AWAKEN THE POTENTIAL WITHIN

INTEGRATED ANNUAL REPORT 2012

VUKILE PROPERTY FUND

AWAKEN THE POTENTIAL WITHIN

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VUKILE PROPERTY FUND LIMITED
JSE CODE: VKE
NSX CODE: VKN

GROUND FLOOR, MEERSIG BUILDING
CONSTANTIA BOULEVARD, CONSTANTIA KLOOF, 1709
PO BOX 5995, WELTEVREDEN PARK, 1715

THE CREATION OF A
THOUSAND FORESTS
IS IN ONE ACORN

RALPH WALDO EMERSON

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AWAKEN THE POTENTIAL WITHIN


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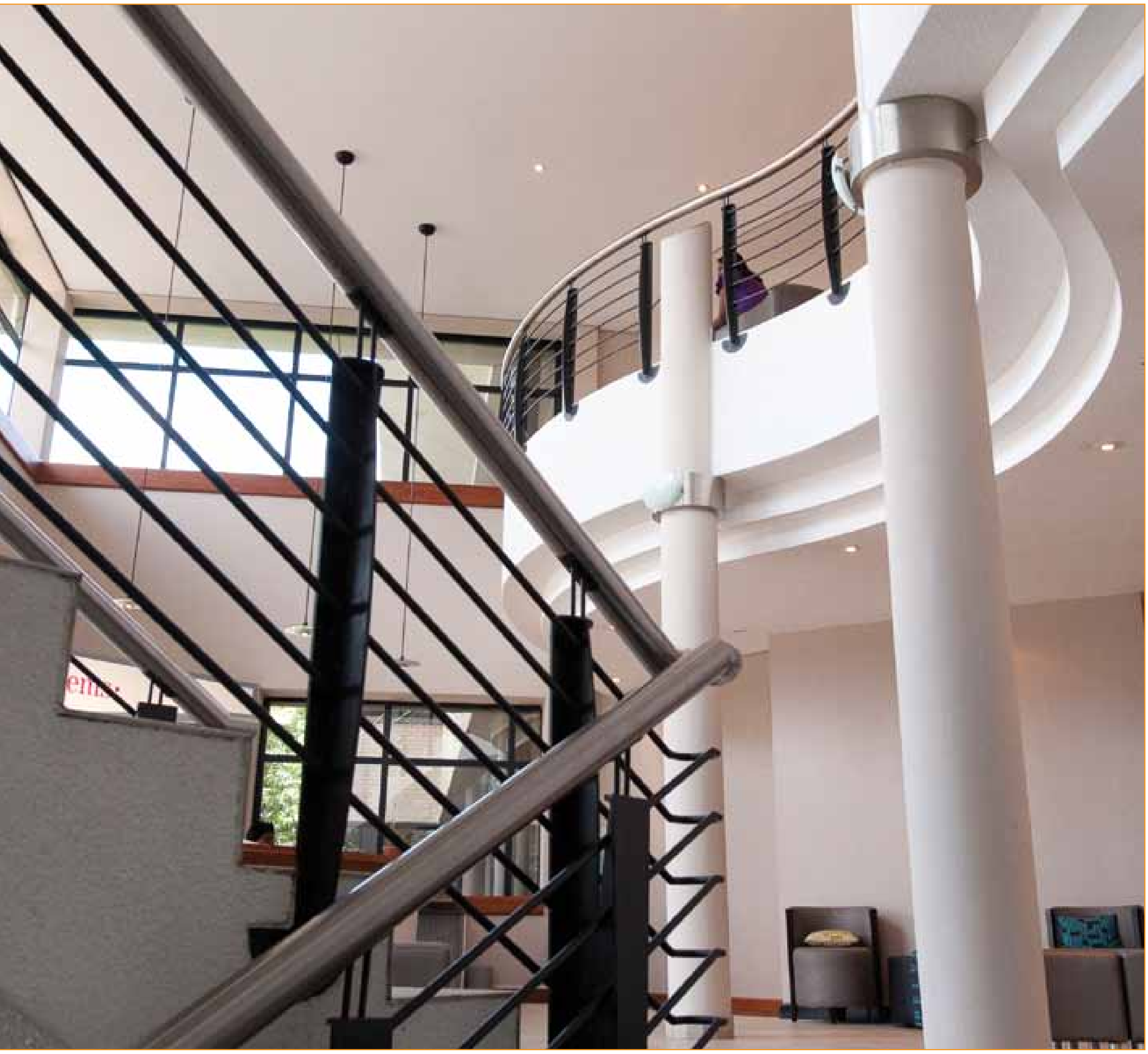


CORPORATE PROFILE

Vukile is a property holding and investment company, which was listed on the JSE Limited on 24 June 2004 (JSE code: VKE) and on the Namibian Stock Exchange on 11 July 2007 (NSX code: VKN). Its listing was promoted by Sanlam, which contributed a significant share of Vukile's start-up portfolio.

Vukile's market capitalisation was approximately R5.36 billion at 31 March 2012 and its property portfolio was valued at R6.1 billion at year end. There were 351 015 218 Vukile linked units in issue.

Our prime objective is to invest in properties with strong contractual cash flows for long-term sustainability, capital appreciation and growing income distributions for linked unitholders.

For more information please visit our website: www.vukile.co.za

COMPANY HIGHLIGHTS

- Annual distribution increased by **6.1%**
- Successful acquisition of **R1.5 billion** property portfolio post year end, increasing our asset base by **25%**
- **Improved quality** of office portfolio
- Ranked **22nd of the top 100** listed companies in 2011 by the Business Times
- Re-rating of our free-float index weighting from **50%** to **100%**
- Implementation of a domestic medium-term note programme post year end, **reduces cost** of finance on R1.02 billion debt by **1%**
- Successful **broadening** of unitholder base

PROPERTY PORTFOLIO

RETAIL, OFFICES AND INDUSTRIAL

Building	Region	Town
RETAIL		
Barlows Audi	Western Cape	Cape town
Bloemfontein Plaza and Parkade	Free State	Bloemfontein
BPI House	Namibia	Windhoek
Daveyton Shopping Centre	Gauteng	Johannesburg
Dobsonville Shopping Centre	Gauteng	Johannesburg
Durban Phoenix Plaza	KwaZulu-Natal	Durban
Giyani Plaza	Limpopo	Giyani
Grosvenor Crossing	Gauteng	Johannesburg
Katatura Checkers Centre	Namibia	Katatura
Katima Mulilo Pep Stores	Namibia	Katima Mulilo
Kimberley KimPark	Northern Cape	Kimberley
Kokstad Game Centre	KwaZulu-Natal	Kokstad
Lichtenburg Sanlam Centre	Limpopo	Lichtenburg
Mala Plaza	Limpopo	Malamulele
Masingita Spar Centre	Limpopo	Giyani
Meadowdale Land	Gauteng	Johannesburg
Meadowdale Mall	Gauteng	Johannesburg
Moratiwa Crossing (94.5%)	Limpopo	Jane Furse
Nelspruit Sanlam Centre	Mpumalanga	Nelspruit
Ondangwa Shoprite Checkers	Namibia	Ondangwa
Oshakati Shopping Centre	Namibia	Oshakati
Oshikango Ellerines Centre	Namibia	Oshikango
Piet Retief Shopping Centre	Mpumalanga	Piet Retief
Pine Crest Centre (50%)	KwaZulu-Natal	Durban
Qualbert Centre	KwaZulu-Natal	Durban
Randburg Square	Gauteng	Randburg
Roodepoort Hillfox Power Centre	Gauteng	Roodepoort
Rundu Ellerines	Namibia	Rundu
Rustenburg Edgars Building	North West	Rustenburg
The Victoria Centre	KwaZulu-Natal	Pietermaritzburg
Truworths Building	Gauteng	Johannesburg
Truworths Centre	Mpumalanga	Nelspruit
OFFICES		
Arivia.kom Building	Gauteng	Midrand
Barlow Place	Gauteng	Sandton
Bedfordview GIS	Gauteng	Johannesburg
259 West Street Centurion	Gauteng	Centurion
De Tijger Office Park	Western Cape	Cape Town
DLV Building	Gauteng	Pretoria

Building	Region	Town
OFFICES continued		
Durban Embassy	**KwaZulu-Natal**	**Durban**
Eva Park	**Gauteng**	**Johannesburg**
Glencairn Building	**Gauteng**	**Johannesburg**
50 6th Road Hyde Park	**Gauteng**	**Johannesburg**
Bellville Louis Leipoldt	**Western Cape**	**Bellville**
Midtown Building	**Gauteng**	**Pretoria**
Mutual & Federal	**Gauteng**	**Pretoria**
Nelspruit Prorom	**Mpumalanga**	**Nelspruit**
Oakhurst Parktown	**Gauteng**	**Johannesburg**
Oos London Sanlam Park	**Eastern Cape**	**East London**
Pinepark	**Western Cape**	**Cape Town**
Pretoria Hatfield Sanlam Building	**Gauteng**	**Pretoria**
Pretoria Sanwood Park	**Gauteng**	**Pretoria**
Randburg Triangle	**Gauteng**	**Randburg**
Sandton St Andrews Complex	**Gauteng**	**Sandton**
Sandton Sunninghill Place	**Gauteng**	**Sandton**
VWL Building	**Gauteng**	**Pretoria**
Waymark Offices	**Gauteng**	**Pretoria**
West Street Houghton	**Gauteng**	**Johannesburg**
INDUSTRIAL		
Centurion N1	**Gauteng**	**Centurion**
Germiston R24	**Gauteng**	**Germiston**
Hellman International	**Gauteng**	**Johannesburg**
John Griffin	**Gauteng**	**Johannesburg**
Midrand Allandale Park	**Gauteng**	**Midrand**
Midrand Allandale Undeveloped Land	**Gauteng**	**Midrand**
Midrand Sanitary City	**Gauteng**	**Midrand**
Parow Industrial Park	**Western Cape**	**Cape town**
Pinetown Westmead Kyalami Park	**KwaZulu-Natal**	**Pinetown**
Randburg Trevallyn	**Gauteng**	**Randburg**
Randburg Tungsten	**Gauteng**	**Randburg**
Richmond Park	**KwaZulu-Natal**	**Durban**
Robertville Mini Factories	**Gauteng**	**Johannesburg**
Sony Building	**Gauteng**	**Midrand**
Supra Hino	**Gauteng**	**Johannesburg**
Valley View Industrial Park	**KwaZulu-Natal**	**Durban**
Village Main Industrial Park	**Gauteng**	**Johannesburg**

Shaded properties denote top ten by value.


APPROACH TO INTEGRATED REPORTING

Vukile Property Fund Limited ("Vukile or "the group") takes pleasure in presenting its second integrated annual report to stakeholders, for the 2012 year. The integrated annual report has been prepared to assist our stakeholders in assessing Vukile's ability to create and sustain value. Our approach is to report on the significant issues within our business along with material matters identified through engagement with our stakeholders.

We believe that by following this approach we are able to provide stakeholders with information that is relevant to their decision-making and interaction with the group.

The scope and boundaries of the information contained in the report describe our operations and property portfolios in South Africa and Namibia. The report aims to indicate how Vukile will create and sustain value for stakeholders over the short, medium and long-term. The report is structured to indicate how Vukile aims to "Awaken the potential within" for all our stakeholders.

VUKILE PROPERTY FUND

AWAKEN THE POTENTIAL WITHIN

- Unitholders and debt funders (page 18)
- Service providers and clients (page 40)
- Tenants and their customers (page 44)
- Employees (page 48)
- Environment in which we operate (page 50)

For more information please visit our website: www.vukile.co.za

FIRMLY ROOTED

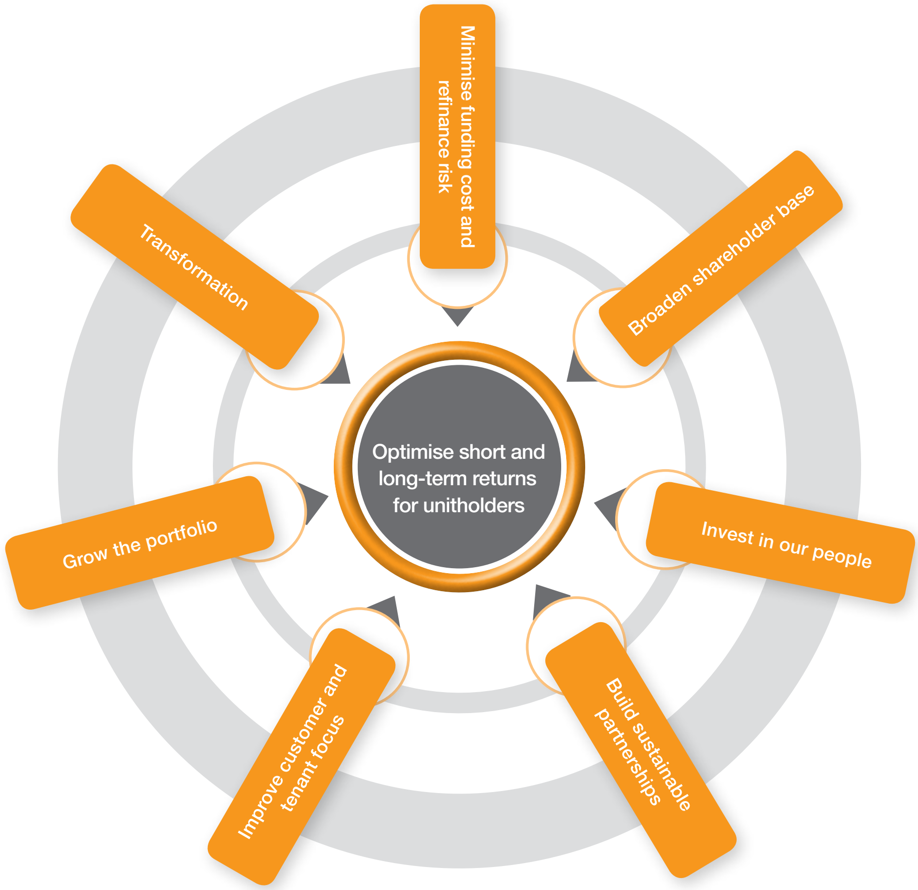
STRATEGY, VISION AND VALUES

THE VUKILE VISION

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 of our diversified portfolio and, in so doing, generate superior returns for our stakeholders.

STRATEGY

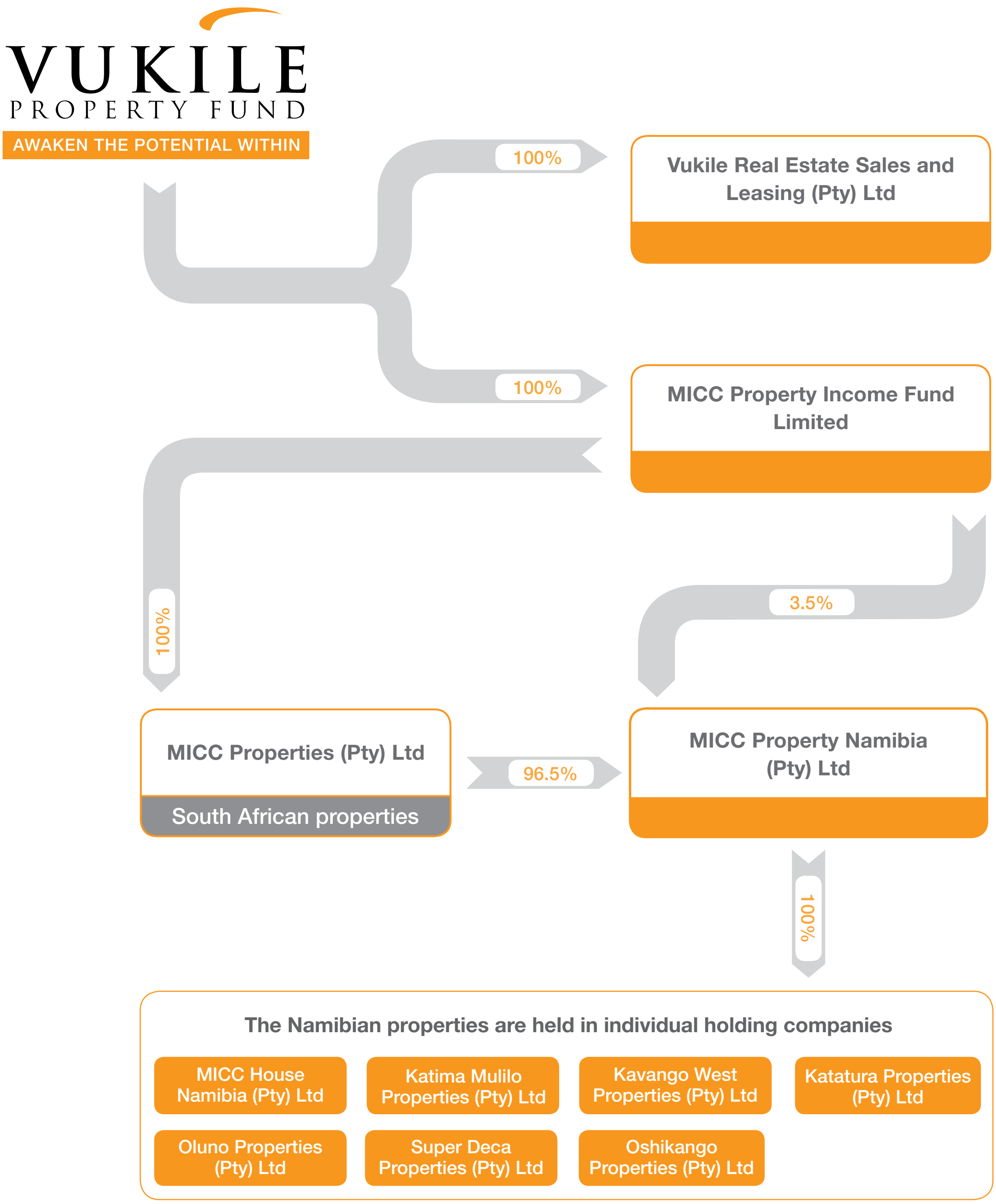
Vukile has developed a strategy aimed at creating and sustaining value over the short, medium and long-term. The strategy is underpinned by the achievement of the following Critical Success Factors.



VUKILE VALUES

- We act with integrity and show respect to all people
- We make a difference as a team
- Our clients are at the centre of everything we do
- We are passionate about success
- We deliver results to unitholders
- We treasure our partnerships
- We are responsible corporate citizens
- We are proactive

GROUP STRUCTURE



A SOLID CORE

CHAIRMAN AND CEO REPORTS

FROM THE CHAIRMAN

IN THIS REVIEW

- Performance
- Market conditions
- Growth
- Forward looking
- Acknowledgement

The year under review was another satisfactory one for Vukile, in which a robust financial performance enabled a pleasing increase in the year end distribution and was accompanied by the achievement of a number of strategic objectives.

FULL YEAR DISTRIBUTION

The distribution for the full year amounted to 124.81 cents per linked unit, up 6.1% on the previous year, on the back of a solid performance by the underlying property portfolio in the face of a challenging operating environment characterised by high vacancies, escalating costs and an uncertain economic outlook.

THE NEXT GROWTH PHASE

The acquisition of a R1.5 billion portfolio from Sanlam has increased the value of Vukile's portfolio by 25%. The properties acquired have enhanced the quality of our office assets. The acquisition, and the subsequent issue of linked units, is in line with Vukile's new strategy of growing the fund more aggressively. On a unitholder front, Sanlam and the Public Investment Corporation ("PIC") reached an agreement in terms of which the PIC acquired 70.2 million Vukile linked units from Sanlam. Sanlam's current holding has decreased to less than 6% and, as such, constitutes a normal institutional holding.

At the year end, Vukile's portfolio consisted of 72 properties worth over R6.1 billion while, at the same time, Vukile's market capitalisation has increased four-fold from the date of its listing to over R5 billion. This has laid the foundation for the next phase of our growth which will be more acquisitive and proactive in nature while not diluting focus from delivering growth in distributions for our unitholders.

AN APPETITE FOR GROWTH

Market conditions have become ripe for mergers and acquisitions. According to Catalyst Fund Managers, listed property was again the best performing asset class from March last year to March this year, recording the highest total return (20.27%), followed by bonds (13.15%), equities (7.53%) and cash (5.68%). The market capitalisation of this sector grew by approximately 19% to R151.7 billion in 2011, with nine new listings adding approximately R9 billion to the total. It is clear that despite continuing difficult trading conditions, investors have not lost their appetite for listed property and are eager to see the sector grow. However, given that there are few or no new large property developments and that prime property assets are becoming increasingly difficult to find, the sector will inevitably have to grow through consolidation.

GROWING THE PORTFOLIO

In growing the portfolio, Vukile is committed to remain a diversified fund but with a special emphasis on the retail sector. To this end, we are exploring acquisitions of retail centres as well as joint venture development opportunities in the retail environment that would complement our existing portfolio make-up.

We continue to believe in the strength and growth of retail in the emerging market – a view supported by the performance of our current retail assets – and will therefore primarily concentrate our expansion in this market segment.

We will however remain open to acquiring assets serving higher income groups should the right opportunities present themselves.

CHANGING THE GUARD

During the period under review, Gerhard van Zyl resigned as chief executive officer of the company and as a board member. Laurence Rapp was appointed the new chief executive officer in August 2011 and brings with him a wealth of experience in the financial services environment. Gerhard led Vukile with

distinction from its listing and was instrumental in growing Vukile's assets from R1.8 billion to R5.4 billion. Under his watch, Vukile delivered a total return to unitholders of just under 28% per annum. The board would like to thank Gerhard for his dedication and commitment. He leaves Vukile in excellent shape with a solid platform for Laurence to build on. Also during the year, Vukile's co-founder Banus van der Walt resigned as a non-executive director. The board is highly appreciative of the contribution he has made as a director and wishes him well in his future endeavours. We also welcomed Steve Booysen and Nigel Payne to the board in March 2012.

PROSPECTS

Looking ahead, Vukile expects trading conditions to continue to be difficult in the year ahead. However, based on management's experience over the past few months it appears that the sector may have bottomed out and while it is still too early to predict a recovery, it is encouraging to note vacancy levels across the portfolio are beginning to improve.The portfolio has performed well, despite these challenging conditions, and Vukile is confident that it should again deliver reasonable growth in distributions in the coming year.

ACKNOWLEDGEMENT

At the end of such a successful year, it gives me great pleasure to thank the people who contributed to Vukile's progress. In the first instance I must thank my fellow directors for their wise counsel and support. Vukile is fortunate in having a board whose eminence and expertise are respected in the listed property industry. Their particular understanding of the sector as well as their clear thinking and objective views have been invaluable to us.

Secondly, I congratulate the management and staff of Vukile on a job that has yet again been very well done. It is their unwavering commitment and undiminished enthusiasm that make this such an exceptional company. A special mention needs to go to Laurence Rapp, who in a short period of time has crystallised Vukile's new strategy, instilled a new culture within the company and has already achieved many milestones in pursuit of the company's new objectives.

Thanks also go to Vukile's property managers, namely JHI, Broll and Old Mutual Property Group, for their astute management of Vukile's property assets as well as our linked unitholders and tenants, whose interest we are dedicated to serving.

Anton Botha
Chairman

FROM THE CHIEF EXECUTIVE

IN THIS REVIEW

- Overview
- Our new look
- Growth
- Partnerships
- Transformation

The year under review has been a busy one for Vukile with tremendous change taking place in the organisation. It is my privilege to present my first CEO's report having taken over the reins of the company from Gerhard van Zyl in August 2011. At the outset, I extend my sincere thanks to Gerhard for all he did for Vukile and for laying such a solid foundation from which we plan to grow the business in the years ahead.

Vukile is now entering into a new phase of its life where we aim to expand the business more aggressively while, at the same time, remaining committed to growing distributions on a consistent basis. Off the back of an updated vision and values statement, we have set a new strategy for the company as we seek to maximise value for our unitholders over both the short and long-term.

The year under review was characterised by a solid financial performance against the backdrop of a difficult trading environment.

Corporate activity was high with a tremendous amount of effort going into the acquisition of a portfolio of 20 properties from Sanlam for a consideration of R1.5 billion. The deal was successfully closed post year end. We also undertook some major refinancing initiatives in deciding to list a corporate bond and use the proceeds to pay down our securitisation structure. We successfully listed a R5 billion note programme post year end and raised R1.02 billion in May 2012.

PERFORMANCE OVERVIEW

The property portfolio performed well in a difficult economic environment. Net property revenue increased by 9.8% while net profit available for distribution was up 7.6% on last year, reducing to 6.3% if adjusted for the higher weighted average number of linked units in issue during the year as compared to the prior year. The increasing cost of electricity and municipal services provided a drag on distributions and our overall cost ratio increased from 34.2% to 36.6%. We were, however, pleased to have contained group corporate administrative expenditure, which at R25.9 million is similar to the previous year. Group finance costs, net of investment income, have increased by R4.7 million to R152.1 million. Vacancies were well contained at 6.8% of gross rentals (2011: 5.1%). Excluding our development vacancies, this figure drops to 5.9% which is broadly in line with the previous year. The development vacancies are mostly situated in Randburg Square, where a major refurbishment is taking place. New leases and renewals of 202 129m^2 with a contract value of R579.5 million were concluded during the year and 74% of leases that expired during the year were renewed or are in the process of being renewed. We achieved positive reversions across all three sectors and were able to conclude new leases in line with our budgets.

A NEW LOOK FOR VUKILE

During the year, Vukile redesigned its logo and adopted a new slogan, 'Awaken the potential within', which is also the theme of this year's integrated annual report. The rebranding exercise was intended to make a visual statement of the changes taking place in the company as well as to signal our intention to start a new chapter in our development. The name Vukile is inherently a word of action, of growth, of new beginnings and we have sought to incorporate this energy into our new look and strategy.

As noted above, we have formulated a new strategy designed to further enhance the long, medium and short-term returns for our linked unitholders. This we intend to achieve by focusing on seven critical success factors, namely growing the portfolio, broadening the unitholder base, building sustainable partnerships, improving our focus on our tenants and their customers, minimising funding costs and refinancing risk, investing in our people and improving our transformation credentials.

INCREASING OUR SCALE

Undoubtedly the highlight of the year was the acquisition of a property portfolio from Sanlam, valued at R1.5 billion and comprising 20 properties. While the deal was finalised post year end in April, a tremendous amount of work and effort went into the deal over the past few months. I extend my grateful thanks and admiration to both my team and our external advisors and lawyers for the efficient and professional manner in which the deal was executed. The acquisition was done in support of our strategy to grow the fund. We are also aiming to improve the quality of our office and industrial portfolio. While the acquisition does drop our retail exposure slightly below our target levels, this is a temporary aberration and we are confident that the retail dominance of the fund will soon be re-established.

The properties acquired certainly improve the overall quality of our office portfolio. They are well located with good specifications and in many instances have upgrade potential that we will look to exploit over time. Additionally, because we have been managing these properties on Sanlam's behalf for some time and have an in-depth understanding of them, the integration risks of the deal were very low and the assets have already been fully integrated into our portfolio.

We have also been selling higher risk properties that are mainly CBD-based office buildings. While the sales result in a yield dilution overall, we believe the quality of the portfolio as a whole is enhanced through the sales of these properties. A number of deals were negotiated during the latter part of the financial year and are expected to be finalised in the year ahead. We are aiming to grow the value of the portfolio even further. We intend to remain a diversified fund but overweight in the retail sector. Retail property has proved to be more resilient than office and industrial space over time.

We will look specifically to further entrench ourselves in the lower LSM markets where we believe there is still strong growth to come as growing incomes and consumerism are further enhanced by a shift in spending patterns away from informal retail and more to the formal environment. Off the back of our successful centres in Phoenix, Dobsonville and Daveyton, we have generated a good pipeline of new shopping centre development opportunities that we are evaluating. We have also not excluded corporate activity as a means to expand the fund. Indications are that the appetite for new listings is waning and that the consolidation of the listed property sector is inevitable. Vukile, given its recent growth, increased scale and liquidity, is well positioned to take full advantage of any value-adding corporate transaction opportunity that may arise.

IMPROVING OUR LIQUIDITY

This past year has seen a dramatic increase in our liquidity and we now rank among the most liquid companies listed in the PLS sector. Our free float weighting was adjusted from 50% to 100% in terms of the FTSE/JSE Africa Index Series following an application to the JSE in December 2011. This has also contributed significantly towards the tradability of Vukile's linked units.

Vukile has welcomed many new linked unitholders over the year and chief among them was the PIC which acquired 70.2 million Vukile linked units from Sanlam, which since our listing was the largest linked unitholder in Vukile. Sanlam's holding in Vukile has reduced to below 6% and the PIC is now our largest unitholder. The PIC is also one of South Africa's largest property investors and we believe that their introduction is an affirmation of confidence in our new strategy. Our BEE deal, known as the Lazarus transaction, was wound up during the year with the BEE stake having been sold. The equity capital raise associated with the Sanlam acquisition allowed us to further broaden the unitholder base.

MINIMISING OUR FINANCING COSTS

Part of our strategy is to minimise our funding costs and refinancing risks. To this end we sought to introduce two additional funders and also to replace our securitisation structure with a more flexible and less costly domestic medium-term note ("DMTN") programme.

FROM THE CHIEF EXECUTIVE continued

Subsequent to the year end, Vukile's existing commercial mortgage backed securitisation ("CMBS") programme was wound down through a refinancing that took place through our new secured corporate bond issuance of R1.02 billion in May 2012. The average all-in cost of the corporate bonds issued amounts to 8.8% and represents a 1% reduction on the old CMBS vehicle. Additionally, bank debt of R450 million, incurred by one of our subsidiaries, was successfully refinanced during the year at an all-in cost of 8.66%, which is nearly 2% lower than before. The debt required for the Sanlam acquisition was sourced from Rand Merchant Bank and Sanlam Capital Markets and we now have four funders on board.

Our gearing at year end was conservative at 27.6%, as was our funding profile which was fully hedged. Following the extension of certain interest rate swaps and the above refinancing, the group's overall cost of debt at year end reduced to 9.36% per annum, inclusive of margin and costs. The strength of our capital structure is probably best presented by our secured AA-rating of new notes, which places us in the top echelon of the property market. Post the refinancing of the CMBS programme, we expect further reductions in our overall funding costs.

DEVELOPING PARTNERSHIPS

A critical success factor of our new strategy is to cultivate mutually beneficial partnerships with our property managers, leasing brokers and other intermediaries. To this effect, we held a number of focus groups with leasing brokers in Johannesburg, Durban and Cape Town. We also invited our property managers, many of whom have been working with Vukile since its inception, to attend these discussions as a way of cementing our relationship and making them custodians of our vision, values and strategies as they deal with our tenants on a regular basis.

The feedback we received from these engagement exercises has already been translated into action. We have started an investigation into our leasing processes to ensure these are as efficient as possible and we have created a web-based vacancy schedule for the exclusive use of leasing brokers.

FOCUSING ON OUR TENANTS AND THEIR CUSTOMERS

Vukile's success is intrinsically tied to that of our tenants and it remains a high priority to offer them the best value for money through properties which enhance the shopping or business experience of their customers and employees.

To this effect, we are continuously evaluating the desirability of the properties within our portfolio with a view to refurbishing them as and when the need arises.

Following the very useful feedback we received by directly interacting with the leasing broker community, we have decided to roll out a similar initiative with our tenants in the coming year. In addition, a regular tenant satisfaction survey will be implemented during the course of the next financial year to gather insights into the factors that really matter to our tenants, their customers and employees. We believe these surveys will provide us with an invaluable ongoing trend analysis as well as highlighting areas that require corrective action.

INVESTING IN OUR PEOPLE

A key asset within Vukile is the dedicated team of people who so diligently and expertly manage the company. This team boasts in excess of 300 years' experience in the property industry. It is imperative that we create an environment where Vukile is seen as an employer of choice in order to attract and retain the best people in the industry. Remuneration and employment practices, therefore, need to be aligned to industry best practice. A considerable amount of effort has already gone into reviewing and formalising our human resources policies, procedures and practices, with the assistance of an experienced human resources consultant. We are also looking to find ways to institutionalise the knowledge in the organisation to ensure we are able to introduce new talent into the company and share the vast amount of knowledge and experience of the team with the next generation of property and asset managers.

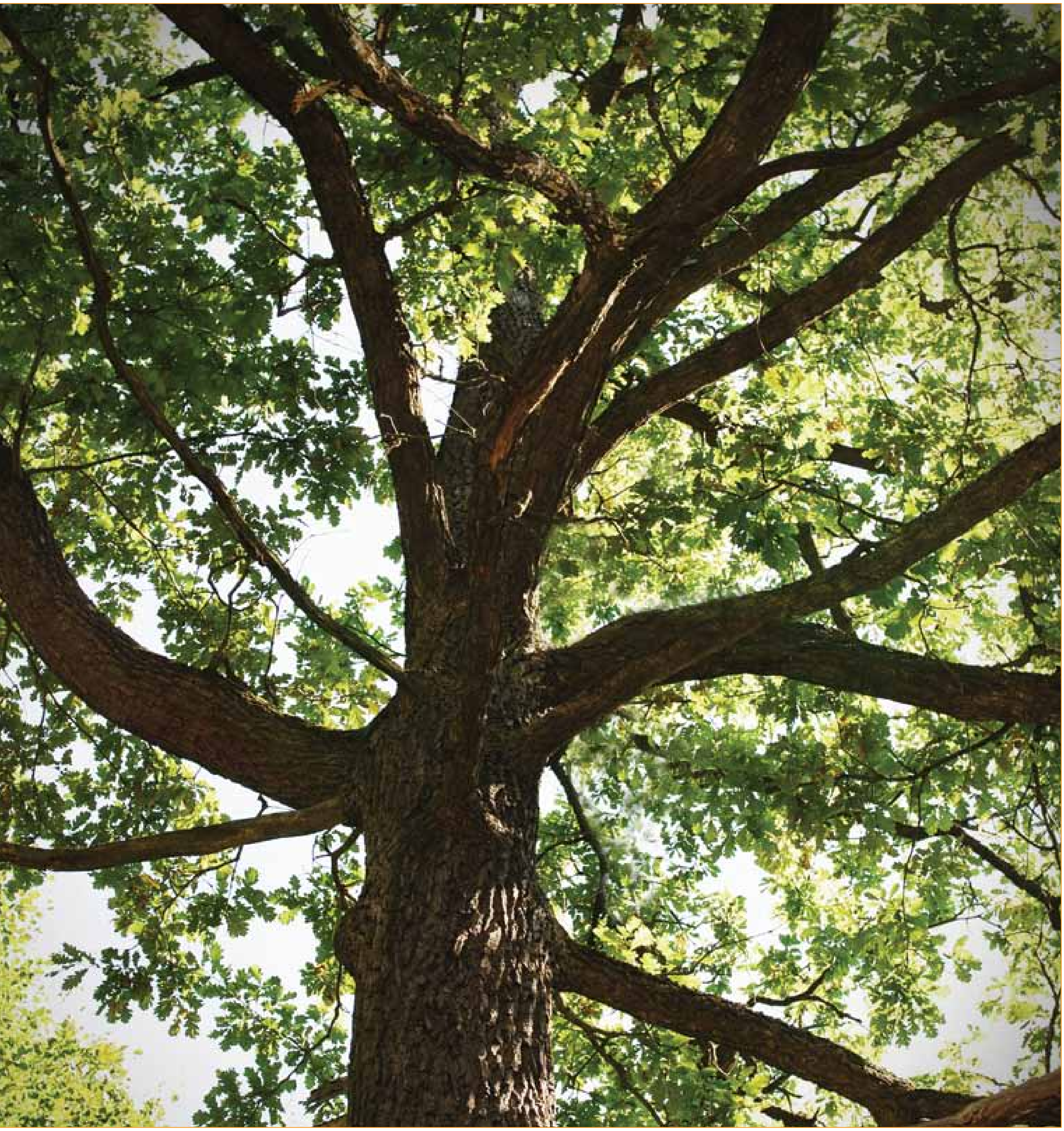
TRANSFORMING THE BUSINESS

Transformation is a key focus area for us and is viewed not only in the narrow context of adherence to sector codes but rather as a way of contributing proactively to economic development within South Africa. Our intention is to develop a Broad-Based Black Economic Empowerment strategy that encompasses all areas of the scorecard, and not just ownership.

THE YEAR AHEAD

The past year has been tumultuous with dramatic change taking place in the organisation. We have developed our new strategy, set plans and action steps and key milestones, and we now turn our attention to executing these plans in the year ahead. My sincere thanks go to the board for its guidance through a significant stage in the development of Vukile and to the group's management and staff for their fullest support in getting to grips so determinedly with the challenge of change. I would also like to place on record our sincere appreciation for the continued support of our many tenants, our commitment to serving them remains our driving force. Finally, we acknowledge and pay tribute to the critically important part our relationships with our many partners play in our business.

Laurence Rapp
Chief executive

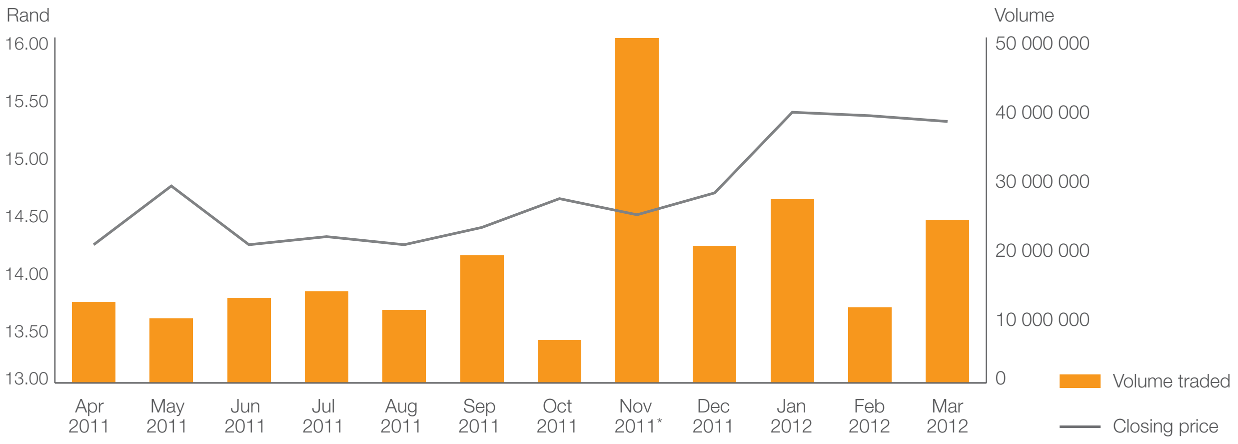


SPREADING FURTHER

REPORT TO STAKEHOLDERS

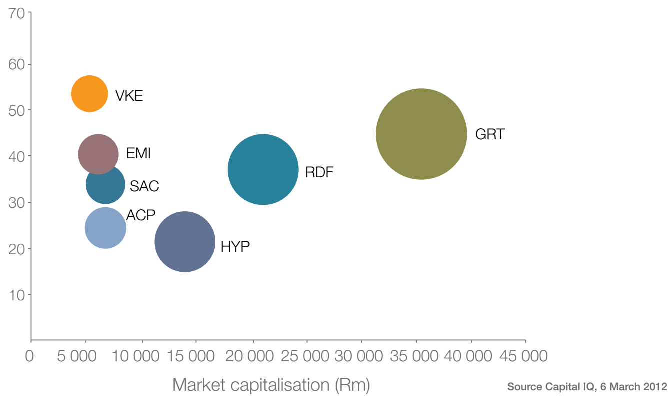
UNITHOLDERS AND DEBT FUNDERS

CLOSING PRICE VS MONTHLY VOLUME TRADED



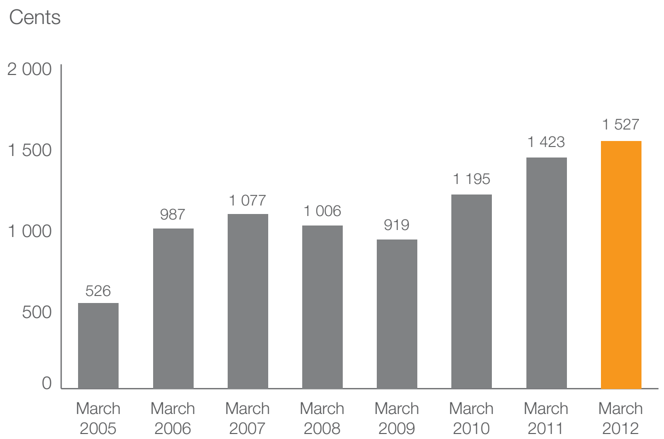
* *Excludes PIC acquisition of 72 million units.*

VALUE TRADED AS % OF MARKET CAPITALISATION



Source Capital IQ, 6 March 2012

LINKED UNIT PRICE



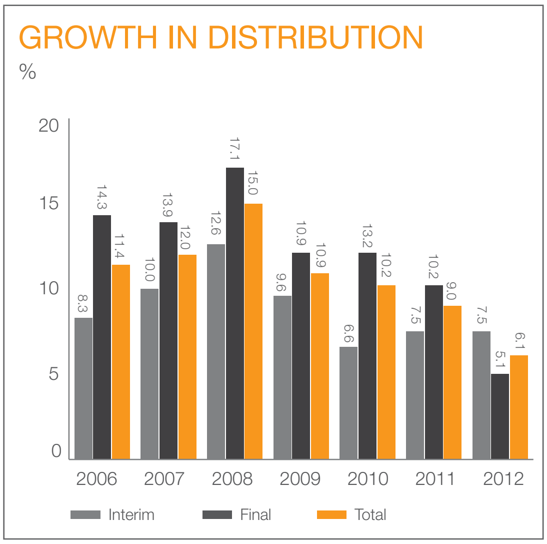
As a direct result of the synergy between its physical and human capital, Vukile has accomplished a number of remarkable achievements over the past few years, consistently outperforming its peers in its pursuit of long-term sustainability, capital appreciation and income growth for its linked unitholders.

