VUNANI

PROPERTY INVESTMENT FUND

2011

AUDITED ANNUAL REPORT

PREPARED BY:

Marelise de Lange

Chief Financial Officer

B.Com (Law), B.Com (Hons)(Acc)

VUNANI PROPERTY INVESTMENT FUND LIMITED

GROUP ANNUAL REPORT

for the six months ended 30 June 2011

Content | **Page**

DIRECTORATE

EXECUTIVE DIRECTORS:

Robert Fletcher Kane (51) - Chief Executive Officer, BSc (Civ) Eng., MBA

Rob has over 25 years' experience in all aspects of the property industry. After completing his BSc degree at the University of Cape Town, Rob was employed by Wilson Bayley Homes – Ovcon Limited as a building contractor. He gained his Pr Eng qualification in 1989 and then worked as a consultant in the United Kingdom for 18 months prior to completing a MBA at Bath University. He joined Kennedy & Donkin (UK) as the business development manager responsible for Western Europe, Scandinavia, Turkey and Africa. Rob returned to South Africa in 1996 and joined Herbert Penny as a property investment broker. Rob managed his own property development and investment broking business between 1998 and 2003. Rob joined Vunani Properties in 2004, where his responsibilities include the management of VPIF and involvement in developments in the Cape Province. Rob has been with VPIF since mid 2008. Rob is Chairman of the Cape Town City Improvement District and a board member of the Cape Town Partnership. He is an external examiner and occasional lecturer for two property courses at the University of Cape Town. He is a member of the Investment Analysts Society and South African Property Owners Association.

Marelise de Lange (38) - Chief Financial Officer, B.Com (Law) and B.Com (Hons)(Acc)

Marelise obtained B.Com (Law) and B.Com (Hon)(Acc) degrees and commenced her career at Absa Corporate and Merchant Bank in the Structured Finance division. She later worked at Absa Capital where she held the position of Business Manager – Structured Capital Market. In June 2008, Marelise joined International Housing Solutions, a property equity fund for affordable housing, as Chief Financial Officer where her duties included the implementation of IFRS accounting and reporting systems for the South Africa Workforce Housing Fund. Her finance and accounting experience extends over 18 years. Marelise joined the Vunani Group in June 2009 as Group Financial Manager and is responsible for the full accounting function of the Vunani Group and, in particular, Vunani Property Investment Fund Limited.

Pieter Willem Mackenzie (47) – BSc Building Management, MBA

Pete has over 20 years' experience in all aspects of the property industry. Pete is the Managing Director of Vunani Properties and has held this position since April 2003. His responsibilities include the day-to-day management and financial control of Vunani Properties, which company focuses on both property development and investment. Pete was with Pegasus 111 Properties from January 1994 until March 2003 where he was Managing Director in his final two years, and was responsible for all construction and development activities in the Corovest Property Group. During the period January 1992 to December 1993, he was the Development Director of Dallaway Developments where he was responsible for all construction and development activities. Pete obtained a BSc degree in Building Management from the University of Cape Town in 1987 and a MBA from Wits Business School in 1998. Pete is a member of the South African Property Owners Association.

NON-EXECUTIVE DIRECTORS:

Pragalathan Dhanapalan Naidoo (Dempsey) (53) – Independent Non-executive Chairman, B.Sc (Hons) Civil Engineering, Pr.Eng

Dempsey is the founder and Executive Chairman of PD Naidoo & Associates, a diversified consulting engineering group based in Johannesburg, which focuses mainly on infrastructure, mining and regeneration projects. Dempsey combines his engineering qualifications and experience with business and leadership acumen to develop and drive consistently successful major commercial undertakings, both in large corporate and professional environments. He has established a network among senior executives in major building construction companies and turn-key project managers, bankers and financiers and in the wider business community. He is the author of numerous articles relating to the engineering profession and was one of 5 finalists in the 2004 SA Entrepreneurship Award run by Ernst & Young and Rand Merchant Bank. He serves on the Engineering Council of South Africa and has held office as President of the South African Association of Consulting Engineers and is a Fellow of the South African Academy of Engineering and the South African Institute of Civil Engineering as well as holding membership of various other professional bodies. His early work experience includes industrial training with WS Atkins in Epsom, United Kingdom and he was invited to join Anglo American as an Engineer-in-Training in 1987.

Robert Reinhardt Emslie (53) – Independent Non-executive, B.Com (Hons), CA(SA)

Robert qualified as a CA(SA) in 1983 after completing his Articles at Brink Roos & du Toit and worked for the Absa Group from 1987 to 2008. He was a member of the Absa Group Executive Committee from 2004 to 2008, the head of Absa Corporate and Business Bank from 2000 to 2008 and the head of Absa Africa from 2007 to 2008. He was a senior lecturer in tax and accounting at the University of the Witwatersrand from 1984 to 1987. He has been a director of two listed property funds and is currently a non-executive member of the investment and asset management committees of International Housing Solutions, a private equity fund as well as a non-executive independent board member of the Trust for Urban Housing Finance and the CEO of the asset management company of the Wingspan and Rapfund property funds. He is currently a non-executive member of a number of boards.

DIRECTORATE (continued)

NON-EXECUTIVE DIRECTORS (continued):

John Russell Macey (49), B.Buss.Sci, BCom(Hons)(FinAcc), CA(SA) (Independent non-executive director)

John spent 5 years with Deloitte & Touche where he obtained audit, accounting, financial advisory and taxation experience. He spent 5 years as the financial director of a manufacturing company and also lectured for 9 years at the University of Cape Town in financial accounting and management accounting.

Chipo Evelyn Chimombe-Munyoro (Evelyn) (37), BA LLB. LLM (Commercial law / Maritime law)

Evelyn is an admitted attorney of the High Court of South Africa. She was previously a director and partner of Fairbridges Attorneys. Evelyn initially served on the board of Vunani as a non- executive director and during 2006 she joined Vunani as an executive director. She has served in the capacity of a non-executive director on the boards of various JSE-listed companies and is the current chairperson of PSV Holdings Limited.

Ethan Gilbert Dube (50), MSc (Statistics) Executive MBA (Sweden)

Ethan has an extensive corporate finance and asset management background which he gained at Standard Chartered Merchant Bank, Southern Asset Managers and Infinity Asset Management. Ethan was a founder and has been managing director of Vunani Capital (Pty) Limited (previously African Harvest Capital) since its inception in the late '90's. He is a director of a number of JSE listed companies, inter alia, Hyprop.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

During the review period, Vunani Properties Investment Fund (VPIF) continued to deliver on its strategy of strengthening its financial position and improving our distributions through tight management of its assets and continual refurbishment of the buildings.
The company's ultimate aim since formation, was to list the fund and much of the first six months of 2011 was devoted to this activity. This goal was achieved with resounding success post the reporting date on 11 August 2011.

Operating environment

The 2011 business year commenced as the euphoria of the FIFA Soccer World Cup started to wear off. Domestic consumer indebtedness was at record levels touching 80% equivalent of personal disposable income resulting in sustained sluggish domestic demand, while uncompetitive exchange rates and depressed European demand hampered exports.
The South African economy managed to recover somewhat and eventually rendered GDP growth of 2,8%. However, the global economic downturn has exerted pressure on rentals and vacancies across the office sector. In addition, tenants were affected by steep increases in overhead costs (electricity charges and municipal rates) which consequently resulted in a weaker office rental demand as business owners chose to consolidate. Hands-on management resulted in high tenant retention and low vacancy rate across the portfolio.
The year ahead is seen as challenging with the recovery in the office sector being slower than expected. VPIF's strategic decision to focus on its chosen niche of A and B+ grade office properties, combined with its experience in refurbishments, positions it well to take advantage of the expected office sector recovery in the medium term.

Financial position

During the six months under review, VPIF continued to deliver an attractive distribution of R16 350 588 with underlying lease escalations in excess of 8.5%. The compounded total return since inception remained solid at 34.3% per annum with capital growth at 15.7% and distribution growth of 18.6%.
The property portfolio was independently valued and the book value increased by 1% from R776 522 427 to R782 436 543 with the completion of some of the refurbishment projects. Net rental and related revenue for the review period increased by 7.69%, whilst property related expenses increased by 15%. Other operating expenses increased by 8.6% after removing listing costs. This resulted in an operating profit for the year of R14 955 377. The net cost to income ratio (net of recoveries) is 23.9%.
The Fund's debt remained relatively low at a 39.1% loan to value. During the period management broke the fixed debt at 11.88% and re-fixed it at 9.95% for 5 years. It is the strategy of the Fund not to take interest rate risk.

Events after the reporting date

Listing
VPIF successfully raised R622 million in a well subscribed private placement when it became the first commercial office dominated property fund to list in the "Real Estate – Real Estate Holdings Development" sector of the Johannesburg Stock Exchange on 11 August 2011.
Of the linked units placed, 63,594,080 (R448 million) consisted of new units issued with the balance being sold by Vunani Properties Proprietary Limited and Hyprop Investments Limited. The take-up exceeded our expectations and enabled VPIF to list with minimal debt and provides a solid platform from which to acquisitively increase the portfolio. Just prior to the listing, VPIF's year-end was changed from December to June.

Management

VPIF is fortunate to have retained the same leadership team since its formation five years ago. Their collective experience and commitment has undoubtedly proved beneficial to the establishment and growth of VPIF and we are confident that they will prove their worth once again after the listing of VPIF on the JSE.

Prospects

The board believes that the office market is currently near its lowest ebb, thereby creating embedded value for incoming investors. Office property rentals are expected to rise disproportionately in the medium term as the current oversupply is absorbed and the lack of new developments impacts on rentals.
VPIF will continue to utilise its BEE rating to retain Government tenants and selectively acquire new Government tenanted buildings, based on sound investment fundamentals. The high proportion of single tenant and National Government or listed tenants is expected to underpin strong cash flows.

Appreciation

We would like to thank our fellow directors and board members for their strategic direction and tireless dedication in taking VPIF to market. Equally important is the support we received from our tenants and business partners.

PD Naidoo	**RF Kane**
Chairman	Chief Executive Officer

CORPORATE GOVERNANCE

The third South African report on Corporate Governance (“King III”) was released on 1 September 2009 and became effective on 1 March 2010. The King III approach is to “apply or explain” as opposed to the previous approach of “comply and explain”.
The directors are fully committed to ensuring that the Company is fully compliant with the principles of King III and in so doing, will conduct the business with integrity in accordance with generally acceptable corporate policies. The directors will accordingly establish mechanisms and policies appropriate to the Company’s business in keeping with King III, which will be reviewed by the directors from time to time.

Board of directors
The board has a collective responsibility to ensure good governance and ensure that the Company:
- operates ethically, with integrity and as a responsible corporate citizen;
- considers the interests of the community within which it operates;
- integrates governance, strategy risk, performance and sustainability;
- complies with laws and regulations;
- identifies and manages risk and designs, implements and monitors a risk management plan;
- employs structure and processes to ensure the integrity of its integrated reporting;
- establishes a charter setting out its responsibilities; and
- monitors the relationship between management and stakeholders.

The board currently comprises 8 directors, 3 executive directors, 3 independent non-executive directors and 2 non-executive director. The Chairman, Mr. PD Naidoo, is an independent non-executive director. Mr RF Kane is the CEO. Ms M de Lange is the Chief Financial Officer. A formal process will be established for the appointment and development of directors and the annual evaluation thereof and such appointment process will be formal and transparent and a matter for the board as a whole, and no nomination committee will be appointed until considered necessary. The board will ensure that there is an appropriate balance of power and authority on the board, such that no one individual or block of individuals has unfettered powers of decision-making. The directors have been appointed and future directors will be nominated based on their differing expertise, financial and commercial experience and knowledge, property industry knowledge, the impact they will have and the time they have to devote to the role. All the directors will be subject to retirement by rotation and re-election in terms of the Company’s Memorandum of Incorporation at least once every three years.

The board will give strategic direction to the fund and will be responsible, inter alia, for:
- the day-to-day management of the fund’s business, strategy and key policies;
- ensuring that the decisions of the board are implemented;
- approving investment and development opportunities as submitted by the Investment Committee in terms of pre-established criteria;
- approving the fund’s financial objectives and targets; and
- ensuring the integrity of the financial reporting.

The positions of Chairman and CEO are separately held with a clear division of duties.
The board will meet at least 4 times a year and additional meetings will be convened if circumstances dictate.
Board committees will be established, with terms of reference which will be reviewed annually, to undertake certain responsibilities as detailed below and a competent company secretary will assist the board.

Audit and risk committee
Members:
RR Emslie (Chairman)
PD Naidoo
JR Macey

This committee’s terms of reference will include:
- the appointment and/or termination of the external auditors, including consideration of their independence and determining the scope of the audit;
- determining the audit fees of the external auditors;
- setting a policy in regard to non-audit services provided by the external audit;
- evaluating the effectiveness of the external audit;
- considering on an annual basis, and satisfying itself, of the appropriateness of the expertise and experience of the financial director.

CORPORATE GOVERNANCE (continued)

The Board has delegated the risk management function to the Audit Committee. The Audit Committee will review and monitor the total process of risk management from design through to implementation and integration into the daily activities of the company.

The duties of an audit committee are extensive and a comprehensive charter will be established for the operations of this committee to ensure that it complies with its statutory duties in terms of the Companies Act in addition to the requirements of the board.
The internal audit function will be augmented so that assurance over the company's governance, risk management and systems of internal controls is provided. One of the functions of the internal audit process will be to provide the board and the Audit Committee with a written assessment of the system of internal controls and risk management.

Social and ethics committee
As required in terms of the Companies Act (71 of 2008), a Social and Ethics Committee will be appointed.

Remuneration committee
The executive directors, who are employees of Vunani Property Asset Management Proprietary Limited, will not be remunerated for their services as directors of the fund and the board will determine the remuneration of the non-executive directors, which will be subject to shareholders' approval at annual general meetings. Until such time as the fund has employees, a formal remuneration committee will not be appointed.

Investment committee
An Investment Committee has been established with Mr. JR Macey appointed as the chairman.

