SA CORPORATE REAL ESTATE

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)

PRELIMINARY SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

Distribution growth
- Full year 8.7% higher than 2015
- 1st half 9.1% higher than 2015
- 2nd half 8.4% higher than 2015

Capital structure
- 89.3% of debt fixed
- R0,7bn of equity raised from the issue of 130.2m shares

Portfolio activity
- Acquisitions of R0.8bn
- Like-for-like portfolio value up 11.1%

Property performance
- NPI growth of 13.7%
- Traditional portfolio tenant retention is 77.9%
- Retail positive reversions of 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 Growth

SA Corporate delivered growth in distributions per share for the year ended December 2016 of 8.7%. This amounts to a full year distribution of 43.02 cents per share ("cps") (2015: 39.57 cps) and a second half distribution of 21.58 cps (2015: 19.91 cps). Investment activity over the year at attractive yields contributed positively to these results. This was further supported by standing portfolio (excluding properties under development) net property income (NPI) growth of 5.9%.

Portfolio Performance

The total NPI increased 13.7% over the previous year. This is made up of 8.9% from the standing portfolio, 6.4% from acquisitions (yielding 10.1%) less 1.6% from disposals. The industrial standing portfolio NPI growth of 4.3% was supported by strong retentions (75.7%) and escalations of 8.0%. The contributors to the retail NPI growth of 22.2% were the standing portfolio 7.2%, developments 11.0% and net investments 4.0%. The retail portfolio performance was underpinned by strong retentions (79.6%), positive reversions (6.0%), escalations of 7.7% and improved recoveries as green initiatives start to bear fruit.

AFHCO's total NPI increased by 38.4% over the prior year. The standing portfolio contributed 4.5%, developments 6.8% and acquisitions 27.1%. The acquisitions of R423.3m (excluding bulk) were executed at a weighted average yield of 10.5%. The standing portfolio NPI increased by 6.3% supported by average rental increases of 9% but negatively impacted by average annual residential vacancies increasing to 5.1% from 4.3% in 2015, non renewal of a parking contract and a 5% reduction in the municipal recovery ratio. The expense ratio (excluding municipal expenses) reduced from 13.7% to 12.3% due to bad debt recoveries, reduced maintenance costs especially with re-developments in the retail portfolio and reductions in letting costs.

Finance Costs

Interest expense increased by 7.8%, due to an increase in debt in respect of acquisitions and developments. The increase in interest income of 102.3% arises mainly from favorable interest rate swaps, loans to developers and joint venture ("JV") partners.

Group and Other Expenses

The distribution related expenses increased by 26.6% mainly due to increased staffing requirements as the group expands and investments into the Afhco business.

Antecedent Distribution

The Group successfully raised R680.8m of equity by issuing 130,178,267 shares via a combination of an issuance for cash and vendor placement at a weighted average discounted price of 523 cps cum dividend. This resulted in an antecedent distribution of R17.6m.

The breakdown of distributable earnings is set out below:

DISTRIBUTABLE EARNINGS (R000)	Year ended 31.12.2016	Year ended 31.12.2015
Rent (excluding straight line rental adjustment)	1,328,181	1,202,536
Net property expenses	(123,171)	(142,463)
Property expenses	(614,981)	(558,143)
Recovery of property expenses	491,810	415,680
Net property income	**1,205,010**	1,060,073
Investment in joint venture	60,350	9,207
Yield guarantee on joint venture	7,871	-
Taxation on distributable earnings	(1,008)	489
Net funding cost	**(226,569)**	(231,146)
Interest income	48,349	23,897
Interest expense	(274,918)	(255,043)
Distribution related expenses	(47,569)	(37,562)
Antecedent distribution	17,624	52,392
Distributable earnings	**1,015,709**	853,453
Interim	493,925	398,049
Final	521,784	455,404
Shares in issue (000)	2,417,482	2,287,304
Weighted average number of shares in issue (000)	2,320,805	2,033,656
Distribution (cents per share)	43.02	39.57
Interim	21.44	19.66
Final	21.58	19.91

PROPERTY VALUATIONS

The value of the Group's independently valued property portfolio increased by R2,6bn to R15,0bn as at December 2016 (2015: R12,4bn). This excludes the Zambian portfolio of R799,4m that has been equity accounted but includes a net investment of R1,3bn in respect of acquisitions, developments, capex and disposals. The like-for-like valuation for the total portfolio increased by 11.1% with the increases for each of the sectors tabulated below.

