SESFIKILE CAPITAL
Property Investments

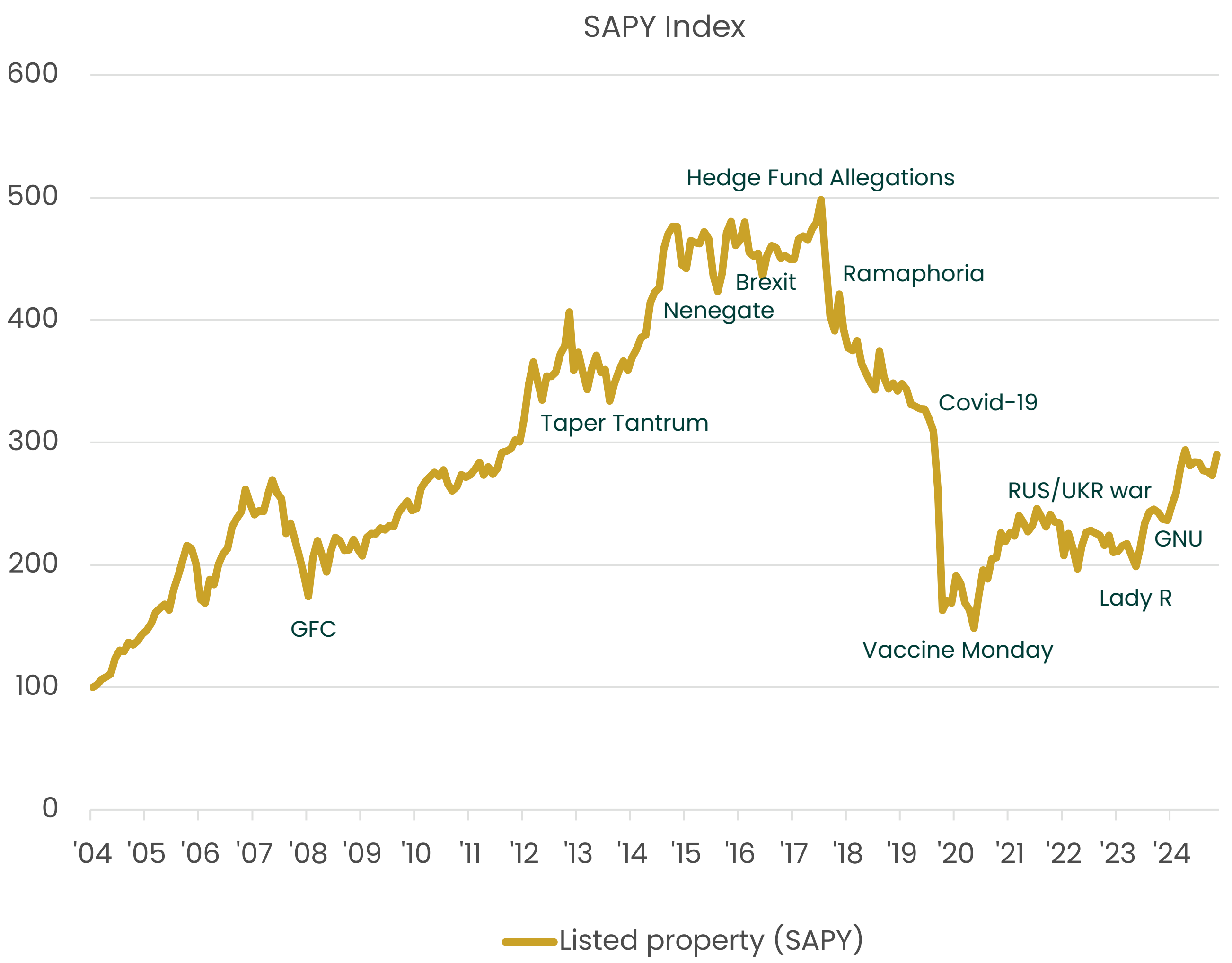
SA & GLOBAL LISTED PROPERTY

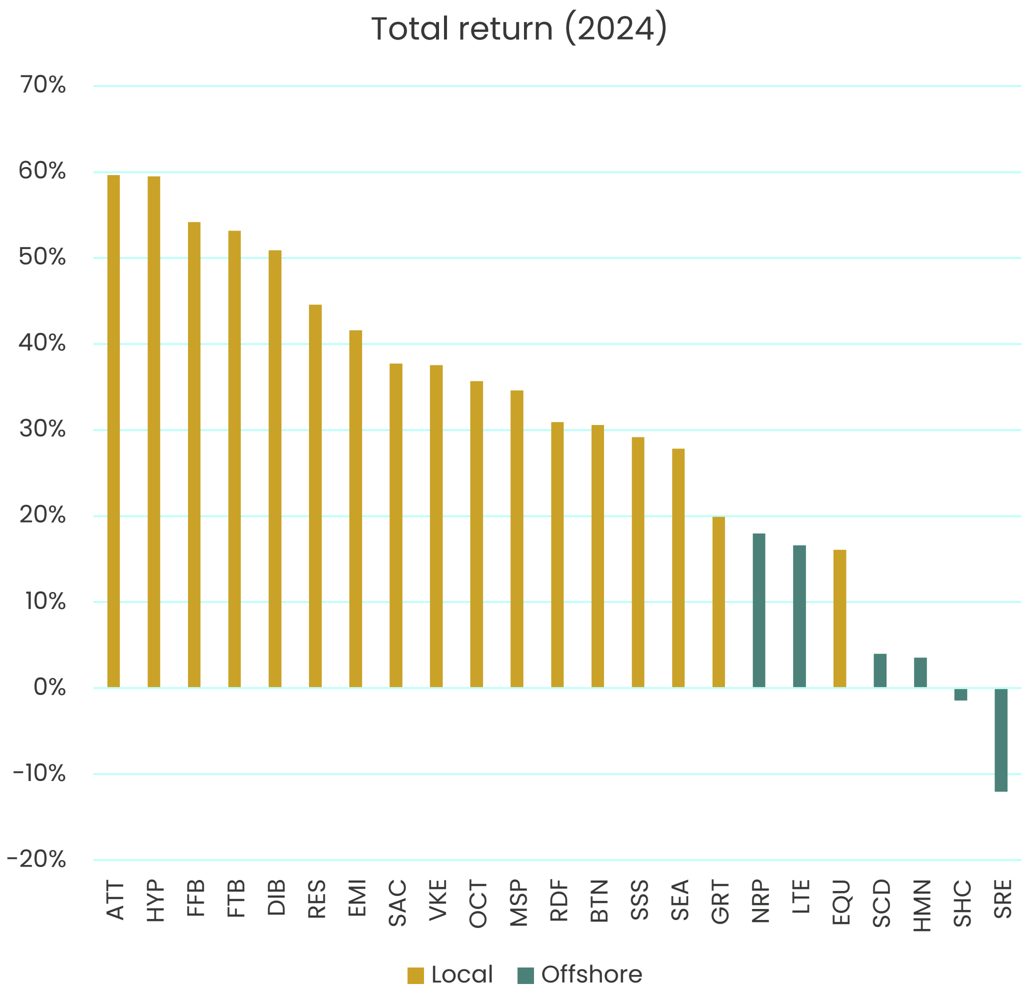
GROWTH INFLECTING UP LOCALLY, WHILE NAVIGATING TARIFFS GLOBALLY

09 JULY 2025

Kundayi Munzara

SA Property is 45% down from its peak and in line with 2011 valuations



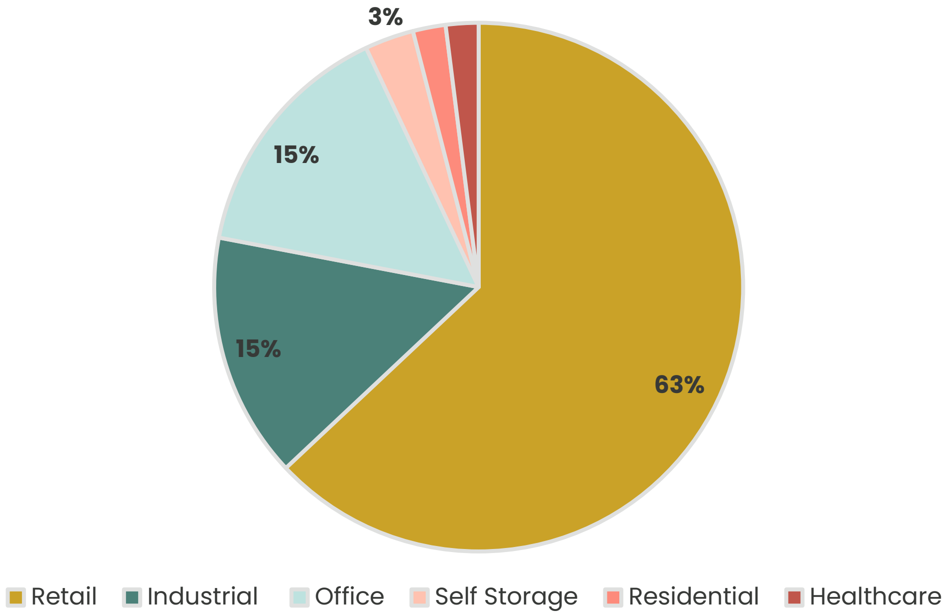


Source: Bloomberg

SA MARKET
OVERVIEW

Diversified exposure by sector and geography (look-though)

