

Interim distribution 7.6% higher than December 2009
1.5% lower than June 2009

Low debt risk Low gearing of 22%
79% of debt is fixed

Portfolio activity Standing portfolio value up 0.75% since December 2009
Acquisition of R208.5m industrial property
Disposal of 15 properties for R262m

Property performance Vacancies decreased to 6.7%
Arrears stabilising

SA Corporate Real Estate Fund (Incorporated in the Republic of South Africa)
Share Code: SAC ISIN Code: ZAE00083614
A Collective Investment Scheme in property registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 and managed by SA Corporate Real Estate Fund Managers Limited ("SA Corporate Fund Managers") (Registration number 1994/009895/06) ("SA Corporate" or "the Fund")

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

FINANCIAL RESULTS AND PORTFOLIO PERFORMANCE
Distributions for the six months (14.24 cpu) increased by 7.6% compared with the previous six months to December 2009 (13.24 cpu), but were 1.5% lower than the comparable period to June 2009 (14.45 cpu).

The period under review was characterised by a decline in vacancies from 8.0% of GLA at 31 December 2009 to 6.7% at 30 June 2010, primarily due to a decrease in industrial vacancies (3.4%). The sale of a large vacant industrial property after June lowered industrial vacancies to 1.3%. Retail vacancies remained stable (8.3%), while office vacancies increased by 6% to 19.4%.

Arrears stabilised during the period under review (R79m), and the provision for bad debts increased by R1.1m to R49m (December 2009: R48m).

Rental income growth (excluding recoveries) of 4% (after property disposals) reflects tough market conditions resulting in pressure on market rentals.

Property expenses increased by 17.9% compared with June 2009. Electricity costs increased by 27.7%, but were fully recovered. Driven by higher municipal property valuations combined with an increase in the municipal charge, rates and taxes increased by 30.5%, but were not fully recovered as a result of vacancies and reversion to gross market rentals.

The marginally lower (1.2%) interest paid was achieved due to the removal of the stepped rate debt structure and favourable market interest rates despite a R230m increase in interest bearing borrowings between June 2009 and June 2010.

The Fund achieved top quartile performance relative to the Listed Property Sector in the six months to June 2010. The increase in the unit price together with greater borrowings contributed towards the 32.2% increase in Fund expenses. Once-off fees of R2.7m relating to the termination of the stepped rate debt structure and restructuring fee on the R200m additional borrowings added to Fund expenses.

The unit price of 290 cpu at 30 June 2010 reflected an 11% discount to net asset value of 327 cpu, an improvement over the 20% discount as at 31 December 2009.

The breakdown of distributable earnings is set out below:

	6 months to 30.06.2010 Unaudited	6 months to 30.06.2009 Unaudited	12 months to 31.12.2009 Audited
DISTRIBUTABLE EARNINGS (R000)			
Rent (excluding straight lining adjustment)	426,537	410,107	845,927
Net property expenses	(54,360)	(43,676)	(113,416)
Property expenses	(187,926)	(159,449)	(351,336)
Recovery of property expenses	133,566	115,773	237,920
Net property income	372,177	366,431	732,511
Interest income from associate company (Oryx)	7,500	6,930	14,412
Net funding cost	(56,581)	(55,823)	(128,696)
Interest received	23,329	25,028	39,140
Interest paid	(79,910)	(80,851)	(167,836)
Fund expenses	(26,665)	(20,177)	(45,229)
Distribution contributions	-	3,447	3,447
Lapsed distribution on units bought back	-	3,447	3,447
Distributable earnings	296,431	300,808	576,445
Units in issue	2,081,869	2,081,869	2,081,869
Distribution (cents per unit)	14.24	14.45	27.69
1st Interim	14.24	14.45	14.45
Final	N/A	N/A	13.24

