VUKILE PROPERTY FUND

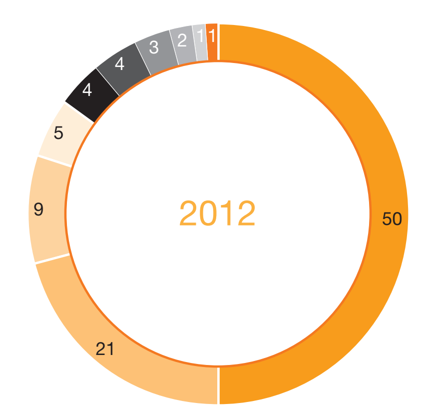
AWAKEN THE POTENTIAL WITHIN

AUDITED CONDENSED RESULTS

for the year ended 31 March 2012

GEOGRAPHICAL PROFILE

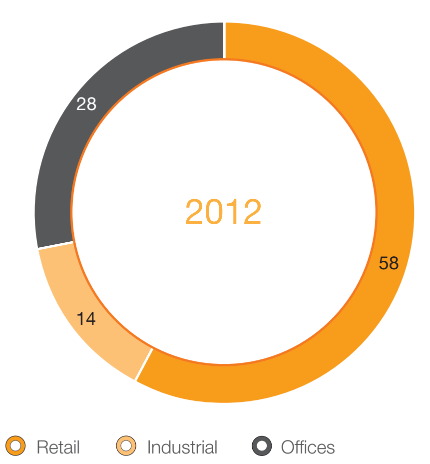
Gross income



Top four regions account for 85% of exposure.

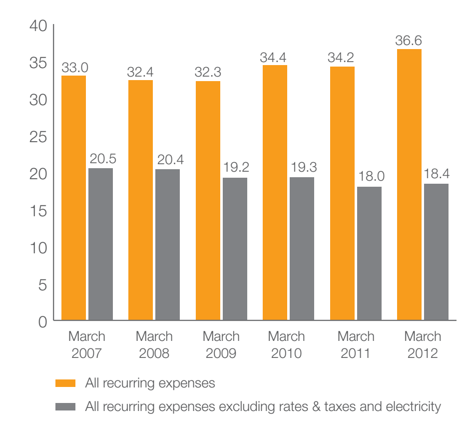
SECTORAL PROFILE

Gross income



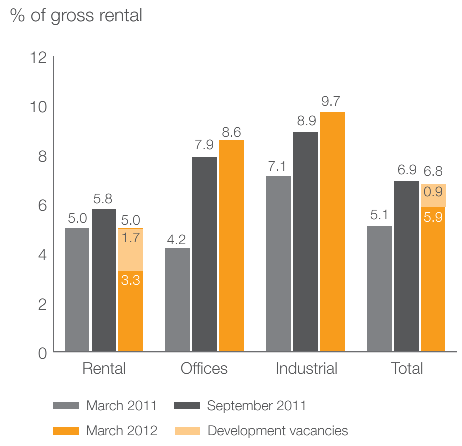
RATIO OF GROSS RECURRING COST TO PROPERTY REVENUE

Stable portfolio %



VACANCY PROFILE

% of gross rental



THE CREATION OF A THOUSAND FORESTS IS IN ONE ACORN

RALPH WALDO EMERSON

- Annual distribution up **6.1%**
- Successful acquisition of **R1.5 billion** property portfolio post year end, increasing asset base by **25%**
- **Improved quality** of office portfolio
- Re-rating of free-float index weighting from **50%** to **100%**
- Implementation of Domestic Medium Term Note Programme post year end **reduces cost** of finance on R1.02 billion debt by **1%**
- Successful **broadening** of unitholder base

COMMENTS

1. BASIS OF PREPARATION

The condensed financial results included in this announcement have been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards ("IFRS") and have been prepared in accordance with the presentation and disclosure requirements of IAS 34, Interim Financial Reporting, the AC 500 standards as issued by the Accounting Practices Board, or its successor, the Companies Act and the JSE Limited Listings Requirements.

The accounting policies used in the preparation of the condensed financial results for the year ended 31 March 2012 are consistent with those applied in the previous financial year.

Grant Thornton, the group's independent auditor, has audited the consolidated annual financial statements of Vukile Property Fund Limited from which the condensed consolidated financial results have been derived and have expressed an unqualified audit opinion on the consolidated annual financial statements. The audit report is available for inspection at Vukile Property Fund Limited's registered office.

The preparation of the financial results for the year ended 31 March 2012 was supervised by Michael Potts, CA(SA), financial director.

2. FINANCIAL RESULTS

The group's net profit available for distribution amounted to R439 million for the year ended 31 March 2012 compared to the R408 million for the previous year, an increase of 7.6%.

If adjusted for the higher weighted average linked units in issue during the year, compared to the prior year, the 7.6% increase reduces to 6.3%.

