in FY19 and a further ~2.3% in FY20.

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 |
|------|----------|
|------|----------|

|                           |       |
|---------------------------|-------|
| Hyprop Investments Ltd    | 74.85 |
| Rebohis Property Fund Ltd | 1.84  |

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        |                   |
|            | <b>JSE SAPPY</b>             |              | <b>495</b>  | <b>494</b>  | <b>563</b>  |            | <b>6.4%</b>       | <b>9.4%</b>           | <b>13.7%</b> | <b>23.1%</b> |                   |
| REB        | Rebosis Property Fund        | 0.4%         | 2.0         | 1.7         | 6.3         | 0.7        | 4.8%              | 38.9%                 | 264.7%       | 303.6%       |                   |
| DLT        | Delta Property Fund          | 0.0%         | 2.1         | 2.1         | 5.9         | 0.9        | 0.9%              | 41.5%                 | 179.8%       | 221.3%       |                   |
| ITU        | Intu Properties              | 0.0%         | 21.7        | 21.4        | 34.0        | 1.0        | 16.0%             | 4.6%                  | 58.8%        | 63.4%        |                   |
| FFB        | Fortress Reit B              | 3.8%         | 13.6        | 13.2        | 18.5        | 2.0        | 12.6%             | 14.8%                 | 40.8%        | 55.6%        |                   |
| AWA        | Arrowhead Props.             | 0.0%         | 4.1         | 3.9         | 5.3         | 0.6        | -4.9%             | 15.0%                 | 35.0%        | 50.9%        |                   |
| APF        | Accprop                      | 0.8%         | 3.4         | 3.4         | 4.6         | 0.5        | 3.1%              | 15.1%                 | 32.6%        | 47.7%        |                   |
| SAC        | Sa Corporate Rl.Est.Fund     | 2.7%         | 3.6         | 3.5         | 4.5         | 0.5        | 5.5%              | 12.9%                 | 27.1%        | 40.0%        |                   |
| RPL        | Redefine (Jse) International | 0.0%         | 25.9        | 24.9        | 30.9        | 2.6        | 4.2%              | 10.3%                 | 24.4%        | 34.7%        |                   |
| NRP        | Nepi Rockcastle              | 12.3%        | 120.3       | 116.9       | 146.4       | 9.3        | 4.3%              | 7.9%                  | 25.2%        | 33.1%        |                   |
| HYP        | Hyprop Investments           | 6.8%         | 82.0        | 80.0        | 97.3        | 8.4        | 9.4%              | 10.5%                 | 21.7%        | 32.2%        |                   |
| EPP        | Epp N V                      | 1.8%         | 19.1        | 19.3        | 23.0        | 2.0        | 6.1%              | 10.4%                 | 19.2%        | 29.6%        |                   |
| L2D        | Liberty Two Degrees          | 0.7%         | 7.1         | 6.8         | 7.9         | 0.6        | -0.6%             | 8.5%                  | 16.0%        | 24.5%        |                   |
| <b>VKE</b> | <b>Vukile Property Reit</b>  | <b>4.9%</b>  | <b>20.1</b> | <b>20.1</b> | <b>22.9</b> | <b>2.0</b> | <b>6.9%</b>       | <b>9.9%</b>           | <b>14.1%</b> | <b>23.9%</b> | <b>BUY</b>        |
| RDF        | Redefine Properties          | 16.1%        | 9.7         | 9.3         | 10.4        | 1.0        | 5.9%              | 11.0%                 | 12.2%        | 23.2%        |                   |
| OCT        | Octodec Investments          | 0.0%         | 20.1        | 19.3        | 21.0        | 2.1        | 2.0%              | 10.7%                 | 8.7%         | 19.4%        |                   |
| SRE        | Sirius Real Estate (Jse)     | 1.3%         | 11.7        | 11.7        | 13.4        | 0.6        | 3.6%              | 4.8%                  | 14.6%        | 19.4%        |                   |
| RES        | Resilient Pr.Inc.Fd.         | 5.2%         | 62.3        | 61.0        | 66.7        | 5.6        | 7.2%              | 9.2%                  | 9.5%         | 18.6%        |                   |
| GRT        | Growthpoint Prop             | 21.9%        | 24.4        | 23.8        | 25.5        | 2.3        | 6.2%              | 9.5%                  | 7.3%         | 16.8%        |                   |
| EMI        | Emira Property Fund          | 2.3%         | 15.0        | 14.6        | 15.1        | 1.6        | 6.7%              | 10.7%                 | 3.4%         | 14.2%        |                   |
| HMN        | Hammerson (Jse)              | 0.0%         | 72.6        | 70.7        | 75.5        | 5.0        | -2.4%             | 7.0%                  | 6.8%         | 13.8%        |                   |
| <b>ATT</b> | <b>Attacq Ord</b>            | <b>3.2%</b>  | <b>15.8</b> | <b>15.6</b> | <b>16.7</b> | <b>0.9</b> | <b>16.8%</b>      | <b>5.7%</b>           | <b>7.2%</b>  | <b>12.9%</b> | <b>ACCUMULATE</b> |
| IPF        | Investec Property            | 2.2%         | 15.6        | 15.6        | 16.0        | 1.5        | 4.4%              | 9.4%                  | 2.2%         | 11.6%        |                   |
| EQU        | Equites                      | 2.3%         | 20.1        | 20.1        | 20.4        | 1.5        | 9.0%              | 7.3%                  | 1.1%         | 8.4%         |                   |
| CCO        | Capital & Cnts. (Jse) Props. | 0.0%         | 48.4        | 48.3        | 50.9        | 0.3        | 1.8%              | 0.6%                  | 5.4%         | 6.0%         |                   |
| FFA        | Fortress Reit A              | 6.7%         | 18.8        | 18.4        | 17.7        | 1.5        | 5.1%              | 8.4%                  | -3.7%        | 4.7%         |                   |

