

Interim distribution

1.2% higher than December 2010
0.8% higher than June 2010

Gearing

Low gearing of 20.3%
84% of debt is fixed

Portfolio activity

Standing portfolio value up 1.9% since December 2010
Disposal of 6 properties for R181.9m

Property performance

Industrial vacancies decreased to 1.7%
Overall vacancies decreased to 6.3%

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 buildings located primarily in the major metropolitan areas of South Africa.

FINANCIAL RESULTS AND PORTFOLIO PERFORMANCE

The distribution for first half of the year to June 2011 (14.35cpu) increased by 0.8% relative to the comparable period in June 2010 (14.24cpu) and increased by 1.2% relative to the second half of 2010 (14.18cpu).

The Fund outperformed the Listed Property sector in the year-to-date June 2011 producing a total return of 9.6% vs. 2.8% and the discount to net asset value (347cpu) narrowed from 12.6% at June 2010 to 4.2% at June 2011.

Industrial rental growth (14.5%) was underpinned by the take-up of 1.7% vacant space (3.4% to 1.7%), 85.1% retention ratio on expiries combined with 8.3% positive rental reversions. Retail rental income decreased by 3% partially attributable to the sale of retail properties and negative rental reversions. The office rental income decrease of 7.1% is mainly attributable to disposals. Rental growth (excluding recoveries) in respect of the standing portfolio amounted to 1.6% driven by a gradual reduction in vacancies and a marginal positive rental reversions of 1.1%.

The slow pace of economic recovery was reflected in negative retail rental reversions and lower turnover rentals. This, coupled with a turnover adjustment of R7m relating to prior years in respect of one retail tenant, has resulted in a net R1.1m reversal of rental turnover for the six month period to June 2011 versus turnover rental income of R3.6m reported at June 2010.

Income from the Investment in Oryx Properties Limited ("Oryx") reflects a 44% reduction compared to the same period last year. The reduction is due to a difference in accounting treatment this year where only the six months distribution has been accrued in June 2011 compared to the full twelve months in June 2010.

Property expenses increased by 10.9% compared to June 2010. Municipal costs increased by 16% due to an increase in electricity and water of 32% and 21% respectively. Bad debts increased by 25% (R13.7m) compared to June 2010 (R11.0m) and were, concentrated mainly in the restaurant and home product related industries, indicative of pressure on consumer discretionary spend.

Interest paid decreased by 0.3% for the 6 months to June 2011 (R79.7m) vs. June 2010 (R79.9m). Interest received decreased by 28.2% (R4.4m) due to lower overall rental growth and interest rate environment.

Fund expenses reduced by 17% compared to June 2010 driven by base effects caused by fees relating to the stepped-rate debt restructuring in the prior year period.

The breakdown of distributable earnings is set out below:

| | 6 months to 30.06.2011 Unaudited | 6 months to 30.06.2010 Unaudited | 12 months to 31.12.2010 Audited |
|---|----------------------------------|----------------------------------|---------------------------------|
| DISTRIBUTABLE EARNINGS (R000) | | | |
| Rent (excluding straight lining adjustment) | 438,792 | 426,537 | 871,994 |
| Net property expenses | (57,440) | (54,360) | (108,003) |
| Property expenses | (208,433) | (187,926) | (392,325) |
| Recovery of property expenses | 150,993 | 133,566 | 284,322 |
| Net property income | 381,352 | 372,177 | 763,991 |
| Taxation on distributable income | (440) | - | - |
| Interest income from associate company (Oryx) | 8,468 | 15,141 | 15,620 |
| Net funding cost | (68,431) | (64,222) | (129,665) |
| Interest received | 11,261 | 15,688 | 35,893 |
| Interest paid | (79,692) | (79,910) | (165,558) |
| Fund expenses | (22,158) | (26,665) | (58,218) |
| Distributable earnings | 298,791 | 296,431 | 591,728 |
| Units in issue | 2,081,869 | 2,081,869 | 2,081,869 |
| Distribution (cents per unit) | 14.35 | 14.24 | 28.42 |
| - Interim | 14.35 | 14.24 | 14.24 |
| - Final | - | - | 14.18 |

PROPERTY VALUATIONS

The value of the Fund's independently valued property portfolio increased by R10.7m to R8,78bn as at 30 June 2011 (31 December 2010: R8,77bn). The standing portfolio, representing properties held for the full 12 months in June 2011 increased by R144m (1.9%) from December 2010.

