



Vukile Property Fund Limited

(Incorporated in the Republic of South Africa)
 Registration number 2002/027194/06
 JSE Share code: VKE • ISIN: ZAE00056370 • NSX Share code: VKN
 ("Vukile" or "the company")

Financial effects regarding the strategic acquisition of a portfolio of 20 properties and a specific issue of linked units for cash and withdrawal of cautionary announcement

1. Introduction

Vukile linked unitholders ("unitholders") are referred to the detailed cautionary announcement ("announcement") dated 14 November 2011. This announcement advised that the company had made an offer to Sanlam Life Insurance Limited ("Sanlam") dated 3 November 2011 in terms of which Vukile would acquire the property letting enterprises in respect of a portfolio of properties (the "Acquisition") which offer had been accepted by Sanlam. The announcement provided unitholders with the requisite pertinent information on the properties. However, as the company's results for the six months ended 30 September 2011 had not yet been released on SENS, financial effects were not included in the aforesaid announcement. The interim results have since been released on SENS and the company is now in a position to provide meaningful information on the financial effects of the Acquisition.

2. The specific issue for cash

In order to raise the requisite equity capital for the Acquisition, the company will be undertaking a specific issue of linked units for cash when the Acquisition becomes unconditional (the "issue for cash") (together the issue for cash and the Acquisition will be referred to as the "Transaction").

The issue for cash will:

- comprise a maximum of seventy million linked units;
- be placed by an independent party through a "bookbuild" process so as to achieve the highest possible price per linked unit; and
- be done at a placement price which is at a 0% - 5% discount to the 5 day VWAP of the linked units traded on the JSE Limited.

3. Pro-forma forecast information

Based on an effective date of the Acquisition of 1 June 2012, the forecast financial information relating to the Transaction for the 10 months ending 31 March 2013 and the year ending 31 March 2014 is set out below. The forecast financial information is the responsibility of the directors and has not been reviewed and reported on by the reporting accountant in terms of Section 8 of the JSE Listing Requirements. On the basis of the above, the financial effects of the Transaction are as follows:

	Ten months ending 31 March 2013	Year ending 31 March 2014
Forecast property revenue ^{(1) (2)}	215 477 ⁽³⁾	263 509 ⁽⁴⁾
Property expenditure	(93 804)	(119 240)
Operational net income	121 673	144 269
Net profit after tax	9 465	77 836
Earnings available for distribution	71 303	96 538
Forecast yields ⁽⁵⁾	8.80%	9.50%

Notes:

- (1) Contracted rental income for the 10 months to 31 March 2013 is 63% and for the 12 months to 31 March 2014 is 44% based on existing signed lease agreements.
- (2) Uncontracted rental income for the 10 months to 31 March 2013 is 37% and for the 12 months to 31 March 2014 is 56% of the total forecast gross rental. Leases expiring during the periods have been forecast on a lease-by-lease basis, with particular regard as to the likelihood of existing tenants renewing their leases. Where appropriate, a vacancy provision has been allowed based on the expected lettable of the particular premises. Revenues forecast for the period after the expiry of the leases have been included in uncontracted revenue and have been based on current market related rentals.
- (3) Includes straight line rental accruals of R12.0 million.
- (4) Includes straight line rental accruals of R1.7 million.
- (5) Based on operational net income for the 10 months to 31 March 2013 annualised to a full year and 12 months to 31 March 2014, based on a total purchase consideration at 1 June 2012 of R1.496 billion, inclusive of costs.

4. Pro-forma financial information

The specific issue for cash is indivisible from the Acquisition and thus the pro-forma financial effects of the issue for cash are not disclosed separately from the financial effects for the Acquisition.

The table below sets out the unaudited pro-forma financial effects of the Transaction on net asset value ("NAV") and tangible net asset value ("TNAV") per linked unit based on the unaudited results of the company for the six months ended 30 September 2011. The unaudited pro-forma financial effects are the responsibility of the directors and have been prepared for illustrative purposes only to provide information relating to how the Transaction may have impacted unitholders on the relevant reporting date and, due to their nature, may not give a fair reflection of Vukile's financial position after implementation of the Transaction.

	Unaudited 30 September 2011	Transaction	Vukile post the Transaction	Increase (%)
NAV per linked unit (cents)	1 087	43	1 130	3.96
TNAV per linked unit (cents)	978	60	1 038	6.13
Linked units in issue	351 015 218	65 180 678	416 195 896	18.57

Assumptions:

The financial effects have been calculated on the basis of the following assumptions:

- Assets increased by R1.496 billion, being the purchase consideration inclusive of transaction costs.
- Long term bank finance is increased by R540 million to partly fund the Transaction.
- An estimated 65.2 million linked units are issued at a price of R14.67, representing the 5 day VWAP at 14 November 2011, to partly fund the Transaction.
- TNAV has been calculated by deducting goodwill and intangible assets of R70.3 million and R312.8 million respectively from NAV.

5. Withdrawal of cautionary announcement

Unitholders are advised that as the financial effects of the Transaction have now been disclosed, caution is no longer required to be exercised when dealing in their linked units.

Johannesburg
 30 November 2011

Merchant Bank and
 Transaction Sponsor



Reporting
 Accountants



Independent Valuation Experts

