



INDUSTRIAL | RETAIL | RESIDENTIAL | REST OF AFRICA



## NOTICE OF ANNUAL GENERAL MEETING

5 June 2023 at 10h00

**SA CORPORATE REAL ESTATE LIMITED**  
NOTICE OF ANNUAL GENERAL MEETING

5 JUNE 2023 AT 10H00

GREENPARK CORNER, 16TH FLOOR,  
CORNER LOWER ROAD AND WEST ROAD SOUTH,  
MORNINGSIDE, SANDTON

## CONTENTS

- 2 NOTICE OF ANNUAL  
GENERAL MEETING
- DISCLOSURES AND
- 11 INFORMATION REQUIRED IN  
TERMS OF THE JSELR
- IMPORTANT NOTES REGARDING
- 12 ATTENDANCE AT THE ANNUAL  
GENERAL MEETING
- 13 FORM OF PROXY
- 15 BRIEF BIOGRAPHIES OF  
DIRECTORS
- 16 CONSOLIDATED AUDITED  
ANNUAL FINANCIAL RESULTS
- 51 ADMINISTRATION



**ARTHUR MOLOTO**

*Chairman: SA Corporate Real Estate Limited*

### Dear Shareholder

On behalf of the Board of Directors ("Board") of SA Corporate Real Estate Limited ("the Company" / "SA Corporate") you are invited to attend the Company's Annual General Meeting ("AGM") to be held at GreenPark Corner, 16th Floor, corner Lower Road and West Road South, Morningside, Sandton on Monday, 5 June 2023 at 10h00.

The notice of AGM contains the audited summary consolidated financial statements ("AFS") of the Group for the year ended 31 December 2022, which were compiled under the supervision of Mr SY Moodley CA(SA), Chief Financial Officer of SA Corporate and audited by PricewaterhouseCoopers Inc., the Company's independent auditors who issued an unmodified audit opinion on the AFS of the Company and the Group for the year ended 31 December 2022.

The AFS and the Company's Integrated Annual Report suite, for the year ended 31 December 2022, are available on [www.sacorporatefund.co.za](http://www.sacorporatefund.co.za) or by contacting the Group Company Secretary on the details provided on page 12 of this notice.

Shareholders are able to vote by proxy in accordance with the instructions in this AGM notice on page 13.

**MA MOLOTO**

*Chairman*

24 April 2023

# NOTICE OF ANNUAL GENERAL MEETING, PROXY FORM AND AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2023 annual general meeting of shareholders ("the annual general meeting" or "AGM") of SA Corporate will be held at GreenPark Corner, 16th Floor, corner Lower Road and West Road South, Morningside, Sandton on Monday, 5 June 2023 at 10h00, to deal with such business as may lawfully be dealt with at the AGM and to consider and, if deemed fit, pass, with or without modification, the ordinary resolutions, endorsements and special resolutions set out hereunder in the manner required by the Companies Act, 71 of 2008 ("the Act"), the JSE Limited Listings Requirements ("JSELR") and the Company's memorandum of incorporation ("MOI").

### ***This notice is important and requires your attention:***

*Your attention is drawn to the notes at the end of this notice, which contain important information regarding participation in the AGM.*

## IMPORTANT DATES

Record date to be eligible to receive the notice of AGM	Friday, 14 April 2023
Last day to trade to be eligible to attend and vote at the AGM	Tuesday, 23 May 2023
Record date to be eligible to attend and vote at the AGM	Friday, 26 May 2023
Proxies due (for administration purposes)	Thursday, 1 June 2023
AGM at 10:00	Monday, 5 June 2023
Results of AGM to be released on SENS (on or about)	Monday, 5 June 2023

## VOTING AND PERCENTAGE OF VOTING RIGHTS

Voting will be by way of a poll, and every shareholder of the Company, present or represented by proxy, shall have one vote for every share held in the Company by such shareholder.

Unless specifically stated otherwise, in order for an ordinary resolution and a special resolution to be approved by shareholders, same must be supported by more than 50% and at least 75%, respectively, of the voting rights exercised on the relevant resolution by shareholders present, or represented by proxy, at the AGM.

## RECEIPT OF ANNUAL FINANCIAL STATEMENTS, AUDIT COMMITTEE REPORT AND SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE REPORT

To receive the audited annual financial statements of the Company and of the Group (being the Company and its subsidiaries), for the financial year ended 31 December 2022, together with the directors' report, and the reports of the Audit and Risk Committee and the external auditors of the Company. The audited annual financial statements were approved by the Board on 14 March 2023 and are presented to shareholders as required in terms of section 30(3)(d) of the Act. The audited annual financial statements may be obtained from the Company's website at [www.sacorporatefund.co.za](http://www.sacorporatefund.co.za). Audited summary consolidated financial statements for the year ended 31 December 2022 are included with this notice of AGM; and

To receive the report of the Social, Ethics and Environmental Committee for the financial year ended 31 December 2022, as required in terms of Regulation 43 of the regulations to the Act, as set out in the Environmental, Social and Governance Report ("ESG Report") available on the Company's website.

## ORDINARY RESOLUTIONS

*Each of the following ordinary resolutions requires the support of more than 50% of the votes exercised thereon in order to be adopted. In terms of the JSELR, Ordinary Resolution Number 13 requires the support of at least 75% of the votes exercised thereon in order to be adopted.*

### Re-election of non-executive directors retiring by rotation

To vote on the re-election, each by way of a separate vote, of the following directors who are required to retire in terms of clause 25.12 of the Company's MOI, and who are eligible for re-election:

- Adv OR Mosethli
- Ms N Ford-Hoon(Fok)
- Ms SS Mafoyané
- Ms EM Hendricks

The Nomination Committee has reviewed the composition of the Board against statutory corporate governance requirements and best-practice recommendations and has recommended the re-election of Adv OR Mosethli and Mss N Ford-Hoon(Fok), SS Mafoyané and EM Hendricks. It is the view of the Board that the re-election of these non-executive directors will provide continuity on the Board and enable the Company to responsibly maintain a mixture of business skills and experience relevant to the Company.

The independence of all directors was reviewed by the Nomination Committee against the King IV Report on Governance for South Africa 2016 (King IV™) indicators, on a substance-over-form basis. The Nomination Committee recommended, and the Board agreed, that independence and judgement of the directors were not affected or impaired by their length of service, or otherwise, and that all the Company's non-executive directors are considered to be independent.

Information on the Company's corporate governance practices is available on pages 67-82 of the Company's Integrated Annual Report ("IAR") and pages 9-17 of the ESG Report, available on the Company's website: [www.sacorporatefund.co.za](http://www.sacorporatefund.co.za).

Brief biographies of each of the aforementioned directors are set out on page 15 of this notice.

- 1. Ordinary Resolution 1: Re-election of Adv OR Mosethli as an independent non-executive director of the Company**  
"RESOLVED that Adv OR Mosethli, who retires by rotation in accordance with the Company's MOI, and who, being eligible, offers himself for re-election, be and is hereby re-elected as an independent non-executive director of the Company."
- 2. Ordinary Resolution 2: Re-election of Ms N Ford-Hoon(Fok) as an independent non-executive director of the Company**  
"RESOLVED that Ms N Ford-Hoon(Fok), who retires by rotation in accordance with the Company's MOI, and who, being eligible, offers herself for re-election, be and is hereby re-elected as an independent non-executive director of the Company."
- 3. Ordinary Resolution 3: Re-election of Ms SS Mafoyané as an independent non-executive director of the Company**  
"RESOLVED that Ms SS Mafoyané, who retires by rotation in accordance with the Company's MOI, and who, being eligible, offers herself for re-election, be and is hereby re-elected as an independent non-executive director of the Company."
- 4. Ordinary Resolution 4: Re-election of Ms EM Hendricks as an independent non-executive director of the Company**  
"RESOLVED that Ms EM Hendricks, who retires by rotation in accordance with the Company's MOI, and who, being eligible, offers herself for re-election, be and is hereby re-elected as an independent non-executive director of the Company."

