SA CORPORATE
REAL ESTATE

SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS

for the year ended 31 December 2020

INDUSTRIAL | RETAIL | OFFICE | RESIDENTIAL | REST OF AFRICA

OVERVIEW

DISTRIBUTION

Distributable income of
R601.135 million
or **23.90cps**
(2019: R959.974 million or 38.04cps)

Distribution declared of **17.93cps** based on a **75%** payout ratio
(2019: 38.04cps based on a 100% payout ratio)

PROPERTY ACTIVITY

Contracted and executed disposals
R1.6 billion*
(2020 Transferred: R375.2 million; 2020 Contracted: R769.1 million; 2021 Transferred: R104.6 million; 2021 Contracted: R338.9 million)

Executed acquisitions of
R385.7 million

(In return for loans to developers requiring no further material funding)

Assets under management of
R17.1 billion
(2019: R18.5 billion)

* 1 January 2020 to 25 March 2021

PORTFOLIO PERFORMANCE

Total net property income of
R1.1 billion
(2019: R1.4 billion)

Total like-for-like net property income of
R1.0 billion
(2019: R1.2 billion)

Traditional portfolio vacancies of **3.5%** of GLA (2019: 4.2%)

CAPITAL STRUCTURE

Loan to value ratio of **38.6%***
(2019: 36.6%)

Weighted average cost of funding of **5.2%** (2019: 8.15%) exclusive of swaps and **7.7%** (2019: 8.47%) inclusive

Weighted average maturity of debt of
2.4 years

Effective fixed debt of **74.5%** with a weighted average tenor of swaps of
3.0 years

** Net debt LTV excluding derivatives, which if included would be 41.2% (2019: 37.0%)*

COMMENTARY

INTRODUCTION

SA Corporate Real Estate Limited is a JSE-listed Real Estate Investment Trust ("REIT") which owns a diversified portfolio of quality industrial, retail, commercial and residential buildings located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia. The property portfolio, consists of 188 properties, with 1 509 983m^2 of lettable area, valued at R16.0 billion, a 50% joint venture in three Zambian properties valued at R879.6 million, an 80% joint venture in The Falls Lifestyle Estate valued at R141.8 million and listed investments valued at R112.8 million.

STRATEGY UPDATE

Our vision is to produce sustainable distribution growth and long-term capital appreciation for investors, through investment in a well-diversified and balanced property portfolio within an optimal capital structure. To realise our vision and establish a platform for sustainable growth, our strategy is to utilise asset management interventions to continuously augment the quality of our portfolio of properties. In the medium term, we aim to concentrate our retail portfolio on defensive convenience offerings, to consolidate a quality industrial property portfolio, to divest from remaining commercial properties and to establish a quality residential portfolio.

This strategy is depicted on the left in the schematic below whilst the particular actions executed in keeping with this strategy and in response to the COVID-19 pandemic are listed on the right.

STRATEGY ENABLERS:

- Financial Sustainablility
- Human Capital Development
- Operational Optimisation
- Execution Discipline

+

PORTFOLIO FOCUS:

- Convenience Retail
- Quality Industrial Property Portfolio
- Quality Residential Portfolio

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SUSTAINABLE DISTRIBUTION

ACTIONS:

- *Decisive disposals to safeguard the Group's balance sheet - disposals at, or near net asset value, validating conservative property valuations*
- *Strengthening the financial position of the Group by reduced gearing*
- *Key executive appointments*
- *Talent assessment & development*
- *Increased focus on collections*
- *COVID-19 protocols implemented*
- *Improved access & parking*
- *Increased convenience in tenant mix*
- *Securing tenant covenant*
- *Leasing metrics ahead of targets*
- *Afhco digital transformation*
- *Leverage low interest rates & FLISP market in sale of apartments*
- *Recycle portfolio to improved quality*
- *KZN & Fricker Road office exit*
- *Repurposing offices*

What deserves particular mention is the progress that has been made to support financial sustainability by transferring and contracting since 1 January 2020 to the results release date divestments totalling R1 587.8 million. The sale of properties is at a discount of 2.6% to last valuation and a weighted average exit yield of 9.2%. Also pleasing is that we have managed to continue to contract the divestment of our commercial property portfolio leaving 3 standalone office properties remaining representing 2.1% of the value of our South African property portfolio. We have contracted the sale of inferior industrial properties for a total consideration of R970.5 million thereby strengthening the quality of our industrial portfolio with greater focus on logistics. In keeping with our strategy of strengthening the quality of our residential portfolio, we have identified in excess of half a billion Rand of lesser quality residential assets for disposal of which R147.1 million have already been contracted for sale to date.

From a Human Capital perspective, three senior executive appointments have been made, specifically, a Chief Operating Officer, Head of Corporate Finance and, most recently, a permanent Group Company Secretary. The asset management team has also been strengthened with middle management and senior management appointments. Operationally, there has been a strong focus on collections and this has resulted in collections improving in the last quarter of the financial year to 105% in respect of the South African portfolio. We are also pleased to report that the interventions that have been made regarding COVID-19 health protocols have protected the public, our tenants and stakeholders. Only 34 infections were reported in our residential portfolio of close to 10 000 apartments. Lastly, the COVID-19 pandemic has forced us to embrace new ways of working and in particular forced us to embrace new technologies increasing operating efficiencies. To this end, we are in the process of digitising processes in our Afhco portfolio to optimise the leasing and customer services experience for our tenants.

BASIS OF PREPARATION

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

These summarised consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these summarised consolidated financial statements were derived.

A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the company's registered office, together with the consolidated financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office,at no charge during business hours, by prior appointment due to COVID restrictions.

SA REIT FUNDS FROM OPERATIONS "FFO"

Funds from Operations, as defined by the SA REIT Association ("SA REIT FFO"), generated for the year was R601.1 million (2019: R960.0 million). Total SA REIT FFO per share for the year amounted to 23.90cps, down 37.2% relative to 38.04cps in 2019. The funds available to shareholders have been substantially impacted by COVID-19 related rental relief and deferments, negative rental reversions, increased vacancies and an increase in credit loss allowances and bad debts from tenant failures, as tenants were impacted by the challenging economic environment.