R601 billion Sector Market Cap

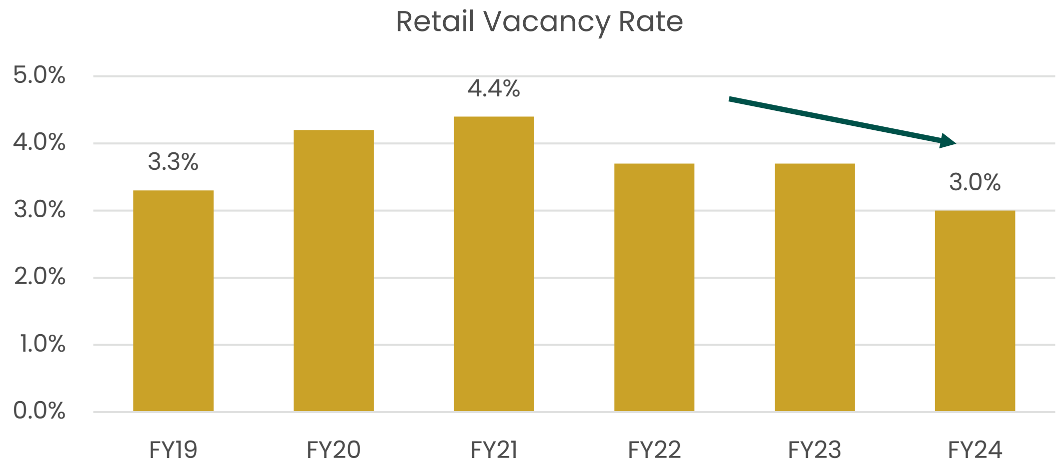


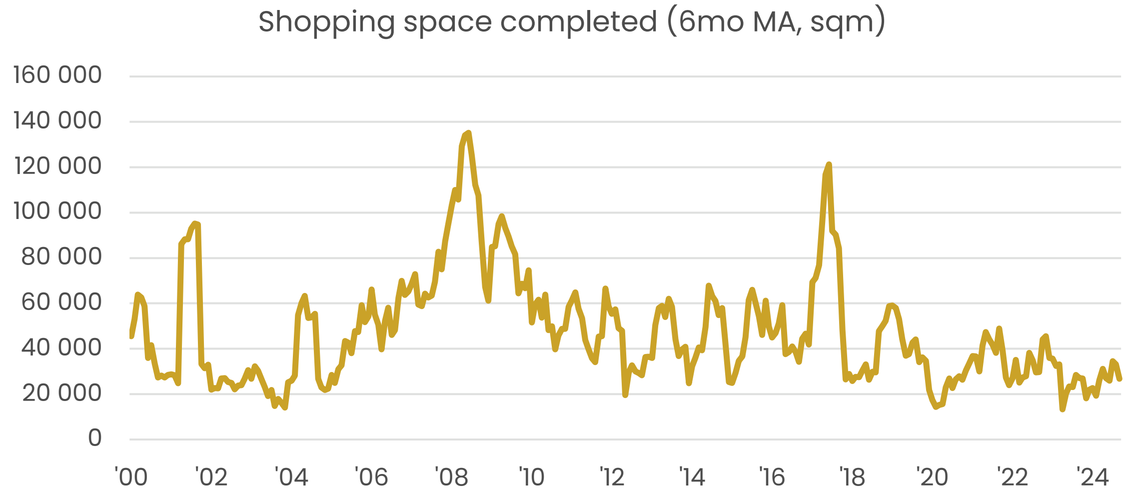
20 counters in the ALPI*

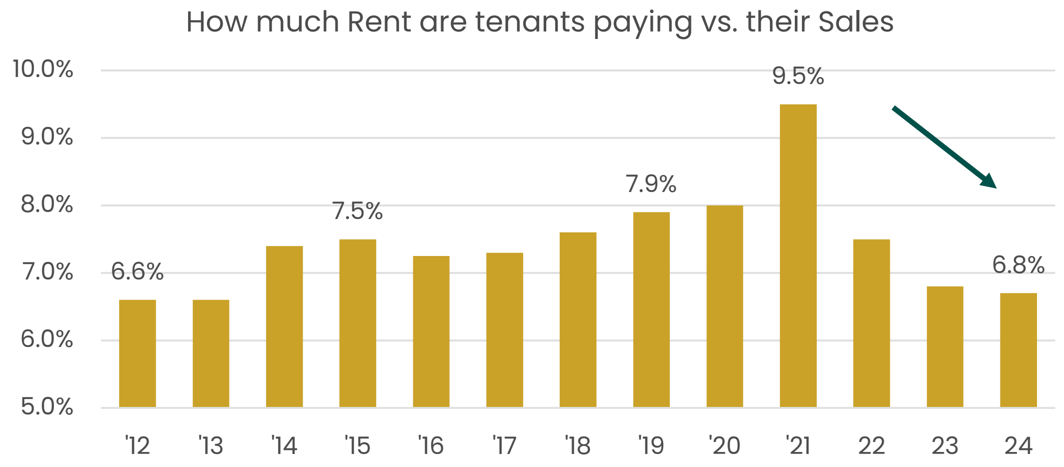
SA	**46%**	UK	**10%**
CEE	**27%**	AU	**4%**
WE	**13%**		

