SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | RESIDENTIAL | REST OF AFRICA

2023

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2023

OVERVIEW

DISTRIBUTABLE INCOME

R318.2 million or **12.65 cps**

↓**12.2%** vs six months to 30 June 2022 (2022 H1)

↑**1.8%** vs six months to 31 December 2022 (2022 H2)

(2022 H1: R362.3 million or 14.41 cps)

(2022 H2: R312.5 million or 12.42 cps)

DISTRIBUTION

Declared **11.39 cps** at **90%** payout ratio

(2022 H1: 12.97 cps at 90% payout ratio)

(2022 H2: 11.18 cps at 90% payout ratio)

PROPERTY ACTIVITY

Disposal pipeline contracted and still to transfer, and divestments transferred since 1 January 2023

R1.1 billion

(Transferred to 30 June 2023: R486.2 million; contracted not yet transferred: R600.4 million, of which R425.9 million has transferred after 30 June 2023)

Assets under management of

R16.4 billion*

(31 December 2022: R16.6 billion)

* *Excludes Indluplace assets and property acquisition value of R2.4 billion on 1 August 2023.*

PORTFOLIO PERFORMANCE

Total net property income ("NPI") of

R592.6 million

(2022 H1: R594.8 million)

(2022 H2: R577.8 million)

Total like-for-like NPI increased by

2.5% to **R561.9 million**

(2022 H1: R548.3 million)

(2022 H2: R526.6 million)

Traditional portfolio vacancies of

2.1% of gross lettable area ("GLA")

(30 June 2022: 2.7%)

(31 December 2022: 2.3%)

Afhco residential portfolio vacancies of

3.1% of total units

(30 June 2022: 4.0%)

(31 December 2022: 2.9%)

CAPITAL STRUCTURE

Loan to value ("LTV") ratio of **36.9%***

(31 December 2022: 38.1%)

* *Net debt LTV excluding derivatives, which if included, would be 36.3% (31 December 2022: 37.8%)*

Weighted average cost of funding of **10.2%** (31 December 2022: 8.8%) exclusive of swaps and **9.3%** (31 December 2022: 9.0%) inclusive of swaps

Effective fixed debt of **79.8%**

Weighted average swap tenor of

1.6 years

COMMENTARY

INTRODUCTION

SA Corporate Real Estate Limited ("SA Corporate" or "the Company") is a JSE-listed Real Estate Investment Trust ("REIT") and together with all its subsidiaries ("the Group") owns a focused portfolio of quality industrial, retail and residential buildings located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia. As at 30 June 2023, the property portfolio consisted of 151 properties, with 1 301 270m^2 of GLA, valued at R14.9 billion, a 50.0% joint venture ("JV") interest in three Zambian entities with properties valued at R1.6 billion and listed investments valued at R52.8 million. The former excludes Indluplace Properties (Pty) Ltd ("ILU") assets at a property acquisition value of R2.4 billion which transferred on 1 August 2023 as described in note 7 on page 22.

STRATEGY PERFORMANCE UPDATE

The Group delivered results for the six months to 30 June 2023 consistent with the guidance it had given. In the year, SA Corporate continued to make progress in delivering on its strategy to provide investors with a defensive portfolio in Southern Africa of a resilient retail property portfolio specialising in convenience-oriented shopping centres, a quality logistics portfolio and a "best-in-class" residential rental portfolio in inner city precincts and suburban estates.

The retail portfolio enjoyed a robust year-on-year trading density growth of 5.1% which was converted into a like-for-like revenue growth of 5.6% and a NPI growth of 1.2% over six months to 30 June 2022. A R3.6 million increase in diesel expenses and a rates credit of R15.5 million in the prior year caused the variance between revenue growth and NPI growth. Vacancies reduced to 3.1% at half year as management concentrated on leasing premises to retailers offering consumer staples.

The industrial portfolio ended June 2023 with 100% occupancy. The Group remains committed to establishing a firm foundation for future growth from a predominantly logistics industrial portfolio which resulted in a positive expiring lease renewal reversion of 3.7%. The industrial portfolio generated a 2.5% growth in like-for-like NPI for the half year ending June 2023.

Solar Photo Voltaic ("PV") has been successfully installed on the roofs of all retail shopping centres, where it was practically feasible to be installed. The industrial portfolio currently has 3 467 kilowatt peak (kWp) of solar PV installed and the Group continues with the roll out with a further 1 625 kWp planned for completion by year end. For the six month period ended 30 June 2023, 10.5% of the total electricity consumed by the traditional portfolio, excluding diesel, was generated from solar PV.

The standout highlight during this period was the continued exceptional performance of the Afhco portfolio, with growth of 4.5% in like-for-like NPI. Notably, vacancies in the residential portfolio have remained low at 3.1%, marking a sustained period at levels below 5.0%. The inner city continues to outperform with vacancies as low as 1.3% compared with 5.1% in the suburban portfolio. Vacancies have remained relatively flat compared to the previous reporting period. This success can be largely attributed to the diligent efforts of management to enhance the portfolio's quality by reinstating a robust tenant base combined with portfolio refinement.

The Zambian portfolio delivered a strong set of results for the six months ended 30 June 2023 with like-for-like NPI growth of 17.3% and a growth in distributable income of 20.1% over the six months to 30 June 2022 in rand terms. Growth was largely driven by a reduction in vacancies to 1.6% at East Park Mall and the acquisition of the remainder of phases 5, 6 and 7. Rental escalations across all three properties in Zambia remain equally robust whilst 100% of all leases that were expiring in the current period having been renewed at a positive 2.8% rental escalation in US dollar terms.

Subsequent to divesting and transferring properties of R556.9 million in 2022; the 2023 disposal pipeline is R1.1 billion of which R225.3 million of divestments have been contracted in addition to R861.3 million contracted in prior periods. R912.1 million has already transferred to the date of release of this report. R109.4 million is unconditional and only R65.1 million remains conditional.

The proceeds from the divestment pipeline have provided the Group with the opportunity to deploy capital expenditure on improving the quality of SA Corporate's retail portfolio and increase its exposure in the defensive residential rental sector in which the Group's subsidiary is the market leader in South Africa. The latter accretive transaction involved the acquisition of the listed ILU at a time when the South African listed property sector is trading at a substantial discount to net asset value ("NAV") recycling capital from direct property disposals contracted at full value during a period of global economic stimulus.

SA REIT FUNDS FROM OPERATIONS

Funds from operations ("FFO"), as defined by the SA REIT Association ("SA REIT"), generated for the six months was R318.2 million (June 2022: R362.3 million). Total SA REIT FFO per share for the period amounted to 12.77 cps, down 12.2% relative to 14.55 cps in June 2022 and 1.8% greater than that for the second half of 2022.

NET PROPERTY INCOME

Total property revenue amounted to R1 063.0 million (June 2022: R1 060.3 million) with the like-for-like portfolio, excluding disposals, developments and acquisitions during 2022 and 2023, up 3.4% to R982.9 million (June 2022: R950.2 million).

NPI decreased by 0.4% (R2.3 million) from the comparative period, with the like-for-like portfolio increasing by 2.5%.

Total property expenses increased marginally to R470.4 million (June 2022: R465.5 million). Like-for-like property expenses increased by 4.8%.

The overall distribution from the Zambian JV for the six months increased by 20.1% to R30.1 million (June 2022: R25.1 million) due to reduced vacancies and increased income generated from new phases in the current period. The increase in distribution from the Zambian JV in ZAR further benefitted from the depreciation of the ZAR/USD average conversion rate by 18.4%.

