

Futuregrowth Community Property Fund

Quarterly report
March 2023

FUTUREGROWTH
/ ASSET MANAGEMENT

CAPITAL LAND
Property Asset Management

www.capland.co.za



The Futuregrowth Community Property Fund

Sontonga Mall Sporting
Chance Programme
Source: Capital Land



The Futuregrowth Community Property Fund, which has invested in township and rural shopping centres for more than 25 years, has seen two significant events recently, both of which fall outside of this reporting period. The latest of these, the acquisition of the Sam Ntuli Mall in Katlehong in May 2023, will be covered in detail in the next quarterly report.

Bridge City re-opening

The July 2021 riots will forever remain in our memories as one of the most tragic events in South African history, with approximately 1 563 jobs lost at Bridge City Shopping Centre. We estimate that these jobs would have affected at least 10 000 lives in the communities of Phoenix, Inanda, Ntuzuma and KwaMashu, who are supported by the income earned by staff working at the centre. Both Futuregrowth and Capital Land set an immediate strategy after the riots had settled, to embark on restoring the economic support that Bridge City Shopping Centre provides these communities. One of the key priorities was to restore access to essential goods and services, which we did, with Superspar trading as early as June 2022, while the rest of the centre was being reconstructed. The re-opening of the Bridge City Shopping Centre in April was a momentous event and is covered in this report, although this happened just after the quarter end.

Sporting Chance

We also feature the Fund's Sporting Chance Programme launched at Sontonga Mall in March 2023, one of the many ongoing community initiatives run by the Fund.

Smital Rambhai
Portfolio Manager

Fund Facts

Servicing the needs of communities in rural areas and townships

Portfolio manager	Smital Rambhai
Asset class	Unlisted shopping centres in townships and rural areas (can include listed properties)
Return target	CPI + 4%
Asset exposure limits	Max 50% per province (market value) Max 25% per single asset (market value)
Liquidity	Min 90% of Fund in property or property related instruments (market value) Max 10% in cash or units in a money market fund
Approval process	Board of Directors and Property Committee

Futuregrowth Asset Management (Pty) Ltd is the Fund Manager. The property and asset management component, such as the leasing, marketing, refurbishment and expansion of the properties, is managed by Capital Land Asset Management (Pty) Ltd.

The Fund forms part of Futuregrowth's suite of developmental investments. Current assets under management in the Fund total R7.3 billion.



Sontonga Mall Sporting
Chance Programme
Source: Capital Land

The objectives of the Fund are both commercial and social



Sontonga Mall Sporting
Chance Programme
Source: Capital Land

Futuregrowth Community Property Fund specialises in the acquisition of new and existing shopping malls that cater to the needs of underserved communities in rural areas and townships throughout South Africa.

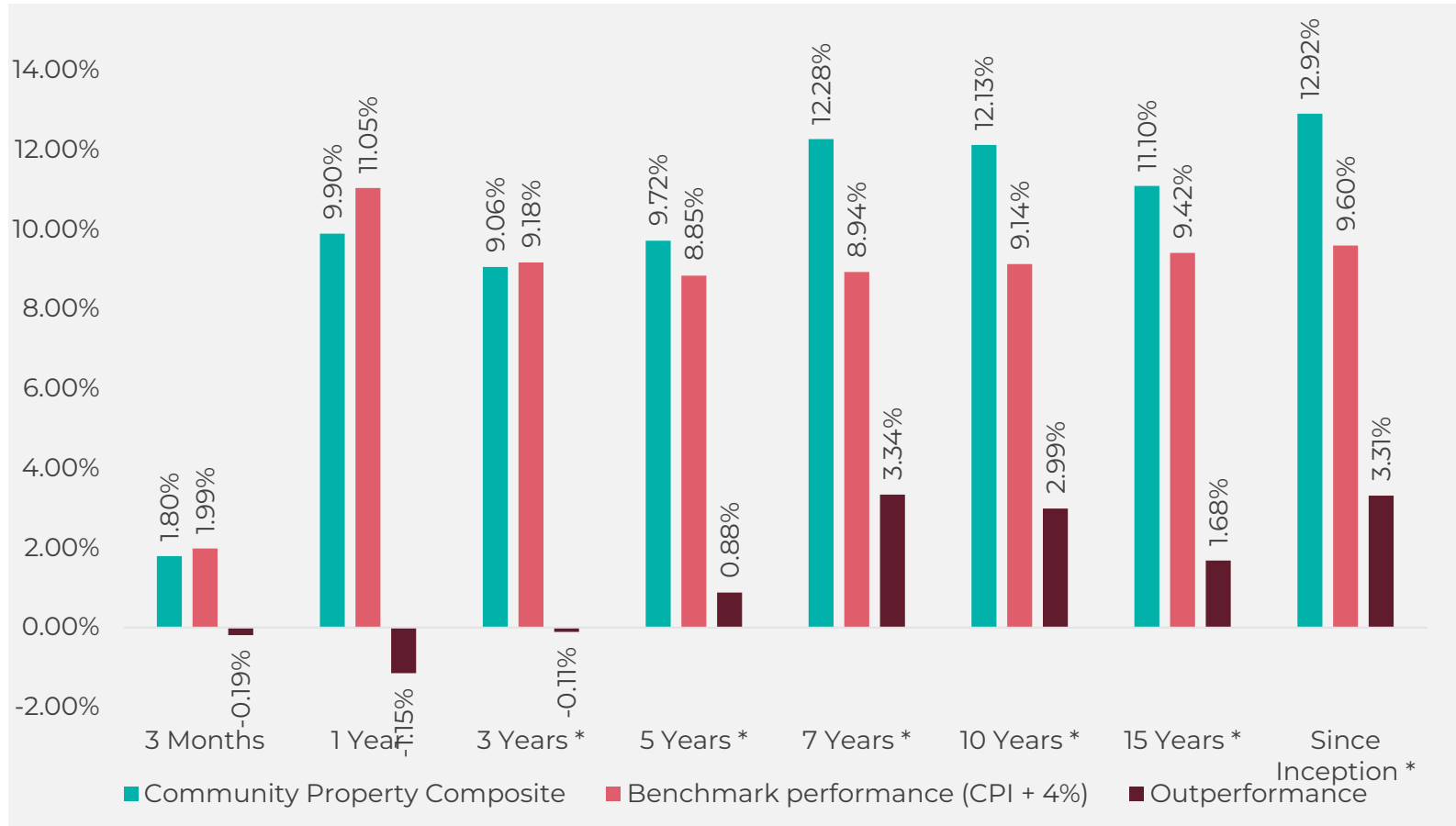
There are currently 23 shopping malls in the portfolio, located in eight of the nine provinces and varying in size between 1 700m² and 40 000m². These malls are typically tenanted by supermarkets, clothing, banking and furniture retailers.

