

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 4 of this circular apply mutatis mutandis throughout this circular including the cover page

If you are in any doubt as to the action you should take, please consult your CSDP, broker, attorney, accountant or other professional adviser.

1. Linked unitholders of VPIF are referred to page 2 of this circular, which contains full details of the action required of them in regard to this circular.
2. If you have disposed of all your linked units in VPIF, please forward this circular to the purchaser of such linked units or to the broker, CSDP or agent through whom the disposal was effected.

# VUNANI

PROPERTY INVESTMENT FUND

## VUNANI PROPERTY INVESTMENT FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

JSE code: VPF

ISIN: ZAE000157459

## CIRCULAR TO LINKED UNITHOLDERS

Regarding the related party acquisition by VPIF of the:

- entire issued share capital and claims of Greenstone Hill Office Park; and
- the Barrow Rental Enterprise,

and incorporating:

- a notice of general meeting of linked unitholders; and
- a form of proxy for completion by certificated and own-name dematerialised VPIF linked unitholders

Joint Corporate Adviser

**VUNANI**  
CORPORATE FINANCE

Independent reporting accountants  
and auditors

**KPMG**  
cutting through complexity

Joint Corporate Adviser  
and Investment Bank

Out of the Ordinary®

 **Investec**

Legal adviser

 **DLA CLIFFE DEKKER  
HOFMEYR**

Sponsor

 **GRINDROD  
BANK**

Independent valuer

 **Mills Fitchet  
Magnus Penny**  
We Value Our Land

Independent expert

 **EA** Effortless  
Corporate Finance  
[www.effortlessaccounting.co.za](http://www.effortlessaccounting.co.za)

Date of issue: 25 June 2013

Copies of this circular are available in English only and may be obtained during normal business hours between Tuesday, 25 June 2013 and Tuesday, 23 July 2013 from the registered office of VPIF and the offices of the Sponsor and the transfer secretaries, the addresses of which are set out in the "Corporate information" section hereof.

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## CORPORATE INFORMATION AND ADVISERS

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### Directors

PD Naidoo+ (Chairman)  
RF Kane\* (CEO)  
M de Lange\* (Financial Director)  
CE Chimombe-Munyoro#  
EG Dube#  
RR Emslie+  
PW Mackenzie\*  
JR Macey+  
PM Tau-Sekati+  
KN Vundla+

\* Executive #Non-executive +Independent Non-Executive

**Website:** <http://www.vpif.co.za>

### Date and place of incorporation

6 June 2005 – Pretoria, South Africa

### Company secretary

Probity Business Services Proprietary Limited  
represented by Messrs N Toerien and  
W Mapanzure  
(Registration number 2000/002046/07)

### Registered office

Vunani House, Vunani Office Park  
151 Katherine Street  
Sandown, Sandton, 2196  
(PO Box 652419, Benmore, 2010)

### Joint Corporate Adviser

Vunani Corporate Finance (trading as a division of  
Vunani Capital Proprietary Limited)  
(Registration number 1998/001469/07)  
Vunani House, Vunani Office Park  
151 Katherine Street  
Sandown, Sandton, 2196  
(PO Box 652419, Benmore, 2010)

### Sponsor

Grindrod Bank Limited  
(Registration number 1994/007994/06)  
Building Three  
1st Floor, North Wing, Commerce Square  
39 Rivonia Road (cnr. Helling Road)  
Sandton, 2196  
(PO Box 78011, Sandton, 2146)

### Trustees of VPIT

RF Kane  
PW Mackenzie  
M de Lange  
EG Dube

### Independent reporting accountants and auditors

KPMG Inc  
(Registration number 1999/021543/21)  
Registered Accountants and Auditors  
KPMG Crescent  
85 Empire Road  
Parktown, 2193  
(Private Bag 9, Parkview, 2122)

### Transfer secretaries

Computershare Investor Services Proprietary  
Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### Independent valuer

Mills Fitchet Magnus Penny  
(trading as Magnus Penny Associates CC)  
(Registration number CK2000/020267/23)  
Suite 303, 3rd Floor  
Newspaper House  
122 St. George's Mall  
Cape Town, 8001  
(PO Box 4442, Cape Town, 8000)

### Debenture Trustee

Fluxmans Inc  
(Registration number 2000/024775/21)  
11 Biermann Avenue  
Rosebank, Johannesburg, 2106  
(Private Bag X41, Saxonwold, 2196)

### Legal adviser

Cliffe Dekker Hofmeyr Inc  
(Registration number 2008/018923/21)  
1 Protea Place  
Sandton, 2196  
(Private Bag X7, Benmore, 2010)

### Independent expert

Huntrex 299 Proprietary Limited  
(trading as Effortless Corporate Finance)  
(Registration number 2010/004734/07)  
23 Nicholi Avenue  
Kommetjie, 7975  
(PO Box 251, Edgemoed, 7407)

### Joint Corporate Adviser and Investment Bank

Investec Bank Limited  
(Registration number 1969/004763/06)  
2nd Floor  
100 Grayston Drive  
Sandown, Sandton, 2196  
(PO Box 785700, Sandton, 2146)

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<b>Form of proxy (for use by certificated and "own name" dematerialised unitholders only) (blue)</b>	Attached

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## **ACTION REQUIRED BY UNITHOLDERS**

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**Please take careful note of the following:**

**If you are in any doubt as to what action to take in regard to this circular, please consult your CSDP, broker, banker, accountant, attorney or other professional adviser immediately.**

This circular contains information relating to the transaction. You should read this circular carefully and decide how you wish to vote on the ordinary resolutions to be proposed at the general meeting.

### **GENERAL MEETING**

The general meeting, convened in terms of the notice incorporated in this circular, will be held at the Company's offices, Vunani House, Vunani Office Park, 151 Katherine Street, Sandown on Tuesday, 23 July 2013 at 11:00.

### **ACTION REQUIRED BY CERTIFICATED UNITHOLDERS AND OWN-NAME DEMATERIALISED UNITHOLDERS**

A form of proxy is attached for the convenience of certificated unitholders and own-name dematerialised unitholders who are unable to attend the general meeting, but who wish to be represented thereat. In order to ensure validity, duly completed forms of proxy must either be returned to the:

- a) transfer secretaries, so as to reach them by no later than the Relevant Time; or
- b) chairperson of the general meeting so as to reach him by no later than immediately prior to the commencement of voting on the ordinary resolutions at the general meeting.

### **ACTION REQUIRED BY DEMATERIALISED UNITHOLDERS OTHER THAN THOSE WITH OWN-NAME REGISTRATION**

The CSDP or broker, as the case may be, of dematerialised unitholders, other than those with own-name registration, should contact such dematerialised unitholders to ascertain how they wish their votes to be cast at the general meeting and thereafter cast their votes in accordance with their instructions. If such dematerialised unitholders have not been contacted, it is recommended that they contact their CSDP or broker, as the case may be, to advise them as to how they wish their votes to be cast.

Dematerialised unitholders, other than those with own-name registration, who wish to attend the general meeting must request a Letter of Representation from their CSDP or broker, as the case may be, but must not complete the attached form of proxy.

**VPIF does not accept any responsibility and will not be held liable for any failure on the part of the broker or CSDP (as the case may be) of a dematerialised unitholder to notify such dematerialised unitholder of the details of this circular.**

### **ELECTRONIC PARTICIPATION**

In terms of the Company's MOI, the directors have elected not to provide for electronic participation in respect of the General Meeting.

### **IDENTIFICATION OF MEETING PARTICIPANTS**

In terms of Section 63(1) of the Companies Act, before any person may attend or participate in an unitholders' meeting, that person must present reasonable satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a unitholder, or as a proxy of an unitholder, has been reasonably verified.

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## IMPORTANT DATES AND TIMES

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**2013**

Record date for the distribution of the circular	Friday, 14 June
Circular posted on	Tuesday, 25 June
Last day to trade to be eligible to vote at the general meeting	Friday, 5 July
Record Date	Friday, 12 July
Last day for receipt of forms of proxy for the general meeting	By 11:00 on Friday, 19 July 2013 or they may be handed to the Chairman of the meeting at any time prior to the commencement of voting on the ordinary resolutions tabled at the general meeting
General meeting to be held at 11:00 on	Tuesday, 23 July
Results of the general meeting released on SENS on	Tuesday, 23 July

**Notes:**

1. The above dates and times are subject to amendment and any amendment made will be released on SENS and published in the press.
2. Unitholders should note that as transactions in VPIF units are settled via the electronic settlement system used by Strate, settlement of trades takes place five business days after such trade. Therefore unitholders who acquire units after Friday, 12 July 2013 will not be eligible to participate in and vote at the general meeting.
3. All times given are South African local times.
4. If the general meeting is adjourned or postponed, forms of proxy submitted for the initial general meeting will remain valid in respect of any adjournment or postponement thereof.

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## DEFINITIONS

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In this circular unless a contrary intention clearly applies, words importing the singular include the plural and *vice versa*, any one gender includes the other genders, natural persons include juristic persons and *vice versa* and the following terms bear the meanings assigned to them below:

“Asset Management agreement”	the agreement dated 20 June 2011 entered into between VPIF and VPAM, in terms of which VPAM provides asset management services to VPIF;
“Barrow Properties”	Barrow Properties Proprietary Limited (Registration number 1998/011054/07), a private company, duly registered and incorporated in accordance with the laws of the RSA and the vendor of the Barrow Rental Enterprise and one of the vendors of the Greenstone Equity;
“Barrow Rental Enterprise”	the rental enterprise conducted by Barrow Properties on each of Building 2 and 6, Greenstone Hill Office Park, as a going concern, and which includes each property and all buildings erected thereon together with all fixed assets and assets installed therein and their rights in terms of current leases;
“BBBEE Act”	the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended;
“BEE”	Black Economic Empowerment as defined in the BBBEE Act;
“board” or “the directors”	the directors of VPIF as set out in the Corporate Information section of this circular;
“business day”	any day, other than a Saturday, Sunday or official public holiday in South Africa;
“Cedar Park”	Cedar Park Properties 31 Proprietary Limited (Registration number 2007/014552/07), a private company duly registered and incorporated in accordance with the laws of the RSA, and a subsidiary of VPIF;
“certificated unitholders”	unitholders who hold certificated units;
“certificated units”	units represented by a paper unit certificate or other physical document(s) of title, which units have not been surrendered for dematerialisation in terms of the Strate system;
“circular”	this circular, dated 25 June 2013, including the appendices and the notice of general meeting and the form of proxy;
“Companies Act”	South African Companies Act 71 of 2008, as amended;
“Competition Authorities”	the commission established pursuant to Chapter 4, Part A of the Competition Act (No 89 of 1998), as amended, or the tribunal established pursuant to Chapter 4, Part B of the Competition Act (No 89 of 1998), as amended, or the Appeal Court established pursuant to Chapter 4, Part C of the Competition Act (No 89 of 1998), as amended, as the case may be;
“CSDP”	Central Securities Depository Participant, as defined in the Financial Markets Act, appointed by individual unitholders for the purposes of, and in regard to the dematerialisation of documents of title for the purposes of incorporation into Strate;
“debenture”	an unsecured variable rate debenture in VPIF having a nominal value of R2.4975, which is indivisibly linked to one ordinary share and which is regulated in terms of the Debenture Trust Deed;

“Debenture Trust Deed”	the Debenture Trust Deed in respect of the debentures, entered into between the company and the trustee on 20 June 2011;
“dematerialisation”	the process by which certificated units are converted to an electronic form as uncertified units and recorded in the sub-register of unitholders maintained by a CSDP;
“dematerialised unitholders”	unitholders who hold dematerialised units;
“dematerialised units”	units which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
“Eagle Trust”	Eagle Trust IT No. 5910/96, a trust duly established in accordance with the laws of the RSA, the trustees of which are Pieter Willem Mackenzie and Susan Penelope Mackenzie and the beneficiaries are their children;
“executive directors”	the executive directors of VPIF, viz. RF Kane, PW Mackenzie and M de Lange;
“Financial Markets Act”	the Financial Market Act (Act 19 of 2012);
“general meeting”	the general meeting of VPIF unitholders to be held at the Company’s offices, Vunani House, Vunani Office Park, 151 Katherine Street, Sandown on Tuesday, 23 July 2013 at 11:00, to approve the requisite ordinary resolutions to effect the transaction;
“GHOP Properties	buildings 4, 5 and 10 – 15 in the sectional title schemes known as Greenstone Hill Office Park SS1149/2008 and SS599/2009 with associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng;
“GLA”	the gross lettable area, being the total area of a property that can be rented to a tenant;
“Greenstone Acquisition Agreements”	<ol style="list-style-type: none"> <li>1. Sale of Shares and Claims Agreement, dated 12 April 2013, between VPIF, Vunani Properties, Barrow Properties and the Task Trust in terms of which VPIF will acquire the shares and loan accounts in Greenstone Hill Office Park and consequently the GHOP Properties.</li> <li>2. Sale of Rental Enterprise Agreement, dated 5 April 2013, between VPIF and Barrow Properties in terms of which VPIF will acquire the Barrow Rental Enterprise conducted as a going concern and with buildings 2 and 6 of the sectional title scheme known as Greenstone Hill Office Park SS 1149/2008 and associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng;</li> </ol>
“Greenstone Hill Office Park”	Greenstone Hill Office Park Proprietary Limited (Registration number 2006/004975/07), a private company duly registered and incorporated in accordance with the laws of the RSA and the vendor of the Greenstone Equity;
“Greenstone Properties”	the GHOP Properties and the properties forming part of the Barrow Rental Enterprise, comprising buildings 2, 4, 5, 6 and 10-15 of the sectional title schemes known as Greenstone Hill Office Park SS 1149/2008 and SS599/2009, and associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng;
“Greenstone Equity”	40% of the shares in Greenstone Hill Office Park owned by Barrow Properties, 20% of the shares of Greenstone Hill Office Park owned by the Task Trust and 40% of the shares of Greenstone Hill Office Park owned by Vunani Properties;
“Group”	VPIF, Cedar Park and Pacific Eagle and, where applicable, VPIT;
“IFRS”	International Financial Reporting Standards;

