UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND RESULTS

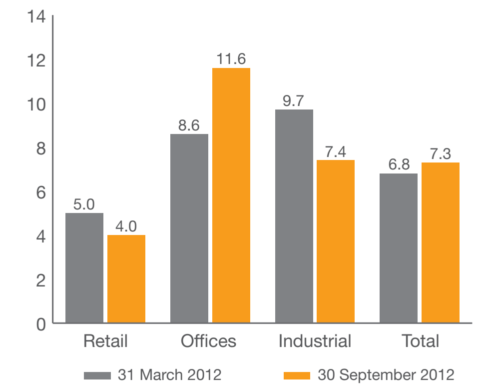
for the six months ended 30 September 2012 and the Financial Effects relating to the East Rand Mall 50% acquisition and withdrawal of cautionary

VUKILE PROPERTY FUND

AWAKEN THE POTENTIAL WITHIN

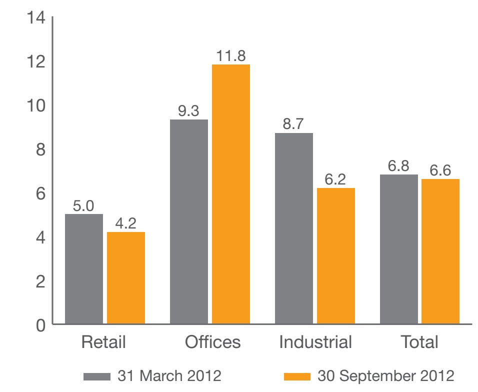
VACANCY PROFILE

% of gross rental



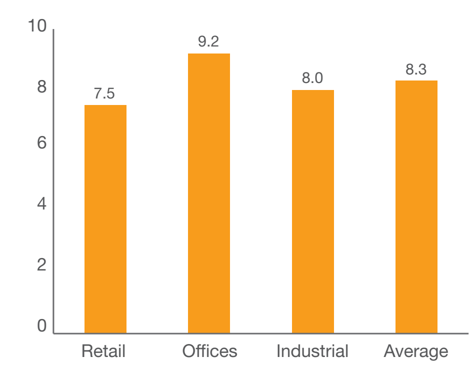
VACANCY PROFILE STABLE PORTFOLIO

(exluding sales and acquisitions)
% of gross rental



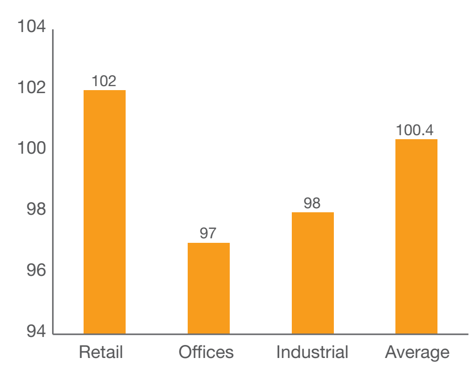
LEASE RENEWALS

Escalation on expiry rentals
%



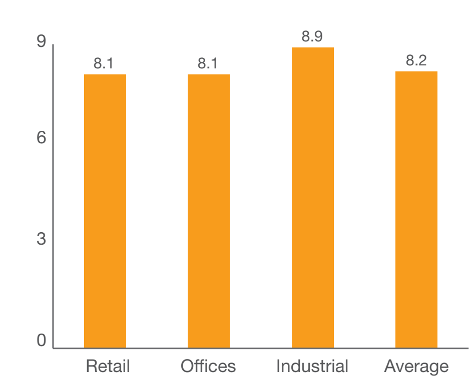
NEW LEASES CONCLUDED

Rental concluded/budget (market related rentals)
%



CONTRACTED RENTAL ESCALATION PROFILE

%



- Distribution for the six months **5.0%** higher than the comparable period
- Overall cost of funding **reduced from 9.36%** at 31 March 2012 **to 8.60%** per annum, inclusive of margins and costs
- Ranked **top property fund** and first in the industrial and office sectors by IPD over a three year period
- Continued **strong operational performance** of the property portfolio
- Improved quality of the portfolio through:
  - Acquisition of **R1.48 billion** quality office and retail portfolio
  - Acceptance of offer for **acquisition of 50% of East Rand Mall** for R1.1 billion
  - Realisation of **R225 million** on sales of higher risk properties
  - Identification of further **non-core properties for sale** for R427 million
  - Additional **acquisitions of c.R500 million** in pipeline

COMMENTS

1. NATURE OF OPERATIONS

The group is a long-term investor in commercial properties with strong contractual cash flows for long-term sustainability and capital appreciation.

2. BASIS OF PREPARATION

The unaudited condensed interim financial statements ("interim financial statements") for the six months ended 30 September 2012, and comparative information, have been prepared in accordance with and containing the information required by IAS 34 (Interim Financial Reporting), International Financial Reporting Standards ("IFRS"), AC 500 Standards as issued by the Accounting Practices Board, the JSE Listings Requirements and relevant sections of the South African Companies Act. The interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 March 2012, other than the change in the accounting policy relating to deferred taxation. The company has adopted the amendments to IAS12 published on 20 December 2010. The effect is that deferred taxation on investment properties is now calculated at the capital gains tax rate as opposed to a blended rate, on the assumption that the carrying value of the investment properties will be recovered through sale. The interim financial statements, which have been approved for issue by the board of directors on 23 November 2012, have not been reviewed or audited by the company's external auditors. The preparation of the financial results for the six months ended 30 September 2012 was supervised by Michael Potts, CA (SA), financial director.

3. SIGNIFICANT EVENT AND TRANSACTIONS

During this reporting period, the following significant transactions were effected:

- The acquisition of a R1.48 billion portfolio – refer to paragraph 6 for further details;
- The refinancing of the previous R1.02 billion CMBS debt through the issue of R1.02 billion corporate bonds in terms of a R5 billion Domestic Medium Term Note ("DMTN") programme – refer to paragraph 5 for further details; and
- The refinancing of a R450 million bank facility – refer to paragraph 5 for further details.