### Election of an independent non-executive director and an executive director appointed by the Board

- 5. Ordinary Resolution 5: Election of Ms GZN Khumalo as an independent non-executive director of the Company**  
"RESOLVED that, in terms of clause 25.2 of the Company's MOI, Ms GZN Khumalo having been appointed by the Board since the last AGM of the Company be and is hereby elected as an independent non-executive director of the Company."
- 6. Ordinary Resolution 6: Election of Ms NNN Radebe as an executive director of the Company**  
"RESOLVED that, in terms of clause 25.2 of the Company's MOI, Ms NNN Radebe having been appointed by the Board since the last AGM of the Company be and is hereby elected as an executive director of the Company."

### Election of members of the Audit and Risk Committee

To vote on the election, each by way of a separate vote, of the members of the Audit and Risk Committee of the Company to hold office until the end of the next AGM, namely:

- Ms N Ford-Hoon(Fok) (subject to her being re-elected as a director in terms of Ordinary Resolution Number 2)
- Mr GJ Heron
- Ms SS Mafoyané (subject to her being re-elected as a director in terms of Ordinary Resolution Number 3)
- Ms GZN Khumalo (subject to her being elected as a director in terms of Ordinary Resolution Number 5)

# NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

The Board, having considered the composition and mandate of the Audit and Risk Committee is satisfied that each member standing for election, meets the requirements of section 94(4) of the Act, as well as the minimum qualification requirements for a member of an audit committee and that collectively, they have adequate and relevant knowledge and experience to equip the Audit and Risk Committee to perform its functions as contemplated in section 94(7) of the Act.

Brief biographies of each of the aforementioned directors are set out on page 15 of this notice.

## 7. Ordinary resolution number 7: Election of the members of the Audit and Risk Committee

"RESOLVED that each of the following independent non-executive directors, who fulfil the requirements of section 94(4) of the Act, be and are hereby elected, each by way of a separate vote, as members of the Company's Audit and Risk Committee:

7.1 Ms N Ford-Hoon(Fok) (subject to her being re-elected as a director in terms of Ordinary Resolution Number 2)

7.2 Mr GJ Heron

7.3 Ms SS Mafofane (subject to her being re-elected as a director in terms of Ordinary Resolution Number 3)

7.4 Ms GZN Khumalo (subject to her being elected as a director in terms of Ordinary Resolution Number 5)."

## Reappointment of external auditors

In accordance with paragraph 3.84(g)(iii) of the JSELR, the Audit and Risk Committee has reviewed the credentials and accreditation information relating to PricewaterhouseCoopers Inc. (PwC) in order to assess PwC's suitability for re-appointment as the Company's independent external auditors for the financial year ending 31 December 2023.

The Audit and Risk Committee is satisfied that PwC is suitable for re-appointment as the independent external auditor of the Company. The Board agreed with this assessment, and accordingly recommends the reappointment of PwC for the financial year ending 31 December 2023, and to hold office until the end of the next AGM.

## 8. Ordinary Resolution Number 8: Re-appointment of independent external auditors

"RESOLVED that PwC be and is hereby reappointed as the independent external auditor of the Company and the Group and who will undertake the audit of the Company for the financial year ending 31 December 2023, and will hold office until the end of the next AGM."

## Advisory endorsement of the remuneration policy and implementation report

The non-binding advisory votes proposed below are to endorse the Company's remuneration policy and remuneration implementation report, in accordance with principle 14 of King IV™ and the JSELR. These votes enable shareholders to express their views regarding the remuneration policy and implementation report of the Company. These resolutions are of an advisory nature and failure to pass one or both resolutions will therefore not have any legal consequences relating to existing arrangements. However, should either or both resolutions be voted against by 25% (twenty-five percent) or more of the voting rights exercised, the Board undertakes to engage with those opposed to the remuneration policy and/or implementation report in order to ascertain the reasons therefor, and to address appropriately legitimate and reasonable objections and concerns. Details of such engagement will be included in the voting results SENS announcement.

The remuneration policy and implementation report are included in the Remuneration Report in the Company's IAR, available on the Company's website: [www.sacorporatefund.co.za](http://www.sacorporatefund.co.za)

## 9. Ordinary Resolution number 9: Non-binding advisory vote - Endorsement of remuneration policy of the Company

"RESOLVED that through a non-binding advisory vote, in accordance with the King IV™ and the JSELR, the shareholders endorse the remuneration policy of the Company as set out in the Remuneration Report."

## 10. Ordinary Resolution Number 10: Non-binding advisory vote - Endorsement of the implementation of the remuneration policy of the Company

"RESOLVED THAT through a non-binding advisory vote, in accordance with King IV™ and the JSELR, the shareholders endorse the implementation of the remuneration policy of the Company, as set out in the Remuneration Report."

## Placing the unissued authorised ordinary shares of the Company under the control of the directors

In terms of the Company's MOI, shareholders must approve the placement of the unissued authorised ordinary shares under the control of the directors. The authority will be subject, at all times, to the relevant provision of the Act, the JSELR and the restrictions imposed by the Company's MOI. This approval is sought to ensure that the Company has maximum flexibility in managing capital resources. For avoidance of doubt, it is highlighted that the 5% (five percent) referred to in the resolution includes any shares issued under the general authority to issue shares for cash as set out in Ordinary Resolution Number 13 below, but not the distribution reinvestment alternative set out in Ordinary Resolution Number 12 below. The general authority to repurchase shares will be governed by special resolution number 4 below. Ordinary Resolution Number 11 authorises the Board to issue, or grant rights exercisable for, the unissued authorised shares of the Company. Such authority shall endure until the next AGM of the Company (at which time this authority shall lapse, unless it is renewed at the next AGM).

## 11. Ordinary Resolution Number 11: To place the unissued authorised ordinary shares under the control of the directors

"RESOLVED that the unissued authorised ordinary shares of no par value in the Company be and are hereby placed under the control of the directors of the Company, who are authorised to allot and issue any such shares at their discretion, subject at all times to the provisions of the Act, the Company's MOI and the JSELR, provided that the number of shares issued hereunder in aggregate in any 1 (one) financial year, will not exceed 125 736 605 ordinary shares which number represents 5% (five percent) of the number of shares in issue (excluding treasury shares) as at the date of this notice of this AGM, being 2 514 732 095 ordinary shares, and is subject to a maximum discount of 5% (five percent) of the weighted average traded price on the JSE of those shares over the 30 business days prior to the allotment, issue or disposal as the case may be."

## Specific authority to issue shares to afford shareholders distribution reinvestment alternatives

Pursuant to the shareholder's distribution reinvestment programme that the Company may implement with future distributions, shareholders will be provided with an election form on which they can indicate whether they wish to reinvest any of their distributions in shares in the Company. The election form will provide details of the process and timing of the programme. Ordinary Resolution Number 12 grants the directors the authority to afford shareholders the opportunity to elect to reinvest their distributions in new shares of the Company pursuant to a reinvestment option.

## 12. Ordinary Resolution Number 12: Specific authority to issue shares to afford shareholders distribution reinvestment alternatives

"RESOLVED that subject to the provisions of the Act and the JSELR, the directors be and they are hereby authorised by way of a specific standing authority (which is separate from and in addition to the authority referred to in Ordinary Resolution Number 13 of this notice of this AGM) to issue ordinary shares of no par value (ordinary shares) as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest distributions received by them in new ordinary shares of the Company, for which purpose such ordinary shares are hereby placed under the control of the directors."