The objectives of the Fund are both commercial and social. Properties are selected for their potential for strong income growth. The community surrounding the Fund's shopping centres benefits through increased employment opportunities and access to a wide range of quality shopping facilities and commercial services.

Each shopping centre is a catalyst for the development of municipal infrastructure in the area and the enhancement of transport infrastructure. Various community initiatives are also implemented by the centres, to enhance their social impact in the surrounding area.

Fund performance

Leasing, rental reversions and escalation rates all show signs of improvement



The Fund delivered a return of 1.8% for the quarter. The return for the 12 months ending 31 March 2023 was 9.90%, which comprised a capital gain of 2.10% and an income return of 7.80%.

Leasing has improved since the beginning of the year. Rental reversions are starting to trend positively, and escalation rates are rising to levels closer to the inflation rate. The reopening of Bridge City Shopping centre on 6 April 2023 is expected to positively contribute to total returns over the medium-to-long term.

The investment into Battery Energy Storage Systems (BESS) will be critical to ensure that returns are maintained and enhanced. We have commissioned the construction of a BESS to be integrated with the solar plant at Heidelberg mall at a cost of R40 million. If tenants are unable to trade continuously this will result in lower revenues for retailers, ultimately impacting the landlord's ability to increase rentals and possibly devaluing the property. The cost of running generators is becoming both financially and environmentally expensive as load shedding increases. If the BESS is successfully implemented at Heidelberg Mall, it will be rolled out to the entire portfolio.

As at 31 March 2023
 Since inception date (GIPS Performance): January 2000; Fund start date: September 1996
 Source: Futuregrowth/*Annualised/ It is important to note that these are ungeared direct property returns.

Operational & portfolio review

Demand for space at the Fund's centres is strong and retailers are experiencing above-market average turnovers



Sontonga Mall Sporting
Chance Programme
Source: Capital Land

The Fund's vacancy rate increased from 4.8% to 5.2% during the quarter. . The vacancy rate is currently inflated due to the planned vacancies at King Senzangakhona Shopping Centre and Sontonga Mall which are required in order to facilitate the addition of two new anchor tenants at these centres.

Rental collections were strong during the quarter, due to the focus on essential goods and services, together with high exposure to national tenants with strong balance sheets. Over the past 12 months, the Fund has managed to collect 100% of its billed rentals.

On renewal of expired leases (year to date) we have seen a positive reversion of 1.24% on expired rental amounts, which are escalating at an average rate of 6.53%. We expect that the current average escalation rate will stabilise at around 6.5% and could possibly rise, given the high inflation environment.

It is encouraging to see that the reversions on expired leases have been positive during the first quarter, in comparison to the negative reversions experienced over the past 2 years. This indicates that the demand for space at the Fund's centres is strong and that retailers are experiencing above market average turnovers.

SA property market review

Economic headwinds continue to impact economic growth

SA Listed REITs fell by 5.1% over the quarter, after a strong rally the previous quarter. The sector was down 3.4% for the 12 months ending 31 March 2023.

The economic headwinds we disclosed in the previous quarterly report continue to impact GDP growth, which is integral to capital growth over the long term on property investments.

Headwinds include, but are not limited to:

- High inflation due to supply chain disruptions across the globe due to COVID-19. As a result of rising inflation, the South African Reserve Bank hiked interest rates to keep inflation within its 3 to 6% target range.
- The 50 basis points interest rate hike at the end of March 2023 will have a further negative impact on income and the valuation of SA Listed REITs.
- Inflation was further fuelled by the Russia-Ukraine war, as this region is a key supplier of energy and food across the world. This shows how interconnected world trade is and its concomitant vulnerability.
- Loadshedding stages are starting to increase as colder weather emerges across South Africa. The increased use of generators is eating into the profitability of retail businesses, weakening their ability to pay higher rentals.
- Tenants are struggling to pay higher rentals, due to weaker turnovers on the back of the economic headwinds, load shedding and the higher cost of living.
- Dysfunctional municipalities charging above-inflation increases on utilities and rates continue to plague the operational ability of property companies, with expense growth rising higher than income growth in most property sub-sectors. Companies and funds like the Futuregrowth Community Property Fund that are invested in solar and alternative water sources have been shielded somewhat and the impact has been to a lesser extent.

We will most likely observe more weakening in the property market over the next 12 months. The Futuregrowth Community Property Fund, which is a defensive property play that focuses on essential goods and services, has not felt the same impacts as some of the other property sub-sectors, such as urban area shopping centres (high-end retail is struggling), manufacturing industrial properties (particularly vulnerable to load shedding) and residential centres (with tenants struggling to pay rentals, due to higher living costs).



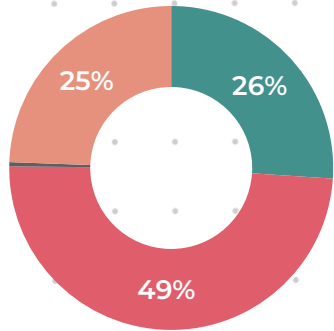
Sontonga Mall Sporting
Chance Programme
Source: Capital Land

Current properties

The Fund currently has 23 properties situated in 8 provinces.