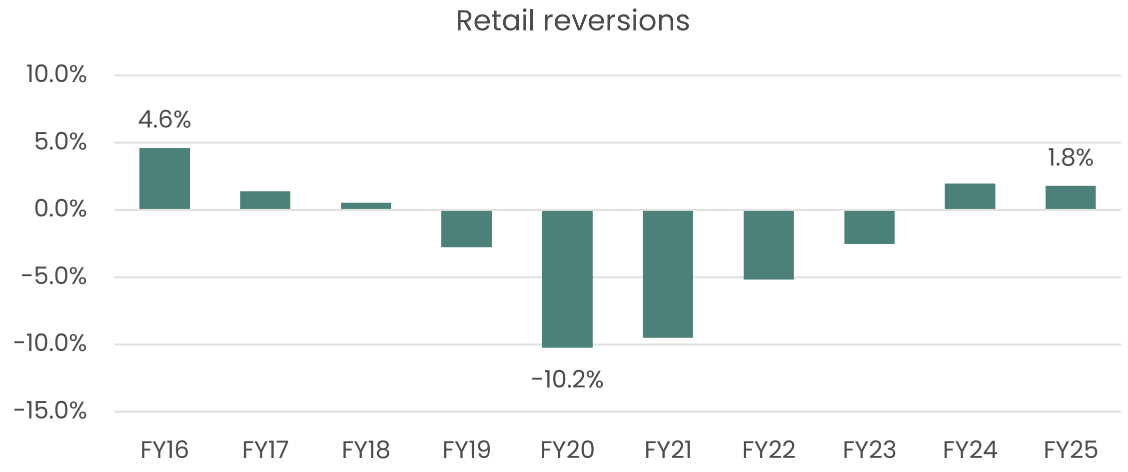
Source: Company data

Strong performance in retail



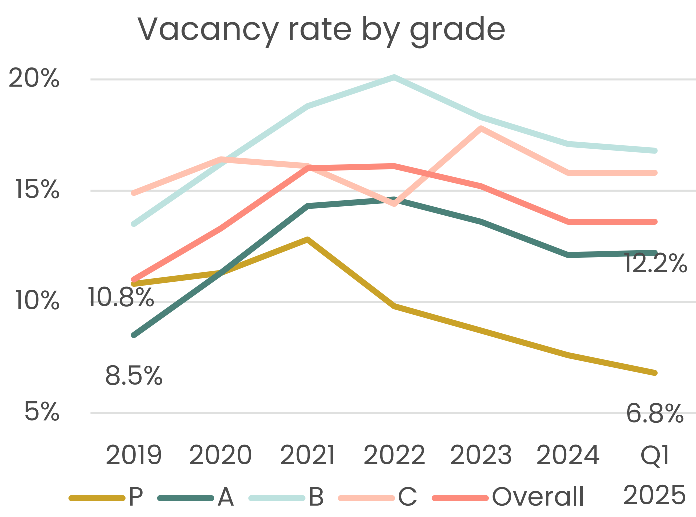


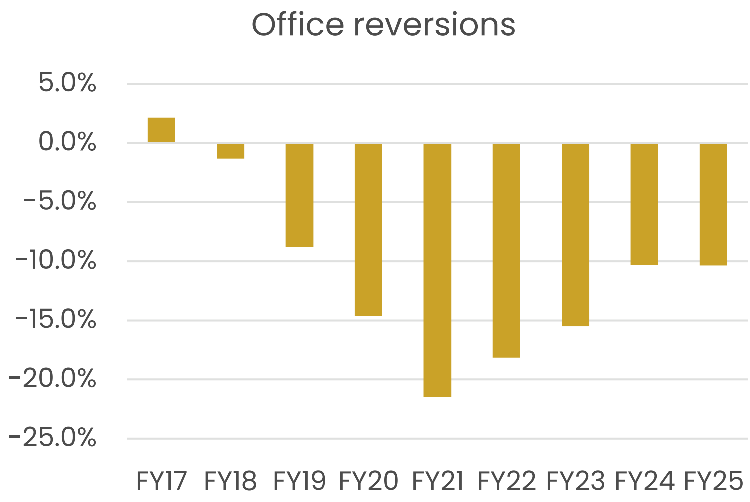


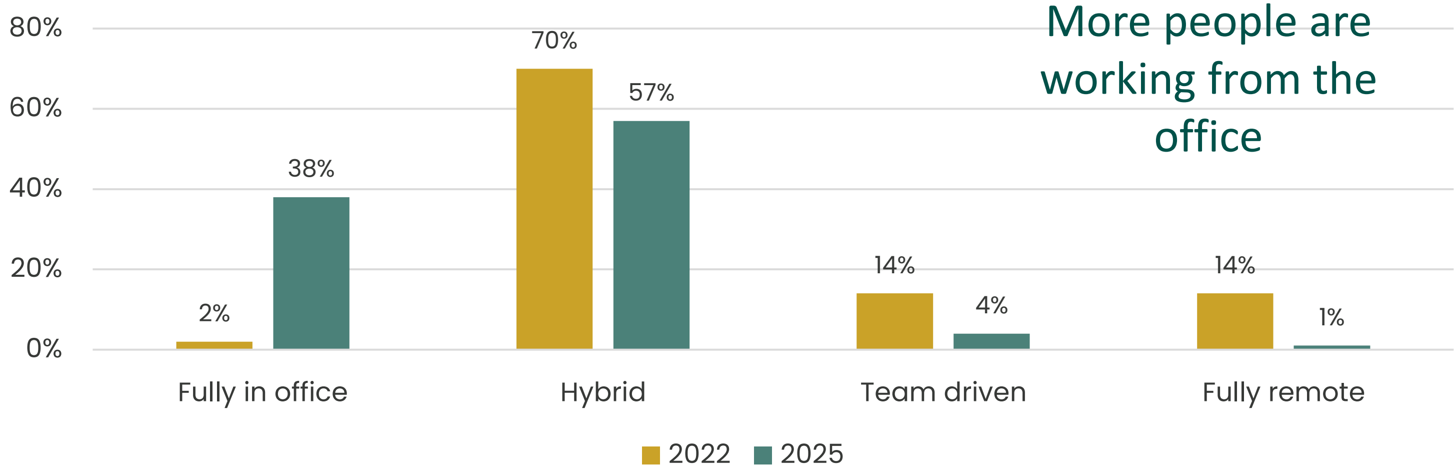


Source: Company data, SAPOA

Offices finally starting to recover



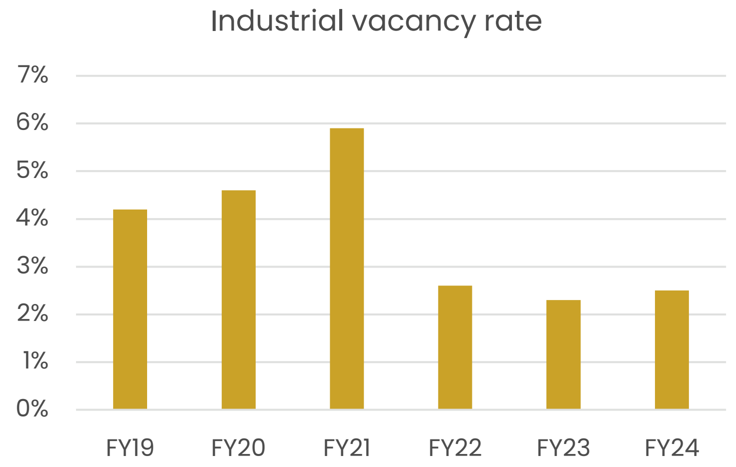


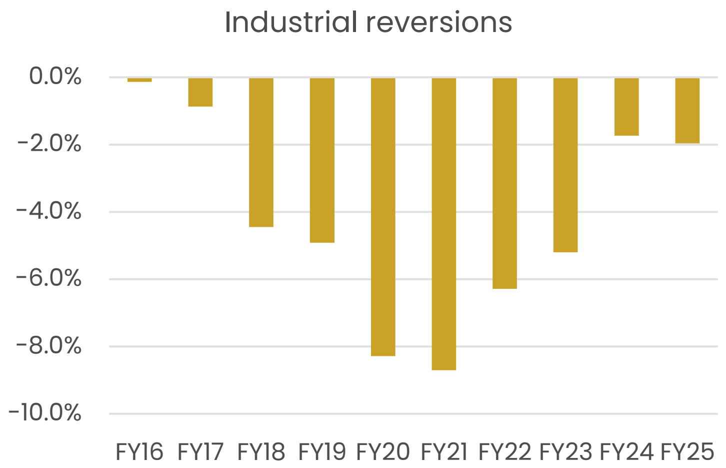


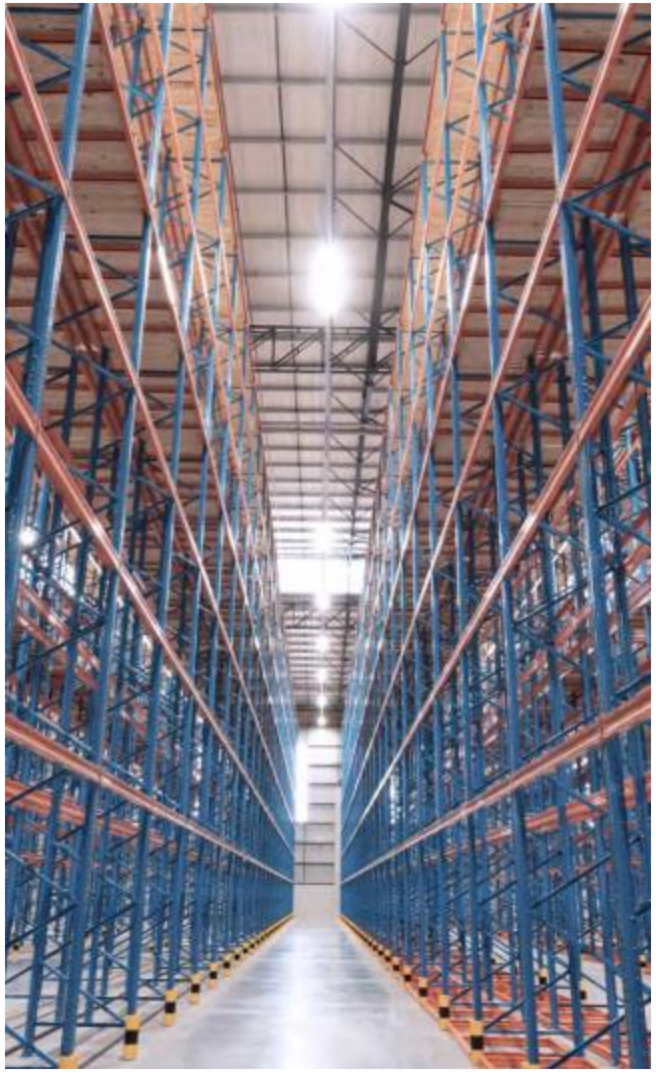
More people are working from the office

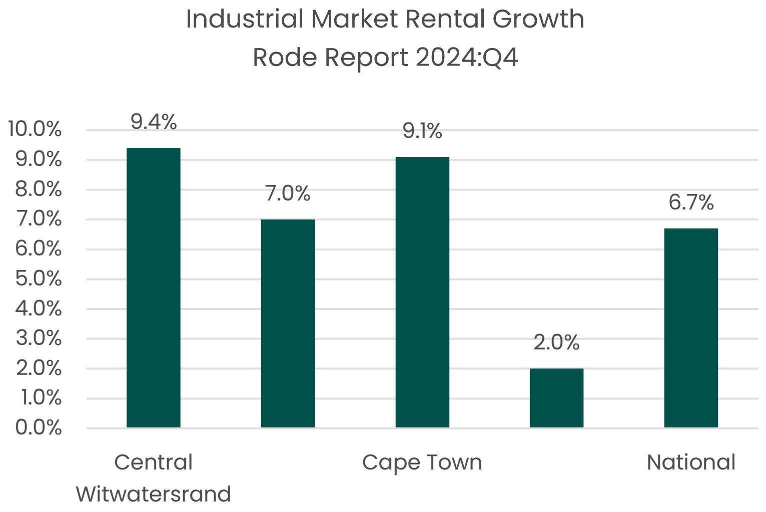
Source: Sesfikile analysis, SAPOA

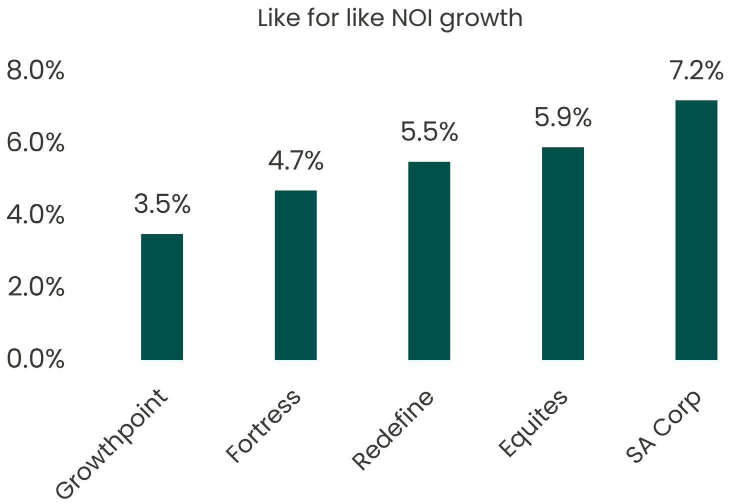
Industrial demand driven by supply chain modernisation





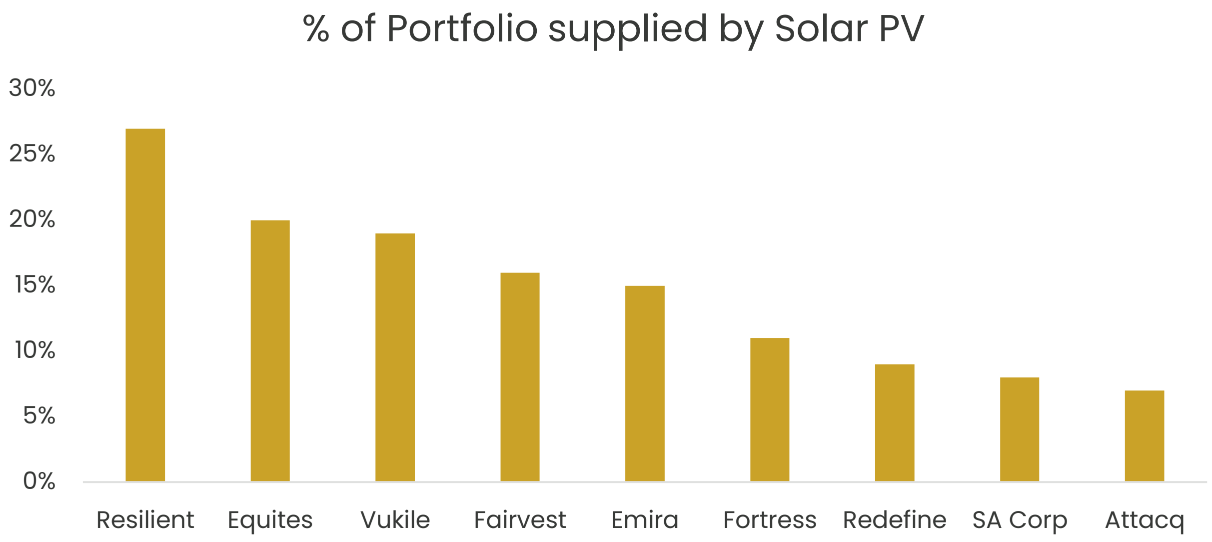






Source: Company data, Rode Report, Sesfikile analysis, MSCI, Nedbank Securities, Fortress Fund

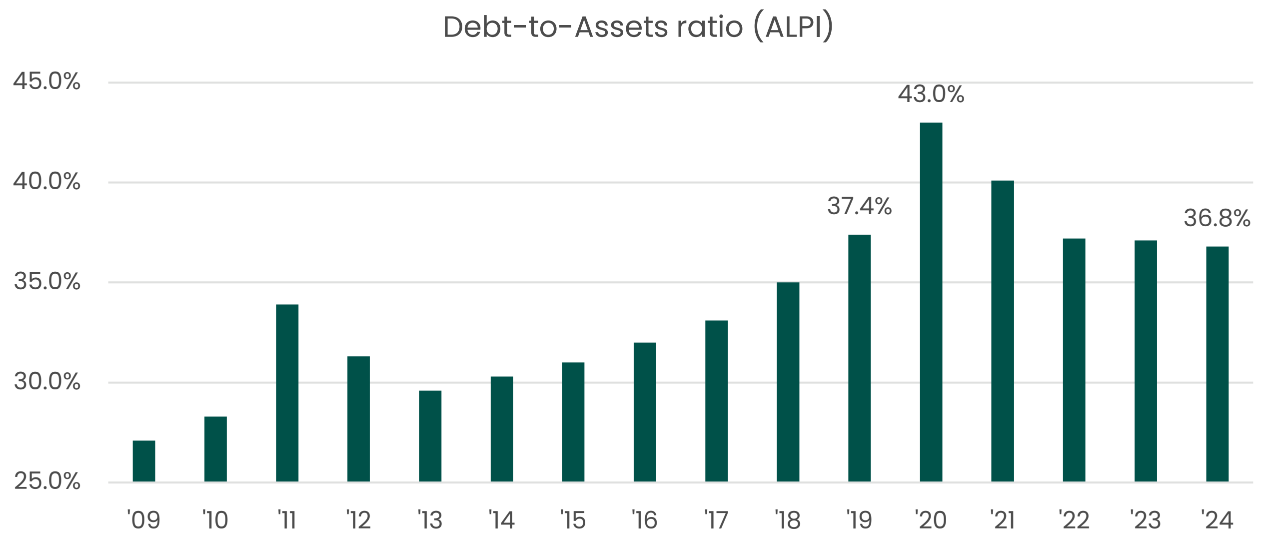
Solar rollouts have been accretive to earnings

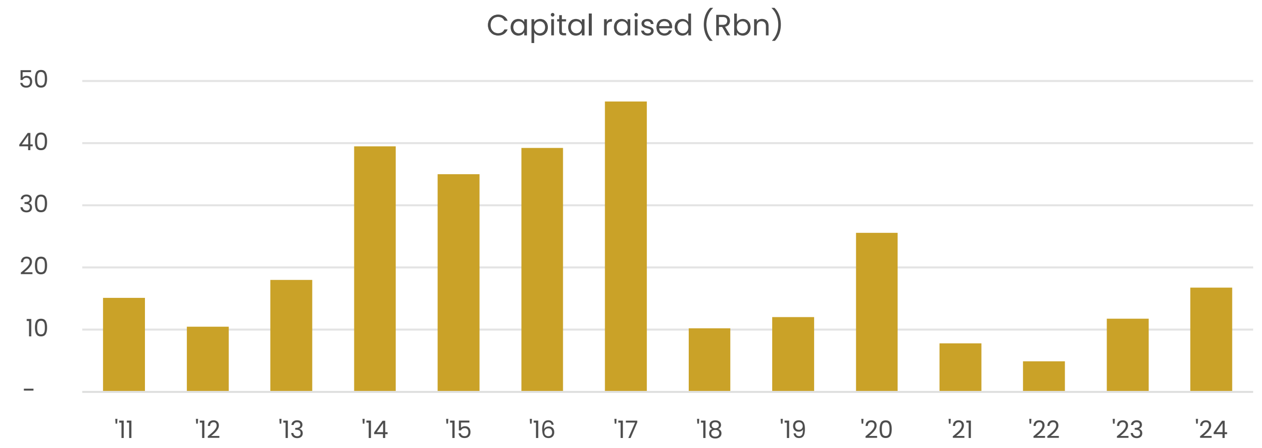


- Approximately 14**% of the Sesctor's total energy demand** coming from Solar
- Improvement in electricity supply is seeing lower operational costs
- **About 203MWp is currently installed** and REITs plan to add **a further 52% in MW** over the next 12-18 months.
- Attractive **yields of c. 15%** are being achieved versus average funding costs of 9.4%.

