



AWAKEN THE POTENTIAL WITHIN

Audited group results

for the year ended 31 March 2013

Agenda

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



Highlights, Vision, Values and Strategic review

LAURENCE RAPP

Highlights

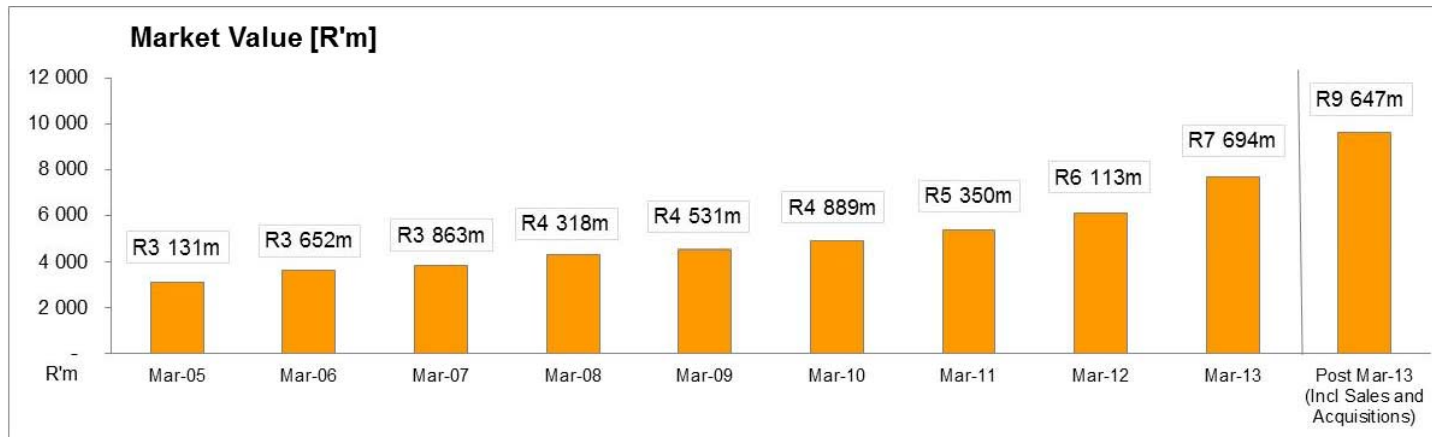
- Annual distribution for the year up 5.4% to 131.6 cents per linked unit
- Impact of non-recurring income masks a much stronger underlying property performance
- Normalised growth of 8% on core business
- Significant achievement of strategic objectives and metamorphosis of the portfolio:
 - Portfolio growth of 26% for the financial year
 - Improved quality of the portfolio
- Finalisation of East Rand Mall transaction post year end
- Successful debt (R1.57 billion) and equity (R1.60 billion) capital raised during the year
- Overall cost of funding reduced from 9.36% to 8.1%
- Operation highlights
 - Reduced vacancies
 - Strong positive reversions across all sectors
 - Increase in base rentals

Acquisitions and sales activity

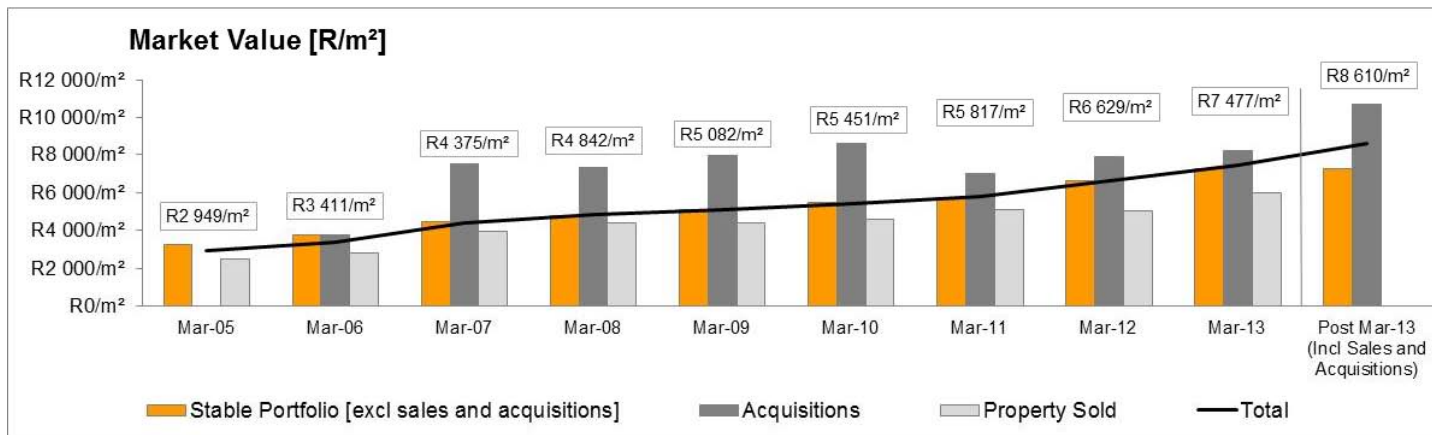
Long-term value decisions have focussed largely around portfolio composition and buying better quality assets whilst selling non-core properties

Acquisitions	Rm	Sales	Rm	Pending transactions	Rm
• Project Gold – 20 properties	1 480	• Durban Embassy	238	• Bloemfontein Bree Street	14
• East Rand Mall 50%	1 112	• Pretoria VWL	103	• Midrand Allandale	22
• Hammarsdale 100%	195	• Midrand Sony	57		
• Edendale 50%	204	• Glencairn and Truworths	67		
• 4 McCormick developments 50%	382	• Randburg Cresta Eva Park	40		
• Linbro Park Industrial Development	119	• Nelspruit Prorum	38		
• Lethlabile Mall	194	• Midrand Allandale	21		
		• Katima Mulilo	18		
		• John Griffin	17		
		• Bassonia	8		
		• Rundu Elleringes	3		
		• Randburg Triangle	14		
Total	3 686	Total	624	Total	36

Growing the portfolio











58% growth since March 2012



30% growth since March 2012

Strategic review

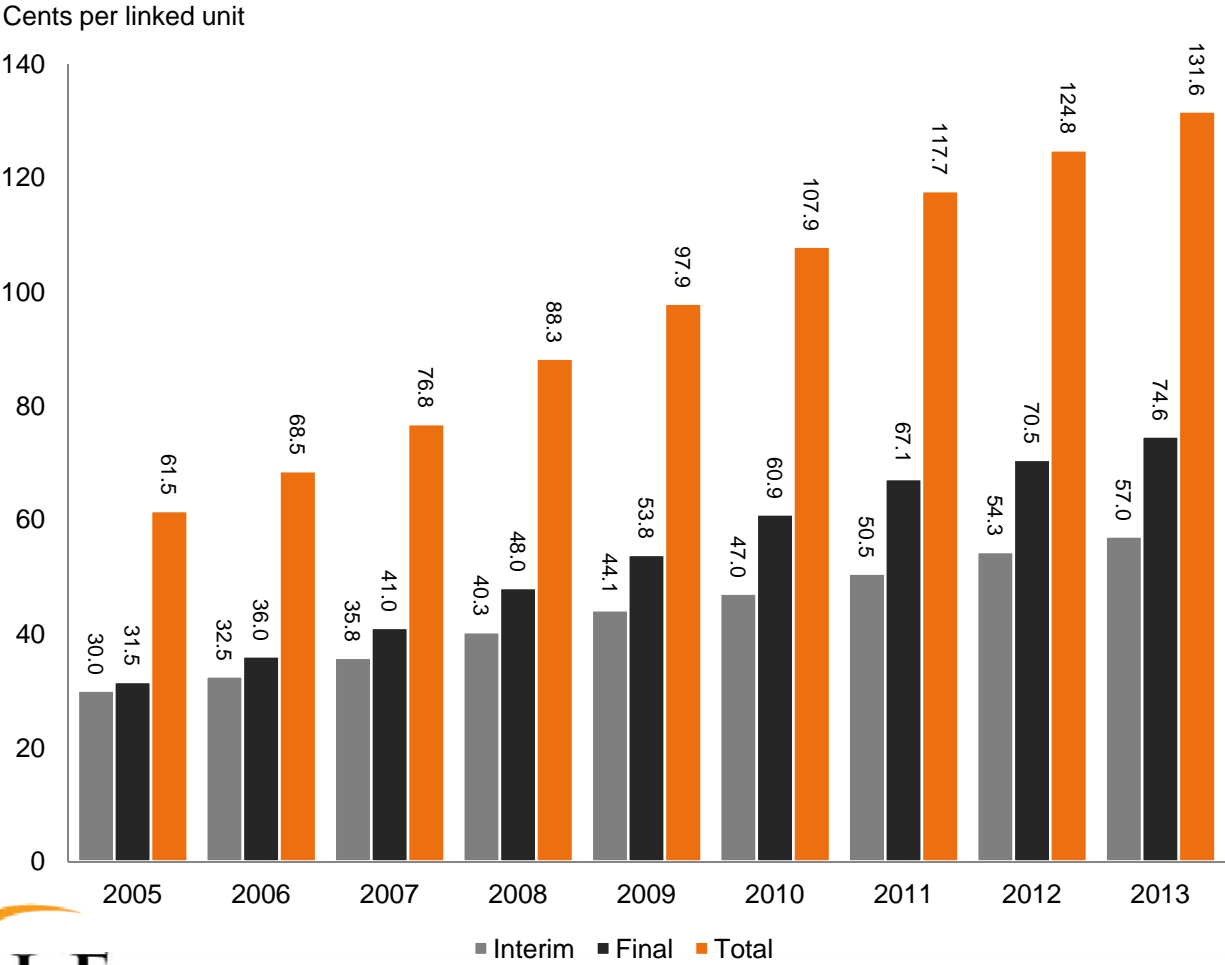
• Grow the portfolio to c.R10 billion in assets	
• Broaden our shareholding base and enhance market perception of an independent Vukile	
• Building sustainable partnerships	
• Improved customer and tenant focus	
• Optimise long and short-term returns for unitholders	
• Minimise funding cost and refinance risk	
• Invest in our people by engaging our people, building competence and capacity	
• Transformation	



Financial performance

MIKE POTTS

Distribution history



Simplified income statement

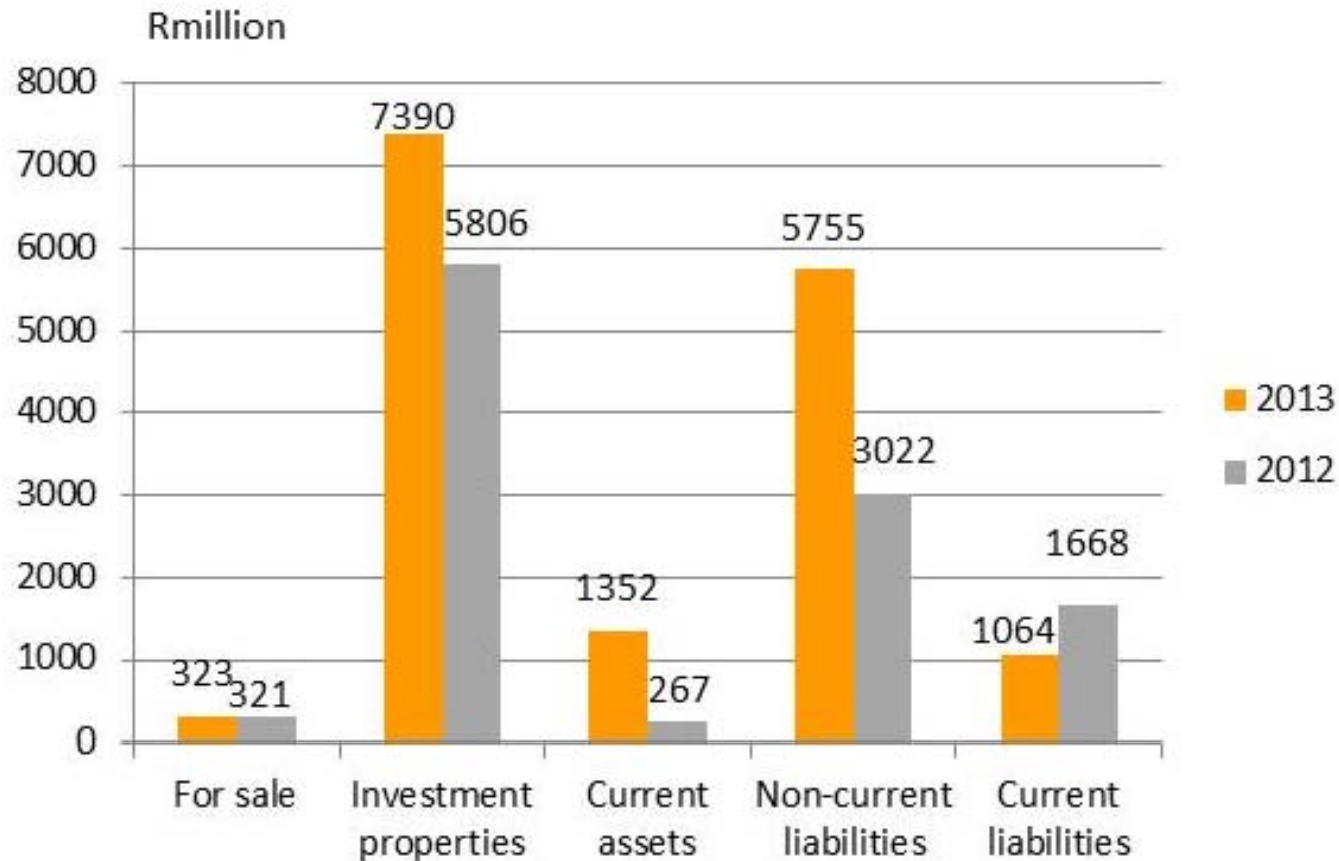
	March 2013 Rm	March 2012 Rm	% Variance
Group net rental income	696.5	598.9	16.3
Income from asset management business	95.6	53.3	79.4
Asset management expenditure	(32.0)	(30.8)	(3.9)
Net finance costs	(168.7)	(152.1)	(10.9)
Corporate administration costs	(29.2)	(25.9)	(12.7)
Taxation	(5.8)	(4.3)	(34.9)
Available for distribution	556.4	439.1	26.7

