

APPENDIX 1 – ADOPTION OF SA REIT BEST PRACTICE RECOMMENDATIONS

The principles encompassed in the calculations below are aligned with Best Practice Recommendations (“BPR”) by the SA REIT Association (“SAREIT”) published in 2019 and do not comply with IFRS.

RECONCILIATION BETWEEN EARNINGS AND DISTRIBUTABLE EARNINGS

The company has established strict guidelines regarding its distribution policy to ensure that the distributable earnings are a fair reflection of sustainable earnings. This comprises property-related income net of property-related expenditure, interest expense and administrative costs.

The specific adjustments are detailed in the statement of funds from operations below. All of these adjustments are derived from the face of the statement of comprehensive income presented and the accompanying notes to the financial statements.

SA REIT FUNDS FROM OPERATIONS (SA REIT FFO) PER SHARE

	R'000
Profit or loss per IFRS Statement of Comprehensive Income (SOI) attributable to the parent	164 924
Adjusted for:	
Accounting/specific adjustments:	(18 249)
Fair value adjustments to:	
– Investment property	2 051
Asset impairments (excluding goodwill) and reversals of impairment	267
Deferred tax movement recognised in profit or loss	(542)
Straight-lining operating lease adjustment	(20 026)
Other adjustments:	10 394
Antecedent earnings adjustment*	10 394
* Antecedent earnings adjustment relates to a private placement of R253.9 million concluded in February 2022.	
SA REIT FFO	157 068
Company-specific adjustments	13 906
IFRS 2 Expense – CSP awards with future vesting and issue date	9 440
Provisional tax paid on retained income for the period	4 467
Total distributable company FFO	170 975

	Cents per share	R'000
Interim distributable income per share (DIPS)	38.89	79 305
Final DIPS	39.10	91 669
Total DIPS	78.00	170 975
Number of shares outstanding at end of interim period (net of treasury)		203 905 498
Final number of shares outstanding at end of period (net of treasury)		234 431 877

	Payout ratio %	Cents per share	R'000
Interim company dividend per share (DPS)	85	33.06	67 410
Final company dividend per share	90	35.19	82 503
Total company distribution per share	88	68.25	149 912
Taxable retained earnings	A – B		21 063
Taxation payable			(4 467)
Net retained income			16 596

Provisional tax on retained earnings paid in February 2022.

DIVIDEND DECLARED AND DIVIDEND PER SHARE

	Cents per share	R'000
Total distributions for the period – 2022		
Interim distribution declared on 26 October 2021 (Distribution number 10)	33.06	67 410
Final distribution declared on 26 May 2022 (Distribution number 11)	35.19	82 503
Total distributions for the period ended 28 February 2022	68.25	149 912
DPS growth FY2022 (%)	16.26	

	Cents per share	R'000
Total distributions for the period – 2021		
Interim distribution declared on 17 October 2020 (Distribution number 8)	29.34	58 578
Final distribution declared on 14 May 2021 (Distribution number 9)	29.36	60 403
Total distributions for the period ended 28 February 2021	58.70	118 981

SA REIT NET ASSET VALUE (SA REIT NAV)

	February 2022 R'000	February 2021 R'000
Reported NAV attributable to the parent	2 650 089	2 372 257
Adjustments:		
Dividend declared and 100% cash settled	(82 503)	(60 403)
Deferred tax	(1 228)	(6 179)
SA REIT NAV	2 566 358	2 305 675
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	B 234 431 877	205 733 231
Dilutive number of shares in issue	234 431 877	205 733 231
SA REIT NAV per share (Rands)	A/B 10.95	11.21

SA REIT COST-TO-INCOME RATIO

	February 2022 R'000	February 2021 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	195 771	160 925
Administrative expenses per IFRS income statement	37 138	26 665
<i>Other expenses, if directly related to property operations, with clear explanations of these items</i>		
Depreciation	13 769	11 754
<i>Exclude:</i>		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(913)	(667)
Operating costs	A 245 765	198 678
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	414 082	378 716
Utility and operating recoveries per IFRS income statement	140 754	120 284
Gross rental income	B 554 836	498 999
SA REIT cost-to-income ratio (%)	A/B 44.30	39.82

APPENDIX 1 – ADOPTION OF SA REIT BEST PRACTICE RECOMMENDATIONS (CONTINUED)

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

		February 2022 R'000	February 2021 R'000
Expenses			
Administrative expenses as per IFRS income statement		37 138	26 665
<i>Other identified administrative expenses, with clear explanations of these items</i>			
Depreciation		913	667
Administrative costs	A	38 051	27 332
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)		414 082	378 716
Utility and operating recoveries per IFRS income statement		140 754	120 284
Gross rental income	B	554 836	498 999
SA REIT administrative cost-to-income ratio (%)	A/B	6.86	5.48

SA REIT GLA VACANCY RATE

		February 2022 m ²	February 2021 m ²
Gross lettable area of vacant space	A	28 580	27 949
Gross lettable area of total property portfolio	B	457 950	453 458
SA REIT GLA vacancy rate (%)	A/B	6.24	6.16

COST OF DEBT

		February 2022 %	February 2021 %
<i>Variable interest rate borrowings</i>			
Prime – Floating reference rate plus weighted average margin		7.50	5.78
3-month JIBAR – Floating reference rate plus weighted average margin		5.92	5.64
<i>Fixed interest rate borrowings</i>			
Weighted average fixed rate		8.34	8.66
Pre-adjusted weighted average cost of debt		7.32	7.26
Adjustments:			
Impact of interest rate derivatives		-	-
Amortised transaction costs imputed into the effective interest rate		-	-
All-in weighted average cost of debt		7.32	7.26

SA REIT LOAN-TO-VALUE

		February 2022 R'000	February 2021 R'000
Gross debt		1 780 280	2 105 248
Less:			
Cash and cash equivalents		(29 214)	(32 340)
Add/Less:			
Derivative financial instruments		-	-
Net debt	A	1 751 066	2 072 908
Total assets – per Statement of Financial Position		4 530 473	4 583 887
Less:			
Cash and cash equivalents		(29 444)	(32 340)
Derivative financial assets		-	-
Deferred taxation		(1 228)	(6 179)
Trade and other receivables		(15 934)	(19 918)
Carrying amount of property-related assets	B	4 483 867	4 525 450
SA REIT loan-to-value (%)	A/B	39.05	45.81