VUKILE
PROPERTY FUND LIMITED

AUDITED RESULTS
AND DISTRIBUTION ANNOUNCEMENT
for the year ended 31 March 2007

- Distribution for year increases 12% over previous year (14% higher than for six months ended 31 March 2006)
- 100% of MICC acquired and delisted
- Further reduction in vacancies to 2.9%
- Quality of portfolio improved by acquisitions and approved developments of ±R300 million and disposals of R400 million non-core properties

ABRIDGED GROUP INCOME STATEMENT for the year ended 31 March 2007

	2007 R000	2006 R000
Property revenue	553 480	567 688
Straight-line rental income accrual	22 100	19 144
Gross property revenue	**575 580**	**586 832**
Property expenses	(195 751)	(201 174)
Net profit from property operations	**379 829**	**385 658**
Administrative expenses	(12 032)	(21 598)
Investment and other income	12 122	4 355
Operating profit before finance costs	**379 919**	**368 415**
Finance costs	(139 022)	(144 978)
Net profit before debenture interest	**240 897**	**223 437**
Debenture interest	(213 088)	(200 632)
Net profit before capital items	**27 809**	**22 805**
Capital items		
Loss on sale of re-valued properties	(5 878)	-
Realised capital profit on property sales	46 196	-
Less: Prior revaluations of sold properties	(52 074)	-
Amortisation of debenture premium	416	-
Fair value adjustments	436 068	449 311
Gross change in fair value of investment properties	458 168	468 455
Straight-line rental income adjustment	(22 100)	(19 144)
Net profit before taxation	**458 415**	**472 116**
Taxation	**(137 273)**	**(127 659)**
Net profit	**321 142**	**344 457**
Attributable to:		
Linked unitholders of the company	320 639	317 631
Minority	503	26 826
	321 142	**344 457**

RECONCILIATION: HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS

Attributable profit after taxation	320 639	317 631
Adjusted for:		
Gross change in fair value of investment properties	(458 168)	(468 455)
Deferred taxation on gross change in fair value adjustment of investment properties	127 366	120 135
Deferred taxation on straight-line rental accrual	6 561	5 619
Minority interest in revaluation surplus net of deferred taxation	535	25 984
Straight-line rental accrual net of minority interest and deferred taxation	15 577	13 370
Loss on sale of re-valued properties	5 878	-
Amortisation of debenture premium	(416)	-
Debenture interest net of minority interest	212 406	184 859
Headline earnings of linked units	**230 378**	**199 143**
Adjusted for:		
Straight-line rental accrual net of minority interest and deferred taxation	(15 577)	(13 370)
Available for distribution	**214 801**	**185 773**
Distribution to unitholders	**212 839**	**185 236**
Interest	**212 406**	**184 859**
Dividend	**433**	**377**
Total number of linked units in issue (000)	295 551	272 429
Weighted average number of linked units in issue (000)	276 927	268 619
Headline earnings (cents per linked unit)	83.19	74.14
Available for distribution (cents per linked unit)	77.56	69.16

ABRIDGED GROUP BALANCE SHEET

	At 31 Mar 2007 R000	At 31 Mar 2006 R000
ASSETS		
Non-current assets	**3 937 807**	**3 163 675**
Investment properties	**3 810 296**	**3 053 773**
Investment properties - at valuation	3 876 332	3 094 470
Straight-line rental income adjustment	(66 036)	(40 697)
Other non-current assets	**127 511**	**109 902**
Straight-line rental income asset	51 206	26 405
Furniture, fittings and computer equipment	205	274
Goodwill	76 100	83 223
Current assets	**223 382**	**113 649**
Straight-line rental asset	14 830	14 292
Trade and other receivables	21 541	19 680
Cash and cash equivalents	187 011	79 677
Non-current assets held for sale	**-**	**574 256**
Investment properties	-	566 704
• Investment properties at fair value	-	574 256
• Straight-line rental income adjustment	-	(7 552)
Straight-line rental income asset	-	7 552
Total assets	**4 161 189**	**3 851 580**
EQUITY AND LIABILITIES		
Equity and reserves	**836 137**	**482 739**
Share capital	2 956	2 724
Share premium	17 341	13 354
Reserves	815 840	456 188
Minority interest	-	10 473
Non-current liabilities	**3 079 211**	**2 995 529**
Linked debentures and premium	1 535 971	1 351 708
Other interest bearing borrowings	1 127 403	1 315 974
Interest rate swap liability	7 720	47 166
Deferred taxation	408 117	280 681
Current liabilities	**245 841**	**373 312**
Trade and other payables	93 883	86 686
Short term bank finance	26 529	183 993
Vendor loans	-	2 030
Taxation payable	4 253	2 528
Linked unitholders for distribution	121 176	98 075
Total equity and liabilities	**4 161 189**	**3 851 580**

