VUKILE
PROPERTY FUND

AWAKEN THE POTENTIAL WITHIN

AUDITED CONDENSED RESULTS
for the year ended 31 March 2013
AND CAUTIONARY ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

Annual distribution per linked unit (cents)	131.6	Up **5.4%**
Earnings per linked unit (cents)	273.5	Up **18.9%**
Headline earnings per linked unit (cents)	136.16	Up **1.2%**
Gross property revenue (R000)	1 166 940	Up **25.0%**
Profit available for distribution (R000)	556 447	Up **26.7%**
Increase in net asset value per linked unit (cents)	176.0	Up **14.8%** to 1 369

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- **Portfolio growth** of 26% since March 2012 and improved quality through:
  - **Acquisition of R1.5 billion** portfolio from Sanlam in April 2012.
  - Sales of **R372 million** of non-core properties.
- Acquisition of 50% of **East Rand Mall** for R1.1 billion transferred on 2 April 2013.
- Ranked **top property fund** and first in the industrial and office sector by IPD over a three year period.
- Successful equity and debt capital raised.
  - **R1.57 billion corporate bonds** and commercial paper issued during the year.
  - **R1.2 billion raised** through a vendor placement and general issues for cash during the year.
- Overall total cost of funding **reduced from 9.36%** (31 March 2012) to 8.1% per annum at 31 March 2013.
- Gearing remains conservative at 33.5% with 91% of all interest bearing debt hedged.
- Vukile's application for **REIT** status has been **approved** by the JSE effective 1 April 2013.
- Vacancies (as % of GLA) **down to 6.8%** (7.6% - 30 September 2012).
- **Positive** reversions across all sectors with an average escalation on expiry rentals of 8.2%.
- Weighted average base rentals **increased by 12.7%**.

COMMENTS

1. BASIS OF PREPARATION

The condensed financial results included in this announcement have been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards (IFRS) and have been prepared in accordance with the presentation and disclosure requirements of IAS 34, Interim Financial Reporting, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act and the JSE Limited Listings Requirements.

The accounting policies used in the preparation of the condensed financial results for the year ended 31 March 2013 are consistent with those applied in the previous financial year, other than the change in the accounting policy relating to deferred taxation. The company has adopted the amendments to IAS 12 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 rebuttable presumption that the carrying value of the investment properties will be recovered through sale. These amendments have been applied retrospectively in accordance with IAS 8.

Grant Thornton, the group's independent auditor, has audited the consolidated annual financial statements of Vukile from which the condensed consolidated financial results have been derived and have expressed an unqualified audit opinion on the consolidated annual financial statements. The audit report is available for inspection at Vukile's registered office.

The preparation of the financial results for the year ended 31 March 2013 was supervised by Michael Potts, CA (SA), financial director.

2. FINANCIAL RESULTS

The group's net profit available for distribution increased by R117.3 million to R556.4 million for the year ended 31 March 2013 (March 2012: R439.1 million), an increase of 26.7%.

The distribution for the full year ended 31 March 2013 increased by 6.78 cents per linked unit to 131.59 cents per linked unit (March 2012: 124.81 cents per linked unit), an increase of 5.43%. The distribution represents 99.8% of the profit available for distribution.

TREATMENT OF NON-RECURRING INCOME EARNED

The company advised unitholders in the interim results announcement issued on 23 November 2012 that, in order to report a more predictable and stable income stream for investors going forward, abnormal sales commission and other non-recurring income earned less non-recurring expenses would be paid as a separately identified special distribution in the financial year in which such non-recurring income is earned. As such, going forward, the company will report on its core property earnings as part of the normalised distribution with any special distributions arising from non-recurring income being declared separately therefrom.

To facilitate ease of comparison, the schedule below reflects the distinction between normalised distributions and non-recurring distributions (sales commission plus other) over the past two financial years.

	March 2013 Cents per linked unit	March 2012 Cents per linked unit	% increase
Normalised distribution	**120.44**	111.43	8.1
Non-recurring distribution	**11.15**	13.38	
Total distribution	**131.59**	124.81	5.4

The increase in normalised distributions year-on-year at 31 March 2013 equates to 8.1% and is a much stronger and more accurate reflection of the performance of the portfolio.

As highlighted in the unaudited condensed interim financial statements and results for the six months ended 30 September 2012 issued on 23 November 2012, the sale of East Rand Mall by Sanlam has generated significant sales commission for Vukile. As the date of transfer was 2 April 2013 this non-recurring income falls within the March 2014 financial year.

This sales commission will be paid as a special distribution and clearly distinguished from the normalised distribution generated by the group.

Unitholders are therefore advised that a special distribution of non-recurring income amounting c.R64 million will be paid at or around the same time as the company's first distribution for the six month period ending 30 September 2013, payable in December 2013.

SUMMARY OF GROUP FINANCIAL PERFORMANCE

	March 2013	March 2012
Headline earnings of linked units (Rm)	**561**	472
Net asset value per linked unit (cents)	**1 369**	1 193
Distribution per linked unit (cents)	**131.59**	124.81
Loan to value ratio (%)[1]	**33.5**	27.6

[1] *Includes East Rand Mall at a director's valuation of R1.09 billion in the calculation as debt was raised in March 2013 to partly fund this acquisition.*

SIMPLIFIED INCOME STATEMENT

Calculation of distributable earnings	March 2013 Group R000	March 2012 Group R000
Net profit from property operations excluding straight-line income adjustment	**696 488**	588 348
Net income from asset management business[1]	**63 593**	33 025
Investment and other income	**25 615**	13 557
Corporate administrative expenses	**(29 192)**	(25 919)
Finance costs[2]	**(194 285)**	(165 633)
Taxation (excluding deferred tax on revaluation adjustments)	**(5 772)**	(4 278)
Available for distribution	**556 447**	439 100

[1] *Asset management and other fees of R17.6 million (2012: R10.5 million) eliminated on consolidation are included as property expenditure above and hence reduces net profit from property operations and increases fee income generated in the asset management business segment.*
[2] *The increase in finance costs primarily relates to interest on the R540 million loans raised to part finance the R1.5 billion portfolio acquisition on 25 April 2012.*

NET PROFIT FROM PROPERTY OPERATIONS

The property portfolio performed well in a difficult economic environment during the year under review. On a like-for-like basis (stable portfolio) net property revenue increased by 7.0% year-on-year, excluding a once-off lease payment of R27.8 million which was received on the expiry of a long-term structured lease in the prior year. Eleven non-core properties were sold during the year as part of the strategy to improve the quality of the portfolio. This resulted in a reduction in net property revenue of R26.2 million for the year.

GROSS RENTAL RECEIVABLES (TENANT ARREARS)

Tenant arrears increased by R6.6 million from the prior year to R26.9 million at 31 March 2013. This increase has mainly arisen due to the acquisition of the R1.5 billion portfolio in April 2012, which increased the size of the portfolio by c.25%.

