



SESFIKILE CAPITAL

Property Investments

FROM STRUGGLE TO STRENGTH THE SOUTH AFRICAN REAL ESTATE REVIVAL

SA Listed Property Presentation

May 2025

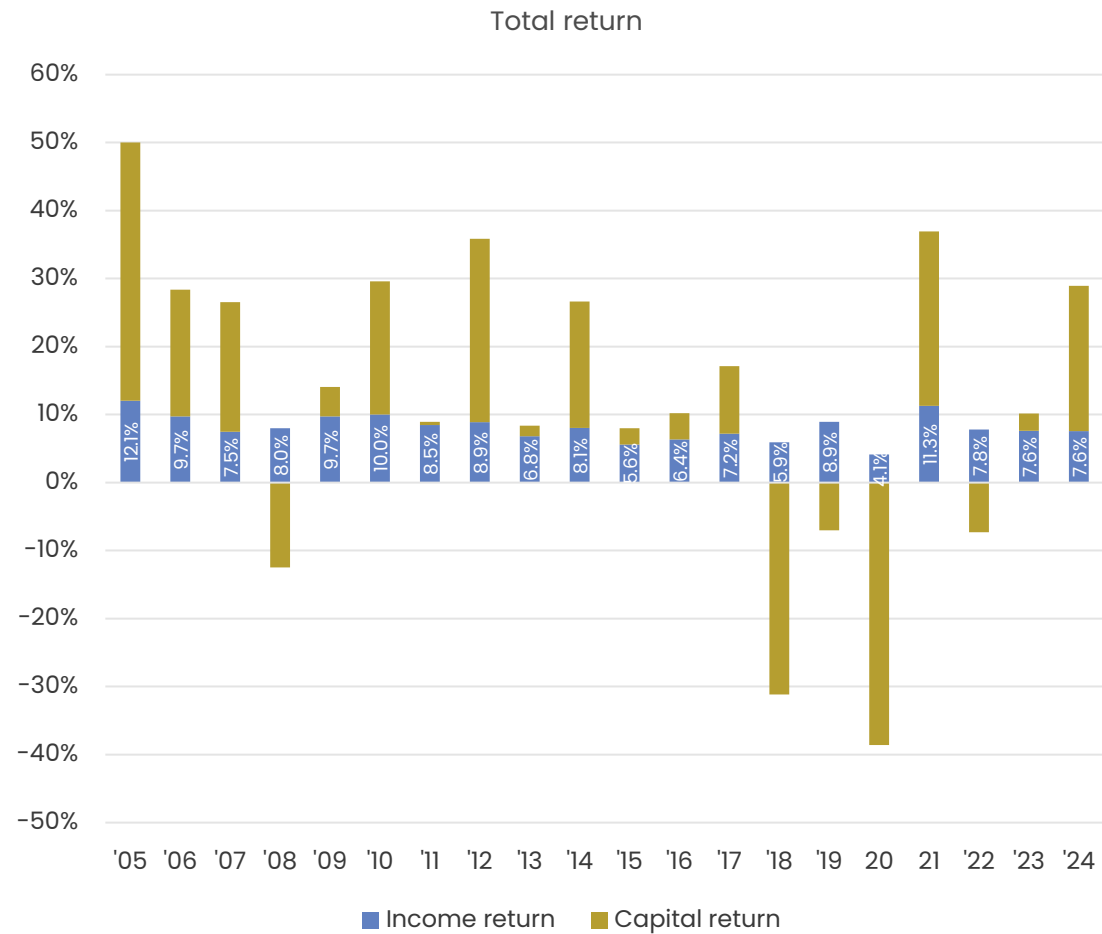
Evan Jankelowitz



SECTOR PERFORMANCE



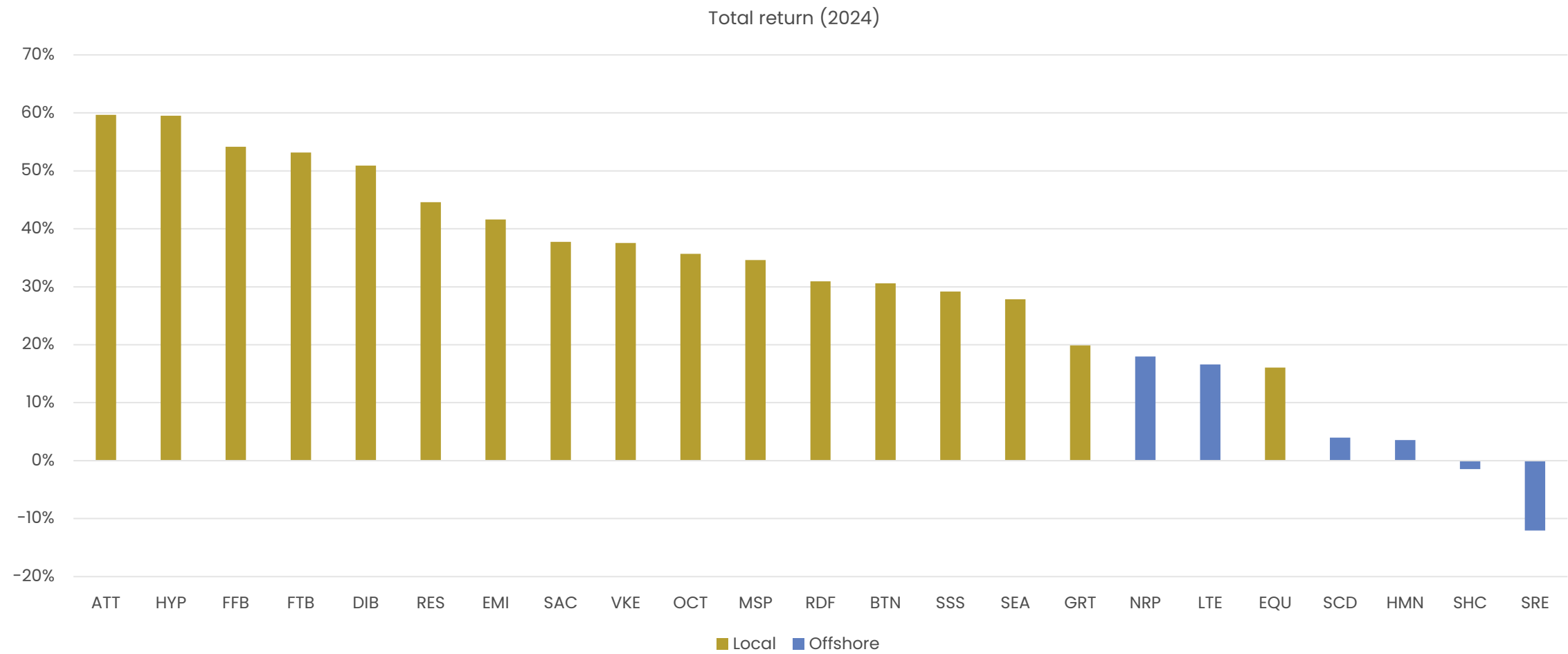
SA PROPERTY IS 45% DOWN FROM ITS PEAK AND IN LINE WITH 2011 VALUATIONS



SECTOR PERFORMANCE



SA PROPERTY STOCKS LEADING THE WAY



SA PROPERTY FUNDAMENTALS



RETAIL: TOOK A DIP IN COVID ONLY TO 'REBOUND BACK BETTER'

- Retail struggled post the Mbeki era as significant supply came to market as both the global and local economy pulled back.
- Traditional department store layouts were failing, while weaker legacy concepts became irrelevant.



