

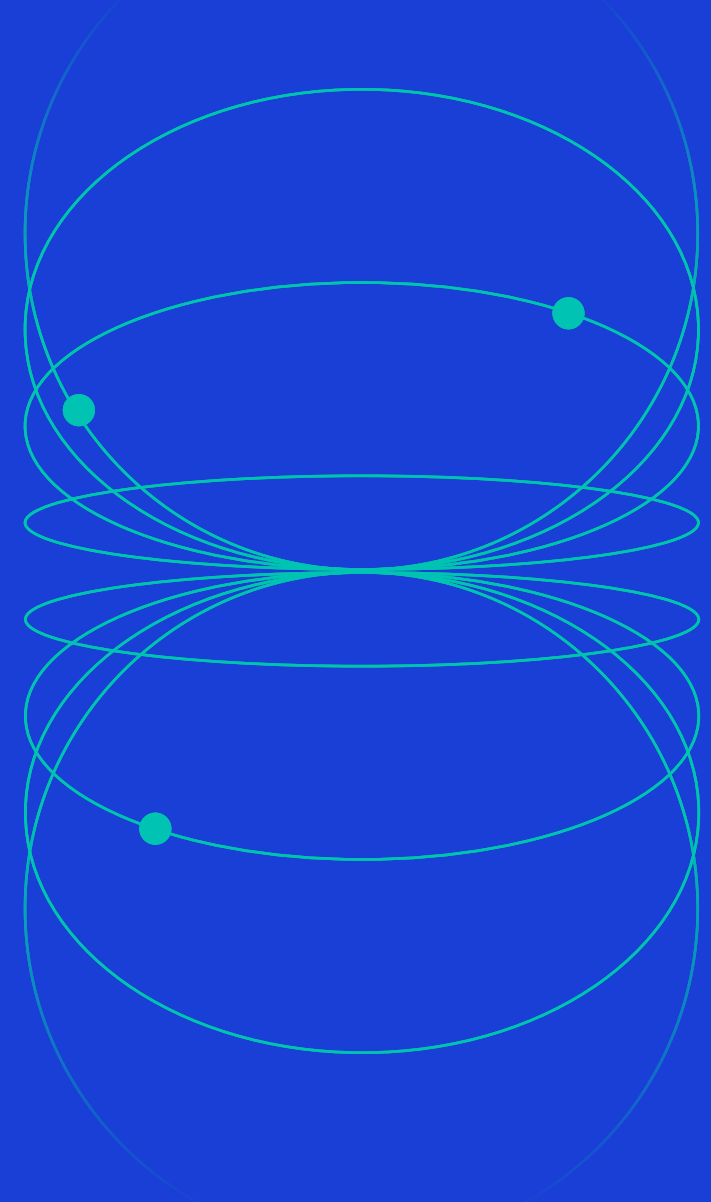


MSCI South Africa Real Estate Annual Index

Results to December 2025

21st April 2026

Sponsored by



Key points

The MSCI South Africa Annual Property Index comprises 1,689 assets with a combined capital value of R413.8bn across 26 portfolios, representing 55% coverage of the investable universe.

→ 2025 Index Overview

All property total return stable at 12%. Income return 8.5% and capital growth 3.3%

→ Operational Metrics

Vacancy, Net Operating Income Growth and Cost to Income Ratio all stable or improving

→ Sector

Industrial property still delivered the highest return with offices improving

→ Geography

Cape Town delivered the highest returns underpinned by solid income drivers owing to high demand

→ Retail by location

Township and Rural retail were delivered the best returns when compared to suburban retail.

MSCI Real Estate South African universe contributors

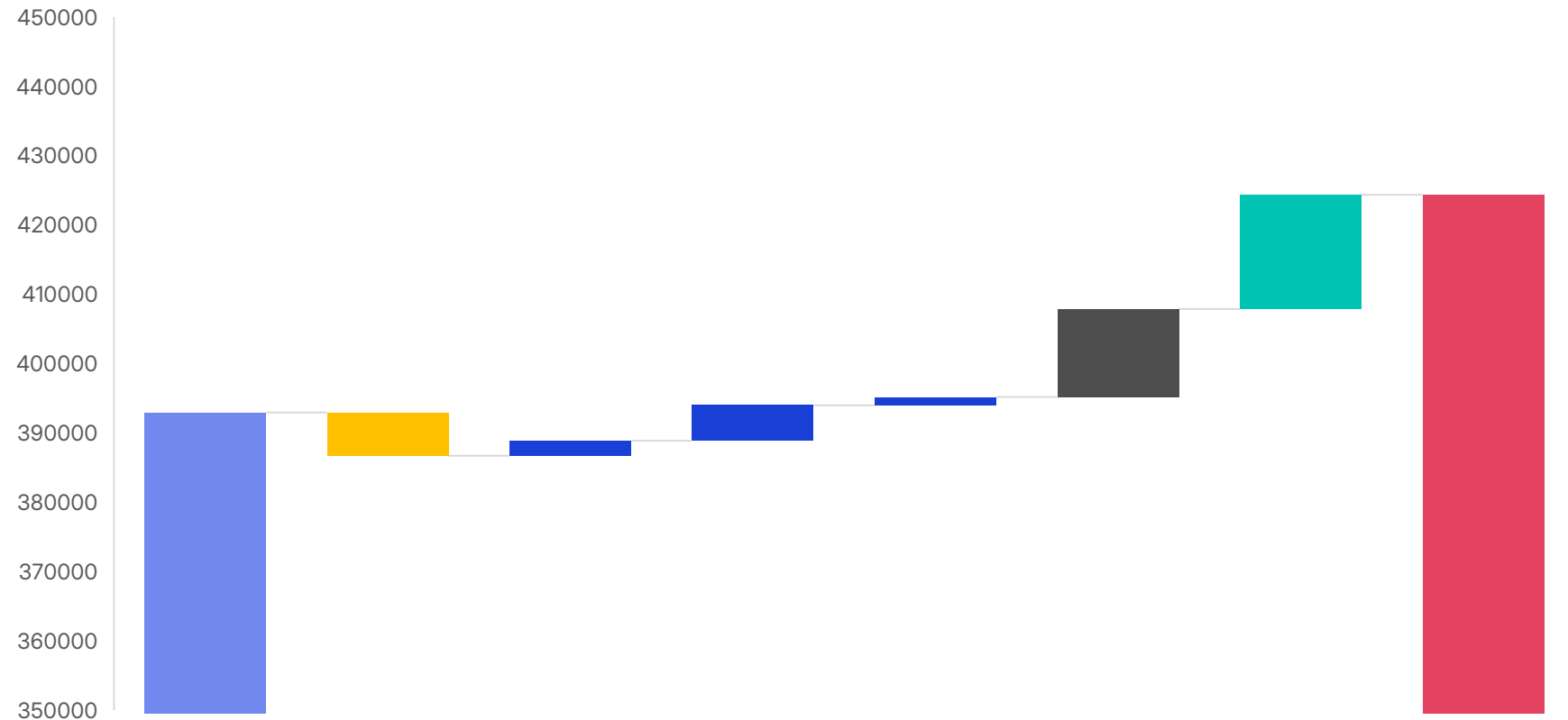
Unlevered, directly held real estate



Index Composition

MSCI South African Real Estate Index growth through 2025

- Revaluations contributed positively in 2025 at +R12.7bn, reversing the negative revaluation trend that persisted from 2020–2022.
- Net additions of R5.9bn added to the growth over the period
- More sales than purchases demonstrate the institutional owner’s strategy of shedding non-core assets to redirect capital towards core assets

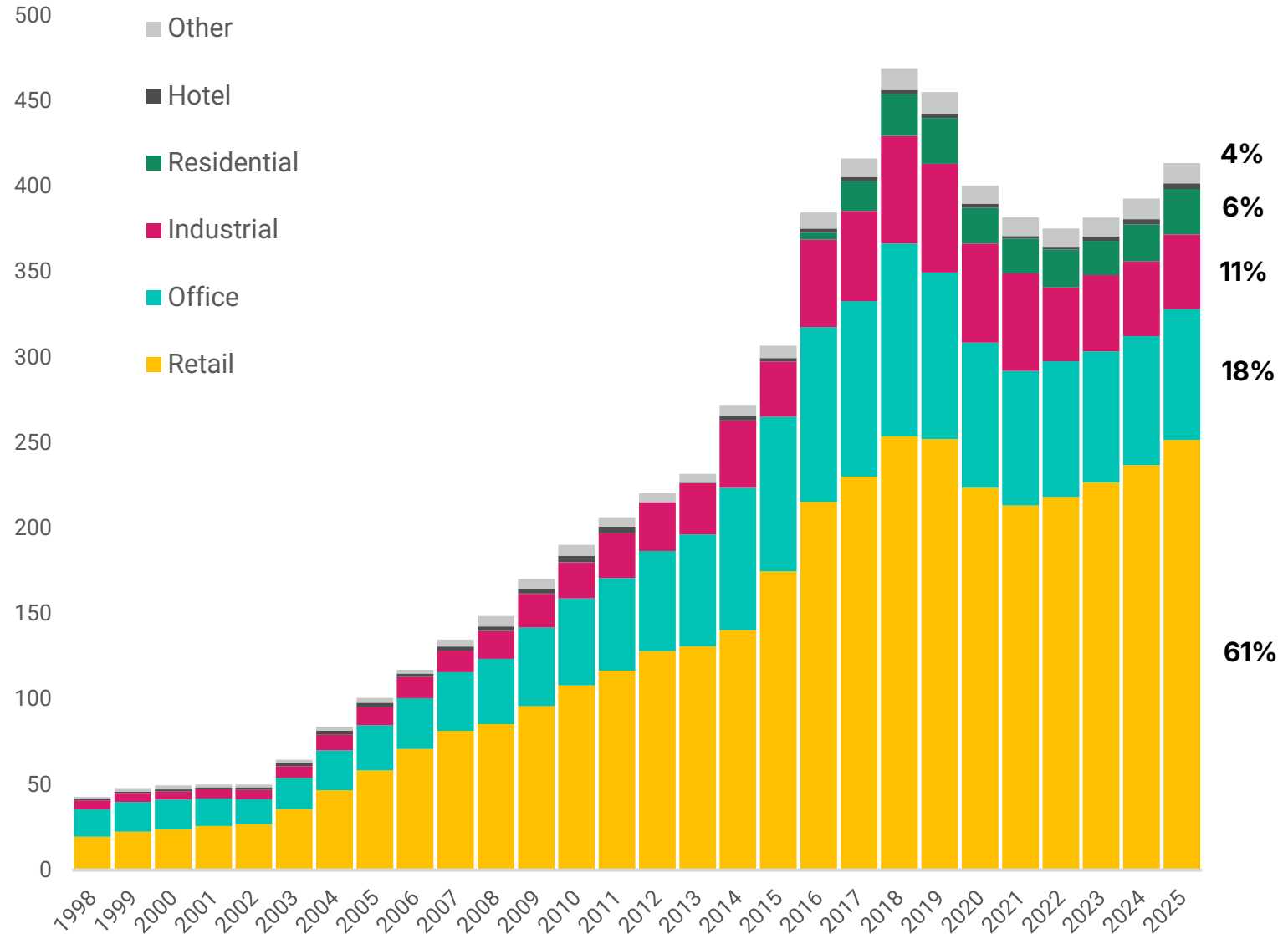


Capital value Dec-2024	Sales	Purchases	Improvement expenditure	Development expenditure	Revaluations	Net additions	Capital value Dec-2025
392,9	-6,2	2,2	5,1	1,2	12,7	5,9	413,8

CRE Investment

The property investment market continues to grow

- Retail remains the largest component at 61%, though its share has edged down as Industrial and Residential attract growing allocations.
- The upward trend in capital values is a positive signal for investor confidence and portfolio valuations going into 2026.



