

REVIEWED FINAL RESULTS AND DISTRIBUTION DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2009

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

Distributions for the twelve months amounted to 27,69cpc, 6.9% less than the distribution for 2008 of 29,75cpc. The final distribution of 13,24cpc was 13.2% lower than the 15,25cpc in the corresponding period in 2008.

Growth of 6.5% in revenue was offset by an increase of 23.5% in property expenses. The change in Municipal valuation policy, largely implemented by June 2009, caused rates to increase by 21%, while a more conservative policy coupled with difficult market conditions resulted in bad debt provisions increasing by 250%. Together these two expenses accounted for 56% of the total increase in property expenses. The combined effect resulted in the marginal decline in net property income (-0.2%). Due to the stepped rate interest structure and higher level of debt for the full year, distributable income was negatively impacted by the higher interest expenses (45.7%).

Although small, the holding in Oryx (2.5% of distributions) produced an excellent 15.2% increase in income without any change in the Fund's holding. The investment in Oryx was however impaired by R46,6m (2008:nil).

The arrears stabilised in the second half of 2009, with arrears as a percentage of revenue totalling 5.7% (2008: 4.9%). However, the Fund's more conservative approach to bad debt provisions during difficult trading conditions in retail centres resulted in provisions increasing to R48m (2008: R16m). This equates to 4.3% of revenue and 87% of debtors (2008: 1.8% of revenue and 41% of debtors).

The Fund's retail portfolio is dominated by smaller retail centres. Challenging retail conditions have influenced the demand for space, causing an increase in and slower take up of vacancies curtailing market rental growth. The rental levels achieved on renewals were up 12.8% on average on closing rentals.

The industrial portfolio enjoyed good occupancy levels despite a relatively weak industrial market with rental levels under pressure. A number of noteworthy lettings have been concluded, including Paarden Eiland, Table View. This 16 000m² property was 100% vacant in January 2009, with only one unit of 3 439m² remaining vacant at year end. Average gross rentals of leases renewed during the year in respect of the industrial sector were 13.6% higher than the closing rentals.

Gross rentals in leases renewed in the office portfolio grew by an average of 10.1%.

The positive rental growth from escalations and lease reversions has been diluted by the increase in vacancies, and an increase in the provision for bad debts.

The breakdown of distributable earnings is set out below:

DISTRIBUTABLE EARNINGS (R000)	Year ended	Year ended
	31/12/2009 Reviewed	31/12/2008 Audited
Rent (excluding straight line adjustment)	845,927	798,164
Net property expenses	(113,416)	(63,920)
Property expenses	(351,336)	(284,498)
Recovery of property expenses	237,920	220,578
Net property income	732,511	734,244
Interest income from associate company (Oryx)	14,412	12,511
Net funding cost	(128,696)	(75,385)
Interest received	39,140	39,821
Interest paid	(167,836)	(115,206)
Fund expenses	(45,229)	(44,516)
Distribution contributions	3,447	162
Prepaid distribution received in advance on unit issues	-	162
Lapsed distribution on units bought back	3,447	-
Distributable earnings	576,445	627,016
Units in issue (millions)	2,082	2,104
Distribution (cents per unit)	27,69	29,75
- Interim	14,45	14,50
- Final	13,24	15,25

REVALUATION

The value of the Fund's property portfolio at 31 December was R8,3b (2008: R8,8b). The portfolio, excluding Northpark Mall, contracted and unconditional sale properties, was independently valued by CBRE on a discounted cash flow basis.

The standing portfolio, representing properties held for the full 12 months in both 2008 and 2009, decreased in value from 31 December 2008 by 5.1%. The industrial portfolio decreased by 2% and both the office and retail portfolios decreased by 7%. The decline in property values is an indication of the current market pressures with higher capitalisation rates and higher risk premiums in discount rates as well as market rental decreases being evident in the valuations.

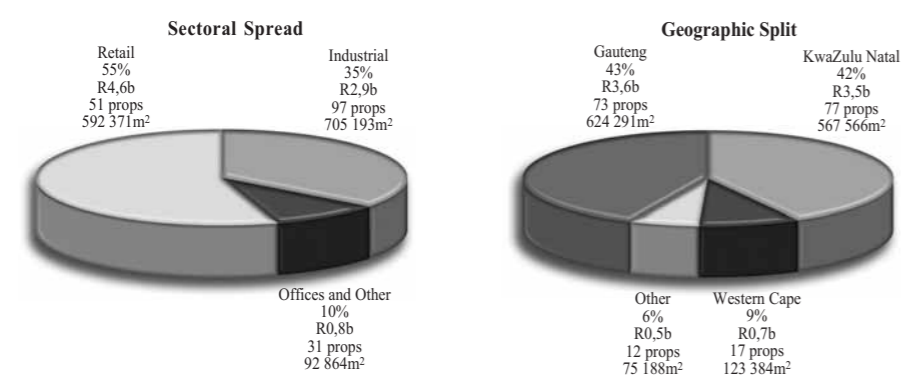
The average capitalisation and discount rates of the three property types in the Fund's standing portfolio at 31 December 2009, calculated on a weighted basis, are as follows:

Property type	Capitalisation rate (%)		Discount rate (%)	
	2009	2008	2009	2008
Retail	9.6	9.2	15.0	14.7
Industrial	10.1	9.7	15.4	15.6
Offices	9.8	9.5	15.1	15.0
Portfolio total	9.8	9.4	15.2	15.0

The portfolio valuation gives rise to a NAV of 326cpc (2008: 345cpc). At the closing price of 261 cents per unit on 31 December 2009, the units were trading at a 20% discount to NAV (2008: 30%).

