SA CORPORATE REAL ESTATE FUND

CONDENSED UNAUDITED GROUP INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

SA Corporate Real Estate Fund
("SA Corporate" or "the Fund")
Incorporated in the Republic of South Africa
Share Code: SAC; ISIN Code: ZAE000083614
A Collective Investment Scheme in property registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 and managed by SA Corporate Real Estate Fund Managers Limited ("ManCo")
(Registration number 1994/009895/06)
REIT status approved from 1 January 2014

Interim distribution growth
- 8.6% higher than June 2013
- 7.3% higher than December 2013

Capital structure
- Premium to NAV increased to 11.1%
- Effective debt 95.4% fixed

Portfolio activity
- Acquisition of 4 properties for R277,6m
- Contracted acquisition of 2 properties and 1 portfolio for R1,1bn
- Contracted disposal of 7 properties for R174,5m

Property performance
- Standing portfolio NPI growth of 10.0%
- Vacancy as % of rental income reduced to 2.9%
- Tenant retention increased to 89.5%

INTRODUCTION

SA Corporate Real Estate Fund is a JSE listed Property Unit Trust which owns a portfolio of industrial, retail and commercial buildings located primarily in the major metropolitan areas of South Africa.

REVIEW OF FINANCIAL RESULTS AND PORTFOLIO PERFORMANCE

The interim distribution for the six months to June 2014 of 17.68cpu (June 2013: 16.28cpu) increased by 8.6% and 7.3% relative to the final distribution for the six months to December 2013 (16.47cpu). The distribution for the six months to June 2013 included a once-off lapsed distribution of R8.8m arising from the repurchase of 58,896,063 units. Net property income ("NPI") in respect of the standing portfolio grew by 10.0%. The premium to net asset value ("NAV") increased to 11.1% at June 2014 (NAV: 369cpu, Unit price: 410cpu), compared to a premium of 8.4% at December 2013.

Industrial rental growth of 11.3% was underpinned by strong tenant retentions of 92.8%, solid weighted average lease escalations of 8.1% and acquisitions. Total retail rental income increased by 8.6% on the back of positive reversions, reduced vacancies, solid retentions, improved turnover rental collection and weighted average escalations of 8.0%. This result was supported by the divestment of underperforming properties and an acquisition. Overall commercial rental income increased by 50.9% largely attributable to the acquisition of the premium grade World Trade Center office tower in the last quarter of 2013 and the disposal of largely vacant B and C grade offices in line with the Fund's strategy of divesting from poor performing, lower grade offices.

The total standing portfolio rental increased by 7.3%, mainly due to solid lease escalations, improved tenant retentions and reduced vacancies. Industrial standing portfolio rental growth was 8.2% evidencing the robustness of this portfolio. Total retail rental income for the standing portfolio increased by 7.3% whilst the commercial standing portfolio income growth was 4.5%.

Property expenses increased by 6.6% compared to June 2013 mainly due to acquisitions, with the standing portfolio expenses, accounting for 93.3% of total property expenses, increasing by 3.6%. The below inflation increase in respect of the standing portfolio is driven by savings in property management fees during the first half of 2014 of 21.0%, arising from the change in property manager from 1 July 2013. Property expenses, excluding property management fees, increased by 5.7%. Overall NPI increased by 16.3%. This can be attributed to an increase in gross income (including turnover and recoveries) of 7.8% with a 3.6% increase in expenses.

Net interest expense increased by 93.5% for the 6 months to June 2014 compared to the same period in 2013. The increase is supported by net accretive acquisitions. Group expenses decreased by 17.7% for the 6 months to June 2014. This can be attributed to a reduction in service fee and accounting and secretarial fees post the internalisation of the ManCo, effective 1 May 2014, and the provision for a potential VAT liability in the first half of 2013.

