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Background

- On 27 October 2009, Vukile entered into the following inter-conditional agreements
 - the Sale of Business Agreement with Sanlam Properties
 - the Asset Management Agreement with Sanlam Life
 - the Call Option Agreement with Sanlam Life
 - the Right of First Refusal Agreement with Sanlam Life, to give effect to “the Transaction”
- As a direct consequence of entering into agreements, Vukile will
 - acquire a property asset management business from Sanlam Properties and commence, in terms of the Asset Management Agreement, to render property asset management services to Sanlam Life in respect of Sanlam Life’s property portfolio (estimated value of approximately ZAR9 billion) (“the Business Acquisition”)
 - have a call option to acquire certain properties, valued at approximately ZAR500 million, from Sanlam Life for a period of 12 months (“the Call Option”)
 - have a right of first refusal in respect of most of Sanlam Life’s properties for a period ending on the earlier of five years from the effective date and the date of termination of the Asset Management Agreement (“the Right of First Refusal”)



Rationale for the Business Acquisition

- ❑ On 28 September 2009 Vukile announced that it is assuming responsibility for the property asset management of its own property portfolio with effect from 1 October 2009
- ❑ As a result of the Transaction under discussion, Vukile will also be providing property asset management services to Sanlam Life
- ❑ The Transaction will therefore enable Vukile to realise economies of scale by sharing resources, which may otherwise not have been utilised effectively
- ❑ The Transaction is being effected on market-related terms and provides Vukile with a stable source of income
- ❑ Furthermore, because Vukile will be responsible for the day-to-day property asset management of Sanlam Life's property portfolio, it will be well-positioned to acquire properties from Sanlam Life in terms of the Call Option and the Right of First Refusal. This will enable Vukile to improve the quality and enhance the value of its property portfolio in the foreseeable future in line with Vukile's stated objectives to
 - acquire quality properties with strong contractual cash flows
 - achieve long-term sustainability of property income
 - achieve meaningful capital appreciation of Vukile linked units
 - achieve steady growth in the income distributions to Vukile linked unitholders



Salient features of the Business Acquisition

- Vukile will acquire the Business as a going concern from Sanlam Properties, subject to the fulfilment of the conditions precedent, with effect from the effective date, expected to be 1 January 2010
- As a result of the Business Acquisition, Vukile will acquire
 - certain fixed assets, including IT equipment, software and furniture
 - certain contracts necessary for the provision of property asset management services to Sanlam Life
- Vukile and Sanlam Life have entered into the Asset Management Agreement for the provision of the property asset management services to Sanlam Life
- The Purchase Price for the Business will be settled by the issue of 36 470 000 new Vukile linked units Sanlam Properties. Sanlam Properties will only be entitled to receive distributions relating to these units with effect from the effective date. Furthermore, Sanlam Properties will not be entitled to receive the first ZAR10 million of distributions relating to these units



Conditions precedent

The implementation of the Business Acquisition is conditional upon the fulfilment of, *inter alia*, the following remaining conditions, on or before 31 January 2010

- ❑ Vukile linked unitholders at the general meeting passing the ordinary resolutions necessary to approve and implement the Business Acquisition
- ❑ the members of Sanlam Properties having passed a resolution in terms of section 228 of the Companies Act to approve and implement the Business Acquisition and such resolution being registered by the Registrar of Companies
- ❑ the dispensation for the waiver of the mandatory offer being obtained from the SRP
- ❑ to the extent required, the counterparties to certain material contracts of Sanlam Properties having consented in writing to the assignment of all of Sanlam Properties' rights and obligations under such contracts to Vukile with effect from the effective date
- ❑ each of the key Sanlam Properties' employees having entered into new employment agreements with Vukile
- ❑ as at the date of the fulfilment or waiver of the last of the conditions referred to above, not more than two of the key Sanlam Properties' employees are no longer employed by Sanlam Properties for any reason whatsoever or have resiled from their new employment contracts with Vukile



Pro forma financial effects

| Per Vukile linked unit (cents) | Vukile before the Business Acquisition | Adjustment due to the Business Acquisition | Vukile after the Business Acquisition | Percentage Change |
|--|---|---|--|--------------------------|
| Distribution per Vukile linked unit | 97.90 | 9.98 | 107.88 | 10.2% |
| Earnings per Vukile linked unit ("EPU") | 139.17 | 2.77 | 141.94 | 2.0% |
| Headline earnings per Vukile linked unit ("HEPU") | 99.56 | 6.78 | 106.34 | 6.8% |
| Net asset value per Vukile linked unit ("NAV") | 906.62 | (1.57) | 905.05 | (0.2)% |
| Net tangible asset value per Vukile linked unit ("NTAV") | 880.80 | (97.58) | 783.22 | (11.1)% |
| Number of Vukile linked units in issue | 295 550 877 | 36 470 000 | 332 020 877 | |



Profit forecast for the Business

| | 3 month period ending 31 March 2010 | Year ending 31 March 2011 |
|--|--|------------------------------|
| | R'000 | R'000 |
| Property asset management revenue | 31 742 | 61 118 |
| Administrative and operating expenses | -4 436 | -19 004 |
| Net profit before debenture interest | 27 306 | 42 114 |
| Net debenture interest relating to Consideration Units | -595 | -41 558 |
| Debenture interest relating to Consideration Units issued | -10 595 | -41 558 |
| Less: Debenture interest that Consideration Units are not entitled to receive | 10 000 | - |
| Net profit before taxation | 26 711 | 556 |
| Taxation | - | - |
| Net profit | 26 711 | 556 |
| Surplus distributable earnings per Vukile Linked Unit (cents) | 8.04 | 0.17 |
| Yield calculated on purchase consideration (based on annualised 15 months net income) | 14.1% | |



The Property Acquisition

- ❑ Direct result of discussions with Sanlam
- ❑ Vukile will, subject to the fulfilment of the conditions precedent set out below, acquire a portfolio consisting of 13 properties from the Sanlam group for an amount of ZAR775 million, to be settled in cash
- ❑ It is anticipated that the Property Acquisition will be funded equally through debt and equity
- ❑ Related party transaction
- ❑ Subject to the following conditions precedent
 - the required approval and consents by the Vukile linked unitholders
 - the obtaining of the requisite funding
 - approval by the relevant Competition Authority, to the extent required
 - any other regulatory approvals that may be required including, but not limited to, the approval of the JSE and the SRP
 - the conclusion of a due diligence investigation in respect of the properties to the satisfaction of Vukile
- ❑ Propose to implement early 2010



Timetable for the Business Acquisition

| | |
|---|----------------------------|
| Circular and notice of general meeting posted to Vukile linked unitholders on | Thursday, 26 November 2009 |
| Vukile linked unitholders who wish to object to the proposed dispensation of the waiver of the mandatory offer may raise such objections with the SRP within 14 calendar days of the date of the circular, and by no later than | Thursday, 10 December 2009 |
| Last day to lodge forms of proxy for the general meeting by 10:00 on | Thursday, 17 December 2009 |
| General meeting at 10:00 on | Friday, 18 December 2009 |
| Publication of results of the general meeting on SENS on | Friday, 18 December 2009 |
| Publication of results of the general meeting in the press on | Monday, 21 December 2009 |
| Implementation date | Friday, 1 January 2010 |



Questions