PORTFOLIO INVESTMENT ACTIVITY

The portfolio comprises 179 properties. The sectoral and geographic weightings by value are set out below:



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

	Cost of acquisition/development (Rm)	Acquisition/ completion date	Yield forecast 1 st 12 months (%)	Sector	Region
Renbro Shopping Centre	106,2	04/2009	9.1	Retail	Gauteng
Northpark Mall*	80,3**	04/2010	7.5	Retail	Gauteng
Shoprite Kempton Park	43,3	09/2009	7.7	Retail	Gauteng
Unipark Offices	55,0	07/2009	10.9	Offices	Free State

- * Assuming 30% vacant for the first year
- ** R26m to be incurred during 2010

Renbro Shopping Centre, in Hammanskraal near Pretoria, transferred to the Fund in April 2009. This R106,2m turnkey development has a 9.1% guaranteed yield.

In December 2009, the Fund entered into an agreement to purchase a warehouse in Hughes Industrial Township, Gauteng. The warehouse is adjacent to four other properties owned by the Fund and leased to the same tenant. The total purchase price is R208,5m, at an initial yield of 9.7%, with transfer expected in the first quarter of 2010.

Disposals and unconditional sales

	Transfer/ effective date	Proceeds/ contracted sale price (Rm)	Carrying value at date of sale (Rm)	Exit yield on sale price (%)
Cnr Chancery Lane & Crompton Street, Pinetown	03/2009	4,3	4,1	0.0*
24 Chancery Lane, Pinetown	03/2009	25,9	25,9	8.5
20 Commercial Street, Strydom Park	03/2009	23,0	21,6	0.0*
54 Main Road, Fish Hoek	05/2009	21,9	21,5	10.7
16 Nourse Avenue, Cape Town	05/2009	7,8	7,6	10.2
Widah Bird Investments (Pty) Ltd	05/2009	1,5	1,5	15.0
15 Tedstone Road, Wadeville	05/2009	22,0	21,8	8.5
Forktailed Drongo Investments (Pty) Ltd	05/2009	3,5	3,5	17.0
73 Cavaliers Drive, Germiston	07/2009	27,0	26,3	9.9
1 Circui Road, Westmead	09/2009	9,6	9,5	7.1
Queensburgh Shopping Centre	09/2009	91,0	89,9	9.3
Knowles Centre	10/2009	57,5	57,6	8.4
Total Disposals		295,0	288,8	8.4
The Colony	2010	22,9	22,9	9.6
5 Bofors Circle, Cape Town	2010	22,5	22,5	11.5
20 Quality Street, Isando	2010	8,9	8,8	9.8
Umlazi Mega City (25%)*	2010	51,8	51,8	9.5
Total Unconditional Sales		106,1	106,0	10.0

* Vacant possession

** SA Corporate together with the National Empowerment Fund facilitated a major Broad Based Black Economic Empowerment transaction in terms of which the Fund sold 25% of Umlazi Mega City to the local community represented by the Sizovuna Trust.

There are a further fifteen properties included in properties held for disposal to the value of R362m which are contracted but subject to suspensive conditions. In terms of the Fund's ongoing disposal strategy, a further R1b of property has been identified for sale and the marketing thereof is underway.

LEASE EXPIRIES AND VACANCIES

The vacant retail space in the Fund's portfolio is largely attributable to smaller line shops but also includes vacant space in Northpark Mall which is under refurbishment and the cinema space in St Georges Square which is being converted to big box retail.

The lease expiry profile and vacancies are set out below:

Property type	Vacant (%)		Expiring (%)					
	Rental	GLA	Monthly	2010	2011	2012	2013	Thereafter
Retail	9.7	9.3	8.5	12.9	14.2	14.7	9.4	31.0
Industrial	5.6	6.1	1.2	33.0	15.9	21.8	9.7	12.4
Commercial	12.3	13.1	5.9	27.5	18.1	11.3	0.9	23.1
Total	8.6	8.0	4.6	24.4	15.4	18.0	8.8	20.9

Of the 13% retail expiries in 2010, approximately 53% of this space is in respect of units greater than 500m² and the balance, being smaller shops, carries greater risk both in terms of renewal and achievement of asking rentals.

Good progress has already been made in respect of 56% of the renewals of industrial leases expiring in 2010.

