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Investec Property Fund Limited

South Africa Corporate Analysis **November 2012**

Security class	Rating scale	Rating	Rating outlook	Review date
Long term	National	A-(ZA)	Stable	11/2013
Short term	National	A1-(ZA)		

Financial data:

(US$'m comparative)

	31/03/11	31/03/12
R/US$ (avg.)	7.19	7.46
R/US$ (close)	6.83	7.69
Total assets	248.9	270.7
Total debt	n.a	17.0
Total capital†	248.9	239.0
Cash & equiv.	0.5	0.6
Turnover	n.a	28.4
EBITDA	n.a	25.7
NPAT	n.a	0.0
Op. cash flow	n.a	23.3
Market cap.*	US$465.5m	
Market share	n.a	

* As at 16/11/2012 @ R8.88/US$.
† Including subordinated debentures.
Note: F11 numbers are based on unaudited proforma statements.

Related methodologies/research:

GCR's criteria for rating corporate entities
GCR's criteria for rating property funds
Investec Property Fund Limited ("IPF") rating report, 2011
IPF R450m Senior Secured Notes: New Issuance Report, April 2012

Rating history:

Initial Rating (11/2011)
Long term: BBB+(ZA)
Short term: A2(ZA)
Rating outlook: Stable

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Rating rationale

The rating is based on the following key factors:

- Significant shareholder support, reaffirmed by Investec Limited's ("Investec") retention of its majority stake after a R1.5bn rights offer underpins the rating. Although strong acquisitive growth should see IPF attain critical mass in the medium term, this serves to heighten investment risk, especially given that a number of funds will also be targeting growth.
- IPF has a limited track record, although comfort derives from its managers' strong credentials and competitive advantages stemming from linkages with other Investec subsidiaries. This has seen the fund build up a portfolio of quality properties procured from the Investec stable or through existing business relationships.
- The property portfolio reports strong and predictable cash flows, underpinned by long term leases and low vacancy levels. Despite moderate margin pressure evidenced at 1H F13, earnings should remain robust, supporting sound debt serviceability metrics.
- The fund's concentration risk has reduced with recent acquisitions, with a lower 52% of F13 rental income to derive from 10 properties, from a previous high of 92%. Although the large number of single tenanted properties elevates counterparty exposure, this risk is mitigated by the A-graded nature of the respective tenants, and sound credit vetting processes applied.
- Gearing levels are low, and management does not anticipate that the LTV ratio will exceed the 30% mark in the medium term, compared to a 40% benchmark for highly rated property groups.
- The R1bn DMTN programme provides further funding flexibility, while liquidity is underpinned by a R500m bridging facility and close relationships with bankers.
- The fund's percentage of encumbered properties is low, providing a strong acquisitive platform and implying adequate cover for prospective unsecured bond holders.

What could trigger a rating action

Positive movement factors: In view of the recent rating action, a further upgrade is only deemed likely if the fund can demonstrate a sound medium term track record (underpinned by the positive earnings impact of new acquisitions), despite weak macroeconomic fundamentals.

Negative movement factors: LTV metrics materially exceeding the fund's comfort level due to a tenuous operating environment or unanticipated investment risks arising from aggressive expansion of the property portfolio could place downward pressure on the rating.

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Business profile

IPF is a limited liability property loan stock company ("PLS") whose mandate is to procure and manage income generative real estate with potential for capital gain. Listed on the JSE in April 2011, the fund owns a range of retail, commercial and industrial properties. Although it was originally incorporated as Afropulse 405 Limited in 2008, it was dormant until its listing, whereupon an initial 29 properties were procured from the Investec stable. Management intends to grow the property portfolio to a critical mass of around R10bn in the medium term.

Investment strategy

IPF's focus is on competitively priced, quality assets that are either already tenanted or can be immediately occupied. While its memorandum of incorporation also allows for investment in listed property funds, there are no plans to establish an actively managed equity portfolio.[1] The investment policy in terms of sectoral spread remains conservative, and precludes residential properties. In addition, the fund does not take development risk and does not invest in Greenfield projects (or assets requiring significant redevelopment), and therefore does not have a land bank.