NET PROPERTY INCOME

Total property revenue amounts to R2 062.2 million (2019: R2 283.9 million) with the like-for-like portfolio, excluding disposals, developments and acquisitions during 2019 and 2020, amounting to R1 351.9 million (2019: R1 452.3 million). The reduction in revenue of R221.7 million arises mainly from COVID-19 relief and deferments of R87.4 million, negative reversions in respect of renewed or new long leases to blue chip tenants for large box logistics facilities. A further reduction arises from increased vacancies and the base effect of the revenue generated by 51 Pritchard Street, until 30 April 2019, whereafter the entire property was under redevelopment. The main contributing factor to the decrease in the Afhco portfolio rentals was a 7.2% increase in vacancies in the residential sector.

Like-for-like property expenses increased by 5.4%. The total property expenses increased by 6.9% to R972.6 million (2019: R910.2 million) mainly due to write off's and expected credit loss allowances which increased by 206.2% to R108.4 million (2019: R35.4 million) with R37.4 million relating to an additional lockdown allowance in excess of the application of historical loss percentages. The ratio of property expenses to property revenue increased to 48.7% (2019: 40.2%).

Net property income ("NPI") decreased by 20.3% (R274.3 million), with the like-for-like portfolio decreasing by 16.8%.

The overall distribution from the joint ventures for the year decreased by 23% to R56.8 million (2019: R73.8 million) due to COVID-19 relief. The decrease in the distribution from the Zambian joint venture was partially offset by the effects of the depreciation of the ZAR/USD average conversion rate of 13.9%.

NET FINANCE COST

Net finance cost, excluding the impact of IFRS 16, increased by 9.9%. This is as a result of lower capitalised interest arising from a combination of a reduced development pipeline and of a suspension of capitalised interest over the "lockdown" period. A further increase resulted from a reduction in interest income from development loans which were either settled or substituted for property and increased interest payable in respect of interest rate swap and cross currency interest rate swap derivatives.

PROPERTY VALUATIONS

The Group's independently valued property portfolio, which excludes the three Zambian properties, decreased by R1.4 billion (-8.0%) to R16.0 billion (2019: R17.4 billion). The like-for-like portfolio held for the full 12 months to December 2020 reduced by R1.1 billion (-7.7%) from December 2019.

To reflect worsening market conditions over the last 12 months capitalisation and discount rates used in our property valuations have been reviewed and revised accordingly by our independent valuers. The average capitalisation rates have widened by 20 bps for retail, 20 bps for industrial and 60 bps for commercial. The capitalisation rates used in SA Corporate's December 2020 valuations are on average 78 bps wider than the sector average for the relevant retail property types, 28 bps narrower in industrial and 56 bps wider in respect of offices compared with that reported by SAPOA in November 2020.

The widening of the capitalisation rates for retail, reflect the deterioration of retail trading conditions. The valuation of the industrial portfolio has been impacted upon by negative rental reversions and the decrease in commercial office valuations is indicative of the challenges faced by this sector. The capitalisation rates used in the Afhco valuation remain unchanged from the prior year, however, the reduction in value for this portfolio is driven by negative movements in the other valuation assumptions. Greater detail relating to the assumptions used in the valuations can be found in note 4 of the Group Annual Financial Statements which is available on the Company's website.

The discount and capitalisation rates applied in the valuations are tabulated below:

Portfolio	Discount Rate	Exit Capitalisation Rate	Capitalisation rate
Industrial	13.8% - 18.3%	8.8% - 14.8%	8.3% - 12.8%
Retail	14.0% - 16.0%	9.0% - 11.0%	8.5% - 10.5%
Commercial	15.3% - 17.0%	10.0% - 12.0%	9.8% - 11.3%
Residential / Afhco			9.0% -12.0%

Given the uncertainty that the impact of the COVID-19 pandemic will have on operations and forecasts, external valuations were prepared based on the best available information at the reporting date. Future results may, however, differ depending on the ultimate impact that the pandemic could have on trading conditions. The external valuer considered the impact of COVID-19 when performing the valuations. In the short term, adjustments were made for deferred rentals and relief as negotiated between the Group and its tenants. To incorporate the impact of COVID-19 on investment property valuations the external valuer adjusted the valuation assumptions related to capitalisation and discount rates, growth rates, longer void periods, further negative reversions in respect of renewals, increased vacancy assumptions, reduction of in-force escalation rates and the introduction of the expected credit loss valuation assumption. All these adjustments resulted in a reduction in the valuation of investment property. Further details in this regard have been included per note 4 of the Group Annual Financial Statements.

The net asset value ("NAV") per share decreased by 15.9% from 477cps to 401cps including adjustments in respect of the fair value of interest rate swap derivatives and deferred taxation as set out in the table below:

NAV analysis	CPS
Opening balance January 2020	477
December 2019 distribution	(18)
December 2020 distribution	24
Fair value loss on swap derivatives	(14)
Fair value loss on investment properties	(61)
Other fair value movements	(7)
Closing balance December 2020	**401**

PROPERTY PORTFOLIO

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

Transferred Disposals:

Property	Transfer date	Gross Selling Price (Rm)	Region	Sector
96 15th Road, Randjespark	Jan 20	77.5	Gauteng	Industrial
The Mall, Vanderbijlpark	Jan 20	14.5	Gauteng	Afhco Retail
530 Nicholson Road, Denver	Jul 20	40.0	Gauteng	Industrial
34 Mangold Street, Gqeberha	Sep 20	5.5	Eastern Cape	Commercial
City Main II, Johannesburg [1]	Sep 20 - Aug 23	12.6	Gauteng	Afhco Retail
11 Enterprise Close, Linbro Park	Oct 20	12.0	Gauteng	Industrial
59 Intersite Avenue, Springfield	Nov 20	70.0	KwaZulu Natal	Industrial
129 Jeppe Street, Johannesburg [1]	Nov 20 - Oct 22	9.2	Gauteng	Afhco Retail
Northgate Heights Phase 3, Randburg	Dec 20	3.3	Gauteng	Residential
Erf 116 New Brighton, Gqeberha	Dec 20	83.5	Eastern Cape	Industrial
Residential apartments [2]	Jan 20 - Dec 20	47.1	Gauteng	Residential
Total disposals		**375.2**		