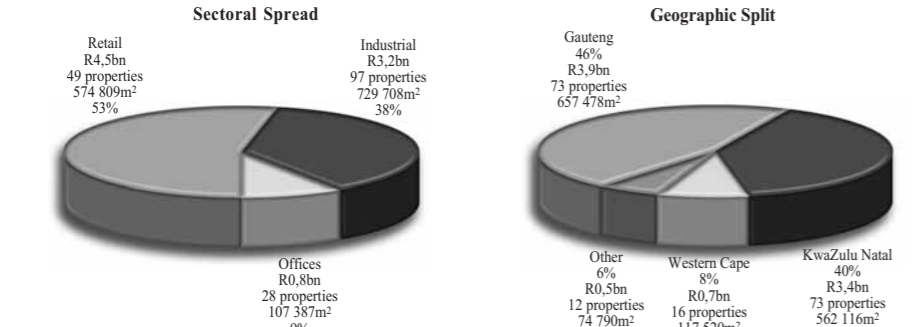
PROPERTY VALUATIONS

The Fund's independently valued property portfolio was revalued up by R75m to R8.53bn as at 30 June 2010. The standing portfolio delivered a 0.75% increase over December 2009 valuations. The small increase in property values reflects market conditions with higher risk premiums in discount rates and lower market rentals being applied to valuations.

The capitalisation and discount rates in the Fund's standing portfolio at 30 June 2010 was calculated on a weighted basis.

Property type	Capitalisation rate (%)		Discount rate (%)		Growth in standing portfolio (%)
	30.06.2010	31.12.2009	30.06.2010	31.12.2009	
Retail	9.5	9.6	15.5	15.0	0.57
Industrial	10.1	10.1	15.6	15.4	0.85
Offices	10.0	9.8	16.0	15.1	1.24
Portfolio total	9.8	9.8	15.7	15.2	0.75

PORTFOLIO INVESTMENT ACTIVITY



ACQUISITION AND DEVELOPMENT ACTIVITY

Acquisition	Cost (Rm)	Acquisition date	Yield forecast 1st 12 months (%)	Sector	Region
37 Yaldwyn, Jet Park	208,5	04/2010	10.0	Industrial	Gauteng

Development	Cost (Rm)	Completion date	Yield forecast 1st 12 months (%)	Sector	Region
Northpark Mall	80,2	11/2010	7.5	Retail	Gauteng
Comaro Crossing	12,3	08/2010	10.2	Retail	Gauteng
Musgrave Shopping Centre	144,0	10/2011	7.3	Retail	KwaZulu Natal
57 Sarel Baard Crescent	53,6	02/2011	8.61	Industrial	Gauteng

Non-yielding capital expenditure of R18m is forecasted to be spent over the next six months.

DISPOSALS AND UNCONDITIONAL SALES

The Fund continues with its stated objective of disposing of non-core assets. Transferred and unconditional sales totaling R262m were effected during the six months to June 2010, including the disposal of 25% of Umlazi Mega City to the Sizovuna Trust.

Transferred disposals in the 6 months to 30 June 2010

Property	Transfer date	Proceeds/contracted sale price (Rm)	Carrying value at date of sale (Rm)	Exit yield on sale price (%)
Portion 4 of Erf 12445 Durban	06/2010	5,8	5,8	n/a
Portion 5 of Erf 12445 Durban	06/2010	4,5	4,1	n/a
Umlazi Mega City (25%)	04/2010	50,0	51,8	12.1
The Colonial Development	03/2010	22,9	22,9	10.0
5 Bofors Circle, Cape Town	03/2010	22,5	22,5	4.4
20 Quality Street, Isando	06/2010	8,9	8,5	4.9
343 - 345 West Street, Durban	04/2010	21,6	21,7	10.4
Total		136,2	137,3	8.3

