

**To:** Market Participants  
**From:** FTSE/JSE Indices  
**Date:** 08 April 2025  
**Subject:** FTSE/JSE Property Indices Discussion Paper

## 1. Introduction

FTSE/JSE received a request in 2024 to expand the ALPI universe to include Fledgling constituents that pass the liquidity requirements. Following this request, a [Market Consultation](#) was published in November 2024 to get feedback from a broad set of index users on the proposed change to the FTSE/JSE All Property Index. FTSE/JSE received feedback both for and against the proposal and did not feel there was sufficient support to implement the changes at the March 2025 review. This discussion document presents the core feedback received from the consultation. It also includes further analysis on the comments and an overview of the set of available property indices.

## 2. Background

In 2016, FTSE/JSE published a [Market Consultation](#) proposing to decommission the FTSE/JSE South African Listed Property Index (J253/SAPY) and the FTSE/JSE Capped Property Index (J254/PCAP), and to replace them with three new property indices, namely the FTSE/JSE All Property Index (J803/ALPI), FTSE/JSE Tradable Property Index (J800/PROP) and the FTSE/JSE SA REIT Index (J805/REIT). After the consultation, the three new property indices were launched in 2017 as stand-alone indices without impacting the methodology for the existing SAPY and PCAP indices. FTSE/JSE signalled that both the SAPY and PCAP had been identified for decommissioning, with the ALPI recommended as the successor index for benchmark usage and the PROP for tradable/product usage. While the SAPY is still widely referenced, there has been a shift toward using the ALPI for fund and composite benchmarking.

While the ALPI was originally designed as a stand-alone property benchmark, it was nonetheless constructed as a sub-set of the FTSE/JSE All Share Index (J203/ALSI). Listed property companies must be constituents of the ALSI before they are considered for inclusion in the ALPI. Since the ALSI is intended to capture 99% of the eligible gross market capitalisation of the JSE Main Board, the overall market structure and composition of *all* listed equities will therefore impact on which property companies are included in the ALPI.

From 2017 when the ALPI launched to 2025, the number of companies included in the ALSI decreased from 164 to 125. Over the same period, the number of property companies in the ALPI decreased from 33 to 22. This is partly due to a decrease in the absolute number of property companies but also due to the market capitalisation of non-property companies relative to property companies. Over the same period, the number of property companies listed on the Main Board decreased from 56 to 42, implying that the ALPI coverage by number of property companies decreased from 59% to 52% (without any consideration for market capitalisation). This contrasts with the ALSI representation of Main Board listings which decreased marginally over the same period, from 51% to 50% by number of index-eligible listings.

### 3. Current offering

FTSE/JSE currently publishes eleven property indices, which are all subsets of the general equity ALSI benchmark and are listed in Table 1 below. Of these eleven, three will be terminated on 31 December 2025 as part of Phase 2 of the Index harmonisation project, and two (SAPY and PCAP) are on a sunset path and are not recommended for new mandates.

The JSE references the FTSE Russell Industry Classification Benchmark (ICB), which uses a hierarchical structure to categorise listed equities by Industry, Super-Sector, Sector and Sub-Sector. The FTSE/JSE index series publishes separate ALSI sub-indices for each Industry and Sector which are reflected by codes JI0035, JS3511 and JS3512:

Index code	Index name	Category	Intended use	Status	Cap	Constituents
J253	SAPY - South African Listed Property	Legacy	Multi-use	Due for termination		17
J254	PCAP - Capped Property	Legacy	Multi-use	Due for termination	15%	20
J800	PROP - Tradable Property	Tradable Index	Tradable Index		15%	10
J803	ALPI -All Property	Benchmark Index	Benchmark Index		15%	22
J805	REIT - SA REIT	SA REIT	Specialist Index		15%	12
JI0035	Real Estate	ICB Industry	Benchmark Index			22
JS3511	Real Estate Investment & Services Development	ICB Sector	Benchmark Index			4
JS3512	Real Estate Investment Trusts	ICB Sector	Benchmark Index			18
JW0035	Real Estate	SWIX ICB Industry	Benchmark Index	Terminates 31 Dec		22
JX3511	Real Estate Investment & Services Development	SWIX ICB Sector	Benchmark Index	Terminates 31 Dec		4
JX3512	Real Estate Investment Trusts	SWIX ICB Sector	Benchmark Index	Terminates 31 Dec		18

Table 1: List of property indices

Under the current methodology, the ALPI and the JI0035 industry index will always have identical constituents. This is because the Industry indices are subject to ALSI inclusion by definition. The difference between the two indices is that the ALPI is capped at 15% and the JI0035 is not capped.

