



INDUSTRIAL . RETAIL . OFFICE . RESIDENTIAL . REST OF AFRICA

# SA Corporate Pre-close Update Presentation

11 December 2020

# Agenda

## 01 Performance Update

- Traditional Portfolio Performance
- Afhco Portfolio Performance
- Zambian JV Performance
- Collections and Rent Relief

## 02 Strategy Update

- Strengthening Business Through Divestment
  - Divestment Rationale
  - Divestment Progress
- Enablers and Portfolio Focus Update

## 03 Q & A



# Performance Update



# Traditional Portfolio Performance



Sector	Vacancy 30-Jun-20	Anticipated Vacancy 31-Dec-20	Comments
Industrial	3.91%	1.30%	Industrial vacancy is anticipated to decrease to 7 902m <sup>2</sup> at Dec 2020 comprising 3 properties being 28 Goodwood Road, Stondell, 30/34 Hillclimb Road. The latter 2 properties are contracted for sale.
Retail	5.06%	4.80%	The business rescue process at Edcon resulted in 2 606m <sup>2</sup> vacancy on the portfolio. Deals with Clicks and Dischem have been concluded and will take occupation in 2021 to reduce this vacancy.
Office	16.46%	16.90%	Office vacancy continues to struggle post the COVID-19 lockdown. The largest contributor to the office vacancy is GreenPark Corner which is anticipated to be 29% at year end.

Sector	Retention Rate 30-Jun-20	Anticipated Retention Rate 31-Dec-20	Comments
Industrial	28.06%	61.00%	The retention rate has been impacted by a large industrial tenant that has contracted as a new legal entity thus reflecting as not retained. Including this tenant, the retention is 83.95%.
Retail	80.63%	81.00%	Retention levels are being maintained above 80%, however this has been at the cost of negative renewal rental reversions.
Office	79.36%	59.00%	The decrease in retention at Dec 2020 compared to June 2020 is largely due to continued fallout from the COVID-19 pandemic. Consequently, several tenants have opted not to renew their leases.

Sector	Renewal Reversion 30-Jun-20	Anticipated Renewal Reversion 31-Dec-20	Comments
Industrial	-1.15%	-12.80% (incl. Autozone) -9.50% (excl. Autozone)	Negative 23% Autozone renewal reversion previously reported but accounted for in this period. Negative reversions reflect leases previously escalating at an average of 7.5% reverting in low inflation environment.
Retail	-0.17%	-5.10%	The increase in negative reversions is mainly due to the depressed economic conditions in the market currently. Attractive rentals are being offered to maintain retention levels and minimise vacancies.
Office	-7.92%	-9.90%	Increased negative reversions were negotiated to counter the effect of further vacancies resulting from flexible working arrangements and the impact of depressed cashflows on businesses as a result of the pandemic.

