



Conexus provides Investors active management of a specialist alternative asset portfolio to achieve long-term capital appreciation together with dividend growth. Entry is through Conexus Investment Fund Limited which holds quoted investments, predominantly equities listed on the JSE, and also hedge funds, preference shares and cash. These funds are then invested into private equity and private equity related securities as such opportunities are identified by the Investment Manager. Private equity investments are deployed into Conexus Investment Trust as a series of units representing Investors vested interest, which now holds the bulk of the Conexus assets. The private equity assets should be considered high risk by virtue of their illiquidity and with governance and reporting processes not as developed as those in public markets. The performance of Conexus Capital Trust will only be established on realisation of the private equity portfolio with the Investment Manager providing an estimated market value at each quarter end.

Conexus Investment Fund Limited

Company information

Launch Date:	October 2006
Company NAV:	R17.0m
Dealing:	Quarterly
Investment:	Ordinary unlisted shares
Management Fee¹:	1.20% pa
Administration Fee¹:	0.24% pa
Performance Fee¹:	12% of gains using the high water mark principle
Share price:	R1,063.91

1. Excl VAT
2. Rounded to nearest Rand

Top holdings

SP ¹ Bridging Loan	66%
Cash	16%
SP ¹ Working	
Capital Loan	10%
Metmar	8%

1. South Point

Share Price history²

Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	YTD %
2006/7	-	-	1,015	1,071	7.1%
2007/8	1,182	1,194	1,197	1,190	11.1%
2008/9	1,219	1,156	1,029	986	-17.1%
2009/10	1,016	1,038	1,015	1,016	3.0%
2010/11	1,015	1,017	1,041	1,014	-0.2%
2011/12	1,011	1,086	1,064		4.9%

Share Price Performance Calculation

The share price represents the net asset value calculated at the end of May, August, November and February each year, in accordance with the Offer document. The YTD performance represents the percentage movement in the share price for the period under review (i.e. latest share price / previous year end price less 1). Past performance is not necessarily a guide to future performance.

Conexus Capital Trust

Trust Information

Investment:	Vesting Trust
Trust NAV:	R138.1m
Initial charges:	Nil
Management Fee¹:	1.20% pa
Administration Fee¹:	0.24% pa
Performance Fee¹:	12% of gains on a per series basis

1. Excl VAT

Investments

Description	Cost	Estimated Mkt Value	IRR ¹
Unrealised	R139.2m	R131.1m	0.9%
Realised			
Hillson Drilling			34.5%
Total			1.1%

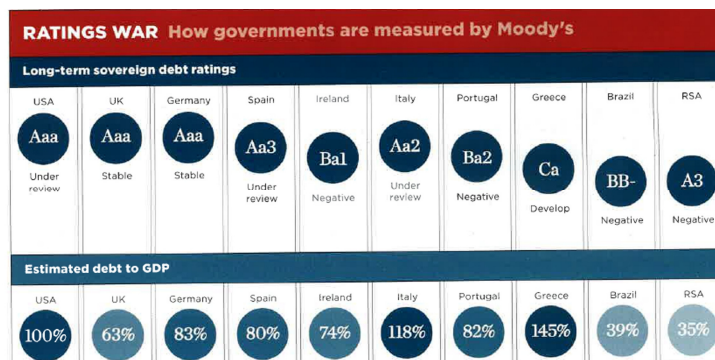
1. IRR represents annualised IRR net of management fees and prior to performance fees.

Investment Manager Commentary

Equities are attractive but patience is required

Politicians in the developed world are struggling to agree and implement practical solutions to a debt crisis that has existed for many years. The world will recover but the question is how long will it take. Arguably, the risk of investment is at its highest while macro economic decisions are being made but the corollary is that the potential returns should also be there.