ZARA H&M

COTTON:ON

FOREVER 21

Hamleys MANGO



FOURWAYS MALL

SANDTON CITY

CANAL WALK



MENLYN

EDGARS

STUTTAFORDS

DIONWIRED

SK GREAT MOMENTS AT THEIR GREATEST

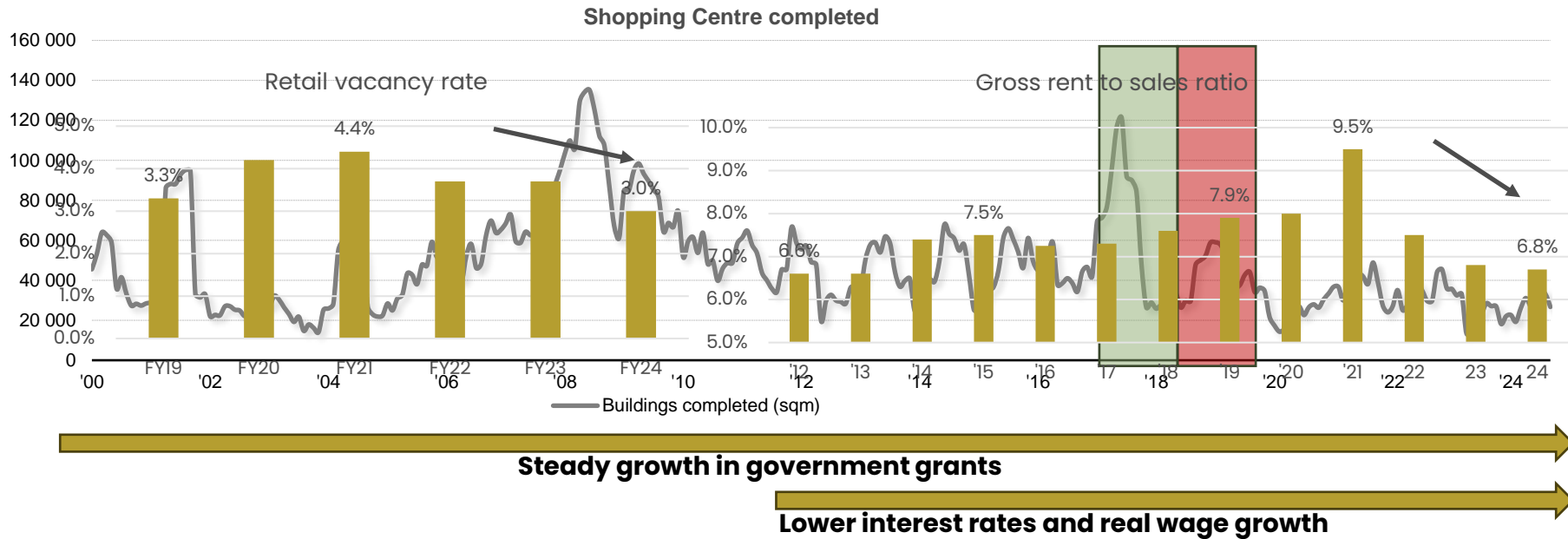
Pick n Pay

SA PROPERTY FUNDAMENTALS