ABRIDGED GROUP CASH FLOW STATEMENT for the year ended 31 March 2007

	2007 R000	2006 R000
CASH FLOWS FROM OPERATING ACTIVITIES	**19 276**	**26 300**
Cash generated from operations	349 089	347 929
Finance costs	(139 022)	(144 978)
Investment and other income	12 122	4 228
Distributions paid	(195 469)	(179 411)
Taxation paid	(7 444)	(1 468)
CASH FLOWS GENERATED FROM/(UTILISED IN) INVESTING ACTIVITIES	**236 081**	**(204 419)**
CASH FLOWS (UTILISED IN)/FROM FINANCING ACTIVITIES	**(148 023)**	**233 735**
Net increase in cash and cash equivalents	**107 334**	**55 616**
Cash and cash equivalents at the beginning of the year	79 677	24 061
Cash and cash equivalents at the end of the year	**187 011**	**79 677**

ABRIDGED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2007

	Share capital and share premium R000	Non-distributable reserves R000	Retained income R000	Minority interest R000	Total R000
Group					
Balance at 31 March 2005	**15 691**	**160 685**	**4 853**	**26 392**	**207 621**
Linked units issued in acquiring property	387	-	-	-	387
Increased holding in business combination acquired previously	-	-	-	(47 111)	(47 111)
Revaluation of interest rate swaps	-	(26 604)	-	-	(26 604)
Net profit for the year	-	-	317 631	26 826	344 457
Change in fair value of investment properties	-	468 455	(468 455)	-	-
Deferred taxation on change in fair value of investment properties	-	(120 135)	120 135	-	-
Deferred taxation on straight-line rental accrual	-	(5 619)	5 619	-	-
Allocation of change in fair value of investment properties in respect of minorities	-	(25 984)	25 984	-	-
Minorities' share of post acquisition distribution	-	-	-	4 366	4 366
Dividend distribution	-	-	(377)	-	(377)
Balance at 31 March 2006	**16 078**	**450 798**	**5 390**	**10 473**	**482 739**
Linked units issued in acquiring property	4 219	-	-	-	4 219
Revaluation of interest rate swaps	-	39 446	-	-	39 446
Net profit for the year	-	-	320 639	503	321 142
Increased holding in business combination acquired previously	-	-	-	(10 976)	(10 976)
Change in fair value of investment properties	-	458 168	(458 168)	-	-
Deferred taxation on change in fair value of investment properties	-	(127 366)	127 366	-	-
Deferred taxation on straight-line rental accrual	-	(6 561)	6 561	-	-
Allocation of change in fair value of investment properties in respect of minorities	-	(535)	535	-	-
Transfer from non-distributable reserve	-	(5 878)	5 878	-	-
Dividend distribution	-	-	(433)	-	(433)
Balance at 31 March 2007	**20 297**	**808 072**	**7 768**	**-**	**836 137**

VUKILE PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa) • (Reg no. 2002/027194/06) • **JSE code:** VKE • **ISIN:** ZAE000056370
Website: www.vukileprops.co.za • **Sponsor:** Bridge Capital Services (Pty) Limited, Woodmead, Johannesburg
Executive directors: G van Zyl *(CEO)*, MJ Potts *(Financial Director)* • **Non-executive directors:** AD Botha *(Chairman)*, S Bernic, HSC Bester, PJ Cook, PS Moyanga, JM Hlongwane and M Serebro • **Registered office:** 2nd floor Meersig Building, Constantia Boulevard, Constantia Kloof, 1709 • **Company Secretary:** EL Yates
Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited, Ground floor, 70 Marshall Street, Johannesburg
Investor and media relations: Contact Helen McKane on vukile@dpapr.com, or Tel: 011 728-4701

COMMENTS

1 BASIS OF PREPARATION
The audited financial statements for the year ended 31 March 2007 have been prepared in terms of International Financial Reporting Standards (IFRS) and relevant sections of the South African Companies Act 1973, as amended. The accounting policies applied are consistent with those applied in the most recent audited financial statements. The statements have been audited by Grant Thornton, whose unqualified audit report is available for inspection at the company's registered office.

