PRELIMINARY SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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)

Distribution
- Full year 6.0% lower than 2017

Capital structure
- Effective fixed debt of 73.1%
- LTV of 34.6%

Portfolio activity
- Completed and committed developments of R1.2bn
- Acquisitions and contracted acquisitions R1.1bn

Property performance
- NPI growth of 4.3%
- Retail portfolio tenant retention is 87.1%
- Traditional portfolio vacancy of 2.1% of GLA

INTRODUCTION

SA Corporate Real Estate Limited is a JSE-listed Real Estate Investment Trust ("REIT") which owns a diversified portfolio of industrial, retail, commercial, storage 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

SA Corporate's distributions per share decreased for the year by 6.0% compared to the prior year. This amounts to distributions of R1,068bn (2017: R1,137bn) in absolute terms and 42.22 cps (2017: 44.92 cps) for the year. This is marginally below the pre-close guidance of 5.7%, arising mainly from increased bad debt provisions impacted by the challenging economic climate. The decline in distributions arose from non-recurring income and base effects in the prior year, increased property rates expenses, additional re-financing costs as well as economic pressure negatively impacting portfolio performance.

Portfolio Performance

Total net property income ("NPI") increased by 4.3%, with the like-for-like increasing by 1.0%.

Retail NPI growth of 6.8% (excluding the impact of disposals) was underpinned by strong tenant retentions of 87.1%, and weighted average lease escalations of 7.6%. The retail like-for-like (excluding developments) portfolio grew by 2.9%.

Industrial NPI remained flat with the commissioning of a large logistics development. The like-for-like portfolio NPI retracted by 2.7% resulting from negative reversions in respect of logistics leases with long tenors with 8% escalations and reverted to market and 33% increase in ground lease rentals at the Maydon Warf leasehold properties.

Afhco NPI grew by 25.4% due to net positive investment activities. Afhco like-for-like NPI grew by 5.9%, mainly due to a 1.0% reduction in annual average vacancies, 80.5% retail retentions, escalations of 8.9% and average residential increases of 4% on the back of rental rebasing and/or discounting and the introduction of other lifestyle and marketing interventions in 2017.

The income from the investment in the Zambian joint venture increased by 4.6% with an overall annual average vacancy reduction of 3.2%.

Net Finance Costs

Net funding cost increased by 27.1%, arising from a net increase in debt drawn of R648m, as a result of increased investment activity. This is also attributable to increased marginal cost of funding in respect of refinancing of R1,2bn of expiring debt in December 2017 at a rate 45bps higher than the expiring marginal costs of funding and a reduction in borrowing costs capitalised in respect of the completion of major retail developments.

DISTRIBUTION STATEMENT

DISTRIBUTABLE EARNINGS (R000)	Year ended 31.12.2018	Year ended 31.12.2017
Rent (excluding straight line rental adjustment)	**1,690,835**	1,509,933
Net property expenses	**(235,312)**	(138,909)
Property expenses	**(832,529)**	(711,433)
Recovery of property expenses	**597,217**	572,524
Net property income attributable to non-controlling interest	**(26,182)**	(508)
Net property income	**1,429,341**	1,370,516
Investment in joint ventures	**61,668**	58,960
Taxation on distributable earnings	**(136)**	(260)
Dividends from investment in listed shares	**13,954**	23,783
Net finance cost	**(391,958)**	(308,443)
Interest income	**88,816**	78,263
Interest expense	**(508,964)**	(386,706)
Interest attributable to non-controlling interest	**28,190**	-
Distribution related expenses	**(44,653)**	(45,506)
Distribution related income	**-**	11,631
Antecedent distribution	**-**	26,029
Distributable earnings	**1,068,216**	1,136,710
Interim	**549,038**	566,355
Final	**519,178**	570,355
Shares in issue (000)	**2,530,689**	2,530,689
Weighted number of shares in issue (000)	**2,530,689**	2,473,310
Distribution (cents per share)	**42.22**	44.92
Interim	**21.70**	22.38
Final	**20.52**	22.54

PROPERTY VALUATIONS

The Group's independently valued property portfolio increased by R1,0bn (5.8%) to R17,8bn as at December 2018 (December 2017: R16,8bn). The like-for-like portfolio held for the full 12 months to December 2018 increased by R204,6m (1.8%) from December 2017.