“independent expert”	Huntrex 299 Proprietary Limited, trading as Effortless Corporate Finance (Registration number 2010/004734/07), a private company duly registered and incorporated in accordance with the laws of the RSA;
“independent reporting accountants and auditors”	KPMG Inc. (Registration number 1999/021543/21);
“independent valuer”	Mills Fitchet Magnus Penny (trading as Magnus Penny Associates CC) (Registration number CK2000/020267/23);
“JHI”	Topeka Trading 4 Proprietary Limited (Registration number 2007/021131/07), a private company and a subsidiary of Excellerate Holdings Limited, duly registered and incorporated in accordance with the laws of the RSA, trading as JHI and the property manager of VPIF;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the laws of the RSA and licensed as an exchange under the Financial Markets Act;
“JSE Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“last practicable date”	Wednesday, 19 June 2013 being the last practicable date prior to the finalisation of this circular;
“listing”	the listing of VPIF in the “Real Estate – Real Estate Holdings and Development” sector of the JSE List on 11 August 2011;
“Ludlow Trust”	Ludlow Trust IT No. 1000/2004, a trust duly established in accordance with the laws of the RSA, the trustees of which include Robert Fletcher Kane and Lisa Adele Kane and the beneficiaries are the Kane family;
“m <sup>2</sup> ”	square metres;
“MOI”	the Memorandum of Incorporation of the Company, adopted via a special resolution, which was registered in terms of the Companies Act on 24 June 2011;
“Pacific Eagle”	Pacific Eagle Investments 204 Proprietary Limited (Registration number 2007/025771/07), a private company duly registered and incorporated in accordance with the laws of the RSA, and a subsidiary of VPIF;
“Property Management agreement”	the agreement between VPIF and JHI, dated 8 February 2011, in regard to the property management of the VPIF Portfolio;
“Record Date”	the record date in terms of section 59 of the Companies Act, by which a unitholder is required to be recorded in the Company’s Register in order to be able to attend, participate and vote at the general meeting;
“Register”	the register of certificated unitholders maintained by the Company’s transfer secretaries and the sub-register of dematerialised unitholders maintained by the relevant CSDPs;
“related party”	Vunani Properties;
“Relevant Time”	means 48 hours before the time of the general meeting;
“SENS”	Securities Exchange News Service of the JSE;
“share” or “ordinary share”	ordinary shares in the share capital of VPIF with a par value of R0.0025 each linked to a debenture;
“South Africa” or “the RSA”	the Republic of South Africa;
“Strate”	the settlement and clearing system used by the JSE managed by Strate Limited (Registration number 1998/022242/06), a public company duly registered and incorporated with limited liability in accordance with the laws of the RSA and the CSDP registered in terms of the Financial Markets Act;



“subsidiary”	a subsidiary as defined in section 1 (and the meaning determined in accordance with section 3) of the Companies Act;
“Task Trust”	Task Trust IT No. 4923/2006, a trust duly established in accordance with the laws of the RSA and one of the vendors of the Greenstone Equity;
“transaction” or “property”	the acquisition of the Greenstone Equity and consequently the GHOP Properties and the Barrow Rental Enterprise in terms of the Greenstone Acquisition Agreements;
“transfer secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of the RSA, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107);
“trustee”	the trustee holding office as such in terms of the Debenture Trust Deed (i.e. Fluxmans Inc);
“unitholder” or “linked unitholder”	a holder of VPIF units;
“unit” or “VPIF unit” or “linked unit”	one linked unit with a nominal value of R2.50 comprising one share which is indivisibly linked to one debenture, and which are not capable of disposal independently of each other;
“Valuation Reports”	the reports, abridged or detailed as appropriate, prepared by the independent valuer in respect of the Greenstone Properties;
“VPAM”	Vunani Property Asset Management Proprietary Limited (Registration number 2007/028777/07), a private company duly registered and incorporated with limited liability in accordance with the laws of the RSA and the asset manager of VPIF and wholly owned by Vunani Properties;
“VPIF” or “the Company” or “the Fund”	Vunani Property Investment Fund Limited, (Registration number 2005/019302/06), a public company duly registered and incorporated with limited liability in accordance with the laws of the RSA and whose securities are listed on the JSE and where applicable, includes VPIT;
“VPIF Portfolio”	the existing properties owned by VPIF;
“VPIT”	the trustees of the Vunani Property Investment Trust, whose names are set out in the Corporate Information section of this circular and in whose favour the Master of the High Court has issued Letters of Authority under reference number IT6363/2006, and which is constituted in terms of and governed by the VPIT Trust Deed;
“VPIT Trust Deed”	the Deed of Trust registered on 3 July 2006 under Letters of Authority reference number IT6363/2006 and the Addendum thereto dated 24 June 2011, which aligns the Deed to the JSE Listings Requirements;
“Vunani”	Vunani Limited (Registration number 1997/020641/06), a public company duly registered and incorporated with limited liability in accordance with the laws of the RSA and whose securities are listed on the Alternative Exchange of the JSE;
“Vunani Capital”	Vunani Capital Proprietary Limited (Registration number 1998/01469/07), a private company duly registered and incorporated with limited liability in accordance with the laws of the RSA, a wholly-owned subsidiary of Vunani; and
“Vunani Properties”	Vunani Properties Proprietary Limited (Registration number 2004/006730/07), a private company duly registered and incorporated with limited liability in accordance with the laws of the RSA, a subsidiary of Vunani and one of the vendors of the Greenstone Equity.

# VUNANI

PROPERTY INVESTMENT FUND

## VUNANI PROPERTY INVESTMENT FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

JSE code: VPF

ISIN: ZAE000157459

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### CIRCULAR TO UNITHOLDERS

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#### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

##### 1.1 Introduction

It was announced on SENS on 12 April 2013 and 28 May 2013 and in the press on 13 April 2013 and 29 May 2013 that VPIF had concluded inter-conditional agreements in respect of the acquisition of the Greenstone Properties.

##### 1.2 Purpose of this circular

The acquisitions of the entire issued share capital and claims of Greenstone Hill Office Park and consequently the GHOP Properties and the Barrow Rental Enterprise constitute a category 2 related party transaction in terms of paragraphs 10.1(b)(v), (vi) and (vii) of the JSE Listings Requirements as Vunani Properties, the holding company of VPAM, is selling its 40% holding in Greenstone Hill Office Park to VPIF. Vunani Properties does not hold any interest in VPIF. It should also be noted that Messrs EG Dube, RF Kane and PW Mackenzie are directors of the Company, Vunani Properties and VPAM.

The purpose of this circular is therefore to furnish unitholders with all the relevant information relating to the transaction, in accordance with the JSE Listings Requirements, and to convene a general meeting of unitholders in order for them to consider and, if deemed fit, approve the ordinary resolutions to effect the transaction, in terms of the notice of general meeting attached to and forming part of this circular.

#### 2. THE TRANSACTION

VPIF has entered into the Greenstone Acquisition Agreements in terms of which it will acquire from the vendors (as detailed in paragraph 2.9 below) the entire issued share capital and claims of Greenstone Hill Office Park and Buildings 2, 4, 5, 6, 10, 11, 12, 13, 14 and 15 in the sectional title schemes SS149/2008 and SS599/2009 with associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng.

Greenstone Hill Office Park will accordingly become a subsidiary of VPIF and it is management's intention to collapse Greenstone Hill Office Park into VPIF. Appendix 7 contains a diagram of the group structure.

##### 2.1 Rationale for the transaction

VPIF was listed on the JSE on 11 August 2011. The main purpose of the listing was to provide VPIF with a platform for acquisitive growth. The transaction is in keeping with VPIF's strategy of acquiring well-located quality assets providing sustainable long-term income and capital growth.

##### 2.2 Effective date

The effective date of the transaction will be the date of registration of transfer of ownership of the shares in Greenstone Hill Office Park and the transfer of the Greenstone Properties, which is expected to be on or about 31 July 2013.

### **2.3 Directors' opinion and recommendation**

The independent directors, having regard to the independent expert's fairness opinion on the acquisition of the Greenstone Equity (refer paragraph 2.9 below), the purchase price and the valuation of the Greenstone Properties, are of the opinion that the transaction is fair insofar as the unitholders are concerned and should be supported, and unanimously recommend that unitholders vote in favour of the relevant ordinary resolution at the general meeting. Mr RR Emslie, the only director holding units in VPIF, other than Mr. RF Kane who is precluded from voting, has indicated his intent to vote in favour of the relevant ordinary resolution at the general meeting.

### **2.4 Valuation reports**

An independent abridged valuation report on the Greenstone Properties is set out in Appendix 1 and, together with the detailed valuation report, is available for inspection as set out in paragraph 8.

The Greenstone Properties are being acquired for an aggregate purchase consideration of R137 909 281, however there is a loan of R121 018 328 in respect of Greenstone Hill Office Park which VPIF intends settling from the proceeds raised from a proposed rights offer. The independent valuer has valued the Greenstone Properties at R273 million. The difference between the purchase consideration (refer paragraph 2.7) and the valuation takes into account the increase of 0.75% per month, or part thereof, in the purchase consideration in the event of a transfer date after 1 April 2013 and the independent valuer using rates and taxes as objected to by the Body Corporate of Greenstone Hill Office Park.

The valuation was carried out by Mr MRB Gibbons of the independent valuer. Mr Gibbons is registered without restriction as a Professional Valuer in terms of the Property Valuers Profession Act, No 47 of 2000.

### **2.5 Warranties**

The Greenstone Acquisition Agreements contain warranties normal for a transaction of this nature.

### **2.6 Nature of business of the Greenstone Properties**

The Greenstone Properties are commercial properties situated in the fast-growing node known as Greenstone Hill on the East Rand of Gauteng and consist of 15 buildings in a sectional-title park-like setting.

### **2.7 Purchase consideration**

The purchase price for the Greenstone Properties is split as follows:

- R86 260 281 for the Greenstone Equity, which is subject to adjustment, if any, relating to the difference between this amount and the assets and liabilities at the effective date. Greenstone Hill Office Park has an existing loan of R121 018 328 with Investec Bank Limited which will be settled from the proceeds from a proposed rights offer to be undertaken by VPIF;
- R51 649 000 for the Barrow Rental Enterprise, which will be adjusted to take into account the *pro rata* rentals at the effective date;
- The purchase consideration will increase by 0.75% per month, or part thereof, in the event of a transfer date after 1 April 2013.

No commission is payable.

### **2.8 Conditions precedent**

The transaction is conditional upon, *inter alia*, the following:

- the approval by the Competition Authorities in terms of the Competition Act;
- the requisite approval of VPIF unitholders in general meeting;
- VPIF raising the requisite funding in terms of a proposed rights offer; and
- the transfer of the Greenstone Equity and the Greenstone Properties.

## 2.9 Vendors' and related party information

The vendors of the Greenstone Equity are Barrow Properties, Vunani Properties and the trustees of the Task Trust. The vendor of the Barrow Rental Enterprise (e.g. buildings 2 and 6 of the Greenstone Properties) is Barrow Properties.

In terms of paragraphs 10.1(b)(v), (vi) and (vii) of the JSE Listings Requirements, the transaction is classified as a category 2 related party transaction (refer paragraph 1.2 above) and accordingly unitholders' approval thereof is required.

The related party does not hold any interest in VPIF, however, its associate, Mr RF Kane will be taken into account in determining a quorum for the general meeting but his votes will not be taken into account in determining the results of the voting on the ordinary resolution relating to the approval of the transaction.

A fairness opinion has been prepared in respect of the acquisition of the Greenstone Equity, which is set out in Appendix 2.

