VUKILE PROPERTY FUND

AWAKEN THE POTENTIAL WITHIN

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

for the six months ended 30 September 2013

HIGHLIGHTS

- First half **increase of 5% in normalised distribution** off a base of 52.2 cents per linked unit.
- **Successful completion** of one of the most significant **empowerment transactions** in the listed property sector.
- **Successful re-launch** of the revamped Randburg Square Shopping Centre.
- **Continued strong operational performance** of the property portfolio.
- Improved portfolio composition:
  - **Acquisition of 50% of East Rand Mall** for R1.1 billion.
  - **Acquired R1.0 billion** Sovereign Tenant Portfolio from Encha.
  - **Realised R287 million** on sales of higher risk properties.
- **Special distribution of 13.83 cents** per linked unit.

COMMENTS

1. NATURE OF OPERATIONS

The group is a long-term investor in commercial properties with strong contractual cash flows for long-term sustainability and capital appreciation.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements ("interim financial statements") for the six months ended 30 September 2013, and comparative information, have been prepared in accordance with and containing the information required by IAS 34 (Interim Financial Reporting), International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Announcements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and relevant sections of the South African Companies Act. Except for the new standards adopted as set out below, all accounting policies applied by the group in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the group in its consolidated financial statements as at and for the year ended 31 March 2013. The group has adopted the following new standards:

- Amendment to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities.
- IFRS 10 – Consolidated Financial Statements.
- IFRS 11 – Joint Arrangements.
- IFRS 12 – Disclosure of Interests in Other Entities.
- IFRS 13 – Fair Value Measurement.
- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income.
- Revised IAS 27 and 28 – Investments in Associates and Joint Ventures.

There was no material impact on the interim financial statements identified based on management's assessment of these standards.

The interim financial statements have been approved for issue by the board of directors on 25 November 2013. The preparation of the financial results for the six months ended 30 September 2013 was supervised by Michael Potts, CA (SA), financial director.

3. SIGNIFICANT EVENT AND TRANSACTIONS

During this reporting period, the following significant transactions were effected:

- The acquisition of the R1.04 billion Encha Sovereign Tenant Portfolio ("sovereign portfolio") – as further set out in paragraph 8;
- The raising of debt facilities of R900 million to facilitate the acquisition of the sovereign portfolio and other properties – as further set out in paragraph 5; and
- The refinancing of R75 million commercial paper – as further set out in paragraph 5.

4. SUMMARY OF FINANCIAL PERFORMANCE

The directors of Vukile are pleased to report that the normalised distribution for the six months ended 30 September 2013 has increased by 5.0% to 54.81 cents per linked unit (normalised prior period: 52.20 cents per linked unit).

The group's net profit available for distribution amounted to R343.8 million for the six months to 30 September 2013 (R268.5 million – September 2012), which represents an increase of 28% over the comparable period.

Summary of financial performance:

	September 2013	September 2012	March 2013
Net asset value per linked unit (cents)	1 535	1 263	1 369
Normalised distribution per linked unit (cents)	54.81	52.20	120.44
Special/non-recurring distribution (cents)	13.83	4.83	11.15
Total distribution (cents)	68.64	57.03	131.59
Loan to value ratio (%)	32.8	29.2	33.5

A simplified income statement (which is not IFRS compliant) is set out below:

	GROUP			
	September 2013 R000	September 2012 R000	Paragraph reference	% variance
Gross rental income and recoveries	657 365	574 139		14.5
Property expenses	(250 453)	(228 099)		9.8
Net profit from property operations	406 912	346 040	a	17.6
Asset management business	58 870	45 295	b	30.0
Asset management fees	11 479	15 889		(27.8)
Sales commission	66 993	43 793		53.0
Expenditure	(19 602)	(14 387)		36.2
Corporate administrative expenses	(17 522)	(14 510)	c	20.8
Finance costs net of investment income	(98 382)	(92 260)	d	6.6
Loss on sale of furniture, fittings and computer equipment	(5)	-		>-100
Tax	(6 070)	(16 031)	e	(62.1)
Distributable income	343 803	268 534		28.0

a. NET PROFIT FROM PROPERTY OPERATIONS

- The property portfolio has performed in line with expectations for the six months ended 30 September 2013, in a difficult economic environment.
- The group's net profit from property operations, exclusive of straight-line rental accruals, has increased by 17.6% over the comparable period, from R346.0 million to R406.9 million.

This percentage increase is made up as follows:	%
• On a like-for-like (stable portfolio) basis	8.1
• New property acquisitions contributed	16.7
• Less: Sales of non-core properties	(7.2)[1]
	17.6

(1) The sale of non-core properties has had the effect of reducing gross income by R25 million over the comparable period, partially offset by income generated from the re-investment of the proceeds thereof.

Further details of the property portfolio performance are set out in paragraph 9.

