

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

UPDATE ON THE DISPOSAL OF A PORTFOLIO OF JOHANNESBURG INNER-CITY RESIDENTIAL PROPERTIES, COMMERCIAL RENTAL BUSINESSES AND DEVELOPMENT LAND AND THE DISPOSAL OF SA CORPORATE'S SHARES HELD IN SAFARI INVESTMENT LIMITED

Update on the disposal of a portfolio of Johannesburg inner-city residential properties, commercial rental businesses and development land

Shareholders are referred to the Company's announcement released on SENS on 16 September 2021 (the "Terms Announcement") relating to a sale and implementation agreement having been concluded between its group companies, Afhco Holdings (Pty) Ltd and Afhco (Pty) Ltd (collectively, "the Sellers") and Firstmile Properties JHB CBD Crown Mines (Pty) Ltd ("Firstmile") to dispose of a property portfolio comprising a number of the Sellers' residential properties, commercial rental businesses and development land ("the Sale Assets") in the Johannesburg inner-city ("the Disposal").

Shareholders are advised that following further negotiations, the parties have reached agreement on certain amendments to the initial structure of the Disposal:

- *Net Property Income ("NPI") Guarantee in lieu of the Agterskot:*

The initial structure of the Disposal provided for a R30 million "Agterskot" ("Agterskot") payable if the eight income generating Sale Assets ("IGSA's") achieved an actual average NPI of at least R54 million for each of the three years from the closing date of the Disposal.

The revised structure of the Disposal removes the Agterskot and instead the Sellers have agreed to provide an NPI guarantee ("NPI Guarantee") to Firstmile, which is to be structured as follows:

- (a) the Sellers will guarantee the NPI for each year of the three-year period post the transfer date of each of the IGSA's, which will amount to a maximum of R54 million per annum pro-rated across the IGSA's ("Target NPI"); and
- (b) to the extent that the actual NPI is less than the Target NPI in a particular year, the Sellers will pay the shortfall to Firstmile.

To ensure that the Sellers mitigate any amount payable under the NPI Guarantee, the Sellers, through Afhco Property Management, a wholly owned subsidiary of SA Corporate, will manage the IGSA's during the guarantee period as originally agreed with Firstmile. This is a preferred transaction structure for SA Corporate as it will receive the full sale consideration on transfer and whilst it is to provide an NPI guarantee, it is confident about the ongoing performance of the IGSA's under the management of its subsidiary.

- *Subsidiary of Firstmile to purchase one of the Sale Assets*

It has been agreed that Firstmile Properties Georgian Crescent (Pty) Ltd ("FPGC"), a fellow subsidiary of Firstmile, will be the purchaser of the development property located on Long Street (as fully described in the Company's SENS released on 16 September 2021), instead of Firstmile acquiring same.

- *Capital contribution:*

The Sellers will make a R13.4 million contribution ("Capex Contribution") to Firstmile and FPGC (collectively "the Purchasers") towards capital maintenance and repairs which the Purchasers have identified as being required for the Sale Assets.

The revised structure, as set out above, does not materially affect any other aspect of the initial structure of the Disposal as previously communicated. The total consideration will be the previously reported total consideration of R546.25 million exclusive of value-added tax and transfer duty, net of an amount of R16.25 million in respect of sales commission and transaction costs and the R13.4 million Capex Contribution, the net purchase consideration being R516.60 million, exclusive of value-added tax and transfer duty.

The conditions precedent to the Disposal, including obtaining the approval of Competition Commission in respect of the Disposal and the procurement of debt funding by the Purchaser, which are set out in the Terms Announcement, have been fulfilled.

The transfer of the Sale Assets to the Purchasers will occur following completion by the attorneys of all standard administrative tasks relating to such transfer and bond cancellations and registrations, including obtaining rates clearance certificates from the relevant local authority.

Update on the disposal of SA Corporate's shares held in Safari Investment Limited

Shareholders are further referred to SA Corporate's 2021 half-year results SENS announcement and Results Booklet, published on 16 September 2021, wherein SA Corporate confirmed that it had concluded a transaction to dispose of its 20 million shares in Safari Investment Limited ("the Safari Shares") for a consideration of R120 million or R6 per share ("the Transaction").

Following a protracted process, and notwithstanding SA Corporate having duly performed all of its obligations relating to the Transaction, SA Corporate advises shareholders that Brentwood Wealth and Investments (Pty) Ltd ("the Purchaser"), has failed to perform its obligations and complete the Transaction as per the terms of the agreement concluded between the Purchaser and SA Corporate. As a result, SA Corporate has taken the necessary and appropriate legal action against the Purchaser.

17 March 2022

Cape Town

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

Legal Advisors: Cliffe Dekker Hofmeyr Inc