4. SUMMARY OF FINANCIAL PERFORMANCE

The directors of Vukile are pleased to report that the distribution for the six months ended 30 September 2012 has increased by 5.0% from 54.314 to 57.030 cents per linked unit.

The group's net profit available for distribution amounted to R268.5 million for the six months to 30 September 2012 (2011: R193 million), which represents an increase of 39% over the comparable period. Approximately 87% of available profits will be distributed as the first distribution. As will be reported later, the six months results to 30 September 2012 have been distorted by a R44 million sales commission earned in April 2012, following the sale of a R1.48 billion office and retail portfolio by Sanlam. A significant portion of sales commission income will be carried forward to the second half distribution.

The intangible asset which arose on the acquisition of the property asset management business from Sanlam in 2010 has been tested for impairment. Sales from the Sanlam portfolio for the 13 months to 30 April 2013 will exceed R3.7 billion (generating sales commission for Vukile of R111 million), which will result in lower asset management fees in the future.

This has resulted in an impairment of R30 million in the intangible asset, from R267.1 million at 31 March 2012 to R237.1 million at 30 September 2012.

SUMMARY OF FINANCIAL PERFORMANCE

	30 September 2012	30 September 2011	31 March 2012
Net asset value per linked unit (cents)	**1 263**	1 187	1 193
Distribution per linked unit (cents)	**57.030**	54.314	124.810
Loan to value ratio (%)	**29.2**	28.7	27.6

A simplified statement of comprehensive income is set out below:

	30 September 2012 Group R000	30 September 2011 Group R000	Paragraph reference	Variance %
Gross rental income and recoveries	**574 139**	442 667		30%
Property expenses	**(228 099)**	(166 458)		37%
Net profit from property operations	**346 040**	276 209	a	25%
Asset management business	**45 295**	9 101	b	398%
Asset management fees	**15 889**	16 634		(4%)
Sales commission	**43 793**	6 339		591%
Expenditure	**(14 387)**	(13 872)		4%
Corporate administrative expenses	**(14 510)**	(10 667)	c	36%
Finance costs net of investment income	**(92 260)**	(74 950)	d	23%
Tax	**(16 031)**	(6 682)		140%
Distributable income	**268 534**	193 011		39%

a. **Net profit from property operations**

- The property portfolio has performed in line with expectations for the six months ended 30 September 2012, in a difficult economic environment.
- The group's net rental income, exclusive of straight-line rental accruals, has increased by 25% over the comparable period from R276.2 million to R346 million. The major part of this increase has arisen from the R1.48 billion acquisition on 25 April 2012.
- On a like-for-like (stable portfolio) basis, net property revenue has increased by 5.8% over the comparable period.

Further details of the property portfolio performance are set out in paragraph 7.

b. **Asset management business**

Asset management fee income is 4% lower than the comparable period following the disposal of the R1.48 billion portfolio in April 2012, which has led to a lower base on which to calculate on-going annuity asset management fees. Sales commission has increased by 591% over the comparable period as the abovementioned sale of the R1.48 billion portfolio has generated sales commission of R44 million, before selling expenses. Asset management expenditure has been well contained at a 4% increase over the comparable period.

c. **Corporate administrative expenditure**

Corporate administration expenses have increased by 5% over the comparable period and hence have been well contained, after taking into account the adjustments reflected below:

- A credit of a R1.9 million short-term bonus (reversal of a provision) in the comparable period.
- A R1.25 million accrual for short-term bonuses for the six months to 30 September 2012.

d. **Finance costs net of investment income**

Net finance costs have increased by R17.3 million over the comparable period. Additional interest on R612 million debt raised to partly finance the R1.48 billion portfolio acquisition contributed an additional interest charge of R20 million, offset by the benefit of lower finance costs achieved from the issue of corporate bonds under the DMTN programme and additional interest earned on surplus cash arising from property sales.

5. BORROWINGS

During April 2012, 3 to 5 year debt of R612 million was raised to finance a portion of the R1.48 billion portfolio acquisition. R490 million of this debt was fully hedged at an average all-in cost of finance of 8.58%.

During May 2012, R1.02 billion CMBS debt was successfully replaced with the issue of R1.02 billion corporate bonds in terms of a R5 billion DMTN programme as follows:

	Rm	Margin
3 year bonds	580	1.30%
4 year bonds	200	1.54%
5 year bonds	240	1.55%
	1 020	

This debt has been fully hedged. The all-in finance cost of bonds issued, including margins and debt raising costs, amounts to 8.74%.

During July 2012 a bank facility of R450 million was successfully refinanced as follows:

	Rm	Interest Rate
Access facility	150	6.29% (1)
Term facilities	290	7.66% (2)
Development facility	200	6.73% (1)
	640	

(1) *Based on 3 month JIBAR.*
(2) *Fully hedged including bank margins and debt raising fees.*

The group's debt repayment profile is set out below:

			Financial year ending 31 March					
Nature of debt	Repayment date	Current/ future debt Rm	2013 Rm	2014 Rm	2015 Rm	2016 Rm	2017 Rm	2018 Rm
DMTN bonds	May 2015 - 2017	1 020				580	200	240
MICC - bank debt	14 August 2014	450			450			
Vukile - bank debt	March 2014/15	440	150*	150	140			
RMB/SCM loans for R1.48 billion acquisition	April 2015 - 2017	490				163	163	164
Total		**2 400**	**150**	**150**	**590**	**743**	**363**	**404**
%		**100**	**6.25**	**6.25**	**24.6**	**31.0**	**15.1**	**16.8**

* *Access facility renewable each year.*

97.7% of debt at 30 September 2012 has been hedged by way of fixed loans or interest rate swaps. Following the successful launch of the DMTN programme and the bank refinance, the current all-in cost of finance, including margins and amortised debt raising fees, has reduced from 9.36% (March 2012) to 8.60%.