2 FINANCIAL RESULTS
The group's net profit available for distribution amounted to R214.8 million for the year ended 31 March 2007 compared to the R185.8 million for the previous year, an increase of 15.6%. If acquisitions and disposals are excluded, on a "like for like" basis, group net property revenue increased by 8.1% from 2006 to 2007. MICC Property Income Fund Limited ("MICC") contributed R60.0 million to Vukile's distributable earnings for the year ended 31 March 2007 as compared to R48.6 million in 31 March 2006.

The reduction in group corporate administration expenditure from R21.6 million to R12 million was primarily due to a lower long-term incentive bonus charge to the income statement, R1 million for the year ended 31 March 2007 as compared to R6.5 million in the prior year, and to a reduction in MICC's administrative expenses following a rationalisation exercise.

Group finance costs, net of interest income, have reduced by R13.7 million, from R140.6 million to R126.9 million largely as a result of the utilisation of the proceeds from property sales to reduce debt, together with the restructuring of MICC's long-term debt at lower interest rates. Whilst part of the R200 million raised through the placing of 23.1 million linked units in January 2007 was utilised to reduce debt, it had little impact on net interest payable.

SUMMARY OF GROUP FINANCIAL PERFORMANCE

	March 2007	March 2006
Headline earnings of linked units (Rm)	230	199
Available for distribution (cents per linked unit)	77.56	69.16
Net asset value attributable to equity holders of parent per linked unit (cents)	803	670
Distribution per linked unit (cents)	76.75	68.5
Loan to value ratio	29.9%	41%

The net asset value per linked unit increased by 19.9% from R6.70 per linked unit as at 31 March 2006 to R8.03 per linked unit as at 31 March 2007.

The board has approved a final distribution of 41.00 cents per linked unit for the six months 31 March 2007, an increase of 13.9% over the comparable period.

3 ACQUISITION OF MINORITY INTERESTS IN MICC
In terms of a circular dated 17 February 2006, it was stated that since more than 90% of MICC unitholders had accepted Vukile's cash offer of R8.841 per MICC linked unit ("the Vukile offer"), Vukile would exercise its rights in terms of Section 440K of the Companies Act, 1973 ("the Act") to compulsorily acquire all the outstanding MICC linked units which it did not already own. However, since an individual ("the objector") lodged an objection against such acquisition at the Johannesburg High Court ("the High Court"), Vukile did not immediately proceed with such acquisition.

On 15 February 2007, after hearing counsel for the parties, the High Court ordered that Vukile could proceed forthwith with the acquisition of the MICC linked units of the objector and those MICC unitholders he claimed to represent, whilst other issues in the litigation were referred to full trial proceedings to be conducted in due course. If the objector does initiate trial proceedings, he would have to prove that Vukile acted unlawfully in compulsorily acquiring his shares and be required to prove damages.

As a result of the High Court Order, Vukile acquired the balance of the minority interests in MICC on 14 March 2007 and, as a consequence thereof, now owns 100% of MICC.

MICC's listings on the JSE and Namibian Stock Exchange were terminated on Tuesday, 3 April 2007.

4 BORROWINGS
The group's long-term debt is hedged using interest rate swap agreements for periods expiring between three and five years hence and via two-year swaptions to hedge short term debt. Changes in interest rates will, therefore, have no impact on the group's cost of debt over the periods concerned.

The company's borrowing capacity is, in terms of its articles of association, not limited. The board policy is to limit gearing to 45%. The group's gearing ratio at the end of the financial year was 29.9%, which creates capacity in excess of R500 million to fund acquisitions, redevelopment and expansion opportunities. 100% of the group's long-term interest bearing debt was fixed at year-end at a weighted average rate of 10.19% per annum.

5 PROPERTY PORTFOLIO
The combined property portfolio currently comprises 71 properties with a gross lettable area of 898 351m².

For the combined portfolio, the sectoral spread by revenue comprises 30% commercial, 56% retail and 14% industrial.

During the period under review 210 447m² (84%) of expired leases of 250 449m² were renewed.

At 31 March 2007, the combined portfolio's vacancy (measured as a percentage of gross rentals) was 2.9% compared to 4.4% at 31 March 2006. The vacancy at Randburg Square office tower has successfully been reduced from 71.2% at 31 March 2006 to 10% at 31 March 2007.