Treatment of non-recurring income

- Unitholders were advised in the interim results announcement that in future non-recurring income would be paid as a separately identified special distribution.
- Distinction between normalised and non-recurring income over the past two years:

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

Group balance sheet at 31 March 2013



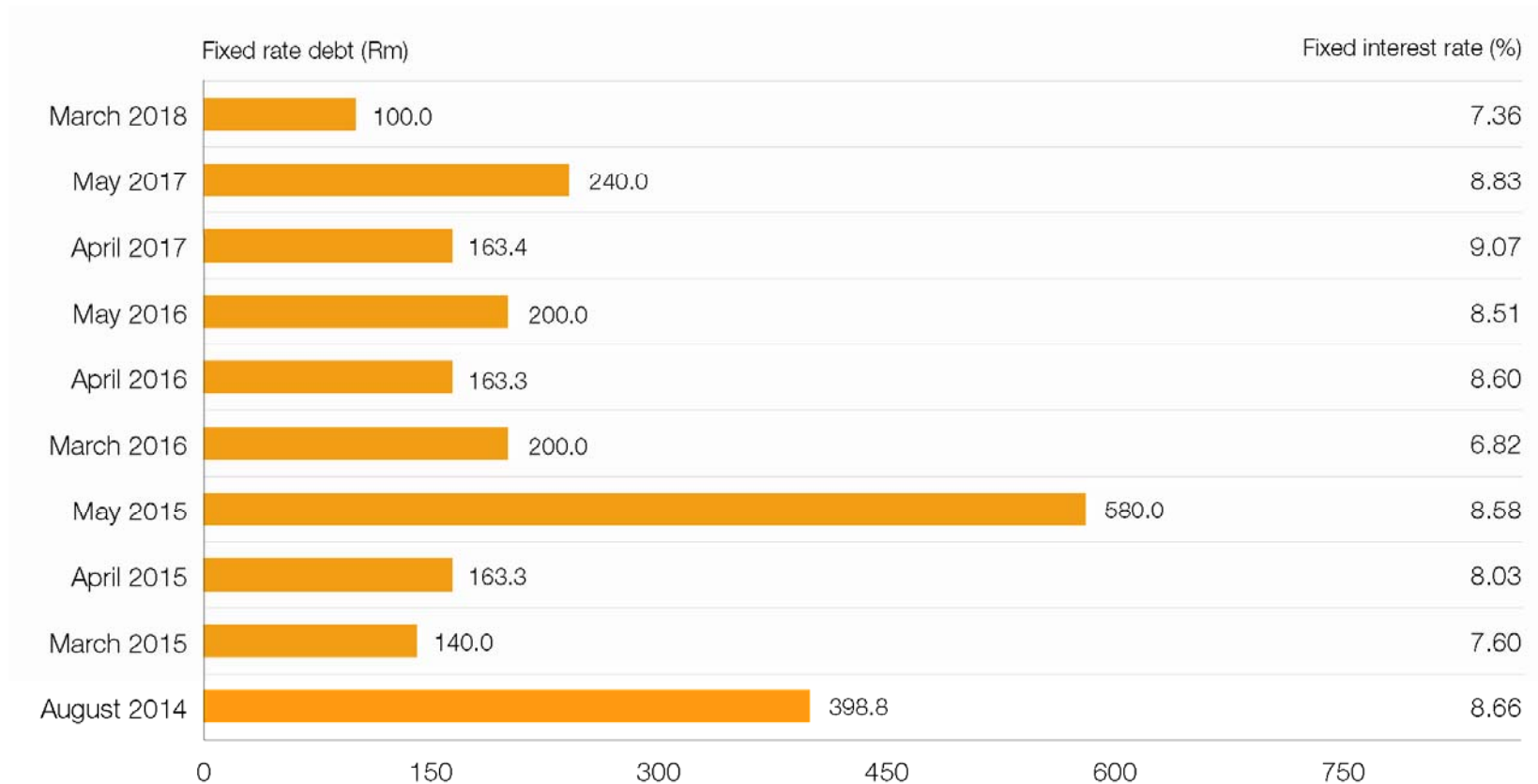
Bad debt and arrears analysis

- Tenant arrears increased by R6.6 million from March 2012 to R26.9 million at year end.
- Impairment allowance increased from R10 million (March 2012) to R13.7 million at 31 March 2013.
- Portfolio group of 26% over the same period.

	R000
• Impairment allowance 1 April 2012	10 028
• Allowance for receivable impairment for the year	5 997
• Receivables written off as uncollectable	(2 372)
• Impairment allowance 31 March 2013	13 653
Bad debt write-off per the statement of comprehensive income	6 079

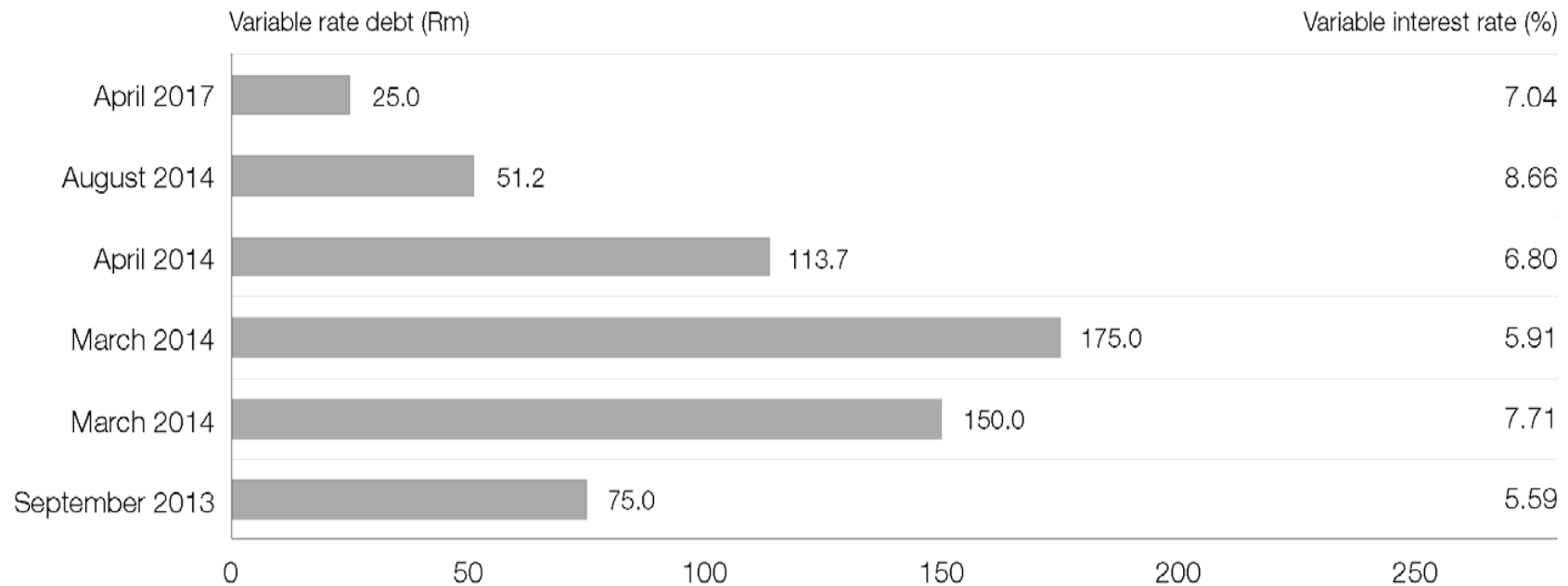
Group debt structure

Maturity and interest rate profile of fixed interest bearing debt at 31 March 2013