IMPAIRMENT ALLOWANCE

The allowance for the impairment of receivables increased from R10 million at March 2012 to R13.7 million at 31 March 2013, which is considered adequate at this stage. This represents 50.9% of tenant arrears. 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	5 997
• Receivables written off as uncollectable	(2 372)
Impairment allowance 31 March 2013	13 653
Bad debt write-off per the statement of comprehensive income	6 079

NET INCOME FROM ASSET MANAGEMENT BUSINESS

The asset management business segment generated a net profit of R63.6 million for the year against R33 million in the prior year. This segment's profit is reported gross of a consolidation adjustment of R17.6 million (March 2012: R10.5 million). Refer to note 1 of the simplified income statement on page 1. Asset management and other fees received of R49 million were 12% higher than the previous year, due to an increase in the size of the Vukile portfolio and as a result of an internal charge to Vukile for asset management as highlighted in the table below.

Asset management fees are made up as follows:

	2013 Rm	2012 Rm
Asset management fees received from Sanlam	31.8	33.5
Asset management fees received from Vukile	17.6	10.5
	49.4	44.0

Sales commission received of R46.2 million was R26.7 million higher than the previous year, mainly due to the sale of a R1.5 billion portfolio on 25 April 2012 by Sanlam which was acquired by Vukile.

The intangible asset of R362.8 million, which arose on the acquisition of the Sanlam asset management contract, has been tested for impairment. A change in the income profile due to sales of properties in excess of R5.7 billion from 1 January 2010 to 30 April 2013 (generating sales commission for Vukile of R162 million) will result in lower asset management fees going forward, which together with variable future sales from the Sanlam portfolio has resulted in an impairment of R114 million in intangible assets from R267 million in the prior year to R153 million at 31 March 2013. This impairment does not impact on distributable earnings.

FINANCE COSTS

Group finance costs, net of investment income, have increased by R17.2 million, from R152.1 million to R168.7 million. The increase in finance costs is primarily due to interest arising on additional debt of R540 million raised to partly finance the acquisition of the R1.5 billion portfolio in April 2012. Following the introduction of the Domestic Medium Term Note (DMTN) programme and the refinancing of bank debt, the total cost of debt has reduced from 9.36% (March 2012) to 8.1% at 31 March 2013.

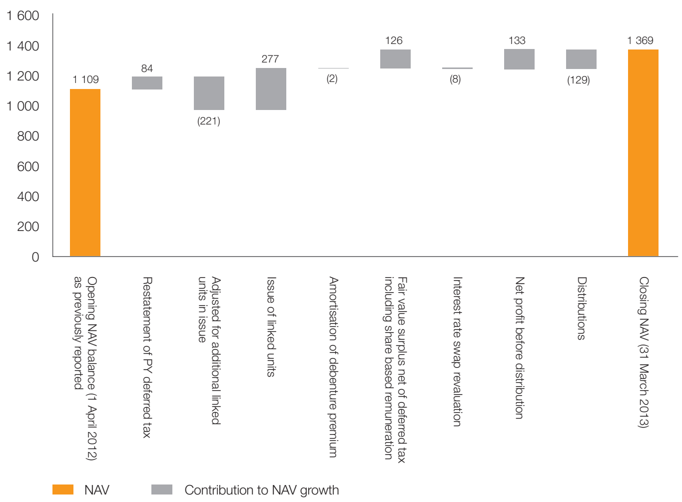
Corporate administration costs

Group corporate administrative expenditure of R29.2 million is 12.7% higher than the previous year of R25.9 million. Additional consulting fees (tenant and customer surveys) and the cost of issuing a circular on 27 March 2013 contributed towards the increase.

Net asset value and cash flow

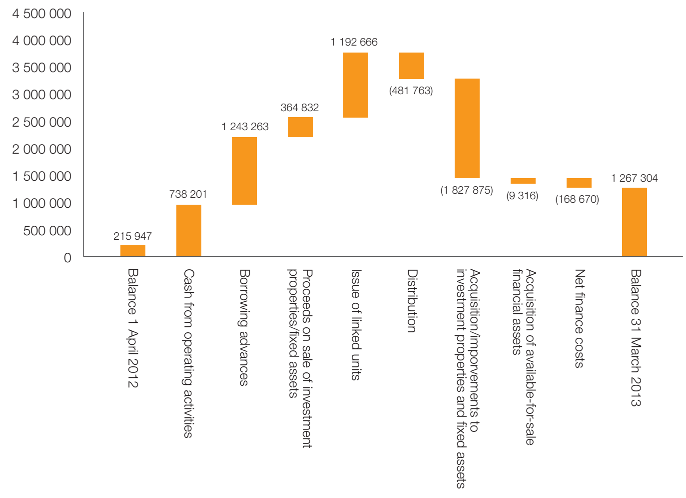
The net asset value of the group has increased over the reporting period by 15%, from 1 193 cents per linked unit to 1 369 cents per linked unit at 31 March 2013. The change in net asset value per linked unit, based on 431.04 million linked units in issue at year end, is set out in the NAV bridge graph below.

NAV BRIDGE
(Cents per linked unit)



The group net cash flow, reflecting the composition of cash generated and utilised during the year under review, is set out in the graph below.

GROUP NET CASH FLOW



3. BORROWINGS

The group's finance strategy is to minimise funding costs and refinance risk. The business objectives that are necessary to implement this strategy can be summarised as follows:

Strategy	Current position
• Diversify funders to at least three providers.	4 funders
• Diversify funding structures to incorporate, where appropriate:	
○ Bank debt	47% of total debt
○ Secured bonds ○ Commercial paper ○ DMTN notes	53% of total debt
• Spread expiry terms of all interest bearing debt to less than 25% per annum.	Achieved
• Hedge or fix >90% of interest bearing debt.	91% hedged
• Maximise interest income and limit negative carry	Achieved through increase in access facilities repayable without break costs

The R1.02 billion securitisation programme was refinanced through a new R5 billion DMTN programme in May 2012. Secured corporate bonds of R1.02 billion were issued under this programme on 8 May 2012. The Global Credit Rating Company (Pty) Ltd (GCR) awarded a AA (RSA) rating to these secured notes.

The average weighted all-in cost of the R1.02 billion corporate bonds issued equates to 8.6%, including the extension of existing interest rate swaps and new hedges over three to five year periods.

This represents a reduction of 1.0% over the previous weighted average all-in finance costs of the CMBS programme. The secured corporate bond debt of R1.02 billion is fully hedged.

A R450 million bank facility was replaced with a R640 million bank facility in July 2012 and comprises the following:

	Term Months	Rm	Finance costs
• Access facility	12	150	6.39%
• Term facility	20	150	7.71%[1]
• Term facility	32	140	7.60%[1]
• Development facility	18	200	6.80%
		640	

[1] *These facilities have been hedged through interest rate swaps.*

During March 2013 the company successfully issued R250 million commercial paper and R300 million unsecured corporate bonds under its R5 billion DMTN programme to partly finance the acquisition of East Rand Mall, as follows:

Maturity date	Term Year/s	Rm	Interest rates
2013/09/28	0.5	75	5.59%
2014/03/28	1	175	5.91%[1]
2016/03/28	3	200	6.82%[1]
2018/03/28	5	100	7.36%[1]
		550	6.46%

[1] *These facilities have been hedged through interest rate swaps.*

The above finance costs are inclusive of bank margins, debt raising costs and interest rate hedge costs, where applicable.

The clearing spreads of the three and five year unsecured bonds were the same as those achieved for secured bonds issued in May 2012. The unsecured bonds carry an 'A' rating from GCR.