RETAIL: TOOK A DIP IN COVID ONLY TO 'REBOUND BACK BETTER'

- A recovery was cut short as online retail gained momentum, which was extrapolated into Covid-19.



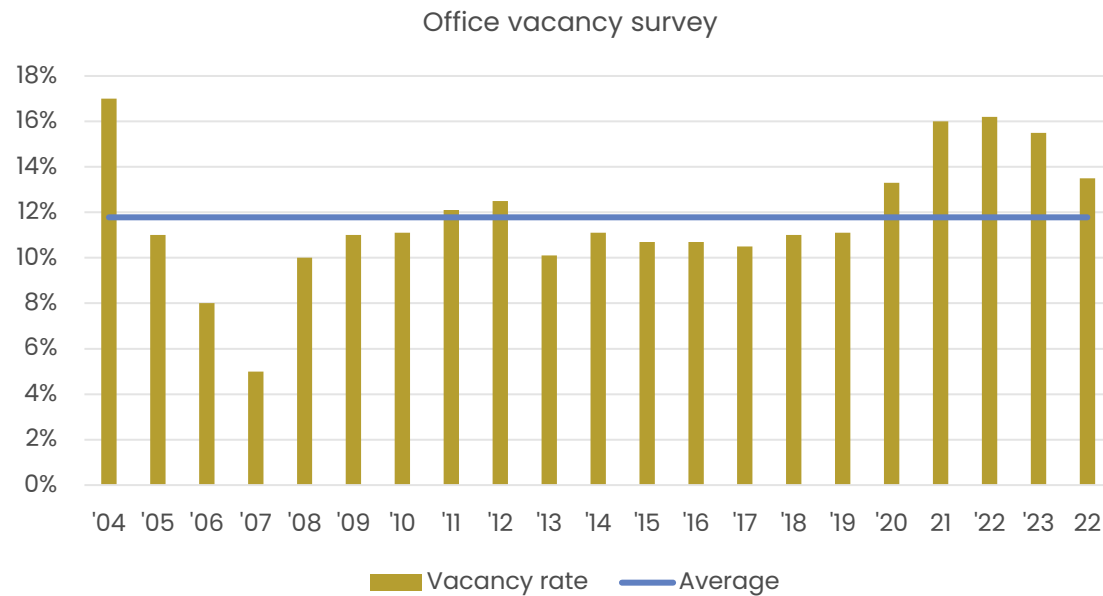
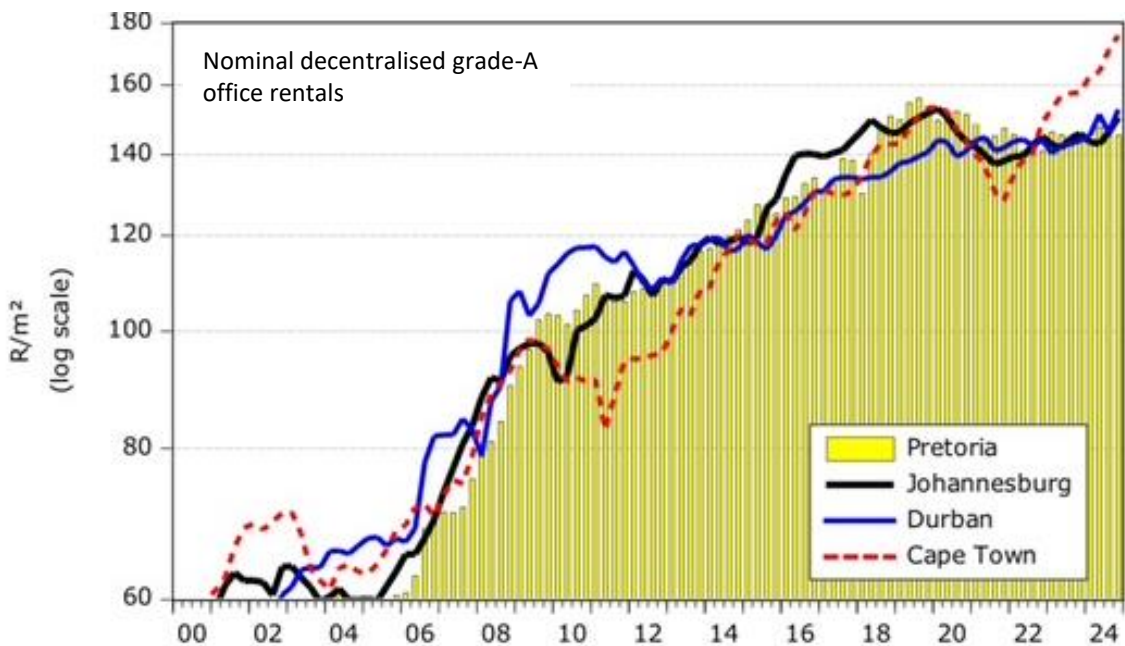
SA PROPERTY FUNDAMENTALS