While the fund at present holds a few small properties that were secured as part of a portfolio and occasionally procures assets with a minimum value of R30m-R50m, the emphasis is on deals of around R100m-R200m. Management continues to identify opportunities to procure individual properties or corporate activity that will see IPF secure a portfolio of assets that will enhance its scale. Where it is feasible to do so, acquisitions are pooled together or timed in a manner that will enable the fund to secure cost effective funding and minimise procurement costs. While the fund has a long term view towards its real estate assets, properties that are no longer a strategic fit will be sold. IPF wholly owns its properties, a factor that lends administrative flexibility to its operations.

An Investec subsidiary, Investec Property Proprietary Limited ("Investec Property") manages the fund. The relationship is governed by a renewable, 7-year asset and property management agreement.[2] Although the contract has a termination clause, this also includes a sizeable early termination penalty. Investec Property is responsible for identifying development and investment opportunities, implementing IPF's growth strategy and securing funding for the expansion of the portfolio. While day-to-day building management and maintenance is outsourced, the manager also has oversight of the property management function. Investec Property's directors have a strong track record in the sector, having established the largest South African PLS, Growthpoint. Investec's long standing relationships with clients, rigorous due diligence processes and credit profiling provide IPF with strong competitive advantages in the real estate arena.

[1] IPF acquired units in Ascension Properties (November 2012) as part of the disposal consideration for 2 buildings.

[2] The agreement may be terminated on 6 months' notice, on the approval of IPF's Linked Unit Holders (excluding linked unit holders related to Investec Property Limited or its associates).

Recent developments

The fund recently raised R1.5bn through a rights offer, which saw the issue of 113.2m linked units to existing unitholders on 5 November 2012. Having followed its rights, Investec and its asset management subsidiary together retained a 54.9% stake in the fund. The balance is controlled by various institutional investors, with a small proportion held by management. To provide further funding flexibility, a R1bn DMTN programme was launched in 1Q F13.

The proceeds of the rights issue will be used to settle the cash portion of the consideration payable for acquisitions worth R1.9bn (summarised in the following table). The Giuricich portfolio consists of 12 retail properties.[3] The majority of these assets are in prime locations in Gauteng and are 95% tenanted by grade-A clients. The R743m payment will be settled with cash (R534m) and the issue of 17m IPF linked units. IPF has also entered into an agreement to purchase additional Investec properties for R839m (which include The Firs and Balfour Shopping Centre), with a portion of the consideration also to be settled by the issue of 17m linked units.

Post year end acquisitions (R'm)	Estimated Transfer	Cost	Consideration		Yield (%)
			Equity	Cash	
Giuricich portfolio	Dec-12	743	209	534	8.3
The Firs	Nov-12	272	215	57	8.8
Investec Pretoria	Nov-12	170	-	170	8.0
Balfour	Dec-12	397	-	397	9.0
Megamark Mall	Dec-12	218	-	218	9.0
Nonkqubela Mall	Dec-12	101	-	101	9.0
Total	-	**1,901**	**424**	**1,476**	-

Note: The Giuricich agreement was reached in July 2012, while the Investec agreement was signed in May 2012.

IPF also procured 5 other properties during F12. The transfer of 3 of these assets had been finalised by year end, although, depending on their acquisition date, contributed less than 6 months of rental income. One challenge the fund (and the sector at large) faces is transfer delays due to municipal clearances and other regulatory requirements.

Debt funded acquisitions (R'm)	Cost	Effective date	Independent valuation*
Innovation	151	Oct-11	170
Scientific	35	Oct-11	35
BAT Pretoria	40	Dec-11	43
General Electric Midrand*	119	On transfer	123
Great North Plaza Mall*	145	On transfer	n.a
Total	**490**	-	-

*As at March 2012. Note: The last 2 properties were yet to be transferred at FYE12.

