

For immediate release

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VUKILE SECURES MAJOR EMPOWERMENT AGREEMENT

Johannesburg, 12 March 2013 – Vukile Property Fund has concluded an agreement with Encha Properties (Encha) in one of the most significant Black Economic Empowerment (BEE) initiatives in the listed property sector to date.

In terms of the agreement, Vukile will acquire a portfolio of five investment-grade, predominantly national government-tenanted properties from Encha for an approximate R1.4 billion. The purchase price will be discharged through a cash payment of approximately R800 million which will be used by Encha to repay bank debt and amounts due to other third parties. The remaining R600 million will be funded by issuing Vukile units to Encha for an initial amount of R470 million and is expected to increase by a further R130 million in December 2013 when certain lease extensions are concluded.

Post the transaction, Encha will own an ungeared approximate R600 million stake in Vukile representing a holding of around 7.5% in Vukile's enlarged unit capital. For purposes of the Property Sector Charter, this will represent an approximate 25% holding in Vukile, after adjusting for mandated investments.

The properties in the portfolio comprise Navarre Wachthuis, the Koedoe Arcade and De Bruyn Park in Pretoria as well as the Pretoria Momentum Building and the Bloemfontein Fedsure Building. The acquisition is expected to become effective in July this year, once a number of conditions precedent have been fulfilled, most specifically due diligence and Competition Authority approval.

A sub-portfolio will be established within Vukile to house the new properties as well as any other government-tenanted properties that Vukile may own or acquire. Encha will be appointed as the property and asset manager of this new sub-portfolio.

In addition, Encha CEO and current president of South African Property Owners Association (SAPOA) Sedise Moseneke will be appointed as an executive director of Vukile. He will oversee the government-tenanted portfolio and will work together with CEO Laurence Rapp in seeking to grow the fund in line with Vukile's stated strategy of building a large diversified property fund that's overweight in the retail sector. He will also have executive responsibility for driving Vukile's overall transformation strategy.

A special purpose vehicle has been created within Encha to assist Encha in acquiring more Vukile units and to ensure that Vukile's empowerment credentials are not diluted through future rights offers or issues of shares. The special purpose vehicle is designed to ensure the long-term alignment of interests between the two companies and the broader Vukile unitholder base. Other such measures include an undertaking by Encha to hold all its Vukile units for at least eight years; to grant Vukile the right of first refusal to any other Encha properties and to offer Vukile, in the first instance, all property-related corporate opportunities in South Africa to exploit.

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Rapp said the company was fully committed to the successful transformation of the South African listed property sector. “We believe this deal has tremendous benefits for Vukile in that it allows us to implement a sustainable transformation transaction that is done in a commercially viable manner that is not only earnings enhancing but also serves to create long-term alignment across our various stakeholders.”

“We are delighted to be partnering with Encha who has significant experience and a solid track record in managing a successful government-tenanted portfolio. I welcome Sedise to our management team and look forward to working with him as we continue to grow our fund,” he said.

Encha Properties is a leading Level 1 BEE rated black managed and black owned property company which has been in operation since 1998. The Encha Properties services business manages in excess of 30 properties with a combined value in excess of R2 billion. The acquisition properties have been owned and managed by the Encha group for periods ranging between three and eight years.



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