THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take arising from this circular, please consult your CSDP, stockbroker, banker, attorney, accountant or other professional advisor immediately.

Action required

If you have disposed of all of your linked units in S A Retail Properties Limited, please forward this circular to the purchaser of such linked units or to the CSDP, stockbroker, banker, attorney or other agent through whom the disposal was effected.

Linked unitholders are referred to page 3 of this circular, which sets out the action required by them.

SA RETAIL PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1999/025764/06)
Share code: SRL ISIN: ZAE000034328
("SA Retail" or "the Company")

Circular to SA Retail linked unitholders

relating to:

the acquisition of a portfolio of properties from various property owning companies administered by Sharemax Investments (Proprietary) Limited ("the acquisition");

and incorporating:

- the information required by the Listings Requirements of the JSE Limited ("the JSE") for revised listing particulars;
- a notice convening a general meeting of linked unitholders; and
- a form of proxy (for use by certificated linked unitholders and own-name dematerialised linked unitholders only).

The revised listing particulars incorporated in this circular are not an invitation to the public to subscribe for linked units in SA Retail, but are issued for the purpose of giving information to linked unitholders with regard to SA Retail as the acquisition will result in the Company issuing in excess of 30% of the current issued linked unit capital. Accordingly, in terms of the JSE Listings Requirements, the Company is required to provide shareholders with the information contained herein.

The directors, whose names appear on page 7 of this circular, accept, collectively and individually, full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement herein false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this document contains all information required by the JSE Listings Requirements.

These revised listings particulars have been prepared in compliance with the JSE Listings Requirements and on the assumption that the resolutions proposed in the notice of general meeting forming part of this circular in which these revised listing particulars are incorporated, will be passed at the general meeting of linked unitholders, which is to be held on Thursday, 5 April 2007 and that the acquisition had been implemented.

Merchant bank and corporate adviser	Sponsor	Attorneys
GRINDROD BANK	exchange sponsors	Cox Yeats ATTORNEYS

Independent reporting accountants and auditors	Independent valuer
KPMG	CBRE CB RICHARD ELLIS

Copies of this circular, in English, may be obtained from the registered office of the Company, the office of the transfer secretary and the office of the merchant bank and sponsor, the addresses of which are set out in the" Corporate information" section of this circular.

Date of issue: 20 March 2007

CORPORATE INFORMATION AND ADVISORS

Secretary and registered office

Marriott Property Services (Proprietary) Limited
Marriott at Kingsmead
(Registration number 1982/006032/07)
Kingsmead Office Park
Durban, 4001
(PO Box 207, Durban, 4000)

Merchant bank and corporate adviser

Grindrod Bank Limited
(Registration number 1994/007994/06)
Building 3, 1st Floor
Commerce Square
39 Rivonia Road, Sandhurst
Sandton, 2146
(PO Box 78011, Sandton, 2146)

Sponsor

Exchange Sponsors (Proprietary) Limited
(Registration number 1999/024433/07)
Building 3, 1st Floor
Commerce Square
39 Rivonia Road, Sandhurst
Sandton, 2146
(PO Box 411216, Craighall, 2024)

Attorneys

Cox Yeats
Victoria Maine
71 Victoria Embankment
Durban, 4001
(PO Box, 3032, Durban, 4000)

Date of incorporation: 23 November 1999
Place of incorporation: Pretoria

Independent reporting accountants

KPMG Inc.
(Registration number 1999/021543/21)
KPMG Crescent
85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)

Independent valuer

CB Richard Ellis (Proprietary) Limited
(Registration number 1968/003515/07)
Broll House
27 Fricker Road
Illovo, 2196
(PO Box 1355, Saxonwold, 2132)

Transfer secretaries

Computershare Investor Services 2004
(Proprietary) Limited
(Registration number 2004/003647/07)
70 Marshal Street
Johannesburg, 2001
(PO Box 61051, Marshaltown, 2107)

Trustee for debenture holders

Steinway Trustees (Proprietary) Limited
(Registration number 1999/002503/07)
The Manor House
14 Nuttall Gardens
Morningside
Durban, 4001
(PO Box 1496, Durban, 4000)

CONTENTS

The definitions commencing on page 5 of this circular have, where necessary, been used in this table of contents.

ACTION REQUIRED BY SA RETAIL LINKED UNITHOLDERS

The definitions commencing on page 5 of this circular apply *mutatis mutandis* to the following action required by SA Retail linked unitholders:

Please take careful note of the following provisions regarding the action required by SA Retail linked unitholders:

1. If you have disposed of all of your linked units in SA Retail, please forward this circular to the purchaser of such linked units or to the CSDP, stockbroker, banker, attorney or other agent through whom the disposal was effected.

2. If you are in any doubt as to what action to take, consult your CSDP, stockbroker, banker, attorney, accountant or other professional advisor immediately.

3. This circular contains information relating to the acquisition. You should carefully read through this circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.

4. The general meeting, convened in terms of the notice incorporated in this circular, will be held at the registered office of SA Retail, Marriott at Kingsmead, Kingsmead Office Park, Durban on Thursday, 5 April 2007, commencing at 09h00.

5. If you have dematerialised your linked units

   5.1 Own-name registration

   You are entitled to attend, or be represented by proxy, at the general meeting.

   If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 09h00 on Wednesday, 4 April 2007.

   5.2 Other than own-name registration

   You are entitled to attend, or be represented by proxy, at the general meeting. You must not, however, complete the attached form of proxy. You must advise your CSDP or stockbroker timeously if you wish to attend, or be represented at the general meeting.

   If your CSDP or stockbroker does not contact you, you are advised to contact your CSDP or stockbroker and provide them with your voting instructions. If your CSDP or stockbroker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

   If you do wish to attend or be represented at the general meeting, your CSDP or stockbroker will be required to issue the necessary Letter of Representation to you to enable you to attend or to be represented at the general meeting.

6. If you hold certificated linked units

   6.1 You are entitled to attend, or be represented by proxy, at the general meeting.

   6.2 If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 09h00 on Wednesday, 4 April 2007.

IMPORTANT DATES AND TIMES

The definitions commencing on page 5 of this circular have, where necessary, been used in the important dates and times as set out below:

	2007
Circular posted to linked unitholders on	Tuesday, 20 March
Forms of proxy to be received by 09h00 on	Wednesday, 4 April
General meeting to be held at 09h00 on	Thursday, 5 April
Results of the general meeting published on SENS on	Thursday, 5 April
Results of the general meeting published in press on	Tuesday, 10 April
Expected date that consideration units to be issued in terms of the proposed acquisition will be listed on the JSE	April 2007*

* *The date is subject to change, based on the date on which the Sharemax Portfolio is transferred to and registered in the name of SA Retail.*

Note:

These dates and times are subject to amendment. Any such amendment will be published on SENS and in the press.

DEFINITIONS

In this circular and revised listing particulars, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include the other genders, and an expression denoting natural persons shall include juristic persons and associations of persons:

"the acquisition"	The acquisition by SA Retail of the Sharemax Portfolio from the Vendors;
"agreements"	The agreements dated 2 June 2006 and amended on 29 September 2006 and 17 December 2006 respectively, between SA Retail and the Vendors, in terms of which SA Retail acquired the Sharemax Portfolio from the Vendors;
"board" or "directors"	the board of directors of SA Retail whose names are reflected on page 7 of this circular;
"CBRE" or "the independent valuer"	CB Richard Ellis (Proprietary) Limited (Registration number 1968/003515/07);
"certificated linked unitholders"	linked unitholders who hold certificated linked units;
"certificated linked units"	linked units held in certificated form;
"circular"	this bound circular, dated 20 March 2006 including all Annexures, the notice of general meeting and form of proxy contained herein;
"Companies Act"	the Companies Act, 1973 (Act 61 of 1973), as amended;
"consideration units"	the 93 231 390 linked units to be issued in respect of the acquisition, by way of a vendor placement, at an issue price of 11 00 cents per linked unit, representing a discount of 1,96% to the 30 day volume weighted average traded price of the linked units as at 1 March 2007;
"CSDP"	a central securities depository participant, as defined in section 1 of the Securities Services Act, 2004 (Act 36 of 2004), as amended;
"debenture"	An unsecured, variable rate debenture with a nominal value of 499,999 cents each in SA Retail, issued by SA Retail as part of a linked unit;
"debenture trust deed"	the debenture trust deed entered into between the Company and Steinway Trustees (Proprietary) Limited (registration number 1999/002503/07), as trustee, recording the terms and conditions of the debentures, the salient features of which are set out in Annexure 12;
"dematerialised linked unitholders"	linked unitholders who hold dematerialised linked units;
"dematerialised linked units"	those linked units that have been incorporated into the STRATE system and which are held on the Company's sub-register in electronic form in terms of the Custody and Administration of Securities Act of 1992;
"general meeting"	the general meeting of linked unitholders to be held at the registered office of SA Retail, Marriott at Kingsmead, Kingsmead Office Park, Durban on Thursday, 5 April 2007 at 09h00 to consider and, if deemed appropriate, approve the acquisition;
"GLA"	gross lettable area;
"HEPLU"	headline earnings per linked unit;

"JSE"	JSE Limited, a company duly registered and incorporated under the company laws of South Africa under registration number 2005/022939/06, and licensed as an exchange under the Securities Services Act, Act 36 of 2004, as amended;
"KPMG" or "independent reporting accountants"	KPMG Inc., Chartered Accountants (SA) (Registration number: 1999/021543/21);
"last practicable date"	the last practicable date prior to the finalisation of this circular, being Friday, 9 March 2007;
"linked unitholders" or "SA Retail linked unitholders"	holders of SA Retail linked units;
"linked units" or "SA Retail linked units"	linked units in the capital of the Company, each comprising one share indivisibly linked to one debenture;
"Listings Requirements"	the JSE Listings Requirements, as amended from time to time;
"Rand"	South African Rand;
"resolutions"	the ordinary resolutions, to be approved by the requisite majority of SA Retail linked unitholders at the general meeting, necessary to give effect to the acquisition;
"SA Retail " or "the Company"	SA Retail Properties Limited (Registration number 1999/025764/06), a company incorporated in South Africa on 29 November 1999 and listed on the JSE;
"SENS"	the Securities Exchange News Service of the JSE;
"share"	one ordinary share with a par value of 0,001 cent in the capital of SA Retail;
"Sharemax"	Sharemax Investments (Proprietary) Limited, (Registration number 1998/019038/07) the administrators of the Sharemax Portfolio;
"the Sharemax Portfolio"	the 10 properties to be acquired by SA Retail in terms of the acquisition, the details of which are set out in Annexure 1;
"South Africa"	the Republic of South Africa;
"STRATE"	STRATE Limited (Registration number 1998/022242/06), a company incorporated in South Africa and the electronic settlement system for transactions that take place on the JSE and off-market trades;
"transfer secretaries"	Computershare Investor Services 2004 (Proprietary) Limited, (Registration number 2000/007239/07), a private company registered and incorporated in South Africa; and
"the vendors"	the vendors of the 10 properties being acquired by SA Retail in terms of the acquisition, the names of which are set out in Annexure 1.

SA RETAIL PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1999/025764/06)
Share code: SRL ISIN: ZAE000034328

Directors

R A Norton*	A M Hyatt#
A P W Sparks	W J Swain*
H S C Bester*	U J Van der Walt*
C J Ewin#	

* Independent non-executive

Non-independent non-executive

CIRCULAR TO SA RETAIL LINKED UNITHOLDERS (INCORPORATING REVISED LISTING PARTICULARS)

This document should be read in its entirety for a complete understanding of the acquisition. This document is not an invitation to the public to subscribe for new SA Retail linked units, but is issued in compliance with the Listings Requirements for the purpose of giving information to the public regarding SA Retail and to convene a general meeting of SA Retail linked unitholders to consider and, if deemed fit, to pass the resolutions required to implement the acquisition which is a category 1 transaction in terms of the Listings Requirements. As the successful implementation of the acquisition would result in SA Retail issuing additional linked units amounting to in excess of 30% of its current linked unit capital in issue, this document also contains the additional information required by the Listings Requirements for revised listing particulars.

1. INTRODUCTION

In announcements released on SENS on 11 July 2006, 17 November 2006 and 20 December 2006, respectively, SA Retail announced that it had entered into agreements with Sharemax acting as the administrator for the vendors, in terms of which SA Retail would acquire 14 properties from the vendors. Inter-conditional agreements were concluded with the Vendors on 2 June 2006 and subsequently amended on 4 October 2006 and 1 December 2006. Following the completion of SA Retail's due diligence on the properties SA Retail will proceed with the acquisition of 10 properties ("the Sharemax Portfolio") for an aggregate purchase consideration of R1 025 545 294, subject to the conditions precedent in paragraph 2.2 below. (Following the due diligence, 4 of the properties did not fit SA Retail's investment profile and were excluded from the transaction)

The purpose of this document, which includes all the relevant information relating to the acquisition and the implementation thereof in accordance with the Listings Requirements, is to inform SA Retail linked unitholders of the implications of the acquisition and to enable them to make an informed decision as to how they should vote at the SA Retail general meeting to be held at the registered office of the Company on Thursday, 5 April 2007 for the purpose of considering and, if deemed fit approving, with or without modification, the ordinary resolutions necessary to implement the acquisition. This circular also contains the information required by the Listings Requirements in respect of revised listing particulars.

2. THE ACQUISITION

2.1 Terms of the acquisition

In terms of the agreements, SA Retail will acquire the Sharemax Portfolio, as a going concern, for an aggregate consideration of R1 025 545 294. The purchase consideration will be settled by way of the issue of 93 231 390 new SA Retail linked units at an issue price of 1 100 cents per linked unit, in terms of a vendor placement.

SA Retail will acquire freehold title over the Sharemax Portfolio. he purchase consideration is payable by SA Retail to the vendors on the transfer dates of each of the properties in the Sharemax Portfolio, which is expected to be in April 2007. In terms of the agreements, the risk and reward of ownership of the Sharemax Portfolio will transfer to SA Retail with effect from 1 March 2007.

On the assumption that SA Retail linked unitholders' approval for the acquisition is obtained and the other condition precedent (refer to paragraph 2.2) is fulfilled, it is anticipated that SA Retail will take beneficial ownership of the Sharemax Portfolio on transfer of the properties during April 2007.

The vendors have agreed to pay SA Retail an amount of R1 900 000, excluding value added tax, as a rental guarantee in the first financial year after acquiring the Sharemax Portfolio.

Of the total broker commission, SA Retail will pay 0,45% of the total consideration for the Sharemax Portfolio, amounting to R4 614 954, exclusive of value added tax, to an independent broker on the transfer date.

The Sharemax Portfolio has been valued at R1 037 900 000 by CBRE, an independent valuer. A copy of their report is attached to this circular as Annexure 2. CBRE has given their consent for the inclusion of their report in this circular, and has not withdrawn their consent at the date of this circular.

The valuer has qualified the valuation of the Comaro Crossing Community Shopping Centre. The valuation of the property which forms part of the Sharemax Portfolio has been qualified to the extent that inquiries made with the Johannesburg Metro Town Planning Division have indicated that the improvements affected to the property are subject to a demolition order as there is no record of plans having been submitted and approved by the council. Accordingly, SA Retail and the vendor have signed an addendum to the original agreement in terms of which the vendor warrants to SA Retail that it shall be liable for all costs incurred in achieving the necessary compliance with the council's requirements.

2.2 Conditions precedent

The implementation of the acquisition is conditional upon:

- the approval of the acquisition by the requisite majority of SA Retail linked unitholders at the general meeting; and
- the placement of the consideration units on behalf of the vendors, which placement is conditional upon:
  - SA Corporate Real Estate Fund unitholders voting in favour of the acquisition of the entire issued linked unit capital in SA Retail. Letters of support have been received from SA Corporate Real Estate Fund unitholders representing 55% of the units in issue indicating that they will vote in favour thereof; and
  - the acceptance by at least 90% of the SA Retail linked unitholders of the offer by SA Corporate Real Estate fund to acquire the entire issued linked unit capital of SA Retail.

The required approval of the shareholders of each of the other vendors has been obtained.

Should any of the conditions not be waived or fulfilled by the dates set out in the agreements, SA Retail and the vendors may, in writing, agree to extend the dates, which extension will be announced on SENS and published in the press, failing which, the transaction will be of no further force or effect.

2.3 Details of the vendors

The vendors of the properties that comprise the Sharemax Portfolio and that are managed by Sharemax are listed in Annexure 1. The registered address in respect of all of the respective vendors is Sharemax House, 105 Club Avenue, Waterkloof Heights, Pretoria.

2.4 Warranties and claims

The vendors have provided SA Retail with warranties normal for a transaction of this nature.

2.5 Competition

The acquisition agreements do not preclude the vendors from carrying on business in competition with SA Retail or impose any other restrictions on SA Retail and no restraint of trade has been entered into between SA Retail and either Sharemax or the vendors.

2.6 Linked unitholder support

Linked unitholders holding 52% of the linked units in SA Retail have given undertakings to vote in favour of the acquisition at the general meeting.

3. THE SHAREMAX PORTFOLIO

(For details of the SA Retail Portfolio, assuming the acquisition had already been implemented, refer to Annexure 4*)*

3.1 Rationale and Future Prospects

SA Retail seeks to invest in a focused portfolio of retail properties, which cater for the needs of stable communities, are anchored by established retailers and which offer sustainable rental growth and steady capital appreciation. In addition to neighbourhood centres, SA Retail will invest in flagship regional centres. here is no government protection or investment encouragement law affecting the business of SA Retail.

The acquisition of the Sharemax Portfolio is consistent with the investment philosophy of SA Retail – convenience and neighbourhood shopping centres that are anchored by South Africa's leading national tenants and located in stable communities. The acquisition of the Sharemax Portfolio is motivated by the following key factors:

- The properties are mostly located in South Africa's three major metropolitan areas. Their locations are all favourable, in thriving, sustainable and growing residential communities.
- The retail properties are typically convenience and neighbourhood shopping centres and large value centres servicing very strong primary catchment areas.
- The Sharemax Portfolio has a very strong national tenant composition.
- The acquisition of the Sharemax Portfolio will favourably enhance the overall geographic spread of the existing SA Retail portfolio.
- Rentals across the portfolio are considered to be at or below market related rental levels. The current average rental in the Sharemax Portfolio of R63/m^2 compares to the SA Retail standing portfolio of R73/m^2. This is an important consideration for future rentals and rental growth prospects are considered favourable.
- The Sharemax Portfolio presents various value extraction opportunities through the pro-active management of the underlying properties.

The acquisition will continue to improve the overall quality of SA Retail's property portfolio whilst diversifying the overall risk within the portfolio.

There has been no change in the trading objects of SA Retail during the previous five years.

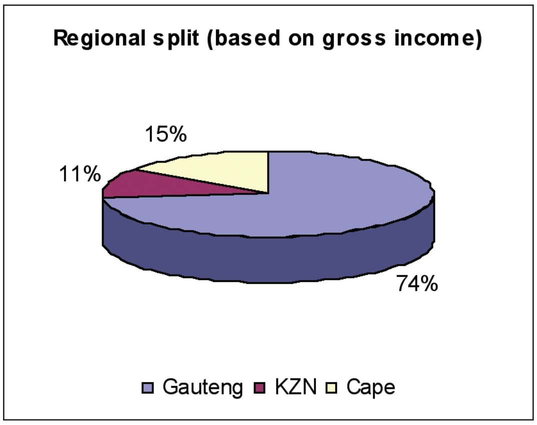
3.2 The Portfolio

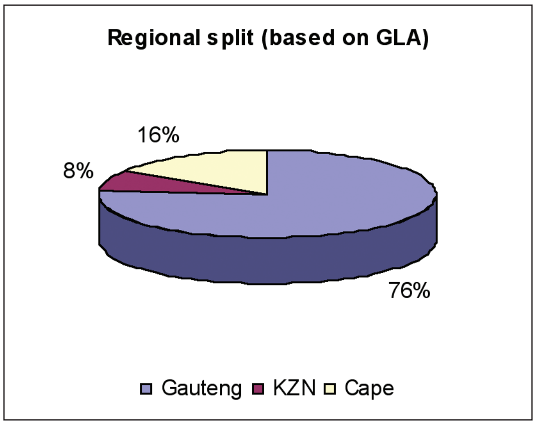
3.2.1 Overview

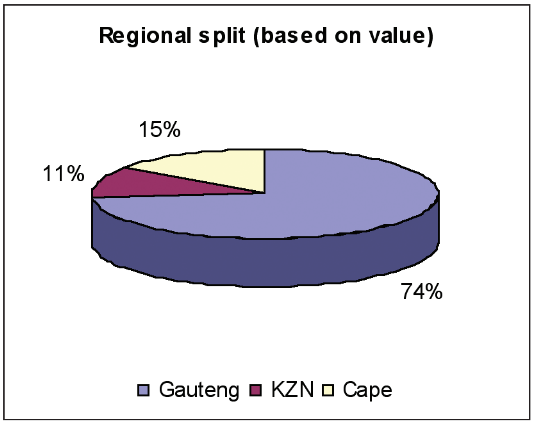
The Sharemax Portfolio consists of 9 retail properties and 1 office property with a total GLA of approximately 118 007m^2.

3.2.2 Geographic spread

The majority of the Sharemax Portfolio is situated in Gauteng with the balance situated in KwaZulu-Natal and the Cape.





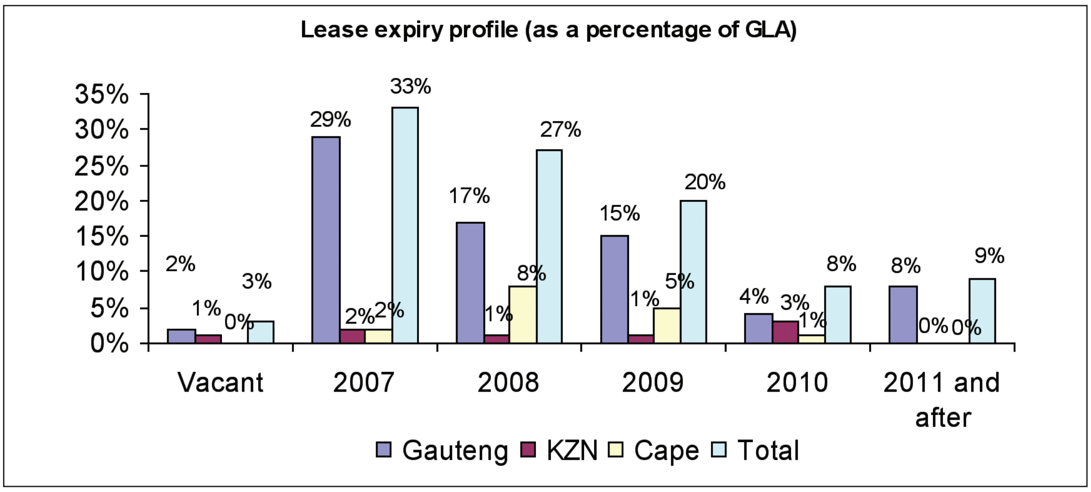


3.2.3 Sectoral spread

98% of the Sharemax Portfolio by both GLA and gross income is comprised of retail properties and the remaining 2% is a commercial property.

3.2.4 Lease expiry

The lease expiry profile for the Sharemax Portfolio, as a percentage of GLA and by region, is given below:



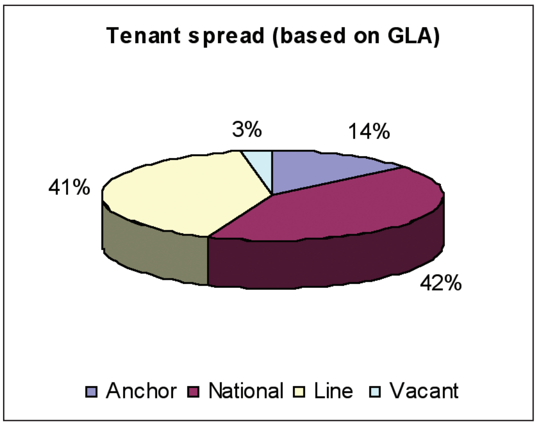
The lease expiry profile is well positioned to take advantage of improved market rentals.

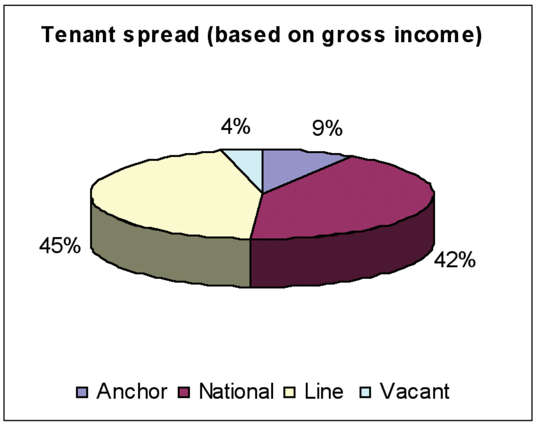
3.2.5 Vacancy profile

Total current vacancies in the Sharemax Portfolio amount to 3 827m^2 or 3,2% of the total available GLA.

3.2.6 Tenant spread

An analysis of tenants by type is given below:





Largest 10 national tenants	GLA %
Shoprite	6,0
Pick 'n Pay	5,9
Famous Brands	4,8
Edcon	4,2
Spar	3,2
Mr Price Group	2,1
Clicks	1,4
Pepkor	1,0
Foschini Group	0,5
Truworths	0,3
	29,4

3.2.7 Rental and rental escalations

The weighted average rental per square metre of the Sharemax Portfolio for the one month period ending 31 March 2007 is R63/m^2 and for the month ending 31 March 2008 is R75/m^2. These are considered at or below market rental levels, considering the profile and quality of the properties. This compares to the R71/m^2 and the R79/m^2 respectively for the combined SA Retail and Sharemax Portfolio which clearly demonstrates the rental growth upside potential for the Sharemax Portfolio.

The average escalations for the Sharemax Portfolio for the period ending 31 March 2008 are estimated at 8%.

3.2.8 Average yield

The average annualised property yield for the Sharemax Portfolio is 8,8%.

The one year forward yield for the Sharemax Portfolio, after portfolio expenses, for the year to 31 March 2008, based on the purchase consideration, is approximately 8,6%.

Unaudited profit forecast of the Sharemax Portfolio

The unaudited profit forecast for the Sharemax Portfolio has been prepared for illustrative purposes only to provide information about the projected net income of the Sharemax

Portfolio for the month ending 31 March 2007 and the year ending 31 March 2008. The unaudited profit forecast is the responsibility of the directors of the Company.

	Forecast Month ending 31 March 2007 R'000	Forecast Year ending 31 March 2008 R'000
Revenue	9 833	135 548
Contractual and non-contractual lease revenue	8 688	112 090
Straight line adjustment on lease	1 145	23 458
Property expenses	(1 646)	(21 520)
Operating expenses	(1 426)	(18 681)
Property management fee	(220)	(2 839)
Net rental income from properties	8 187	114 028
Interest earned	58	1 356
Asset management fee	(299)	(3 589)
Audit fee	(135)	(143)
Amortisation of debenture premium	2 014	24 205
Net profit before fair value adjustments	9 825	135 857
Write up on revaluation of investment properties – adjusted for rental straight lining adjustment	(1 145)	(23 458)
Net profit before debenture interest and taxation	8 680	112 399
Debenture interest (distribution)	(6 665)	(88 194)
Net profit before taxation	2 015	24 205
Taxation charge		
Net profit attributable to linked unitholders	2 015	24 205
Number of new SA Retail linked units to be issued	7 769 283	93 231 390
Distribution to each new SA Retail linked unit (cents)	85.79	94.60
Yield calculated on a purchase consideration of R1 025 545 294 (%)	7,8	8,6

Notes:

1. Contracted revenue is based on existing lease agreements and rental guarantees provided by the seller.
2. Leases that expired prior to the periods have been forecast to remain let by the current tenant at the current rates for a period of six months, unless the existing tenant has indicated that it intends to vacate the premises. Following the six months period, it has been assumed that the space will be re-let within one month at comparable rates. Leases expiring during the period have been forecast to be re-let within one month at market rates.
   - Where leases relating to anchor and national tenants expire during the periods it has generally been assumed that the existing tenants will renew the lease agreement unless the existing tenant has indicated that it intends to vacate the premises.
   - Where leases relating to line shop tenants expire during the periods it has generally been assumed that the premises will be re-let within one month at rates that are comparable to those received in respect of similar premises that are currently let to similar tenants.
3. Current vacant space will remain unlet for approximately one month and thereafter be let at rates that are comparable to those received in respect of similar premises that are currently let with similar types of tenants i.e. anchor, national or line shops.
4. Recoveries revenue is based on historical recoveries and forecast recoverable operating expenses. An 7% escalation has been assumed.
5. No unforeseen economic factors that will affect the lessees' ability to meet their commitments in terms of the existing lease agreements have been included.
6. Operating expenditure has been determined based on discussions with the property managers, historical costs and the forecast costs per the valuer's reports. Operating expenditure has been escalated at 7%.
7. The effective date of the acquisition is 1 March 2007.
8. The 93 231 390 new SA Retail linked units required to be placed in terms of the vendor placement will be taken up in full at R11,00 each.
9. No fair value adjustments to the properties being acquired have been made during the period under review.
10. No future properties will be acquired and no properties will be disposed of.
11. Net profit after interest will be distributed to linked unit holders in full in terms of the debenture trust deed.
12. Interest received on positive cash balances has been calculated at 10.25%.