Impairment allowance for tenant receivables

The allowance for the impairment of receivables decreased from R13.7 million at 31 March 2013 to R12.0 million at 30 September 2013 which is considered adequate at this stage. The impairment allowance is expected to approximate 1% of gross rental income for the year ending 31 March 2014, which is in line with previous impairment allowances. A summary of the movement in the impairment allowance of trade receivables is set out below.

	R000
Impairment allowance 1 April 2013	13 653
Allowance for receivable impairment for the year	93
Receivables written off as uncollectable	(1 795)
Impairment allowance 30 September 2013	11 951
Bad debt write-off per the statement of comprehensive income	4 183

b. ASSET MANAGEMENT BUSINESS

Asset management fee income is 28% lower than the comparable period following the disposal of the R2.2 billion East Rand Mall in April 2013, which has led to a lower base of c.R6.9 billion on which to calculate on-going recurring asset management fees. Sales commission has increased by 53% over the comparable period following the sale of East Rand Mall. Asset management expenditure has increased by 36% over the comparable period primarily as a result of an increase in a short-term incentive accrual of R3.2 million. This bonus will only become payable if certain performance targets are achieved at the year-end. The amortisation of the long-term share incentive scheme has increased by R0.9 million over the prior year due to additional allocations in July 2013 in respect of the Conditional Unit Plan Scheme. Asset management fees now comprise c.2% of the total revenue.

c. CORPORATE ADMINISTRATIVE EXPENDITURE

Corporate administration expenses have increased by 21% over the comparable period mainly as a result of an increase of R3.1 million in a short-term incentive bonus provision. As set out above the short-term incentive bonus will only become payable if certain performance targets are achieved at year-end.

d. FINANCE COSTS NET OF INVESTMENT INCOME

Net finance costs have increased by R6.1 million over the comparable period. Additional interest on R550 million debt raised to partly finance the acquisition of East Rand Mall for R1.1 billion together with interest on the Encha acquisition contributed an additional interest charge of R26 million, offset by lower finance costs following the repayment of R76 million of revolving loans and also offset by additional interest income earned:

- on the R400 million issue of equity in May 2013;
- on the R66 million equity raised from the distribution reinvestment plan in June 2013;
- from property sales which realised R287 million; and
- antecedent divestiture income accrued of R13.7 million.

e. TAXATION

The first half tax accrual is 62% lower than the comparable period due to distributions comprising varying percentages of profit available for distribution for the two periods. At year end it is anticipated that 100% of profits available for distribution will be distributed, thereby minimising the actual normal tax payable by the company. The bulk of the normal tax payable arises in the Namibian subsidiaries.

5. BORROWINGS

During September 2013, R75 million of 6 month commercial paper was successfully refinanced with the issue of new 12 month commercial paper at a margin of 60 bps above 3 month JIBAR.

A R400 million facility was concluded with Standard Bank to partly finance the R1.04 billion acquisition of the Encha portfolio.

The facility comprises the following:

	Rm
• 3 year term debt	160
• 3 year revolving loan	40
• 5 year term debt	160
• 5 year revolving loan	40

The 3 year and 5 year term loans of R160 million each have been hedged at swap rates of 6.48% and 7.10% respectively.

The all-in weighted average cost of the Standard Bank facility, including swap costs, margins and amortised debt raising fees, equates to 8.0%.

A R500 million development facility has been concluded with Nedbank as follows:

- Term loan — R250 million at JIBAR plus 163 bps;
- Revolving loan — R250 million at prime overdraft rates less 180 bps.

The facility expires on 31 December 2014.

This facility was raised in order to finance the development of Lethlabile Mall and Linbro Park and to part finance the acquisition of Edendale Mall.

92.8% of debt at 30 September 2013 has been hedged by way of fixed loans or interest rate swaps. The current all-in cost of finance, including margins and amortised debt raising fees, is 8.1%. The LTV ratio at 30 September 2013 equates to 32.8%. Swaps, constituting R401 million or 39% of swaps maturing by mid-year 2015, have been extended to mature in October 2018, at an additional swap cost of 35 bps.

6. FINANCING OF THE ACQUISITION OF THE ENCHA PORTFOLIO

The acquisition of the Encha portfolio has been financed as follows:

	R000
Purchase price	1 044 764
Equity issued to Encha shareholders on 4 October 2013 (22.839 million Vukile units @ R15.5873 per linked unit)	356 000
Standard Bank facilities utilised	
3 year term loan	160 000
3 year revolving loan	40 000
5 year term loan	24 550
5 year revolving loan	40 000
RMB facilities utilised	
3 year term loan	150 000
3 year revolving loan	118 214
	532 764
Surplus cash resources arising on property sales	125 000
Total	1 013 764
Shortfall[1]	31 000

[1] *This amount will be settled by way of an equity issue and/or cash once Encha has finalised the adjustment accounts.*

The weighted average all-in cost of finance for the above debt raised of R532.8 million is 7.71%.

The weighted average cost of capital ("WACC") for this transaction equates to 7.54% against a yield of 9.5% and is, therefore, significantly earnings accretive.

