

**Interim distribution growth**  
4.4% higher than June 2016  
3.7% higher than December 2016

**Capital structure**  
Premium to NAV of 7.6%  
Effective debt 81.1% fixed at 8.6%

**Portfolio activity**  
Committed developments of R2 147,2m  
Acquisitions and contracted acquisitions of R2 590,2m

**Property performance**  
NPI growth of 13.8%  
Like-for-like NPI growth of 4.1%  
Retail positive rental reversions of 6.6%

## INTRODUCTION

SA Corporate Real Estate Limited is a JSE-listed Real Estate Investment Trust ("REIT") which owns a diversified portfolio of industrial, retail, commercial and residential buildings located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia.

## REVIEW OF FINANCIAL RESULTS AND PORTFOLIO PERFORMANCE

### Distribution Growth

SA Corporate delivered growth in distributions per share for the six months to June 2017 of 4.4%. This amounts to a distribution of 22.38 cps (June 2016: 21.44 cps). The H1 performance has been impacted by non-recurring income in H1 2016 resulting mainly from a recovery of bad debts previously written off and increased vacancies in the residential portfolio.

### Portfolio Performance

Total net property income ("NPI") increased by 13.8%, with the like-for-like increasing by 4.1%.

Retail NPI growth of 19.7% was underpinned by strong tenant retention rates of 92.0%, weighted average lease escalations of 7.6%, positive reversions of 6.6% and acquisitions contributing 8.3%. The retail like-for-like (excluding developments) portfolio grew by 6.0%. The proactive unlocking of value in the retail portfolio through redevelopments and improvements to tenant mix contributed positively to the overall retail performance.

Industrial like-for-like portfolio growth of 4.0% was supported by 8.0% rental escalations, tenant retention rates of 82.1%, flat reversions and a 1.0% reduction in vacancies from June 2016. This reflects the resilience of the portfolio amid trying economic conditions relative to the performance of the sector.

Afco like-for-like growth amounted to 4.2%, negatively impacted by increased residential vacancies which grew by 3.7%. Despite rental escalations of 7.5%, the increased vacancies necessitated mitigation measures to rebase the inner-city portfolio generating lower returns in the short term, through the introduction of lifestyle improvements, loyalty programmes, transportation and increased security.

The Zambian JV contributed R30,7m for the 6 months to June 2017 a reduction of 3.3% in ZAR relative to June 2016 as the Rand strengthened from an average of R15.41 to R13.07 to the USD. The Zambian JV contribution increased by 5.6% over the same period in USD.

### Net Finance Cost

Net funding cost increased by 39.7% in line with the R1,0bn increase in debt and a reduction in capitalised interest as the two major retail developments as well as Afco developments came on stream. The new debt was concluded at a weighted average margin of 1.8% versus an overall margin of 1.6% in June 2016.

## DISTRIBUTION STATEMENT

	6 months ended 30.06.2017	6 months ended 30.06.2016	Year ended 31.12.2016
	Unaudited	Unaudited	Audited
<b>DISTRIBUTABLE EARNINGS (R000)</b>			
Rent (excluding straight line rental adjustment)	724,983	639,413	1,328,181
Net property expenses	(51,028)	(47,369)	(123,171)
Property expenses	(324,333)	(290,177)	(614,981)
Recovery of property expenses	273,305	242,808	491,810
<b>Net property income</b>	<b>673,955</b>	<b>592,044</b>	<b>1,205,010</b>
Investment in joint venture	28,442	31,767	60,350
Yield guarantee on joint venture	2,286	-	7,871
Taxation on distributable earnings	(260)	(1,352)	(1,008)
Dividends from fixed property companies	370	-	-
<b>Net finance cost</b>	<b>(153,246)</b>	<b>(109,715)</b>	<b>(226,569)</b>
Interest income	35,604	22,696	48,349
Interest expense	(188,850)	(132,411)	(274,918)
Distribution related expenses	(21,197)	(22,252)	(47,569)
Distribution related income	10,669	-	-
Antecedent distribution	-	-	17,624
<b>Distributable earnings</b>	<b>541,019</b>	<b>490,492</b>	<b>1,015,709</b>
Interim	541,019	490,492	493,925
Final	-	-	521,784
Shares in issue (000)	2,417,482	2,287,304	2,417,482
Weighted number of shares in issue (000)	2,417,482	2,287,304	2,320,805
Distribution (cents per share)	22.38	21.44	43.02
Interim	22.38	21.44	21.44
Final	-	-	21.58

