VUKILE

PROPERTY FUND LIMITED

UNAUDITED INTERIM RESULTS AND DISTRIBUTION ANNOUNCEMENT

for the six months ended 30 September 2006

- Total return to unitholders for 12 months - 34.4%
- Distribution up 10%
- NAV per linked unit increases by 12.7%

COMMENTS

1 BASIS OF PREPARATION

The unaudited abridged interim financial statements for the six months ended 30 September 2006, and comparative information, have been prepared in terms of International Financial Reporting Standards (IFRS). The statements also comply with IAS 34 (Interim Financial Reporting) and relevant sections of the South African Companies Act 1973, as amended. The accounting policies applied are consistent with those applied in the most recent audited financial statements.

Deferred taxation on the fair value adjustment of investment property was previously provided at capital gains taxation rates. In terms of IAS 12, Vukile has now applied a combination of income taxation and capital gains taxation rates based on the nature of the property. The effect of the above changes was disclosed in Vukile's annual financial statements at 31 March 2006. These changes were not previously incorporated in the interim results for the six-months ended 30 September 2005 and hence this period's results are now restated.

2 FINANCIAL RESULTS

The group's net profit available for distribution amounted to R98.9 million (36.30 cents per linked unit) for the six months ended 30 September 2006 compared to the R87.2 million (32.50 cents per linked unit) for the six months ended 30 September 2005, an increase of 13.4%. MICC contributed R26.7 million to net profit before tax, debenture interest and fair value adjustment and after adjusting for minority interests (R25.8 million - 30 September 2005). Vukile's net rental income, excluding straight-line rental accruals, has increased by R11 million or 9.4% over the comparable period. As a result of property sales following Vukile's acquisition of an additional 24% in MICC, MICC's net rental income, excluding straight-line rental accruals, had reduced by R10.8 million or 17%. This reduction was more than offset by:

- an additional 24% of MICC's income now attributable to Vukile. The net profit attributable to minorities has reduced by R9.5 million over the comparable period, and
- by a reduction in finance costs, net of interest received, of R4 million over the comparable period.

SUMMARY OF FINANCIAL PERFORMANCE

	Sept 06	Sept 05	March 06
Net asset value attributable to equity holders of parent per linked unit	710 cents	630 cents	670 cents
Distribution per linked unit	35.75 cents	32.50 cents	36.0 cents
Loan to value ratio	35.5%	39.7%	41.0%

The net asset value per linked unit increased by 12.7% from R6.30 per linked unit as at 30 September 2005 to R7.10 per linked unit as at 30 September 2006.

The board has approved an interim distribution of 35.75 cents per linked unit for the six months ended 30 September 2006, an increase of 10% over the comparable period.

3 BORROWINGS

The group's long-term debt is hedged using interest rate swap agreements for periods expiring between four and six years and via two-year swaptions to hedge short term debt. Increases in interest rates will, therefore, have little impact on the group's cost of debt.

MICC's debt has been restructured and comprises a new five-year loan of R251.2 million from Nedbank at a rate which has been fixed at 10.66% (previously 11.51%) through an interest rate swap agreement, as well as a new five-year loan of R188.8 million from Absa (replacing Standard Bank) at a rate which has been fixed at 10.38% (previously 11.22%) through an interest rate swap agreement. In addition, an access facility of R62.7 million at 1.5% below prime has been negotiated with Absa. The net effect of this restructuring is an annual saving in debt costs of approximately R4.0 million.

4 PROPERTY PORTFOLIO

The combined property portfolio currently comprises 79 properties with a gross lettable area of 956 147m².

For the combined portfolio, the sectoral spread by revenue comprises 32.7% commercial, 51.6% retail and 15.7% industrial.

During the period under review 110 923m² (85.5%) of expired leases of 129 734m² were renewed.

The group's lease expiry profile as at 30 September 2006 is approximately the same as it was at 30 September 2005.

At 30 September 2006, the combined portfolio's vacancy (measured as a percentage of gross rentals), was 4.1% compared to 4.6% at 30 September 2005. The vacancy at Randburg Square office tower will, once all the newly concluded leases commence on 1 December 2006, be less than 10% compared to more than 60% at 31 March 2006.

