

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

Introduction

SA Corporate is a JSE-listed Real Estate Investment Trust (“REIT”) and together with all its subsidiaries (“the Group”) owns a focused portfolio of quality industrial, retail and residential buildings located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia. As at 30 June 2023, the property portfolio consisted of 151 properties, with 1 301 270m² of gross lettable area (“GLA”), valued at R14.9 billion, a 50% joint venture (“JV”) interest in three Zambian entities with properties valued at R1.6 billion and listed investments valued at R52.8 million.



Overview

▶ Interim Distributable Income R318.2 million or 12.65 cps

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

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

(2022 H1: R362.3 million or 14.41 cps) (2022 H2: R312.5 million or 12.42 cps)

▶ Total net property income (“NPI”) of R592.6 million

(2022 H1: R594.8 million) (2022 H2: R577.8 million)

▶ Total like-for-like NPI increased by 2.5% to R561.9 million

(2022 H1: R548.3 million) (2022 H2: R526.6 million)

▶ Disposal pipeline contracted and still to transfer, and divestments transferred since January 2023 of R1.1 billion

▶ Loan to value (“LTV”) ratio of 36.9%*

(December 2022: 38.1%*)

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

▶ Traditional portfolio vacancies of 2.1% of GLA

(30 June 2022: 2.7%) (31 December 2022: 2.3%)

▶ Afhco residential portfolio vacancies of 3.1% of total units

(30 June 2022: 4.0%) (31 December 2022: 2.9%)

Salient features

The salient features of the Group condensed consolidated interim financial results for the six months ended 30 June 2023, as compared to the six months ended June 2022, are set out below:

Revenue of R1.1 billion
(June 2022: R972.5 million)

Operating profit of R567.6 million
(June 2022: R631.9 million)

Headline earnings per share of 14.29 cents
(June 2022: 17.55 cents)

Basic earnings per share of 16.63 cents
(June 2022: 23.16 cents)

Net asset value per share of 417 cents
(31 December 2022: 410 cents)

Distribution declared 11.39 cps at 90% payout ratio
(2022 H1: 12.97 cps at 90% payout ratio)
(2022 H2: 11.18 cps at 90% payout ratio)

Distribution declaration and important dates

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

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

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

Tax implications

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

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

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

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

Notice to non-resident shareholders

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

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

- a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

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

Short-form notice

The contents of this short-form announcement are the responsibility of the board of directors of the Company. Shareholders are advised that this short-form announcement represents a brief summary of the information contained in the unaudited condensed consolidated interim financial statements, which is published on <https://senspdf.jse.co.za/documents/2023/jse/issue/SACE/ie2023.pdf> and on SA Corporate’s website <https://www.sacorporatefund.co.za>. Any investment decisions by investors and/or shareholders should be based on a consideration of the unaudited condensed consolidated interim financial statements as a whole and shareholders are encouraged to review the unaudited condensed consolidated interim financial statements as directed above. Investors and/or shareholders may request copies of the unaudited condensed consolidated interim financial statements by contacting the registered office, details of which are set out below.

For a more comprehensive analysis of SA Corporate’s results and outlook, please refer to <https://www.sacorporatefund.co.za/>
Johannesburg

14 September 2023

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

DIRECTORATE AND STATUTORY INFORMATION

Registered office GreenPark Corner 16th Floor Corner Lower Road and West Road South Morningside 2196 Tel 010 020 2530	Registered auditors PricewaterhouseCoopers Inc. 5 Silo Square V&A Waterfront Cape Town 8002	Transfer secretaries Computershare Investor Services Proprietary Ltd Rosebank Towers 15 Biermann Avenue Rosebank 2196	Sponsor Nedbank Corporate and Investment Banking, a division of Nedbank Limited 135 Rivonia Road Sandton 2196	Directors MA Moloto (Chairman) OR Moseithi (Lead Independent Director) TR Mackey (Chief Executive Officer)* SY Moodley (Chief Financial Officer)* N Ford-Hoon(Fok)	EM Hendricks GJ Heron SS Mafoyane NNN Radebe (Chief Operating Officer)* (appointed 1 February 2023) GZN Khumalo (appointed 1 February 2023) * Executive
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