



INDUSTRIAL | RETAIL | OFFICE | RESIDENTIAL | REST OF AFRICA

SA Corporate 2021 Year End Results Presentation

18 March 2022



AGENDA

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Rory Mackey

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Rory Mackey

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Rory Mackey

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Rory Mackey

INTRODUCTION & OVERVIEW


RORY MACKEY



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.

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%)

Overview

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)

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.

2021 H1 / H2 Comparative

2021 H1 / H2 Comparative	(R49.5m)
2021 H1 Distributable Income	R344.5m
2021 H1 Once-offs <ul style="list-style-type: none"> Listed Investments – Actual 2020 distribution in excess of accrual COVID-19 deferments recovered relating to 2020 East Point / Town Square - Municipal electricity credit Rates accrual reversal 	(R15.7m) (R4.9m) (R1.4m) (R5.7m) (R3.7m)
2021 H2 vs H1 <ul style="list-style-type: none"> H2 2021 Municipal increases H2 2021 Increase in ECL H2 2021 Negative reversions H2 2021 Downtime for re-tenanting 	(R24.5m) (R6.4m) (R7.5m) (R3.3m) (R7.3m)
2021 H2 vs H1 Divestment Impact <ul style="list-style-type: none"> NPI lost due to divestments Interest saving 	(R8.4m) (R19.2m) R10.8m
2021 H2 Tax	(R3.1m)
Other	(R1.5m)
2021 H2 Once-offs - Rates accrual reversal	R3.7m
2021 H2 Distributable Income	R295.0m

STRATEGY UPDATE

RORY MACKEY

☐ FINANCIAL SUSTAINABILITY

☐ PORTFOLIO FOCUS

- Convenience-oriented Retail
- Quality Industrial
- Quality Residential Rental
- Office Divestment



Strategy Update

Financial Sustainability

R1.8bn divestment pipeline:

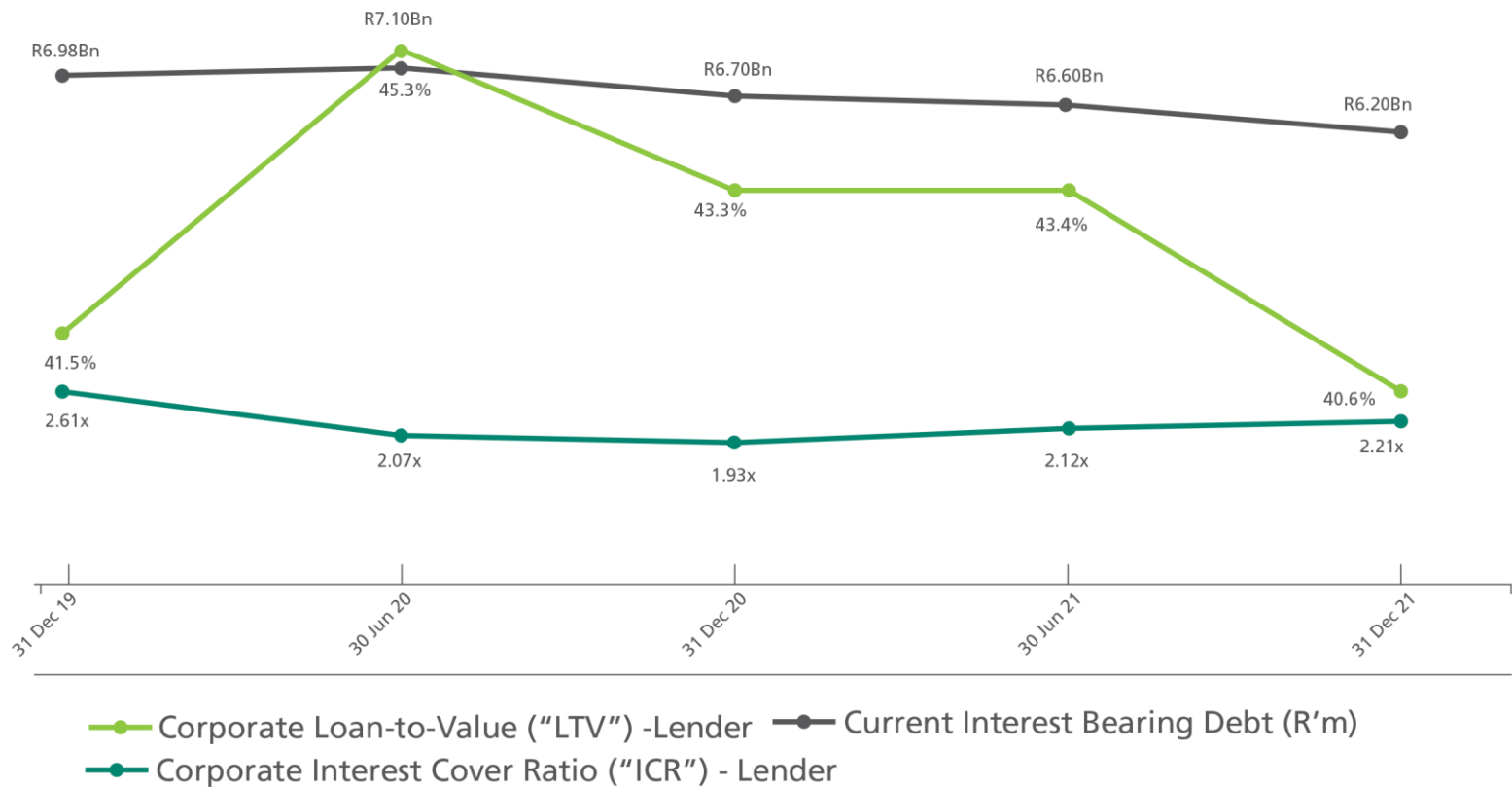
- R853.6m has transferred.
- R713.8m is unconditional.
- R251.0m is conditional.
- R92.2m failed (subsequently contracted again: 102 Essenwood R32m & Long Street Precinct R45m included in above).
- Purchaser of Safari shares has reneged on transaction – claim for damages imminent.

Capital management:

- R60m AFD facility settled in April 2021.
- R350m term facility settled in July 2021, R200m term facility settled in December 2021.
- USD10m CCIRS settled in May 2021.
- R500m refinanced for 4.2 years in September 2021.
- All 2022 expiries (R2.4 billion) extended to 2023.
- Net debt LTV (excl. guarantees & derivatives) is 37.4% at 31 December 2021.
- Permanent increase in LTV covenant to 50% approved by Lenders in October 2021.

Navigating Financial Sustainability during the COVID-19 Pandemic

Navigating Financial Sustainability



Strategy Update

Convenience Oriented Retail Portfolio

REDEVELOPMENT



Upgrade being planned



Montana Crossing increased grocer presence

STRENGTHENING TENANT COVENANT



2 180m² at Umlazi Mega City



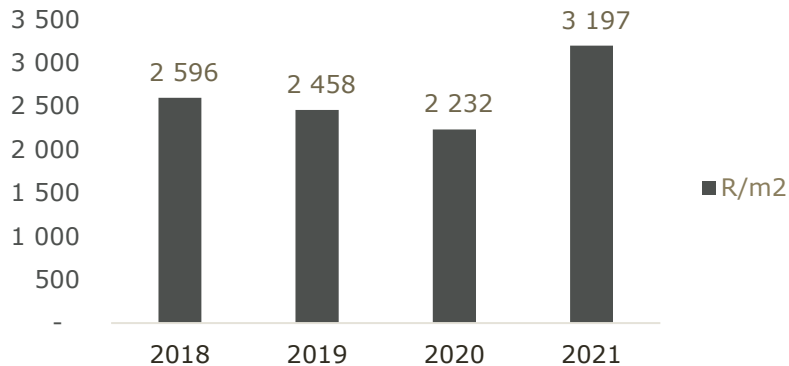
East Point reconfiguration to strengthen Eastern Entrance



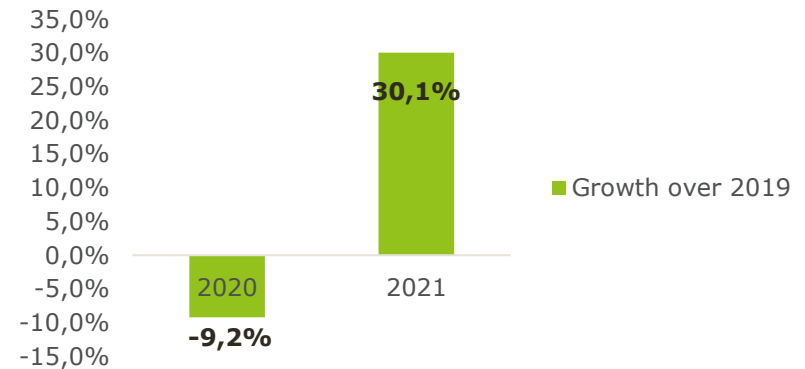
2 200m² - African City (JHB Inner-City)
- East Point

Restoration of Musgrave Centre during Ongoing Pandemic with the Introduction of FLM and Dischem

December Trading Density - Musgrave Centre



December Trading Density Growth over 2019



DISCHEM OPENED 1 JULY 2021

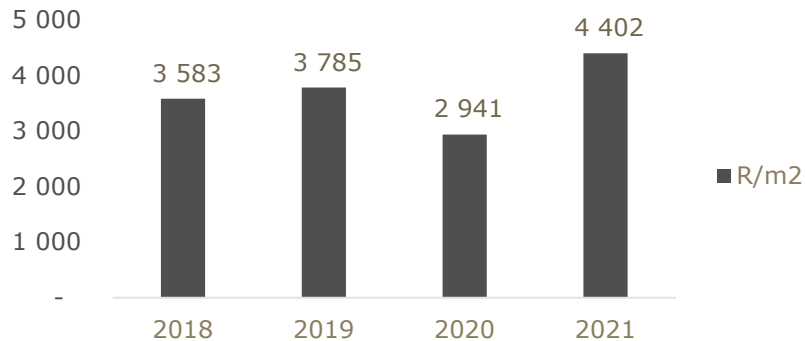


FLM OPENED 25 NOVEMBER 2021

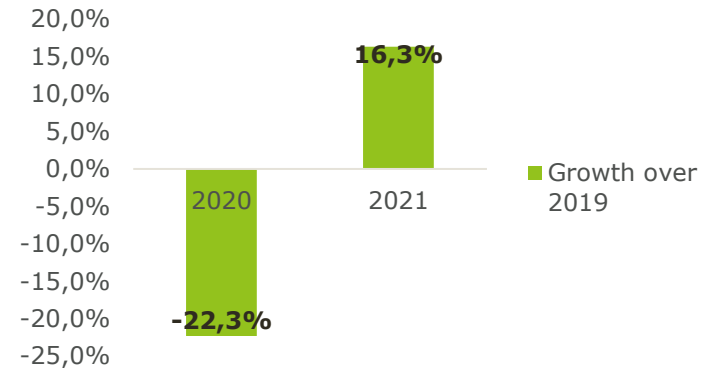


Resilient Performance of Bluff Shopping Centre through COVID-19 Pandemic Leveraging off Community Support

