

MARTPROP FUND PROPERTY

Share code: MTP

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REVIEWED INTERIM RESULTS AND DISTRIBUTION DECLARATION

The directors of Marriott Property Fund Managers Limited, the management company of Martprop Property Fund ("Martprop") submit their report on the reviewed results of the Martprop group for the twelve months ended 31 July 2006.

CONSOLIDATED BALANCE SHEET (R000)	31.07.2006 (Reviewed)	31.07.2005 (Restated)
Assets		
Non-current assets		
Investment property	2 438 160	1 888 902
At valuation	2 500 164	1 947 500
Straight line rental adjustment	(62 004)	(58 598)
Property under development	61 976	13 282
Rental receivable straight line adjustment	50 433	46 085
Current assets		
Properties classified as held for disposal	42 304	-
Trade and other receivables	35 368	39 914
Rental receivable straight line adjustment	11 571	12 513
Cash resources and short-term investments	17 715	66 529
TOTAL ASSETS	2 657 527	2 067 225
Unitholders' funds and liabilities		
Unitholders' funds	1 985 443	1 774 925
Non-current liabilities		
Interest bearing borrowings	538 000	155 000
Interest rate swap derivative	-	1 602
Deferred capital gains taxation	9 728	11 763
Current liabilities		
Trade and other payables	25 704	25 738
Capital gains taxation and secondary taxation on companies	726	3 905
Distributions payable	97 926	94 292
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	2 657 527	2 067 225

CONSOLIDATED INCOME STATEMENT (R000)	Note	Twelve months to 31.07.2006 (Reviewed)	Twelve months to 31.07.2005 (Restated)
Rental income		254 412	239 086
Straight line rental adjustment		3 406	1 556
Revenue		257 818	240 642
Net property income		226 398	205 051
Interest received		5 187	4 440
Interest paid		(26 702)	(15 805)
Surplus on revaluation of interest rate swap derivative		1 602	514
Fund expenses		(12 903)	(9 242)
Deferred taxation on straight line rental adjustment		(223)	(57)
Headline earnings	1.1	193 359	184 901
Capital (deficit)/surplus on disposal of investment properties		(1 964)	1 154
Write-up on revaluation of investment properties		205 554	369 534
Revaluations		208 960	371 090
Straight line rental adjustment valuation		(3 406)	(1 556)
Taxation on property revaluation		2 143	(10 881)
On capital transactions		1 920	(10 938)
Straight line rental adjustment		223	(9 577)
Net profit		399 092	544 708
Units in issue (000)		725 184	725 184
Headline earnings per unit (cents)		26.19	25.29
Prior to straight line rental adjustment		0.47	0.21
After straight line rental adjustment	1.1	26.66	25.50
Net profit per unit (cents)	1.1	55.03	75.11
Distributable income per unit (cents)	1.1	26.00	25.50

CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS (R000)	Note	Twelve months to 31.07.2006 (Reviewed)	Twelve months to 31.07.2005 (Restated)
Unitholders' funds at beginning of period		1 774 925	1 395 250
Prior year deferred taxation on straight line rental adjustment	1.2	-	19 889
Restated balance at beginning of period		1 774 925	1 415 139
Capital movements		210 518	361 820
Write-up on revaluation of investment properties		205 554	369 534
Capital (deficit)/surplus on disposal of investment properties		(1 964)	1 154
Taxation on property revaluation		2 143	(10 881)
Surplus on revaluation of interest rate swap derivative		1 602	514
Straight line rental adjustment net of taxation		3 183	1 499
Maintenance reserves		-	(2 034)
Net transfers from maintenance reserves		-	(2 034)
Revenue movements		-	-
Net profit		399 092	544 708
Transfers to capital		(210 518)	(361 820)
Net transfers from maintenance reserves		-	2 034
Available for distribution		188 574	184 922
Distribution attributable to unitholders		(188 574)	(184 922)
Unitholders' funds at end of period		1 985 443	1 774 925

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT (R000)	Twelve months to 31.07.2006 (Reviewed)	Twelve months to 31.07.2005 (Restated)
Cash inflows from operating activities		
Net profit for the period	399 092	544 708
Adjustments for:		
Interest received	(5 187)	(4 440)
Interest paid	26 702	15 805
Write-up on revaluation of investment properties net of taxation	(207 697)	(358 653)
Taxation on straight line rental adjustment	223	57
Capital deficit/(surplus) on disposal of investment properties	1 964	(1 154)
Surplus on revaluation of interest rate swap derivative	(1 602)	(514)
Operating profit before working capital changes	213 495	195 809
Working capital changes and taxation	1 219	(28 614)
Cash generated from operations	214 714	167 195
Interest received	5 187	4 440
Interest paid	(26 702)	(15 805)
Distributions paid	(184 940)	(181 107)
Net cash inflow/(outflow) from operating activities	8 259	(25 277)
Cash outflow from investing activities	(440 073)	(141 353)
Cash inflow from financing activities		
Increase in interest bearing borrowings	383 000	155 000
Net decrease in cash	(48 814)	(11 630)
Cash resources at beginning of period	66 529	78 159
Cash resources at end of period	17 715	66 529

- Distribution increased by 8% on last distribution
- Portfolio valued at R2,6 billion
- Acquisitions and developments
 - Invested R469 million
 - Contracted R74 million
- Vacancy factor 1,5%

REVIEW BY INDEPENDENT AUDITORS

Martprop's auditors, Deloitte & Touche and PKF Durban, have reviewed the financial results of the group for the twelve months ended 31 July 2006. Their unmodified report is available for inspection from the group's secretary.