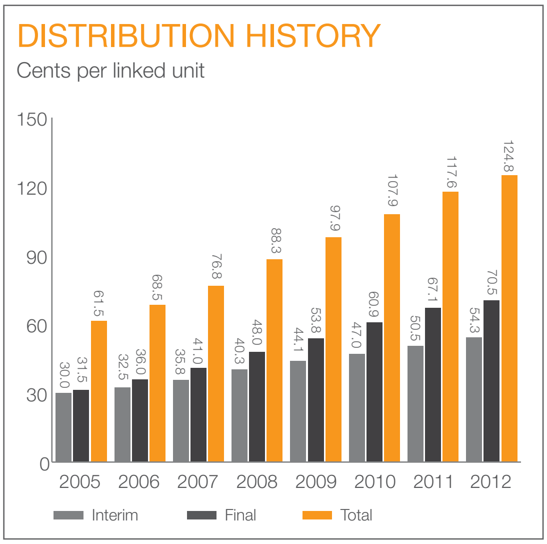
LIQUIDITY

During the 12 months ended 31 March 2012, 286.4 million linked units were traded (2011: 67 million linked units) which equates to approximately 23.9 million linked units per month.

If the PIC acquisition of 70.2 million linked units is excluded, 216.2 million linked units were traded during the year, or 61.6% of the units in issue. A SENS announcement dated 14 November 2011, advised that the PIC had acquired 70.2 million Vukile linked units from the Sanlam Group. At 31 March 2012, the Sanlam Group's unitholding in Vukile was below 6%.

Following an application by the company to the JSE, Vukile's free float weighting was adjusted from 50% to 100% in terms of the FTSE/JSE Africa Index Series quarterly review for December 2011. Vukile is now among the most liquid companies in the PLS sector. This has led to a significant improvement in the tradeability of the Vukile linked units.





FINANCIAL RESULTS

The group's net profit available for distribution amounted to R439.1 million for the year ended 31 March 2012 compared to the R408.1 million for the previous year, an increase of 7.6%.

If adjusted for the higher weighted average linked units in issue during the year compared to the prior year, the 7.6% increase reduces to 6.3%. In terms of a SENS announcement dated 16 March 2012, the board of directors approved a final distribution of 70.5 cents per linked unit for the six months to 31 March 2012. This early distribution was made prior to the issue of linked units to finance the R1.5 billion portfolio acquisition in order to mitigate any potential dilution in distributions.

The distribution for the full year ended 31 March 2012 increased by 7.2 cents per linked unit to 124.81 cents per linked unit (March 2011: 117.65 cents per linked unit), an increase of 6.1% which equates to 99.8% of the profit available for distribution.

UNITHOLDERS AND DEBT FUNDERS continued

The 7.2 cents per linked unit increase in distributions year-on-year is made up as follows.

DISTRIBUTION INCREASE

	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 acquisitions	**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)
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 fees 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 in issue in the prior year	**(2.2)**	(2.3)
Less: R10 million distribution foregone by Sanlam Properties in prior years	**-**	(3.3)
Net increase in distribution	**7.2**	9.7

The property portfolio performed well in a difficult economic environment during the year under review. On a like-for-like basis (stable portfolio) net property revenue increased by 7.3% year-on-year. Sales of non-core properties reduced the overall net property revenue by R10 million for the year. A once-off lease payment of R27.8 million was received on the expiry of a long-term structured lease from a tenant during the year and is included in net property revenue.

The asset management business segment generated a net profit of R33.0 million for the year against R51.7 million in the prior year. This segment's profit is reported gross of the consolidation adjustment of R10.5 million (refer to note 1 of the simplified income statement on page 21). Asset management and other fees received of R33.8 million were in line with the previous year of R33.6 million. However, sales commission of R18.9 million was R10.4 million lower than the previous year. Group corporate administrative expenditure of R25.9 million is in line with the previous year. Group finance costs, net of investment income, have increased by R4.7 million, from R147.4 million to R152.1 million. The increase in finance costs is primarily due to interest arising on additional debt of R201.8 million, raised to finance the acquisition of the R541 million portfolio in September 2010, now being incurred for a full year.

The intangible asset of R362.8 million which arose on the acquisition of the property asset management contract has been tested for impairment.

A change in the forecast income profile due to sales of properties of R3.1 billion from 1 January 2010 to 30 April 2012 (generating sales commission for Vukile of R94.7 million) will result in lower asset management fees going forward, which together with variable future sales from the Sanlam portfolio, and an increase in the discount rate, has resulted in an impairment of R46 million in intangible assets from R313 million in the prior year to R267 million at 31 March 2012.

SUMMARY OF GROUP FINANCIAL PERFORMANCE

	2012 March	2011 March	% Change
Headline earnings of linked units (Rm)	**472**	427	10.5
Net asset value per linked unit (cents)	**1 109**	1 003	10.6
Distribution per linked unit (cents)	**124.81**	117.65	6.1
Loan to value ratio (%)	**27.6**	31.5	(12.4)

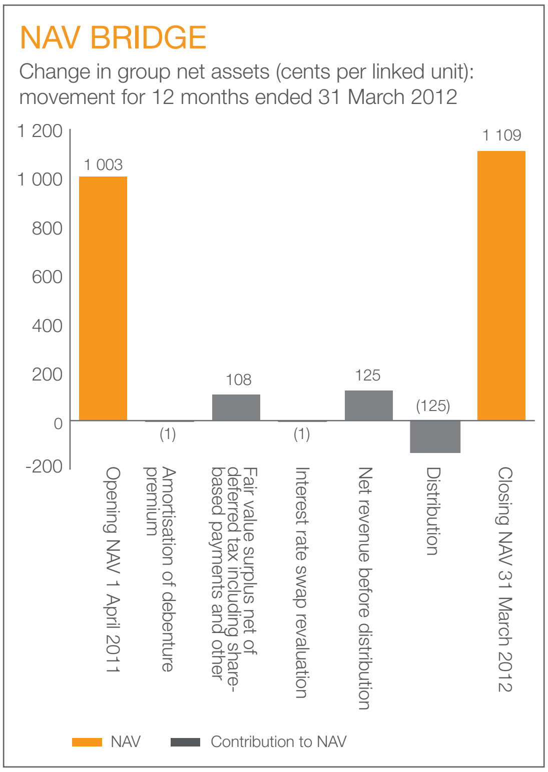
SIMPLIFIED INCOME STATEMENT

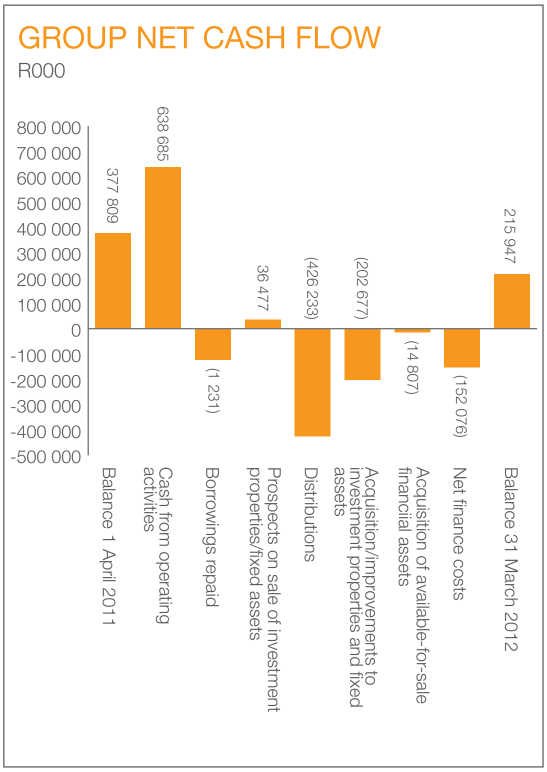
Calculation of distributable earnings	2012 March Group R000	2011 March Group R000	% Change
Net profit from property operations excluding straight-line income adjustment[(1)]	**588 348**	535 772	9.8
Net income from asset management business[(1)]	**33 025**	51 662	(36.1)
Investment and other income	**13 557**	14 380	(5.7)
Administrative expenses	**(25 919)**	(25 509)	(1.6)
Finance costs[(2)]	**(165 633)**	(161 803)	(2.4)
Taxation (excluding deferred tax on revaluation adjustments)	**(4 278)**	(6 401)	33.2
Available for distribution	**439 100**	408 101	7.6

(1) *Includes a R27.8 million once-off lease payment on an expiry of a long-term structured lease. Asset management and other fees of R10.5 million (2011: R6.7 million) eliminated on consolidation are included as property expenditure above and hence reduces net profit from property operations and increases fee income in the asset management business segment.*

(2) *The increase in finance costs primarily relates to interest on the R201 million loan raised in September 2010 now accounted for over a full year.*

The net asset value of the group has increased over the reporting period by 10.6%, from 1 003 cents per linked unit to 1 109 cents per linked unit at 31 March 2012. The change in net asset value per linked unit, based on 351 015 218 linked units in issue at year end, is set out in the NAV bridge graph below. The group net cash flow, reflecting the composition of cash generated and utilised during the year under review, is also set out in the graph below.





UNITHOLDERS AND DEBT FUNDERS continued

BORROWINGS

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

- Diversify funders to at least three providers.
- Diversify funding structures to incorporate, where appropriate:
  - Secured bonds
  - Bank debt
  - Commercial paper
  - CMBS notes.
- Spread expiry terms of all interest bearing debt to less than 25% per annum.
- Hedge or fix ≤90% of interest bearing debt.
- Maximise interest income and limit negative carry.

In terms of the new finance strategy approved by the board in November 2011, the R1.02 billion CMBS programme was refinanced through a new R5 billion DMTN programme post year end. Secured corporate bonds of R1.02 billion were issued under this programme on 8 May 2012. The Global Credit Rating Company (Pty) Ltd accorded an AA (RSA) rating to these secured notes.

The average weighted all-in cost of the R1.02 billion corporate bonds issued equates to 8.8%, including the extension of existing interest rate swaps and new hedges over a three to five year periods.

This represents a reduction of 1.0% over the previous weighted average all-in finance costs of the CMBS programme. The secured corporate bond debt of R1.02 billion is fully hedged. During August 2011, bank debt of R450 million in a subsidiary was successfully refinanced at an all-in cost of 8.66%, which is 1.74% lower than the previous weighted average rate of 10.4%.

Following the extension of certain interest rate swaps and the above bank refinancing, the group's overall cost of debt has reduced to 9.36% per annum at 31 March 2012 (March 2011: 9.77%), inclusive of margins and costs.

A bank facility of R450 million in Vukile expires on 31 May 2012. At this stage, an indicative facility letter has been received at favourable interest rates and loan agreements will be finalised shortly.

The company's borrowing capacity is unlimited in terms of its memorandum of incorporation ("MOI"). The board's policy is to limit the loan-to-value ("LTV") ratio to 45%. The group's LTV ratio at 31 March 2012 was 27.6% compared to the bank and securitisation covenants of 50% and 65% respectively. The group has unutilised bank facilities of R279 million.

VALUATION OF PORTFOLIO

The accounting policies of the group require that directors value the entire portfolio every six months to fair market value. Approximately one half of the portfolio is valued every six months, on a rotational basis, by registered independent third party valuers. The directors have valued the group's property portfolio at R6.11 billion as at 31 March 2012. This is R761 million or 14.2% higher than the valuation as at 31 March 2011. The initial annual yield for the portfolio is 10.4%.

The external valuations by Broll Valuation and Advisory Services (Pty) Ltd, Jones Lang LaSalle (Pty) Ltd and Old Mutual Investment Group South Africa (Pty) Ltd at 31 March 2012 of 45.9% of the total portfolio are in line with the directors' valuations of the same properties.

PROPERTY PORTFOLIO OVERVIEW

MARKET OVERVIEW

South Africa's commercial real estate market maintained modest growth over 2011, producing a 10.4% total return according to the SAPOA/IPD South Africa Property Index. This subdued result marks a softening in the market from the mini-recovery in 2010 – which delivered a 13.4% return – however is still an improvement over 2009. Uncertainty in global markets, weak local demand and slowing consumer confidence resulted in muted capital growth of just 1.4%, while income returns were steady at 8.9%. Results improved marginally in the latter half of 2011. However, this was after completely flat growth in the first six months of the year.

Despite this minor improvement towards the end of the year concerns remain, particularly over the health of secondary markets. Even at a national level, fundamentals are placing downward pressure on rentals and bottom line returns. Vacancies rose from 6.6% to 6.9%, rental growth reduced to 6.2% and at the same time rental yields softened by 36 basis points to 9.6%. A sharp convergence in growth across the main market sectors highlights the increasingly important impact of macro forces and high levels of uncertainty on the property market. Quality and location are playing a greater role in differentiating property returns.

Retail property once again proved its resilient nature with the strongest capital growth of the three main sectors for the third consecutive year. Its 10.1% total return for 2011 comprised 8.3% income return and 1.6% capital growth and was boosted by relatively strong retail sales as consumers continued to spend. Overall, however, the growth in trading densities fell below inflation and the outlook is a continued moderation in consumer spending. An increase in vacancies of 6.0% also put pressure on rental values, resulting in a corresponding weakening of rental growth.

Industrial property managed the highest total return of the three sectors for 2011 with 11.9%, although the income return of 10.4% is much more significant than the 1.4% capital growth. Industrial vacancies continued on their downward trend and, at the end of 2011, were the lowest of any sector at just 4.3%. Although the sector has shown a steady improvement in vacancies from a high of 6.5% in 2009, 5.6% at the end of 2010 to current vacancies slightly below the 10 year average of 4.5%, mainly due to the demand for larger units of 5 000m² to 10 000m², it continues to operate in a tight market grappling with a slow economy. In the first quarter of 2012, we have noticed an increase in enquiries for industrial space. However, tenants are very cautious in committing to new leases longer than one year.

Overall, 2011 realised GDP growth of 3.1% and 2012 GDP general growth forecasts are pegged at around 3% amid global economic concerns, a lacklustre manufacturing sector and consumer spending coming under pressure. The tertiary sector continued to contribute positively to GDP in Q4 2011, while the main goods-producing sectors realised an improvement and grew by 3.5%.

The manufacturing sector improved by 2.4% compared to 5.4% recorded in 2010. While all these improvements bode well for industrial property, investors continue to remain cautious due to the uncertain economic outlook. At best, 2012 will see a gradual improvement in some undersupplied nodes.

Office property as a whole managed just 1.3% capital growth over the year which, combined with a 9.7% income return, produced 11.2% total return. This figure, however, masks a wide range of results within the office sector, with quality and location generally underlying the ultimate differences. Better quality offices were able to drive higher rental growth from vacancies lower than the national average of 12.1%.

According to SAPOA (Q1 2012) the national office vacancy rate improved slightly on aggregate for the first time since Q2 2010 to 10.35%. This is seen as a signal that vacancy rates are beginning to stabilise somewhat.

Rode states there are early indications that the A grade office market might be staging a recovery but this is experienced on a nodal and not a sectoral level. Real rental growth (nominal less inflation) remains under pressure.

Viruly's property clock (March 2012) has cautiously started to move from 'recession' towards to 'recovery'.

During Vukile's recent focus group discussions and nationwide road shows with leasing brokers the general feedback was that activity within the office market is still generally muted with prospective tenants taking much longer to conclude leasing decisions. Prospective tenants have also become more knowledgeable and often do their own research about properties. They are price sensitive and want the best value for their money. A growing trend is to consolidate in one area instead of having multiple branches.

Rental negotiations remain tough with new and existing tenants leveraging off the various vacancy incentive schemes offered by property owners to negotiate the best possible deals for themselves. Operating costs remain a pertinent issue for commercial property owners as 2011 saw increases continue with renewed vigour, significantly above inflation. These increases coupled with low income growth played a large role in the overall drop in property returns for the year. The top three operating cost categories contributing to these increases remain electricity, rates and taxes and management. This means administered costs, next to vacancies, continue to pose the largest risk to net income. Compared to 2010 total cost as a percentage of income registered a marginal increase across the board standing at 39.9% for retail, 33.0% for offices and 31.0% for industrial property. *[Sources: SAPOA, IPD, Viruly Consulting, Rode].*

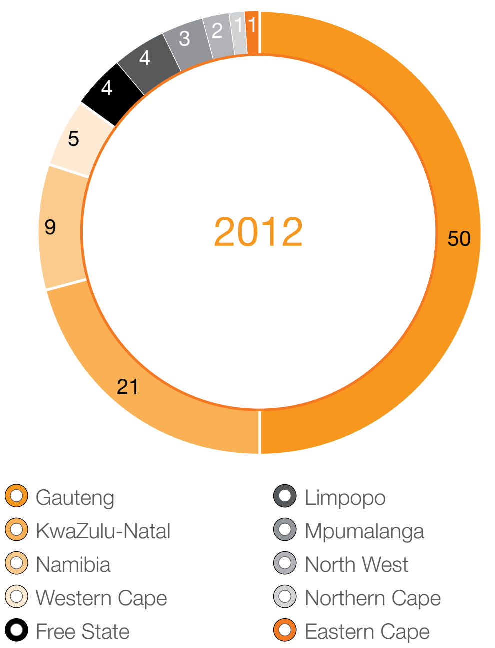
PORTFOLIO OVERVIEW

The group property portfolio at 31 March 2012 consisted of 72 properties with a total market value of R6.11 billion and gross lettable area of 922 221m².

The geographical and sectoral distribution of the group's portfolio is indicated in the graphs alongside and on page 24. The portfolio is well-represented in most of the South African provinces and Namibia. 85% of the gross income is derived from Gauteng, KwaZulu-Natal, Western

GEOGRAPHICAL PROFILE

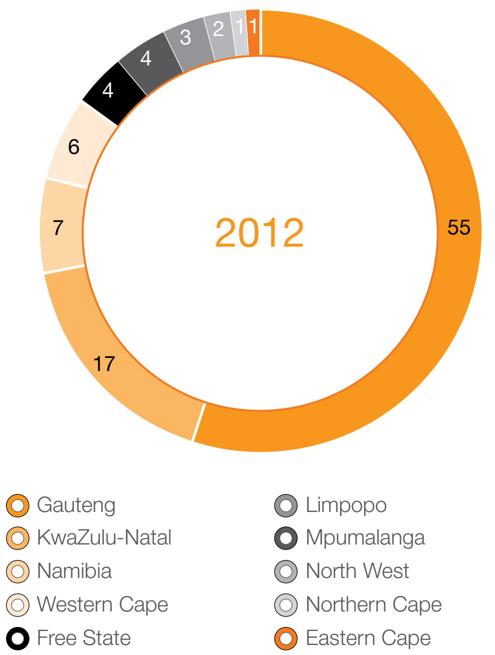
% Gross income



Top four regions account for 85% of exposure.

GEOGRAPHICAL PROFILE

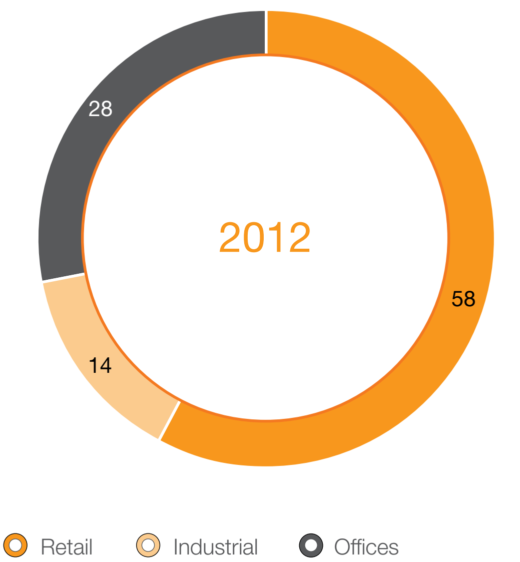
% of GLA



UNITHOLDERS AND DEBT FUNDERS continued

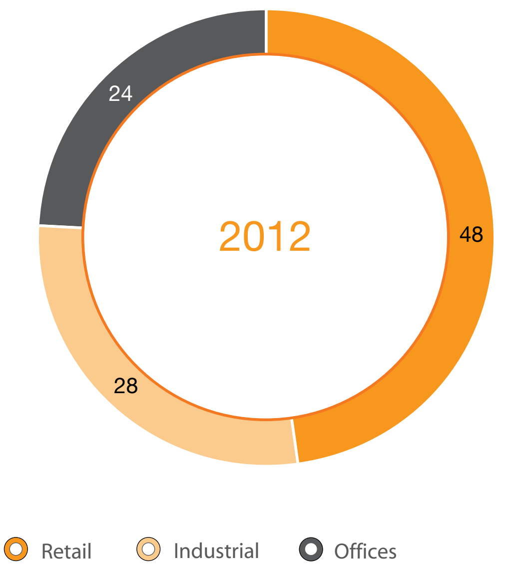
SECTORAL PROFILE

% Gross income



SECTORAL PROFILE

GLA m^2



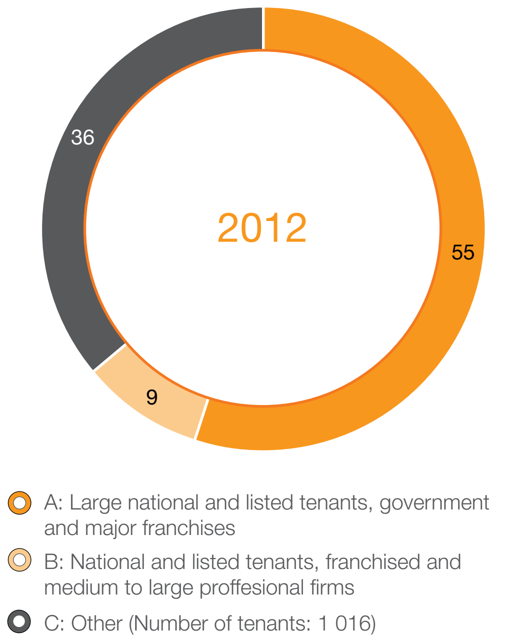
Cape and Namibia. In terms of the group's strategy to operate as a diversified fund, overweight in the retail sector, we are of the opinion that the current sectoral and geographical profile broadly conforms to the requirements of a well-balanced mixed portfolio. There is, therefore, no specific strategy change to the sectoral weighting of these profiles.

On the sectoral profile, in terms of gross income, the exposure to retail increased while the exposure to offices declined, mostly due to increased vacancies in the office sector.

Post the acquisition of the R1.5 billion portfolio from Sanlam, which was implemented on 25 April 2012, the retail exposure will drop below 50% which is our minimum target. This is a temporary situation and the dominance of retail in the portfolio will be re-established in the short-term.

TENANT PROFILE

%



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

Our average outstanding lease period is two years. We consider our tenant concentration risk to be moderate as the top 10 tenants account for 29.4% of total GLA. Government is the single largest tenant, occupying 6.5% of total GLA.

TOP 10 PROPERTIES BY VALUE

Property	Location	Rentable area m²	Directors' valuation at 31 March 2012 R000	% of total	Valuation R/m²
Durban Phoenix Plaza	Durban	24 342	**495 381**	8.1	20 351
Bellville Louis Leipoldt	Bellville	22 311	**287 847**	4.7	12 902
Dobsonville Shopping Centre	Soweto	23 177	**229 436**	3.8	9 899
Pine Crest Centre (50%)*	Pinetown	20 072	**204 072**	3.3	10 167
Durban Embassy	Durban	32 346	**202 785**	3.3	6 269
Oshakati Shopping Centre	Oshakati	22 269	**190 629**	3.1	8 560
Daveyton Shopping Centre	Daveyton	17 095	**182 501**	3.0	10 676
Arivia.kom Building	Midrand	15 634	**169 350**	2.8	10 832
Roodepoort Hillfox Power Centre	Roodepoort	37 440	**168 208**	2.7	4 493
Randburg Square	Randburg	50 945	**150 083**	2.5	2 946
		265 631	**2 280 292**	37.3	8 584

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

PROPERTY PORTFOLIO PERFORMANCE

New leases and renewals of 202 129m² with a contract value of R579.5 million were concluded during the year. 74% of leases that expired during the year ended 31 March 2012 were renewed or are in the process of being renewed (2011: 82%).

The reduction in renewals is mostly due to government leases that were still in the process of being renewed at year end as well as a number of lease renewals that were held back, pending the large refurbishment at Randburg Square.

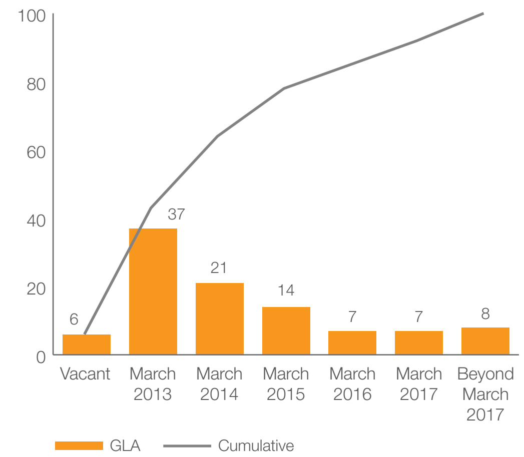
DETAILS OF LARGE RENEWALS

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 KimPark	Retail	**27.2**	11
Telkom	VWL Building	Offices	**22.4**	2
Fruit and Veg City	Roodepoort Hillfox Power Centre	Retail	**18.4**	10
Syspro	Sandton Sunninghill Place	Offices	**17.1**	4
NMScom Properties	Randburg Square	Retail	**13.2**	3
FirstRand Bank	Durban Phoenix Plaza	Retail	**11.8**	5
Jet Stores	Durban Phoenix Plaza	Retail	**9.6**	5
Citiwood	Parow Industrial Park	Industrial	**9.0**	5

UNITHOLDERS AND DEBT FUNDERS continued

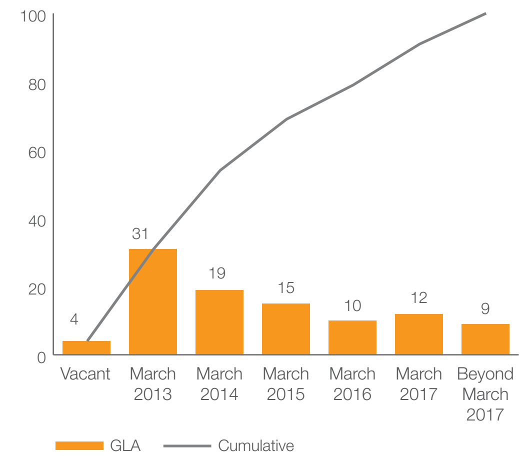
GROUP LEASE EXPIRY PROFILE

% of GLA



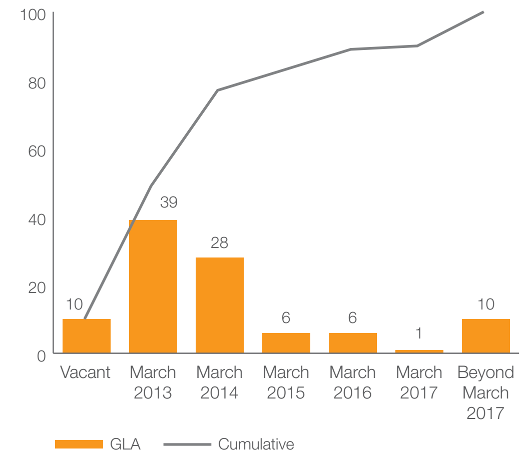
RETAIL LEASE EXPIRY PROFILE

% of GLA



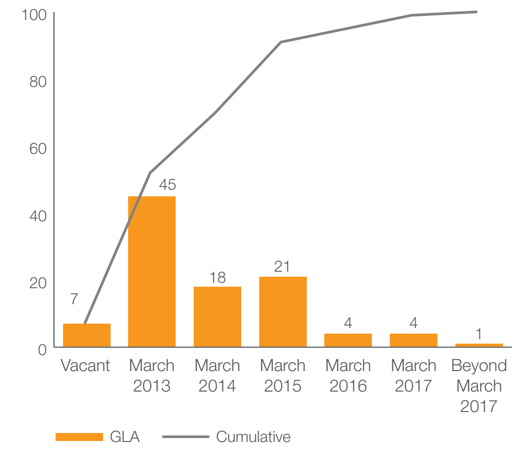
OFFICES LEASE EXPIRY PROFILE

% of GLA



INDUSTRIAL LEASE EXPIRY PROFILE

% of GLA



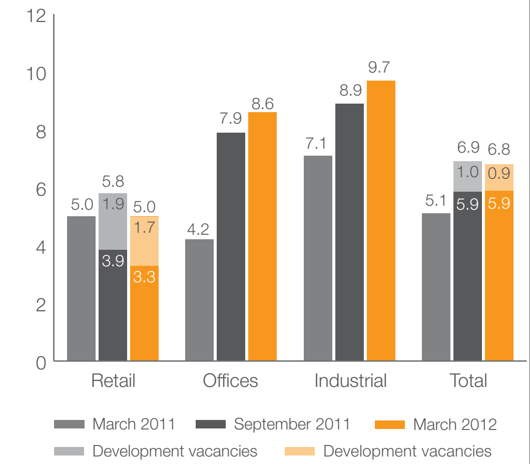
The group lease expiry profile graph reflects that 37% of the leases are due for renewal in 2013. Of the 37% of leases due for renewal in 2013, approximately 38 500m² are under negotiation already and these tenants have indicated that they will renew. This will reduce the expiries to 33%, which equates to the normal average lease period of three years across the portfolio.

At 31 March 2012, the portfolio's vacancy (measured as a percentage of gross rental) was 6.8% (5.9% excluding 'development' vacancies) compared to 5.1% at 31 March 2011. The development vacancies are at Randburg Square where phase 1 of the revamp of the centre at an estimated cost of R80 million is almost complete and the second phase is in the final planning stages. This revamp entails a remix of tenants and the introduction of new tenants which will fundamentally change the nature of this centre going forward. Vacancies have not been filled pending this major revamp.

On 31 March 2012 the portfolio's vacancy (measured as a percentage of gross lettable area) was 6.1% compared to 5.3% at 31 March 2011.

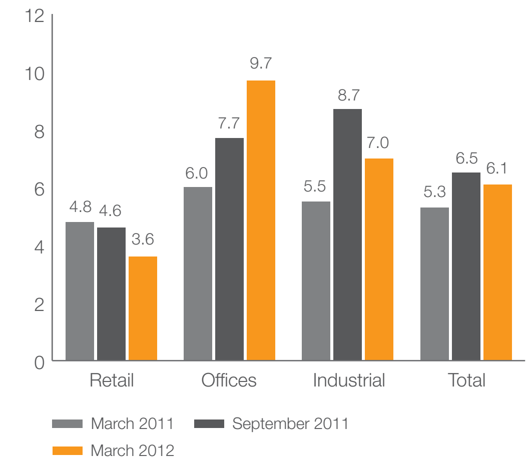
VACANCY PROFILE

% of gross rental



VACANCY PROFILE

% of GLA

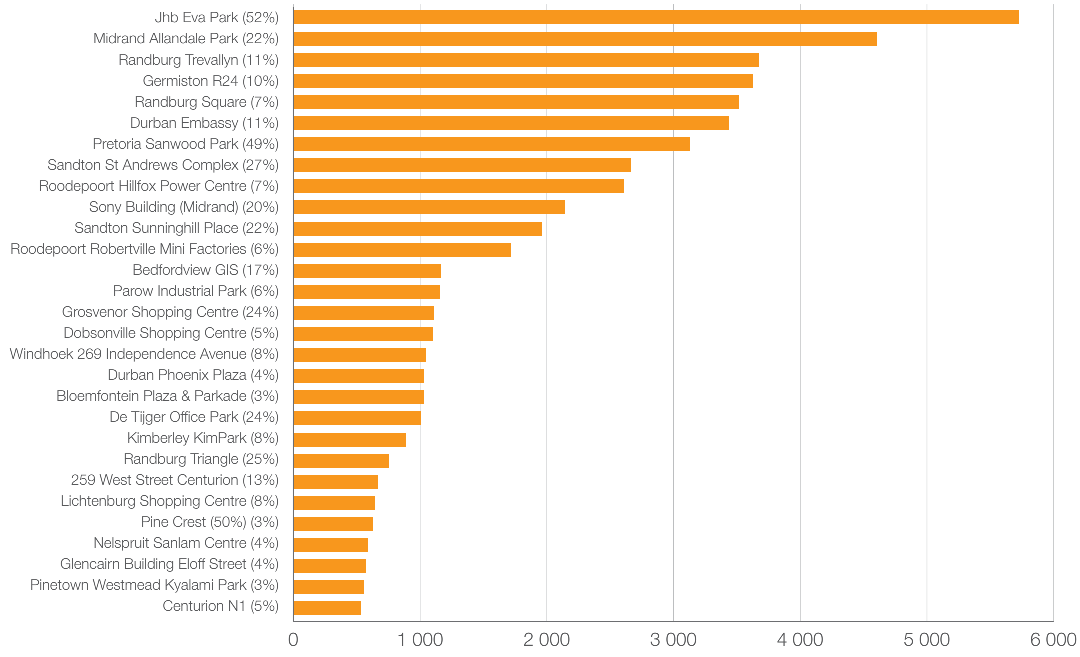


Vukile is engaged in various new initiatives in an effort to reduce the vacancies in the portfolio including broker focus groups, the implementation of a vacancy website, leasing and incentives on selected properties and incentives to property management companies and leasing brokers. Vacancies have reduced by a net 4 500m² since 30 September 2011.

The properties with the highest vacancies are reflected below.

INDIVIDUAL PROPERTIES VACANCY PROFILE

% of GLA/m²



UNITHOLDERS AND DEBT FUNDERS continued

GLA summary	**GLA m²**
Balance at 1 April 2011	920 127
GLA adjustments	(370)
Disposals	(10 632)
Acquisitions and extensions	13 096
Balance at 31 March 2012	**922 221**

Vacancy summary	**Area %**	**m²**
Balance at 1 April 2011	48 604	5.3
Leases expired or terminated early	215 388	23.4
Renewal of expired leases	(151 098)	(16.4)
Contracts to be renewed	(64 289)	(7.0)
Tenants vacated	75 761	8.2
New letting of vacant space	(68 461)	(7.4)
Balance at 31 March 2012	**55 905**	**6.1**

Financial performance for the stable portfolio	**2012 Rm**	**2011 Rm**	**%**
Gross property revenue	**896.6**	805.4	11.3
Property expenses	**343.0**	289.3	18.6
Net property income	**553.6**	516.1	7.3
Property expense ratios (%)*	**36.6**	**34.2**	**7.0**

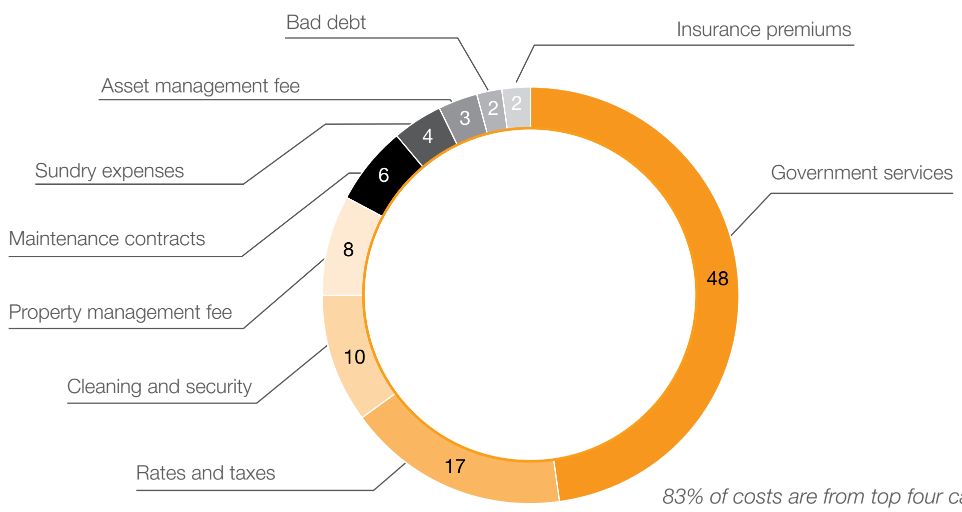
* *Recurring cost to property revenue ratios (including rates and electricity costs).*

Recurring property expenses have increased year-on-year mostly due to excessive increases in electricity and rates and taxes. Although a large proportion of the increases is recovered from tenants, we have implemented the following measures to try and alleviate these costs because they may ultimately impact on the tenant's ability to pay rentals:

- Reducing energy consumption by replacing older technology with newer, more energy efficient technology.
- Embarking on various new initiatives to reduce energy consumption at our properties. (More details are provided in the environmental section of this report.)
- Appointing a specialist to value all the group's properties where the municipal valuations appear to be higher than market and to lodge the appropriate objections and appeals. An appropriate percentage of such savings in rates and taxes is refunded to the tenants.

The various cost components are reflected in the graph below.

RECURRING EXPENSE CATEGORIES



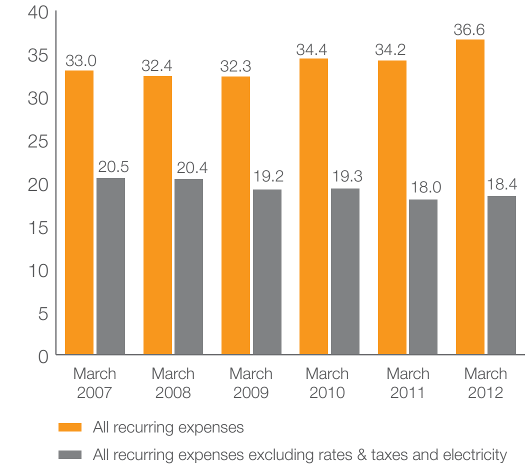
83% of costs are from top four categories.

The group continuously evaluates methods of containing costs in the portfolio. As a result of the measures referred to earlier, the recurring costs to property revenue ratios (excluding electricity and rates and taxes) have decreased from 20.5% in March 2007 to 18.4% in March 2012 and hence have been well contained.

The weighted average monthly base rental rates per sector compare as follows between 31 March 2011 and 31 March 2012 as set out in the graph below.