Source: MSCI



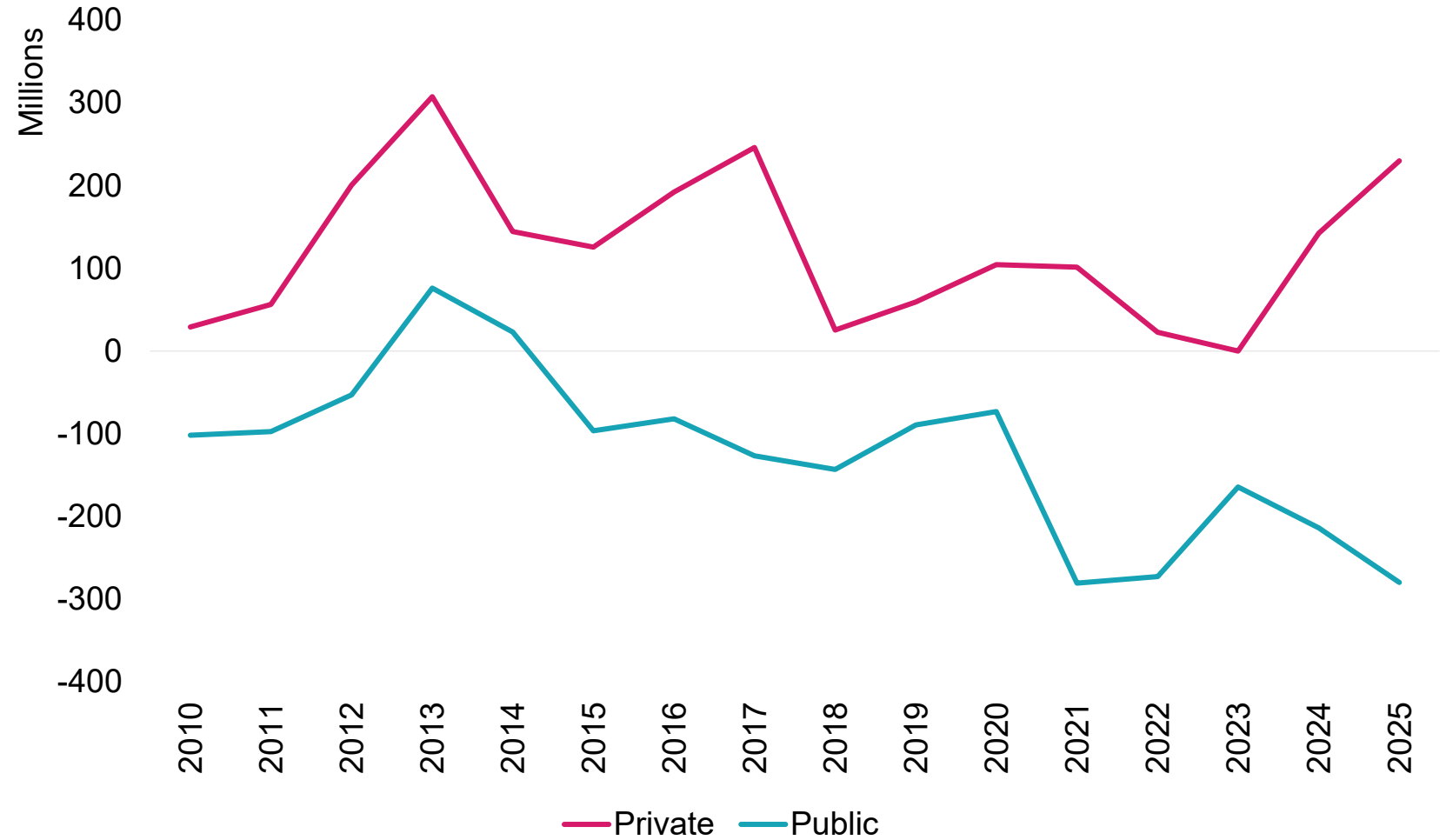
Information Classification: GENERAL

REITS

continue to be net sellers of real estate – while private investors and owner occupiers are buyers

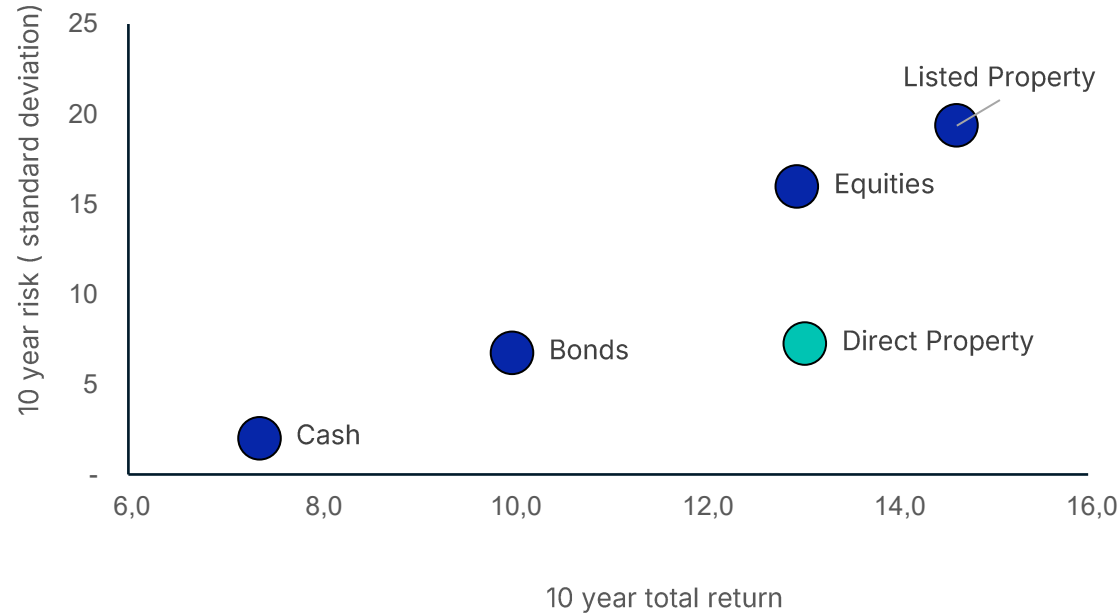
→ Total sales for 2025 around R29bil, sales in 2026 for Q1 at R13bil

NET ACQUISITION BY INVESTOR TYPE (RAND MILLIONS)

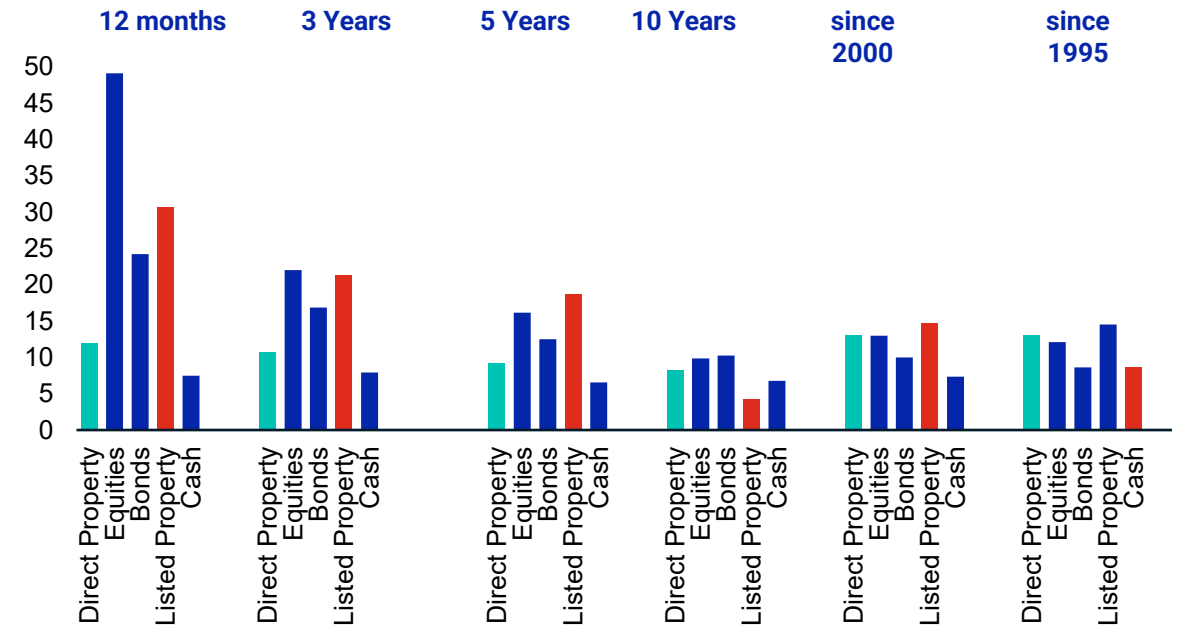


Direct property delivering a lower return than listed property in 2025 but much less volatile over the longer term

South Africa Multi Asset Class Performance
Annualised Risk to Return 2000 to 2025



South Africa Multi Asset Class Performance
Annualised Return to Dec 2025

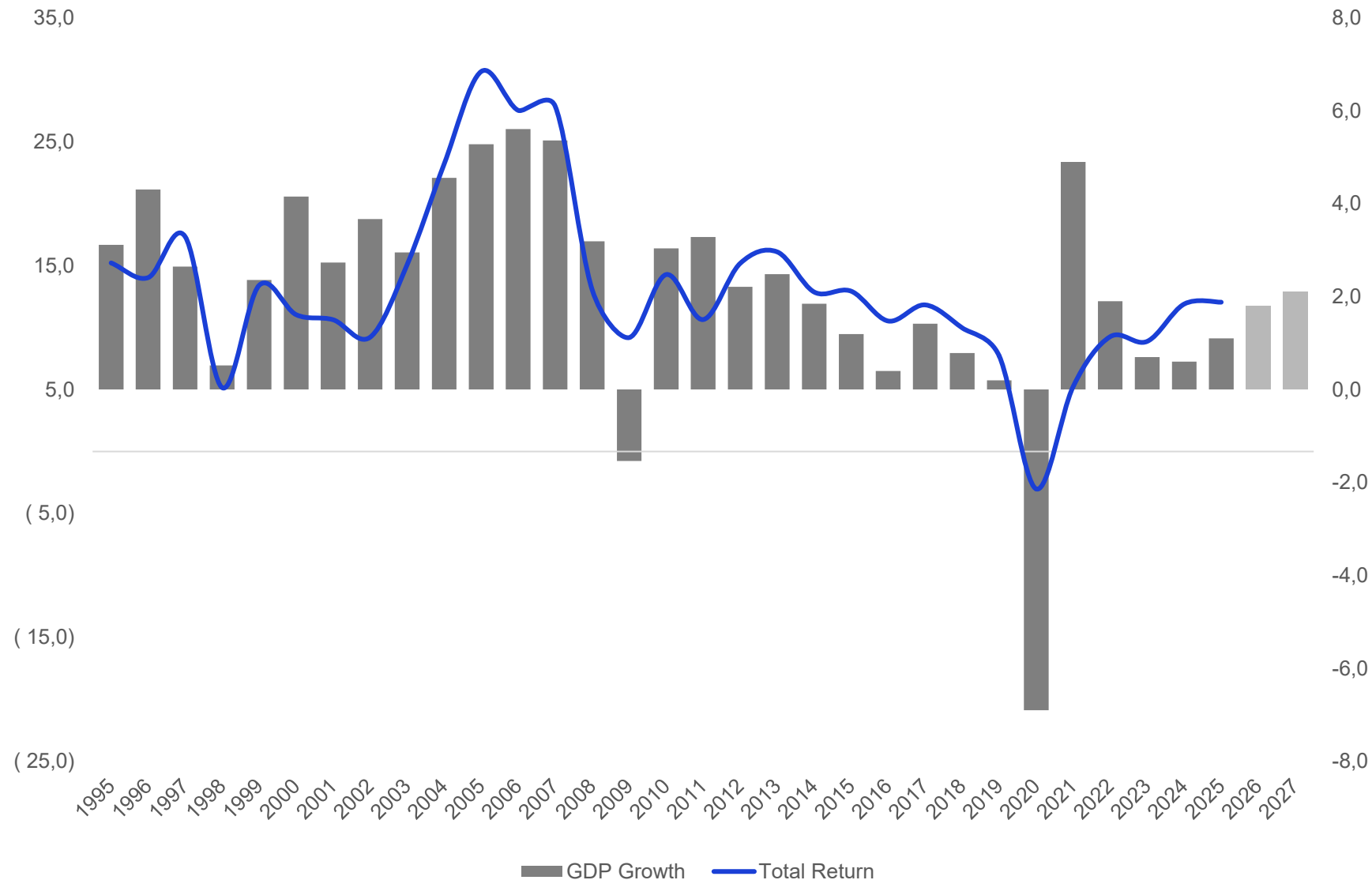


Sources: BESA (bonds); MSCI (equities, property equities, direct real estate, and fund-level real estate), Alexander Forbes STEFI (Cash)