5 ACQUISITIONS AND DISPOSALS

All the acquisitions and disposals referred to in the company's annual financial statements for the year ended 31 March 2006, issued on 29 May 2006, have been successfully concluded.

The following properties have also been identified as non-core and have been sold.

Property	Original purchase price R000	Net sales price R000	Valuation at 31 Mar 2006 R000	Expected date of transfer
VUKILE				
JHB Market Street Bradlows	10 902	7 909	10 128	Nov 06
JHB Wynberg 57 Andries Str	2 853	6 203	2 851	Nov 06
Orkney Shopping Centre	11 742	13 759	15 657	Nov 06
Totals	**25 497**	**27 871**	**28 636**	
MICC				
Johannesburg Denver Relyant	5 599	7 177	8 761	Nov 06
Pinetown Halifax Road	20 333	22 290	22 315	Nov 06
Pietermaritzburg Heritage House	12 827	11 565	10 089	Nov 06
Randburg Hillview	17 408	18 390	18 260	Nov 06
Bethlehem Maluti Square	10 100	6 203	9 268	Nov 06
Totals	**66 267**	**65 625**	**68 693**	

6 DEVELOPMENTS

The two major expansion and upgrade projects, Phoenix Plaza and Dobsonville Centre, are both on track for completion in November this year as scheduled. The additional space at both complexes has already been fully let and, despite various new developments in Soweto, there is a waiting list from tenants wanting to take up space in the Dobsonville Centre. In addition, the new joint venture value retail complex at King's Road Pinetown (owned jointly with SA Retail) is also on track for completion in November this year.

7 VALUATION OF PORTFOLIO

The directors have valued the Vukile property portfolio at R2.57 billion as at 30 September 2006. This is R68.7 million (2.74%) higher than the directors' valuation as at 31 March 2006. If sales and acquisitions are excluded, the value of the portfolio increased by R78.7 million (3.3%) compared to the value as at 31 March 2006. Approximately 50% of the Vukile portfolio has been valued by Old Mutual Properties at R1.195 billion. The directors' valuation for the same properties amounts to R130 million (10.9%) less than Old Mutual's valuation.

The MICC portfolio has been valued by the directors of MICC at R919 million as at 30 September 2006, which valuation has been approved by the board of directors of Vukile. This represents an increase of 1.4% over the directors' valuation of the comparable properties at 31 March 2006.

8 SEGMENTAL ANALYSIS

	Industrial R000	Commercial R000	Retail R000	Corporate R000	**Total R000**
Group income for the six months ended 30 Sept 2006					
Rental income	43 393	90 251	142 706	-	**276 350**
Straight-line rental income	486	1 067	1 330	-	**2 883**
Property expenses	(16 383)	(28 887)	(50 948)	-	**(96 218)**
Net profit from property operations	27 496	62 431	93 088	-	**183 015**
Group balance sheet at 30 Sept 2006					
Non-current assets					
Investment properties	501 179	1 002 571	1 726 441	-	**3 230 191**
Other non-current assets	8 099	16 745	25 743	83 223	**133 810**
Non-current assets held for sale	66 299	119 260	89 456	-	**275 015**
Current assets	12 525	13 883	65 615	2 757	**94 780**
Current liabilities	48 595	67 896	139 034	97 394	**352 919**

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of investment properties, receivables and cash. Assets not directly attributable to a particular segment are allocated to the corporate segment. Segment liabilities include all operating liabilities of a segment and consist principally of outstanding accounts. Segment assets and liabilities do not include deferred taxes.

9 MICC

The company issued a SENS announcement on 4 May 2006, advising that a linked unitholder owning 9 825 MICC linked units (representing 0.01% of MICC's total issued capital), filed an application with the High Court on Friday 28 April 2006 opposing Vukile's invoking of section 440K. Vukile intends opposing such application. A date for the hearing of the application has not yet been determined. Accordingly, the listing of MICC's linked units on the JSE and the Namibian Stock Exchange was not terminated on Friday, 5 May 2006, but will continue to be suspended until further notice. Vukile currently owns 98.9% of MICC's issued linked units.

