SA CORPORATE REAL ESTATE

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

CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Interim distribution growth
- 9.1% higher than June 2015
- 7.7% higher than December 2015

Capital structure
- Premium to NAV of 15.5%
- Effective debt 96.9% fixed at 8.2%

Portfolio activity
- Committed developments of R988,3m
- Acquisitions and contracted acquisitions of R868,0m

Property performance
- NPI growth of 12.6%
- Standing NPI growth of 8.0%
- Afhco portfolio vacancy as % of GLA reduced to 4.6%
- Retail positive rental reversions of 6.9%

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 2016 of 9.1%. This amounts to a distribution of 21.44 cps (June 2015: 19.66 cps). This is in line with the market guidance provided at the full year 2015 results.

The Group's distribution increased by 23.2%. The results were positively impacted by contributions arising from the traditional retail portfolio with redevelopments coming on stream, acquisitions in the Afhco portfolio and the Zambian Joint Venture ("JV").

Portfolio Performance

Total net property income ("NPI") increased by 12.6%, with the standing portfolio contributing 57.1% and acquisitions contributing 41.3% of this increase. The total standing portfolio NPI increased by 8.6% and 7.1% if the developments are excluded.

Retail NPI growth of 17.5% was underpinned by strong tenant retentions of 82.4%, solid weighted average lease escalations of 7.7%, positive renewal reversions of 6.9% and acquisitions contributing 3.3%. The turnaround of SA Corporate's retail portfolio is evidenced by the Company being awarded on 25 August 2016 the MSCI award for its retail portfolio outperforming all other retail portfolios in the MSCI database over the 3 years annualised until December 2015. SA Corporate's retail portfolio total return was 18.6 % against a benchmark of 14.8 % giving a relative outperformance of 3.3%.

Industrial NPI growth of 6.1% resulted from 8.1% escalations and flat reversions off-set by increased vacancies in a challenging industrial market as administered costs increase substantially and tenant's affordability thresholds are tested. Although vacancies have increased, these remain well below the national benchmark.

Afhco continues to deliver satisfying results with residential escalations above 8%, retail escalations above 9% and a 10.7% reversion attained in respect of retail expiries.

The Zambian JV contributed R31,8m (8.0%) for the 6 months to June 2016 having been acquired in the second half of 2015 and is largely tracking the acquisition model.

The expense ratio increased marginally by 0.2%. This is attributable to increased expenses in the Afhco portfolio where the expense ratio increased by 1.3%, as we position the brand and introduce efficient and robust systems, while the traditional portfolio ratio reduced by 0.4%.

Net Funding Costs

Net funding cost remained relatively unchanged largely due to acquisitions partly funded by proceeds on disposals as we recycled capital at attractive net yields, increased interest income arising from favourable swap positions and capitalised interest in respect of developments.

Group and Other Expenses

Group expenses increased by 20.6% for the 6 months to June 2016. This arose as a result of increased staffing requirements as the business expands.

The breakdown of distributable earnings is set out below:

DISTRIBUTABLE EARNINGS (R000)	6 months ended 30.06.2016 Unaudited	6 months ended 30.06.2015 Unaudited	Year ended 31.12.2015 Audited
Rent (excluding straight line rental adjustment)	639,413	584,926	1,202,536
Net property expenses	(47,369)	(59,200)	(142,463)
Property expenses	(290,177)	(255,524)	(558,143)
Recovery of property expenses	242,808	196,324	415,680
Net property income	592,044	525,726	1,060,073
Investment in joint ventures	31,767	-	9,207
Taxation on distributable earnings	(1,352)	-	489
Net funding cost	(109,715)	(109,221)	(231,146)
Interest income	22,696	11,970	23,897
Interest expense	(132,411)	(121,191)	(255,043)
Group expenses	(22,252)	(18,456)	(37,562)
Antecedent distribution	-	-	52,392
Distributable earnings	490,492	398,049	853,453
Shares in issue (000)	2,287,304	2,024,162	2,287,304
Weighted number of shares in issue (000)	2,287,304	2,021,500	2,033,656
Distribution (cents per share)	21.44	19.66	39.57
Interim	21.44	19.66	19.66
Final	-	-	19.91

PROPERTY VALUATIONS

The value of the Group's independently valued property portfolio increased by R678.8m to R13,1bn as at June 2016 (December 2015: R12,4bn). This excludes the Zambian portfolio of R880,8m, that has been equity accounted. The like for like portfolio held for the full 6 months to June 2016 increased by R587,0m (4.8%) from December 2015, whilst the standing portfolio representing properties held for 24 months, excluding properties under development, increased by R282,9m (3.2%) from December 2015.