Sustainability reporting
King III calls for external assurance to be provided for both the disclosure of and information contained in a sustainability report. The board believes that there will be no purpose in having the fund's sustainability report independently assured until such time as the relevant reporting systems have matured. The board will establish a sustainability committee or delegate the responsibility for, and review of, the integrated sustainability report to the audit and risk committee.

Company secretary
All directors have access to the advice of the company secretary and through his/her office to independent professional advice, at the company's expense.

The company secretary is responsible for providing the chairman and directors, individually and collectively, with advice on corporate governance, compliance with legislation and ensuring compliance with the JSE Listings Requirements.

Stakeholder communication
The directors will promote dialogue with stakeholders and appreciate the value of good media relations.

In all communications with stakeholders, the board will aim to present a balanced and understandable assessment of the company's position. This will be achieved through adhering to principles of openness and substance over form and striving to address material matters of significant interest and concern to all stakeholders.

The board will encourage shareholder attendance at general meetings and where appropriate, provide full and understandable explanations of the effects of resolutions proposed.

Communication with institutional shareowners and investment analysts will be maintained through periodic presentations of financial results, one-on-one visits, trading statements and press announcements of interim and final results, as well as the proactive dissemination of any messages considered relevant to investors.

Conflict of Interests
Directors are required to disclose to the board through the company secretary, any conflicts or potential conflicts of interest, which they may have in relation to a particular item of business.

Dealings and Securities
The fund will establish a Personal Account Trading policy which prohibits dealings in the company's securities by directors for designated periods preceding the announcement of its financial results or in any other period considered sensitive.

Directors, officers and employees are required to obtain authorisation from the company secretary and/or other signatories so authorised from time to time before executing any trading in the company's shares.

VUNANI PROPERTY INVESTMENT FUND LIMITED
(Registration Number: 2005/019302/07)

AUDITED FINANCIAL STATEMENTS
for the six months ended 30 June 2011

These financial statements have been audited as required by the Companies Act, 2008.

VUNANI PROPERTY INVESTMENT FUND LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Vunani Property Investment Fund Limited, comprising the statements of financial position at 30 June 2011, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of Vunani Property Investment Fund Limited, as identified in the first paragraph, were approved by the board of directors on 30 September 2011 and signed on its behalf by:

RF Kane
Chief Executive Officer

M de Lange
Chief Financial Officer

CERTIFICATION BY THE COMPANY SECRETARY

In terms of the Companies Act 71 of 2008 (the Act), and for the period ended 30 June 2011, I certify that Vunani Property Investment Fund Proprietary Limited has lodged all returns required by the Act with the Registrar of Companies and that all such returns are true, correct and up to date.

N Toerien
Chief Executive Officer

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee reports that it has adopted formal terms of reference as its Audit and Risk Committee mandate.

The Audit and Risk Committee considered and is satisfied with the independence and objectivity of the external auditors (KPMG) and their suitability for re-appointment for the coming year.

As required by JSE Listings requirements, the Audit and Risk Committee has satisfied itself that the Chief Financial Officer has appropriate expertise and experience.

The Audit and Risk Committee is satisfied with the adequacy of internal accounting controls during the financial year. The Audit and Risk Committee bases this information and explanations given by management, as well as discussions with the auditors on the results of their audits.

The Audit and Risk Committee has evaluated the financial statements for the six month period ended 30 June 2011 and, based on the information provided to the Audit and Risk Committee, considers that the company complies, in all material respects, with the requirements of the Companies Act (71 of 2008) as amended, and International Financial Reporting Standards (IFRS).

RR Emslie
Chairman of the audit and risk committee

INDEPENDENT AUDITORS' REPORT

To the shareholders of Vunani Property Investment Fund Limited

We have audited the consolidated and separate financial statements of Vunani Property Investment Fund Limited, which comprise the statements of financial position at 30 June 2011, and the statements of comprehensive income, changes in equity and cash flows for the six months then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 11 to 50.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Vunani Property Investment Fund Limited at 30 June 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the six months then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

KPMG Inc.
Registered Auditors

Per G Parker
Chartered Accountant (SA)
Registered Auditor
Director
30 September 2011
KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

DIRECTORS' REPORT

for the six months ended 30 June 2011

The directors have the pleasure in presenting their report on the activities of the group and company for the six months ended 30 June 2011.

1 Review of activities

Main business and operations

The company carries on the business of property investment within the commercial property market sector.

The operating results and state of affairs of the group and company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2 Going concern

The annual financial statements have been prepared on a going concern basis and nothing has come to the attention of the directors to indicate that the group and company would not remain a going concern for the foreseeable future.

3 Events after the reporting date

Subsequent to year end, Vunani Property Investment Fund Limited ("VPIF") acquired an additional property, Athol Ridge Office Park as well as the entire share capital of Cedar Park Properties 31 Proprietary Limited ("Cedar Park") and Pacific Eagle Investments 204 Proprietary Limited ("Pacific Eagle") from Vunani Properties Proprietary Limited, and listed on the main board of the Johannesburg Stock Exchange Limited on 11 August 2011. VPIF raised R448 338 271 through the issue of 63,594,080 new units. As per the Pre Listing Statement ("PLS") published on 18 July 2011, the proceeds were utilised to settle outstanding debt, pay for listing costs, and the purchase considerations for the acquisitions mentioned above. The remaining debt after settlement equates to a loan to value of approximately 8.86%. The loan to value is defined as the outstanding debt to the value of the investment property. The details of the acquired properties are as follows:

Property Name:	**Athol Ridge**	**Cedar Park**	**Pacific Eagle**
Registered legal description:	Erven 132, 133, 134, the remaining extent of erf 135, Portion 1 of erf 135, Portion 3 of erf 184 and Portion 4 of erf 184, Athol Extension 12 and erf 6, Simba Township, Registration Division IR	Unit 18 of Greenstone Hill Office Park, Ext 22, Erf 1836 and 1837	Erf 1570, 1571, 1572, 1573 and 1574
Region:	Gauteng	Gauteng	Western Cape
Sector:	Commercial	Commercial	Commercial
Vacancy:	Nil	Nil	Nil
Gross lettable area (GLA):	8 577	1 807	2 223
Property description and use:	Buildings/Offices	Buildings/Offices	Buildings/Offices

4 Authorised and issued share capital

On 10 March 2011 the authorised share capital was sub-divided into 400,000,000 ordinary shares of R0.0025 each and the issued share capital of 14,256,000 ordinary shares was sub-divided into 57,024,000 ordinary shares of R0.0025 each. Upon listing as described above Vunani Property Investment Fund Limited issued 63,594,080 new linked units at a price of R7.05 per linked unit. The linked units in issue post listing are 120,618,080.

5 Dividends

No dividends were declared in the period (2010: R Nil).

DIRECTORS' REPORT (continued)

for the six months ended 30 June 2011

6 Directors

The directors of the company during the year and up to the date of this report are as follows:

Name	Nationality
RF Kane	South African
M de Lange (Appointed 11 August 2011)	South African
PW Mackenzie	South African
EG Dube (Appointed 11 August 2011)	South African
CE Chimombe-Munyoro (Appointed 11 August 2011)	German
PD Naidoo (Appointed 11 August 2011)	South African
RR Emslie (Appointed 11 August 2011)	South African
JR Macey (Appointed 11 August 2011)	South African
LR Cohen (resigned 11 August 2011)	South African
NM Greenstone (resigned 11 August 2011)	South African
BM Khoza (resigned 11 August 2011)	South African

7 Company secretary

The secretary of the company and group during the period was Keamogetse Innocentia Molefe. On 11 August 2011, M de Lange has been appointed as the company secretary. On 1 September 2011, the company has decided to appoint Probity Business Services Proprietary Limited represented by Neville Toerien and Walter Mapanzure as the company secretary in compliance with the King Code of Corporate Governance.

8 Shareholding of directors

The shareholding of directors in the issued share capital of the company as at 30 June 2011 was as follows:

	Number of shares held		
Director	Beneficially direct	Beneficially indirect	Total number of shares held
RF Kane	-	2 862 605	2 862 605
PW Mackenzie	-	3 435 126	3 435 126
EG Dube	-	53 405	53 405
CE Chimombe-Munyoro	-	5 483 606	5 483 606
	-	11 834 742	11 834 742

The company's business and postal address is as follows:

Physical and registered address	Postal address:
Business address:	Postal address:
Vunani House	P O Box 652419
Athol Ridge Office Park	Benmore
151 Katherine Street	2010
Sandton	
2196	

VUNANI PROPERTY INVESTMENT FUND LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June 2011

	Note	Group 30 June 2011 R	Group 31 December 2010 R
Assets			
Non-current assets		791 476 583	784 380 510
Investment property	4	782 436 543	776 522 427
Plant and equipment	5	5 938 457	4 535 304
Other non-current assets	6	3 101 583	3 322 779
Current assets		10 139 094	12 668 467
Trade and other receivables	7	6 164 605	7 782 634
Cash and cash equivalents	8	3 974 489	4 885 833
Total assets		**801 615 677**	**797 048 977**
Equity and liabilities			
Equity		285 929 456	292 849 397
Ordinary share capital	9	142 560	142 560
Retained earnings		8 282 016	24 020
Non-distributable reserve		277 504 880	292 682 817
Debentures	10	142 417 440	142 417 440
Linked unit holders' interest		428 346 896	435 266 837
Liabilities			
Other non-current liabilities		344 378 961	331 064 788
Other financial liabilities	11	298 504 858	283 210 071
Deferred tax	12	45 874 103	47 854 717
Current liabilities		28 889 820	30 717 352
Current portion of other financial liabilities	11	7 355 143	7 355 143
Trade and other payables	13	21 534 677	23 362 209
Total liabilities		373 268 781	361 782 140
Total equity and liabilities		**801 615 677**	**797 048 977**
Units in issue		57 024 000	14 256 000
Net asset value per unit (cents)		751.2	3 053.2
Net tangible asset less deferred tax value per unit (cents)		831.6	3 388.9

VUNANI PROPERTY INVESTMENT FUND LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2011

	Note	Group 6 months to 30 June 2011 R	Group 12 months to 31 December 2010 R
Revenue - investment property income	14	**55 868 513**	**103 753 654**
Straightline effect of leases	4	328 443	892 514
Other income		441	71 766
Property expenses		(24 283 942)	(39 088 429)
Operating income	15	**31 913 455**	**65 629 505**
Finance income	16	232 341	486 817
Finance cost amortisation	17	(1 986 594)	-
Finance costs	18	(15 203 865)	(34 158 204)
Net operating income		**14 955 337**	**31 958 118**
Fair value adjustments	19	(7 505 304)	109 780 687
Profit before denture interest and taxation		**7 450 033**	**141 738 805**
Trust distributions - net rental income		(6 493 975)	(9 943 353)
Debenture interest	20	(9 856 613)	(20 428 821)
Net (loss)/ income before taxation		**(8 900 555)**	**111 366 631**
Income tax expense	21	1 980 614	(15 822 370)
Total comprehensive (loss)/income for the period		**(6 919 941)**	**95 544 261**
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the group		(6 919 941)	95 544 261
Basic, diluted, headline earnings and distribution per unit	25		
Basic earnings per unit (cents)		16.54	220.81
Basic (loss)/earnings per share (cents)		(12.14)	167.55

VUNANI PROPERTY INVESTMENT FUND LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2011

	Ordinary share capital	Non-distributable reserve	(Accumulated loss)/ retained earnings	Total
	R	R	R	R
Balance at 31 December 2009	**142 560**	**197 637 828**	**(475 252)**	**197 305 136**
Total comprehensive income for the year	-	-	95 544 261	95 544 261
Transfer to non-distributable reserve	-	95 044 989	(95 044 989)	-
Balance at 31 December 2010	**142 560**	**292 682 817**	**24 020**	**292 849 397**
Total comprehensive loss for the period	-	-	(6 919 941)	(6 919 941)
Transfer from non-distributable reserve	-	(15 177 937)	15 177 937	-
Balance at 30 June 2011	**142 560**	**277 504 880**	**8 282 016**	**285 929 456**

VUNANI PROPERTY INVESTMENT FUND LIMITED

GROUP STATEMENT OF CASH FLOWS

for the six months ended 30 June 2011

	Note	Group 6 months to 30 June 2011 R	Group 12 months to 31 December 2010 R
Cash flows from operating activities			
Cash generated by operations	22	26 666 021	62 274 569
Finance income	16	232 341	486 817
Finance costs	18	(15 203 865)	(34 158 204)
Debenture interest	20	(9 856 613)	(20 428 821)
Net cash inflow from operating activities		1 837 884	8 174 361
Cash flows from investing activities			
Additions to plant and equipment		(2 411 825)	(2 781 687)
Additions to investment property		(5 792 150)	(1 670 217)
Additions to other non current assets		(554 619)	(2 265 974)
Net cash outflow from investing activities		(8 758 594)	(6 717 878)
Cash flows from financing activities			
Advance of other financial liabilities		6 009 366	726 507
Net cash inflow from financing activities		6 009 366	726 507
Net (decrease)/increase in cash and cash equivalents		(911 344)	2 182 990
Cash and cash equivalents at the beginning of the period		4 885 833	2 702 843
Cash and cash equivalents at the end of the period		**3 974 489**	**4 885 833**

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2011

1 Reporting entity

Consolidated financial statements of the company as at and for the period ended 30 June 2011 comprise the company and its controlled entities (together refer to as the "group" and individually as "group entities").

2 Basis of preparation (group and company)

2.1 Statement of compliance

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the Independent Accounting Standards Board, the AC 500 Standards as issued by the Accounting Practices Board and the requirements of the Companies Act of South Africa, 2008 (as amended) and Companies Regulations, 2011.

2.2 Basis of measurement

The financial statements are prepared on the historical cost basis, unless otherwise stated, and the accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the basis that the company is a going concern.

2.3 Functional and presentation currency

These financial statements are presented in South African Rand, rounded to the nearest Rand, which is the group's and company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant affect on the amounts recognised in the consolidated financial statements is included in the following notes:
Note 4 – valuation of investment property
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:
Note 7 – impairment losses on trade receivables

3 Accounting policies (group and company)

3.1 Basis of consolidation

The group financial statements include the assets, liabilities and results of operations of the holding company and its subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group. Investments in subsidiaries are recognised at cost in the company's separate financial statements.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3 Accounting policies (group and company) (continued)

3.2 Financial instruments

Financial instruments are contracts that gives rise to financial assets in one entity and a financial liability or equity instrument in another entity.

