SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | OFFICE | RESIDENTIAL | REST OF AFRICA

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

OVERVIEW

DISTRIBUTION

Distributable income ↑ **6.4%**
R639.5 million or
25.43 cps
(2020: R601.1 million or 23.90 cps)

Annual distribution ↑ **27.7%**
22.89 cps[#] at **90%** payout ratio
(2020: 17.93 cps at 75% payout ratio)

 # Includes distribution of 10.27 cps paid in respect of H1 2021

PROPERTY ACTIVITY

Disposal pipeline contracted and still to transfer & divestments transferred since 1 January 2021
R1.8 billion
(2021 contracted: R916.4 million) Transferred in 2021: R853.6 million; 2021YE contracted not yet transferred: R964.8 million

Assets under management of
R16.2 billion
(2020: R17.1 billion)

PORTFOLIO PERFORMANCE

Total net property income of
R1.1 billion
(2020: R1.1 billion)

Total like-for-like net property income increased by
9.9% to **R1.1 billion**
(2020: R1.0 billion)

Traditional portfolio vacancies of
3.3% of gross lettable area ("GLA")
(2020: 3.5%)

CAPITAL STRUCTURE

Loan to value ("LTV") ratio of **37.4%***
(2020: 38.6%*)

** Net debt LTV excluding derivatives, which if included would be 38.5% (2020: 41.2%)*

Weighted average cost of funding of
5.5% (2020: 5.3%) exclusive of swaps and
8.1% (2020: 7.8%) inclusive

Effective fixed debt of **77.8%**

Weighted average swap tenure of
2.1 years extended to
2.8 years post year-end

COMMENTARY

INTRODUCTION

SA Corporate Real Estate Limited is a JSE-listed Real Estate Investment Trust ("REIT") and together with all its subsidiaries ("SA Corporate" or "the Company"or "the Group") owns a diversified portfolio of quality industrial, retail, commercial and residential buildings located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia. As at 31 December 2021, the property portfolio consisted of 165 properties, with 1 355 665 m^2 of GLA, valued at R15.0 billion, a 50% joint venture ("JV") interest in three Zambian entities with properties valued at R1.1 billion, a 90% JV interest in The Falls Lifestyle Estate with property valued at R177.3 million and listed investments valued at R162.9 million.

STRATEGY UPDATE

The continued execution of the Group's strategy to offer an investment in a defensive portfolio comprising convenience retail, quality logistics and residential property whilst divesting from remaining office properties has ensured that SA Corporate has been able to successfully navigate the COVID-19 pandemic. At the end of the 2021 financial year SA Corporate was in a considerably stronger position than where it was at the beginning of the year. The retail portfolio has recovered, substantially shedding rental relief that was required to be offered in the prior year. Retail trading densities showed resilience throughout the year increasing by an average of 4.6% over the prior year. The industrial portfolio continued to be robust with almost no vacancies and Afhco's residential portfolio was showing positive growth evidencing the portfolio stability achieved by attracting new tenancy that has contributed to a substantial reduction in vacancy. Consequently, despite the challenges that the pandemic and the July riots have presented, the vision to generate sustainable distributable income growth and long-term capital appreciation, through investment in a well-diversified and balanced property portfolio within an optimal capital structure, is back on track.

With the importance of financial sustainability being amplified, the Group's response was both quick and well considered. In 2021, total divestments of R916.4 million were contracted of which R220.2 million transferred during the same period. This is in addition to R633.4 million of divestments that also transferred in 2021 that were contracted in the prior financial period. The proceeds from the divestment program have enabled a reduction of net debt LTV to 37.4% at year-end, all 2022 debt expiries have been extended to 2023, and the Group's lenders have approved the permanent increase of SA Corporate's LTV covenant to 50%. Whilst there is no intention to make use of the additional gearing headroom, the increased lender LTV covenant does evidence the property portfolio's robustness and its ability to continue to generate sustainable cash flows.

The divestment program was not only directed at placing the Group in a stronger financial position with asset management optionality but also to refine the quality of the property portfolio to better align to our long-term investment strategy. In this regard, smaller and poorer quality industrial properties have been divested from so as to be focused on logistics real estate. The disposal of residential properties is intended to increase the proportion of the suburban residential portfolio to the total residential portfolio through a partial divestment of non-precinct inner city properties, where the Afhco group of companies cannot ensure accessibility, security and lifestyle amenities.

Unfortunately, SA Corporate does not have a positive outlook for the office sector and does not see this improving over the medium to long term. Vacancies in the office sector were already high going into the COVID-19 pandemic due to development activity which created excess stock. This was exacerbated by the economic distress caused by the pandemic and the acceleration of the work from home phenomenon during the lockdown periods. The economic growth required for the take-up of office space such that office vacancy dissipates to an appropriate level for this to be a sector to invest in is not foreseen. All the Group's South African offices except three properties have been sold. Two of the latter are in attractive areas for partial conversion to storage and the required works are proceeding. However, it should be noted that the opportunity to convert from offices to storage is rare as storage requires a residential catchment. The largest remaining office property, Green Park Corner, has a unique location on the boundary of the Sandton financial district and the Morningside luxury high rise residential node, complemented by small "addressable" floor plates, and its competitiveness is to be further enhanced with the introduction of various amenities that will make it particularly attractive as a modern hybrid workplace.

Interventions to increase the convenience-oriented focus of the Group's retail portfolio by improving tenant mix aided by the redevelopment of certain properties continues. At Musgrave Centre, Dischem and Food Lovers Market commenced trading in July and November 2021 respectively. At The Bluff Towers, the reconfiguration of obsolete Edgars and the banking space was completed culminating in new Clicks, Pep, China Hyper and Garment Division stores commencing trading in the second half of the year. The redevelopment of 51 Pritchard Street was completed in 2021 attracting national tenants to the centre and Woolworths and Clicks have committed to 5-year leases jointly occupying 3 065m^2 of space. Reconfiguration of retail space at North Park Mall has commenced to accommodate a 1 423m^2 OBC grocer store with a 7-year lease, whilst a new pharmacy has been introduced at Cullinan Jewel. Improvements to access at Morning Glen have been substantially completed. These include an upgrade to the main entrance on Kelvin Drive and the creation of a new access off Kelvin Drive to the upper level of the centre. The upgraded main Kelvin Drive entrance is to access the new structured parkade to be completed in the second quarter of 2022 which is planned to considerably enhance trading in the south-western section of the mall that has struggled in the past.

The ongoing refinement of the industrial portfolio through disposals has resulted in it now comprising 54 properties, 74.0% of which are logistics and 86.0% having a GLA above 4 000 m^2. Lease renewals have been concluded with "blue-chip" clients, namely Hyundai, Bell Equipment and Twinsaver.

A key area of focus for Afhco, particularly as a result of the COVID-19 pandemic, has been the reduction of vacancies coupled with the reinstatement of a stable residential tenant base. Aggressive marketing, including a range of incentives had reduced vacancies to 6.6% in November 2021. Whilst these increased to 8.5% in December 2021, which is typical over the festive season, the loss of tenants over this period was less than that experienced previously. Afhco is confident that returning to targeted vacancies of circa 5% is within reach in 2022. The inner city retail portfolio continues to be affected by the reduction in cross-border trade because of restricted movement due to the pandemic, further exacerbated by supply challenges due to reduced import volumes. However, occupancy levels have remained high as tenants recognize the "in-demand" nature of these locations. National grocers have continued to report trading densities equal to, or better than, pre-pandemic levels, demonstrating the high number of residents in inner city apartments supporting these retailers.

SA REIT FUNDS FROM OPERATIONS

Funds from operations, as defined by the SA REIT Association ("SA REIT FFO"), generated for the year was R639.5 million (2020: R601.1 million). Total SA REIT FFO per share for the year amounted to 25.70 cps, up 6.7% relative to 24.09 cps in 2020.

