



SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | OFFICE | RESIDENTIAL | REST OF AFRICA



SA Corporate Pre close Update Presentation

24 June 2022



AGENDA



- LFL NPI Portfolio Performance
- Traditional Portfolio Performance
- Industrial Expiries
- Afhco Portfolio Performance
- Afhco Residential Leasing Performance
- Zambian Portfolio Performance
- Debt Refinancing & Hedging
- Strategy Update:
 - Financial Sustainability
 - Convenience Oriented Retail Portfolio
 - Quality Industrial Property Portfolio
 - Quality Residential Rental Portfolio
 - Divesting from Commercial
- Q & A

LFL NPI Portfolio Performance Forecast

Sector	Anticipated H1 22 LFL NPI Growth	Commentary
Industrial	Flat	4 000m ² went vacant during period, but re-let before 30 June 2022.
Retail	2.5%	R5.7 million electricity expense credit and R3.7 million rates credit in H1-2021. Excluding this base effect, the Retail LFL NPI growth is anticipated to be 6.6%.
Office	-24.1%	2 971m ² went vacant of which 1 726m ² will be repurposed for storage, and negative reversions persist.
Afhco	14.2%	Reduction of vacancies and reinstatement of tenant base distressed due to pandemic.
Total	4.3%	Excluding the Retail H1-2021 base effect, the LFL NPI growth is anticipated to be 6.2%.

Traditional Portfolio Performance Forecast

Sector	Vacancy 31-Dec-21	Anticipated Vacancy 30-Jun-22	Comments
Industrial	0.7%	0.7%	Proactive leasing to retain tenants.
Retail	4.6%	3.5%	Vacancy reduced at Umlazi Mega City, Bluff Towers and Hayfields Mall.
Office	18.9%	22.8%	Increased vacancy at Green Park Corner and Musgrave Centre offices.
Sector	Retention Rate 31-Dec-21	Anticipated Retention Rate 30-Jun-22	Comments
Industrial	93.9%	100.0%	Retained tenants at 10 properties.
Retail	75.9%	90.2%	Improved trading conditions and investment in the retail portfolio has resulted in improved tenant retention. Trading density YTD growth of 5.3%.
Office	68.7%	48.4%	Tshedza filming crew vacated at Green Park Corner.
Sector	Renewal Reversion 31-Dec-21	Anticipated Renewal Reversion 30-Jun-22	Comments
Industrial	-7.0%	-5.4%	Excluding substantial negative reversion of over-let lease of 2 947m ² in Jet Park to market at R65/m ² gross, reversions were relatively flat.
Retail	-8.0%	-0.1%	Minimal impact of the COVID-19 pandemic enabling improved landlord negotiating position.
Office	-20.5%	-24.6%	Reversion at Green Park Corner, albeit higher than current market at R197/m ² gross.

Industrial Expiries

	Expiry 2022 H1		Renewal Progress YTD		Renewal Progress 2022 H1 Forecast	
	Extent	% of Portfolio GLA	% Renewed	Reversion	% Renewed	Reversion
Total	31 439m ²	7.08%	70.49%	-5.15%	100.00%	-5.38%
Gauteng	16 239m ²	5.10%	77.99%	-8.35%	100.00%	-8.35%
Kwa-Zulu Natal	15 200m ²	12.11%	62.47%	0.0%	100.00%	-2.75%
Western Cape*	-	-	-	-	-	-

*Early renewal of Western Cape property addressed in slide 12.

Afhco Portfolio Performance Forecast

Sector	Vacancy 31-Dec-21	Anticipated Vacancy 30-Jun-22	Comments
Residential	8.5%	4.8%	Targeted occupancy achieved supported by marketing and promotional efforts in an improving market.
Retail	5.8%	5.4%	Marginal improvement attributed to strong demand for quality spaces.