Source: Company data, ABSA, Brits Mall (Resilient), Sesfikile analysis

SA property balance sheets have largely been repaired

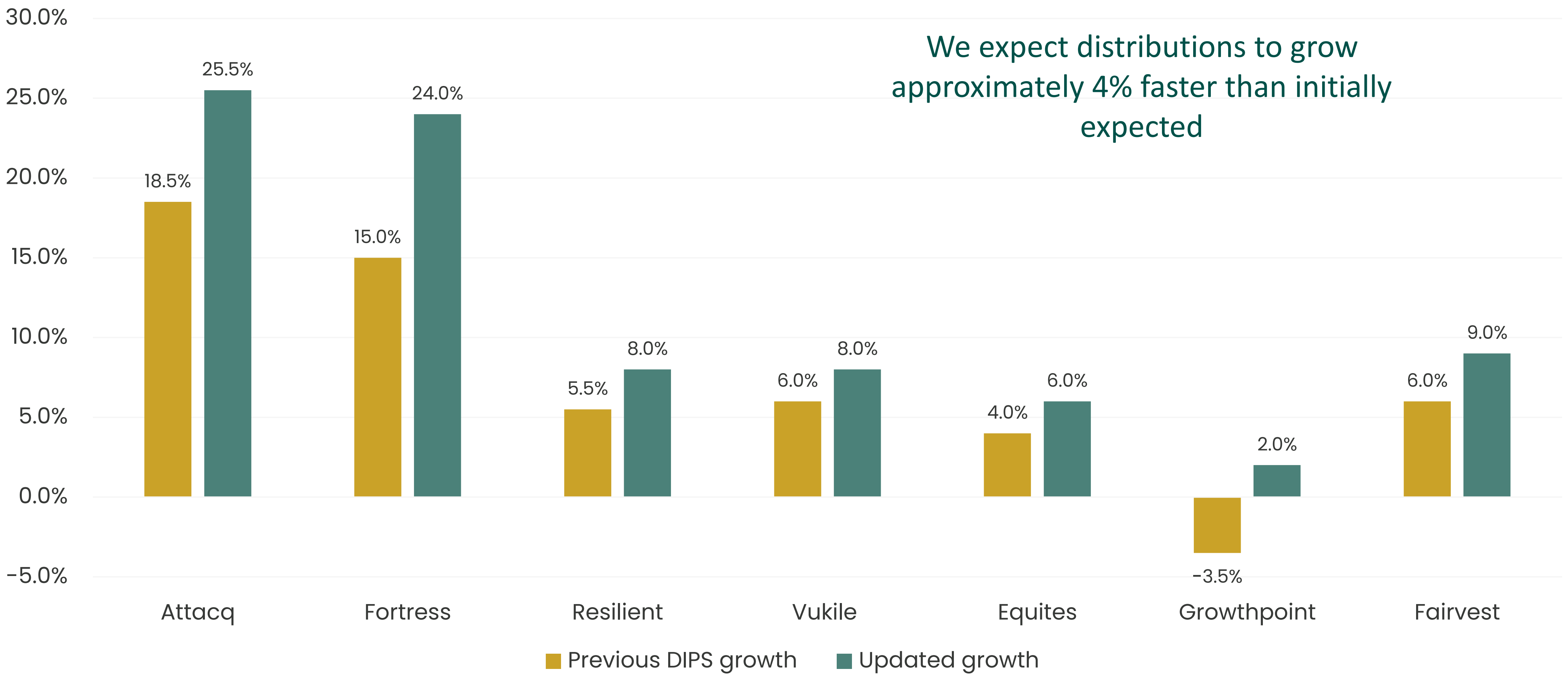




Source: Company data, SBG Securities, Bloomberg, Data as at 31 December 2024

VALUATION
& OUTLOOK

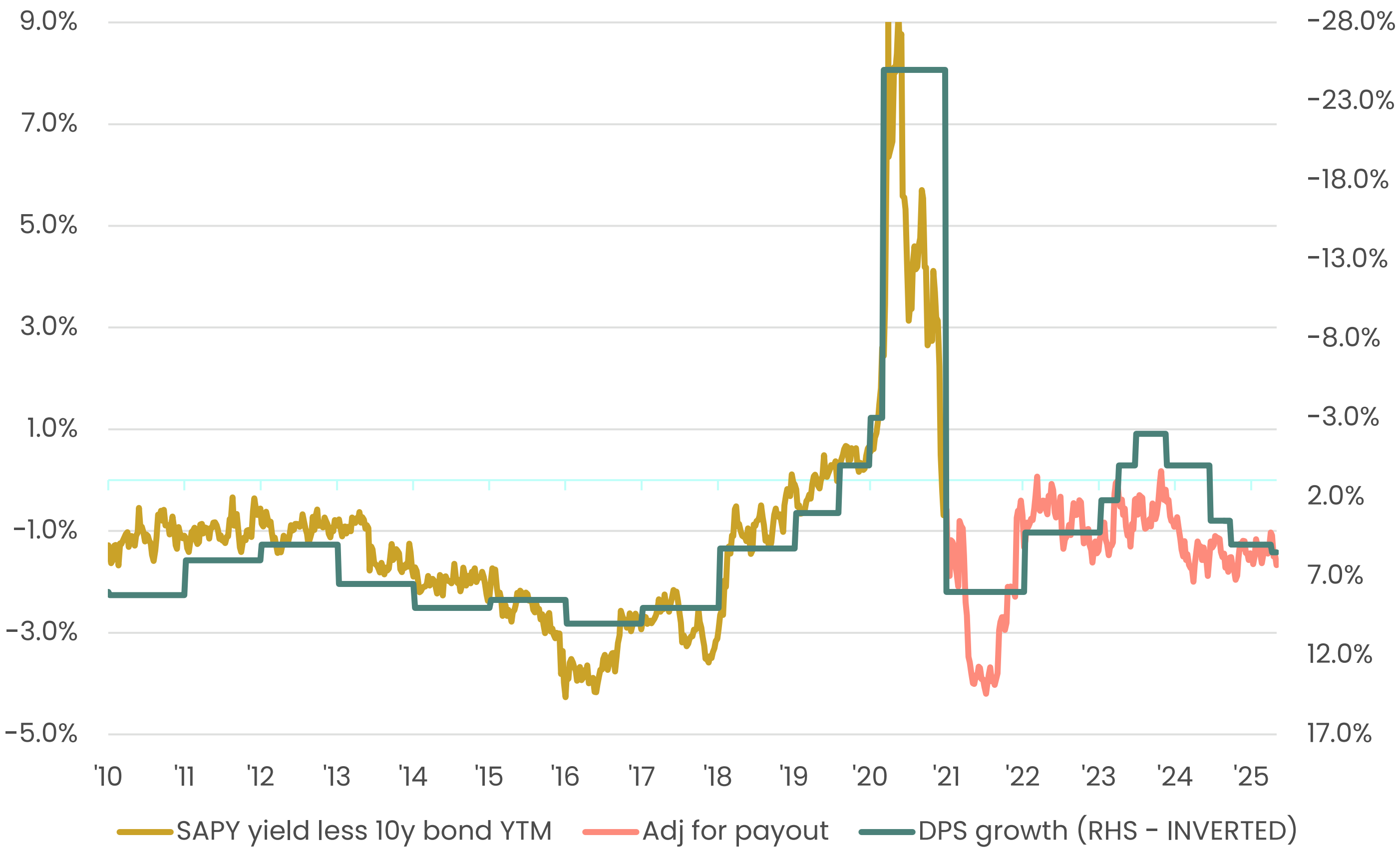
Results have generally surprised to the upside, especially due to SA operations



