

SA Corporate Real Estate Limited
("SA Corporate" or "the Group")
Incorporated in the Republic of South Africa
Share Code: SAC; ISIN Code: ZAE000203238
(Registration number 2015/015578/06)
REIT status approved

CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Interim distribution

H1 2019 distribution of 20.38 cps

Capital structure

R4,7bn debt refinanced
Effective fixed debt of 72.2%
LTV of 36.6%

Portfolio activity

Completed and committed developments of R1 056,4m
Acquisitions and contracted and unconditional acquisitions of R840,9m
Contracted and actual disposals of R1 095,4m

Property performance

Total like-for-like NPI growth of 0.8%
Afcro like-for-like NPI growth of 4.1%
Reduction in residential vacancy from 9.4% to 5.1%
Industrial tenant retention 98.6%

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

SA Corporate's distribution per share for the six months to June amounts to 20.38 cps (June 2018: 21.70 cps). The interim distribution has been substantially impacted by factors in the second half of 2018, particularly negative reversions and the impact of administered costs.

Portfolio Performance

The like-for-like portfolio net property income ("NPI") increased by 0.8%.

Afcro total NPI grew by 11.2% with the like-for-like portfolio increasing by 4.1%. This is largely as a result of improved vacancies, especially in the residential portfolio with vacancies reducing by 4.3% in comparison to June 2018. The Afcro performance was further enhanced by rental residential increases of 4.1%, but negatively impacted by significant increases in rates and utilities.

Retail like-for-like NPI increased by 1.3%, driven by retail escalations of 7.5%, retentions of 78.9%, set-off by negative rental reversions of 4.3% and rates increases, not all of which are recoverable.

Industrial like-for-like NPI retracted by 2.3% resulting from substantial negative reversions relating to historical long leases (H2 2018 - negative reversions of 13.5% in respect of 21.0% of the industrial GLA), double digit increases in leasehold ground rentals at Maydon Wharf and the impact of increased rates and electricity, despite strong tenant retentions and escalations of 98.6% and 7.7% respectively.

Income from the Zambian Joint Ventures ("JV's") amounted to R36,1m (June 2018: R29,7m) representing an increase of 21.5%. This is attributable to reduced vacancies in the second half of 2018, refinancing of the debt at more favourable rates and weakening of the ZAR/USD average exchange rate from R13.81 to R14.21 to the USD.

Net Finance Cost

Net finance cost, excluding the impact of IFRS 16, increased by 8.2%. This is as a result of an increase in debt of R803m from June 2018, due to increased investment activity at a weighted average marginal rate of 1.95% above the 3-month Jibar. Interest income reduced due to the settlement of loans by certain developers. The increase in net finance cost was offset by favourable interest rate and cross currency swap derivatives.

DISTRIBUTION STATEMENT

	6 months ended 30.06.2019	6 months ended 30.06.2018	Year ended 31.12.2018
	Unaudited	Unaudited	Audited
DISTRIBUTABLE EARNINGS (R'000)			
Rent (excluding straight line rental adjustment)	838,068	834,188	1,690,835
Net property expenses	(137,545)	(98,186)	(235,312)
Property expenses	(428,543)	(390,293)	(832,529)
Recovery of property expenses	291,088	292,107	597,217
Net property income attributable to non-controlling interest	-	(9,591)	(26,182)
Net property income	700,613	726,411	1,429,341
Investment in joint ventures	36,127	29,376	61,668
Taxation on distributable earnings	-	-	(136)
Impairment of investment in unlisted shares ¹	(552)	-	-
Dividends from investments in listed shares	5,875	6,900	13,954
Net finance cost	(206,420)	(190,755)	(391,958)
Interest income	37,730	47,125	88,816
Interest expense	(244,150)	(247,780)	(508,964)
Interest attributable to non-controlling interest	-	9,900	28,190
Distribution related expenses	(19,874)	(23,254)	(44,653)
Distributable earnings	515,769	549,038	1,068,216
Interim	515,769	549,038	549,038
Final	-	-	519,178
Shares in issue (000)	2,530,689	2,530,689	2,530,689
Weighted number of shares in issue (000)	2,530,689	2,530,689	2,530,689
Distribution (cents per share)	20.38	21.70	42.22
Interim	20.38	21.70	21.70
Final	-	-	20.52

¹ Edcon shares, issued in respect of the 40.9% reduced Edcon rental income, are fully impaired.