## PROPERTY VALUATIONS

The Group's independently valued property portfolio increased by R602,7m (4.0%) to R15,6bn as at June 2017 (December 2016: R15,0bn). This excludes the Zambian portfolio of R830,4m that has been equity accounted but includes the net investment of R270,9m in respect of acquisitions, developments, capex and disposals. The like-for-like portfolio held for the full 6 months to June 2017 increased by R540,6m (3.8%) from December 2016.

The capitalisation and discount rates in the Group's like-for-like portfolio at 30 June 2017 were calculated on a weighted average basis:

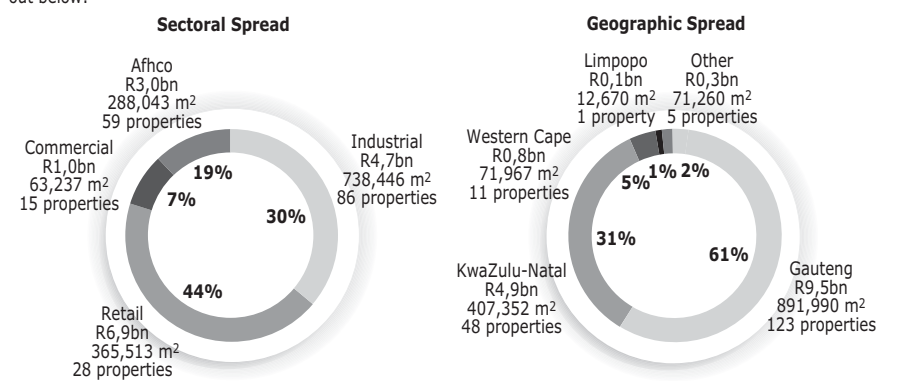
Sector	Capitalisation rate (%)		Discount rate (%)		Growth in like-for-like portfolio (%)
	30.06.2017	31.12.2016	30.06.2017	31.12.2016	
Industrial	9.1	9.1	15.1	15.1	2.4
Retail	8.8	8.8	14.8	14.8	3.3
Commercial	8.8	8.8	14.8	14.8	2.0
Afco	9.8	9.7	*	*	3.1
<b>Weighted average</b>	<b>9.2</b>	<b>9.1</b>	<b>15.0</b>	<b>15.0</b>	<b>2.8</b>

\* Afco properties are not valued on a discount rate basis, due to the short term nature of residential leases.

The NAV per share (511 cps) increased by 2.4% (December 2016: 499 cps) of which an increase of 2.8% is attributable to property valuations, reduced by swap and investment in Transcend Residential Property Fund valuations representing 0.4%.

## PROPERTY PORTFOLIO

The portfolio comprised 188 properties (December 2016: 179 and June 2016: 177) which excludes the 3 Zambian properties held as a 50% investment in a JV. The sectoral and geographic spread by value as at 30 June 2017 are set out below:



## Developments:

Properties	Total development cost (Rm)	Forecast completion date	Yield forecast 1st 12 months (%)	Sector	Region
Hayfields Mall, Pietermaritzburg	37.3	08/2017	9.1	Retail	KwaZulu-Natal
Umlazi Mega City, Umlazi 1	278.0	09/2017	9.5	Retail	KwaZulu-Natal
Kempton Park Shoprite, Kempton Park	70.9	11/2017	10.0	Retail/Residential	Gauteng
Midway Mews, Halfway Gardens	32.7	12/2017	8.82	Retail	Gauteng
Cambridge Crossing, Sandton	59.9	12/2017	9.12	Retail	Gauteng
252 Montrose Ave, Randburg	92.0	12/2018	10.5	Residential	Gauteng
East Point, Boksburg	499.0	05/2017	9.0	Retail	Gauteng
57 Sarel Baard Crescent, Centurion	370.0	08/2018	8.03	Industrial	Gauteng
Cnr Old Pretoria and Alexandra Road, Midrand	140.0	11/2018	10.0	Residential	Gauteng
North Park Mall Residential, Pretoria	141.7	03/2019	10.0	Retail/Residential	Gauteng
Afco pipeline 4	425.7	06/2018 - 07/2019	10.8	Retail/Residential	Gauteng
<b>Total</b>	<b>2 147.2</b>		<b>9.5</b>		
<b>Spent to date</b>	<b>(1 334.7)</b>				
<b>Committed development</b>	<b>812.5</b>				