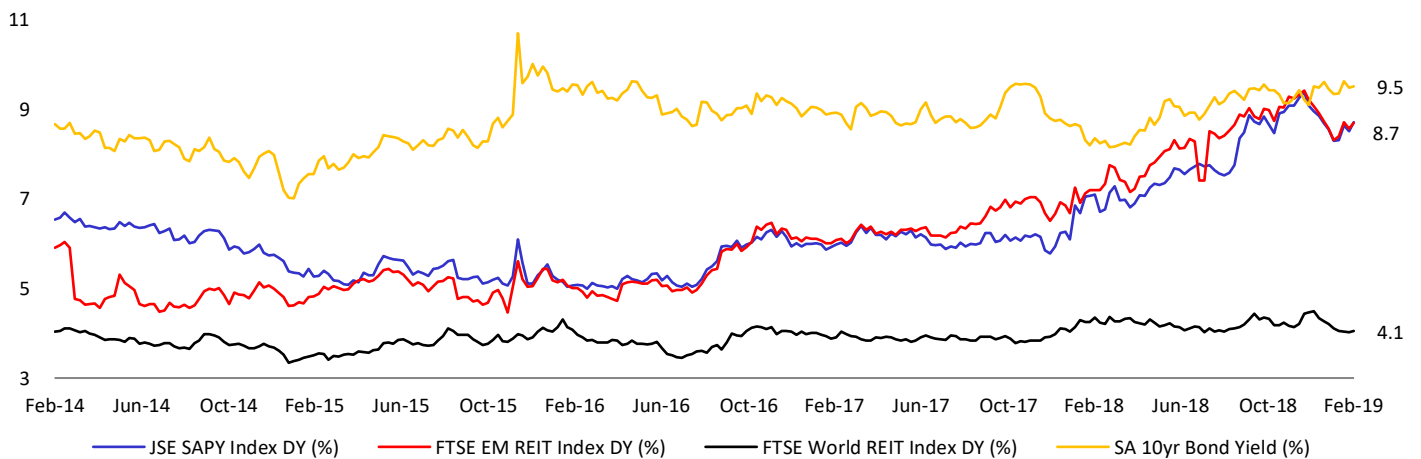
Source: Reuters, Afrifocus Securities

## Dividend Revision Table

| Upgrades                          | 3m Rev | 1mRev | Downgrades            | 3m Rev | 1mRev  |
|-----------------------------------|--------|-------|-----------------------|--------|--------|
| Fortress Reit B                   | 2.0%   | 0.2%  | Intu Properties       | -59.1% | -48.2% |
| Attacq Ord                        | 1.8%   | -0.2% | Rebosis Property Fund | -24.1% | -1.3%  |
| Nepi Rockcastle                   | 1.7%   | 0.3%  | Arrowhead Props.      | -20.8% | -21.5% |
| Redefine Properties               | 1.2%   | 0.3%  | Liberty Two Degrees   | -3.6%  | -4.4%  |
| Fortress Reit A                   | 1.1%   | 0.3%  | Resilient Pr.Inc.Fd.  | -3.0%  | -4.3%  |
