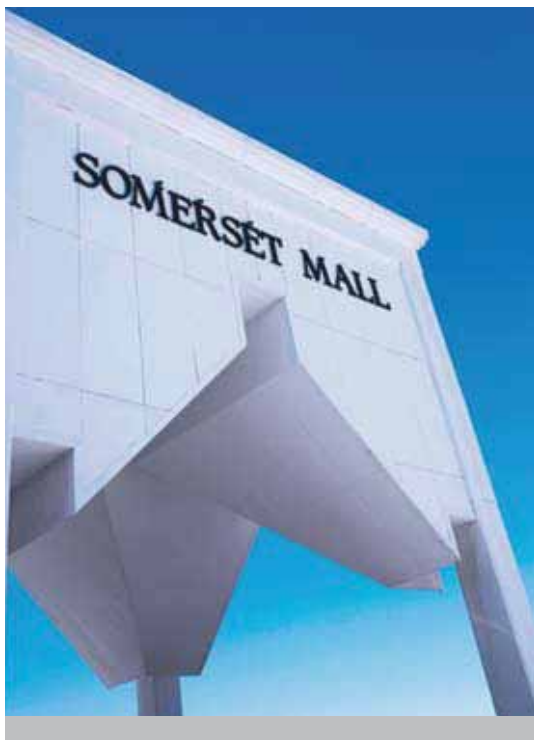


MANAGEMENT COMPANY'S REPORT

4



1. REVIEW OF RESULTS AND OPERATIONS

The board of Sycom Property Fund Managers ('SPFM') reports a distribution of 82.2 cents per unit (cpu) for the six months ended 31 March 2010. Together with the interim distribution of 77.14 cpu, this gives unitholders an annual distribution of 159.34 cpu, a growth rate of 6.32% over the previous financial year. The results for the second half of the financial year were adversely affected by an office vacancy rate of around 10% that persisted throughout the six month period ended 31 March 2010, principally at the Woodlands Office Park, Riverwoods Office Park and Georgian Crescent.

The prevailing weakness in the economic climate also saw a R2m increase in impairments to debtors' balances, as provisions and bad debt expenses increased from 0.75% to 1.13% of contractual revenue. Lastly, the results were negatively affected by a 20% decline in the contribution from Sycom's investment

in Germany through the Stenham European Shopping Centre Fund ('SESCF'), in the face of a 3% lower Euro distribution from SESCOF, combined with sustained Euro weakness.

2. CHANGES TO BOARD OF DIRECTORS

During the year, both Tim Sewell (chairman) and Gerald Nelson retired from the board of Sycom Property Fund Managers Limited ('SPFM') after long and distinguished service, for which the board records its grateful appreciation. Geoff Everingham has been appointed as the new chairman, and both Sello Moloko and Brian Stocks have also been appointed to the board, Sello as deputy chairman and Brian as chairman of the audit committee.

3. PORTFOLIO ACTIVITIES

Retail portfolio

Sycom's retail portfolio traded well in the year under review, with tenants recording a growth in turnover of 6.13% in nominal terms. The strongest performance was from Vaal Mall, which showed a robust 10.0% increase in reported turnover. Somerset Mall's annual turnover growth was a more modest 3.6%, although this mature and well-established asset delivered stronger growth in the last quarter of the year, with turnover up by 7.2% as some key tenant remixing decisions have started to show results. Paarl Mall at 7.8%, Fourways Crossing at 5.5% and N1 City at 4.6% turnover growth, in nominal terms, have all produced commendable results for the year and have amply illustrated the defensive qualities of Sycom's major retail assets.

Some specific activities that have added value to the retail portfolio are detailed below:

Somerset Mall

The relocation of KFC and Aroma Liquors to the Pick 'n Pay entrance was successfully completed at the end of 2009. This redevelopment creates an opportunity to redevelop the free standing site previously occupied by Aroma, and it allowed the introduction

of a wider apparel offering into the fashion section on the mall where KFC previously traded. Dion Wired replaced Stuttafords on approximately 1,700m² of space and successfully commenced trading prior to Christmas 2009. Wetherlys relocated out of the mall and made way for a flagship Incredible Connection store, which will commence trading on the enlarged platform by July 2010.

