NEWS RELEASE

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VUKILE INCREASES ANNUAL DISTRIBUTION BY 9%

Johannesburg, 23 May 2011 – Property Loan Stock company Vukile today reported a 26.2% increase in net profit available for distribution for the full year to 31 March 2011 to R408.1 million and announced a second half distribution of 67.1 cents per linked unit, making the total for the year 117.65 cents per linked unit, an increase of 9% over the previous year.

Chief executive Gerhard van Zyl attributed the company's strong performance to the quality of its underlying properties, the growth of its portfolio and the additional revenue from the asset management business acquired last year as well as a firm control on costs and vacancy levels. If acquisitions and disposals are excluded, on a like-for-like basis, group net property revenue increased by 9.5% from the 2010 financial year.

Vacancy levels as a percentage of gross rentals were well contained at 5.1%, which is up from 4.1% at the previous year-end, but down from 5.3% at 30 September 2010. The recurring costs to property revenue ratio, excluding electricity rates and taxes, decreased from 16.5% to 15.3% year on year.

The asset management business performed well during the year, earning asset management fees of R33.6 million which was R3.1 million higher than the income forecast in the circular to shareholders dated 26 November 2009. Likewise, sales commission of R29.3 million was R5.3 million higher than forecast in the circular. This was due to higher than expected disposals in the Sanlam portfolio.

The cost of acquisitions, developments and tenant installations for the year amounted to R622.9 million which includes the acquisition of nine properties from Sanlam Life for R541 million. New leases and renewals of 204 795m², with a contract value of R945.5 million, were concluded during the year.

Van Zyl said that there were some indications that the South African economy had turned the corner and that market conditions should improve, albeit slowly. "This is evidenced by the fact that manufacturing activity has increased and inventory levels in the economy are rising," he said.

"The property sector lags the broader economy by between 12 and 18 months. This means that trading conditions in the property sector will remain difficult but we should see a stabilisation of vacancy levels, arrear rentals and bad debts. It is anticipated that conditions will slowly start to improve over the next 6 to 12 months, but it will in all probability be a gradual process."

Issued by du Plessis Associates on behalf of Vukile Property Fund Limited.
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