



Audited group results

for the year ended 31 March 2012

Agenda

- Highlights Laurence Rapp
- Strategic review Laurence Rapp
- Financial performance Mike Potts
- Portfolio performance and overview Ina Lopion
- Prospects and plans Laurence Rapp
- Acknowledgements Laurence Rapp
- Questions Team



Highlights, Vision, Values and Strategic review

LAURENCE RAPP

Highlights

- Annual distribution increased by 6.1%.
- Successful acquisition of R1.5 billion property portfolio post year end, increasing our asset base by approximately 25%.
- Improved quality of offices portfolio.
- Free-float index weighting increased from 50% to 100%.
- Successful implementation of a Domestic Medium Term Note Programme post year end, thereby reducing cost of finance on R1.02 billion debt by 1%.
- Successful broadening of Vukile's unitholder base.
- Vukile repositioned in the market.









Vision and Values

“Through our dedicated team and network of trusted partners, Vukile aspires to be a leading property company by providing a top quality experience for our tenants and their customers through the active management and growth of our diversified portfolio and in so doing generate superior returns for our stakeholders”

- We act with integrity
- We make a difference as a team
- We are client focused
- We are passionate about success
- We deliver results to unitholders
- We treasure our partnership
- We are responsible corporate citizens
- We are proactive

Strategic review

Eight critical success factors (“CSFs”) have been identified that will enable the company to bring our vision to fruition:

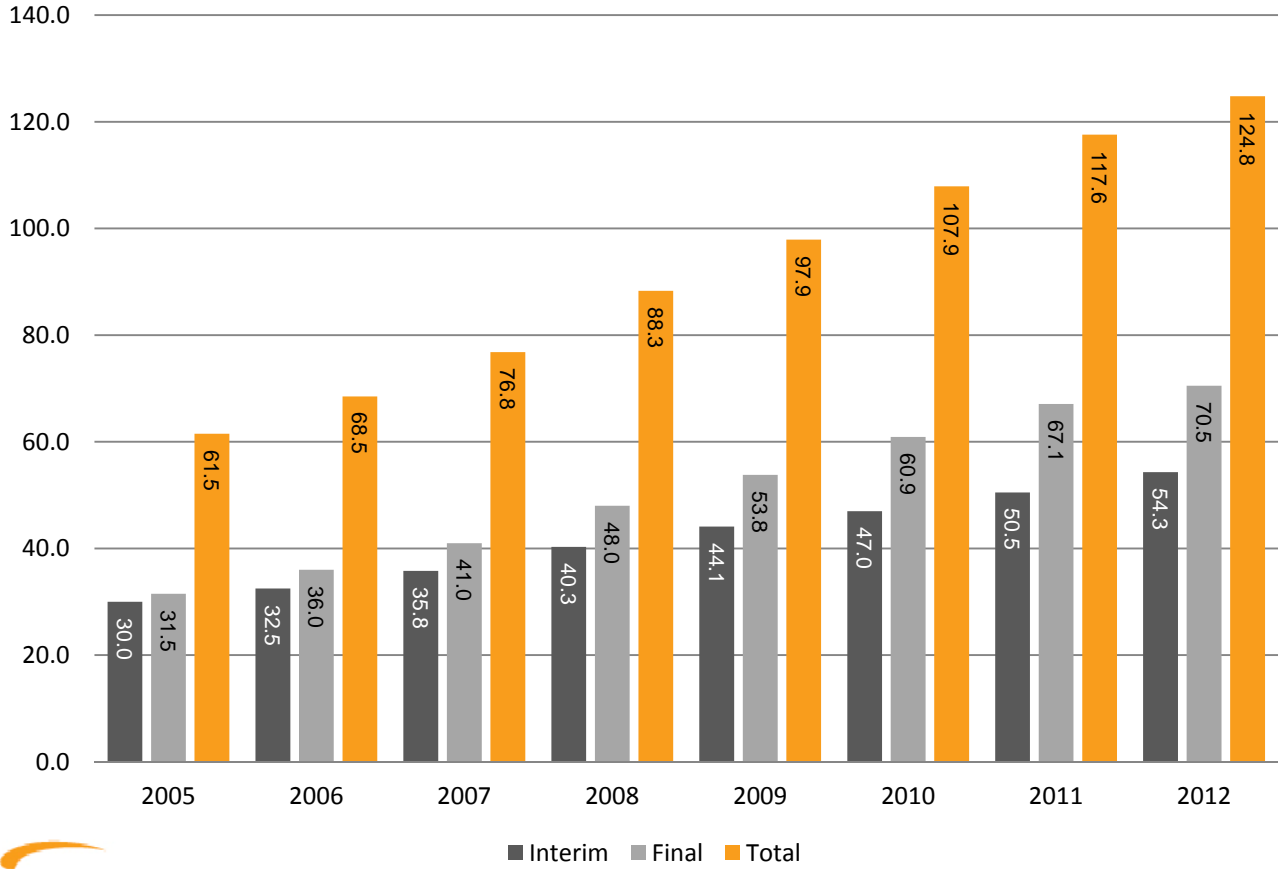
• Grow the portfolio	
• Broaden our shareholding base and enhance market perception on an independent Vukile	
• Building sustainable partnerships	
• Improved customer and tenant focus	
• Optimise long and short-term returns for unitholders	
• Minimise funding cost and refinance risk	
• Invest in our people by engaging our people, building competence and capacity	
• Transformation	



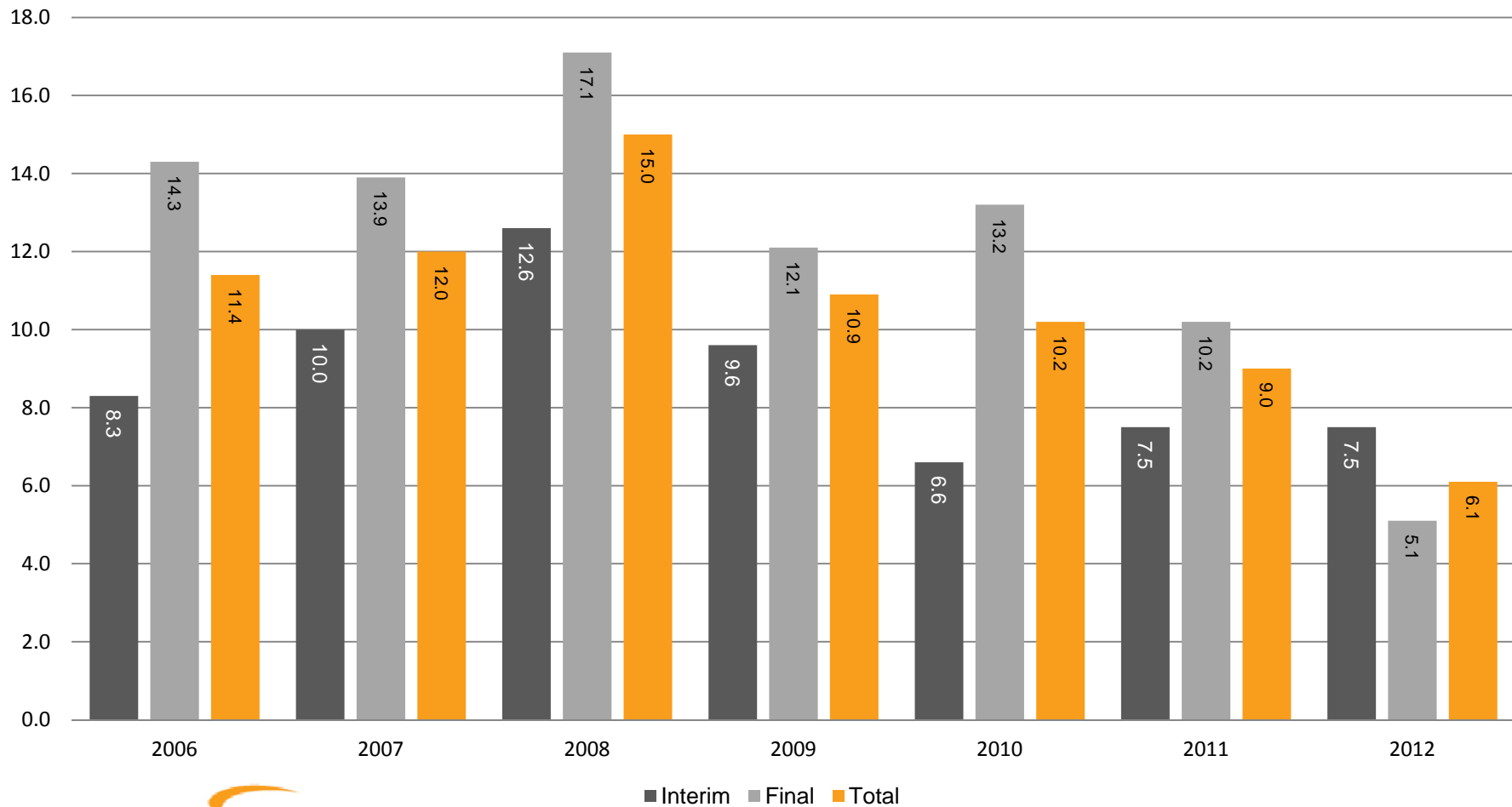
Financial performance

MIKE POTTS

Distribution history



Growth in distribution



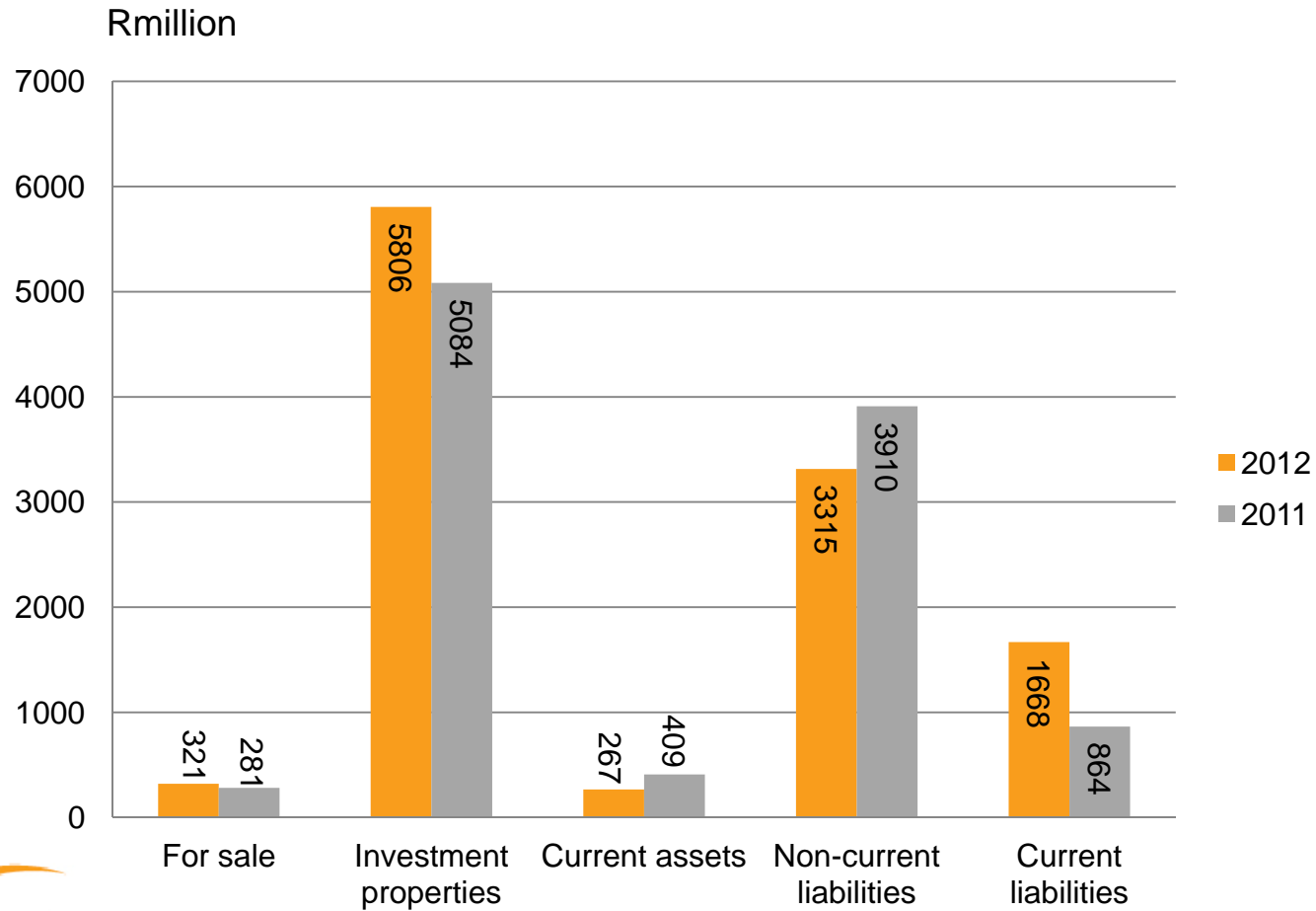
Simplified income statement

	March 2012 Rm	March 2011 Rm	% Variance
Group net rental income	598.9	542.5	10.4
Income from asset management business	53.3	65.1	(18.1)
Asset management expenditure	(30.8)	(20.2)	(52.5)
Net finance costs	(152.1)	(147.4)	(3.2)
Corporate administration costs	(25.9)	(25.5)	(1.6)
Taxation	(4.3)	(6.4)	32.8
Available for distribution	439.1	408.1	7.6
Increase in headline earnings per linked unit 10.7%			

