

6/ SYCOM PROPERTY FUND

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6/ Management Company's Responsibility and Approval of the Annual Financial Statements for the year ended 31 March 2011

The management company is responsible for ensuring that the annual financial statements fairly present the financial position and operating results of the Fund and the Group. The annual financial statements have been compiled by management in terms of International Financial Reporting Standards and the AC500 series issued by the Accounting Practices Board and are supported, where appropriate, by reasonable and prudent judgements and estimates.

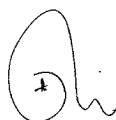
The management company is also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the management company to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the management company to indicate that the Fund and Group will not remain a going concern for the foreseeable future.

The annual financial statements, set out on pages 26 to 63, were approved by the management company on 9 June 2011 and are signed on its behalf by:



GK Everingham
CHAIRMAN
Sycom Property Fund Managers Limited



PA Theodosiou
CHIEF EXECUTIVE OFFICER
Sycom Property Fund Managers Limited

SECRETARY

The Management Company's Secretary is **CB Marlow CA (S.A.)**
Business address: Suite A11, Westlake Square, Westlake Drive, Westlake
Postal address: PO Box 31079, Tokai, 7966



Independent Auditor's Report To the Unitholders of Sycom Property Fund

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We have audited the consolidated annual financial statements and the annual financial statements of Sycom Property Fund, which comprise the statements of financial position at 31 March 2011, the statements of comprehensive income, changes in unitholders' funds and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 59.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Collective Investment Schemes Control Act, 2002, 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 as to 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 present fairly, in all material respects, the consolidated and separate financial position of Sycom Property Fund at 31 March 2011, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Collective Investment Schemes Control Act, 2002.

KPMG Inc.
REGISTERED AUDITOR



PJ Conradie
CHARTERED ACCOUNTANT (SA)
REGISTERED AUDITOR
DIRECTOR

9 June 2011
1 Mediterranean Street
Foreshore
Cape Town

6/ Statements of Comprehensive Income for the year ended 31 March 2011

		Group 2011	Group 2010	Fund 2011	Fund 2010
	Note	R'000	R'000	R'000	R'000
Rental income	3, 4	493 355	446 732	486 122	464 303
- Contractual rental revenue and recoveries		493 397	462 879	479 074	462 879
- Straight-lining of rental revenue adjustment		(42)	(16 147)	7 048	1 424
Property operating expenses		(85 379)	(71 838)	(82 632)	(71 838)
Net rental and related revenue		407 976	374 894	403 490	392 465
Investment income		10 700	9 793	22 302	9 793
Dividend from listed investment		10 700	9 793	10 700	9 793
Income from subsidiary company	12	-	-	11 602	-
Fair value gain on investment property and investments		294 764	175 148	276 969	157 577
Fair value gain on investment properties	8	386 297	277 382	368 502	259 811
Fair value deficit on listed investment		(91 533)	(102 234)	(91 533)	(102 234)
Administrative expenses		(27 683)	(22 687)	(27 683)	(22 687)
Profit before net finance costs		685 757	537 148	675 078	537 148
Net finance costs		(54 701)	(57 658)	(54 727)	(57 658)
Interest income	3, 4, 4	18 449	12 162	18 423	12 162
Interest expense	3, 5, 4	(70 781)	(63 484)	(70 781)	(63 484)
Fair value adjustment on interest rate and cross currency swaps		(2 369)	(6 336)	(2 369)	(6 336)
Profit before income tax	5	631 056	479 490	620 351	479 490
Taxation	6	(1 498)	-	-	-
Profit for the year		629 558	479 490	620 351	479 490
Total comprehensive income for the year		629 558	479 490	620 351	479 490
Basic and diluted earnings per unit (cents)*	7	291.22	233.78		

*The Fund has no dilutionary instruments in place



Statements of Financial Position
as at 31 March 2011

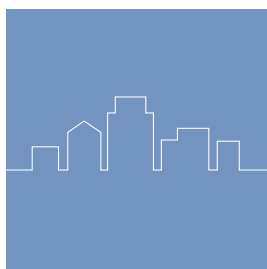
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		Group 2011	Group 2010	Fund 2011	Fund 2010
	Note	R'000	R'000	R'000	R'000
ASSETS					
Property assets	8	5 570 533	5 150 956	5 387 533	4 984 477
Investment properties		5 419 219	4 999 600	5 254 192	4 858 184
Straight-line lease income accrual		151 314	151 356	133 341	126 293
Other non-current assets		213 803	213 778	385 757	380 267
Listed investment	10	213 803	213 778	213 803	213 778
Loan to subsidiary	12	-	-	171 323	165 858
Investments in subsidiaries	11	-	-	631	631
Other current assets		188 125	193 577	185 999	193 577
Rental and other receivables	13	52 813	36 939	50 505	36 939
Loan to subsidiary	12	-	-	1 139	-
Dividends receivable		6 178	4 435	6 178	4 435
Cash and cash equivalents	14	129 134	152 203	128 177	152 203
Total assets		5 972 461	5 558 311	5 959 289	5 558 321
UNITHOLDERS' FUNDS AND LIABILITIES					
Unitholders's funds		4 900 307	4 407 211	4 891 100	4 407 211
Unitholders capital	15	1 863 856	1 661 615	1 863 856	1 661 615
Non-distributable reserve		3 036 451	2 745 596	3 027 244	2 745 596
Non-current liabilities		802 400	714 424	800 902	714 424
Unsecured borrowings	16	800 902	714 424	800 902	714 424
Deferred taxation	19	1 498	-	-	-
Current liabilities		269 754	436 676	267 287	436 686
Trade and other payables	17	66 696	239 328	64 219	239 328
Other financial liabilities	18	31 212	28 743	31 212	28 743
Unitholders for distribution		171 846	168 605	171 846	168 605
Loan from subsidiary	20	-	-	10	10
Total equity and liabilities		5 972 461	5 558 311	5 959 289	5 558 321

6/ Statement of Changes in Unitholders' Funds for the year ended 31 March 2011

GROUP

	Capital	Non-distributable reserves*	Retained earnings	Total
	R'000	R'000	R'000	R'000
Balance at 1 April 2009	1 661 828	2 592 931	-	4 254 759
Capital issue costs	(213)	-	-	(213)
Total profit or loss and comprehensive income for the year	-	-	479 490	479 490
Transfer to non-distributable reserve	-	152 665	(152 665)	-
Unitholders' distribution	-	-	(326 825)	(326 825)
Balance at 31 March 2010	1 661 615	2 745 596	-	4 407 211
Transactions with owners, recorded directly in equity				-
Issue of 8 897 297 units in April 2010	157 283	-	-	157 283
Purchase price Tyger Hills Office Park, net of prepaid distribution	157 286	-	-	157 286
Capital issue costs	(3)	-	-	(3)
Issue of 1 396 657 units in September 2010	28 930	-	-	28 930
Proceeds	29 886	-	-	29 886
Capital issue costs	(956)	-	-	(956)
Issue of 780 078 units in September 2010	16 028	-	-	16 028
Proceeds	16 517	-	-	16 517
Capital issue costs	(489)	-	-	(489)
Total profit or loss and comprehensive income for the year	-	-	629 558	629 558
Transfer to non-distributable reserve	-	290 855	(290 855)	-
Unitholders' distribution	-	-	(338 703)	(338 703)
Balance at 31 March 2011	1 863 856	3 036 451	-	4 900 307



