



NEWS RELEASE FROM THE SA REIT (REAL ESTATE INVESTMENT TRUST) ASSOCIATION

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Proactive SA REIT sector begins a robust update of its best practice guide for financial reporting

The SA REIT (Real Estate Investment Trust) sector is updating its best practice recommendations to make financial reporting of South African REITs even clearer and more comparable.

The move builds on the SA listed REIT sector's track record of driving best practice for investors.

The South African Real Estate Investment Trust Association (SA REIT) led the charge to introduce internationally recognised REIT legislation to South Africa, working with National Treasury, SARS, the JSE and others. The resulting SA REIT legislation has placed the listed property sector on par with REIT structures around the globe.

Since its inception in 2013, when REIT legislation was introduced in SA, one of SA REIT's goals has been to strengthen the profile of the sector by making the financial statements of public real estate entities in SA clearer, more transparent and comparable across the sector.

To ensure a listed property structure that is uniform and well understood both locally and internationally, the association published its first edition of the SA REIT Best Practice Recommendations (BPR) in 2016. It is the accepted standard for reporting key metrics consistently, which makes the analysis and comparison of different SA REITs easier.

The introduction of the SA REIT BPR was driven by the sector as most of the metrics that REITs are measured by aren't strictly governed by IFRS. So, the BPR is intended to reduce divergence in reporting implementation among sector counters.

Now SA REIT has resolved to revise and update its BPR with an even more vigorous focus on consistency and transparency in the financial reporting of REITs.

Izak Petersen, Chairman of the SA REIT Association, says: "Our members have expressed a growing concern that more needs to be done to ensure consistency in reporting and to address the perceived lack of transparency among several real estate counters. Our sector prizes the track record of transparency and trust it has built overall, and the move to revise the SA REIT BPR reinforces this."

Bram Goossens, Chairman of the Tax and JSE Committee of the SA REIT Association, says: "Because of the sector's significant investment offshore in the past three years, and other changes since the first BPR was published, the time is right to take the next step and issue more robust guidance for REITs."

The BPR is an evolving document that is meant to reflect new accounting and regulatory issues, address issues raised by asset managers and integrate changes proposed by key industry stakeholders. SA REIT has embarked on a process of engagement with a view to revise this financial reporting guide.



Specific issues that will come under the spotlight as part of the revise include standardising the distributable income statement and increased and clearer disclosure for all reporting metrics.

The BPR can be found at <http://www.sareit.com/docs/BPR.pdf> and comments for discussion for inclusion in the second edition of the SA REIT BPR can be submitted to info@sareit.com.

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Released on behalf of:

SA REIT Association

Izak Petersen, Chairman

Bram Goossens, Chairman of the Tax and JSE Committee

Tel: 011 783 2201

www.sareit.com

Twitter: @SA_REIT

For more information, or to book an interview contact:

Anne Lovell on 011 783 0700 or on 083 651 7777 or email anne@marketingconcepts.co.za.