In line with good governance the company embarked on a request for proposal to change its independent valuer who had performed the valuations for the past 7 years. While the valuation method has remained unchanged, there were material valuation movements in respect of the traditional portfolio. This arose from use of different assumptions between the two valuers of which the main differences are: building specific rental growth rates versus a blanket growth assumption, recovery rate assumptions based on actual recoveries capped at market versus blanket assumptions and less conservative assumptions aligned to market and actual in respect of capex spend and letting expenses. We have reviewed the methodology and assumptions and are satisfied that the valuations are representative of the current and projected portfolio performance.

The capitalisation and discount rates in the Group's like-for-like portfolio at 31 December 2016 were calculated on a weighted basis:

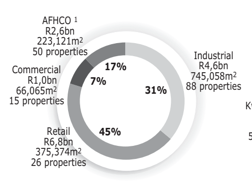
Sector	Capitalisation rate (%)		Discount rate (%)		Growth in like-for-like portfolio (%)
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016
Industrial	9.1	8.9	15.1	14.4	5.7
Retail	8.6	8.6	14.6	14.1	19.6
Commercial	8.9	8.7	14.9	14.2	3.0
AFHCO	9.7	9.5	*	*	6.1
Weighted average	**8.9**	8.7	**14.8**	14.2	**11.1**

* AFHCO properties are not valued on a discounted cashflow basis, due to the short term nature of residential leases.

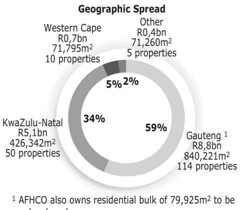
PROPERTY PORTFOLIO

The portfolio comprised 179 properties (2015: 178), which excludes the 3 Zambian properties held through a 50% investment in a JV. The sectoral and geographic weightings by value as at 31 December 2016 are set out below:

Sectoral Spread



Geographic Spread



1 AFHCO also owns residential bulk of 79,925m² to be redeveloped.

Committed Developments:

Properties	Cost (Rm) 4	Forecast completion date	Yield forecast 1st 12 months (%)	Sector	Region
East Point, Boksburg	479,5	01/2017	9.0	Retail	Gauteng
Hayfields Mall, Pietermaritzburg	34,6	04/2017	9.0	Retail	KwaZulu-Natal
Umlazi Mega City, Umlazi 1	262,9	06/2017	9.3	Retail	KwaZulu-Natal
Midway Mews, Halfway Gardens	30,2	12/2017	8.7	Retail	Gauteng
Cambridge Crossing, Sandton	46,1	12/2017	9.1	Retail	Gauteng
252 Montrose Ave, Randburg	92,0	02/2018	10.5	Residential	Gauteng
57 Sarel Baard Crescent, Centurion	370,0	09/2018	8.0 2	Industrial	Gauteng
Kempton Park Shoprite, Johannesburg	70,9	11/2017	10.0	Retail/ Residential	Gauteng
AFHCO pipeline 3	371,5	04/2017 to 03/2018	10.9	Retail/ Residential	Gauteng
Total	**1 757,7**		**9.3**		

1 75% Undivided share of development cost
2 Based on pre-development valuation using market rental
3 Includes bulk acquired for development amounting to R133,4m. In addition to approved projects above, AFHCO owns and has contracted development bulk which represents a pipeline of R1,3bn in the next 4 years
4 Excludes capitalised interest

Acquisitions:

Properties	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
Normandie Court, Johannesburg CBD	23,0	01/2016	11.0	Retail and Residential	Gauteng
Cambridge House, Johannesburg CBD	20,2	02/2016	10.0	Retail	Gauteng
Morning Glen Shopping Centre, Sandton	293,5	03/2016	9.6	Retail	Gauteng
81 Rissik, Johannesburg CBD 2	75,7	07/2016	10.7	Retail and Residential	Gauteng
Platinum Place, New Doornfontein 2	90,6	07/2016	9.9	Retail and Residential	Gauteng
Hartmann and Keppler, Doornfontein	6,2	08/2016	*	Retail and Residential	Gauteng
Jabulani Mews, Soweto	70,2	10/2016	10.9	Residential	Gauteng
Greatermans, Johannesburg CBD 2	114,3	11/2016	10.4	Retail and Residential	Gauteng
Jeppe Street Post Office, Johannesburg CBD	88,2	12/2016	*	Retail and Residential	Gauteng
Rosewood and Beechwood, Randfontein 1	29,3	12/2016	11.0	Residential	Gauteng
Total	**811,2**		**10.1**		