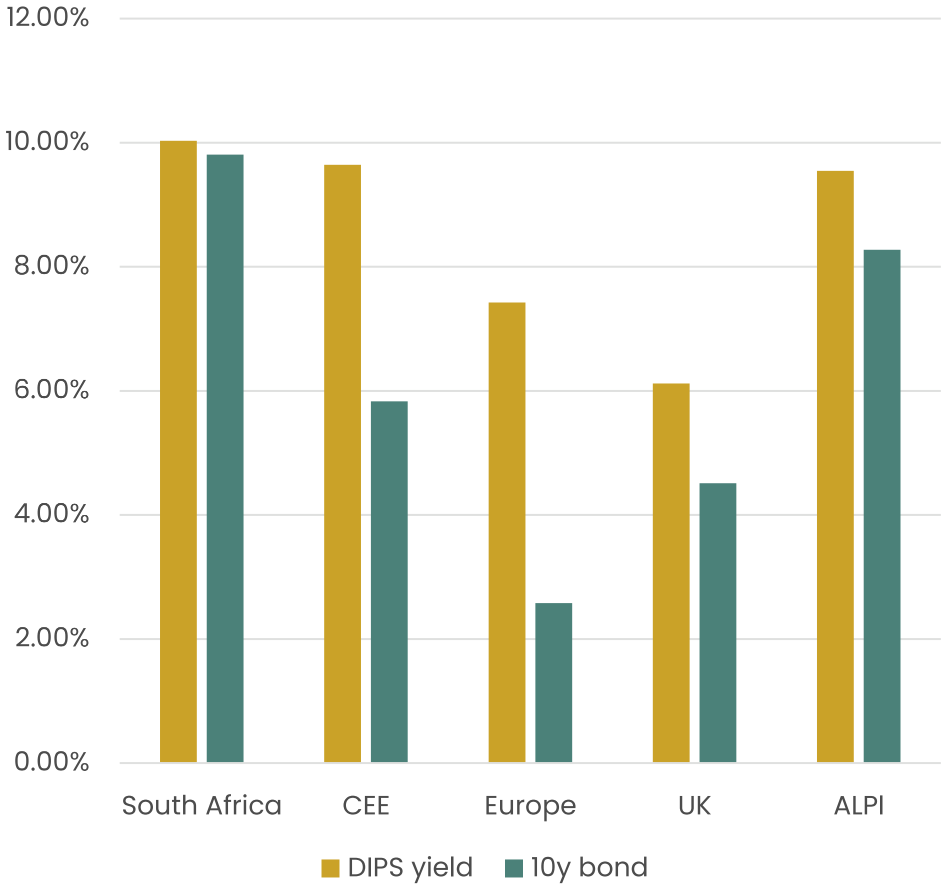
Source: Company data

Value in both absolute and relative terms

SAPY less 10y bond yield vs. DIPS growth

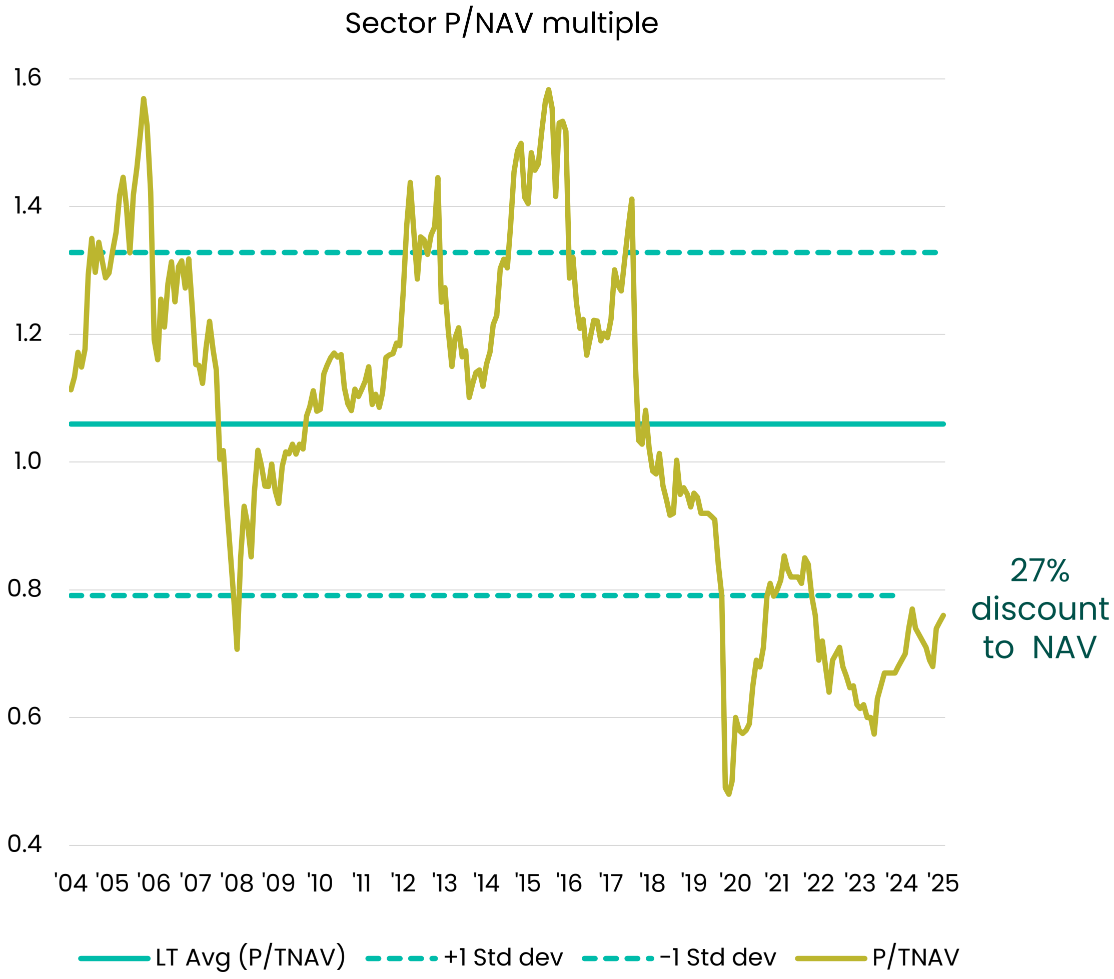


DIPS yield vs. 10y bond yield



Source: Bloomberg, Sesfikile analysis, Data as of 30 June 2025

Value in both absolute and relative terms



Source: Bloomberg, Sesfikile analysis, Data as at 30 June 2025

- **Political risk has reduced** and GNU is stable for now.
- **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 economic growth.

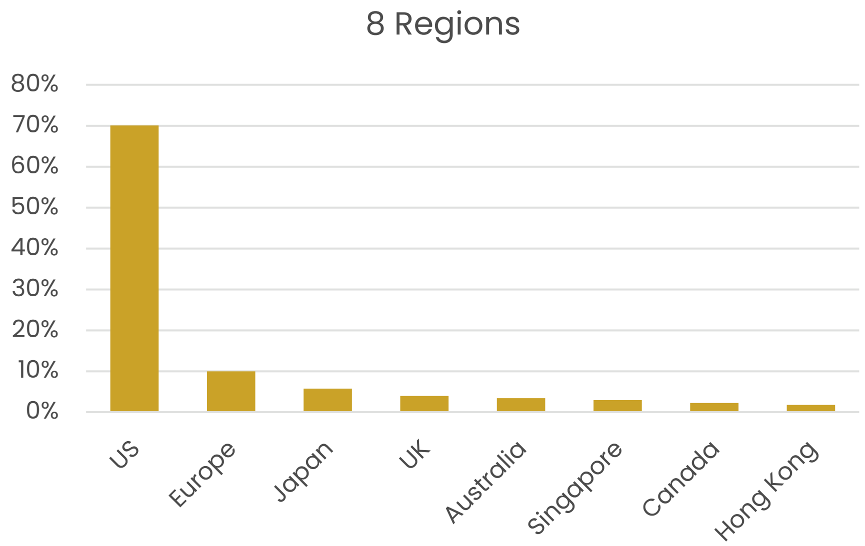
	ANNUALISED INTERNAL RATE OF RETURN (IRR)				
	1 year	2 years	3 years	5 years	10 years
Income return/yield	8.1%	8.1%	8.1%	8.1%	8.1%
Capital return	7.6%	6.7%	6.1%	5.7%	5.3%
DPS growth (Y2)	5.5%	5.7%	5.4%	5.2%	5.1%
Re-rating	2.0%	1.0%	0.7%	0.4%	0.2%
IRR	15.7%	14.9%	14.3%	13.8%	13.4%

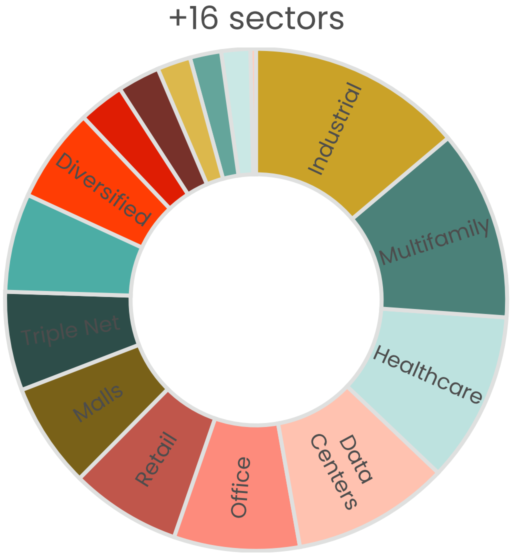
Assumptions: ALPI distributable earnings yield of 9.5% and dividend yield of 8.1% | Conservative long-term growth of 5.0% | SA 10y of 10.0% | Sector exit yield of 9.4%.

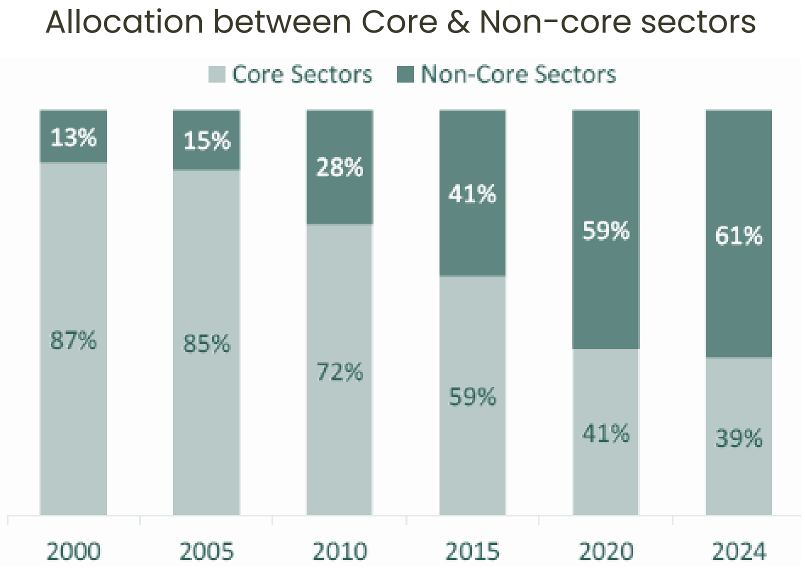
Source: Bloomberg, Sesfikile analysis

GLOBAL
MARKET OVERVIEW

Exposure to global developed market real estate across many sectors



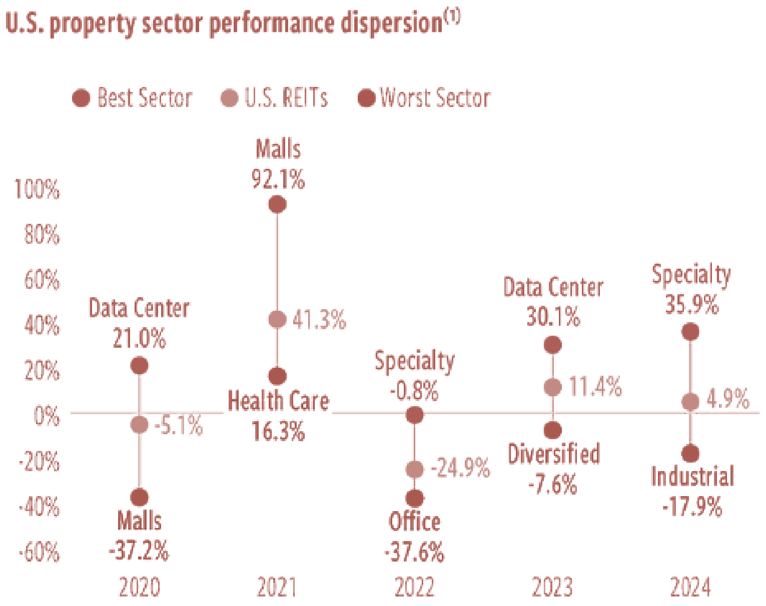


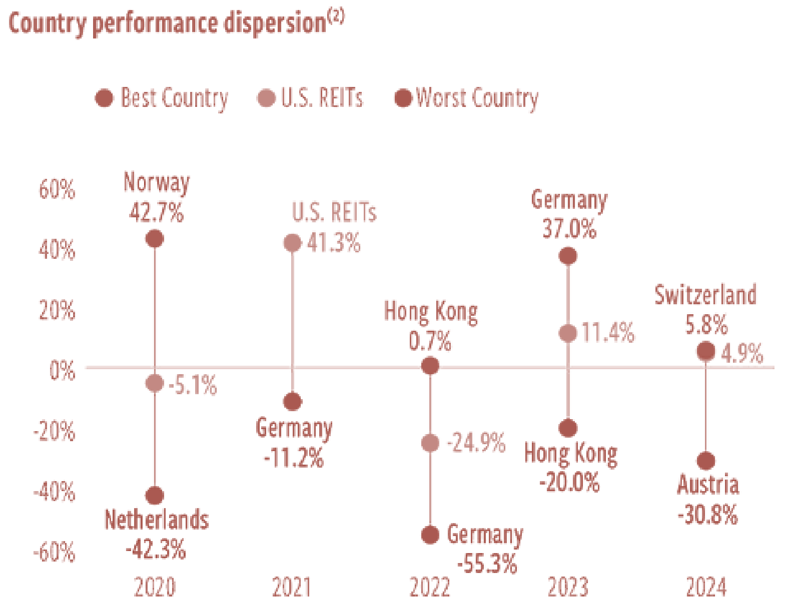


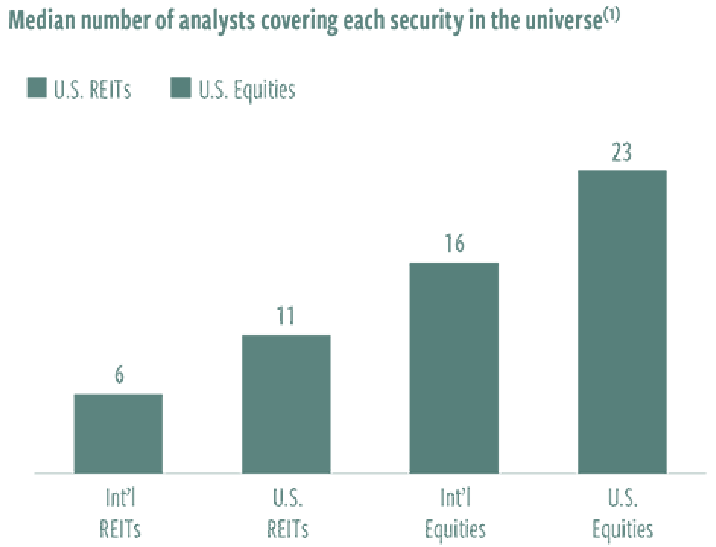
- The Global Real Estate sector is a story of **Choice and Specialisation**
  - $1.7 trillion market cap sector, +350 investable REITs, REOCs and developers
  - 95% of the companies are specialised by sector.
  - Sesfikile applies a **Concentrated, Thematic approach** to portfolio construction.

