SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | RESIDENTIAL | REST OF AFRICA

2022

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

OVERVIEW

DISTRIBUTION

Distributable income ⬆ 5.5%
R674.8 million or **26.83 cps**
(2021: R639.5 million or 25.43 cps)

Annual distribution ⬆ 5.5%
24.15 cps# at **90%** payout ratio
(2021: 22.89 cps at 90% payout ratio)

Includes distribution of 12.97 cps paid in respect of H1 2022

PROPERTY ACTIVITY

Disposal pipeline contracted and still to transfer and divestments transferred since 1 January 2022
R1.4 billion
(Transferred to 31 December 2022: R556.9 million; Contracted not yet transferred: R865.8 million, of which R171.8 million has transferred after 31 December 2022)

Assets under management of
R16.6 billion
(2021: R16.2 billion)

PORTFOLIO PERFORMANCE

Total net property income ("NPI") of
R1.2 billion
(2021: R1.1 billion)

Total like-for-like NPI increased by
6.7% to **R1.1 billion**
(2021: R1.0 billion)

Traditional portfolio vacancies of
2.3% of gross lettable area ("GLA")
(2021: 3.3%)

Afhco residential portfolio vacancies of
2.9% of total units
(2021: 8.5%)

CAPITAL STRUCTURE

Loan to value ("LTV") ratio of **38.1%***
(2021: 37.4%*)

* *Net debt LTV excluding derivatives, which if included would be 37.8% (2021: 38.5%)*

Weighted average cost of funding of
8.8% (2021: 5.5%) exclusive of swaps and
9.0% (2021: 8.1%) inclusive of swaps

Effective fixed debt of **71.5%**
increased to **75.6%** post year-end

Weighted average swap tenor of
2.0 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 31 December 2022, the property portfolio consisted of 157 properties, with 1 350 666 m^2 of GLA, valued at R15.2 billion, a 50.0% joint venture ("JV") interest in three Zambian entities with properties valued at R1.4 billion and listed investments valued at R169.0 million.

STRATEGY PERFORMANCE UPDATE

The Group delivered results for the year ending 31 December 2022 consistent with the guidance it had given and largely tracking inflation. In the year, SA Corporate continued to make progress in delivering on its strategy to provide investors with a defensive portfolio in Southern Africa. In this regard, the Group focuses on four sectors. The first is a resilient retail property portfolio specialising in convenience-oriented shopping centres that dominate their catchment areas. The second is a quality logistics portfolio that offers cost effective rentals by investing in established logistics precincts and in properties that it optimises to meet tenant needs. The third sector in which the Group focuses, is in a "best of class" residential rental portfolio in inner city precincts and suburban estates. Lastly SA Corporate has a 50.0% JV with a local partner in Zambia which has its primary asset in the dominant retail node in the capital city, Lusaka.

The retail portfolio enjoyed a robust year-on-year trading density growth of 5.9% which was converted into a like-for-like revenue growth of 7.2% and a NPI growth of 6.7% over the prior year. A 12.3% increase in local authority expenses caused the variance between revenue growth and NPI growth. Vacancies reduced to 3.2% at year end as management concentrated on leasing premises to retailers offering consumer staples.

The industrial portfolio ended the 2022 year with negligible vacancy of 0.2% as the Group sought to establish a firm foundation for future growth from a predominantly logistics industrial portfolio. To achieve the latter it was necessary to incur rental renewal reversions of -3.1% and a negative rental reversion of 16.6% on the early lease renewal of the 17 408m^2 lease in respect of the RTT distribution centre in the Western Cape. The latter was to mitigate the risk of losing tenancy to new developments. With the substantial increase in the cost of construction, the risk of competition from new developments is expected to be subdued into the future. Despite investing in the base for future growth, the industrial portfolio achieved a 2.4% growth in like-for-like NPI for the financial year.

Having provided solar PV installations at 91.0% of its retail shopping centres, being all those where these can be practically installed, the Group turned its attention to its industrial portfolio in this regard. An additional 1 885 kWp was added to the installed capacity of 11 212 kWp in the 2022 year, with a further pipeline of 2 125 kWp solar PV designed.

Afhco reduced residential vacancies to a low of 1.6% at the end of November 2022 increasing to 2.9% at the end of the year as residents typically vacate over the festive season. This was substantially lower than that for the prior year when vacancies were 8.5%. Interestingly, performance in the inner city was best where vacancies were lowest at 2.8%, compared with vacancies of 3.1% in the suburban portfolio. The outperformance of the Afhco portfolio resulted in a 13.1% growth in year-on-year like-for-like NPI.

Distributable income from the Zambian JV increased by 44.2% over the prior year and vacancies at East Park Mall reduced to 2.3% at year-end. Together with the Group's partner a 59.9% interest was acquired in the Lusaka Stock Exchange listed Real Estate Investment Zambia Plc ("REIZ") at a 68.5% discount to net asset value. SA Corporate's proportional investment in REIZ is USD3.5 million funded by debt with recourse only to the Zambian JV company. The latter transaction was strategic as in addition to strengthening the retail nodal dominance of the Zambian JV, the transaction opens the opportunity to realise a value-unlock by establishing Zambia's first REIT with tax efficiencies, enabling investment appreciation and liquidity.

For the period ending 31 December 2022, divestments of R463.9 million have been contracted in addition to R958.7 million of divestments contracted in prior periods, creating a total 2022 disposal pipeline of R1.4 billion. Of this, R556.9 million has transferred in the current period whilst R57.0 million and R808.8 million remain conditional and unconditional respectively. The proceeds from this divestment pipeline have provided the Group with the opportunity to exploit an investment opportunity in the South African listed property sector in a defensive sector in which the Group's subsidiary is the market leader in South Africa. This was covered in the announcement released on SENS on 14 March 2023 and described in note 7 on page 23.

SA REIT FUNDS FROM OPERATIONS

Funds from operations ("FFO"), as defined by the SA REIT Association ("SA REIT"), generated for the year was R674.8 million (2021: R639.5 million). Total SA REIT FFO per share for the period amounted to 27.07 cps, up 5.3% relative to 25.70 cps in 2021.

NET PROPERTY INCOME

Total property revenue amounted to R2 042.5 million (2021: R2 121.5 million) with the like-for-like portfolio, excluding disposals, developments and acquisitions during 2021 and 2022, amounting to R2 003.1 million (2021: R1 915.0 million).

NPI increased by 2.5% (R28.2 million) from the comparative period, with the like-for-like portfolio increasing by 6.7%.

Total property expenses increased marginally to R960.6 million (2021: R956.5 million). Like-for-like property expenses increased by 4.0%.

The overall distribution from the Zambian JV for the year increased by 44.2% to R55.8 million (2021: R38.7 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 10.6%.