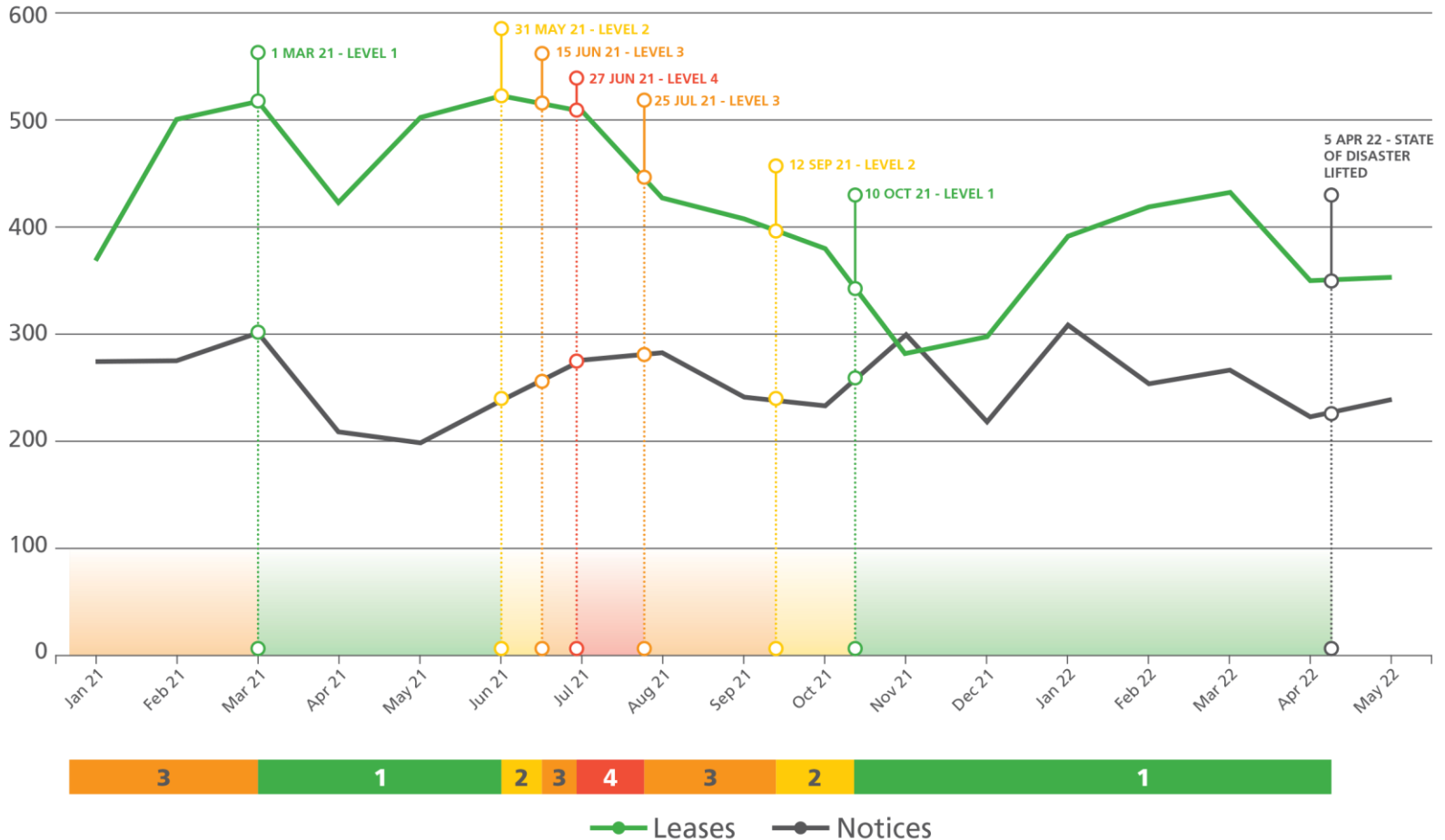
Sector	Rental Increase on Expiring Leases 31-Dec-21	Anticipated Rental Increase 30-Jun-22	Comments
Residential	0.5%	1.6%	Improvement in rental growth expected to continue on the back of rentals reduced during lockdown and improved trading conditions – (Renewals = +2.15%; New tenancy = -0.7%)

Sector	Retention Rate 31-Dec-21	Anticipated Retention Rate 30-Jun-22	Comments
Retail	46.4%	47.1%	Significant proportion of expiring leases of average 65m ² with traders replaced with new tenants.

Sector	Renewal Reversion 31-Dec-21	Anticipated Renewal Reversion 30-Jun-22	Comments
Retail	-4.1%	-7.6%	Renewal of premises averaging 64m ² with an average rental of R339/m ² were renewed at a negative reversion of 16.0%. The remainder of the retail portfolio was renewed at positive 4.9%.

Afhco Residential Leasing Performance

Monthly leases & notices



Zambia Portfolio Performance Forecast

Sector	Vacancy 31-Dec-21	Anticipated Vacancy 30-Jun-22	Comments
East Park Mall	9.4%	3.6%	Vacancy reduced as a result of 1 125m ² space let to a multi-national fashion retailer. Newly built Phase 5 and 6 of the mall are > 95% tenanted.
Acacia Office Park	14.8%	14.8%	In negotiations to secure tenancy for substantial portion of vacancy.
Jacaranda Mall	19.8%	15.0%	Vacancy reduced due to 1 255m ² of space let to convenience retail stores.