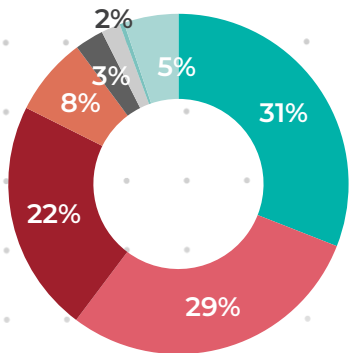
Please visit: www.communitypropertyfund.co.za for further information on the properties in the portfolio.

Township/rural/urban exposure



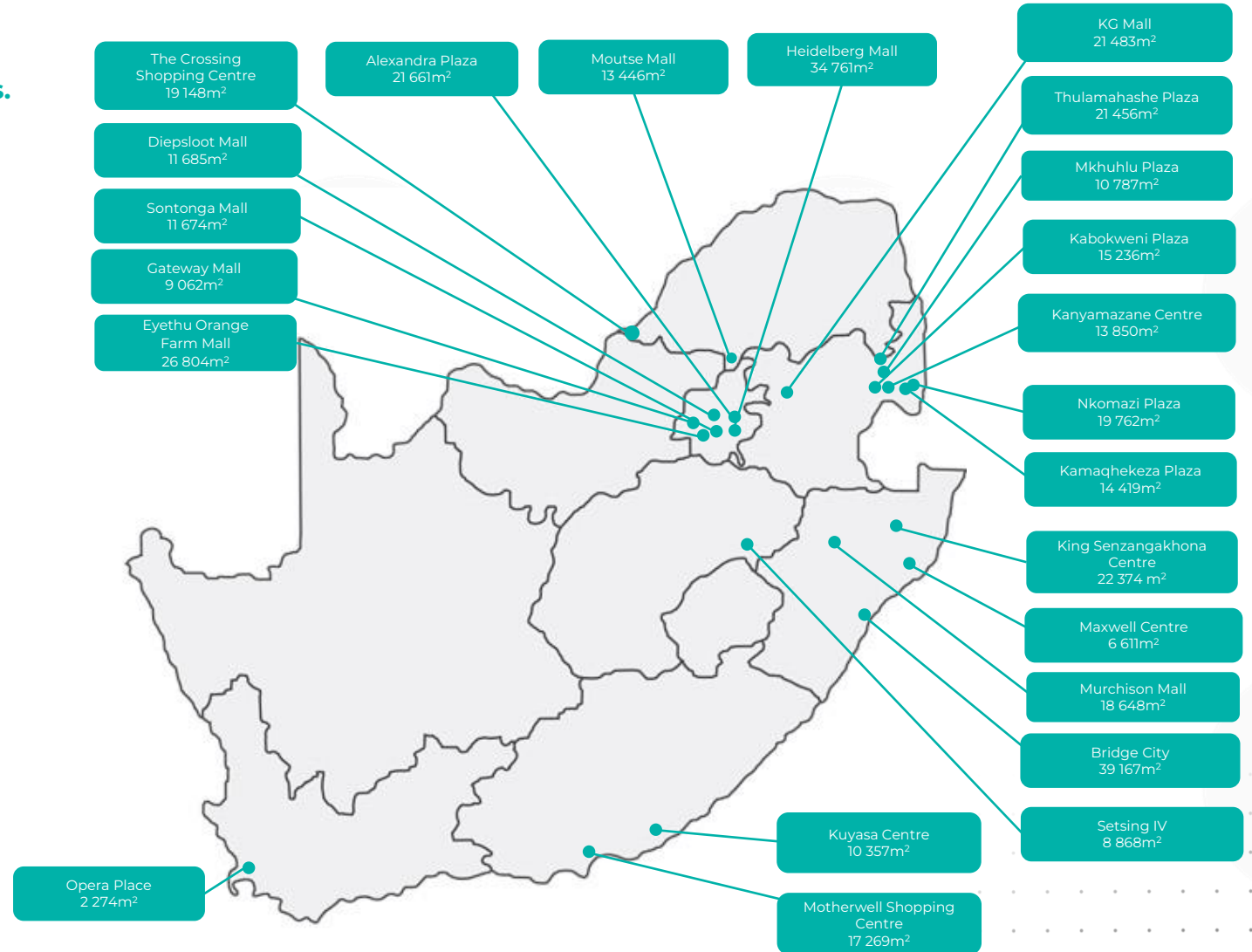
- Urban Township
- Rural Township
- Urban
- Rural

Geographic Exposure by GLA*(m²)

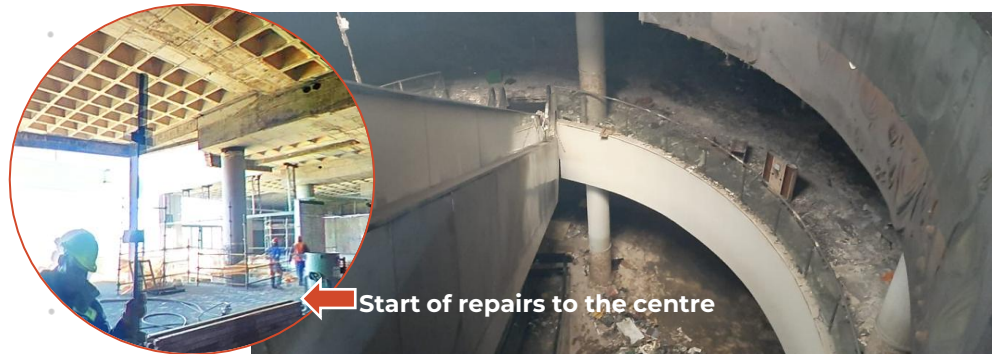
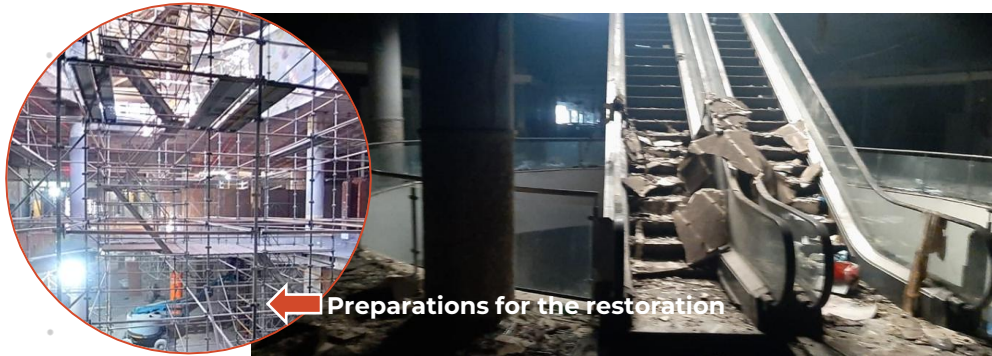


