



MEDIA RELEASE FROM VUKILE PROPERTY FUND

13 August 2015

***Vukile makes its maiden offshore investment with Atlantic Leaf***

Vukile Property Fund today announced its inaugural investment in offshore real estate through an active, and growing, strategic investment in Atlantic Leaf Properties.

Vukile's investment in Atlantic Leaf is the first step in its stated strategy to explore assets in new territories and property subsectors, to add value to its investors. Vukile has secured an initial 21% stake in Atlantic Leaf, which holds an approximately £130.5 million (R2.5 billion) real estate portfolio in the UK. The deal will be effected in October this year and Vukile intends to increase its investment to 30% through future share placements by Atlantic Leaf to fund its continued international expansion.

Through its investment in Atlantic Leaf, Vukile joins the ranks of SA REITs (Real Estate Investment Trusts) with offshore real estate exposure. All SA REITs with exposure to international real estate are trading at a premium to their NAVs, and many are outperforming sector peers.

Laurence Rapp, CEO of Vukile Property Fund, comments: "Our strategic relationship with Atlantic Leaf allows Vukile to take advantage of opportunities with attractive yields in new markets, with a fund that is on a growth trajectory. We are pleased to be making our opening move in the international arena with the top-class and highly regarded management team from Atlantic Leaf. They've used their experience, credibility and deal-making ability in local markets to create a beachhead for real estate investment in the UK and Europe."

Paul Leaf-Wright, CEO of Atlantic Leaf, adds: "To secure a shareholder of Vukile's calibre is a great vote of confidence in the company's direction and will help fast-track our growth. Our relationship with Vukile gives a huge boost to our growth strategy roll-out and ability to pursue acquisitions. It has created a very powerful alliance indeed."

Rapp and Leaf-Wright describe the strategic investment as a natural progression for both companies.

Vukile is a leading SA REIT with an internally managed predominantly retail property portfolio valued at approximately R15 billion. It has established an uninterrupted 11-year track record of growth in distributions as a JSE-listed company.

Atlantic Leaf is a Mauritian-incorporated real estate company, with a primary listing on the Stock Exchange of Mauritius (SEM) and a secondary listing on the JSE AltX. Its focus is building a portfolio of investment-grade properties in developed markets, specifically Western Europe and notably the UK, with blue-chip tenants on long leases, representing a good income yield for investors generated off strong contractual cash flows.

Vukile's investment in Atlantic Leaf is an active stake. Rapp will join its board as a non-executive director. With his respected deal-making acumen, Rapp will also sit on Atlantic Leaf's Investment Committee. Both Vukile and Atlantic Leaf have extensive overseas networks to call on for further deal flow going forward.

Rapp explains there are still opportunities to buy good-quality, well-priced assets offshore, which become even more attractive in context of South Africa's current economic position. "European markets represent similar inflation-adjusted real returns to our local market but, for South African investors, they also deliver the benefit of a currency hedge."

Rapp also notes the significant opportunity for retail and institutional investors through investing in Atlantic Leaf to access high-quality, low-risk international real estate denominated in hard currency by investing in Rand through the local stock exchange.

While starting out small in the context of European funds, Atlantic Leaf plans to grow significantly and become a leading competitor in the offshore real estate investment space, especially for the South African investor.

Leaf-Wright remarks: "Atlantic Leaf acquired its first assets just over a year ago. It now owns a fixed property portfolio comprising 40 properties throughout the UK, valued in excess of £130 million. And, we aim to grow this to at least £500 million in the next three years."

Atlantic Leaf's assets are distinguished by being well located with long-term strong covenants from leading blue-chip businesses. The Atlantic Leaf portfolio has an attractive forward income yield profile in GBP generated off a stable low risk portfolio that has a weighted average lease expiry profile in excess of 11 years. There is also the ability to enhance returns through the use of gearing where interest rates are well below property yields.

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