PROPERTY VALUATIONS

The Group's independently valued property portfolio decreased by R0,1bn (0.6%) to R17,7bn as at June 2019 (December 2018: R17,8bn). The like-for-like portfolio held for the full 6 months to June 2019 remained relatively flat, increasing by R1,1m from December 2018.

The capitalisation and discount rates in the Group's like-for-like portfolio at 30 June 2019 calculated on a weighted average basis were:

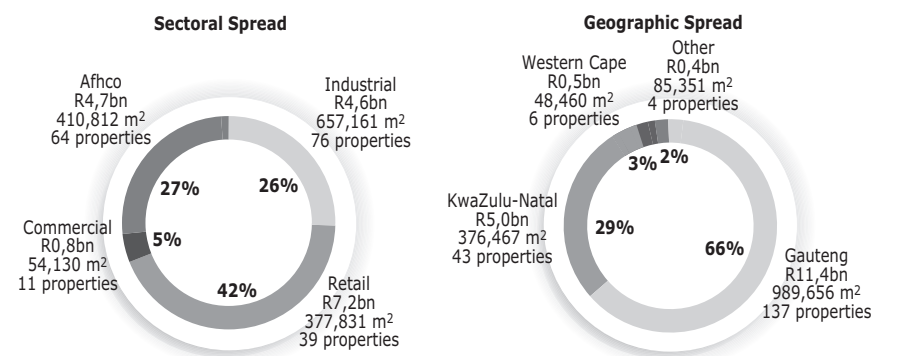
Sector	Capitalisation rate (%)		Discount rate (%)		Growth in like-for-like portfolio (%)
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	
Industrial	9.6	9.6	15.6	15.6	(1.4)
Retail	8.9	8.9	14.9	14.9	0.3
Commercial	9.5	9.2	15.5	15.2	(4.0)
Afcro	10.5	10.5	*	*	2.1
Weighted average	9.6	9.6	15.3	15.3	0.0

* Afcro properties are not valued on a discounted cash flow basis, but on the basis of capitalisation of the net income earnings, due to the short term nature of residential leases.

The NAV is 501 cps at June 2019 (December 2018: 508 cps). The reduction is attributable to a decrease in property valuations (0.6%), negative movements related to the swap valuations (0.6%) and the foreign exchange adjustments on the investment in the JV's (0.1%), related to a higher 6 month average rate relative to the closing rate as at 30 June 2019.

PROPERTY PORTFOLIO

The portfolio comprised 198 properties (December 2018: 200 and June 2018: 199) which excludes the 3 Zambian properties held as a 50% investment in the JV's. The sectoral and geographic spread by value as at 30 June 2019 are set out below.



The above excludes:

- Development bulk across the Traditional and Afcro portfolios measuring 133,833 m² comprising 8 properties and valued at R0,4bn.
- Listed investments of R128,2m.
- Investment in JV's valued at R965,8m.

Redevelopments Completed:

Properties	Total development cost (Rm)	Completion date	Yield forecast 1 st 12 months (%)	Sector	Region
North Park Mall, Pretoria	19,5	03/2019	10.0	Retail	Gauteng
Afcro pipeline	363,2	03/2019	10.4	Retail/Residential	Gauteng
Total	382,7		10.3		

Committed Redevelopments:

Properties	Total development cost (Rm)	Forecast completion date	Yield forecast 1 st 12 months (%)	Sector	Region
252 Montrose Avenue, Randburg	120,0	07/2019	#	Residential	Gauteng
North Park Mall, Pretoria	113,1	09/2019	#	Residential	Gauteng
Morning Glen Shopping Centre, Morningside	167,8	04/2020	8.5 ¹	Retail	Gauteng
51 Pritchard Street, Johannesburg CBD	85,3	04/2020	8.5 ²	Retail	Gauteng
Afcro pipeline	187,5	07/2019	10.2	Retail/Residential	Gauteng
Total	673,7		9.2		
Spent to 30 June 2019	293,1				
Total unspent	380,6				

To be sold on the open market targeting the Finance Linked Individual Subsidy Programme.

- Excluding defensive capex of R55,3m the forecast first 12 month yield is 12.6%.
- Yield calculated as incremental income on capex including capitalised interest plus building value of R180m; excluding defensive capex of R22,8m, the forecast 12 month yield is 9.3%.