- Gauteng
- Mpumalanga
- KwaZulu-Natal
- Eastern Cape
- Limpopo
- Free State
- Western Cape
- North West

*Gross Lettable Area



Damage incurred in the 2021 riots



We were all shocked at the lawlessness and destruction that took place in July 2021. Fortunately for the Fund, only five of its 20 properties owned at the time were affected. Four of these were able to get up and running within a few months thanks to the heroic efforts of Capital Land, retailer staff and volunteers from the local communities. However, Bridge City Shopping Centre, which was at the epicentre of the riots, suffered more damage than most and was only expected to be fully operational 18 months after the riots. SASRIA cover had been increased and additional cover via Emerald Africa was taken on all the properties at the onset of the COVID-19 hard lockdowns, which meant that the Fund had adequate insurance cover for the loss of rental and physical damage to the properties.

The looters remained in the mall for five days, while Sibongakonke Hlongwane, Facilities Manager at Bridge City Shopping Centre, together with the centre security team and with no support from SAPS or the SANDF, put their lives at risk and worked tirelessly extinguishing incessant fires started by the rioters, to save the infrastructure from being completely destroyed, as the fire brigade was unable to reach the mall.

Given the size of the centre, a team of professionals ranging from architects and quantity surveyors to engineers took more than two months to assess the extent of the damage. The building was declared structurally safe, but the internal damage was extensive, with each of the 110 stores severely damaged and looted. Tragic as it was, this dire situation presented an opportunity to reconfigure the centre's tenant mix and layout more optimally for all concerned.

As a priority, SuperSpar was able to start trading from 29 June 2022, to allow local consumers to obtain access to several essential goods and services again, reducing their travel costs and alleviating the increasing pressure on their disposable income. The rest of the shopping centre remained closed to the public while the restoration and development continued.

For detailed information, see:

- [The impact of the riots on our malls and surrounding communities \(futuregrowth.co.za\)](https://futuregrowth.co.za)
- [Update on the situation at Futuregrowth Community Property Fund shopping centres | Insights | Futuregrowth - South Africa](#)
- [Latest situation at Futuregrowth's CPF shopping centres | Insights | Futuregrowth - South Africa](#)

Bridge City

New aesthetics pre-reopening



Source of photos : Capital Land

The iconic 40 000m² regional shopping centre, originally opened in 2009 in the centre of Bridge City, a mixed-use precinct that connects the communities of Phoenix, Inanda, Ntuzuma and KwaMashu.

The centre was developed with the objective of stimulating economic growth and empowering these communities through improved access to public transport, employment opportunities, services, and retail offerings.

The new aesthetic concept of the reopened centre was inspired by Bridge City Shopping Centre's location and use as a transport hub, where retail intersects with transport in the form of a train station and a recently developed taxi rank. Railway sleeper and track details are prominent in the ceiling and floor tile design throughout the shopping centre.

Bridge City

Reopening ceremony on 5 April 2023

A symbolic ribbon-cutting ceremony was held on the day prior to the opening. This was attended by several local dignitaries and Comprop investors, who were given a tour of the centre and details on the redevelopment.

The following day, the centre opened to the public at 7am, and by midday one of the stores had already achieved a turnover of R1.2 million.

A total of 72 000 shoppers visited the centre on the opening day.