6. ACQUISITIONS AND DISPOSALS

ACQUISITION OF R1.48 BILLION QUALITY OFFICE AND RETAIL PORTFOLIO

As referred to in previous SENS announcements, Vukile acquired twenty properties from Sanlam Life Insurance Limited with effect from 25 April 2012. The price of R1.48 billion, was funded as follows:

	Rm
Equity: 59.5 million units were issued at R14.60 per linked unit	868.7
Bank debt	612.1
	1 480.8

The issue price of R14.60 represented a 2.9% discount to the three day volume weighted average price of the linked units as at 10 April 2012.

This portfolio is performing in line with original forecasts.

EAST RAND MALL 50% ACQUISITION

As part of its on-going strategy to grow the portfolio, increase its retail exposure and improve the quality of its portfolio, Vukile announced on SENS on 1 November 2012 the acquisition of a 50% undivided share of East Rand Mall from Redefine Properties Limited for R1.115 billion. The 50% acquisition will be on the same terms and conditions and effected at the same time that Redefine acquires the property from Sanlam Life Insurance Limited ("Sanlam"). The total purchase price payable by Redefine is R2.23 billion.

The acquisition is subject to the receipt of Competition Commission approval.

East Rand Mall, one of the top regional malls in South Africa, has a GLA of 62 446m² and is situated in Boksburg, Gauteng. It has an 85% comprehensive national tenant component which includes Edgars, Mr Price, Woolworths and Foschini. The strong performing mall, supported by good trading densities among national tenants, has become the focal point of this eastern Gauteng retail node with a catchment area of approximately 10km. The inclusion of the 50% undivided share of East Rand Mall will enhance the quality of and strengthen the revenue of the Vukile portfolio.

The due diligence has been completed, legal agreements have been finalised and a detailed terms announcement was released on 23 November 2012.

HAMMARSDALE JUNCTION DEVELOPMENT

During May 2012, Vukile entered into a development agreement with the Eris Property Group for the development of a 19 200m² shopping centre in the Mpumalanga township of Hammarsdale, KwaZulu-Natal at a capital outlay of R194 million. Hammarsdale is located midway between Pinetown and Pietermaritzburg. The centre will be anchored by Pick n Pay and Spar. It is anticipated that the final national tenant component will be around 85%.

Hammarsdale Junction's catchment area has about 42 000 households or a population of some 210 000 and the centre will breathe a new life into the community by providing residents with their first large-scale, conveniently located, retail experience.

Opening is scheduled for June 2013. The expected yield in year one is 9.5%.

LINBRO PARK MINI FACTORY DEVELOPMENT

Vukile has in principle agreed with Stratford Property Ventures to purchase erven 11 and 12 Longlake extension 1 and the development of a 15 000m² industrial mini unit complex at a total capital outlay of R119 million with a net initial yield of 10%. This proposed development will be incorporated into Linbro Business Park, firmly established as a desirable business address which enjoys excellent accessibility to the N3 and Sandton CBD via Marlboro Road, while offering the added benefit of being located approximately three kilometres from the Gautrain Marlboro Station.

The proposed development on a site area of 28 698m² will comprise 22 units with a wide variety of unit sizes ranging from 350m² to 1 870m².

The expected completion date of the development is 30 November 2013.

ACQUISITION OF 50% UNDIVIDED SHARE IN PIETERMARITZBURG EDENDALE SHOPPING CENTRE

An agreement has been reached to acquire a 50% interest in Edendale Mall, a 31 700m² development, at a capital outlay of R205 million with an initial yield of 8.3%.

Edendale Mall, a modern centre with enclosed malls, has good visibility, accessibility, adequate parking and taxi facilities. The centre has a strong tenant mix comprising national, franchise and regional brands. The node is further strengthened by the close proximity of the Edendale Provincial Hospital, SA police station, medical clinics and local schools.

It is estimated that the number of households by 2013 would number 90 000 or about 450 000 people in the catchment area.

The above transaction constitutes the effective commencement of a JV relationship with McCormick Property Development who developed and will retain a 50% undivided share in the centre. The centre opened during October 2011 and the effective date of the transaction is anticipated to be 1 May 2013.

DISPOSALS

In line with the strategy of improving the quality of the portfolio, the following higher risk properties were disposed of in the six months ending 30 September 2012:

Property	Sales price R000	Yield %
Nelspruit Prorom	38 000	12.5
VWL Pretoria	103 000	12.5
Glencairn Building and Truworths Building	67 648	7.8
John Griffin	16 500	12.0
Rundu Ellerines	2 800	14.7
	227 948	

The movement in group investment properties during the reporting period is summarised below:

	Investment properties R000	Capitalised lease commissions R000	Total R000
Balance 1 April 2012	**6 113 070**	14 283	6 127 353
Change in fair value of investment properties	**211 783**	-	211 783
Tenant installation and expansion and development costs	**96 651**	-	96 651
Portfolio acquisition including transaction costs	**1 487 281**	-	1 487 281
Sale of properties	**(210 387)**	-	(210 387)
Increase in capitalised lease commissions	**-**	2 432	2 432
Balance 30 September 2012	**7 698 398**	16 715	7 715 113

Allocated as follows:

	R000
Non-current assets	7 288 260
Non-current assets held for sale	426 853
	7 715 113

The following properties have been approved by the board for disposal as these properties are no longer considered core to the portfolio:

Property	GLA
Durban Embassy	32 367
Johannesburg Bassonia Office Park	1 597
Midtown Building	8 087
Midrand Allandale Park - land	(1)
Katima Mulilo Pep Stores	2 472 (2)
Johannesburg Eva Park	10 911
Sony Building	11 011 (3)
Lichtenburg Shopping Centre	8 423
Randburg Triangle	3 047
Total	**77 915**

(1) *Sales agreement signed.*
(2) *Transfer expected in November 2012.*
(3) *Property transferred on 18 October 2012.*

The impact of sales of properties already effected as well as those anticipated to be concluded during the remainder of this financial year, will be to reduce forecast net property revenue by some R6.6 million. This will be partially offset by interest income earned on the sales proceeds.

