

HERIOT REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2017/167697/06)

JSE share code: HET ISIN: ZAE000246740

("Heriot" or "the company" or "the group")



DIVIDEND: TAX TREATMENT AND SALIENT DATES

Shareholders are referred to Heriot's unaudited condensed consolidated interim financial statements for the six months ended 30 November 2017, published on SENS on 7 February 2018, wherein shareholders were advised of the gross dividend of 35.09000 cents per share ("**the dividend**").

In accordance with Heriot's status as a REIT, shareholders are advised that the dividend 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 dividend on the shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be 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 it is a dividend distributed by a REIT. This dividend is, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that such shareholders provide the following forms to their Central Securities Depository Participant ("**CSDP**") or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- a) a declaration that the dividend is exempt from dividends tax; and
- b) a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. On 22 February 2017, the dividends withholding tax rate was increased from 15% to 20% and accordingly, 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 28,07200 cents per 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 their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, 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 their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease 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 their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

The dividend is payable to Heriot shareholders in accordance with the timetable set out below:

2018

Last date to trade <i>cum</i> dividend:	Tuesday, 27 February
Shares trade <i>ex</i> dividend:	Wednesday, 28 February
Record date:	Friday, 2 March
Payment date:	Monday, 5 March

Share certificates may not be dematerialised or rematerialised between Wednesday, 28 February 2018 and Friday, 2 March 2018, both days inclusive. Payment of the dividend will be made to shareholders on Monday, 5 March 2018. In respect of dematerialised shares, the dividend will be transferred to the CSDP accounts/broker accounts on Monday, 15 March 2018. Certificated shareholders' dividend payments will be deposited on or about Monday, 5 March 2018.

Shares in issue at the date of declaration of the dividend: 255 637 235

Heriot's income tax reference number: 9541295185

7 February 2018

Designated advisor

The logo for Java Capital, featuring the word "JAVA" in a bold, sans-serif font, followed by "CAPITAL" in a lighter, all-caps sans-serif font. A blue swoosh underline is positioned beneath the "A" in "JAVA".