The breakdown of distributable earnings is set out below:

DISTRIBUTABLE EARNINGS (R000)	6 months ended 30.06.2014 Unaudited	6 months ended 30.06.2013 Unaudited	Year ended 31.12.2013 Audited
Rent (excluding straight line rental adjustment)	**482,814**	424,333	878,077
Net property expenses	**(44,718)**	(47,664)	(109,078)
Property expenses	**(219,683)**	(206,144)	(441,832)
Recovery of property expenses	**174,965**	158,480	332,754
Net property income	**438,096**	376,669	768,999
Taxation on distributable earnings	**-**	103	102
Net funding cost	**(64,052)**	(33,095)	(73,751)
Interest income	**11,404**	10,519	20,811
Interest expense	**(75,456)**	(43,614)	(94,562)
Group expenses	**(24,000)**	(30,174)	(55,822)
Lapsed distribution on units repurchased	**-**	8,812	8,823
Distributable earnings	**350,044**	322,315	648,351
Units in issue (000)	**1,980,093**	1,980,093	1,980,093
Weighted number of units in issue (000)	**1,980,093**	1,991,406	1,985,703
Distribution (cents per unit)	**17.68**	16.28	32.75
Interim	**17.68**	16.28	16.28
Final	**-**	-	16.47

PROPERTY VALUATIONS

The value of the Fund's independently valued property portfolio increased by R539,7m (6.1%) to R9,4bn as at June 2014 (December 2013: R8,9bn). The standing portfolio, representing properties not under development, held for the full 12 months to June 2014, increased by R235,8m (2.8%) from December 2013 and R582,6m (7.2%) from June 2013.

The capitalisation and discount rates in the Fund's standing portfolio at 30 June 2014 were calculated on a weighted basis:

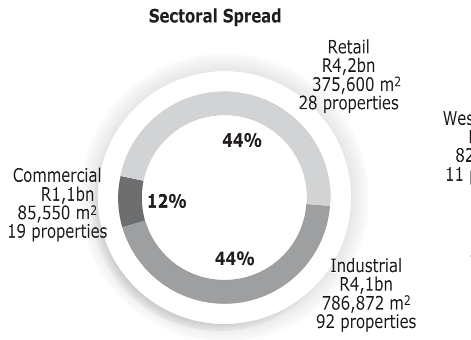
Sector	Capitalisation rate (%)		Discount rate (%)		Growth in standing portfolio (%)
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014
Industrial	**9.0**	9.0	**14.5**	14.5	**2.7**
Retail	**8.7**	8.7	**14.2**	14.2	**3.1**
Commercial	**8.8**	9.3	**14.3**	14.8	**2.3**
Portfolio total	**8.8**	8.8	**14.3**	14.3	**2.8**

The NAV per unit (369cpu) increased by 0.3% (December 2013: 368cpu) of which a 2.8% increase is attributable to property valuation, set-off by a reduction arising from the fee paid in respect of the ManCo internalisation of 2.5%.

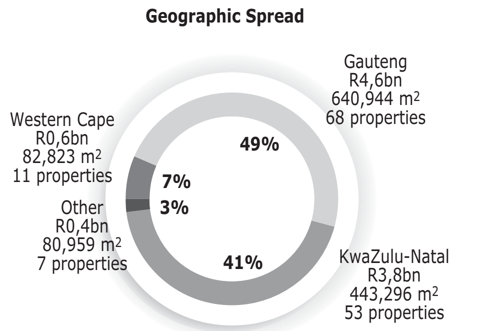
PORTFOLIO INVESTMENT ACTIVITY

The portfolio comprised 139 properties (136 properties as at June 2013 and 134 properties as at December 2013). The sectoral and geographic weightings by value as at 30 June 2014 are set out below:

Sectoral Spread



Geographic Spread



Committed developments:

Properties	Cost (Rm)	Commence-ment date	Forecast completion date	Yield forecast 1st 12 months (%)	Sector	Region
East Rand Galleria, Boksburg	421,6	05/2014	09/2016	9.6	Retail	Gauteng
Stellenbosch Square, Stellenbosch [1]	12,9	09/2014	03/2015	9.8	Retail	Western Cape
Total	**434,5**			**9.6**		

[1] 50% Undivided share of development cost

Acquisitions:

Properties	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
Eveready & Continental Tyres, New Brighton, Port Elizabeth	124,5	01/2014	9.0	Industrial	Eastern Cape
Celtis Ridge Shopping Centre, Centurion	106,0	01/2014	9.0	Retail	Gauteng
50 Mangosuthu Highway, Umlazi [1]	33,0	04/2014	9.6	Retail	KwaZulu-Natal
Webco Tools, Founder's View	14,1	03/2014	9.0	Industrial	Gauteng
Total	**277,6**		**9.1**		

[1] Acquired for the purpose of re-development

Contracted acquisitions:

Properties	Cost (Rm)	Actual/Expected acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
AFHCO portfolio and associated properties [1]	1 086,0	07/2014 to 08/2014	9.9	Residential / Retail	Gauteng
Truck World, Bardene	16,1	09/2014	11.1	Industrial	Gauteng
UPM Raflatac, Longmeadow	9,4	07/2014	9.0	Industrial	Gauteng
Total	**1 111,5**		**9.9**		

[1] Includes R169m with payment and economic interest deferred to April 2015

Contracted disposals:

Properties	Expected transfer date	Gross selling price (Rm)	Carrying value at 30 June 2014 (Rm)	Exit yield on sale price (%)
Stellenbosch Square, Stellenbosch [1]	09/2014	40,0	41,0	7.8
36 Wierda Road West, Wierda Valley	10/2014	39,0	32,3	7.5
The Boulevard, Melville	09/2014	31,2	31,4	7.4
293 Hebbard Road, Robertville	11/2014	23,5	22,9	5.5
90 Electron Avenue, Isando	12/2014	20,0	20,5	5.9
Lebombo Road, Garsfontein	12/2014	12,0	7,5	6.2
110 Zastron Road, Bloemfontein	09/2014	6,9	6,6	6.8
Total		**172,6**	**162,2**	**7.0**

[1] 50% Undivided share

LEASE EXPIRIES AND VACANCIES

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

Sector	Vacancy as % of GLA *			Vacancy as % of rental income		
	30.06.2014	31.12.2013	30.06.2013	30.06.2014	31.12.2013	30.06.2013
Industrial	1.4	0.2	0.7	1.1	0.2	0.4
Retail	6.5	8.9	11.9	3.5	4.6	6.2
Commercial	10.3	11.8	19.9	6.0	7.0	14.1
Portfolio total	**3.6**	**4.0**	**6.0**	**2.9**	**3.2**	**4.5**

* GLA=Gross lettable area

The overall vacancy has continued its downward trend with vacancy by GLA and income reducing by 0.4% and 0.3% respectively, compared to 31 December 2013.

The Fund's industrial vacancy remains well below the sector average as management continues to focus on tenant retention and partnering with tenants to accommodate changing operational needs.

Retail vacancies continue their downward trend reducing 2.4% and 1.1% by GLA and income respectively. This is predominantly due to further progress with letting, particularly in low value large area premises.

The commercial vacancy (including commercial in retail) reduced by 1.5% and 1.0% by GLA and income respectively, driven by office lettings, improved tenant retentions and the divestment of vacant properties.

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

Sector	Vacant (%)	Expiring (%)					
		Monthly	2014	2015	2016	2017	Thereafter
Industrial	1.4	0.2	4.5	25.3	14.0	25.2	29.4
Retail	6.5	4.8	9.9	17.2	16.2	10.5	34.9
Commercial	10.3	1.6	20.0	26.1	21.0	8.3	12.7
Total	**3.6**	**1.6**	**7.4**	**23.1**	**15.2**	**19.6**	**29.5**

Good progress has been made in further reducing the monthly expiries from 3.6% in December 2013 to 1.6% in June 2014, through longer lease negotiation or re-tenanting.

TENANT RETENTION AND RENTAL REVERSIONS

The table below reflects the Fund's retention ratio and rental reversion per sector for a rolling 12 month period ending June 2014:

Sector	Expiries (m²)	Retention (m²)	Retention (%)	Rental reversion (%)
Industrial	119,028	110,463	92.8	(1.0)
Retail	46,289	37,639	81.3	3.1
Commercial	14,774	12,990	87.9	0.1
Total	**180,091**	**161,092**	**89.5**	**1.0**

The tenant retention has improved to 89.5% (June 2013: 71.3%) particularly in the industrial and commercial sectors, which were up from 65.1% and 55.5% respectively.