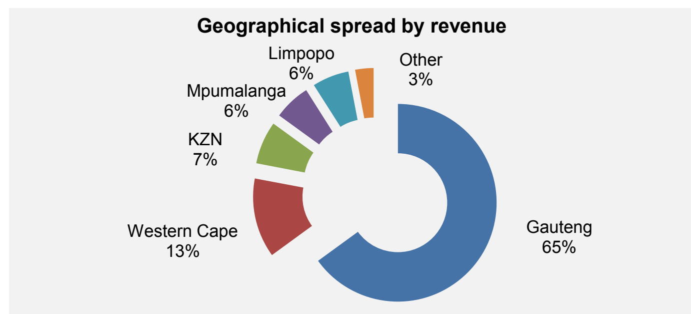
Property portfolio

As at 1H F13, the IPF portfolio consisted of 34 properties, with a GLA of 431,926m^2, valued at R2.3bn. Following the finalisation of the rights issue and related acquisitions, the fund will comprise 49 properties, valued at just over R4bn (after the disposal of 2 properties). The following analysis is forward looking, as it is inclusive of assets whose transfer is yet to be finalised.

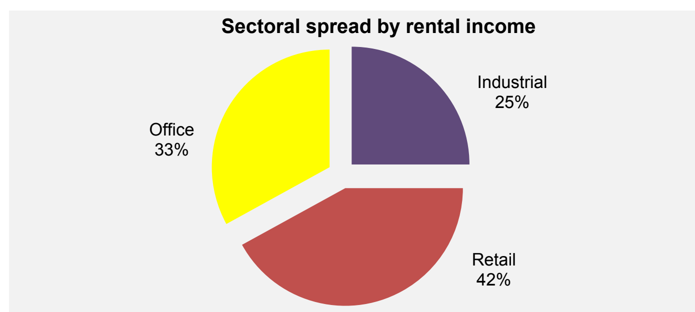
As anticipated, new acquisitions have materially reduced concentration. Specifically, the top 10 properties account for 56% of the total portfolio on the basis of the cost of acquisition, from 75% previously. The 10 largest contributors to rental income will also account for a

[3] S Giuricich Holdings (Pty) Limited is a holding company with interests in various trading and property entities. Its subsidiary, M&F Giuricich, developed the above-mentioned properties.

reduced 52% of total turnover in F13, from 92% (based on the original portfolio). Properties are primarily located in Gauteng, with the top 10 accounting for 71% of the acquisition cost of IPF's investment assets in the region. Income in Western Cape and KZN will be primarily derived from the 3 largest properties, namely Investec Offices (Durban), Woolworths House and the recently procured Nonkqubela Link Mall. The fund focuses on acquiring properties that meet its investment objectives, with geographical diversification objectives secondary.

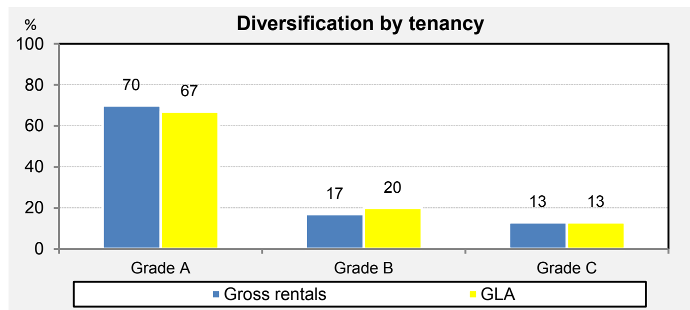


Management previously indicated that IPF was actively engaged in identifying suitable investments to expand its retail real estate footprint. The retail portfolio has been notably enhanced to account for 32% total GLA and 42% of projected F13 revenue, from a respective 8% and 10% based on the original pool of assets. Moderate concentration is evident, with 3 large malls accounting for around 40% of the value of retail assets. However, acording to management, these acquissitions have strong credit credentials.