In terms of a SENS announcement dated 16 March 2012 the board of directors approved a final distribution of 70.5 cents per linked unit for the six months to 31 March 2012. This early distribution was made prior to the issue of linked units to finance the R1.5 billion portfolio acquisition, in order to mitigate any potential dilution in distributions. The distribution for the full year ended 31 March 2012 amounted to 124.81 cents per linked unit (March 2011: 117.65 cents per linked unit), an increase of 6.1% and equated to 99.8% of the profit available for distribution.

The 7.2 cents per linked unit increase in distributions year-on-year is made up as follows:

LINKED UNIT DISTRIBUTIONS

	2012 Cents per linked unit	2011 Cents per linked unit
Contributions to increased rental income		
Increase in rentals on new and renewed leases	**12.6**	10.3
Additional rentals from property acquisitions	**9.3**	12.8
Additional municipal service recoveries and other	**5.6**	3.7
	27.5	26.8
Increase in property expenditure	**(11.5)**	(7.6)
Increase in net group property revenue	**16.0**	19.2
(Reduced)/additional income from asset management business	**(6.1)**	11.9
Less: Adjusted prior year asset management fees for full year	**-**	(8.5)
Increased net finance costs	**(1.3)**	(6.6)
Reduced/(increased) administrative expenses, taxation and retained income	**0.8**	(0.7)
Adjustment for changes in linked units in issue in the prior year	**(2.2)**	(2.3)
Less: R10 million distribution foregone by Sanlam Properties in prior years	**-**	(3.3)
Net increase in distribution	**7.2**	9.7

SUMMARY OF FINANCIAL PERFORMANCE

The property portfolio performed well in a difficult economic environment during the year under review. On a like-for-like basis (a stable portfolio) , net property revenue increased by 7.3% year on year. Sales of non-core properties reduced the overall net property revenue by R10 million for the year. A once-off lease payment of R27.8 million was received on the expiry of a long-term structured lease from a tenant during the year and is included in net property revenue.

The asset management business segment generated a net profit of R33.0 million for the year against R51.7 million in the prior year. This segment's profit is reported gross of the consolidation adjustment reversing asset management fees charged to the group's portfolio of R10.5 million. Asset management and other fees received of R33.8 million were in line with the previous year of R33.6 million. However, sales commission of R18.9 million was R10.4 million lower than the previous year.

Group corporate administrative expenditure of R25.9 million is similar to the previous year.

Group finance costs, net of investment income, have increased by R4.7 million, from R147.4 million to R152.1 million. The increase in finance costs is primarily due to interest arising on additional debt of R201.8 million, raised to finance the acquisition of the R541 million portfolio in September 2010, now being incurred for a full year.

The intangible asset of R362.8 million which arose on the acquisition of the property asset management contract has been tested for impairment. Sales of properties from the Sanlam portfolio, amounting to R3.1 billion from 1 January 2010 to 30 April 2012 (generating sales commission for Vukile of R94.7 million), will result in lower asset management fees going forward, which together with variable future sales from the Sanlam portfolio and an increase in the discount rate has resulted in an impairment of R46 million in intangible assets from R313 million in the prior year to R267 million at 31 March 2012.

SUMMARY OF GROUP FINANCIAL PERFORMANCE

	March 2012	March 2011	% change
Headline earnings of linked units (Rm)	**472**	427	10.5
Net asset value per linked unit (cents)	**1 109**	1 003	10.6
Distribution per linked unit (cents)	**124.81**	117.65	6.1
Loan to value ratio (%)	**27.6**	31.5	12.4

SIMPLIFIED INCOME STATEMENT

	March 2012 Group R000	March 2011 Group R000	% change	Note
Calculation of distributable earnings				
Net profit from property operations excluding straight-line income adjustments	**588 348**	535 772	9.8	1
Net income from the asset management business	**33 025**	51 662	(36.1)	
Investment and other income	**13 557**	14 380	(5.7)	
Administrative expenses	**(25 919)**	(25 509)	(1.6)	
Finance costs	**(165 633)**	(161 803)	(2.4)	2
Taxation (excluding deferred tax on revaluation adjustments)	**(4 277)**	(6 401)	33.2	
Available for distribution	**439 101**	408 101	7.6	

Note 1: Includes a R27.8 million once-off lease payment on an expiry of a long-term structured lease. Asset management and other fees of R10.5 million eliminated on consolidation are included as property expenditure above and hence reduces net profit from property operations and increases fee income in the asset management business segment.

Note 2: The increase in finance costs primarily relates to interest on the R201 million loan raised in September 2010 now accounted for over a full year.

GROSS RENTAL RECEIVABLES ("TENANT ARREARS")

Tenant arrears reduced by R0.70 million from the prior year to R20.3 million at 31 March 2012.