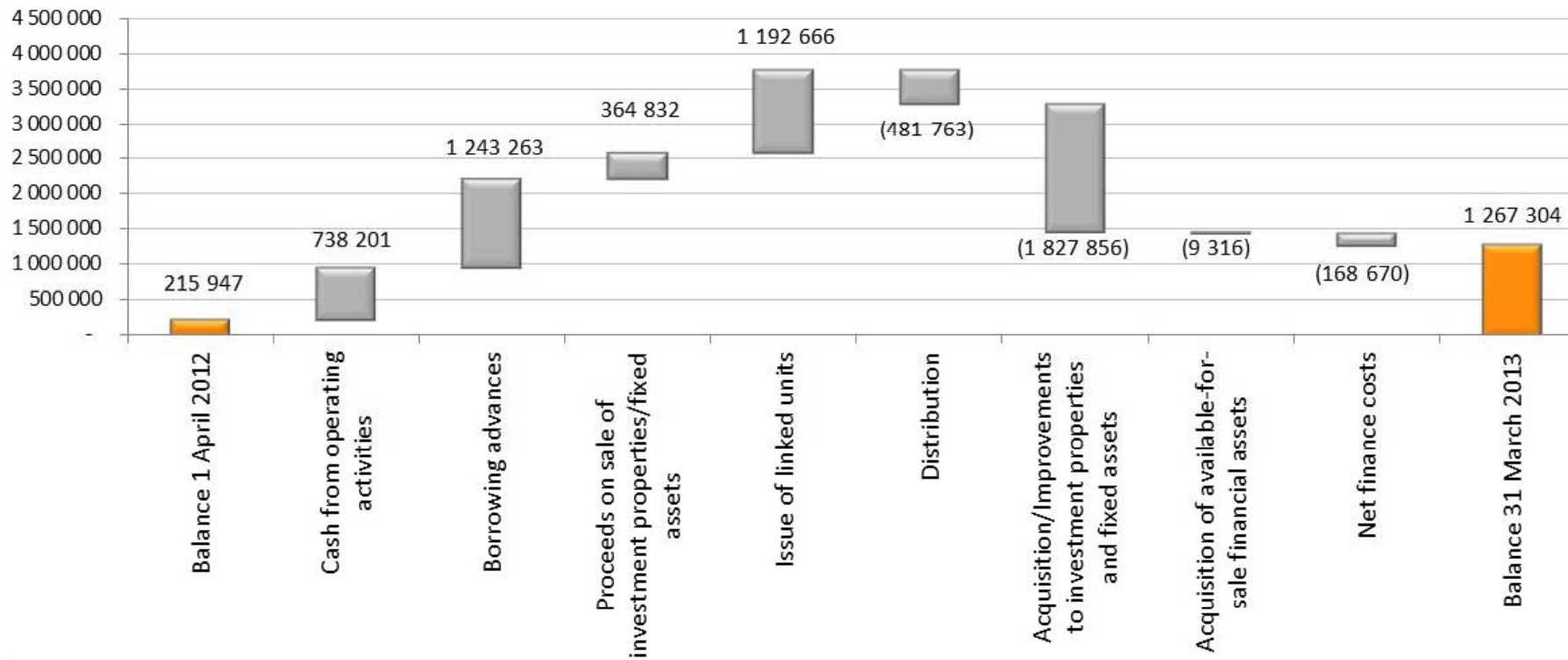


Group debt structure

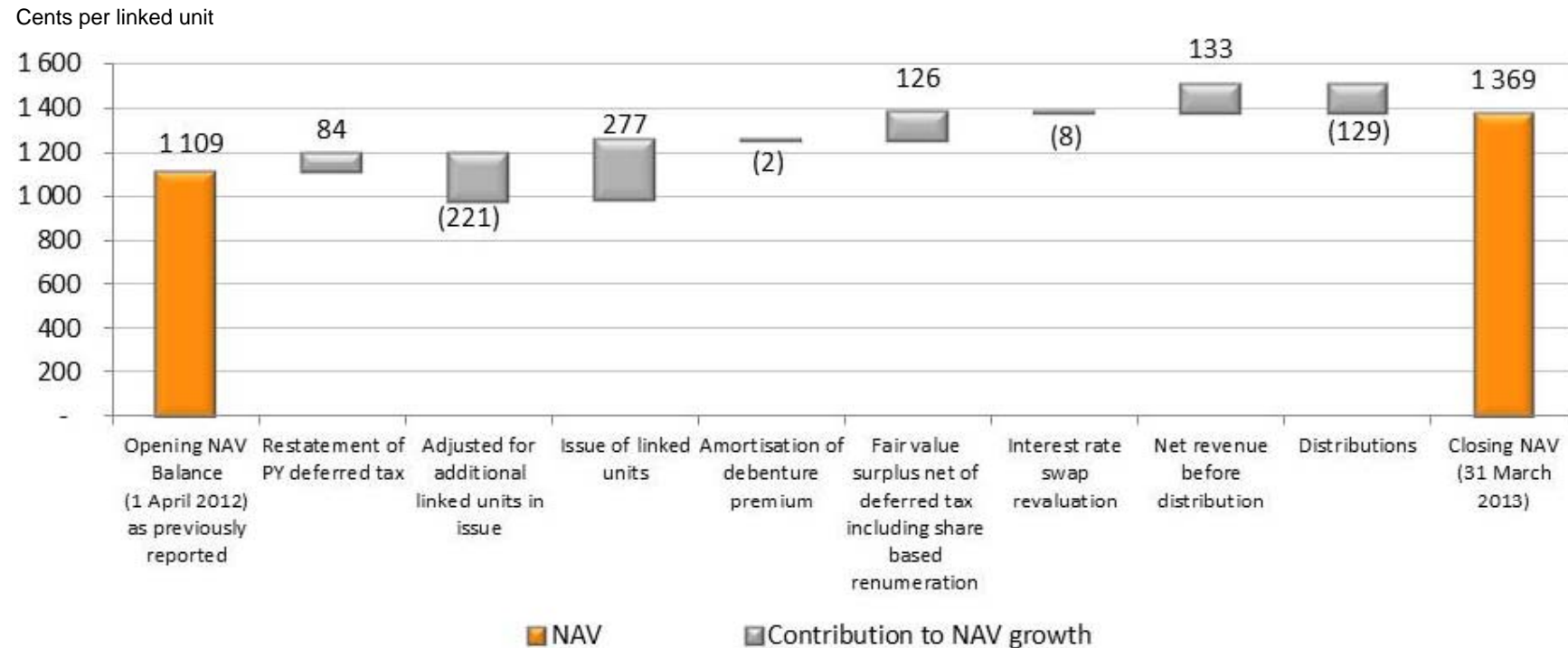
Maturity and interest rate profile of variable interest bearing debt at 31 March 2013



Group net cash flow



NAV bridge

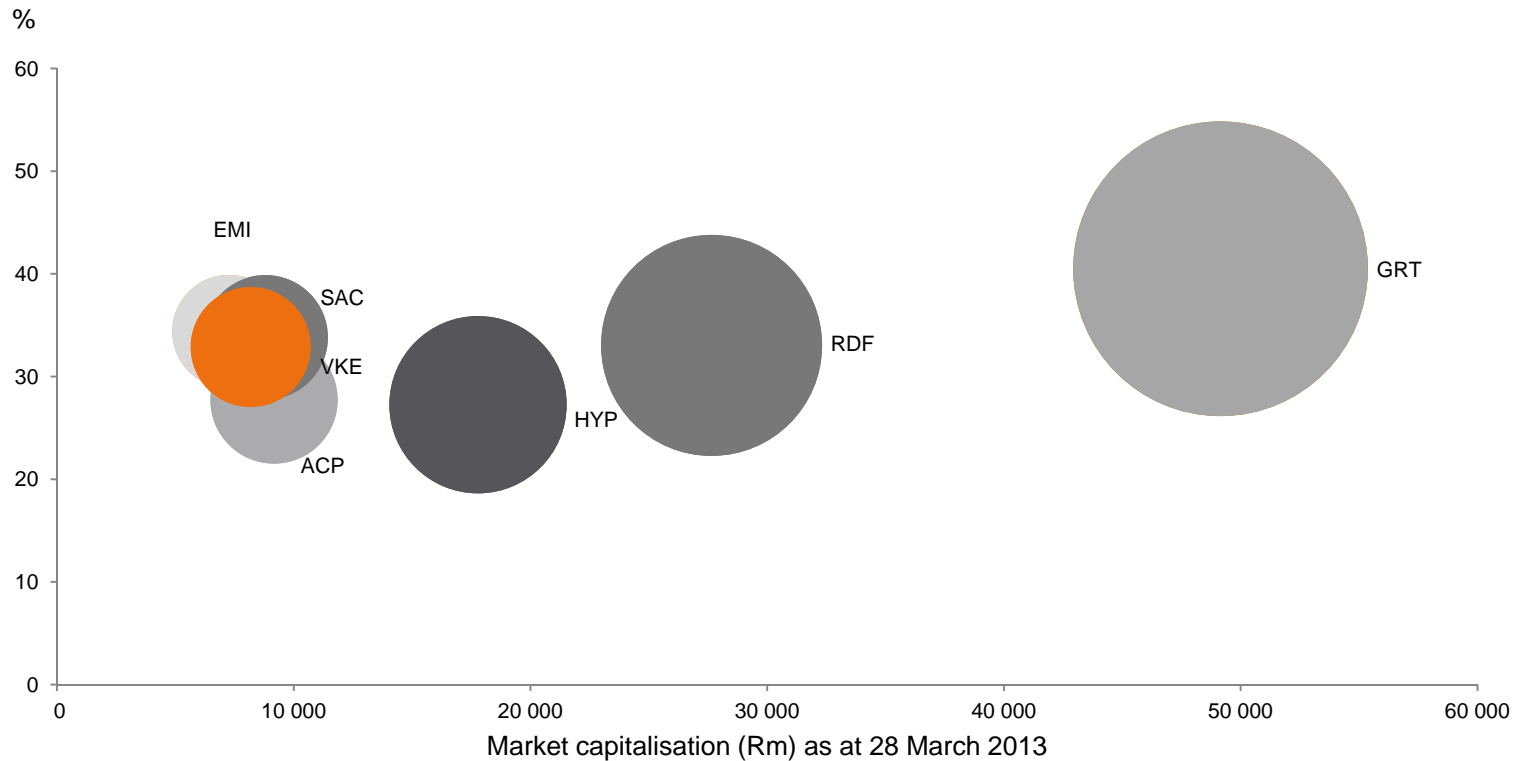


Linked unit price



Trading volumes and liquidity

VALUE TRADED AS % OF
MARKET CAPITALISATION



Post year end transactions

- **East Rand Mall**

- Acquisition of 50% of East Rand Mall successfully concluded – transfer effected 2 April 2013

- Financed as follows: Rm

- Equity raised 342

- Corporate bonds issued 300

- Commercial paper issued 250

- Surplus cash from property sales utilised 220

- 1 112

- Earnings enhancing from 1st year

- Initial yield 6.72%

- Weighted average cost of capital 6.59%

- **Equity raise – R400 million**

- Accelerated book build of R400 million successfully undertaken on 7 May 2013

- Linked units issued : 20.5 million

- Issue price : R19.50 per linked unit

- Issued at 2.3% discount to 5 day VWAP



Property portfolio performance and overview

INA LOPION

Overview

- Number of properties 78
- GLA 1 028 960m²
- Valuation
 - Total portfolio R7.694 billion
48% of portfolio valued externally,
values in line with internal values
 - Average value per property R98.6 million
 - Average discount rate 14.4%
 - Average exit capitalisation rate 10.2%

10 largest properties

Property	Location	Sector	Area m ²	Value Rm	% of total
Durban Phoenix Plaza	Durban	Retail	24 348	541.0	7.0
Cape Town Bellville Louis Leipoldt	Bellville	Offices	22 311	313.0	4.1
Pinetown Pine Crest (50%) *	Pinetown	Retail	20 056	277.5	3.6
Jhb Isle of Houghton	Houghton	Offices	28 074	274.7	3.6
Soweto Dobsonville Shopping Centre	Soweto	Retail	23 177	263.2	3.4
Randburg Square	Randburg	Retail	51 397	240.6	3.1
Oshakati Shopping Centre	Oshakati	Retail	24 632	223.0	2.9
Durban Embassy	Durban	Offices	32 365	206.4	2.7
Daveyton Shopping Centre	Daveyton	Retail	17 095	186.6	2.4
Cape Town Bellville Tijger Park	Bellville	Offices	20 225	170.9	2.2
Total : 10 Largest properties			263 681	2 696.9	35.0

* Represents an undivided 50% share in this property.

Sector	Area m ²	Value Rm	% of total
Retail	160 705	1 732	22.5
Offices	102 976	965	12.5
Total : 10 Largest properties	263 681	2 697	35.0

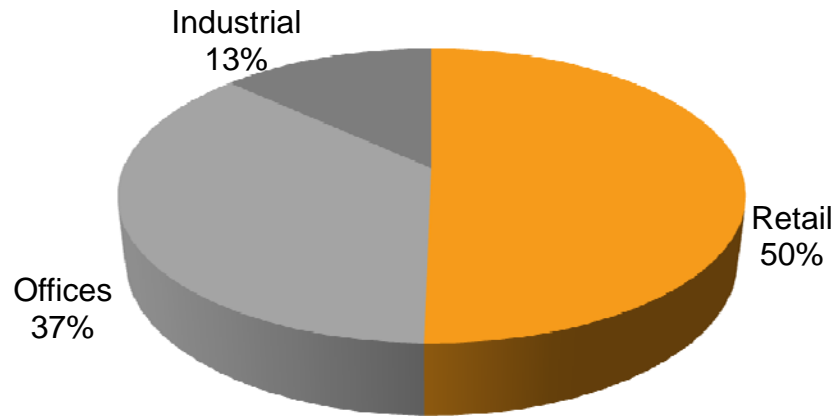


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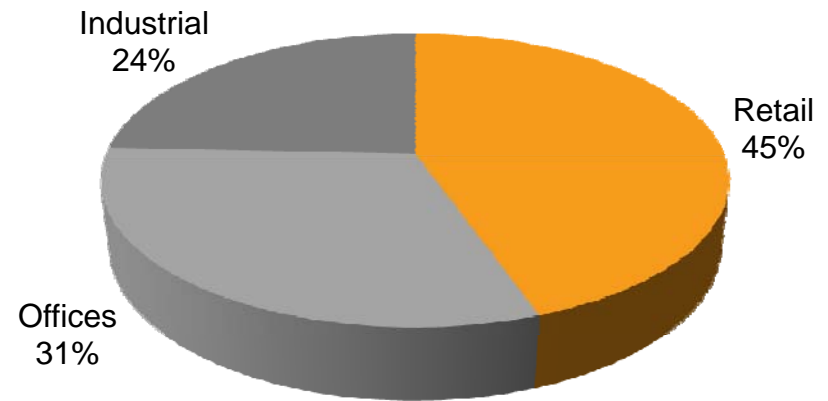


Sectoral profile

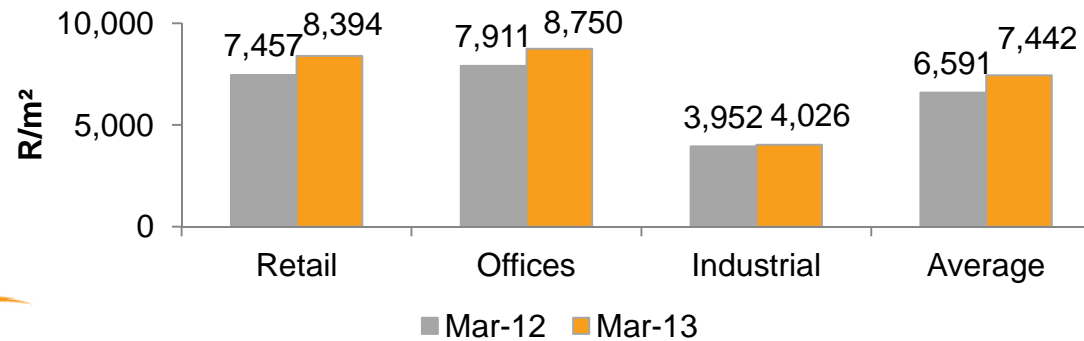
Market value (Rm)



GLA (m²)



Market Value (R/m²)