1 75% Undivided share of development cost

2 The yield excluding defensive capital is 11.8% and 11.5% respectively

3 Based on pre-development valuation using market rental

4 Includes bulk acquired for development to the amount of R28,2m. In addition to the above, Afco owns and has contracted development bulk which represents a pipeline of R1bn in the next 4 years.

## Acquisitions:

Properties	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
Steelport Residential, Steelport	79.8	01/2017	10.3	Residential	Limpopo
Friendship Town, Midrand	72.0	02/2017	11.0	Residential	Gauteng
Long Street Precinct Bulk, Jeppestown	29.7	02/2017 - 04/2017	#	Residential	Gauteng
Reef Acres, Springs	43.5	02/2017	10.0	Residential	Gauteng
Andrea Close & Dennehof and Bloekomhof, Vereeniging	40.6	03/2017	11.0	Residential	Gauteng
51 Pritchard Street, Johannesburg CBD	178.0	03/2017	10.3	Retail	Gauteng
Indirect Investment in Phase 3A, Zambia	23.2	04/2017	9.0^	Retail	Zambia
Erf 286 Erand (storage land)	12.2	04/2017	#	Land	Gauteng
Cnr of Rocky and Davies Street, Doornfontein	5.5	05/2017	#	Retail	Gauteng
Erf 8383 Milnerton (retail & storage development land)	22.5	06/2017	#	Land	Western Cape
<b>Total</b>	<b>507.0</b>		<b>10.4</b>		

# Land/Bulk acquired for development  
^ Yield in USD

## Contracted and Unconditional Acquisitions:

Properties/Listed Property Investment	Cost (Rm)	Acquisition date ^	Yield forecast 1st 12 months (%)	Sector	Region
Storage Genie Leasehold properties	65.6	07/2017	18.3	Storage	Gauteng
African City Mall Phase 1, Johannesburg CBD	41.1	07/2017	10.3	Retail	Gauteng
Reef Acres - Real Right Extension, Springs	1.3	07/2017	*	Residential	Gauteng
Safari Investments RSA Ltd - 20 000 000 shares	152.0	07/2017	#		
Northgate Heights Phase 1A & 1B, Northgate	57.5	07/2017 - 11/2017	10.0	Residential	Gauteng
M&T Development - Burgundy, Centurion	75.8	08/2017	10.0	Residential	Gauteng
M&T Development - Minuet Phases 182, Midrand	48.7	08/2017	10.0	Residential	Gauteng
Golf Park, Phillip Nel Park, Pretoria	98.0	08/2017	10.3	Residential	Gauteng
Panama House Phase 1, Johannesburg CBD	70.2	08/2017	10.5	Residential	Gauteng
Panama House Phase 2, Johannesburg CBD	30.9	11/2017	10.5	Residential	Gauteng
African City Mall Phase 2, Johannesburg CBD	40.6	10/2017	11.0	Retail	Gauteng
Calgro Developments Phases 1-5	811.7	09/2017 - 10/2018	10.8	Residential	Gauteng/Western Cape
M&T Development - Etude Phases 1-6, Midrand	252.3	10/2017 - 05/2018	10.0	Residential	Gauteng
Long Street Precinct bulk (Parcels 5-7), Jeppestown	12.2	12/2017	*	Residential	Gauteng
Northgate Heights Phase 2&3, Northgate	58.6	02/2018 - 05/2018	11.0	Residential	Gauteng
<b>Total</b>	<b>1 816.5</b>		<b>10.8</b>		