Contracted and Unconditional Disposals:

Property	Expected transfer date *	Gross Selling Price (Rm)	Region	Sector
Cnr Old Pretoria and Alexandra Roads, Midrand [3]	Jan 21 [4]	8.9	Gauteng	Commercial
Stanop House, New Doornfontein	Feb 21 [4]	14.5	Gauteng	Afhco Retail
121 Malacca Road, Red Hill	Mar 21 [4]	23.5	KwaZulu Natal	Industrial
30 / 34 Hillclimb, Pinetown	Mar 21 [4]	43.0	KwaZulu Natal	Industrial
6/8 Mahogany Road, Pinetown	Mar 21	58.0	KwaZulu Natal	Industrial
Cnr Isotope and Bridge Street, Bellville	Mar 21	30.0	Western Cape	Industrial
Kempton Corner, Kempton Park	Mar 21 - Dec 22	108.3	Gauteng	Retail
Stondell Investments, 684 Pretoria Main Road, Wynberg	Apr 21	4.0	Gauteng	Industrial
Maydon Wharf Properties, Durban	Apr 21 - Jul 21	212.0	KwaZulu Natal	Industrial
Erf 84/85/86 Shakas Head, Durban	May 21	50.8	KwaZulu Natal	Industrial
10 Industrial Avenue, Kraaifontein	May 21	57.0	Western Cape	Industrial
Long Street Precinct, Jeppestown [3]	Sep 21	45.0	Gauteng	Residential
Residential apartments [5]	Jan 21 - Sep 21	42.8	Gauteng	Residential
Total		**697.8**		

Contracted and Conditional Disposals:

Property	Expected transfer date *	Gross Selling Price (Rm)	Region	Sector
Hotel at Cullinan Jewel Shopping Centre, Pretoria	Mar 21	2.7	Gauteng	Retail
264 Aberdare Drive, Phoenix	Apr 21	23.0	KwaZulu Natal	Industrial
144 Kuschke Street, Meadowdale, Germiston	May 21	10.7	Gauteng	Industrial
1 Baltex Road, Isipingo	May 21	136.5	KwaZulu Natal	Industrial
16 Friesland Street, Rembrandt Park, Longmeadow	Jun 21	13.0	Gauteng	Industrial
3 The Terrace, Westway, Westville	Jul 21	18.5	KwaZulu Natal	Commercial
102 Essenwood Road, Durban	Jul 21	47.2	KwaZulu Natal	Commercial
12 Sookhai, Derby Downs Office Park, Westville	Jul 21	20.0	KwaZulu Natal	Commercial
Stellenbosch Square, Stellenbosch	Jul 21	115.0	Western Cape	Retail
Erf 8383, Milnerton [3]	Aug 21	15.0	Western Cape	Storage
121 Intersite Avenue, Umgeni Business Park, Durban	Aug 21	26.0	KwaZulu Natal	Industrial
21 Fricker Road, Illovo	Jun 21	30.0	Gauteng	Commercial
Residential apartments [5]	Jan 21 - Sep 21	57.2	Gauteng	Residential
Total		**514.8**		

* Receipt of proceeds

[1] Sold under instalment sale agreement and economics have transferred.

[2] Residential apartments at Burgundy Estate, Centurion and 252 Montrose, Randburg.

[3] Undeveloped land

[4] Transferred

[5] Residential apartments at Burgundy Estate, Centurion, 252 Montrose Avenue, Randburg, 50 Stiemens Street, Braamfontein, Bridgeport, Braamfontein, Indlovu Complex, Midrand, Komati Complex, Midrand, Lethabong Complex, Midrand, Northgate Heights, Randburg, Reef Acres, Springs and Rosewood, Randfontein.

Of the disposals tabulated above, seven were industrial leasehold properties, one of which was vacant. Of the other industrial properties sold, one was the Group's only property in the Nelson Mandela Bay Municipality which had increasing vacancy, poor tenant covenant and a significant capital expenditure obligation. Eight were smaller properties which had poor circulation and inferior warehouse characteristics and a further three properties are located in poor industrial nodes thus posing vacancy risk. The remaining three industrial properties contracted for sale have poor industrial configurations with high office components. The sale of all remaining offices in KwaZulu Natal have been contracted and of the three non-income generating properties sold, one has transferred and the other two are in the process. The sale of retail shopping centres is in respect of one property that is in an unattractive node and has high vacancy and the other was a 50% share in a shopping centre which is the Group's only retail investment in the Western Cape. The sale of 263 residential apartments are in buildings which Afhco does not have majority ownership and/or do not meet the long-term investment strategy of the Group's residential property business. These were sold at the weighted average exit yield of 8.1% and a premium to last valuation of 13.1%. The sale of four Afhco retail properties with poor tenancy have also been concluded.

ACQUISITIONS

The Group completed two acquisitions in substitution of the remaining Calgro M3 exposure, being the addition of quality assets to its residential portfolio. These were the La Vie Nouvelle assisted living and frail care centre in Broadacres for a net consideration of R98.5 million inclusive of a seven-year rental guarantee and an 80% interest in The Falls Lifestyle Estate, Wilgeheuwel, for R143.3 million inclusive of a rental and operational cost guarantee during initial tenanting.

The acquisition of the last phase of the Northgate Heights suburban apartments for R140.4 million was transferred, being in full and final settlement of the loan to the developer.