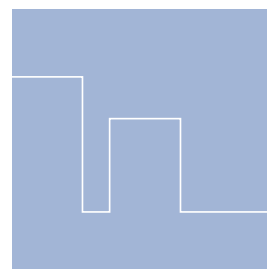
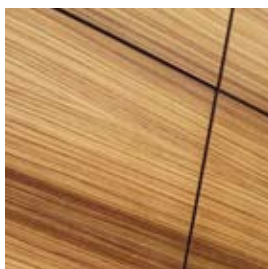
Statement of Changes in Unitholders' Funds for the year ended 31 March 2011

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FUND

	Capital R'000	Non- distributable reserves* R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2009	1 661 828	2 592 931	-	4 254 759
Capital issue costs	(213)	-	-	(213)
Total profit or loss and comprehensive income for the year	-	-	479 490	479 490
Transfer to non-distributable reserve	-	152 665	(152 665)	-
Unitholders' distribution	-	-	(326 825)	(326 825)
Balance at 31 March 2010	1 661 615	2 745 596	-	4 407 211
Transactions with owners, recorded directly in equity				
Issue of 8 897 297 units in April 2010	157 283	-	-	157 283
Purchase price Tyger Hills Office Park, net of prepaid distribution	157 286	-	-	157 286
Share issue costs	(3)	-	-	(3)
Issue of 1 396 657 units in September 2010	28 930	-	-	28 930
Proceeds	29 886	-	-	29 886
Share issue costs	(956)	-	-	(956)
Issue of 780 078 units in September 2010	16 028	-	-	16 028
Proceeds	16 517	-	-	16 517
Share issue costs	(489)	-	-	(489)
Total profit or loss and comprehensive income for the year	-	-	620 351	620 351
Transfer to non-distributable reserve	-	281 648	(281 648)	-
Unitholders' distribution	-	-	(338 703)	(338 703)
Balance at 31 March 2011	1 863 856	3 027 244	-	4 891 100

* The non-distributable reserve is comprised of the fair value and straight-lining of leases adjustment reserve (net of deferred tax) on the investment properties and fair value reserves on the listed investment, interest rate swaps and cross currency swap.



6/ Statements of Cash Flows for the year ended 31 March 2011

		Group 2011	Group 2010	Fund 2011	Fund 2010
	Note	R'000	R'000	R'000	R'000
Cash (utilised in)/ generated from operating activities					
Cash generated from operations	21.1	356 481	375 361	356 338	375 361
Dividends received	21.2	8 905	11 708	8 905	11 708
Distributions paid	21.3	(342 776)	(320 741)	(342 776)	(320 741)
Income tax paid	21.4	-	(231)	-	-
Interest paid	21.5	(68 329)	(65 726)	(68 329)	(65 726)
Interest received	21.6	9 582	12 162	9 555	12 162
Net cash (utilised in)/ generated from operating activities		(36 137)	12 533	(36 307)	12 764
Cash flows utilised in investing activities					
Additions to investment properties		(28 462)	(42 185)	(22 645)	(42 185)
Subscription to Rights Issue - SESCOF	10	(91 557)	-	(91 557)	-
Loans to subsidiary		-	-	(6 604)	(231)
Net cash outflow from investing activities		(120 019)	(42 185)	(120 806)	(42 416)
Cash flows from financing activities					
Proceeds from the issue of units	21.8	47 957	-	47 957	-
Capital issue costs		(1 448)	(213)	(1 448)	(213)
Increase in borrowings	21.7	86 578	28 545	86 578	28 545
Net cash inflow from financing activities		133 087	28 332	133 087	28 332
Net decrease in cash and cash equivalents		(23 069)	(1 320)	(24 026)	(1 320)
Cash and cash equivalents at beginning of year		152 203	153 523	152 203	153 523
Cash and cash equivalents at end of year	14	129 134	152 203	128 177	152 203



1. GENERAL INFORMATION

Sycom Property Fund was incorporated in 1986 under the laws applicable in South Africa. The addresses of its registered office and principal place of business are disclosed in the introduction to the Management Company's responsibility and approval of the financial statements.

The Group consists of Sycom Property Fund and its subsidiary companies.

2. ADOPTION OF NEW AND REVISED STANDARDS

The relevant Standards that are not yet effective for March 2011 year-ends are identified below, together with the effective dates:

- IAS 24 - Related Party transactions - Annual periods commencing on or after 1 January 2011. The amended standard requires commitments, as well as the nature of the relationship between related parties to be identified and disclosed.
- IFRS 9 - (amendment) - Financial Instruments - Annual periods commencing on or after 1 January 2013. IFRS 9 introduces new requirements for classifying and measuring financial assets.

The directors anticipate that all of the above Standards and Interpretations will be adopted in the Fund and Group's financial statements for the period in which they become effective and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Fund and Group in the period of initial application.

3. ACCOUNTING POLICIES

3.1 Statement of compliance

The annual financial statements and Group annual financial statements have been prepared in accordance with International Financial Reporting Standards, the AC500 series issued by the Accounting Practices Board, the requirements of the Collective Investment Schemes Control Act of 2002 and the JSE Limited Listing Requirements.

3.2 Basis of preparation

The financial statements are prepared on the historical cost basis, except for investment properties, derivative financial instruments and financial assets carried at fair value through profit and loss which are measured at fair value.

The financial statements are prepared on the going concern basis and the accounting policies set out below have been applied consistently across the Group to all periods presented.

The entity's functional currency used for the preparation of the financial statements is South African Rands which have been rounded to the nearest thousand.

3.3 Basis of consolidation

The consolidated ("Group") financial statements incorporate the financial statements of the Fund and its subsidiary companies. The only active subsidiary of the Fund is Tyger Hills Office Park (Pty) Ltd. The results of the subsidiary companies are consolidated from the effective date of achieving control until the date that control ceases. Control is achieved where the Fund has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The assets and liabilities of the subsidiary companies are recognised at their fair values at the date of acquisition.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Where the Fund has an undivided share in a property, the Fund accounts for only its portion of the income and expenses, property valuation and other net assets.

3.4 Revenue

Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the relevant lease. This income source comprises rental income and operating lease recoveries from investment properties.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

3. ACCOUNTING POLICIES (continued)

3.5 Expenses

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested.

3.6 Foreign currencies

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

3.7 Tenant procurement costs

Tenant installation costs and letting commissions are written off over the period of the applicable lease on a straight-line basis. The deferred portion of tenant installations and letting commissions are included in receivables.

3.8 Borrowing costs

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities necessary to prepare the asset for its intended use are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs continues until the assets are substantially ready for their intended use. 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 development cost financed out of general funds, the weighted average cost of borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.9 Taxation

Group:

Current tax comprises tax payable calculated on the basis of the expected taxable income for the period, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. 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. 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 deferred tax recognised previously in other comprehensive income.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Fund:

The Fund is treated as a trust for taxation purposes. No liability for taxation arises on its net income for the year to the extent that it is distributed by the Fund.

The Fund is exempt from Capital Gains Taxation under section 67A of the 8th Schedule. The exemption is limited to the Fund.



3.10 Investment properties

Investment properties

Investment properties are held to earn rental income and for the subsequent capital appreciation.

Investment properties are initially measured at cost. The cost of the investment properties comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment properties is capitalised when it is probable that there are 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 properties are measured at fair value. Fair values are determined annually by external independent professional valuers on the open market value basis. The valuers use either the discounted cash flow method or the capitalisation of earnings method or a combination of these methods. Gains or losses arising from changes in fair value and disposals of investment property are included in profit or loss for the period in which they arise and are then transferred to the non-distributable reserve as they are not available for distribution.

Property that is being constructed or developed for future use as investment property is classified as investment property under development and is measured at fair value. All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

3.11 Investment in subsidiaries

Investments in subsidiaries are recognised at cost less impairment losses.

