SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | RESIDENTIAL | REST OF AFRICA

2023
GROUP ANNUAL FINANCIAL STATEMENTS

SA CORPORATE REAL ESTATE LIMITED
Registration number 2015/015578/06

CONTENTS

	Page
CONSOLIDATED FINANCIAL STATEMENTS	
DIRECTORS' RESPONSIBILITIES AND APPROVAL	2
CEO AND CFO RESPONSIBILITY STATEMENT	2
DECLARATION BY THE COMPANY SECRETARY	3
DIRECTORS' REPORT	4
REIT RATIOS	6
AUDIT AND RISK COMMITTEE REPORT	9
INDEPENDENT AUDITOR'S REPORT	14
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	19
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	20
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	21
CONSOLIDATED STATEMENT OF CASH FLOWS	22
ACCOUNTING POLICIES	23
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS	27
SA CORPORATE REAL ESTATE LIMITED	
COMPANY STATEMENT OF FINANCIAL POSITION	90
COMPANY STATEMENT OF COMPREHENSIVE INCOME	91
COMPANY STATEMENT OF CHANGES IN EQUITY	92
COMPANY STATEMENT OF CASH FLOWS	93
ACCOUNTING POLICIES	94
NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS	95
APPENDICES	
APPENDIX A: PROPERTY PORTFOLIO REVIEW	113
APPENDIX B: PROPERTY PORTFOLIO	116
APPENDIX C: STATUTORY INFORMATION	124

DIRECTORS' RESPONSIBILITIES AND APPROVAL

For the Group and Company annual financial statements for the year ended 31 December 2023

The directors of SA Corporate Real Estate Limited (the Company) are responsible for the preparation and integrity of the Group and Company annual financial statements and the related information included in the annual financial statements of the Company and all its subsidiaries (the Group). In order for the board of directors (the Board) to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control and reviews its operation, primarily through the Audit and Risk Committee (ARC).

The external auditors are responsible for reporting on the Group and Company annual financial statements in conformity with International Standards on Auditing, and their opinion is included on pages 14 to 18. The Group and Company annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards), the requirements of the Companies Act (Act 71 of 2008, as amended)(the Companies Act), and the Listings Requirements of the JSE Limited (JSE), and incorporate disclosures in line with the accounting practices of the Group. The annual financial statements are based on appropriate accounting policies consistently applied and are supported by reasonable judgements and estimates.

The directors believe that the Group and Company will be a going concern for a period of 12 months from the date of this report. Accordingly, in preparing the annual financial statements, the going concern basis has been adopted.

The Group and Company annual financial statements for the year ended 31 December 2023, as set out on pages 19 to 124, were approved by the board of directors on 27 March 2024 and are signed on its behalf by:

MA Moloto
Chairman: Independent Non-executive Director

TR Mackey
Chief Executive Officer

These Group and Company annual financial statements have been prepared under the supervision of the Chief Financial Officer, SY Moodley CA(SA).

CEO AND CFO RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

(a) The Group and Company annual financial statements set out on pages 19 to 124, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS.

(b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made, that would make the Group and Company annual financial statements false or misleading.

(c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer.

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the Group annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.

(e) Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remedied the deficiencies.

(f) We are not aware of any fraud involving directors.

Signed on 27 March 2024 by:

TR Mackey
Chief Executive Officer

SY Moodley
Chief Financial Officer

DECLARATION BY THE COMPANY SECRETARY

For the year ended 31 December 2023

In my capacity as company secretary, I hereby confirm, in terms of Section 88(2)(e) of the Companies Act, that for the year ended 31 December 2023, the Company has lodged with the Registrar of Companies, all such returns as are required in terms of the Companies Act 71 of 2008 (as amended) and that all such returns are true, correct and up to date.

Jacqui Grové
27 March 2024

DIRECTORS' REPORT

For the year ended 31 December 2023

The directors are pleased to present their report which forms part of the Group and Company annual financial statements for the year ended 31 December 2023.

1. Nature of business

The Company (Registration number: 2015/015578/06), is one of the oldest established property companies in the South African market. It is a JSE-listed Real Estate Investment Trust (REIT) which owns, through its subsidiary companies, a diversified property portfolio of 267 (2022: 157) properties in the industrial, retail and residential sectors. The properties are located primarily in the major metropolitan areas of South Africa, with a secondary node in Zambia, in which the Company holds a 50% interest through a joint venture (JV) arrangement.

2. Shareholders' equity

	Number of shares	
	2023	2022
Authorised shares	**4 000 000 000**	4 000 000 000
Issued shares	**2 514 732 095**	2 514 732 095

There have been no changes to the authorised or issued share capital during the year under review.

3. Dividends

Dividends of R567.5 million (2022: R643.2 million) were declared and paid during the year, comprising the dividend from the second half of 2022 and the first half of 2023 of R281.1 million and R286.4 million respectively.

The Company is committed to a distribution policy that meets the investment thesis of REIT investors. The Company is, however, mindful of the need to have a balanced and well-considered approach to a dividend payout ratio that ensures that the Company is in a position to consistently make distributions on a sustainable basis. In this regard, it has resolved that when making distributions, it should retain from distributable income, capital expenditure that is defensive and recurring which will neither generate additional income nor enhance the value of property assets. Having made allowance for the aforementioned deduction, the Board approved a distribution of R583.0 million (2022: R607.3 million) being 90% (2022: 90%) of distributable income amounting to 23.18 (2022: 24.15) cents per share.

The dividend for the second half of 2023 of 11.79 cents per share or R296.6 million was declared by the Board on 27 March 2024.

4. Board composition

As at the date of this report, the Board comprised ten directors in total, being three executive directors and seven non-executive directors. The Board considers all the non-executive directors to be independent.

Director	Date appointed
Independent non-executive chairman	
MA Moloto	7 July 2014
Independent non-executive directors	
OR Mosetlhi - Lead Independent director	17 July 2019
N Ford-Hoon (Fok)	17 July 2019
EM Hendricks	2 April 2014
GJ Heron	17 July 2019
SS Mafoyane	11 February 2021
GZN Khumalo	1 February 2023

RETURN TO CONTENTS

DIRECTORS' REPORT *CONTINUED*

For the year ended 31 December 2023

4. Board composition *continued*

Director Executive directors	Date appointed
TR Mackey (Chief Executive Officer (CEO))	1 August 2012
SY Moodley (Chief Financial Officer (CFO))	1 March 2022
NNN Radebe (Chief Operating Officer (COO))	1 February 2023

Refer to note 35 for details of directors' remuneration.

5. Company Secretary

Advocate Jacqui Grové is the company secretary.

6. Auditor

PricewaterhouseCoopers Inc. (PwC) was reappointed as the auditor at the annual general meeting (AGM) held on 5 June 2023.

7. Going concern

The Group annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Board is satisfied that this is appropriate, and the Group has adequate resources to continue trading for the foreseeable future.

Refer to note 40 for further detail regarding the considerations and responses by the business relating to the going concern basis.

8. Acquisition

During March 2023, SA Corporate and Indluplace Properties Limited (Indluplace) entered into a scheme implementation agreement, in terms of which SA Corporate offered to acquire all the Indluplace shares, held by scheme participants for a cash consideration of R3.40 for every Indluplace share, being a discount of 57% to net asset value. On 18 July 2023 SA Corporate and Indluplace announced that all outstanding conditions precedent to the scheme had been fulfilled and the scheme became commercially effective on 1 July 2023. In terms of IFRS 10: Consolidated Financial Statements, control was exercised on 1 August 2023 when it became a wholly owned subsidiary of the Group. Indluplace was subsequently delisted from the JSE.

Please refer to SA Corporate and Indluplace Joint Finalisation Announcement issued on 18 July 2023 for further detail.

Refer to note 7 for further detail regarding the acquisition.

9. Corporate restructure

In line with the Group's strategy to form an unlisted residential fund, whereby all properties being primarily residential are to be held in Afhco Holdings Proprietary Limited (Afhco) and its subsidiaries, the Group concluded an internal restructuring entailing the transfer of properties and entities, including the formation of new entities within the Group with effect from 1 December 2023. This will enable the Group to achieve its strategic objective of creating a South African residential rental portfolio of scale through the creation of an unlisted residential fund.

10. Events after reporting period

Subsequent to year-end, the Group declared a distribution of 11.79 (2022: 11.18) cents on 27 March 2024.

Subsequent to year-end, the Group received R8.7 million as a further interim payment from Sasria in relation to the receivable at year-end for properties damaged during the 2021 civil unrest.

11. Registered office and business address

GreenPark Corner, 16th Floor
Corner Lower Road and West Road South
Morningside, Gauteng
2196

REIT RATIOS

For the year ended 31 December 2023

The tables below reflect the SA Corporate REIT ratios which are aligned with the SA REIT Association's Best Practice Recommendations, issued in November 2019. The comparative figures have been computed and disclosed on the same basis.

R 000	2023	2022
SA REIT funds from operations (SA REIT FFO)		
Profit after taxation attributable to shareholders	**1 208 961**	**819 314**
Adjusted for:		
Accounting/specific adjustments:	**(658 612)**	**(176 083)**
Fair value adjustments to:		
Investment property	(599 002)	(1 215)
Investment properties in JVs	1 800	(52 621)
Swap derivatives	14 175	(220 131)
Investment in listed shares	910	(6 122)
Depreciation of property, plant and equipment and amortisation of intangible assets	7 955	7 494
Dividend from investment in listed shares not yet declared	(2 512)	496
Non-distributable expenses	36 778	8 541
Non-distributable (income)/expenses on investments in JVs	(94 933)	660
Non-distributable taxation expense	5 290	1 732
IFRS 16 lease payment	(19 719)	(7 674)
IFRS 16 depreciation on right-of-use asset	18 187	4 510
IFRS 16 interest on lease liability	8 373	1 421
Debt related costs	–	117
Insurance (income)/expense adjustment relating to reinstatement costs [1]	(8 398)	48 615
Pre-effective date acquisition profit from Indluplace	14 500	–
Straight-lining operating lease (income)/expense	(42 016)	38 094
Adjustments arising from investing activities:	**55 767**	**5 331**
Loss on disposal of investment property and property, plant and equipment	55 767	5 331
Foreign exchange items:	**41 677**	**26 201**
Foreign exchange losses relating to capital items realised and unrealised	41 677	26 201
SA REIT FFO	**647 793**	**674 763**
Number of shares in issue at end of period (net of treasury shares) (000)	2 488 969	2 492 607
SA REIT FFO per share (cents)	**26.03**	**27.07**
Company-specific adjustments to SA REIT FFO cents per share [2]	(2.85)	(2.92)
Distribution per share (cents)	**23.18**	**24.15**

(1) Included in other (income)/loss in the statement of comprehensive income is an income of R8.4 million (2022: R48.6 million loss) 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. Refer to note 37.

(2) The adjustment is primarily in relation to the 10% retained distribution with the balance relating to the impact of the treasury shares.

REIT RATIOS *CONTINUED*

For the year ended 31 December 2023

R 000	2023	2022
Reconciliation of SA REIT FFO to cash generated from operations		
SA REIT FFO	**647 793**	**674 763**
Adjustments:		
Interest received	(42 749)	(16 046)
Interest expense	657 247	508 724
Amortisation of tenant installation and letting commission	13 738	22 794
Non-cash movement in JVs	(58 322)	(166 327)
Dividends received	(6 147)	(17 846)
Dividend from listed investments not yet declared	2 512	(496)
Taxation expense/(income)	2 285	(2 131)
Non-distributable expenses	(25 432)	(3 873)
Other non-cash items [(1)]	71 445	143 417
Pre-effective date acquisition dividend from Indluplace	(14 500)	–
Working capital changes:		
Increase/(decrease) in trade and other receivables	80 269	(177 149)
Increase/(decrease) in trade and other payables	46 525	(3 234)
Cash generated from operations	**1 374 664**	**962 596**
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	**11 034 900**	**10 320 812**
Adjustments:		
Dividend declared [(2)]	(296 608)	(281 210)
Intangible assets and goodwill	(82 448)	(83 952)
Deferred taxation	(2 279)	(4 689)
SA REIT NAV	**10 653 565**	**9 950 961**
Shares outstanding		
Diluted number of shares in issue (000)	**2 514 732**	**2 514 732**
SA REIT NAV per share (cents):	**423.65**	**395.71**
SA REIT cost-to-income ratio		
Expenses:		
Operating expenses per IFRS income statement (includes municipal expenses) [(3)]	1 165 331	954 667
Administrative expenses per IFRS income statement [(4)]	125 267	95 114
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(26 142)	(12 004)
Operating costs	**1 264 456**	**1 037 777**
Rental income:		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 739 645	1 475 357
Utility and operating recoveries per IFRS income statement	698 797	605 231
Gross rental income	**2 438 442**	**2 080 588**
SA REIT cost-to-income ratio	**51.9%**	**49.9%**
Excluding recoveries		
Operating costs	466 534	349 436
Contractual rental income per IFRS income statement (excluding straight-lining)	1 739 645	1 475 357
SA Corporate cost-to-income ratio [(5)]	**26.8%**	**23.7%**

(1) Includes ECL , straight-lining, and share based payment expense.
(2) H2 dividend declared in the next year.
(3) Includes expected credit loss (ECL).
(4) Excludes audit fees.
(5) SA Corporate measures cost-to-income net of recoveries.

REIT RATIOS *CONTINUED*

For the year ended 31 December 2023

R 000	2023	2022
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses as per IFRS income statement [(1)]	125 267	95 114
Rental income:		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 739 645	1 475 357
Utility and operating recoveries per IFRS income statement	698 797	605 231
Gross rental income	**2 438 442**	**2 080 588**
SA REIT administrative cost-to-income ratio	**5.1%**	**4.6%**
SA REIT Gross Lettable Area (GLA) vacancy rate		
GLA of vacant space (m^2)	14 794	18 202
GLA of total property portfolio (m^2)	741 010	798 117
SA REIT GLA vacancy rate [(2)]	**2.0%**	**2.3%**
Cost of debt		
Variable interest-rate borrowings:		
Floating reference rate plus weighted average margin	10.2%	8.9%
Pre-adjusted weighted average cost of debt	**10.2%**	**8.9%**
Adjustments:		
Impact of interest rate derivatives	(0.9%)	0.1%
Impact of cross-currency interest rate swaps	0.0%	(0.1%)
Amortised transaction costs imputed in the effective interest rate	0.1%	0.1%
All-in weighted average cost of debt	**9.4%**	**9.0%**
SA REIT loan-to-value (LTV)		
Gross debt [(3)]	8 098 439	6 404 924
Less: Net cash and cash equivalents	(62 031)	(79 674)
Total cash and cash equivalents	(195 027)	(180 019)
Less: Government grant maintenance reserve amount	500	500
Less: Tenant deposit accounts	132 496	99 845
Add:		
Cross-currency derivatives	–	50 948
Interest rate swap derivatives	(58 313)	(60 223)
Net debt	**7 978 095**	**6 315 975**
Total assets per consolidated statement of financial position	**19 933 224**	**17 533 845**
Less:		
Cash and cash equivalents	(195 027)	(180 019)
Derivative financial assets	(63 572)	(187 362)
Intangible assets and goodwill	(82 448)	(83 952)
Deferred taxation	(2 279)	(4 689)
Trade and other receivables [(4)]	(394 168)	(350 271)
Taxation receivable	(1 770)	(324)
Inventories	(78)	(189)
Carrying value of property-related assets	**19 193 882**	**16 727 039**
SA REIT LTV	**41.6%**	**37.8%**

(1) Excludes audit fees.
(2) Excludes the Afhco portfolio which is based on units.
(3) Excludes accrued interest.
(4) Adjusted for reinstatement insurance claim receivable and net debt raising costs.

AUDIT AND RISK COMMITTEE REPORT

For the year ended 31 December 2023

The Audit and Risk Committee (the Committee) is pleased to present its report for the financial year ended 31 December 2023, in accordance with the Companies Act, the JSE Listings Requirements, King IV Report and other applicable regulatory requirements.

ROLES AND RESPONSIBILITIES

The Committee is constituted as a statutory committee of the Company and the Group in respect of its statutory duties in terms of section 94(7) of the Companies Act and as a committee of the Board in respect of monitoring and overseeing the Group's risk-information, technology and compliance governance, and such other duties assigned to it by the Board.

In this regard, the Committee assists the Board in fulfilling its oversight responsibilities by monitoring, reviewing and making recommendations on financial reporting, internal financial controls, external and internal audit functions, statutory and regulatory compliance by the Group, ensuring that the Group implements and maintains an effective enterprise-wide risk management framework, complies with laws, regulations and relevant best practice codes, and that information technology is governed in support of the Group's strategy and direction, and to further specifically oversee the management of financial and other risks that affect the integrity of external reports and disclosures issued by the Group and to oversee compliance with legal and regulatory requirements to the extent that it might have an impact on the Group annual financial statements. The Committee further oversees co-operation between the internal and external auditors, serving as a link between the Board and these functions.

Terms of reference

The Board considered and approved the terms of reference for the Committee during December 2023. The Committee follows an annual work plan to ensure all its duties and responsibilities, as set out in its terms of reference, are dealt with at its meetings throughout the year. The Committee is satisfied that it has conducted its affairs, and discharged its legal and other responsibilities, as outlined in its terms of reference, the Companies Act and King IV. The Board concurred with this assessment.

Composition and meeting procedures

At all times during the reporting year, the Committee comprised the appropriate number of independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act and King IV. As a collective, and having regard for the size and circumstances of the Group, the Committee was adequately skilled, and all members possessed the appropriate financial and related qualifications, skills, expertise and experience required to discharge their responsibilities. The composition of the Committee and the attendance of meetings by its members during the 2023 financial year are set out below:

Name	Primary qualification	Date of appointment	Meeting attendance (Scheduled meetings)	Meeting attendance (Special meetings)
N Ford-Hoon (Fok) (Chairman)*	CA(SA)	1 June 2020*	3/3	5/5
GJ Heron	CA(SA)	1 June 2021	3/3	5/5
SS Mafoyane	MBA	1 June 2021	3/3	5/5
GZN Khumalo	CA(SA)	1 February 2023	3/3	5/5

* Ms N Ford-Hoon (Fok) was appointed as the Chairman of the Committee effective 1 June 2021.

Ms Ford-Hoon (Fok), Ms SS Mafoyane and Mr GJ Heron were each re-elected as members of the Committee at the Company's AGM held on 5 June 2023. Ms GZN Khumalo was appointed to the Board and the Committee effective 1 February 2023, and subsequently elected as a member of the Committee at the Company's AGM held on 5 June 2023

The Committee met on eight occasions, the meetings were scheduled in line with the Group's financial reporting cycle, and at such other times so as to discharge their duties.

The Committee also met separately with the Group's internal auditor and external auditor. The Chairman of the Committee has regular contact with the management team to discuss relevant matters directly, and the internal auditor and external auditor have direct access to the Committee, including closed sessions without management held during the year, on any matter that they regard as relevant to the fulfilment of the Committee's responsibilities.

DISCHARGE OF DUTIES IN 2023

Statutory duties

- Recommended the re-appointment of the external auditor and the designated independent auditor for the 2023 financial year, in accordance with section 90 of the Companies Act and the JSE Listings Requirements.
- Reviewed the external auditor's terms of engagement and approved the audit plan and audit fees.
- Determined and approved the nature and extent of allowable non-audit services provided by the external auditor.
- Reviewed the accounting policies, financial statements, 2022 Integrated Annual Report, and made recommendations to the Board, and ensured that all reporting was prepared in accordance with IFRS, the JSE Listings Requirements, King IV and the requirements of the Companies Act and other applicable legislation.

RETURN TO CONTENTS

AUDIT AND RISK COMMITTEE REPORT *CONTINUED*

For the year ended 31 December 2023

DISCHARGE OF DUTIES IN 2023 *continued*

Delegated duties

- Reviewed the effectiveness and quality of the internal and external audit processes.
- Monitored compliance with applicable legislation and regulations.
- Reviewed the effectiveness of the Group's system of internal financial controls, including receiving assurances from its property managers, Broll Property Group Proprietary Limited, Afhco Property Management Proprietary Limited and Indluplace Property Services Proprietary Limited, as well as the internal and external auditors.
- Ensured that the Combined Assurance Framework is applied to provide a coordinated approach to all assurance activities.
- Reviewed the integrity of the interim results, Group annual financial statements and Integrated Annual Report, including the public announcements of the Group's financial results.
- Oversaw the management of financial and other risks that affect the integrity of external reports issued by the Group.
- Reviewed compliance with the Committee's terms of reference and recommended changes to its terms of reference, in alignment with King IV, to the Board.
- Reported back to the Board on matters delegated to it in terms of its terms of reference.
- Reviewed exposure to banks.
- Met with external and internal auditors without management being present.
- Approved tenant write-downs and write-offs in excess of R1 million.

1. Financial reporting and Integrated Annual Report

KEY FOCUS AREA	CONCLUSION
Financial reporting • Ensured that the financial statements were prepared in accordance with IFRS, the JSE Listings Requirements, and the requirements of the Companies Act and other applicable legislation. • Performed a detailed review of the going concern assumption considering all input assumptions and liquidity profiles to determine its appropriateness. • Reviewed the solvency and liquidity assessment, the proposed dividend payout ratio and tax implications thereof and recommended the 2023 dividend proposal to the Board. • Considered and noted all JSE correspondence, and specifically the JSE's annual report back on proactive monitoring of the annual financial statements of listed entities, impacting the financial statements as well as the SA REIT Best Practice Recommendations and ensured that these were appropriately incorporated into the Group annual financial statements. • Satisfied itself as to the appropriateness of the methodologies used in determining the critical accounting estimates. • Considered the acquisition and related accounting treatment of Indluplace.	**Significant matters** *Valuation of investment property* The fair value of investment property was determined by experienced independent valuers, Quadrant Properties Proprietary Limited, Yield Enhancement Solutions Proprietary Limited and Real Insight Proprietary Limited. The valuation methodology and assumptions were subject to robust reviews by management before being recommended to the Board for approval. The Board carefully considered the movement in the valuations and the fair values and believe that they were appropriate and justified. *Insurance receivable* The losses suffered as a result of the civil unrest that occurred in July 2021 were of a material nature. The impact of the damage to affected properties as a result of the civil unrest had been accounted for in the valuation of the properties. During the 2023 year, the Group continued its progress on the last remaining restoration works, and also received further payments from Sasria. At 31 December 2023 the receivable balance had reduced to R15.6 million (2022: R98.3 million), post year-end, a payment of R8.7 million was received, reducing the receivable to R6.9 million against which the Group held a provision for this amount still in dispute with Sasria. *Indluplace acquisition* The Committee considered the effective date as well as the accounting treatment of the acquisition of Indluplace and was satisfied with the appropriateness thereof. • ***The Committee ensured that appropriate financial reporting procedures existed and were operating. The Committee recommended the Group and Company annual financial statements to the Board for approval.***

AUDIT AND RISK COMMITTEE REPORT *CONTINUED*

For the year ended 31 December 2023

1. Financial reporting and Integrated Annual Report *continued*

KEY FOCUS AREA	CONCLUSION
Integrated Annual Report • Reviewed the Group's Integrated Annual Report for the year ended 31 December 2022. • Ensured that the report was prepared in accordance with the appropriate reporting standards, King IV, and JSE Listings Requirements.	The Committee will evaluate the integrity of the 2023 Integrated Annual Report and ensure that it is prepared using the appropriate reporting standards, which meet the requirements of King IV and the JSE Listings Requirements in order to recommend it to the Board for approval.

2. Internal financial controls

KEY FOCUS AREA	CONCLUSION
• Reviewed exposure to banks. • Approved tenant write downs and write-offs in excess of R1 million. • Approved the extension of loan and overdraft facilities and recommended new debt facilities to the Board for approval. • Reviewed and approved swap derivatives, fixes and currency hedging. • Reviewed compliance with the financial conditions of loan covenants. • Approved the provision of property as security for debt and the structuring thereof. • Reviewed taxation matters. • Oversaw the management of financial and other risks that affect the integrity of external reports issued by the Group. • Increased focus on improving the internal control environment both within the Group and the outsourced property managers. • Considered the overall adequacy and effectiveness of the system of internal financial control for the Group.	The Group's internal auditor, BDO, confirmed based upon the half yearly Internal Financial Control Reviews performed for the 2023 financial year, and their scope of work and controls tested, as well as reliance on an independent internal auditor for Indluplace, that the system of internal financial controls in operation at SA Corporate is adequate and on aggregate operating as intended. Regarding the overall effectiveness of SA Corporate's governance, risk management and control processes, BDO further confirmed that based upon the internal audit work performed, for the months May 2023 to February 2024 for the 2023 financial period, as per their approved internal audit plan and the audits undertaken above, they could conclude, based on their scope of work and controls tested, that the system of internal controls in operation at SA Corporate is adequate and operating as intended. • ***The Committee confirms that nothing has come to its attention to indicate a material breakdown in the functioning of the financial reporting controls, procedures or systems during the year ended 31 December 2023.***

3. Risk management

KEY FOCUS AREA	CONCLUSION
• Monitored key strategic risks. • Ensured the adherence to Principle 13 of King IV, Compliance Risk Management processes. • Cyber security risk. • Revised the Group's enterprise risk management policy.	The Committee monitored key risks through regular reports from management and, where applicable, other sub-committees of the Board. The Committee was comfortable with the adequacy and effectiveness of the enterprise-wide risk management framework and process in place. Management, through the use of appropriate professionals, performed penetration testing, the results of which will assist in ensuring that cyber security threats are mitigated.

4. Evaluation

KEY FOCUS AREA	CONCLUSION
Finance function • Reviewed the expertise, resources and experience of the finance function.	As required by the JSE, the Committee is satisfied that the Chief Financial Officer, Mr SY Moodley CA(SA), possesses the appropriate expertise and experience to meet his responsibilities. The Committee similarly satisfied itself that the finance function is effective and competent.

AUDIT AND RISK COMMITTEE REPORT *CONTINUED*

For the year ended 31 December 2023

4. Evaluation *continued*

KEY FOCUS AREA	CONCLUSION
Internal audit • Assessed the adequacy of the expertise and resources of the internal audit function. • Assessed the objectivity and independence of the internal audit function. • Approved the internal audit charter, plan, approach and fees.	The Group has outsourced its Internal audit function to BDO under the directorship of Mr Richard Walker. The internal audit plan has been developed in consultation with management and approved by the Committee. The following were reviewed during the year: • Internal financial controls on a bi-annual basis; • Property management; • Payroll migration; • Non- GLA income; • Data optimisation; and • Follow-up on previous findings. Indluplace's internal financial controls were audited by an internal auditor independent of BDO, to avoid any risk of conflict given BDO's role as the external auditor of Indluplace for the year under review. The Committee has reviewed all internal audit reports and is satisfied with the result thereof and the performance of the internal auditors in this regard. BDO completed an external quality assurance review in the prior year (valid for five years) and received an assessment of "generally conforms" which is the highest outcome awarded for such an external quality assurance review. BDO confirmed that all their professional internal audit staff are members of the Institute of internal auditors (IIA) which endorses a Code of Ethics to promote an ethical culture in the profession of internal auditing. Other BDO staff included in the Group's delivery team are registered with their affiliated professional bodies. BDO further confirmed that, as at March 2024, their core Group's internal audit team are all valid members of the IIA. • ***The Committee is satisfied with the adequacy of the expertise and resources, as well as the objectivity and independence of the internal audit function.***

External audit
• Reviewed the independence of the external auditors.
• Reviewed the external audit scope, approach and the quality and effectiveness of the external audit process.
• Reviewed and approved the following in respect of the eligibility of the external auditor:
  - The appointment of the engagement partner and the audit firm's accreditation in terms of the JSE Listings Requirements;
  - The extent and nature of non-audit services provided; and
  - The competence and expertise of the engagement partner and the team.
	The Committee recommended the appointment, for a fourth term of PwC as external auditor and the appointment of Ms Asanda Majola as the designated independent auditor for the 2023 financial year, following the resignation from PwC of Mr Jacques de Villiers. PwC were reappointed as the external auditors at the AGM held on 5 June 2023.
	
	The Committee has reviewed the policies and processes in place between the Group and PwC to ensure that independence is maintained. These include assessment and pre-approval processes for engaging on non-audit services. The Committee has reviewed and approved the provision of non- audit services by the external auditor. The nature of non-audit services included taxation services, and agreed upon procedures for verification of regulatory compliance and JV rental income provided during the year and amounted to R402 182 (2022: R512 932).
	
	The Committee has considered the external auditor's suitability pack, which contains all inspection results and remedial action, as well as a summary of ongoing communication related to monitoring and remediation, as well as any legal or disciplinary proceedings pending or completed within the last five years by any regulatory or professional body, as required in terms of paragraph 3.84(g)(iii) of the Listings Requirements of the JSE.
	
	• ***The Committee confirms that the external auditors have executed their audit responsibilities as required and that the quality of the audits performed, and reports issued were of an acceptable standard.***

Committee Undertook a formal evaluation of the Committee which was externally facilitated as part of the broader Board evaluation process.	The Committee was satisfied with its overall performance and identified areas of improvement which have been addressed in 2023.

AUDIT AND RISK COMMITTEE REPORT *CONTINUED*

For the year ended 31 December 2023

5. Combined assurance

KEY FOCUS AREA	CONCLUSION
• The Committee has executed on its overall responsibility to ensure that the combined assurance framework was effective, and that it ensured a coordinated approach to all assurance activities.	The combined assurance framework is based on three levels of defence and assurance for all key risks identified. Level one is management-based assurance; level two is assurance achieved through the oversight of the Board and its committees and level three is independent assurance provided by third parties such as the internal and external auditors, valuers, advisers and regulators. The Committee reviewed and were satisfied with the level of maturity of the combined assurance framework as it related to the third- line of defence and the following improvements were substantively achieved in 2023, with further ongoing development in support of a relevant and proportional approach to assurance activities: • Augmented the level of assurance with increased reliance on the control environment beyond the review of the design and implementation of controls over the key business processes; and • Enhanced external audit reliance on the assurance provided by the internal audit function where external-and internal audit objectives were aligned.

6. Key focus areas in 2024

While the Committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the Committee's attention during 2024:

- Continued focus on further embedding enterprise risk management and combined assurance considerations.
- Maintaining focus on continuous auditing from an internal audit perspective.
- The Committee's composition, skillset and succession plan.
- Overseeing the further automation of financial processes.
- Overseeing financial and tax implications arising from corporate actions.

On behalf of the Committee:

Naidene Ford-Hoon (Fok)
Chairman of the Audit and Risk Committee
Independent Non-executive Director

27 March 2024

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2023

To the Shareholders of SA Corporate Real Estate Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of SA Corporate Real Estate Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

SA Corporate Real Estate Limited's consolidated and separate financial statements set out on pages 19 to 123 comprise:

- the consolidated and company statements of financial position as at 31 December 2023;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

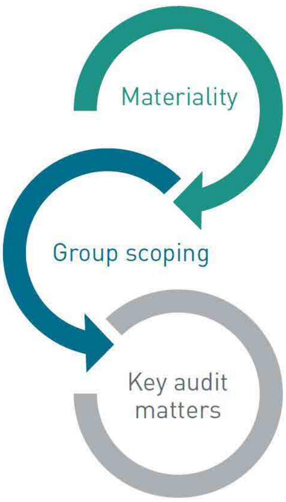
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R110.3 million , which represents 1% of consolidated net asset value.

Group audit scope

- The group consists of 46 property-owning components, 4 dormant components, 2 management company components and 1 holding company component: 50 in South Africa and 3 in Zambia. The 3 Zambian components are direct subsidiaries of the group's 3 holding companies in Mauritius. We performed full scope audits for 3 of the South African components and 2 of the Zambian components. In addition, we have performed analytical procedures over the remaining components and where required, performed specified procedures.

Key audit matters

- Valuation of investment properties.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

For the year ended 31 December 2023

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	R110.3 million
How we determined it	1% of consolidated net asset value
Rationale for the materiality benchmark applied	We chose consolidated net asset value as the benchmark because, in our view, it is the key benchmark against which the performance of the Group is most commonly measured by users of the consolidated financial statements. Although the Group is profit-orientated, its strategic focus is to deliver long-term shareholder returns through the acquisition and development of investment property. As a Real Estate Investment Trust (REIT), the users are likely to be more concerned with the net assets underlying the Group, compared to profitability. In addition, the loan-to-value ratio (value of loans compared to the value of assets) is a key metric for the Group. We chose 1% based on our professional judgement, and after consideration of the range of quantitative materiality thresholds that we would typically apply when using net assets to compute materiality.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 46 property-owning components, which includes industrial, retail, residential and commercial properties in South Africa and Zambia. The Group also owns 3 holding companies in Mauritius. The consolidated financial statements are a consolidation of all the components and companies in the Group.

Based on the financial significance and audit risk, we performed full scope audits at 3 of the South African components, namely SA Corporate Real Estate Limited, SA Retail Properties Proprietary Limited and the AFHCO Holdings Proprietary Limited group. We performed a full scope audit of 2 of the Zambian companies, Graduare Property Development Limited and LM&C Properties Limited. On a sample basis, we performed an audit of investment property related balances at a group level. In addition, we have performed analytical procedures over the remaining components and where required, performed specified procedures on the valuation of investment property. This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us sufficient appropriate evidence regarding the consolidated financial information of the Group. All of the work was performed by the group and component audit teams.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

For the year ended 31 December 2023

Key audit matter	How our audit addressed the key audit matter

Refer to note 5 to the consolidated financial statements for details on the valuation of investment properties.
 	
This key audit matter relates to the consolidated and separate financial statements.
 	
The Group's investment property portfolio, including the straight-lining rental adjustment and letting commissions and tenant installations, is valued at R17.3 billion in the consolidated statement of financial position. The fair value gain recorded for the year amounts to R592 million.
 	
The investment properties are stated at their fair values based on independent external valuations.
 	
It is the policy of the Group to obtain external valuations for all investment properties. The fair values of investment properties at year-end were determined using the discounted cash flow valuation method in respect of the traditional portfolio, consisting mostly of commercial, retail and industrial properties, and net income capitalisation in perpetuity valuation method in respect of the AFHCO Holdings Proprietary Limited group portfolio, consisting mostly of residential properties.
 	
The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the forecasted future net cash flows for that particular property.
In determining a property's valuation, the valuer takes into account property-specific information such as discount rate, exit capitalisation rate, capitalisation rate, expected rental and expense growth rates, vacancy rate and vacancy and rent free periods as key judgements in the assumptions.
 	
The independent valuer applies assumptions for yields, estimated rent growth rates and exit capitalisation rates which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation.
 	
We considered the year-end valuation of investment properties to be a matter of most significance to our current year audit due to the following:
• Inherent subjectivity of the key assumptions that underpin the valuations of investment property and the uncertainty involved in making these assumptions; and
• The magnitude of the balance of the investment properties recorded in the consolidated statement of financial position, as well as the changes in fair value relating to the property portfolio recorded in the consolidated statement of comprehensive income.
	We obtained an understanding of the approaches followed by management and the independent valuer in respect of the valuation of the Group's investment property portfolio through discussions with management and the external valuer, as well as the inspection of minutes of meetings. We inspected the valuation reports for a representative sample of properties and assessed whether the valuation approach for each of these properties was in accordance with IFRS Accounting Standards, and suitable for use in determining the fair value for the purpose of the consolidated and separate financial statements.
	
	We evaluated the valuer's qualifications and expertise and evaluated whether there were any matters that might have affected the valuer's objectivity or may have imposed scope limitations upon the valuer's work through direct communication with the valuer, and inspection of their credentials. We did not note any aspects in this regard requiring further consideration.
	
	We made use of our internal valuation expertise in our assessment of the reasonableness of the valuation methodologies and assumptions applied based on our knowledge of the industry and the markets in which the Group operates.
	
	We obtained an understanding of and tested the relevant controls relating to the valuation of investment properties, which included controls in relation to the following:
	
	• reviewing of invoices in support of contractual rental income before they are recorded,
	• the setting and approval of budgets by the Group; and
	• the review and approval by the Board of the external valuations performed and methodology used in these valuations.
	
	We performed the following procedures on a representative sample of the investment properties, to assess the reasonableness of the inputs into the valuation:
	
	• Compared data inputs into the valuations against the appropriate market and historic information. Where differences were noted, we made use of our internal valuation expertise to determine our own estimates of these inputs. The inputs tested include:
	  - discount rates;
	  - exit capitalisation rates;
	  - capitalisation rate;
	  - expected rental and expense growth rates;
	  - vacancy rates; and
	  - vacancy periods.
	
	• Assessed the reasonableness of the cash flows of each sampled property used by the valuer in the models. This involved:
	  - Reconciling the actual cash flows for the year ended 31 December 2023 to the cash flows used in the base year forecast and investigating significant differences; and
	  - Assessing the forecasted cash flows against market information and contractual information.
	
	The forecasted cash flows fell within an acceptable range.
	
	Making use of our internal valuation expertise, we performed an independent valuation of each property in our sample, based on the data inputs and cash flows referred above. We did not identify material differences between the valuer's valuation and our independently recalculated fair values.
	
	We reviewed the work performed by component auditors, who followed the same approach as indicated above. We did not identify any material misstatements from the procedures performed.