Total Return continues to track economic growth

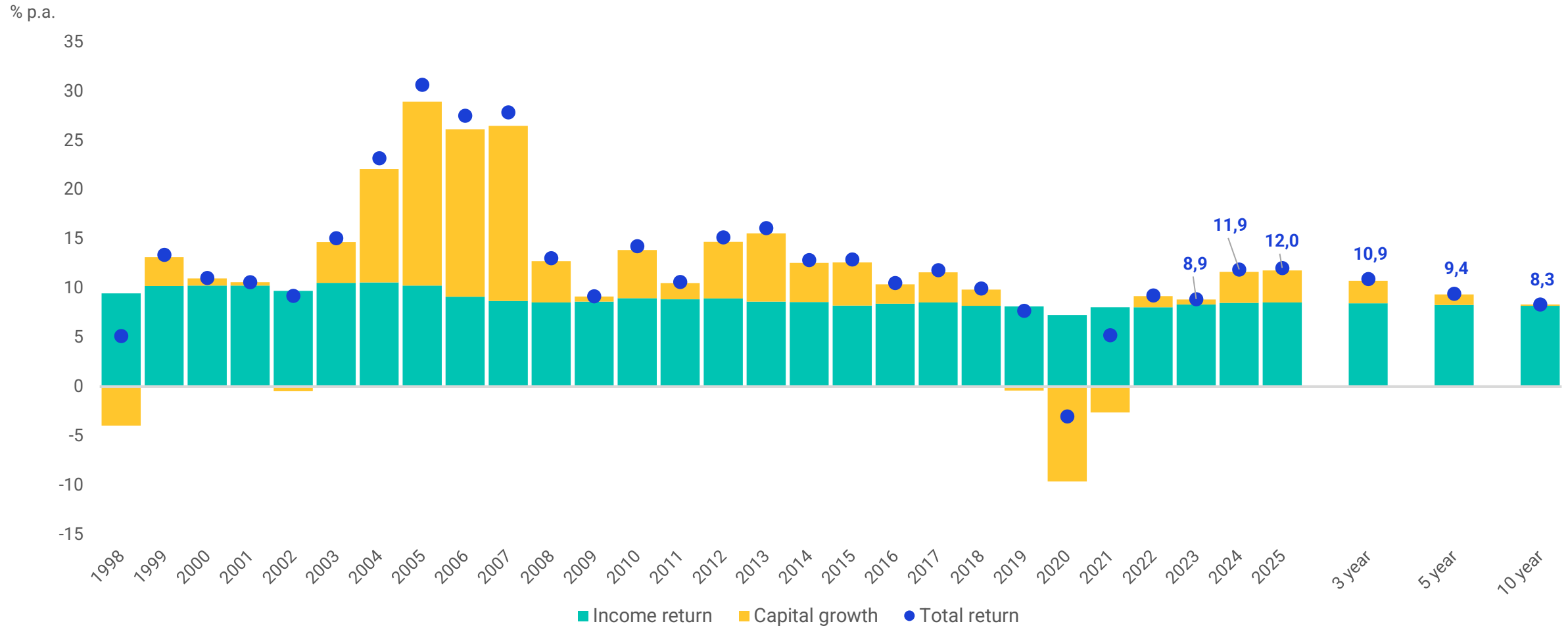
- Direct property total return has tracked the economic recovery since 2022, rising from near-zero to 12% over the 5 year period
- With GDP growth expected to remain at 1,5%-2% going forward, direct property returns are expected to continue at this level
- Headwinds brought about by the geo-political fallout may have an impact in 2026

South African economic growth and direct property total return



Income return and capital growth trends sideways

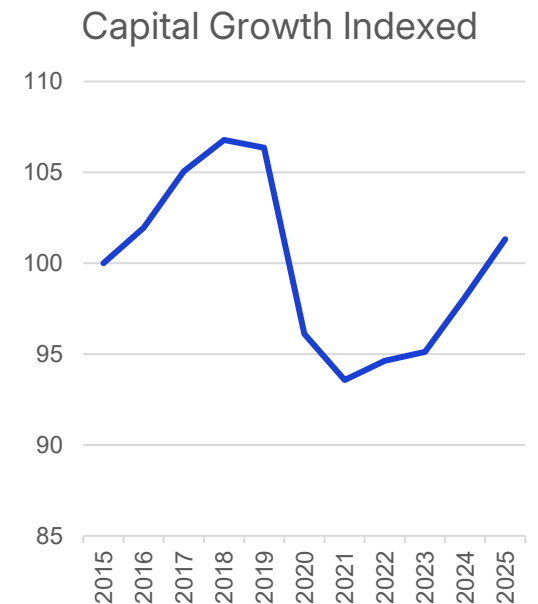
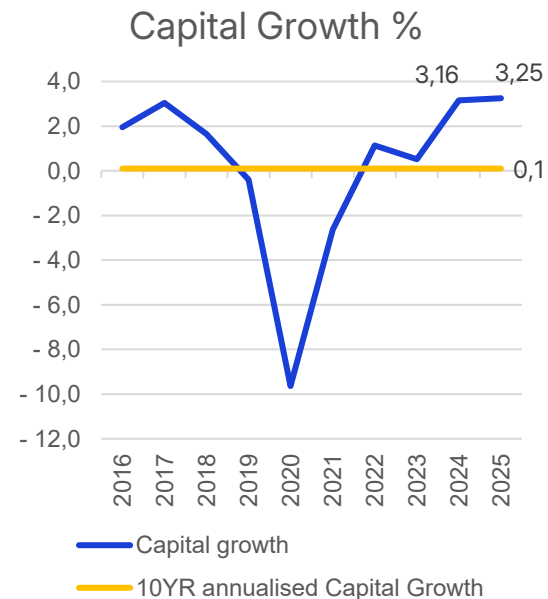
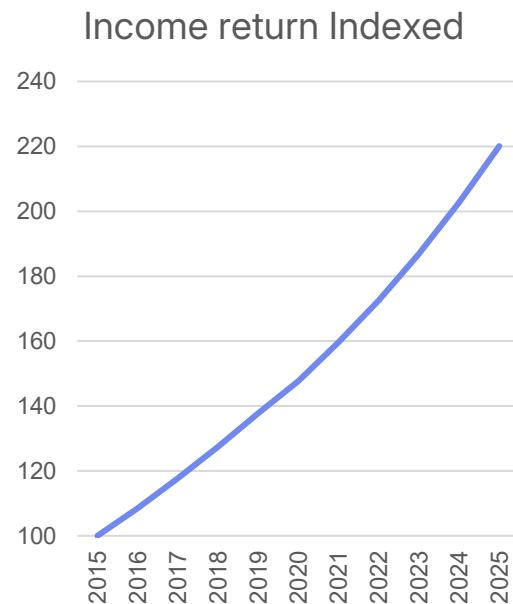
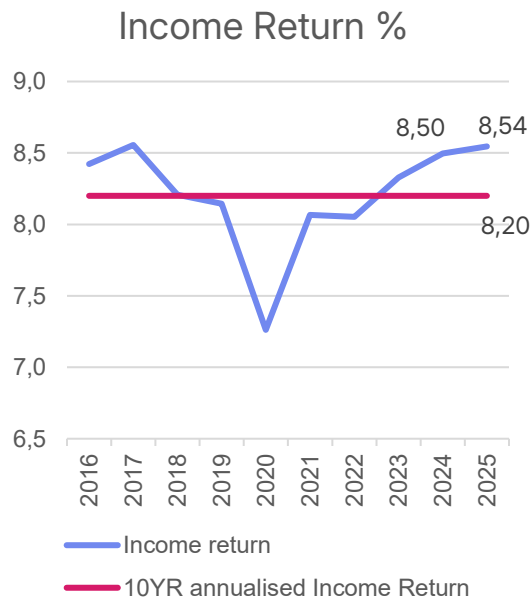
Income return continues to be stable at 8.2–8.5% , providing a reliable yield through all market conditions. Capital growth recovered to 3.3% in 2025 after four years subdued growth, pushing total return to its highest level since 2018.



All Property returns

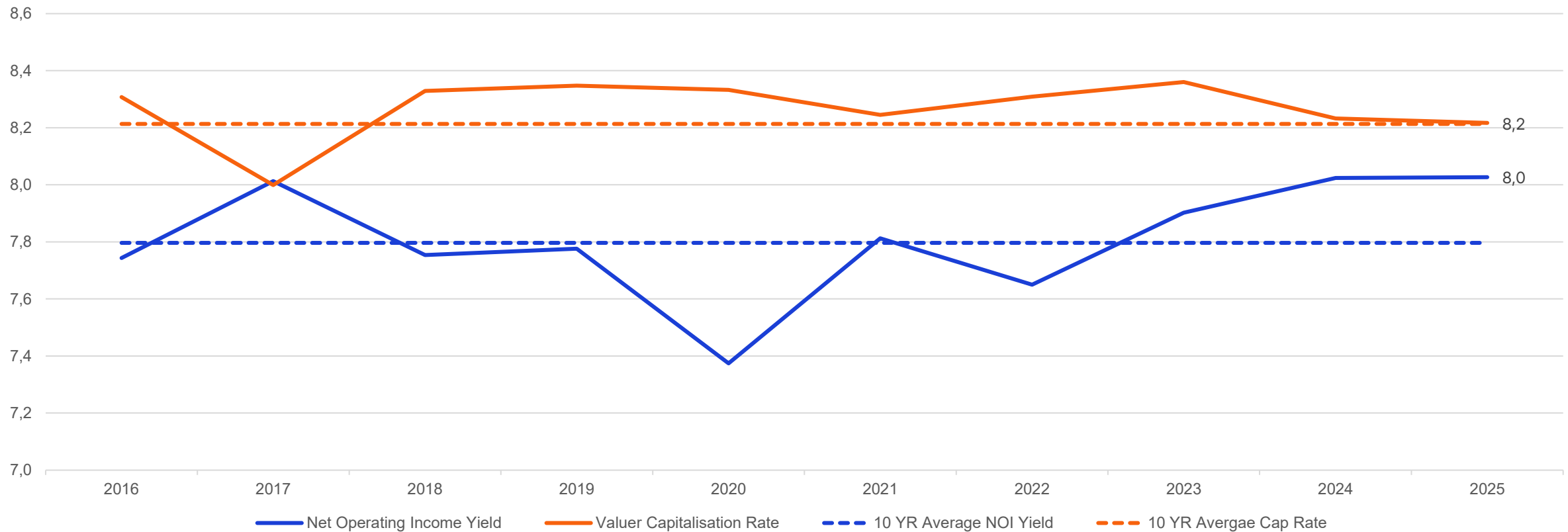
Income Return remains above the 10 YR average, while the Capital Growth in 2025 saw values recover to where they were 10 years ago.

The income return indexed series (base 100, 2015) has compounded consistently upward. Capital growth indexed values remain below 2019 peak levels, confirming incomplete recovery — but the direction has reversed. Continued valuation uplift over 2026–2027 is required to fully restore pre-COVID capital values.