VACANCIES

	Vacancy as % of GLA*			Vacancy as % of rental income		
Sector	**31 Dec 2020**	31 Dec 2019	31 Dec 2018	**31 Dec 2020**	31 Dec 2019	31 Dec 2018
Traditional portfolio						
Industrial	**1.5**	3.2	0.6	**1.0**	2.5	0.4
Retail[1]	**4.6**	4.4	4.1	**4.1**	4.0	4.2
Commercial	**16.9**	16.0	6.2	**13.5**	13.8	5.5
Portfolio total	**3.5**	4.2	2.1	**3.6**	4.1	2.9
Afhco portfolio						
Retail/Commercial	**5.7**	4.1	4.8	**4.0**	3.0	3.3
Residential[2]	**15.4**	8.2	13.4	**11.2**	8.4	16.4
South African portfolio JV						
Residential[2]	**52.5**	–	–	**52.3**	–	–
Rest of Africa portfolio						
Retail	**17.3**	4.6	2.7	**16.2**	4.3	1.8
Commercial	**5.6**	4.5	1.1	**5.5**	11.9	1.0
Portfolio total	**14.9**	4.6	2.3	**13.9**	4.9	1.6

** GLA = Gross lettable area.*

1. Excludes storage as the table reflects vacancies for significant sectors.

2. Vacancy calculated on number of units and reflects tenanting up of newly acquired vacant units.

Vacancies in the retail portfolio as a % of GLA increased slightly by 0.2%. The increase is largely due the vacancy at Bluff Towers arising from Edcon's liquidation and this space not being retained by the new owner of the Edgars stores. This area was re-let to new tenants who will take occupation in the first half of 2021. Despite leasing activity slowing down over the lockdown period and a negative sentiment from both current and prospective tenants, good progress has been made to secure new tenancies, in the retail portfolio, which is evident from the reduction in vacancy rates from 5.1% at June 2020 to 3.1%.

Industrial vacancies decreased from 3.2% in 2019 to 1.5% in 2020 due to the sale of five properties, two of which were vacant; commercial vacancies increased by 0.9% due to business closures, downsizing and flexible work from home working conditions, compounded by the effects of the pandemic on an already strained sector.

Afhco residential vacancies increased to 15.4% as at 31 December 2020 due to the impact of COVID-19 on the economic well-being of residential tenants. Aggressive short-term rental discounts and other promotions have been introduced in an effort to stimulate leasing and reduce vacancies in the short term. Afhco retail vacancies increased marginally to 5.7% as at December, however, this has reduced to 5.0% post the sale of Stanop House in January 2021. Encouragingly, retail renewals and leasing activity remains robust under very trying trading conditions.

The retail vacancies in Zambia have increased significantly to 17.3%. The major contributor to vacancies was the liquidation of Edcon stores, which constitute over half of the vacancy at East Park Mall, and for which negotiations are currently being undertaken to lease this vacant space to an apparel retailer. The largest contribution to vacancy at Jacaranda Mall was the closure of the Jacaranda Royal Casino.

COLLECTIONS, RELIEF AND EXPECTED CREDIT LOSS ALLOWANCE

	Retail including Storage %	Indus-trial %	Commer-cial %	Afhco Retail %	Resi-dential %	Student accom-modation %	SA Total %	Zambian JV %
Contribution								
Normal NPI contribution	37.8	28.7	1.3	2.5	23.5	0.7	94.5	5.5
Quarter 2 2020 Collections								
Collections in the quarter	71.7	86.5	82.3	36.6	75.5	96.7	74.8	49.8
Relief to tenants (% of billings)	12.0	6.9	8.9	34.7	4.0	–	10.4	29.5
Awaiting substantiation	–	–	–	1.3	3.7	–	0.8	–
Write-offs	12.0	0.2	8.9	33.3	0.3	–	7.9	29.5
Deferments provided	–	6.7	–	0.1	–	–	1.7	–
Under negotiation/Arrears/Prior period collections	16.3	6.6	8.8	28.7	20.5	3.3	14.8	20.7
Contractual billings	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

	Retail including Storage %	Industrial %	Commercial %	Afhco Retail %	Residential %	Student accommodation %	SA Total %	Zambian JV %
Quarter 3 2020 Collections								
Collections in the quarter	93.1	108.3	88.6	91.0	83.9	107.3	95.3	79.9
Relief to tenants (% of billings)	5.1	(1.7)	0.7	14.6	1.1	–	3.0	15.9
Awaiting substantiation	–	–	–	5.8	0.3	–	0.4	–
Write-offs	5.1	0.1	0.7	8.8	0.8	–	3.0	15.9
Deferments provided	–	0.3	–	–	–	–	0.1	–
Deferments repaid	–	(2.1)	–	–	–	–	(0.5)	–
Under negotiation/Arrears/Prior period collections	1.8	(6.6)	10.7	(5.6)	15.0	(7.3)	1.7	4.2
Contractual billings	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quarter 4 2020 Collections								
Collections in the quarter	107.6	108.1	108.2	94.2	95.3	123.8	104.9	92.5
Relief to tenants (% of billings)	5.8	(2.7)	1.6	6.4	0.5	0.3	2.5	12.4
Awaiting substantiation	–	–	–	1.1	–	–	0.1	–
Write-offs	5.8	0.2	1.6	5.3	0.5	0.3	3.1	12.4
Deferments provided	–	–	–	–	–	–	–	–
Deferments repaid	–	(2.9)	–	–	–	–	(0.7)	–
Under negotiation/Arrears/Prior period collections	(13.4)	(5.4)	(9.8)	(0.6)	4.2	(24.1)	(7.4)	(4.9)
Contractual billings	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

In the final quarter of 2020, collections in the South African portfolio improved to 105% of billings after reducing to circa 75% over the initial lockdown period. Total relief granted to tenants amounted to R87.4 million. Arrears have increased to 10.6% of revenue in 2020 (2019 4.1%) as the effects of the COVID-19 pandemic continue to be felt by tenants. The rate by which arrears increased had declined by year end after the relaxation to level one and as more employees returned to work.

