VUKILE PROPERTY FUND LIMITED
Registration No. 2002/027194/06
Meersig Building, Constantia Boulevard
Constantia Kloof, 1709
PO Box 5995
Weltervreden Park, 1715
Gauteng, South Africa
Tel: (+27) 11 288 1000
Fax: (+27) 11 288 1001

18 March 2010

Dear Vukile stakeholder

Tough but improving conditions
We are approaching the end of our financial year and I am happy to report that there are indications that trading conditions have improved somewhat since our last newsletter.

As forecast at the interim stage, vacancies have increased but are still within acceptable limits. Bad debts have also been contained within budget and, although we are seeing a slight slowdown in rental collections, this is still within our prediction framework.

The retail portfolio performed above expectations. This is borne out by the fact that we saw an increase in turnover for most of our centres for December 2009 compared to December 2008.

Another pleasing aspect so far this year is that, in spite of the challenging market conditions, we were able to negotiate renewal rentals on expiries at rates that were, on average higher than the expiry rentals and, in some instances, substantially higher.

Our recurring cost to gross income ratio has, in line with the experience of the industry as a whole, increased and will probably continue to do so as a result of the increases in energy costs and rates and taxes.

Taking into account all of the above, we are still of the opinion that the increase in distributions for the year ending 31 March 2010 will be reasonable and could even be slightly higher than originally anticipated.

Completing negotiations
On 18 December 2009, the linked unitholders of the company approved the transaction in terms of which Vukile would acquire the property asset management business relating to the Sanlam property portfolio from Sanlam Properties, as well as obtain an option to acquire a R500 million property portfolio from Sanlam and a right of first refusal on the remainder of the Sanlam property portfolio. The transaction came into effect on 1 January 2010. As a result of this, we will render property asset management services to Sanlam Life in respect of its entire property portfolio. This is in addition to the property asset management of our own portfolio which was internalised on 1 October 2009.

As part of the implementation of the acquisition agreement, we have merged the old Vukile staff with the new Vukile staff on the first floor of the Meersig Building which was previously the Sanlam Properties premises. In line with this development, Ina Lopion has joined the Vukile board as the executive director for asset management. She previously held this position with Sanlam Properties and brings with her almost 20 years of experience in property matters.

It is pleasing to note that, as a result of the previous close relationship between Vukile and Sanlam Properties, the merger process has been very smooth.

two/...

In the meantime, we are hopeful that we can shortly finalise the previously announced transaction in terms of which Vukile proposed to acquire 13 properties from Sanlam at a cost of R780 million. The competitions authority has already approved the transaction. If everything goes according to plan, we hope to issue the circular containing the details of the transaction and convening the linked unitholders' meeting by no later than the end of May 2010.

Progress on current capital projects
The extension to and renovation of the Oshikango Shopping Centre have been proceeding according to programme and budget. The project was approved in November and consists of:

- New lease premises for Spar (1 963m^2)
- A new Pep Stores (1 194m^2)
- A new line shop (260m^2)
- Total capital outlay of N$27.7 million
- Expected yield of 10.5% in first year after completion
- Repairs and maintenance to existing buildings at a cost of N$3 million

With Spar as a major food anchor, the longer term viability of the centre, will be ensured.

Construction was originally hampered by the high rainfall levels experienced in northern Namibia in January and February this year, but the anticipated completion date of 30 September 2010 should be achieved.

The development of the new Edgars premises (1 500m^2) at the Oshakati Shopping Centre was triggered by the high turnovers achieved by the Edgars Group's JetMart Store in the recently completed fashion mall.

The total capital outlay for this project is estimated at N$13.4 million and the investment is expected to yield a net 10.4% in the first year after completion.

The building work at this project was also delayed by the heavy rains but we are confident that the intended completion date of 31 August 2010 is still achievable.

Looking forward
Traditionally, the property market follows the broader economy by 12 to 18 months. We therefore do not expect a substantial or sustained improvement in trading conditions before at least the second half of this year.

As indicated previously however, there are indications that economic activity is picking up. In this regard, it is significant to note that the Minister of Finance has predicted a positive growth in GDP for the 2010 calendar year of between 0.5% and 1.0%. We are therefore cautiously optimistic that we have probably “turned the corner” and that business conditions should slowly start to improve.

Year end results announcement
Vukile's results for the year ending March 2010 will be published on 24 May. There will be a presentation on the results in Johannesburg on 24 May, in Cape Town on 25 May and in Windhoek on 31 May. If you would like to attend any of these presentations, please contact our investor relations office at vukile@dpapr.com for an invitation.

Similarly our annual report for the 2009/2010 financial year will be published by the end of June and will be available for downloading from our website (www.vukileprops.co.za). If you would like a hard copy, please provide your mailing address to our investor relations office at vukile@dpapr.com.

Yours sincerely

Gerhard van Zyl
Chief executive