December Trading Density – The Bluff Centre



December Trading Density Growth over 2019



CLICKS OPENED 1 SEPTEMBER 2021



Improvements to Morning Glen Mall

Improved Accesses



Improvement to existing Kelvin Drive entrance with direct connectivity to new parkade



New Kelvin Drive access to upper level

SW Section Activation



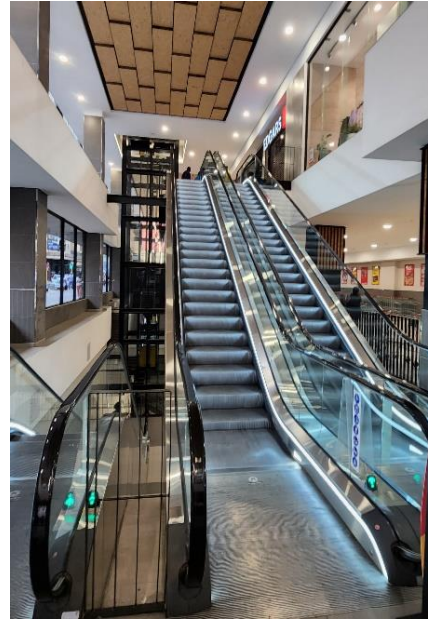
Serviced by new parkade accessed from improved Kelvin Drive access



Upper level al fresco dining with views serviced by exterior scenic lift from parkade



51 Pritchard Street: Convenience National Tenancy in Primary Inner City Shopping Centre



SHOPRITE

EDGARS ■

WOOLWORTHS

■ **CLICKS** +



North Park Mall Re-purposing

Offices



Residential

- Social Housing
- FLISP Sales



Furniture
tenancy



**Convenience
Grocer**

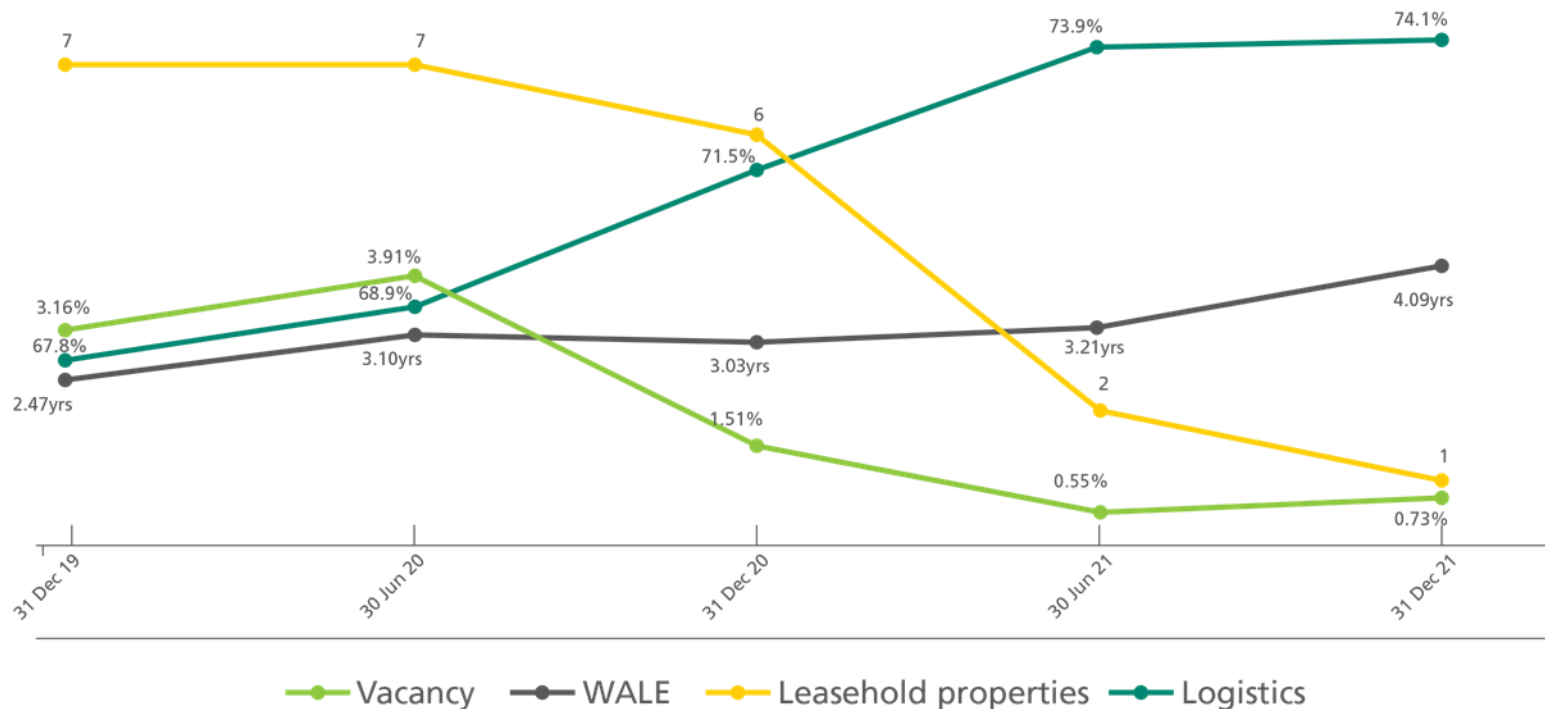
- OBC



Strategy Update

Quality Industrial Portfolio

- Vacancy maintained below 1.0%.
- Logistics > 74%.
- WALE > 4 years.
- Leasehold properties reduced to 1.



Strategy Update

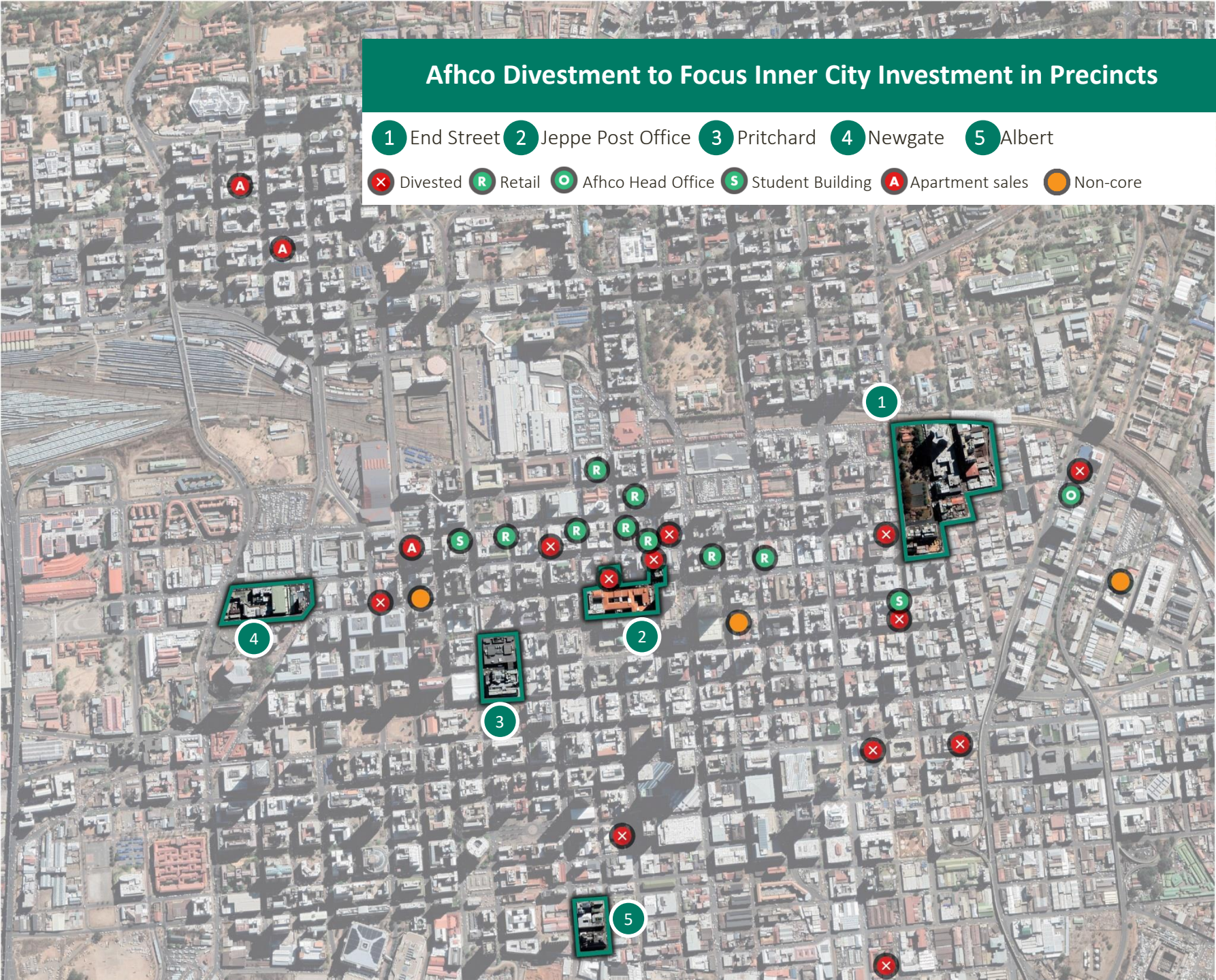
Quality Residential Portfolio

- Strategy to increase proportion of suburban portfolio to be achieved by a partial divestment of non-precinct inner city properties.
- Inner city portfolio transaction unconditional as of 17 March 2022.