BORROWINGS

The debt profile as at 31 December 2020 is detailed below:

	Maturity date	Drawn down value (Rm)	Interest rate %
Fixed	2021/12/11	500	8.26%
Fixed	2021/12/13	550	8.21%
Fixed	2022/05/07	300	7.62%
Term revolving [1]	2022/05/07	–	7.67%
Fixed	2022/05/07	629	7.87%
Term revolving [2]	2022/06/30	–	7.54%
Fixed	2022/12/11	1 000	8.32%
Fixed	2023/05/07	637	7.75%
Fixed	2023/05/07	513	8.04%
Term revolving [3]	2023/12/09	–	8.41%
Term revolving [4]	2023/12/11	–	8.26%
Amortising	2024/04/15	59	6.88%
Fixed	2024/05/07	585	7.85%
Fixed	2024/05/07	564	8.10%
Fixed [5]	2024/11/05	396	4.96%
Fixed	2025/05/07	308	8.02%
Fixed	2025/05/07	300	8.21%
Fixed	2025/12/09	150	8.61%
Fixed	2025/12/11	150	8.59%
Total interest-bearing borrowings		6 641	7.88%
Cross Currency interest rate Swap	2022/09/19	(131)	8.38%
Cross Currency interest rate Swap [5]	2022/09/19	147	3.98%
Cross Currency interest rate Swap	2023/01/26	(120)	8.08%
Cross Currency interest rate Swap [5]	2023/01/26	147	4.36%
Total weighted average		6 684	7.70%

1. R300m revolving credit facility undrawn.
2. R200m revolving credit facility undrawn.
3. R100m revolving credit facility undrawn.
4. R100m revolving credit facility undrawn.
5. US Dollar denominated loan.

Total debt drawn amounted to R6 684 million, a decrease of R289.4 million since December 2019. The net debt loan to value ("LTV") increased from 36.6% at December 2019 to 38.6% as at December 2020. This excludes fair value of interest rate swap derivatives of R425.9 million (2019: R78.0 million) and cross currency interest rate swap derivatives of R61.2 million (2019: R37.8 million). The inclusion of cross currency interest rate swap derivatives increases the LTV to 38.7% (2019: 36.6%) and the further inclusion of interest rate swap derivatives increases this to 41.2% (2019: 37.0%). The weighted average cost of debt excluding and including interest rate swaps, was 5.2% and 7.7% respectively. The weighted average swap margin including cross currency interest rate swaps was 2.5% (2019: 0.3%) and the weighted average debt margin was 1.8% (2019: 1.7%). The weighted average tenor of loans including the cross currency interest rate swaps is 2.4 years. 74.5% of total debt drawn was fixed through a combination of fixed rate debt and interest rate swaps in respect of the variable debt for a period of 3.0 years. The annualised amortised transaction costs imputed into the effective interest rate is 0.1% resulting in an all-in weighted average cost of debt of 7.8%. The gross interest cover decreased to 1.9 times (2019: 2.6 times) as result of the reduction in net income as detailed above.

The Group's funding strategy is to fund investments from a diverse set of lenders with a common security pool, held via a security SPV. This creates pricing tension while ensuring lender investment exposure is of equal quality.

During the year, the Group engaged with its lenders for relaxation of covenants to proactively manage any short-term breach of covenants that may have arisen from reduced income and valuations, impacted by the effects of the COVID-19 pandemic. At 31 December 2020, the Group was in compliance with all lender covenants applicable to the period.

Mindful of challenging trading conditions resulting from the COVID-19 pandemic and the uncertainty associated with property valuations, the Company intends utilising a substantial portion of divestment proceeds to settle debt. In addition, it obtained the release of the R143 million guarantee to the M&T East End Development joint venture, and is currently pursuing interventions that will release other encumbrances, strengthening its financial position. In this regard, cross currency interest rate swap derivatives to the value of USD10 million were settled subsequent to the year-end to reduce the Group's exposure to USD debt and the reliance on USD linked rentals in Zambia.

Cash on hand, excluding tenant deposits (as its use to the Group is restricted), and including committed undrawn facilities as at 31 December 2020, amounted to R757.3 million.

DISTRIBUTION

The Company is mindful of the need in the current environment to strengthen its balance sheet to provide a foundation for future sustainable optimal performance and to divest from properties that are not of a quality to meet the Group's more stringent investment criteria in uncertain times. These divestments, which have been described earlier, together with the performance of the Company despite challenging trading conditions, have placed SA Corporate in a position to be able to make a distribution for the year ended 31 December 2020. In making this distribution, the Board was cognisant of the importance of preserving capital in the distressed economic times brought upon by the COVID-19 pandemic, the meeting of the distribution requirements pertaining to a REIT in terms of the JSE Listings Requirements and to limit any tax leakage. The distribution amounts to R450.9 million being 75% of distributable income amounting to 17.93 cents per share.

OUTLOOK

Whilst there is clear evidence that South Africa's return to normality is in sight with the various interventions being taken to mitigate the COVID-19 pandemic, it is also apparent that there will be a period of continued uncertainty. Despite having positioned itself well for such uncertainty in terms of the property portfolio in which it is invested, the tenants with whom it is contracted, and measures taken to strengthen its financial position, it would be imprudent for SA Corporate to provide guidance in this market uncertainty.

CHANGES IN DIRECTORATE AND COMPANY SECRETARY

Mr Ebrahim Seedat retired on 30 June 2020 and we would like to thank him for his contribution and long service to the Group.

Ms Seapei Mafoyane was appointed to the board as a non-executive director on 11 February 2021.

Adv Jacqui Grove was appointed as in-house company secretary on 1 February 2021. She replaced Ms Tasja Kodde whose contract expired on 28 February 2021.

We believe that our Board of directors provides the right balance of diversity, skills and experience to steer the Group towards the return and continuance of sustainable distribution growth and long-term capital appreciation for investors.