# Monthly Y-O-Y Retail Trading Density Growth



# Afhco Portfolio Performance

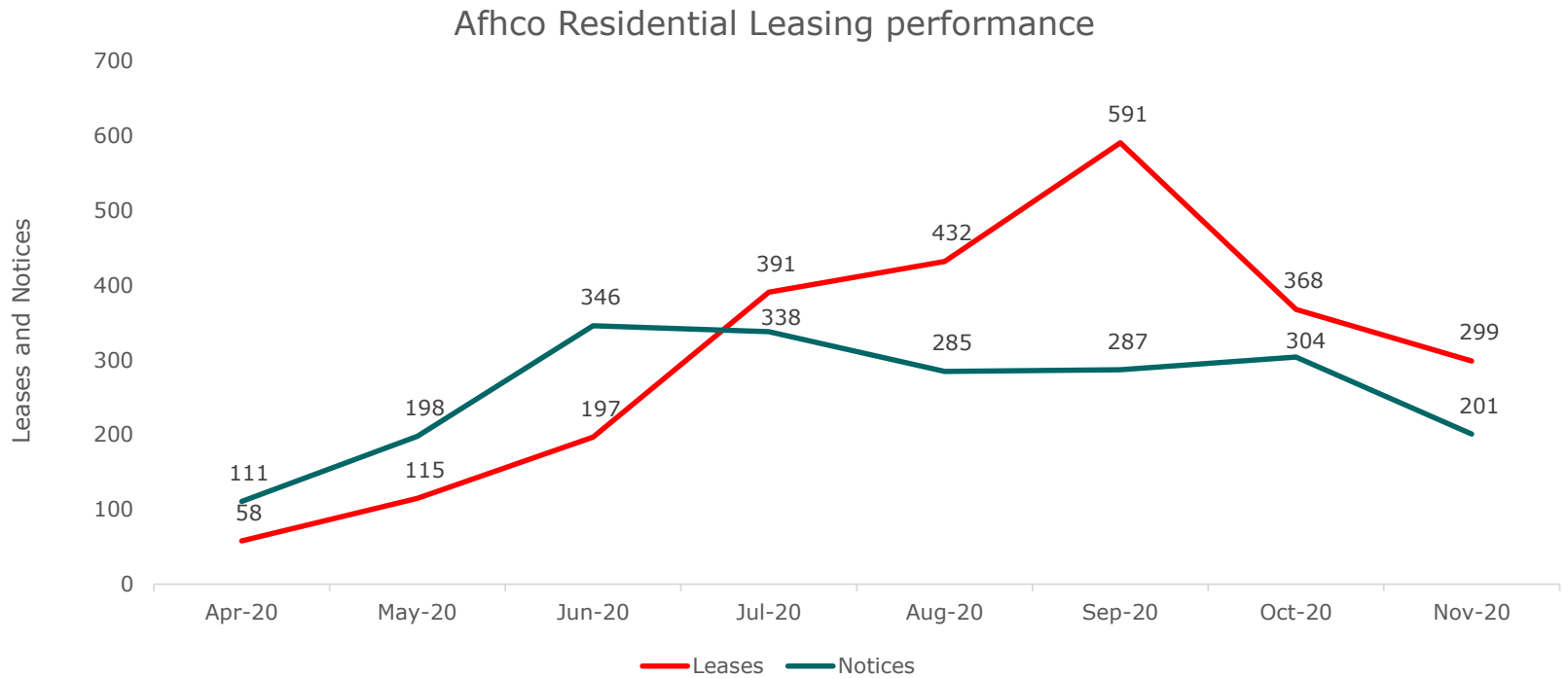


Sector	Vacancy 30-Jun-20	Anticipated Vacancy 31-Dec-20	Comments
Residential	12.68%	14.90%	High residential vacancies persist whilst a more robust tenant base is being re-established. Although tenants leasing exceed those giving notice the usual vacating of tenants over the festive season will result in vacancies only reaching normalized levels well into the 2021 year. Lease renewal increases have been tracking circa 2.5% whilst to attract new tenants, rentals have been discounted on average by 14%.
Retail	4.90%	5.10%	An increase in vacancy is due to vacant newly developed space which is now being recognised as lettable space.

Sector	Retention Rate 30-Jun-20	Anticipated Retention Rate 31-Dec-20	Comments
Retail	81.65%	89.60%	"COVID-19 relief" during the lockdown periods has contributed to maintaining retail tenant retention.

Sector	Renewal Reversion 30-Jun-20	Anticipated Renewal Reversion 31-Dec-20	Comments
Retail	-12.13%	-11.20%	Select smaller-size retail tenants were offered greater rental assistance in an effort to ensure their sustainability during the current COVID-19 pandemic. If the renewal of over-let smaller premises averaging 61m <sup>2</sup> are omitted then the remainder are anticipated to renew at 5.3%.

# Afhco Residential Leasing Performance



# Zambia Portfolio Performance



Sector	Vacancy 30-Jun-20	Anticipated Vacancy 31-Dec-20	Comments
East Park Mall	16.8%	14.0%	1 734 m <sup>2</sup> ex-FLM space has been re-tenanted with a food emporium and the other major contributors to vacancy are the ex-Edgars and Jet stores of 3 413 m <sup>2</sup> for which leasing negotiations are in process.
Acacia Office Park	5.6%	5.6%	Vacancy has remained flat in respect of a single tenant who occupied 132m <sup>2</sup> .
Jacaranda Mall	17.7%	19.2%	Jacaranda Royal Casino (540m <sup>2</sup> ), MTN (250m <sup>2</sup> ) and Stanbic Zambia Bank (208m <sup>2</sup> ) are the primary contributors to vacancy.

Sector	Retention Rate 30-Jun-20	Anticipated Retention Rate 31-Dec-20	Comments
East Park Mall	100.0%	100.0%	A retention rate of 100% continues to be maintained due largely to "COVID-19 relief" strategies.
Acacia Office Park	100.0%	100.0%	
Jacaranda Mall	100.0%	100.0%	

Sector	Renewal Reversion 30-Jun-20	Anticipated Renewal Reversion 31-Dec-20	Comments
East Park Mall	-14.8%	-16.0%	To counter the effect of increased vacancies, negative USD linked renewal reversions were concluded with tenants which included MTN Zambia, MultiChoice, RwandAir, John Dory's and Legit.
Acacia Office Park	-20.0%	-20.0%	The negative USD linked renewal rental reversion relates to Royal Dill in USD, which is the only expiry for the period.
Jacaranda Mall	-17.6%	-17.0%	The negative reversion relates to the expiry of the 5-year lease with Pick n Pay that previously had above inflation escalations.



# Collections and Rent Relief



Contribution	Retail	Industrial	Commercial	Storage	Afhco Retail	Residential	Student accommodation	SA Total	Zambian JV
Normal NPI contribution	37,4%	28,7%	1,3%	0,4%	2,5%	23,5%	0,7%	94,5%	5,5%

July 2020 Collections	Retail	Industrial	Commercial	Storage	Afhco Retail	Residential	Student accommodation	SA Total	Zambian JV
Collections in the month	85,2%	94,0%	86,7%	104,4%	95,5%	87,0%	100,8%	89,1%	60,7%
Relief to tenants (% of billings)	8,3%	1,1%	0,0%	0,0%	20,2%	0,9%	0,0%	5,4%	18,2%
Under negotiation/Arrears/Prior period collections	6,5%	4,9%	13,3%	-4,4%	-15,7%	12,1%	-0,8%	5,5%	21,1%
Contractual billings	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

August 2020 Collections	Retail	Industrial	Commercial	Storage	Afhco Retail	Residential	Student accommodation	SA Total	Zambian JV
Collections in the month	94,6%	109,6%	103,3%	97,9%	91,4%	80,2%	97,6%	95,9%	94,8%
Relief to tenants (% of billings)	2,8%	-3,2%	1,6%	0,0%	5,7%	0,0%	0,0%	0,8%	16,9%
Under negotiation/Arrears/Prior period collections	2,6%	-6,4%	-4,9%	2,1%	2,9%	19,8%	2,4%	3,3%	-11,7%
Contractual billings	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