Overall rental reversions remained positive despite pressure on renewal rentals, with retail showing good reversion, despite tough economic conditions. The negative industrial reversion is limited to 2.2% of the total industrial GLA with minimal impact on overall industrial rentals, depicting standing portfolio rental growth of 8.2%.

BORROWINGS

The debt profile is detailed below as at 30 June 2014:

Type	Maturity date	Value (Rm)	Interest Rate (%)
Revolving	31.12.2015	299	8.09
Bridging	30.06.2015	750	7.84
Revolving	25.07.2016	167	8.16
Fixed	31.12.2016	400	8.24
Fixed	13.08.2018	200	9.12
Fixed	30.09.2018	30	8.29
Fixed	30.09.2018	270	8.29
Total		**2,116**	**8.16**

Having entered a net acquisitive phase of investment, the Fund's effective loan to value ("LTV") increased to 22.5% (31 December 2013: 18.3%). The weighted average cost of debt, in respect of the effective debt excluding fixes, was 7.3%, (December 2013: 6.8%) at a weighted average margin of 1.6% (December 2013: 1.7%) and a weighted average tenor on fixed term facilities of 2.9 years and inclusive of bridging facilities of 2.2 years. 35.4% of the debt includes temporary bridging facilities, which will be refinanced and extended by 31 December 2015, through a combination of bond and syndicated loan facilities. Cognisant of the upward trend in interest rates, 95.4% of the debt drawn was fixed at a weighted average rate and margin of 6.7% and 0.9% respectively and a weighted average tenor of 3.4 years. The total weighted average cost of debt inclusive of fixes, depicted above, amounts to 8.2%. This is up 0.3% from December 2013, due to additional fixes taken out during the period and increases in overall debt.

STRATEGY AND PROSPECTS

With the four pillar turnaround strategy largely executed and operational, the first six months saw the completion of the ManCo internalisation transaction, a R1,1bn acquisition of inner city residential and retail properties with effect from 1 July 2014, the initiation of the Corporate REIT conversion and the introduction of a management incentive scheme aimed at aligning management and investor interests.

The Board and management are cognisant of the volatility in market conditions and the pressures on interest rates. Consequently it has extended existing loans at favourable rates ahead of expiry and remains adequately hedged at 82.2% post the AFHCO acquisition.

The foundation has been laid for the Fund to deliver sustainable distribution growth supported by:

- A robust underpin from a quality Industrial portfolio with a focus on tenant retention.
- Unlocking value in the retail portfolio by reducing vacancies and progressing income enhancing redevelopments and repositioning properties with improved tenant mix and covenants.
- Expanding the inner-city portfolio through developments and acquisitions of quality properties in dominant nodes, fuelled by the non-discretionary spend of an increasing urban population.

The Board is pleased with the progress made and is confident that the Fund will be able to deliver distribution growth for the full year, marginally better than the first half.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION (R000)	As at 30.06.2014 Unaudited	As at 30.06.2013 Unaudited	As at 31.12.2013 Audited
Assets			
Non-current assets	**9,298,462**	8,328,842	8,927,419
Investment property	**9,033,391**	8,055,905	8,654,251
- At valuation	**8,761,225**	8,103,125	8,722,125
- Straight line rental adjustment	**(209,334)**	(221,020)	(210,974)
- Properties under development	**481,500**	173,800	143,100
Letting commissions and tenant installations	**61,561**	55,897	63,116
Interest rate swap derivatives	**34,547**	31,668	39,644
Rental receivable - straight line adjustment	**168,557**	185,372	170,408
Property, plant and equipment	**406**	-	-
Current assets	**728,876**	544,268	515,248
Properties held for disposal	**162,200**	112,040	-
Letting commissions and tenant installations	**1,420**	637	-
Trade receivables	**12,499**	23,330	16,637
Other receivables and accrued interest	**174,567**	88,642	146,143
Rental receivable - straight line adjustment	**40,777**	35,648	40,566
Interest rate swap derivatives	**3,362**	-	382
Cash resources and short-term investments	**334,051**	283,971	311,520
Total assets	**10,027,338**	8,873,110	9,442,667
Unitholders' funds and liabilities			
Unitholders' funds	**7,298,821**	7,168,527	7,280,242
Non-current liabilities	**2,118,968**	1,216,014	1,625,913
Interest bearing borrowings	**2,116,472**	1,216,014	1,625,913
Interest rate swap derivatives	**2,496**	-	-
Current liabilities	**609,549**	488,569	536,512
Trade and other payables	**187,785**	161,951	197,160
Capital gains taxation	**32,462**	31	-
Unclaimed distributions	**1,439**	1,173	1,346
Distributions payable to unitholders	**350,044**	322,315	326,030
Dividends payable to shareholders	**23,128**	-	-
Interest rate swap derivatives	**14,691**	3,099	11,976
Total unitholders' funds and liabilities	**10,027,338**	8,873,110	9,442,667
NAV cpu	**369**	362	368