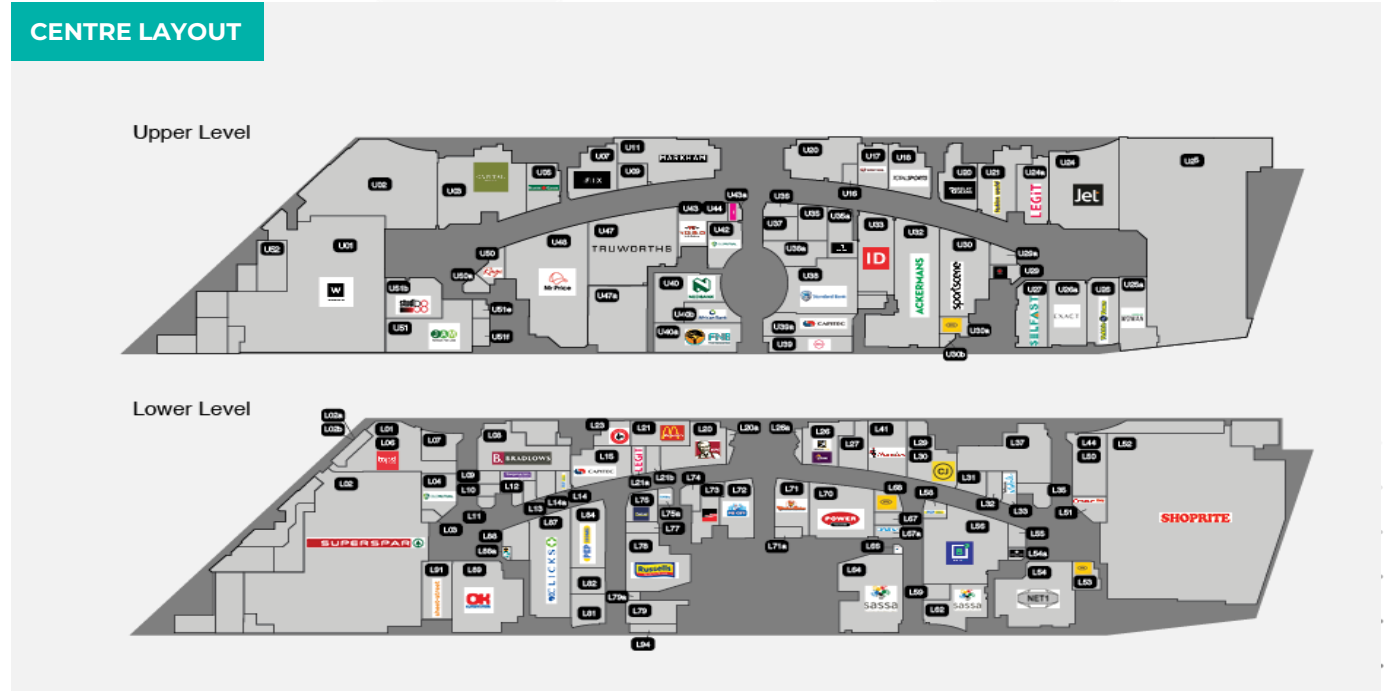


BRIDGE CITY SHOPPING CENTRE

Key facts



KEY FACTS	
Classification	Regional centre
Region	KwaZulu-Natal
Location	Cnr Nogwaja Road & Bhejane Street, KwaMashu
LSM	4 – 8
Total GLA	39 574m ²
Anchor tenants	Shoprite, Superspar, Woolworths
Highlights	<ul style="list-style-type: none"> • Situated in the heart of KwaMashu. • Easily accessible via public transport. • A Magistrates Court, Dr Pixley Ka Isaka Seme Memorial Hospital and a clinic are located in close proximity to the centre. • A number of residential developments have been approved for the area.



BRIDGE CITY SHOPPING CENTRE

Centre profile

LOCATION

Bridge City Shopping Centre is located on the corner of Nogwaja Road and Bhejane Street in the centre of the Bridge City Precinct in the centre of KwaMashu, on the outskirts of the Durban metropole in KwaZulu-Natal.

DESIGN

Bridge City Shopping Centre is a double level, enclosed centre with anchor tenants Shoprite, Superspar and Woolworths positioned at each end of the shopping centre.

ACCESS

Bridge City Shopping Centre is easily accessible via nine well-positioned entrances which accommodate shoppers accessing the centre on foot from the surrounding community, via public transport and in private vehicles. The main entrance to the shopping centre from the train station is located on the ground level and the newly established taxi rank provides commuters with convenient access directly into the shopping centre. The expansive roof top provides ample parking for customers travelling via private vehicles.

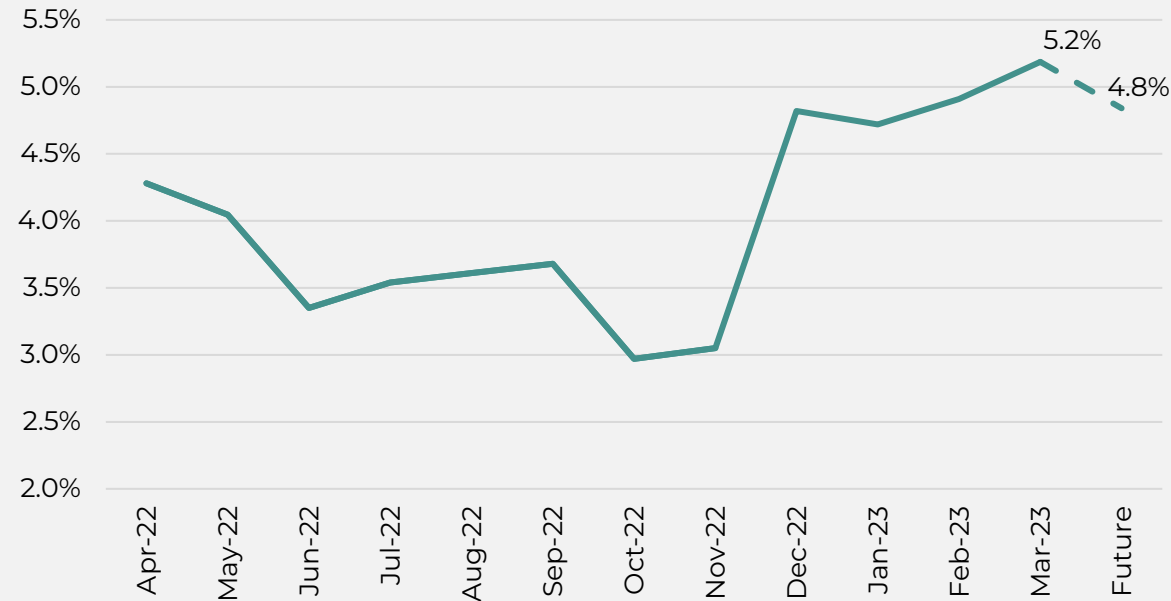
TENANT MIX

Bridge City Shopping Centre is anchored by Shoprite, Superspar and Woolworths. Other national tenants include Old Mutual, Nedbank, Standard Bank, FNB, Capitec Bank, African Bank, Absa, Net 1 Financial Services, Clicks, Pep Cell, MTN, DSTV, Telkom Mobile, Sportscene, Studio 88, Tekkie Town, Exact, Rage, The Fix, Pep, Jam Clothing, Mr Price, Identity, Legit, Fashion World, Markam, Truworths, Relay, Jet, Totalsports, Power Fashion, Skipper Bar, Beauty Zone, Fastrak, Jet Home, Pep Home, OK Furniture, KFC, McDonalds, Pedro's, Chicken Licken, Steers, Pie City and Debonairs.