NET PROPERTY INCOME

Total property revenue amounts to R2 121.5 million (2020: R2 062.2 million) with the like-for-like portfolio, excluding disposals, developments and acquisitions during 2020 and 2021, amounting to R1 915.0 million (2020: R1 351.9 million).

Like-for-like property expenses decreased by 1.9%. The total property expenses decreased by 3.7% to R956.5 million (2020: R993.7 million).

Net property income ("NPI") increased by 6.5% (R69.6 million), with the like-for-like portfolio increasing by 9.9%.

NET FINANCE COST

Net finance cost, excluding the impact of IFRS 16, decreased by 1.6% to R466.6 million. However, taking into account finance costs capitalised to investment properties of R15.4 million (a R27.4 million reduction compared to the prior year due to the reduced development pipeline), net finance costs including capitalised interest for the year amounted to R482.0 million (2020: R517.1 million), a reduction of 6.8%.

This is mainly due to the reduction in net borrowings at 31 December 2021 to R6 189.7 million (2020: R6 677.2 million), offset by a marginal increase in the cost of debt to 8.1% (2020: 7.8%).

PROPERTY VALUATIONS

The Group's independently valued property portfolio, excluding the three Zambian properties, decreased by R1.0 billion (6.2%) to R15.0 billion (2020: R16.0 billion) for the year mainly due to divestments totalling R844.8 million. The like-for-like portfolio held for the full 12 months to December 2021 reduced by R134.5 million (1.1%) from December 2020.

Valuations remained almost flat for the 2021 year. The 1.3% decline in the first half was recovered with a 1.3% increase in the second half. The best performer was the Industrial portfolio which showed a 2.3% growth for the year. The strong recovery in the second half can be ascribed to an improvement in the quality of the portfolio with the sale of smaller non-core properties and the securing of lease renewals providing an improvement in the term of contracted rentals.

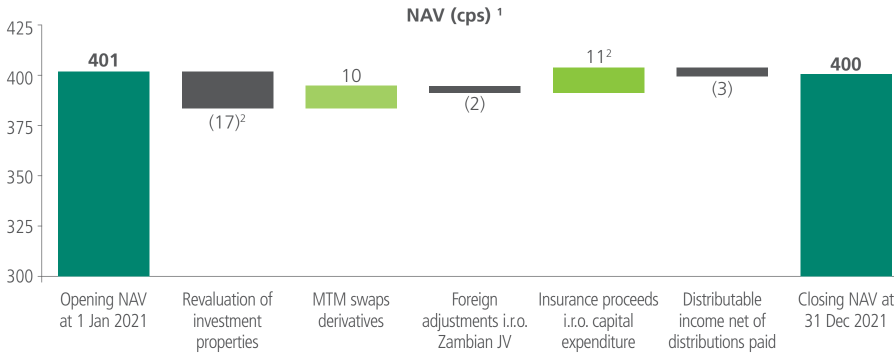
The small office portfolio suffered a substantial decline in value in excess of 30% in the 2021 year evidencing the beleaguered state of this sector which SA Corporate has substantially divested from.

The Retail portfolio remained almost flat, albeit the marginal growth in the first half being set-off by a decline in the second. This was expected with trading levels having recovered and in some cases to above those in 2019 which are anticipated to increase rentals into the future.

Afhco's valuation was slightly above flat for the year with an improvement in the second half. A contributor to this was the tightening in capitalisation rates in the inner city to be aligned to the capitalisation rates achieved in the sale of these assets in recent transactions concluded. Other contributors are the renewal of the lease of the Tubatse Village houses in Steelpoort and the refinement of the portfolio.

Whilst the Zambian properties showed almost an 8% decline in value in USD this translated to being just above flat due to the depreciation of the ZAR from December 2020 to December 2021.

The net asset value ("NAV") per share as per the Statement of Financial Position reduced marginally to 400 cps including adjustments in respect of the fair value of interest rate swap derivatives, investment property and the investment in the Zambian JV as set out in the graph below:



[1] *Based on IFRS and shares in issue*

[2] *Included in the revaluation of investment properties is an impairment of 10 cps in respect of the estimated outstanding reinstatement cost to properties damaged during the July 2021 riots which has been provided for as a receivable in insurance proceeds.*

The SA REIT defined NAV is calculated as NAV per the 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 388 cps (2020: 383 cps) as at 31 December 2021.

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
Cnr Old Pretoria and Alexandra Roads, Midrand	Jan 21	8.9	Gauteng	Commercial
Stanop House, New Doornfontein	Feb 21	14.5	Gauteng	Afhco Retail
121 Malacca Road, Red Hill	Mar 21	23.5	KwaZulu-Natal	Industrial
30/34 Hillclimb, Pinetown	Mar 21	43.0	KwaZulu-Natal	Industrial
Cnr Isotope and Bridge Street, Bellville	Apr 21	30.0	Western Cape	Industrial
Maydon Wharf properties, Durban	Apr 21	142.9	KwaZulu-Natal	Industrial
6/8 Mahogany Road, Pinetown	Apr 21	58.0	KwaZulu-Natal	Industrial
Stondell Investments, 684 Pretoria Main Road, Wynberg	May 21	4.0	Gauteng	Industrial
Kempton Corner, Kempton Park	May 21	108.3	Gauteng	Retail
144 Kuschke Street, Meadowdale, Germiston	May 21	10.7	Gauteng	Industrial
Erf 84/85/86 Shakas Head, Durban	Jun 21	50.8	KwaZulu-Natal	Industrial
264 Aberdare Drive, Phoenix	Jun 21	23.0	KwaZulu-Natal	Industrial
Stellenbosch Square, Stellenbosch	Jul 21	115.0	Western Cape	Retail
16 Friesland Street, Rembrandt Park, Longmeadow	Jul 21	13.0	Gauteng	Industrial
10 Industrial Avenue, Kraaifontein	Aug 21	57.0	Western Cape	Industrial
3 The Terrace, Westway, Westville	Sep 21	13.7	KwaZulu-Natal	Commercial
121 Intersite Avenue, Umgeni Business Park, Durban	Oct 21	26.0	KwaZulu-Natal	Industrial
12 Sookhai, Derby Downs Office Park, Westville	Dec 21	16.0	KwaZulu-Natal	Commercial
21 Fricker Road, Illovo	Dec 21	24.5	Gauteng	Commercial
Erf 8383, Milnerton	Dec 21	15.0	Western Cape	Storage Land
Residential apartments	Jan 21 - Dec 21	55.8	Gauteng	Residential
Total		**853.6**		

* *Receipt of proceeds.*

Contracted and unconditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
Maxwell Hall, Johannesburg CBD	Mar 22	50.0	Gauteng	Residential
102 Essenwood Road, Durban	Mar 22	32.0	KwaZulu-Natal	Commercial
Wood Ibis Investments, Maydon Wharf, Durban	May 22	69.1	KwaZulu-Natal	Industrial
Nine Johannesburg inner city properties [1]	Apr 22 - Nov 22	546.3	Gauteng	Residential
Residential apartments [2]	Jan 22 - May 22	16.4	Gauteng	Residential
Total		**713.8**		

[1] *Includes R16.3 million in respect of sales commission and transaction costs and a contribution by SA Corporate of R13.4 million in respect of repairs required to be undertaken to the sale assets which are of capital nature and which are to be set-off against the total purchase consideration. The Group is to guarantee that the sale assets generate a NPI of R54.0 million for each of the 3 years from the disposal date and any annual shortfall will be payable to the purchaser. Afhco's property management entity will manage the sale assets during this 3-year period.*

[2] *R4.7 million transferred subsequent to 31 December 2021.*

Contracted and conditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
147 - 149 Old Main Road, Pinetown	Mar 22	68.0	KwaZulu-Natal	Industrial
1 Baltex Road, Isipingo	Apr 22	136.5	KwaZulu-Natal	Industrial
Hotel at Cullinan Jewel Shopping Centre, Pretoria	Jun 22	2.7	Gauteng	Retail
Residential apartments	Feb 22 - May 22	43.8	Gauteng	Residential
Total		**251.0**		

Disposals recognised in the current period were at a weighted average exit yield of 9.6% and at a discount of 0.4% to the last valuation. The contracted disposals are at a weighted average exit yield of 8.8% and at a premium of 2.2% to the last valuation.