The capitalisation and discount rates in the Group's like for like portfolio at 30 June 2016 were calculated on a weighted average basis:

Sector	Capitalisation rate (%)		Discount rate (%)		Growth in like for like portfolio (%)
	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016
Industrial	8.8	8.9	14.3	14.4	2.1
Retail	8.6	8.6	14.1	14.1	7.2
Commercial	8.7	8.7	14.2	14.2	2.7
Afhco	10.0	10.1	*	*	6.7
Portfolio total	8.9	9.0	14.2	14.2	4.8

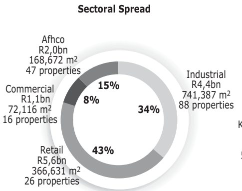
* Afhco properties are not valued on a discount rate basis, due to the short term nature of residential leases.

The NAV per share (446 cps) increased by 2.3% (December 2015: 436 cps) of which an increase of 3.3% is attributable to property valuations. This is partially off-set by the change in the swap curve contributing a 0.9% decrease in the NAV per share growth.

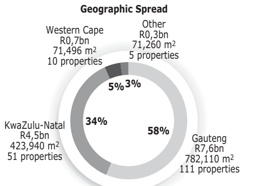
PROPERTY PORTFOLIO

The portfolio comprised 177 properties (December 2015: 178 and June 2015: 169) 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 2016 are set out below:

Sectoral Spread



Geographic Spread



Committed Developments:

Properties	Cost (Rm)	Commencement date	Forecast completion date	Yield forecast 1st 12 months (%)	Sector	Region
East Point, Boksburg	457,0	05/2014	07/2016	9.0	Retail	Gauteng
Umlazi Mega City, Umlazi [1]	278,0	11/2014	06/2017	9.3	Retail	KwaZulu-Natal
Hayfields Mall, Pietermaritzburg	37,0	06/2016	03/2017	9.0	Retail	KwaZulu-Natal
Comaro Crossing, Oakdene	60,0	03/2015	07/2016	8.0	Retail	Gauteng
Midway Mews, Halfway Gardens	33,0	06/2016	06/2017	8.0	Retail	Gauteng
Afhco pipeline	123,3	11/2015 to 01/2016	09/2016 to 12/2017	11.9	Afhco	Gauteng
Total	988,3			9.3		

[1] 75% Undivided share of development cost

Acquisitions:

Properties	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
Morning Glen Shopping Centre, Sandton	293,5	03/2016	9.6	Retail	Gauteng
Normandie Court, Johannesburg CBD	23,0	01/2016	11.0	Residential & Retail	Gauteng
Cambridge House, Johannesburg CBD	20,2	02/2016	10.0	Retail	Gauteng
Total	336,7		9.7		

Contracted and Unconditional Acquisitions:

Properties	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
Jeppe Street Post Office, Johannesburg CBD	88,2	10/2016	*	Residential & Retail	Gauteng
Platinum Place, New Doornfontein	83,6	01/2017	9.9	Residential	Gauteng
Jabulani, Soweto	70,2	09/2016	10.9	Residential	Gauteng
81 Rissik, Johannesburg CBD	75,5	07/2016	10.7	Residential	Gauteng
Monis, Johannesburg CBD	62,8	10/2016	10.1	Residential & Retail	Gauteng
Hartmann and Keppler, Doornfontein	6,7	08/2016	*	Residential & Retail	Gauteng
Rosewood and Beechwood, Randfontein[1]	30,0	10/2016	11.0	Residential	Gauteng
Total	417,0		10.5		

* Property acquired for redevelopment
[1] R4,2m in respect of land for development

Contracted and Conditional Acquisitions:

Property	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
Greatermans, Johannesburg CBD	114,3	11/2016	10.4	Residential & Retail	Gauteng

Disposals:

Properties	Transfer date	Gross selling price (Rm)	Carrying value at latest valuation date (Rm)	Exit yield on sale price (%)	Region
Checkers, Somerset West	02/2016	75,0	75,0	7.1	Western Cape
11 Columbine Place, Red Hill	05/2016	55,0	53,6	7.8	KwaZulu-Natal
8 Paul Smit Street, Anderbolt	02/2016	50,0	50,0	8.8	Gauteng
4 School Road, Pinetown	03/2016	25,5	25,5	5.3	KwaZulu-Natal
83 Heidelburg Road, City Deep	06/2016	36,0	36,0	7.5	Gauteng
50 Mangosuthu Highway, Umlazi [1]	05/2016	12,2	11,6	8.9	KwaZulu-Natal
Total		253,7	251,7	7.6	

[1] 25% Undivided share

Contracted and Unconditional Disposals:

Properties	Expected transfer date	Gross selling price (Rm)	Carrying value at 30 June 2016 (Rm)	Exit yield on sale price (%)	Region
199 North Ridge Road, Durban	08/2016	38,4	38,4	6.2	KwaZulu-Natal
Lebombo Road, Garsfontein (portion)	08/2016	12,0	12,0	6.2	Gauteng
Total		50,4	50,4	6.2	

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		
	30.06.2016	31.12.2015	30.06.2015	30.06.2016	31.12.2015	30.06.2015
Traditional Portfolio:						
Industrial	2.6	0.3	0.7	1.6	0.3	0.6
Retail	4.5	4.5	5.5	2.8	2.8	3.5
Commercial	8.6	11.1	12.7	5.9	8.0	8.4
Traditional Portfolio total	3.6	2.3	3.0	2.7	2.4	2.9
Afhco Portfolio:						
Retail / Commercial	3.3	4.8	3.0	3.4	3.7	3.3
Residential	5.2	5.6	3.5	5.4	6.6	4.2
Afhco Portfolio total	4.6	5.3	3.4	4.7	5.5	4.0
Rest of Africa Portfolio:						
Retail	5.5	2.2	-	4.4	1.4	-
Commercial	4.7	4.6	-	2.3	2.6	-
Rest of Africa Portfolio total	5.3	2.7	-	3.9	1.7	-

* GLA=Gross lettable area

During the current period, vacancies by rental reduced to 2.7% (2015: 2.9%) with a marginal increase in vacancy by GLA of 0.6%. This movement relates mainly to the increase in industrial vacancies by GLA from 0.7% in June 2015 to 2.6% with a 59.2% retention. Certain of this space has subsequently been let with the vacancy reducing to 1.8% by GLA. SA Corporate's industrial vacancies remain below the sector average of 3.4%. Commercial vacancies have reduced from 12.7% to 8.6% and 8.4% to 5.9% by GLA and rental income respectively, arising from our strategy of divesting in B and C grade office buildings.

The Afhco portfolio vacancies by rental trended higher to 4.7% (2015: 4.0%) and by GLA to 4.6% (2015: 3.4%). This is attributable to new developments coming on stream in the second quarter of 2016, with standing portfolio vacancies reducing to 2.8% from 3.2%.

The Zambian JV vacancies increased 2.6% and 2.2% by GLA and rental income respectively. This is largely due to certain tenants vacating, unwilling to have their leases converted from Zambian Kwacha to US Dollars.

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

Sector	Vacancy (%)	Expiries (%)					
		Monthly	2016[2]	2017	2018	2019	Thereafter
Traditional Portfolio:							
Industrial	2.6	0.1	10.7	31.7	22.7	8.0	24.2
Retail	4.5	6.9	14.3	14.0	20.0	10.7	29.6
Commercial	8.6	3.3	13.0	18.9	12.6	10.5	33.1
Traditional Portfolio total	3.6	2.3	11.9	25.5	21.1	9.0	26.6
Afhco Portfolio:							
Retail / Commercial	3.3	1.7	14.6	14.5	14.2	7.7	44.0
Residential [1]	5.2	48.8	20.3	25.7	-	-	-
Rest of Africa Portfolio:							
Retail	5.5	-	3.6	1.0	2.6	41.9	45.4
Commercial	4.7	-	15.1	11.5	14.8	46.5	7.4
Rest of Africa Portfolio total	5.3	-	6.2	3.4	5.3	42.9	36.9