7. DEBT REPAYMENT PROFILE

The group's debt repayment profile is set out below:

			Financial year ending 31 March					
Nature of debt	**Repayment date**	**Current/ future debt Rm**	**2014 Rm**	**2015 Rm**	**2016 Rm**	**2017 Rm**	**2018 Rm**	**2019 Rm**
DMTN Bonds	May 2015 - 2017	**1 020**			580	200	240	
MICC - bank debt	14 August 2014	**399**		399				
Vukile - bank debt[1]	March 2014 - March 2015	**440**	300	140				
RMB/SCM loans for R1.5 billion acquisition	April 2015 - April 2018	**490**			163	163	164	
DMTN Bonds East Rand Mall	March 2014 - March 2018	**550**	175	75	200		100	
Nedbank facility Linbro Park, Lethabile, Edendale [2]	November 2014	**500**	250	250				
Standard Bank for Encha[3]	September 2016 - September 2018	**400**				200		200
RMB (ERM mortgaged) facility for Encha/other[4]	April 2014 - April 2018	**450**		150		150		150
Repayment profile		**4 249**	725	1 014	943	713	504	350
Percentage		**100**	17.1	23.9	22.2	16.8	11.8	8.2
Unutilised facilities		**(859)**						
Current debt		**3 390**						

[1] *R16 million of the access facility of R150 million is currently utilised.*
[2] *R60.1 million of R500 million Nedbank facility has been utilised to date.*
[3] *R264.5 million of R 400 million Standard Bank facility has been utilised to date.*
[4] *R300 million of R450 million facility has been utilised to date.*

A total of R859 million of the above facilities are currently unutilised.

The repayment profile complies with the company's strategy of ensuring that no more than 25% of debt should expire in any one year.

8. DEVELOPMENTS, ACQUISITIONS AND SALES

ENCHA SOVEREIGN TENANT PORTFOLIO ACQUISITION

As part of Vukile's transformation strategy, the company concluded a unique and commercially driven transaction with Encha Properties to acquire four predominantly national government-tenanted properties for R1.04 billion, at a yield of 9.5%. The Pretoria Momentum building is under option and will increase the total acquisition price to c.R1.4 billion if exercised.

HAMMARSDALE JUNCTION

The Hammarsdale Junction shopping centre measuring 19 400m² and anchored by Pick n Pay, Super Spar and Mr Price, opened in June 2013. The centre is located within the Mpumalanga Township in KwaZulu-Natal. The national tenant component is approximately 81%. The average monthly foot count since opening has been 450 000. Permanent job opportunities for approximately 450 people were created. Tenants have indicated that trading to date has been in line with expectations.

The final anticipated capital expenditure is R198 million at an initial yield of 9.5%, underpinned by a one year gross income guarantee.

MINI FACTORY/WAREHOUSING COMPLEX LINBRO PARK

Stratford Property Ventures has commenced with the development of a 15 000m² mini factory/warehousing complex at Linbro Park, one of Johannesburg's prime industrial areas. The development will be incorporated into Linbro Business Park, firmly established as a desirable business address, which enjoys excellent accessibility to the N3 and Sandton CBD via Marlboro Road while offering the added benefit of being located approximately three kilometres from the Gautrain Marlboro Station. The development will comprise 22 units with a wide variety of unit sizes ranging from 350m² to 1 870m². The anticipated capital expenditure is R123.5 million, at an initial yield of 10.0% which is underpinned by a one year rental guarantee. The completion date for this development is July 2014.

LETHLABILE MALL, NORTH WEST PROVINCE

The Lethlabile Mall is being developed at a capital outlay of R194.2 million and a yield of 9.2%. The centre with a GLA of 17 600m², is situated in Lethlabile about 30 kilometres north of Brits in the North West Province. Shoprite is the food anchor and other national tenants include Pep Stores, Ackermans, Mr Price, Jet Stores, Dunns, Capitec and Nedbank. The national component will comprise approximately 85% of the GLA of 17 600m². The project is currently progressing well and on course for the anticipated completion date of April 2014.

JOINT VENTURE WITH THE MCCORMICK GROUP

50% interest in Edendale Mall

The acquisition of a 50% interest in Edendale Mall, Pietermaritzburg, a 31 700m² retail centre, has been further delayed pending the resolution of the structure in which Vukile will hold its title. Once resolved, the mall will be a good fit for the portfolio. The mall is enclosed, has good visibility, accessibility, adequate parking and taxi facilities. Further, the mall has a strong tenant mix comprising national, franchise and regional brands. The node is further strengthened by the close proximity of the Edendale Provincial Hospital, SA police station, medical clinics and local schools. It is estimated that there are approximately 90 000 households or about 450 000 people in the catchment area. The anticipated capital expenditure is R186 million at an initial yield of 9%. The purchase price is underpinned by a one year income guarantee. The remaining 50% will be held by the McCormick Group.