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

For the year ended 31 December 2023

Key audit matter	How our audit addressed the key audit matter
The Company accounts for all investments in subsidiaries and joint ventures at fair value. The value of the investment in the joint ventures of R1.3 billion and investment in subsidiaries of R7.7 billion is deemed to be that of the underlying properties. Refer to note 3 and note 4 of the Company financial statements for details on the investments.	We further evaluated the appropriateness of the disclosures in the consolidated and separate financial statements concerning the key assumptions to which the valuations are most sensitive, and the inter-relationship between the assumptions and the valuation amounts, based on the results of our work performed and taking into account the applicable requirements of IFRS. As the fair value of the investment in subsidiaries and joint ventures is linked to the fair value of investment properties, for purposes of the valuation of investment in subsidiaries and joint ventures reliance was placed on the work performed over the investment property fair values.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "SA Corporate Real Estate 2023 Group Annual Financial Statements", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "SA Corporate Real Estate 2023 Integrated Annual Report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

For the year ended 31 December 2023

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of SA Corporate Real Estate Limited for 4 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: AKP Majola
Registered Auditor
Cape Town, South Africa
27 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	2023 R 000	2022 R 000
Assets			
Non-current assets			
Investment property [1]		**17 275 069**	14 384 073
- Investment property excluding straight-line rental adjustment	5	**16 935 296**	14 073 107
- Rental receivable - straight-line rental adjustment	30	**321 255**	289 271
- Letting commissions and tenant installations	5	**18 518**	21 695
Investments in JVs	6	**1 294 948**	1 201 078
Property, plant and equipment	8	**45 099**	41 705
Intangible assets and goodwill	9	**82 448**	83 952
Right-of-use assets	10	**37 383**	12 124
Investment in listed shares	11	**–**	52 993
Other financial assets	11	**32 665**	651
Swap derivatives	12	**5 100**	36 848
Deferred taxation	18	**2 279**	4 689
		18 774 991	15 818 113
Current assets			
Inventories		**78**	189
Letting commissions and tenant installations	5	**15 647**	17 147
Investment in listed shares	11	**–**	116 000
Other financial assets	11	**19 475**	13 417
Swap derivatives	12	**58 472**	150 514
Trade and other receivables	13	**402 878**	464 642
Cash and cash equivalents	14	**195 027**	180 019
Rental receivable - straight-line rental adjustment	30	**40 205**	27 034
Taxation receivable		**1 770**	324
		733 552	969 286
Non-current assets held for sale	15	**424 681**	746 446
Total Assets		**19 933 224**	17 533 845
Equity and liabilities			
Equity			
Share capital and reserves	16	**11 034 900**	10 320 812
Liabilities			
Non-current liabilities			
Lease liabilities	10	**36 417**	11 253
Swap derivatives	12	**–**	222
Interest-bearing borrowings	17	**7 486 859**	6 395 662
		7 523 276	6 407 137
Current liabilities			
Lease liabilities	10	**11 050**	5 341
Swap derivatives	12	**5 259**	177 865
Interest-bearing borrowings	17	**654 078**	40 917
Taxation payable		**3 212**	367
Trade and other payables	19	**701 449**	581 406
		1 375 048	805 896
Total Liabilities		**8 898 324**	7 213 033
Total Equity and Liabilities		**19 933 224**	17 533 845

[1] Investment property has been re-presented and the subtotal added to achieve clarity of presentation without restating the comparative amounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 R 000	2022 R 000
Revenue	20	**2 480 458**	2 042 494
Expected credit losses		**(20 497)**	(22 685)
Other operating income		**410**	52 607
Fair value gain on investment property [(1)]		**599 002**	1 215
Operating expenses	23	**(1 283 281)**	(1 035 639)
Operating profit		**1 776 092**	1 037 992
Other income/(loss) [(2)]		**103 331**	(47 808)
Foreign exchange adjustments		**(40 206)**	(27 057)
Fair value (loss)/gain on swap derivatives	12	**(14 175)**	220 131
Capital loss on disposal of assets [(3)]		**(55 767)**	(5 331)
Fair value (loss)/gain on investment in listed shares	11	**(910)**	6 122
Profit from JVs [(4)]	6	**56 522**	246 528
Impairment of JVs	6	**–**	(132 822)
Dividends from investments in listed shares		**6 147**	17 846
Interest income	21	**42 749**	16 046
Interest expense	22	**(657 247)**	(508 724)
Profit before taxation		**1 216 536**	822 923
Taxation expense	24	**(7 575)**	(3 609)
Profit after taxation for the year		**1 208 961**	819 314
Other comprehensive income:			
Items that may be reclassified to profit or loss after taxation:			
Foreign exchange adjustments on investment in JV	6	**53 770**	67 770
Total comprehensive income for the year		**1 262 731**	887 084
Basic earnings per share (cents) - Restated, refer to note 25	25	**48.54**	32.91
Diluted earnings per share (cents) - Restated, refer to note 25	25	**48.34**	32.77

(1) Fair value gain of R592.0 million (2022: R16.2 million loss) refer to note 5; fair value gain of R7.0 million (2022: R17.4 million) refer to note 15.

(2) Included in other income/(loss) is a loss of R8.4 million (2022: R48.6 million) 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. Refer to note 37. The balance of other income relates to R94.9 million (2022: nil) relating to the reversal of accrual for phases 5 and 6 development in Zambia.

(3) Included in capital loss on disposal of assets is sale of investment property, property plant and equipment and investment in listed shares.

(4) Included in profit from JVs is R1.8 million (2022: R190.7 million) relating to fair value adjustment of properties and R58.3 million (2022: R55.8 million) relating to distributable income.

RETURN TO CONTENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital R 000	Non-distributable reserves R 000	Distributable reserves R 000	Total equity R 000
Shareholders' equity at 1 January 2022	**9 129 433**	**405 542**	**531 388**	**10 066 363**
Profit for the year	–	–	819 314	819 314
Foreign exchange adjustments on investment in JVs	–	–	67 770	67 770
Total comprehensive income for the year	–	–	**887 084**	**887 084**
Share-based payment reserve	8 446	2 156	–	10 602
Fair value gain on swap derivatives	–	220 131	(220 131)	–
Fair value gain on investment property	–	1 215	(1 215)	–
Fair value gain on investments in listed shares	–	6 122	(6 122)	–
Non-distributable adjustments on investments in JVs	–	214 664	(214 664)	–
Capital loss on disposal of investment properties and property, plant and equipment transferred to non-distributable reserves	–	(5 331)	5 331	–
Foreign exchange loss on capital loan	–	(26 201)	26 201	–
Straight-line rental adjustment	–	(38 094)	38 094	–
Dividends from listed shares not yet declared	–	(496)	496	–
Insurance proceeds relating to capital expenditure	–	(48 615)	48 615	–
Depreciation	–	(7 494)	7 494	–
Non-distributable expenses	–	(8 647)	8 647	–
	9 137 879	714 952	1 111 218	10 964 049
Distributions attributable to shareholders	**–**	**–**	**(643 237)**	**(643 237)**
Shareholders' equity at 31 December 2022	**9 137 879**	**714 952**	**467 981**	**10 320 812**
Note				16
Profit for the year	–	–	1 208 961	1 208 961
Foreign exchange adjustments on investment in JVs	–	–	53 770	53 770
Total comprehensive income for the year	–	–	1 262 731	1 262 731
Treasury shares purchased	(19 524)	–	–	(19 524)
Share-based payment reserve	7 745	2 035	–	9 780
Fair value loss on swap derivatives	–	(14 175)	14 175	–
Fair value gain on investment property	–	599 002	(599 002)	–
Fair value loss on investments in listed shares	–	(910)	910	–
Non-distributable adjustments on investments in JVs	–	(93 133)	93 133	–
Capital loss on disposal of investment properties and property, plant and equipment transferred to non-distributable reserves	–	(55 474)	55 474	–
Fair value adjustment [(1)]	–	28 638	–	28 638
Foreign exchange loss on capital loan	–	(41 677)	41 677	–
Loss on reclassification of right-of-use assets and liabilities held for sale	–	(293)	293	–
Straight-line rental adjustment	–	42 016	(42 016)	–
Dividends from listed shares not yet declared	–	2 512	(2 512)	–
Insurance proceeds relating to capital expenditure	–	8 398	(8 398)	–
Depreciation	–	(7 955)	7 955	–
Non-distributable expenses	–	(48 853)	48 853	–
	9 126 100	1 135 083	1 341 254	11 602 437
Distributions attributable to shareholders	**–**	**–**	**(567 537)**	**(567 537)**
Shareholders' equity at 31 December 2023	**9 126 100**	**1 135 083**	**773 717**	**11 034 900**
Note				16

[(1)] Realisation of assets initially recognised at zero value as part of the Indluplace acquisition.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 R 000	2022 R 000
Cash flows from operating activities			
Cash generated from operations	28	**1 374 664**	962 596
Interest received		**14 659**	13 807
Distributions paid		**(567 537)**	(643 237)
Interest paid		**(657 656)**	(524 694)
Taxation paid		**(1 198)**	(2 131)
Net cash from/(used in) operating activities		**162 932**	(193 659)
Cash flows from investing activities			
Acquisition of investment properties		**(366 162)**	(456 584)
Proceeds on disposal of investment properties		**778 016**	271 681
Increase in letting commissions and tenant installations	5	**(9 156)**	(27 556)
Acquisition of property, plant and equipment	8	**(5 481)**	(13 772)
Proceeds on disposal of property, plant and equipment	8	**56**	72
Acquisition of intangible asset		**–**	(1 862)
Advance from JVs	6	**39 067**	8 618
Dividends from listed investments		**6 147**	17 846
Proceeds on disposal of investment in listed shares	11	**164 083**	–
Equity release received	6	**104 802**	–
(Increase)/decrease in other financial assets		**(38 710)**	12 130
Proceeds from insurance relating to reinstatement costs		**121 955**	123 672
Development equity contribution paid	6	**(127 447)**	(76 817)
Proceeds from government grant	38	**3 596**	32 543
Acquisition of subsidiary	7	**(1 035 321)**	(3 000)
Proceeds on sale of subsidiary	39	**–**	265 354
Net cash (used in)/from investing activities		**(364 555)**	152 325
Cash flows from financing activities			
Repurchase of treasury shares		**(19 524)**	–
Settlement of swap derivatives		**(48 466)**	–
Proceeds from interest-bearing borrowings	17	**2 062 300**	706 000
Repayment of interest-bearing borrowings	17	**(1 756 240)**	(688 300)
Payment on lease liabilities	10	**(21 439)**	(7 674)
Net cash from financing activities		**216 631**	10 026
Total cash and cash equivalents movement for the year		**15 008**	(31 308)
Cash and cash equivalents at the beginning of the year		**180 019**	211 327
Total cash and cash equivalents at the end of the year	14	**195 027**	180 019

RETURN TO CONTENTS

ACCOUNTING POLICIES

For the year ended 31 December 2023

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year the Group have adopted all of the revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the IFRS Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2023. Refer to note 2 for an analysis of the impact of newly adopted International Financial Reporting Standards (IFRS) thereafter IFRS® Accounting Standards.

1. GENERAL INFORMATION

SA Corporate Real Estate Limited, established in the Republic of South Africa, is a REIT. The Company is listed on the JSE and has a secondary listing on the A2X.

1.1 Basis of preparation

The Group and Company annual financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements, the Companies Act of South Africa and IFRS® Accounting Standards. IFRS® Accounting Standards and SA financial reporting requirements. SA Financial Reporting Requirements include:

- Financial Pronouncements as issued by the Financial Reporting Standards Council; and
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

IFRS® Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS® Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations)." The accounting policies used in the preparation of the Group and Company annual financial statements are consistent with those applied in the prior year, except as noted in note 2. The Group and Company annual financial statements have been prepared on the going concern and historical cost basis, modified by the revaluation of certain financial instruments and investment property to fair value measurement.

Material accounting policies, which are useful to users, especially where particular accounting policies are based on judgement regarding choices within IFRS Accounting Standards have been disclosed. Material accounting policies for which no choice is permitted in terms of IFRS Accounting Standards have been included only if management concluded that the disclosure would assist users in understanding the annual financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future.

The functional and presentation currency of the Group is South African Rand unless otherwise indicated.

1.2 Basis of consolidation

The Group annual financial statements incorporate the annual financial statements of the Company and its subsidiaries. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when control is lost. The Company is the major and/or sole owner of all its subsidiaries and consequently has power to direct the subsidiaries' performance which gives rise to the dividend income the Company receives from the subsidiaries.

Business Combination

The Group may elect to apply the concentration test in IFRS 3: Business Combinations to assess whether an acquisition must be accounted for as a business combination or asset acquisition. If substantially all the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets), the transaction is accounted for as an asset acquisition. Where an acquisition does not satisfy the concentration test and the acquired set of activities meets the definition of a business, the Group applies the acquisition method of accounting.

Asset acquisition

For acquisitions of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill or gain on bargain purchase.

All intragroup transactions and balances between members of the Group are eliminated in full upon consolidation. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance.

1.3 Impairment

The carrying amount of the Group's assets is reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised in profit or loss when the carrying amount of an asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the extent that the increased carrying amount does not exceed the original carrying amount. A reversal of an impairment loss is recognised immediately in profit or loss.

ACCOUNTING POLICIES *CONTINUED*

For the year ended 31 December 2023

1.4 Fair value measurement

Where another IFRS requires or the Group has chosen fair value measurement for assets or liabilities, the Group has applied the principles of IFRS 13: Fair Value Measurement to determine the fair value to be used. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted instruments is determined with reference to closing market prices on the date of measurement. Where there is no active market, fair value is determined using applicable valuation techniques. Valuation techniques include discounted cash flow models, pricing models and recent arm's length transactions for similar instruments.

1.5 Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than Rand are recognised at the rate of exchange prevailing at the dates of the transactions. Non-monetary items that are measured in terms of the historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these consolidated annual financial statements, the assets and liabilities of the Group's foreign operations are translated into Rand using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Exchange differences arising from foreign JVs are recognised in other comprehensive income and accumulated in equity.

1.6 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience, adjusted for current market conditions and other factors.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant estimates and judgements include:

Estimates of the fair value of investment properties

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement the Group considers information from a variety of sources including:

- Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences. This is reflected in the capitalisation rate assumption.
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. This is reflected in the capitalisation rate assumption.
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- The fair value of the inner-city retail, residential and commercial investment properties was based on the capitalisation of the net income earnings in perpetuity. The discounted cash flow method is not appropriate in these portfolios due to the short-term nature of the portfolio's leases.

If information on current or recent prices is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group used assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to:

- The receipt of contracted rentals, expected future market rentals, lease renewals, maintenance requirements and appropriate discount and capitalisation rates.
- These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market.
- The expected future market rentals are determined with reference to current market rentals for similar properties in the same location and condition.

Insurance claim receivable:

Significant judgement is required in assessing the virtual certainty of the recoverability of insurance claims due to the riots and civil unrest. Although the Group is adequately insured for loss of assets and business interruption, the assessment of virtual certainty was supported by the insurer's validation of the progress in the claims assessment process, the payments received to date, market confidence provided regarding their commitment and financial ability to settle outstanding claims. Refer to note 13 for additional disclosure on the amounts and related accounting.

ACCOUNTING POLICIES *CONTINUED*

For the year ended 31 December 2023

1.6 Critical accounting estimates and judgements *continued*

Provision for expected credit loss

The assessment of the correlation between historical observed default rates, forecast economic conditions and estimated credit loss (ECL) is a significant estimate. The Group adopted the simplified approach which recognises a lifetime ECL for trade receivables. The information about the ECLs on the Group's trade receivables is disclosed in note 13. Management exercises judgement in the assessment of the credit risk for the measurement of the ECL.

The following information is taken into account when assessing the credit risk:

- The ECL rates are based on historical default expense and financial position of the counterparty that have similar loss patterns in the industrial, retail, residential and commercial tenant sectors.
- The provision matrix is initially based on the Group's historical observed default rates. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the tenant's actual default in the future. The Group will calibrate the matrix to adjust the historical credit loss experience with forward looking information. The forward looking information includes, but is not limited to, inflation and GDP growth. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.
- The historical recoverability and financial viability of debt receivables are assessed to determine ECL.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be recoverable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables with which it has previously had a good repayment history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income.

Intangible asset

The Afhco Brand (the Brand) fair value was determined using the 'Relief from Royalty' method. The Brand was valued using a discount rate equal to the weighted average cost of capital and assumed an indefinite useful life. The indefinite useful life assumption is attributable to the relative strength, market recognition and the time in existence of the Brand. The Brand is assessed for impairment at the end of each reporting period.

Impairment is tested based on a discounted cash flow method over an indefinite period, using the Group's weighted average cost of capital as the discount rate and an assumed increase in net income based on the yield as at acquisition. The period over which projected cash flows is forecasted was three years, projected for a further seven years. Due to the predictability of the net property income, which forms the basis of the cash flows used in determining the fair value of the intangible asset, a ten-year time horizon is considered acceptable. In addition to this, a terminal value was calculated to determine the fair value.

Swap derivatives

The swap derivatives fair value is determined as the present value of the estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources, which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The net interest is determined as the difference between the fixed agreed upon price and the variable rate. The variable rate is subject to market conditions. The credit risk of the instrument is used to determine the discount rate.

The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty. This is calculated based on credit spreads derived from current credit default swap or bond prices.

The fair value is calculated by discounting the future cash flows using the swap curve of the respective currencies at the dates when the cash flows will take place.

Group accounting

Control over an investee

In assessing whether control is exercised over an investee, the Group assesses its power over the investee based on its exposure, or rights, to variable returns (i.e. dividends) from its involvement with the investee and its ability to use its power to affect the amount of its returns. The existence and effect of voting rights, potential voting rights, and other rights derived from contractual arrangements with the investee are considered in determining the Group's power and control over the investee.

ACCOUNTING POLICIES *CONTINUED*

For the year ended 31 December 2023

1.6 Critical accounting estimates and judgements *continued*

Determination of control entails the assessment of the effective acquisition date (i.e. the date on which control is effectively exercised). Further consideration is given to, among others, the specific closing date, undertakings, and any other suspensive conditions required for the transaction to become unconditional.

Subsidiaries

When the Group obtains control of entities that own investment properties or a group of investment properties collectively, an assessment is performed to determine whether the transaction should be accounted for as a business combination or an asset acquisition (Acquisition of Investment Property).

An acquisition is not considered to be a business combination if the underlying assets acquired, and liabilities assumed do not meet the definition of a business. In assessing whether a business was acquired, management assesses the integrated set of activities acquired. The simplified approach, namely the concentration test may be used to assess whether an acquired set of activities and assets is not a business when the fair value of acquired assets are concentrated in a single identifiable asset or a group of similar identifiable assets at the acquisition date. Such classification reflects management's assessment of whether the acquired assets collectively constitute a business or are more appropriately, an aggregation of assets.

Investment in joint venture

The Group has investments in joint ventures in which it holds 50% of its equity interests. These interests are equity accounted for in the Group and Company financial statements on the basis that the Group exercises joint control over the investee. These investments are not controlled because the Group does not have the power to direct the relevant activities, and there are no other arrangements granting the Group this power. Significant influence is assessed based on voting rights and/or other rights derived from contractual arrangements that allow for significant influence to be exercised over the investee without the ability to direct the relevant activities.

Functional currency

The Group is exposed to an equity accounted interest in property situated in Zambia, the functional currency of the foreign joint ventures is concluded as US Dollar, despite the properties being situated in Zambia, as this is the currency of the primary economic environment in which these entities operate.

The following factors were considered in determining the currency of the primary economic environment:

- Rentals are invoiced in USD;
- Majority of the expenditure is incurred in USD. Labour and other operating costs are outsourced to Napoli Property Management, based on a percentage of revenue and this is paid in USD. All other major costs are also incurred in USD;
- Operational and development capital expenditure are also incurred in USD; and
- Financing is obtained in USD.

Foreign currency exchange rates used in converting US Dollar to ZAR are:
Spot on 31 December 2023 US Dollar: R18.58 (2022: R16.98)
Average US Dollar: R18.45 (2022: R16.35)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. NEW STANDARDS AND IFRIC INTERPRETATIONS

The aggregate impact of the initial application of the statements and interpretations on the Group's consolidated audited annual financial statements is expected to be as follows:

2.1 Standards and interpretations effective and adopted in the current year.

In the current and previous year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.1.1 Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 'Making Materiality Judgements' to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Group discloses material accounting policies such as Investment Property and Borrowings for the year ended 31 December 2023.

2.1.2 Definition of Accounting Estimates – Amendments to IAS 8

The amendment to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

This amendment has no impact on the Group as no changes in accounting policies and estimates have been made.

2.1.3 Deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities, and
- Decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group is exposed to this amendment through the storage portfolio where it is a lessee and recognises the right of use of assets with its related lease liability. The storage portfolio is not material to the Group and thus the deferred tax asset and liability at initial recognition are not material for the Group. During the current year the assessment of all new leases has been conducted to ensure deferred tax asset and liability raised at initial recognition is the same.

2.1.4 Classification of Liabilities as Current or Non-current – Amendments to IAS 1, 'Presentation of Financial Statements'

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

The Group is compliant in this regard, any waivers to the borrowings post year-end have no impact on the classification of the borrowing between current and non-current.

2.1.5 Interest rate benchmark reform (IBOR) - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective annual reporting periods beginning on or after 1 January 2021))

The amendments in IBOR — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

RETURN TO CONTENTS

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

2.1.5 Interest rate benchmark reform (IBOR) — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective annual reporting periods beginning on or after 1 January 2021)) *continued*

SOFR transition

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank (SARB) has indicated their intention to move away from the Johannesburg Interbank Average Rate (JIBAR), and to create an alternative reference rate for South Africa. This reform is at various stages globally, and a suitable alternative for South Africa is only expected to be announced in a few years time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

The Group was exposed to the London Interbank Offered Rate (LIBOR) through the USD27 million loan and interest rate swap, which were both to expire in 2024 and were linked to three-month LIBOR. LIBOR was replaced by the Secured Overnight Financing Rate (SOFR) on 30 June 2023, with the phase-out having commenced on the 31 December 2021. The Group transitioned from LIBOR to SOFR for both the USD loan and USD interest rate SWAP effective 5 May 2023. The impact of this transition was insignificant, as the loan is 100% hedged by the swap.

ZARONIA transition

The South African Rand Overnight Index Average (ZARONIA) reflects the interest rate at which Rand-denominated overnight wholesale funds are obtained by commercial banks. It is based on actual transactions and calculated as a trimmed, volume-weighted mean of interest rates paid on eligible unsecured overnight deposits.

The Market Practitioners Group (MPG) is a joint public and private sector body, comprising representatives from the SARB, the Financial Sector Conduct Authority (FSCA), and senior professionals from a variety of institutions from different market interest groups active in the domestic money market. The MPG and its workstreams consult widely on key issues regarding the JIBAR transition and the adoption of of the South African Rand Overnight Index Average (ZARONIA) as the preferred alternative risk-free reference rate.

From 2 November 2022 to 3 November 2023, the SARB commenced publishing ZARONIA. This was done primarily to allow market participants to observe its performance and consider adopting it as a replacement for JIBAR. Certain observation period statistics have been restated to reflect revisions that were processed post publication. Market participants may use ZARONIA as a reference rate in financial contracts, and the MPG has designated ZARONIA as the successor rate to Jibar. The transition to ZARONIA is expected as follows:

- November 2024 - To first commence for derivatives
- June 2025 - To first commence for cash in June 2025 • December 2025 - An active transition to commence with a formal announcement on the cessation of Jibar

Management continues to engagement with lenders. The impact of the transition will be assessed once more information on the transition is available.

3. NEW STANDARDS AND INTERPRETATIONS IN ISSUE, BUT NOT YET EFFECTIVE:

Certain new accounting standards and IFRIC interpretations have been published that are applicable for future accounting periods. These new standards and interpretations have not been early adopted by the Group.

The amended and new standards and interpretations in issue, but not yet effective, that are relevant to the Group are:

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024	Amendments made to IAS 1 'Presentation of Financial Statements' in 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment clarifies that when non-current liabilities are subject to future covenants, companies will need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. Future covenants risk do not affect a liability's classification at reporting date, only disclosure will be required. Impact: The Group will assess the impact of the disclosure required at effective date.
Supplier finance arrangements (SFA) – Amendments to IAS 7 and IFRS 7	1 January 2024	The amendment requires companies to disclose cash flows impact and liquidity risk exposure on SFA. The disclosure should include the following: • The terms and conditions of SFA. • The carrying amounts of financial liabilities that are part of SFA and the line items in which those liabilities are presented. • The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements. • Non-cash changes in the carrying amounts of financial liabilities. • Access to SFA facilities and concentration of liquidity risk with finance providers. Impact: The Group will assess the impact of the disclosure required at effective date.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	1 January 2024	The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3: Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. Impact: The Group currently has investment in joint ventures and will assess the impact on effective date.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

4.1 Accounting policies objectives

4.1.1 Financial assets

The Group classifies its financial assets into one of the categories detailed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

4.1.1.1 Fair value through profit or loss

This category comprises swap derivatives and investment in listed shares. These assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Dividends received from investments in listed shares are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

4.1.1.2 Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Refer to table on Categories of financial instruments 2023 (refer to note 4.3): Assets, for those assets measured at amortised cost.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.1.2 Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

4.1.2.1 Fair value through profit or loss

This category comprises only swap derivatives.

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. Other than these swap derivatives, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

At each reporting date the liability is re-measured at fair value, where the fair value adjustments are recognised in the profit or loss for the year.

4.1.2.2 Financial liabilities at amortised cost

Interest-bearing borrowings

All loan and borrowings are initially recognised at fair value net of transaction cost directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. This means that interest expense is charged at a constant rate on the outstanding capital balance at the financial statement reporting date over the period of repayment.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

Trade and other payables

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease agreement, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is utilised.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4.1.3 Derivatives

The Group does not apply hedge accounting in accordance with IFRS 9: Financial Instruments. Derivative financial assets and liabilities are classified as financial assets or liabilities at fair value through profit or loss (FVTPL). Derivative financial assets and liabilities comprise mainly interest rate swaps and cross-currency swaps. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value. Directly attributable transaction costs are recognised immediately in profit or loss. Gains or losses on derivatives are recognised in profit or loss in the changes in fair values in the FVTPL line item.

4.1.4 Equity instruments

Any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

4.2 Fair value

4.2.1 Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- 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); and
- 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.

4.2.2 Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, loans, borrowings and lease liabilities. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value. Fair value of interest-bearing borrowings also approximates the carrying value as the borrowings are from external, independent third parties offering interest rates and contractual terms in line with market and industry standards.

4.2.3 Details of valuation techniques

The valuation techniques used in measuring fair values at 31 December 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 in note 5. There have been no significant changes in valuation techniques and inputs since 31 December 2022.

4.3 Expected credit losses (ECL)

For the purpose of impairment assessment for tenant accruals relating to recoveries and turnover rental not yet billed, as well as sundry debtors, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL for these assets, the directors of the Group have taken into account the historical default experience and the financial position of the counterparties. Management has assessed the recoverability of each financial asset, excluding trade receivables, based on historical default experience and forward looking information where there is significant increase in credit risk, as assessed on a case by case basis, regardless of historical defaults or history, ECL has been raised. Significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment. The other receivables and loans are also guaranteed by properties and other assets and hence should the counterparty default, the Group will not incur a loss. A default is when the counterparty fails to make contractual payments within their terms as and when they fall due. Refer to note 13 for further details.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised separately in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be recoverable, the gross carrying value of the asset is written off against the associated provision.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENT *CONTINUED*

For the year ended 31 December 2023

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Categories of financial instruments:

2023 R 000	Fair value measurement	Financial instruments Derivative FVTPL	 Non-derivative FVTPL	 Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets							
Swap derivatives	Level 2	5 100	–	–	–	5 100	
Other financial assets		–	–	32 665	–	32 665	
		5 100	–	32 665	–	37 765	
Current assets							
Other financial assets		–	–	19 475	–	19 475	11
Swap derivatives	Level 2	58 472	–	–	–	58 472	
Trade receivables		–	–	94 664	–	94 664	13
Other receivables		–	–	271 505	–	271 505	13
Cash and cash equivalents		–	–	195 027	–	195 027	14
		58 472	–	580 671	–	639 143	
Total assets		63 572	–	613 336	–	676 908	
Equity							
Share capital and reserves		–	–	–	11 034 900	11 034 900	
Liabilities							
Non-current liabilities							
Lease liabilities		–	–	36 417	–	36 417	
Interest-bearing borrowings		–	–	7 486 859	–	7 486 859	
Swap derivatives	Level 2	–	–	–	–	–	
		–	–	7 523 276	–	7 523 276	
Current liabilities							
Lease liabilities		–	–	11 050	–	11 050	
Swap derivatives	Level 2	5 259	–	–	–	5 259	
Interest-bearing borrowings		–	–	654 078	–	654 078	
Trade and other payables		–	–	637 561	–	637 561	
		5 259	–	1 302 689	–	1 307 948	
Total liabilities		5 259	–	8 825 965	–	8 831 224	
Total equity and liabilities		5 259	–	8 825 965	11 034 900	19 866 124	

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENT *CONTINUED*

For the year ended 31 December 2023

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Categories of financial instruments:

2022		Financial instruments					
		Derivative	Non-derivative				
R 000	Fair value measurement	FVTPL	FVTPL	Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets							
Investment in listed shares	Level 1	–	52 993	–	–	52 993	11
Other financial assets		–	–	651	–	651	11
Swap derivatives	Level 2	36 848	–	–	–	36 848	
		36 848	52 993	651	–	90 492	
Current assets							
Investment in listed shares	Level 1	–	116 000	–	–	116 000	11
Other financial assets		–	–	13 417	–	13 417	11
Swap derivatives	Level 2	150 514	–	–	–	150 514	
Trade receivables		–	–	68 160	–	68 160	13
Other receivables		–	–	315 488	–	315 488	13
Cash and cash equivalents		–	–	180 019	–	180 019	14
		150 514	116 000	577 084	–	843 598	
Total assets		187 362	168 993	577 735	–	934 090	
Equity							
Share capital and reserves		–	–	–	10 320 812	10 320 812	
Liabilities							
Non-current liabilities							
Lease liabilities		–	–	11 253	–	11 253	
Interest-bearing borrowings		–	–	6 395 662	–	6 395 662	
Swap derivatives	Level 2	222	–	–	–	222	
		222	–	6 406 915	–	6 407 137	
Current liabilities							
Lease liabilities		–	–	5 341	–	5 341	
Swap derivatives	Level 2	177 865	–	–	–	177 865	
Interest-bearing borrowings		–	–	40 917	–	40 917	
Trade and other payables		–	–	531 157	–	531 157	
		177 865	–	577 415	–	755 280	
Total liabilities		178 087	–	6 984 330	–	7 162 417	
Total equity and liabilities		178 087	-	6 984 330	10 320 812	17 483 229	

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED
For the year ended 31 December 2023

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4 Risk management

The Group's financial risk management objective is to manage its capital and financial risk exposure so that it continues as a going concern and minimises adverse effects. In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. In order to manage these risks, the Group may use derivative instruments. The Group does not speculate in or engage in the trading of derivative instruments.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group has exposure to the following risks of financial instruments:

- Liquidity risk
- Market risk
  - Foreign currency risk
  - Interest rate risk
  - Capital risk
- Credit risk

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENT *CONTINUED*

For the year ended 31 December 2023

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Financial instruments: 2023	Financial instruments R 000	Credit risk R 000	Liquidity risk R 000	Foreign currency risk R 000	Interest rate risk R 000	Capital risk R 000
Non-current assets						
Swap derivatives	5 100	5 100	–	5 100	5 100	–
Other financial assets	32 665	32 665	–	–	32 665	–
	37 765	37 765	–	5 100	37 765	–
Current assets						
Other financial assets	19 475	19 475	–		19 475	–
Swap derivatives	58 472	58 472	–	58 472	58 472	–
Trade receivables	94 664	94 664	–	–	94 664	–
Other receivables	271 505	271 505	–	–	271 505	–
Cash and cash equivalents	195 027	195 027	–	–	195 027	195 027
	639 143	639 143	–	58 472	639 143	195 027
Total financial assets	676 908	676 908	–	63 572	676 908	195 027
Equity						
Share capital and reserves	11 034 900	–	–	–	–	11 034 900
Liabilities						
Non-current liabilities						
Lease liabilities	36 417	–	36 417	–	36 417	–
Interest-bearing borrowings	7 486 859	–	7 486 859	508 884	7 486 859	7 486 859
Swap derivatives	–	–	–	–	–	–
	7 523 276	–	7 523 276	508 884	7 523 276	7 486 859
Current liabilities						
Lease liabilities	11 050	–	11 050	–	11 050	–
Trade and other payables	637 561	–	637 561	–	637 561	–
Interest-bearing borrowings	654 078	–	654 078	–	654 078	654 078
Swap derivatives	5 259	–	5 259	5 259	5 259	–
	1 307 948	–	1 307 948	5 259	1 307 948	654 078
Total financial liabilities	8 831 224	–	8 831 224	514 143	8 831 224	8 140 937
Total equity and liabilities	19 866 124	–	8 831 224	514 143	8 831 224	19 175 837

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENT *CONTINUED*

For the year ended 31 December 2023

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Financial instruments: 2022	Financial instruments R 000	Credit risk R 000	Liquidity risk R 000	Foreign currency risk R 000	Interest rate risk R 000	Price risk R 000	Capital risk R 000
Non-current assets							
Investments in listed shares	52 993	52 993	–	–	–	52 993	–
Other financial assets	651	651	–	–	651	–	–
Swap derivatives	36 848	36 848	–	13 077	36 848	–	–
	90 492	90 492	–	13 077	37 499	52 993	–
Current assets							
Investments in listed shares	116 000	116 000	–	–	–	116 000	–
Other financial assets	13 417	13 417	–	–	13 417	–	–
Swap derivatives	150 514	150 514	–	137 785	150 514	–	–
Trade receivables	68 160	68 160	–	–	68 160	–	–
Other receivables	315 488	315 488	–	–	315 488	–	–
Cash and cash equivalents	180 019	180 019	–	–	180 019	–	180 019
	843 598	843 598	–	137 785	727 598	116 000	180 019
Total financial assets	934 090	934 090	–	150 862	765 097	168 993	180 019
Equity							
Share capital and reserves	–	–	–	–	–	–	10 320 812
Liabilities							
Non-current liabilities							
Lease liabilities	11 253	–	11 253	–	11 253	–	–
Interest-bearing borrowings	6 395 662	–	6 395 662	465 835	6 395 662	–	6 395 662
Swap derivatives	222	–	222	–	222	–	–
	6 407 137	–	6 407 137	465 835	6 407 137	–	6 395 662
Current liabilities							
Lease liabilities	5 341	–	5 341	–	5 341	–	–
Trade and other payables	531 157	–	531 157	–	531 157	–	–
Interest-bearing borrowings	40 917	–	40 917	–	40 917	–	40 917
Swap derivatives	177 865	–	177 865	172 634	177 865	–	–
	755 280	–	755 280	172 634	755 280	–	40 917
Total financial liabilities	7 162 417	–	7 162 417	638 469	7 162 417	–	6 436 579
Total equity and liabilities	7 162 417	–	7 162 417	638 469	7 162 417	–	16 757 391

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4.1 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim it seeks to maintain cash balances and agreed facilities to meet expected requirements for a period of at least three months. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings; this is further discussed in the 'interest rate risk' section below.

The liquidity risk of each Group entity is managed centrally by the Group's treasury function. Each operating unit within the Group has operational cash requirements based on the approved budgets. The budgets are set locally and agreed by the Board in advance enabling the Group's cash requirements to be anticipated. Where operational cash requirements of Group entities need to be increased, approval must be sought from the Chief Financial Officer. Refer to note: 40, 'Going concern'.

The repayment profile does not take into account refinancing in respect of interest-bearing borrowings and is reflective of the known obligations as at 31 December 2023.

	2023 R 000	2022 R 000
Repayment profile		
Trade and other payables[(1)]	**690 428**	572 959
Lease liabilities	**4 616**	1 084
Swap derivatives	**15 732**	52 558
Interest on interest-bearing borrowings	**252 223**	142 332
Three months or less	**962 999**	768 933
Swap derivatives	**42 740**	(25 208)
Interest-bearing borrowings	**654 078**	–
Interest on interest-bearing borrowings	**566 058**	426 995
Lease liabilities	**15 197**	5 730
Between three months and one year	**1 278 073**	407 517
Interest-bearing borrowings [(2)]	**7 486 859**	6 404 924
Swap derivatives	**(159)**	(36 625)
Interest on interest-bearing borrowings	**1 312 551**	1 196 082
Lease liabilities	**37 693**	13 654
Between one and five years	**8 836 944**	7 578 035
Lease liabilities	**29 926**	10 245
More than five years	**29 926**	**10 245**

(1) Excluding accrued interest and VAT.

(2) The Group renegotiated the repayment terms on interest-bearing borrowings, resulting in an extension of the majority of repayments to 2025, and later.

The Group expects to meet its obligations from operating cash flows and existing facilities as detailed in note 17. The liquidity risk profile in respect of contingent liabilities is disclosed in note 36.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4.2 Market Risk

Foreign currency risk management

The Group is exposed to foreign currency fluctuations through its foreign denominated interest-bearing borrowings and the investments in the Zambian joint venture.

The foreign currency risk is partially offset by the interest-bearing borrowings and cross-currency interest rate swaps which are denominated in the same exchange rate.

Foreign currency sensitivity analysis

The Group is mainly exposed to the US Dollar currency. The following table details the Group's sensitivity to a 5% (2022: 5%) fluctuation in the Rand against the US Dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's reasonable assessment of the possible change in foreign exchange rates.

A positive number below indicates an increase in profit or equity where the Rand strengthens against the US Dollar. For a weakening of the Rand against the US Dollar, there would be a comparable negative impact on the profit or equity.

	2023 R 000	2022 R 000
Profit or loss on financial assets and liabilities	**25 087**	41 798
Profit or loss on derivatives	**–**	(2 547)
Profit	**25 087**	39 251

Interest rate risk

The Group is exposed to interest rate risk through its variable rate cash balances, receivables, payables and interest-bearing borrowings. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, monitoring cash flows and investing surplus cash at negotiated rates. The Group enters into interest rate swap contracts, from time to time, for the purposes of cash flow hedging. The Group does not apply hedge accounting.

Interest rate sensitivity analysis

The sensitivity analysis is based on the exposure to interest rates at the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of asset or liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point fluctuation is used, it represents management's reasonable assessment of the possible change in interest rates. If interest rates were 50 basis points higher or lower and all other variables were constant, the Group's net profit for the year ended 31 December 2023 would fluctuate by R11.4 million (2022: R9.1 million).