Disposals

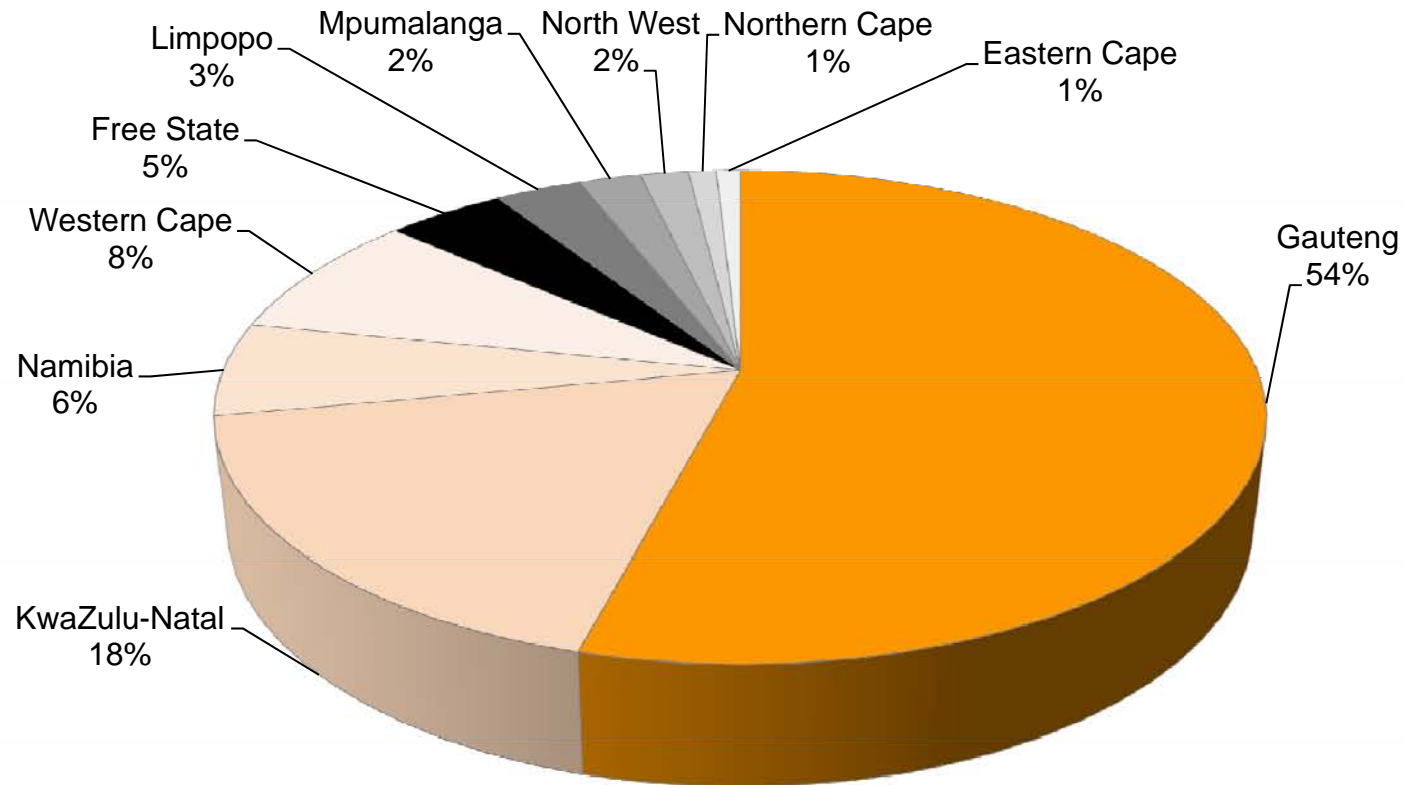
Property	Sector	GLA (m ²)	Yield per annum	Sales price (R000)	Status transferred
Pretoria VWL	Offices	16 933	12.5	103 000	31-Aug-12
Midrand 179 15TH Road (Sony Building)	Industrial	11 001	8.1	57 000	18-Oct-12
Truworths Building Jhb	Retail	6 919	7.8	43 680	19-Jul-12
Glencairn Building Eloff Street	Offices	13 378		23 520	19-Jul-12
Randburg Cresta Eva Park	Offices	10 911	8.3	40 000	25-Mar-13
Nelspruit Prorom	Offices	6 178	12.5	38 354	13-Aug-12
Midrand Allandale Land (Halfway House Ext 64)	Industrial			20 700	28-Mar-13
Katimo Mulilo Pep Stores	Retail	2 472	11.7	18 000	7-Dec-12
Johannesburg John Griffen	Industrial	9 774	12.0	16 500	9-May-12
Jhb Bassonia Office Park	Offices	1 597	13.4	8 300	28-Mar-13
Rundu Ellerines	Retail	1 283	14.7	2 800	31-Aug-12
Total sales during year		80 445		371 854	
<i>Sales post year end:</i>					
Durban Embassy	Offices	32 365	9.9	238 000	23-May-13
Randburg Triangle	Offices	3 047	10.5	13 500	10-May-13
Total		115 857		623 354	

Properties held for sale

Property	Sector	GLA (m ²)	% Yield per annum	Sales price (R000)	Status
Midtown Building	Offices	8 086		tbc	No sale yet
Lichtenburg Shopping Centre	Retail	8 423		tbc	No sale yet
Midrand Allandale Land (Halfway House Ext 65)	Industrial			21 850	CPs outstanding

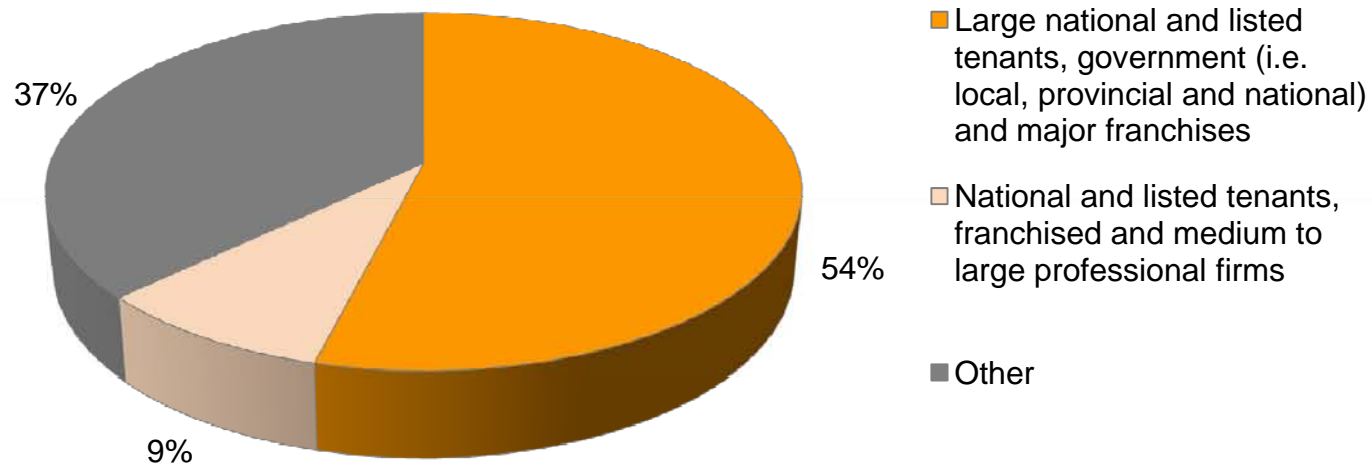
CP = Conditions precedent

Geographic profile (GLA m²)

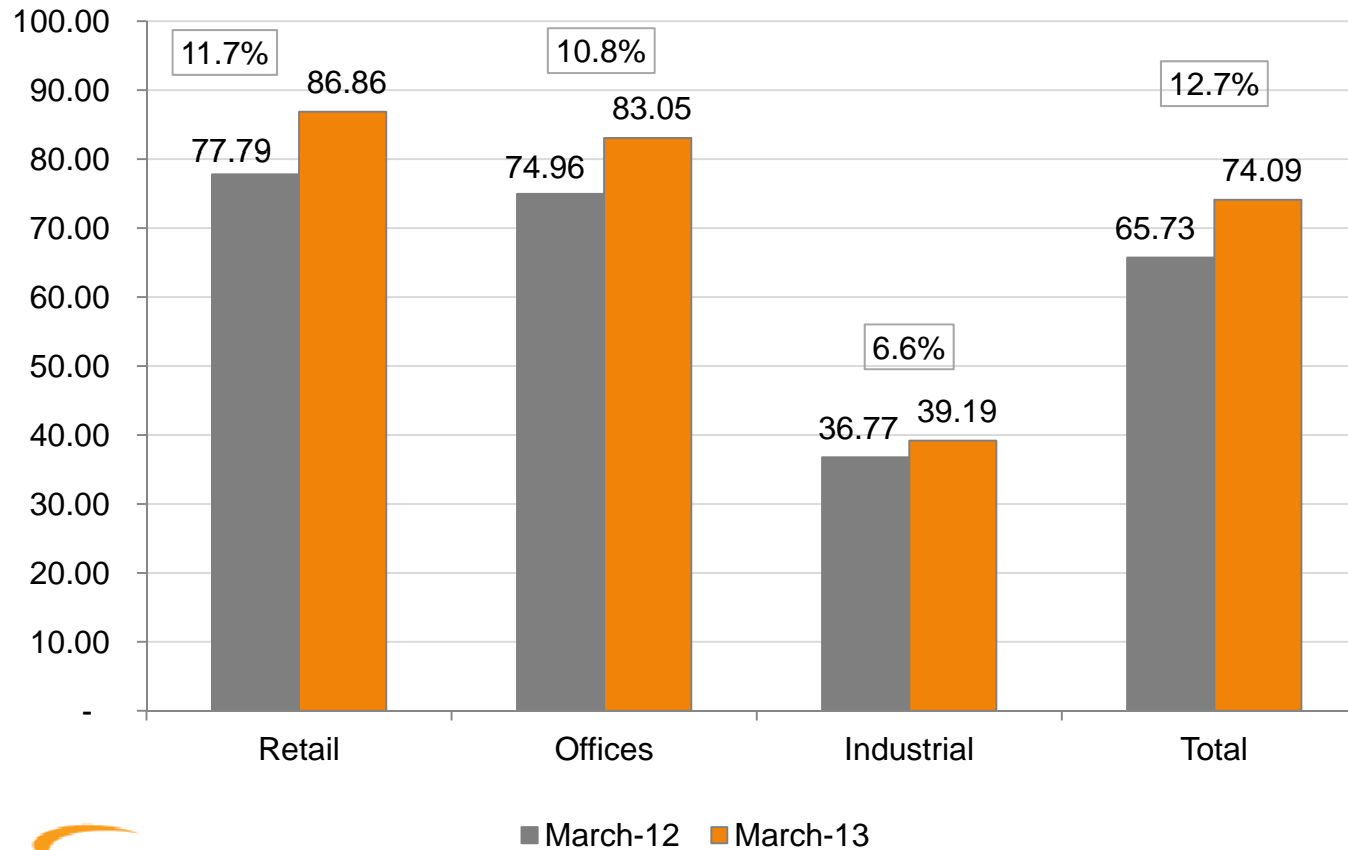


Top four regions account for 86% of exposure

Tenant profile (GLA m²)