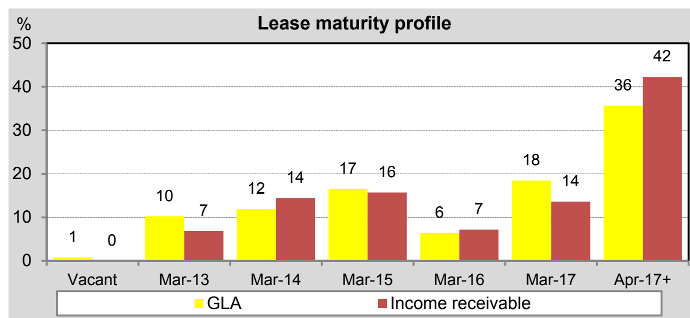
The respective contribution of industrial and office to total rental income has been reduced to 25% and 33% (F12: 66%; 52%). Sizeable acquisitions have been made in both these sectors (namely the Innovation Building and General Electric premises), although these were of comparatively lower value to the retail assets. IPF's high quality and well-positioned office and retail assets such as The Firs also attract high rentals and enhance overall yields.

Over 90% of rental income derives from medium-long dated leases (5-10 years), with the balance relating to newly let premises and assumed renewals. The fund maintains a high quality tenant base, largely comprised of national and listed companies, major franchisees and government. These A-grade clients account for 70% of rental income (F12: 81%). The decline is attributable to the sectoral shift towards retail, compared to office (which largely comprises single tenanted premises). A further 17% of revenue is generated from B-grade tenants, which comprise medium-sized national and listed companies, as well as professional firms. The balance is derived from range of smaller clients, which usually have comparatively shorter leases.



Management has strong linkages within the industry, stemming from their extensive experience within real estate. In addition, IPF relies on the strong information base built up by other Investec subsidiaries, from which it draws acquisition opportunities. Actively managing relationships with clients assists the property managers in anticipating critical concerns and requirements ahead of lease renegotiations. This has enabled IPF to consistently secure renewals with strong reversion rates ahead of lease expiry dates.

Large tenants usually occupy an entire office building, while in retail, A-grade clients such as Edcon, Massmart and The Foschini Group take up significant space across several malls/centres. Single tenancies contribute 41% of rental income and represent more stable revenue streams, with longer leases. The downside risk is, however, greater than in multi-tenanted premises if a client defaults or fails to renew the lease, as the fund will face an unanticipated hike in vacancy rates and dip in income. In this regard, the high tenant quality serves as a critical risk mitigant. IPF utilises Investec Bank's credit score cards and other vetting tools to assess potential clients. This is also employed in the due diligence process prior to an acquisition, particularly in instances where a single tenanted building with a long term lease is being considered.



The fund has a well spread lease maturity profile that is closely aligned to the 15% annual expiry benchmark for highly rated funds. A high proportion of leases expire after F17 (42% by income receivable), a factor attributable to the average tenure of single tenant leases of 8-9 years and key renewals of at least 5 years. With new leases and acquisitions, management has ensured that similar tenure leases are maintained, further improving the overall maturity profile.

Rental escalations on existing leases are projected to remain above inflation in F13, at nearly 8% p.a. across all 3 sectors. This is behind an average F12 escalation of 9.2%, largely due to management's conservative stance on anticipated income flows from certain underlet properties. The vacancy level is low, at 3.3%, albeit having risen slightly from F12 levels of 2.7%. The uptick was due to the unanticipated loss of a client in a single tenanted office building. Positively, the rental contribution is low, at 3% of F12 income. The rest of the portfolio evidences a 2.1% vacancy rate. Going forward, management anticipates a moderate increase in vacancy levels as the fund increases in scale (albeit remaining below industry averages). In instances where properties purchased have sizeable vacancy rates, IPF has secured rental guarantees (usually with regards to former Investec properties) or has priced this into the acquisition cost. As such, the fund does not pay for the vacant space on acquisition.