Afhco Divestment to Focus Inner City Investment in Precincts

1 End Street 2 Jeppe Post Office 3 Pritchard 4 Newgate 5 Albert

✗ Divested R Retail O Afhco Head Office S Student Building A Apartment sales ● Non-core



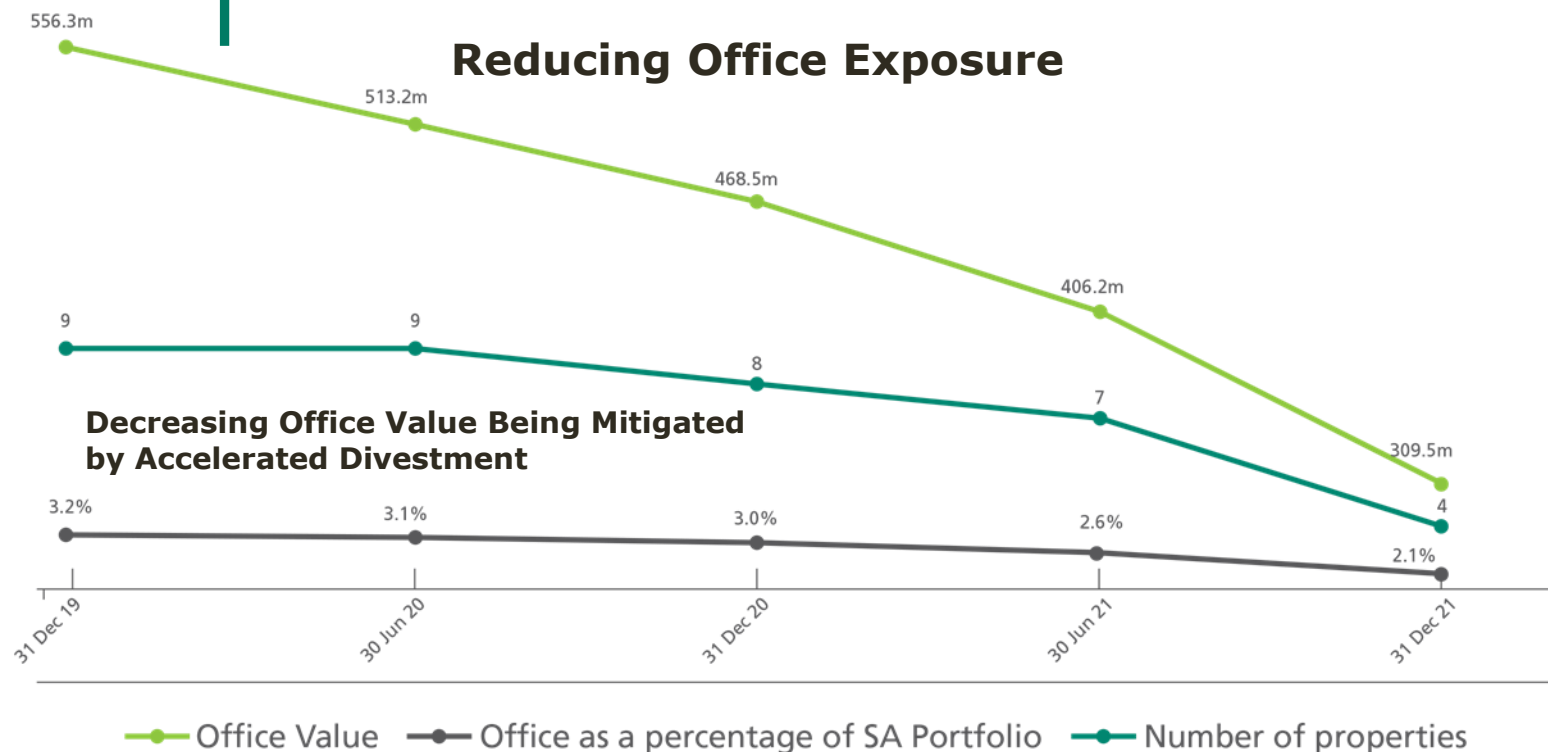
An aerial photograph of a city grid, likely New York City, showing a dense pattern of streets and buildings. A semi-transparent teal overlay covers the entire image, serving as a background for the text.

“Afhco JHB portfolio to be concentrated in mixed use precincts in which it can ensure accessibility, good infrastructure, quality residential & retail product, a secure environment & lifestyle amenities ...”

Strategy Update

Divesting from Commercial

- Sale of four properties transferred; sale of 102 Essenwood concluded.
- Partial storage repurposing at two offices initiated.
- Vacancy at GreenPark Corner reduced by 10% in 2021.



PORTFOLIO PERFORMANCE

RORY MACKEY



SA Portfolio: Retail

Value of South African
portfolio

43.4%

(2020: 43.7%)

Like-for-like NPI growth

21.5%

(2020: -18.8%)

Trading density growth

4.6%

(2020: 3.2%)

WALE

3.6 Years

(2020: 3.6 years)

Vacancy¹

4.6%

(2020: 4.6%)

ECL and rent relief

-71.5%

(2021: R28.0 m; 2020: R98.0 m)

Rental escalation

6.9%

(2020: 7.2%)

Collections

98.9%

(2020: 90.7%)

Rental reversion

-8.0%

(2020: -7.0%)

Arrears

6.1%

(2020: 8.9%)



EAST
POINT
SHOPPING CENTRE

Celtis Ridge
at WILLOW WAY

The Oaks
BRISTOL SQUARE

BLUFF
TOWERS
Shopping Centre

CAMBRIDGE CROSSING

TOWN
SQUARE
at KONSTANTIA

MORNING GLEN MALL

MLAZI
MEGA CITY
SHOPS & OFFICES

DAVENPORT
SQUARE

Willow Way
Shopping Centre

VC
VALUE CENTRE

COMARO
CROSSING
VALUABLE CONVENIENCE

Forest Road
DESIGN & DECOR
Fourways

Hayfields Mall

COACHMAN'S
CROSSING

NORTH
MALL PARK

pine walk
CENTRE

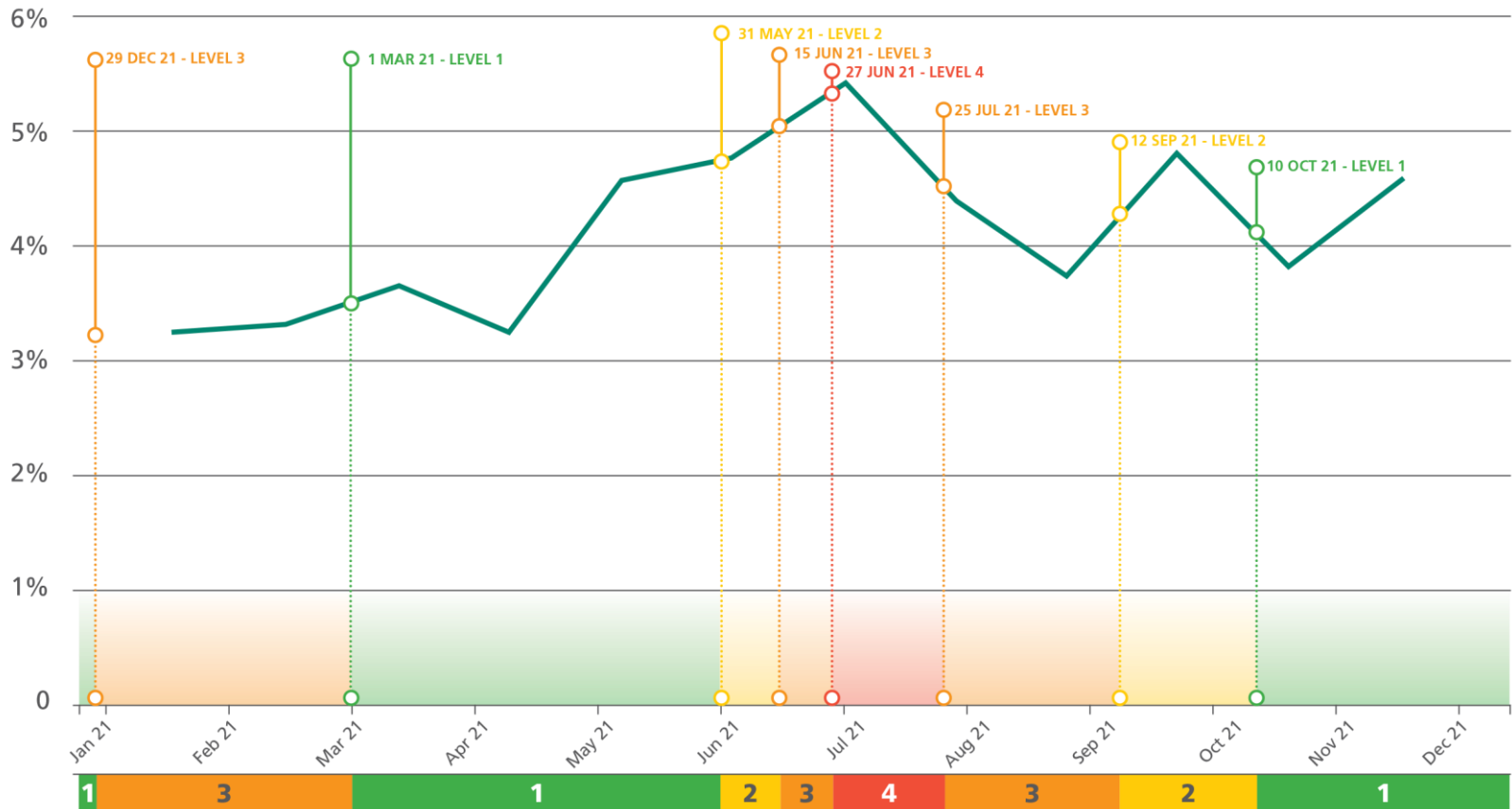
¹ Excludes Storage as only significant sectors reflected.

SA CORPORATE
REAL ESTATE

AFHCO
Africa Housing
Company

Monthly Y-O-Y Retail Trading Density Growth

Retail trading density growth adjusted for centres impacted by riots



SA Portfolio: Industrial

Value of South African
portfolio

23.5%

(2020: 24.6%)

Like-for-like NPI growth

1.4%

(2020: -7.9%)

ECL and rent relief

-145.2%

(2021: -R5.6 m; 2020: R12.4 m)

Vacancy

0.7%

(2020: 1.5%)

Collections

101.4%

(2020: 100.9%)

Rental escalation

6.7%

(2020: 7.1%)

Arrears

2.8%

(2020: 7.3%)

Rental reversion

-7.0%

(2020: -12.7%)

WALE

4.1 Years

(2020: 3.0 years)

Logistics

74.1%

(2020: 71.5%)

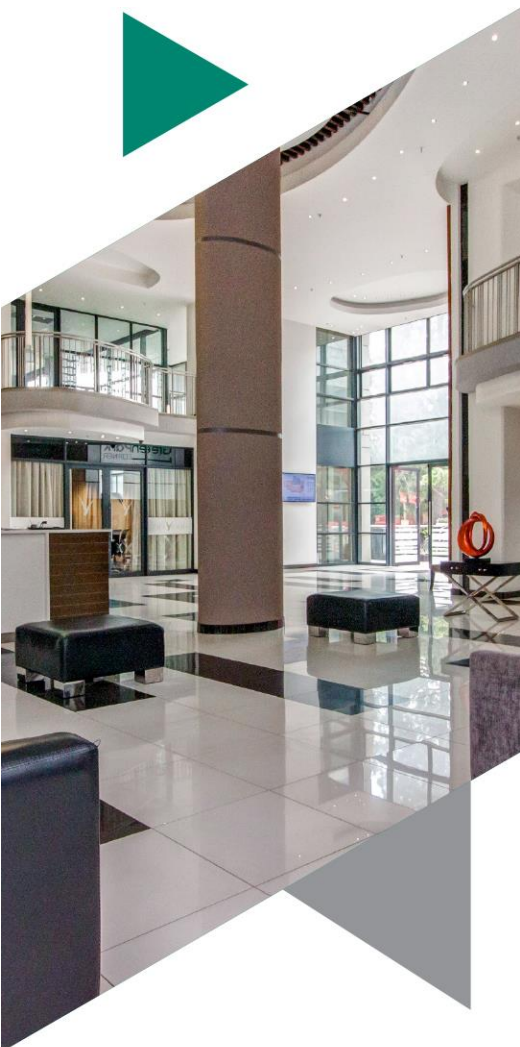


SA Portfolio: Commercial

Value of South African
portfolio

2.1%

(2020: 2.9%)



