VUKILE
PROPERTY FUND LIMITED

UNAUDITED ABRIDGED INTERIM RESULTS

and distribution announcement for the six months ended 30 September 2009

Conclusion of agreements for acquisition of **asset management business** from Sanlam Properties

Distribution up **6.6%** compared to comparable six months

New leases and renewals worth **R185 million** concluded

Conclusion of agreements with Sanlam for acquisition of **R775 million property portfolio**

COMMENTS

1 Basis of preparation

The unaudited abridged interim financial statements for the six months ended 30 September 2009, and comparative information, have been prepared in terms of IAS34 (Interim Financial Reporting) and relevant sections of the South African Companies Act 1973, as amended. The adoption of the amendments to IAS1, "Presentation of Financial Statements", introduces certain changes to the format and titles of the financial statements. The measurement and recognition of Vukile Property Fund Limited's ("Vukile" or "the group" or "the company") assets, liabilities, income and expenditure remains unchanged. Comparative information has been re-presented to conform with this revised standard. The accounting policies applied are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those applied in the most recent audited financial statements.

2 Financial results

The directors of Vukile are pleased to report that the distribution for the six months ended 30 September 2009 has increased by 6.6% to R138.9 million as compared to R130.3 million for the six months ended 30 September 2008 ("the comparable period"). The group's net rental income, exclusive of straight-line rental accruals, has increased by 9.8% over the comparable period. However, part of the increase is attributable to the delay in the completion of maintenance and refurbishment projects beyond 30 September 2009. If this deferred expenditure is taken into account, the increase in net revenue over the comparable period reduces to 6.4%. This is in line with expectations following a period characterised by increasing vacancies and rising bad debts.

Summary of financial performance

	Sept 2009	Sept 2008	Mar 2009
Net asset value per linked unit (cents)	**910**	831	907
Distribution per linked unit (cents)	**47.0**	44.1	97.9
Loan to value ratio	**32.6%**	30.6%	28.5%

The board has approved an interim distribution of 47.0 cents per linked unit for the six months ended 30 September 2009, an increase of 6.6% or 2.9 cents per linked unit over the comparable period.

The increase in the distribution of 2.9 cents per linked unit is made up as follows:

	Sept 2009 Cents per linked unit
Contribution to increased rental income	12.2
■ Increase in rentals	8.5
■ Higher recoveries of electricity and rates and taxes	3.7*
Less: Increase in property expenditure	(5.4)
■ Higher electricity and rates and taxes charges	(5.9)*
■ Fewer refurbishment projects and refurbishment projects partly deferred to post Sept 2009	2.7
■ Other	(2.2)
Net increase in group property revenue	6.8
Net increase in finance costs	(1.0)
Increase in administrative expenses/taxation	(1.5)
Surplus retained to cover refurbishment projects still to be completed	(1.4)
Net increase in distribution	2.9

* *The higher electricity and rates and taxes charges have had a negative impact on distributable earnings as these charges are not fully recovered from tenants. Approximately 90% of electricity charges and 70% of rates and taxes charges are recovered from tenants (government tenants do not pay rates and taxes).*

3 Borrowings

As announced on SENS on 22 September 2009, the company raised R250 million through its commercial mortgage-backed securitisation programme at an all-in cost of funding of 10.42%. The term of these notes is 2.7 years. These funds will be used to redeem debt and to partly fund the R780 million property acquisition referred to in paragraph 7.

The group's long-term debt is hedged using interest rate swap agreements for periods expiring between one and three years.

Due to the fact that 98% of the group's debt is hedged or fixed until November 2010 and beyond, changes in interest rates will have little impact on the group's cost of debt for the current financial year.

4 Property portfolio

The combined property portfolio currently comprises 74 properties with a gross lettable area of 920,233 m^2.

The sectoral spread by gross rentals comprises 28% commercial, 56% retail and 16% industrial.