1 Includes R4,2m in respect of land for development
2 Acquired through the acquisition of shares in subsidiaries as detailed in note 3
* Property acquired for redevelopment

Contracted and Unconditional Acquisitions:

Properties	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
Steelport Residential, Steelport	79,8	01/2017 1	10.3	Residential	Limpopo
Reef Acres, Springs 2	44,7	02/2017	10.0	Residential	Gauteng
Friendship Town, Midrand	72,2	02/2017 1	11.0	Residential	Gauteng
Long Street Precinct, Jeppestown	37,5	02/2017 to 09/2017	*	Residential	Gauteng
M&T Developments - Burgundy, Centurion	75,8	03/2017	10.0	Residential	Gauteng
Monis, Johannesburg CBD	62,7	06/2017	10.1	Retail and Residential	Gauteng
M&T Developments - Minuet Phase 1 - 2, Midrand	48,7	03/2017 to 04/2017	10.0	Residential	Gauteng
Calgro Developments - Phase 1 - 5	811,7	07/2017 to 09/2018	10.8	Residential	Gauteng/ Western Cape
M&T Developments - Etude Phase 1 - 6, Midrand	252,3	08/2017 to 08/2018	10.0	Residential	Gauteng
Panama House, Johannesburg CBD	98,0	09/2017	10.5	Residential	Gauteng
Northgate Heights, Phase 1, Northgate	57,5	09/2017	11.0	Residential	Gauteng
Milnerton, Cape Town	22,5	04/2017	*	Retail	Western Cape
Erand, Midrand	12,1	05/2017	*	Residential	Gauteng
Total	**1 675,5**		**10.5**		

1 Transferred
2 Includes delayed transfer of real right of extention amounting to R1,3m
* Land/Bulk to be acquired for development

Contracted and Conditional Acquisitions:

Properties	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
51 Pritchard, Johannesburg CBD	175,0	04/2017	11.0	Retail	Gauteng
African City Retail Phase 1, Johannesburg CBD	40,3	04/2017	10.0	Retail	Gauteng
Northgate Heights, Phase 2 and 3, Northgate	58,6	06/2018 to 08/2018	11.0	Residential	Gauteng
Total	**273,9**		**10.9**		

Disposals:

Properties	Transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
8 Paul Smit Street, Anderbolt	02/2016	50,0	8.8	Industrial	Gauteng
Checkers, Somerset West	02/2016	75,0	7.1	Retail	Western Cape
4 School Road, Pinetown	03/2016	25,5	5.3	Commercial	KwaZulu-Natal
11 Columbine Place, Red Hill	05/2016	55,0	7.8	Industrial	KwaZulu-Natal
50 Mangosuthu Highway, Umlazi 1	05/2016	12,2	8.9	Retail	KwaZulu-Natal
83 Heidelburg Road, City Deep	06/2016	36,0	7.5	Industrial	Gauteng
199 North Ridge Road, Morningside	08/2016	38,4	6.2	Commercial	KwaZulu-Natal
Total		**292,1**	**7.4**		

1 25% Undivided share

Contracted and Unconditional Disposals:

Properties	Expected transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
35 Circuit Road, Westmead	01/2017 1	15,0	7.6	Industrial	KwaZulu-Natal
Lebombo Road, Garsfontein (portion)	03/2017	12,0	6.2	Commercial	Gauteng
Pine Crest Shopping Centre, Pinetown 2	03/2017	406,5	8.2	Retail	KwaZulu-Natal
Total		**433,5**	**8.1**		