The above assumptions are material to the forecast and the actual profit of the Sharemax Portfolio will depend on them. Unforeseen events and circumstances may also occur subsequent to the date of this circular and the actual results achieved during the month ending 31 March 2007 and the year ending 31 March 2008 may therefore differ materially from the forecast.

The independent reporting accountants' report on the unaudited profit forecast for the month ending 31 March 2007 and the year ending 31 March 2008 is set out in Annexure 3.

3.3 Litigation

The Sharemax Portfolio is not subject to any legal or arbitration proceedings (including any such proceedings that are pending or threatened), involving the group which may have, or have had, a material effect on the group's financial position during the last 12 months preceding the date of this circular.

4. HISTORY AND FUTURE PROSPECTS OF SA RETAIL

4.1 History

SA Retail listed on the JSE in November 2001 as a property loan stock company, with its primary objectives being to acquire a growing income stream from retail convenience centres and to maximise and secure long-term earnings and capital growth. Over the past five years the company has increased its property portfolio from R 780 million and a market capitalisation of R763 million, to a property portfolio of approximately R2 500 million and a market capitalisation of R2 600 million through the acquisition of quality, yield enhancing retail properties.

4.2 Future prospects

The acquisition of the Sharemax Portfolio will increase the property portfolio of SA Retail to R3 000 million and the market capitalisation to an estimated R3 400 million. The acquisition is expected to be yield enhancing for the company.

On 16 January 2007 it was announced that SA Corporate Real Estate Fund ("SA Corp")(formerly Martprop Property Fund) had delivered a letter confirming its firm intention to make an offer to the board of directors of SA Retail in terms of which SA Corp proposed acquiring the entire issued linked unit capital of SA Retail ("the offer"). In terms of the offer, SA Retail linked unit holders will receive 3,05 new SA Corp units for every 1 SA Retail linked unit. The offer will be implemented in terms of section 440 of the Act and should it be successful, SA Retail linked unit holders accepting SA Corp units would participate in SA Corp distributions in respect of the financial year commencing 1 January 2007. The offer will be subject to various suspensive conditions. Linked unitholders are referred to the offer circular to be issued by SA Corp and the response circular to be issued by SA Retail for more detail on the offer.

5. *PRO FORMA* FINANCIAL INFORMATION

5.1 *Pro forma* balance sheet

Based on the published unaudited results of SA Retail for the six months ended 30 September 2006, the unaudited *pro forma* balance sheet of SA Retail is set out below. This unaudited *pro forma* balance sheet has been prepared for illustrative purposes only, and because of its nature, may not fairly present the group's financial position after the acquisition. It has been assumed for purposes of the unaudited *pro forma* balance sheet that the acquisition took place with effect from 30 September 2006. The directors of SA Retail are responsible for the preparation of the unaudited *pro forma* balance sheet..

Assumptions:

1. the transfer of all of the properties in the Sharemax Portfolio has taken place;
2. the linked unit consideration relating to the acquisition has been issued in full; and
3. the estimated transaction costs have been settled in full.

	Before[1] R'000 Unaudited	Adjustments R'000	After the acquisition R'000 *Pro forma*
ASSETS			
Non-current assets			
Investment properties	1 973 635	1 040 618	3 014 253
At valuation	2 032 860	1 040 618[2]	3 073 478
Prepaid letting commission	4 768		4 768
Rental straight line adjustment	(63 993)		(63 993)
Rental receivable – straight line adjustment	57 853		57 853
	2 031 488	1 040 618	3 072 106
Current assets			
Net receivable	30 792		30 792
Trade and other receivable	24 652		24 652
Rental receivable – straight line adjustment	6 140		6 140
Cash resources and short-term investments	9 678		9 678
Properties classified as held for sale	172 021		172 021
	212 491		212 491
Total assets	2 243 979	1 040 618	3 284 597
Equity and liabilities			
Share capital and premium	33 238	1	33 239
Non-distributable reserves	540 806		540 806
Distributable reserves	(9 918)		(9 918)
	564 126	1	564 127
Non-current liabilities			
Debentures	1 219 407	1 020 161[3]	2 239 568
Fair value of Put obligation	18 656		18 656
Interest bearing borrowings	138 508	20 456[4]	159 964
Deferred taxation	207 762		207 762
	1 584 333	1 040 618	2 624 950
Current liabilities			
Trade payables	8 260		8 260
Other payables	–		–
South African Revenue Service	3		3
Linked unitholders for distribution	87 257		87 257
	95 520	–	95 520
Total equity and liabilities	2 243 979	1 040 618	3 284 597
Linked units in issue ('000)	232 993	93 231	326 224
Net tangible asset value per linked unit (cents) (including distribution yet to be paid)	803		886
Net asset value per linked unit (cents) (including distribution yet to be paid)	803		886

Notes:

1. As extracted from the unaudited balance sheet of SA Retail at 30 September 2006.
2. To take into account the acquisition of the Sharemax Portfolio, at cost being R1 025 545 294 and the directly attributable costs of the acquisition of R15 072 280.

3. To take into account the issue of 93 231 390 linked units at 1 100 cents each (comprising shares with a par value of 0.001 cents each, debentures with a value of 499 cents and a debenture premium of 600 cents each) in settlement of the purchase consideration less expenses directly attributable to the issue of the debentures of R5 383 726 which have been capitalised to the debentures.
4. To take into account the drawing down on interest bearing borrowings available to SA Retail to fund the estimated transaction costs.
5. No adjustments have been made for any transactions, other than the proposed acquisition, which may have taken place subsequent to 30 September 2006.

The independent reporting accountants' limited assurance report on the unaudited *pro forma* balance sheet is set out in Annexure 6.

6. DIRECTORS AND DIRECTORS' INTERESTS

The directors of SA Retail have no interest in the acquisition. Information regarding the directors and their interests in SA Retail is set out in Annexure 8.

7. CONSIDERATION UNITS AND JSE LISTING

The consideration units to be issued to the vendors pursuant to the conclusion of the acquisition will be allotted and issued at a price of 1 100 cents per linked unit, ex-distribution. The vendors will only qualify for the *pro rata* SA Retail distribution for the period between each of the respective transfer dates to the end of that particular distribution period in respect of the consideration units issued. Any distribution paid by SA Retail on the consideration units that relates to a period prior to the transfer dates will be refunded by the vendors to SA Retail.

Subject to the approval of the proposed acquisition by SA Retail linked unitholders at the general meeting, application will be made to the JSE to grant a listing of the consideration units in the "Real Estate – Real Estate Holding & Development" sector of the JSE list within seven days following the date of transfer and registration of the respective properties forming the Sharemax Portfolio into the name of SA Retail.

The issue of the consideration units will not result in a change of control.

8. MAJOR LINKED UNITHOLDERS

To the best of knowledge of the directors of SA Retail, SA Retail linked unitholders who, directly or indirectly, held or will hold a beneficial interest in 5% or more of SA Retail's linked units in issue, both before and subsequent to the implementation of the acquisition, are set out below:

	Before the acquisition		After the acquisition	
Linked unitholder	Number	(%)	Number	(%)
Hyprop Investments Limited/Public Investment Corporation Limited	108 097 051	46,15	108 097 051	33,01
Whirlprops 33 (Pty) Limited	64 388 474	27,49	64 388 474	19,66
Marriott Asset Management Limited as nominee for various companies	30 148 128	12,88	35 282 384	10,78
Old Mutual Asset Management Limited as nominee for various companies	14 549 081	6,21	43 887 514	13,40
Sanlam Investment Management Limited	1 648 942	0,70	18 832 973	5,75
	217 182 734	92,43	270 488 396	82,60

Hyprop made an offer to acquire all the linked units in SA Retail on 30 March 2005. When the offer closed on 9 September 2005, Hyprop acquired a total of 100 326 759 linked units in SA Retail, comprising 44,42% of the issued unit capital at that time. Since then, Hyprop increased its interest in SA Retail through acquisitions on the JSE. On 16 January 2007, Hyprop announced that it had disposed of its entire linked unit holding in SA Retail comprised of 108 097 051 linked units to the Public Investment Corporation Limited. Hyprop has committed to vote in favour of the offer by SA Corporate Real Estate Fund to acquire the entire issued linked unit capital in SA Retail ("the offer"). Beneficial ownership of Hyprop's unit holding in SA Retail will not transfer to the PIC until such time as the offer has been accepted by SA Retail linked unitholders.

9. EXPENSES

The expenses relating to the acquisition are estimated at R15,8 million (excluding VAT) as set out below:

Description	Payable To	R
Attorneys (Competition Commission submission)	Webber Wentzel Bowens Inc.	150 000
Bank guarantee fees	Nedbank Limited	1 400 000
Capital raising fee	Marriott Property Services (Pty) Limited and various independent stockbrokers	5 127 726
Conveyancing and bond registration costs	Weavind & Weavind Inc.	1 329 600
Competition Commission	Competition Commission	75 000
Independent reporting accountants' fees	KPMG Inc.	545 000
Independent valuation and due diligence fees	CB Richard Ellis (Pty) Limited	530 000
JSE documentation fees	JSE Limited	35 000
JSE linked unit listing fees	JSE Limited	221 000
Advisory, transaction and procurement fee*	Marriott Property Services (Pty) Limited	5 127 726
Merchant bank	Grindrod Bank Limited	950 000
Sponsor	Exchange Sponsors (Pty) Limited	50 000
Printing, publication, distribution and advertising expenses	Various	300 000
Total		15 841 053

* Related party

10. SUBSIDIARIES

SA Retail does not have any subsidiaries.

11. ADEQUACY OF CAPITAL]

The directors of SA Retail are of the opinion that after the implementation of the acquisition, the issued linked unit capital and working capital of the group will be adequate for its current and foreseeable future requirements (and at least for the 12 months following the date of this circular).

12. MATERIAL CONTRACTS

There are no material contracts, which have been entered into by SA Retail during the three years preceding the date of this circular or entered into at any time and containing an obligation or settlement that is material to SA Retail at the date of this circular other than in the ordinary course of business conducted by SA Retail.

13. LITIGATION STATEMENT

The directors of SA Retail are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), involving the group which may have, or have had, a material effect on the group's financial position during the last 12 months preceding the date of this circular.

14. OTHER INFORMATION PERTAINING TO SA RETAIL

A statement as to SA Retail's compliance with The Second King Report on Corporate Governance is set out in Annexure 9.

Extracts from SA Retail's memorandum and articles of association are set out in Annexure 11.

Extracts from the SA Retail Debenture Trust Deed are set out in Annexure 12.

The trading history of SA Retail linked units is set out in Annexure 14.

Details of material acquisitions and issues of linked units during the past three years are set out in Annexure 13.

15. ADMINISTRATION AND MANAGEMENT

Marriott Property Services (Proprietary) Limited, a wholly owned subsidiary of Old Mutual Property Group (Proprietary) Limited, undertakes the asset management functions together with the property management of the properties, in terms of an agreement that expires on 30 September 2010. The annual asset management fee payable by SA Retail to Marriott Property Services (Proprietary) Limited in terms of the management agreement is 0,35% per annum of the market capitalisation of SA Retail plus its borrowings. The property management fee is based on rates varying between 1,5% and 3,5% of collections, depending on the nature and size of each property. For further information refer to Annexure 8.

16. MATERIAL CHANGES

Save as resulting from the acquisition there has been no material change in the financial or trading position of SA Retail between 31 March 2006 and the last practicable date. There has been no change in the controlling shareholders of SA Retail and trading objects of SA Retail during the five-year period prior to the last practicable date.

17. CONSENTS

Each of Grindrod Bank Limited, Exchange Sponsors (Proprietary) Limited, KPMG Inc. CB Richard Ellis (Proprietary) Limited and Cox Yeats have provided their written consents to act in the capacity stated and to their names being used in this circular and have not withdrawn their consents prior to the publication of this circular.

18. DIRECTORS' OPINION AND RECOMMENDATION

The directors are of the opinion that the acquisition will be beneficial to SA Retail and its linked unitholders and recommend that linked unitholders vote in favour of the resolutions necessary to implement the acquisition. The directors who hold SA Retail linked units intend voting their linked units in favour of all resolutions to be proposed at the general meeting.

19. EXCHANGE CONTROL GUIDELINES

A copy of the circular was submitted to the Exchange Control Department of the South African Reserve Bank who have permitted the listing of the consideration units provided that:

- a former resident of the common monetary area who has emigrated, may use emigrant blocked funds to subscribe for linked units in terms of this circular;
- all payments in respect of subscriptions for linked units by an emigrant, using emigrant blocked funds, must be made through the Authorised Dealer in foreign exchange controlling the blocked assets;
- linked units issued pursuant to the use of emigrants blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios;
- linked units subsequently re-materialised and issued in certification form, will be endorsed "Non-Resident" and will be sent to the Authorised Dealer in foreign exchange through whom the payment was made; and
- if applicable, refund monies payable in respect of unsuccessful applications, as the case may be, for linked units in terms of this circular, emanating from emigrant blocked accounts, will be returned to the Authorised Dealer in foreign exchange through whom the payments were made, for credit to such applicant's blocked accounts.

Applicants resident outside the common monetary area should note that, where shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed "Non-Resident" in terms of the Exchange Control Regulations.

20. SHARE CAPITAL AND DEBENTURES

The table below sets out the authorised and issued ordinary share capital and debentures of SA Retail, before and after the implementation of the acquisition:

	R'000
Before the acquisition	
Authorised share capital	
500 000 000 ordinary shares of 0,001 cents each	5
Issued share capital	
234 204 993 ordinary shares of 0,001 cents each	2
Share premium	
Premium net of issue expenses written off	
	33 236
Total issued share capital	33 238
Debentures	
234 204 993 unsecured variable rate debentures of 499,999 cents each, net of amortised debenture issue expenses	1 121 407
After the acquisition	
Authorised share capital	
500 000 000 ordinary shares of 0,001 cents each	5
Issued share capital	
327 436 383 ordinary shares of 0,001 cents each	3
Share premium	
Premium net of issue expenses written off	
	33 236
Total issued share capital	33 239
Debentures	
327 436 383 unsecured variable rate debentures of 499,999 cents each net of amortised debenture issue expenses	2 146 951

The authorised and unissued shares of the Company are not under the control of the directors of the Company and the directors will seek the approval of linked unitholders to place the linked units under the directors control at the general meeting to be held on Thursday, 5 April 2007, subject to the provisions of sections 221 and 222 of the Companies Act and the Listings Requirements.

The debentures were created in terms of the debenture trust deed and were issued to the vendors in terms of the agreements. The salient terms of the debentures are set out in Annexure 12.

All of the shares in each of the authorised and issued share capital are of the same class and rank *pari passu* in every respect.

The rights attaching to any class or classes of shares may, subject to JSE approval, be varied by special resolution of the shareholders together with the prior written consent of the holders of at least three-fourths of the shares in question or the approval of a resolution passed in the same manner as a special resolution at a separate class meeting of the holders of the shares in question.

On liquidation or winding-up of the Company, all shareholders will share *pro rata* in the net proceeds after all claims have been satisfied.

The articles of association of the Company stipulate that, subject to any right or restriction attaching to any class or classes of shares, on a show of hands a member of the Company present in person or by proxy shall have only one vote irrespective of the number of shares he holds or represents, provided that a proxy shall irrespective of the number of members he represents have only one vote per member. On a poll every member who is present in person or represented by proxy shall have one vote for each share of which he is the holder.

No commission or consideration, including underwriting commission, has been paid by the Company during the three years preceding the date of this circular, nor is it intended to pay a commission or a consideration to any person subscribing for or agreeing to subscribe or procuring or agreeing to procure the subscription for any shares.

There have, during the past three years, been no alterations to the Company's share capital.

Details of issues of linked units during the past three years are set out in Annexure 13. During the preceding three years there have been no linked unit repurchases, sub-divisions or consolidations. SA Retail does not have any other classes of listed securities.

The SA Retail linked units to be issued as consideration for the acquisition will be listed following the transfer of the Sharemax Portfolio properties to SA Retail, which is expected to be during April 2007.

21. BORROWINGS

SA Retail has not issued any loan stock or other form of loan capital and does not have any off-balance sheet finance commitments, save as disclosed in this document.

In terms of the SA Retail debenture trust deed, 234 204 993 debentures have been issued up to the last practicable date. Each SA Retail linked unit comprises one SA Retail share of 0,0001 cents linked to one SA Retail debenture with a nominal value of 499,999 cents per debenture. Pursuant to the acquisition a further 93 231 390 SA Retail debentures will be issued.

The rights of debenture holders to repayment of capital are subordinated to the claims of all other unsecured creditors. The interest entitlement of each debenture linked to each ordinary share cannot be less than 90% of net earnings of the Company before debenture interest, amortisation, taxes and before any revaluations that are transferred to any non-distributable reserve. Debenture interest is payable semi-annually.

The debentures are redeemable after 25 years from the date of the original allotment (November 2001) at the instance of the debenture holders, commencing from November 2026.

Full details of the terms and conditions of the SA Retail debentures are set out in the SA Retail debenture trust deed, which is available for inspection at the registered office of SA Retail as set out in paragraph 31 of the circular. The salient features of the SA Retail debenture trust deed are set out in Annexure 12.

No debentures have been issued by SA Retail by way of conversion or replacement of debentures previously issued.

For details of borrowings, the lenders and the relevant security over borrowings as at 31 March 2006, refer to the historical financial information on SA Retail as set out in Annexure 10. SA Retail does not have any borrowings that are repayable within the next 12 months.

21.1 Borrowing powers

An extract from the articles of association of SA Retail, detailing the Company's borrowing powers, is set out in Annexure 11. The borrowing powers of the Company have not been exceeded during the three years preceding the date of this circular.

21.2 Material loans

SA Retail has not received or granted any material loans, including any loans made or security furnished for the benefit of any director, manager or associate.

21.3 Material commitments, lease payments and contingent liabilities

Other than as disclosed in the financial statements or elsewhere in the circular, the group does not have any material commitments (including lease commitments) or contingent liabilities.

22. DIVIDENDS

In terms of the Company's articles of association, any dividend which is unclaimed for a period of three years after the payment date of the dividend in question, shall be forfeited for the benefit of the Company. There are no fixed dates on which entitlement to dividends arise. There is no arrangement under which future dividends will be waived or have been waived.

23. LOANS RECEIVABLE

SA Retail has not made any material loans nor has it made any loan or furnished security to or for the benefit of any director or manager or an associate of a director or manager.

24. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SECURITIES

No options or preferential right of any kind was or is proposed to be given to any person to subscribe for securities in SA Retail.

25. DIRECTORS, MANAGERS AND ADVISORS

Information relating to the directors and managers of SA Retail is contained in Annexure 8.

26. AMOUNTS PAID OR PAYABLE TO PROMOTER AND COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING

26.1 No amounts have been paid or accrued as payable within the preceding three years or proposed to be paid to any promoter.

26.2 No amounts have been paid or accrued as payable within the preceding three years or proposed to be paid as commission to any underwriter.

27. KING CODE

SA Retail's corporate governance report is set out in Annexure 9.

28. GENERAL ACTIVITIES

SA Retail is a property loan stock company listed on the JSE in the "Real Estate – Real Estate Holdings & Development" sector. The Company was incorporated in Pretoria on 23 November 1999 as Whirlprops 8 (Proprietary) Limited and converted to a public company on 28 June 2000. The Company was listed on the JSE on 15 November 2001. SA Retail does not have any subsidiary companies. There have, during the past three years, been no alterations to the Company's authorised share capital.

The Company has freehold title to all immovable property with the exception of the Umlazi Mega City. Umlazi Mega City, in which SA Retail owns a 50% undivided interest, is owned in terms of a 50 year lease. Material acquisitions of properties during the past three years are detailed in Annexure 13 There have not been any material disposals of properties during the past three years.

There is no government protection or investment encouragement law affecting the business of SA Retail.

There has been no material change in the business of SA Retail during the past five years.

29. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of SA Retail, whose names appear on page 7 of this circular:

- have considered all statements of fact and opinion in this circular;
- collectively and individually, accept full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- have made all reasonable enquiries in this regard; and
- certify, to the best of their knowledge and belief, that the circular contains all information required by the Listings Requirements.

30. GENERAL MEETING

30.1 Notice of general meeting

A notice convening the general meeting of SA Retail linked unitholders is attached to this circular. The general meeting will be held at Marriott at Kingsmead, Kingsmead Office Park, Durban on Thursday, 5 April 2007 commencing at 09h00.

30.2 Linked unitholder approval

The implementation of the acquisition is subject, *inter alia*, to the approval of linked unit holders by the passing of the necessary resolutions at the general meeting.

30.3 General authority to Issue linked units for cash

The notice convening the general meeting attached to this circular also contains a resolution proposing that the directors be authorised by way of a general authority as they deem fit and as permitted by the JSE Listings Requirements to issue linked units for cash.

30.4 Voting rights

All the authorised and issued SA Retail linked units rank *pari passu* with each other.

As per SA Retails article's of association, every person present or represented by proxy at general meetings shall have one vote on a show of hands, and on a poll, one vote for every SA Retail linked unit held.

31. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of SA Retail during business hours (Saturdays, Sundays and official public holidays in the RSA excluded) from the date of issue of this document up to and including Thursday, 5 April 2007:

- the acquisition agreements;
- the independent reporting accountants' reports as set out in Annexure 3 and Annexure 7, respectively;
- the independent valuer's reports on the Sharemax Portfolio as summarised in Annexure 2;
- the most recent valuations in respect of the existing SA Retail property portfolio;
- the memorandum and articles of association of SA Retail;
- the debenture trust deed and addendums thereto;
- experts' consent letters as referred to in paragraph 17;
- SA Retail's annual financial statements for the three years ended 31 March 2006;
- material contracts as referred to in paragraph 12; and
- a signed copy of this document.

For and on behalf of the board of

SA Retail Properties Limited
Durban

20 March 2007

Registered office:
Marriott at Kingsmead
Kingsmead Office Park
Durban, 4001

DETAILS OF THE SHAREMAX PORTFOLIO

Property	Vendor	Registration description	Address	Property type	Region	Purchase price (R'000)	Value (R'000)	GLA (m^2)	Average rental (R/m^2)	Major tenants	Vacancy (%)
1. Clubview Corner	Clubview Investments (Proprietary) Limited	Portion 527 of the farm Zwartkop No.356, Registration Division J.R.	527 Harvard Avenue, Clubview, Centurion	Neighbourhood centre	Gauteng	33 811	34 400	5 789	55,10	Spar, KIA Motors	7%
2. Atterbury Décor	C-Max Investments (Proprietary) Limited	Erf 3701 Faerie Glen Extension 15, Registration Division J.R., Gauteng	1 Niewout Street Faerie Glen, Pretoria	Powercentre	Gauteng	68 559	70 500	5 985	97,72	Fruit & Veg City	0%
3. Comaro Crossing	Comaro Crossing Investments (Proprietary) Limited	Remaining Extent of Portion 2 of Erf 8, Oakdene Township Gauteng	Cnr. Oak Street and Boundary Road, Oakdene, Johannesburg	Community centre	Gauteng	181 257	183 700	17 037	86,48	Pick 'n Pay, Hi-Fi Corporation, Fruit & Veg City	5%
4. Davenport Square	Davenport Square Investments (Proprietary) Limited	Sections 1 to 35 inclusive on Sectional Plan No. SS 193/92 in the scheme known as Davenport Square	Bulwer Road, Glenwood, Durban	Neighbourhood centre	Kwa-Zulu Natal	110 818	113 200	9 394	103,18	Shoprite Checkers, C N A, Milady's, Wimpy	10%
5. Midway Mews	Midway Mews Investments (Proprietary) Limited	Remainder Erf 686 Halfway House Extension 2 Township, Registration Division J.R., Gauteng	Cnr. Harry Galaun Street and 7th Street, Halfway Gardens, Midrand	Neighbourhood centre	Gauteng	75 000	75 300	8 244	77,22	Pick 'n Pay, Clicks, Mica Hardware	7%
6. Montana Crossing	Montana Crossing Investments (Proprietary) Limited	Extent and Portion 1 of Erf 1061, Montana Ext. 50 Township, Gauteng	571 Dirk Avenue, Montana, Pretoria	Community centre	Gauteng	197 000	197 200	22 537	69,59	Pick 'n Pay, Timbercity, Hi-Fi Corporation	0%
7. Northpark Mall	Northpark Mall Investments (Proprietary) Limited	1800, Pretoria North Township, Gauteng	526 Rachel de Beer Street, Pretoria North, Pretoria	Community centre	Gauteng	202 278	205 600	30 048	62,60	Edgars, Nu Metro, Ackermans	3%

Property	Vendor	Registration description	Address	Property type	Region	Purchase price (R'000)	Value (R'000)	GLA (m^2)	Average rental (R/m^2)	Major tenants	Vacancy (%)
8. St George's Square	St George's Square Investments (Proprietary) Limited	Erf 1951 George at George situated in the municipality and division of George, Western Cape Province	Cnr. Knysna Road and Third Street, George	Community centre	Western Cape	89 623	91 100	11 256	66,19	Shoprite Checkers, Ster-Kinekor	2%
9. Omniplace	Tiger Valley Omniplace Investments (Proprietary) Limited	Erf 31291 Bellville at Bellville situated in the City of Cape Town, Cape Division, Western Cape Province	Bella Rosa Street, Tiger Valley	Offices	Western Cape	23 600	22 700	2 713	65,15	Eskom, Pragma Trust	0%
10. Van Riebeeckshof	Van Riebeeckshof Investments (Proprietary) Limited	Erf 37821 Bellville at Bellville situated in the City of Cape Town, Cape Division, Western Cape Province	Cnr. Van Riebeeckshof and Koelenhof Roads, Bellville, Cape Town	Neighbourhood centre	Western Cape	43 600	44 200	5 094	72,98	Spar	3%
						1 025 546	1 037 900	118 007			

INDEPENDENT VALUER'S REPORT ON THE SHAREMAX PORTFOLIO

"18 February 2007
The Directors
SA Retail Properties Limited
Marriott at Kingsmead
Kingsmead Office Park
Durban
4001

Dear Sir

SUMMARY VALUATION REPORT RELATING TO THE PORTFOLIO OF PROPERTIES TO BE ACQUIRED BY SA RETAIL PROPERTIES LIMITED FROM SHAREMAX INVESTMENTS (PROPRIETARY) LIMITED ("Sharemax")

1. INSTRUCTION

We have been instructed to perform a market valuation of a portfolio of certain of the properties currently owned by Sharemax and which are to be acquired by SA Retail Properties Limited. Detailed descriptions of those properties are set out in the circular to holders of participatory interests in SA Retail Properties Limited.

The inspections of the properties were carried out between 15 and 22 July 2006 and subsequent inspections were carried out between the 14th and 18th of February 2007. Your instruction to us, dated 10 November 2006, is to provide a market valuation of each of the properties as at 30 November 2006.

This summary valuation report has been prepared for inclusion in the pre-listing statement to shareholders of SA Retail Limited as required in terms of the provisions of Section 13: Property Companies, of the Listing Requirements of the JSE Limited. The full valuation reports are available for inspection at the registered office of SA Retail Properties Limited.

The valuation is based on the open market value

Open market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

1.1 a willing seller and a willing buyer acting at arm's length, wherein each party acted knowledgably, prudently and without compulsion;

1.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale;

1.3 that the state of the market, levels of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

The JSE Definition of market value is the amount, as determined by the external valuer, that a property would realise if sold on the date of valuation in the open market by a willing seller to a willing buyer.

2. VALUE CALCULATION

In determining the market value of the various properties, we have adopted the discounted cash flow method of valuation. The net income derived from the properties is discounted at market related rates after consideration of the tenant profile, lease duration and aspects of the properties. The discount rate is linked to the base rate or long bond yield rate, to which a risk premium for property is added in order to reflect a discount rate indicative of the return an investor would require for property.

3. SOURCE AND VERIFICATION OF INFORMATION

The valuation of the properties has been based on information obtained from the local authorities, from a physical inspection of the properties as well as detailed research on property sales and lettings within the areas in which the properties are situated.

Copies of the Title Deeds of the properties have been provided to us by Sharemax and we have taken account of the conditions contained therein in the preparation of our valuations.

Where appropriate, we have satisfied ourselves that the information on which we have based our valuations is accurate.

4. VALUATION ASSUMPTIONS

Provisions have been made for the letting up of space presently vacant within a sensible time frame at the then estimated market rental and for the adjustment of passing rentals, upwards or downwards, in cases where such rentals differ from our estimates of current market rentals for comparable space.