NET FINANCE COST

Net finance costs, excluding the impact of IFRS 16, increased by 15.4% to R260.0 million (June 2022: R225.3 million). However, taking into account finance costs capitalised to investment properties of R2.1 million (June 2022: R3.6 million), (a R1.5 million reduction compared to the prior period due to the reduced development pipeline), net finance costs including capitalised interest for the period amounted to R262.1 million (June 2022: R228.9 million).

The increase in net finance costs, including capitalised interest, is reflective of the steep rise in the base rate which resulted in the cost of debt increasing to 9.3% (June 2022: 8.1%) including imputed transaction costs.

PROPERTY VALUATIONS

The Group's independently valued property portfolio, excluding properties held in the Zambian JV, decreased by R252.4 million to R14.9 billion in the six months to 30 June 2023. The like-for-like portfolio held for the six months to 30 June 2023 increased by R119.9 million from 31 December 2022.

On a clean growth basis, valuations have increased by almost 1.5% for the six months to 30 June 2023. Whilst the 1.5% increase is below inflation, the increase evidences a robust portfolio in the face of an increased albeit flattening cost of capital cycle. The industrial portfolio continued to be the best performer of the South African portfolio with a 1.3% clean growth for the 6 months to 30 June 2023. The less than 0.5% clean growth of the retail portfolio is influenced by increased local authority expenses and the uncertainty associated with Eskom's electricity supply.

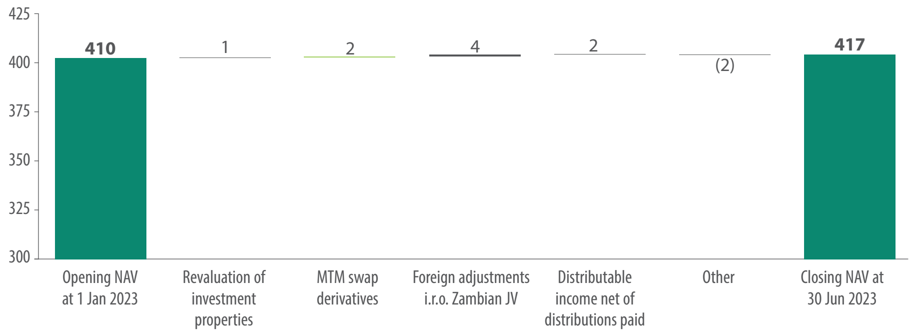
The Afhco portfolio has shown a marginal increase of 0.5% clean growth for the first six months of 2023, with the increase in local authority and electricity charges eroding the increase in revenue realised from reduced vacancy and increased rentals.

On a clean growth basis, the Zambian portfolio has seen a 5% increase in value in USD over the prior year, however, due to the closing exchange rate depreciation of the ZAR of 10.6% when compared to 31 December 2022 against the USD the ZAR value has increased by 16.0%.

The discount and capitalisation rates applied in the valuations are discussed in detail in the investment property section in note 4.

The NAV per share as per the Condensed Consolidated Interim Statement of Financial Position increased by 1.7% from 410 cps to 417 cps. This increase includes adjustments in respect of the fair value of interest rate swap derivatives, investment property and the growth in distributable income as set out in the graph below:

NAV (cps) [1]



[1] *Based on IFRS and shares in issue*

The SA REIT defined NAV is calculated as NAV per the Condensed Consolidated Interim Statement of Financial Position, less goodwill and intangible assets, deferred taxation and any interim dividend declared, and still to be paid in respect of the reporting period. The SA REIT NAV per share was 406 cps as at 30 June 2023 (December 2022: 399 cps).

PROPERTY PORTFOLIO

The table below reflects the pipeline of disposals which includes both properties that meet the definition of held for sale and those that do not meet the IFRS criteria in this regard due to suspensive conditions in the sale agreement.

Transferred disposals:

Property	Transfer date	Gross selling price (Rm)	Region	Sector
Safari Investments - Listed shares	Jan-23	112.0	–	Listed Investments
31 Allen Drive, Bellville	Jan-23	20.0	Western Cape	Commercial
Two Johannesburg Inner City Properties *	Feb 23 - Jun 23	110.4	Gauteng	Residential
Celtis Ridge Shopping Centre, Centurion	Mar-23	143.0	Gauteng	Retail
Cnr Bismuth & Graniet Streets, Jet Park	Mar-23	9.0	Gauteng	Industrial
Wood Ibis Investments, Maydon Wharf, Durban	Apr-23	69.1	KwaZulu Natal	Industrial
Residential apartments	Jan 23 - Jun 23	22.7	Gauteng	Residential
Total		**486.2**		

* *Forming part of the Firstmile transaction*

Contracted and unconditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
1 Baltex Road, Isipingo [1]	Jul-23	136.5	KwaZulu Natal	Industrial
15 Patrick Road, Jet Park [1]	Aug-23	18.0	Gauteng	Industrial
120 Loper Avenue, Aeroport Industrial Estate	Sep-23	19.0	Gauteng	Industrial
Cnr Giel Basson & Nathan Mallach Road, Goodwood [1]	Sep-23	84.0	Western Cape	Industrial - Motor Showroom
Chapel Court, Johannesburg Inner City	Sep-23	38.0	Gauteng	Afhco Retail
Three Johannesburg Inner City Properties * [1]	Sep 23 - Dec 23	155.3	Gauteng	Residential
Residential apartments [2]	Jul 23 - Dec 23	84.5	Gauteng	Residential
Total		**535.3**		

* *Forming part of the Firstmile transaction*

[1] *Transferred subsequent to 30 June 2023*

[2] *R32.1million transferred after 30 June 2023*

Contracted and conditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
Portion of 11 Wankel Street, Jet Park	Oct-23	30.0	Gauteng	Industrial
Trejon, Johannesburg [3]	Nov-23	13.8	Gauteng	Residential
Belgrade, Johannesburg [3]	Nov-23	15.0	Gauteng	Residential
Multi Glass, Johannesburg	Dec-23	3.6	Gauteng	Afhco Retail
Hotel at Cullinan Jewel Shopping Centre, Pretoria	Dec-23	2.7	Gauteng	Retail
Total		**65.1**		

[3] *ILU properties*

The current disposal pipeline of R1.1 billion is recognised at a weighted average exit yield of 8.6% and at a 9.0% premium to the last valuation. Contracted disposals, being the more recent contributor to the pipeline, are at a tighter weighted average exit yield of 8.4% but at an even higher premium of 14.1% to the last valuation.

The sale of the remaining five Johannesburg inner city properties totalling R265.7 million has been completed with two being transferred in the first half of 2023 and the balance of the disposal proceeds received in September 2023. 282 sectional title residential apartments have been sold into the residential market for a total consideration of R107.2 million at a weighted average exit yield of 7.1% and at a premium of 27.6% to the last valuation. 55 transferred in the first half of 2023 and a further 227 have been contracted.

The Group has decided to reduce its exposure to motor showrooms due to the rapidly changing automotive retail sector, consequently the sale of two car dealerships were contracted in the period under review. This reduces the exposure to motor showrooms to three properties in keeping with our strategy to focus on logistics.

A retail property in the Johannesburg Inner City was unconditionally contracted for sale for a consideration of R38 million. The property was damaged by a fire and the sale consideration and insurance proceeds to be received equal the last valuation of the property.