Price risk sensitivity analysis

Price sensitivity is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group, in 2022, was exposed to price risk through its investment in listed property shares, however, due to the disposal of these investments during the current year, the Group is no longer exposed to this risk as at 31 December 2023.

The following sensitivity analysis has been prepared using a sensitivity rate which represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date.

At 31 December 2022, if the listed price of these financial assets had been 5% higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R8.4 million higher or lower. Refer to note 11 for further details.

4.4.3 Capital risk management

The Group's capital comprises shareholders' equity and interest-bearing borrowings. Capital is actively managed to ensure that the Group is adequately capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of its stakeholders.

The Group has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analysis of forecasts, that the Group's capital is managed.

Specifically, the Group has adopted the following capital management policies:

- Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary.
- Maintenance of an appropriate level of liquidity at all times. The Group further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts and any strategic initiatives.
- Maintenance of an appropriate level of issued shares based on approval from the shareholders and the Board.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4.3 Capital risk management *continued*

The Group has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

The Group's capital risk management strategy has remained unchanged from the prior year.

Gearing ratio

The Group's Audit and Risk Committee reviews the capital structure three times a year. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group limits its borrowing capacity inclusive of its guarantees to 50% (2022: 50%) of the total property investment as per the lenders' covenant requirements. The Board has however elected to impose a debt funding target of less than 40% without guarantee to align itself with the Group's long-term strategic level and risk tolerance level, however in the short term the execution of the Groups strategic initiatives may result in gearing exceeding the target on a temporary basis.

	2023 R 000	2022 R 000
The debt to total investment portfolio ratio at the year-end was as follows:		
Debt (nominal value) [1]	**8 098 440**	6 404 924
Total investment portfolio [2]	**19 016 385**	16 505 510
Gearing ratio	**42.59%**	38.80%

(1) Total borrowings excluding accrued interest.

(2) Total property investments includes investment property (at valuation), property under development, properties classified as held for sale and JVs.

4.4.4 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk with regard to trade and other receivables is minimised by the large and diverse tenant base, spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to any single tenant counterparty.

Management has established a credit policy in terms of which each new tenant is individually analysed for creditworthiness before the Group's standard payment terms and conditions are offered which include a provision of a deposit. Management monitors the financial position of its tenants on an ongoing basis.

Further disclosures regarding trade and other receivables are provided in note 13.

Credit risk attached to the Group's cash and cash equivalents is minimised by its cash resources being placed in money market investments with several financial institutions of high credit standing, in terms of predetermined exposure limits. Exposure limits and underlying money market exposures are assessed bi-annually and reviewed by the Audit Committee to limit concentration to a single institution and to monitor the risks associated with the underlying money market exposures. The Group is implementing an updated cash management policy that will be monitored robustly.

Cash in bank and short-term deposits

2023	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
ABSA Bank Limited [1]	**AA**	**–**	**1 112**	**1 112**
FirstRand Bank Limited	**AA**	**92 297**	**35 012**	**127 309**
Investec Bank Limited [1]	**AA**	**7 099**	**–**	**7 099**
Nedbank Limited [1]	**AA**	**–**	**59 507**	**59 507**
		99 396	**95 631**	**195 027**

2022	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
FirstRand Bank Limited	AA	80 051	–	80 051
Investec Bank Limited [1]	AA	–	6 300	6 300
Nedbank Limited [1]	AA	–	93 668	93 668
		80 051	99 968	180 019

(1) The credit ratings reflected are in respect of the institutions where the money market accounts are held, on a look through basis 0% (2022: 1.2 %) of the funds were held at institutions with AA- ratings, 0% (2022: 32.6%) of the funds were held at institutions with AA ratings. As at 31 December 2023 the group had Rnil (2022: R0.6 million) on deposit in money market accounts.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

5. INVESTMENT PROPERTY

Investment property are properties held to earn rentals, and/or appreciation in capital value. It excludes properties occupied by the Group and includes developments and properties being constructed for future use as investment property. The majority of the buildings are located on land owned by the Group, but there are certain buildings situated on long-term operating leases (refer to note 10).

Properties under development comprise the cost of the land and development and are measured at fair value. Fair value is based on the costs incurred up to the date of the valuation. Undeveloped land is valued in terms of the internationally accepted and preferred method of comparison. This involves the use of recent comparable transactions as a basis for the valuation. Bulk rates are determined for land that has been zoned. If the fair value cannot be reasonably determined, it is stated at cost and is not depreciated.

Investment properties are initially recognised at cost, including transaction costs on acquisition, and are revalued to their fair value at the end of each reporting date. Gains or losses arising from changes in the fair values are reflected in profit or loss and are excluded in determining the distributable income. Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the properties are derecognised.

Investment properties leased out under operating leases are reflected as investment properties on the statement of financial position. Where there are fixed increments in rental, the income is recognised on a straight-line basis in accordance with IFRS 16: Leases. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as a rental receivable - straight-line rental adjustment.

Deferred expenses comprise tenant installation costs and letting commissions which are amortised on a straight-line basis over the lease period to which they relate. The tenant installations and letting commissions are separately disclosed in this note. As at date of disposal, the unamortised deferred expense is included in the capital profit or loss of the property.

Borrowing costs
Where the Group undertakes a major development or refurbishment of its investment property, interest is capitalised to the cost of the property concerned during the construction period. Capitalisation is suspended during periods in which active development is interrupted. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

5. INVESTMENT PROPERTY *CONTINUED*

R 000	At valuation	Straight line rental adjustment	Property under development	Total
Opening balance at 1 January 2023	**13 984 808**	**(316 305)**	**404 604**	**14 073 107**
Acquisitions and improvements [1]	**2 772 751**	**(4 968)**	**1 413**	**2 769 196**
Capitalised interest [2]	**4 556**	**–**	**58**	**4 614**
Disposals	**(143 374)**	**1 781**	**–**	**(141 593)**
Fair value adjustment [3]	**663 162**	**(42 016)**	**(29 164)**	**591 982**
Transfer from property under development	**31 351**	**–**	**(31 351)**	**–**
Transfer to property, plant and equipment [4]	**(2 389)**	**–**	**–**	**(2 389)**
Transfer to property under development [5]	**(1 379 827)**	**–**	**1 379 827**	**–**
Transfer to properties classified as held for sale	**(359 621)**	**–**	**–**	**(359 621)**
Closing balance at 31 December 2023	**15 571 417**	**(361 508)**	**1 725 387**	**16 935 296**
Opening balance at 1 January 2022	12 790 605	(354 458)	1 239 113	13 675 260
Acquisitions and improvements [1]	691 404	–	112 306	803 710
Capitalised interest [2]	2 206	–	3 409	5 615
Disposals	(88 844)	–	–	(88 844)
Fair value adjustment[3]	55 155	36 847	(108 152)	(16 150)
Transfer from property under development	838 218	–	(838 218)	–
Transfer to property, plant and equipment [4]	(23 228)	–	–	(23 228)
Transfer to properties classified as held for sale	(280 708)	1 306	(3 854)	(283 256)
Closing balance at 31 December 2022	13 984 808	(316 305)	404 604	14 073 107

(1) Included in this amount is the R2.5 billion for the acquisition of Indluplace properties (2022: step acquisition of The Falls Lifestyle Estate).
(2) Refer to note 29.
(3) Included in this amount is Rnil (2022: R27.3 million) relating to the impairment of investment property as a result of the civil unrest. The increase in fair value is attributable to the Indluplace acquisition and the accounting treatment thereof.
(4) This relates to the transfer of owner-occupied property. Refer to note 8.
(5) Included are properties undergoing significant refurbishments and development.

	2023 R 000	2022 R 000
Letting commissions and tenant installations		
Carrying value at the beginning of the year	**38 842**	33 445
Amortisation during the year	**(13 738)**	(21 903)
Additions during the year	**9 156**	27 556
Transfers to property classified as held for sale [5]	**(95)**	(256)
Carrying value at the end of the year	**34 165**	38 842
Non-current assets	**18 518**	21 695
Current assets	**15 647**	17 147
	34 165	38 842

(5) As detailed in note 15.

Market values of investment properties are not available from observable market data. Investment properties are therefore valued as detailed below in terms of level 3 valuation techniques as set out by IFRS 13 (see note 4.2.1).

Details of valuation techniques

The valuation techniques used in measuring fair values at 31 December 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 has been no significant changes in valuation techniques and inputs since 31 December 2022.

Independent external valuators (Quadrant Properties, Real Insight and Yield Enhancement Solutions) were appointed to conduct the Group's December 2023 property valuations. The Group provided the valuers with property and other information required in the valuation of the properties. Among other inputs, the independent valuers applied current market-related assumptions to the risks in rental streams of properties. Once the valuations had been completed by the independent valuers, it was reviewed internally and approved by the board of directors. The valuers are registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000). Quadrant Properties, Real Insights and Yield Enhancement Solutions performed the valuation of investment properties for both the current year as well as the previous year and applied valuation techniques that are consistent with those applied in the previous year. The independent valuers have appropriate qualifications and experience in the valuation of properties in the relevant locations.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

5. INVESTMENT PROPERTY *CONTINUED*

Details of valuation techniques *continued*
The independent valuers' details are as follows:
Quadrant Properties, P. Parfitt, NDip (Prop Val), MRICS, Professional Valuer.
Real Insights, T. Behrens, NDip (Prop Val), Professional Valuer
Yield Enhancement Solutions, R. Collins, Professional Valuer.

Valuation methodology
The valuation of all non-residential revenue producing real estate is calculated by determining future contractual and market related net income excluding corporate costs, 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 five- year (2022: 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 sixth (2022: 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), excluding corporate costs.

The fair value of investment property was approved on 5 February 2024 by the board of directors.

Unobservable Inputs as considered in December 2023 valuation report				
	Retail [1]	Commercial	Industrial	Residential
Expected market rental growth rate	4.70%	0.00%	3.90%	1.20%
Occupancy rate	94.00%	83.00%	95.00%	93.00%
Vacancy periods	0 - 3 months	0 - 6 months	0 - 1 months	0 - 2 months
Rent free periods	0 - 2 months	0 - 4 months	0 - 1 months	0 - 1 months
Discount rates	13.50%-16.00%	15.25%-16.25%	13.00%-16.50%	N/A
Capitalisation rates	8.00% - 10.50%	9.75%-10.75%	8.00%-11.00%	8.00%-12.25%
Exit capitalisation rates	8.25%-11.25%	10.00%-11.25%	8.00%-11.25%	N/A
Expected expense growth - municipal	8.80%	8.60%	8.20%	6.45%
Expected expense growth - controllable	5.25%	4.00%	4.00%	4.75%
Valuation method	Discounted cash-flow	Discounted cash-flow	Discounted cash-flow	Capitalisation of net income earnings

Unobservable Inputs as considered in December 2022 valuation report				
	Retail [1]	Commercial	Industrial	Residential
Expected market rental growth rate	4.80%	4.20%	4.50%	4.50%
Occupancy rate	96.80%	82.30%	99.30%	97.10%
Vacancy periods	0 - 6 months	0 - 12 months	0 - 2 months	0 - 2 months
Rent free periods	0 - 2 months	0 - 4 months	0 - 1 month	0 - 1 month
Discount rates	14.00% - 16.00%	15.25% - 17.00%	13.00% - 16.50%	N/A
Capitalisation rates	8.50% - 10.50%	9.75% - 11.50%	8.00% - 11.25%	8.00% - 12.00%
Exit capitalisation rates	8.75% - 11.75%	10.00% - 12.00%	8.75% - 12.00%	N/A
Expected expense growth - municipal	8.80%	8.90%	8.20%	7.30%
Expected expense growth - controllable	5.30%	4.40%	3.80%	4.60%
Valuation method	Discounted cash-flow	Discounted cash-flow	Discounted cash-flow	Capitalisation of net income earnings

[1] Includes storage.

Certain properties are subject to mortgage bonds in favour of lenders as detailed in note 17.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED
For the year ended 31 December 2023

5. INVESTMENT PROPERTY *CONTINUED*

The following table analyses the investment properties that are measured at fair value subsequent to initial recognition.

	2023 R 000	2022 R 000
Investment properties		
At valuation	**15 571 417**	13 984 808
Property under development	**1 725 387**	404 604
Held for disposal	**424 615**	746 025
	17 721 419	15 135 437

Management has reviewed the methodology and assumptions and are satisfied that the valuations are representative of the current and projected portfolio performance. Valuation of investment properties are sensitive to changes of inputs used in determining their fair value. The table below illustrates the sensitivity in fair value to changes of unobservable inputs, whilst holding the other inputs constant. The sensitivity analysis is based on the exposure to the discount rates, growth rates, cap rate and vacancy rates at the reporting date which are the most sensitive variables in determining the valuation.

Sensitivity of fair values to changes in unobservable inputs
A 50 basis points increase or decrease in the discount rate and a 100 basis points increase or decrease in exit cap rates (non-residential) and cap rates (residential), represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

	Capitalisation rate 2023		
	(1.0%) R 000	Current R 000	1.0% R 000
Discount rate			
(0.50%)	**19 417 750**	**17 900 104**	**16 536 480**
Current	**19 206 587**	**17 721 419**	**16 356 944**
0.50%	**19 000 461**	**17 517 321**	**16 181 628**

	Capitalisation rate 2022		
	(1.0%) R 000	Current R 000	1.0% R 000
Discount rate			
(0.50%)	16 011 737	15 459 848	15 011 857
Current	15 648 687	15 135 437	14 691 635
0.50%	15 302 384	14 796 555	14 385 952

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

5. INVESTMENT PROPERTY *CONTINUED*

Sensitivity of fair values to changes in unobservable inputs *continued*

A 100 basis points increase or decrease in revenue 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	**4.40%**	**3 187 970**	**3 278 400**	**3 375 113**
Retail	**4.90%**	**6 671 202**	**6 884 287**	**7 082 301**
Commercial	**1.40%**	**246 106**	**260 000**	**264 505**
Residential	**N/A**	**–**	**–**	**–**

	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
Residential	N/A	–	–	–

A 100 basis points increase or decrease in the 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%**	**3 285 026**	**3 278 400**	**3 271 194**
Retail	**3.10%**	**6 899 801**	**6 884 287**	**6 867 121**
Commercial	**7.00%**	**263 501**	**260 000**	**255 401**
Residential	**4.10%**	**7 459 023**	**7 298 733**	**7 184 522**

	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
Residential	4.10%	4 573 355	4 497 695	4 335 655

Between December 2022 and December 2023, the discount and capitalisation rates for the industrial portfolio have remained almost flat. The discount and capitalisation rates of the retail portfolio have tightened (20bps), reflective of the improved quality of the portfolio with reduced vacancies, while these rates have marginally tightened (10bps) in the commercial portfolio.

Residential has seen a marginal widening in capitalisation rates (10bps) impacted by the valuation assumption of muted rental escalations into the future, as a result of the impact of inflationary pressures on the target market. Zambian discount rates have tightened, evidencing the improvement in quality of these properties.

Although SA Corporate's portfolio rental growth prospects are improving, there have been no significant changes made to these assumptions as is the case with vacancy, bad debt, escalation and reversion assumptions.

The acquisition of Indluplace, being a significant driver combined with the above adjustments, resulted in a net increase in the valuation of investment property.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

6. INVESTMENT IN JOINT ARRANGEMENTS

The Group has multiple joint arrangements, including investments in joint ventures and joint operations. In the joint venture arrangements, the owners provide unanimous consent in the decision making which drives the profitability of the arrangements. In the joint operation, the owners have a direct right to the asset and obligation in respect of the liability, namely the investment property and shareholder's loan. By contrast, in the joint venture, the owners have a right to the net assets of the business, which is generally indicated when the owners have a joint shareholding in a property holding company.

All joint arrangements are strategic to the Group's activities.

Joint operations

Jointly controlled operations are accounted for by including the Group's share of the jointly controlled assets, liabilities, revenues and expenses on a line-by-line basis in the financial statements from the date that joint control commences until the date that joint control ceases. The Group accounts for these assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS 11: Joint Arrangements.

Details of the Group's material joint operations at the end of the reporting period are as follows:

Name of joint operation	Principal activity	Place of incorporation and principal place of business	Portion of ownership		Distribution share	
			2023	2022	2023	2022
			%	%	R 000	R 000
Umlazi Mega City	Property entity earning net rental income	Durban, KwaZulu-Natal, South Africa	**75%**	75%	**17 938**	18 236
50 Griffiths Mxenge Highway	Property entity earning net rental income	Durban, KwaZulu-Natal, South Africa	**75%**	75%	**563**	2 486

These jointly controlled operations are not in separate legal entities, but are governed by co-owner agreements, which stipulate the right to the assets and obligation to the liabilities.

The reconciliation of the summarised financial information set out below is based on the joint arrangement in full and not the Group's ownership thereof.

RETURN TO CASH FLOW

RETURN TO COMPREHENSIVE INCOME

RETURN TO FINANCIAL POSITION

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED
For the year ended 31 December 2023

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

2023 R 000	Umlazi Mega City	50 Griffiths Mxenge Highway
Non-current assets	**815 314**	**49 681**
Current assets	**91 207**	**3 910**
Total assets	**906 521**	**53 591**
Non-current liabilities	**(314 403)**	**(43 519)**
Current liabilities	**(342 082)**	**(10 869)**
Total liabilities	**(656 485)**	**(54 388)**
Revenue	**145 083**	**7 551**
Profit from joint operations	**90 015**	**3 914**

2022 R 000	Umlazi Mega City	50 Griffiths Mxenge Highway
Non-current assets	792 151	48 436
Current assets	51 924	5 728
Total assets	844 075	54 164
Non-current liabilities	(312 819)	(44 627)
Current liabilities	(311 616)	(207)
Total liabilities	(624 435)	(44 834)
Revenue	136 360	4 756
Profit from joint operations	105 377	5 733

Joint ventures
The Group accounts for the investments in joint ventures using the equity method. The joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

Foreign joint ventures
The Group has 50% ownership in the Mauritian legal entities, which have 99.9% ownership in the Zambian entities. The principal place of business is Lusaka, Zambia.

The currency of the primary economic environment in which the foreign joint ventures operate in is the Zambian Kwacha. Management has however applied its judgement and concluded that the functional currency is US Dollar-based on the following factors:

(i) The rentals charged are mainly US Dollar-linked with a small proportion in Zambian Kwacha;
(ii) Most of the cash is retained in US Dollar;
(iii) Most of the expenses are determined and paid in US Dollars;
(iv) A greater proportion of the funding used is US Dollar-denominated; and
(v) The original and subsequent acquisitions and the respective yields are US Dollar-denominated.

Foreign currency exchange rates used in converting US Dollar to ZAR are:
- Spot on 31 December 2023 US Dollar: R18.58 (2022: R16.98)
- Average US Dollar: R18.45 (2022: R16.35)

Local joint ventures
The fair value of the identifiable assets, liabilities, revenue and profit or loss are shown below. This is representative of 100% of the respective entities, and not the Group's ownership thereof.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

Details of the Group's material JVs are as follows:

2023 R 000	Foreign JV Ancona Mauritius Limited	Foreign JV Graduare Mauritius Limited	Foreign JV Premier LM & C Mauritius Limited	Total
Non-current assets	258 152	2 822 877	1 131 202	4 212 231
Current assets	26 044	199 144	113 037	338 225
Total assets	284 196	3 022 021	1 244 239	4 550 456
Non-current liabilities	7 293	855 656	687 003	1 549 952
Current liabilities	9 102	74 828	66 044	149 974
Total liabilities	16 395	930 484	753 047	1 699 926
Net assets	267 801	2 091 537	491 192	2 850 530
Non-controlling Interest	–	–	(260 634)	(260 634)
Net assets attributable to shareholders	267 801	2 091 537	230 558	2 589 896
Revenue	25 391	260 637	51 433	337 461
Profit/(loss) from JVs	16 141	70 656	26 247	113 043
Fair value movement in investment property included in profit/(loss) above	21 963	225 859	(250 907)	(3 084)
Reconciliation of the above summarised information				
Net assets of the JV	267 801	2 091 537	230 558	2 589 896
Proportion of the Group's ownership interest in the JVs	50%	50%	50%	50%
Carrying amount of the Group's interest in JVs	133 900	1 045 769	115 279	1 294 948

2023 R 000	Foreign JV Ancona Mauritius Limited	Foreign JV Graduare Mauritius Limited	Foreign JV Premier LM & C Mauritius Limited	Total
Non–current assets				
Investment property	256 440	2 517 942	1 096 768	3 871 150
Furniture and equipment	256	541	15 980	16 777
Rent receivable – straight–line rent adjustment	1 460	8 009	10 022	19 491
Capital work in progress	–	100 560	8 432	108 992
Shareholders loan	–	195 827	–	195 827
Current assets				
Cash and cash equivalents	19 830	33 785	89 078	142 693
Shareholders loan	–	68 663	–	68 663
Trade and other receivables	6 087	95 478	22 218	123 783
Rent receivable – straight–line rent adjustment	127	1 218	568	1 913
Non–current liabilities				
Shareholders loan	5 706	–	224 778	230 484
Non–current lease straight–line rent adjustment	1 587	9 226	9 216	20 029
Interest–bearing borrowings	–	846 431	341 001	1 187 432
Right of use liability	–	–	55 216	55 216
Preference shares	–	–	36 792	36 792
Finance charges				
Finance cost	–	(91 688)	(12 964)	(104 652)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

2022 R 000	Foreign JV Ancona Mauritius Limited	Foreign JV Graduare Mauritius Limited	Foreign JV Premier LM & C Mauritius Limited [(1)]	Local JV Afhco JCO Holdings Proprietary Limited [(2)]	Total
Non-current assets	223 103	2 138 504	1 127 011	–	3 488 618
Current assets	13 092	642 245	35 784	–	691 121
Total assets	236 195	2 780 749	1 162 795	–	4 179 739
Non-current liabilities	13 034	641 691	248 092	–	902 817
Current liabilities	6 380	312 220	43 416	–	362 016
Total liabilities	19 414	953 911	291 508	–	1 264 833
Net assets	216 781	1 826 838	871 287	–	2 914 906
Non-controlling Interest	–	–	(235 248)	–	(235 248)
Net assets attributable to shareholders	216 781	1 826 838	636 039	–	2 679 658
Revenue	23 083	207 852	45 536	24 764	301 235
Profit/(loss) from JVs	8 419	391 947	304 699	(9 623)	695 442
Fair value movement in investment property included in (loss)/profit above	(8 831)	325 493	267 312	3 170	587 144
Reconciliation of the above summarised information					
Net assets of the JV	216 781	1 826 838	636 039	–	2 679 658
Proportion of the Group's ownership interest in the JVs	50%	50%	50%	90%	
	108 390	913 419	318 020	–	1 339 829
Impairment of JV	–	–	(138 751)	–	(138 751)
Carrying amount of the Group's interest in JVs	108 390	913 419	179 269	-	1 201 078

2022 R 000	Foreign JV Ancona Mauritius Limited	Foreign JV Graduare Mauritius Limited	Foreign JV Premier LM & C Mauritius Limited [(1)]	Local JV Afhco JCO Holdings Proprietary Limited [(2)]	Total
Non–current assets					
Investment property	212 289	2 083 317	1 090 099	–	3 385 705
Furniture and equipment	440	1 111	26 419	–	27 970
Rent receivable – straight–line rent adjustment	1 899	10 417	13 036	–	25 352
Capital work in progress	1 363	43 660	22 968	–	67 991
Deferred taxation	–	–	–	–	–
Current assets					
Cash and cash equivalents	11 228	73 640	21 236	–	106 104
Rent receivable – straight–line rent adjustment	165	1 584	738	–	2 487
Non–current liabilities					
Shareholder loan	–	60 201	–	–	60 201
Non–current lease straight–line rent adjustment	2 064	12 001	1 085	–	15 150
Interest–bearing borrowings	–	842 215	127 373	–	969 588
Finance charges					
Finance cost	–	(12 907)	–	(24 688)	(37 595)
Finance income	–	–	–	430	430

[(1)] In December 2022, Premier LM & C Mauritius Limited, through its subsidiary LM&C Properties Limited, acquired 59.9% of a listed investment in Zambia.

[(2)] On 9 November 2022, the Group increased its shareholding in Afhco JCO Holdings Proprietary Limited from 90% to 100%, and consolidated the entity from the aforementioned date.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

Afhco Holdings Proprietary Limited (a subsidiary of the Company) held 90% shares in the Afhco JCO Holdings Proprietary Limited with 50% of voting rights. Although the Group held 90% shareholding, this investment was recognised as a joint venture, based on contractual agreed equal sharing of control and all decisions required unanimous consent. Afhco JCO Holdings Proprietary Limited owned the residential rental property called 'The Falls Lifestyle Estate' (now owned by Afhco Holdings Proprietary Limited).

Prior to 9 November 2022, the value of the investment in the joint ventures was deemed to be that of the underlying investment properties, as the joint ventures fully distribute all distributable income. The investment in JV was derecognised and the investment in subsidiary was recognised by the Group as a result of change in ownership.

At the date of obtaining full control Afhco JCO Holdings Proprietary Limited owed the Group a loan of R153.9 million which was thereafter eliminated by the Group subsequent to that date.

The value of the investment in the joint ventures is deemed to be that of the underlying investment properties, as the joint ventures fully distribute all distributable income. The fair value of the entire portfolio of investment properties was determined by independent registered valuers and approved on 5 February 2024 by the board of directors.

Reconciliation of investments in JVs	**2023 R 000**	**2022 R 000**
Carrying value at beginning of year	**1 201 078**	869 876
Net profit from investment in JVs [1]	**56 522**	246 528
Foreign currency translation reserve	**53 770**	67 770
Impairment of JV [2]	**–**	(138 751)
Equity release [3]	**(104 802)**	–
Development equity – cash paid [4]	**127 447**	76 817
Development equity - accrual [4]	**–**	94 933
Advance received from JVs	**(39 067)**	(16 095)
Carrying value at end of year	**1 294 948**	1 201 078

Reconciliation of loan to JVs	**2023 R 000**	**2022 R 000**
Carrying value at beginning of year	–	142 727
Loan advanced to JV (Cash)	–	7 476
Loan advanced to JV (Non-cash)	–	2 802
Interest earned on loan	–	14 590
Interest paid by JV	–	–
Impairment on loan to JV [2]	–	(8 661)
Reversal of impairment	–	35 630
Elimination of inter-company loan [5]	–	(194 564)
Carrying value at end of year	–	–

(1) The profit from the JVs is due to the profit in the underlying company.
(2) Included in the impairment of JV of R132.8 million in the Statement of Comprehensive Income.
(3) Relates to a capital repayment received from JVs.
(4) Development equity contribution to phases 5, 6 and 7 development in Zambia.
(5) This relates to shareholder's loan between Afhco Holdings Proprietary Limited and Afhco JCO Holdings Proprietary Limited. This has been eliminated due to the change in control from investment in JV to Group subsidiary. Refer to note 7.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

7. ACQUISITION OF SUBSIDIARIES

7.1 INDLUPLACE PROPERTIES LIMITED

The Group acquired 100% of the issued share capital of Indluplace Properties Limited (Indluplace) for a cash consideration of R3.40 per share through a Group subsidiary. Control was obtained on 1 August 2023 with the resignation of the previous Board and the appointment of the new Board. In line with the scheme of arrangement, Indluplace was subsequently delisted from the JSE. The Group elected to apply the optional concentration test in IFRS 3 which concluded that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset (Investment Property). The acquisition has therefore been accounted for as an asset acquisition. The Group has therefore consolidated the results of the Indluplace operations for the five months ended 31 December 2023, as well as its assets and liabilities at year-end in the Group's financial results for the year ended 31 December 2023.

The assets and liabilities recognised in the consolidated statement of financial position on the date of the acquisition were as follows:

Asset acquisition: Indluplace	2023 R 000
Assets	**100%**
Investment property	2 444 954
Property plant and equipment	2 497
Cash and cash equivalents	110 606
Right of use assets	2 706
Trade and other receivables	96 237
Derivatives	14 748
Deferred tax asset	2 568
Total Assets	**2 674 316**
Liabilities	
Secured financial liabilities	(1 344 620)
Lease liabilities	(3 828)
Trade and other payables	(179 941)
Total Liabilities	**(1 528 389)**
Fair value of net assets acquired	**1 145 927**
Purchase consideration	1 145 927
Net cash flow on acquisition	
Purchase consideration	1 145 927
Less cash and cash equivalents of subsidiary acquired	(110 606)
Net cash outflow on acquisition	**1 035 321**

RETURN TO CASH FLOW

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

7. ACQUISITION OF SUBSIDIARIES *CONTINUED*

7.2 THE FALLS - PRIOR YEAR ACQUISITION

On 9 November 2022, Afhco Holdings Proprietary Limited purchased an additional 10% of issued shares in the Afhco JCO Proprietary Limited from HJC Holdings Proprietary Limited, through the purchase of share equity. Afhco Holdings Proprietary Limited paid a purchase consideration of R3 million on acquisition. The Group elected to apply the concentration test which determined that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset (Investment Property), as such the acquisition does not meet the definition of a business combination. The acquisition has therefore been accounted for as an acquisition of assets and liabilities and subsequently consolidated into the Group.

Acquisition of a subsidiary	2022 R 000 100%	2022 R 000 10%
Reserves	(19 996)	(1 999)
Shareholder loans acquired	–	12 421
Partner share of loss	(9 623)	(963)
Total equity acquired	**(29 619)**	**9 459**
At acquisition impairment of shareholders loan	–	(6 459)
Purchase consideration made	–	3 000

Summarised statement of financial position at acquisition date of 10%	2022 R 000
Investment property	347 126
Trade and other receivables	21 970
Cash and cash equivalents	13 783
Other assets	891
Total assets	**383 770**
Interest-bearing borrowings	(206 063)
Shareholder's loan	(194 564)
Trade and other payables	(12 762)
Net asset value at date of acquisition	(29 619)

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost, including any directly attributable transaction costs.

Property, plant and equipment, excluding buildings, are carried at cost less accumulated depreciation and any impairment losses. Buildings are carried at its fair value using the revaluation model. Property, plant, and equipment is depreciated on the straight-line basis over its expected useful life to its estimated residual value and depreciation ceases when the residual value exceeds the carrying value. The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting period. Management assesses the asset for impairment when there is an indication of impairment.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Years	Item	Years
Plant and machinery	6	Office equipment	3
Furniture and fixtures	6	IT equipment	3
Motor vehicles	5	Computer software	3

RETURN TO CASH FLOW

RETURN TO FINANCIAL POSITION

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

8. PROPERTY, PLANT AND EQUIPMENT *CONTINUED*

	2023 R 000			2022 R 000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	**19 298**	**(10 974)**	**8 324**	9 306	(1 467)	7 839
Furniture and fixtures	**16 693**	**(11 381)**	**5 312**	13 633	(7 067)	6 566
Motor vehicles	**1 859**	**(1 794)**	**65**	1 450	(1 438)	12
Office equipment	**2 258**	**(841)**	**1 417**	1 485	(1 346)	139
IT equipment	**16 556**	**(12 960)**	**3 596**	14 809	(11 756)	3 053
Computer software	**6 369**	**(5 601)**	**768**	3 762	(2 894)	868
Buildings	**25 617**	**–**	**25 617**	23 228	–	23 228
Total	**88 650**	**(43 551)**	**45 099**	67 673	(25 968)	41 705

Reconciliation of property, plant and equipment – 2023

R 000	Opening Balance	Additions [1]	Disposals	Transfer from investment property	Depreciation	Closing Balance
Plant and machinery	**7 839**	**4 207**	**–**	**–**	**(3 722)**	**8 324**
Furniture and fixtures	**6 566**	**888**	**(56)**	**–**	**(2 086)**	**5 312**
Motor vehicles	**12**	**78**	**–**	**–**	**(25)**	**65**
Office equipment	**139**	**1 289**	**–**	**–**	**(11)**	**1 417**
IT equipment	**3 053**	**1 436**	**–**	**–**	**(893)**	**3 596**
Computer software	**868**	**79**	**–**	**–**	**(179)**	**768**
Buildings	**23 228**	**–**	**–**	**2 389**	**–**	**25 617**
	41 705	**7 977**	**(56)**	**2 389**	**(6 916)**	**45 099**

[1] Included in additions is the acquisition of Indluplace property, plant and equipment of R2.5 million. Refer to note 7.1

Reconciliation of property, plant and equipment – 2022

R 000	Opening Balance	Additions	Disposals	Transfer from investment property	Depreciation	Closing Balance
Plant and machinery	1 197	7 345	(2)	–	(701)	7 839
Furniture and fixtures	6 293	2 462	–	–	(2 189)	6 566
Motor vehicles	136	–	–	–	(124)	12
Office equipment	47	399	–	–	(307)	139
IT equipment	2 292	3 061	(70)	–	(2 230)	3 053
Computer software	771	505	–	–	(408)	868
Buildings	–	–	–	23 228	–	23 228
	10 736	13 772	(72)	23 228	(5 959)	41 705

9. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

Intangible assets arising from business combinations are recognised separately from goodwill, and are initially recognised at their fair value at the acquisition date, which represents their cost. The identification and initial measurement process are performed as part of the purchase price allocation. The Group has no internally generated intangible assets.

Subsequent to initial recognition intangible assets, acquired separately or through a business combination, are reported at cost less accumulated amortisation and impairment losses.

Goodwill

Goodwill is initially measured at cost, being the excess of the purchase price over the Group's share of the net identifiable assets acquired measured at fair value at the date of acquisition.

Where the fair value of the net identifiable assets at fair value exceeds the purchase price, the excess is immediately recognised in the statement of comprehensive income as a gain on bargain purchase.

RETURN TO FINANCIAL POSITION

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

9. INTANGIBLE ASSETS AND GOODWILL *CONTINUED*

Goodwill *continued*

Where the initial accounting for business combinations has provisionally been determined and new information emerges within 12 months of the acquisition date, adjustments are made to these values against goodwill. In addition, goodwill is adjusted for changes in the estimated value of contingent considerations given in the business combination when they arise.

Goodwill is reflected at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment at each reporting date. Impairment is determined by assessing the recoverable amount, which is the higher of fair value less costs to sell and value in use of the cash-generating unit to which the goodwill relates. The impairment loss is applied firstly to the carrying amount of goodwill thereafter any remaining impairment is allocated to the other assets of the acquired business. Impairment losses on goodwill are not reversed.

	2023		
R 000	**Cost**	**Accumulated amortisation**	**Carrying value**
The Afhco Brand [1]	**71 800**	**–**	**71 800**
Goodwill on the acquisition of Afhco Holdings Proprietary Limited	**10 104**	**–**	**10 104**
Automation software [2]	**3 118**	**(2 574)**	**544**
Total	**85 022**	**(2 574)**	**82 448**

	2022		
R 000	**Cost**	**Accumulated amortisation**	**Carrying value**
The Afhco Brand [1]	71 800	–	71 800
Goodwill on the acquisition of Afhco Holdings Proprietary Limited	10 104	–	10 104
Automation software [2]	3 583	(1 535)	2 048
Total	85 487	(1 535)	83 952

(1) The carrying value of the Brand is assessed for impairment at the end of each reporting period as it has an indefinite useful life.
(2) Software implementation cost amortised over three years; included in the 2023 cost of automation software is the reversal of R0.4 million.

The period in which the Brand will generate net cash inflow is not limited, resulting in the useful life being indefinite. The Brand is determined to have an indefinite useful life based on the relative strength and market recognition. The Brand has been in existence for a considerable period of time. The fair value of the Afhco Brand and goodwill in respect of Afhco Holdings was determined using an income-based approach to ascertain if the goodwill and brand is impaired. The discounted cashflows of Afhco was determined using a 10 year (2022: 10 year) forecast and a growth rate of 4.5% (2022: 4.5%) thereafter determining a terminal value. A 10-year period was selected to more accurately reflect the financing period. This aggregated value is discounted using a discount rate of 10.28% (2022: 10.15 %). A 500 basis points increase or decrease in the discount rate and growth rate will not result in an impairment.

10. LEASEHOLD PROPERTY

Leasehold property as a lessee:

Leasehold property are in respect of commercial space. All leases are accounted for by recognising a right-of-use (ROU) asset and a lease liability except for:

- Leases of low value assets with a value when new equal to or less than R100 000; or
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the Group's incremental weighted average cost of debt rate (WACD) 9.55% (2022: 9.6%) on commencement of the lease. This rate represents the Group's marginal cost of funding based on the latest debt margin at the last renewal and a weighted average of a three and five year swap at inception of the lease. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

ROU assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease; and
- Initial direct costs incurred.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

10. LEASEHOLD PROPERTY *CONTINUED*

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining revised lease term.

Any gain or loss arising from the partial or full termination of a lease (i.e. derecognition of the right-of-use asset and the corresponding lease liability) is recognised in profit or loss in the period in which it arises.

	2023 R 000	2022 R 000
Right-of-use assets		
Recognised at the beginning of the year	**12 124**	15 761
Additions [(1)]	**44 521**	873
Depreciation	**(18 187)**	(4 510)
Derecognition	**(1 075)**	–
Balance as at the end of the year	**37 383**	12 124
Lease liability		
Recognised at the beginning of the year	**16 594**	21 373
Additions [(2)]	**44 890**	1 474
Derecognition	**(951)**	–
Finance cost	**8 373**	1 421
Lease payments	**(21 439)**	(7 674)
Balance as at the end of the year	**47 467**	16 594
Lease liability [(2)]		
Non-current liability	**36 417**	11 253
Current liability	**11 050**	5 341
Balance as at the end of the year	**47 467**	16 594
Lease expense excluded from lease liabilities		
Low value lease expense	**515**	555
Expense relating to variable lease payments not included in the measurement of lease liabilities	**14 708**	6 844
	15 223	7 399
The minimum future lease payments payable under non-cancellable leases are as follows:		
Not later than 1 year	**19 813**	6 814
Later than 1 year and not later than 5 years	**37 693**	13 654
Later than 5 years	**29 926**	10 245
	87 432	30 713
The future minimum sub-lease payments receivable under non-cancellable leases are as follows:		
Not later than 1 year	**43 470**	58 072
Later than 1 year and not later than 5 years	**69 724**	127 406
Later than 5 years	**100 380**	104 243
	213 574	289 721

(1) Included in additions is the Indluplace right-of-use assets of R2.7 million. Refer to note 7.
(2) Included in lease liability is the Indluplace acquisition of R3.8 million. Refer to note 7.