\* Land/Bulk acquired for development  
# Listed property investment  
^ Acquisition date represents the expected effective date of the transaction

## Contracted and Conditional Acquisition:

Properties	Cost (Rm)	Acquisition date ^	Yield forecast 1st 12 months (%)	Sector	Region
Storage Genie freehold properties	266.7	12/2017 - 12/2018	11.1	Storage	Gauteng
<b>Total</b>	<b>266.7</b>		<b>11.1</b>		

^ Acquisition date represents the expected effective date of the transaction

## Acquisitions contracted after 30 June 2017:

Properties	Cost (Rm)	Acquisition date ^	Yield forecast 1st 12 months (%)	Sector	Region
The Oaks, Ermelo	105.0	11/2017	10.6	Retail	Gauteng
Calderwood, Boksburg	165.0	03/2018	10.0	Residential	Gauteng
M&T Development, Founders Hill 1	289.8	05/2018 - 12/2019	10.0	Residential	Gauteng
Joburg Rising, Johannesburg CBD	68.4	01/2019	10.0	Residential	Gauteng
<b>Total</b>	<b>628.2</b>		<b>10.1</b>		

^ Acquisition date represents the expected effective date of the transaction  
1 Represents 60% ownership

## Disposals:

Properties	Transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
35 Circuit Road, Westmead	01/2017	15.0	7.6	Industrial	KwaZulu-Natal
Pine Crest Shopping Centre, Pinetown 1	03/2017	407.0	8.2	Retail	KwaZulu-Natal
36 Wankel Street, Jet Park	05/2017	37.0	7.1	Industrial	Gauteng
<b>Total</b>		<b>459.0</b>	<b>8.1</b>		

1 Sale of 50% undivided share; Exit yield calculated on sales price plus defensive capex

## Contracted Disposals:

Properties	Expected transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
Lebombo Road, Garsfontein (Portion)	09/2017	12.0	6.2	Commercial	Gauteng
Hotel at Cullinan Jewel Shopping Centre, Pretoria	09/2017	2.7	9.0	Retail	Gauteng
96 15th Road, Randjespark	10/2017	92.0	7.9	Industrial	Gauteng
African Diamond, Johannesburg CBD	10/2017	25.0	6.8	Residential	Gauteng
Textile House, Johannesburg CBD	11/2017	55.0	9.5	Residential	Gauteng
The Mall, Vanderbijl Park	12/2018	13.6	10.0	Afco Retail	Gauteng
Nuker, Johannesburg CBD	12/2017	87.0	10.0	Residential	Gauteng
<b>Total</b>		<b>287.3</b>	<b>8.8</b>		

## VACANCIES AND LEASE EXPIRIES

Vacancies in terms of rentable area and rental income were as follows:

Sector	Vacancy as % of GLA *			Vacancy as % of rental income		
	30.06.2017	30.06.2016	31.12.2016	30.06.2017	30.06.2016	31.12.2016
<b>Traditional Portfolio:</b>						
Industrial	1.6	2.6	1.1	1.1	1.6	0.9
Retail	3.9	4.5	4.5	3.2	2.8	3.3
Commercial	6.7	8.6	8.8	5.5	5.9	5.4
<b>Traditional Portfolio total</b>	<b>2.6</b>	<b>3.6</b>	<b>2.7</b>	<b>2.5</b>	<b>2.7</b>	<b>2.5</b>
<b>Afco Portfolio:</b>						
Residential 1	8.9	5.2	10.4	8.3	5.4	11.1
Retail / Commercial	1.4	3.3	3.4	2.8	3.4	3.3
<b>Afco Portfolio total</b>	<b>5.8</b>	<b>4.6</b>	<b>8.7</b>	<b>6.7</b>	<b>4.7</b>	<b>8.7</b>
<b>Rest of Africa Portfolio:</b>						
Retail	5.5	5.5	8.8	3.3	4.4	4.0
Commercial	4.7	4.7	4.7	3.4	2.3	4.4
<b>Rest of Africa Portfolio total</b>	<b>5.3</b>	<b>5.3</b>	<b>7.9</b>	<b>3.3</b>	<b>3.9</b>	<b>4.1</b>

\* GLA=Gross lettable area

1 Excluded from the vacancies and total GLA are three properties held for sale at period end, namely African Diamond, Textile House and Nuker, with vacant occupation being a condition in terms of the sale agreements.