Sector	Retention Rate 31-Dec-21	Anticipated Retention Rate 30-Jun-22	Comments
East Park Mall	100.0%	100.0%	There are no lease expiries in the current period. A significant portion of long-term leases were concluded in the prior financial period.
Acacia Office Park	100.0%	100.0%	
Jacaranda Mall	36.0%	100.0%	

Sector	Renewal Reversion 31-Dec-21	Anticipated Renewal Reversion 30-Jun-22	Comments
East Park Mall	0.1%	0.0%	Owing to there being no expiries in the current period, there were no renewals.
Acacia Office Park	0.0%	0.0%	
Jacaranda Mall	-8.2%	0.0%	

Debt Refinancing & Hedging

R3.8 billion Debt Refinancing

- Offer to refinance oversubscribed.
- Indicative pricing:
 - 3 Year: 3-month JIBAR + 165bps to 175bps
 - 4 Year: 3-month JIBAR + 175bps to 185bps
 - 5 Year: 3-month JIBAR + 185bps to 195bps
- *Circa* R1.5 billion sustainability linked with solar PV and residential amenity KPIs.

Increased Hedging

- R350 million 3 Year swap to ensure hedging is >70%.

Strategy Update

Strategic Focus

Financial Sustainability

- **YTD collections:**
Retail: 96.3%; Industrial: 94.1%; Commercial: 89.7%;
Afhco(excl. Student Accommodation): 99.5%
- **SASRIA Claim:** Received to date = R183.1 million with confirmation received of a further R43.4 million to be paid. Anticipated final settlement for the entire loss of *circa* R390 million expected in the next two months.
- **Debt refinancing (see previous slide).**
- **Maintain hedging (see previous slide).**
- **Capital Management:**

2022 Disposal Pipeline	R1.1 billion
Previously Contracted	R962.3 million
Transferred	R126.4 million
Unconditional	R653.3 million
Conditional	R182.6 million
Newly Contracted in 2022	R137.0 million
Transferred	R1.3 million
Unconditional	R75.7 million
Conditional	R60.0 million

Anticipate Loan to value (“LTV”) ratio on 30 June 2022 to be at a similar level to 31 December 2021 with 2021 YE advanced funding from SASRIA to be set-off by disposal proceeds.

Strategy Update

Strategic Focus

Convenience Oriented Retail Portfolio

2022 H1 Leasing	36 891m²
Renewals	26 833m ²
Vacancy	10 058m ²
Major Leasing Categories	28 421m²
Grocers	9 937m ²
Apparel & Shoes	9 432m ²
Homeware, Furniture & Interior	2 704m ²
Hardware	2 373m ²
Food Specialty	2 320m ²
Pharmacy	1 655m ²

- Negotiations with Woolworths for Coachmans Crossing upgrade.
- Expanded convenience offer at Musgrave Centre.
- Lifestyle attractions at Morning Glen.

Strategy Update

Strategic Focus

Quality Industrial Property Portfolio

Portfolio Refinement Through Disposals

- 18 051m² warehouse in Denver sold due to crime in node and high renewal risk.
- Filling station in Jet Park with low litreage.

Strengthening Tenant Covenant

- Early 5-year renewal (>6-year lease expiry) of 17 408m² RTT distribution centre. Negative 16.6% reversion but at market related net rental of R64.39/m².

Improving Environmental Sustainability

- Procured 1 010kWp solar PV installations for Industrial portfolio.
- Further pipeline of 500kWp solar PV being designed for Industrial portfolio.

Strategy Update

Strategic Focus

Quality Residential Portfolio

Reinstating Robust Tenant Base

- Vacancy reduced to 4.8%.
- 688 tenants in distress vacated since 1 January 2021.

Refining Portfolio Through Disposals

- First tranche of Firstmile SPA transactions implementation imminent.
- 86 apartment sales to the value of R33.6 million since 1 January 2022.

Lifestyle Amenities

- Davies Street pedestrianisation and urban landscaping in End Street Precinct approved by Council to be completed in 4th quarter of 2022.
- South Hills courtyard landscaping in progress for completion in 3rd quarter of 2022 and enhanced sports facilities being planned.
- North Park Mall mixed use redevelopment: offices converted to residential apartments (133 for social housing rental and 123 for sale) completed; complemented by convenience retail tenant mix anchored by OBC to commence trading in September 2022.

Strategy Update

Strategic Focus

Divesting from Commercial

- Sale of 31 Allen Drive, Belville, contracted.
- Partial repurposing of Nobel Street, Bloemfontein, for Storage design being finalised.
- Preparing Green Park Corner for sale.
 - Enhanced amenities being planned and costed.
 - 1 182m² renewed and 675m² vacant space let.
 - Dividing areas for smaller lets.
- Musgrave Centre office space of 6 224m² to be converted to residential apartments for sale through partnership with developer.
 - Sectional title being established.
 - Developer partnership RFP being prepared.
- Davenport Square office space of 1 920m² to be converted to discount retail with improved access and visibility.



Q & A