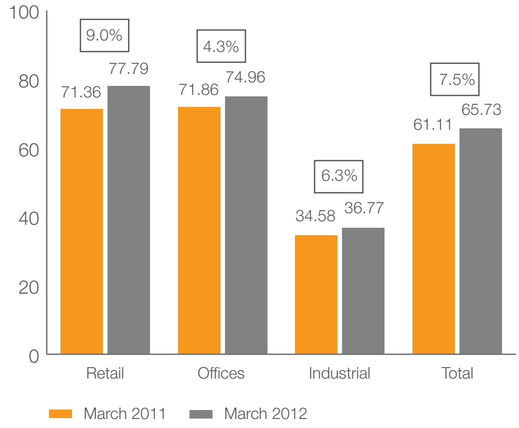
RATIO OF GROSS RECURRING COST TO PROPERTY REVENUE

Stable portfolio %



WEIGHTED AVERAGE BASE RENTALS R/m²

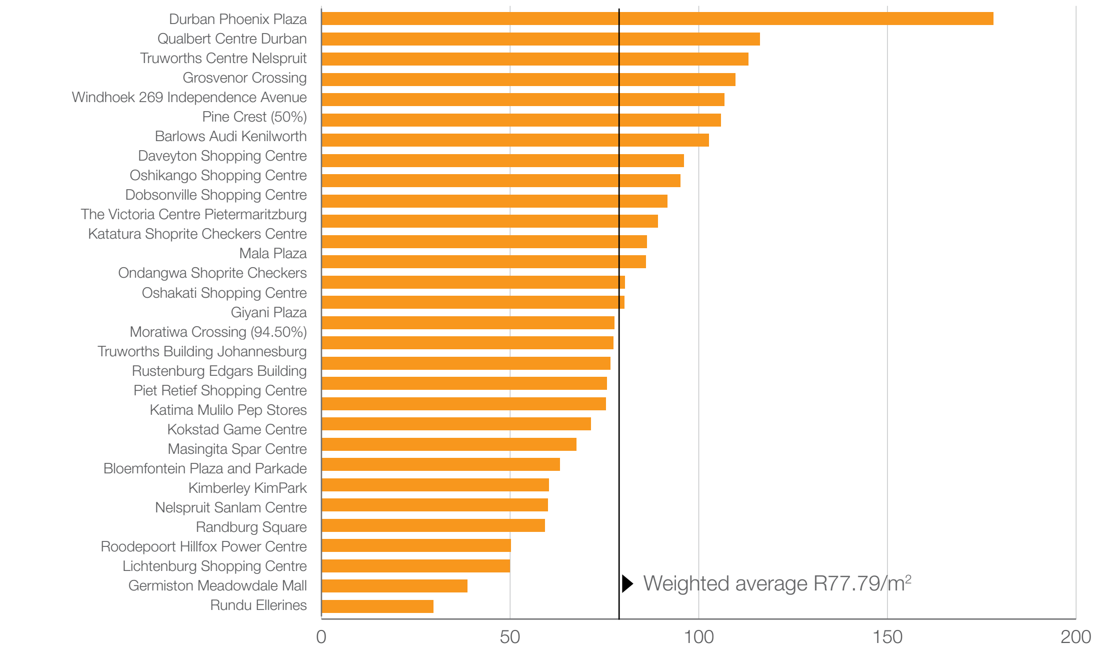
Excluding recoveries



The weighted average base rentals per sector and per property are reflected in the following graphs.

WEIGHTED AVERAGE BASE RENTALS - RETAIL

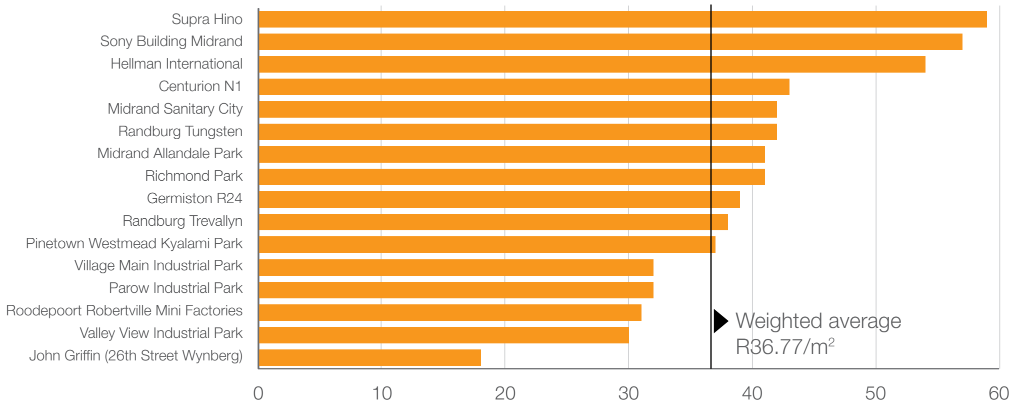
Excluding recoveries R/m²



UNITHOLDERS AND DEBT FUNDERS continued

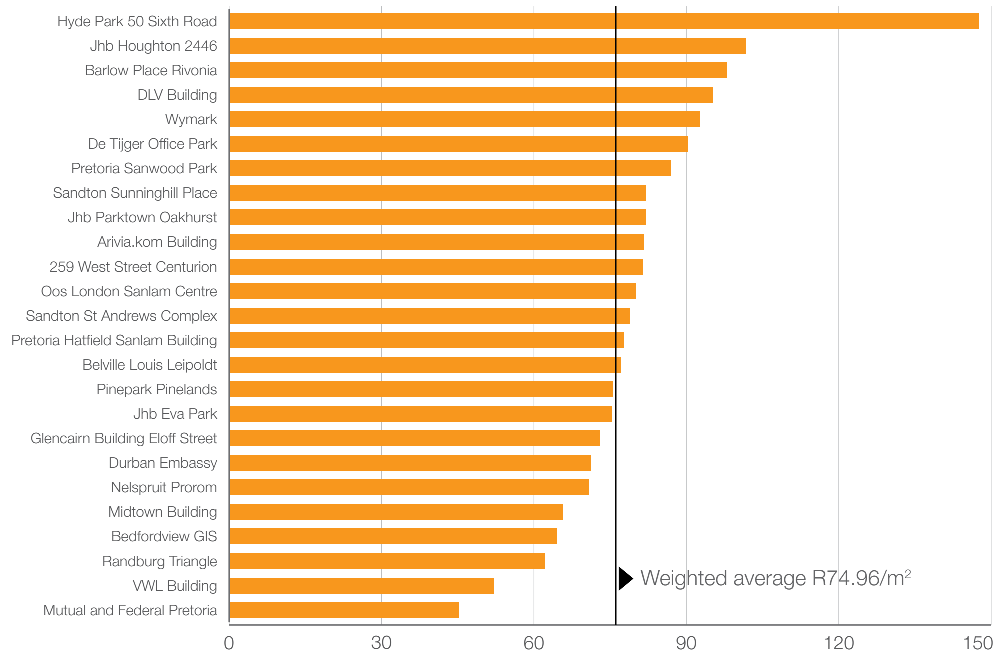
WEIGHTED AVERAGE BASE RENTALS - INDUSTRIAL

Excluding recoveries R/m²



WEIGHTED AVERAGE BASE RENTALS - OFFICES

Excluding recoveries R/m²



As reflected in the graph on the following page, the average contracted escalation on the total portfolio at 8.2% is extremely positive, with the industrial sector having the highest escalations. The average contracted rental escalation based on gross lettable area also equals 8.2%. Against the backdrop of a difficult trading environment, positive reversions on lease renewals were achieved during the year across all three sectors.

The escalation on expiry rentals was the lowest in the office sector mainly due to the high vacancies currently experienced in this sector where landlords offer attractive incentives to new tenants in an effort to reduce vacancies at their buildings.

Although we achieved positive reversions on lease renewals during the year, the escalation on expiry rentals has decreased across all sectors compared to 2011. On average new leases were concluded in line with our budget for the year, with the exception of the industrial sector where we achieved 95% of budgeted rentals. An important part of protecting the group against the likelihood of tenants defaulting on their lease agreements is our credit vetting process prior to the acceptance of a tenant. We have developed a comprehensive screening system for each applicant, which assesses the tenant according to type (national, government, SMMEs, and other), nature of business, main unitholders and other relevant characteristics, and in the case of renewals, payment history.

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

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

Sector	2012	2011
Offices	**74.2%**	77.0%
Retail	**76.6%**	76.1%
Industrial	**63.8%**	66.6%

INVESTMENT ACTIVITY

In our pursuit to grow the property portfolio to approximately R10.0 billion within the next few years, Vukile has adopted as a critical success factor ("CSF") to 'Grow the portfolio'. In so doing, our growth and acquisition strategy is more aggressive than has previously been the case. We remain committed to being a diversified fund while staying overweight in the retail sector, specifically looking at assets servicing lower income categories and continuously looking to improve the quality of our office and industrial portfolios.

To that end, we are exploring the acquisition of retail centres as well as joint venture development opportunities in the retail environment that would complement our existing portfolio make-up. We continue to believe in the strength and growth of retail in the emerging market and, based on the performance of our current retail assets, will primarily focus our expansion in this market segment. We will, however, remain open to acquiring assets serving higher income groups should the right opportunities present themselves.

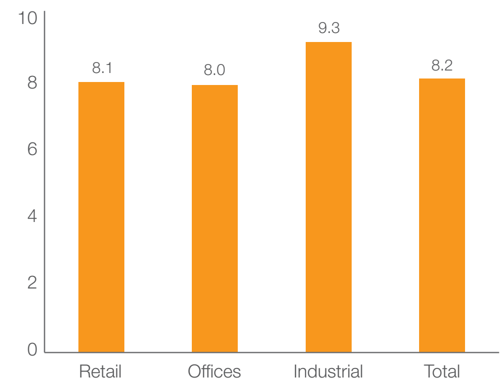
Vukile has consistently delivered solid growth in distributions and this has laid the foundation for the next phase of our growth, which will be more acquisitive and proactive in nature while not detracting focus or attention from delivering growth in distributions for our unitholders. We are making steady progress in this regard.

Our growth and acquisition strategy incorporates the following specific investment activities:

- Active management of existing properties through extensions and upgrades.
- Individual property acquisitions.
- Portfolio acquisitions.
- Disposals.
- New developments.
- Corporate activity.

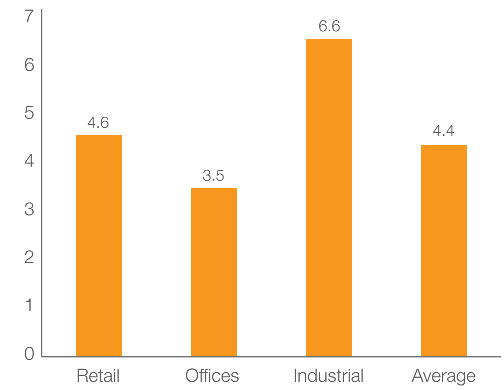
CONTRACTED RENTAL ESCALATION PROFILE

Average annual escalation %



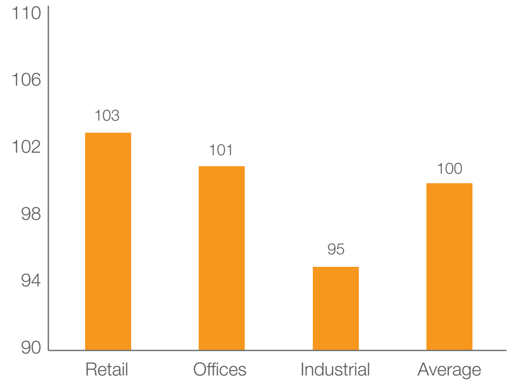
LEASE RENEWALS

Escalation on expiry rentals %



NEW LEASES CONCLUDED

Rental concluded/budget %



UNITHOLDERS AND DEBT FUNDERS continued

ACTIVE MANAGEMENT OF OUR EXISTING PROPERTIES

In terms of the strategy of improving the quality in the portfolio, Vukile has decided to reduce its exposure to lower B grade CBD offices and to replace these with higher quality offices in popular office nodes. This strategy has been largely achieved with most of the CBD offices currently in the process of being sold. In addition, the R1.5 billion acquisition from Sanlam, which consists mainly of good quality offices in decentralised office nodes, grows the value of our office portfolio on a R/m² basis. In terms of retail investments, the fund's strategy to invest in high-density lower-income rural and township areas has delivered excellent results until now and we believe it will continue to do so.

As part of our strategy to improve the quality of the existing portfolio, the following projects as set out below have been completed, or are in progress.

PROJECTS COMPLETED

Property	Project detail	Additional area m²	Total capex Rm	Yield %	Completion date
Mala Plaza, Malamulele	Extension and upgrade	1 112	20.1	9.3	June 2011
Grosvenor Crossing, Bryanston[(1)]	Upgrade	-	7.5	-	November 2011
Hillfox Value Centre, Roodepoort	New premises for Cashbuild	1 337	8.9	10.0	October 2011
		2 449	**36.5**		

[(1)] *Post the upgrade/revamps higher rentals on renewals and reduced vacancies can be expected.*

MALA PLAZA SHOPPING CENTRE, MALAMULELE

The Mala Plaza Shopping Centre was upgraded and expanded by 1 112m². New tenants include Jet Stores, Webbers, Old Mutual, Galito's and Old Fashioned Fish and Chips. Provision was also made for a total of 30 stalls for informal traders.

The Mala Plaza Shopping Centre has been extended and upgraded.

GROSVENOR CROSSING, BRYANSTON

The shopping centre (4 664m²), located at the intersection of William Nicol Drive and Main Road in Bryanston, was recently comprehensively upgraded to address the centre's outdated appearance and the lack of visual appeal in order to reposition it to compete with nearby centres for quality tenants.

The good location and relatively small size of Grosvenor Crossing lends itself to the ideal centre for upmarket speciality retail outlets and convenience shopping.

The project mainly included the following upgrading aspects:

- Enhanced customer accessibility to the premises.
- Modern look and feel for the façades and exterior.
- Exterior roofing structures for outside seated patrons frequenting the restaurants.
- Mall and exterior lighting were upgraded and all fittings and lights have been replaced by newer energy efficient products.
- The landscaping along William Nicol Road has been redone to incorporate more water-wise features.

A number of improvements have been carried out at Grosvenor Crossing including better access to the centre and a more modern look and feel.

1 *As part of the upgrade, a new aluminium panel façade has been installed above the malls.*

In addition, a number of key refurbishment and upgrade projects have been identified and approved during the year under review and are currently underway.

PROJECTS APPROVED AND IN PROGRESS

Property	Project detail	Additional area m²	Total capex Rm	Yield %	Completion date
Randburg Square [1]	Upgrade and maintenance: phase 1	-	80.8	-	June 2012
Bellville Louis Leipoldt Hospital [2]	Upgrade for Medi Clinic	-	33.5	-	April 2013
Hillfox Value Centre [1]	Upgrade: phase 1	-	6.5	-	April 2012
Hillfox Value Centre [1]	Upgrade: phase 2	-	4.0	-	May 2012
Oshakati Centre	Redevelopment of ex-Standard Bank site	2 312	20.1	11.1	July 2012
Kimberley KimPark [1]	Upgrade	-	5.2	-	June 2012
		2 312	**150.1**		

[1] *Post the upgrade/revamps, higher rentals on renewals and reduced vacancies can be expected.*

[2] *This capex was agreed as part of a new 15 year lease.*

UNITHOLDERS AND DEBT FUNDERS continued

RANDBURG SQUARE, RANDBURG

The retail component of the centre, which consists of two shopping levels with about 30 000m² of retail area, is currently undergoing an upgrade of R80.8 million with a potential second phase of R127.0 million up for consideration.

The two phases will include:

- Upgrading all mall and parking garage entrances.
- Modernising the mall floors, ceilings and shopfronts.
- Enhancing sightlines and shopper movement.
- Introduction of a large number of new tenants, mainly nationals, to the centre.
- Establishing a new food court at the main entrance on the upper level.
- Establishing a new banking mall on the lower level.

In line with our green strategy, more energy efficient measures are being implemented with a view to reduce long-term energy consumption.

An artist's impression of Randburg Square after the completion of the first phase of the upgrade.

1 *The exterior signage.*

2 *The new food court.*

3 4 *The new entrances.*

A current photograph of the Randburg Square mall area.

KIMPARK, KIMBERLEY

A new ten year lease was concluded with the anchor tenant Pick n Pay. As part of the lease negotiations, the Pick n Pay store was upgraded while the entire mall area and entrances to the centre are in the process of being upgraded.

Mall tiles, bulkheads, ceilings and mall lighting have been replaced to create a modern look and feel. The intention is to improve sightlines in the mall area and to create prominent structures at the two entrances to advertise the mall.

An artist's impression of the new KimPark entrances.

UNITHOLDERS AND DEBT FUNDERS continued

LOUIS LEIPOLDT HOSPITAL, BELLVILLE

The hospital, leased by Medi Clinic, is being upgraded for total value of R80 million which includes the upgrading of the ICU, operating theatres, lifts, air-conditioning, patient wards and the hospital in general. Vukile's contribution to the upgrade is R33.5 million.

1 2 *The kitchen areas of the hospital before and after the upgrade.*

3 4 *The nurse's station before and after the upgrade.*

HILLFOX VALUE CENTRE, ROODEPOORT

The entrance to the mall area and the mall have been upgraded and more work is currently underway at the new enlarged Food Lover's Market to upgrade the façade and entrance to the store. The intention is to upgrade the remainder of Hillfox during 2012/2013 which will result in all the existing signage towers being enlarged and upgraded to improve exposure to Hendrik Potgieter Road. New cladding to the existing façade will allow better signage opportunities.

OTHER UPGRADE OPPORTUNITIES

In addition, we are evaluating the existing portfolio to identify opportunities to expand or upgrade existing assets. Given the strong performances of our Dobsonville and Daveyton centres, we are exploring potential expansion opportunities at these centres. We are also exploring opportunities within the portfolio we have acquired from Sanlam post year end, in particular at the Durban Workshop, Santyger and Tijger Park properties.

INDIVIDUAL ACQUISITIONS

With individual property acquisitions, we are focused on retail and industrial assets. We are comfortable with our office component following the transfer of properties from Sanlam after the year end. We are focusing on larger assets, preferably in excess of R100 million.

PORTFOLIO ACQUISITIONS

Key to our overall growth strategy was our focus on the portfolio acquisition from Sanlam which would, on conclusion, add some R1.5 billion of assets (approximately 25%) to our portfolio. During the period under review we obtained the necessary approval from unitholders and successfully raised the required capital to fund the acquisition of the portfolio, which was implemented on 25 April 2012. While we will acquire some retail assets in the portfolio, most notably the Durban Workshop, the office assets being acquired will enhance the overall quality of our office portfolio.

PROPERTY PORTFOLIO ACQUIRED FROM SANLAM

Property	Type	Purchase consideration Rm
Bassonia Office Park	Offices	**10.1**
Bellville Barons	Motor/Retail	**69.6**
Bellville Santyger	Offices	**66.8**
Bellville Tijger Park 1	Offices	**31.9**
Bellville Tijger Park 2	Offices	**32.3**
Bellville Tijger Park 3	Offices	**36.8**
Bellville Tijger Park 4	Offices	**50.0**
Bellville Tijger Park 5	Offices	**42.9**
Bloemfontein Trador Cash & Carry	Retail	**18.0**
Durban Westville Surrey Park	Offices	**22.4**
Durban Workshop	Retail	**132.6**
Johannesburg Empire Road Offices	Offices	**43.1**
Johannesburg Houghton	Offices	**227.7**
Midrand IBG	Offices	**80.2**
Pretoria Rosslyn Joshua Doore Warehouse	Retail	**25.4**
Pretoria Sancardia	Retail/Offices	**178.4**
Pretoria Sanlynn	Offices	**107.3**
Sandton Ascot Offices	Offices	**48.8**
Sandton Rivonia Tuscany	Offices	**114.0**
Sandton Sunninghill Park	Offices	**142.5**
Total		**1 480.8**

UNITHOLDERS AND DEBT FUNDERS continued

We have explored the acquisition of other portfolios as well but none have met our investment criteria. Though some of the individual assets of the portfolios which were explored were exciting, the portfolios as a whole were not acceptable mainly due to yields being too tight, the low overall quality of assets and the retail assets in the metropolitan areas carrying too much risk.

DISPOSALS

As part of the constant focus on enhancing the quality of our diversified portfolio and its composition, a number of properties were disposed of during the year.

Property	Purchase price Rm	Sales price Rm	Yield %
Benoni Kleinfontein Offices: Erf 4	0.7	1.7	17.3
Oshakati Beares Furniture	4.5	5.8	10.8
Pretoria Hatfield Subaru	23.6	13.8	19.4
AAD Goodwood	7.8	15.3	10.1
Total	**36.6**	**36.6**	

The following properties have been earmarked for disposal, the conditions precedent have been fulfilled and deposits and/or guarantees have been received.

Property	Purchase price Rm	Sales price Rm	Yield %
Johannesburg John Griffen	5.3	16.5	12.0
Glencairn Building Eloff Street	41.9	23.3	7.8
Johannesburg Truworths Building	40.5	43.7	
Total	**87.7**	**83.5**	

The following properties have been earmarked for disposal and sales agreements have been concluded but are not yet unconditional.

Property	Purchase price Rm	Sales price Rm	Yield %
Katima Mulilo Pep Stores	6.1	18.0	11.7
Rundu Ellerines	4.3	2.8	14.7
Pretoria VWL Building	67.3	103.0	12.5
Nelspruit Prorom Building	16.1	38.0	12.5
Total	**93.8**	**161.8**	

The following properties have been earmarked for disposal, but sales agreements have not yet been concluded.

Property	Purchase price Rm
Lichtenburg Shopping Centre	18.7
Pretoria Midtown Building	34.9
Total	**53.6**

The proceeds from disposals are utilised to reinvest in investment opportunities which meet our investment guidelines and mandate, thus further enhancing the quality of the portfolio. The sale of the high yielding high risk properties will initially have a negative impact on distributions. However, this is the trade-off for a significant improvement in the quality of the portfolio.

NEW DEVELOPMENTS

We have made very good progress in working with developers to try and identify new shopping centre opportunities in the lower LSM markets. We have a strong potential pipeline of up to six properties that we are exploring, some of which already have board approval.

The development of a 19 000m² shopping centre, located approximately halfway between Durban and Pietermaritzburg, has been approved at a capital outlay of R193 million and an initial yield of 9.5%. There are limited retail facilities in the township and the centre will be anchored by Pick n Pay, SPAR and Mr Price.

CORPORATE ACTIVITY

The listed property sector appears to be setting itself up for future consolidation with a number of small listings coming to the market. Corporate activity in the sector is high with a number of high profile mergers and acquisitions currently underway. Against this backdrop, Vukile sees itself as a potential acquirer and consolidator in the sector.

We have a strong corporate infrastructure, experienced management team, leading edge funding structures and strong corporate governance which can be collectively utilised to add value to potential acquisitions.

Our strong liquidity is a further benefit in allowing us to look at acquisition opportunities, especially of smaller listed entities which generally have much lower unit liquidity.

Most significant in this strategy is a proposed joint venture agreement with McCormick Property Development, a leading developer in this market, whereby we would enter into a JV on a 50/50 basis on four properties.

SERVICE PROVIDERS AND CLIENTS

The group prides itself on the fact that we have one of the most experienced management teams in the property industry with a collective property industry experience of more than 300 years, an attribute that is not easily matched in our industry.

INSOURCED ASSET MANAGEMENT AND OUTSOURCED PROPERTY MANAGEMENT

The group has adapted an outsourced property management model since its listing in 2004 and believes that it is still the best model given the current size of the portfolio. This model allows the asset managers to focus on strategic initiatives involving the property portfolio while the property managers focus more on the operational management of the properties. In other words asset management provides the strategic direction, guidance and mandates in which the property managers need to operate the properties on a day-to-day basis.

In line with prevailing market trends, Vukile took a strategic decision to adopt an internal asset management model in September 2009. Prior to the adoption of this model, the asset management function was outsourced to Sanlam Properties (Pty) Ltd. Vukile went out on tender for the property management of the entire property portfolio (excluding Namibia and Pine Crest) during 2011 and as from 1 September 2011 appointed JHI Properties (Pty) Ltd for the management of 34 properties with a market value of R3.7 billion and Broll Property Group (Pty) Ltd for the management of 37 properties with a market value of R2.2 billion. Pine Crest in which Vukile holds a 50% share is managed by Old Mutual Property (Pty) Ltd.

The relationship between Vukile and the property managers is managed by service level agreements with specific performance clauses and formalised monthly meetings are held with the property managers to monitor performance and operational issues. In addition to formalised meetings, our asset managers and the property managers interact frequently to discuss property specific issues. The property managers are mainly responsible for daily property operations such as leasing, invoicing of tenants, debt collection, maintenance, tenant interaction, financial administration and the management of relationships with third party service providers and local government.

ROOTED IN EXPERTISE

JHI Properties, a true expert in the field of property management with a proven track record, has successfully managed the bulk of the Vukile property portfolio since the inception of the fund some eight years ago. Johann Boshoff, director of property management, says that JHI values this long-term relationship and is very proud to be a preferred service provider on this dynamic portfolio. "We are able to work together with Vukile successfully because we have set common goals which we achieve through consultation and ongoing collaboration," he explains. "I think it works as well as it does because we share a common set of values and we both especially value an entrepreneurial spirit." JHI provides insights and expertise in order to add value to and grow the Vukile property portfolio. "This impacts positively on the value and quality of Vukile's assets and is also beneficial to JHI by enhancing the quality and value of our company and the assets under our management," says Johann. The qualities that set JHI apart, and which initially attracted Vukile's attention, continue to keep the relationship firmly grounded.

GROWING TOGETHER

Malcolm Horne, CEO of the Broll Property Group, says that it was obvious from the start that the Vukile/Broll partnership was going to be a good fit. "The take-on process went very smoothly thanks to the extensive discussions that were held and the effort that was made to understand both parties' various business

and management systems." The relationship is built on a mutual passion for the property industry. "Analysis, growth and development for the benefit of both companies, and ultimately the unitholders of Vukile, is what gets us up in the morning," says Malcolm. Commitment and communication remains the strength of this partnership.

According to Malcolm, "Vukile has been front-footed in sharing their vision, mission and goals and this has allowed Broll to tailor our service offering to ensure that these are achieved. Open communication characterises the partnership across a variety of service offerings within Broll. Constructive dialogue on all aspects of property ensures that the properties are positioned to the best advantage and for the best sustainable returns." With both companies sharing a common value system and working towards the same goals, the potential within this partnership is growing from strength to strength.

"Broll is proud of its relationship with Vukile Property Fund as a strong and growing property fund in South Africa," says Malcolm.

ASSET MANAGEMENT SERVICES DELIVERED TO SANLAM

In addition of adopting the internal asset management model, Vukile acquired the asset management business of Sanlam Properties (Pty) Ltd, which is responsible for the property asset management of the Sanlam investment property portfolio, with effect from 1 January 2010. Through the asset management business, Vukile has assumed responsibility for the property asset management of the investment property portfolio of approximately R9 billion (R7.5 billion post the sale of R1.5 billion to Vukile) owned by Sanlam.

SERVICE PROVIDERS AND CLIENTS continued

"Vukile has been front-footed in sharing their vision, mission and goals and this has allowed Broll to tailor our service offering to ensure that these are achieved."

JHI Properties management team who look after 34 properties with a market value of R3.7 billion.

Left to right: Anton Prinsloo (portfolio director), Marna van der Walt (CEO), Johann Boshoff (director: property management) and Susan Otto (CFO).

Some of the Broll Property Group management team who look after 37 properties with a market value of R2.2 billion.

Standing from left to right: Bernard Mogongwa (property administrator), Oscar Arends (utilities admin manager), Vivienne Mlambo (senior credit controller), Babita Hariram (property manager), Franco Du Rand (operations manager), Linda Thomson (property manager), Malcolm Horne (CEO), Hein Besselaar (building manager), Fanie De Bruyn (operations manager), Mfana Gumede (accountant) and Quintin Van Wyk (national operations manager).

Sitting from left to right: Sharala Naidoo (property manager), Veronica Molefe (property manager), Jill Turnbull-Dlamini (portfolio executive), Sarah Mphahlele (credit controller) and Sandra Marques (senior property administrator).

The asset management business contributes 5.4% of Vukile's total turnover. In this respect, Sanlam remains one of Vukile's key stakeholders. The relationship between Vukile and Sanlam Life is governed by a property asset management agreement with specific deliverables and performance clauses. A Sanlam property committee was established to facilitate quarterly feedback to Sanlam on the performance of its portfolio. The strategic direction for the Sanlam portfolio, Vukile's mandate for sales and acquisitions and its performance targets are also determined by this committee.

The relationship with Sanlam, via the property committee and its members, has been bedded down and there is a healthy working relationship and mutual respect between the two entities. For the previous Sanlam financial year, the Vukile asset management team met the overall performance target and exceeded some of the underlying performance targets, which was a huge achievement in the current market.

NURTURING AN ENVIRONMENT OF TRUST

"Business is never just business – it's relationships, it's trust." So says Andre Rheeder, portfolio manager at Sanlam Investment Management. When asked to describe the type of relationship that Sanlam enjoys with Vukile, a relationship that has been in place since the beginning of 2010, Andre went on to say, "Sanlam entrusts Vukile with the active management of the direct property exposure of Sanlam policyholders and unitholders."

"Vukile's management team recently showed its worth with the acquisition of a R1.5 billion portfolio from Sanlam. In a difficult economic environment, a deal was structured in such a way that it was favourable to both Vukile and Sanlam."

"Sanlam is fortunate in that we have enjoyed a long-term relationship with the decisionmakers at Vukile. Values such as integrity, respect for others, transparency, passion and innovation are what Sanlam cherish and it is evident in our day-to-day dealings with Vukile that they share these values. This has built trust. We are now in a position where we trust Vukile to deliver on the management of the properties with the same care and diligence that we would exhibit if doing it directly. Thus far, they have not disappointed us."

Many of Vukile's employees were previously employed by Sanlam. There is a common DNA that ensures that Vukile has the interests of Sanlam's policyholders and clients at heart. "We continuously strive to build long-term relationships with all parties with whom we operate," says Andre. "This is especially true in an environment where the investment horizon of the assets involved is typically 30 years or longer. Thus far, Vukile has delivered on all their promises. The relationship is solid."

INTERMEDIARIES: INITIATIVES AROUND LEASING BROKERS

In an effort to improve Vukile's interaction with leasing brokers and to raise top of mind awareness about Vukile and its portfolios under management, we held a number of focus group discussions with leasing brokers in Johannesburg, Durban and Cape Town.

The overall objectives were to determine:

- Current market trends and the impact of the economy.
- The general perceptions of brokers around Vukile and our property managers.
- The specific requirements of brokers in order to enable them to move vacant space.
- Positive and negative aspects of current service delivery.
- Key areas for improvement and potential opportunities.

Feedback received from these discussions was analysed and we have embarked on a systematic process to address the key areas for improvement as identified by the brokers. As a first step to strengthen our relationship with brokers, the Vukile brand was relaunched to them and simultaneously a broker award scheme called "Power to m^{2}ove" was announced for the new financial year. Vukile committed itself to improve our communication to brokers.

This will, inter alia, include a web-based vacancy schedule developed for exclusive use by leasing brokers. We have started to investigate potential improvement in the efficiency of our leasing processes and to ensure the marketability of our products. This process re-engineering will be executed in conjunction with our property managers.

OUR TENANTS AND THEIR CUSTOMERS

The executive and asset management teams will continue with our direct contact sessions with national tenants, especially on the retail level.

Vukile's philosophy remains to offer our tenants best value for money in a specific area, by providing an enhanced shopping or business experience which is aligned with the aspirational needs of our tenants and clients.

TENANTS

We understand that the success of our tenants' businesses is closely linked to that of our own. We continuously utilise our financing facilities and free cash from disposals to invest in the upgrade of our portfolio, thereby providing better facilities for our tenants. In time, improved facilities will attract customers and allow our tenants to awaken their full potential, thus improving their overall performance.

When we acquire a property, be it retail, office or industrial, we do so after a rigorous process of internal risk assessment. In particular, we consider the long-term demand for the premises, age, accessibility and suitability for tenants' needs. We take a long-term view of these properties and, as such, are committed to ensuring that they provide a solid platform from which our tenants can build their own businesses.

Due to the fact that a substantial portion of Vukile's retail portfolio is situated in rural and township areas of South Africa, it was relatively protected from the impact of the recent global financial crisis. Further protection resulted from the high percentage of national tenants in our centres selling staple goods with a strong brand loyalty.

A further consideration is the correct tenant mix. We are mindful of the mix of line retailers to complement national tenants in order to provide more choice to our retail customers.

In an effort to improve our services to tenants and following on the successes achieved by having direct discussions with the leasing broker fraternity we will embark on a similar exercise with our tenants. Due to the nature of our business model our property managers deal directly with our tenants on a day-to-day basis, which limits our opportunities to interact directly with our tenants.

In addition, the implementation of regular tenant satisfaction surveys will receive attention during the second quarter of the ensuing financial year. The results of these surveys will form the basis of discussions with our property management companies in order to improve our service delivery to tenants.

The executive and asset management teams will continue with our direct contact sessions with national tenants, especially on the retail level.

EXTENDING THE SHELTERING SHADE

One of the most rewarding aspects of property management is seeing how our tenants' businesses come alive in our spaces. The case of Medi Clinic Louis Leipoldt is one of 2012's biggest success stories.

Medi Clinic Louis Leipoldt is situated in Bellville, in the northern suburbs of the Cape Town Municipality. The hospital enjoys the support of 36 specialists based in consulting rooms in the medical centre and an additional 30 specialists occupying independently owned properties in roads adjacent to the hospital building.

Recently however, management became aware of a troubling trend. The five top referral areas to the hospital are Kuils River, Brackenfell, Bellville, Kraaifontein and Durbanville. Competitors reliant on patients from the above areas include Melomed Bellville, Netcare N1 City, Netcare Kuils River, Medi Clinic Cape Gate, Medi Clinic Panorama and Medi Clinic Durbanville. A noticeable disparity existed between the standard of the amenities and the general layout and appearance of Medi Clinic Louis Leipoldt when compared to these competitor hospitals.

Also, the inadequate number of private and semi-private rooms posed a challenge with patients increased expectation for privacy. These factors were beginning to directly affect occupancy levels.

Medi Clinic Louis Leipoldt is an established hospital that has consistently performed well financially and maintained acceptable operating standards. It was obvious that the fantastic potential inherent in this business necessitated an infrastructural and aesthetic upgrade. Vukile was


KFC

OUR TENANTS AND THEIR CUSTOMERS continued

happy to collaborate with hospital management in this regard. Since commencement of the refurbishment programme, a number of milestones have been reached - among them the newly built 11-bed Critical Care Unit, the 19-bed day ward and the 36-bed medical ward. During this phase the typical hospital layout was replaced by private, semi-private and three-bed patient rooms with private bathroom facilities.

In addition to the above, new cooling towers were installed, thus reducing water consumption, increasing the environmentally friendly state of the hospital and aligning it to the principles of ISO 14001. The refurbishment will be complete when the remainder of the wards and theatres have also been upgraded and a double-volume reception and administration area added.

CUSTOMERS

Given that our retail properties are generally located in rural areas or smaller towns, or in townships which were previously neglected, we are deeply aware of the difference that our premises can make to the communities which surround and depend on our facilities for their business or trade.

We are proud of our record in investing in these under-serviced areas and see growth opportunities in areas servicing the emerging black commercial base.

In order to gain a better insight of our tenants' customers, we conduct regular customer surveys at our major shopping centres. During the year ended 31 March 2012, we conducted a survey at Phoenix Plaza, while further surveys are planned for Dobsonville, Daveyton and the Durban Workshop (recently acquired from Sanlam).

These surveys will focus on:

- Whether the tenant mix at our retail centres reflect the customers' needs.
- Cleanliness, safety, security and management of the centres.
- Adequacy of signage, parking, toilets and other common amenities.
- The need for additional services/amenities (such as medical or training facilities, entertainment, seating areas, fast food outlets) which would attract members of the public.
- The adequacy of promotions.

Louis Leipoldt Hospital before and after the upgrade.

EMPLOYEES

INVEST IN OUR PEOPLE BY ENGAGING WITH THEM, BUILDING COMPETENCE AND CAPACITY

Vukile Property Fund is committed to create a work environment where its employees are exposed to continuous learning to improve themselves and to secure the delivery of the long-term objectives of the organisation in a sustainable manner.

Vukile acknowledges that its people are a key driver to secure sustainable business success in the long-term. The company's strategic HR objectives of engaging its people, developing competence and consistently creating human capacity to meet the demands of the business were based on:

- The ability of the organisation to engage its people to think and act like business leaders.
- Creating an environment where people have the opportunity to continuously learn and improve their own performance.
- Building the capacity by attracting and retaining talent to meet the requirements of an ever-changing and demanding business environment.

QUALITY MANAGEMENT

The Vukile executive team consists of the CEO, who brings a wealth of experience in dealmaking, corporate strategy and leadership, a financial director who is well known and highly respected in the market and the executive director: asset management who is not only a seasoned property professional but who displays exceptional leadership competencies.

During 2012, this team was complemented by the appointment of an independent HR consultant with a record for successfully establishing and heading various HR functions in leading companies both in South Africa and elsewhere on the African continent.

The executive team is supported by a team of property specialists who collectively share in excess of 300 years' knowledge and experience in the industry, including indepth retail and commercial asset management, property management and investment management skills and expertise.

BUILDING COMPETENCE AND CAPACITY

LEARNING AND DEVELOPMENT

Vukile Property Fund is committed to create a work environment where its employees are exposed to continuous learning to improve themselves and to secure the delivery of the long-term objectives of the organisation in a sustainable manner.

However, the company also understands that the best learning and development solutions are provided in an environment where the employees, who are the beneficiaries of these learning solutions, have clarity about their respective roles as well as the required performance standards they're expected to meet.

It is within this context that the year under review was focused on the development and implementation of a platform from which an integrated and sustainable learning and development framework could be developed for the future. Every job profile in the organisation was reviewed and aligned to the Vukile business strategy. In addition, competencies were defined to establish a reference for employees and managers to engage each other on their respective personal development plans which will ultimately inform the learning and development strategy of the organisation in the future.

These plans will include both technical training programmes to keep the skills of individuals relevant as well as the development of strategic leadership skills that would prepare the participating individual for a more senior role in the next two to three years. The organisational structures of each of the key functional areas were reviewed to ensure alignment with the Vukile strategy and to identify where new positions need to be created to support the existing team and to create additional capacity to meet the business demands. In seeking to bring on additional talent, Vukile will take cognisance of employment equity opportunities where possible as we seek to transform our business.

THE ENVIRONMENT IN WHICH WE OPERATE

We share the environment with the communities in which our properties are located and accept the environmental responsibility this incurs. Meeting the challenge of environmental management is good for business as it equates to a more efficient use of resources and, consequently, a reduction in our operating costs.

ENVIRONMENTAL

OCCUPATIONAL HEALTH AND SAFETY ACT

In terms of the property management agreement between Vukile and its property managers they assume responsibility to ensure that all our properties comply with the Occupational Health and Safety Act ("OHS") on an ongoing basis. As an additional precaution, Vukile appointed Scott Safe, a company that specialises in the OHS Act, to audit all properties and to supply Vukile with a detailed report thereon. These reports have been distributed to the property managers to action the items identified during the OHS Act audits.

The property managers confirmed that all issues as per the report have been addressed. The same approach will be followed on new properties acquired. Going forward, ad hoc OHS Act audits will be conducted at selected properties to ensure ongoing compliance.

GREEN BUILDING INITIATIVES

Vukile embraced the 'Greening of Buildings' initiative and decided that energy management is the area that requires urgent attention due to the increase in electricity cost. A decision was taken to install check meters at the properties so that we can compare the usage between accounts received from the electricity supplier and the check meters installed, enabling us to manage any discrepancies.

This project is almost complete and we are already able to monitor some of the remote meters that were installed. We have identified nine buildings for potential energy management initiatives and six buildings where we could install solar energy panels. We have approached five electrical consultancies to provide a costing and proposal on how they would manage and implement the process of reducing energy usage in these buildings.

Their brief is to do a desk top exercise first, in order to determine in which buildings we would have the largest savings. We can then prioritise the projects in order of savings that could be achieved. These priority buildings will then have a full audit done and once an audit is completed we will receive a comprehensive report of the actions to be implemented and potential savings that could be achieved per building. We received these proposals by end of May 2012 and the implementation should start from July 2012.

At new developments and upgrades we, with our consultants, investigate the various options available to save energy and water as well as the recycling of water. We also participated in a benchmarking project together with other property owners by supplying data of our water and electrical accounts.

The collected buildings' data is currently undergoing statistical analysis in order to determine:

- The national average benchmark for energy (kWh/annum) and water (kL/annum); and
- The applicable normalisation for the buildings' location, size, operating hours and occupancy, ie the benchmarking methodology.

The final version of the document addressing the above items is expected during June 2012. In the meantime the development of the front end of the benchmarking pilot tool has commenced. The programming and testing of the software will take place during June 2012 and the release of the benchmarking pilot tool to the Green Building Council South Africa is scheduled for the end of June 2012. Further details regarding the launch of the benchmarking tool will be made available in due time.

