

SOUTH AFRICAN LISTED PROPERTY REPORT SEPTEMBER 2019



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SA LISTED PROPERTY REPORT

The SA Listed Property Index (SAPY) and the All Property Index (ALPI) recorded total returns of 0.30% and 1.47% respectively for the month ended September 2019, with the historic yield of the SAPY ending the month at 9.77%. The yield-to-maturity (YTM) on the Long-Term South African government bond (RLRS) de-rated by 9bps, ending the month at 8.90% (8.81% - 30 August 2019).

Asset Class	MTD	YTD	12 Months
SA Listed Property ¹	0.30%	1.34%	-2.70%
All Property Index ²	1.47%	-1.54%	-7.66%
Equities ³	0.19%	7.08%	1.86%
Cash ⁴	0.59%	5.45%	7.38%
Bonds ⁵	0.53%	8.44%	11.48%

Source: Catalyst Fund Managers, RMB Credit Research

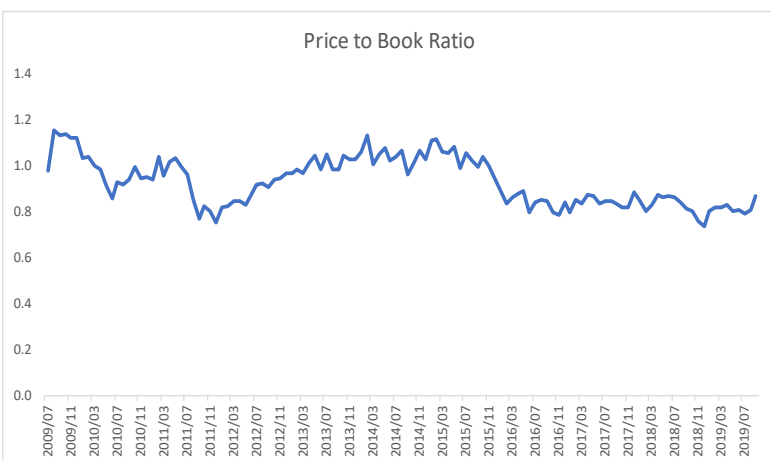
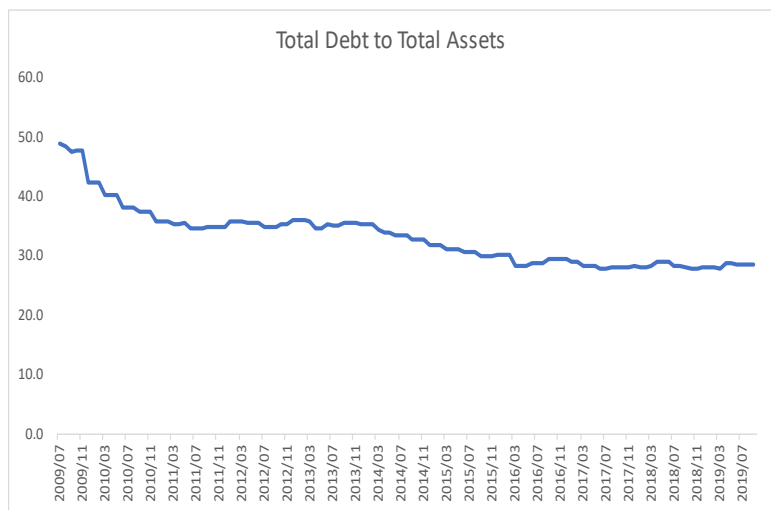
Note: 1 - SA Listed Property Index (J253T), 2 - All Property Index (J803T) 3 - All Share Index, 4 - Stefi, 5 - All Bond Index

On a YTD basis, SA Bonds were the outperformers with returns of 8.44%, followed by SA Equities (7.08%), SA Cash (5.45%) and SA Property (1.34%). The SA Listed Property (SAPY) and the All Property (ALPI) Indices continues to underperform other asset classes on a rolling 12-month period.

September was a busy month for the property sector, with several sector heavyweights reporting interim/final financial results, providing pre-close period updates, as well as local and offshore asset tours. We also attended the UK investor site tour which included Intu, Hammerson, Capital & Counties, Capital & Regional, RDI Reit assets and local site tours which included Hyprop, Vukile and Growthpoint assets.