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME (R000)	6 months ended 30.06.2014 Unaudited	6 months ended 30.06.2013 Unaudited	Year ended 31.12.2013 Audited
Revenue	**658,527**	570,158	1,186,412
Income	**669,931**	580,677	1,207,223
Rent	**482,814**	424,333	878,077
Straight line rental adjustment	**748**	(12,655)	(24,419)
Recovery of property expenses	**174,965**	158,480	332,754
Interest income	**11,404**	10,519	20,811
Expenses	**(319,970)**	(279,932)	(592,216)
Accounting and secretarial fees	**(1,779)**	(3,041)	(6,082)
Audit fees	**(878)**	(787)	(1,845)
Administrative fees	**(6,713)**	(7,818)	(10,460)
Directors fees	**(397)**	-	-
Interest expense	**(75,456)**	(43,614)	(94,562)
Property expenses	**(206,438)**	(190,189)	(412,714)
Property administration	**(13,245)**	(15,955)	(29,118)
Salaries and wages	**(2,047)**	-	-
Unit incentive scheme	**(70)**	-	-
Service fees	**(12,930)**	(18,528)	(37,435)
Straight line rental expense	**(17)**	-	-
Operating income	**349,961**	300,745	615,007
Revaluation of interest rate swap derivatives	**(7,328)**	32,025	31,506
Amortisation of debt restructure costs	**-**	(10,504)	(10,504)
Internalisation fee	**(185,000)**	-	-
Gain on bargain purchase	**8,872**	-	-
Capital loss on disposal of investment properties	**(1,880)**	(4,995)	(4,086)
Revaluation of investment properties	**203,928**	257,537	380,625
- Revaluations	**204,676**	244,882	356,206
- Straight line rental adjustment	**(748)**	12,655	24,419
Income before taxation	**368,553**	574,808	1,012,548
Taxation	**-**	146,847	146,846
Current capital gains and normal income taxation	**-**	103	102
Deferred taxation on property transactions	**-**	146,744	146,744
Deferred taxation on straight line valuation adjustment	**-**	(21,815)	(21,815)
Deferred taxation on straight line rental adjustment	**-**	21,815	21,815
Profit attributable to unitholders	**368,553**	721,655	1,159,394
Other comprehensive income			
Amortisation of hedge reserve	**-**	10,515	10,516
Total comprehensive income attributable to unitholders	**368,553**	732,170	1,169,910

CONDENSED GROUP STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS (R000)	6 months ended 30.06.2014 Unaudited	6 months ended 30.06.2013 Unaudited	Year ended 31.12.2013 Audited
Unitholders' funds at the beginning of the period	**7,280,242**	6,973,355	6,973,355
Total comprehensive income for the period	**368,553**	732,170	1,169,910
Profit for the period	**368,553**	721,655	1,159,394
Amortisation of hedge reserve	**-**	10,515	10,516
Repurchase of units	**-**	(222,986)	(222,986)
Unit repurchase cost	**-**	(509)	(509)
Lapsed distribution on units repurchased	**-**	8,812	8,823
Unit incentive scheme	**70**	-	-
Distribution attributable to unitholders	**(350,044)**	(322,315)	(648,351)
Unitholders' funds at the end of the period	**7,298,821**	7,168,527	7,280,242