September 2020 Collections	Retail	Industrial	Commercial	Storage	Afhco Retail	Residential	Student accommodation	SA Total	Zambian JV
Collections in the month	98,9%	119,7%	78,9%	98,7%	86,4%	84,3%	125,1%	100,7%	84,3%
Relief to tenants (% of billings)	4,8%	-2,4%	0,6%	0,0%	4,1%	2,4%	0,0%	2,1%	12,3%
Under negotiation/Arrears/Prior period collections	-3,7%	-17,3%	20,5%	1,3%	9,5%	13,3%	-25,1%	-2,8%	3,4%
Contractual billings	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

October 2020 Collections	Retail	Industrial	Commercial	Storage	Afhco Retail	Residential	Student accommodation	SA Total	Zambian JV
Collections in the month	99,7%	98,9%	96,6%	110,8%	97,3%	96,9%	110,6%	99,1%	76,2%
Relief to tenants (% of billings)	2,1%	-2,5%	0,9%	0,0%	2,5%	1,0%	0,5%	0,7%	12,6%
Under negotiation/Arrears/Prior period collections	-1,8%	3,6%	2,5%	-10,8%	0,2%	2,1%	-11,1%	0,2%	11,2%
Contractual billings	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

**November collections circa 96% SA Total & 89% Zambia JV**



# Strategy Update

# Divestment Rationale



1. Strengthen the financial position of the Group.
2. To be in a position to reduce gearing.
3. Refine the quality of the portfolio by exiting poorer quality properties.
4. Demonstrate the validity of the NAV disclosed to the market thereby creating support for the Group's share price.
5. Build cash reserves over the medium term, to the extent that this does not prejudice (1.) and (2.) above, to position the business for opportunities in a distressed market.

# Divestment Progress



<b>TRANSFERRED</b>		
<b>Description</b>	<b>Sales Price</b>	<b>Sector</b>
96 15th Road, Randjespark	77 500 000	Industrial
The Mall, Vanderbijl Park	14 485 008	Afhco Retail
530 Nicholson Road, Denver	40 000 000	Industrial
34 Mangold Street, Port Elizabeth	5 450 000	Commercial
11 Enterprise Close, Linbro Park	12 000 000	Industrial
Burgundy Estate, Centurion	23 355 967	Residential
59 Intersite Avenue, Springfield	70 000 000	Industrial
<b>Total</b>	<b>242 790 975</b>	

<b>CONTRACTED AND UNCONDITIONAL</b>		
<b>Description</b>	<b>Sales Price</b>	<b>Sector</b>
The Eveready Building, Port Elizabeth	83 500 000	Industrial
Cnr Old Pretoria and Alexandra Roads, Midrand	8 925 000	Commercial
Stondell Investments, 684 Pretoria Main Road, Wyr	4 000 000	Industrial
Long Street Precinct, Jeppestown	45 000 000	Residential
Stanop House, New Doornfontein	14 500 000	Afhco Retail
6/8 Mahogany Road, Pinetown	58 000 000	Industrial
31 Allen Drive, Bellville	29 400 000	Commercial
City Main II, Johannesburg	12 600 000	Afhco Retail
129 Jeppe Street, Johannesburg	9 250 000	Afhco Retail
<b>Total</b>	<b>265 175 000</b>	

