

(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" or the "Group")

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 portfolio consists of 192 properties, with 1 629 105 m² of lettable area, valued at R16.6 billion, and a 50% joint venture in three Zambian properties valued at R1.1 billion.



Risk mitigation during COVID-19 environment

The COVID-19 pandemic has resulted in challenging trading conditions in the real estate sector necessitating particular focus on rental collections. SA Corporate had to mitigate the impact of tenants in distress, which was done through divesting from industrial properties with tenants in distress and granting rental relief to residential and non-essential retail and commercial tenants in the form of deferment, deposit utilisation or providing discounts to qualifying tenants. The deferred payment of the second tranche of the H2 2019 distribution will be paid on 12 October 2020. The Group has not declared a H1 2020 distribution.

Payment of second tranche H2 2019 distribution

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 payment comprises net income from property rentals. Please refer to the statement of comprehensive income on the SA Corporate website 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.

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|--|---------------------------|
| 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 declaration that the distribution is exempt from dividends tax; and
- 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.

DIRECTORATE AND STATUTORY INFORMATION

| Registered office | Registered auditors | Transfer secretaries |
|--|--|---|
| South Wing, First Floor Block A The Forum North Bank Lane Century City 7441 Tel 021 529 8410 | PricewaterhouseCoopers 5 Silo Square V&A Waterfront Cape Town 8002 | Computershare Investor Services Proprietary Ltd Rosebank Towers 15 Biermann Avenue Rosebank 2196 |

CONDENSED UNAUDITED CONSOLIDATED FINANCIAL RESULTS

for the six months ended 30 June 2020

Overview

- ▶ Interim distributable income of R311.1 million (June 2019: R515.8 million)
- ▶ 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%)
- ▶ Contracted and executed disposals of R848.1 million (Transferred: R144.3 million; Contracted awaiting transfer: R703.8 million)
- ▶ Loan to value of 38.3%* (December 2019: 36.6%)
- ▶ Weighted average cost of funding of 5.65% (December 2019: 8.15%) exclusive of swaps and 7.34% (December 2019: 8.47%) inclusive

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

Salient features

The unaudited condensed consolidated financial results for the six months ended 30 June 2020, as compared to the six months ended 30 June 2019, are set out below:

Revenue of R1 045.4 million (2019: R1 134.9 million)

Operating profit of R537.3 million (2019: R677.5 million)

Headline (loss)/earnings per share of (8.25) cents (2019: 17.96 cents)

(Loss)/earnings per share of (43.79) cents* (2019: 13.85 cents)

Net asset value per share of 424 cents (2019: 501 cents)

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

* Decline primarily due to movement in fair value recognised on investment property and swap derivatives.

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 non-residents 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 declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- 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 abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

Short-form notice

The contents of this short-form announcement are the responsibility of the Board of Directors of the Company. Shareholders are advised that this short-form announcement represents a brief summary of the information contained in the full announcement, which is published on <https://senspdf.jse.co.za/documents/2020/jse/isse/SACE/ie2020.pdf> and on SA Corporate's website. Any investment decisions by investors and/or shareholders should be based on a consideration of the full announcement as a whole and shareholders are encouraged to review the full announcement as directed above. Investors and/or shareholders may request copies of the full announcement by contacting the registered office, details of which are set out below. The announcement is available for inspection at the registered office of the Company at no charge during business hours.

For a more comprehensive analysis of SA Corporate's results and outlook, please refer to www.sacorporatefund.co.za.

Cape Town

15 September 2020

Sponsor: Nedbank Corporate and Investment Banking

| Sponsor | Directors | |
|--|---|--|
| Nedbank Corporate and Investment Banking, a division of Nedbank Limited 135 Rivonia Road Sandton 2196 | MA Moloto (Chairman) OR Moselehi (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 |