## 3. FINANCIAL INFORMATION RELATING TO THE GREENSTONE PROPERTIES

All the financial information set out in this circular is the responsibility of the directors.

### 3.1 Forecasts for the 2 months ending 30 June 2013 and the year ending 30 June 2014

The unaudited forecast consolidated statement of comprehensive income of the Greenstone Properties for the 2 months ending 30 June 2012 and the year ending 30 June 2014 ("the forecasts") are set out below. The independent reporting accountants' report on these forecasts is set out in Appendix 3. The forecasts have been prepared in compliance with IFRS.

#### Consolidated forecast statements of comprehensive income in respect of the Greenstone Properties

	Forecast 2 months ending 30 June 2013 R'000	Forecast Year ending 30 June 2014 R'000
Investment property income	5 330	34 663
Straight-line rental adjustment	(1 215)	(8 797)
Revenue	4 115	25 866
Property expenses	(1 709)	(11 322)
Net property income	2 406	14 544
Other operating expenses	(20)	(30)
Asset management fees	(216)	(1 295)
Operating profit	2 170	13 219
Debenture interest	(3 385)	(22 016)
Loss before income tax	(1 215)	(8 797)
Income tax	340	2 463
Loss for the period	(875)	(6 334)
<b>Total comprehensive income for the period</b>	<b>(875)</b>	<b>(6 334)</b>

	Forecast 2 months ending 30 June 2013 R'000	Forecast Year ending 30 June 2014 R'000
<b>Reconciliation of attributable income to distributable income:</b>		
Total comprehensive income for the period attributable to unitholders	(875)	(6 334)
Debt interest:	3 385	22 016
Earnings attributable to unitholders	2 510	15 682
Straight-line rental adjustment	1 215	8 797
Income tax	(340)	(2 463)
Distributable income	3 385	22 016
Units in issue ('000)	23 494	23 494
Distribution per unit (cents)	14.41	93.71

### Assumptions

The forecasts are based on the following assumptions:

#### Rental income

In the case of existing leases:

- For leases expiring in the forecast period, the vendors have supplied a one year rent guarantee at the expiring rentals.
- All forecast revenue has been disclosed in the following table illustrating the spread between contracted and uncontracted rental:

	Forecast 2 months ending 30 June 2013	Forecast Year ending 30 June 2014
% GLA contracted	97%	79,9%
% GLA vacant	3%	3.0%
% GLA leases expiring with rental guarantees	–	17,1%

#### Property related expenditure

Property related expenses have been based on historical data and forecast expenses provided by management:

- *Rates*  
Depending on the specific municipality, rates have been escalated at between 10% and 12%. Where the rateable values received from the local authority are clearly incorrect, the market related value has been used to determine the net rates. The Greenstone Acquisition Agreements allow for a re-adjustment in the event the local authority revises its figures.
- *Municipal charges*  
Municipal charges are fully recovered. Escalations therein have been estimated at 14%. This only affects the property management fee charge as the basic municipal charge is fully recovered from tenants in the normal course of business.

- *Property management fee*  
A property management fee (JHI) of 1% on all collections including VAT has been provided.
- *Capital expenditure, tenant installation costs and agents' commission*  
All capital expenditure is specific as required or anticipated. Tenant installation costs have been provided as and where necessary to secure the continuous lettable of the space. Normally one month's rent of tenant installation costs for every year of lease. Agents' commission has been provided at tariff. These expenses are charged to income on an amortised basis over the life of the lease.
- *Body corporate expenses*  
Body corporate expenses such as cleaning, maintenance, insurance, etc., have been included at contracted agreed rates and escalated accordingly. The body corporate is solvent and well run.
- *Finance costs*  
No finance costs are anticipated as the purchase consideration and loan (as detailed in paragraph 2.7) will be settled from the proceeds of a proposed rights offer.
- *Debenture interest*  
Debenture interest payable in respect of the VPIF units is based on distributable earnings. The Debenture Trust Deed provides for a 100% distribution of distributable income.
- *Deferred tax*  
Deferred tax on the straight-line rental revenue adjustment has been included at a rate of 28%.

The costs that have already been incurred during the period ending 30 June 2013 have been expensed in that period and the costs that are subject to the transaction have been expensed in the forecast period ending 30 June 2014.

#### **Other general expense items**

All other expenses have been increased at 10%, based on detailed forecast budgets and expected growth escalations unless, in specific cases, the present charge is unnecessarily low, in which case, it has been adjusted to the realistic charge at the commencement of the forecast year and subsequent escalations have then incurred the normal 10% increase. No expense items have been changed by 15% or more.

### **3.2 Unaudited and unreviewed *pro forma* net asset value and net tangible asset value, less deferred tax, per unit**

The table below sets out the unaudited and unreviewed *pro forma* net asset value and net tangible asset value, less deferred tax, per unit of the transaction on VPIF.

The unaudited and unreviewed *pro forma* effects on net asset value and net tangible asset value, less deferred tax, per unit:

- are presented for illustrative purposes only and, because of their nature, may not fairly present the Company's financial position subsequent to the transaction;
- have been compiled from the unaudited condensed consolidated interim financial results for the six months ended 31 December 2012;
- are presented in a manner consistent with the format and accounting policies adopted by VPIF;
- are based on the assumption that the transaction took place on 31 December 2012; and
- should be read in conjunction with the unaudited and unreviewed consolidated statement of financial position set out in Appendix 5 and the independent reporting accountants' reasonable assurance report set out in Appendix 6.

	Unaudited before the transaction	Unaudited and unreviewed <i>pro forma</i> after the transaction	% change
Net asset value per unit (cents)	742,44	794,34	6,99
Tangible net asset value per unit, less deferred tax (cents)	811,92	865,40	6,59
Number of units in issue ('000)	120 618	144 110	

The unaudited *pro forma* earnings and headline earnings per unit effect of the transaction on VPIF have not been presented as VPIF has, in terms of the JSE Listings Requirements, presented forecasts in respect of the Greenstone Properties.

### 3.3 Unaudited and unreviewed *pro forma* consolidated statement of financial position

The unaudited and unreviewed *pro forma* consolidated statement of financial position of VPIF, before and after the transaction, is set out in Appendix 5 and the independent reporting accountants' reasonable assurance report in regard to the unaudited and unreviewed *pro forma* financial information is set out in Appendix 6.

## 4. INFORMATION RELATING TO THE GREENSTONE PROPERTIES

Specific information relating to the Greenstone Properties is set out below:

Property name:	Greenstone Hill Office Park		
Description:	Buildings 2, 4, 5, 6 and 10-15 of the sectional title schemes known as Greenstone Hill Office Park SS 1149/2008 and SS599/2009, and associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng.		
Location:	Greenstone Hill Office Park, Emerald Boulevard, Modderfontein, Gauteng		
Region:	East Rand, Gauteng		
Sector:	Commercial – office		
Site area:	6,1356 hectare ("Ha")		
GLA (m <sup>2</sup> ):	In aggregate 17 570 with 897 parkings bays as follows: <ul style="list-style-type: none"> <li>• GHOP Properties – 14 536 m<sup>2</sup> with 744 parking bays</li> <li>• Barrow Rental Enterprise – 3 034 m<sup>2</sup> with 153 parking bays</li> </ul>		
Single or multi-tenanted:	Eight of the buildings being acquired are single tenanted (Buildings 2, 4, 5, 6, 10, 12, 14 and 15) and Buildings 11 and 13 are multi-tenanted		
Tenant classification (refer table below) by GLA and gross revenue:	<b>Classification</b>	<b>GLA</b>	<b>Gross revenue</b>
	A	83%	83%
	B	15%	16%
	C	2%	1%
	Blue chip	98%	99%
Weighted average gross rental per m <sup>2</sup> :	R130,43 per m <sup>2</sup>		
Vacancy by GLA:	3% (i.e. 525 m <sup>2</sup> )		

Annualised property yield:	8.8%
Weighted average rental escalation by GLA:	10,02%
Date of valuation and market value:	Valued on 1 April 2013 at R273 million
Rental guarantees:	<ul style="list-style-type: none"> <li>• GHOP Properties – the vendors guarantee the rental in respect of buildings 5 and 15 and in respect of a certain tenant in building 13 for a period of 12 months from the effective date.</li> <li>• Barrow Rental Enterprise – the vendor guarantees the rental in respect of buildings 2 and 6 for a period of 12 months from the effective date.</li> </ul>

#### Lease expiry by revenue and GLA

Tenants	Expiry date	Rentable area (m <sup>2</sup> )	Contractual rental at expiry (Rand per month)
Independent Regulatory Board of Auditors	31 July 15	2 399	429
Deldevco Properties (Pty) Ltd	14 July 15	2 626	421
Tourvest Investments (Pty) Ltd	28 February 14	789	129
Xixia Pharmaceuticals (Pty) Ltd	31 December 13	635	106
UTI South Africa (Pty) Ltd	31 July 17	1 794	451
DHL Supply Chain South Africa (Pty) Ltd	30 April 17	982	149
Senet (Pty) Ltd	31 July 19	4 585	953
Senet (Pty) Ltd	31 July 19	2 302	–
Bard Medical SA (Pty) Ltd	31 March 14	463	64
Airlines Association of South Africa	31 July 15	259	36
Rianik Trading CC	30 November 15	260	30
Nalco Africa (Pty) Ltd	31 March 15	1 128	152
Lanxess (Pty) Ltd	31 October 13	1 126	159

#### Classification:

A = Large national tenants, large listed tenants, Government and major franchisees.

B = Listed nationals and large franchisees.

C = Other.

## 5. INFORMATION RELATING TO VPIF

### 5.1 Overview

VPIF was listed on the JSE on 11 August 2011. VPIF is a variable loan stock company with its sole assets being its property portfolio. The properties acquired on listing are held by VPIF with the balance of the properties being held by VPIT in terms of the VPIT Trust Deed. VPIT is fully bound by the JSE Listings Requirements as if it were a subsidiary of VPIF, subject to there being only one beneficiary of VPIT, namely VPIF.

Prior to the Company's listing and since 2005, Vunani Properties owned 50.1% and Hyprop Investments Limited owned 49.8% of the issued unit capital of the Company. The major unitholders of the Company since its listing are set out in paragraph 5.4.



VPIF's investment strategy is focused on:

- providing unitholders with a competitive distribution yield together with a stable and consistent growth profile, which will increase the economic value attributable to unitholders;
- providing investors with a focused office-dominated JSE property fund. The directors believe that the office sector is at the bottom of the cycle and that when the cycle recovers, VPIF will be well-positioned to deliver enhanced returns;
- continued grooming of the existing portfolio with a focus on tenant retention, tight management, targeted upgrades and extracting value out of unutilised bulk in the portfolio;
- acquiring well located A and B+ grade office buildings with a stable tenant profile. An important part of the Company's strategy is to source buildings in which yield-enhancing refurbishments can be carried out. Generally, VPIF will avoid A grade "trophy" buildings, which the directors believe are overpriced in the current market and have little opportunity for yield enhancement;
- acquisitions, which will take cognisance of the need for geographic and industry diversification but not, however, at the expense of yield and quality;
- acquisitions that will take advantage of the current office market in which recent lease negotiations have depressed property values;
- utilising the Company's BEE status to retain and attract both Government and national tenants.

VPIF is managed by VPAM in accordance with the terms of the Asset Management agreement.

The property management of the VPIF property portfolio has been undertaken by JHI since the inception of such portfolio.

#### *5.1.1 Asset Management agreement*

The Asset Management agreement is for an initial period of 7 years following the listing, renewable for subsequent 5-year periods in accordance with the provisions of that agreement. In event of breach, the agreement may be terminated on the expiry of 3 months written notice. In terms of the JSE Listings Requirements, where an Asset Management agreement is entered into or renewed, such agreement cannot be entered into or renewed:

- without a majority of the votes cast by unitholders (excluding any parties or their associates who are party to or have an interest in the agreement); and
- without providing therein for the right of unitholders, in a general meeting called by them or held by the Company, to cancel the agreement at any time before its expiry date, subject to a majority of the votes cast by unitholders (excluding any parties or their associates who are party to or have an interest in the contract).

In the event that VPAM is not in default but an independent majority of the unitholders decide to terminate the Asset Management agreement, if VPAM so requires, VPIF shall be obliged to purchase the VPAM business at fair market value which is defined as the asset management fee which would be payable to VPAM for the year following the date of termination, divided by the forward yield of VPIF at date of termination. Further termination rights and rights of default are contained in the Asset Management agreement.

The Asset Management agreement is available for inspection as set out in paragraph 8.

### 5.1.2 Information relating to VPAM

Refer to paragraph 6.1 below which sets out the relevant directors' beneficial interests, direct and indirect, in VPIF. There is no conflict of duty or conflicting relationships.