| Vukile Property Reit              | 1.1%   | -0.3% | Accprop               | -2.1%  | -1.5%  |
| Growthpoint Prop                  | 1.0%   | 0.2%  | Hammerson (Jse)       | -1.5%  | -1.1%  |
| Redefine (Jse) International Reit | 0.8%   | 0.2%  | Equites               | -1.0%  | -2.5%  |
| Epp N V                           | 0.8%   | 0.3%  | Emira Property Fund   | -0.9%  | -1.7%  |
| Texton Property Reit              | 0.7%   | 0.2%  |                       |        |        |

Source: Reuters, Afrifocus Securities

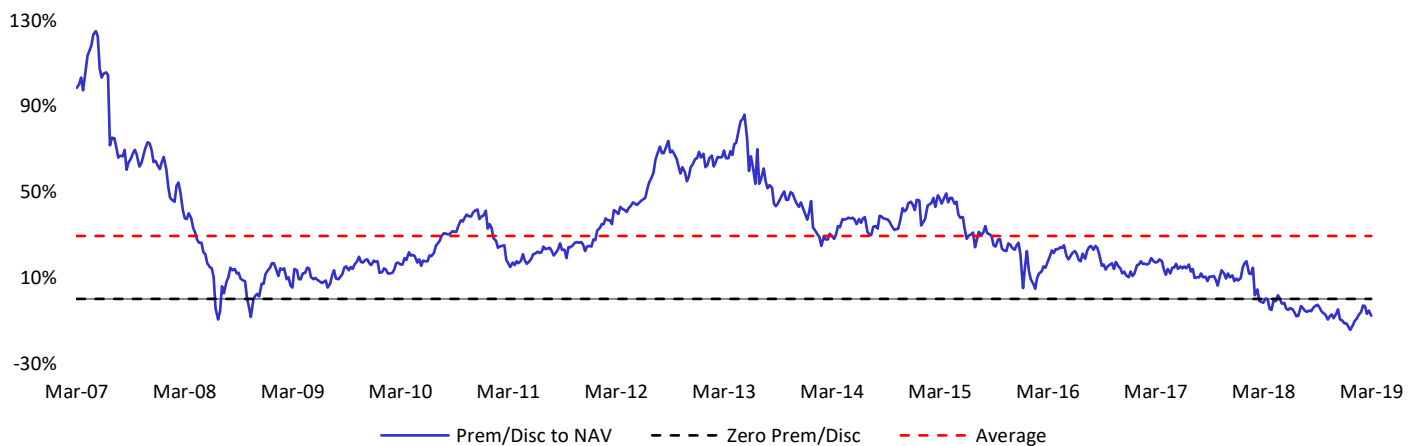
## JSE SAPY DY, FTSE EM REIT DY, FTSE World REIT DY and SA 10yr Bond Yield



\* JSE SAPY Index DY and FTSE EM REIT Index DY value stands at 8.7 as of 1<sup>st</sup> March 2019