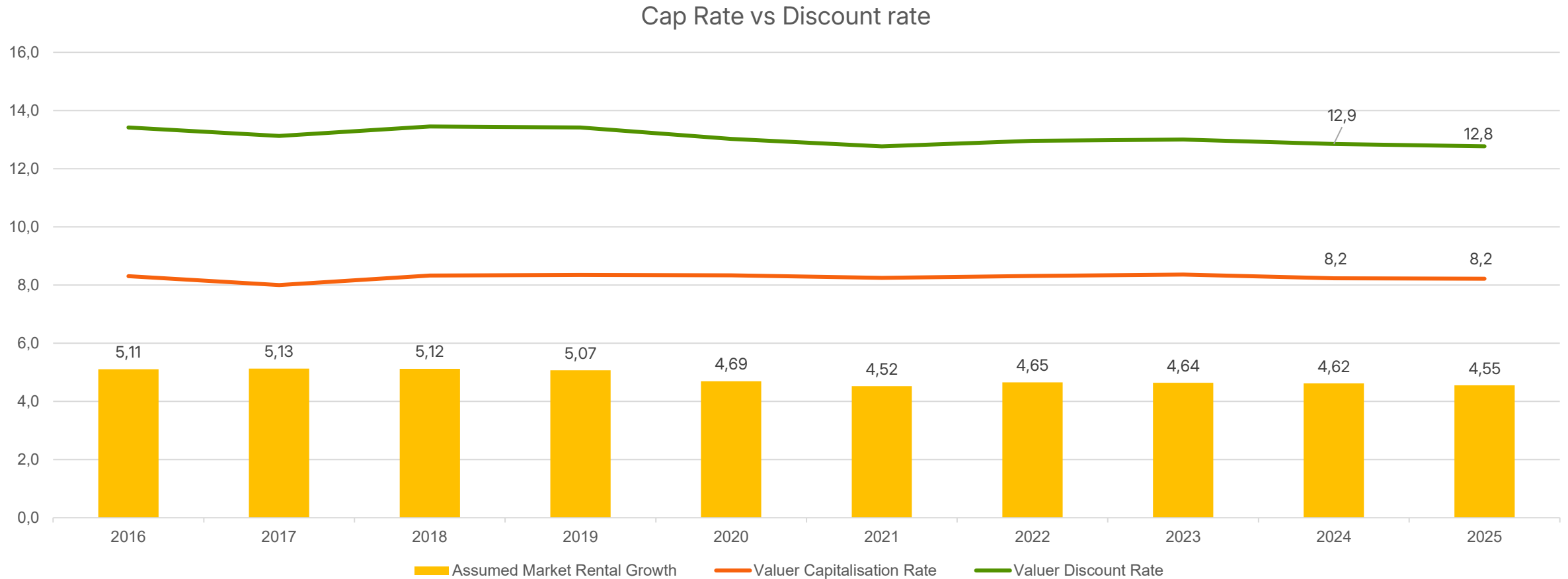


NOI Yield has lifted as income grew faster than values – cap rates overall remain steady

Net Operating Income Yields vs Cap Rates



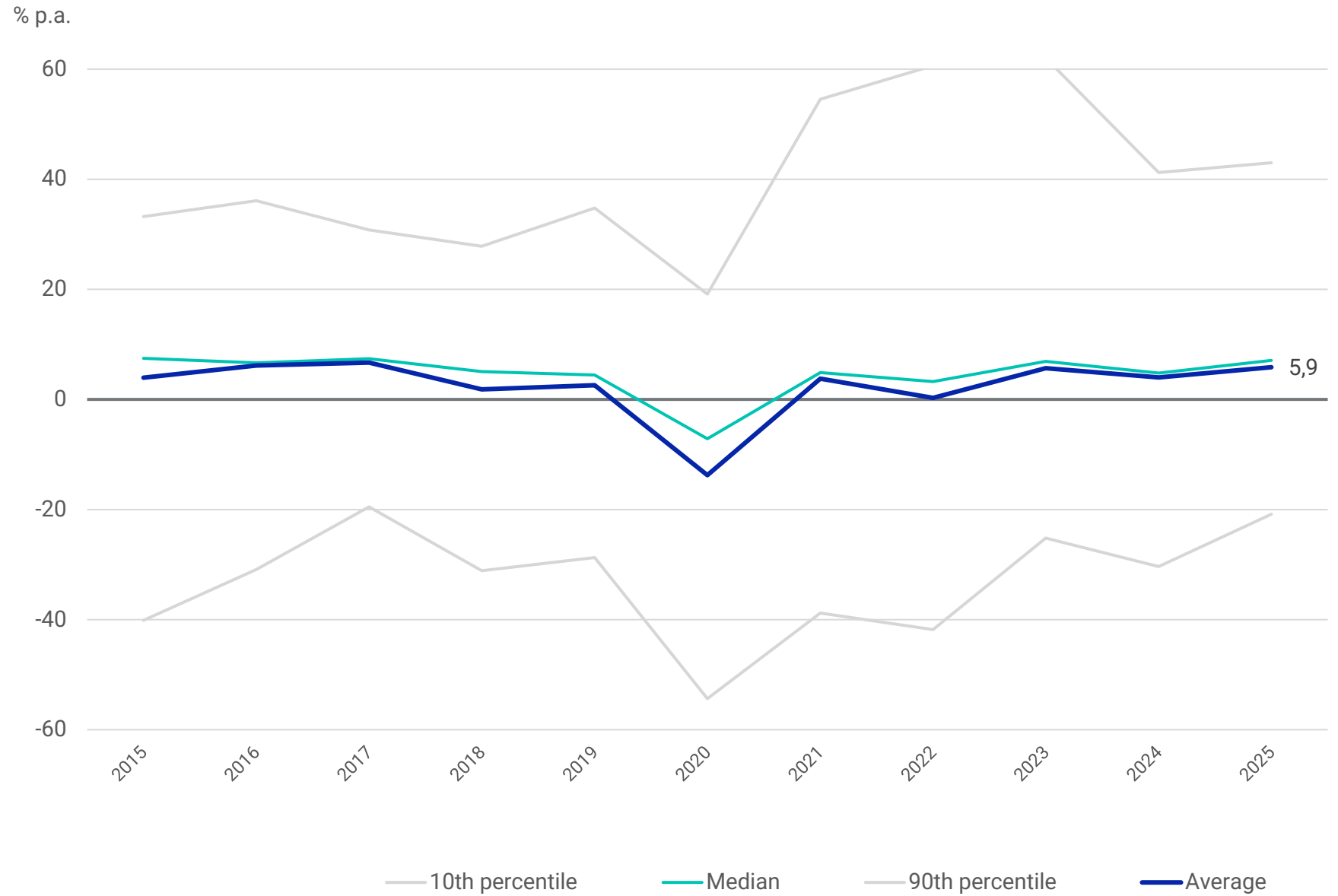
Very little movement in the valuation assumptions – valuations were driven by income



All property income; same store

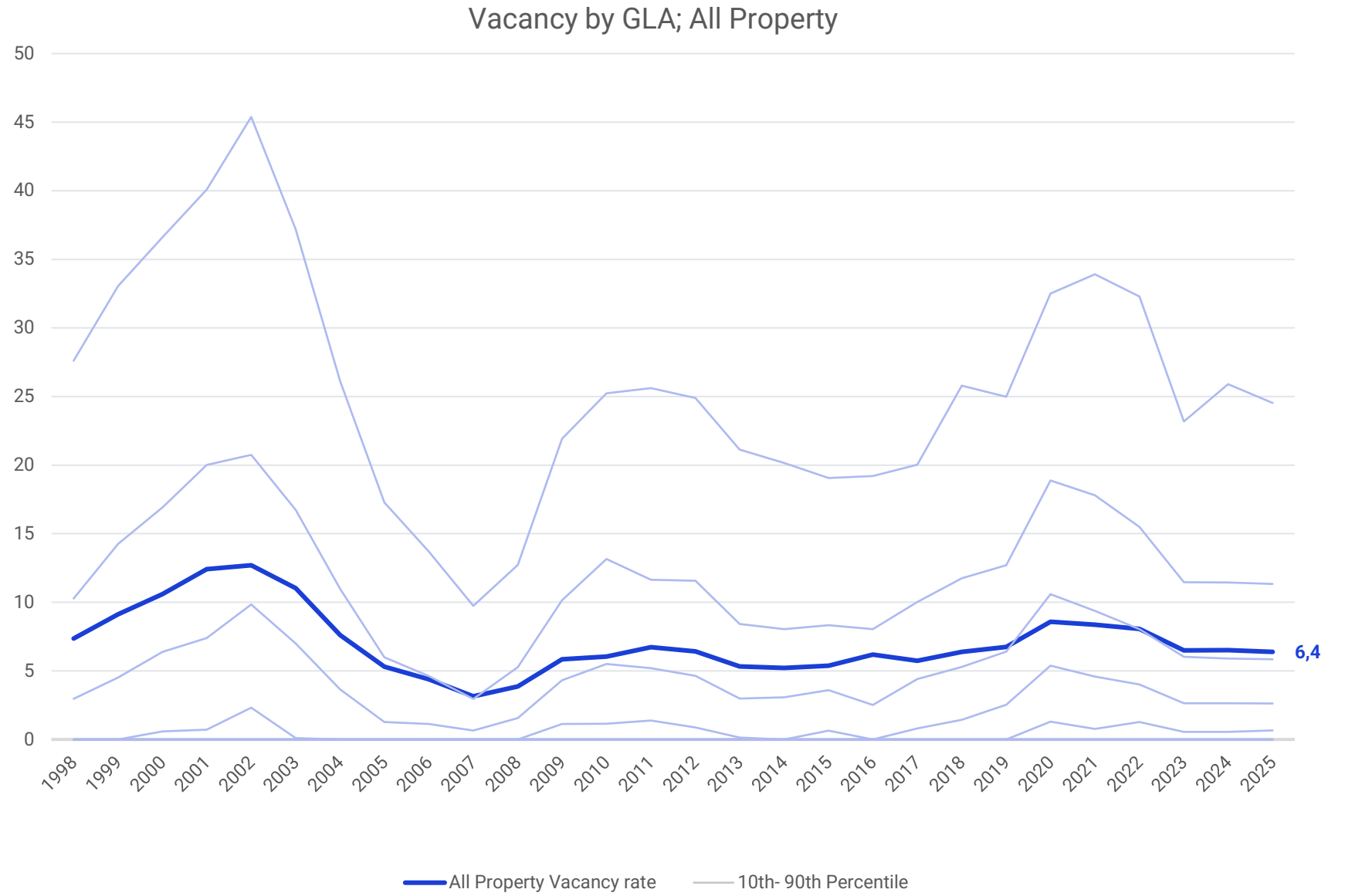
Net Income Growth improving across the spread

- The distribution of income growth shows significant dispersion
- Asset selection matters enormously; this is not a rising-tide market where all assets perform equally.
- This is driving the non-core sell off by institutional owners into the private market



Vacancy has remained stable over the last few years

- All-property vacancy stabilised at 6.4% after rising from 2019 to 2022.
- The top of the spread has also stabilized as many vacant assets are sold, especially in the office space



All property income; same store

Net income growth continues to improve across the spread. More than half of the market delivered better than inflationary growth

→ The heat map shows a clear recovery across all percentile bands since the 2020 trough to the current period, even though inflation peaking in the last 10-year period in 2022

All Property
Net Income Growth (y-o-y)

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
10th percentile	-30,9	-19,5	-31,1	-28,7	-54,4	-38,8	-41,8	-25,2	-30,4	-20,9
20th percentile	-10,8	-5,0	-12,2	-11,6	-31,0	-19,6	-19,2	-10,2	-14,2	-6,1
30th percentile	-0,8	0,5	-3,7	-3,8	-20,8	-9,2	-9,6	-1,6	-5,5	0,4
40th percentile	3,8	4,8	1,6	0,9	-13,5	-0,5	-2,0	3,4	1,2	4,5
50th percentile	6,6	7,4	5,1	4,4	-7,2	4,9	3,2	6,9	4,8	7,1
60th percentile	8,4	9,0	7,5	7,4	-1,5	8,8	7,1	10,2	7,6	9,9
70th percentile	11,4	11,7	9,7	9,9	3,5	14,6	11,1	15,7	11,4	13,9
80th percentile	17,3	17,0	14,7	16,0	8,7	24,4	21,3	26,3	18,8	22,3
90th percentile	36,1	30,8	27,8	34,8	19,1	54,5	60,6	62,0	41,2	43,0