<b>Name</b>	Vunani Property Asset Management Proprietary Limited
<b>Legal form</b>	A private company (Registration number 2007/028777/07), duly registered and incorporated with limited liability in accordance with the laws of the RSA
<b>Business address</b>	Vunani House, Vunani Office Park, 151 Katherine Street, Sandown
<b>Shareholder</b>	Wholly-owned by Vunani Properties, the shareholders of which are: Vunani – 78%, Ludlow Trust – 10%, Eagle Trust 12%
<b>Terms of contract and remuneration</b>	Set out below and in paragraph 6.3 of this circular.

#### Directors:

Name, professional qualifications and relevant experience	Appointments to other listed property entities
<p><b>Ethan Gilbert Dube</b> (Age 53)  <i>MSc (Statistics) Executive MBA (Sweden)</i></p> <p>Ethan has an extensive corporate finance and asset management background which he gained at Standard Chartered Merchant Bank, Southern Asset Managers and Infinity Asset Management. Ethan was a founder and has been managing director of Vunani Capital (previously African Harvest Capital) since its inception in the late 1990's. He is a director of a number of JSE listed companies.</p>	<p>Hyprop Investments Limited</p>
<p><b>Robert Fletcher Kane</b> (Age 53)  <i>BSc (Civ) Eng, MBA</i></p> <p>Rob has over 25 years' experience in all aspects of the property industry. After completing his BSc degree at the University of Cape Town, Rob was employed by Wilson Bayley Homes-Ovcon Limited as a building contractor. He gained his Pr Eng qualification in 1989 and then worked as a consultant in the United Kingdom for 18 months prior to completing an MBA at Bath University. He joined Kennedy &amp; Donkin (UK) as the business development manager responsible for Western Europe, Scandinavia, Turkey and Africa. Rob returned to South Africa in 1996 and joined Herbert Penny as a property investment broker. Rob managed his own property development and investment broking business between 1998 and 2003. Rob joined Vunani Properties in 2004, where his responsibilities include the management of VPIF and involvement in developments in the Cape Province. Rob has been CEO of VPIF since mid 2008. Rob is Chairman of the Cape Town City Improvement District, a board member of the Cape Town Partnership and a member of the South African Property Owners' Association WCape committee. He is an external examiner and occasional lecturer at the University of Cape Town. He is a member of the Investment Analysts Society.</p>	<p>None</p>

Name, professional qualifications and relevant experience	Appointments to other listed property entities
<p><b>Aphrodite Judin</b> (Age 36) <i>BCom, BAcc, CA (SA)</i></p> <p>Aphrodite joined Vunani in 2005 and initially focused on the stockbroking operations of the group. She was appointed the financial director of Vunani in August 2010. Before joining Vunani, she was employed by Deloitte &amp; Touche as an audit manager.</p>	None
<p><b>Butana Mangaliso Khoza</b> (Age 44) <i>B Com PG Dip (Accounting), CA (SA)</i></p> <p>Butana completed articles with KPMG Inc in 1994 and spent six months in their office in Vancouver, Canada. He then joined Southern Asset Management and later transferred to Futuregrowth, then a division of Southern Life. He left Southern Life to establish African Harvest Capital with EG Dube. Butana served in a number of senior executive roles at African Harvest Capital. He is chairman of Vunani Securities. From August 2007, Butana assumed responsibility for the development of the Vunani Group's alternative asset management products, incorporating the jointly owned Collective Investment Scheme, which houses Exchange Traded Fund products among other products and Vunani Private Equity Partners (Pty) Limited.</p>	None
<p><b>Pieter Willem Mackenzie</b> (Age 49) <i>BSc Building Management, MBA</i></p> <p>Pete has over 20 years' experience in all aspects of the property industry. Pete is the Managing Director of Vunani Properties and has held this position since April 2003. His responsibilities include the day-to-day management and financial control of Vunani Properties, which company focuses on both property development and investment. Pete was with Pegasus 111 Properties from January 1994 until March 2003 where he was Managing Director in his final two years, and was responsible for all construction and development activities in the Corovest Property Group. During the period January 1992 to December 1993, he was the Development Director of Dallaway Developments where he was responsible for all construction and development activities. Pete obtained a BSc degree in Building Management from the University of Cape Town in 1987 and a MBA from Wits Business School in 1998. Pete is a member of the South African Property Owners Association.</p>	None

#### **Fees payable to VPAM**

The remuneration payable by VPIF to VPAM for all asset management and operational management services rendered by it in terms of the Asset Management agreement shall be 1/12th of 0.5% (one twelfth of zero comma five percent) of the aggregate of the market capitalisation of VPIF determined by multiplying the number of linked units in issue at month end by the monthly volume weighted average price thereof and the borrowings of VPIF, less cash or cash equivalents, payable monthly in arrears. There will be no transaction fees payable to VPAM.

The asset management fee will include all normal costs associated with such an activity but will exclude specified expenses relating to VPIF, such as property management, audit,

property valuation, strategic research, legal, corporate advisory, sponsor, company secretarial, Strate, transfer secretarial and trustee fees, advertising costs, bank charges in respect of the operation of VPIF's bank accounts, insurance costs in respect of the assets of VPIF and professional indemnity costs in respect of the directors of the company and non executive directors' remuneration incurred by or on behalf of VPIF.

Letting commissions will be payable to VPAM or its sub-contractors for the successful conclusion of new leases and renewal of leases and will be in keeping with generally accepted tariffs as follows:

- a) 5% of the first 2 years rental on the space let;
- b) 2,5% on the next 3 years rental on the space let to new tenants;
- c) 1,5% on the next 3 years rental on the space let to new tenants; and
- d) 1% on the balance thereafter,

with a minimum of one month's rental.

If an existing lease is renewed, or should an existing tenant expand its premises or relocate within the relevant property, then the commission payable shall be 30% of the amounts set out in (a) – (d).

### 5.1.3 *Property management*

The management of the properties within the VPIF Portfolio has been undertaken by JHI since inception.

The original Property Management agreement with JHI was signed on 13 December 2006 and Addenda thereto have been signed, the latest of which is dated 8 February 2011. The effective date of the current agreement is 1 January 2013 and it will remain in force for one year, whereafter it will be renewed subject to continued satisfactory performance and subject to the right of either party to terminate it on three months' written notice.

The Property Management agreement with JHI governs the entire VPIF Portfolio for a fee of 2,85% (excluding VAT) in respect of most of the properties, and in certain instances due to the nature of the property (e.g. a body corporate), a fee of 1% has been agreed, of gross monthly collections. However, under the umbrella of JHI, the Motherwell and Lion Roars properties are governed by separate management agreements, which are materially the same as the JHI agreement, with Ramprop, due to that company being best suited to manage those assets in the areas in which they are situated.

JHI is a well-established property services company with more than a century of experience. The JHI directors are: JE Wellsted, M van der Walt and J Boshoff.

JHI's business address is: JHI Place, 2 Norwich Close, Sandton, 2196.

None of the VPIF directors have any beneficial interest, direct or indirect in JHI.

The directors of JHI do not have any beneficial interest, direct or indirect, in the VPIF property portfolio and there is no relationship between the JHI directors and any other person, where a duty in relation to that other person conflicts or may conflict with JHI and this situation prevailed over the past two years.

The property management services, sub-contracted to JHI, include but are not limited to instituting systems and procedures with a view to ensuring that:

- rental, operating costs and VAT recoveries are collected timeously and tenants' deposits are accounted for;
- all property expenses are paid timeously, including without limitation, stamp duties and relevant property taxes;
- the landlord's rights are enforced against defaulting tenants;

- the buildings on the properties are adequately insured against all relevant risks;
- routine inspections of all the buildings and properties take place with a view to ensuring the continued maintenance thereof and that authorised capital expenditures are carried out;
- tenant complaints and requirements are timeously and efficiently dealt with. Tenant complaints that are not resolved timeously are to be brought to the attention of the Fund;
- all tenants are informed of all rules, regulations and notices issued by the Fund;
- income and expenditure budgets are prepared for each property during the last 3 months of the preceding financial year in respect of the current budget period;
- monthly income and expenditure accounts are prepared for each property;
- lease expiries and renewals are dealt with expeditiously and anticipated vacancies are reported on and filled where possible prior to their occurrence. A rolling 12 month lease expiry table will be kept up to date comprising GLA and the Rand value of leases;
- best endeavours are made to let vacant space immediately and space which is to become vacant before leases expire;
- leases are entered into in accordance with the letting policies of the Fund from time to time and all necessary documentation in this regard is timeously prepared and executed;
- contracts are entered into with suppliers of services to buildings at competitive rates having due regard to the quality of service provided;
- the properties are generally efficiently and properly maintained;
- all secretarial and accounting services are provided; and
- all compliance matters are dealt with.

The Property Management agreement is available for inspection as set out in paragraph 8.

## **5.2 Prospects**

Since listing in August 2011, VPIF has continued to deliver total returns to its unitholders of circa 36% per annum. This has been achieved in some of the toughest trading conditions seen for many years. The clearly defined investment strategy is working well. Accordingly, the directors believe that the office market is currently near its lowest ebb, thereby creating embedded value for incoming investors. Office property rentals are expected to rise disproportionately in the medium term as the current oversupply is absorbed. The focus of the Fund will be to continue acquiring properties that enhance both the yield and the quality of the portfolio. This disciplined approach to acquisitions may indicate slightly slower growth compared with other funds but it will retain the integrity of the Fund. VPIF will continue to utilise its BEE rating to retain Government tenants and selectively acquire new Government tenanted buildings, based on sound investment fundamentals. The high proportion of single tenant and National Government or listed tenants is expected to underpin strong cash flows.

The Greenstone Properties will be acquired at a yield of 8,8%.

## **5.3 Material changes**

No material changes in the financial or trading position of VPIF have taken place since the financial results for the six months ended 31 December 2012 were published on 25 February 2013. The directors are not aware of any material changes in respect of the financial position of Greenstone Hill Office Park since its last year end.

## 5.4 Major unitholders

At the last practicable date, unitholders (other than directors) beneficially holding directly 5% or more of the issued linked units of the Company were as follows:

Name	Number of units	% holding
Coronation Asset Managers (Pty) Limited	35 522 429	29.5
Stanlib Asset Management Limited	23 593 156	19.6
Old Mutual Investment Group (SA) (Pty) Limited	11 297 994	9.4
Government Employee Pension Fund	9 360 380	7.8
Investment Solutions Limited	8 808 743	7.3
Momentum Asset Management (Pty) Limited	8 574 392	7.1
MMI Group Limited	7 629 926	6.3
Investec Limited	6 328 458	5.3

The directors are not aware of any other unitholder who beneficially holds directly or indirectly, 5% or more of the Company's issued linked units.

## 5.5 Material contracts, service and other agreements

At the last practicable date, material contracts entered into by VPIF during the two years preceding the last practicable date, other than the Greenstone Acquisition Agreements dealt with in this circular or in the ordinary course of the business carried on by VPIF are as follows:

- the Foretrust Acquisition agreement – (the agreement between VPIF and Redefine Properties Limited, dated 19 October 2011, in terms of which VPIF acquired the rental enterprise business conducted in respect of the Foretrust Building; viz. Erf 172 Roggebaai, in the City of Cape Town, Cape Division, in the Province of the Western Cape);
- the Sales of Enterprise Agreements in respect of:
  - Efs 11322 and 1698, Walmer, Port Elizabeth, known as “The Lion Roars”;
  - a building situated on 87 Ridder Street, Xstrata, Rustenberg, known as the “Xstrata property”;
  - a 2 storey office block situated on 12 Kgwebo Street, Mabe Park Rustenburg, known as the “Mabe property”; and
  - Erf 155, Edenburg, Gauteng, known as “The Business Centre”;
- the listing acquisition agreement – (the agreement between Vunani Properties and VPIF, dated 20 June 2011, which resulted in VPIF acquiring from Vunani Properties, the Athol Ridge Property located at 151 Katherine Street, Sandown and the entire issued ordinary share capitals of Cedar Park and Pacific Eagle);
- the Asset Management agreement;
- the Property Management agreement;
- the VPIT Trust Deed; and
- the Debenture Trust Deed.

At the last practicable date, no other material contracts had been entered into which contain an obligation or settlement that is material to VPIF.

The directors are not aware of any material contracts pertaining to Greenstone Hill Office Park, other than the leases and the Body Corporate management contract, which is based on standard commercial terms.

The abovementioned agreements are available for inspection as set out in paragraph 8 below.

## 6. INFORMATION RELATING TO THE DIRECTORS

### 6.1 Directors' interests in the Company's securities

The table below sets out the direct and indirect beneficial holdings of the directors in the Company's securities at the last practicable date:

<b>Director</b>	<b>Beneficial – Direct</b>	<b>Beneficial – Indirect</b>
RF Kane <sup>(1)</sup>	–	623 839
RR Emslie	35 000	–

\* Current units in issue = 120 618 080.

(1) RF Kane has an indirect holding in VPIF through the Ludlow Trust.