Our estimates are current market rentals are based on our research of the latest available market letting transactions in the areas where the properties are situated. Where such information is either unavailable or of limited application we have relied on our general knowledge of the market and have also, where appropriate, had regard to rental statistics published by recognised organisations.

5. MATERIAL CONTRAVENTION OF STATUTORY REQUIREMENTS

We are not aware of any material contravention of any statutory requirement relating to the properties.

6. INTRA GROUP LEASES

Sharemax Investments (Proprietary) Limited is not listed as a tenant in any of the properties forming part of the portfolio to be acquired. However, we are unable to provide a categorical undertaking that Sharemax has no interest in any other tenant in any of the properties.

7. QUALIFICATIONS

The valuation of Comaro Crossing Community Shopping Centre is qualified to the extent that inquiries made with the Johannesburg Metro Town Planning Division has indicated that the improvements are subject to a demolition order as there is no record of plan having been submitted and approved by the council.

The valuations in respect of the other properties contain no material qualifications which have an adverse effect on the values thereof.

8. BENEFICIAL INTERESTS OF DIRECTORS

No instruction has been received by us from the directors of SA Retail Limited to provide separate valuations of any of the properties for the purpose of quantifying any benefit or detriment arising from contractual arrangements and/or options in respect thereof.

9. OPTIONS FOR PARTY TO PURCHASE

We are not aware of any agreements in terms of which any party (other than SA Retail Limited) has an option to acquire any of the properties or any shareholding or other interest therein.

10. STATUTORY REQUIREMENTS, TOWN PLANNING RESTRICTIONS AND CONDITIONS

To the best of our knowledge there are no material contraventions of any statutory requirements.

The planning requirements vary from property to property. Each property complies with the relevant municipal planning requirements.

Lost income due to time delays has been taken into account by way of provisions for vacancies prior to premises being let.

Where appropriate, ongoing capital expense items relating to refurbishments have been taken into account.

All figures within the valuation report exclude VAT at 14% or transfer duty and agents commission if applicable. If the owner is a registered vendor it may be necessary to add Value Added Tax to our valuation to determine the sale price. If the purchaser of the asset is also a registered vendor, the VAT payment should be treated as an Input Tax and thus balanced against the Output Tax payable in the course of its enterprise.

11. VALUATION

We are of the opinion that the value of the properties to be acquired by SA Retail Limited from Sharemax is an amount in the order of **R1 027 000 000,00 (One Billion and Twenty Seven Million),** plus VAT.

11.1 We have subsequently been asked to update our valuation to the 1 March 2007.

New site inspections were conducted for this exercise. We were also provided with new tenancy schedules dated 5th February 2007 by the managing agents and have updated these on our Cougar system. No new lease audit was performed.

We are of the opinion that the value of the properties as at the 1 March 2007 is an amount in the order of **R1 037 900 000 (One Billion and Thirty Seven Nine Hundred Million Rand)**, plus VAT.

12. CAVEATS TO THE VALUATIONS

12.1 Mortgage bonds, loans, etc.

The property has been valued as if wholly owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

12.2 Contamination

Our valuation assumes that a formal environmental assessment is not required and further that the property is not environmentally impaired or contaminated, unless otherwise stated in our report.

12.3 Calculation of areas

The rental areas quoted within the Valuation Report are as supplied by SA Retail and are assumed to be correct.

12.4 Structural condition

The property has been valued in its existing state. In the event of its ownership or use changing in such a manner that the local authority will require the upgrading of the premises to comply with fire protection and other regulations, it may be necessary to reduce the valuation by the amount covering the cost of such compliance.

We have not carried out structural surveys of the improvements erected on the properties, nor inspected those areas, which were covered, unexposed or inaccessible, neither have we arranged for the testing of electrical, plumbing or other services. The valuation assumes that the services and structures are in a satisfactory state of repair and condition, unless otherwise stated in our report. The valuation further assumes that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations.

We have assumed that no deleterious or hazardous materials or techniques were used in the construction of the building nor have since been incorporated.

12.5 Statutory Notice and Unlawful Use

We have assumed that the properties and their values are unaffected by any statutory notice, and that neither the property nor their conditions, nor their uses, nor their intended uses, is or will be unlawful.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations.

12.7 Partial Holding

The value of the partial holding is expressed as a percentage of the whole property owned. Neither a premium nor a discount has been made for such partial holding.

12.8 Independent Valuers Clause

Neither the Valuer, nor CB Richard Ellis (or any employee), have any present or contemplated interest in these or any other properties or any other interests which would affect the statements or values to be contained in the valuation reports. The valuations have been undertaken on a completely independent basis by a valuer employed by CB Richard Ellis, a company which specialises in the valuation of real estate which does not trade in these assets.

Our summary of the individual valuations is attached.

Yours faithfully,

for CB RICHARD ELLIS (PTY) LTD

Roger Hunting
MRICS Dip T.P. MIV(SA)
Chartered Valuation Surveyor
Registered Professional Valuer”

SUMMARISED VALUATION REPORTS

No.	Name address	Title deed and registration description	Property type	Region	Market value as at 01/12/2006	Net income R	Market value as at 01/03/2007 R	Major tenants	Gross lettable area (m^2)	Vacancy m^2	Date of physical inspection	Zoning	Age
1.	CLUBVIEW CORNER 527 Harvard Avenue	T21766/1999 – Portion 527 of the Farm Zwartkop No. 356, Registration Division J.R	Retail/ Neighbourhood Centre	Gauteng	34 000 000	3 018 851	34 400 000	Kia Motors Centurion	5 789	389	05/07/2006 & 17/02/2007	Commercial	6 years
2.	OMNIPLACE Bella Rosa Street	T79785/2002 – 31291 Bellville at Bellville situated in the City of Cape Town, Cape Division, Western Cape Province	Offices	Western Cape Province	22 400 000	1 843 925	22 700 000	Eskom Holding and Pragma Trust	2 713	–	03/07/2006 & 14/02/2007	Local Shopping Area	6 years
3.	VAN RIEBEECKSHOF Cnr of Van Riebeeckshof, Koelenhof & Delaire Roads	T61840/2003 – Erf 37821 Bellville at Bellville situated in the City of Cape Town, Cape Division, Western Cape Province	Retail/ Neighbourhood Centre	Western Cape Province	43 600 000	3 657 690	44 200 000	Spar	5 094	136	03/07/2006 & 14/02/2007	Local Shopping Area	8 years
4.	ST GEORGES SQUARE Cnr of Knysna Road & Third Street	T78107/2003 – Erf 1951 George at George situated in the municipality and division of George, Western Cape Province	Retail/ Community Centre	Western Cape Province	90 100 000	8 086 762	91 100 000	Shoprite Checkers	11 256	221	29/06/2006 & 16/02/2007	Business	8 years
5.	ATTERBURY DÉCOR 1 Nieuwout Street	T173495/2003 – Erf 3701 Faerie Glen Extension 15, Registration Division J.R., Gauteng	Retail/ Neighbourhood Centre	Gauteng	69 600 000	5 917 381	70 500 000	Fruit & Veg City, Tile Mecca	5 895	–	13/07/2006 & 17/02/2007	Special for Shopping Centre 1	9 years
6.	COMARO CROSSING Cnr Oak Street & Boundary Road	T28287/2004 – Remaining Extent of Portion 2 of Erf 8, Oakdene Township, Gauteng	Retail/ Community Centre	Gauteng	181 300 000	15 255 980	183 700 000	Pick 'n Pay, Hi-Fi Corporation	17 037	800	13/07/2006 & 18/02/2007	Business 1	6 years

No. Name address	Title deed and registration description	Property type	Region	Market value as at 01/12/2006	Net income R	Market value as at 01/03/2007 R	Major tenants	Gross lettable area (m^2)	Vacancy m^2	Date of physical inspection	Zoning	Age
7. MONTANA CROSSING 571 Dirk Avenue	T84146/2004 – Extent and Portion 1 of Erf 1061, Montana Ext. 50 Township, Gauteng	Retail/ Community Centre	Gauteng	196 300 000	13 889 300	197 200 000	Pick 'n Pay, Hi-Fi Corporation, Tile Africa	22 537	–	21/07/2006 & 17/02/2007	Special	6 years
8. DAVENPORT SQUARE Bulwer Road, Glenwood	ST51115/2004 – Sections 1 to 35, inclusive, on Sectional Plan No. SS 193/92 in the scheme known as DAVENPORT SQUARE	Retail/ Neighbourhood Centre & Offices	Kwa-Zulu Natal	111 900 000	9 764 559	113 200 000	Shoprite Checkers	9 394	978	16/08/2006 & 18/02/2007	General Shopping	42 years
9. NORTHPARK MALL 526 Rachel De Beer Street	T159101/2004 – 1800, Pretoria North Township, Gauteng	Retail/ Community/ Regional Centre & Offices	Gauteng	203 100 000	17 033 040	205 600 000	Edgars, Telkom	30 048	879	21/07/2006 & 17/02/2007	Special	9 years
10. MIDWAY MEWS Cnr Harry Galaun & 7th Street	T17622/2005 – Remainder Erf 686 Halfway House Extension 2 Township, Registration Division J.R., Gauteng	Retail/ Neighbourhood Centre	Gauteng	74 700 000	6 634 646	75 300 000	Pick 'n Pay	8 244	596	05/07/2006 & 17/02/2007	Business 1	7 years

Notes:

Value affecting matters: No allowance in cashflow for letting commission and tenant installations, various assumptions on take up of vacant space and relet periods.

Sources of information: Own database and information sourced from brokers as to market rentals and yields.

Tenure: Freehold.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PROFIT FORECAST OF THE SHAREMAX PORTFOLIO

"The Directors
SA Retail Properties Limited Marriott at Kingsmead
Kingsmead Office Park
Kingsmead
Durban, 4001

14 March 2007

Dear Sirs

Independent Reporting Accountants' Assurance Report on the unaudited profit forecasts of a portfolio of properties from various property owning companies administered by Sharemax Investments (Proprietary) Limited

Introduction

SA Retail Properties Limited ("SA Retail") is in the process of acquiring a portfolio of properties from various property owning companies administered by Sharemax Investments (Proprietary) Limited ("Sharemax portfolio") (the "acquisition").

We have examined the profit forecasts and the related assumptions of the Sharemax portfolio for the one month ending 31 March 2007 and the twelve months ending 31 March 2008, amounting to an attributable net profit before distribution to linked unitholders of R8,680 million and R112,559 million, respectively, as set out in paragraph 3.2 to this Circular to be dated on or about 16 March 2007. We have also examined the forecast vacancy profile by gross lettable area ("forecast vacancy profile") set out in paragraph 3.2.5 of the Circular and the forecast lease expiry profile for the periods ended 31 March 2007 and 31 March 2008 ("lease expiry profile'') based on existing lease agreements, as set out in paragraph 3.2.4 of the Circular (collectively "forecast information").

Directors' responsibility

The directors of SA Retail are responsible for the forecast information, including the assumptions set out in paragraph 3.2, on which it is based, and for the financial information from which it has been prepared. This responsibility, arising from compliance with the Listings Requirements of the JSE Limited ("Listings Requirements"), includes:

- determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecasts;
- whether the forecasts have been properly compiled on the basis stated; and
- whether the forecast information is presented on a basis consistent with the accounting policies of SA Retail.

Reporting accountants' responsibility

Our responsibility is to provide a limited assurance report on the forecast information prepared for the purpose of complying with the Listings Requirements and for inclusion in the Circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to the *Examination of Prospective Financial Information*. This standard requires us to obtain sufficient appropriate evidence as to whether:

- management's best-estimate assumptions on which the forecasts are based are not unreasonable and are consistent with the purpose of the information;
- the forecast information is properly prepared on the basis of the assumptions;
- the forecast information is properly presented and all material assumptions are adequately disclosed; and
- the forecast information is prepared and presented on a basis consistent with the accounting policies of SA Retail.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Information and sources of information

In arriving at our conclusion, we have relied upon forecast financial information prepared by the management of SA Retail and other information from various public, financial and industry sources.

The principal sources of information used in arriving at our conclusion are as follows:

- the audited historical financial information of the Sharemax portfolio for the year ended 2006 (due to non-conterminous year ends), where available;
- management prepared forecasts for the one month ending 31 March 2007 and twelve months ending 31 March 2008;
- discussions with the directors of SA Retail regarding the forecasts presented;
- discussions with the directors of SA Retail regarding the prevailing market and economic conditions;
- discussions with the independent property valuer appointed by SA Retail with regard to the forecast expenses;
- the report from the IPD South African Property Investors Digest;
- valuation reports, prepared by the independent valuer appointed by SA Retail, in respect of the properties;
- lease agreements for a sample of the properties held under such leases; and
- the property management agreement between SA Retail and Marriott Property Services (Proprietary) Limited ("Marriott"), the asset management agreement between SA Retail and Marriott, the acquisition agreements and the trust deed.

Procedures

In arriving at our conclusion we have performed the following procedures:

Rental income

- The forecast contracted rental income streams as contained in the profit forecast model, were selected for a sample of properties and agreed to the underlying lease agreements. The total coverage obtained was 70% of the forecast contracted rental income.
- The rental income streams from the above sample were recalculated to ensure accuracy of the information contained in the profit forecast.
- For a sample of properties, forecast recoveries were compared to historical recoveries, industry benchmarks and the recoveries per the valuators reports for reasonableness. All variances greater than 10% were discussed with management and the reasons for the variances were considered. The terms of the leases were considered so as to ensure that the basis of the recoveries was correct.
- Forecast rental income resulting from rental guarantees provided by the seller was agreed to the relevant purchase agreement.
- For a sample of lease agreements, the expiry dates per the profit forecast model were compared to the expiry dates per the original lease agreements.

- The forecast uncontracted rental streams as contained in the profit forecast model were selected for a sample of properties and the following procedures were performed:
  - Expiring leases were analysed by category of tenant, i.e. anchor, national and line shops and the probability of the existing tenants whose leases have expired renewing their leases was discussed with the property manager based on the nature of the tenant.
  - The escalation percentage applied to the forecast revenue steams was compared to industry norms and discussed with the property manager.
  - The historical vacancy factor for SA Retail was compared to the forecast vacancy factor for each of the properties being acquired in terms of the acquisition. Variances were discussed with the property manager.
- Uncontracted rental income comprises 3% of the total forecast revenue for the one month ended 31 March 2007 and 21% of the total forecast revenue for the twelve months ended 31 March 2008.
- The calculation in respect of the straight lining of revenue was reperformed.

Expenses

For a sample of properties, forecast expenses were compared to historical expenses, industry benchmarks and the expenses per the valuer's reports. Explanations were obtained for any significant differences. The total expenses tested amounted to 54.6% of the total forecast expenses for the one month ended 31 March 2007 and 55.5% of the total forecast expenses for the twelve months ended 31 March 2008.

The detailed forecast expenditure was reviewed to ensure that all material expenditure items, as required by paragraph 13.14(f) of the Listings Requirements, were disclosed. The explanations for variances of 15% or more between the historic and forecast expenditure line items were assessed for reasonableness.

Portfolio expenses

The forecast interest receivable, company costs, property management fees and other portfolio expenses were assessed for reasonableness and, where applicable, recalculated. Certain expenses were also compared to industry benchmarks in order to assess their reasonableness.

Application of accounting policies

We ascertained that the accounting policies as set out in Annexure 10 to the Circular, were applied consistently in arriving at the forecast income and agreed to the disclosed accounting policies and International Financial Reporting Standards for the respective accounting periods. Variances and principles were primarily discussed with the directors of SA Retail.

Model review

In order to ensure that the forecast model for the property income and expenses was mathematically accurate we performed a high level review to determine the consistency and mathematical accuracy of the model.

Forecast vacancy profile and forecast lease expiry profiles

We reviewed the individual property worksheets to ascertain that the forecast vacancy profile and the forecast lease expiry profiles included in the forecast model was derived from the correct sources.

For a sample of the properties, we agreed the dates of expiry of the individual leases reflected in the individual property worksheets to the signed lease agreements and found them to be in agreement.

We compared the forecast vacancy profile included in paragraph 3.2.5 of the Circular to the forecast vacancy profile in the forecast model and found them to be in agreement.

We compared the forecast lease expiry profiles included in paragraph 3.2.4 of the Circular to the forecast lease expiry profiles in the forecast model and found them to be in agreement.

Accuracy of the information

We have relied upon and assumed the accuracy and completeness of the information provided to us in writing, or obtained through discussions with the management of SA Retail and the independent valuer. While our work has involved an analysis of the historical financial information and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with International Auditing Standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, in respect of the property forecast and relevant information included in SA Retail's Circular.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast information;
- the forecast information has not been properly compiled on the basis stated; the forecast has not been properly presented and all material assumptions are not adequately disclosed; and
- the forecast information is not presented on a basis consistent with the accounting policies of SA Retail.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. Accordingly no assurance is expressed regarding the achievability of the forecast.

Our report and the conclusion contained herein are provided soley for the benefit of the board of directors of SA Retail and existing and prospective unitholders of SA Retail for the purpose of their consideration of the acquisition. This letter is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

Yours faithfully

KPMG Inc.
Per Mickey Bove
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg"

DETAILS OF THE EXISTING SA RETAIL PROPERTY PORTFOLIO

	Property	Details	Valuation (R'000)	GLA (m²)	Average rental (R/m²)	Date acquired	Acquisition cost (R'000)	Major tenants
1.	East Rand Galleria	Retail Regional Centre Cnr Northrand & Rietfontein Roads Jansenpark Boksburg	400 300	52 875	62,43	12/11/2001	313,500	Pick 'n Pay Dion Toys 'R Us Joshua Doore
2.	Musgrave Centre	(50% co-owned with SA Corporate Real Estate Fund) Retail Regional Centre 103 – 115 Musgrave Road, Musgrave Durban	271 500	39 887	138,20	15/09/2004	190,197	Pick 'n Pay Stuttafords Woolworths Ster Kinekor Mr Price Truworths
3.	Pine Crest Centre, Pinetown	(Formerly known as Sanlam Centre Pinetown) (50% co-owned with Vukilè Property Fund) Retail Regional Centre 17 Kings Road, Pinetown	176 100	40 411	90,92	01/04/2004	95,000	Pick 'n Pay Game Woolworths The Hub
4.	Eikestad Mall	Retail Community Centre 43 Andringa Street Stellenbosch	162 000	28 431	56,26	12/11/2001	85,000	ABSA Bank Clicks Shoprite Checkers Ster Kinekor Truworths Woolworths
5.	Value Centre Springfield	Retail Value Centre Cnr Umgeni & Electron Roads Springfield Durban	172 000	19 894	85,33	12/11/2001	73,000	Hi-Fi Corporation Pro-Shop Sportmans Warehouse Mr Price
6.	Hayfields Mall	Retail Community Centre Cnr Cleland & Blackburrow Road Hayfields Pietermaritzburg	114 000	12 280	96,39	12/11/2001	55,000	ABSA Bank Clicks First National Bank Nedcor Bank Pick 'n Pay Standard Bank
7.	Bluff Shopping Centre	Retail Community Centre 328 Tara Road Bluff Durban	166 700	21 449	74,70	12/11/2001	23,165	Shoprite Checkers Ackermans Edgars
8.	Umlazi Mega City	(50% co-owned with SA Corporate Real Estate Fund) Leasehold Property Retail Community Centre 50 Mangosuthu Highway Umlazi, Durban	110 400	30 820	76,44	01/01/2005	85,351	Spar Woolworths Mr Price Jet Ackermans
9.	Town Square Shopping Centre	Retail Community Centre Hendrik Potgieter Drive Constantia Kloof Westrand	80 300	5 460	128,37	06/10/2004	49,655	Woolworths Clicks

	Property	Details	Valuation (R'000)	GLA (m²)	Average rental (R/m²)	Date acquired	Acquisition cost (R'000)	Major tenants
10.	Coachman's Crossing	Retail Neighbourhood Centre Cnr Peters Place & Karen Street Sandton	72 900	6 370	106,01	12/11/2001	34,250	Pick 'n Pay STA Travel Mugg & Bean
11.	Highland Mews	(50% co-owned with SA Corporate Real Estate Fund) Retail Community Centre Watermeyer Street Witbank	74 850	17 102	81,12	20/02/2002	20,480	Woolworths ABSA Clicks Russels
12.	Queensburgh Shopping Centre	Retail Neighbourhood Centre Cnr of Ridley Park and Main Road Queensburgh Durban	55 700	8 132	82,55	12/11/2001	24,540	Pick 'n Pay ABSA Bank
13.	Cambridge Crossing	Retail Convenience Centre Cnr Witkoppen & Stone Haven Streets Paulshof Sandton	49 800	3 650	134,38	12/11/2001	25,750	Woolworths Nando's
14.	The Quarry Shopping Centre	Retail Neighbourhood Centre 57 Hilton Avenue Hilton	31 600	7 763	63,67	12/11/2001	15,500	Clicks First National Bank Standard Bank Spar
15.	Middelburg Pick `n Pay	Retail Neighbourhood Centre Cnr Church & Joubert Streets Middelburg	35 300	7 701	57,48	12/11/2001	17,410	Pick 'n Pay Pep Stores
16.	Paradys Park	Retail Community Centre Cnr Paradys Street & Frans Conradie Drive Brackenfell	28 900	8 031	39,53	01/03/2005	27,729	Spar Virgin Active
17.	Checkers Somerset West	Retail Neighbourhood Centre Cnr Main & Gordon Roads Somerset West	34 400	6 253	61,78	12/11/2001	16,500	Shoprite Checkers
18.	Tokai Junction	(50% co-owned with SA Corporate Real Estate Fund) Retail Convenience Roads Cnr Tokai & Main Roads Tokai	35 800	7 613	85,10	20/2/2002	6,608	Pick 'n Pay Toys `R Us
19.	Kempton Park Shoprite	Retail Community Centre Cnr Langenhoven & Central Streets Kempton Park	29 300	17 810	24,33	12/11/2001	20,783	Shoprite Checkers
20.	Montclair Mall	(50% co-owned with SA Corporate Real Estate Fund) Retail Community Centre Cnr Wood & Montclair Roads Montclair Durban	29 100	11 640	74,70	20/2/2002	14,232	Pick 'n Pay Clicks Mr Price

	Property	Details	Valuation (R'000)	GLA (m²)	Average rental (R/m²)	Date acquired	Acquisition cost (R'000)	Major tenants
21	Westwood Village Shopping Centre	Retail Neighbourhood Centre Cnr Atlas & Phillips Roads Boksburg	41 500	5 113	75,33	07/04/2003	14,643	Spar
22	Rhodesdene Shopping Centre	Retail Neighbourhood Centre Cnr Carters Road & Selous Avenue Rhodesdene Kimberley	19 400	2 982	72,84	24/02/2005	18,242	Pick 'n Pay Steers
23	Knowles Centre	(50% co-owned with SA Corporate Real Estate Fund) Retail Community Centre 22 Chancery Lane Pinetown	20 350	9 623	53,05	20/2/2002	11,195	Spar
24	Pine Walk Centre	(50% co-owned with Vukilè Property Fund) Retail Value Centre Kings Road Pinetown	37 900	8 490	77,25	1/10/2006	21,330	Spar
25	Dube Village	Main Road 93 Inanda Durban	43 520	7 346	60,58	23/01/2007	43,520	Checkers, Nedbank, OK Furniture
26	Willow Way Shopping Centre	Cnr. Lynwood Rd and Powere Avenue Lynwood Pretoria	71 100	8 140	79,18	12/07/2006	66,687	Spar, Spur, Bathroom Bizarre
27	Summer Cottage	Cnr. Roos and Fourways Boulevard Fourways	11 161	1 487	67,39	16/10/2006	10,965	Innovation Group, Vodacare, Outbound Systems
			2 375 881	396 753				

ANALYSIS OF THE COMBINED PORTFOLIO AFTER THE ACQUISITION

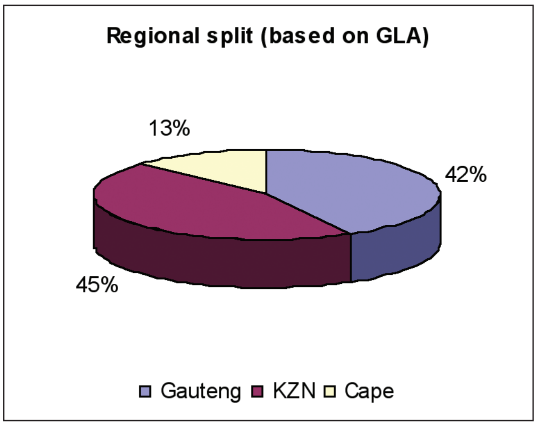
The following analysis has been prepared in respect of the combined SA Retail and Sharemax Portfolios ("the combined portfolio") as if the acquisition has already taken place:

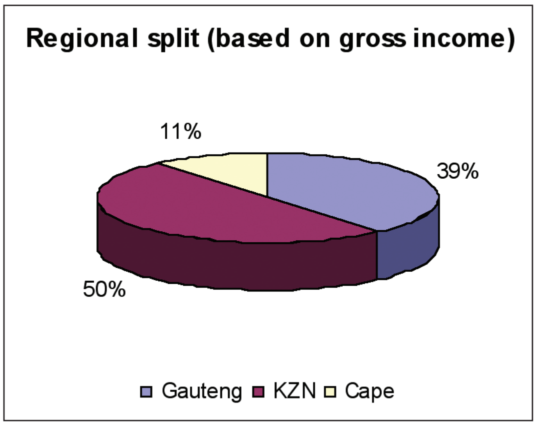
1. OVERVIEW

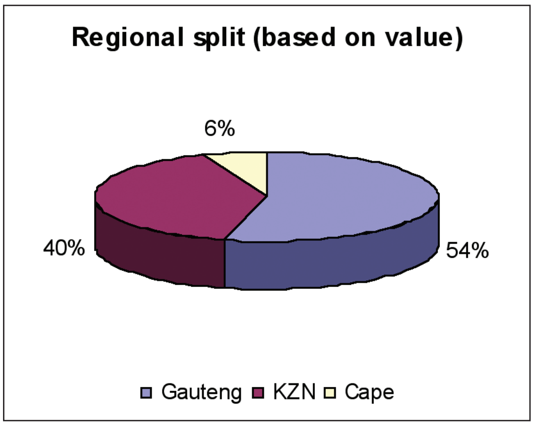
   The combined portfolio consists of 37 properties with a GLA of approximately 515 312m².

2. GEOGRAPHIC SPREAD

   The majority of the Sharemax Portfolio is situated in Gauteng with the balance situated in KwaZulu-Natal and the Cape.





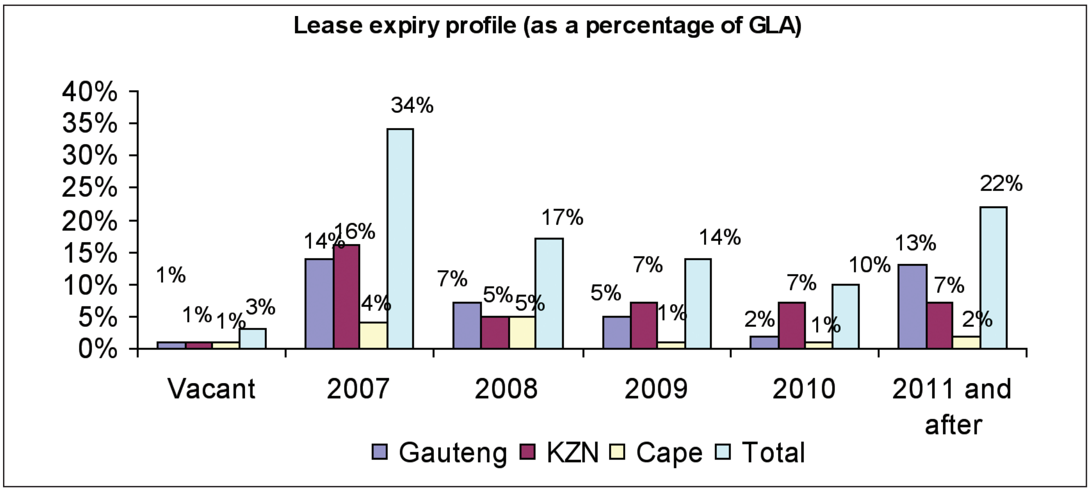


3. SECTORAL SPREAD

   99% of the combined portfolio by both GLA and gross income is comprised of retail properties and the remaining 1% by offices.

4. LEASE EXPIRY

The lease expiry profile for the combined portfolio, as a percentage of GLA and by region, is given below:



5. VACANCY PROFILE

Total current vacancies in the combined portfolio amount to 13 517m^2 or 3% of the total available GLA.