30% interest in Maake Plaza (15 200m²) and Modjadji Plaza (9 800m²)

Offers for the acquisition of a 30% interest in both these centres at a purchase price of R61.5 million at a blended anticipated initial yield of 12% have been accepted. The centres are located in the rural areas surrounding Tzaneen in the Limpopo Province. The remaining 70% is held by the McCormick Group.

Both centres are anchored by Shoprite and the national tenant composition is 88%.

DISPOSALS

In line with the strategy of improving the quality of the portfolio, the following higher risk properties were disposed of in the six months ended 30 September 2013:

Property	Sales price R000	Yield %	Date of sale 2013
Durban Embassy	238 000	9.9	23 May
Midrand Allandale Land (Halfway House Ext 65)	21 850	-	16 August
Bloemfontein Bree Street Warehouse	13 900	6.7	13 August
Randburg Triangle	13 500	10.5	10 May
	287 250		

These disposals create an earnings drag during the short-term but contribute to an improved risk profile and the quality of the portfolio for the longer term.

9. PROPERTY PORTFOLIO

The combined property portfolio currently comprises 81 properties with a gross lettable area of 1 150 729m².

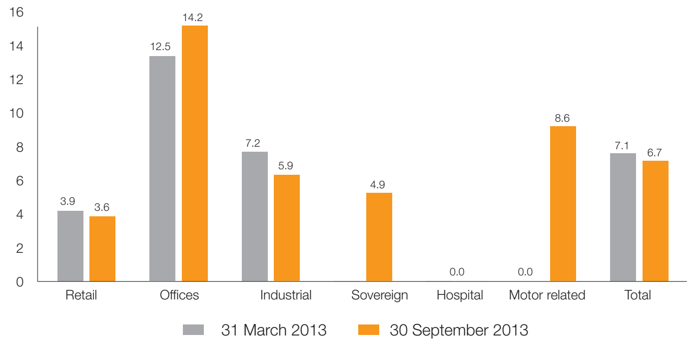
The sectoral spread by market value comprises 52% retail, 23% offices, 10% industrial, 10% sovereign, 3% hospital and 2% motor related.

During the six month period under review, new leases and renewals with a total area of 150 579m² and a contract value of R538.3 million were concluded.

78% of leases to be renewed during the period ended 30 September 2013 were renewed or are in the process of being renewed.

The vacancy profile graph (measured as a percentage of gross rentals) alongside indicates that the overall vacancy percentage has decreased from 7.1% at 31 March 2013 to 6.7% at 30 September 2013.

VACANCY PROFILE
% of gross rental

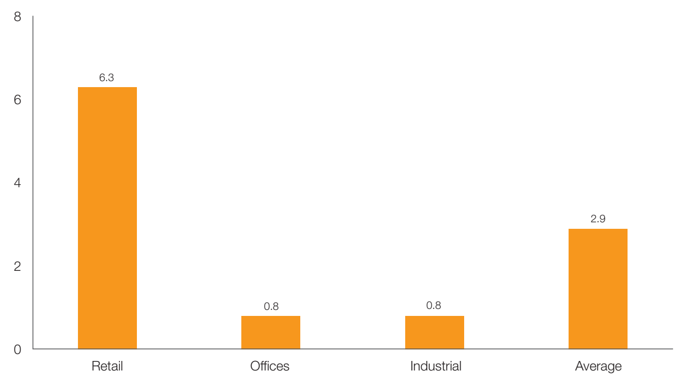


The increased vacancies at offices are mainly due to higher vacancies at Pretoria Midtown Building, Midrand Ulwazi Building and Jhb Parktown Oakhurst. The motor related vacancy is at Cape Town Bellville Barons which accounts for 1 358m².

The renewal escalations on expiry rentals are still positive compared to expiry rentals:

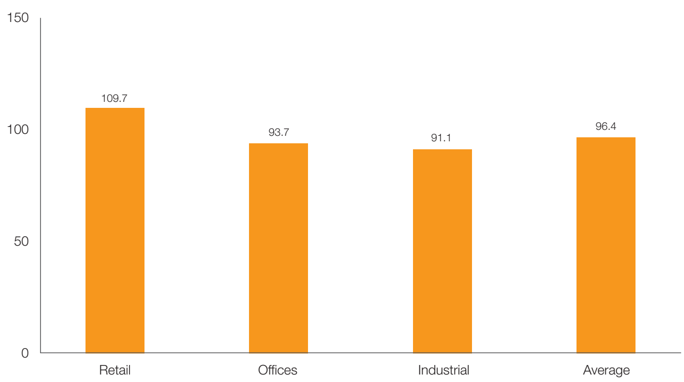
- Retail ↑6.3%
- Offices ↑0.8%
- Industrial ↑0.8%

LEASE RENEWALS
Escalation on expiry rentals (%)