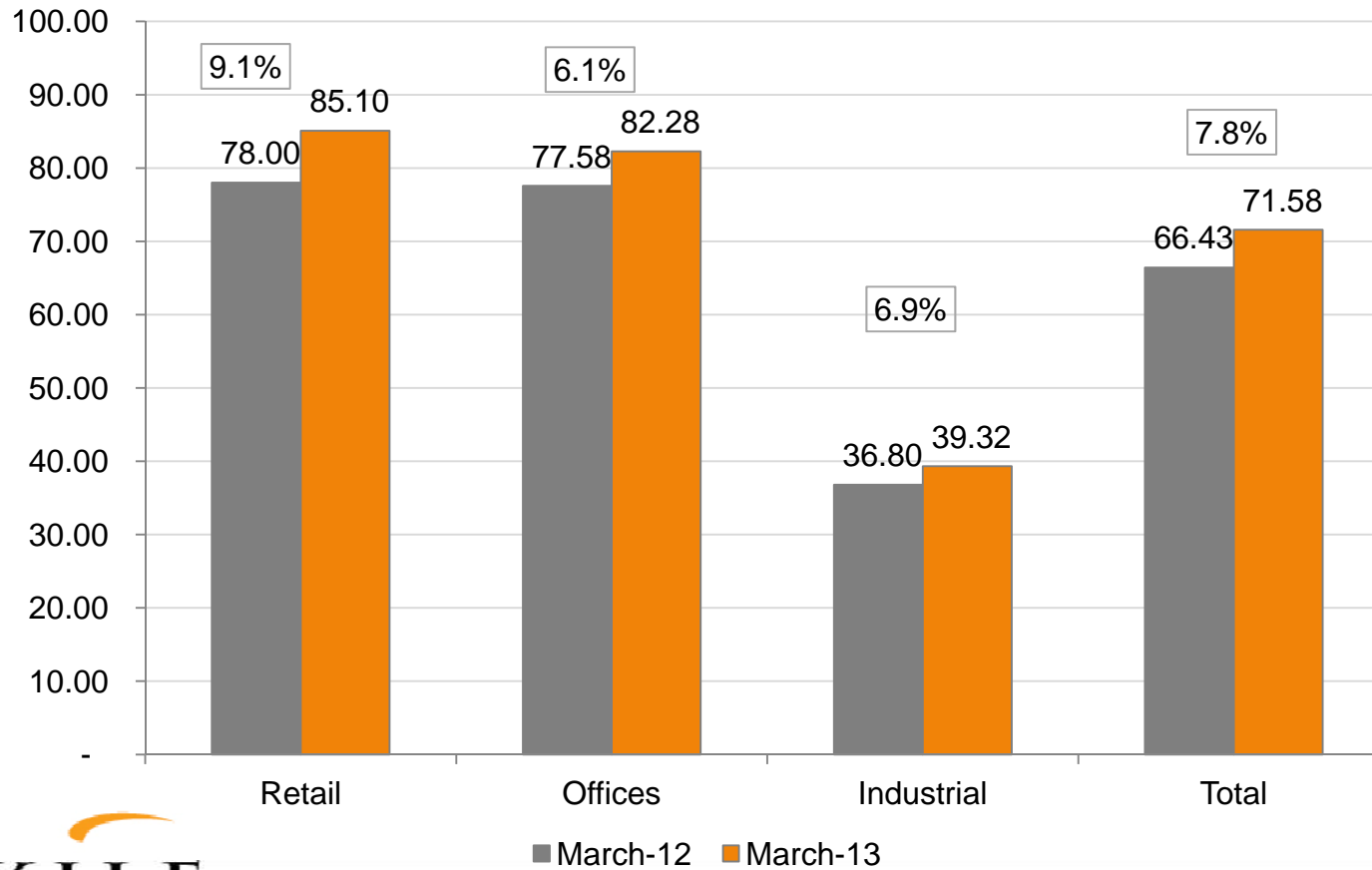


Weighted average base rentals R/m² (excluding recoveries)



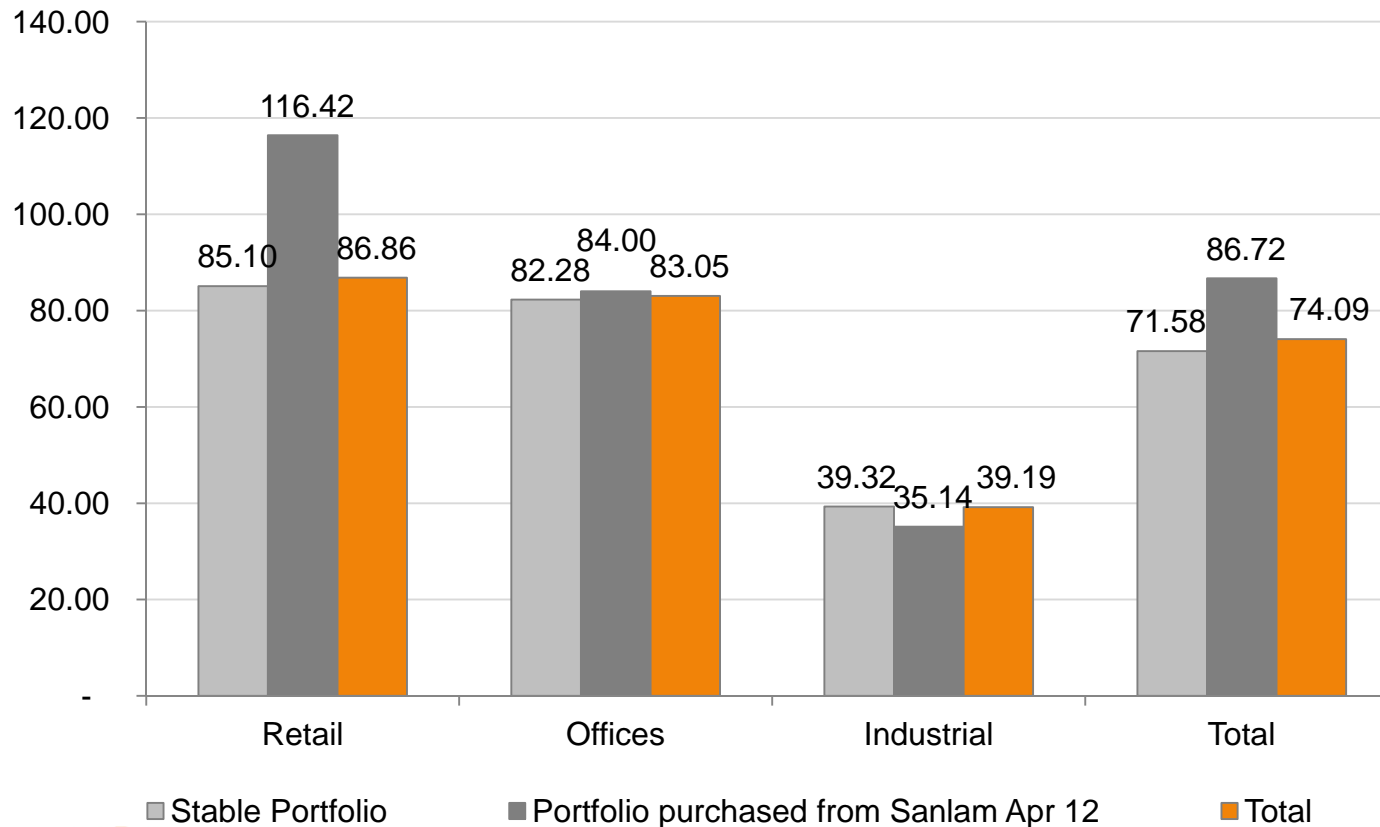
Weighted average base rentals R/m² (excluding recoveries)

Stable portfolio (excluding sales and acquisitions)

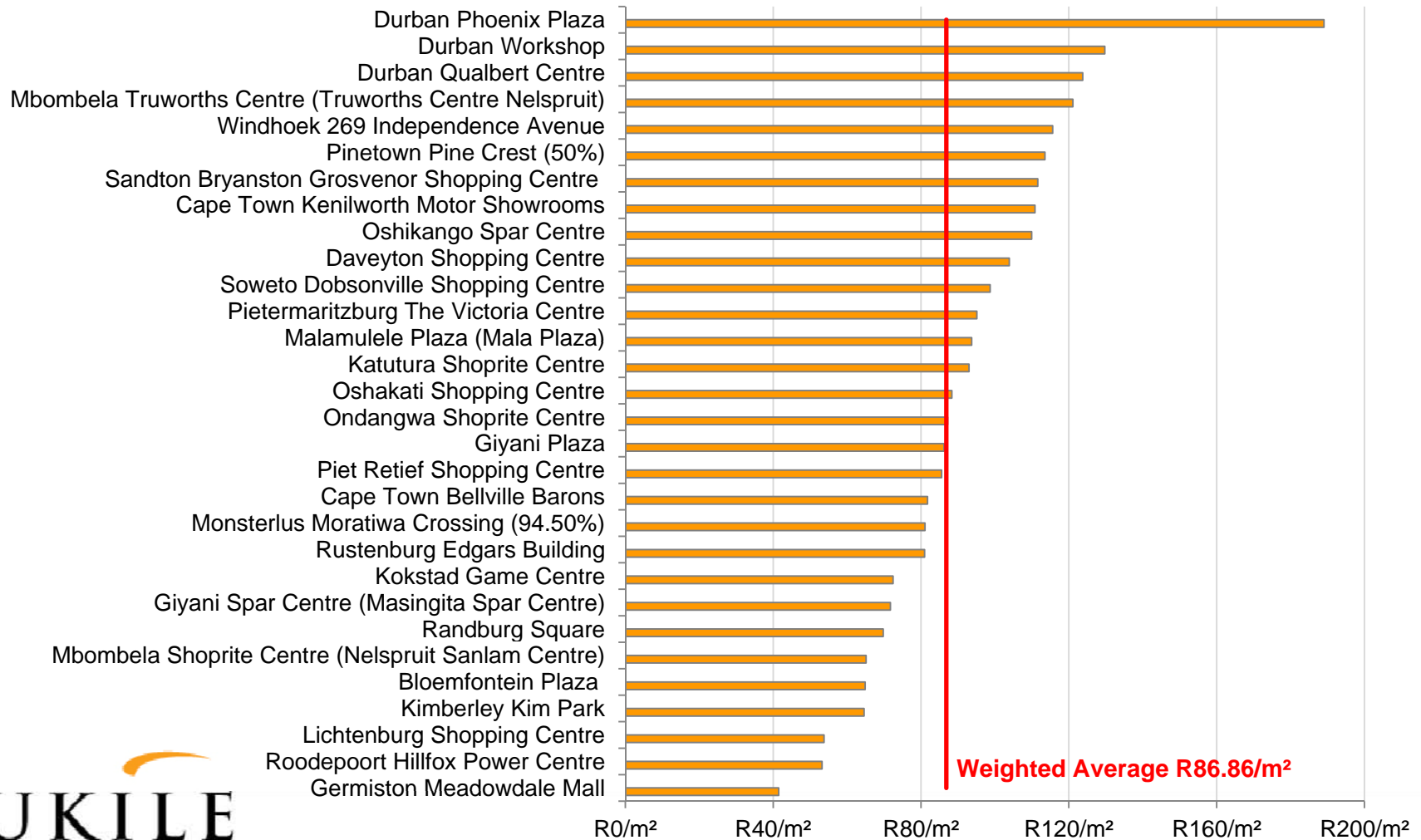


Weighted average base rentals R/m² (excluding recoveries)

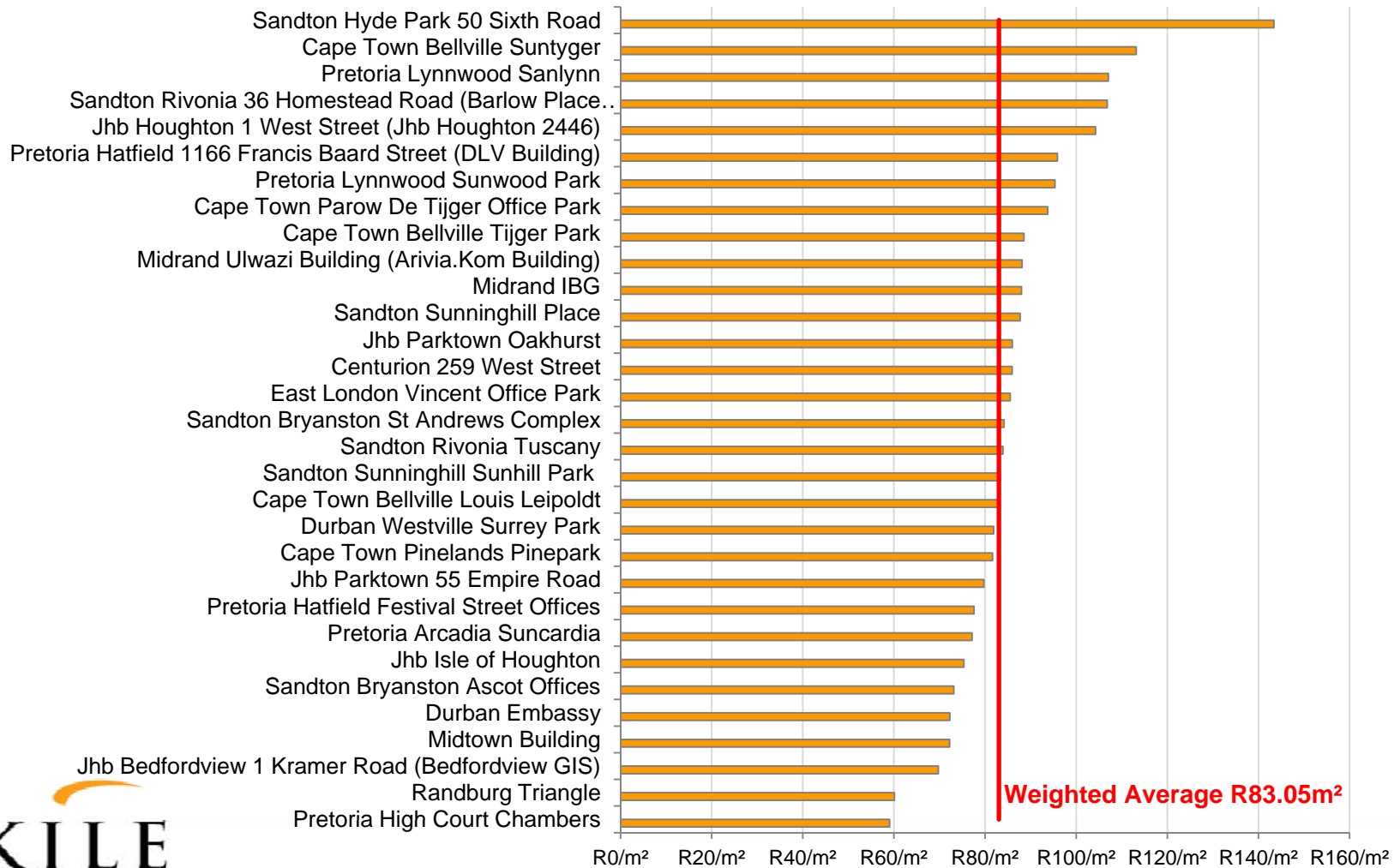
Remaining portfolio (excluding sales)