1 Transferred
2 Sale of 50% undivided share, exit yield calculated on sales price plus anticipated defensive capex

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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Traditional Portfolio:				
Industrial	1.1	0.3	0.9	0.3
Retail	4.5	4.5	3.3	2.8
Commercial	8.8	11.1	5.4	8.0
Traditional Portfolio total:	**2.7**	**2.3**	**2.5**	**2.4**
AFHCO Portfolio:				
Retail / Commercial	3.4	4.8	3.3	3.7
Residential	#10.4	5.6	#11.1	6.6
AFHCO Portfolio total:	**8.7**	**5.3**	**8.7**	**5.5**
Rest of Africa Portfolio:				
Retail	8.8	2.2	4.0	1.4
Commercial	4.7	4.6	4.4	2.6
Rest of Africa Portfolio total:	**7.9**	**2.7**	**4.1**	**1.7**

* GLA=Gross Lettable Area
\# Includes vacant new stock in the process of tenanting. Standing portfolio vacancy 9.6% by GLA and 9.8% by rental income

During the current year, the traditional portfolio vacancies by rental income remained relatively flat with a 0.4% increase in vacancies by GLA. Good progress has been made in closing office vacancies, with industrial vacancies by GLA increasing by 0.8%, still well below the sector average of 3.4%*. We believe that industrial vacancies will remain around the 1% level. Retail vacancies by rental income increased, while vacancies by GLA remained flat in spite of increased GLA in respect of completed developments. The AFHCO portfolio vacancies increased to 8.7% (2015: 5.3%) and 8.7% (2015: 5.5%) by GLA and rental respectively. The retail/commercial vacancies reduced by 1.4% and 0.4% by GLA and rental respectively. Standing portfolio residential vacancies increased to 9.6% due to seasonal increases in residential notices. Since year end this standing portfolio residential vacancies have decreased to 5.5%.

The Zambian JV retail vacancies increased by 2.6% and 6.6% by rental and GLA respectively. The vacancy by GLA at East Park Mall, Lusaka remains low at 0.3%. In respect of Jacaranda Mall, Ndola, the higher vacancies were as a result of a strategic initiative whilst a potential redevelopment opportunity was pursued. A change in strategy for this building saw 2,215m² let in January 2017, reducing the Zambian portfolio retail vacancy to 3.7%. Negotiations are well advanced with a prospective tenant for the remaining space.

* = per June 2016 MSCI sector average

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

Sector	Vacancy (%)	Expiries (%)						
		Monthly	2017	2018	2019	2020	Thereafter
Traditional Portfolio:								
Industrial	1.1	3.6	21.4	23.7	11.7	7.9	30.6
Retail	4.5	11.1	18.0	15.0	12.8	12.1	26.5
Commercial	8.8	9.2	25.6	11.0	11.4	13.0	21.0
Traditional Portfolio total:	**2.7**	**6.3**	**20.7**	**20.2**	**12.0**	**9.5**	**28.6**
AFHCO Portfolio:							
Retail / Commercial	3.4	7.5	24.4	11.5	10.7	17.3	25.2
Residential 1	10.4	52.3	37.3	-	-	-	-
Rest of Africa Portfolio:							
Retail	8.8	-	2.8	3.0	29.9	14.1	41.4
Commercial	4.7	-	11.5	14.8	46.5	7.5	15.0
Total	**7.9**	**-**	**4.7**	**5.6**	**33.6**	**12.6**	**35.6**

1 Calculated on number of units

TENANT RETENTION AND RENTAL REVERSION

The table below reflects the Group's tenant retention ratio and rental reversion per sector for the 12 month period ended 31 December 2016:

Sector	Expiries (m²)	Retention (m²)	Retention (%)	Rental reversion (%)
Traditional Portfolio:				
Industrial	135,056	102,293	75.7	(1.9)
Retail	68,181	54,304	79.6	6.0
Commercial	17,714	15,622	88.2	(0.7)
Total	**220,951**	**172,219**	**77.9**	**2.3**
AFHCO Portfolio:				
Retail / commercial	15,839	9,390	59.3	7.8

With 18.6% of the traditional portfolio expiring in 2016, the Group successfully retained 77.9% of its tenants at a weighted average reversion of 2.3% as economic conditions continue to weigh on our tenants and consumers.

Of the 7.1% expiring in 2016 relating to the AFHCO retail/commercial portfolio, 59.3% were retained at a positive reversion of 7.8%.