Make-up of increase in distribution

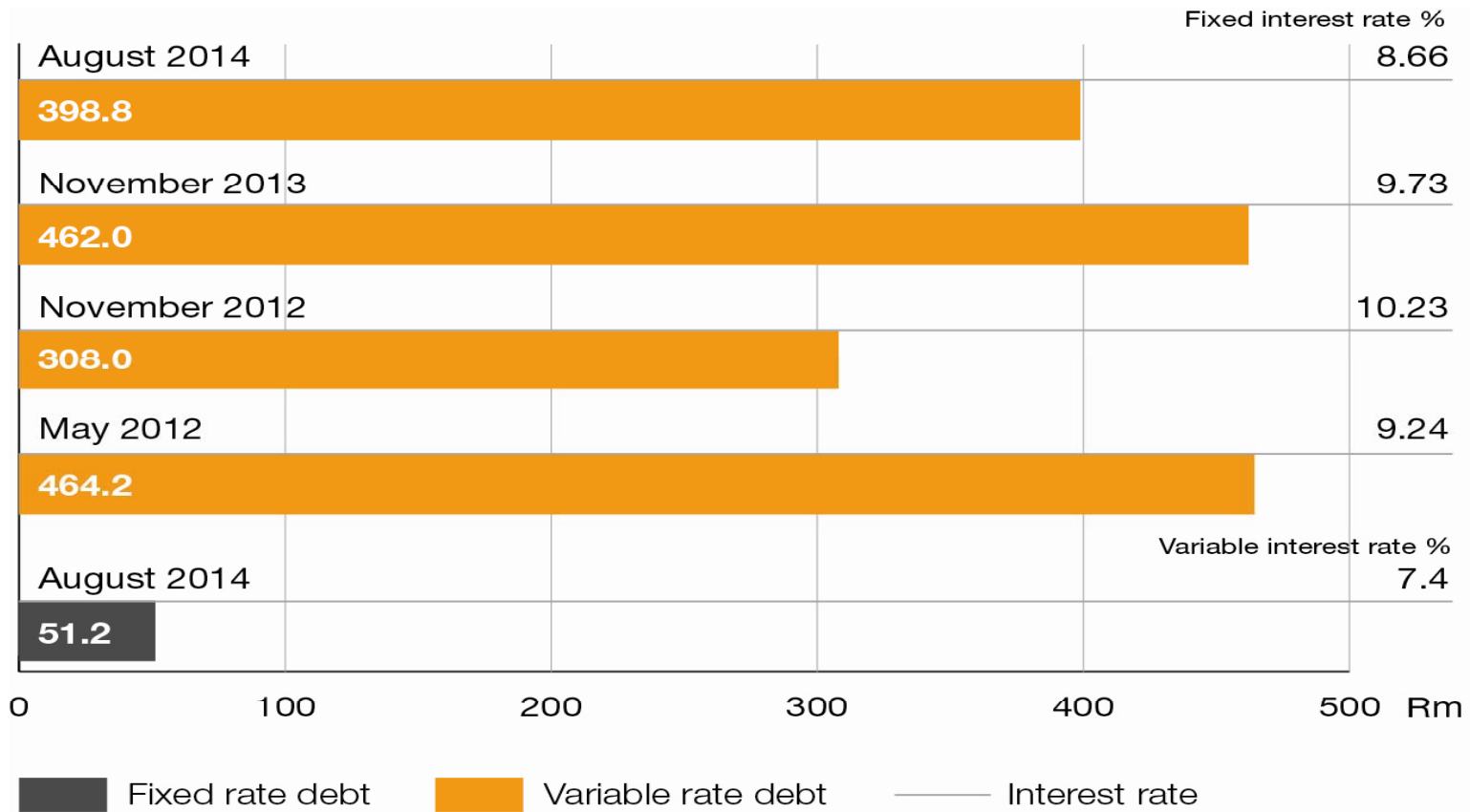
	2012 Cents per linked unit	2011 Cents per linked unit
Contributions to increased rental income		
Increase in rentals on new and renewed leases	12.6	10.3
Additional rentals from property acquisition	9.3	12.8
Additional municipal service recoveries and other	5.6	3.7
	27.5	26.8
Increase in property expenditure	(11.5)	(7.6)
Net increase in net group property revenue	16.0	19.2
(Reduced)/additional income from asset management business	(6.1)	11.9
Less: adjusted prior year asset management income for full year	-	(8.5)
Increased net finance costs	(1.3)	(6.6)
Reduced/(increased) administrative expenses, taxation and retained income	0.8	(0.7)
Adjustment for changes in linked units issued in the prior year	(2.2)	(2.3)
Less: R10 million distribution foregone by Sanlam Properties in prior year	-	(3.3)
Net increase in distribution	7.2	9.7

Group balance sheet

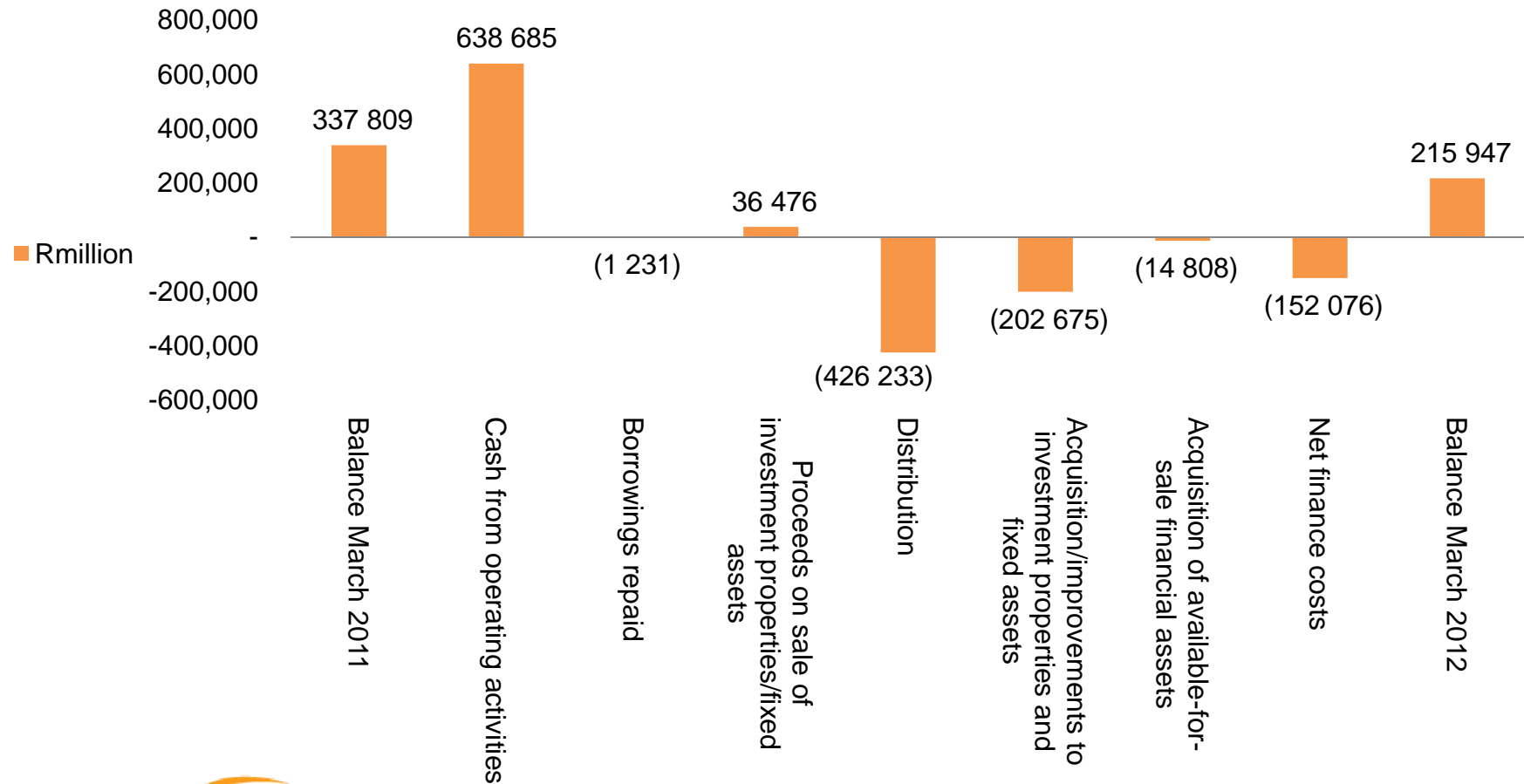


Group debt structure

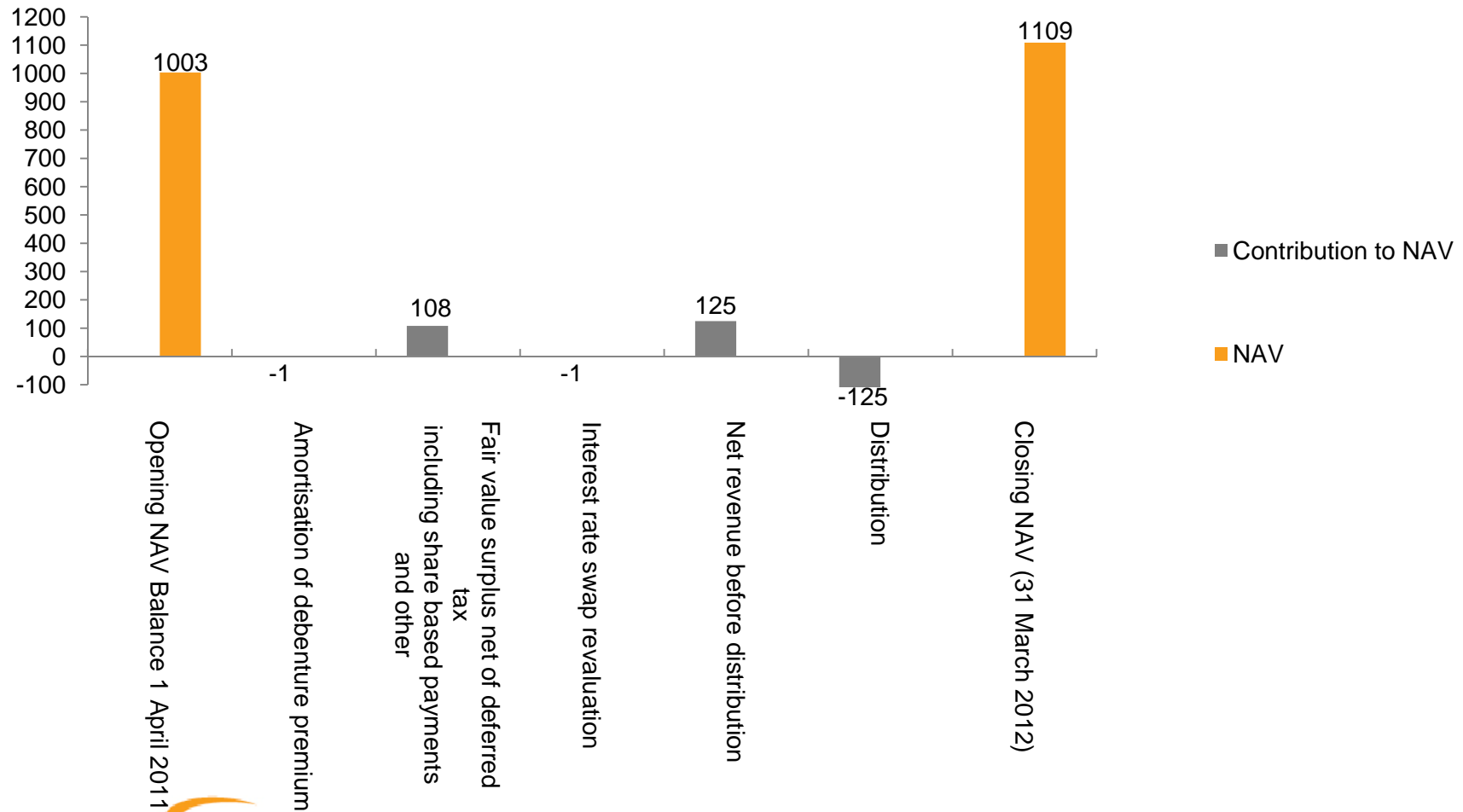
Maturity and interest rate profile of interest bearing debt at 31 March 2012



