



VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

NOTICE OF ANNUAL
GENERAL MEETING
2020

NOTICE OF ANNUAL GENERAL MEETING

VUKILE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2002/027194/06)
ISIN: ZAE000180865 • JSE code: VKE • NSX code: VKN
Granted REIT status with the JSE
(Vukile or the company)

Notice is hereby given that the 16th annual general meeting (AGM) of the shareholders of Vukile will be held in the main boardroom, 11 Ninth Street, Houghton Estate, 2198 at 10:00 on Friday, 2 October 2020 for the purposes of:

- > Considering and adopting the directors' report, the annual financial statements and the audit and risk committee report of the company for the year ended 31 March 2020 contained in the integrated annual report;
- > Transacting any other business as may be transacted at an AGM of shareholders of a company; and
- > Considering and, if deemed fit, adopting with or without modification, the shareholder ordinary and special resolutions set out below.

IMPORTANT DATES TO NOTE

- > Record date to receive this notice: Friday, 21 August 2020.
- > Last day to trade in order to be eligible to participate in and vote at the AGM: Monday, 21 September 2020.
- > Record date to participate in and vote at the AGM (voting record date): Friday, 25 September 2020.

SECTION 63(1) OF THE COMPANIES ACT: IDENTIFICATION OF MEETING PARTICIPANTS

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. In this regard, all Vukile shareholders recorded in the register of the company on the record date for participating in and voting at the AGM will be required to provide identification satisfactory to the chairman of the AGM. Forms of identification include valid identity documents, driver's licences and passports.

SECTION 62(3)(e) OF THE COMPANIES ACT

In terms of section 62(3)(e) of the Companies Act:

- > a shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder; and a proxy need not be a shareholder of the company.

A summarised form of the annual financial statements for the year ended 31 March 2020 is set out on pages 10 to 27 of this notice. The complete annual financial statements are included in the integrated annual report.

NOTICE OF ANNUAL GENERAL MEETING continued

1 SPECIAL RESOLUTION NUMBER 1

Financial assistance to related or inter-related companies

“Resolved as a special resolution that, the directors of Vukile be and are hereby authorised, at any time and from time to time during the period of 2 (two) years commencing on the date of passing this special resolution, to provide direct or indirect financial assistance through the lending of money, the guaranteeing of loans or other obligations and the securing of any debts or obligations, to any related or inter-related company as defined in section 1 of the Companies Act when in their opinion they deem fit, provided that such assistance is furnished in compliance with section 45 of the Companies Act. In as much as the company’s provision of financial assistance to its subsidiaries will at any and all times be in excess of 1% of the company’s net worth, the company hereby provides notice to its shareholders of that fact.”

In order for special resolution number 1 to be adopted, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

Reason for and effect of special resolution number 1

The company would like the ability to provide financial assistance, in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. This authority is necessary for the company to provide financial assistance in appropriate circumstances. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the company are satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, *inter alia*, ensure that the company’s subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 1. Therefore, the reason for and effect of special resolution number 1 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 1 above.

2 SPECIAL RESOLUTION NUMBER 2

Financial assistance for subscription of securities

“Resolved as a special resolution that, in terms of section 44 of the Companies Act, the shareholders of the company hereby approve of the company providing, at any time and from time to time during the period of 2 (two) years commencing on the date of the passing of this special resolution, direct or indirect financial assistance as contemplated in section 44 of the Companies Act to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, provided that:

- (a) the recipient or recipients of such financial assistance, and the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the board of directors of the company from time to time;
- (b) the board of directors of the company may not authorise the company to provide any financial assistance pursuant to this special resolution number 2 unless the board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the company to provide such financial assistance; and
- (c) the financial assistance envisaged under this resolution implementation be and is restricted to arm’s length commercial arrangements related to the acquisition of property assets (direct or indirect) and/or funding arrangements.”

In order for special resolution number 2 to be adopted, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

Reason for and effect of special resolution number 2

The reason for special resolution number 2 is to grant a general authority to the company to provide financial assistance, if and when required, for the subscription, issue or purchase of securities, including convertible securities or debt instruments to any person as contemplated in section 44 of the Companies Act, and the effect of special resolution 2 will be that the company is authorised to do so, if required.

It is highlighted that special resolution number 2 is an exact replication of special resolution number 6 – Financial assistance for subscription of securities as contained in the notice of AGM and approved by shareholders on 14 August 2018.

NOTICE OF ANNUAL GENERAL MEETING continued

3 SPECIAL RESOLUTION NUMBER 3

Non-executive director remuneration

“Resolved as a special resolution that, the company be and is authorised, in terms of section 66 of the Companies Act, to pay remuneration to its directors for their services as directors for a period of two years from the date of passing of this resolution; and with effect of 1 April 2020, that annual retainers and meeting fees payable to non-executive directors be and are fixed as follows:

Retainers

3.1 Non-executive director	R213 650 per annum
3.2 Chairman of the board*	R794 250 per annum
3.3 Chairman of the audit and risk committee	R194 900 per annum
3.4 Chairman of the social, ethics and human resources committee	R117 600 per annum
3.5 Chairman of the property and investment committee	R117 600 per annum
3.6 Lead Independent Director	R174 000 per annum

Attendance fees

3.7 Board	R30 850 per meeting attended
3.8 Audit and risk committee	R37 600 per meeting attended
3.9 Social, ethics and human resources committee	R29 250 per meeting attended
3.10 Property and investment committee	R29 250 per meeting attended.

In order for special resolution number 3 to be adopted, the support of at least 75% of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

Reason for and effect of special resolution number 3

A general increase in non-executive directors’ remuneration for the year equal to 4.5% was approved by the board and is recommended to shareholders. Special board and committee meetings are remunerated at 50% of the normal attendance fee after consultation with the chairman of the board or committee regarding the specific circumstance of the meeting.

* *The chairman of the board is not paid any meeting attendance fees for normal scheduled meetings, since he receives an all-inclusive fee, but is paid for special board meetings.*

4 SPECIAL RESOLUTION NUMBER 4

Repurchase of shares

“Resolved as a special resolution that, the company or any of its subsidiaries be and are hereby authorised by way of a general authority to acquire ordinary shares issued by the company, in terms of sections 46 and 48 of the Companies Act, and in terms of the JSE Listings Requirements of the JSE Limited (the JSE) being that:

- > Any such acquisition of shares shall be implemented through the order book of the JSE and without any prior arrangement;
- > This general authority shall be valid until the company’s next AGM, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
- > An announcement will be published as soon as the company or any of its subsidiaries have acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition pursuant to which the aforesaid 3% threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions;
- > Acquisitions of shares in aggregate in any one financial year may not exceed 10% (including if acquisitions are effected by a subsidiary) of the company’s issued ordinary share capital as at the date of passing of this special resolution;
- > In determining the price at which shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 5% of the weighted average of the market value at which such shares are traded on the JSE over the five business days immediately preceding the date of repurchase of such shares;
- > The company (or a subsidiary) is duly authorised by its Memorandum of Incorporation (MOI) to acquire shares issued by it;
- > At any point in time, the company may only appoint one agent to effect any repurchase on the company’s behalf;
- > The board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since the test was performed, there have been no material changes to the financial position of the group; and
- > Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted to the JSE in writing prior to commencement of the prohibited period.”