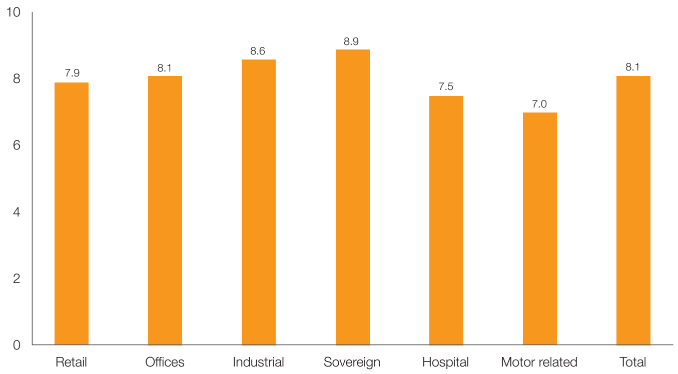
New leases concluded on retail space have exceeded budgeted rentals by 9.7%, whilst new leases concluded on offices and industrial are down 6.3% and 8.9% respectively on budgeted rentals.

NEW LEASES CONCLUDED
Rental concluded/budget (market related rentals) (%)



The contracted rental escalation profile reflects a positive average escalation across all sectors of 8.1%.

CONTRACTED RENTAL ESCALATION PROFILE (%)



10. VALUATIONS

The directors have valued the group's property portfolio at R10.3 billion utilising the discounted cash flow methodology for the group, and the purchase price for the sovereign portfolio. In terms of the company's accounting policies, approximately 50% of all properties are valued every six months on a rotational basis by qualified independent external valuers. The external valuation by Jones Lang LaSalle (Pty) Ltd, Broll Valuation and Advisory Services and Old Mutual Investment Group South Africa (Pty) Ltd of 56.0% of the total portfolio is in line with the directors' valuation.

VALUATION ASSUMPTIONS

The range of the reversionary capitalisation rates applied to the portfolio are between 7.2% and 13.9% with the weighted average being approximately 9.6%.

The discount rates applied range between 13.1% and 17.6% with the weighted average being approximately 14.1%.

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

11. OPERATING SEGMENT REPORTING

The revenues and profits generated by the group's operating segments and segment assets are summarised in the table on page 6.

During the six month period to 30 September 2013, there has been a change from prior periods in the measurement methods used to determine operating segments and reported segment profits in that hospitals and auto dealerships are reported as separate segments in line with the JSE Listing Requirements.

12. EVENTS AFTER PERIOD END

The JSE Limited approved the listing of 22.84 million Vukile linked units to part fund the acquisition of the Encha portfolio. The proceeds received from the issue of these linked units of R356 million have been utilised to reduce vendor loans existing at 30 September 2013.

13. CHANGES IN DIRECTORATE

During the period under review Mr Peter Cook and Mr Mlungisi Hlongwane retired from the board. Mr Cook served as a member of the audit and risk committee and as chairman of the social, ethics and human resources committee and Mr Hlongwane as a member of the property and investment committee and the social, ethics and human resources committee. Both Mr Cook and Mr Hlongwane were valued board members and the board wishes them well in their future endeavours. Mr Hatla Ntene, a quantity surveyor with extensive experience was appointed as an independent non-executive director with effect from 25 October 2013 and has been appointed to the property and investment committee. Dr Sedise Moseneke has been appointed as an executive director following the Encha portfolio acquisition with effect from 1 August 2013.

14. DISTRIBUTION ANNOUNCEMENT

Linked unitholders are referred to the SENS announcements published on 8 November 2013 and 15 November 2013 respectively in which the company announced the declaration of a special distribution in respect of the East Rand Mall commission income and the normal distribution for the interim period ended 30 September 2013 amounting to 13.83 cents per unit and 54.81 cents per unit respectively.

15. PROSPECTS

We have made significant progress in changing our portfolio to a better quality, lower risk portfolio. This has been achieved through value enhancing acquisitions and the disposal of riskier, yet higher yielding, assets. The improved quality of the portfolio is evidenced by the asset composition where some 65% of the portfolio is represented by our retail (52%), sovereign portfolio (10%) and hospital (3%) assets which collectively provide a real stability to the portfolio. The retail portfolio continues to perform well and we are seeing tenant demand across the portfolio. The sovereign portfolio has a lease expiry profile exceeding five years and contractual escalations of 8.9%.

The remainder of the portfolio comprises office (23%), motor related (2%) and industrial (10%) assets. We expect the office sector to remain the most challenging but have been encouraged by the positive momentum in the industrial sector in the first half of the financial year.

With trading conditions expected to remain difficult in the second half of the financial year, we are however still on track to meet our distribution guidelines for F2014 of growth in normalised distribution (off a base of 120.44 cpu) of between 4% and 6%. We expect a healthy growth in distributions for F2015 given the positive effects of the repositioning of the portfolio and the full year impact of the acquisitions undertaken during the F2014 year.

This forecast has not been reviewed or reported on by the company's auditors.