The residential apartments were sold into the retail market at a weighted average exit yield of 8.7% and at a premium of 8.9% to the last valuation.

Two retail shopping centres were disposed of during the year, one of which was a disposal of an interest held in a 50% JV structure being the Group's only retail exposure in the Western Cape. The other centre was divested due to it being in an undesirable node with stubborn vacancy. As noted earlier, SA Corporate remains sceptical of a rebound in the office sector and as such the Group's divestment programme and strategic intent in this regard resulted in a further four commercial buildings in the 2021 financial year being sold. To refine the quality of the industrial portfolio and ensure the continued resilient income growth generated in the past, 12 industrial buildings not meeting the investment criteria of superior logistics facilities were sold. In the Afhco portfolio, one retail property was disposed of owing to its poor tenancy and location. 96 units/apartments were disposed of in the Afhco residential portfolio. The sale of these units was to divest from non-core residential assets at attractive exit yields through individual apartment sales in the retail market. A further R964.8 million of disposals were contracted, R4.7 million of which transferred subsequent to year end. The most important of the latter is the sale of nine non-precinct inner city primarily residential properties allowing greater focus by management on the remaining portfolio of inner city properties in precincts where Afhco can ensure a quality product. The investment in precinct inner city properties complemented with that in suburban estates represents a prime residential property portfolio.

VACANCIES

	Vacancy as % of GLA			Vacancy as % of rental income		
Sector	**31 Dec 2021**	31 Dec 2020	31 Dec 2019	**31 Dec 2021**	31 Dec 2020	31 Dec 2019
Traditional portfolio						
Industrial	**0.7**	1.5	3.2	**0.5**	1.0	2.5
Retail	**4.6**	4.6	4.4	**3.4**	4.1	4.0
Commercial	**18.9**	16.9	16.0	**15.3**	13.5	13.8
Portfolio total	**3.3**	3.5	4.2	**3.1**	3.6	4.1
Storage Portfolio						
Storage	**10.4**	10.9	22.9	**12.3**	14.3	31.9
Afhco portfolio						
Retail/Commercial	**5.8**	5.7	4.1	**3.7**	4.0	3.0
Residential [1]	**8.5**	15.4	8.2	**8.6**	11.2	8.4
South African portfolio JV						
Residential [2]	**3.5**	52.5	–	**3.0**	52.3	–
Rest of Africa portfolio						
Retail	**12.6**	17.3	4.6	**12.2**	16.2	4.3
Commercial	**14.8**	5.6	4.5	**13.6**	5.5	11.9
Portfolio total	**13.0**	14.9	4.6	**12.5**	13.9	4.9

1 *Vacancy calculated on number of units and reflects tenanting up of newly acquired units.*
2 *JV with newly developed units tenanting up.*

IMPACT OF THE CIVIL UNREST

During the civil unrest in July 2021, four of the Group's shopping centres in KwaZulu-Natal sustained significant damage whilst limited damage was caused to several of industrial and inner city properties. The Group's SASRIA insurance covers both the damage to the properties and the loss of income incurred as a consequence. By 16 December 2021, all properties save for Springfield Value Centre had been repaired and restored.

Springfield Value Centre requires a significant rebuild albeit that the Pick n Pay grocer commenced trading on 1 August 2021 and Wimpy commenced trading on 15 December 2021. The latter rebuild is anticipated to be completed by September 2022. Springfield Value Centre is well-positioned with a strong customer base and this is presenting an opportunity in the reconstruction to improve the tenant mix, tenant covenant and average lease expiry of the shopping centre. In particular, new long-term leases have been concluded with nationals including Dischem, McDonalds, Boardriders, Nike, Adidas, Puma, Cotton On and Studio 88.

SA Corporate has received R168.0 million in respect of claims to date with R364.4 million being the total estimated loss of income and cost to restore all properties damaged in the riots. All loss of income until March 2022 incurred as a consequence of damages caused during the unrest has been received.

COLLECTIONS AND RENTAL RELIEF

Tabulated below are the collections achieved in the SA portfolio by quarter for 2021 and the COVID-19 alert levels in those quarters.

	COVID-19 Alert level	Retail including Storage %	Industrial %	Commercial %	Afhco Retail %	Residential %	Student accommodation %	SA Total %
Quarter 1 2021 collections								
Collections in the quarter	Adj 3 &	90.4	90.1	85.5	91.5	91.9	3.8	89.0
Relief to tenants (% of billings)	adj 1	1.6	(1.0)	0.9	0.4	0.2	–	0.6
Write-offs		1.6	–	0.9	0.4	0.2	–	0.8
Deferments repaid		–	(1.0)	–	–	–	–	(0.2)
Under negotiation/Arrears/Prior period collections		8.0	10.9	13.6	8.1	7.9	96.2	10.4
Contractual billings		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quarter 2 2021 collections								
Collections in the quarter	Adj 1 &	104.2	117.2	96.4	100.5	100.2	88.6	105.4
Relief to tenants (% of billings)	adj 3	1.0	(0.5)	–	0.1	0.5	–	0.4
Write-offs		1.0	0.7	–	0.1	0.5	–	0.7
Deferments repaid		–	(1.2)	–	–	–	–	(0.3)
Under negotiation/Arrears/Prior period collections		(5.2)	(16.7)	3.6	(0.6)	(0.7)	11.4	(5.8)
Contractual billings		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quarter 3 2021 collections								
Collections in the quarter	Adj 3 &	94.6	96.0	81.2	97.1	98.3	110.7	96.1
Relief to tenants (% of billings)	adj 2	0.6	(0.4)	0.3	0.2	0.1	–	0.2
Write-offs		0.6	–	0.3	0.2	0.1	–	0.3
Deferments repaid		–	(0.4)	–	–	–	–	(0.1)
Under negotiation/Arrears/Prior period collections		4.8	4.4	18.5	2.7	1.6	(10.7)	3.7
Contractual billings		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quarter 4 2021 collections								
Collections in the quarter	Adj 2 &	107.4	102.2	93.3	98.2	104.2	119.7	104.8
Relief to tenants (% of billings)	adj 1	1.4	(0.1)	–	1.1	–	–	0.7
Write-offs		1.4	–	–	1.1	–	–	0.7
Deferments repaid		–	(0.1)	–	–	–	–	–
Under negotiation/Arrears/Prior period collections		(8.8)	(2.1)	6.7	0.7	(4.2)	(19.7)	(5.5)
Contractual billings		100.0	100.0	100.0	100.0	100.0	100.0	100.0

Collections for the year to December 2021 were 98.7% (2020: 91.5%). Following Government's announcement on 30 September 2021 to move the country to Adjusted Alert Level 1 from Adjusted Alert Level 2, collections improved noticeably to 104.8% in Q4 2021 as compared to 96.1% in Q3 2021. Total relief granted to tenants amounted to

R10.8 million, net of industrial deferment concessions being repaid for the year (2020: R87.4 million). Most of this relief was granted to tenants in the restaurants and food services segment, followed by gyms, cinemas, bottle stores and hair & beauty. Arrears at 31 December 2021 decreased to 7.0% of revenue in 2021 (2020: 10.6%).