10 NOTICE OF GENERAL MEETING TO VUKILE UNITHOLDERS

A circular will be posted to Vukile unitholders and debenture holders, within the next two weeks, giving notice of a general meeting to be held early in 2007 to consider the following:

- An issue of approximately R200 million of new linked units for cash, on terms that are to be specifically approved by unitholders in respect of this particular issue ("a specific issue for cash"); and
- A special resolution to amend certain aspects of the Debenture Trust Deed to extend the contractual distribution from 90% to 99% of net income and to bring the definition of net income in line with the new IFRS accounting policies.

11 PROSPECTS

Trading conditions remain strong and we do not expect the higher interest rate environment to have an adverse effect on portfolio income in the foreseeable future. There is still upward pressure on rentals (especially commercial and industrial) and, although we do not expect to reduce the vacancies in the portfolio substantially from the current (very low) levels, we also do not expect vacancies to increase in the foreseeable future. The benefits of a reduction in MICC's debt by R200 million, together with the reduced interest rates on MICC long-term debt for a full six-month period to 31 March 2007, will also assist in boosting distributable income.

We therefore expect the distribution for the full year to 31 March 2007 to reflect the good trading conditions and to show growth broadly in line with the growth at the interim stage.

12 PAYMENT OF DEBENTURE INTEREST AND DIVIDEND

Notice is hereby given of a distribution amounting to 35.75 cents per linked unit, for the six-month period to 30 September 2006. The distribution comprises interest on debentures of 35.68 cents per linked unit and a dividend of 0.07 cents per linked unit.

Last date to trade cum distribution	Fri, 15 Dec 2006
Linked units trade ex distribution	Mon, 18 Dec 2006
Record date for unitholders to participate in the distribution	Fri, 22 Dec 2006
Payment of distribution to unitholders	Wed, 27 Dec 2006

Linked unit certificates may not be dematerialised or re-materialised between Monday 18 December 2006 and Friday 22 December 2006, both days inclusive.

On behalf of the Board

AD Botha *Chairman*

G van Zyl *Chief executive*

Roodepoort

27 November 2006

VUKILE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa) • (Reg no. 2002/027194/06) • **JSE code:** VKE • **ISIN:** ZAE000056370

Website: www.vukileprops.co.za • **Sponsor:** Bridge Capital Advisors (Pty) Limited, Woodmead, Johannesburg

Executive directors: G van Zyl *(CEO)*, MJ Potts *(Financial director)* • **Non-executive directors:** AD Botha *(Chairman)*, S Bernic, HSC Bester, PJ Cook, PS Moyanga, JM Hlongwane and M Serebro • **Registered office:** 2nd floor Meersig Building, Constantia Boulevard, Constantia Kloof, 1709 • **Company Secretary:** EL Yates

Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited, ground floor, 70 Marshall Street, Johannesburg

Investor and media relations: Contact Helen McKane on vukile@dpapr.com, or Tel: 011 728-4701

ABRIDGED GROUP INCOME STATEMENT

	Unaudited Six months ended 30 Sept 2006 R000	Unaudited Restated Six months ended 30 Sept 2005 R000	Audited Year ended 31 Mar 2006 R000
Property revenue	**276 350**	**275 196**	**567 688**
Straight-line rental income accrual	2 883	13 797	19 144
Gross property revenue	**279 233**	**288 993**	**586 832**
Property expenses	(96 218)	(95 599)	(201 174)
Net profit from property operations	**183 015**	**193 394**	**385 658**
Administrative expenses	(6 207)	(5 595)	(21 598)
Investment and other income	5 184	1 313	4 355
Operating profit before finance costs	**181 992**	**189 112**	**368 415**
Finance costs	(73 901)	(73 981)	(144 978)
Net profit before debenture interest	**108 091**	**115 131**	**223 437**
Debenture interest	(97 500)	(94 518)	(200 632)
Net profit before fair value adjustments	**10 591**	**20 613**	**22 805**
Loss on sale of re-valued properties	**(1 280)**	**-**	**-**
Realised capital profit on property sales	46 539	-	-
Less: Prior revaluations of sold properties	(47 819)	-	-
Fair value adjustment	**80 227**	**161 765**	**449 311**
Gross change in fair value of investment properties	83 110	175 562	468 455
Straight-line rental income adjustment	(2 883)	(13 797)	(19 144)
Net profit before taxation	**89 538**	**182 378**	**472 116**
Taxation	**(29 882)**	**(50 447)**	**(127 659)**
Net profit after taxation	**59 656**	**131 931**	**344 457**
Attributable to:			
• Linked unitholders of the company	59 588	122 347	317 631
• Minorities	68	9 584	26 826
	59 656	**131 931**	**344 457**