During the 12 month period to June 2017, the traditional portfolio vacancies by GLA reduced to 2.6% (June 2016: 3.6%) with a decrease in vacancy by rental of 0.2%. The low 1.6% industrial vacancies ensures that these remain significantly below the sector average, while retail vacancies by GLA continued their downward trend, with a marginal increase in vacancy by rental. Commercial vacancies have reduced from 8.6% to 6.7% and from 5.9% to 5.5% by GLA and rental income respectively, due to a combination of vacancy take-up and change in use from commercial to residential.

While Afco vacancies by GLA has improved since December 2016, the trend has been higher than a year ago due to a combination of increased competition, consumer sensitivity to pricing driven by the current economic climate and crime, particularly in the fashion district. The retail/commercial vacancies reduced by 1.9% and 0.6% by GLA and rental respectively. Standing portfolio residential vacancies by GLA decreased by 0.3% since December 2016. A number of mitigation measures were introduced at the expense of short-term net property income growth to ensure Afco remains competitive and differentiates itself to set the platform for sustainable long-term growth.

The Zambian JV vacancies have improved since December 2016 due to reductions in vacancies at Jacaranda Mall in Ndola.

The lease expiry profile and vacancies (by GLA) are set out below:

Sector	Vacancy (%)	Expiries (%)					
		Monthly	2017 <sup>2</sup>	2018	2019	2020	Thereafter
<b>Traditional Portfolio:</b>							
Industrial	1.6	1.3	9.7	25.4	17.2	9.4	35.



	6 months ended 30.06.2017 Unaudited	6 months ended 30.06.2016 Unaudited	Year ended 31.12.2016 Audited
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (R000)</b>			
Share capital and reserves at the beginning of the period	12,070,009	9,980,915	9,980,915
Total comprehensive income for the period	801,956	687,836	2,362,230
Shares issued	-	-	658,103
Treasury shares repurchased	(10,072)	(7,089)	(7,098)
Vesting of treasury shares	8,207	-	-
Antecedent distribution	-	-	17,624
Share-based payment reserve	2,654	-	7,565
Distribution attributable to shareholders	(521,781)	(455,386)	(949,330)
<b>Share capital and reserves at the end of the period</b>	<b>12,350,973</b>	<b>10,206,276</b>	<b>12,070,009</b>

	6 months ended 30.06.2017 Unaudited	6 months ended 30.06.2016 Unaudited	Year ended 31.12.2016 Audited
<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (R000)</b>			
Operating profit before working capital changes	661,670	600,040	1,180,390
Working capital changes	(19,032)	(54,402)	(18,702)
Cash generated from operations	642,638	545,638	1,161,688
Operating activities changes	(700,471)	(594,302)	(1,253,239)
Interest received	35,650	22,086	48,240
Interest paid	(214,091)	(160,109)	(351,254)
Taxation paid	(249)	(893)	(895)
Distributions paid	(521,781)	(455,386)	(949,330)
Net cash outflows from operating activities	(57,833)	(48,664)	(91,551)
Net cash outflows from investing activities	(524,276)	(305,522)	(1,335,723)
Net cash inflows from financing activities	548,483	227,727	1,308,313
Increase in borrowings	550,348	247,845	728,404
Issue of new shares	-	-	600,027
Treasury shares repurchased	(10,072)	(7,098)	(7,098)
Loan to developer	-	(13,020)	(13,020)
Vesting of treasury shares	8,207	-	-
Net decrease in cash and cash equivalents	(33,626)	(126,459)	(118,961)
Cash and cash equivalents at the beginning of period	191,380	310,341	310,341
Cash and cash equivalents at the end of period	157,754	183,882	191,380

## NOTES

The condensed consolidated interim financial statements are prepared in accordance with the JSE Limited Listings Requirements, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements. The results and prospects have been compiled under the supervision of AM Basson CA(SA), the financial director, but have not been audited or reviewed by the Group's auditors, Deloitte & Touche.