NOTICE OF ANNUAL GENERAL MEETING continued

In order for special resolution number 4 to be adopted, the support of at least 75% of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

Reason for and effect of special resolution number 4

In accordance with the JSE Listings Requirements, the directors record that although there is no immediate intention to effect a repurchase of the shares of the company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The directors undertake that, having considered the effects of a repurchase of the maximum number of shares allowed for under this general authority and the price at which the repurchases may take place pursuant to the repurchase general authority, for a period of 12 (twelve) months after the date of the notice of AGM:

- > The company and the group will be able, in the ordinary course of business, to pay its debts;
- > The consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and the group; and
- > The company and the group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear in the integrated annual report, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- > Major beneficial shareholders – page 205 of the integrated report
- > Share capital of the company – page 161 of the integrated report.

Directors' responsibility statement

The directors, whose names appear on page 28 of this document, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

5 ORDINARY RESOLUTION NUMBER 1

Adoption of annual financial statements

"Resolved that the annual financial statements for the year ended 31 March 2020, including the reports of the directors and the audit and risk committee be and are hereby received and adopted."

In order for ordinary resolution number 1 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

6 ORDINARY RESOLUTION NUMBER 2

Reappointment of auditors

"Resolved to reappoint PwC (with the designated registered auditor being A Taylor) as auditors of the company from the conclusion of this AGM."

The audit and risk committee has evaluated the performance and independence of PwC and A Taylor and recommend their reappointment as auditors of the company under section 90 of the Companies Act.

In order for this ordinary resolution number 2 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

NOTICE OF ANNUAL GENERAL MEETING continued

7 ORDINARY RESOLUTION NUMBER 3

Re-election of directors

Directors

The following directors retire in terms of article 16 of the company's MOI, namely:

- > Dr RD Mokate
- > Ms B Ngonyama
- > Mr H Ntene
- > Mr LG Rapp.

"Resolved that the following retiring directors, who are to retire in terms of the company's MOI, but being eligible, offer themselves for re-election, be and are hereby re-elected each on a separate (and not collective) basis:

- 3.1 Dr RD Mokate, who is to retire by rotation
- 3.2 Ms B Ngonyama, who is to retire by rotation
- 3.3 Mr H Ntene, who is to retire by rotation
- 3.4 Mr LG Rapp, who is to retire by rotation."

Brief CVs of all the directors appear on page 28 of this document. In order for ordinary resolutions numbers 3.1, 3.2, 3.3 and 3.4 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

8 ORDINARY RESOLUTION NUMBER 4

Election of members to audit and risk committee

"Resolved that the following directors, who meet the requirements of section 94(4) of the Companies Act, be and are hereby elected on a separate (and not collective) basis as members of the audit and risk committee in terms of section 94(2) of the Companies Act until the next AGM:

- 4.1 Dr SF Booysen
- 4.2 Dr RD Mokate
- 4.3 Ms B Ngonyama."

Brief CVs of all the proposed members of the audit and risk committee appear in page 28 of this document.

In order for ordinary resolutions numbers 4.1, 4.2, and 4.3 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

9 ORDINARY RESOLUTION NUMBER 5

Unissued shares

"Resolved that, the authorised but unissued shares of the company be and are hereby placed under the control of the directors of the company until the next AGM, who are authorised to allot or issue any such shares at their discretion, subject at all times to the provisions of the Companies Act, the company's MOI and the JSE Listings Requirements provided that the number of shares issued under this authority *in aggregate* may not:

- > Exceed 10% (ten percent)* of the total number of shares in issue at the date of this notice of AGM, being 956 226 628 shares; plus
- > That number of shares required to be issued under the company's dividend reinvestment scheme; and
- > That the maximum discount at which the shares may be issued is 5% (five percent) to the weighted average traded price of such shares measured over the 10 business days prior to the date that the price of the issue (the "reference period") is agreed between the company and the party subscribing for the shares (the "reference price"), provided that the reference price shall be reduced by the amount of any dividend if:
 - the "ex" date for shareholders to be recorded on the share register in order to receive the relevant dividend occurs during the reference period; and/or
 - the shares to be issued shall only be issued after the "ex" date."

In order for ordinary resolution number 5 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

* *For the avoidance of doubt, it is highlighted that the 10% number referred to above includes any shares issued under the general authority to issue shares for cash as set out in ordinary resolution number 6 below (i.e. the total number of shares to be issued under any mechanism are limited to 10% of total shares in issue at the date of the AGM).*

NOTICE OF ANNUAL GENERAL MEETING continued

10 ORDINARY RESOLUTION NUMBER 6

General authority to issue share for cash

“Resolved that, subject to the restrictions set out below, the directors be and are hereby authorised, pursuant, *inter alia*, to the company’s MOI and subject to the provisions of the Companies Act and the JSE Listings Requirements, until this authority lapses which shall be at the next annual general meeting or 15 months from the date hereof, whichever is the earliest, to allot and issue shares of the company for cash on the following basis:

- > The allotment and issue of shares must be made to persons qualifying as public shareholders and not to related parties, as defined in the JSE Listings Requirements;
- > The shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- > The total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 95 622 662 shares, being 10% the company’s issued shares as at the date of notice of this annual general meeting. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 95 622 662 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;
- > In the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- > That the maximum discount at which the shares may be issued is 5% (five percent) to the weighted average traded price of such shares measured over the 10 business days prior to the date that the price of the issue (the “reference period”) is agreed between the company and the party subscribing for the shares (the “reference price”), provided that the reference price shall be reduced by the amount of any dividend if:
 - the “ex” date for shareholders to be recorded on the share register in order to receive the relevant dividend occurs during the reference period; and/or
 - the shares to be issued shall only be issued after the “ex” date; and
- > After the company has issued shares for cash which represent, on a cumulative basis, within the period that this authority is valid, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average trade price of the shares over the 30 days prior to the date that the issue is agreed in writing and an explanation, including supporting documentation (if any) of the intended use of the funds.”

In terms of the JSE Listings Requirements, in order for ordinary resolution number 6 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

It is highlighted that any proceeds from the issue of shares under ordinary resolution number 6 will only be used to acquire property assets (in direct or indirect form) or to repay debt.

11 ORDINARY RESOLUTION NUMBER 7

Remuneration policy and implementation report (advisory vote)

7.1 “Resolved that, through a non-binding advisory vote, the company’s remuneration policy, as set out on pages 107 to 112 of the integrated annual report be and is hereby endorsed, and

7.2 Resolved that, through a non-binding advisory vote, the company’s remuneration implementation report 2020, as set out on pages 113 to 124 of the integrated annual report be and is hereby endorsed.”

In order for this ordinary resolution number 7.1 and 7.2 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

12 ORDINARY RESOLUTION NUMBER 8

Implementation of resolutions

“Resolved that any director of the company, and where applicable the secretary of the company, be and is hereby authorised to do all such things, sign all such documents and take all actions as may be necessary to implement the above ordinary and special resolutions.”