Operating environment

Although real GDP growth registered at a firmer 3.1% in 2011 (2010: 2.9%), both primary and secondary activity remain constrained by the slowing global economy. To counter contagion from weakening external markets, the Central Bank continues to pursue an accommodating monetary policy, reducing the repo rate by a further 50b.p. to 5% in July 2012. This notwithstanding, macroeconomic fundamentals continue to weaken in the face of heightened sovereign risk and political uncertainty.

The weak environment drove a slowdown in the uptake of new leases and downward valuation of renewals in the property sector. Profitability was also constricted by rising municipal costs and the initial outlay of implementing contingency measures to address erratic utility supply. The office sector was the hardest hit, with vacancies exceeding 10% for the first time in over 10 years. Positively, vacancy levels are much lower in A-grade and prime grade office space, where IPF primarily operates. Although such properties still have vacancies, they have scope to reduce rentals in order to attract tenants currently located in B-grade space. Top end B-grade tenants are considering paying slightly more in order to obtain much better space in prime locations. As a result many are opting to not renew their leases or are putting pressure on landlords to negotiate lower rentals.

The retail segment has been more resilient, supported by rising consumer spending. This, as property companies target developments in outlying districts such as townships and rural areas, which currently offer a higher return on investment. Spending patterns of rural communities in particular have evidenced resilience to exogenous shocks, as they are reliant on government grants. National retailers continue to expand their geographic footprint, boosting demand for retail space in outlying areas. The operating environment for commercial retail real estate in urban areas, however, is still challenging, as demand remains constrained. Favourable rates have seen major retailers take up increased space in new or refurbished centres at the expense of smaller malls. Given cautious corporate spend and continued liquidations of SMEs in the highly uncertain economic environment, this has resulted in reduced renewals and high vacancies.

Demand for industrial space has firmed, supporting sound rental escalations and a reduction in vacancy levels, especially in the high-value end of the market. Both local and international businesses are positioning themselves in new, strategically located developments, boosting yields. As several large companies are streamlining their logistics function (requiring larger space for centralised warehousing), securing tenancies for smaller industrial space remains challenging.

Overall, above inflation rental escalations and stabilising vacancy levels should see the property sector achieve modest top line growth in the short term. However, margin pressure will be exacerbated by electricity and municipal rate hikes.

Financial performance

Attached are audited F12 financials and unaudited 1H F13 results, while brief comment follows hereafter. According to auditors Ernst & Young's opinion, IPF's F12 financial statements are a fair representation of its financial position and are in compliance with IFRS.

Income statement, F12 (R'm)	Actual	Prelisting forecast	1H F13
Rental income	**211.6**	**195.5**	**127.7**
Net rental income	173.1	160.0	117.1
Operating income*	**161.2**	**149.1**	**93.6**
Net finance income (charge)	(3.0)	3.8	(14.0)
Distribution	(158.1)	(152.9)	(79.6)
NPAT	0.1	0.0	0.1
Op. margin (%)*	76.2	76.3	73.3
Net rental yield (%)	9.1	8.4	10.3°
Distribution per unit	93.02	89.94	46.83
Net interest cover (x)	63.5	n.a	6.7

*Adjusted for fair value movements.
°Annualised.

The fund's revenue streams and cash flows are largely predictable, usually deviating from budget due to unanticipated escalations, changes in vacancy rates or timing of acquisitions. In this regard, gross rental income was 8% ahead of the fund's prelisting forecast at R212m, while interim gross rentals were up 34% YOY, on the back of acquisitive growth. Robust yields were ahead of expectations, as more space was let than had been originally envisaged in F12, while strong escalations and reversions were secured on certain properties.