VACANCIES

	Vacancy as % of GLA			Vacancy as % of rental income		
Sector	**30 Jun 2023**	31 Dec 2022	30 Jun 2022	**30 Jun 2023**	31 Dec 2022	30 Jun 2022
Traditional portfolio						
Industrial	**–**	0.2	0.7	**–**	0.1	0.6
Retail	**3.1**	3.2	3.2	**2.3**	2.4	2.9
Commercial	**16.6**	17.7	18.7	**8.1**	15.9	14.1
Portfolio total	**2.1**	2.3	2.7	**1.8**	2.3	2.7
Storage Portfolio						
Storage [1]	**23.8**	16.1	14.1	**25.2**	17.4	16.7
Afhco portfolio						
Retail/Commercial	**5.5**	5.5	5.4	**3.7**	3.3	4.0
Residential [1]	**3.1**	2.9	4.0	**3.5**	2.9	4.0
South African portfolio JV						
Residential [2]	**n/a**	n/a	3.9	**n/a**	n/a	4.1
Rest of Africa portfolio						
Retail	**4.5**	5.4	7.6	**2.3**	3.8	6.8
Commercial	**5.8**	13.8	15.8	**4.5**	8.1	14.2
Portfolio total	**4.7**	6.5	8.7	**2.6**	4.5	8.0

1 *Vacancy calculated on number of units.*

2 *Subsequent to acquiring control of The Falls Rental Company in 2022, this investment has been consolidated into the Group's accounts and the vacancies in respect of the property have been included as part of the total Afhco portfolio.*

Vacancies in the retail portfolio reduced by 0.1% from 31 December 2022. Lease expiries for the first half of 2023 amounted to 20 634m^2. Renewals have been negotiated for 16 176m^2 of the space in which leases expired. Vacant space in the portfolio amounting to 4 112m^2 was let in the first half of 2023. These include Mugg & Bean at Town Square, Pick 'n Pay Clothing at Midway Mews, Sportscene at The Oaks, Essops Home at Springfield Value Centre and The Crazy Store at Cambridge Crossing.

Ster-Kinekor (2 252m^2) vacated their premises at Musgrave Shopping Centre at the end of January 2023. The area is currently being reconstructed enabling a Checkers supermarket, pet and liquor store to trade from mid-2024. Various opportunities are being explored in respect of the 6 200m^2 office block above Musgrave Shopping Centre to unlock value.

The industrial portfolio is fully let, having obtained local authority approval to repurpose a vacant office block for industrial logistics use.

In the Afhco residential portfolio, vacancies remained low at 3.1% at the end of the reporting period compared with 2.9% in December 2022. The sustained performance is attributable to management's ongoing efforts to provide quality apartments and service at affordable rentals with value added benefits. Efforts to reduce vacancies further have been thwarted by municipal infrastructure and service delivery failures which has impacted the South Hills and The Falls lifestyle estates in particular. Most pleasing is the continued exceptional performance of the inner city portfolio with vacancies at only 1.3%. The Afhco retail portfolio vacancies continued to reflect the attractiveness of quality space in high density nodes with vacancies remaining largely flat at 5.5%. The retail market appears to be staging a comeback post Covid-19 and continues to perform well.

Furthermore, vacancies at Northpark Residential, reserved for social housing beneficiaries, was fully tenanted post 30 June 2023, indicating pleasing demand in that particular segment of the property market.

In the Zambian portfolio, retail vacancies reduced from 5.4% at December 2022 to 4.5% at 30 June 2023 largely owing to 977m^2 let to a multi-national electronics retailer as well as an additional 500m^2 that has been let to an existing value retail emporium. Commercial vacancies have reduced to 5.8% from 13.8% at 31 December 2022 due to 1000m^2 being let to a banking institution and 272m^2 being let to a new restaurant. Payment of USD 6.9 million was made in May 2023 in respect of the balance of development equity payable for phases 5, 6 and 7 representing the 32 367m^2 extension to East Park Mall increasing the shopping centre to a total GLA of 67 244m^2. Phases 5 and 6 were acquired at an after-tax property yield of 9.1%, whilst phase 7 was acquired at an after-tax property yield of 11.4%.

BORROWINGS

The debt profile as at 30 June 2023 is detailed below:

	Maturity date	Value (Rm)	Interest rate%
Fixed	2024/05/07	585	9.04%
Fixed	2024/05/07	564	9.67%
Term revolving[1]	2024/09/08	–	9.55%
Fixed[2]	2024/11/05	509	4.96%
Fixed	2024/12/29	107	9.12%
Fixed	2025/05/07	308	9.22%
Fixed	2025/05/07	300	9.78%
Fixed	2025/06/02	100	9.12%
Term revolving[3]	2025/09/09	12	9.49%
Term revolving[4]	2025/09/09	–	9.48%
Fixed	2025/09/09	200	9.49%
Fixed	2025/09/10	200	9.22%
Fixed	2025/12/09	150	9.57%
Fixed	2025/12/11	150	10.09%
Fixed	2026/09/08	200	9.80%
Fixed	2026/09/09	913	9.60%
Fixed	2026/09/09	519	9.60%
Fixed	2027/09/09	700	9.71%
Term revolving[5]	2027/09/09	–	9.70%
Fixed	2027/09/09	320	9.71%
Fixed	2027/09/09	298	9.70%
Total interest-bearing borrowings [6]		6 135	9.17%

[1] *R100 million revolving credit facility undrawn*
[2] *US dollar denominated loan*
[3] *R329 million revolving credit facility*
[4] *R200 million revolving credit facility undrawn*
[5] *R300 million revolving credit facility undrawn*
[6] *Excluding capitalised transaction costs*

Total debt drawn amounted to R6 134.5 million, a decrease of R321.0 million from 31 December 2022, whilst net debt amounted to R6 094.9 million (December 2022: R6 375.8 million). The USD loan increased by R48.9 million due to the depreciation of the ZAR/USD exchange rate from R17.04 in December 2022 to R18.85 in June 2023. The USD cross-currency swap was settled during January 2023 (December 2022: net liability of R50.9 million). The weighted average tenor of debt as at 30 June 2023 has decreased to 2.6 years. The Group has R1 865.4 million borrowing facilities expiring in the 2024 financial year, and subsequent to 30 June 2023, the Group successfully concluded the refinancing of long-term borrowing facilities amounting to R1 249.3 million and new facilities of R500.0 million.

The net debt LTV decreased from 38.1% as at 31 December 2022 to 36.9% as at 30 June 2023 largely due to proceeds received on the disposal of investment property. This excludes the fair value asset on interest rate swap derivatives of R106.5 million (December 2022: asset of R60.2 million).

The weighted average cost of debt excluding and including interest rate swaps was 10.2% and 9.2% (December 2022: 8.8% and 8.9%) respectively, with a 124 bps increase in the JIBAR base rate since December 2022. The weighted average swap margin was -1.0% (December 2022: 0.1%) and the weighted average debt margin was 2.0% (December 2022: 1.9%). Total debt drawn of 79.8% was fixed through swaps in respect of the variable debt. The annualised amortised transaction costs imputed into the effective interest rate is 0.1% resulting in an all-in weighted average cost of debt of 9.3%. The net interest cover ratio ("ICR") decreased to 2.2 times (December 2022: 2.4 times) as a result of the steep rate hiking cycle of the past 12 months, which saw JIBAR increasing by 345 bps.

Key lender covenants

At 30 June 2023, the Group was in compliance with all lender covenants applicable for the period.