NET FINANCE COST

Net finance costs, excluding the impact of IFRS 16, increased by 2.1% to R476.6 million (2021: R466.6 million). However, taking into account finance costs capitalised to investment properties of R5.6 million (2021: R15.4 million), (a R9.8 million reduction compared to the prior period due to the reduced development pipeline), net finance costs including capitalised interest for the period amounted to R482.2 million (2021: R482.0 million).

Net finance costs, including capitalised interest, were flat on the prior year despite a steep rise in the base rate which resulted in the cost of debt increasing to 9.0% (2021: 8.1%). This was mainly due to lower average borrowings compared to the prior year and higher interest received compared to the prior year.

PROPERTY VALUATIONS

The Group's independently valued property portfolio, excluding properties held in the Zambian JV, increased by R190.0 million to R15.2 billion for the year. The like-for-like portfolio held for the full 12 months to December 2022 increased by R358.0 million from 31 December 2021.

On a clean growth basis, valuations have increased by almost 1.0% for the 12 months to December 2022. Whilst the 1.0% increase is below inflation, the increase evidences a robust portfolio in the face of an increasing cost of capital cycle. The industrial portfolio continued to be the best performer of the South African portfolio with a 4.1% clean growth for the 12 months to December 2022. A substantial contributor to the clean growth has been the improvement in portfolio quality that has been achieved by divesting from inferior properties, evidenced by an 8.2% increase in value per square metre in the industrial portfolio. The retail portfolio has shown a marginal increase of 0.8% clean growth as past negative reversions have impacted future cash flows.

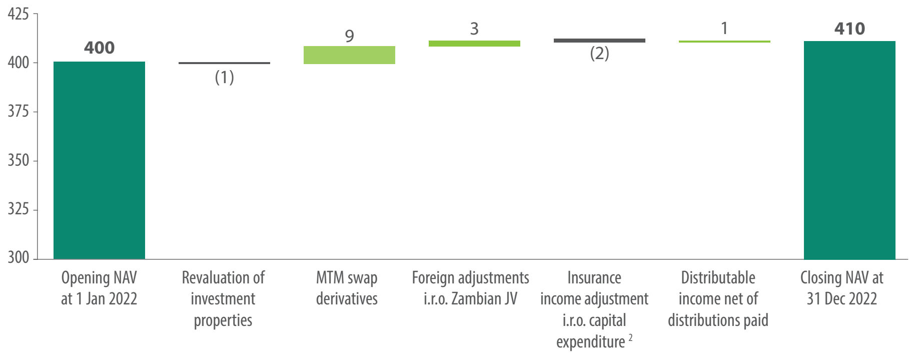
Whilst the Afhco portfolio has shown impressive performance in the last year, this is not reflected in an improvement in valuation, with valuations declining by 1.7%. The decline in value is driven by long term valuation assumptions which have been impacted by increased inflationary pressures on the target market. Nevertheless, Afhco's valuations can be expected to increase into the future as a consequence of the robust base that now exists.

On a clean growth basis the Zambian portfolio has seen a marginal decrease in USD value of -1.9% over the prior year. However, due to the depreciation of the ZAR of 6.9% against the USD the ZAR value has increased by 2.7%.

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

The net asset value ("NAV") per share increased by 3.5% from 400 cps to 410 cps including adjustments in respect of the fair value of interest rate swap derivatives, investment property and investments in the Zambian JV as set out in the graph below:

NAV (cps) [1]



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

[2] *Decrease due to a downward revision of the total estimated reinstatement costs related to property damaged in the July 2021 civil unrest.*

The SA REIT defined NAV is calculated as NAV per the Summary Consolidated Statement of Financial Position, less goodwill and intangible assets, deferred taxation and any final dividend declared, not paid in respect of the reporting period. The SA REIT NAV per share was 399 cps (2021: 388 cps) as at 31 December 2022.

PROPERTY PORTFOLIO

The tables below reflect 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 sale agreements.

Transferred disposals:

Property	Transfer date *	Gross selling price (Rm)	Region	Sector
147 / 149 Old Main Road, Pinetown	May 22	68.0	KwaZulu-Natal	Industrial
Maxwell Hall, Johannesburg	May 22	50.0	Gauteng	Residential
102 Essenwood Road, Durban	Jul 22	32.0	KwaZulu-Natal	Commercial
Four Johannesburg Inner City Properties	Sep 22	280.6	Gauteng	Residential
111 Mimets Road, Denver	Oct 22	71.0	Gauteng	Industrial
2 Webb Road, Jet Park	Nov 22	12.4	Gauteng	Industrial
Residential apartments	Jan 22 - Dec 22	42.9	Gauteng	Residential
Total		**556.9**		

* *Receipt of proceeds.*

Contracted and unconditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
Safari Investments - Listed shares [1]	Jan 23	112.0		Listed investments
31 Allen Drive, Belville [1]	Jan 23	20.0	Western Cape	Commercial
Five Johannesburg Inner City Properties [2]	Feb 23 - Jun 23	265.7	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	Mar 23	69.1	KwaZulu-Natal	Industrial
1 Baltex Road, Isipingo	Apr 23	136.5	Gauteng	Industrial
Residential apartments [3]	Jan 23 - May 23	53.5	Gauteng	Residential
Total		**808.8**		

[1] *Transferred subsequent to year end.*
[2] *R38.0 million has transferred subsequent to year end.*
[3] *R1.8 million has transferred subsequent to year end.*

Contracted and conditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
Multi Glass, Johannesburg	Dec 23	3.6	Gauteng	Afhco Retail
Hotel at Cullinan Jewel Shopping Centre, Pretoria	Jun 23	2.7	Gauteng	Retail
Portion of 11 Wankel Street, Jet Park	Sep 23	30.0	Gauteng	Industrial
Residential apartments	Mar 23 - Jun 23	20.7	Gauteng	Residential
Total		**57.0**		

The current disposal pipeline of R1.4 billion is recognised at a weighted average exit yield of 8.9% and was sold at a 1.3% discount to its last valuation. However, included in this was an industrial building in Denver which, due to poor lease renewal prospects, was sold at R20.0 million below its last valuation. If this latter property is excluded, the disposal pipeline was sold at pricing equal to its last valuation. Contracted disposals are at a weighted average exit yield of 8.6% and at a premium of 1.3% to the last valuation. Residential apartments, excluding the nine Johannesburg inner city properties, were sold into the retail market at a weighted average exit yield of 8.3% and at a premium of 10.7% to the last valuation.

With the sale of offices situated at 102 Essenwood Road in KwaZulu-Natal in 2022 and the transfer of 31 Allen Drive in the Western Cape, subsequent to 31 December 2022, the Group's exposure to commercial property is now 1.9% of total portfolio value, leaving only two office properties in the portfolio. This is in keeping with SA Corporate's strategy to have no investment in offices.

One retail property situated in an over-traded node was contracted for sale during the year at a 2.1% premium to the last valuation. The sale is unconditional, and transfer is expected in the first quarter of 2023.