In order for this ordinary resolution number 8 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

NOTICE OF ANNUAL GENERAL MEETING continued

GENERAL INSTRUCTIONS FOR SHAREHOLDERS

Shareholders are encouraged to attend, speak and vote at the AGM.

ELECTRONIC PARTICIPATION

The company has made provision for Vukile shareholders or their proxies to participate electronically in the AGM by way of Zoom conferencing. Should you wish to participate in the AGM by Zoom conferencing as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:00 on Tuesday, 22 September 2020 by submitting by email to the company secretary at johann.neethling@vukile.co.za, for the attention of Johann Neethling, relevant contact details, including an email address, cellular number and landline as well as full details of the Vukile shareholder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of materialised Vukile shares) and (in the case of dematerialised Vukile shares) written confirmation from the Vukile shareholder's central securities depository participant (CSDP) confirming the Vukile shareholder's title to the dematerialised Vukile shares. Upon receipt of the required information, the Vukile shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the AGM. Vukile shareholders must note that access to the electronic communication will be at the expense of the Vukile shareholders who wish to utilise the facility. Vukile shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the AGM through this medium.

PROXIES AND AUTHORITY FOR REPRESENTATIVES TO ACT

A form of proxy is attached for the convenience of any Vukile shareholder holding certificated shares, who cannot attend the AGM but wishes to be represented thereat.

The attached form of proxy is only to be completed by those shareholders who are:

- > Holding shares in certificated form; or
- > Recorded on the company's sub-register in dematerialised electronic form with "own name" registration.

All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy. The company requests that forms of proxy be deposited at the transfer secretaries, Link Market Services South Africa (Pty) Ltd at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received by 10:00 on Wednesday, 30 September 2020. Alternatively, the form of proxy may be handed to the transfer secretaries or to the chairman of the AGM at the AGM, prior to the commencement of the AGM. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the AGM should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the AGM should ensure that a resolution authorising a representative to so attend and participate at the AGM on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the AGM.

By order of the board

Vukile Property Fund Limited

Johann Neethling
Group company secretary

Registered office

11 Ninth Street
Houghton Estate
2198

Transfer secretaries

Link Market Services South Africa (Pty) Ltd
13th Floor Rennie House
19 Ameshoff Street
Braamfontein, 2001

FORM OF PROXY

VUKILE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2002/027194/06)
ISIN: ZAE000180865 • JSE code: VKE • NSX code: VKN
Granted REIT status with the JSE
(Vukile or the company)

This form of proxy is for use by:

- > Registered shareholders who have not yet dematerialised their Vukile shares; and
- > Registered shareholders who have already dematerialised their Vukile shares and which shares are registered in their own names in the company's sub-register.

For completion by the aforesaid registered shareholders of Vukile who are unable to attend the annual general meeting (AGM) of the company to be held in the main boardroom, 4th floor, 11 Ninth Street, Houghton Estate, 2198 at 10:00 on Friday, 2 October 2020.

I/we

(BLOCK LETTERS PLEASE)

of (address)

being the registered holder of Vukile shares hereby appoint:

1 of or failing him/her

2 of or failing him/her

The chairman of the AGM as my/our proxy to vote for me/us on my/our behalf at the AGM of the company and at any adjournment or postponement thereof, for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed at the AGM, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner:

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

		For*	Against*	Abstain*
Special resolution 1	Financial assistance to related or inter-related companies			
Special resolution 2	Financial assistance for subscription of securities			
Special resolution 3	Non-executive director remuneration			
Special resolution 3.1	Retainer: Non-executive director			
Special resolution 3.2	Retainer: Chairman of the board			
Special resolution 3.3	Retainer: Chairman of the audit and risk committee			
Special resolution 3.4	Retainer: Chairman of the social, ethics and human resources committee			
Special resolution 3.5	Retainer: Chairman of the property and investment committee			
Special resolution 3.6	Retainer: Lead independent director			
Special resolution 3.7	Attendance fee: board			
Special resolution 3.8	Attendance fee: audit and risk committee			
Special resolution 3.9	Attendance fee: social, ethics and human resources committee			
Special resolution 3.10	Attendance fee: property and investment committee			
Special resolution 4	Repurchase of shares			

FORM OF PROXY continued

		For*	Against*	Abstain*
Ordinary resolution 1	Adoption of annual financial statements			
Ordinary resolution 2	Reappointment of auditors			
Ordinary resolution 3	Re-election of directors			
Ordinary resolution 3.1	RD Mokate			
Ordinary resolution 3.2	B Ngonyama			
Ordinary resolution 3.3	H Ntene			
Ordinary resolution 3.4	LG Rapp			
Ordinary resolution 4	Election of members to audit and risk committee			
Ordinary resolution 4.1	SF Booysen			
Ordinary resolution 4.2	RD Mokate			
Ordinary resolution 4.3	B Ngonyama			
Ordinary resolution 5	Unissued shares			
Ordinary resolution 6	General authority to issue shares for cash			
Ordinary resolution 7	Remuneration policy			
Ordinary resolution 7.1	Remuneration: policy (advisory vote)			
Ordinary resolution 7.2	Remuneration: policy implementation (advisory vote)			
Ordinary resolution 8	Implementation of resolutions			

**One vote per share held by Vukile shareholders recorded in the register on the voting record date; mark "for", "against" or "abstain" as required. If no options are marked, the proxy will be entitled to vote as he/she thinks fit.*

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed at _____ this _____ day of _____ 2020

Signature _____ assisted by (if applicable) _____

A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a shareholder of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and on a poll, vote in place of that shareholder at the AGM. **Shareholders are requested to deposit the form of proxy at Link Market Services South Africa (Pty) Ltd (PO Box 4844, Johannesburg, 2000) by 10:00 on Wednesday, 30 September 2020. Alternatively, the form of proxy may be handed to the transfer secretary or the chairman of the AGM at the meeting prior to the commencement of the AGM.**

NOTES TO FORM OF PROXY

VUKILE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2002/027194/06)

ISIN: ZAE000180865 • JSE code: VKE • NSX code: VKN

Granted REIT status with the JSE

(Vukile or the company)