6 ACQUISITIONS, DEVELOPMENTS AND DISPOSALS
Acquisitions and developments:

- the expansion and upgrades of the Phoenix Plaza and Dobsonville shopping centres were successfully completed in December 2006 at a cost of R73.0 million (budget R74.7 million) at an average initial yield of 16.7%;
- purchase of a 50% undivided share in a new value type retail development in Kings Road Pinetown of 8 450m², for R30 million, at an initial yield of 9.6%. The development was completed in December 2006 and transfer of the undivided 50% interest to Vukile is expected in May 2007;
- purchase of No. 50, Sixth Road, Hyde Park, an office complex of 4 181m², for R57.2 million, at an initial yield of 9.7%. The property was transferred in September 2006;
- the development of a 5 650m² mini factory and warehousing complex on undeveloped land at Vukile's existing Allandale Park mini factory complex in Midrand at a total capital outlay of R21 million, with an anticipated net initial yield of 9.4%. It is expected that the development will be completed in December 2007;
- the development of a 11 280m² shopping centre at Moratiwa Crossing, district Jane Furse, Limpopo Province at a cost of R61.6 million, with a net initial yield of 9.5%. Vukile will hold an 86.5% share in this centre which is expected to be completed in November 2007; and
- the acquisition of a 4 369m² "A" grade office complex located in West Street Houghton at a total capital outlay of R33.9 million, with an initial yield of 9.2%. Transfer is expected in June/July 2007.

Disposals
As part of Vukile's ongoing process to improve the quality of its portfolio, the following properties were disposed of during the year:

Building		Purchase price R000	Directors' valuation at 31 March 2006 R000	Net sales price R000	Transfer date
Phalaborwa OK Bazaars		22 924	25 215	25 213	30 May 06
Durban West Str OK Bazaars		35 660	43 740	43 740	18 Jul 06
JHB Market Str Bradlows		10 902	10 128	7 908	18 Dec 06
JHB Wynberg 57 Andries Str		2 853	2 851	6 200	12 Feb 07
Orkney Shopping Centre		11 743	15 657	13 759	6 Nov 06
Durban Overport City		34 482	45 043	43 729	26 Apr 06
Sandton 9 Fredman Drive		63 875	59 084	60 150	25 Jul 06
Middelburg SA Police	#	9 000	7 048	6 942	1 May 06
Middelburg Plaza	#	24 363	26 000	25 811	1 May 06
Witbank Hoskens House	#	2 336	2 486	2 399	1 May 06
Cape Town Pinelands WJM House	#	8 350	4 499	4 399	1 May 06
Welkom Sanlam Park	#	6 500	11 890	11 766	1 May 06
Randburg Strijdom Park HiTech Mini Units	#	5 050	3 387	3 293	1 May 06
Mkuze Plaza	#	15 900	21 753	21 581	1 May 06
Taung Forum	#	16 800	24 888	24 704	1 May 06
Ermelo Mall	#	15 000	34 570	34 319	1 May 06
Pietermaritzburg Heritage House		13 474	10 200	11 563	25 Oct 06
Bethlehem Maluti Square		10 515	9 296	6 203	22 Nov 06
Randburg Hillview Centre		18 509	19 145	18 385	31 Jan 07
JHB Denver Relyant		5 661	8 761	7 176	14 Dec 06
Pinetown Halifax Road		20 441	22 289	22 345	29 Nov 06
TOTAL		**354 338**	**407 930**	**401 585**	
Luderitz Pep Stores	*	3 600	2 347	2 814	6 Apr 06
TOTAL properties sold		**357 938**	**410 277**	**404 399**	

\# *Properties sold to ApexHi*
* *Shares and loan account in the subsidiary company owning this property was sold*

The above properties were considered to be non-core, ie they did not conform to the longer term investment criteria of Vukile.

7 VALUATION OF PORTFOLIO
The directors have valued the group's property portfolio at R3.86 billion as at 31 March 2007. This is R206 million (5.6%) higher than the valuation at 31 March 2006.

The external valuations by sworn independent appraisors JHI Real Estate Limited and Old Mutual Property Group (Pty) Limited of 54.3% of the total portfolio is R0.8 million (0.04%) higher than the directors' valuations of the same properties.