BORROWINGS

Debt levels have remained low at 19% of the total investment portfolio value at 31 December 2009. There are no liabilities maturing which would require refinancing in the short term, with the first maturity being R500m in December 2012. The debt profile is detailed below:

Type	Maturity date	Step escalation %pa	Fix expiry	Quantum (Rm)	Current Rate (%)
Fixed - straight	31/10/2015	N/A	13/09/2013	100	10.57
Fixed - straight	31/12/2012	N/A	31/12/2012	500	10.82
Fixed - stepped	18/09/2014	6	30/04/2013	300	11.20
Fixed - stepped	18/09/2014	6	05/06/2013	400	11.64
Variable	13/08/2013	N/A	N/A	270	8.83
Variable	13/08/2013	N/A	N/A	30	9.98
Total				1,600	10.73

The Fund is currently negotiating an additional floating facility.

DEBT RESTRUCTURING

A major strategic initiative of the Fund was to exit the stepped debt rate structure in place with OMSFIN and ABSA. The OMSFIN restructure was finalised in December, with the ABSA restructure to be completed by the end of February 2010. The combined weighted interest rate before the debt restructuring equated to 11.6% and the indicative weighted interest rate for the restructured debt equates to 9.7%. This is based on the total restructured debt of R970m, plus the estimated total breakage costs of R113m of which R33,5m has already been expended.

PROSPECTS

Disposals, the unit buy back programme and the refurbishment of properties is expected to yield encouraging results in the medium term in line with the Fund's strategy of improving the sustainability and quality of property earnings.

The Fund is expected to show sustainable positive distribution growth from 2010 onwards, however the first six months to June 2010 are likely to reflect the effects of a challenging market with a more distinct improvement in the second half of 2010.

REVIEW BY INDEPENDENT AUDITORS

SA Corporate's auditors, Deloitte & Touche, have reviewed the financial results for the year ended 31 December 2009. Their unmodified report is available for inspection from the Fund's secretary.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (R000)	31/12/2009 (Reviewed)	31/12/2008 (Audited)
Assets		
Non-current assets	6,854,779	6,797,155
Investment property	7,001,900	6,932,003
As per valuation	(147,121)	(134,848)
Straight line rental adjustment	155,000	38,570
Property under development	133,321	173,150
Investment in associate	117,594	112,123
Rental receivable - straight line adjustment	1,745,435	2,502,697
Current assets	1,166,516	1,861,110
Properties classified as held for disposal	13,596	34,217
Trade receivables	107,745	141,665
Other receivables and accrued interest	29,527	22,726
Rental receivable - straight line adjustment	428,051	442,979
Cash resources and short term investments	9,006,129	9,623,695
Total assets	7,906,129	7,260,893
Unitholders' funds and liabilities		
Unitholders' funds	6,788,128	7,260,893
Non-current liabilities	1,600,000	1,571,283
Interest bearing borrowings	1,600,000	1,570,000
- At nominal value	-	1,283
- Effective interest rate adjustment on stepped debt	79,396	93,652
Interest rate swap derivative	162,131	238,201
Deferred taxation	376,474	459,666
Current liabilities	80,724	123,026
Trade and other payables	18,795	14,529
Capital gains taxation and secondary taxation on companies	1,319	1,179
Unclaimed distributions	275,636	320,932
Distributions payable	9,006,129	9,623,695
Total unitholders' funds and liabilities	7,906,129	7,260,893
NAV epu	326	345

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DISTRIBUTION DECLARATION AND IMPORTANT DATES

Notice is hereby given of the declaration of distribution no. 30 in respect of the income distribution period 1 July 2009 to 31 December 2009. The distribution amounts to 13.24 cents per unit.

Last date to trade cum distribution	Thursday, 18 March 2010
Units will trade ex-distribution	Friday, 19 March 2010
Record date to participate in the distribution	Friday, 26 March 2010
Payment of distribution	Monday, 29 March 2010

Unit certificates may not be dematerialised or re-materialised between Friday, 19 March and Friday, 26 March 2010 both days inclusive.

SA Corporate Real Estate Fund Managers Limited

Registered office	Auditors	Transfer secretaries	Sponsor
Mutual Park, Jan Smuts Drive 54 Main Road, Fish Hoek 16 Nourse Avenue, Cape Town Widah Bird Investments (Pty) Ltd 15 Tedstone Road, Wadeville Forktailed Drongo Investments (Pty) Ltd 73 Cavaliers Drive, Germiston 1 Circui Road, Westmead Queensburgh Shopping Centre Knowles Centre	Deloitte & Touche Pencarrow Crescent Pencarrow Park La Lucia Ridge Office Estate La Lucia 4051	Computershare Investor Services 2004 (Pty) Ltd Ground Floor, 70 Marshall Street Johannesburg 2001 PO Box 61051 Marshalltown 2107	Nedbank Capital A division of Nedbank Limited 135 Rivonia Road Sandton 2196

Managed By
OLD MUTUAL
Investment Group | Property Investments

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*Executive

Alternates: A Beattie, N Corbishley, GP Dingaang, P Zagaretos

OLD MUTUAL INVESTMENT GROUP PROPERTY INVESTMENTS (PTY) LTD

SECRETARIES

19 February 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (R000)	Year ended 31/12/2009
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