3.12 Financial Instruments

3.12.1 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as stated below.

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value. Cash and cash equivalents are carried at amortised cost.

Receivables

Trade receivables, loans and other receivables are measured at amortised cost using the effective interest rate method, less any impairment losses. Interest income is recognised by applying the effective interest rate.

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

3. ACCOUNTING POLICIES (continued)

3.12 Financial Instruments (continued)

A financial asset other than a financial asset held for trading, may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit and loss are stated at fair value, with any resultant gain or loss recognised in profit or loss.

The Group's investments in equity securities has been designated as a financial asset held at fair value through profit and loss. Fair value is determined in the manner described in note 10.

Payables

Payables are considered to be short-term in nature and are measured at amortised cost.

Unsecured borrowings

Interest bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to the initial recognition, they are measured at amortised cost using the effective interest method.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Group has an enforceable right to set off the recognised amounts, and intends to settle

on a net basis, or to realise the asset and settle the liability simultaneously.

3.12.2 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 also utilises derivative financial instruments to manage its exposure to exchange rate risk through cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedge relationship.

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.

3.13 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. All operating segments' operating results are reviewed by the chief operating decision maker in order to make decisions about resources to be allocated to the segment and in order to assess its performance.

Segmental information is based on the nature of business activities for which the properties are used. While investment properties are managed on an individual basis, the Group comprises the following main reportable industry recognised operating segments:

- Retail segment comprising shopping centres
- Offices segment comprising office parks and office buildings

Segment results include revenue and expenses directly attributable to a segment and the portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from



external transactions or from transactions with other segments. Segment assets and liabilities comprise those assets and liabilities that are directly attributable to the segment on a reasonable basis.

3.14 Key judgements and the use of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 values 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 if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

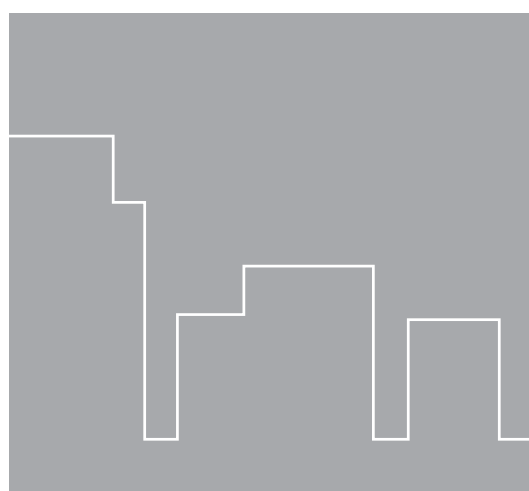
Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

3.15 Financial 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, as well as the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.



6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

3. ACCOUNTING POLICIES (continued)

3.15 Financial risk management (continued)

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. Risk exposure and management policies and procedures are consistent with those of the prior year.

Credit risk

Credit risk is the risk of financial loss to the Group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables, loans, cash and cash equivalents and investment securities.

Trade and other receivables

Trade and other receivables relate mainly to tenants and deposits with municipalities.

Exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The Group's wide-spread tenant base reduces credit risk.

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.

Investments, cash and cash equivalents

Exposure to credit risk is limited by only placing funds with reputable financial institutions for investing and cash handling purposes.

Loans to subsidiaries

The loan to the Group's wholly-owned subsidiary Tyger Hills Office Park (Pty) Ltd is not considered a credit risk due to the profitable position of the company.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking reputational damage.

The Group monitors cash flow requirements taking account of rentals receivable on a monthly basis. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Group has negotiated certain lines of credit with financial institutions, refer note 16.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the 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.

Interest rate risk

The Group is exposed to interest rate risk as the Group borrows funds at a floating interest rate. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure, refer note 16, 18 and 23.1.

Currency risk

The Group's exposure to exchange rate fluctuations arises through the investment in a listed foreign asset. The Group has hedged a portion of this risk by entering into a cross currency swap transaction in the year under review, refer note 16,18 and 23.5.



3.16 Impairment

Financial assets

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 flow of that asset.

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 flow discounted at the original effective interest rate. An allowance account is used to reduce the carrying amount of tenant receivables impaired by credit losses. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

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.

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. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the asset. For the purpose of

impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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 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 amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

4. NET FINANCE COSTS

	Group 2011 R'000	Group 2010 R'000	Fund 2011 R'000	Fund 2010 R'000
<i>Interest income</i>	18 449	12 162	18 423	12 162
Interest received from tenants and favourable bank balances	8 429	12 162	8 402	12 162
Prepaid distribution *	8 867	-	8 868	-
Interest received on cross currency swap	1 153	-	1 153	-
<i>Interest expense</i>	(70 781)	(63 484)	(70 781)	(63 484)
Interest paid on unsecured borrowings	(67 947)	(65 726)	(67 947)	(65 726)
Less: amounts capitalised to investment property	4 862	2 242	4 862	2 242
Prepaid distribution *	(7 314)	-	(7 314)	-
Interest paid on cross currency swap	(382)	-	(382)	-
	(52 332)	(51 322)	(52 358)	(51 322)

* Relates to units issued in April 2010 and September 2010 *cum* distribution.

5. PROFIT BEFORE INCOME TAX

Profit before income tax for the year is arrived at after taking into account the following items:

<i>Professional fees</i>				
- audit fee	920	910		
- other fees	34	40		
- other services	34	160		
- capitalised	-	(120)	-	-
Impairment loss relating to tenants and related receivables	2 688	5 211	2 754	5 211
- Movement in impairment allowance	(402)	4 086	(251)	4 086
- Bad debt written off	3 090	1 125	3 005	1 125
Legal fees (net of recoveries)	360	378	359	378
Trustee fees	304	275	304	275
Foreign exchange loss	52	-	52	-
Amortisation of tenant installation cost and letting commission	4 124	4 544	4 278	4 544

6 TAXATION

Group

South African normal taxation				
- Income tax	-	-	-	-
- Deferred taxation	1 498	-	-	-
- Capital gains tax	-	-	-	-
Taxation rate reconciliation:				
Standard rate of South African normal taxation	28.0%	28.0%		
Exempt income	(40.2%)	(41.2%)		
Disallowed expenditure	12.2%	13.2%		
Deferred capital gains tax differential	0.2%	-		
Effective tax rate	0.2%	0%		



Group and Fund:**Income Tax***Fund:*

The Fund is treated as a trust for taxation purposes and no liability for taxation arises on its annual net income to the extent that it is distributed by the Fund.

Group:

No liability for taxation arises on the net income of the Fund's wholly-owned subsidiary company Tyger Hills Office Park (Pty) Ltd as the company has no taxable income.

Capital Gains Tax*Fund:*

The Fund is exempt from Capital Gains Taxation under

section 67A of the 8th schedule. The exemption is limited to the Fund.

Group:

The deferred capital gains tax arises on the revaluation of the Investment Property held in Tyger Hills (Pty) Ltd, a wholly-owned subsidiary company of the Fund. The deferred capital gains tax on the revaluation was provided for at a rate of 14%. All other Investment Property is held directly in the Fund and revaluations thereon are exempt from capital gains tax in terms of section 67A of the 8th Schedule.