Unconditional disposals

Property	Transfer date/expected transfer date	Proceeds/contracted sale price (Rm)	Carrying value at 30.06.2010 (Rm)	Exit yield on sale price (%)
cnr Eagle Avenue and Iris Road, Mkuze	07/2010	10,5	10,3	11.1
106-109 Bain Street	08/2010	20,2	19,8	5.3
3 Fabriek Street, Strydom Park	08/2010	11,8	11,6	7.6
Summer Cottage	08/2010	14,8	13,2	10.0
Fountains Centre	08/2010	15,1	14,9	12.5
19 Henwood Road, Pinetown	09/2010	5,6	5,6	12.1
145 - 149 Crompton Street, Pinetown	09/2010	8,2	8,1	11.9
48 Kings Road, Pinetown	09/2010	8,1	8,0	10.4
Oxford Street, East London	09/2010	29,9	29,9	9.7
Total		124,2	121,4	9.6

LEASE EXPIRIES AND VACANCIES

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

Property type	Vacancy as % of GLA			Vacancy as % of rental income		
	30.06.2010	31.12.2009	30.06.2009	30.06.2010	31.12.2009	30.06.2009
Retail	8.3	9.3	8.2	10.5	9.7	10.7
Industrial	3.4	6.1	3.0	2.8	5.6	3.7
Office	19.4	13.1	14.8	20.4	12.3	7.8
Portfolio total	6.7	8.0	6.0	8.9	8.6	8.1

In the retail sector 48% of the vacancies were attributed to Northpark Mall, Musgrave Centre, St Georges Square, Forest Road Design and Dcor and Comaro Crossing. The increase in vacancies is partly as a result of the redevelopment at the properties as well as the current retail trading environment. Progress has been made into these vacancies since half year and vacancy levels are expected to decrease by year end.

The upgrade of Musgrave Centre (14% of office vacancies) includes a refurbishment of the common areas and external façade of the office tower and will support efforts to reduce vacancies.

About 43% of the office sector's 19% vacancy at 30 June 2010 represents office space in retail centres, notably Northpark Mall and Musgrave Centre. The letting of 6,400m² at 1 Holwood Park from September 2010, together with other lettings would see vacancies decrease to 13%, 64% of which is in retail centres.

The industrial sector had a vacancy of 3%, an improvement of 3% when compared to year end. 61% of the June 2010 vacancies related to 106-109 Bain Street, that has been sold and is awaiting transfer.

VACANCIES AND LEASE EXPIRY PROFILE

Property type	Vacant (%)	Expiring (%)							
		Rental	GLA	Monthly	2010	2011	2012	2013	2014
Retail	10.5	8.3	9.6	12.9	14.5	15.2	10.5	8.2	20.8
Industrial	2.8	3.4	1.1	31.9	15.4	21.3	10.7	6.1	10.1
Office	20.4	19.4	3.0	28.4	18.4	12.8	4.0	14.0	0.0
Portfolio total	8.9	6.7	4.7	24.0	15.2	18.2	10.0	7.6	13.6

TENANT RETENTIONS AND RENTAL REVERSIONS

The table below reflects the Fund's retention ratio and rental reversions per sector for a rolling 12 month period ending 30 June 2010:

Property type	Expiries m ²	Retention m ²	Retention %	Retention reversion %
Retail	111,425	81,635	73.2	2.3
Industrial	146,018	110,665	75.8	5.9
Commercial	20,692	14,601	70.6	8.0
Total	278,135	206,901	74.4	4.2

A significant number of industrial leases expire during the course of 2010 (232 818m²). 148 614 m² have already been successfully renewed, and management's view is that 80% of the total industrial expiries will be successfully retained for 2010. About a third of the balance (16 151m²) has already been sold or relet.

BORROWINGS

Debt levels remain low at 22% of the total property portfolio (2009: 18%).

During July 2010, the Fund took advantage of the low interest rate environment and entered into additional swaps to fix the interest rate. 79% of the debt is fixed, with the earliest fix expiring in December 2012.