## General but restricted authority to issue shares for cash

Ordinary Resolution Number 13 grants the Company the general but restricted authority to issue equity securities for cash, in accordance with the provisions of the JSELR. The Board requires the flexibility to enter into transactions for the benefit of the Company and the shareholders as a general body, which transactions may entail elements of allotments and issues of shares in the capital of the Company for cash. The exercise of the powers to be granted to the Board, as contemplated in this resolution, shall be subject to compliance with the provisions of the Act and the JSELR.

*In terms of the JSELR for this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the meeting, must cast their vote in favour of thereof.*

## 13. Ordinary Resolution Number 13: General but restricted authority to issue shares for cash

"RESOLVED that the directors be and are hereby authorised by way of a general authority, to issue shares in the Company for cash as and when they in their discretion deem fit, subject to the Act, the JSELR, the Company's MOI, where applicable, and the following limitations, namely that:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;

# NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

- any such issue will be made only to “public shareholders” as defined in the JSELR and not related parties, subject to related parties being able to participate in a general issue of shares for cash through a bookbuild process where the related parties will participate at a maximum bid price at which they are prepared to take-up shares or at the book close price. In the event of a maximum bid price and the book closing at a higher price, the relevant related party will be “out of the book” and not be allocated shares;
- the number of shares issued for cash shall not in the aggregate in any one financial year exceed 5% (five percent) of the Company's issued share capital (excluding treasury shares), being an equivalent of 125 736 605 shares as at the date of the AGM;
- any shares issued in terms of this general authority must be deducted from the initial number of shares available under this general authority;
- in the event of a sub-division or consolidation of issued shares during the period of this general authority, the general authority must be adjusted accordingly to represent the same allocation ratio;
- this authority will be valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) business days prior to the date that the issue is agreed in writing and an explanation of the intended use of funds, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 5% (five percent) of the weighted average traded price on the JSE of the shares, adjusted for any cum distribution portion, if applicable, over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to by the Board.

## General Authorisation

### 14. Ordinary resolution 14: Authorisation of directors and/or the company secretary

“RESOLVED that any director of the Company and/or the company secretary, be and is hereby authorised to sign all such documentation and to do all such things as may be necessary for or incidental to the implementation of all the ordinary and special resolutions which are passed by the shareholders.”

## SPECIAL RESOLUTIONS

*Each of the following special resolutions requires the support of at least 75% of the votes exercised in order to be adopted.*

### Financial assistance to be granted by the Company in terms of sections 44 and 45 of the Act

Special Resolution Number 1 is proposed in order to comply with the requirements of sections 44 and 45 of the Act. Financial assistance will not be given in contravention of any statutory requirement and/or JSELR applicable to the Company pursuant to the shares in the capital of the Company being listed on the JSE from time to time.

Sections 44 and 45 of the Act both provide inter alia that the particular financial assistance must be approved by a special resolution of the Company's shareholders, adopted within the previous 2 (two) years, which approved such financial assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category. In the normal course of business the Company may be required to grant financial assistance:

- as contemplated in section 44, to any person approved by the Board (or any person or persons to whom the Board has delegated the power to approve recipients of the financial assistance); or
- as contemplated in section 45, to any of the Company's related or inter-related companies and/or corporations, and/or to directors or prescribed officers of a related or inter-related company and/or to persons related to such companies, corporations, members, directors and/or prescribed officers (collectively, “Related and Inter-Related Persons”),

including but not limited to financial assistance in the form of, amongst others, loans, guarantees in favour of third parties, such as financial institutions, service providers and counterparties (in respect to the provision of banking facilities, acquisition transactions, project financing, debt capital transactions, structured financing transactions and the refinancing or restructuring of existing financing transactions) for the obligations of any person approved by the Board (or any person or persons to whom the Board has delegated the power to approve recipients of the financial assistance) or, Related and Inter-Related Persons.

Special Resolution Number 1 will enable the Company to provide such financial assistance to these persons, for any purpose in the normal course of business of the Group, including facilitating effective day-to-day operations and organisation of its internal financial administration to the extent required in terms of sections 44 and 45 of the Act, as the case may be.

### 1. Special Resolution Number 1: Authorisation to provide financial assistance in terms of sections 44 and 45 of the Act

“RESOLVED to authorise, to the extent required in terms of sections 44 and 45 of the Act, the Board (or any person/s authorised by the Board to do so), as it in its discretion thinks fit, but subject to compliance with the requirements of the MOI, the Act and the JSELR applicable to the Company pursuant to the shares in the capital of the Company being listed on the JSE from time to time, to grant authority to the Company to provide:

- financial assistance as contemplated in section 44 of the Act to any person approved by the Board (or any person or persons to whom the Board has delegated the power to approve recipients of the financial assistance); and
- direct or indirect financial assistance as contemplated in section 45 of the Act:
  - to a related or inter-related company or corporation as contemplated in the Act; and/or
  - to a member of such a related or inter-related company or corporation; and/or
  - to a director or prescribed officer of a related or inter-related company; and/or
  - to a person related to any such company, corporation, member, director or prescribed officer,

for any purpose in the normal course of business of the Company or the Group, at any time during a period of 2 (two) years following the date on which this special resolution is passed. The Board will, before making any such financial assistance available, satisfy itself that:

- immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as set out in the Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.”

### Non-executive directors' fees

Special Resolution Number 2 grants the Company authority to pay reasonable market-related fees or remuneration to its non-executive directors for their services as directors in accordance with section 66(9) of the Act. The fees proposed represent a 6% (six percent) increase compared to the fees approved at the previous AGM.



# NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

## 2. Special Resolution Number 2: Approval of non-executive directors' fees

"RESOLVED that the following non-executive directors' fees be and are hereby approved for the period 1 June 2023 to 31 May 2024, or the date of the next AGM, whichever is sooner:

	Annual Retainer Fee* 2023	Fee* per meeting 2023	Annual Retainer Fee* 2022	Fee* per meeting 2022
<b>Board</b>				
Chairman <sup>1</sup>	595 720	-	562 000	-
Lead Independent Director	184 705	31 658	174 250	29 866
Members	150 059	31 658	141 565	29 866
<b>Audit and Risk Committee</b>				
Chairman	90 607	30 203	85 478	28 493
Members	52 882	17 627	49 889	16 629
<b>Investment Committee</b>				
Chairman	90 742	15 124	85 606	14 268
Members	60 472	10 078	57 049	9 508
<b>Nomination Committee</b>				
Chairman	37 641	18 820	35 510	17 755
Members	21 585	10 792	20 363	10 181
<b>Remuneration Committee</b>				
Chairman	45 382	22 691	42 813	21 407
Members	20 719	10 359	19 546	9 773
<b>Social, Ethics and Environmental Committee</b>				
Chairman	37 922	12 641	35 775	11 925
Members	30 169	10 056	28 461	9 487
Conference and strategy sessions flat fee (Each of a 2-day Board Strategy session; 1-day Board Risk Workshop)	-	11 200	-	10 600
Ad hoc (special/unscheduled) meetings per hour, calculated per 15min thereof (capped at one-third of the specific meeting fee and an annual cap equal to one-third of the total annual fees for that Committee or the Board, as the case may be)	-	3 400	-	3 200

<sup>1</sup> The Chairman of the Board does not receive a fee per meeting for Board meetings.

\* The proposed fees exclude value added tax ("VAT"). VAT is paid to directors, in addition to their approved directors' fees, but only if they are registered vendors and provide SA Corporate with tax invoices for the output tax.