The Group has largely disposed of those industrial properties that were identified as not meeting the criteria of a quality industrial portfolio in line with the Group's investment strategy. The remaining properties that do not meet these criteria are in various stages of divestment.

The first tranche of the sale of nine Johannesburg inner city properties by means of the sale of the shares of the property-owning entities totalling R280.6 million was completed in September 2022, and a further R38.0 million was transferred in February 2023. The balance of the disposal proceeds, R227.8 million, pertaining to this transaction, are expected to be received by quarter two of 2023. Maxwell Hall, also located in the inner city was also disposed of during the year at a value of R50.0 million, bringing total disposals in the inner city to approximately R600.0 million. In addition, a total of 94 sectional title apartments were transferred in 2022 at a disposal value of c. R42.9 million and at an exit yield of 8.3%. A further 193 apartments have been contracted at a value of R74.2 million and are expected to transfer during 2023. The refinement of the residential portfolio through disposals has supported the Group's strategy to be invested in suburban estates and accessible inner city precincts where Afhco can enhance urban infrastructure, security and provide lifestyle amenities.

VACANCIES

	Vacancy as % of GLA			Vacancy as % of rental income		
Sector	**31 Dec 2022**	31 Dec 2021	31 Dec 2020	**31 Dec 2022**	31 Dec 2021	31 Dec 2020
Traditional portfolio						
Industrial	**0.2**	0.7	1.5	**0.1**	0.5	1.0
Retail	**3.2**	4.6	4.6	**2.4**	3.4	4.1
Commercial	**17.7**	18.9	16.9	**15.9**	15.3	13.5
Portfolio total	**2.3**	3.3	3.5	**2.3**	3.1	3.6
Storage Portfolio						
Storage [1]	**16.1**	10.4	10.9	**17.4**	12.3	14.3
Afhco portfolio						
Retail/Commercial	**5.5**	5.8	5.7	**3.3**	3.7	4.0
Residential [1]	**2.9**	8.5	15.4	**2.9**	8.6	11.2
South African portfolio JV						
Residential [2]	**–**	3.5	52.5	**–**	3.0	52.3
Rest of Africa portfolio						
Retail	**5.4**	12.6	17.3	**3.8**	12.2	16.2
Commercial	**13.8**	14.8	5.6	**8.1**	13.6	5.5
Portfolio total	**6.5**	13.0	14.9	**4.5**	12.5	13.9

[1] *Vacancy calculated on number of units.*

[2] *Subsequent to acquiring control of The Falls Rental Company, this investment has been consolidated into the Group's accounts at year end. The vacancies in respect of the property have been included as part of the total Afhco portfolio as at 31 December 2022.*

COMMENTARY *CONTINUED*

Vacancies in the retail portfolio reduced by 29.8% from 31 December 2021, a reduction of 4 725m^2 in vacant GLA. Umlazi Mega City opened a new Build It in July 2022 measuring 2 183m^2. At East Point Shopping Centre, 1 239m^2 of previously vacant space was leased to The Foschini Group. Vacancies were further reduced at Celtis Ridge Shopping Centre (588m^2), Forest Road (348m^2), Hayfields Mall (280m^2) and Musgrave Centre (216m^2). The Group strengthened its internal retail leasing team during the period and the extra capacity has bolstered efforts to attract the optimal tenant mix at properties.

In addition to the reduction in vacant GLA, development projects were completed at Musgrave Centre, Bluff Towers Shopping Centre and 51 Pritchard Street which resulted in previous strategic vacant areas being filled by national tenants. At Musgrave Centre, leases were concluded with Food Lover's Market (1 977m^2), Dis-Chem (1 157m^2) and the addition of a value department store which took up 1 562m^2. At Bluff Towers Shopping Centre, Clicks (850m^2), Spur Group (354m^2) and a value department offering (1 008m^2) took occupancy. At 51 Pritchard Street, Woolworths (2 428m^2) and Clicks (587m^2) were introduced to compliment the existing tenant mix.

Vacancies in the industrial portfolio remain negligible. 757m^2 of office vacancy remain in Westmead in an otherwise fully let industrial portfolio. Vacancies in the Group's small commercial portfolio are largely impacted by vacancy in the office space above retail centres.

In commercial we are investigating the conversion of 6 223m^2 GLA from office to residential apartments. Management are also investigating an initiative of negotiating a head lease with Connect Space who create workspace solutions in semi-serviced office areas which are difficult to let in their current form.

In the Afhco residential portfolio, vacancies reduced significantly to 2.9% from 8.5% at 31 December 2021 on the back of certain amenity upgrades at selected buildings, discounting and promotional interventions. The reduction in vacancies to levels last seen more than a decade ago so quickly after Covid-19 is particularly pleasing and demonstrates the defensive nature of the residential portfolio. The Afhco retail portfolio vacancies also reflected a marginal improvement from 31 December 2021.

In the Zambian portfolio, retail vacancies reduced to 5.4% from 12.6% at December 2021. The vacancy reduction in the flagship property, East Park Mall, to 2.3% was largely due to 850m^2 of space being let to a multi-national clothing retailer and a restaurant. Payment of USD5 million on 8 February 2022 and an additional USD6.9 million is to be made shortly in respect of the development equity for phases 5, 6 and 7 representing the 32 367m^2 extension to East Park Mall bringing the shopping centre to a total GLA of 67 237m^2. These payments equate to an after-tax property yield of 9.1%. The extension is now 98.5% occupied with only 180m^2 of lettable GLA available. Vacancies in the commercial portfolio have reduced by 1.0% due to 1 000m^2 of space being let to Bank ABC at Acacia Office Park.

BORROWINGS

The debt profile as at 31 December 2022 is detailed below:

	Maturity date	Value (Rm)	Interest rate%
Fixed	2024/03/01	107	9.47%
Fixed	2024/03/01	100	9.47%
Fixed	2024/05/07	585	8.65%
Fixed	2024/05/07	564	9.43%
Term revolving [1]	2024/09/08	–	9.31%
Fixed [2]	2024/11/05	460	4.96%
Fixed	2025/05/07	308	8.83%
Fixed	2025/05/07	300	9.54%
Term revolving [3]	2025/09/09	2	9.24%
Fixed [4]	2025/09/09	200	9.29%
Term revolving [4&5]	2025/09/09	329	9.29%
Fixed	2025/09/10	200	8.83%
Fixed	2025/12/09	150	9.18%
Fixed	2025/12/11	150	9.90%
Fixed	2026/09/08	200	9.56%
Fixed	2026/09/09	913	9.36%
Fixed	2026/09/09	519	9.36%
Term revolving [6]	2027/09/09	–	9.46%
Fixed [4]	2027/09/09	320	9.52%
Fixed	2027/09/09	298	9.46%
Fixed [4]	2027/09/09	700	9.52%
Total interest-bearing borrowings [7]		6 405	8.99%
Cross-currency swap [2&8]	2023/01/26	171	4.36%
Cross-currency swap [8]	2023/01/26	(120)	8.83%
Total borrowings at the weighted average interest rate		6 456	8.87%