# Divestment Progress Cont.

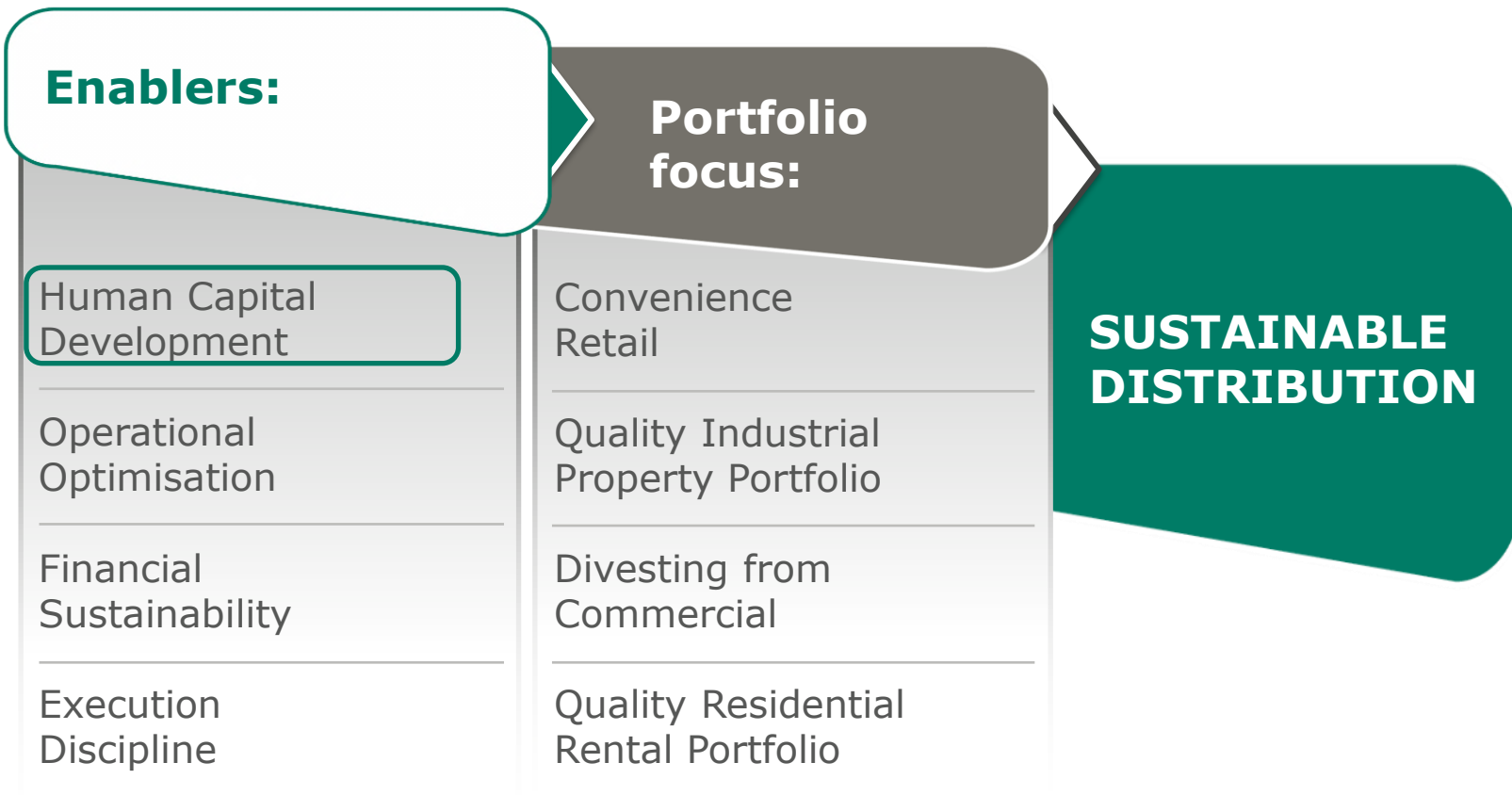


CONTRACTED AND CONDITIONAL		
Description	Sales Price	Sector
Maydon Wharf properties, Durban	212 000 000	Industrial
1 Baltex Road, Isipingo	136 500 000	Industrial
30 / 40 Hillclimb, Pinetown	43 000 000	Industrial
Hotel at Cullinan Jewel Shopping Centre, Pretoria	2 700 000	Retail
10 Industrial Avenue, Kraaifontein	57 000 000	Industrial
Cnr Istope and Bridge Street, Bellville	30 000 000	Industrial
Burgundy Estate, Centurion	30 000 522	Residential
252 Montrose Avenue, Randburg	34 183 767	Residential
Erf 8383 Milnerton, Cape Town	15 000 000	Storage
121 Intersite Avenue, Umgeni Business Park, Durban	28 000 000	Industrial
144 Kuschke Street, Meadowdale, Germiston	10 500 000	Industrial
Stellenbosch Square	115 000 000	Retail
Erf 84/85/86 Shakas Head, Durban	50 800 000	Industrial
121 Malacca Rd - Red Hill	23 500 000	Industrial
Kempton Corner, Kempton Park	108 323 684	Retail
<b>Total</b>	<b>896 507 973</b>	

**GRAND TOTAL 1 404 473 948**

**Total divestments represent sales at an average 3.45% discount to last valuation**

# Enablers and Portfolio Focus



**COO & Head of Corporate Finance fully transitioned into roles, Group Manager Finance appointed, Additional Retail Leasing Consultant appointed, permanent Company Secretary appointed**