## Authority to issue shares to directors who elect to reinvest their distributions under the reinvestment option

To comply with the provisions of the Act, to the extent that the particular issue does not fall within the ambit of section 41(2)(c) of the Act, which permits such directors or officers, etc to participate in an issue for shares provided that the issue is in proportion with existing holdings. The motivation for proposed Special Resolution Number 3 is that, if approved by the shareholders at the AGM, the directors will be authorised to issue shares to persons contemplated in section 41(1) of the Companies Act to reinvest their distribution in accordance with the Distribution Reinvestment Alternative.

## 3. Special Resolution Number 3: Authority to issue shares to directors who elect to reinvest their distributions under the reinvestment option

"RESOLVED that subject to the provisions of the Act, the Company's MOI and the JSELR, in the event that the Company elects, upon declaration by the Company of a distribution in respect of its shares, to afford all shareholders the option of reinvesting their distributions by subscribing for new shares of the Company ("the Distribution Reinvestment Alternative"); or some of the Company's shareholders, who are also persons contemplated in section 41(1) of the Companies Act (which includes present or future directors or officers of the Company and persons related or inter-related to the Company or its directors and officers), elect to reinvest their distributions in accordance with the Distribution Reinvestment Alternative; the directors be and are hereby authorised to issue to each such shareholder who elects to reinvest their distributions in accordance with the Distribution Reinvestment Alternative such number of shares as are equivalent in value to the distributions reinvested by such shareholder, on such terms and conditions as the directors may, at their discretion, determine."

## General authority to repurchase shares

The Company's MOI contains provisions allowing the Company to repurchase securities issued by the Company, subject to compliance with the Act and the JSELR. Special Resolution Number 4 grants the Company or any of its subsidiaries the general authority to repurchase its securities, in accordance with the provisions of the JSELR. The Board requires the flexibility to enter into transactions for the benefit of the Company and the shareholders as a general body, which transactions may entail elements of repurchases. The exercise of the powers to be granted to the Board, as contemplated in this special resolution, shall always be subject to compliance with the provisions of the Act, such as applying the solvency and liquidity test, and the JSELR.

## 4. Special Resolution Number 4: General authority to repurchase shares

"RESOLVED that the Company or any of its subsidiaries be and are hereby authorised, by way of general authority to acquire ordinary shares issued by the Company upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the Act and the JSELR, being that:

- any such acquisition of shares be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- the Company is duly authorised by its MOI to acquire shares it has issued;
- the general authority shall be valid only until the Company's next AGM or for 15 (fifteen) months from the date of this special resolution, whichever period is shorter;
- in determining the price at which the shares are acquired in terms of this general authority, the maximum premium at which such shares may be acquired shall be 10% (ten percent) of the weighted average of the market price at which such shares are traded on the JSE, as determined over the five trading days immediately preceding the date of the repurchase of such shares;
- in any one financial year the general authority to repurchase will be limited to a maximum of 10% (ten percent) of the Company's ordinary issued shares as at the date of this special resolution;
- an announcement is made as soon as shares have been acquired, on a cumulative basis, of more than 3% (three percent) of the number of shares in issue at the date of the AGM at which this special resolution is approved, and for each 3% (three percent) in aggregate acquired thereafter;

## NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

- the Company only appoints one independent third party agent to affect any repurchase(s) on its behalf;
- repurchases may not be made during a prohibited period as defined in paragraph 3.67 of the JSELR, unless the Company has a repurchase programme in place and full details of the programme have been disclosed to the JSE prior to the commencement of the prohibited period. The Company must instruct only one independent third party, which makes its investment decisions independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme; and
- a resolution has been passed by the directors confirming that the Board has approved the general repurchase and that the Company will satisfy the solvency and liquidity test as set out in the Companies Act."

By order of the Board:

**J GROVÉ**

GROUP COMPANY SECRETARY

## DISCLOSURES AND INFORMATION REQUIRED IN TERMS OF THE JSELR

For the purposes of considering Special Resolution Number 4, and in compliance with paragraph 11.26 of the JSELR, shareholders are referred to the additional information below.

### **Directors' statement after considering the effect of a repurchase pursuant to this general authority**

Although there is no immediate intention to effect a repurchase of the shares of the Company, the Board, having considered the effects of a repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, are of the opinion

- that, for a period of 12 (twelve) months after the date of the notice of this AGM:
- the Company and the Group will, in the ordinary course of business, be able to pay its debts as they become due;
- the consolidated assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the Company and the Group; and
- the Company and Group's share capital, reserves and working capital will be adequate for ordinary business purposes.

### **Major shareholders of the Company**

Details of major shareholders of the Company are set out on page 118 of the audited annual financial statements for the year ended 31 December 2022.

### **Share capital of the Company**

Details regarding the share capital and reserves of the Company can be found on pages 4, 21 and 22 of the audited annual financial statements for the year ended 31 December 2022.

### **Directors' responsibility statement**

The directors collectively and individually accept full responsibility for the accuracy of the information contained in Special Resolution Number 4 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this resolution contains all information required by law and the JSELR.

### **No material changes to report**

Other than the facts and developments reported on in the audited annual financial statements, which are available on the Company's website [www.sacorporatefund.co.za](http://www.sacorporatefund.co.za), there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 December 2022.

# IMPORTANT NOTES REGARDING ATTENDANCE AT THE ANNUAL GENERAL MEETING

SA Corporate Real Estate Limited

(Incorporated in the Republic of South Africa) Share code: SAC

ISIN: ZAE000203238

(Registration number 2015/015578/06) (Approved as a REIT by the JSE)

("SA Corporate" or "the Company or "the Group")

- A quorum for the purposes of considering the resolutions above shall consist of 3 (three) shareholders of the Company personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the Annual General Meeting (AGM). In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above, providing that at least 3 (three) shareholders are personally present or represented by proxy at the AGM.
- A SA Corporate shareholder (certificated or own-name dematerialised shareholder) entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote on a poll in his/ her stead. Such proxy need not be a shareholder of the Company.
- A form of proxy is attached hereto for the convenience of registered certificated shareholders or shareholders who have dematerialised their SA Corporate shares with own-name registration and cannot attend the AGM, but wish to be represented thereat. For administrative purposes, duly completed forms of proxy must be lodged at, or posted to, the AGM scrutineers, The Meeting Specialist (TMS), at the addresses below by no later than 10h00 on Thursday, 1 June 2023.
- SA Corporate shareholders who have dematerialised their SA Corporate shares and have not selected own-name registration must advise their Central Securities Depository Participant ("CSDP") or broker of their voting instructions should they be unable to attend the Annual General Meeting but wish to be represented thereat. Dematerialised SA Corporate shareholders without own-name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions. If, however, such members wish to attend the AGM in person, then they will need to request their CSDP or broker to provide them with the necessary letter of representation to attend in terms of their custody agreement.
- In terms of section 63(1) of the Act, meeting participants will be required to provide identification to the reasonable satisfaction of the Chairman of the AGM and the Chairman must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably satisfied. Forms of identification that will be accepted include original and valid identity documents, driver's licences and/or passports.