- 1 Only shareholders who are registered in the register of the company under their own name on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Link Market Services South Africa (Pty) Ltd, being Friday, 25 September 2020 (voting record date) may complete a form of proxy or attend the annual general meeting (AGM). This includes shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration. The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not be a shareholder of the company.
- 2 Certificated shareholders wishing to attend the AGM must ensure beforehand with the transfer secretaries of the company (being Link Market Services South Africa (Pty) Ltd) that their shares are registered in their own name.
- 3 Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the AGM.
- 4 Dematerialised shareholders who have not elected "own name" registration in the register of the company through a central securities depository participant (CSDP) and who wish to attend the AGM, must instruct the CSDP or broker to provide them with the necessary authority to attend.
- 5 Dematerialised shareholders who have not elected "own name" registration in the register of the company through a CSDP and who are unable to attend, but wish to vote at the AGM, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
- 6 A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder's choice in the space, with or without deleting "the chairman of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
- 7 The completion and lodging of this form will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
- 8 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
 - 8.1 Stated in the revocation instrument, if any; or
 - 8.2 Upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act, 71 of 2008, as amended (the Companies Act).
- 9 Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation (MOI) to be delivered by the company to the shareholder must be delivered by the company to:
 - 9.1 The shareholder; or
 - 9.2 The proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
- 10 A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the MOI of the company or the instrument appointing the proxy provide otherwise.
- 11 If the company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 11.1 Such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 11.2 The company must not require that the proxy appointment be made irrevocable; and
 - 11.3 The proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
- 12 Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
- 13 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the company or waived by the chairman of the AGM.
- 14 A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
- 15 A company holding shares in the company that wishes to attend and participate at the AGM should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the AGM.
- 16 Where there are joint holders of shares any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present or represented at the meeting, that one of the said persons whose name appears first in the register of shareholders of such shares or his proxy, as the case may be shall alone be entitled to vote in respect thereof.
- 17 On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll a shareholder who is present in person or represented by a proxy shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares of the relevant class issued by the company.
- 18 The chairman of the AGM may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a shareholder wishes to vote.
- 19 A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.
- 20 A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the AGM, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the AGM or other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
- 21 It is requested that this form of proxy be lodged or posted or faxed to the transfer secretaries, Link Market Services South Africa (Pty) Ltd at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received by the company by 10:00 on 30 September 2020. Alternatively, the form of proxy may be handed to the transfer secretaries or to the chairman of the AGM at the annual general meeting, prior to the commencement of the AGM.
- 22 A quorum for the purposes of considering the ordinary and special resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the AGM. In addition, a quorum shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the AGM.
- 23 This form of proxy may be used at any adjournment or postponement of the AGM, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
- 24 The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2020

	2020 Rm	2019 Rm
ASSETS		
Non-current assets	38 181	32 679
Investment property	35 317	29 334
Straight-line rental income asset	419	347
Financial assets at fair value through profit or loss	263	28
Investment in associate at fair value	338	1 297
Investment in associate (equity-accounted)	1 518	1 303
Derivative financial instruments	29	42
Financial assets at amortised cost	260	271
Deferred taxation	7	14
Other non-current assets	30	43
Current assets	1 874	2 448
Trade and other receivables	314	282
Derivative financial instruments	1	10
Current taxation assets	—	3
Cash and cash equivalents	1 559	1 137
Non-current assets held for sale	—	1 016
Total assets	40 055	35 127
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent	17 542	18 656
Stated capital	12 838	12 142
Other components of equity	3 988	5 889
Retained earnings	716	625
Non-controlling interest	1 957	2 300
Non-current liabilities	17 324	12 035
Interest-bearing borrowings	15 958	11 547
Lease liability	196	—
Derivative financial instruments	1 159	480
Deferred taxation	11	8
Current liabilities	3 232	2 136
Trade and other payables	852	642
Short-term portion of interest-bearing borrowings	2 291	1 431
Short-term portion of lease liability	17	—
Derivative financial instruments	64	60
Current taxation liabilities	6	3
Shareholder for dividend	2	—
Total equity and liabilities	40 055	35 127

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 March 2020

	2020 Rm	2019 Rm
Revenue	3 446	2 806
Straight-line rental income accrual	55	29
Gross property revenue	3 501	2 835
Property expenses	(1 129)	(932)
Net profit from property operations	2 372	1 903
Corporate and administrative expenses	(279)	(200)
Investment and other income	422	345
Fair value movement on non-designated portion of CCIRS	113	48
Operating profit before finance costs	2 628	2 096
Finance costs	(615)	(510)
Operating profit after finance costs	2 013	1 586
Fair value loss on financial instruments	(744)	(327)
Foreign exchange profit/(loss)	(65)	(66)
Impairment	(30)	(48)
Other expenses	(9)	(8)
Profit before changes in fair value of investment property	1 165	1 137
Fair value adjustments		
Gross change in fair value of investment property	(1 243)	804
Change in fair value of right-of-use asset	7	—
Straight-line rental income accrual	(55)	(29)
(Loss)/profit before equity-accounted investment	(126)	1 912
Share of income from associate	127	54
Profit before taxation	1	1 966
Taxation	(40)	(18)
(Loss)/profit for the year	(39)	1 948
Attributable to owners of the parent	(103)	1 709
Attributable to non-controlling interest	64	239
Basic and diluted earnings per share (cents)	(10.81)	199.05

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2020

	2020 Rm	2019 Rm
(Loss)/profit for the year	(39)	1 948
Other comprehensive income		
Items that will be reclassified to profit or loss		
Foreign currency translation reserve	458	36
Cash flow hedges	(22)	(25)
Deferred tax on hedging instruments	—	(35)
Other comprehensive income/(loss) for the year	436	(24)
Total comprehensive income for the year	397	1 924
Attributable to owners of the parent	8	1 603
Attributable to non-controlling interest	389	321

RECONCILIATION OF EARNINGS TO HEADLINE EARNINGS

for the year ended 31 March 2020

	2020		2019	
	Rm	Cents per share	Rm	Cents per share
(Loss)/profit attributable to owners of the parent	(103)	(10.81)	1 709	199.05
Earnings and diluted earnings	(103)	(10.81)	1 709	199.05
Change in fair value of investment property (net of allocation to non-controlling interest)	1 177	123.18	(667)	(77.65)
Impairment of goodwill	17	1.76	48	5.61
Loss/(profit) on sale of investment property	9	0.99	6	0.74
Remeasurement included in (equity-accounted) earnings of associate	17	1.80	(40)	(4.71)
Headline and diluted headline earnings	1 117	116.92	1 056	123.04
Number of shares in issue at period-end	956 226 628		920 962 145	
Weighted average number of shares	955 263 118		858 774 136	
There are no dilutionary shares in issue.				

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 March 2020

	2020 Rm	2019 Rm
Cash flow from operating activities	2 417	1 786
Cash flow from investing activities	(2 359)	(7 362)
Cash flow from financing activities	247	5 617
Net increase in cash and cash equivalents	305	41
Foreign currency movements in cash	117	2
Cash and cash equivalents at the beginning of the year	1 137	1 094
Cash and cash equivalents at the end of the year	1 559	1 137
Major items included in the above:		
Cash flow from operating activities	2 417	1 786
Profit before tax	1	1 967
Adjustments ⁽ⁱ⁾	2 256	(266)
Working capital adjustments	186	110
Other	(26)	(25)
Cash flow from investing activities	(2 359)	(7 362)
Acquisition of investment property	(2 488)	(9 574)
Equity contributed from non-controlling interest	3	1 828
Other	126	384
Cash flow from financing activities	247	5 617
Interest-bearing borrowings advanced	3 102	6 895
Interest-bearing borrowings repaid	(448)	(1 892)
Proceeds from issue of share capital	696	2 615
Finance costs paid	(570)	(461)
Dividends paid	(1 867)	(1 518)
Other	(666)	(22)