Description	Covenant requirement as at 30 June 2023	Unaudited six months ended 30 June 2023	Unaudited six months ended 30 June 2022	Audited year ended 31 December 2022
LTV	50.0%	38.2%	40.3%	39.9%
ICR [1]	2.0x	2.1x	2.3x	2.2x

[1] *Gross ICR.*

The lender LTV for the year has reduced by 170 bps to 38.2%. Cash on hand, including committed undrawn facilities, excluding tenant deposits as at 30 June 2023, amounted to R956.1 million (December 2022: R677.3 million).

OUTLOOK

The defensive nature of SA Corporate's property portfolio provides the foundation for sustainable growth in NPI despite a particularly challenging economic environment in South Africa.

Vacancy in the Retail portfolio is to remain low for the remainder of the year with renewal reversions improving. However due to the continued impact of load shedding like-for-like NPI is anticipated to be between 4% and 6% for the year.

Negligible vacancy and positive lease renewal reversions in the Industrial portfolio are to support performance in the second half of the year with like-for-like NPI growth forecast to be between 4% and 6% for 2023.

In the Afhco residential portfolio, vacancies are forecast to experience a slight increase from their current low levels. Residential rental rates are also expected to continue their positive trend, mirroring the increases achieved in the first half of the year, and this is expected to persist for the rest of the year. Like-for-like NPI growth for Afhco is forecast to be between 3% and 5% for the 2023 year. Engagements continue favourably with impact investors to invest directly alongside SA Corporate's investors in the listed sector in the Group's Residential portfolio. An announcement in respect of capital raised is anticipated before the end of the year. A pipeline of quality surburban residential estates is being explored to deploy this capital.

Like-for-like NPI growth for the year for the total portfolio is forecast to be between 4% and 5% and 1% higher excluding the cost associated with loadshedding.

ILU, which commercially became part of the Group from 1 July 2023, has shown strong growth over the prior year and its like-for-like NPI is forecast to increase by circa 15% for the second half of the 2023 financial year compared with the same period in the prior year.

For the year ending 31 December 2023 distributable income is estimated to be between 3% and 5% less than 2022 but with at least inflationary growth expected in 2024.

This forecast has not been reviewed or reported on by the Group's auditors.

DISTRIBUTION

The Company is committed to a distribution policy that meets the investment thesis of REIT investors, and has withheld 10.0% of distributable income from distribution to shareholders for capital expenditure that is defensive and recurring and which will not generate additional income nor enhance the value of property assets. Having made allowance for the aforementioned deduction, the Board of Directors ("the Board") approved a distribution of R286.4 million for the period ended 30 June 2023 (June 2022: R326.0 million) being 90.0% (June 2022: 90.0%) of distributable income.

DISTRIBUTION STATEMENT

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Audited year ended 31 December 2022
DISTRIBUTABLE INCOME			
Rent[1] (excluding straight-line rental adjustment)	**756 657**	764 482	1 527 964
Net property expenses	**(164 087)**	(169 645)	(355 321)
Property expenses	**(470 404)**	(465 460)	(960 552)
Recovery of property expenses	**306 317**	295 815	605 231
Net property income	**592 570**	594 837	1 172 643
Income from investment in JVs	**30 099**	19 757	47 155
Taxation on distributable income	**(352)**	–	(1 878)
Dividends from investments in listed shares	**2 403**	12 010	18 342
Net finance cost	**(259 954)**	(225 333)	(476 666)
Interest expense	**(274 288)**	(241 210)	(507 303)
Interest income	**14 334**	15 877	30 637
Distribution-related expenses	**(46 537)**	(38 963)	(84 833)
Distributable income	**318 229**	362 308	674 763
Interim distributable income	**318 229**	362 308	362 308
Final distributable income	**–**	–	312 455
Shares in issue ('000)	**2 514 732**	2 514 732	2 514 732
Distributable income per share ("DIPS") (cents)	**12.65**	14.41	26.83
Interim DIPS (cents)	**12.65**	14.41	14.41
Final DIPS (cents)	**–**	–	12.42
Company specific adjustments to distributable income (R 000)			
Distributable income retained	**31 823**	36 231	67 476
Distribution	**286 406**	326 077	607 287
Distribution per share ("DPS") (cents)	**11.39**	12.97	24.15
Interim	**11.39**	12.97	12.97
Final	**–**	–	11.18

[1] *Included in the June 2023 rent is R2.6 million in respect of insurance proceeds received relating to loss of income on properties affected by the July 2021 civil unrest. (June 2022: R30.2 million, December 2022: R52.6 million)*

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Audited year ended 31 December 2022
Assets			
Non-current assets	**15 852 386**	15 471 339	15 818 113
Investment property	**13 876 748**	13 710 885	14 073 107
Letting commissions and tenant installations	**18 727**	15 781	21 695
Investment in JVs	**1 382 768**	981 955	1 201 078
Loan to JV	**–**	138 967	–
Property, plant and equipment	**41 553**	9 682	41 705
Intangible assets and goodwill	**83 124**	83 921	83 952
Right-of-use asset	**9 521**	14 275	12 124
Investment in listed shares	**52 828**	161 950	52 993
Other financial assets	**622**	2 353	651
Swap derivatives	**43 103**	66 807	36 848
Deferred taxation	**3 891**	6 167	4 689
Rental receivable - straight-line rental adjustment	**339 501**	278 596	289 271
Current assets	**705 359**	883 179	969 286
Inventories	**187**	227	189
Letting commission and tenant installations	**20 095**	22 230	17 147
Investment in listed shares	**–**	–	116 000
Other financial assets	**50 757**	13 714	13 417
Swap derivatives	**63 367**	131 537	150 514
Trade and other receivables	**325 154**	400 393	397 656
Prepayments	**60 900**	61 882	66 986
Rental receivable - straight-line rental adjustment	**22 358**	15 099	27 034
Taxation receivable	**539**	55	324
Cash and cash equivalents	**162 002**	238 042	180 019
Non-current assets held for sale	**645 841**	1 122 955	746 446
Total assets	**17 203 586**	17 477 473	17 533 845
Equity and liabilities			
Equity			
Share capital and reserves	**10 489 372**	10 359 308	10 320 812
Liabilities			
Non-current liabilities	**4 965 790**	2 910 414	6 407 137
Lease liabilities	**9 066**	13 686	11 253
Swap derivatives	**–**	467	222
Interest-bearing borrowings	**4 956 724**	2 896 261	6 395 662
Current liabilities	**1 748 424**	4 207 751	805 896
Interest-bearing borrowings	**1 202 524**	3 573 699	40 917
Swap derivatives	**–**	220 077	177 865
Lease liabilities	**5 316**	5 578	5 341
Taxation payable	**–**	–	367
Trade and other payables	**540 584**	408 397	581 406
Total liabilities	**6 714 214**	7 118 165	7 213 033
Total equity and liabilities	**17 203 586**	17 477 473	17 533 845