Once we receive all of this information we will be able to benchmark our buildings to similar buildings in size and location which will give us a better understanding of what our usage should be.

During the year Vukile also had 5 487 light fittings in the parking garages of our properties replaced with energy saving ones. The estimated saving in electricity consumption will be 3 398 843kWh, resulting in an estimated cost saving of R165 000 per month.

CORPORATE SOCIAL RESPONSIBILITY

Vukile is involved in a number of socio-economic development projects with the communities that are served by our properties, especially our retail centres.

The following project is currently in operation:

In Phoenix, served by the **Phoenix Plaza Shopping Centre**, we offer a bursary scheme aimed at grade 12 learners in the area to study at university. The project is a partnership between Vukile, Sanlam and our tenants. The response to this project has been very favourable, and it has received significant exposure in the local media.

CELEBRATING TWO DECADES OF REALISED POTENTIAL

Today's village square is undoubtedly the shopping mall. Vukile's retail centres function as social hubs in the communities they serve; which is why so many of our most effective socio-economic upliftment projects emanate from our shopping centres. A shining example of this is the Post/Chatsworth Centre/ Phoenix Plaza Bursary Award.

When intellectually gifted individuals are given the opportunity to study further, the potential within is given room to develop. Twenty years on, the student bursaries initiative managed by Phoenix Plaza, in partnership with Vukile, Sanlam, Chatsworth Centre, tenants and the Post Newspaper, is still going strong. And there are 226 living witnesses to its power to transform lives by awakening the potential within.

Functioning off a simple premise – bursaries are only offered to financially disadvantaged, intellectually deserving recipients towards their first year of tertiary education – the fund has succeeded in sponsoring more than 200 students so far, with a number of doctors, lawyers, accountants and engineers among its successful graduates.

Established in 1991 with an initial contribution of just R5 250, the initiative this year raised a record R185 000. Since inception a total of close to R2 million has gone towards this important venture. But finance is far from the only contribution made. The selection process alone takes two weeks and involves not only Phoenix Plaza management but independent educators as well, who give of their time.

Yatheal Jeebodh has a razor-sharp mind and a passion to learn. He exhibited this throughout his schooling career, crowning his achievement with five distinctions in his Matric finals.

But Yatheal comes from a single-parent home with little over at the end of the month for expensive university fees. This Newcastle scholar was awarded R20 000 by the bursary fund and is currently studying a BComm Accounting at the University of KwaZulu-Natal.

Yatheal Jeebodh most deserving student for 2012

Alisa Philukdaree from Phoenix received R9 000 from the bursary fund in 2004. She is still studying towards her doctorate yet she was kind enough to show her appreciation in a very real way by contributing R1 000 to the fund this year. She is the first student to give back to the fund and her attitude is typical of the calibre of student the fund supports.

Giving back to the fund **Alisa Philukdaree**

Today *Visvakuren Naidoo* is a clinical researcher. Twenty years ago this Chatsworth scholar was wondering how on earth he was going to afford tertiary studies. He was the first student to be awarded a bursary from the Phoenix Plaza Fund and says he will never forget his roots nor the incredible opportunity he was given.

First student **Visvakuren Naidoo**

A YEAR IN THE COMMUNITY

Apart from the successful bursary fund, our other retail centres also became involved in assisting the communities they serve this year.

- **Bloemfontein Plaza** offered free storage facilities to a local recycling initiative.
- **Daveyton** gave free stall space to 45 traders for 10 days of every month, as well as, free workshop space to many other community-based NGOs, and local government family communication initiatives.
- **Dobsonville** donated space and various needed items to NGOs and entrepreneurs that are locally based; the Durban Embassy donated office space to the Jacob Zuma RDP Development Trust.
- **Randburg Square** donated Christmas decor to local NGOs.

THE ENVIRONMENT IN WHICH WE OPERATE continued

- In **Dobsonville**, Soweto, we have established the Dobsonville Trust – a not-for-profit company aimed at job creation, skills development and the support of worthy community based charities. Vukile has contributed approximately R1 million towards this trust fund over the years since its inception.

In addition to these projects, we regularly support various charities and community projects in areas such Mangaung, Daveyton, Phoenix and Soweto and provide premises at low or zero rentals to community based organisations such as the Blood Bank and Tower of Hope.

TRANSFORMATION

In line with one of our core values of being a responsible corporate citizen, we are intent on taking transformation seriously and really making a positive difference to our industry and South Africa as a whole. We have decided to adopt an approach that looks at transformation more holistically and to that end have set ourselves the goal of developing and implementing a sustainable BBBEE and transformation strategy.

It is often said that transformation is a process, not a destination. It is with this in mind that we will be adopting a gradual and considered approach to transformation and making sure all key stakeholders are on board with our plans and objectives.

It is our intention to develop strategies that address each and every element of the proposed property sector code and thereby really contribute to the overall transformation of Vukile. We have begun the process by engaging consultants to help us understand the requirements more fully and to help us plan an approach to address all elements of the scorecard. At the ownership level, we need to look to conclude a new transaction following the unwinding of our previous deal, the Lazarus transaction, in the latter part of 2011.

It is our intention to explore broad-based schemes and to benefit education trusts and the communities within which we operate. As part of our overall HR strategy, where we are looking at succession planning, we will be able to begin dealing with issues of transformation around employment equity and management control and, to that end, are currently recruiting a senior financial manager and a retail asset manager to join our team. Skills development initiatives willl be explored to benefit our own black staff but also to look at contributing to broader industry-wide initiatives. We believe that the growth of an active SME sector is critical to the future development of South Africa and the engine for that future growth lies in unlocking the potential across multiple black-owned SMEs that can play such an important part in our overall procurement strategy.

The area of enterprise development provides some interesting opportunities to further black ownership in the property sector and especially when it comes to government-tenanted buildings. This idea is being actively explored as we look to not only facilitate enterprise development but simultaneously unlock value in some of our existing properties which are government tenanted and where we have been unable to secure longer-term leases. An area of particular focus for us is that of economic development where there are opportunities to invest in underdeveloped areas. We already have a strong presence in markets such as Dobsonville, Daveyton, Phoenix and Giyani to name a few and are actively exploring numerous other opportunities to expand our portfolio in areas serving lower LSM consumers.

We believe these offer fantastic investment opportunities as borne out by our successes in the areas mentioned above and also go a long way to stimulating economic activity and job creation in underserviced areas. We hope that this, together with our corporate social investment plans, help make a tangible difference to South Africa's overall development. We have already seen success in our bursary scheme in Phoenix which has resulted in more than 200 people qualifying as professionals through the scheme. The transformation journey has begun with an initial planning phase and we will start looking to implement the strategy over the ensuing year, always mindful that, as stated earlier, transformation is a process and not a destination.

PREFERENTIAL PROCUREMENT

Procurement is a significant opportunity for Vukile to improve its BEE rating. In addition to this, we see localisation of procurement as an important means to build the relationship between a shopping centre and the local community, and hence sustain the loyalty of the community to the retailers. This needs to be managed in line with quality of service, and our screening process for suppliers therefore considers not only BEE credentials, but also price and track record.

A formal procurement exercise is conducted every three years for general services, such as security, maintenance and cleaning. Such a procurement exercise was conducted during the 2012 financial year. Some of the criteria on which we rated applicants for selection was as follows:

- Financial status and stability, including insurance cover.
- BEE credentials, including racial composition of management, experience and training of personnel.
- Capability and service excellence, including after-hours service and service during holidays.
- Environmental and risk management.
- Affiliation with regulatory councils and associations.

Vukile endeavours to promote local suppliers from the community which our properties service. For example, at our **Daveyton Shopping Centre**, a community forum has been established to consider various community issues, including local procurement and new suppliers that can be utilised by Vukile in support of enterprise development.

PROTECTING THE BUSINESS

DIRECTORS AND GOVERNANCE

BOARD OF DIRECTORS

PHOTOGRAPHY

1. *Peter Moyanga*
2. *Anton Botha*
3. *Nigel Payne*
4. *Laurence Rapp*
5. *Mervyn Serebro*
6. *Mlungisi Hlongwane*
7. *Peter Cook*
8. *Michael Potts*
9. *Steve Booysen*
10. *Hermina Lopion*
11. *Hendrik Bester*

EXECUTIVES

LAURENCE GARY RAPP (41)

CHIEF EXECUTIVE OFFICER

BCom (Hons), Wharton Executive Programme

Laurence has extensive experience in the financial services environment, spanning investment banking, private equity, retail banking and insurance and asset management. He was previously a director of Standard Bank, having headed the Insurance and Asset Management division and, prior to that, being in charge of the Strategic Investments and Alliances division.

Appointed: 1 August 2011

MICHAEL JOHN POTTS (57)

FINANCIAL DIRECTOR

CA(SA), HDip Tax Law (Wits)

Michael is a founding director of Vukile and prior to joining Vukile was an independent advisor to the Bridge Capital Group on property transactions, property portfolio assembly, financial structuring and capital raising. Prior to that, he was managing and financial director of the South African group that forms part of the UK-based Hanover Acceptances Group and was involved in the restructuring of the South African group and the introduction of effective management reporting systems and strategic planning methodologies. Michael was also a non-executive director of Hanover Acceptances Limited (United Kingdom) and Outspan International Limited for six and seven years respectively.

Appointed: 17 May 2004

HERMINA CHRISTINA LOPION (52)

EXECUTIVE DIRECTOR: ASSET MANAGEMENT

BSc, University of Stellenbosch, Sanlam Executive Development Programme: Manchester Business School

Ina has 20 years' property experience and six years' life insurance experience within the Sanlam Group. She is responsible for asset management within Vukile, managing both the Vukile portfolios and the Sanlam portfolio which is managed on an outsourced basis by Vukile.

Appointed: 1 January 2010

INDEPENDENT NON-EXECUTIVES

ANTON DIRK BOTHA (58)

CHAIRMAN

BCom, BProc, BCom (Hons), Stanford Executive Programme

Anton is a director and co-owner of Imalivest, an investment group that manages proprietary capital provided by its owners and the Imalivest Flexible Funds. He also serves as a non-executive director on the boards of the JSE Limited, the University of Pretoria, African Rainbow Minerals Limited, Sanlam Limited and Sanlam subsidiaries. He is a past president of the Afrikaanse Handelsinstituut and is actively involved in organised business.

Appointed: 17 May 2004

HENDRIK SCHALK CONRADIE BESTER (61)

BCom (Hons), FIA, Harvard ISMP:AMP

Hendrik was a senior general manager and later an executive director of Sanlam between 1997 and 2000. Before 1997, he held various positions in the Sanlam group. Other previous directorships include Gensec, Sankorp, Sanlam Unit Trusts, Sanlam Properties, SA Retail, SAGDB and Barnard Jacobs Mellet Holdings. He is a past president of SAPOA, a former director of the Board of Quantity Surveyors and served on the Van Huysteen Commission on government properties.

Appointed: 17 May 2004

STEFANES FRANCOIS BOOYSEN (49)

DCom, CA(SA)

Steve is the former group chief executive officer of Absa Group Limited. Steve also serves on the boards of Steinhoff International Holdings Limited, Clover Industries Limited, Efficient Financial Holdings Limited and Senwes Limited.

Appointed: 20 March 2012

PETER JOHN COOK (65)

BSc Eng (Wits), MBA (Wharton)

Peter retired as an executive director of Sanlam's financial engineering subsidiary Sanlam Capital Markets (SCM) in 2005. He continues to serve on the board and board committees of SCM and other Sanlam subsidiaries. Peter was the deputy chief executive of Gensec Bank (now SCM) from 2001 to 2004 and the executive director responsible for finance, risk management and other support functions of investment banking group Genbel Securities from 1997 to 2000. From 1993 to 1997, Peter was the finance and administration director of the oil company, Engen. Prior to 1993 he held various executive financial and investment positions in the mining finance house, Gencor.

Appointed: 17 May 2004

JONATHAN MLUNGISI HLONGWANE (48)

Mlungisi is a director and shareholder of Isolenu Group Holdings, which owns a commercial property portfolio across the country, both in the unlisted and listed sectors. He has been involved in civic and community movements since 1979 and is the past national president of the South African National Civic Organisation (SANCO). He is the former chairman of Lazarus Capital (Pty) Ltd.

Appointed: 30 May 2006

PETER SIPHO MOYANGA (47)

Peter is an owner operator franchisee of the world renowned fast foods franchise McDonald's with whom he has five restaurants. Previously, Peter held a senior management position with McDonald's Corporation for 10 years. In addition to his business interest, Peter is also a director of Reach for a Dream Foundation.

Appointed: 17 May 2004

NIGEL GEORGE PAYNE (52)

BCom (Hons), CA(SA), MBL

Nigel is a chartered accountant, having obtained his BComm and Higher Diploma in Accounting from Rhodes University. He further holds a Masters in Business Leadership degree from the University of South Africa and is a Certified Internal Auditor. He has previously served as partner at KPMG and Head of Internal Audit at Transnet. Nigel is a member of the King Committee on Corporate Governance and also serves on the boards of Bidvest Group Limited, JSE Limited, BSi Steel Group Limited and Mr Price Group Limited, where he holds the position of chairman.

Appointed: 20 March 2012

HYMIE MERVYN SEREBRO (65)

Mervyn is the former chief executive officer of Vusani Property Investments, a fully empowered privately held consortium embracing retail and office properties. He spent 32 years with the OK Bazaars Group within which he held a number of key positions and directorships, including that of group managing director. Mervyn was integrally involved in the establishment of a South African Bone Marrow Registry after the untimely death of his son Darren of leukemia. He is also the vice chairman of Reach for a Dream Foundation.

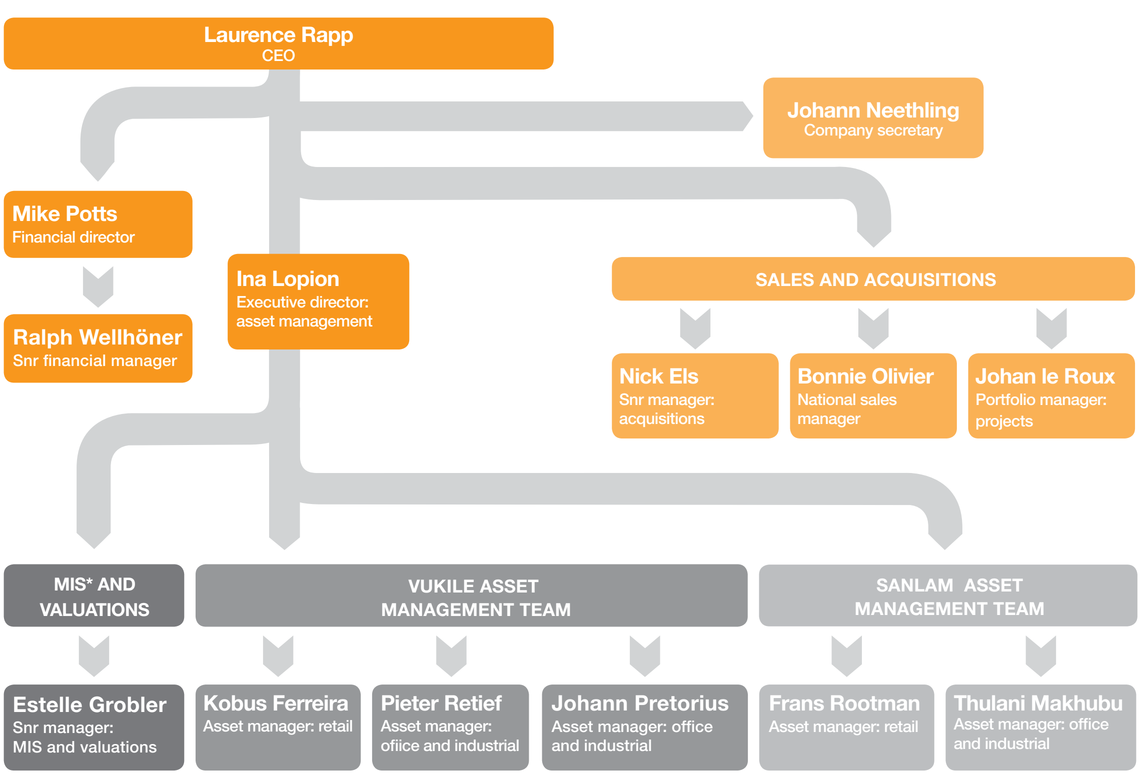
Appointed: 17 May 2004

SENIOR MANAGEMENT

COLLECTIVE EXPERIENCE

Senior management	Position	Years experience
1 JOHANN PRETORIUS (45)	Asset manager	10 years' property experience
2 KOBUS FERREIRA (54)	Asset manager	23 years' property experience
3 PIETER RETIEF (60)	Asset manager	32 years' property experience
4 ESTELLE GROBLER (47)	Senior manager - valuations and MIS	21 years' property experience
5 RALPH WELLHÖNER (47)	Senior financial manager	22 years' property experience
6 JOHANN NEETHLING (35)	Company secretary, risk and compliance officer	9 years' property experience
7 NICK ELS (62)	Senior manager - acquisitions and sales	41 years' property experience
8 JOHAN LE ROUX (59)	Portfolio manager – projects	29 years' property experience
9 LAURENCE RAPP (41)	CEO	0.7 years' property experience
10 BONNIE OLIVIER (60)	National sales manager	31 years' property experience
11 MIKE POTTS (57)	Financial director	10 years' property experience
12 INA LOPION (52)	Director - asset management	20 years' property experience
13 THULANI MAKHUBU (40)	Asset manager	13 years' property experience
14 FRANS ROOTMAN (62)	Asset manager	41 years' property experience
		Over 300 years

MANAGEMENT STRUCTURE



* *Management Information Systems*

CORPORATE GOVERNANCE REPORT

IN THIS SECTION

- King III
- Committees
- Risk

Vukile, incorporated under the provisions of the Companies Act, maintains a primary listing of its linked units on the JSE Limited ("JSE") and a secondary listing on the Namibian Stock Exchange ("NSX").

The board considers corporate governance a priority and the application of sound corporate governance structures, policies and practices as paramount to the success of a sustainable business for the benefit of all Vukile stakeholders.

KING III

The board is committed to complying with the Code of Governance Principles as set out in King III. The board further aims to apply the best practice recommendations, as set out in the King Report, in a manner that reflects the stature, market position and size of the company. During the year under review, the following progress was made in applying the principles contained in King III that were identified as focus areas in the previous year:

King III governance element	Focus areas identified during 2012	Progress made/ remaining focus areas
Ethical leadership and corporate citizenship	• A newly drafted terms of reference for the Social and Ethics Committee ("SEC") is currently under review. • The SEC will ensure that social, ethical, and corporate citizenship matters are formally embedded in the group's operations and decision making.	• The terms of reference for the SEC was finalised during the year under review. • The SEC activities and mandate have been incorporated within the human resources and nominations committee with effect of 1 May 2012.
Boards and directors: composition of the board and performance assessment	• The majority of non-executive directors are currently not considered to be independent. • A formal board evaluation, in respect of composition, skills and performance is planned for 2012.	• Two new independent non-executive directors were appointed during the year under review. • In addition, three directors previously not considered to be independent are now fully independent following the changes in shareholding of Vukile (refer to independence of board section). • The board conducted a comprehensive self-assessment of itself and its committees shortly after year end, (refer to board evaluation section).
Boards and directors: director development	• A formal training and development plan for directors will be implemented during 2012.	• Training and development needs were assessed as part of the board review (refer to board evaluation section).
Audit committee: responsibilities of the audit committee	• A combined assurance model to ensure a co-ordinated approach to all assurance activities will be developed during 2012.	• Significant progress has been made on a formal combined assurance model with the board approving revised risk management and compliance policies during the year. The formal model will be finalised and approved during 2013.
Dispute resolution	• A formal dispute resolution process for adoption by the board will be developed during 2012.	• In terms of external disputes, more work is required in terms of a formal dispute resolution process, which will be done during 2013. An internal dispute resolution process has been formalised through the adoption of internal grievance procedures.
Integrated reporting and disclosure	• The appropriateness of independent assurance on sustainability reporting and disclosure will be considered during 2012.	• Vukile does not currently consider it appropriate to obtain independent assurance on its sustainability reporting.

For more information please visit our website: www.vukile.co.za

The following additional work was performed in line with the application of King III and the Companies Act 71 of 2008:

Governance element	Work performed
Board charter and committee terms of references	• A full review of the board charter and committees' terms of references, which commenced in the previous year, were completed during the year. • An independent review of these documents was performed by KPMG Services and the revised documents were approved by the board in November 2011.
Redrafting of the Memorandum of Incorporation ("MOI")	• The MOI of Vukile is currently being redrafted in line with the Companies Act and the revised JSE Listings Requirements. • The new MOI will be approved by the board and submitted to linked unitholders for approval prior to the deadline of 30 April 2013.
IT governance review	• An independent IT governance review was performed by KPMG Services during the year under review. The scope of the review was centred on the seven principles prescribed by Chapter 5 of King III, namely: board responsibility, performance and sustainability, IT governance framework, IT investment, risk management, information security and governance structures. The overall review found that IT governance is satisfactory with no significant adverse findings being noted.

THE BOARD

The board is collectively responsible to the group's stakeholders for the long-term success of the group and for the overall strategic direction and control of the group. The board exercises this control through the governance framework of the group which includes detailed reporting to the board and its committees, a system of internal controls and a delegation of authority through an approval framework.

The board discharges its responsibilities as contained within its charter. The board charter can be viewed at ***www.vukile.co.za/governance/boardcharter***.

COMPOSITION AND APPOINTMENT OF DIRECTORS

The details of the directors, including their qualifications, experience, expertise and appointment dates appear on pages 54 and 55 of this integrated annual report.

Directors are appointed by the board, after review and nomination by the social, ethics, human resources and nominations committee ("SHN"). All nominated candidates are subject to an interview by the full board.

DIRECTORS

At the date of this report, the board consists of 11 directors.

CHAIRMAN

AD (Anton) Botha

EXECUTIVE DIRECTORS

LG (Laurence) Rapp *(Chief executive)*
MJ (Michael) Potts *(Financial director)*
HC (Ina) Lopion *(Executive director: asset management)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

HSC (Hendrik) Bester
PJ (Peter) Cook
PS (Peter) Moyanga
HM (Mervyn) Serebro
SF (Steve) Booysen
JM (Mlungisi) Hlongwane
NG (Nigel) Payne

INDEPENDENCE

During the year under review, the board formally considered its composition with a view to strengthening the independence of the board. As at 31 March 2011, the majority of the board members were not considered to be independent, as required by King III.

During the year under review the following appointments and unitholder developments resulted in the board now comprising only independent non-executive directors and executive directors:

- Messrs Steve Booysen and Nigel Payne, both independent non-executive directors, were appointed to the board in March 2012.
- Mr Banus van der Walt, former managing director of Sanlam Properties, resigned from the board in September 2011.
- Mr Anton Botha and Mr Peter Cook, who hold directorships within the Sanlam Group, are now considered to be independent, following the disposal by Sanlam of its strategic unitholding in Vukile to the PIC. Sanlam's shareholding is currently below 6% and the customer relationship between Sanlam and Vukile, in terms of the Sanlam asset management agreement, is considered to be immaterial from an independence point of view. Asset management income represents less than 5.4% of Vukile's turnover.
- Mr Mlungisi Hlongwane, who held an indirect interest in Vukile's BEE unitholder Lazarus Capital, is also now considered to be independent following Lazarus Capital's disposal of its approximately 22% shareholding in Vukile.

CHAIRMAN AND LEAD INDEPENDENT DIRECTOR

The roles of the chairman and chief executive are separate and the office of the chairman is occupied by an independent non-executive director. As the chairman was previously considered not independent, Mr Bester was appointed as lead independent director, and still serves in that capacity.

CORPORATE GOVERNANCE REPORT continued

CHIEF EXECUTIVE
The board appoints the chief executive ("CEO").The appointment is made on the recommendation of the SHN committee. Mr Laurence Rapp was appointed as the new CEO with effect from 1 August 2011, replacing Mr Gerhard van Zyl.

COMPULSORY RETIREMENT AGE
The compulsory retirement age of non-executive directors is 70.

INFORMATION AND PROFESSIONAL ADVICE
The directors are entitled to seek independent professional advice at the group's expense concerning group affairs and have access to any information they may require in discharging their duties as directors. They also have unrestricted access to the services of the company secretary.

BOARD EVALUATION
The board assesses its performance and that of its individual directors, as well as their independence, on an on-going basis. Subsequent to year end the company secretary facilitated a self-assessment of the board and committee evaluation, under supervision of the chairman of the board. Matters considered in the evaluation focused on the effectiveness of the board and its committees, including:

- Composition
- Performance
- Role of the chairman
- Appropriateness of the board charter and committees' terms of reference
- Communication and interpersonal relationships
- Board dynamics and leadership

A report on the outcome of the evaluation has been considered by the board and actions have been agreed to enhance the effectiveness of the board and its committees, including directors' development needs.

DEALING IN GROUP SECURITIES
Directors, executives and senior employees are prohibited from dealing in Vukile's securities during certain prescribed restricted periods. A formal securities dealings policy has been developed to ensure directors' and employees' compliance with the JSE Listings Requirements and the insider trading legislation in terms of the Securities Services Act.

DIRECTORS' DECLARATIONS AND CONFLICT OF INTERESTS
Directors' declarations of interests are tabled and circulated at every board meeting. All directors are encouraged to assess any potential conflict of interest and to bring such circumstances to the attention of the chairman.

COMPANY SECRETARY
Mr Johann Neethling is the company secretary. He is suitably qualified and has access to Vukile's secretarial resources. The company secretary is responsible for the duties set out in Section 88 of the Company's Act and for ensuring compliance with the Listings Requirements of the JSE Limited. Director induction and training are part of the company secretary's responsibilities. He is responsible to the board for ensuring the proper administration of board proceedings, including the preparation and circulation of board papers, drafting annual work plans, ensuring that feedback is provided to the board and board committees and preparing and circulating minutes of board and board committee meetings. He provides practical support and guidance to the board and directors on governance and regulatory compliance matters.

BOARD MEETING ATTENDANCE
The board met seven times during the financial year. Four of these meetings were scheduled in advance; two of the additional meetings were to deal with specific business and the other served as a strategic workshop. The attendance for each director is set out below.

BOARD MEETING ATTENDANCE

Directors	19 May 2011	31 Aug 2011	(strategy) 4 Oct 2011	(special) 8 Nov 2011	17 Nov 2011	(special) 15 March 2012	22 March 2012
AD Botha	•	•	•	•	•	•	•
HSC Bester	•	•	•	•	•	•	•
SF Booysen	^	^	^	^	^	^	•
PJ Cook	•	•	•	•	•	•	•
JM Hlongwane	•	•	•	•	•	•	•
HC Lopion	•	•	•	•	•	•	•
PS Moyanga	•	•	•	•	•	•	•
NG Payne	^	^	^	^	^	^	•
MJ Potts	•	•	•	•	•	•	•
LG Rapp	^	•	•	•	•	•	•
HM Serebro	•	•	•	•	•	•	•
UJ van der Walt	•	•	^	^	^	^	^
G van Zyl	•	^	^	^	^	^	^

• *Indicates attendance.*

^ *Changes in directorate: Mr LG Rapp was appointed on 1 August 2011. Mr G van Zyl resigned from the board on 31 July 2011. Mr UJ van der Walt resigned on 15 September 2011. Messrs SF Booysen and NG Payne were appointed on 20 March 2012.*

KEY ACTIVITIES OF THE BOARD IN 2012

During the year, the key activities of the board included the consideration and approval of:

- The specific course of action in relation to a potential corporate action.
- The annual bonuses and salary increases for employees.
- The annual financial statements, annual report, group property valuations and final distribution for the year ended 31 March 2011.
- The refinancing of R450 million loan funding.
- The appointment of a new CEO.
- The new vision and strategy of the company.
- The condensed financial statements, interim results, group property valuations and interim distribution for the six months ended 30 September 2011.
- The acquisition of the R1.5 billion property portfolio.
- The approval of the replacement of the existing CMBS programme with the DMTN programme.
- The final distribution for the year ended 31 March 2012.
- The appointment of two new independent non-executive directors.
- Property sales in excess of R10 million.
- Leases with a value in excess of R30 million.

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

The report by the audit and risk committee ("AR committee") is set out on pages 74 to 75 of this integrated annual report. The committee's terms of reference can be viewed at ***www.vukile.co.za/governance/termsofreference/arcommittee***.

Current members

- HSC Bester *(Chairman)*
- SF Booysen
- PJ Cook
- PS Moyanga
- NG Payne
- HM Serebro

INTERNAL CONTROL

It is the board's responsibility to oversee the group's system of internal control and to keep its effectiveness under review. The system is designed to provide reasonable assurance against material misstatement and loss. The system of internal financial control is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The internal control system includes a reasonable division of responsibility and the implementation of policies and procedures which are communicated throughout the group.

INTERNAL AUDIT

The group has outsourced its internal audit function to KPMG. Internal audit is responsible for assisting the board and management in maintaining an effective internal control environment by evaluating those controls continuously to determine whether they are adequately designed and operating efficiently and effectively and to recommend improvements.

EXTERNAL AUDIT

Grant Thornton is the external auditor of Vukile and its subsidiaries, including the Namibian subsidiaries. The independence of the external auditor is recognised, and annually reviewed, by the AR committee.

The external auditors attend all AR committee meetings and have unrestricted access to the chairman of the AR committee.

RISK MANAGEMENT REVIEW

OUR APPROACH

The group has documented its approach to risk management in a formal policy. The strategic intent of our risk management policy is to create an environment in which risk management is applied at a consistently high level across the group, enabling management to take informed decisions, achieve business objectives and maximise returns for linked unitholders.

Our risk management principles are based on the principles of King III and the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Enterprise Risk Management Framework.

Our risk management process covers the following components:

- **Business context**: considering the internal and external factors driving our business.
- **Internal environment**: considering our relevant risk tolerances and appetite for risk.
- **Objective setting**: the group's specific business objectives.
- **Risk identification**: formally identifying risks that may impact the objectives.
- **Risk analysis**: analysing the key risks in terms of impact and likelihood.
- **Risk treatment**: determining whether to control, terminate, transfer or tolerate risks.
- **Communicating**: informing about key risks, significant risk incidents and emerging risks to the relevant forums.
- **Monitoring**: continuously monitoring risks and treatment actions.

CORPORATE GOVERNANCE REPORT continued

KEY RISKS

Risk context	Risk description	Risk actions/treatment
Financial	Inability to maintain distribution growth within top quartile of the sector.	**Control:** Ongoing active management of portfolio (net income) and finance costs and finding a solution to reduce the lumpiness of earnings emanating from sales commission earned in the Sanlam portfolio.
Financial	Cost inflation arising from utilities, local councils and soft services (security, cleaning etc.)	**Control:** Non-recoverable expenses in respect of soft services are managed by negotiating national contracts where possible and the non-recoverable portion of utility cost (especially electricity) is managed through our energy savings programme. **Transfer:** The price risk associated with recoverable expenses (based on market norms) is transferred to the tenant in terms of our lease agreement.
Financial	Increased vacancies and higher cost of re-letting.	**Control:** The risk is treated through establishing strong broker relationships (ensuring that Vukile is top of mind in the broker community), developing targeted broker incentive schemes, the development of our new interactive broker website and ensuring that asking rentals are market related.
Operational	Inability to retain and attract quality people due to an inadequate employee value proposition, including remuneration.	**Control:** A review of the remuneration policy (including short and long-term incentive schemes) is currently being undertaken to ensure that executives and senior management are retained and incentivised through appropriate remuneration schemes.
Strategy	Operational and financial challenges in order to achieve meaningful transformation (BBBEE).	**Accept:** It should be accepted that transformation will have some financial risks and costs. **Control:** Careful selection of EE candidates and focused development plans will increase staff retention. Innovative structures and partnership models employed on other scorecard components will decrease the cost to the business of achieving meaningful transformation.
Financial	Inability to refinance major debt exposures at acceptable terms and conditions.	**Control:** Implementation of the DMTN programme, enabling us to issue various types of instruments (secured/unsecured bonds and secured/unsecured commercial paper) and diversify our funding base by the introduction of two additional funders. Spreading our repayment profile to 25% per annum and maintaining a least a 90% hedging in place. Currently 100% hedged.

INVESTMENT COMMITTEE

Current members

- HM Serebro *(Chairman)*
- HSC Bester
- JM Hlongwane
- LG Rapp
- MJ Potts

The investment committee is an important element of the board's system to implement its winnowing strategy through acquisitions, redevelopment and refurbishments. The committee comprises two executive directors and three independent non-executive directors.

The committee's terms of reference can be viewed at ***www.vukile.co.za/governance/termsofreference/property&investmentcommittee***.

KEY ACTIVITIES OF THE INVESTMENT COMMITTEE IN 2012

During the year, the investment committee performed the following key activities:

- Review and recommendation to the board of the R1.5 billion portfolio acquisition.
- Approval of the development of a 2 200m² warehouse and office building on undeveloped land in Allandale, Midrand.
- Approval of phase 1 of the Randburg Square redevelopment
- Approval of the new Cashbuild Store located at Hillfox Value Centre.

SOCIAL, ETHICS, HUMAN RESOURCES AND NOMINATIONS COMMITTEE

Current members

- PJ Cook *(Chairman)*
- AD Botha
- JM Hlongwane
- SF Booysen *(Appointed 25 May 2012)*

For more information please visit our website: www.vukile.co.za

All the members of the committee are independent non-executive directors.

In line with the recommendations of King III, the chief executive and executives responsible for remuneration matters attend the meetings of the committee on invitation, but may not vote and are requested to leave the meeting before any decisions relating to them are made.

The committee's terms of reference can be viewed at ***www.vukile.co.za/governance/termsofreference/shncommittee***.

COMMITTEE ATTENDANCE

The committee met three times during the financial year, all of which were scheduled in advance.

The attendance for each director appears below.

KEY ACTIVITIES OF THE COMMITTEE IN 2012

During the year, the committee performed the following key activities:

- Reviewed and recommended for approval to the board the revised short-term incentive scheme, annual bonuses and salary increases, and annual directors' fees.
- Oversight of the process to recruit and to submit to the board the appointment and associated employment conditions of the new CEO.
- Reviewed and recommended for approval to the board the updated remuneration policy.
- Reviewed and recommended for approval to the board the revised committee structure, including assuming the role of the social and ethics committee and its terms of references.
- Reviewed and recommended the appointment to the board of two new independent non-executive directors.

SHN committee	19 May 2011	17 Nov 2011	22 Mar 2012
PJ Cook	•	•	•
AD Botha	•	•	•
JM Hlongwane	–	•	•
UJ van der Walt	•	^	^

• *Indicates attendance.*
^ *Resigned on 15 September 2011.*
– *Apologies.*

REMUNERATION REPORT

INTRODUCTION FROM THE CHAIRMAN OF THE SOCIAL, ETHICS, HUMAN RESOURCES AND NOMINATIONS COMMITTEE

Dear linked unitholder

I am pleased to introduce Vukile's remuneration report for the year ended 31 March 2012.

During the year under review, Vukile experienced a number of changes to our human resources landscape, most notably the appointment of Mr Laurence Rapp as our new CEO effective 1 August 2011.

In addition to the appointment of a new CEO, Vukile placed considerable focus on our people and remuneration practices during the year under review. In this respect we retained the services of PwC's remuneration advisory practice to assist with the benchmarking of executive and non-executive director remuneration as well as the existing short-term and long-term incentive schemes. We further retained the services of Magdel Daniel, an experienced and highly regarded human resources consultant, to advise on both our remuneration philosophy and transactional and housekeeping issues. Ms Daniel, a former director of human resources at a Big Four bank, adds a wealth of experience in human resources issues to Vukile.

The committee believes that remuneration is a key instrument to attracting and retaining competent and skillful individuals in order to become more competitive and efficient than our competitors. It is also a tool that will enable us to add more value through people and become an employer of choice. In line with this, our short-term incentive scheme has been revised and approved by the board post year end and we are currently in the process of reviewing and assessing the merit of the long-term incentive scheme for senior management, which is intended to increase senior management ownership in the company, thereby aligning the interests of management with those of unitholders. A proposed scheme will likely be brought to unitholders for approval during the course of the financial year.

The committee would like to extend its appreciation to the management and staff for their exceptional performance during the year under review. A special word of thanks goes to Mr Rapp who, in a very short period of time, has created a new energy and enthusiasm within Vukile.

Peter Cook
Chairman: social, ethics, human resources and nominations committee

Roodepoort
29 May 2012

REMUNERATION POLICY

OUR APPROACH TO REMUNERATION

Vukile acknowledges that its people are a key driver to secure sustainable business success in the long-term. The ability of the organisation to engage its people to think and act like business leaders, to create an environment where people have the opportunity to continuously learn and improve their own performance and ultimately enable the organisation to build the capacity to meet the requirements of an ever-changing and demanding business environment, are critical success factors of Vukile's human capital strategy for the future.

There is an undisputed need for a dynamic remuneration strategy, policy and system that underpins the business strategy to drive organisational success in a highly competitive market. To meet these challenges, it will be necessary to continuously update and align our remuneration policies and practices due to demands and trends from an ever more challenging and constantly changing business environment.

This will require remuneration market benchmarking through reputable human resources consultancies and more emphasis on performance based or linked variable remuneration components and incentives, including short-term and long-term incentive schemes. To this end, we engaged with a leading HR consulting practice to review our existing short-term and long-term schemes in order to assess their effectiveness and market relatedness, especially given the revised aspirations and strategy being followed by the company. The short-term and long-term schemes are described in more detail on the following pages.

REWARD POLICY OF VUKILE

The reward policy of Vukile provides the guidelines on how rewards within the organisation will be managed. The policy also influences employee behaviour and ensures that there is alignment between the employees, the company's objectives and its unitholders.

OUR CORE REMUNERATION PRINCIPLES

Vukile remunerates its people based on the following core principles:

- **ADHERENCE TO LEGISLATIVE AND REGULATORY REQUIREMENTS**
  Vukile ensures at all times that it adheres to legislative and regulatory requirements relating to remuneration practices of South Africa. All minimum standards prescribed in law are implemented and all taxes and statutory deductions payable by employees are deducted and paid in time.

- **ATTRACTION AND RETENTION**
  Remuneration is a key instrument to attract, retain and deploy teams of talented individuals with passion and skills who think and act like business leaders and owners, thereby creating a work environment that enables people to perform at exceedingly high levels – a place where employees want to use their discretionary effort on behalf of the company.

- **PAY FOR PERFORMANCE**
  Performance forms the cornerstone of the remuneration philosophy and the remuneration practices of the company must be structured in a way that it enables clear differentiation between individuals with reference to their personal level of performance.

  It is expected from management to make a clear and meaningful distinction between high performers, average performers and under performers and to distribute remuneration and incentives accordingly. We will follow an active approach to differentiate between the different levels of performance, in order to drive a high performance culture. Strong incentives must be created for superior performance. This means that top performers must be awarded higher incentives than other employees.

- **LEVERAGE AND ALIGNMENT**
  Reward consequences for individual employees must as far as possible be aligned with, linked to and influenced by the group or business strategy; the performance of the group as a whole; employee contribution; and key business results. They may also be modified by performance against group values.

- **CONSISTENCY**
  Individual pay rates relative to others in the group are fair, consistent and explainable. No unfair discrimination will be allowed and equal opportunities in respect of service practices and benefits are guaranteed. Differentiation based on performance is encouraged.

- **COMPETITIVENESS**
  Vukile will utilise guaranteed and incentive remuneration to create a total remuneration offering that is aligned to similar performers in the market. To achieve this objective, Vukile aims to pay a guaranteed cost-to-company ("CTC") that on average ranges between the median (for general staff) to upper quartile (key staff or critical skills) of the general South African labour market, taking cognisance of our industry and other relevant benchmarks.

- **COMMUNICATION**
  The remuneration philosophy and practices including the process to determine individual pay levels must be transparent, understood, supported and valued by all our people. Remuneration policy and its application must be kept as simple as possible and it must recognise competencies and behaviours/values that drive the success of the organisation.

REMUNERATION REPORT continued

OUR REMUNERATION COMPONENTS

SALARY

Salary represents the fixed or guaranteed remuneration component, inclusive of relevant allowances, and contributions to retirement funds. Fixed remuneration is aimed at approximately the market midpoint (the 50th percentile) on average. Deviations from this principle will be considered and approved by the social, ethics, human resources and nominations ("SHN") committee or the chief executive, as appropriate, to support sound business decisions or specific needs, strategies or requirements. Fixed remuneration takes into account the supply and demand of certain skills or candidates for specific job categories which may necessitate and dictate the number or extent of the deviations from the market midpoints.