8 SEGMENTAL ANALYSIS

	Industrial R000	Commercial R000	Retail R000	Corporate R000	**Total R000**
Group income for the year ended 31 March 2007					
Rental income	86 770	173 952	292 758	-	**553 480**
Straight-line rental income accrual	3 283	6 247	12 570	-	**22 100**
Property expenses	(33 378)	(58 136)	(104 237)	-	**(195 751)**
Net profit from property operations	56 675	122 063	201 091	-	**379 829**
Group balance sheet at 31 March 2007					
Non-current assets					
Investment properties	589 364	1 163 939	2 056 993	-	**3 810 296**
Other non-current assets	22 195	48 226	57 090	-	**127 511**
Current assets					
Straight-line rental income asset	2 294	4 529	8 007	-	**14 830**
Trade and other receivables	4 535	4 567	12 439	-	**21 541**
Cash and cash equivalents	694	(955)	5 871	181 401	**187 011**
Current liabilities					
Trade and other payables	16 494	23 183	54 206	26 529	**120 412**
Taxation payable	-	-	-	4 253	**4 253**
Linked unitholders	-	-	-	121 176	**121 176**

Segment assets and liabilities
Segment assets include all operating assets used by a segment and consist principally of investment properties, receivables and cash. Assets not directly attributable to a particular segment are allocated to the corporate segment. Segment liabilities include all operating liabilities of a segment and consist principally of outstanding accounts. Segment assets and liabilities do not include deferred taxes.

9 CAPITAL COMMITMENTS
The company is authorised and contracted to develop the Moratiwa Crossing Shopping Centre at a cost of R61.6 million, acquire an office complex in Houghton at a cost of R33.9 million, purchase a 50% undivided share in a value type retail development in Kings Road Pinetown for R30 million and is authorised to develop a 5 650m² mini factory and warehousing complex in Allandale at a cost of R21 million. It is intended that the capital expenditure will be funded through existing cash resources and bank facilities.

OTHER COMMITMENTS
Guarantees in lieu of municipal service deposits, amount to R11.5 million (R7.4 million: 2006)

10 CONTINGENT LIABILITIES
As previously disclosed to linked unitholders, litigation is continuing with former MICC unitholders ("the objectors") regarding the compulsory acquisition of their linked units in MICC in terms of Section 440K of the Companies Act.

On 15 February 2007, the High Court ordered that Vukile could proceed forthwith with the acquisition of the MICC linked units of the objectors, whilst other issues in the litigation were referred to full trial proceedings to be conducted in due course. The objectors will be required to prove that Vukile acted unlawfully in compulsorily acquiring their shares and be required to prove their damages claim of R635 000. The opinion of Vukile's counsel is that the company has acted lawfully in acquiring the objectors linked units in MICC in terms of section 440K of the Companies Act and that the claim for damages should, therefore, be unsuccessful.

11 RELATED PARTY TRANSACTIONS
The following related party transactions have been entered into:

Related party	Amount paid 2007 R000	Amounts owed to related parties 2007 R000	Amount paid 2006 R000	Amounts owed to related parties 2006 R000
Sanlam Properties (Pty) Limited Sale of Oakhurst property	-	-	34 400	-
Sanlam Properties (Pty) Limited Asset management, lease rentals and other fees	16 259	1 396	11 856	1 525
Amount due was paid in April 2007				
Gensec Property Services (Pty) Limited Property management and other fees	22 241	4 261	20 123	2 477
Amount due was paid in April 2007				
MCH Properties (Pty) Limited Expansion of Phoenix Plaza and Dobsonville development costs	73 041	-	-	-
Kuper Legh Property Group Property management and other fees	2 919	671	2 192	217
Amount due was paid in April 2007				

Sanlam Properties (Proprietary) Limited is a subsidiary of Sanlam Limited which held 81 421 430 of the issued linked units of Vukile Property Fund Limited at 31 March 2007. Sanlam Limited also holds a minority shareholding in Gensec Property Services (Proprietary) Limited. Sanlam Properties (Proprietary) Limited has a majority shareholding in MCH Properties (Proprietary) Limited. Kuper Legh Property Group is controlled by two individuals who are also significant unitholders in Vukile.

12 PROSPECTS
Property fundamentals remain strong. This is evidenced by low vacancies, record distribution growth and strong economic growth. We therefore anticipate that trading conditions will remain strong and we do not expect the higher interest rate environment to have an adverse effect on portfolio income in the foreseeable future. This could exert further upward pressure on rentals which has allowed us to budget for growth in distribution broadly in line with what has been delivered this year.