Directors' holdings are below 1%.

Since the Company's year-end on 30 June 2012, the following directors have traded in the Company's units:

<b>Name</b>	<b>Date of transaction</b>	<b>Number of units</b>	<b>Price per unit</b>
RR Emslie	5 November 2012	Purchased 8 021	810 cents
	5 November 2012	Purchased 16 979	820 cents
	6 November 2012	Purchased 10 000	820 cents
PW Mackenzie (via the Eagle Trust)	5 April 2013	Sold 748 610	1 060 cents

There have not been any director resignations in the past 18 months.

### 6.2 Directors' interests in transactions

Other than as disclosed in this circular, the directors had no interests in transactions entered into by VPIF during the current or the preceding financial year and which remain in any respect outstanding or unperformed.

### 6.3 Directors' service contracts

The executive directors, whose services have been seconded to VPAM in terms of the Secondment agreement, are not remunerated for their services as directors of VPIF. An annual fee, payable monthly, is charged in terms of the Secondment agreement by Vunani Capital to VPAM and such fee includes the remuneration to which the executive directors are entitled in respect of the services which they render to VPAM under the Secondment agreement.

Each of the executive directors is a party to the Secondment agreement whose material terms are as follows:

- the Secondment agreement commenced on the listing date and will continue for a period which is co-extensive with the Asset Management agreement, the details of which are set out in paragraph 5.1.1;
- the secondment of each of the executive directors is separately terminable in the case of material breach or conduct justifying summary dismissal or in circumstances where his employment with Vunani Capital terminates for any reason during the contract period;
- each executive director is obliged to "devote so much of his time and attention during normal business hours, and such reasonable amount of additional time as is necessary, having regard to the exigencies of the business, to the business and affairs of VPAM and VPIF; and

- each executive director, for so long as he is employed by Vunani Capital may not, whether directly or indirectly, in whatsoever capacity, be interested or engaged in or concerned with or employed by any business, trade, undertaking or concern involved with real estate, which falls outside of the Vunani Group, VPIF and/or VPAM and/or outside of their respective interests, nor is he entitled, for a period of one year following the termination, for whatsoever reason, of his employment by Vunani Capital to be involved whether directly or indirectly, in whatsoever capacity, in any business, trade, undertaking or concern involving any real estate related venture, which falls outside the ambit of the business and/or affairs of the Vunani Group, VPIF and/or VPAM and/or outside of their respective interests, unless otherwise expressly agreed to by VPIF and Vunani Capital in writing.

The non-executive directors have signed Letters of Appointment, which are in compliance with the MOI.

The Secondment agreement is available for inspection as set out in paragraph 8.

The following is a breakdown of the remuneration which the directors received from Vunani Capital in respect of the year ended 30 June 2012:

	<b>Directors' fees R'000</b>	<b>Basic salary R'000</b>	<b>Bonus R'000</b>	<b>Medical aid and retirement fund contributions R'000</b>	<b>Travel R'000</b>	<b>Total R'000</b>
<b>Non-executives</b>						
PD Naidoo	129	–	–	–	–	129
RR Emslie	116	–	–	–	–	116
JR Macey	116	–	–	–	–	116
EG Dube	112	–	–	–	–	112
CE Chimombe-Munyoro	112	–	–	–	–	112
<b>Executives</b>						
RF Kane		1 051	375	205	–	1 631
PW Mackenzie		1 168	375	200	–	1 743
M de Lange		849	110	218	–	1 177
	585	3 068	860	623	–	5 136



## 7. ADDITIONAL INFORMATION

### 7.1 Expenses

Preliminary expenses amounting to R14,6 million were incurred during the past three years in respect of the Company's private placing and listing.

The estimated expenses relating to the transaction are set out below:

<b>Expense</b>	<b>Payable to</b>	<b>R'000</b>
Documentation fees	JSE	15
Independent reporting accountants' fees	KPMG Inc	120
Independent valuer fees	Mills Fitchet Magnus Penny Proprietary Limited	57
Independent expert	Huntrex 299 Proprietary Limited, trading as Effortless Corporate Finance	42
Legal adviser	Cliffe Dekker Hofmeyr Inc	115
Printing and publication costs	Ince (Pty) Limited/Purple Frog	29
Corporate adviser fees	Vunani Corporate Finance	300
Sponsor fees	Grindrod Bank Limited	50
Transfer secretaries fees	Computershare Investor Services (Pty) Limited	25
Administrative costs (Strate, SARS, etc.)	Various, including transfer costs and the cost of the due diligence investigation	355
		<b>1 108</b>

### 7.2. Consents

Each of the independent reporting accountants and auditors, independent valuer, independent expert, legal adviser, transfer secretaries, joint corporate adviser, sponsor and joint corporate adviser and investment bank, have given and have not, prior to the last practicable date, withdrawn their written consent to the inclusion in this circular of their names and, where applicable, their reports, in the form and context in which they appear.

### 7.3 Directors' responsibility statement

The directors, whose names are given in the "Corporate Information" section of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this circular contains all information required by law, the Companies Act and the JSE Listings Requirements.

### 7.4 General meeting and voting

#### 7.4.1 General meeting

A notice convening the general meeting to approve the transaction and a form of proxy, for use by registered certificated unitholders and dematerialised unitholders with own-name registration who are unable to attend the general meeting, form part of this circular.

Unitholders are referred to the "Action required by unitholders" section of this circular, which contains information as to the actions they need to take in regard to the general meeting.

#### 7.4.2 Voting

The ordinary resolutions to be tabled at the general meeting are subject to a simple majority of votes.

An associate of the related party, namely Mr RF Kane via the Ludlow Trust, who owns 623 839 linked units, is precluded from voting at the general meeting.

#### 7.4.3 Irrevocable undertakings

The following unitholders, representing in excess of 50% of the units held by independent unitholders, have provided VPIF with irrevocable undertakings to vote in favour of the transaction at the general meeting:

	<b>Number of units</b>	<b>% of eligible votes</b>
Coronation Asset Managers (Pty) Limited	35 522 429	29.45
Stanlib Asset Management Limited	23 593 156	19.56
Momentum Asset Management (Pty) Limited	8 574 392	7.11
Old Mutual Investment Group SA (Pty) Limited	8 000 000	6.63
	<b>75 689 977</b>	<b>62.75</b>

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at VPIF's registered office, as detailed in the "Corporate Information" section of this circular, during normal business hours from the date of issue hereof until the date of the general meeting:

- the MOI;
- the Memorandum and Articles of Association of Cedar Park and Pacific Eagle;
- the VPIT Trust Deed;
- the agreements as detailed in paragraph 5.5 above;
- the Greenstone Acquisition Agreements;
- the Asset Management agreement;
- the Property Management agreement;
- the Debenture Trust Deed;
- the audited financial statements of VPIF for the year ended 30 June 2012, the six months ended 30 June 2011 and the year ended 31 December 2010;
- the signed abridged valuation report of the independent valuer on the Greenstone Properties, the text of which is included in this circular as Appendix 1;
- the signed independent expert's opinion on the acquisition of Greenstone Hill Office Park, the text of which is included in this circular as Appendix 2;
- the signed reports of the independent reporting accountants set out in Appendices 3, 4 and 6;
- the detailed valuation report in respect of the Greenstone Properties;
- the advisers' consent letters as detailed in paragraph 7.2 above;
- copies of the irrevocable undertakings described in paragraph 7.4.3;
- the Secondment agreement and the non-executive directors' letters of appointment; and
- a signed copy of this circular

**SIGNED AT JOHANNESBURG ON 19 JUNE 2013 BY M DE LANGE ON BEHALF OF ALL THE DIRECTORS OF VPIF IN TERMS OF A DIRECTORS' ROUND ROBIN RESOLUTION.**

**M DE LANGE**

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## INDEPENDENT VALUATION REPORT ON THE GREENSTONE PROPERTIES

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“The Directors  
 Vunani Property Investment Fund Limited  
 PO Box 652419  
 Benmore  
 2010

19 June 2013

Sirs,

**MADE ON ACCOUNT OF: VUNANI PROPERTY INVESTMENT FUND LIMITED**

**In relation to: Buildings 2, 4 – 6 and 10 – 15 of the sectional title schemes known as Greenstone Hill Office Park SS 1149/2008 and SS599/2009, and associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng (“Greenstone Properties”)**

### 1. INTRODUCTION

I, MRB Gibbons, a duly authorised Professional Valuer, registered without restriction in terms of Section 19 of the Property Valuers Professional Act, 2000 (Act No. 47 of 2000), of Suite 303, 3rd Floor, Newspaper House, 122 St. George’s Mall, Cape Town do hereby certify that to the best of my knowledge, I have valued the Greenstone Properties as at 1 April 2013 in order to determine their aggregate value on a discounted cash flow or capitalisation of net income basis.

**Total value of the Greenstone Properties R273 000 000**

Set out below are particulars relating to the Greenstone Properties as detailed in the circular to VPIF unitholders to be dated on or about 25 June 2013, to which this report is attached and the value that I have attributed to them:

#### Registered description

Sections 13, 14, 15, 20, 21, 22, 23, 24, 25 & 26 (known as Buildings 2, 4 – 6 and 10 – 15) plus Exclusive Use Parking bays and Storerooms in the Sectional Title Schemes known as Greenstone Hill Office Park SS1149/2008 and SS599/2009 situated at Erf 1841, Greenstone Hill Extension 22 Township, Gauteng.

Address	Date of physical inspection	Effective date of valuation	Market value	Nature of property
Greenstone Hill Office Park, Emerald Boulevard, Greenstone Hill, Johannesburg	18 April 2013	1 April 2013	R273 000 000	Offices

Site area m <sup>2</sup>	Floor area m <sup>2</sup>	Existing use	Age of buildings	Tenure
6 1356 Ha	17 570,70	Offices	1 – 3 years	Sectional title

### 2. METHOD OF VALUATION

The Greenstone Properties have been valued using the Discounted Cash Flow Approach, which values the contracted income and then reverts to market related rentals. The reversion to market, in all cases has been next day after the expiry of the last lease. All of which are discounted at the appropriate discount rate. This valuation contains no qualifications.

### **3. ASSUMPTIONS**

The considerations applied to the market value of the Greenstone Properties, which is based on the International Valuations Standards Authority definition of the same, are as follows:

- All of the Greenstone Properties were fully let at the effective date of valuation, consequently no vacancy provision has been made during the lease period. We have referenced published documentation from the SAPOA/IPD data-base (Vacancy Surveys) and The Rode Report;
- In sectional title buildings, the Body Corporate includes potential repairs and maintenance in the levy payable. However, we have allocated further provisions for Repairs and Maintenance to the valuations for all of the Greenstone Properties in an aggregate amount of R177 771; and
- Rentals used in our Discounted Cash Flow valuations are based on the terms and conditions contracted in the leases. On expiry of same, we have assumed that they will revert to market related rentals. The market related rentals have been determined by comparing similar buildings in comparable areas to the Greenstone Properties. Due consideration to the extent of the lettable areas, their location within the buildings and profile of tenant has been applied in the determination of the reversionary market rentals. The market rentals have also been compared with the fundamentals listed in various published indices including the South African Property Owners Association (SAPOA/IPD) index and the Rode Report.

### **4. SOURCES OF INFORMATION**

Information relating to the Greenstone Properties has been obtained and, where applicable, verified, from:

- Property Managers
- Our physical inspection of the Greenstone Properties confirming the nature of improvements and the tenancies reflected in the lease schedules
- A lease audit being undertaken by ourselves
- Vunani Properties (Pty) Ltd
- Deeds Office; and Surveyor General's Office & Local Authorities for verification of the Title Deeds, Erf diagrams, Municipal Valuations and Town Planning conditions
- The Sellers
- SAPOA/IPD Index with regard to vacancy surveys, comparable market rentals, operating expense profiles, annualised rental and expense growth plus the Discount and Capitalisation Rate surveys
- The Rode Report to confirm those fundamentals referred to in the point above.

### **5. TOWN PLANNING RESTRICTIONS/CONDITIONS AND MATERIAL CONTRAVENTIONS OF STATUTORY REQUIREMENTS**

Full town planning details and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the Greenstone Properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the Greenstone Properties.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations.

### **6. LEASES**

Our valuation has been based upon a lease audit and the physical inspection of the Greenstone Properties confirming the actual tenant leases supplied to us by the owners and managing agents.

Contractual escalations are from 8,00% to 10,00% going forward and virtually all rentals detailed in this report are from existing contractual leases.

In respect of all of the Greenstone Properties the expenses are paid by the Landlord with certain recoveries from the tenant.

There are no intra-group leases.