Fourways Crossing

Clicks opened in the centre, and both Hi Fi Corporation and Sportsmans Warehouse completed major internal upgrades.

Paarl Mall

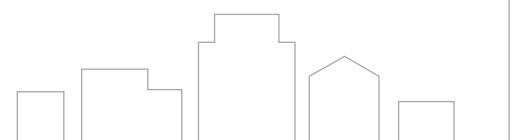
Sycom successfully negotiated the purchase of four adjacent properties for R10.25m. These properties will permit an increase in the centre's gross lettable area and the introduction of an additional anchor tenant to supplement Paarl Mall's offering.

Vaal Mall

Opportunities are being explored to expand the centre as well as introduce a cinema component into the entertainment mix.

Office portfolio

Conditions remained difficult in the office market, and Sycom has had to contend with a high level of lease expiries through the cyclical downturn, with 35,467m² or 22.4% of the office portfolio expiring during the year. New leases and renewals were concluded for 30,374m², leaving 5,093m² unlet. The 18,828m² Veld Estates development was completed during the year, and 15,834m² of it has been let, although 5,473m² of the letting came from one of the tenants that relocated from elsewhere in the park. The net result was that the office vacancy increased to 16,209m², or 10.2% of the office portfolio. This high level of vacancy has persisted for much of the second half of the financial year, and reducing this vacancy is one of the key challenges facing management.



Activity at Sycom's two major office parks is detailed below:

Harrowdene Office Park, Woodmead

The office park comprises 36,888m² of gross lettable area (GLA). Renewals and new leases were concluded over 18,060m², which includes a 7 year renewal with Hatch Africa over 10,975m².

The Woodlands Office Park, Woodmead

The completion of the Veld Estates development during the year under review, increased the park's GLA to 114,000m². The development added 18,828m² of office space to the park, of which 15,834m² has now been let. Elsewhere in the park, leases and renewals over 18,830m² were successfully concluded.

Sycom acquired the 11,100m² Tyger Hills Office Park in Cape Town for R164.6m (a yield of 9.2%), effective 31 March 2010. The acquisition fits with Sycom's strategy of maintaining a relatively even exposure to the retail and office segments, and Sycom has found significant advantages in owning large, high quality office parks in well defined and sought-after nodes. It also improves Sycom's exposure to the top end of the Cape Town office market.

4. BORROWINGS

Sycom has an approved facility of R950 million. The facility is subject to renewal in November 2014. At 31 March 2010, R714 million of this facility had been utilised, with 70% of borrowings subject to interest rate swaps, as tabulated below. This level of interest rate hedging is in line with board policy. The weighted average borrowing cost is 9.7%. Sycom's gearing level is presently just under 14%. Including the effects of its investment in SESCOF, Sycom's 'see-through' gearing level is 21.3%, and the board would be comfortable to increase the overall level of gearing to 30%, subject to securing suitable acquisition opportunities.

Type	Maturity Date	Effective Rate	Value R'000	% of total
SWAP	June 2011	8.8%	100,000	14%
SWAP	June 2012	8.67%	100,000	14%
SWAP	March 2014	11.05%	200,000	28%
SWAP	April 2014	10.76%	100,000	14%
			500,000	70%
Floating	November 2014	7.50%	214,424	30%
		9.72%	714,424	100.0%

5. PROPERTY PORTFOLIO VALUATION

Sycom's property portfolio, excluding Southgate Mall and Value Mart, was independently valued by Quadrant Properties at 31 March 2010, as set out in the table below. The Southgate properties were revalued by One Focus Property Consultants. Excluding the effects of additions and transfers from development property, the result was a satisfactory 8.04% increase in the overall value of the portfolio. The condensed results of the independent valuations are shown in the table below:

Sector	Valuation at 31 March 2010	Weighted average capitalisation rate	Weighted average valuation per m ²
Retail	2,797,137	8.4%	R18,223
Office	2,353,819	8.9%	R15,047
Total	5,150,956	8.6%	R16,772

6. STENHAM EUROPEAN SHOPPING CENTRE FUND ('SESCF')

SESCF's only asset, the 96,000m² Nova Eventis shopping centre situated in Leipzig, Germany was revalued at the end of December 2009 at €339m, a decline in value since acquisition of 6.5%. The outlook for the German economy is generally positive as sustained Euro weakness improves the prospects for export driven sectors, although the weakness of the Euro zone as a whole poses a challenge to regional growth.

At 31 March 2010, Sycom's investment in SESCOF was valued at R213.8m compared with its March 2009 value of R316.0m as the dual effect of Euro weakness and a lower property valuation led to an impairment of R102m in the value of this investment.

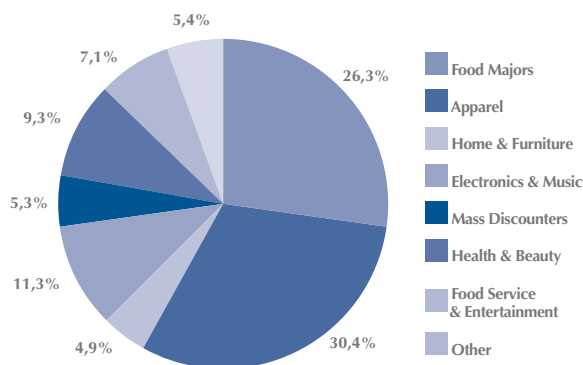
In terms of income, the dividend from SESCOF for the year ended 31 March 2010 was down to R9.2m from R11.5m in the prior year, a substantial decline of 20% due to the strengthening of the Rand. In Euro terms, the dividend was down 3%.

As a result of prevailing market conditions in Europe, certain subordinated note holders in Stenham's funding consortium have differed with the board's independent valuation of Stenham's investment in the Nova Eventis Shopping Centre, and effectively called

for additional capital to be introduced into Stenham in order to reduce its gearing ratio. The board of Stenham has disputed the valuation obtained by the note holders, although as a matter of prudence, it will consider re-capitalising the fund, given that Stenham's funding is in any event due to be re-negotiated in 13 month's time and some form of re-capitalisation is likely to be required at that time. The additional capital may be raised by way of a rights issue by SESCF, and preliminary estimates indicate that Sycom's share of the re-capitalisation could be in the order of R90m to be funded out of existing Sycom facilities.

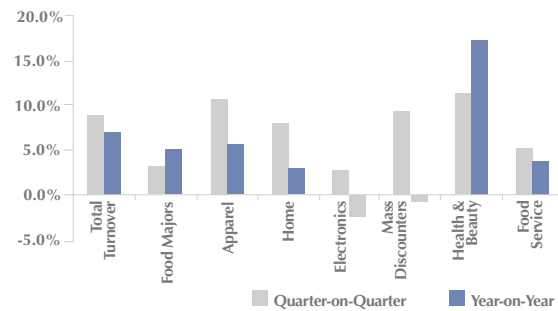
7. SOUTH AFRICAN RETAIL PORTFOLIO PERFORMANCE

The eight defined segments in Sycom's South African retail portfolio contributed to total retail turnover as shown in the chart below, with food and apparel making up nearly 60% of all turnover. Together, these two categories contribute just under 50% of Sycom's rental income from its retail portfolio:



Annual turnover in Sycom's retail portfolio grew by 6.13% over the prior year, and by 7.93% for the quarter ended 31 March 2010 compared with the same quarter last year. The segmental mix of Sycom's retail portfolio is one of the reasons for this strong performance – the Fund's exposure to food majors / supermarkets is relatively low, and it has a larger exposure to apparel, which showed good growth, particularly in the last quarter. The robust performance of the health & beauty segment also contributed to the strong turnover growth reported. Further details of segmental performance are shown in the following graph:

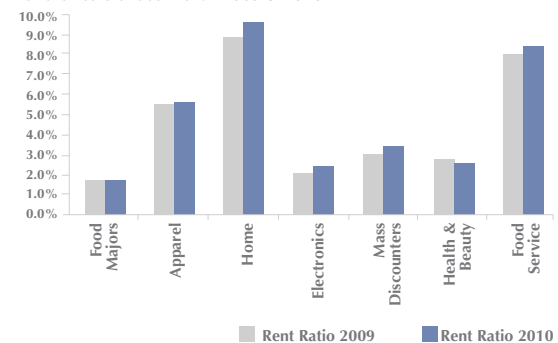
Retail Segments: Turnover Growth
Quarter-on-Quarter & Year-on-Year to March 2009/2010



Besides the good results from the apparel and health & beauty segments, there was a pleasing recovery in the homeware, mass discounters and electronics segments in the last quarter.

Rent to turnover ratios remained fairly consistent over the year. This acid test of rental affordability is one of the measures used by the fund to form a view on the sustainability of rental levels.

Retail Segments Rent to Turnover Ratio
for the Years ended March 2009 & 2010



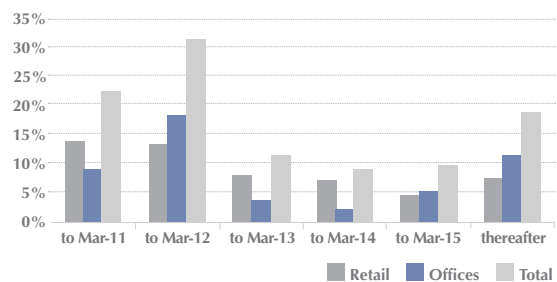
8. LEASE EXPIRY AND RENEWALS OVER THE LAST 12 MONTHS

In the office portfolio, renewals and new leases for 30,374m² were concluded, and vacancies increased from 2,649m² on 1 April 2009 to 16,209m² at 31 March 2010, representing 10.2% of office GLA. The expiring leases terminated at an average rental of R116.04/m², and were renewed at an average of R115.96/m² (including parking in both cases). In the retail portfolio, 22,140m² or 13.7% of that portfolio expired during the year at an average rental of R142.96/m². Of this, 21,814m² was let or renewed at an average of R148.74/m², with the retail vacancy increasing marginally from 1.5% to 1.7% by GLA.



		Offices	Retail	Total
31 Mar 09	Let	m ² 137,161	158,776	295,937
	Vacant	m ² 2,649	2,438	5,087
	Total	m² 139,810	161,214	301,024
Additions	m ²	18,631	9	18,640
Expiries	m ²	35,467	22,140	57,607
Average	R/m ²	116.04	142.96	126.39
New lets & renewals	m ²	30,374	21,814	52,188
Average	R/m ²	115.96	148.74	129.66
Additions already under lease	m ²	10,164	-	10,164
31 Mar 10	Let	m ² 142,232	158,450	300,682
	Vacant	m ² 16,209	2,773	18,982
	Total	m² 158,441	161,223	319,664

dominate letting activity. After 2012, lease expiries diminish substantially. The expiry profile by revenue is shown below:



9. FORWARD LEASE EXPIRIES

The forward lease expiry profile shows relatively high levels of renewal activity ahead in the 2011 and 2012 financial years. Paarl Mall reaches its first 5 year renewal cycle in 2011, and early indications are encouraging for a high tenant retention rate, although rental levels may come under some pressure. There will also be substantial re-letting activity at N1 City, where some of the anchor tenants are up for renewal. In 2012, the Discovery House renewal will