[1] Calculated on number of units
[2] Calculated on July to December 2016

TENANT RETENTION AND RENTAL REVERSIONS

The table below reflects the Group's retention ratio and rental reversions per sector for a rolling 6 month period ending June 2016:

Sector	Expiries (m²)	Retention (m²)	Retention (%)	Rental reversions (%)
Traditional Portfolio:				
Industrial	75,806	44,894	59.2	0.1
Retail	37,366	30,791	82.4	6.9
Commercial	5,259	4,656	88.5	(7.0)
Traditional Portfolio total	118,431	80,341	67.8	2.9
Afhco Portfolio:				
Retail / Commercial	8,179	5,134	62.8	10.7

With 10.0% of the traditional portfolio expiring in the first half of 2016, the Group successfully retained 67.8% of its tenants at a weighted average reversion of 2.9%.

Of the 14.1% expiries in the first half of 2016 relating to the Afhco retail/commercial portfolio 62.8% were retained with a positive reversion of 10.7%.

Despite trying economic conditions, reversions were positive to flat, except for commercial reversions, which were negative, reflective of the poor performance of the sector in which SA Corporate continues to have an underweight holding.

BORROWINGS

The debt profile as at 30 June 2016 is detailed below:

Type	Maturity date	Value (Rm)	Interest Rate (%)
Fixed	01.11.2016	500	8.30
Fixed	15.12.2017	1,152	8.68
Fixed	13.08.2018	200	8.87
Fixed	30.09.2018	270	8.83
Fixed	30.09.2018	30	8.83
Term revolver [1]	01.11.2018	-	8.55
Fixed	01.01.2019	500	8.70
Term revolver [2]	24.03.2019	125	8.62
Fixed	15.12.2019	848	8.98
Fixed [3]	01.11.2020	398	3.59
Fixed	15.04.2024	70	6.88
Total/weighted average		4,093	8.19

[1] R300m revolving credit facility undrawn
[2] R200m revolving credit facility partly drawn
[3] US Dollar denominated loan

The loan to value ("LTV") ratio reduced from 30.2% in June 2015 to 28.9% in December 2015 following the equity raise and increased marginally to 29.3% as at 30 June 2016. For the 12 month period 1 July 2015 to 30 June 2016, net investments in direct property and property shares and committed developments of R1,6bn were funded by increased debt of R689,0m, disposal proceeds of R301,2m and capital raised of R638,8m.

The weighted average cost of debt, in respect of the effective debt excluding fixes, was 8.2% (December 2015: 7.4%) at a weighted average margin of 1.6% (December 2015: 1.6%) and a weighted average tenor of 2.4 years (December 2015: 2.7 years). This tenor includes a short term bridge facility expiring November 2016, without which the weighted average tenor would be 2.9 years.

At 30 June 2016, 96.9% of the debt drawn was fixed via interest rate hedges, at a weighted average rate and margin of 6.6% and -0.002% respectively and a weighted average tenor of 3.1 years. The weighted average margin has increased by 0.3% from December 2015, due to higher funding costs and longer funding tenors.

STRATEGY AND PROSPECTS

During the past three and a half years, SA Corporate has transformed its property portfolio into one that is both defensive and generates strong distribution growth. The Company has identified three primary strategic themes to ensure this is sustainable, being:

- Building Afhco to become a dominant trusted residential rental brand of choice in South Africa providing quality and affordable accommodation in high demand nodes.
- Unlocking and creating value in the retail portfolio by repositioning currently owned and acquired shopping centres to dominate and/or differentiate their catchment areas through developments and improved tenant mix.
- Enhancing the quality and resilience of the industrial portfolio through focussed tenant retention, undertaking tenant-driven improvements and recycling capital.