## Details of main leases and sub-leases

Building number	Tenants	Rentable area (m <sup>2</sup> )	Salient terms of lease		
			Start date	Expiry date	Escalation
2	Independent Regulatory Board of Auditors	2 399,0	1 Aug 2008	31 Jul 2015	8,8%
4	Deldevco Properties (Pty) Ltd	2 626,3	15 Jul 2010	14 Jul 2015	9,0%
5	Tourvest Investments (Pty) Ltd	789,0	1 Mar 2009	28 Feb 2014	9,0%
6	Xixia Pharmaceuticals (Pty) Ltd	635,0	1 Jul 2008	31 Dec 2013	9,0%
10	UTI South Africa (Pty) Ltd	1 794,0	1 Aug 2012	31 Jul 2017	9,0%
11	DHL Supply Chain South Africa (Pty) Ltd	981,6	1 May 2012	30 Apr 2017	9,0%
	Senet (Pty) Ltd	2 282,7	1 Aug 2012	31 Jul 2019	8,0%
12	Senet (Pty) Ltd	2 302,3	1 Aug 2012	31 Jul 2019	8,0%
13	Bard Medical SA (Pty) Ltd	455,3	1 Apr 2009	31 Mar 2014	9,0%
	Airlines Association of South Africa	258,5	1 Aug 2010	31 Jul 2015	10,0%
	Rianik Trading CC	260,4	1 Dec 2010	30 Nov 2015	9,0%
14	Nalco Africa (Pty) Ltd	1 128,0	1 Apr 2010	31 Mar 2015	9,0%
15	Lanxess (Pty) Ltd	1 126,0	1 Nov 2008	31 Oct 2013	10,0%

## 7. CONCLUSION

I confirm that to the best of my knowledge and belief:

1. no valuation has been required by the directors detailing the benefit or detriment of contractual arrangements in respect of the Greenstone Properties or where there may be a benefit in option held;
2. there are no options held by any third parties to purchase some of the Greenstone Properties;
3. there have been no material changes between the date of the valuations and the last practicable date in any circumstances relating to the Greenstone Properties, which would affect the valuation thereof.

I confirm that I have no pecuniary interest that would conflict with a proper valuation of the Greenstone Properties, other than normal professional fees. With 20 years experience in property valuation, the undersigned is qualified to express an opinion on the value of the Greenstone Properties.

Yours faithfully

### MILLS FITCHET MAGNUS PENNY

#### MRB Gibbons

*Nat Dip Prop Val MIV(SA) MRICS*

#### Professional valuer

(Registered without restriction in terms of The Property Valuers Act No 47 of 2000)  
Suite 303, 3rd Floor, Newspaper House, 122 St. George's Mall, Cape Town, 8001"

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## INDEPENDENT FAIRNESS OPINION ON THE RELATED PARTY ACQUISITION OF GREENSTONE HILL OFFICE PARK

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“The Directors  
Vunani Property Investment Fund Limited  
Vunani House  
Vunani Office Park  
151 Katherine Street  
Sandton. 2196

19 June 2013

Sirs

### OPINION OF THE INDEPENDENT EXPERT ON THE FAIRNESS OF THE ACQUISITION BY VUNANI PROPERTY INVESTMENT FUND LIMITED (“VPIF”) OF THE ENTIRE ISSUED SHARE CAPITAL IN GREENSTONE HILL OFFICE PARK PROPRIETARY LIMITED

#### INTRODUCTION AND SCOPE

In the SENS announcement of 12 April 2013 it was announced as follows:

*“Sale of Shares and Claims Agreement with Vunani Properties Proprietary Limited (“Vunani Properties”), Barrow Properties Proprietary Limited (“Barrow”) and the Trustees of the Task Trust (“Task”) in terms of which VPIF will acquire the shares and loan accounts in Greenstone Hill Office Park Proprietary Limited (“Greenstone”). Greenstone owns 8 buildings in the sectional title schemes known as Greenstone Hill Office Park SS1149/2008 and SS599/2009 with associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng (“Greenstone Properties”); and Sale of Rental Enterprise Agreement with Barrow in terms of which VPIF will acquire the rental enterprise conducted as a going concern of buildings 2 and 6 of the sectional title scheme known as Greenstone Hill Office Park SS 1149/2008 and associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng (“Buildings 2 and 6”), jointly referred to as “the transaction”....*

*The transaction is classified as a category 2 related party transaction in terms of the JSE Listings Requirements as Vunani Properties, the holding company of VPIF’s asset manager, Vunani Property Asset Management Proprietary Limited, is selling its 40% holding in Greenstone. Accordingly the transaction will be subject to unitholders’ approval at a general meeting of VPIF unitholders. A circular setting out further details of the transaction and containing a notice convening a general meeting of unitholders will be sent out in due course.”*

This fairness opinion is required as the acquisition is defined as a related party transaction in terms of paragraphs 10.1 (b) (v), (vi) and (vii) of the JSE Listings Requirements and the directors of VPIF have appointed Huntrex (Pty) Ltd trading as Effortless Corporate Finance (“ECF”) to provide the required independent fairness opinion in terms of Schedule 5 of the JSE Limited Listings Requirements on the transaction.

The opinion is given to the VPIF board of directors for the sole purpose of assisting the relevant board in forming and expressing an opinion for the benefit of holders of units in VPIF.

#### DEFINITION OF FAIRNESS

In terms of Schedule 5 of the JSE Listings Requirements fairness is primarily based on quantitative issues. The transaction will generally be considered to be fair to VPIF unitholders if the purchase price of the shares is equal to or less than the fair market value of the Greenstone shares and claims in respect of the Greenstone Properties and the sale of rental enterprise agreement with Barrow.

## SOURCE DOCUMENTATION AND INFORMATION CONSIDERED

We have considered all the following prescribed information that is relevant to the value of the ordinary shares in Greenstone in formulating our opinion:

- Information on Greenstone and VPIF, including the history, the nature of business, services, key customers, industry and competitors;
- SENS announcements and agreements relating to the transaction;
- Unit price, the volume of trading and statistics of VPIF on the JSE;
- The audited annual financial statements including the annual report of VPIF for the years ended 31 December 2009 and 2010 and the year ended 30 June 2012 (as a result of a change in year end from December to June, effective from June 2011) and for Greenstone for the year ended 31 December 2012;
- Greenstone budgets for 2013;
- Greenstone management accounts for the period ended February 2013;
- Discussions with the executive directors of VPIF;
- The details relating to the transaction;
- Discussions with management of VPIF, including discussions regarding the rationale for and the perceived benefits to be obtained from the transaction;
- Operating costs and capital expenditure;
- Valuations of assets that were prepared by property valuers.

The key value drivers and assumptions of the valuation include:

- Historical trading;
- Margins and operating costs;
- Growth in revenue;
- Competition;
- Valuations of assets and liabilities;
- Current market trends relating to the local and world economy, the availability of credit, and employment levels;
- Tax; and
- Working capital, cash and capital expenditure requirements.

## PROCEDURES

In arriving at our opinion, we have, *inter alia*:

- Considered the valuation provided by the independent property valuer and obtained evidence of the following:
  - the professional competence of the independent valuer, in particular, membership of an appropriate professional body and experience and reputation in the field;
  - the independence of the independent valuer, including confirmation from the valuer that there were no actual or apparent conflicts of interest that might impair, or be perceived to impair, his objectivity;
  - that the scope of the independent valuer's work was adequate for the purposes of determining the property value included in the unaudited *pro forma* consolidated statement of financial position; and
  - the appropriateness of the independent valuer's work regarding the value of the property;

- Prepared a valuation in accordance with generally accepted valuation approaches and methods. We have prepared the valuation of the operating assets using a Discounted Cash Flow Model. As corroborating evidence we reviewed the reasonability of the PE ratio and the net asset value calculation in the annual financial statements;
- Reviewed the terms of the transaction;
- Considered information made available by and from discussions held with the management of VPIF;
- Considered the rationale for the transaction;
- Considered the valuation of Greenstone that we prepared; and
- Conducted appropriate sensitivity analysis given a reasonable range of key assumptions on the valuations mentioned above.

In respect of the transaction agreements, it is our understanding that the price was negotiated at arm's length.

Key assumptions used are:

- Growth in revenue for 2013 and 2014 is in terms of the budgets and forecasts prepared by management;
- Margins and working capital required are in line with those achieved in the past;
- The fair rate of return was 13,8%;
- The structure of the balance sheet was defined by targeting a Borrowings/Operating Equity Ratio of 25%.

#### **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Placing reliance on representations made by the senior employee during the course of forming these opinions;
- Considering the historical trends of such information and assumptions;
- Comparing and corroborating such information and assumptions with external sources of information, if such information is available; and
- Determining the extent to which representations from the senior employee and other industry experts were confirmed by documentary evidence as well as our understanding of the economic environment.

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purpose of these opinions, whether in writing or obtained in discussion with the executive directors of VPIF. We have relied on the audit reports and reviewed the information for reasonableness and consistency. We express no opinion on this information.

#### **INDEPENDENCE, COMPETENCE AND LIMITING CONDITIONS**

We confirm that ECF has no independence issues relating to directorships, employment, owning units, management and fees earned in VPIF or related parties.

We confirm that ECF and the directors responsible for this assignment have the necessary competencies relating to internal control systems, quality control, experience and qualifications.

We confirm that we have no financial interest and no relationship in VPIF, the transaction or related parties. Furthermore, we confirm that our professional fees are not contingent upon the success of the transaction and amount to R42 000.

We confirm that the scope of our procedures and work performed were not subject to any limiting conditions.

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated as at the date of this report. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.



The effect of the transaction on individual unitholders of VPIF may vary depending on their particular circumstances. We suggest that unitholders should consult an independent advisor if they are in any doubt as to the effect of the transaction, considering their personal circumstances.

## **OPINION**

We have evaluated the transaction and have found that it is fair.

## **CONSENT**

We consent that this opinion may be included, in whole or in part, in any required regulatory announcement or documentation such as a circular.

Yours faithfully

## **PAUL AUSTIN**

### **Huntrex 299 Proprietary Limited**

*(Trading as Effortless Corporate Finance)*

Registration number: 2010/004734/07

23 Nicholi Ave

Kommetjie"

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**INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST FINANCIAL INFORMATION IN RESPECT OF THE GREENSTONE PROPERTIES**

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“The Directors  
Vunani Property Investment Fund Limited  
Vunani House  
Vunani Office Park  
151 Katherine Street  
Sandown, Sandton, 2196

19 June 2013

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF THE GREENSTONE PROPERTIES (“the acquisition properties”)**

In terms of the JSE Limited Listings Requirements, we have examined the forecast statements of comprehensive income, the forecast vacancy profile by sector and by gross rentable area, and the forecast lease expiry profile based on existing lease agreements (collectively “forecast information”) in respect of the Acquisition properties for the two months ending 30 June 2013 and the year ending 30 June 2014 , as set out in paragraph 3.1 of the circular to VPIF unitholders dated on or about 25 June 2013 (“circular”), and the related assumptions of VPIF for the two months ending 30 June 2013 and the year ending 30 June 2014 (collectively, “forecast information”), issued in connection with the acquisition by VPIF of the Acquisition properties.

**DIRECTORS' RESPONSIBILITY**

The directors are responsible for the forecast information, including the assumptions and notes on which it is based, and for the financial information from which it has been prepared. This responsibility, arising from compliance with the Listings Requirements of the JSE Limited, includes:

- determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast information;
- whether the forecast information has been properly compiled on the basis stated; and
- whether the forecast information is presented on a basis consistent with the accounting policies of the company.

**REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to provide a limited assurance report on the forecast information prepared for the purpose of complying with the Listings Requirements of the JSE Limited and for inclusion in the circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to The Examination of Prospective Financial Information and the SAICA circular entitled “The Reporting Accountants' Responsibilities in terms of section 13 of the Listings Requirements of the JSE Limited”. This standard requires us to obtain sufficient appropriate evidence as to whether or not:

- management's best-estimate assumptions on which the forecast information is based are not unreasonable and are consistent with the purpose of the information;
- the forecast information is properly prepared on the basis of the assumptions;

- the forecast information is properly presented and all material assumptions are adequately disclosed; and
- the forecast information is prepared and presented on a basis consistent with the accounting policies of the company in question for the period concerned.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

## **INFORMATION AND SOURCES OF INFORMATION**

In arriving at our conclusion, we have relied on the forecast financial information prepared by VPIF management and other information from various public, financial and industry sources.

The principal sources of information used in arriving at our conclusion are as follows:

- Management prepared forecasts for the 2 months ending 30 June 2013 and the year ending 30 June 2014;
- Discussions with management regarding the forecast information;
- Discussions with management regarding the prevailing market and economic conditions;
- Discussions with the independent valuers and the property managers regarding the forecast expenses;
- Lease agreements for a sample of the leases relating to the Greenstone Properties;
- Valuation reports prepared by the independent valuers on the Greenstone Properties;
- The acquisition agreements relating to the acquisition properties; and
- The Property Management agreement.

