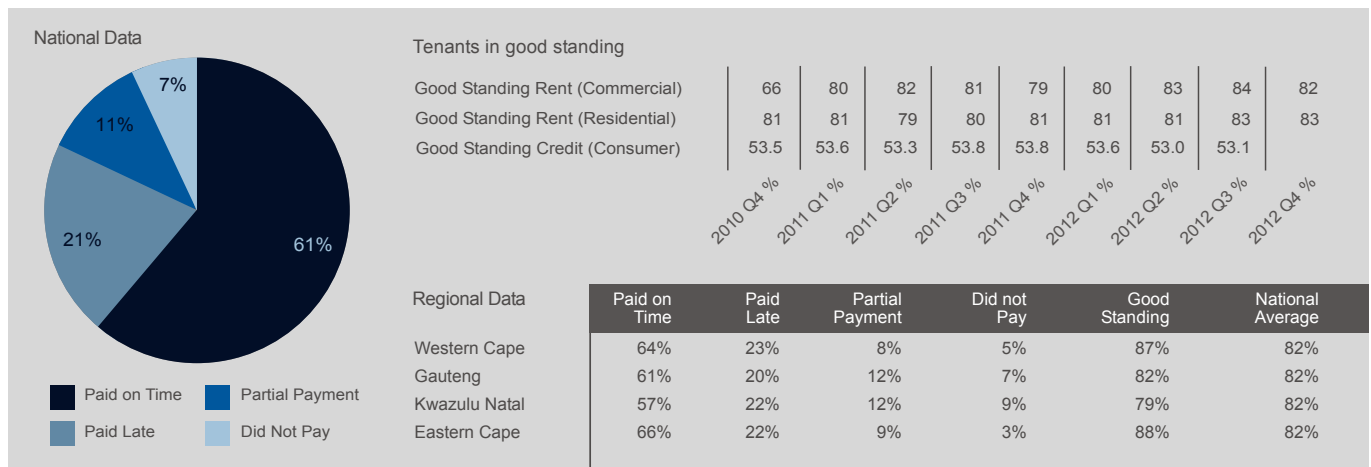


### Commercial rentals remain stable

Rental payment performance by commercial tenants during Quarter 4 of 2012 remained surprisingly steady, despite obvious and frequently documented pressures on the general economy.

While the number of commercial tenants in good standing peaked at 84% in Q3 (made up of sub-categories Paid on Time 61% and Paid Late 22%) the numbers softened negligibly to 82% in the final quarter of 2012 (Paid on Time 61% and Paid Late 21%).

Delinquencies also remained similar to the previous quarter with 11% Partial Payments and 7% in the Did not Pay category. However, further examination of the data tells an interesting story within the Provincial and Rental Value sub-categories across overall collection trends.



### Payment performance by province

Eastern Cape and Western Cape tenants fared best for rental payment behaviour – a trend that is consistent with their residential counterparts.

- Eastern Cape tenants in good standing (88%) were made up of 66% Paid on Time and 22% Paid Late
- Eastern Cape tenants are the least likely to default with at only 3% in the Did not Pay bracket
- Western Cape tenants in good standing (87%) included 64% Paid on Time and 23% Paid Late
- The Western Cape tenants in the Did not Pay category also trended below the national average of 7% at a healthier 5%
- Kwa-Zulu Natal and Gauteng commercial tenants are the most difficult from whom to collect rent (similarly to residential payment trends) and generally perform below the national average.
- Nonetheless, Gauteng moved closer to the national average, with tenants in good standing at 82% (61% Paid on Time and 20% Paid Late); and 7% in the Did not Pay category.
- Kwa-Zulu Natal saw the highest number of delinquencies where 9% Did not Pay and 12% making a Partial Payment - and only 79% of tenants in good standing (57% Paid on Time and 22% Paid Late)

### Tenant behaviour by Rental Value Category

TPN does not collect rental information by price per square meter, but rather reports on data by basic rental value brackets. There are clear price brackets where the data splits evenly: In other words 29% of commercial South African tenants pay less than R10,000 per month, 28% of tenants pay R10,000 – R25,000 per month, 20% of tenants pay R25,000 – R50,000 per month and 23% of tenants pay more than R50,000 monthly rent.

- Tenants in the R50,000 basic rent per month are the most reliable with only 3% in the Did not Pay category
- When compared with 10% of tenants who Did not Pay in the less than R10,000 basic rent per month bracket, this indicates that smaller businesses are experiencing tougher conditions

Good Standing Note: Due to rounding up / down, sub-categories do not necessarily equal the Good Standing figure.