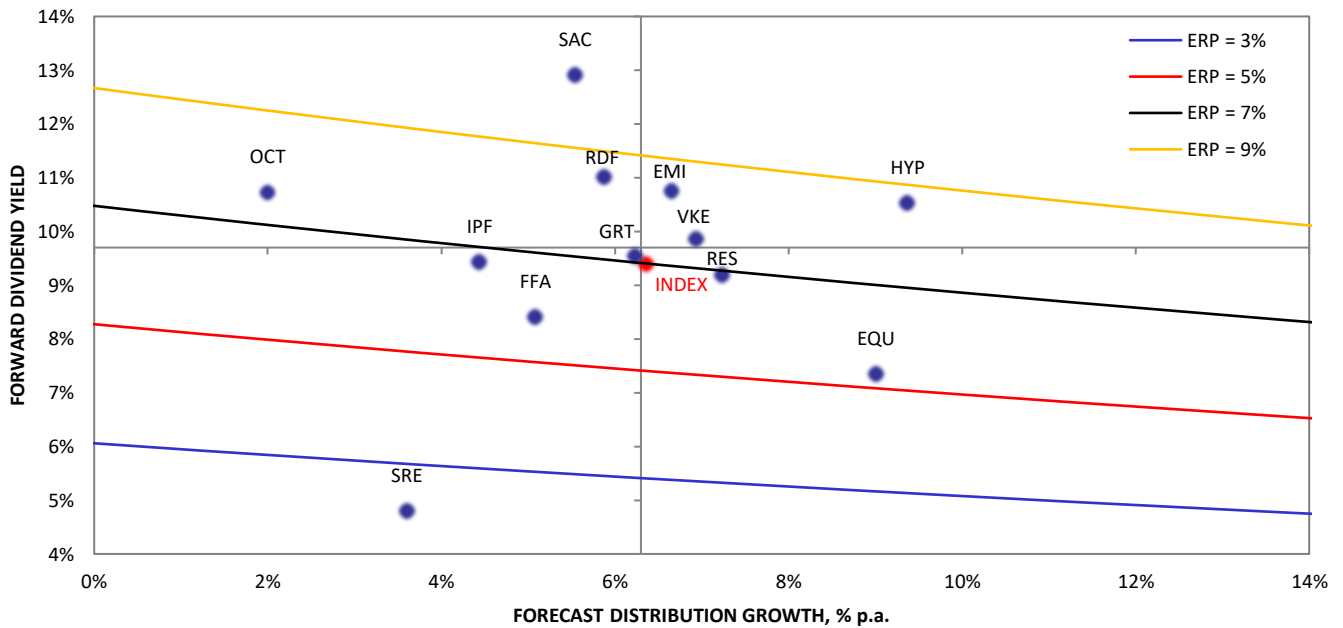
Source: Reuters, Afrifocus Securities

## Sector Premium/Discount to NAV



Source: Reuters, Afrifocus Securities

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

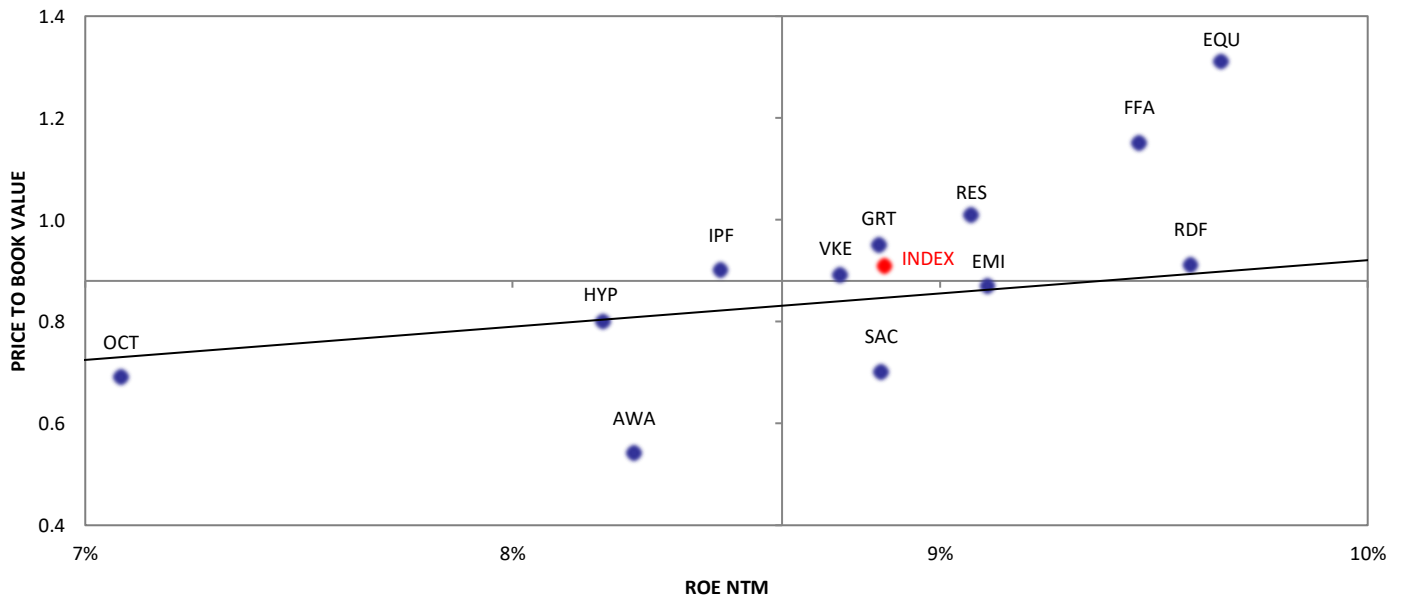


Source: Reuters, Afrifocus Securities

### OFF Scale Stocks

AWA (Arrowhead Properties Ltd), REB (Rebosis Property Fund), DLT(Delta Property Fund), APF (Accprop), ATT(Attacq Ord), L2D(Liberty Two Degrees) and FFB(Fortress Reit B)

## Price to Book Value vs ROE NTM



Source: Reuters, Afrifocus Securities

### OFF Scale Stocks

L2D(Liberty Two Degrees), ATT(Attacq Ord), FFB(Fortress Reit B), REB(Rebosis Property Fund), SRE (Sirius Real Estate), DLT (Delta Property Fund) and APF(Accprop)

## Key Corporate Events

| Date          | Company Name                 | Events  |
|---------------|------------------------------|---|
| 04 March 2019 | MAS Real Estate Inc          | 1H Interim Results  |
| 04 March 2019 | Fortress REIT Ltd            | 1H Interim Results  |
| 05 March 2019 | Resilient REIT Ltd           | Last Day to Trade Dividends - Distribution  |
| 05 March 2019 | Attacq Ltd                   | 1H Interim Results and Dividend Declaration   |
| 05 March 2019 | Emira Property Fund Ltd      | Last Day to Trade Dividends - Distribution  |
| 06 March 2019 | Fortress Income Fund Ltd     | 1H Interim Results  |
| 06 March 2019 | SA Corporate Real Estate Ltd | Annual Financial Results  |
| 07 March 2019 | EPP NV                       | Annual Financial Results  |
| 13 March 2019 | Growthpoint Properties Ltd   | 1H Interim Results and Dividend Declaration   |
| 15 March 2019 | Investec Property Fund Ltd   | Pre-Close Briefing regarding developments in the core business areas and the group. |
| 26 March 2019 | Redefine Properties Ltd      | Anchor Stockbrokers CEE Summit Cape Town  |
| 09 May 2019   | Equites Property Fund Ltd    | Annual Financial Results  |
| 24 May 2019   | NEPI Rockcastle PLC          | Business update news  |