BORROWINGS

The debt profile is detailed below as at 31 December 2016:

Facility	Maturity date	Value (Rm)	Interest Rate (%)
Term	15.12.2017	1,152	8.78
Term	13.08.2018	200	8.98
Term	30.09.2018	270	8.93
Term	30.09.2018	30	8.93
Term revolver 1	01.11.2018	-	8.63
Term 2	01.01.2019	-	8.88
Term revolver 3	24.03.2019	100	8.73
Term	15.12.2019	848	9.08
Term	15.06.2020	950	9.06
Term (USD)	01.11.2020	371	3.59
Term	15.12.2021	550	9.13
Term	15.04.2024	129	6.88
Total /weighted average		**4,600**	**8.48**

1 R300m revolving credit facility undrawn
2 R500m term credit facility undrawn
3 R100m of R200m revolving credit facility undrawn

BORROWINGS (continued)

The Group's effective loan to value ("LTV") remained stable at 29.0% during the current year, in support of total net acquisitions of R519,1m. This was funded through a combination of equity amounting to R680,8m and debt amounting to R1bn raised during the current year. The weighted average cost of debt, in respect of the drawn debt excluding fixes, was 8.5% (2015: 7.4%) at a weighted average margin of 1.7% off Jibar and Libor (2015: 1.6%) and a weighted average tenor of 2.8 years (2015: 2.7 years).

At 31 December 2016, 89.0% of the debt drawn was fixed via interest rate hedges, at a weighted average rate and margin of 6.7% and 0.0002% respectively and a weighted average tenor of 3.4 years. Total debt fixed amounts to 89.3% inclusive of fixed rate debt. The weighted average cost of debt inclusive of fixes amounts to 8.5%. This is up 0.6% from December 2015, due to increases in funding margins and funding tenors and Jibar movements in respect of variable debt.

STRATEGY AND PROSPECTS

In 2016 through proactive asset management interventions and focussed operational management, SA Corporate has positioned its property portfolio to generate sustainable and defensive income whilst establishing a pipeline for growth. In particular:

- The company's rejuvenated retail portfolio is set on a growth trajectory which will be complemented by the repositioning and redevelopment of a number of newly acquired and currently owned shopping centres.
- AFHCO has entrenched itself as a dominant trusted residential rental brand of choice providing quality and affordable accommodation in the Johannesburg inner city. This established residential rental platform is now well poised to diversify its geographic spread into high demand nodes through strategic partnerships with the largest developers of residential property in the country.
- The sustained low vacancies in the industrial portfolio evidences the quality and resilience of these properties which will continue to generate strong annuity income through focussed tenant retention, tenant-driven improvements and recycling capital.

The Board's view of future prospects is that distribution growth of between 6% and 8% for the 2017 year can be anticipated.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (R000)	As at 31.12.2016 Audited	As at 31.12.2015 Audited
Assets		
Non-current assets	**15,571,401**	12,920,112
Investment property	14,357,675	11,631,267
Letting commissions and tenant installations	54,410	75,706
Investment in joint ventures	799,389	850,068
Property, plant and equipment	8,369	5,501
Intangible assets	81,904	76,897
Interest rate swap derivatives	37,444	117,668
Rental receivable - straight line adjustment	175,695	159,370
Other financial assets	54,606	1,619
Deferred taxation	1,909	2,016
Current assets	**972,116**	660,506
Trade and other receivables	350,432	246,492
Other financial assets	112,090	33,816
Rental receivable - straight line adjustment	43,741	47,233
Interest rate swap derivatives	10,009	9,048
Taxation receivable	437	443
Inventory	71	52
Loans to developers	263,956	13,073
Cash and cash equivalents	191,380	310,349
Non-current assets held for sale	**445,694**	556,036
Properties classified as held for disposal	444,700	553,700
Letting commissions and tenant installations	994	2,336
Total assets	**16,989,211**	14,136,654
Share capital, reserves and liabilities		
Share capital and reserves	**12,070,009**	9,980,915
Non-current liabilities	**3,439,813**	3,486,022
Interest bearing borrowings - Local	3,318,983	3,420,503
Interest bearing borrowings - Foreign	112,475	65,519
Interest rate swap derivatives	8,355	-
Current liabilities	**1,479,389**	669,717
Trade and other payables	302,082	292,301
Loan from developer	-	13,020
Interest bearing borrowings - Local	1,152,000	350,000
Interest bearing borrowings - Foreign	17,019	8,595
Rental payable - straight line adjustment	-	49
Interest rate swap derivatives	8,288	5,744
Bank overdraft	-	8
Total share capital, reserves and liabilities	**16,989,211**	14,136,654
NAV cps	**499**	436