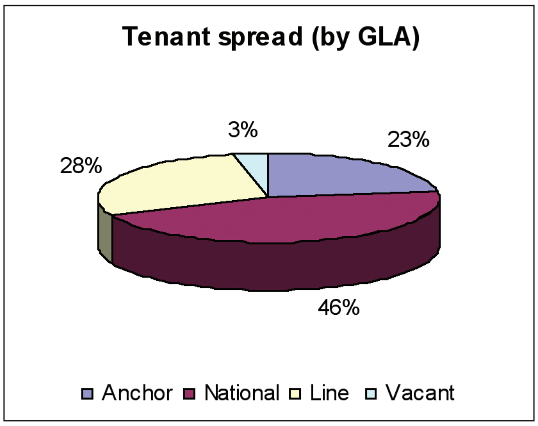
6. RENTAL AND RENTAL ESCALATIONS

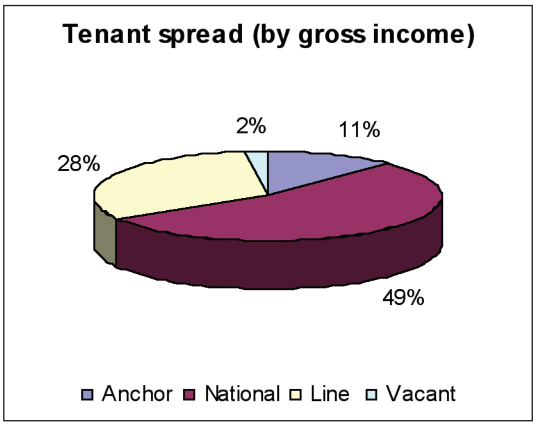
The weighted average rental per square metre of the combined portfolio for the month of March 2007 is R71,0/m^2 and for the month of March 2008 is R79,0/m^2. This compares to the R63,0/m^2 and R75,0/m^2 respectively for the Sharemax Portfolio in isolation, which demonstrates the rental growth upside potential.

The average escalations for the combined portfolio for the period ending 28 February 2008 is estimated to be 8,0%.

7. TENANT SPREAD

An analysis of tenants for the combined portfolio by type is given below:





Largest 10 national tenants	GLA %
Pick 'n Pay	13
Shoprite	7
Spar	5
Woolworths	4
Edcon	3
Mr Price Group	2
Pepkor	2
Famous Brands	2
Foschini Group	2
Clicks	2
	42

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA BALANCE SHEET

"The Directors
SA Retail Properties Limited Marriott at Kingsmead
Kingsmead Office Park
Kingsmead
Durban, 4001

14 March 2007

Dear Sirs

Independent Reporting Accountants' limited assurance report on the unaudited *pro forma* balance sheet

Introduction

The definitions commencing on page 5 of the circular to SA Retail linked unitholders have bee used in this report

We have performed our limited assurance engagement with regard to the unaudited *pro form*a balance sheet of SA Retail set out in the paragraph 5.1 of the circular to be dated on or about 16 March 2007 issued in connection with the acquisition.

The unaudited *pro forma* balance sheet has been prepared for purposes of complying with the Listing Requirements, for illustrative purposes only, to provide information about how the acquisition might have affected the reported financial information had the acquisition been undertaken on 30 September 2006 for balance sheet purposes.

Because of its nature, the *pro forma* financial information may not present a fair reflection of the financial position changes in equity, results of operations or cash flow of the SA Retail after the acquisition.

Responsibilities

The directors of SA Retail are solely responsible for the compilation, contents and presentation of the *pro forma* balance sheet contained in the circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the *pro forma* balance sheet contained in the circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of SA Retail and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial effects and balance sheet as disclosed in terms of the Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* balance sheet included in the circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial information* and the *Revised Guide on Pro Forma Financial Information* issued by The South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* balance sheet beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted audited historical financial information of SA Retail with the source documents, considering the *pro forma* adjustments in light of the accounting policies of SA Retail, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* financial information with the directors of SA Retail.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of SA Retail and other information from various public, financial and industry sources.

Whilst our work performed involved an analysis of the historical audited financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* balance sheet has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of SA Retail; and
- the adjustments are not appropriate for the purposes of the *pro forma* balance sheet as disclosed pursuant to Section 8.30 of the JSE Listings Requirements.

Yours faithfully

KPMG Inc.
Per Mickey Bove
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE VALUE AND EXISTENCE OF THE PROPERTIES TO BE ACQUIRED

The Directors
SA Retail Properties Limited Marriott at Kingsmead
Kingsmead Office Park
Kingsmead
Durban, 4001
14 March 2007

Dear Sirs

Independent reporting accountants' assurance report on the value and existence of the properties to be acquired by SA Retail Limited in terms of the acquisition as reflected in the unaudited *pro forma* balance sheet

Introduction

We have performed our limited assurance engagement for purposes of paragraph 13.16(e) of the Listings Requirements of the JSE Limited ("JSE Listings Requirements") with regard to the existence of the properties to be acquired by SA Retail Limited ("SA Retail") in terms of the acquisition ("properties") and the value at which the acquisition is reflected in the adjustment column of the unaudited *pro forma* balance sheet of SA Retail set out in Annexure 7 of the circular to be dated on or about 16 March 2007 issued in connection with the acquisition.

Responsibilities of the directors

The directors of SA Retail are solely responsible for the compilation, contents and presentation of the unaudited *pro forma* balance sheet contained in the circular and for the financial information from which it has been prepared.

Their responsibility is to satisfy themselves that the properties reflected in the adjustment column of the unaudited *pro forma* balance sheet of SA Retail exist and have been valued in accordance with SA Retail's accounting policies and the recognition and measurement criteria of International Financial Reporting Standards ("IFRS").

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion regarding the existence and value of the properties being acquired, as reflected in the adjustment column of the unaudited *pro forma* balance sheet of SA Retail based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements ISAE 3000 applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial information* and paragraph 13.16(e) of the JSE Listings Requirements. This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below. We have also considered the guidance in ISA 620 '*Using the work of an expert'* in respect of the valuations provided by the independent registered 'property' valuer (the "independent valuer") in accordance with paragraphs 13.20 to 13.31 of the JSE Listings Requirements.

Summary of work performed

Our procedures included making such inquires and obtaining such representations from the directors as we considered necessary, and in addition we:

- physically inspected a sample of the properties acquired, to establish their existence, and examined the related title deeds, comparing the registered owner to the Vendor reflected in the purchase agreements;
- obtained confirmation of the existence and value of liabilities to bondholders in respect of the mortgage bonds registered over the properties (where applicable) and examined the purchase agreements to ascertain whether provision had been made therein for the settlement or cancellation of any other encumbrances over the properties identified during the inspection of the title deeds;
- compared the value at which each property is being acquired reflected in the unaudited *pro forma* balance sheet to the value per the purchase agreements;
- inspected the supporting documentation in respect of the transaction costs which have been capitalised in terms of paragraph 20 of IAS 40: *Investment Property;* and
- considered the valuations provided by the independent valuer in accordance with the guidance in ISA 620: *Using the work of an expert* and obtained evidence of the following:
  - the *professional competence* of the independent valuer, in particular, membership of an appropriate professional body and experience and reputation in the field;
  - the independence of the independent valuer, including confirmation from the valuer that there were no actual or apparent conflicts of interest that might impair, or be perceived to impair, his or her *objectivity*;
  - that the *scope* of the independent valuer's work *was adequate* for the purposes of determining the property values included in the unaudited *pro forma* balance sheet; and
  - the *appropriateness* of the independent valuer's work as audit evidence regarding the *values* at which the properties are reflected in the unaudited *pro forma* balance sheet.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our work performed, nothing has come to our attention that causes us to believe that in terms of paragraph 13.16(e) of the JSE Listings Requirements:

- the properties comprising the acquisition do not exist; and
- the value at which the acquisition is reflected in the unaudited *pro forma* balance sheet is not, in all material respects, in accordance with the accounting policies adopted by SA Retail and the recognition and measurement criteria of IFRS.

Yours faithfully

KPMG Inc.

Per Naresh Bhoola
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

DIRECTORS

1. DIRECTORS AND EXECUTIVE MANAGEMENT

The names, ages, addresses and qualifications of the directors and executive management of SA Retail are set out below. Detail of directorships and/or partnerships held by the directors and executive management of SA Retail in the past five years are set out in Annexure 15:

Name and age	Position	Address	Qualification
Robert Anthony Norton (68)	Independent non-executive chairman$ (* by invitation)	Marriott at Kingsmead Kingsmead Office Park, Durban	M.A. (Oxon)
Andrew Peter Walsh Sparks (38)	Executive director/ managing director# (* by invitation)	Marriott at Kingsmead Kingsmead Office Park, Durban	BSc (Hon), MTRP, RICS
Hendrik Schalk Conradie Bester (55)	Independent non-executive*	Marriott at Kingsmead Kingsmead Office Park, Durban	B.Comm (Hon), (FIA) (London), AMP Harvard
Craig John Ewin (45)	Non-executive*# ($ by invitation)	Marriott at Kingsmead Kingsmead Office Park, Durban	B.Comm CA(SA)
Arthur Michael Hyatt (68)	Non-executive#	Marriott at Kingsmead Kingsmead Office Park, Durban	BA (Natal), FIV (SA)
William John Swain (66)	Independent non-executive*$#	Marriott at Kingsmead Kingsmead Office Park, Durban	CA (SA)
Urbanus Johannes van der Walt (55)	Independent non-executive$	Marriott at Kingsmead Kingsmead Office Park, Durban	B.Econ (Hon), A.E.P

* Member of the Risk, Audit and Compliance Committee.
$ Member of the Remuneration and Nomination Committee.
# Member of the Investment and Management Committee.

All directors are South African citizens.

There are no contracts in place between any of the directors and the Company.

None of the directors have:

- been bankrupt or entered into individual voluntary arrangements;
- entered into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with his/her creditors generally or any class of his/her creditors of any company where such person is a director with an executive function at the time of or within 12 months preceding such event;
- entered into compulsory liquidation, administration or partnership voluntary arrangements of any partnerships where such person was partner at the time of or within 12 months preceding such event;
- entered into receiverships of any asset of such person or of a partnership of which the person was a partner at the time of or within the 12 months preceding such event;
- been publicly criticised by statutory or regulatory authorities (including recognised professional bodies) or ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; or
- been convicted of an offence involving dishonesty.

2. PROFILE OF THE DIRECTORS

R A Norton

Has extensive business experience in various corporate and financial institutions in an executive and non-executive capacity. Chairman of KwaZulu-Natal University Health (Pty) Limited, a director of Grindrod Limited and Illovo Sugar Limited. Past president of the JSE Limited.

A P W Sparks

Has over 11 years diverse property experience with the Marriott Group. Member of S A Council of Town and Regional Planners and the Royal Institute of Chartered Surveyors (RICS). Founding member and past executive committee member of the Association of Property Loan Stock Companies and past executive committee member of SAPOA-KZN.

H S C Bester

Currently serving on the boards of Vukilè Property Fund Limited, Barnard Jacobs Mellet and the Board of HTL GROUP (Pty) Limited, (unlisted). Was a senior general manager and later an executive director of Sanlam between 1997 and 2000. Before 1997, he held various positions in the Sanlam Group. Other previous directorships include Gensec, Sankorp and Sanlam Unit Trusts and the Board of Quantity Surveyors. He is a past president of SAPOA, a former director of the Board of Quantity Surveyors and served on the Van Huysteen Commission on government properties.

C J Ewin

Has over 16 years property experience with particular emphasis in the listed property sector. The managing director of Marriott Property Services (Pty) Limited, a member of the executive committee of the Old Mutual Property Group (Pty) Limited, a director of SA Corporate Real Estate Fund Managers Limited and an alternate director of Oryx Properties Limited. Past chairman of the Association of Property Unit Trust Management Companies.

A M Hyatt

Has over 44 years property experience incorporating all facets of the property industry. Previously an executive director of Marriott Holdings Limited, Oryx Properties Limited and various subsidiaries of Marriott Holdings Limited. Past president of the S A Institute of Valuers.

W J Swain

A director of Mr Price Group Limited and Chairman of Natal Sharks (Pty) Limited. Other previous listed company directorships held BOE Limited, Commercial Finance Company Limited and Congella Federation Limited. A past partner of Ernst & Young.

U J van der Walt

Has over 35 years of property experience with the Sanlam Group, eight of which as the managing director of Gensec Property Services Limited. He is currently the managing director of Sanlam Properties (Pty) Limited as well as the director of iFour. He is a past president of SAPOA.

3. DIRECTORS' INTERESTS IN SA RETAIL

As at the last practicable date, except for APW Sparks who holds 100 linked units, directly beneficially, no other director has any direct or indirect beneficial interest in SA Retail.

As at 31 March 2006 the interest of the directors in SA Retail was as follows:

Director	Direct beneficial	Indirect beneficial	Total	As a percentage of linked units in issue before the acquisition
A M Hyatt		1 356 021	1 356 021	0,60
C J Ewin		73 854	73 854	0,03
A P W Sparks	100	8 585	8 685	–
	100	1 438 460	1 438 560	0,63

The directors indirect interest in SA Retail changed on 19 May 2006 when Old Mutual Property Group (Proprietary) Limited acquired the property management business of Marriott Holdings Limited. As a result of the change of ownership of this business unit from Marriott Holdings Limited, there is no longer any indirect beneficial interest held by the directors in SA Retail, who were also directors and shareholders of Marriott Holdings Limited.

Apart from the abovementioned adjustment to the indirect beneficial interest, there were no further changes in the directors' interests between 1 April 2006 and the last practicable date.

4. DIRECTORS' REMUNERATION

The remuneration of the directors of SA Retail for the financial year ended 31 March 2006 was as follows:

Director	Directors' fees R'000
Non-executive directors:	
R A Norton (Chairman)	115
H S C Bester	70
C J Ewin*	70
A M Hyatt*	60
W J Swain	85
U J van der Walt	70
Executive director:	
A P W Sparks (managing director)	
– as a director*	60
– basic salary	715
– bonuses	852

* Fees accrue to the corporate entity where the director is employed.
# The executive director is employed and paid by Marriott Property Services (Proprietary) Limited from asset management fees earned.

No amounts have been paid to directors in respect of management, consulting, technical or other fees for such services rendered, directly or indirectly other than as disclosed above. No amounts have been paid to the directors by way of expense allowances, other material benefits given, contributions to any pension scheme, commissions, gain or profit-sharing arrangements, share options or any other similar rights or allotments in terms of a share purchase or option scheme.

There will be no variation to the basis of the total remuneration of the directors as a consequence of the implementation of the acquisition.

No amounts, in cash or securities, have been paid, or any benefit given within the three preceeding years or are proposed to be paid or given to any promoter, not being a director.

5. DIRECTORS' INTEREST IN TRANSACTIONS

The directors of SA Retail have no interests in any transactions which were unusual in their nature or conditions and which are material to the business of SA Retail, during the current year or immediately preceding financial year or which remain outstanding from an earlier financial year.

6. ASSET MANAGEMENT COMPANY

Marriott Property Services (Proprietary) Limited is a wholly owned subsidiary of Old Mutual Property Group (Proprietary) Limited. The directors of Marriott Property Services (Proprietary) Limited and their years property management experience is as follows:

- Craig John Ewin – 19 years.
- Lauren Carrol Tapping – 13 years.
- Michael James Reading Anderson – 6 years.

The above named directors do not have nor have they had any beneficial interest in any property transaction entered into by SA Retail during the preceding financial year or which remains outstanding from an earlier financial year.

CORPORATE GOVERNANCE

Introduction

The board of directors endorse and apply the Code of Corporate Practices and Conduct as set out in the King II Report ("the Code").

In supporting the Code, the directors recognise the need to conduct the enterprise with integrity and accountability in accordance with generally accepted corporate practices.

The directors recognise that the application of the Code must be reviewed and updated regularly. Accordingly, the Company's corporate governance principles and practices are continuously reviewed taking market practices into account, as well as compliance with the Code.

Board charter

The charter has been formally adopted by the board and has been designed to take into account legislative requirements and recommendations of the Code.

The purpose of the charter is to regulate how business is to be conducted by the board in accordance with the principles of good corporate governance and sets out specific responsibilities to be discharged by board members. The objectives of the charter are to ensure that all board members acting on behalf of the Company are aware of their duties and responsibilities as board members in terms of various legislation and regulations affecting their conduct and to ensure that the principles of good corporate governance are applied in any dealings in respect of, and on behalf of, the Company.

Board of directors and its sub-committees

The board acknowledges that it is responsible for ensuring the following:

- determining the overall objectives of the Company, developing the strategies to meet those objectives and monitoring performance;
- good corporate governance and implementation of the Code;
- that the Company performs at an acceptable level and that its affairs are conducted in a responsible and professional manner;
- the board recognises its responsibilities to all stakeholders;
- determining and reviewing mandates and terms of reference of board committees;
- monitoring the performance of the managing director, directors and the asset managers; and
- approving and reviewing company policies, setting an approval framework and monitoring the compliance of such approval framework by directors and asset managers.

Although certain responsibilities are delegated to committees and management, the board acknowledges that it is not discharged from its obligations in regards to these committees' responsibilities.

The board acknowledges its responsibilities in the following areas:

- the adoption of strategy and ensuring that strategy is carried out by management;
- monitoring of the operational performance of the business against predetermined budgets;
- monitoring the performance of management at both operational and executive level; and
- ensuring that the Company complies with all laws, regulations and codes of business practice.

The composition of the board and its sub-committees, viz: the Investment and Management Committee, the Risk, Audit and Compliance Committee and the Nomination and Remuneration Committee have established clear mandates. The board consists of six non-executive directors (including the chairman), four of which are independent and one executive director. The non-executive directors' remuneration is subject to the motivation of the remuneration and nomination committee, recommendations made by the board and approved from time to time in the annual general meeting. One third of the non-executive directors retire annually by rotation and if available, offer themselves for re-election to the members in the annual general meeting. Non-executive directors are obliged to retire at the annual general meeting following their 70th birthday. Executive directors retire every five years and if available, offer themselves for re-election to the members in the annual general meeting. There are no directors' contracts in place. The directors bring a wealth of experience from their own fields of business and ensure that debate on matters of strategy, policy, progress and performance is robust, informed and constructive. The roles of the chairman and an executive director do not vest in the same person. The composition also ensures a high level of independence on the board.

The board of directors' independence from the daily management team or asset managers is maintained by:

- keeping the roles of the chairman and managing director separate;
- the Risk, Audit & Compliance Committee consisting of a majority of independent directors;
- the non-executive directors not holding service contracts and their remuneration not being tied to the financial performance of the Company; and
- all directors having access to the advice and services of the company secretary and are entitled to seek additional independent professional advice on behalf of the affairs of the Company, at the expense of the Company. The company secretary provides guidance to the board as a whole and to individual directors with regards to how their responsibilities should properly be discharged in the best interests of the Company. The secretary also oversees the appointment and termination of new and old directors and assists the chairman and the managing director in formulating governance and board related issues.

The board which meets at least quarterly, retains full and effective control over the Company and executive management. The board, through a disciplined approach to reporting and accountability within an approval framework monitors the performance of executive management and the Company's major service providers.

During the most recent financial year ended 31 March 2006 there were eight board meetings (four quarterly and four special).

Directors have to obtain written clearance from the chairman of the Company of any intention to trade in linked units in the Company, whether directly or indirectly. Directors and any employees of the property asset managers who become aware of sensitive information cannot directly or indirectly trade in the Company's linked units until such information becomes knowledge of the public. The Company has a closed period commencing one month prior to the month of its financial interim or year end month.

The Company has established an Investment and Management Committee which consists of an executive director, three non-executive directors, and two representatives of the property asset managers. The committee meets at least quarterly and reports directly through to the main board and assists the board of directors in the discharging of their duties relating to the acquisitions, disposals and asset management of the property portfolio of the Company.

The Risk, Audit and Compliance Committee, is chaired by a non-executive independent director, and consists of a further two non-executive directors (one of which is independent). The chairman of the board, who is independent, is invited to attend, while the managing director of the Company and the financial manager of the asset manager, although not members of this committee, are expected to attend. This committee meets at least three times a year and these meetings are attended by the external auditors. This committee provides assistance to the board and its responsibilities include, *inter alia*:

- ensuring compliance with applicable legislation and the requirements of the regulatory authorities;
- matters relating to risk, financial and internal control, accounting policies, reporting and disclosure;
- reviewing and approving external audit findings, reports and fees; and
- appointment or termination of the services of the external auditors.

The minutes of the Risk, Audit & Compliance Committee are open for inspection by members of the board of directors. There is a close communication between the board of directors, Risk, Audit & Compliance Committee and the external auditors. Areas of control weakness will be brought to the attention of the relevant parties and remedial action will be taken immediately to ensure no loss or misstatements due to the inadequacy of the internal control environment. Limited internal audit assurance is obtained by interacting with the internal auditors of the asset managers.

Risk management is the responsibility of the board, the adequacy of which, is reviewed by the Risk, Audit and Compliance Committee. It is the opinion of the board that the identified areas of risk pertaining to the Company are contained by being pro-actively managed and are not outside expected industry expectations.

The Nomination and Remuneration Committee, is chaired by the board chairman, who is independent and consists of a further two non-executive, independent directors. This committee meets twice a year and recommends to the board:

- the remuneration policy;
- remuneration of executive and non-executive directors for recommendation to unitholders;
- recommendations to the board on the appointment of new executive as well as non-executive directors to the board or its sub-committees; and
- succession planning.

Employment equity

The Company having contracted out the property management and property asset management of the underlying properties has no direct employees. Accordingly it has no worker participation, affirmative action programmes, employee share incentive schemes, nor any other employee targeted programmes.

The board does, however, support and encourage their material service providers to adhere to these recommended practices.

Directors' responsibility

The directors are responsible for the preparation of annual financial statements that fairly represent the state of affairs of the Company at the end of the financial year and the results for the year. The financial statements are prepared in accordance with International Financial Reporting Standards. The external auditors are responsible for reporting on the annual financial statements. The directors are further responsible for maintaining the accounting records, internal controls and risk management procedures as well as consistent use of appropriate accounting policies supported by reasonable judgements and estimates.

Ethics

The directors of the Company and staff of the asset manager are required to observe the highest ethical standards, thereby ensuring that business practices are conducted in a manner which, in all reasonableness, is beyond reproach.

HISTORICAL FINANCIAL INFORMATION ON SA RETAIL

Basis of preparation

Part 1

The income statement, balance sheet, statement of changes in equity and cash flow statement for the six months ended 30 September 2006 ("condensed financial information") have been extracted, without adjustment, from the unaudited condensed financial statements of SA Retail Properties Limited ("SA Retail or the Company"). Notes to the condensed financial information have not been presented as it is not SA Retail's policy to prepare notes for interim results. The condensed financial statements of SA Retail have been prepared in accordance with International Financial Reporting Standards ("IFRS") and have been reported on without qualification by KPMG Inc. The accounting policies applied in preparing the condensed financial information are consistent with those applied in the previous financial period.

The consolidated income statements, balance sheets, statements of changes in equity, cash flow statements and the related notes for the year ended 31 March 2006 ("Historical Financial Information for the year ended 31 March 2006") and the year ended 31 March 2005, restated in terms of IFRS ("Restated Historical Financial Information") have been derived from the audited statutory financial statements of SA Retail. The audited statutory financial statements of the Company for the year ended 31 March 2006 have been prepared in the manner required by the South African Companies Act and in accordance with IFRS and have been reported on without qualification by KPMG Inc. The Company adopted IFRS for the year ended 31 March 2006 and, hence, IFRS 1 First time adoption of IFRS was applied in preparing the Historical Financial Information for the year ended 31 March 2006.

The audited statutory financial statements of the Company for the year ended 31 March 2005 were prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The Restated Historical Financial Information was derived from the comparative financial information included in the audited statutory financial statements of the Company for the year ended 31 March 2006. An explanation of how the transition to IFRS has affected the reported financial position and performance of the Company is provided in note 7.27 of this report.

Part 2

The consolidated income statements, balance sheets, statements of changes in equity, cash flow statements and the related notes ("Historical Financial Information for the year ended 31 March 2004") has been derived from the audited statutory financial statements of the Company. The audited statutory financial statements of the Company for the year ended 31 March 2004 have been prepared in the manor required by the South African Companies Act and in accordance with South African Statements of Generally Accepted Accounting Practice and were reported on without qualification by KPMG Inc. The Historical Financial Information for the year ended 31 March 2004 has not been restated in terms of IFRS.

Part 1

1. CONSOLIDATED INCOME STATEMENTS

The consolidated income statements of SA Retail for the six months ended 30 September 2006 and the years ended 31 March 2006 and 31 March 2005 are set out below:

	Notes	30 September 2006 Unaudited R'000	31 March 2006 Audited R'000	31 March 2005 * R'000
Revenue	5.6	134 724	229 800	219 502
Contractual lease revenue		132 916	231 443	214 107
Straight line adjustment on leases		1 808	(1 643)	5 395
Net rental income from properties	6.9	89 511	149 293	144 884
Straight line adjustment on operating lease		(1 623)	–	–
Interest earned		1 723	9 947	3 200
Finance costs		(2 112)	–	(1 429)
Capital (loss)/profit on disposal of investment properties		809	(728)	48
Net profit before fair value adjustments		88 308	158 512	146 703
Write up on revaluation of investment properties		208 494	226 796	275 947
As per valuation		210 302	225 153	281 342
Adjusted for rental straight line adjustment		(1 808)	1 643	(5 395)
(Deficit)/Surplus on revaluation of Put obligation		(934)	(5 604)	20 332
Net profit before debenture interest and taxation		295 868	379 704	442 982
Debenture interest		(87 288)	(160 727)	(150 435)
Net profit before taxation		208 580	218 977	292 547
Taxation	6.10	(50 078)	(107 307)	(41 554)
Net profit attributable to linked unitholders		158 502	111 670	250 993
Weighted average number of linked units in issue ('000)		228 947	225 874	203 366
Earnings per share (cents)	6.13	69,23	49,44	123,41
(weighted) **Diluted earnings per share (cents)**		69,23	49,44	123,41
(weighted) **Distribution per linked unit (cents)**				
Interest		37,46	71,16	69,18
Dividend		0,01	0,02	0,02
		37,47	71,18	69,20

In terms of IAS 34 as well as the opinion of the directors that no notes are prepared for the interim results. There has however been no change to the accounting policies audited at 31 March 2006 to the 30 September 2006.

* The financial information for the year ended 31 March 2005 has been restated in terms of IFRS.

2. CONSOLIDATED BALANCE SHEETS

The consolidated balance sheets of SA Retail as at 30 September 2006, 31 March 2006 and 31 March 2005 are set out below:

	Notes	30 September 2006 Unaudited R'000	31 March 2006 Audited R'000	31 March 2005 * R'000
Assets				
Non-current assets				
Investment properties	6.1	1 973 635	1 788 198	1 394 793
At valuation		2 032 860	1 846 210	1 454 820
Prepaid letting commission		4 768	4 173	3 801
Rental straight line adjustment		(63 993)	(62 185)	(63 828)
Rental receivable – straight line adjustment		57 853	53 929	61 875
		2 031 488	1 842 127	1 456 668
Current Assets				
Net receivables		30 792	39 348	18 070
Trade and other receivables		24 652	31 092	16 117
Rental receivable – straight line adjustment		6 140	8 256	1 953
Cash and cash equivalents		9 678	62 555	62 402
Properties classified as held for sale	6.2	172 021	33 439	89 600
		212 491	135 342	170 072
Total assets		2 243 979	1 977 469	1 626 740
Equity and liabilities				
Capital reserves				
Share capital and premium	6.3.1	33 238	33 238	33 238
Non-distributable reserves	6.3.2	540 806	381 999	257 769
Distributable reserves		(9 918)	(9 590)	3 015
		564 126	405 647	294 022
Non current liabilities				
Debentures	6.4	1 219 407	1 154 210	1 154 858
Fair value of Put obligation	6.5	18 656	17 722	12 118
Interest bearing borrowings	6.6	138 508	129 543	23 494
Deferred taxation	6.7	207 762	157 685	50 384
		1 584 333	1 459 160	1 240 854
Current liabilities				
Trade payables		8 260	4 138	9 014
Other payables	6.8	–	22 224	–
South African Revenue Services		3	3	3
Linked unitholders for distribution		87 257	86 297	82 847
		95 520	112 662	91 864
Total equity and liabilities		2 243 979	1 977 469	1 626 740
Number of linked units in issue ('000)		232 993	225 874	225 874
Net asset value per share (including distribution yet to be paid) (cents)		803	728	678
Net tangible asset value per share (cents) (including distribution yet to be paid)		803	728	678

* The financial information for the year ended 31 March 2005 has been restated in terms of IFRS.

3. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The consolidated statements of changes in equity of SA Retail for the six months ended 30 September 2006 and the years ended 31 March 2006 and 31 March 2005 are set out below:

	Note	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Distributable reserves R'000	Total R'000
Balance at 31 March 2004		2	33 236	21 675	(21 191)	33 722
Prepaid distribution received		–	–	–	9 350	9 350
Net profit attributable to linked unitholders		–	–	–	250 993	250 993
Transfer to non-distributable reserve		–	–	236 094	(236 094)	–
Dividend distributed		–	–	–	(43)	(43)
Balance at 31 March 2005	6.3	2	33 236	257 769	3 015	294 022
Net profit attributable to linked unitholders		–	–	–	111 670	111 670
Transfer to non-distributable reserve		–	–	124 230	(124 230)	–
Dividend distributed		–	–	–	(45)	(45)
Balance at 31 March 2006	6.3	2	33 236	381 999	(9 590)	405 647
Net profit attributable to linked unitholders		–	–	–	158 502	158 502
Transfer to non-distributable reserve		–	–	158 807	(158 807)	–
Dividend distributed		–	–	–	(23)	(23)
Balance at 30 September 2006		2	33 236	540 806	(9 918)	564 126

4. CONSOLIDATED CASH FLOW STATEMENTS

The consolidated cash flow statements of SA Retail for the six months ended 30 September 2006 and the years ended 31 March 2006 and 31 March 2005 are set out below:

	Notes	30 September 2006 Unaudited R'000	31 March 2006 Audited R'000	31 March 2005 * R'000
OPERATING ACTIVITIES				
Cash received from tenants	6.15	138 761	216 096	206 468
Cash paid to suppliers and employees	6.16	(65 241)	(63 718)	(73 947)
Cash generated by operating activities	6.17	73 520	152 378	132 521
Interest received		1 723	9 947	3 200
Finance costs		(2 112)	–	(1 429)
Distribution to linked unitholders:	6.18			
– Interest		(86 326)	(157 278)	(128 146)
– Dividend		(23)	(45)	(55)
Taxation paid	6.19	(3)	(6)	(6)
Net cash (outflow)/inflow		(13 221)	4 996	6 085
INVESTING ACTIVITIES				
Acquisition of investment properties	6.20	(66 687)	(29 213)	(313 339)
Disposal of investment properties		33 334	89 475	56 082
Improvements to investment properties		(80 768)	(171 066)	(23 456)
Net cash outflow		(114 121)	(110 804)	(280 713)
FINANCING ACTIVITIES				
Debentures issued		65 500	(88)	300 110
Increase in interest bearing borrowings		8 965	106 049	23 494
Net cash inflow		74 465	105 961	323 604
Net (decrease)/increase in cash and cash equivalents		(52 877)	153	48 976
Cash and cash equivalents at the beginning of the year		62 555	62 402	13 426
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6.21	9 678	62 555	62 402

* The financial information for the year ended 31 March 2005 has been restated in terms of IFRS

5. ACCOUNTING POLICIES

The Historical Financial Information for the year ended 31 March 2006 and the Restated Historical Financial Information have been prepared in accordance with IFRS, the interpretations adopted by the International Accounting Standards Board (IASB) and the requirements of the South African Companies Act. SA Retail has adopted IFRS for the year ended 31 March 2006 and hence IFRS 1 First time adoption of IFRS has been applied in preparing the Historical Financial Information for the year ended 31 March 2006 and the Restated Historical Financial Information.

The Historical Financial Information for the year ended 31 March 2006 and the Restated Historical Financial Information are prepared on the historical cost basis, except for investments properties and financial instruments which are carried at fair value. Properties classified as held for sale are stated at the lower of carrying value and the fair value less costs to sell.

The preparation of the Historical Financial Information for the year ended 31 March 2006 and the Restated Historical Financial Information in conformity with IFRS requires management to make judgments, 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 circumstances, the results of which form the basis of making judgments 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.

5.1 Investment properties

Investment properties are held for the purpose of earning rental income and for capital appreciation. The cost of investment properties comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment properties is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Expenditure incurred on letting commission is capitalised and amortised over the period of the lease.

Investment properties are revalued annually at open market values using the discounted cash flow method of valuation. At 31 March 2006, all investment properties were revalued by a registered valuer. It is the Company's policy to revalue a minimum one third of the property portfolio on a rotation basis by a registered valuer in September (half year), in December (in line with SAPIX/IPD reporting) and in March (financial year-end). Investment properties under development are valued using the fair value model. These properties are developed for the continued use as investment properties and therefore are not classified as property, plant and equipment. Any gain or loss arising from the change in fair value of the investment properties is included in net profit for the year in which it arises and is then transferred to the non-distributable reserve net of deferred taxation in the statement of changes in equity.

On disposal of investment properties, the difference between the net disposal proceeds and the fair value at the date of the last valuation is charged or credited to the income statement. Revaluation gains/losses accounted for in non-distributable reserves relating to such disposals are transferred to/against the distributable reserves in the statement of changes in equity and realised capital profits are transferred to the non-distributable reserve to comply with the terms of the Debenture Trust Deed.

Borrowing costs that are directly attributable to investment properties that necessarily take a substantial period of time to prepare for their intended use are capitalised. Capitalisation continues up to the date that the investment properties are substantially complete. Capitalisation is suspended during extended periods in which active development is interrupted.

5.2 Properties classified as held for sale

On initial classification as held for sale, the investment property is recognised at fair value less costs to sell. Any gain or loss arising from the change in fair value of the investment property is included in net profit and is then transferred to the non-distributable reserve net of deferred taxation in the statement of changes in equity.

5.3 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

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.

5.4 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the settlement amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.5 Financial instruments

A financial asset or liability is recognised on the balance sheet for as long as the Company is party to the contractual provisions of the instruments.

Measurement

Financial instruments are initially measured at fair value, which includes transaction costs except for those financial instruments carried at fair value through profit and loss. Financial instruments on the balance sheet include trade and other receivables, cash and cash equivalents and financial liabilities. Subsequent to the initial recognition these instruments are measured as set out below:

- Trade and other receivables:

  Trade and other receivables are stated at amortised cost less impairment losses.

- Cash and cash equivalents:

  Cash and cash equivalents comprise cash balances and call deposits and are measured at fair value.

- Financial liabilities:

Financial liabilities including trade and other payables are measured at amortised cost using the effective interest rate method. Debentures are recognised at original debt less amortisations and principle repayments. Derivative financial instruments are recognised at fair value through profit and loss. Interest bearing borrowings are initially measured at the loan proceeds received net of direct transaction costs. Subsequent to initial recognition interest bearing borrowings are measured at amortised cost using the effective interest rate method.

Gains and losses on subsequent measurement of instruments carried at fair value

Gains and losses arising from a change in fair value of financial instruments are included in net profit or loss in the period in which the change arises.

Set-off

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

Derecognition

Financial assets are derecognised when the Company realises the rights to the benefits specified in the contract, the rights expire or the Company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable are included in the income statement.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it are included in the income statement.

5.6 Revenue recognition

5.6.1 Revenue

Revenue comprises gross rental income, including all recoveries from tenants, excluding VAT. Turnover rental is recognised when it is due in terms of the lease agreement.

Operating lease receipts are recognised on a straight-line basis over the lease term. There will be an offsetting effect to the change in fair value, of investment property in the income statement (where relevant).

5.6.2 Net finance costs

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method.

5.6.3 Interest earned

Interest earned is recognised at effective rates of interest and is brought to income on a yield to maturity basis.

5.7 Property letting fees

Letting fees are written off over the period of the lease, with the deferred portion being included in investment properties under non-current assets. Letting fees for developments are capitalised to the cost of the property when it is probable that future economic benefits flowing from the asset will be increased.

5.8 Capitalisation of borrowing costs

Where the Company undertakes a major development or refurbishment of a property, borrowing costs are capitalised to the cost of the property concerned during the construction period. Capitalisation is suspended during extended periods in which active development is interrupted.

5.9 Segmental information

On a primary basis, the Company operates in the following geographical areas of South Africa:

- Gauteng.
- KwaZulu-Natal.
- Western Cape.

It is the Company's investment philosophy to invest only in retail property, therefore the Company can only report on a primary segment basis. Segment results include revenue and expenses directly attributable to a segment and the relevant portion of the enterprise revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities comprises those assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

5.10 Impairment

The carrying amounts of the Company's assets, other than investment property and deferred tax assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.11 Jointly controlled assets

Where the Company has interest in jointly controlled assets, the Company records its share of the jointly controlled assets, classified according to the nature of the assets, rather than as an investment. Liabilities in respect of the jointly controlled asset are recognised to the extent it has been incurred by the Company. The Company recognises rental income of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture. Any direct expenses that the Company has incurred in respect of its interest in the joint venture is also recognised by the Company.

Because the assets, liabilities, income and expenses are recognised in the financial statements of the venturer, no adjustments or other consolidation procedures are required in respect of these items when the venturer presents consolidated financial statements.

5.12 Accounting estimates and judgments

Management discusses with the audit committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

In applying the Company's accounting policies, critical judgments 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 accordingly. Independent valuers are consulted in determining the applicable capitalisation rates.
- Determining if an investment property will be recovered through sale or use.

6. NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE YEARS ENDED 31 MARCH 2006 AND 31 MARCH 2005

	2006 R'000	2005 R'000
6.1 Investment properties		
Cost of fixed property	1 081 717	1 081 766
Subsequent expenditure*	211 127	41 321
Revaluation	553 366	331 733
Prepaid letting commission	4 173	3 801
Rental straight-line adjustment	(62 185)	(63 828)
Carrying value	1 788 198	1 394 793
Movements in investment properties:		
Carrying amount at beginning of the year	1 394 793	1 022 099
At valuation	1 454 820	1 077 730
Prepaid letting commission	3 801	2 802
Straight-line rental adjustment	(63 828)	(58 433)
Acquisitions	29 213	217 926
Disposals	–	(56 082)
Improvements**	170 463	23 456
Revaluation	225 153	281 390
Increase in prepaid letting commission	372	999
Adjustments for rental straight line	1 643	(5 395)
Transfer to investment properties held for sale	(33 439)	(89 600)
Carrying amount at end of the year	1 788 198	1 394 793

* Includes cumulative interest capitalised of R10 327 699.

** Includes interest capitalised of R7 344 134 at prime less 2,2%(2005: R1 752 624 at prime less 1,5%) rate of interest.

Investment properties are encumbered as per note 6.5.

Investment properties were valued independently by Broll C B Richard Ellis who are registered with the South African Council of Valuers using the discounted cash flow method.

		2006 R'000	2005 R'000
6.2 Properties classified as held for sale			
	(Date of classification)		
Knowles Shopping Centre – Basement, Pinetown, KwaZulu-Natal	14 December 2005	2 761	–
Kyalami Crescent, Kyalami, Gauteng	3 March 2006	30 678	–
Cambridge Downs, Sandton, Gauteng	20 September 2004	–	25 250
Florida Junction, Florida, Gauteng	5 November 2004	–	10 750
Kyalami Downs, Kyalami, Gauteng	2 February 2005	–	53 600
		33 439	89 600

The above properties were considered as non-core holding and no impairment losses have been recognised.

6.3 Share capital and reserves

6.3.1 Share capital

	2006 R'000	2005 R'000
Authorised		
500 000 000 ordinary shares of 0,001 cent each	5	5
Issued		
225 873 826 (2005: 225 873 826) ordinary shares of 0,001 cent each	2	2
Share premium		
Premium arising on listing	50 342	50 342
Share issue expenses on listing	(17 106)	(17 106)
	33 236	33 236
	33 238	33 238

Each share is linked to a debenture, which together comprises a linked unit.

The unissued linked units are under the control of the directors until the next annual general meeting.

6.3.2 Non-distributable reserves

	2006 R'000	2005 R'000
Investment property revaluation reserve:		
Revaluation of investment property	556 887	321 115
Rental straight-line adjustment	(8 072)	(21 412)
Deferred tax	(158 646)	(43 457)
Realised capital profit:		
Investments properties	(9 556)	1 791
Capital gains tax	1 386	(268)
	381 999	257 769
Movement for the year:		
Balance at the beginning of the year	257 769	21 675
Net surplus on write up of investment property	124 852	236 053
On revaluation	112 268	240 745
On rental straight line adjustment	12 584	(4 692)
Capital (loss)/profit on disposal of investment property	(622)	41
Balance at the end of the year	381 999	257 769

		2006 R'000	2005 R'000
6.4	Debentures		
	225 873 826 (2005: 225 873 826) unsecured variable rate debentures of 499,999 cents each, net of amortised debenture issue expenses	1 154 210	1 154 858
	The debentures are valued at amortised cost at rates approximating the distribution yield of the Company or the acquisition yield of the properties over the expected period of repayment. In terms of the debenture trust deed, the interest entitlement of every debenture linked to each ordinary share cannot be less than 90% of net earnings of the Company before debenture interest, amortisation, taxes and before any revaluations that are transferred to any non-distributable reserve. Debenture interest is payable semi-annually. The debentures are redeemable after 25 years from November 2001 at the instance of the debenture holders, commencing from November 2026. These linked debentures were utilised in funding property acquisitions.		
6.5	Fair value of Put obligation and Call right	17 722	12 118

In terms of IAS 39, the accounting statement on financial instruments,the Put obligation and the Call right that exists between SA Retail and Whirlprops has been fair valued at 31 March 2006.

In terms of the accounting standard, the fair value adjustment at 31 March 2006 has been charged to the income statement. This adjustment has had no effect on distributable income.

Put obligation

The fair value of the Put obligation that Whirlprops has on SA Retail at 31 March 2006, based on the assumption that the Put will be exercised by Whirlprops in November 2011, is a shortfall of R17,7 million (2005: R12,1 million). This equates to a decrease in the net asset value of 7,8 cents per linked unit (2005: 5,4 cents per linked unit); a dilution of 1,1% (2005: 0,8%). The fair value of the Put obligation was determined by present valuing the terminal value in November 2011 having given cognisance to projected interest rates and distribution growth.

The fair value assumptions were reviewed by the directors for reasonableness.

Background to transaction

Whirlprops subscribed for 64 388 474 units in SA Retail at an issue price of 578,18 cents per linked unit in November 2001. Nedcor Investment Bank Limited and BoE Bank Limited (now Nedcor Investment Bank Limited), the funding banks, advanced R372,2 million to fund the investment. The loans at 31 March 2006 comprise a fixed loan of R310,0 million (2005: R310,0 million) bearing interest fixed at 12,85% per annum (2005: 12,85% per annum) repayable in 5 years and 8 months and a variable loan of R121,3 million (2005: R116,5 million) bearing interest at either 2,25% (2005: 2,25%) above the Johannesburg Inter Bank Agreed Rate or 1,5% (2005: 1,5%) below the prime overdraft rate, at the election of Whirlprops. Both loans will be repaid from the distributions by SA Retail and the sale of linked units. The linked units owned by Whirlprops rank *pari passu* in all respects with all linked units issued by SA Retail save for the Put obligation described below:

The Put obligation given by SA Retail to the funding banks is for their shares in Whirlprops and their sale claims or alternatively the linked units in SA Retail owned by Whirlprops. The pricing of such shares is the greater of the 30 day weighted average trading price of SA Retail, or the outstanding loans to the banks in Whirlprops, plus all applicable cancellation costs relating to such loans. The net cost to SA Retail had the Put obligation been exercised at 31 March 2006 would have been R230,4 million (2005: R17,1 million), being the excess of the average trading price per linked unit above the outstanding loan plus cancellation costs. The Put obligation is only exercisable if the covenants set out below are breached or any time after November 2011. All covenants were maintained during the year under review.

- The distributions of SA Retail for the periods set out below shall not be less than:
  - From listing to 31 March 2002 20,29 cents;
  - 1 April 2002 to 31 March 2003 55,62 cents;
  - 1 April 2003 to 31 March 2004 60,01 cents;
  - 1 April 2004 to 31 March 2005 63,74 cents;
  - 1 April 2005 to 31 March 2006 67,46 cents;
  - 1 April 2006 to 31 March 2007 63,87 cents;
  - 1 April 2007 to 31 March 2008 65,78 cents;
  - 1 April 2008 to 31 March 2009 67,76 cents;
  - 1 April 2009 to 31 March 2010 69,79 cents;
  - 1 April 2010 to 31 March 2011 71,88 cents; or
- SA Retail fails to make two distributions per financial year; or
- SA Retail encumbers its assets without the prior written consent of Whirlprops; or
- SA Retail borrows, issues guarantees, surety ships or otherwise incurs liabilities, actual or contingent, in excess of R5 million in the aggregate without the prior written consent of Whirlprops; or
- the borrowings of Whirlprops from the funding banks at any time exceed 55% of the net asset value excluding the debenture liabilities of SA Retail. At 31 March 2006 the borrowings were 27,6% (2005: 30,7%) of net asset value; or
- SA Retail grants any other party a Put option without the consent of Whirlprops; or
- the rental income of SA Retail for four consecutive months during the first five years is below 75% of the projected rental stream; or
- a judgement in excess of 1,5% of the value of the properties be granted against SA Retail and an appeal is not lodged against the judgement or should SA Retail attempt to compromise with any of its creditors; or
- SA Retail fails to ensure that the properties are insured; or
- any redemption or repayment of debentures without the prior written consent of Whirlprops; or
- at any time after 15 November 2011.

After the Put obligation has been exercised the linked units in SA Retail owned by Whirlprops will be either cancelled through their repurchase or traded on the open market. Any sale of linked units owned by Whirlprops will cause a pro-rata reduction in the value of the Put obligation and must first be applied against the outstanding loans.

Call right

SA Retail has a Call right, exercisable at any time, whereby the linked units held by Whirlprops can be redeemed at the greater of the value of the market value of the linked units based upon a 30-day weighted average trading price of SA Retail or the value of the outstanding loan in Whirlprops including all applicable cancellation costs relating to such loans and a premium. The premium on the Call right is 2% on the value of the outstanding fixed loan and 1% on the variable loan. It is not the intention of management to exercise the Call right in the future. The net cost to SA Retail had the Call right been exercised at 31 March 2006 would have been R223,0 million (2005: R9,8 million).

Notarial Deeds of Restraint

The following properties are subject to Notarial Deed of Restraint of free alienation in favour of Nedbank Limited in terms of the Whirlprops arrangement:

- East Rand Galleria
- Eikestad Mall
- Value Centre Springfield
- Hayfields Mall
- Coachman's Crossing
- Cambridge Crossing
- Bluff Shopping Centre
- Queensburgh Shopping Centre
- Kyalami Crescent (disposed post-31 March 2006)
- Middleburg Pick 'n Pay
- The Quarry Shopping Centre
- Checkers Somerset West
- Canterbury Crossing (disposed of post-31 March 2006)
- Kempton Park Shoprite

	2006 R'000	2005 R'000
6.6 Interest bearing borrowings		
Secured variable rate loans		
Nedbank Limited		
The terms are as follows:		
A facility available to the Company of R140,0 million; the loan attracts interest at	129 543	–
prime less 2,2% per annum; interest is payable monthly in arrears with the capital being repayable in November 2011 ; and the loan is secured by the notarial deed in restraint of free alienation over the investment properties in terms of the Whirlprops financing structure as detailed in note 6.5 above .		
The Company has further facilities available with Nedbank Limited. As at 31 March 2006 the Company had repaid the outstanding borrowings. Terms of the facilities are as follows:		
• A facility available to the Company of R187,5 million; the loan attracts interest at prime less 2,2% (2005: 1,5%) per annum; interest is payable monthly in arrears with the capital being repayable in November 2011; and the loan is secured by the notarial deed in restraint of free alienation over the investment properties in terms of the Whirlprops financing structure as detailed in note 6.5 above	–	–
• A facility available to the Company of R25 million, the loan attracts interest at primeless 2,2% (2005: 1,5%) per annum; interest is payable monthly in arrears with the capital being repayable in May 2014; and the loan is secured by way of a mortgage bond over the investment property known as "Town Square" for R25 million	–	23 494

The above borrowings are utilised in funding the development and improvement of investment properties.

		2006 R'000	2005 R'000
6.7	**Deferred taxation**		
	Movements in deferred taxation:		
	Balance at beginning of the year	50 384	8 835
	Charged to income statement	107 301	41 549
	Deferred tax on property related assets	109 460	41 512
	Other temporary differences charged to the income statement	(2 159)	37
	Balance at end of the year	157 685	50 384
	Analysis of deferred tax charged to the income statement:		
	Deferred tax on property related assets	109 460	41 512
	Prepaid expenses	(5)	312
	Accelerated capital allowances	659	355
	Other allowances	(545)	–
	Assessed losses	(2 268)	(630)
		107 301	41 549
	Composition of deferred taxation:		
	Deferred tax on property related assets	159 340	49 880
	Other deferred tax assets	(4 738)	(1 925)
	Sundry deferred tax liabilities	3 083	2 429
		157 685	50 384
6.8	**Other payables**	22 224	–
	As at 31 March 2006 development expenditure to the value of R22 224 000 as determined by a Quantity Surveyor was accrued for at year-end.		
6.9	**Net rental income from properties**		
	Net rental income is arrived at after taking the following items into account:		
	Audit fees		
	Current	338	205
	Other services	53	3
	Under provision prior year	60	–
		451	208
	Asset management fee	7 610	4 863
	Property expenses		
	Administration fees	6 772	6 591
	Letting fees	2 512	2 335
		9 284	8 926
	Debenture amortisation	559	42
	Directors' emoluments		
	For services of executive director	60	40
	For services of non-executive directors	470	300
	Under provision prior year	20	–
		550	340

		2006 R'000	2005 R'000
6.10	**Taxation**		
	SA Normal taxation		
	Current	–	–
	Deferred tax other	(2 159)	37
	Deferred tax on property related assets	109 460	41 512
	Secondary taxation on companies	6	5
		107 307	41 554
	Reconciliation of tax rate:		
	Taxation as a percentage of profit:		
	Effective tax rate	49,00%	14,20%
	Unrecognised tax on property related assets	(49,99%)	(14,19%)
	Secondary tax on companies	–	–
	Disallowable expenses	29,99%	29,99%
	Standard tax rate	29,00%	30,00%
	No current taxation has been provided for as the Company has a loss for taxation purposes estimated to be R14 459 000 (2005: R6 636 000).		
6.11	**Headline earnings per linked unit** (Cents per linked unit)	71,22	81,29
	The calculation of headline earnings per linked unit is based on profit attributable to unit holders of R160 856 964 (2005: R165 327 039) (refer to note 6.14) and 225 873 826 (2005: 203 365 682) weighted average linked units in issue during the year.		
6.12	**Earnings per linked unit** (Cents per linked unit)	120,60	197,39
	The calculation of earnings per linked unit is based on profit attributable to unit holders adjusted for the payment of debenture interest of R272 396 747(2005: R401 427 708) and 225 873 826 (2005: 203 365 682) weighted average linked units in issue during the year.		
6.13	**Headline earnings per share and earnings per share** In terms of the JSE listing requirements it is mandatory to disclose headline earnings per share and earnings and diluted earnings per share is required by IFRS. The disclosure below is not meaningful to investors as the shares are linked to a debenture and virtually all the distributable profit is distributed in the form of debenture interest.		
	Headline earnings/(loss) per share (Cents per share)	0,06	7,32
	The calculation of headline earnings per share is based on a profit attributable to shareholders of R130 660 (2005: R14 891 815) (refer to note 6.14) and 225 873 826 (2005: 203 365 682) weighted average shares in issue during the year.		
	Earnings per share and diluted earnings per share (Cents per share)	49,44	123,41

The calculation of earnings per share and diluted earnings per share is based on profit attributable to shareholders of R111 670 443 (2005: R250 992 485) and 225 873 826 (2005: 203 365 682) weighted average shares in issue during the year.

		2006 R'000	2006 c/u	2005 R'000	2005 c/u
6.14	**Reconciliation of weighted average earnings per share to weighted average headline earnings per share to headline earnings per linked unit**				
	Earnings and diluted earnings	111 670	49,44	250 993	123,41
	Net surplus on write up of investment properties (net of deferred taxation)	(112 268)	(49,70)	(236 053)	(116,07)
	Loss/(Profit) on disposal of investment property	728	0,32	(48)	(0,02)
	Headline earnings per share	130	0,06	14 892	7,32
	Debenture interest	160 727	71,16	150 435	73,97
	Headline earnings per linked unit	160 857	71,22	165 327	81,29
	Headline earnings per linked unit have been based on the weighted average number of linked units in issue and therefore cannot be compared to the total distribution of 71,18 (2005: 69,20) cents per linked unit, which has been derived as follows:				
	For the period 1 April 2005 to 30 September 2005				
	(1 April 2003 to 30 September 2003)		32,95		32,50
	For the period 1 October 2005 to 31 March 2006		38,23		36,70
	(1 October 2003 to 31 March 2005)		71,18		69,20
	Distributable earnings are not impacted by the revaluation of the Put obligation (ISA 39 fair value adjustment) or rental straight line adjustment, which is included in earnings per linked unit and headline earnings per linked unit.				
6.15	**Cash received from tenants**				
	Revenue	229 800		219 502	
	Rental straight line adjustment	1 643		(5 395)	
	Increase in trade and other receivables	(15 347)		(7 639)	
		216 096		206 468	
6.16	**Cash paid to suppliers and employees**				
	Revenue	229 800		219 502	
	Net rental income from properties	(149 293)		(144 884)	
		80 507		74 618	
	Amortisation of debenture premium, discount and expenses	559		42	
	Increase in trade and other payables	(17 348)		(713)	
		63 718		73 947	

		2006 R'000	2005 R'000
6.17	**Cash generated by operating activities**		
	Net rental income from properties	149 293	144 884
	Adjusted for:		
	Rental straight line adjustment	1 643	(5 395)
	Amortisation of debenture issue expenses	(559)	(42)
	Working capital changes		
	Increase in trade and other receivables	(15 347)	(7 639)
	Increase in trade and other payables	17 348	713
		152 378	132 521
6.18	**Distribution to linked unit holders**		
	Debenture interest paid is reconciled as follows:		
	Amounts unpaid at beginning of the year	(82 825)	(60 536)
	Amounts charged to the income statement	(160 727)	(150 435)
	Amounts unpaid at end of the year	86 274	82 825
		(157 278)	(128 146)
	Dividends paid are reconciled as follows:		
	Amounts unpaid at beginning of the year	(23)	(35)
	Amounts declared during the year	(45)	(43)
	Amounts unpaid at end of the year	23	23
		(45)	(55)
		(157 323)	(128 201)
6.19.	**Taxation paid**		
	Taxation paid is reconciled as follows:		
	Amounts unpaid at beginning of the year	(3)	(4)
	Amounts charged to the income statement	(107 307)	(41 554)
	Deferred tax charged to the income statement	107 301	41 549
	Amounts unpaid at end of the year	3	3
		(6)	(6)
6.20	**Acquisition of investment properties**		
	Total acquisition of investment properties	(29 213)	(217 926)
	Property acquisition obligation	–	(95 413)
		(29 213)	(313 339)
6.21	**Cash and cash equivalents at end of the year**		
	Cash and cash equivalents included in the cash flow statement comprise the following amounts:		
	Cash at bank	11 937	1 648
	Cash on call and fixed term deposits	50 618	60 754
		62 555	62 402

Year-end 31 March 2006	KwaZulu-Natal R'000	Gauteng R'000	Western Cape R'000	Corporate R'000	Total R'000

6.22 Segment results

	KwaZulu-Natal R'000	Gauteng R'000	Western Cape R'000	Corporate R'000	Total R'000
Income statement					
Revenue (external)	92 315	134 921	2 564	–	229 800
Contractual lease revenue	107 758	91 345	32 340	–	231 443
Straight line adjustment	(15 443)	43 576	(29 776)	–	(1 643)
Segment result					
Net rental income	60 272	109 351	(7 531)	(12 799)	149 293
Interest received	310	646	567	8 424	9 947
Finance costs	–	–	–	–	–
Capital loss on disposal of investment properties	–	(728)	–	–	(728)
Write up on revaluation of investment properties	134 134	45 969	46 693	–	226 796
As per valuation	118 691	89 545	16 917	–	225 153
Adjustment for rental straight line	15 443	(43 576)	29 776	–	1 643
Revaluation of Put obligation	–	–	–	(5 604)	(5 604)
Debenture interest	(76 022)	(66 418)	(22 812)	4 525	(160 727)
	118 694	88 820	16 917	(5 454)	218 977
Other information					
Investment properties	910 511	631 433	246 254	–	1 788 198
At valuation	930 970	664 998	250 242	–	1 846 210
Prepaid letting commission	1 579	2 200	394	–	4 173
Rental straight-line adjustment	(22 038)	(35 765)	(4 382)	–	(62 185)
Current and other long-term assets	41 354	88 103	12 396	47 418	189 271
Excluding rental straight line adjustment	19 316	52 338	8 014	47 418	127 086
Rental straight line adjustment	22 038	35 765	4 382	–	62 185
Total segment assets	951 865	719 536	258 650	47 418	1 977 469
Debentures *	–	–	–	1 154 210	1 154 210
Interest bearing borrowing	–	–	–	129 543	129 543
Fair value of Put obligation	–	–	–	17 722	17 722
Deferred taxation	–	–	–	157 685	157 685
Current liabilities	72 095	42 146	13 831	(15 419)	112 653
Total segment liabilities	72 095	42 146	13 831	1 443 741	1 571 813
Acquisition of investment property	10 671	–	18 542	–	29 213

* Due to the nature of debentures, segmentation could not be allocated in any meaningful manner.