The capitalisation and discount rates in the Group's like-for-like portfolio at 31 December 2018 calculated on a weighted average basis were:

Sector	Capitalisation rate (%)		Discount rate (%)		Growth in like-for-like portfolio (%)
	31.12.2018	31.12.2017	**31.12.2018**	31.12.2017	**31.12.2018**
Industrial	**9.6**	9.3	**15.6**	15.3	**1.3**
Retail	**8.9**	8.7	**14.9**	14.7	**3.6**
Commercial	**9.4**	9.0	**15.4**	15.0	**(4.8)**
Afhco	**10.5**	10.4	*	*	**2.2**
Weighted average	**9.6**	9.4	**15.3**	15.0	**1.8**

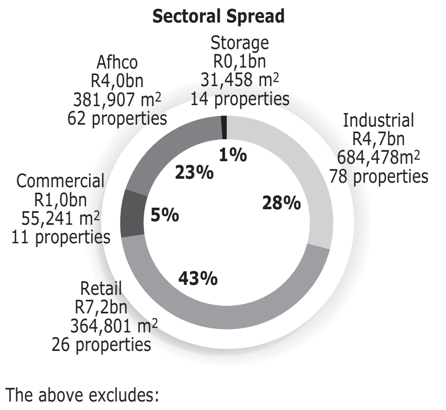
* Afhco properties are not valued on a discounted rate basis, but on the basis of capitalisation of the net income earnings in perpetuity, due to the short term nature of residential leases.

The Net Asset Value ("NAV") per share (508 cps) decreased by 1.2% (December 2017: 514 cps) of which a decrease of 0.5% and 0.3% are attributable to revaluation of investment property and investment in listed shares, respectively. The NAV is further impacted by 0.4% due to the decrease of the distributable income from 2017 to 2018.

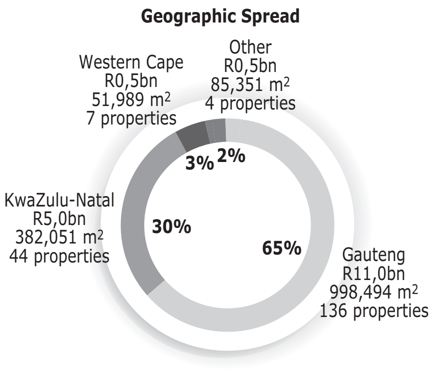
PROPERTY PORTFOLIO

The portfolio comprised 200 properties (December 2017: 196) which excludes the 3 Zambian properties held as a 50% investment in the joint ventures. The sectoral and geographic spread by value as at 31 December 2018 are set out below:

Sectoral Spread



Geographic Spread



The above excludes:

1. Development bulk across the Traditional, Afhco and Storage portfolios measuring 153,786m² comprising 9 properties and valued at R0,4bn.
2. Listed investments of R0,1bn.
3. Joint venture investment in Zambia valued at R1,0bn.
4. Non-controlling interest.

Redevelopments completed:

Properties	Total development cost (Rm)	Completion date	Yield forecast 1st 12 months (%)	Sector	Region
57 Sarel Baard Crescent, Centurion	391,0	10/2018	8.0 [1]	Industrial	Gauteng
Afhco pipeline	200,6	09/2018 -12/2018	10.8	Retail/ Residential	Gauteng
Total	**591,6**		**8.9**		

[1] Yield of 8.0% based on pre-development valuation using a market rental, which is a negative 40% reversion on the closing rental of an initial 5 year lease renewed for a further 7 year period.

Committed Redevelopments:

Properties	Total development cost (Rm)	Forecast completion date	Yield forecast 1st 12 months (%)	Sector	Region
252 Montrose Avenue, Randburg	92,0	06/2019	9.5 [1]	Residential	Gauteng
51 Pritchard Street, Johannesburg CBD	85,3	04/2020	8.5 [2]	Retail	Gauteng
Afhco pipeline [3]	459,8	03/2019 -11/2019	10.8	Retail/ Residential	Gauteng
Total	**637,1**		**10.3**		
Spent to 31/12/2018	**365,1**				
Total unspent	**272,0**				

[1] Should targeted rentals not be realised, consideration will be given to sale of units to achieve yield.
[2] Yield calculated as incremental income on capex including capitalised interest plus current building value of R180m.
[3] In addition to the above, Afhco's development bulk represents a pipeline of R300m.

The investment case of converting commercial to residential at North Park Mall, Cnr Old Pretoria and Alexandra Roads and Kempton Park Shoprite is under review.