Acquisitions:

Properties	Cost (Rm)	Acquisition date	Yield forecast 1 st 12 months (%)	Sector	Region
South Hills Lifestyle Estate, South Hills ¹	170,0	01/2019	9.8	Residential	Gauteng
Jabulani Lifestyle Estate, Soweto ¹	52,8	01/2019	9.8	Residential	Gauteng
Northgate Heights Phase 2, Northgate	3,1	01/2019	10.0	Residential	Gauteng
Etude Phase 5, Midrand	65,7	03/2019	10.0	Residential	Gauteng
Total	291,6		9.8		

¹ Acquisition of Calgro M3's 49% share.

Contracted and Unconditional Acquisitions:

Properties	Cost (Rm)	Acquisition date ^a	Yield forecast 1 st 12 months (%)	Sector	Region
Etude Phase 6, Midrand	51,8	07/2019 ¹	10.0	Residential	Gauteng
Founders Hill Phases 1-16, Founders Hill ²	285,9	09/2019	9.5	Residential	Gauteng
Menlyn East End Development Phase 1 ²	211,6	06/2021	10.0	Residential	Gauteng
Total	549,3		9.7		

^a Acquisition date represents the expected effective date of the transaction.

- Transferred.
- Represents 60% ownership in the joint initiative.

Disposals:

Properties	Transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
Fleurhof Lifestyle Estate, Randburg ¹	01/2019	47,8	7.3	Residential	Gauteng
Sunset Village, Scottsdene ¹	01/2019	33,7	*	Residential	Gauteng
South Hills Lifestyle Estate Houses, South Hills ¹	01/2019	77,8	*	Residential	Gauteng
14/24 Mahoganyfield Way, Springfield Park	01/2019	36,0	8.0	Industrial	KwaZulu-Natal
40 Electron Avenue, Isando	01/2019	59,7	9.0	Industrial	Gauteng
Burgundy Estate, Centurion	01/2019	5,5	7.3	Residential	Gauteng
Total		260,5	8.1		

¹ Disposal of 51% share owned by the Group.

* Largely vacant and future tenancing uncertain.

Contracted Disposals:

Properties	Expected transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
Lebombo Road, Garsfontein (Remaining portion) #	07/2019 ¹	27,1	9.3	Commercial	Gauteng
Cnr Handel And Crownwood Roads, Ormonde #	08/2019 ¹	60,0	9.3	Commercial	Gauteng
89 Flanders Drive, Mount Edgecombe #	08/2019 ¹	53,5	8.4	Industrial	KwaZulu-Natal
Cnr Old Pretoria and Alexandra Roads, Midrand #	10/2019	8,9	*	Residential	Gauteng
Cnr Bridge and Molecule Roads, Bellville #	10/2019	56,2	9.5	Industrial	Western Cape
530 Nicholson Road, Denver	10/2019	40,0	10.2	Industrial	Gauteng
Hotel at Cullinan Jewel Shopping Centre, Pretoria	11/2019	2,7	9.0	Retail	Gauteng
96 15th Road, Randjespark	11/2019	77,5	9.0	Commercial/Industrial	Gauteng
The Mall, Vanderbijl Park #	12/2019	14,5	10.0 ²	Afcro	Gauteng
1 Holwood Park, Umhlanga Ridge #	12/2019	113,5	9.0	Commercial	KwaZulu-Natal
31 Allen Drive, Bellville	12/2019	30,0	9.3	Commercial	Western Cape
Beryl Street, Jet Park	01/2020	351,0	8.1 ³	Industrial	Gauteng
Total		834,9	8.7		

Contractual disposals are conditional, unless otherwise indicated.

Contracted and unconditional.

* No exit yield as development bulk.

¹ Transferred.

² Exit yield based on head lease rental.

³ Based on early renewal rental negotiated.

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		
	30.06.2019	31.12.2018	30.06.2018	30.06.2019	31.12.2018	30.06.2018
Traditional Portfolio:						
Industrial	0.2	0.6	1.2	0.2	0.4	0.9
Retail ¹	4.4	4.1	3.5	5.2	4.2	3.4
Commercial	10.2	6.2	5.7	10.2	5.5	5.5
Traditional Portfolio total	2.2	2.1	2.2	3.6	2.9	2.6
Afcro Portfolio:						
Residential ²	5.1	13.4	9.4	5.0	16.4	12.1
Retail / Commercial	4.0	4.8	4.5	2.2	3.3	2.6
Rest of Africa Portfolio:						
Retail	5.7	2.7	2.9	4.9	1.8	1.7
Commercial	2.2	1.1	8.6	2.0	1.0	6.3
Rest of Africa Portfolio total	5.0	2.3	4.1	4.3	1.6	2.7

* GLA=Gross lettable area.

¹ Excludes storage as the table reflects vacancies for significant sectors.