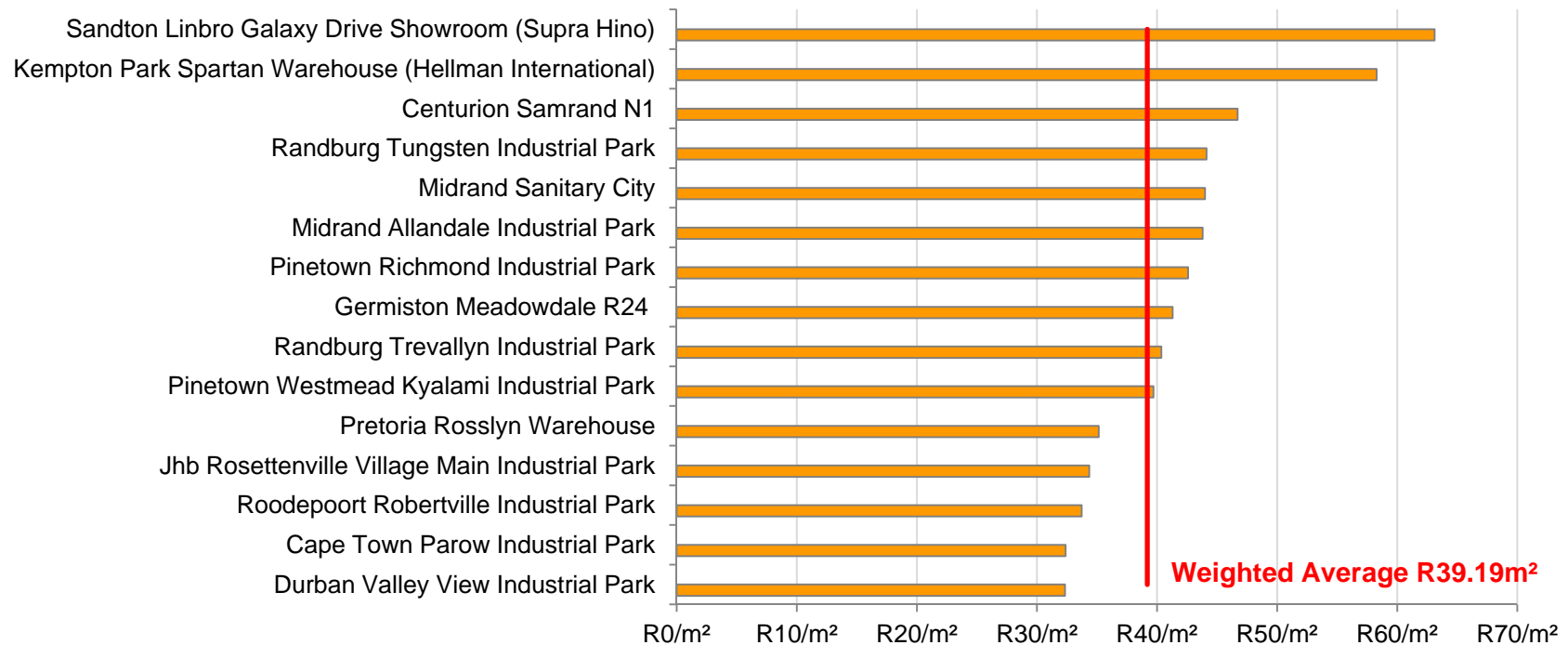
Weighted average base rental R/m² - (excluding recoveries): Retail



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

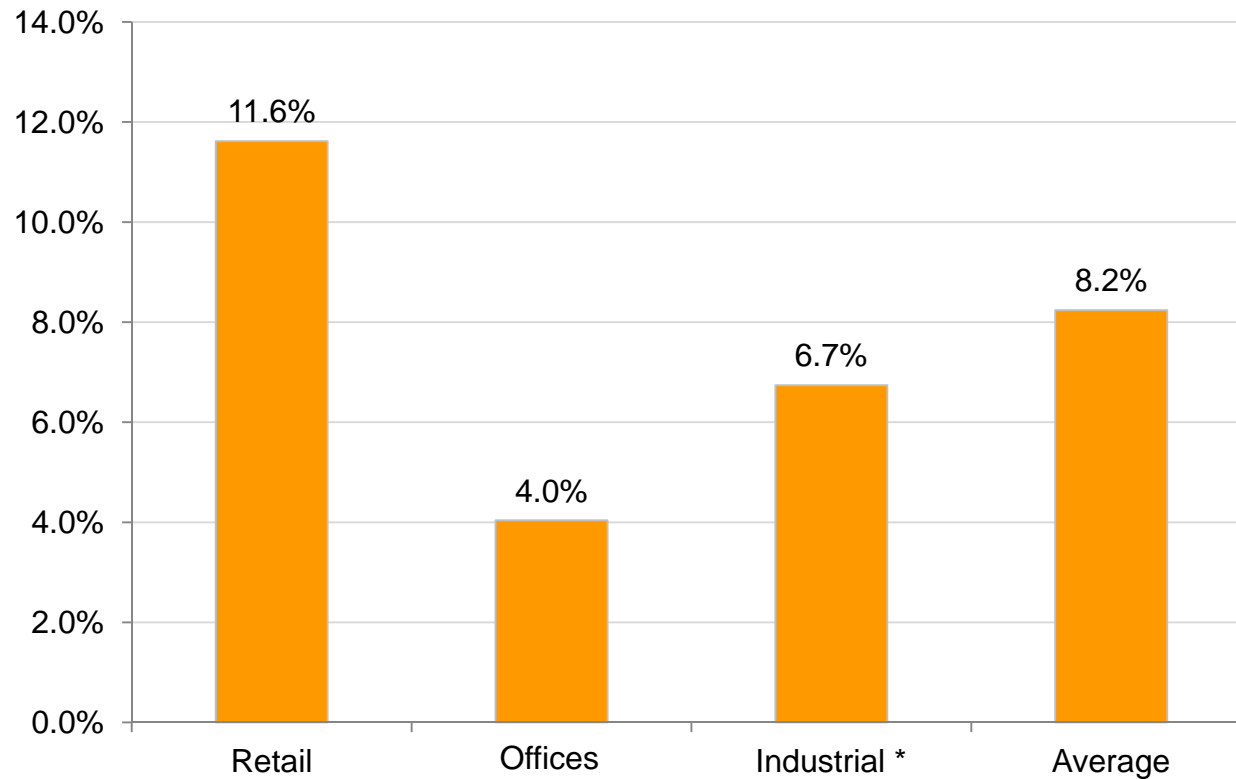


Weighted average base rental R/m² - (excluding recoveries): Industrial



Lease renewals

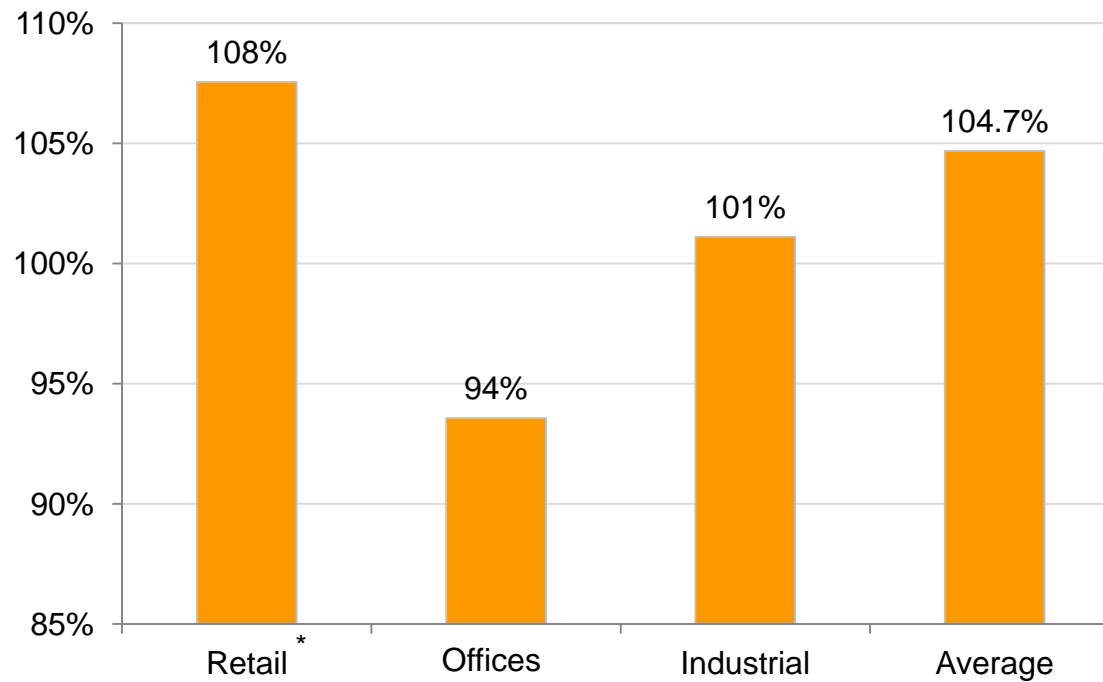
% escalation on expiry rentals



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

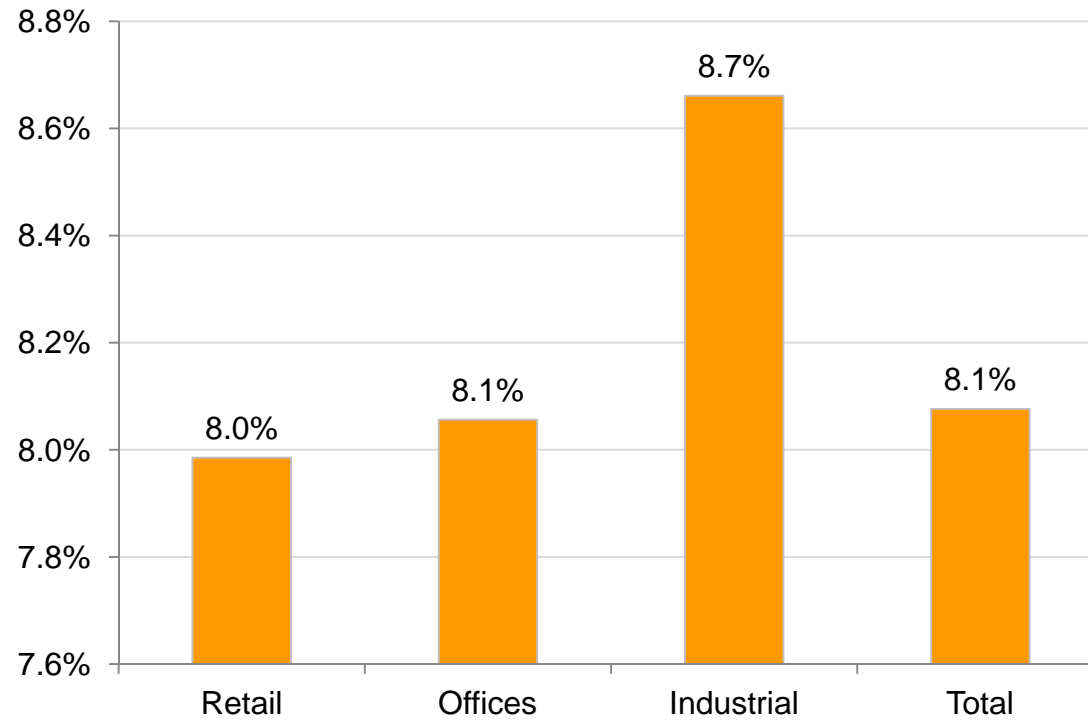
New leases concluded

(Ratio of rental concluded against budget)