IMPAIRMENT ALLOWANCE

The allowance for the impairment of receivables increased marginally from R9.9 million in 2011 to R10 million at 31 March 2012, which is considered adequate at this stage. A summary of the movement in the impairment allowance of trade receivables is set out below:

	R000
Impairment allowance 1 April 2011	**9 911**
Allowance for receivable impairment for the year	**1 555**
Receivables written off as uncollectable	**(1 438)**
Impairment allowance 31 March 2012	**10 028**
Bad debt write-off per the statement of comprehensive income	**6 641**

The net asset value of the group has increased over the reporting period by 10.6%, from 1 003 cents per linked unit to 1 109 cents per linked unit at 31 March 2012.

The change in net asset value per linked unit, based on 351 015 218 linked units in issue at year end, is set out in the NAV bridge graph alongside.

3. BORROWINGS

During August 2011, bank debt of R450 million in a subsidiary was successfully refinanced at an all-in cost of finance of 8.66%, which is 1.74% lower than the previous weighted average rate of 10.4%.

Following the extension of certain interest rate swaps and the above bank refinancing, the group's overall cost of debt has reduced from 9.77% per annum at 31 March 2011 to 9.36% per annum, inclusive of margins and costs, at 31 March 2012.

A bank facility of R450 million in Vukile expires on 31 May 2012. At this stage, an indicative facility letter has been received at favourable interest rates and loan agreements will be finalised shortly. 100% of the group's total interest bearing debt was fixed or hedged at year-end.

In terms of a new finance strategy approved by the board in November 2011 the R1.02 billion CMBS programme has been refinanced through a new R5 billion DMTN programme. Secured corporate bonds of R1.02 billion were issued on 8 May 2012 under this programme. The average weighted cost of the R1.02 billion corporate bonds issued equates to 8.8%, including the extension of existing interest rate swaps and new hedges over a 3 year to 5 year period. This represents a reduction of 1.0% over the previous weighted average all-in finance costs of the CMBS programme. The secured corporate bond debt of R1.02 billion is fully hedged.

The company's borrowing capacity is unlimited, in terms of its memorandum of incorporation. The board policy is to limit the group's loan-to-value ratio ("LTV") to 45%. The group's LTV ratio at 31 March 2012 was 27.6% compared to the bank and securitisation covenants of 50% and 65% respectively. The group has unutilised bank facilities of R207 million.

4. GROUP PROPERTY PORTFOLIO

PORTFOLIO OVERVIEW

The group property portfolio at 31 March 2012 consisted of 72 properties with a total market value of R6 113 million and gross lettable area of 922 221m².

The geographical and sectoral distribution of the group's portfolio is indicated in the graphs alongside. The portfolio is well-represented in most of the South African provinces and Namibia. 85% of the gross income is derived from Gauteng, KwaZulu-Natal, Western Cape and Namibia.

In terms of the group's strategy to operate as a diversified fund, overweight in retail, the group is of the opinion that the current sectoral and geographical profile broadly conforms to the requirements of a well-balanced mixed portfolio. There is, therefore, no specific strategy to increase or decrease these profiles. On the sectoral profile, in terms of gross income, the exposure to retail increased while the exposure to offices declined mostly due to increased vacancies in the office sector.

PROPERTY PORTFOLIO PERFORMANCE

New leases and renewals of 202 129m² with a contract value of R579.5 million were concluded during the year. 74% of leases that expired during the year ended 31 March 2012 were renewed or are in the process of being renewed (2011: 82%). The reduction in renewals is mostly due to government leases that were still in the process of being renewed at year end as well as a number of lease renewals that were held back, pending the large refurbishment at Randburg Square.

The group lease expiry profile graph alongside reflects that 37% of leases are due for renewal in 2013.

Of the 37% leases due for renewal in 2013, ± 38 500m² are under negotiation already and these tenants have indicated that they will renew. This will reduce the expiries to 33%, which equates to the normal average lease period of 3 years across the portfolio.

At 31 March 2012, the portfolio's vacancy (measured as a percentage of gross rental) was 6.8% (5.9% excluding "development" vacancies) compared to 5.1% at 31 March 2011. The development vacancies are at Randburg Square where phase 1 of the revamp of the centre, at an estimated cost of R80 million, is almost complete and phase 2 is in the final planning stages. This revamp entails a re-mix of tenants and the introduction of new tenants which will fundamentally change the nature of the centre going forward. Vacancies have not been filled pending this major revamp.

Vukile is engaged in various additional initiatives in an effort to reduce the vacancies in the portfolio including broker focus groups, the implementation of a vacancy website, leasing incentives on selected properties, incentives to property management companies and leasing brokers. Vacancies have reduced by a net 4 500m² since 30 September 2011.