Operating costs are relatively well contained, as most clients settle utility costs directly. However, some variability derives from unanticipated escalations in municipality rates, which IPF settles upfront and subsequently recovers from its tenants. In addition, investment in multi-tenanted retail centres will increase utility costs the fund incurs for common areas. To address this, IPF implemented a pilot project that will eventually see the adoption of several measures to reduce energy and water consumption in its buildings. Management maintains strict credit control processes, which limited arrears 0.2% of total collectibles at 1H F13 (F12: 0.7%). Although this increases the administrative burden, the opportunity cost is more than offset by the benefit of stable cash flows and sustainable earnings. Adjusted for

moderate unrealised gains on the portfolio, the operating margin for F12 was aligned to forecast at 76%. 1H F13 saw the margin shed 3 percentage points to register at 73% (1H F12: 77%), against a 60% GCR benchmark for highly rated funds. According to management, the cost to income ratio is expected to revert to the F12 level by year end, and should improve when the portfolio achieves critical mass, notwithstanding pressures stemming from the greater retail exposure.

The fund utilised much less debt than was originally envisaged in F12, and as such, a modest net interest charge of R3m was reported. Thereafter, R450m was raised from secured notes, which saw the net interest expense rise to R14m in 1H F13.

Cash generation was robust in F12, equating to EBITDA after adjustments for fair value movements. Following a small working capital release, the operating cash flow was reported at R174m, while 1H F13 operating cash flows were 9% lower on annualised basis at R79m. The fund had fully distributed F12 cash profits to linked unit holders by 1H F13, with the interim dividend expected to be paid out by the end of December 2012.

Having procured a R1.7bn portfolio prior to its listing, IPF had spent an additional R455m on acquisitions by September 2012. Including fair value gains on the revaluation of properties and a nominal capex outlay, the carrying value of the fund was reported at R2.3bn as at 1H F13. Most of the fund's single tenanted properties are on triple net leases. This means that clients are responsible for real estate taxes, insurance and maintenance in addition to rentals and utility costs. Given the prime condition of IPF's properties, maintenance capex spend is largely predictable and well contained, amounting to a low R4m in F12. In certain cases, IPF will refurbish a property under a triple net lease agreement as part of the conditions of the acquisition, discounting the price accordingly. For example, the fund agreed to refurbish the General Electric building for R42m, to be completed by December 2012. This will comprise the bulk of maintenance spend in F13. IPF will also invest R19m in F14 to enhance and refurbish one of its properties (4 Protea Place, Sandton).

IPF utilised R450m in debt to fund acquisitions over the 18-month period to 1H F13, relying on equity to fund the original portfolio of R1.7bn. As all profits are distributed, cash levels are generally nominal, rising in the interim due to dividends and interest payable to linked unit holders.

Funding and liquidity profile

Capital is almost entirely vested in long dated investment properties. The fund has made limited recourse to debt, largely funding operations through equity, in the form of linked units. These are segmented into equity and unsecured, subordinated, variable rate debentures. While the fund is required to disburse 99.9% of income available to linked unit holders, all capital profits are retained, with the additional value accrued to linked unit holders. As discussed previously, shareholders have shown continued support by following their rights, increasing unitholder interest to R3.7bn as of November 2012.

IPF is consistently cash generative and relies on these cash flows (of around R25m per month) for day-to-day liquidity. A R500m bridging facility from Investec is also maintained, with no commitment fees on unutilised facilities. R139m was drawn down during 2H F12 to fund acquisitions. On the registration of the R1bn DMTN programme, the fund issued senior secured notes maturing over 5 years. This is misaligned to international norms, which dictate that property funds should display a more diverse range of maturities. Nonetheless, debt instruments will remain medium-long dated, mitigating liquidity risk.

Senior notes: capital structure[4]	Expiry	Coupon	R'm
IPF01	13-Apr-2015	3 month JIBAR+140 b.p.	134
IPF02	13-Apr-2016	3 month JIBAR+155 b.p.	40
IPF03	13-Apr-2017	3 month JIBAR+155 b.p.	50
IPF06	13-Apr-2017	Fixed: 8.8%	226
Total	-	-	**450**

A portion of the funds raised from the notes was used to redeem the interest bearing obligation to Investec. The notes are secured against 5 properties valued at R896m as at FYE12. No other properties are currently encumbered, although management indicated that other assets will be used as security for future issuances. Following the finalisation of recent acquisitions, a reduced 22% of the portfolio will be encumbered (1H F13: 39%).