The PROP index is smaller at 10 constituents since it is constructed as a subset of the FTSE/JSE Large and Mid Cap (J206) indices rather than the ALSI. If there are not enough companies in the J206 to fill 10 constituents, the index is filled by selecting the largest real estate companies in the FTSE/JSE Small Cap Index (J202) when ranked by gross market capitalisation

### 4. ALPI expansion proposal

In 2024, FTSE/JSE received requests from index users to review the methodology of the ALPI and to de-link the selection criteria from the ALSI. This would effectively allow the inclusion of fledgling property companies in the ALPI, subject to the FTSE/JSE ALSI liquidity screen.

Many of the views in support of the proposal were cited in the November 2024 market consultation. The key themes where there was no alignment between all market participants are presented below.

#### Inclusion of ALPI additions for modelling purposes

The market consultation also indicated the ALPI inclusion of four fledgling property companies based on the proposed expansion methodology. There were still 17 property companies listed on the Main Board that did not meet the criteria under the proposed methodology at that time, although the eligibility for these 17 companies could change as their free float, liquidity and market capitalisation profiles change. The modelling in paragraphs 4.7 to 4.11 below is based on the November consultation paper and the inclusion of those four new constituents. These new additions are highlighted in red in each section.

Any actual additions to an expanded ALPI will depend on the finalised methodology and the characteristics of each listed property company at the time of the index review.

#### **4.1 Purpose of benchmark**

Some managers are restricted to use either the ALSI or the ALPI as their selection universe. In this scenario, the manager is not able to select individual stocks that are not included in their benchmark index. In the listed property space, there are several fledgling companies that are therefore structurally excluded from these managers' selection process due to their investment mandate definition.

One potential solution to this is to expand the benchmark index to include more stocks. Another solution could be for investors to amend their mandates to allow off-benchmark holdings. Many property managers are already not limited to ALPI constituents in terms of their investment mandate and are in fact already holding fledgling property companies in off-benchmark positions.

It is not appropriate for a benchmark administrator to use methodology decisions to influence investor behaviour or portfolio construction. Similarly, a benchmark administrator would not base index methodology decisions on individual stock fundamentals, or an intention to include or exclude certain counters from the index. Notwithstanding this principle, in the case of the ALPI it is not clear that inclusion of fledgling property companies would increase analyst coverage, investor interest or drive a re-rating of these companies.

#### **4.2 Listed property as an asset (sub)class**

There are a significant number of funds and managers in South Africa that are specialised solely in the listed property space, some of whom have questioned the principle that their investment universe benchmark is constructed as a subset of the general equity ALSI. A core argument in support of the ALPI expansion is that a listed property benchmark should be constructed as a stand-alone asset class benchmark rather than a subset of the general equity space. In other words, the ALPI should be constructed as the "all share of property" rather than a carve-out of the existing ALSI.

There are also equity managers that operate within a broad ALSI mandate but allocate a portion of their fund to listed property. These managers may use a composite benchmark which combines ALSI and ALPI (and other indices) and some of these managers have a preference that the ALPI remains a subset of the ALSI. Furthermore, some of these managers are restricted to holding only ALSI constituents in their broader mandate, and therefore an expanded ALPI would not be investable for them.

It is clear that the ALPI is currently used by both specialist listed property funds but also as a component of asset allocation by general equity and balanced funds. The former are likely to consider the ALPI as a stand-alone asset class benchmark and support the ALPI expansion, while the latter are likely to see it as a sub-set of the ALSI and reject the ALPI expansion.

#### **4.3 Benchmark alignment**

Past experience has shown that it is preferable to have a small number of performance benchmarks that are widely used by the industry. This standardisation of performance measurement can make it easier to compare funds and simplify the analysis process, particularly for retail investors. Conversely, bespoke performance benchmarks aligned with individual investment mandates deliver more accurate benchmarking outcomes and can better track individual performance.

In the case of the ALPI, there is a benefit to having one index that is broadly used for listed property performance assessment. This will however mean that the index methodology is less closely aligned with individual mandates and some material divergences will emerge. One way to solve this problem is to position two broad indices for market usage:

- ALPI as a stand-alone listed property benchmark for dedicated property investors who are not typically operating in the broader ALSI space
- The JI0035 as a sub-set of the ALSI that includes all listed property companies in the ALSI

The JI0035 and the ALPI currently have identical constituents. The only difference is that the ALPI is capped at 15% whereas the JI0035 is not capped.