Following the successful launch of the DMTN programme, the refinancing of a R640 million bank facility and the new DMTN issuance of R550 million the current all-in cost of finance, including margins and amortised debt raising fees, equates to 8.1% at 31 March 2013, down from 9.36% at 31 March 2012.

The company's borrowing capacity is unlimited in terms of its Memorandum of Incorporation (MOI). The board policy is to limit the group's loan-to-value ratio (LTV) to 45%. The group's LTV ratio at 31 March 2013 was 33.5% compared to the bank's covenant of 50% and the DMTN covenant of 40% in respect of those properties mortgaged as security in the DMTN programme. The group has unutilised bank facilities of R638 million.

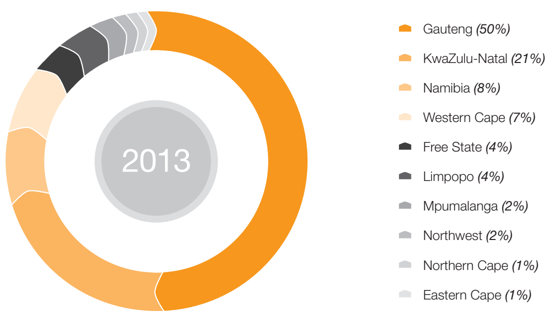
4. GROUP PROPERTY PORTFOLIO

The group property portfolio at 31 March 2013 consisted of 78 properties with a total market value of R7.694 billion and gross lettable area of 1 028 960m², with an average property value of R99 million.

The inclusion of East Rand Mall, which was finalised post year end, increases the portfolio value to R8.8 billion and the average property value to R111 million.

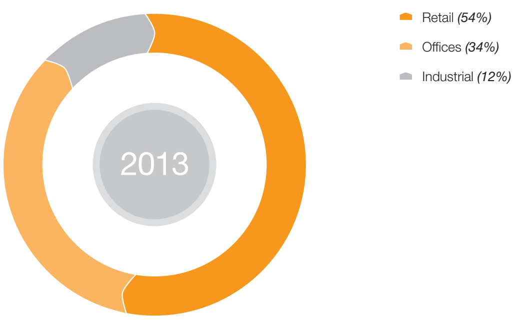
The geographical and sectoral distribution of the group's portfolio is indicated in the graphs below. The portfolio is well-represented in most of the South African provinces and Namibia. 86% of the gross income is derived from Gauteng, KwaZulu-Natal, Western Cape and Namibia.

GEOGRAPHICAL PROFILE
(% of gross income)



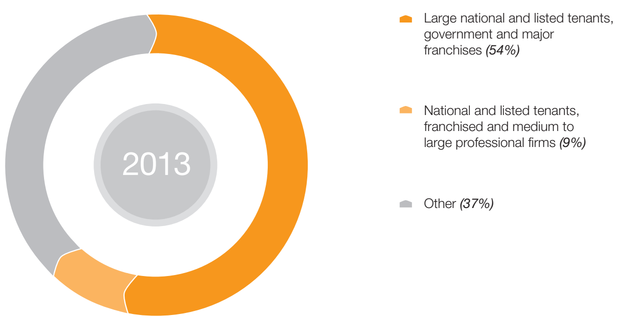
Top four regions account for 86% of exposure

SECTORAL PROFILE
(% of gross income)



Post the 50% acquisition of East Rand Mall on 2 April 2013 the retail exposure will increase to 59% with offices dropping to 30% and industrial reducing to 11%.

TENANT PROFILE
(% of gross income)



The portfolio tenant profile is set out in the graph above.

The average outstanding lease period is 2.25 years. Vukile's tenant concentration risk is considered to be moderate as the top 10 tenants account for 27.2% of total GLA. Shoprite is the single largest tenant, occupying 5.3% of total GLA with Local, Provincial and National Government the second largest at 4.5% of total GLA.

TOP 10 PROPERTIES BY VALUE

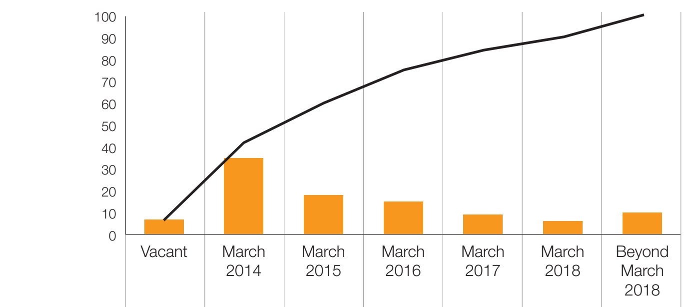
Property	Location	Rentable area m²	Directors' valuation at 31 March 2013 R000	% of total	Valuation R/m²
Durban Phoenix Plaza	Durban	24 348	**541 044**	7.0	22 221
Cape Town Bellville Louis Leipoldt	Bellville	22 311	**313 021**	4.1	14 030
Pinetown Pine Crest (50%)*	Pinetown	20 056	**277 499**	3.6	13 836
Jhb Isle of Houghton	Houghton	28 074	**274 708**	3.6	9 785
Soweto Dobsonville Shopping Centre	Soweto	23 177	**263 238**	3.4	11 358
Randburg Square	Randburg	51 397	**240 602**	3.1	4 681
Oshakati Shopping Centre	Oshakati	24 632	**223 010**	2.9	9 054
Durban Embassy	Durban	32 365	**206 425**	2.7	6 378
Daveyton Shopping Centre	Daveyton	17 095	**186 623**	2.4	10 917
Cape Town Bellville Tijger Park	Bellville	20 225	**170 926**	2.2	8 451
		263 680	**2 697 096**	35.0	10 229

* *Represents an undivided 50% share in this property.*

PROPERTY PORTFOLIO PERFORMANCE

New leases and renewals of 277 911m² with a contract value of R1 015 million were concluded during the year. 87% of leases to be renewed during the year ended 31 March 2013 were renewed or are in the process of being renewed which is up from 74% in 2012.

Expiry Profile
Group lease expiry profile (%)



	Vacant	March 2014	March 2015	March 2016	March 2017	March 2018	Beyond March 2018
GLA	6.8	35	18	15	9	6	10
Cumulative	6.8	42	60	75	84	90	100

The group lease expiry profile graph reflects that 35% of the leases are due for renewal in 2014. Of the 35% of leases due for renewal in 2014, approximately 21 000m² (13%) is from properties in the process of being sold. Once transfer is registered, the expiries on the remaining portfolio reduces to 33%, which equates to the normal average lease period of three years across the portfolio.

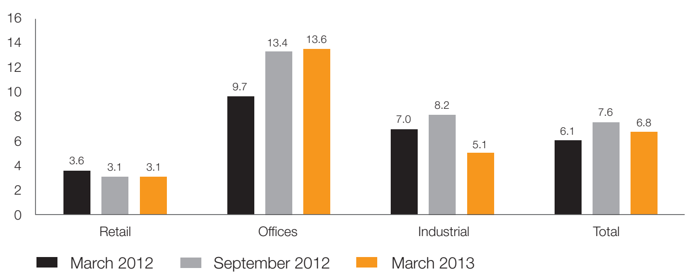
VACANCIES

On 31 March 2013 the portfolio's vacancy (measured as a percentage of gross lettable area) was 6.8% compared to 7.6% as at 30 September 2012 and 6.1% at 31 March 2012.