Gearing (R'm)	FYE12		Actual
	Actual	Budget*	1H F13
Shareholders interest	**1,838.1**	**1,700.0**	**1,847.5**
Debt	130.9	330.9	450.0
Cash	**4.6**	**7.2**	**95.5**
Net gearing (%)	6.9	19.0	19.2
Net LTV (%)	6.1	16.0	15.3
Net debt: EBITDA (%)	65.9	203.7	162.9

*Based on reviewed projections provided to GCR after 1H F12.

Budgets provided to GCR post 1H F12 indicated that management expected a net loan-to-value ratio ("LTV") of 16% at FYE12. As debt was lower than envisaged, the net LTV registered at a low 6%, rising to 15.3% at 1H F13, compared to a 40% ceiling for highly rated property funds. The fund's memorandum of incorporation does not limit its borrowing capacity. However, a 50% LTV covenant applies in respect of the recently issued notes. Management is conservative about gearing, and does not expect the LTV ratio to go beyond the 30% mark. Should debt become yield enhancing, however, the LTV could rise to 40% in the medium-long term. Albeit having risen to 163% at 1H F13, net debt to EBITDA is well below that of larger funds, and is expected to remain below GCR's 400% benchmark in the medium term.

As per internal policy, at least 75% of the fund's interest rate exposure is hedged. At FYE12, interest rate swaps maturing in 2017 were used to hedge out IPF's variable rate obligation, providing R113m of nominal cover at a fixed interest rate of 7.15%. Overall, the weighted effective interest rate on the fund's obligations was 8.2%, following the placement of the secured notes. As at 1H

[4] The senior notes are rated $A_{(ZA)}$ by GCR. Outlook: stable. For further information, subscribers are referred to GCR's new issuance report on IPF's R450m Senior Secured Notes dated April 2012.

F13, net interest coverage registered at 6.7x, well above a 2x covenant mandated in terms of the DMTN programme.

Liquidity
IPF's liquidity is assessed on its ability to access adequate funding. This primarily hinges on the amounts available on existing credit lines, the value of unencumbered properties, the ability to raise capital from alternative sources and shareholder support. While the fund evidences an overreliance on Investec facilities, this is underpinned by synergies within the group and is viewed positively. Sustained shareholder support is evidenced by Investec's retention of 54.9% of equity, as well as the involvement of its subsidiaries in management and the raising of capital. In addition, certain buildings in the fund are tenanted by Investec subsidiaries, while the group has provided rental income guarantees for unlet or underlet buildings procured by the fund.

While the proportion of encumbered properties is relatively low, it is possible that additional debt instruments will also be secured. The oversubscription of the rights offer, coupled with the fund's recourse to capital markets provides a strong acquisitive platform going forward.

Conclusion and rating rationale

In according the rating, GCR assessed IPF's portfolio and performance in relation to domestic market conditions and international criteria. In this regard, the fund evidenced improved concentration by rental income and asset value, while evidencing sustainable escalations and strong margins. Notwithstanding the portfolio's low geographical diversification, the fund has properties across 3 different sectors, with long dated leases and mostly A or B-grade tenants.

Cognisance is taken of the competitive advantages the fund derives from linkages with Investec Property, from which a portfolio of quality assets has been procured. The company also lends the strong credentials of its development team and extensive experience in real estate towards the management of IPF's portfolio. Other synergies within the Investec stable underpin the fund's liquidity and sound due diligence processes. Investec Bank Limited is rated $AA-_{(ZA)}$; $A1+_{(ZA)}$ by GCR, while Investec Limited is secure-rated on an international scale.

Despite comfort provided by the Investec relationship, a significant offsetting factor remains the limited track record and relative size. In this regard, an aggressive investment policy should see the portfolio grow substantially in the medium term. This, however, serves to elevate investment risk. Given that a number of funds are also chasing growth, there is a greater risk that IPF may overpay for assets.