RECONCILIATION: HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS

Attributable profit after taxation	59 588	122 347	317 631
Adjusted for:			
Gross change in fair value of investment properties	(83 110)	(175 562)	(468 455)
Deferred taxation on gross change in fair value adjustment of investment properties	23 869	44 596	125 754
Minority interest in revaluation surplus net of deferred taxation	80	8 793	25 984
Straight-line rental accrual net of minority interest and deferred taxation	1 966	11 766	13 370
Loss on sale of re-valued properties	1 280	-	-
Debenture interest net of minority interest	97 195	86 982	184 859
Headline earnings of linked units	**100 868**	**98 922**	**199 143**
Adjusted for:			
Straight-line rental accrual net of minority interest and deferred taxation	(1 966)	(11 766)	(13 370)
Pre-acquisition distribution receivable from MICC	-	-	7 844
Less: Cost of investment in MICC	-	-	(7 844)
Available for distribution	**98 902**	**87 156**	**185 773**
Distribution to unitholders	**97 394**	**87 162**	**185 236**
Interest	**97 195**	**86 984**	**184 859**
Dividend	**199**	**178**	**377**
Total number of linked units in issue (000)	272 429	268 189	272 429
Weighted average number of linked units in issue (000)	272 429	268 189	268 619
Headline earnings (cents per linked unit)	37.03	36.89	74.14
Available for distribution (cents per linked unit)	36.30	32.50	69.16

ABRIDGED GROUP BALANCE SHEET

	Unaudited 30 Sept 2006 R000	Unaudited Restated 30 Sept 2005 R000	Audited 31 Mar 2006 R000
ASSETS			
Non-current assets	**3 317 257**	**3 380 241**	**3 177 967**
Investment properties	**3 183 447**	**3 281 105**	**3 053 773**
Investment properties - at valuation	3 230 191	3 321 250	3 094 470
Straight-line rental income adjustment	(46 744)	(40 145)	(40 697)
Other non-current assets	**133 810**	**99 136**	**124 194**
Straight-line rental income adjustment	46 744	40 145	40 697
Furniture, fittings and computer equipment	224	402	274
Goodwill	83 223	58 589	83 223
Interest rate swap asset	3 619	-	-
Current assets	**94 780**	**45 931**	**99 357**
Trade and other receivables	26 079	21 836	19 680
Cash and cash equivalents	68 701	24 095	79 677
Non current assets held for sale	**275 015**	**-**	**574 256**
Investment properties	270 627	-	566 704
• Investment properties at fair value	275 015	-	574 256
• Straight-line rental income adjustment	(4 388)	-	(7 552)
Straight-line rental income asset	4 388	-	7 552
Total assets	**3 687 052**	**3 426 172**	**3 851 580**
EQUITY AND LIABILITIES			
Equity and reserves	**592 902**	**340 151**	**482 739**
Share capital	2 724	2 682	2 724
Share premium	13 354	13 009	13 354
Reserves	566 362	285 841	456 188
Minority interest	10 462	38 619	10 473
Non-current liabilities	**2 741 231**	**2 938 339**	**2 995 529**
Linked debentures and premium	1 351 448	1 389 486	1 351 708
Other interest bearing borrowings	1 088 530	1 319 910	1 315 974
Interest rate swap liability	-	22 426	47 166
Deferred taxation	301 253	206 517	280 681
Current liabilities	**352 919**	**147 682**	**373 312**
Trade and other payables	93 950	60 520	86 686
Short-term bank finance	151 850	-	183 993
Vendor loans	1 811	-	2 030
Taxation payable	7 914	-	2 528
Linked unitholders for distribution	97 394	87 162	98 075
Total equity and liabilities	**3 687 052**	**3 426 172**	**3 851 580**