Acquisitions:

Properties	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
Northgate Heights Phases 1 & 2, Northgate	24,7	01/2018 - 12/2018	10.0	Residential	Gauteng
Calgro M3 Developments - South Hills [1]	177,0	02/2018 - 11/2018	10.0	Residential	Gauteng
The Oaks, Ermelo	105,0	03/2018	10.7	Retail	Mpumalanga
African City Mall Final Phase, Johannesburg CBD	32,9	04/2018 - 06/2018	11.6	Retail	Gauteng
Calgro M3 Developments - Jabulani Lifestyle Phases 1 - 6, Soweto [1]	55,0	04/2018 - 09/2018	10.0	Residential	Gauteng
M&T Development - Etude Phase 4, Midrand	47,8	12/2018	10.0	Residential	Gauteng
Total	**442,4**		**10.3**		

[1] Represents 51% ownership in the joint initiative.

The cancellation of the contract for the acquisition of units at Fleurhof and Scottsdene from Calgro M3 Developments is under negotiation. This acquisition, amounting to R63,6m, was disclosed in the June 2018 announcement.

Contracted and Unconditional Acquisitions:

Properties	Cost (Rm)	Acquisition date^	Yield forecast 1st 12 months (%)	Sector	Region
Northgate Heights Phase 2, Northgate	3,1 [1]	01/2019	10.0	Residential	Gauteng
M&T Development - Etude Phases 5 & 6, Midrand	117,5	03/2019 -05/2019	10.0	Residential	Gauteng
M&T Development - Founders Hill Phases 1-6, Founders Hill [2]	285,9	03/2019 -06/2020	9.5	Residential	Gauteng
M&T Development - Menlyn East End Development, Menlyn [2]	211,6	06/2021	10.0	Residential	Gauteng
Total	**618,1**		**9.8**		

^ Acquisition date represents the expected effective date of the transaction.
[1] Transferred.
[2] Represents 60% ownership in the joint initiative.

Disposals:

Properties	Transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
Atterbury Décor, Pretoria	01/2018	86,8	8.5	Retail	Gauteng
Rhodesdene Shopping Centre, Kimberley	03/2018	52,0	8.8	Retail	Northern Cape
22 Voortrekker Road, Vredenburg	05/2018	78,5	8.8	Commercial	Western Cape
Lebombo Road, Garsfontein (Portion)	06/2018	12,0	6.2	Commercial	Gauteng
21 Pomona Road, Pomona	06/2018	18,3	8.0	Industrial	Gauteng
9/15 Lanner Road, New Germany	07/2018	36,0	7.9	Industrial	KwaZulu-Natal
1/5 Stockville Road, Westmead	09/2018	53,6	7.7	Industrial	KwaZulu-Natal
28 Durham Street, Mthatha	09/2018	86,5	8.8	Commercial	Eastern Cape
11 Coconut Grove, Shakashead	10/2018	2,4	7.6	Industrial	KwaZulu-Natal
6 Cedarfield Close, Springfield Park	10/2018	57,0	12.1 [1]	Industrial	KwaZulu-Natal
Burgundy Estate, Centurion (Portion)	10/2018 -12/2018	4,9	8.0	Residential	Gauteng
24 Westmead Road, Westmead	11/2018	26,0	6.7	Industrial	KwaZulu-Natal
1 Marconi Street, Montague Gardens	12/2018	45,0	8.2	Industrial	Western Cape
Table Bay Industrial Park, Paarden Eiland	12/2018	118,4	8.3	Industrial	Western Cape
Total		**677,4**	**8.6**		

[1] Exit yield in year 2 is 6.8% due to a negative reversion.

Contracted Disposals:

Properties	Expected transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
14/24 Mahoganyfield Way, Springfield Park [2]	01/2019 [1]	36,0	8.0	Industrial	KwaZulu-Natal
40 Electron Avenue, Isando [2]	01/2019 [1]	59,7	9.0	Industrial	Gauteng
Lebombo Road, Garsfontein (Remaining) [2]	03/2019	27,1	9.3	Commercial	Gauteng
Hotel at Cullinan Jewel Shopping Centre, Pretoria	11/2019	2,7	9.0	Retail	Gauteng
The Mall, Vanderbijl Park [2]	03/2020	13,6	10.0 [3]	Afhco Retail	Gauteng
Total		**139,1**	**8.9**		

[1] Transferred.
[2] Contracted and unconditional.
[3] Exit yield based on head lease rental.