OFFICE: STILL RELATIVELY UGLY BUT WITH A LITTLE LIPSTICK AS RENTALS GAIN MOMENTUM



- Long-term demand aligns with GDP...
- Coupled with structural changes in the form of flexible working models.
- But affordability has risen as rental levels have been stagnant for years.
- And aside from the W Cape, little to no new net supply.





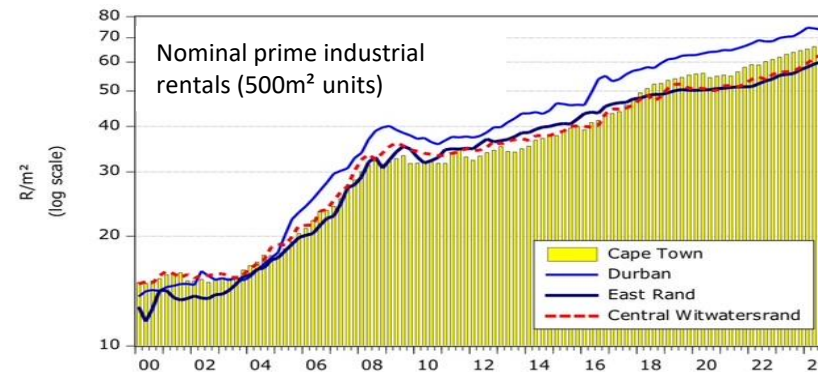
LOGISTICS: FROM LAGGARD TO LEADER

Laggard

- Threat of supply was high
- Listed market had strong cost of capital and the ability to build on spec
- Land was freely available and building costs were low
- Pre-online retailing boom
- Just-in-time prevalent

2008 'Equites' (pre-listing):

Build for national retailer at R38/sqm at 12%



Leader

- Building cost inflation limitation
- Cost of capital prohibitive
- Very little spec development
- Online penetration c6% - 7% and growing
- With globalization reversal Just-in-case is the new catch phrase

Current:

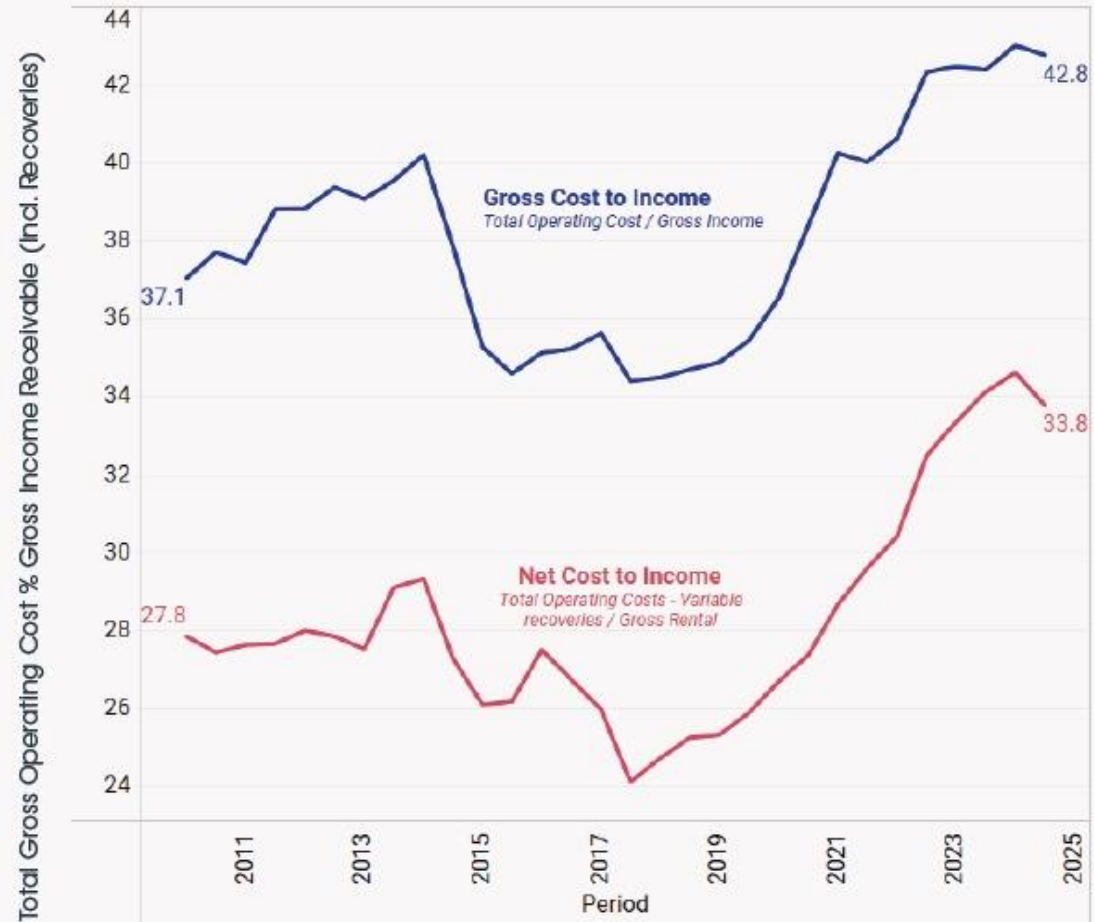
Build for at R85/sqm at circa 8%

SA PROPERTY FUNDAMENTALS



CAN'T IGNORE THE COST LINE...