In determining the right-of-use asset and lease liability, renewal options contained in the lease were excluded where the escalation rates were uncertain.

Lease expense relates to leases of land with leases expiring up to 2029 (2022: 2029), with certain leases containing lease extensions. These lease extensions are renegotiated as per the lease agreements and are considered to be new leases.

Lease income from leasehold properties with non-cancellable operating leases relates to leases expiring up to 2044 (2022: 2044).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

11. OTHER FINANCIAL ASSETS

	2023 R 000	2022 R 000
Refer to note 1 for the accounting policy		
Non-current assets		
Listed shares		
Transcend Residential Property Fund Limited [(1)]	–	52 993
	–	**52 993**
Other financial assets		
CityKidz Preschool NPC [(2)]		
Loan balance	–	475
Iza Nathi Trading Proprietary Limited [(6)]	**24 000**	–
Accrued interest	–	176
Firstmile Properties Ikhayalethu Proprietary Limited and Firstmile Properties Onalerona Proprietary Limited [(7)]	**8 665**	–
	32 665	651
Current assets		
Listed shares		
Safari Investments RSA Limited [(1)]	–	**116 000**
	–	**116 000**
Other financial assets		
Sun Malti Trios Trading Enterprises CC [(3)]	–	654
Urban Watch Patrol Proprietary Limited [(4)]	**267**	325
Benav Properties Proprietary Limited [(5)]	**3 017**	12 438
Iza Nathi Trading Proprietary Limited [(6)]	**16 191**	–
	19 475	13 417
Total other financial assets	**52 140**	183 061
Level 1 as detailed in note 4		
Reconciliation of investment in listed shares		
Carrying value at beginning of the year	**168 993**	162 871
Fair value (loss)/gain	**(910)**	6 122
Proceeds on sale of shares	**(164 083)**	–
Loss on sale of shares	**(4 000)**	–
Carrying value at end of year	**–**	168 993

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

11. OTHER FINANCIAL ASSETS *CONTINUED*

Details of listed shares	Stock exchange	% Held	Number of shares held 2022	Share price at 31 December (cps) 2022
Transcend Residential Property Fund Limited	JSE (REIT)	5.04%	8 267 220	641
Safari Investments RSA Limited	JSE (REIT)	6.43%	20 000 000	580

(1) In the current year the Group disposed of its 6.43% holding in Safari Investments RSA Limited and its 5.04% holding in Transcend Residential Property Fund Limited.

(2) In December 2023 the Group entered into an agreement where CityKidz would issue bursaries to students (particularly those in arrears). The value of the donation was R1.82 million (2022: R1.6 million), of which R635 000 (2022: R1.6 million) was in lieu of settlement of the loan.

(3) During 2019, R2.0 million was provided as support to Sun Malti Trios Trading Enterprises CC, a B-BBEE company, as part of supplier development, to acquire vehicles to be used to transport students to and from campuses. The loan which is secured by a notarial bond in respect of the vehicles, bears interest at the prime rate and is amortising with the final payment having been made in November 2023.

(4) During 2022, R324 800 was provided as support to Urban Watch Patrol as part of the Group's supplier development initiative. The loan is secured by the vehicles, at the prime interest rate and payable in full on 1 December 2025. Management considers the ECL to be negligible as the amount is adequately secured by the underlying vehicles.

(5) The loan arose due to vendor financing for the sale of Kempton Park Shoprite Checkers from SA Retail Properties Proprietary Limited to Benav Properties Proprietary Limited (Benav). The loan bears interest at the prime overdraft rate plus 2% and is secured by a second bond over the property. In addition, the Group has reserved the right to settle the amount due to the primary bond holder and take transfer of the primary bond and holds personal sureties from the shareholder of Benav. During the year instalments of R10 million was received.

(6) The loan arose due to vendor financing for the sale of Erf 896 Celtisdal Extension 20 township from SA Retail Properties Proprietary Limited to Iza Nathi Trading Proprietary Limited (Iza Nathi). The loan bears interest at the prime overdraft rate plus 3% and is secured by a second bond over the property. In addition, the Group has reserved the right to settle the amount due to the primary bond holder and take transfer of the primary bond and holds personal sureties from the shareholder of Iza Nathi. The first repayment tranche of R12.0 million was payable on 16 March 2024. The final repayment tranche of R24.0 million is payable in equal monthly instalments by 16 March 2026. Management considers the ECL to be negligible as the amount is adequately secured.

(7) The loan arose due to vendor financing to enable Firstmile Properties Ikhayalethu Proprietary Limited and Firstmile Properties Onealerona Proprietary Limited (Firstmile)to discharge its obligation to pay the VAT amount due to Afhco. The loan bears interest at the prime overdraft rate plus 1% and is secured by a second bond over the property. In addition, the Group has reserved the right to settle the amount due to the primary bond holder and take transfer of the primary bond. Repayment of the loan is due on 22 August 2026 unless Firstmile receive a refund of the VAT amount from the South African Revenue Service, which will trigger an immediate repayment of the loan. Management considers the ECL to be negligible as the amount is adequately secured.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

12. SWAP DERIVATIVES

	2023 R 000	2022 R 000
Swap derivatives at fair value through profit or loss:		
Interest rate swap derivatives		
Non-current assets	**5 100**	36 848
Current assets	**58 472**	28 827
Non-current liabilities	**–**	(222)
Current liabilities	**(5 259)**	(5 230)
Carrying amount of net asset	**58 313**	60 223
Reconciliation of interest rate swap derivatives		
Carrying value at beginning of year	**60 223**	(167 931)
Additions during the year [1]	**14 747**	–
Fair value (loss)/gain	**(16 657)**	221 207
Foreign exchange adjustment	**–**	6 947
Carrying value at end of year	**58 313**	60 223

Interest rate swap agreements for 1 - 5 years linked to JIBAR or SOFR have been concluded to convert floating rates to fixed rates. The total nominal value of active swaps are R5.7 billion (2022: R4.4 billion) which includes USD27 million. The Group has also entered into forward starting swaps with a nominal value of R0.8 million at 31 December 2023 (R1.3 billion at 31 December 2022).

	2023 R 000	2022 R 000
Cross-currency swap derivatives		
Current assets	**–**	121 687
Current liabilities	**–**	(172 635)
Carrying amount of net liability	**–**	(50 948)
Reconciliation of cross-currency swap derivatives		
Carrying value at beginning of year	**(50 948)**	(46 474)
Fair value gain/(loss)	**2 482**	(1 075)
Foreign exchange adjustment	**–**	(3 399)
Settlement of swap	**48 466**	–
Carrying value at end of year	**–**	(50 948)
Total swap derivatives		
Non-current assets	**5 100**	36 848
Current assets	**58 472**	150 514
Non-current liabilities	**–**	(222)
Current liabilities	**(5 259)**	(177 865)
Carrying amount of net asset	**58 313**	9 275
Reconciliation of swap derivatives		
Carrying value at beginning of year	**9 275**	(214 405)
Fair value (loss)/gain	**(14 175)**	220 131
Foreign exchange adjustment	**–**	3 549
Additions during the year	**14 747**	–
Settlement of swap	**48 466**	–
Carrying value at end of year [2]	**58 313**	9 275

(1) Relates to Indluplace acquisition as per note 7.
(2) Level 2 fair value measurement, as detailed in note 4.

The ABSA cross-currency loans were settled on maturity in the current year.

- the ABSA cross-currency R119.8 million receivable bearing interest at 8.468% (2022: 8.468%) per annum which was settled on maturity date in the current financial year; and
- the ABSA cross-currency USD 10 million payable bearing interest at 4.360% (2022: 4.360%) per annum which was settled on maturity date in the current financial year.

The interest rate swap derivatives are valued based on the discounted cashflow method. Future cash flows 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

13. TRADE AND OTHER RECEIVABLES

	2023 R 000	2022 R 000
Refer to note 1 for the accounting policy		
Financial instruments at amortised cost:		
Trade receivables (including VAT)	**145 081**	116 961
Provision for expected credit losses (excluding VAT)	**(50 417)**	(48 801)
Trade receivables net of provision for ECL	**94 664**	68 160
Other receivables	**271 505**	315 488
Non-financial instruments:		
Prepayments	**35 355**	74 717
VAT	**1 354**	6 277
Total trade and other receivables	**402 878**	464 642
Provision for ECL		
The movement in the provision for ECL during the year was as follows:		
Balance at the beginning of the year	**48 801**	74 939
Amounts written off during the year	**(9 346)**	(53 426)
Additional provisions recognised	**10 962**	27 288
Balance at the end of the year	**50 417**	48 801
Trade debtors including VAT	**145 081**	116 961
VAT thereon	**(10 168)**	(11 642)
Trade debtors excluding VAT	**134 913**	105 319

The carrying amount of financial assets recorded in the financial statements, which is net of expected credit losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

The provision is carried exclusive of VAT whilst the arrear rentals include VAT. This table has excluded the VAT on arrears to provide a more suitable comparison between arrears and the estimated credit loss.

The forward factor in respect of the ECL provision was determined by using the five-year historical correlation between the change in GDP growth and the change in arrears as a percentage of annual tenant revenue. The average correlation was applied to the change in GDP growth based on the forecasted GDP growth for 2023 to actual GDP growth in 2022. We believe this to be a good proxy for the ability of our tenants to pay. The Group considers the provision for any material credit risk exposure to be adequate.

Tenants were segregated per sector to depict different sectoral credit risk. Expected loss rates were based on the payment profile of the tenants over the period 1 January 2017 to 31 December 2022 and the corresponding historical credit losses experienced within this period. The Group did not include the 2020 historical loss ratios, as the 2020 financial year was an anomaly due to the COVID-19 pandemic, and these ratios would not provide accurate estimated credit losses when applied to the outstanding debtors, as at 31 December 2023. Historical loss ratios were adjusted for forward looking information by increasing these ratios by a factor of 1.79% (2022: 1.00%). This factor was determined through consideration of the projected GDP growth rate for 2023 which is expected to decrease by 0.98% (2022: decreased 2.81%) in comparison to the prior year. We have also looked at the increase in the debtors as a percentage of rental income which gave rise to a total increase in the ECL. The historical loss ratios and the forward looking adjustment of these ratios used at the date of initial application of IFRS 9 have been amended to include further loss experiences for the 2019 and 2023 financial years. The Group has not included the 2020 historical loss ratios, as the 2020 financial year was an anomaly due to the COVID-19 pandemic, and these ratios would not provide accurate estimated credit losses when applying those ratios to the outstanding debtors as at 31 December 2023.

RETURN TO FINANCIAL POSITION

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

The calculation of the estimated credit loss percentage is shown in the following table. The table below discloses the trade receivables and provision excluding VAT.

2023

	Industrial	Retail	Commercial	Afhco	Total
Current					
Trade debtors R 000	660	14 096	745	15 565	31 066
ECL %	30%	16%	2%	10%	13%
Provision R 000	198	2 323	18	1 619	4 158
30 days					
Trade debtors R 000	486	6 640	422	4 466	12 014
ECL %	52%	15%	29%	43%	27%
Provision R 000	251	966	123	1 932	3 272
60 days					
Trade debtors R 000	346	10 490	207	2 950	13 993
ECL %	79%	52%	60%	45%	51%
Provision R 000	274	5 480	125	1 322	7 201
90+ days					
Trade debtors R 000	6 455	51 842	8 030	11 513	77 840
ECL %	84%	59%	90%	65%	46%
Provision R 000	5 436	15 624	7 251	7 477	35 786
Total trade debtors	7 947	60 096	9 404	34 494	134 913
Total ECL provision	6 159	24 391	7 517	12 350	50 417

2022

	Industrial	Retail	Commercial	Afhco	Total
Current					
Trade debtors R 000	1 744	8 388	528	6 214	16 874
ECL %	13%	12%	25%	8%	11%
Provision R 000	230	1 021	131	478	1 860
30 days					
Trade debtors R 000	1 501	11 863	588	4 564	18 516
ECL %	20%	25%	41%	16%	23%
Provision R 000	303	2 954	238	740	4 235
60 days					
Trade debtors R 000	2 030	7 680	382	2 619	12 711
ECL %	41%	41%	66%	26%	39%
Provision R 000	824	3 186	251	674	4 935
90+ days					
Trade debtors R 000	8 783	24 566	9 559	14 310	57 218
ECL %	53%	59%	89%	71%	66%
Provision R 000	4 636	14 520	8 473	10 142	37 771
Total trade debtors	14 058	52 497	11 057	27 707	105 319
Total ECL provision	5 993	21 681	9 093	12 034	48 801

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

2023

Other receivables	Current R 000	30 days R 000	60 days R 000	90+ days R 000	Total R 000	ECL Assessment: R 000
Financial assets at amortised cost						
Tenants accruals (1)	**59 642**	**25 252**	**6 332**	**23 773**	**114 999**	**–**
Amounts due from municipalities (2)	**17 500**	**–**	**–**	**28 441**	**45 941**	**–**
Interest accrual (3)	**9 287**	**–**	**–**	**–**	**9 287**	**–**
Sundry debtors (4)	**44 167**	**4 411**	**1 437**	**48 278**	**98 293**	**5 958**
Insurance receivable (5)	**15 565**	**–**	**–**	**232**	**15 797**	**6 854**
	146 161	**29 663**	**7 769**	**100 724**	**284 317**	**12 812**

2022

Other receivables	Current R 000	30 days R 000	60 days R 000	90+ days R 000	Total R 000	ECL Assessment: R 000
Financial assets at amortised cost						
Tenants accruals (1)	30 012	23 631	24 762	20 083	98 488	2 595
Amounts due from municipalities (2)	–	–	–	32 332	32 332	–
Interest accrual (3)	1 658	–	–	–	1 658	–
Sundry debtors (4)	38 418	7 073	5 915	43 657	95 063	7 745
Insurance receivable (5)	98 287	–	–	–	98 287	–
	168 375	30 704	30 677	96 072	325 828	10 340

(1) Tenant accruals relate to recoveries and turnover rental that have not been billed to tenants. When accruals are billed to the tenants, the trade debtor ECL is applied to these recoveries. We have provided for specific expected credit losses for balances we deem not to be recoverable and may therefore not be charged to tenants based on available information increasing the probability of default, were these accruals to be charged to the tenants.

(2) This balance relates to deposits with municipal authorities, which will be recouped when a building is sold. Amounts are deemed irrecoverable where we have exhausted all avenues to collect the deposit and the probability of default is considered to be high. No amounts were written off in the current year.

(3) We have assessed the risk of default to be negligible and immaterial.

(4) The sundry debtors include amounts receivable from various parties, including property managers, sellers, purchasers and co-owners of properties. Debtors are written off when there is no reasonable expectation of recovery. This is assessed on the basis of failure of the debtor to agree and commit to a repayment plan, and where contractual payments are greater than a period of 90 days. We have assessed the risk of default of these parties individually to be negligible and immaterial at this stage based on historical transactional activity and our assessment of their future ability to settle the balance.

(5) Included in this balance is a receivable due from Sasria relating to loss of income and reinstatement costs of the properties impacted by the civil unrest. The receivable owed was reduced year on year by R82.7 million (2022: R28.6 million), as a result of insurance proceeds received during the year. Insurance proceeds in respect of the civil unrest losses of R344.3 million had been received by 31 December 2023, R95.6 million relates to loss of income and R248.7 million relates to reinstatement costs. The insurance receivable debtor balance at 31 December 2023 was R15.8 million (2022: R98.3 million), in respect of loss of income, against which a provision of R6.9 million for an amount in dispute with insurers was provided for. Subsequent to year-end a further R8.7 million was received, bringing the total received to date to R353 million (2022: R296.7 million) excluding VAT, reducing the receivable to Rnil.

Insurance proceeds receivable

Contingent assets are not recognised on the statement of financial position but are disclosed when it is more than likely that an inflow of benefits will occur. However, an asset is recognised in the statement of financial position when the inflow of benefits is virtually certain because that asset is no longer considered to be contingent.

The insurance proceeds will be recognised in the income statement when the receipt thereof is virtually certain. The insurance proceeds received due to loss of income is separately disclosed as other operating income in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

Insurance proceeds receivable *continued*

Information may become available after the end of the reporting period that provides additional evidence about conditions that existed as at the balance sheet date, including estimates inherent in the process of preparing financial statements. Such estimates include those related to insurance recoveries. If a business interruption policy exists and a valid claim has been made, the agreement by an insurer to a post year-end settlement would confirm the existence and amount of the claim at the reporting date. This would be considered an adjusting event.

If a valid claim has been raised on a policy that was in place at the reporting date, but at the time the financial statements are prepared, there remains uncertainty over the quantum of insurance recovery, a contingent asset may need to be disclosed under IAS 37 para 89. This disclosure requirement captures situations where an insurance receipt is probable but not yet virtually certain.

Historical rates adjusted for forward looking assumption

2023

	Industrial	Retail	Commercial	Afhco [1]	Group
Current					
Historical loss ratio	**1%**	**3%**	**3%**	**22%**	**5%**
Forward looking adjustments	**–**	**–**	**–**	**–**	**–**
Adjusted historical loss ratio	**1%**	**3%**	**3%**	**22%**	**5%**
30 days					
Historical loss ratio	**9%**	**18%**	**21%**	**17%**	**15%**
Forward looking adjustments	**–**	**–**	**1%**	**–**	**–**
Adjusted historical loss ratio	**9%**	**18%**	**22%**	**17%**	**15%**
60 days					
Historical loss ratio	**28%**	**35%**	**47%**	**10%**	**31%**
Forward looking adjustments	**–**	**–**	**–**	**–**	**–**
Adjusted historical loss ratio	**28%**	**36%**	**47%**	**10%**	**31%**
90 days					
Historical loss ratio	**38%**	**48%**	**68%**	**52%**	**54%**
Forward looking adjustments	**–**	**–**	**–**	**–**	**–**
Adjusted historical loss ratio	**38%**	**48%**	**68%**	**52%**	**54%**

2022

	Industrial	Retail	Commercial	Afhco [1]	Group
Current					
Historical loss ratio	1%	3%	3%	23%	5%
Forward looking adjustments	–	–	–	(1%)	–
Adjusted historical loss ratio	1%	3%	3%	22%	5%
30 days					
Historical loss ratio	8%	16%	19%	17%	16%
Forward looking adjustments	–	–	–	–	(1%)
Adjusted historical loss ratio	8%	16%	19%	17%	15%
60 days					
Historical loss ratio	29%	33%	45%	10%	31%
Forward looking adjustments	–	(1%)	(1%)	–	–
Adjusted historical loss ratio	29%	32%	44%	10%	31%
90 days					
Historical loss ratio	41%	45%	68%	52%	55%
Forward looking adjustments	–	(1%)	(1%)	–	(1%)
Adjusted historical loss ratio	41%	44%	67%	52%	54%

(1) For the Afhco portfolio, tenants in arrears are categorised into either retail, residential or students. The tenants are further split into vacated, handed over, high risk tenants and medium/low risk categories. All tenants with arrears in 90 days plus are provided for in full and for all vacated tenants, their arrears are also provided for in full as chances of recovery are slim. History shows that *circa* 8%-10% of the handed over tenants are recovered therefore the Group has provided for 90% of these tenants. For the high risk tenants in occupation, we provided for their arrears based on the last six months collections pattern.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED
For the year ended 31 December 2023

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

The following table details the Group's ECL sensitivity to a 1% increase and decrease in the macroeconomics.

2023

	R 000				
	Industrial	Retail	Commercial	Afhco	Total
Current					
Upward stress	**200**	**2 346**	**18**	**1 635**	**4 199**
ECL based on actual weightings	**198**	**2 323**	**18**	**1 619**	**4 158**
Downward stress	**196**	**2 300**	**18**	**1 603**	**4 117**
30 days					
Upward stress	**254**	**976**	**124**	**1 951**	**3 305**
ECL based on actual weightings	**251**	**966**	**123**	**1 932**	**3 272**
Downward stress	**248**	**956**	**122**	**1 913**	**3 239**
60 days					
Upward stress	**277**	**5 535**	**126**	**1 335**	**7 273**
ECL based on actual weightings	**274**	**5 480**	**125**	**1 322**	**7 201**
Downward stress	**271**	**5 425**	**124**	**1 309**	**7 129**
90 days					
Upward stress	**5 490**	**15 778**	**7 324**	**7 552**	**36 144**
ECL based on actual weightings	**5 436**	**15 622**	**7 251**	**7 477**	**35 786**
Downward stress	**5 382**	**15 466**	**7 178**	**7 402**	**35 428**

2022

	R 000				
	Industrial	Retail	Commercial	Afhco	Total
Current					
Upward stress	230	1 025	131	478	1 864
ECL based on actual weightings	230	1 021	131	478	1 860
Downward stress	230	1 018	130	478	1 856
30 days					
Upward stress	304	2 979	240	740	4 263
ECL based on actual weightings	303	2 954	238	740	4 235
Downward stress	301	2 928	237	740	4 206
60 days					
Upward stress	832	3 220	254	674	4 980
ECL based on actual weightings	824	3 186	251	674	4 935
Downward stress	816	3 152	249	674	4 891
90 days					
Upward stress	4 685	14 668	8 560	10 141	38 054
ECL based on actual weightings	4 636	14 519	8 475	10 141	37 771
Downward stress	4 587	14 371	8 386	10 141	37 485

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

14. CASH AND CASH EQUIVALENTS

Refer to note 1 for the accounting policies.

Cash and cash equivalents include cash on hand in banks.

	2023 R 000	2022 R 000
Cash and bank balances	**60 363**	41 062
Money market investments and call accounts	**1 112**	6 300
Distributions account	**432**	270
Government grant [(1)]	**124**	32 042
Total unrestricted cash	**62 031**	79 674
Tenant deposits [(2)]	**132 496**	99 845
Government grant maintenance reserve amount [(1)]	**500**	500
Total restricted cash	**132 996**	100 345
Total cash and cash equivalents	**195 027**	180 019

(1) Refer to note 38.

(2) The tenant deposits are invested in separate 32-day call accounts and as such can only be accessed within 32 days. Additionally, the capital portion can only be accessed at the end of the leasing arrangement (either via the conclusion of the lease term or via early termination) or it can be applied to the arrears balance. The tenant deposits have a corresponding liability in trade and other payables. The difference between the cash balance and that reflected under trade and other payables is due to timing in the recall of the cash paid to tenants from the operational bank account. Refer to note 19.

The ECL is deemed to be nil as the cash and cash equivalents are held by institutions with AA ratings as detailed in note 4.

Included in the tenant deposits balance above is an amount of R64.1 million (2022: R37.6 million) relating to residential units, which are subject to regulatory restrictions and are therefore not available for general use by the entities within the Group.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

15. PROPERTIES CLASSIFIED AS HELD FOR SALE

Investment properties which have been earmarked as 'held for sale' in compliance with the IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (IFRS 5) recognition criteria are measured in accordance with IAS 40: Investment property at fair value. These properties are disclosed as non-current assets held for sale on the statement of financial position in accordance with IFRS 5. Gains and losses arising upon remeasurement are separately recognised in the statement of comprehensive income.

2023 R 000	Properties classified as held for sale	Letting commissions and tenant installations	Straight line valuation adjustment	Total
Opening balance	**746 025**	**421**	**(2 704)**	**743 742**
Transfer from long-term assets [(1)]	**359 621**	**95**	**–**	**359 716**
Fair value adjustment	**7 020**	**–**	**–**	**7 020**
Disposals	**(688 051)**	**(340)**	**2 675**	**(685 716)**
Utilised	**–**	**(81)**	**–**	**(81)**
Closing balance [(2)]	**424 615**	**95**	**(29)**	**424 681**

2022 R 000	Properties classified as held for sale	Letting commissions and tenant installations	Straight line valuation adjustment	Total
Opening balance	939 407	1 521	(3 305)	937 623
Transfer from long-term assets [(1)]	284 562	256	(1 306)	283 512
Additions	16 077	–	1 288	17 365
Disposals	(494 021)	(503)	619	(493 905)
Utilised	–	(853)	–	(853)
Balance including straight-line adjustment	746 025	421	(2 704)	743 742
Add back straight-line rental adjustment	–	–	2 704	2 704
Closing balance	**746 025**	**421**	**–**	**746 446**

[(1)] As detailed in note 5.

[(2)] Investment properties classified as held for sale in the prior year amounting to R76.9 million is still unsold at 31 December 2023. These sales are largely contracted and awaiting completion of the property transfer administration.

During the 2021 year, the sale agreement of a property portfolio comprising several of the Group's residential properties, commercial rental businesses and development land in the Johannesburg inner-city by the Afhco Group (Afhco) to Firstmile Properties JHB CBD Crown Mines Proprietary Ltd became unconditional and was therefore transferred to held for sale. The first tranche of the sale of the shares of the property-owning entities totalling R280.6 million was completed in September 2022, and the remaining R265.7 million was concluded by September 2023.

RETURN TO FINANCIAL POSITION

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

16. SHARE CAPITAL AND RESERVES

Share capital and reserves represent the residual interest in the Group's assets after deducting all of its liabilities and have been accounted for as equity.

Shares issued by the Group are measured at the proceeds received net of direct issue cost. Shares repurchased by the Group are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own shares.

The non-distributable reserves relate to items that are not distributable to shareholders, such as fair value adjustments on the revaluation of investment property, long-term loans, borrowings and derivatives, the amortisation of intangible assets, share-based payment transactions, the straight-line lease income adjustment, non-cash charges, capital items, deferred taxation, bargain purchases, reserves, fair value gains on listed shares and capital profit and loss on disposal of investment properties.

	2023 R 000	2022 R 000
Authorised		
4 000 000 000 shares at no par value (2022: 4 000 000 000)		
Issued		
2 514 732 095 shares (2022: 2 514 732 095 shares) [(1)]	**9 126 100**	9 137 879
Non-distributable reserves: Share-based payment reserve	**10 853**	8 818
Non-distributable reserves: Operational [(2)]	**1 124 230**	706 134
Distributable reserves [(3)]	**773 717**	467 981
	11 034 900	10 320 812

(1) Refer to note 25 for the weighted average number of shares and the diluted weighted average number of shares.

(2) Included in non-distributable reserves are operational items which are not included in the calculation of distributable income. These include fair value gains and losses of investment properties, listed shares and capital profit and loss on disposal of investment properties as detailed in note 5.

(3) Included in distributable reserves is a balance of R197.5 million (2022: R143.8 million) relating to foreign currency translation reserves (FCTR). This reconciliation, which was previously incorrectly omitted, is newly disclosed and included for the comparative as well. Refer to reconciliation below.

The non-distributable reserves include items of a capital nature which are not distributable to the shareholders.

The consolidated statement of changes in equity reflects a detailed analysis of movements in shareholders' equity.

	2023 Shares	2022 Shares
Reconciliation of number of shares issued (excluding treasury shares):		
Opening shares [(1)]	**2 492 606 893**	2 488 241 230
Vested shares [(2)]	**5 853 734**	4 365 663
Share repurchase - employee share scheme [(3)]	**(9 491 382)**	–
Closing shares	**2 488 969 245**	2 492 606 893

(1) This is net of treasury shares of 26 575 136 (2022: 22 937 486).

(2) As detailed in note 34. Vested shares includes 1 651 190 shares purchased from participants and included in treasury shares.

(3) As part of the employee share scheme the Group repurchased 9 491 382 (2022: Rnil) of its shares at a weighted average cost of R2.06 (2022: Rnil) and a total value of R19.5 million (2022: Rnil).

	2023 R 000	2022 R 000
Reconciliation of FCTR		
Opening balance	**143 776**	76 006
FCTR movement recognised in OCI	**53 770**	67 770
Closing balance	**197 546**	143 776

RETURN TO CHANGES IN EQUITY

RETURN TO FINANCIAL POSITION

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

17. INTEREST-BEARING BORROWINGS

	2023 R 000	2022 R 000
Refer to note 1 for accounting policy.		
ABSA Bank Limited		
Loan bearing interest at 10.308% (2022: 8.467%) per annum and paid quarterly. This loan is payable on 10 September 2025. (Facility B) (3)	**203 502**	202 876
Loan bearing interest at 10.658% (2022: 8.817%) per annum and paid quarterly. This loan is payable on 9 December 2025. (Facility A1) (3)	**152 716**	152 247
Loan bearing interest at 0.000% (2022: 8.292%) per annum and paid quarterly. This loan was repaid on 7 August 2023. (Facility K1) (3) & (4)	**–**	593 240
Loan bearing interest at 10.308% (2022: 8.467%) per annum and paid quarterly. This loan is payable on 7 May 2025. (Facility L1) (3)	**312 884**	311 923
Loan bearing interest at 9.191% (2022: 8.100%) per annum and paid quarterly. This loan is payable on 15 January 2025. (Facility H) (1) & (3)	**508 884**	465 835
Loan bearing interest at 10.042% (2022: 8.875%) per annum and paid quarterly. This loan is payable on 9 September 2025. (Facility P1) (3)	**161 928**	3 445
Loan bearing interest at 10.075% (2022: 8.933%) per annum and paid quarterly. This loan is payable on 9 September 2025. (Facility X) (3) & (5)	**200 166**	200 098
Loan bearing interest at 10.167% (2022: 9.000%) per annum and paid quarterly. This loan is payable on 9 September 2026. (Facility Y) (3)	**523 374**	522 843
Loan bearing interest at 10.300% (2022: 9.158%) per annum and paid quarterly. This loan is payable on 9 September 2027. (Facility Z1) (3) & (5)	**320 271**	320 160
Loan bearing interest at 10.267% (2022: 9.100%) per annum and paid quarterly. This loan is payable on 9 September 2027. (Facility Z2) (3)	**300 430**	300 125
Loan bearing interest at 10.192% (2022: 9.108%) per annum and paid quarterly. This loan is payable on 11 January 2025. (Facility A) (7)	**107 120**	107 136
Loan bearing interest at 10.192% (2022: 9.108%) per annum and paid quarterly. This loan is payable on 2 June 2025. (Facility B) (7)	**99 834**	99 836
Loan bearing interest at 10.075% per annum and paid quarterly. This loan is payable on 30 June 2026. (Facility AA) (3) & (4)	**200 166**	–
Loan bearing interest at 10.200% per annum and paid quarterly. This loan is payable on 30 June 2027. (Facility AC) (3) & (4)	**140 117**	–
Loan bearing interest at 10.150% per annum and paid quarterly. This loan is payable on 16 May 2024. (Facility D1) (6)	**304 683**	–
Loan bearing interest at 10.950% per annum and paid quarterly. This loan is payable on 16 November 2024. (Facility D2) (6)	**75 576**	–
Loan bearing interest at 11.100% per annum and paid quarterly. This loan is payable on 16 November 2025. (Facility D3) (6)	**66 887**	–
Loan bearing interest at 10.300% per annum and paid quarterly. This loan is payable on 31 October 2025. (Facility F1) (6)	**226 607**	–
Loan bearing interest at 10.450% per annum and paid quarterly. This loan is payable on 31 October 2026. (Facility F2) (6)	**75 536**	–
Loan bearing interest at 10.267% (2022: 9.100%) per annum and paid quarterly. This loan is payable on 9 September 2027. (Facility P2) (2), (3) & (4)	**–**	–
Loan bearing interest at 10.075% per annum and paid quarterly. This loan is payable on 30 June 2026. (Facility AB) (2), (3) & (4)	**–**	–
Loan bearing interest at 10.208% per annum and paid quarterly. This loan is payable on 7 August 2028. (Facility AD) (3) & (4)	**243 907**	–
	4 224 588	3 279 764
Nedbank Limited		
Loan bearing interest at 0.000% (2022: 9.070%) per annum and paid quarterly. This loan was repaid on 7 August 2023. (Facility K2) (3) & (4)	**–**	568 737
Loan bearing interest at 10.347% (2022: 9.180%) per annum and paid quarterly. This loan is payable on 7 May 2025. (Facility L2) (3)	**302 722**	302 414
Loan bearing interest at 10.650% per annum and paid quarterly. This loan is payable on 31 October 2024. (Facility E1) (6)	**146 500**	–
Loan bearing interest at 10.750% per annum and paid quarterly. This loan is payable on 31 October 2026. (Facility E2) (6)	**146 500**	–
Loan bearing interest at 10.197% (2022: 8.467%) per annum and paid quarterly. This loan is payable on 7 August 2028. (Facility K3) (3) & (4)	**569 294**	–
Loan bearing interest at 10.750% per annum and paid quarterly This loan is payable on 31 October 2024 (Facility E) (2) & (6)	**–**	–
	1 165 016	871 151

RETURN TO CASH FLOW

RETURN TO FINANCIAL POSITION

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

17. INTEREST-BEARING BORROWINGS *CONTINUED*

	2023 R 000	2022 R 000
Standard Bank of South Africa Limited		
Loan bearing interest at 10.367% (2022: 9.200%) per annum. This loan is payable on the 8 September 2026. (Facility B2) (3)	**201 818**	201 613
Loan bearing interest at 10.680% (2022: 9.538%) per annum and paid quarterly. This loan is payable on 11 December 2025. (Facility N2) (3)	**150 132**	150 078
Loan bearing interest at 10.070% (2022: 8.933%) per annum and paid quarterly. This loan is payable on 9 September 2025. (Facility S) (3) & (5)	**198 964**	329 161
Loan bearing interest at 10.167 (2022: 9.000%) per annum and paid quarterly. This loan is payable on 9 September 2026. (Facility T) (3)	**920 886**	919 952
Loan bearing interest at 10.300% (2022: 9.158%) per annum and paid quarterly. This loan is payable on 9 September 2027. (Facility U) (3) & (5)	**700 593**	700 351
Loan bearing interest at 10.042% per annum and paid quarterly. This loan is payable on 11 October 2026. (Facility V) (3) & (4)	**100 880**	–
Loan bearing interest at 10.208% per annum and paid quarterly. This loan is payable on 7 August 2028. (Facility W) (3) & (4)	**351 236**	–
Loan bearing interest at 0.000% (2022: 8.950%) per annum and paid quarterly. This loan is payable on 8 September 2024. (Facility B1) (4)	**–**	–
	2 624 509	2 301 155
Investec Limited		
Loan bearing interest at 10.800% per annum and paid quarterly. This loan is payable on 16 November 2024. (Facility C2) (6)	75 577	–
Loan bearing interest at 10.900% per annum and paid quarterly. This loan is payable on 16 November 2025. (Facility C3) (6)	66 889	–
	142 466	–
Total gross borrowings (including accrued interest)	**8 156 579**	6 450 270
Less: Net debt raising fees	**(15 642)**	(15 491)
	8 140 937	6 436 579
Disclosed as:		
Non-current borrowings	**7 496 104**	6 404 924
Less: Long-term net debt raising fees	**(9 245)**	(9 262)
Non-current borrowings	**7 486 859**	6 395 662
Current borrowings	**654 078**	40 917
Accrued interest expense	**58 139**	47 146
Short-term borrowings	**602 336**	–
Less: Short-term net debt raising fees	**(6 397)**	(6 229)
	8 140 937	6 436 579

(1) This loan is denominated in USD. The loan has been translated at the prevailing USD to Rand exchange rate at year end.

(2) These facilities are revolving credit facilities which were undrawn at 31 December 2023 (2022: undrawn).

(3) The Group's funding strategy is to fund investments from a diverse set of lenders via security pools, ("Mega Pool" and "Bowwood and Main"). All these loans form part of the Mega Pool security pool. This structure creates pricing tension while ensuring lenders investment exposure is of equal quality.

(4) As part of the Group's refinance of R1.249 billion debt during the year (2022: R3.778 billion), facilities K1, K2 and B1 were replaced with facilities K,3 AD, V and W. Additional facilities of R500 million (facilities AA, AB and AC) during the second half of 2023 were successfully concluded.

(5) Sustainability linked loans, with sustainability performance targets (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 3bps to 9bps over the funding term. However, if SPT's are not met the margin adjustments would amount to an increase of between 2bps to 7 bps in facilities X, Z1, S, U.

(6) The Group's funding strategy is to fund investments from a diverse set of lenders via security pools, ("Mega Pool" and "Bowwood & Main"). All these loans forms part of the Bowwood & Main security pool. This structure creates pricing tension while ensuring lender investment exposure is of equal quality.

(7) The Falls Rental Company Proprietary Limited, equity accounted in 2021, was consolidated in 2022 (refer to note 7).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

17. INTEREST-BEARING BORROWINGS *CONTINUED*

All loans are linked to JIBAR, except for the USD loan with ABSA which was linked to LIBOR and transitioned to the new benchmark, SOFR on 5 May 2023. The transition was assessed to have an insignificant impact on the loan because of a fixed USD interest rate swap on the loan. The MPG has designated ZARONIA as the successor rate to replace JIBAR, however, they have not prescribed a transition date as yet.