With respect to the UK retail environment - the depreciation of the Pound, outdated business models, Brexit uncertainty, consumer pressure and the prevalence of online shopping, have all negatively impacted both trading and sentiment towards UK retail assets. Due to these structural and cyclical changes, the UK retail environment is overwhelmingly negative as the market tries to ascertain a sustainable rental for a given asset and what the true value of a particular asset is, resulting in retail investment volumes falling significantly. A key theme prevalent in the retail sector both locally and offshore is the need to consistently invest in your retail assets in order to attract the best tenants with their flagship offering especially in an environment of oversupply and high mobility of consumers who are spoilt for choice.

The NAV and debt pressures facing Intu, Hammerson, Capital & Counties and Capital & Regional are well publicized however below we highlight that the circumstances surrounding these companies cannot be used as a reference for the broader listed UK property market. While the UK real estate market is trading at a discount to its underlying NAV, we highlight the discount of 13% as at the end of September 2019 is materially different from the discount to NAV of between 25% to 80% that is applied to the companies mentioned above. The asset valuation declines in the UK retail sector have resulted in a higher debt to assets ratio for these companies however the broader UK market has not seen a material change in its aggregate debt to assets ratio.



* Source : Catalyst Fund Manager, Bloomberg
Data: FTSE EPRA/NAREIT UK Reits Index

Another key consideration facing the sector is the requirement to spend the necessary capital expenditure to maintain their respective portfolios and the optimal way in which to fund the expenditure. A potential change to the historical 100% dividend pay-out ratio is being touted as a solution to fund this capital expenditure, especially, in an environment where asset values are likely to remain static.

Whilst there are tax implications to consider; should this be overcome, then this will allow the sector to fund its necessary capital expenditure without increasing debt levels or issuing new equity at a discount to net asset value in the current environment.

Despite the weak outlook for local property fundamentals & downward revisions to earnings growth over the medium term, should dividends remain intact and growth return over the medium to long term, SA listed real estate remains attractively priced. On average, SA centric companies are trading at forward yields above the long-term South African Government Bond proxy (RLRS).