# Enablers and Portfolio Focus

## Enablers:

Human Capital  
Development

Operational  
Optimisation

Financial  
Sustainability

Execution  
Discipline

## Portfolio focus:

Convenience  
Retail

Quality Industrial  
Property Portfolio

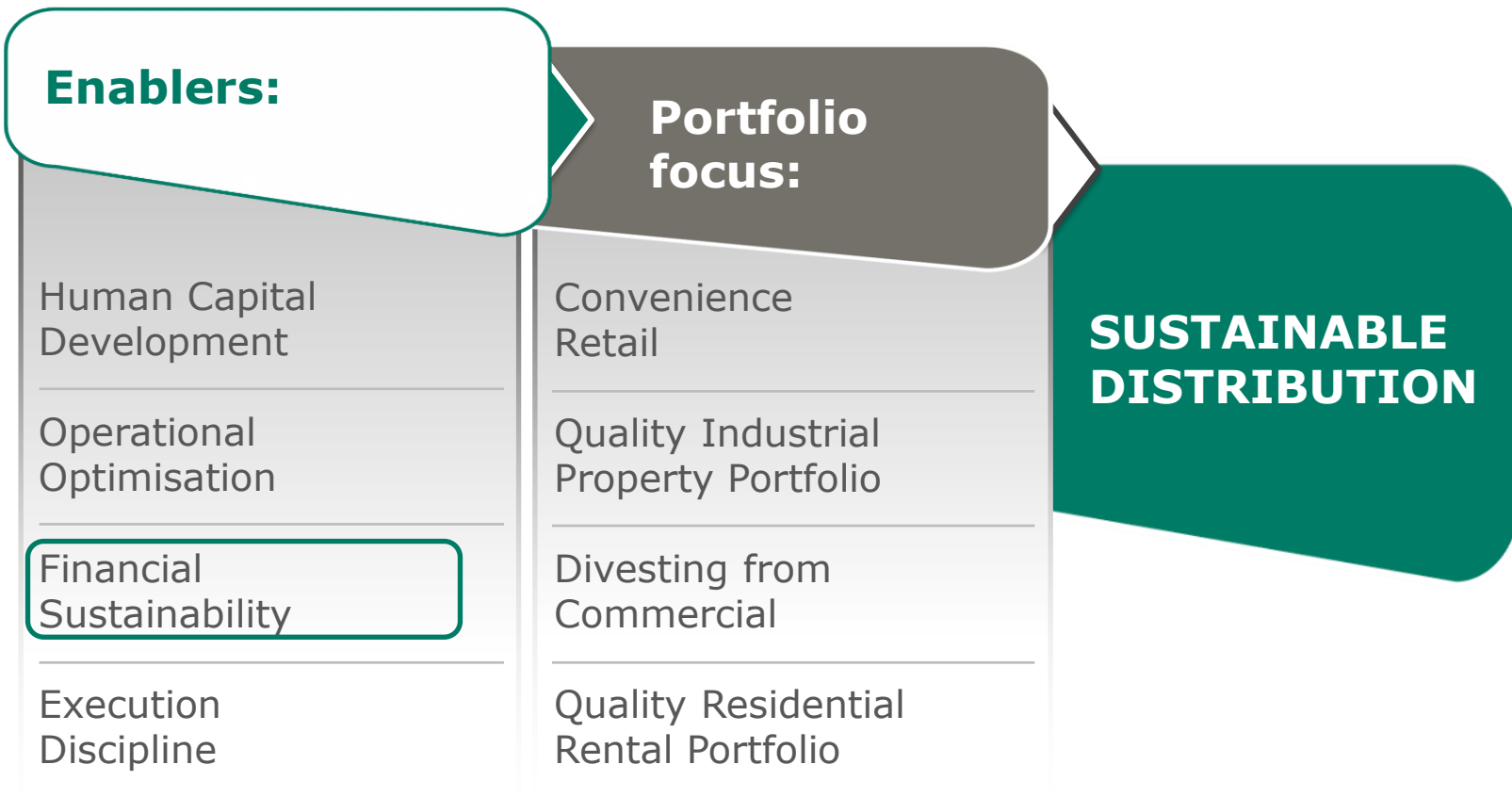
Divesting from  
Commercial

Quality Residential  
Rental Portfolio