The increase relative to March 2012 is largely due to the inclusion of the portfolio acquired from Sanlam in April 2012. Progress has been made in reducing the vacancies on the acquired portfolio.

Vukile is engaged in various additional initiatives in an effort to reduce the vacancies on the portfolio including broker focus groups, the implementation of a vacancy website, leasing incentives on selected properties, incentives to property management companies and leasing brokers.

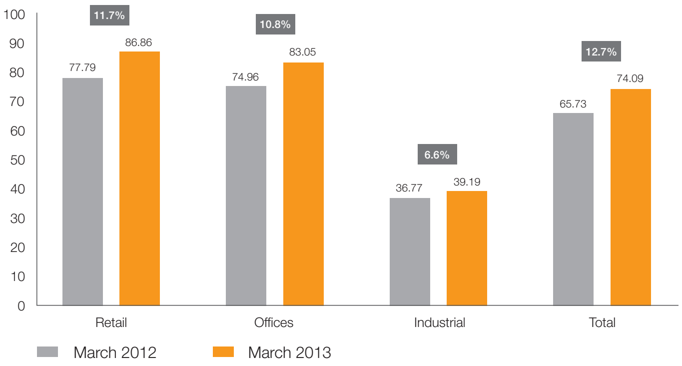
Vacancy profile
% of GLA



BASE RENTALS (EXCLUDING RECOVERIES)

The weighted average monthly base rental rates per sector compare as follows between 31 March 2012 and 31 March 2013 as set out in the graph below.

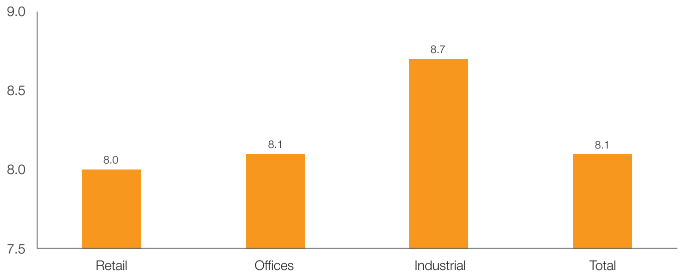
WEIGHTED AVERAGE BASE RENTALS
(Excluding recoveries (R/m²))



The high increase in base rentals is due to the portfolio purchased from Sanlam in April 2012 as well as the sale of lower value properties during the year.

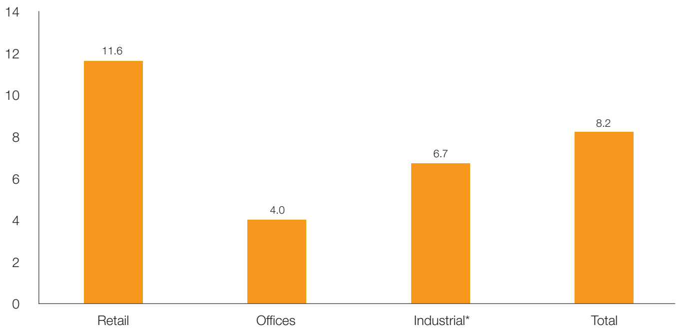
RENTAL ESCALATION

CONTRACTED RENTAL ESCALATION PROFILE
Average annual escalation (%)



LEASING ACTIVITY

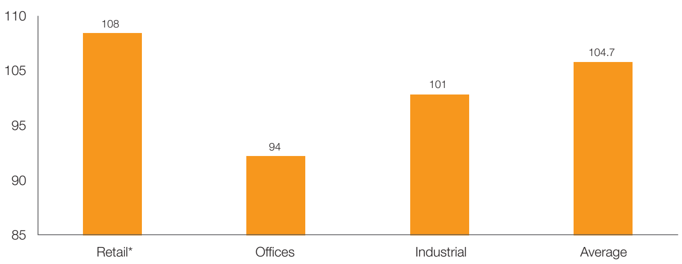
LEASE RENEWALS
Escalation on expiry rentals (%)



* *Excluding the short-term renewal at Pretoria Rosslyn Warehouse where the previous rentals exceeded market rentals significantly.*

The average escalation on expiry rentals on the total portfolio of 8.2% is very positive against the backdrop of a difficult trading environment. The retail sector showed improved escalations mainly due to renewals done at recently renovated centres such as Randburg Square and Oshakati Shopping Centre. The relative low escalation on offices is to be expected during the current oversupply of office space.

NEW LEASES CONCLUDED
Rental concluded/budget (%)



* *Excluding the Durban Workshop transaction on the old cinema premises which are being converted to retail space to obtain much higher rental rates.*

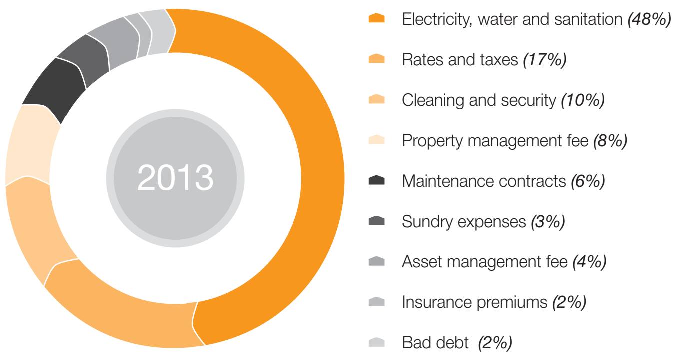
The higher than budgeted lease rates concluded on retail is due to contracts concluded at the recently renovated Sandton Bryanston Grosvenor Shopping Centre.

EXPENSE CATEGORIES AND RATIOS

Recurring property expenses have increased year-on-year mostly due to excessive increases in electricity and water consumption costs and rates and taxes.

The various cost components are reflected in the graph below.

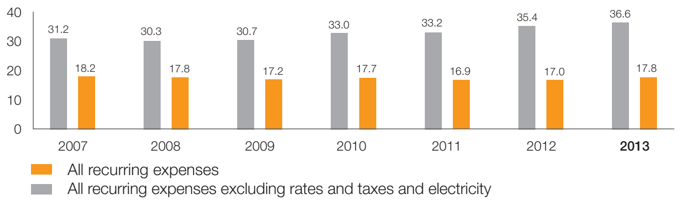
Recurring expense categories



83% of costs from top four categories

The group continuously evaluates methods of containing costs in the portfolio and the stable portfolio's recurring costs to property revenue ratios (excluding electricity and rates and taxes) have decreased from 18.2% in March 2007 to 17.8% in March 2013 and hence have been well contained.

RATIO OF GROSS RECURRING COST TO PROPERTY REVENUE
Stable Portfolio* (%)



* *The stable portfolio includes only those properties that have been in the portfolio for the full 12 month period.*

RENT COLLECTION AND ARREARS

An important part of protecting the group against the likelihood of tenants defaulting on their lease agreements is our credit vetting process prior to the acceptance of a tenant. We have developed a comprehensive screening process for each applicant, which assesses the tenant according to type (national, government, SMMEs, and other), nature of business, main shareholders and other relevant characteristics, and in the case of renewals, payment history.