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	
	31.12.2018	31.12.2017	**31.12.2018**	31.12.2017
Traditional Portfolio:				
Industrial	0.6	1.5	0.4	1.0
Retail	4.1	3.1	4.2	3.0
Commercial	6.2	6.4	5.5	6.0
Traditional Portfolio total	**2.1**	**2.3**	**2.9**	**2.4**
Storage Portfolio:				
Storage	21.8	16.5	26.5	22.9
Storage Portfolio total	**21.8**	**16.5**	**26.5**	**22.9**
Afhco Portfolio:				
Residential [1]	13.4	7.3	16.4	9.2
Retail / Commercial [2]	4.8	2.1	3.3	1.7
Rest of Africa Portfolio:				
Retail	2.7	2.7	1.8	1.7
Commercial	1.1	10.7	1.0	8.0
Rest of Africa Portfolio total	**2.3**	**4.3**	**1.6**	**3.0**

* GLA = Gross lettable area
[1] Vacancy calculated on number of units and includes 571 units in the tenanting up phase of the joint venture with Calgro M3 Developments. Excluding the latter, vacancy would be 7.1%. Seasonal end of year higher vacancy reduced to 5.7% excluding units in the tenanting up phase at end February 2019.
[2] 1.7% of the 4.8% GLA vacancy is low yielding basement and upper level space.

The traditional portfolio vacancies by GLA reduced marginally to 2.1%. The reduction in vacancies by GLA stem from lower industrial and commercial vacancies with an increase in retail vacancies related to delayed tenanting in respect of the larger developments.
With focus on improving the leasing capability, the Afhco like-for-like annual average residential vacancies reduced by 1,8%.
Zambian commercial vacancies have been reduced with a blue chip financial institution take up of a large portion of the vacant space at Acacia Office Park.

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

Sector	Vacancy (%)	Expiries (%)					
		Monthly	2019	2020	2021	2022	Thereafter
Traditional Portfolio:							
Industrial	0.6	4.3	17.6	12.6	24.9	9.6	30.4
Retail	4.1	10.3	15.2	18.1	16.5	10.8	25.0
Commercial	6.2	8.9	14.1	23.1	37.1	8.2	2.4
Traditional Portfolio total	**2.1**	**6.5**	**16.7**	**15.0**	**23.0**	**9.9**	**26.8**
Afhco Portfolio:							
Residential (by units)	13.4	48.8	36.7	1.1	-	-	-
Retail / Commercial	4.8	6.0	16.0	24.8	13.6	7.3	27.5
Rest of Africa Portfolio:							
Retail	2.7	-	33.9	13.3	17.6	15.5	17.0
Commercial	1.1	-	35.7	6.5	12.9	6.2	37.6
Rest of Africa Portfolio total	**2.3**	**-**	**34.2**	**12.0**	**16.7**	**13.6**	**21.2**

The expiry profile of the storage sector is not disclosed due to the short term nature of the leases.

TENANT RETENTION, RENTAL REVERSIONS AND ESCALATIONS

The table below reflects the Group's retention ratio, rental reversions and escalations per sector for the year ended December 2018:

Sector	Expiries (m²)	Retention (m²)	Retention (%)	Rental reversions (%)	Escalation (%)
Traditional Portfolio:					
Industrial	173,640	136,172	78.4	(13.5)	7.8
Retail	58,651	51,060	87.1	(4.6) [1]	7.6
Commercial	7,762	6,113	78.8	(1.5)	8.0
Traditional Portfolio total	**240,053**	**193,345**	**80.5**	**(9.1)**	**7.7**
Afhco Portfolio:					
Retail / Commercial	6,256	3,918	62.6	7.7	8.9

No retentions and reversions have been disclosed for the Residential and Storage sectors due to the short term nature of their leases.
[1] This includes a negative reversion relating to a national retailer renewal at East Point without which the reversion would be a positive 1.8%.

With 21.8% of the traditional portfolio expired in 2018, the Group successfully retained 80.5% of its tenants at a total reversion of negative 9.1%. This was largely impacted by negative reversions in the Industrial portfolio in respect of leases with long tenors and negative reversions at East Point as reflected above.
Afhco retail/commercial portfolio expiries were 8.8% of which, 62.6% were retained with a positive reversion of 7.7%.