7. EARNINGS, HEADLINE EARNINGS AND DISTRIBUTION PER UNIT

Reconciliation of earnings to headline earnings to distributable earnings:

Total comprehensive income

Unrealised surplus on revaluation of investment properties

Headline earnings

Straight-line rental income accrual

Unrealised deficit on interest rate and cross currency swaps

Unrealised deficit on revaluation of investment in securities

Distributable earnings

Basic earnings per unit

Weighted average earnings per unit

Headline earnings per unit

Weighted headline earnings per unit

Distribution per unit

Number of units in issue ('000)

Weighted number of units ('000)

	Group 2011 Gross R'000	Group 2011 Net of Tax R'000	Group 2010 Gross R'000	Group 2010 Net of Tax R'000
<i>Note</i>				
		629 558		479 490
	(386 297)	(384 799)	-	(277 382)
		244 759		202 108
		42		16 147
		2 369		6 336
		91 533		102 234
		338 703		326 825
		cents		cents
		291.22		233.78
		292.96		233.78
		113.22		98.54
		113.90		98.54
		156.67		159.34
		units		units
		216 182		205 107
		214 898		205 107

6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

8. INVESTMENT PROPERTIES AND RELATED RECEIVABLES

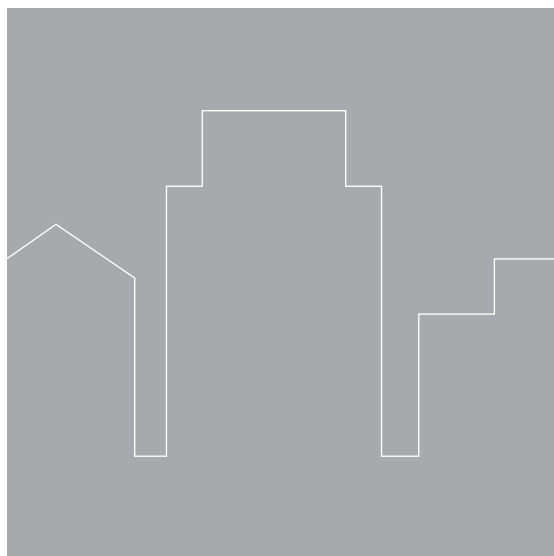
	Group 2011 R'000	Group 2010 R'000	Fund 2011 R'000	Fund 2010 R'000
Historical cost	2 777 330	2 744 008	2 605 035	2 577 529
Accumulated fair value adjustment	2 641 889	2 255 592	2 649 157	2 280 655
Amount per statement of financial position	5 419 219	4 999 600	5 254 192	4 858 184
Straight-line rental adjustment	151 314	151 356	133 341	126 293
Carrying value	5 570 533	5 150 956	5 387 533	4 984 477
Movement in investment properties and related receivables				
Balance as at beginning of the year	5 150 956	4 576 339	4 984 477	4 576 339
Additions through subsequent expenditure	33 322	196 839	27 506	30 360
Transfer from development property	-	116 543	-	116 543
Unrealised surplus on revaluation of investment properties	386 255	261 235	375 550	261 235
Straight-line rental income adjustment	(42)	(16 147)	7 048	1 424
Fair value gain on investment properties	386 297	277 382	368 502	259 811
Carrying value at end of year	5 570 533	5 150 956	5 387 533	4 984 477

The fair value of investment properties at 31 March 2011 has been arrived at on the open market value basis by Quadrant Properties (Pty) Ltd and by Old Mutual Group Property Investments; both are members of the South African Institute of Valuers. The valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of these methods. The determination of fair values is supported by market evidence.

All of the Group's investment properties, except for Tyger Hills Office Park which is held under leasehold terminating on 11 October 2044, are held under freehold interests, and the register of title deeds is available for inspection at the registered office. Partially held investment properties are reflected at the proportionate ownership percentage of fair value.

* includes interest capitalised of R19 029 000
(2010: R14 167 000)

** includes interest capitalised of R4 860 000
(2010: R11 146 000)



6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

10. LISTED INVESTMENTS (continued)

Summarised financial information of SESCOF is set out below:

	Group 2011 R'000	Group 2010 R'000	Fund 2011 R'000	Fund 2010 R'000
Total assets	3 006 622	3 396 002	3 006 622	3 396 002
Total liabilities	(2 066 829)	(2 115 879)	(2 066 829)	(2 115 879)
Net assets	939 793	1 280 123	939 793	1 280 123
Group/Fund share of net assets	213 803	288 028	213 803	213 778
Total revenue	197 492	199 745	197 492	199 745
Total profit	43 518	39 477	43 518	39 477
Group/Fund share of profits	9 900	8 882	9 900	8 882
Dividends received	* 10 648	9 183	10 648	9 183

* Dividend earned - R10 700 057 less forex loss
on translation of dividend - R52 329.

11. INVESTMENTS IN SUBSIDIARIES

Non trading:

Centre South Properties (Pty) Ltd	*	-	-	-	-
Fairy Glen Properties (Pty) Ltd	*	-	-	-	-
Fourways Crossing Centre (Pty) Ltd		-	-	10	10
Paulshof Twenty Six (Pty) Ltd	*	-	-	-	-
Sycom Properties (Pty) Ltd	*	-	-	-	-
Uppark (Pty) Ltd	*	-	-	-	-

Active:

Tyger Hills Office Park (Pty) Ltd		-	-	621	621
		-	-	631	631

All subsidiary companies are wholly-owned and controlled by the Fund and registered in the Republic of South Africa.

* The zero balances represent nominal amounts under R1000.

12. LOANS TO SUBSIDIARY (amortised cost)

Non current loan:

Tyger Hills Office Park (Pty) Ltd	-	-	171 323	165 858
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The capital loan to the wholly-owned subsidiary Tyger Hills Office Park (Pty) Ltd bears interest at a variable rate. Interest is payable six monthly (in arrears). Interest earned amounted to R11 602 250 for the year under review.

Current loan:

Tyger Hills Office Park (Pty) Ltd	-	-	1 139	-
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6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

	Group 2011 R'000	Group 2010 R'000	Fund 2011 R'000	Fund 2010 R'000
13. RENTAL AND OTHER RECEIVABLES (amortised cost)				
Rental receivable	7 647	9 006	7 572	9 006
Impairment provision	(2 221)	(4 909)	(2 155)	(4 909)
	5 426	4 097	5 417	4 097
Tenant procurement cost	21 397	16 444	20 569	16 444
Municipal recoveries from tenants	14 265	8 227	13 707	8 227
Co-owner capital expenditure *	2 095	(205)	2 095	(205)
Interest accrual cross currency swap	859	-	859	-
VAT receivable	466	517	466	517
Other	8 305	7 859	7 392	7 859
	52 813	36 939	50 505	36 939
* Capital expenditure to be recovered from co-owners.				
14. CASH AND CASH EQUIVALENTS				
Deposits at bank	26 682	31 049	25 725	31 049
Deposits in access facility	102 452	121 154	102 452	121 154
	129 134	152 203	128 177	152 203
15. UNITHOLDERS' CAPITAL				
<i>Issued units</i>				
216 181 503 (2010: 205 107 471)	1 863 856	1 661 615	1 863 856	1 661 615
	Group 2011 Units	Group 2010 Units		
Movement in issued units during the year:				
Issued units as at beginning of the year	205 107 471	205 107 471		
Issue of 8 897 297 units in April 2010	8 897 297	-		
Issue of 1 396 657 units in September 2010	1 396 657	-		
Issue of 780 078 units in September 2010	780 078	-		
	216 181 503	205 107 471		

The capital of the Fund is governed by the Trust Deed which can be viewed upon request at the registered office. During the year 11 074 032 new units were issued. Costs relating to the issues in an amount of R1 446 980 had been incurred by year end.