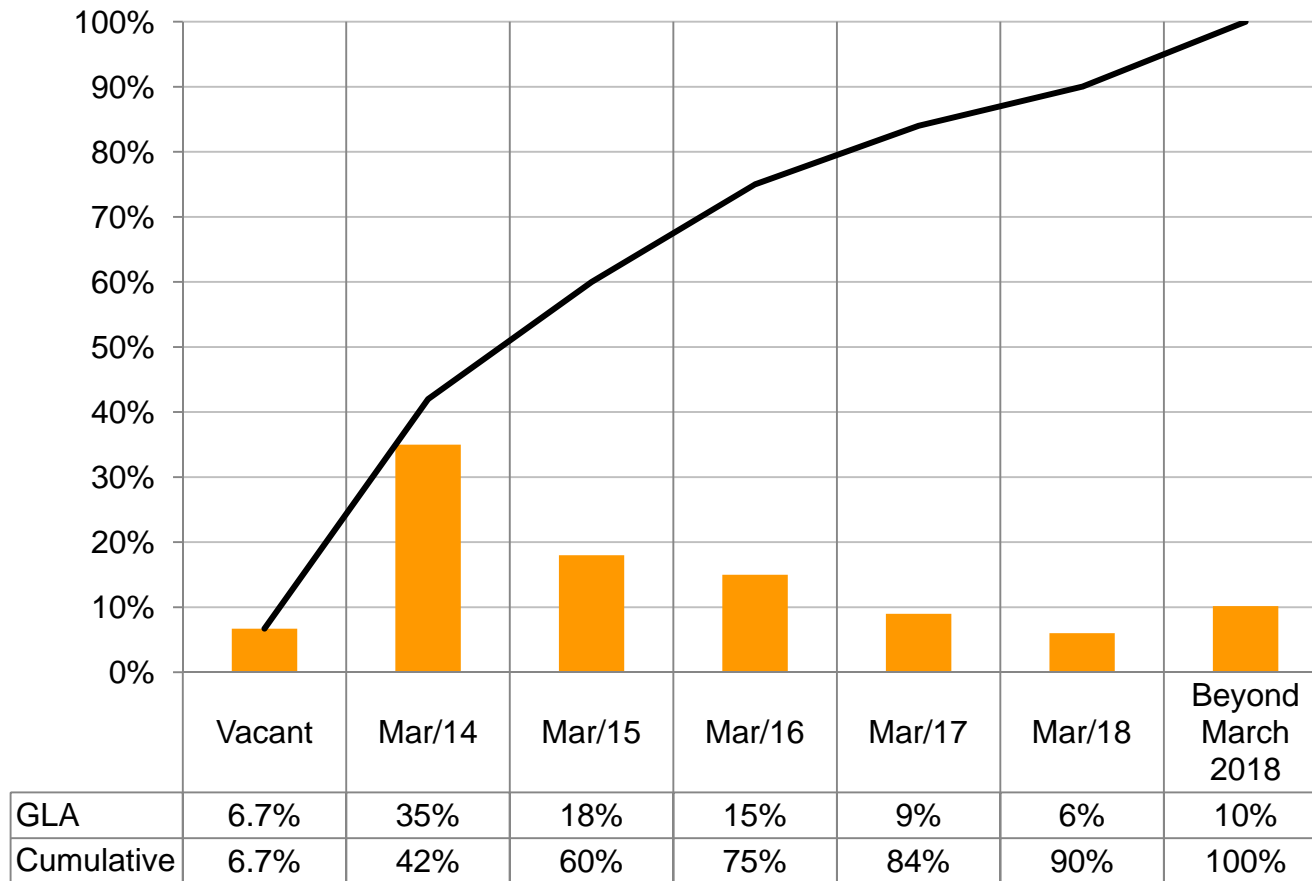


* Excluding the Durban Workshop transaction on the old cinema premises which are converted to retail space to obtain much higher rental rates.

Contracted rental escalation profile



Group lease expiry



New leases and renewals

- For the year ended 31 March 2013 leases were concluded with a:

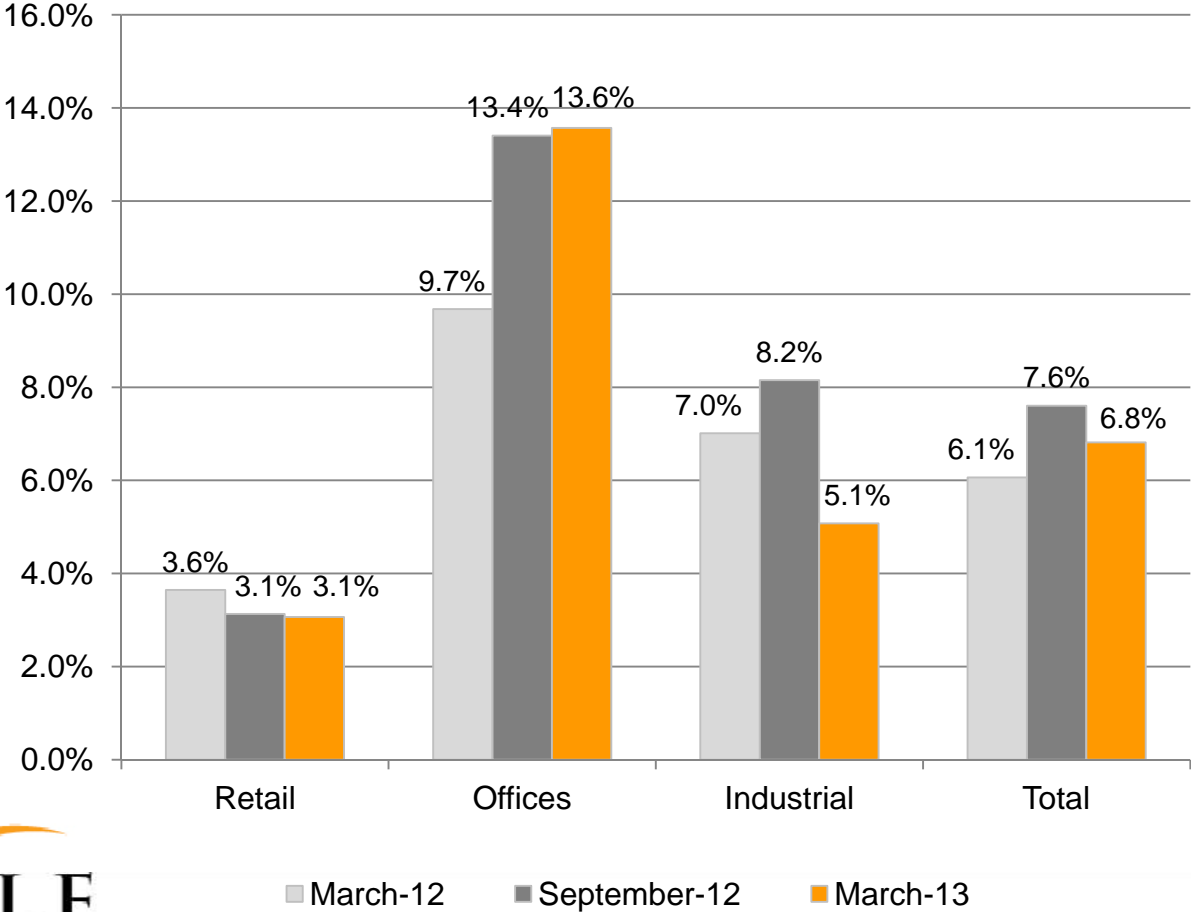
- Total contract value R1 015 million
- Total rentable area 277 911m²

- Largest contracts concluded

Tenant	Property	Sector	Contract value (Rm)	Lease duration (years)
Pretoria Society of Advocates	Pretoria High Court Chambers	Offices	120.2	10
Edgars	Rustenburg Edgars Building	Retail	61.8	5
Plumblink (SA)	Midrand Sanitary City	Industrial	48.5	10
OK Bazaars	Randburg Square	Retail	17.0	5
Road Accident Fund	Durban Embassy	Offices	16.0	2

