

**ABSA House Price Index**

Based on the total purchase price of houses in the 80m<sup>2</sup> – 400m<sup>2</sup> size category, valued at R2.9m or less.

**SA Listed Property (Index)**

Refers to commercial property companies that are listed on the Real Estate Sector of the Johannesburg Stock Exchange. The SA Listed Property Index is made up the top 20 property companies after adjusting for free float.

**income distribution**

Listed property companies pay close to 100% of their net profit, after interest costs, to shareholders in the form of an income distribution.

**historic income yield**

The most recent 12 months income distribution divided by the share price.

**initial income yield**

The forecast next 12 months income distribution divided by the share price.

**reversions**

The rental being paid by the tenant at the expiry of a lease is compared to current market rental levels. If the expiring rental is above current market rental the landlord is at risk of a negative reversion on the signature of a new lease. If the expiring rental is below current market rental the landlord is at risk of a negative reversion on the signature of a new lease.

**rental escalations**

Commercial leases amount to a contract between the landlord and the tenant. The contract stipulates that the rental will increase by a negotiated percentage at the anniversary of the signature of the lease.

**subprime mortgage crisis**

The subprime mortgage crisis is an ongoing economic problem manifesting itself through liquidity issues in the global banking system owing to foreclosures which accelerated in the United States in late 2006 and triggered a global financial crisis through 2007 and 2008.

**National Credit Act (NCA)**

The Act aims to protect consumers taking credit or entering into consumer credit transactions. The Act was introduced mid 2007.

**Consumer Price Index (CPI)**

The Consumer Price Index reflects the price of a representative basket of consumer goods and services. This index measures the impact of inflation on the average consumer. CPIX inflation is a variant of consumer price inflation: it is the same except that it excludes mortgage costs.