SA Corporate's plan paying off

Listed property unit trust SA Corporate Real Estate Fund reported 4.6% distribution growth for the full year ended December, with the full year's distribution reaching 30.15c per unit.

Managing director Rory Mackey said results included an "extraordinary" provision of R5.9m pending the finalisation of a VAT attribution ruling from the South African Revenue Service, relating to the 2007 to 2012 period, which had a material effect on the results.

Mackey said SA Corporate believed it would continue to improve on its distribution growth "on a gradual trend", and management now has a "very focused approach" in terms of its strategy.

"Hopefully what is starting to come through is that we are committed to executing our strategy. I think there always been some doubt in the market we would do it," he said.

He said the fund's investment strategy meant it was "now well placed for growth".

It intended to buy more quality properties and would focus on its strength in the industrial portfolio, althoug there was limited stock available.

SA Corporate was also focusing on obtaining high quality property management services and a request fo proposals for these services was to be issued shortly.

The fund's "optimal capital structure" included an appropriate level of gearing as well as well-priced debt a a managed interest rate policy.

Gearing at the end of the period remained low with debt amounting to 14% of the total portfolio.

Financial director Antoinette Basson said besides the VAT provision, SA Corporate would have reported " good result".

The group said SA Corporate Fund Managers had entered into exclusive discussions with Old Mutual Property regarding the possible internalisation of the fund's management.

Mackey said the market viewed the current structure "as a degree of misalignment between management and unit-holders".

The fund's portfolio comprised 139 industrial and retail properties at the end of the period