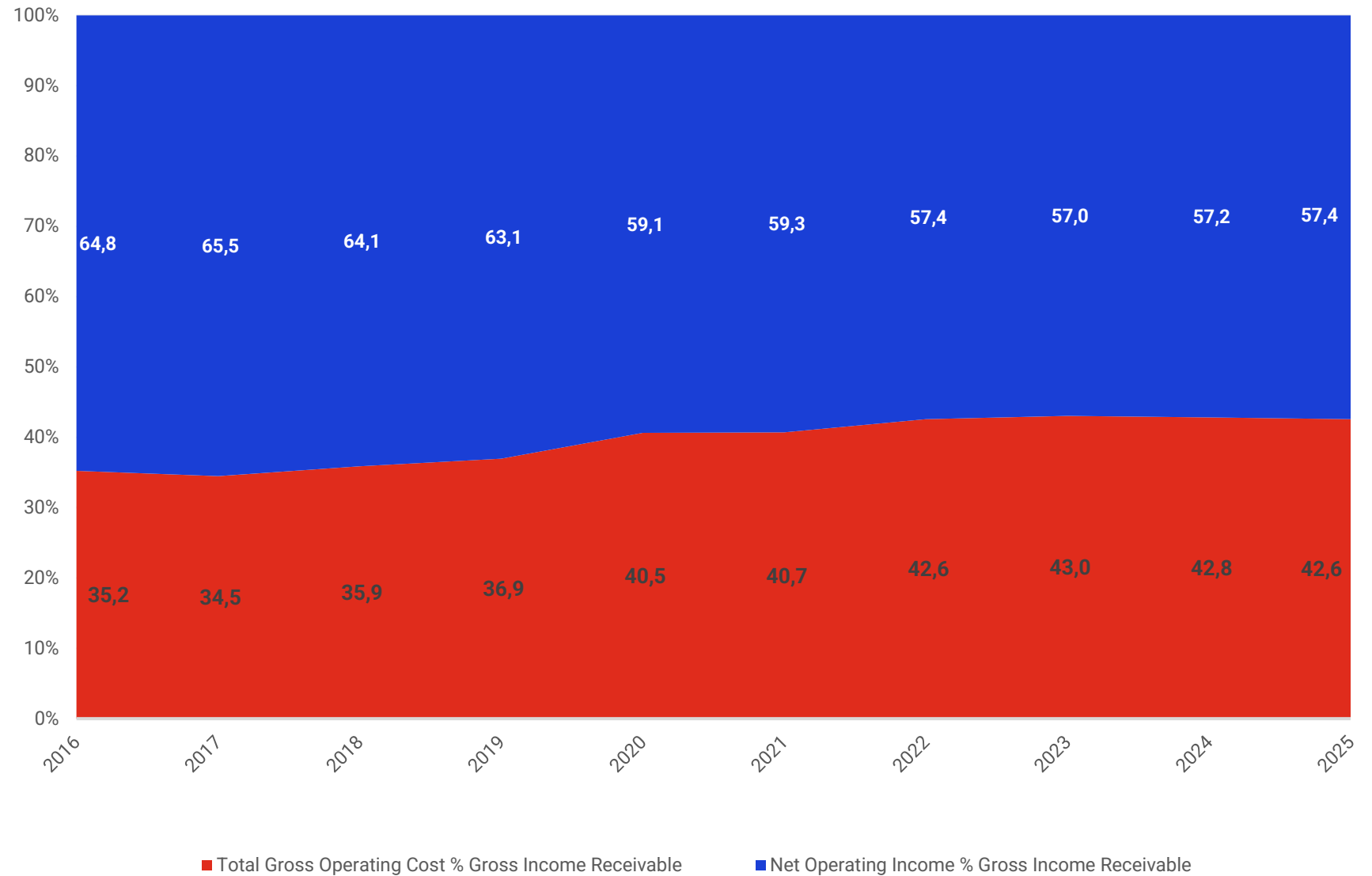
Consumer price inflation

6,3	5,3	4,6	4,1	3,3	4,5	6,9	5,9	4,5	3,2
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All property income; same store

The gross cost to income ratio, while high, is also constant.

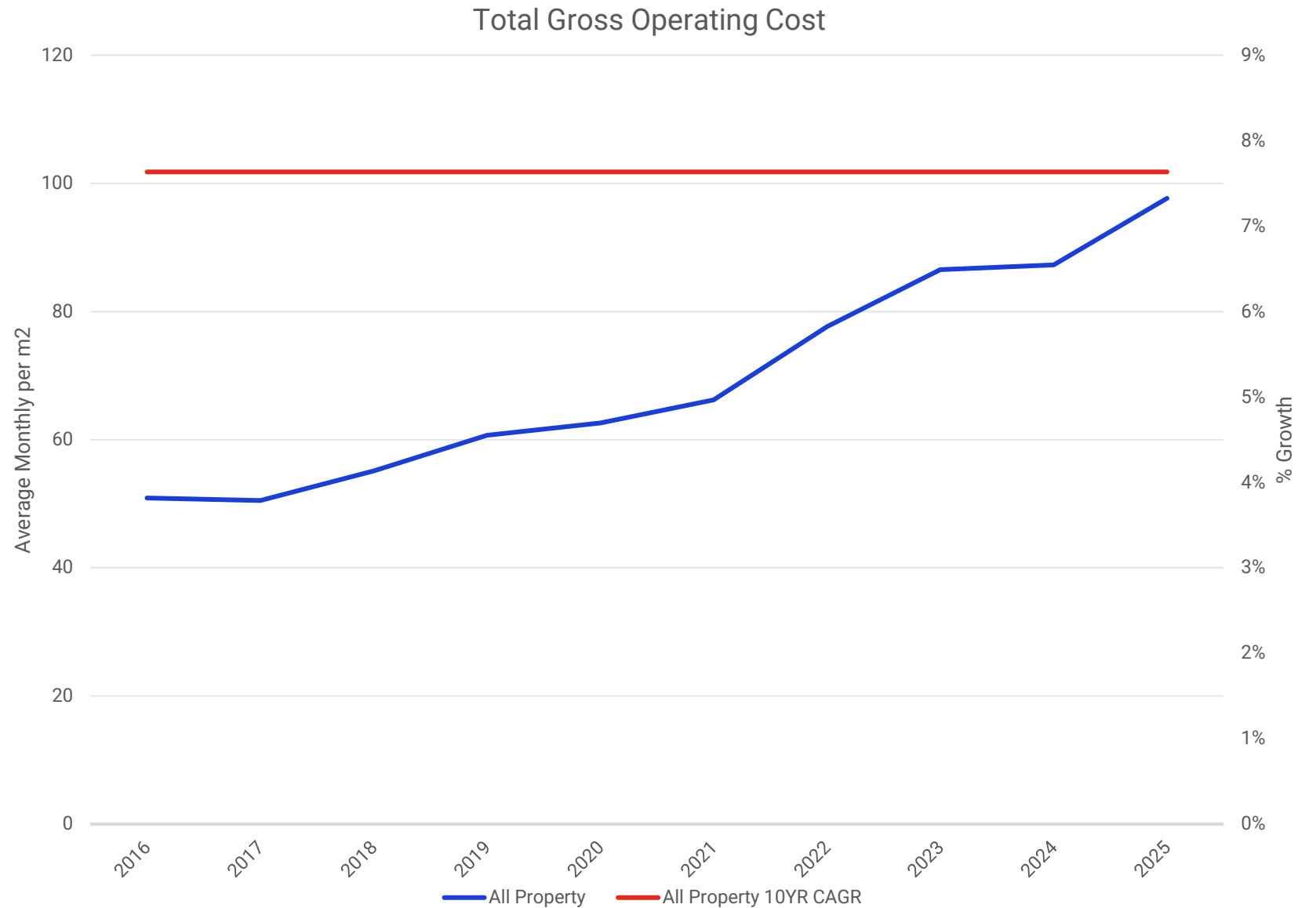
- The ratio has risen every year since 2016, a 740 basis point deterioration over 10 years.
- This structural cost creep, driven by electricity, rates, municipal charges and security, is the single biggest threat to sustaining income returns.
- Energy investment has assisted in halting the upward trend



All property; same store

Cost growth consistently outstripping inflation over the last 10 years

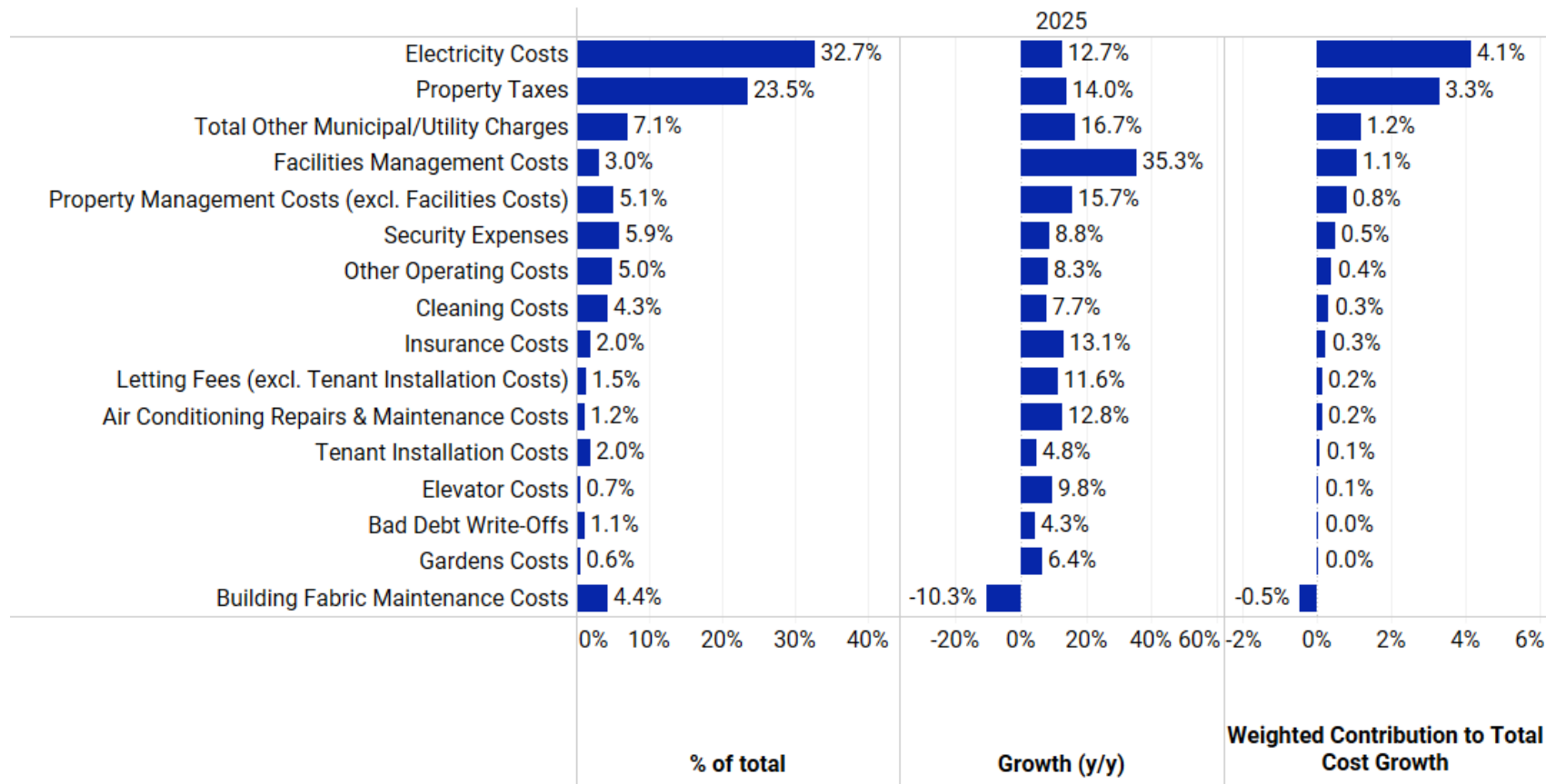
→ Gross operating cost growth have continued to far outstrip inflation, increasingly adding pressure to the bottom line for owners and tenants as costs are passed on.



