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VUKILE GROWS DISTRIBUTION TO LINKED UNITHOLDERS BY 7.5% IN CHALLENGING MARKET

Johannesburg, 22 November 2010 - Property loan stock company Vukile grew its distribution to its linked unitholders for the six months ended 30 September by 7.5% in a tough trading environment.

The group's net rental income, excluding straight line rental accruals, increased by 9.25% over the corresponding period while net profit available for distribution increased by 13.2% from 49.27 cents per linked unit to 55.77 cents per linked unit.

This higher than normal increase was due to a timing difference, as sales commission from the asset management business is not earned equally over the 12 month period. If this and other timing differences are taken into account, the increase in net profit over the comparable period reduced to 8.1%, which the company said was in line with expectations, given the tough trading conditions and increasing vacancies.

A highlight of the year was the acquisition of nine properties for R537.8 million, taking Vukile's combined property portfolio to 82 properties with a gross lettable area of 1 010 152m². Vukile also has the option to acquire certain properties valued at approximately R500 million from Sanlam Life which has to be exercised before 31 December 2010. Another highlight was the refinancing of R462 million securitization debt which generated a reduction of 0.5% on the cost of the debt.

During the six month period under review, new leases and renewals to the contract value of R756 million were concluded. The vacancy profile (% of gross rentals) increased from 4.1% at 31 March to 5.3% at 30 September 2010. Bad debt write offs were in line with expectations for the six month period and the provision for doubtful debt at 30 September 2010 was R7.4 million (R10.2 million) at 31 March 2010.

Looking ahead, the company said that a recovery in the property market would take longer than originally expected and that trading conditions would remain tough with little growth in rentals. "However, given the inherent quality of the Vukile portfolio and its astute management by our management team and service providers, we are of the opinion that the company will again be able to deliver reasonable growth in distribution for the year ending 31 March 2011," said Gerhard van Zyl, chief executive. This information has not been reviewed and reported on by Vukile's auditors.



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