Projections indicate strong top line growth, supported by acquisitions and sound earnings potential. Despite increased exposure to retail, the operating margin is expected to remain above the 60% benchmark for highly rated property groups. Debt serviceability is projected to be robust in F13, with stable levels to be maintained over the medium term.

IPF's projected gearing metrics are conservative, and below those of highly rated funds. The LTV is not expected to exceed the comfort level of 30% in the medium term. The DMTN programme and backing from Investec are considered supportive of the fund's expansion plans. The high ratio of unencumbered assets lends additional financial flexibility and also implies above average recoveries for prospective unsecured bond holders.

Investec Property Fund Limited

(R in millions except as noted)

Income Statement Year end : 31 March	2012	1H F13°
Rental income	*211.6*	*127.7*
EBITDA	**191.7**	**108.8**
Depreciation and amortisation	n.a	n.a
Operating income	**191.7**	**108.8**
Distributable earnings from associates and investments	0.0	0.0
Income from operations and investments	**191.7**	**108.8**
Net finance income (charges)	(3.0)	(14.0)
Finance cost capitalised	0.0	0.0
Fair value movements	(30.5)	(15.2)
Abnormal/exceptional items	0.0	0.0
Distribution to linked debenture holders	(158.0)	(79.6)
NPBT	**0.2**	**0.1**
Taxation charge	(0.0)	(0.0)
NPAT	**0.1**	**0.1**
Cash Flow Statement		
Cash generated by operations	**161.2**	**89.4**
Utilised to increase working capital	12.3	n.a
Net interest paid	0.7	(10.4)
Taxation paid	(0.1)	(0.0)
Cash flow from operations	**174.2**	**79.0**
Maintenance capex	0.0	0.0
Discretionary cash flow from operations	**174.2**	**79.0**
Distribution paid to linked debenture holders	(74.3)	(83.8)
Retained cash flow	**99.8**	**(4.8)**
Net expansionary capex	(1,926.2)	(229.4)
Investments and other	0.0	0.0
Proceeds on sale of assets/investments	0.0	0.0
Shares issued	1,700.0	0.0
Cash movement: (increase)/decrease	(4.6)	(90.9)
Borrowings: increase/(decrease)	130.9	319.0
Net increase/(decrease) in debt	**126.3**	**228.1**
Balance Sheet		
Ordinary shareholders interest	1.7	1.7
Outside shareholders interest	0.0	0.0
Linked debentures (capital)	1,836.4	1,845.8
Total shareholders' interest	**1,838.1**	**1,847.5**
Short term debt	130.9	0.0
Long term debt	0.0	450.0
Total interest-bearing debt	**130.9**	**450.0**
Linked debenture interest payable	0.0	0.0
Interest-free liabilities	113.1	124.5
Total liabilities	**2,082.0**	**2,422.0**
Fixed assets	0.0	0.0
Properties	2,065.4	2,310.0
Investments and advances	0.0	0.0
Cash and cash equivalent	4.6	95.5
Other current assets	12.1	16.5
Total assets	**2,082.0**	**2,422.0**
Ratios		
Cash flow:		
Operating cash flow : total debt (%)	133.1	35.1
Discretionary cash flow : net debt (%)	137.9	48.0
Profitability:		
Rental income growth (%)	n.a	20.7
EBITDA : revenues (%)	90.6	85.2
Operating profit margin (%)	90.6	85.2
EBITDA : average total assets (%)	10.2	9.9
ROaE (%)	8.9	8.6
Coverage:		
Operating income : gross interest (x)	31.8	5.4
Operating income : net interest (x)	63.5	7.8
Activity and liquidity:		
Days receivable outstanding (days)	10.4	20.4
Current ratio (:1)	0.1	1.0
Capitalisation:		
Total debt : equity (%)	7.1	24.4
Net debt : equity (%)	6.9	19.2
Total debt : EBITDA (%)	68.3	206.8
Net debt : EBITDA (%)	65.9	162.9
Loan to value		
Total debt : properties (%)	6.3	19.5
Net debt : properties (%)	6.1	15.3

°Unaudited.