On behalf of the board

AD Botha	LG Rapp
Chairman	Chief Executive

Melrose Estate
25 November 2013

OPERATING SEGMENTS ANALYSIS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

GROUP	Industrial R000	Offices R000	Sovereign offices R000	Retail R000	Motor related R000	Hospital R000	Total property R000	Asset management business R000	Total R000
September 2013									
Group income for the six months ended 30 September 2013									
Property revenue	60 284	139 493	23 833	413 583	6 983	13 189	657 365	78 472	735 837
Property expenses	(21 891)	(59 193)	(7 779)	(158 987)	(1 030)	(1 573)	(250 453)	(19 602)	(270 055)
	38 393	80 300	16 054	254 596	5 953	11 616	406 912	58 870	465 782
Straight-line rental income accrual	1 708	3 573	714	11 326	265	517	18 103	-	18 103
Profit from property and other operations	40 101	83 873	16 768	265 922	6 218	12 133	425 015	58 870	483 885
Group statement of financial position at 30 September 2013									
Assets									
Investment properties	1 045 919	2 065 193	1 044 761	4 979 683	127 920	325 852	9 589 328		9 589 328
Add: Lease commissions							22 181		22 181
							9 611 509		9 611 509
Goodwill	3 889			59 713			63 602		63 602
Intangible asset								95 731	95 731
Investment properties held for sale	-	334 267	-	383 813	34 750	-	752 830	-	752 830
	1 049 808	2 399 460	1 044 761	5 423 209	162 670	325 852	10 427 941	95 731	10 523 672
Add: Excluded items									
Development capital expenditure									261 687
Furniture, fittings and other equipment									5 487
Available-for-sale financial asset									35 403
Financial asset at amortised cost									197
Loans to directors									15 350
Trade and other receivables									91 357
Cash and cash equivalents									421 963
Total assets									11 355 116
Liabilities									
Linked debentures and premium	374 791	859 815	374 377	1 921 939	58 291	116 765	3 705 978		3 705 978
Interest bearing borrowings	341 543	783 540	341 165	1 751 442	53 120	106 406	3 377 216		3 377 216
	716 334	1 643 355	715 542	3 673 381	111 411	223 171	7 083 194		7 083 194
Add: Excluded items									
Equity									3 288 321
Derivative financial instruments									14 635
Deferred taxation liabilities									5 999
Trade and other payables									247 597
Current taxation liabilities									4 982
Loans to vendors									382 052
Linked unitholders for distribution									328 336
Total equity and liabilities									11 355 116
September 2012									
Group income for the six months ended 30 September 2012									
Property revenue	69 047	207 671		297 421			574 139	59 682	633 821
Property expenses	(24 365)	(78 894)		(124 840)			(228 099)	(14 387)	(242 486)
	44 682	128 777		172 581			346 040	45 295	391 335
Straight-line rental income accrual	(913)	(2 747)		(3 934)			(7 594)		(7 594)
Profit from property and other operations	43 769	126 030		168 647			338 446	45 295	383 741
Group statement of financial position at 30 September 2012									
Assets									
Investment properties	1 047 599	2 623 649		3 600 297			7 271 545		7 271 545
Add: Lease commissions							16 715		16 715
	1 047 599	2 623 649		3 600 297			7 288 260		7 288 260
Goodwill	3 917	931		60 696			65 544		65 544
Intangible asset								237 053	237 053
Investment properties held for sale	74 700	289 205		62 948			426 853		426 853
	1 126 216	2 913 785		3 723 941			7 780 657	237 053	8 017 710
Add: Excluded items									
Development capital expenditure									545
Furniture, fittings and other equipment									1 862
Available-for-sale financial asset									44 645
Financial asset at amortised cost									2 060
Trade and other receivables									59 958
Cash and cash equivalents									315 910
Total assets									8 442 690
Liabilities									
Linked debentures and premium	430 476	1 117 271		1 405 097			2 952 844		2 952 844
Interest bearing borrowings	326 264	846 796		1 064 944			2 238 004		2 238 004
	756 740	1 964 067		2 470 041			5 190 848		5 190 848
Add: Excluded items									
Equity									2 231 477
Derivative financial instruments									81 978
Deferred taxation liabilities									473 376
Trade and other payables									217 170
Current taxation liabilities									13 706
Linked unitholders for distribution									234 135
Total equity and liabilities									8 442 690