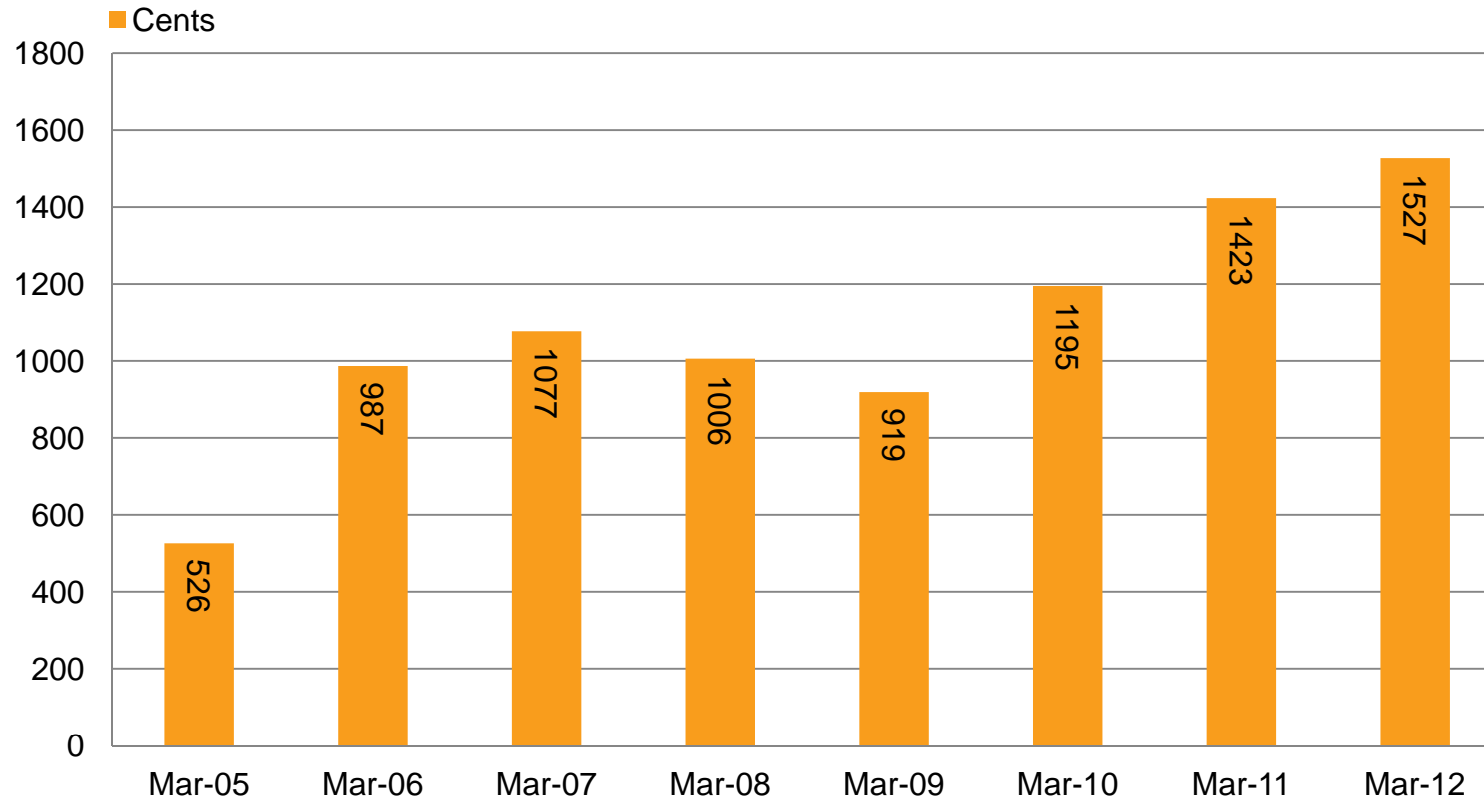
Group net cash flow



NAV bridge

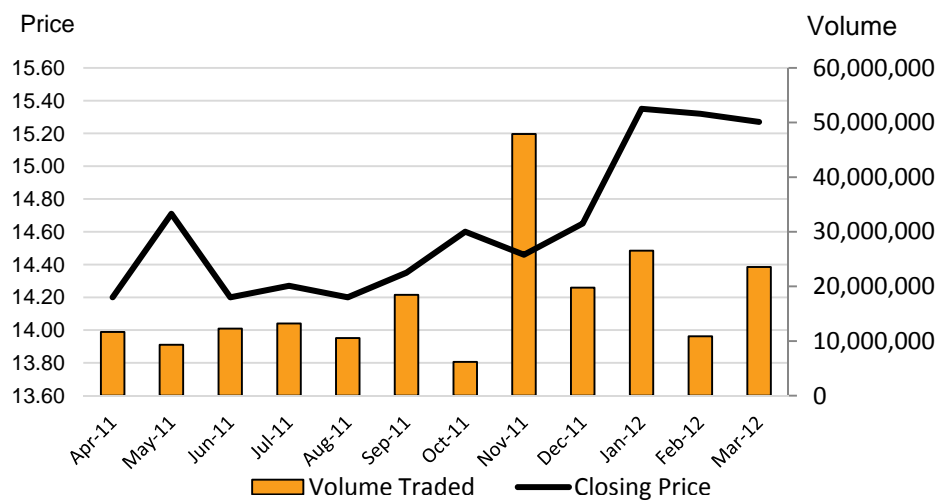


Linked unit price

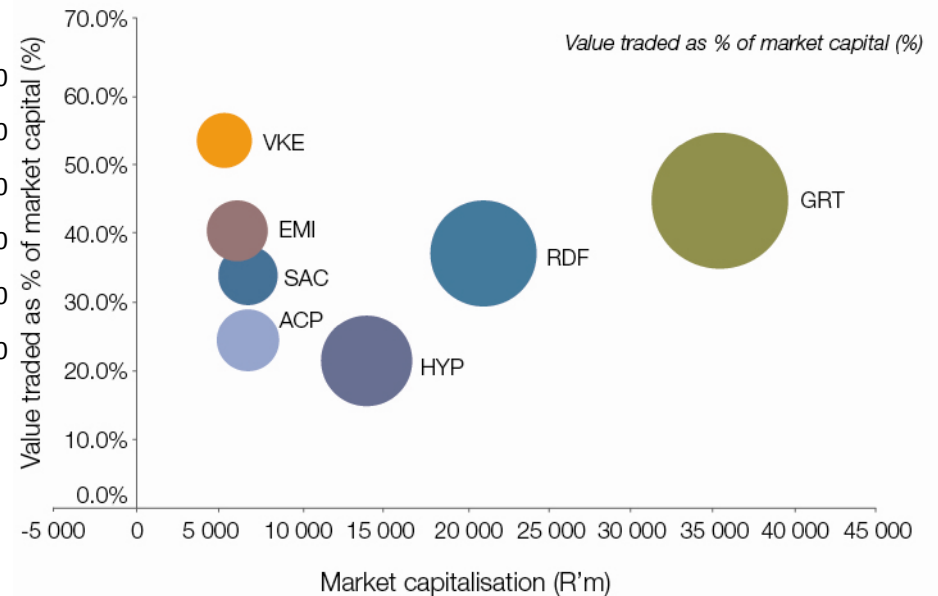


Trading volumes and liquidity

VKE: closing price vs. monthly volume traded



Value traded as % of market capital (%)



Source Capital IQ, 6 March 2012

Post year end transactions

- Acquisition of R1.5 billion portfolio successfully concluded on 25 April 2012.
- Purchase price funded as follows:
 - 59.5 million linked units issued at R14.60 – R868.7 million;
 - Bank debt raised of R612 million;
 - R490 million hedged;
 - R122 million variable;
 - All-in cost of finance in line with circular forecast of 8.53%.

Post year end transactions

- Refinancing of R1.02 billion CMBS Programme.
- Global Credit Rating Co. accorded Vukile a AA (RSA) rating to senior secured notes.
- Secured bonds of R1.02 billion issued on 8 May 2012 as follows:
 - R580 million due 8 May 2015 - margin of 1.30%;
 - R200 million due 8 May 2016 - margin of 1.54%;
 - R240 million due 8 May 2017 - margin of 1.55%;
 - All based on 3 month JIBAR.
- 100% of this debt hedged at below 9%.



Property portfolio performance and overview

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Overview

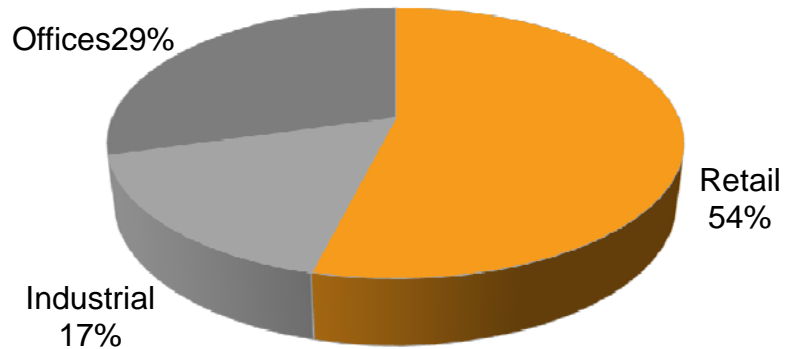
- Number of properties 72
- GLA 922 221m²
- Valuation
 - Total portfolio R6.113 billion
46% of portfolio valued externally,
values in line with internal values
 - Average value per property R85 million
 - Average discount rate 12.7%
 - Average exit capitalisation rate 10.7%

10 largest properties

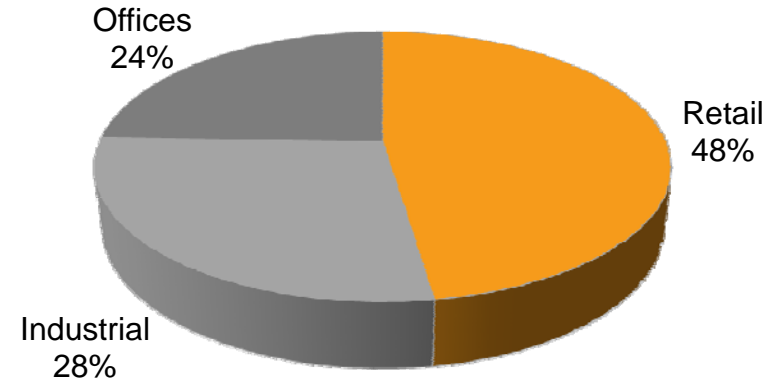
	Area m ²	Value (Rm)	% of total
Durban Phoenix Plaza	24 342	495.4	8.1
Bellville Louis Leipoldt Hospital	22 311	287.8	4.7
Dobsonville Shopping Centre	23 177	229.4	3.8
Pine Crest (50%)	20 072	204.1	3.3
Durban Embassy	32 346	202.8	3.3
Oshakati Shopping Centre	22 269	190.6	3.1
Daveyton Shopping Centre	17 095	182.5	3.0
Arivia.kom Building	15 634	169.3	2.8
Roodepoort Hillfox Power Centre	37 440	168.2	2.8
Randburg Square	50 945	150.1	2.5
	265 631	2 280.3	37.3

Sectoral profile

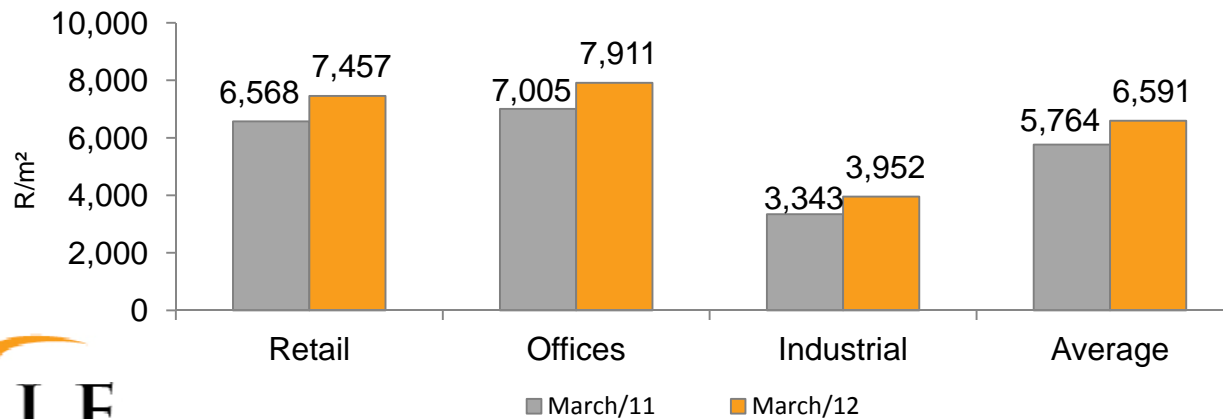
Market Value (Rm)



GLA (m²)

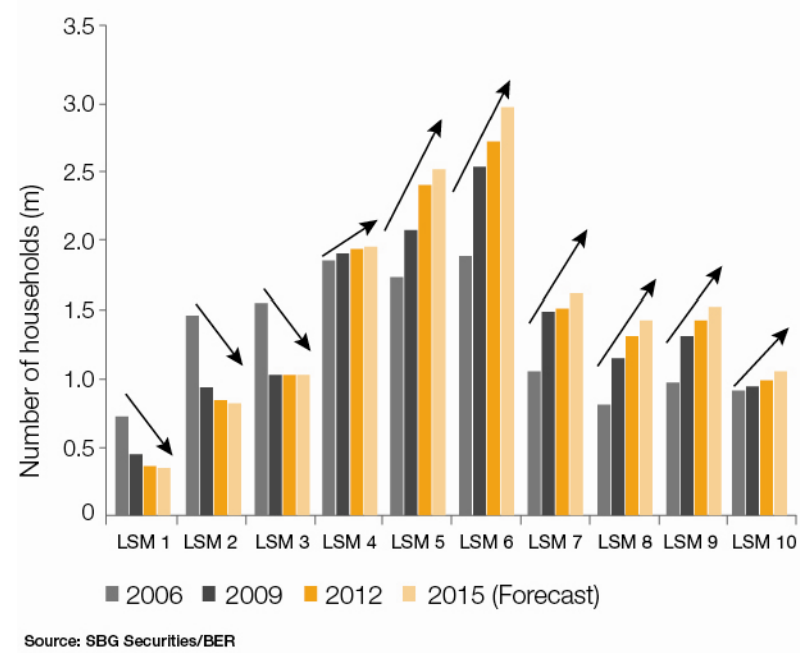


Market Value (R/m²)



Portfolio composition

- Grow the portfolio.
- Overweight retail
 - Middle LSM (3 to 6) Centres.
 - Rural and Urban.
- Improve quality of offices and industrial assets
 - Disposals of CBD properties.
 - Acquisition of Sanlam portfolio.
- Yield versus quality debate.



Disposals

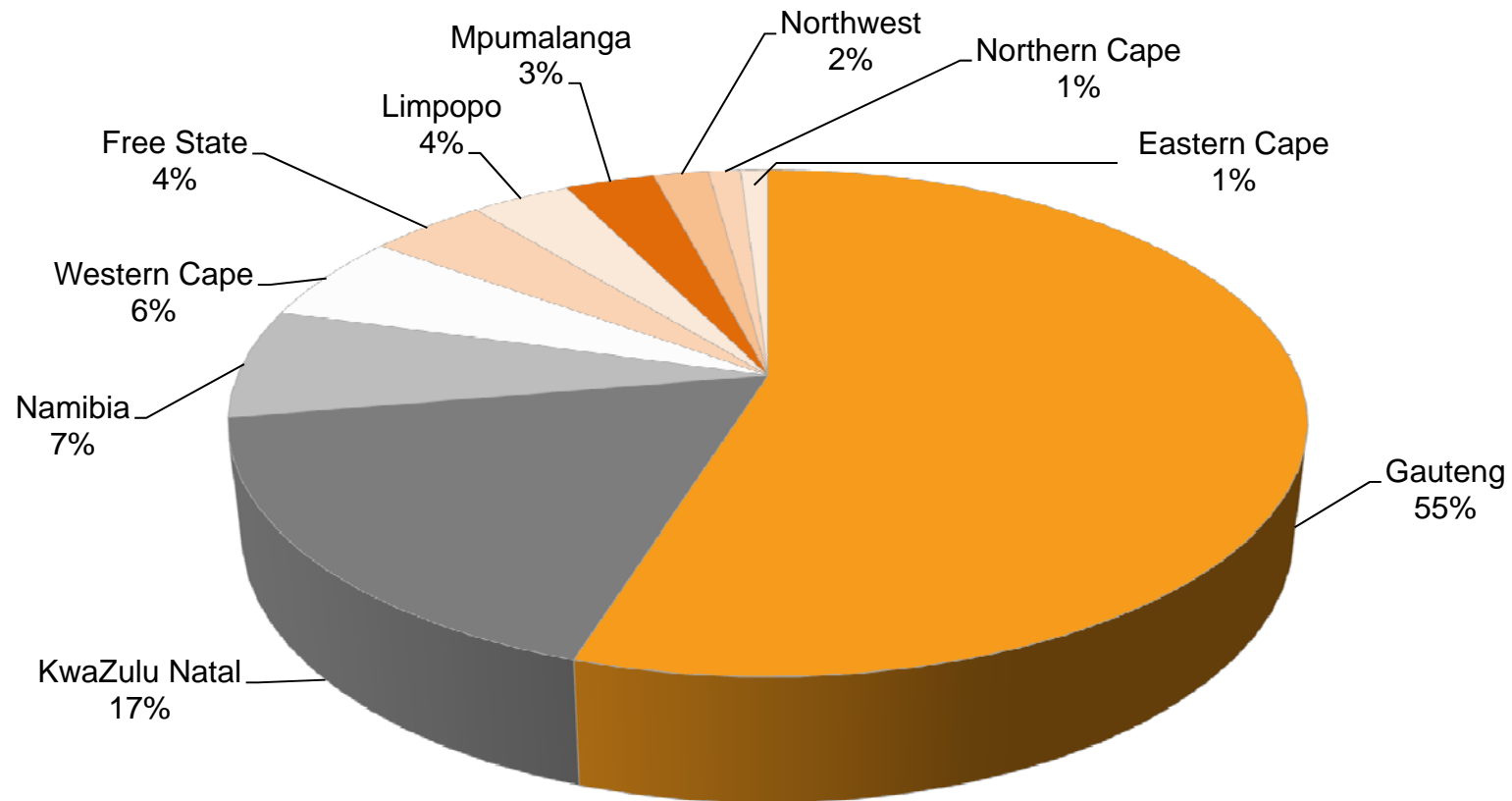
Property	Sector	GLA (m ²)	% Yield per annum	Sales price (R000)	Status transferred
Benoni Kleinfontein Offices: Erf 4	Offices	439	17.3	1 700	June 2011
AAD (Goodwood)	Industrial	3 024	10.1	15 250	Jan 2012
Botbyl Subaru Building Hatfield	Retail	4 603	19.4	13 750	Nov 2011
Oshakati Beares Furniture	Retail	2 566	10.8	5 800	Sept 2011
Johannesburg John Griffen	Industrial	9 774	12.0	16 500	May 2012
Total				53 000	