Like-for-like NPI decline

-36.6%

(2020: -15.9%)

ECL and rent relief

13.2%

(2021: R6.0 m; 2020: R5.3 m)

Vacancy

18.9%

(2020: 16.9%)

Collections

89.2%

(2020: 92.6%)

Rental escalation

7.3%

(2020: 7.9%)

Arrears

21.7%

(2020: 21.2%)

Rental reversion

-20.5%

(2020: -9.1%)

WALE

3.1 Years

(2020: 1.1 years)

Tenant retention success rate

68.7%

(2020: 66.2%)

Buildings Sold

4

(2020: 1 Building sold)

SA Portfolio: Afhco

Value of South African portfolio

31.0%

(2020: 28.8%)

TOTAL

Like-for-like NPI increase

7.4%

(2020: -24.8%)

8.6% excl. management, IT & marketing costs

ECL and rent relief

-56.3%

(2021: R38.4 m; 2020: R88.0 m)

Collections (excl. students)

98.1%

(2020: 88.4%)

RESIDENTIAL (83% of portfolio)

Vacancy – Residential ¹

8.5%

(2020: 15.4%)

Rental increase on expiring leases

0.5%

(2020: 1.8%)

New lease discounting

-6.8%

RETAIL (17% of portfolio)

Vacancy - Retail

5.8%

(2020: 5.7%)

Rental escalation

7.1%

(2020: 7.7%)

Rental reversion

-4.1%

(2020: -10.7%)

Tenant retention

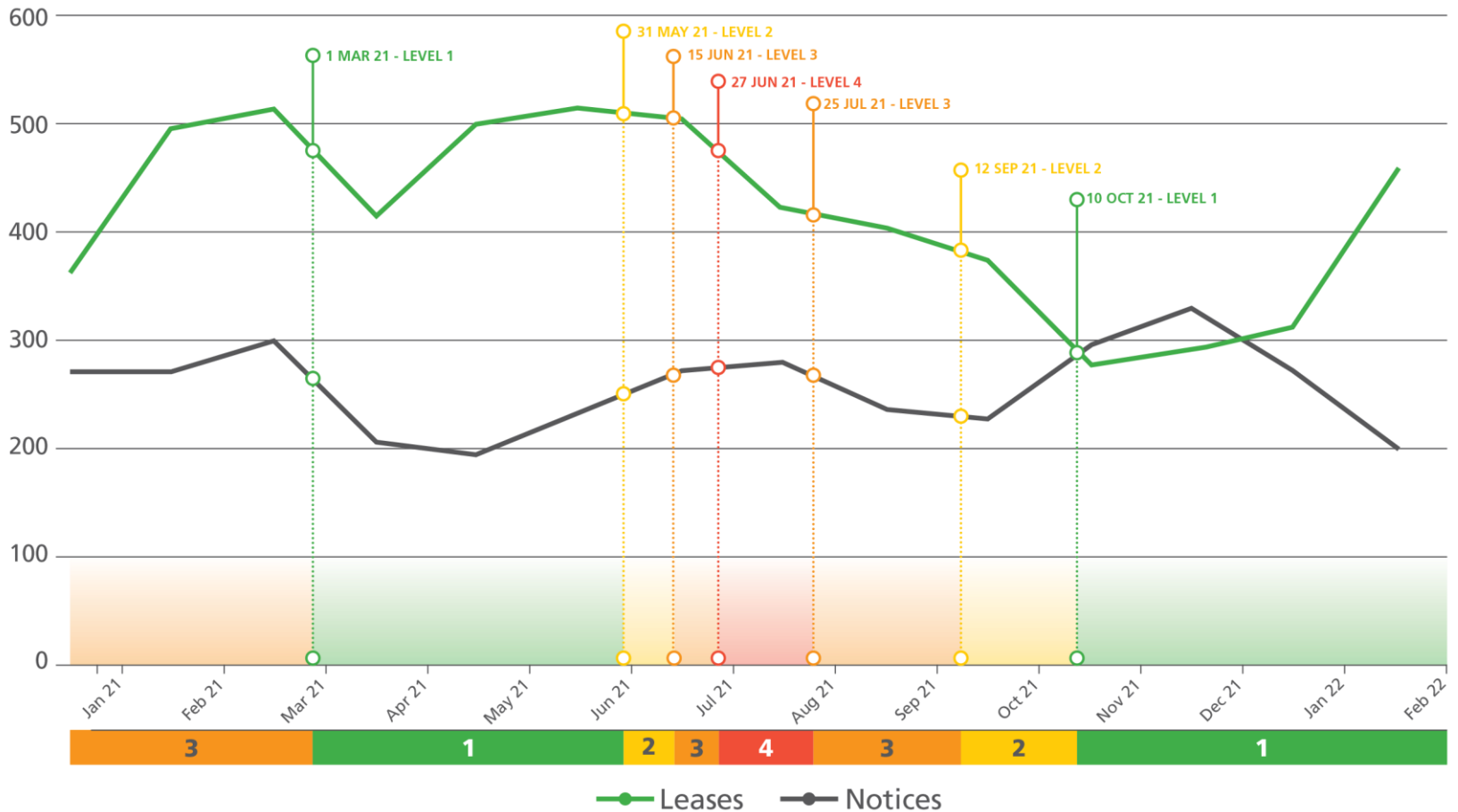
46.4%

(2020: 87.0%)

¹ Vacancy calculated on number of units and reflects tenanting of newly acquired vacant units.

Afhco Residential Leasing Performance

Monthly leases & notices

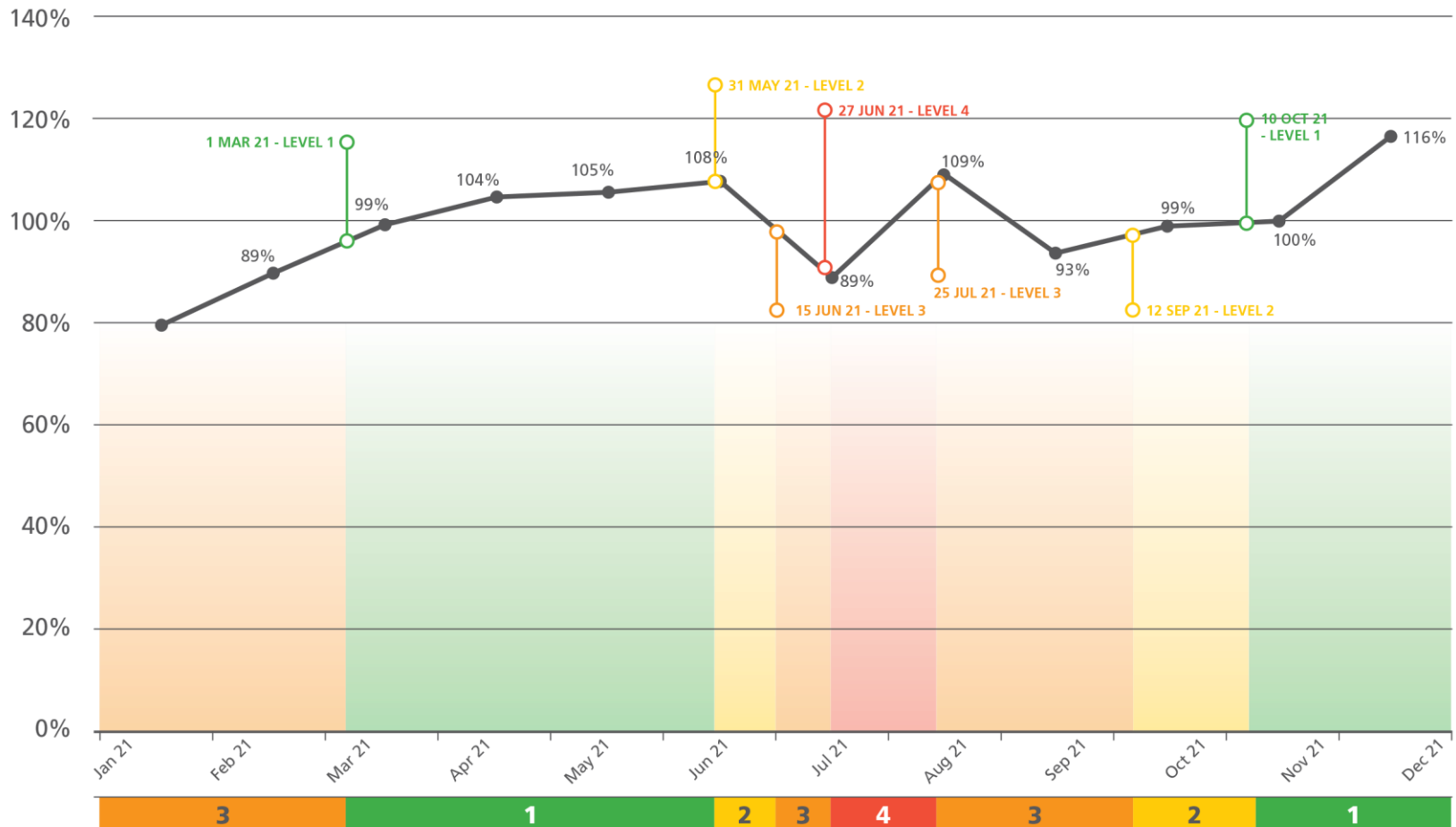


LFL NPI Portfolio Performance

Sector	LFL NPI Growth
Industrial	1.4%
Retail	21.5%
Office	-36.6%
Afhco	7.4%
Total	9.9%

Monthly Collections – Total SA Portfolio

Total SA Portfolio - Monthly Collections



2021 COVID-19 Rental Relief

Portfolio	2021 Actual
Retail	R11.7 million
Industrial PY Deferments Received	(R2.8 million)
Commercial	R0.3 million
Afhco	R1.6 million
Total COVID Discounts	R10.8 million

Retail Category	2021 Actual	Percentage (%) of Total Discount Given
Gyms	R4.0 million	34,4%
Restaurant and Food	R3.6 million	30,4%
Cinema	R1.8 million	15,2%
Hair & Beauty	R0.6 million	5,6%
Liquor Stores	R0.5 million	4,3%
Other Categories	R1.2 million	10,1%
Total Retail COVID Discounts	R11.7 million	100%