## REGISTERED OFFICE DETAILS

**SA Corporate Real Estate Limited**

16th Floor, GreenPark Corner

Corner Lower Road and West Road South  
Morningside, 2196

Suite 95

Private Bag X9976

Sandton City, 2146

**Tel:** +27 01 020 2530

**Email:** info@sacorp.co.za

**Website:** www.sacorporatefund.co.za

**Company Secretary:** jgrove@sacorp.co.za

## AGM SCRUTINEERS

**The Meeting Specialist (Pty) Ltd**

JSE Building

One Exchange Square

2 Gwen Lane

Sandown

2196

PO Box 62043

Marshalltown

2107

**Tel:** +27 (0)84 433 4836 / +27 (0)81 711 4255 / +27 (0)61 440 0654

**Email:** proxy@tmsmeetings.co.za

# FORM OF PROXY

**SA Corporate Real Estate Limited**

(Incorporated in the Republic of South Africa) | Share Code: SAC ISIN Code: ZAE000203238 | Registration number 2015/015578/06 | ("SA Corporate" or "the Company") | REIT status approved

For use by shareholders of the Company holding certificated shares and/or dematerialised shareholders who have elected "own-name" registration, nominee companies of Central Securities Depository Participants ("CSDP") and brokers' nominee companies, registered as such at the close of business on Thursday, 26 May 2023 (the voting record date), at the Annual General Meeting of the Company to be held at GreenPark Corner, 16th Floor, corner Lower Road and West Road South, Morningside, Sandton on Monday, 5 June 2023, 10h00 ("AGM"), or at any adjournment thereof.

If you are a dematerialised shareholder, other than with "own-name" registration, do not use this form. Dematerialised shareholders, other than with "own-name" registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (block letters) \_\_\_\_\_

of (address) \_\_\_\_\_

being a shareholder(s) of the Company and entitled to vote, do hereby appoint: \_\_\_\_\_

1. \_\_\_\_\_ failing him/her

2. \_\_\_\_\_ failing him/her

3. the Chairman of the annual general meeting,

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), as follows:

	For	Against	Abstain
<b>Ordinary resolutions</b>			
1 Re-election of Adv OR Mosethi as an independent non-executive director of the Company			
2 Re-election of Ms N Ford-Hoon(Fok) as an independent non-executive director of the Company			
3 Re-election of Ms SS Mafoyane as an independent non-executive director of the Company			
4 Re-election of Ms EM Hendricks as an independent non-executive director of the Company			
5 Election of Ms GZN Khumalo as an independent non-executive director of the Company			
6 Election of Ms NNN Radebe as an executive director of the Company			
7.1 Election of Ms N Ford-Hoon(Fok) as a member of the Audit and Risk Committee			
7.2 Election of Mr GJ Heron as a member of the Audit and Risk Committee			
7.3 Election of Ms SS Mafoyane as a member of the Audit and Risk Committee			
7.4 Election of Ms GZN Khumalo as a member of the Audit and Risk Committee			
8 Re-appointment of PwC as independent external auditor			
9 Non-binding advisory vote - Endorsement of remuneration policy of the Company			
10 Non-binding advisory vote - Endorsement of the implementation of the remuneration policy of the Company			
11 To place the unissued authorised ordinary shares under the control of the directors			
12 Specific authority to issue shares to afford shareholders distribution reinvestment alternatives			
13 General but restricted authority to issue shares for cash			
14 Authorisation of directors and/or the company secretary			
<b>Special resolutions</b>			
1 Authorisation to provide financial assistance in terms of sections 44 and 45 of the Act			
2 Approval of non-executive directors' fees			
3 Authority to issue shares to directors who elect to reinvest their distributions under the reinvestment option			
4 General authority to repurchase shares			

Mark 'for', 'against' or 'abstain', as required. If no options are marked, the proxy will be entitled to vote as he/she thinks fit.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

Full name(s) and capacity \_\_\_\_\_

Signature(s) \_\_\_\_\_

Assisted by (guardian)\* \_\_\_\_\_

Telephone number \_\_\_\_\_

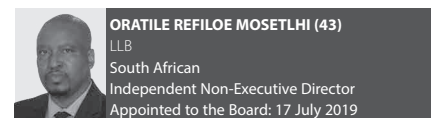


## INSTRUCTIONS ON SIGNING AND LODGING THE PROXY FORM

### A SHAREHOLDER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND, SPEAK, VOTE, AND ON A POLL, VOTE IN HIS/HER/THEIR STEAD, AND SUCH PROXY NEED NOT BE A SHAREHOLDER OF SA CORPORATE.

1. This form of proxy must only be used by certificated SA Corporate shareholders or own name dematerialised SA Corporate shareholders.
2. If shareholders have dematerialised their shares with a CSDP or broker, other than own name dematerialised shareholders, they must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the Annual General Meeting (AGM) and vote thereat or the shareholder concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
3. A SA Corporate shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting". A proxy need not be a shareholder of the Company. The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
4. A SA Corporate shareholder is entitled to one vote on a show of hands and on a poll the SA Corporate shareholder is entitled to one vote for each SA Corporate share held. A SA Corporate shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the SA Corporate shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the SA Corporate shareholders' votes.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the SA Corporate shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the meeting facilitators, not less than 48 hours before the commencement of the AGM.
6. If a SA Corporate shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, the proxy shall be entitled to vote as he/she thinks fit.
7. The Chairman of the AGM may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
8. The completion and lodging of this form of proxy will not preclude the relevant SA Corporate shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such SA Corporate shareholder wish to do so, subject to the conditions stated herein.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the Chairman of the AGM.
10. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
11. Where there are joint holders of SA Corporate shares:
  - a. any one holder may sign this form of proxy;
  - b. the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of SA Corporate shareholders appear in the Company's register of SA Corporate shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint SA Corporate shareholder(s).
12. Proxy forms must be forwarded to reach TMS, JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196, South Africa or posted to TMS, PO Box 62043, Marshalltown, 2107, South Africa, and proxies can be emailed to proxy@tmsmeetings.co.za to be received by them by no later than 10h00 on Thursday, 1 June 2023 for administrative purposes, provided that any form of proxy not delivered to TMS by this time may be lodged with TMS immediately prior to the commencement of voting at the AGM.
13. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.

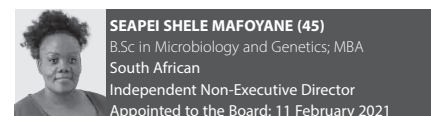
## BRIEF BIOGRAPHIES OF DIRECTORS



**ORATILE REFILOE MOSELETHI (43)**  
LLB  
South African  
Independent Non-Executive Director  
Appointed to the Board: 17 July 2019

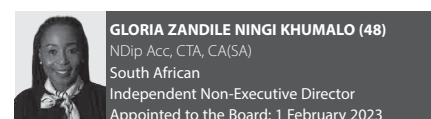
### Lead Independent Director Chairman of the Remuneration Committee

Adv Moselethi is a co-founder and director of Dara Consulting (Pty) Ltd, a Real Estate Advisory and Asset Management firm, and an admitted Advocate of the High Court of South Africa. Adv Moselethi has held a number of senior positions during his career, including amongst others, as Chief Operating Officer of Wingprop (Pty) Ltd, as a member of the Asset Management team at Billion Group, as a Senior Property Manager at City Property Administration, and as Senior Property Manager and National Leasing Consultant at the Public Investment Corporation. Adv Moselethi currently also serves as an independent non-executive director on the board of Rebois Property Fund Limited.



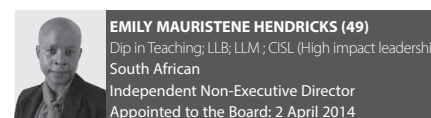
**SEAPEI SHELE MAFOYANE (45)**  
BSc in Microbiology and Genetics; MBA  
South African  
Independent Non-Executive Director  
Appointed to the Board: 11 February 2021

Ms Mafothane is currently the Managing Director of Espy Advisory Services. She previously served as the Chief Executive Officer of Black Umbrellas, the Enterprise and Supplier Development partner to a number of corporates in the public and private sector. Ms Mafothane also served as Business Performance and Capability Strategist at South African Breweries, as Head of Customer Strategy: Credit Division for the Standard Bank of South Africa, and as the Functional Head of Vitality at Discovery Health. She was further an independent non-executive director and Lead Independent Director of Rolfe Holdings Limited until 2020 and served as the Chairperson of its Social and Ethics Committee.