BORROWINGS

The debt profile as at 31 December 2021 is detailed below:

	Maturity date	Value (Rm)	Interest rate%
Fixed [1]	2023/01/07	300	7.88%
Term revolving [1,2]	2023/01/07	–	7.93%
Fixed [1]	2023/01/07	629	8.16%
Term revolving [1,3]	2023/01/30	185	7.80%
Fixed [1]	2023/03/11	1 000	8.54%
Fixed	2023/05/07	637	8.01%
Fixed	2023/05/07	513	8.33%
Term revolving [4]	2023/12/09	–	8.43%
Term revolving [4]	2023/12/11	–	8.47%
Fixed	2024/05/07	585	8.11%
Fixed	2024/05/07	564	8.39%
Term revolving [4]	2024/09/08	–	8.27%
Fixed [5]	2024/11/05	430	4.96%
Fixed	2025/05/07	308	8.28%
Fixed	2025/05/07	300	8.50%
Fixed	2025/09/10	200	8.28%
Fixed	2025/12/09	150	8.63%
Fixed	2025/12/11	150	8.81%
Fixed	2026/09/08	200	8.52%
Total interest-bearing borrowings		6 151	8.05%
Cross-currency swap	2023/01/26	(120)	8.34%
Cross-currency swap	2023/01/26	159	4.36%
Total borrowings at the weighted average interest rate		6 190	7.95%

1 *Maturity date extended from 2022 to 2023.*
2 *R300m revolving credit facility undrawn.*
3 *R200m revolving credit facility.*
4 *Three R100m revolving credit facilities undrawn.*
5 *US dollar denominated loan.*

Total debt drawn amounted to R6 189.7 million, a decrease of R487.5 million from December 2020. This decrease is attributable to the settlements of the R550.0 million Investec facility in June and September 2021, Agence Francaise Developpement (''AFD'') loan in April 2021 and the settlement of the interest rate cross-currency swap derivatives in May 2021. The USD loan increased by R33.5 million due to the depreciation of the USD/ZAR exchange rate from 14.70 in December 2020 to 15.96 in December 2021. Loans amounting to R400.0 million maturing in December 2021 were refinanced at a weighted average margin of 1.9% and tenure of 4.7 years respectively. R185.0 million has been drawn down on revolving credit facilities. All fixed-term facilities maturing in 2022 amounting to R2 114.0 million have been extended to 2023, eliminating short-term debt at 31 December 2021 other than accrued interest. This and other short-term refinancing results in an improvement in the weighted average tenure of the debt to 2.0 years, which without refinancing would have amounted to 1.8 years.

The net debt LTV decreased from 38.6% at December 2020 to 37.4% as at December 2021 following the settlement of debt. This excludes the fair value of interest rate swap derivatives of R167.9 million (2020: R425.9 million) and cross-currency interest rate swap derivatives of R46.5 million (2020: R61.2 million). The inclusion of cross-currency interest rate swap derivatives marginally increases the LTV by 4 basis points ("bps") to 37.44% (2020: 38.7%) and the further inclusion of interest rate swap derivatives increases this to 38.5% (2020: 41.2%).

The weighted average cost of debt excluding and including interest rate swaps was 5.5% and 8.0% (2020: 5.2% and 7.7%) respectively, with a 24 bps increase in the JIBAR base rate since December 2020. The weighted average swap margin including cross-currency interest rate swaps was 2.5% (2020: 2.5%) and the weighted average debt margin was 1.9% (2020: 1.8%). 77.8% 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 8.1%. The net interest cover ratio ("ICR") increased by 0.1 times to 2.4 times (2020: 2.3 times) as a result of the increase in net income as detailed above.

Key lender covenants

At 31 December 2021, the Group was in compliance with all lender covenants applicable to the period.

Description	Covenant requirements as at 31 December 2021	Audited year ended 31 December 2021	Covenant requirements as at 31 December 2020	Audited year ended 31 December 2020
LTV	50%	40.6%	50%[1]	43.3%
ICR [2]	2.0x	2.2x	1.75x[1]	1.9x

[1] *Covenant relaxed from 30 June 2020 to 30 December 2021 by lenders.*
[2] *This is gross ICR.*

As stated in the update on strategy, the Group's lenders have approved the permanent increase of SA Corporate's corporate LTV covenant to 50.0%.

The Zambian JV refinanced a Mauritian USD13.6 million facility with a Zambian Kwacha in country loan in August 2021. In addition to extinguishing the foreign exchange risk associated with this USD debt, it also released the SA Corporate guarantee currently provided in respect of this USD facility as the in-country Kwacha debt does not have any recourse to SA Corporate. This contributes to the improvement of the Group's lender LTV covenant at 31 December 2021, which includes guarantees.

Cash on hand, including committed undrawn facilities, excluding tenant deposits at 31 December 2021, amounted to R726.3 million (2020: R757.3 million).

OUTLOOK*

Looking to the year ahead in respect of the Retail portfolio, 81.1% of rental revenue is not expiring for which contracted annual escalations of 6.9% on average are in force. Despite strong trading across the portfolio evidenced by above inflation trading density growth, retailers are still suffering the consequences of weathering the recent economic distress and the high levels of indebtedness of their customers. Therefore, it is anticipated that negative renewal reversions will persist in the Retail portfolio during the 2022 year for expiring leases. SA Corporate has been proactive in securing the renewal of retail leases in a highly competitive market and 60.0% of these 2022 expiries have been renewed to date. The SA Corporate inhouse retail leasing team continue to work tirelessly to reduce

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

vacancies to acceptable levels and as such vacancy is expected to reduce by as much as 1.0% during 2022. Rental relief is anticipated to reduce to the order of a third of that provided in 2021. Due to high increases in local authority rates, taxes and utility charges, operational expenses are forecast to increase by greater than inflation.

In our Industrial portfolio, we have 87.5% of non-expiring revenue for which we have contracted escalations of 6.7% on average across the portfolio in place. Vacancy is forecast to remain low but downtime of circa 24 800 m^2 is expected over two to three months to allow for re-tenanting. With focused cost control, operational expenses are expected to increase at less than inflation. Of the 31 439 m^2 or 7.0% of the portfolio whose leases expire in the first half of 2022, 38.0% of these expiring leases have already been renewed at a reversion of -8.1% and rental renewals for a further 47.0% have been agreed and lease documentation is being finalised. Nationally, management expects an 87.0% renewal of all lease expiries across the industrial portfolio at negative reversions with the remainder having reasonable prospects of re-tenanting.

As previously mentioned, the Group's efforts to reduce its exposure to the office sector continue with vigour and this has resulted in the Group limiting its exposure to only three properties in the sector. Of this remaining office exposure, 77.5% of rental revenue is non-expiring with contracted escalations of 7.4% on average. Expiring leases are expected to be renewed at negative double digit percent reversions. In 2022, vacancy is anticipated to remain at a similar level to that at the end of 2021 with downtime of circa 3 100 m^2 over four to five months to allow re-tenanting.

Looking ahead in terms of the Afhco residential portfolio, the business will continue to reinstate a stable tenant base by focusing on new re-lets and reducing vacancy via innovative leasing efforts. It is forecast that just more than half of leases will be renewed at increased renewal rentals. The remainder of leases are expected to be relet but with the discounting of rental to achieve this. As a consequence of the latter, we anticipate a reduction in vacancy following that achieved in 2021.

The Afhco retail portfolio has 15.4% of rental revenue with expiring leases in 2022. The remaining in force leases have contracted annual escalations of 7.1%. Negative single digit percent renewal reversions of expiring leases are forecast. Occupancy levels in the Afhco retail portfolio are expected to remain strong throughout 2022, with occasional increases due to re-tenanting.

The trading environment for the Retail, Industrial and Afhco portfolios is anticipated to be positive in 2022. Whilst the remaining Office portfolio is expected to continue to face headwinds, fortunately this represents a small component of the total SA Corporate portfolio. Overall, this translates into the like-for-like NPI of the Group's South African portfolios which is forecast to almost increase by inflation in the 2022 financial year.

It will be appreciated that SA Corporate has a significant disposal pipeline, the use of proceeds from which the Group wishes to retain optionality and flexibility. The decision in this regard will be taken in the interests of longer-term sustainable distributable income growth. Considering this, together with the high level of uncertainty that persists globally due to the ongoing impact of COVID-19 and the Russia/Ukraine conflict, the board has decided it is not prudent to provide distribution guidance for 2022.