Non-derivative financial assets
The group initially recognises loans and receivables and deposits on the date that they are originated when the group becomes party to the contractual provisions of the instrument. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group's non-derivative financial assets comprise loans and receivables.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise, trade and other receivables and cash and cash equivalents.
Refer to note 7 for composition of trade and other receivables.

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non-derivative financial liabilities
The group initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The group has the following non-derivative financial liabilities: other financial liabilities (refer to note 11) and trade and other payables (refer to note 13).

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Ordinary share capital
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.2 Financial instruments (continued)

Derivative financial instruments

The group utilises derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. The group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income and presented in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss. The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Investment property

On initial recognition, the investment property is measured at cost. Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, investment property is measured at fair value. Fair values are determined annually either by external independent registered valuers or internal valuers on the open market value basis. The valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of both methods to determine the fair value. Gains or losses arising from changes in the fair values of investment property are included in profit for the year in which they arise.

Realised gains or losses on the disposal of investment property are recognised in profit for the year and are calculated as the difference between the sale price and the fair value of the investment property as determined at the last valuation date.

When the group begins to redevelop an existing investment property for continued future use as investment property, the property remains investment property which is measured based on the fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

All costs directly associated with the purchase and construction of property, and all subsequent capital expenditures for development qualifying as acquisition costs, are capitalised.

3.4 Plant and equipment

Recognition and measurement
Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent expenditure on items of plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised in profit or loss in the period in which it is incurred.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised net within other income in profit or loss.

Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Equipment	3 - 5 years
Computer equipment	3 years
Tenant installations	Period of the lease

3.5 Impairment

Non derivate **financial assets**
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.
Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. This impairment testing is performed annually at the end of each financial period.
All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets
The carrying amount of the group's non-financial assets, other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds it recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying

3.6 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.7 Revenue

Rental income

Revenue comprises rental income and recovery of expenses, excluding VAT. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

3.8 Finance income and finance costs

Finance income comprises interest income on bank balances. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on bank balances. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the asset is substantially ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development costs financed out of general funds, the weighted average cost of borrowings.

3.9 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred tax is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Related party transactions

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities in which the group directly or indirectly through one or more intermediaries controls or is controlled by or is in common control with. These include the holding company, subsidiaries and fellow subsidiaries.

3.11 Earnings per share

The group presents basic, diluted and headline earnings per share data for its ordinary shares.
Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees. Headline earnings per share is calculated by dividing the headline profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

3.12 Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.13 Risk management

The group has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial assets, which potentially subject the group to concentrations of credit risk, consist principally of cash and cash equivalents and trade and other receivables.

The trade and other receivables relates to other receivables, prepayments and deposits less impairment losses.

The group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The group's wide-spread tenant base reduces credit risk. Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before the group's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, the group's review includes external ratings.

In monitoring tenant credit risk, tenants are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry, size of business and existence of previous financial difficulties.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The main component of this allowance is a specific loss component that relates to individually significant exposures.

The group deposits cash surpluses with major banks of high quality credit standing.

3.13 Risk management (continued)

Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Whilst the group manages liquidity risk by monitoring cash flows and ensuring that adequate cash is available or by maintaining or renewing borrowing facilities as appropriate.

The group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Market risk
Market risk is the risk that changes in the market prices and interest rates will affect the group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

The group is exposed to cash flow interest rate risk as it borrows funds at variable interest rates. The risk is managed by group policies adopted to ensure all its borrowings are at market related rates.

Fair values
A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair vale have been determined for measurement and /or disclosure purposes based on the methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment property
An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the group's investment property portfolio every year (or every three years). The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.
Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the group and the lessee; and the remaining economic life of the property.

Derivatives
The fair value of interest rate swaps is based on banker quotes.

Non-derivatives financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principle and interest cash flows, discounted at the market rate of interest at the reporting date.

Capital risk management
The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes other financial liabilities and trade and other payables disclosed in notes 10 and 12 and equity as disclosed in the statement of financial position. The group monitors capital on the basis of the gearing ratio.

The group considers the equity attributable to equity holders as the permanent capital of the group.

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors also monitors the level of distributions to unit holders. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

3.13 Risk management (continued)

Gearing ratio	Group 30 June 2011 R	Group 31 December 2010 R
Total debt	469 812 118	456 344 863
Less: Cash and cash equivalents	(3 974 489)	(4 885 833)
Net debt	465 837 629	451 459 030
Equity	285 929 456	292 849 397
Debt to equity ratio	163%	154%

4 Investment property

	Carrying value R
30 June 2011	
Investment property	782 436 543
31 December 2010	
Investment property	776 522 427

	Group 30 June 2011 R	Group 31 December 2010 R
Reconciliation of movement in investment property:		
- Opening carrying value	776 522 427	664 179 009
- Additions	5 792 150	1 670 217
- Fair value adjustments	(206 477)	109 780 687
- Straight line adjustments	328 443	892 514
- Closing carrying value	782 436 543	776 522 427
Details of investment property:		
- Land	223 028 823	223 028 823
- Buildings	228 794 258	223 002 108
- Fair value adjustments	319 021 454	319 227 931
- Straight line adjustments	11 592 008	11 263 565
	782 436 543	776 522 427

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains non-cancellable periods of between 3 and 10 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Investment properties are encumbered as per note 11.

Details of valuation

The effective date of revaluations was 30 June 2011. Revaluations are performed annually. Independent valuers are used every year. In the current year the revaluations were performed independently by MRB Gibbons of Mills Fitchet Magnus Penny Proprietary Limited. It is the group's policy to revalue properties that have been owned for longer than a year. The value of properties owned for less than a year are deemed to approximate cost. In determining the value for fair value purposes, the traditional discounted cashflow (DCF) method of valuation has been used. The discount and exit capitalisation rates are determined by reference to comparable sales and appropriate surveys prepared by RODE and benchmarked against other comparable valuations after consultation with experienced and informed people in the property industry including other valuers, brokers and investors. The discount and capitalisation rates are dependent on a number of factors, such as location, the condition of the improvements, current market conditions, the lease covenant and the risk inherent in the property. Investment property's direct property expenses are R20 million.

Non distributable reserve

The unrealised fair value adjustments on investment property and interest rate swaps and straightline adjustments, after tax, are transferred to a non distributable reserve. Realised gains/losses on investment properties remain in retained earnings and are not available for distribution to shareholders.

VUNANI PROPERTY INVESTMENT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

4 Investment property (continued)

Register of investment property

Name of property	GLA* of property in m^2	Address of property
Perseus Park	13 838	Erf 408 and 482 Lynwood Ridge, Township Reg. Div. JR, Gauteng
Parthenon Park	4 891	Remainder extension of Erf 556 Murrayfield Extension 1 Township Reg. Div. JR
Rynlal Building	5 874	Erf 918 Lynwood Township Reg. Div. JR, Gauteng
Linger Longer	347	Portion 5 Erf 7 Wierda Valley, Township Reg.Div. IR, Gauteng
Vodacom Park	5 101	Portion 6 of ERF 7 Wierda Valley Township Reg. Div. IR, Gauteng and Portion 263 (Portion of Portion 245) of Farm Syferfontein 51, Reg. Div. IR, Gauteng Portion 263 (a portion of 245)
Investment Place	6 253	Erf 325 and 326 Hyde Park Ext 56, Reg. Div. IR, Gauteng and Portion 747 of the farm Zandfontein 42, Reg.Div. IR, Gauteng
Belvedere	10 873	Erf 1322 Sunninghill Ext. 115, Township Reg. Div. IR, Gauteng
ACS House	1 743	Portion 8 of Erf 181 Edenburg Township Reg. Div. IR, Gauteng
Standard Bank, Private Bank	2 038	Erf 21 Hyde Park Township, Reg. Div. IR. Gauteng
Standard Bank, Upington	1 181	Erf 2271 Upington, Reg. Div. Gordonia Road, Northern Cape
Standard Bank, Harrismith	1 086	Erf 1902 Situated in the Township Harrismith, Reg. Div. Harrismith Road
Standard Bank, Stanger	1 253	Erf 146 Stanger, Reg. Div. Kwa-Zulu Natal
Standard Bank, Ladysmith	2 397	The remainder of Erf 726 Ladysmith, Reg. Div. Gs, Kwa-Zulu Natal
Standard Bank, Randburg	8 107	Erf 1865 Ferndale Township Reg. Div. IQ., Province of Gauteng
Standard Bank, Springs	1 916	Erf 1978 Springs
Wale Street Chambers	7 253	Erf 10191 - Sections 4, 8, 9, 14, 15, 21, 29-36, 45, 53-57, 62, 64-69, 71, 77, 78, 86-89, 95, 102, 105-115, 121, 123, 129, 133, 137-140, 168, 171-177, 185, 191-193, 202, 206-222, 224, 226, 228, 229, 234, 238, 240, 241, 249, 259-261, 277, 288. In addition, Exclusive use area T2-T4 and T8-T9. And Sections 190 and 227, plus the parking bays in respect of sections 278 , 279, 280, 281, 282, 283 and 284 of the sectional title scheme known as Wale Street Chambers (described on SG Diagram 132/1996) Cape Town
Benstra Building	7 818	Erf 1033 Arcadia Reg. Div. IR, Tshwane
Motherwell Shopping Centre, Port Elizabeth	3 219	Erf 17676 Motherwell
Murrayfield Forum	1 790	Portion 1 of Erf 556, Murrayfield Ext. 1 Pretoria
	86 978	

** Gross lettable area*

4 Investment property (continued)

Portfolio information

Geographical profile	GLA	GLA percentage	Revenue per month	Revenue percentage
	m^2	%	R	%
Eastern Cape	3 219	3.7%	242 488	3.4%
Gauteng	70 640	81.2%	5 941 032	83.1%
KwaZulu Natal	4 736	5.4%	255 596	3.6%
Northern Province	1 181	1.4%	77 946	1.1%
Western Cape	7 202	8.3%	633 116	8.9%
	86 978	100.0%	7 150 178	100.0%

Sectoral profile	GLA	GLA percentage	Revenue	Revenue percentage
	m^2	%	R	%
Office	79 580	91.5%	6 513 939	91.1%
Retail	7 399	8.5%	636 239	8.9%
	86 978	100.0%	7 150 178	100.0%

Tenant spread	Rentable area	Rentable area percentage	Revenue	Revenue percentage
	m^2	%	R	%
Government/National	46 668	56.5%	3 962 575	55.4%
Listed / Large Entities	12 589	15.2%	1 188 622	16.6%
Other	23 358	28.3%	1 998 982	28.0%
	82 616	100.0%	7 150 178	100.0%

Vacancy profile	Rentable area	Rentable area percentage
	m^2	%
Office	1 980	47.4%
Retail	2 193	52.6%
	4 173	100.0%

Lease expiry profile per annum	Vacant	2012	2013	2014	2015
	%	%	%	%	%
Rentable area %	4.8%	48.9%	19.6%	6.8%	12.3%
Revenue %	0.0%	48.1%	21.4%	8.3%	14.1%

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

	Cost	Accumulated depreciation	Carrying value
5 Plant and equipment	R	R	R
30 June 2011			
Equipment	3 030 506	(1 037 666)	1 992 840
Computer equipment	103 788	(103 788)	-
Tenant installation	6 715 682	(2 770 065)	3 945 617
Total	9 849 975	(3 911 519)	5 938 457
31 December 2010			
Equipment	2 695 725	(766 593)	1 929 132
Computer equipment	103 788	(103 788)	-
Tenant installation	4 638 638	(2 032 466)	2 606 172
Total	7 438 151	(2 902 847)	4 535 304

Reconciliation of movement in carrying value:

	Opening carrying value	Additions	Disposals	Depreciation	Closing carrying value
	R	R	R	R	R
30 June 2011					
Equipment	1 929 132	334 781	-	(271 073)	1 992 840
Computer equipment	-	-	-	-	-
Tenant installation	2 606 172	2 077 044	-	(737 599)	3 945 617
Total	4 535 304	2 411 825	-	(1 008 672)	5 938 457
31 December 2010					
Equipment	2 044 573	366 355	-	(481 796)	1 929 132
Computer equipment	2 255	-	-	(2 255)	-
Tenant installation	1 320 992	2 415 332	-	(1 130 152)	2 606 172
Total	3 367 820	2 781 687	-	(1 614 203)	4 535 304

	Group 30 June 2011	Group 31 December 2010
6 Other non-current assets	R	R
Other non-current assets consists of debt and commissions raised on property transactions		
Debt finance fees comprise:		
- Opening balance	3 322 779	2 394 516
- Additions	554 619	2 265 974
- Amortisation	(775 815)	(1 337 711)
	3 101 583	3 322 779
7 Trade and other receivables		
Carried at amortised cost		
Trade and other receivables comprise:		
- Trade receivables	2 386 217	1 395 440
- Prepayments	291 429	39 853
- Deposits	682 670	682 670
- Other receivables	3 497 981	5 944 484
- Provision for impairment	(693 692)	(279 813)
	6 164 605	7 782 634

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

	Group 30 June 2011 R	Group 31 December 2010 R
7 Trade and other receivables (continued)		
Reconciliation of provision for impairment		
- Opening balance	(279 813)	(107 992)
- Utilised	93 539	-
- Provision created	(507 418)	(171 821)
	(693 692)	(279 813)

The aging of trade receivables at the reporting date was:

	30 June 2011		31 December 2010	
	Gross	Impairment	Gross	Impairment
- Not past due	295 016	-	883 697	-
- Past due 0 - 30 days	372 541	(98 253)	140 914	(10 211)
- Past due 31 - 60 days	354 581	(189 686)	83 384	(29 059)
- Past due 61 - 90 days	271 584	(192 778)	40 841	(20 865)
- Past due 91 - 120 days	1 092 495	(212 975)	246 605	(219 678)
	2 386 217	(693 692)	1 395 441	(279 813)

	Group 30 June 2011 R	Group 31 December 2010 R
8 Cash and cash equivalents		
Cash and cash equivalents comprise:		
- Bank balances	239 350	239 840
- Property Bank	3 735 139	4 645 993
	3 974 489	4 885 833
9 Ordinary share capital		
Authorised		
400 000 000 Ordinary shares of R0.0025 each (December 2010: 100 000 000 ordinary shares of R0.01 each)	1 000 000	1 000 000
Issued		
57 024 000 Ordinary shares of R0.0025 each (December 2010: 14 256 000 ordinary shares of R0.01 each)	142 560	142 560

342,976,000 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

On 10 March 2011 the authorised share capital was sub-divided into 400,000,000 ordinary shares of R0.0025 each and the issued share capital of 14,256,000 ordinary shares was sub-divided into 57,024,000 ordinary shares of R0.0025 each. Subsequent to year end Vunani Property Investment Fund Limited was converted to a public company and listed on the Johannesburg Stock Exchange. 63,594,080 new linked units were issued at a price of R7.05 per linked unit. The linked units in issue post listing are 120,618,080.