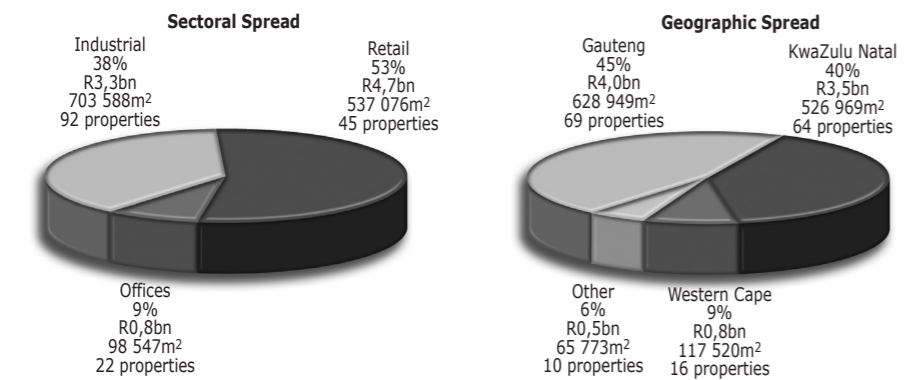
The capitalisation and discount rates in the Fund's standing portfolio at 30 June 2011 were calculated on a weighted basis:

| Property type | Capitalisation rate (%) | | Discount rate (%) | | Growth in standing portfolio (%) | |
|------------------------|-------------------------|------------|-------------------|-------------|----------------------------------|------------|
| | 30.06.2011 | 31.12.2010 | 30.06.2011 | 31.12.2010 | 30.06.2011 | 31.12.2010 |
| Retail | 9.5 | 9.5 | 15.5 | 15.5 | 0.6 | 1.4 |
| Industrial | 9.7 | 10.0 | 16.0 | 16.1 | 3.5 | 2.4 |
| Commercial | 10.0 | 10.0 | 16.0 | 16.0 | 1.3 | 4.7 |
| Portfolio total | 9.6 | 9.8 | 15.8 | 15.8 | 1.9 | 2.1 |

The portfolio valuation gives rise to a net asset value ("NAV") of 347cpu, a 4.5% improvement over June 2010 (332cpu).

PORTFOLIO INVESTMENT ACTIVITY

The portfolio comprised 159 properties. The sectorial and geographic weightings by value are set out below:



The table below sets out the development activity during the year under review.

| Developments | Cost (Rm) | Completion date | Yield forecast 1st 12 months (%) | Sector | Region |
|-------------------------------------|-----------|-----------------|----------------------------------|------------|---------------|
| Musgrave Shopping Centre, Durban | 144 | 10/2011 | 7.3 | Retail | KwaZulu Natal |
| 89 Davenport Road, Glenwood, Durban | 22 | 08/2011 | 11.0 | Retail | KwaZulu Natal |
| Hayfields Mall, Pietermaritzburg | 22 | 12/2011 | 12.0 | Retail | KwaZulu Natal |
| Sarel Baard Crescent, Centurion | 58 | 04/2011 | 8.4 | Industrial | Gauteng |

There were no acquisitions for the 6 months ending 30 June 2011.

Disposals recognised in the 6 months to 30 June 2011

| Properties | Transfer date | Proceeds (Rm) | Carrying value at date of sale (Rm) | Exit yield on sale price (%) |
|------------------------------------|---------------|---------------|-------------------------------------|------------------------------|
| 191 Chapel Street, Durban | 02/2011 | 19.0 | 18.7 | 12.1 |
| 17 Timber Street, Pietermaritzburg | 02/2011 | 11.0 | 10.8 | 11.7 |
| 40 Grey Street, Bloemfontein | 03/2011 | 2.4 | 2.4 | 7.8 |
| Quarry, 57 Hilton Ave, Hilton | 03/2011 | 41.0 | 40.3 | 10.1 |
| Montclair Mall, Durban | 06/2011 | 78.5 | 73.3 | 10.8 |
| Total Disposals | | 151.9 | 145.5 | 10.8 |

Unconditional disposals

| Property | Effective transfer date | Contracted sale price (Rm) | Carrying value at 30 June 2011 (Rm) | Exit yield on sale price (%) |
|--------------------------------------|-------------------------|----------------------------|-------------------------------------|------------------------------|
| Paradys Park, Brackenfell | 07/2011 | 30.0 | 29.5 | 10.6 |
| Total unconditional disposals | | 30.0 | 29.5 | 10.6 |

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 | | |
|------------------------|---------------------|------------|------------|-------------------------------|------------|------------|
| | 30.06.2011 | 31.12.2010 | 30.06.2010 | 30.06.2011 | 31.12.2010 | 30.06.2010 |
| Retail | 10.2 | 10.4 | 8.3 | 9.6 | 11.2 | 10.5 |
| Industrial | 1.7 | 2.9 | 3.4 | 1.4 | 2.2 | 2.8 |
| Commercial | 17.2 | 19.5 | 19.4 | 16.2 | 12.6 | 20.4 |
| Portfolio total | 6.3 | 7.3 | 6.7 | 7.1 | 8.0 | 8.9 |

Retail vacancies (10.2%) remained largely unchanged since December 2010 (10.4%), but lettings in developments reflects the positive benefits of capital investment to improve portfolio quality. Retail occupancy levels in the convenience and neighbourhood centres are likely to remain under pressure in the forthcoming year, however new building supply constraints and access to services should temper increases in sector vacancies.