Cost to Income Ratios (%)
Same Store; All property

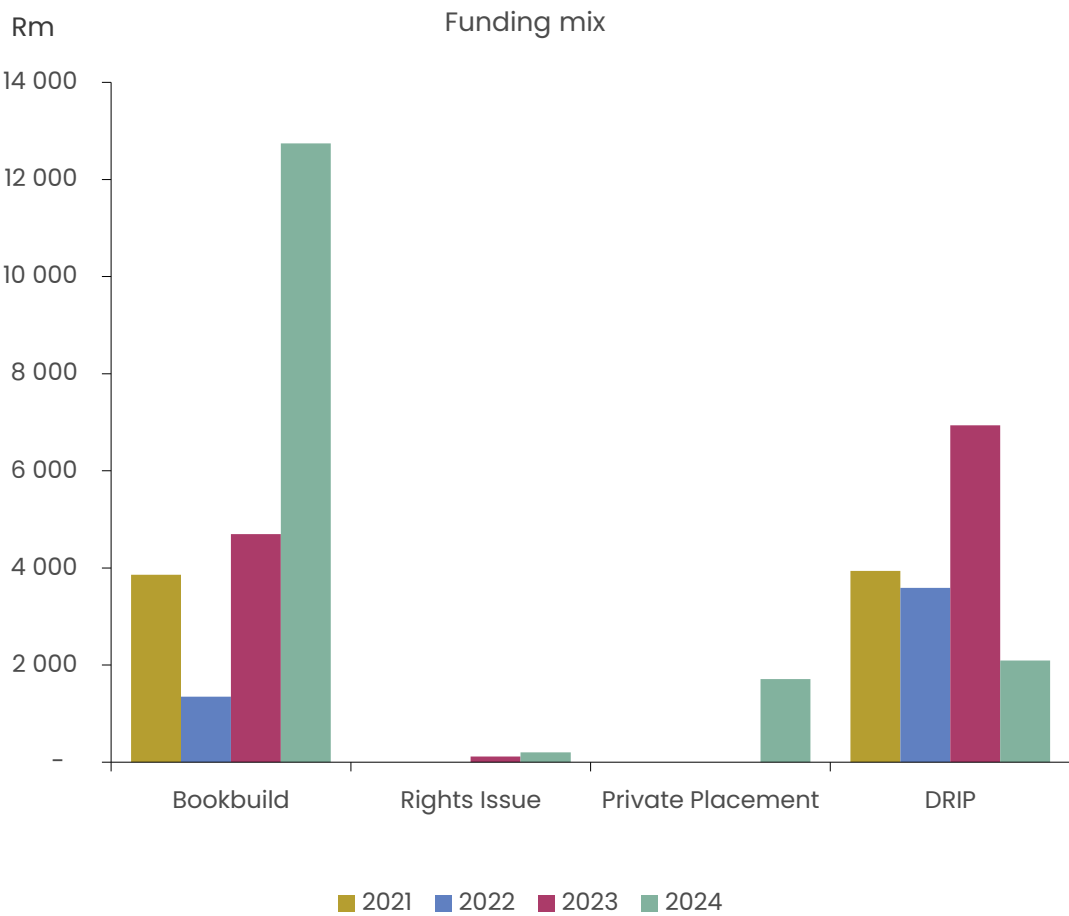
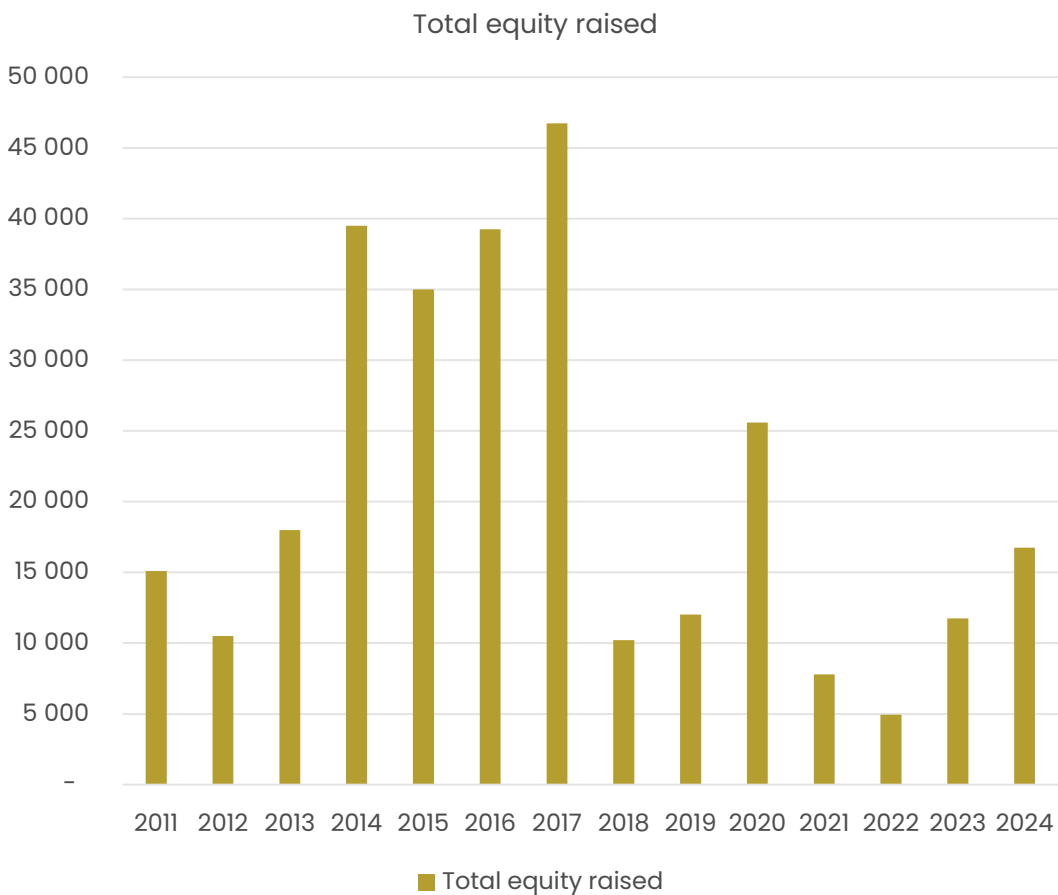


- Improvement in electricity supply is seeing lower **costs** for both **landlords** and **tenants**.
- The sector currently has about **14% of total energy demand** coming from solar PV.
- **About 203MWp is currently installed** and REITs plan to add **a further 105MWp** over the next 12-18 months.
- **Municipal costs** continue to creep with **little to show** for it in service delivery.

