

MEDIA RELEASE FROM THE SA REIT ASSOCIATION

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New SA REIT Association to boost listed property asset class

The new SA REIT Association, constituted in Sandton today, is tasked with representing the listed property REIT sector, one of South Africa's most active and innovative sectors on the JSE.

The Property Loan Stock Association (PLSA), which championed the introduction of the groundbreaking new REIT dispensation for the listed property sector in South Africa, has been renamed and constituted as the SA REIT Association to represent the country's new REIT sector.

Chairman of the SA REIT Association, Norbert Sasse, says: "Over six years ago, the listed property sector came together in pursuit of this single, significant goal. The road to REITs for South Africa has been extraordinary; it is a success story with the private sector, government and regulatory bodies working hand-in-hand. The South African REIT dispensation has created a foundation from which the sector can grow with tax certainty and become more internationally competitive. Now, the SA REIT Association will build on this foundation of positive partnerships and development, so the sector remains at the forefront of good governance and international best practice."

The official launch of the SA REIT Association, sponsored by Rand Merchant Bank, was held in Sandton this afternoon. The landmark event included representatives from National Treasury, South African Revenue Service (SARS), Financial Services Board (FSB), Johannesburg Stock Exchange (JSE) and sector stakeholders.

The SA REIT Association is a representative umbrella body comprised of voluntary members of all the listed SA REIT Companies and Trusts. This association is modelled on NAREIT (National Association of Real Estate Investment Trusts) in the United States and EPRA (European Public Real Estate Association) in Europe. The SA REIT Association consolidates and replaces the old PLSA and Association of Property Unit Trusts.

The association has the considerable task of being ambassador for the most active sector on the JSE over the past twelve months. South African listed property has a market capitalisation of some ZAR250 billion. In 2014 it is likely to become the eighth largest REIT market globally with around 26 REIT entities and potentially more to come. Over the past 10 years it has outperformed local equities, bonds and cash. It has also outperformed REITs in the developed world.

The SA REIT Association's goal is to advance and protect the interests of this substantial sector, comprising both Company REITs (formerly property loans stocks) and Trust REITs (formerly property unit trusts).

The new representative body's objectives include advocacy in areas of common concern, preparing opinion and policy for interacting with stakeholders, representing the industry in meeting challenges within the sector and creating awareness of REITs as a separate asset class that creates and preserves wealth.

To achieve its objectives the SA REIT Association aims to deliver value to its members in several focus areas, with listed property's leading lights volunteering their knowledge and time to advance the sector.

The association will engage members on best practice for accounting and reporting. Estienne de Klerk, head of the REIT Committee, reports that this includes an initiative that will provide investors with improved reporting quality which will assist them in comparing and understanding the different REITs.

De Klerk says: "The purpose of compiling this best practice accounting disclosure and reporting standards is to improve consistency in accounting policies and disclosure in the sector, and make it easier for accurate comparison of different local REITs."

The association also adds value for members by sharing information and issues around new and changing legislation, promoting a competitive sector and avoiding restrictive business practices. The SA REIT Association will also represent its members in the Property Sector Charter Council, which addresses transformation in the sector with other commercial property sector stakeholders. The sector has made significant progress in this regard with most of the recent listings being black managed and several of the existing property entities having concluded significant BEE transactions.

Trust REITs, of which there are 6 by number, will benefit from a special SA REIT sub-committee dedicated to their unique needs as registered Trusts under the Collective Investment Schemes Control Act and regulated by the FSB.

The association will also share its extensive experience in founding the local listed REIT dispensation with the South African Property Owners Association (SAPOA), which hopes to help extend the REIT dispensation to unlisted commercial property investment entities.

Of course, one of the association's top tasks is to promote the SA REIT asset class in both domestic and international investment markets.

The SA REIT Association Marketing Committee Chairman, Laurence Rapp, says South Africa's new REIT dispensation creates a more appealing investment proposition for investors locally and abroad. "It is a boost for the South African listed property sector. The REIT is a world-class investment vehicle that creates even more opportunities for the association to promote our listed property sector," says Rapp.

The SA REIT Association already offers information on its sareit.co.za website, and sends regular news updates directly to subscribers on email and via its popular twitter account @SA_REIT.

Supporting its marketing programme, South Africa's new REIT structure has put the listed property sector more firmly on the radar of international investors. The REIT provides a simple, clear tax structure and is an internationally recognisable tax dispensation for investment property. More than 25 countries in the world use a similar REIT model like the US, Australia, France, Hong Kong, Japan, Singapore and the UK.

Rand Merchant Bank head of Real Estate Investment Banking Simon Fifield says: "Globally, as investors continue to search for yield, introducing REIT legislation is an important step in moving the South African property market in line with international best practice."

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