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For further information contact:
Laurence Rapp, CEO Vukile Property Fund Limited,
on 083 266 3011

VUKILE GROWS INTERIM DISTRIBUTION BY 5.0%

Johannesburg, 25 November 2013 - Vukile Property Fund today reported a 5.0% increase in its normalised interim distribution for the six months ended 30 September 2013.

The portfolio has changed dramatically over the past year with highlights of the six month period including the successful re-launch of Randburg Square following an extensive three phase upgrade for R207 million; the completion of the R1.04 billion Encha transaction in which Vukile acquired four government-tenanted properties in one of the most significant empowerment deals in the listed property sector to date; the acquisition of 50% of East Rand Mall for R1.1 billion; the acquisition of Hammarsdale Junction for R194 million and the sale of R287 million worth of higher risk properties, which collectively have greatly enhanced the overall quality of the portfolio.

Net profit available for the distribution increased by 28% to R343.8 million (September 2012: R268.5 million) thanks to a strong performance by the underlying property portfolio.

Chief executive Laurence Rapp said significant progress had been made in the last six months in developing a better quality and lower risk portfolio. "This can be seen by our strong retail (52%), sovereign tenant (10%) and hospital (3%) assets now representing the lion's share (65%) of the overall portfolio," he said.

Net profit from property operations, excluding straight-line rental accruals, increased by 17.6% to R406.9 million (September 2012: R346.0 million) with the portfolio showing like-for-like growth of a very credible 8.1%. Vacancies, measured as a percentage of gross rentals, decreased to 6.7% from 7.1% in March 2013. The acquisitions and disposals have also significantly improved the lease expiry profile of the portfolio.

New leases and renewals with a total area of 150 579 metres squared and a contract value of R538.3 million were concluded. 78% of leases to be renewed during the review period were renewed or are in the process of being renewed.

In line with the company's new policy of declaring sales commission and other non-recurring income as a separate, special distribution, Vukile is paying a special distribution of 13.83 cents per unit representing the sales commission earned from Sanlam on the sale of East Rand Mall.

Looking ahead, Rapp said that while he did not expect to see a significant improvement in the macro operating environment, the portfolio was well positioned to produce better growth going forward. "Our retail assets continue to perform well and we have been encouraged by an increase in demand for industrial space. The office sector remains the most challenging though," he said.

"The business is in good shape and we are confident of meeting our distribution growth guidelines for 2014 of between 4% and 6% off a normalised base of 120.44 cents per linked unit and thereafter seeing a healthy increase in distribution growth for 2015."

du Plessis Associates

Issued by du Plessis Associates on behalf of Vukile Property Fund Limited.
dPA contact Helen McKane Tel : +27 11 728 4701,Mobile: 082 330 2034
or e-mail: vukile@dpapr.com
website: www.vukile.co.za