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (R000)	Notes	Year ended 31.12.2016 Audited	Year ended 31.12.2015 Audited
Revenue		**1,833,085**	1,614,549
Income		**1,881,434**	1,638,446
Rent		1,328,181	1,202,536
Straight line rental adjustment		13,094	(3,667)
Recovery of property expenses		491,810	415,680
Interest income		48,349	23,897
Expenses		**(953,663)**	(884,313)
Audit fees		(2,950)	(3,063)
Administrative fees		(58,440)	(55,010)
Interest rate swap derivatives restructure costs		-	(11,838)
Depreciation		(2,422)	(1,186)
Interest expense		(274,918)	(255,043)
Property expenses		(547,398)	(530,575)
Property administration fees		(67,583)	(27,568)
Straight line rental adjustment		48	(30)
Operating income		**927,771**	754,133
Capital gain/(loss) on disposal of investment properties		299	(16,178)
Foreign exchange adjustments		49,520	(44,275)
Gain on acquisition of subsidiary and joint ventures	3	232	30,079
Profit from joint venture		85,288	47,564
Revaluation of investment properties and shares		1,508,063	538,479
- Revaluations		1,521,157	534,812
- Straight line rental adjustment		(13,094)	3,667
Revaluation of interest rate swap derivatives	4	(90,162)	103,791
Profit before taxation		**2,481,011**	1,413,593
Taxation (charged) / credited		**(1,008)**	46
Profit after taxation		**2,480,003**	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		(117,773)	87,861
Total comprehensive income		**2,362,230**	1,501,500
Earnings and diluted earnings cents per share		**106.86**	69.51

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (R000)	Year ended 31.12.2016 Audited	Year ended 31.12.2015 Audited
Share capital and reserves at the beginning of the year	**9,980,915**	7,603,215
Total comprehensive income for the year	2,362,230	1,501,500
Units issued	-	115,176
Shares issued	658,103	1,125,727
Shares repurchased	(7,098)	(19,046)
Antecedent distribution	17,624	52,392
Share-based payment reserve	7,565	-
Distribution attributable to shareholders	(949,330)	(398,049)
Share capital and reserves at the end of the year	**12,070,009**	9,980,915

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS (R000)	Year ended 31.12.2016 Audited	Year ended 31.12.2015 Audited
Operating profit before working capital changes	1,180,390	989,752
Working capital changes	(18,702)	(66,222)
Cash generated from operations	1,161,688	923,530
Operating activities changes	(1,253,239)	(1,023,634)
Net cash flows from operating activities	(91,551)	(100,104)
Net cash flows from investing activities	(1,335,723)	(1,607,235)
Net cash flows from financing activities	1,308,313	1,716,465
Net (decrease)/increase in cash	(118,961)	9,126
Cash and cash equivalents at beginning of year	310,341	301,215
Cash and cash equivalents at end of year	191,380	310,341

(Continued)

SA CORPORATE REAL ESTATE

PRELIMINARY SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

Basis for preparation

The summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the Companies Act, No. 71 of 2008. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements. This report and the consolidated financial statements were compiled under the supervision of AM Basson CA(SA), the financial director. The auditors, Deloitte & Touche, have issued their unmodified opinion on the consolidated financial statements for the year ended 31 December 2016. A copy of their audit report and the financial statements are available for inspection at the Group's registered address. The audit was conducted in accordance with International Standards on Auditing. These preliminary summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent, in all material respects, with the consolidated financial statements. The summarised financial statements report has been audited by Deloitte & Touche and an unmodified audit opinion has been issued. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying financial information from SA Corporate's registered address.

Any reference to future financial performance or prospects included in this announcement, as well as related information which is not based on IFRS, has not been reviewed or reported on by the Group's auditors.