A portion of the cash proceeds have been earmarked for reinvestment in the East Rand Mall acquisition as highlighted under paragraph 10.

7. PROPERTY PORTFOLIO

The combined property portfolio currently comprises 82 properties with a gross lettable area of 1 054 323m².

The sectoral spread by gross rentals comprises 53% Retail, 35% Offices, and 12% Industrial.

During the six month period under review, new leases and renewals with a total area of 136 685m² and a contract value of R480.5 million were concluded.

Bad debt write-offs have increased in line with expectations for the six month period due to the difficult trading conditions being experienced. The provision for doubtful debts at 30 September 2012 is R11.7 million (R10.0 million at 31 March 2012), which is considered adequate at this stage.

A summary of the movement in the impairment allowance of trade receivables is set out below:

	R000
Impairment allowance 1 April 2012	10 028
Allowance for receivable impairment for the year	2 529
Receivables written off as uncollectable	(829)
Impairment allowance 30 September 2012	11 728
Bad debt write-off and impairment allowance per the statement of comprehensive income	4 492

The vacancy profile graph (measured as a percentage of gross rentals) indicates that the overall vacancy percentage has increased from 6.8% at 31 March 2012 to 7.3% at 30 September 2012.

The higher vacancies are due to the introduction of the portfolio of properties acquired from Sanlam during April 2012 which has relatively higher vacancies. The portfolio acquired has shown some improvement since the transaction was effected as the vacancy has reduced from 26 441m² (14.4%) to 24 841m² (13.5%). The two properties with the highest vacancy in the new portfolio are Pretoria Sancardia (8 662m²) and Bloemfontein Bree Street Warehouse (6 563m²). At Sancardia we are finalising a lease agreement with DPW for 5 200m² commencing on 1 March 2013 while at the Bloemfontein Warehouse we have received interest, but no firm commitment yet.

Included in vacancies is 3 430m² (0.3%) of development vacancy at Randburg Square. We estimate that this will reduce to ±1 000m² (0.1%) on completion of Phase 2 of the upgrade which is due by end of June 2013. After completion, 16 new brands will be added to the retail offering which include the Foschini and Truworths groups. Edgars and Woolworths, two of the anchor tenants, and Mr Price, Clicks, Pep, Fashion World and Markham will be fully upgraded and expanded to cater for increased demand. Shoppers will enjoy shopping in a new modernised centre with a dedicated food court, banking mall, a large variety of fashion, furniture and homeware complemented by services such as the Post Office, Telkom, Postnet and cellphone stores.

The stable portfolio (excluding sales and acquisitions) shows slightly reduced vacancies on gross rentals since March 2012, from 6.8% to 6.6%.

Leasing activity picked up during the reported six months, and the vacancies in primarily the retail and industrial sectors reduced significantly at selected properties as set out below:

	Vacant area 30 September 2012 m²	Vacant area 31 March 2012 m²	Difference m²
Total	7 970	15 482	(7 512)
Retail	690	3 239	(2 549)
Sandton Bryanston Grosvenor Shopping Centre	190	1 112	(922)
Durban Phoenix Plaza	160	1 029	(869)
Soweto Dobsonville Shopping Centre	340	1 098	(758)
Industrial	7 280	12 243	(4 963)
Cape Town Parow Industrial Park	-	1 154	(1 154)
Midrand Allandale Industrial Park	3 571	4 605	(1 034)
Roodepoort Robertville Industrial Park	734	1 717	(983)
Randburg Trevallyn Industrial Park	2 975	3 677	(702)
Pinetown Westmead Kyalami Industrial Park	-	554	(554)
Centurion Samrand N1	-	536	(536)

VUKILE PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2002/027194/06)
ISIN: ZAE000056370
JSE Share code: VKE
NSX Share code: VKN
JSE sponsor: Java Capital, Rosebank, Johannesburg.
NSX sponsor: IJG Group, Windhoek, Namibia.
Transaction sponsor for East Rand Mall 50% acquisition: Rand Merchant Bank, Sandton.
Executive directors: LG Rapp (Chief executive), MJ Potts (Financial director), HC Lopion (Executive director: asset management).
Non-executive directors: AD Botha (Chairman), SF Booysen, PJ Cook, JM Hlongwane, PS Moyanga, NG Payne, HM Serebro.
Registered office: Ground floor Meersig Building, Constantia Boulevard, Constantia Kloof, 1709.
Company Secretary: J Neethling.
Transfer secretaries: Link Market Services South Africa (Pty) Ltd, Braamfontein, Johannesburg.
Investor and media relations:
Contact Helen McKane on vukile@dpapr.com, or Tel: 011 728-4701.

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However, increased vacancies at selected properties, as set out below, offset the positive reduction in vacancies achieved.

	Vacant area 30 September 2012 m²	Vacant area 31 March 2012 m²	Difference m²
Total	11 607	4 102	7 505
Offices	9 683	4 102	5 581
Durban Embassy	7 795	3 437	4 358
Centurion 259 West Street	1 888	665	1 223
Industrial	1 924	-	1 924
Randburg Tungsten Industrial Park	1 924	-	1 924

The renewal escalations on expiry rentals are positive:

- Retail ↑ 7.5%
- Offices ↑ 9.2%
- Industrial ↑ 8.0%

New leases concluded on retail space have exceeded budgeted rentals by 2%, while new leases concluded on offices and industrial are down 3% and 2% respectively on budgeted rentals. Budgeted rentals equate to market related rentals. Overall, the portfolio is on budget.