As such, it is important to closely monitor our arrears book and any changes to tenant payment processes. We measure the effectiveness of our collections process based on the percentage collected by the fifth business day of each month.

On average, our collection percentages (including legal cases) on the fifth business day of the month for the last two years are as follows:

Sector	2013	2012
Retail	**76.8%**	76.6%
Offices	**81.9%**	74.2%
Industrial	**68.2%**	63.8%

PORTFOLIO GROWTH, REDEVELOPMENTS AND SALES

Acquisition of 50% of East Rand Mall

As part of our on-going strategy to grow the portfolio, increase its retail exposure and improve the quality of its portfolio, the company acquired a 50% undivided share of East Rand Mall from Redefine Properties Limited (Redefine) on 2 April 2013 for R1.112 billion. The 50% acquisition was concluded on the same terms and conditions and effected at the same time that Redefine acquired the property from Sanlam Life Insurance Limited.

East Rand Mall, regarded as one of the top regional malls in South Africa, has a gross lettable area 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 10 kilometres. The inclusion of the 50% undivided share of East Rand Mall will enhance the quality of and strengthen the revenue of the portfolio. The purchase price was R1.112 billion at an initial yield of 6.72%. With the weighted average cost of capital for the acquisition in year one of 6.69%, the acquisition is earnings enhancing from inception and accretive thereafter.

Encha Properties

As part of the company's transformation strategy, the company has concluded an agreement with Encha Properties (Encha) in one of the most significant Black Economic Empowerment (BEE) initiatives in the listed property sector to date.

As part of the BEE initiative, Vukile will acquire four predominantly national government-tenanted properties from Encha for an approximate R1.04 billion at a yield of 9.5%. A put and call option over the Pretoria Momentum Building has been concluded on the same terms and condition as the main portfolio, which options can be exercised once a new lease has been concluded with National Government, anticipated date of renewal is 1 November 2013, which has a lease term of at least five years. On the assumption that the call or put options are exercised, the acquisition of the Momentum building will increase the value of the Encha portfolio to approximately R1.4 billion. The properties within the initial portfolio to be purchased, comprise Navarre Wachthuis, the Koedoe Arcade and De Bruyn Park in Pretoria and the Bloemfontein Fedsure Building. A sovereign tenant sub-portfolio will be established within Vukile to house the new properties, which will be managed by Encha on an external management company basis.

Wingspan

The company has entered into negotiations with Wingspan to acquire five small regional shopping centres. The acquisition, if consummated, will be subject to normal terms and conditions.

Hammarsdale Shopping Centre

The Hammarsdale Shopping Centre measuring 19 200m² anchored by Pick n Pay, Spar and Mr Price will open in June 2013. The national tenant component will be approximately 85%. The Hammarsdale catchment area has about 42 000 households with a population of some 210 000 people. The centre will breathe a new life into the community by providing residents with their first large-scale, conveniently located, retail experience. The anticipated capital expenditure is R194 million at an initial yield of 9.5%.

Mini factory / warehousing complex Linbro Park

Agreement has been reached with Stratford Property Ventures for the development of a 15 000m² mini factory / warehousing complex at Linbro Park, one of Johannesburg's prime industrial areas. The 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 will comprise 22 units with a wide variety of unit sizes ranging from 350m² to 1 870m². The anticipated capital expenditure is R119 million at an initial yield of 10.0% and will come on stream in April 2014.

50% interest in Edendale Mall

The acquisition of a 50% interest in Edendale Mall, Pietermaritzburg a 31 700m² retail centre, has been delayed due to certain suspensive conditions not having been fulfilled to our satisfaction. On fulfilment of the suspensive conditions, the mall would be a good fit to the portfolio. The mall is enclosed, has good visibility, accessibility, adequate parking and taxi facilities. Further, the mall 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 there are 90 000 households with about 450 000 people in the catchment area. The anticipated capital expenditure is R205 million at an initial yield of 8.3%. The purchase price in underpinned by a three year income guarantee. The remaining 50% will be held by McCormick Properties.

JV with the McCormick Group

A joint venture agreement has been entered into with the McCormick Group to acquire a 50% interest in five retail developments totalling 69 000m². The first three of these developments are now under construction with completion dates scheduled for the end of July and end October 2013. The anticipated capital expenditure is R380 million at an average initial yield of 9.0%.

5. ACQUISITIONS, DEVELOPMENTS, UPGRADES AND DISPOSALS

5.1 REVAMPS AND UPGRADES

Properties completed

Property	Project detail	Additional GLA	Total capex Rm	Yield %	Completion date
Randburg Square	Upgrade and maintenance Phase 1	-	80.8	-	June 2012
Roodepoort Hillfox Power Centre	Phase 1 of the upgrade to the exterior of the centre	-	6.5	-	April 2012
Roodepoort Hillfox Power Centre	Phase 2 of the upgrade to the exterior of the centre	-	4.0	-	May 2012
Oshakati Centre	Redevelopment of the ex-Standard Bank premises	2 312	20.1	11.1	July 2012
Kimberley Kim Park	Upgrade	-	5.2	-	June 2012

Projects approved and in progress

Property	Project detail	Additional GLA	Total capex Rm	Yield %	Completion date
Randburg Square	Upgrade and maintenance Phases 2 and 3	-	207.5	(1)	August 2013
Bellville Louis Leipoldt Hospital	Upgrade for Medi Clinic	-	33.5	(2)	May 2013
Durban Workshop	Upgrade to the mall areas and conversion of cinema area to retail premises	-	55.0	(1)	November 2013
Bellville Tijger Park Offices	Upgrade and additional parking decks	102 parking bays	49.8	(1)	October 2013
Bellville Barloworld Barons	Upgrade to Barloworld premises		17.5	9.4	October 2013
Roodepoort Hillfox Power Centre	Third (final) phase of the upgrade to the exterior of the centre	-	20.0	(1)	November 2013
Daveyton Shopping Centre	Pick n Pay extension	700	7.8	9.5	October 2013
Ondangwa Shoprite Centre	Extension to Shoprite	166	8.7	6.0	November 2013

(1) Post the upgrade / revamps higher rentals on renewals and reduced vacancies can be expected.
(2) This capex was agreed as part of a new 15 year lease.

5.2 APPROVED DEVELOPMENTS

Lethlabile Mall : North West Province

The Lethlabile Mall is being developed by Aroprop 78 (Pty) Ltd at a capital outlay of R194,2 million and a yield of 9.2%. The centre with a GLA of 17 600m², is situated in Lethlabile about 30 kilometres north of Brits in the North West Province.

Shoprite is the food anchor. Other national tenants include Pep Stores, Ackermans, Mr Price, Jet Stores, Dunns, Capitec and Nedbank. The national component will comprise approximately 85% of the GLA of 17 600m². The anticipated completion date is April 2014.