In the first half of 2016, considerable progress has been made on strategic initiatives to support these three themes and include:

- Establishing partnerships with residential developers to complement Afhco's residential rental development pipeline that will result in a residential rental portfolio of appropriate scale. Formulating an Afhco brand and marketing plan to ensure the market penetration required for Afhco's growing portfolio. Investing in the platform to manage the growing portfolio by increasing Afhco's property management resources and introducing improved IT systems.
- Substantial completion of the R457m upgrade to East Point shopping centre and progressing a further four retail redevelopment projects greater than R400m. Formulating rejuvenation plans for two existing retail properties that have growth potential and one property that has recently been acquired. Appointing a Retail Leasing and Developments Asset Manager to augment the retail property asset management team.
- Commencing the 42 250 m² redevelopment of the distribution centre leased to a blue chip logistics tenant, whilst divesting from industrial properties that do not meet the industrial portfolio's quality standards.

The Board's view of future prospects is that, having made progress with the strategic initiatives described above, distribution growth of circa 9% for the full 2016 year can be attained.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (R000)	As at 30.06.2016 Unaudited	As at 30.06.2015 Unaudited	As at 31.12.2015 Audited
Assets			
Non-current assets	13,989,025	11,369,728	12,920,112
Investment property	12,782,819	10,995,322	11,631,267
Letting commissions and tenant installations	52,899	57,938	75,706
Investment in joint ventures	824,193	-	850,068
Property, plant and equipment	5,991	2,741	5,501
Intangible assets	76,897	82,972	76,897
Interest rate swap derivatives	50,457	59,955	117,668
Rental receivable - straight line adjustment	192,430	169,281	159,370
Other financial assets	2,675	1,519	1,619
Deferred taxation	664	-	2,016
Current assets	571,334	477,012	660,506
Trade and other receivables	278,748	209,304	246,492
Other financial assets	38,594	39,581	33,816
Rental receivable - straight line adjustment	44,751	45,974	47,233
Interest rate swap derivatives	12,268	3,044	9,048
Taxation receivable	1,336	538	443
Inventory	52	34	52
Loan to developer	11,703	-	13,073
Cash and cash equivalents	183,882	22,248	310,349
Loan to SA Corporate Real Estate Limited	-	156,289	-
Non-current assets held for sale	50,410	60,709	556,036
Properties classified as held for disposal	50,400	60,275	553,700
Letting commissions and tenant installations	10	434	2,336
Total assets	14,610,769	11,907,449	14,136,654
Share capital, reserves and liabilities			
Share capital and reserves	10,206,276	7,842,293	9,980,915
Non-current liabilities	3,601,859	3,094,576	3,486,022
Interest bearing borrowings - Local	3,522,676	3,094,576	3,420,503
Interest bearing borrowings - Foreign	61,192	-	65,519
Interest rate swap derivatives	17,991	-	-
Current liabilities	802,634	970,580	669,717
Trade and other payables	277,292	250,177	292,301
Loan from developer	-	-	13,020
Interest bearing borrowings - Local	500,000	309,915	350,000
Interest bearing borrowings - Foreign	8,595	-	8,595
Distributions payable	-	398,049	-
Rental payable - straight line adjustment	22	-	49
Interest rate swap derivatives	16,725	11,959	5,744
Taxation payable	-	480	-
Bank overdraft	-	-	8
Total share capital, reserves and liabilities	14,610,769	11,907,449	14,136,654
NAV per share (cents)	446	387	436

