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VUKILE EXPECTS TRADING IMPROVEMENT IN 2011

Johannesburg, 29 June 2010 – Vukile Property Fund Limited expects to see only a slight improvement in its trading environment for the remainder of the 2010 year, despite signs of a recovery in the South African economy.

In its annual report published today, chairman Anton Botha noted that the property sector lags the broader economy by between 12 and 18 months and that the recently announced electricity price increases and higher municipal rates would take its toll on the market by affecting rental affordability and consequently exerting pressure on rental margins.

Longer-term, however, property fundamentals look positive with the supply of new rentable space remaining restricted given high construction costs, electricity supply constraints and limited available funding. "When demand for space improves, it is likely to have a positive impact on vacancy and rental levels," said Botha.

Vukile produced a strong set of results for the year ended 31 March 2010, increasing its distribution to linked unitholders by 10.2% and growing its net asset value by 8.7%. These results were achieved on the back of limited increases in vacancies, strong rental growth in some sectors and good control of bad debts. Cost control continued as a priority throughout the financial year and the company's recurring cost to revenue ratio would have decreased again had it not been for the effect of electricity tariffs and municipal rates increases.

During the year, in addition to in-sourcing the property asset management of its own property portfolio, Vukile acquired Sanlam Properties' property asset management business relating to the property asset management of Sanlam's property portfolio, including an option to acquire a R500 million property portfolio as well as a right of refusal to the remainder of Sanlam's properties. It is also in the process of finalising the acquisition of nine properties from Sanlam Life for a consideration of R531 million, which is still subject to regulatory and other approvals.

"The successful acquisition of the property asset management business and the high quality property portfolio to be acquired from Sanlam Life provide the company with a solid platform for the next stage of its growth. So too does the prospect of future acquisitions stemming from the option to acquire a R500 million property portfolio from Sanlam and the ongoing right of first refusal over the remainder of Sanlam's properties," said Botha.



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