[1] *R100.0 million revolving credit facility undrawn.*
[2] *USD denominated loan.*
[3] *R200.0 million revolving credit facility.*
[4] *Sustainability linked loans, with sustainability performance targets ("SPT's").*
[5] *R329.0 million revolving credit facility.*
[6] *R300.0 million revolving credit facility undrawn.*
[7] *Excluding capitalised transaction costs.*
[8] *The swap was settled at maturity.*

Total debt drawn amounted to R6 455.5 million, an increase of R265.8 million from 31 December 2021, whilst net debt amounted to R6 375.8 million (2021: R6 076.1 million). The net debt position as at 31 December 2021 was reduced by an advance receipt from South African Special Risk Insurance Association ("Sasria") and the 2021 interim 75.0% distribution payout versus 90.0% top-up that was paid in April 2022, while the 31 December 2022 balance now includes R207.0 million of debt from The Falls Rental Company, which was accounted for as a joint venture in the prior year, now consolidated in the Group debt following the buyout of the JV partner. The USD loan increased by R29.7 million and the USD cross-currency swap increased by R11.0 million, due to the depreciation of the ZAR/USD exchange rate from R15.96 in December 2021 to R17.04 in December 2022. The weighted average tenor of the debt as at 31 December 2022 has increased to 3 years. The Group has no debt expiring in the 2023 year, as all expiries were extended to 2024 during the 2022 year, with the Group successfully having concluded the refinancing of long-term borrowings amounting to R3.8 billion. As part of the refinance, the Group arranged sustainability linked loans of R1.5 billion, with SPT's linked to the roll out of solar PV and investment in residential amenities for social upliftment. SPT's met will result in a decrease of between 3 basis points ("bps") to 9 bps over the funding term, if however SPT's are not met, the margin adjustments would amount to an increase of between 2 bps to 7 bps.

The net debt LTV increased from 37.4% as at 31 December 2021 to 38.1% as at 31 December 2022 largely due to the increase in borrowings referred to above. This excludes the fair value asset on interest rate swap derivatives of R60.2 million (December 2021: liability of R167.9 million) and a USD10 million cross-currency interest rate swap derivative liability of R50.9 million (December 2021: liability of R46.5 million). The latter was subsequently settled post the year end.

The weighted average cost of debt excluding and including interest rate swaps was 8.8% and 8.9% (December 2021: 5.5% and 8.0%) respectively, with a 337 bps increase in the JIBAR base rate since December 2021. The weighted average swap margin including cross-currency interest rate swaps was 0.1% (December 2021: 2.5%) and the weighted average debt margin was 1.9% (December 2021: 1.9%). 71.5% of total debt drawn 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 9.0%. The net interest cover ratio ("ICR") remained flat at 2.4 times (December 2021: 2.4 times) as a result of the increase in NPI having offset the increase in net finance cost, as detailed on page 2.

Key lender covenants

At 31 December 2022, the Group was in compliance with all lender covenants applicable to the period.

Description	Covenant requirement as at 31 December 2022	Audited year ended 31 December 2022	Covenant requirement as at 31 December 2021	Audited year ended 31 December 2021
LTV	50.0%	39.9%	50.0%	40.6%
ICR [1]	2.0x	2.2x	2.0x	2.2x

[1] *This is gross ICR.*

The lender LTV for the year has reduced by 70 bps to 39.9%. Cash on hand, including committed undrawn facilities, excluding tenant deposits as at 31 December 2022, amounted to R677.3 million (2021: R726.3 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.

The retail portfolio's NPI is underpinned by 84.0% of rental revenue in 2023 being contracted and not subject to lease renewal, at an average escalation of 6.7%. The remainder of Retail revenue for which leases are to expire in the year are anticipated to be renewed with renewal rental being marginally above flat when compared to expired lease rental. The portfolios' properties remain attractive to tenants particularly those having a convenience offering and consequently vacancy is forecast to reduce further during the year ahead. Excessive hikes of local authority charges and the costs of mitigating loadshedding impede the containment of operational expenses and these expenses are estimated to increase by circa 200 bps above inflation in 2023.

In the industrial portfolio, vacancies are forecast to remain negligible albeit that marginal negative reversions will be incurred in retaining quality tenants. 86.0% of non-expiring leases have an average rental escalation of 6.4%. Downtime of approximately 3 months is anticipated for the order of 8 000m^2 to relet space that becomes vacant.

The low vacancies in the Afhco residential portfolio are expected to be maintained and remain below 3.0% for much of the 2023 year with the high interest rate environment being conducive to a rental residential market. This is expected to enable rental increases on renewals to be between 4.0% and 6.0%.

Based on the aforementioned, like-for-like NPI growth without making any provision for expenditure associated with loadshedding, is estimated to increase between 4.5% and 5.0%. Assuming loadshedding is similar to that experienced of late, the additional cost in this regard in 2023 compared to 2022 is estimated to be between R10 million and R20 million. This will then reduce the like-for-like NPI growth to between 3.0% and 4.0%. The increase in interest rates over those in 2022 as well as the dilutionary impact of disposals is expected to have a substantial impact, reducing distributable income for 2023 and resulting in negative growth of a high single digit percent for the 2023 year. As the 2022 base year first half's distributable income was almost R50.0 million higher than in the 2022 second half, the 2023 first half distributable income growth is forecast to be negative double digit percent but close to flat in the second half.

The aforementioned guidance makes no allowance for the accretive effect of the potential acquisition of Indluplace Properties Limited through a scheme of arrangement announced by SENS on 14 March 2023, which is estimated will be 6.6% accretive to SA Corporate's distributable income growth for the initial 12-month period from the effective date of the transaction.

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 R607.3 million for the year ended 31 December 2022 (2021: R575.5 million) being 90.0% (2021: 90.0%) of distributable income and amounting to 24.15 cps (2021: 22.89 cps), an increase of 5.5%.

CHANGE IN DIRECTORATE

Ms GZN Khumalo was appointed to the Board as an independent non-executive director, as a member of the Audit and Risk Committee and as a member of the Remuneration Committee, with effect from 1 February 2023, as announced on 11 January 2023.

Ms NNN Radebe was appointed as an executive director and Chief Operating Officer of the Company with effect from 1 February 2023, as announced on 7 November 2022.

As previously reported, Mr SY Moodley was appointed as an executive director and Chief Financial Officer of the Company with effect from 1 March 2022, and Mr RJ Biesman-Simons retired from the Board following the conclusion of the Company's annual general meeting on 6 June 2022. Furthermore, the employment contract of the Chief Executive Officer and executive director, Mr TR Mackey, was renegotiated such that Mr Mackey's retirement has been postponed to 31 December 2023.