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

	Year ended 31.12.2016 Audited		Year ended 31.12.2015 Audited	
	R000	CPS	R000	CPS
Profit after taxation attributable to shareholders	**2,480,003**	**106.86***	1,413,639	69.51*
Adjustments for:				
Capital (gain)/loss on disposal of investment properties	**(299)**		16,178	
Revaluation of investment properties and joint venture	**(1,525,695)**		(576,913)	
Gain on acquisition of subsidiary/joint ventures	**(232)**		(30,079)	
Headline earnings	**953,777**	**41.10***	822,825	40.46*
Antecedent distribution	**17,624**		52,392	
Interest rate swap derivatives restructure costs	**-**		11,838	
Depreciation	**2,422**		1,186	
Foreign exchange (gain)/loss on capital loan	**(49,520)**		44,269	
Revaluation of listed shares	**(8,250)**		-	
Non-distributable expenses	**21,644**		20,991	
Revaluation of interest rate swap derivatives	**90,162**		(103,791)	
Straight line rental adjustment	**(13,094)**		3,667	
Non-distributable expenses on investment in joint ventures	**944**		76	
Distributable income attributable to shareholders	**1,015,709**	**43.02**	853,453	39.57
Interim	**493,925**	**21.44**	398,049	19.66
Final	**521,784**	**21.58**	455,404	19.91

* Calculated on weighted average number of shares in issue

2. Audited primary operational segments (R000)

Business segment	Industrial	Retail	Commercial	AFHCO	Group
Revenue	574,036	816,697	133,516	308,836	1,833,085
Rental income (excluding straight line rental adjustment)	493,970	493,928	103,369	236,914	1,328,181
Net property expenditure	(31,521)	(9,216)	(18,831)	(63,603)	(123,171)
Property administration	(5,880)	(21,845)	(2,650)	(37,208)	(67,583)
Property expenses	(128,206)	(283,927)	(43,533)	(91,732)	(547,398)
Recovery of property expenses	102,565	296,556	27,352	65,337	491,810
Net property income	462,449	484,712	84,538	173,311	1,205,010
Straight line rental adjustment	(22,499)	26,213	2,795	6,585	13,094
Interest income	-	-	-	-	48,349
Interest expense	-	-	-	-	(274,918)
Gain on acquisition of subsidiary	-	-	-	-	232
Profit from investment in joint venture	-	-	-	-	85,288
Foreign exchange adjustments	-	-	-	-	49,520
Group expenses	-	-	-	-	(63,764)
Capital profit on disposal of investment properties	-	-	-	-	299
Revaluation of investment properties	225,004	1,151,157	19,027	104,625	1,499,813
Investment properties	202,505	1,177,370	21,822	111,210	1,512,907
Straight line rental adjustment	22,499	(26,213)	(2,795)	(6,585)	(13,094)
Revaluation of listed shares	-	-	-	-	8,250
Revaluation of interest rate swap derivatives	-	-	-	-	(90,162)
Taxation	-	-	-	-	(1,008)
Profit after taxation	664,954	1,662,082	106,360	284,521	2,480,003
Other comprehensive income, net of taxation	-	-	-	-	(117,773)
Total comprehensive income	664,954	1,662,082	106,360	284,521	2,362,230

2. Audited primary operational segments (R000) (continued)

Business segment	Industrial	Retail	Commercial	AFHCO	Group
Other information					
Properties (excluding straight line rental adjustment)	4,642,500	6,774,200	1,043,700	2,561,411	15,021,811
Non-current investment property	4,537,104	6,271,371	1,015,440	2,533,760	14,357,675
At valuation	4,380,300	4,049,700	1,019,700	2,273,526	11,723,226
Straight line rental adjustment	(90,396)	(96,329)	(16,260)	(16,451)	(219,436)
Under development	247,200	2,318,000	12,000	276,685	2,853,885
Non-current investment property held for sale	14,980	402,123	12,000	10,918	440,021
Classified as held for disposal	15,000	406,500	12,000	11,200	444,700
Straight line rental adjustment	(20)	(4,377)	-	(282)	(4,679)
Other assets	215,914	261,610	48,484	34,305	2,191,515
Total assets	4,767,998	6,935,104	1,075,924	2,578,983	16,989,211
Total liabilities	51,694	117,853	22,744	191,538	4,919,202
Additions and improvements	87,095	643,496	15,078	675,780	1,421,449

Segmental growth rates (%)	Industrial	Retail	Commercial	AFHCO	Group
Rental income (excluding straight line rental adjustment)	0.4	14.5	(9.7)	40.0	10.4
Property expenses	4.6	2.4	(7.0)	44.0	10.2
Recovery of property expenses	27.0	11.6	(4.7)	43.1	18.3
Net property income	4.0	22.2	(9.4)	38.4	13.7

3. Significant transactions

During the year the Group acquired Sapphire Cove Investments 18 Proprietary Limited for R75m funded by equity (16 007 242 shares at an average price of 473 cents per share).