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Audited year ended 31 December 2022
Revenue	**1 110 683**	972 483	2 042 494
Expected credit loss	**(5 345)**	(11 756)	(22 685)
Other operating income	**2 636**	30 169	52 607
Fair value (loss)/gain on investment properties	**(20 376)**	141 650	1 215
Operating expenses	**(519 959)**	(500 677)	(1 035 639)
Operating profit	**567 639**	631 869	1 037 992
Other expenses	**(1 153)**	(18 737)	(47 808)
Foreign exchange adjustments	**(48 407)**	(10 036)	(27 057)
Fair value gain on swap derivatives	**48 729**	192 845	220 131
Fair value (loss)/gain on investment in listed shares	**(165)**	(921)	6 122
Capital (loss)/profit on sale of investment properties and property, plant and equipment	**(21 270)**	7 954	(5 331)
Profit from JVs	**134 603**	16 547	246 528
Capital loss on disposal of investment in listed shares	**(4 000)**	–	–
Dividends from investments in listed shares	**4 915**	8 978	17 846
Impairment of loan to JV	**–**	(19 714)	(132 822)
Interest income	**14 334**	15 877	16 046
Interest expense	**(275 855)**	(242 164)	(508 724)
Profit before taxation	**419 370**	582 498	822 923
Taxation expense	**(1 149)**	–	(3 609)
Profit after taxation for the period	**418 221**	582 498	819 314
Other comprehensive income:			
Items that may be reclassified to profit or loss after taxation:			
Foreign exchange adjustments on investment in JV	**47 779**	24 264	67 770
Total comprehensive income for the period	**466 000**	606 762	887 084
Basic earnings per share (cents)	**16.63**	23.16	32.58
Diluted earnings per share (cents)	**16.63**	23.16	32.58

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Audited year ended 31 December 2022
Share capital and reserves at the beginning of the period	**10 320 812**	10 066 363	10 066 363
Total comprehensive income for the period	**466 000**	606 762	887 084
Treasury shares repurchased	**(19 524)**	–	–
Share-based payment reserve	**3 215**	3 342	10 602
Distributions attributable to shareholders	**(281 131)**	(317 159)	(643 237)
Share capital and reserves at the end of the period	**10 489 372**	10 359 308	10 320 812

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Audited year ended 31 December 2022
Operating profit before working capital changes	**607 852**	580 681	1 142 979
Working capital changes	**(34 075)**	(106 986)	(180 383)
Cash generated from operations	**573 777**	473 695	962 596
Operating activities changes	**(538 804)**	(554 662)	(1 156 255)
Interest received	**14 659**	7 155	13 807
Interest paid	**(271 398)**	(244 670)	(524 694)
Taxation (paid)/refunded	**(934)**	12	(2 131)
Distribution paid	**(281 131)**	(317 159)	(643 237)
Net cash from/(used in) operating activities	**34 973**	(80 967)	(193 659)
Net cash from/(used in) investing activities	**366 867**	(158 972)	152 325
Net cash (used in)/from financing activities	**(419 857)**	266 654	10 026
Payment on lease liabilities	**(3 809)**	(4 434)	(7 674)
Proceeds from interest-bearing borrowings	**556 500**	421 088	706 000
Repayment of interest-bearing borrowings	**(904 559)**	(150 000)	(688 300)
Repurchase of treasury shares	**(19 524)**	–	–
Settlement of swap derivatives	**(48 465)**	–	–
Total cash and cash equivalents movement for the period	**(18 017)**	26 715	(31 308)
Cash and cash equivalents at the beginning of the period	**180 019**	211 327	211 327
Total cash and cash equivalents at the end of the period	**162 002**	238 042	180 019

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS for the six months ended 30 June 2023

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the JSE Listings Requirements and the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements and corresponding interim reporting period.

These condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared under the supervision of SY Moodley CA(SA), the CFO, and have neither been audited nor reviewed by the Group's auditors, PricewaterhouseCoopers Inc.

2. RECONCILIATION OF PROFIT AFTER TAXATION TO HEADLINE EARNINGS

	Unaudited six months ended 30 June 2023		Unaudited six months ended 30 June 2022		Audited year ended 31 December 2022	
	R 000	**cps**	R 000	cps	R 000	cps
Profit after taxation attributable to shareholders	**418 221**	**16.63***	582 498	23.16*	819 314	32.58*
Adjustments for:						
Capital loss/(profit) on sale of investment properties and property, plant and equipment	**25 270**		(7 954)		5 331	
Fair value loss/(gain) on investment properties	**20 376**		(141 650)		(1 215)	
Fair value (gain)/loss on investment properties in JVs	**(104 504)**		8 412		(52 621)	
Headline earnings	**359 363**	**14.29***	441 306	17.55*	770 809	30.65*

* *Calculated on weighted number of shares in issue*

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS for the six months ended 30 June 2023

3. JUNE 2023 INFORMATION ON REPORTABLE SEGMENTS

R 000	Industrial	Retail	Commer-cial	Afhco	Group[1]
Revenue	255 718	492 054	15 436	347 476	1 110 683
Rental income (excluding straight-line rental adjustment)	173 393	291 016	8 252	281 360	754 021
Other operating income (Insurance Claim - Sasria)	–	2 636	–	–	2 636
Net property expenses	(16 856)	(21 079)	(3 618)	(118 724)	(164 087)
Property expenses	(57 894)	(214 132)	(10 665)	(183 903)	(470 404)
Recovery of property expenses	41 038	193 053	7 047	65 179	306 317
Net property income	156 537	272 573	4 634	162 636	592 570
Straight-line rental adjustment	41 287	7 986	137	940	50 350
Other expense	–	(1 153)	–	–	(1 153)
Interest income	160	3 999	(129)	6 041	14 334
Interest expense	(28)	(1 609)	(14)	(9 731)	(275 855)
Profit from investment in JV	–	–	–	–	134 603
Foreign exchange adjustments	–	–	–	–	(48 407)
Dividend from investment in listed shares	–	–	–	–	4 915
Group expenses	(13 163)	(24 115)	(948)	(2 767)	(54 905)
Capital (loss)/profit on disposal of investment properties	(4 745)	287	(1 355)	(15 457)	(25 270)
Fair value (loss)/gain on investment properties	(10 334)	9 377	(26 972)	7 553	(20 376)
Investment properties	30 953	17 363	(26 835)	8 493	29 974
Straight-line rental adjustment	(41 287)	(7 986)	(137)	(940)	(50 350)
Fair value loss on investment in listed shares	–	–	–	–	(165)
Fair value gain on swap derivatives	–	–	–	–	48 729
Taxation	–	–	–	(352)	(1 149)
Net profit/(loss) attributable to shareholder	169 714	267 345	(24 647)	148 863	418 221
Foreign exchange adjustments on investment in JVs	–	–	–	–	47 779
Total comprehensive profit/(loss)	169 714	267 345	(24 647)	148 863	466 000
Profit/(loss) attributable to Owners of the company	169 714	267 345	(24 647)	148 863	466 000
Total	169 714	267 345	(24 647)	148 863	466 000

[1] *Corporate division is included in the Group.*

3. JUNE 2023 INFORMATION ON REPORTABLE SEGMENTS *CONTINUED*

R 000	Industrial	Retail	Commer-cial	Afhco	Group [1]
Investment property at fair value [2]	3 242 134	6 383 087	242 851	4 008 676	13 876 748
Non-current assets	3 322 899	6 678 711	249 114	3 907 198	15 852 386
At valuation	3 321 350	6 357 202	244 000	3 898 565	13 821 117
Straight-line rental adjustment	(79 216)	(265 183)	(1 149)	(16 315)	(361 863)
Under development	–	291 068	–	126 426	417 494
Current assets [3]	233 745	396 972	16 421	569 731	1 351 200
Classified as held for sale	161 364	129 353	–	355 124	645 841
Straight-line rental adjustment	(2 856)	(3 786)	–	(863)	(7 505)
Other assets	75 237	271 405	16 421	215 470	712 864
Total assets	3 556 644	7 075 683	265 535	4 476 929	17 203 586
Total liabilities	54 510	177 265	13 892	386 212	6 714 214
Acquisitions and improvements	16 896	11 118	4 184	9 491	41 689
Segment growth rates(%)					
Rental income (excluding straight-line rental adjustment)	(1.8)	(12.5)	(39.2)	(1.5)	2.7
Property expenses	(10.8)	8.9	(25.1)	1.1	2.0
Recovery of property expenses	(18.4)	11.2	(10.2)	1.8	5.4
Net property income	(3.3)	2.4	(35.6)	(3.1)	(0.2)

[1] *Corporate division is included in the Group.*
[2] *This excludes straight-line rental assets.*
[3] *Current assets include the properties classified as held for sale and the related straight-line rental assets.*

4. FAIR VALUE MEASUREMENT

Fair value for financial instruments and investment properties:

IFRS 13 requires that an entity discloses for each class of financial instruments and investment property measured at fair value, the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety. The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs, other quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data i.e. unobservable inputs.