IMDAAD NANA
INVESTMENT ANALYST

SECTOR SNAPSHOT

RSA LONG TERM GUILT (RLRS) 8.90%

SHARE	MARKET CAPITALISATION	CLOSE	HISTORIC ROLLED YIELD (SAPY)	NTAV	PREMIUM OR DISCOUNT OF CLEAN PRICE TO NTAV	DEBT %
COMBINED MARKET CAP WEIGHTED INDEX	563 221 263 594		9.77%			
NEPI ROCK	77 764 253 860	13 274	7.2%	11 997	7.15%	32.5%
GROWTHPOINT	68 629 667 753	2 310	9.9%	2 539	-14.32%	36.4%
REDEFINE	45 360 624 511	783	13.1%	1 059	-21.59%	50.0%
HAMMERSON	40 475 628 639	5 282	8.2%	11 712	-55.28%	46.0%
CAPCO	37 513 222 612	4 393	1.6%	5 819	-24.60%	18.8%
RESILIENT	25 928 505 259	6 480	8.4%	6 830	-5.72%	26.9%
FORTRESS A	24 512 251 843	2 060	7.3%	1 977	4.05%	32.2%
VUKILE	18 168 305 932	1 900	10.0%	2 027	-8.84%	39.1%
GLOBE TRADE SA	17 479 984 392	3 600	3.0%	2 965	3.84%	48.0%
POLSKA PROP	16 887 810 331	1 860	10.8%	2 198	-19.72%	49.8%
HYPROP	15 824 516 869	6 184	12.5%	9 578	-39.71%	35.2%
SIRIUS	14 412 195 097	1 398	4.2%	1 236	12.04%	32.5%
MAS	11 700 323 635	1 820	8.5%	2 274	-23.02%	33.9%
INTUPLC	11 219 733 212	828	2.7%	3 917	-79.86%	57.6%
EQUITES	11 170 236 534	2 050	7.3%	1 667	20.11%	27.0%
INVESTEC PROP	10 602 590 299	1 440	10.4%	1 783	-21.80%	35.9%
FORTRESS B	10 325 902 123	946	16.4%	1 180	-20.08%	76.6%
ATTACQ	9 224 050 157	1 230	7.1%	2 216	-46.03%	37.0%
IAPF	8 752 677 113	1 575	6.4%	1 324	16.10%	38.1%
SA CORPORATE	8 047 591 020	318	13.9%	501	-40.73%	36.6%
RDI PLC	7 879 264 104	2 073	11.4%	3 812	-47.57%	48.5%
EMIRA	6 439 260 483	1 232	12.5%	1 791	-31.86%	51.7%
LIBERTY 2D	6 350 018 905	699	8.6%	959	-27.83%	16.0%
STENPROP	5 696 825 644	1 935	7.0%	2 630	-27.37%	44.2%
STOR-AGE	5 462 774 740	1 390	8.1%	1 170	16.53%	24.6%
GRIT REAL	5 132 133 586	1 675	11.9%	2 212	-29.09%	43.7%
HOSPITALITY-B	4 573 199 777	791	16.9%	1 777	-57.67%	16.0%
OCTODEC INV LTD	4 301 752 166	1 616	12.9%	2 916	-47.57%	38.3%
LIGHTHOUSE	3 671 476 891	802	6.9%	880	-11.00%	30.9%
ATLEAF	3 014 177 217	1 595	11.9%	1 921	-20.43%	44.8%
CAPREG	2 767 542 536	381	12.6%	970	-63.03%	52.0%
TRADEHOLD	2 678 802 343	1 025	17.2%	2 130	-57.66%	61.0%
DIPULA A	2 673 124 772	1 010	11.3%	971	0.53%	41.6%
FAIRVEST	2 076 975 900	204	11.5%	229	-15.80%	27.9%
SPEAR REIT	1 851 988 689	900	10.3%	1 212	-28.07%	39.0%
TOWER	1 799 613 129	530	14.3%	979	-42.26%	34.1%
ACCPROP	1 737 432 769	174	29.1%	784	-79.05%	39.0%
GEMPROP B	1 669 476 490	409	17.7%	804	-51.91%	35.2%
INDLU	1 581 442 988	460	16.9%	993	-56.08%	32.7%
SAFARI	1 429 799 674	460	10.7%	723	-37.97%	24.0%
BALWIN	1 416 577 776	300	9.9%	568	-48.66%	38.0%
TEXTON	1 241 020 328	330	23.1%	608	-51.97%	47.7%
DIPULA B	966 030 239	365	24.9%	971	-65.06%	71.0%
TRANSCEND	909 718 811	695	8.9%	977	-29.50%	47.6%
REBOSIS A	632 660 120	1 000	0.0%	2 065	-51.57%	57.1%
GEMPROP A	627 186 580	1 000	11.6%	959	0.48%	32.0%
DELPROP	428 537 831	60	119.5%	930	-95.26%	45.1%
REBOSIS	199 851 130	29	0.0%	954	-96.71%	57.1%

Data
Calculations and forecast estimates
Rolled yield
NTAV

IRESS unless stated otherwise

Catalyst Fund Managers

Time weighted current 12 month historic distribution divided by the clean price.

Net Asset Value adjusted for deferred tax and intangibles calc. as at the last reported period. Due to market movements and post balance sheet changes,

NAV reported may not be a true representation of actual NAV at month end.

Debt%

Balance sheet long term interest bearing debt / income earning property assets, adjusted for see-through debt where information provided calc. as at the last reported period.