	Group 30 June 2011 R	Group 31 December 2010 R
10 Debentures		
Hyprop Investments Limited - *Debentures*	70 923 885	70 923 885
Redeemable, linked 25 year debentures with no fixed interest rate, repayable on 30 September 2031.		
Vunani Properties Proprietary Limited - Debentures	71 493 555	71 493 555
Redeemable, linked 25 year debentures with no fixed interest rate, repayable on 30 September 2031.		
	142 417 440	142 417 440

	Group 30 June 2011 R	Group 31 December 2010 R
11 Other financial liabilities		
Carried at amortised cost		
Hyprop Investments Limited	7 355 143	7 355 143
Interest is charged at JIBAR plus 3% and the capital amount shall be repaid in full on the 5th anniversary of the advance date being October 2011. The loan was advanced in November 2006.		
Standard Bank Limited		
Mortgage bond over land and buildings in Vunani Property Investment Trust with a variable interest rate linked to 3 months JIBAR plus 1.54%, repayable 30 May 2013 (2010: fixed interest rate of 11.78% repayable on 10 October 2013).	88 415 314	88 415 314
Mortgage bond over land and buildings in Vunani Property Investment Trust with a variable interest rate linked to 3 months JIBAR plus 1.54%, repayable 30 May 2013 (2010: fixed interest rate of 11.88% repayable on 21 July 2013).	99 417 500	99 417 500
Mortgage bond over land and buildings in Vunani Property Investment Trust with a variable interest rate linked to 3 months JIBAR plus 1.53%, repayable 30 May 2013 (2010: fixed interest rate of 11.87% repayable on 20 March 2013).	78 650 750	78 650 750
Mortgage bond over land and buildings in Vunani Property Investment Trust with a variable interest rate linked to 3 months JIBAR plus 1.81%, repayable 30 May 2013 (2010: fixed interest rate of 11.88% repayable on 30 May 2013).	16 000 000	16 000 000
Mortgage bond over land and buildings in Vunani Property Investment Trust with a variable interest rate linked to 3 months JIBAR plus 2.13%, repayable 30 May 2013 (2010: variable interest rate of prime less 1%, repayable on 31 May 2013).	30 432 178	726 507
	(21 709 711)	-
Interest rate swap unwinding costs capitalised to the facility at a variable interest rate linked to 3 months JIBAR plus 1.15% risk margin, repayable 30 May 2013.	(23 696 305)	-
Amortisation of unwind costs	1 986 594	-
Carried at fair value through profit or loss		
The interest rate swap has the effect of swapping the variable JIBAR base rate to a fixed rate of 8.15% (2010: nil).	7 298 827	-
	305 860 001	290 565 214
Less amounts to be settled within 12 months and included in current liabilities:	(7 355 143)	(7 355 143)
Non-current liabilities	298 504 858	283 210 071

Mortgage bonds with a carrying value of R782 436 543 is registered in favour of Standard Bank Limited as security for the loan together with sureties provided by Hyprop Investments Limited to the value of R310 798 125.

On 11 August 2011, Vunani Property Investment Fund Proprietary Limited listed on the Johannesburg Stock Exchange Limited. The company raised R448 338 271 through the issue of 63,594,081 new units. As per the Pre Listing Statement ("PLS") published on 18 July 2011, the proceeds were utilised to settle outstanding debt, pay for listing costs, and the purchase considerations for the acquisition properties. R259 355 143 was paid toward the above mentioned facilities. The market moved significantly over the listing period resulting in a break cost of R22 984 776 being incurred compared to the anticipated R7 298 827 per the PLS. The remaining debt after settlement equates to a loan to value of approximately 8.86%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

		Group 30 June 2011 R	Group 31 December 2010 R
12	**Deferred tax**		
	Deferred tax liabilities comprises:		
	- Investment property	47 917 775	47 854 717
	- Interest rate swap	(2 043 672)	-
		45 874 103	47 854 717
	The movement in the deferred tax during the period is as follows:		
	- Opening balance	47 854 717	32 032 347
	- Originating and reversing differences	(1 980 614)	15 822 370
		45 874 103	47 854 717
13	**Trade and other payables**		
	Trade and other payables comprise:		
	- Trade payables	18 920	1 891 661
	- Other payables	4 263 118	4 117 724
	- VAT payable	528 854	697 987
	- Revenue received in advance	1 657 456	-
	- Deposits received	5 891 282	5 850 814
	- Accrued expense	9 175 047	10 804 023
		21 534 677	23 362 209

		Group 6 months to 30 June 2011 R	Group 12 months to 31 December 2010 R
14	**Revenue**		
	Revenue comprises:		
	- Rental income	44 783 327	82 372 012
	- Other revenue (recoveries of utilities from tenants)	11 085 186	21 381 642
		55 868 513	103 753 654
15	**Operating income**		
	Results from operating income is arrived at after taking into account:		
	Audit fees - current year	195 090	318 060
	Amortisation and depreciation	1 784 487	2 951 914
	Amortisation of debt costs	84 888	169 776
	Amortisation of commissions	690 927	1 167 935
	Depreciation on plant and equipment	1 008 672	1 614 203
	Fees for professional and consulting services	1 779 696	414 014
	Payroll costs	85 240	180 550
	Asset management fees - Vunani Property Fund Management Trust	1 952 644	3 327 500
	Property management fees - JHI	1 815 896	3 398 321
16	**Finance income**		
	Finance income comprises:		
	Interest received:		
	- Tenant deposits	11 034	-
	- Banks	221 307	486 817
		232 341	486 817

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

	Group 6 months to 30 June 2011 R	Group 12 months to 31 December 2010 R
17 Finance cost amortisation		
Finance cost amortisation comprises:		
- Unwinding cost on interest rate swap (refer note 11)	(1 986 594)	486 817
18 Finance costs		
Finance costs comprise:		
Interest paid on:		
- Loan from Hyprop Investments Limited	312 819	691 503
- Standard Bank Limited bond (variable)	11 838 738	33 462 786
- Interest rate swap	3 049 081	-
- Bank	3 227	3 915
	15 203 865	34 158 204
19 Fair value adjustments		
Fair value adjustments comprise:		
- Interest rate swap	(7 298 827)	-
- Investment property	(206 477)	109 780 687
	(7 505 304)	109 780 687
20 Debenture interest		
Debenture interest comprises:		
- Debenture interest to Vunani Properties Proprietary Limited	4 948 020	10 255 268
- Debenture interest to Hyprop Investments Limited	4 908 593	10 173 553
	9 856 613	20 428 821
21 Income tax expense		
South African normal taxation:		
- Deferred taxation:		
Current year	1 980 614	(15 822 370)
	1 980 614	(15 822 370)

Reconciliation of effective tax rate

	30 June 2011		31 December 2010	
Total comprehensive (loss)/income for the period		(6 919 941)		95 544 261
Total income tax expense		(1 980 614)		15 822 370
Net (loss)/profit before income tax		(8 900 555)		111 366 631
Income tax using company's tax rate	28.0%	2 492 155	28.00%	(31 182 657)
Unrecognised deferred tax assets	(5.42)%	(482 634)	-	-
Fair value adjustments	(0.32)%	(28 907)	(13.79)%	15 360 287
	22.25%	1 980 615	14.21%	(15 822 370)

No provision has been made for tax as the group has no taxable income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

	Group 6 months to 30 June 2011	Group 12 months to 31 December 2010
22 Cash generated by operations	R	R
Net (loss)/ income before taxation	(8 900 555)	111 366 631
Adjusted for:		
- Depreciation and amortisation	1 784 487	2 951 914
- Finance income	(232 341)	(486 817)
- Lease straightlining adjustment	(328 443)	(892 514)
- Finance cost amortisation	1 986 594	-
- Finance costs	15 203 865	34 158 204
- Debenture interest	9 856 613	20 428 821
- Fair value adjustments	7 505 304	(109 780 687)
Cash generated before working capital changes	26 875 524	57 745 552
Changes in working capital:		
- Decrease/(increase) in trade and other receivables	1 618 029	(6 642 540)
- (Decrease)/increase in trade and other payables	(1 827 532)	11 171 557
Cash generated by operations	26 666 021	62 274 569

23 Commitments	30 June 2011	31 December 2010
Operating leases - as lessor	R	R
Minimum lease payments due		
- within one year	77 429 871	81 035 204
- in second to fifth year inclusive	105 968 771	127 417 169
- later than five years	16 838 589	17 853 118
Contractual cash inflows	200 237 231	226 305 491
- straightline adjustments	(11 592 008)	(11 263 565)
Future book revenue	188 645 223	215 041 926

Operating lease income represents rentals received by the group for certain of its office properties. Leases are negotiated for an average term of four years. Rentals on the office properties escalate at an average rate of 8,5% per annum.

24 Related parties

Related party relationships comprise:

- Holding company	Vunani Properties Proprietary Limited
- Subsidiaries	Vunani Property Investment Trust
- Group company	Hyprop Investments Limited

All the directors of Vunani Limited, Vunani Properties Proprietary Limited, Hyprop Investments Limited, fellow subsidiaries, as well as the trustees of Vunani Property Investment Trust, are considered to be key management and related parties (refer note 27).

Related party balances comprise:		
- Other financial liabilities		
Vunani Properties Proprietary Limited - Debentures	71 493 555	71 493 555
Hyprop Investments Limited - Debentures	70 923 885	70 923 885
Hyprop Investments Limited	7 355 143	7 355 143
	149 772 583	149 772 583
Related party transactions comprise:		
- Asset management fee - Vunani Property Fund Management Trust	(1 952 644)	(3 327 500)
- Finance costs - Vunani Properties Proprietary Limited	(4 948 020)	(10 255 268)
- Finance costs - Hyprop Investments Limited	(5 221 412)	(10 865 056)
	(12 122 076)	(24 447 824)

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions and are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

		Group 6 months to 30 June 2011	Group 12 months to 31 December 2010
25	**Basic, diluted, headline earnings and distributions per unit**	R	R
	Basic earnings per unit (cents)	16.54	220.81
	Headline earnings per unit (cents)	16.85	55.25
	Basic (loss)/earnings per share (cents)	(12.14)	167.55
	Distribution per unit (cents)	28.67	53.26

The results for the six months ended 30 June 2011 are not directly comparable to the forecast for the same period as set out in the company's Pre-Listing Statement dated 5 July 2011 ("the forecast"). The forecast included the three properties acquired on listing on the assumption that the transfer of these properties took place as at 1 January 2011. However, the actual results for the six months ended 30 June 2011 exclude these three properties as they were only transferred into VPIF on the date of listing. Thus, there is a variation of more than 20% in the results.

Basic earnings per unit

The calculation of basic earnings per unit was based on the earnings attributable to linked unit holders of R9 430 647 (2010: R125 916 435), and a weighted average number of linked units outstanding of 57,024,000 (2010: 57,024,000).

Basic earnings per share

The calculation of basic (loss)/earnings per share was based on the loss attributable to equity holders of R6 919 941 (2010: profit R95 544 261), and a weighted average number of ordinary shares outstanding of 57,024,000 (2010: 57,024,000).

Headline earnings per unit/share

The calculation of headline earnings per unit/share was based on headline earnings attributable to linked unit holders of R9 608 218 (2010: R31 505 044), and a weighted average number of linked units/shares outstanding of 57,024,000 (2010: 57,024,000).

Diluted earnings per unit

There were no dilutive instruments in issue at year end.

Distribution per unit

The calculation of distribution per unit was based on the distributable earnings attributable to linked unit holders of R16 350 590 (2010: R30 372 174), and an issued number of linked units outstanding of 57,024,000 (2010: 57,024,000).

	2011	2010
Weighted average number of units and shares		
- Issued linked units at the beginning of the year	57 024 000	14 256 000
- Effect of sub-division	-	42 768 000
	57 024 000	57 024 000
Earnings:		
- Total comprehensive (loss)/income attributable to equity holders:	(6 919 941)	95 544 261
Adjust for:		
- Trust distributions - net rental income	6 493 975	9 943 353
- Debenture interest	9 856 613	20 428 821
Earnings per unit shareholder	9 430 647	125 916 435

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

		Group 6 months to 30 June 2011	Group 12 months to 31 December 2010
25	**Basic, diluted, headline earnings and distributions per unit (continued)**	R	R
	Headline earnings:		
	- Total comprehensive (loss)/income attributable to equity holders:	(6 919 941)	95 544 261
	Adjust for:		
	- Trust distributions - net rental income	6 493 975	9 943 353
	- Debenture interest	9 856 613	20 428 821
	Revaluation of investment property		
	- Gross revaluation	206 477	(109 780 687)
	- Deferred tax	(28 907)	15 369 296
	Headline earnings per unit shareholder	9 608 218	31 505 044
	Distributable earnings:		
	Revenue	55 868 513	103 753 654
	Other income	441	71 766
	Property expenses	(22 560 246)	(39 088 429)
	Retained net rental income	-	(693 430)
	Net interest	(16 958 118)	(33 671 387)
	Distributable earnings	16 350 590	30 372 174

26 Operating segments

The group has six reportable segments based on the geographic split of the country which are the group's strategic business segments. For each strategic business segments, the group's CEO (the Chief Operating Decision Maker) reviews internal management reports on at least a monthly basis. All segments are located in South Africa. There are no single major customers.