Year-end 31 March 2006	KwaZulu-Natal R'000	Gauteng R'000	Western Cape R'000	Corporate R'000	Total R'000

6.22 Segment results (continued)

Income statement					
Revenue (external)	85 659	105 624	28 219	–	219 502
Contractual lease revenue	83 793	103 583	26 731	–	214 107
Straight line adjustment	1 866	2 041	1 488	–	5 395
Segment result					
Net rental income	60 386	71 949	18 636	(6 087)	144 884
Interest received	234	260	67	2 639	3 200
Finance costs	–	–	–	(1 429)	(1 429)
Capital profit on disposal of investment properties	–	–	48	–	48
Write up on revaluation of investment properties	123 045	110 780	42 122	–	275 947
As per valuation	124 911	112 821	43 610	–	281 342
Adjustment for rental straight line	(1 866)	(2 041)	(1 488)	–	(5 395)
Revaluation of Put obligation	–	–	–	20 332	20 332
Debenture interest	–	–	–	(150 435)	(150 435)
	183 665	182 989	60 873	(134 980)	292 547
Other information					
Investment properties	626 976	593 676	174 141	–	1 394 793
At valuation	663 050	583 770	208 000	–	1 454 820
Prepaid letting commission	1 407	2 095	299	–	3 801
Rental straight line adjustment	(37 481)	7 811	(34 158)	–	(63 828)
Current and other long-term assets	42 796	96 605	37 517	55 029	231 947
Excluding rental straight line adjustment	5 315	104 416	3 359	55 029	168 119
Rental straight line adjustment	37 481	(7 811)	34 158	–	63 828
Total segment assets	669 772	690 281	211 658	55 029	1 626 740
Debentures *	–	–	–	1 154 858	1 154 858
Interest bearing borrowing	–	–	–	23 494	23 494
Fair value of Put obligation	–	–	–	12 118	12 118
Deferred taxation	–	–	–	50 384	50 384
Current liabilities	5 655	5 564	2 673	77 972	91 864
Total segment liabilities	5 655	5 564	2 673	1 318 826	1 332 718
Acquisition of investment property	190 197	–	27 729	–	217 926

Segment revenue and expenses

Revenue and expenses that are directly attributable to properties in the particular region are allocated to those regions. Expenses not directly attributable to a region are allocated to the corporate segment.

Segment assets and liabilities

Segment assets include all operating assets used by a region and consist principally of property assets, trade receivables, cash and cash equivalents. Segment liabilities include all operating liabilities of a region and consist principally of outstanding accounts. Assets and liabilities not directly attributable to a particular region are allocated to the corporate segment.

* Due to the nature of debentures, segmentation could not be allocated in any meaningful manner.

	2006 R'000	2005 R'000
6.23 Operating leases		
Minimum lease rentals		
Contractual lease revenue within one year	166 663	151 082
Contractual lease revenue within two – five years	392 491	339 269
Contractual lease revenue after five years	307 485	216 073
Total future contractual lease revenue	866 639	706 424
Rental straight-line adjustment already accrued	(62 185)	(63 828)
Future straight line lease revenue	804 454	642 596
Minimum lease payments		
Contractual lease payments within one year	746	–
Contractual lease payments within two – five years	3 628	–
Contractual lease payments after five years	154 488	–
Total future contractual lease payments	158 862	–
Rental straight-line adjustment already accrued	(5 466)	–
Future straight line lease payment	153 396	–
6.24 Contingent assets, liabilities and commitments		
6.24.1 Guarantees		
Issued in lieu of municipal services deposits	2 998	2 554

The Company has a total facility of R5 million, which is renewable on 31 October 2007.

6.24.2 Capital expenditure

Capital expenditure amounting to R130,9 million has been authorised and contracted for re-development and improvements to existing properties.

This expenditure will be funded through existing facilities.

6.24.3 Property disposals

Investment property to the value of R33,4 million has been transferred post 31 March 2006. Refer to note 6.2.

6.25 Financial risk management

The financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and derivative financial instruments. In respect of financial instruments, carrying amounts approximate fair values. In terms of the international accounting statement IAS 39, derivative financial instruments are fair valued and their potential gains or losses are recognised in the income statement. The risk associated with these and other transactions have been addressed as set out below:

Operation risk management

Operational risk includes the risk of non-compliance with applicable legal, regulatory requirements, board policies and the risk that counterparty's performance obligations will be unenforceable. SA Retail has established risk management procedures that are designed to ensure compliance with applicable governance.

Interest rate and liquidity risk management

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk.

In the ordinary course of business, the Company receives cash from the letting of its investment properties and is required to fund working capital requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve market related returns while minimising risks. The Company is able to actively source financing at competitive rates.

The Company has sufficient undrawn borrowing facilities available to fund working capital requirements.

Credit risk management

Potential areas of credit risk consist mainly of trade receivables. Trade receivables consist of debt from a large widespread tenant base. The financial position of the tenants is monitored on an ongoing basis. Impairment is recognised for amounts not expected to be recovered. At year-end management did not consider there to be any further impairment or material credit risk exposure.

6.26 Related party transactions

Related party transactions are concluded on an arm's length basis in the normal course of business. Details of material transactions with those related parties that took place during the year ended 31 March 2006 are summarised below:

Party concerned	Class of related party	Transaction	2006 R'000	2005 R'000
Management fees:				
Marriott Property Services (Pty) Limited	Directors are also directors of related party	– Asset management fees (0,35% p.a. of market capitalisation plus debt, calculated and payable monthly)	7 610	4 863
		– Property management fees (based upon collections at rates varying between 1,5% and 3,5% dependent upon the nature and size of each property)	6 660	6 591
		– Leasing commissions (paid during the year)	3 557	3 623
Other:				
Marriott Corporate Property Bank Limited	Directors are also directors of related party	– Guarantee fees	–	20
Motseng Marriott Property Services (Pty) Limited	Directors are also directors of related party	– Valuation fees	158	162
Property acquisitions, disposals, development and listing expenses:				
Marriott Property Services (Pty) Limited	Directors are also directors of related party	– Acquisition, disposal, technical and development fees	4 331	2 024
Marriott Corporate Property Bank Limited	Directors are also directors of related party	– Professional, advisory, guarantee and placing fees	1 702	1 980

Other related parties that have been identified by way of their relatedness to the directors of the Company or the association of the asset management company include:

- Martprop Property Fund.
- Vukilé Property Fund.
- Mr Price Group Limited and its subsidiaries.

No fees have been paid or received and there are no outstanding amounts with these parties apart from those disclosed above.

Old Mutual South Africa Limited has been identified as a related party with effect from 19 May 2006 due to the acquisition of certain business units from Marriott Holdings Limited.

Key management personnel

Other than the directors of the Company, D L Pronk and A M Malan have been identified as key management personnel of the Company. Both D L Pronk and A M Malan are employed by the asset managers – Marriott Property Services (Pty) Limited.

	Notes	2006 R'000	2005 R'000

6.27 Explanation of transition to IFRS

As stated in Note 6 Accounting policies these are the Company's first annual financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 5 Accounting policies have been applied in preparing the financial statements for the year ended 31 March 2006, the comparative information presented in these financial statements for the year ended 31 March 2005 and in the preparation of an opening IFRS balance sheet as at 1 April 2004.

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and the requirements of the South African Companies Act. An explanation of how the transition from previous SA GAAP to IFRS has affected the Company's financial position is shown below.

Effective changes:

	Notes	2006 R'000	2005 R'000
Prepaid letting commission	6.2		
Prepaid letting commission has been reclassified from trade and other receivables to investment properties in terms of IAS 17 which requires initial direct costs incurred by lessors on negotiating an operating lease to be added to the carrying amount of the leased asset.			
Investment properties held for sale	6.3		
Investment properties that would be realised within twelve months are reclassified as held for sale.			
Investment properties	6.2		
• as previously stated		1 788 198	1 480 592
• reclassification			
• prepaid letting commission		–	3 801
• investment properties held for sale		–	(89 600)
As restated		1 788 198	1 394 793
Trade and other receivables			
• as previously stated		39 348	21 871
• reclassification		–	(3 801)
As restated		39 348	18 070
Investment properties held for sale	6.3		
• reclassification		33 439	89 600

6.27 Explanation of transition to IFRS (continued)

The income statement has not been effected by the transition to IFRS.

A reconciliation of equity in terms of IFRS 1 transition statement is not required as a reclassification of investment property to non current assets held for sale has had no impact on equity.

None of the IFRS 1 optional exemptions were applied. Therefore the above figures were restated in terms of IFRS 1 as it requires an entity to apply all standards effective at year end.

6.28 International Financial Reporting Standards and Interpretations issued but not yet effective

International Financial Reporting Standards and Interpretations issued but not yet effective that will be applicable to the Company are as follows:

Standard/Interpretation		Effective date
IFRS 7	Financial Instruments: Disclosure (including amendments to IAS 1), Presentation of Financial Statement: Capital Disclosures	Annual periods commencing on or after 1 January 2007
IFRIC 8	Scope of IFRS 2	Annual periods commencing on or after 1 May 2006
AC 503	Accounting For Black Economic Empowerment (BEE) Transactions	Annual periods commencing on or after 1 May 2006

IFRS 7

IFRS 7 lays out disclosure requirements for all financial instruments. As it does not affect the recognition and measurement of financial instruments, the application of IFRS 7 will have no financial implications for the Company.

IFRIC 8 and AC 503

The entity has not yet entered into a BEE transaction at balance sheet date. When the Company does, IFRIC 8 and AC 503 would be considered.

At this stage the financial impact of these interpretations cannot be determined.

6.29 Post-balance sheet acquisitions

Property acquisitions to the value of R1 228,1 million has been authorised by the Directors after the year-end but before the date of this report. Agreements have been entered into.

This expenditure will be funded through a combination of existing facilities, debt and an issue of linked units.

Material changes

The directors of SA Retail are not aware of that material changes have taken place in the financial position or nature of the company between 30 September 2006 and the date of this report, other than those arising in the normal course of business and set out in the Circular

DIRECTORS' COMMENTARY
for the year ended 31 March 2006

NATURE OF BUSINESS

SA Retail is a property investment company and is listed on the JSE Limited under the "Financials – Real Estate" sector. The Company derives its income from a focused retail portfolio of regional and convenience retail shopping centres.

ISSUED SHARE CAPITAL

At the beginning of the year there were 225 873 826 linked units in issue and this remained unchanged to 31 March 2006. Each linked unit comprises one ordinary share of 0,001 cent and one unsecured variable rate debenture of 499,999 cents.

FINANCIAL REVIEW

	2006 R'000	2005 R'000
Headline earnings per linked unit (cents) (weighted)	71,22	81,29
Earnings per linked unit (cents) (weighted)	120,60	197,39
Distribution per linked unit (cents)		
Interest	71,16	69,18
Dividend	0,02	0,02
	71,18	69,20
A final distribution comprising a dividend of 0,01 cents per ordinary share and interest of 38,22 cents per linked debenture (2005: 36,69 cents per linked debenture), totalling 38,23 cents per linked unit (2005: 36,70 cents per linked unit) has been declared in respect of the income distribution for the period 1 October 2005 to 31 March 2006.		
Distribution analysis per linked unit (cents per linked unit):		
For the period 1 April 2005 to 30 September 2005 (1 April 2004 to 30 September 2004)	32,95	32,50
For the period 1 October 2005 to 31 March 2006 (1 October 2004 to 31 March 2005)	38,23	36,70
	71,18	69,20

BORROWINGS

The directors are authorised to borrow funds up to an amount not exceeding 55% (in terms of the Whirlprops covenant) of the directors' *bona fide* valuation of the consolidated property portfolio and any other assets of the Company. At 31 March 2006, the Company had interest bearing borrowings of R129 542 941 or 6,6% (2005: R23 493 943 or 1,4%) of asset value. These borrowings attract interest at a variable rate of prime less 2,2% (2005: prime less 1,5%) per annum and expire in May 2014. The Company has contingent liabilities.

ACQUISITIONS AND IMPROVEMENTS

In June 2005, SA Retail took transfer of 12 residential properties in Kings Road adjacent to Pine Crest Shopping Centre. Conversion from residential to an 8 363m^2 value centre commenced in November 2005. This centre is anchored by a 2 500m^2 SuperSpar. Completion of the value centre is anticipated in October 2006 at a total capital cost of R55,0 million and at an initial yield of 11,0%. Vukilé who own a 50% undivided share of Pine Crest Shopping Centre, have acquired a 50% undivided share of this development.

On the 24 February 2006, the company acquired a 2 981m^2 convenience shopping centre known as Rhodesdene in Kimberley for R18,5 million. This investment is anchored by 1 821m^2 Pick 'n Pay with a lease until 2013.

R80,1 million was spent on capital improvements (excluding development expenditure) during the financial year. This includes:

East Rand Galleria	R6,5 million
Bluff Shopping Centre	R47,5 million
Highland Mews	R15,2 million
Tokai Junction	R5,3 million
Pine Crest Shopping Centre	R2,2 million

DISPOSALS

During the period under review, the Company disposed of three properties, namely Cambridge Downs in Sandton, Kyalami Downs in Kyalami and a 50% undivided share of Florida Junction in Florida at a combined realised value of R89,6 million. A further two properties (Kyalami Crescent in Kyalami and a basement in Knowles Shopping Centre in Pinetown, of which SA Retail owns a 50% undivided share) were disposed of post 31 March 2006 at a combined realised value of R33,4 million. The abovementioned properties did not meet the Company's investment criteria.

HYPROP INVESTMENTS LIMITED ("Hyprop") OFFER TO UNITHOLDERS OF SA RETAIL

The board of directors of SA Retail were advised on 31 March 2005 of Hyprop's firm intention to make an offer to the linked unit holders of SA Retail to acquire all the linked units in SA Retail not already owned by Hyprop ("Hyprop offer"). The Hyprop offer finally closed six months later on 9 September 2005.

Hyprop had acquired 7% of the SA Retail linked units in the open market prior to the opening of the offer and 25% from Redefine Income Fund as prior acceptance of the offer. At the close of the offer, Hyprop's share in SA Retail stood at 44%, an additional 12%.

At the date of this report, Hyprop owns 46% of SA Retail linked units in the open market.

DIRECTORS COMMENTARY
for the year ended 31 March 2005

NATURE OF BUSINESS

SA Retail is a property investment company and is listed on The JSE Limited under the "Financials – Real Estate" sector. The Company derives its income from a focussed retail portfolio of regional and convenience retail shopping centres.

ISSUED SHARE CAPITAL

At the beginning of the year there were 174 893 039 linked units in issue. A further 18 002 359 linked units were issued on 1 April 2004 for the acquisition of a 50% undivided share in Sanlam Centre, Pinetown. 15 052 022 linked units were issued on 16 August 2004 and 13 882 288 linked units were issued on 8 March 2005 as a general issue for cash. A further 4 044 118 linked units were issued on 18 March 2005 for the acquisition of Paradys Park, resulting in a total of 225 873 826 linked units in issue at 31 March 2005. Each linked unit comprises one ordinary share of 0,001 cent and one unsecured variable rate debenture of 499,999 cents.

FINANCIAL REVIEW

	2005	2004
Headline earnings per linked unit (cents) (weighted)	81,29	65,11
Earnings per linked unit (cents) (weighted)	197,39	82,26
Distribution per linked unit (cents)		
Interest	69,18	65,86
Dividend	0,02	0,04
	69,20	65,90

Net distributable income for the year ended 31 March 2005 is 69,20 cents per linked unit resulting in a 5,0% growth in distributions per linked unit over the prior year.

A final distribution comprising a dividend of 0,01 cents per ordinary share and interest of 36,69 cents per linked debenture, totalling 36,70 cents per linked unit has been declared in respect of the income distribution for the period 1 October 2004 to 31 March 2005.

Distribution analysis per linked unit (cents per linked unit):

For the period 1 April 2004 to 30 September 2004 (1 April 2003 to 30 September 2003)	32,50	31,25
For the period 1 October 2004 to 31 March 2005 (1 October 2003 to 31 March 2004)	36,70	34,65
	69,20	65,90

BORROWINGS

The directors are authorised to borrow funds up to an amount not exceeding 55% of the directors' *bona fide* valuation of the consolidated property portfolio and any other assets of the Company. At 31 March 2005, the Company had interest bearing borrowings of R23 493 943 or 1,6% (2004: nil) of net asset value. These borrowings attract interest at a variable rate of prime less 1,5% per annum and expire in May 2014. The Company has contingent liabilities as set out in notes 5 and 24 of the notes to the annual financial statements.

ACQUISITIONS AND IMPROVEMENTS

In April 2004 SA Retail took transfer of a 50% undivided share of Sanlam Centre, Pinetown. This investment is anchored by majors and nationals occupying 84% of the gross lettable area including Pick 'n Pay, Woolworths and Game. In September 2004 the Company acquired a 50% undivided share of Musgrave Centre, Durban. National and majors occupy 66% of this 39 616m^2 shopping centre. In March 2005 SA Retail took occupation of a 8 026m^2 convenience shopping centre in Cape Town known as Paradys Park, anchored by a Spar.

An amount of R23,5 million was invested in upgrading certain properties during the period under review, including the re-development of Tokai Junction (R16,3million). A further R140,5 million has been authorised and contracted for future improvements in the 2006 financial year.

DISPOSALS

During the period under review, the Company disposed of four properties (The Circle in Somerset West, Witbank Centre and Checkers in Witbank and a 50% undivided share of Rondebosch Shopping Centre in Rondebosch) at a combined realised value of R56,0 million. A further three properties (Cambridge Downs, Kyalami Downs and a 50% undivided share of Florida Junction) were sold and transferred post 31 March 2005 at a combined realised value of R89,6 million. The abovementioned properties did not meet the Company's investment criteria.

Part 2

1. CONSOLIDATED INCOME STATEMENT

The consolidated income statement of SA Retail for the year ended 31 March 2004 is set out below:

	Notes	31 March 2004 Audited R'000
Revenue	5.6	169 143
Contractual lease revenue		162 695
Straight line adjustment on leases		6 448
Net rental income from properties	6.7	115 487
Interest received		5 947
Finance costs		(211)
Net profit before fair value adjustments		121 223
Write up on revaluation of investment properties		35 069
As per valuation		41 517
Adjusted for rental straight line adjustment		(6 448)
Deficit on revaluation of Put obligation		(5 950)
Net profit before debenture interest and taxation		150 342
Debenture interest		(114 560)
Net profit before taxation		35 782
Taxation	6.8	(7 306)
Net profit attributable to linked unitholders		28 476
Weighted average number of linked units in issue (000's)		173 890
Earnings per share (cents) (weighted)	6.11	16,37
Diluted earnings per share (cents) (weighted)		16,37
Distribution per linked unit (cents)		
Interest		65,86
Dividend		0,04
		65,90

2. CONSOLIDATED BALANCE SHEET

The consolidated balance sheet of SA Retail as at 31 March 2004 is set out below:

	Notes	31 March 2004 Audited R'000
ASSETS		
Non-current assets		
Investment properties	6.1	1 019 297
At valuation		1 077 730
Rental straight line adjustment		(58 433)
Rental receivable – straight line adjustment		53 038
		1 072 335
Current Assets		
Net receivables		17 674
Trade and other receivables		12 279
Rental receivable – straight line adjustment		5 395
Cash and cash equivalents		13 426
		31 100
TOTAL ASSETS		1 103 435
EQUITY AND LIABILITIES		
Capital reserves		
Share capital and premium	6.2.1	33 238
Non-distributable reserves	6.2.2	21 675
Distributable reserves		(21 191)
		33 722
Non-current liabilities		
Debentures	6.3	864 140
Fair value of Put obligation	6.4	32 450
Deferred taxation	6.5	8 835
		905 425
Current liabilities		
Trade and other payables		8 301
Property acquisition obligation	6.6	95 413
South African Revenue Services		4
Linked unitholders for distribution		60 570
		164 288
TOTAL EQUITY AND LIABILITIES		1 103 435
Number of linked units in issue (000's)		174 893
Net asset value per linked unit (including distribution yet to be paid) (cents)		548
Net tangible asset value per share (cents) (including distribution yet to be paid)		548

3. STATEMENT OF CHANGES IN EQUITY

The consolidated statement of changes in equity of SA Retail for the year ended 31 March 2004 is set out below:

	Note	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Distributable reserves R'000	Total R'000
Opening balance at 31 March 2003	6.2	33 236	(8 134)	(19 788)	5 316	
Net profit attributable to linked unitholders		–	–	–	28 476	28 476
As previously reported		–	–	–	29 443	29 443
Effect of prior year rental straight line adjustment		–	–	–	(967)	(967)
Transfer to non-distributable reserves		–	–	29 809	(29 809)	–
Dividend distributed		–	–	–	(70)	(70)
Restated balance at 31 March 2004		2	33 236	21 675	(21 191)	33 722

4 CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statements of SA Retail for the year ended 31 March 2004 is set out below:

	Notes	2004 R'000
OPERATING ACTIVITIES		
Cash received from tenants	6.13	161 144
Cash paid to suppliers and employees	6.14	(52 315)
Cash generated by operating activities	6.15	108 829
Interest earned		5 947
Finance costs		(211)
Distribution to linked unitholders:		6.16
– Interest		(81 979)
– Dividend		(69)
Taxation paid	6.17	(8)
Net cash inflow		32 509
INVESTING ACTIVITIES		
Acquisition of investment properties	6.18	(65 152)
Improvements to investment properties		(9 794)
Net cash outflow		(74 946)
FINANCING ACTIVITIES		
Debentures issued		29 570
Net cash inflow		29 570
Net decrease in cash and cash equivalents		(12 867)
Cash and cash equivalents at beginning of the year		26 293
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6.19	13 426

5. PRINCIPAL ACCOUNTING POLICIES

The Historical Financial Information for the year ended 31 March 2004 has been prepared on the historical cost basis, adjusted by the revaluation of investment properties, and incorporates the following principal accounting policies, which have been consistently applied with those of the previous year. The Accounting Statement on Financial Instruments AC133 has been applied for the first time in the Historical Financial Information for the year ended 31 March 2004, but has had no impact on distributable income recorded below. The Historical Financial Information for the year ended 31 March 2004 have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

5.1 Investment properties

Investment properties are held for the purpose of earning rental income and for capital appreciation.

The cost of investment properties comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment properties is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Investment properties are revalued annually at open market values by the directors. Every three years investment properties are valued by an independent registered valuer. Investment properties under development are valued on the cost basis. Any gain or loss arising from the change in fair value of the investment properties net of capital gains tax is included in net profit for the year in which it arises and is then transferred to the non-distributable reserve.

5.2 Deferred taxation

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

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.

5.3 Deferred capital gains tax

Deferred capital gains tax is provided at current income tax rates and capital gain inclusion rates, based on the gain between year end valuation and the base cost of the fixed property.

5.4 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the settlement amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.5 Financial instruments

A financial asset or liability is recognised on the balance sheet for as long as the Company is party to the contractual provisions of the instruments.

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Financial instruments on the balance sheet include trade and other receivables, cash and cash equivalents and financial liabilities. Subsequent to the initial recognition these instruments are measured as set out below:

- Trade and other receivables:

  Trade and other receivables are stated at cost less impairment losses.

- Cash and cash equivalents:

  Cash and cash equivalents are measured at fair value at balance sheet date.

- Financial liabilities:

  Financial liabilities are measured at amortised cost using the effective interest rate method. Debentures are recognised at original debt less amortisations and principle repayments. Derivative financial instruments are recognised at fair value.

Gains and losses on subsequent measurement

Gains and losses arising from a change in fair value of financial instruments are included in net profit or loss in the period in which the change arises.

Set off

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

5.6 Revenue recognition

5.6.1 Revenue

Revenue comprises gross rental income, including all recoveries from tenants, excluding VAT. Turnover rental is recognised when it is due in terms of the lease agreement.

Operating lease receipts are recognised on a straight-line basis over the lease term. There will be an offsetting effect to the change in fair value, of investment property in the income statement (where relevant).

5.6.2 Net finance costs

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method.

Interest earned

Interest earned is recognised at effective rates of interest and is brought to income on a yield to maturity basis.

5.7 Tenant installation costs

Tenant installation costs that are capital in nature are capitalised to the cost of the property. Costs that are not of a capital nature, are expensed in the year in which they are incurred.

5.8 Capitalisation of interest

Where the Company undertakes a major development or refurbishment of a property, interest is capitalised to the cost of the property concerned during the construction period. Capitalisation is suspended during extended periods in which active development is interrupted.

5.9 Segmental information

On a primary basis, the Company operates in the following geographical areas of South Africa:

- Gauteng.
- KwaZulu-Natal.
- Western Cape.

It is the Company's investment philosophy to invest only in retail property, therefore the Company can only report on a primary segment.

6. NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2004

	2004 R'000
6.1 INVESTMENT PROPERTIES	
Cost of fixed property	1 016 499
Subsequent expenditure	19 714
Revaluation	41 517
Rental straight line adjustment	(58 433)
Carrying value	1 019 297
Movements in investment properties:	
Carrying amount at beginning of the year	813 869
At valuation	865 854
Straight line rental adjustment	(51 985
Acquisitions	160 565
Improvements*	9 794
Revaluation	41 517
Rental straight line adjustment	(6 458)
Carrying amount at end of the year	1 019 297

* Includes interest capitalised of R1 230 941 (2003 : nil).

Directors valuation of the property portfolio at year-end amounted to R1 077,7 million (2003: R865,9 million).

6.2 SHARE CAPITAL AND RESERVES

6.2.1 Share capital

	2004 R'000
Authorised	
500 000 000 ordinary shares of 0,001 cent each	5
Issued	
174 893 039 (2003: 168 596 335) ordinary shares of 0,001 cent each	2
Share premium	
Premium arising on listing	50 342
Listing expenses on listing	(17 106)
	33 236
	33 238

Each share is linked to a debenture, which together comprises a linked unit. The unissued shares are under the control of the Directors until the next Annual General Meeting.

6.2.2 Non-distributable reserve

	2004 R'000
Investment property revaluation reserve	
Revaluation of investment property	41 517
Deferred tax	(16 017)
Rental straight line adjustment	(3 825)
	21 675
Movement for the year	
Balance at the beginning of the year	(8 134)
Net surplus on write up of investment property	29 809
On revaluation	35 290
On rental straight line adjustment	(5 481)
Balance at the end of the year	21 675

	2004 R'000
6.3 DEBENTURES	
174 893 039 (2003: 168 596 335) unsecured variable rate debentures of 499,999 cents each, net of amortised debenture issue expenses	864 140

The debentures are valued at amortised cost at rates approximating the acquisition yield of the properties over the expected period of repayment.

In terms of the debenture trust deed, the interest entitlement of every debenture linked to each ordinary share cannot be less than 90% of net earnings of the Company before debenture interest, amortisation, taxes and before any revaluations that are transferred to any non-distributable reserve. Debenture interest is payable bi-annually. The debentures are redeemable after 25 years from date of allotment. These linked debentures were utilised in funding property acquisitions.

6.4 DERIVATIVE – FAIR VALUE OF PUT OPTION AND CALL OPTION COMMITMENT	32 450

In terms of AC133, the accounting statement on financial instruments, the Put commitment and call option that exists between SA Retail and Whirlprops 33 (Pty) Limited ("Whirlprops") has been fair valued at 31 March 2004.

In terms of the transitional provisions of the accounting statement, R6,0 million of the fair value adjustment has been charged to the income statement in the current year and R26,5 million, being the fair value adjustment at 31 March 2003, has been charged against opening reserves in the statement of changes in equity.

This treatment has had no effect on distributable income.

Put option commitment

The fair value of the Put option that Whirlprops 33 (Pty) Ltd ("Whirlprops") has on SA Retail at 31 March 2004 on the assumption that the Put will be exercised by Whirlprops in November 2006 is a shortfall of R32,5 million (2003: R26,5 million) or a decline in the net asset value by 18,5 cents per linked unit (2003: 15,67 cents per linked unit) or 3,3% (2003: 3,05%).

Whirlprops subscribed for 64 388 474 units in SA Retail at an issue price of 578,08 cents per unit. BoE Bank Ltd and Nedcor Investment Bank Ltd, the funding banks, advanced R372,2 million to fund the investment. The loans at 31 March 2003 comprise a fixed loan of R310,0 million bearing interest fixed at 12,85% per annum repayable in 10 years and a variable loan of R110,2 million bearing interest at either 2,25% above the Johannesburg Inter Bank Agreed Rate or 1,25% below the prime overdraft rate, at the election of Whirlprops. Both loans will be repaid from the distributions by SA Retail and the sale of units. The units owned by Whirlprops rank pari passu in all respects with all units issued by SA Retail save for the Put option described below.

The Put option given by SA Retail to the funding banks is for their shares and loans in Whirlprops or alternatively for the units in SA Retail owned by Whirlprops. The net cost to SA Retail had the Put option been exercised at 31 March 2004 would have been R60,3 million (2003: R63,1 million). The Put option is only exercisable if the covenants set out below are breached. During the year under review all covenants were maintained.