16. UNSECURED BORROWINGS

At amortised cost

Bank loan facility

Group 2011 R'000	Group 2010 R'000	Fund 2011 R'000	Fund 2010 R'000
800 902	714 424	800 902	714 424

The loan with Nedbank Limited is repayable in full on the 25 November 2014 and bears interest at the prime overdraft rate as applicable in South Africa less 2.5% (2010: prime less 2.5%). The interest is payable monthly in arrears. The loan is unsecured but should the debt : equity ratio exceed 30%, Nedbank Limited has the option to secure the facility. The assets of the Fund and Group cannot be encumbered to any other party whilst the current facility is in place.

A portion of the loan is hedged via interest rate swap agreements exchanging variable rate interest for fixed rate interest. The weighted average effective interest rate on the loan is 8.79% per annum (2010: 9.30%).

During the year a cross currency swap arrangement was entered into with Nedbank exchanging principal and interest payments on a portion of the ZAR loan facility with Nedbank for Euro principal and interest payments.

Nedbank interest rate swap facilities and loan balances consist of the following:

Group and Fund 2011

	Maturity	Amount R'000	Fixed interest rate %	Effective rate %	Percentage of total borrowings %
- Variable portion	Nov-14	300 902	prime less 2.5	prime less 2.5	37.5%
- Swap A (Nedbank)	1 Jun 2011	100 000	7.97	8.90	12.5%
- Swap B (Nedbank)	1 Jun 2012	100 000	7.84	8.77	12.5%
- Swap C (Nedbank)	17 Mar 2014	200 000	10.22	11.15	25.0%
- Swap D (Nedbank)	9 Apr 2014	100 000	9.93	10.86	12.5%

Group and Fund 2010

- Variable portion	1 Dec 2014	214 424	prime less 2.5	prime less 2.5	30.0%
- Swap A (Nedbank)	1 Jun 2011	100 000	7.97	8.80	14.0%
- Swap B (Nedbank)	1 Jun 2012	100 000	7.84	8.67	14.0%
- Swap C (Nedbank)	17 Mar 2014	200 000	10.22	11.05	28.0%
- Swap D (Nedbank)	9 Apr 2014	100 000	9.93	10.76	14.0%

Nedbank cross currency swap facilities consist of the following:

Group and Fund 2011

	Maturity	Notional principal R'000	Floating rate %	Effective rate %
Cross currency swap loan receivable	7 Nov 2014	91 690	ZAR prime less 2.5	6.5
Cross currency swap loan payable (translated) *	7 Nov 2014	(96 300)	euribor plus 0.95	2.0

Euro denominated loan payable under Cross currency Swap: EUR 10 million.

17. TRADE AND OTHER PAYABLES

Trade and other payables	28 030	28 095	26 544	28 095
Capital accruals - unit issue *	-	164 600	-	164 600
Provision for capital expenditure	6 531	19 435	6 531	19 435
Prepaid rentals	16 060	13 393	15 626	13 393
Tenant deposits	16 075	13 805	15 518	13 805
	66 696	239 328	64 219	239 328

* Acquisition of subsidiary Tyger Hills Office Park (Pty) Ltd in 2010 financial year settled through the issue of units in the current period.

6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

18. OTHER FINANCIAL ASSET AND LIABILITIES

	Notional principal	Fair value of assets	Fair value of liabilities	Net fair value
Interest rate and cross currency swaps				
2011 Group and Fund				
Cross currency swap loan receivable *	91 690	-	-	-
Cross currency swap loan payable (translated) **	(96 300)	-	(4 993)	(4 993)
Interest rate swaps	(500 000)	-	(26 219)	(26 219)
	(504 610)	-	(31 212)	(31 212)
2010 Group and Fund				
Interest rate swaps	(500 000)	-	(28 743)	(28 743)
	(500 000)	-	(28 743)	(28 743)

Interest rate swap liabilities arise from the fair value movements between the fixed rate and three month JIBAR rate entered into by the Group (Refer to note 16 and note 23.1). Fair values were determined using Level 2 valuation techniques (refer note 23.7).

The fair values of cross currency swaps were determined using Level 2 valuation techniques (refer note 23.7) and were based on the projected present value of net future cash payments and receipts, which fluctuate based on changes in market interest rates and the Rand/Euro exchange rate. Refer note 16 and note 23.5).

* The cross currency swap was entered into in the year under review and there is therefore no comparative information.

** Euro denominated loan payable under Cross Currency Swap: EUR 10 million

19. DEFERRED TAXATION

Balance at beginning of the year	-	-	-	-
Current year movement	1 498	-	-	-
Balance at end of the year	1 498	-	-	-
Comprising				
- Fair value adjustment to Investment Property	1 498	-	-	-

Deferred capital gains taxation was provided at a rate of 14% on the revaluation of the Investment Property held in Tyger Hills Office Park (Pty) Ltd. All other Investment Property is held directly in the Fund and revaluations thereon are exempt in terms of section 67A of the 8th Schedule.

20. LOAN FROM SUBSIDIARY

Unlisted dormant companies

Fourways Crossing Retail Centre (Pty) Ltd	-	-	10	10
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The unsecured loan is non-interest bearing and has no fixed terms of repayment.



21. NOTES TO THE STATEMENT OF CASH FLOWS

21.1 Cash generated from operations

	Group 2011 R'000	Group 2010 R'000	Fund 2011 R'000	Fund 2010 R'000
Profit before taxation	631 056	479 490	620 351	479 490
<i>Adjusted for:</i>				
Net finance cost	52 332	53 564	52 358	53 564
Foreign exchange loss	52	-	52	-
Dividend income	(10 700)	(9 793)	(10 700)	(9 793)
Fair value gain on investment properties	(386 255)	(261 235)	(375 550)	(261 235)
Fair value adjustment on interest rate and cross currency swaps	2 369	6 336	2 369	6 336
Fair value deficit on listed investment	91 533	102 234	91 533	102 234
Operating profit before working capital changes	380 387	370 596	380 413	370 596
<i>Change in working capital</i>	(23 906)	4 765	(24 075)	4 765
(Increase)/ decrease in receivables	(15 874)	5 614	(13 566)	5 614
(Decrease)/ increase in payables	(8 032)	(849)	(10 509)	(849)

	356 481	375 361	356 338	375 361
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21.2 Dividends received

Amount receivable at beginning of the year	4 435	6 350	4 435	6 350
Dividend income from listed investment	10 700	9 793	10 700	9 793
Forex loss	(52)	-	(52)	-
Amount receivable at end of the year	(6 178)	(4 435)	(6 178)	(4 435)
	8 905	11 708	8 905	11 708

21.3 Distributions paid

Amount payable at beginning of the year	(168 605)	(162 521)	(168 605)	(162 521)
Prepaid distribution	(7 314)	-	(7 314)	-
Charged to the current year distribution	(338 703)	(326 825)	(338 703)	(326 825)
Amount payable at end of the year	171 846	168 605	171 846	168 605
	(342 776)	(320 741)	(342 776)	(320 741)

21.4 Income tax paid

Amount payable at beginning of the year	-	(231)	-	-
Charged to the statement of comprehensive income	-	-	-	-
Amount payable at end of the year	-	-	-	-
	-	(231)	-	-

21.5 Interest paid

Interest on unsecured borrowings	(67 947)	(65 726)	(67 947)	(65 726)
Interest on cross currency swap	(382)	-	(382)	-
	(68 329)	(65 726)	(68 329)	(65 726)