CONDENSED GROUP STATEMENT OF CASH FLOWS (R000)	6 months ended 30.06.2014 Unaudited	6 months ended 30.06.2013 Unaudited	Year ended 31.12.2013 Audited
Operating profit before working capital changes	**443,532**	354,722	744,967
Working capital changes	**(41,131)**	11,504	(19,333)
Cash generated from operations	**402,401**	366,226	725,634
Operating activities changes	**(390,099)**	(337,668)	(695,993)
Net cash flows from operating activities	**12,302**	28,558	29,641
Net cash flows from investing activities	**(480,330)**	(12,236)	(395,668)
Net cash flows from financing activities	**490,559**	(139,632)	270,266
Net increase / (decrease) in cash resources and short-term investments	**22,531**	(123,310)	(95,761)
Cash resources and short-term investments at the beginning of period	**311,520**	407,281	407,281
Cash resources and short-term investments at the end of period	**334,051**	283,971	311,520

NOTES

The condensed interim financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Collective Investment Schemes Control Act and the information as required by IAS 34: Interim Financial Reporting and the JSE Listings Requirements. The condensed group interim financial statements have been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 31 December 2013. The results and prospects have not been audited or reviewed by the Group's auditors, Deloitte & Touche.

1. Reconciliation of profit to headline earnings and distributable earnings

	6 months ended 30.06.2014 Unaudited R 000	CPU	6 months ended 30.06.2013 Unaudited R 000	CPU	Year ended 31.12.2013 Audited R 000	CPU
Profit for the period	**368,553**	**18.61**	721,655	36.24*	1,159,394	58.39*
Adjustments for:						
Capital loss on disposal of investment properties	**1,880**		4,995		4,086	
Taxation on capital profit on disposal of investment properties	**-**		(103)		(102)	
Revaluation of investment properties	**(203,928)**		(257,537)		(380,625)	
Taxation on adjustments	**-**		(124,929)		(124,929)	
Gain on bargain purchase	**(8,872)**		-		-	
Headline earnings	**157,633**	**7.96**	344,081	17.28*	657,824	33.13*
Internalisation fee	**185,000**		-		-	
Non-distributable expenses	**831**		-		-	
Straight line rental adjustment	**(748)**		12,655		24,419	
Taxation on straight line rental adjustment	**-**		(21,815)		(21,815)	
Amortisation of debt restructure costs	**-**		10,504		10,504	
Taxation on distributable earnings	**-**		103		102	
Lapsed distribution on units repurchased	**-**		8,812		8,823	
Revaluation of interest rate swap derivatives	**7,328**		(32,025)		(31,506)	
Distributable earnings attributable to unitholders	**350,044**	**17.68**	322,315	16.28	648,351	32.75
Interim	**350,044**	**17.68**	322,315	16.28	322,315	16.28
Final	**-**	**-**	-	-	326,036	16.47

* calculated on weighted number of units in issue

2. Primary operational segments (R000)

Business segment	Industrial	Retail	Commercial	Group
Extract from statement of comprehensive income				
Revenue	263,038	325,289	70,200	658,527
Rental income (excluding straight line rental adjustment)	227,328	196,596	58,890	482,814
Net property expenses	(22,975)	(13,266)	(8,477)	(44,718)
Property expenses	(54,825)	(141,683)	(23,175)	(219,683)
Recovery of property expenses	31,850	128,417	14,698	174,965
Net property income	204,353	183,330	50,413	438,096
Straight line rental adjustment	3,860	276	(3,388)	748
Net interest expense	-	-	-	(64,052)
Group expenses	-	-	-	(24,000)
Internalisation fee	-	-	-	(185,000)
Non-distributable expenses	-	-	-	(831)
Revaluation of interest rate swap derivatives	-	-	-	(7,328)
Headline earnings	208,213	183,606	47,025	157,633
Other information				
Investment property	3,982,139	4,029,373	1,021,879	9,033,391
At valuation	4,106,400	3,617,525	1,037,300	8,761,225
Straight line rental adjustment	(124,261)	(69,652)	(15,421)	(209,334)
Properties under development	-	481,500	-	481,500
Properties held for disposal				
At valuation	43,400	72,400	46,400	162,200
Revaluation of investment properties excluding straight line adjustment	82,278	100,220	22,178	204,676
Segment growth rates	**Industrial %**	**Retail %**	**Commercial %**	**Group %**
Rental income (excluding straight line rental adjustment)	11.3	8.6	50.9	13.8
Property expenses	13.8	0.8	32.8	6.6
Recovery of property expenses	17.5	5.8	63.6	11.2
Net property income	11.3	13.4	60.6	16.3