These loans are secured by first mortgage bonds over a portion of the property portfolio to the value of R16.4 billion (2022: R12.6 billion), and are listed as follows:

Mega Pool

Hayfields Mall - Pietermaritzburg

37 Yaldwyn Road - Jet Park

Springfield Value Centre - Springfield

Cambridge Crossing - Sandton

Coachmans Crossing - Sandton

Town Square - Weltevredenpark

Pine Walk Centre - Pinetown

Willow Way Shopping Centre - Lynwood

Davenport Shopping Centre - Glenwood

41 Yaldwyn Road - Jet Park

57 Sarel Baard Crescent - Centurion

88 Loper Avenue - Aeroport

Northpark Mall - Pretoria North

Corner Rudo Nel And Tudor Streets - Jet Park

Corner Gillitts And Young Roads - Pinetown

Corner Staal And Stephenson Roads - Pretoria

East Point - Boksburg

Midway Mews - Halfway Gardens

Musgrave Centre - Musgrave

Suffert Street - Pinetown

3 Wankel Street - Jet Park

33 - 37 Aloefield Crescent - Springfield Park

155 - 157 Old Main Road - Pinetown

1 Irvine Bell Drive - Empangeni

5 Westgate Place - Westmead

18 Covora Street - Jet Park

8 Director Drive - Aeroport

28 Goodwood Road - Mahogany Ridge

32 Yaldwyn Road - Jet Park

112 Yaldwyn Road - Jet Park

141 Hertz Close - Meadowdale

2 Fobian Street - Boksburg

85 Newton Street - Meadowdale

35 Surprise Road - Pinetown

27 Jet Park Road - Jet Park

5 Yaldwyn Road - Jet Park

Beryl Street - Jet Park

Bluff Shopping Centre - Bluff

Tygerberg Business Park - Parow

Montana Crossing - Montana

Corner Koornhof Road And Essex Street - Meadowdale

Forest Road Design And Decor Centre - Fourways

Cullinan Jewel Shopping Centre - Cullinan

33 Ontdekkers Road - Roodepoort

2 Beechfield Crescent - Durban

2 Kubu Avenue - Riverhorse Valley

Comaro Crossing - Oakdene

Umlazi Mega City (75%) - Umlazi

GreenPark Corner - Sandton

50 Griffiths Mxenge Highway (75%) - Umlazi

Erf 1144 Bardene Extension 48 - Boksburg

Morning Glen - Sandton

51 Pritchard Street - Johannesburg

Storage Worx - East Point

Storage Worx - Midway

Storage Montana - Montana

The Oaks Shopping Centre - Ermelo

120 End Street - Doornfontein

Mpumelelo - Doornfontein

Frank & Hirsch & Merchandise Centre - Johannesburg

Impilo - Johannesburg

Moray House - Johannesburg

Newgate - Newtown

Platinum Place - New Doornfontein

Stuttaford House - Johannesburg

Elmol House - Johannesburg

Melbourne Court - Johannesburg

Springbok Hotel - Johannesburg

42-44 De Villiers Street - Johannesburg

Normandie Court - Johannesburg

Living @ Rissik - Johannesburg

Jeppe Post Office - Johannesburg

Tubatse Village - Steelpoort

Etude - Midrand

Minuet - Midrand

Golf Park - Pretoria West

Calderwood - Benoni

20 Kyalami Road - Pinetown

17 Young Road - Pinetown

7 Belgrade Avenue - Aeroport

148 Fleming Street - Meadowdale

137 Kuschke Street - Meadowdale

149 Fleming Street - Meadowdale

150 Fleming Street - Meadowdale

Corner Fleming Street And Koornhof Road - Meadowdale

153 Old Main Road - Pinetown

10 Yarborough Road - Pietermaritzburg

9 Twilight Drive - Umhlanga

145 Kuschke Street - Meadowdale

19 Brunton Circle - Modderfontein

African City - Johannesburg

252 Montrose Avenue - Randburg

Atkinson House - Johannesburg

Johannesburg Shopping Centre - Johannesburg

Jabulani Mews - Soweto

South Hills Lifestyle Estate - Johannesburg

Northgate Heights - Randburg

Northgate Heights (OTL) - Randburg

Danina - Johannesburg

Georgetown - Germiston

Hoeksbury - Johannesburg

Andrea Close - Johannesburg

Beechwood Estate - Randfontein

Dennehof and Bloekomhof - Vereeniging

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED
For the year ended 31 December 2023

17. INTEREST-BEARING BORROWINGS *CONTINUED*

Bowwood and Main

Avril Gardens - Randburg
Dukes Lodge - Randburg
Frangipani - Johannesburg
Franshoek - Johannesburg
Ilanga - Randburg
Karen Place - Randburg
Kevrob Manor - Randburg
Kingston - Randburg
Lana Lee - Randburg
Mount Bradley - Randburg
Prince Allan - Randburg
Protea Glen - Soweto
Rosdin - Randburg
Sefton Court - Johannesburg
Selwyn Hall - Randburg
Villa Borghese - Randburg
Agatha - Randburg
Dalem Mews - Randburg
Earls Den - Randburg
Elizabeth gardens - Randburg
Janin (and Sixty One) - Randburg
Kenwyn - Randburg
Khaya Square - Randburg
Lionsgate - Randburg
Margedale - Randburg
Marwyn - Randburg
Neilsway - Randburg
Sixty One Contesses (Janine) - Randburg
SS Annlin Lifestyle Place - Pretoria
SS En Gedi - Benoni
SS Park Crescent - Pretoria
SS Philwade Manor - Randburg
SS Summer Place - Centurion
Wonderpark Estate - Pretoria
Garden View - Randburg
Golden Views - Boksburg
Greenshank Villas - Roodepoort
Highveld Views - Emalahleni
Longfellow Village - Vanderbijlpark
Molrow House - Germiston
Montere - Randburg
Fairways - Springs
My Place - Johannesburg
Redwood - Roodepoort
Rosewood - Roodepoort
Ironwood - Roodepoort
Airfield Towers (& Rhodesfield) - Kempton Park
Belgrade - Johannesburg
Cedar Valley - Johannesburg
Chronicles - Kempton Park
Cranborough Mews - Randburg
Deutronomy - Kempton Park
Exodus - Kempton Park
Ezra - Kempton Park
Genesis - Kempton Park
Jackson's Cove - Johannesburg
Joshua - Kempton Park
Judges - Kempton Park
Kilimanjaro - Johannesburg
Kings - Kempton Park
Leviticus
Logan's View - Johannesburg
Nehemiah - Kempton Park
Numbers - Kempton Park
Progress House - Randburg
Rand President - Randburg
Rhodesfield (Rhodes Court)
Robwill Mansions - Benoni
Rothchild Manor - Roodepoort
Samuel - Kempton Park
Sparrow Hawk - Germiston
Summer Place - Roodepoort
Sunset View - Johannesburg
Surrey - Randburg
Telmond - Johannesburg
Hollyland - Johannesburg
The Windmill - Johannesburg
Trejon - Roodepoort
Upper East Side - Boksburg
Villa Mia - Benoni
Golden Okes - Johannesburg
Amberfield - Vanderbijlpark
Park Village - Vanderbijlpark
Germiston - Germiston
Arches - Benoni
Noordheuwel Heights - Krugersdorp
Waterfront - Germiston
Maria Mansions - Benoni
Springbok Court - Benoni
Blauwberg - Johannesburg
Kings Ransom - Johannesburg
Matroosberg - Johannesburg
Midhill Gardens - Johannesburg
Fasser House - Pretoria
Frederick House - Johannesburg
Jozi - Johannesburg
Parnon - Bloemfontein
Quagga Estates - Pretoria
Stonearch - Germiston
Syringa - Kempton Park
Willowbrook Mews - Centurion
Balnagask - Johannesburg
Selwood Place - Johannesburg
Monsmeg - Johannesburg
Northways - Johannesburg
SS Arvin Court - Johannesburg
SS Hillandale - Johannesburg
Seswick Court - Johannesburg
Sue Mark Court - Johannesburg
Toronto House - Johannesburg
Bree - 320 Bree Street - Johannesburg
Bree - Cheryl Court - Johannesburg
Bree - Mall, U Save, Film Trust, Globakeries - Johannesburg
Beacon Royal - Johannesburg
Empire Gardens - Johannesburg
Willanda - Johannesburg
One Eloff - Johannesburg
Promogranate Heights - Johannesburg
Villa Kazi - Johannesburg
Curzon Court - Johannesburg
Geraldine Court - Johannesburg
Morgenster - Johannesburg
Park Mews - Johannesburg
The Sentinel - Johannesburg

ABSA Bank Limited

The Falls Lifestyle Estate

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

17. INTEREST-BEARING BORROWINGS *CONTINUED*

The Group is subject to, and is in compliance with the following covenants:

	2023 Ratio	2022 Ratio
Covenants		
Mega Pool loans		
Transactional loan to value - including all facilities	**<0.60**	<0.60
Transactional loan to value (including mark to market value) including all facilities	**<0.65**	<0.65
Transactional interest cover ratio (Original)	**>1.75**	>1.75
Transactional interest cover - relaxed covenant November 2023 - April 2024	**>1.50**	–
Corporate interest cover ration (Original)	**>2.00**	>2.00
Corporate interest cover - relaxed covenant November 2023 - April 2024	**>1.75**	>1.75
Corporate loan to value (including guarantees)	**<0.50**	<0.50
The Falls Covenants [(1)]		
Loan to value	**<0.65**	<0.65
Interest cover ratio	**>1.50**	>1.50
Vacancy cover	**<0.10**	<0.10
Loan to cost ratio	**<0.65**	<0.65
Bowwood and Main Covenants		
SA REIT loan to value	**<0.45**	–
Loan to value	**<0.45**	–
Transactional interest cover ratio	**>1.8**	–
Corporate interest cover ratio	**>1.8**	–
Current ratios		
Mega Pool loans		
Corporate loan to value (including guarantees)	**0.43**	0.40
Corporate interest cover ratio	**–**	2.25
Corporate interest cover - relaxed covenant November 2023 - April 2024	**1.93**	–
Secured portfolio loan to value	**0.50**	0.50
Secured portfolio interest cover ratio	**1.75**	2.34
The Falls [(2)]		
Loan to value	**0.61**	–
Interest cover ratio	**1.1**	–
Vacancy cover	**0.06**	–
Loan to cost cover	**0.61**	–
Bowwood and Main		
SA REIT loan to value	**0.37**	–
Corporate loan to value	**0.44**	–
Loan to value	**0.38**	–
Transactional interest cover ratio	**2.34**	–
Corporate interest cover ratio	**2.34**	–

(1) The Falls Rental Company Proprietary Limited, consolidated in 2022 (refer to note 7).

(2) All covenants in respect of The Falls have been waived as at 31 December 2023.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED
For the year ended 31 December 2023

17. INTEREST-BEARING BORROWINGS *CONTINUED*

The following table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.

	2023 R 000	2022 R 000
Reconciliation of interest-bearing borrowings		
Gross interest-bearing borrowings at the beginning of the year	**7 002 024**	6 804 665
Cash available in revolving credit facilities	**(597 100)**	(615 000)
Net interest-bearing borrowings at the beginning of the year	**6 404 924**	6 189 665
Repayment of interest-bearing borrowings	**(1 756 239)**	(688 300)
Proceeds from interest-bearing borrowings	**2 062 300**	706 000
Acquisition of The Falls [(1)]	**–**	206 063
Acquisition of Indluplace [(2)]	**1 347 254**	–
Foreign exchange adjustments	**41 677**	29 950
Interest paid	**(654 712)**	(415 770)
Interest accrued	**653 236**	377 316
Net interest-bearing borrowings at the end of the year	**8 098 440**	6 404 924
Gross interest-bearing borrowings at the end of the year	**8 738 440**	7 002 024
Cash available in revolving credit facilities	**(640 000)**	(597 100)
Net interest-bearing borrowings at the end of the year	**8 098 440**	6 404 924
Less: Net debt raising fees	**(15 642)**	(15 491)
	8 082 798	6 389 433
Less: cash and cash equivalents (includes tenant deposits of R132.4 million) (2022: R99.8 million)	**(195 027)**	(180 019)
Net debt at the end of the year	**7 887 771**	6 209 414

(1) The Falls Rental Company Proprietary Limited, consolidated in 2022 (refer to note 7).
(2) Includes restructuring fee of R2.6 million.

18. DEFERRED TAXATION

Deferred taxation is provided for using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation is charged to profit or loss. A deferred taxation asset is recognised to the extent that it is probable that it will be utilised on future taxable profits. Deferred taxation is raised at tax rates that have been enacted or substantively enacted at the reporting date.

	2023 R 000	2022 R 000
Reconciliation of deferred taxation		
Balance at the beginning of year	**4 689**	6 167
Prior year tax adjustment	**–**	254
Change in tax rate	**(158)**	–
Additions [(1)]	**2 568**	–
Charged to the statement of comprehensive income [(2)]	**(4 820)**	(1 732)
Balance at the end of year	**2 279**	4 689
Comprising:		
Prepayment	**99**	375
Provisions and accruals	**4 724**	602
Derivatives	**(2 827)**	–
Right of use asset	**(1 026)**	–
Lease liability	**726**	–
Assessed loss [(3)]	**284**	3 735
Accelerated tax depreciation	**(518)**	(518)
Income received in advance	**857**	495
Straight-line adjustment on rental	**(40)**	–
	2 279	4 689

(1) Refer to note 7
(2) As detailed in note 24.
(3) The assessed loss represents timing differences relating to the employee share-based payments, employee provisions and timing of the recovery of legal fees incurred by the management company until the completion of the transaction to which these expenses are allocated. The deferred tax asset is capped at the probable timing difference, with the balance reflected as a permanent difference. This is particularly relevant to the employee share scheme arising from the devaluations of the share price and changes in the FSP vesting conditions.

RETURN TO FINANCIAL POSITION

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

19. TRADE AND OTHER PAYABLES

Refer to note 1 for the accounting policy.

The Group has cash management policies in place to ensure that all amounts are paid within the required credit time frame.

	2023 R 000	2022 R 000
Trade and other payables	**504 301**	421 211
Tenant deposits [1]	**128 751**	104 998
Income received in advance	**55 241**	44 984
VAT payable	**8 647**	5 265
Accrued interest	**2 374**	3 182
Unclaimed distributions	**2 135**	1 766
	701 449	581 406

[1] Refer to note 14.

20. REVENUE

Revenue comprises gross rental income, including all recoveries from tenants. Rental income and fixed operating cost recoveries are recognised on the straight-line basis in accordance with IFRS 16: Leases. Turnover rental income is recognised on the accrual basis and measured at fair value.

As per IFRS 15, revenue is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered over time. Some property management contracts may include multiple elements of service which are provided to tenants. The Group assesses whether individual elements of service in the contract are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the relative stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost-plus margin. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule.

The Group recovers certain property expenses from the tenants for services as determined by the lease agreements. The Group negotiates the terms of the services, manages the relationship with the third party and is ultimately liable for payment to the third party (even if the expense is not recovered from the tenant), and therefore maintains primary responsibility for ensuring that the service is provided. The Group therefore acts as a principal on these transactions when recovering operating costs from tenants and consequently records these amounts on a gross basis.

Interest income is recognised at the effective rates of interest on a time related basis. Dividends are recognised when declared. The directors have assessed the following:

- The rental income in terms of the lease agreements, falls outside the scope of IFRS 15, as this is within the scope of IFRS 16: Leases.
- The interest and dividend income falls outside of the scope of IFRS 15, as this is included in the IFRS 9: Financial Instruments; and
- The amounts that are included in other income, which falls within the scope of IFRS 15, are recognised when the performance obligations have been fulfilled.

The performance obligations are distinct and stipulated in the agreements with the various parties. The amount recognised as revenue is stipulated in or calculated based on the agreements.

	2023 R 000	2022 R 000
Operating rent	**1 722 134**	1 459 234
Turnover based rent	**17 511**	16 123
Rent	**1 739 645**	1 475 357
Straight-line rent adjustment	**42 016**	(38 094)
Recovery of property expenses	**698 797**	605 231
Revenue	**2 480 458**	2 042 494

RETURN TO COMPREHENSIVE INCOME

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

21. INTEREST INCOME

	2023 R 000	2022 R 000
Deposit notes, money market investments and call accounts	**15 237**	6 980
Tenant deposits [(1)]	**6 569**	3 111
Cash and bank balances	**6 560**	3 716
Other interest income	**3 074**	–
Late payment penalty interest [(2)]	**11 309**	2 239
Total	**42 749**	16 046

[(1)] Interest income earned on tenant deposits is attributable to the Group. This was earned on the balance disclosed per note 14.
[(2)] Penalty interest charged for late payments received from tenants.

22. INTEREST EXPENSE

Refer to note 1 for the accounting policy.

	2023 R 000	2022 R 000
Borrowings	**648 622**	505 876
Operational	**252**	1 427
Lease liability	**8 373**	1 421
Total	**657 247**	508 724

23. OPERATING EXPENSES

	2023 R 000	2022 R 000
Insurance	**20 502**	15 017
Repairs and maintenance	**65 866**	60 986
Municipal expenses	**549 924**	540 002
Salaries, bonuses and other employee related costs	**124 292**	96 575
Property management fees	**214 024**	140 540
Property expenses	**222 904**	118 934
Audit fees [(1)]	**13 181**	8 269
Depreciation	**26 142**	12 004
Director fees	**3 872**	3 309
Other expenses	**42 574**	40 003
Total operating expenses	**1 283 281**	**1 035 639**

[(1)] Audit fees were incurred between PwC, amounting to R11.66 million and BDO amounting to R1.52 million

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

24. TAXATION

Due to the Group's REIT status, the taxation liability is limited to the extent that the distributable income as defined is not distributed by the Group to its shareholders, as set out in the Income Tax Act of 1962 section 25BB. The Group's capital profit is also exempt from capital gains taxation. To the extent that the subsidiary companies comply with the definition, the above exemption will apply.

The income tax expense comprises the sum of current taxation payable and deferred taxation. Taxable profit differs from accounting profit as it excludes income or expenses that are taxable or deductible in other years and it excludes items not deductible or taxable.

	2023 R 000	2022 R 000
South African normal taxation		
Current taxation		
- Current year	**(2 597)**	(2 131)
Deferred taxation		
- Current year	**(4 978)**	(1 732)
- Prior year	**–**	254
Total	**(7 575)**	(3 609)

Deferred taxation is not provided on the revaluation of properties. Refer to note 5.

	2023	2022
Taxation rate reconciliation		
Standard rate	**27.00%**	28.00%
Distributions vested in beneficiary	**(14.40%)**	(20.66%)
Foreign exchange adjustment on capital loan	**0.90%**	0.90%
Fair value adjustment on investment properties (exclusive of straight line adjustments)	**(13.50%)**	0.01%
Fair value adjustment on swap derivatives	**0.30%**	(7.49%)
Fair value adjustment on investment property in JVs	**–**	(3.87%)
Fair value adjustment on investment in listed shares	**–**	(0.21%)
Capital loss on disposal of investment property	**1.20%**	0.18%
Non-distributable income	**–**	1.65%
Non-distributable expense	**0.70%**	0.29%
Straight-line rental adjustment	**(0.90%)**	1.30%
Exempt dividends received	**(0.10%)**	(0.61%)
Other [(1)]	**(0.58%)**	0.12%
Prior year tax adjustments	**–**	0.01%
Expected credit loss	**–**	0.46%
Forfeitable share plan	**–**	0.36%
Effective rate	**0.62%**	0.44%
Estimated taxation losses for which no deferred taxation asset was raised, due to the REIT tax status of the group, as the probability of utilising the tax benefit is unlikely [(2)].	**408 338**	264 519

(1) Other non-taxable income includes profit and loss on disposal of investment properties and unvested dividends from listed companies.

(2) This is the total estimated taxation losses for the group, the movement between 2022 and 2023 is as a result of the acquisition of Indluplace.

The subsidiary companies eligible for this exemption are only eligible to the extent that they are deemed to be property companies in terms of section 25BB. All subsidiary companies not meeting the requirements of this definition will raise a deferred tax asset to the extent that it is likely that taxable income will arise against which to utilise this asset, as detailed in note 18.

RETURN TO COMPREHENSIVE INCOME

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

25. EARNINGS AND DILUTED EARNINGS PER SHARE

	2023 R 000	2023 cps	2022 R 000	2022* Restated cps	2022 Previously reported	Variance
Earnings	**1 208 961**	**48.54**	819 314	32.91	32.58	0.33
Diluted earnings	**1 208 961**	**48.34**	819 314	32.77	32.58	0.19

* Restated

Earnings is calculated on the profit after taxation and the weighted average number of shares in issue (net of treasury shares) of 2 490 546 536 (2022: 2 489 322 998). Diluted earnings per share is calculated considering the potential dilution that could occur if all employee incentive shares vested. The number of shares in issue is adjusted to reflect the potential dilution if all share schemes were settled in SA Corporate Real Estate Limited shares. Total shares awarded but not yet vested under the share incentive schemes are 26 575 136 (2022: 20 150 938) shares.

The 2022 comparative cps (cents per share) has been restated in note 25 and note 26 due to treasury shares that were previously incorrectly included in the weighted average number of shares.

26. HEADLINE AND DILUTED HEADLINE EARNINGS PER SHARE

The calculation of headline earnings per share is based on headline earnings of R572 300 000 (2022: R770 809 000) of the Group and 2 490 546 536 (2022: 2 489 322 998) weighted average number of shares in issue during the year. Diluted headline earnings per share is calculated considering the potential dilution that could occur if all employee incentive shares vested.

	2023 R 000	2023 cps	2022 R 000	2022* Restated cps	2022 Previously reported	Variance
Reconciliation of profit after taxation to headline earnings						
Profit after taxation attributable to shareholders	**1 208 961**	**48.54**	819 314	32.91	32.58	0.33
Adjustments for:						
Capital loss on disposal of investment property	**55 474**		5 331			
Fair value profit on investment property	**(599 002)**		(1 215)			
Fair value profit on investment properties in JVs	**(93 133)**		(52 621)			
Headline earnings	**572 300**	**22.98**	**770 809**	**30.96**	**30.65**	**0.31**
Diluted headline earnings*	**572 300**	**22.88**	**770 809**	**30.83**	**–**	**30.83**

* Restated. Refer to note 25. Additionally diluted headline earnings is included as it was previously erroneously omitted.

27. DISTRIBUTABLE INCOME PER SHARE

The Group is required to distribute at least 75% of its distributable income generated during the year in order to retain its REIT status. To ensure sustainable distributions after taking into account defensive capital expenditure needs, the Group will retain 10% (2022: 10%) of its current distributable income and distribute 90% (2022: 90%). The Group will utilise available assessed losses to minimise any resulting tax leakage.

	2023 cps	2022 cps
Cents per share		
No. 14 declared 15 September 2022 and paid 24 October 2022	–	12.97
No. 15 declared 17 March 2023 and paid 11 April 2023	–	11.18
No. 16 declared on 15 September 2023 and paid 23 October 2023	**11.39**	–
No. 17 declared 27 March 2024 and payable on 22 April 2024	**11.79**	–
	23.18	24.15

RETURN TO COMPREHENSIVE INCOME

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

28. CASH GENERATED FROM OPERATIONS

	2023 R 000	2022 R 000
Profit after taxation	**1 208 961**	819 314
Adjustments for:		
Interest income	**(42 749)**	(16 046)
Interest expense	**657 247**	508 724
ECL movement	**20 497**	22 685
Amortisation of letting commissions and tenant installations	**13 738**	22 794
Taxation	**7 575**	3 609
Fair value (gain)/loss on investment properties (excluding straight-line rent adjustment)	**(599 002)**	36 879
Fair value loss/(gain) on investment in listed shares	**910**	(6 122)
Profit from JVs	**(56 522)**	(246 528)
Depreciation	**26 142**	12 004
Fair value loss/(gain) on swap derivatives	**14 175**	(220 131)
Capital loss on disposal of investment properties	**51 767**	5 331
Share-based payment expense	**9 780**	10 602
Foreign exchange adjustments	**40 206**	29 950
Foreign exchange adjustment on cross-currency swap	**–**	(4 473)
Dividends received	**(6 147)**	(17 846)
Impairment of loan to JVs	**–**	132 822
Phase 5 & 6 accrual reversal	**(94 933)**	–
Insurance (income)/loss relating to reinstatement costs	**(8 398)**	48 615
Other non-cash income	**–**	(807)
Impairment of other financial asset	**623**	1 603
Capital loss on disposal of investment in listed shares	**4 000**	–
Changes in working capital:	**–**	–
Decrease/(increase) in trade and other receivables	**80 269**	(177 149)
Increase/(decrease) in trade and other payables	**46 525**	(3 234)
	1 374 664	962 596

29. CAPITALISATION OF INTEREST

Capitalised interest is recognised in profit or loss using the effective interest method, unless the capitilised interest is directly attributable to the acquisition or development of qualifying assets, in which case the directly attributable cost of borrowing is applied.

	2023 R 000	2022 R 000
Interest capitalised during the development phases	**4 614**	5 615

Interest was capitalised at annual rates ranging from 8.9% to 9.4% (2022: 9.2% to 9.3%).
The capitalised interest is included in investment property as detailed in note 5.

RETURN TO CASH FLOW

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

30. LEASE ARRANGEMENTS

	2023 R 000	2022 R 000
Contractual lease receivables are as follows:		
Within one year	**1 087 459**	1 078 364
Within two years	**798 810**	840 282
Within three years	**543 671**	652 161
Within four years	**373 200**	453 045
Within five years	**194 494**	316 645
Beyond five years	**1 753 160**	1 730 358
	4 750 794	5 070 855
Less: Lease revenue on straight-line basis	**(4 389 333)**	(4 754 550)
Straight-lining lease income accrual	**361 461**	316 305
Non-Current	**321 255**	289 271
Current	**40 206**	27 034

The Group has assessed the impact of expected credit losses on the straight-lining lease income accrual. The Group deems the impact to be immaterial and any negative movements would be reflected in the fair value of investment property.

31. SEGMENTAL RESULTS

Information regularly reported to the Group's chief operating decision makers, being the executive directors, for the purposes of resource allocation and assessment of its performance, is based on the economic sectors in which the investment properties operate. Each sector has an associated risk profile and is managed separately.

On a primary basis, the Group operated in the following reportable segments during the current year:

- Retail
- Industrial
- Commercial
- Afhco (which largely consists of residential properties)
- Corporate

RETURN TO CASH FLOW
RETURN TO FINANCIAL POSITION

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

31. SEGMENTAL RESULTS *CONTINUED*

2023 Information on reportable segments	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consolidated R 000
Revenue	**458 521**	**1 029 221**	**33 055**	**959 661**	**–**	**2 480 458**
Rent income (excluding straight-line rent adjustment)	333 282	630 866	16 340	759 157	–	1 739 645
Other operating income (insurance claim - Sasria)	–	410	–	–	–	410
Net property expenses	**(33 104)**	**(65 563)**	**(7 292)**	**(356 681)**	**–**	**(462 640)**
Property expenses	(124 167)	(456 923)	(23 509)	(556 838)	–	(1 161 437)
Recovery of property expenses	91 063	391 360	16 217	200 157	–	698 797
Net property income	**300 178**	**565 713**	**9 048**	**402 476**	**–**	**1 277 415**
Straight-line rent adjustment	34 176	6 995	498	347	–	42 016
Other income	–	8 398	–	–	94 933	103 331
Interest income					42 749	42 749
Interest expense					(657 247)	(657 247)
Profit from investment in JVs	–	–	–	–	58 322	58 322
Foreign exchange adjustments	–	–	–	–	(40 206)	(40 206)
Dividends from investment in listed shares	–	–	–	–	6 147	6 147
Loss on derecognition of right of use assets and liabilities held for sale	–	–	–	–	(293)	(293)
Group expenses	–	–	–	–	(142 341)	(142 341)
Capital loss on disposal of investment property	–	–	–	–	(55 474)	(55 474)
Fair value gain/(loss) on investment property[(1)]	21 500	(169 494)	(10 684)	757 680	–	599 002
Investment property	55 676	(162 499)	(10 186)	758 027	–	641 018
Straight-line rent adjustment	(34 176)	(6 995)	(498)	(347)	–	(42 016)
Fair value loss on investment in listed shares	–	–	–	–	(910)	(910)
Loss from JVs	–	–	–	–	(1 800)	(1 800)
Fair value loss on swap derivatives	–	–	–	–	(14 175)	(14 175)
Taxation	–		–	(1 993)	(5 582)	(7 575)
Profit /(loss) after taxation	**355 854**	**411 612**	**(1 138)**	**1 158 510**	**(715 877)**	**1 208 961**
Other comprehensive income, net of taxation	–	–	–		53 770	53 770
Total comprehensive income/(loss)	**355 854**	**411 612**	**(1 138)**	**1 158 510**	**(662 107)**	**1 262 731**

[(1)] Included in the current year gain of Afhco is the post-acquisition fair value adjustment relating to Indluplace.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

31. SEGMENTAL RESULTS *CONTINUED*

2022 Information on reportable segments	**Industrial R 000**	**Retail R 000**	**Commercial R 000**	**Afhco R 000**	**Corporate R 000**	**Consolidated R 000**
Revenue	376 559	933 403	40 141	692 391	–	2 042 494
Rent 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	16 046
Interest expense	–	–	–	–	(508 724)	(508 724)
Foreign exchange adjustments	–	–	–	–	(27 057)	(27 057)
Dividends from investments in listed shares	–	–	–	–	17 846	17 846
Group expenses	–	–	–	–	(105 446)	(105 446)
Capital loss on disposal of investment properties	–	–	–	–	(5 331)	(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	(138 751)	(132 822)
Fair value gain on investment in shares	–	–	–	–	6 122	6 122
Profit from JVs	–	–	–	–	246 528	246 528
Fair value gain on swap derivatives	–	–	–	–	220 131	220 131
Taxation expense	–	–	–	(1 877)	(1 732)	(3 609)
Profit/(loss) after taxation	414 423	462 499	14 478	208 282	(280 368)	819 314
Other comprehensive income, net of taxation	–	–	–	–	67 770	67 770
Total comprehensive income/(loss)	414 423	462 499	14 478	208 282	(212 598)	887 084

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

31. SEGMENTAL RESULTS *CONTINUED*

2023	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consoli-dated R 000
Investment property at fair value [(1)]	**3 278 400**	**7 316 711**	**260 400**	**6 865 909**	**–**	**17 721 420**
Non-current assets	**3 173 439**	**6 944 335**	**258 890**	**6 558 632**	**–**	**16 935 296**
At valuation	**3 248 400**	**5 492 444**	**260 400**	**6 570 174**	**–**	**15 571 418**
Straight-line rental adjustment	**(74 961)**	**(271 796)**	**(1 510)**	**(13 242)**	**–**	**(361 509)**
Under development	**–**	**1 723 687**	**–**	**1 700**	**–**	**1 725 387**
Current assets	**30 000**	**100 646**	**–**	**294 035**	**–**	**424 681**
Classified as held for sale	**30 000**	**100 580**		**294 035**	**–**	**424 615**
Straight-line rental adjustment	**–**	**66**	**–**	**–**	**–**	**66**
Other assets	**156 661**	**600 714**	**21 988**	**293 645**	**1 500 226**	**2 573 234**
Total assets	**3 360 100**	**7 645 695**	**280 878**	**7 146 312**	**1 500 226**	**19 933 211**
Total liabilities	**52 745**	**267 472**	**11 687**	**6 473 596**	**2 092 811**	**8 898 311**
Acquisitions and improvements	**45 824**	**458 776**	**3 586**	**2 181 915**	**–**	**2 690 101**

(1) Excludes straight-line rental assets.

2022	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consoli-dated R 000
Investment property at fair value [(1)]	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	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	1 966 484	2 717 418
Total assets	3 596 844	7 077 613	307 670	4 585 234	1 966 484	17 533 845
Total liabilities	69 228	192 591	12 759	409 102	6 529 353	7 213 033
Acquisitions and improvements	37 217	369 537	4 885	397 686	–	809 325

(1) Excludes straight-line rental assets.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

32. CAPITAL COMMITMENTS

Commitments for the acquisition and development of investment property.

	2023 R 000	2022 R 000
Total capital commitments	**197 236**	134 943

The Group has the ability to fund the commitments from its available cash and debt facilities, as detailed in note 17, and its disposal pipeline.

33. RELATED PARTIES

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged.

For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee.

Related party transactions and balances

	2023 R 000	2022 R 000
Graduare Mauritius Limited		
Credit enhancement fee income	**2 274**	3 927
Amounts due from related party	**14 489**	12 215

The related party transactions and balances are at arm's length.

Refer to note 6 for the details relating to the loan to JV.

34. SHARE-BASED PAYMENTS

One of the Group's subsidiary companies issues shares in SA Corporate Real Estate Limited to qualifying employees as part of its forfeitable share plan (FSP). In respect of the FSP the employee is granted a conditional right to receive the shares subject to specific performance conditions as defined by the remuneration committee and a three-year service condition.

At vesting date only, the FSP shares that meet the vesting conditions will be transferred to the employee, while the balance and the proportionate share of distributions held will be forfeited.

This plan is recognised and measured as an equity-settled plan at Group level.

Equity-settled awards to employees are measured at the fair value of the equity instruments, on the grant date. The fair value determined on the grant date is expensed over the vesting period. The number of vested shares is revised at each reporting date. All required adjustments are recognised in profit or loss.

Minimum shareholding

A minimum shareholding condition has been implemented by the Company at levels which are appropriate for each senior executive. The executive directors are required to build up a personal shareholding in the Company over a five-year period from vested FSPs to the extent that this can be achieved from the holding of 50% of post-tax vested FSP awards. The minimum shareholding target for the Chief Executive Officer is 200% of Total Guaranteed Pay (TGP) and the target for other executive directors, including the Chief Financial Officer and Chief Operating Officer, is 150% of TGP.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

34. SHARE BASED PAYMENTS *CONTINUED*

Malus and Clawback

All employees receiving incentives are subject to the Malus provisions of the Policy.

The following categories of employees are subject to the Clawback provisions of the Policy:
- Executive directors;
- Executive committee members;
- Prescribed officers; and
- Senior managers.

The Clawback Period is the period of three (3) years following the payment or settlement of any variable remuneration award.

For trigger events refer to the remuneration policy which is available on the Group's website at:
https://www.sacorporatefund.co.za/index.php/about-us/corporate-governance#moi-charters-policies-and-checklists

The terms of the share plan, as approved by the shareholders at the AGM are:

Forfeitable share plan (FSP)

Executives and senior employees are offered shares in the Group at no cost to the employee. These shares vest based on the following vesting conditions:

			Performance levels		
Key performance measure	**Measure**	**Weight**	**Threshold 30% vesting**	**Target 60% vesting**	**Stretch 100% vesting**
Financial (90% weighting)	Absolute total return (TR) (1)	30%	Risk free rate (4) plus 3%	Risk free Rate (4) plus 4%	Risk free Rate (4) plus 5%
	Relative total return FTSE/JSE SA REIT index (3) (percentile)	30%	40th percentile (FSPs awarded in 2021 will be at the 50th percentile)	60th percentile	75th percentile
	Relative total shareholder return (TSR) (2) FTSE/JSE SA REIT Index (3) (percentile)	30%	40th percentile (FSPs awarded in 2021 will be 50th percentile)	60th percentile	75th percentile
Non-financial (10% weighting)	Average personal score over three years vesting period	10%	3	3.5	4
Total		**100%**			

(1) TR = ((closing tangible net asset value per share (TNAVPS) – opening TNAVPS) + DPS for the period)/opening TNAVPS.
(2) TSR = ((Closing 90-day volume-weighted average price (VWAP) – opening 90-day VWAP) + DPS for the period)/Opening 90-day VWAP.
(3) The FTSE/JSE SA REIT Index will be adjusted to excluded property entities with a majority of foreign holdings and investments.
(4) The risk-free rate is = annual average 10-year bond yield.

Valuation of share based payments

The valuation of the FSP is calculated based on the following:
- the probability that the shares are likely to vest based on the above conditions; and
- the market price of the share on grant date.

The fair value of the FSP granted was valued using a binomial pricing model. The expected vesting period used in the model has been adjusted based on management's best estimate for the effects of exercise restrictions and behavioural considerations.

Further details relating to the share incentive schemes are available on the Group's website https://sacorporatefund.co.za/

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED
For the year ended 31 December 2023

34. SHARE BASED PAYMENTS *CONTINUED*

The valuation was determined based on the following inputs:

Type	Expected vesting %	Dividend yield %	Vesting period (years)
FSP 8	50%	15.93%	3
FSP 9	50%	15.70%	3
FSP 10	55%	13.83%	3

The following FSP arrangements were in existence during the current year:

Type	Number of shares	Grant date	Expiry date	Exercise price R	Fair value at grant date R
FSP 8	4 637 496	18 June 2021	18 June 2024	–	2.25
FSP 9	8 843 448	17 June 2022	17 June 2025	–	1.97
FSP 10	13 094 192	19 June 2023	18 June 2026	–	2.03
	26 575 136				

Movements in shares during the year	2023 FSP shares	2022 FSP shares
Balance at beginning of year	**20 150 938**	18 831 319
Granted during the year	**13 094 192**	9 038 745
Forfeited during the year	**(816 260)**	(3 353 463)
Vested during the year	**(5 853 734)**	(4 365 663)
Balance at end of year	**26 575 136**	20 150 938

Plan	Shares	Valuation price per share R	Fair value R 000	Year-end valuation based on time elapsed R 000
Revaluation of shares 2023				
FSP	26 575 136	1.87	25 416	10 853
	26 575 136	**1.87**	**25 416**	**10 853**
Revaluation of shares 2022				
FSP	20 150 938	2.17	23 219	11 678
	20 150 938		23 219	11 678

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

35. DIRECTORS' REMUNERATION

Short-term benefits paid to directors:

2023	Director fees R 000	Basic salary R 000	Performance Bonus R 000	Pension contribution R 000	Other benefits [1] R 000	Benefit arising from vested shares R 000	Total R 000
Non-executive directors:							
N Ford-Hoon (Fok)	681	–	–	–	–	–	681
EM Hendricks	392	–	–	–	–	–	392
GJ Heron	558	–	–	–	–	–	558
SS Mafoyane	462	–	–	–	–	–	462
MA Moloto	943	–	–	–	–	–	943
OR Mosetlhi	700	–	–	–	–	–	700
GZN Khumalo	441	–	–	–	–	–	441
Executive directors:							
TR Mackey (CEO)	–	3 554	3 620	–	78	3 084	10 336
SY Moodley (CFO)	–	2 725	1 478	250	–	–	4 453
NNN Radebe (COO)	–	2 729	–	250	–	–	2 979
	4 177	9 008	5 098	500	78	3 084	21 945

2022	Director fees R 000	Basic salary R 000	Performance bonus R 000	Pension contribution R 000	Other benefits [1] R 000	Benefit arising from vested shares R 000	Total R 000
Non-executive directors:							
RJ Biesman-Simons	169	–	–	–	–	–	169
N Ford-Hoon (Fok)	606	–	–	–	–	–	606
EM Hendricks	365	–	–	–	–	–	365
GJ Heron	558	–	–	–	–	–	558
SS Mafoyane	422	–	–	–	–	–	422
MA Moloto	787	–	–	–	–	–	787
OR Mosetlhi	589	–	–	–	–	–	589
Executive directors:							
TR Mackey (CEO)	–	3 111	2 579	226	74	8 291	14 281
SY Moodley (CFO)	–	2 145	670	197	–	–	3 012
	3 496	5 256	3 249	423	74	8 291	20 789

[1] Other benefits include leave sold, health benefits and reimbursements.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

35. DIRECTORS' REMUNERATION *CONTINUED*

Share-based payments to directors:

Award share options:	**Group 2023 Number of shares**	**Group 2022 Number of shares**
SY Moodley forfeitable shares		
Opening number of shares	**1 628 673**	–
New number of share awards (1&2)	**1 968 555**	1 628 673
Closing number of shares	**3 597 228**	1 628 673
NNN Radebe forfeitable shares		
New number of share awards (1&2)	**2 191 301**	–
Closing number of shares	**2 191 301**	–
TR Mackey forfeitable shares		
Opening number of shares	**7 177 725**	10 198 143
New number of share awards (1&2)	**3 919 084**	3 242 432
Vested shares (2)	**(1 689 428)**	(3 802 399)
Forfeited shares (2)	**(228 343)**	(2 460 451)
Closing number of shares	**9 179 038**	7 177 725

	R 000	**R 000**
Total share expense		
TR Mackey forfeitable shares	**1 582**	6 755
	1 582	6 755

(1) Strike price is Rnil.