SHORT-TERM INCENTIVE BONUS SCHEME

The principles of the short-term bonus scheme ("bonus scheme") are as follows:

- **BOARD DISCRETION**

  The board has absolute discretion with regards to the rules of the bonus scheme, the amounts earned, the participants in the bonus scheme and annual amounts to be awarded.

- **PARTICIPANTS IN THE SCHEME**

  Senior staff members earning in excess of R400 000 per annum participate in the bonus scheme. Each such staff member has a maximum potential cash bonus cap. Staff members earning less than R400 000 per annum are paid an annual bonus equal to 15% of their annual cost to group packages subject to the achievement by the staff members of their individual CPA targets. The aggregate of all employees' maximum capped cash bonus levels determines the 'maximum potential bonus pool' size.

- **PRINCIPLE OF DETERMINATION OF BONUS POOL**

  The bonus pool is made up of two components being an 'on-target' component and an 'out performance' component. At the start of each year, the on-target performance level will be set by the committee with reference to the maximum potential bonus pool calculation and will be recommended to the board for approval. The committee will use its discretion, on an annual basis, to set a range of 33.3% to 66.7% of the maximum potential bonus pool size, having taken into account the specific targets, strategies and issues relevant to the company at the time. A bonus pool threshold level will be set at 95% of the on-target company performance level. Company performance at that threshold level will yield a bonus pool equal to 25% of the maximum potential bonus pool. Achievement below this level will result in no short-term incentive being paid unless the committee recommends to the board the payment of bonuses to a limited number of employees for exceptional performance. Any company performance that falls above the threshold level, yet beneath the on-target level, will result in a bonus pool (other than the people on the 15% scheme) pro-rated on a straight-line basis to reflect the achieved performance.

  Any outperformance of the on-target benchmark will result in the staff sharing in a percentage of such excess profit, which will be determined by the board, but which will not exceed 50% of such excess profit. This will be paid out in cash but always limited to the individual's maximum capped cash bonus level. Should the performance in any one year yield an amount that is in excess of the maximum cash cap, such excess will fall within the terms and conditions of the long-term scheme.

- **BONUS AMOUNT ACTUALLY PAID OUT**

  For staff on the Paterson Grade D and above, any bonus payment will be split into two equal tranches. The first of which will be payable in May and the second six months later in November. All other staff will be paid their bonus in full in May.

LONG-TERM RETENTION AND INCENTIVE SCHEME

The long-term retention and incentive scheme ("LTRI") was submitted and approved by linked unitholders on 31 August 2010. The purpose of the LTRI is to attract, retain, motivate and reward eligible employees who are able to influence the performance of the group on a basis that will align their interests with those of the group's linked unitholders. The salient features of the LTRI scheme is available on the Vukile website ***www.vukile.co.za*** as part of the notice of annual general meeting under the 31 March 2010 annual report.

The structure of the LTRI is currently under review. Any proposed material changes to the existing scheme will be brought to unitholders for approval during the course of the financial year.

BEARING FRUIT

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY STATEMENT

The audited annual financial statements set out on pages 70 to 121 of this integrated annual report are the responsibility of the directors. The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for the safeguarding of assets, and for developing and maintaining a system of internal controls that, among other things, will ensure the preparation of financial statements that achieve fair presentation. After conducting appropriate procedures, the directors are satisfied that the group will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements. The annual financial statements were approved by the directors and are signed on their behalf by:

Anton Botha
Chairman

Laurence Rapp
Chief executive

Roodepoort
29 May 2012

COMPANY SECRETARY'S CERTIFICATION

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

I declare that, to the best of my knowledge, the company has lodged with the Registrar of Companies all such returns as required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Johann Neethling
Company secretary

Roodepoort
29 May 2012

The group annual financial statements have been audited by Grant Thornton. The financial director, Mr MJ Potts CA(SA), was responsible for the preparation of these audited annual financial statements. The complete integrated annual reports of the company and the group for the years ended 31 March 2011 and 31 March 2012 may be obtained from the company's website ***www.vukile.co.za.***

INDEPENDENT AUDITORS' REPORT

To the unitholders of Vukile Property Fund Limited

We have audited the group annual financial statements and annual financial statements of Vukile Property Fund Limited, which comprise the consolidated and separate statements of financial position as at 31 March 2012, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 70 to 121.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Vukile Property Fund Limited as at 31 March 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Grant Thornton

Grant Thornton
Chartered Accountants (SA)
Registered Auditor

29 May 2012

per V R de Villiers
Partner
Chartered Accountant (SA)
Registered Auditors

Grant Thornton Office Park
137 Daisy Street
Sandown
2196

DIRECTORS' REPORT

OVERVIEW

Your directors have pleasure in submitting their eighth directors' report, which forms part of the audited annual financial statements of the group and company for the year ended 31 March 2012.

Vukile was listed on 24 June 2004 with a market capitalisation of approximately R1.3 billion. The company's primary objective was, and still is, to acquire properties with strong contractual cash flows in order to achieve meaningful capital appreciation, long-term sustainability and growth in income distributions to its linked unitholders. The company's market capitalisation has increased substantially to R5.36 billion as at 31 March 2012 (2011: R4.99 billion).

It is pleasing to announce that the group has performed well over the review period and that profit available for distribution has increased by 7.6% from R408.1 million to R439.1 million for the year ended 31 March 2012.

SUMMARY OF FINANCIAL PERFORMANCE AND DISTRIBUTIONS

The information presented for the twelve months ended 31 March 2012 has been prepared in accordance with International Financial Reporting Standards ("IFRS") and the group's accounting policies. The presentation of the results also complies with the relevant sections of the Companies Act (No. 71 of 2008), as amended and the JSE Listings Requirements. The annual financial statements have been audited by Grant Thornton.

The board approved an early final distribution on 16 March 2012, of 70.5 cents per linked unit for the six months ended 31 March 2012. This brings the total distribution for the year ended 31 March 2012 to 124.81 cents per linked unit compared to the distribution of 117.65 cents per linked unit in 2011, an increase of 6.1% for the year.

NATURE OF BUSINESS

Vukile is a property holding and investment company through the direct and indirect ownership of immovable property. Vukile also provides asset management services in respect of the Sanlam Group's long-term commercial investment property portfolio. The company is listed on the JSE Limited and the NSX in Namibia under the Real Estate sector.

CAPITAL STRUCTURE

The linked unit structure comprises ordinary shares indivisibly linked to debentures on a one-to-one basis. Collectively, the linked shares and debentures comprise the linked units which are traded together as indivisible units.

The authorised capital comprises 800 000 000 ordinary shares with a par value of one cent each. Each linked unit comprises one share of one cent (and a share premium of nine cents) linked to one debenture of 490 cents. Interest payable on one debenture is 499 times greater than the dividend payable per share. There were 351 015 218 linked units in issue at 31 March 2012.

MANAGEMENT AND ADMINISTRATION

The management of Vukile is responsible for the property asset management functions of the group.

Vukile has contracted the following property managers to undertake the day-to-day management of the group's property portfolio:

- JHI Properties (Pty) Ltd
- Broll Property Group (Pty) Ltd
- Old Mutual Property (Pty) Ltd
- Hermans and Romans Property Solutions *(until July 2011)*
- Kuper-Legh Property Group *(until August 2011)*

SPECIAL RESOLUTIONS

The following special resolutions were passed during the financial year:

- Resolution authorising intra-group financial assistance in terms of S45 of the Companies Act 2008 *(31 August 2011)*.
- Resolution authorising the payment, and amounts in respect of non-executive directors renumeration *(31 August 2011)*.
- Resolution authorising the issue of linked units in respect of the R1.5 billion property acquisition from Sanlam *(26 February 2012)*.
- Resolution authorising the amendment of the Memorandum of Incorporation ("MOI") in respect of the definition of securities *(26 March 2012)*.
- Resolution authorising financial assistance in terms of S44 of the Companies Act of 2008 in respect of the launch of the DMTN Programme *(26 March 2012)*.

DIRECTORS

Details of the directors, providing their full names, ages, qualifications and a brief curriculum vitae, are set out on pages 54 and 55 of this integrated annual report.

In terms of the MOI of the company, one third of non-executive directors have to retire annually by rotation. Non-executive directors are obliged to retire at the annual general meeting following their 70th birthday. Any new directors that have been appointed during a year also have to retire at the next annual general meeting. All retiring directors will subsequently be eligible for re-election. The composition of the board of directors and its sub-committees is detailed in the table below. There have been no changes to directors' interests between the end of the financial year and 29 May 2012, other than as disclosed. Mr Jonathan Mlungisi Hlongwane sold his effective holding of 1.55% in Vukile through his 50% holding in the Isolenu Group Holdings, during the course of the year.

DIRECTORS' INTEREST IN MATERIAL CONTRACTS

The directors have no interest in material contracts or transactions, other than those directors involved in the operation of the company as set out in this report. There have been no bankruptcies or voluntary arrangements of the above-named persons.

The executive directors of Vukile have not acted as directors with an executive function of any company at the time of or within the twelve months preceding any of the following events taking place: receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors.

The directors of Vukile have not been the subject of public criticisms by statutory or regulatory authorities (including professional bodies) and have not been disqualified by a court from acting as directors of a company or from acting in the management or conduct of the affairs of any company. There have been no offences involving dishonesty by the directors of Vukile.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The executive directors do not have fixed-term contracts with the company. A three and six month notice period is required by executive directors and the CEO respectively and the company for the termination of services. Details of remuneration and incentive bonuses are set out on the following page.

SECRETARY

The company secretary is Johann Neethling: First Floor, Meersig Building, Constantia Boulevard, Constantia Kloof, 1709 (PO Box 5995, Weltevreden Park, 1715).

DISTRIBUTIONS

A distribution of 54.31 cents per linked unit was paid on 19 December 2011. The board of directors declared a final distribution of 70.50 cents per linked unit for the six months ended 31 March 2012, which was paid on 16 April 2012. The total distribution for the year amounted to 124.81 cents per linked unit (2011: 117.65 cents), an increase of 6.1% over the previous year.

BOARD OF DIRECTORS

Composition of board	Date of appointment	Audit and risk committee	Social, ethics, human resources and nomination committee	Investment committee
Non-executive directors				
AD Botha *(Chairman)***	17 May 2004		Member	
HSC Bester*	17 May 2004	Chairman		Member
PJ Cook	17 May 2004	Member	Chairman	
PS Moyanga	17 May 2004	Member		
HM Serebro	17 May 2004	Member		Chairman
JM Hlongwane	29 May 2006		Member	Member
NG Payne	20 March 2012	Member		
SF Booysen	20 March 2012	Member	Member**	
Executive directors				
LG Rapp *(CEO)*	1 August 2011			Member
MJ Potts *(FD)*	17 May 2004			Member
HC Lopion	1 January 2010			

* *Appointed as lead independent director on 18 March 2009.*

** *Appointed 25 May 2012.*

~ *All non-executive directors are independent.*

DIRECTORS' REPORT continued

DIRECTORS' REMUNERATION

Rand	Directors' fees	Salary	Short-term bonus[5]	2012 Total remuneration	2011 Total remuneration
Non-executive directors					
AD Botha	424 650	-	-	424 650	397 620
HSC Bester	410 100	-	-	410 100	343 620
PJ Cook	335 650	-	-	335 650	303 120
PS Moyanga	246 250	-	-	246 250	235 620
MH Serebro	335 600	-	-	335 600	276 120
JM Hlongwane	287 800	-	-	287 800	271 620
UJ van der Walt[1]	180 050	-	-	180 050	231 120
NG Payne	14 850	-	-	14 850	-
SF Booysen	14 850	-	-	14 850	-
Total	**2 249 800**	**-**	**-**	**2 249 800**	**2 058 840**

Rand	Salary	Sign-on bonus	Short-term bonus	2012 Total remuneration	2011 Total remuneration
Executive directors					
LG Rapp	1 440 000[2]	4 320 000[3]	2 160 000	7 920 000	-
MJ Potts	1 547 250	-	1 620 596	3 167 846	3 525 237
HC Lopion	1 302 250	-	1 359 740	2 661 990	1 189 807
G van Zyl	1 500 000[4]	-	1 040 410	2 540 410	5 205 430
	5 789 500	**4 320 000**	**6 180 746**	**16 290 246**	**9 920 474**
Other senior executives (A, B and C)	2 895 250	-	2 330 440	5 225 690	2 703 935
Total	**8 684 750**	**4 320 000**	**8 511 186**	**21 515 936**	**12 624 409**

[1] *UJ van der Walt resigned on 16 September 2011.*
[2] *LG Rapp was appointed on 1 August 2011.*
[3] *A sign-on bonus of R4.32 million less PAYE was utilised by the Laurence Rapp Family Trust to acquire Vukile linked units on 30 August 2011 at R13.50 per linked unit. Refer to note 1 under movement of directors' interest in linked units in the table alongside.*
[4] *G van Zyl resigned on 30 September 2011.*
[5] *Short-term bonuses received and receivable in respect of the year ended 31 March 2012.*

DIRECTORS' INTERESTS IN LINKED UNITS

Linked units	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total
Non-executive directors	**170 200**	**45 000**	-	**215 200**
HSC Bester	-	25 000	-	25 000
HM Serebro	-	20 000	-	20 000
UJ van der Walt	170 200	-	-	170 200
Executive directors	**446 137**	**319 140**	-	**765 277**
LG Rapp	-	196 400	-	196 400
MJ Potts	324 754	-	-	324 754
HC Lopion	18 783	-	-	18 783
G Van Zyl	102 600	122 740		225 340
Total	**616 317**	**364 400**	**-**	**980 477**

MOVEMENT OF DIRECTORS' INTERESTS IN LINKED UNITS

Linked units	Held at 1 April 2011	Acquired during the period	Disposed of during the period	Held at 31 March 2012
Non-executive directors	**215 200**	-	-	**215 200**
HSC Bester	25 000	-	-	25 000
HM Serebro	20 000	-	-	20 000
UJ van der Walt	170 200	-	-	170 200
Executive directors	**1 114 421**	**932 299**	**(1 281 443)**	**765 277**
LG Rapp	-	196 400[(1)]	-	196 400
MJ Potts	317 244	7 510	-	324 754
HC Lopion	8 882	16 586[(2)]	(6 685)[(3)]	18 783
G Van Zyl	788 295	711 803[(4)]	(1 274 758)[(5)]	225 340
Total	**1 329 621**	**932 299**	**(1 281 443)**	**980 477**

(1) *A sign-on bonus of R4.32 million less PAYE was utilised by the Laurence Rapp Family Trust to acquire Vukile linked units during 30 August 2011 at R13.50 per linked unit which linked units cannot be sold for the following periods:*
- *40% may not be disposed of before 30 August 2013;*
- *30% may not be disposed of before 30 August 2014; and*
- *30% may not be disposed of before 30 August 2015.*

(2) *These linked units vested in terms of the long-term share based incentive scheme on 1 June 2011 at R14.70 per linked unit.*
(3) *These linked units were sold on 2 June 2011 at R14.65 per linked unit to fund the PAYE arising on the units that vested in terms of the table above.*
(4) *These linked units vested in terms of the long-term based incentive scheme, and with the approval of the board, on the date of resignation of G van Zyl on 30 September 2011 - refer below.*
(5) *These linked units were disposed of post 30 September 2011 to fund the PAYE on the linked units acquired under (4) above and as part of a portfolio rebalancing exercise.*

CONDITIONAL DIRECT BENEFICIAL DIRECTORS' INTERESTS

In terms of the company's long-term share based incentive scheme, linked units in Vukile have been acquired by SCM as outlined below. The potential conditional direct beneficial interests of Vukile's executive directors in the above-mentioned incentive scheme are summarised as follows:

Vukile units	MJ Potts[(1)]	HC Lopion[(2)]	LG Rapp[(3)]	G van Zyl[(6)]
Summary of units held by SCM				
Balance at 31 March 2011	392 272	93 662	-	657 311
2 June 2010 and 2011 vesting and internal adjustment	-	(30 030)	-	(1)
Cash from December 2010 and June 2011 distributions utilised to acquire linked units	32 520	317	-	54 493
Linked units acquired under long-term share based incentive scheme	-	56 521	463 680	-
Linked units released	-	-	-	(711 803)
Cash from December 2011 distribution utilised to acquire linked units	15 779	2 375	17 223	-
Balance at 31 March 2012	**440 571**	**122 845**	**480 903**	-
Market value of units at 31 March 2012 (Rm)	6.7	1.9	7.3	-
Additional units allocated post year end				
Additional tranches in terms of long-term share incentive and retention scheme (000)[(4)]	1 306	974	107	-
Special tranche for performance (000)[(5)]	800	400	2 160	-
	2 106	**1 374**	**2 267**	-

The above tranches were approved at a board meeting held on 25 May 2012.
(1) *Vests on 1 July 2012 and 2013 with 25% based on retention criteria and 75% based on company performance measures.*
(2) *Vests on 1 June 2012 and 1 June 2013 which are based on retention criteria and on 1 July 2014 and 1 July 2015 which are subject to individual and company performance measures*
(3) *33.33% vests in each of August 2014, August 2015 and August 2016, subject to individual and company performance measures.*
(4) *Vests on 1 July 2016 with 25% based on individual performances and 75% based on company performance measures.*
(5) *Vests on 1 July 2016 with 50% based on retention criteria and 50% based on a critical performance area ("CPA") assessment. These tranches were awarded by the board due to exceptional performance rendered by these executive directors during the year.*
(6) *Refer to (4) and (5) in the 'movement of directors' interests in linked units' table above.*

No changes in directors' interests occurred between 31 March 2012 and 29 May 2012 other than as disclosed above.

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2012

The audit and risk committee ("AR committee") is a committee of the board of directors which, in addition to having specific statutory responsibilities to the unitholders in terms of the Companies Act, assists the board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the company.

TERMS OF REFERENCE

The AR committee has adopted a formal terms of reference.

COMPOSITION

The committee consists of six non-executive directors, all of whom are independent. At 31 March 2012, the AR committee comprised of the following directors:

Director	Period served
HSC Bester *(Chairman)*	17 May 2004 - current
PJ Cook	17 May 2004 - current
PS Moyanga	24 May 2007 - current
HM Serebro	17 May 2004 - 28 May 2012[1]
NG Payne	20 March 2012 - current
SF Booysen	20 March 2012 - current

[1] *HM Serebro resigned from this committee on 28 May 2012 to focus on the investment committee.*

The chief executive officer the finance director senior financial executives of the group and representatives from the external and internal auditors attend the committee meetings by invitation only. The internal and external auditors have unrestricted access to the AR committee.

STATUTORY DUTIES

In the execution of its statutory duties relating to the past financial year, the AR committee:

- Nominated Grant Thornton for appointment as auditor, who in our opinion, is independent of the company.
- Determined the fees to be paid to Grant Thornton as disclosed in note 27.
- Determined Grant Thornton's terms of engagement.
- Developed and implemented a policy setting out the categories of non-audit services that the external auditors may and may not provide, split between permitted, permissible and prohibited services.
- Pre-approved all non-audit service contracts with Grant Thornton.
- Received no complaints relating to the accounting practices and internal audit of the company, the content or audit of its financial statements, the internal financial controls of the company, and any other related matters.
- Made submissions to the board on matters concerning the company's accounting policies, financial control, records and reporting.
- Recommended for approval the annual financial statements, integrated report, group property valuations and final distribution for the year ended 31 March 2011.
- Recommended for approval the financial statements, interim results, group property valuations and interim distribution for the six months ended 30 September 2011.

DELEGATED DUTIES

In addition to its statutory duties, the AR committee also performed the following duties:

- Oversight over the risk management and internal auditing functions.
- Reviewed and approved the key risks facing the group.
- Assisted the board in its review of the group's risk management and compliance polices.
- Reviewed the expertise and experience of the financial director, and the finance function.

MEETINGS

The AR committee held four meetings during the period. All these meetings were scheduled in advance. The attendance for each director was as follows:

Director	12 May 2011	17 August 2011	9 November 2011	15 March 2012
HSC Bester *(Chairman)*	•	•	•	•
PJ Cook	•	•	•	•
PS Moyanga	•	•	•	•
HM Serebro	•	•	•	•

• *Indicates attendance.*

REGULATORY COMPLIANCE

The AR committee has complied with all applicable legal and regulatory responsibilities.

EXTERNAL AUDIT

Based on processes followed and assurances received nothing has come to our attention with regards to the external auditors' independence.

Based on our satisfaction with the results of the activities outlined above we have recommended to the board that Grant Thornton should be reappointed for the financial year ending 31 March 2013.

FINANCE FUNCTION

We believe that Mr MJ Potts, the group financial director, possesses the appropriate expertise and experience to meet his responsibilities in that position as required by the JSE Limited.

We are satisfied with:

- The expertise and adequacy of resources within the finance function;
- The experience of the senior financial management staff.

In making these assessments we have obtained feedback from both external and internal audit.

Based on the processes and assurances obtained we believe that the accounting practices are effective.

INTEGRATED ANNUAL REPORT

The integrated annual report is recommended to the board for approval.

On behalf of the audit committee

Hendrik Schalk Conradie Bester
Chairman of the audit and risk committee

Roodepoort
29 May 2012

STATEMENTS OF FINANCIAL POSITION

at 31 March 2012

	Note	2012 Group R000	2012 Company R000	2011 Group R000	2011 Company R000
ASSETS					
Non-current assets		**6 176 629**	**5 079 366**	5 487 419	4 628 861
Investment properties		**5 674 979**	**4 218 062**	4 984 840	3 757 675
Investment properties	3	**5 806 158**	**4 321 005**	5 083 993	3 837 470
Straight-line rental income adjustment	4	**(131 179)**	**(102 943)**	(99 153)	(79 795)
Other non-current assets		**501 650**	**861 304**	502 579	871 186
Intangible asset	5	**267 096**	**267 096**	312 832	312 832
Straight-line rental income asset	4	**131 179**	**102 943**	99 153	79 795
Deferred capital expenditure		**4 411**	**4 411**	2 723	2 723
Furniture fittings, computer equipment and other	6	**1 985**	**18**	1 774	28
Investment in subsidiaries	7	**-**	**462 780**	-	462 780
Available-for-sale financial asset	8	**28 468**	**21 089**	10 208	7 088
Financial asset at amortised cost	9	**2 967**	**2 967**	4 782	4 782
Goodwill	10	**65 544**	**-**	71 107	-
Derivative financial instruments	19	**-**	**-**	-	1 158
Current assets		**266 881**	**252 224**	409 218	366 175
Trade and other receivables	12	**50 934**	**35 656**	71 409	49 259
Loan to subsidiary	13	**-**	**17 299**	-	48 260
Taxation		**-**	**305**	-	-
Debenture interest receivable		**-**	**54 000**	-	73 491
Cash and cash equivalents		**215 947**	**144 964**	337 809	195 165
Non-current assets held for sale		**321 195**	**300 395**	281 422	256 145
Investment properties		**305 948**	**285 239**	280 142	255 154
Investment properties	3	**321 195**	**300 395**	281 422	256 145
Straight-line rental income adjustment	4	**(15 247)**	**(15 156)**	(1 280)	(991)
Straight-line rental income asset	4	**15 247**	**15 156**	1 280	991
Total assets		**6 764 705**	**5 631 985**	6 178 059	5 251 181
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent		**1 781 188**	**1 336 986**	1 404 550	1 098 218
Share capital	14	**3 510**	**3 510**	3 510	3 510
Share premium	15	**28 753**	**28 753**	28 753	28 753
Reserves	16	**1 748 925**	**1 304 723**	1 372 287	1 065 955
Non-current liabilities		**3 315 432**	**2 604 250**	3 909 613	3 706 058
Linked debentures and premium	17	**2 113 213**	**2 113 213**	2 116 916	2 116 916
Other interest bearing borrowings	18	**448 790**	**-**	1 226 282	1 226 282
Derivative financial instruments	19	**25 644**	**5 731**	21 867	-
Deferred taxation liabilities	20	**727 785**	**485 306**	544 548	362 860
Current liabilities		**1 668 085**	**1 690 749**	863 896	446 905
Trade and other payables	21	**188 692**	**129 785**	173 277	125 051
Short-term borrowings	18	**1 230 640**	**1 230 640**	449 600	-
Amounts owing to subsidiaries	7	**-**	**82 838**	-	82 111
Current taxation liabilities		**1 267**	**-**	5 416	4 140
Linked unitholders for distribution		**247 486**	**247 486**	235 603	235 603
Total equity and liabilities		**6 764 705**	**5 631 985**	6 178 059	5 251 181

INCOME STATEMENTS

for the year ended 31 March 2012

		2012		2011	
	Note	Group R000	Company R000	Group R000	Company R000
Property revenue	23	**933 269**	**718 652**	836 124	633 916
Straight-line rental income accrual	4	**45 993**	**37 313**	14 368	14 632
Gross property revenue		**979 262**	**755 965**	850 492	648 548
Property expenses	24	**(334 421)**	**(265 936)**	(293 603)	(227 756)
Net profit from property operations		**644 841**	**490 029**	556 889	420 792
Income from asset management business	25	**53 317**	**52 680**	65 146	64 582
Expenditure - asset management business	25	**(30 792)**	**(17 905)**	(20 233)	(12 844)
Corporate administrative expenses	26	**(25 919)**	**(25 513)**	(25 509)	(25 456)
Investment and other income	28	**13 557**	**106 552**	14 380	99 993
Operating profit before finance costs		**655 004**	**605 843**	590 673	547 067
Finance costs	29	**(165 633)**	**(129 632)**	(161 803)	(123 787)
Profit before debenture interest		**489 371**	**476 211**	428 870	423 280
Debenture interest		**(437 224)**	**(437 224)**	(403 948)	(403 948)
Profit before capital items		**52 147**	**38 987**	24 922	19 332
Profit/(loss) on sale of investment properties		**3 084**	**3 085**	(14 798)	(17 219)
Amortisation of debenture premium		**3 703**	**3 703**	2 519	2 519
Goodwill written-off on sale of subsidiary/properties by a subsidiary		**(762)**	**-**	(5 192)	-
Impairment of intangible asset		**(45 736)**	**(45 736)**	(49 935)	(49 935)
Impairment of goodwill		**(4 801)**	**-**	-	-
Profit on sale of subsidiary		**1 428**	**-**	-	-
Profit/(loss) before fair value adjustments		**9 063**	**39**	(42 484)	(45 303)
Fair value adjustments		**549 253**	**359 516**	78 494	(11 316)
Gross change in fair value of investment properties		**595 246**	**396 829**	92 862	3 316
Straight-line rental income adjustment		**(45 993)**	**(37 313)**	(14 368)	(14 632)
Profit/(loss) before taxation		**558 316**	**359 555**	36 010	(56 619)
Taxation	30	**(189 754)**	**(122 534)**	(25 488)	2 485
Profit/(loss) for the year		**368 562**	**237 021**	10 522	(54 134)
Earnings per linked unit (cents)	31	**229.56**	**-**	120.85	-
Diluted earnings per linked unit (cents)	31	**229.56**	**-**	120.85	-

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2012

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Profit/(loss) for the year	**368 562**	**237 021**	10 522	(54 134)
Other comprehensive income				
Cash flow hedges	**(4 412)**	**(6 889)**	6 062	1 946
Current period (losses)/profit	**(3 777)**	**(6 889)**	6 423	2 307
Reclassification to profit or loss	**(635)**	**-**	(361)	(361)
Available-for-sale financial assets – current period income/(losses)	**3 453**	**2 626**	(3 556)	(1 731)
Other comprehensive (loss)/income for the year	**(959)**	**(4 263)**	2 506	215
Total comprehensive income/(loss) for the year	**367 603**	**232 758**	13 028	(53 919)

DISTRIBUTION STATEMENTS

for the year ended 31 March 2012

	Total		First		Second	
	R000	Cents per linked unit	R000	Cents per linked unit	R000	Cents per linked unit
DISTRIBUTION TO VUKILE UNITHOLDERS for the year ended 31 March 2012						
Interest distribution	**437 224**	**124.56**	**190 262**	**54.20**	**246 962**	**70.36**
Dividend distribution	**892**	**0.25**	**388**	**0.11**	**504**	**0.14**
Total distribution	**438 116**	**124.81**	**190 650**	**54.31**	**247 466**	**70.50**

	Total		First		Second	
	R000	Cents per linked unit	R000	Cents per linked unit	R000	Cents per linked unit
DISTRIBUTION TO VUKILE UNITHOLDERS for the year ended 31 March 2011						
Interest distribution	403 948	117.41	168 825	50.43	235 123	66.98
Dividend distribution	824	0.24	344	0.10	480	0.14
Total distribution	404 772	117.65	169 169	50.53	235 603	67.12

	2012	2011
Total number of linked units in issue at 31 March	**351 015 218**	351 015 218
Weighted average number of linked units in issue	**351 015 218**	342 949 128

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2012

R000	Share capital	Share premium	Non-distributable	Revaluation of reserves available-for-sale assets	Cash flow hedges	Retained earnings	Total
GROUP							
Balance at 31 March 2010	**3 320**	**24 276**	**1 380 023**	**(16 274)**	**(28 290)**	**18 447**	**1 381 502**
Issue of share capital	190	4 477	-	-	-	-	4 667
Dividend distribution	-	-	-	-	-	(824)	(824)
	3 510	**28 753**	**1 380 023**	**(16 274)**	**(28 290)**	**17 623**	**1 385 345**
Profit for the year	-	-	-	-	-	10 522	10 522
Change in fair value of investment properties	-	-	92 862	-	-	(92 862)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	-	(11 958)	-	-	11 958	-
Share-based remuneration	-	-	6 177	-	-	-	6 177
Transfer from non-distributable reserve	-	-	(77 054)	-	-	77 054	-
Other comprehensive income							
Revaluation of available-for-sale financial asset	-	-	-	(3 556)	-	-	(3 556)
Revaluation of cash flow hedges	-	-	-	-	6 062	-	6 062
Balance at 31 March 2011	**3 510**	**28 753**	**1 390 050**	**(19 830)**	**(22 228)**	**24 295**	**1 404 550**
Dividend distribution	-	-	-	-	-	(892)	(892)
	3 510	**28 753**	**1 390 050**	**(19 830)**	**(22 228)**	**23 403**	**1 403 658**
Profit for the year	-	-	-	-	-	368 562	368 562
Change in fair value of investment properties	-	-	595 246	-	-	(595 246)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	-	(186 100)	-	-	186 100	-
Share-based remuneration	-	-	9 927	-	-	-	9 927
Transfer from non-distributable reserve	-	-	(46 163)	-	-	46 163	-
Other comprehensive loss							
Revaluation of available-for-sale financial asset	-	-	-	3 453	-	-	3 453
Revaluation of cash flow hedges	-	-	-	-	(4 412)	-	(4 412)
Balance at 31 March 2012	**3 510**	**28 753**	**1 762 960**	**(16 377)**	**(26 640)**	**28 982**	**1 781 188**
COMPANY							
Balance at 31 March 2010	**3 320**	**24 276**	**1 125 815**	**(15 768)**	**(1 149)**	**7 820**	**1 144 314**
Issue of share capital	190	4 477	-	-	-	-	4 667
Dividend distribution	-	-	-	-	-	(824)	(824)
	3 510	**28 753**	**1 125 815**	**(15 768)**	**(1 149)**	**6 996**	**1 148 157**
Loss for the year	-	-	-	-	-	(54 134)	(54 134)
Change in fair value of investment properties	-	-	3 316	-	-	(3 316)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	-	11 150	-	-	(11 150)	-
Share-based remuneration	-	-	3 980	-	-	-	3 980
Transfer from non-distributable reserves	-	-	(72 359)	-	-	72 359	-
Other comprehensive income							
Revaluation of available-for-sale financial asset	-	-	-	(1 731)	-	-	(1 731)
Revaluation of cash flow hedges	-	-	-	-	1 946	-	1 946
Balance at 31 March 2011	**3 510**	**28 753**	**1 071 902**	**(17 499)**	**797**	**10 755**	**1 098 218**
Dividend distribution	-	-	-	-	-	(892)	(892)
	3 510	**28 753**	**1 071 902**	**(17 499)**	**797**	**9 863**	**1 097 326**
Profit for the year	-	-	-	-	-	237 021	237 021
Change in fair value of investment properties	-	-	396 829	-	-	(396 829)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	-	(122 471)	-	-	122 471	-
Share-based remuneration	-	-	6 902	-	-	-	6 902
Transfer from non-distributable reserves	-	-	(42 027)	-	-	42 027	-
Other comprehensive loss							
Revaluation of available-for-sale financial asset	-	-	-	2 626	-	-	2 626
Revaluation of cash flow hedges	-	-	-	-	(6 889)	-	(6 889)
Balance at 31 March 2012	**3 510**	**28 753**	**1 311 135**	**(14 873)**	**(6 092)**	**14 553**	**1 336 986**

STATEMENTS OF CASH FLOW

for the year ended 31 March 2012

		2012		2011	
	Note	Group R000	Company R000	Group R000	Company R000
Cash flow from operating activities		**638 685**	**508 363**	570 910	420 185
Profit/(loss) before taxation		**558 316**	**359 555**	36 010	(56 619)
Adjustments	32.1	**53 717**	**115 513**	533 087	493 525
Net changes in working capital	32.2	**35 795**	**37 828**	12 335	(12 933)
Taxation paid	32.4	**(9 143)**	**(4 533)**	(10 522)	(3 788)
Cash flow from investing activities		**(167 450)**	**(34 387)**	(371 782)	(287 017)
Acquisition of and improvements to investment properties and deferred capital expenditure		**(201 648)**	**(158 556)**	(627 460)	(569 746)
Acquisition of furniture, fittings, computer equipment and other		**(1 029)**	**(5)**	(799)	(11)
Net movement of available-for-sale financial asset		**(14 807)**	**(11 375)**	(164)	1 410
Proceeds on sale of investment properties		**36 352**	**28 997**	242 261	181 337
Proceeds on sale of furniture, fittings and computer equipment		**125**	**-**	-	-
Investment and other income		**13 557**	**106 552**	14 380	99 993
Cash flow from financing activities		**(593 097)**	**(524 177)**	(75 644)	(122 369)
Proceeds from interest bearing borrowings (repaid)/advanced		**(1 231)**	**-**	202 953	177 649
Proceeds from issue of share capital		**-**	**-**	233 349	233 349
Finance costs		**(165 633)**	**(129 632)**	(161 803)	(123 787)
Distributions paid	32.5	**(426 233)**	**(426 233)**	(350 143)	(350 143)
Movement in loan to subsidiaries		**-**	**33 438**	-	(50 737)
Loans from subsidiaries repaid		**-**	**(1 750)**	-	(8 700)
Net (decrease)/increase in cash and cash equivalents		**(121 862)**	**(50 201)**	123 484	10 799
Cash and cash equivalents at the beginning of the year		**337 809**	**195 165**	214 325	184 366
Cash and cash equivalents at the end of the year	32.3	**215 947**	**144 964**	337 809	195 165

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

at 31 March 2012

1 ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, AC 500 standards as issued by the Accounting Practices Board, or its successor, the JSE Limited Listings Requirements and the Companies Act of South Africa, 2008, as amended.

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared on the historical cost basis except for the measurement of investment properties and certain financial instruments at fair value and incorporate the principal accounting policies set out below. These accounting policies have been applied consistently with the previous year.

1.2 INVESTMENT PROPERTIES

Investment properties, which are stated at fair market value, constitute land and buildings held by the group for rental producing purposes until or unless a property is no longer considered a core property and does not meet strategic requirements. At that stage a sale of the property will be approved and the property will be transferred to non-current assets held for sale. Investment property is initially recorded at cost which includes transaction costs directly attributable to the acquisition thereof. The directors value all the properties bi-annually to fair market value. At least 50% of all properties are valued every six months on a rotational basis by qualified independent external property valuers and any differences between the respective valuations are reported in the notes to the financial statements.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property. Tenant installation costs are capitalised to the cost of a building. All these items are included in the fair value of investment properties. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair market value is the open market value, which, in the opinion of the directors, is the fair market price at which the property would have been sold unconditionally on a willing buyer-willing seller basis for a cash consideration on the date of the valuation. Gains and losses arising from changes in the fair value of investment properties are recognised in net profit and loss for the period in which they arise. Such gains or losses are excluded from the calculation of distributable earnings.

Gains or losses on the disposal of investment properties are recognised in net profit or loss, and are calculated as the difference between the net selling price and the fair value of the property as valued in the most recent annual financial statements. Such gains or losses are excluded from the calculation of distributable earnings.

1.3 DEVELOPMENT EXPENDITURE

Expenditure incurred on a 'grassroots' property development is measured initially at cost. Once the development is completed the property is stated at fair market value. If a decision is taken not to proceed with the development the costs incurred to the date of that decision are expensed through the income statement.

1.4 TAXATION

The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowable and any adjustment for tax payable or receivable for previous years.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the tax rates and tax laws in the expected manner of realisation or settlement of the carrying amount of assets and liabilities that have been enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences except to the extent that the deferred tax liability arises from:

(a) the initial recognition of goodwill; or
(b) goodwill for which amortisation is not deductible for tax purposes; or
(c) the initial recognition of an asset or liability in a transaction which:
    (i) is not a business combination; and
    (ii) at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

(a) is not a business combination; and
(b) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to other comprehensive income or equity. Where permissible, deferred tax assets are offset against deferred tax liabilities.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available, against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

1 ACCOUNTING POLICIES continued

1.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when a company has become party to the contractual provisions of the instrument.

- **FINANCIAL ASSETS (EXCLUDING DERIVATIVE INSTRUMENTS)**
  The group's principal financial assets are trade receivables, cash and cash equivalents, reimbursement rights, financial assets at amortised cost and loans to subsidiaries. These financial assets are initially measured at fair value. Loans and receivables are subsequently measured at amortised cost. Other financial assets are subsequently measured at fair value.

- **FINANCIAL LIABILITIES (EXCLUDING DERIVATIVE INSTRUMENTS)**
  The group's principal financial liabilities are debentures, interest bearing bank and securitised loans, trade and other payables and other non-interest bearing borrowings. Interest bearing bank and securitised loans and overdrafts are initially recorded at the proceeds received net of direct issue costs. Interest bearing bank loans, debentures and trade and other payables are subsequently measured at amortised cost.

- **GAINS AND LOSSES ON SUBSEQUENT MEASUREMENT**
  Gains and losses arising from a change in the fair value of the financial instruments, excluding available-for-sale financial assets, are included in net profit or loss in the period in which the change arises. Such gains and losses are excluded from the calculation of distributable earnings. Gains and losses arising from a change in the fair value of available-for-sale financial assets are included in other comprehensive income in the period in which the change arises.

- **DERIVATIVE INSTRUMENTS**
  The group uses derivative financial instruments including interest rate swaps, swaptions, forward rate agreements and interest rate caps to hedge its exposure to interest rates. It is the policy of the group not to trade in derivative financial instruments for speculative purposes. Derivative financial instruments are initially and subsequently recognised at fair value.

In terms of hedge accounting, hedges are either (a) fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset or liability or (b) cash flow hedges, which hedge exposure to variability in cash flows.

In the case of fair value hedges, any gains or losses from changes in the fair value of the hedging instrument are recognised immediately in the profit or loss for the period.

Gains and losses on the effective portion of cash flow hedging instruments in respect of forecast transactions are recognised directly in other comprehensive income. Any ineffective portion of a cash flow hedge is recognised in profit or loss for the period.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

1.6 EQUITY AND RESERVES

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The revaluation reserve within equity comprises gains and losses due to the revaluation of investment property. Gains and losses on certain financial instruments are included in reserves for available-for-sale financial assets and cash-flow hedges respectively.

Share-based payments comprising the payments made by the group in respect of awards in respect of the long-term incentive and retention scheme, which payments are amortised over the award period and are included in reserves.

Retained earnings include all current and prior period retained profits.

1.7 REVENUE RECOGNITION

Revenue comprises operating lease income operating expense recoveries charged to tenants, asset management fees and interest income.

Dividends are recognised when the company's right to receive payment is established.

Operating lease income and recoveries are recognised as income on a straight-line basis over the lease term. Interest is brought to account using th e effective interest method.

Contingent rents (turnover rental) are included in revenue when the amounts can be reliably measured.

The asset management business generates revenue from the rendering of services, namely asset management income, sales commission earned on the sales of properties on behalf of the Sanlam Group and other service related income.

Asset management fees are measured by reference to the fair value of consideration received for services rendered.