During the six month period under review, new leases and renewals with a total area of 76,486 m^2 and a contract value of R185 million were concluded. Since 1 October 2009 leases and renewals with a total area of 8,407 m^2 (18.4% of the total vacant area) and a contract value of R28.2 million have been concluded.

Bad debt write offs have been in line with expectations for the six month period. The provision for doubtful debts at 30 September 2009 is R7.3 million (R6.5 million at 31 March 2009) which is considered adequate at this stage.

The vacancy profile (% of gross rentals) below indicates that the overall vacancy percentage has increased from 3.2% on 31 March 2009 to 4.5% on 30 September 2009.

Industrial vacancies increased from 3.3% to 7.7% of gross rentals mainly as a result of new vacancies at Randburg Tungsten, Sony Building and Randburg Trevallyn. However, 6,343 m^2 (33%) of the industrial vacancies have been let since 1 October 2009.

5 Valuations

The directors have valued the group's property portfolio at R4.55 billion as at 30 September 2009. This is marginally higher than the directors valuation at 31 March 2009. The directors valued the properties utilising the discounted cashflow methodology.

In terms of the company's accounting policies, 50% of all properties are valued every six months on a rotational basis by registered independent external valuers. The external valuation by JHI Real Estate Limited and Old Mutual Property Group (Pty) Ltd of approximately 50% of the total portfolio is R188 million (8.8%) higher than the directors' valuation of the same properties at 30 September 2009.

6 Acquisitions, developments and other capital projects

The major revamps/income protecting capital projects relating to Dobsonville Shopping Centre and Phoenix Plaza have been completed within budget and timeously.

7 Major acquisitions

A SENS announcement dated 29 October 2009 advised unitholders that Vukile had concluded agreements to purchase 13 properties from the Sanlam Group at a cost of R780 million which includes transaction costs of R5 million. The acquisition is subject to the usual conditions precedent, including the approval of Vukile's linked unitholders, the regulatory authorities and the raising of finance.

It is anticipated that the acquisition will be funded as follows:

	Rm
■ Bank debt raised in terms of existing facility	300
■ Debt raised from Vukile's securitisation vehicle in terms of a recent tap	100
■ The issue of linked units to existing and new linked unitholders	380
	780

8 Segmental analysis

(See table below)

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 Update on the acquisition of asset management business from Sanlam Properties

The company announced on 29 October 2009 that the formal agreements had been concluded regarding:

9.1 The proposed acquisition by Vukile of the property asset management business of Sanlam Properties directly related to the property asset management of Sanlam Life's property portfolio, constituted by the IT infrastructure and software, furniture and equipment and the take-on of those employees directly related to said asset management function, from Sanlam Properties as a going concern;

9.2 A call option granted by Sanlam Life to Vukile to acquire certain properties valued at approximately R500 million from Sanlam Life; and

9.3 A right of first refusal granted by Sanlam Life to Vukile in respect of the majority of the remainder of Sanlam Life's property portfolio.

A circular relating to the above will be posted to linked unitholders on or about 26 November 2009.

10 Prospects

Trading conditions during the reporting period were difficult and characterised by increasing vacancies, higher bad debts and very little scope for higher rentals. More and more companies had to close their doors and a record number of jobs were lost in the economy.

There are, however, some indications that the economy has turned the corner and that economic growth is starting to increase, albeit at a slow rate. Due to the fact that the property cycle lags the general economy, it will take some time before any economic growth filters through to the property sector.

The board therefore expects trading conditions to remain difficult for the remainder of the financial year, but is still of the opinion that reasonable growth in distributions can be achieved.

11 Payment of debenture interest and dividend

Notice is hereby given of a distribution amounting to 47.0 cents per linked unit, for the six-month period to 30 September 2009. The distribution comprises interest on debentures of 46.90 cents per linked unit and a dividend of 0.10 cents per linked unit.