OTHER INFORMATION (R000)

	Twelve months to 31.07.2006 (Reviewed)	Twelve months to 31.07.2005 (Restated)
Debt funding facility		
Loan facility	750 000	350 000
Additional debt funding capacity	31 000	238 000
Less: Facility utilised	(613 000)	(155 000)
Drawdown on facility	(613 000)	(197 500)
Facility repaid, available for re-advance	75 000	42 500
Facility available at end of period	243 000	433 000
Adjusted for future capital commitments and proceeds on disposal	(44 766)	(348 853)
Capital commitments	(85 340)	(382 968)
Expected proceeds on disposal	40 374	34 115
Anticipated available loan facility	198 234	84 147
Capital cash	3 411	33 533
Vacancy factor (based on lettable area)	1.5%	2.0%
Valuation analysis (cents per unit)		
Net asset value (including interim distribution yet to be paid)	287	258
Listed market price	280	291
Capitalised interest (R000)	4 698	311

NOTES TO THE FINANCIAL STATEMENTS

1. The group's results have been prepared in accordance with International Financial Reporting Standards (IFRS). The condensed financial statements have been prepared in accordance with IAS 34. The policies applied are consistent with those used in the prior period. The comparative figures have been restated in order to give effect to the prior year adjustment referred to in note 1.2.

1.1 Headline earnings and distribution attributable to unitholders

	31.07.2006 (Reviewed)		31.07.2005 (Restated)	
	R000	CPU	R000	CPU
Net profit (earnings)	399 092	55.03	544 708	75.11
Adjustments for:				
Capital deficit/(surplus) on disposal of investment properties	1 964	(1 154)		
Write-up on revaluation of investment properties net of taxation	(207 697)	(358 653)		
Headline earnings	193 359	26.66	184 901	25.50
Surplus on revaluation of interest rate swap derivative	(1 602)	(514)		
Net transfers from maintenance reserves	-	2 034		
Adjusted for straight line rental adjustment net of taxation	(3 183)	(1 499)		
Distributable income	188 574	26.00	184 922	25.50
Distribution attributable to unitholders	188 574	26.00	184 922	25.50

1.2 Prior year adjustment

In the prior year deferred taxation was provided on the straight-line rental adjustment for properties owned by the Fund. Confirmation that the Fund is deemed to be a vesting trust for taxation purposes requires that no deferred taxation should be provided on the straight-line rental adjustment for properties owned by the Fund. The financial statements of the prior period have been restated to reflect this change. The effect of the restatement on the financial statements is summarised below:

(R000)	Twelve months to 31.07.2006 (Reviewed)	Twelve months to 31.07.2005 (Restated)
Unitholders' funds at beginning of period	-	19 889
Net profit for the period	-	544
	-	20 443

1.3 Primary operational segments for the twelve months ended 31 July 2006

Business segment (R000)	Industrial	Office	Retail	Corporate	Group
Income statement					
Rental income	163 674	26 743	63 995	-	254 412
Straight line rental adjustment	(2 628)	(1 359)	7 393	-	3 406
Revenue	161 046	25 384	71 388	-	257 818
Net property income	143 712	19 389	63 297	-	226 398
Interest received	-	-	-	5 187	5 187
Interest paid	-	-	-	(26 702)	(26 702)
Surplus on revaluation of interest rate swap derivative	-	-	-	1 602	1 602
Fund expenses	-	-	-	(12 903)	(12 903)
Deferred taxation on straight line rental adjustment	291	64	(578)	-	(223)
Capital (deficit)/surplus on disposal of investment properties	(680)	(2 470)	1 186	-	(1 964)
Write-up on revaluation of investment properties	-	-	-	-	-
net of taxation	184 334	13 404	9 959	-	207 697
Net profit	327 657	30 387	73 864	(32 816)	399 092
Balance sheet					
Investment properties	1 476 602	249 472	712 086	-	2 438 160
As per valuations	1 517 733	253 822	728 609	-	2 500 164
Straight line rental adjustment	(41 131)	(4 350)	(16 523)	-	(62 004)
Property under development	61 976	-	-	-	61 976
Current and other long-term assets	69 979	29 865	35 645	21 902	157 391
Excluding rental straight line adjustment	28 848	25 515	19 122	21 902	95 387
Rental straight line adjustment	41 131	4 350	16 523	-	62 004
Total assets	1 608 557	279 337	747 731	21 902	2 657 527
Interest bearing borrowings	-	-	-	538 000	538 000
Current liabilities	1 068	2 592	7 345	14 699	25 704
Taxation	9 805	463	186	-	10 454
Distribution payable	-	-	-	97 926	97 926
Total liabilities	10 873	3 055	7 531	650 625	672 084

COMMENTS

1. Name and directorship changes

Following the acquisition of the Fund's management company by Old Mutual Property Group, the name of the Fund will be changing to SA Corporate Real Estate Fund in October 2006. This name identifies with the new direction that the Fund will be pursuing with regard to the active expansion of the portfolio as well as the positioning of the Fund to attract significant domestic and foreign equity investment.