Under this approach, index users that prefer an ALSI universe would transition to using the JI0035 (or a capped variant could be introduced), allowing the ALPI methodology to then be refined for a dedicated property investor use case. However, there is a cost associated if existing index users are required to change benchmarks, which may in some cases include balloting investors and applying with the FSCA. It is not clear whether there are currently more existing ALPI users that prefer a stand-alone approach or more that prefer an ALSI-subset approach – either by number of managers or by assets under management.

In the event that the majority of existing ALPI users prefer an ALSI-subset approach, it would be preferable to leave the ALPI methodology unchanged and launch a new standalone property benchmark that is decoupled from the ALSI.

#### **4.4 Timing**

Investors that have made decisions based on an existing ALSI-subset benchmark may not wish to reference an expanded benchmark. Managers who feel that including fledgling companies is a material change to their benchmark would be required to transparently notify investors of the change, and in some cases may elect to ballot their investors to obtain support. Given the timing of the November 2024 introduction of the expansion concept, a March 2025 implementation would not provide sufficient time to complete this process and there were respondents that requested consideration for a longer notice period.

#### **4.5 Liquidity**

Market capitalisation has a broad correlation with liquidity. Benchmark indices are generally weighted on market capitalisation, with one result being that stocks with larger weightings naturally tend to have higher liquidity, providing a natural underpin for index investability. One of the reasons that the existing ALSI includes only 125 out of 250 listed companies on the Main Board is that the remaining “fledgling” companies tend to be materially less liquid while also contributing a nearly insignificant amount to overall index risk and return metrics.

This is a key concern from respondents on expanding the existing ALPI – there is already a liquidity concern in the tail end of the ALPI and including fledgling property companies will exacerbate this. A good benchmark must be investable and including companies that cannot be reliably traded at scale goes against this principle.

Paragraphs 4.7 to 4.9 show various liquidity lenses, with the table in each section ranked from highest to lowest. It is recognised that the existing small cap ALPI constituents may be included in the index but may not necessarily be considered liquid by all ALPI users.

## 4.6 Market Capitalisation

The ALSI is selected based on gross market capitalisation (before the application of free float), while the stocks are weighted based on net market capitalisation (free float adjusted). This creates the situation that a small cap company with a low free float may be included in the ALSI and the ALPI, but a fledgling company with a high free float could be excluded, even though that fledgling company may have a higher index weighting and may even be more investable.

Table 2 below ranks property companies by free float adjusted market capitalisation.

Alpha	Instrument	Index	Gross MCAP ZAR bn	Net MCAP ZAR bn	Current Weight	Proposed Weight
NRP	NEPI Rockcastle N.V.	ALPI	97.84	46.73	15.79%	15.79%
GRT	Growthpoint Prop Ltd	ALPI	44.81	42.71	14.43%	14.43%
RDF	Redefine Properties	ALPI	30.90	29.54	10.43%	9.98%
FFB	FORTRESS REAL EST INV B	ALPI	23.62	23.51	8.30%	7.95%
VKE	Vukile Property Fund	ALPI	21.48	20.89	7.37%	7.06%
RES	Resilient REIT Ltd	ALPI	21.00	17.21	6.08%	5.82%
HYP	Hyprop Investments Ltd	ALPI	16.24	16.16	5.70%	5.46%
EQU	Equites Property Fund	ALPI	11.86	11.49	4.06%	3.88%
ATT	Attacq Limited	ALPI	9.78	9.14	3.22%	3.09%
MSP	MAS PLC	ALPI	13.03	8.59	3.03%	2.90%
LTE	Lighthouse Properties plc	ALPI	15.98	8.11	2.86%	2.74%
SRE	Sirius Real Estate Ltd	ALPI	29.54	8.06	2.84%	2.72%
FTB	Fairvest Limited B	ALPI	8.53	8.01	2.83%	2.71%
SAC	SA Corporate Real Estate Fund	ALPI	7.07	6.91	2.44%	2.34%
SSS	Stor-Age Property REIT	ALPI	6.98	5.69	2.01%	1.92%
HMN	Hammerson Plc	ALPI	29.81	5.57	1.96%	1.88%
BTN	Burstone Group Limited	ALPI	6.78	4.98	1.76%	1.68%
DIB	Dipula Properties Ltd (B)	N/A	4.72	4.53		1.53%
SHC	Shaftesbury Capital	ALPI	56.37	3.21	1.13%	1.08%
AHR	Assura	ALPI	43.88	3.18	1.12%	1.07%
SRI	Supermarket Income REIT	ALPI	23.99	2.67	0.94%	0.90%
SEA	Spear REIT	N/A	3.31	2.48		0.84%
PHP	Primary Health Properties	ALPI	29.67	2.47	0.87%	0.83%
EMI	Emira Property Fund	ALPI	5.69	2.31	0.82%	0.78%
OCT	Octodec Investments	N/A	2.73	1.66		0.56%
SCD	Schroder European REIT	N/A	2.03	0.08		0.03%