DISTRIBUTION STATEMENT

as per SA REIT Association best practice recommendations

R'000	**Year ended 31 December 2020**	Year ended 31 December 2019
DISTRIBUTABLE INCOME		
Rent (excluding straight line rental adjustment)	**1 530 747**	1 672 524
Net property expenses	**(455 977)**	(323 438)
Property expenses	**(993 739)**	(919 231)
Recovery of property expenses	**537 762**	595 793
Net property income	**1 074 770**	1 349 086
Income from investment in joint ventures	**56 820**	73 752
Taxation on distributable income	**(4 957)**	(190)
Impairment of unlisted shares	**(1 735)**	(1 522)
Dividends from investments in listed shares	**9 459**	12 908
Net finance cost	**(474 330)**	(431 474)
Interest expense	**(515 210)**	(501 007)
Interest income	**40 880**	69 533
Distribution related expenses	**(58 892)**	(44 113)
Antecedent distribution	**–**	1 527
SA REIT FFO	**601 135**	959 974
Interim SA REIT FFO	**311 119**	515 769
Final SA REIT FFO	**290 016**	444 205
Shares in issue (000)	**2 514 732**	2 514 732
Weighted number of shares in issue (000)	**2 514 732**	2 526 975
SA REIT FFO per share (cents)	**23.90**	38.04
Interim SA REIT FFO	**12.37**	20.38
Final SA REIT FFO	**11.53**	17.66
Company specfic adjustments to SA REIT FFO (R'000)		
Distributable income retained	**150 284**	–
Distributable income	**450 851**	959 974
Distributable income per share ("DIPS") (cents)	**17.93**	38.04
Interim	**–**	20.38
Final	**17.93**	17.66

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of SA Corporate Real Estate Limited

OPINION

The summary consolidated financial statements of SA Corporate Real Estate Limited, contained in the accompanying abridged report, which comprise the summary consolidated statement of financial position as at 31 December 2020, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of SA Corporate Real Estate Limited for the year ended 31 December 2020.

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

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 29 March 2021. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JR de Villiers
Registered Auditor
Cape Town
Date: 29 March 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Audited Year ended 31 December 2020	Restated Year ended 31 December 2019
Assets		
Non-current assets	**16 423 260**	18 466 731
Investment property	**14 653 125**	16 788 656
Letting commissions and tenant installations	**25 558**	25 441
Investment in joint ventures	**1 020 636**	930 605
Property, plant and equipment	**12 036**	16 033
Intangible assets and goodwill	**81 904**	81 904
Right-of-use asset	**21 567**	13 102
Investment in listed shares	**112 800**	117 166
Other financial assets	**5 259**	7 772
Swap derivatives	**245 382**	249 929
Deferred taxation	**8 968**	6 196
Rental receivable - straight line adjustment	**236 025**	229 927
Current assets	**575 691**	1 019 930
Inventory	**418**	333
Loans to developers	**–**	131 767
Letting commission and tenant installation ST	**17 313**	18 608
Prepayments	**55 718**	53 784
Loans receivable	**–**	217 338
Other financial assets	**505**	8 367
Swap derivatives	**13 290**	22 596
Trade and other receivables	**284 721**	322 809
Rental receivable - straight line adjustment	**34 085**	49 739
Taxation receivable	**1 538**	1 036
Cash and cash equivalents	**168 103**	193 553
Non-current assets held for sale	**1 034 045**	307 647
Total assets	**18 032 996**	19 794 308
Equity and liabilities		
Share capital and reserves	**10 092 962**	11 991 689
Non-current liabilities	**6 162 548**	6 420 898
Interest-bearing borrowings	**5 573 442**	6 057 457
Swap derivatives	**567 712**	349 166
Lease liabilities	**21 394**	14 275
Current liabilities	**1 777 486**	1 381 721
Interest-bearing borrowings	**1 103 749**	957 474
Swap derivatives	**177 996**	39 066
Lease liabilities	**6 372**	5 708
Trade and other payables	**489 369**	379 473
Total liabilities	**7 940 034**	7 802 619
Total equity and liabilities	**18 032 996**	19 794 308

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	**Audited Year ended 31 December 2020**	Audited Year ended 31 December 2019
Revenue	**2 062 186**	2 283 947
Expected credit loss	**(109 909)**	(35 425)
Operating expenses	**(972 157)**	(947 254)
Operating profit	**980 120**	1 301 268
Foreign exchange adjustments	**(41 008)**	17 185
Fair value loss on swap derivatives	**(361 677)**	(84 513)
Fair value loss on investment properties	**(1 517 244)**	(563 652)
Fair value loss on investment in listed shares	**(4 366)**	(11 794)
Capital loss on disposal of investment properties and property, plant and equipment	**(20 620)**	(9 256)
Profit on acquisition of non controlling interest	**–**	1 850
Profit from joint ventures	**(61 900)**	17 439
Impairment of investment in unlisted shares	**(1 735)**	(1 522)
Gain on bargain purchase	**3 580**	–
Dividends from investments in listed shares	**10 901**	13 879
Interest income	**40 880**	69 533
Interest expense	**(520 614)**	(503 219)
Profit on reclassification of right-of-use assets and liabilities held for sale	**2 326**	–
(Loss)/profit before taxation	**(1 491 357)**	247 198
Taxation	**(2 184)**	5 730
(Loss)/profit after taxation	**(1 493 541)**	252 928
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign exchange adjustments on investment in joint ventures	**55 806**	(25 730)
Total comprehensive (loss)/income	**(1 437 735)**	227 198
(Loss)/profit attributable to:		
Owners of the Company	**(1 493 541)**	235 603
Non-controlling interest	**–**	17 325
(Loss)/profit after taxation	**(1 493 541)**	252 928
Basic (loss)/earnings per share (cents)	**(59.39)**	9.32
Diluted (loss)/earnings per share (cents)	**(59.39)**	9.32

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	**Audited Year ended 31 December 2020**	Audited Year ended 31 December 2019
Share capital and reserves at the beginning of the period	**11 991 689**	12 861 300
Opening impact of IFRS 16	–	(7 812)
Total comprehensive (loss) / income for the period	**(1 437 735)**	227 198
Shares repurchased	–	(50 084)
Treasury shares repurchased	**(17 885)**	(9 470)
Share-based payment reserve	**1 098**	5 504
Distribution attributable to shareholders	**(444 205)**	(1 034 947)
Share capital and reserves at the end of the period	**10 092 962**	11 991 689

