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”)

REDUCTION OF VENDOR PLACEMENT SIZE

Holders of Vukile linked units (“linked unitholders”) are referred to the circular issued by Vukile on 31 January 2012 (“circular”), the general meeting results announcement released on SENS on 29 February 2012 and the fulfilment of conditions precedent and early distribution announcement released on SENS on 9 March 2012, all relating to the acquisition by Vukile of twenty properties from Sanlam Life Insurance Limited (the “acquisition”)for R1.5 billion and the issue and allotment of Vukile linked units as part consideration for the acquisition in terms of a R956 million vendor placement (the “vendor placement”)(collectively “the Transaction”).

The anticipated vendor placement will reduce from the initial indication of R956 million to approximately R864.9 million for two reasons. Firstly, Vukile has managed to bring the effective date of the Transaction forward, which is now anticipated to be towards the latter part of April 2012. In terms of the formula set out in the circular, to the extent that the effective date is prior to 1 June 2012, the purchase price will reduce by a factor of 0.017255% compounded daily (6.5% per annum). This has resulted in a reduction in the purchase price of c.R11.6 million. Secondly, linked unitholders are advised that Vukile has subsequently concluded the sale of three properties from its existing portfolio that will result in it receiving cash proceeds of R80 million within the next three months. Vukile management have decided that it is preferable to utilize bridging funding of R80 million pending receipt of the proceeds of the sale of the properties, at which point the funding will be repaid, rather than issue new linked units. Accordingly the vendor placement will decrease by R91.1 million, from R956 million to R864.9 million.

The reduced vendor placement results in Vukile being able to conclude the Transaction in a manner that is more favourable to linked unitholders. The analysis has confirmed that it is beneficial for linked unitholders to reduce the size of the vendor placement by using the temporary bridge debt funding as it increases the distribution per unit.

The table below, which 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 Listings

Requirements, sets out the comparison between the financial effects as set out in the circular and the new financial effects resulting from the earlier effective date of the Transaction and reduction in the size of the vendor placement:

	As per circular	As per circular restated to 11.5 Months ending 31 March 2013 and reduced purchase price	Change (%)	Restated for 11.5 Months ending 31 March 2013, reduced purchase price and reduced vendor placement	Change (%)
Distribution per New linked unit for 10 Months ending 31 March 2013 (Rands)	1.09	1.27	16.5	1.31	3.1
Earnings available for distribution for 10 Months ending 31 March 2013 (R'000)[1]	71,303	81,578	14.4	77,082	(5.5)
Distribution per New linked unit for the year ending 31 March 2014 (Rands)	1.48	1.50	1.4	1.56	4.0
Earnings available for distribution for the year ending 31 March 2014 (R'000)[1]	96,538	n/a	n/a	92,138	(4.6)
New linked units issued[3]	65,180,678	64,392,195	(1.2)	58,940,443	(8.5)
Net asset value ("NAV") per linked unit (Cents)[2]	1,130	1,133	0.3	1,128	(0.4)
Tangible NAV ("TNAV") per	1,038	1,040	0.2	1,034	(0.6)

linked unit (Cents)[2]					
Linked units in issue for calculating NAV and TNAV[3]	416,195,896	415,407,413	(0.2)	409,955,661	(1.3)

Notes:

1. Finance costs have been adjusted for an additional 2.5 month's interest on the bridging facility of R80 million and interest foregone on R80 million at an estimated money market rate of 5.5% for the remaining period.
2. Based on the unaudited results of Vukile for the six months ended 30 September 2011. An additional bridging loan of R80 million is raised and will be refinanced utilising the net proceeds from the sales of the Glencairn, Truworth JHB and John Griffin properties on an assumed date of 1 July 2012.
3. An estimated 58.94 million linked units are issued, at a price of R14.67, as originally disclosed in the circular, representing the 5-day VWAP to 14 November 2011 (being the date of the release of the SENS announcement setting out the details of the Transaction) to partly fund the Transaction. This represents a reduction of 6.24 million linked units as compared to the number used in the financial effects in the circular. This arises due to a c.R11.6 million reduction in the purchase price due to an earlier than anticipated effective date and the fact that R80 million of the purchase price is funded utilising a bridging loan.

Johannesburg
5 April 2012

Merchant bank and transaction sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Reporting accountants
Grant Thornton