Table 2: Gross and Net (free float adjusted) market capitalisation of the expanded ALPI

Some of the potential fledgling ALPI additions have higher free float adjusted market capitalisations than existing small cap ALPI constituents and may be more investable on this basis.

## 4.7 Relative Liquidity (turnover)

The FTSE/JSE ALSI liquidity hurdle uses a turnover model which calculates total JSE volumes traded for each stock as a percentage of their free float adjusted shares in issue on the local register. Table 3 below ranks property companies by six-month average JSE turnover and shows the liquidity metric of the fledgling companies that would potentially be included in the ALPI under the expanded methodology relative to the existing index constituents.

Alpha	Instrument	Index	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Average Turnover
SRI	Supermarket REIT <sup>1</sup>	ALPI					96.45%	54.31%	75.38%
PHP	Primary Health Prop PLC	ALPI	2.87%	172.72%	126.06%	48.53%	11.85%	48.79%	68.47%
AHR	Assura Plc <sup>2</sup>	ALPI				15.48%	2.99%	76.89%	31.79%
HMN	Hammerson plc	ALPI	32.05%	82.83%	9.68%	15.44%	11.80%	26.45%	29.71%

<sup>1</sup> Listed December 2024

<sup>2</sup> Listed November 2024

SHC	Shaftesbury Capital plc	ALPI	7.10%	11.59%	7.96%	5.21%	2.95%	13.54%	8.06%
GRT	Growthpoint Prop Ltd	ALPI	7.48%	9.40%	8.48%	5.59%	5.12%	7.00%	7.18%
SRE	Sirius Real Estate Ltd	ALPI	4.62%	6.37%	4.67%	4.54%	5.69%	12.43%	6.39%
HYP	Hyprop Inv Ltd	ALPI	6.65%	10.64%	6.27%	3.69%	4.85%	6.55%	6.44%
DIB	Dipula Income Fund B	N/A	2.24%	3.15%	2.96%	26.39%	1.24%	2.57%	6.43%
NRP	NEPI Rockcastle N.V.	ALPI	5.41%	6.40%	9.21%	4.45%	4.73%	3.64%	5.64%
MSP	MAS P.L.C	ALPI	5.65%	6.39%	4.09%	4.55%	6.99%	4.65%	5.39%
EQU	Equites Prop Fund Ltd	ALPI	4.18%	7.24%	10.64%	4.23%	2.76%	2.22%	5.21%
VKE	Vukile Property Fund Ltd	ALPI	4.15%	7.86%	4.84%	5.54%	4.11%	3.47%	5.00%
RES	Resilient REIT Limited	ALPI	4.90%	5.94%	4.98%	5.57%	3.30%	5.15%	4.98%
BTN	Burstone Group Limited	ALPI	3.31%	5.66%	2.56%	10.38%	2.46%	2.26%	4.44%
RDF	Redefine Properties Ltd	ALPI	4.04%	5.05%	6.13%	4.50%	3.42%	3.19%	4.39%
SSS	Stor-Age Prop REIT Ltd	ALPI	4.82%	3.95%	4.34%	3.97%	4.82%	2.41%	4.05%
FFB	Fortress Real Est Inv B	ALPI	5.11%	4.69%	4.90%	2.06%	3.55%	2.39%	3.78%
SEA	Spear REIT Limited	N/A	3.81%	3.03%	5.06%	5.59%	2.07%	1.96%	3.59%
FTB	Fairvest Limited B	ALPI	3.06%	3.08%	5.97%	2.21%	2.51%	2.77%	3.27%
SCD	Schroder Eur REIT plc	N/A	7.62%	2.77%	3.22%	1.41%	0.40%	3.79%	3.20%
SAC	SA Corp Real Estate Ltd	ALPI	3.17%	3.32%	2.87%	3.04%	2.12%	3.47%	3.00%
OCT	Octodec Invest Ltd	N/A	5.50%	2.83%	2.04%	2.30%	1.39%	2.26%	2.72%
EMI	Emira Property Fund Ltd	ALPI	3.45%	3.19%	2.38%	2.52%	1.78%	2.83%	2.69%
LTE	Lighthouse Properties plc	ALPI	2.21%	2.82%	4.15%	2.44%	2.78%	1.50%	2.65%
ATT	Attacq Limited	ALPI	2.75%	3.53%	3.93%	1.45%	1.67%	1.70%	2.50%

