



Vukile Property Fund Limited
(Incorporated in the Republic of South Africa) • (Registration number 2002/027194/06)
JSE code: VKE • NSX code: VKN • ISIN: ZAE000056370
("Vukile" or "the company")

UPDATE ON THE PROPOSED ACQUISITION OF PROPERTIES FROM SANLAM LIFE

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1 Update

Vukile unitholders are referred to the announcements dated 29 October 2009 and 29 April 2010, containing details of the agreements and addenda entered into by Vukile with Sanlam Life Insurance Limited ("Sanlam Life" or "the vendor"), to acquire a portfolio of 9 properties ("the properties") for R527 million ("the purchase price") ("the property acquisition").

2 Vendor placing

As mentioned in the announcement dated 29 April 2010, if the purchase price is settled partly in cash and partly by way of an allotment and issue of new Vukile linked units ("the consideration units") to the vendor, Vukile shall place the consideration units with third parties ("the vendor placing"), in compliance with the JSE Limited ("the JSE") Listings Requirements, such that the vendor receives the full purchase price in cash.

It is anticipated that the purchase price will be funded 37% by debt, 19% surplus cash and 44% by the vendor placing in terms of which Vukile will place the consideration units on the vendor's behalf.

3 Property specific information

Additional information on the properties, as required by the JSE Listings Requirements, is set out below:

Property name	Location	Sector	Single or multi tenanted	Weighted average rent per m ² (R/m ²)	Total rentable area (m ²)	Purchase price ⁽¹⁾ (ZAR'm)	Value of property ⁽²⁾ (ZAR'm)
Amanzimtoti Jeffels Road Warehouse	KwaZulu-Natal	Industrial	Single	18.96	22 645	60.4	52.0
Kimberley Kim Park	Northern Cape	Retail	Multi	65.00	10 494	46.7	38.0
Nelspruit Sanlam Centre	Mpumalanga	Mixed use	Multi	48.40	13 934	38.9	72.0
Pinetown Westmead Kyalami Park	KwaZulu-Natal	Industrial	Multi	34.45	16 914	57.8	66.5
Pretoria Hatfield Sanlam Building	Gauteng	Commercial	Multi	73.93	5 358	40.7	43.0
Pretoria Sanwood Park	Gauteng	Commercial	Multi	76.72	6 388	54.0	57.0
Rustenburg Edgars Building	Northwest	Retail	Single	69.16	9 784	81.6	89.0
Sandton St Andrews Complex	Gauteng	Commercial	Multi	77.87	10 169	74.8	83.0
Sandton Sunninghill Place	Gauteng	Commercial	Multi	70.23	8 774	72.1	73.0
					104 460	527.0	573.5

Note:

(1) The purchase price of R527 million excludes estimated acquisition costs of R4.1 million and an escalation of 0.01644% of the purchase price for each property for each day from 1 May 2010 to the date(s) of registration of the transfer of each property into Vukile's name in the relevant deeds registry office.

(2) The value of the properties was determined as at 1 July 2010 by the independent external property valuer, Gensec Property Services Limited, trading as JHL.

The impact of this acquisition on Vukile's geographic, sectoral and lease expiry profile is insignificant.

Set out below is further information relating to the geographic and sectoral profiles of the property acquisition, as well as the vacancy profiles (by sector) before and after the property acquisition:

Analysis	Rentable area (m ²)	Weighted average rental year one (R/m ² /month)	Net income year one (9 months) (Rand)	Average rental escalation existing leases	Average annualised property yield	Vacant area July 2010 (m ² /%)	
Geographical	104 460	51.12	36 375 155	7.9%	9.5%	4 936	4.7%
Gauteng	30 690	74.76	14 095 089	8.8%	8.0%	2 343	7.6%
KwaZulu-Natal	39 559	25.58	8 019 984	8.5%	9.3%	272	0.7%
Mpumalanga	13 934	48.40	3 429 930	7.7%	12.1%	538	3.9%
Northwest	9 784	69.16	7 244 036	7.0%	12.2%	-	0.0%
Northern Cape	10 494	65.00	3 586 117	7.7%	10.6%	1 783	17.0%
Sectoral	104 460	51.12	36 375 155	7.9%	9.5%	4 936	4.7%
Retail	20 278	67.01	10 830 153	7.2%	11.6%	1 783	8.8%
Office	30 690	74.76	14 095 089	8.8%	8.0%	2 343	7.6%
Industrial	39 559	25.58	8 019 984	8.5%	9.3%	272	0.7%
Mixed use	13 934	48.40	3 429 930	7.7%	12.1%	538	3.9%

Vacancy profile before the property acquisition

% of GLA	
Retail	4.3
Industrial	4.9
Commercial	4.4
Total	4.5

Vacancy profile after the property acquisition

% of GLA	
Retail	4.5
Industrial	4.4
Commercial	4.8
Total	4.5

4 Forecast information relating to the property acquisition

The forecast financial information relating to the property acquisition for the 9 months ending 31 March 2011 and the 12 months ending 31 March 2012 is set out below. The forecast financial information has not been reviewed and reported on by the reporting accountant in terms of Section 8 of the JSE Listings Requirements and is the responsibility of the company's directors.

	Forecast 9 months ending 31 March 2011 R000	Forecast 12 months ending 31 March 2012 R000
Forecast revenue ⁽¹⁾⁽²⁾	60 693	92 096
Property expenditure	(24 112)	(35 803)
Operational net income	36 581	56 293
Net profit after tax	24 701	34 620
Earnings available for distribution	16 853	30 014
Yield ⁽³⁾	9.5%	10.5%

Note:

(1) Contracted rental income constitutes 79% of forecast gross rental income and 51% of forecast gross rental income for the 9 months to 31 March 2011 and the 12 months to 31 March 2012, respectively.

(2) Uncontracted rental income for the 9 months to 31 March 2011 is 21% and for the 12 months to 31 March 2012 is 49% of forecast gross rental income. Leases expiring during the periods have been forecast on a lease-by-lease basis, with particular regard as to the likelihood of existing tenants renewing their leases. Where appropriate a vacancy provision has been allowed based on the expected lettability of the particular premises. Revenues forecast for the period after the expiry of the leases have been included in uncontracted revenue and have been based on current market-related rentals.

(3) Based on operational net income for a full 12 months to 31 March 2011 and assuming a total purchase price at 1 July 2010, inclusive of costs, of R536.4 million.

5 Pro forma financial effects of the property acquisition

The pro forma financial effects of the property acquisition on net asset value and net tangible asset value per linked unit have not been disclosed as they are not significant.

6 Circular and withdrawal of cautionary announcement

Unitholders are advised that the circular relating to the property acquisition will be posted in due course.

As the property specific information and the financial information relating to the property acquisition and the properties, as required by the JSE Listings Requirements, have now been published, unitholders are no longer required to exercise caution when dealing in their Vukile linked units.

Roodepoort
25 May 2010

Investment bank, corporate
adviser and transaction
sponsor



JSE sponsor



NSX sponsor



Reporting accountants and
auditors