DISTRIBUTION STATEMENT

R 000	Unaudited year ended 31 December 2022	Unaudited year ended 31 December 2021
DISTRIBUTABLE INCOME		
Rent (including straight-line rental adjustment) [1]	**1 527 964**	1 536 649
Net property expenses	**(355 321)**	(392 247)
Property expenses	**(960 552)**	(956 502)
Recovery of property expenses	**605 231**	564 255
Net property income	**1 172 643**	1 144 402
Income from investment in JV	**47 155**	30 648
Taxation on distributable income	**(1 878)**	(3 077)
Dividends from investments in listed shares	**18 342**	13 420
Net finance cost	**(476 666)**	(466 564)
Interest expense	**(507 303)**	(491 774)
Interest income	**30 631**	25 210
Distribution-related expenses	**(84 833)**	(79 369)
Distributable income	**674 763**	639 460
Interim distributable income	**362 308**	344 474
Final distributable income	**312 455**	294 986
Shares in issue (000)	**2 514 732**	2 514 732
Distributable income per share ("DIPS") (cents)	**26.83**	25.43
H1 DIPS (cents)	**14.41**	13.70
H2 DIPS (cents)	**12.42**	11.73
Company specific adjustments to distributable income (R 000)		
Distributable income retained	**67 476**	63 946
Distribution	**607 287**	575 514
Distribution per share ("DPS") (cents)	**24.15**	22.89
Interim	**12.97**	10.27
Final	**11.18**	12.62

[1] *Included in rent is R52.6 million (2021: R50.9 million) in respect of insurance proceeds received relating to loss of income on properties affected by the July 2021 civil unrest.*

INDEPENDENT AUDITOR'S REPORT ON THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of SA Corporate Real Estate Limited

OPINION

The summary consolidated financial statements of SA Corporate Real Estate Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 31 December 2022, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of SA Corporate Real Estate Limited for the year ended 31 December 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 16 March 2023. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

OTHER MATTER

We have not audited the distribution statement included in the commentary and the REIT ratios in the accompanying financial statements and accordingly do not express an opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JR de Villiers
Registered Auditor
Cape Town, South Africa
16 March 2023

AUDITED SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R 000	**Audited year ended 31 December 2022**	Audited year ended 31 December 2021
Assets		
Non-current assets	**15 818 113**	15 427 922
Investment property	**14 073 107**	13 675 260
Letting commissions and tenant installations	**21 695**	18 130
Investments in JVs	**1 201 078**	869 876
Loan to JV	**–**	142 727
Property, plant and equipment	**41 705**	10 736
Intangible assets and goodwill	**83 952**	83 625
Right-of-use assets	**12 124**	15 761
Investment in listed shares	**52 993**	162 871
Other financial assets	**651**	2 396
Swap derivatives	**36 848**	117 342
Deferred taxation	**4 689**	6 167
Rental receivable - straight-line rental adjustment	**289 271**	323 031
Current assets	**969 286**	757 423
Inventories	**189**	189
Letting commissions and tenant installations	**17 147**	15 315
Investment in listed shares	**116 000**	–
Other financial assets	**13 417**	25 405
Swap derivatives	**150 514**	8 054
Trade and other receivables	**389 925**	421 634
Prepayments	**74 717**	44 006
Cash and cash equivalents	**180 019**	211 327
Rental receivable - straight-line rental adjustment	**27 034**	31 426
Taxation receivable	**324**	67
Non-current assets held for sale	**746 446**	940 928
Total assets	**17 533 845**	17 126 273
Equity and liabilities		
Equity		
Share capital and reserves	**10 320 812**	10 066 363
Liabilities		
Non-current liabilities	**6 407 137**	6 386 323
Lease liabilities	**11 253**	15 084
Swap derivatives	**222**	220 935
Interest-bearing borrowings	**6 395 662**	6 150 304
Current liabilities	**805 896**	673 587
Lease liabilities	**5 341**	6 289
Swap derivatives	**177 865**	118 866
Interest-bearing borrowings	**40 917**	39 361
Taxation payable	**367**	–
Trade and other payables	**581 406**	509 071
Total liabilities	**7 213 033**	7 059 910
Total equity and liabilities	**17 533 845**	17 126 273

AUDITED SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R 000	**Audited year ended 31 December 2022**	Audited year ended 31 December 2021
Revenue	**2 042 494**	2 121 452
Expected credit loss	**(22 685)**	(55 996)
Other operating income	**52 607**	50 936
Fair value gain/(loss) on investment properties	**1 215**	(502 014)
Operating expenses	**(1 035 639)**	(996 909)
Operating profit	**1 037 992**	617 469
Other (loss)/income [1]	**(47 808)**	280 567
Foreign exchange adjustments	**(27 057)**	(44 490)
Fair value gain on swap derivatives	**220 131**	262 735
Fair value gain on investment in listed shares	**6 122**	42 201
Capital loss on disposal of investment properties and property, plant and equipment	**(5 331)**	(21 719)
Profit/(loss) from JVs [2]	**246 528**	(36 293)
Dividends from investments in listed shares	**17 846**	14 545
Impairment of JVs	**(132 822)**	(19 356)
Interest income	**16 046**	25 210
Interest expense	**(508 724)**	(494 108)
Profit before taxation	**822 923**	626 761
Taxation expense	**(3 609)**	(5 878)
Profit after taxation for the year	**819 314**	620 883
Other comprehensive income:		
Items that may be reclassified to profit or loss after taxation:		
Foreign exchange adjustments on investment in JV	**67 770**	75 442
Total comprehensive income for the year	**887 084**	696 325
Basic earnings per share (cents)	**32.58**	24.69
Diluted earnings per share (cents)	**32.58**	24.69

[1] *Included in other (loss)/income is a loss of R48.6 million (2021: R280.6 million income) which is an adjustment to the insurance income recognised in the prior year relating to reinstatement costs for damages incurred during the July 2021 civil unrest.*

[2] *Included in profit/(loss) from JVs is R190.7 million (2021: (R75.0) million) relating to fair value adjustment of properties and R55.8 million (2021: R38.7 million) relating to distributable income.*

AUDITED SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R 000	**Audited year ended 31 December 2022**	Audited year ended 31 December 2021
Share capital and reserves at the beginning of the year	**10 066 363**	10 092 962
Total comprehensive income for the year	**887 084**	696 325
Treasury shares repurchased	**–**	(16 516)
Share-based payment reserve	**10 602**	2 800
Distribution attributable to shareholders	**(643 237)**	(709 208)
Share capital and reserves at the end of the year	**10 320 812**	10 066 363

AUDITED SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

R 000	**Audited year ended 31 December 2022**	Audited year ended 31 December 2021
Operating profit before working capital changes	**1 142 979**	1 139 990
Working capital changes	**(180 383)**	54 279
Cash generated from operations	**962 596**	1 194 269
Operating activities changes	**(1 156 255)**	(1 187 564)
Interest received	**13 807**	25 305
Distributions paid	**(643 237)**	(709 208)
Interest paid	**(524 694)**	(502 055)
Taxation paid	**(2 131)**	(1 606)
Net cash (used in)/from operating activities	**(193 659)**	6 705
Net cash from investing activities	**152 325**	607 813
Net cash used in financing activities	**10 026**	(571 294)
Payment on lease liabilities	**(7 674)**	(8 727)
Proceeds from interest-bearing borrowings	**706 000**	931 500
Repayment of interest-bearing borrowings	**(688 300)**	(1 456 067)
Repurchase of treasury shares	**–**	(16 516)
Settlement of swap derivatives	**–**	(21 484)
Total cash and cash equivalents movement for the year	**(31 308)**	43 224
Cash and cash equivalents at the beginning of the year	**211 327**	168 103
Total cash and cash equivalents at the end of the year	**180 019**	211 327

NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022

1. BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements ("the Listings Requirements") and the requirements of the Companies Act, No. 71 of 2008 ("Companies Act") applicable to summary consolidated financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, at a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the Group annual financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the 31 December 2021 Group annual financial statements.