Sales commission is recognised when all the suspensive conditions pertaining to a property sale agreement have been fulfilled.

1.8 LETTING COMMISSIONS

Letting commissions are capitalised and amortised over the lease period. The carrying value of letting commissions is included with investment properties.

1.9 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group.

1.10 BASIS OF CONSOLIDATION

The group annual financial statements include the financial statements of the company and its subsidiaries. The operating results of the subsidiaries are included from the effective dates of acquisition up to the effective dates of disposal.

Inter-company balances and transactions are eliminated.

Subsidiaries apply the same accounting policies as those used by the company.

Investment in subsidiaries is carried at cost in the company's financial statements, less any accumulated impairment.

1.11 GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, at the date of acquisition. Goodwill is recognised as an asset at the carrying amount less any accumulated impairment. Goodwill is evaluated annually for impairment.

Bargain purchase gains are recognised in profit or loss immediately.

1.12 INTANGIBLE ASSET (ASSET MANAGEMENT CONTRACT)

The asset management contract with an indefinite useful life is stated at cost less accumulated impairment losses. The asset management contract is tested for impairment annually by comparing the recoverable amount with the carrying amount. Useful life is reviewed in each period to determine whether events and circumstances continue to support an indefinite useful life assessment. If they do not, the change in useful life assessment from indefinite to finite is accounted for as a change in estimate.

1.13 IMPAIRMENT LOSSES

At each reporting date the carrying amounts of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Irrespective of whether there is an indication of impairment the group also:

- Tests intangible assets with an indefinite life for impairment annually by comparing the carrying amount with the recoverable amount.
- Tests goodwill acquired in a business combination for impairment annually by comparing its carrying amount with its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use, included in the calculation of the recoverable amount, is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the recoverable amount. The impairment loss is first allocated to goodwill and then to the other assets of the cash generating unit. Subsequent to the recognition of an impairment loss the depreciation or amortisation charge for assets is adjusted to allocate the remaining carrying value, less any residual value, over the remaining useful life. Impairment losses are recognised in profit and loss.

If any impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination. No goodwill impairment losses are subsequently reversed. The attributable amount of goodwill is included in the profit or loss on disposal when the relevant cash generating unit is sold.

1.14 FURNITURE, FITTINGS, COMPUTER EQUIPMENT AND OTHER

Furniture, fittings, computer equipment and other are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is charged so as to write-off the cost less residual value of assets over their estimated useful lives, using the straight-line basis.

The principal useful lives used for this purpose are:

Computer equipment	3 years
Computer software	2 years
Furniture and equipment	6 years
Motor vehicles	5 years

The residual value and useful life of an asset are reviewed at each financial year end.

1.15 BORROWING COSTS

Borrowing costs directly attributable to the acquisition construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

1 ACCOUNTING POLICIES continued

1.15 BORROWING COSTS continued

Capitalisation of such borrowing costs ceases when the assets aresubstantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are expensed in the period in which they are incurred.

1.16 SHARE-BASED PAYMENTS

Services received or acquired in a share-based payment transaction are recognised as the services are received. A corresponding increase in equity is recognised if the services were received in an equity-settled share-based payment transaction or a liability if the services were acquired in a cash-settled share-based payment transaction.

For equity-settled share-based payment transactions, the goods or services received, and the corresponding increase in equity, are measured directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity are measured indirectly by reference to the fair value, at grant date, of the equity instruments granted.

When the services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For cash-settled share-based payment transactions, the services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. If the share-based payments granted do not vest until the counterparty completes a specified period of service, Vukile accounts for those services on a straight-line basis over the vesting period.

If the share-based payments vest immediately, the services received are recognised immediately in full.

1.17 INVESTMENT PROPERTY HELD FOR SALE

Investment property held for sale are properties that will be recovered principally through a sale transaction. These properties are measured at their fair values.

1.18 OPERATING SEGMENTS

In identifying its operating segments, management reviews the performance of its asset management business and its investment properties held by the group on an individual basis.

The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that the following items inter alia are not included in arriving at operating profit of the operating segments:

- Corporate administrative expenditure.
- Investment and other income.

1.19 REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

The following revisions to International Accounting Standards, relevant to the group, have not been early adopted.

Statement	Effective for accounting periods beginning on or after	Summary of key points	Impact on Vukile
IFRS 9 financial instruments	1 January 2015 (ie for the March 2016 financial year end)	• IFRS 9 financial instruments was issued in November 2009 and amended in October 2010. The standard introduces new requirements for the classification and measurement of financial assets and financial liabilities. • IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 financial instruments: recognition and measurement to be subsequently measured at amortised cost or fair value. • The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability, designated as at fair value through profit or loss, attributable to changes in the credit risk of that liability. • The requirements in IAS 39 related to the derecognition of financial assets and financial liabilities have been incorporated unchanged into the new version of IFRS 9.	• Management have yet to assess the impact that this new and amended standard is likely to have on the financial statements of the group.

1.19 REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET ADOPTED continued

Statement	Effective for accounting periods beginning on or after	Summary of key points	Impact on Vukile
IFRS 10 consolidated financial statements	1 January 2013 (ie for the March 2014 financial year end)	• IFRS 10 supercedes IAS 27 consolidated and separate financial statements and SIC 12 consolidation – special purpose entities. It introduces a new, principle-based definition of control which will apply to all investees to determine the scope of consolidation.	• No material impact expected for Vukile.
IFRS 11 joint arrangements	1 January 2013 (ie for the March 2014 financial year end)	• IFRS 11 supercedes IAS 31 interests in joint ventures. It replaces IAS 31's three categories of 'jointly controlled entities', 'jointly controlled operations' and 'jointly controlled assets' with two new categories – 'joint operations' and 'joint ventures'. The option of using proportionate consolidation for joint ventures that was previously included in IAS 31 has been eliminated (equity accounting is now required for all joint ventures).	• No material impact expected for Vukile.
IFRS 12 disclosure of interests in other entities	1 January 2013 (ie for the March 2014 financial year end)	• IFRS 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. • It aims to provide more transparency on 'borderline' consolidation decisions and enhance disclosures about unconsolidated structured entities in which an investor or sponsor has involvement.	• No material impact expected for Vukile.

IFRS 13 fair value measurement	1 January 2013 (ie for the March 2014 financial year end)	• The new IFRS specifies how an entity should measure fair value and disclose fair value information.
		• IFRS 13 has been developed to:
		  • establish a single source of guidance for all fair value measurements;
		  • clarify the definition of fair value and related guidance; and
		  • enhance disclosures about fair value measurements (the new disclosures increase transparency about fair value measurements, including the valuation techniques and inputs used to measure fair value).
			• Management have yet to assess the impact that this new and amended standard is likely to have on the financial statements of the group.

IAS 19 employee benefits	1 January 2013 (ie for the March 2014 financial year end)	• The main changes improve the comparability and understandability of changes arising from defined benefit plans. This is done by:
		  • eliminating the 'corridor method' which allowed entities the option to defer the recognition of gains and losses;
		  • streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in Other Comprehensive Income ("OCI"), thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations; and
		  • enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.
			• No material impact expected for Vukile.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

1.19 REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET ADOPTED continued

Statement	Effective for accounting periods beginning on or after	Summary of key points	Impact on Vukile
IAS 19 employee benefits *continued*	1 January 2013 (ie for the March 2014 financial year end)	• Changes in other areas of IAS 19 include: ◦ more closely aligning the accounting for plan amendments, curtailments, settlements, termination benefits and restructurings; ◦ miscellaneous clarifications including: ▪ the classification of short-term and long-term employee benefits is based on the timing of expected settlement; ▪ the mortality assumptions used to determine the defined benefit obligation are the current estimates of expected mortality rates; ▪ the allocation of tax and administration costs between the costs of the plan and a reduction of plan assets; ▪ the impact of risk-sharing and conditional indexation features. • Some matters that had been submitted to the IFRIC for interpretation (special wage taxes, treatment of employee contributions, pension promises based on performance hurdles and settlements).	• No material impact expected for Vukile.
IAS 12 deferred taxation	1 January 2012 (ie for the March 2013 financial year end)	• The amendments are relevant only when an entity elects to use the fair value model for measurement in IAS 40 investment property. • A rebuttable presumption is introduced in these circumstances that an investment property will be recovered in its entirety through sale.	• Management has elected not to early adopt the standard for the March 2012 financial year end. • Management will assess the effect of IAS 12 on the financial statements during the year.
IAS 1 presentation of financial statements	1 July 2012 (ie for the March 2014 financial year end)	• The amendment changes the structure of items presented in OCI. Items must be grouped and presented into those that, in accordance with other IFRSs (a) will not be reclassified subsequently to profit or loss and/or (b) will be classified subsequently to profit or loss when specific conditions are met.	• No material impact expected for Vukile.
IAS 27 (revised) separate financial statements	1 January 2013 (ie for the March 2014 financial year end)	• Consequential changes have been made to IAS 27 as a result of the publication of the new IFRS 10, 11 and 12. IAS 27 will now solely address separate financial statements, the requirements for which are substantially unchanged.	• No material impact expected for Vukile.
IAS 28 (revised) investments in associates and joint ventures	1 January 2013 (ie for the March 2014 financial year end)	• IAS 28 continues to prescribe the mechanics of equity accounting. Changes to its scope have however been made as a result of the publication of IFRS 11.	• No material impact expected for Vukile.

2 KEY ESTIMATIONS AND UNCERTAINTIES

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the amounts reported in the group's income, expenses, assets and liabilities. Judgement in these areas is based on historical experience and reasonable expectations relating to future events.

Information on the key estimations and uncertainties that have had the most significant effect on the amounts recognised in the financial statements are set out in the following notes in the financial statements:

- Accounting policies – notes 1.2, 1.4, 1.5, 1.7, 1.11, 1.12, 1.13, 1.15 and 1.16.
- Investment property valuation – note 3.
- Deferred taxation – note 20.
- Trade and other receivables – note 12.
- Goodwill – notes 1.11 and 10.
- Intangible assets – notes 1.12, 1.13 and 5.
- Available-for-sale financial asset – note 8.

3 INVESTMENT PROPERTIES

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
STATED AT FAIR VALUE				
Property acquisitions and development costs	3 378 217	2 598 049	3 250 962	2 501 663
Capital expenditure and tenant installations	196 211	175 776	162 382	148 514
Net gain from fair value adjustment of investment properties	2 538 642	1 837 610	1 938 349	1 434 351
Fair value	6 113 070	4 611 435	5 351 693	4 084 528
Lease commissions	14 283	9 965	13 722	9 087
At end of year	6 127 353	4 621 400	5 365 415	4 093 615
Less: Fair value of investment properties held for sale	(321 195)	(300 395)	(281 422)	(256 145)
	5 806 158	4 321 005	5 083 993	3 837 470

3.1 DETAILS OF INVESTMENT PROPERTIES

The directors have valued the group's property portfolio at R6.113 billion as at 31 March 2012 (R5.352 billion: 31 March 2011) using the discounted cash flow of the future income stream method.

This is R761 million or 14.2% higher than the valuation as at 31 March 2011.

The external valuations performed by Broll Valuation and Advisory Services (Pty) Ltd and Jones Lang LaSalle (Pty) Ltd at 31 March 2012 on 45.9% of the total portfolio are in line with the directors' valuations of the same properties.

The group's properties were valued by the asset management division of the group. These valuations were reviewed and approved by the directors of the company, whose experience is reflected in the directors' report.

The group's properties are encumbered as security for the securitised debt and bank loans to the value of R1.74 billion (note 18).

3.2 VALUATION ASSUMPTIONS

The range of the reversionary capitalisation rates applied to the portfolio are between 9.5% and 17.5% with the weighted average being approximately 10.7%.

The discount rates applied range between 11.45% and 19.99% with the weighted average being approximately 12.7%.

In determining future cash flows for valuation purposes vacancies are forecast for each property based on estimated demand.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

3 INVESTMENT PROPERTIES continued

3.3 MOVEMENT FOR THE YEAR

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Investment properties at 1 April	**5 365 415**	**4 093 615**	4 903 485	3 720 441
Capital expenditure and tenant installations	**34 687**	**28 121**	21 691	16 987
Acquisitions and development costs	**164 712**	**127 869**	601 166	548 378
Change in fair value of investment properties	**595 246**	**396 829**	92 862	3 316
Disposal of investment properties	**(33 268)**	**(25 912)**	(252 962)	(194 459)
Movement in lease commissions	**561**	**878**	(827)	(1 048)
Investment properties at 31 March	**6 127 353**	**4 621 400**	5 365 415	4 093 615
Reflected on the statement of financial position under:				
Non-current assets	**5 806 158**	**4 321 005**	5 083 993	3 837 470
Non-current assets held for sale	**321 195**	**300 395**	281 422	256 145
	6 127 353	**4 621 400**	5 365 415	4 093 615

4 STRAIGHT-LINE RENTAL INCOME ADJUSTMENT

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Balance at 1 April	**100 433**	**80 786**	86 065	66 154
Current year movement	**45 993**	**37 313**	14 368	14 632
Balance at 31 March	**146 426**	**118 099**	100 433	80 786
Reflected on the statement of financial position under:				
Non-current portion	**131 179**	**102 943**	99 153	79 795
Non-current assets held for sale	**15 247**	**15 156**	1 280	991
	146 426	**118 099**	100 433	80 786

5 INTANGIBLE ASSET

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Balance at 1 April	**312 832**	**312 832**	362 767	362 767
Impairment	**(45 736)**	**(45 736)**	(49 935)	(49 935)
Balance at 31 March	**267 096**	**267 096**	312 832	312 832

The intangible asset arose on the acquisition of the property asset management contract in respect of the long-term commercial property portfolio of the Sanlam Group.

The asset management agreement is evergreen and can only be terminated in specific circumstances. These circumstances have been assessed and are not currently foreseeable. Consequently the intangible asset has been determined to have an indefinite useful life.

The intangible asset was tested for impairment by comparing the estimated recoverable amount with the carrying value.

The recoverable amount, which is based on a revised forecast income profile, was calculated using the discounted cash flow method. The change in the forecast income profile, together with the increase in the discount rate, has resulted in the recoverable amount being forecast at R45.74 million lower than the 2011 carrying value. An impairment charge of R45.74 million has been raised.

The forecast cash flows were discounted at a rate equivalent to the government SAGB10 rate at 31 March 2012 plus an appropriate risk premium.

6 FURNITURE, FITTINGS, COMPUTER EQUIPMENT AND OTHER

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Cost	**3 460**	**197**	2 512	192
Accumulated depreciation	**(1 475)**	**(179)**	(738)	(164)
Carrying value	**1 985**	**18**	1 774	28

6.1 MOVEMENT FOR THE YEAR

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Net carrying value at 1 April	**1 774**	**28**	1 510	40
Additions	**1 029**	**5**	799	11
Disposals/assets scrapped	**(47)**	**-**	-	-
Depreciation	**(771)**	**(15)**	(535)	(23)
Net carrying value at 31 March	**1 985**	**18**	1 774	28

7 INVESTMENT IN SUBSIDIARIES

	2012	2011
	Company R000	Company R000
DIRECT HOLDING		
Linked units at cost		
100% holding in MICC Property Income Fund Limited (2010 – 100%)[(1)]	**462 780**	462 780
INDIRECT HOLDING		
MICC Properties (Pty) Ltd[(1)]	*	*
MICC Properties Namibia (Pty) Ltd[(2)]	*	*
Katima Mulilo Properties (Pty) Ltd[(2)]	*	*
Katatura Properties (Pty) Ltd[(2)]	*	*
Kavango West Shopping Centre (Pty) Ltd[(2)]	*	*
Oluno Properties (Pty) Ltd[(2)]	*	*
Oshakati Properties (Pty) Ltd[(2)(3)]	*	*
Oshikango Properties (Pty) Ltd[(2)(3)]	*	*
Super Deca Properties (Pty) Ltd[(2)]	*	*
MICC House Namibia (Pty) Ltd[(2)]	*	*
All the companies are 100% held within the MICC Group	*	*
SPECIAL PURPOSE ENTITY	*	*
Vukile Investment Property Securitisation (Pty) Ltd (“VIPS”)[(1)]	*	*
Total investment in subsidiaries	**462 780**	462 780

(1) *Incorporated in the Republic of South Africa.*
(2) *Incorporated in Namibia.*
(3) *Sold during the year.*
* *Amount below R1 000.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

7 INVESTMENT IN SUBSIDIARIES continued

	2012	2011
	Company R000	Group R000
LOANS FROM/(TO) SUBSIDIARIES		
MICC Property Income Fund Limited[1]	**274**	(2 477)
Katima Mulilo Properties (Pty) Ltd[2]	**3 071**	3 071
Katatura Properties (Pty) Ltd[2]	**20 295**	20 295
Kavango West Shopping Centre (Pty) Ltd[2]	**2 420**	2 420
Oluno Properties (Pty) Ltd[2]	**11 631**	11 631
Oshikango Properties (Pty) Ltd[2][3]	**160**	160
Super Deca Properties (Pty) Ltd[2]	**44 987**	44 987
Oshakati Properties (Pty) Ltd[2][3]	**-**	2 024
	82 838	82 111

(1) *This loan was repaid in May 2012 and is not interest-bearing.*
(2) *The loans bear interest at market related deposit rates and are repayable on 45 days written notice.*
(3) *This subsidiary was sold during the year.*

8 AVAILABLE-FOR-SALE FINANCIAL ASSET

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Re-imbursement right	**28 468**	**21 089**	10 208	7 088
Balance at 1 April	**10 208**	**7 088**	13 601	10 229
Additional units recognised	**577**	**576**	1 318	1 318
New performance and retention long-term incentive scheme approved	**14 231**	**10 800**	3 107	451
Less: Units vested/released	**(10 129)**	**(10 129)**	(16 638)	(16 638)
Movement of executive rights	**5 146**	**5 821**	6 560	9 223
Fair value adjustment of re-imbursement right	**8 435**	**6 933**	4 327	3 882
Adjustment for units forfeited on resignation	**-**	**-**	(2 067)	(1 377)
	28 468	**21 089**	10 208	7 088

The terms and conditions of the new long-term retention and incentive scheme were approved by unitholders at the annual general meeting held on 31 August 2010.

SCM has assumed the obligation to discharge Vukile's conditional financial obligations towards its executives and management as follows:

	Rm	Vesting dates
A - Based on 25% retention criteria and 75% performance	7.8	July 2012
B - Based on 25% CPA targets and 75% company performance	4.8	July 2013
C - Based on 25% CPA targets and 75% company performance	0.6	July 2012 - 2013
D - Based on 25% CPA targets and 75% company performance	2.4[1]	July 2014
E - Based on 25% CPA targets plus 75% company performance	3.4[1]	July 2015
F - Based on retention criteria	0.4[2]	July 2011 – 2015
G - Based on 33.33% CPA targets and 66.667% company performance	6.5[3]	August 2014 – 2016

8 AVAILABLE-FOR-SALE FINANCIAL ASSET continued

The executive directors have been allocated the following percentages of the schemes set out in A to G set out on page 90:

	%	Scheme
MJ Potts	29.04	A, B and C
HC Lopion	25.34	D
HC Lopion	22.20	E
LG Rapp	100.00	G

(1) *MICC Property Income Fund Limited ("MIC IF"), a subsidiary of Vukile, has paid an amount of R5.8 million to Sanlam Capital Markets ("SCM") in respect of units awarded to the employees of MICC IF as part of the long-term retention and incentive scheme.*

(2) *The Vukile group employed one additional individual from Sanlam Properties on 1 January 2011 and assumed responsibility for inter alia, the rights and obligations regarding a long-term share-based retention scheme pertaining to said employee, against a payment from Sanlam Properties of R0.4 million. Vukile, through its subsidiary, MICC IF which has employed the former Sanlam Properties' employee, paid R0.4 million to discharge its obligations in this regard to SCM.*

(3) *Vukile paid SCM R6.5 million in respect of units awarded to the new CEO, LG Rapp, in terms of the long-term retention and incentive scheme.*

These re-imbursement rights from SCM are stated at fair value after deduction of executive and management rights.

Further details of the long-term retention and incentive share scheme are set out on page 66.

9 FINANCIAL ASSET AT AMORTISED COST

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Balance at 1 April	4 782	4 782	5 450	5 450
Less: Amortised	(1 815)	(1 815)	(668)	(668)
Balance at 31 March	2 967	2 967	4 782	4 782

The financial asset comprises an interest rate hedge premium of R5.45 million paid in respect of interest swap number 1, refer to note 19, which premium is amortised over the term of this underlying interest rate swap.

10 GOODWILL

	2012	2011
	Company R000	Group R000
Balance at 1 April	71 107	76 299
Less: Goodwill written-off on a subsidiary sold/properties sold by a subsidiary during the year	(762)	(5 192)
Less: Impairment of goodwill	(4 801)	-
Balance at 31 March	65 544	71 107

Goodwill arose on the acquisition of 100% of MICC IF and represents a premium paid on the net assets and liabilities on each property purchased. Each operating segment relative to the acquisition is defined as a cash-generating unit.

Goodwill written-off comprises the goodwill allocated to the cash generating units (investment properties) arising on the acquisition of MICC IF in 2006 which have been sold as follows:

	R000
Kleinfontein Offices	(88)
Oshakati Beares	(674)
Total	(762)

The goodwill in respect of the following properties is considered to be impaired:	(4 801)
Randburg Triangle	(840)
De Tijger Office Park	(3 383)
Rundu Ellerines	(578)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

10 GOODWILL continued

The remaining cash-generating units have been valued using the discounted cash flow method in both reporting periods at amounts significantly in excess of net asset value and goodwill. The discount rate used was 11.61% based on the government SAGB10 rate at 31 March 2012 plus an appropriate risk premium.

Goodwill of R65.5 million is, therefore, not impaired.

11 FINANCIAL INSTRUMENTS BY CATEGORY – GROUP

The accounting policies for financial instruments have been applied to the line items below:

31 March 2012	Loans and receivables R000	Available-for-sale financial asset R000	Financial asset at amortised cost R000
ASSETS PER STATEMENT OF FINANCIAL POSITION			
Cash and cash equivalents	215 947	-	-
Available-for-sale financial asset	-	28 468	-
Trade and other receivables (excluding prepayments)	50 210	-	-
Financial asset at amortised cost	-	-	2 967

31 March 2012	Other financial liabilities at amortised cost R000	Derivatives used for hedging R000
LIABILITIES PER STATEMENT OF FINANCIAL POSITION		
Other interest-bearing borrowings	448 790	-
Linked debenture and premium	2 113 213	-
Derivative financial instruments	-	25 644
Trade and other payables	188 692	-
Short-term bank and securitised finance	1 230 640	-
Linked unitholders for distribution	247 486	-

31 March 2011	Loans and receivables R000	Available-for-sale financial asset R000	Financial asset at amortised cost R000
ASSETS PER STATEMENT OF FINANCIAL POSITION			
Cash and cash equivalents	337 809	-	-
Available-for-sale financial asset	-	10 208	-
Trade and other receivables (excluding prepayments)	69 170	-	-
Financial asset at amortised cost	-	-	4 782

11 FINANCIAL INSTRUMENTS BY CATEGORY – GROUP continued

31 March 2011	Other financial liabilities at amortised cost R000	Derivatives used for hedging R000
LIABILITIES PER STATEMENT OF FINANCIAL POSITION		
Other interest bearing borrowings	1 226 282	-
Linked debenture and premium	2 116 916	-
Derivative financial instruments	-	21 867
Trade and other payables	173 277	-
Short-term bank finance	449 600	-
Linked unitholders for distribution	235 603	-

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. This hierarchy groups financial assets and liabilities into three levels based on the significance of input used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 measured.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	2012			2011		
31 March 2012	Level 1	Level 2	Total	Level 1	Level 2	Total
ASSETS						
Available-for-sale financial assets	28 468	-	28 468	10 208	-	10 208
Total	28 468	-	28 468	10 208	-	10 208
LIABILITIES						
Derivative financial instruments	-	(25 644)	(25 644)	-	(21 867)	(21 867)
Total	-	(25 644)	(25 644)	-	(21 867)	(21 867)
Net fair value	28 468	(25 644)	(2 824)	10 208	(21 867)	(11 659)

There have been no significant transfers between Levels 1 and 2 in the reporting period under review. There were no transfers in or out of Level 3 in the reporting period under review.

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.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

This comprises equity settled share based long-term incentive re-imbursement rights stated at fair value. Fair value has been determined by reference to Vukile's quoted closing price at the reporting date after deduction of executive and management rights.

DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of these swap contracts are determined by ABSA Capital Rand Merchant Bank and Investec Bank Limited using a valuation technique that maximises the use of observable market inputs. Derivatives entered into by the group are included in Level 2 and consist of interest rate swap contracts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

12 TRADE AND OTHER RECEIVABLES

	2012 Group R000	2012 Company R000	2011 Group R000	2011 Company R000
Gross rental receivables	**20 278**	**15 952**	21 056	16 986
Impairment of receivables	**(10 028)**	**(8 153)**	(9 911)	(8 445)
Prepaid expenses	**724**	**577**	2 239	309
Sundry debtors	**39 960**	**27 280**	58 025	40 409
Total	**50 934**	**35 656**	71 409	49 259

Further information on receivables is set out in note 22.

13 LOAN TO SUBSIDIARY

	2012 Group R000	2012 Company R000	2011 Group R000	2011 Company R000
Vukile Investment Property Securitisation (Pty) Ltd ("VIPS")	**-**	**17 299**	-	48 260

The loan to subsidiary comprises the proceeds on the sale of securitised properties. The proceeds are held by VIPS as security for loans to the company. The proceeds earn interest at market related deposit rates and are available to finance the acquisition of any investment property that meets the required securitisation covenants.

14 SHARE CAPITAL

	2012 Group R000	2012 Company R000	2011 Group R000	2011 Company R000
Authorised – par value shares				
800 000 000 ordinary shares of one cent each	**8 000**	**8 000**	8 000	8 000
ISSUED				
351 015 218 (2011: 351 015 218) ordinary shares of one cent each				
Issued for the acquisition of properties	**2 283**	**2 283**	2 283	2 283
Issued as consideration for the acquisition of MICC Property Income Fund Limited	**863**	**863**	863	863
Issued as consideration for the acquisition of the asset management business	**364**	**364**	364	364
In issue at 31 March	**3 510**	**3510**	3 510	3 510

	2012 Company Number of linked units 000	2011 Company Number of linked units 000
Opening balance	**351 015**	332 021
Issued on 3 September 2010	**-**	18 994
Balance at 31 March	**351 015**	351 015

In terms of the memorandum of incorporation and the debenture trust deed the shares are linked with unsecured subordinated variable-rate debentures of four hundred and ninety cents each. This linkage means that each share may only be issued and traded together with the debenture with which it is indivisibly linked.

SHARES UNDER CONTROL OF THE DIRECTORS

5% of the unauthorised shares of the company are under the control of the directors. This authority expires at the next annual general meeting.

15 SHARE PREMIUM

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Arising on the acquisition of properties	**12 156**	**12 156**	12 156	12 156
Arising on the acquisition of MICC Property Income Fund Limited	**9 662**	**9 662**	9 662	9 662
Arising on the acquisition of asset management business	**6 935**	**6 935**	6 935	6 935
Balance at 31 March	**28 753**	**28 753**	28 753	28 753

16 RESERVES

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Non-distributable reserves	**1 719 943**	**1 290 170**	1 347 992	1 055 200
Retained earnings	**28 982**	**14 553**	24 295	10 755
Balance at 31 March	**1 748 925**	**1 304 723**	1 372 287	1 065 955
Non-distributable reserves comprise the following:				
Investment property revaluation surplus net of deferred taxation and transfers	**1 725 611**	**1 283 770**	1 362 628	1 051 439
(Loss)/profit on mark-to-market valuation of cash flow hedges	**(26 640)**	**(6 092)**	(22 228)	797
Valuation adjustments to available-for-sale financial assets	**(16 377)**	**(14 873)**	(19 830)	(17 499)
Share-based payment reserve	**37 349**	**27 365**	27 422	20 463
	1 719 943	**1 290 170**	1 347 992	1 055 200

17 LINKED DEBENTURES AND PREMIUM

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
ISSUED				
351 015 218 (2010: 351 015 218) unsecured subordinated variable-rate debentures of 490 cents each	**1 719 975**	**1 719 975**	1 719 975	1 719 975
Debenture premium	**393 238**	**393 238**	396 941	396 941
Balance at 31 March	**2 113 213**	**2 113 213**	2 116 916	2 116 916

The issue of each debenture is linked to one ordinary share in the share capital of the company, together comprising one linked unit. Any further issues of linked units will be in the same ratio. In terms of the debenture trust deed, the aggregate interest entitlement of every debenture linked to each ordinary share in respect of any financial year shall not be less than 99% of distributable earnings of an income nature unless the directors exercise their discretion to reduce this percentage below 99%, but not less than 90%, prior to 31 March each year. The debentures will be redeemed at their par value in accordance with the provisions of this trust deed and/or the relevant supplemental Debenture Trust Deed in the ordinary course as and when they fall due for payment. The issue of debentures will be redeemable by the company in full at any time after 25 (twenty-five) years after the date of allotment of the relevant debentures. The debenture holders may exercise the right to require the debentures to be redeemed in accordance with the debenture trust deed only by special resolution whereafter the debentures shall be redeemed by the company at their nominal value on the last Friday, which must be a business day, prior to the 5th (fifth) anniversary of the date on which the special resolution is passed.

The debenture premium is amortised over 25 years and discounted at a rate equivalent to the SAGB10 rate at 31 March 2012 plus an appropriate risk premium.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

18 OTHER INTEREST-BEARING BORROWINGS

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Secured fixed rate loans	**448 790**	**1 016 613**	-	1 013 199
Nedbank Limited	450 000	-	-	-
Vukile Investment Property Securitisation (Pty) Ltd ("VIPS")	-	1 020 000	-	1 020 000
Less: Net debt raising fee offset against borrowings	(1 210)	(3 387)	-	(6 801)
Secured variable rate loans	**1 230 640**	**214 027**	1 226 282	213 083
Noteholders	1 020 000	-	1 020 000	-
Less: Net debt raising fee offset against borrowings	(3 387)	-	(6 801)	-
Bank loans	214 181	214 181	214 181	214 181
Less: Net debt raising fees offset against borrowings	(154)	(154)	(1 098)	(1 098)
Interest bearing borrowings	**1 679 430**	**1 230 640**	1 226 282	1 226 282
Interest bearing borrowings – current	**1 230 640**	**1 230 640**	449 600	-
Bank facility	214 027	214 027	449 600	-
Noteholders	1 016 613	1 016 613	-	-

DETAILS OF INTEREST BEARING BORROWINGS – 31 MARCH 2012

Vukile Investment Property Securitisation (Pty) Ltd ("VIPS") is Vukile's securitisation vehicle which issued R1 020 million of variable rate notes to noteholders. The funds so raised were on-lent to Vukile as a fixed interest rate loan.

- **FIXED RATE LOANS**

VIPS

Facility utilised	R1 020 million
Dates of repayment	R462 million – November 2013 (3 year loan) R250 million – May 2012 (3 year loan) R308 million – November 2012 (7 year loan)

All the above loans were repaid on 8 May 2012 by way of the new DMTN programme.

Fixed interest rate	9.76% 9.82% and 10.24% (NACQ) all-in rate
Repayment terms	Interest only quarterly in arrears. Capital on maturity.
Overall financial covenants	
Loan to investment property valuation ratio (borrower)	65% (currently 27.6%)
Interest cover ratio	2.0:1 (currently 4.1:1)
Security	Secured by way of mortgage bonds over Vukile's securitised investment properties and a pledge of rentals receivable.

NEDBANK

Facility utilised	R450 million
Fixed	R398.77 million
Variable	R51.22 million
Date of repayment	August 2014
Term	3 years
Fixed interest rate (NACQ)	8.66%
Variable interest rate	3 month JIBAR plus margin of 1.68%
Repayment terms	Interest only quarterly in arrears. Capital on maturity.
Loan to investment property valuation ratio	50% (currently 30%)
Interest cover ratio	2.0.1 (currently 4.2:1)

- **VARIABLE RATE LOANS**

ABSA BANK

Total facility available	R450 million
Facility drawn down	R214.2 million
Date of repayment	May 2012
Variable interest rate	3 month JIBAR plus 1.40% to 1.69%
Repayment terms	Interest only monthly in arrears. Capital on maturity.
Loan to Vukile non-securitised investment property valuation ratio	70% (currently 19.7%)[1]
Interest cover ratio	2.0:1 times (currently 4.2:1)
Security	Secured by way of mortgage bonds over Vukile's non-securitised investment properties and a pledge of rentals receivable.

(1) *This ratio for the ABSA loans to Vukile is calculated by adding any negative mark-to-market valuation of the group's interest rate swaps to Vukile's loans in respect of the non-securitised investment properties.*

18 OTHER INTEREST-BEARING BORROWINGS continued

DETAILS OF INTEREST BEARING BORROWINGS – 31 MARCH 2012 continued

- **OWING TO NOTEHOLDERS BY VIPS**

Amount	R1 020 million
Dates of repayment	R462 million – November 2013 (3 year loan) R250 million – May 2012 (3 year loan) R308 million – November 2012 (7 year loan)

All the loans were repaid on 8 May 2012 by way of the new DMTN programme.

Variable interest rate	3 months JIBAR plus note margins
Repayment terms	Interest only quarterly in arrears. Capital on maturity
Loan to investment property valuation ratio (borrower)	65% (currently 27.6%)
Interest cover ratio	2.0:1 (currently 4.1:1)
Security	Secured by way of mortgage bonds over securitised investment properties and a pledge of rentals receivable.
ABSA Bank	Access facility R100 million
Facility utilised	Nil
Date of repayment	On demand
Variable interest rate	Prime less 2.1%

An overdraft facility of R45 million and a hedging facility of R112.5 million have been provided by ABSA Bank to the group. These facilities are also secured by mortgage bonds over the non-securitised investment properties and rentals receivable.

19 DERIVATIVE FINANCIAL INSTRUMENTS

	2012		2011	
	Group assets/ (liabilities) R000	Company assets/ (liabilities) R000	Group assets/ (liabilities) R000	Company assets/ (liabilities) R000
Interest rate swaps – cash flow hedges	**(25 644)**	**(5 731)**	(21 867)	1 158

	Swap 1	Swap 2	Swap 3	Swap 4	Swap 5	Swap 6	Swap 7
Interest rate swaps							
Nominal value (Rm)	462.0	308.0	250.0	201.8	33.0	88.5	54.8
Swap period	3 years	7 years	2.8 years	3 years	3 years	5 years	5 years
Maturity date	Nov 2013	Nov 2012	May 2012	Sept 2013	May 2012	May 2012	May 2012
Rate[(1)] (NACQ)	9.76%	10.24%	9.82%	8.60%	8.41%	9.40%	9.60%

	Swap 8	Swap 9	Swap 10	Swap 11	Swap 12	Swap 13
Interest rate swaps						
Nominal value (Rm)	81.66	81.66	81.66	81.66	81.66	81.66
Swap period	3 years	4 years	5 years	3 years	4 years	5 years
Maturity date	May 2015	May 2016	May 2017	May 2015	May 2016	May 2017
Rate[(2)] (NACQ)	6.45%	6.95%	7.27%	6.38%	6.67%	7.00%

(1) *All-in rates including note margins plus amortised transactions costs.*
(2) *Excludes bank margins and amortised transaction costs.*
NACQ – Nominal Annual Compounded Quarterly. JIBAR – Johannesburg Interbank Acceptance Rate.

Swaps 8 – 13 were entered into to hedge R490 million of the R612 million bank debt raised in April 2012 to fund the R1.5 billion property acquisition.

BORROWING POWERS

The borrowing capacity of the company and its subsidiaries is unlimited in terms of their memorandum of incorporation but is subject to loan covenants as detailed in this note.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

20 DEFERRED TAXATION

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Deferred taxation liabilities comprise the following:				
Fair value adjustments	693 745	457 365	522 371	345 342
Straight-line rental income adjustment	33 525	24 874	20 454	14 426
Other temporary differences	515	3 067	1 723	3 092
	727 785	485 306	544 548	362 860
MOVEMENT				
Balance at 1 April	544 548	362 860	532 626	373 278
Sale of subsidiary	(1 523)	-	-	-
Fair value adjustment	149 319	95 837	15 997	(7 053)
Underprovision of deferred taxation on fair value adjustment in prior year	2 519	-	-	-
Capital gains tax rate adjustment	21 059	16 186	-	-
Capital gains tax losses utilised	-	-	540	540
Straight-line rental income adjustment	13 071	10 448	(4 039)	(4 097)
Other temporary differences	(275)	933	(1 694)	(926)
Underprovision of other temporary differences in prior year	25	-	(18)	(18)
Deferred tax asset – normal tax losses	(334)	(334)	1 136	1 136
Deferred tax asset – capital losses	(624)	(624)	-	-
Balance at 31 March	727 785	485 306	544 548	362 860

21 TRADE AND OTHER PAYABLES

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Trade creditors	14 399	7 164	20 272	15 881
Accrued expenses	140 353	97 687	119 418	84 454
Tenant deposits	33 940	24 934	33 587	24 716
	188 692	129 785	173 277	125 051

22 FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of interest rate swaps, financial assets, deposits with banks, accounts receivable and payable, long-term borrowings and loans to and from subsidiaries. In respect of all financial instruments listed above, the book value approximates fair value. The group purchases or issues financial instruments to finance operations and to manage interest rate risks that may arise from time to time.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The audit and risk committee is responsible for developing and monitoring the group's risk management policies. The audit and risk committee reports regularly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The audit and risk committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit and risk committee is assisted in its oversight role by the internal auditors, KPMG. KPMG undertakes both regular and ad hoc reviews of risk management controls and procedures the results of which are reported to the audit and risk committee.

22 FINANCIAL RISK MANAGEMENT continued

CREDIT RISK MANAGEMENT

Potential areas of credit risk comprise mainly cash and trade receivables. In order to minimise any possible risks relating to such investments, surplus funds can only be invested in the 'Big Four' banks and AAA rated money market funds up to pre-determined levels. Trade receivables consist of a large, widespread tenant base. Management has established a credit policy in terms of which each new tenant is analysed individually for credit worthiness before the group's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, the group's credit review includes external ratings. The group monitors the financial position of its tenants on an ongoing basis. Adjustment is made for impairment of specific bad debts and at year end management did not consider there to be any material credit risk exposure, not covered by an allowance for doubtful debts. The group impairment allowance for doubtful debts amounted to approximately R10.0 million (2011: R9.9 million) net of tenant deposits held as security.

The group held tenant cash deposits amounting to R33.9 million at 31 March 2012 (2011: R33.6 million) as collateral for the rental commitments of tenants.

The individually impaired receivables relate mainly to non-national tenants which have been summonsed for non-payment of rentals, or who have vacated the premises due to difficult economic conditions. A portion of the impaired receivables is expected to be recovered. The ageing of the provision for bad debts in respect of the impaired receivables is as follows:

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Not more than 30 days	**2 560**	**2 370**	1 184	1 027
More than 30 days but not more than 60 days	**919**	**749**	1 354	1 263
More than 60 days but not more than 90 days	**669**	**563**	1 186	1 143
More than 90 days	**5 880**	**4 471**	6 187	5 012
At 31 March	**10 028**	**8 153**	9 911	8 445

At reporting date there were no specific concentrations of credit risk.

Disclosure of receivables – Past due but not impaired.
Past due – Amounts uncollected one day or more beyond their contractual due date are 'past due'.

Trade receivables that are due and that are subject to a dispute are not considered impaired until the resolution of the dispute. As of 31 March 2012 group trade receivables of R10.3 million (2011: R11.1 million) were past due but not impaired. Company trade receivables of R7.8 million (2011: R8.5 million) were past due but not impaired at 31 March 2012. These related to a number of independent customers for whom there is no recent history of default.

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
The age analysis of these trade receivables is as follows:				
Not more than 30 days	**6 336**	**4 680**	6 717	5 657
More than 30 days but not more than 60 days	**660**	**385**	2 248	1 342
More than 60 days but not more than 90 days	**566**	**409**	653	431
More than 90 days	**2 688**	**2 325**	1 527	1 111
	10 250	**7 799**	11 145	8 541
Movements on the group allowance for impairment of trade receivables are as follows:				
At 1 April	**9 911**	**8 445**	10 248	8 211
Allowance for receivables impairment	**1 555**	**720**	2 310	2 363
Receivables written off during the year as uncollectable	**(1 438)**	**(1 012)**	(2 647)	(2 129)
At 31 March	**10 028**	**8 153**	9 911	8 445

Allowance for impaired receivables and receivables written off have been included in 'operating costs' in note 24 to the annual financial statements. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

22 FINANCIAL RISK MANAGEMENT continued

MARKET RISK

INTEREST RATE RISK MANAGEMENT

At 31 March 2012 the group had interest-bearing borrowings of R1.68 billion. 100% of the interest-bearing debt has been fixed.