6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

21. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	Group 2011 R'000	Group 2010 R'000	Fund 2011 R'000	Fund 2010 R'000
21.6 Interest received				
Interest received from tenants and favourable bank balances	8 429	12 162	8 402	12 162
Interest received on cross currency swap	1 153	-	1 153	-
	9 582	12 162	9 555	12 162
21.7 Increase in borrowings				
Increase in loan payable	86 478	28 545	86 478	28 545
Gain on initiation of cross currency swap	100	-	100	-
	86 578	28 545	86 578	28 545
21.8 Proceeds from issue of new units				
Issue of 1 396 657 units in September 2010	29 886	-	29 886	-
Prepaid distribution on issue	950	-	950	-
Issue of 780 078 units in September 2010	16 517	-	16 517	-
Prepaid distribution on issue	604	-	604	-
	47 957	-	47 957	-

22. GROUP SEGMENTAL INFORMATION

Segmental information is based on the nature of business activities for which the properties are used. While investment properties are managed on an individual basis, the Group comprises the following main reportable industry recognised operating segments:

Segmental earnings:

Group: year ended 31 March 2011

	R '000 RETAIL	R '000 OFFICES
Segment revenue	269 481	223 916
Straight-line rental income accrual	(1 624)	1 582
Dividend income	10 700	-
Total revenue	278 557	225 498
Operating expenditure	(41 564)	(43 815)
Net finance cost	5 647	303
Segmental net operating income	242 640	181 986
Fair value adjustments	72 236	222 528
South Africa	163 769	222 528
International	(91 533)	-
Taxation	-	(1 498)
Segmental earnings	314 876	403 016



22. GROUP SEGMENTAL INFORMATION (continued)

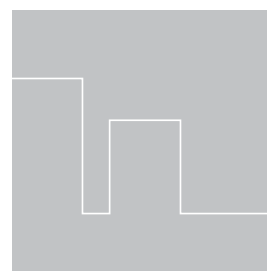
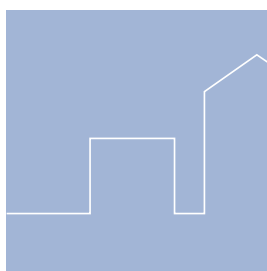
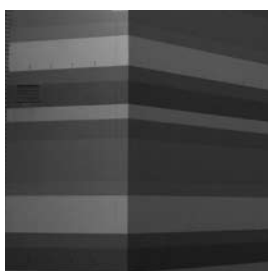
Reconciliation of segmental results to profit for the year in the statement of comprehensive income:

	Allocated	Unallocated	Total
Rental revenue	493 397	-	493 397
Straight-line rental income accrual	(42)	-	(42)
Dividend income	10 700	-	10 700
Total revenue	504 055	-	504 055
Operating expenditure	(85 379)	(27 683)	(113 062)
Net finance cost	5 950	(58 282)	(52 332)
Net operating income	424 626	(85 965)	338 661
Fair value gain on investment properties	386 297	-	386 297
Fair value deficit on listed investment	(91 533)	-	(91 533)
Fair value adjustment on interest rate and cross currency swaps	-	(2 369)	(2 369)
Profit before income tax	719 390	(88 334)	631 056
Taxation	(1 498)	-	(1 498)
Profit for the year	717 892	(88 334)	629 558

Segmental assets, liabilities and reserves

Group: 31 March 2011

	R '000	R '000
	RETAIL	OFFICES
Assets		
Investment and development property	2 928 225	2 490 994
Straight-line lease income accrual	93 388	57 926
Listed investment	213 803	-
Current assets	28 774	26 528
Segmental assets	3 264 190	2 575 448
Liabilities		
Current liabilities	(25 735)	(37 849)
Net assets	3 238 455	2 537 599



6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

22. GROUP SEGMENTAL INFORMATION (continued)

Reconciliation of segmental results to statement of financial position:

	Allocated	Unallocated	Total
Assets			
Investment and development property	5 419 219	-	5 419 219
Straight-line rental income accrual	151 314	-	151 314
Listed investment	213 803	-	213 803
Current assets	55 302	132 823	188 125
Total assets	5 839 638	132 823	5 972 461
Liabilities			
Unsecured borrowings	-	(800 902)	(800 902)
Current liabilities	(63 584)	(206 170)	(269 754)
Deferred tax liabilities	(1 498)	-	(1 498)
Total liabilities	(65 082)	(1 007 072)	(1 072 154)
Net assets	5 774 556	(874 249)	4 900 307

Segmental earnings:

Group: year ended 31 March 2010

	R '000 RETAIL	R '000 OFFICES
Segment revenue	257 176	205 703
Straight-line rental income accrual	(378)	(15 769)
Dividend income	9 793	-
Total revenue	266 591	189 934
Operating expenditure	(39 764)	(31 765)
Net finance cost	869	2 902
Segmental net operating income	227 696	161 071
Fair value adjustments	160 497	14 651
South Africa	262 731	14 651
International	(102 234)	-
Taxation	-	-
Segmental earnings	388 193	175 722

Reconciliation of segmental results to profit for the year in the statement of comprehensive income:

	Allocated	Unallocated	Total
Rental revenue	462 879	-	462 879
Straight-line rental income accrual	(16 147)	-	(16 147)
Dividend income	9 793	-	9 793
Total revenue	456 525	-	456 525
Operating expenditure	(71 529)	(22 996)	(94 525)
Net finance cost	3 771	(55 093)	(51 322)
Net operating income	388 767	(78 089)	310 678
Fair value gain on investment properties	277 382	-	277 382
Fair value deficit on listed investment	(102 234)	-	(102 234)
Fair value adjustment on interest rate and cross currency swaps	-	(6 336)	(6 336)
Profit before income tax	563 915	(84 425)	479 490
Taxation	-	-	-
Profit for the year	563 915	(84 425)	479 490

Segmental assets, liabilities and reserves:

Group: 31 March 2010

	R '000	R '000
	RETAIL	OFFICES
Assets		
Investment and development property	2 702 125	2 297 475
Straight-line lease income accrual	95 012	56 344
Listed investment	213 778	-
Current assets	35 724	34 400
	3 046 639	2 388 219
Liabilities		
Current liabilities	(23 150)	(209 923)
	(23 150)	(209 923)
Net assets	3 023 489	2 178 296

Reconciliation of segmental results to statement of financial position:

	Allocated	Unallocated	Total
Assets			
Investment and development property	4 999 600	-	4 999 600
Straight-line rental income accrual	151 356	-	151 356
Listed investment	213 778	-	213 778
Current assets	70 124	123 453	193 577
Total assets	5 434 858	123 453	5 558 311
Liabilities			
Unsecured borrowings	-	(714 424)	(714 424)
Current liabilities	(233 073)	(203 603)	(436 676)
Total liabilities	(233 073)	(918 027)	(1 151 100)
Net assets	5 201 785	(794 574)	4 407 211



6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

23. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and market risk arises in the normal course of business. Derivative financial instruments are used as and when required to hedge exposure to fluctuations in interest rates and exchange rates. The carrying value of all financial instruments approximates the fair value. All explanatory references in this note to the Group relate to both the Group and the Fund.

23.1 Interest rate risk

The Group is exposed to interest rate risk as the Group borrows funds at a floating interest rate. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such agreements enable the Group to mitigate the cash flow exposure on the issued variable debt.

The fair value of interest rate swaps at the reporting date is determined using Level 2 valuation techniques (refer note 23.7) by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract, as is disclosed below.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date.

Group and Fund	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2011	2010	2011	2010	2011	2010
	%	%	R'000	R'000	R'000	R'000
Less than one year	7.97	-	100 000	-	(598)	-
1 to 2 years	7.84	7.91	100 000	200 000	(2 177)	(2 946)
2 to 5 years	10.08	10.12	300 000	300 000	(23 444)	(25 797)
More than 5 years	-	-	-	-	-	-
			500 000	500 000	(26 219)	(28 743)

The interest rate swaps are settled on a quarterly basis. The floating rate swaps valuations are determined by the local interbank rate of South Africa. The Group will settle the difference between the fixed and floating interest rate on a net basis.