All property; same store

Cost growth still driven by electricity and rates but most costs growing faster than inflation

Operating Cost Growth (y/y), Weight and Wtd Contribution to Overall Cost Growth
Same Store; All Property; 2025

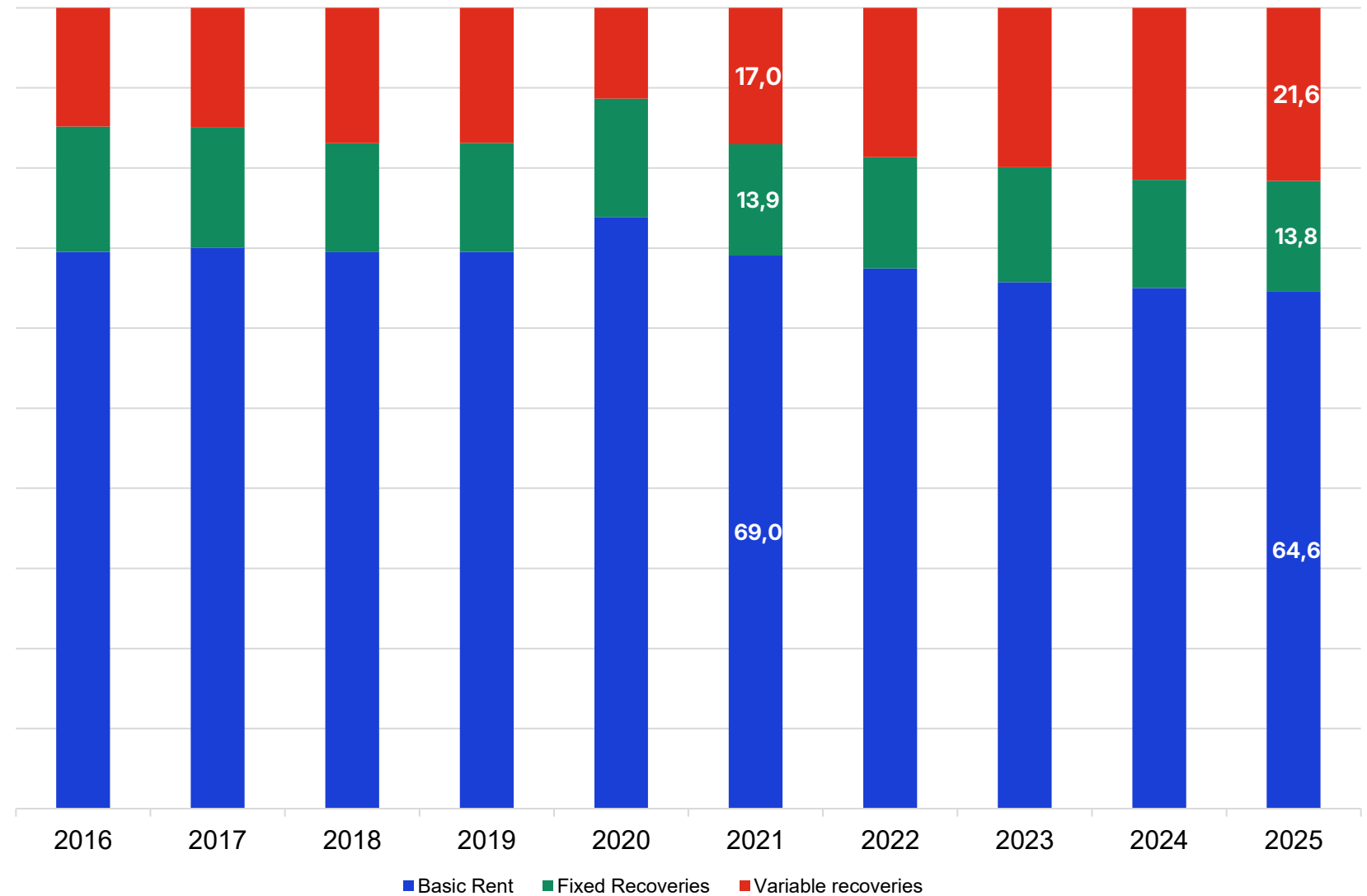


Source: MSCI

All property; same store

More income from variable recovered than 5 years ago – less income from basic rent

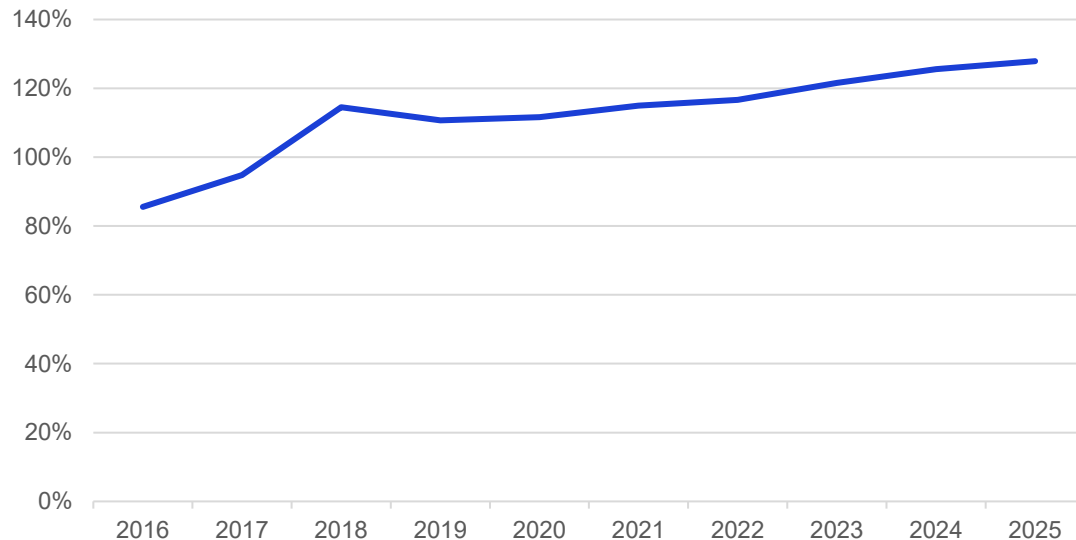
- Variable recoveries, a large proportion of which is electricity, makes up 21,6% of the total gross income
- Fixed recoveries, which include rates and operating cost recoveries, has remained at 13%
- The rental portion of total gross income has dropped to below 65%



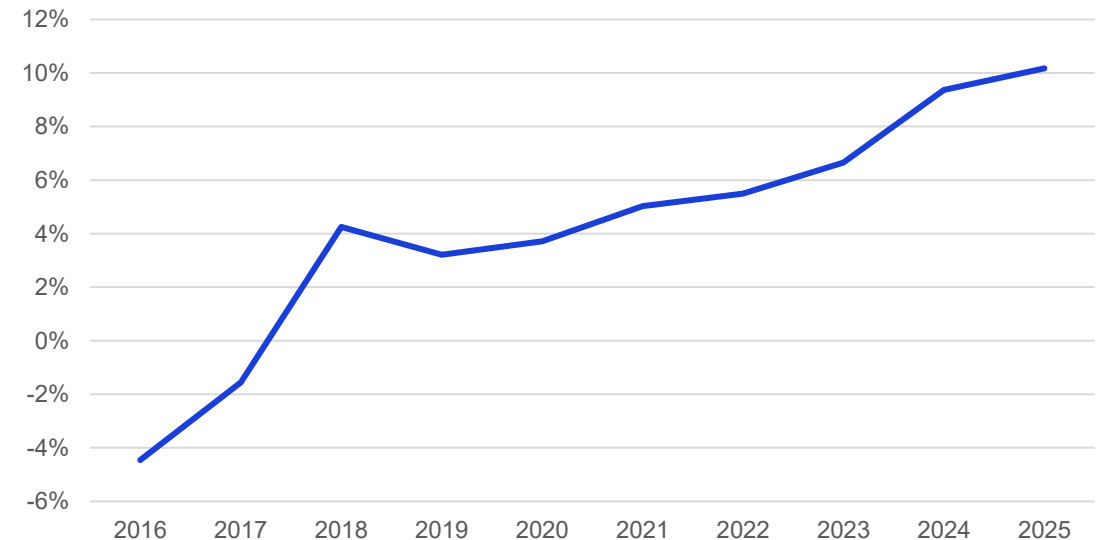
Recoveries in electricity bolstering Net Income growth

→ Electricity recovery ratios are rising across all sectors, with retail and industrial leading recovery. The increase in variable cost recoveries has been a key factor in sustaining net income growth despite above-inflation cost increases. Residential has seen the sharpest increase in electricity recovery as a percentage of net income, signalling growing tenant sensitivity to utility charges.