Forecast 2022 COVID Retail Rental Relief of *circa* R4.3m

Riots Restoration

Trading recovery

Shopping centre	Total no. of tenants	Tenants trading	Percentage of tenants trading by number	Fully trading target date
Davenport Square Shopping Centre	54	54	100.0%	01-Dec-21
Pine Walk Centre	29	29	100.0%	01-Dec-21
50 Griffiths Mxenge Highway	4	2	50.0%	01-Feb-22
Umlazi Mega City	161	123	82.0%	01-Apr-22
Springfield Value Centre	39	3	7.7%	01-Sep-22

SASRIA claim

Claim elements	Estimated Costs (Vat Exclusive)	Spent to Date (Vat Exclusive)	Paid to Date (Vat Exclusive)
Restoration works	R280.6 million	R28.3 million	R168.0 million
Loss of income	R83.8 million	R50.9 million	
Total	R364.4 million	R79.2 million	

Zambian Portfolio

Zambian JV

50% Property value

R1.1 bn*

(2020: R879.6m)

50% NPI Growth -9.8% (USD) -18.8%(ZAR)

2020: -29.0% (USD) -19.1% (ZAR)

East Park Mall (73% of Zambian Portfolio Value)

Vacancy

9.4%

(2020: 16.4%)

Rental escalation (USD)

3.0%

(2020: 2.7%)

Retention rate

100%

(2020:100%)

Rental reversion (USD)

0.1%

(2020: -16.3%)

Acacia Office Park

Vacancy

14.8%

(2020: 5.6%)

Rental escalation (USD)

2.0%

(2020: 1.8%)

Retention rate

100%

(2020: 100%)

Rental reversion (USD)

0.0%

(2020: -20.0%)

Jacaranda Mall

Vacancy

19.8%

(2020: 19.4%)

Rental escalation (USD)

2.6%

(2020: 3.0%)

Retention rate

36%

(2020: 100%)

Rental reversion (USD)

-8.2%

(2020: -15.6%)

* Excludes values of phases 5 & 6 at East Park Mall for which an initial tranche of USD 5 million was paid towards the development equity.

FINANCIAL PERFORMANCE

SAM MOODLEY



2021 Distribution Analysis

Like-for-Like

LFL NPI
9.9%

R95.5m

- Improved rental due to lower relief & deferment – R85.6m
- Reduced ECL – R35.9m
- Maintenance cost increase due to 2020 only essential repairs – (R10.5m)
- Increase in expenses – (R15.5m)

Developments, Disposals & Acquisitions

Total NPI
6.5%

R69.6m

- Lower rental relief – R8.4m
- Reduced ECL – R13.5m
- Reduced rental largely due to disposals – (R35.7m)
- Increase in expenses – (R9.0m)
- Afhco prior year residential disposals – (R3.1m)

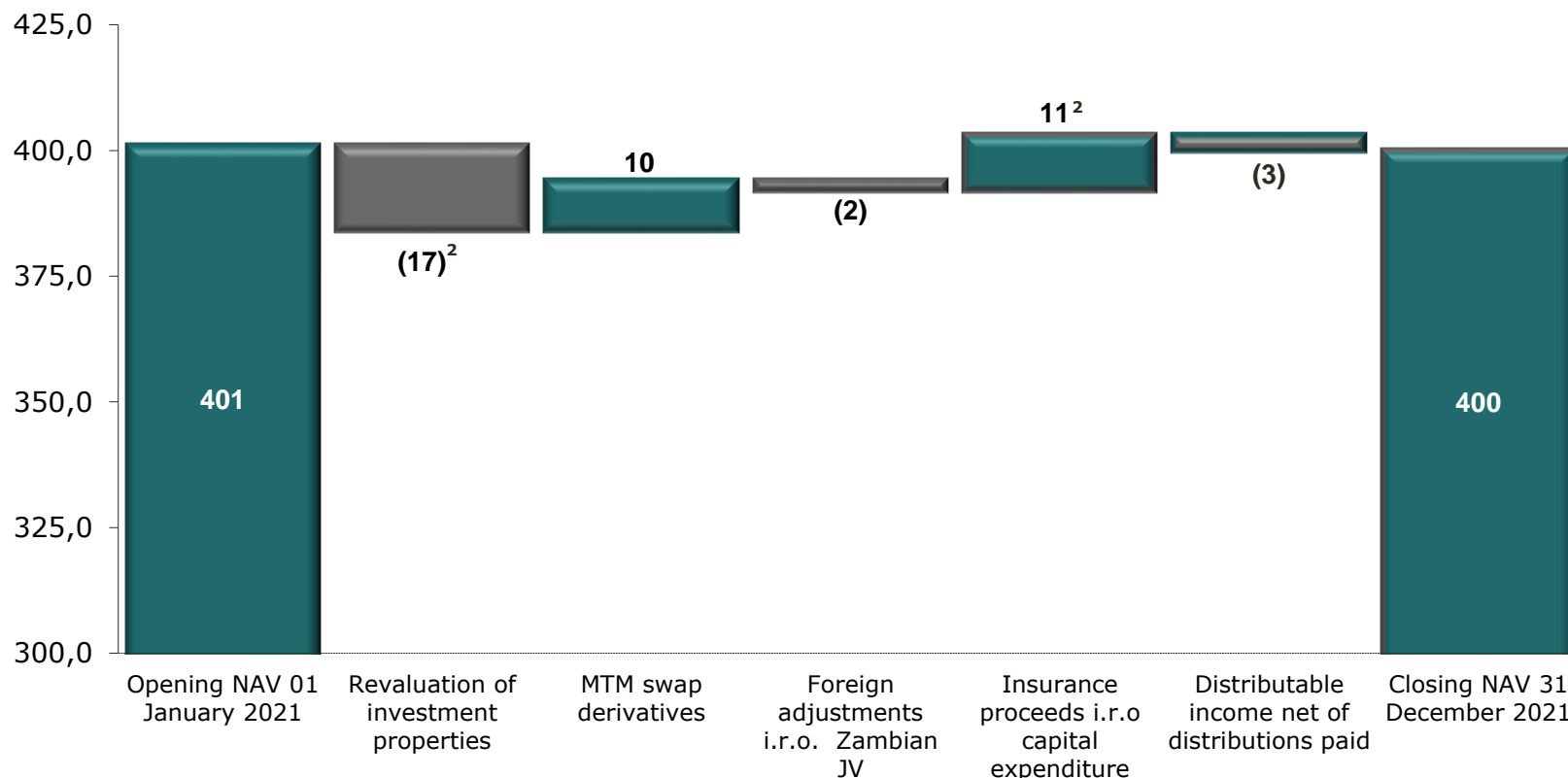
- Tax – R1.9m
- Investments (Listed, Unlisted) & JV Income – (R20.5m)

GEARING IMPACT

Distributable
Income
6.4%

- Distributable income 25.43cps (2020: 23.90cps)

Net Asset Value (cps)¹

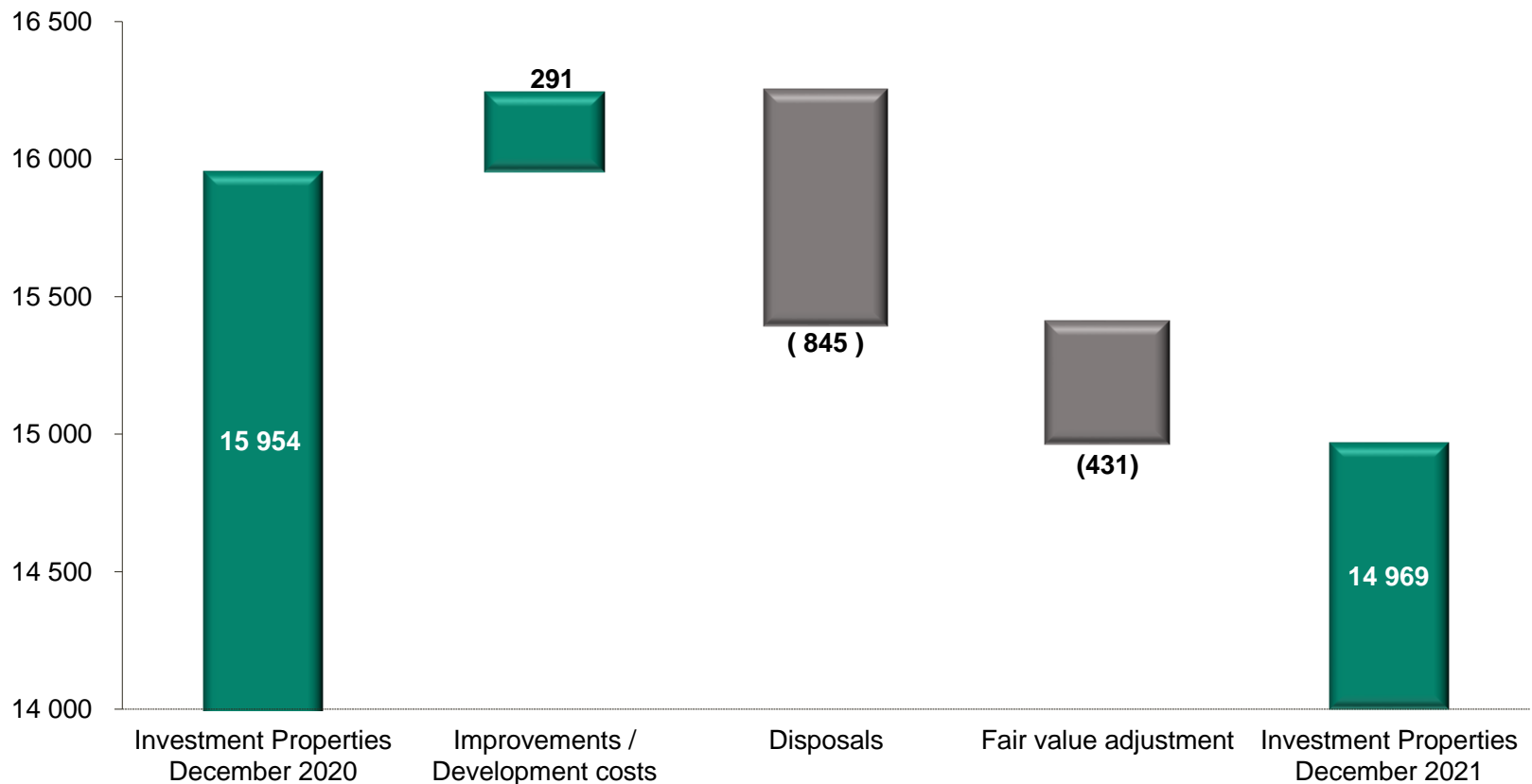


¹ Based on shares in issue

² Included in the revaluation of investment properties is an impairment of 10cps 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.