23.1.2 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates have been 100 basis points higher/lower and all other variables were held constant, the Group's profit of the year ended 31 March 2011 would decrease/increase by R1 046 650 (2010: decrease/increase by R1 026 440). This is mainly attributable to the Group's exposure to interest rates on a variable rate borrowing which is limited due to the increase in interest rate swaps.



23.2 Credit risk

23.2.1 Credit exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group 2011	Group 2010	Fund 2011	Fund 2010
	R '000	R '000	R '000	R '000
Trade and other receivables	35 128	28 400	33 378	28 400
Tenant and related receivables	5 426	4 097	5 417	4 097
Other receivables	29 702	24 303	27 961	24 303
Cash and cash equivalents	129 134	152 203	128 177	152 203
Equity securities	213 803	213 778	213 803	213 778
Loan to subsidiary	-	-	172 462	165 858

The directors are of the opinion that, apart from tenant and related receivables, these financial assets have a low credit risk.

23.2.2 Impairment losses

The ageing of tenant and related receivables at the reporting date was:

Current	3 382	2 526	3 382	2 526
Past due 0-30 days	921	1 239	921	1 239
Past due 31-60 days	509	772	509	772
Past due 61-90 days	296	1 068	296	1 068
Past due >90 days	2 539	3 400	2 464	3 400
	7 647	9 005	7 572	9 005

The movement in the allowance for impairment in respect of tenant and related receivables during the year was as follows:

Balance at the beginning of the year	(4 909)	(1 948)	(4 909)	(1 948)
Amounts written off as uncollectible	3 090	1 125	3 005	1 125
Impairment losses raised	(402)	(4 086)	(251)	(4 086)
Balance at the end of the year	(2 221)	(4 909)	(2 155)	(4 909)

In determining the recoverability of a rental receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the impairment allowance recognised.

Ageing of the impaired related receivables:	2 221	4 909	2 155	4 909
1 to 60 days	513	934	513	934
60-90 days	58	655	58	655
90+days	1 650	3 320	1 584	3 320

6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

23.3 Liquidity Risk

Cash resources are monitored to meet working capital requirements and the loan facility is reviewed regularly to meet capital commitment requirements.

The following table details the Group's contractual maturity for its financial liabilities excluding interest. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date the Group can be required to pay.

	Carrying Value	1 - 12 months	1 to 5 years	More than 5 years
		R '000	R '000	R '000
GROUP 2011				
Non-derivative financial liabilities				
Trade and other payables	66 696	50 621	-	16 075
Unitholders' distribution	171 846	171 846	-	-
Unsecured borrowings	800 902	100 000	700 902	-
Derivative financial liabilities				
Financial instruments	31 213	598	30 615	-
GROUP 2010				
Non-derivative financial liabilities				
Trade and other payables	239 328	225 039	484	13 805
Unitholders' distribution	168 605	168 605	-	-
Unsecured borrowings	714 424	-	714 424	-
Derivative financial liabilities				
Financial instruments	28 743	-	28 743	-
FUND 2011				
Trade and other payables	64 219	48 701	-	15 518
Unitholders' distribution	171 846	171 846	-	-
Unsecured borrowings	800 902	100 000	700 902	-
Derivative financial liabilities				
Financial instruments	31 213	598	30 615	-
FUND 2010				
Non-derivative financial liabilities				
Trade and other payables	268 071	225 039	29 227	13 805
Unitholders' distribution	168 605	168 605	-	-
Unsecured borrowings	714 424	-	714 424	-
Derivative financial liabilities				
Financial instruments	28 743	-	28 743	-

23.4 Capital risk management

The capital structure of the Group is governed by the Trust Deed. The allowed borrowing capacity is 30% of the value of the underlying asset comprising the portfolio, determined on the last published valuation in the most recent audited financial statements. As at 31 March 2011 the Group is within the allowed borrowing capacity.

Group:	2011 R'000	2010 R'000
Underlying assets	5 784 336	5 364 734
Unsecured borrowings	800 902	714 424
Utilised capacity	13.8%	13.3%





6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

23. FINANCIAL INSTRUMENTS (continued)

23.5 Currency risk

The Group's exposure to exchange rate fluctuations arises through the investment in a listed foreign asset (refer note 10). In accordance with the South African Reserve Bank approval, the Fund may under no circumstances enter into a forward exchange contract. During the current period, in order to achieve an appropriate level of exposure

to foreign currency risk, the Group entered into a Cross Currency Swap arrangement with Nedbank Ltd. The Cross Currency Swap has a maturity date of 7 November 2014. The Cross Currency Swap financial instrument was revalued to fair value at year end using Level 2 valuation techniques (refer note 23.7).

The Fund and Group's exposure to foreign currency risk was as follows:

Dividends receivable	
Listed Investment	
Cross currency swap loan receivable	
Cross currency swap loan payable	
Cash and cash equivalents	

2011	2011	2010	2010
R'000	EUR'000	R'000	EUR'000
6 178	642	4 435	447
213 803	22 202	213 778	21 550
91 690	9 521	-	-
(96 300)	(10 000)	-	-
19	2	-	-

The following significant exchange rates applied during the year:

EUR 1

Reporting date spot rate

2011	2010
9.63	9.92

23.6 Equity Price Risk

The Group is not exposed to equity price risk as the fair value of the investment in Stenham European Shopping Centre Fund (refer note 10) is determined based on the net asset value of the Fund rather than on its market price.

23.7 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 (ie: as prices) or indirectly (ie: 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.

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 and currency 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.

	Note	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Group and Fund					
2011					
<i>Financial asset</i>					
Listed investment *	10	-	213 803	-	213 803
<i>Financial liability</i>					
Cross currency and interest rate swaps	18	-	(31 212)	-	(31 212)
2010					
<i>Financial asset</i>					
Listed investment *	10	-	213 778	-	213 778
<i>Financial liability</i>					
Cross currency and interest rate swaps	18	-	(28 743)	-	(28 743)

* The listed investment is a closed fund without a quoted price. The valuation is based upon observable inputs and market data- refer note 10.

24. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Identity of the related parties with whom material transactions have occurred

Entity	Relationship
Sycom Property Fund Managers Ltd	The management company of the Group.
Somerset Mall Property Management Company (Pty) Ltd	Sycom Property Fund Managers Ltd jointly controls the entity.
FC Property Management Company (Pty) Ltd	Sycom Property Fund Managers Ltd jointly controls the entity.
Woodlands Office Park Management Company (Pty) Ltd	Sycom Property Fund Managers Ltd jointly controls the entity.
Tyger Hills Office Park (Pty) Ltd	Wholly-owned subsidiary of the Fund.

6/ Notes to the Annual Financial Statements for the year ended 31 March 2011 (continued)

24. RELATED PARTIES (continued)

MATERIAL RELATED PARTY TRANSACTIONS

Group and Fund

	2011 R'000	2010 R'000
<i>Asset Management Fees paid to Sycom Property Fund Managers Ltd in terms of the Trust Deed:</i>		
Service charge	25 998	21 163
Initial charge	4 251	-
<i>Property Management fees</i>		
Sycom Property Fund Managers Ltd	1 999	1 829
Somerset Mall Property Management Company (Pty) Ltd	1 818	1 356
FC Property Management Company (Pty) Ltd	1 323	1 229
Woodlands Office Park Management Company (Pty) Ltd	1 411	1 291
Fund		
<i>Interest income earned from subsidiaries</i>		
Tyger Hills Office Park (Pty) Ltd	11 602*	-

* Refer note 12.

