

INVESTMENT DETAILS

Sector

PROPERTY

Investment Background

PIC Properties as a significant participant in the unlisted property market plays a pivotal role in ensuring that tenant demands are met through supply of new developments and maintenance of the existing Clients property assets through refurbishment projects. These developments occur within the mandated parameters, with all developments aimed at meeting or exceeding the required Client returns.

Investment Rationale

New developments aim to serve as a catalyst for growth in designated regions across South Africa and to further enhance already established property nodes. Existing developments are refurbished to maintain a reputation of quality assets, and also that these properties remain revenue generating.

The developments are completed in a manner which aligns the transformational objectives of the PIC and its Clients, through preferential procurement from B-BBEE complaint service providers, and also by empowerment of SMME's within a largely untransformed construction industry. Construction development becomes a catalyst for job creation and skills transfer during the construction phase, and further after as opportunities arise when businesses operate in these recently developed areas which becomes a critical contributor towards the reduction of the high national unemployment rate.

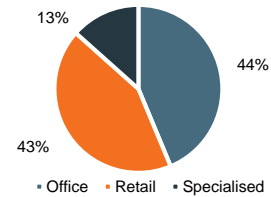
Shareholders

The Clients may either hold a 100% interest in its developments or may enter into a co-ownership agreement with other property developers, with the aim of diversifying risk and also to promote participation by previously disadvantaged developers.

Development Approvals

FY 2015/16	FY2016/17	FY2017/18	Total to date
R 4,901,953,595	645,144,075	2,100,003,898	7,647,101,568

Sectorial GLA as 31 March 2018



Approved GLA (m ²)	FY 2015/16	FY2016/17	FY2017/18
GEPF	156,562	250,001	225,001
UIF	12,727	15,816	62,000
CC	-	-	14,227
Total	169,289 m²	265,817 m²	301,228 m²

Development Budget Spent to Date

Property Spend (R)	FY 2015/16	FY2016/17	FY2017/18
GEPF	586,238,382	1,738,735,151	2,742,149,463
UIF	-	13,962,168	23,683,034
CC	-	-	67,634,465
Total	586,238,382	1,752,697,319	2,833,466,963

Final Approval Committee

Portfolio Management Committee – Unlisted Investments or Property Fund Investment Panel in line with the Delegation of Authority.

ENVIRONMENTAL SOCIAL & GOVERNANCE

PIC Properties continues to contribute to the upskilling and empowerment of built environment contractors and professionals. Over the past three financial years, R2.4 billion was spent towards entities with a Level 1 to 4 B-BBEE status levels, with financial years 2017/8 and 2015/18 showing strong support of B-BBEE entities.

Procurement Spend	FY 2015/16	FY2016/17	FY2017/18
1	2%	1%	8%
2	26%	7%	23%
3	35%	16%	31%
4	36%	14%	20%
Total	99%	38%	82%

SOCIAL IMPACT

Job Numbers

The table below highlights the construction jobs created as a result of the development projects:

Job Numbers	FY 2015/16	FY2016/17	FY2017/18
Total	2,670	6,344	6,509