The Fund's industrial vacancy as at end June 2011 was 1.7% (December 2010: 2.9%). Minimal speculative industrial development together with the high quality of the portfolio means that the Fund's industrial portfolio should remain well let.

The office vacancy (including offices in retail) as at end June 2011 was 17.2% (December 2010: 19.5%). A high proportion (44%) of the Fund's office vacancies relate to office space in retail centres. Refurbishment work at Musgrave Centre has seen the vacant office component decrease from 2,512m² at December 2010 to 1,497m² as at June 2011. Lettings at the end of July 2011 have reduced the office portfolio vacancies to 14.3%.

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

| Property type | Vacant (%) | Expiring (%) | | | | |
|---------------|------------|--------------|------------|-------------|-------------|-----------------|
| | | Monthly | 2011 | 2012 | 2013 | 2014 Thereafter |
| Retail | 10.2 | 9.3 | 6.3 | 15.3 | 12.6 | 11.2 |
| Industrial | 1.7 | 1.2 | 9.7 | 26.3 | 18.9 | 7.8 |
| Commercial | 17.2 | 4.9 | 5.7 | 21.0 | 13.0 | 16.5 |
| Total | 6.3 | 4.7 | 8.1 | 21.5 | 16.0 | 9.8 |

TENANT RETENTION AND RENTAL REVERSION

The table below reflects the Fund retention ratio and rental reversion per sector for a rolling 12 month period ending June 2011:

| Property type | Expiries (m ²) | Retention (m ²) | Retention (%) | Rental reversion (%) |
|---------------|----------------------------|-----------------------------|---------------|----------------------|
| Retail | 103,346 | 76,373 | 73.9 | (3.8) |
| Industrial | 215,072 | 182,945 | 85.1 | 8.3 |
| Commercial | 19,264 | 14,887 | 77.3 | 1.1 |
| Total | 337,682 | 274,205 | 81.2 | 1.4 |

BORROWINGS

Gearing remained low with debt amounting to 20.3% of the total portfolio (30 June 2010: 22%). 84% of the debt is fixed, with the earliest fix expiring in December 2012. The debt profile is detailed below:

| Type | Maturity date | Fixed expiry date | Rm | Interest Rate (%) | Swap |
|--------------|---------------|-------------------|--------------|-------------------|------|
| Fixed | 13.09.2013 | 13.09.2013 | 100 | 10.57 | No |
| Fixed | 31.12.2012 | 31.12.2012 | 500 | 10.82 | No |
| Fixed | 11.09.2014 | 05.06.2013 | 400 | 9.75 | Yes |
| Variable | 31.12.2011 | N/A | 285 | 7.24 | No |
| Fixed | 13.08.2013 | 31.07.2014 | 270 | 9.07 | Yes |
| Fixed | 13.08.2013 | 31.07.2014 | 30 | 9.07 | Yes |
| Fixed | 29.04.2015 | 31.07.2015 | 200 | 10.09 | Yes |
| Total | | | 1,785 | 9.60 | |

The Fund has an additional R200m floating facility, which was utilised at June 2011.

PROSPECTS

The Board believes that the Fund could deliver distribution growth of between 1% and 3% in financial year 2011. Rental growth in the retail portfolio is expected to be muted while tough trading conditions persist compounded by large increases in tenants' electricity expenses. The Fund's quality industrial portfolio is expected to continue to produce pleasing results. Capital expenditure and prudent repairs and maintenance will improve asset quality and income sustainability but comes at the cost of short-term distribution growth. Disposal proceeds from higher yielding but volatile assets will also be directed towards high quality less risky, but initially lower yielding assets. The investment strategy coupled with additional appropriately structured gearing should place the Fund on a path to sustainably produce distribution growth in line with the sector over the medium term. This information has not been reviewed or reported on by SA Corporate's auditors.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (R000)