## **PROCEDURES**

In arriving at our conclusion, we performed the following procedures relating to rental income:

- Selections were made from the leases comprising the forecast contracted rental income streams per the forecast information for the properties. 87% of the forecast contracted rental income for the 2 months ending 30 June 2013 and 88% of the forecast contracted rental income the year ending 30 June 2014 was agreed to signed lease agreements. For that same sample of properties, forecast recoveries were compared to historical recoveries and the forecast operating expenditure for reasonableness. The terms of the leases were considered so as to ensure that the basis of the recoveries was correct.
- Where leases expire, forecast rental income resulting from rent guarantees provided by the seller was agreed to the relevant agreement.
- The rental income streams from the above sample were re-calculated to ensure accuracy of the information contained in the forecast information.
- We reviewed the forecast information and ensured that the vacancy profile and lease expiry profile included in the model was in terms of the lease agreements.
- Vacant space in properties, where no rental guarantees have been obtained from the vendors amounts to 3% of GLA for the 2 months ending 30 June 2013 and 3% of GLA for the year ending 30 June 2014. No rental income has been included in the forecast for this vacant space. No leases expire during the 2 months ending 30 June 2013. Leases expiring during the year ending 30 June 2014 amount to 17.1% of GLA. For expiring leases rental was accounted for in terms of the rental guarantees from the vendors.
- We compared the vacancy profile and lease expiry profile included in paragraph 3.1 of the circular to the vacancy profile and lease expiry profile in the model and found them to be in agreement.

## **PROPERTY EXPENSES**

For a sample of properties, forecast expenses were compared to the historical expenses. Explanations were obtained for any significant differences. The total expenses tested, in comparison to historical expenses, amounted to 81% and 82% of the total forecast expenses for the 2 months ending 30 June 2013 and the year ending 30 June 2014, respectively, in respect of the forecast information.

The detailed forecast expenditure was reviewed to ensure that all material expenditure items were disclosed.

## **PORTFOLIO EXPENSES**

The property management fees and other portfolio expenses were agreed to the underlying agreements and, where applicable, re-calculated.

## **APPLICATION OF ACCOUNTING POLICIES**

We ascertained that the existing accounting policies had been consistently applied in the preparation of the forecast information.

## **MODEL REVIEW**

In order to ensure that the forecast model for the property income and expenses was accurate and reliable, we performed a high level review to determine the consistency and mathematical accuracy of the model.

## **VACANCY PROFILE AND LEASE EXPIRY PROFILE**

We reviewed each property worksheet prepared by management to ascertain that the vacancy profile and the lease expiry profile included in the model was derived from the correct sources. We compared the vacancy profile and lease expiry profile included in paragraph 4 of the circular to the vacancy profile and lease expiry profile in the model and found them to be in agreement. We also ensured that rental income accounted for where leases had expired was in terms of the rental guarantees provided by the sellers.

## **ACCURACY OF THE INFORMATION**

We have relied on and assumed the accuracy and completeness of the information provided to us in writing, or obtained through discussions with VPIF management. While our work has involved an analysis of historical financial information and consideration of other information provided to us, our assurance engagement does not constitute an audit or review of historical financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements.

Accordingly, we do not express an audit or review opinion thereon and assume no responsibility and make no representations in respect of the accuracy or completeness of any information provided to us, in respect of the forecast information and other relevant information included in the circular.

## **CONCLUSION**

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast information;
- the forecast information has not been properly compiled on the basis stated;
- the forecast information has not been properly presented and all material assumptions are not adequately disclosed; and
- the forecast information is not presented on a basis consistent with the accounting policies of VPIF.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material and accordingly no assurance is expressed regarding the achievability of the forecast.

Our report and the conclusion contained herein is provided solely for the benefit of the board of directors of VPIF and prospective unitholders of VPIF for the purpose of their consideration. This letter is not addressed to and may not be relied on by any other third party for any purpose whatsoever.

## **CONSENT**

We consent to the inclusion of this report and the references thereto, in the form and context in which they appear in the circular. Furthermore we confirm that we will not withdraw our consent prior to the issue of the circular.

Yours faithfully

**KPMG Inc.**

**Registered Auditors**

**Per D Thompson**

*Chartered Accountant (SA)*

*Registered Auditor*

*Director*

(Private Bag 9, Parkview, 2122)"

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## INDEPENDENT REPORTING ACCOUNTANTS' REVIEW REPORT ON THE VALUE AND EXISTENCE OF THE GREENSTONE PROPERTIES

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"The Directors  
Vunani Property Investment Fund Limited  
Vunani House  
Vunani Office Park  
151 Katherine Street  
Sandown, Sandton, 2196

19 June 2013

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANTS' REVIEW REPORT ON THE VALUE AND EXISTENCE OF THE GREENSTONE PROPERTIES TO BE ACQUIRED BY VUNANI PROPERTY INVESTMENT FUND LIMITED ("THE ACQUISITION PROPERTY") AS REFLECTED IN THE UNAUDITED *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### INTRODUCTION

We have performed our review engagement for purposes of paragraph 13.6(e) of the Listings Requirements of the JSE Limited ("JSE Listings Requirements") with regard to:

- the **existence** of the Acquisition property to be acquired by VPIF;
- the **value** at which the Acquisition property is reflected in the unaudited *pro forma* consolidated statement of financial position of VPIF set out in Appendix 5 of the circular to VPIF unitholders, to be dated on or about 25 June 2013 ("circular"), which is issued in connection with the Acquisition Property; and
- whether any material undisclosed liabilities exist.

#### RESPONSIBILITIES OF THE DIRECTORS

The directors of VPIF are solely responsible for the compilation, contents and presentation of the unaudited *pro forma* consolidated statement of financial position contained in Appendix 5 to the circular and for the financial information from which it has been prepared, including the financial information relating to the Acquisition property to be acquired.

Their responsibility is to satisfy themselves that the Acquisition property to be acquired by VPIF exists, has been valued in accordance with VPIF's accounting policies and the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") and are correctly reflected in the relevant columns of the unaudited *pro forma* consolidated statement of financial position of VPIF set out in Appendix 5.

#### REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express a conclusion regarding the existence and value of the Acquisition property to be acquired by VPIF as reflected in the adjustment column of the unaudited *pro forma* consolidated statement of financial position of VPIF set out in Appendix 5.

#### SCOPE OF REVIEW

We conducted our review in accordance with the International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, which applies to a review of the existence and value of the Acquisition property to be acquired by VPIF. A review of the existence and value of the

Acquisition property to be acquired by VPIF consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## SUMMARY OF WORK PERFORMED

### Existence and valuation of the Property Portfolio

Our procedures included making such enquiries and obtaining such representations from the directors of VPIF as we considered necessary and, in addition, we:

- physically inspected the Acquisition property to be acquired to establish its existence;
- examined the deeds of transfer for transferring the Acquisition property from previous sellers to current sellers as well as the Board resolution for the approval of the sale of the Acquisition property; compared the value at which the Acquisition property is being acquired reflected in the unaudited *pro forma* consolidated statement of financial position to the valuation included in Appendix 5 of the circular;
- compared the value at which the Acquisition property is being acquired as reflected in the unaudited *pro forma* consolidated financial information to the value per the purchase agreement;
- inspected the supporting documentation in respect of the transaction costs which have been capitalised in terms of paragraph 20 of IAS 40: *Investment Property*;
- considered the valuation provided by the independent valuer in accordance with the guidance in ISA 620: Using the work of an expert, and obtained evidence of the following:
  - the professional competence of the independent valuer, in particular, membership of an appropriate professional body and experience and reputation in the field;
  - the independence of the independent valuer, including confirmation from the valuer that there were no actual or apparent conflicts of interest that might impair, or be perceived to impair, his objectivity;
  - that the scope of the independent valuer's work was adequate for the purposes of determining the property value included in the unaudited *pro forma* consolidated statement of financial position; and
  - the appropriateness of the independent valuer's work as audit evidence regarding the value at which the property is reflected in the unaudited *pro forma* consolidated statement of financial position;

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that:

- the Acquisition property does not exist;
- the value at which the Acquisition property and the value of liabilities in respect of mortgages registered over the Acquisition property are reflected in the unaudited and unreviewed *pro forma* consolidated statement of financial position is not, in all material respects, in accordance with the accounting policies adopted by VPIF and the recognition and measurement criteria of IFRS;
- any material undisclosed liabilities exist.

## CONSENT

We consent to the inclusion of this report and the references thereto, in the form and context in which they appear in the circular. Furthermore we confirm that we will not withdraw our consent prior to the issue of the circular.

Yours faithfully

### KPMG Inc

*Registered Auditors*

**Per D Thompson**

*Chartered Accountant (SA)*

*Registered Auditor*

*Director*

(Private Bag 9, Parkview, 2122)"

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## UNAUDITED AND UNREVIEWED *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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### INTRODUCTION

This appendix presents the unaudited and unreviewed *pro forma* consolidated statement of financial position of VPIF at 31 December 2012. It provides investors with information about the impact that the transaction might have had on the historical financial information of VPIF had the transaction been effected at 31 December 2012.

The unaudited and unreviewed *pro forma* consolidated statement of financial position:

- is the responsibility of the directors of the Company;
- has been prepared for illustrative purposes only and may, because of its nature, not fairly present the Company's financial position subsequent to the transaction.

### BASIS OF PREPARATION

The unaudited and unreviewed *pro forma* consolidated statement of financial position presented in this appendix has been based on the unaudited condensed consolidated interim financial results of the Company for the six months ended 31 December 2012 and is presented in a manner consistent with the format and accounting policies adopted by the Company.

The adjustments to the financial information set out below illustrate the effect of the transaction on net asset value and net tangible asset value, less deferred tax, per unit as if the transaction had been effected on 31 December 2012.



**UNAUDITED AND UNREVIEWED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2012**

R'000	Unaudited actual before the transaction Note 1	The Greenstone Properties Note 2	After the transaction
<b>Assets</b>			
<b>Non-current assets</b>	1 534 207	267 884	1 802 090
Investment property (Note 2)	1 520 909	267 884	1 788 793
Property, plant and equipment	5 799	–	5 799
Other non-current asset	7 499	–	7 499
<b>Current assets</b>	44 511	1 103	45 614
Trade and other receivables	13 514	1 035	14 549
Income tax receivable	47	–	47
Cash and cash equivalents	30 950	68	31 018
<b>Total assets</b>	<b>1 578 718</b>	<b>268 987</b>	<b>1 847 704</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	307 550	(18 539)	289 011
Ordinary share capital	301	59	360
Accumulated loss	(53 616)	(18 598)	(72 214)
Non-distributable reserve	360 865	–	360 865
Debentures	587 965	267 748	855 713
<b>Linked unit holders' interest</b>	<b>895 515</b>	<b>249 209</b>	<b>1 144 724</b>
<b>Liabilities</b>			
<b>Other non-current liabilities</b>	313 196	18 598	331 794
Other financial liabilities	229 389	–	229 389
Deferred tax	83 807	18 598	102 405
<b>Current liabilities</b>	370 007	1 180	371 187
Current portion of other financial liabilities	288 196	–	288 196
Trade and other payables	35 977	1 180	37 157
Linked unitholders for distribution	45 834	–	45 834
<b>Total liabilities</b>	<b>683 203</b>	<b>19 778</b>	<b>702 981</b>
<b>Total equity and liabilities</b>	<b>1 578 718</b>	<b>268 987</b>	<b>1 847 705</b>

	Unaudited actual before the transaction	The Greenstone Properties	After the transaction	%
				change
Number of units in issue ('000)	120 618	23 492	144 110	
Net asset value per unit (cents)	742,44	1 060,83	794,34	6,99
Tangible net asset value, less deferred tax, per unit (cents)	811,92	1 140,00	865,40	6,59

## Notes

1. The "Unaudited actual before the transaction" column was extracted from the unaudited consolidated statement of financial position of VPIF at 31 December 2012 included in the unaudited condensed consolidated interim results for the six months ended 31 December 2012.
2. The "Greenstone Properties" column takes account of:
  - an increase in "Investment Property" of R267,884 million as a result of the acquisition of the Greenstone Properties for a total purchase consideration of R137,909 million including a purchase price increase of 0,75% per month from 1 April 2013 to date of transfer on or about 31 July 2013 of approximately R7,849 million. Debt of R121,018 million owed by Greenstone Hill Office Park to Investec Bank Limited has been assumed to have been settled in full and is included in the aggregate purchase consideration of the Greenstone Properties. Once-off transaction expenses of R1,108 million will be paid from the proceeds raised via the proposed rights issue and have been capitalised to the cost of the Greenstone Properties;
  - it is assumed that the transaction is totally equity funded by the issue of 23,492 million units in terms of a proposed rights offer at an assumed price of R11,40 per unit;
  - a decrease in retained earnings of R18,598 million as a result of the goodwill arising on the acquisition of Greenstone Hill Office Park that has been impaired. The goodwill was created as a result of the Company not being registered as a Real Estate Investment Trust (REIT);
  - trade and other receivables, cash and cash equivalents and trade and other payables acquired on the acquisition of Greenstone Hill Office Park.
3. The transaction will have a continuing effect as illustrated above, with the exception of the transaction costs.