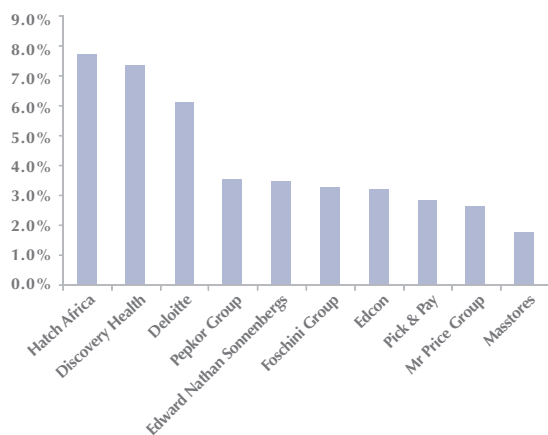
Looking ahead, the table below shows details of the retail and office expiries for the financial year ending 31 March 2011, with expiry rentals and expected renewal rentals:

	Expiring before 31-3-2011 (m ²)	Expiry rent (R/m ²)	Market rent (R/m ²)	% change
Retail	39 795	121.55	128.00	5.3%
Offices	24 640	111.30	124.40	11.8%
Total Portfolio	64 435	117.63	126.62	7.65%

10. MAJOR TENANTS BY AREA AND INCOME

The graph below reflects the contribution to income by Sycom's 10 largest tenant groups. Four of the five largest are office tenants and contribute 24.7% of Sycom's annual rental. The other six are retail groups, contributing 17.3% of rental income.

Income Contribution



11. VACANCIES AND BAD DEBTS

The table below provides details of Sycom's vacancies for the 2009 and 2010 financial years, expressed by area.

	2010	2009
Retail vacancy	1.7%	1.5%
Office vacancy	10.2%	1.9%
Total vacancy	5.9%	1.7%

Average rentals for the retail portfolio are R120/m² and offer upside growth on renewal. For the office portfolio, the average of R121.85/m² is considered close to market for the portfolio as a whole, although any softening in office rentals will expose potential over-rents, with the associated reversionary risk. Bad debts written off or provided for in the 2010 financial year represent 1.13% of rental income and amount to R5.2m. The comparative write-off for 2009 was 0.75% of rental income, or R3.2m.

12. COST TO INCOME

The ratio of net property operating expenses to contractual income and recoveries increased from 13.9% in 2009 to 14.6% in the current year, largely as a result of the increase in vacancy that resulted in reduced contractual income. Controllable costs were well contained, and the overall cost to income ratio for 2010, although higher than last year's result, is still lower than the 2008 level of 15.6%.

13. UNITHOLDER SUMMARY

Sycom's major unitholders at 31 March 2010 are shown below, with a comparison to the prior year.

Major unitholders	2010	2009
Hyprop	36.7%	36.7%
Acucap	18.3%	18.3%
PIC	4.2%	3.4%
Redefine	3.2%	3.2%
Stanlib	3.0%	2.5%
Nedbank	2.8%	2.8%
Old Mutual	2.6%	2.9%
Investec	0.4%	5.5%
	71.2%	75.3%

14. PROSPECTS

The good defensive qualities of Sycom's retail portfolio have been evident throughout the last financial year. The pleasing turnover growth rates achieved and the stable occupancy levels point to a definite recovery in consumer spending, although the board expects this recovery to be gradual. The office sector remains challenging, and Sycom will once again have to contend with a high level of lease expiries in the 2011 financial year. There has, however, been a discernable increase over the last quarter in the number and quality of enquiries for office space, suggesting that the downward office cycle may be nearing a turning point.

Sycom's long-term objective has been to deliver real growth in distributions and over the last 14 years cumulative distribution growth has exceeded cumulative CPI growth by 0.24%. Its results in the year ahead will remain closely linked to the demand for office space, and may also be affected by the possible early re-capitalisation of its investment in Stenham. In the long-term, the portfolio remains well positioned to continue delivering real distribution growth. At the same time, the board will continue seeking opportunities to grow the fund through good quality acquisitions and through the on-going development and extension of its existing portfolio.