INDIVIDUAL SHARE PERFORMANCE

Total Return	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	YTD
SA Listed Property Index (SAPY)	9.18%	-5.70%	-1.46%	3.17%	-0.87%	2.20%	-1.20%	-3.57%	0.30%	1.34%
All Property Index (ALPI)	8.39%	-4.75%	-1.92%	2.03%	-2.04%	1.54%	-2.60%	-3.06%	1.47%	-1.54%
TRANSCEND	0.00%	7.32%	14.23%	1.54%	-1.52%	3.08%	-2.99%	11.02%	0.72%	37.09%
IAPF	3.92%	-4.23%	2.01%	5.51%	7.63%	4.46%	0.77%	5.48%	3.62%	32.63%
SIRIUS	-0.55%	3.58%	6.83%	-0.91%	-1.93%	2.56%	-3.91%	13.34%	6.88%	27.67%
RESILIENT	13.35%	-4.77%	-7.19%	3.80%	3.87%	5.05%	-0.71%	2.32%	7.53%	23.98%
NEPI ROCK	11.01%	-5.64%	2.60%	1.69%	3.21%	5.16%	0.20%	3.72%	-1.30%	21.67%
PUTPROP	-0.87%	8.55%	11.11%	0.92%	0.00%	-0.18%	-1.46%	0.00%	0.93%	19.79%
LIGHTHOUSE	-0.37%	1.56%	-5.46%	5.19%	-1.40%	10.06%	-0.81%	6.37%	2.17%	17.70%
GLOBE TRADE CENTRE	0.00%	0.00%	0.00%	16.13%	0.00%	0.00%	0.00%	0.00%	0.00%	16.13%
STOR-AGE	6.00%	-0.38%	-2.20%	4.57%	2.67%	3.54%	-4.94%	0.23%	5.70%	15.62%
FORTRESS-A	6.14%	-2.22%	0.99%	4.96%	3.53%	7.47%	-0.42%	-1.12%	1.06%	15.24%
STENPROP	10.40%	7.23%	-2.25%	4.45%	-2.86%	-3.57%	-2.61%	3.23%	-0.77%	12.96%
GEMPROP A	-0.21%	4.93%	-3.06%	5.26%	2.50%	0.93%	0.51%	1.52%	0.00%	12.78%
DIPULA-A	9.47%	6.92%	-3.78%	2.71%	0.00%	-1.74%	2.34%	0.10%	-3.81%	12.01%
SCHROEDERS	-1.76%	1.55%	3.84%	6.54%	-4.35%	-3.54%	-2.14%	8.70%	1.90%	10.37%
INVESTEC PROPERTY FUND	12.73%	0.00%	-3.55%	6.35%	-1.89%	3.02%	-2.09%	-3.40%	-0.48%	10.01%
EQUITES	5.89%	-2.05%	-2.84%	4.56%	2.46%	6.24%	-4.57%	3.42%	-3.16%	9.63%
LIBERTY 2D	6.66%	-6.38%	-1.84%	9.02%	-3.45%	1.00%	1.70%	1.68%	-0.14%	7.60%
TRADEHOLD	3.48%	20.19%	-5.36%	-7.02%	-7.64%	23.89%	-4.25%	0.00%	-10.87%	6.89%
BALWIN	-13.71%	-6.20%	6.61%	10.85%	-3.85%	14.84%	-3.33%	-3.45%	7.14%	5.62%
SAFARI	9.78%	-14.85%	8.84%	-0.64%	0.00%	-9.68%	32.73%	-14.93%	2.22%	5.38%
CAPCO	3.71%	7.49%	-3.16%	-0.71%	-11.77%	-3.36%	-11.67%	11.90%	15.57%	4.41%
HERIOT	0.00%	0.00%	3.72%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.72%
GROWTHPOINT	11.46%	-5.97%	0.00%	6.39%	-2.77%	0.37%	-1.73%	-3.60%	0.43%	3.52%
POLSKA PROP	-0.48%	0.00%	4.45%	-0.96%	-0.54%	9.89%	-2.37%	-5.27%	-0.53%	3.51%
SA CORPORATE	11.61%	-2.40%	-0.55%	3.51%	-17.75%	6.85%	12.18%	-8.29%	-0.93%	0.45%
VUKILE	5.26%	-4.19%	-0.60%	2.75%	0.73%	-2.41%	-1.62%	-0.85%	1.50%	0.25%
OCTODEC	16.24%	2.21%	-5.36%	4.42%	-6.12%	3.08%	1.36%	-14.64%	1.51%	-0.21%
ATLEAF	0.59%	2.94%	0.00%	5.43%	4.13%	-1.64%	-7.50%	-6.85%	2.84%	-0.92%
FAIRVEST	-3.21%	6.64%	-6.67%	-0.15%	-2.50%	1.54%	0.00%	-6.57%	10.27%	-1.89%