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2013

GROUP	Unaudited 30 September 2013 R000	Unaudited 30 September 2012 R000	Audited 31 March 2013 R000
ASSETS			
Non-current assets	**10 088 966**	7 639 969	**7 770 306**
Investment properties	**9 454 898**	7 153 484	**7 241 245**
Investment properties	**9 611 509**	7 288 260	**7 389 656**
Straight-line rental income adjustment	**(156 611)**	(134 776)	**(148 411)**
Other non-current assets	**634 068**	486 485	**529 061**
Intangible asset	**95 731**	237 053	**152 965**
Straight-line rental income asset	**156 611**	134 776	**148 411**
Development capital expenditure	**261 687**	545	**138 385**
Furniture fittings, computer equipment and other	**5 487**	1 862	**5 129**
Available-for-sale financial asset	**35 403**	44 645	**19 417**
Financial asset at amortised cost	**197**	2 060	**1 152**
Loans to directors	**15 350**	-	**-**
Goodwill	**63 602**	65 544	**63 602**
Current assets	**513 320**	375 868	**1 351 664**
Trade and other receivables	**91 357**	59 958	**84 360**
Cash and cash equivalents	**421 963**	315 910	**1 267 304**
Investment properties held for sale	**752 830**	426 853	**323 202**
Total assets	**11 355 116**	8 442 690	**9 445 172**
EQUITY AND RESERVES	**3 288 321**	2 231 477	**2 626 187**
Non-current liabilities	**6 305 604**	5 596 202	**5 755 367**
Linked debentures and premium	**3 705 978**	2 952 844	**3 275 222**
Other interest bearing borrowings	**2 578 992**	2 088 004	**2 414 522**
Derivative financial instruments	**14 635**	81 978	**59 330**
Deferred taxation liabilities	**5 999**	473 376	**6 293**
Current liabilities	**1 761 191**	615 011	**1 063 618**
Trade and other payables	**247 597**	217 170	**228 117**
Short-term borrowings	**798 224**	150 000	**512 936**
Current taxation liabilities	**4 982**	13 706	**1 343**
Loans to vendors	**382 052**	-	**-**
Linked unitholders for distribution	**328 336**	234 135	**321 222**
Total equity and liabilities	**11 355 116**	8 442 690	**9 445 172**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

GROUP	Unaudited 30 September 2013 R000	Unaudited 30 September 2012 R000	Audited 31 March 2013 R000
Property revenue	**657 365**	574 139	1 166 940
Straight-line rental income accrual	**18 103**	(7 594)	4 829
Gross property revenue	**675 468**	566 545	1 171 769
Property expenses	**(250 453)**	(228 099)	(452 811)
Net profit from property operations	**425 015**	338 446	718 958
Net income from asset management business	**58 870**	45 295	45 952
Corporate administrative expenses	**(17 522)**	(14 510)	(29 192)
Investment and other income	**26 587**	8 096	25 615
Operating profit before finance costs	**492 950**	377 327	761 333
Finance costs	**(124 969)**	(100 356)	(194 285)
Profit before debenture interest	**367 981**	276 971	567 048
Debenture interest	**(327 601)**	(233 639)	(554 368)
Profit before capital items	**40 380**	43 332	12 680
Profit on sale of investment properties	**26 560**	5 405	903
Loss on sale of furniture and fittings	**(5)**	-	-
Profit on sale of subsidiary	**-**	555	1 160
Amortisation of debenture premium	**4 308**	4 677	6 804
Goodwill written-off on sale of subsidiary/properties by a subsidiary	**-**	-	(821)
Impairment of intangible asset	**(57 234)**	(30 043)	(114 131)
Impairment of goodwill	**-**	-	(1 121)
Profit/(loss) before fair value adjustments	**14 009**	23 926	(94 526)
Fair value adjustments	**592 299**	219 377	255 329
Gross change in fair value of investment properties	**610 402**	211 783	260 158
Straight-line rental income adjustment	**(18 103)**	7 594	(4 829)
Profit before taxation	**606 308**	243 303	160 803
Taxation	**(6 070)**	(57 323)	412 834
Profit for the period	**600 238**	185 980	573 637
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Cash flow hedges	**44 695**	(56 334)	(33 686)
Available-for-sale financial assets-current period income/(loss)	**4 465**	6 862	(18 367)
Other comprehensive income/(loss) for the period	**49 160**	(49 472)	(52 053)
Total comprehensive income for the period	**649 398**	136 508	521 584
Earnings per linked unit (cents)	**205.25**	103.20	273.53
Diluted earnings per linked unit (cents)	**205.25**	103.20	273.53
Number of linked units in issue	**455 513 047**	410 515 218	431 040 218

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	30 September 2013		30 September 2012		31 March 2013	
	Group R000	Cents per linked unit	Group R000	Cents per linked unit	Group R000	Cents per linked unit
Attributable profit after taxation	**600 238**	**132.78**	185 980	45.74	573 637	139.10
Adjusted for:						
Debenture interest	**327 601**	**72.47**	233 639	57.46	554 368	134.43
Earnings attributable to linked unitholders	**927 839**	**205.25**	419 619	103.20	1 128 005	273.53
Change in fair value of investment properties	**(592 299)**	**(131.02)**	(219 377)	(53.95)	(255 329)	(61.91)
Total tax effects of adjustments	**-**	**-**	42 897	10.55	(418 606)	(101.51)
Write-off in goodwill on sale of subsidiary/ properties sold by a subsidiary	**-**	**-**	-	-	821	0.20
Impairment of goodwill	**-**	**-**	-	-	1 121	0.27
Profit on sale of subsidiary	**-**	**-**	(555)	(0.14)	(1 160)	(0.28)
Profit on sale of investment properties	**(26 560)**	**(5.88)**	(5 405)	(1.33)	(903)	(0.22)
Loss on sale of furniture and fittings	**5**	**-**	-	-	188	0.05
Impairment of intangible asset	**57 234**	**12.66**	30 043	7.39	114 131	27.68
Amortisation of debenture premium	**(4 308)**	**(0.94)**	(4 677)	(1.14)	(6 804)	(1.65)
Headline earnings attributable to linked unitholders	**361 911**	**80.07**	262 545	64.58	561 464	136.16
Loss on sale of furniture and fittings	**(5)**	**-**	-	-	(188)	(0.05)
Straight-line rental accrual net of deferred taxation	**(18 103)**	**(4.01)**	5 989	1.47	(4 829)	(1.17)
Profit available for distribution	**343 803**	**76.06**	268 534	66.05	556 447	134.94