The contracted rental escalation profile reflects a positive average escalation across all sectors of 8.2%.

8. VALUATIONS

The directors have valued the group's property portfolio at R7.7 billion utilising the discounted cash flow methodology. In terms of the group's accounting policies, approximately 50% of all properties are valued every six months on a rotational basis by qualified independent external valuers. The external valuation by Jones Lang LaSalle (Pty) Ltd, Broll Valuation and Advisory Services and Old Mutual Investment Group South Africa (Pty) Ltd of 51.4% of the total portfolio is in line with the directors' valuation. On a normalised basis the value of the group's property portfolio increased by 8.7% from the 30 September 2011 valuation.

9. OPERATING SEGMENT REPORTING

The revenues and profit generated by the group's operating segments and segment assets are summarised in the table below.

During the six month period to 30 September 2012, there has been no change from prior periods in the measurement methods used to determine operating segments and reported segment profits.

OPERATING SEGMENT ANALYSIS

	Industrial R000	Offices R000	Retail R000	Total R000	Asset management business R000	Total R000
September 2012						
Group income for the six months ended 30 September 2012						
Property revenue	69 047	207 671	297 421	574 139	59 682	633 821
Property expenses	(24 365)	(78 894)	(124 840)	(228 099)	(14 387)	(242 486)
	44 682	128 777	172 581	346 040	45 295	391 335
Straight-line rental income accrual	(913)	(2 747)	(3 934)	(7 594)		(7 594)
Profit from property and other operations	43 769	126 030	168 647	338 446	45 295	383 741
Group statement of financial position at 30 September 2012						
Assets						
Investment properties	1 047 599	2 623 649	3 600 297	7 271 545		7 271 545
Add: Lease commissions				16 715		16 715
	1 047 599	2 623 649	3 600 297	7 288 260		7 288 260
Goodwill	3 917	931	60 696	65 544		65 544
Intangible asset					237 053	237 053
Investment properties held for sale	74 700	289 205	62 948	426 853		426 853
	1 126 216	2 913 785	3 723 941	7 780 657	237 053	8 017 710
Add: Excluded items						
Deferred capital expenditure						545
Furniture, fittings and computer equipment						1 862
Available-for-sale financial asset						44 645
Financial asset at amortised cost						2 060
Trade and other receivables						59 958
Cash and cash equivalents						315 910
Total assets						8 442 690
Liabilities						
Linked debentures and premium	430 476	1 117 271	1 405 097	2 952 844		2 952 844
Interest bearing borrowings	326 264	846 796	1 064 944	2 238 004		2 238 004
	756 740	1 964 067	2 470 041	5 190 848		5 190 848
Equity attributable to owners of parent						2 231 477
Derivative financial instrument						81 978
Deferred taxation liabilities						473 376
Trade and other payables						217 170
Current taxation liabilities						13 706
Linked unitholders for distribution						234 135
Total equity and liabilities						8 442 690
September 2011						
Group income for the six months ended 30 September 2011						
Property revenue	65 161	127 001	250 505	442 667	22 973	465 640
Property expenses	(19 818)	(47 171)	(99 469)	(166 458)	(13 872)	(180 330)
	45 343	79 830	151 036	276 209	9 101	285 310
Straight-line rental income accrual	10 042	17 681	33 451	61 174		61 174
Profit from property and other operations	55 385	97 511	184 487	337 383	9 101	346 484
Group statement of financial position at 30 September 2011						
Assets						
Investment properties	937 559	1 522 695	3 054 173	5 514 427		5 514 427
Add: Lease commissions				13 270		13 270
	937 559	1 522 695	3 054 173	5 527 697		5 527 697
Goodwill	3 889	5 091	61 365	70 345		70 345
Intangible asset					312 832	312 832
Investment properties held for sale	29 282	210 301	115 623	355 206		355 206
	970 730	1 738 087	3 231 161	5 953 248	312 832	6 266 080
Add: Excluded items						
Furniture, fittings and computer equipment						1 658
Available-for-sale financial asset						20 092
Financial asset at amortised cost						4 782
Trade and other receivables						64 377
Cash and cash equivalents						188 251
Total assets						6 545 240
Liabilities						
Linked debentures and premium	359 604	584 035	1 171 437	2 115 076		2 115 076
Interest bearing borrowings	285 121	463 066	928 803	1 676 990		1 676 990
	644 725	1 047 101	2 100 240	3 792 066		3 792 066
Add: Excluded items						
Equity attributable to owners of parent						2 045 777
Derivative financial instrument						36 929
Deferred taxation liabilities						306 637
Trade and other payables						172 709
Current taxation liabilities						471
Linked unitholders for distribution						190 651
Total equity and liabilities						6 545 240

10 FINANCIAL EFFECTS OF THE STRATEGIC ACQUISITION OF A 50% UNDIVIDED SHARE IN EAST RAND MALL AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

10.1 INTRODUCTION

Vukile linked unitholders ("unitholders") are referred to the company's announcement published on SENS on 1 November 2012 ("announcement"). In terms of the announcement, unitholders were advised that Vukile has entered into formal legal agreements with Redefine Properties Limited ("Redefine") to acquire a 50% undivided share in the East Rand Mall ("Property") from Redefine for a cash consideration of R1.115 billion (the "Acquisition"), on the same terms and conditions and at the same time that Redefine acquires the Property from Sanlam Life Insurance Limited. A detailed terms announcement was released on 23 November 2012 and sets out additional information on this Acquisition. The Acquisition remains subject to Competition Commission approval.