Recurring property expenses have increased year on year mostly due to excessive increases in electricity and rates and taxes. Although a large proportion of the increases are recovered from tenants, the group has implemented the following measures to try and alleviate these costs, as it could ultimately impact on the tenant's ability to pay rentals:

- Reducing energy consumption by replacing older technology with newer, more energy efficient technology.
- Embarking on various new initiatives to reduce energy consumption at our properties including the installation of check meters at our properties, appointing energy consultants to perform energy audits and to recommend actions to reduce consumption and installing energy efficient equipment in all new developments and upgrades.
- Appointing a specialist to value all the group's properties where the municipal valuations appear to be higher than market and to lodge the appropriate objections and appeals. An appropriate percentage of such savings are refunded to the tenants.

The group continuously evaluates methods of containing costs in the portfolio. As a result of the measures referred to earlier, the recurring costs to property revenue ratios (excluding electricity and rates and taxes) have decreased from 20.5% in March 2007 to 18.4% in March 2012 and hence have been well contained.

The average contracted escalation on the total portfolio at 8.2% is extremely positive, with the industrial sector having the highest escalations.

Against the backdrop of a difficult trading environment, positive reversions on lease renewals were achieved during the year across all three sectors. The escalation on expiry rentals was the lowest in the office sector mostly due to the high vacancies currently experienced in this sector where landlords offer attractive incentives to new tenants in an effort to reduce vacancies at their buildings.

INVESTMENT ACTIVITY

ACTIVE MANAGEMENT AND QUALITY OF THE PORTFOLIO

In terms of the strategy of improving the quality in the portfolio, Vukile has decided to reduce its exposure to lower B grade CBD offices, mainly occupied by government, and to replace these with higher quality offices in popular office nodes. This strategy has been largely achieved with most of the CBD offices currently in the process of being sold. In addition, the R1.5 billion acquisition from Sanlam, which consists mainly of good quality offices in decentralised office nodes, grows the value of our office portfolio on a R/m² basis. In terms of retail investments, the fund's strategy to invest in high-density-lower-income rural and township areas has delivered excellent results and we believe it will continue to do so.

5. ACQUISITIONS, DEVELOPMENTS, UPGRADES AND DISPOSALS

As part of our strategy to improve the quality of the existing portfolio, the following projects as set out below have been completed, or are in progress:

5.1 REVAMPS AND UPGRADES

PROPERTIES COMPLETE

			Approved capex (Rm)						
Property	Project detail	Additional area (m²)	Up-grade	Extension	Mainte-nance	Total	Yield %	Completion date	Note
			7.50	**27.00**	**2.00**	**36.50**			
Mala Plaza, Malamulele	Extension and upgrade	1 112	-	18.10	2.00	20.10	9.3	Jun 2011	
Grosvenor Crossing, Bryanston	Upgrade	-	7.50	-	-	7.50		Nov 2011	1
Hillfox Value Centre	New premises for Cashbuild	1 337		8.90		8.90	10.0	Oct 2011	

PROJECTS APPROVED AND IN PROGRESS

			Approved capex (Rm)						
Property	Project detail	Additional area (m²)	Up-grade	Exten-sion	Mainte-nance	Total	Yield %	Completion date	Note
			107.60	20.10	17.20	144.90			
Randburg Square	Upgrade and maintenance: phase 1		63.60	-	17.20	80.80		Jun 2012	1
Bellville Louis Leipoldt Hospital	Upgrade for Medi Clinic		33.50	-	-	33.50		Apr 2013	2
Hillfox Value Centre	Upgrade: phase 1		6.50	-	-	6.50		Apr 2012	1
Hillfox Value Centre	Upgrade: phase 2		4.00	-	-	4.00		May 2012	1
Oshakati Centre	Redevelopment of ex-Standard Bank site	2 312	-	20.10	-	20.10	11.1	Jul 2012	

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

Note 2: This capex was agreed as part of a new 15 year lease.

5.2 APPROVED DEVELOPMENTS

The development of a 19 000m² shopping centre, located approximately halfway between Durban and Pietermaritzburg, has been approved at a capital outlay of R193 million and an initial yield of 9.5%. There are limited retail facilities in the township and the centre will be anchored by Pick n Pay, SPAR and Mr Price.

The group is actively looking at a pipeline of similar retail developments which will increase the weighting of retail in the portfolio.

5.3 PROPERTY SALES

Property	Purchase price	Sales price R000	Yield %	Actual and expected dates of transfer
Benoni Kleinfontein Offices: Erf 4	709	1 700	17.3	June 2011
Oshakati Beares Furniture	4 502	5 800	10.8	September 2011
Pretoria Hatfield Botbyl Subaru	23 637	13 750	19.4	November 2011
AAD Goodwood	7 845	15 250	10.1	January 2012
Johannesburg John Griffen	5 298	16 500	12.0	May 2012
Pretoria VWL	67 346	103 000	12.5	1
Glencairn Building Eloff Street	82 425	23 520	7.8	1
Johannesburg Truworths Building		43 680		
Nelspruit Prorom	16 108	38 000	12.5	1
Katimo Mulilo Pep Stores	6 149	18 000	11.7	1
Rundu Ellerines	4 330	2 800	14.7	1
Total	**218 349**	**282 000**		

Note 1: Sales agreements concluded and awaiting fulfilment of various conditions precedent.