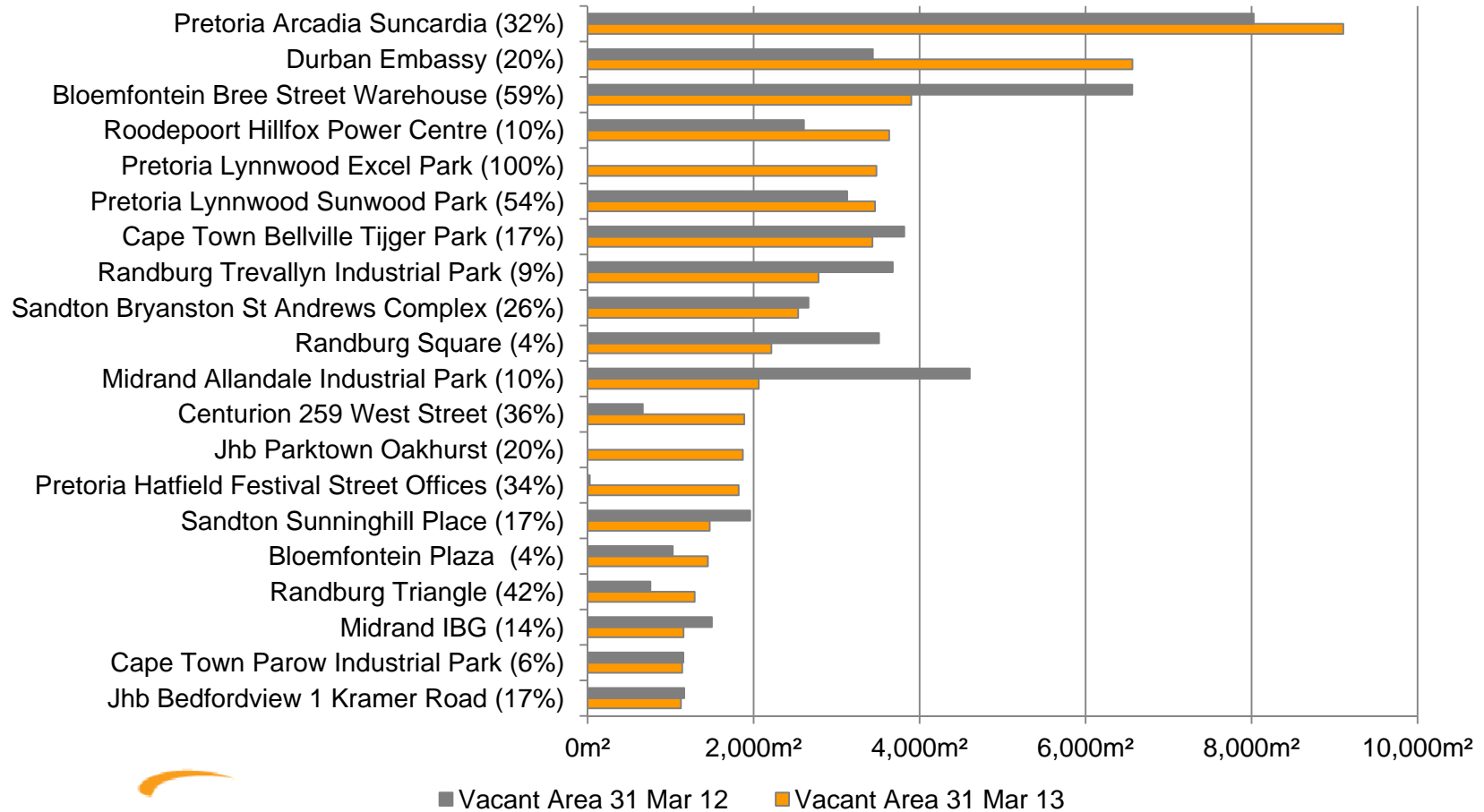
- Tenant retention 87%

Vacancy profile - % of GLA

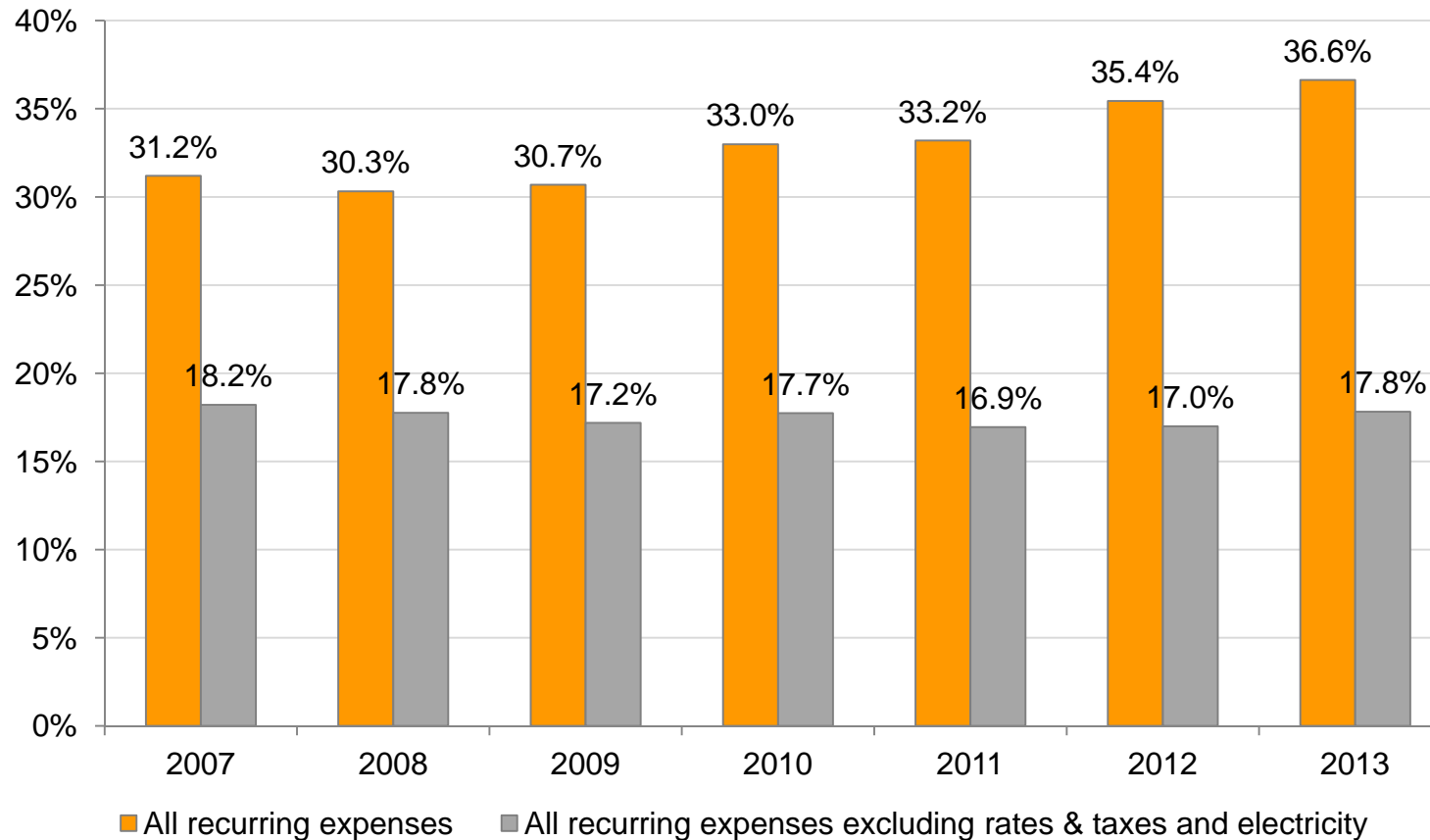


Individual properties vacancy profile

(% of GLA) (vacancy > 1 000m²)

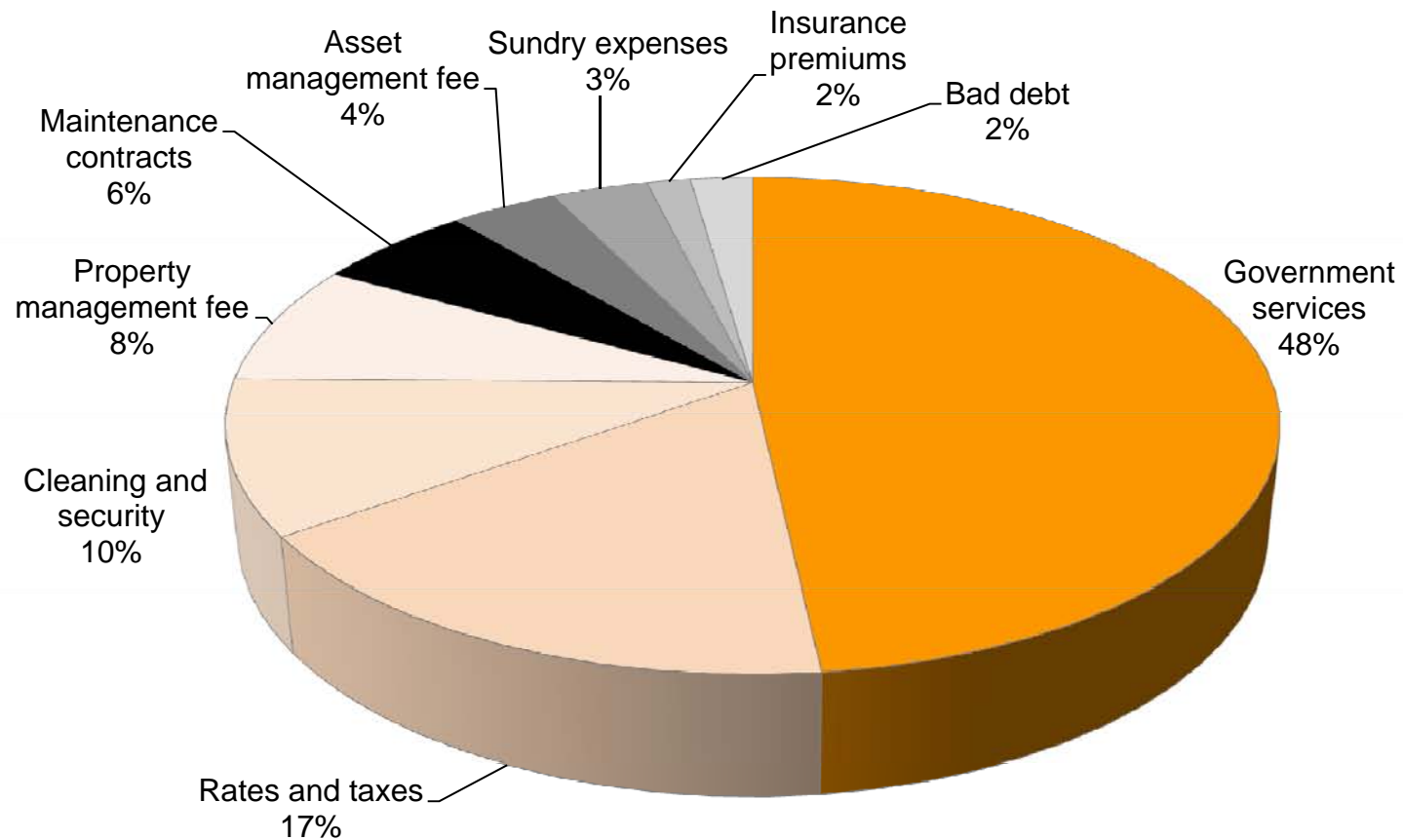


Ratio of gross recurring cost to property revenue - stable portfolio



Stable portfolio include only those properties that were in the portfolio for the full 12 month period.

Recurring expense categories

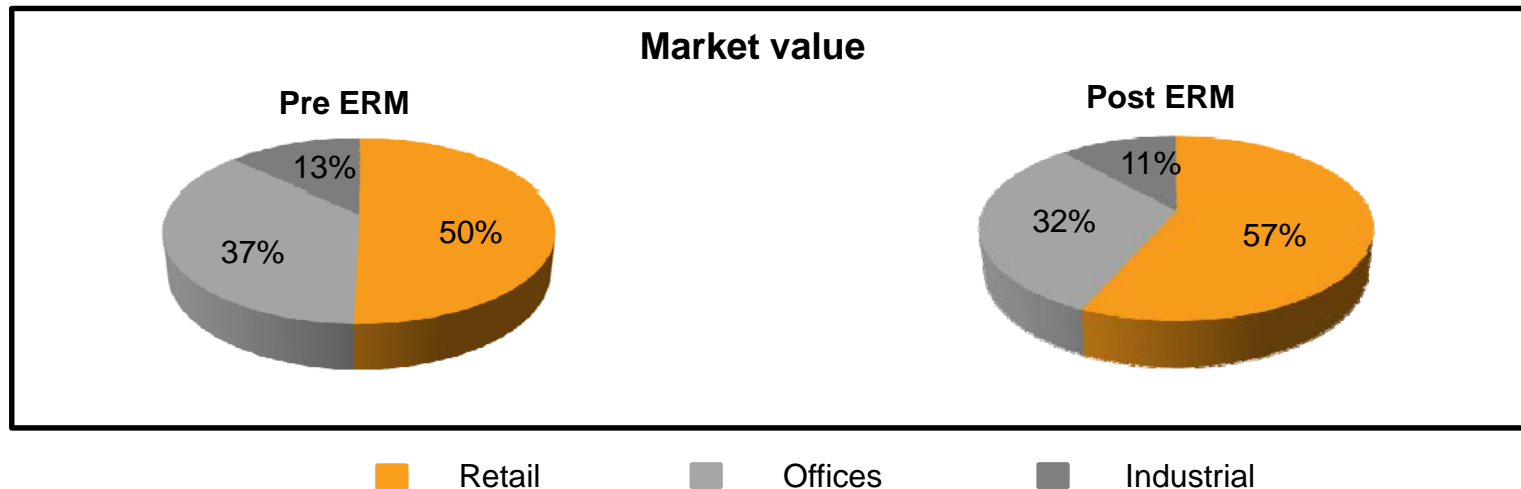


83% of costs from top four categories

East Rand Mall acquisition

- R1.112 billion purchase in conjunction with Redefine (50%), transferred 2 April 2013.
- Asset integrated into Vukile.
- Management committee with Redefine established.

Portfolio composition post East Rand Mall acquisition



Re-developments / upgrades

Projects completed

Property	Project detail	Additional GLA m ²	Total capex Rm	Yield %	Completion date
Randburg Square	Upgrade and maintenance Phase1		80.8		June 2012
Roodepoort Hillfox Power Centre	Phase 1 of the upgrade to the exterior of the centre		6.5		April 2012
Roodepoort Hillfox Power Centre	Phase 2 of the upgrade to the exterior of the centre		4.0		May 2012
Oshakati Shopping Centre	Redevelopment of the ex-Standard Bank premises	2 312	20.1	11.1	July 2012
Kimberley Kim Park	Upgrade		5.2		June 2012
Total		2 312	116.6		

Re-developments / upgrades

Projects approved and in process

Property	Project detail	Additional GLA m ²	Total capex Rm	Yield %	Completion date
Randburg Square	Upgrade and maintenance Phases 2 & 3	-	207.5	(1)	August 2013
Bellville Louis Leipoldt Hospital	Upgrade for Medi Clinic	-	33.5	(2)	May 2013
Durban Workshop	Upgrade to the mall areas and conversion of cinema area to retail premises	-	55.0	(1)	November 2013
Cape Town Bellville Tijger Park Offices	Upgrade and additional parking decks	102 parking bays	49.8	(1)	October 2013
Cape Town Bellville Barons	Upgrade to Barloworld premises	-	17.5	9.4	October 2013
Roodepoort Hillfox Power Centre	Third (Final) phase of the upgrade to the exterior of the centre	-	20.0	(1)	November 2013
Daveyton Shopping Centre	Pick n Pay extension	700	7.8	9.5	October 2013
Ondangwa Shoprite Centre	Extension to Shoprite	166	8.7	6.0	November 2013
Total			399.8		

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

(2) The capital was agreed as part of a new 15 year lease.



Prospects, plans, acknowledgements and closing

LAURENCE RAPP

Update on Transactions

- Encha deal:
 - Commercially driven BEE deal
 - Acquiring four properties for c.R1.04 billion
 - Earnings enhancing at a purchase yield of 9.5%
 - Option to acquire the Pretoria Momentum Building at a 9.5% yield once new five year lease has been signed, will increase value of portfolio to R1.4 billion
 - Encha becomes a large shareholder in Vukile who should achieve majority of ownership points on PSC scorecard
 - Equity tap structure to ensure BEE credentials are not diluted as Vukile grows
 - Dr Sedise Moseneke to join executive team and have responsibility to drive:
 - Overall transformation
 - Sovereign tenant portfolio
 - Acquisitions
 - Transaction is on track with general meeting expected to be held in early July
- Wingspan deal: details still to be finalised before more information is released

Strategic priorities

- Grow the portfolio
 - In line with stated strategy
 - Will consider strategic investments in other listed funds
- Stakeholder engagement
 - Debt, equity and foreign Markets
- Customer and tenant focus
 - Closer to retailers
- Minimise cost of funding and refinance risk
- Operational efficiencies
 - Vacancies and energy management
- Invest in our people
- Transformation



Optimise short and long-term returns for unit-holders

Prospects

- Economy remains stubbornly sluggish with next year very much in line with F2013
- Retail to continue performing well, offices will remain tough with added impetus to move vacant space
- Solid deal pipeline with yield enhancing acquisitions and developments that will add positively to the portfolio
- Expect to deliver a growth of 4-6% in normalised distributions (off a base of 120.44cps)
- Taking into account distributions of c.R64 million in sales commission on East Rand Mall together with the first distribution for March 2014
- Expect to deliver total growth of 6 – 8 % (off the F2013 base of 131.6cps)

Acknowledgements

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



Questions and answers

CLOSING