10.2 PRO-FORMA FORECAST INFORMATION

The pro-forma forecast financial information relating to the Acquisition, based on an effective date of 1 April 2013, for the 12 months ending 31 March 2014 and the year ending 31 March 2015, is set out below. As a category 2 transaction, the forecast financial information set out in paragraphs 10.2.1 and 10.2.2 below is the responsibility of the directors and is not required to be reviewed and reported on by the reporting accountant in terms of Section 8 of the JSE Listing Requirements.

10.2.1 On the basis of the above, the pro-forma forecast financial effects of the Acquisition are as follows:

	Year ending 31 March 2014 R000	Year ending 31 March 2015 R000
Forecast property revenue (1) (2)	114 692 (3)	118 307 (4)
Property expenditure	(34 861)	(37 290)
Operational net income	79 831	81 017
Finance costs	(49 586) (5)	(49 586)
Net profit before capital items	30 245	31 431
Net profit after tax	56 762	93 841
Earnings available for distribution	25 140	30 172
Forecast yields (6)	6.72%	7.18%

(1) *Contracted rental income for the 12 months to 31 March 2014 is 74.4% of the total forecast revenue and for the 12 months to 31 March 2015 is 58.9% based on existing signed lease agreements.*

(2) *Uncontracted rental income for the 12 months to 31 March 2014 is 25.6% and for the 12 months to 31 March 2015 is 41.1% of the total forecast gross rental.*
Leases expiring during the periods have been forecast on a lease-by-lease basis, with particular regard as to the likelihood of existing tenants renewing their leases.

(3) *Includes straight-line rental accruals of R5.1 million.*

(4) *Includes straight-line rental accruals of R1.26 million.*

(5) *Finance costs are forecast at an effective rate of 7.18% per annum, based on the following debt:*
- *R75 million 6 month commercial paper;*
- *R75 million 12 month commercial paper;*
- *R193.6 million 3 year bank debt/DMTN bonds; and*
- *R193.6 million 5 year bank debt/DMTN bonds.*

Interest foregone on the R225 million surplus cash at 4.9% per annum amounting to R11.02 million has been incorporated into finance costs as an opportunity cost.

(6) *Calculated on operational net income, excluding straight-line rental accruals, for the 12 months to 31 March 2014 and to 31 March 2015, based on a total adjusted purchase consideration at 1 April 2013 of R1.1115 billion, inclusive of transaction costs.*

10.2.2 Pro-forma financial information

The following table sets out the unaudited pro-forma financial effects of the Acquisition on net asset value ("NAV") and tangible net asset value ("TNAV") per linked unit based on the unaudited, published results of the company for the six months ended 30 September 2012. The unaudited pro-forma financial effects are the responsibility of the directors and have been prepared for illustrative purposes only to provide information relating to how the Acquisition may have impacted unitholders on the relevant reporting date and, due to their nature, may not fairly present Vukile's financial position, changes in equity, results of operations or cash flows after implementation of the Acquisition.

	Unaudited 30 September 2012	Acquisition	Pro-forma after the acquisition	(Decrease)/ increase %
NAV per linked unit (cents)	1 263	(5)	1 258	(0.4)
TNAV per linked unit (cents)	1 189	(2)	1 187	(0.2)
Linked units in issue	410 515 218	20 525 000	431 040 218	5.0

Assumptions

The pro-forma financial effects have been calculated on the basis of the following assumptions:

- Assets increased by R1 004 million, being the director's valuation of 50% of East Rand Mall, inclusive of transaction costs.
- 20.525 million linked units are issued for cash at R17.02, representing a 2.5% discount to the share price prevailing at 1 November 2012, the date of issue of the cautionary announcement referred to in paragraph 10.1.
- Short and long-term bank finance is increased by R537.2 million to partly fund the Acquisition.
- Existing cash resources arising from the disposals of properties of R225 million is utilised to partly fund the acquisition.
- TNAV has been calculated by deducting goodwill and intangible assets of R65.5 million and R237.1 million respectively from NAV.

Merchant bank and transaction sponsor: RAND MERCHANT BANK (A division of First Rand Bank Limited)

11. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Unitholders are advised that as the financial effects of the Acquisition have now been disclosed, caution is no longer required to be exercised when dealing in Vukile linked units.

Merchant bank and transaction sponsor: RAND MERCHANT BANK (A division of First Rand Bank Limited)

12. TREATMENT OF ABNORMAL SALES COMMISSIONS EARNED

The sale of East Rand Mall by Sanlam will generate significant sales commission for Vukile, in the order of R67 million. This is over and above the sales commission of R44.5 million generated on the sale of the R1.48 billion portfolio in April 2012, which income will be apportioned over the two distribution periods to 31 March 2013. The timing of the R67 million sales commission is dependent on the receipt of notice that the Competition Commission application has been successful and it is uncertain at this stage whether transfer will be effected in the March 2013 or March 2014 financial years. Once the company has more certainty on the date of transfer an advisory announcement will be issued on SENS.

In order to try and generate a more predictable and stable income stream for investors going forward, the company has decided to distribute abnormal sales commission in the financial year in which it is received. This sales commission will be paid as a special distribution and clearly distinguished from the normalised distribution generated by the group. As such, the company believes that the uncertainty surrounding its earnings base will be eliminated and provide the investment community with greater predictability of future earnings.

In essence, as from the 2014 financial year, the reported distribution will be in respect of a normalised distribution and any abnormal sales commission reported over and above that will be distributed as a special distribution.

13. RETIREMENT OF MR HSC BESTER AS NON-EXECUTIVE DIRECTOR

During the period under review Mr HSC Bester retired from the board of directors after serving as director, member of the property and investment committee and chairman of the audit and risk committee since the listing of Vukile in 2004. The company thanks Mr Bester for his dedication and wisdom and wishes him well in his future endeavours.