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Unaudited 30 September 2013 R000	Unaudited 30 September 2012 R000	Audited 31 March 2013 R000
Cash flow from operating activities	**467 376**	398 546	738 201
Cash flow from investing activities	**(2 123 975)**	(1 368 322)	(1 446 725)
Cash flow from financing activities	**811 258**	1 069 739	1 759 881
Net (decrease)/increase in cash and cash equivalents	**(845 341)**	99 963	1 051 357
Cash and cash equivalents at the beginning of the period	**1 267 304**	215 947	215 947
Cash and cash equivalents at the end of the period	**421 963**	315 910	1 267 304

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

GROUP	Share capital and share premium R000	Non-distributable reserves R000	Retained earnings R000	Total R000
Restated balance at 31 March 2012	32 263	2 013 225	28 982	2 074 470
Balance at 31 March 2012 as previously reported	32 263	1 719 943	28 982	1 781 188
Change of rate in deferred taxation including straight line rental accrual	-	293 282	-	293 282
Issue of share capital and premium	17 231	-	-	17 231
Dividend distribution	-	-	(477)	(477)
	49 494	2 013 225	28 505	2 091 224
Profit for the period	-	-	185 980	185 980
Change in fair value of investment properties	-	211 783	(211 783)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(35 254)	35 254	-
Share-based remuneration	-	3 745	-	3 745
Transfer from non-distributable reserve	-	(30 121)	30 121	-
Other comprehensive income				
Revaluation of available-for-sale financial asset	-	6 862	-	6 862
Revaluation of cash flow hedges	-	(56 334)	-	(56 334)
Balance at 30 September 2012	49 494	2 113 906	68 077	2 231 477
Issue of shares	6 622	-	-	6 622
Dividend distribution	-	-	(654)	(654)
	56 116	2 113 906	67 423	2 237 445
Profit for the period	-	-	387 657	387 657
Change in fair value of investment properties	-	48 375	(48 375)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	35 254	(35 254)	-
Deferred taxation rate change	-	426 790	(426 790)	-
Share-based remuneration	-	3 666	-	3 666
Transfer from non-distributable reserve	-	(92 073)	92 073	-
Other comprehensive loss				
Revaluation of available-for-sale financial asset	-	(25 229)	-	(25 229)
Revaluation of cash flow hedges	-	22 648	-	22 648
Balance at 31 March 2013	56 116	2 533 337	36 734	2 626 187
Issue of shares	8 880	-	-	8 880
Dividend distribution	-	-	(669)	(669)
	64 996	2 533 337	36 065	2 634 398
Profit for the period	-	-	600 238	600 238
Change in fair value of investment properties	-	610 402	(610 402)	-
Share-based remuneration	-	4 525	-	4 525
Transfer from non-distributable reserve	-	(30 674)	30 674	-
Other comprehensive loss				
Revaluation of available-for-sale financial asset	-	4 465	-	4 465
Revaluation of cash flow hedges	-	44 695	-	44 695
Balance at 30 September 2013	64 996	3 166 750	56 575	3 288 321

VUKILE PROPERTY FUND LIMITED
("Vukile" or "the company" or "the group") (Incorporated in the Republic of South Africa) • (Registration number 2002/027194/06)
ISIN: ZAE000056370 • **JSE share code:** VKE • **NSX share code:** VKN
Granted REIT status with the JSE
JSE sponsor: Java Capital Trustees and Sponsors (Pty) Ltd, 2 Arnold Road, Rosebank, 2196 • **NSX sponsor:** IJG Group, Windhoek, Namibia
Executive directors: LG Rapp (CEO), MJ Potts (Financial director), HC Lopion (Executive director : asset management), GS Moseneke
Non-executive directors: AD Botha (Chairman), PS Moyanga, SF Booysen, H Ntene, NG Payne, SEN Sebotsa, HM Serebro
Registered office: Ground floor, One-on-Ninth, cnr Glenhove Road and Ninth Street, Melrose Estate, 2196
Company Secretary: J Neethling
Transfer secretaries: Link Market Services South Africa (Pty) Ltd, Braamfontein, Johannesburg
Investor and media relations: Contact Helen McKane on vukile@dpapr.com, or Tel: 011 728-4701

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