The Group issued equity of 114 171 030 shares at a price of 530 cent per share. The proceeds were used to settle bridging facilities and finance developments.

These share issuances resulted in an antecedent distribution of R17,6m.

During the year, the Group acquired the following subsidiaries:

Subsidiaries	Principal Activities	Date of Acquisition	Portion of ownership interest and voting % rights	Consideration transferred R000
Sapphire Cove Investments 18 Proprietary Limited	Investment Property	11/06/2016	100	75,255
Rainbow Place Properties 80 Proprietary Limited	Investment Property	01/11/2016	100	164
AFHCO Calgro M3 Consortium Proprietary Limited	Investment Property	15/08/2016	51	-
AFHCO Holdings investment in Platinum Place	Investment Property	01/07/2016	100	11,648

Assets acquired and liabilities recognised at date of acquisition:	Investment in subsidiaries R000
Non-current assets	
Investment property	271,809
Property, plant and equipment	2,033
Current assets	
Trade and other receivables	1,447
Cash and cash equivalents	2,562
Non-current liabilities	
Borrowings	(191,272)
Current liabilities	
Trade and other payables	(4,287)
Fair value of identifiable assets and liabilities acquired	82,292
Consideration	87,067
	4,775
Gain on acquisition of subsidiary	(232)
Goodwill	5,007
	4,775

The AFHCO Group was acquired on 1 July 2014 to enter the residential Johannesburg inner-city sector and thus to diversify the Group's property portfolio. The additional acquisitions in subsidiaries 2016 provided further support for this strategy. The gain on bargain purchase arose due to no consideration paid in respect of a subsidiary's property, plant and equipment. The goodwill relates to a consideration being paid in respect of a preferential debt rate inherited from the sellers.

4. Interest rate swap derivatives and investment in listed shares

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.

4. Interest rate swap derivatives and investment in listed shares (continued)

The investment in listed shares is valued at the quoted market price. The investment in listed shares and interest rate swap derivatives are classified as a level 1 and level 2 financial asset respectively in terms of the degree to which the fair value is observable.

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The consolidated financial statements are available on the Group's website, at the Group's registered offices or upon request.

5. Capital commitments

The Group had authorised and contracted capital commitments of R407,7m (2015: R250,5m) as at 31 December 2016.

6. Events after the reporting date

The directors are not aware of any significant events, other than the distributions disclosed below, between the end of the financial year under review and the date of signature of these summarised financial statements.

DISTRIBUTION DECLARATION AND IMPORTANT DATES

Notice to shareholders resident in South Africa

Notice is hereby given of the declaration of distribution no.4 in respect of the income distribution period 1 July 2016 to 31 December 2016. The distribution amounts to 21.58 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 22 February 2017, 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 17.2640 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. 2,417,481,790 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	Monday, 20 March 2017
Shares will trade ex-distribution	Wednesday, 22 March 2017
Record date to participate in the distribution	Friday, 24 March 2017
Payment of distribution	Monday, 27 March 2017

Share certificates may not be dematerialised or re-materialised between Wednesday, 22 March and Friday, 24 March 2017 both days inclusive.

By order of the Board

28 February 2017

DIRECTORATE AND STATUTORY INFORMATION

Registered office	Registered auditors	Transfer secretaries	Sponsor
South Wing, First Floor	Deloitte & Touche	Computershare Investor Services (Pty) Ltd	Nedbank Capital
Block A	1st Floor	Rosebank Towers	A division of Nedbank Limited
The Forum	The Square	15 Biermann Avenue	135 Rivonia Road
North Bank Lane	Cape Quarter	Rosebank	Sandton
Century City	27 Somerset Road	2196	2196
7441	Cape Town		
Tel 021 529 8410	8005		

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
28 February 2017