14. PROSPECTS

Notwithstanding that the local and international economic environment remains subdued, the portfolio has performed well over the past six months and we would expect similar performance to ensue in the second half of the financial year.

We will continue to focus on not only growing the portfolio in line with our stated strategy but also on opportunities to improve the quality of the portfolio and establishing a dominant retail bias to the portfolio mix. The aforementioned East Rand Mall acquisition certainly delivers substantially in both respects. As part of this process, we will continue looking to sell non-core properties which may come at a yield dilution but certainly reduces the risk in the portfolio.

We expect the full year distribution to increase by between 4-6% as compared to the previous year, excluding the receipt of R67 million sales commission in respect of East Rand Mall should it fall in this financial year.

The above forecast has not been audited or reviewed by Vukile's auditors.

15. PAYMENT OF DEBENTURE INTEREST AND DIVIDEND

Notice is hereby given of a distribution amount to 57.03 cents per linked unit, for the six-month period to 30 September 2012.

The distribution comprises interest on debentures of 56.914 cents per linked unit and a dividend of 0.116 cents per linked unit.

- the cash dividend has been declared out of income reserves and no secondary tax on companies' credit has been used;
- the local dividend tax rate is 15%;
- the gross local dividend amount for the ordinary cash dividend is 0.116 cents per linked unit for shareholders exempt from paying the new Dividends Tax;
- the net local dividend amount for the ordinary cash dividend is 0.0986 cents per linked unit for shareholders liable to pay the new Dividends Tax;
- the issued share capital of Vukile is 410 515 218 linked units of one cent each; and
- Vukile's tax reference number is 9331/617/14/3.

Last date to trade cum distribution	Friday, 7 December 2012
Linked units trade ex-distribution	Monday, 10 December 2012
Record date for unitholders to participate in the distribution	Friday, 14 December 2012
Payment of distribution	Tuesday, 18 December 2012

Linked unit certificates may not be dematerialised or re-materialised between Friday, 7 December 2012 and Friday, 14 December 2012, both days inclusive.

On behalf of the board

AD Botha
Chairman

LG Rapp
Chief executive

Roodepoort
23 November 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2012

	Unaudited 30 September 2012 R000	Unaudited 30 September 2011 R000	Audited 31 March 2012 R000
ASSETS			
Non-current assets	7 639 969	5 937 406	6 176 629
Investment properties	7 153 484	5 412 925	5 674 979
Investment properties	7 288 260	5 527 697	5 806 158
Straight-line rental income adjustment	(134 776)	(114 772)	(131 179)
Other non-current assets	486 485	524 481	501 650
Intangible asset	237 053	312 832	267 096
Straight-line rental income asset	134 776	114 772	131 179
Deferred capital expenditure	545	-	4 411
Furniture, fittings and computer equipment	1 862	1 658	1 985
Available-for-sale financial asset	44 645	20 092	28 468
Financial asset at amortised cost	2 060	4 782	2 967
Goodwill	65 544	70 345	65 544
Current assets	375 868	252 628	266 881
Trade and other receivables	59 958	64 377	50 934
Cash and cash equivalents	315 910	188 251	215 947
Investment properties held for sale	426 853	355 206	321 195
Total assets	8 442 690	6 545 240	6 764 705
EQUITY AND LIABILITIES			
Equity and reserves	2 231 477	2 045 777	2 074 470
Non-current liabilities	5 596 202	4 135 632	3 022 150
Linked debentures and premium	2 952 844	2 115 076	2 113 213
Other interest bearing borrowings	2 088 004	1 676 990	448 790
Derivative financial instruments	81 978	36 929	25 644
Deferred taxation liabilities	473 376	306 637	434 503
Current liabilities	615 011	363 831	1 668 085
Trade and other payables	217 170	172 709	188 692
Short-term borrowings	150 000	-	1 230 640
Current taxation liabilities	13 706	471	1 267
Linked unitholders for distribution	234 135	190 651	247 486
Total equity and liabilities	8 442 690	6 545 240	6 764 705

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2012

	Unaudited 30 September 2012 R000	Unaudited 30 September 2011 R000	Audited 31 March 2012 R000
Property revenue	574 139	442 667	933 269
Straight-line rental income accrual	(7 594)	61 174	45 993
Gross property revenue	566 545	503 841	979 262
Property expenses	(228 099)	(166 458)	(334 421)
Net profit from property operations	338 446	337 383	644 841
Profit from asset management business	45 295	9 101	22 525
Corporate administrative expenses	(14 510)	(10 667)	(25 919)
Investment and other income	8 096	7 771	13 557
Operating profit before finance costs	377 327	343 588	655 004
Finance costs	(100 356)	(82 721)	(165 633)
Profit before debenture interest	276 971	260 867	489 371
Debenture interest	(233 639)	(190 263)	(437 224)
Profit before capital items	43 332	70 604	52 147
Profit on sale of investment properties	5 405	-	3 084
Profit on sale of subsidiary	555	-	1 428
Amortisation of debenture premium	4 677	1 839	3 703
Impairment of goodwill	-	-	(4 801)
Goodwill written-off on sale of properties by subsidiary	-	(762)	(762)
Impairment of intangible asset	(30 043)	-	(45 736)
Profit before fair value adjustments	23 926	71 681	9 063
Fair value adjustments	219 377	356 427	549 253
Gross change in fair value of investment properties	211 783	417 601	595 246
Straight-line rental income adjustment	7 594	(61 174)	(45 993)
Profit before taxation	243 303	428 108	558 316
Taxation	(57 323)	(57 169)	(187 987)
Profit for the period after taxation	185 980	370 939	370 329
Other comprehensive loss			
Cash flow hedges	(56 334)	(15 029)	(4 412)
Available-for-sale financial assets	6 862	(6 122)	3 453
Other comprehensive loss for the period	(49 472)	(21 151)	(959)
Total comprehensive income for the period	136 508	349 788	369 370
Earnings per linked unit (cents)	103.20	159.88	230.06
Diluted earnings per linked unit (cents)	103.20	159.88	230.06
Number of linked units in issue	410 515 218	351 015 218	351 015 218
Weighted average number of linked units in issue	406 602 889	351 015 218	351 015 218

