
POSTING OF CIRCULAR

Linked unitholders are advised that Vukile has posted a circular dated 27 March 2013 (the "circular") to linked unitholders in respect of:

- the adoption of a new Memorandum of Incorporation;
- the amendment of the long-term incentive scheme and re-naming same the Conditional Unit Plan;
- the adoption of the Unit Purchase Plan;
- a specific authority to issue linked units under the reinvestment option;
- an odd-lot offer to linked unitholders holding less than 100 linked units in the linked unit capital of the company;
- a specific authority to repurchase odd-lot linked units;
- a general authority to issue linked units for cash; and
- placing the unissued linked units under the control of the directors,

(the "corporate actions").

An electronic copy of the circular is available on the company's website, www.vukile.co.za.

Linked unitholders are advised that the circular includes, *inter alia*, a notice of general meeting of Vukile shareholders and debenture holders (the "notice of general meeting"), which will be held at One-on-Ninth, Cnr Glenhove Road and Ninth Street, Melrose Estate, 2196 at 11h00 on Thursday, 25 April 2013 (the "general meeting") to consider and, if deemed fit, pass, with or without modification, the resolutions stated in the notice of general meeting.

Terms defined in the circular shall bear the same meaning in this announcement.

Salient dates and times

The salient dates and times for the general meeting and corporate actions are as set out below.

SALIENT DATES AND TIMES

	2013
Record date in order to receive circular	Friday, 22 March
Circular posted on	Wednesday, 27 March
Announcement relating to the issue of the circular (together with the notice of general meeting) released on SENS	Wednesday, 27 March
Short-form announcement relating to the issue of the circular (together with the notice of general meeting) published in the press	Thursday, 28 March
Last day to trade in order to be eligible to vote at the general meeting	Friday, 12 April
Record date to determine which shareholders and debenture holders are entitled to attend and vote at the general meeting	Friday, 19 April
Last day to lodge forms of proxy for the general meeting (by 11h00)	Wednesday, 24 April
General meeting of Vukile shareholders and debenture holders at 11h00 on	Thursday, 25 April
Results of the general meeting released on SENS on	Thursday, 25 April
Results of the general meeting published in the press on	Friday, 26 April

Lodge MOI for registration with CIPC on	Friday, 26 April
Finalisation announcement published on SENS on*	Friday, 10 May
Last day to trade in order to participate in odd-lot offer*	Friday, 17 May
Odd-lot offer closes at 12h00*	Friday, 24 May
Odd-lot offer record date *	Friday, 24 May
Payment date – accounts at CSDP or broker updated*	Monday, 27 May
Results of the odd-lot offer released on SENS on*	Monday, 27 May
Results of the odd-lot offer published in the press on*	Tuesday, 28 May
Cancellation and termination of listing of linked units repurchased in terms of the odd-lot offer expected on or about*	Friday, 31 May

* These dates are subject to change and are dependant upon when the resolution adopting the Memorandum of Incorporation (and the new Memorandum of Incorporation) is filed and registered by CIPC and thus the date on which the odd-lot offer closes.

Notes:

- (1) All dates and times in this announcement are local times in South Africa. The above dates and times are subject to change. Any such changes will be released on SENS.
- (2) Dematerialised odd-lot holders are required to notify their duly appointed CSDP or broker of their choice in the manner and time stipulated in the agreement governing the relationship between them and their CSDP or broker.
- (3) In the case of holders of certificated linked units who complete the form of election and surrender and choose the cash consideration, payment will be made either by:
 - 3.1. electronic funds transfer into the bank accounts of odd-lot holders on or about Monday, 27 May 2013 if such odd-lot-holders' banking details have been provided in the form of election and surrender; or
 - 3.2. by cheque which will be posted at the risk of odd-lot holders on or about Monday, 27 May 2013 if such holders' banking details have not been provided in the form of election and surrender.

Those odd-lot holders who do not make an election in terms of the odd-lot offer will automatically be regarded as having chosen to sell their odd-lot holding.