In the current year, the Group has adopted all of the revised Standards and Interpretations issued that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2022. The adoption of these Standards and Interpretations has not resulted in any adjustment to the amounts previously reported for the year ended 31 December 2021.

These summary consolidated financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

The audited Group annual financial statements and the auditor's report thereon are available for inspection at the company's registered office and on the company's website at ww.sacorporatefund.co.za.

The auditor's report does not necessarily report on all of the information contained in this summary consolidated financial statements.

2. RECONCILIATION OF PROFIT AFTER TAXATION TO FUNDS FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS

	Audited year ended 31 December 2022		Audited year ended 31 December 2021	
	R 000	**cps**	R 000	cps
Profit after taxation attributable to shareholders	**819 314**	**32.58***	620 883	24.69*
Adjustments for:				
Capital loss on sale of investment properties	**5 331**		21 719	
Fair value (profit)/loss on of investment properties	**(1 215)**		502 014	
Fair value (profit)/loss on investment properties in JVs	**(52 621)**		73 469	
Headline earnings	**770 809**	**30.65***	1 218 085	48.44*

** Calculated on weighted average number of shares in issue.*

NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022 *CONTINUED*

3. DECEMBER 2022 INFORMATION ON REPORTABLE SEGMENTS

R 000	Industrial	Retail	Commer-cial	Afhco	Group[1]
Revenue	376 559	933 403	40 141	692 391	2 042 494
Rental income (excluding straight-line rental adjustment)	347 580	537 504	24 563	565 710	1 475 357
Other operating income (Insurance Claim - Sasria)	–	52 607	–	–	52 607
Net property expenses	(33 979)	(60 551)	(14 700)	(238 417)	(347 647)
Property expenses	(133 225)	(421 428)	(30 367)	(367 858)	(952 878)
Recovery of property expenses	99 246	360 877	15 667	129 441	605 231
Net property income	313 601	529 560	9 863	327 293	1 180 317
Straight-line rental adjustment	(70 267)	35 022	(89)	(2 760)	(38 094)
Other (loss)/income	–	(48 615)	–	807	(47 808)
Interest income	–	–	–	–	16 046
Interest expense	–	–	–	–	(508 724)
Foreign exchange adjustments	–	–	–	–	(27 057)
Dividends from investments in listed shares	–	–	–	–	17 846
Group expenses	–	–	–	–	(105 446)
Capital loss on disposal of investment properties equipment	–	–	–	–	(5 331)
Fair value gain/(loss) on investment properties	171 089	(53 468)	4 704	(121 110)	1 215
Investment properties	100 822	(18 446)	4 615	(123 870)	(36 879)
Straight-line rental adjustment	70 267	(35 022)	89	2 760	38 094
Impairment of JVs	–	–	–	5 929	(132 822)
Fair value gain on investment in shares	–	–	–	–	6 122
Profit from JVs	–	–	–	–	246 528
Fair value gain on swap derivatives	–	–	–	–	220 131
Taxation expense	–	–	–	(1 877)	(3 609)
Profit after taxation	414 423	462 499	14 478	208 282	819 314
Other comprehensive income, net of taxation	–	–	–	–	67 770
Total comprehensive income	414 423	462 499	14 478	208 282	887 084

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

3. DECEMBER 2022 INFORMATION ON REPORTABLE SEGMENTS *CONTINUED*

R 000	Industrial	Retail	Commercial	Afhco	Group [1]
Investment property at fair value [2]	3 512 530	6 848 294	287 000	4 487 613	15 135 437
Non-current assets	3 200 479	6 470 535	266 068	4 136 025	14 073 107
At valuation	3 239 900	6 431 294	267 000	4 046 614	13 984 808
Straight-line rental adjustment	(39 421)	(260 059)	(932)	(15 893)	(316 305)
Under development	–	299 300	–	105 304	404 604
Current assets [3]	271 266	116 779	19 920	335 355	743 320
Classified as held for sale	272 630	117 700	20 000	335 695	746 025
Straight-line rental adjustment	(1 364)	(921)	(80)	(340)	(2 705)
Other assets	125 099	490 299	21 682	113 854	2 717 418
Total assets	3 596 844	7 077 613	307 670	4 585 234	17 533 845
Total liabilities	69 228	192 591	12 759	409 102	7 213 033
Acquisitions and improvements	37 217	369 537	4 885	397 686	809 325
Segment growth rates(%)					
Rental income (excluding straight-line rental adjustment)	(6.7)	5.8	(38.8)	(0.0)	(0.6)
Property expenses	(0.1)	8.2	(25.2)	(4.7)	0.4
Recovery of property expenses	10.5	6.5	(26.6)	13.4	7.3
Net property income	(4.7)	4.3	(52.7)	11.3	2.5

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 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Audited year ending 31 December 2022			
R 000	Fair value	Level 1	Level 2	Level 3
Assets				
Non-current assets				
Investment in listed shares	52 993	52 993	–	–
Investment property	14 389 412	–	–	14 389 412
Investment in JV	1 201 078	–	–	1 201 078
Swap derivatives	36 848	–	36 848	–
	15 680 331	52 993	36 848	15 590 490
Current assets				
Properties classified as held for sale	746 025	–	–	746 025
Investment in listed shares	116 000	116 000	–	–
Swap derivatives	150 514	–	150 514	–
	1 012 539	116 000	150 514	746 025
Total assets measured at fair value	16 692 870	168 993	187 362	16 336 515
Non–current liabilities				
Swap derivatives	222	–	222	–
Current liabilities				
Swap derivatives	177 865	–	177 865	–
Total liabilities measured at fair value	178 087	–	178 087	–

Details of valuation techniques

The valuation techniques used in measuring fair values at 31 December 2022 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 2021.