BORROWINGS

The debt profile as at 31 December 2018 is detailed below:

Facility	Maturity date	Value (Rm)	Interest Rate (%)
Term revolver [1]	28.02.2019	425	8.89
Fixed	28.02.2019	200	8.95
Fixed	28.02.2019	270	8.90
Fixed	28.02.2019	30	8.90
Term revolver [2]	24.03.2019	-	8.84
Term revolver [3]	01.11.2019	-	8.96
Fixed	15.12.2019	848	9.19
Fixed	03.01.2020	500	9.09
Fixed	13.06.2020	950	9.17
Fixed [4]	01.11.2020	387	3.59
Fixed	11.12.2020	500	9.21
Fixed	11.12.2021	500	9.34
Fixed	13.12.2021	550	9.24
Fixed	11.12.2022	1,000	9.40
Fixed	29.11.2022	236	9.74
Amortising	15.04.2024	94	6.88
Total interest bearing borrowings		**6,490**	**8.84**
Non-Controlling Interest	29.11.2022	(116)	9.74
Sub-total		**6,374**	**8.82**
Cross Currency Swap	19.09.2022	(132)	(9.40)
Cross Currency Swap [4]	19.09.2022	143	3.98
Cross Currency Swap	26.01.2023	(120)	(9.26)
Cross Currency Swap [4]	26.01.2023	143	4.36
Total/weighted average		**6,408**	**8.59**

[1] R325m revolving credit facility undrawn
[2] R200m revolving credit facility undrawn
[3] R300m revolving credit facility undrawn
[4] US Dollar denominated loan

The loan to value ("LTV") has increased from 33.1% at 31 December 2017 to 34.6% as at 31 December 2018.

The weighted average cost of debt excluding and including the cross currency swaps, was 8.8% and 8.6% respectively.

The weighted average swap margin was 0.24% and the weighted average debt margin of 1.7%.

The weighted average tenor of loans including the cross currency swaps is 1.8 years which includes R2,6bn of facilities maturing during 2019, excluding which the weighted average tenor of loans would be 2.5 years. A programme is underway to refinance these facilities by H1 2019.

73.1% of total debt drawn was fixed through a combination of fixed rate debt and interest rate swaps in respect of the variable debt for a period of 2.5 years.

STRATEGY AND PROSPECTS

In an environment of low economic growth in South Africa and challenging conditions in the property sector SA Corporate's strategy is to refocus its portfolio to establish a platform for sustainable distribution growth into the future. This is to be achieved by:

- Continuing to refresh and re-tenant its retail shopping centres to provide an attractive offering to the catchment areas they serve. In the next year this will include the redevelopment of Morning Glen Mall, 51 Pritchard Street and the Food Court at East Point. The Group's retail portfolio is to concentrate on food services and convenience as a defensive strategy against the rising competition to "bricks and mortar" retail emanating from e-commerce.
- Consolidating a quality industrial property portfolio. The Group will continue to dispose of those properties that are not assured of generating robust above inflation net property income growth whilst investing in existing properties to provide superior logistics space to tenants with covenant strength.
- Divesting from its remaining commercial properties given the continued weak prospects for this sector.
- Establishing a quality residential rental portfolio to offer investors diversification to other South African property sectors.
- In the near term the Group's pipeline of acquisitions from developers is to be restructured to ensure focus.

The Group's 2019 performance is to be negatively impacted upon by the substantial negative reversions in the renewal of historic long leases to blue chip logistics tenants in the latter part of 2018, although this will contribute to strong net property income from the industrial portfolio's net property income post 2019. Based on the aforementioned the Board's view is that the distribution growth for the 2019 financial year is anticipated to be flat.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (R000)	As at 31.12.2018 Audited	As at 31.12.2017 Audited
Assets		
Non-current assets	**19,070,265**	17,340,262
Investment property	**17,309,740**	15,712,340
Letting commissions and tenant installations	**42,893**	48,187
Investment in joint ventures	**981,179**	847,033
Property, plant and equipment	**16,396**	16,703
Intangible assets	**81,904**	81,904
Loans to developers	**9,391**	131,027
Rental receivable - straight line adjustment	**235,476**	191,348
Investment in listed shares	**128,960**	170,260
Swap derivatives	**261,056**	138,849
Other financial assets	**3,071**	2,611
Deferred taxation	**199**	-
Current assets	**1,109,496**	1,160,363
Trade and other receivables	**451,114**	351,093
Swap derivatives	**30,361**	12,609
Rental receivable - straight line adjustment	**40,112**	40,509
Inventory	**279**	157
Loans to developers	**212,804**	263,894
Taxation receivable	**1,128**	852
Other financial assets	**167,103**	215,795
Cash and cash equivalents	**206,595**	275,454
Non-current assets held for sale	**216,246**	890,271
Total assets	**20,396,007**	19,390,896
Equity and liabilities		
Share capital and reserves	**12,861,300**	13,008,861
Non-current liabilities	**5,258,034**	4,821,772
Loan from non-controlling shareholder	**252,165**	90,191
Interest bearing borrowings	**4,698,774**	4,575,411
Deferred tax	**-**	1,616
Swap derivatives	**307,095**	154,554
Current liabilities	**2,276,673**	1,560,263
Trade and other payables	**462,828**	349,073
Interest bearing borrowings	**1 791 376**	1 192 376
Taxation payable	**-**	340
Swap derivatives	**22,469**	18,474
Total equity and liabilities	**20,396,007**	19,390,896