3. Amendments to the Trust Deed

During the reporting period, the unitholders voted in favour of the following amendments to the Trust Deed:

- To amend the existing service charge arrangement in respect of the Fund from a monthly charge based on 0.4% of the aggregate market capitalisation of the Fund plus borrowings, to a monthly charge equal to the actual operating costs incurred by the ManCo in administering the Fund as well as the scrapping of the initial charge of 5% on the value of any new units issued against the payment by the Fund to the ManCo of a consideration of R185 million excluding VAT; and

- To increase the borrowing limits imposed on the Fund from 30% to 60% of the value of its underlying assets.

As a consequence of the first amendment, the Fund gained control over its ManCo with effect from 1 May 2014. The results of the ManCo are included in these results from this date.

The gain on the bargain purchase is the result of acquiring the ManCo's capital adequacy reserves at no cost. This amount has been provisionally determined, subject to regulatory approval.

The ManCo's impact on the Group's statement of comprehensive income since acquisition and pro-forma, for the six months ended 30 June 2014, is as follows:

	For the 2 months ended 30.06.2014 R000	For the 6 months ended 30.06.2014 R000
Revenue	-	-
Profit after taxation	8,041	8,007

4. Significant related party transactions

During the reporting period, the following significant related party transactions occurred:

Related Party	Transaction	Cost (R000)
SA Corporate Real Estate Fund Managers Ltd	Service fees	12,930 (June 2013: 18,528)
SA Corporate Real Estate Fund Managers Ltd	Internalisation fee	185,000 (June 2013: 0)

DISTRIBUTION DECLARATION AND IMPORTANT DATES

Notice is hereby given of the declaration of distribution no.39 in respect of the income distribution period 1 January 2014 to 30 June 2014. The distribution amounts to 17.68cpu. 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, unitholders are advised that the distributions meet 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 units 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 unitholders 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 unitholder. These distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident unitholders, provided that the South African resident unitholders have provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated units, or the transfer secretaries, in respect of certificated units:

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 unitholders 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.

Distributions received by non-resident unitholders 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 1 January 2014, any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 15%, 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 unitholder. Assuming dividend withholding tax will be withheld at a rate of 15%, the net dividend amount due to non-resident unitholders is 15.028 cents per SA Corporate unit. A reduced dividend withholding rate, in terms of the applicable DTA, may only be relied on if the non-resident unitholder has provided the following forms to the CSDP or broker, as the case may be, in respect of uncertificated units, or the transfer secretaries, in respect of certificated units:

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 unitholders 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.

1,980,093,014 SA Corporate units are in issue at the date of this distribution declaration and SA Corporate's income tax reference number is 2951279203.

Last date to trade cum distribution	Thursday, 18 September 2014
Units will trade ex-distribution	Friday, 19 September 2014
Record date to participate in the distribution	Friday, 26 September 2014
Payment of distribution	Monday, 29 September 2014

Unit certificates may not be dematerialised or re-materialised between Friday, 19 September and Friday, 26 September 2014 both days inclusive.

SA Corporate Real Estate Fund Managers Limited

Registered office
South Wing, First Floor
Block A
The Forum
North Bank Lane
Century City
7441
Tel: (021) 529 8410

Registered auditors
Deloitte & Touche
1st Floor
The Square
Cape Quarter
27 Somerset Road
Cape Town
8005

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg
2001
PO Box 61051
Marshalltown
2107

Sponsor
Nedbank Capital
A division of Nedbank Limited
135 Rivonia Road
Sandton
2196

This report has been prepared under the supervision of AM Basson CA(SA).

B Swanepoel
Company Secretary
26 August 2014