⁽ⁱ⁾ Adjustments to cash flows from operating activities for March 2020 include fair value of investment property of R1 242.7 million, finance costs of R615.2 million and fair value losses on equity investments of R712.9 million.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

Rm	Stated capital	Other components of equity	Retained earnings	Shareholders' interest Total	Non-controlling interest (NCI)	Total
Balance at 31 March 2018	9 527	5 738	505	15 770	82	15 852
Initial adoption of IFRS 9	—	113	(83)	30	—	30
Issue of share capital	2 615	—	—	2 615	1 945	4 560
Dividend	—	—	(1 456)	(1 456)	(62)	(1 518)
	12 142	5 851	(1 034)	16 959	1 965	18 924
Profit for the year	—	—	1 709	1 709	239	1 948
Transfer to non-distributable reserve	—	222	(222)	—	—	—
Share issue expenses of subsidiary	—	(2)	—	(2)	(122)	(124)
Change in ownership of subsidiary	—	(107)	—	(107)	107	—
Subsidiary share swap	—	—	172	172	38	210
Equity-settled share scheme	—	23	—	23	—	23
Other comprehensive loss	—	(98)	—	(98)	73	(25)
Balance at 31 March 2019	12 142	5 889	625	18 656	2 300	20 956
Issue of share capital	696	—	—	696	(614)	82
Dividend	—	—	(1 762)	(1 762)	(107)	(1 869)
	12 838	5 889	(1 137)	17 590	1 579	19 169
Profit for the year	—	—	(103)	(103)	64	(39)
Transfer from non-distributable reserve	—	(1 956)	1 956	—	—	—
Share issue expenses of subsidiary	—	—	—	—	(1)	(1)
Change in ownership of subsidiary	—	(105)	—	(105)	(13)	(118)
Equity-settled share scheme	—	49	—	49	3	52
Other comprehensive income	—	111	—	111	325	436
Balance at 31 March 2020	12 838	3 988	716	17 542	1 957	19 499

SEGMENT REPORT

for the year ended 31 March 2020

	Southern Africa			Spain			Total group Rm
	Retail Rm	Other Rm	Total Rm	Retail Rm	Other Rm	Total Rm	
Group income for the year ended 31 March 2020							
Revenue ⁽ⁱ⁾	1 480	90	1 570	981	84	1 065	2 635
Straight-line rental income accrual	52	3	55	—	—	—	55
Gross property revenue	1 532	93	1 625	981	84	1 065	2 690
Property expenses ⁽ⁱ⁾	(226)	(14)	(240)	(71)	(7)	(78)	(318)
Net profit from property operations	1 306	79	1 385	910	77	987	2 372
Corporate and administrative expenses	(152)	(9)	(161)	(68)	(50)	(118)	(279)
Investment and other income	349	72	421	1	—	1	422
Fair value movement on non-designated portion of CCIRS	106	7	113	—	—	—	113
Operating profit before finance costs	1 609	149	1 758	843	27	870	2 628

⁽ⁱ⁾ The revenue and property expenses have been reflected net of recoveries. The consolidated statement of profit or loss and other comprehensive income reflects gross property revenue and gross property expenses.

SEGMENT REPORT continued

for the year ended 31 March 2020

	Southern Africa			Spain			Total group Rm
	Retail Rm	Other Rm	Total Rm	Retail Rm	Other Rm	Total Rm	
Group income for the year ended 31 March 2019							
Revenue ⁽ⁱ⁾	1 348	141	1 489	668	30	698	2 187
Straight-line rental income accrual	26	3	29	—	—	—	29
Gross property revenue	1 374	144	1 518	668	30	698	2 216
Property expenses ⁽ⁱ⁾	(278)	(6)	(284)	(29)	—	(29)	(313)
Net profit from property operations	1 096	138	1 234	639	30	669	1 903
Corporate and administrative expenses	(111)	(12)	(123)	(74)	(3)	(77)	(200)
Investment and other income	282	61	343	2	—	2	345
Fair value movement on non-designated portion of CCIRS	44	4	48	—	—	—	48
Operating profit before finance costs			1 502			594	2 096

⁽ⁱ⁾ The revenue and property expenses have been reflected net of recoveries. The audited consolidated statement of profit or loss and other comprehensive income reflects gross property revenue and gross property expenses.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the year ended 31 March 2020

1 Accounting policies

1.1 Basis of preparation

Estimates

Management discusses with the audit committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates. Actual results may differ from these estimates.

The revaluation of investment property requires judgement in the determination of future cash flows from leases and an appropriate reversionary capitalisation rate. Note 2.3 sets out further details of the fair measurement of investment property.

In determining the lease liability in accordance with IFRS 16, the incremental borrowing rate was estimated by management using the three-year Domestic Medium Term Note (DMTN) margin as a starting point. The rate was adjusted to reflect an estimated spread for a tenor of 10 years, 25 years and 50 years.

Judgements

Judgement is applied in certain areas based on historical experience and reasonable expectations relating to future events. Uncertainty around the future economic impact as a result of the COVID-19 pandemic has also been considered. Key areas of judgement are noted below:

Investments

As part of Edcon's restructure, Edcon approached its top 31 landlords, offering them the opportunity to subscribe for an equity interest in Edcon, or as an alternative, requested a 40.9% reduction in rental for a 24-month period commencing 1 April 2019. Vukile agreed to assist Edcon by subscribing for equity in Edcon on a quarterly basis. Management's best estimate of the fair value of the investment at 31 March 2020 is zero, resulting in a R15 million impairment.

Determining the lease term

In determining the lease term as per IFRS 16, management applies its judgement in considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options and periods after termination options are only included in the lease term if it is reasonably certain to be extended or not terminated.

1.2 Change in accounting policy

The only material impact of IFRS 16 – *Leases* relates to instances where Vukile leases land from a third party.

On adoption of IFRS 16, the group recognised lease liabilities in relation to land leases which had previously been classified as "operating leases" under the principles of IAS 17 – *Leases*. Under IAS 17, the lease expense was recognised in property expenses as incurred. Under IFRS 16, these liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. Subsequently, each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On transition date, the corresponding right-of-use assets were measured at the amount equal to the lease liability. The right-of-use asset relating to land leases are subsequently remeasured at fair value in terms of IAS 40.

The group has also elected not to reassess whether a contract constitutes a lease at the date of initial application. Instead, for contracts entered into before the transition date, the group relied on its assessment made applying IAS 17 and IFRIC 4 – *Determining whether an Arrangement contains a Lease*.

In applying IFRS 16, the group has used the following practical expedients permitted by the standard:

- > Operating leases with a remaining lease term of less than 12 months as at 1 April 2019 have been treated as short-term leases;
- > Small ticket items have been accounted for as operating leases; and
- > The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis in the statement of profit or loss.

The group has elected the modified retrospective approach, thus not restating comparative periods.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2 Fair value measurement

2.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

2.2 Fair value hierarchy

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value.