Properties held for sale

Property	Sector	GLA (m ²)	% Yield per annum	Sales price (R000)	Status
Johannesburg Glencairn Building	Offices	13 378	7.8	23 520	CPs fulfilled
Johannesburg Truworths Building	Retail/Offices	6 919		43 680	CPs fulfilled
Pretoria VWL Building	Offices	16 933	12.5	103 000	CPs outstanding
Nelspruit Prorom Building	Offices	6 178	12.5	38 000	CPs outstanding
Katima Mulilo Pep Stores	Retail	2 472	11.7	18 000	CPs outstanding
Rundu Elleries	Retail	1 283	14.7	2 800	CPs outstanding
Pretoria Midtown Building	Offices	8 086		tbc	No sale yet
Lichtenburg Shopping Centre	Retail	8 423		tbc	No sale yet

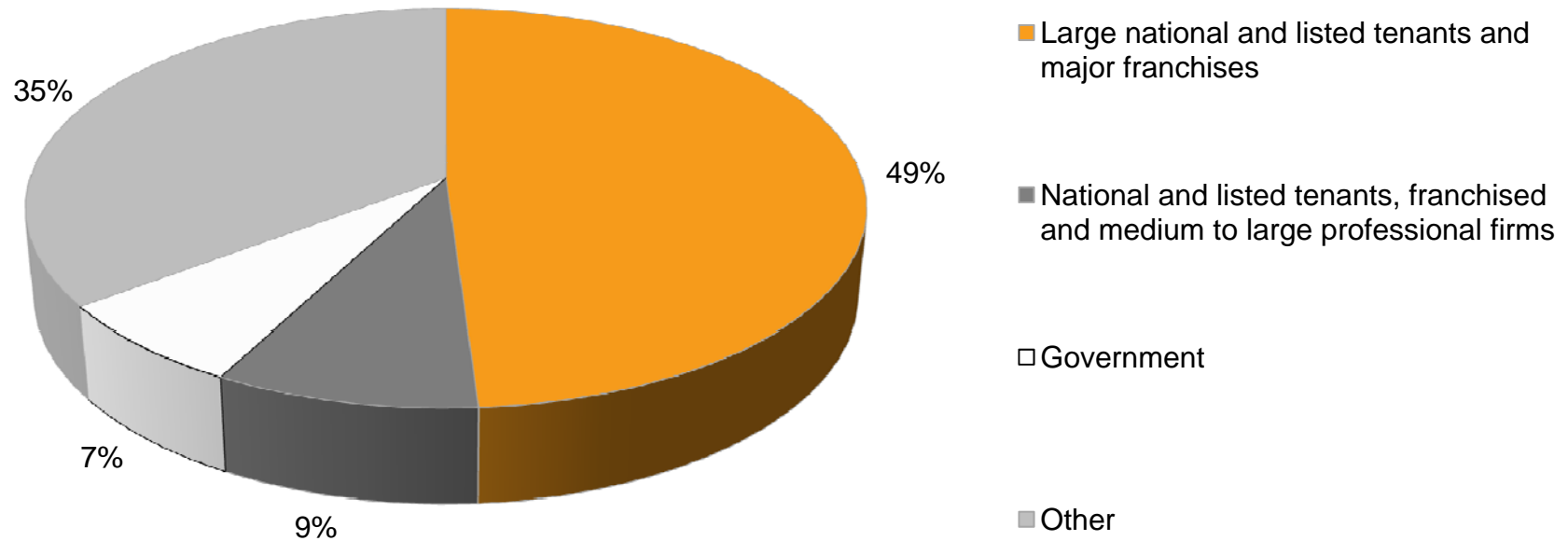
CP = Conditions precedent

Geographic profile (GLA m²)

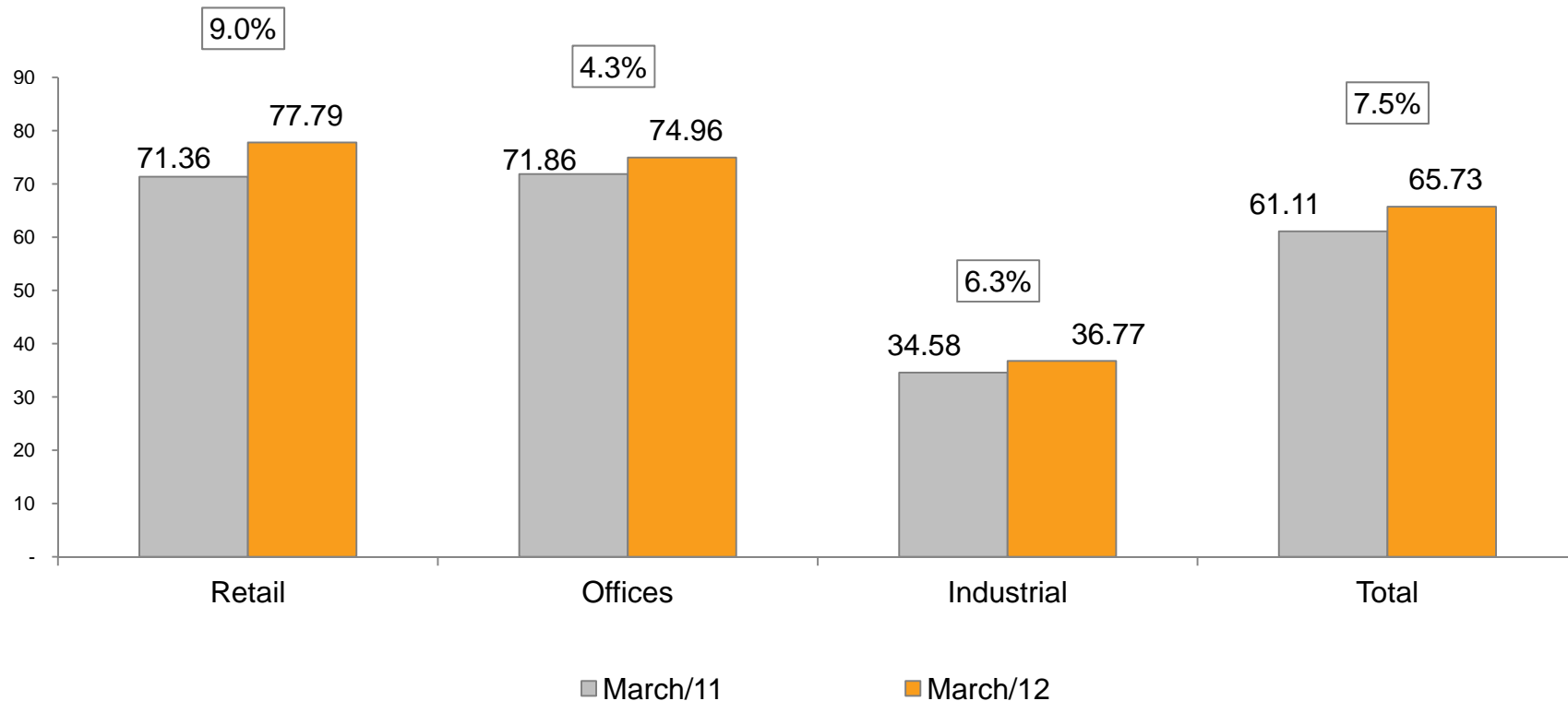


Top four regions account for 85% of exposure

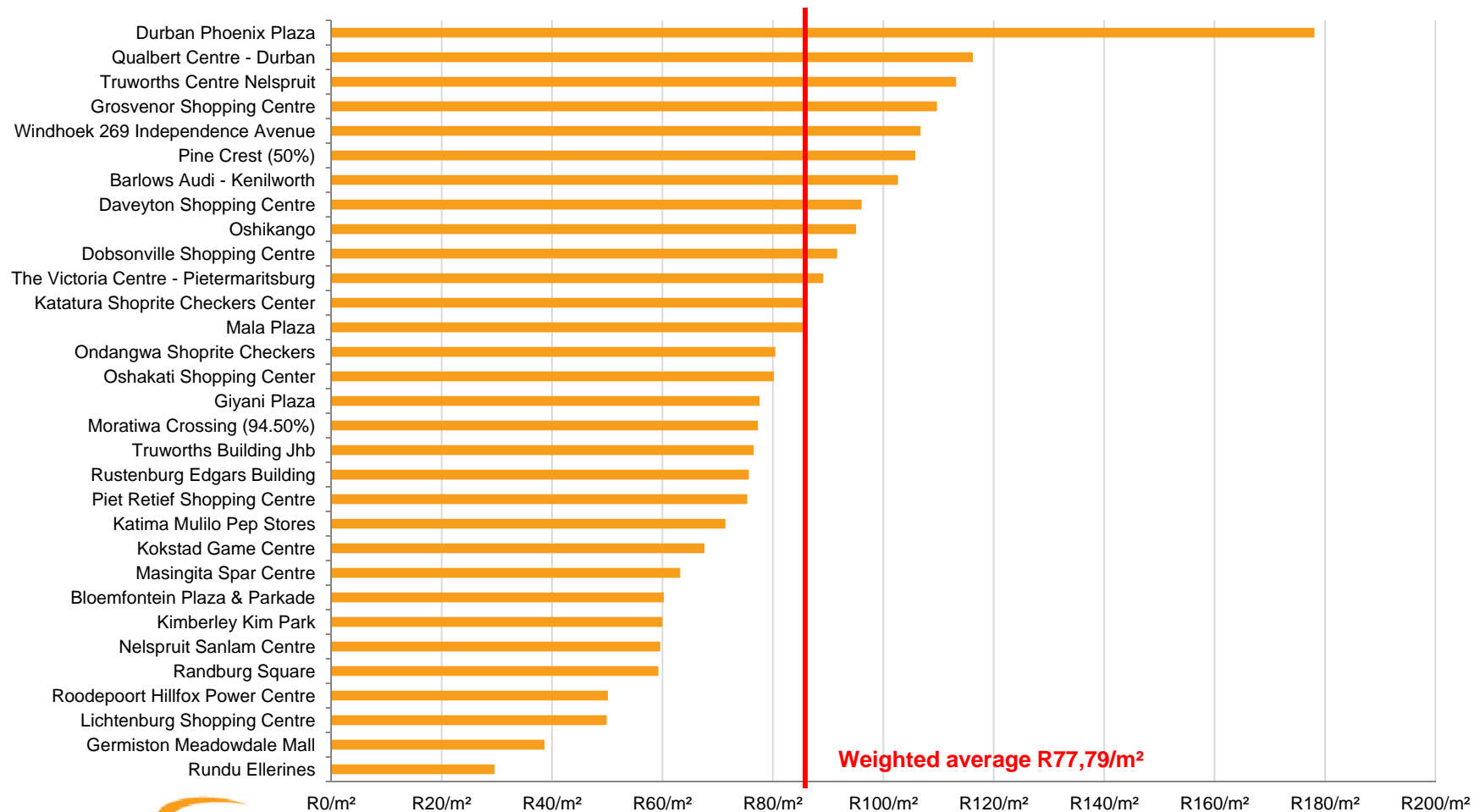
Tenant profile (GLA m²)



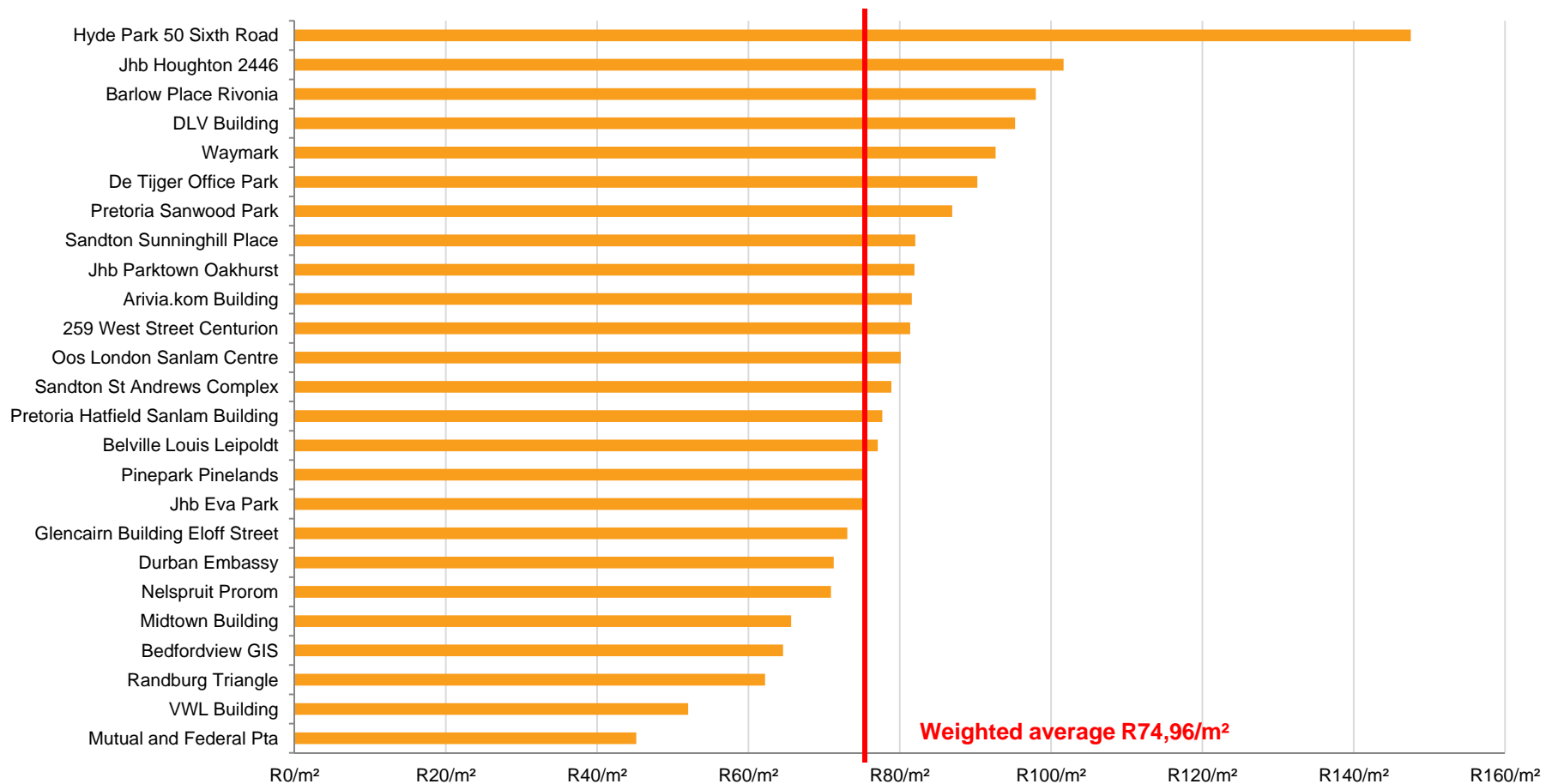
Weighted average base rentals R/m² (excluding recoveries)