| | 6 months to 30.06.2011 Unaudited | 6 months to 30.06.2010 Unaudited | 12 months to 31.12.2010 Audited |
|--|----------------------------------|----------------------------------|---------------------------------|
| Assets | | | |
| Non-current assets | 8,658,407 | 8,508,320 | 8,493,622 |
| Investment property | 8,330,417 | 8,225,497 | 8,171,109 |
| - At valuation | 7,603,000 | 8,050,275 | 7,347,450 |
| - Straight line rental adjustment | (208,783) | (183,726) | (198,641) |
| - Properties under development | 936,200 | 358,948 | 1,022,300 |
| Investment in associate | 157,154 | 133,041 | 155,892 |
| Rental receivable - straight line adjustment | 170,836 | 149,782 | 166,621 |
| Current assets | 986,009 | 852,482 | 908,384 |
| Properties classified as held for disposal | 243,788 | 121,602 | 402,518 |
| Trade receivables | 19,900 | 30,732 | 8,761 |
| Other receivables and accrued interest | 163,483 | 112,477 | 154,607 |
| Rental receivable - straight line adjustment | 37,947 | 33,944 | 32,020 |
| Cash resources and short term investments | 520,891 | 553,727 | 310,478 |
| Total assets | 9,644,416 | 9,360,802 | 9,402,006 |
| Unitholders' funds and liabilities | | | |
| Unitholders' funds | 7,217,128 | 6,904,075 | 7,125,735 |
| Non-current liabilities | 1,641,588 | 1,911,352 | 1,835,645 |
| Interest bearing borrowings | 1,499,842 | 1,800,000 | 1,684,330 |
| Interest rate swap derivative | 17,699 | 10,351 | 31,541 |
| Deferred taxation | 124,047 | 101,001 | 119,774 |
| Current liabilities | 785,700 | 545,375 | 440,626 |
| Interest bearing borrowings | 285,196 | 90,000 | - |
| Trade and other payables | 180,161 | 138,686 | 124,946 |
| Capital gains taxation and secondary taxation on companies | 19,810 | 18,795 | 18,795 |
| Unclaimed distributions | 1,742 | 1,463 | 1,589 |
| Distributions payable | 298,791 | 296,431 | 295,296 |
| Total unitholders' funds and liabilities | 9,644,416 | 9,360,802 | 9,402,006 |
| NAV cpu | 347 | 332 | 342 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (R000)

| | 6 months to 30.06.2011 Unaudited | 6 months to 30.06.2010 Unaudited | 12 months to 31.12.2010 Audited |
|--|----------------------------------|----------------------------------|---------------------------------|
| Revenue | 605,832 | 573,538 | 1,182,374 |
| Income | 632,692 | 609,517 | 1,257,105 |
| Rent | 438,792 | 426,537 | 871,994 |
| Straight line rental adjustment | 16,047 | 13,435 | 26,058 |
| Recovery of property expenses | 150,993 | 133,566 | 284,322 |
| Income from associate company | - | - | - |
| - Interest income | 8,468 | 15,141 | 15,620 |
| - Share of post-acquisition reserves | 7,131 | 5,150 | 23,219 |
| Interest | 11,261 | 15,688 | 35,892 |
| Expenses | (310,283) | (294,501) | (616,100) |
| Accounting and secretarial fees | (5,184) | (5,733) | (10,369) |
| Audit fees | (799) | (738) | (1,427) |
| Administrative fees | (2,122) | (5,053) | (11,696) |
| Interest paid | (79,692) | (79,910) | (165,558) |
| Property expenses | (208,433) | (187,926) | (392,325) |
| Service fees | (14,053) | (15,141) | (34,725) |
| Operating income | 322,409 | 315,016 | 641,005 |
| Interest rate swap mark to market | 13,842 | - | (31,540) |
| Debt restructure costs | (13,737) | (9,158) | (22,894) |
| Capital profit / (loss) on disposal of investment properties | 3,767 | (987) | 359 |
| Revaluation of investment properties | 108,115 | 35,192 | 148,766 |
| - Revaluations | 124,162 | 48,627 | 174,824 |
| - Straight line rental adjustment | (16,047) | (13,435) | (26,058) |
| Revaluation of investment property under development | (36,750) | 26,768 | 139,994 |
| Impairment of investment in associate | (5,869) | (5,430) | (649) |
| Taxation | | | |
| Capital gains taxation ("CGT") and deferred tax on property transactions | (15,330) | (2,131) | (22,901) |
| Net profit attributable to unitholders | 376,447 | 359,270 | 852,140 |
| Interest rate swap mark to market | - | (19,311) | (8,960) |
| Debt restructure costs | 13,737 | 9,158 | 22,894 |
| Total comprehensive income attributable to unitholders | 390,184 | 349,117 | 866,074 |
| Units in issue (000) | 2,081,869 | 2,081,869 | 2,081,869 |
| Weighted units in issue (000) | 2,081,869 | 2,081,869 | 2,081,869 |
| Cents | 14.35 | 14.2 | |