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (R000)	Year ended 31.12.2018 Audited	Year ended 31.12.2017 Audited
Revenue	**2,309,524**	2,113,844
Income	**2,414,386**	2,225,341
Rent	**1,690,835**	1,509,933
Straight line rental adjustment	**21,472**	31,387
Recovery of property expenses	**597,217**	572,524
Interest income	**88,816**	78,263
Dividends from investments in listed shares	**16,046**	16,138
Other group income	**-**	17,096
Expenses	**(1,417,221)**	(1,166,172)
Audit fees	**(4,138)**	(3,276)
Administrative fees	**(65,389)**	(60,631)
Depreciation	**(6,201)**	(4,126)
Interest expense	**(508,964)**	(386,706)
Property expenses	**(731,490)**	(628,377)
Property administration fees	**(101,039)**	(83,056)
Operating income	**997,165**	1,059,169
Foreign exchange adjustments	**(93,593)**	37,176
Revaluation of swap derivatives	**24,874**	(52,380)
Capital loss on disposal of investment properties and property, plant and equipment	**(9,242)**	(8,430)
Revaluation of investment properties and listed investments	**(88,384)**	407,465
- Revaluations	**(66,912)**	438,852
- Straight line rental adjustment	**(21,472)**	(31,387)
Revaluation of investment in listed shares	**(41,300)**	(34,540)
Profit from joint ventures	**38,818**	121,333
Profit before taxation	**828,338**	1,529,793
Taxation	**1,679**	(3,656)
Profit after taxation	**830,017**	1,526,137
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign exchange adjustments on investment in joint ventures	**139,098**	(88,018)
Total comprehensive income	**969,115**	1,438,119
Profit attributable to:		
Owners of the company	**847,850**	1,525,629
Non-controlling interest	**(17,833)**	508
Profit after taxation	**830,017**	1,526,137
Earnings and diluted earnings cents per share	**33.50**	61.68

(Continued)

SA CORPORATE REAL ESTATE

PRELIMINARY SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (R000)	Year ended 31.12.2018 Audited	Year ended 31.12.2017 Audited
Share capital and reserves at the beginning of the year	**13,008,861**	12,070,009
Total comprehensive income for the year	**969,115**	1,438,119
Shares issued	**-**	568,569
Treasury shares repurchased	**(1,974)**	(10,071)
Antecedent distribution	**-**	26,029
Share-based payment reserve	**4,688**	4,340
Distribution attributable to shareholders	**(1,119,390)**	(1,088,134)
Share capital and reserves at the end of the year	**12,861,300**	13,008,861

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS (R000)	Year ended 31.12.2018 Audited	Year ended 31.12.2017 Audited
Operating profit before working capital changes	**1,459,528**	1,374,678
Working capital changes	**41,272**	17,230
Cash generated from operations	**1,500,800**	1,391,908
Operating activities changes	**(1,595,750)**	(1,450,793)
Interest received	**86,449**	78,415
Interest paid	**(562,057)**	(440,868)
Taxation paid	**(752)**	(206)
Distributions paid	**(1,119,390)**	(1,088,134)
Net cash outflows from operating activities	**(94,950)**	(58,885)
Net cash outflows from investing activities	**(802,719)**	(1,736,245)
Net cash inflows from financing activities	**828,810**	1,879,204
Issue of new shares (net of expenses)	**-**	594,598
Treasury buy back of shares	**(1,974)**	(10,071)
Proceeds on interest bearing borrowings	**936,186**	2,375,356
Repayment of interest bearing borrowings	**(267,376)**	(1,170,870)
Loan from non-controlling shareholder	**161,974**	90,191
Net (decrease) / increase in cash and cash equivalents	**(68,859)**	84,074
Cash and cash equivalents at the beginning of year	**275,454**	191,380
Cash and cash equivalents at the end of year	**206,595**	275,454