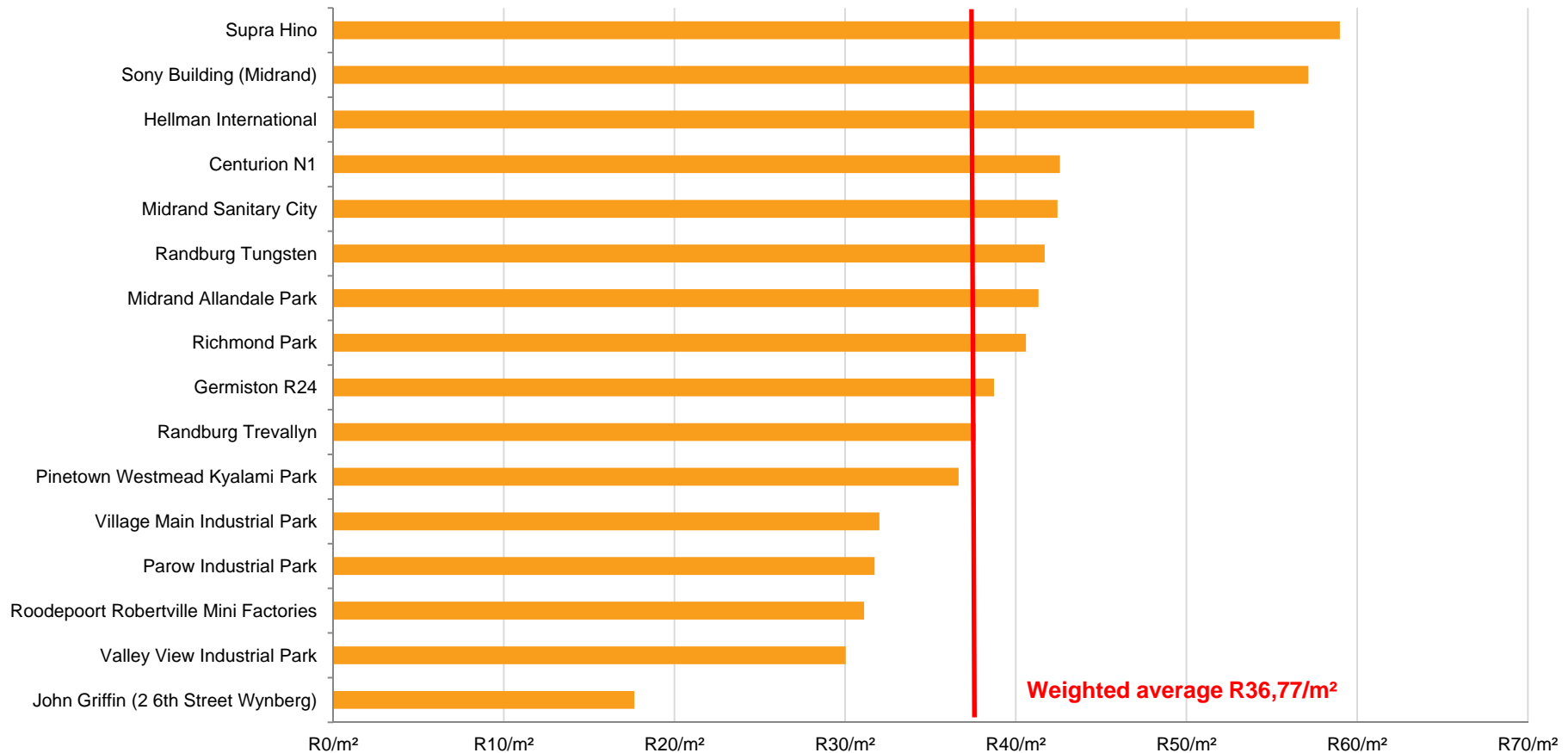
Weighted average base rental R/m² - (excluding recoveries): Retail



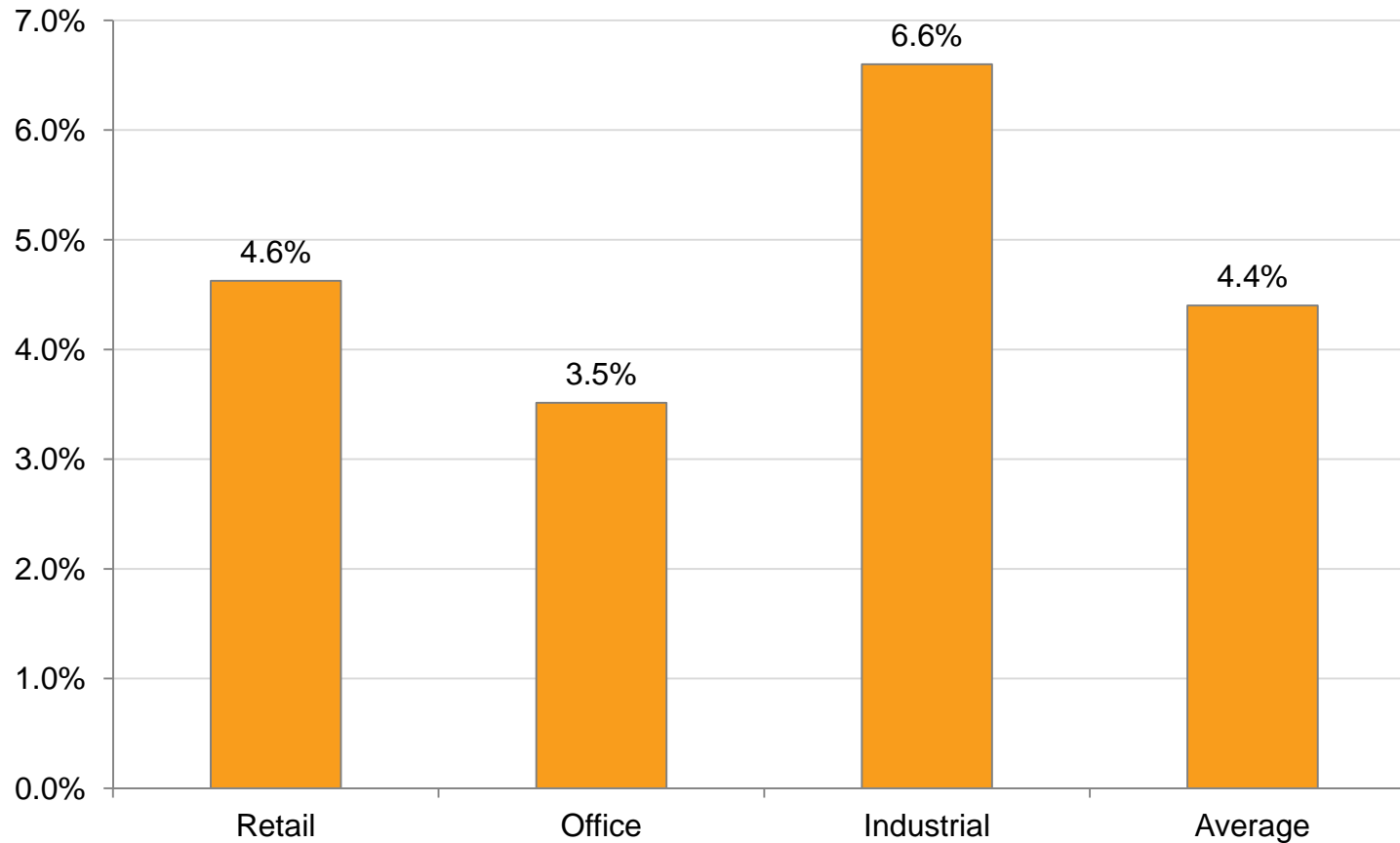
Weighted average base rental R/m² - (excluding recoveries): Offices