Specific authority to issue linked units under the reinvestment option

Vukile intends to provide linked unitholders with the option to re-invest the cash distribution which will be declared by the company for the year ended 31 March 2013 for linked units in the company. By electing to receive linked units, linked unitholders will be able to increase their linked unitholding in Vukile without incurring dealing costs and uncertificated securities tax. In turn, Vukile will benefit from an increase in the amount of linked unitholders' funds available to support continued growth.

Linked unitholders will be entitled, in respect of all or part of their linked unitholding, to elect to participate in the reinvestment option failing which they will receive the cash distribution that will be paid to those linked unitholders not electing to participate in the reinvestment option. To the extent that a linked unitholder is a "non-public shareholder", as such term is contemplated in the JSE Listings Requirements, and elects to participate in the reinvestment option the consequential issue of linked units to such unitholder will be made to a "non-public shareholder".

Linked unitholders are advised that the company will release its financial results for the year ended 31 March 2013 on or about Friday, 24 May 2013 (the "**results announcement**"). In the results announcement the company will also disclose, *inter alia*, the following:

- the amount of the cash distribution for the period;
- that a reinvestment election is available to linked unitholders;
- a timetable for the reinvestment option; and
- the offer price, being the five-day volume weighted average price of a linked unit immediately prior to the finalisation date in respect of the re-investment option.

The odd-lot offer

Vukile currently has a large number of minority linked unitholders holding one or two linked units and intends to reduce the ongoing administration costs associated with this unitholder base. A high-level analysis of Vukile's linked unit register as at 25 January 2013 reveals that:

- Vukile has 5701 linked unitholders; and
- approximately 713 linked unitholders (i.e. 12.5% of all linked unitholders) hold less than 100 linked units.

The annual cost of servicing the company's linked unitholder base is significant and given its composition is not considered very efficient or cost-effective for Vukile to manage. Corporate actions requiring linked unitholder approval are also more expensive due to processing large numbers of linked unitholder proxies and votes.

Accordingly, Vukile has decided to undertake an odd-lot offer to rationalise its minority linked unitholding base.

Additionally, the odd-lot offer will facilitate an inexpensive method for minority linked unitholders in Vukile to realise their investment whereby they receive an offer price which will not have to incur transaction costs, such as transfer fees, brokerage fees and STT.

In terms of the odd-lot offer the company will offer to repurchase from odd-lot holders all of their linked units for a cash consideration equivalent to the five-day volume weighted average price of a Vukile linked unit immediately prior to the finalisation date. The offer price will be released on SENS as part of the finalisation announcement.

In terms of the odd-lot offer, odd-lot holders are offered the opportunity to:

- sell their odd-lot holdings for the cash consideration; or
- elect to retain their odd-lot holdings.

Those odd-lot holders who do not make an election will automatically be regarded as having chosen to receive the cash consideration.

The maximum number of linked units which potentially could be repurchased by Vukile if all odd-lot holders sell their holdings to Vukile will not exceed 1 634 linked units.

The repurchase of linked units pursuant to the odd-lot offer will have no significant effect on Vukile's headline earnings per share, earnings per share, net asset value per share or tangible net asset value per share.

Odd-lot holders and their associates (as such term is defined in the Listings Requirements) will, in terms of the Listings Requirements, be excluded from voting in respect of that special resolution authorising and approving the specific repurchase of the odd-lot holdings of those odd-lot holders who elect to sell their odd-lot holdings or who make no election, and the ordinary resolution authorising the board to make and implement the odd-lot offer. The resolutions referred to herein are subject to the approval, filing and registration with the CIPC of the resolution adopting the new Memorandum of Incorporation.