Table 3: Average turnover

For dual listed foreign companies, the turnover metric can be skewed if there are a relatively small number of shares held on the domestic Strate share register, since this number impacts the denominator of the turnover metric. Since the turnover is calculated relative to the size of each company, it does not necessarily imply the availability of liquidity at scale for larger funds.

All of the proposed fledgling ALPI additions reflect a higher average turnover than some of the existing small cap constituents of the ALPI.

## 4.8 Average Daily Value Traded

Liquidity can also be viewed through a nominal daily value traded for each stock. This may be a more relevant measure for funds that need to trade these counters at size. Table 4 below shows the ADVT for the existing ALPI constituents and the potential fledgling additions under the expanded methodology. Monthly and six-month ADVT figures are shown in ZAR millions.

Alpha	Instrument	Index	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	ADVT
NRP	NEPI Rockcastle N.V.	ALPI	257.32	335.07	173.16	207.11	135.79	255.63	227.35
GRT	Growthpoint Prop Ltd	ALPI	223.13	167.78	116.85	118.58	131.95	177.97	156.04
RDF	Redefine Properties Ltd	ALPI	84.37	89.90	68.28	55.72	42.96	57.59	66.47
HYP	Hyprop Inv Ltd	ALPI	84.65	44.66	28.18	45.31	50.70	35.13	48.11
VKE	Vukile Property Fund Ltd	ALPI	74.27	40.45	49.06	44.29	30.91	23.15	43.69
FFB	Fortress Real Est Inv B	ALPI	55.56	50.76	22.38	44.68	25.41	32.98	38.63
RES	Resilient REIT Limited	ALPI	52.15	36.89	45.27	31.07	40.49	33.04	39.82
HMN	Hammerson plc	ALPI	19.87	20.34	32.85	31.04	59.00	12.40	29.25
EQU	Equites Prop Fund Ltd	ALPI	39.83	53.05	22.51	16.81	11.36	14.63	26.36
MSP	MAS P.L.C	ALPI	26.51	15.08	19.69	47.71	27.34	16.22	25.42
SRE	Sirius Real Estate Ltd	ALPI	32.17	19.24	18.95	23.26	41.45	44.43	29.92
SHC	Shaftesbury Capital plc	ALPI	24.03	13.46	8.83	5.34	20.08	36.10	17.97
DIB	Dipula Income Fund B	N/A	6.51	5.34	54.12	2.99	5.34	4.86	13.19
BTN	Burstone Group Limited	ALPI	15.35	6.30	28.98	7.35	5.33	20.81	14.02
SSS	Stor-Age Prop REIT Ltd	ALPI	11.44	11.17	11.33	15.53	6.56	6.53	10.43
ATT	Attacq Limited	ALPI	15.68	15.62	6.36	8.41	7.02	9.92	10.50
SAC	SA Corp Real Estate Ltd	ALPI	12.15	8.94	10.06	8.21	11.29	16.99	11.27
LTE	Lighthouse Properties plc	ALPI	10.61	13.45	8.41	12.18	5.39	19.32	11.56
FTB	Fairvest Limited B	ALPI	9.13	16.10	6.58	8.67	7.60	8.91	9.50
PHP	Primary Health Prop PLC	ALPI	15.08	8.13	3.33	1.34	4.51	1.44	5.64
SEA	Spear REIT Limited	N/A	2.70	3.95	4.69	2.63	2.18	4.11	3.38
EMI	Emira Property Fund Ltd	ALPI	3.65	2.48	2.90	2.24	2.92	5.16	3.23
OCT	Octodec Invest Ltd	N/A	2.57	1.68	2.16	1.45	1.89	3.59	2.22

SRI	Supermarket REIT	ALPI				3.25	0.96	0.09	1.44
AHR	Assura Plc	ALPI			0.25	0.08	0.98	2.24	0.88
SCD	Schroder Eur REIT plc	N/A	0.32	0.28	0.11	0.04	0.22	0.25	0.20

Table 4: Average Daily Value Traded in Rand Million per month and for a six-month lookback

The 6-month ADVT calculation can be skewed by outlier months that reflect large once-off market activity and it is important to also consider the multi-month trend. Off book trades may create further complexity in the data.