Weighted average base rental R/m² - (excluding recoveries): Industrial

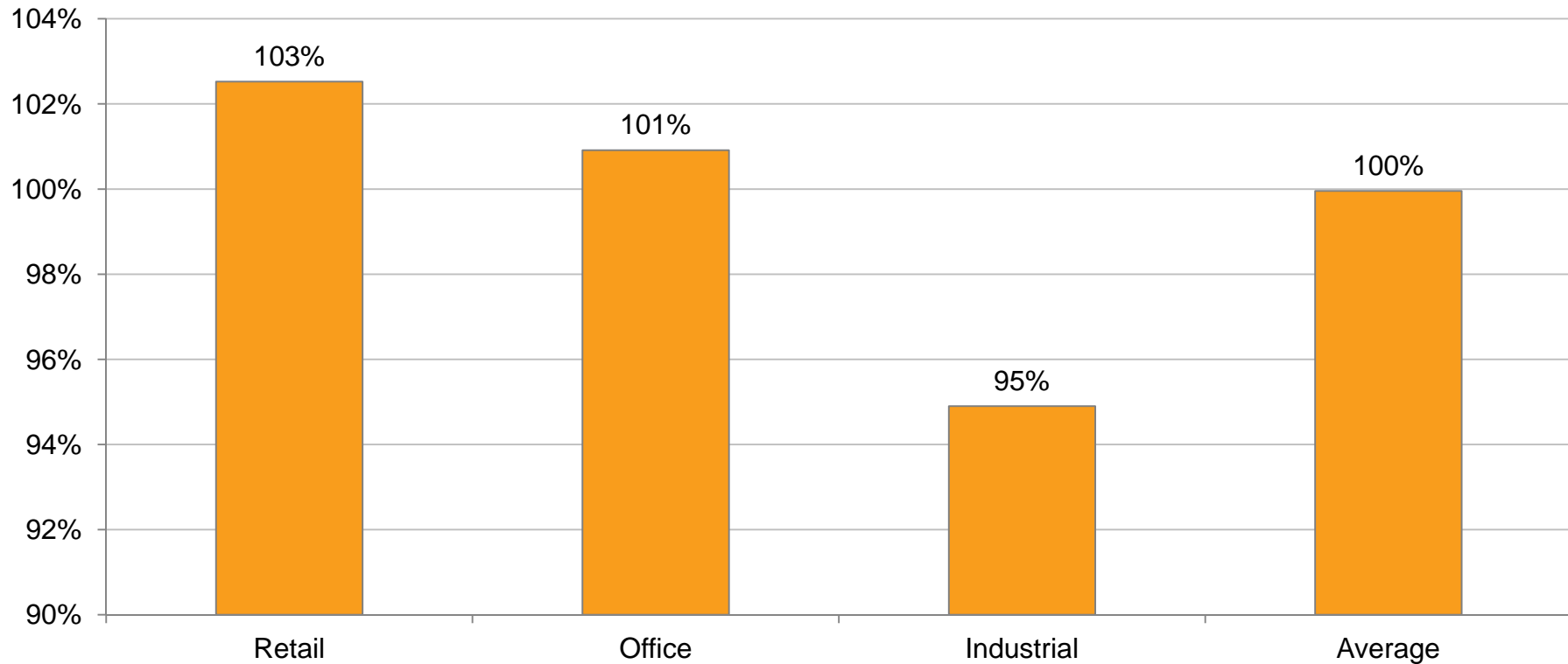


Lease renewals - % escalation on expiry rentals

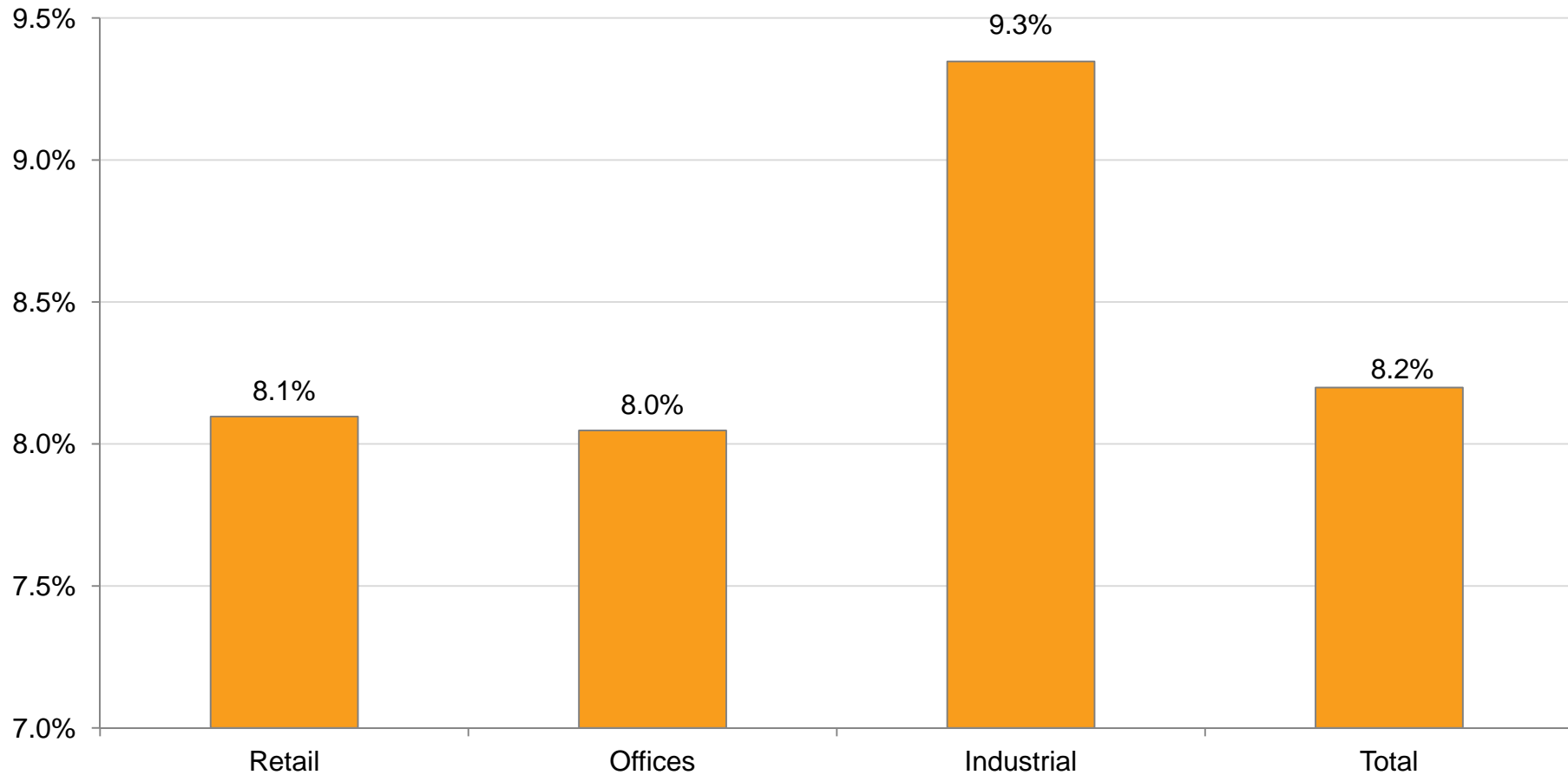


New leases concluded

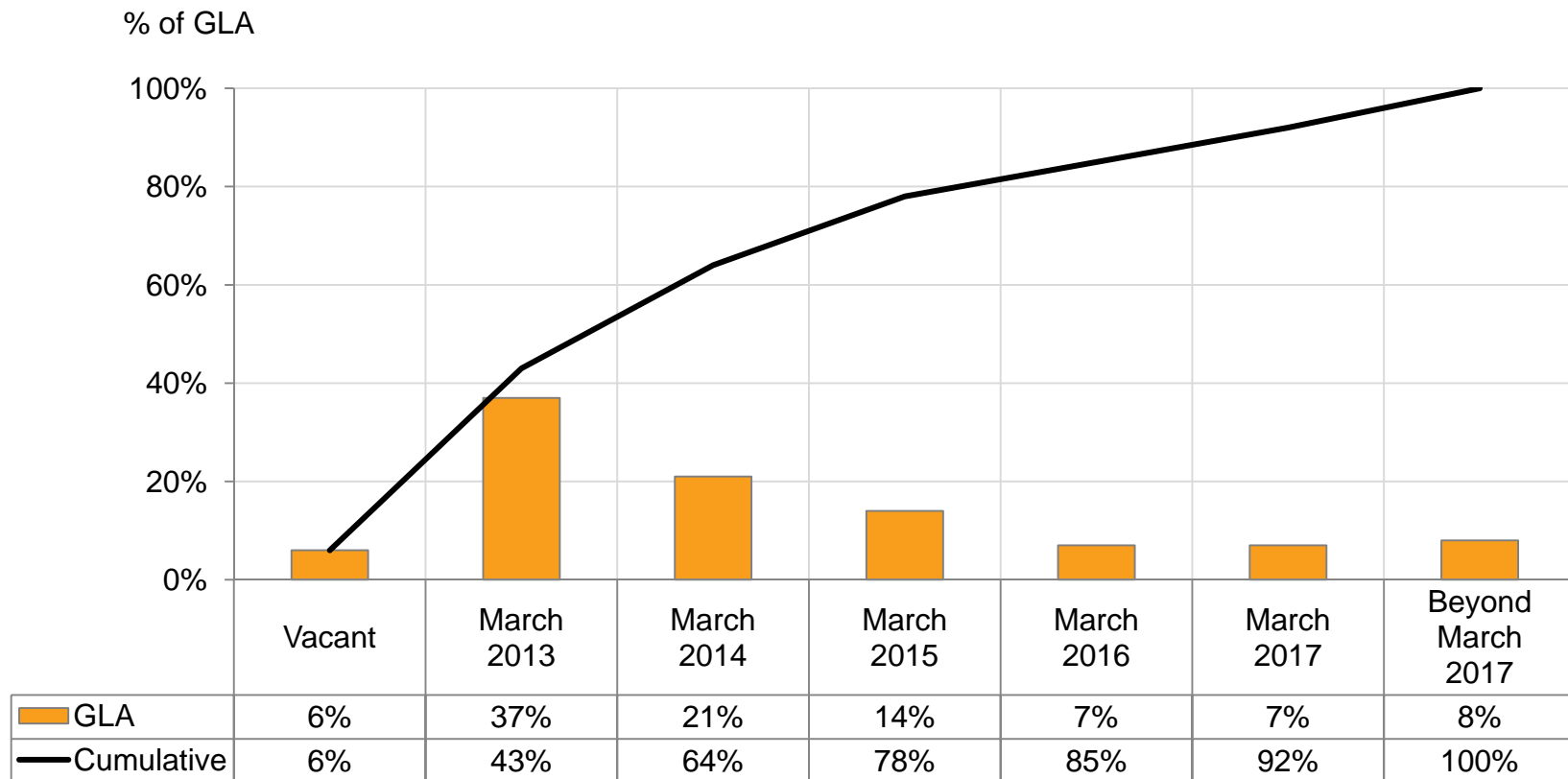
(Ratio of rental concluded against budget)



Contracted rental escalation profile



Group lease expiry



Lease expiry (cont.)

- Included in the 37% expiries for 2013 are a number of leases that expired during 2012 that are in the process of being renewed.
- Once these leases are concluded, the expiries for 2013 reduces to 33%, which is in line with our average lease term of 3 years.
- The following tenants, with an area > 2 000m², will renew:

Lease expiry (cont.)

Property	Tenant	GLA (m ²)
Randburg Square	OK Bazaars	8 062
Durban Embassy	Road Accident Fund	7 605
Randburg Square	Woolworths	4 472*
Bloemfontein Plaza & Parkade	Dept of Public Works	3 843
Bloemfontein Plaza & Parkade	Ackermans	2 736
Masingita Spar Centre	Spar	2 612
Bloemfontein Plaza & Parkade	Fashion World	2 596
Germiston Meadowdale Mall	Cashbuild	2 458
Roodepoort Robertville Mini Factories	Be-Tabs Pharmaceuticals	2 104
		36 488

*Will reduce area to ±2 600m²

New leases and renewals

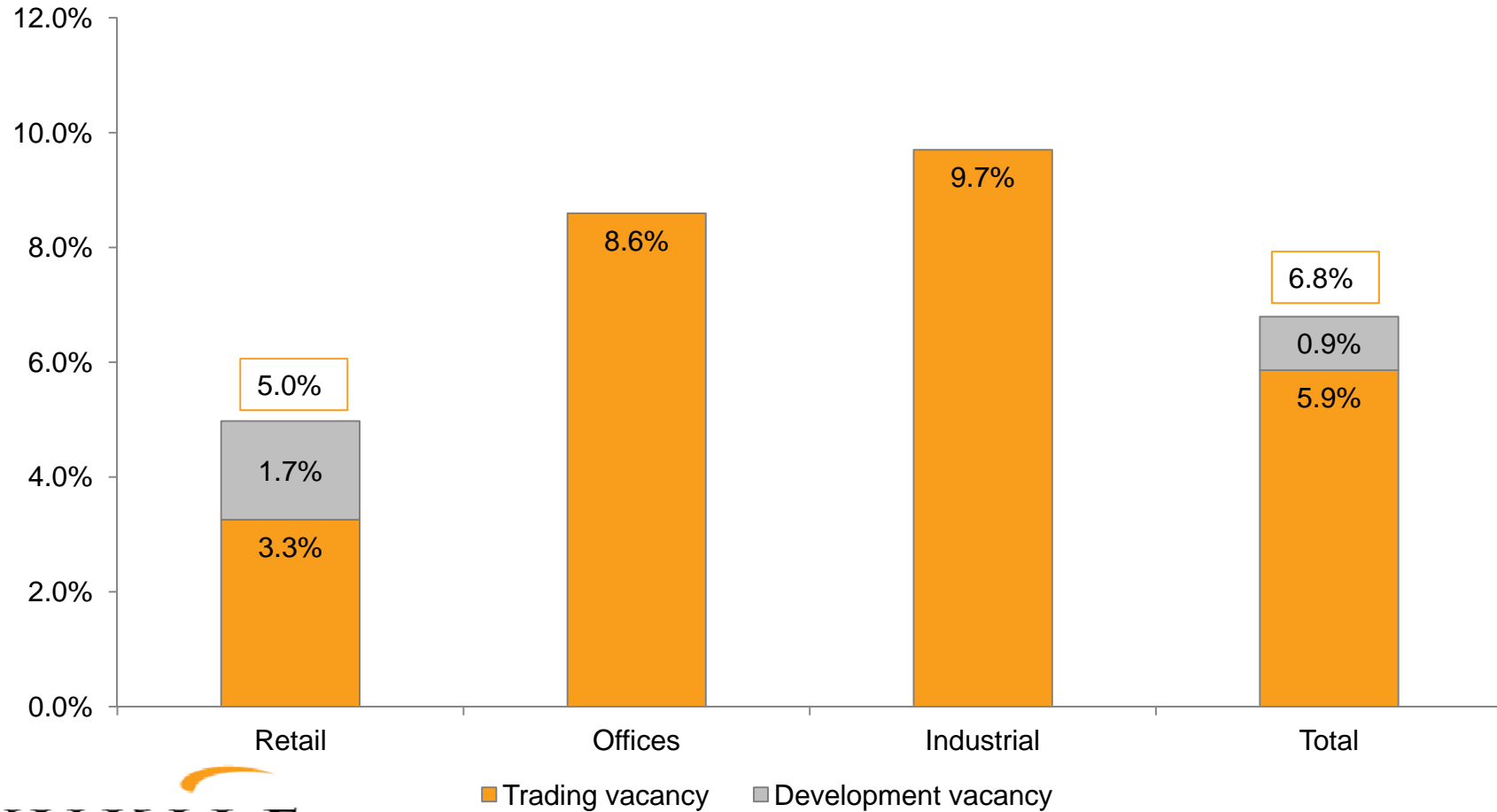
- For the year ended 31 March 2012 leases were concluded with a:
 - Total contract value R579.5 million
 - Total rentable area 202 129 m²

- Largest contracts concluded

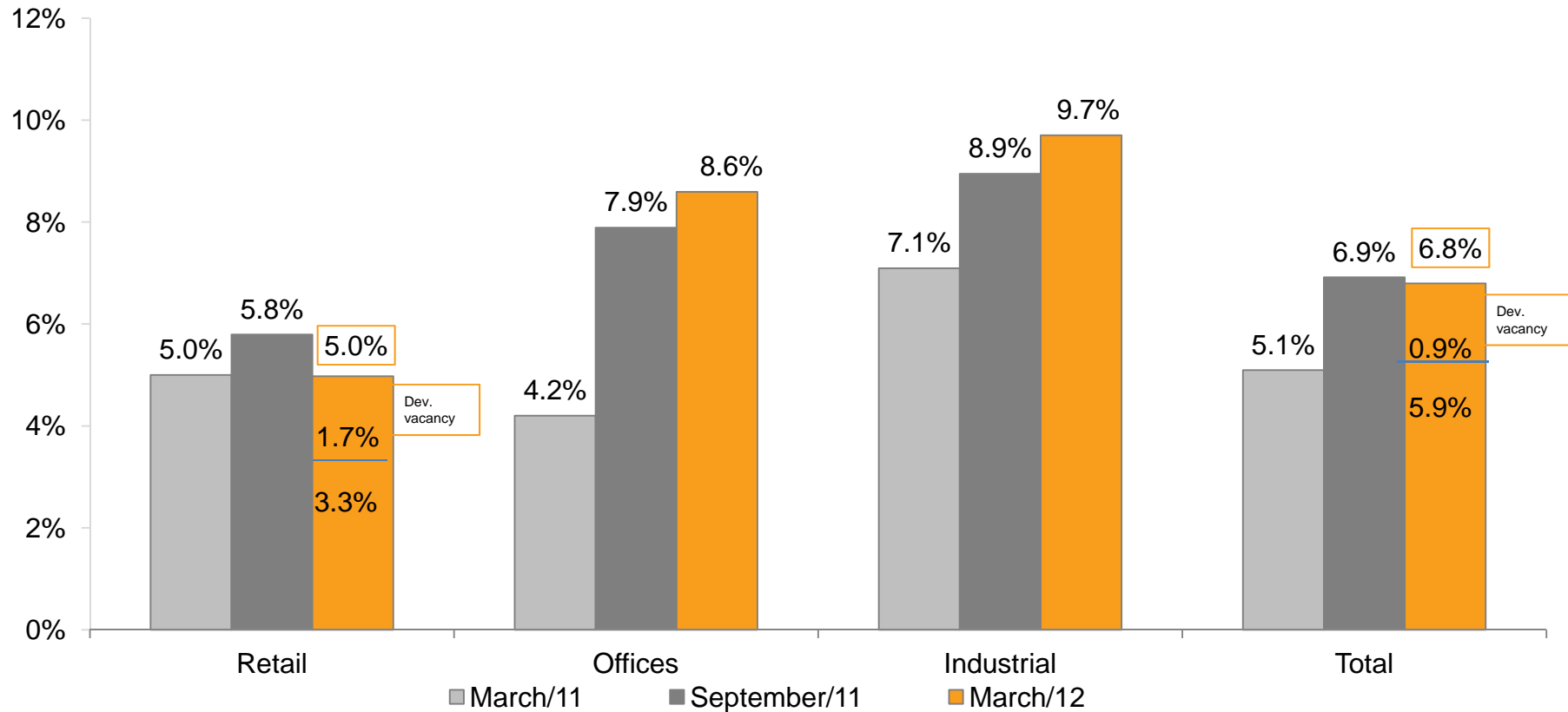
Tenant	Property	Sector	Contract value (Rm)	Lease duration (years)
Shoprite Checkers (Pty) Ltd	Germiston Meadowdale Mall	Retail	42.6	5
Virgin Active	The Victoria Centre - Pietermaritzburg	Retail	38.2	10
Pick n Pay	Kimberley Kim Park	Retail	27.2	11
Telkom	VWL Building	Offices	22.4	2
Fruit and Vegetable City	Roodepoort Hillfox Power Centre	Retail	18.4	10