The following summary describes the operations in each of the group's reportable segments:

6 month ended 30 June 2011	**Head Office** R	**Gauteng** R	**Kwa-Zulu Natal** R	**Sub Total** R
Revenue - Investment property income	-	47 550 209	1 561 713	49 111 922
Straightline effect of leases	328 443	-	-	328 443
Other income	-	441	-	441
Property expenses	(4 032 814)	(17 266 766)	(354 144)	(21 653 724)
Operating income	(3 704 371)	30 283 884	1 207 569	27 787 082
Finance income	124 190	102 829	84	227 103
Finance cost amortisation	(1 986 594)	-	-	(1 986 594)
Finance costs	(15 200 637)	(3 228)	-	(15 203 865)
Net operating income	(20 767 412)	30 383 485	1 207 653	10 823 726
Fair value adjustments	(7 505 304)	-	-	(7 505 304)
Reportable segment (loss)/profit before debenture interest and tax	(28 272 716)	30 383 485	1 207 653	3 318 422
Reportable segment assets	4 006 817	685 388 396	24 606 801	714 002 014
Reportable segment liabilities	(357 716 671)	(14 414 186)	(123 215)	(372 254 072)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

26 Operating segments (continued)

6 month ended 30 June 2011	Northern Province R	Western Cape R	Eastern Cape R	Total R
Revenue - Investment property income	470 092	4 859 183	1 427 316	55 868 513
Straightline effect of leases	-	-	-	328 443
Other income	-	-	-	441
Property expenses	(84 958)	(2 236 450)	(308 810)	(24 283 942)
Operating income	385 134	2 622 733	1 118 506	31 913 455
Finance income	114	1 734	3 390	232 341
Finance cost amortisation	-	-	-	(1 986 594)
Finance costs	-	-	-	(15 203 865)
Net operating income	385 248	2 624 467	1 121 896	14 955 337
Fair value adjustments	-	-	-	(7 505 304)
Reportable segment (loss)/profit before debenture interest and tax	385 248	2 624 467	1 121 896	7 450 033
Reportable segment assets	7 718 228	57 357 593	22 537 842	801 615 677
Reportable segment liabilities	(42 140)	(419 405)	(553 164)	(373 268 781)

12 months ended 31 December 2010	Head Office R	Gauteng R	Kwa-Zulu Natal R	Sub Total R
Revenue - Investment property income	-	87 986 033	2 659 015	90 645 048
Straightline effect of leases	892 514	-	-	892 514
Other income	-	71 766	-	71 766
Property expenses	(4 316 000)	(29 262 667)	(664 800)	(34 243 467)
Operating income	(3 423 486)	58 795 132	1 994 215	57 365 861
Finance income	341 959	141 414	(3)	483 370
Finance cost amortisation	-	-	-	-
Finance costs	(34 154 290)	(418)	-	(34 154 708)
Net operating income	(37 235 817)	58 936 128	1 994 212	23 694 523
Fair value adjustments	109 780 687	-	-	109 780 687
Reportable segment (loss)/profit before debenture interest and tax	72 544 870	58 936 128	1 994 212	133 475 210
Reportable segment assets	5 013 206	681 550 742	24 185 334	710 749 282
Reportable segment liabilities	(344 271 278)	(16 737 017)	(101 641)	(361 109 936)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

26 Operating segments (continued)

12 months ended 31 December 2010	Northern Province R	Western Cape R	Eastern Cape R	Total R
Revenue - Investment property income	900 986	9 578 372	2 629 248	103 753 654
Straightline effect of leases	-	-	-	892 514
Other income	-	-	-	71 766
Property expenses	(138 305)	(4 050 932)	(655 725)	(39 088 429)
Operating income	762 681	5 527 440	1 973 523	65 629 505
Finance income	146	2 326	975	486 817
Finance cost amortisation	-	-	-	-
Finance costs	(68)	(3 428)	-	(34 158 204)
Net operating income	762 759	5 526 338	1 974 498	31 958 118
Fair value adjustments	-	-	-	109 780 687
Reportable segment (loss)/profit before debenture interest and tax	762 759	5 526 338	1 974 498	141 738 805
Reportable segment assets	7 520 637	56 140 516	22 638 542	797 048 977
Reportable segment liabilities	(42 042)	(356 044)	(274 118)	(361 782 140)

27 Directors' emoluments

The executive directors, whose services have been seconded to Vunani Property Asset Management Proprietary Limited ("VPAM") in terms of the Secondment agreement, will not be remunerated for their services as directors of the fund. An annual fee, payable monthly, shall be charged in terms of the Secondment agreement by Vunani Capital Proprietary Limited ("VC") to VPAM (fellow subsidiaries of VPIF) and such fee shall include the remuneration to which the executive directors are entitled in respect of the services which they render to VPAM under the Secondment agreement. The following is a breakdown of the total remuneration which the executive directors received from VC in respect of the period ended 30 June 2011:

6 months ended 30 June 2011	Directors' fees	Salaries	Provident fund and medical aid contributions	Bonuses	Total
	R	R	R	R	R
RF Kane	-	459 798	90 198	-	549 996
PW Mackenzie	-	501 600	98 400	-	600 000
M de Lange	-	397 944	105 552	-	503 496
	-	1 359 342	294 150	-	1 653 492
12 months ended 31 December 2010					
RF Kane	-	862 891	169 275	46 667	1 078 833
PW Mackenzie	-	945 899	185 559	50 000	1 181 458
M de Lange	-	767 419	206 331	83 917	1 057 667
	-	2 576 209	561 165	180 584	3 317 958

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

28 Risk management

28.1 Market risk

28.1.1 Liquidity risk

30 June 2011	Carrying amounts	Undiscounted contractual cash flows	Less than 1 year	2 - 5 years	Greater than 5 years
	R	R	R	R	R
Non derivative financial liabilities	(469 812 118)	(560 459 368)	(58 670 718)	(359 371 210)	(142 417 440)
Non-interest bearing	(21 534 677)	(21 534 677)	(21 534 677)	-	-
Fixed interest rate instruments	(7 298 827)	(33 338 946)	(7 273 952)	(26 064 994)	-
Variable interest rate instruments	(440 978 614)	(505 585 745)	(29 862 089)	(333 306 216)	(142 417 440)

31 December 2010	Carrying amounts	Undiscounted contractual cash flows	Less than 1 year	2 - 5 years	Greater than 5 years
	R	R	R	R	R
Non derivative financial liabilities	(456 344 863)	(541 368 754)	(64 864 860)	(334 173 635)	(142 417 440)
Non-interest bearing	(23 362 209)	(23 362 209)	(23 362 209)	-	-
Fixed interest rate instruments	(282 483 564)	(366 822 713)	(33 462 767)	(333 359 946)	-
Variable interest rate instruments	(150 499 090)	(151 183 831)	(8 039 884)	(813 688)	(142 417 440)

	Group 30 June 2011	Group 31 December 2010
Permitted borrowings for the group	R	R
Value of property portfolio (refer note 3)	782 436 543	776 522 427
40% of portfolio value	312 974 617	310 608 971
Total financial liabilities (excluding debentures and fair value adjustment of interest rate swap)	(298 561 174)	(290 565 214)
Unutilised borrowing capacity	14 413 443	20 043 757
Loan to value	38.16%	37.42%

28.1.2 Interest rate risk

The group's interest rate exposure is as follows:

Fixed rate instruments		
Financial liabilities	(7 298 827)	(282 483 564)
	(7 298 827)	(282 483 564)
Variable rate instruments		
Financial liabilities	(440 978 614)	(150 499 090)
	(440 978 614)	(150 499 090)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

28.1.2 Interest rate risk (continued)

	Group 30 June 2011 R	Group 31 December 2010 R
Effect on equity and profit or loss		
50 bps increase	(1 102 447)	(752 495)
50 bps decrease	1 102 447	752 495

28.2 Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure of credit risk was:

	Group 30 June 2011 R	Group 31 December 2010 R
Trade and other receivables	6 164 605	7 782 634
Cash and cash equivalents	3 974 489	4 885 833
	10 139 094	12 668 467

28.3 Fair values

	30 June 2011		31 December 2010	
	Carrying amount R	Fair value R	Carrying amount R	Fair value R
Financial assets				
Trade and other receivables	6 164 605	6 164 605	7 782 634	7 782 634
Cash and cash equivalents	3 974 489	3 974 489	4 885 833	4 885 833
	10 139 094	10 139 094	12 668 467	12 668 467
Financial liabilities				
Amortised cost	(462 513 291)	(462 513 291)	(456 344 863)	(456 344 863)
Fair value through profit or loss	(7 298 827)	(7 298 827)	-	-
	(469 812 118)	(469 812 118)	(456 344 863)	(456 344 863)

At 30 June 2011 the fair values of all the financial instruments are substantially identical to the carrying amount reflected in the statement of financial position. The fair value of trade receivables approximate its carrying amount as it is short term in nature. The fair values of all financial instruments with the exception of linked debentures, interest rate swaps and fixed rate financial liabilities are substantially the same as the carrying amounts reflected on the statement of financial position. It is impractical to determine the fair value of the linked debentures.

On 11 August 2011 the company listed on the Johannesburg Stock Exchange Limited t a price of R7.05. This is deemed to be the fair value of a single linked unit.

Fair value hierarchy

The group measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements:
- Level 1: Quoted prices (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

28.3 Fair values (continued)

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

The table below analyses financial instruments carried at fair value, by valuation method.

30 June 2011	Note	Level 1	Level 2	Level 3	Total
		R	R	R	R
Financial instrument					
- Interest rate swap	11	-	(7 298 827)	-	(7 298 827)

	Group 30 June 2011	Group 31 December 2010
29 Capital commitments authorised	R	R
Contracted for	-	5 593 790
Authorised but not contracted for	-	
	-	5 593 790

30 Standards and interpretations not yet effective (group and company)

In terms of International Financial Reporting Standards, the company is required to include in its annual financial statements disclosure about the future impact of standards and interpretations issued but not yet effective at the issue date.

At the date of authorisation of the financial statements of Vunani Property Investment Fund Limited for the six months ended 30 June 2011, the following standards and interpretations were in issue but not yet effective:

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

30 Standards and interpretations not yet effective (group and company) (continued)

Standard/Interpretation		Effective date
IAS 1 amendment	Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	Annual periods beginning on or after 1 July 2012
IAS 24 (revised)	Related Party Disclosures	Annual periods beginning on or after 1 January 2011
IAS 27	Separate Financial Statements (2011)	Annual periods beginning on or after 1 January 2013
IAS 28	Investments in Associates and Joint Ventures (2011)	Annual periods beginning on or after 1 January 2013
11 individual amendments to 6 standards	Improvements to International Financial Reporting Standards 2010	Amendments are effective for annual periods beginning on or after 1 January 2011
IFRS 1 amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	Annual periods beginning on or after 1 July 2011
IFRS 7 amendment	Disclosures – Transfers of Financial Assets	Annual periods beginning on or after 1 July 2011
IFRS 9 (2009)	Financial Instruments	Annual periods beginning on or after 1 January 2013
IFRS 9 (2010)	Financial Instruments	Annual periods beginning on or after 1 January 2013
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013
IFRS 11	Joint Arrangements	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013
IFRIC 14 amendment	Prepayments of a Minimum Funding Requirement	Annual periods beginning on or after 1 January 2011

All standards and interpretations will be adopted at their effective dates (except for the effect of those standards and interpretations that are not applicable to the entity).

IAS 27, IAS 28 , IFRS 1 amendment, IFRS 7 amendment, IFRS 10, 11, 12 and IFRIC 14 amendment are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

Amendment to IAS 1 Presentation of Financial Statements

The amendment to IAS 1 will be adopted by Vunani Property Investment Fund Limited for the first time for its financial reporting period ending 30 June 2013.
The company will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

This amendment will be applied retrospectively and the comparative information will be restated.

30 Standards and interpretations not yet effective (group and company) (continued)

IAS 24 (revised) Related Party Disclosures

IAS 24 (revised) will be adopted by Vunani Property Investment Fund Limited for the first time for its financial reporting period ending 30 June 2012. The standard will be applied retrospectively.
IAS 24 (revised) addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party and disclosure requirements by government-related entities.
The change in the definition of a related party has resulted in a number of new related party relationships being identified.

IFRS 9 (2009) Financial Instruments

IFRS 9 will be adopted by Vunani Property Investment Fund Limited for the first time for its financial reporting period ending 30 June 2014. The standard will be applied retrospectively, subject to transitional provisions.
IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.
Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.
The impact on the financial statements for Vunani Property Investment Fund Limited has not yet been estimated.

IFRS 9 (2010) Financial Instruments

IFRS 9 (2010) will be adopted by Vunani Property Investment Fund Limited for the first time for its financial reporting period ending 30 June 2014. The standard will be applied retrospectively, subject to transitional provisions.
IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39.
Under IFRS 9 (2010A), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

(i) fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

(ii) Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement, and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.
The impact on the financial statements for Vunani Property Investment Fund Limited has not yet been estimated.

IFRS 13 Fair Value Measurement

IFRS 13 will be adopted by Vunani Property Investment Fund Limited for the first time for its financial reporting period ending 30 June 2014. The standard will be applied prospectively and comparatives will not be restated.
IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

(i) Fair value is an exit price
(ii) Measurement considers characteristics of the asset or liability and not entity-specific characteristics
(iii) Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants
(iv) Price is not adjusted for transaction costs
(v) Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
(vi) The three-level fair value hierarchy is extended to all fair value measurements

The impact on the financial statements for Vunani Property Investment Fund Limited has not yet been estimated.

