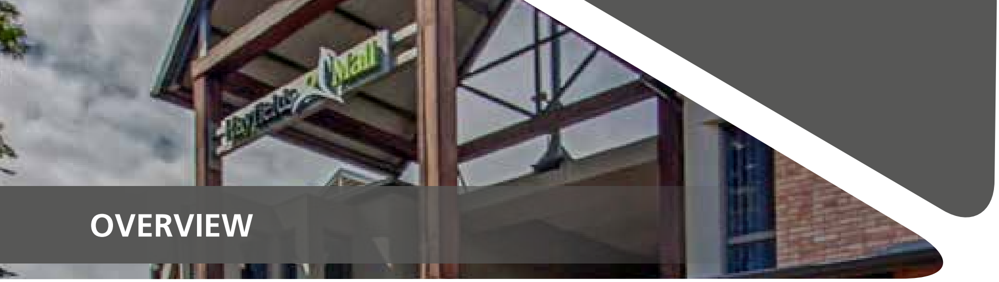
SA CORPORATE
REAL ESTATE

INDUSTRIAL . RETAIL . OFFICE . RESIDENTIAL . REST OF AFRICA

CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL RESULTS

for the six months ended 30 June 2020



OVERVIEW

Distribution

Interim distributable income of **R311.1 million** for H1 2020
(June 2019: R515.8 million)

In the interest of capital preservation, no interim distribution is to be made for H1 2020
(June 2019: 20.38 cps)

Payment of the second tranche of the income distribution of **R239.9 million** for the period H2 2019 (9.53939 cps) on Monday, 12 October 2020

Property activity

Contracted acquisitions of **R389.3 million**
(Contracted and unconditional: R238.9 million and contracted and conditional R150.4 million, both in return for loans to developers requiring no further funding)

Contracted and executed disposals of **R848.1 million**
(Transferred: R144.3 million; Contracted awaiting transfer: R703.8 million)

Assets under management of **R18.1 billion**
(December 2019: R18.6 billion)

Portfolio performance

Total net property income of **R542.4 million**
(June 2019: R700.6 million)

Total like-for-like net property income declined by **20.2%** to **R449.3 million**
(June 2019: R563.0 million)

Traditional portfolio vacancies of **5.0%** of GLA (December 2019: 4.2%)

Capital structure

Loan to value ratio of **38.3%***
(2019: 36.6%)

Weighted average cost of funding of **5.65%** (2019: 8.15%) exclusive of swaps and **7.34%** (2019: 8.47%) inclusive

Weighted average maturity of debt of **2.5 years**

Effective fixed debt of **71.8%** with a weighted average tenor of **3.5 years**

* *Net debt LTV excluding derivatives, which if included would be 40.7% (2019: 37.0%)*

COMMENTARY

INTRODUCTION

SA Corporate Real Estate Limited is a JSE-listed Real Estate Investment Trust ("REIT") which owns a diversified portfolio of quality industrial, retail, commercial and residential buildings located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia. The property, excluding investment in listed shares and loans advanced, consists of 192 properties, with 1 629 105m^2 of lettable area, valued at R16.6 billion, and a 50% joint venture in three Zambian properties valued at R1.1 billion.

STRATEGIC FOCUS

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

BASIS OF PREPARATION

The condensed unaudited consolidated interim financial results have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the Companies Act, No 71 of 2008. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*. The accounting policies applied in the preparation of the interim consolidated financial statements, from which the condensed consolidated financial results were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the prior year consolidated 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 2020. The adoption of these Standards and Interpretations has not resulted in any adjustment to the amounts previously reported for the year ended 31 December 2019. This report was compiled under the supervision of AM Basson CA(SA), the Chief Financial Officer, and has not been audited nor reviewed by the Group's auditors, PricewaterhouseCoopers.

DISTRIBUTABLE INCOME

Distributable income for the six months was R311.1 million (June 2019: R515.8 million). Total distributable income per share for the six months amounted to 12.37cps, down 39.3% relative to 20.38cps in June 2019. The distributable income has been substantially impacted by COVID-19 related rental relief and deferments, an increase in credit loss allowances, negative rental reversions and increased vacancies.

NET PROPERTY INCOME

Total property revenue amounts to R1 020.2 million (June 2019: R1 129.2 million) with the like-for-like portfolio, excluding disposals, developments and acquisitions during 2019 and 2020, amounting to R829.0 million (June 2019: R895.3 million). The reduction in revenue of R109.0 million arises mainly from COVID-19 relief and deferments of R54.4 million and R10.5 million respectively, negative reversions in respect of renewed or new long leases to blue chip tenants for large box logistics facilities resulted in a reduction in revenue of R17.3 million. A further reduction arises from increased vacancies and the base effect of the revenue generated by 51 Pritchard Street, until 30 April 2019, where after it went into redevelopment.

Like-for-like property expenses increased by 14.3%. The increase of 11.5% in total property expenses to R477.8 million (2019: R428.5 million) was largely due to write off's and credit loss allowances of R45.8 million (June 2019: R8.2 million) with R21.1 million relating to an additional lockdown allowance in excess of the application of historical loss percentages. The increase in the expected credit loss allowance has been the main contributor to the upward trajectory of the ratio of property expenses to property revenue to 46.8% (2019: 38.0%). The benefits of the solar installations has assisted with administered cost containment representing 53.7% (2019: 57.6%) of total property expenses.

Net property income ("NPI") decreased by 22.6% (R158.2 million), with the like-for-like portfolio decreasing by 20.2%.

The distribution from the Zambian Joint Venture ("JV") was R32.5 million (2019: R36.1 million), reduced by 10.2% over the prior year due to COVID-19 relief in ZAR of R10.8 million offset by the effects of the depreciation of the ZAR/USD average conversion rate of 17.2%.