Last date to trade cum distribution	Thurs, 10 December 2009
Linked units trade ex distribution	Fri, 11 December 2009
Record date for unitholders to participate in the distribution	Fri, 18 December 2009
Payment of distribution	Mon, 21 December 2009

Linked unit certificates may not be dematerialised or re-materialised between Friday, 11 December 2009 and Friday, 18 December 2009, both days inclusive.

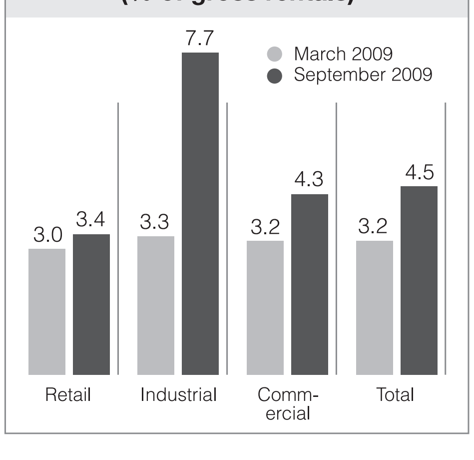
On behalf of the board

AD Botha
Chairman

G van Zyl
Chief Executive

Roodepoort
23 November 2009

Vacancy profile March 2009 vs September 2009 (% of gross rentals)



Segmental analysis

Group income for the six months ended 30 September 2009	Industrial R000	Comm-ercial R000	Retail R000	Corp-orate R000	Total R000
Property revenue	56 494	101 657	199 291	-	357 442
Straight-line rental income accrual	194	237	982	-	1 413
Property expenses	(20 972)	(36 766)	(75 387)	-	(133 125)
Profit from property operations	35 716	65 128	124 886	-	225 730
Group balance sheet at 30 September 2009					
Investment properties*	792 105	1 272 754	2 416 959	-	4 481 818
Other non-current assets	30 127	51 189	77 225	10 101	168 642
Current assets					
Trade and other receivables	4 910	7 210	18 578	-	30 698
Cash and cash equivalents	1 422	1 985	5 925	204 479	213 811
Non-current liabilities	534 529	858 881	1 631 012	-	3 024 422
Current liabilities					
Trade and other payables	15 259	22 697	56 186	17 015	111 157
Taxation payable	-	-	-	3 785	3 785
Linked unitholders	-	-	-	138 909	138 909

* *Includes properties held for sale*

Unaudited consolidated statement of comprehensive income

	Unaudited 30 Sept 2009 R000	Unaudited 30 Sept 2008 R000	Audited 31 Mar 2009 R000
Property revenue	357 442	321 416	673 285
Straight-line rental income accrual	1 413	3 622	6 209
Gross property revenue	358 855	325 038	679 494
Property expenses	(133 125)	(117 197)	(235 606)
Profit from property operations	225 730	207 841	443 888
Administrative expenses	(10 241)	(8 865)	(20 137)
Operating profit	215 489	198 976	423 751
Investment and other income	5 531	4 658	8 712
Finance costs	(68 272)	(64 228)	(131 358)
Profit before debenture interest	152 748	139 406	301 105
Debenture interest	(138 626)	(130 072)	(288 755)
Profit before capital items	14 122	9 334	12 350
Capital items			
Amortisation of debenture premium	390	356	1 007
Profit on sale of revalued properties	1 386	-	-
Profit before fair value adjustments	15 898	9 690	13 357
Fair value adjustments	(6 736)	(262 169)	115 504
Gross change in fair value of investment properties	(5 323)	(258 547)	121 713
Straight-line rental income adjustment	(1 413)	(3 622)	(6 209)
Profit/(loss) before taxation	9 162	(252 479)	128 861
Taxation	(4 551)	98 221	(6 297)
Profit/(loss) for the period after taxation	4 611	(154 258)	122 564
Other comprehensive income			
Cash flow hedging	3 642	20 202	(72 104)
■ current period gains/(losses)	3 131	17 705	(77 101)
■ reclassification to profit or loss	511	2 497	4 997
Available-for-sale financial assets	1 795	(774)	(621)
■ current period losses	(1 418)	(3 014)	(6 488)
■ reclassification to profit or loss	3 213	2 240	5 867
Other comprehensive income for the period, net of tax	5 437	19 428	(72 725)
Total comprehensive income/(loss) for the period	10 048	(134 830)	49 839
Earnings per share			
Basic earnings/(loss) per share (cents)	48.46	(8.18)	139.17
Diluted earnings/(loss) per share (cents)	48.46	(8.18)	139.17
Total number of linked units in issue (000)	295 551	295 551	295 551
Weighted average number of linked units in issue (000)	295 551	295 551	295 551