Group	2020			Total Rm
	Level 1 Rm	Level 2 Rm	Level 3 Rm	
Assets				
Equity investments at fair value	246	—	—	246
Investments in associates at fair value	338	—	—	338
Executive share scheme financial asset	35	—	—	35
Derivative financial instruments	—	12	18	30
Total	619	12	18	649
Liabilities				
Executive share scheme financial liability	—	(17)	—	(17)
Derivative financial instruments	—	(1 060)	(163)	(1 223)
Total	—	(1 077)	(163)	(1 240)
Net fair value	619	(1 065)	(145)	(591)

Group	2019			Total Rm
	Level 1 Rm	Level 2 Rm	Level 3 Rm	
Assets				
Investments in associates at fair value	1 297	—	—	1 297
Executive share scheme financial asset	72	—	—	72
Derivative financial instruments	—	53	—	53
Total	1 369	53	—	1 422
Liabilities				
Executive share scheme financial liability	—	(45)	—	(45)
Derivative financial instruments	—	(316)	(224)	(540)
Total	—	(361)	(224)	(585)
Net fair value	1 369	(308)	(224)	837

There have been no significant transfers between levels 1, 2 and 3 in the reporting period under review.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2 Fair value measurement continued

2.2 Fair value hierarchy continued

Investment in associate at fair value

This comprises shares held in listed property securities (Fairvest) at fair value, which are determined by reference to quoted closing prices at the reporting date.

Executive share scheme financial assets and liabilities

This comprises equity-settled share-based long-term incentive reimbursement rights net of the equity settlement to staff, amortised over the vesting period, stated at fair value.

Equity investments at fair value

Unlisted equity investment: Vukile agreed to assist Edcon in its restructure by subscribing for equity in Edcon on a quarterly basis. At 31 March 2020, the fair value of the investment in Edcon was determined to be zero.

Listed equity investment: The fair value of shares held in listed property securities (Arrowhead) is determined by reference to the quoted closing price at the reporting date.

Derivative financial instruments

Level 2 derivatives consist of interest rate swap contracts, cross-currency interest rate swaps (CCIRS) and forward exchange contracts. The fair values of these derivative instruments are determined by Absa Capital, Rand Merchant Bank, Standard Bank, Nedbank, Investec Bank Limited, Banco Popular, Banco Santander and CaixaBank using a valuation technique that maximises the use of observable market inputs. Level 3 derivatives consist of net settled derivatives and share warrants that have been valued using the Black Scholes option pricing model.

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

2.3 Fair value measurement of non-financial assets (investment property)

The fair values of commercial buildings are estimated using a discounted cash flow approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields. The estimated rental stream takes into account current occupancy levels, estimates of future vacancy levels, the terms of in-place leases and expectations of rentals from future leases over the remaining economic life of the buildings.

The most significant inputs are the discount rate and the reversionary capitalisation rate. The inputs used in the valuations were:

	2020					2019				
	Discount rate		Reversionary capitalisation rate			Discount rate		Reversionary capitalisation rate		
	Range	Weighted average	Range	Weighted average		Range	Weighted average	Range	Weighted average	
	%	%	%	%	%	%	%	%	%	
Southern Africa	12.7 to 19.6	13.8	7.7 to 15.5	9.1	12.4 to 17.4	13.5	7.4 to 13.0	8.7		
Spain	7.3 to 9.0	8.0	5.0 to 9.3	6.1	7.0 to 9.0	7.9	5.0 to 9.2	6.0		

The discount rate and reversionary capitalisation rate range for the South African portfolio is wide. Accordingly, we have provided a disaggregation in the tables below.

For the Southern African portfolio, the discount rate and reversionary capitalisation rate has been disaggregated based on geography. The table below also illustrates the impact on valuations resulting from changes in net operating income (NOI).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2 Fair value measurement continued

2.3 Fair value measurement of non-financial assets (investment property) continued

Southern African directly held property portfolio	Average discount rate	Average exit capitalisation rate	Valuation impact if base discount rate is increased by 50bps	Valuation impact of 50% NOI reduction in year one	Valuation impact of 5% NOI reduction in capitalisation year	Valuation impact of 5% NOI reduction in cash flow in capitalisation year
Total portfolio	13.8%	9.1%	(5.5)%	(3.6)%	(3.5)%	(5.1)%
Retail	13.8%	9.0%	(5.5)%	(3.6)%	(3.5)%	(5.1)%
Other	14.0%	10.4%	(5.0)%	(4.1)%	(2.9)%	(5.2)%
Gauteng	13.5%	8.9%	(5.7)%	(3.5)%	(3.6)%	(5.1)%
KwaZulu-Natal	13.5%	8.7%	(5.4)%	(3.5)%	(3.3)%	(5.1)%
Western Cape	13.2%	8.8%	(5.7)%	(3.5)%	(3.5)%	(5.1)%
Free State	13.5%	8.7%	(5.7)%	(3.3)%	(3.7)%	(5.1)%
Limpopo	14.2%	9.3%	(5.1)%	(4.0)%	(3.3)%	(5.0)%
Eastern Cape	13.6%	8.8%	(5.8)%	(3.6)%	(3.8)%	(5.2)%
Namibia	16.1%	11.5%	(4.3)%	(4.4)%	(2.8)%	(5.1)%
North West	14.4%	9.5%	(5.4)%	(3.7)%	(3.4)%	(5.1)%
Mpumalanga	14.9%	10.3%	(5.1)%	(4.2)%	(3.5)%	(5.2)%

The above information has been further disaggregated based on risk (discount rates). Refer to the following three tables:

Discount rate below 14%	Portfolio exposure	Average discount rate	Average exit capitalisation rate	Valuation impact if base discount rate is increased by 50bps	Valuation impact of 50% NOI reduction in year one	Valuation impact of 5% NOI reduction in capitalisation year	Valuation impact of 5% NOI reduction in cash flow in capitalisation year
Total portfolio	58%	13.0%	8.3%	(5.9)%	(3.3)%	(3.6)%	(5.1)%
Retail	58%	13.0%	8.2%	(5.9)%	(3.3)%	(3.6)%	(5.1)%
Other	55%	13.1%	9.2%	(5.6)%	(3.7)%	(2.6)%	(5.2)%
Gauteng	68%	13.0%	8.3%	(6.0)%	(3.3)%	(3.7)%	(5.1)%
KwaZulu-Natal	71%	13.2%	8.3%	(5.5)%	(3.4)%	(3.2)%	(5.1)%
Western Cape	60%	12.7%	8.2%	(6.2)%	(3.2)%	(3.5)%	(5.2)%
Free State	62%	13.2%	8.2%	(6.0)%	(3.1)%	(3.7)%	(5.0)%
Limpopo	40%	12.7%	8.0%	(6.1)%	(3.2)%	(3.7)%	(5.0)%
Eastern Cape	49%	13.2%	8.2%	(6.2)%	(3.4)%	(3.9)%	(5.2)%
North West	64%	13.2%	8.3%	(5.9)%	(3.3)%	(3.7)%	(5.0)%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2 Fair value measurement continued