NET FINANCE COST

Net finance cost, excluding the impact of IFRS 16, increased by 17.9%. This is as a result of:

- Lower capitalised interest of R18.6 million arising from a combination of a suspension of capitalised interest over the "lockdown" period and a reduced development pipeline.
- A greater proportion of debt drawn of R236.4 million relative to June 2019, due to increased investment activity during H2 2019.
- Reduced interest income from loans to developers, offset by the income earned from the properties transferred in lieu of the settlement of the loans.

PROPERTY VALUATIONS

The Group's independently valued property portfolio, which excludes the three Zambian properties, decreased by R738.1 million (-4.2%) to R16.6 billion (December 2019: R17.4 billion). Included in this movement is R145.6 million of capital expenditure with a reduction in fair value of R785.9 million and disposals. The like-for-like portfolio held for the six months to June 2020 reduced by R432.1 million (-3.4%) from December 2019.

As a result of deteriorating market conditions, capitalisation and discount rates used in our property valuations have been reviewed and accordingly revised by our independent valuers. To reflect worsening market conditions over the last 12 months valuation average capitalisation rates have widened by 43 bps for retail, 25 bps for industrial and 71 bps for commercial. The capitalisation rates used in SA Corporate's June 2020 valuations are on average 73 bps wider than the sector average for the relevant retail property types, 93 bps wider in respect of offices and on par for industrial properties compared with that reported by SAPOA in May 2020. These widening of capitalisation rates reflect the deterioration of retail trading conditions in larger shopping centres. The valuation of the industrial portfolio has been impacted upon by negative rental reversions and the decrease in commercial office valuations is indicative of the challenges faced by this sector. The increase in the Afhco valuation represents the sustainable net income increases anticipated from this portfolio, where capitalisation rates that are higher than traditional property sectors remain static.

Property valuations as at 30 June 2020 are based on independent external valuations performed by Quadrant Properties Proprietary Limited. Given the uncertainty of the impact that the COVID-19 pandemic will have on operations and forecasts, external valuations were prepared based on the best available information available to date. Future results may, however, differ significantly depending on the ultimate impact that the pandemic may have on trading conditions and consequently caution should be exercised in placing reliance on the valuations.

The net asset value ("NAV") per share decreased by 11.1% from 477cps to 424cps as set out in the table below:

NAV analysis	cps
Opening balance January 2020	**477**
December 2019 distributable income	**(18)**
June 2020 distributable income	**12**
Fair value loss on swap derivatives	**(14)**
Fair value loss on investment properties	**(31)**
Foreign adjustments	**(1)**
Employee share scheme	**(1)**
Closing balance June 2020	**424**

The SA REIT NAV is 437 cents and includes the adjustments in respect of the fair value of interest rate swap derivatives, intangible assets and goodwill and deferred taxation.

PROPERTY PORTFOLIO

Residential acquisitions totalling R389.3 million at a yield of 9.1% were contracted in the period being investments in the remainder of the Group's acquisition pipeline and the restructuring of the joint initiative with Calgro M3 Developments Limited ("Calgro M3"). These acquisitions will be settled by extinguishing all remaining development partners' indebtedness to the Group.

The last phase of apartments for Jeppe Street Post Office was completed at the end of July 2020, which represented a capital expenditure spend of R11.3 million for the 2020 financial year. The total investment in Jeppe Street Post Office was R360.9 million representing an anticipated initial yield of 9.5%.

Divestments with a total gross selling price of R97.4 million were executed during the six months. These disposals comprised a non-logistics industrial property in Randjespark, a retail mall in Vanderbijlpark, which sale was contracted simultaneously with a head lease circa five years ago, and sectional title units in the Burgundy sectional title scheme situated in Centurion, as part of the ongoing disposal of all the units in the complex due to poor performance.

These disposals are aligned to our strategy of maintaining a more focused property portfolio and divesting from those that are underperforming. A further R750.7 million of disposals were contracted, R221.6 million of which were subsequent to period-end.

VACANCIES

	Vacancy as % of GLA*			Vacancy as % of rental income		
Sector	**30 June 2020**	31 December 2019	30 June 2019	**30 June 2020**	31 December 2019	30 June 2019
Traditional portfolio						
Industrial	**3.9**	3.2	0.2	**1.4**	2.5	0.2
Retail[1]	**5.1**	4.4	4.4	**4.2**	4.0	5.2
Commercial	**16.5**	16.0	10.2	**13.0**	13.8	10.2
Portfolio total	**5.0**	4.2	2.2	**3.7**	4.1	3.6
AFHCO portfolio						
Retail/Commercial	**4.9**	4.1	4.0	**4.6**	3.0	2.2
Residential[2]	**12.7**	8.2	5.1	**12.1**	8.4	5.0
Rest of Africa portfolio						
Retail	**18.1**	4.6	5.7	**16.3**	4.3	4.9
Commercial	**5.6**	4.5	2.2	**5.1**	11.9	2.0
Portfolio total	**15.5**	4.6	5.0	**14.0**	4.9	4.3

* *GLA = Gross lettable area.*
1. *Excludes storage as the table reflects vacancies for significant sectors.*
2. *Vacancy calculated on number of units and reflects tenanting up of newly acquired vacant units.*

Whilst vacancies in the retail portfolio as a % of GLA increased marginally by 70 bps as at 30 June 2020, reletting initiatives are being actively pursued.

Post the transfer of 530 Nicholson on 3 July 2020, the industrial vacancy as a % of GLA is 0.7%.

In respect of commercial vacancies as a % of GLA, the stand-alone office vacancy is 14.7% and the vacancy on the upper floors of retail centres is 20.3%, resulting in a combined office vacancy of 16.5%. Post 30 June 2020, 1 778m^2 of the stand-alone office vacancy, representing a decrease of 0.8%, has been let.

Afhco residential vacancies increased to 12.7% as at 30 June 2020, primarily due to COVID-19 and resultant inability to let during lockdown. Marketing and promotional initiatives have been introduced to stimulate leasing and reduce vacancies to acceptable levels in the short term. Afhco retail vacancies increased marginally to 4.9%, however, renewals and leasing activity has remained strong.