SA PROPERTY PROACTIVE EQUITY RAISING



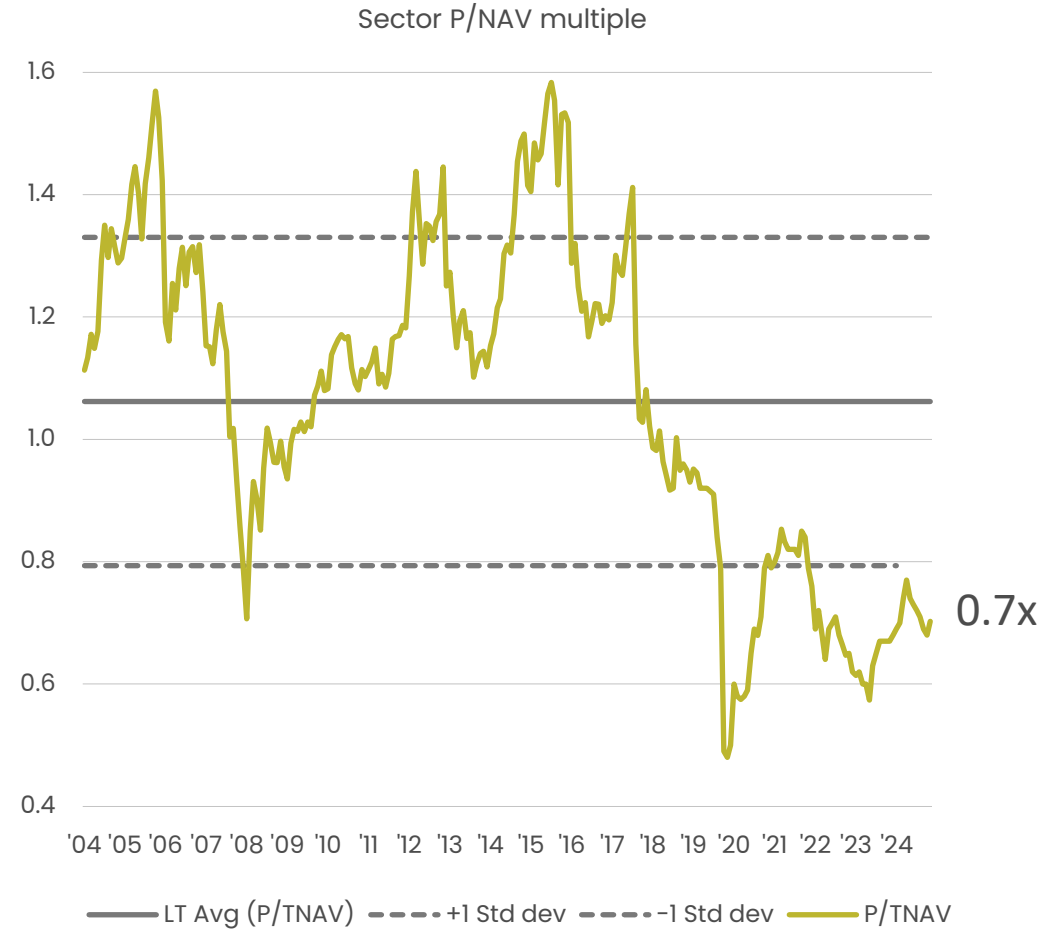
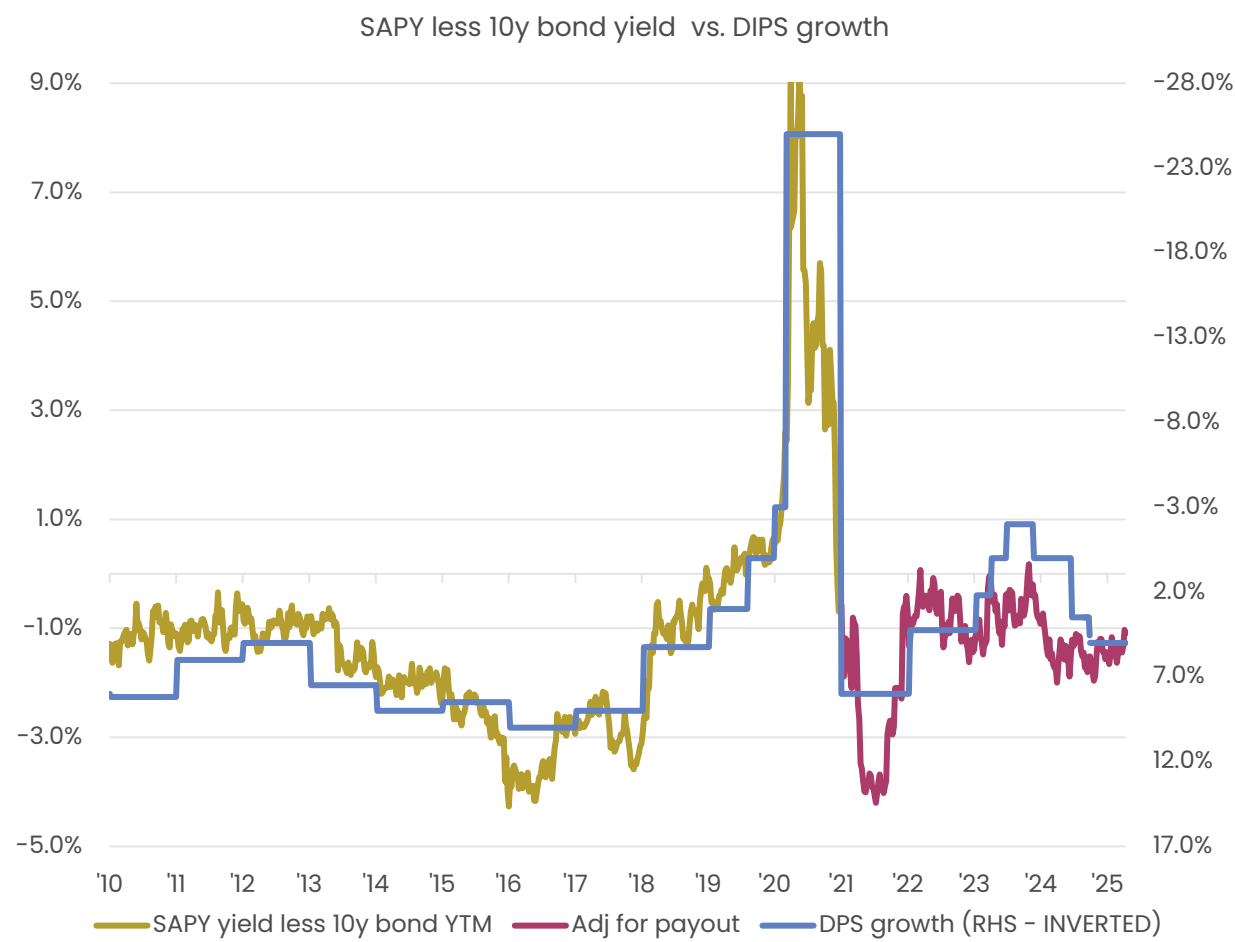
Confidence to raise through book builds
For growth, not balance sheet repair