DISTRIBUTION

SA Corporate's proactive response to the distressed economic times brought upon by the COVID-19 pandemic by contracting a substantial disposal pipeline has enabled the Group to strengthen its financial position underpinned by robust valuations. This has placed SA Corporate in a position to be able to make a distribution for the year ended 31 December 2021 without needing to make any additional specific withholding for capital eroded by distress caused by the pandemic. However, the Board is particularly mindful of the need to have a balanced and well considered approach to a payout ratio that ensures that SA Corporate is in a position to consistently make distributions on a sustainable basis. In this regard it has resolved that when making distributions, it should retain from distributable income, capital expenditure that is defensive and recurring which will not generate additional income nor enhance the value of property assets. Having made allowance for the aforementioned deduction, the distribution for the 2021 financial year amounts to R575.5 million (2020: R450.9 million) being 90% (2020: 75%) of distributable income and amounting to 22.89 (2020: 17.93) cps, an increase of 27.7%.

CHANGES IN DIRECTORATE

Ms Antoinette Basson resigned as the Chief Financial Officer and an Executive Director of the Company effective 31 December 2021. The Board extends its appreciation to Ms Basson for her commitment and service to SA Corporate over the last 10 years and wishes her well in her future endeavours.

Mr André van Heerden resigned from the Board on 23 August 2021. The Board extends its appreciation to Mr van Heerden for his valuable contribution to the Company.

Mr Sam Moodley was appointed as an Executive Director and Chief Financial Officer of SA Corporate with effect from 1 March 2022.

The Board is of the opinion that it provides the right balance of diversity, skills and experience to steer the Group towards the return and continuance of sustainable distributable income growth and long-term capital appreciation for investors.

DISTRIBUTION STATEMENT

R'000	**Unaudited year ended 31 December 2021**	Unaudited year ended 31 December 2020
DISTRIBUTABLE INCOME		
Rent (excluding straight line rental adjustment) [1]	**1 536 649**	1 530 747
Net property expenses	**(392 247)**	(455 977)
Property expenses	**(956 502)**	(993 739)
Recovery of property expenses	**564 255**	537 762
Net property income	**1 144 402**	1 074 770
Income from investment in joint ventures	**30 648**	56 820
Taxation on distributable income	**(3 077)**	(4 957)
Impairment of unlisted shares	**–**	(1 735)
Dividends from investment in listed shares	**13 420**	9 459
Net finance cost	**(466 564)**	(474 330)
Interest expense	**(491 774)**	(515 210)
Interest income	**25 210**	40 880
Distribution-related expenses	**(79 369)**	(58 892)
Distributable income	**639 460**	601 135
Interim distributable income	**344 474**	311 119
Final distributable income	**294 986**	290 016
Shares in issue ('000)	**2 514 732**	2 514 732
Distributable income per share ("DIPS") (cents)	**25.43**	23.90
H1 DIPS (cents)	**13.70**	12.37
H2 DIPS (cents)	**11.73**	11.53
Company specific adjustments to distributable income (R'000)		
Distributable income retained	**63 946**	150 284
Distribution	**575 514**	450 851
Distribution per share ("DPS") (cents)	**22.89**	17.93
Interim	**10.27**	–
Final	**12.62**	17.93

[1] *Included in rent is R50.9 million in respect of insurance proceeds received relating to loss of income on properties affected by the July 2021 riots.*

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 2021, 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 2021.

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 notes to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 17 March 2022. 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 notes to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

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

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
17 March 2022

AUDITED SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	**Audited year ended 31 December 2021**	Restated* Audited year ended 31 December 2020
Assets		
Non-current assets	**15 427 922**	16 423 260
Investment property	**13 675 260**	14 653 125
Letting commissions and tenant installations	**18 130**	25 558
Investment in joint ventures*	**869 876**	877 336
Loan to joint venture*	**142 727**	143 300
Property, plant and equipment	**10 736**	12 036
Intangible assets and goodwill	**83 625**	81 904
Right-of-use asset	**15 761**	21 567
Investment in listed shares	**162 871**	112 800
Other financial assets	**2 396**	5 259
Swap derivatives	**117 342**	245 382
Deferred taxation	**6 167**	8 968
Rental receivable - straight line adjustment	**323 031**	236 025
Current assets	**757 423**	575 691
Inventories	**189**	418
Letting commissions and tenant installations	**15 315**	17 313
Other financial assets	**25 405**	505
Swap derivatives	**8 054**	13 290
Trade and other receivables	**421 634**	284 721
Prepayments	**44 006**	55 718
Cash and cash equivalents	**211 327**	168 103
Rental receivable - straight line adjustment	**31 426**	34 085
Taxation receivable	**67**	1 538
Non-current assets held for sale	**940 928**	1 034 045
Total assets	**17 126 273**	18 032 996
Equity and liabilities		
Equity		
Share capital and reserves	**10 066 363**	10 092 962
Liabilities		
Non-current liabilities	**6 386 323**	6 162 548
Lease liabilities	**15 084**	21 394
Swap derivatives	**220 935**	567 712
Interest-bearing borrowings	**6 150 304**	5 573 442
Current liabilities	**673 587**	1 777 486
Lease liabilities	**6 289**	6 372
Swap derivatives	**118 866**	177 996
Interest-bearing borrowings	**39 361**	1 103 749
Trade and other payables	**509 071**	489 369
Total liabilities	**7 059 910**	7 940 034
Total equity and liabilities	**17 126 273**	18 032 996

** Refer to note 6 for details of the restatement.*

AUDITED SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	**Audited year ended 31 December 2021**	Restated* Audited year ended 31 December 2020
Revenue	**2 121 452**	2 062 186
Expected credit loss	**(55 996)**	(109 909)
Other operating income	**50 936**	–
Fair value loss on investment properties [1]	**(502 014)**	(1 517 244)
Operating expenses	**(996 909)**	(972 157)
Operating profit/(loss)	**617 469**	(537 124)
Other income [2]	**280 567**	–
Foreign exchange adjustments	**(44 490)**	(41 008)
Fair value gain/(loss) on swap derivatives	**262 735**	(361 677)
Fair value gain/(loss) on investment in listed shares	**42 201**	(4 366)
Capital loss on sale of investment properties and property, plant and equipment	**(21 719)**	(20 620)
Loss from joint ventures*	**(36 293)**	(59 694)
Impairment of investment in unlisted shares	**–**	(1 735)
Dividends from investment in listed shares	**14 545**	10 901
Gain on bargain purchase	**–**	3 580
Impairment of loan to joint venture*	**(19 356)**	(2 206)
Interest income	**25 210**	40 880
Interest expense	**(494 108)**	(520 614)
Profit on reclassification of right-of-use assets and liabilities held for sale	**–**	2 326
Profit/(loss) before taxation	**626 761**	(1 491 357)
Taxation	**(5 878)**	(2 184)
Profit/(loss) after taxation for the year	**620 883**	(1 493 541)
Other comprehensive income:		
Items that may be reclassified to profit or loss after taxation:		
Foreign exchange adjustments on investment in joint ventures	**75 442**	55 806
Total comprehensive income/(loss)	**696 325**	(1 437 735)
Basic earnings/(loss) per share (cents)	**24.69**	(59.39)
Diluted earnings/(loss) per share (cents)	**24.69**	(59.39)

* *Refer to note 6 for details of the restatement.*

[1] *The fair value loss on investment properties was reclassified to operating profit to reflect the appropriate operational performance. The prior year was amended accordingly. The loss is inclusive of R252.3 million impairment of investment properties due to the riots. Refer commentary on July 2021 riots on page 6.*

[2] *This relates to insurance proceeds of R80.1 million received in 2021 and R200.5 million insurance proceeds receivable at year end of which R38 million was received subsequent to year end. Significant judgement is required in assessing the virtual certainty of the recoverability of insurance claims due to the riots and civil unrest. Although the Group is adequately insured for loss of assets and business interruption, the assessment of virtual certainty was supported by the payments received to date from the insurer, market confidence provided regarding their commitment and financial ability to settle outstanding claims. In addition, estimates received from the Group's quantity surveyor post year-end as indication of the cost to repair the properties, given the stage at which the repairs were, resulted in the estimation uncertainty being negligible at year-end.*