- Tenant retention 74%

Vacancy profile - % of gross rental

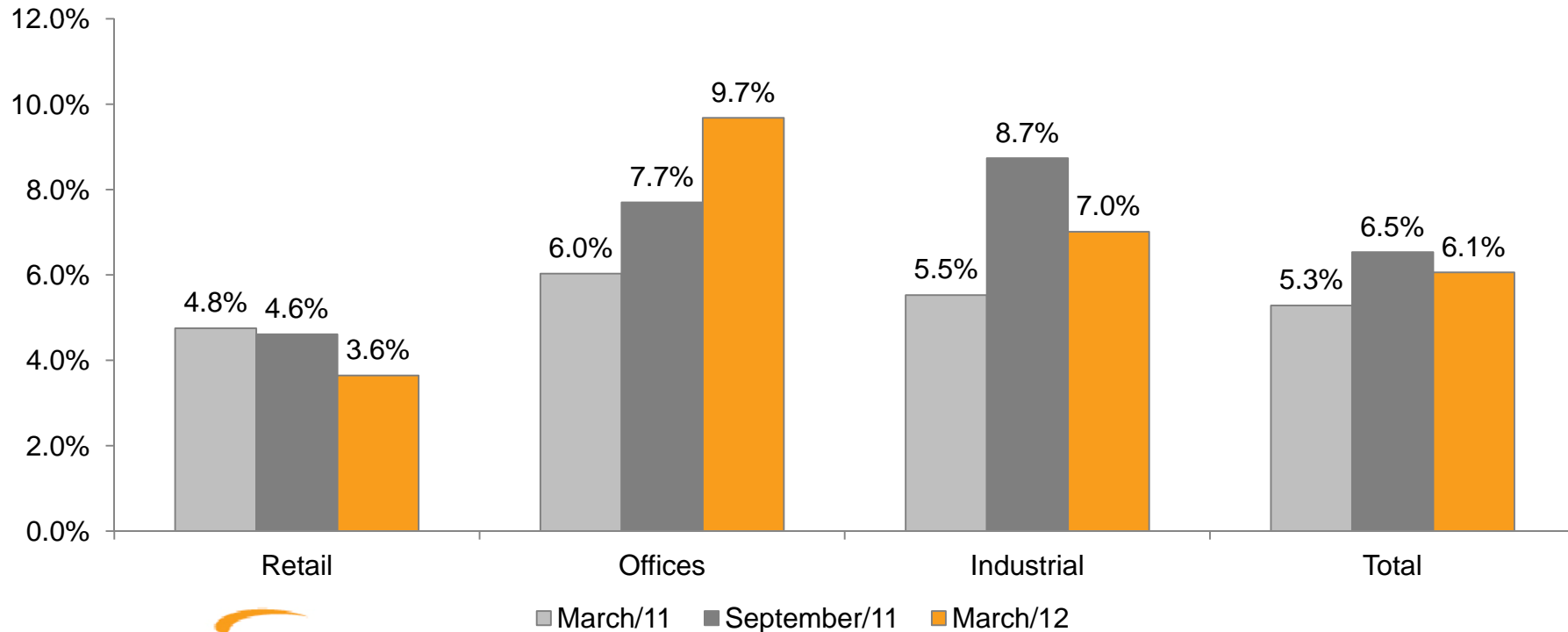


Vacancy profile - % of gross rental



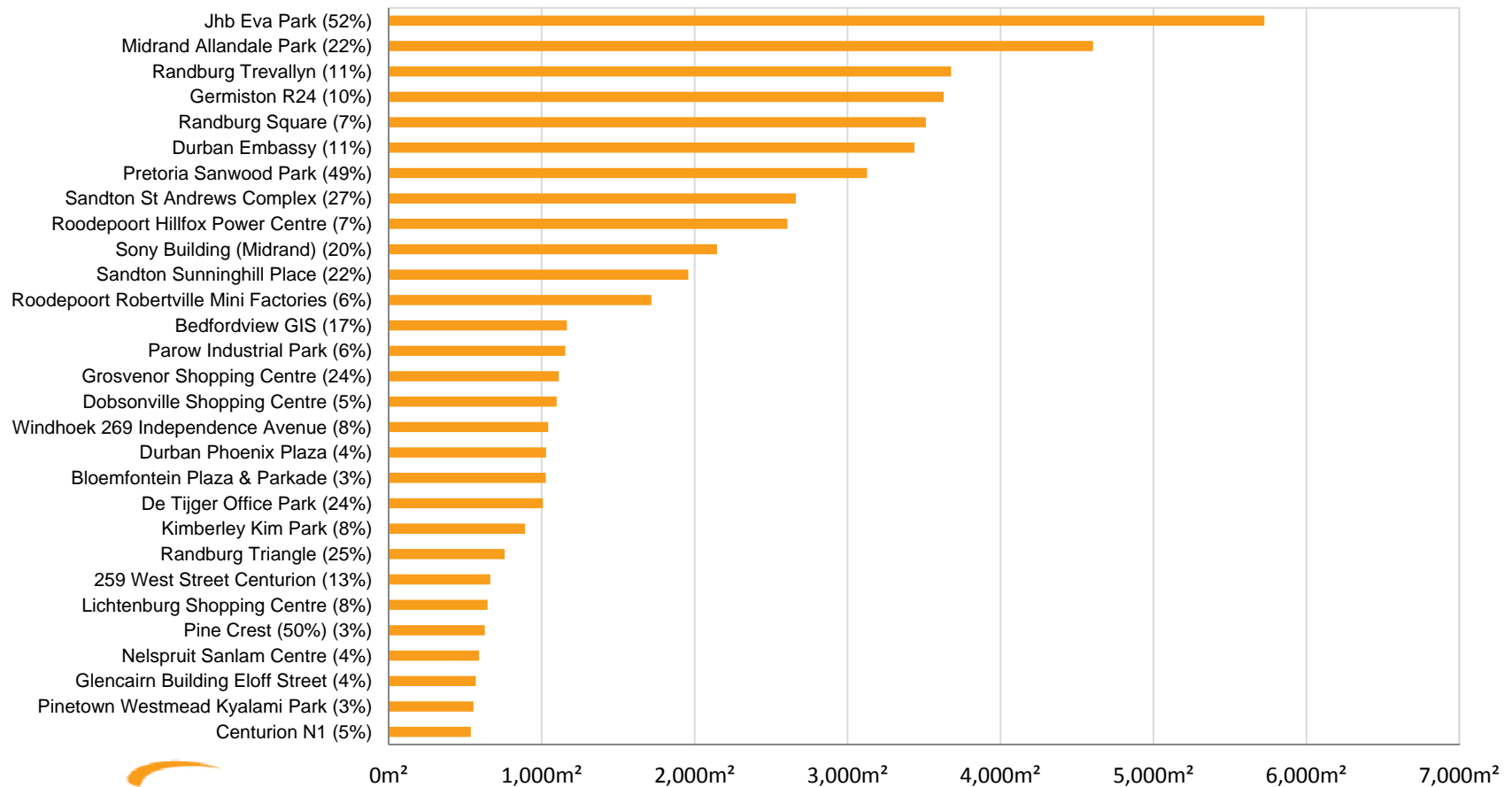
Vacancy profile - % of GLA

- Overall vacancy reduced from 6.5% in September 2011 to 6.1% at end March.
- Retail and Industrial vacancies reduced, while offices increased.

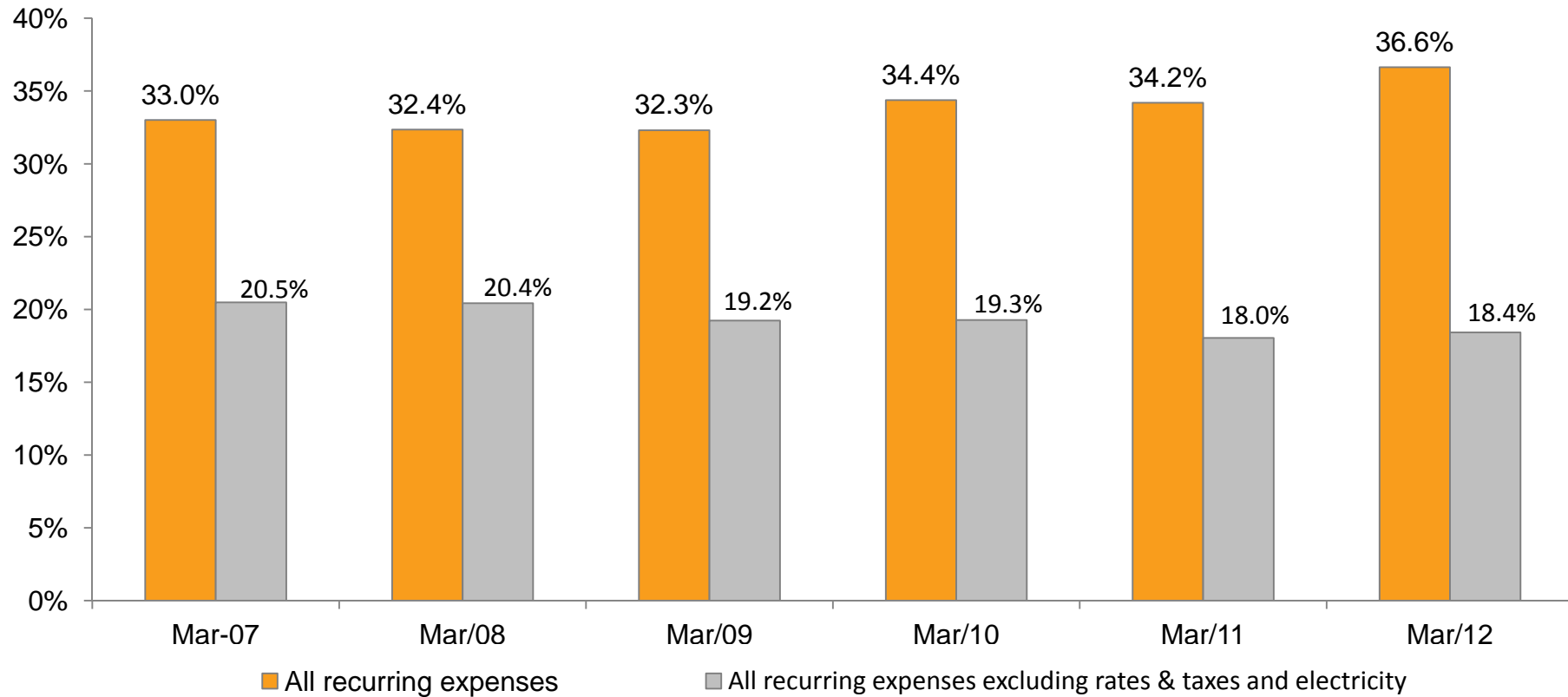


Individual properties vacancy profile

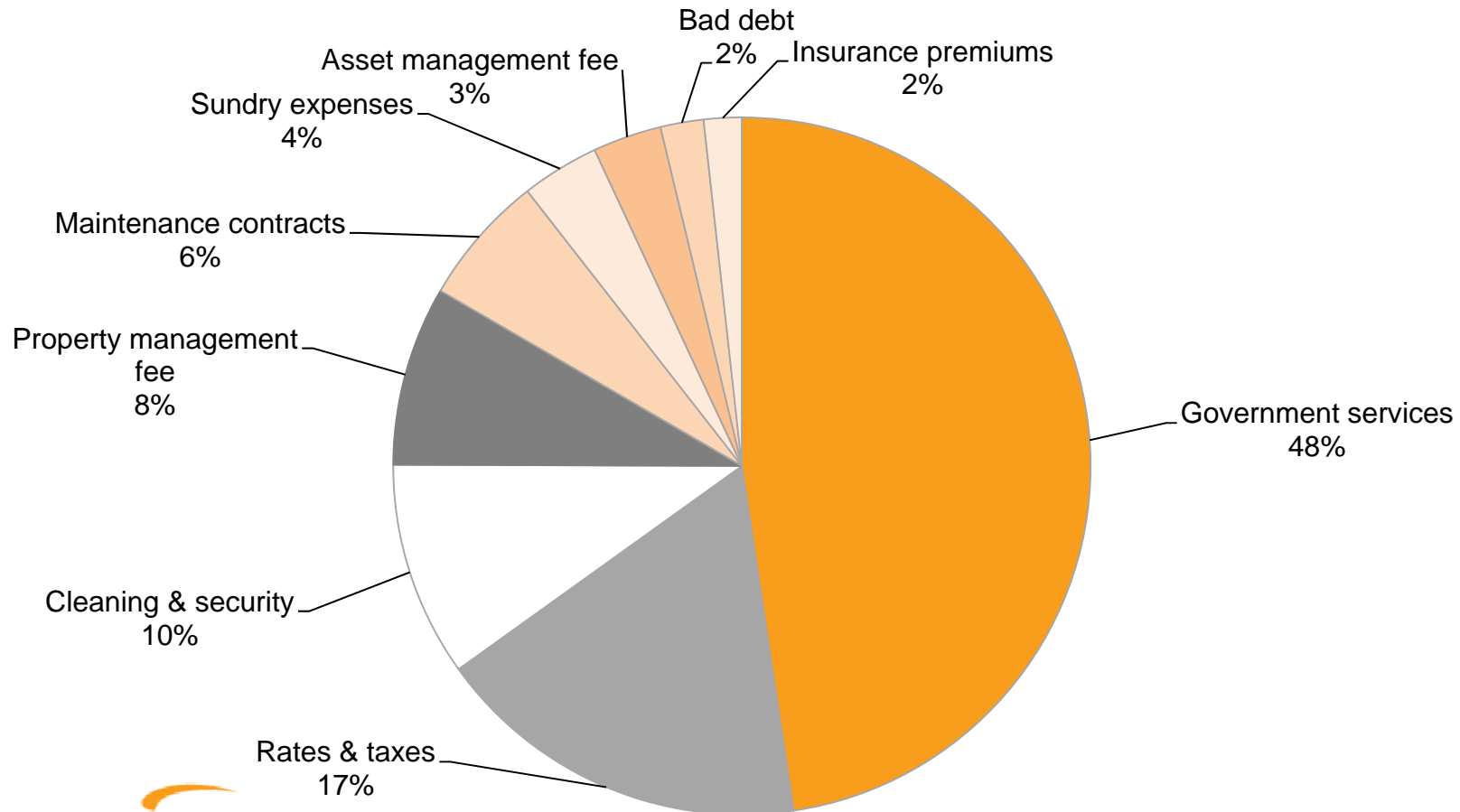
(% of GLA) (vacancy > 500m²)



Ratio of gross recurring cost to property revenue - stable portfolio



Recurring expense categories



83% of costs from top four categories

Property portfolio - bad debt and arrears analysis

- Tenant arrears reduced by R0.7 million from March 2011 to R20.3 million at year end.
- Impairment allowance increased marginally from R9.9 million (March 2011) to R10 million at 31 March 2012.