2.3 Fair value measurement of non-financial assets (investment property) continued

Discount rate between 14% and 16%	Portfolio exposure	Average discount rate	Average exit capitalisation rate	Valuation impact if base discount rate is increased by 50bps	Valuation impact of 50% NOI reduction in year one	Valuation impact of 5% NOI reduction in capitalisation year	Valuation impact of 5% NOI reduction in cash flow in capitalisation year
Total portfolio	35%	14.4%	9.7%	(5.1)%	(3.9)%	(3.4)%	(5.1)%
Retail	36%	14.4%	9.6%	(5.1)%	(3.9)%	(3.4)%	(5.1)%
Other	33%	14.7%	11.6%	(4.3)%	(4.4)%	(3.2)%	(5.1)%
Gauteng	26%	14.2%	9.8%	(5.2)%	(3.8)%	(3.6)%	(5.1)%
KwaZulu-Natal	29%	14.5%	9.6%	(5.1)%	(3.7)%	(3.6)%	(5.0)%
Western Cape	40%	14.0%	9.8%	(5.1)%	(3.9)%	(3.5)%	(5.1)%
Free State	38%	14.0%	9.4%	(5.3)%	(3.6)%	(3.6)%	(5.1)%
Limpopo	48%	14.9%	10.0%	(4.4)%	(4.5)%	(2.9)%	(5.1)%
Eastern Cape	51%	14.0%	9.3%	(5.4)%	(3.8)%	(3.7)%	(5.2)%
Namibia	69%	15.2%	10.2%	(4.5)%	(4.1)%	(2.7)%	(5.0)%
North West	25%	15.0%	10.0%	(5.0)%	(4.0)%	(3.5)%	(5.1)%
Mpumalanga	67%	14.3%	9.4%	(5.5)%	(3.9)%	(3.8)%	(5.3)%

Discount rate above 16%	Portfolio exposure	Average discount rate	Average exit capitalisation rate	Valuation impact if base discount rate is increased by 50bps	Valuation impact of 50% NOI reduction in year one	Valuation impact of 5% NOI reduction in capitalisation year	Valuation impact of 5% NOI reduction in cash flow in capitalisation year
Total portfolio	7%	17.0%	12.6%	(4.0)%	(5.0)%	(3.1)%	(5.1)%
Retail	6%	17.1%	12.6%	(4.1)%	(4.9)%	(3.1)%	(5.1)%
Other	12%	16.3%	12.8%	(4.0)%	(5.0)%	(2.9)%	(5.2)%
Gauteng	6%	16.3%	11.9%	(4.2)%	(4.9)%	(3.2)%	(5.1)%
Limpopo	12%	16.3%	11.3%	(4.5)%	(4.4)%	(3.4)%	(5.2)%
Namibia	31%	18.1%	13.7%	(3.7)%	(5.3)%	(3.1)%	(5.1)%
North West	11%	19.6%	15.5%	(3.4)%	(5.5)%	(1.5)%	(5.1)%
Mpumalanga	33%	16.3%	12.1%	(4.2)%	(4.8)%	(3.1)%	(5.2)%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2 Fair value measurement continued

2.3 Fair value measurement of non-financial assets (investment property) continued

The estimated fair value would increase/(decrease) if the expected market rental growth was higher/(lower), expected expense growth was lower/(higher), the vacant periods were shorter/(longer), the occupancy rate was higher/(lower), the rent-free periods were shorter/(longer), the discount rate was lower/(higher) and/or the reversionary capitalisation rate was lower/(higher).

The effect of a 25 basis point (bps) change to the base discount rate will have the following impact on the 31 March 2020 value of the portfolio:

	25bps increase				25bps decrease		
	Fair value Rm	Decreased fair value Rm	Decrease Rm	% decrease	Increased fair value Rm	Increase Rm	% increase
Southern Africa ⁽¹⁾	15 621	15 182	(439)	(2.8)	16 105	484	3.1

	25bps increase				25bps decrease		
	Fair value €m	Decreased fair value €m	Decrease €m	% decrease	Increased fair value €m	Increase €m	% increase
Spain	16 481	16 175	(306)	(1.8)	16 797	316	1.9

⁽¹⁾ Fair value excludes non-controlling interest in Clidet No 1011 (Pty) Ltd, which owns 80% of Moruleng Mall.

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value:

	2020 Recurring fair value measurements Level 3 Rm	2019 Non-recurring fair value measurements Level 3 Rm
Investment property	35 522	29 518
Right-of-use asset	214	—
Investment property under development	—	163
	2020 Non-recurring fair value measurements Level 3 Rm	2019 Non-recurring fair value measurements Level 3 Rm
Investment property held for sale	—	1 002

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

3 Related-party transactions and balances

Type of transaction	2020		2019	
	Amount paid/ (received) by Vukile Rm	Amount owed to/(by) related parties Rm	Amount paid/ (received) by Vukile Rm	Amount owed to/(by) related parties Rm
Group companies				
MICC Property Income Fund (MICC IF)	Asset management fees ⁽¹⁾	—	46	—
MICC IF	Debenture interest	(165)	(156)	—
MICC IF	Loan	—	—	37
MICC IF	Corporate administration recovery ⁽²⁾	—	(2)	—
MICC Properties	Corporate administration recovery ⁽²⁾	—	(3)	—
MICC Properties	Interest received	(23)	(34)	(341)
MICC Properties	Interest paid	—	5	—
MICC Namibian subsidiaries	Interest paid ⁽³⁾	—	5	—
Clidet No. 1011	Dividends received	(17)	(8)	—
Clidet No. 1011	Interest received	(25)	(26)	(284)
Castellana	Interest received	(7)	—	—
Morzal Properties Iberia S.L (Morzal)	Initial investment in Morzal	—	3 630	—
Vukile ALP 1 Pty Ltd	Dividends received	(6)	—	—
Vukile ALP 2 Pty Ltd	Dividends received	(6)	—	—
Vukile ALP 3 Pty Ltd	Dividends received	(1)	—	—
Vukile ALP 1 Pty Ltd	Interest received	(26)	—	(367)
Vukile ALP 2 Pty Ltd	Interest received	(26)	—	(367)
Vukile ALP 3 Pty Ltd	Interest received	(13)	—	(181)
Atlantic Leaf Properties Limited	Dividend received	(102)	(109)	—
Fairvest Property Holdings Limited	Dividend received	(59)	(54)	—
Arrowhead Properties Limited	Dividend received	(85)	(72)	—
Investment in Castellana	Dividend received	(430)	(290)	—
Castellana Westbrooke/ Morzal Properties Iberia S.L (Morzal)	Dividend received	(20)	(49)	—

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

3 Related-party transactions and balances

Type of transaction		2020		2019	
		Amount paid/ (received) by Vukile Rm	Amount owed to/(by) related parties Rm	Amount paid/ (received) by Vukile Rm	Amount owed to/(by) related parties Rm
Other related parties					
Diversified Real Estate Asset Management (DREAM)	Share warrant	—	—	18	—
Diversified Real Estate Asset Management (DREAM)	Refund of salary costs and expenditure incurred in assisting DREAM in preparation of feasibilities, negotiation with debt funders, and review of loan and sale agreements with reference to the acquisition of 11 retail parks (expense recovery at cost)	—	—	(17)	—
Directors and other officers	Interest	(19)	(266)	(13)	(271)
Executive directors	Remuneration	50	—	52	—
Key management (excluding directors)	Remuneration	15	—	34	—

⁽¹⁾ Fees paid by Vukile for the management of the group's property portfolios by MICC IF.