SECTOR VALUATION



VALUE IN BOTH ABSOLUTE AND RELATIVE TERMS





ATTRACTIVE INVESTMENT CASE

- **Election outcome** was positively received by the market (lower risk premium) but GNU remains unstable.
- **Electricity supply has improved significantly** and will contribute to potential economic growth.
- **Property fundamentals are improving** with vacancy rates declining and rental reversions turning upwards.
- The roll-out of solar is stabilising **improve net property income margins**.
- Interest rates have been cut with **potentially a further 25bps**.
- Impact of **Trump’s tariffs** on global inflation, interest rates and bond yields.

	ANNUALISED INTERNAL RATE OF RETURN (IRR)				
	1 year	2 years	3 years	5 years	10 years
Income return/yield	8.5%	8.5%	8.5%	8.5%	8.5%
Capital return	5.4%	5.6%	5.4%	5.2%	5.1%
DPS growth (Y2)	5.6%	5.7%	5.4%	5.3%	5.1%
Re-rating	-0.2%	-0.1%	-0.1%	0.0%	0.0%
IRR	13.8%	14.1%	13.9%	13.7%	13.6%

Assumptions: ALPI distributable earnings yield of 9.9% and dividend yield of 8.5% | Conservative long-term growth of 5.0% | SA 10y of 10.7% | Sector exit yield of 9.9%.

CONCLUSION



WHY SESFIKILE?



SINGULAR FOCUS



OWNER MANAGED



EXPERIENCE AND DEPTH



COMMITMENT TO CAP



PROVEN PROCESS



THANK YOU



SESFIKILE CAPITAL
Property Investments

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