² Vacancy calculated on number of units and reflects tenancing of newly acquired vacant units.

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

Sector	Vacancy (%)	Expiries (%)					
		Monthly	2019	2020	2021	2022	Thereafter
Traditional Portfolio:							
Industrial	0.2	10.0	5.1	15.7	26.2	11.9	30.9
Retail	4.4	8.5	9.5	19.5	17.7	12.8	27.6
Commercial	10.2	5.6	5.5	25.0	39.5	9.4	4.8
Traditional Portfolio total	2.2	9.3	6.5	17.5	24.4	12.0	28.1
Afcro Portfolio:							
Residential	5.1	37.0	33.8	24.1	-	-	-
Retail / Commercial	4.0	4.5	7.1	25.7	17.5	8.7	32.5
Rest of Africa Portfolio:							
Retail	5.7	-	33.7	13.6	16.6	14.3	16.1
Commercial	2.2	-	18.1	6.5	12.9	-	60.3
Rest of Africa Portfolio total	5.0	-	30.5	12.1	15.8	11.4	25.2

TENANT RETENTION, RENTAL REVERSIONS AND ESCALATIONS

The table below reflects the Group's retention ratio, rental reversions and escalations per sector for the rolling 6 month period ending June 2019:

Sector	Expiries (m ²)	Retention (m ²)	Retention (%)	Rental reversions (%)	Escalations (%)
Traditional Portfolio:					
Industrial	86,242	85,064	98.6	1.7	7.7
Retail	24,227	19,117	7		

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. 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 2019. The adoption of these Standards and Interpretations has not resulted in any adjustment to the amounts previously reported for the year ended 31 December 2018. Refer to note 4 for the impact of the introduction of IFRS 16 on the Group's financial statements for the period ending 30 June 2019. The results and prospects have been compiled under the supervision of AM Basson CA(SA), the financial director, but have not been audited nor reviewed by the Group's auditors, Deloitte & Touche.

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

	6 months ended 30.06.2019		6 months ended 30.06.2018		Year ended 31.12.2018	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	R'000	cps	R'000	cps	R'000	cps
Profit after taxation attributable to shareholders	350,533	13.85*	772,310	30.52*	847,850	33.50*
Adjustments for:						
Capital loss on disposal of investment properties and property, plant and equipment	3,166		3,664		9,242	
Revaluation of investment properties and investment properties in joint ventures	85,605		(220,870)		105,759	
Non-controlling interest in revaluation of investment properties	17,325		-		(15,825)	
Gain on bargain purchase	(2,077)		-		-	
Headline earnings	454,552	17.96*	555,104	21.93*	947,026	37.42*

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

2. Reconciliation of headline earnings to distributable earnings attributable to shareholders

	6 months ended 30.06.2019		6 months ended 30.06.2018		Year ended 31.12.2018	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	R'000	cps	R'000	cps	R'000	cps
Headline earnings	454,552	17.96*	555,104	21.93*	947,026	37.42*
Depreciation	3,108		3,197		6,201	
Dividend from investment in listed shares not yet declared	(1,207)		(1,959)		(2,092)	
Foreign exchange adjustments	(10,482)		61,833		94,075	
Non-distributable expenses	5,939		9,341		22,450	
Non-distributable expenses on investment in joint ventures	1,903		270		7,417	
Non-distributable taxation	(4,314)		(1,740)		(1,815)	
Revaluation of interest rate swap derivatives	71,353		(34,202)		(24,874)	
Revaluation of investment in listed shares	740		1,340		41,300	
Straight line rental adjustment	(5,781)		(44,146)		(21,472)	
IFRS 16 adoption	(42)		-		-	
Depreciation	2,095		-		-	
Finance cost	1,014		-		-	
Lease payments	(3,151)		-		-	
Distributable earnings attributable to shareholders	515,769	20.38	549,038	21.70	1,068,216	42.22
Interim	515,769	20.38	549,038	21.70	549,038	21.70
Final	-	-	-	-	519,178	20.52