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (R000)	6 months ended 30.06.2016 Unaudited	6 months ended 30.06.2015 Unaudited	Year ended 31.12.2015 Audited
Revenue	908,481	781,894	1,614,549
Income	931,177	793,864	1,638,446
Rent	639,413	584,926	1,202,536
Straight line rental adjustment	26,260	644	(3,667)
Recovery of property expenses	242,808	196,324	415,680
Interest income	22,696	11,970	23,897
Expenses	(449,985)	(411,791)	(884,313)
Accounting and secretarial fees	-	(31)	-
Audit fees	(1,800)	(1,441)	(3,063)
Administrative fees	(24,793)	(21,276)	(55,010)
Interest rate swap derivatives restructure costs	-	(11,838)	(11,838)
Depreciation	(830)	(490)	(1,186)
Interest expense	(132,411)	(121,191)	(255,043)
Property expenses	(258,921)	(242,006)	(530,575)
Property administration fees	(31,256)	(13,518)	(27,568)
Straight line rental adjustment	26	-	(30)
Operating income	481,192	382,073	754,133
Capital gain / (loss) on disposal of investment properties	681	(8,151)	(16,178)
Foreign exchange adjustments	22,885	-	(44,275)
Gain on acquisition of subsidiaries and joint ventures	-	-	30,079
Profit from joint ventures	22,250	-	47,564
Revaluation of investment properties	303,268	107 916	538,479
- Revaluations	329,528	108,560	534,812
- Straight line rental adjustment	(26,260)	(644)	3,667
Revaluation of interest rate swap derivatives	(92,963)	33,859	103,791
Profit before taxation	737,313	515,697	1,413,593
Taxation (charge) / credit	(1,352)	6,254	46
Profit after taxation	735,961	521,951	1,413,639
Other comprehensive income, net of taxation	-	-	-
Items that may be reclassified to profit or loss			
Foreign exchange adjustments on investment in joint ventures	(48,125)	-	87,861
Total comprehensive income	687,836	521,951	1,501,500
Earnings and diluted earnings per share*	32.18	25.82	69.51

* Calculated on weighted average number of shares

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (R000)	6 months ended 30.06.2016 Unaudited	6 months ended 30.06.2015 Unaudited	Year ended 31.12.2015 Audited
Share capital and reserves at the beginning of the period	9,980,915	7,603,215	7,603,215
Total comprehensive income for the period	687,836	521,951	1,501,500
26,767,491 units issued	-	115,176	115,176
263,141,110 shares issued	-	-	1,125,727
3,883,009 shares repurchased	-	-	(19,046)
1,400,568 shares repurchased	(7,089)	-	-
Antecedent distribution	-	-	52,392
Distribution attributable to shareholders	(455,386)	(398,049)	(398,049)
Share capital and reserves at the end of the period	10,206,276	7,842,293	9,980,915

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (R000)	6 months ended 30.06.2016 Unaudited	6 months ended 30.06.2015 Unaudited	Year ended 31.12.2015 Audited
Operating profit before working capital changes	600,040	497,271	989,752
Working capital changes	(54,402)	34,106	(66,222)
Cash generated from operations	545,638	531,377	923,530
Operating activities changes	(594,302)	(480,433)	(1,023,634)
Net cash flows from operating activities	(48,664)	50,944	(100,104)
Net cash flows from investing activities	(305,522)	(734,468)	(1,607,235)
Net cash flows from financing activities	277,727	404,557	1,716,465
Net (decrease) / increase in cash and cash equivalents	(126,459)	(278,967)	9,126
Cash and cash equivalents at the beginning of period	310,341	301,215	301,215
Cash and cash equivalents at the end of period	183,882	22,248	310,341

NOTES

The condensed consolidated interim financial statements are prepared in accordance with the JSE Limited Listings Requirements, International Financial Reporting Standards, 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 to distributable earnings attributable to Shareholders

	6 months ended 30.06.2016 Unaudited		6 months ended 30.06.2015 Unaudited		Year ended 31.12.2015 Audited	
	R 000	CPS	R 000	CPS	R 000	CPS
Profit after taxation attributable to shareholders	735,961	32.18*	521,951	25.82*	1,413,639	69.51*
Adjustments for:						
Capital (profit) / loss on disposal of investment properties	(681)		8,151		16,178	
Revaluation of investment properties and joint ventures	(293,751)		(107,916)		(576,913)	
Gain on acquisition of subsidiaries and joint ventures	-		-		(30,079)	
Headline earnings	441,529	19.30*	422,186	20.88*	822,825	40.46*
Antecedent distribution	-		-		52,392	
Interest rate swap derivatives restructure costs	-		11,838		11,838	
Depreciation	830		490		1,186	
Foreign exchange adjustments	(22,885)		-		44,269	
Taxation	-		(6,254)		443	
Revaluation of interest rate swap derivatives	92,963		(33,859)		(103,791)	
Straight line rental adjustment	(26,260)		(644)		3,667	
Straight line rental expense adjustment	(26)		-		30	
Non-distributable expenses	4,341		4,292		20,518	
Non-distributable expenses on investment in joint ventures	-		-		76	
Distributable earnings attributable to shareholders	490,492	21.44	398,049	19.66	853,453	39.57
Interim	490,492	21.44	398,049	19.66	398,049	19.66
Final	-	-	-	-	455,404	19.91