AUDITED SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	**Audited year ended 31 December 2021**	Audited year ended 31 December 2020
Share capital and reserves at the beginning of the year	**10 092 962**	11 991 689
Total comprehensive income/(loss) for the year	**696 325**	(1 437 735)
Treasury shares purchased	**(16 516)**	(17 885)
Share-based payment reserve	**2 800**	1 098
Distributions attributable to shareholders	**(709 208)**	(444 205)
Share capital and reserves at the end of the year	**10 066 363**	10 092 962

AUDITED SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	**Audited year ended 31 December 2021**	Restated* Audited year ended 31 December 2020
Operating profit before working capital changes*	**1 139 990**	1 139 092
Working capital changes	**54 279**	67 199
Cash generated from operations*	**1 194 269**	1 206 291
Operating activities changes	**(1 187 564)**	(977 127)
Interest received	**25 305**	40 846
Distributions paid	**(709 208)**	(444 102)
Interest paid	**(502 055)**	(568 413)
Taxation paid	**(1 606)**	(5 458)
Net cash from operating activities*	**6 705**	229 164
Net cash from investing activities*	**607 813**	140 877
Net cash used in financing activities	**(571 294)**	(395 491)
Finance lease payments	**(8 727)**	(21 109)
Proceeds from interest-bearing borrowings	**931 500**	300 000
Repayment of interest-bearing borrowings	**(1 456 067)**	(656 497)
Repurchase of treasury shares	**(16 516)**	(17 885)
Settlement of swap derivatives	**(21 484)**	–
Total cash and cash equivalents movement for the year	**43 224**	(25 450)
Cash and cash equivalents at the beginning of year	**168 103**	193 553
Total cash and cash equivalents at the end of year	**211 327**	168 103

** Refer to note 6 for details of the restatement.*

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 JSE Limited Listings Requirements ("the Listings Requirements") for provisional reports, 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 consolidated 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 2020 Group 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 2021. The adoption of these Standards and Interpretations has not resulted in any adjustment to the amounts previously reported for the year ended 31 December 2020.

These summary consolidated financial statements for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the Group financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the Group financial statements are available for inspection at the Company's registered office, together with the Group financial statements identified in the respective auditor's reports. The latter report is also available on the Group's website, www.sacorporatefund.co.za.

The auditor's report does not necessarily report on all of the information contained in this summary consolidated financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying summary consolidated financial statements from the issuer's registered office, at no charge during business hours, by prior appointment due to COVID-19 restrictions.

2. RECONCILIATION OF PROFIT/(LOSS) AFTER TAXATION TO FUNDS FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS

	Audited year ended 31 December 2021		Audited year ended 31 December 2020	
	R'000	**cps**	R'000	cps
Profit/(loss) after taxation attributable to shareholders	**620 883**	**24.69***	(1 493 541)	(59.39)*
Adjustments for:				
Capital loss on sale of investment properties	**21 719**		20 620	
Fair value loss on investment properties	**502 014**		1 517 244	
Fair value loss on investment properties in joint ventures	**73 469**		118 700	
Gain on bargain purchase	**–**		(3 580)	
Headline earnings	**1 218 085**	**48.44***	159 443	6.34*

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

3. DECEMBER 2021 INFORMATION ON REPORTABLE SEGMENTS

R'000	Industrial	Retail	Commercial	Afhco	Corporate	Consolidated
Revenue	522 175	864 895	59 136	675 246	–	2 121 452
Rental income (excluding straight line rental adjustment)	372 086	507 646	40 100	565 881	–	1 485 713
Other operating income (Insurance Claim - SASRIA)	389	50 547	–	–	–	50 936
Net property expenses	(43 531)	(48 883)	(19 244)	(271 861)	–	(383 519)
Property expenses	(133 357)	(387 760)	(40 597)	(386 060)	–	(947 774)
Recovery of property expenses	89 826	338 877	21 353	114 199	–	564 255
Net property income	328 944	509 310	20 856	294 020	–	1 153 130
Straight line rental adjustment	60 263	18 372	(2 317)	(4 834)	–	71 484
Other income	803	279 764	–	–	–	280 567
Interest income	–	–	–	–	25 210	25 210
Interest expense	–	–	–	–	(494 108)	(494 108)
Loss from investment in joint ventures	–	–	–	–	(36 293)	(36 293)
Foreign exchange adjustments	–	–	–	–	(44 490)	(44 490)
Dividends from investment in listed shares	–	–	–	–	14 545	14 545
Impairment of loan to joint venture	–	–	–	–	(19 356)	(19 356)
Group expenses	–	–	–	–	(105 131)	(105 131)
Capital loss on sale of investment properties	–	–	–	–	(21 719)	(21 719)
Fair value loss on investment properties	(5 474)	(315 095)	(96 384)	(85 061)	–	(502 014)
Investment properties	54 789	(296 723)	(98 701)	(89 894)	–	(430 529)
Straight line rent adjustment	(60 263)	(18 372)	2 317	4 833	–	(71 485)
Impairment of investment in unlisted shares	–	–	–	–	–	–
Fair value loss on investment in shares	–	–	–	–	42 201	42 201
Fair value loss on swap derivatives	–	–	–	–	262 735	262 735
Taxation	(371)	(156)	–	(4 613)	(738)	(5 878)
Profit/(loss) after taxation	384 165	492 195	(77 845)	199 512	(377 144)	620 883
Other comprehensive income, net of taxation	–	–	–	–	75 442	75 442
Total comprehensive income/(loss)	384 165	492 195	(77 845)	199 512	(301 702)	696 325

3. DECEMBER 2021 INFORMATION ON REPORTABLE SEGMENTS *CONTINUED*

R'000	Industrial	Retail	Commer-cial	Afhco	Corporate	Consolidated
Properties (excluding straight line rental adjustments)	3 525 080	6 497 205	309 500	4 637 340	–	14 969 125
Non-current investment property	3 157 551	6 260 618	276 583	3 980 508	–	13 675 260
At valuation	3 267 950	5 782 178	277 500	3 462 977	–	12 790 605
Straight line rental adjustment	(110 399)	(225 960)	(917)	(17 182)	–	(354 458)
Under development	–	704 400	–	534 713	–	1 239 113
Current assets	256 476	10 627	31 816	637 183	–	936 102
Classified as held for sale	257 130	10 627	32 000	639 650	–	939 407
Straight line rental adjustment	(654)	–	(184)	(2 467)	–	(3 305)
Other assets	168 765	441 627	29 252	150 369	1 724 898	2 514 911
Total assets	3 582 792	6 712 872	337 651	4 768 060	1 724 898	17 126 273
Total liabilities	55 686	199 108	17 921	206 116	6 581 079	7 059 910
Acquisitions and improvements	20 735	174 193	2 769	94 762	–	292 459
Segment growth rates (%)						
Rental income (excluding straight line rental adjustment)	(12.5)	(0.0)	(15.2)	2.8	–	(2.9)
Property expenses	(9.2)	(4.9)	6.5	4.2	–	(1.7)
Recovery of property expenses	1.2	2.7	(2.6)	17.5	–	4.9
Net property income	(10.4)	19.0	(32.9)	6.1	–	4.4

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 year under review.

	Audited year ending 31 December 2021			
R'000	Fair value	Level 1	Level 2	Level 3
Assets				
Non-current assets				
Investment in listed shares	162 871	162 871	–	–
Investment property	14 029 718	–	–	14 029 718
Investment in joint venture	869 876	–	–	869 876
Swap derivatives	117 342	–	117 342	–
	15 179 807	162 871	117 342	14 899 594
Current assets				
Properties classified as held for sale	939 407	–	–	939 407
Swap derivatives	8 054	–	8 054	–
	947 461	–	8 054	939 407
Total assets measured at fair value	16 127 268	162 871	125 396	15 839 001
Non–current liabilities				
Swap derivatives	220 935	–	220 935	–
Current liabilities				
Swap derivatives	118 866	–	118 866	–
Total liabilities measured at fair value	339 801	–	339 801	–

Details of valuation techniques

The valuation techniques used in measuring fair values at 31 December 2021 for financial instruments and investment property measured at fair value in the summary consolidated statement of financial position, as well as the significant unobservable inputs used are disclosed below. There has been no significant changes in valuation techniques and inputs since 31 December 2020.