There have been no transfers between level 1, level 2 and level 3 during the period under review.

	Unaudited six months ending 30 June 2023			
R 000	Fair value	Level 1	Level 2	Level 3
Assets				
Non-current assets				
Investment in listed shares	52 828	52 828	–	–
Investment property	13 876 748	–	–	13 876 748
Investment in JV	1 382 768	–	–	1 382 768
Swap derivatives	43 103	–	43 103	–
	15 355 447	52 828	43 103	15 259 516
Current assets				
Properties classified as held for sale	645 841	–	–	645 841
Swap derivatives	63 367	–	63 367	–
	709 208	–	63 367	645 841
Total assets measured at fair value	16 064 655	52 828	106 470	15 905 357

Details of valuation techniques

The valuation techniques used in measuring fair values at 30 June 2023 for financial instruments and investment property measured at fair value in the statement of financial position, as well as the significant unobservable inputs used are disclosed below. There have been no significant changes in valuation techniques and inputs since 31 December 2022.

4. FAIR VALUE MEASUREMENT *CONTINUED*

Investment property

An independent external valuer was appointed to conduct the Group's June 2023 property valuations. The Group provided the valuer with property and other information required in the valuation of the properties. Among other inputs, the independent valuer applied current market-related assumptions to the risks in rental streams of properties. Once the valuations had been completed by the independent valuers, they were reviewed internally. The Board provides final approval of the valuations. The valuer is a registered valuer in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000).

The independent valuer's details are as follows:
Quadrant Properties, P. Parfitt, NDip (Prop Val), MRICS, Professional Valuer

Unobservable Inputs as considered in June 2023 valuation report					
	Retail	**Commercial**	**Industrial**	**Residential**	**Zambia**
Expected market rental growth rate	5.3%	1.8%	5.0%	1.4%	1.0%
Occupancy rate	97.0%	85.0%	99.0%	96.0%	91.0%
Vacancy periods	0 - 2 months	0 - 3 months	0 - 1 month	0 - 1 month	0 - 1 month
Rent free periods	0 - 1 month	0 - 2 months	0 - 1 month	0 - 1 month	0 - 1 month
Discount rate range	13.5% - 16.0%	15.3% - 16.3%	10.4% - 16.5%	n/a	12.3% - 13.5%
Capitalisation ("Cap") rate range	8.0% - 10.5%	9.8% - 11.8%	7.0% - 11.0%	8.0% - 12.0%	8.3% - 9.5%
Exit capitalisation rate range	8.3% - 11.3%	10.0% - 11.3%	7.0% - 11.3%	n/a	8.8% - 10.0%
Expected expense growth - municipal	8.2%	8.1%	7.6%	6.8%	1.4%
Expected expense growth - controllable	5.4%	5.2%	4.9%	5.3%	1.4%

Valuation methodology

The valuation of all revenue producing real estate is calculated by determining future contractual and market related net income streams, as well as terminal realisation value for the property and discounting this income stream to calculate a net present value. This is performed over a ten-year period in order to reasonably revert all cash flow to a market-related rate. The terminal value (residual value) is calculated by capitalising the eleventh years net revenue and discounting this value to present. The discount rate is determined as a forward yield rate (capitalisation rate) and a risk is added to it (as related to the nature and contracts of the property) and forward growth rate associated with the cash flow as related to the market. There are reasonable market observable transactions to support the capitalisation rate, growth rate and risk considerations as applied. The South African Property Owners Association also publishes data tables on which these assumptions may be benchmarked. Adjustments are made to the present value calculated, to adjust for immediate capital expenditure requirements, as would be reasonably considered between a willing buyer and a willing seller.

4. FAIR VALUE MEASUREMENT *CONTINUED*

Sensitivity of fair values to changes in unobservable inputs

Valuations of investment properties are sensitive to changes in inputs used in determining fair value. The table below illustrates the sensitivity in fair value to changes in unobservable inputs, whilst holding the other inputs constant.

Investment properties June 2023	**Cap rate**		
Discount rate	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
(0.5%)	16 240 529	15 257 508	14 379 437
Current	15 883 916	14 939 446	14 065 435
0.5%	15 539 767	14 608 629	13 763 988

Investment properties June 2022	**Cap rate**		
Discount rate	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
(0.5%)	16 441 020	15 443 001	14 542 845
Current	16 094 506	15 125 145	14 230 234
0.5%	15 735 020	14 783 032	13 920 784

Investment properties December 2022	**Cap rate**		
Discount rate	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
(0.5%)	16 011 737	15 459 848	15 011 857
Current	15 648 687	15 135 437	14 691 635
0.5%	15 302 384	14 796 555	14 385 952

A 100 basis points increase or decrease in growth rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

	Growth rate 2023			
Sector	**Weighted growth rate**	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
Industrial	**4.92%**	**3 242 015**	**3 482 249**	**3 729 530**
Retail	**5.10%**	**6 304 438**	**6 778 050**	**7 277 083**
Commercial	**2.25%**	**227 082**	**244 000**	**261 875**
Afhco	**1.40%**	**4 145 251**	**4 434 640**	**4 710 577**

A 100 basis points increase or decrease in vacancy rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

	Vacancy rate 2023			
Sector	**Weighted vacancy rate**	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
Industrial	**1.00%**	**3 563 559**	**3 482 249**	**3 414 639**
Retail	**3.20%**	**6 912 925**	**6 778 050**	**6 637 779**
Commercial	**7.10%**	**249 398**	**244 000**	**238 720**
Afhco	**4.10%**	**4 533 670**	**4 434 640**	**4 346 395**

4. FAIR VALUE MEASUREMENT *CONTINUED*

Other financial instruments

The swap derivatives are valued based on the discounted cash flow method. Future cashflows are estimated based on exchange and forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties. The investment in listed shares is valued at the quoted market price and the investment in unlisted shares is measured at management's assessment of the recoverability of the investment in the shares. The investment in JVs is valued at the ownership of the underlying JVs net asset value.

5. INVESTMENT PROPERTY

The table below analyses the movement of investment property for the period under review.

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Audited year ended 31 December 2022
Investment property (including straight lining adjustment)			
Carrying value at beginning of the period	**14 073 107**	13 675 260	13 675 260
Acquisitions and improvements	**92 039**	200 826	809 325
Disposals	**–**	–	(88 844)
Fair value adjustment	**(20 376)**	141 649	(16 150)
Transfer to property, plant and equipment	**–**	–	(23 228)
Transferred to properties classified as held for sale	**(268 022)**	(306 850)	(283 256)
Carrying value at the end of the period	**13 876 748**	13 710 885	14 073 107
Non-current assets held for sale (investment property, excluding straight line rental adjustment)			
Carrying value at beginning of the period	**746 446**	940 928	940 928
Disposals	**(373 422)**	(127 942)	(494 524)
Fair value adjustment	**–**	–	16 077
Utilised	**–**	–	(853)
Transferred from investment property [1]	**272 817**	309 969	284 818
Carrying value at the end of the period	**645 841**	1 122 955	746 446

[1] *This amount includes the straight-line rental adjustment.*

NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the six months ended 30 June 2023 *CONTINUED*

6. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had capital commitments of R377.9 million as at 30 June 2023 (December 2022: R134.9 million).