Source: Sharenet, Company Website, Afrifocus Securities

## SA Listed Property Corporate News

| Company Name                 | News  |
|------------------------------|---|
| Accelerate Property Fund Ltd | The company announced that through its subsidiary, Wanooka Properties Proprietary Ltd, it has entered into a sale agreement to dispose of Wanooka Place, Erf 888 Parktown Township. The total value of the transaction is considered to be R240 mn at a yield of 8.0%.  |
| Attacq Ltd                   | The company announced that it has initiated a proactive and solution-driven approach to address its Edcon Ltd exposure with its engagements starting from April 2018. This approach will include evaluations of trading densities and rent to turnover ratios. It will also take into consideration details relating to the tenant mix, size and location of Edcon stores within each mall. By using this approach the company will be able to introduce new tenants in prime locations across the portfolio. |
| Equites Property Fund Ltd    | The company announced that Zambia Flower Export Ltd, an associate to a director of Equites, Andrea Taverna-Turisan, has entered into multiple transactions related to a sale of 750,000 ordinary shares.  |
| Fortress Income Fund Ltd     | The company made an announcement for its bondholders regarding the issuer's financial covenant requirement. The issuer confirms that the financial covenant was tested at December 31, 2018, and does not exceed 50%.   |
| Hyprop Investments Ltd       | The company announced its interim financial results for 1H19. Revenue totaled R1,631.7 mn vis-à-vis R1,539.4 mn in the corresponding period of the previous year. Profit attributable to shareholders stood at R181.9 mn compared to R1,436.9 mn. The company's EPS was 71.20 c vis-à-vis 574.40 c. Furthermore, the company declared a dividend of 385.60 c per share.   |
| Liberty Two Degrees Ltd      | The company announced its annual financial results for FY18. Revenue totaled R913.8 mn vis-à-vis R665.9 mn in the corresponding period of the previous year. Profit from operations stood at R581.0 mn compared to R425.0 mn. The company's headline EPS was 59.86 c vis-à-vis 56.29 c. Furthermore, the company declared a dividend of 12.69 c per share.  |
| Liberty Two Degrees Ltd      | The company announced the details released by Edcon Group in relation to its recapitalisation and restructuring programme. The company said it will continue to support the recapitalisation process and notes that Edcon currently occupies 5.3% of company's total portfolios gross lettable area (GLA). This exposure is anticipated to reduce to 4.3% of total portfolio GLA by 31 December 2019 as part of a space rationalisation process as agreed with Edcon.   |
| NEPI Rockcastle PLC          | The company announced its annual financial results for FY18. Revenue totaled EUR346.1 mn vis-à-vis EUR232.1 mn in the corresponding period of the previous year. Profit attributable to shareholders stood at EUR221.9 mn compared to EUR(579.7) mn. The company's headline EPS was 20.72 c vis-à-vis 35.00 c. Furthermore, the company declared a dividend of 26.37 c per share.   |
| Rebosis Property Fund Ltd    | The company announced that it has, through its wholly owned subsidiary Ascension Properties Ltd, entered into a portfolio sale agreement on February 20, 2019, to dispose of a portfolio of seven properties to Fortune Capital Ltd for a consideration price of approximately R700.0 mn.   |
| Redefine Properties Ltd      | The company announced that Clearwater Capital Ltd, an associate to Director Harish Mehta, has entered into an off-market transaction related to the hedging of over 3,312,500 shares with a short put strike price of R8.40, a long put strike price of R10.50, and a call strike price of R11.55 and an expiry date of February 14, 2020.  |

### Redefine Properties Ltd

The company announced its position related to Edcon recapitalisation programme. With the restructure plan fully implemented the company's equity contribution will amount to R54.6 mn. Thus the company would receive 100% of its rental due from Edcon on 56,788 sqm out of company's total area exposure of 78,760 sqm.

### Resilient Property Income Fund

The company announced its interim financial results for 1H19. Revenue totaled R1,914.5 mn vis-à-vis R1,959.7 mn in the corresponding period of the previous year. Profit attributable to shareholders stood at R61.4 mn compared to R9,665.2 mn. The company's EPS was 16.57 c vis-à-vis 2,645.73 c. Furthermore, the company declared a dividend of 263.66 c per share.

### Sirius Real Estate Ltd

The company announced that it has formed a real estate investment JV with AXA Investment Managers - Real Assets in which the latter will own a 65% interest and Sirius will own the remaining 35%. The JV will be called Titanium.

### Stenprop Ltd

The company announced that it has engaged in a repurchase of shares to mitigate the dilutive effect of the scrip dividend election. On February 27, 2019, the company purchased 300,000 ordinary shares, which will be held as Treasury shares.

### Vukile Property Fund Ltd

The company announced that it has received the formal retirement notification of Mr. Michael Potts, Financial Director of Vukile. Mr. Potts will retire as financial director on June 30, 2019. He will be replaced by Mr. Laurence Cohen as CFO Designate with effect from March 1, 2019. Mr. Cohen will become CFO and join the Vukile board as Director on July 1, 2019.

Source: Sharenet, SENS, Afrifocus Securities

## Research Disclosure

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