The above information has not been reported on by Sycom's auditors.

Corporate governance review

The Board of Directors of Sycom Property Fund Managers Limited endorses the Code of Corporate Practices and Conduct as recommended in the second King Report in all material respects. In supporting the Code, the directors recognise the need to conduct the affairs of the Company and the Fund with integrity and accountability in accordance with generally accepted corporate practice, and further recognise that they are ultimately accountable and responsible for the performance and affairs of the Company and the Fund. The company does not have a majority of non-executive directors, and this is an area which will be addressed in the 2011 financial year. The King III Report has now been issued, effective for year ends commencing on or after 1 March 2010, so the first financial year in which it will be applicable to Sycom will be the year ending 31 March 2011. The board will, over the course of the next year, give careful consideration to the latest King report and how it is to be applied to Sycom.

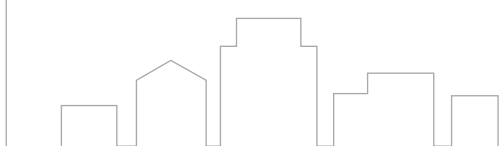
The Fund is a trust and is managed by Sycom Property Fund Managers Limited in terms of the Collective Investments Schemes Control Act, 2002. Neither the Fund nor the management company employs staff as all management and administrative functions are contracted out to third parties. Accordingly it has no worker participation or affirmative action



programmes. The Board does, however, support and encourage their service providers to adhere to recommended practices and monitors progress as part of performance appraisal.

The Board is conscious of the need to uphold and support applicable legislation. To this end, the Board ensures that all occupational health and safety provisions are enforced at the buildings in the portfolio; environmental impact studies are undertaken where required and the provisions of the National Heritage Resources Act are complied with before embarking on any new property development.

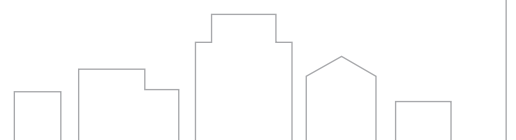
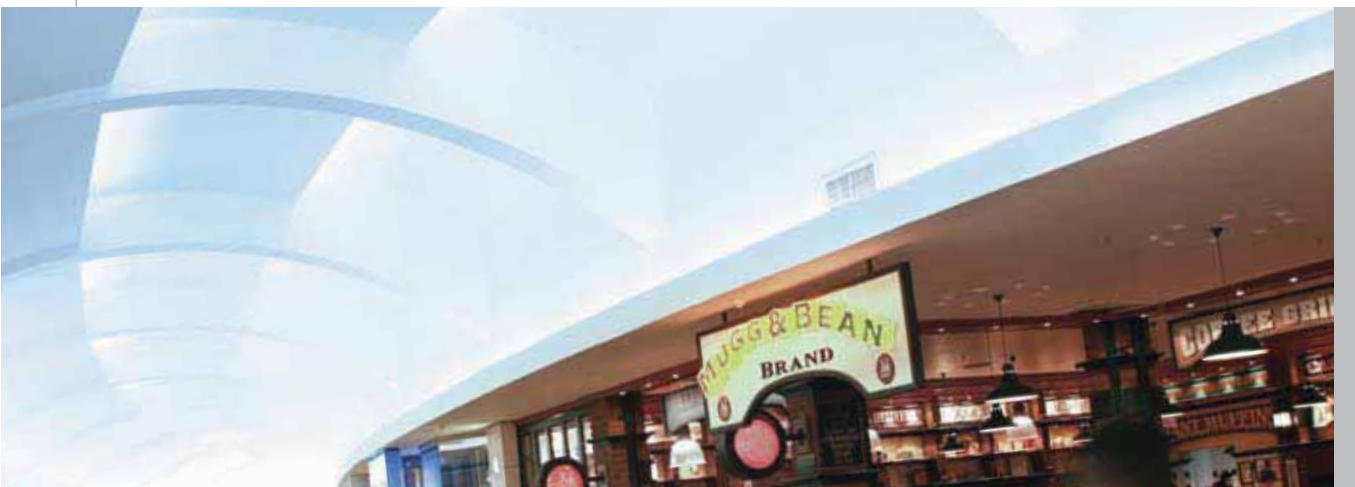
The nominations policy of the board of directors formalises the process for appointments to the Sycom board, in line with the recommendations of the King Code of Corporate Practices and Conduct. Directors are appointed to hold office for an unspecified period and at each financial year end one third is requested to retire by rotation and may offer themselves for re-election. The Chairman and Chief Executive Office are appointed to hold office for renewable periods not exceeding five and three years respectively. There is a clear division of responsibility at board level and the role of Chairman and CEO are separate. The attendance by directors of the management company for the period 1 April 2009 to 3 June 2010 is set out on the following page.