**GLORIA ZANDILE NINGI KHUMALO (48)**  
NDip Acc, CTA, CA(SA)  
South African  
Independent Non-Executive Director  
Appointed to the Board: 1 February 2023

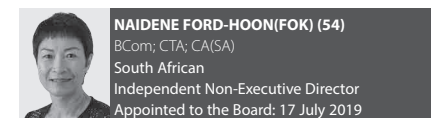
Ms Khumalo is a chartered accountant and has a distinguished career spanning over 26 years. She is the current Financial Director of Shell and BP South African Petroleum Refineries (Pty) Ltd ("SAPREF"). Prior to joining SAPREF in September 2018, Ms Khumalo held various senior level financial roles within Anglo American South Africa since 1996.



**EMILY MAURISTENE HENDRICKS (49)**  
Dip in Teaching; LLB; LLM; CILS (High impact leadership)  
South African  
Independent Non-Executive Director  
Appointed to the Board: 2 April 2014

### Chairman of the Social, Ethics and Environmental Committee

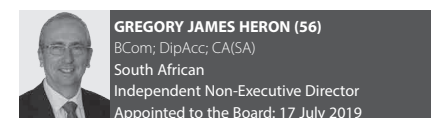
Ms Hendricks is currently the Manager: Exporter Liaison and Regional Coordination at Waitrose and Partners Foundation. Ms Hendricks was previously the Manager: Transformation and Sustainability at United Exports (Pty) Ltd where she headed the OZblu Academy (Pty) Ltd, a subsidiary of United Exports, and championed the implementation of the Agri-sector B-BBEE Codes within the group of companies, which mainly consisted of farming entities. Ms Hendricks' prior roles focussed on education and development of farming communities, driving sustainable and responsible farming. In addition to her teaching and legal qualifications, Ms Hendricks obtained a Brain Based Coaching Certificate from the NeuroLeadership Institute CCE.



**NAIDENE FORD-HOON(FOK) (54)**  
BCom; CTA; CA(SA)  
South African  
Independent Non-Executive Director  
Appointed to the Board: 17 July 2019

### Chairman of the Audit and Risk Committee

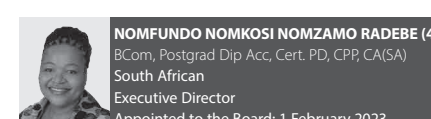
Ms Ford-Hoon(Fok) is a Chartered Accountant and a seasoned financial executive, having served as a member of the Investigation team on the Public Investment Corporation's Commission of Inquiry under Judge Lex Mpati. Prior to that, Ms Ford-Hoon(Fok) served as the Group Chief Financial Officer for Alexander Forbes Group Holdings Limited, and the South African Reserve Bank, respectively. She is currently serving as the Deputy Chairman of the Independent Regulatory Board for Auditors, and a director of the Knysna Initiative for Learning and Teaching (an NGO) and as a independent non-executive director on the board of Telkom SA SOC Limited.



**GREGORY JAMES HERON (56)**  
BCom; DipAcc; CA(SA)  
South African  
Independent Non-Executive Director  
Appointed to the Board: 17 July 2019

### Chairman of the Investment Committee

Mr Heron is a qualified Chartered Accountant and the Chief Executive Officer of Infinitus Holdings (Pty) Limited, an investment company with a portfolio primarily invested in the FMCG and retail sectors. Prior to that, he was head of Leaf Property Fund, a significant unlisted property fund focussed on the office and commercial sector of the property market. Mr Heron has also served as the managing director of Clearwater Capital, and the Head of Structured Finance at Nedbank Property Finance.



**NOMFUNDO NOMKOSI NOMZAMO RADEBE (46)**  
BCom, Postgrad Dip Acc, Cert. PD, CPP, CA(SA)  
South African  
Executive Director  
Appointed to the Board: 1 February 2023

### Chief Operating Officer

Prior to joining the SA Corporate group, Ms Radebe was the Chief Executive Officer of Excellerate JHI, a division of Excellerate Property Services, a role which she held since 2014. She is a qualified CA(SA), with a successful career spanning over 23 years, 16 of those years spent in various senior roles in the real estate sector. Ms Radebe is a Certified Retail Property Executive by the International Council of Shopping Centers, and a past President of the South African Property Owners Association as well as the South African Council of Shopping Centres. She completed her training with KPMG Inc. in 2000 and was appointed in Corporate Treasury Management at Sasol Limited. In 2004, Ms Radebe was appointed as a director within the Asset and Liabilities Management function of the National Treasury. She joined Pareto Limited as Financial Director in 2006 and later became the Chief Investment Officer at Pareto.



# 2022

AUDITED SUMMARY CONSOLIDATED  
FINANCIAL STATEMENTS

for the year ended 31 December 2022

## OVERVIEW

### DISTRIBUTION

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

Annual distribution **↑ 5.5%**  
**24.15 cps<sup>#</sup>** at **90%** payout ratio  
(2021: 22.89 cps at 90% payout ratio)

<sup>#</sup> Includes distribution of 12.97 cps paid in respect of H1 2022

### PROPERTY ACTIVITY

Disposal pipeline contracted and still  
to transfer and divestments transferred  
since 1 January 2022

**R1.4 billion**

(Transferred to 31 December 2022: R556.9 million;  
Contracted not yet transferred: R865.8 million, of which  
R171.8 million has transferred after 31 December 2022)

Assets under management of  
**R16.6 billion**

(2021: R16.2 billion)

### PORTFOLIO PERFORMANCE

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

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

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

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

### CAPITAL STRUCTURE

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

<sup>\*</sup> Net debt LTV excluding derivatives, which if included would  
be 37.8% (2021: 38.5%)

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

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

Weighted average swap tenor of  
**2.0 years**



# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## COMMENTARY

### INTRODUCTION

SA Corporate Real Estate Limited ("SA Corporate" or "the Company") is a JSE-listed Real Estate Investment Trust ("REIT") and together with all its subsidiaries ("the Group") owns a focused portfolio of quality industrial, retail and residential buildings located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia. As at 31 December 2022, the property portfolio consisted of 157 properties, with 1 350 666 m<sup>2</sup> of GLA, valued at R15.2 billion, a 50.0% joint venture ("JV") interest in three Zambian entities with properties valued at R1.4 billion and listed investments valued at R169.0 million.

### STRATEGY PERFORMANCE UPDATE

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

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

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

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

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

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

For the period ending 31 December 2022, divestments of R463.9 million have been contracted in addition to R958.7 million of divestments contracted in prior periods, creating a total 2022 disposal pipeline of R1.4 billion. Of this,

## COMMENTARY CONTINUED

R556.9 million has transferred in the current period whilst R57.0 million and R808.8 million remain conditional and unconditional respectively. The proceeds from this divestment pipeline have provided the Group with the opportunity to exploit an investment opportunity in the South African listed property sector in a defensive sector in which the Group's subsidiary is the market leader in South Africa. This was covered in the announcement released on SENS on 14 March 2023 and described in note 7 on page 23.

### SA REIT FUNDS FROM OPERATIONS

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

### NET PROPERTY INCOME

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

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

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

The overall distribution from the Zambian JV for the year increased by 44.2% to R55.8 million (2021: R38.7 million) due to reduced vacancies and increased income generated from new phases in the current period. The increase in distribution from the Zambian JV in ZAR further benefitted from the depreciation of the ZAR/USD average conversion rate by 10.6%.