2011 has been a very volatile year in all respects. To put it into context, we should look back to 2007 when the debt crisis first manifested itself in the USA. Since that time the debt crisis has developed into a sovereign issue which is currently most evident in Europe but unfortunately is also prevalent in the USA. The Euro Treaty is being renegotiated as Germany and France require more "bang for their buck" and at the same time in the USA we see political arguments surrounding the debt ceiling and austerity measures. Effectively, both Europe and the USA are over borrowed and this is well demonstrated by the picture below:

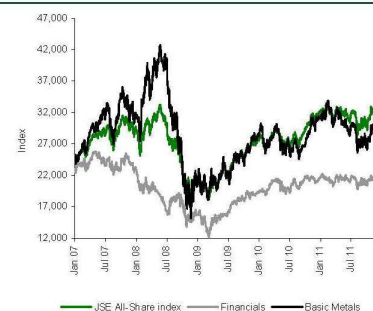


Investment Manager Commentary (continued)

Against the background of poor international economics, the adjacent chart shows the performance of the JSE since 2007. Conexus was established in October 2006 – therefore this is a good barometer of how an equivalent investment in the JSE would have performed relative to Conexus.

The JSE All Share Index reached a peak of 33,309 on 25 May 2008 and while the recovery has breached the 32,000 level the 2008 high remains in place. Equity markets in general have been very difficult to call and are volatile as a result of the debt crisis referred to above.

Chart 1 : JSE indices



Source: Inet

As recently reported, the manager has realised Robow Investments (Daly Credit Corporation) at a gross IRR of 33% and a net IRR of 29%. This is a pleasing performance and meets the manager's objective of providing Investors a realised return from private equity.

Magix is also in the process of being sold with a part-realisation from the sale of the integration business and a possible transaction is in progress which might realise the security business. If these transactions are finalised, the manager will report separately.

Poynting has also shown a significant improvement in its performance as published in its June 2011 results. The manager believes that the AltX share price is not a true reflection of the current value of the business and expects ongoing improvements through to the year ending June 2012.

The circumstances surrounding RedSun have not changed, with the manager successfully negotiating subordinated debt funding and flood relief working capital loans from the IDC. It is important that RedSun has a successful 2012 and assuming a normal crop with a stable to weakening Rand, this should be the case.

South Point has received much attention with ongoing negotiations regarding the capital structure with the debt providers. It is critical that the student occupancies are significantly improved in 2012 as this will validate the business model. The new management team are also focusing on realising buildings that are inappropriate to the portfolio as a whole in an effort to further reduce gearing. The negotiation process with the debt providers has resulted in the Manager of LMCGF carrying out an extensive review of the business. This will probably result in a significantly reduced valuation of South Point for the year ending 31 December. The Trustees' valuation provided in this Fact Sheet has used the audited financial statements for the year ended 28 February 2011. This value is R493 million for the group which the the Board of South Point and an independent valuer agreed subsequent to the 2011 audit. The value is approximately 10% down on the August 2011 valuation.

York is a holding where the only source of information is the company reports released to the market. However, the manager does have interactions with management from time to time and the news is generally positive with better forest management, more efficient process facilities, improvements in the capital structure and turnovers being maintained with few signs of a construction (the key market) slowdown. We also know that the share price is at a significant discount to tagible NAV per share.

On a portfolio basis the manager believes Conexus is in better shape than it was a year ago and are very pleased to have been able to demonstrate the first realisation meeting the targeted returns. According to Investors' propensity to reinvest, the manager will continue to pursue new opportunities in 2012 and continue to work hard on the existing portfolio. There will also be opportunities to add to the holdings in Poynting and York on any unusual share price weakness.

Douglas Investments will be closed for the Festive Season from 22 December 2011 until 6 January 2012. We would like to take the opportunity to thank our Investors for their continued support over the past year and to wish you and your loved ones a happy and safe holiday season and everything of the best for the year ahead

Investment Manager:

Clive Douglas Investments (Pty) Ltd

Advisor (corporate & legal):

Metier Investment & Advisory Services (Pty) Ltd

Structured & Administered by:

Realtime Financial Solutions (Pty) Ltd

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