Investment Properties Analysis



** Included in the fair value is an impairment in respect of the estimated outstanding reinstatement cost to properties damaged during the July 2021 riots –R250m, of which R200m has been provided for as a receivable in insurance proceeds, in addition R50m has been received in cash, but still to be spent.*

Debt & Interest Rate Swap Facilities

Debt facilities

Term debt

R6.8bn

(2020: R7.4bn)

Unutilised Revolving
credit facilities ("RCF")

R615.0m

(2020: R700.0m)

Average tenor

2.0 years

(2020: 2.4 years)

Weighted average rate
("WAR") excluding
swaps

5.5%

(2020: 5.3%)

Swap profile

Hedged %

77.3%

(2020: 73.1%)

Swap margin

2.5%

(2020: 2.5%)

Average tenor

2.1 years

Increased to 2.8 yrs post YE

(2020: 3.0 years)

WAR including swaps

8.0%

(2020: 7.7%)

Debt metrics

LTV

37.4%

(2020: 38.6%)

ICR (Net Interest)

2.4 x

(2020: 2.3 x)

Debt maturity profile

2023	56%
2024	25%
2025	16%
2026	3%

Swap maturity profile

2022	13%
2023	28%
2024	43%
2025	9%
2026	7%

SA REIT Loan to Value and Net Interest Cover

SA REIT loan to value

Net debt
LTV excl.
swap
derivatives

37.4%
(2020:
38.6%)

FV CCR's
R46.5m

37.4%
(2020:
38.7%)

FV Int.
Rate
Swaps
R167.9m

38.5%
(2020:
41.2%)



Net interest cover



	2021	2020	Variance
Distributable income before interest (R'000)	1 106 024	1 075 465	30 559
Net Finance cost (R'000)	466 564	474 330	-7 766
Net Interest cover	2.37	2.27	0.10

OUTLOOK



Retail Outlook

- 81.1% Non-expiring rental revenue
- Contracted escalation 6.9%
- 60% of 2022 expiries already renewed
- Forecast negative renewal reversions
- Vacancy to reduce from 4.6% at 2021 YE by 1.0% to 1.5% over 2022
- Rental relief to reduce from R11.7m in 2021 to *circa* R4.5m in 2022
- Operational expenses to increase greater than inflation

Industrial Outlook

- 87.5% Non-expiring rental revenue
- Contracted escalation 6.7%
- Forecast negative renewal reversions (see next slide)
- Vacancy to remain low but with downtime of circa 24 800m² over 2 to 3 months
- Operational expenses to be well-controlled increasing less than inflation

Industrial Expiries

- 31 439m² expiring in H1 2022 or 7.0% of the portfolio
- 38% of the H1 lease expiry has already renewed at a reversion of -8.1%, a further 47% has been agreed and lease documentation is being finalised, renewal offers have been sent to the remaining 15%
- 48% of all 2022 leases expiring in Gauteng of which management expect 100% to renew
- 52% of all 2022 leases expiring in Kwa-Zulu Natal of which management expect 74% to renew
- There are no leases expiring in the Western Cape
- Nationally, management expects 87% to renew at negative reversions with the remainder having reasonable prospects of re-tenanting

Commercial Outlook

- Minor exposure
- 77.5% Non-expiring rental revenue
- Contracted escalation 7.4%
- Forecast renewal reversion negative double digit
- Vacancy to remain relatively stable but with downtime of circa 3 100m² over 4 to 5 months to allow for re-tenanting
- Operational expenses to be well controlled increasing less than inflation

Afhco Outlook

Residential

- 12-month leases
- >50% of leases forecast to be renewed at annualised average increase of circa 1.5%
- Remainder of leases forecast to be relet with discounting
- Vacancy reduction of between 2 to 4% over the year

Retail

- Escalation / renewal reversion *circa* 4%
- Vacancy to remain stable
- Operational expenses increase to be in line with inflation

Outlook

- Retail, Industrial & Afhco positive. Commercial continues to face headwinds.
- Like-for-like NPI forecast to almost increase by inflation in 2022.
- 2021 mismatch of two half years (H2 distributable income 14.4% less than H1) to be more even in 2022 with 2022 H1 distribution movement based off an average of 2021 H1 and H2.
- No guidance to be given to retain flexibility in respect of use of disposal proceeds & due to COVID-19 & Russia/Ukraine conflict uncertainty

QUESTIONS



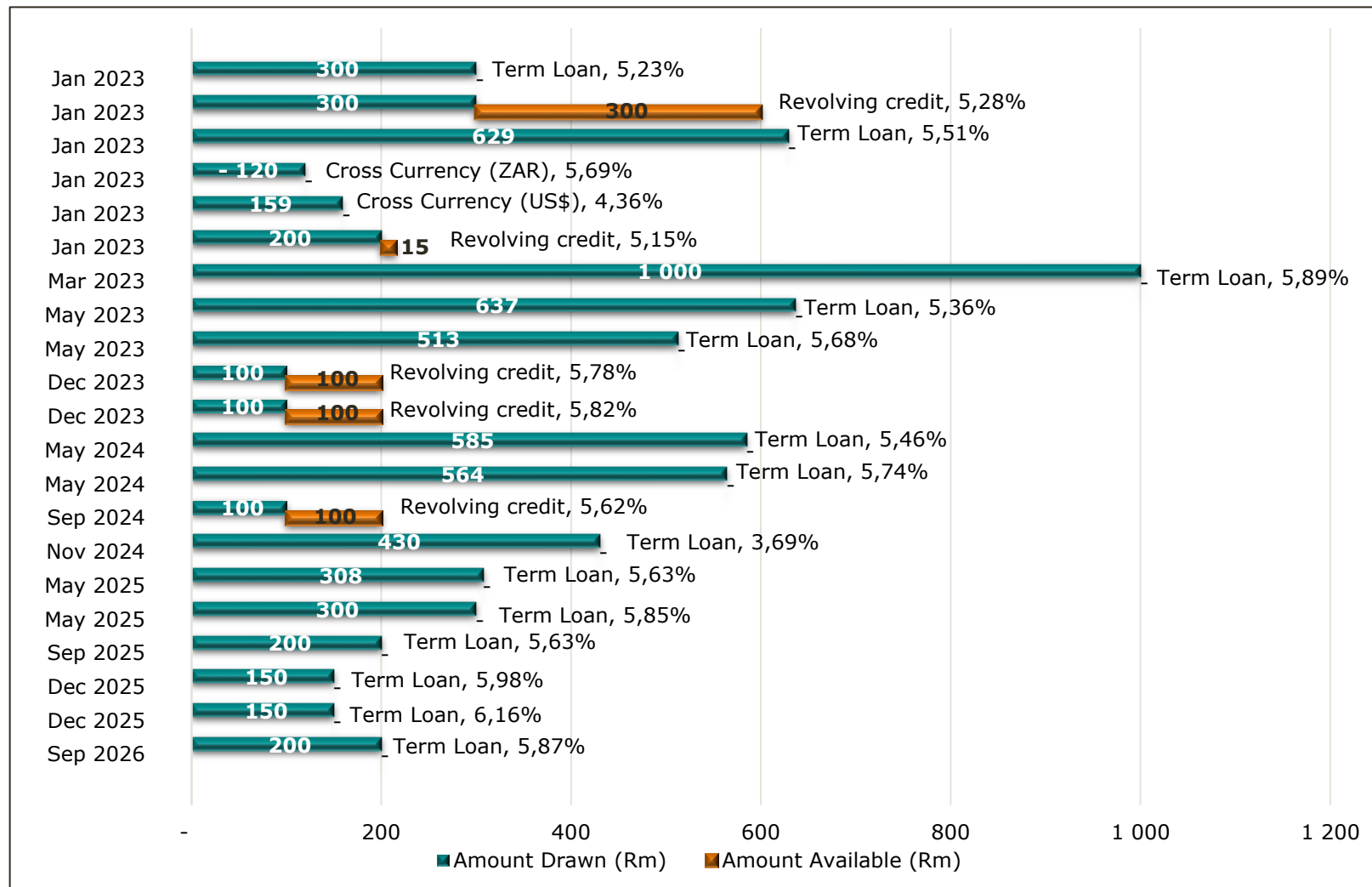
APPENDICES



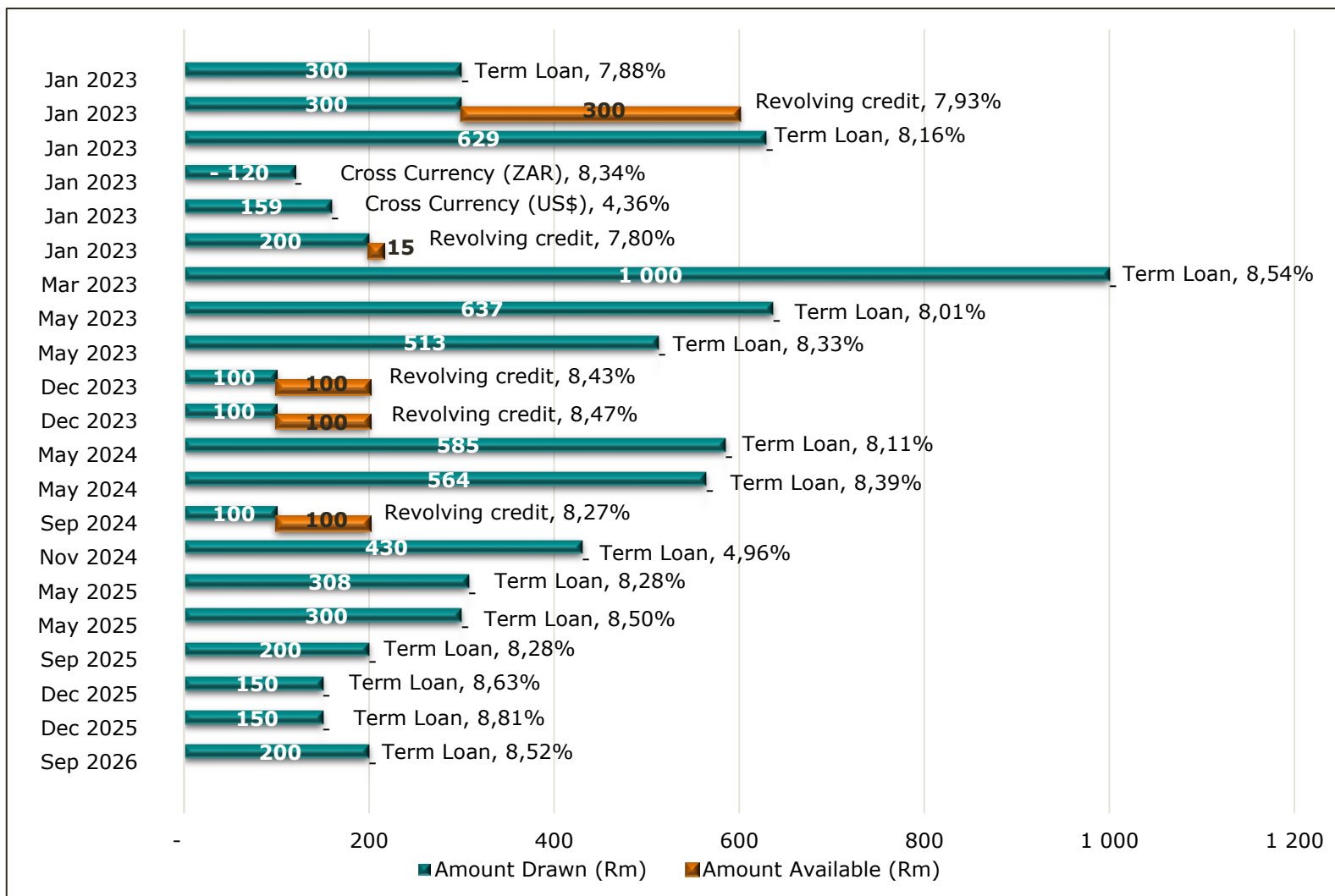
Distributable income at a glance for the period ended 31 December 2021