(2) Forfeitable shares:

- The 2018 share issuance was granted on 18 June 2018 and vested on 17 June 2021.
- The 2019 share issuance was granted on 13 December 2019 and vested on 17 June 2022.
- The 2020 share issuance was granted on 18 June 2020 and vested on 18 June 2023.
- The 2021 share issuance was granted on 18 June 2021 and will vest on 18 June 2024.
- The 2022 share issuance was granted on 17 June 2022 and will vest on 17 June 2025.
- These shares are subject to vesting conditions.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

36. CONTINGENT LIABILITIES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Where guarantees in relation to loans to related parties are provided for no compensation, the fair values are accounted for as capital contributions and recognised as part of the cost of the investment.

The Group will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

Below is a list of guarantees issued by the Group:

	2023 R 000	2022 R 000
Guaranteed entity		
Graduare Property Development Limited [1,2&3]	**225 779**	207 024
	225 779	207 024

(1) The guarantee is secured by the underlying property.

(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: R18.58 (2022: R16.98).

(3) The guarantee will reduce when the sovereign risk of Zambia reduces.

During the prior year, the sale agreement of a property portfolio comprising a number of the Group's residential properties, commercial rental businesses and development land in the Johannesburg inner-city by the Afhco Group (Afhco) to Firstmile Properties JHB CBD Crown Mines Proprietary Limited became unconditional. The sale is subject to an annual income guarantee for the portfolio over a three-year period of a net property income (NPI) of R54 million per year. Shortfalls against the guaranteed NPI will be settled annually. During this period, the property management of the portfolio will be undertaken by Afhco. As at 31 December 2023, a liability of R4.3 million (2022: R4.2 million) has been provided for against this guarantee.

During the prior financial year, the Group concluded an agreement with Social Housing Regulatory Authorities (SHRA) and Gauteng provincial department of human settlement (GPDHS) in relation to the grant receipt amounting to R36.1 million to be utilised for capital expenditure. The grant is subject to repayment if certain prescribed conditions are not met. At 31 December 2023 the Group had met all conditions of the grant.

Liquidity risk

Refer to note 1 for the accounting policy.

The Group is exposed to liquidity risk resulting from a security guarantee extended to Stanbic in respect of the Joint Venture partner's share of the interest-bearing borrowings of joint venture.

	2023 USD 000	2022 USD 000
Repayment profile		
Due within 2 years (2022: 3 years)	**12 150**	12 150
	12 150	12 150

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

37. IMPACT OF THE CIVIL UNREST

During the civil unrest in July 2021, four of the Group's shopping centres in KwaZulu-Natal sustained significant damage whilst limited damage was caused to several industrial and inner-city properties. The Group's Sasria insurance covers both the damage to the properties and the loss of income incurred as a consequence. The change in the estimate from 2021 to 2022 is due to certainty gained as we approach finalisation of the works. The 2022 estimate was a conservative assessment and excluded losses that were to be incurred and claims still in the process of finalisation at the time of reporting. The 2023 further loss of income of R7.3 million was recognised against which a provision of R6.9 million was raised for amounts still in dispute, resulting in a net amount of R0.4million recognised in the income statement.

Insurance proceeds in respect of the civil unrest losses of R345.2 million had been received by 31 December 2023, R95.6 million relates to loss of income and R248.7 million relates to reinstatement costs. An insurance receivable debtor of R15.6 million has been raised in respect of loss of income, against which a provision of R6.9 million for an amount in dispute with insurers was provided for. At year-end the net insurance receivable accounted for was R8.7 million. Subsequent to year end, a further R8.7 million was received, bringing the total proceeds received to R353.0 million excluding VAT, reducing the receivable to Rnil.

PROPERTY LOSSES 2023	Total estimated loss			Actual loss incurred to 31 December 2023			Impairment of investment property
	Reinstatement cost	Loss of income	Total insured loss	Reinstatement cost	Loss of income	Total insured loss	
Springfield Value Centre	**202 844**	**73 622**	**276 466**	**21 941**	**6 589**	**28 529**	**–**
Other properties[1]	**48 263**	**30 330**	**78 593**	**1 318**	**675**	**1 994**	**–**
	251 107	**103 952**	**355 059**	**23 259**	**7 264**	**30 523**	**–**

[1] Umlazi Mega City/50 Griffiths, Davenport Square Shopping Centre and Pinewalk Centre.

PROPERTY LOSSES 2022	Total estimated loss			Actual loss incurred to 31 December 2022			Impairment of investment property
	Reinstatement cost	Loss of income	Total insured loss	Reinstatement cost	Loss of income	Total insured loss	
Springfield Value Centre	190 064	73 888	263 952	157 651	48 170	205 821	20 914
Other properties [1]	41 888	29 654	71 542	18 715	4 437	23 152	6 430
	231 952	103 542	335 494	176 366	52 607	228 973	27 344

[1] Umlazi Mega City/50 Griffiths, Davenport Square Shopping Centre and Pinewalk Centre.

38. GOVERNMENT GRANTS

During the prior financial year, the Group concluded an agreement with Social Housing Regulatory Authority (SHRA) and Gauteng provincial department of human settlement in relation to the grant receipt amounting to R36.1 million to be utilised for capital expenditure. The funding relates to capital grant per unit on development of property to subsidise affordable rentals to low- and middle-income households. In return the Group is required to rent the units in accordance with prescribed requirements to approved household income bands/brackets.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants are deferred and released to the statement of comprehensive income in the same period as its related costs or expense. Government grants relating to the development of investment property are included in liabilities as deferred income and are credited to the statement of comprehensive income to compensate for rental discounts granted to low-income households.

The deferred income to the statement of comprehensive income is determined as the difference between the market rental and the subsidised rental being charged to the tenants multiplied by the number of months the tenant has been in occupation. At 31 December 2023, the Group had received, in total, R36.1 million with an unutilised government grant of R32.6 million (2022: R32.2 million).

RETURN TO CASH FLOW

RETURN TO COMPREHENSIVE INCOME

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

38. GOVERNMENT GRANTS *CONTINUED*

Reconciliation of movement

	2023 R 000	2022 R 000
Balance as at 1 January	**32 245**	**–**
Received during the year	**3 596**	**32 543**
Released to the rental income	**(3 224)**	**(298)**
Balance as at 31 December	**32 617**	**32 245**

	2023 R 000	2022 R 000
To be released within the next 12 months	**4 254**	**3 236**
To be released within 1 to 5 years	**18 786**	**18 067**
To be released beyond 5 years	**9 577**	**10 942**
	32 617	**32 245**

39. DISPOSAL TO FIRSTMILE

During the prior year, the sale agreement of a property portfolio comprising a number of the Group's residential properties, commercial rental businesses and development land in the Johannesburg inner-city by the Afhco to Firstmile Properties JHB CBD Crown Mines Proprietary Limited (Firstmile) became unconditional.

As part of the above transaction, on 13 September 2022, the Group disposed 100% of its shareholding in Elite Star Properties 3 Proprietary Limited, Only the Best Properties 223 Proprietary Limited, Rainbow Place Properties 80 Proprietary Limited and Morulat Property Investments 4 Proprietary Limited to Firstmile Properties JHB CBD Crown Mines Proprietary Limited.

Details of net assets disposed are as follows:

2022	Elite Star Properties 3 Proprietary Limited R 000	Morulat Property Investments 4 Proprietary Limited R 000	Rainbow Place Properties 80 Proprietary Limited R 000	Only the Best Properties 223 Proprietary LimitedR 000	Total R 000
Sale consideration					
Cash	45 045	63 456	100 100	56 753	265 354
Rental guarantee provision raised	(1 087)	(1 996)	(335)	(948)	(4 366)
Working capital adjustment payment	162	2 542	724	105	3 533
Receivable [(1)]	–	30 477	–	–	30 477
Net sale consideration	44 120	94 479	100 489	55 910	294 998
Net asset value disposed	(13 566)	–	–	1	(13 565)
Shareholders loan settlement	(34 539)	(106 007)	(119 323)	(60 109)	(319 978)
Loss on disposal	**(3 985)**	**(11 528)**	**(18 834)**	**(4 198)**	**(38 545)**

(1) Receivable relates to Lustre House that was yet to be transferred at the end of December 2022, although the sale of Morulat Property Investments 4 Proprietary Limited was effective. The title deed registered at the Deeds Office in respect of Lustre House was subject to a caveat that no dealings with the units were allowed until such time as the encroachment servitude of the building onto the road is registered. The R30.5 million represents the net purchase consideration for Lustre House, and was settled by Firstmile on 6 September 2023 post registration of encroachment servitude.

All commercial and economic risks and benefits attached to Lustre House were transferred to Firstmile in September 2023.

During the current year, four additional properties were transferred to Firstmile at net cash consideration of R220.8 million. These properties were previously held for sale in December 2022, under note 15.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED
For the year ended 31 December 2023

39. DISPOSAL TO FIRSTMILE *CONTINUED*

2022	Elite Star Properties 3 Proprietary Limited R 000	Morulat Property Investments 4 Proprietary Limited R 000	Rainbow Place Properties 80 Proprietary Limited R 000	Only the Best Properties 223 Proprietary Limited R 000	Total R 000
Investment in property	47 617	99 293	105 608	59 957	312 475
Property, plant and equipment	60	124	142	47	373
Tenant installation	72	138	123	–	333
Trade receivables	247	3 046	747	104	4 144
	47 996	102 601	106 620	60 108	317 326
Shareholders loans	(34 539)	(106 007)	(119 323)	(60 109)	(319 978)
Trade payables	(502)	(7 506)	(3 167)	–	(11 175)
	12 955	(10 912)	(15 870)	(1)	(13 828)
Add: Cash disposed	611	1 389	1 298	–	3 298
Negative net asset value	–	9 523	14 572	–	24 095
Net asset value disposed	**13 566**	**–**	**–**	**(1)**	**13 565**

The sale includes three-year rental guarantee income as follows:

	Elite Star Properties 3 Proprietary Limited R 000	Morulat Property Investments 4 Proprietary Limited R 000	Rainbow Place Properties 80 Proprietary Limited R 000	Only the Best Properties 223 Proprietary Limited R 000	Additional properties	Total R 000
Rental guarantee rental income	9 395	22 370	19 852	11 450	48 852	111 919
Recognised in 2022 financial year	(1 087)	(1 996)	(335)	(948)	–	(4 366)
Recognised in 2023 financial year	(2 722)	(3 671)	(3 755)	41	(10 677)	(20 784)
Balance to be recognised in future	**5 586**	**16 703**	**15 762**	**10 543**	**38 175**	**86 769**

The sale is subject to an annual income guarantee for the portfolio over a three-year period of a NPI of R54 million per year. Shortfalls against the guaranteed NPI will be settled annually. During this period, the property management of the portfolio will be undertaken by Afhco. As at 31 December 2023, a liability of R19.4 million (2022: R4.2 million) has been provided for against this guarantee.

40. GOING CONCERN

The directors have assessed the Group's ability to continue as a going concern. On 31 December 2023, the Group had a positive net asset value with total assets exceeding total liabilities by R11 billion for 2023 (2022: R10.3 billion). The Group's current liabilities exceed its current assets due to the short-term portion of long-term borrowings falling due in the next 12 months. The Group however has access to sufficient cash and undrawn credit facilities of R640 million (2022: R597 million) to meet its obligations, and additionally, has commenced the process of engaging with its lenders to refinance these facilities.

During the assessment, the directors considered the expected cash flows, including the anticipated proceeds from disinvestments and cash flows relating to funding and development activities for the next 12 months. A decision was taken to declare 90% of the Group's distributable income as a dividend. The directors have also assessed the forecasted loan covenants such as the loan to value and interest cover ratios.

After due consideration as detailed above the Board have concluded that the Group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

41. EVENTS AFTER THE REPORTING PERIOD

The Group declared a distribution of 11.79 cents per share (2022: 11.18) on 27 March 2024.

Subsequent to year end, the Group received R8.7 million as a further interim payment from Sasria in relation to the receivable at year-end for properties damaged during the 2021 civil unrest.

42. CORPORATE RESTRUCTURE

In line with the Group's strategy to form the unlisted residential fund whereby all properties being primarily residential are to be held in Afhco and its subsidiaries, the Group concluded an internal restructuring entailing the transfer of properties and entities internally, including the formation of new entities within the Group with effect from 1 December 2023. This will enable the Group to achieve its strategic objective of creating a South African residential rental portfolio of scale through the creation of an unlisted residential fund. The financial impact of the restructuring had a nil effect on the Group's consolidated results for the financial year ended 31 December 2023.

RETURN TO CASH FLOW

SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | RESIDENTIAL | REST OF AFRICA

2023
COMPANY ANNUAL FINANCIAL STATEMENTS

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	2023 R 000	2022 R 000
Assets			
Non-current assets			
Investment in subsidiaries	3	**7 672 820**	7 314 383
Loans to subsidiary companies	3	**5 249 436**	4 135 187
Investments in JVs	4	**1 294 948**	1 201 078
Investment in listed shares	5	**–**	52 993
Other financial assets	5	**–**	651
		14 217 204	12 704 292
Current assets			
Loans to subsidiary companies	3	**180 687**	144 105
Investment in listed shares	5	**–**	116 000
Other receivables	6	**1 104**	1 815
Cash and cash equivalents	7	**74 929**	117 998
		256 720	379 918
Total assets		**14 473 924**	13 084 210
Equity and liabilities			
Equity			
Share capital and reserves	8	**11 161 418**	10 400 835
Liabilities			
Non-current liabilities			
Loans from subsidiary companies	3	**2 191 013**	2 292 239
Current liabilities			
Loans from subsidiary companies	3	**1 110 756**	282 829
Trade and other payables	9	**10 737**	108 307
		1 121 493	391 136
Total liabilities		**3 312 506**	2 683 375
Total equity and liabilities		**14 473 924**	13 084 210

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 R 000	2022 R 000
Revenue	10	**549 420**	605 573
Other operating expenses	11	**(14 885)**	(11 835)
Operating profit		**534 535**	593 738
Interest income	12	**15 883**	7 993
Other income [(1)]		**94 933**	–
Foreign exchange adjustments		**54 573**	67 770
Capital loss on disposal of investment in listed shares		**(4 000)**	–
Fair value gain on investment in subsidiary companies	3	**576 584**	442 653
Fair value gain on investment in JVs	4	**56 522**	107 777
Fair value (loss)/gain on investment in listed shares	5	**(910)**	6 122
Profit before taxation		**1 328 120**	1 226 053
Taxation expense	13	**–**	–
Profit after taxation for the year		**1 328 120**	1 226 053
Other comprehensive income		**–**	–
Total comprehensive income for the year		**1 328 120**	1 226 053

[(1)] Other income relates to the reversal of accrual for phases 5 and 6 development in Zambia.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital R 000	Non-distributable reserves R 000	Distributable reserves R 000	Total equity R 000
Balance at 1 January 2022	**9 193 652**	**970 276**	**(345 909)**	**9 818 019**
Profit for the year	–	–	1 226 053	1 226 053
Total comprehensive income	**–**	**–**	**1 226 053**	**1 226 053**
Fair value gain on investment in subsidiary companies	–	442 653	(442 653)	–
Fair value gain on investments in listed shares	–	6 122	(6 122)	–
Fair value gain on investments in JVs	–	107 777	(107 777)	–
	9 193 652	1 526 828	323 592	11 044 072
Distributions attributable to shareholders	–	–	(643 237)	(643 237)
Shareholders' equity at 31 December 2022	**9 193 652**	**1 526 828**	**(319 645)**	**10 400 835**
Profit for the year	**–**	**–**	**1 328 120**	**1 328 120**
Total comprehensive income	**–**	**–**	**1 328 120**	**1 328 120**
Fair value loss on investments in listed shares	**–**	**(910)**	**910**	**–**
Fair value gain on investments in joint ventures	**–**	**151 455**	**(151 455)**	**–**
Fair value gain on investments in subsidiaries	**–**	**576 584**	**(576 584)**	**–**
	9 193 652	**2 253 957**	**281 346**	**11 728 955**
Distributions attributable to shareholders	**–**	**–**	**(567 537)**	**(567 537)**
Balance at 31 December 2023	**9 193 652**	**2 253 957**	**(286 191)**	**11 161 418**
Note				**8**

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 R 000	2022 R 000
Cash flows from operating activities			
Cash used in operations	16	**(18 952)**	(50 709)
Interest received		**15 883**	7 993
Distributions received		**549 420**	605 573
Distributions paid	15	**(567 537)**	(643 237)
Net cash used in operating activities		**(21 186)**	(80 380)
Cash flows from investing activities			
Loans repaid by subsidiary companies		**–**	46 550
Loans advanced to subsidiary companies [(1)]		**(1 533 158)**	(101 163)
Advance from JVs	4	**39 067**	16 095
Decrease in other financial assets		**–**	1 921
Proceeds from disposal of investment in listed shares		**164 083**	–
Equity release received		**104 802**	–
Development equity contribution paid		**(127 447)**	(76 817)
Proceeds from insurance relating to reinstatement costs		**121 955**	123 672
Government grant received [(2)]		**3 596**	32 542
Net cash (used in)/from investing activities		**(1 227 102)**	42 800
Cash flows from financing activities			
Loan advanced from subsidiary companies [(1)]		**1 205 219**	–
Net cash from financing activities		**1 205 219**	–
Total cash and cash equivalents movement for the year		**(43 069)**	(37 580)
Cash and cash equivalents at the beginning of the year		**117 998**	155 578
Total cash and cash equivalents at the end of the year	**7**	**74 929**	117 998

[(1)] Included in these movements is R1.1billion relating to the acquisition of Indluplace. Refer to note 7 of the consolidated annual financial statements.
[(2)] Refer to note 38 of the consolidated annual financial statements for the year ended 31 December 2023.

ACCOUNTING POLICIES

For the year ended 31 December 2023

1. GENERAL INFORMATION

SA Corporate Real Estate Limited (the Company), established in the Republic of South Africa, is a Real Estate Investment Trust (REIT). The Company is listed on the JSE. The principal accounting policies applied in the preparation of these separate financial statements are consistent with those set out in the consolidated annual financial statements. In addition to those policies, the following policies apply specifically to these separate financial statements.

1.1 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant estimates and judgements include:

1.1.1 Investment in joint ventures and subsidiaries

When the Company obtains control of entities that own investment properties or a group of investment properties collectively, an assessment is performed to determine whether the transaction should be accounted for as a business combination or an asset acquisition (Acquisition of Investment Property). The Company has investments in joint ventures. These interests are equity accounted for in the consolidated and separate financial statements on the basis that the Company exercises joint control over the investee. These investments are not controlled because the Company does not have the power to direct the relevant activities, and there are no other arrangements granting the Company this power. Significant influence is assessed based on voting rights and/or other rights derived from contractual arrangements that allow for significant influence to be exercised over the investee without the ability to direct the relevant activities. The Company accounts for all investment in subsidiaries and joint ventures at fair value. The value of the investment in the joint ventures and subsidiaries is deemed to be that of the underlying properties, as the property company fully distributes all the distributable income.

1.1.1.1 Estimate of the fair value of investment property

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making its judgement, the Company considers information from a variety of sources including:

- Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- The fair value of the inner-city retail, residential and commercial investment properties was based on the capitalisation of the net income earnings in perpetuity. The discounted cash flow method is not appropriate in these portfolios due to the short-term nature of the portfolio's leases.

1.1.1.2 Principal assumptions of the directors' estimation of fair value

If information on current or recent prices is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Company used assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to:

- The receipt of contracted rentals, expected future market rentals, lease renewals, maintenance requirements and appropriate discount and capitalisation rates.
- These valuations are regularly compared to actual market yield data, actual transactions by the Company and those reported by the market.
- The expected future market rentals are determined with reference to current market rentals for similar properties in the same location and condition.

1.1.1.3 Effective date

The Company applies judgement in determining the effective date of corporate restructure transactions, including acquisitions and disposal transactions. Consideration in determining the effective date is based on the contractual agreement together with the economic or commercial substance of the transaction. The Company concluded an internal restructuring as detailed in note 22 and determined that the effective date was 1 December 2023.

1.1.2 Loans to/from subsidiaries

All loan to/from subsidiaries are measured at amortised cost less any impairment. Impairment will only arise should the value of the investment property of the respective subsidiary fall below the value of the loan. The classification of loans to/from subsidiaries is considered an area of judgement. For loans to subsidiaries this is based on expected repayments, while loans from subsidiaries is based on contractual terms and subordination agreements

RETURN TO CONTENTS

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

2.1 Accounting policies objectives

2.1.1 Financial assets

The Company classifies its financial assets into one of the categories detailed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

2.1.1.1 Fair value through profit or loss

This category comprises of investment in subsidiary, investment in JVs and investment in listed shares. These assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss. Dividends received from investments in listed shares are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investment's carrying amount.

2.1.1.2 Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Refer to note 2.3 for the classification of financial instruments 2023: for assets measured at amortised cost.

2.1.2 Financial liabilities

The Company classifies its financial liabilities depending on the purpose for which the liability was acquired.

The Company's accounting policy for each category is as follows:

2.1.2.1 Financial liabilities at amortised cost

Other financial liabilities; namely other payables, loans from subsidiary companies, and other short-term monetary liabilities are initially recognised at fair value net of transaction cost directly attributable to the issue of the instrument. Such Interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes any interest payable while the liability is outstanding.

2.1.3 Equity instruments

Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

2.2 Fair value

2.2.1 Fair value of financial assets and liabilities that are measured at fair value on a recurring basis:

The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- 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); and
- 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.

2.2.2 Fair value of financial instruments measured at amortised cost

Financial instruments measured at amortised costs includes cash and cash equivalents, trade and other receivables, trade and other payables and loans. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value. The fair value of loans to and from subsidiaries approximates the fair value as the loans are repayable on demand.

2.2.3 Expected credit losses (ECL)

Refer to note 4.3 of the consolidated annual financial statements for the ECL accounting policy.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENT *CONTINUED*

For the year ended 31 December 2023

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

2.3 Classification of financial instruments:

The following table sets out the fair value measurement level and classification of all assets, liabilities and equity.

Categories of financial instruments 2023

2023 R 000	Fair value measurement	Financial asset Non-derivative FVTPL	Financial asset Non-derivative Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets						
Loans to subsidiary companies		–	5 249 436	–	5 249 436	3
Investment in subsidiaries	Level 3	7 672 820	–	–	7 672 820	
Investments in JVs	Level 3	1 294 948	–	–	1 294 948	
		8 967 768	5 249 436	–	14 217 204	
Current assets						
Loans to subsidiary companies		–	180 687	–	180 687	3
Other receivables		–	1 104	–	1 104	6
Cash and cash equivalents		–	74 929	–	74 929	7
		–	256 720	–	256 720	
Total assets		8 967 768	5 506 156	–	14 473 924	
Equity						
Share capital and reserves		–	–	11 161 418	11 161 418	
Liabilities						
Non-current liabilities						
Loans from subsidiary companies		–	2 191 013	–	2 191 013	
		–	2 191 013	–	2 191 013	
Current liabilities						
Loans from subsidiary companies		–	1 110 756	–	1 110 756	
Trade and other payables		–	10 737	–	10 737	
		–	1 121 493	–	1 121 493	
Total liabilities		–	3 312 506	–	3 312 506	
Total equity and liabilities		–	3 312 506	11 161 418	14 473 924	

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENT *CONTINUED*

For the year ended 31 December 202

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

2.3 Classification of financial instruments:

The following table sets out the fair value measurement level and classification of all assets, liabilities and equity.

Categories of financial instruments 2022

2022 R 000	Fair value measurement	Financial Asset Non-derivative FVTPL	 Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets						
Loans to subsidiary companies		–	4 135 187	–	4 135 187	
Investment in listed shares	Level 1	52 993	–	–	52 993	
Investment in subsidiary companies	Level 3	7 314 383	–	–	7 314 383	
Investment in joint ventures	Level 3	1 201 078	–	–	1 201 078	4
Other financial assets		–	651	–	651	5
		8 568 454	4 135 838	–	12 704 292	
Current assets						
Loans to subsidiary companies		–	144 105	–	144 105	
Other receivables		–	1 815	–	1 815	6
Investment in listed shares	Level 1	116 000		–	116 000	
Cash and cash equivalents		–	117 998	–	117 998	7
		116 000	263 918	–	379 918	
Total assets		8 684 454	4 399 756	–	13 084 210	
Equity						
Share capital and reserves		–	–	10 400 835	10 400 835	
Liabilities						
Non-current liabilities						
Loans from subsidiary companies		–	2 292 239	–	2 292 239	
		–	2 292 239	–	2 292 239	
Current liabilities						
Loans from subsidiary companies		–	282 829	–	282 829	
Trade and other payables		–	108 307	–	108 307	
		–	391 136	–	391 136	
Total liabilities		–	2 683 375	–	2 683 375	
Total equity and liabilities		–	2 683 375	10 400 835	13 084 210	

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Risk Management

The Company is exposed through its operations to business risk, financial risk, regulatory and compliance risk. The financial risks are classified in the following categories:

- Liquidity risk
- Market risk
  - Foreign currency risk
  - Interest rate risk
  - Capital risk
- Credit risk

The categories of financial instruments and risk classifications are tabulated as follows:

Financial instruments: 2023 R 000	Financial instrument	Credit risk	Liquidity risk	Foreign currency risk	Interest rate risk	Capital risk
Non-current assets						
Loans to subsidiary companies	5 249 436	5 249 436	–	–	–	–
Investment in subsidiaries	7 672 820	–	–	–	–	–
Investment in JVs	1 294 948	–	–	1 294 948	–	–
	14 217 204	5 249 436	–	1 294 948	–	–
Current assets						
Loans to subsidiary companies	180 687	180 687	–	–	–	–
Other receivables	1 104	1 104	–	–	–	–
Cash and cash equivalents	74 929	74 929	–	–	74 929	74 929
	256 720	256 720	–	–	74 929	74 929
Total financial assets	14 473 924	5 506 156	–	1 294 948	74 929	74 929
Equity						
Share capital and reserves	–	–	–	–	–	11 161 418
Liabilities						
Non-current liability						
Loans from subsidiary companies	2 191 013	–	2 191 013	–	–	–
	2 191 013	–	2 191 013	–	–	–
Current liabilities						
Loans from subsidiary companies	1 110 756	–	1 110 756	–	–	–
Other payables	10 737	–	10 737	–	10 737	–
	1 121 493	–	1 121 493	–	10 737	–
Total liabilities	3 312 506	–	3 312 506	–	10 737	–
Total equity and liabilities	3 312 506	–	3 312 506	–	10 737	11 161 418

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Financial instruments: 2022 R 000	Financial instrument	Credit risk	Liquidity risk	Foreign currency risk	Interest rate risk	Price risk	Capital risk
Non-current assets							
Loans to subsidiary companies	4 135 187	4 135 187	–	–	–	–	–
Investment in listed shares	52 993	52 993	–	–	–	52 993	–
Investment in subsidiaries	–	7 314 383	–	–	–	–	–
Investment in JVs	–	1 201 078	–	1 201 078	–	–	–
Other financial assets	651	651	–	–	651	–	–
	4 188 831	12 704 292	–	1 201 078	651	52 993	–
Current assets							
Loans to subsidiary companies	144 105	144 105	–	–	–	–	–
Investment in listed shares	116 000	116 000	–	–	–	116 000	–
Other receivables	1 815	1 815	–	–	–	–	–
Cash and cash equivalents	117 998	117 998	–	–	117 998	–	117 998
	379 918	379 918	–	–	117 998	116 000	117 998
Total financial assets	4 568 749	13 084 210	–	1 201 078	118 649	168 993	117 998
Equity							
Share capital and reserves	–	–	–	–	–	–	10 400 835
Liabilities							
Non-current liability							
Loans from subsidiary companies	2 292 239	–	2 292 239	–	2 292 239	–	–
	2 292 239	–	2 292 239	–	2 292 239	–	–
Current liabilities							
Loans from subsidiary companies	282 829	–	282 829	–	282 829	–	–
Other payables	108 307	–	108 307	–	108 307	–	–
	391 136	–	391 136	–	391 136	–	–
Total liabilities	2 683 375	–	2 683 375	–	2 683 375	–	–
Total equity and liabilities	2 683 375	–	2 683 375	–	2 683 375	–	10 400 835

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Liquidity risk management

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances and agreed facilities to meet expected requirements for a period of at least three months. The Company also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings, this is further discussed in the 'interest rate risk' section below.

The liquidity risk of the Company is managed by the treasury function. Each operation has a facility with group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the Board in advance, enabling the Company's cash requirements to be anticipated. Where facilities of the Company need to be increased, approval must be sought from the Company's Chief Financial Officer.

Repayment profile

	2023 R 000	2022 R 000
Less than one year		
Other payables [(1)]	**10 737**	108 309
Loans from subsidiary companies	**1 110 756**	282 829
	1 121 493	296 031
Between one and five years		
Loans from subsidiary companies	**2 191 013**	2 292 239

[(1)] Excluding unclaimed distributions and income received in advance.

The current liabilities exceed current assets, however, the Company has access to undrawn borrowing facilities through its subsidiary, SA Retail Properties Proprietary Limited (SA Retail), which is administered through the Group's treasury function. SA Retail is in a solvent position and has sufficient borrowing facilities to support both its own and the Company's current obligations, therefore the Company expects to meet its other obligations from operating cash flows and existing facilities.

The Company has issued certain guarantees. Refer to note 37 Contingent Liabilities in the consolidated annual financial statements for further information regarding these guarantees and the corresponding liquidity risk disclosure.

Market risk

- **Foreign currency risk management**
  The Company is only exposed to the US Dollar currency through its investment in joint ventures which is a financial instrument.

- **Foreign currency sensitivity analysis**
  The Company is only exposed to the US Dollar currency. A 5% (2022:5%) fluctuation in the Rand against the US Dollar would result in a R64.7million (2022: R64.8 million) movement in the profit/(loss) from Joint Venture. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's reasonable assessment of the possible change in foreign exchange rates.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

- **Interest rate risk management**
  The Company is exposed to interest rate risk through its variable rate cash balances, receivables and payables. The Company enters into interest rate swap contracts, from time to time, for the purposes of cash flow hedging. The Company does not apply hedge accounting.

- **Interest rate sensitivity analysis**
  The sensitivity analysis is based on the exposure to interest rates at the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of asset or liability outstanding at the reporting date was outstanding for the whole year.

  A 50 basis point increase or decrease is used when reporting interest rates internally to key management personnel and represents management's reasonable assessment of the possible change in interest rates.

  If interest rates were 50 basis points higher or lower and all other variables were constant, the Company's net profit for the year ended 31 December 2023 would decrease or increase by R0.4 million (2022: decrease by R0.6 million).

Capital risk management
The Company's capital comprises shareholders' equity and Interest-bearing borrowings. Capital is actively managed to ensure that the Company is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of its stakeholders.

The Company has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analysis of forecasts, that the Company's capital is managed.

Specifically, the Company has adopted the following capital management policies:
- Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary.
- Maintenance of an appropriate level of liquidity at all times. The Company further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts and any strategic initiatives.
- Maintenance of an appropriate level of issued shares based on approval from the shareholders and the Board.

The Company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

This strategy has not changed from the prior year.

Credit risk management
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk with regard to other receivables is minimised by the diversity of counterparties, spread across diverse industries and geographical areas.

Further disclosures regarding other receivables are provided in note 6.

Credit risk attached to the Company's cash and cash equivalents is minimised by its cash resources being placed in money market investments with several financial institutions of high credit standing, in terms of pre-determined exposure limits. Exposure limits and underlying money market exposures are assessed bi-annually and reviewed by the Audit and Risk Committee to limit concentration to a single institution and to monitor the risks associated with the underlying money market exposures.

Loans to subsidiary companies are repayable on demand. Accordingly, ECL is determined based on the solvency and liquidity assessment of each subsidiary by analysing its net asset value to ascertain full recoverability of the outstanding balance.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Cash in bank and short–term deposits

2023	Rating	Cash at bank R 000	Short term deposits R 000	Total R 000
ABSA Bank Limited [1]	**AA**	–	1 112	1 112
First National Bank Limited, a division of FirstRand Limited	**AA**	14 310	–	14 310
Nedbank Limited [1]	**AA**	–	59 507	59 507
		14 310	60 619	74 929

2022	Rating	Cash at bank R 000	Short term deposits R 000	Total R 000
First National Bank Limited, a division of FirstRand Limited	AA	59 293	312	59 605
Nedbank Limited [1]	AA	–	58 393	58 393
		59 293	58 705	117 998

[1] The credit ratings reflected are in respect of the institutions where the money market accounts are held. At 31 December 2023 the Company held no funds on deposit in money market accounts. On a look-through basis at 31 December 2023 81% (2022: 81%) of the funds were held at institutions with AA rating.

Management monitors the credit ratings of counterparties regularly. As at the reporting date we do not expect any losses from non-performance by the counterparties. For all financial assets to which the impairment requirements have not been applied the carrying amount represents the maximum exposure to credit loss.

Price risk sensitivity analysis

Price sensitivity is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to price risk through its investment in listed property shares.

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's reasonable assessment of the possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The Company, in 2022, was exposed to price risk through its investment in listed property shares, however, due to the disposal of these investments during the current year, the company is no longer exposed to this risk as at 31 December 2023.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

3. INVESTMENTS AND LOANS TO/(FROM) SUBSIDIARY COMPANIES

Subsidiary companies	2023 R 000	2022 R 000	2023 R 000	2022 R 000	2023 R 000	2022 R 000
	Current loans		Non-current loans		Investments	
Afhco Holdings Proprietary Limited and its subsidiaries [(1)]	–	20 082	–	3 872 881	–	266 190
Diluculo Properties Proprietary Limited and its subsidiaries [(1)]	**54 640**	–	**4 881 203**	–	**743 202**	–
Blue Heron Proprietary Limited	**(4 208)**	18	**(33 585)**	(33 585)	**35 704**	33 609
Dune Lark Investments Proprietary Limited	**(4 881)**	(165)	**(51 336)**	(51 315)	**58 888**	51 423
Erf 84-85-86 Shakas Head Proprietary Limited	**(3 094)**	(290)	**(21 635)**	(21 611)	**27 547**	22 575
Grey Heron Investments Proprietary Limited	**(3 437)**	96	**(23 133)**	(23 113)	**–**	22 959
Jrad Investments Proprietary Limited	**(84)**	(99)	**(2)**	–	**10 059**	–
Madison Park Properties 24 Proprietary Limited	**(94 728)**	(1 481)	**196 276**	92 259	**–**	–
Rock Kestrel Investments Proprietary Limited	**–**	(13)	**(4 868)**	(4 851)	**4 954**	4 812
SA Corporate Real Estate Fund Managers Proprietary Limited	**82 156**	59 486	**–**	–	**–**	617
SA Retail Properties Proprietary Limited and its subsidiaries	**(886 384)**	(273 866)	**(2 053 685)**	(2 155 019)	**6 589 680**	6 775 380
Stondell Investments Proprietary Limited	**2 802**	2 713	**(2 769)**	(2 745)	**–**	9
Umlazi Mega City Proprietary Limited	**(3 545)**	61 710	**159 754**	157 844	**84 151**	75 257
K2023276660 SOUTH AFRICA Proprietary Limited [(2)]	**(3 437)**	–	**–**	–	**64 564**	–
Wood Ibis Investments Proprietary Limited	**(65 869)**	(6 915)	**12 203**	12 203	**54 071**	61 552
	(930 069)	(138 724)	**3 058 423**	1 842 948	**7 672 820**	7 314 383
Non-current intercompany asset	**–**	–	**5 249 436**	4 135 187	**7 672 820**	7 314 383
Non-current intercompany liability	**–**	–	**(2 191 013)**	(2 292 239)	**–**	–
Current intercompany asset	**180 687**	144 105	**–**	–	**–**	–
Current intercompany liability	**(1 110 756)**	(282 829)	**–**	–	**–**	–
	(930 069)	(138 724)	**3 058 423**	1 842 948	**7 672 820**	7 314 383

(1) In line with the Group's corporate restructure, as detailed in note 22, the company disposed of its investment in Afhco Holdings Proprietary Limited and recognised an investment in Diluculo Properties Proprietary Limited which it acquired from Indluplace (post acquisition).