4. FAIR VALUE MEASUREMENT *CONTINUED*

Investment property

An independent external valuator was appointed to conduct the Group's December 2021 property valuations. The Group provided the valuer with property and other information required in the valuation of the properties. 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 and audited. The Board 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 2021 valuation report					
1. Material unobservable inputs are detailed as follows:	Retail	Commercial	Industrial	Residential	Zambia
Expected market rental growth rate	4.80%	-3.30%	3.75%	0.80%	-1.00%
Occupancy rate	93.00%	82.00%	94.00%	92.00%	85.00%
Vacancy periods	0-6 months	0-12 months	0-3 months	0-2 months	0-1 month
Rent free periods	0-2 months	0-4 months	0-1 month	0-1 month	0-1 month
Discount rates - weighted average	14.68%	15.64%	14.81%		11.74%
Capitalisation rate - weighted average	9.15%	10.14%	9.38%	9.81%	8.88%
Exit capitalisation rates-weighted average	9.72%	10.49%	9.82%		9.47%
Expected expense growth - municipal	8.60%	8.60%	8.00%	7.20%	1.20%
Expected expense growth - controllable	5.25%	4.25%	3.40%	4.00%	1.20%

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. 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.

Sensitivity of fair values to changes in unobservable inputs

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

4. FAIR VALUE MEASUREMENT *CONTINUED*

Investment properties 2021			
Discount rate	(1.0%) R 000	Cap rate Current R 000	1.0% R 000
(0.50%)	16 274 961	15 292 504	14 410 929
Current	15 928 801	14 969 125	14 106 013
0.50%	15 596 579	14 658 833	13 813 319

Investment properties 2020			
Discount rate	(1.0%) R 000	Cap rate Current R 000	1.0% R 000
(0.50%)	17 257 694	16 293 109	15 469 430
Current	16 954 480	15 953 515	15 151 437
0.50%	16 540 717	15 632 770	14 888 442

A 100 basis points increase or decrease in growth rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

Sector	Weighted growth rate	(1.0%) R 000	Growth rate Current R 000	1.0% R 000
Industrial	5.37%	3 385 304	3 525 080	3 723 535
Retail	5.45%	6 221 958	6 497 205	6 869 956
Commercial	5.50%	296 343	309 500	327 834
Afhco	N/A	–	–	–

A 100 basis points increase or decrease in the vacancy rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

Sector	Weighted vacancy rate	(1.0%) R 000	Vacancy rate Current R 000	1.0% R 000
Industrial	1.64%	3 576 624	3 525 080	3 446 550
Retail	3.98%	6 590 700	6 497 205	6 346 594
Commercial	3.54%	313 867	309 500	302 796
Afhco	1.81%	4 678 999	4 637 340	4 449 399

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 JV's net asset value.

5. INVESTMENT PROPERTY

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

R'000	Audited year ended 31 December 2021	Audited year ended 31 December 2020
Investment property (including straight lining adjustment)		
Carrying value at beginning of the year	**14 653 125**	16 788 656
Acquisitions and improvements	**292 459**	474 833
Disposals	**(135 485)**	(152 583)
Fair value adjustment	**(502 014)**	(1 517 244)
Transferred to properties classified as held for sale [1]	**(632 825)**	(940 537)
Carrying value at end of the year	**13 675 260**	14 653 125
Non-current assets held for sale (investment property, including straight line rental adjustment)		
Carrying value at beginning of the year	**1 030 281**	304 510
Disposals	**(710 834)**	(217 669)
Transferred from investment property	**619 960**	943 440
Carrying value at end of the year	**939 407**	1 030 281

[1] *This amount includes the straight line rental adjustment.*

6. RESTATEMENT

Reclassification of loan to joint venture.

In the prior year, the investment in the joint venture Afhco JCO Holdings (Pty) Ltd included an amount that should have been recognised as a loan to JV and disclosed separately on the summary consolidated statement of financial position. This has no impact on the summary consolidated statement of cash flows as financing and investing activity cash flows were correctly accounted for.

The restatement had the following impact:

R'000	2020 restated amounts	2020 previously reported
Statement of financial position		
Investment in JV	877 336	1 020 636
Loan to JV	143 300	–
Statement of comprehensive income		
Loss from JV	(59 694)	(61 900)
Impairment of loan to JV	(2 206)	–

6. RESTATEMENT *CONTINUED*

Prior year dividends received from listed investments were reclassified from cash generated from operations to cash flows from investing activities.

The restatement had the following impact:

	2020 restated amounts	2020 previously reported
Statement of cash flows		
Operating profit before working capital changes	1 139 092	1 149 993
Cash generated from operations	1 206 291	1 217 192
Net cash from operating activities	229 164	240 065
Net cash from investing activities	140 877	129 976

7. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had capital commitments of R150.7 million as at 31 December 2021 (2020: R122.0 million).

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

R'000	**Audited year ended 31 December 2021**	Audited year ended 31 December 2020
Guaranteed entity		
Graduare Mauritius Limited [1&2]	**193 637**	278 712
Total	**193 637**	278 712

[1] *The guarantee is secured by the underlying party.*

[2] *The guarantee relates to the co-owner's allocation of the underlying debt and is secured by the 50% shareholding in the joint venture held by the co-owner. Risk guarantee is in US Dollars and has been converted at the closing rate of US Dollar: R15.94 (2020: R14.69)*

8. EVENTS AFTER THE REPORTING PERIOD

On 21 January 2022, the Company subscribed for additional shares in Graduare Mauritius in order to maintain its 50% shareholding in the company. The subscription price was USD5 million (R76.8 million). The purpose of the additional subscription was to fund SA Corporate's share of the initial payment for its equity in the newly completed 26 690m^2 phases 5 and 6 of the East Park Mall, Lusaka, Zambia, anchored by Shoprite and Woolworths.

A final determination of the consideration for this equity will be made on full sustained tenancy of the new phases by 22 October 2022.

Subsequent to year end, the sale agreement in respect of a property portfolio comprising a number of the Group's residential properties, commercial rental businesses and development land in the Johannesburg inner city by the Afhco Group ("Afhco") to Firstmile Properties JHB CBD Crown Mines (Pty) Ltd became unconditional. The total sale consideration is R546.3 million against which R16.3 million is in respect of sales commission and transaction costs, and R13.4 million for property repairs of a capital nature are payable by Afhco. The sale is subject to an annual income guarantee for the portfolio over a 3-year period of a net property income ("NPI") of R54.0 million per year. Shortfalls against the guaranteed NPI will be settled annually. During this period the property management of the portfolio will be undertaken by Afhco.

DISTRIBUTIONS

PAYMENT OF DISTRIBUTION AND IMPORTANT DATES

Notice is hereby given of the declaration of distribution number 13 in respect of the income distribution period 1 July 2021 to 31 December 2021. The payment amounts to 12.61570 cps (2020: 17.92841 cps). The source of the distribution comprises net income from property rentals. Please refer to the summary consolidated statement of comprehensive income for further details. 2 514 732 095 SA Corporate shares are in issue at the date of this distribution declaration and SA Corporate's income tax reference number is 9179743191.

Last date to trade cum distribution	Tuesday, 5 April 2022
Shares will trade ex-distribution	Wednesday, 6 April 2022
Record date to participate in the distribution	Friday, 8 April 2022
Payment of distribution	Monday, 11 April 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 April 2022 and Friday, 8 April 2022, both days inclusive.

TAX IMPLICATIONS

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

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

(a) a declaration that the distribution is exempt from dividends tax; and

(b) a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the exemption change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service

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

Notice to non-resident shareholders

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

Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 10.09256 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.