⁽²⁾ Allocation of corporate and administration costs paid to Vukile.

⁽³⁾ Market-related interest paid by Vukile on listed commercial paper issued to its Namibian subsidiaries.

Related parties comprise the company's subsidiaries, associates and key management.

Refer to the commentary section of this report for information regarding revenue from external customers, repayment of debt, dividends paid, and comments about the impact of COVID-19.

DIRECTORATE CVs

1 | LAURENCE RAPP (49)

Chief executive officer

- > **Skills and expertise:** General management, corporate finance, capital markets and real estate
- > **Years property experience:** 9 years
- > **Previous positions held:** Head: insurance and asset management – Standard Bank, head: strategic investments – Standard Bank, chairman of Synergy Income Fund Limited
- > **Current directorships:** Castellana Properties SOCIMI (chairman) and other Vukile group entities
- > **Appointment date:** 1 August 2011

2 | LAURENCE COHEN (47)

Chief financial officer

- > **Skills and expertise:** General management, corporate finance, capital markets, accounting, taxation and real estate
- > **Years property experience:** 16 years
- > **Previous positions held:** CFO of Hyprop Investments Limited, corporate finance manager at Grant Thornton
- > **Current key directorships:** Castellana Properties SOCIMI and other Vukile group entities
- > **Appointment date:** 1 July 2019

3 | ITUMELENG MOTHIBELI (36)

Managing director: Southern Africa

- > **Skills and expertise:** General management and real estate
- > **Years property experience:** 13 years
- > **Previous positions held:** Executive: Asset management – Vukile, Asset Manager: SA Corporate Real Estate
- > **Current directorships:** SA Council of Shopping Centres
- > **Appointment date:** 1 July 2019

4 | GABAIPHIWE SEDISE MOSENEKE (44)

Non-executive director

- > **Skills and expertise:** General management and real estate
- > **Years property experience:** 19 years
- > **Previous positions held:** CEO of Synergy Income Fund Limited
- > **Current directorships:** Chairman of Property Sector Charter Council, Encha Property Group
- > **Appointment date:** 1 August 2013

5 | PETER SIPHO MOYANGA (54)

Independent non-executive director

- > **Skills and expertise:** General management and retail
- > **Previous positions held:** Executive management: McDonald's Corporation
- > **Current directorships:** Reach for a Dream Foundation
- > **Appointment date:** 17 May 2004

6 | STEVE BOOYSEN (58)

Independent non-executive director

- > **Skills and expertise:** General management, investment banking, capital markets
- > **Previous positions held:** CEO of Absa Bank
- > **Current directorships:** Senwes Limited
- > **Appointment date:** 20 March 2012

7 | NIGEL GEORGE PAYNE (60)

Independent non-executive director

- > **Skills and expertise:** General management, accounting, audit and retail
- > **Previous positions held:** Partner at a big four accounting firm
- > **Current directorships:** Castellana Properties SOCIMI, Bidcorp Limited, Alexander Forbes Holdings Limited, Mr Price Group Limited (chairman)
- > **Appointment date:** 20 March 2012

8 | HYMIE MERVYN SEREBRO (73)

Independent non-executive director

- > **Skills and expertise:** General management, retail and real estate
- > **Previous positions held:** Managing director of OK Bazaars
- > **Current directorships:** Reach for a Dream Foundation (chairman) and Innovative Cancer Care Foundation
- > **Appointment date:** 17 May 2004

9 | HATLA NTENE (66)

Independent non-executive director

- > **Skills and expertise:** General management, quantity surveying, project management and real estate
- > **Previous positions held:** Managing partner of AECOM South Africa
- > **Current directorships:** Calgro M3 Holdings Limited, The Don Group Limited and AECOM South Africa
- > **Appointment date:** 25 October 2013

10 | RENOSI DENISE MOKATE (62)

Lead independent non-executive

- > **Skills and expertise:** General management, development economics and banking
- > **Previous positions held:** Executive director: World Bank, Deputy Governor of the South African Reserve Bank
- > **Current directorships:** Bidvest Bank, Government Employees Pension Fund (chairman)
- > **Appointment date:** 11 December 2013

11 | BABALWA NGONYAMA (45)

Independent non-executive director

- > **Skills and expertise:** General management, accounting, audit and financial services
- > **Previous positions held:** CFO of Safika Holdings, partner at Deloitte
- > **Current directorships:** Aspen Limited and Implats Limited
- > **Appointment date:** 12 February 2018

CORPORATE INFORMATION

Directors

Nigel Payne	(chairman, non-executive director)
Laurence Rapp ^(a, g)	(chief executive)
Laurence Cohen ^(a)	(chief financial officer)
Itumeleng Mothibeli ^(a, g)	MD SA
Sedise Moseneke ^(g)	non-executive director
Steve Booysen ^(c, d, i)	non-executive director
Renosi Mokate ^(e, c, i)	non-executive director (lead)
Peter Moyanga ^(g)	non-executive director
Hatla Ntene ^(g)	non-executive director
Mervyn Serebro ^(f)	non-executive director
Babalwa Ngonyama ^(b)	non-executive director

^(a) Executive.

^(b) Chairman of audit and risk committee.

^(c) Member of audit and risk committee.

^(d) Chairman of social, ethics and human resources committee.

^(e) Member of social, ethics and human resources committee.

^(f) Chairman of property and investment committee.

^(g) Member of property and investment committee.

^(h) Chairman of nominations committee.

⁽ⁱ⁾ Member of nominations committee.

Group secretary and registered office

Johann Neethling	PO Box 522779
11 Ninth Street	Saxonwold
Houghton Estate	2132
2198	

Sponsors

South Africa

Java Capital

6th Floor, 1 Park Lane	PO Box 522606
Wierda Valley	Saxonwold
Sandton	2132
2196	

Namibia

IJG Group

First Floor	PO Box 186
Heritage Square	Windhoek
100 Robert Mugabe Avenue	
Windhoek	

Listing information

Vukile was listed on the JSE Limited on 24 June 2004 and on the Namibian Stock Exchange on 11 July 2007.

JSE code: VKE
NSX code: VKN
ISIN: ZAE000056370
Sector: Financial – retail REITs

Transfer secretary

Link Market Services South Africa (Pty) Ltd
13th Floor
19 Ameshoff Street
Braamfontein
2001
PO Box 4844
Johannesburg
2000

Auditor

PwC

Waterfall City
4 Lisbon Lane
Jukskei View
Midrand
2090
Telephone +27 11 797 4000

Principal banker

Absa Bank Limited

3rd Floor
Absa Towers East
160 Main Street
Johannesburg
2001
PO Box 7335
Johannesburg
2000

Investor and media relations

Marketing Concepts

1st Floor
Wierda Court
107 Johan Avenue
Wierda Valley
Sandton
Johannesburg
2196
Telephone +27 11 783 0700

www.vukile.co.za



ZARA

ZARA
REGISTRATION

YES