The contingent liabilities comprise guarantees issued on behalf of and in favour of the following parties:

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Audited year ended 31 December 2022
Guarantees			
Graduare Mauritius Limited [1&2]	–	197 780	–
Graduare Property Development Limited [1,2&3]	**229 010**	–	207 024
Takeover Regulation Panel[4]	**1 145 927**	–	–
Total	**1 374 937**	197 780	207 024

1 *The guarantee is secured by the underlying party.*
2 *The guarantee relates to the co-owner's allocation of the underlying debt and is secured by the 50% shareholding in the JV held by the co-owner. Risk guarantee is "denominated" in USD and has been converted at the closing rate of USD: R18.85 (December 2022: R16.98).*
3 *The guarantee will reduce when the sovereign risk of Zambia reduces.*
4 *The guarantee was issued to discharge SA Corporate's obligation in terms of the acquisition of ILU shares covered in note 7 below.*

7. EVENTS AFTER THE REPORTING PERIOD

During March 2023, SA Corporate and ILU entered into a scheme implementation agreement, in terms of which SA Corporate offered to acquire all of the ILU shares held by scheme participants for a cash consideration of R3.40 for every ILU share being a discount of 57% to net asset value. On 18 July 2023 SA Corporate and ILU announced that all outstanding conditions precedent to the scheme had been fulfilled and the scheme became commercially effective on 1 July 2023. Please refer to SA Corporate and ILU Joint Finalisation Announcement issued on 18 July 2023 for further detail.

As at 30 June 2023 the Group reported R1 149.3 million of debt as current liabilities relating to the banking facilities maturing within the twelve months. Post 30 June 2023, the Group concluded R1 749.3 million in agreements for new facilities with tenors ranging from 3 to 5 years, resulting in the weighted average debt margin reducing by 1.63 bps, and an improved debt expiry profile and tenor greater than 3 years, an improvement from the 2.6 years reported as at 30 June 2023.

In August 2023, SA Corporate provided Transcend Residential Property Fund Limited ("Transcend") an irrevocable undertaking in favour of a scheme of arrangement in terms of which Emira Property Fund Ltd ("Emira") will make an offer to acquire all of the issued shares that it does not already own for a clean share price of R6.30. Please refer to the joint announcement issued by Transcend and Emira on SENS on 18 August 2023 for further details.

DISTRIBUTIONS

PAYMENT OF DISTRIBUTION AND IMPORTANT DATES

Notice is hereby given of the declaration of distribution number 16 in respect of the income distribution period 1 January 2023 to 30 June 2023. The payment amounts to 11.38911 cps (June 2022: 12.96668 cps). The source of the distribution comprises net income from property rentals. Please refer to the Condensed Consolidated Interim Statement of Comprehensive Income for further details. 2 514 732 095 of the Company's shares are in issue at the date of this distribution declaration and the Company's income tax reference number is 9179743191.

Last date to trade cum distribution	Tuesday, 17 October 2023
Shares will trade ex-distribution	Wednesday, 18 October 2023
Record date to participate in the distribtion	Friday, 20 October 2023
Payment of distribution	Monday, 23 October 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 October 2023 and Friday, 20 October 2023, both days inclusive.

TAX IMPLICATIONS

As SA Corporate has REIT status, shareholders are advised that the distribution meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No 58 of 1962 ("Income Tax Act"). The distribution on SA Corporate shares will be deemed to be dividends, for South African tax purposes, in terms of section 25BB of the Income Tax Act. The distributions received by or accrued to South Africa tax residents must be included in the gross income of such shareholder and are not exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph(aa) of section 10(1)(k)(i) of the Income Tax Act) because they are dividends distributed by a REIT, with the effect that the distribution is taxable in the hands of the shareholder.

These distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders have provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the transfer secretaries, in respect of certificated shares:

(a) a declaration that the distribution is exempt from dividends tax; and
(b) a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the exemption change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

SA Corporate shareholders are advised to contact the CSDP, broker or transfer secretaries, as the case may be, to arrange for the above-mentioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

DISTRIBUTIONS *CONTINUED*

Notice to non-resident shareholders

Distributions received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1) (k) (i) of the Income Tax Act. Distributions received by a non-resident from a REIT are subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder.

Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 9.11129 cps. A reduced dividend withholding rate, in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to the CSDP or broker, as the case may be, in respect of uncertificated shares, or the transfer secretaries, in respect of certificated shares.

(a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and

(b) a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

Non-resident shareholders are advised to contact the CSDP, broker or the transfer secretaries, as the case may be, to arrange for the above-mentioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

Johannesburg

14 September 2023

Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited

ANNEXURE TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS for the six months ended 30 June 2023

REIT RATIOS

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Unaudited year ended 31 December 2022
SA REIT funds from operations (SA REIT FFO)			
Profit after taxation attributable to shareholders	**418 221**	**582 498**	**819 314**
Adjusted for:			
Accounting specific adjustments:	**(174 121)**	**(222 085)**	**(176 083)**
Fair value adjustments to:			
Investment properties	20 376	(141 650)	(1 215)
Investment properties in JVs	(104 504)	8 412	(52 621)
Swap derivatives	(48 729)	(192 844)	(220 131)
Investment in listed shares	165	921	(6 122)
Depreciation and amortisation of intangible assets	3 848	3 677	7 494
Dividend from investment in listed shares not yet declared	(2 512)	3 032	496
Non-distributable expenses	5 713	6 095	8 541
Non-distributable expenses on investments in JVs	–	14 512	660
Deferred taxation	797	–	1 732
IFRS 16 Lease expense	(3 810)	(4 433)	(7 674)
IFRS 16 Depreciation on lease asset	2 218	2 857	4 510
IFRS 16 Interest on lease liability	1 514	954	1 421
Debt related costs	–	–	117
Insurance proceeds relating to Capex [1]	1 153	18 737	48 615
Straight-lining operating lease adjustment	(50 350)	57 645	38 094
Adjustments arising from investing activities:	**25 270**	**(7 954)**	**5 331**
Loss/(profit) on disposal of: Investment property and property, plant and equipment	25 270	(7 954)	5 331
Foreign exchange items:	**48 859**	**9 849**	**26 201**
Foreign exchange losses relating to capital items realised and unrealised	48 859	9 849	26 201
SA REIT FFO:	**318 229**	**362 308**	**674 763**
Number of shares outstanding at end of period (net of treasury shares) (000)	2 492 976	2 489 568	2 492 607
SA REIT FFO per share (cents)	**12.77**	14.55	27.07
Company-specific adjustments to SA REIT FFO cents per share [2]	(1.38)	(1.58)	(2.92)
Distribution per share (cents)	**11.39**	**12.97**	**24.15**

[1] *Adjustment to Insurance income recognised in the prior year relating to reinstatement costs for damages incurred during the July 2021 civil unrest.*

[2] *The specific adjustments refer to treasury shares and the related retained distributions.*

ANNEXURE TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS for the six months ended 30 June 2023 *CONTINUED*