The sale of the above high yielding high risk properties will have a negative impact on distributions. However, this is the trade-off for a significant improvement in the quality of the portfolio. The proceeds from property sales will be utilised to acquire properties that conform to Vukile's investment requirements and/or to fund expansions and revamps, thereby further enhancing the quality of the portfolio.

6. VALUATION OF PORTFOLIO

The accounting policies of the group require that directors value the entire portfolio every year to fair market value. Approximately one half of the portfolio is valued every six months, on a rotational basis, by registered independent third party valuers.

The directors have valued the group's property portfolio at R6.11 billion as at 31 March 2012. This is R761 million higher than the valuation as at 31 March 2011.

The external valuations by Broll Valuation and Advisory Services (Pty) Ltd, Jones Lang LaSalle (Pty) Ltd and Old Mutual Investment Group South Africa (Pty) Ltd at 31 March 2012 of 45.9% of the total portfolio are in line with the directors' valuations of the same properties.

7. OPERATING SEGMENTS

	Industrial R000	Offices R000	Retail R000	Total R000	Asset management business R000	Total Group R000
Group income for the year ended 31 March 2012						
Revenue	130 222	255 126	547 921	933 269	53 317	986 586
Straight-line rental income accrual	6 539	13 156	26 298	45 993	-	45 993
	136 761	268 282	574 219	979 262	53 317	1 032 579
Expenses	(45 632)	(88 875)	(199 914)	(334 421)	(30 792)	(365 213)
Net profit from property and other operations	91 129	179 407	374 305	644 841	22 525	667 366
Group statement of financial position at 31 March 2012						
Assets						
Investment properties	1 016 662	1 585 937	3 189 276	5 791 875		5 791 875
Add: Lease commissions			-	14 283		14 283
				5 806 158		5 806 158
Goodwill	3 917	931	60 696	65 544		65 544
Intangible asset	-	-	-	-	267 096	267 096
Investment properties held for sale	16 500	200 437	104 258	321 195		321 195
	1 037 079	1 787 305	3 354 230	6 192 897	267 096	6 459 993
Add: Excluded items						
Deferred capital expenditure						4 411
Furniture, fittings and computer equipment						1 985
Available-for-sale financial asset						28 468
Financial asset at amortised cost						2 967
Trade and other receivables						50 934
Cash and cash equivalents						215 947
Total assets						6 764 705
Liabilities						
Linked debentures and premium	357 152	617 527	1 138 534	2 113 213		2 113 213
Interest bearing borrowings	283 838	490 767	904 825	1 679 430		1 679 430
	640 990	1 108 294	2 043 359	3 792 643		3 792 643
Add: Excluded items						
Equity						1 781 188
Derivative financial instruments						25 644
Deferred taxation liabilities						727 785
Trade and other payables						188 692
Current taxation liabilities						1 267
Linked unitholders for distribution						247 486
Total equity and liabilities						6 764 705

	Industrial R000	Offices R000	Retail R000	Total R000	Asset management business R000	Total Group R000
Group income for the year ended 31 March 2011						
Revenue	132 670	244 812	458 642	836 124	65 146	901 270
Straight-line rental income accrual	2 280	4 207	7 881	14 368	-	14 368
	134 950	249 019	466 523	850 492	66 146	915 638
Expenses	(48 790)	(77 772)	(167 041)	(293 603)	(20 233)	(313 836)
Net profit from operations	86 160	171 247	299 482	556 889	44 913	601 802
Group statement of financial position at 31 March 2011						
Assets						
Investment properties	898 608	1 407 496	2 764 166	5 070 270		5 070 270
Add: lease commissions				13 723		13 723
				5 083 993		5 083 993
Goodwill	5 091	3 977	62 039	71 107		71 107
Intangible Asset					312 832	312 832
Investment properties held for sale	-	179 019	102 403	281 422		281 422
	903 699	1 590 492	2 928 608	5 436 522	312 832	5 749 354
Add: excluded items						
Deferred capital expenditure						2 723
Furniture, fittings and computer equipment						1 774
Available-for-sale financial asset						10 208
Financial asset at amortised cost						4 782
Trade and other receivables						71 409
Cash and cash equivalents						337 809
Total assets						6 178 059
Liabilities						
Linked debentures and premium	355 454	627 563	1 133 899	2 116 916		2 116 916
Interest bearing borrowings	281 399	496 816	897 667	1 675 882		1 675 882
	636 853	1 124 379	2 031 566	3 792 798		3 792 798
Add: Excluded items						
Equity						1 404 550
Derivative financial instruments						21 867
Deferred taxation liabilities						544 548
Trade and other payables						173 277
Current taxation liabilities						5 416
Linked unitholders for distribution						235 603
Total equity and liabilities						6 178 059

8. CHANGE IN ACCOUNTING ESTIMATE – DEFERRED TAX

Vukile has accounted for its deferred tax assets and liabilities relating to a recently announced change in the Capital Gains Tax rate at the increased rate of 18.67% (March 2011: 14%) which has resulted in the deferred tax liability increasing by R21.1 million.