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2012

	Unaudited 30 September 2012 R000	Unaudited 30 September 2011 R000	Audited 31 March 2012 R000
Cash flow from operating activities	398 546	278 998	638 685
Cash flow from investing activities	(1 368 322)	(111 340)	(167 450)
Cash flow from financing activities	1 069 739	(317 216)	(593 097)
Net increase/(decrease) in cash and cash equivalents	99 963	(149 558)	(121 862)
Cash and cash equivalents at the beginning of the period	215 947	337 809	337 809
Cash and cash equivalents at the end of the period	315 910	188 251	215 947

RECONCILIATION OF GROUP NET PROFIT TO HEADLINE EARNINGS AND TO PROFIT AVAILABLE FOR DISTRIBUTION

	Unaudited 30 September 2012 R000	Unaudited 30 September 2011 R000	Audited 31 March 2012 R000
Attributable profit after taxation	185 980	370 939	370 329
Adjusted for:			
Debenture interest	233 639	190 263	437 224
Earnings per linked unit	419 619	561 202	807 553
Change in fair value of investment properties	(219 377)	(356 427)	(549 253)
Total tax effects of adjustments	42 897	42 441	175 725
Profit on sale of subsidiary	(555)	-	(1 428)
Write-off of goodwill on sale of subsidiary	-	762	762
Profit on sale of investment properties	(5 405)	-	(3 084)
Impairment of goodwill	-	-	4 801
Impairment of intangible asset	30 043	-	45 736
Amortisation of debenture premium	(4 677)	(1 839)	(3 703)
Headline earnings of linked units	262 545	246 139	477 109
Straight-line rental accrual net of deferred taxation	5 989	(53 128)	(38 009)
Profit available for distribution	268 534	193 011	439 100
Headline earnings per linked unit (cents)	64.58	70.13	135.93
Diluted headline earnings per linked unit (cents)	64.58	70.13	135.93
Available for distribution per linked unit (cents)	66.05	55.00	125.10

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2012

	Share capital and share premium R000	Non-distributable reserves R000	Revaluation of available-for-sale financial assets R000	Cash flow hedges R000	Retained earnings R000	Total R000
Restated balance at 31 March 2011	32 263	1 681 565	(19 830)	(22 228)	24 295	1 696 065
Balance at 31 March 2011 as previously reported	32 263	1 390 050	(19 830)	(22 228)	24 295	1 404 550
Prior year adjustment						
Change of rate in deferred taxation including straight-line rental accrual	-	291 515	-	-	-	291 515
Dividend distribution	-	-	-	-	(388)	(388)
	32 263	1 681 565	(19 830)	(22 228)	23 907	1 695 677
Profit for the period	-	-	-	-	370 939	370 939
Change in fair value of investment properties	-	417 601	-	-	(417 601)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(50 487)	-	-	50 487	-
Share-based remuneration	-	4 528	-	-	-	4 528
Disposal of Namibian subsidiary	-	(4 216)	-	-	-	(4 216)
Transfer from non-distributable reserve	-	(762)	-	-	762	-
Other comprehensive income						
Revaluation of available-for-sale financial asset	-	-	(6 122)	-	-	(6 122)
Revaluation of cash flow hedges	-	-	-	(15 029)	-	(15 029)
Restated balance at 30 September 2011	32 263	2 048 229	(25 952)	(37 257)	28 494	2 045 777
Balance at 30 September 2011 as previously reported	32 263	1 703 778	(25 952)	(37 257)	28 494	1 701 326
Prior year adjustment						
Change of rate in deferred taxation including straight-line rental accrual	-	344 451	-	-	-	344 451
Dividend distribution	-	-	-	-	(504)	(504)
	32 263	2 048 229	(25 952)	(37 257)	27 990	2 045 273
Loss for the period	-	-	-	-	(610)	(610)
Change in fair value of investment properties	-	177 645	-	-	(177 645)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(133 846)	-	-	133 846	-
Share-based remuneration	-	5 399	-	-	-	5 399
Disposal of Namibian subsidiary	-	4 216	-	-	-	4 216
Transfer from non-distributable reserve	-	(45 401)	-	-	45 401	-
Other comprehensive income						
Revaluation of available-for-sale financial asset	-	-	9 575	-	-	9 575
Revaluation of cash flow hedges	-	-	-	10 617	-	10 617
Restated balance at 31 March 2012	32 263	2 056 242	(16 377)	(26 640)	28 982	2 074 470
Balance at 31 March 2012 as previously reported	32 263	1 762 960	(16 377)	(26 640)	28 982	1 781 188
Prior year adjustment						
Change of rate in deferred taxation including straight-line rental accrual	-	293 282	-	-	-	293 282
Issue of share capital and premium	17 231	-	-	-	-	17 231
Dividend distribution	-	-	-	-	(477)	(477)
	49 494	2 056 242	(16 377)	(26 640)	28 505	2 091 224
Profit for the period	-	-	-	-	185 980	185 980
Change in fair value of investment properties	-	211 783	-	-	(211 783)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(35 254)	-	-	35 254	-
Share-based remuneration	-	3 745	-	-	-	3 745
Transfer from non-distributable reserve	-	(30 121)	-	-	30 121	-
Other comprehensive income						
Revaluation of available-for-sale financial asset	-	-	6 862	-	-	6 862
Revaluation of cash flow hedges	-	-	-	(56 334)	-	(56 334)
Balance at 30 September 2012	49 494	2 206 395	(9 515)	(82 974)	68 077	2 231 477