### NET FINANCE COST

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

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

### PROPERTY VALUATIONS

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

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

# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

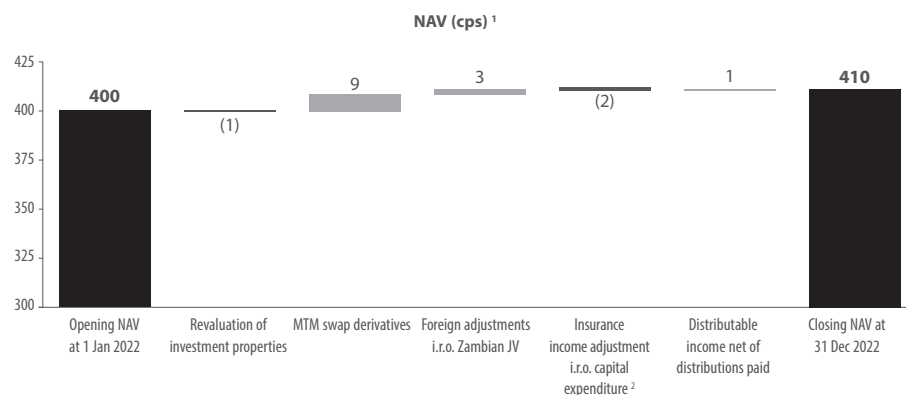
## COMMENTARY CONTINUED

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

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

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

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



<sup>1</sup> Based on IFRS and shares in issue.

<sup>2</sup> Decrease due to a downward revision of the total estimated reinstatement costs related to property damaged in the July 2021 civil unrest.

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

## COMMENTARY CONTINUED

### PROPERTY PORTFOLIO

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

#### Transferred disposals:

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

\* Receipt of proceeds.

#### Contracted and unconditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
Safari Investments - Listed shares <sup>1</sup>	Jan 23	112.0		Listed investments
31 Allen Drive, Belville <sup>1</sup>	Jan 23	20.0	Western Cape	Commercial
Five Johannesburg Inner City Properties <sup>2</sup>	Feb 23 - Jun 23	265.7	Gauteng	Residential
Celtis Ridge Shopping Centre, Centurion	Mar 23	143.0	Gauteng	Retail
Cnr Bismuth & Graniet Streets, Jet Park	Mar 23	9.0	Gauteng	Industrial
Wood Ibis Investments, Maydon Wharf, Durban	Mar 23	69.1	KwaZulu-Natal	Industrial
1 Baltes Road, Isipingo	Apr 23	136.5	Gauteng	Industrial
Residential apartments <sup>3</sup>	Jan 23 - May 23	53.5	Gauteng	Residential
<b>Total</b>		<b>808.8</b>		

<sup>1</sup> Transferred subsequent to year end.

<sup>2</sup> R38.0 million has transferred subsequent to year end.

<sup>3</sup> R1.8 million has transferred subsequent to year end.

#### Contracted and conditional disposals:

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

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

# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## COMMENTARY CONTINUED

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

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

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

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

## VACANCIES

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

<sup>1</sup> Vacancy calculated on number of units.

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

## COMMENTARY CONTINUED

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

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

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

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

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

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



# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## COMMENTARY CONTINUED

### BORROWINGS

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

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

<sup>1</sup> R100.0 million revolving credit facility undrawn.

<sup>2</sup> USD denominated loan.

<sup>3</sup> R200.0 million revolving credit facility.

<sup>4</sup> Sustainability linked loans, with sustainability performance targets ("SPT's").

<sup>5</sup> R329.0 million revolving credit facility.

<sup>6</sup> R300.0 million revolving credit facility undrawn.

<sup>7</sup> Excluding capitalised transaction costs.

<sup>8</sup> The swap was settled at maturity.

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

## COMMENTARY CONTINUED

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

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

### Key lender covenants

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

Description	Covenant requirement as at 31 December 2022	Audited year ended 31 December 2022	Covenant requirement as at 31 December 2021	Audited year ended 31 December 2021
LTV	50.0%	39.9%	50.0%	40.6%
ICR <sup>1</sup>	2.0x	2.2x	2.0x	2.2x

<sup>1</sup> This is gross ICR.

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

### OUTLOOK

The defensive nature of SA Corporate's property portfolio provides the foundation for sustainable growth in NPI despite a particularly challenging economic environment in South Africa.

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

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

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

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



# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## COMMENTARY CONTINUED

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

This forecast has not been reviewed or reported on by the Group's auditors.

## DISTRIBUTION

The Company is committed to a distribution policy that meets the investment thesis of REIT investors, and has withheld 10.0% of distributable income from distribution to shareholders for capital expenditure that is defensive and recurring and which will not generate additional income nor enhance the value of property assets. Having made allowance for the aforementioned deduction, the Board of Directors ("the Board") approved a distribution of R607.3 million for the year ended 31 December 2022 (2021: R575.5 million) being 90.0% (2021: 90.0%) of distributable income and amounting to 24.15 cps (2021: 22.89 cps), an increase of 5.5%.

## CHANGE IN DIRECTORATE

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

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

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

## DISTRIBUTION STATEMENT

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

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

\* The information provided in this Outlook section has not been reviewed or reported on by SA Corporate's auditors.

# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

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

To the Shareholders of SA Corporate Real Estate Limited

### OPINION

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

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

### SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

### THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

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

### DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

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

### OTHER MATTER

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

*PricewaterhouseCoopers Inc.*

PricewaterhouseCoopers Inc.

Director: JR de Villiers

Registered Auditor

Cape Town, South Africa

16 March 2023

## AUDITED SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## AUDITED SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

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

## AUDITED SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## AUDITED SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

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

## NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 1. BASIS OF PREPARATION

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

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

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

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

The audited Group annual financial statements and the auditor's report thereon are available for inspection at the company's registered office and on the company's website at [www.sacorporatefund.co.za](http://www.sacorporatefund.co.za).

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

# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 *CONTINUED*

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

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

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

## NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 *CONTINUED*

### 3. DECEMBER 2022 INFORMATION ON REPORTABLE SEGMENTS

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

<sup>1</sup> Corporate division is included in the Group.

# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 CONTINUED

### 3. DECEMBER 2022 INFORMATION ON REPORTABLE SEGMENTS CONTINUED

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

<sup>1</sup> Corporate division is included in the Group.

<sup>2</sup> This excludes straight-line rental assets.

<sup>3</sup> Current assets include the properties classified as held for sale and the related straight-line rental assets.

## NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 CONTINUED

### 4. FAIR VALUE MEASUREMENT

Fair value for financial instruments and investment properties:

IFRS 13 requires that an entity discloses for each class of financial instruments and investment property measured at fair value, the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety. The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

**Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

#### Details of valuation techniques

The valuation techniques used in measuring fair values at 31 December 2022 for financial instruments and investment property measured at fair value in the statement of financial position, as well as the significant unobservable inputs used are disclosed below. There have been no significant changes in valuation techniques and inputs since 31 December 2021.



# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 *CONTINUED*

### 4. FAIR VALUE MEASUREMENT *CONTINUED*

#### Investment property

An independent external valuator was appointed to conduct the Group's December 2022 property valuations. The Group provided the valuer with information relating to properties required in the valuation. Among other inputs, the independent valuer applied current market-related assumptions to the risks in rental streams of properties. Once the valuations had been completed by the independent valuers, they were reviewed internally. The board of directors provides final approval of the valuations. The valuer is a registered valuer in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000).