* calculated on weighted number of shares in issue

(Continued)

SA CORPORATE
REAL ESTATE

CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016 (continued)

NOTES (continued)

2. Primary operational segments (R000)

Business segment	**Industrial**	**Retail**	**Commercial**	**Afhco**	**Group**
Extract from statement of comprehensive income					
Revenue	279,178	420,303	67,170	141,830	908,481
Rental income (excluding straight line rental adjustment)	244,644	233,418	52,100	109,251	639,413
Net property expenditure	(11,892)	1,407	(8,289)	(28,595)	(47,369)
Property expenses	(65,314)	(144,199)	(22,254)	(58,410)	(290,177)
Recovery of property expenses	53,422	145,606	13,965	29,815	242,808
Net property income	232,752	234,825	43,811	80,656	592,044
Straight line rental adjustment	(18,888)	41,279	1,105	2,764	26,260
Net interest expense	-	-	-	-	(109,715)
Group expenses	-	-	-	-	(4,512)
Profit from joint ventures	-	-	-	-	31,767
Revaluation of interest rate swap derivatives	-	-	-	-	(92,963)
Taxation	-	-	-	-	(1,352)
Headline earnings	213,864	276,104	44,916	83,420	441,529
Other information					
Properties:	4,346,493	5,495,805	1,054,833	1,936,064	12,833,195
Non-current investment property	4,346,493	5,495,805	1,004,457	1,936,064	12,782,819
At valuation	4,440,500	5,607,200	1,023,400	1,948,900	13,020,000
Straight line rental adjustment	(94,007)	(111,395)	(18,943)	(12,836)	(237,181)
Non-current investment property held for sale	-	-	50,376	-	50,376
Classified as held for disposal	-	-	50,400	-	50,400
Straight line rental adjustment	-	-	(24)	-	(24)

Segmental growth rates (%)	**Industrial**	**Retail**	**Commercial**	**Residential & other**	**Group**
Rental income (excluding straight line rental adjustment)	1.0	13.8	(9.9)	37.0	9.3
Property expenses	16.6	6.3	(5.1)	44.6	13.6
Recovery of property expenses	61.8	11.7	5.2	51.9	23.7
Net property income	6.1	17.5	(8.1)	36.8	12.6

NOTES (continued)

3. Interest rate swap derivatives

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. This is classified as a level 2 financial asset in terms of the degree to which the fair value is observable.

4. Events after the reporting period

Save for the joint announcement from SA Corporate and Calgro M3 in respect of the formation of a JV and the acquisition of its first phase portfolio of properties as released on SENS today, the directors are not aware of any significant events between the end of the financial period under review and the date of signature of these summarised financial statements.

DISTRIBUTION DECLARATION AND IMPORTANT DATES

Notice to shareholders resident South Africa

Notice is hereby given of the declaration of distribution no.3 in respect of the income distribution period 1 January 2016 to 30 June 2016. The distribution amounts to 21.44 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 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 shareholder.

DISTRIBUTION DECLARATION AND IMPORTANT DATES (continued)

Assuming dividend withholding tax will be withheld at a rate of 15%, the net dividend amount due to non-resident shareholders is 18.2240 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. 2,303,310,765 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, 27 September 2016
Shares will trade ex-distribution	Wednesday, 28 September 2016
Record date to participate in the distribution	Friday, 30 September 2016
Payment of distribution	Monday, 3 October 2016

Share certificates may not be dematerialised or re-materialised between Wednesday, 28 September and Friday, 30 September 2016 both days inclusive.

By order of the Board

SA Corporate Real Estate Limited

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 Ground Floor 70 Marshall Street Johannesburg 2001 PO Box 61051 Marshalltown 2107	Nedbank Capital A division of Nedbank Limited 135 Rivonia Road Sandton 2196

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

* Executive

B Swanepoel
Company Secretary
29 August 2016