Source: Bloomberg, Sesfikile analysis, Data as of 13 May 2025

Active management is key in the listed REIT sector







Low analyst coverage means less information flow and efficiency…

…and REIT specialists have outperformed

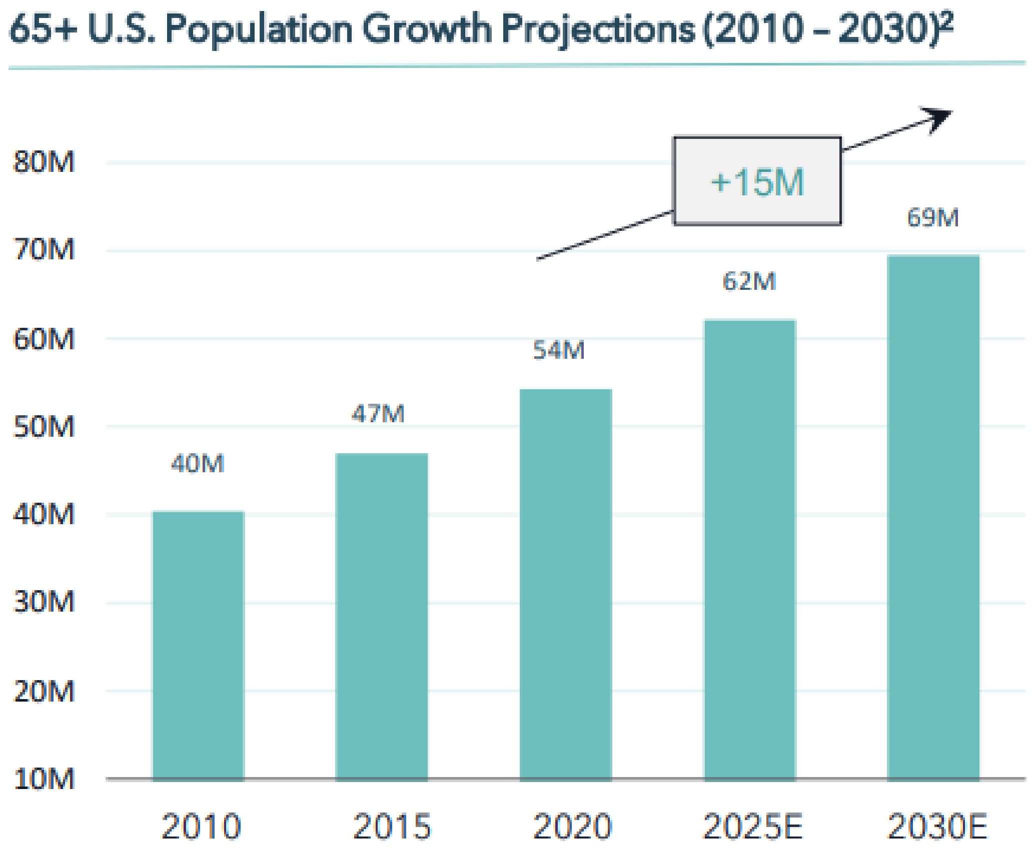
	1-year	3-year	5-year	10-year
REIT specialist	7.4%	-3.8%	4.1%	5.7%
REIT generalist	5.2%	-4.5%	3.2%	4.9%
Specialist outperformance	2.2%	0.7%	0.9%	0.8%

Source: Sesfikile Capital, Cohen & Steers

KEY THEMES

Source: getty images

Ageing populations are fueling demand for healthcare property



The 65+ population is expected to grow approximately

28%

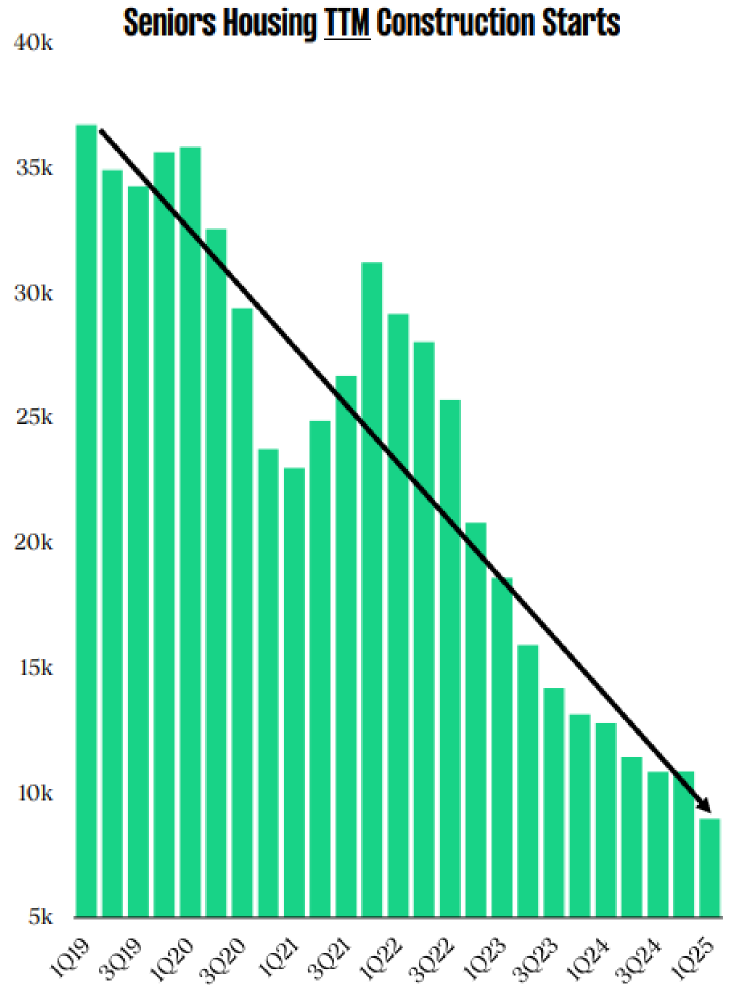
from 2020 to 2030

The 65+ population is growing

13x

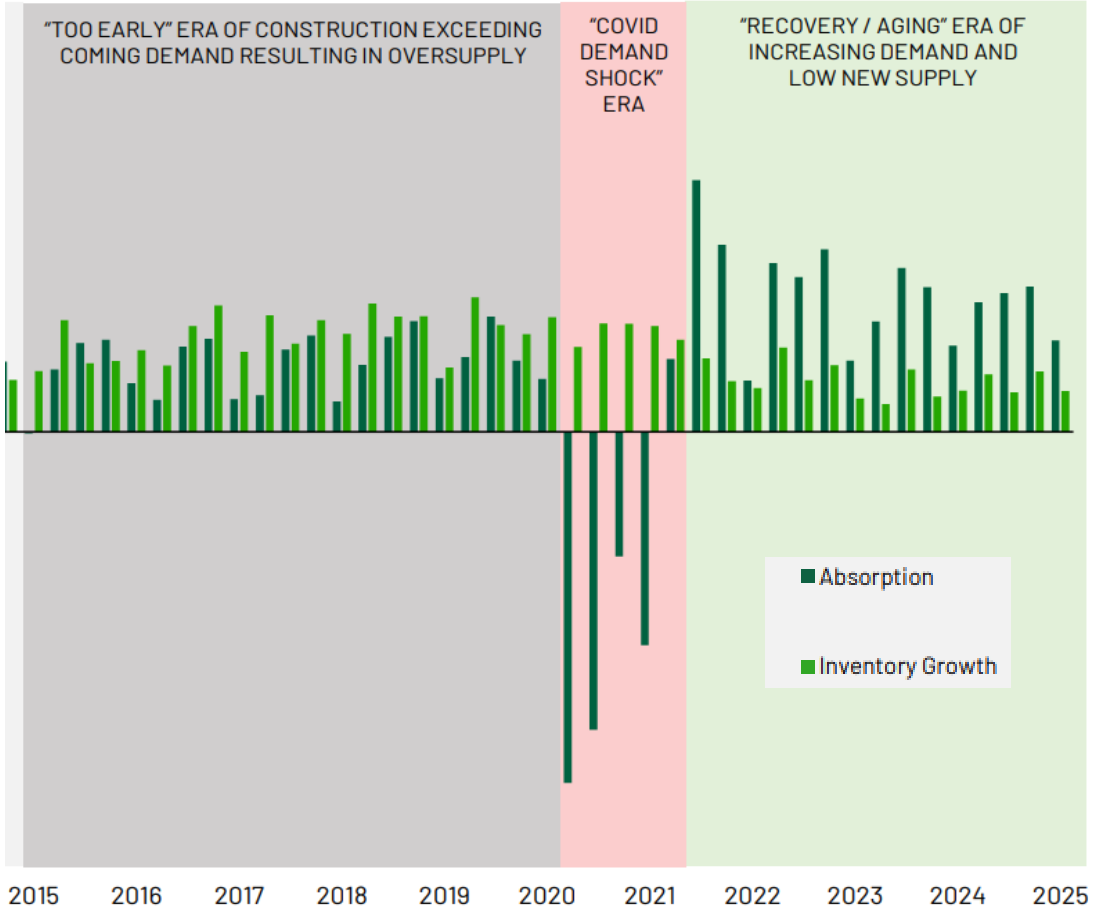
FASTER

than the rest of the U.S. population[2]

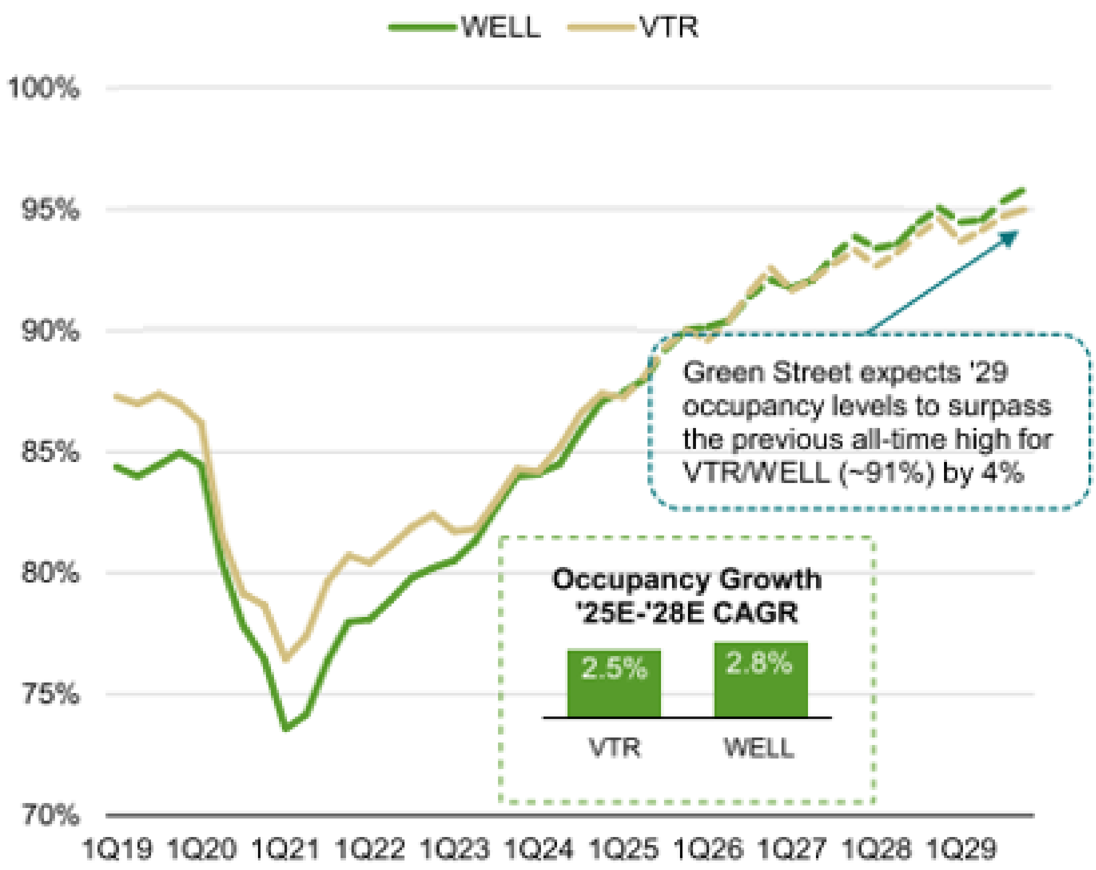


Source: Ventas, Welltower

Seniors' housing absorption exceeding new supply



NOI growth driven by a recovery in occupancies



Source: Green Street, National health investors, NIC, Welltower, Ventas

Digital demand continues to accelerate with a series of catalysts creating a cumulative effect