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

3. Primary operational segments for the 6 months ended 30.06.2019 (R'000)

Business segment	Industrial	Retail	Commercial	Afhco	Group
Revenue	295,524	464,724	55,570	319,119	1,134,937
Rental income (excluding straight line rental adjustment)	243,000	286,397	41,624	267,047	838,068
Net property expenditure	(27,644)	(11,071)	(9,872)	(85,717)	(134,304)
Property expenses	(76,627)	(183,895)	(26,171)	(138,699)	(425,392)
Recovery of property expenses	48,983	172,824	16,299	52,982	291,088
Net property income	215,356	275,326	31,752	181,330	703,764
Straight line rental adjustment	3,541	5,503	(2,353)	(910)	5,781
Net interest expense	-	-	-	-	(207,434)
Dividends from investments in listed shares	-	-	-	-	7,082
Foreign exchange adjustments	-	-	-	-	11,981
Group expenses	-	-	-	-	(32,048)
Profit from investments in joint ventures	-	-	-	-	24,721
Revaluation of investment properties	(60,843)	(85,037)	(20,254)	89,565	(76,569)
Investment properties	(57,302)	(79,534)	(22,607)	88,655	(70,788)
Straight line rental adjustment	(3,541)	(5,503)	2,353	910	(5,781)
Revaluation of swap derivatives	-	-	-	-	(71,353)
Revaluation of investment in listed shares	-	-	-	-	(740)
Capital loss on disposal of investment properties and property, plant and equipment	-	-	-	-	(3,166)
Impairment of investment in unlisted shares	-	-	-	-	(552)
Gain on bargain purchase	-	-	-	-	2,077
Taxation	-	-	-	-	4,314
Profit after taxation	158,054	195,792	9,145	269,985	367,858
Other comprehensive income, net of taxation	-	-	-	-	(17,713)
Total comprehensive income	158,054	195,792	9,145	269,985	350,145
Profit after taxation attributable to:					
Owners of the company	158,054	195,792	9,145	252,660	350,533
Non-controlling interest	-	-	-	17,325	17,325
Total profit after taxation	158,054	195,792	9,145	269,985	367,858

3. Primary operational segments for the 6 months ended 30.06.2019 (R'000) (continued)

Other information	Industrial	Retail	Commercial	Afhco	Group
Properties (excluding straight line rental adjustment):	4,598,826	7,555,250	810,025	4,758,676	17,722,777
Non-current investment property At valuation	4,076,357	7,377,587	562,126	4,723,495	16,739,565
Straight line rental adjustment Under development	4,134,150	6,892,550	573,800	4,020,525	15,621,025
	(57,793)	(174,963)	(11,674)	(20,696)	(265,126)
	-	660,000	-	723,666	1,383,666
Non-current investment property held for sale	451,714	2,700	231,925	14,119	700,458
Classified as held for disposal	464,676	2,700	236,225	14,485	718,086
Straight line rental adjustment	(12,962)	-	(4,300)	(366)	(17,628)
Other assets	151,908	410,634	45,857	409,460	2,927,284
Total assets	4,679,979	7,790,921	839,908	5,147,074	20,367,307
Total liabilities	65,275	191,432	25,612	230,170	7,677,059
Acquisitions and improvements	13,576	170,840	33,966	189,900	408,282
Segmental growth rates (%)	Industrial	Retail	Commercial	Afhco	Group
Rental income (excluding straight line rental adjustment)	(6.3)	(2.0)	(12.5)	13.6	0.5
Property expenses	4.7	2.6	8.9	15.3	7.1
Recovery of property expenses	(14.4)	0.2	15.8	9.7	0.4
Net property income	(11.5)	(3.7)	(15.6)	11.2	(3.3)

4. Fair value measurement

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 shares in the investment. The investment in JV's 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, commercial and storage 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 developers are based on the underlying properties to be transferred to the Group.

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

Assets (R'000)	Fair Value	Level 1	Level 2	Level 3
Non-current assets				
Investment property	17,004,691			17,004,691
Investments in listed shares	128,220	128,220		
Investments in unlisted shares	-			
Swap derivatives	246,934		246,934	
Investment in JV's	965,775			965,775
Current assets				
Non-current assets held for sale	718,086			718,086
Swap derivatives	23,651		23,651	
Loan to developer	184,274			184,274
Total assets	19,271,631	128,220	270,585	18,872,826
Liabilities (R'000)				
Non-current liabilities				
Swap derivatives	341,961		341,961	
Current liabilities				
Swap derivatives	33,137		33,137	
Total Liabilities	375,098	-	375,098	-

There were no transfers between the levels, and there have been no changes in the valuation techniques in the period under review.