(2) This entity was newly incorporated In line with the Group's corporate restructure, as detailed in note 22.

The intercompany loans are unsecured and interest free. No specific repayment terms exist. The non-current loans are viewed as long-term loans to the subsidiaries and as such are only expected to be redeemed if the underlying property is sold.

Management deemed the ECL to be R44.1 million (2022: R44.1 million), as the loans are supported by the underlying investment properties. The ECL on loans receivables is limited to the net asset value of the subsidiaries.

SA Retail 's claims against certain of its subsidiary companies were also subordinated in favour of creditors to the extent of the deficit of the shareholder equity of the companies of R35.2 million (2022: R20.3 million). SA Retail is the borrower on behalf of the Group. Any non working capital advances from SA Retail will only be repaid as the Interest-bearing borrowings are settled from the sale of investment properties, listed shares or equity issuances. Since the properties are held to generate returns and not for resale, unless the sustained returns are not satisfactory to the Group or no longer aligns with the Group's strategy, these loans are not repayable in the next 12 months.

The value of the investment in the property companies is deemed to be that of the underlying companies' net asset value. The fair value of the entire portfolio of investment properties was determined by independent registered valuers and approved on 5 February 2024 by the board of directors. Refer to note 1.1.1.1.

The Company holds 100% of share capital for all subsidiaries. The principal place of operations of all entities is Johannesburg.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

3. INVESTMENTS AND LOANS TO/(FROM) SUBSIDIARY COMPANIES *CONTINUED*

Level 3 (as detailed in note 2)

	2023 R 000	2022 R 000
Financial assets designated as at FVTPL		
Carrying value at beginning of year	**7 314 383**	6 871 730
Fair value gain in investment in subsidiary companies recognised through profit or loss	**576 584**	442 653
Disposal of investment in subsidiary [1]	**(218 147)**	–
Carrying value at end of year	**7 672 820**	7 314 383

[1] Disposal of Afhco Holdings and its subsidiaries to Diluculo Group as part of the corporate restructure, refer to note 22.

As the value of the investment in subsidiaries is deemed to be that of the underlying properties, refer to note 5 of the consolidated annual financial statements.

4. INVESTMENT IN JOINT VENTURES

Joint ventures

The Company has a 50% ownership in the Mauritian legal entities which have 99.9% (2022: 99.9%) ownership in the Zambian entities.

The principal place of business is Lusaka, Zambia.

The fair value of the identifiable assets, liabilities, revenue and profit or loss are shown below. This is representative of 100% of the respective entities and not the Company's ownership thereof.

Details of the Company's JVs are as follows:

2023 R 000	Ancona Mauritius Limited	Graduare Mauritius Limited	Premier LM &C Mauritius Limited	Total
Non-current assets	258 152	2 822 877	1 131 202	4 212 231
Current assets	26 044	199 144	113 037	338 225
Total assets	284 196	3 022 021	1 244 239	4 550 456
Non-current liabilities	7 293	855 656	687 003	1 549 952
Current liabilities	9 102	74 828	66 044	149 974
Total liabilities	16 395	930 484	753 047	1 699 926
Net assets	267 801	2 091 537	491 192	2 850 530
Non-controlling Interest	–	–	(260 634)	(260 634)
Net assets attributable to shareholders	267 801	2 091 537	230 558	2 589 896
Revenue	25 391	260 637	51 433	337 461
Profit from JVs	16 141	70 656	26 247	113 044
Fair value movement in investment property included in loss above	21 963	225 859	(250 907)	(3 085)
Reconciliation of the above summarised information				
Net assets of the JV	267 801	2 091 537	230 558	2 589 896
Proportion of the Company's ownership interest in the JVs	50%	50%	50%	50%
Carrying amount of the Company's interest in JVs	133 900	1 045 769	115 279	1 294 948

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

4. INVESTMENT IN JOINT VENTURES *CONTINUED*

Detail of the above summarised information

2023 **R 000**	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM &C Mauritius Limited**	**Total**
Non–current assets				
Investment property	**256 440**	**2 517 942**	**1 096 768**	**3 871 150**
Furniture and equipment	**256**	**541**	**15 980**	**16 777**
Rent receivable – straight–line rent adjustment	**1 460**	**8 009**	**10 022**	**19 491**
Capital work in progress	**–**	**100 560**	**8 432**	**108 992**
Shareholders loan	**–**	**195 827**	**–**	**195 827**
Current assets				
Cash and cash equivalents	**19 830**	**33 785**	**89 078**	**142 693**
Shareholders loan	**–**	**68 663**	**–**	**68 663**
Trade and other receivables	**6 087**	**95 478**	**22 218**	**123 783**
Rent receivable – straight–line rent adjustment	**127**	**1 218**	**568**	**1 913**
Non–current liabilities				
Shareholders loan	**5 706**	**–**	**224 778**	**230 484**
Non–current lease straight–line rent adjustment	**1 587**	**9 226**	**9 216**	**20 029**
Interest–bearing borrowings	**–**	**846 431**	**341 001**	**1 187 432**
Right of use liability	**–**	**–**	**55 216**	**55 216**
Preference shares	**–**	**–**	**36 792**	**36 792**
Finance charges				
Finance cost	**–**	**(91 688)**	**(12 964)**	**(104 652)**

2022 **R 000**	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM &C Mauritius Limited**	**Total**
Non-current assets	223 103	2 138 504	1 127 011	3 488 618
Current assets	13 092	642 245	35 784	691 121
Total assets	236 195	2 780 749	1 162 795	4 179 739
Non-current liabilities	13 034	641 691	248 092	902 817
Current liabilities	6 380	312 220	43 416	362 016
Total liabilities	19 414	953 911	291 508	1 264 833
Net asset	216 781	1 826 838	871 287	2 914 906
Non-controlling interest	–	–	(235 248)	(235 248)
Net asset attributable to shareholders	216 781	1 826 838	636 039	2 679 658
Revenue	23 083	207 852	45 536	276 471
Profit from JVs	8 419	391 947	304 699	705 065
Fair value movement in investment property included in profit above	(8 831)	325 493	267 312	583 974
Reconciliation of the above summarised information				
Net assets of the JV	216 781	1 826 838	636 039	2 679 658
Proportion of the Company's ownership interest in the JVs	50%	50%	50%	50%
Net asset at 50% ownership	108 390	913 419	318 020	1 339 829
Impairment of JV	–	–	(138 751)	(138 751)
Carrying amount of the Company's interest in JVs	108 390	913 419	179 269	1 201 078

RETURN TO CASH FLOW
RETURN TO COMPREHENSIVE INCOME
RETURN TO FINANCIAL POSITION

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

4. INVESTMENT IN JOINT VENTURES *CONTINUED*

Detail of the above summarised information

2022 R 000	Ancona Mauritius Limited	Graduare Mauritius Limited	Premier LM &C Mauritius Limited	Total
Non-current assets				
Investment property	212 289	2 083 317	1 090 099	3 385 705
Furniture and equipment	440	1 111	26 419	27 970
Rent receivable - straight-line rent adjustment	1 899	10 417	13 036	25 352
Capital work in progress	1 363	43 660	22 968	67 991
Current assets				
Cash and cash equivalents	11 228	73 640	21 236	106 104
Rent receivable - straight-line rent adjustment	165	1 584	738	2 487
Non-current liabilities				
Shareholder loan	–	60 201	–	60 201
Non-current lease straight-line rent adjustment	2 064	12 001	1 085	15 150
Interest-bearing borrowings	–	842 215	127 373	969 588
Finance cost	–	(12 907)	–	(12 907)

In terms of the five year tax indemnity, Graduare Mauritius tax exemption is still applicable for the 2024 financial year, and the Group is still entitled to be compensated for the tax incurred in Zambia.

The value of the investment in the joint ventures is deemed to be that of the underlying net asset value of the investment property companies, as the joint ventures fully distribute all distributable income. The fair value of the entire portfolio of investment properties was determined by independent registered valuers and approved on 5 February 2024 by the board of directors. Refer note 1.1.1 for further information relating to the fair value input assumptions used in determining the fair value of the joint ventures.

The sensitivity analysis is based on the exposure to the discount rates and growth rates at the reporting date, which is the most sensitive variable in determining the valuation of the underlying investment property, and the most significant input in the valuation of the joint ventures.

A 50 basis points increase or decrease in the discount rate and a 100 basis points increase or decrease in growth rates represents management's reasonable assessment of the possible change in market rates.

	(1.0%) R 000	Capitalisation rate Current R 000	1.0% R 000
Investment in JVs 2023			
Discount rate			
(0.5%)	**1 314 437**	**1 301 423**	**1 288 409**
Current	**1 307 897**	**1 294 948**	**1 281 999**
0.5%	**1 301 358**	**1 288 473**	**1 275 589**
Investment in JVs 2022			
Discount rate			
(0.5%)	1 219 154	1 207 083	1 195 012
Current	1 213 089	1 201 078	1 189 067
0.5%	1 207 023	1 195 073	1 183 122

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED
For the year ended 31 December 2023

4. INVESTMENT IN JOINT VENTURES *CONTINUED*

Reconciliation of Investments in JVs	2023 R 000	2022 R 000
Carrying value at beginning of year	**1 201 078**	869 876
Revaluation of Investment in JVs	**56 522**	107 777
Foreign exchange adjustment	**53 770**	67 770
Development equity – cash paid *	**127 447**	76 817
Development equity - accrued *	**–**	94 933
Advance from JVs	**(39 067)**	(16 095)
Equity release *	**(104 802)**	–
Carrying value at end of year	**1 294 948**	1 201 078

* Refer to note 6 on the Group set for detail on the above transactions.

Reconciliation of loan to JVs	2023 R 000	2022 R 000
Carrying value at beginning of year	**–**	142 727
Loan advanced to JV (Cash)	**–**	7 476
Loan advanced to JV (Non-cash)	**–**	2 802
Interest earned on loan	**–**	14 590
Impairment on loan to JV	**–**	(8 661)
Reversal of impairment	**–**	35 630
Elimination of inter-company loan	**–**	(194 564)
Carrying value at end of year	**–**	–

5. OTHER FINANCIAL ASSETS

	2023 R 000	2022 R 000
Non-current assets *		
Transcend Residential Property Fund Limited [(1)]	**–**	52 993
Total non-current listed shares	**–**	52 993
Other non-current assets		
CityKidz Preschool NPC [(2)]	**–**	–
Loan balance	**–**	475
Accrued interest	**–**	176
		651
Current assets		
Safari Investments RSA Limited [(2)]	**–**	116 000
Total current listed shares	**–**	116 000

* Refer to note 11 of the Group annual financial statements for further details.

(1) During the year the Company disposed of its 6.43% holding in Safari Investments RSA Limited and its 5.04% holding in Transcend Residential Property Fund Limited.

(2) In November 2023 the company entered into an agreement where CityKidz would issue bursaries to students (particularly those in arrears). The value of the donation was R1.82 million (2022: R1.6 million), of which R0.6 million (2022: R1.6 million) was in lieu of settlement of the loan.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

5. OTHER FINANCIAL ASSETS *CONTINUED*

	2023 R 000	2022 R 000
Level 1 as detailed in note 3		
Reconciliation of investment in listed shares		
Carrying value at beginning of year	**168 993**	162 871
Proceeds on sale of shares	**(164 083)**	–
Loss on sale of shares	**(4 000)**	–
Fair value (loss)/gain recognised through profit or loss	**(910)**	6 122
Carrying value at end of year	**–**	168 993

6. OTHER RECEIVABLES

	2023 R 000	2022 R 000
Other receivables, accrued income and accrued interest [1]	**852**	1 749
Prepayments	**252**	66
Total other receivables	**1 104**	1 815

[1] This balance includes deposits with municipal authorities, which will be recouped when a building is sold. Historically, amounts written off are considered to be irrecoverable and the risk, in respect of the remainder, has been assessed to be negligible.

Debtors are written off when there is no reasonable expectation of recovery. This is assessed on the basis of the failure of the debtor to agree and commit to a repayment plan and where contractual payments are greater than a period of 90 days. We have assessed the risk of default of these parties individually to be negligible and immaterial at this stage based on historical transactional activity and our assessment of their future ability to settle the balance. The risk of default of the sundry debtors in the 90 days category is partially mitigated by the balance from the co-owners to be applied against net property income due to them.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in banks.

	2023 R 000	2022 R 000
Cash and bank balances	**13 879**	59 293
Deposit note, money market investments and call accounts	**1 112**	–
Distributions account	**432**	312
Tenant deposits [1]	**59 506**	58 393
Total cash and cash equivalents	**74 929**	117 998

[1] The tenant deposits are invested in separate 32-day call accounts and as such can only be accessed within 32 days. Additionally, the capital portion can only be accessed at the end of the leasing arrangement (either via the conclusion of the lease term or via early termination) or it can be applied to the arrears balance. The tenant deposits have a corresponding liability in net loans to/from subsidiary companies. Refer to note 14 and 19 of the Group annual financial statements.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

8. SHARE CAPITAL AND RESERVES

Shares issued by the Company are measured at the proceeds received, net of direct issue costs. Shares repurchased by the Company are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own shares.

	2023 R 000	2022 R 000
Authorised		
4 000 000 000 shares at no par value (2022: 4 000 000 000)		
Issued		
2 514 732 095 shares (2022: 2 514 732 095 shares)	**9 193 652**	9 193 652
Non-distributable reserves: operational [1]	**2 253 957**	1 526 828
Distributable reserves	**(286 191)**	(319 645)
	11 161 418	10 400 835
Reconciliation of number of shares issued:		
Opening shares	**2 514 732**	2 514 732
Closing shares	**2 514 732**	2 514 732

[1] Included in non-distributable reserves: operational are items not included in the calculation of distributable income, including revaluation of investment in subsidiary companies and listed shares.

The statement of changes in equity reflects a detailed analysis of movements in shareholders' equity.

9. TRADE AND OTHER PAYABLES

	2023 R 000	2022 R 000
Trade payables	**243**	11 199
Sundry creditors	**8 353**	95 107
Other payables	**2 141**	2 001
Total	**10 737**	108 307

10. REVENUE

Revenue comprises dividends. Dividends are recognised when declared.

	2023 R 000	2022 R 000
Dividends from subsidiary companies	**543 273**	587 727
Dividends from investment in listed shares	**6 147**	17 846
Total	**549 420**	605 573

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

11. OTHER OPERATING EXPENSES

	2023 R 000	2022 R 000
Audit fees	**332**	169
Administrative fees	**5 959**	4 130
Recovery of property expenses and other income	**(180)**	(100)
Service fees	**8 774**	7 636
	14 885	11 835

12. INTEREST INCOME

Interest income is recognised at the effective rates of interest on a time-related basis.

	2023 R 000	2022 R 000
Deposit note, money market investments and call accounts	**7 925**	5 174
Tenant deposits	**4 279**	2 087
Cash and bank balances	**3 679**	732
	15 883	7 993

13. TAXATION

Major components of the tax expense

	2023 R 000	2022 R 000
Current		
Local income tax - current period	–	–

Due to the Company's REIT status, the taxation liability is limited to the extent that the distributable income is not distributed by the Company to its shareholders. The Company's capital profit is also exempt from capital gains taxation. Deferred taxation is provided for using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation is charged to profit or loss. A deferred taxation asset is recognised to the extent that it is probable that it will be utilised on future taxable profits. Deferred taxation is raised at tax rates that have been enacted or substantively enacted at the reporting date.

	2023	2022
Applicable tax rate	**27.00%**	28.00%
Exempt income (1)	**(10.46%)**	(14.30%)
Foreign exchange adjustment	**(1.13%)**	(1.60%)
Fair value adjustments on investment in subsidiaries	**(12.42%)**	(9.50%)
Fair value adjustment on JVs	**(3.13%)**	(2.50%)
Other (2)	**0.14%**	(0.10%)
Effective rate	**0.00%**	**0.00%**

No taxation is provided for against operating profit, to the extent that it is declared as tax deductible distributions in terms of section 25BB of the Income Tax Act.

(1) Exempt income comprises non-taxable dividends received.

(2) Other non-taxable income includes largely fair value losses on listed investments and non-distributable expenses.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

14. DISTRIBUTION

Refer to note 27 of the Group annual financial statements for the distribution note.

15. DISTRIBUTIONS PAID

	2023 R 000	2022 R 000
Reconciliation of distributions paid		
Distribution attributable to shareholders	**567 537**	643 237
Distributions paid	**(567 537)**	(643 237)
Balance at the end of year	**–**	–

16. CASH USED IN OPERATIONS

	2023 R 000	2022 R 000
Profit before taxation	**1 328 120**	1 226 053
Adjustments for:		
Capital loss/(gain) on disposal of investment properties	**910**	(6 122)
Fair value gain on investment in subsidiary companies	**(576 584)**	(442 653)
Fair value gain on investment in JVs	**(151 455)**	(107 777)
Fair value loss on investment in listed shares	**4 000**	–
Interest income	**(15 883)**	(7 993)
Foreign exchange adjustments	**(54 573)**	(67 770)
Dividends received	**(549 420)**	(605 573)
Changes in working capital:		
Other receivables	**1 541**	(157)
Other payables	**(5 608)**	(38 717)
	(18 952)	(50 709)

RETURN TO
COMPREHENSIVE INCOME

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

17. RELATED PARTIES

Related party transactions constitute the transfer of resources, services or obligations between the Company and a party related to the Company, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Company's executive committee.

	2023 R 000	2022 R 000
Related party balances		
SA Corporate Real Estate Fund Managers Proprietary Limited		
Recoveries	**(2 299)**	(2 430)
Graduare Mauritius Limited		
Credit enhancement fee	**14 489**	12 215
Based on the direct recoveries of expenses incurred		
Related party transactions		
Graduare Mauritius Limited		
Credit enhancement fee	**2 274**	3 927
SA Corporate Real Estate Fund Managers Proprietary Limited		
Recoveries	**(7 830)**	(6 729)
Subsidiaries, JVs, and Investments in listed shares		
Distributions received	**549 420**	605 573

Refer to note 3 for intergroup loans, interest rates and repayment terms. Refer to note 35 of the Group annual financial statements for the directors' remuneration for compensation paid to key management personnel by the managing company.

18. DIRECTORS' REMUNERATION

Refer to note 35 of the Group annual financial statements for the directors' remuneration note.

19. CONTINGENT LIABILITIES

Refer to note 36 of the Group annual financial statements for further information on the contingent liabilities.

20. GOING CONCERN

The Company generated a net profit for the year ended 31 December 2023 of R1.3 billion (2022: R1.2 billion) and as at that date, the Company's total assets exceeded its total liabilities by R11.2 billion (2022: R10.4 billion), and current liabilities exceeded the current assets by R864 million (2022: R11.2 million). The Company has access to R640 million of undrawn borrowing facilities through its subsidiary, SA Retail, which is administered through the Group's treasury function. SA Retail is in a solvent position and has sufficient borrowing facilities to support both its own and the Company's current obligations. Certain properties held by subsidiaries of the Company have been sold during the year ended 31 December 2023 and others are expected to transfer during 2024.

21. EVENTS AFTER REPORTING PERIOD

Refer to note 41 of the Group annual financial statements for details of events that occurred after the reporting period.

22. CORPORATE RESTRUCTURE

Refer to note 42 of the Group annual financial statements for details of the corporate restructure undertaken during the reporting period.

RETURN TO CASH FLOW

APPENDIX A: PROPERTY PORTFOLIO REVIEW

Sectoral and geographical profile:
The regional and sectoral composition of the property portfolio is depicted in the following tables:

	Geographical profile				
	Gauteng	KwaZulu-Natal	Western Cape	Other	Total
Rental Area (m²)	1 380 436	225 207	17 408	55 716	1 678 767
Revenue (R 000)	1 863 010	584 230	24 301	8 917	2 480 458

	Industrial	Retail including Storage	Commercial	Afhco [1]	Storage	Specialised: Auto dealerships	Total
Rental Area (m²)	365 365	337 414	21 756	900 361	37 396	16 475	1 678 767
Revenue (R 000)	485 521	989 037	34 962	970 938	–	–	2 480 458

[1] Includes Indluplace.

The rental area excludes 30 884m² development bulk.

Tenant profile:
"The tenants are classified in terms of the following grading:

"A": "Large national tenants", includes large listed tenants, government and major franchisees and is defined as tenants occupying premises that have on average greater than 500m² of GLA.

"B": "National tenants" includes listed tenants, franchisees, medium to large professional firms and is defined as tenants occupying premises that have on average greater than 1 000m² of GLA in one region.
"Medium professional firms" is defined as professional firms occupying premises that have on average between 500m² and 2 000m² of GLA.

"C": "Large professional firms" is defined as professional firms occupying premises that have on average greater than 2 000m² of GLA.
Other

	% of occupied space	
Tenant profile	**2023**	**2022**
A	**56.5**	59.6
B	**32.6**	26.0
C [1]	**10.9**	14.4
	100.0	100.0

[1] This category consists of 735 (2022: 936) tenants

Vacancies, expiries and average rental income:
The lease expiry profile and vacancies (as a % of GLA) are set out below:

Traditional Portfolio:

	Vacancy (%)		Expiries (%)					
Property type	**2022**	**2023**	**Monthly**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Industrial	0.2	**0.2**	3.7	31.6	30.9	6.3	13.4	13.9
Retail	3.2	**2.7**	6.5	12.7	18.6	18.0	16.5	24.9
Commercial	17.7	**15.1**	6.9	22.3	17.1	19.3	10.0	9.2
Total	2.3	**2.0**	5.1	22.9	24.9	12.0	14.6	18.5

Afhco Portfolio:

	Vacancy (%)		Expiries (%)					
Property type	**2022**	**2023**	**Monthly**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Retail/Commercial	5.5	**4.4**	9.3	14.8	14.6	30.2	3.7	23.0
Residential (by units)	2.9	**4.2**	63.0	30.6	1.0	–	–	1.2

RETURN TO CONTENTS

APPENDIX A: PROPERTY PORTFOLIO REVIEW *CONTINUED*

Indluplace Portfolio:

	Vacancy (%)		Expiries (%)					
Property type	**2022**	**2023**	**Monthly**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Retail/Commercial	–	**10.3**	54.3	11.1	3.1	9.1	12.1	–
Residential (by units)	–	**4.5**	95.5	–	–	–	–	–
Total								

Rest of Africa Portfolio:

	Vacancy (%)		Expiries (%)					
Property type	**2022**	**2023**	**Monthly**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Retail	5.4	**2.6**	1.7	22.5	16.8	29.5	21.5	5.4
Commercial	13.8	**2.4**	22.9	29.3	2.4	–	2.1	40.9
Total	6.5	**2.6**	4.5	23.4	14.9	25.6	18.9	10.1

The lease expiry profile and vacancies (as a % of rental income) are set out below:

Traditional Portfolio:

	Vacancy (%)		Expiries (%)					
Property type	**2022**	**2023**	**Monthly**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Industrial	0.1	**0.1**	4.4	28.6	23.1	5.5	21.6	16.8
Retail	2.4	**1.9**	9.2	15.3	22.1	16.7	16.2	18.5
Commercial	15.9	**9.4**	7.0	26.0	19.2	21.0	8.4	9.0
Total	2.3	**1.7**	7.6	20.0	22.3	13.4	17.6	17.5

Afhco Portfolio:

	Vacancy (%)		Expiries (%)					
Property type	**2022**	**2023**	**Monthly**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Retail/Commercial	3.3	**4.3**	6.8	15.5	19.6	24.8	6.8	22.2
Residential	2.9	**4.3**	4.3	61.4	30.0	–	–	–

Rest of Africa Portfolio:

	Vacancy (%)		Expiries (%)					
Property type	**2022**	**2023**	**Monthly**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Retail	3.82	**1.70**	1.80	29.66	19.53	23.24	18.70	5.40
Commercial	8.09	**1.41**	22.58	24.75	1.45	(0.01)	1.18	48.61
Total	4.51	**1.63**	5.20	28.88	16.63	19.52	15.90	12.25

APPENDIX A: PROPERTY PORTFOLIO REVIEW *CONTINUED*

Weighted average rental per square metre by GLA calculated on the total of rent, operating cost and rates:

Property type	2023 R/m²	2022 R/m²
Industrial	**75.20**	74.22
Retail	**179.04**	169.98
Office	**135.54**	123.80
Storage	**57.76**	64.34
Afhco Retail/Commercial	**142.79**	147.29
Afhco Residential	**99.04**	101.28
Indluplace Retail/Commercial	**92.51**	–
Indluplace Residential	**72.39**	–
Weighted Average	**103.13**	111.91

Weighted average rental escalation profile:

Property type	2023 % p.a.	2022 % p.a.
Industrial	**6.35**	6.36
Retail	**6.36**	6.49
Commercial	**6.49**	6.92
Afhco Retail/Commercial	**6.49**	6.89
Afhco Residential	**3.92**	2.63
Indluplace Retail/Commercial	**4.39**	–
Indluplace Residential	**3.9**	–
Total	**5.13**	5.32

Due to the short-term nature of the storage leases, there is no weighted average rental escalation.
The annualised property yield is 8.2% (2022: 7.7%).

APPENDIX B: PROPERTY PORTFOLIO

Property company/name	Key	Property address	Location	Site area (m²)	Rentable area (m²)	Weighted average rental per m² (R)
Retail –Gauteng						
51 Pritchard Street	(c)	51 Pritchard Street	Johannesburg	4 974	11 497	179
African City	(a) (c)	Eloff Street	Johannesburg	10 605	3 984	139
Cambridge Crossing	(c)	Cnr Witkoppen Road & Stone Haven Street	Sandton	5 103	5 227	217
Coachman's Crossing	(c)	Cnr Peter Place & Karen Street	Sandton	6 542	5 549	197
Comaro Crossing	(c)	Cnr Comaro Street & Boundary Lane	Oakdene	14 665	14 493	172
Cullinan Jewell Shopping Centre	(c) (d)	Cnr Main Road & Oak Avenue	Cullinan	4 276	4 181	151
East Point	(c)	Cnr Northrand & Rietfontein Roads	Boksburg	44 605	44 464	169
Forest Road Design & Décor Centre	(c)	Cnr Forest Drive & Sunset Avenue	Fourways	11 460	11 454	111
Midway Mews	(c)	Cnr Harry Galaun Drive & Seventh Street	Halfway Gardens	8 727	8 690	171
Montana Crossing	(c)	Cnr Dr Swanepoel Road &, Sefako Makgatho Drive	Montana	23 225	22 854	142
Morning Glen Shopping Centre	(c)	Kelvin Dr & Bowling Avenue	Sandton	21 918	19 693	110
Northpark Mall	(c)	526 Rachel De Beer Street	Pretoria North	27 951	11 471	102
Town Square Shopping Centre	(c)	Cnr Hendrik Potgieter Road & Albert Street	Weltevredenpark	5 655	5 655	222
Willow Way Shopping Centre	(c)	Cnr Lynwood Road & Power Avenue	Lynwood	7 957	7 933	168
Retail - KwaZulu-Natal						
50 Griffiths Mxenge Highway	(c) (e)	50 Griffiths Mxenge Highway	Umlazi	4 317	3 236	131
Bluff Shopping Centre	(c)	Cnr Grays Inn & Tara Roads	Bluff	24 008	24 008	195
Davenport Square Shopping Centre	(c)	Cnr Clark & Brand Roads	Glenwood	9 924	8 728	235
Hayfields Mall	(c)	Cnr Blackburrow Road & Cleland Roads	Pietermaritzburg	13 585	12 384	239
Musgrave Centre	(c)	115 Musgrave Road	Musgrave	39 968	37 720	204
Pine Walk Centre	(c)	22 Kings Road	Pinetown	8 512	8 512	211
Springfield Value Centre	(c)	Cnr Umgeni & Electron Roads	Springfield	20 519	20 519	255
Umlazi Mega City	(c) (e)	50 Griffiths Mxenge Highway	Umlazi	48 987	36 576	190
Retail - Other						
The Oaks Shopping Centre	(c)	50 De Jager Street	Ermelo	21 270	8 588	138
Industrial - Gauteng						
11 Wankel Street	(c) (d)	11 Wankel Street	Jet Park	16 905	6 729	57
112 Yaldwyn Road	(c)	112 Yaldwyn Road	Jet Park	59 275	30 299	72
137 Kuschke Street	(c)	137 Kuschke Street	Meadowdale	2 820	1 541	67
141 Hertz Close	(c)	141 Hertz Close	Meadowdale	6 694	3 616	55
145 Kuschke Street	(c)	145 Kuschke Street	Meadowdale	2 262	1 518	56
148 Fleming Street	(c)	148 Fleming Street	Meadowdale	2 652	1 417	52
149 Fleming Street	(c)	149 Fleming Street	Meadowdale	3 382	2 090	53
150 Fleming Street	(c)	150 Fleming Street	Meadowdale	3 180	1 835	60
18 Covora Street	(c)	18 Covora Street	Jet Park	10 498	4 638	57
19 Brunton Circle	(c)	19 Brunton Circle	Modderfontein	4 151	2 720	62
2 Fobian Street	(c)	2 Fobian Street	Boksburg	12 047	5 258	53
27 Jet Park Road	(c)	27 Jet Park Road	Jet Park	55 256	12 582	58
3 Wankel Street	(c)	3 Wankel Street	Jet Park	7 391	3 952	65
32/34 Yaldwyn Road	(c)	32/34 Yaldwyn Road	Jet Park	7 792	4 000	62
33 Ontdekkers Road	(c)	33 Ontdekkers Road	Roodepoort	14 805	6 386	103
37 Yaldwyn Road	(c)	37 Yaldwyn Road	Jet Park	78 610	39 738	58
41 Yaldwyn Road	(c)	41 Yaldwyn Road	Jet Park	10 000	6 249	86
5 Yaldwyn Road	(c)	5 Yaldwyn Road	Jet Park	41 194	17 552	70
57 Sarel Baard Crescent	(c)	57 Sarel Baard Crescent	Centurion	80 999	42 144	127
7 Belgrade Avenue	(c)	7 Belgrade Avenue	Aeroport Industrial Estate	10 828	1 535	67
8 Director Drive	(c)	8 Director Drive	Aeroport Industrial Estate	6 947	3 750	70
85 Newton Street	(c)	85 Newton Street	Meadowdale	5 600	3 178	71
88 Loper Avenue	(c)	88 Loper Avenue	Aeroport Industrial Estate	10 953	7 432	57
Beryl Street	(c)	Beryl Street	Jet Park	38 656	27 681	103
Cnr Fleming St & Koornhof Road	(c)	Cnr Fleming St & Koornhof Road	Meadowdale	5 471	2 914	58
Cnr Koornhof Road & Essex Street	(c)	Cnr Koornhof Road & Essex Street	Meadowdale	15 531	9 783	54
Cnr Rudo Nel & Tudor Streets	(c)	Cnr Rudo Nel & Tudor Streets	Jet Park	59 759	10 786	53
Cnr Staal & Stephenson Road	(c)	Cnr Staal & Stephenson Road	Pretoria	43 957	28 538	33
Erf 1144 Bardene Ext 48, Bardene	(c)	39 Viewpoint Road, Bartlett	Boksburg	10 204	1 045	112

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)
Industrial – KwaZulu–Natal						
1 Irvine Bell Drive	(c)	1 Irvine Bell Drive	Empangeni	12 788	2 736	56
10 Yarborough Road	(c)	10 Yarborough Road	Pietermaritzburg	3 400	3 400	124
153 Old Main Road	(c)	153 Old Main Road	Pinetown	9 044	3 408	119
155/157 Old Main Road	(c)	155/157 Old Main Road	Pinetown	7 434	5 858	126
17 Young Road	(c)	17 Young Road	Pinetown	8 942	3 970	56
2 Beechfield Crescent	(c)	2 Beechfield Crescent, Springfield Park	Durban	4 636	3 815	66
20 Kyalami Road	(c)	20 Kyalami Road	Pinetown	6 838	3 052	72
28 Goodwood Road	(c)	28 Goodwood Road	Mahogany Ridge	21 409	7 848	57
2A, B & C Kuba Avenue	(c)	2A, B & C Kuba Avenue	Riverhorse Valley	9 979	4 463	103
33/37 Aloefield Crescent	(c)	33/37 Aloefield Crescent	Springfield Park	6 804	5 672	71
35 Surprise Road	(c)	33 Surprise Road	Pinetown	10 298	5 931	60
5 Westgate Place	(c)	5 Westgate Place	Westmead	27 828	3 876	148
9 Twilight Road	(c)	9 Twilight Road	Umhlanga	2 106	823	208
Cnr Gillitts & Young Roads	(c)	Cnr Gillitts & Young Roads	Pinetown	9 579	4 616	60
Suffert Street	(c)	Suffert Street	Pinetown	33 653	14 056	66
Industrial – Western Cape						
Tygerberg Business Park	(c)	Trans Karoo Street, Parow Industria	Parow	49 030	17 408	69
Offices and Other – Gauteng						
GreenPark Corner	(c)	Cnr West Road South & Lower Road, Morningside	Sandton	12 726	15 043	143
Offices and Other – Other						
Nobel Street Office Park	–	Noble Street, Brandwag	Bloemfontein	7 808	6 713	118
Storage – Gauteng						
Blue Valley	(a)	55 Rooihuiskraai Road, Blue Valley Mall	Centurion	33 002	1 574	–
Bryanston	(a)	Homestead Avenue	Bryanston	8 574	2 052	–
East Point	(c)	Cnr Rietfontein Road & North Rand Road, Jansen Park	Boksburg	1 357	1 357	–
Erand Land	–	Erand Agricultural Holdings Ext 1, 391 9th Street	Midrand	25 697	25 697	–
Fourways	(a)	Cedar Road	Fourways	34 725	2 978	–
Hillfox	(a)	Rhinoceros Road, Hillfox	Roodepoort	62 141	975	–
Kempton Park	(a)	Corner Langenhoven & Central Street	Kempton Park	1 600	1 720	–
Midway Mews	(c)	Cnr Harry Galan & 7th Road	Halfway Gardens	1 500	2 025	–
Montana Crossing	(c)	Cnr Dr Swanepoel Road & Sefako Makgatho Drive	Montana	2 343	2 343	–
Parkview	(a)	24 Garsfontein Road, Moreleta Park	Pretoria East	64 497	2 572	–
Pomona	(a)	57 Maple Road, Pomona	Kempton Park	13 691	4 451	–
Princess Crossing	(a)	54 Ontdekkers Road, Princess	Roodepoort	28 346	2 339	–
Rivonia	(a)	17 Wessels Road	Rivonia	17 839	3 450	–
Rosebank	(a)	The Zone, 177 Oxford Road	Rosebank	690	1 364	–
Sandton	(a)	9th Avenue	Sandton	66 331	1 345	–
Steeldale	(a)	Steeldale Mall, 9 Linroy Street	Steeldale	4 060	1 217	–
Stoneridge	(a)	1 Hereford Road &, Modderfontein Road	Greenstone Park	105 078	4 291	–
Wanderers	(a)	52 Corlet Drive, Illovo	Sandton	5 172	1 343	–
Afhco Retail - Gauteng						
42-44 De Villiers Street	(c)	42-44 De Villiers Street	Johannesburg	992	1 821	106
Afhco Corner	–	64 Siemert Road	New Doornfontein	4 136	4 690	24
Chapel Court	(d)	Cnr Wanderers & 39 Plein Street	Johannesburg	995	2 340	85
Danina	(c)	19 Wanderers Street	Johannesburg	249	176	669
Elmol House	(c)	Cnr Lilian Ngoyi & Delvers Street	Johannesburg	248	944	218
Georgetown	(c)	36 Railway Street	Germiston	1 129	878	151
Hartmann and Keppler	–	43 Sherwell Street	Doornfontein	468	-	–
Hoeksbury	(c)	3 Hoek Street	Johannesburg	248	613	150
Johannesburg Shopping Centre	(c)	229 Jeppe Street	Johannesburg	1 984	2 399	239
Multi Glass	(d)	4-8 Mooi Street	Johannesburg	3 968	1 655	23
Pink Houses and Rockey Retail	–	Cnr Davies and Rocky Streets	Doornfontein	935	-	–
Small Street Mall	(a)	Small Street	Johannesburg	1 984	540	810