Cape Town

17 March 2022

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 2021

REIT RATIOS

R'000	Unaudited year ended 31 December 2021	Unaudited year ended 31 December 2020
SA REIT funds from operations (SA REIT FFO)		
Profit/(loss) after taxation attributable to shareholders	**620 883**	**(1 493 541)**
Adjusted for:		
Accounting specific adjustments:	**(47 782)**	**2 031 562**
Fair value adjustments to:		
Fair value loss on investment properties	502 014	1 517 244
Fair value loss on investment properties in joint ventures	73 469	118 700
Fair value (gain)/loss on swap derivatives	(262 734)	361 677
Fair value (gain)/loss on investment in listed shares	(42 201)	4 366
Gain on acquisition of associate	–	(3 580)
Depreciation and amortisation of intangible assets	5 722	6 563
Dividend from investment in listed shares not yet declared	(1 125)	(1 442)
Non-distributable expenses	13 599	15 545
Non-distributable expenses on investments in joint ventures	12 828	20
Non-distributable taxation expense/(income)	2 801	(2 773)
Debt related costs	484	9 602
IFRS 16 Lease income	(8 728)	(21 109)
IFRS 16 Depreciation on right-of-use ("ROU") asset	5 806	17 348
IFRS 16 Interest on lease liability	2 334	5 404
Gain on reclassification of assets and liabilities to held for sale	–	(2 326)
Insurance proceeds relating to capital expenditure	(280 567)	–
Straight lining operating lease (income)/expense	(71 484)	6 323
Adjustments arising from investing activities:	**21 719**	**20 620**
Loss on sale of investment property and property, plant and equipment	21 719	20 620
Foreign exchange items:	**44 640**	**42 494**
Foreign exchange losses relating to capital items realised and unrealised	44 640	42 494
SA REIT FFO	**639 460**	**601 135**
Number of shares outstanding at the end of the year (net of treasury shares) (000)	2 488 241	2 494 945 [1]
SA REIT FFO per share (cents)	**25.70**	24.09
Company specific adjustments to SA REIT FFO (cents per share) [2]	(2.81)	(6.16)
DPS (cents)	**22.89**	**17.93**

[1] *In the prior year, the number of shares were inclusive of treasury shares. This has been rectified in the current year.*
[2] *The specific adjustments refers to treasury shares in retained distributions.*

ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021 *CONTINUED*

R'000	**Unaudited year ended 31 December 2021**	Unaudited year ended 31 December 2020
Reconciliation of SA REIT FFO to cash generated from operations		
SA REIT FFO	**639 460**	**601 135**
Adjustments:		
Interest received	(25 210)	(40 880)
Interest expense	494 108	520 614
Amortisation of tenant installation and letting commission	23 101	21 285
Non-cash movement in joint ventures	(17 820)	(56 800)
Dividends received	(14 545)	(10 901)
Dividend from listed investments not yet declared	1 125	1 442
Taxation paid	3 077	4 957
Non-distributable expenses	(20 518)	(9 085)
Other non-cash items	57 212	107 325
Working capital changes:		
Decrease/(increase) in trade and other receivables	20 571	(115 641)
Decrease/(increase) in inventory	229	(85)
Increase in trade and other payables	33 479	182 925
Cash generated from operations	**1 194 269**	**1 206 291**

SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	10 066 363	10 092 962
Adjustments:		
Dividend to be declared [1]	(317 160)	(450 851)
Goodwill and intangible assets	(83 625)	(81 904)
Deferred taxation	(6 167)	(8 968)
SA REIT NAV	**9 659 411**	**9 551 239**
Shares outstanding		
Number of shares in issue at the end of the year (net of treasury shares)	2 488 241	2 494 945
Diluted number of shares in issue	**2 488 241**	**2 494 945**
SA REIT NAV per share (cents):	**388.20**	**382.82**

[1] *This relates to the H2 2021 distribution declared in 2022 (2020: This relates to the full year distribution for 2020 as there was no distribution declared for H1 2020).*

ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021 *CONTINUED*

R'000	**Unaudited year ended 31 December 2021**	Unaudited year ended 31 December 2020
SA REIT cost-to-income ratio		
Expenses:		
Operating expenses per IFRS income statement (includes municipal expenses) [1]	947 774	974 157
Administrative expenses per IFRS income statement [2]	96 028	100 672
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(11 528)	(24 288)
Operating costs	**1 032 274**	**1 050 541**
Rental income:		
Contractual rental income per IFRS income statement (excluding straight lining)	1 485 713	1 530 747
Utility and operating recoveries per IFRS income statement	564 255	537 762
Gross rental income	**2 049 968**	**2 068 509**
SA REIT cost-to-income ratio	**50.4%**	**50.8%**
SA REIT administrative cost-to-income ratio		
Expenses:		
Administrative expenses as per IFRS income statement [2]	96 028	100 672
Rental income:		
Contractual rental income per IFRS income statement (excluding straight lining)	1 485 713	1 530 747
Utility and operating recoveries per IFRS income statement	564 255	537 762
Gross rental income	**2 049 968**	**2 068 509**
SA REIT administrative cost-to-income ratio	**4.7%**	**4.9%**

1 *Includes expected credit loss.*
2 *Excludes audit fees.*

ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021 *CONTINUED*

	Unaudited year ended 31 December 2021	Unaudited year ended 31 December 2020
SA REIT GLA vacancy rate		
GLA of vacant space (m^2)	26 818	33 013
GLA of total property portfolio (m^2)	823 030	934 824
SA REIT GLA vacancy rate [1]	**3.3%**	**3.5%**

	Unaudited year ended 31 December 2021	Unaudited year ended 31 December 2020
Cost of debt		
Variable interest-rate borrowings:		
Floating reference rate plus weighted average margin	5.5%	5.2%
Fixed interest-rate borrowings:		
Weighted average fixed rate	–	6.9%
Pre-adjusted weighted average cost of debt	**5.5%**	**5.3%**
Adjustments:		
Impact of interest rate derivatives	2.5%	2.5%
Impact of cross-currency interest rate swaps	–	(0.1%)
Amortised transaction costs imputed into the effective interest rate	0.1%	0.1%
All-in weighted average cost of debt	**8.1%**	**7.8%**

[1] *Excludes the Afhco portfolio which is based on units.*

ANNEXURE TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021 *CONTINUED*

R'000	**Unaudited year ended 31 December 2021**	Unaudited year ended 31 December 2020
SA REIT LTV		
Gross debt excluding derivatives	6 150 304	6 641 325
Less: Net cash and cash equivalents	(111 330)	(57 329)
Total cash and cash equivalents	(211 327)	(168 103)
Less: Tenant deposit accounts	99 997	110 774
Add:		
Cross-currency derivatives	46 473	61 173
Interest rate swap derivatives	167 931	425 864
Net debt	**6 253 378**	**7 071 033**
Total assets per summary consolidated statement of financial position	17 126 273	18 032 996
Less:		
Cash and cash equivalents	(211 327)	(168 103)
Derivative financial assets	(125 396)	(258 672)
Intangible assets and goodwill	(83 625)	(81 904)
Deferred taxation	(6 167)	(8 968)
Trade and other receivables and prepayments	(465 640)	(340 439)
Taxation receivable	(67)	(1 538)
Inventories	(189)	(418)
Carrying value of property-related assets	**16 233 862**	**17 172 954**
SA REIT LTV	**38.5%**	**41.2%**

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
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Century City
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Tel: 021 529 8410

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

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

Transfer secretaries
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Rosebank Towers
15 Biermann Avenue
Rosebank
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Sponsor
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Sandton
2196

Directors
MA Moloto (Chairman)
OR Mosetlhi (Lead Independent Director)
TR Mackey (Chief Executive Officer)*
SY Moodley (Chief Financial Officer)*
RJ Biesman-Simons
N Ford-Hoon (Fok)
EM Hendricks
GJ Heron
SS Mafoyane

* *Executive*

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