Electricity Recovery Ratio, %



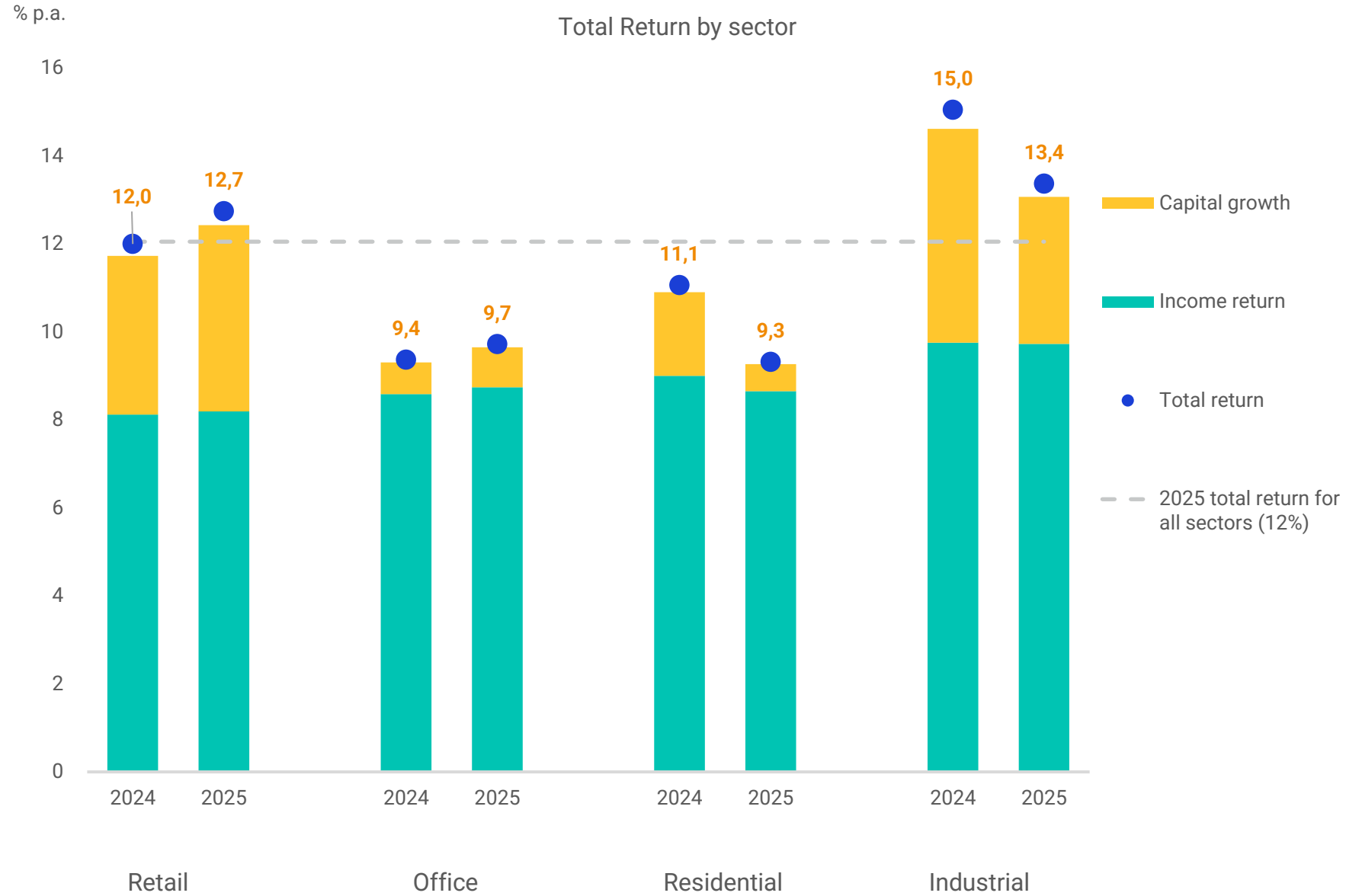
Electricity Recovery as % of Net Income



Sector returns

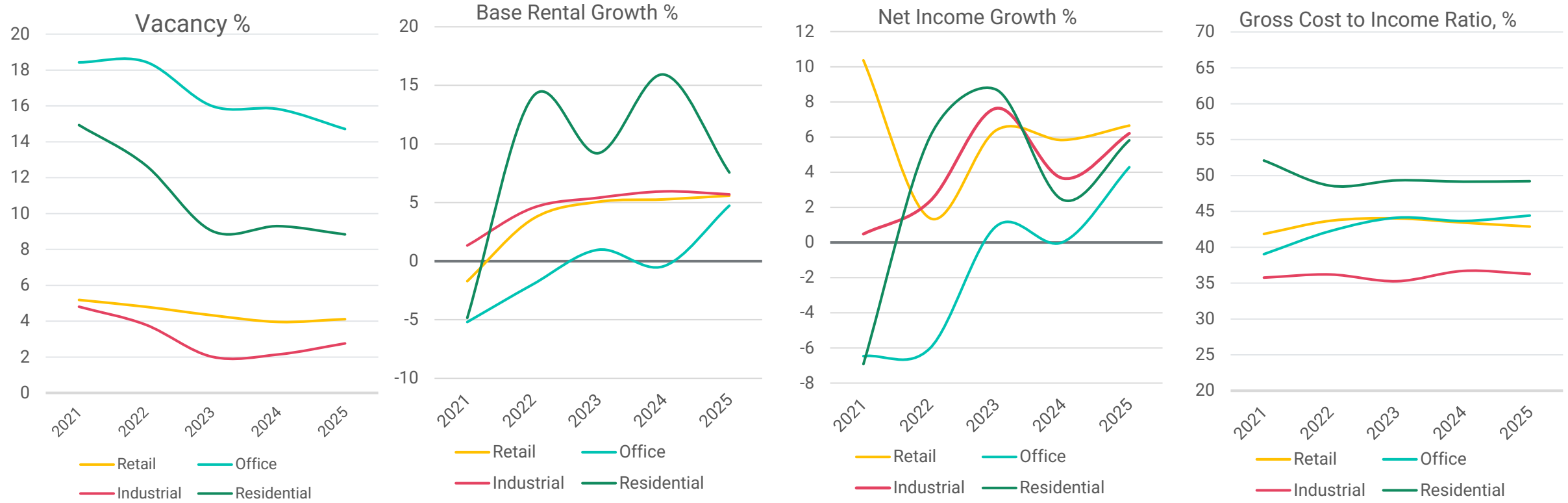
Sector returns improving from the previous year

- Industrial returns still the highest despite cooling, with less capital growth than the previous year
- Retail showing improvement with good capital growth
- Office delivering higher total return than 2024 but still lags retail and industrial
- Residential was the only sector to deliver the lower a return than 2024



Generally, income drives showing positive trends - net income up for all sectors including office

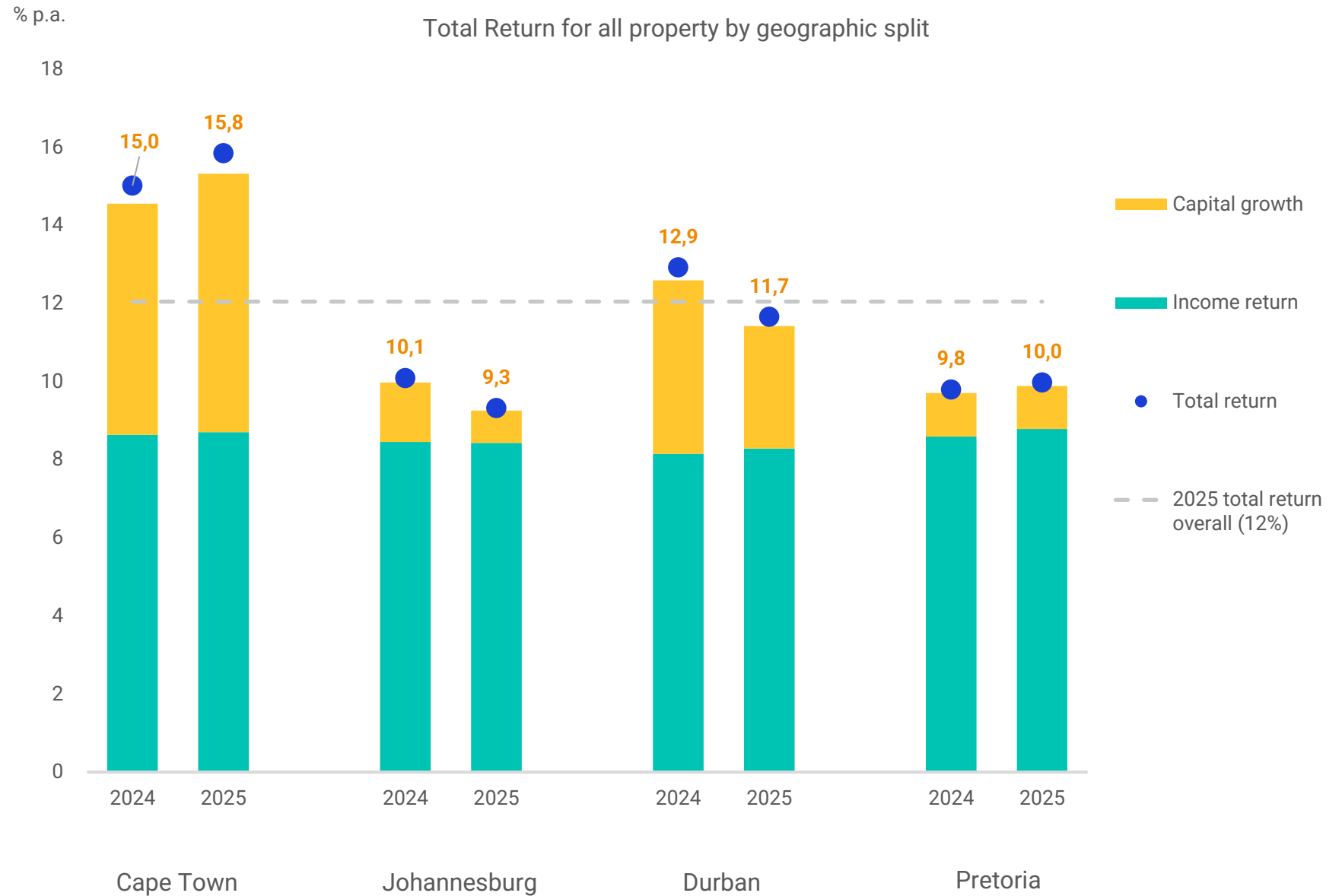
Industrial vacancy continues to tighten while rental growth accelerates — a virtuous cycle supporting further outperformance. Office vacancy continues to improve but is still high; meaningful improvement requires demand recovery. Residential rental growth is robust and supports the investment case. Retail’s net income growth is helped by additional income from solar projects.



Geographic returns

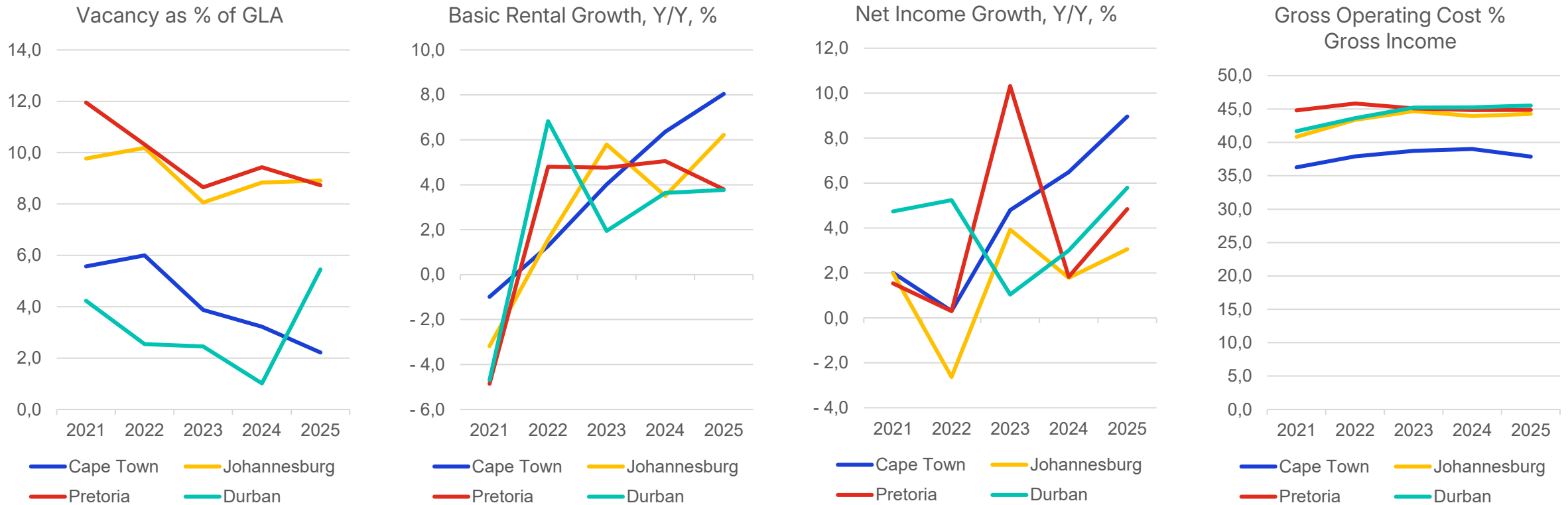
Returns by metro show Cape Town delivering the highest return

- Returns in Cape Town pulling further head of the other metro's
- Johannesburg delivering the lowest returns, down from 2024
- Durban also down from 2024 but delivering solid returns
- Pretoria only slightly above Johannesburg but steady



Cape Town income drivers are strongest with low vacancies pushing rental growth

Cape Town's vacancy has declined for three consecutive years and is now the tightest of any major city. Rental growth momentum in Cape Town is more than double that of Johannesburg — a gap that shows no sign of closing. Net income growth is improving across all cities.