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m²)	Rentable area (m²)	Weighted average rental per m² (R)
Residential - Gauteng						
1 Eloff	(d) (g)	3 Eloff Street	Johannesburg	8 810	10 242	–
120 End Street	(c)	120 End Street and 55 Davies Street	Doornfontein	8 302	34 045	–
252 Montrose Avenue	(c)	252 Montrose Avenue	Randburg	11 606	6 603	–
50 Stiemens Street	(d)	50 Stiemens Street	Braamfontein	1 427	366	–
Agatha	(g)	71 Countesses Avenue, Windsor	Johannesburg	884	900	–
Airfield Towers	(g)	2 Mosquito Street, Rhodesfield	Johannesburg	2 196	2 189	–
Amberfield	(g)	5 Jenner Street	Vanderbijlpark	7 956	7 956	–
Anchor Towers	–	2 Plein Street, Cnr Harrison Street	Johannesburg	4 436	4 288	–
Andrea Close	(c)	Cnr Club and General Hertzog Roads Peacehaven	Johannesburg	4 660	2 672	–
Annlin Lifestyle Place	(g)	Cnr Club and General Hertzog Road	Pretoria	6 131	4 452	–
Arches	(g)	64 Howard Avenue	Benoni	2 076	2 076	–
Arvin Court	(g)	22 Catherine Street	Berea	2 449	2 592	–
Atkinson House	(c)	28 Albert Street	Johannesburg	1 984	8 795	–
Avril Gardens	(g)	36 Dukes Avenue, Windsor East	Johannesburg	1 342	1 148	–
Balnagask	(d) (g)	144 Banket Street, Hillbrow	Johannesburg	11 403	10 868	–
Beacon Royal	(g)	Cnr Louis Botha & Grafton, Yeoville	Johannesburg	2 400	2 204	–
Beechwood	(c)	Cnr Raven and Nightingale Roads	Randfontein	22 755	2 610	–
Belgrade	(d) (g)	21 Fourth Road, Florida	Johannesburg	3 598	7 438	–
Blauwberg	(g)	24 Kapteijn Street, Hillbrow	Johannesburg	8 768	8 703	–
Bree - 320 Bree Street	(g)	Bree, Mooi, Jeppe, Polly Streets	Johannesburg	495	1 620	–
Bree - Cheryl Court	(g)	Bree, Mooi, Jeppe, Polly Streets	Johannesburg	496	1 050	–
Bree - Mall, U Save, Film Trust, Globakeries	(g)	Bree, Mooi, Jeppe, Polly Streets	Johannesburg	2 480	4 492	–
Bridgeport	(d)	98 De Korte Street	Braamfontein	3 884	2 844	–
Calderwood Lifestyle Estate	(c)	Portion 488 of Farm Kleinfontein, Beryl Street	Benoni	46 154	20 032	–
Cambalala	–	30 Eloff Street	Centurion	1 982	5 572	–
Cedar Valley	(g)	426 Rifle Range Road, Rosettenville	Johannesburg	4 052	4 168	–
Charlotte, Harolean and Irmguard	(g)	11 to 13 Selkirk Street, South Germiston	Germiston	750	2 040	–
Chronicles	(g)	41 North Rand Road, Kempton Park	Johannesburg	824	816	–
Cranborough Mews	(g)	63 Countesses Avenue, Windsor	Johannesburg	2 960	2 407	–
Curzon Court	(g)	52 Klein Street, Hillbrow	Johannesburg	1 877	1 809	–
Dalem Mews	(g)	56 Princes Avenue, Windsor East	Johannesburg	1 282	1 008	–
Dennehof and Bloekomhof	(c)	Cnr Club and General Hertzog Roads Peacehaven	Vereeniging	26 244	11 733	–
Deuteronomy	(g)	23 North Rand Road, Kempton Park	Johannesburg	1 102	1 080	–
Dukes Lodge	(g)	4 Dukes Avenue, Windsor West	Johannesburg	1 058	930	–
Earlsden	(g)	10 Earls Avenue, Windsor	Johannesburg	2 310	2 111	–
Elizabeth Gardens	(g)	Princes & Duchesses Street, Windsor East	Johannesburg	513	536	–
Empire Gardens	(d) (g)	Empire Road, Parktown	Johannesburg	3 794	3 631	–
En Gedi	(g)	143 Pres Brand Road, Rynfield Ext 117	Benoni	3 817	3 847	–
Etude	(c)	51 Mozart Avenue	Midrand	900	17 181	–
Exodus	(g)	67 Maxwell Street, Kempton Park	Johannesburg	824	816	–
Ezra	(g)	64 North Rand Road, Kempton Park	Johannesburg	824	816	–
Fairways	(g)	2 St Andrews Street, Pollak Park Ext 2	Springs	4 866	4 759	–
Fasser House	(g)	520 Paul Kruger Street	Pretoria	4 950	4 959	–
Frangipani	(g)	96 Oxford Street	Randburg	3 885	3 960	–
Frank & Hirsch	(c)	352 Lilian Ngoyi Street	Johannesburg	2 680	9 885	–
Franschoek	(g)	33 Hill Street, Ferndale	Johannesburg	2 881	2 591	–
Frederick House	(g)	Cnr Sauer & Frederick Street	Johannesburg	4 563	4 740	–
Garden View	(g)	Cnr Sirdar Street & Abington Road, Kensington B	Randburg	5 248	5 248	–
Genesis	(g)	69 Maxwell Street, Kempton Park	Johannesburg	824	816	–
Geraldine Court	(d) (g)	54 Wolmarans Street, Joubert Park	Johannesburg	4 800	4 572	–
Golden Oaks	(g)	Cnr Main Reef & Pta Road, Comet Ext 6	Boksburg	19 914	19 915	–
Golden Views	–	205 Victoria Street, Georgetown	Germiston	6 880	6 853	–
Golf Park	(c)	631 Lievaart Street, Phillip Nel Park	Pretoria West	16 076	9 986	–
Greenshank Villas	(g)	Cnr Greenshank Road and Van de Linde Road, Grobler Park	Roodepoort	6 889	8 047	–
Hayani	–	112 End Street	Doornfontein	2 344	6 898	–
Hillandale	(g)	Cnr Lily & Alexandra	Berea	1 431	2 432	–
Hollyland	(g)	21 & 23 Andries Close, Bramley Park	Johannesburg	2 926	3 556	–
Ilanga	(g)	49 Duchesses Road, Windsor East	Johannesburg	555	740	–
Impilo Place	(c)	141 Rahima Moosa Street	Johannesburg	990	3 718	–
Indlovu Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	10 549	443	–
Ironwood	(g)	Colleen Street, Honey Park	Roodepoort	6 362	6 402	–
Jabulani Lifestyle Estate	–	3223 Matshabeng Street	Soweto	14 854	11 520	–
Jabulani Mews	(c)	2345 Dikgathehong Street	Soweto	7 380	7 359	–

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)
Residential - Gauteng						
Jackson's Cove	(g)	14A Reedbuck Street, Elandspark	Johannesburg	4 664	4 664	–
Janin	(g)	69 Countesses Avenue, Windsor	Johannesburg	924	1 032	–
Jeppe Post Office	(c)	Cnr Von Brandis and Rahima Moosa Street	Johannesburg	9 666	34 371	–
Joshua	(g)	31 Maxwell Street, Kempton Park	Johannesburg	1 285	1 080	–
Jozi House	(g)	29 Kerk Street	Johannesburg	8 606	8 372	–
Judges	(g)	71 Maxwell Street, Kempton Park	Johannesburg	1 285	1 281	–
Karen Place	(g)	33 Duchesses Avenue, Windsor East	Johannesburg	1 342	1 162	–
Kenwyn	(g)	51 Duchesses Avenue, Windsor East	Johannesburg	1 080	1 022	–
Kevrob Manor	(g)	61 Viscounts Avenue, Windsor East	Johannesburg	744	536	–
Khan Corner	–	104 & 106 End Street	Doornfontein	933	3 522	–
Khaya Square	(g)	Beatrice Street, Windsor East	Johannesburg	2 382	2 263	–
Kilimanjaro	(g)	14 Reedbuck Street, Elandspark	Johannesburg	4 416	4 416	–
Kings (Buffet)	(g)	39 North Rand Road, Kempton Park	Johannesburg	1 285	1 281	–
Kings Ransom	(g)	36 Wolmarans Street, Joubert Park	Johannesburg	20 033	14 152	–
Kingston	(g)	44 Kings Avenue, Windsor East	Johannesburg	947	1 086	–
Komati Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	7 380	314	–
Lana Lee	(g)	58 Princesses Avenue, Windsor East	Johannesburg	1 072	950	–
La Vie Nouvelle	(d)	1761 Riverview Road, Broadacres Ext 36	Johannesburg	4 164	4 164	–
Lethabong Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	8 256	443	–
Leviticus	(g)	55 Maxwell Street, Kempton Park	Johannesburg	824	816	–
Lionsgate	(g)	57 Countesses Road, Windsor	Johannesburg	1 380	1 176	–
Living @ Rissik	(c)	81 Rissk Street	Johannesburg	994	4 036	–
Logan's View	(g)	8 Grasvoel Crescent, Liefde en Vrede	Johannesburg	3 870	3 855	–
Longfellow Village	(g)	Cnr Longfellow & Emerson Street	Vanderbijlpark	2 703	2 703	–
Margedale	(g)	55 Princesses Road, Windsor East	Johannesburg	1 812	1 558	–
Maria Mansions	(g)	3 Neetling Street	Johannesburg	2 193	2 148	–
Marwyn	(g)	56 Dukes Avenue, Windsor East	Johannesburg	1 029	1 029	–
Matroosberg	(g)	20 Ockerse Street, Hillbrow	Johannesburg	10 599	13 664	–
Melbourne Court	(c)	237 Lilian Ngoyi Street	Johannesburg	249	572	–
Midhill Gardens	(g)	5 Ockerse Street, Hillbrow	Johannesburg	4 149	3 616	–
Minuet	(c)	44 Mozart Lane, Sagewood	Midrand	5 829	4 726	–
Molrow House	(g)	Cnr Victoria & Plantation Street, Georgetown	Georgetown	1 175	1 502	–
Monsmeg	(d) (g)	156 Quartz Street, Hillbrow	Johannesburg	3 472	1 986	–
Montere	(g)	113 Agulhas Road, Hoogland	Johannesburg	2 344	2 346	–
Moray House	(c)	197 Rahima Moosa Street	Johannesburg	991	4 381	–
Morgenster	(g)	4 Kapteijn Street, Hillbrow	Johannesburg	1 782	2 287	–
Mount Bradley	(g)	51 Dukes Avenue, Windsor East	Johannesburg	715	564	–
Mpumelelo	(c)	62 Davies Street	Doornfontein	2 344	11 046	–
My Place	(g)	40 Sixth Avenue, Florida	Roodepoort	709	702	–
Nehemiah	(g)	13 Blockhouse Street, Kempton Park	Johannesburg	1 690	1 686	–
Neilsway	(g)	60 Earls Road Windsor	Johannesburg	1 380	1 104	–
Newgate	(c)	180 Lilian Ngoyi Street	Newtown	7 148	12 464	–
Noordheuwel Heights	(g)	7 Matroosberg Street	Noordheuwel	3 031	3 143	–
Normandie Court	(c)	96 Kerk Street	Johannesburg	5 440	4 472	–
Northgate Heights	(c)	43 Montrose Avenue	Randburg	19 818	17 463	–
Northpark Mall, Residential	–	526 Rachel De Beer Street, Akasia	Pretoria North	-	6 386	–
Northways	(g)	Cnr Claim & Jager Street	Johannesburg	4 340	2 334	–
Nukerk	–	73 Nugget Street	Johannesburg	1 983	8 211	–
Numbers	(g)	37 Maxwell Street, Kempton Park	Johannesburg	1 102	1 065	–
Park Crescent	(g)	Orange Blossom Boulevard, The Orchards	Pretoria	7 369	7 339	–
Park Mews	(g)	19 Catherine Street, Hillbrow	Johannesburg	3 768	3 004	–
Park Village	(g)	Hans Strijdom Street	Vanderbijlpark	6 460	12 150	–
Philwade Manor	(g)	73 Earls Road, Windsor East	Johannesburg	666	528	–
Platinum Place	(c)	40 Van Beek Street	New Doornfontein	7 084	9 081	–
Pomegranate	(d) (g)	1/3 Grenoble Road, Marshalls Town	Johannesburg	4 258	2 664	–
Prince Allan	(g)	54 Princesses Avenue, Windsor East	Johannesburg	715	564	–
Progress House	(g)	1 Ryder Road, Bordeaux	Randburg	3 308	3 361	–
Protea Glen (Goldfields)	(g)	Cnr Protea Boulevard & Lagwaia Street, Protea Glen	Soweto	6 304	7 301	–
Quagga Estates	(g)	295 Research Road	Pretoria	15 473	15 570	–
Rand President	(g)	340 Pretoria Avenue	Randburg	2 343	2 234	–
Redwood	(g)	Setter Street, Honey Park	Roodepoort	9 257	9 248	–
Reef Acres	(d)	8 Myrtle Road, Krugersrus	Springs	4 698	1 922	–
Rhodes Court	(g)	3 Mosquito Street, Rhodesfield	Johannesburg	1 999	2 000	–
Robwill Mansions	(g)	91 Howard Avenue	Benoni	3 589	3 570	–
Rosdin Lodge	(g)	Cnr Princes & Alexander, Windsor West	Johannesburg	1 348	1 125	–

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)
Residential - Gauteng						
Rosewood	(d)	2 Nightingale Road	Randfontein	15 693	828	–
Rosewood	(g)	Colleen Street, Honey Park	Roodepoort	6 838	6 800	–
Rothchild Manor	(g)	80 Rothchild Road	Roodepoort	5 889	6 105	–
Samuel	(g)	69 North Rand Road, Kempton Park	Johannesburg	1 285	1 281	–
Sefton Court	(g)	76 Joubert Street, Joubert Park	Johannesburg	2 480	2 248	–
Selwood Place	(g)	6 O'Reilly Street	Berea	3 545	2 983	–
Selwyn Hall	(g)	55 Dukes Avenue, Windsor East	Johannesburg	2 028	1 880	–
Sentinel	(d) (g)	28 Van der Merwe Street, Hillbrow	Johannesburg	21 115	16 789	–
Seswick Court	(g)	7 Soper Road	Berea	3 540	1 865	–
Sixty One Countesses	(g)	61 Countesses Avenue, Windsor East	Johannesburg	780	1 338	–
South Hills Lifestyle Estate	(c)	Cnr Nephine and Steelpoort Road	Johannesburg	64 830	31 820	–
Sparrow Hawk	(g)	1 Black Reef Road	Germiston	6 155	6 111	–
Springbok Court	(g)	5 Industry Road	Benoni	2 480	2 543	–
Springbok Hotel	(c)	Cnr Lilian Ngoyi & Joubert Street	Johannesburg	1 495	1 410	–
SS Summer Place	(g)	Kosmosdal Ext 81	Centurion	5 762	3 024	–
Station View	–	62 Davies Street	Doornfontein	886	1 525	–
Stonearch	(g)	Stone Arch	Germiston	9 429	11 988	–
Stuttaford House	(c)	60 Pritchard Street	Johannesburg	1 485	7 547	–
Sue Mark Court	(g)	High Street	Berea	2 493	2 493	–
Summer Place	(g)	28 Topaz Avenue, Kloofendal	Roodepoort	5 762	5 791	–
Sunset View	(g)	16 Swempie Crescent, Liefde en Vrede	Johannesburg	1 860	1 860	–
Surrey	(g)	267 Surrey Avenue	Randburg	2 274	2 903	–
Syringa	(g)	Colin Paul Street, Kempton Park	Johannesburg	5 898	5 938	–
Telmond	(g)	21 & 23 Andries Close, Bramley Park	Sandton	2 409	5 782	–
The Falls Lifestyle Estate	(f)	Van Staden Road	Wilgeheuwel	66 200	15 329	–
The Falls 2 Lifestyle Estate	(f)	45 Shearwater Road	Wilgeheuwel	40 147	15 390	–
Toronto House	(g)	110 Helen Joseph Street	Johannesburg	2 976	1 891	–
Trejon	(d) (g)	2 Ivan Street, Florida	Roodepoort	3 394	7 040	–
Upper East Side	(g)	16 Edgar Road	Boksburg	4 804	4 940	–
Villa Borghese	(g)	81 Viscounts Avenue, Windsor	Johannesburg	582	724	–
VillaKazi	(d) (g)	4 Harries Street, Marshalls Town	Johannesburg	1 109	1 269	–
VillaMia	(g)	Viool Street	Benoni	5 275	5 103	–
Waterfront	(g)	1 Marguerite Avenue	Germiston	2 811	2 829	–
Willanda	(g)	Louis Botha Avenue, Yeoville	Johannesburg	2 452	1 658	–
Willowbrook Mews	(g)	Fleabane Crescent, Summerfield Estate	Centurion	4 360	4 400	–
Windmill	(g)	179 Main street	Johannesburg	4 018	4 166	–
Residential and other Inner-City - Gauteng						
50 Stiemens Street	–	50 Stiemens Street	Braamfontein	1 427	1 182	–
Afhco Corner	–	64 Siemert Road	New Doornfontein	4 136	4 690	–
Anchor Towers	–	2 Plein Street (Cnr Harrison Street)	Johannesburg	4 436	4 410	–
Bridgeport	(e)	98 De Korte Street	Braamfontein	3 884	3 493	–
Cavendish House	(c)	183 Rahima Moosa Street (Formerly Jeppe Street)	Johannesburg	993	5 604	–
Legae	(c) (e)	217 Lilian Ngoyi Street (Formerly Bree Street)	Johannesburg	1 242	7 109	–
Hayani	(c) (e)	112 End Street and 5 Rockey Street	Doornfontein	2 344	6 898	–
Frank & Hirsch	–	352 Lilian Ngoyi Street (Formerly Bree Street)	Johannesburg	2 680	10 255	–
Hoeksbury	–	3 Hoek Street	Johannesburg	248	613	–
Impilo Place	–	141 Rahima Moosa Street (Formerly Jeppe Street)	Johannesburg	990	3 729	–
Khan Corner	–	104 & 106 End Street	Doornfontein	933	3 522	–
Cambalala	–	30 Eloff Street	Centurion	1 982	5 572	–
Maxwell Hall	–	96 Smal Street	Johannesburg	6 864	6 957	–
Moray House	(c) (e)	197 Rahima Moosa Street (Formerly Jeppe Street)	Johannesburg	991	4 497	–
Multi Glass	–	4-8 Mooi Street	Johannesburg	3 968	1 655	–
Newgate	–	180 Lilian Ngoyi Street (Formerly Bree Street)	Newtown	7 148	12 716	–
Residential - Gauteng						
1 Eloff	(d) (g)	3 Eloff Street	Johannesburg	8 810	10 242	–
120 End Street	(c)	120 End Street and 55 Davies Street	Doornfontein	8 302	34 045	–
252 Montrose Avenue	(c)	252 Montrose Avenue	Randburg	11 606	6 603	–
50 Stiemens Street	(d)	50 Stiemens Street	Braamfontein	1 427	366	–
Agatha	(g)	71 Countesses Avenue, Windsor	Windsor East	884	900	–
Airfield Towers	(g)	2 Mosquito Street, Rhodesfield	Rhodesfield	2 196	2 189	–
Amberfield	(g)	5 Jenner Street	Vanderbijlpark	7 956	7 956	–
Anchor Towers	–	2 Plein Street, Cnr Harrison Street	Johannesburg	4 436	4 288	–
Andrea Close	(c)	Cnr Club and General Hertzog Roads Peacehaven	Johannesburg	4 660	2 672	–
Annlin Lifestyle Place	(g)	Cnr Club and General Hertzog Road	Pretoria North	6 131	4 452	–

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)
Residential - Gauteng *continued*						
Arches	(g)	64 Howard Avenue	Benoni	2 076	2 076	–
Arvin Court	(g)	22 Catherine Street	Berea	2 449	2 592	–
Atkinson House	(c)	28 Albert Street	Johannesburg	1 984	8 795	–
Avril Gardens	(g)	36 Dukes Avenue, Windsor East	Windsor East	1 342	1 148	–
Balnagask	(d) (g)	144 Banket Street, Hillbrow	Johannesburg	11 403	10 868	–
Beacon Royal	(g)	Cnr Louis Botha & Grafton, Yeoville	Johannesburg	2 400	2 204	–
Beechwood	(c)	Cnr Raven and Nightingale Roads	Randfontein	22 755	2 610	–
Belgrade	(d) (g)	21 Fourth Road, Florida	Florida	3 598	7 438	–
Blauwberg	(g)	24 Kapteijn Street, Hillbrow	Johannesburg	8 768	8 703	–
Bree - 320 Bree Street	(g)	Bree, Mooi, Jeppe, Polly Streets	Johannesburg	495	1 620	–
Bree - Cheryl Court	(g)	Bree, Mooi, Jeppe, Polly Streets	Johannesburg	496	1 050	–
Bree - Mall, U Save, Film Trust, Globakeries	(g)	Bree, Mooi, Jeppe, Polly Streets	Johannesburg	2 480	4 492	–
Bridgeport	(d)	98 De Korte Street	Braamfontein	3 884	2 844	–
Calderwood Lifestyle Estate	(c)	Portion 488 of Farm Kleinfontein, Beryl Street	Benoni	46 154	20 032	–
Cambalala	–	30 Eloff Street	Centurion	1 982	5 572	–
Cedar Valley	(g)	426 Rifle Range Road, Rosettenville	Rosettenville	4 052	4 168	–
Charlotte, Harolean and Irmguard	(g)	11 to 13 Selkirk Street, South Germiston	Germiston	750	2 040	–
Chronicles	(g)	41 North Rand Road, Kempton Park	Kempton Park	824	816	–
Cranborough Mews	(g)	63 Countesses Avenue, Windsor	Windsor East	2 960	2 407	–
Curzon Court	(g)	52 Klein Street, Hillbrow	Johannesburg	1 877	1 809	–
Dalem Mews	(g)	56 Princes Avenue, Windsor East	Windsor East	1 282	1 008	–
Dennehof and Bloekomhof	(c)	Cnr Club and General Hertzog Roads Peacehaven	Vereeniging	26 244	11 733	–
Deuteronomy	(g)	23 North Rand Road, Kempton Park	Kempton Park	1 102	1 080	–
Dukes Lodge	(g)	4 Dukes Avenue, Windsor West	Windsor East	1 058	930	–
Earlsden	(g)	10 Earls Avenue, Windsor	Windsor East	2 310	2 111	–
Elizabeth Gardens	(g)	Princes & Duchesses Street, Windsor East	Windsor East	513	536	–
Empire Gardens	(d) (g)	Empire Road, Parktown	Johannesburg	3 794	3 631	–
En Gedi	(g)	143 Pres Brand Road, Rynfield Ext 117	Benoni	3 817	3 847	–
Etude	(c)	51 Mozart Avenue	Midrand	900	17 181	–
Exodus	(g)	67 Maxwell Street, Kempton Park	Kempton Park	824	816	–
Ezra	(g)	64 North Rand Road, Kempton Park	Kempton Park	824	816	–
Fairways	(g)	2 St Andrews Street, Pollak Park Ext 2	Springs	4 866	4 759	–
Fasser House	(g)	520 Paul Kruger Street	Pretoria	4 950	4 959	–
Frangipani	(g)	96 Oxford Street	Randburg	3 885	3 960	–
Frank & Hirsch	(c)	352 Lilian Ngoyi Street	Johannesburg	2 680	9 885	–
Franschoek	(g)	33 Hill Street, Ferndale	Randburg	2 881	2 591	–
Frederick House	(g)	Cnr Sauer & Frederick Street	Johannesburg	4 563	4 740	–
Garden View	(g)	Cnr Sirdar Street & Abington Road, Kensington B	Randburg	5 248	5 248	–
Genesis	(g)	69 Maxwell Street, Kempton Park	Kempton Park	824	816	–
Geraldine Court	(d) (g)	54 Wolmarans Street, Joubert Park	Johannesburg	4 800	4 572	–
Golden Oaks	(g)	Cnr Main Reef & Pta Road, Comet Ext 6	Boksburg	19 914	19 915	–
Golden Views	–	205 Victoria Street, Georgetown	Germiston	6 880	6 853	–
Golf Park	(c)	631 Lievaart Street, Phillip Nel Park	Pretoria West	16 076	9 986	–
Greenshank Villas	(g)	Cnr Greenshank Road and Van de Linde Road, Grobler Park	Roodepoort	6 889	8 047	–
Hayani	–	112 End Street	Doornfontein	2 344	6 898	–
Hillandale	(g)	Cnr Lily & Alexandra	Berea	1 431	2 432	–
Hollyland	(g)	21 & 23 Andries Close, Bramley Park	Sandton	2 926	3 556	–
Ilanga	(g)	49 Duchesses Road, Windsor East	Windsor East	555	740	–
Impilo Place	(c)	141 Rahima Moosa Street	Johannesburg	990	3 718	–
Indlovu Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	10 549	443	–
Ironwood	(g)	Colleen Street, Honey Park	Roodepoort	6 362	6 402	–
Jabulani Lifestyle Estate	–	3223 Matshabeng Street	Soweto	14 854	11 520	–
Jabulani Mews	(c)	2345 Dikgathehong Street	Soweto	7 380	7 359	–
Jackson's Cove	(g)	14A Reedbuck Street, Elandspark	Elandspark	4 664	4 664	–
Janin	(g)	69 Countesses Avenue, Windsor	Windsor Park	924	1 032	–
Jeppe Post Office	(c)	Cnr Von Brandis and Rahima Moosa Street	Johannesburg	9 666	34 371	–
Joshua	(g)	31 Maxwell Street, Kempton Park	Kempton Park	1 285	1 080	–
Jozi House	(g)	29 Kerk Street	Johannesburg	8 606	8 372	–
Judges	(g)	71 Maxwell Street, Kempton Park	Kempton Park	1 285	1 281	–
Karen Place	(g)	33 Duchesses Avenue, Windsor East	Windsor East	1 342	1 162	–
Kenwyn	(g)	51 Duchesses Avenue, Windsor East	Windsor East	1 080	1 022	–
Kevrob Manor	(g)	61 Viscounts Avenue, Windsor East	Windsor East	744	536	–
Khan Corner	–	104 & 106 End Street	Doornfontein	933	3 522	–
Khaya Square	(g)	Beatrice Street, Windsor East	Johannesburg	2 382	2 263	–

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)
Residential - Gauteng *continued*						
Kilimanjaro	(g)	14 Reedbuck Street, Elandspark	Elandspark	4 416	4 416	–
Kings (Buffet)	(g)	39 North Rand Road, Kempton Park	Kempton Park	1 285	1 281	–
Kings Ransom	(g)	36 Wolmarans Street, Joubert Park	Johannesburg	20 033	14 152	–
Kingston	(g)	44 Kings Avenue, Windsor East	Windsor East	947	1 086	–
Komati Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	7 380	314	–
Lana Lee	(g)	58 Princesses Avenue, Windsor East	Windsor East	1 072	950	–
La Vie Nouvelle	(d)	1761 Riverview Road, Broadacres Ext 36	Johannesburg	4 164	4 164	–
Lethabong Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	8 256	443	–
Leviticus	(g)	55 Maxwell Street, Kempton Park	Kempton Park	824	816	–
Lionsgate	(g)	57 Countesses Road, Windsor	Windsor East	1 380	1 176	–
Living @ Rissik	(c)	81 Rissk Street	Johannesburg	994	4 036	–
Logan's View	(g)	8 Grasvoel Crescent, Liefde en Vrede	Liefde en Vrede	3 870	3 855	–
Longfellow Village	(g)	Cnr Longfellow & Emerson Street	Vanderbijlpark	2 703	2 703	–
Margedale	(g)	55 Princesses Road, Windsor East	Windsor East	1 812	1 558	–
Maria Mansions	(g)	3 Neetling Street	Benoni	2 193	2 148	–
Marwyn	(g)	56 Dukes Avenue, Windsor East	Windsor East	1 029	1 029	–
Matroosberg	(g)	20 Ockerse Street, Hillbrow	Johannesburg	10 599	13 664	–
Melbourne Court	(c)	237 Lilian Ngoyi Street	Johannesburg	249	572	–
Midhill Gardens	(g)	5 Ockerse Street, Hillbrow	Johannesburg	4 149	3 616	–
Minuet	(c)	44 Mozart Lane, Sagewood	Midrand	5 829	4 726	–
Molrow House	(g)	Cnr Victoria & Plantation Street, Georgetown	Germiston	1 175	1 502	–
Monsmeg	(d) (g)	156 Quartz Street, Hillbrow	Johannesburg	3 472	1 986	–
Montere	(g)	113 Agulhas Road, Hoogland	Northriding	2 344	2 346	–
Moray House	(c)	197 Rahima Moosa Street	Johannesburg	991	4 381	–
Morgenster	(g)	4 Kapteijn Street, Hillbrow	Johannesburg	1 782	2 287	–
Mount Bradley	(g)	51 Dukes Avenue, Windsor East	Windsor East	715	564	–
Mpumelelo	(c)	62 Davies Street	Doornfontein	2 344	11 046	–
My Place	(g)	40 Sixth Avenue, Florida	Florida	709	702	–
Nehemiah	(g)	13 Blockhouse Street, Kempton Park	Kempton Park	1 690	1 686	–
Neilsway	(g)	60 Earls Road Windsor	Windsor East	1 380	1 104	–
Newgate	(c)	180 Lilian Ngoyi Street	Newtown	7 148	12 464	–
Noordheuwel Heights	(g)	7 Matroosberg Street	Noordheuwel	3 031	3 143	–
Normandie Court	(c)	96 Kerk Street	Johannesburg	5 440	4 472	–
Northgate Heights	(c)	43 Montrose Avenue	Randburg	19 818	17 463	–
Northpark Mall, Residential	–	526 Rachel De Beer Street, Akasia	Pretoria North	–	6 386	–
Northways	(g)	Cnr Claim & Jager Street	Johannesburg	4 340	2 334	–
Nukerk	–	73 Nugget Street	Johannesburg	1 983	8 211	–
Numbers	(g)	37 Maxwell Street, Kempton Park	Kempton Park	1 102	1 065	–
Park Crescent	(g)	Orange Blossom Boulevard, The Orchards	Pretoria North	7 369	7 339	–
Park Mews	(g)	19 Catherine Street, Hillbrow	Johannesburg	3 768	3 004	–
Park Village	(g)	Hans Strijdom Street	Vanderbijlpark	6 460	12 150	–
Philwade Manor	(g)	73 Earls Road, Windsor East	Windsor East	666	528	–
Platinum Place	(c)	40 Van Beek Street	New Doornfontein	7 084	9 081	–
Pomegranate	(d) (g)	1/3 Grenoble Road, Marshalls Town	Johannesburg	4 258	2 664	–
Prince Allan	(g)	54 Princesses Avenue, Windsor East	Windsor East	715	564	–
Progress house	(g)	1 Ryder Road, Bordeaux	Randburg	3 308	3 361	–
Protea Glen (Goldfields)	(g)	Cnr Protea Boulevard & Lagwaia Street, Protea Glen	Soweto	6 304	7 301	–
Quagga Estates	(g)	295 Research Road	Pretoria West	15 473	15 570	–
Rand President	(g)	340 Pretoria Avenue	Randburg	2 343	2 234	–
Redwood	(g)	Setter Street, Honey Park	Roodepoort	9 257	9 248	–
Reef Acres	(d)	8 Myrtle Road, Krugersrus	Springs	4 698	1 922	–
Rhodes Court	(g)	3 Mosquito Street, Rhodesfield	Rhodesfield	1 999	2 000	–
Robwill Mansions	(g)	91 Howard Avenue	Benoni	3 589	3 570	–
Rosdin Lodge	(g)	Cnr Princes & Alexander, Windsor West	Windsor West	1 348	1 125	–
Rosewood	(d)	2 Nightingale Road	Randfontein	15 693	828	–
Rosewood	(g)	Colleen Street, Honey Park	Roodepoort	6 838	6 800	–
Rothchild Manor	(g)	80 Rothchild Road	Roodepoort	5 889	6 105	–
Samuel	(g)	69 North Rand Road, Kempton Park	Kempton Park	1 285	1 281	–
Sefton Court	(g)	76 Joubert Street, Joubert Park	Johannesburg	2 480	2 248	–
Selwood Place	(g)	6 O'Reilly Street	Berea	3 545	2 983	–
Selwyn Hall	(g)	55 Dukes Avenue, Windsor East	Windsor East	2 028	1 880	–
Sentinel	(d) (g)	28 Van der Merwe Street, Hillbrow	Johannesburg	21 115	16 789	–
Seswick Court	(g)	7 Soper Road	Berea	3 540	1 865	–
Sixty One Countesses	(g)	61 Countesses Avenue, Windsor East	Windsor East	780	1 338	–
South Hills Lifestyle Estate	(c)	Cnr Nephine and Steelpoort Road	Johannesburg	64 830	31 820	–

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)
Residential - Gauteng *continued*						
Sparrow Hawk	(g)	1 Black Reef Road	Germiston	6 155	6 111	–
Springbok Court	(g)	5 Industry Road	Benoni	2 480	2 543	–
Springbok Hotel	(c)	Cnr Lilian Ngoyi & Joubert Street	Johannesburg	1 495	1 410	–
SS Summer Place	(g)	Kosmosdal Ext 81	Centurion	5 762	3 024	–
Station View	–	62 Davies Street	Doornfontein	886	1 525	–
Stonearch	(g)	Stone Arch	Germiston	9 429	11 988	–
Stuttaford House	(c)	60 Pritchard Street	Johannesburg	1 485	7 547	–
Sue Mark Court	(g)	High Street	Berea	2 493	2 493	–
Summer Place	(g)	28 Topaz Avenue, Kloofendal	Roodepoort	5 762	5 791	–
Sunset View	(g)	16 Swempie Crescent, Liefde en Vrede	Liefde en Vrede	1 860	1 860	–
Surrey	(g)	267 Surrey Avenue	Randburg	2 274	2 903	–
Syringa	(g)	Colin Paul Street, Kempton Park	Johannesburg	5 898	5 938	–
Telmond	(g)	21 & 23 Andries Close, Bramley Park	Sandton	2 409	5 782	–
The Falls Lifestyle Estate	(f)	Van Staden Road	Wilgeheuwel	66 200	15 329	–
The Falls 2 Lifestyle Estate	(f)	45 Shearwater Road	Wilgeheuwel	40 147	15 390	–
Toronto House	(g)	110 Helen Joseph Street	Johannesburg	2 976	1 891	–
Trejon	(d) (g)	2 Ivan Street, Florida	Florida	3 394	7 040	–
Upper East Side	(g)	16 Edgar Road	Boksburg	4 804	4 940	–
Villa Borghese	(g)	81 Viscounts Avenue, Windsor	Windsor East	582	724	–
VillaKazi	(d) (g)	4 Harries Street, Marshalls Town	Johannesburg	1 109	1 269	–
VillaMia	(g)	Viool Street	Benoni	5 275	5 103	–
Waterfront	(g)	1 Marguerite Avenue	Germiston	2 811	2 829	–
Willanda	(g)	Louis Botha Avenue, Yeoville	Johannesburg	2 452	1 658	–
Willowbrook Mews	(g)	Fleabane Crescent, Summerfield Estate	Centurion	4 360	4 400	–
Windmill	(g)	179 Main street	Johannesburg	4 018	4 166	–
Wonderpark Estate	(g)	First Avenue, Karenpark, Akasia	Pretoria North	5 940	7 560	–
Residential - Other						
Highveld Views	(g)	Nita Avenue, Emalahleni	Emalahleni	25 199	24 300	–
Parnon	(g)	92 Henry Street	Bloemfontein	3 446	3 445	–
Tubatse Village	(c)	Steelport Ext 9 Township	Steelpoort	26 105	12 670	–
Total				**2 737 933**	**1 696 621**	

Keys:
(a) Indicates leasehold properties
(b) Before straight-line rental adjustment
(c) Indicates properties bonded to Mega Pool SPV
(d) indicates properties held for disposal
(e) Indicates a 75% share in property
(f) Indicates properties bonded with ABSA in respect of The Falls Rental Company debt
(g) Indicates properties bonded to Bowwood and Main SPV

Due to the sensitivity of the weighted average rental per m2 in the storage and residential portfolios, the weighted average has not been disclosed in Appendix B.

APPENDIX C: STATUTORY INFORMATION

DIRECTORATE:
The table below sets out the directors' holdings in shares:

Director	Share holding 000	2023 Type of Holding	Share holding 000	2022 Type of Holding
RJ Biesman-Simons [2]	–		100	Direct beneficial
RJ Biesman-Simons [2]	–		100	Indirect non-beneficial
SY Moodley (Chief Financial Officer)	**3 597**	**Indirect beneficial (FSP[1])**	1 628	Indirect beneficial (FSP[1])
TR Mackey (Chief Executive Officer)	**9 179**	**Indirect beneficial (FSP[1])**	7 178	Indirect beneficial (FSP[1])
TR Mackey (Chief Executive Officer)	**6 813**	**Direct beneficial**	5 124	Direct beneficial
TR Mackey (Chief Executive Officer)	**10 198**	**Indirect beneficial**	9 650	Indirect beneficial
NNN Radebe (Chief Operating Officer)	**2 191**	**Indirect beneficial (FSP[1])**	–	
MA Moloto	**24**	**Direct beneficial**	24	Direct beneficial
	32 202		23 804	

(1) FSP = Forfeitable Share Plan.
(2) Retired 6 June 2022.

There have been no changes in the direct or indirect beneficial interest of the directors between the end of the financial year under review and the date of signature of these financial statements. The shares held by directors are unencumbered and are not subject to any guarantees, nor pledged as security.

SHAREHOLDER INFORMATION:

Shareholder Type	Number of shareholdings	% of total shareholdings	Shares held (000)	% Holding
Non-Public Shareholders	8	0.13%	54 745	2.18%
Directors and Associates of the Company				
Direct holding	4	0.06%	8 222	0.33%
Indirect holding	3	0.05%	19 948	0.79%
Share Schemes				
SA Corporate Real Estate Fund Managers Proprietary Limited	1	0.02%	26 575	1.06%
Public Shareholders	6 178	99.87%	2 459 987	97.82%
Total	**6 186**	**100.00%**	**2 514 732**	**100.00%**

Investment Manager Shareholders (>3%)	Shares Held	% Holding
Public Investment Corporation	418 241 623	16.63%
M & G Investments	306 768 286	12.20%
Catalyst Fund Managers	207 675 275	8.26%
Ninety One	201 213 849	8.00%
Old Mutual Investment Group	196 119 212	7.80%
Meago Asset Management	179 553 790	7.14%
Sesfikile Capital	150 073 849	5.97%
Stanlib Asset Management	84 832 896	3.37%
Total	**1 744 478 780**	**69.37%**

Beneficial Shareholders (>3%)	Shares Held	% Holding
Government Employees Pension Fund	434 257 667	17.27%
Old Mutual Group	300 061 314	11.93%
Eskom Pension & Provident Fund	170 452 496	6.78%
M & G Investments	141 047 701	5.61%
Ninety One	138 432 287	5.50%
Sanlam Group	91 564 468	3.64%
Stanlib	84 981 605	3.38%
Momentum Metropolitan Holdings	76 850 424	3.06%
Total	**1 437 647 962**	**57.17%**