NOTES

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 prior year consolidated financial statements, except where the Group adopted IFRS 9 and 15. The new standards were adopted in terms of the transitional provisions of these Standards and did not have a significant impact on the 2018 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 2018. A copy of their audit report and the financial statements are available for inspection on the website and 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 or on the Company website. Any reference to future financial performance or prospects included in this announcement 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 31.12.2018 Audited R000	CPS	Year ended 31.12.2017 Audited R000	CPS
Profit after taxation attributable to shareholders	**847,850**	**33.50***	1,525,629	61.68*
Adjustments for:				
Capital loss on disposal of investment properties and property, plant and equipment	**9,242**		8,430	
Revaluation of investment properties and investment properties in joint ventures	**105,759**		(475 794)	
Non-controlling interest in revaluation of investment properties	**(15,825)**		-	
Headline earnings	**947,026**	**37.42***	1,058,265	42.79*
Antecedent distribution	**-**		26,029	
Depreciation	**6,201**		4,126	
Dividend from investment in listed shares not yet declared	**(2,092)**		7,645	
Foreign exchange adjustments	**94,075**		(37,176)	
Non-distributable expenses	**22,450**		18,401	
Non-distributable expenses on investment in joint ventures	**7,417**		491	
Non-distributable taxation	**(1 815)**		3,396	
Revaluation of interest rate swap derivatives	**(24,874)**		52,380	
Revaluation of investment in listed shares	**41,300**		34,540	
Straight line rental adjustment	**(21,472)**		(31,387)	
Distributable earnings attributable to shareholders	**1,068,216**	**42.22**	1,136,710	44.92
Interim	**549,038**	**21.70**	566,355	22.38
Final	**519,178**	**20.52**	570,355	22.54

* calculated on weighted number of shares in issue and excludes non-controlling interest.

NOTES (continued)

2. Audited primary operational segments for the year ended 31.12.2018 (R000)

Business segment	Industrial	Retail	Commercial	Afhco	Storage	Group[3]
Revenue	613,494	953,028	117,923	604,827	20,252	2,309,524
Rental income (excluding straight line rental adjustment)	514,705	563,094	91,653	501,236	20,147	1,690,835
Net property expenditure	(46,804)	(10,623)	(18,435)	(144,688)	(14,762)	(235,312)
Property expenses	(159,171)	(364,481)	(48,360)	(245,650)	(14,867)	(832,529)
Recovery of property expenses	112,367	353,858	29,925	100,962	105	597,217
Net property income	467,901	552,471	73,218	356,548	5,385	1,455,523
Straight line rental adjustment	(13,578)	36,076	(3,655)	2,629	-	21,472
Net interest expense	-	-	-	-	-	(420,148)
Dividend from investments in listed shares	-	-	-	-	-	16,046
Foreign exchange adjustments	-	-	-	-	-	(93,593)
Group expenses	-	-	-	-	-	(75,728)
Profit from investment in joint ventures	-	-	-	-	-	38,818
Revaluation of investment properties	(19,778)	(10,021)	(49,870)	(5,219)	(3,496)	(88,384)
Investment properties	(33,356)	26,055	(53,525)	(2,590)	(3,496)	(66,912)
Straight line rental adjustment	13,578	(36,076)	3,655	(2,629)	-	(21,472)
Revaluation of swap derivatives	-	-	-	-	-	24,874
Revaluation of investment in listed shares	-	-	-	-	-	(41,300)
Capital loss on disposal of investment properties	-	-	-	-	-	(9,242)
Taxation	-	-	-	-	-	1,679
Profit after taxation	434,545	578,526	19,693	353,958	1,889	830,017
Other comprehensive income, net of taxation	-	-	-	-	-	139,098
Total comprehensive income	434,545	578,526	19,693	353,958	1,889	969,115
Profit after taxation attributable to:						
Owners of the company	434,545	578,526	19,693	371,791	1,889	847,850
Non-controlling interest	-	-	-	(17,833)	-	(17,833)
Total profit after taxation	434,545	578,526	19,693	353,958	1,889	830,017

Other information	Industrial	Retail	Commercial	Afhco	Storage	Group[3]
Properties (excluding straight line rental adjustment):	4,738,222	7,347,750	903,800	4,695,128	116,100	17,801,000
Non-current investment property	4,576,229	7,175,590	858,436	4,583,385	116,100	17,309,740
At valuation	4,100,580	7,165,050	803,700	4,095,063	116,100	16,280,493
Straight line rental adjustment	(66,321)	(169,460)	(18,264)	(21,543)	-	(275,588)
Under development	541,970	180,000	73,000	509,865	-	1,304,835
Non-current investment property held for sale	94,778	2,700	27,037	89,771	-	214,286
Classified as held for disposal	95,672	2,700	27,100	90,200	-	215,672
Straight line rental adjustment	(894)	-	(63)	(429)	-	(1,386)
Other assets	140,162	378,654	48,924	279,633	12,164	2,871,981
Total assets	4,811,169	7,556,944	934,397	4,952,789	128,264	20,396,007
Total liabilities	57,366	141,741	18,211	773,600	5,408	7,534,707
Acquisitions and improvements	362,663	301,595	56,225	988,761	3,528	1,712,772