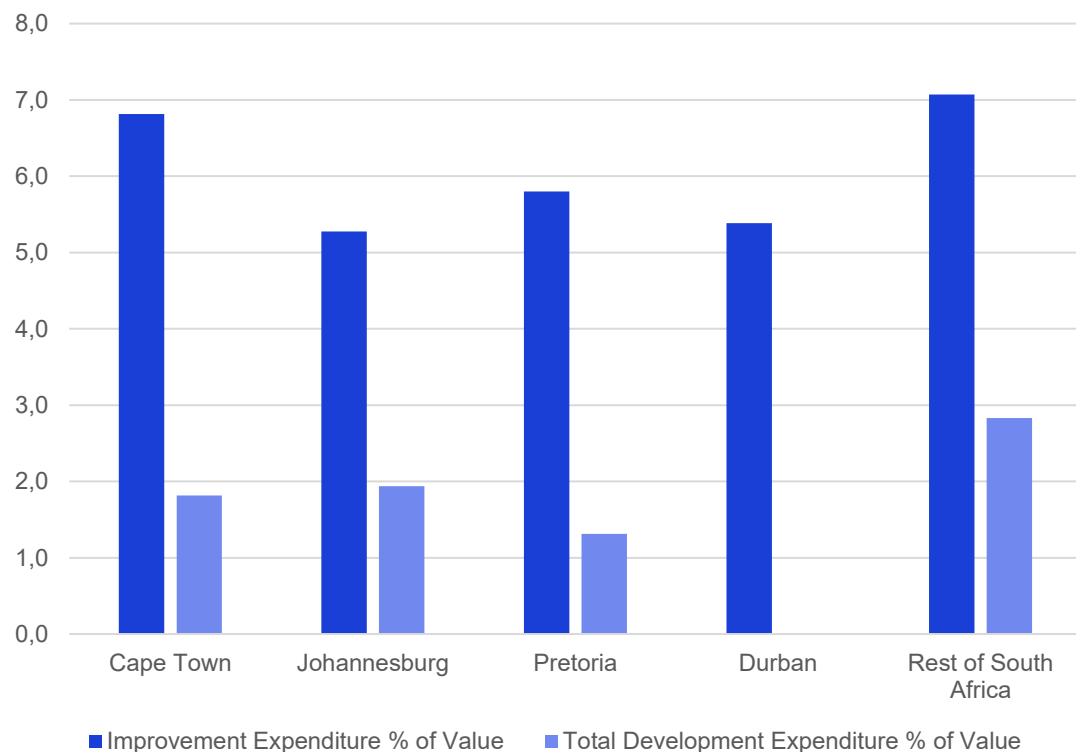


Geographic capital flows

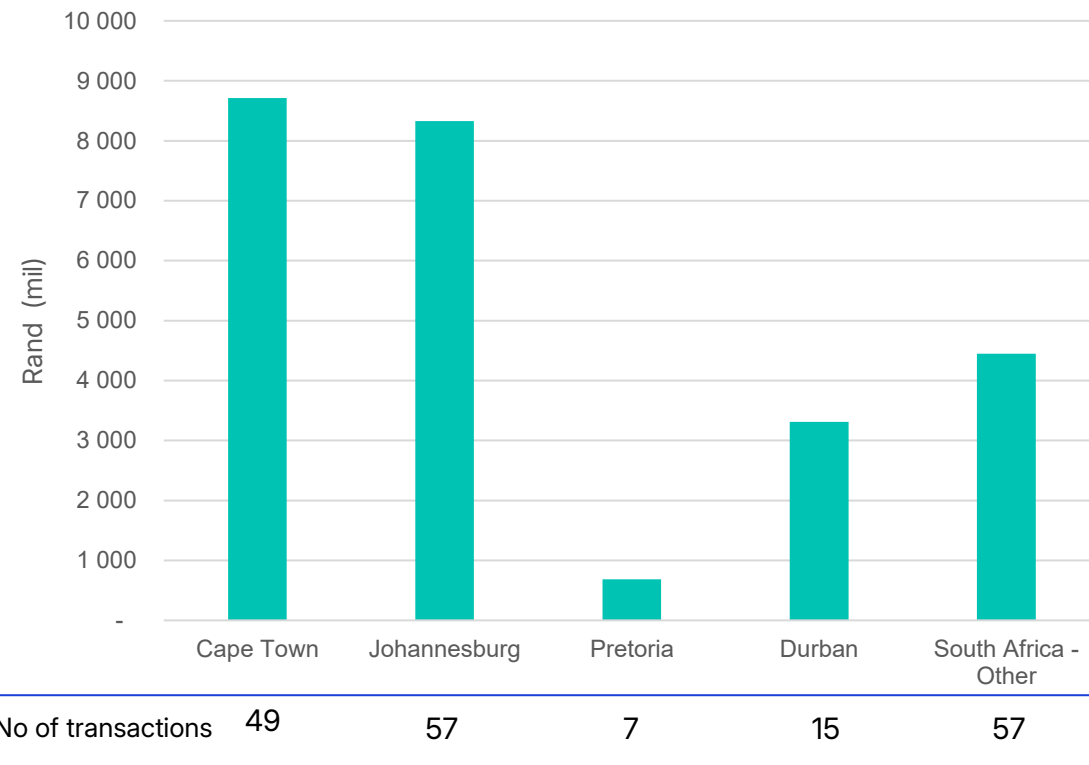
Capital flows – most activity in Cape Town and outside of the large metros

Cape Town attracts the highest investment, reflecting confidence in future income growth and development viability. Johannesburg's capex intensity is the lowest of the major cities — a sign that owners are in maintenance mode rather than growth mode. The divergence in capex allocation mirrors the divergence in total returns. Development capex highest outside of major metros

Capital Expenditure



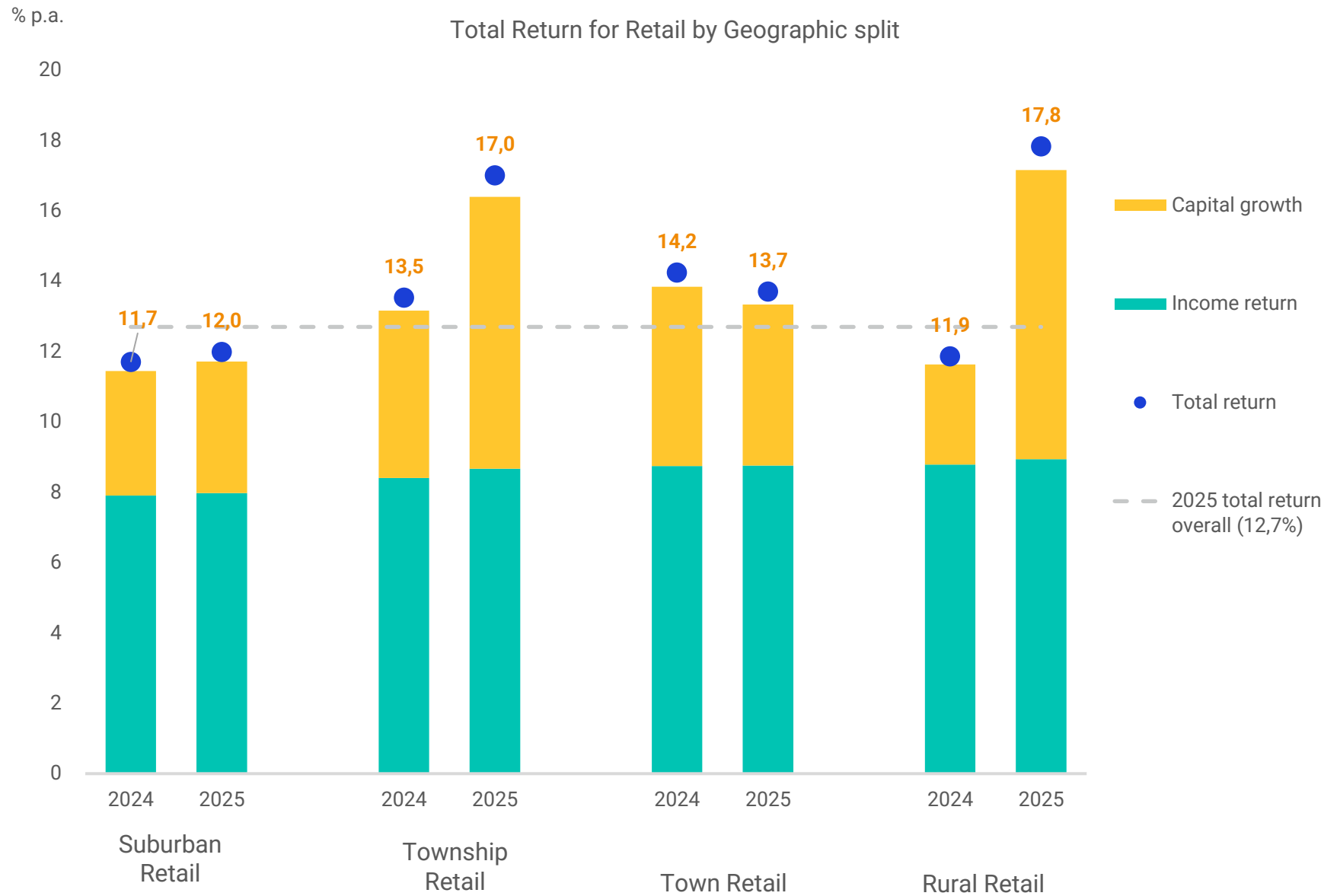
Transactions



Sector/geographic returns

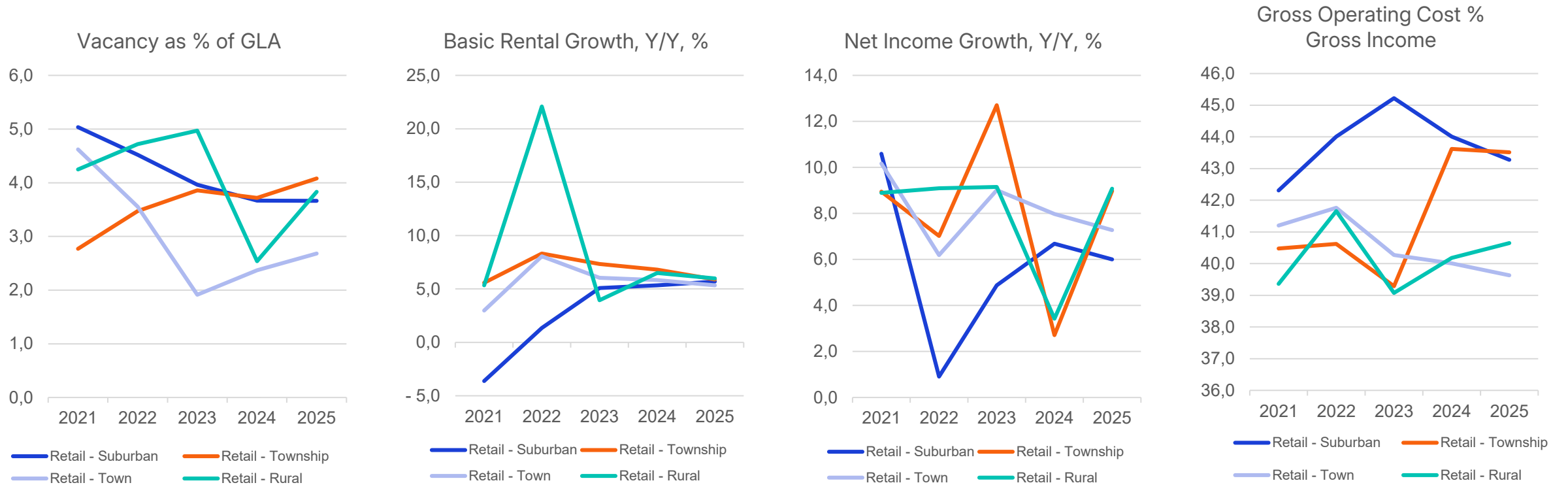
Township and rural retail delivering the highest returns, improving from 2024

- Township retail has delivered above-average returns for three consecutive years and is the highest-returning retail sub-type in 2025 at 17.8%.
- Suburban retail, while stable, has underperformed all other sub-types.
- The performance gap between Township and Suburban retail has widened materially since 2022, driven by demand growth and supply scarcity in township nodes



Net income growth supports the high returns seen for Township and Rural retail

Non-suburban retail vacancy ticked up a little but rental growth is similar across various locations. Net income is up for township and rural retail. The cost efficiency ratio is higher in suburban and township retail sector



Summary

South African direct, ungeared property returns held steady for 2025 at 12,0%

Both capital growth and income returns remain constant compared to 2024, above the 5 year average.

Rental growth is exceeding inflation in all sectors including offices, while vacancies remain flat overall.

There is a widespread that should be acknowledged as properties are not homogenous

Net Income growth - generally increased to above inflation helped by electricity recoveries. Higher income driving higher valuations

The outlook for 2026 is cautious. Current geo-political challenges may have an impact on inflation and interest rates towards the backend of 2026



Thank you

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