2000s
Web,
Social and SaaS

2010s
Cloud

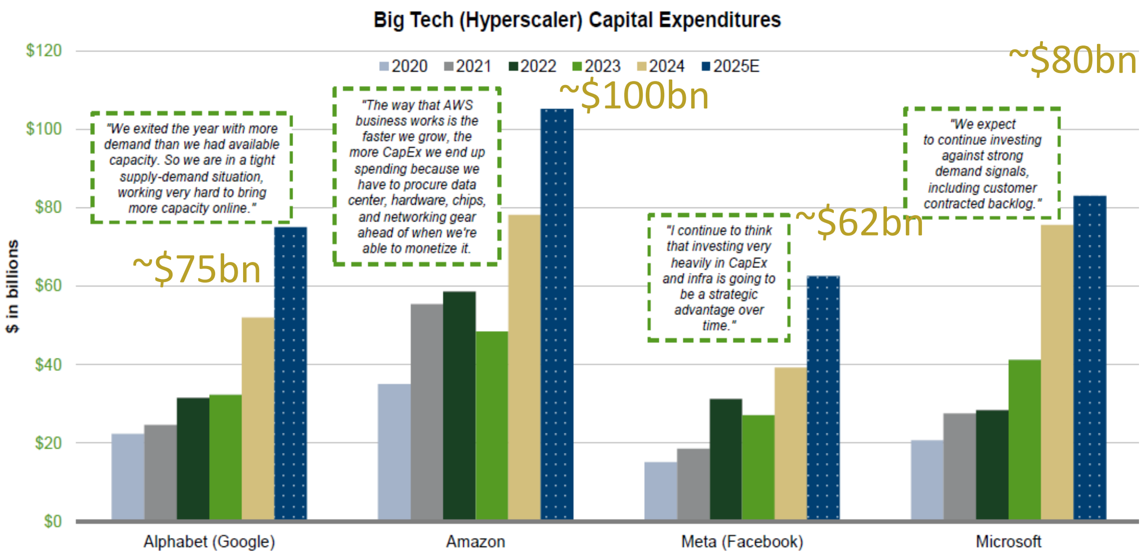
2020-2022
Pandemic

2023+
AI

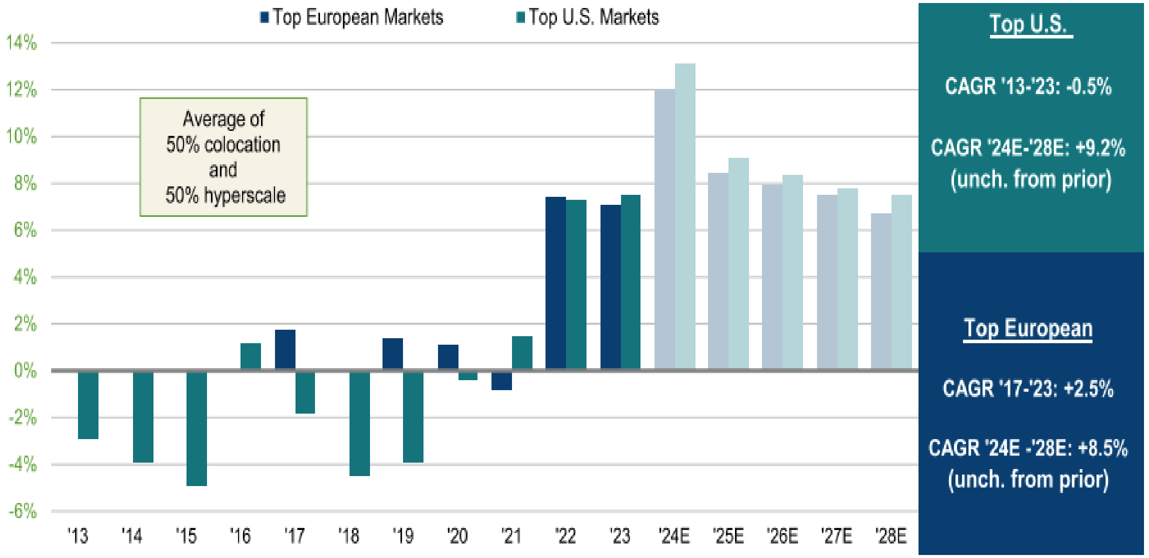
Source: Equinix

Massive demand via investments by hyperscalers

Global data center demand



US & EU data centre revenue growth



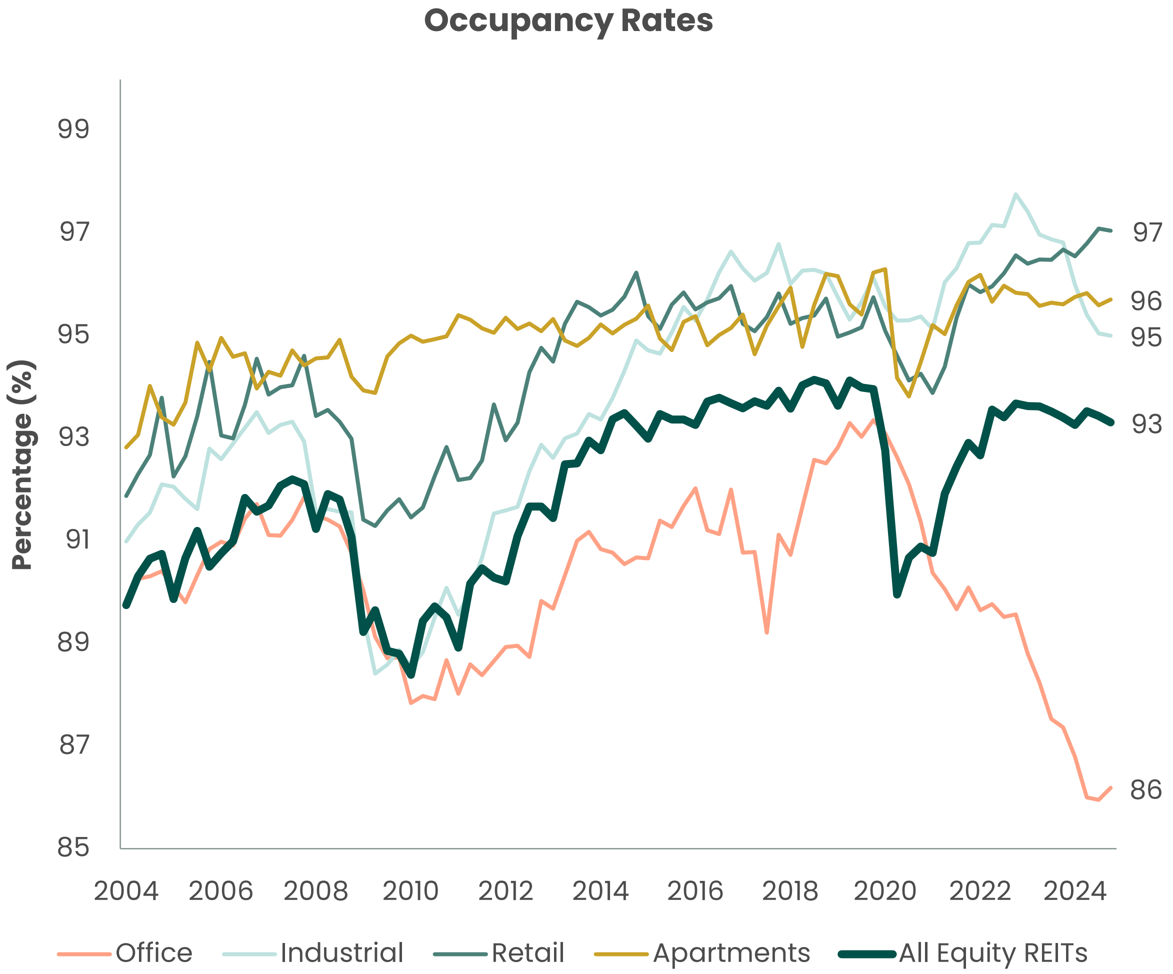
Why we are overweight global data centers

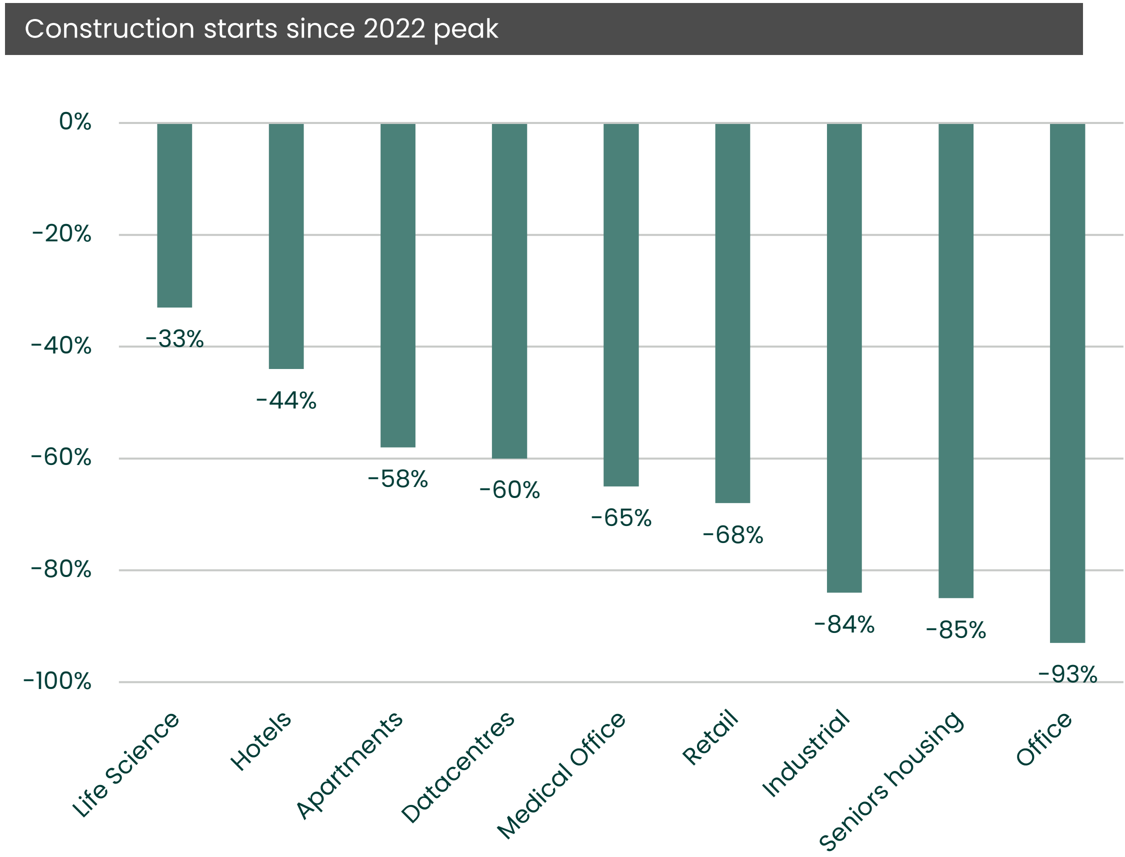
- Demand tailwinds from adoption of cloud computing and AI investments by hyperscalers (Microsoft, AWS, Meta etc.)
    - Combined 2025 CapEx budgets are expected to increase by 33% above 2024
- Supply bottlenecks are **access to power**, ESG requirements and legislation
- We expect +9% rental over the next 2 years and upward reversions of +40% in some core markets such as Singapore