Some of the potential fledgling ALPI additions show a higher ADVT than some of the existing small cap ALPI constituents.

## 4.9 Aggregate Market Trade

A final lens on liquidity considers the total amount of daily trade that the index methodology could absorb. Table 5 models this by considering a R100m new investment into the ALPI weightings, based on a maximum daily traded amount per stock of 10% of ADVT, and reflects the number of days required to trade each counter up to index weights.

Alpha	Instrument	Index	Proposed Weight	Trade Size	Stock ADVT	Days to Trade @10% POV
SHC	Shaftesbury Capital	ALPI	1,1%	R1 084 236	R17 971 968	0.60
HMN	Hammerson Plc	ALPI	1,9%	R1 881 390	R29 250 960	0.64
NRP	NEPI Rockcastle N.V.	ALPI	15,8%	R15 794 051	R227 346 379	0.69
SRE	Sirius Real Estate Ltd	ALPI	2,7%	R2 722 759	R29 916 022	0.91
GRT	Growthpoint Prop Ltd	ALPI	14,4%	R14 434 621	R156 043 447	0.93
HYP	Hyprop Investments Ltd	ALPI	5,5%	R5 462 751	R48 106 654	1.14
MSP	MAS PLC	ALPI	2,9%	R2 903 019	R25 424 747	1.14
DIB	Dipula Properties Ltd (B)	N/A	1,5%	R1 531 197	R13 194 378	1.16
BTN	Burstone Group Limited	ALPI	1,7%	R1 684 533	R14 019 880	1.20
SCD	Schroder European REIT	N/A	0,0%	R27 381	R203 102	1.35
RES	Resilient REIT Ltd	ALPI	5,8%	R5 817 547	R39 819 478	1.46
EQU	Equites Property Fund	ALPI	3,9%	R3 882 894	R26 363 815	1.47
PHP	Primary Health Properties	ALPI	0,8%	R834 367	R5 639 497	1.48
RDF	Redefine Properties	ALPI	10,0%	R9 982 745	R66 469 305	1.50
VKE	Vukile Property Fund	ALPI	7,1%	R7 060 022	R43 688 324	1.62
SSS	Stor-Age Property REIT	ALPI	1,9%	R1 922 785	R10 426 468	1.84
FFB	FORTRESS REAL EST INV B	ALPI	7,9%	R7 945 908	R38 628 506	2.06
SAC	SA Corporate Real Estate Fund	ALPI	2,3%	R2 336 227	R11 271 904	2.07
LTE	Lighthouse Properties plc	ALPI	2,7%	R2 740 547	R11 561 100	2.37
EMI	Emira Property Fund	ALPI	0,8%	R781 027	R3 225 395	2.42
SEA	Spear REIT	N/A	0,8%	R836 498	R3 376 745	2.48
OCT	Octodec Investments	N/A	0,6%	R561 579	R2 222 162	2.53
FTB	Fairvest Limited B	ALPI	2,7%	R2 706 807	R9 496 239	2.85
ATT	Attacq Limited	ALPI	3,1%	R3 088 037	R10 500 613	2.94
SRI	Supermarket Income REIT	ALPI	0,9%	R902 669	R1 436 859	6.28
AHR	Assura	ALPI	1,1%	R1 074 404	R884 863	12.14
				<b>R 100 000 000</b>		

Table 5: Numbers of days required to trade a R100m portfolio based on a 10% of ADVT

The 'days to trade' model is largely dependent on the total position size that is required to align to ALPI weights. At the same time, very small index weightings may also skew the analysis.

Some of the potential fledgling ALPI additions show a lower days-to-trade metric than existing small cap ALPI constituents.



## 4.10 Excessive individual weights

Respondents raised a risk around large managers holding stocks at benchmark weights. It is possible for a smaller counter that a large fund holding a benchmark weight may end up holding an excessive weighting in that individual counter. In extreme cases, this could trigger a minority offer requirement, but in less extreme cases could see the managers portfolio holding being measured as restricted in line with the prevailing free float rules.