Segmental growth rates (%)	Industrial	Retail	Commercial	Afhco	Storage[1]	Group
Rental income (excluding straight line rental adjustment)	(0.3)	1.3	(5.5)	51.4	-	12.0
Property expenses	9.6	6.8	(2.7)	43.7	-	17.0
Recovery of property expenses	13.6	4.3	(2.3)	(2.5)	-	4.3
Net property income	(0.4)	(0.2)	(6.0)	35.3	-	6.2[2]

Above table reflects the position inclusive of the non-controlling interest.

[1] The Storage portfolio has no comparatives as it became operational on 1 July 2017.

[2] Net property income excluding NCI is 4.3%.

[3] Included in the Group is the Corporate segment.

3. Fair value measurement

The swap derivatives are valued based on the discounted cash flow method. Future cash flows are estimated based on forward exchange and 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. The investment in listed shares is valued at the quoted market price at year end. The investment in joint ventures is valued at the ownership of the underlying joint ventures' net asset value. The fair value of the investment property is determined by an independent registered valuer. The fair value of the industrial, retail, commercial and storage portfolio of investment properties, excluding properties subject to unconditional contracted sales, is based on the discounted cash flow method. The fair value of the inner-city retail, residential and commercial investment properties is based on the capitalisation of the net income earnings in perpetuity. The discounted cash flow method is not appropriate due to the short term nature of the portfolio's leases. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

The table below analyses assets that are measured at fair value.

Investments in listed shares	Level 1
Swap derivatives	Level 2
Investment in joint ventures	Level 3
Investment property	Level 3

There were no transfers between the levels.

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. This can be found in the financial statements which are available for inspection on the website.

NOTES (continued)

4. Capital commitments and contingent liabilities

The Group had capital commitments of R922,7m as at 31 December 2018 (2017: R2 619,6m) and contingent liabilities of R660,7m (2017: R211,4m).

5. Significant related party balances

The Group has the following related party balances:

- Loan to developer, which is a co-owner of a subsidiary, of R214,0m (2017: R385,6m) repayable between 31 March 2019 and 30 June 2019 at a weighted average rate of 10.1% and
- Loan from non-controlling shareholder, which is a co-owner of a subsidiary, of R252,2m (2017: R90,2m) repayable as part of the restructuring of the joint initiative at a weighted average rate of prime.

6. Dividends and events after the reporting period

The Company declared a distribution of 20.52 cents on 5 March 2019. Subsequent to year end, the Group has entered into a binding term sheet with Edcon in terms of which the Group will incur a rental reduction of R2,4m (0.1% of Revenue) for the period 1 April 2019 to 31 March 2020.

The directors are not aware of other significant events between the end of the financial year under review and the date of signature of these financial statements.

DISTRIBUTION DECLARATION AND IMPORTANT DATES

Notice to shareholders resident in South Africa

Notice is hereby given of the declaration of distribution no.8 in respect of the income distribution period 1 July to 31 December 2018. The distribution amounts to 20.52 cps. The source of the distribution comprises net income from property rentals. 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 is 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 16.4160 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. 2,530,689,337 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, 2 April 2019
Shares will trade ex-distribution	Wednesday, 3 April 2019
Record date to participate in the distribution	Friday, 5 April 2019
Payment of distribution	Monday, 8 April 2019

Share certificates may not be dematerialised or re-materialised between Wednesday, 3 April and Friday, 5 April 2019 both days inclusive.

By order of the Board

DIRECTORATE AND STATUTORY INFORMATION

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 Rosebank Towers 15 Biermann Avenue Rosebank 2196	Nedbank Corporate and Investment Banking, a division of Nedbank Limited 135 Rivonia Road Sandton 2196

Website:
www.sacorporatefund.co.za

Directors: J Molobela (Chairman), TR Mackey (Managing)*, AM Basson (Finance)*, RJ Biesman-Simons, A Chowan, GP Dingaan, U Fikelepi, EM Hendricks, MA Moloto, ES Seedat
* Executive
Mr Ken Forbes retired on 29 May 2018 and we would like to thank him for his contribution and his long service to the company. We welcome Ms Ursula Fikelepi who joined the Board on 30 October 2018.

5 March 2019