**SUSTAINABLE  
DISTRIBUTION**

**Filling vacancy & collections focus**

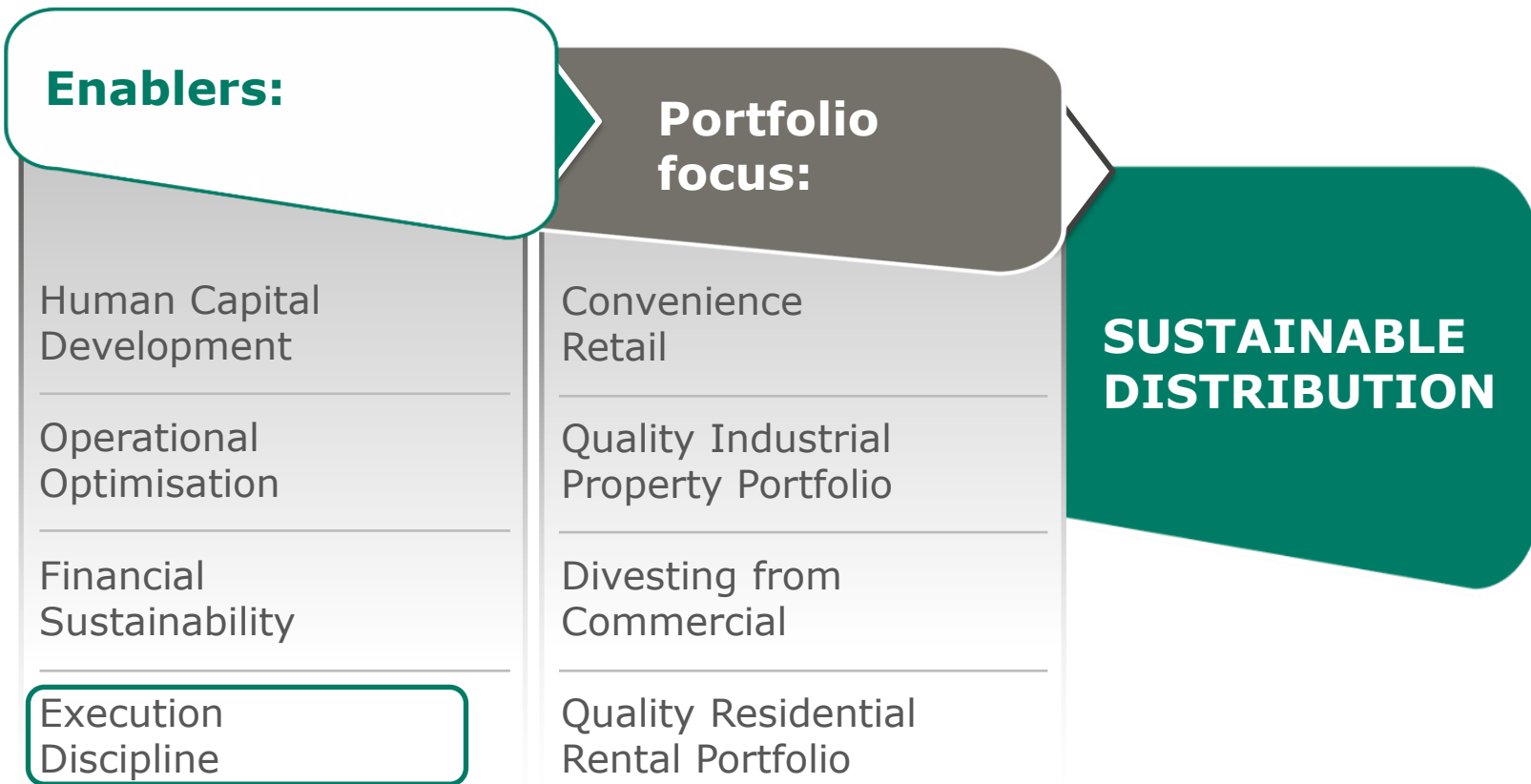
# Enablers and Portfolio Focus



**In excess of R1 billion of disposal proceeds to be deployed to strengthen balance sheet**

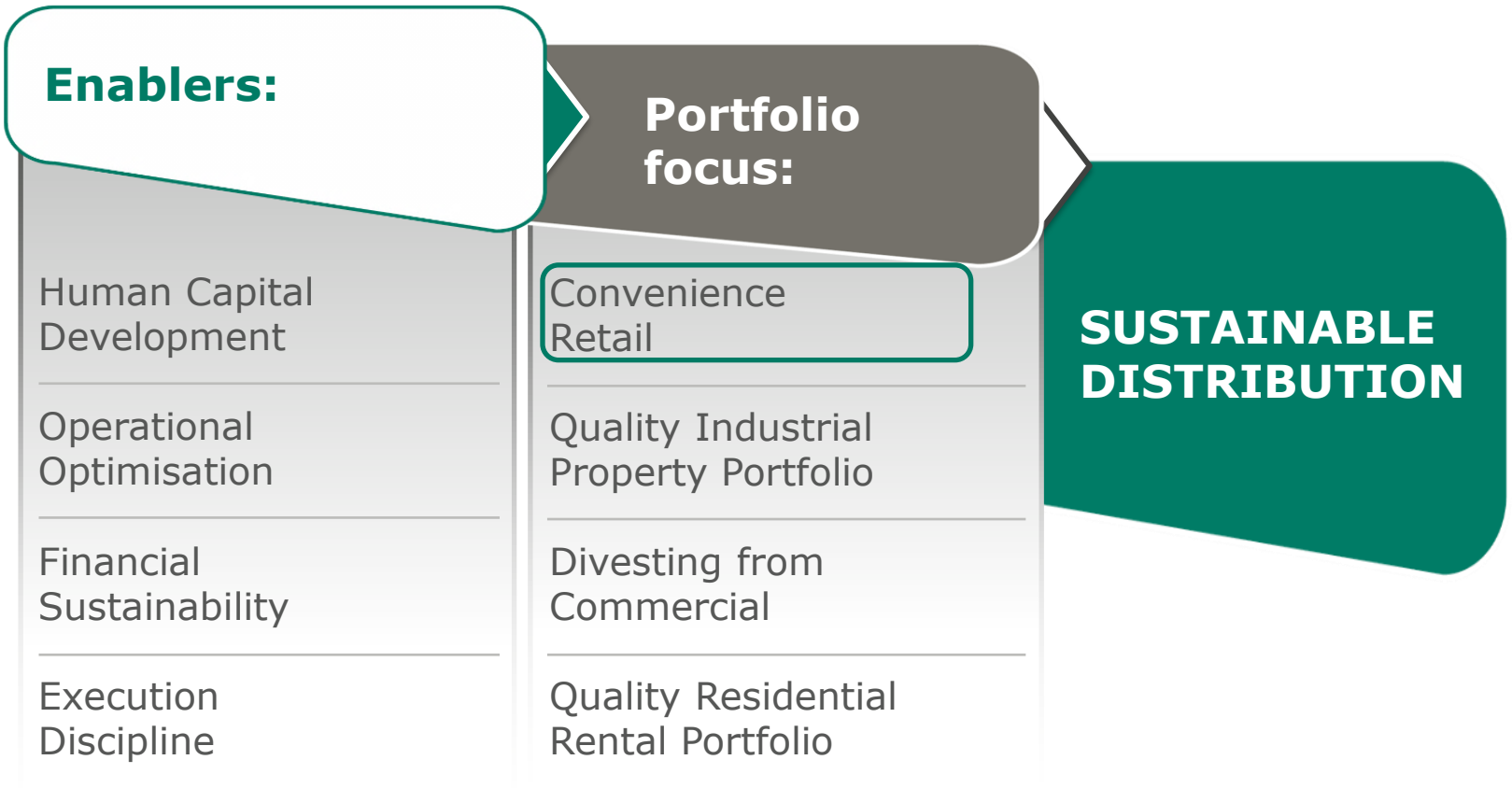


# Enablers and Portfolio Focus



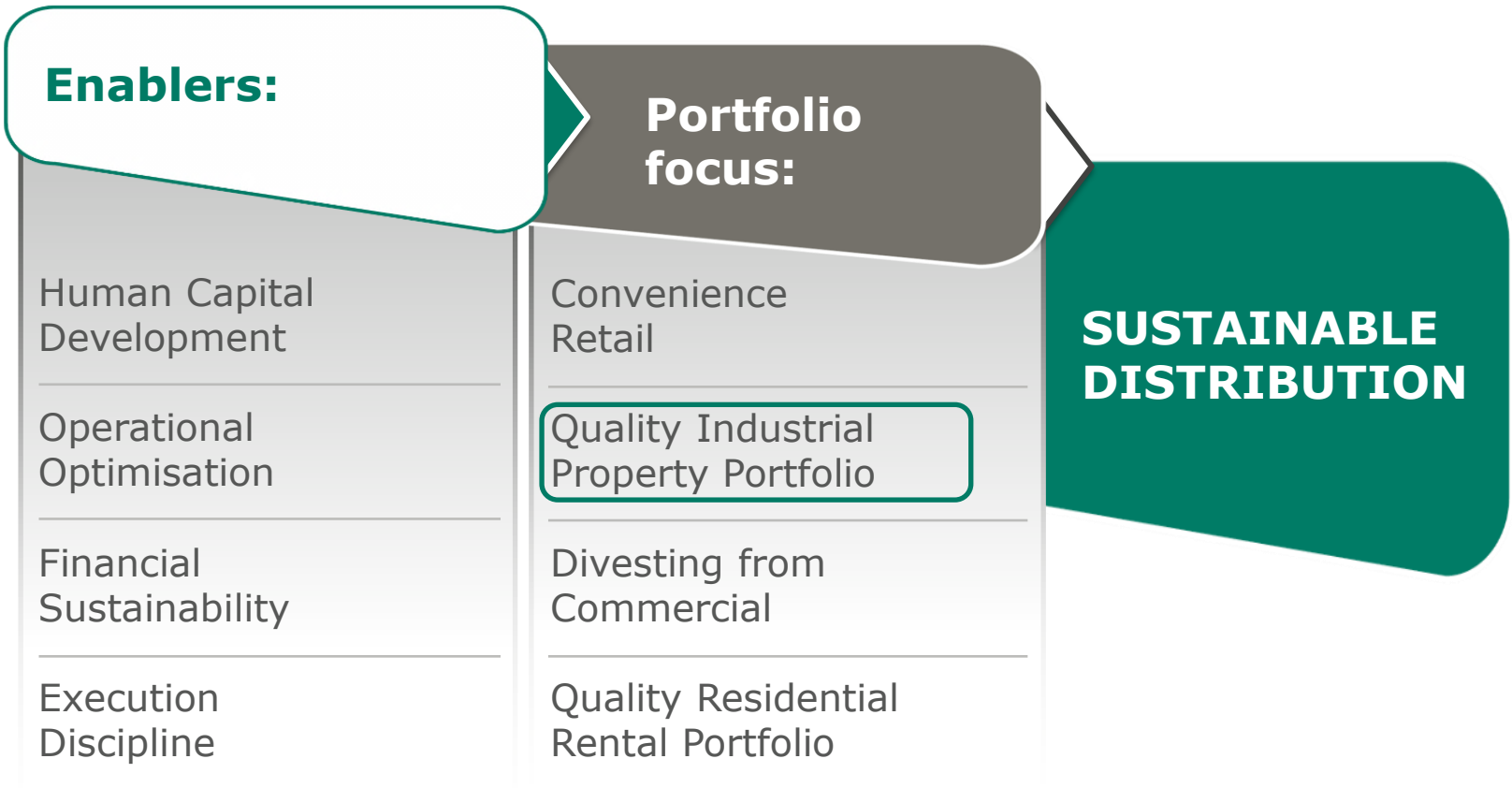