5 147m^2 of space at East Park Mall in Lusaka, Zambia, has become vacant primarily as a consequence of the liquidation in Zambia of Edcon and the franchisee of a South African national grocer. Negotiations are currently being undertaken to lease this vacant space to an apparel retailer and as an emporium offering a butchery and green grocer.

TRADE RECEIVABLES AND EXPECTED CREDIT LOSS ALLOWANCE

Total arrears were R272.4 million (December 2019: R158.0 million) or 11.4% of revenue (December 2019: 6.1%) with challenging trading conditions compounded by the effects of the COVID-19 pandemic. The Group has introduced a more proactive process to expedite the vacating and replacement of tenants that are unable to meet their rental obligations. The methodology used in determining the credit loss allowance is based on the historical default experience over the last 36 months and the ability of the debtor to commit to a repayment plan when contractual payment exceed 90 days. These historical loss ratios are adjusted for forward factors determined on the basis of the three year correlation between the change in GDP and the change in arrears as a percentage of annual tenant revenue. This treatment is consistent with that employed in the previous year. In addition, a further adjustment, the lockdown allowance, has been made to incorporate the added risk of recovery of tenant arrears related to the period April to June 2020. The Expected Credit Loss Allowance has increased to R100.1 million as at 30 June 2020 compared with R45.0 million as at 31 December 2019. The increase related to the lockdown allowance amounts to R21.1 million which is included in the R100.1 million.

BORROWINGS

The debt profile as at 30 June 2020 is detailed below:

	Maturity date	Drawn down value (Rm)	Interest rate %
Fixed[1]	2021/02/01	468	3.21%
Fixed	2021/03/11	500	7.62%
Fixed	2021/12/11	500	7.75%
Fixed	2021/12/13	550	7.65%
Fixed	2022/05/07	300	7.99%
Term revolving[2]	2022/05/07	–	8.04%
Fixed	2022/05/07	629	7.51%
Term revolving[3]	2022/06/30	100	7.87%
Fixed	2022/12/11	1 000	7.81%
Fixed	2023/05/07	637	8.12%
Fixed	2023/05/07	513	7.68%
Amortising	2024/04/15	68	6.88%
Fixed	2024/05/07	585	8.21%
Fixed	2024/05/07	564	7.74%
Fixed	2025/05/07	308	8.39%
Fixed	2025/05/07	300	7.85%
Total interest-bearing borrowings		7 022	7.52%
Cross-currency swap	2022/09/19	(132)	7.81%
Cross-currency swap[1]	2022/09/19	174	3.98%
Cross-currency swap	2023/01/26	(120)	8.46%
Cross-currency swap[1]	2023/01/26	174	4.36%
Total/weighted average		7 118	7.34%

1. US Dollar denominated.
2. R300 million revolving credit facility undrawn.
3. R200 million revolving credit facility.

Total debt drawn amounted to R7 118 billion, an increase of R135 million since December 2019. The net debt loan to value ("LTV") has increased from 36.6% at December 2019 to 38.3% June 2020. This excludes fair value of interest rate swap derivatives of R423.7 million (December 2019: R78.0 million) and cross currency swap derivatives of R120.7 million (December 2019: R37.8 million). The inclusion of cross currency swap derivatives increases the LTV to 38.4% (December 2019: 36.6%) and the further inclusion of interest rate swap derivatives increases this to 40.7% (December 2019: 37.0%). The weighted average cost of debt excluding and including interest rate swaps, was 5.65% and 7.34% respectively. The weighted average swap margin including cross-currency swaps was 1.69% (December 2019: 0.32%) and the weighted average debt margin was 1.71% (December 2019: 1.72%). The weighted average tenor of loans including the cross-currency swaps is 2.5 years. 71.84% of total debt drawn was fixed through a combination of fixed rate debt and interest rate swaps in respect of the variable debt for a period of 3.5 years. The annualised amortised transaction costs imputed into the effective interest rate is 0.12% resulting in an all-in weighted average cost of debt of 7.46%.

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

Mindful of challenging trading conditions resulting from the COVID-19 pandemic and the uncertainty associated with property valuations, the Company intends utilising divestment proceeds primarily to settle debt.

The net interest cover reduced to 2.6 times (2019: 3.0 times).

Cash on hand, excluding tenant deposits due to the Group's restricted use, and undrawn facilities as at 30 June 2020 amounted to R487.7 million and has increased to R593.4 million as at 31 August 2020. This will be reduced by the R239.9 million 2019 second tranche dividend payment as detailed below.

During the interim period, the Group formally requested a relaxation of its loan covenants from its lenders because it was concerned that, as a consequence of the COVID-19 pandemic, it may breach these covenants. On 30 June 2020, the lenders' transactional interest cover was 1.72 against a loan covenant of >1.75. The Group was not put on notice of breach by its lenders who granted a waiver of the breach and decreased the transactional interest cover loan covenant to > 1.5 with effect from 30 June to 31 December 2020.

RISK MITIGATION DURING AND POST COVID-19 ENVIRONMENT

1. Collections focus

The COVID-19 pandemic has resulted in challenging trading conditions in the real estate sector necessitating particular focus on collections. The table hereunder depicts the collections achieved since the beginning of the lockdown introduced in South Africa.

	Retail[1] %	Indus-trial %	Commer-cial %	Storage %	Afhco Retail %	Resi-dential %	Student accom-modation %	SA Total %	Zambian JV %
Contribution									
Normal NPI contribution	37.4	28.7	1.3	0.4	2.5	23.5	0.7	94.5	5.5
April 2020 collections									
Collections in the month	55.6	72.9	74.1	85.4	28.7	72.9	76.8	62.9	30.7
Relief given to tenants	19.8	–	–	–	59.6	3.4	–	13.0	26.8
Awaiting substantiation	–	–	–	–	–	2.5	–	0.4	–
Write-offs	19.8	–	–	–	59.6	0.9	–	12.6	26.8
Deferments	–	–	–	–	–	–	–	–	–
Under negotiation/Arrears/ Prior period collections	24.6	27.1	25.9	14.6	11.7	23.7	23.2	24.1	42.5
Contractual billings	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1. Retail excludes external ownership.