VUNANI PROPERTY INVESTMENT FUND LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June 2011

	Note	30 June 2011 R	31 December 2010 R
Assets			
Non-current assets		100	100
Investment in Vunani Property Investment Trust	31	100	100
Deferred tax	32	-	-
Current assets		142 556 529	142 618 921
Loan to Vunani Property Investment Trust	33	141 581 755	141 674 148
Trade and other receivables	34	954 122	923 453
Cash and cash equivalents	35	20 652	21 320
Total assets		**142 556 629**	**142 619 021**
Equity and liabilities			
Equity		(1 557 115)	166 581
Ordinary share capital	36	142 560	142 560
(Accumulated loss)/retained earnings		(1 699 675)	24 021
Debentures	37	142 417 440	142 417 440
Linked unit holders' interest		140 860 325	142 584 021
Current liabilities		1 696 304	35 000
Trade and other payables	38	1 696 304	35 000
Total equity and liabilities		**142 556 629**	**142 619 021**

VUNANI PROPERTY INVESTMENT FUND LIMITED

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2011

	Note	6 months to 30 June 2011 R	12 months to 31 December 2010 R
Other expenses		(1 754 628)	(100 679)
Results from operating activities	39	**(1 754 628)**	**(100 679)**
Finance income	40	9 887 545	21 222 932
Net operating income		**8 132 917**	**21 122 253**
Debenture interest	41	(9 856 613)	(20 428 821)
(Loss)/ profit before income tax		**(1 723 696)**	**693 432**
Income tax expense	42	-	(194 161)
(Loss)/ income for the year		**(1 723 696)**	**499 271**
Total comprehensive (loss)/ income for the year attributable to:			
Equity holders of the company		(1 723 696)	499 271

VUNANI PROPERTY INVESTMENT FUND LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2011

	Ordinary share capital	Retained earnings/ (accumulated loss)	Total
	R	R	R
Balance at 31 December 2009	**142 560**	**(475 250)**	**(332 690)**
Total comprehensive income for the year	-	499 271	**499 271**
Balance at 31 December 2010	**142 560**	**24 021**	**166 581**
Total comprehensive loss for the period	-	(1 723 696)	(1 723 696)
Balance at 30 June 2011	**142 560**	**(1 699 675)**	**(1 557 115)**

VUNANI PROPERTY INVESTMENT FUND LIMITED

COMPANY STATEMENT OF CASH FLOWS

for the six months ended 30 June 2011

	Note	6 months to 30 June 2011 R	12 months to 31 December 2010 R
Cash flows from operating activities			
Cash utilised by operations	43	(123 993)	(913 917)
Finance income	40	9 887 545	21 222 932
Debenture interest	41	(9 856 613)	(20 428 821)
Net cash outflow from operating activities		(93 061)	(119 806)
Cash flows from investing activities			
Repayment of loans to Vunani Property Investment Trust		92 393	118 349
Net cash inflow from investing activities		92 393	118 349
Net decrease in cash and cash equivalents		(668)	(1 457)
Cash and cash equivalents at the beginning of the year		21 320	22 777
Cash and cash equivalents at the end of the year		**20 652**	**21 320**

COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

		Company 30 June 2011	Company 31 December 2010
31	**Investment in Vunani Property Investment Trust**	R	R
	Investment in Vunani Property Investment Trust comprise:		
	- Trust capital	100	100
32	**Deferred tax**		
	Deferred tax asset comprises:		
	- Assessed loss	-	-
	The movement of the entity's deferred tax position is as follows:		
	- Opening balance	-	194 161
	- Reversing temporary differences	-	(194 161)
		-	-
33	**Loans to Vunani Property Investment Trust**		
	Loans to Vunani Property Investment Trust comprise:		
	- Vunani Properties Investment Trust	141 581 755	141 674 148

The loan is unsecured, bears interest at the lower of net profit (excluding fair value and straightline adjustments) or prime plus 5% and has no fixed terms of repayment. There is however no intention to demand payment from the Trust within the next 12 months.

34	**Trade and other receivables**		
	Trade and other receivables comprise:		
	- Other receivables (VPIT)	954 122	923 553
35	**Cash and cash equivalents**		
	Cash and cash equivalents comprise:		
	- Bank balances	20 652	21 320
36	**Ordinary share capital**		
	Authorised		
	400,000,000 Ordinary shares of R0.0025 each (December 2010: 100,000,000 ordinary shares of R0.01 each)	1 000 000	1 000 000
	Issued		
	57,024,000 Ordinary shares of R0.0025 each (December 2010: 14,256,000 ordinary shares of R0.01 each)	142 560	142 560

342,976,000 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.
On 10 March 2011 the authorised share capital was sub-divided into 400,000,000 ordinary shares of R0.0025 each and the issued share capital of 14,256,000 ordinary shares was sub-divided into 57,024,000 ordinary shares of R0.0025 each. Subsequent to year end Vunani Property Investment Fund Limited was converted to a public company and listed on the Johannesburg Stock Exchange. 63,594,080 new linked units were issued at a price of R7.05 per linked unit. The linked units in issue post listing are 120,618,080.

COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

	30 June 2011 R	31 December 2010 R
37 Debentures		
Hyprop Investments Limited - Debentures	70 923 885	70 923 885
Redeemable, linked 25 year debentures with no fixed interest rate, repayable on 30 September 2031.		
Vunani Properties Proprietary Limited - Debentures	71 493 555	71 493 555
Redeemable, linked 25 year debentures with no fixed interest rate, repayable on 30 September 2031.		
	142 417 440	142 417 440
38 Trade and other payables		
Trade and other payables comprise:		
- VAT receivable	(114)	-
- Accrued expense	1 696 418	35 000
	1 696 304	35 000

	6 months to 30 June 2011 R	12 months to 31 December 2010 R
39 Results from operating activities		
Results from operating activities is arrived at after taking into account:		
- Audit fees	30 115	-
40 Finance income		
Finance income comprises:		
- Interest received from banks	263	783
- Interest received from Vunani Property Investment Trust	9 887 282	21 222 149
	9 887 545	21 222 932
41 Debenture interest		
Debenture interest comprise:		
- Debenture interest to Vunani Properties Proprietary Limited	4 948 020	10 255 268
- Debenture interest to Hyprop Investments Limited	4 908 593	10 173 553
	9 856 613	20 428 821
42 Income tax expense		
South African normal tax		
- Deferred tax		
Current year	-	194 161

Reconciliation of effective tax rate	30 June 2011		31 December 2010	
(Loss)/ income for the year		(1 723 696)		499 271
Total income tax expense		-		194 161
(Loss)/ profit before income tax		(1 723 696)		693 432
Income tax using company's tax rate	28.0%	482 635	28.0%	(194 161)
Unrecognised deferred tax assets	(28.0%)	(482 635)	-	-
	-	-	28.0%	(194 161)

COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

	Company 6 months to 30 June 2011	Company 12 months to 31 December 2010
43 Cash utilised by operations	R	R
(Loss)/ profit before income tax	(1 723 696)	693 432
Adjusted for:		
- Finance income	(9 887 545)	(21 222 932)
- Debenture interest	9 856 613	20 428 821
Cash utilised before working capital changes	(1 754 628)	(100 679)
Changes in working capital:		
- Increase in trade and other receivables	(30 669)	(781 263)
- Increase/(decrease) in trade and other payables	1 661 304	(31 975)
Cash utilised by operations	(123 993)	(913 917)

	Company 30 June 2011	Company 31 December 2010
44 Related parties	R	R

Related party relationships comprise:

- Holding company — Vunani Properties Proprietary Limited
- Controlled entity — Vunani Property Investment Trust
- Group company — Hyprop Investments Limited

All the directors of Vunani Limited, Vunani Properties Proprietary Limited, Hyprop Investments Limited, fellow subsidiaries, as well as the trustees of Vunani Property Investment Trust, are considered to be key management and related parties.

	Company 30 June 2011 R	Company 31 December 2010 R
Related party balances comprise:		
- Loans to Vunani Property Investment Trust		
Vunani Property Investment Trust	141 581 755	141 674 148
Other receivables	954 122	923 553
	142 535 877	142 597 701
- Other financial liabilities		
Vunani Properties Proprietary Limited - Debentures	(71 493 555)	(71 493 555)
Hyprop Investment Limited - Debentures	(70 923 885)	(70 923 885)
	(142 417 440)	(142 417 440)
Related party transactions comprise:		
- Finance income		
Vunani Property Investment Trust	9 887 282	21 222 149
- Finance costs		
Vunani Properties Proprietary Limited	(4 948 020)	(10 255 268)
Hyprop Investments Limited	(4 908 593)	(10 173 553)
	(9 856 613)	(20 428 821)

COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

45 Risk management

45.1 Market risk

45.1.1 Liquidity risk

30 June 2011	Carrying amounts	Undiscounted contractual cash flows	Less than 1 year	2 - 5 years	Greater than 5 years
	R	R	R	R	R
Non derivative financial liabilities	(144 113 744)	(144 113 744)	(1 696 304)	-	(142 417 440)
Non-interest bearing	(1 696 304)	(1 696 304)	(1 696 304)	-	-
Variable interest rate instruments	(142 417 440)	(142 417 440)	-	-	(142 417 440)

31 December 2010	Carrying amounts	Undiscounted contractual cash flows	Less than 1 year	2 - 5 years	Greater than 5 years
	R	R	R	R	R
Non derivative financial liabilities	(142 452 440)	(142 452 440)	(35 000)	-	(142 417 440)
Non-interest bearing	(35 000)	(35 000)	(35 000)	-	-
Variable interest rate instruments	(142 417 440)	(142 417 440)	-	-	(142 417 440)

	30 June 2011	31 December 2010
45.1.2 Interest rate risk	R	R

The company is exposed to cash flow interest rate risk as it borrows funds at variable interest rates. The risk is managed by groups policies adopted to ensure all its borrowings are at market related rates.

The company's interest rate exposure is as follows:

	30 June 2011	31 December 2010
Variable rate instruments		
Financial assets	141 581 755	141 695 468
Financial liabilities	(142 417 440)	(142 417 440)
	(835 685)	(721 972)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

	30 June 2011	31 December 2010
Effect on equity and profit or loss		
50 bps increase	(2 089)	(3 610)
50 bps decrease	2 089	3 610

45.2 Credit risk

The carrying amount of financial assets below represents the maximum credit exposure. The maximum exposure of credit risk was:

	30 June 2011	31 December 2010
Loans to Vunani Property Investment Trust	141 581 755	141 674 148
Trade and other receivables	954 122	923 453
Cash and cash equivalents	20 652	21 320
	142 556 529	142 618 921

COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

45 Risk management (continued)

45.3 Fair values

	30 June 2011		31 December 2010	
	Carrying amount R	Fair value R	Carrying amount R	Fair value R
Financial assets				
Loans to Vunani Property Investment Trust	141 581 755	141 581 755	141 674 148	141 674 148
Trade and other receivables	954 122	954 122	923 453	923 453
Cash and cash equivalents	20 652	20 652	21 320	21 320
	142 556 529	142 556 529	142 618 921	142 618 921
Financial liabilities				
Amortised cost	(144 113 744)	(144 113 744)	(142 452 440)	(142 452 440)

At 30 June 2011 the fair values of all the financial instruments are substantially identical to the carrying amount reflected in the statement of financial position.
On 11 August 2011 the company listed on the Johannesburg Stock Exchange Limited t a price of R7.05. This is deemed to be the fair value of a single linked unit.

46 Status of company

On 15 July 2011, the company converted from a private company to a public company.

47 Change of year end

During the year, the company changed its year end from 31 December to 30 June. These financial statements are for the six months ended 30 June 2011 and therefore are not entirely comparable with the previous reported year.

VUNANI PROPERTY INVESTMENT FUND LIMITED

ANALYSIS OF SHAREHOLDERS

As at 30 June 2011, Vunani Property Investment Fund was an unlisted entity. On 11 August 2011 the company was listed and to the best of the directors knowledge and after reasonable enquiry, the spread of shareholders, as defined in the Listings Requirements of the JSE Limited, was as follows as at 9 September 2011:

TYPE OF SHAREHOLDER	Number of shareholders	Percentage %	Number of shares held	Percentage of shares held %
Non-public	4	1.2	11 834 742	9.8
Public	335	98.8	108 783 338	90.2
	339	100.0	120 618 080	100.0

SHAREHOLDING GREATER THAN 5%	Number of shares held	Percentage of shares held %
Vunani Properties Proprietary Limited	18 151 317	15.0
Coronation Fund Managers	17 599 621	14.6
Hyprop Investments Limited	14 198 976	11.8
Old Mutual Group	12 138 950	10.1
Stanlib	9 834 432	8.2
Public Investment Corporation	9 743 810	8.1
Investment Solutions	7 246 252	6.0
	88 913 358	73.7

VUNANI

PROPERTY INVESTMENT FUND

2011

NOTICE OF ANNUAL GENERAL MEETING

Notice of Annual General Meeting

for the six months ended 30 June 2011

VUNANI PROPERTY INVESTMENT FUND LIMITED
(formerly Vunani Property Investment Fund Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration No. 2005/019302/06)
(JSE Code: VPF)
ISIN: ZAE000157459
(the "Company")

This document is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your broker, central securities depositary participant ("CSDP"), legal advisor, banker, financial advisor, accountant or other professional advisor immediately.

If you have disposed of all your linked units in the Company, please forward this document together with the enclosed form of proxy to the purchaser of such linked units or the broker, banker or other agent through whom you disposed of such linked units.

Included in this document are:

- The Notice of General Meeting, setting out the resolutions to be proposed thereat [together with explanatory notes]. There are also guidance notes if you wish to attend the meeting or to vote by proxy.
- A proxy form for use by unit holders holding the Company's linked units in certificated form or recorded in sub registered electronic form in "own name".

Unitholders on the Company share register who have dematerialised their linked units through Strate, other than those whose shareholding is recorded in their "own name" in the sub register maintained by their CSDP, and who wish to attend the meeting in person, will need to request their CSDP or broker to provide them with the necessary authority to do so in terms of the custody agreement entered into between the dematerialised unit holders and their CSDP or broker.