Tax consequences for linked unitholders selling their Vukile linked units in terms of the odd-lot offer

Below is a high-level summary of the potential tax consequences arising for linked unitholders who are odd-lot holders in respect of the disposal of Vukile linked units by way of a specific repurchase by the company in terms of the odd-lot offer. The summary of the tax implications serves as a general guide and is not intended to constitute a complete analysis of the tax consequences of the repurchase under South African tax law. It is not intended to be, nor should it be considered to be, legal or tax advice. As each such linked unitholder's personal circumstances may lead to a different tax analysis, linked unitholders should seek appropriate advice in respect of their particular circumstances from their personal tax advisors.

Acquisition of shares

The offer price in relation to the shares will be paid out of, in the first instance, share capital and share premium of up to R56.1 million (i.e. contributed tax capital) in the same ratio that the odd-lot shares repurchased under the odd-lot offer bears to the entire issued share capital of the company and thereafter retained earnings.

Accordingly, the offer price per share will be paid out of contributed tax capital of 13 cents per share (based on the number of ordinary shares in issue of 431 040 219) and retained earnings of the balance of the offer price per share. The difference between the offer price attributable to the share component of the linked unit (10 cents/R5.00 times offer price) and the contributed tax capital will constitute a dividend in terms of paragraph (b) of the definition of "dividend" contained in section 1 of the Income Tax Act, 58 of 1962, as amended (the

“**Income Tax Act**”). Since this is not a general repurchase, the exclusion contained in paragraph (b)(iii) of the same definition will not apply and that portion of the purchase price in excess of the return of contributed tax capital would thus be a dividend.

The proceeds from the disposal of shares, to the extent that these proceeds do not constitute a dividend, will automatically be on capital account if the shares have been held for a continuous period of at least three years. Otherwise normal principles will apply and specifically as to whether the linked units have been held as an investment and whether the proceeds are fortuitous or designedly sought for and worked for. Proceeds arising from the disposal of an asset in carrying out a scheme for profit making will be on revenue account.

The local dividends tax rate is 15%. Provided certain formalities are met, certain linked unitholders will be exempted from dividends tax. Amongst others, linked unitholders that are South African tax resident companies and collective investment schemes that will also be the beneficial owners of the dividend will have the exemption from dividends tax available to them to the extent that the relevant confirmations and undertakings are provided beforehand in writing.

The gross dividend portion per share acquired by the company pursuant to the odd-lot offer is the offer price (less the amount of contributed tax capital per share referred to above) per share for shareholders exempt from paying dividends withholding tax. In this instance the full offer price will be received by such shareholders in respect of the odd-lot share repurchased under the odd-lot offer.

The net dividend portion per share acquired by the company pursuant to the odd-lot offer for shareholders liable to pay the dividends is the offer price (less the amount of contributed tax capital per share referred to above) less the dividends tax of 15% on that difference per share.

Vukile’s tax reference number is 933/161/711/43.

Linked unitholders are advised to obtain independent advice in relation to the implications of both the dividend and capital portion of the offer price received pursuant to the odd-lot offer.

Securities transfer tax in relation to the repurchase of the shares will be borne by the company.

Acquisition of debentures

The acquisition of the debentures by the company should be distinguished from the acquisition of the shares by the company, which together comprise the linked units. The debentures are expected to be reacquired by the company at a premium to their face value or issue price (R4.90/R5.00 times offer price) on the basis that no portion of this purchase consideration will constitute a dividend. The offer price in relation to the debentures will be funded out of existing cash reserves of the company.

Even though general principles will apply with reference to determining the gain on the redemption of the debentures, i.e., whether the debentures have been held as an investment and whether the proceeds are fortuitous or designedly sought for and worked for, the tendency of the revenue authorities is to treat such gain to be on revenue account. There is no separate legal principle to that effect, especially in circumstances where a holder held a linked unit for a long-term investment purpose. However, caution is expressed with reference to the treatment of the proceeds on the redemption of the debentures as it may not necessarily be consistent with the tax treatment of the repurchase price in respect of the shares.

27 March 2013

JSE Sponsor and Corporate advisor: Java Capital

NSX sponsor: IJG Securities (Pty) Ltd