	Retail[1] %	Indus-trial %	Commer-cial %	Storage %	Afhco Retail %	Resi-dential %	Student accom-modation %	SA Total %	Zambian JV %
May 2020 collections									
Collections in the month	66.1	72.9	57.4	91.3	27.2	71.7	54.2	65.6	55.5
Relief given to tenants	9.5	8.9	18.9	–	59.0	3.8	–	11.7	30.3
Awaiting substantiation	–	–	–	–	3.5	3.8	–	0.9	–
Write-offs	9.5	–	18.9	–	55.3	–	–	8.5	30.3
Deferments	–	8.9	–	–	0.2	–	–	2.3	–
Under negotiation/Arrears/ Prior period collections	24.4	18.2	23.7	8.7	13.8	24.5	45.8	22.7	14.2
Contractual billings	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
June 2020 collections									
Collections in the month[2]	94.1	119.5	116.3	100.0	54.2	81.5	166.3	97.9	65.4
Relief given to tenants	6.7	13.3	8.2	–	31.1	4.8	–	9.5	31.7
Awaiting substantiation	–	–	–	–	0.4	4.8	–	1.0	–
Write-offs	6.7	0.2	8.2	–	30.6	–	–	5.4	31.7
Deferments	–	13.1	–	–	0.1	–	–	3.1	–
Under negotiation/Arrears/ Prior period collections	(0.8)	(32.8)	(24.5)	–	14.7	13.7	(66.3)	(7.4)	2.9
Contractual billings	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
July 2020 collections									
Collections in the month	85.2	94.0	86.7	104.4	95.5	87.0	100.8	89.1	60.7
Relief given to tenants	8.3	1.1	–	–	20.2	0.9	–	5.4	18.2
Awaiting substantiation	–	–	–	–	14.3	0.9	–	1.2	–
Write-offs	8.3	1.1	–	–	5.9	–	–	4.2	18.2
Deferments	–	–	–	–	–	–	–	–	–
Under negotiation/Arrears/ Prior period collections	6.5	4.9	13.3	(4.4)	(15.7)	12.1	(0.8)	5.5	21.1
Contractual billings	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1. *Retail excludes external ownership.*
2. *Statistics higher than those disclosed in the Pre-close Update Presentation on 29 June 2020 due to collections being to the end of the month rather than to 26 June 2020.*

2. Securing tenant covenant

Industrial

Leases with industrial tenants, having strong tenant covenant with longer tenors, have been secured necessitating short-term rental sacrifice as tabulated below:

Tenant	GLA	Reversion, Term & Escalation
Material handling equipment multinational	**27 681m²**	-42%, 12 years (election to exit half after six years), 6% p.a. with -5% reversion after year six
National retailer of aftermarket automotive parts and accessories	**18 051m²**	-23%, five years, 7% p.a.
Listed FMCG group	**70 037m²**	-33%, five years, 5% p.a.

Retail

Leases in respect of additional grocer/food offerings of 4 374m² have been concluded and further grocer or food offering is being explored to replace existing tenancy. Leases in respect of additional pharmaceutical offering of 2 595m² have been concluded.

Afhco

Hygiene, loyalty and other interventions have resulted in the average tenancy period as at 31 December 2019 of 21 months increasing to 23 months as at 30 June 2020.

3. Mitigating distressed tenants

Challenging trading conditions have required that SA Corporate mitigate the impact of tenants in distress.

Retail

Edcon occupied 4 949m² (including CNA 859m²) representing 1.38% of total South African retail portfolio GLA (0.31% of total SA GLA). 92% of this space has been re-let or offers have been received and are being evaluated.

Industrial

Divestment contracted in respect of industrial properties with tenant distress:

Property	Sale Consideration	Tenancy / Rationale
Erf 641 Springfield, Durban	**R70.0 million**	Vacant for 12 months, leasehold, poor logistics characteristics
Erf 116 New Brighton, Port Elizabeth	**R83.5 million**	Distressed tenants, substantial R&M exposure and poor node with no other SAC presence

Afhco

- Rental relief to residential tenants in the form of deferment/deposit utilisation/discounts have been provided for qualifying tenants who are able to provide proof of financial hardship representing 4.3% of the total residential rental revenue.
- Retail tenant engagement
  - 93% of non-essential service retail/commercial tenants have accepted relief offered
  - 7% still under negotiation.

4. Capital management

- Distribution deferral
  - The second tranche of R239.9 million of the H2 2019 distribution was deferred and will be paid on 12 October 2020.
  - The Company remains compliant with the JSE Listings Requirements, requiring distribution of at least 75% of distributable income to maintain its REIT status, which was made in May 2020.
- Proceeds from the divestments are to be primarily utilised to strengthen the Group's balance sheet.
- Lender engagement
  - A relaxation of covenants has been approved by our lenders, effective from 30 June 2020 to 31 December 2020.
  - Covenants are continuously monitored.
- Management of capital expenditure programme
  - Only emergency capital expenditure was executed during the lockdown period.
  - Measured resumption of capital expenditure when required focusing on compliance, safety or to unlock near-term income generation will be funded from divestment proceeds.

5. Partner mitigation

- All remaining Calgro M3 exposure and indebtedness has been substituted with:
  - La Vie Nouvelle assisted living and frail care centre in Broadacres for a net consideration of R98.5 million inclusive of seven-year rental guarantee awaiting transfer.
  - 80% interest in The Falls Lifestyle Estate, Wilgeheuwel, for R150.4 million inclusive of rental and operational cost guarantee during initial tenanting.
- M&T Development exposure reduced:
  - Exit of Founders Hill joint initiative resulting in the release of the SA Corporate guarantee of R130 million, the receipt of a guarantee fee of R3.4 million plus the reimbursement of all legal costs incurred by the Group in respect of the joint initiative.
- Broll:
  - Agreement was reached during the lockdown period that ensured that property management employees were assured of remuneration and committed to the Group's traditional portfolio.