ABRIDGED GROUP CASH FLOW STATEMENT

	Unaudited Six months ended 30 Sept 2006 R000	Unaudited Restated Six months ended 30 Sept 2005 R000	Audited Year ended 31 Mar 2006 R000
CASH FLOWS FROM OPERATING ACTIVITIES	**4 309**	**(6 018)**	**26 300**
Cash generated from operations	173 276	152 086	347 929
Finance costs	(73 901)	(73 981)	(144 978)
Investment and other income	5 184	1 313	4 228
Distributions paid	(98 075)	(84 480)	(179 411)
Taxation paid	(2 175)	(956)	(1 468)
CASH FLOWS FROM INVESTING ACTIVITIES	**244 302**	**(13 043)**	**(204 419)**
CASH FLOWS FROM FINANCING ACTIVITIES	**(259 587)**	**19 095**	**233 735**
Net (decrease)/increase in cash and cash equivalents	**(10 976)**	**34**	**55 616**
Cash and cash equivalents at the beginning of the period	79 677	24 061	24 061
Cash and cash equivalents at the end of the period	**68 701**	**24 095**	**79 677**

STATEMENT OF CHANGES IN EQUITY

	Share capital and share premium R000	Non-distributable reserves R000	Retained income R000	Minority interest R000	Total R000
Group					
Balance at 31 March 2005	**15 691**	**160 685**	**4 853**	**26 392**	**207 621**
Increased holding in business combination acquired previously	-	-	(2)	(1 032)	(1 034)
Revaluation of interest rate swaps	-	(1 864)	-	-	(1 864)
Net profit for the period	-	-	122 347	9 584	131 931
Change in fair value of investment properties	-	161 765	(161 765)	-	-
Deferred taxation on change in fair value of investment properties	-	(44 596)	44 596	-	-
Allocation of change in fair value of investment properties in respect of minorities	-	(8 793)	8 793	-	-
Straight-line rental adjustment net of deferred taxation	-	10 166	(10 166)	-	-
Minorities' share of post acquisition distribution	-	-	-	3 675	3 675
Transferred to capital reserve	-	5 072	(5 072)	-	-
Dividend distribution	-	-	(178)	-	(178)
Balance at 30 September 2005	**15 691**	**282 435**	**3 406**	**38 619**	**340 151**
Restated balance at 30 September 2005	**15 691**	**282 435**	**3 406**	**38 619**	**340 151**
Balance at 30 September 2005 as previously reported	15 691	346 046	3 406	57 722	422 865
Change in accounting policy - deferred taxation on revaluation of investment properties	-	(63 611)	-	(19 103)	(82 714)
Linked units issued in acquiring property	387	-	-	-	387
Increased holding in business combination acquired previously	-	-	2	(46 079)	(46 077)
Revaluation of interest rate swaps	-	(24 740)	-	-	(24 740)
Net profit for the period	-	-	195 284	17 242	212 526
Change in fair value of investment properties	-	287 546	(287 546)	-	-
Deferred taxation on change in fair value of investment properties	-	(75 539)	75 539	-	-
Allocation of change in fair value of investment properties in respect of minorities	-	(17 191)	17 191	-	-
Straight-line rental adjustment net of deferred taxation	-	3 359	(3 359)	-	-
Minorities' share of post acquisition distribution	-	-	-	691	691
Transfer from capital reserve	-	(5 072)	5 072	-	-
Dividend distribution	-	-	(199)	-	(199)
Balance at 31 March 2006	**16 078**	**450 798**	**5 390**	**10 473**	**482 739**
Revaluation of interest rate swaps	-	50 785	-	-	50 785
Net profit for the period	-	-	59 588	68	59 656
Change in fair value of investment properties	-	80 227	(80 227)	-	-
Deferred taxation on change in fair value of investment properties	-	(22 950)	22 950	-	-
Allocation of change in fair value of investment properties in respect of minorities	-	(80)	80	-	-
Straight-line rental adjustment net of deferred taxation	-	1 963	(1 963)	-	-
Loss on sale of properties transferred	-	(1 280)	1 280	-	-
Minorities' share of post acquisition distribution	-	-	-	(79)	(79)
Dividend distribution	-	-	(199)	-	(199)
Balance at 30 September 2006	**16 078**	**559 463**	**6 899**	**10 462**	**592 902**

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