- The distributions of SA Retail for the periods set out below shall not be less than:
  - From listing to 31 March 2002 — 20,29 cents;
  - 1 April 2002 to 31 March 2003 — 55,62 cents;
  - 1 April 2003 to 31 March 2004 — 60,01 cents;
  - 1 April 2004 to 31 March 2005 — 63,74 cents;
  - 1 April 2005 to 31 March 2006 — 67,46 cents; or
- SA Retail fails to make two distributions per financial year; or

- SA Retail encumbers its assets without the prior written consent of Whirlprops; or
- SA Retail borrows, issues guarantees, surety ships or otherwise incurs liabilities, actual or contingent, in excess of R5 million in the aggregate without the prior written consent of Whirlprops; or
- the borrowings of Whirlprops from the funding banks at any time exceed 55% of the net asset value excluding the debenture liabilities of SA Retail. At 31 March 2003 the borrowings were 47.9% of net asset value; or
- SA Retail grants any other party a Put option without the consent of Whirlprops; or
- the rental income of SA Retail for four consecutive months during the first five years is below 75% of the projected rental stream; or
- a judgement in excess of 1,5% of the value of the properties be granted against SA Retail and an appeal is not lodged against the judgement or should SA Retail attempt to compromise with any of its creditors; or
- SA Retail fails to ensure that the properties are insured; or
- any redemption or repayment of debentures without the prior written consent of Whirlprops; or
- at any time after 15 November 2006.

The Put option will be exercised at the amount of the loans outstanding, including unwinding costs, to the funding banks or the market value of the linked units held by Whirlprops, whichever is greater. After the Put has been exercised the linked units in SA Retail owned by Whirlprops will be cancelled either through their repurchase or Whirlprops becoming a wholly owned subsidiary of SA Retail and it is anticipated that Whirlprops will then be wound up. Any sale of linked units owned by Whirlprops will cause a pro rata reduction in the value of the Put option and must first be applied against the outstanding loans.

Potential Call Option

SA Retail has a Call option, exercisable at any time, whereby the linked units held by Whirlprops can be redeemed at the greater of the value of the loan or the market value of the linked units. The Call option has a premium of 2% on the value of the outstanding fixed loan and 1% on the variable loan. It is not the intention of management to exercise the Call option in the immediate future. The net cost to SA Retail had the Call option been exercised at 31 March 2004 would have been R63,4million (2003: R66,2 million).

		2004 R'000
6.5	DEFERRED TAXATION	
	Movements in deferred taxation:	
	Balance at beginning of the year	1 537
	Charged to income statement	7 298
	Deferred tax on property related assets	7 194
	Other temporary differences charged to the income statement	104
	Balance at end of the year	8 835
	Analysis of deferred tax charged to the income statement:	
	Deferred tax on property related assets	7 194
	Prepaid expenses	213
	Accelerated capital allowances	401
	Assessed losses	(510)
		7 298
	Composition of deferred taxation:	
	Deferred tax on property related assets	8 629
	Other deferred tax assets	(1 294)
	Sundry deferred tax liabilities	1 500
		8 835

		2004 R'000
6.6	PROPERTY ACQUISITION OBLIGATION	95 413
	The acquisition of the undivided half share of Sanlam Centre, Pinetown for R95 413 000 was settled on 1 April 2004 by way of an issue of 18 002 359 linked units.	
6.7	NET RENTAL INCOME FROM PROPERTIES	
	Net rental income is arrived at after taking the following items into account:	
	Audit fees – current	190
	– under provision prior year	25
		215
	Asset management fee	3 413
	Property expenses	
	Administration fee	5 409
	Letting fees	1 307
		6 716
	Finance costs	211
	Interest received	5 947
	Directors' emoluments:	
	For services as executive director	15
	For services as non-executive director	255
	Overprovision prior year	(15)
		255
6.8	TAXATION	
	SA Normal taxation	
	Current	–
	Deferred tax other	104
	Deferred tax on property related asset	7 194
	Secondary taxation on Companies	8
		7 306
	Reconciliation of tax rate:	
	Taxation as a percentage of profit:	
	Effective tax rate	20,42%
	Unrecognised tax – property related assets	(20,11%)
	Secondary tax on Companies	(0,03%)
	Disallowable expenses	29.66%
	Standard tax rate	30,00%
	No current taxation has been provided for as the Company has a loss for taxation purposes estimated to be R4 315 000 (2003: R2 614 000).	
6.9	HEADLINE EARNINGS PER LINKED UNIT	65,11
	The calculation of headline earnings per linked unit is based on profit attributable to unitholders of R108 712 700 (2003: R97 771 843) and 173 890 299 (2003: 157 002 337) weighted average linked units in issue during the year	

	2004 R'000
6.10 EARNINGS PER LINKED UNIT	82,26

The calculation of earnings per linked unit is based on profit attributable to unitholders of R144 001 745 (2003: R97 771 843) and 173 890 299 (2003: 157 002 337) weighted average linked units in issue during the year.

6.11 HEADLINE EARNINGS PER SHARE AND EARNINGS PER SHARE

In terms of the Accounting Standards it is mandatory to disclose headline earnings per share and earnings per share. The disclosure below is not meaningful to investors as the shares are linked to a debenture and virtually all the distributable profit is distributed in the form of debenture interest.

Headline (loss)/earnings per share	0,77

The calculation of headline earnings per share is based on loss/profit attributable to shareholders of R29 441 790 (2003: R92 918) and 173 890 299 (2003: 157 002 337) weighted average shares in issue during the year.

Earnings per share	16,37

The calculation of earnings per share is based on profit attributable to shareholders of (R5 847 255) (2003: R92 918) and 173 890 299 (2003: 157 002 337) weighted average shares in issue during the year.

	2004 R'000	2004 c/u
6.12 RECONCILIATION OF WEIGHTED AVERAGE EARNINGS PER SHARE TO WEIGHTED AVERAGE HEADLINE EARNINGS PER SHARE		
Earnings	28 476	16,31
Net surplus on write up of investment properties	(29 809)	(17,14)
Headline earnings per share	(1 333)	(0,77)

Distributable earnings per linked unit and headline earnings per linked unit has been based on the weighted average number of linked units in issue and therefore cannot be compared to the total distribution of 65,90 cents per linked unit, which has been derived as follows:

For the period 1 April 2003 to 30 September 2003	31,25
For the period 1 October 2003 to 31 March 2004	34,65
For the period 1 October 2002 to 20 December 2002	–
For the period 21 December 2002 to 31 March 2003	–
	65,90

Distributable earnings are not impacted by the deficit on revaluation of the Put option (AC 133 fair value adjustment), which is included in earnings and headline earnings per linked unit.

6.13 CASH RECEIVED FROM TENANTS

Revenue	169 143
Straight line adjustment	(6 448)
Increase in trade and other receivables	(1 551)
	161 144

	2004 R'000
6.14 CASH PAID TO SUPPLIERS AND EMPLOYEES	
Revenue	169 143
Net rental income from properties	(115 487)
	53 656
Amortisation of debenture issue expenses	(129)
Increase in trade and other payables	(1 212)
	52 315
6.15 CASH GENERATED BY OPERATING ACTIVITIES	
Net rental income from properties	115 487
Adjusted for:	
Rental straight line adjustment	(6 448)
Amortisation of debenture issue expenses	129
Working capital changes	
Increase in trade and other receivables	(1 551)
Increase in trade and other payables	1 212
	108 829
6.16 DISTRIBUTION TO LINKED UNITHOLDERS	
Debenture interest paid is reconciled as follows:	
Amounts unpaid at beginning of the year	27 955
Amounts charged to the income statement	114 560
Amounts unpaid at end of the year	(60 536)
	81 979
Dividends paid are reconciled as follows:	
Amounts unpaid at beginning of the year	34
Amounts declared during the year	70
Amounts unpaid at end of the year	(35)
	69
	82 048

	2004 R'000
6.17 TAXATION PAID	
Taxation paid is reconciled as follows:	
Amounts unpaid at beginning of the year	(4)
Amounts charged to the income statement	(7 306)
Deferred tax charged to the income statement	7 298
Amounts unpaid at end of the year	4
	(8)
6.18 ACQUISITION OF INVESTMENT PROPERTIES	
Total acquisition of investment properties	(160 565)
Property acquisition obligation	95 413
	(65 152)

	2004 R'000
6.19 CASH AND CASH EQUIVALENTS AT END OF THE YEAR	
Cash and cash equivalents included in the cash flow statement comprise the following amounts:	
Cash at bank	5 947
Cash on call and fixed term deposits	7 479
	13 426

Year-end 31 March 2004	KwaZulu-Natal R'000	Gauteng R'000	Western Cape R'000	Corporate R'000	Total R'000
6.20 SEGMENT RESULTS					
Income statement					
Revenue (external)	53 442	89 642	26 064	–	169 148
Contractual lease revenue	47 204	88 517	26 974	–	162 695
Straight line adjustment	6 238	1 125	(910)	–	6 453
Regional result					
Net rental income	38 372	63 580	19 389	(5 854)	115 487
Interest received	162	512	1 298	3 975	5 947
Finance costs	–	–	–	(211)	(211)
Write up on revaluation of investment property	15 409	11 905	7 755	–	35 069
As per valuation	21 647	13 025	6 845	–	41 517
Adjustment for rental straight line	(6 238)	(1 120)	910	–	(6 448)
Deficit on revaluation of Put obligation	–	–	–	(5 950)	(5 950)
Debenture interest	–	–	–	(114 560)	(114 560)
	53 943	75 997	28 442	(122 600)	35 782
Other information					
Investment properties	308 251	585 607	125 439	–	1 019 297
At valuation	343 866	575 755	158 109	–	1 077 730
Rental straight line adjustment	(35 615)	9 852	(32 670)	–	(58 433)
Current and other long-term assets	40 588	2 502	35 808	5 240	84 138
Excluding rental straight line adjustment	4 973	12 354	3 138	5 240	25 705
Rental straight line adjustment	35 615	(9 852)	32 670	–	58 433
Total assets	348 839	588 109	161 247	5 240	1 103 435
Debentures	–	–	–	864 140	864 140
Fair value of Put obligation	–	–	–	32 450	32 450
Deferred taxation	5 557	2 127	944	207	8 835
Current liabilities	97 777	6 080	799	59 632	164 288
Total liabilities	103 334	8 207	1 743	956 429	1 069 713
Acquisition of investment property	96 266	64 299	–	–	160 565

	2004 R'000
6.21 CONTINGENT LIABILITIES AND COMMITMENTS	
6.21.1 Guarantees	
Issued in lieu of municipal services deposits	1 935

6.21.2 Capital expenditure

Capital expenditure amounting to R22,2 million has been authorised for redevelopment and improvements of existing properties. This expenditure will be funded through existing resources.

6.22 FINANCIAL RISK MANAGEMENT

The financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and off-balance sheet financial instruments. In respect of on-balance sheet financial instruments carrying amounts approximate fair values. In terms of AC 133, off-balance sheet financial instruments are fair valued and their potential capital gains or losses are recognised in the income statement. The risk associated with these and other transactions have been addressed as set out below:

Operation risk management

Operational risk includes the risk of non-compliance with applicable legal, regulatory requirements, board policies and the risk of counterparty's performance obligations will be unenforceable. SA Retail has established risk management procedures that are designed to ensure compliance with applicable governance.

Interest risk management

Interest rate risk arises from holding cash and cash equivalents as well as options. In order to address short and medium term interest rate risks, statistical and valuation analyses are utilised.

Credit risk management

Potential areas of credit risk consist mainly of trade receivables. Trade receivables consist of debt from a large widespread tenant base. The financial position of the tenants are monitored on an on going basis. Provision is made for both specific bad debts and general bad debts and at the year end management did not consider there to be any material credit risk exposure, not covered by a bad debt provision.

Liquidity risk management

Liquidity risk arises from existing commitments associated with financial instruments and the requirement to raise funds for these commitments. Effective cash management through the management of cash flows and through maintaining investor relations is seen as a vital part of managing liquidity risk.

6.23 RELATED PARTY TRANSACTIONS

The following related party transactions in the normal course of business took place during the year ended 31 March 2004 are summarised below:

Party concerned	Class of related party	Transaction	R'000
Management fees:			
Marriott Property Services (Pty) Limited	Directors of related party	– Asset management fees	3 413
		– Property management fees	5 409
		– Leasing commissions (Paid during the year)	2 371
Other:			
Marriott Merchant Bank Limited	Directors of related party	– Guarantee fees	42
Motseng Marriott Property Services (Pty) Limited	Directors of related party	– Valuation fees	219
Property Acquisitions and Listing Expenses:			
Marriott Property Services (Pty) Limited	Directors of related party	– Portfolio assembly and valuation fees	743
Marriott Merchant Bank Limited	Directors of related party	– Merchant banking and placing fees	425

7. MATERIAL CHANGES

The directors of SA Retail are not aware of material changes that have taken place in the financial position or nature of the company between 30 September 2006 and the date of this report, other than those arising in the normal course of business and set out in the circular.

8. DIRECTORS' COMMENTARY

for the year ended 31 March 2004

NATURE OF BUSINESS

SA Retail Properties Limited is a property investment company and is listed on the JSE Securities Exchange South Africa under the "Financials – Real Estate" sector. The Company derives its income from a focused retail portfolio of regional and convenience retail shopping centres.

ISSUED SHARE CAPITAL

At the beginning of the year there were 168 596 335 linked units in issue, a further 3 296 704 linked units for the acquisition of Westwood Village were issued on 7 April 2003 and a further 3 000 000 linked units were issued on 31 July 2003 as a general issue for cash, resulting in a total of 174 893 039 linked units in issue at 31 March 2004. Subsequent to the financial year end, on 1 April 2004 a further 18 002 359 linked units were issued for the acquisition of Sanlam Centre, Pinetown, resulting in a total of 192 895 398 linked units at the date of this report. Each linked unit comprises one ordinary share of 0,001 cent and one unsecured variable rate debenture of 499,999 cents.

FINANCIAL REVIEW

	2004 R'000
Headline earnings per linked unit (cents) (weighted)	62,52
Earnings per linked unit (cents) (weighted)	82,81
Distribution per linked unit (cents)	
Interest	65,86
Dividend	0,04
	65,90

Net distributable income for the year ended 31 March 2004 is 65,90 cents per linked unit which is a 5,75% growth in distributions per linked unit over the prior year.

A final distribution comprising a dividend of 0,02 cents per ordinary share and interest of 34,63 cents per linked debenture totalling 34,65 cents per linked unit has been declared in respect of the income distribution period 1 October 2003 to 31 March 2004.

DISTRIBUTION ANALYSIS PER LINKED UNIT (CENTS PER UNIT):

For the period 1 April 2003 to 30 September 2003	31,25
For the period 1 October 2003 to 31 March 2004	34,65
	65,90

BORROWINGS

The directors are authorised to borrow funds up to an amount not exceeding 55% of the directors' *bona fide* valuation of the consolidated property portfolio and any other assets of the Company. At 31 March 2004, the Company had no interest bearing borrowings. The Company has potential contingent liabilities.

ACQUISITIONS AND IMPROVEMENTS

In April 2003 SA Retail acquired Westwood Village Shopping Centre in Boksburg for R14,6 million at an initial yield of 14,0%. This convenience centre serves the suburban residents of Benoni, Lakefield, Westdene and is anchored by a SuperSpar on a 9-year lease. In January 2004 SA Retail acquired Town Square Shopping Centre in Constantia Kloof in the Northern Suburbs of Johannesburg for R49,7 million at an initial yield of 11,5%. This property is anchored by a Woolworths store on a 10-year lease. On 1 March 2004 SA Retail acquired an undivided half share of Sanlam Centre, Pinetown for a purchase consideration of R96,2 million at an initial yield of 12,0%. This investment is anchored by majors and nationals occupying 84% of the gross lettable area including Pick 'n Pay, Woolworths and Game.

An amount of R9,8 million has been invested in upgrading certain properties during the period under review. A further R22,2 million has been authorised for future improvements in the 2005 financial year.

DISPOSALS

During the period under review, the Company entered into agreements to dispose of two properties (The Circle in Somerset West and Witbank Centre and Checkers in Witbank) which do not meet the Company's investment criteria and combined will realised R44,4 million.

EXTRACT OF SA RETAIL'S ARTICLES OF ASSOCIATION

Extracts from the articles of association of SA Retail are set out below:

1. DIRECTORS

1.1 Appointment of directors

"53. The number of directors shall be not less than four. If at any time the minimum number of directors is reduced below four, the continuing directors may act only to increase the number of directors to four or to summon a general meeting for that purpose. The put option holders who together hold, directly or indirectly more than 25,1% of the share capital of the Company shall be entitled to appoint two directors. The put option holders who together hold 25,1% or less but more than 10% of the share capital of the Company shall be jointly entitled to appoint one director.

53A Notwithstanding anything to the contrary contained herein, should a put option holder exercise its put option and the Company fail to secure or pay the purchase price of the securities when due and payable, then the put option holder shall have the right to cause the Company to register mortgage bonds over its properties to secure payment and in this event and until payment is effected, the put option holder shall be entitled to appoint additional directors, with the result that the appointees of the put option holder will constitute the majority of the directors."

1.2 Remuneration of directors

"54. The remuneration of the directors shall from time to time be determined by the Company in general meeting. The remuneration determined by the Company in general meeting shall be divided amongst the directors in such proportions as they may agree, or in default of such agreement, equally, save that if any director has not held office for the whole of the period in respect of which the remuneration has been determined, his share shall be reduced proportionately.

55. If a director is required to perform extra services or to go or reside outside the Republic of South Africa or otherwise perform services which in the opinion of the disinterested quorum of directors are outside the scope of the ordinary duties of the director, he or she may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he or she may be entitled as a director and may be fixed by a disinterested quorum of directors.

56. The directors shall be paid all their travelling expenses and other expenses properly expended by them in and about the business of the Company.

57. A director shall not be required to hold any qualifying shares."

2. EXECUTIVE DIRECTORS

2.1 Appointment of directors

"64. The directors may from time to time appoint:

(a) A managing director and other executive directors of the Company.

(b) Any director to any executive office with the Company;

as the directors shall think fit for a period not exceeding five years and may from time to time remove or dismiss such persons from office and appoint another or others in his or their place or places.

65. Any director appointed in terms of Article 64:

(a) Shall not (subject to the provisions of the contract under which he or she is appointed) whilst he or she continues to hold that position or office, be subject to retirement by rotation; and

(b) Shall not, during the currency of such appointment, be taken into account in determining the rotation of retirement of directors; and

(c) Shall be subject to the same provisions as to removal as the other directors of the Company and, if he or she ceases to hold office as a director, his or her appointment to such position or executive office shall *ipso facto* terminate without prejudice to any claims for damages which may accrue to him or her as a result of such termination.

66. Only a minority of the directors may be so appointed on the basis that they shall not be subject to retirement by rotation."

2.2 Remuneration of directors

"67. The remuneration of a director appointed to any position or executive office in terms of Article 64:

(a) Shall be determined by a disinterested quorum of the directors.

(b) Shall be in addition to or in substitution of any ordinary remuneration as a director of the Company, as the directors may determine.

(c) May consist of a salary or a commission on profits or dividends or both, as the directors may direct."

3. BORROWING POWERS

"63. (a) Subject to the provisions of (b) and any restriction contained in the Memorandum of Association, the directors may exercise all the powers of the Company to borrow money and to mortgage or bind its undertaking and property or any part thereof and to issue variable rate unsecured loan stock allotted and issued by the Company as linked units and other securities whether outright or as security for any debt, liability or obligation of the Company.

(b) The directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by the Company and all the subsidiaries for the time being of the Company (excluding the debentures or the variable rate unsecured loan stock allotted and issued by the Company as linked units and moneys borrowed or raised by any of such companies from any other such companies) shall not without the previous sanction of an ordinary resolution of the Company exceed 60% of the directors' bona fide valuation of the consolidated property portfolio and any other assets of the Company and its subsidiaries

(c) No restrictions shall apply to the borrowing of any monies intended to be applied and actually applied within ninety days in the repayment (with or without any premium) of any monies already borrowed and outstanding even if the new borrowings may result in the abovementioned limit being exceeded."

4. RETIREMENT OF DIRECTORS IN ROTATION

"72. Subject to Article 64 and 71A all the directors shall retire at the first annual general meeting and at every annual general meeting thereafter one-third of the directors for the time being or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office.

73. The directors so to retire shall be those who have been longest in office since their last election, but in the case of persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

74. Notwithstanding anything herein contained, if at the date of any annual general meeting any director shall have held office for a period of three years since his last election or appointment, he shall retire at such meeting either as one of the directors to retire by rotation or additionally thereto.

75. The length of time a director has been in office shall be computed from his last election, appointment or date upon which he was deemed re-elected.

76. A director retiring at a meeting shall retain office until the election of directors at that meeting has been completed.

77. Retiring directors shall be eligible for re-election.

78. No person, other than a director retiring at the meeting shall, unless recommended by the directors, be eligible for election to the office of a director at any general meeting unless:

(a) Not more than fourteen, but at least seven, clear days before the day appointed for the meeting, there shall have been delivered at the office of the Company a notice in writing by a member (who may also be the proposed director) duly qualified to be present and vote at the meeting for which such notice is given.

(b) Such notice sets out the member's intention to propose a specific person for election as director; and

(c) Notice in writing by the proposed person of his willingness to be elected is attached thereto (except where the proposer is the same person as the proposed).

79. If at any meeting at which an election of directors ought to take place the offices of the retiring directors are not filled, then unless it is expressly resolved not to fill such vacancies, the retiring directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected unless a resolution for the re-election of any such director shall have been put to the meeting and defeated.

80. The Company may from time to time in general meeting increase or reduce the number of directors, provided that the number of directors shall not be less than four.

81. Any casual vacancy occurring on the board of directors may be filled by the directors, but the director so appointed shall retire from office at the next following annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining which directors are to retire by rotation at such meeting.

82. The appointment of a director, except the appointment of a retiring director re-elected or deemed to have been re-elected at a meeting of the Company, shall lapse and be void if the person so appointed fails to sign the consent to act as a director of the Company referred to in Section 211 of the Act within twenty eight days of being requested by the Company in writing to sign such consent."

SALIENT FEATURES OF SA RETAIL'S DEBENTURE TRUST DEED

The first trustee for the debenture holders shall be Steinway Trustees (Pty) Ltd (registration number: 1999/002803/07).

The following are extracts from the principal debenture trust deed as amended by supplemental trust deeds:

Principal debenture trust deed:

"2. RECORDAL

2.1 It is recorded that:

(a) The company may from time to time create and resolve to issue linked units of which the debenture forms part. The debenture will be governed by this principal debenture trust deed, and one or more supplemental debenture trust deeds hereto, which will record certain specific terms relating to each issue;

(b) The trustee has agreed to act under this principal debenture trust deed and supplemental debenture trust deed/s hereto, as trustee for the holders of the debentures issued in terms of the aforesaid issues."

"3. ISSUE OF DEBENTURE AND STOCK EXCHANGE LISTING

3.1 The directors of the company may by resolution, and subject to clauses 3.2, 3.3 and 3.4, resolve to create and issue debentures to be governed by this deed and to be issued subject to the terms of this deed.

3.2 The issue of debentures to be governed by this deed and the contents of all supplemental debenture trust deeds hereto, shall be subject to the consent of the trustee, which consent shall not unreasonably be withheld.

3.3 All issues of debentures to be governed by this deed, subsequent to the first such issue of debentures, may only be issued as part of an issue of linked units.

3.4 All debentures issued in terms of this deed shall:

(a) In the event of the liquidation or winding up of the company, no matter when issued, rank *pari passu* in all respects with regard to payment of interest and repayment but, for the purpose of proving claims against the company, the trustee shall, subject to clause 7, claim separately for the amounts due to the holders of each specific issue of debentures in terms of this deed;

(b) For the purposes of payment of the respective amounts due to debenture holders on redemption rank *pari passu* in all respects.

3.5 The terms of each issue of debentures and any other relevant terms shall be set out in a supplemental debenture trust deed between the company and the trustee and each such deed shall form an integral part of the principal deed. Each supplemental debenture trust deed shall record the capital amount of the relevant debenture issue together with all the terms thereof to the extent that such terms are not contained in this deed.

3.6 If the linked units of which the debenture forms part, are listed on the JSE, then each issue of the linked units is conditional on the JSE granting a listing for the ordinary shares and debentures and the company undertakes to use its best endeavours to maintain such listing for so long as the linked units remain in issue, unless the shareholders and debenture holders of the company resolve to delist the company.

3.7 All decimals of a cent arising in any final calculation in respect of debentures will be rounded to the nearest cent. Decimal fractions in excess of 0.5 will be rounded up to the nearest cent and decimal fractions of 0.5 and below will be rounded down to the nearest cent."

“7. SUBORDINATION

7.1 The debentures are not subordinated. If in the opinion of the auditor of the company at any time hereafter the company shall be trading in insolvent circumstances in contravention of any law and the auditor gives the trustee notice in writing to that effect, the debentures, shall immediately upon receipt of such notice and *ipso facto* be subordinated to the claims of the unsubordinated creditors. The trustee shall notify each debenture holder as soon as possible after receiving such written notification from the auditor. If the company ceases to be in the aforesaid insolvent circumstances, and the auditor gives a certificate to that effect and that it is not a short term situation, the company and the trustee shall take such steps as shall be available to render the debentures unsubordinated.

7.2 If the debentures become subordinated and if the debentures become repayable, that repayment shall be made only after the unsubordinated creditors have received payment in full of their claims. In order to ensure the fulfilment of the provisions of this sub-clause:

(a) The trustee shall be the only person entitled to make and prove claims on behalf of debenture holders and such claims shall be made and proved in the name of the trustee;

(b) Any claim made or proved by the trustee shall be subject to the condition that no amount shall be paid in respect thereof if the effect of such payment would be that any amount due to the unsubordinated creditors would be reduced;

(c) If the company is placed in liquidation and the liquidator is not prepared or is unable to accept claims proved subject to the condition contained in clause 7.2(b), then the following shall apply:

(i) the trustee shall make or prove claims for the full amount due to the debenture holders;

(ii) any amounts in respect of the debenture paid to the trustee *pari passu* with the amounts payable to the unsubordinated creditors shall be held by the trustee in trust:

(aa) for distribution amongst the unsubordinated creditors in the winding-up and the trustee may repay to the liquidator the amount due to the unsubordinated creditors upon trust to distribute the same, and the trustee shall not be bound to supervise such distribution; and

(bb) the trustee shall receive for distribution amongst the debenture holders only such amount (if any) as shall be available to be applied in or towards payment of the amount owing in respect of their debentures after the claims of the unsubordinated creditors shall have been satisfied, paid or provided for in full.

7.3 If the debentures become subordinated and if debentures become repayable:

(a) The company shall within six weeks of the debentures becoming repayable, compile from its records a list of unsubordinated creditors (“the list”) at that date (“the notice date”) showing the nature and amount of their claims;

(b) Within twenty business days of the notice date, the company shall advise all persons on the list in writing by ordinary mail that the debentures are to be repaid and that objections thereto are to be received by the trustee within a period of twenty business days from the date of posting that advice to unsubordinated creditors. The company shall be deemed to have advised all unsubordinated creditors even though it fails to advise, inadvertently or otherwise, any particular unsubordinated creditor or creditors. The trustee shall not be obliged to take account of any objections received from unsubordinated creditors at the notice date after the period of twenty business days has expired;

(c) If an unsubordinated creditor as at the notice date objects to the repayment of the debentures, the company shall in its discretion, either:

(i) settle the claim of the unsubordinated creditor concerned; or

(ii) secure the payment of the unsubordinated creditor’s claim in any manner reasonably required by the unsubordinated creditor concerned.

(d) The auditors of the company shall report to the trustee upon the carrying out of clauses 7.3(a), 7.3(b) and 7.3(c) and no payment in respect of the debentures shall be made in terms hereof unless the said auditors report that the said provisions have been properly carried out;

(e) Nothing in this clause 7.3 contained shall preclude the trustee from bringing an application to wind up the company, in which event the provisions of clause 7.2 shall apply.

7.4 Each holder of debentures authorises and directs the trustee on his behalf to take such action as may be necessary or appropriate to fulfil the subordination as provided in this clause 7 and appoints the trustee as his agent for such purpose.

7.5 If, after the debentures become subordinated and for so long as they so continue to be subordinated, this deed is amended in any manner that affects the vested rights of unsubordinated creditors (and for this purpose any amendment to this clause 7, or clauses 10.1, 10.2 or 11 shall be deemed to affect those vested rights):

(a) The terms of this deed prior to such amendment shall nevertheless continue in force in respect of those unsubordinated creditors at the date upon which the amendment become effective and in respect of the amounts owing to them on that date;

(b) This deed, as amended, shall apply to unsubordinated creditors in respect of the amounts owing to them which arose after the date upon which the amendment became effective.