### 1. Reconciliation of profit after tax to headline earnings and distributable earnings attributable to shareholders

	6 months ended 30.06.2017 Unaudited R 000	6 months ended 30.06.2016 Unaudited R 000	6 months ended 30.06.2016 Unaudited cps	Year ended 31.12.2016 Audited R 000	Year ended 31.12.2016 Audited cps	
<b>Profit after taxation attributable to shareholders</b>	<b>845,097</b>	<b>34.96*</b>	735,961	32.18*	2,480,003	106.86*
Adjustments for:						
Capital profit on disposal of investment properties and property, plant and equipment	(2,058)	(681)	(299)			
Revaluation of investment properties and joint ventures	(317,111)	(293,751)	(1,525,695)			
Gain on acquisition of subsidiaries	-	-	(232)			
<b>Headline earnings</b>	<b>525,928</b>	<b>21.76*</b>	441,529	19.30*	953,777	41.10*
Antecedent distribution	-	-	17,624			
Taxation on distributable income	8,906	-	-			
Depreciation	1,683	830	2,422			
Foreign exchange adjustments	(17,974)	(22,885)	(49,520)			
Revaluation of listed shares	13,860	-	(8,250)			
Non-distributable expenses	12,010	4,341	21,644			
Revaluation of interest rate swap derivatives	41,286	92,963	90,162			
Straight line rental adjustment	(45,062)	(26,260)	(13,094)			
Straight line rental expense adjustment	-	(26)	-			
Non-distributable expenses on investment in joint ventures	382	-	944			
<b>Distributable earnings attributable to shareholders</b>	<b>541,019</b>	<b>22.38</b>	490,492	21.44	1,015,709	43.02
Interim	541,019	22.38	490,492	21.44	493,925	21.44
Final	-	-	-	-	521,784	21.58

\* calculated on weighted number of shares in issue

### 2. Primary operational segments for the 6 months ended 30.06.2017 (R000)

Business segment	Industrial	Retail	Commercial	Afhco	Group
<b>Extract from statement of comprehensive income</b>					
Revenue	297,324	481,696	65,088	199,242	1,043,350
Rental income (excluding straight line rental adjustment)	254,298	271,527	47,885	151,273	724,983
Net property expenditure	(21,493)	10,389	(9,049)	(30,875)	(51,028)
Property expenses	(68,000)	(155,274)	(24,351)	(76,708)	(324,333)
Recovery of property expenses	46,507	165,663	15,302	45,833	273,305
Net property income	232,805	281,916	38,836	120,398	673,955
Straight line rental adjustment	(3,481)	44,506	1,901	2,136	45,062
Net interest expense	-	-	-	-	(153,246)
Group income	-	-	-	-	12,955
Dividend from fixed property companies	-	-	-	-	370
Foreign exchange adjustments	-	-	-	-	17,974
Group expenses	-	-	-	-	(34,890)
Profit from investment in joint ventures	-	-	-	-	58,234
Revaluation of investment properties	89,192	141,978	1,191	54,576	286,937
Investment properties	85,711	186,484	3,092	56,712	331,999
Straight line rental adjustment	3,481	(44,506)	(1,901)	(2,136)	(45,062)
Revaluation of interest rate swap derivatives	-	-	-	-	(41,286)
Revaluation of investment in fixed property companies	-	-	-	-	(13,860)
Capital profit on disposal of investment properties and property, plant and equipment	-	-	-	-	2,058
Taxation	-	-	-	-	(9,166)
Profit after taxation	318,516	468,400	41,928	177,110	845,097
Other comprehensive income, net of taxation	-	-	-	-	(43,141)
Total comprehensive income	318,516	468,400	41,928	177,110	801,956