A circular regarding the name change will be posted to unitholders on 20 September 2006 with an effective date of 16 October 2006. The new JSE share code is SAC and the revised logo of the Fund is set out below.



With effect from 7 July 2006 Messrs Tony Ardington, Mick Hyatt and Mike Mun-Gavin resigned from the board of the management company and have been replaced by Old Mutual Property Group executives, Ben Kodisang, Colin Young and Michael Anderson.

2. Results

Unitholders have been advised of the change in the Fund's year end to 31 December and, accordingly, the results reported on are in respect of the twelve months ended 31 July 2006. The next reported results period will be for the seventeen months to 31 December 2006.

As anticipated, the six months to 31 July 2006 have seen a much improved performance from the Fund's standing property portfolio, signalling the end of the negative rental reversions which have constrained earnings and distribution growth in recent years. The rental growth attributable to the core portfolio has been sustained by the strong underlying property fundamentals and management is confident that unitholders can expect distributions to grow in line with sector expectations in the years ahead.

Distributable income for the six months to 31 July 2006 amounts to R97 926 000 or 13,50 cents per unit. This distribution is some 8% higher than the interim distribution paid for the six months to 31 January 2006 and, while the previously reported negative reversions have also impacted on the second six months, the balance of the portfolio has performed very well to deliver this over all growth.

Vacancies in the portfolio continue to be contained at some 1,5% of total lettable area, which indicates a strong rental demand for good quality, well located property assets. The portfolio outperformed both the listed fund benchmark and the IPD Universe benchmark in the annual IPD index for 2005, with a total return of some 34,4% measured against the Universe return of 28,8%. In the index, industrial property was the top performing property type with a total return of 33,1% and the Fund's industrial portfolio delivered 40,5%. This underpinned the portfolio's strong performance against the benchmark.

3. Portfolio activity

In the twelve months to 31 July 2006 the Fund disposed of the following properties:

Address	Sector	Disposal price (R)
62 Harden Avenue, Umhlatuzana, KZN	Industrial	2 000 000
12 Patrick Road, Jet Park, Gauteng	Industrial	3 800 000
309 15th Road, Randjespark, Gauteng	Industrial	7 500 000
20 Harden Avenue, Umhlatuzana, KZN	Industrial	2 500 000
449 Sydney Road, Durban, KZN	Industrial	6 000 000
437 Sydney Road, Durban, KZN	Industrial	4 100 000
9 Summit Road, Dunkeld West, Gauteng	Office	6 800 000
287 Berg Street, Pietermaritzburg, KZN	Industrial	1 400 000
310 Berg Street, Pietermaritzburg, KZN	Industrial	1 400 000
280 Kent Avenue, Randburg, Gauteng	Office	4 140 000
Total		39 640 000

The following properties were acquired in the twelve months. These buildings are well let to national tenants and offer sound income growth to unitholders in the long term.

Address	Sector	Major tenant	Cost (R)	Initial yield (%)
Cnr Koomhof & Essex Streets, Meadowdale, Gauteng	Industrial	Chemserve	19 300 000	10,88
5 Yaldwyn Road, Jet Park, Gauteng	Industrial	Picpack Grindrod	35 250 000	10,75
Turner and Townsend House, Illovo Boulevard, Gauteng	Office	Turner and Townsend	26 800 000	10,14
20 Commercial Road, Strydom Park, Gauteng	Industrial	Cobra Watertech	12 400 000	11,04
Standard Bank Centre, Hillcrest, KZN	Office	Standard Bank	12 000 000	9,50
772 Mimetes Road, Denver, Gauteng	Industrial	Autoparts Distributors	53 000 000	9,64
Game Centre, Ermelo, Mpumalanga	Retail	Game Spar	32 000 000	9,40
Melville Boulevard, Melville, Gauteng	Retail	Spar	40 003 000	9,56
KV3 Portfolio, Countrywide	Offices	KV3 Engineers	71 300 000	11,30
Total			302 053 000	

Two developments were concluded during the reporting period. These developments have generated income yields in excess of what would have been expected on a direct investment basis and will contribute positively to rental earnings and growth in the Fund.

Address	Sector	Major tenant	Cost (R)	Initial yield (%)
Umlazi Mega City, Umlazi, KZN	Retail	Spar, Woolworths	83 918 000	11,40
Highland Mews, Witbank, Mpumalanga	Retail	Foschini Group, Mr Price	21 000 000	10,50

The Fund has also contracted to acquire two properties in Gauteng, transfer of which is expected by the middle of September 2006. An office property, leased to ABSA Bank Limited, has been acquired for R33 000 000, and an industrial property, leased to Nampak Limited, has been purchased for R32 400 000.

The completion of a distribution and warehousing complex for the