Reconciliation: Headline earnings and distributable earnings

	Unaudited 30 Sept 2009 R000	Unaudited 30 Sept 2008 R000	Audited 31 Mar 2009 R000
Attributable profit/(loss) for the period after taxation	4 611	(154 258)	122 564
Adjusted for:			
Net change in fair value of investment properties	6 736	262 169	(115 504)
Total tax effects of adjustments	(1 597)	(101 014)	(554)
Profit on sale of revalued property	(1 386)	-	-
Amortisation of debenture premium	(390)	(356)	(1 007)
Debenture interest	138 626	130 072	288 755
Headline earnings of linked units	146 600	136 613	294 254
Straight-line rental accrual net of deferred taxation	(982)	(2 825)	(4 348)
Available for distribution	145 618	133 788	289 906
Distribution to unitholders			
Interest	138 626	130 072	288 755
Dividend	283	266	589
Total distribution	138 909	130 338	289 344
Headline earnings per linked unit (cents)	49.60	46.22	99.56
Available for distribution per linked unit (cents)	49.27	45.27	98.09

Unaudited abridged consolidated statement of financial position

	Unaudited 30 Sept 2009 R000	Unaudited 30 Sept 2008 R000	Audited 31 Mar 2009 R000
ASSETS			
Non current assets	4 634 414	4 225 553	4 633 552
Investment properties	4 465 772	4 029 938	4 466 707
■ Investment properties	4 547 106	4 106 375	4 545 731
■ Straight-line rental income adjustment	(81 334)	(76 437)	(79 024)
Other non current assets	168 642	195 615	166 845
Straight-line rental income asset	81 334	76 437	79 024
Development expenditure	908	-	315
Furniture, fittings and computer equipment	86	137	119
Available-for-sale financial asset	10 015	7 139	11 088
Derivative financial instruments	-	35 603	-
Goodwill	76 299	76 299	76 299
Current assets	244 509	74 243	89 935
Trade and other receivables	30 698	25 784	29 128
Taxation	-	85	-
Cash and cash equivalents	213 811	48 374	60 807
Non current assets held for sale	16 046	-	-
Total assets	4 894 969	4 299 796	4 723 487
EQUITY AND LIABILITIES			
Equity and reserves	1 154 866	920 351	1 145 101
Non-current liabilities	3 486 252	3 085 424	3 258 160
Linked debentures and premium	1 534 029	1 535 071	1 534 420
Other interest bearing borrowings	1 471 422	1 191 789	1 245 827
Derivative financial instruments	18 971	-	16 493
Deferred tax liabilities	461 830	358 564	461 420
Current liabilities	253 851	294 021	320 226
Trade and other payables	111 157	109 888	122 682
Short-term borrowings	-	53 795	37 459
Current taxation liabilities	3 785	-	1 079
Linked unitholders for distribution	138 909	130 338	159 006
Total equity and liabilities	4 894 969	4 299 796	4 723 487