TOWER	3.06%	-4.54%	1.13%	1.72%	1.69%	0.00%	-1.67%	-5.08%	1.28%	-2.70%
SPEAR REIT	0.00%	7.69%	-7.05%	2.36%	1.80%	5.75%	-3.79%	-7.07%	-2.17%	-3.52%
HOSPITALITY-B	8.57%	1.05%	2.19%	4.99%	1.94%	-4.65%	-3.19%	-2.31%	-11.02%	-3.72%
EXEMPLAR	0.00%	-3.85%	-3.00%	2.99%	-5.01%	4.72%	4.85%	-5.03%	0.00%	-4.85%
HAMMERSON	8.19%	6.96%	-6.81%	-4.90%	-17.52%	-0.70%	-24.57%	17.02%	26.18%	-5.51%
EMIRA	6.76%	-4.87%	-3.34%	2.97%	-3.16%	0.15%	-3.04%	-4.11%	2.33%	-6.74%
GRIT REAL	6.13%	-2.76%	4.36%	-2.26%	2.37%	-7.46%	8.33%	-10.26%	-4.29%	-7.20%
MAS	4.91%	1.93%	-3.40%	3.81%	-8.37%	3.21%	-3.35%	-21.04%	14.11%	-11.69%
INGENUITY	-0.83%	-3.36%	0.00%	-0.87%	-0.88%	-11.50%	2.00%	2.94%	-0.95%	-13.33%
ARROWHEAD A	13.18%	-9.01%	-9.66%	6.42%	-7.79%	3.05%	2.01%	-10.39%	0.63%	-13.47%
ATTACQ	7.86%	-1.13%	-6.18%	-2.44%	-7.21%	1.00%	-1.68%	-14.73%	11.82%	-14.24%
REDEFINE	9.10%	-7.96%	-0.10%	1.55%	-3.00%	-0.33%	-2.65%	-10.80%	-0.25%	-14.70%
RI PLC	6.59%	-5.45%	10.38%	-16.90%	-15.47%	-0.42%	-3.85%	0.37%	10.15%	-17.28%
HYPROP	10.43%	-13.90%	-4.37%	-0.68%	1.04%	-1.22%	-0.31%	-5.51%	-6.03%	-20.22%
FORTRESS-B	6.97%	-10.38%	-16.91%	0.74%	8.84%	2.20%	-3.97%	-7.16%	-5.13%	-24.51%
TEXTON	4.38%	-10.00%	-3.30%	15.50%	-9.31%	-6.92%	-5.13%	-13.51%	3.12%	-25.05%
GEMPROP B	-0.17%	0.00%	-0.17%	-0.67%	-13.30%	-1.21%	-0.42%	-0.42%	-12.98%	-26.84%
INDLU	3.57%	0.00%	-6.34%	-0.59%	-11.56%	-12.84%	-7.22%	-6.67%	9.52%	-29.50%
CAPREG	-5.96%	12.48%	-16.89%	-7.60%	-27.78%	-20.00%	5.77%	-1.82%	41.11%	-31.23%
ACSION	0.00%	-45.45%	0.00%	0.00%	20.00%	-16.67%	0.00%	20.83%	0.00%	-34.09%
ACCPROP	19.09%	-15.78%	-16.92%	9.82%	5.96%	-1.88%	1.13%	0.00%	-41.02%	-43.24%
REBOSIS A	13.16%	-3.95%	1.65%	-8.29%	-16.88%	-5.63%	-3.97%	-5.86%	-26.74%	-47.37%
DIPULA-B	-0.40%	7.15%	-3.96%	-9.91%	-0.86%	-0.08%	-5.38%	-10.89%	-33.39%	-48.63%
INTUPROP	-3.45%	4.61%	-5.85%	-11.24%	-5.44%	-20.04%	-37.73%	-11.67%	11.59%	-60.83%
DELPROP	-5.11%	-41.22%	-30.28%	24.57%	-9.17%	9.13%	-8.50%	-39.89%	-45.45%	-85.60%
REBOSIS	3.72%	-28.32%	-10.50%	-27.37%	-31.54%	-29.21%	-11.11%	-39.29%	-14.71%	-89.22%
NEW FRONTIER	-44.00%	0.00%	0.00%	-43.00%	-37.34%	0.00%	-40.80%	0.00%	-91.89%	-99.04%

* During the month GEMGROW & ARROWHEAD merged therefore Individual Share Performance is not a true reflection of market movement in these shares.

Data

Calculations and forecast estimates

Suspended / Delisted / Not yet listed

INFORMATION SOURCE AND METHODOLOGY

Data IRESS unless stated otherwise

Calculations Catalyst Fund Managers



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