6. COVID-19 operational measures

The following strict protocols have been put into place:

Retail

- Social distancing implemented at centres via markings
- Signs placed around centres reminding visitors of the social distancing restrictions
- Signs placed around centres advising of the compulsory use of masks
- Regular cleaning of all elevators, lifts and buttons
- Hand sanitising stations placed in common areas of centres

Residential

- Screening of all tenants, staff and contractors
- Visitors allowed, subject to strict protocol
- Suspension of biometric access control
- Hand sanitisers provided at entrances
- Social distancing stickers at entrances and lifts
- Heightened cleaning of high touch point areas
- Closure of common amenities and playgrounds
- Continuous communication with tenants
- Infected person protocols in place

Internal

- Daily symptom screening of employees
- Hand sanitising stations have been placed in common areas of offices
- Offices have been deep cleansed and fogged
- Face masks have been provided to all employees
- Biometric system replaced with facial and temperature recognition system or proximity cards
- COVID-19 compliance officer and managers appointed per location to ensure protocols are followed and to address any issues

OUTLOOK AND DISTRIBUTION

In the challenging trading conditions imposed by the COVID-19 pandemic, the Company has increased its resolve to focus its property portfolio and strengthen its financial position to generate defensive income. The strategy that has been initiated and will continue to be employed to achieve this is:

- Our retail portfolio tenant mix will concentrate on defensive categories, particularly groceries, food services, pharmaceutical offering, health and beauty products and household equipment and consumables in convenience orientated shopping centres.
- Refinement of our industrial portfolio to be dominated by logistics facilities with strong tenant covenant.
- Re-establishing Afhco's tenant base to be of high credit worthiness, sustained by a portfolio concentrated in mixed use precincts in close vicinity to transport nodes offering quality, security and amenities at competitive pricing. In improving the quality of the portfolio, the divestment of properties not aligned to the Group's long-term strategy will leverage off current low interest rates and the subsidy to first-time home buyers.
- Ensuring the retention of tenants and improving occupancy of our remaining commercial office properties to be well positioned to fully divest from this property class as and when this is opportune.
- Capital management supportive of sustainable future distribution.

The Board has resolved that, as the Company is currently actively strengthening its balance sheet to provide a foundation for future sustainable optimal performance, it will not be declaring an interim distribution for the six months ended 30 June 2020. It will however, given that the Group meets the solvency and liquidity obligations, be making payment of the second tranche of the income distribution for the period 1 July 2019 to 31 December 2019 in the aggregate amount of R239 890 102 translating into a gross cash payment of 9.53939 cents per share on Monday, 12 October 2020. Whilst SA Corporate has made good progress in mitigating the effects of the COVID-19 pandemic on its business, the continued uncertainty surrounding the long term economic impact on the markets in which it operates is such that the Board is of the view that it is not appropriate to provide dividend guidance for the year ending 31 December 2020.

CHANGES IN DIRECTORATE

Mr E Seedat retired as a non-executive director on 30 June 2020 and we would like to extend our gratitude for his 22 years of service.

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

DISTRIBUTION STATEMENT

R'000	**Unaudited Six months ended 30 June 2020**	Unaudited Six months ended 30 June 2019	Audited Year ended 31 December 2019
DISTRIBUTABLE INCOME			
Rent (excluding straight-line rental adjustment)	**744 693**	838 068	1 672 524
Net property expenses	**(202 300)**	(137 455)	(323 438)
Property expenses	**(477 762)**	(428 543)	(919 231)
Recovery of property expenses	**275 462**	291 088	595 793
Net property income	**542 393**	700 613	1 349 086
Income from investment in joint ventures	**32 457**	36 127	73 752
Taxation on distributable income	**(4 725)**	–	(190)
Impairment of unlisted shares	**(1 336)**	(552)	(1 522)
Dividends from investments in listed shares	**4 449**	5 875	12 908
Net finance cost	**(243 310)**	(206 420)	(431 474)
Interest expense	**(269 701)**	(244 150)	(501 007)
Interest income	**26 391**	37 730	69 533
Distribution-related expenses	**(18 809)**	(19 874)	(44 113)
Antecedent distribution	**–**	–	1 527
Distributable income	**311 119**	515 769	959 974
Interim	**311 119**	515 769	515 769
Final	**–**	–	444 205
Shares in issue (000)	**2 514 732**	2 530 689	2 514 732
Weighted number of shares in issue (000)	**2 514 732**	2 530 689	2 526 975
Distributable income/distribution (cents per share)	**12.37**	20.38	38.04
Interim	**12.37**	20.38	20.38
Final	**–**	–	17.66