Source of photos :
Capital Land

Total vacancy trend



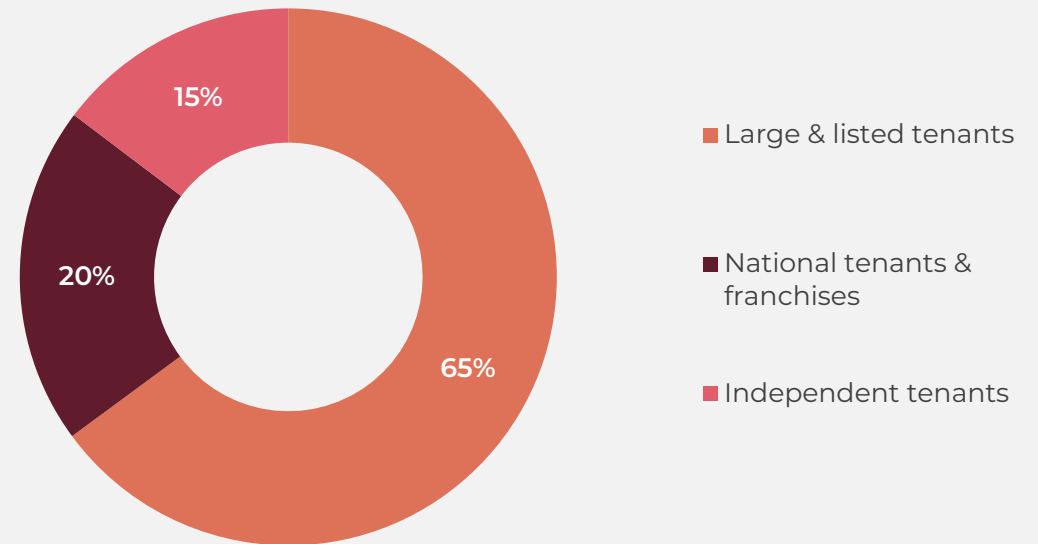
As at 31 March 2023

The total portfolio vacancy is currently 5.2%. The vacancy increased in December 2022 mainly as a result of Game at King Senzangakhona Shopping Centre vacating (4 170m²). Plans are under way to reconfigure the premises to accommodate a new third national anchor tenant and two additional national brands.

Large, listed, national and franchise tenants occupy 85% of the gross lettable area (GLA) in the Fund's centres. These are well known tenants such as Shoprite, Pep, Ackermans, Capitec Bank, SuperSpar, Boxer, Pick n Pay and Cashbuild, which have a large number of stores and a footprint across South Africa.

The current tenant profile of the Fund ensures that the income stream is of a high quality.

Tenant profile by GLA



As at 31 March 2023

Our developmental investment philosophy

Developmental product suite

Futuregrowth has a 25-year-plus track record of investing in developmental assets. Our funds provide finance to institutions that may not typically receive support from the traditional banking or lending process. In addition to providing finance (credit), we also invest in equity and retail property with a developmental nature.

Our developmental funds are part of our broader responsible investment strategy and reflect the intention of our clients to do good by investing consciously to make a positive impact on society and the broader environment, and thereby to safeguard our collective future.

Our suite of developmental funds consists of:

- **Fixed Income** (Infrastructure & Development Bond Fund, Power Debt Fund, Inflation-Linked Debt Fund);
- **Unlisted equity** (Development Equity Fund, Agri Funds);
- **Unlisted retail property** (Community Property Fund); and
- **Fund of funds** incorporating our suite of development funds as building blocks (Developmental Balanced Fund).

Futuregrowth is dedicated to the development and empowerment of South Africa and its people. We are constantly looking for opportunities that will yield optimal financial returns for investors while making a meaningful difference. As such, we have become a reliable channel for investor savings and promoting national development.

We define developmental investing as financing that a) provides investors with commercial returns and b) produces a social and developmental impact. In South Africa the primary focus is on the provision of basic services and improvement of infrastructure development.

In order to achieve sustainable, long-term, benchmark-beating performance, we apply a responsible investment filter when screening and analysing new deals for our developmental funds. This is supported by a robust credit process that considers both financial risks and environmental, social and governance (ESG) risks.

Global contribution

We are also aligned with the UN's Sustainable Development Goals (SDGs), thus contributing to this global "blueprint to achieve a better and more sustainable future for all". The SDGs are covered in detail later in this report, where we link the activities of each deal featured to these global targets.

(See: www.un.org/sustainabledevelopment/sustainable-development-goals/)



How we measure and manage impact

Futuregrowth actively measures and manages for impact. Our impact measurement and management approach is aligned with both global and local development frameworks.



National Development Plan (NDP)

This is a long-term development framework for the elimination of poverty and reducing inequality in South Africa by 2030.

UN Sustainable Development Goals (SDGs)

These goals represent the globally agreed 2030 agenda and are a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Principles for Responsible Investing (PRI)

Futuregrowth is a signatory to the Principles for Responsible Investment (PRI), which is an international network of signatories contributing to developing a more sustainable global financial system by incorporating six defined Principles for Responsible Investment into investment practice.

Fund IMPACT across SDGs

The Fund investments contribute to six SDGs

1 NO POVERTY



End to poverty in all its manifestations by 2030. It also aims to ensure social protection for the poor and vulnerable, increase access to basic services and support people harmed by climate-related extreme events and other economic, social and environmental shocks and disasters.

3 GOOD HEALTH AND WELL-BEING



Ensure healthy lives and promote well-being for all at all ages by investing in businesses that improve the availability of healthcare and medical services as well as special medical units.

8 DECENT WORK AND ECONOMIC GROWTH



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by investing in underserved markets that unlock and support job creation, growth and improved labour standards and practices for improved livelihoods.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation by partnering and supporting government in financing infrastructure projects and providing access to finance for businesses that create more inclusive and sustainable communities.

