



NEWS RELEASE

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VUKILE GROWS INTERIM DISTRIBUTION BY 7.5% AND PLANS TO GROW FUND MORE AGGRESSIVELY

Johannesburg, 21 November – Property loan stock company Vukile today reported a 7.5% increase in its interim distribution to 54.31 cents per linked unit and said it plans to grow the fund more aggressively.

Net rental income, excluding straight-line rental accruals, increased by 8% over the comparable period while net profit, before debenture interest, increased by 25% from R209 million to R260.9 million. In addition, the overall cost of funding for the company was reduced from 9.77% at 31 March 2011 to 9.38%, following a refinancing of an expiring debt facility of R450 million.

Vukile's retail component performed well during the review period with strong demand from expanding retailers. Interest for space in the industrial market, particularly for small to medium sized units is increasing but demand for larger units remains subdued. The vacancy profile (% of gross rentals) increased from 5.1% at 31 March 2011 to 6.9% at 30 September but this was largely due to a major upgrade taking place at Randburg Square. Excluding the impact of this renovation, the vacancy profile increased to 5.9%.

Chief executive Laurence Rapp said trading conditions are expected to remain soft in the office and industrial sectors, but given a stable retail environment, he was positive about Vukile's prospects and expected further growth in the full year distributions.

He said Vukile's strong performance, sustained over the seven years since its listing, had laid the foundation for Vukile's next growth phase, which is to expand the portfolio significantly. "Having reviewed our longer-term strategy, we intend to grow the fund more aggressively than has previously been the case. We remain committed to being a diversified fund but with a stronger emphasis on the retail sector."

"To this end, we are exploring acquisitions of retail centres as well as joint venture development opportunities in the retail environment that would complement our existing portfolio make-up. We also continue to believe in the strength and growth of retail in the emerging market and, based on the performance of our current retail assets, we will focus our expansion on this market segment. This, however, won't preclude us from acquiring assets serving higher income groups should the right opportunities present themselves."

He said the acquisition of a portfolio of 20 properties from Sanlam, which was announced last week, was the first step in Vukile's growth strategy and would add some R1.5 billion, or 25%, to the value of its portfolio. "We will acquire some retail assets in the portfolio, notably Durban Workshop, but the office assets being acquired will enhance the overall quality of our office portfolio as well." Vukile has been managing this portfolio on behalf of Sanlam for some time and, therefore, has an in-depth understanding of the properties being acquired, making this a low risk and seamless acquisition.



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