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited As at 30 June 2020	Unaudited As at 30 June 2019	Audited As at 31 December 2019
Assets			
Non-current assets	**17 715 638**	18 471 020	18 483 820
Investment property	**15 803 437**	16 739 565	16 788 656
Letting commissions and tenant installations	**38 665**	46 940	44 049
Investment in joint ventures	**1 103 063**	965 775	930 605
Property, plant and equipment	**13 533**	16 693	16 033
Intangible assets and goodwill	**81 904**	81 904	81 904
Right-of-use asset	**24 891**	11 589	13 102
Investment in listed shares	**109 700**	128 220	117 166
Other financial assets	**6 313**	310	6 253
Swap derivatives	**251 535**	246 934	249 929
Deferred taxation	**9 210**	4 513	6 196
Rental receivable – straight-line adjustment	**273 387**	228 577	229 927
Current assets	**1 060 157**	1 175 757	1 002 841
Inventory	**412**	–	333
Loans to developers	**133 822**	219 305	131 767
Prepayments	**58 194**	63 437	53 784
Loans receivable	**217 338**	215 676	217 338
Other financial assets	**5 895**	15 787	9 886
Swap derivatives	**14 108**	23 651	22 596
Trade and other receivables	**382 327**	380 504	322 809
Rental receivable – straight-line adjustment	**31 682**	36 548	49 739
Taxation receivable	**1 588**	1 138	1 036
Cash and cash equivalents	**214 791**	219 711	193 553
Non-current assets held for sale	**568 303**	720 530	307 647
Total assets	**19 344 098**	20 367 307	19 794 308
Equity and liabilities			
Share capital and reserves	**10 655 219**	12 690 248	11 991 689
Non-current liabilities	**6 703 988**	7 190 066	6 420 898
Interest-bearing borrowings	**6 035 084**	6 832 201	6 057 457
Swap derivatives	**644 238**	341 961	349 166
Lease liabilities	**24 666**	15 904	14 275
Current liabilities	**1 944 031**	486 993	1 381 721
Interest-bearing borrowings	**986 475**	18 237	896 130
Swap derivatives	**165 849**	33 137	39 066
Lease liabilities	**6 535**	–	5 708
Taxation payable	**16**	–	–
Distributions payable	**239 993**	–	–
Trade and other payables	**545 163**	435 619	440 817
Liabilities directly associated with non-current assets held for sale	**40 860**	–	–
Total liabilities	**8 688 879**	7 677 059	7 802 619
Total equity and liabilities	**19 344 098**	20 367 307	19 794 308

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited Six months ended 30 June 2020	Unaudited Six months ended 30 June 2019	Audited Year ended 31 December 2019
Revenue	**1 045 421**	1 134 937	2 283 947
Other operating expenses	**(508 116)**	(457 440)	(982 679)
Operating profit	**537 305**	677 497	1 301 268
Foreign exchange adjustments	**(167 542)**	11 981	17 185
Fair value loss on swap derivatives	**(355 794)**	(71 353)	(84 513)
Fair value loss on investment properties	**(811 178)**	(76 569)	(563 652)
Fair value loss on investment in listed shares	**(7 466)**	(740)	(11 794)
Capital loss on disposal of investment properties and property, plant and equipment	**(7 895)**	(3 166)	(9 256)
Profit on acquisition of non-controlling interest	**–**	2 077	1 850
(Loss)/profit from joint ventures	**(42 087)**	24 721	17 439
Impairment of investment in unlisted shares	**(1 336)**	(552)	(1 522)
Dividends from investment in listed shares	**2 303**	7 082	13 879
Interest income	**26 391**	37 730	69 533
Interest expense	**(272 099)**	(245 164)	(503 219)
(Loss)/profit before taxation	**(1 099 398)**	363 544	247 198
Taxation	**(1 711)**	4 314	5 730
(Loss)/profit after taxation	**(1 101 109)**	367 858	252 928
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign exchange adjustments on investment in joint ventures	**226 819**	(17 713)	(25 730)
Total comprehensive (loss)/income	**(874 290)**	350 145	227 198
(Loss)/profit attributable to:			
Owners of the Company	**(874 290)**	350 533	235 603
Non-controlling interest	**–**	17 325	17 325
(Loss)/profit after taxation	**(874 290)**	367 858	252 928
Basic (loss)/earnings per share (cents)	**(43.79)**	13.85	9.32
Diluted (loss)/earnings per share (cents)	**(43.79)**	13.85	9.32

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	**Unaudited six months ended 30 June 2020**	Unaudited six months ended 30 June 2019	Audited year ended 31 December 2019
Share capital and reserves at the beginning of the period	**11 991 689**	12 861 300	12 861 300
Opening impact of IFRS 16	**–**	(4 357)	(7 812)
Total comprehensive (loss)/income for the period	**(874 290)**	350 145	227 198
Shares repurchased	**–**	–	(50 084)
Treasury shares repurchased	**(16 601)**	–	(9 470)
Share-based payment reserve	**(1 374)**	2 338	5 504
Distribution attributable to shareholders	**(444 205)**	(519 178)	(1 034 947)
Share capital and reserves at the end of the period	**10 655 219**	12 690 248	11 991 689

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	**Unaudited six months ended 30 June 2020**	Unaudited six months ended 30 June 2019	Audited year ended 31 December 2019
Operating profit before working capital changes	**594 403**	699 196	1 361 807
Working capital changes	**3 875**	9 297	82 462
Cash generated from operations	**598 278**	708 493	1 444 269
Operating activities changes	**(478 436)**	(755 937)	(1 517 369)
Interest received	**26 239**	40 595	72 719
Interest paid	**(295 202)**	(277 344)	(554 966)
Taxation paid	**(5 261)**	(10)	(175)
Distributions paid	**(204 212)**	(519 178)	(1 034 947)
Net cash from/(used in) operating activities	**119 842**	(47 444)	(73 100)
Net cash used in investing activities	**(48 369)**	(51 425)	(91 944)
Net cash (used in)/from financing activities	**(50 235)**	111 985	152 002
Finance lease payments	**(11 124)**	(3 151)	(9 076)
Proceeds on interest-bearing borrowings	**170 000**	367 301	4 499 000
Repayment of interest-bearing borrowings	**(192 510)**	–	(4 026 203)
Shares repurchased	**–**	–	(50 084)
Repurchase of treasury shares	**(16 601)**	–	(9 470)
Loan from non-controlling shareholder	**–**	(252 165)	(252 165)
Total cash and cash equivalents movement for the period	**21 238**	13 116	(13 042)
Cash and cash equivalents at the beginning of the period	**193 553**	206 595	206 595
Cash and cash equivalents at the end of the period	**214 791**	219 711	193 553