4. FAIR VALUE MEASUREMENT *CONTINUED*

Investment property

An independent external valuator was appointed to conduct the Group's December 2022 property valuations. The Group provided the valuer with information relating to properties required in the valuation. 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 of directors 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 December 2022 valuation report					
	Retail	**Commercial**	**Industrial**	**Residential**	**Zambia**
Expected market rental growth rate	4.80%	4.20%	4.50%	4.50%	1.60%
Occupancy rate	96.80%	82.30%	99.30%	97.10%	90.30%
Vacancy periods	0 - 6 months	0 - 12 months	0 - 2 months	0 - 2 months	0 - 2 months
Rent free periods	0 - 2 months	0 - 4 months	0 - 1 month	0 - 1 month	0 - 1 month
Discount rates	14.00% - 16.00%	15.25% - 17.00%	13.00% - 16.50%	N/A	12.25% - 13.50%
Capitalisation rates	8.50% - 10.50%	9.75% - 11.50%	8.00% - 11.25%	8.00% - 12.00%	8.25% - 9.50%
Exit capitalisation rates	8.75% - 11.75%	10.00% - 12.00%	8.75% - 12.00%	N/A	8.75% - 10.00%
Expected expense growth - municipal	8.80%	8.90%	8.20%	7.30%	1.30%
Expected expense growth - controllable	5.30%	4.40%	3.80%	4.60%	1.40%
Valuation method	Discounted cash-flow	Discounted cash-flow	Discounted cash-flow	Capitalisation of net income earnings	Discounted cash-flow

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 a 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 year's 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. South African Property Owners' Association ("SAPOA") 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.

Residential property is not subject to long-term leases, as such discounted cash flows cannot be performed, and the valuation is determined as a function of current rental streams and the capitalisation rate ("cap rate").

The valuation was approved on 6 February 2023 by the Board of Directors.

4. FAIR VALUE MEASUREMENT *CONTINUED*

Sensitivity of fair values to changes in unobservable inputs

Valuation 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 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

Investment properties 2021	Cap rate		
Discount rate	(1.0%) R 000	Current R 000	1.0% R 000
(0.5%)	16 274 961	15 292 504	14 410 929
Current	15 928 801	14 969 125	14 106 013
0.5%	15 596 579	14 658 833	13 813 319

	Growth rate 2022			
Sector	**Weighted growth rate**	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
Industrial	**4.20%**	**3 381 010**	**3 512 530**	**3 691 272**
Retail	**5.10%**	**6 579 513**	**6 848 294**	**7 231 305**
Commercial	**1.30%**	**264 118**	**276 918**	**291 368**
Afhco	**N/A**	–	–	–

	Vacancy rate 2022			
Sector	**Weighted vacancy rate**	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
Industrial	**1.00%**	**3 571 400**	**3 512 530**	**3 440 200**
Retail	**3.30%**	**6 968 523**	**6 848 294**	**6 706 253**
Commercial	**7.10%**	**286 318**	**276 918**	**270 018**
Afhco	**4.10%**	**4 573 355**	**4 497 695**	**4 335 655**

Other financial instruments

The swap derivatives are valued based on the discounted cash flow method. Future cash flows are estimated based on forward exchange and contracted interest rates and, where these are not contracted, from observable yield curves at the end of the reporting period, discounted at a rate that reflects the credit risk. 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	**Audited year ended 31 December 2022**	Audited year ended 31 December 2021
Investment property (including straight-line rental adjustment)		
Carrying value at beginning of the year	**13 675 260**	14 653 125
Acquisitions and improvements	**809 325**	292 459
Disposals	**(88 844)**	(135 485)
Fair value adjustment	**(16 150)**	(502 014)
Transferred to properties classified as held for sale[1]	**(283 256)**	(632 825)
Transferred to property, plant and equipment [2]	**(23 228)**	–
Carrying value at end of the year	**14 073 107**	13 675 260
Non-current assets held for sale (investment property, including straight-line rental adjustment)		
Carrying value at beginning of the year	**940 928**	1 034 045
Disposals	**(494 524)**	(713 075)
Fair value adjustment	**16 077**	–
Utilised	**(853)**	(1 707)
Transferred from investment property	**284 818**	621 665
Carrying value at end of the year	**746 446**	940 928

[1] *This amount includes the straight-line rental adjustment.*
[2] *This relates to the transfer of owner-occupied buildings.*

6. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had capital commitments of R134.9 million as at 31 December 2022 (2021: R150.7 million).

The contingent liabilities compromise guarantees issued on behalf of the following parties:

R 000	**Audited year ended 31 December 2022**	Audited year ended 31 December 2021
Guaranteed entity		
Graduare Mauritius Limited [1&2]	–	193 637
Graduare Property Development Limited [1,2&3]	**207 024**	–
Total	**207 024**	193 637

[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 in USD and has been converted at the closing rate of USD: R16.98 (2021: R15.94).*
[3] *The guarantee will reduce when the sovereign risk of Zambia reduces.*

7. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, the Group disposed of its listed investment in Safari Investments RSA Limited, for R112.0 million. The Group also entered into a further R400.0 million interest rate swap agreement on 13 January 2023 and settled the USD cross-currency swap (December 2022: net liability of R50.9 million) on 26 January 2023. On 20 January 2023, the Group received R59.5 million as a further interim payment from Sasria in relation to the receivable at year end for properties damaged during the 2021 civil unrest.

During March 2023, SA Corporate and Indluplace Properties Limited entered into a scheme implementation agreement in terms of which SA Corporate expressed its firm intention to make an offer to acquire the entire issued ordinary share capital of Indluplace Properties Limited. The effective date of the transaction is subject to the fulfilment of both regulatory and commercial suspensive conditions which include approval by the relevant competition authorities, the JSE and the Take-over Regulation Panel. Please refer to the SENS announcement issued on the 14 March 2023 for further detail.

DISTRIBUTIONS

PAYMENT OF DISTRIBUTION AND IMPORTANT DATES

Notice is hereby given of the declaration of distribution number 15 in respect of the income distribution period 1 July 2022 to 31 December 2022. The payment amounts to 11.17938 cps (December 2021: 12.61570 cps). The source of the distribution comprises net income from property rentals. Please refer to the statement of comprehensive income for further details. 2 514 732 095 SA Corporate shares are in issue at the date of this distribution declaration and SA Corporate's income tax refence number is 9179743191.