**Leasing and divestment activity-based measure metrics ahead of target**

# Enablers and Portfolio Focus



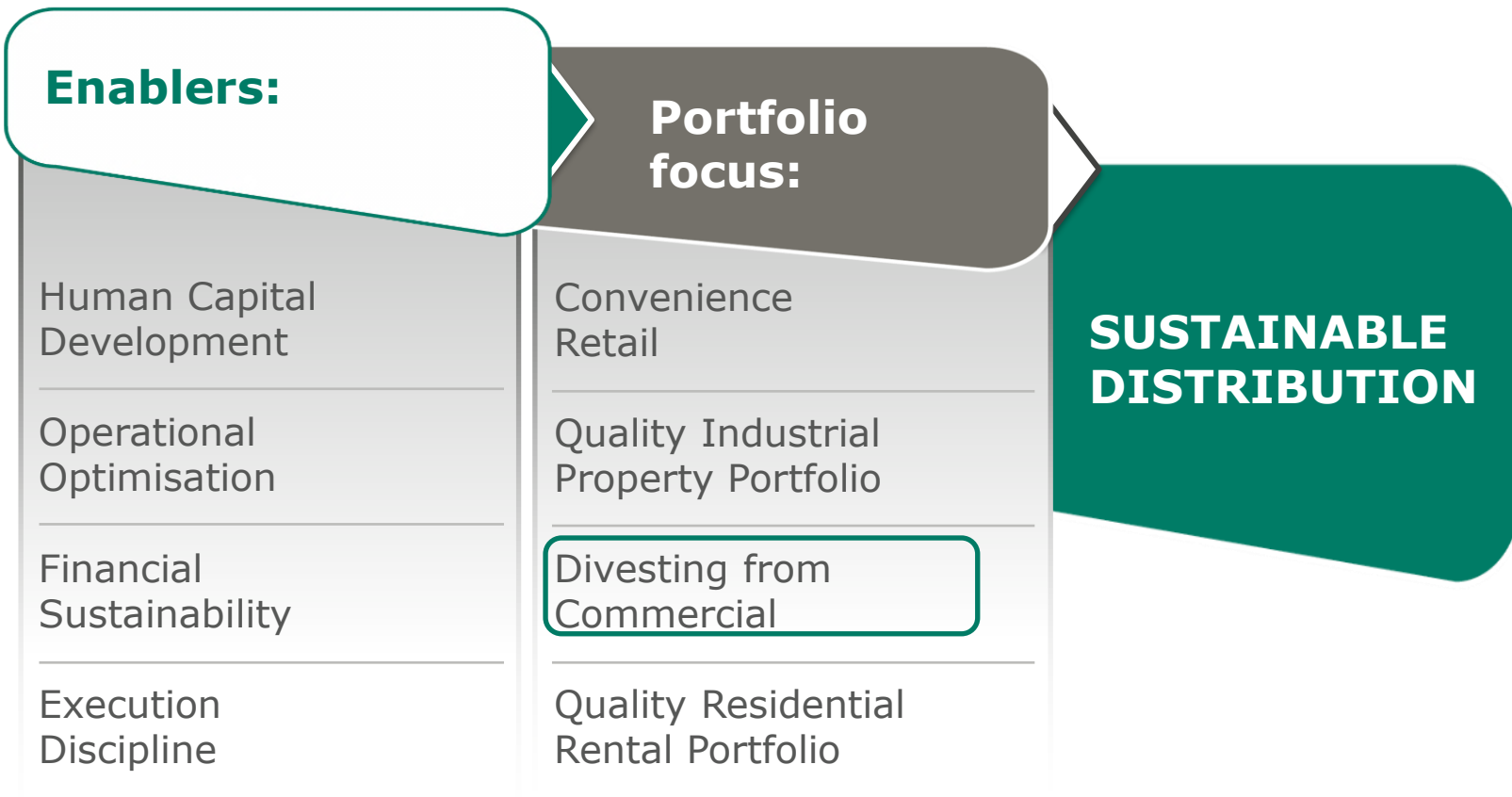
**FLM & Dischem @ Musgrave, Clicks @ Bluff & Davenport, Dischem @ Springfield in process, specialist food being targeted @ Morning Glen, Northpark Mall & Montana.**