	Dec 2021 Rm	Dec 2020 Rm	% Variance
Net Property Income - Like for Like	1 059.905	964.408	9.9
Net Property Income - Developments	53.773	29.866	80.0
Net Property Income - Acquisitions	6.470	6.876	(5.9)
Net Property Income - Buildings sold	24.254	73.620	(67.1)
Net Property Income	1 144.402	1 074.770	6.5
Taxation on distributable income	(3.077)	(4.957)	37.9
Income from investment in joint ventures	30.648	56.820	(46.1)
Net finance cost	(466.564)	(474.330)	1.6
Net income from investments	13.420	7.724	73.7
- Dividends from investment in listed shares	13.420	9.459	41.9
- Impairment of unlisted shares	-	(1.735)	100.0
Distribution-related expenses	(79.369)	(58.892)	(34.8)
Distributable Income	639.460	601.135	6.4
Distributable income per share (cents)	25.43	23.90	6.4
Interim	13.70	12.37	10.8
Final	11.73	11.53	1.8

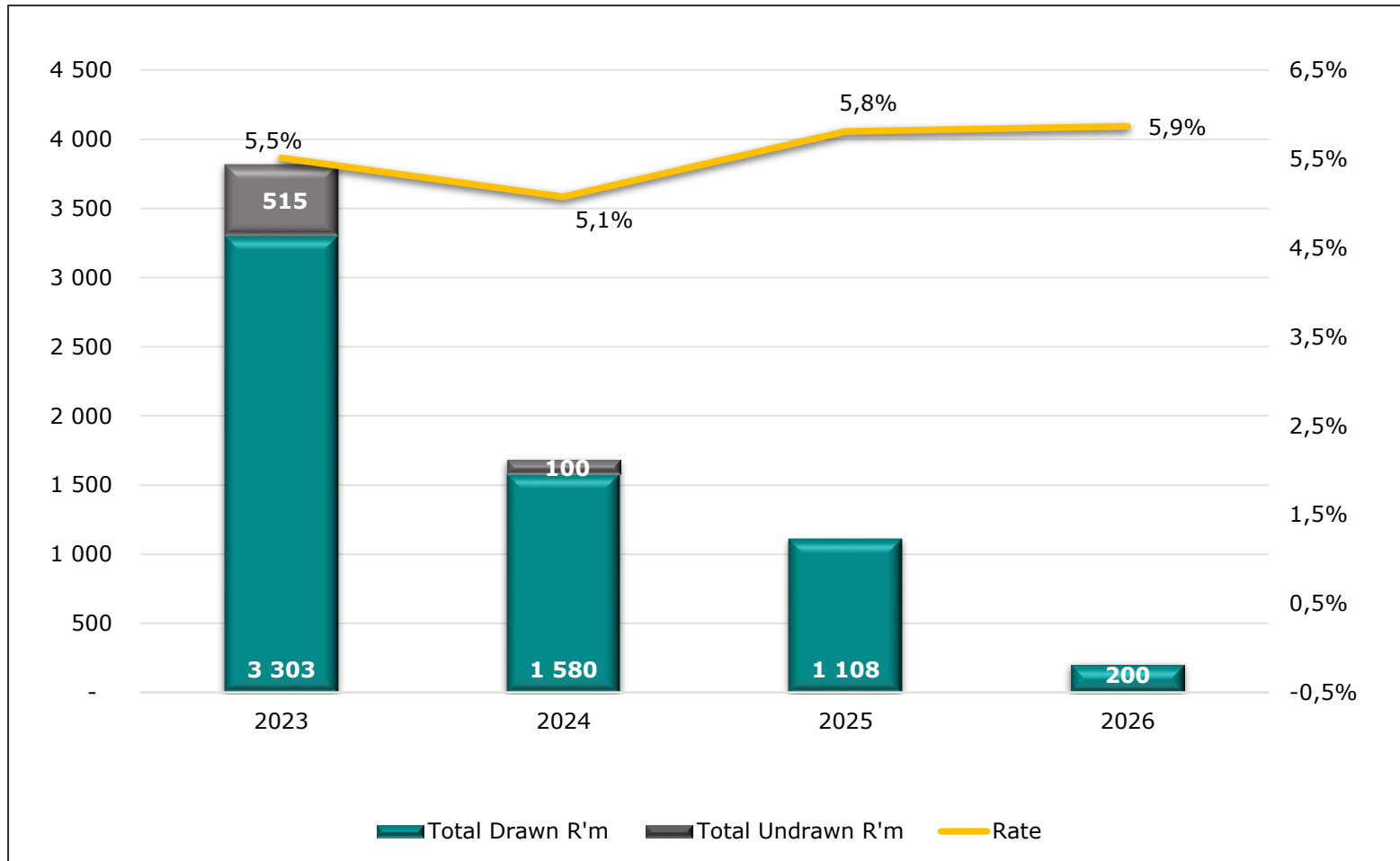
Group debt structure – at 31 December 2021 (excl. fixes)



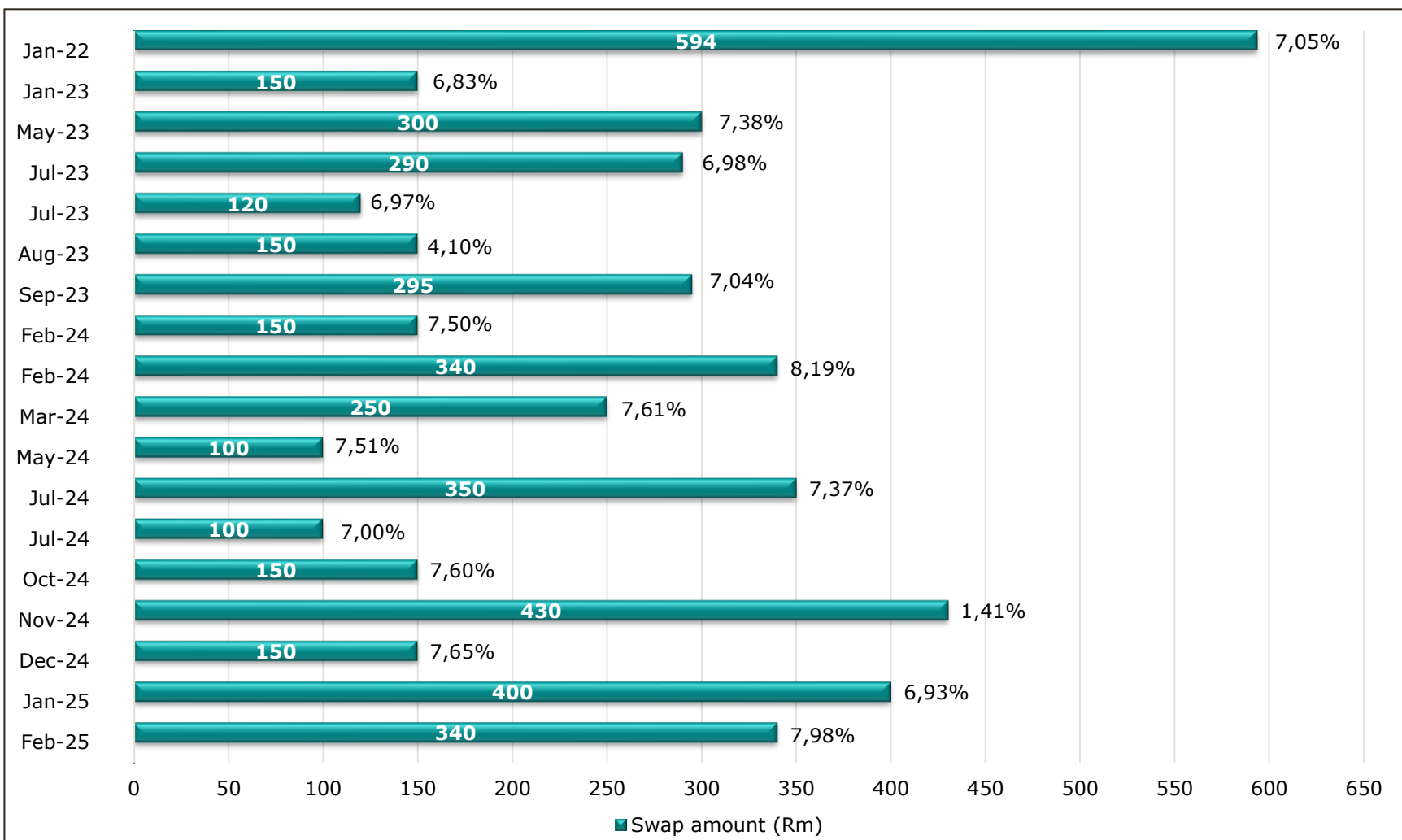
Group debt structure – at 31 December 2021 (incl. fixes)