Consider for example a listed property allocation of R1bn that holds benchmark weights under an expanded ALPI model. Table 6 below shows the percentage holding of each individual company's overall share register that would be held by the single fund.

Alpha	Instrument	Index	Fund holding in ZAR	Ownership of Company
EMI	Emira Property Fund	ALPI	R7 810 274.68	0.01%
DIB	Dipula Properties Ltd (B)	N/A	R15 311 973.97	0.02%
OCT	Octodec Investments	N/A	R5 615 791.10	0.02%
SHC	Shaftesbury Capital	ALPI	R10 842 358.36	0.03%
SCD	Schroder European REIT	N/A	R273 807.47	0.04%
BTN	Burstone Group Limited	ALPI	R16 845 326.70	0.06%
ATT	Attacq Limited	ALPI	R30 880 365.23	0.09%
AHR	Assura	ALPI	R10 744 035.06	0.14%
NRP	NEPI Rockcastle N.V.	ALPI	R157 940 509.34	0.16%
LTE	Lighthouse Properties plc	ALPI	R27 405 474.03	0.17%
SEA	Spear REIT	N/A	R8 364 983.58	0.21%
SRE	Sirius Real Estate Ltd	ALPI	R27 227 590.09	0.22%
HMN	Hammerson Plc	ALPI	R18 813 903.84	0.25%
PHP	Primary Health Properties	ALPI	R8 343 669.16	0.25%
RES	Resilient REIT Ltd	ALPI	R58 175 466.70	0.28%
SSS	Stor-Age Property REIT	ALPI	R19 227 845.30	0.28%
GRT	Growthpoint Prop Ltd	ALPI	R144 346 210.62	0.32%
RDF	Redefine Properties	ALPI	R99 827 454.04	0.32%
MSP	MAS PLC	ALPI	R29 030 188.83	0.32%
SAC	SA Corporate Real Estate Fund	ALPI	R23 362 267.47	0.32%
SRI	Supermarket Income REIT	ALPI	R9 026 689.51	0.32%
VKE	Vukile Property Fund	ALPI	R70 600 217.56	0.33%
EQU	Equites Property Fund	ALPI	R38 828 937.39	0.33%
FTB	Fairvest Limited B	ALPI	R27 068 068.35	0.33%
FFB	FORTRESS REAL EST INV B	ALPI	R79 459 080.99	0.34%
HYP	Hyprop Investments Ltd	ALPI	R54 627 510.62	0.34%
			<b>R1 000 000 000.00</b>	

Table 6: Proposed fund holding on a R1bn portfolio

Measured against the *free float adjusted* share register, a R1bn fund would hold 0.34% of each individual property company. This corresponds to the R1bn fund size relative to the total investable universe.

## 4.11 Capping

FTSE/JSE received responses from clients who were neither in support of nor against the proposal. Some of these responses cited that the ALPI doesn't necessarily require more constituents or fewer constituents, but rather the removal of the capping methodology. This is because the index was created for benchmarking and performance tracking purposes for property companies, and a capped index doesn't capture the true performance of the sector and increases turnover.

An uncapped version of the ALPI is currently available as the JI0035, but any expansion of the ALPI to include fledglings would not be applied to the JI0035.



## 5. Termination of SAPY and PCAP

FTSE/JSE expects to formally announce the termination of the existing SAPY and PCAP indices in due course. The ALPI is currently seen as the successor index to the SPAY and PCAP for benchmark users, while the PROP is seen as the successor index for tradable (product) users.

Market participants who currently use one of these indices for benchmarking purposes are therefore also encouraged to consider the proposed amendments to the ALPI.

## 6. Next steps

This discussion document provides feedback from the November consultation together with further analysis. It is intended to be read in conjunction with the November 2024 consultation document.

All market participants are encouraged to engage directly with FTSE/JSE to further develop any proposed changes to the ALPI methodology and we invite both bilateral and industry conversations or submissions. These can be arranged by engaging with the team directly using [indices@jse.co.za](mailto:indices@jse.co.za) by **Monday 5 May 2025**. All respondents are requested to contextualise their views by providing their current ALPI usage together with AUM.

FTSE/JSE intends to formulate an updated proposal in the first half of 2025 for either consultation or implementation, subject to formal announcement and notice periods.