Unaudited abridged consolidated statement of cash flows

	Unaudited 30 Sept 2009 R000	Unaudited 30 Sept 2008 R000	Audited 31 Mar 2009 R000
CASH FLOW FROM OPERATING ACTIVITIES	208 909	196 709	431 702
Profit/(loss) before tax	9 162	(252 479)	128 861
Adjustments	214 276	450 143	294 844
Net changes in working capital	(13 095)	329	9 779
Taxes paid	(1 434)	(1 284)	(1 782)
CASH FLOW FROM INVESTING ACTIVITIES	(16 763)	(29 292)	(92 086)
CASH FLOW FROM FINANCING ACTIVITIES	(39 142)	(160 452)	(320 218)
Net increase in cash and cash equivalents	153 004	6 965	19 398
Cash and cash equivalents at the beginning of the period	60 807	41 409	41 409
Cash and cash equivalents at the end of the period	213 811	48 374	60 807

Unaudited consolidated statement of changes in equity

to 30 September 2009

	Share capital and share premium R000	Revaluation reserves R000	Available-for-sale financial assets R000	Cash flow hedges R000	Retained income R000	Total R000
Balance at 31 Mar 2008	20 297	1 008 170	-	55 250	12 134	1 095 851
Dividend distribution	-	-	-	-	(266)	(266)
Transactions with owners	20 297	1 008 170	-	55 250	11 868	1 095 585
Net profit for the period	-	-	-	-	(154 258)	(154 258)
Change in fair value of investment properties	-	(258 547)	-	-	258 547	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	101 014	-	-	(101 014)	-
Other comprehensive income						
Cash-flow hedges	-	-	-	(20 202)	-	(20 202)
Revaluation of available-for-sale financial asset	-	-	(774)	-	-	(774)
Balance at 30 Sept 2008	20 297	850 637	(774)	35 048	15 143	920 351
Dividend distribution	-	-	-	-	(323)	(323)
Transactions with owners	20 297	850 637	(774)	35 048	14 820	920 028
Net profit for the period	-	-	-	-	276 822	276 822
Change in fair value of investment properties	-	380 260	-	-	(380 260)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(102 321)	-	-	102 321	-
Other comprehensive income						
Revaluation of available-for-sale financial asset	-	-	153	-	-	153
Revaluation of interest rate swaps	-	-	-	(51 902)	-	(51 902)
Balance at 31 Mar 2009	20 297	1 128 576	(621)	(16 854)	13 703	1 145 101
Dividend distribution	-	-	-	-	(283)	(283)
Transactions with owners	20 297	1 128 576	(621)	(16 854)	13 420	1 144 818
Net profit for the period	-	-	-	-	4 611	4 611
Change in fair value of investment properties	-	(5 323)	-	-	5 323	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	1 597	-	-	(1 597)	-
Other comprehensive income						
Revaluation of available-for-sale financial asset	-	-	1 795	-	-	1 795
Revaluation of interest rate swaps	-	-	-	3 642	-	3 642
Balance at 30 Sept 2009	20 297	1 124 850	1 174	(13 212)	21 757	1 154 866

Vukile Property Fund Limited

(Incorporated in the Republic of South Africa) ■ (Reg no. 2002/027194/06) ■ **JSE code:** VKE ■ **NSX code:** VKN ■ **ISIN:** ZAE000056370 ■ **JSE sponsor:** Barnard Jacobs Mellet Corporate Finance (Pty) Ltd, Illovo, Sandton ■ **NSX sponsor:** IJG Securities (Pty) Ltd, Windhoek, Namibia ■ **Executive directors:** G van Zyl *(Chief Executive)*, MJ Potts *(Financial Director)* ■ **Non-executive directors:** AD Botha *(Chairman)*, HSC Bester, PJ Cook, JM Hlongwane, PS Moyanga, MH Serebro and UJ van der Walt ■ **Registered office:** 2nd floor Meersig Building, Constantia Boulevard, Constantia Kloof, 1709. ■ **Company secretary:** EL Yates ■ **Transfer secretaries:** Link Market Services South Africa (Pty) Ltd, Sandton, Johannesburg ■ **Investor and media relations:** Contact Helen McKane at vukile@dpapr.com, Tel: 011 728-4701.

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