10 REDUCED INEQUALITIES



Reduce inequality within and among countries by investing in businesses that promote financial, social and economic inclusion for all in order to promote inclusive growth and reduce inequalities.

11 SUSTAINABLE CITIES AND COMMUNITIES



Make cities and human settlements inclusive, safe, resilient and sustainable by investing in businesses that increase the availability of affordable housing stock near transport options and provide access to home ownership for low- and moderate-income populations.

Source of photos : Capital Land

The Sontonga Mall Sporting Chance Programme

The Sontonga Mall Sporting Chance Holiday Programme was launched in the Katlehong community in March 2023, bringing the total number of Sporting Chance Holiday Programmes implemented by the Fund to six.

Sporting Chance is a leading sports coaching and development organisation in South Africa that uses sport to break down barriers between generations, cultures and income levels. Its programmes are used by the Fund as a vehicle to keep children in the communities surrounding the shopping centres occupied in a positive activity and away from social ills during school holidays.

The programmes consist of three phases: life skills education; coaching clinics; and a sporting tournament. The programmes take place over four days and are held at the shopping centre or at a nearby community sports field.

The driver of this programme

Themba Gudlhuza is the passionate Sporting Chance Coordinator who runs the Sontonga Mall holiday programme in Katlehong. He grew up in Giyani, Limpopo and has lived in Katlehong for over nine years.

Themba is a Social Auxiliary Worker for the Department of Social Development and has extensive experience in sport. He has played in amateur soccer leagues representing various teams including Napoli Football Club and Giyani Classique Football Club. He established Gudlhuza Football Club, a developmental soccer team for players aged 11 – 17 years in Katlehong, which is affiliated to the South African Football Association (SAFA) Junior League. The football club aims to develop young players through coaching and mentorship and to steer youth away from crime and substance abuse.

Through the Sporting Chance Programme Themba is able to combine his passion for sport and community upliftment. *“The Sporting Chance Programme has given me the platform to help more kids through sport and to impart life skills which will help them to be responsible citizens. The project is making a positive impact in the community as it affords young children the opportunity to receive quality coaching and life skills education while also affording local coaches the opportunity do what they do best”* says Themba.

The following link shows: [Themba and his team of 11 Sporting Chance Holiday Programme coaches in action in Katlehong](#)

A geographic overview of the programme is provided on the following page.



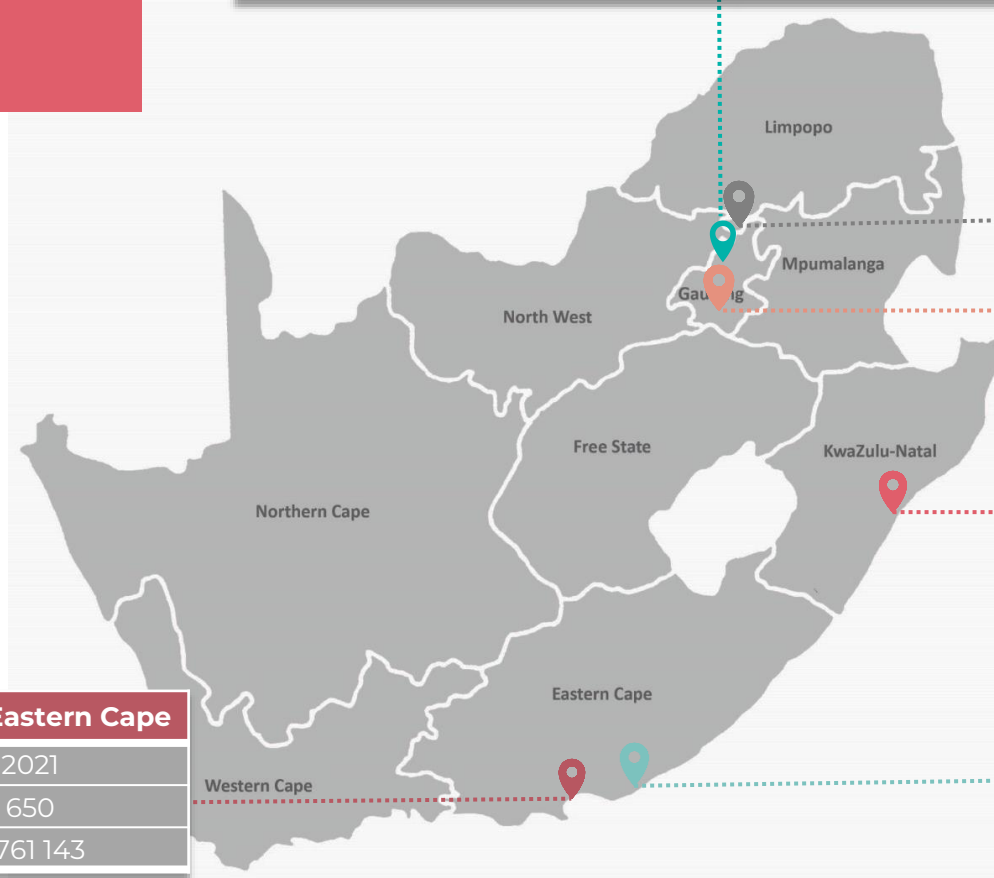
Themba Gudlhuza
Source of photo : Capital Land

Community Impact

Summary of the Fund's Sporting Chance Programmes to date

A total of **10 500** scholars across **6 communities** have participated in Sporting Chance Holiday Programmes since 2015 – with a total project value of approximately **R8 566 029**

Diepsloot Mall, Diepsloot, Gauteng	
Year Implemented	2015
Total Participants to Date	3 250
Total Cost	R2 242 363



Moutse Mall, Dennilton, Limpopo	
Year Implemented	2018
Total Participants to Date	1 420
Total Cost	R1 547 781

Sontonga Mall, Katlehong, Gauteng	
Year Implemented	2023
Total Participants to Date	120
Total Cost	R98 678