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	**Audited Year ended 31 December 2020**	Audited Year ended 31 December 2019
Operating profit before working capital changes	**1 149 993**	1 361 807
Working capital changes	**67 199**	82 462
Cash generated from operations	**1 217 192**	1 444 269
Operating activities changes	**(977 127)**	(1 517 369)
Interest received	**40 846**	72 719
Interest paid	**(568 413)**	(554 966)
Taxation paid	**(5 458)**	(175)
Distributions paid	**(444 102)**	(1 034 947)
Net cash from/(used in) operating activities	**240 065**	(73 100)
Net cash from/(used in) investing activities	**129 976**	(91 944)
Net cash (used in)/from financing activities	**(395 491)**	152 002
Finance lease payments	**(21 109)**	(9 076)
Proceeds on interest-bearing borrowings	**300 000**	4 499 000
Repayment of interest-bearing borrowings	**(656 497)**	(4 026 203)
Shares repurchased	**–**	(50 084)
Repurchase of treasury shares	**(17 885)**	(9 470)
Loan from non-controlling shareholder	**–**	(252 165)
Total cash and cash equivalents movement for the period	**(25 450)**	(13 042)
Cash and cash equivalents at the beginning of the period	**193 553**	206 595
Cash and cash equivalents at the end of the period	**168 103**	193 553

NOTES

1. RECONCILIATION OF PROFIT AFTER TAX TO FUNDS FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS

	Audited Year ended 31 December 2020		Audited Year ended 31 December 2019	
	R'000	**cps**	R'000	cps
(Loss)/profit after taxation attributable to shareholders	**(1 493 541)**	**(59.39*)**	235 603	9.32*
Adjustments for:				
Capital loss on disposal of investment properties and property, plant and equipment	**20 620**		9 256	
Fair value loss on investment properties	**1 517 244**		563 652	
Fair value loss on investment properties in joint ventures	**118 700**		53 529	
Non–controlling interest – fair value gain on investment properties	**-**		17 325	
Gain on acquisition of subsidiary	**(3 580)**		(1 850)	
Headline earnings	**159 443**	**6.34***	877 515	34.73*

Calculated on weighted number of shares in issue and excludes non–controlling interest.

2. DECEMBER 2020 INFORMATION ON REPORTABLE SEGMENTS

R'000	Industrial	Retail	Commercial	Afhco	Group[1]
Revenue	483 066	865 160	63 705	650 255	2 062 186
Rental income (excluding straight line rental adjustment)	425 131	507 726	47 281	550 609	1 530 747
Net property expenses	(58 131)	(86 885)	(16 185)	(273 667)	(434 868)
Property expenses	(146 922)	(416 716)	(38 119)	(370 873)	(972 630)
Recovery of property expenses	88 791	329 831	21 934	97 206	537 762
Net property income	367 000	420 841	31 096	276 942	1 095 879
Straight line rental adjustment	(30 856)	27 603	(5 510)	2 440	(6 323)
Net interest expense	–	–	–	–	(479 734)
Foreign exchange adjustments	–	–	–	–	(41 008)
Dividend from investment in listed shares	–	–	–	–	10 901
Profit from investment in joint venture	–	–	–	–	(61 900)
P&L on derecognition of right of use assets and liabilities held for sale	2 326	–	–	–	2 326
Group expenses	–	–	–	–	(109 436)
Capital loss on disposal of investment properties equipment	–	–	–	–	(20 620)
Fair value loss on investment properties	(248 590)	(787 037)	(78 095)	(403 522)	(1 517 244)
Investment properties	(279 446)	(759 434)	(83 606)	(401 081)	(1 523 567)
Straight line rental adjustment	30 856	(27 603)	5 511	(2 441)	6 323
Impairment of unlisted shares	–	–	–	–	(1 735)
Fair value loss on investment in listed shares	–	–	–	–	(4 366)
Investment in joint venture	–	–	–	3 580	3 580
Fair value loss on swap derivatives	–	–	–	–	(361 677)
Taxation	–	–	–	(232)	(2 184)
Net loss attributable to shareholder	89 880	(338 593)	(52 509)	(120 792)	(1 493 541)
Foreign exchange adjustments on investment in joint ventures	–	–	–	–	55 806
Total comprehensive loss	89 880	(338 593)	(52 509)	(120 792)	(1 437 735)
Profit attributable to Owners of the company	89 880	(338 593)	(52 509)	(120 792)	(1 493 541)
Total	89 880	(338 593)	(52 509)	(120 792)	(1 493 541)

1. Corporate sector is included in the Group.

2. DECEMBER 2020 INFORMATION ON REPORTABLE SEGMENTS (CONTINUED)

R'000	Industrial	Retail	Commercial	Afhco	Group[1]
Other information					
Properties	3 927 246	6 964 810	468 525	4 592 934	15 953 515
Non–current assets	3 280 116	6 521 381	374 413	4 477 215	14 653 125
At valuation	3 323 236	5 973 050	376 800	4 025 474	13 698 560
Straight–line rental adjustment	(43 120)	(200 429)	(2 387)	(24 173)	(270 109)
Under development	–	748 760	–	475 914	1 224 674
Current assets[2]	596 341	235 840	90 694	91 236	1 014 111
Classified as held for sale	604 010	243 000	91 725	91 546	1 030 281
Straight–line rental adjustment – valuation	(7 669)	(7 160)	(1 031)	(310)	(16 170)
Other assets	130 933	454 399	34 136	171 724	2 365 759
Total assets	4 007 390	7 211 620	499 243	4 740 175	18 032 995
Total liabilities	77 489	220 445	21 066	215 066	7 940 033
Acquisitions and improvements	24 692	170 744	1 255	278 142	474 833
Acquisitions and improvements	24 692	170 744	1 255	278 142	474 833
Segment growth rates (%)					
Rental income (excluding		-			
straight–line rental adjustment)	(12.0)	(9.5)	(39.2)	(0.1)	(8.5)
Property expenses	(3.3)	9.6	(25.9)	21.3	9.2
Recovery of property expenses	(16.7)	(6.6)	(22.9)	(9.7)	(9.7)
Net property income	(16.5)	(21.7)	(43.2)	(21.5)	(20.9)