A unit holder (including certificated unit holders and dematerialised unit holders who hold their linked units with "own name" registration) entitled to attend and vote at the meeting may appoint one or more proxy or proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a unit holder of the Company. The appointment of a proxy will not preclude the unit holder who appointed that proxy from attending the annual general meeting and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

NOTICE TO UNIT HOLDERS: ANNUAL GENERAL MEETING ("AGM")

NOTICE IS HEREBY GIVEN to unit holders as at 30 September 2011, being the record date to receive notice of the AGM in terms of section 59(1)(a) of the Companies Act, 71 of 2008, as amended, (the "Companies Act"), that the AGM of unit holders of the Company will be held in the boardroom, Vunani House, 151 Katherine Street, Sandton at 10:00 on Thursday 3 November 2011 to (i) deal with such other business as may lawfully be dealt with at the meeting; and (ii) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited Listing Requirements (the "JSE Listings Requirements"), which meeting is to be participated in and voted by unit holders as at the voting record date of 28 October 2011 in terms of section 62 (3) (a), read with section 59 of the Companies Act.

NB: Section 63(1) of the Companies Act - Identification of Meeting Participants

Kindly note that, meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in unit holders' meetings. Forms of identification include valid identity documents, drivers' licenses and passports.

When reading the resolutions below, please refer to the explanatory notes for AGM resolutions on pages 59 to 61.

Notice of Annual General Meeting (continued)
for the six months ended 30 June 2011

PRESENTATION OF ANNUAL REPORT
The consolidated audited financial statements of the Company and its controlled entities (as approved by the board of directors of the Company), including the directors' report, the audit committee report and the external auditor's report for the six months ended 30 June 2011 have been distributed as required and will be presented to unit holders.

The complete annual financial statements are set out on pages 7 to 50 of the annual report.

ORDINARY RESOLUTION NUMBER 1
Re-election of RF Kane as a director
"RESOLVED THAT the appointment of RF Kane, who retires as a director of the Company by rotation in accordance with the Company's Memorandum of Incorporation, and being eligible, offers himself for reappointment in this capacity, be approved. Please refer to page 2 of annual report for a brief biography.

ORDINARY RESOLUTION NUMBER 2
Confirmation of M de Lange as a director
"RESOLVED THAT the appointment of M de Lange, as newly appointed director, who offers herself for reappointment in this capacity, be approved." Please refer to page 2 of the annual report for a brief biography.

ORDINARY RESOLUTION NUMBER 3
Confirmation of PD Naidoo as a director
"RESOLVED THAT the appointment of PD Naidoo, as newly appointed director, who offers himself for reappointment in this capacity, be approved." Please refer to page 2 of the annual report for a brief biography.

ORDINARY RESOLUTION NUMBER 4
Confirmation of EG Dube as a director
"RESOLVED THAT the appointment of EG Dube, as newly appointed director, who offers himself for reappointment in this capacity, be approved." Please refer to page 3 of the annual report for a brief biography.

ORDINARY RESOLUTION NUMBER 5
Confirmation of CE Chimombe-Munyoro as a director
"RESOLVED THAT the appointment of CE Chimombe-Munyoro, as newly appointed director, who offers herself for reappointment in this capacity, be approved." Please refer to page 3 of the annual report for a brief biography.

ORDINARY RESOLUTION NUMBER 6
Confirmation of RR Emslie as a director
"RESOLVED THAT the appointment of RR Emslie, as newly appointed director, who offers himself for reappointment in this capacity, be approved." Please refer to page 2 of the annual report for a brief biography.

ORDINARY RESOLUTION NUMBER 7
Confirmation of JR Macey as a director
"RESOLVED THAT the appointment of JR Macey, as newly appointed director, who offers himself for reappointment in this capacity, be approved." Please refer to page 3 of the annual report for a brief biography.

ORDINARY RESOLUTION NUMBER 8
Election of audit and risk committee: section 94(2) of the Companies Act
"RESOLVED THAT RR Emslie be elected as a member and chairperson of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

ORDINARY RESOLUTION NUMBER 9
Election of audit and risk committee: section 94(2) of the Companies Act
"RESOLVED THAT JR Macey be elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

ORDINARY RESOLUTION NUMBER 10
Election of audit and risk committee: section 94(2) of the Companies Act
"RESOLVED THAT PD Naidoo be elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

Notice of Annual General Meeting (continued)

for the six months ended 30 June 2011

ORDINARY RESOLUTION NUMBER 11

Appointment of auditor in terms of sections 61(8)(c) and 90 of the Companies Act

"RESOLVED THAT G Parker of KPMG Inc. be and is hereby re-appointed as auditor of the Company (for its financial year to end on 30 June 2012) and that their appointment be of full force and effect until the conclusion of the Company's next annual general meeting."

ORDINARY RESOLUTION NUMBER 12

General authority to directors to allot and issue authorised but unissued linked units

"RESOLVED THAT as required by and subject to the Company's Memorandum of Incorporation, and subject to the provisions of the Companies Act and the JSE Listings Requirements in force from time to time, the directors be and they are hereby authorised, as they in their discretion think fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over linked units"

ORDINARY RESOLUTION NUMBER 13

General authority to directors to allot and issue linked units for cash

"RESOLVED THAT subject to the Company's Memorandum of Incorporation, the provisions of the Companies Act and the JSE Listings Requirements, unit holders grant the directors a general authority for the allotment and issue of linked units in the capital of the Company for cash, as and when suitable situations arise, on the following basis:-

- any such issue of linked units shall be to public unit holders as defined by the JSE Listings Requirements and not to related parties;
- the authority shall only be valid until the next AGM of the Company, provided it shall not extend beyond 15 months from the date of this AGM;
- a paid announcement giving details including impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of linked units representing, on a cumulative basis within 1 year, 15% or more of the number of linked units of that class in issue prior to any such issues;
- that issues of linked units (excluding issues of linked units exercised in terms of any Company group share scheme) in any one financial year shall not, in aggregate, exceed 15% of the number of linked units of any class of the Company's issued share capital; and
- that, in determining the price at which an allotment and issue of linked units will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the class of linked units to be issued over the 30 business days prior to the date that the price of issue is determined or agreed by the directors of the Company.

Voting

In terms of the JSE Listings Requirements, the approval of 75% majority of votes cast by unit holders present or represented by proxy at this AGM will be required for this authority to become effective."

ORDINARY RESOLUTION NUMBER 14

Signature of documentation

"RESOLVED THAT, the directors be and is hereby authorised to do such things and sign any documents and to take any steps as may be necessary or expedient to give effect to and implement all resolutions passed at this meeting."

SPECIAL RESOLUTION NUMBER 1

Remuneration payable to non-executive directors

"It is hereby resolved as a special resolution in terms of section 66(9) of the Companies Act as read with section 65(11)(h) and subject to the provisions of the Company's Memorandum of Incorporation and the JSE Listings Requirements in force from time to time that the Company be and it is hereby authorised to pay remuneration to its non-executive directors for their service as directors and that the board of directors of the Company be and it is hereby authorised to determine the basis for such compensation as follows:

• PD Naidoo	
Retainer	R30 000 per annum
Board meeting attendance	R10 000 per meeting (4 meetings)
Board Chairman	R40 000 per annum
Committee membership (Audit)	R30 000 per annum
• RR Emslie	
Retainer	R30 000 per annum
Board meeting attendance	R10 000 per meeting (4 meetings)
Committee Chairman (Audit)	R25 000 per annum
Committee membership (Audit)	R30 000 per annum
• JR Macey	
Retainer	R30 000 per annum
Board meeting attendance	R10 000 per meeting (4 meetings)
Committee Chairman (Investment)	R25 000 per annum
Committee membership (Audit)	R30 000 per annum

Notice of Annual General Meeting (continued)

for the six months ended 30 June 2011

- Non-executive directors - fees for services

CE Chimombe-Munyoro	R125 000 per annum
EG Dube	R125 000 per annum

In respect of the period between 1 July 2011 and 30 September 2011, the Company approves the payment to its non-executive directors of remuneration totalling R68 000 for their services as directors over the aforementioned period."

Special resolution number 1 is proposed in order to comply with the requirements of the Companies Act. The aforementioned rates have been proposed in order to ensure that the remuneration of non-executive directors remains competitive in order to enable the Company to attract persons of the caliber, capability, skill and experience required in order to make a meaningful contribution to the Company. The remuneration proposed is considered to be fair and reasonable and in the best interests of the Company.

SPECIAL RESOLUTION NUMBER 2

Repurchase of Company linked units

"It is hereby resolved as a special resolution that subject to the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements in force from time to time, the Company and/or a subsidiary of the Company be and it is hereby authorised to repurchase or purchase, as the case may be, linked units issued by the Company from any person, upon such terms and conditions and in such manner as the directors of the Company or the subsidiary may from time to time determine, including that such securities be repurchased or purchased from share premium or capital redemption reserve fund, and subject further to the restriction that the repurchase or purchase, as the case may be, by the Company and/or any of its subsidiaries, of linked units in the Company of any class under this authority shall not, in the aggregate in any one financial year, exceed 20% of the linked units in issue in such class at the commencement of such financial year."

For the purpose of considering special resolution number 2 and in compliance with paragraph 11.26 of the JSE Listings Requirements, the information listed below has been included in the Company's annual financial statement, of which this notice of annual general meeting forms part, at the places indicated below:

- directors and management - refer to page 2 and 3 of the annual report;
- major unit holders - refer to page 51 of the annual report;
- directors' interests in securities - refer to page 12 of the annual financial statement;
- share capital of the Company - refer to page 28 of the annual report;
- the directors, whose names are set out on page 12 of the annual report, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution and so certify that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries in this regard.

Litigation statement

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) which may have or have had a material effect on the Company's financial position over the last 12 months.

Material changes

At the date of completing this notice, there have been no material changes in the financial or trading position of the Company and its subsidiaries that have occurred since 30 June 2011. At the present time the directors have no specific intention with regard to the utilisation of this authority, which will be used only if circumstances are appropriate.

A general purchase or repurchase as the case may be, of the Company's share shall only take place after the JSE has received written confirmation from the Company's sponsor in respect of the directors' working capital statement.

The general repurchase contemplated in special resolution number 2 is subject to the following:

- that the Company and its subsidiaries are enabled by the Memorandum of Incorporation to repurchase such securities;
- that the repurchase of securities be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the Company and the counter party;
- that this general authority be valid only until the next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- that an announcement be made giving such details as may be required in terms of the JSE Listings Requirements when the Company has cumulatively repurchased 3% of the initial number (the number of that class of security in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf;
- repurchases may not be made by the Company and/or its subsidiaries during a prohibited period as defined in the JSE Listings Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

- the repurchase of linked units shall not, in the aggregate, in any one financial year, exceed 20% of the Company's issued capital and a maximum of 10% in aggregate of the Company's issued capital may be repurchased in terms of the Act, by the subsidiaries of the Company, at the time this authority is given;
- the repurchase of securities may not be made at a price greater than 10% above the weighted average of the market value of the securities as determined over the five business days immediately preceding the date on which the transaction is effected;
- the Company may not enter the market to proceed with the repurchase of its securities until the Company's Sponsor has confirmed the adequacy of the Company's working capital for the purpose of undertaking a repurchase of securities in writing to the JSE; and
- the board of directors must pass a resolution that they authorised the repurchase and that the Company passed the solvency and liquidity test as set out in section 4 of the Companies Act No. 71 of 2008, as amended, and that since the test was done there have been no material changes to the financial position of the Group.

The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and for a period of 12 months after the date of this resolution:

- the Company will be able, in the ordinary course of business, to pay their debts;
- the assets of the Company will be in excess of the liabilities of the Company, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the ordinary share capital and reserves of the Company are adequate for ordinary business purposes; and
- the working capital of the Company will be adequate for ordinary business purposes.

SPECIAL RESOLUTION NUMBER 3

Financial assistance

"RESOLVED THAT subject to the Company's Memorandum of Incorporation and subject to the requirements of the Companies Act and the JSE Listings Requirements in force from time to time, it is hereby resolved as a special resolution that the board of directors of the Company may authorise the Company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company; and
- any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any other person who is a participant in any of the Company's share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act, such authority to endure until the next annual general meeting of the Company."

VOTING PROCEDURES AND ELECTRONIC PARTICIPATION

On a show of hands, every unit holder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of linked units such unit holder holds. On a poll, every unit holder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that unit holder. On a poll taken at any such meeting the unit holder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way. Unit holders who have dematerialised their linked units, other than those unit holders who have dematerialised their linked units with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or

- in the event that they wish to attend the general meeting, to obtain the necessary letter of representation to do so.

Unit holders wishing to participate electronically in the AGM are required to deliver written notice to the Company at 151 Katherine Street, Sandown, Sandton (marked for the attention of the Company Secretary) by no later than 10:00 on 31 October 2011 that they wish to participate via electronic communication at the AGM (the "Electronic Notice"). In order for the Electronic Notice to be valid, it must contain: (a) if the unit holder is an individual, a certified copy of his identity document and/or passport; (b) if the unit holder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication; (c) a valid email address and/or facsimile number (the "Contact Address/Number"); and (d) if the unit holder wishes to vote via electronic communication, set out that the unit holder wishes to vote via electronic communication. By no later than 10:00 on 27 October 2011, the Company shall use its reasonable endeavours to notify a unit holder at its Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the unit holder can participate via electronic participation.

Notice of Annual General Meeting (continued)

for the six months ended 30 June 2011

THRESHOLD FOR RESOLUTION APPROVAL

For ordinary resolution number 13 to be approved by unit holders, the resolution must be supported at least 75% of the voting rights exercised on the resolution concerned.

For all other ordinary resolutions, with the exception of ordinary resolution number 13 as mentioned in 20.1 above, to be approved by unit holders, each resolution must be supported by more than 50% of the voting rights exercised on the resolution concerned.

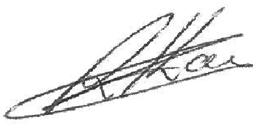
For special resolutions numbers 1, 2 and 3 to be approved by unit holders, each resolution must be supported at least 75% of the voting rights exercised on the resolution concerned.

PROXIES

A unit holder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, participate in and vote at the meeting in the place of the unit holder. A proxy need not also be a unit holder of the Company.