5. Changes in accounting policy

The Group elected to adopt IFRS 16 retrospectively from 1 January 2019 using the modified retrospective approach without restating comparative figures. IFRS 16 replaces the existing lease standard and the related interpretations. In applying IFRS 16 for the first time, the Group used certain practical expedients permitted by the standard, namely a single discount rate for leases with reasonably similar characteristics. The liability was measured at the present value of the remaining lease payments, discounted using the incremental weighted average cost of capital ("WACC") at 1 January 2019. The incremental WACC applied to the lease liability on 1 January 2019 was 11.8%.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. This fundamentally changes how the Group will recognise operating leases where the Group is the lessee. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group will recognise a right-of-use asset and lease liability for its operating lease of property. The nature of expenses related to this lease will now change from an operating lease charge to a depreciation charge for the right-of-use asset and interest expense for the lease liability.

Recognition of right-of-use asset and lease liability (R'000)

Right-of-use asset	30.06.2019	30.06.2018	31.12.2018
	Unaudited	Unaudited	Audited
Recognised on 1 January 2019			
Depreciation			13,684
			(2,095)
Balance as at 30 June 2019	11,589		
Lease liability			
Recognised on 1 January 2019			18,041
Finance cost			1,014
Lease payments			(3,151)
Balance as at 30 June 2019	15,904		

6. Capital commitments and contingent liabilities

The Group had capital commitments of R1 004,5m as at 30 June 2019 (June 2018: R2 372,2m and December 2018: R922,7m).

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

	30.06.2019	30.06.2018	31.12.2018
	Unaudited	Unaudited	Audited
Guarantees			
Developer holding a non-controlling interest in a subsidiary	273,100	273,100	273,100
Developer	-	110,619	115,532
Investment in joint venture's borrowings	267,184	-	272,111
Total	540,284	383,719	660,743

7. Significant related party balances

The Group has the following related party balances:
 - Loan to developer, which has a non-controlling interest in a subsidiary, of R93,9m (December 2018: R214,0m) was repaid during August 2019 at a weighted average rate of 11.2%.

8. Significant transactions

During the year, the Group acquired the non-controlling interest in Afhco Calgro M3 Consortium Proprietary Limited ("Calgro"):

Date of acquisition	Portion of ownership interest and voting rights (%) before acquisition	Portion of ownership interest and voting rights (%) after acquisition	Consideration transferred
01/01/2019	51%	100%	-

Assets acquired and liabilities recognised at date of acquisition:

	30.06.2019 R'000
Non-current assets	
Investment property	223,487
Current assets	
Trade and other receivables	5,034
Cash and cash equivalents	13,777
Non-current liabilities	
Loan from non-controlling shareholder	124,491
Interest-bearing borrowing	115,731
Fair value of identifiable assets and liabilities acquired	2,077
Gain on acquisition of subsidiary:	
Consideration	-
Less fair value of identifiable assets acquired and liabilities assumed	(2,077)
Gain on bargain purchase	2,077

9. Dividends and events after the reporting period

Notice is hereby given of the declaration of distribution no.9 in respect of the income distribution period 1 January 2019 to 30 June 2019. The distribution amounts to 20.38 cps. The source of the distribution comprises net income from property rentals. Please refer to the statement of comprehensive income for further details. 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 distribution by SA Corporate will be a dividend, for South African tax purposes. 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 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 16.3040 cps. 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.

Shareholders are advised to obtain their own professional advice as to tax consequences of the distribution based on their own specific circumstances.

DISTRIBUTION DECLARATION AND IMPORTANT DATES

Notice to shareholders resident in South Africa	
Last date to trade cum distribution	Tuesday, 1 October 2019
Shares will trade ex-distribution	Wednesday, 2 October 2019
Record date to participate in the distribution	Friday, 4 October 2019
Payment of distribution	Monday, 7 October 2019
Share certificates may not be dematerialised or re-materialised between Wednesday, 2 October and Friday, 4 October 2019 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 The Forum North Bank Lane Century City 7441 Tel 021 529 8410	Deloitte & Touche 1st Floor The Square Cape Quarter 27 Somerset Road Cape Town 8005	Computershare Investor Services (Pty) Ltd Rosebank Towers 15 Biermann Avenue Rosebank 2196	Nedbank Corporate and Investment Banking, a division of Nedbank Limited 135 Rivonia Road Sandton 2196

Website: www.sacorporatefund.co.za
 Directors: MA Moloto (Chairman), TR Mackey (Managing), AM Basson (Finance)¹, RJ Biesman-Simons, N Ford-Hoon (Fok)², EM Hendricks, GJ Heron², OR Moseithi², ES Seedat and A van Heerden²
¹ Executive
² Appointed on 17 July 2019.
 A Chowan resigned subsequent to the reporting date on 29 July 2019.

Luvivi Proprietary Limited
Company Secretary
3 September 2019