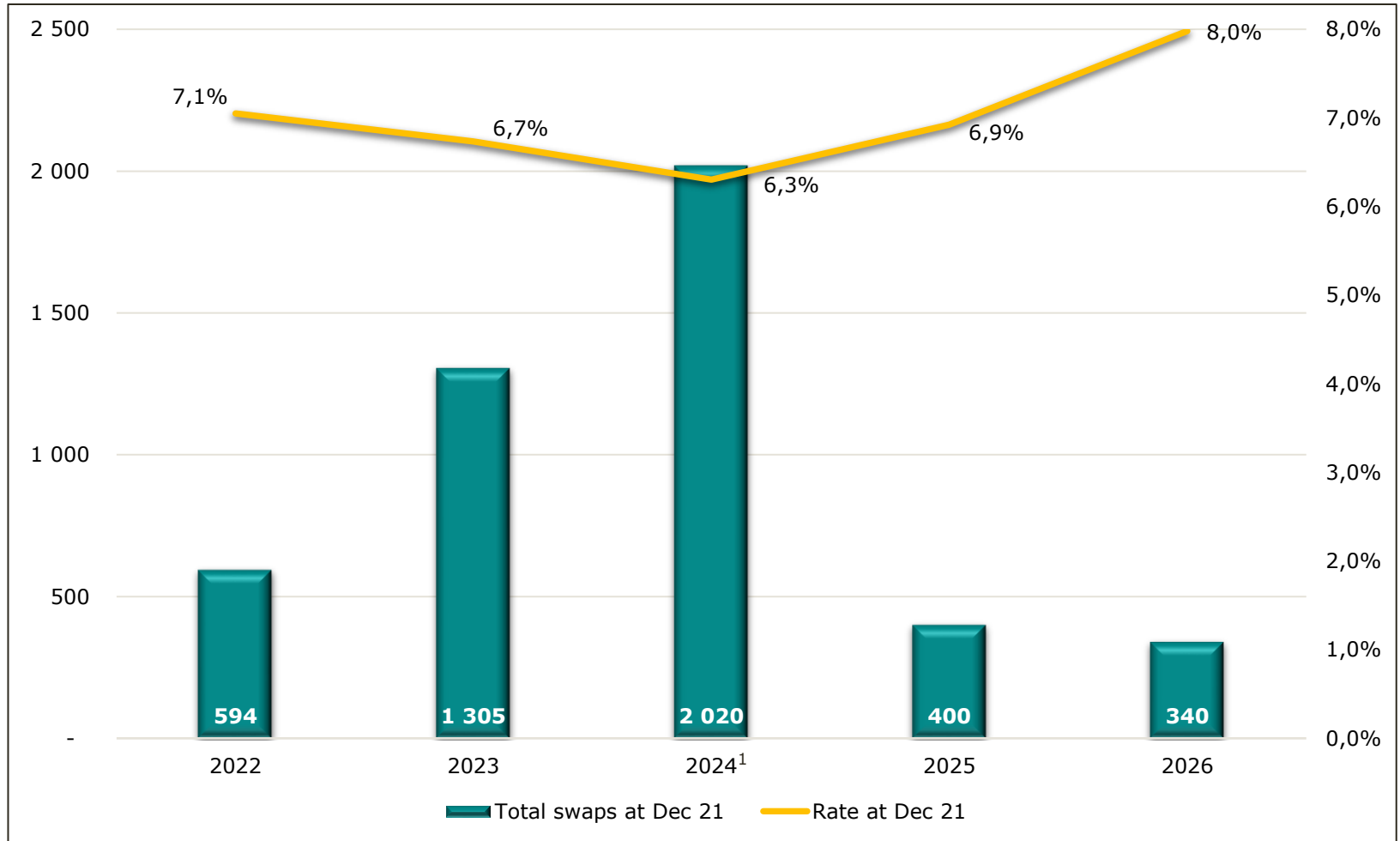
Debt repayment profile – at 31 December 2021



Group debt structure – SWAPS at 31 December 2021



Interest rate swap expiry – 31 December 2021



¹ Includes \$27m swap at a rate of 1.41%

Retail portfolio overview

Portfolio^{1,2}

Portfolio value R6.5bn 42 Properties

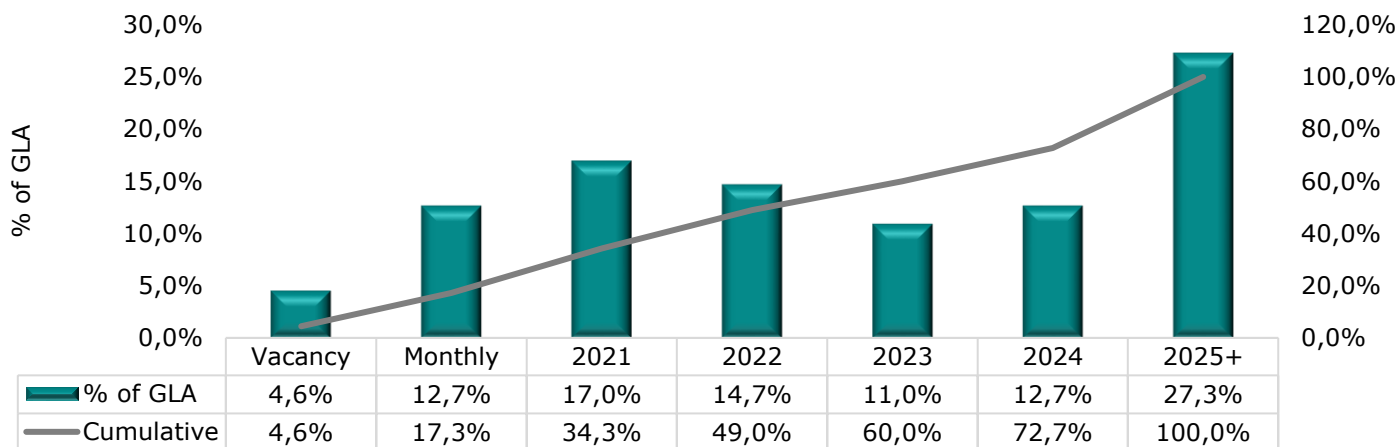
GLA 379 715m² 26.9% Grocer GLA of total

Cost to revenue (Like-for-like) 42.7%
(2020: 49.5%)

Top 10 tenants National exposure
GLA 35.5% 57.6%
Rental 27.6% 56.1%

Tenant retention success rate 75.9%

Lease Expiries



¹ Excludes bulk being (re)developed valued at R14.0m, 25 697m²

² Includes the Storage portfolio

Industrial portfolio overview

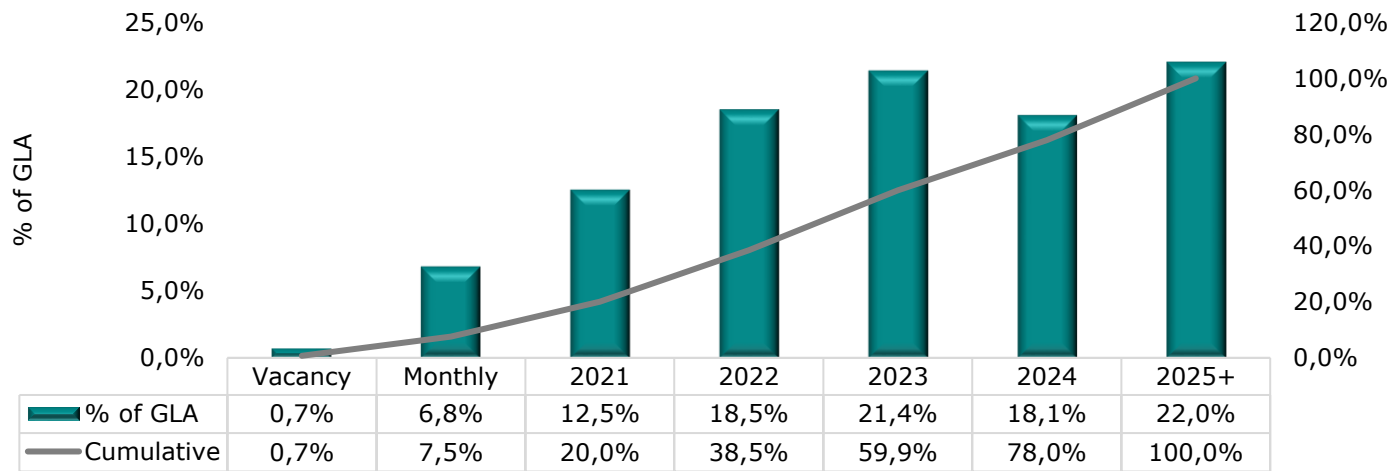
Portfolio

Portfolio value R3.5bn 54 Properties

GLA 450 207m² 35.3% GLA of total portfolio

Cost to revenue (Like-for-like) 27.6% (2020: 25.6%)

Lease Expiries



Commercial portfolio overview

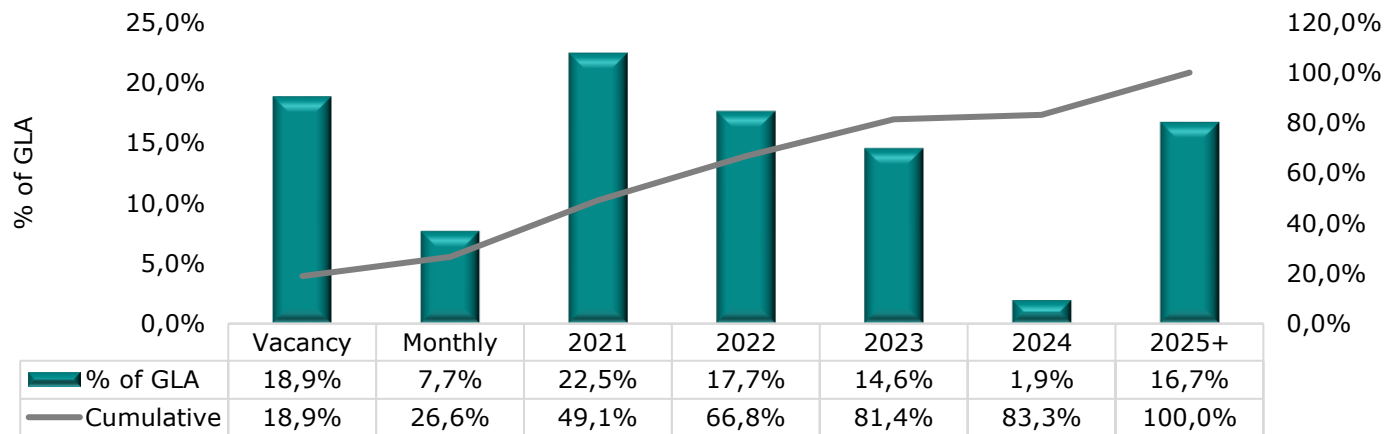
Portfolio

Portfolio value R0.3bn 4 Properties

GLA 30 298m² 2.4% GLA of total portfolio

Cost to revenue (Like-for-like) 67.8% (2020: 55.7%)

Lease Expiries



Afhco portfolio overview

Portfolio¹

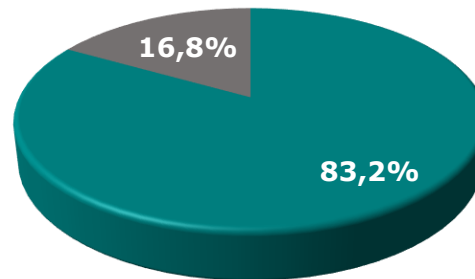
Portfolio value R4.6bn 64 Properties

GLA

Apartments 345 985m² Retail 69 805m²

Cost to revenue (Like-for-like) 48.1% (2020: 50.2%)

By GLA



☒ Residential ☒ Retail / Commercial

¹ Excludes bulk of 53 958m² being developed, valued at R74.4m.