5.3 PROPERTY SALES DURING THE YEAR

Property	Sales price R000	Yield %
Pretoria VWL	103 000	12.5
Midrand 179 15th Road (Sony Building)	57 000	8.1
Johannesburg Truworths Building	43 680	7.8
Glencairn Building Eloff Street	23 520	7.8
Randburg Cresta Eva Park	40 000	8.3
Nelspruit Prorom	38 354	12.5
Midrand Allandale (Land) (Halfway House Ext 64)	20 700	-
Katimo Mulilo Pep Stores	18 000	11.7
Johannesburg John Griffen	16 500	12.0
Johannesburg Bassonia Office Park	8 300	13.4
Rundu Ellerines	2 800	14.7
Total	**371 854**	

The proceeds from property sales will be utilised to acquire properties that conform to Vukile's investment requirements and / or to fund expansions and revamps, thereby further enhancing the quality of the portfolio.

Property sales after year end

Property	Sales price R000	Yield %
Durban Embassy	238 000	9.9
Randburg Triangle	13 500	10.5
Total	**251 500**	

6. VALUATION OF PORTFOLIO

The accounting policies of the group require that directors value the entire portfolio every six months to fair market value. Approximately one half of the portfolio is valued every six months, on a rotational basis, by registered independent third party valuers. The directors have valued the group's property portfolio at R7.7 billion as at 31 March 2013. This is R1 581 million or 25.9% higher than the valuation as at 31 March 2012 mainly due to this acquisition of the R1.5 billion portfolio. The initial annual yield for the portfolio is 9.4%.

The external valuations by Broll Valuation and Advisory Services (Pty) Ltd and Jones Lang LaSalle (Pty) Ltd at 31 March 2013 of 48.3% of the total portfolio are in line with the directors' valuations of the same properties.

OPERATING SEGMENTS

7. CONDENSED OPERATING SEGMENT REPORT

FOR THE YEAR ENDED 31 MARCH 2013

GROUP	Industrial R000	Offices R000	Retail R000	Total R000	Asset management business R000	Total R000
March 2013						
Group income for the year ended 31 March 2013						
Property revenue	135 924	415 611	615 405	1 166 940	77 974	1 244 914
Straight-line rental income accrual	562	1 720	2 547	4 829		4 829
	136 486	417 331	617 952	1 171 769	77 974	1 249 743
Property expenses	(46 237)	(151 476)	(255 098)	(452 811)	(32 022)	(484 833)
Profit from property and other operations	90 249	265 855	362 854	718 958	45 952	764 910
Group statement of financial position at 31 March 2013						
Assets						
Investment properties	1 008 272	2 532 533	3 829 929	7 370 734		7 370 734
Add: Lease commissions				18 922		18 922
				7 389 656		7 389 656
Goodwill	3 889		59 713	63 602		63 602
Intangible asset					152 965	152 965
Investment properties held for sale	20 157	262 536	40 509	323 202		323 202
	1 032 318	2 795 069	3 930 151	7 776 460	152 965	7 929 425
Add: Excluded items						
Deferred capital expenditure						138 385
Furniture, fittings and other equipment						5 129
Available-for-sale financial asset						19 417
Financial asset at amortised cost						1 152
Trade and other receivables						84 360
Cash and cash equivalents						1 267 304
Total assets						9 445 172
Liabilities						
Linked debentures and premium	437 790	1 189 830	1 647 602	3 275 222		3 275 222
Interest bearing borrowings	342 722	1 007 768	1 576 968	2 927 458		2 927 458
	780 512	2 197 598	3 224 570	6 202 680		6 202 680
Add: Excluded items						
Equity						2 626 187
Derivative financial instruments						59 330
Deferred taxation liabilities						6 293
Trade and other payables						228 117
Current taxation liabilities						1 343
Linked unitholders for distribution						321 222
Total equity and liabilities						9 445 172
March 2012						
Group income for the year ended 31 March 2012						
Property revenue	130 222	255 126	547 921	933 269	53 317	986 586
Straight-line rental income accrual	6 539	13 156	26 298	45 993	-	45 993
	136 761	268 282	574 219	979 262	53 317	1 032 579
Property expenses	(45 632)	(88 875)	(199 914)	(334 421)	(30 792)	(365 213)
Profit from property and other operations	91 129	179 407	374 305	644 841	22 525	667 366
Group statement of financial position at 31 March 2012						
Assets						
Investment properties	1 016 662	1 585 937	3 189 276	5 791 875		5 791 875
Add: Lease commissions				14 283		14 283
				5 806 158		5 806 158
Goodwill	3 917	931	60 696	65 544		65 544
Intangible asset					267 096	267 096
Investment properties held for sale	16 500	200 437	104 258	321 195		321 195
	1 037 079	1 787 305	3 354 230	6 192 897	267 096	6 459 993
Add: Excluded items						
Deferred capital expenditure						4 411
Furniture, fittings and other equipment						1 985
Available-for-sale financial asset						28 468
Financial asset at amortised cost						2 967
Trade and other receivables						50 934
Cash and cash equivalents						215 947
Total assets						6 764 705
Liabilities						
Linked debentures and premium	357 152	617 527	1 138 534	2 113 213		2 113 213
Interest bearing borrowings	283 838	490 767	904 825	1 679 430		1 679 430
	640 990	1 108 294	2 043 359	3 792 643		3 792 643
Add: Excluded items						
Equity						2 074 470
Derivative financial instruments						25 644
Deferred taxation liabilities						434 503
Trade and other payables						188 692
Current taxation liabilities						1 267
Linked unitholders for distribution						247 486
Total equity and liabilities						6 764 705

8. CHANGE IN ACCOUNTING POLICY – DEFERRED TAX

Vukile has adopted the amendment to IAS 12 in accounting for deferred tax assets and liabilities, as documented under the basis of the preparation paragraph. The impact hereof is set out below:

	GROUP	
Effect on statement of financial position	**2012 R000**	**2011 R000**
Deferred tax		
Balance as originally stated	727 785	544 548
Restated balance after the IAS 12 amendment	(434 503)	(253 033)
Impact of change in accounting policy	293 282	291 515
Non-distributable reserve		
Balance as originally stated	1 719 943	1 347 992
Related balance after IAS 12 amendment	(2 013 225)	(1 639 507)
Impact of change in accounting policy	(293 282)	(291 115)
Effect on the statement of comprehensive income		
Taxation		
As originally stated	189 754	
Restated as per IAS 12 amendment	(187 987)	
Impact of change in accounting policy	1 767	

CHANGE IN CAPITAL GAINS TAX RATE

Vukile's application for REIT status has been approved by the JSE Limited. The conversion to a REIT will be effective from 1 April 2013.

As such, the group will not be liable for capital gains tax effective from 1 April 2013. The restated balance of deferred tax at 1 April 2012 on the upliftment of investment properties has been reduced to nil as, prospectively, capital gains tax will no longer apply.

Deferred tax is no longer calculated on the straight-line rental income accrual as the rental accrual will form part of the company's distributions in the future. Given the company's conversion to a REIT, such distributions are fully deductible for tax purposes and hence no tax liability will arise on straight-line rental income accruals.

9. CAPITAL COMMITMENTS

The group has authorised and contracted refurbishment and expansions totalling R486.2 million.

The group is authorised, but has not yet contracted, to upgrade shopping centres, replace air-conditioning units, refurbish lifts, tenant installations and other minor capital expenditure at an estimated cost of R133 million.

The above refurbishment programme, capital expenditure and developments will be funded out of surplus cash, bank facilities and proceeds from property sales.