Management Company's Report [Continued]

	Board	Audit Committee	Meetings attended	Meetings Eligible	Attendance %
Number of Meetings	5	4			
Independent non-executive					
GK Everingham (Chairman) (Appointed 24 March 2010)	1		1	1	100%
TE Sewell (Resigned as Chairman and from Board on 24 March 2010)	4	2	6	6	100%
SM Moloko (Deputy Chairman) (Appointed 29 March 2010)	1	2	3	3	100%
FM Berkeley #	5	4	9	9	100%
JPD Flanagan	5		5	5	100%
GA Nelson (resigned 22 January 2010)	3		3	3	100%
BM Stocks # (appointed 9 April 2010)	1	1	2	2	100%
Executive					
NFJ Haasbroek	5		5	5	100%
GR Jones	5		5	5	100%
CB Marlow	3		3	3	100%
L Norval	5		5	5	100%
PA Theodosiou	5		5	5	100%
SJ Wentzel (Mrs)	4		4	5	80%
Overall attendance	47	9	56		
Maximum attendance	48	9		57	
% Attendance	97.9%	100%			98.2%

B Stocks has succeeded F Berkeley as the Chairman of the Audit Committee



AUDIT COMMITTEE

The audit committee members are depicted opposite and are all financially literate. Formal terms of reference have been established and during the year it conducted its affairs in compliance with its constitution. The mandate of the committee provides the Board with assurance regarding reliability of information used by the directors in their assessment of the Fund's financial position and risk management.

The audit committee also set out its responsibilities with respect to the appointment of the Fund's auditors, the financial statements and the evaluation of the effectiveness of systems of internal control and corporate governance. The external auditors, who also attend the audit committee meetings, are responsible for reporting on whether the financial statements are fairly presented in conformity with International Financial Reporting Standards ("IFRS"). The audit committee pre-approves contracts for non-audit services to be rendered by the external auditor. The audit committee has assessed and noted that the financial director has the appropriate expertise and experience required for the position.

The audit committee meets at least three times per year and comprises non-executive directors, one of whom acts as chairman.

INVESTMENT COMMITTEE

The management company has established an investment committee to recommend and advise the Board on acquisitions, sales and new development proposals. The committee meets as often as is required.

REMUNERATION COMMITTEE

The remuneration committee, when required, consists of the Chairman, the Chief Executive Officer and one independent director, and is responsible for determining the remuneration of the directors of the management company.

INTERNAL CONTROLS

Acucap Properties Limited and the three companies appointed to administer and manage the property portfolio, are responsible for the maintenance of adequate accounting records, internal control systems

and for safeguarding the assets of Sycom Property Fund and Sycom Property Fund Managers Limited.

COMMUNICATION

The Chief Executive Officer regularly communicates with major unitholders, institutional investors and investment analysts. Financial results are published in the press and sent to unitholders. The annual report deals adequately with disclosures pertaining to financial statements, auditors' responsibility, accounting records, internal control, risk management, accounting policies, adherence to accounting standards, going concern issues and adherence to codes of governance.