The group's interest rate risk management position and maturity analysis of other interest-bearing borrowings are summarised below:

Debt	Rate %	Amount Rm	Maturity date	Interest rate
Fixed	8.66%	398.8	Aug 2014	Fixed
Floating	3 month JIBAR plus 1.68%	51.2	Aug 2014	Unhedged[3]
Floating	3 month JIBAR	462.0[2]	Nov 2013	Hedged at 9.76%[1]
Floating	3 month JIBAR	250.0[2]	May 2012	Hedged at 9.82%[1]
Floating	3 month JIBAR	308.0[2]	Nov 2012	Hedged at 10.24%[1]
Floating	3 month JIBAR	201.8	May 2012	Hedged at 8.60%[1]
Floating	3 month JIBAR	12.4	May 2012	Hedged at 8.41%[1]
Total		**1 684.2**		

(1) *The above rates include bank and note margins and amortised transaction costs.*
(2) *Repaid on 8 May 2012 by way of the new DMTN programme.*
(3) *Covered by an outstanding swap in a subsidiary.*

The short-term floating access facility of R100 million is not hedged. It is estimated that for the year ended 31 March 2012 a 1% change in interest rates would have affected the group's profit before debenture interest by approximately R386 350.

Details of the group's interest rate swap contracts are set out in note 19 of the annual financial statements.

	Current 12 months maturity analysis R000	Non-current 1-5 years R000	Non-current > 5 years R000
MATURITY ANALYSIS			
Other interest-bearing borrowings	**1 230 640**	448 790	-
Linked debentures and premium	**-**	-	2 113 213
Trade and other payables	**188 692**	-	-
Linked unitholders for distribution	**247 486**	-	-

22 FINANCIAL RISK MANAGEMENT continued

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's policy is to optimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk.

In effect the group seeks to borrow for as long as possible at the lowest acceptable cost. The group regularly reviews the maturity profile of its financial liabilities and seeks to avoid concentration of maturities through the regular replacement of facilities and by using a selection of maturity dates.

The tables on page 102 set out the maturity analysis of the group's interest-bearing borrowings based on the undiscounted contractual cash flows. The R1 020 million notes issued to noteholders by VIPS were repaid on 8 May 2012 and replaced by the secured bond ("DMTN") programme.

The linked debentures are redeemable after 25 years from date of allotment which redemption will be financed by way of a new issue of linked debentures of an equivalent amount.

New long-term loans will be entered into with relevant banks on the expiry of existing bank debt facilities. Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet funding requirements.

In terms of covenants with Nedbank and in respect of the ABSA loans to a subsidiary the nominal value of long-term interest bearing bank debt may not exceed 50% of the value of non-securitised assets. The securitisation loan-to-value covenant is 65% of the external values of securitised property assets. In terms of the ABSA loans to Vukile the nominal value of long-term interest-bearing debt together with the value of any negative mark-to-market valuation of interest rate hedges may not exceed 70% of the external value of the non-securitised properties. Full details hereof are set out in note 18. The directors have imposed a 45% loan-to-value ratio in determining the limit of the group's external borrowings.

	2012	2011
	Group R000	Group R000
Value of property assets	**6 113 071**	5 351 693
45% thereof	**2 750 882**	2 408 262
Nominal value of borrowings utilised at year end	**(1 684 200)**	(1 683 838)
Potential borrowing capacity	**1 066 682**	724 424

23 REVENUE

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Property revenue	**933 269**	**718 652**	836 124	633 916
Income from asset management business	**53 317**	**52 680**	65 146	64 582
Included in property revenue:				
Turnover rental	**13 297**	**9 734**	8 486	5 200

24 PROPERTY EXPENSES

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Municipal fixed charges	**67 843**	**54 223**	63 028	50 981
Municipal consumption costs	**146 977**	**111 421**	114 231	82 248
Operating costs	**77 062**	**59 084**	79 948	61 749
Repairs and maintenance	**16 984**	**14 197**	16 018	12 253
Asset management fees	**-**	**8 163**	-	5 126
Property management fees	**25 555**	**18 848**	20 378	15 399
	334 421	**265 936**	293 603	227 756

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

25 PROFIT FROM ASSET MANAGEMENT BUSINESS

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Income	**53 317**	**52 680**	65 146	64 582
Income asset management fees	**33 493**	**33 493**	33 583	33 583
Sales commission	**19 486**	**19 486**	29 687	29 687
Less: Sales fee paid	**(323)**	**(323)**	(390)	(390)
Management and other fees	**661**	**24**	2 266	1 702
Expenditure	**(30 792)**	**(17 905)**	(20 233)	(12 844)
Administration costs	**(6 365)**	**(17 905)**	(4 029)	(12 844)
Depreciation	**(757)**	**-**	(512)	-
Staff costs	**(22 353)**	**-**	(14 424)	-
Rent paid	**(1 317)**	**-**	(1 268)	-
Profit from asset management business	**22 525**	**34 775**	44 913	51 738

26 CORPORATE ADMINISTRATIVE EXPENSES

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Administration expenses include:				
Administration costs	**10 556**	**6 110**	5 233	5 691
Depreciation of furniture, fittings and computer equipment	**771**	**15**	535	23
Operating lease: Premises	**1 317**	**720**	1 268	-
Share-based remuneration	**9 927**	**6 902**	6 177	3 980
Corporate and asset management staff and related costs (excluding directors' remuneration)	**20 726**	**1 524**	1 467	1 467
Internal audit fee	**267**	**267**	262	262

SHARE-BASED REMUNERATION

As reported previously, the unitholders have approved a long-term retention and incentive scheme which is based on individual performance relative to personal critical performance area targets (25%) and group's performance relative to industry benchmarks (75%). Refer to note 8 in this regard together with page 66 of the integrated annual report.

The charges to the company income statement for the year ended 31 March 2012 amounted to R6.9 million (March 2011: R4.54 million) and to a subsidiary's income statement R3.0 million (March 2011: R2.12 million), relating to the asset management business.

As the above are equity-settled share-based payments, the accounting treatment is to recognise the share-based payments on a straight-line basis over the vesting periods.

27 AUDITORS' REMUNERATION

	2012		2011	
Audit fees	**Group R000**	**Company R000**	Group R000	Company R000
Current year	**1 728**	**926**	1 704	931
Other services	**184**	**152**	47	47
	1 912	**1 078**	1 751	978

28 INVESTMENT AND OTHER INCOME

	2012		2011	
	Group R000	**Company R000**	Group R000	Company R000
Debenture interest received from subsidiary	**-**	**93 979**	-	85 996
Dividends received from subsidiary	**-**	**21**	-	19
Interest on deposits and receivables	**13 500**	**10 428**	12 419	10 464
Management fees received	**-**	**2 067**	240	1 923
Other income	**57**	**57**	1 721	1 591
	13 577	**106 552**	14 380	99 993

29 FINANCE COSTS

	2012		2011	
	Group R000	**Company R000**	Group R000	Company R000
Secured loans	**158 631**	**117 515**	157 451	119 435
Unsecured loans	**773**	**5 944**	-	-
Amortisation of debt raising fees	**4 414**	**4 358**	3 684	3 684
Amortisation interest rate swaption	**1 815**	**1 815**	668	668
	165 633	**129 632**	161 803	123 787

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

30 TAXATION

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Normal taxation	4 708	-	6 303	3 196
Normal taxation over provision in prior year	(626)	-	-	-
	4 082	-	6 303	3 196
Secondary taxation on companies ("STC") and NRST	780	88	672	72
Capital gains tax on property sales	132	-	7 129	5 205
Capital gains tax rate adjustment	21 059	16 186		
Capital loss – deferred tax asset	(624)	(624)	-	-
Deferred taxation on fair value surplus underprovision in prior year	2 519	-	-	-
Deferred taxation on straight-line rental accrual	13 071	10 448	(4 039)	(4 097)
Deferred taxation asset – tax losses (arising)/utilised	(334)	(334)	1 136	1 136
Deferred taxation on fair value adjustment of investment properties	149 319	95 837	15 998	(7 053)
Deferred taxation on other temporary differences	(275)	933	(1 693)	(926)
Deferred taxation on other temporary differences underprovision prior year	25	-	(18)	(18)
	189 754	122 534	25 488	(2 485)

	2012		2011	
	Group %	Company %	Group %	Company %
RECONCILIATION OF TAX RATE				
Standard tax rate	28.00	28.00	28.00	28.00
CGT	(0.09)	(0.17)	-	-
Permanent differences	2.41	3.07	(6.25)	(9.75)
STC/NRST	0.02	0.02	0.18	0.04
Change in use	(1.50)	(1.34)	(2.49)	(2.67)
Rate change	3.77	4.50	-	-
Prior year adjustment	0.34	-	-	-
Namibia rate differential	0.93	-	1.31	-
Deferred tax asset not recognised	-	-	0.52	0.56
Other	0.11	-	0.88	1.31
Effective tax rate	33.99	34.08	22.15	17.49

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

	2012		2011	
	Group R000	Cents per linked unit	Group R000	Cents per linked unit
Attributable profit after taxation	**368 562**	**105.00**	10 522	3.07
Adjusted for:				
Debenture interest	**437 224**	**124.56**	403 948	117.79
Earnings per linked unit	**805 786**	**229.56**	414 470	120.86
Change in fair value of investment properties	**(549 253)**	**(156.48)**	(78 494)	(22.89)
Total tax effects of adjustments	**172 405**	**49.12**	23 126	6.74
Write-off in goodwill on sale of subsidiary/ properties sold by a subsidiary	**762**	**0.22**	5 192	1.51
Impairment of goodwill	**4 801**	**1.37**	-	-
Profit on sale of subsidiary	**(1 428)**	**(0.41)**	-	-
(Profit)/loss on sale of investment properties	**(3 084)**	**(0.88)**	14 798	4.31
Impairment of intangible asset	**45 736**	**13.03**	49 935	14.56
Amortisation of debenture premium	**(3 703)**	**(1.05)**	(2 519)	(0.73)
Headline earnings of linked units	**472 022**	**134.48**	426 508	124.36
Straight-line rental accrual net of deferred taxation	**(32 922)**	**(9.38)**	(18 407)	(5.36)
Available for distribution	**439 100**	**125.10**	408 101	119.0

	2012	2011
Calculation of distributable earnings	Group R000	Group R000
Net profit from property operations	**644 841**	556 889
Less: Straight-line income adjustment	**(45 993)**	(14 368)
Investment and other income	**13 557**	14 380
Net income from the asset management business	**22 525**	44 913
Administrative expenses	**(25 919)**	(25 509)
Finance costs	**(165 633)**	(161 803)
Taxation (excluding deferred tax on revaluation adjustments)	**(4 278)**	(6 401)
Available for distribution	**439 100**	408 101

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

32 STATEMENTS OF CASH FLOW

The following convention applies to figures under 'adjustments' below. Inflows of cash are represented by figures in brackets while outflows of cash are represented by figures without brackets.

32.1 ADJUSTMENTS

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Gross change in fair value of investment properties	**(595 246)**	**(396 829)**	(92 862)	(3 316)
Finance costs	**165 633**	**129 632**	161 803	123 787
Debenture interest	**437 224**	**437 224**	403 948	403 948
Investment and other income	**(13 557)**	**(106 552)**	(14 380)	(99 993)
Share-based remuneration	**9 927**	**6 902**	6 177	3 980
Amortised debt raising costs and movement in interest rate swaps	**4 144**	**4 358**	(207)	(207)
Amortised financial asset	**1 815**	**1 815**	668	668
Write-off goodwill on sale of subsidiary/properties sold by a subsidiary	**762**	**-**	5 192	-
Impairment of goodwill	**4 801**	**-**	-	-
Profit on sale of subsidiary	**(1 428)**	**-**	-	-
(Profit)/loss on sale of investment properties	**(3 084)**	**(3 085)**	14 798	17 219
Impairment of intangible asset	**45 736**	**45 736**	49 935	49 935
Depreciation on furniture, fittings and equipment	**771**	**15**	535	23
Amortisation of debenture premium	**(3 703)**	**(3 703)**	(2 519)	(2 519)
Other	**(78)**	**-**	(1)	-
	53 717	**115 513**	533 087	493 525

32.2 NET CHANGES IN WORKING CAPITAL

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Movement in working capital				
Decrease/(increase) in trade and other receivables	**20 475**	**33 094**	(24 667)	(46 654)
Increase in trade and other payables	**15 415**	**4 734**	37 002	33 721
Sale of subsidiary – movement in working capital	**(95)**	**-**	-	-
	35 795	**37 828**	12 335	(12 933)

32.3 CASH AND CASH EQUIVALENTS

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Held on deposit for tenants	**33 149**	**24 195**	32 889	24 245
Held on short-term interest-bearing deposits	**94 569**	**76 000**	97 717	25 267
Cash on hand	**88 229**	**44 769**	207 203	145 653
	215 947	**144 964**	337 809	195 165

32.4 TAXATION PAID

		2012		2011	
	Note	Group R000	Company R000	Group R000	Company R000
Amount owing at beginning of year		**5 416**	**4 140**	2 373	(6)
Capital gains taxation	30	**132**	**-**	6 590	4 666
Current taxation	30	**4 082**	**-**	6 303	3 196
Secondary taxation on companies and non-resident shareholders' tax	30	**780**	**88**	672	72
		10 410	**4 228**	15 938	7 928
Net amount owing at end of year		**(1 267)**	**305**	(5 416)	(4 140)
Tax paid during year		**9 143**	**4 533**	10 522	3 788

32 STATEMENTS OF CASH FLOW continued

32.5 DISTRIBUTION TO LINKED UNITHOLDERS

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Distribution to linked unitholders owing at beginning of year	**235 603**	**235 603**	180 974	180 974
Debenture interest per income statement	**437 224**	**437 224**	403 948	403 948
Dividends declared	**892**	**892**	824	824
Distribution to linked unitholders owing at end of year	**(247 486)**	**(247 486)**	(235 603)	(235 603)
Distribution paid during the year	**426 233**	**426 233**	350 143	350 143

33 RELATED PARTY TRANSACTIONS

		2012		2011	
	Type of transaction	Amount paid/ (received) R000	Amounts owed to/(by) related parties R000	Amount paid/ (received) R000	Amounts owed to/(by) related parties R000
Sanlam Life Insurance Limited[1]	Lease rentals	**430**	**-**	1 269	(6 196)
Sanlam Properties Proprietary Limited[1]	Asset management fees and sales commission received	**(17 571)**	**-**	(63 270)	(13 770)
	Handling fees on sold properties and asset management fees	**-**	**-**	1 603	419
	Consulting fees	**-**	**-**	(1 431)	-
Sanlam Capital Markets Limited ("SCM")[1]	Assumption of company's conditional financial obligations to senior management	**-**	**-**	430	-
Gensec Property Services Limited trading as JHI[2]	Property management and other fees	**-**	**-**	19 469	1 487
Kuper Legh Property Group[3]	Property management and other fees	**1 735**	**-**	5 373	327
Inter group transactions					
MICC Property Income Fund ("MIC IF")	Asset management fees[4]	**(27 460)**	**-**	(19 991)	-
MICC Properties	Corporate administration recovery[5]	**2 067**	**-**	1 923	-
MICC Namibian subsidiaries	Interest received[6]	**(5 447)**	**-**	(7 011)	-

(1) *The Sanlam Group ceased to be a related party from August 2011. The Sanlam Group currently holds less than 6% of the company's linked units in issue. The amounts received and paid have been disclosed for a four month period to 31 July 2011.*

(2) *Sanlam Limited sold its minority shareholding in JHI in the previous financial year. JHI is no longer regarded as a related party.*

(3) *The property management agreement with Kuper Legh Property Group expired on 31 August 2011 and hence this company, through its main shareholder, is no longer a related party.*

(4) *Fees paid by Vukile for the management of the group's and Sanlams' property portfolios by MICC IF.*

(5) *Allocation of corporate and administration costs attributable to the MICC group paid to Vukile.*

(6) *Market related interest paid by Vukile on loans advanced by its Namibian subsidiaries.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

34 OPERATING SEGMENT REPORT

Properties owned by the company at 31 March 2012	Region	Town	Gross lettable area m²	Purchase price R000	Effective date of acquisition
OFFICES					
Arivia.kom Building	Gauteng	Midrand	15 634	78 238	Apr 2004
DLV Building	Gauteng	Pretoria	2 871	13 469	Apr 2004
Barlow Place	Gauteng	Sandton	2 459	8 660	Apr 2004
Mutual and Federal	Gauteng	Pretoria	12 093	54 712	Apr 2004
Pinepark	Western Cape	Cape Town	2 804	13 347	Apr 2004
Eva Park	Gauteng	Johannesburg	10 911	30 657	Apr 2004
Louis Leipoldt Hospital	Western Cape	Bellville	22 311	106 937	Apr 2004
Bedfordview GIS	Gauteng	Johannesburg	6 759	26 396	Apr 2004
259 West Street Centurion	Gauteng	Centurion	5 180	17 979	Apr 2004
Oos London Sanlam Park	Eastern Cape	East London	9 035	59 236	Apr 2004
Durban Embassy	KwaZulu-Natal	Durban	32 346	107 041	Apr 2004
Oakhurst Parktown	Gauteng	Johannesburg	9 138	34 400	Mar 2006
50 6th Road Hyde Park	Gauteng	Sandton	4 181	56 573	Sep 2006
Waymark Offices	Gauteng	Centurion	3 480	34 174	Mar 2008
West Street Houghton	Gauteng	Houghton	4 415	33 504	Sep 2007
Pretoria Hatfield Sanlam Building	Gauteng	Pretoria	5 358	41 875	Sep 2010
Pretoria Sanwood Park	Gauteng	Pretoria	6 388	55 464	Sep 2010
Sandton St Andrews Complex	Gauteng	Sandton	9 903	76 805	Sep 2010
Sandton Sunninghill Place	Gauteng	Sandton	8 774	73 986	Sep 2010
Randburg Triangle	Gauteng	Randburg	3 047	12 725	Oct 2003
De Tijger Office Park	Western Cape	Cape Town	4 159	25 856	Oct 2003
			181 246	**962 034**	
INDUSTRIAL					
Sony Building	Gauteng	Midrand	11 001	33 530	Apr 2004
Supra Hino	Gauteng	Johannesburg	2 840	14 264	Apr 2004
Hellman International	Gauteng	Johannesburg	5 241	5 807	Apr 2004
Valley View Industrial Park	KwaZulu-Natal	Durban	30 790	53 795	Apr 2004
Village Main Industrial Park	Gauteng	Johannesburg	8 057	5 400	Apr 2004
Richmond Park	KwaZulu-Natal	Durban	7 940	10 800	Apr 2004
Centurion N1	Gauteng	Centurion	11 413	12 990	Apr 2004
Midrand Allandale undeveloped land	Gauteng	Midrand	-	5 655	Apr 2004
Midrand Sanitary City	Gauteng	Midrand	6 342	15 277	Apr 2004
Parow Industrial Park	Western Cape	Cape Town	19 834	28 059	Apr 2004
Midrand Allandale Park	Gauteng	Midrand	21 344	23 175	Apr 2004
Germiston R24	Gauteng	Germiston	34 977	53 520	Apr 2004
Randburg Trevallyn	Gauteng	Randburg	32 006	48 324	Apr 2004
Pinetown Westmead Kyalami Park	KwaZulu-Natal	Pinetown	16 914	59 390	Sep 2010
Randburg Tungsten	Gauteng	Randburg	10 365	13 336	Oct 2003
Robertville Mini Factories	Gauteng	Johannesburg	28 105	15 983	Oct 2003
			247 169	**399 305**	

Directors' valuation at 31 Mar 2012 R000	Property revenue R000	Property expenditure R000	Goodwill R000	Linked debentures and premiums R000	Interest-bearing borrowings R000	Weighted average rental R/m² pm	Vacancy %
169 350	22 125	6 531	-	58 542	46 525	81.59	0.57
25 916	3 795	1 561	-	8 959	7 120	95.24	4.10
30 672	4 029	1 315	-	10 603	8 426	97.99	-
84 717	14 669	6 312	-	29 286	23 274	45.16	-
26 929	3 340	1 314	-	9 309	7 398	75.60	-
46 528	8 728	3 983	-	16 084	12 783	75.31	34.45
287 847	22 237	2 209	-	99 505	79 080	77.09	-
37 733	6 914	3 117	-	13 044	10 366	64.58	17.59
35 093	5 629	2 307	-	12 131	9 641	81.37	15.97
71 747	9 478	2 774	-	24 802	19 711	80.12	3.28
202 785	34 446	13 840	-	70 100	55 711	71.27	10.25
91 395	12 977	4 547	-	31 594	25 109	81.95	1.17
58 190	9 516	3 400	-	20 116	15 986	147.55	2.28
39 630	4 645	591	-	13 700	10 888	92.66	-
54 348	7 093	2 925	-	18 787	14 931	101.65	0.81
40 733	7 010	2 401	-	14 081	11 190	77.69	1.41
60 136	4 971	2 893	-	20 788	16 521	86.94	43.69
87 958	11 139	5 596	-	30 406	24 164	78.89	22.42
88 677	10 404	4 360	-	30 655	24 362	82.05	15.77
14 981	3 249	1 270	860	5 179	4 116	62.18	4.71
30 572	4 509	1 818	71	10 568	8 399	90.24	23.50
1 585 937	**210 903**	**75 064**	**931**	**548 239**	**435 701**		
59 834	9 215	4 511	-	20 684	16 438	57.15	24.71
29 547	2 446	533	-	10 214	8 117	58.99	-
32 429	3 963	800	-	11 210	8 909	53.96	-
97 687	11 138	1 044	-	33 769	26 837	30.03	-
22 881	3 946	2 181	-	7 910	6 286	32.01	-
29 864	5 117	1 832	-	10 323	8 204	40.60	-
55 344	5 895	1 808	-	19 132	15 205	42.59	14.95
17 700	-	-	-	6 119	4 863	-	-
38 702	3 373	434	-	13 379	10 632	42.44	-
69 540	6 874	2 537	-	24 039	19 105	31.72	19.39
79 312	10 565	2 892	-	27 417	21 789	41.33	23.54
149 259	18 847	5 789	-	51 597	41 006	38.72	8.24
127 872	15 947	7 160	-	44 204	35 130	37.66	11.86
72 064	8 769	3 737	-	24 912	19 798	36.65	3.24
48 288	6 108	2 109	1 782	16 693	13 266	41.69	6.42
86 339	13 284	6 041	2 135	29 846	23 720	31.11	4.93
1 016 662	**125 487**	**43 408**	**3 917**	**351 448**	**279 305**		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

34 OPERATING SEGMENT REPORT continued

Properties owned by the company at 31 March 2012	Region	Town	Gross lettable area m²	Purchase price R000	Effective date of acquisition
RETAIL					
Truworths Centre	Mpumalanga	Nelspruit	1 920	7 336	Apr 2004
Grosvenor Crossing	Gauteng	Johannesburg	4 603	31 381	Apr 2004
Pine Crest Centre	KwaZulu-Natal	Durban	20 073	99 338	Apr 2004
Barlows Audi**	Western Cape	Cape Town	3 100	24 025	Apr 2004
Bloemfontein Plaza and Parkade	Free State	Bloemfontein	38 448	45 726	Apr 2004
Daveyton Shopping Centre	Gauteng	Johannesburg	17 095	49 883	Apr 2004
Dobsonville Shopping Centre	Gauteng	Johannesburg	23 177	56 118	Apr 2004
Durban Phoenix Plaza	KwaZulu-Natal	Durban	24 342	189 140	Apr 2004
Giyani Plaza	Limpopo	Giyani	9 442	58 250	Jul 2011
Randburg Square	Gauteng	Randburg	50 945	70 668	Apr 2004
Moratiwa Crossing	Limpopo	Jane Furse	11 686	61 540	Nov 2007
Kimberley Kim Park	Northern Cape	Kimberley	10 585	47 915	Sep 2010
Nelspruit Sanlam Centre	Mpumalanga	Nelspruit	13 915	39 963	Sep 2010
Rustenburg Edgars Building	Northwest	Rustenburg	9 784	83 750	Sep 2010
Roodepoort Hillfox Power Centre	Gauteng	Roodepoort	37 440	62 098	Oct 2003
Mala Plaza	Limpopo	Malamulele	6 193	11 758	Oct 2003
Masingita Spar Centre	Limpopo	Giyani	5 485	13 947	Oct 2003
Piet Retief Shopping Centre	Mpumalanga	Piet Retief	7 542	20 818	Oct 2003
Qualbert Centre	KwaZulu-Natal	Durban	4 777	24 432	Oct 2003
Kokstad Game Centre	KwaZulu-Natal	Kokstad	12 867	37 666	Oct 2003
The Victoria Centre	KwaZulu-Natal	Pietermaritz-burg	11 016	55 685	Oct 2003
Meadowdale Land	Gauteng	Johannesburg	-	-	-
Meadowdale Mall	Gauteng	Johannesburg	35 339	66 170	Oct 2003
Oshakati Shopping Centre	Namibia	Oshakati	22 269	76 929	Oct 2003
Oshikango Ellerines Centre	Namibia	Oshikango	9 163	19 542	Oct 2003
Ondangwa Shoprite Checkers	Namibia	Ondangwa	5 739	17 959	Oct 2003
Katatura Checkers Centre	Namibia	Katatura	10 587	41 157	Oct 2003
269 Independence Avenue	Namibia	Windhoek	12 828	110 803	Jul 2007
			420 360	**1 423 997**	

** *Leasehold property.*

	Directors' valuation at 31 Mar 2012 R000	Property revenue R000	Property expenditure R000	Goodwill R000	Linked debentures and premiums R000	Interest-bearing borrowings R000	Weighted average rental R/m² pm	Vacancy %
	30 727	2 740	327	-	10 622	8 442	113.18	-
	56 412	5 408	3 127	-	19 501	15 498	109.71	32.43
	204 072	35 222	10 820	-	70 545	56 064	105.80	5.29
	43 085	3 999	396	-	14 894	11 837	102.64	-
	144 247	38 648	21 239	-	49 864	39 629	60.27	4.34
	182 501	25 113	7 659	-	63 088	50 138	96.06	3.13
	229 436	33 926	12 700	-	79 313	63 032	91.63	2.29
	495 381	63 706	22 382	-	171 247	136 095	178.09	2.27
	73 086	7 940	1 798	-	25 265	20 079	77.60	0.45
	150 083	81 361	30 986	-	51 882	41 232	59.25	13.73
	91 702	13 974	4 310	-	31 700	25 193	77.30	2.00
	38 487	9 922	6 881	-	13 305	10 573	59.98	13.38
	53 436	13 749	7 934	-	18 472	14 680	59.60	4.85
	95 966	11 133	972	-	33 174	26 365	75.66	-
	168 208	29 847	13 050	8 296	58 147	46 211	50.13	9.16
	56 469	6 640	1 848	1 571	19 521	15 514	86.02	3.47
	34 489	5 737	2 314	1 863	11 922	9 475	63.20	6.94
	67 788	7 452	1 251	2 781	23 433	18 623	75.35	0.94
	57 574	6 573	1 236	3 264	19 903	15 817	116.21	-
	109 306	11 853	2 902	5 032	37 786	30 029	67.60	1.46
	100 560	13 627	4 013	7 439	34 762	27 627	89.13	2.15
	16 650	-	-	-	5 756	4 574	-	-
	125 694	26 617	16 024	8 841	43 451	34 532	38.65	9.27
	190 628	27 919	10 507	10 279	65 898	52 371	80.20	-
	104 166	10 476	999	2 611	36 009	28 617	95.07	1.31
	42 450	5 498	686	2 399	14 674	11 662	80.43	-
	91 376	14 725	5 629	5 499	31 588	25 104	86.23	0.21
	135 296	17 359	4 614	-	46 771	37 170	106.74	7.62
	3 189 275	**531 344**	**196 604**	**59 875**	**1 102 493**	**876 183**		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

34 OPERATING SEGMENT REPORT continued

Properties owned by the company at 31 March 2012	Region	Town	Sector	Gross lettable area m²	Purchase price R000	Effective date of acquisition	
HELD FOR SALE							
VWL Building	Gauteng	Pretoria	Offices	16 933	67 346	Apr 2004	
Glencairn Building	Gauteng	Johannesburg	Offices	13 378	41 875	Apr 2004	
Midtown Building	Gauteng	Pretoria	Offices	8 086	34 947	Apr 2004	
Nelspruit Prorom	Mpumalanga	Nelspruit	Offices	6 178	16 108	Apr 2004	
John Griffin	Gauteng	Johannesburg	Industrial	9 774	5 298	Apr 2004	
Truworths Building	Gauteng	Johannesburg	Retail	6 919	40 550	Apr 2004	
Lichtenburg Sanlam Centre	Limpopo	Lichtenburg	Retail	8 423	18 706	Apr 2004	
Rundu Ellerines*	Namibia	Rundu	Retail	1 283	4 330	Oct 2003	
Katima Mulilo Pep Stores*	Namibia	Katima Mulilo	Retail	2 472	6 149	Oct 2003	
				73 446	235 309		
Total group				**922 221**	**3 020 645**		
Lease commissions							
Group total (excluding sold properties)							
Sold properties							
Group total - property management							
Income from asset management business							
Expenditure - asset management business							
* *Investment property held for sale.*							
Add excluded items:							
Intangible asset							
Deferred capital expenditure							
Furniture, fittings, computer equipment and other							
Available-for-sale financial asset							
Financial asset at amortised cost							
Goodwill							
Trade and other receivables							
Cash and cash equivalents							
Total assets							
Linked debentures and premium							
Interest-bearing borrowings							
Add excluded items:							
Equity and reserves							
Derivative financial instruments							
Deferred taxation							
Trade and other payables							
Taxation payable							
Linked holders for distribution							
Total liabilities							

Directors' valuation at 31 Mar 2012 R000	Property revenue R000	Property expenditure R000	Goodwill R000	Linked debentures and premiums R000	Interest bearing borrowings R000	Weighted average rental R/m² pm	Vacancy %
97 363	14 635	4 529	-	33 657	26 748	52.04	1.57
23 520	16 187	6 371	-	8 131	6 462	73.07	3.64
44 634	7 497	1 520	-	15 429	12 262	65.65	-
34 920	5 664	1 136	-	12 071	9 594	70.90	7.73
16 500	3 358	2 230	-	5 704	4 533	17.64	-
43 680	6 596	655	-	15 100	12 000	76.53	-
39 779	5 817	1 795	-	13 751	10 928	49.91	5.67
2 800	292	126	-	968	769	29.61	40.93
18 000	2 020	160	821	6 222	4 945	71.41	
321 196	62 066	18 522	821	111 033	88 241		
6 113 072	**929 800**	**333 598**	**65 544**	**2 113 213**	**1 679 430**		
14 283	-	-	-	-	-		
6 127 353	**929 800**	**333 598**	**65 544**	**2 113 213**	**1 679 439**		
	3 469	823					
	933 269	**334 421**					
	53 317	-					
		30 792					
267 096							
4 411							
1 985							
28 468							
2 967							
65 544							
50 934							
215 947							
6 764 705							
					2 112 213		
					1 679 430		
					1 781 188		
					25 644		
					727 785		
					188 692		
					1 267		
					247 486		
					6 764 705		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

34 OPERATING SEGMENT REPORT continued

Properties owned by the company at 31 March 2011	Region	Town	Gross lettable area m²	Purchase price R000	Effective date of acquisition
OFFICES					
Arivia.kom Building	Gauteng	Midrand	15 634	78 238	Apr 2004
DLV Building	Gauteng	Pretoria	2 872	13 469	Apr 2004
Barlow Place	Gauteng	Sandton	2 460	8 660	Apr 2004
Mutual and Federal	Gauteng	Pretoria	12 093	54 712	Apr 2004
Pinepark	Western Cape	Cape Town	2 804	13 347	Apr 2004
Eva Park	Gauteng	Johannesburg	10 911	30 657	Apr 2004
Louis Leipoldt Hospital	Western Cape	Bellville	22 311	106 937	Apr 2004
Nelspruit Prorom	Mpumalanga	Nelspruit	6 181	16 108	Apr 2004
Bedfordview GIS	Gauteng	Johannesburg	6 759	26 396	Apr 2004
259 West Street Centurion	Gauteng	Centurion	5 180	17 979	Apr 2004
Oos London Sanlam Park	Eastern Cape	East London	9 069	59 236	Apr 2004
Durban Embassy	KwaZulu-Natal	Durban	32 346	107 041	Apr 2004
Oakhurst Parktown	Gauteng	Johannesburg	9 085	34 400	Mar 2006
50 6th Road Hyde Park	Gauteng	Sandton	4 181	56 573	Sep 2006
Waymark Offices	Gauteng	Centurion	3 480	34 174	Mar 2008
West Street Houghton	Gauteng	Houghton	4 415	33 504	Sep 2007
Pretoria Hatfield Sanlam Building	Gauteng	Pretoria	5 358	41 875	Sep 2010
Pretoria Sanwood Park	Gauteng	Pretoria	6 388	55 464	Sep 2010
Sandton St Andrews Complex	Gauteng	Sandton	9 902	76 805	Sep 2010
Sandton Sunninghill Place	Gauteng	Sandton	8 774	73 986	Sep 2010
Randburg Triangle	Gauteng	Randburg	3 047	12 725	Oct 2003
De Tijger Office Park	Western Cape	Cape Town	4 159	25 856	Oct 2003
			187 409	978 142	
INDUSTRIAL					
Sony Building	Gauteng	Midrand	11 001	33 530	Apr 2004
Supra Hino	Gauteng	Johannesburg	2 840	14 264	Apr 2004
Hellman International	Gauteng	Johannesburg	5 241	5 807	Apr 2004
Valley View Industrial Park	KwaZulu-Natal	Durban	30 790	53 795	Apr 2004
Village Main Industrial Park	Gauteng	Johannesburg	8 057	5 400	Apr 2004
John Griffin	Gauteng	Johannesburg	9 774	5 298	Apr 2004
AAD	Western Cape	Cape Town	3 024	7 845	Apr 2004
Richmond Park	KwaZulu-Natal	Durban	7 940	10 800	Apr 2004
Centurion N1	Gauteng	Centurion	11 413	12 990	Apr 2004
Midrand Allandale Undeveloped Land	Gauteng	Midrand	-	5 655	Apr 2004
Midrand Sanitary City	Gauteng	Midrand	6 342	15 277	Apr 2004
Parow Industrial Park	Western Cape	Cape Town	19 834	28 059	Apr 2004
Midrand Allandale Park	Gauteng	Midrand	21 344	23 175	Apr 2004
Germiston R24	Gauteng	Germiston	34 977	53 520	Apr 2004
Randburg Trevallyn	Gauteng	Randburg	32 006	48 324	Apr 2004
Pinetown Westmead Kyalami Park	KwaZulu-Natal	Pinetown	16 914	59 390	Sep 2010
Randburg Tungsten	Gauteng	Randburg	10 365	13 336	Oct 2003
Robertville Mini Factories	Gauteng	Johannesburg	28 106	15 983	Oct 2003
			259 968	412 448	

	Directors' valuation at 31 Mar 2011 R000	Property Revenue R000	Property Expenditure R000	Goodwill R000	Linked debentures and premiums R000	Interest bearing borrowings R000	Weighted average rental R/m² pm	Vacancy %
	147 052	20 027	4 049	-	58 168	46 049	75.54	-
	18 848	3 306	791	-	7 456	5 902	87.32	11.55
	25 220	3 572	1 199	-	9 976	7 897	88.71	-
	68 349	17 150	4 762	-	27 036	21 403	51.59	-
	23 523	3 186	1 011	-	9 305	7 366	70.00	-
	51 399	9 169	3 873	-	20 331	16 096	72.22	23.96
	218 317	20 484	1 902	-	86 358	68 366	71.71	-
	27 382	6 273	3 412	-	10 831	8 575	75.77	2.49
	34 101	6 358	3 181	-	13 489	10 679	58.80	17.23
	36 700	5 933	2 067	-	14 517	11 493	76.48	0.38
	62 344	9 303	2 648	-	24 661	19 523	76.05	-
	182 028	33 915	13 290	-	72 003	57 002	66.87	9.06
	67 310	11 084	3 866	-	26 625	21 078	78.79	6.86
	57 602	7 984	1 788	-	22 785	18 038	132.05	-
	37 307	4 342	611	-	14 757	11 683	85.01	-
	46 082	6 518	2 390	-	18 228	14 431	92.92	-
	43 035	3 589	1 298	-	17 023	13 476	99.61	0.48
	54 507	3 915	1 286	-	21 561	17 069	78.58	46.17
	85 640	6 908	2 460	-	33 876	26 818	75.17	1.26
	75 121	6 420	1 942	-	29 715	23 524	78.09	14.79
	16 602	2 966	1 281	1 688	6 567	5 199	52.75	-
	29 027	5 047	1 822	3 403	11 482	9 090	92.03	16.04
	1 407 496	197 449	60 929	5 091	556 750	440 757		
	56 108	8 136	4 100	-	22 194	17 570	52.08	18.82
	25 025	2 147	295	-	9 899	7 837	55.13	-
	29 349	3 659	736	-	11 609	9 191	49.96	-
	77 299	10 593	2 723	-	30 576	24 206	28.06	-
	16 934	3 704	2 254	-	6 698	5 302	29.55	-
	14 853	2 857	1 220	-	5 875	4 651	16.19	-
	12 864	1 689	135	-	5 089	4 028	45.36	-
	22 798	4 707	2 008	-	9 018	7 139	37.22	-
	47 489	4 488	1 448	-	18 785	14 871	40.31	16.08
	29 500	-	-	-	11 669	9 238	-	-
	32 674	3 093	402	-	12 925	10 232	38.58	-
	51 202	7 573	1 134	-	20 253	16 034	31.67	2.75
	68 254	10 619	6 011	-	26 999	21 374	39.84	18.59
	138 247	17 206	4 954	-	54 685	43 292	35.07	1.00
	114 742	15 902	6 145	-	45 387	35 932	35.73	5.73
	60 172	4 905	1 899	-	23 802	18 843	34.49	1.69
	34 563	5 487	1 616	1 769	13 672	10 823	40.49	11.17
	66 535	12 230	6 117	2 120	26 319	20 836	28.86	8.26
	898 608	118 995	43 197	3 889	355 454	281 399		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

34 OPERATING SEGMENT REPORT continued

Properties owned by the company at 31 March 2011	Region	Town	Gross lettable area m²	Purchase price R000	Effective date of acquisition
RETAIL					
Truworths Centre	Mpumalanga	Nelspruit	1 920	7 336	Apr 2004
Grosvenor Crossing	Gauteng	Johannesburg	4 664	31 381	Apr 2004
Pine Crest Centre	Kwa-Zulu Natal	Durban	20 101	99 338	Apr 2004
Lichtenburg Sanlam Centre	Limpopo	Lichtenburg	8 460	18 706	Apr 2004
Barlows Audi**	Western Cape	Cape Town	3 100	24 025	Apr 2004
Bloemfontein Plaza and Parkade	Free State	Bloemfontein	38 448	45 726	Apr 2004
Daveyton Shopping Centre	Gauteng	Johannesburg	16 983	49 883	Apr 2004
Dobsonville Shopping Centre	Gauteng	Johannesburg	23 177	56 118	Apr 2004
Durban Phoenix Plaza	KwaZulu-Natal	Durban	24 342	189 140	Apr 2004
Randburg Square	Gauteng	Randburg	51 370	70 668	Apr 2004
Moratiwa Crossing	Limpopo	Jane Furse	10 697	61 540	Nov 2007
Kimberley Kim Park	Northern Cape	Kimberley	10 494	47 915	Sep 2010
Nelspruit Sanlam Centre	Mpumalanga	Nelspruit	13 934	39 963	Sep 2010
Rustenburg Edgars Building	Northwest	Rustenburg	9 784	83 750	Sep 2010
Roodepoort Hillfox Power Centre	Gauteng	Roodepoort	36 103	62 098	Oct 2003
Mala Plaza	Limpopo	Malamulele	4 865	11 758	Oct 2003
Masingita Spar Centre	Limpopo	Giyani	5 485	13 947	Oct 2003
Piet Retief Shopping Centre	Mpumalanga	Piet Retief	7 542	20 818	Oct 2003
Qualbert Centre	KwaZulu-Natal	Durban	4 777	24 432	Oct 2003
Kokstad Game Centre	KwaZulu-Natal	Kokstad	12 867	37 666	Oct 2003
The Victoria Centre	KwaZulu-Natal	Pietermaritzburg	11 021	55 685	Oct 2003
Meadowdale Land	Gauteng	Johannesburg	-	-	-
Meadowdale Mall	Gauteng	Johannesburg	35 339	66 170	Oct 2003
Oshakati Shopping Centre	Namibia	Oshakati	22 269	76 929	Oct 2003
Oshikango Ellerines Centre	Namibia	Oshikango	9 163	19 542	Oct 2003
Ondangwa Shoprite Checkers	Namibia	Ondangwa	5 739	17 959	Oct 2003
Katatura Checkers Centre	Namibia	Katatura	10 587	41 157	Oct 2003
269 Independence House	Namibia	Windhoek	12 840	110 803	Jul 2007
			416 071	1 384 453	

