

# Listed property outperforms bonds

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South Africa's listed property sector gained 1.4% during the week ended 15 February 2013. Since the start of the year, both the listed property sector and the FTSE/JSE All Share Index have returned 3.7%, while the bond market has returned just 0.6%.

New Europe Property Investments (NEPI) was again among the top performers and Emira Property Fund's share price gained 2% after the Fund reported distribution growth of 3.5% for the six months ended 31 December 2012. Although this was significantly lower than the sector average, it beat analyst expectations.

The Fund's vacancy rate dropped from 10.2% at 30 June 2012 to 7.8% on the back of new leases signed in the office and retail portfolio and the sale of non-core properties.

In line with the rest of the sector, Emira reported a drop in the weighted average cost of debt from 9.3% to 8.9%. While Emira's industrial and retail portfolios registered positive growth in net property income, the office portfolio net property income declined by 9.1% on the back of negative reversions on new leases and rising vacancies, as well as an increase in municipal expenses. Management expects a similar level of growth for the full year ended 30 June 2013, which was above analyst expectations.

Fortress Income Fund reported distribution growth of 10.9% for the six months ended 31 December 2012, resulting in growth of 5% for the A units and 44.6% for the B units. Management expects a similar level of distribution growth for the full year ended 30 June 2013.

The result highlighted the extent to which management adds value through acquisitions, dispositions and redevelopments. A further ten properties were disposed of in the period under review, and a 50% undivided interest was acquired in The Flamewood Walk in Klerksdorp for R62.5 million. The company also increased its investments in Capital Property Fund, NEPI and Resilient Property Income Fund, and established a position in Rockcastle Global Real Estate Company, which listed on the Stock Exchange of Mauritius and the Alternative Exchange of the JSE Limited last year.

Arrowhead Properties announced quarterly interest distributions of 15c per A-linked unit and 12.1c per B-linked unit. The 9.8% sequential growth in the B-linked unit distribution suggests the company is very much on track to meet its 2013 forecasts of 10% growth for the company as a whole and 25% growth for the B-linked unit.

### Top 5 performers for the week ended 15 February 2013

NEPI	4.70%
Capital	4.04%
Sycom	2.53%
Premium	2.33%
Emira	2.07%
<i>Source: Grindrod Asset Management</i>	

### Bottom 5 performers for the week ended 15 February 2013

Vividend	-2.00%
Redefine Intl	-2.63%
Dipula A	-3.01%
Ascension B	-4.08%
Synergy A	-8.33%
<i>Source: Grindrod Asset Management</i>	