The current debt profile is reflected in the table below:

Type	Maturity	Expiry of fixes	Quantum (Rm)	Current Rate (%)
Fixed	31.10.2015	13.09.2013	100	10.57
Fixed	31.12.2012	31.12.2012	500	10.82
Fixed	18.09.2014	05.06.2013	400	9.67
Variable	18.09.2014	n/a	300	8.96
Fixed	13.08.2013	31.07.2014	270	8.94
Fixed	13.08.2013	31.07.2014	30	10.09
Fixed	29.04.2015	31.07.2015	200	10.04
Variable	31.12.2010	n/a	90	8.93
Total			1,890	9.82

The Fund is in final negotiations for an additional R200m facility.

PROSPECTS

Management expects a recovery of the economy, lower vacancies underpinned by refurbishments, stable arrears and the lower interest rate environment will result in the Fund displaying positive distribution growth for the full 2010 year and thereafter.

The above information has not been reviewed or reported on by the Fund's auditors.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (R000)

	6 months to 30.06.2010 Unaudited	6 months to 30.06.2009 Unaudited	12 months to 31.12.2009 Audited
Assets			
Non-current assets			
Investment property	8,225,497	7,161,605	7,009,779
At valuation	8,050,275	7,156,850	7,001,900
Straight line rental adjustment	(183,726)	(141,780)	(147,121)
Under construction	358,948	146,535	155,000
Investment in associate	133,041	175,238	133,321
Rental receivable straight line adjustment	149,782	115,171	117,594
	8,508,320	7,452,014	7,260,694
Current assets	852,482	2,196,897	1,745,435
Properties classified as held for disposal	121,602	1,678,716	1,166,516
Trade receivables	30,732	18,775	13,596
Other receivables and accrued interest	112,477	121,333	107,745
Rent receivable - straight line rental adjustment	33,944	26,609	29,527
Cash resources and short term investments	553,727	351,464	428,051
	9,360,802	9,648,911	9,006,129
Total assets			
Unitholders' funds and liabilities			
Unitholders' funds	6,815,206	7,347,989	6,788,128
Non-current liabilities			
Interest bearing borrowings	1,800,000	1,573,018	1,600,000
At nominal value	1,800,000	1,570,000	1,600,000
Effective interest rate adjustment on stepped debt	-	3,018	-
Interest rate swap derivative	10,351	77,503	79,396
Deferred taxation	189,870	231,568	162,131
	2,000,221	1,882,089	1,841,527
Current liabilities	545,375	418,833	376,474
Interest bearing borrowings	90,000	-	-
Trade and other payables	138,686	103,468	80,724
Capital gains tax and secondary taxation on companies	18,795	13,391	18,795
Unclaimed distributions	1,463	1,166	1,319
Distributions payable	296,431	300,808	275,636
	9,360,802	9,648,911	9,006,129
Total unitholders' funds and liabilities			
NAV cpu	327	353	326

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (R000)

	6 months to 30.06.2010 Unaudited	6 months to 30.06.2009 Unaudited	12 months to 31.12.2009 Audited
Revenue	573,537	535,988	1,091,201
Income	609,517	574,192	1,151,566
Rent	426,537	410,107	845,927
Straight line rental adjustment	13,435	10,108	7,354
Recovery of property expenses	133,566	115,773	237,920
Income received from associate company			
Interest income	7,500	6,930	14,412
Share of post acquisition reserves	5,150	6,246	6,813
Interest	23,329	25,028	39,140
Expenses	(303,659)	(262,212)	(596,607)
Accounting and secretarial fees	(5,733)	(4,983)	(9,966)
Audit fees	(738)	(724)	(1,465)
Administrative fees	(5,053)	(2,865)	(5,761)
Service fees	(15,141)	(11,605)	(28,037)
Property administration fees	(17,091)	(13,054)	(28,276)
Property expenses	(170,835)	(146,395)	(323,600)
Interest paid	(79,910)	(80,851)	(167,836)
Effective interest rate adjustment on stepped debt	-		