### Other information

	Industrial	Retail	Commercial	Afhco	Group
Properties (excluding straight line rental adjustment):	4,710,900	6,869,462	1,062,600	2,981,580	15,624,542
Non-current investment property	4,536,079	6,727,626	1,028,042	2,782,930	15,074,677
At valuation	4,622,100	6,868,462	1,050,600	2,800,980	15,342,142
Straight line rental adjustment	(86,021)	(140,836)	(22,558)	(18,050)	(267,465)
Non-current investment property held for sale	87,905	1,000	12,000	179,804	280,709
Classified as held for disposal	88,800	1,000	12,000	180,600	282,400
Straight line rental adjustment	(995)	-	-	(796)	(1,691)
Other assets	162,702	348,330	57,879	344,611	2,493,531
Total assets	4,786,686	7,076,956	1,097,921	3,307,345	17,848,917
Total liabilities	74,359	122,726	24,561	204,378	5,497,944
Acquisitions and improvements	25,689	315,750	15,808	363,458	720,705
Acquisitions and improvements	25,689	315,750	15,808	250,831	608,078
Acquisitions through business combination	-	-	-	112,627	112,627

### Segmental growth rates (%)

	Industrial	Retail	Commercial	Afhco	Group
Rental income (excluding straight line rental adjustment)	3.9	16.3	(8.1)	38.5	13.4
Property expenses	4.1	7.7	9.4	31.3	11.8
Recovery of property expenses	(12.9)	13.2	9.6	53.7	12.2
Net property income	0.0	19.7	(11.4)	49.3	13.8

### 3. Fair value measurement

The interest rate swap derivatives are valued based on the discounted cash flow method. Future cash flows are estimated based on forward 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. The investment in joint ventures is valued at the ownership of the underlying joint ventures' 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, was 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 in perpetuity. The discounted cash flow method is not appropriate due to the short term nature of the portfolio's leases.

The table below analyses assets that are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Investments in listed shares	Level 1
Interest rate swap derivatives	Level 2
Investment in joint ventures	Level 3
Investment property	Level 3

There were no transfers between the levels.

### 4. Capital commitments

The Group had capital commitments of R2 895,7m (December 2016: R407,7m) as at 30 June 2017.

### 5. Events after the reporting period

On 5 July 2017, SA Corporate issued 113,207,547 shares for cash at a price per share of R5.30. This resulted in total capital raised of R600m.

### DISTRIBUTION DECLARATION AND IMPORTANT DATES

#### Notice to shareholders resident South Africa

Notice is hereby given of the declaration of distribution no.5 in respect of the income distribution period 1 January 2017 to 30 June 2017. The distribution amounts to 22.38 cps. The source of the distribution comprises net income from property rentals and interest earned on cash investments. Please refer to the statement of comprehensive income for further details. 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 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 will be 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 17.9040 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 shareholders 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 abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable. 2,530,689,337 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, 26 September 2017
Shares will trade ex-distribution	Wednesday, 27 September 2017
Record date to participate in the distribution	Friday, 29 September 2017
Payment of distribution	Monday, 2 October 2017

Share certificates may not be dematerialised or re-materialised between Wednesday, 27 September and Friday, 29 September 2017 both days inclusive.

By order of the Board

## DIRECTORATE AND STATUTORY INFORMATION

Registered office	Registered auditors	Transfer secretaries	Sponsor
South Wing, First Floor Block A	Deloitte & Touche	Computershare Investor Services (Pty) Ltd	Nedbank Corporate and Investment Banking, a division of Nedbank
The Forum	The Square	Rosebank Towers	Limited
North Bank Lane	Cape Quarter	15 Biermann Avenue	135 Rivonia Road
Century City	27 Somerset Road	Rosebank	Sandton
7441	Cape Town	2196	2196
Tel 021 529 8410	8005		

Directors: J Molobela (Chairman), TR Mackey (Managing)\*, AM Basson (Finance)\*, RJ Biesman-Simons, A Chowan, GP Dingaun, KJ Forbes, EM Hendricks, MA Moloto, ES Seedat

\* Executive

**B Swanepoel  
Company Secretary  
29 August 2017**