7.6 This clause 7 shall constitute a contract for the benefit of the unsubordinated creditors and shall be capable of acceptance by any or all of them."

"8. INTEREST

8.1 The rate or amount of interest, the manner in which it is determined, the intervals at which interest becomes payable, the dates upon which interest will accrue and become payable in respect of each issue of debentures governed by this deed shall be contained in the supplemental debenture trust deed entered into in respect of each such issue of debentures.

8.2 If the company changes the date upon which its financial year ends, the company and the trustee shall be and they are hereby authorised by the debenture holders to change the dates upon which interest accrues and becomes payable provided that:

(a) The rights of the debenture holders to interest on their debenture shall not be diminished or adversely affected by such changes;

(b) The changes are approved by the trustee, which approval shall not unreasonably be withheld;

(c) The company shall forthwith notify debenture holders by circular of the changes made;

(d) Only the registered debenture holders on the last date to register shall be entitled to the payment of interest.

8.3 The company shall give at least fifteen business days notice of the last date to register for an interest payment. A copy of each such notice shall be sent to the listings division of the JSE. The last day for debenture holders to be registered must be a Friday or, if the Friday is not a business day, then the last day to register must be the preceding business day.

8.4 The directors of the company may close the register for a period not exceeding ten business days following immediately after the last date to register."

"9. PAYMENTS OF INTEREST TO LINKED UNIT HOLDERS

Interest may be paid by cheque or such other manner as may be determined by the company or may be paid by electronic transfer to the account of those debenture holders who have consented to the said method of payment, and who have provided the company with particulars of the account into which electronic transfers are to be made. Payment into the designated account by electronic transfer of funds shall be a valid discharge of the company and the trustee."

“10. REPAYMENT, REDEMPTION AND PURCHASE OF DEBENTURES

10.1 The debenture shall become repayable:

(a) Forthwith, if a final order of a competent court is made or an effective resolution is passed for the winding-up of the company; or

(b) In accordance with clause 11.

10.2 The debentures shall be redeemable as follows:

(a) At the instance of the debenture holders at any time after the expiry of 25 years from the date of the first allotment of debentures;

(b) The debenture holders may exercise the right to require the debentures to be redeemed in accordance with clause 10.2(a) only by special resolution;

(c) The procedure to be followed by the company in regard to the redemption shall be determined by the company at the appropriate time and be approved by the trustee, which approval shall not unreasonably be withheld, and the JSE. The last day of registration for redemption rights must be a Friday or, if Friday is a holiday, then the previous business day will be the date for registration.

(d) Any debentures redeemed shall be cancelled and may not be reissued.

10.3 If so authorised in terms of Sections 85 and 90 of the Act, the company shall have the right to repurchase its own linked units. If the company repurchases its own linked units, the purchase may not be made at a price that is higher than the market price and the linked units so purchased shall be cancelled. The company’s obligation to redeem and pay off the linked units shall be reduced by the par value of the linked units so cancelled. The company shall advise the trustee and, if the linked units are listed on the JSE, the General Manager, Listings Division, of the JSE, in writing of repurchases so made.

10.4 The redemption conditions provided for in this clause 10 shall remain unaltered unless sanctioned by a general meeting of debenture holders.”

“11. SUMMARY REPAYMENT OF DEBENTURES

11.1 The debentures, together with interest thereon and all other monies repayable in terms of this deed, shall become repayable immediately on the happening of any of the following events:

(a) The company fails to pay any monies due by it in terms of this deed on the due date thereof and thereafter persists in such failure for a further twenty-one business days after receipt by it of a written notice from the trustee demanding that payment be made;

(b) The company commits:

(i) a material breach of any material obligation under this deed, which cannot be remedied; or

(ii) a material breach of any non-material obligation, or a non-material breach of any obligation, under this deed, which cannot be remedied, and fails, within twenty-one business days after receipt by it of a written notice from the trustee requiring it to do so, to initiate and thereafter to pursue all proper steps designed to prevent its recurrence; or

(iii) any breach of any obligation under this deed, which can be remedied, and falls within twenty-one business days, or such longer period as may reasonably be required in the circumstances, after receipt by it of a written notice from the trustee requiring the breach to be remedied, to remedy the breach.

(c) The company:

(i) disposes of or attempts to dispose of the whole or substantially the whole of its undertaking, or the whole or the greater part of its assets; or

(ii) offers or agrees to enter into any general composition or compromise or arrangement with all its creditors; or

(iii) makes any alteration to its memorandum or articles of association which, in the opinion of the trustee, adversely affects the interests of the debenture holders;

(iv) reduces its issued share capital or stated capital account (other than a reduction which does not involve any distribution or payment in cash or in kind by the company to its members or any of them or the redemption of any preference shares issued or to be issued by the company with redemption rights or a reduction of the stated capital account for any purpose permitted by Section 77(3) of the Act);

(v) reduces its share premium account, (other than a reduction permitted by Section 76(3) of the Act or which does not involve any distribution or payment in cash or in kind by the company to its members or any of them);

provided that the above clauses shall not apply if the event in question:

(aa) in the opinion of the trustee, does not adversely affect the interests of the debenture holders; or

(bb) is sanctioned by a special resolution;

(d) An order is made placing the company under final judicial management;

(e) Any material assets of the company are attached under a writ of execution issued out by any court in the Republic of South Africa as a result of a final judgement against the company and the writ is not satisfied or set aside within twenty-one business days after the attachment has come to the notice of the board of directors of the company;

(f) The company ceases to carry on its business;

(g) The company defaults in the discharge of any liability which is material in relation to the business of the company and concerning which no *bona fide* dispute between the company and the creditor in question exists.

11.2 For the purposes of clauses 10.1 and 11.1:

(a) An order of Court shall not be deemed to be final unless, being appealable, the period for noting such appeal has lapsed without an appeal being noted, or having been noted, the appeal is dismissed, abandoned or not proceeded with within the period prescribed by the Rules of Court as extended, if at all, by the Court;

(b) Any attachment referred to in clause 11.1(e) shall be deemed to have come to the notice of the board of directors of the company, within twenty-one business days of being made, unless the contrary shall be shown. The period of twenty-one business days referred to in clause 11.1(e) shall be extended, pending any proceedings begun to set aside that writ or remove the attachment, until twenty-one business days after a final and unappealable judgement refusing that setting aside or removal. The term *"writ of execution"* in clause 11.1(e) does not include a writ of attachment *"ad fundandam jurisdictionem"* or *"ad confirmandam jurisdictionem"*.

11.3 Upon the happening of any of the events referred to in clause 11.1 the trustee may, in his discretion, require the debentures together with interest accrued thereon, to be repaid and shall be entitled to take legal action to enforce repayment.

11.4 The trustee shall be entitled, before taking legal action, to require that the debenture holders furnish him with sufficient monies to enable him to meet the expense of giving effect to such legal action.

11.5 The trustee shall not be required to take any steps to ascertain whether any event, upon the happening of which the debenture is liable to become repayable, shall have occurred and unless and until the trustee shall have knowledge or shall have been served with express written notice of such happening, he shall be entitled to assume that no such event has taken place.

11.6 Subject to the provisions of Section 123 of the Act, the trustee shall not be responsible for any loss to any debenture holder or the company or any other person resulting from the exercise or non-exercise of the powers, authorities or discretion's vested in the trustee in terms of this deed.

11.7 A debenture holder shall not be entitled to enforce his rights under this deed, but all rights of enforcement shall vest in the trustee in accordance with the provisions of this deed."

"22. MEETINGS AND POWER OF DEBENTURE HOLDERS

22.1 The provisions with regard to meetings of debenture holders shall be as set out in **Schedule 1** to this deed.

22.2 Every director, the secretary of and the attorney to the company and every other person authorised in writing by the company, may attend and speak at a meeting of debenture holders.

22.3 A resolution duly passed at a meeting duly convened and held in accordance with the provisions of Schedule 1 to this deed, shall be binding upon the debenture holders, the company and the trustee.

22.4 The debenture holders shall, in addition to the powers given elsewhere in this deed and without derogating from the powers conferred on the trustee by this deed, have the following powers which may only be exercised by special resolution:

(a) To bind the debenture holders to any compromise or arrangement to be made between the company and the debenture holders or any of them;

(b) To agree to any variation or modification of any of the rights of the debenture holders, in each case subject to the consent or concurrence of the company; and

(c) Subject to Section 123 of the Act, to discharge or exonerate the trustee from liability in respect of any specific breach of trust.

(d) The sanction of a separate general meeting of ordinary shareholders shall be obtained for the grant of special privileges."

"26. AMENDMENT

Subject to clause 26.3, the terms of this deed may be amended:

26.1 By the trustee and the company acting together in order to:

(a) Rectify any manifest or typographical error;

(b) Make such amendments or additions as may be reasonably required by the JSE which do not, in the opinion of the trustee, adversely affect the rights of debenture holders.

26.2 Subject to the prior written consent of the company, with:

(a) The consent in writing of the debenture holders holding not less than 75% in number of the debentures in issue from time to time, provided that no such amendment shall be of any force or effect unless notice of the intention to make such amendment shall have been given to all debenture holders in the manner prescribed in **clause 21** and **Schedule 1**; or

(b) The sanction of a special resolution, but not otherwise.

26.3 If the debentures are listed on the JSE, any amendment of this deed shall be subject to the prior approval of the JSE."

"29. AMENDMENT OF BORROWING POWERS OF THE COMPANY

"The company shall not, without the prior sanction of a special resolution, amend the provisions of its memorandum or articles of association in relation to the borrowing powers of the company exercisable by the directors."

"31. CONVERSION OF DEBENTURES

31.1 Upon the happening of any of the following events, namely:

(a) The introduction of or a change in legislation (other than changes to the rate of normal taxation applicable to companies) by any legislative body which is entitled to pass enactments relating to any territory which formed part of the Republic of South Africa on 31 May 1961;

(b) Any change in the system of taxation applicable in the Republic of South Africa or any territory which formed part of the Republic of South Africa on 31 May 1961 including, without limiting the generality of the aforesaid, the introduction of a system where income taxation is charged uniformly;

(c) The withdrawal of or change to any rulings related to income or other taxation relied on by the company given by representatives of the Commissioner for Inland Revenue of the Republic of South Africa or any other revenue authority which is able to regulate the income or other taxation payable by the company in any territory which formed part of the Republic of South Africa on 31 May 1961,

which introduction, change or withdrawal, in the sole and absolute opinion of the directors of the company, is detrimental to the company, the company shall be entitled to convene a meeting of ordinary shareholders at which proposals will be considered which, if implemented, would eliminate or reduce the detrimental effects referred to above. Such proposals may include, but shall not be limited to:

(d) The creation of appropriate property unit trusts or schemes of a similar nature; and

(e) The de-linking of the debentures and the shares.

In the event of the de-linking of the debentures and the shares the company shall within a period of four months of a resolution being accepted on this proposal make the necessary arrangements to recall the existing linked unit certificates then in issue and replace them with separate debenture certificates and ordinary share certificates and make application to the JSE for separate listings of the debentures and ordinary shares in the company.

31.2 If a proposal, acceptable to the company, is approved by a special resolution passed by the ordinary shareholders at the meeting referred to in clause 31.1 or at any adjournment thereof and it can be made binding on all the debenture holders, after complying, where necessary, with the provisions of the Act, then:

(a) If no additional requirements under the Act or otherwise are necessary to carry the proposal into effect, the proposal shall be carried into effect;

(b) If meetings of shareholders, debenture holders, or applications to the High Court of South Africa or any other court, or any other procedures are necessary to give effect to the proposal, the company shall use its best endeavours to procure that the required action is taken to carry the proposal into effect.

31.3 If a proposal put before a meeting of ordinary shareholders as provided for in clause 31.1, is not approved by a special resolution, or if such a proposal is approved but not carried into effect within four months after date of approval, the amount of interest payable on the debentures in terms of the relevant supplemental deed shall be adjusted by the auditors of the company in such a way that the aggregate interest payable on the debentures will be reduced by the amount of additional taxation payable by the company as a result of any change referred to in clause 31.1 above."

First supplemental debenture trust deed:

The following are extracts from the first supplemental debenture trust deed:

"3. ISSUE OF FIRST DEBENTURES

The capital amount of the loan to the Company of the first debentures to be authorised for issue in terms of clause 3.2 of the Principal Deed shall be R762 527 002,00 divided into 152 505 705 debentures of 499,999 cents per debenture.

4. INTEREST

Each first debenture shall confer on the holder thereof the right to receive interest which:

4.1 Shall:

(a) In respect of the initial period; and thereafter;

(b) In respect of the six monthly period ending on the first and second record dates, respectively,

be due and payable as set out in clause 4.2;

4.2 Shall, subject to clause 8.2 of the Principal Deed, be due and shall accrue to the first debenture holders registered on the first record date (and be payable on or before 31 December of each year), in respect of the interim payment and on second record date (and be payable on or before 30 June of each year), in respect of the final payment, commencing on the second record date;

4.3 Subject to clause 24 of the Principal Deed, the interest entitlement on each debenture shall be less than 90% of the net earnings of the Company before providing for debenture interest, depreciation, amortisation and taxes and before taking into account any revaluation surpluses and income which is to be transferred to any non-distributable reserves;

4.4 The amount of interest in respect of the debenture shall be rounded down to a third decimal of a cent;

4.5 Dividends shall be payable as follows:

(a) An initial dividend for the initial period may be paid by the Company;

(b) Thereafter an interim dividend for the six month period ending on the first record date and the final dividend for the six month period ending on the second record date may be paid by the Company;

4.6 Any interest not paid on the due date as provided for in clause 3.2, shall bear interest, from such date up to the date of payment, calculated on a daily basis at a rate per annum determined by the percentage which twice the amount of such overdue interest per debenture bears to the nominal value of a debenture;

4.7 Nothing in this clause shall be construed as entitling the debenture holders to participate in the profits of the Company available for distribution to the shareholders."

"7. PAYMENT OF FIRST DEBENTURES

Upon the first debentures becoming repayable in terms of clause 10.1(a) or 10.1(b) of the Principal Deed, the first debenture holders shall be entitled to receive the aggregate of an amount equal to the appropriate weighted average issue price in terms of which the debentures were issued and divided by the original number of dividends issued."

DETAILS OF LINKED UNITS ISSUED DURING THE PAST THREE YEARS AND MATERIAL PROPERTY ACQUISITIONS

Date	Details	Number of linked units	Issue price (cents)	Total (R'000)
1 April 2004	Vendor placement – acquisition of half of Sanlam Centre Pinetown from Sanlam[1]	18 002 359	530	95 413
16 August 2004	General issue for cash[2]	15 502 022	554	85 881
8 March 2005	General issue for cash	13 822 288	680	93 992
18 March 2005	Vendor placement – acquisition of Paradys Park Shopping Centre	4 044 118	680	27 500
31 May 2006	Vendor placement – acquisition of Willow Way Shopping Centre for R65,6m[3]	6 616 162	990	65 500
17 October 2006	Vendor placement – acquisition of Summer Cottage for R10,965m	1 211 602	908	11 001

Notes (material acquisitions):

1. Acquisition from Sanlam Life Insurance Limited of a 50% undivided share, for a total consideration of R95,4 million settled by the issue of SA Retail linked units.
2. Units issued for cash and utilised for the acquisition of Musgrave Centre from Rycklof Beleggings (Proprietary) Limited for R187,5 million (50% undivided share).
3. Acquisition from Kerr Limpopo Property Investments (Proprietary) Limited for a total consideration of R65,6 million settled by the issue of SA Retail linked units.
4. All of the above share issues took place at the volume weighted average linked unit price at the respective issue dates.

TRADING HISTORY OF SA RETAIL LINKED UNITS ON THE JSE

The high, low and closing price of SA Retail linked units on the JSE, and the aggregated quarterly volumes and values traded were as follows:

	High (cents)	Low (cents)	Close (cents)	Volume (linked units)
Quarter ended				
31 December 2003	620	530	570	5 297 047
31 March 2004	570	545	565	1 594 588
30 June 2004	620	545	620	4 851 728
30 September 2004	615	534	605	13 516 552
31 December 2004	750	601	750	8 422 251
31 March 2005	875	695	875	21 565 881
30 June 2005	850	790	846	15 732 612
30 September 2005	961	820	940	7 712 727
31 December 2005	955	940	950	14 270 645
31 March 2006	1 015	950	975	4 416 508
Month ended				
30 April 2006	956	956	956	
31 May 2006	1 005	956	1 000	15 000
30 June 2006	1 000	1 000	1 000	196 700
31 July 2006	1 000	1 000	1 000	468 173
31 August 2006	1 030	1 000	1 030	181 900
30 September 2006	1 030	1 030	1 030	9 385
31 October 2006	1 300	1 030	1 080	26 070
30 November 2006	1 115	1 080	1 115	175 764
31 December 2006	1 115	1 085	1 085	69 167
31 January 2007	1 140	1 000	1 130	451 837
Daily				
29 January 2007	1 000	1 000	1 000	
30 January 2007	1 000	1 000	1 000	
31 January 2007	1 000	1 000	1 000	
1 February 2007	1 000	1 000	1 000	
2 February 2007	1 075	1 075	1 075	10 000
5 February 2007	1 100	1 075	1 100	16 800
6 February 2007	1 100	1 100	1 100	
7 February 2007	1 140	1 110	1 140	382 800
8 February 2007	1 140	1 140	1 140	
9 February 2007	1 135	1 135	1 135	10 300
12 February 2007	1 135	1 135	1 135	
13 February 2007	1 135	1 135	1 135	
14 February 2007	1 135	1 135	1 135	
15 February 2007	1 135	1 135	1 135	
16 February 2007	1 135	1 135	1 135	
19 February 2007	1 135	1 135	1 135	
20 February 2007	1 135	1 135	1 135	
21 February 2007	1 135	1 135	1 135	
22 February 2007	1 130	1 125	1 130	31 937
23 February 2007	1 130	1 130	1 130	

	High (cents)	Low (cents)	Close (cents)	Volume (linked units)
Daily (continued)				
26 February 2007	1 130	1 130	1 130	
27 February 2007	1 130	1 130	1 130	
28 February 2007	1 130	1 130	1 130	
1 March 2007	1 130	1 130	1 130	
2 March 2007	1 130	1 130	1 130	
5 March 2007	1 130	1 130	1 130	
6 March 2007	1 130	1 130	1 130	
7 March 2007	1 130	1 130	1 130	
8 March 2007	1 130	1 130	1 130	
9 March 2007	1 130	1 130	1 130	

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS OF SA RETAIL

Name of director	Other directorship or partnership held in the past five years
C J Ewin	SA Corporate Real Estate Fund Managers Limited (Previously Marriott Property Fund Managers Limited)
	Marriott Property Services (Pty) Limited
	Marriott Holdings Limited
	Golden Eagle Investments (Pty) Limited
	SA Retail Properties Limited
	ORYX Properties Limited
	ORYX Management Services (Pty) Limited
	Ambit Properties Limited
	Ambit Management Services (Pty) Limited
	Motseng Marriott Property Services (Pty) Limited
	Pinerich Investments Limited
	Quadriform Investments Limited
	Lakestone Investments Limited
A M Hyatt	AMH Holdings (Pty) Limited
	Churchill Road Conservation Trust (Pty) Limited
	KwaZulu-Natal Philharmonic Orchestra
	Marriott Holdings Limited
	Marriott Corporate Property Bank Limited
	SA Corporate Real Estate Fund Managers Limited (formerly Marriott Property Fund Managers Limited)
	Marriott Property Services (Pty) Limited
	Marriott Unit Trust Management Company Limited
	Mutende (Pty) Limited
	Mutual & Federal Insurance Company Limited
	RMBT Holdings Limited
	SA Retail Properties Limited
	Ironwood Syndication (One) Limited
	Oryx Properties Limited
	Orxy Management Services (Proprietary) Limited
	The Hiltonian Society (Incorporated association not for gain)
	Siyavuna Properties Limited
R A Norton	Grindrod Limited
	Grindrod Bank Limited
	Illovo Sugar Limited
	Norton Derivatives (Pty) Limited
	SA Retail Properties Limited
	Natal University Health (Pty) Limited

Name of director	Other directorship or partnership held in the past five years
W J Swain	Commercial Finance Company Limited
	Congella Federation Limited
	Bizweni Investment Company (Pty) Limited
	Kaymac Holdings (Pty) Limited
	Xmeco Investments (Pty) Limited
	Lansec Holdings (Pty) Limited
	Lanstock (Pty) Limited
	Leant (Pty) Limited
	Medway Investments (Pty) Limited
	Medroux Investments (Pty) Limited
	Mr Price Group Limited
	Natal Sharks (Pty) Limited
	J & W Rayner Trust Nominees (Pty) Limited
	SA Retail Properties Limited
	Sharks Academy (Pty) Limited
	Impro Technologies (Pty) Limited
	Itenditag (Pty) Limited
	Identisoft Access Systems (Pty) Limited
U J van der Walt	Sanlam Properties (Pty) Limited
	San Gholf (EDMS) Beperk
	San Lameer Home Owners Association
	San Lameer Villa Rentals
	Cetero 62 cc
	Voido cc
	SA Retail Properties Limited
	Ifour Properties Limited
	MCH Properties (Pty) Limited
	Whirlprops 39 (Pty) Limited
	SA Corporate Real Estate Fund Managers Limited (formerly Marriott Property Fund Managers Limited)

SA RETAIL PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1999/025764/06)
Share code: SRL ISIN: ZAE000034328
("SA Retail" or "the Company")

NOTICE OF GENERAL MEETING OF SA RETAIL LINKED UNITHOLDERS

The terms defined in the circular to SA Retail linked unitholders with which this notice of general meeting is enclosed shall bear the same meanings in this notice of general meeting and, in particular, in the resolutions below.

Notice is hereby given that a general meeting of SA Retail shareholders and debenture holders ("linked unitholders") of the Company will be held at the registered office of the Company, Marriott at Kingsmead, Kingsmead Office Park, Kingsmead, on Thursday, 5 April 2007, commencing at 09h00 for the purpose of considering and, if deemed fit, passing with or without modification, the following ordinary resolutions:

ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT the acquisition by SA Retail of the Sharemax Portfolio from the Vendors for R1 025 545 294, as set out in the circular to SA Retail linked unitholders dated 20 March 2007, be and is hereby approved."

Given that the acquisition is regarded as a category 1 transaction for the purpose of the JSE Listings Requirements, ordinary resolution number 1 will be valid subject to a simple majority of votes of SA Retail linked unitholders being cast in favour thereof. All SA Retail linked unitholders will be entitled to vote and will be taken into account in determining a *quorum*.

ORDINARY RESOLUTION NUMBER 2

"RESOLVED THAT the unissued linked units in the Company be placed under the control of the directors, and that they are hereby authorised, subject to sections 221 and 222 of the Companies Act of 1973, as amended and to the rules and regulations of the JSE Limited, to allot and/or issue linked units to such person or persons on such terms and conditions as they may determine, such authority to expire at the next Annual General Meeting of the Company."

ORDINARY RESOLUTION NUMBER 3

"Resolved that the directors of the Company be and are hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to give effect to and implement the ordinary resolution number 1, including without limitation the allotment of and issue of the SA Retail consideration units."

ORDINARY RESOLUTION NUMBER 4

"Resolved that, subject to no less than 75% of linked unitholders, present in person or by proxy and entitled to vote at the general meeting of the Company at which this resolution is to be considered, voting in favour thereof, the directors of the Company be and are hereby authorised, by way of a general authority, valid until the next annual general meeting of the Company, or for 15 months from the date of this general meeting, whichever is first, to issue all or any of the authorised but unissued linked units in the capital of the Company for cash as they in their discretion deem fit, subject to the following limitations:

- The securities must be of a class already in issue;
- The securities must be issued to public unitholders and not related parties;

- The general issue of linked units for cash in the aggregate in any one financial year may not exceed 15% of the Company's issued linked unit capital of that class;
- The maximum discount at which the securities may be issued is 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company; and
- That a press announcement giving full details, including the impact on net asset value and earnings per linked unit, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of linked units of that class in issue prior to the issues."

VOTING AND PROXIES

A linked unitholder entitled to attend and vote at the general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. For the convenience of registered certificated linked unitholders or linked unitholders who have dematerialised their linked units with own-name registration, a form of proxy is attached hereto. Duly completed forms of proxy must be lodged at the registered office of the Company or at the transfer secretaries at the addresses below by no later than 09h00 on Wednesday, 4 April 2007.

Linked unitholders who have dematerialised their linked units and have not selected own-name registration must advise their Central Securities Depository Participant ("CSDP") or stockbroker of their voting instructions should they be unable to attend the general meeting but wish to be represented thereat. Dematerialised linked unitholders without own-name registration should contact their CSDP or stockbroker with regard to the cut-off time for their voting instructions. If, however, such members wish to attend the general meeting in person, then they will need to request their CSDP or stockbroker to provide them with the necessary authority in terms of the custody agreement entered into between the dematerialised linked unitholder and their CSDP or stockbroker.

Hand deliveries to:

Computershare Investor Services 2004
(Proprietary) Limited
70 Marshall Street
Johannesburg, 2001

Postal deliveries to:

Computershare Investor Services 2004
(Proprietary) Limited
PO Box 61051
Johannesburg, 2107

By order of the board

Marriott Property Services (Proprietary) Limited
Company secretary

Durban
20 March 2007

Registered office

Marriott at Kingsmead
Kingsmead Office Park
Durban, 4001
(PO Box 207, Durban, 4000)

SA RETAIL PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1999/025764/06)
Share code: SRL ISIN: ZAE000034328
("SA Retail" or "the Company")

FORM OF PROXY

This form of proxy is for the use by SA Retail shareholders and debenture holders ("linked unitholders") who hold certificated SA Retail linked units or who are registered as own-name in dematerialised form, only. SA Retail linked unitholders who have dematerialised their linked units, other than with own-name registration, are requested to refer to the "Action required" provided on the inside cover of this circular to which this form of proxy is attached, for a full understanding of the action required by them.

For use by SA Retail linked unitholders at the general meeting of SA Retail to be held on Thursday, 5 April 2007, at the registered office of the Company, Marriott at Kingsmead, Kingsmead Office Park, Durban or at any adjournment thereof.

I/we (Full names in block letters) ______________________________

of (address) ______________________________

being the holder(s) of SA Retail linked units [ ] do hereby appoint (see note 2):

1. ______________ of ______________ or failing him/her,

2. ______________ of ______________ or failing him/her,

3. the chairman of the general meeting,

as my/our proxy to act for me/us and on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary resolutions and/or abstain from voting in respect of the SA Retail linked units registered in my/our name(s), in accordance with the following instructions (see note 3):

	Number of linked units		
	For	Against	Abstain
Ordinary resolution number 1: Authority to conclude the acquisition			
Ordinary resolution number 2: Authority to allot/issue linked units			
Ordinary resolution number 3: Authority to directors to give effect to and implement the ordinary resolution number 1			
Ordinary resolution number 4: General authority authorising the directors to issue linked units for cash			

*Note: Please indicate with an "x" or the number of linked units in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his/her discretion.

Any SA Retail linked unitholders entitled to vote at the general meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a linked unitholder of the Company.

Signed at ______________ on ______________ 2007

Signature/s ______________________________

Name in BLOCK LETTERS (full name if signing in a representative capacity) ______________________________

Assisted by (where applicable) ______________________________

Notes:

1. This form of proxy must only be used by linked unitholders who hold SA Retail linked units that are not dematerialised or who hold dematerialised SA Retail linked units in their own name.
2. A linked unitholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the linked unitholder's choice in the space provided, with or without deleting "the chairman of the general meeting". A proxy need not be a linked unitholder of the Company. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A linked unitholder is entitled to one vote on a show of hands and, on a poll, a SA Retail linked unitholder is entitled to one vote for each SA Retail linked unit held. A linked unitholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the linked unitholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the linked unitholders' votes.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the general meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the SA Retail linked unit in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries, not less than 48 hours before the commencement of the general meeting.
5. If a linked unitholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
6. The chairman of the general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
7. The completion and lodging of this form of proxy will not preclude the relevant linked unitholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such linked unitholder wish to do so.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the chairman of the general meeting.
9. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
10. Where there are joint holders of linked units:
    - any one holder may sign this form of proxy; and
    - the vote(s) of the senior linked unitholders (for that purpose seniority will be determined by the order in which the names of linked unitholders appear in the Company's register of linked unitholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint linked unitholder(s).
11. Forms of proxy should be lodged with or mailed to Computershare Investor Services 2004 (Proprietary) Limited:

    Hand deliveries to:

    Computershare Investor Services 2004
    (Proprietary) Limited
    70 Marshall Street
    Johannesburg, 2001

    Postal deliveries to:

    Computershare Investor Services 2004
    (Proprietary) Limited
    PO Box 61051
    Johannesburg, 2107

    to be received by no later than 09h00 on Wednesday, 4 April 2007 (or 24 hours before any adjournment of the general meeting which date, if necessary, will be notified in the press and on SENS).
12. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.

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