Bridge City, KwaMashu, KwaZulu-Natal	
Year Implemented	2015
Total Participants to Date	3 250
Total Cost	R2 242 363

Motherwell Shopping Centre, Motherwell, Eastern Cape	
Year Implemented	2021
Total Participants to Date	650
Total Cost	R761 143

Kuyasa Centre, Mdantsane, Eastern Cape	
Year Implemented	2018
Total Participants to Date	1 810
Total Cost	R1 673 703

Key features

Futuregrowth Community Property Fund

R7.3bn

Total net asset value
(as at 31 March 2023)

Commercial
risk-adjusted
returns

Investments
in **23** shopping
malls

Active in
8 provinces

Infrastructure and services

- Focused on providing quality retail facilities to previously disadvantaged communities
- Catalyst for the development of local municipal and transport infrastructure

Over 99%
township and
rural exposure

Impact Outcomes

- **12 937** local jobs created as at 31 January 2022 (excluding Bridge City and Sam Ntuli Mall)
- Local economy value-add (SMME support)
- Economic empowerment of PDIs, especially women
- Community involvement initiatives

Supports **six**
Sustainable
Development
Goals

Fund facts

Fund description	The Futuregrowth Community Property Fund specialises in the acquisition of new and existing shopping malls which cater to the needs of underserved communities throughout South Africa and forms part of Futuregrowth's suite of developmental investments.	Investment objective	The Fund aims to outperform the CPI by 4% per annum before the deduction of taxes and fees and with income reinvested over a rolling 3-year period. It seeks to provide investors with a low cost, high value property investment that focuses on emerging market retail property growth in underserved rural communities and high-density urban centres.
Composition	The Composite currently owns 23 shopping centres located in rural and township areas in eight of the nine provinces. These centres provide retail services and products to a primary target market of approximately 10 million people. Overall, the Fund has purchased, developed or disposed of 36 shopping centres countrywide since inception. The centres deliver retail services to low- to middle-income groups. They vary in size between 1 700m ² and 40 000m ² and are typically tenanted by supermarkets, clothing, banking and furniture retailers.	Key benefits	<ul style="list-style-type: none"> – Specifically focused on providing retail facilities to previously disadvantaged communities, especially in areas characterised by a lack of infrastructure and services. – Targets a niche market of low to middle income groups. – Creates jobs during the construction phase, employing artisans and labourers from the local area. – Creates permanent/long-term jobs during the life cycle of the mall. – Provides access to retail stores and services for local communities which has major health, time and social implications. – Offers a wider range of choice to consumers with higher quality and lower prices than previously available.
Fund manager	Futuregrowth Asset Management	Asset & property manager	Capital Land Asset Management
Return target	CPI + 4%	Risk profile	Moderate (long term returns, predictable cash flows, illiquid)
Number of properties owned currently	23	Number of properties funded to date	36
Current geographic spread	8 provinces	Property type	Retail
Structure	Pooled and Segregated	Market segment	Low to middle income bracket (township & rural)
Inception date	1 September 1996	Total net asset value	R7.3 billion
Minimum investment	Pooled - R25 million (at manager's discretion)	Termination period	1 calendar month up to a maximum of 3 years (size dependent)

Glossary

Academic Prize Programme	This prize is awarded annually to the top academic student in Grade 6 for junior schools and Grade 11 for high schools in the local area. The prize consists of a floating merit board engraved with the prize winner's name, a gift voucher from a shop at the Fund's shopping mall, and a contribution to school fees for the next academic year.	Liquid holding	Cash in the Fund held in bank accounts, call accounts and money market investments.
Annualised return	This is a return over a period of greater than one year that has been converted into an average annual return. This facilitates an easier comparison between returns over different periods.	LSM	Living Standards Measure: a means of grouping the population according to their living standards from 10 (highest) to 1 (lowest).
Cap rate	Capitalisation rate: is a measure of value and risk of a building and is calculated by dividing the net returns on rental for one year by the purchase price or market value of a building.	Market rental	Is calculated by taking into account comparable market rentals as well as the demand for and availability of space in the mall concerned.
CPI	Consumer Price Index - used as a measure of inflation - measures the average change over time in the price of a basket of consumer goods and services purchased by households.	Sporting Chance	The Sporting Chance Programmes are a vehicle to keep children in the communities surrounding the shopping centres occupied in a positive activity and away from social ills during school holidays. The programmes consist of three phases: life skills education; coaching clinics; and a sporting tournament. The programmes take place over four days and are held at the shopping centre or at a nearby community sports field.
DCF valuation methodology	Discounted Cash Flow valuation methodology is carried out by estimating the total value of all future cash flows (both inflowing and outflowing), and then discounting them by the cost of capital to find a present value of that cash.	Trading densities	This is a measure of performance in retailing. It is the revenue generated for a given area of sales space and is presented as a monetary value per square metre. The higher the figure, the more efficiently the floor space is being used.
GLA	Gross Leasable Area	Ungear return	This refers to a return that has been generated without the use of debt funding on the properties.
Headline inflation	This is a measure of the total inflation within an economy, including commodities such as food and energy prices, which tend to be more volatile and prone to inflationary spikes.	Weighted escalations	When tenants enter into a lease, the rate at which their rental increases annually is the escalation rate. The weighted escalation rate is an average of all lease escalation rates across the portfolio weighted by the rental amount:

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Disclaimers

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GIPS disclaimer: Futuregrowth a subsidiary of Old Mutual Investment Group Holdings (Pty) Limited is a specialist investment company which manages the full range of interest bearing and developmental investments in an ethical and sustainable way. Futuregrowth claims compliance with the Global Investment Performance Standards (GIPS®). Contact Futuregrowth at +27 21 659 5300 to obtain a list of composite descriptions and/or a presentation that complies with the GIPS® standards. The investment returns reflected are supplemental information as they are not calendar year returns and are gross-of-fees.

Currency: ZAR

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