10. PROSPECTS

With both the local and international economic environment remaining stubbornly sluggish we expect the forthcoming year to be a challenging one and very much in line with the past year from an operating perspective. We are however happy with the quality and performance of our underlying property portfolio. We anticipate our retail assets to continue performing well, whilst the office sector is expected to remain tough and there will be an added impetus to try move vacant space in the year ahead.

Our deal pipeline remains full and the introduction of various new assets, specifically the Encha portfolio, will add positively to the portfolio in all material respects and are expected to be earnings enhancing from inception.

Having adopted our new disclosure protocol of separating out the impact of non-recurring income and declaring it as a special distribution and distinct from our normalised or core earnings base, we currently expect to deliver a growth in normalised distribution of between 4% and 6% for the year to March 2014 (March 2013: 120.44 cents per linked unit). We expect this figure to rise to between 6% and 8% for the total distribution for the year ending 31 March 2014 (March 2013: 131.59 cents per linked unit) when taking into account a special distribution of c.R64 million that will be declared in respect of sales commission earned on the sale of East Rand Mall from the Sanlam portfolio. The growth is based on the assumptions that the macro-economic environment will not deteriorate further, no major corporate failure will occur and that tenants will be able to absorb the rising property operating costs. The forecast information in this paragraph 10 has not been reviewed or audited by Vukile's auditors.

11. BOARD CHANGES

The company announced the appointment of Ms Sonja de Bruyn Sebotsa to the board as an independent non-executive director with effect from 16 May 2013. Ms Sebotsa has extensive experience in the investment banking industry, is co-founder of Identity Capital Partners and was previously a vice president in the investment banking division of Deutsche Bank and an executive director of Women's Development Bank Investment Holdings. She holds an LLB (Hons) from the London School of Economics; a MA in Economics and Business from McGill University and has completed the Harvard Executive Programme and is also a Young Global Leader of the World Economic Forum.

12. PAYMENT OF DEBENTURE INTEREST AND CASH DIVIDEND (THE DISTRIBUTION) WITH AN ELECTION TO REINVEST THE DISTRIBUTION IN RETURN FOR VUKILE LINKED UNITS

Notice is hereby given of a distribution amounting to 74.56 cents per linked unit, for the six month period to 31 March 2013. The distribution comprises interest on debentures of 74.41 cents per linked unit and a cash dividend of 0.15 cents per linked unit.

Linked unitholders will be entitled to elect to reinvest the distribution of 74.56 cents per linked unit (after the applicable dividend withholding tax), in return for linked units (linked unit alternative), failing which they will receive the distribution in respect of (all or part of) their linked unitholdings.

Linked unitholders who have dematerialised their linked units are required to notify their duly appointment Central Securities Depository Participant (CSDP) or broker of their election in the manner and time stipulated in the custody agreement governing the relationship between the linked unitholder and their CSDP or broker.

Linked unitholders are further advised that:

- the cash dividend has been declared out of income reserves;
- the local dividend tax rate is 15%;
- the gross local dividend amount for the ordinary cash dividend is 0.152 cents per linked unit for shareholders exempt from paying Dividends Tax;
- the net local dividend amount for the ordinary cash dividend is 0.129 cents per linked unit for shareholders liable to pay Dividends Tax;
- the issued share capital of Vukile is 431 040 218 linked units of one cent each at year end; and
- Vukile's tax reference number is 9331/617/14/3.

Summary of the salient dates relating to the distribution and linked unit alternative are as follows:

	2013
Circular and form of election posted to linked unitholders	**Thursday, 30 May**
Announcement of linked unit ratio and finalisation information	**Thursday, 6 June**
Last day to trade (LDT) *cum* distribution	**Thursday, 13 June**
Linked units trade ex distribution	**Friday, 14 June**
Listing of maximum possible number of linked units under the linked unit alternative	**Tuesday, 18 June**
Last day to elect to receive the linked unit alternative and to receive a cash distribution (no late forms of election will be accepted) at 12:00 (SA time)	**Friday, 21 June**
Record date	**Friday, 21 June**
Announcement of results of cash distribution and linked unit alternative on SENS	**Monday, 24 June**
Cash distribution cheques posted to certificated linked unitholders on or about	**Monday, 24 June**
Accounts credited by CSDP or broker to dematerialised linked unitholders with the cash distribution payment	**Monday, 24 June**
Linked unit certificates posted to certificated unitholders on or about	**Tuesday, 25 June**
Accounts updated with the new linked units (if applicable) by CSDP or broker to dematerialised linked unitholders	**Tuesday, 25 June**
Announcement of results of cash distribution and linked unit alternative in the press	**Tuesday, 25 June**
Adjustment to linked units listed on or about	**Wednesday, 26 June**

Notes:

1. *Linked unitholders electing the linked unit alternative are alerted to the fact that the new linked units will be listed on LDT + 2 and that these new linked units can only be traded on LDT + 2, due to the fact that settlement of the linked units will be two days after record date, which differs from the conventional one day after record date settlement process.*
2. *Linked units may not be dematerialised or rematerialised between Friday 14 June 2013 and Friday 21 June 2013, both days inclusive.*
3. *The above dates and times are subject to change. Any changes will be released on SENS and published in the press.*
4. *The distribution or linked unit alternative may have tax implications for resident and non-resident linked unitholders. Linked unitholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.*

CAUTIONARY

Unitholders are referred to the previous announcements released on SENS relating to Vukile's proposed empowerment transaction and are advised that the circular will be posted to unitholders during the course of June. Accordingly unitholders are advised to continue exercising caution when dealing in their Vukile units.

On behalf of the board

AD Botha | **LG Rapp**

Melrose Estate
27 May 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2013

GROUP	2013 R000	2012 Restated R000	2012 Restated R000
ASSETS			
Non-current assets	**7 770 306**	6 176 629	5 487 419
Investment properties	**7 241 245**	5 674 979	4 984 840
Investment properties	**7 389 656**	5 806 158	5 083 993
Straight-line rental income adjustment	**(148 411)**	(131 179)	(99 153)
Other non-current assets	**529 061**	501 650	502 579
Intangible asset	**152 965**	267 096	312 832
Straight-line rental income asset	**148 411**	131 179	99 153
Deferred capital expenditure	**138 385**	4 411	2 723
Furniture, fittings and computer equipment and other	**5 129**	1 985	1 774
Available-for-sale financial asset	**19 417**	28 468	10 208
Financial asset at amortised cost	**1 152**	2 967	4 782
Goodwill	**63 602**	65 544	71 107
Current assets	**1 351 664**	266 881	409 218
Trade and other receivables	**84 360**	50 934	71 409
Cash and cash equivalents	**1 267 304**	215 947	337 809
Investment properties held for sale	**323 202**	321 195	281 422
Total assets	**9 445 172**	6 764 705	6 178 059
EQUITY AND RESERVES	**2 626 187**	2 074 470	1 696 065
Non-current liabilities	**5 755 367**	3 022 150	3 618 098
Linked debentures and premium	**3 275 222**	2 113 213	2 116 916
Other interest bearing borrowings	**2 414 522**	448 790	1 226 282
Derivative financial instruments	**59 330**	25 644	21 867
Deferred taxation liabilities	**6 293**	434 503	253 033
Current liabilities	**1 063 618**	1 668 085	863 896
Trade and other payables	**228 117**	188 692	173 277
Short-term borrowings	**512 936**	1 230 640	449 600
Current taxation liabilities	**1 343**	1 267	5 416
Linked unitholders for distribution	**321 222**	247 486	235 603
Total equity and liabilities	**9 445 172**	6 764 705	6 178 059