The independent valuer's details are as follows:

Quadrant Properties, P. Parfitt, NDip (Prop Val), MRICS, Professional Valuer

Unobservable Inputs as considered in December 2022 valuation report					
	Retail	Commercial	Industrial	Residential	Zambia
Expected market rental growth rate	4.80%	4.20%	4.50%	4.50%	1.60%
Occupancy rate	96.80%	82.30%	99.30%	97.10%	90.30%
Vacancy periods	0 - 6 months	0 - 12 months	0 - 2 months	0 - 2 months	0 - 2 months
Rent free periods	0 - 2 months	0 - 4 months	0 - 1 month	0 - 1 month	0 - 1 month
Discount rates	14.00% - 16.00%	15.25% - 17.00%	13.00% - 16.50%	N/A	12.25% - 13.50%
Capitalisation rates	8.50% - 10.50%	9.75% - 11.50%	8.00% - 11.25%	8.00% - 12.00%	8.25% - 9.50%
Exit capitalisation rates	8.75% - 11.75%	10.00% - 12.00%	8.75% - 12.00%	N/A	8.75% - 10.00%
Expected expense growth - municipal	8.80%	8.90%	8.20%	7.30%	1.30%
Expected expense growth - controllable	5.30%	4.40%	3.80%	4.60%	1.40%
Valuation method	Discounted cash-flow	Discounted cash-flow	Discounted cash-flow	Capitalisation of net income earnings	Discounted cash-flow

#### Valuation methodology

The valuation of all revenue producing real estate is calculated by determining future contractual and market related net income streams, as well as a terminal realisation value for the property and discounting this income stream to calculate a net present value. This is performed over a ten-year period in order to reasonably revert all cash flow to a market-related rate. The terminal value (residual value) is calculated by capitalising the eleventh year's net revenue and discounting this value to present. The discount rate is determined as a forward yield rate (capitalisation rate) and a risk is added to it (as related to the nature and contracts of the property) and forward growth rate associated with the cash flow as related to the market. There are reasonable market observable transactions to support the capitalisation rate, growth rate and risk considerations as applied. South African Property Owners' Association ("SAPOA") also publishes data tables on which these assumptions may be benchmarked. Adjustments are made to the present value calculated, to adjust for immediate capital expenditure requirements, as would be reasonably considered between a willing buyer and a willing seller.

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

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

## NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 *CONTINUED*

### 4. FAIR VALUE MEASUREMENT *CONTINUED*

#### Sensitivity of fair values to changes in unobservable inputs

Valuation of investment properties are sensitive to changes in inputs used in determining fair value. The table below illustrates the sensitivity in fair value to changes in unobservable inputs, whilst holding the other inputs constant.

Investment properties 2022	Cap rate		
	(1.0%) R 000	Current R 000	1.0% R 000
Discount rate			
(0.5%)	16 011 737	15 459 848	15 011 857
Current	15 648 687	15 135 437	14 691 635
0.5%	15 302 384	14 796 555	14 385 952

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

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

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

#### Other financial instruments

The swap derivatives are valued based on the discounted cash flow method. Future cash flows are estimated based on forward exchange and contracted interest rates and, where these are not contracted, from observable yield curves at the end of the reporting period, discounted at a rate that reflects the credit risk. The investment in listed shares is valued at the quoted market price and the investment in unlisted shares is measured at management's assessment of the recoverability of the investment in the shares. The investment in JVs is valued at the ownership of the underlying JVs net asset value.

# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 *CONTINUED*

### 5. INVESTMENT PROPERTY

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

	Audited year ended 31 December 2022	Audited year ended 31 December 2021
R 000		
<b>Investment property (including straight-line rental adjustment)</b>		
Carrying value at beginning of the year	13 675 260	14 653 125
Acquisitions and improvements	809 325	292 459
Disposals	(88 844)	(135 485)
Fair value adjustment	(16 150)	(502 014)
Transferred to properties classified as held for sale <sup>1</sup>	(283 256)	(632 825)
Transferred to property, plant and equipment <sup>2</sup>	(23 228)	–
Carrying value at end of the year	14 073 107	13 675 260
<b>Non-current assets held for sale (investment property, including straight-line rental adjustment)</b>		
Carrying value at beginning of the year	940 928	1 034 045
Disposals	(494 524)	(713 075)
Fair value adjustment	16 077	–
Utilised	(853)	(1 707)
Transferred from investment property	284 818	621 665
Carrying value at end of the year	746 446	940 928

<sup>1</sup> This amount includes the straight-line rental adjustment.

<sup>2</sup> This relates to the transfer of owner-occupied buildings.

## NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 *CONTINUED*

### 6. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

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

	Audited year ended 31 December 2022	Audited year ended 31 December 2021
R 000		
<b>Guaranteed entity</b>		
Graduare Mauritius Limited <sup>1&amp;2</sup>	–	193 637
Graduare Property Development Limited <sup>1,2&amp;3</sup>	207 024	–
<b>Total</b>	207 024	193 637

<sup>1</sup> The guarantee is secured by the underlying party.

<sup>2</sup> The guarantee relates to the co-owner's allocation of the underlying debt and is secured by the 50% shareholding in the JV held by the co-owner. Risk guarantee is in USD and has been converted at the closing rate of USD: R16.98 (2021: R15.94).

<sup>3</sup> The guarantee will reduce when the sovereign risk of Zambia reduces.

### 7. EVENTS AFTER THE REPORTING PERIOD

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

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

# CONSOLIDATED AUDITED ANNUAL FINANCIAL RESULTS

CONTINUED

## DISTRIBUTIONS

### PAYMENT OF DISTRIBUTION AND IMPORTANT DATES

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

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

Share certificates may not be dematerialised or rematerialised between Tuesday, 4 April 2023 and Thursday, 6 April 2023, both days inclusive.

### TAX IMPLICATIONS

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

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

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

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

## DISTRIBUTIONS CONTINUED

### Notice to non-resident shareholders

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

Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 8.94350 cps. A reduced dividend withholding rate, in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to the CSDP or broker, as the case may be, in respect of uncertificated shares, or the transfer secretaries, in respect of certificated shares.

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

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

Johannesburg

16 March 2023

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

# ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

## REIT RATIOS

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

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

<sup>2</sup> The specific adjustments refer to treasury shares and the related retained distributions.

# ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 *CONTINUED*

## REIT RATIOS *CONTINUED*

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

<sup>1</sup> This relates to the H2 2022 distribution declared in 2023.

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

### REIT RATIOS *CONTINUED*

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

<sup>1</sup> Includes expected credit loss.

<sup>2</sup> Excludes audit fees.

<sup>3</sup> SA Corporate measures cost-to-income net of recoveries.

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

### REIT RATIOS *CONTINUED*

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

# ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 *CONTINUED*

## REIT RATIOS *CONTINUED*

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

<sup>1</sup> Adjusted for reinstatement insurance claim receivable and net debt raising costs.

## DIRECTORATE AND STATUTORY INFORMATION

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

### Registered office

GreenPark Corner, 16th Floor  
Corner Lower Road and West Road South  
Morningside  
Johannesburg  
2196  
Tel: 010 020 2530

### Registered auditors

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

### Company secretary

J Grové  
GreenPark Corner, 16th Floor  
Corner Lower Road and West Road South  
Morningside  
Johannesburg  
2196  
Tel: 010 020 2530

### Transfer secretaries

Computershare Investor Services (Pty) Ltd  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196

### Sponsor

Nedbank Corporate and Investment Banking, a division  
of Nedbank Limited  
135 Rivonia Road  
Sandton  
2196

### Directors

MA Moloto (Chairman)  
OR Mosetlhi (Lead Independent Director)  
TR Mackey (Chief Executive Officer)\*  
SY Moodley (Chief Financial Officer)\*  
(appointed 1 March 2022)  
NNN Radebe (Chief Operating Officer)\*  
(appointed 1 February 2023)  
RJ Biesman-Simons  
(retired 6 June 2022)  
N Ford-Hoon(Fok)  
EM Hendricks  
GJ Heron  
SS Mafoyane  
GZN Khumalo (appointed 1 February 2023)

\* Executive



## This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a guide for handwriting or typing. The paper itself is a clean, off-white color.



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