# Enablers and Portfolio Focus



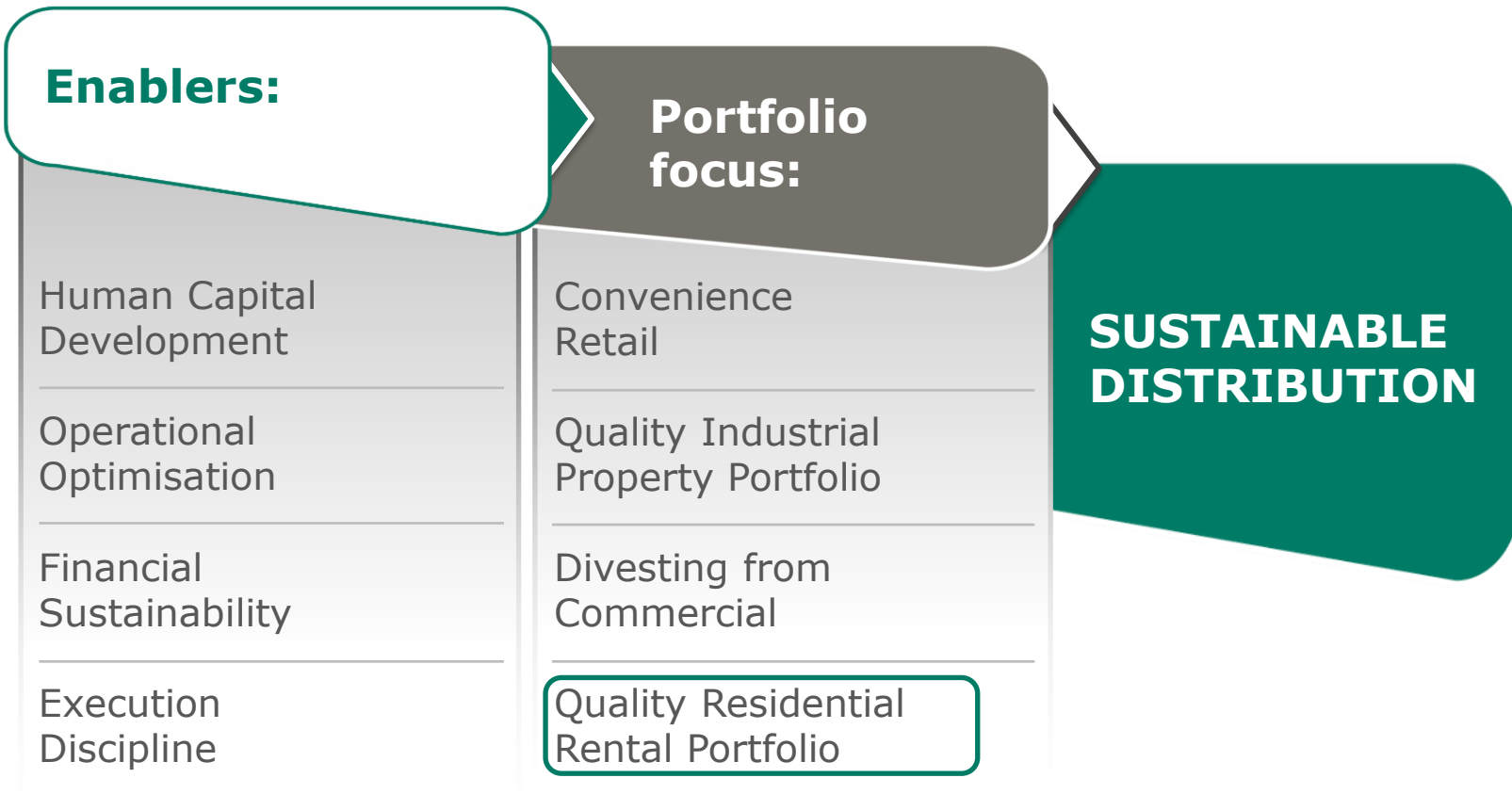
**Eveready tenant risk divested, leasehold exposure largely extinguished & 8 smaller properties of average 3 400sqm with poor logistics characteristics sold**

# Enablers and Portfolio Focus



**Focus on vacancy reduction to prepare for sale in improved market conditions**

# Enablers and Portfolio Focus



**2 081 new leases signed between July 2020 and November 2020; 2020 sales of R113,3m with R29.8m transferred at an average exit yield of 8.05%**



# Thank You