Unit holders who have not dematerialised their linked units or who have dematerialised their linked units with "own name" registration, and who are entitled to attend and vote at the AGM, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a unit holder and shall be entitled to vote on a show of hands or poll. It is requested that proxy forms be forwarded so as to reach the transfer secretaries no later than 10:00 on 27 October 2011. If unit holders who have not dematerialised their linked units or who have dematerialised their linked units with "own name" registration and who are entitled to attend and vote at the AGM do not deliver proxy forms to the transfer secretaries by 10:00 on 27 October 2011, such unit holders will nevertheless at any time prior to the commencement of the voting on the resolutions at the AGM be entitled to lodge the form of proxy in respect of the AGM, in accordance with the instructions therein with the chairperson of the AGM. Proxy forms must only be completed by unit holders who have not dematerialised their linked units or who have dematerialised their linked units with "own name" registration.

By order of the board



RF Kane
Chief Executive Officer
30 September 2011

Business address and registered office
Vunani House
Athol Ridge Office Park
151 Katherine Street
Sandton

South African Transfer Secretaries
Computershare Investor Services (Proprietary) Limited
(Registration No. 2004/003647/07)
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Fax No 2711 688 5238

Unit holder Communication
Computershare Investor Services (Proprietary) Limited
(Registration No. 2004/003647/07)
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Fax No 2711 688 5238

EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY

Election of Audit and Risk Committee - ordinary resolution numbers 8 to 10

In terms of the Companies Act, the audit committee is no longer a committee of the board but a committee elected by unit holders at each AGM.

In terms of the regulations promulgated in terms of the Companies Act, at least one third of the members of the Company's audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. Confirmation is hereby provided of compliance in such regard.

RE-ELECTION OF DIRECTORS

Resolutions 1 to 7 provide for the re-election of retiring directors in accordance with the Memorandum of Incorporation.

APPROVAL OF REAPPOINTMENT OF EXTERNAL AUDITORS – ORDINARY RESOLUTION NUMBER 11

In compliance with section 90 of the Companies Act, KPMG Inc. is proposed to be reappointed as auditor for the financial year ending 30 June 2012 and until the conclusion of the next annual general meeting.

GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE AUTHORISED BUT UNISSUED LINKED UNITS AND GENERAL AUTHORITY TO ISSUE LINKED UNITS FOR CASH – ORDINARY RESOLUTION NUMBERS 12 AND 13

In terms of article 8 of the Company's Memorandum of Incorporation, read with the JSE Listings Requirements, the unit holders of the Company may authorise the directors to, inter alia, issue any unissued linked units and/or grant options over them as the directors in their discretion think fit.

The directors have decided to seek annual renewal of its authority in accordance with best practice. The directors have no current plans to make use of this authority but wish to ensure by having it in place that the Company has necessary flexibility in managing the Company's capital resources and to enable the Company to take advantage of any business opportunity that may arise in future.

In terms of the JSE Listings Requirements, when linked units are issued for cash (or their extinction of a liability, obligation or commitment, restraint or settlement of expenses), the unit holders have to authorise the issue.

SIGNATURE OF DOCUMENTATION – ORDINARY RESOLUTION NUMBER 11

Directors are authorised to do such things and sign any documents and to take any steps as may be necessary or expedient to give effect to and implement all resolutions passed at this meeting.

REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS – SPECIAL RESOLUTION NUMBER 1

In terms of sections 66(8) and 66(9) of the Companies Act, which took effect on 1 May 2011, the remuneration may only be paid to directors for their services as directors in accordance with the special resolution approved by the unit holders within the previous two years and if not prohibited in terms of a company's memorandum of incorporation. In terms of clause 23 of the Company's Memorandum of Incorporation, directors shall be entitled to such remuneration as may be determined by the Company in general meeting by an ordinary resolution. Although the Company has been advised that, in terms of the transitional provisions of the Companies Act, clause 91 of the Memorandum of Incorporation could possibly prevail in the interim in respect of this apparent conflict between such article and the Companies Act, the board of directors nonetheless wishes to comply with the provisions of the Companies Act and as such the resolution is proposed as a special resolution.

Special resolution number 1 is required to obtain the approval of the Company, in general meeting, of the revised remuneration payable to the non-executive directors for the 12 month period in question. Increases in remuneration are only implemented after formal approval by unit holders.

GENERAL AUTHORITY FOR THE COMPANY AND/OR A SUBSIDIARY OF THE COMPANY TO REPURCHASE OR PURCHASE, AS THE CASE MAY BE, LINKED UNITS IN THE COMPANY - SPECIAL RESOLUTION NUMBER 2

The reason for and effect of this resolution is to grant the Company and its subsidiaries a general authority to facilitate the acquisition by the Company and/or its subsidiaries of the Company's own linked units. Any decision by the directors, after considering the effect of an acquisition of the Company's issued linked units, to use the general authority to acquire linked units of the Company will be taken with regard to the prevailing market conditions and other factors and provided that, after such acquisition, the directors are of the opinion that:

- the Company and its subsidiaries will be able to pay their debts in the ordinary course of business;

- recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements, the assets of the Company and its subsidiaries will exceed the liabilities of the Company and its subsidiaries;

- the share capital and the reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries;

- the working capital of the Company and its subsidiaries will be adequate for the purpose of the Company and its subsidiaries, for the period of twelve months after the date of the notice of AGM.

The directors are of the opinion that it would be in the best interests of the Company to provide such general authority and thereby allow the Company or any subsidiary of the Company to be in a position to repurchase or purchase, as the case may be, the linked units issued by the Company through the order book of the JSE, should the market conditions and price justify such action.

This general approval shall be valid until the earlier of the next annual general meeting of the Company, or the variation or revocation of such general authority by special resolution passed at any subsequent general meeting of the Company, provided that the general authority shall not be extended beyond fifteen months from the date of passing the special resolution. The resolution is required to be passed, if voted on by a poll, by not less than 75% of the total votes to which the unit holders present in person or by proxy at the meeting are entitled.

GENERAL AUTHORITY FOR THE COMPANY TO PROVIDE FINANCIAL ASSISTANCE TO ITS SUBSIDIARIES AND OTHER RELATED AND INTER-RELATED COMPANIES AND CORPORATIONS AND TO DIRECTORS, PRESCRIBED OFFICERS AND OTHER PERSONS PARTICIPATING IN SHARE OR OTHER EMPLOYEE INCENTIVE SCHEMES - SPECIAL RESOLUTION NUMBER 3

Notwithstanding the title of section 45 of the Companies Act, being “Loans or other Financial Assistance to Directors”, on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies, incorporations, including, inter alia, its subsidiaries for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company.
Both sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of the unit holders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and

- the terms under which financial assistance is proposed to be given are fair and reasonable to the Company.

The Company is not precluded from providing financial assistance to its subsidiaries or directors as contemplated in sections 44 and 45 of the Companies Act. The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. Further, it may be necessary or desirous for the Company to provide financial assistance to related or inter-related companies and corporations to subscribe for options or securities or purchase securities of the Company or other companies related or inter-related to it. Under the Companies Act, the Company will however require the special resolution referred to above to be adopted. In the circumstances and in order to, inter alia, ensure that the Company’s subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of unit holders as set out in special resolution number 3.

VOTING AND PROXIES

Every holder of linked units present in person or by proxy at the meeting, or in the case of a body corporate represented at the meeting, shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every share held.

A unit holder (including certificated unit holders and dematerialised unit holders who hold their linked units with “own name” registration) entitled to attend and vote at the meeting may appoint one or more proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a unit holder of a company. The appointment of a proxy will not preclude the unit holder who appointed that proxy from attending the annual general meeting and participating and voting in person thereat to the exclusion of any such proxy. A proxy form for use at the meeting is attached.

Notice of Annual General Meeting (continued)

for the six months ended 30 June 2011

It is requested that duly completed proxy forms or powers of attorney be lodged at the registered office of the Company or with the Company's South African transfer secretary, at Computershare, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107) not less than 48 hours] before the time appointed for holding the AGM. If unit holders who have not dematerialised their linked units or who have dematerialised their linked units with "own name" registration, and who are entitled to attend and vote at the AGM do not deliver forms of proxy to the transfer secretaries by the time referred to as aforesaid, such unit holders will nevertheless at any time prior to the commencement of the voting on the resolutions at the AGM be entitled to lodge a form of proxy in respect of the AGM, in accordance with the instructions with the chairperson of the AGM.

The attention of unit holders is directed to the additional notes relating to the form of proxy attached, which notes are set out in the proxy form.

Dematerialised unit holders other than dematerialised unit holders who hold their linked units with "own name" registration, who wish to attend the AGM must contact their CSDP or broker who will furnish them with the necessary authority to attend the AGM or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between such unit holder and its CSDP or broker.

Form of Proxy

VUNANI PROPERTY INVESTMENT FUND LIMITED
(formerly Vunani Property Investment Fund Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration No. 2005/019302/06)
(JSE Code: VPF)
ISIN: ZAE000157459
(the "Company")

To be completed by registered dematerialised unit holders with own-name registration only.

For use in respect of the annual general meeting to be held at the Company's offices, Vunani House, Athol Ridge Office Park, 151 Katherine Street, Sandown, Sandton on Thursday, 3 November 2011 at 10h00.

Ordinary unit holders who have dematerialised their linked units with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary Letter of Representation to attend the general meeting or the ordinary unit holders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the unit holder and the CSDP or broker concerned.

I/We (full name in block letters): ____________________

of (address): ____________________

Telephone (work): __________ Telephone (home): __________

being the holder(s) of linked units in the Company, appoint (see note 1): __________

____________________ or failing him/her,

____________________ or failing him/her,

the chairman of the annual general meeting,

as my/our proxy to act on my/our behalf at the general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary resolutions or to abstain from voting in respect of the linked units registered in my/our name/s, in accordance with the following instructions (see note 2):

Form of Proxy (continued)

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
ORDINARY RESOLUTION NUMBER 1 Re-election of RF Kane as a director			
ORDINARY RESOLUTION NUMBER 2 Confirmation of M de Lange as a director			
ORDINARY RESOLUTION NUMBER 3 Confirmation of PD Naidoo as a director			
ORDINARY RESOLUTION NUMBER 4 Confirmation of EG Dube as a director			
ORDINARY RESOLUTION NUMBER 5 Confirmation of CE Chimombe-Munyoro as a director			
ORDINARY RESOLUTION NUMBER 6 Confirmation of RR Emslie as a director			
ORDINARY RESOLUTION NUMBER 7 Confirmation of JR Macey as a director			
ORDINARY RESOLUTION NUMBER 8 Election of audit committee: section 94(2) of the Companies Act (RR Emslie)			
ORDINARY RESOLUTION NUMBER 9 Election of audit committee: section 94(2) of the Companies Act (JR Macey)			
ORDINARY RESOLUTION NUMBER 10 Election of audit committee: section 94(2) of the Companies Act (PD Naidoo)			
ORDINARY RESOLUTION NUMBER 11 Appointment of auditor in terms of section 61(8)(c) of the Companies Act (KPMG)			
ORDINARY RESOLUTION NUMBER 12 General authority to directors to allot and issue authorised but unissued linked units			
ORDINARY RESOLUTION NUMBER 13 General authority to directors to allot and issue linked units for cash			
ORDINARY RESOLUTION NUMBER 14 Signature of documentation			
SPECIAL RESOLUTION NUMBER 1 Remuneration payable to non-executive directors			
SPECIAL RESOLUTION NUMBER 2 Repurchase of Company linked units			
SPECIAL RESOLUTION NUMBER 3 Financial assistance			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable).

Signed at: On: 2011

Signature(s):

Capacity:

Please read the notes on the next page.

Notes to form of proxy

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of linked units than he owns in the Company, he should insert the number of linked units held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all the member's votes exercisable at the general meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.

3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.

4. The chairman of the general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.

5. Unit holders who have dematerialised their linked units with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary Letter of Representation to attend the general meeting or the ordinary unit holders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the unit holder and the CSDP or broker concerned.

6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.

7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or waived by the chairman of the general meeting.

8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the Company.

9. Where there are joint holders of linked units:

   - any one holder may sign the form of proxy; and
   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the Company's register of members, will be accepted.

10. To be valid, the completed forms of proxy must either (a) be lodged so as to reach the transfer secretaries by no later than the Relevant Time; or (b) be lodged with the chairperson of the general meeting prior to the general meeting so as to reach him by no later than immediately prior to the commencement of voting on the ordinary resolutions to be tabled at the general meeting.
11. The proxy appointment is revocable by the unit holders giving written notice of the cancellation to the Company prior to the general meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the unit holders as of the later of: (i) the date stated in the written notice, if any; or (ii) the date on which the written notice was delivered as aforesaid.
12. If the instrument appointing a proxy or proxies has been delivered to the Company, any notice that is required by the Act or the articles to be delivered by the Company to unit holders must (as long as the proxy appointment remains in effect) be delivered by the Company to: (i) the unit holder; or (ii) the proxy or proxies of the unit holder has directed the Company to do so, in writing and pay it any reasonable fee charged by the Company for doing so.

Summary of the rights established in terms of section 58 of the Companies Act, 71 of 2008 ("Act") For purposes of this summary, "unit holder" shall have the meaning ascribed thereto in the Act.

1. At any time, a unit holder of a company is entitled to appoint an individual, including an individual who is not a unit holder of that company, as a proxy, to participate in, and speak and vote at, a unit holders meeting on behalf of the unit holder, or give or withhold written consent on behalf of such unit holder in relation to a decision contemplated in section 60 of the Act.

2. A proxy appointment must be in writing, dated and signed by the relevant unit holder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the Act.

Notes to form of proxy (continued)

3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

   3.1. a unit holder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such unit holder;

   3.2. a proxy may delegate his authority to act on behalf of a unit holder to another person, subject to any restriction set out in the instrument appointing the proxy; and

   3.3. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the unit holder at a unit holders meeting.

4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the unit holder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a unit holder of the relevant company.

5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a unit holder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.

6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant unit holder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.

7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the unit holder, must be delivered by such company to the unit holder, or to the proxy or proxies, if the unit holder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.

8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant unit holder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.

9. If a company issues an invitation to unit holders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:

   9.1. such invitation must be sent to every unit holder who is entitled to notice of the meeting at which the proxy is intended to be exercised;

   9.2. the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a unit holder to write in the name and, if so desired, an alternative name of a proxy chosen by such unit holder; and (c) provide adequate space for the unit holder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;

   9.3. the company must not require that the proxy appointment be made irrevocable; and

   9.4. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.