9. CAPITAL COMMITMENTS

The group authorised and contracted refurbishment and expansion programmes in the previous financial year of which an outstanding balance of R98.2 million still has to be incurred.

The group is authorised, but has not yet contracted, to upgrade shopping centres, replace air-conditioning units, refurbish lifts, tenant installations and other minor capital expenditure at an estimated cost of R123.7 million and to develop an industrial unit at Allandale at a cost of R13 million.

The above refurbishment programme, capital expenditure and developments will be funded out of surplus cash, bank facilities and proceeds from property sales.

10. RELATED PARTY TRANSACTIONS

The following are related party transactions:

Related party	Type of transaction	2012 Amount paid/ (received) R000	2012 Amounts owed to/ (by) related parties R000	2011 Amount paid/ (received) R000	2011 Amounts owed to related parties R000
Sanlam Life Insurance Limited (1)	Lease rentals	430	-	1 268	-
	Asset management fees and sales commission received	(17 571)	-	(63 270)	(13 770)
Sanlam Properties Proprietary Limited (1)	Handling fees on sold properties and asset management fees	-	-	1 603	419
	Consulting fees			(1 431)	-
Sanlam Capital Markets Limited ("SCM") (1)	Assumption of company's conditional financial obligations to senior management	-	-	430	-
JHI Properties Proprietary Limited (2)	Property management and other fees	-	-	19 469	1 487
Kuper Legh Property Group (3)	Property management and other fees	1 735	-	5 373	327

(1) The Sanlam Group ceased to be a related party from August 2011. The Sanlam Group currently holds less than 6% of the company's linked units in issue. The amounts received and paid have been disclosed for a four month period to 31 July 2011.

(2) Sanlam Limited sold its minority shareholding in JHI in the previous financial year. JHI is no longer regarded as a related party.

(3) The property management agreement with Kuper Legh Property Group expired on 31 August 2011 and hence this company, through it's main shareholder, is no longer a related party.

11. PROSPECTS

With the global economic environment remaining fragile, the South African economy continues to take tentative steps towards recovery. With the property sector lagging the broader economic cycle by around 12 to 18 months, we expect trading conditions to remain difficult for the forthcoming year. However, based on experience over the past few months, it appears as though the sector seems to have bottomed out and it is encouraging that the increase in vacancies across the board seems to have been arrested.

The Vukile retail portfolio continues to trade well and we are still seeing increased tenant demand across our portfolio. Given the increased disposable incomes and shifting spending patterns in the lower LSM segments of the market, we would expect this trend to continue in the year ahead. It is against this backdrop that we are actively exploring a number of new developments of shopping centres catering to the lower income markets in both urban and rural environments.

The acquisition of a portfolio of 20 properties from Sanlam has been concluded and they have now been fully absorbed into our portfolio. We believe that the portfolio will provide scope for growth in the future through having both upgrade potential and reducing the vacancies in the acquired assets.

We remain comfortable with the underlying performance of the core property portfolio and after taking into account the non-recurring lease termination fee received and the variability of the sales commission in respect of the Sanlam portfolio, we are of the view that Vukile should be able to deliver reasonable growth in distributions for the year ahead.

The forecast information in this paragraph 11 has not been audited or reviewed by Vukile's auditors.

On behalf of the board

AD Botha
Chairman

LG Rapp
Chief executive

Roodepoort
29 May 2012

Vukile Property Fund Limited
(Incorporated in the Republic of South Africa) • (Registration number 2002/027194/06) • JSE Share code: VKE • ISIN: ZAE000056370 • NSX Share code: VKN • **JSE sponsor:** Java Capital, 2 Arnold Road, Rosebank, 2196 • **NSX sponsor:** IJG Securities (Pty) Ltd, Windhoek, Namibia.