Last date to trade cum distribution	Monday, 3 April 2023
Shares will trade ex-distribution	Tuesday, 4 April 2023
Record date to participate in the distribtion	Thursday, 6 April 2023
Payment of distribution	Tuesday, 11 April 2023

Share certificates may not be dematerialised or rematerialised between Tuesday, 4 April 2023 and Thursday, 6 April 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 8.94350 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

16 March 2023

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

ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022

REIT RATIOS

R 000	Unaudited year ended 31 December 2022	Unaudited year ended 31 December 2021
SA REIT funds from operations (SA REIT FFO)		
Profit after taxation attributable to shareholders	**819 314**	**620 883**
Adjusted for:		
Accounting specific adjustments:	**(176 083)**	**(47 782)**
Fair value adjustments to:		
Investment properties	(1 215)	502 014
Investment properties in JVs	(52 621)	73 469
Swap derivatives	(220 131)	(262 734)
Investment in listed shares	(6 122)	(42 201)
Depreciation of property, plant and equipment and amortisation of intangible assets	7 494	5 722
Dividend from investment in listed shares not yet declared	496	(1 125)
Non-distributable expenses	8 541	13 599
Non-distributable expenses on investments in JVs	660	12 828
Non-distributable taxation expense	1 732	2 801
IFRS 16 Lease payment	(7 674)	(8 728)
IFRS 16 Depreciation on right-of-use asset	4 510	5 806
IFRS 16 Interest on lease liability	1 421	2 334
Debt related costs	117	484
Insurance income adjustment relating to reinstatement costs [1]	48 615	(280 567)
Straight-lining operating lease expense/(income)	38 094	(71 484)
Adjustments arising from investing activities:	**5 331**	**21 719**
Loss on disposal of: Investment property and property, plant and equipment	5 331	21 719
Foreign exchange items:	**26 201**	**44 640**
Foreign exchange losses relating to capital items realised and unrealised	26 201	44 640
SA REIT FFO:	**674 763**	**639 460**
Number of shares outstanding at end of period (net of treasury shares) (000)	2 492 607	2 488 241
SA REIT FFO per share (cents)	**27.07**	25.70
Company-specific adjustments to SA REIT FFO cents per share [2]	(2.92)	(2.81)
Distribution per share (cents)	**24.15**	**22.89**

[1] *Included in other (loss)/income in the statement of comprehensive income is a loss of R48.6 million (2021: R280.6 million income) which is an adjustment to the 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 AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022 *CONTINUED*

R 000	**Unaudited year ended 31 December 2022**	Unaudited year ended 31 December 2021
Reconciliation of SA REIT FFO to cash generated from operations		
SA REIT FFO	**674 763**	**639 460**
Adjustments:		
Interest received	(16 046)	(25 210)
Interest expense	508 724	494 108
Amortisation of tenant installation and letting commission	22 794	23 101
Non-cash movement in JVs	(166 327)	(17 820)
Dividends received	(17 846)	(14 545)
Dividend from listed investments not yet declared	(496)	1 125
Taxation paid	(2 131)	3 077
Non-distributable expenses	(3 873)	(20 518)
Other non-cash items	143 417	57 212
Working capital changes:		
(Increase)/decrease in trade and other receivables	(177 149)	20 571
Increase in inventory	–	229
(Decrease)/increase in trade and other payables	(3 234)	33 479
Cash generated from operations	**962 596**	**1 194 269**
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	10 320 812	10 066 363
Adjustments:		
Dividend declared [1]	(281 210)	(317 160)
Goodwill and intangible assets	(83 952)	(83 625)
Deferred taxation	(4 689)	(6 167)
SA REIT NAV	**9 950 961**	**9 659 411**
Shares outstanding		
Number of shares in issue at end of the year (net of treasury shares) (000)	2 492 607	2 488 241
Diluted number of shares in issue (000)	**2 492 607**	**2 488 241**
SA REIT NAV per share (cents)	**399.22**	**388.20**

[1] *This relates to the H2 2022 distribution declared in 2023.*

R 000	Unaudited year ended 31 December 2022	Unaudited year ended 31 December 2021
SA REIT cost-to-income ratio		
Expenses:		
Operating expenses per IFRS income statement (includes municipal expenses) [1]	954 667	947 774
Administrative expenses per IFRS income statement [2]	95 114	96 028
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(12 004)	(11 528)
Operating costs	**1 037 777**	**1 032 274**
Rental income:		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 475 357	1 485 713
Utility and operating recoveries per IFRS income statement	605 231	564 255
Gross rental income	**2 080 588**	**2 049 968**
SA REIT cost-to-income ratio	**49.9%**	**50.4%**
Operating costs	349 436	383 519
Contractual rental income per IFRS income statement (excluding straight-lining)	1 475 357	1 485 713
SA Corporate cost-to-income ratio [3]	**23.7%**	**25.8%**
SA REIT administrative cost-to-income ratio		
Expenses:		
Administrative expenses as per IFRS income statement	95 114	96 028
Rental income:		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 475 357	1 485 713
Utility and operating recoveries per IFRS income statement	605 231	564 255
Gross rental income	**2 080 588**	**2 049 968**
SA REIT administrative cost-to-income ratio	**4.6%**	**4.7%**

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

ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022 *CONTINUED*

	Unaudited year ended 31 December 2022	Unaudited year ended 31 December 2021
SA REIT GLA vacancy rate		
GLA of vacant space (m^2)	18 202	26 818
GLA of total property portfolio (m^2)	798 117	823 030
SA REIT GLA vacancy rate [1]	**2.3%**	**3.3%**
Cost of debt		
Variable interest-rate borrowings:		
Floating reference rate plus weighted average margin	8.9%	5.5%
Pre-adjusted weighted average cost of debt	**8.9%**	**5.5%**
Adjustments:		
Impact of interest rate derivatives	0.1%	2.5%
Impact of cross-currency interest rate swaps	(0.1%)	–
Amortised transaction costs imputed into the effective interest rate	0.1%	0.1%
All-in weighted average cost of debt	**9.0%**	**8.1%**

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

ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022 *CONTINUED*

R 000	**Unaudited year ended 31 December 2022**	Unaudited year ended 31 December 2021
SA REIT LTV		
Gross debt	6 404 924	6 150 304
Less: Net cash and cash equivalents	(79 674)	(111 330)
Total cash and cash equivalents	(180 019)	(211 327)
Less: Government grant maintenance reserve amount	500	–
Less: Tenant deposit accounts	99 845	99 997
Add:		
Cross-currency derivatives	50 948	46 473
Interest rate swap derivatives	(60 223)	167 931
Net debt	**6 315 975**	**6 253 378**
Total assets per summary consolidated statement of financial position	17 533 845	17 126 273
Less:		
Cash and cash equivalents	(180 019)	(211 327)
Derivative financial assets	(187 362)	(125 396)
Goodwill and intangible assets	(83 952)	(83 625)
Deferred taxation	(4 689)	(6 167)
Trade and other receivables [1]	(350 271)	(465 640)
Current taxation receivable	(324)	(67)
Inventories	(189)	(189)
Carrying amount of property-related assets	**16 727 039**	**16 233 862**
SA REIT LTV	**37.8%**	**38.5%**

[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
Corner Lower Road and West Road South
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)*
(appointed 1 March 2022)
NNN Radebe (Chief Operating Officer)*
(appointed 1 February 2023)
RJ Biesman-Simons
(retired 6 June 2022)
N Ford-Hoon(Fok)
EM Hendricks
GJ Heron
SS Mafoyane
GZN Khumalo (appointed 1 February 2023)

* *Executive*

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