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

GROUP	2013 R000	2012 Restated R000
Property revenue	**1 166 940**	933 269
Straight-line rental income accrual	**4 829**	45 993
Gross property revenue	**1 171 769**	979 262
Property expenses	**(452 811)**	(334 421)
Net profit from property operations	**718 958**	644 841
Net income from asset management business	**45 952**	22 525
Corporate administrative expenses	**(29 192)**	(25 919)
Investment and other income	**25 615**	13 557
Operating profit before finance costs	**761 333**	655 004
Finance costs	**(194 285)**	(165 633)
Profit before debenture interest	**567 048**	489 371
Debenture interest	**(554 368)**	(437 224)
Profit before capital items	**12 680**	52 147
Profit on sale of investment properties	**903**	3 084
Amortisation of debenture premium	**6 804**	3 703
Goodwill written-off on sale of subsidiary / properties by a subsidiary	**(821)**	(762)
Impairment of intangible asset	**(114 131)**	(45 736)
Impairment of goodwill	**(1 121)**	(4 801)
Profit on sale of subsidiary	**1 160**	1 428
(Loss) / profit before fair value adjustments	**(94 526)**	9 063
Fair value adjustments	**255 329**	549 253
Gross change in fair value of investment properties	**260 158**	595 246
Straight-line rental income adjustment	**(4 829)**	(45 993)
Profit before taxation	**160 803**	558 316
Taxation	**412 834**	(187 987)
Profit for the year	**573 637**	370 329
Earnings and diluted earning per linked unit (cents)	**273.53**	230.06
Headline and diluted headline earnings per linked unit (cents)	**136.16**	134.48
Number of linked units in issue	**431 040 218**	351 015 218
Net asset value (cents per linked unit)	**1 369**	1 193

RECONCILIATION OF EARNINGS TO HEADLINE EARNINGS AND TO PROFIT AVAILABLE FOR DISTRIBUTION
FOR THE YEAR ENDED 31 MARCH 2013

	2013 Group R000	2013 Cents per linked unit	2012 Group R000	2012 Cents per linked unit
Attributable profit after taxation	**573 637**	139.10	370 329	105.50
Adjusted for:				
Debenture interest	**554 368**	134.43	437 224	124.56
Earnings	**1 128 005**	273.53	807 553	230.06
Change in fair value of investment properties	**(255 329)**	(61.91)	(549 253)	(156.48)
Total tax effects of adjustments	**(418 606)**	(101.51)	170 638	48.62
Write-off in goodwill on sale of subsidiary / properties sold by a subsidiary	**821**	0.20	762	0.22
Impairment of goodwill	**1 121**	0.27	4 801	1.37
Profit on sale of subsidiary	**(1 160)**	(0.28)	(1 428)	(0.41)
Profit on sale of investment properties	**(903)**	(0.22)	(3 084)	(0.88)
Loss on disposal of furniture, fittings and equipment	**188**	0.05	-	-
Impairment of intangible asset	**114 131**	27.68	45 736	13.03
Amortisation of debenture premium	**(6 804)**	(1.65)	(3 703)	(1.05)
Headline earnings	**561 464**	136.16	472 022	134.48
Straight-line rental accrual net of deferred taxation	**(4 829)**	(1.17)	(32 922)	(9.38)
Loss on disposal of furniture, fittings and equipment	**(188)**	(0.05)	-	-
Profit available for distribution	**556 447**	134.94	439 100	125.10

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2013

GROUP	2013 R000	2012 R000
Cash flow from operating activities	**738 201**	638 685
Cash flow from investing activities	**(1 446 725)**	(167 450)
Cash flow from financing activities	**1 759 881**	(593 097)
Net increase / (decrease) in cash and cash equivalents	**1 051 357**	(121 862)
Cash and cash equivalents at the beginning of the year	**215 947**	337 809
Cash and cash equivalents at the end of the year	**1 267 304**	215 947

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

GROUP	Share capital and share premium R000	Non-distributable reserves R000	Retained earnings R000	Total R000
Restated balance at 31 March 2011	32 263	1 639 507	24 295	1 696 065
Balance at 31 March 2011 as previously reported	32 263	1 347 992	24 295	1 404 550
Change of rate in deferred taxation including straight-line rental accrual	-	291 515	-	291 515
Dividend distribution	-	-	(892)	(892)
	32 263	1 639 507	23 403	1 695 173
Profit for the year	-	-	370 329	370 329
Change in fair value of investment properties	-	595 246	(595 246)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(184 333)	184 333	-
Share-based remuneration	-	9 927	-	9 927
Transfer from non-distributable reserves	-	(46 163)	46 163	-
Other comprehensive income				
Revaluation of available-for-sale financial asset	-	3 453	-	3 453
Revaluation of cash flow hedges	-	(4 412)	-	(4 412)
Restated balance at 31 March 2012	32 263	2 013 225	28 982	2 074 470
Balance at 31 March 2012 as previously reported	32 263	1 719 943	28 982	1 781 188
Change of rate in deferred taxation including straight-line rental accrual	-	293 282	-	293 282
Issue of shares	23 853	-	-	23 853
Dividend distribution	-	-	(1 131)	(1 131)
	56 116	2 013 225	27 851	2 097 192
Profit for the year	-	-	573 637	573 637
Change in fair value of investment properties	-	260 158	(260 158)	-
Deferred taxation rate change	-	426 790	(426 790)	-
Share-based remuneration	-	7 411	-	7 411
Transfer from non-distributable reserves	-	(122 194)	122 194	-
Other comprehensive loss				
Revaluation of available-for-sale financial asset	-	(18 367)	-	(18 367)
Revaluation of cash flow hedges	-	(33 686)	-	(33 686)
Balance at 31 March 2013	56 116	2 533 337	36 734	2 626 187

VUKILE PROPERTY FUND LIMITED
('Vukile' or 'the company' or 'the group')
(Incorporated in the Republic of South Africa) • (Registration number 2002/027194/06)
ISIN: ZAE000056370 • **JSE Share code:** VKE • **NSX Share code:** VKN
Granted REIT status with the JSE
JSE sponsor: Java Capital, 2 Arnold Road, Rosebank, 2196 • **NSX sponsor:** IJG Securities (Pty) Ltd, Windhoek, Namibia
Executive directors: LG Rapp (CEO), MJ Potts (Financial director), HC Lopion (Executive director : asset management)
Non-executive directors: AD Botha (Chairman), PJ Cook, S de Bruyn Sebotsa, JM Hlongwane, PS Moyanga, HM Serebro, NG Payne, SF Booysen
Registered office: One-on-Ninth, corner Glenhove and Ninth Street, Melrose Estate, 2196
Company Secretary: J Neethling
Transfer secretaries: Link Market Services South Africa (Pty) Ltd, Johannesburg
Investor and media relations: Contact Helen McKane on vukile@dpapr.com, or Tel: 011 728-4701

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