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## INDEPENDENT REPORTING ACCOUNTANTS' REASONABLE ASSURANCE REPORT ON THE UNAUDITED AND UNREVIEWED *PRO FORMA* FINANCIAL INFORMATION

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"The Directors  
Vunani Property Investment Fund Limited  
Vunani House  
Vunani Office Park  
151 Catherine Street  
Sandown, Sandton, 2196

19 June 2013

Dear Sirs

### REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

We have completed our assurance engagement to report ("Report") on the compilation of the unaudited and unreviewed *pro forma*, net asset value and net tangible asset value less deferred tax per unit of Vunani Property Investment Fund Limited ("VPIF") *pro forma* statement of financial position of VPIF and the related notes, including a reconciliation showing all of the *pro forma* adjustments to the share capital, reserves and other equity items relating to VPIF (collectively "Pro forma Financial Information"). The Pro forma Financial Information is set out in paragraph 3.2 and Appendix 5 of the circular to be issued by the VPIF on or about 25 June 2013

The Pro forma Financial Information has been compiled by the directors of VPIF to illustrate the impact of the acquisition of the entire issued share capital and claims of Greenstone Hill Office Park and consequently the GHOP Properties and Barrow Rental Enterprise ("Transaction") as detailed in the circular on VPIF's financial position and changes in equity as at 31 December 2012.

As part of this process, VPIF's statement of financial position has been extracted by the directors of VPIF from VPIF's unaudited condensed interim financial results for the six months ended 31 December 2012 ("Published Financial Information").

In addition, the directors of VPIF have calculated the net asset value and net tangible asset value less deferred tax per unit as at 31 December 2012 based on financial information extracted from the Published Financial Information.

### DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The directors of VPIF are responsible for compiling the Pro forma Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements of the JSE Limited and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2012 ("Applicable Criteria").

### REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion about whether the Pro forma Financial Information has been compiled, in all material respects, by the directors of VPIF on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of VPIF have complied, in all material respects, with the Pro forma Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the Pro forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the Pro forma Financial Information.

The purpose of Pro forma Financial Information included in the circular is solely to illustrate the impact of the Transaction on the unadjusted Published Financial Information as if the Transaction had been undertaken on 31 December 2012 for purposes of the net asset value and net tangible asset value less deferred tax per unit and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the Pro forma Financial Information.

A reasonable assurance engagement to report on whether the Pro forma Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of VPIF in the compilation of the Pro forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transaction and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The Pro forma Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of VPIF and the Transaction in respect of which the Pro forma Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **OPINION**

In our opinion, the Pro forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Yours faithfully

### **KPMG Inc**

*Registered Auditors*

### **Per D Thompson**

*Chartered Accountant (SA)*

*Registered Auditor*

*Director*

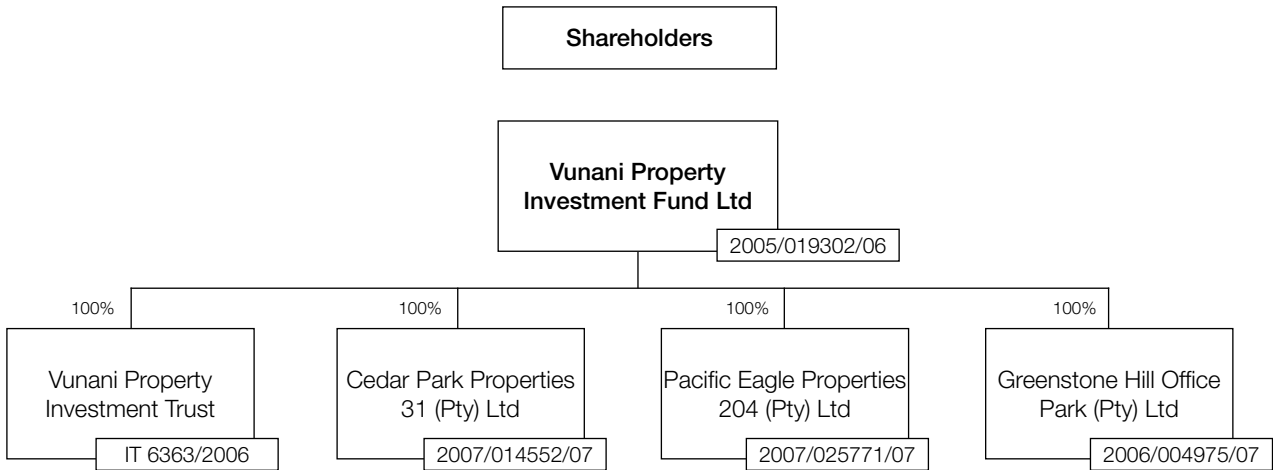
(Private Bag 9, Parkview, 2122)"

**GROUP STRUCTURE**

In terms of the Greenstone Acquisition Agreements, VPIF will acquire:

- the shares and claims in Greenstone Hill Office Park (encompassing Buildings 4, 5 and 10 – 15) owned 40% by Barrow Properties, 20% by the Task Trust and 40% by Vunani Properties, which will result in Greenstone Hill Office Park becoming a wholly owned subsidiary of VPIF; and
- the Barrow Rental Enterprise as a going concern from Barrow Properties (encompassing Buildings 2 and 6) of the sectional title scheme known as Greenstone Hill Office Park SS 1149/2008, and associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng, which will be incorporated as an asset in VPIF

The Group structure after the transaction will therefore be as follows



**VUNANI PROPERTY INVESTMENT FUND LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

JSE code: VPF

ISIN: ZAE000157459

("VPIF" or "the Company")

**VUNANI****PROPERTY INVESTMENT FUND**

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**NOTICE OF GENERAL MEETING OF LINKED UNITHOLDERS**

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Notice is hereby given that a general meeting of the linked unitholders of the Company will be held at the Company's offices, Vunani House, Vunani Office Park, 151 Katherine Street, Sandown on Tuesday, 23 July 2013 at 11:00, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions set out below. The passing of the ordinary resolutions is subject to a simple majority of votes.

The record date in terms of section 59 of the Companies Act for unitholders to be recorded in the Register in order to be able to attend, participate and vote at the general meeting is Friday, 12 July 2013.

**ORDINARY RESOLUTION NUMBER 1**

"RESOLVED as an ordinary resolution that the inter-dependent:

1. Sale of Shares and Claims Agreement, dated 12 April 2013, between VPIF, Vunani Properties Proprietary Limited, Barrow Properties Proprietary Limited and the the Trustees of the Task Trust in terms of which VPIF will the acquire the shares and loan accounts in Greenstone Hill Office Park Proprietary Limited ("Greenstone Hill Office Park"), where Greenstone Hill Office Park owns buildings 4, 5 and 10 – 15 in the sectional title schemes known as Greenstone Hill Office Park SS1149/2008 and SS599/2009 with associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng; and
2. Sale of Rental Enterprise Agreement, dated 5 April 2013, between VPIF and Barrow Properties Proprietary Limited in terms of which VPIF will acquire the rental enterprise conducted as a going concern of buildings 2 and 6 of the sectional title scheme known as Greenstone Hill Office Park SS 1149/2008 and associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng,

as more fully described in the circular to linked unitholders containing this notice of general meeting of which this ordinary resolution number 1 forms part, a signed copy of which agreements, initialled by the chairman of this meeting for identification purposes, and tabled at this meeting, be and are hereby ratified and approved."

**Note:**

*In terms of the Listings Requirements of the JSE Limited, an associate of the related party, Mr RF Kane (via the Ludlow Trust), will be taken into account in determining a quorum for the general meeting but his votes will not be taken into account in determining the results of the voting on ordinary resolution number 1 required to implement this transaction.*

**ORDINARY RESOLUTION NUMBER 2**

"RESOLVED as an ordinary resolution that Mr RF Kane in his capacity of CEO of the Company or in his absence, Mrs M de Lange in her capacity as CFO of the Company, be and hereby is authorised to sign any documents and to take any steps as may be necessary or expedient to give effect to ordinary resolution number 1 passed at this meeting."

**VOTING, PROXIES AND ELECTRONIC PARTICIPATION**

Unitholders who have not dematerialised their units or who have dematerialised their units with "own-name" registration, and who are entitled to attend and vote at the general meeting, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a unitholder and shall be entitled to vote on a show of hands or poll. It is requested that forms of proxy be forwarded so as to reach the transfer secretaries by no later than the Relevant Time. If unitholders who have not dematerialised their units or who have dematerialised

their units with “own-name” registration, and who are entitled to attend and vote at the general meeting do not deliver forms of proxy to the transfer secretaries by the Relevant Time, such unitholders will nevertheless at any time prior to the commencement of the voting on the ordinary resolutions at the general meeting be entitled to lodge the form of proxy in respect of the general meeting, in accordance with the instructions therein with the chairperson of the general meeting. Forms of proxy must only be completed by unitholders who have not dematerialised their units or who have dematerialised their units with “own-name” registration.

On a show of hands, every unitholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of units such member holds. On a poll, every unitholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every unit held or represented by that unitholder. On a poll taken at any such meeting a unitholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way.

Unitholders who have dematerialised their units, other than those unitholders who have dematerialised their units with own-name registration, should contact their CSDP or broker in the manner and time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the general meeting, to obtain the necessary Letter of Representation to do so.

In terms of Section 63(1) of the Act, before any person may attend or participate in a unitholders’ meeting, that person must present reasonable satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a unitholder, or as a proxy of an unitholder, has been reasonably verified.

In terms of the Company’s MOI, the directors have elected not to provide for electronic participation in respect of the General Meeting.

By order of the Board

25 June 2013

**Registered office**

Vunani House  
Vunani Office Park  
151 Katherine Street  
Sandown, Sandton, 2196  
(PO Box 652419, Benmore, 2010)

**Transfer secretaries**

Computershare Investor Services Proprietary Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)





**VUNANI PROPERTY INVESTMENT FUND LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

JSE code: VPF

ISIN: ZAE000157459

("VPIF" or "the Company")

**VUNANI**

PROPERTY INVESTMENT FUND

**FORM OF PROXY****To be completed by registered certificated unitholders and dematerialised unitholders with own-name registration only**

For use in respect of the general meeting to be held at at the Company's offices, Vunani House, Vunani Office Park, 151 Katherine Street, Sandown on Tuesday, 23 July 2013 at 11:00.

Unitholders who have dematerialised their units with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary Letter of Representation to attend the general meeting or the unitholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the unitholder and the CSDP or broker concerned.

I/We (full name in block letters) \_\_\_\_\_

of (address) \_\_\_\_\_

Telephone (work) \_\_\_\_\_

Telephone (home) \_\_\_\_\_

Mobile \_\_\_\_\_

being the holder(s) of  linked units in the Company, appoint (see note 1):

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

the chairman of the general meeting as my/our proxy to act on my/our behalf at the general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary resolutions or to abstain from voting in respect of the VPIF linked units registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per unit)		
	For	Against	Abstain
Ordinary resolution number 1 – approval of the acquisition of the Greenstone Properties			
Ordinary resolution number 2 – directors' authority			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each unitholder is entitled to appoint one or more proxies (who need not be an unitholder of the Company) to attend, speak, and on a poll, vote in place of that unitholder at the general meeting.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2013

Signature(s) \_\_\_\_\_

Capacity \_\_\_\_\_

**Please read the notes on the reverse side hereof.**

## Notes

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the general meeting". The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of VPIF linked units than he owns in the Company, he should insert the number of VPIF linked units held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all the member's votes exercisable at the general meeting. A member is not obliged to use all the votes exercisable by the member, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
4. The chairman of the general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
5. Unitholders who have dematerialised their units with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary Letter of Representation to attend the general meeting or the unitholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the unitholder and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or waived by the chairman of the general meeting.
8. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his capacity are produced or have been recorded by the Company.
9. Where there are joint holders of units:
  - any one unitholder may sign this form of proxy; and
  - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the Company's register of members, will be accepted.
10. To be valid, the completed forms of proxy must either (a) be lodged so as to reach the transfer secretaries by no later than the Relevant Time; or (b) be lodged with the chairperson of the general meeting prior to the general meeting so as to reach him by no later than immediately prior to the commencement of voting on the ordinary resolutions to be tabled at the general meeting.

## Summary of the rights established in terms of section 58 of the Companies Act

For purposes of this summary, “shareholder” shall have the meaning ascribed thereto in the Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the Act.
3. Except to the extent that the MOI of a company provides otherwise –
  - 3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
  - 3.2. a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company’s Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - 9.1. such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - 9.2. the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
  - 9.3. the company must not require that the proxy appointment be made irrevocable; and
  - 9.4. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.



## NOTES

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