1. *Corporate sector is included in the Group.*
2. *Current assets include the properties classified as held for sale. Other assets classified as held for sale include the straight–line rental asset and right–of–use assets and are included in the other assets.*

3. FAIR VALUE MEASUREMENT

Fair value for financial instruments and investment properties:

R'000	Fair value	Level 1	Level 2	Level 3
Assets				
Non–current assets				
Listed shares	112 800	112 800	–	–
Investment property	14 923 234	–	–	14 923 234
Investment in joint venture	1 020 636	–	–	1 020 636
Swap derivatives	245 382	–	245 382	
	16 302 052	112 800	245 382	15 943 870
Current assets				
Properties classified as held for sale	1 030 281	–	–	1 030 281
Swap derivatives	13 290	–	13 290	–
	1 043 571	–	13 290	1 030 281
Total assets	17 345 623	112 800	258 672	16 974 151
Non–current liabilities	567 712	–	567 712	–
Swap derivatives	644 238	–	644 238	–
Current liabilities				
Swap derivatives	177 996	–	177 996	–
Total liabilities	745 708	–	745 708	–

The swap derivatives are valued based on the discounted cash flow method. Future cash flows are estimated based on forward exchange and contracted interest rates and, where these are not contracted, from observable yield curves at the end of the reporting period, discounted at a rate that reflects the credit risk. The investment in listed shares is valued at the quoted market price, and the investment in unlisted shares is measured at management's assessment of the recoverability of the investment in the shares. The investment in JVs is valued at the ownership of the underlying JV's net asset value. The fair value of the investment property is determined by an independent registered valuer. The fair value of the industrial, retail and commercial portfolio of investment properties, excluding properties subject to unconditional contracted sales, is based on the discounted cash flow method. The fair value of the inner–city retail, residential and commercial investment properties is based on the capitalisation of the net income earnings. The discounted cash flow method is not appropriate due to the short–term nature of the portfolio's leases.

4. INVESTMENT PROPERTY

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

R'000	**Audited Year ended 31 December 2020**	Audited year ended 31 December 2019
Investment property (including straight lining adjustment)		
Carrying value at beginning of the period	**16 788 656**	17 309 740
Acquisitions and improvements	**474 833**	860 974
Disposals	**(152 583)**	(618 348)
Fair value loss	**(1 517 244)**	(563 652)
Transferred to non-current assets for sale	**(940 537)**	(200 058)
Carrying value at end of the period	**14 653 125**	16 788 656
Non-current assets held for sale (investment property, including straight-line rental adjustment)		
Carrying value at beginning of the period	**307 647**	216 246
Disposals	**(220 485)**	(123 346)
Transferred from investment property	**946 883**	214 747
Carrying value at end of the period	**1 034 045**	307 647

The market assumptions applied by the independent valuer and sensitivities are disclosed on page 39 to 40 of the Group Annual Financial Statements, which is available on our website at www.sacorporatefund.co.za.

5. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had capital commitments of R396.0 million as at 31 December 2020 (2019: R346.7 million).

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

R'000	**Audited 31 December 2020**	Audited 31 December 2019
Guarantees		
Developer holding a non–controlling interest in a subsidiary	**–**	273 100
Investment in joint venture's borrowings	**278 712**	265 536
Total	**278 712**	538 636

6. EVENTS AFTER THE REPORTING PERIOD

The Group declared a distribution of 17.93 cents on 25 March 2021.

Subsequent to the year-end cross currency interest rate swap derivatives to the value of USD 10 million were settled at a cost of R22.0 million.

The directors are not aware of any other significant events between the end of the financial period under review and the date of this report.

DISTRIBUTIONS

PAYMENT OF DISTRIBUTION AND IMPORTANT DATES

Notice is hereby given of the declaration of distribution number 11 in respect of the income distribution period 1 January 2020 to 31 December 2020. The payment amounts to 17.92841cps (2019: 38.04cps). The source of the distribution comprises net income from property rentals. Please refer to the statement of comprehensive income for further details. 2 514 732 095 SA Corporate shares are in issue at the date of this distribution declaration and SA Corporate's income tax reference number is 9179743191.

Last date to trade cum distribution	Tuesday, 20 April 2021
Shares will trade ex distribution	Wednesday, 21 April 2021
Record date to participate in the distribution	Friday, 23 April 2021
Payment of distribution	Monday, 26 April 2021

Share certificates may not be dematerialised or re-materialised between Wednesday, 21 April 2021 and Friday, 23 April 2021, both days inclusive.

TAX IMPLICATIONS

As SA Corporate has REIT status, shareholders are advised that the distribution meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No 58 of 1962 ("Income Tax Act"). The distributions on SA Corporate shares will be deemed to be dividends, for South African tax purposes, in terms of section 25BB of the Income Tax Act. The distributions received by or accrued to South 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 CSDP or broker, as the case may be, in respect of uncertificated shares, or the transfer secretaries, in respect of certificated shares:

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

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

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 14.34273 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) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
(b) a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

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

Cape Town

29 March 2021

Sponsor: Nedbank Corporate and Investment Banking

NOTES

DIRECTORATE AND STATUTORY INFORMATION

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

Registered office
South Wing
First Floor
Block A
The Forum
North Bank Lane
Century City
7441
Tel: 021 529 8410

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

Company secretary
J Grove
South Wing
First Floor
Block A
The Forum
North Bank Lane
Century City
7441

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 Mosetlhi (Lead Independent Director)
TR Mackey (Chief Executive Officer)*
AM Basson (Chief Financial Officer)*
RJ Biesman-Simons
N Ford-Hoon (Fok)
EM Hendricks
GJ Heron
S Mafoyane (Appointed 11 February 2021)
A van Heerden
* *Executive*

SA CORPORATE
REAL ESTATE

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