Source: GreenStreet

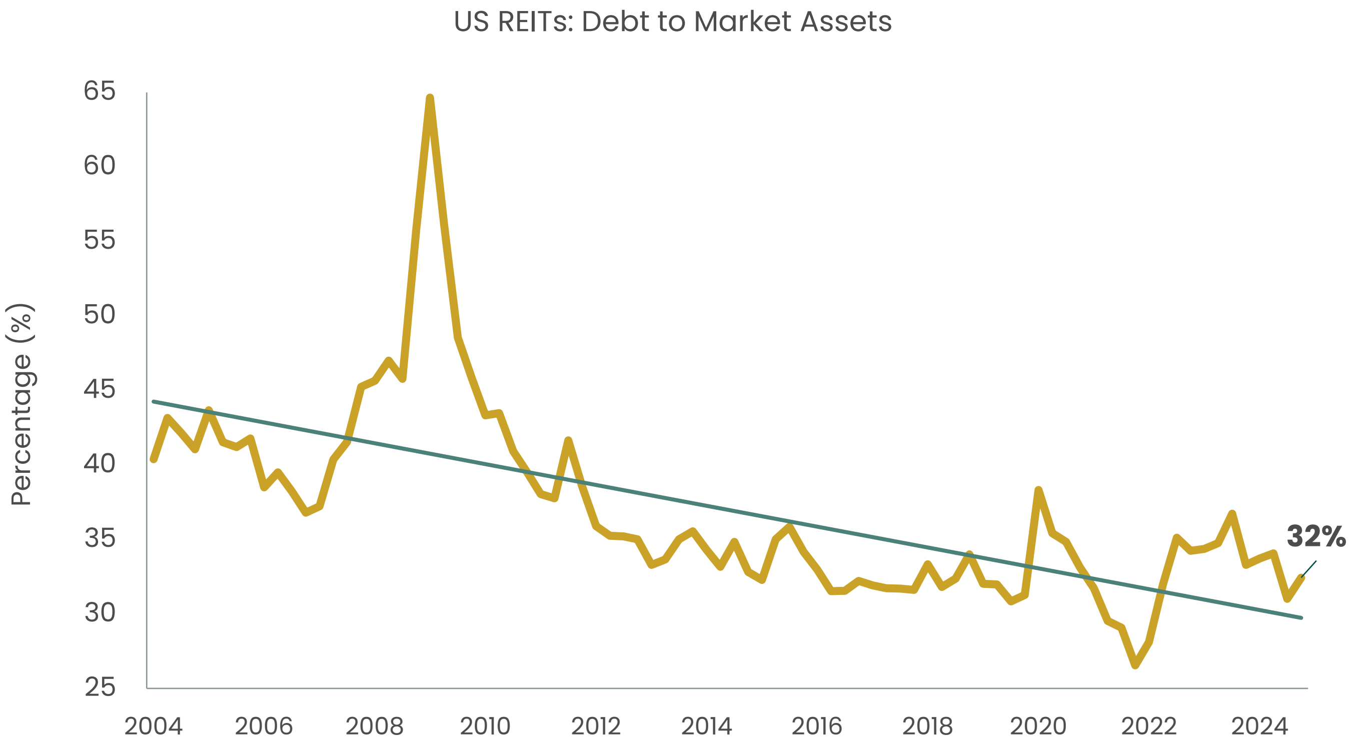
VALUATION
& OUTLOOK

High occupancies and low levels of new supply





Source: UBS, Raymond James, JP Morgan, S&P Capital IQ Pro, Nareit T-Tracker 4Q24, BofA, Citi Research, Cohen & Steers & CoStar. Supply prior to 2006 is based on building construction dates and excludes properties demolished prior to 2006. As a result, supply growth in the 1980s and 1990s is likely understated. Forecast is per CoStar. Retail includes all retail properties across all format types.

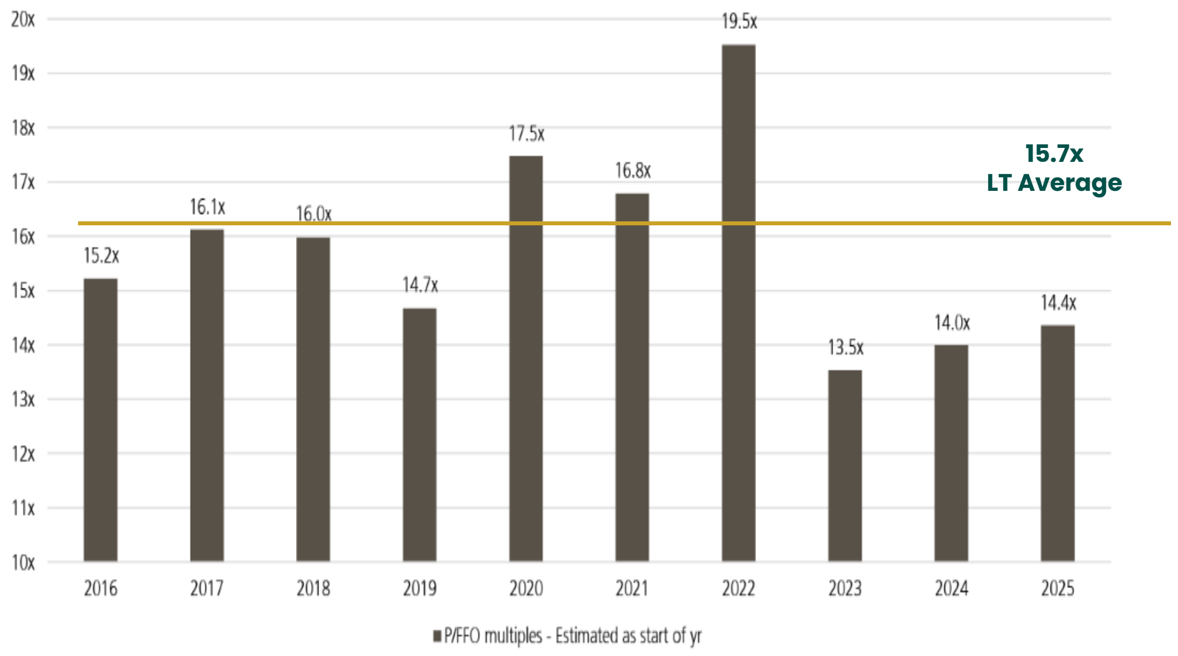


- **Global REITs LTV is currently at approximately 32%**
  - Ranges from 16% in Australia to 41% in Japan & Europe
  - Around 70% of debt hedged for an average 6 years.
  - c.8% per annum of debt is to be refinanced over the next 2 years.

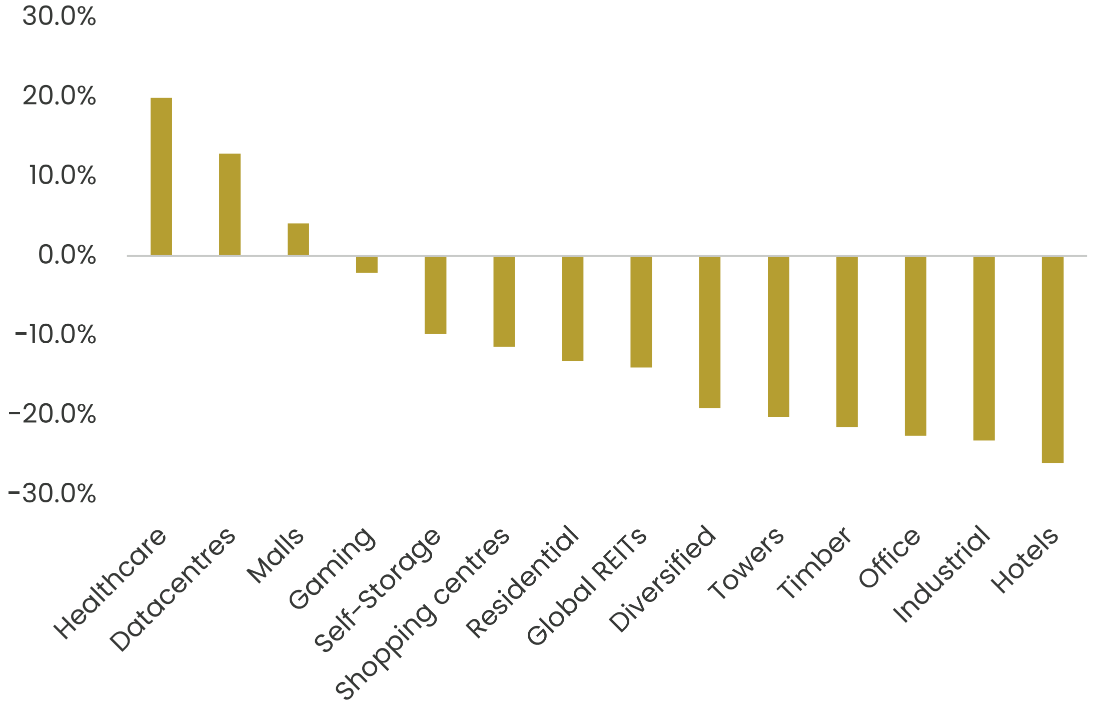
Source: S&P Global IQ, Green Street, Jefferies, Sesfikile Capital

REITs are attractively priced vs history and relative to their underlying assets

Equal-weighted P/FFO history



Discount to NAV by sector



Source: UBS, S&P Global. (Left) As at 31 December 2024 (Right) As at 30June 2025

	ANNUALISED TOTAL RETURNS (USD)				
	1 year	2 years	3 years	5 years	10 years
Income return/yield	4.4%	4.4%	4.4%	4.4%	4.4%
Capital return from earnings	5.5%	5.3%	5.2%	5.1%	5.1%
Capital return from re-rating	1.9%	0.9%	0.6%	0.3%	0.2%
TOTAL RETURN	**11.8%**	**10.6%**	**10.2%**	**9.8%**	**9.7%**

Key Assumptions

- Global REIT initial yield of 4.4%
    - **Approximately 6.0% growth in dividends for next 24 months**
    - US 10-year bond yield to exit at 4.1%
    - Y1 sector exit yield of 4.3%.
- Attractive total return outlook.

Source: Bloomberg, Sesfikile Analysis

BUSINESS UPDATE

2010
Founded

THREE
Founders

SPECIALIST
Approach

R18 billion
AUM*

TOP QUARTILE
Performance

16 YEARS
Average investment experience

THREE STRATEGIES
Local, global & flexible

LEVEL 1
BEE Contributor

*As at 30 June 2025

CONCLUSION

SINGULAR
Focus

OWNER
Managed

DEEP
Experience

COMMITMENT
To Cap AUM

PROVEN
Process

SESFIKILE CAPITAL
Property Investments

SPECIALIST APPROACH. SUPERIOR EXPERTISE.

COMPANY DETAILS

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