** *Leasehold property.*

Directors' valuation at 31 Mar 2011 R000	Property Revenue R000	Property Expenditure R000	Goodwill R000	Linked debentures and premiums R000	Interest bearing borrowings R000	Weighted average rental R/m² pm	Vacancy %
27 603	2 708	490	-	10 919	8 644	105.78	-
35 234	7 853	3 256	-	13 937	11 034	102.14	25.02
188 215	32 522	9 716	-	74 450	58 940	96.65	5.12
34 926	5 166	1 698	-	13 815	10 937	46.97	7.37
37 022	3 687	380	-	14 644	11 593	95.04	-
130 355	34 257	18 789	-	51 563	40 821	54.56	4.31
157 820	22 988	7 963	-	62 427	49 421	79.64	3.89
194 375	29 039	10 456	-	76 887	60 869	82.28	4.55
414 222	60 096	20 167	-	163 850	129 714	165.02	0.79
209 272	49 815	24 997	-	82 780	65 533	53.40	9.93
75 203	11 710	3 429	-	29 747	23 550	74.88	0.08
38 210	5 824	3 178	-	15 114	11 965	65.78	16.36
41 211	6 717	3 873	-	16 301	12 905	55.04	5.19
85 336	6 256	554	-	33 756	26 723	70.71	-
155 070	26 394	11 618	8 239	61 339	48 560	42.35	5.10
45 540	4 400	891	1 524	18 014	14 261	75.38	7.04
22 949	4 982	1 634	1 808	9 078	7 187	61.50	4.92
51 329	6 192	1 389	2 726	20 304	16 074	67.17	-
43 752	6 977	1 183	3 212	17 307	13 701	111.30	-
85 854	10 300	2 699	4 951	33 960	26 885	61.12	2.41
77 682	12 168	3 208	7 358	30 728	24 326	86.94	-
16 650	-	-	-	6 586	5 214	-	-
115 023	24 081	12 732	8 716	45 498	36 019	38.03	0.35
159 458	25 415	9 920	10 425	63 075	49 934	74.11	-
93 487	8 744	895	2 751	36 980	29 275	89.10	-
38 595	5 431	632	2 390	15 267	12 086	76.01	-
71 442	13 649	5 056	5 613	28 260	22 372	78.16	-
118 332	15 321	3 503	-	46 807	37 056	92.19	5.37
2 764 167	442 692	164 306	59 713	1 093 393	865 599		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

34 OPERATING SEGMENT REPORT continued

Properties owned by the company at 31 March 2011	Region	Town	Sector	Gross lettable area m²	Purchase price R000	Effective date of acquisition
HELD FOR SALE						
VWL Building	Gauteng	Pretoria	Offices	16 933	67 346	Apr 2004
Glencairn Building	Gauteng	Johannesburg	Offices	13 378	41 875	Apr 2004
Midtown Building	Gauteng	Pretoria	Offices	8 086	34 947	Apr 2004
Botbyl Subaru Building	Gauteng	Pretoria	Offices	4 603	23 637	Apr 2004
Truworths Building	Gauteng	Johannesburg	Retail	6 919	40 550	Apr 2004
Kleinfontein Offices	Gauteng	Johannesburg	Offices	439	6 413	Oct 2003
Oshakati Beares Furnishers	Namibia	Oshakati	Retail	2 566	4 502	Oct 2003
Rundu Ellerines	Namibia	Rundu	Retail	1 283	4 330	Oct 2003
Katima Mulilo Pep Stores	Namibia	Katima Mulilo	Retail	2 472	6 149	Oct 2003
				56 679	229 749	
Total group				**920 127**	**3 004 792**	
Lease commissions						
Group total (excluding sold properties)						
Sold properties						
Group total - property management						
Income from asset management business						
Expenditure - asset management business						
Add excluded items:						
Intangible asset						
Deferred capital expenditure						
Furniture, fittings, computer equipment and other						
Available-for-sale financial asset						
Financial asset at amortised cost						
Goodwill						
Trade and other receivables						
Cash and cash equivalents						
Total assets						
Linked debenture and premiums						
Interest- bearing-borrowings						
Add excluded items:						
Equity and reserves						
Derivative financial instruments						
Deferred taxation						
Trade and other payables						
Taxation payable						
Linked holders for distribution						
Total liabilities						

	Directors' valuation at 31 Mar 2011 R000	Property revenue R000	Property expenditure R000	Goodwill R000	Linked debentures and premiums R000	Interest bearing borrowings R000	Weighted average rental R/m² pm	Vacancy %
	84 960	17 611	6 596		33 607	26 605	59.09	1.30
	53 787	14 001	4 812		21 276	16 843	68.58	3.73
	38 572	4 910	1 339		15 257	12 079	46.16	
	13 659	2 526	1 016		5 403	4 277	88.38	51.95
	65 166	6 421	538		25 777	20 407	73.80	
	1 700	3 363	1 073	88	673	532	55.00	3.31
	5 657	878	165	674	2 238	1 772	27.70	
	2 288	138	99	536	905	717	34.91	54.95
	15 632	1 920	189	1 116	6 183	4 895	65.70	
	281 421	51 768	15 827	2 414	111 319	88 127		
	5 351 692	**810 904**	**284 259**	**71 107**	**2 116 916**	**1 675 882**		
	13 723	-	-	-	-	-		
	5 365 415	**810 904**	**284 259**	**71 107**	**2 116 916**	**1 675 882**		
		25 220	9 344					
		836 124	**293 603**					
		65 146						
			20 233					
	312 832							
	2 723							
	1 774							
	10 208							
	4 782							
	71 107							
	71 409							
	337 809							
	6 178 059							
						2 116 916		
						1 675 882		
						1 404 550		
						21 867		
						544 548		
						173 277		
						5 416		
						235 603		
						6 178 059		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

35 CAPITAL MANAGEMENT

The group's capital management objectives are:

- To ensure the group's ability to continue as a going concern.
- To provide an adequate return to unitholders by pricing services commensurately with the level of risk.

The group monitors capital on the basis of the carrying amount of equity plus its unitholders' linked debenture loans less cash equivalents and cash flow hedges recognised in equity.

Capital for the reporting periods under review is summarised as follows:

	2012	2011
	Group R000	Group R000
Total equity	**3 894 401**	3 521 466
Cash flow hedges	**26 640**	22 228
Cash and cash equivalents	**(215 947)**	(337 809)
Capital	**3 705 094**	3 205 885
Total equity	**3 705 094**	3 205 885
Borrowings	**1 684 182**	1 683 838
Overall financing	**5 389 276**	4 889 723
Capital-to-overall financing ratio	**0.69**	0.66

The board's policy is to maintain a strong capital base comprising its unitholders' interest so as to maintain investor creditor and market confidence and to sustain future development of the business. It is the group's stated purpose to deliver long-term sustainable growth in distributions per linked unit. Generally at least 99% of net profits as defined in the debenture trust deed are distributed on a six monthly basis.

The board of directors monitors the level of distributions to unitholders and ensures compliance with the terms of the debenture trust deed. There were no changes in the group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

36 FUTURE MINIMUM LEASE INCOME

	2012		2011	
	Group R000	Company R000	Group R000	Company R000
Receivable within one year	**537 436**	**404 877**	527 528	398 718
Receivable between one and five years	**882 715**	**653 091**	882 080	658 895
Receivable after five years	**547 357**	**391 066**	511 554	382 625
Total future contractual lease revenue	**1 967 508**	**1 449 034**	1 921 162	1 440 238
Rental straight-line adjustment already accrued	**(146 426)**	**(118 099)**	(100 433)	(80 786)
Future straight-line lease revenue	**1 821 082**	**1 330 935**	1 820 729	1 359 452

37 COMMITMENTS

	2012		2011	
	Group R000	**Company R000**	**Group R000**	**Company R000**
OPERATING LEASE COMMITMENTS				
Premises				
Payable within one year	**1 016**	**-**	1 285	-
Payable between one and five years	**-**	**-**	1 016	-
	1 016	**-**	2 301	-
OTHER				
Payable within one year	**744**	**-**	1 228	-
Payable between one and five years	**517**	**-**	1 261	-
	1 261	**-**	2 489	-
CAPITAL COMMITMENTS				
Authorised and contracted	**98 148**	**73 465**	71 900	71 900
Authorised but not contracted	**136 710**	**53 987**	179 853	89 159

It is intended that the above capital expenditure will be funded by way of bank facilities surplus cash and the sales proceeds of investment properties.

38 POST BALANCE SHEET EVENTS

PURCHASE OF R1.5 BILLION PROPERTY PORTFOLIO

Further to numerous SENS announcements during the year, the acquisition of 20 properties from the Sanlam Group was successfully concluded on 25 April 2012. The purchase price of R1.48 billion, excluding costs, was funded as follows:

- 59 500 000 linked units issued at R14.60 per unit which generated proceeds of R868.7 million.
- Bank debt of R612.1 million.

REFINANCING OF R1.02 BILLION CMBS PROGRAMME

The company raised R1.02 billion on 8 May 2012 by way of a secured bond issuance under a R5 billion Domestic Medium Term Note Programme and repaid the R1.02 billion notes issued under the CMBS structure.

The bond margins and terms of the secured bond notes issued are set out below:

- R580 million at 3 month JIBAR plus 1.30% due 8 May 2015.
- R200 million at 3 month JIBAR plus 1.54% due 8 May 2016.
- R240 million at 3 month JIBAR plus 1.55% due 8 May 2017.

Global Credit Rating Co. (Pty) Ltd accorded a AA(RSA) rating to the senior secured notes.

UNITHOLDER INFORMATION

as at 31 March 2012

Analysis of unitholdings	Holders	% of unitholders	Number of units	% of total issued share capital
1 - 1 000	1 157	24.00	286 759	0.08
1 001 - 10 000	2 555	53.02	11 689 516	3.33
10 001 - 100 000	861	17.86	24 719 089	7.04
100 001 - 1 000 000	190	3.94	61 252 545	17.45
1 000 001 and more	57	1.18	253 067 309	72.10
Totals	**4 820**	**100.00**	**351 015 218**	**100.00**

MAJOR BENEFICIAL UNITHOLDERS

(5% AND MORE OF THE LINKED UNITS IN ISSUE)		
GEPF equity	76 849 380	21.89

MAJOR INSTITUTIONAL UNITHOLDERS

(5% AND MORE OF THE LINKED UNITS IN ISSUE)		
Stanlib	27 952 598	7.96
Investec	26 506 983	7.55
Prudential	19 825 967	5.65

UNITHOLDER SPREAD

Non-public:	6	0.12	77 434 317	22.06
Directors	5	0.10	584 937	0.17
Holdings > 10% of issued capital	1	0.02	76 849 380	21.89
Public	4 814	99.88	273 580 901	77.94
Total	**4 820**	**100.00**	**351 015 218**	**100.00**

DISTRIBUTION OF UNITHOLDERS

Banks	33	0.68	10 337 745	2.95
Close corporations	52	1.08	1 486 454	0.42
Individuals	3 706	76.89	32 499 855	9.26
Insurance companies	34	0.71	52 941 677	15.08
Medical aid schemes	7	0.15	588 735	0.17
Collective investment schemes and mutual funds	149	3.09	90 134 719	25.68
Trusts	526	10.91	14 821 865	4.22
Other corporations	202	4.19	37 042 135	10.55
Pension funds	111	2.30	111 162 033	31.67
Total	**4 820**	**100.00**	**351 015 218**	**100.00**

REACHING OUT

UNITHOLDERS' INFORMATION

SUMMARISED ANNUAL FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2012

	2012 Group R000	2011 Group R000
ASSETS		
Non-current assets	**6 176 629**	5 487 419
Investment properties	**5 674 979**	4 984 840
Investment properties	**5 806 158**	5 083 993
Straight-line rental income adjustment	**(131 179)**	(99 153)
Other non-current assets	**501 650**	502 579
Intangible asset	**267 096**	312 832
Straight-line rental income asset	**131 179**	99 153
Deferred capital expenditure	**4 411**	2 723
Furniture, fittings, computer equipment and other	**1 985**	1 774
Available-for-sale financial asset	**28 468**	10 208
Financial asset at amortised cost	**2 967**	4 782
Goodwill	**65 544**	71 107
Current assets	**266 881**	409 218
Trade and other receivables	**50 934**	71 409
Cash and cash equivalents	**215 947**	337 809
Investment properties held for sale	**321 195**	281 422
Total assets	**6 764 705**	6 178 059
EQUITY AND RESERVES	**1 781 188**	1 404 550
Non-current liabilities	**3 315 432**	3 909 613
Linked debentures and premium	**2 113 213**	2 116 916
Other interest-bearing borrowings	**448 790**	1 226 282
Derivative financial instruments	**25 644**	21 867
Deferred taxation liabilities	**727 785**	544 548
Current liabilities	**1 668 085**	863 896
Trade and other payables	**188 692**	173 277
Short-term borrowings	**1 230 640**	449 600
Current taxation liabilities	**1 267**	5 416
Linked unitholders for distribution	**247 486**	235 603
Total equity and liabilities	**6 764 705**	6 178 059

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2012

	2012 Group R000	2011 Group R000
Property revenue	933 269	836 124
Straight-line rental income accrual	45 993	14 368
Gross property revenue	979 262	850 492
Property expenses	(334 421)	(293 603)
Net profit from property operations	644 841	556 889
Profit from asset management business	22 525	44 913
Corporate administrative expenses	(25 919)	(25 509)
Investment and other income	13 557	14 380
Operating profit before finance costs	655 004	590 673
Finance costs	(165 633)	(161 803)
Profit before debenture interest	489 371	428 870
Debenture interest	(437 224)	(403 948)
Profit before capital items	52 147	24 922
Profit/(loss) on sale of investment properties	3 084	(14 798)
Profit on sale of subsidiary	1 428	-
Amortisation of debenture premium	3 703	2 519
Impairment of goodwill	(4 801)	-
Goodwill written-off on sale of properties	(762)	(5 192)
Impairment of intangible asset	(45 736)	(49 935)
Profit/(loss) before fair value adjustments	9 063	(42 484)
Fair value adjustments	549 253	78 494
Gross change in fair value of investment properties	595 246	92 862
Straight-line rental income adjustment	(45 993)	(14 368)
Profit before taxation	558 316	36 010
Taxation	(189 754)	(25 488)
Profit for the year	368 562	10 522
Other comprehensive income		
Cash flow hedges	(4 412)	6 602
Available-for-sale financial assets	3 453	(3 556)
Other comprehensive (loss)/income for the year	(959)	3 046
Total comprehensive income for the year	367 603	13 568
Earnings per linked unit (cents)	229.56	120.86
Diluted earnings per linked unit (cents)	229.56	120.86
Number of linked units in issue	351 015 218	351 015 218

SUMMARISED ANNUAL FINANCIAL STATEMENTS continued

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

	2012		2011	
	Group R000	Cents per linked unit	Group R000	Cents per linked unit
Attributable profit after taxation	368 562	105.00	10 522	3.07
Adjusted for:				
Debenture interest	437 224	124.56	403 948	117.79
Earnings	805 786	229.56	414 470	120.86
Change in fair value of investment properties	(549 253)	(156.48)	(78 494)	(22.89)
Total tax effects of adjustments	172 405	49.12	23 126	6.74
Profit on sale of subsidiary	(1 428)	(0.41)	-	-
Write-off of goodwill on sale of subsidiary	762	0.22	5 192	1.51
(Profit)/loss on sale of investment properties	(3 084)	(0.88)	14 798	4.31
Impairment of goodwill	4 801	1.37	-	-
Impairment of intangible asset	45 736	13.03	49 935	14.56
Amortisation of debenture premium	(3 703)	(1.05)	(2 519)	(0.73)
Headline earnings	472 022	134.48	426 508	124.36
Straight-line rental accrual net of deferred taxation	(32 922)	(9.38)	(18 407)	(5.36)
Profit available for distribution	439 100	125.10	408 101	119.00

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 March 2012

	2012	2011
	Group R000	Group R000
Cash flow from operating activities	638 685	570 910
Cash flow from investing activities	(167 450)	(371 782)
Cash flow from financing activities	(593 097)	(75 644)
Net (decrease)/increase in cash and cash equivalents	(121 862)	123 484
Cash and cash equivalents at the beginning of the year	337 809	214 325
Cash and cash equivalents at the end of the year	215 947	337 809

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2012

R000	Share capital and share premium	Non-distributable reserves	Revaluation of available-for-sale financial assets	Cash flow hedges	Retained earnings	Total
GROUP						
Balance at 31 March 2010	**27 596**	**1 380 023**	**(16 274)**	**(28 290)**	**18 447**	**1 381 502**
Issue of share capital	4 667	-	-	-	-	4 667
Dividend distribution	-	-	-	-	(824)	(824)
	32 263	**1 380 023**	**(16 274)**	**(28 290)**	**17 623**	**1 385 345**
Profit for the year	-	-	-	-	10 522	10 522
Change in fair value of investment properties	-	92 862	-	-	(92 862)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(11 958)	-	-	11 958	-
Share-based remuneration	-	6 177	-	-	-	6 177
Transfer from non-distributable reserve	-	(77 054)	-	-	77 054	-
Other comprehensive income						
Revaluation of available-for-sale financial asset	-	-	(3 556)	-	-	(3 556)
Revaluation of cash flow hedges	-	-	-	6 062	-	6 062
Balance at 31 March 2011	**32 263**	**1 390 050**	**(19 830)**	**(22 228)**	**24 295**	**1 404 550**
Dividend distribution	-	-	-	-	(892)	(892)
	32 263	**1 390 050**	**(19 830)**	**(22 228)**	**23 403**	**1 403 658**
Profit for the year	-	-	-	-	368 562	368 562
Change in fair value of investment properties	-	595 246	-	-	(595 246)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(186 100)	-	-	186 100	-
Share-based remuneration		9 927				9 927
Transfer from non-distributable reserve		(46 163)			46 163	-
Other comprehensive income	-	-	-	-	-	-
Revaluation of available-for-sale financial asset	-	-	3 453	-	-	3 453
Revaluation of cash flow hedges	-	-	-	(4 412)	-	(4 412)
Balance at 31 March 2012	**32 263**	**1 762 960**	**(16 377)**	**(26 640)**	**28 982**	**1 781 188**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 8th annual general meeting of the shareholders and debenture holders of Vukile Property Fund Limited ("Vukile" or "the company") will be held in the Vukile Boardroom, First Floor, Meersig 1 Building, Constantia Boulevard, Constantia Kloof, 1709, Gauteng, at 09:00 on Friday 31 August 2012 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 2012 contained in the integrated annual report to which this notice of annual general meeting is attached;
- transacting any other business as may be transacted at an annual general meeting of shareholders of a company; and
- considering and, if deemed fit, adopting with or without modification, the shareholder special and ordinary resolutions set out below,

which annual general meeting is to be:

- participated in and voted at by shareholders as at the record date of Friday, 24 August 2012; and
- participated in by debenture holders as at the record date of Friday, 24 August 2012, in terms of section 62(3)(a), read with section 59, of the Companies Act, 71 of 2008, as amended (the "Companies Act" or "Act").

Important dates to note:

- Record date to receive this notice: Friday, 22 June 2012.
- Last day to trade in order to be eligible to participate in and vote at the annual general meeting: Friday, 17 August 2012.
- Record date to participate in and vote at the annual general meeting: Friday, 24 August 2012.

Due to the expanded meaning of 'shareholder' in section 57(1) of the Companies Act, the company has expanded its notice to shareholders and debenture holders for a 'combined' annual general meeting. Due to Vukile's linked unit structure, its shareholders are also its debenture holders and the matters to be voted on at the annual general meeting are matters on which shareholders, and not debenture holders, are entitled to vote. As a result, a proxy form has only been included for shareholders.

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 and debenture holders recorded in the registers of the company on the record date for participating in and voting at the annual general meeting will be required to provide identification satisfactory to the chairman of the annual general meeting. 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 annual general meeting 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;
- a debenture holder who is entitled to attend the annual general meeting is entitled to appoint a proxy or two or more proxies to attend and participate (but not vote) in the meeting in the place of the debenture holder; and
- a proxy need not be a shareholder of the company.

A summarised form of the annual financial statements is set out on pages 124 to 127. The complete annual financial statements are set out on pages 70 to 121 of the integrated annual report.

1 SPECIAL RESOLUTION NO. 1

FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES

"RESOLVED that the directors of Vukile be and are hereby authorised, for a period of two years from the passing of this 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 linked unitholders of that fact."

In order for this special resolution no. 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 NO. 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 no. 1. Therefore, the reason for and effect of special resolution no. 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 Act) to the entities referred to in special resolution no. 1 above.

2 SPECIAL RESOLUTION NO. 2

NON-EXECUTIVE DIRECTOR REMUNERATION

"RESOLVED 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 passing of this resolution; and with effect of 1 April 2012, that annual retainers and meeting fees payable to non-executive directors be and are fixed as follows:

RETAINERS

• Non-executive director	R115 000 per annum
• Chairman of the board (all-inclusive fee)	R480 000 per annum
• Chairman of the audit and risk committee	R130 000 per annum
• Chairman of the social, ethics, human resources and nominations committee	R50 000 per annum
• Chairman of the property and investment committee	R50 000 per annum

ATTENDANCE FEES

• Board (excluding the chairman)	R16 500 per meeting attended
• Audit and risk committee	R20 000 per meeting attended
• Social, ethics, human resources and nominations committee	R16 500 per meeting attended
• Property and investment committee	R16 500 per meeting attended."

In order for this special resolution no. 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 NO. 2

During the financial year, the board retained the services of PwC's remuneration advisory practice to assist with the benchmarking of non-executive director fees. Following the review, the board concluded that the appropriate benchmark for fees would be the midpoint of listed companies in the midcap sector.

The overall increase in non-executive directors' remuneration for the year is equal to 13%, which includes a 7% inflationary increase. In addition to the benchmark alignment, the following reasons are particularly relevant to substantiate the additional increase:

- The board's philosophy to attract and retain suitably qualified and independent minded non-executive directors;
- The expanded mandates of the property and investment committee (formerly the investment committee, whose mandate has been expanded to include acquisitions, disposals, developments and portfolio composition oversight) and the social, ethics, human resources and nominations committee (formerly the human resources and nominations committee, whose mandate now includes the duties of social and ethics committee, as prescribed by the Companies Act, 2008); and
- The increasing workload and responsibilities of audit and risk committee members due the requirements of King III and the Companies Act.

Accordingly, the reason for and effect of special resolution no. 2 is to pre-approve the remuneration and fees payable to the non-executive directors as required in terms of sections 66(8) and (9) of the Companies Act.

3 SPECIAL RESOLUTION NO. 3

REPURCHASE OF LINKED UNITS

"RESOLVED that the company or any of its subsidiaries be and are hereby authorised by way of a general approval to acquire ordinary shares and debentures issued as linked units by the company, in terms of Sections 46 and 48 of the Companies Act, and in terms of the Listings Requirements (the "Listings Requirements") of the JSE Limited (the "JSE") being that:

- Any such acquisition of linked units 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 annual general meeting, 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 linked units constituting, on a cumulative basis, 3% of the number of linked units 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 linked units in aggregate in any one financial year may not exceed 20% (or 10% where the 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 linked units 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 linked units may be acquired will be 10% of the weighted average of the market value at which such linked units are traded on the JSE over the five business days immediately preceding the date of repurchase of such linked units;
- The company (or a subsidiary) is duly authorised by its Memorandum of Incorporation ("MOI") to acquire linked units 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;
- Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of linked units to be repurchased during the prohibited period are fixed) and full details thereof announced on SENS prior to commencement of the prohibited period."

In order for this special resolution no. 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.

NOTICE OF ANNUAL GENERAL MEETING continued

REASON FOR AND THE EFFECT OF SPECIAL RESOLUTION NO. 3

To permit the company or any of its subsidiaries, by way of a general approval, to acquire ordinary shares and debentures issued as linked units by the company as and when suitable opportunities to do so arise. The approval is envisaged to be utilised primarily for the optimisation of the share register in regards to small and certificated linked unitholders.

In accordance with the Listings Requirements the directors record that although there is no immediate intention to effect a repurchase of the linked units of the company, the directors will utilise this general authority to repurchase linked units 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 linked units 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 annual general meeting:

- 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 elsewhere in the integrated annual report of which this notice forms part, is provided in terms of the Listings Requirements for purposes of the general authority:

- Directors and management – pages 54 and 55
- Major beneficial shareholders – page 122
- Directors' interests in linked units – page 72
- Share capital of the company – page 94

LITIGATION STATEMENT

In terms of Section 11.26 of the Listings Requirements, the directors, whose names appear on pages 54 and 55 of the integrated annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the company's or group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on pages 54 and 55 of the integrated annual report of which this notice forms part, 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 Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in the integrated annual report of which this notice forms part, 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.

4 ORDINARY RESOLUTION NO. 1

ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"RESOLVED that the annual financial statements for the year ended 31 March 2012, including the reports of the directors and the audit and risk committee be and are hereby adopted."

In order for ordinary resolution no. 1 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

5 ORDINARY RESOLUTION NO. 2

RE-APPOINTMENT OF AUDITORS

"RESOLVED to re-appoint Grant Thornton (with the designated registered auditor being VR de Villiers) as auditors of the company from the conclusion of this annual general meeting until the company's next annual general meeting."

The audit and risk committee have evaluated the performance of Grant Thornton (and VR de Villiers) and recommend their re-appointment as auditors of the company under section 90 of the Companies Act.

In order for this ordinary resolution no. 2 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 NO. 3

RE-ELECTION OF DIRECTORS

DIRECTORS

The following directors retire in terms of article 72 of the company's MOI, namely:

- Mr AD Botha
- Mr HSC Bester

After serving on the board and as chairman of the audit and risk committee since the listing of the company on the JSE in 2004, Mr Bester has indicated that he wishes to retire from the board and has therefore not made himself available for re-election. In the light of the recent appointments of Messrs SF Booysen and NG Payne to the board and audit and risk committee, and given their vast experience and expertise, the board has decided not to fill the vacancy left pending Mr Bester's retirement.

"RESOLVED that

3.1 the following retiring directors, who are to retire in terms of articles 72 and 88 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:

   3.1.1 Mr AD Botha, who is to retire by rotation;
   3.1.2 Mr SF Booysen, who is to retire pursuant to his appointment during the year;
   3.1.3 Mr NG Payne who is to retire pursuant to his appointment during the year; and
   3.1.4 Mr LG Rapp, who is to retire pursuant to his appointment during the year;

3.2 In light of the appointments of Messrs SF Booysen and NG Payne to the board of directors of the company, the vacancy left by Mr HSC Bester's retirement not be filled."

Brief CVs of all the directors appear on pages 54 and 55 of the integrated annual report of which this notice forms part.

In order for ordinary resolution no. 3.1.1, 3.1.2, 3.1.3, 3.1.4 and 3.2 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

7 ORDINARY RESOLUTION NO. 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 annual general meeting:

4.1 Mr SF Booysen
4.2 Mr PJ Cook
4.3 Mr PS Moyanga
4.4 Mr NG Payne."

Brief CVs of all the directors appear on pages 54 and 55 of the integrated annual report of which this notice forms part.

In order for this ordinary resolution no. 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 NO. 5

UNISSUED LINKED UNITS

"RESOLVED that the authorised but unissued linked units of the company be and are hereby placed under the control of the directors of the company until the next annual general meeting, 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 Listings Requirements provided that each ordinary share of R0.01 each be issued together with an unsecured variable-rate subordinated debenture of 490 cents each as a linked unit and provided further that the number of shares issued at any time may not exceed 5% of the total number of shares in issue determined immediately prior to each issue of new shares."

In order for this ordinary resolution no. 5 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 NO. 6

GENERAL AUTHORITY TO ISSUE LINKED UNITS FOR CASH

"RESOLVED that subject to the restrictions set out below, and subject to the provisions of the Companies Act and the Listings Requirements, the directors be and they are hereby authorised by way of a general authority, to allot and issue ordinary shares of R0.01 each (ordinary shares) together with unsecured variable-rate subordinated debentures of 490 cents each (debentures) for cash on the following basis:

- That each ordinary share be linked to a debenture to form a linked unit (the "linked units");
- This authority shall not extend beyond 15 months from the date of this annual general meeting;
- The linked units 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 as are convertible into a class already in issue;
- The allotment and issue of linked units for cash shall be made only to persons qualifying as 'public shareholders', as defined in the Listings Requirements, and not to 'related parties';
- Linked units which are the subject of general issues for cash:
  - (i) may not exceed 5% of the total number of shares in issue determined immediately prior to the issue as and when suitable situations arise;
  - (ii) in aggregate in any one financial year may not exceed 10% of the company's linked units in issue of that class (for purposes of determining the linked units comprising the 10% number in any one year, account must be taken of the dilution effect, in the year of issue of options or convertible securities, by including the number of any linked units which may be issued in future arising out of the issue of such options/ convertible securities);
  - (iii) of a particular class will be aggregated with any securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertable;
  - (iv) as regards the number of linked units which may be issued in aggregate (the 10% number), same shall be based on the number of linked units of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:
    - (a) less any linked units of the class issued, or to be issued in future arising from options/ convertible securities issued, during the current financial year (which commenced 1 April 2012); and
    - (b) plus any linked units of that class to be issued pursuant to:
      - (aa) a rights issue which has been announced, is irrevocable and is fully underwritten; or
      - (bb) an acquisition (in respect of which final terms have been announced) which acquisition issue securities may be included as though they were securities in issue at the date of application.
- The maximum discount at which linked units may be issued is 10% of the weighted average traded of such linked units measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the linked units;
- After the company has issued linked units in terms of this general authority to issue linked units for cash representing on a cumulative basis within a financial year, 5% or more of the number of linked units in issue prior to that issue, the company shall publish an announcement containing full details of that issue, including:
  - (i) the number of linked units issued;
  - (ii) the average discount to the weighted average traded price of the linked units over the 30 business days prior to the date that the issue is agreed in writing between the company and the party/ies subscribing for the linked units; and
  - (iii) The effects of the issue on the net asset value per linked unit, net tangible asset value per linked unit, earnings per linked unit, headline earnings per linked unit, and if applicable diluted earnings and diluted headline earnings per linked unit.

This authority shall be restricted to the issue of linked units to finance the acquisition or development of property assets or at any time to settle debt in respect of any of the company's property assets, and further, provided that any such issues for cash may be made prior to the registration of transfer of any property assets to be acquired or developed."

NOTICE OF ANNUAL GENERAL MEETING continued

In terms of the Listings Requirements, at least 75% of the votes held by shareholders present or represented by proxy at the meeting need to be cast in favour of this resolution in order to give effect hereto.

10 ORDINARY RESOLUTION NO. 7

REMUNERATION POLICY

"RESOLVED that, through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out on pages 64 to 66 of the integrated annual report be and is hereby approved."

In order for this ordinary resolution no. 7 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

11 ORDINARY RESOLUTION NO. 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 no. 8 to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

GENERAL INSTRUCTIONS FOR SHAREHOLDERS

Shareholders are encouraged to attend, speak and vote at the annual general meeting.

ELECTRONIC PARTICIPATION

The company has made provision for Vukile shareholders or their proxies to participate electronically in the annual general meeting by way of telephone conferencing. Should you wish to participate in the annual general meeting by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 09:00 on Friday, 24 August 2012 by submitting by e-mail to the company secretary at ***johann.neethling@vukile.co.za*** or by fax to be faxed to +27 (0) 86 638 3121, for the attention of Johann Neethling, relevant contact details, including an e-mail 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 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 annual general meeting. 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 annual general meeting 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 annual general meeting 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 Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, 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. Forms of proxy must 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 no later than 09:00 on Thursday, 30 August 2012. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the annual general meeting should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the annual general meeting should ensure that a resolution authorising a representative to so attend and participate at the annual general meeting 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 annual general meeting.

GENERAL INSTRUCTIONS FOR DEBENTURE HOLDERS

Debenture holders are encouraged to attend and speak at the annual general meeting.

ELECTRONIC PARTICIPATION

The company has made provision for its debenture holders or their proxies to participate electronically in the annual general meeting by way of telephone conferencing. Should you wish to participate in the annual general meeting by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 09:00 on Friday, 24 August 2012 by submitting by e-mail to the company secretary at ***johann.neethling@vukile.co.za*** or by fax to be faxed to +27 (0) 86 638 3121, for the attention of Johann Neethling, relevant contact details, including an e-mail address, cellular number and landline as well as full details of the debenture holder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and debenture certificates (in the case of materialised debentures) and (in the case of dematerialised debentures) written confirmation from the debenture holder's CSDP confirming the debenture holder's title to the dematerialised debentures. Upon receipt of the required information, the debenture holder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Debenture holders must note that access to the electronic communication will be at the expense of the debenture holder who wishes to utilise the facility.

PROXIES AND AUTHORITY FOR REPRESENTATIVES TO ACT

Due to Vukile's linked unit structure, its shareholders are also its debenture holders and the matters to be voted on at the annual general meeting are matters on which shareholders and not debenture holders are entitled to vote. As a result, a proxy form has only been included for shareholders. Debenture holders wishing to appoint a proxy or two or more proxies to attend and participate (but not vote) in the annual general meeting, may contact the company secretary on ***johann.neethling@vukile.co.za*** or by fax on +27 (0) 86 638 3121, to obtain such form of proxy.

By order of the board
Vukile Property Fund Limited
Johann Neethling
Company secretary

Registered Office
Ground Floor, Meersig 1 Building
Constantia Boulevard
Constantia Kloof
1709

Transfer secretaries
Link Market Services South Africa (Proprietary) Limited, 13th Floor
Rennie House, 19 Ameshoff Street
Braamfontein, 2001

FORM OF PROXY

ANNUAL GENERAL MEETING

VUKILE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number 2002/027194/06)
ISIN: ZAE000056370 • JSE Code: VKE • NSX Code: VKN
("Vukile" or "the company")

This form of proxy is for use by:

- registered shareholders who have not yet dematerialised their Vukile linked units; and
- registered shareholders who have already dematerialised their Vukile linked units and which units 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 of the company to be held in the Vukile Boardroom, First Floor, Meersig 1 Building, Constantia Boulevard, Constantia Kloof, 1709, Gauteng at 09:00 on Friday 31 August 2012 (the "annual general meeting").

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 annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting 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 annual general, 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	2.1 Authorise the payment of non-executive directors' remuneration			
	2.2 Approve the following non-executive directors' remuneration			
	2.2.1 Non-executive directors' retainer			
	2.2.2 Chairman's retainer - Board			
	2.2.3 Chairman's retainer - Audit and risk committee			
	2.2.4 Chairman's retainer - Social, ethics, human resources and nominations committee			
	2.2.5 Chairman's retainer - Property and investment committee			
	2.2.6 Meeting fees - Board			
	2.2.7 Meeting fees - Audit and risk committee			
	2.2.8 Meeting fees - Social, ethics, human resources and nominations committee			
	2.2.9 Meeting fees - Property and investment committee			
Special resolution 3	Repurchase of linked units			
Ordinary resolution 1	Adoption of annual financial statements			
Ordinary resolution 2	Re-appointment of auditors			
Ordinary resolution 3	3.1 Re-election of:			
	3.1.1 AD Botha			
	3.1.2 SF Booysen			
	3.1.3 NG Payne			
	3.1.4 LG Rapp			
	3.2 Vacancy of Mr Bester not filled			
Ordinary resolution 4	4.1 Election of the following member to the audit and risk commitee			
	4.1.1 Mr SF Booysen			
	4.1.2 Mr PJ Cook			
	4.1.3 Mr PS Moyanga			
	4.1.4 Mr NG Payne			
Ordinary resolution 5	Unissued linked units			
Ordinary resolution 6	General authority to issue shares for cash			
Ordinary resolution 7	Remuneration policy			
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 ____________________ 2012

Signature ____________________ assisted by (if applicable) ____________________

A shareholder entitled to attend and vote at the annual general meeting 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 annual general meeting. Forms of proxy must be deposited at Link Market Services South Africa (Pty) Ltd (PO Box 4844, Johannesburg, 2000) to be received no later than 09:00 on Thursday, 30 August 2012.

Please read the notes on the reverse side hereof.

NOTES TO FORM OF PROXY

ANNUAL GENERAL MEETING

VUKILE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number 2002/027194/06)
ISIN: ZAE000056370 • JSE Code: VKE • NSX Code: VKN
("Vukile" or "the company")

VUKILE PROPERTY FUND

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 24 August 2012 ("voting record date") may complete a form of proxy or attend the annual general meeting. 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 annual general meeting 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 annual general meeting have to 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 annual general meeting.
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 annual general meeting, 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 annual general meeting, 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 annual general meeting'. The person whose name stands first on the form of proxy and who is present at the annual general meeting 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 annual general meeting 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 aforegoing, 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 annual general meeting.
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 annual general meeting 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 annual general meeting.
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, shall 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 annual general meeting 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 annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting 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 no later than 09:00 on Thursday, 30 August 2012.
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 annual general meeting. 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 annual general meeting.
23. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
24. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.

Designed and produced by du Plessis Associates

CORPORATE INFORMATION

DIRECTORS

Anton Dirk Botha[e] *(Chairman)*
Laurence Gary Rapp[a,g] *(Chief executive)*
Michael John Potts[a,g] *(Financial director)*
Hermina Christina Lopion[a] *(Executive director: asset management)*
Hendrik Schalk Conradie Bester[b,g]
Stefanes Francois Booysen[c,e]
Peter John Cook[c,d]
Jonathan Mlungisi Hlongwane[e,g]
Peter Sipho Moyanga[c]
Nigel George Payne[c]
Mervyn Hymie Serebro[f]

[a] *Executive*
[b] *Chairman of audit and risk committee*
[c] *Member of audit and risk committee*
[d] *Chairman of social, ethics, human resources and nomination committee*
[e] *Member of social, ethics, human resources and nomination committee*
[f] *Chairman of property investment committee*
[g] *Member of property and investment committee*

SECRETARY AND REGISTERED OFFICE

JOHANN NEETHLING

First Floor
Meersig Building
Constantia Boulevard
Constantia Kloof
1709

PO Box 5995
Weltevreden Park
1715

AUDITORS

GRANT THORNTON

137 Daisy Street
corner Grayston Drive
Sandown
2196

Private Bag X28
Benmore
2010

PRINCIPAL BANKERS

ABSA BANK LIMITED

3rd Floor Absa Towers East
160 Main Street
Johannesburg
2001

PO Box 7335
Johannesburg
2000

SPONSORS

SOUTH AFRICA

JAVA CAPITAL

2 Arnold Road
Rosebank
2196

PO Box 2087
Parklands
2121

NAMIBIA

IJG GROUP

First floor
Heritage Square
100 Robert Mugabe Avenue
Windhoek

PO Box 186
Windhoek

TRANSFER SECRETARIES

LINK MARKET SERVICES SOUTH AFRICA (PTY) LTD

13th Floor
Rennie House
19 Ameshoff Street
Braamfontein
2001

PO Box 4844
Johannesburg
2000

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	Financials – Real Estate

INVESTOR AND MEDIA RELATIONS

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Our website is regularly updated to provide the latest information on the company.

www.vukile.co.za

UNITHOLDERS' DIARY

Financial year end	31 March 2012
Publication of abridged financial statements	29 May 2012
Financial report and notice of AGM posted by	30 June 2012
AGM	31 August 2012
Interim period end	30 September 2012