Executive directors: LG Rapp (CEO), MJ Potts (Financial director), HC Lopion (Executive director: asset management).
Non-executive directors: AD Botha (Chairman), HSC Bester, PJ Cook, JM Hlongwane, PS Moyanga, HM Serebro, NG Payne, SF Booysen • **Registered office:** 1st floor Meersig Building, Constantia Boulevard, Constantia Kloof, 1709.
Company Secretary: J Neethling. • **Transfer secretaries:** Link Market Services South Africa (Pty) Ltd, Johannesburg.
Investor and media relations: Contact Helen McKane on vukile@dpapr.com, or Tel: 011 728-4701.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 March 2012

	2012 Group R000	2011 Group R000
ASSETS		
Non-current assets	6 176 629	5 487 419
Investment properties	5 674 979	4 984 840
Investment properties	5 806 158	5 083 993
Straight-line rental income adjustment	(131 179)	(99 153)
Other non-current assets	501 650	502 579
Intangible asset	267 096	312 832
Straight-line rental income asset	131 179	99 153
Deferred capital expenditure	4 411	2 723
Furniture, fittings and computer equipment	1 985	1 774
Available-for-sale financial asset	28 468	10 208
Financial asset at amortised cost	2 967	4 782
Goodwill	65 544	71 107
Current assets	266 881	409 218
Trade and other receivables	50 934	71 409
Cash and cash equivalents	215 947	337 809
Investment properties held for sale	321 195	281 422
Total assets	6 764 705	6 178 059
EQUITY AND LIABILITIES		
Equity and reserves	1 781 188	1 404 550
Non-current liabilities	3 315 432	3 909 613
Linked debentures and premium	2 113 213	2 116 916
Other interest bearing borrowings	448 790	1 226 282
Derivative financial instruments	25 644	21 867
Deferred taxation liabilities	727 785	544 548
Current liabilities	1 668 085	863 896
Trade and other payables	188 692	173 277
Short-term borrowings	1 230 640	449 600
Current taxation liabilities	1 267	5 416
Linked unitholders for distribution	247 486	235 603
Total equity and liabilities	6 764 705	6 178 059

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2012

	2012 Group R000	2011 Group R000
Property revenue	933 269	836 124
Straight-line rental income accrual	45 993	14 368
Gross property revenue	979 262	850 492
Property expenses	(334 421)	(293 603)
Net profit from property operations	644 841	556 889
Profit from asset management business	22 525	44 913
Corporate administrative expenses	(25 919)	(25 509)
Investment and other income	13 557	14 380
Operating profit before finance costs	655 004	590 673
Finance costs	(165 633)	(161 803)
Profit before debenture interest	489 371	428 870
Debenture interest	(437 224)	(403 948)
Profit before capital items	52 147	24 922
Profit/(loss) on sale of investment properties	3 084	(14 798)
Profit on sale of subsidiary	1 428	-
Amortisation of debenture premium	3 703	2 519
Impairment of goodwill	(4 801)	-
Goodwill written-off on sale of properties	(762)	(5 192)
Impairment of intangible asset	(45 736)	(49 935)
Profit/(loss) before fair value adjustments	9 063	(42 484)
Fair value adjustments	549 253	78 494
Gross change in fair value of investment properties	595 246	92 862
Straight-line rental income adjustment	(45 993)	(14 368)
Profit before taxation	558 316	36 010
Taxation	(189 754)	(25 488)
Profit for the year	368 562	10 522
Other comprehensive income		
Cash flow hedges	(4 412)	6 602
Available-for-sale financial assets	3 453	(3 556)
Other comprehensive (loss)/income for the year	(959)	3 046
Total comprehensive income for the year	367 603	13 568
Earnings per linked unit (cents)	229.56	120.86
Diluted earnings per linked unit (cents)	229.56	120.86
Number of linked units in issue	351 015 218	351 015 218

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

	2012 Group R000	2012 Cents per linked unit	2011 Group R000	2011 Cents per linked unit
Attributable profit after taxation	368 562	105.00	10 522	3.07
Adjusted for:				
Debenture interest	437 224	124.56	403 948	117.79
Earnings	805 786	229.56	414 470	120.86
Change in fair value of investment properties	(549 253)	(156.48)	(78 494)	(22.89)
Total tax effects of adjustments	172 405	49.12	23 126	6.74
Profit on sale of subsidiary	(1 428)	(0.41)	-	-
Write-off of goodwill on sale of subsidiary	762	0.22	5 192	1.51
(Profit)/loss on sale of investment properties	(3 084)	(0.88)	14 798	4.31
Impairment of goodwill	4 801	1.37	-	-
Impairment of intangible asset	45 736	13.03	49 935	14.56
Amortisation of debenture premium	(3 703)	(1.05)	(2 519)	(0.73)
Headline earnings	472 022	134.48	426 508	124.36
Straight-line rental accrual net of deferred taxation	(32 922)	(9.38)	(18 407)	(5.36)
Profit available for distribution	439 100	125.10	408 101	119.00

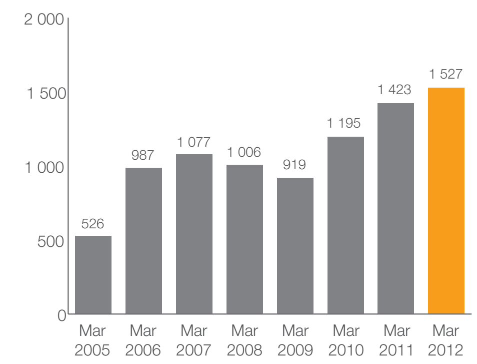
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2012