	R000
• Impairment allowance 1 April 2011	9 911
• Allowance for receivable impairment for the year	1 555
• Receivables written off as uncollectable	(1 438)
• Impairment allowance 31 March 2012	10 028
Bad debt write-off per the statement of comprehensive income	6 641

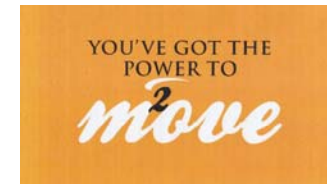
Asset management vs property management

- Vukile has worked on an outsourced property management model since listing.
- Asset management provides strategic direction, guidance and mandates in which the property managers need to manage the properties on a daily basis.
- Relationship managed through a service level agreement with specific performance targets
 - Formalised monthly meetings to monitor performance.
 - Frequent interaction between asset and property managers.
 - Partnership between Vukile and its property managers very solid.
- Following a tender process, Broll and JHI were appointed for three years from 1 September 2011.
- Current portfolio distribution between property managers:

	Market value		Number of properties	
	Rm	%		%
Broll	2 199	36%	37	52%
JHI	3 710	61%	34	47%
Old Mutual	204	3%	1	1%

Leasing initiatives

- Focus groups were conducted with leasing brokers during February 2012.
- As a result of these, a number of initiatives will be implemented to improve:
 - The relationship between Vukile and the broker fraternity.
 - Communication of vacancy information to brokers.
 - Leasing processes, i.e. documentation required, etc.
 - Marketability of our products.
- We have introduced a broker rewards scheme, called the Power to Move.
- We have launched a broker website that will enable brokers to:
 - Register to work on the Vukile portfolio.
 - Access vacancy information.
- We have launched an incentive scheme for property managers with quarterly and annual awards, based on the most m² moved.
- Property specific incentives to tenants and brokers will be introduced at properties with high vacancies.



Vacancy website

[Home](#) | [Broker Zone](#) | [Broker Registration](#) | [Contact Details](#)



"The creation of a thousand forests is in one acorn"
Ralph Waldo Emerson



Broker Zone

Not yet registered with Vukile register today. In wisi esse ex dignissim feugiat esse et at. nisl praesent in diam.

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Already registered

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Download broker pack

To download the broker pack you need to be registered with Vukile Property Fund if you are not registered yet please



Power to move

Vukile Property Fund Limited ("Vukile") will introduce a broker incentive program



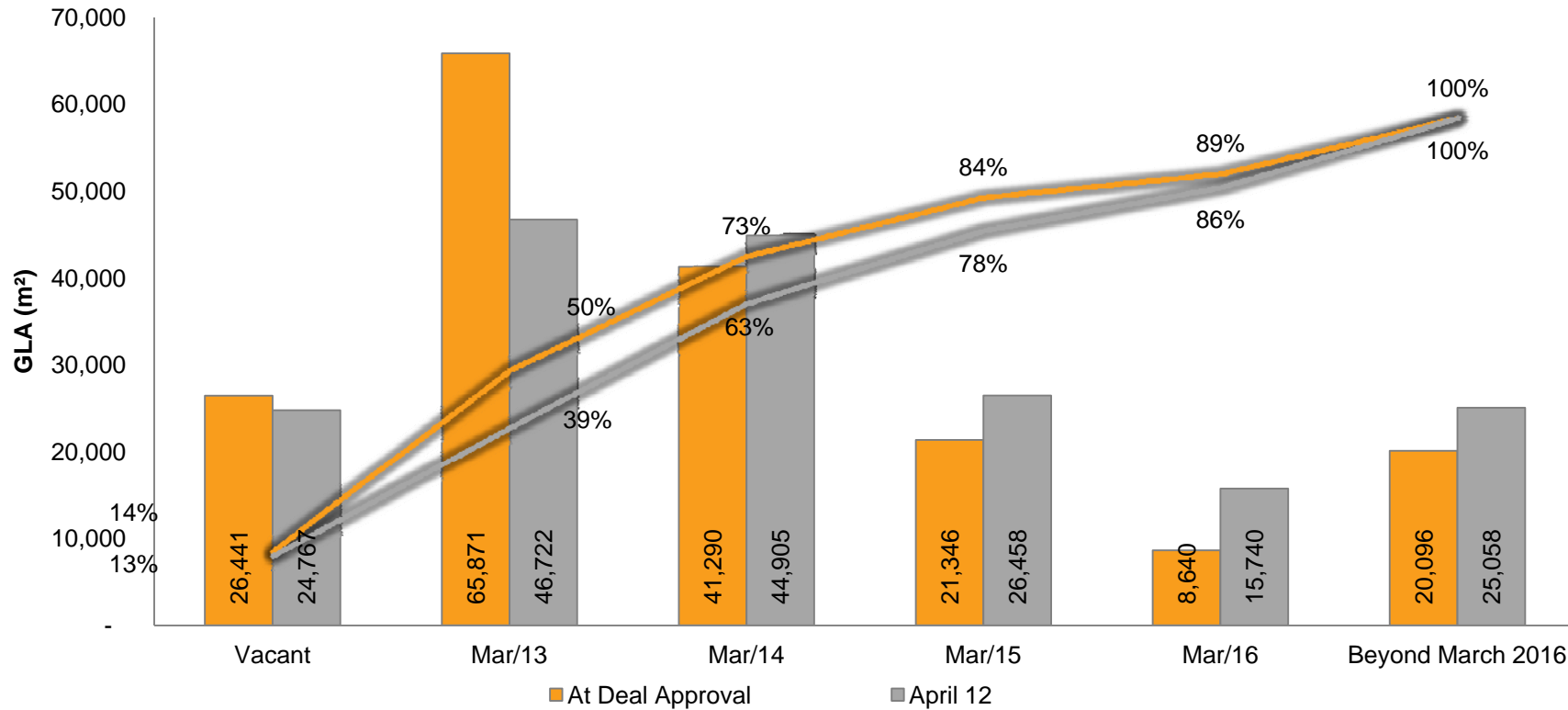
AWAKEN THE POTENTIAL WITHIN

Sanlam acquisition

- R1.5 billion portfolio purchased from Sanlam, transferred 25 April 2012.
- Assets integrated into Vukile.
- The handover between property managers is in process for 1 June 2012.
- Upgrading/extension projects are being considered for:
 - Durban Workshop
 - Bellville Santyger
 - Bellville Tijger Parks
 - Pretoria Sancardia

Sanlam acquisition

Update on vacancy and expiries:



Re-developments / upgrades

Projects completed

Property	Project detail	Additional	Total	Yield	Completion date	Notes
			36.50			
Mala Plaza , Malamulele	Extension and upgrade	1,112 m ²	20.10	9.3%	Jun 2011	
Grosvenor Crossing, Bryanston	Upgrade	-	7.50	-	Nov 2011	(1)
Hillfox Value Centre	New premises for Cashbuild	1,337 m ²	8.90	10.0%	Oct 2011	

Projects approved

Property	Project detail	Additional	Total	Yield	Completion date	Notes
			144.90			
Randburg Square	Upgrade and maintenance : Phase 1		80.80	-	Jun 2012	(1)
Bellville Louis Leipoldt Hospital	Upgrade for Medi Clinic		33.50	-	Apr 2013	(2)
Hillfox Value Centre	Upgrade : Phase 1		6.50	-	Apr 2012	(1)
Hillfox Value Centre	Upgrade : Phase 2		4.00	-	May 2012	(1)
Oshakati Centre	Redevelopment of ex-Standard Bank site	2,312 m ²	20.10	11.1%	Jul 2012	

Note (1): Post the upgrade/revamps higher rentals on renewals and reduced vacancies can be expected.

Note (2): This capex was agreed as part of a new 15 year lease.

Randburg Square upgrade

- The upgrade is mostly income protecting in nature and will include the following:
 - Upgrading of the Mall areas, i.e. replacing floor tiles, shop fronts, bulkheads and light fittings.
 - Creating new premises in the Mall leading to the office foyer.
 - Reconfiguration of the Woolworths area.
 - Upgrading of the Mall entrances in order to improve the visibility.
 - Improving the centre and tenant signage to the exterior of the building.
 - Upgrading of toilet facilities.
 - The replacement or upgrade of all obsolete equipment and maintenance to the remaining services.

Randburg Square upgrade - costs and timing

Combined phase 1 & 2 capex (Rmillion)	New work		Services	Total
	Tenant cost	Upgrade		
Phase 1	7.5	55.2	18.1	80.8
Phase 2	19.6	54.3	52.8	126.7
Final estimated capex	27.1	109.5	70.9	207.5

Building Programme	Start	Finish
Phase 1	June 2011	June 2012
Phase 2: lower level	July 2012	Nov 2012
Phase 2: upper level	July 2012	May 2013

Randburg Square upgrade - market value per m² comparison

At completion the projected market value for Randburg Square (offices included) will be R417 million, or R8 118/m².

This compares as follows with the R/m² value of a few other properties:

Property	GLA /m ²	Market Value per m ²
Phoenix Plaza, Durban	24 342	R20 351
Daveyton	17 095	R10 676
Pine Crest, Pinetown	40 484	R10 200
Dobsonville Centre, Soweto	23 133	R9 918

Randburg Square upgrade - tenant profile

- After completion the tenant profile will consist of \pm 90% national tenants.
- The following national retail groups have either committed to lease or are seriously considering leasing premises for one or more of their brands:
 - Nedcor
 - Foschini
 - Truworths
 - Edcon
 - Ellerines
 - Mr Price
 - Pepcor
 - Woolworths
- In total, 18 new stores will be opened providing a much wider selection to our customers.

Randburg Square - architects' perspectives



Artists impression - Entrance 1



Artists impression
Basement Level 3 - View 2



Artists impression - Pylon View 1



VUKILE
PROPERTY FUND

AWAKEN THE POTENTIAL WITHIN

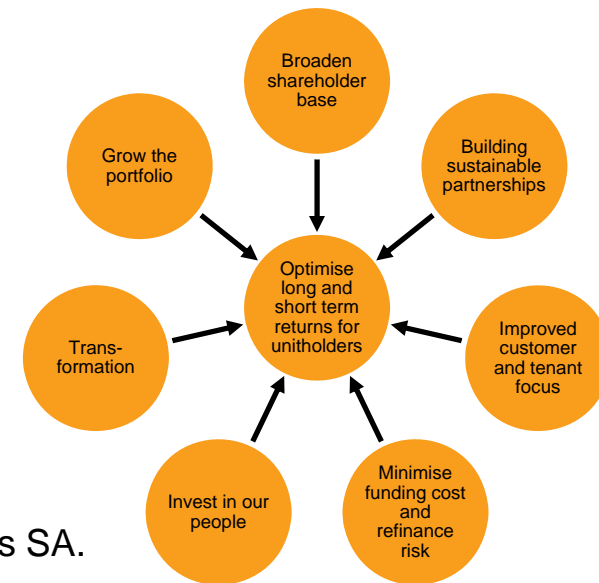


Prospects, plans, acknowledgements and closing

LAURENCE RAPP

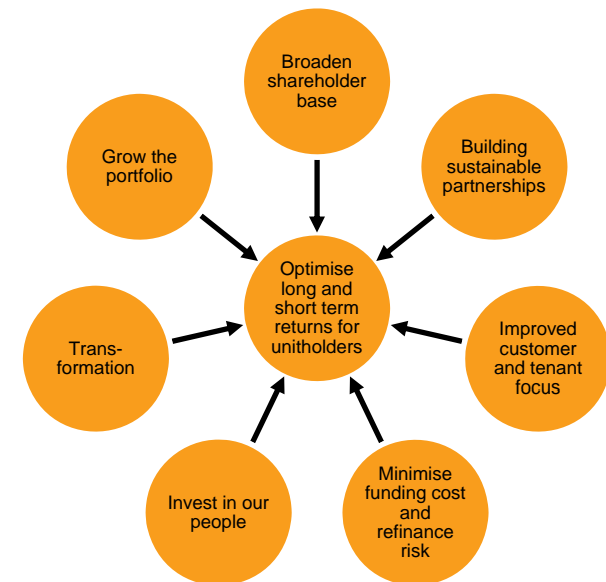
Strategic priorities for current year

- Grow the portfolio
 - Hammersdale: 19 000m², R194 million, completion date April 2013.
 - Strong pipeline being evaluated in middle (LSM 3 – 6) income shopping centres.
 - Proactive approach to dealmaking.
- Building sustainable partnerships
 - Looking to conclude JV agreement with leading developer.
 - Closer working relationship with property managers.
- Improved customer and tenant focus
 - Tenant retention.
 - Conducting demographic research into growth nodes across SA.
 - Tenant and customer surveys for 2012.
 - On-going broker interaction through website, regular meetings and updates.



Strategic priorities for current year

- Minimise funding costs
 - Refinance of R450 million ABSA facility in June 2012.
- Invest in our people
 - Focus on remuneration structures.
 - Strengthening the investment team.
 - Introduce new asset managers.
- Transformation
 - Employment equity opportunities.
 - Overall transformation strategy.
- Optimise long and short-term returns for unitholders
 - Look to reduce lumpiness in earnings.
 - Improve quality of offices and industrial.
 - Revamps and upgrades.
 - Growth in distribution.



Prospects

- Economy still fragile and susceptible to global weakness.
- Retail should continue to perform well with strong tenant demand.
- Industrial looking more promising.
- Offices still challenging but may have stabilised.
- Underlying property fundamentals are generally positive but concerns still exist with rising electrical and municipal costs.

Prospects

- Overall we expect reasonable growth in distributions for next year:
 - ✓ Underlying property fundamentals intact.
 - ✓ Big sales commission from Sanlam acquisition.
 - ✓ Better funding costs.
 - ✗ Base effects are a challenge due to non recurring lease payment in March 2012 year.
 - ✗ Potential yield drag from selling higher yielding but riskier properties.

Acknowledgements

- Board
- Property managers
- Service providers
- Brokers and developers
- Tenants
- Investors
- Funders
- Colleagues



Questions and answers

CLOSING