NOTES

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

	Unaudited Period ended 30 June 2020		Unaudited Period ended 30 June 2019		Audited Year ended 31 December 2019	
	R'000	**cps**	R'000	cps	R'000	cps
(Loss)/profit after taxation attributable to shareholders	**(1 101 109)**	**(43.79)***	350 533	13.85*	235 603	9.32*
Adjustments for:						
Capital loss on disposal of investment properties and property, plant and equipment	**7 895**		3 166		9 256	
Fair value loss on investment properties	**811 178**		76 569		563 652	
Fair value loss on investment properties in joint ventures	**74 523**		9 036		53 529	
Non-controlling interest – fair value gain on investment properties	**–**		17 325		17 325	
Profit on acquisition of non-controlling interest	**–**		(2 077)		(1 850)	
Headline earnings	**(207 513)**	**(8.25)***	454 552	17.96*	877 515	34.73*
Depreciation	**3 626**		3 108		6 468	
Dividend from investment in listed shares not yet declared	**2 146**		(1 207)		(971)	
Foreign exchange adjustments	**168 676**		(10 482)		(15 686)	
Non-distributable expenses	**8 389**		5 939		17 166	
Non-distributable expenses on investment in joint ventures	**21**		1 903		129	
Non-distributable taxation	**(3 014)**		(4 314)		(5 920)	
Fair value loss on swap derivatives	**355 794**		71 353		84 513	
Fair value loss on investment in listed shares	**7 466**		740		11 794	
Antecedent distribution	**–**		–		1 527	
Straight-line rental adjustment	**(25 266)**		(5 781)		(15 630)	
IFRS 16: *Lease expense*	**(11 125)**		(3 151)		(9 076)	
IFRS 16: *Depreciation on lease asset*	**9 521**		2 095		5 933	
IFRS 16: *Interest on lease liability*	**2 398**		1 014		2 212	
Funds from operations/ distributable income attributable to shareholders	**311 119**	**12.37**	515 769	20.38	959 974	38.04
Interim	**311 119**	**12.37**	515 769	20.38	515 769	20.38
Final	**–**	**–**	–	–	444 205	17.66

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

2. JUNE 2020 INFORMATION ON REPORTABLE SEGMENTS

R'000	Industrial	Retail	Commercial	Afhco	Group[1]
Revenue	265 489	435 323	28 771	315 838	1 045 421
Rental income (excluding straight-line rental adjustment)	204 777	247 802	22 833	269 281	744 693
Net property expenses	(34 341)	(23 388)	(10 356)	(123 090)	(191 175)
Property expenses	(77 569)	(199 600)	(18 781)	(170 687)	(466 637)
Recovery of property expenses	43 228	176 212	8 425	47 597	275 462
Net property income	170 436	224 414	12 477	146 191	553 518
Straight-line rental adjustment	17 484	11 309	(2 487)	(1 040)	25 266
Net interest expense	–	–	–	–	(245 708)
Foreign exchange adjustments	–	–	–	–	(167 542)
Dividend from investment in listed shares	–	–	–	–	2 303
Loss from investment in joint venture	–	–	–	–	(42 087)
Group expenses	–	–	–	–	(41 479)
Capital loss on disposal of investment properties	–	–	–	–	(7 895)
Fair value loss on investment properties	(287 751)	(301 584)	(40 869)	(180 974)	(811 178)
Investment properties	(270 267)	(290 275)	(43 356)	(182 014)	(785 912)
Straight-line rental adjustment	(17 484)	(11 309)	2 487	1 040	(25 266)
Impairment of unlisted shares	–	–	–	–	(1 336)
Fair value loss on investment in listed shares	–	–	–	–	(7 466)
Fair value loss on swap derivatives	–	–	–	–	(355 794)
Taxation	–	–	–	–	(1 711)
Net loss attributable to shareholder	(99 831)	(65 861)	(30 879)	(35 823)	(1 101 109)
Foreign exchange adjustments on investment in joint ventures	–	–	–	–	226 819
Total comprehensive loss	(99 831)	(65 861)	(30 879)	(35 823)	(874 290)
Profit attributable to:					
Owners of the Company	(99 831)	(65 861)	(30 879)	(35 823)	(874 290)
Non-controlling interest	–	–	–	–	–
Total	(99 831)	(65 861)	(30 879)	(35 823)	(874 290)

1. *Corporate sector is included in the Group.*

2. 2020 INFORMATION ON REPORTABLE SEGMENTS (CONTINUED)

R'000	Industrial	Retail	Commercial	Afhco	Group[1]
Other information					
Properties	4 133 300	7 370 850	513 175	4 617 386	16 634 711
Non-current assets	3 625 193	7 176 855	462 999	4 538 390	15 803 437
At valuation	3 711 800	4 057 850	469 400	4 127 180	12 366 230
Straight-line rental adjustment	(86 607)	(191 295)	(6 401)	(20 766)	(305 069)
Under development	–	3 310 300	–	431 976	3 742 276
Current assets[2]	408 977	2 700	43 733	57 994	513 404
Classified as held for sale	421 500	2 700	43 773	58 230	526 203
Straight-line rental adjustment – valuation	(12 523)	–	(40)	(236)	(12 799)
Other assets	245 700	461 707	35 038	398 167	3 027 257
Total assets	4 279 870	7 641 262	541 770	4 994 551	19 344 098
Total liabilities	131 742	215 632	21 202	231 836	8 688 879
Acquisitions and improvements	16 067	107 828	206	21 536	145 637
Segment growth rates (%)					
Rental income (excluding straight-line rental adjustment)	(15.7)	(13.5)	(45.1)	0.8	(11.1)
Property expenses	9.6	11.0	(28.2)	23.1	12.3
Recovery of property expenses	(11.7)	2.0	(48.3)	(10.2)	(5.4)
Net property income	(23.8)	(20.2)	(60.7)	(19.4)	(22.9)

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

3. FAIR VALUE MEASUREMENT

Fair value for financial instruments and investment properties:

R'000	Fair value	Level 1	Level 2	Level 3
Assets				
Non-current assets				
Investment in listed shares	109 700	109 700	–	–
Investment property	16 108 506	–	–	16 108 506
Investment in joint venture	1 103 063	–	–	1 103 063
Swap derivatives	251 535	–	251 535	–
	17 572 804	109 700	251 535	17 211 569
Current assets				
Properties classified as held for sale	526 203	–	–	526 203
Swap derivatives	14 108	–	14 108	–
Loan to developer	133 822	–	–	133 822
	674 133	–	14 108	660 025
Total assets	18 246 937	109 700	265 643	17 871 594
Non-current liabilities				
Swap derivatives	644 238	–	644 238	–
Current liabilities				
Swap derivatives	165 849	–	165 849	–
Total liabilities	810 087	–	810 087	–

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

4. INVESTMENT PROPERTY

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

R'000	**Unaudited six months ended 30 June 2020**	Unaudited six months ended 30 June 2019	Audited year ended 31 December 2019
Investment property (including straight-line rental adjustment)			
Carrying value at beginning of the period	**16 788 656**	17 309 740	17 309 740
Acquisitions and improvements	**145 636**	408 044	860 974
Disposals	**(5 860)**	(319 806)	(618 348)
Fair value loss	**(811 178)**	(76 569)	(563 652)
Transferred to non-current assets for sale	**(313 817)**	(581 844)	(200 058)
Carrying value at end of the period	**15 803 437**	16 739 565	16 788 656
Non-current assets held for sale (investment property, including straight-line rental adjustment)			
Carrying value at beginning of the period	**291 572**	214 286	214 286
Disposals	**(91 985)**	(95 672)	(122 772)
Transferred from investment property	**313 817**	581 844	200 058
Carrying value at end of the period	**513 404**	700 458	291 572

The independent valuers applied current market related assumptions to the risks in rental streams of properties. Discount and capitalisation rates in the respective sectors ranged as follows:

	Discount rate (%) June 2020	**Capitalisation rate (%) June 2020**	Discount rate (%) June 2019	Capitalisation rate (%) June 2019
Industrial	**13.75 – 18.25**	**8.25 – 12.75**	14.00 – 17.00	8.00 – 11.00
Retail	**14.00 – 15.75**	**8.75 – 10.50**	14.00 – 18.00	8.00 – 12.00
Commercial	**15.25 – 17.00**	**9.75 – 11.50**	15.25 – 17.00	9.25 – 11.00
AFHCO	**N/A**	**9.00 – 12.25**	N/A	9.25 – 12.00

The sensitivity analysis is based on the exposure to the discount rates and growth rates at the reporting date which is the most sensitive variable in determining the valuation.

A 50 basis points increase or decrease in the discount rate and 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:

	Growth rate		
	-1.00% R'000	Current R'000	1.00% R'000
June 2020 Investment property (excluding straight-line rental adjustment)			
Discount rate			
-0.50%	**15 694 924**	**17 023 667**	**17 689 294**
Current	**15 328 344**	**16 634 711**	**17 272 830**
0.50%	**14 977 024**	**16 273 379**	**16 873 444**

5. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had capital commitments of R74.5 million as at 30 June 2020 (June 2019: R1 004.5 million and December 2019: R478.0 million).

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

R'000	**Unaudited 30 June 2020**	Unaudited 30 June 2019	Audited 31 December 2019
Guarantees			
Developer holding a non-controlling interest in a subsidiary	**143 100**	273 100	273 100
Investment in joint venture's borrowings	**329 097**	267 184	265 536
Total	**472 197**	540 284	538 636

6. EVENTS AFTER THE REPORTING PERIOD

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

DISTRIBUTIONS

PAYMENT OF DISTRIBUTION AND IMPORTANT DATES

Further to the announcement released on SENS on 20 April 2020 regarding the payment of the second tranche in respect of the income distribution period 1 July 2019 to 31 December 2019, notice is hereby given of the payment of the second tranche of distribution number 10 in respect of the income distribution period 1 July to 31 December 2019. The payment amounts to 9.53939cps. The source of the distribution comprises net income from property rentals. Please refer to the statement of comprehensive income for further details. 2 514 732 095 SA Corporate shares are in issue at the date of this distribution declaration and SA Corporate's income tax reference number is 9179743191.

Last date to trade cum distribution	Tuesday, 6 October 2020
Shares will trade ex distribution	Wednesday, 7 October 2020
Record date to participate in the distribution	Friday, 9 October 2020
Payment of distribution	Monday, 12 October 2020

Share certificates may not be dematerialised or re-materialised between Wednesday, 7 October and Friday, 9 October 2020, 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 abovementioned 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. It should be noted that until 31 December 2013 distributions received by nonresidents from a REIT were not subject to dividend withholding tax. From 22 February 2017, any distribution received by a non-resident from a REIT is 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 7.63151 cents per SA Corporate share. A reduced dividend withholding rate, in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to the CSDP or broker, as the case may be, in respect of uncertificated shares, or the transfer secretaries, in respect of certificated shares:

(a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and

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

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

Cape Town

15 September 2020

Sponsor: Nedbank Corporate and Investment Banking

NOTES

DIRECTORATE AND STATUTORY INFORMATION

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

Registered office
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Tel: 021 529 8410

Registered auditors
PricewaterhouseCoopers
5 Silo Square
V&A Waterfront
Cape Town
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Company secretary
T Kodde
South Wing
First Floor
Block A
The Forum
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Century City
7441

Transfer secretaries
Computershare Investor Services Proprietary Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

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

Directors
MA Moloto (Chairman)
OR Mosetlhi (Lead Independent Director)
TR Mackey (Chief Executive Officer)*
AM Basson (Chief Financial Officer)*
RJ Biesman-Simons
N Ford-Hoon (Fok)
EM Hendricks
GJ Heron
A van Heerden
* *Executive*

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