R000	Share capital and Share premium	Non-distributable reserves	Revaluation of available-for-sale financial assets	Cash-flow hedges	Retained earnings	Total
GROUP						
Balance at 31 March 2010	27 596	1 380 023	(16 274)	(28 290)	18 447	1 381 502
Issue of share capital	4 667	-	-	-	-	4 667
Dividend distribution	-	-	-	-	(824)	(824)
	32 263	1 380 023	(16 274)	(28 290)	17 623	1 385 345
Profit for the year	-	-	-	-	10 522	10 522
Change in fair value of investment properties	-	92 862	-	-	(92 862)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(11 958)	-	-	11 958	-
Share-based remuneration	-	6 177	-	-	-	6 177
Transfer from non-distributable reserve	-	(77 054)	-	-	77 054	-
Other comprehensive income						
Revaluation of available-for-sale financial asset	-	-	(3 556)	-	-	(3 556)
Revaluation of cash flow hedges	-	-	-	6 062	-	6 062
Balance at 31 March 2011	32 263	1 390 050	(19 830)	(22 228)	24 295	1 404 550
Dividend distribution	-	-	-	-	(892)	(892)
	32 263	1 390 050	(19 830)	(22 228)	23 403	1 403 658
Profit for the year	-	-	-	-	368 562	368 562
Change in fair value of investment properties	-	595 246	-	-	(595 246)	-
Deferred taxation on change in fair value of investment properties and straight-line rental accrual	-	(186 100)	-	-	186 100	-
Share-based remuneration	-	9 927	-	-	-	9 927
Transfer from non-distributable reserve	-	(46 163)	-	-	46 163	-
Other comprehensive income	-	-	-	-	-	-
Revaluation of available-for-sale financial asset	-	-	3 453	-	-	3 453
Revaluation of cash flow hedges	-	-	-	(4 412)	-	(4 412)
Balance at 31 March 2012	32 263	1 762 960	(16 377)	(26 640)	28 982	1 781 188

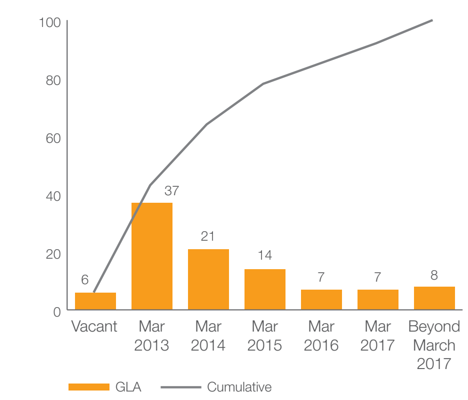
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2012

	2012 Group R000	2011 Group R000
Cash flow from operating activities	638 685	570 910
Cash flow from investing activities	(167 450)	(371 782)
Cash flow from financing activities	(593 097)	(75 644)
Net (decrease)/increase in cash and cash equivalents	(121 862)	123 484
Cash and cash equivalents at the beginning of the year	337 809	214 325
Cash and cash equivalents at the end of the year	215 947	337 809

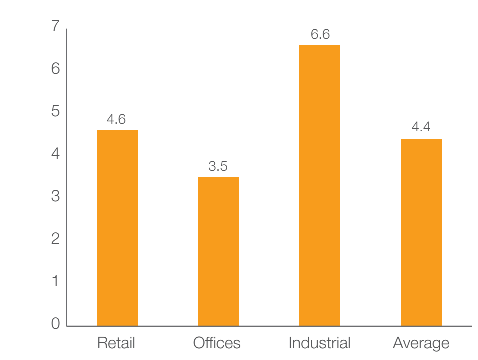
LINKED UNIT PRICE
Cents per linked unit



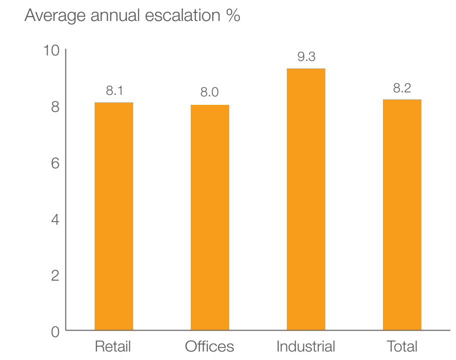
GROUP LEASE EXPIRY PROFILE
% of GLA



LEASE RENEWALS
Escalation on expiry rentals %



CONTRACTED RENTAL ESCALATION PROFILE
Average annual escalation %



NAV BRIDGE
Change in group net assets (cents per linked unit): movement for 12 months ended 31 March 2012.