13 PAYMENT OF DEBENTURE INTEREST AND DIVIDEND
Notice is hereby given of a distribution amounting to 41 cents per linked unit, for the year ended 31 March 2007. The distribution comprises interest on debentures of 40.92 cents per linked unit and a dividend of .08 cents per linked unit.

Last date to trade cum distribution	Friday, 15 June 2007
Linked units trade ex distribution	Monday, 18 June 2007
Record date for unitholders to participate in the distribution	Friday, 22 June 2007
Payment of distribution to unitholders	Monday, 25 June 2007

Linked unit certificates may not be dematerialised or re-materialised between Monday 18 June 2007 and Friday 22 June 2007, both days inclusive.

On behalf of the board

AD Botha — *Chairman*
G van Zyl — *Chief executive officer*

Roodepoort — 28 May 2007

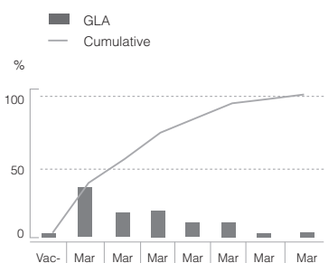
SECTORAL PROFILE % OF GROSS RENTALS

	%
Retail	56
Industrial	14
Commercial	30

GEOGRAPHICAL PROFILE % OF GROSS RENTAL

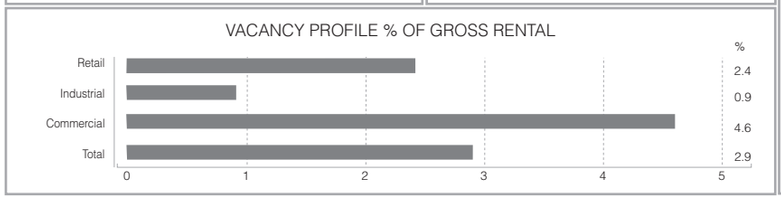
	%
Gauteng	50
Mpumalanga	3
North West	1
KwaZulu-Natal	27
Northern Cape	0
Western Cape	6
Eastern Cape	1
Free State	4
Namibia	7
Limpopo Province	1

GROUP LEASE EXPIRY PROFILE % OF GLA

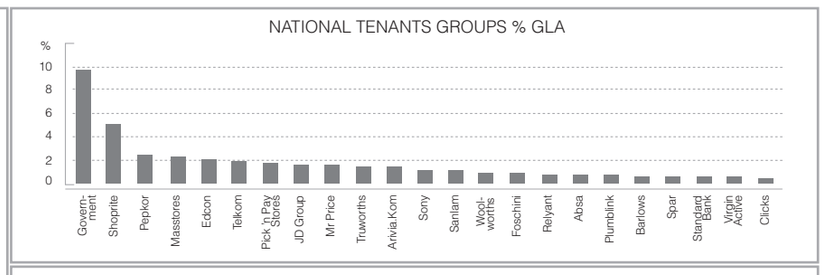


	Vacant	Mar 08	Mar 09	Mar 10	Mar 11	Mar 12	Mar 13	Mar 14->
GLA	3.00	34.88	16.85	18.58	10.15	10.45	2.96	3.13
Cumulative	3.00	37.88	54.73	73.31	83.46	93.91	96.87	100.00

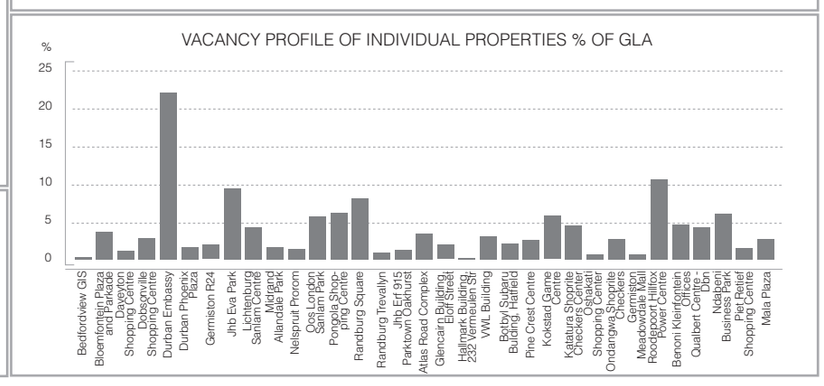
VACANCY PROFILE % OF GROSS RENTAL



NATIONAL TENANTS GROUPS % GLA



VACANCY PROFILE OF INDIVIDUAL PROPERTIES % OF GLA



dPA 4718/e