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Unaudited year ended 31 December 2022
Reconciliation of SA REIT FFO to cash generated from operations			
SA REIT FFO	**318 229**	**362 308**	**674 763**
Adjustments:			
Interest received	(14 334)	(15 877)	(16 046)
Interest expense	275 855	242 164	508 724
Amortisation of tenant installation and letting commission	5 206	11 185	22 794
Non-cash movement in JVs	(30 099)	(5 245)	(166 327)
Dividends received	(4 915)	(8 978)	(17 846)
Dividend from listed investments not yet declared	2 512	(3 032)	(496)
Taxation paid	352	–	2 131
Non-distributable recoveries	(3 415)	(17 129)	(3 873)
Other non-cash items	58 461	15 285	139 155
Working capital changes:			
Decrease /(increase) in trade and other receivables	2 119	(18 406)	(177 149)
Increase in inventory	–	(38)	–
Decrease in trade and other payables	(36 194)	(88 542)	(3 234)
Cash generated from operations	**573 777**	**473 695**	**962 596**
SA REIT Net Asset Value (SA REIT NAV)			
Reported NAV attributable to the parent	10 489 372	10 359 308	10 320 812
Adjustments:			
Dividend declared [1]	(286 406)	(326 077)	(281 210)
Goodwill and intangible assets	(83 124)	(83 921)	(83 952)
Deferred taxation	(3 891)	(6 167)	(4 689)
SA REIT NAV	**10 115 951**	**9 943 143**	**9 950 961**
Shares outstanding			
Number of shares in issue at end of the year (net of treasury shares) (000)	2 492 976	2 489 568	2 492 607
Diluted number of shares in issue (000)	**2 492 976**	**2 489 568**	**2 492 607**
SA REIT NAV per share (cents)	**405.78**	**399.39**	**399.22**

[1] *Dividend declared but not yet paid.*

ANNEXURE TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS for the six months ended 30 June 2023 *CONTINUED*

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Unaudited year ended 31 December 2022
SA REIT cost-to-income ratio			
Expenses:			
Operating expenses per IFRS income statement (includes municipal expenses) [1]	467 416	450 103	954 667
Administrative expenses per IFRS income statement [2]	53 163	46 304	95 114
Exclude:			
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(6 066)	(6 534)	(12 004)
Operating costs	**514 513**	**489 873**	**1 037 777**
Rental income:			
Contractual rental income per IFRS income statement (excluding straight-lining)	754 022	734 313	1 475 357
Utility and operating recoveries per IFRS income statement	306 317	295 815	605 231
Gross rental income	**1 060 339**	**1 030 128**	**2 080 588**
SA REIT cost-to-income ratio	**48.5%**	**47.6%**	**49.9%**
Operating costs	161 099	154 288	349 436
Contractual rental income per IFRS income statement (excluding straight-lining)	754 022	734 313	1 475 357
SA Corporate cost-to-income ratio [3]	**21.4%**	**21.0%**	**23.7%**
SA REIT administrative cost-to-income ratio			
Expenses:			
Administrative expenses as per IFRS income statement	53 163	46 304	95 114
Rental income:			
Contractual rental income per IFRS income statement (excluding straight-lining)	754 022	734 313	1 475 357
Utility and operating recoveries per IFRS income statement	306 317	295 815	605 231
Gross rental income	**1 060 339**	**1 030 128**	**2 080 588**
SA REIT administrative cost-to-income ratio	**5.0%**	**4.5%**	**4.6%**

[1] *Includes expected credit loss.*
[2] *Excludes audit fees.*
[3] *SA Corporate measures cost-to-income net of recoveries.*

ANNEXURE TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS for the six months ended 30 June 2023 *CONTINUED*

	Unaudited six months ended 30 June 2023	Unaudited six months ended 30 June 2022	Unaudited year ended 31 December 2022
SA REIT GLA vacancy rate			
GLA of vacant space (m^2)	15 719	21 901	18 202
GLA of total property portfolio (m^2)	762 133	812 388	798 117
SA REIT GLA vacancy rate [1]	**2.1%**	**2.7%**	**2.3%**
Cost of debt			
Variable interest-rate borrowings:			
Floating reference rate plus weighted average margin	10.2%	6.4%	8.9%
Pre-adjusted weighted average cost of debt	**10.2%**	**6.4%**	**8.9%**
Adjustments:			
Impact of interest rate derivatives	(1.0%)	1.7%	0.1%
Impact of cross-currency interest rate swaps	0.0%	(0.1%)	(0.1%)
Amortised transaction costs imputed into the effective interest rate	0.1%	0.1%	0.1%
All-in weighted average cost of debt	**9.3%**	**8.1%**	**9.0%**

[1] *Excludes the Afhco portfolio which is based on units.*

ANNEXURE TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS for the six months ended 30 June 2023 *CONTINUED*

R 000	**Unaudited six months ended 30 June 2023**	Unaudited six months ended 30 June 2022	Unaudited year ended 31 December 2022
SA REIT LTV			
Gross debt	6 134 366	6 389 511	6 404 924
Less: Net cash and cash equivalents	(39 577)	(136 429)	(79 674)
Total cash and cash equivalents	(162 002)	(238 042)	(180 019)
Less: Government grant maintenance reserve amount	500	–	500
Less: Tenant deposit accounts	121 925	101 613	99 845
Add:			
Cross-currency derivatives	–	46 829	50 948
Interest rate swap derivatives	(106 469)	(24 628)	(60 223)
Net debt	**5 988 320**	**6 275 283**	**6 315 975**
Total assets per summary consolidated statement of financial position	17 203 586	17 477 473	17 533 845
Less:			
Cash and cash equivalents	(162 002)	(238 042)	(180 019)
Derivative financial assets	(106 470)	(198 344)	(187 362)
Goodwill and intangible assets	(83 124)	(83 921)	(83 952)
Deferred tax	(3 891)	(6 167)	(4 689)
Trade and other receivables [1]	(341 455)	(330 905)	(350 271)
Current tax	(539)	(55)	(324)
Inventory	(187)	(227)	(189)
Carrying amount of property-related assets	**16 505 918**	**16 619 812**	**16 727 039**
SA REIT LTV	**36.3%**	**37.8%**	**37.8%**

[1] *Adjusted for reinstatement insurance claim receivable and net debt raising costs.*

DIRECTORATE AND STATUTORY INFORMATION

SA Corporate Real Estate Limited
(Incorporated in the Republic of South Africa)
(Registration number 2015/015578/06)
Approved as a REIT by the JSE
Share code: SAC
ISIN code: ZAE000203238
("SA Corporate" or "the Company")

Registered office
GreenPark Corner, 16th Floor
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Morningside
Johannesburg
2196
Tel: 010 020 2530

Registered auditors
PricewaterhouseCoopers Inc.
5 Silo Square
V&A Waterfront
Cape Town
8002

Company secretary
J Grové
GreenPark Corner, 16th Floor
Corner Lower Road and West Road South
Morningside
Johannesburg
2196
Tel: 010 020 2530

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited
135 Rivonia Road
Sandton
2196

Directors
MA Moloto (Chairman)
OR Mosetlhi (Lead Independent Director)
TR Mackey (Chief Executive Officer)*
SY Moodley (Chief Financial Officer)*
NNN Radebe (Chief Operating Officer)*
(appointed 1 February 2023)
N Ford-Hoon(Fok)
EM Hendricks
GJ Heron
SS Mafoyane
GZN Khumalo (appointed 1 February 2023)

* *Executive*

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