25. OPERATING LEASE PAYMENTS RECEIVABLE

At reporting date the Group and Fund had contracted with tenants for the following future minimum lease payments:

	Group 2011 R'000	Group 2010 EUR'000	Fund 2011 R'000	Fund 2010 EUR'000
Less than one year	394 469	403 528	384 838	393 973
Between one and five years	901 757	851 121	888 438	847 170
More than five years	370 806	458 691	370 806	458 691
	1 667 032	1 713 340	1 644 082	1 699 834

26. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure to be incurred in the ensuing year:

Contracted	1 695	15 438	1 695	15 438
Authorised but not contracted for	11 300	-	11 300	-

The commitments are to be funded from unsecured borrowings.



27. ACCOUNTING ESTIMATES AND JUDGEMENTS

The management company discusses the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates with its Audit Committee.

In applying the Group's accounting policies, critical judgements are made:

- determining the capitalisation rates used to value investment properties. Changes in market conditions may result in capitalisation rates being revised and the fair value of investment properties adjusting significantly. Independent valuers are consulted in determining the fair value of investment properties.
- determining the allowance for impairment of tenant

arrears. Judgement is used to determine the recoverability of tenant arrears based on security held, historic experience with similar tenants, the period the amount is overdue and knowledge of the tenants' circumstances.

28. EVENTS AFTER REPORTING PERIOD

The directors are not aware of any events subsequent to 31 March 2011, not arising in the normal course of the business, which are likely to have a material effect on the financial information contained in this report.

29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 9 June 2011.



6/ Unaudited supplementary schedules Property Portfolio Information at 31 March 2011

1. GEOGRAPHICAL PROFILE - RENTABLE AREA

Gauteng	64.4%
Western Cape	35.6%

2. GEOGRAPHICAL PROFILE - REVENUE

Gauteng	62.7%
Western Cape	37.3%

3. SECTORAL PROFILE - RENTABLE AREA

Retail	50.4%
Offices	49.6%

4. SECTORAL PROFILE - REVENUE

Retail	52.3%
Offices	47.7%

5. TENANT PROFILE

	% of revenue	Number of tenants	Number of leases
Large listed companies, SA Government and parastatals & large multi-national companies	61.5%	71	371
Other listed companies, franchises of listed companies & other large companies	15.5%	27	111
Other	23.0%	516	559

6. VACANCY PROFILE BY SECTOR BY RENTABLE AREA

Retail	0.8%
Offices	5.8%
Let	93.4%

7. LEASE EXPIRY PROFILE BY REVENUE BY SECTOR

	Retail	Offices
Vacancy	1.2%	4.5%
To Mar-12	14.6%	17.8%
To Mar-13	7.7%	3.5%
To Mar-14	8.9%	5.5%
To Mar-15	4.3%	5.6%
To Mar-16	8.6%	1.3%
Thereafter	5.2%	11.3%



8. LEASE EXPIRY PROFILE BY AREA BY SECTOR

	Retail	Offices
Vacancy	0.8%	5.8%
To Mar-12	12.7%	17.1%
To Mar-13	5.0%	3.4%
To Mar-14	7.5%	5.5%
To Mar-15	3.1%	5.9%
To Mar-16	11.4%	1.3%
Thereafter	10.0%	10.6%

9. WEIGHTED AVERAGE RENTAL PER SQUARE METRE BY RENTABLE AREA PER SECTOR

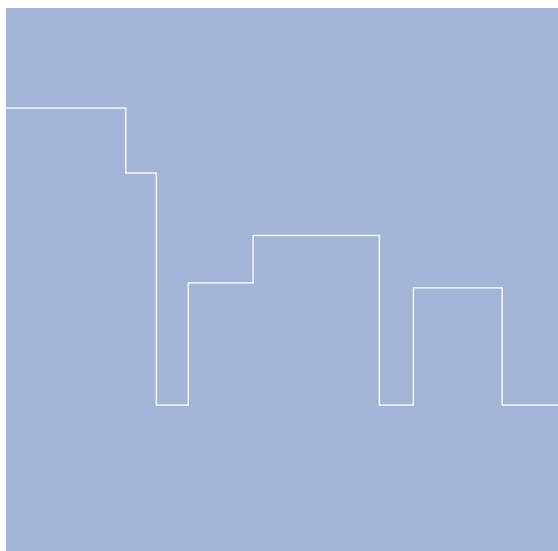
Retail	127.70
Offices	131.76

10. WEIGHTED AVERAGE ESCALATION PROFILE BY SECTOR BY RENTABLE AREA

Retail	7.1%
Offices	8.5%
Total	7.7%

11. AVERAGE ANNUALISED PROPERTY PORTFOLIO YIELD

Retail	7.7%
Offices	8.1%



6/ Unaudited supplementary schedules Property Portfolio Information at 31 March 2011 (continued)

	Independent Valuation at 31 March 2011 (Sycom ownership)	Sycom share of the Property Area	Weighted average rental per m ² (including parking rental)	Description
	(R'000)	m ²	R/m ²	
Retail	3 021 613	161 223	127.70	
Fourways Crossing Retail Centre	396 000	23 616	116.65	William Nicol Highway, Fourways
N1 City Mall	429 660	27 176	110.64	Louwtjie Rothman Street, Goodwood
Paarl Mall	372 390	25 288	118.63	Cecile Road, Paarl
Somerset Mall	869 500	32 266	170.99	Cnr N2 & R44 Highways, Somerset West
Southgate Mall	215 950	11 466	116.21	Rifle Range Road, Mondeor
Southgate Value Market	24 915	3 075	61.13	Rifle Range Road, Mondeor
Vaal Mall	713 198	38 337	125.40	Vanderbijlpark
Office	2 548 920	158 441	131.76	
Advocates' Chambers	136 600	7 143	155.53	Protea Place, Sandton
Discovery Building	401 000	22 526	129.81	Fredman Drive, Sandton
ENS Building	262 000	18 065	130.06	Foreshore, Cape Town
Georgian Crescent	90 000	6 312	146.75	Georgian Crescent, Bryanston
Harrowdene Office Park	587 000	36 888	127.82	Woodmead, Sandton
Riverwoods Office Park	105 000	10 649	116.41	Civin Drive, Bedfordview
The Woodlands Office Park	784 320	45 758	135.64	Woodmead Drive, Woodmead, Sandton
Tyger Hills Office Park	183 000	11 100	122.43	Hendrik Verwoerd Drive, Parow
Total	5 570 533	319 664	129.60	



Analysis of the Unitholders at 31 March 2011

6/

31 March 2011

Number of unitholders	Number of units	% of issued units
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Unitholder spread per JSE Listing requirements

	Number of unitholders	Number of units	% of issued units
Public	2 535	97 708 058	45.20%
Non-public	5	118 473 445	54.80%
- Directors	2	335 090	0.16%
- Sycom Property Fund Managers Limited	1	150 000	0.07%
- Unitholders owning more than 10% of issued units	2	117 988 355	54.58%
Total	2 540	216 181 503	100.00%

Unitholders owning 5% or more of the units

Hyprop Investments Limited	75 328 391	34.84%
Acucap Properties Limited	42 659 964	19.73%
	117 988 355	54.58%

Interest of directors of Sycom Property Fund Managers Limited

Direct beneficial interest

FM Berkeley	210 090	0.10%
PA Theodosiou	125 000	0.06%

Directors' interest

335 090 0.16%

Interest of directors who resigned during the year

Direct beneficial interest

NFJ Haasbroek	9 187	0.00%
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